Taseer Hadi & Co.
Chartered Accountants

Overseas Pakistanis Foundation

Financial Statements

For the year ended
30 June 2016

KPMG

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Overseas Pakistanis Foundation ("the Foundation") as at 30 June 2016 and the related income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in funds together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Foundation's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) as mentioned in note 7.10 to the financial statements, revenue from education division is recognized on receipts basis, which under the requirements of approved accounting standards as applicable in Pakistan should be recognized at the time of provision of related services. Had the revenue being accounted for in accordance with the provisions of approved accounting standards as applicable in Pakistan, the deficit for the year would have decreased by an approximate amount of Rs. 52.019 million with the corresponding increase in welfare fund as at 30 June 2016.

(b) in our opinion, except for the effect if the matter referred in paragraph (a) above, proper books of account have been kept by the Foundation as required by the Companies Ordinance, 1984;

(c) in our opinion:

(i) except for the effect if the matter referred in paragraph (a) above, the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for changes as stated in note 7 to the accompanying financial statements with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the Foundation's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Foundation;

(d) except for the effect if the matter referred in paragraph (a) above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in funds together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Foundation's affairs as at 30 June 2016 and of the deficit, its cash flows and changes in funds for the year then ended; and

(e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We draw attention to the followings:

- Note 1.2 to the financial statements which states that the consolidated financial statements of the Foundation by consolidating the results of its wholly owned subsidiary, Kaghan Brick Works Limited, have not been prepared since the effect is immaterial; and

- Note 23.1 which states that recoverability of taxation receivable amounting to Rs. 219.52 million is subject to acceptance of refund claims by the taxation authorities.

KPMG Taseer Hadi & Co.

ISLAMABAD
21 October 2017

KPMG Taseer Hadi & Co.
Chartered Accountants

Atif Zamurrad Malik

Overseas Pakistanis Foundation
Balance Sheet
As at 30 June 2016

	Note	2016 (Rupees)	2015 (Rupees)
FUNDS AND LIABILITIES			
FUNDS AND RESERVES			
Welfare fund	8	7,855,999,464	7,064,485,160
Capital reserve	9	156,250	156,250
Surplus on re-measurement of available for sale investments		-	25,683,476
		7,856,155,714	7,090,324,886
LIABILITIES			
Non-current liabilities			
Deferred tax liability	10	-	-
Employees compensated absences	11	206,015,504	165,347,132
		206,015,504	165,347,132
Current liabilities			
Staff retirement gratuity	12	664,642,587	535,560,820
Advances from customers - housing schemes	13	2,741,868,131	2,426,104,560
Creditors, accrued and other liabilities	14	634,200,946	595,892,505
		4,040,711,664	3,557,557,885
Total liabilities		4,246,727,168	3,722,905,017
Total funds and liabilities		12,102,882,882	10,813,229,903
CONTINGENCIES AND COMMITMENTS	15		

	Note	2016 (Rupees)	2015 (Rupees)
ASSETS			
Non-current assets			
Property and equipment	16	1,287,310,273	1,215,585,549
Intangible assets	17	792,085	740,673
Investment property	18	66,630,553	68,339,029
Investments in subsidiaries and associates	19	-	-
Long term investments	20	-	-
Long term advances	21	166,856,829	146,894,906
Long term deposits		3,966,336	1,776,235
		1,525,556,077	1,433,336,392
Current assets			
Development properties - housing schemes	22	5,184,261,854	3,977,754,987
Advances, prepayments and other receivables	23	357,530,272	339,879,597
Short-term investments	24	3,975,353,833	4,543,121,106
Cash and bank balances	25	1,060,180,846	519,137,821
		10,577,326,805	9,379,893,511
Total assets		12,102,882,882	10,813,229,903

The annexed notes 1 to 44 form an integral part of these financial statements.

MANAGING DIRECTOR

MEMBER BOARD OF GOVERNORS

Overseas Pakistanis Foundation
Income and Expenditure Account
For the year ended 30 June 2016

	Note	2016 (Rupees)	2015 (Rupees)
INCOME			
Interest income	26	**326,414,167**	407,486,557
Housing division income	27	**53,460,695**	41,947,438
Welfare division income	28	**2,225,249**	2,167,386
Education division income	29	**705,870,965**	680,399,221
Publicity and marketing cell income	30	**165,219**	75,000
Training division income		**17,113**	49,500
Other income	31	**79,038,363**	82,761,375
		1,167,191,771	1,214,886,477
EXPENDITURE			
Housing division expenses	32	**104,604,947**	113,347,868
Welfare division expenses	33	**416,773,620**	214,874,228
Education division expenses	34	**815,657,583**	729,620,653
Publicity and marketing cell expenses	35	**6,866,064**	7,997,988
Administrative expenses	36	**773,244,034**	609,943,102
Other expenses	37	**31,876,024**	738,470
		2,149,022,272	1,676,522,309
Deficit before taxation		**(981,830,501)**	(461,635,832)
Taxation	38	-	-
Deficit after taxation		**(981,830,501)**	(461,635,832)

The annexed notes 1 to 44 form an integral part of these financial statements.

MANAGING DIRECTOR

MEMBER BOARD OF GOVERNORS

Overseas Pakistanis Foundation
Statement of Comprehensive Income
For the year ended 30 June 2016

	Note	2016 (Rupees)	2015 (Rupees)
Deficit after taxation		**(981,830,501)**	(461,635,832)
Other comprehensive income:			
Items that may be reclassified to income and expenditure account			
Surplus on re-measurement of available for sale investments		-	2,031,382
Available for sale investments reclassified to income and expenditure account		**(25,683,476)**	(5,946,464)
		(25,683,476)	(3,915,082)
Items that will not be reclassified to income and expenditure account			
Re-measurement (loss)/gain on employees retirement benefit plans	12	**(224,461,840)**	5,223,015
Total comprehensive income for the year		**(1,231,975,817)**	(460,327,899)

The annexed notes 1 to 44 form an integral part of these financial statements.

MANAGING DIRECTOR

MEMBER BOARD OF GOVERNORS

Overseas Pakistanis Foundation
Statement of Changes in Equity
For the year ended 30 June 2016

	Welfare fund	Capital reserve	Surplus on re-measurement of available for sale investments	Total
	------------------------- (Rupees)	-------------------------		
Balance at 01 July 2014	5,921,956,135	156,250	29,598,558	5,951,710,943
Receipts directly credited to welfare fund	1,598,941,842	-	-	1,598,941,842
Total comprehensive income for the year:				
Deficit for the year	(461,635,832)	-	-	(461,635,832)
Other comprehensive income	5,223,015	-	(3,915,082)	1,307,933
	(456,412,817)	-	(3,915,082)	(460,327,899)
Balance at 30 June 2015	7,064,485,160	156,250	25,683,476	7,090,324,886
Balance at 01 July 2015	**7,064,485,160**	**156,250**	**25,683,476**	**7,090,324,886**
Receipts directly credited to welfare fund	**1,933,559,552**	-	-	**1,933,559,552**
Excess of assets over liabilities of OPPT (note 8.2)	**64,247,093**	-	-	**64,247,093**
Total comprehensive income for the year:				
Deficit for the year	**(981,830,501)**	-	-	**(981,830,501)**
Other comprehensive income	**(224,461,840)**	-	**(25,683,476)**	**(250,145,316)**
	(1,206,292,341)	-	**(25,683,476)**	**(1,231,975,817)**
Balance at 30 June 2016	**7,855,999,464**	**156,250**	-	**7,856,155,714**

The annexed notes 1 to 44 form an integral part of these financial statements.

MANAGING DIRECTOR

MEMBER BOARD OF GOVERNORS

Overseas Pakistanis Foundation

Cash Flow Statement

For the year ended 30 June 2016

	Note	2016 (Rupees)	2015 (Rupees)
Cash flows from operating activities			
Deficit before taxation		**(981,830,501)**	(461,635,832)
Adjustments for:			
Depreciation		**43,326,141**	41,883,801
Amortization		**252,788**	364,810
Advances and recievables written off		**-**	792,942
Provisions against advances and receivables		**110,825**	241,409
Rental income from investment property		**(45,963,337)**	(38,943,876)
Provision for staff retirement benefits		**310,577,972**	166,916,281
Gain on disposal of available for sale securities		**(25,080,238)**	(30,985,462)
Return on investments - bonus units		**-**	(4,004,956)
Interest on welfare deposits		**(326,414,167)**	(407,486,557)
Operating profit before working capital changes		**(1,025,020,518)**	(732,857,440)
Changes in:			
- Development properties - housing schemes		**(1,255,478,774)**	(720,205,072)
- Advances, prepayments and other receivables		**2,816,725**	(50,729,894)
- Advances from customers		**266,791,664**	268,038,353
- Creditors, accrued and other liabilities		**38,308,441**	99,437,405
Cash generated from operating activities		**(1,972,582,462)**	(1,136,316,648)
Long term advances - net		**(19,961,923)**	(13,363,815)
Long term deposits - net		**(2,190,101)**	(317,163)
Income tax paid		**(20,578,225)**	(10,396,338)
Employee benefits paid		**(365,289,673)**	(35,637,682)
Net cash used in operating activities		**(2,380,602,384)**	(1,196,031,646)
Cash flows from investing activities			
Additions in property and equipment		**(22,246,367)**	(30,831,013)
Additions in capital work in progress		**(96,602,838)**	(141,704,693)
Additions in Intangible assets		**(304,200)**	-
Proceeds from disposal of property and equipment		**5,506,816**	125,058
Proceeds from disposal of available for sale investments		**40,099,461**	98,252,614
Treasury bills purchased during the year		**(10,452,112,304)**	(6,323,792,104)
Treasury bills redeemed during the year		**10,854,522,531**	5,696,284,160
Term deposit receipt purchased during the year		**(250,000,000)**	(100,000,000)
Term deposit receipt redeemed during the year		**350,000,000**	-
Rent received from investment property		**45,963,337**	38,943,876
Interest received		**351,068,514**	407,486,557
Net cash generated from /(used in) investing activities		**825,894,950**	(355,235,545)
Cash flows from financing activities			
Transferred from OPPT		**162,190,907**	-
Welfare fund receipts		**1,933,559,552**	1,598,941,842
Net cash generated from financing activities		**2,095,750,459**	1,598,941,842
Net increase in cash and cash equivalents		**541,043,025**	47,674,651
Cash and cash equivalents at beginning of the year		**519,137,821**	471,463,170
Cash and cash equivalents at end of the year	25	**1,060,180,846**	519,137,821

The annexed notes 1 to 44 form an integral part of these financial statements.

MANAGING DIRECTOR

MEMBER BOARD OF GOVERNORS

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

1.1 Overseas Pakistanis Foundation ("the Foundation") is a company limited by guarantee and was incorporated under the repealed Companies Act, 1913 (now the Companies Ordinance, 1984) with the objectives to advance social welfare of Pakistanis abroad, their families and dependents in Pakistan and contributing towards their systematic rehabilitation on return. The registered office of the Foundation is situated at G-5/2, Shahrah-e-Jamhuriat, Islamabad.

The welfare fund established under Rule 26 of the Emigration Rules, 1979 vests in and is controlled by the Foundation and the amounts received in the designated bank accounts of the Foundation are reflected in the books of account of the Foundation.

1.2 The Foundation has a wholly-owned subsidiary 'Kaghan Brick Works Limited' (KBWL). The financial position of KBWL based on its un-audited financial statements as at 30 June 2016 is as follows:

	Rupees
Total assets	1,441,525
Total liabilities (mainly include payable to the Foundation)	85,991,456
Net equity	(84,571,931)
Total liabilities and equity	1,441,525

Since the Foundation has written off its investment in KBWL (see note 19.1) and as the assets and liabilities of KBWL as shown above are not material in the overall context of the financial statements of the Foundation, the management believes that consolidating the results of KBWL will not add value to the users of the financial statements and accordingly it is considered appropriate not to prepare the consolidated financial statements.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of or the directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except for the following items:

- Available-for-sale investments which are valued at fire value;

- Liabilities for gratuity and compensated absences which are measured at values determined through actuarial valuations.

4. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistani Rupee, which is the Foundation's functional currency. Figures in these financial statements have been rounded off to the nearest Rupee unless otherwise stated.

5. USE OF JUDGMENTS AND ESTIMATES

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Foundation's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The areas where various assumptions and estimates are significant to the Foundation's financial statements or where judgment was exercised in application of accounting policies are as follows:

Notes 10 and 38 – deferred tax and provision for current tax
Notes 11 and 12 – measurement of defined benefit obligations – key actuarial assumptions
Note 15 – contingencies
Note 16 - useful life of property, plant and equipment
Note 17 – useful lives on intangible assets
Notes 15, 16 and 17 – provision for doubtful advances and investment
Note 22 – impairment of development properties

6. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2016:

- *Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment* (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Foundation's financial statements.

- *Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures)* [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on the Foundation's financial statements.

- *Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements'* (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on the Foundation's financial statements.

- *Amendment to IAS 27 'Separate Financial Statements'* (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on the Foundation's financial statements.

- *Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41]* (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on the Foundation's financial statements.

- *Amendments to IAS 12 'Income Taxes'* are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments are not likely to have an impact on the Foundation's financial statements.

- *Amendments to IAS 7 'Statement of Cash Flows'* are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

- *Amendments to IFRS 2 - Share-based Payment* clarify the accounting for certain *types* of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on the Foundation's financial statements.

- *Annual Improvements 2012-2014 cycles* (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

  - *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

  - *IFRS 7 'Financial Instruments- Disclosures'*. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

  - *IAS 19 'Employee Benefits'*. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

  - *IAS 34 'Interim Financial Reporting'*. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on the Foundation's financial statements.

7. SIGNIFICANT ACCOUNTING POLICIES

The Foundation has consistently applied the following accounting policies to all periods presented in these financial statements, except for the following changes.

- IFRS 10 "*Consolidated Financial Statements*" became effective from financial periods beginning on or after 01 January 2015. As a result of IFRS 10, the Company has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that focuses on whether the Parent Company has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. The Foundation reassessed the control conclusion for its investees at 01 July 2015, however, there has been no change in the control conclusion.

- IFRS 12 "*Disclosure of Interest in Other Entities*" became effective from financial periods beginning on or after 01 January 2015. As a result of IFRS 12, the Foundation has expanded its disclosures about interests in associates, jointly controlled entities and subsidiaries.

- IFRS 13 "*Fair Value Measurement*" became effective from financial periods beginning on or after 01 January 2015. IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. The application of IFRS 13 does not have any impact on the financial statements of the Foundation except for certain additional disclosures.

7.1 Employee benefits

Defined benefit plans

Staff Retirement gratuity: The Foundation operates an approved funded defined benefit gratuity plan for all employees who complete qualifying period of service.

Employees' compensated absences: The Foundation has the policy to provide for compensated absences of its employees in accordance with respective entitlement on cessation of service.

The Foundation's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of the defined benefit obligations is performed annually by a qualified actuary using the projected unit current method. When calculation results in a potential asset for the Foundation, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan on reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Foundation determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the the-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in income and expenditure account.

7.2 Income tax

Income tax expense comprise current and deferred tax. It is recognized in income and expenditure account.

Current tax

Current tax comprises the income tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax assets and liabilities are offset if certain criteria are met.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date. Deferred tax assets and liabilities are offset if certain criteria are met.

7.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land and capital work in progress are stated at cost less impairment losses, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in income and expenditure Account.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Foundation.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using reducing balance method, at the rates given in note 16.1, over the useful lives. Leased assets are depreciated over the shorter of the leased term and their useful lives unless it is reasonably certain that the Foundation will obtain ownership by the end of the lease term. Land is not depreciated. Depreciation is recognized in the income and expenditure account. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

7.4 Intangible assets

Intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in income and expenditure account as incurred.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the rates mentioned in note ---, and is recognized in the income and expenditure account. Amortization methods, useful lives and residual values are reviewed ta each reporting date and adjusted if appropriate.

7.5 Development properties – Housing schemes

Costs incurred on land acquisition, development and supervision are initially included in 'Development properties – housing schemes' presented under current assets.

Subsequent to initial recognition, work in progress of development properties is valued at lower of cost and net realizable value. Cost comprises land purchase cost and development and supervision costs of development properties. Net realizable value, in case of allotted plots, represents the allotted price of plot less estimated cost of completion to development work, and estimated cost necessary to be incurred for such sale. In case of un-allotted plots, net realizable value represents estimated selling price of plot (not necessarily based on independent valuation) less estimated cost of completion of development work and estimated cost necessary to be incurred for such sale.

On fulfilling the revenue recognition criteria, the related cost of the plot included in 'Development properties – housing schemes' is charged to income and expenditure account.

7.6 Advances from customers

Funds received against allotments of plots are recognized as advances from customers and transferred to income and expenditure account when conditions necessary to recognize the revenue from sale of plots are met.

7.7 Investments

Investments in subsidiary and associates are stated at cost less provision for impairment, if any.

7.8 Financial instruments

The Foundation classifies non-derivative financial assets into the following categories: 1) held-to-maturity financial assets; 2) available-for-sale financial assets and; 3) loans and receivables. The Foundation classifies non-derivative financial liabilities into other financial liabilities category.

Recognition and de-recognition

Financial assets and financial liabilities are recognized on the date that they are originated i.e. trade date which is the date that the Foundation becomes a party to the contractual provisions of the instrument.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the Foundation transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Foundation is recognized as a separate asset or liability.The Foundation derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Foundation has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Measurement

Financial assets

Held-to-maturity financial assets: These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables: These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Available-for-sale-financial assets: These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in 'other comprehensive income' and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to income and expenditure account.

Financial liabilities

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

7.9 Foreign currency transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year-end are translated in Pak Rupees at exchange rates prevailing at the balance sheet date. Exchange differences are included in income and expenditure account for the year.

7.10 Revenue

Interest income is recognized on a time proportion basis. Dividend income is recognized in income and expenditure account on the date that the Foundation's right to receive payment is established.

Revenue from sale of plots is recognized when risks and rewards of ownership are transferred to the allottee and 'No Objection Certificate' ('NOC') is issued by the Foundation to allottees. Revenue from un-allotted plots are not recognized and the amounts received against un-allotted plots are shown as 'advances from customers' Fee, surcharge and other non-refundable charges on housing schemes are recognized when received.

Rental income from investment property is recognized as revenue on straight-line basis over the term of the lease.

Tuition fee of the Foundation's schools are recognized on receipts basis as management believes it is to be more prudent given the cyclic nature of operations.

7.11 Welfare fund

Funds received under Rule 26 of the Emigration Rules, 1979, including interest on promoters' securities, from the Bureau of Emigration and Overseas Employment (BEOE) and other voluntary receipts are credited directly to Welfare Fund in the year in which amounts are received by the Foundation.

7.12 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation. When the use of a property changes, it is reclassified as property, plant and equipment.

7.13 Impairment

Financial assets

Financial assets not classified at fair value through income and expenditure are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes default or delinquency by a debtors; restructuring of an amount due to the Foundation on the terms that the Foundation would not consider otherwise, indication that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, the disappearance of an active market for a security, or observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortized cost: The Foundation considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Foundation uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income and expenditure account and reflected in an allowance account. When the Foundation considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through income and expenditure.

Available-for-sale financial assets: Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to income and expenditure account. The amount reclassified is the difference between the acquisition costs (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in income and expenditure account. If the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through income and expenditure account; otherwise it is reversed through 'other comprehensive income'.

Non-financial assets

At each reporting date, the Foundation reviews the carrying amount of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). The recoverable amount of an asset or CGU is greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in income and expenditure account. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

7.14 Provisions

A provision is recognized in the balance sheet when the Foundation has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

7.15 Operating leases

Rentals payable under operating leases are charged to income and expenditure account on a straight line basis over the term of the relevant lease.

7.16 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and balances with banks.

		Note	2016 (Rupees)	2015 (Rupees)
8.	**WELFARE FUND**			
	Balance as at beginning of the year		7,064,485,160	5,921,956,135
	Receipts during the year		1,933,559,552	1,598,941,842
	Excess of assets over liabilities on Overseas Pakistanis Pension Trust	8.2	64,247,093	-
	Total comprehensive income for the year - (Deficit)		(1,206,292,341)	(456,412,817)
			7,855,999,464	7,064,485,160

8.1 Welfare Fund represents compulsory and voluntary contribution by emigrants and interest on promoters' security as transferred to the Foundation by the Bureau of Emigration and Overseas Employments (BEOE) which is recorded by the Foundation on receipts basis. Surplus or deficit for the year is transferred to the Welfare Fund.

8.2 Pursuant to the decision of the Board of Governors dated 04 March 2015, the Overseas Pakistanis Pension Trust (OPPT) has been dissolved and its assets and liabilities have been transferred to the Foundation on 31 December 2015. As of the transfer date i.e. 31 December 2015, OPPT had the following assets and liabilities:

	Rupees
Total assets	194,440,076
Total liabilities	4,467,270
Net assets	189,972,806
Members' fund	(125,725,713)
Surplus fund	64,247,093

		Note	2016 (Rupees)	2015 (Rupees)
9.	**CAPITAL RESERVE**			
	Capital reserve	9.1	156,250	156,250

9.1 This represents the cost of land donated by the Government of Khyber Pakhtunkhwa to the Foundation for Poly Trade School, Peshawar.

		Note	2016 (Rupees)	2015 (Rupees)
10.	**DEFERRED TAX**			

In view of taxable loss for the year, carry forward tax losses and due to uncertainty of future taxable income against which deferred tax asset can be utilized, the Foundation has recognised deferred tax asset in respect of tax losses to the extent of deferred tax liability. The aggregate amount of deferred tax asset not recognised at 30 June 2016 is Rs. 351.784 million (2015: Rs. 561.86 million).

Overseas Pakistanis Foundation
Notes to the Financial Statements
For the year ended 30 June 2016

	Note	2016 (Rupees)	2015 (Rupees)

11. EMPLOYEES' COMPENSATED ABSENCES

		2016 (Rupees)	2015 (Rupees)
Present value of defined benefit obligation		206,015,504	165,347,132
Net defined benefit liability		206,015,504	165,347,132

11.1 Movement in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability:

	2016 (Rupees)	2015 (Rupees)
Balance at the beginning of the year	165,347,132	153,986,748
Charge for the year	62,713,495	27,495,892
Liabilities related to employees transferred from OPPT	1,165,587	-
Payments	(23,210,710)	(16,135,508)
Balance at the end of the year	206,015,504	165,347,132

11.2 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2016	2015
Discount rate (per annum)	9.00%	9.75%
Salary increase rate (per annum)	9.00%	9.75%
Leaves accumulation factor (per annum)	10 days	10 days

11.3 Sensitivity analysis

Reasonably possible changes at the reporting date at one of the relevant actuarial assumptions, holding other assumption constant, would have affected the defined benefit obligations as at 30 June 2016 by the amounts shown below.

	2016		2015	
	Increase (Rupees)	Decrease (Rupees)	Increase (Rupees)	Decrease (Rupees)
Discount rate (1% movement)	19,542,490	(23,463,281)	(9,782,859)	18,209,210
Salary increase rate (1% movement)	(24,220,114)	20,508,746	17,014,482	(9,172,350)

11.5 Risks associated with defined benefit plan

Longitivity risks
The risk arises when the actual lifetime of retiree is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk
The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk
The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

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12. STAFF RETIREMENT GRATUITY

	2016 (Rupees)	2015 (Rupees)
Present value of defined benefit obligation	1,177,709,993	781,609,792
Fair value of plan assets	(516,475,041)	(249,456,607)
Receipts on behalf of the Fund	3,407,635	3,407,635
Net defined benefit liability	664,642,587	535,560,820

12.1 Movement in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability:

	2016 (Rupees)	2015 (Rupees)
Balance at the beginning of the year	535,560,820	420,865,621
Included in income and expenditure account:		
Current service cost	51,687,747	43,577,313
Interest cost	35,250,332	54,021,164
Past service cost - due to change in rules	160,926,398	41,821,912
	247,864,477	139,420,389
Included in OCI:		
Re-measurement loss/(gain)	224,461,840	(5,223,015)
	1,007,887,137	555,062,995
Liabilities related to employees transferred from OPPT	2,486,850	-
Payments	(345,731,400)	(19,502,175)
Balance at the end of the year	664,642,587	535,560,820

12.2 Movement in present value of defined benefit obligation

The following table shows a reconciliation from the opening balances to the closing balances for present value of defined benefit obligation:

	2016 (Rupees)	2015 (Rupees)
Present value of defined benefit obligation at the beginning of the year	781,609,792	670,846,120
Current service cost	51,687,747	43,577,313
Interest cost	70,858,884	86,835,153
Past service cost - due to change in service rules	160,926,398	41,821,912
Liabilities related to employees transferred from OPPT	2,486,850	-
Benefits paid	(115,186,395)	(30,972,945)
Actuarial (gain)/loss	225,326,717	(30,497,761)
Present value of defined benefit obligation at the end of the year	1,177,709,993	781,609,792

12.3 Movement in fair value of plan assets

The following table shows a reconciliation from the opening balances to the closing balances for fair value of plan assets:

	2016 (Rupees)	2015 (Rupees)
Fair value of plan assets at the beginning of the year	249,456,607	253,388,134
Return on plan assets	35,608,552	32,813,989
Contribution by Foundation	345,731,400	17,464,275
Benefits paid	(115,186,395)	(28,935,045)
Actuarial gain/(loss)	864,877	(25,274,746)
Fair value of plan assets at the end of the year	516,475,041	249,456,607

		2016 (Rupees)	2015 (Rupees)
12.4	Plan assets comprise of:		
	Investments in equity securities	2,280,000	2,280,000
	Pakistan Investment Bonds	59,596,140	56,320,558
	Treasury bills	219,573,519	185,497,582
	Balances in bank accounts	235,025,382	5,358,467
		516,475,041	249,456,607

12.5 **Actuarial assumptions**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	2016	2015
Discount rate (per annum)	7.25%	9.75%
Salary increase rate (per annum)	7.25%	9.75%
Expected return on plan assets (per annum)	7.25%	9.75%

12.6 **Sensitivity analysis**

Reasonably possible changes at the reporting date at one of the relevant actuarial assumptions, holding other assumption constant, would have affected the defined benefit obligations by the amounts shown below.

	2016 Increase (Rupees)	2016 Decrease (Rupees)	2015 Increase (Rupees)	2015 Decrease (Rupees)
Discount rate (1% movement)	(80,249,072)	92,270,171	(71,952,966)	50,160,900
Salary increase rate (1% movement)	96,837,488	(85,653,065)	53,538,440	(76,553,194)
Future withdrawal (10% movement)	350,379	(350,431)	4,045,063	(4,045,063)
Mortality rate (1 year movement)	2,485,321	(2,500,911)	66,266	(66,266)

Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

12.7 **Expected maturity profile**

Following are the expected distribution and timing of benefit payments at year end.

	2016 (Rupees)	2015 (Rupees)
Year 1	156,364,961	93,786,921
Year 2	181,348,799	36,279,810
Year 3	84,631,823	105,256,223
Year 4	84,498,463	66,386,826
Year 5	72,882,102	82,086,259
Year 6 to Year 10	474,252,550	474,010,153
Year 11 and above	1,408,169,739	3,311,793,562

Expected gratuity expense for the next financial year is Rs. 116.844 million.

12.8 Risks associated with defined benefit plan

Investment risks

The risk arises when the actual performance of the investments is lower than expectations and thus creating a shortfall in the funding objective.

Longitivity risks

The risk arises when the actual lifetime of retiree is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

12.9 Historical information

	Present value of defined benefit obligation (Rupees)	**Net liability at the end of the year (Rupees)**
2016	**1,177,709,993**	**664,642,587**
2015	**781,609,792**	**535,560,820**
2014	**670,846,119**	**420,865,620**
2013	**634,594,639**	**410,372,440**
2012	**459,795,640**	**224,934,080**

13. ADVANCES FROM CUSTOMERS - Housing schemes

	2016 (Rupees)	2015 (Rupees)
Islamabad scheme	**1,468,647,945**	1,454,510,128
Raiwind Road Colony	**1,081,729,039**	796,231,323
Peshawar scheme	**10,832,057**	5,494,349
Chittarpari Mirpur	**168,862,010**	158,712,278
Rawat scheme	**1,147,025**	1,147,025
Dadu scheme	**9,800,877**	9,177,409
Farm Houses/KBWL cluster houses	**500,000**	500,000
Other schemes	**349,178**	332,048
	2,741,868,131	2,426,104,560

14. CREDITORS, ACCRUED AND OTHER LIABILITIES

	2016	2015
Accrued liabilities	**45,196,824**	56,705,399
Retention money	**202,471,027**	149,537,013
School security	**138,047,961**	125,926,967
Advance rent and subscription	**9,793,994**	6,288,646
Advances refundable against abandoned scheme (Faisalabad)	**2,224,193**	2,224,193
Interest payable on advances against abandoned scheme (Faisalabad)	**5,591,734**	5,591,734
Payable against purchase of land	**1,298,875**	1,298,875
Application money for housing schemes	**7,972,101**	10,216,475
Withholding taxes payable	**13,966,315**	13,401,758
Federal excise duty (FED) payable	**16,323,676**	15,876,084
Payable to Contributory Provident Fund Trust	**16,657,185**	42,800,218
Payable to contractors and consultants	**101,622,069**	123,823,093
Others	**73,034,992**	42,202,050
	634,200,946	595,892,505

15. CONTINGENCIES AND COMMITMENTS

15.1 Guarantees

As at 30 June 2016, the Foundation has provided bank guarantees amounting to Rs. 2.537 million (2015: Rs. 6.94 million). These guarantees have been secured against lien on bank balance of the Foundation amounting to Rs. 1.58 million (2015: Rs. 1.58 million).

15.2 Litigation and claims

15.2.1 In 2014, the Inland Revenue Audit Officer raised a demand of Rs. 864 million on account of federal excise duty (FED) along with penalty and default surcharge payable by the Foundation in the status of property developer and promoter as per the provision if serial 12(a), Table II of the Second Schedule to the Federal Excise Duty Act, 2005 (the Act). The Foundation filed an appeal under section 33 of the Act with the Commissioner Inland Revenue (Appeals-II) [CIA(A)] against the said order on the grounds that the Foundation's housing schemes subject to excise duty were completed during the period from 1995 to 2005 and its scheme in Islamabad is expected to be completed in the year 2018 whereas the said duty was effective for the period from July 2008 to June 2011. The CIR(A) remanded back the case to the department with the directions ('remanded order') to reframe the order after verification and scrutiny of the records and determination of the final duty payable, if any, by the Foundation. The Foundation filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the remanded order of the CIR(A) on the grounds that the remand back of the case by the CIR(A) is prohibited within the meaning of section 33(3) of the Act and the order passed for recovery of the duty is barred by limitation. Further, after the 18th amendment in the Constitution, the taxation of property does not fall within the jurisdiction of the Federal Government as the same has now become the domain of the Provinces. The ATIR in its order dated 10 September 2015, remanded back the case to the Assessing Officer with direction to bring concrete evidence on record that the housing schemes were completed during the tax years under appeal. The Foundation has filed an appeal against the order of the ATIR with the honourable High Court of Islamabad on legal grounds which is pending adjudication. The management is confident of a favourable outcome of the case and believes that the Foundation will not be labile to pay the duty. Accordingly, no provision for the demand raised has been made in these financial statements.

15.2.2 A dispute arose between the Foundation and the contractor appointed for supply of land measuring 148 kanals for the establishment of the Foundation's housing scheme in Raiwind Road (Extension Phase). The amount under dispute is Rs. 19.9 million representing price charged by the contractor against supply of 148 kanals of land. The Foundation's management has entered into negotiations with the contractor who has agreed to dispose off this at a rate over and above the purchase price charged to the Foundation along with other suitable terms. The matter is still under process, however, the management is hopeful of a favourable outcome of the dispute.

15.2.3 Certain parties have filed cases against the Foundation on the ground of matters relating to land and allotment in the Foundations' housing scheme in Peshawar. Theses cases were in different courts in Peshawar and Charsadda. All cases have been decided in the favour of the Foundation except for one against which appeal has been filed by the Foundation. The management is confident of a favourable outcome.

15.2.4 In 2014, income tax department initiated audit of the expenditure incurred by the Foundation in the tax year 2014 which currently pending completion. The management believes that no liabilities are expected to arise on colclusion of tax audit. Accordingly, no provision has been made in these financial statements.

15.2.5 There are certain other cases outstanding as on 30 June 2016. Adverse impact, if any, of these cases is not considered material to these financial statements and management assesses favourable outcome of these cases.

15.3 Commitments

15.3.1 Contractual commitments of the Foundation outstanding as at 30 June 2016 against the development expenditure on housing schemes were Rs. 217.2 million (2015: Rs. 1,345.64 million).

15.3.2 Commitments of the Foundation outstanding as at 30 June 2016 against the construction works of school and college buildings were Rs. 84.74 million (2015: Rs. 94.98 million).

16. PROPERTY AND EQUIPMENT

		2016 (Rupees)	2015 (Rupees)
Operating fixed assets	16.1	**884,946,335**	776,472,402
Capital work in progress (CWIP)	16.2	**402,363,938**	439,113,147
		1,287,310,273	1,215,585,549

1209ms 2014

16.1 Operating fixed assets

16.1.1 Reconciliation of carrying amount

	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Library books	Furniture and fixtures	Vehicles	Electrical equipment	Office equipment	Computer equipment	Medical equipment	Laboratory equipment	Tools and equipment	Play equipment	Photography equipment	Arms and ammunition	Total
	(							Rupees				)					
Cost																	
Balance at 1 July 2014	30,497,715	17,383,816	371,851,322	349,229,097	5,914,652	81,375,802	118,026,414	102,447,786	15,305,791	32,326,536	7,095,554	14,524,824	1,622,842	2,583,033	23,600	9,425	1,170,418,215
Additions	-	-	552,212	-	-	8,750,995	-	11,449,675	319,689	6,242,816	2,000,750	436,644	498,297	579,941	-	-	30,831,013
Transfers	(9,922,701)	21,289,120	(9,938,603)	9,938,603	-	-	-	-	-	-	-	-	-	-	-	-	11,366,419
Disposals	-	-	-	-	-	(55,200)	-	(119,187)	-	(113,200)	-	-	-	-	-	-	(287,587)
Balance at 30 June 2015	20,575,014	38,672,936	362,464,931	359,167,700	5,914,652	90,071,597	118,026,414	113,778,274	15,625,480	38,456,152	9,096,304	14,961,468	2,121,139	3,162,974	23,600	9,425	1,212,328,060
Balance at 1 July 2015	20,575,014	38,672,936	362,464,931	359,167,700	5,914,652	90,071,597	118,026,414	113,778,274	15,625,480	38,456,152	9,096,304	14,961,468	2,121,139	3,162,974	23,600	9,425	1,212,328,060
Additions	-	-	-	-	-	4,481,379	529,000	7,229,301	1,273,799	5,521,862	2,333,840	584,154	-	37,000	596,033	-	22,346,367
Transfers from CWIP	-	-	-	130,848,847	-	-	-	2,483,200	-	-	-	-	-	-	-	-	133,332,047
Disposals	-	-	-	-	-	(199,650)	(10,882,744)	(44,800)	-	-	-	-	-	-	-	-	(11,127,194)
Balance at 30 June 2016	20,575,014	38,672,936	362,464,931	490,016,547	5,914,652	94,353,326	107,672,670	123,445,975	17,099,279	63,958,014	11,430,144	15,545,622	2,121,139	3,199,974	619,633	9,425	1,356,879,280
Accumulated depreciation																	
Balance at 1 July 2014	-	12,366,918	30,438,014	76,558,286	5,328,901	41,410,458	79,647,150	68,554,102	13,976,718	38,344,363	5,819,254	10,286,465	60,857	1,682,318	18,627	7,809	384,520,250
Depreciation	-	1,179,483	8,385,391	6,967,872	58,575	4,119,787	7,675,853	5,351,076	240,442	4,966,541	213,455	651,090	271,670	149,384	746	163	48,131,318
Transfer to investment property	-	11,364,422	(3,847,241)	3,847,241	-	-	-	-	-	-	-	-	-	-	-	-	11,364,422
Disposals	-	-	-	-	-	(33,067)	-	(17,939)	-	(209,526)	-	-	-	-	-	-	(260,532)
Balance at 30 June 2015	-	24,910,823	34,976,164	87,373,399	5,387,476	45,497,178	87,323,003	73,887,239	14,217,160	43,101,378	6,032,709	10,937,555	332,527	1,831,702	19,373	7,972	435,855,458
Balance at 1 July 2015	-	24,910,823	34,976,164	87,373,399	5,387,476	45,497,178	87,323,003	73,887,239	14,217,160	43,101,378	6,032,709	10,937,555	332,527	1,831,702	19,373	7,972	435,855,458
Depreciation	-	1,179,483	8,587,219	8,308,379	52,718	4,602,902	5,653,827	6,431,323	159,850	5,549,097	485,713	626,512	268,292	202,403	9,712	145	41,417,665
Disposals/adjustment	-	-	-	-	-	344,976	(7,559,716)	(870)	997,109	698,144	-	-	-	-	-	-	(5,620,178)
Balance at 30 June 2016	-	26,090,306	43,563,383	95,681,778	5,440,194	50,445,056	85,417,114	80,317,692	15,374,119	49,348,619	6,518,422	11,564,067	600,819	2,034,105	29,085	8,117	471,652,945
Carrying amounts																	
At 30 June 2015	20,575,014	13,762,113	327,488,767	271,794,301	527,176	44,574,419	30,703,411	39,891,035	1,408,320	15,354,774	3,063,595	4,023,913	1,788,612	1,331,272	4,227	1,453	776,472,602
At 30 June 2016	20,575,014	12,582,630	318,901,548	394,334,769	474,458	43,908,270	22,255,556	43,128,283	1,725,160	14,609,395	4,911,722	3,981,555	1,520,320	1,165,869	590,547	1,308	884,946,335
Depreciation rate/useful lives	-	33 years	2.5%	2.5%	10%	10%	20%	15%	15%	33%	15%	15%	15%	15%	15%	10%	

16.1.2 Leasehold land include land measuring 52 kanals provided by the Government of Sindh without any consideration.

16.1.3 Freehold land includes land amounting to Rs 156,250 gifted by the Government of Khyber Pakhtunkhwa. The Foundation does not hold title for this land

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	Note	2016 (Rupees)	2015 (Rupees)
16.1.4 Depreciation charge for the year has been allocated as follows:			
Housing division		**279,304**	332,085
Welfare division			
- Eye hospitals		**836,515**	544,186
- Administration		**503,196**	519,469
		1,339,711	1,063,655
Education division			
- OPF Schools - Pakistan		**29,161,725**	26,963,038
- OPF Schools - Azad Jammu & Kashmir		**1,498,456**	1,546,184
- Administration		**991,863**	1,061,045
		31,652,044	29,570,267
Publicity and marketing cell		**73,709**	86,702
Administrative expenses		**8,167,854**	8,961,587
Regional Office, Mirpur, Azad Jammu & Kashmir		**105,043**	117,222
		41,617,665	40,131,518

16.2 Capital work in progress (CWIP)

	Note	2016 (Rupees)	2015 (Rupees)
Balance as at beginning of the year		**439,113,147**	297,408,454
Additions during the year		**96,689,638**	141,704,693
		535,802,785	439,113,147
Transfers to operating fixed assets:			
- Buildings on freehold land		**(130,868,847)**	-
- Electrical equipment		**(2,483,200)**	-
		(133,352,047)	-
Amounts written off		**(86,800)**	-
Balance at the end of the year	16.2.1	**402,363,938**	439,113,147

16.2.1 Break up of CWIP is as follows:

	2016 (Rupees)	2015 (Rupees)
OPF Colleges, Sanghar	**166,432,929**	146,579,805
OPF Public School, Hangu	**84,324,572**	84,324,572
OPF Public School, Gujrat	**103,419,058**	71,061,357
OPF Public School, Multan	**16,736,979**	7,388,894
OPF Public School, Quetta	**1,481,146**	1,415,146
OPF Public School, Mirpur	**340,690**	340,690
OPF Hospital, Dera Ghazi Khan	**4,631,290**	4,631,290
OPF Public School, Larkana	**569,967**	569,967
OPF Girls Hostel, Quetta	**17,554,568**	3,230,376
OPF Public School Peshawar	**1,494,741**	-
OPF RO Peshawar	**2,251,436**	-
OPF Girls College Rawalpindi	**1,080,827**	-
OPF Boys College Islamabad	**1,409,735**	-
Women Hostel and University, Quetta	**636,000**	636,000
OPF Public School, Gujrat	-	10,865,659
OPF Girls College, Lahore	-	86,800
Head Office building (civil works)	-	547,473
OPF Girls College, Islamabad	-	107,435,118
	402,363,938	439,113,147

17. INTANGIBLE ASSETS

	Accounting software (Rupees)	Computer software (Rupees)	Total (Rupees)
Cost			
Balance as at 01 July 2014	1,080,000	1,469,655	2,549,655
Additions	-	843,066	843,066
Balance as at 30 June 2015	1,080,000	2,312,721	3,392,721
Balance as at 01 July 2015	**1,080,000**	**2,312,721**	**3,392,721**
Additions	**-**	**304,200**	**304,200**
Balance as at 30 June 2016	**1,080,000**	**2,616,921**	**3,696,921**
Accumulated amortization			
Balance as at 01 July 2014	1,002,980	1,284,258	2,287,238
Charge for the year	25,417	339,393	364,810
Balance as at 30 June 2015	1,028,397	1,623,651	2,652,048
Balance as at 01 July 2015	**1,028,397**	**1,623,651**	**2,652,048**
Charge for the year	**17,029**	**235,759**	**252,788**
Balance as at 30 June 2016	**1,045,426**	**1,859,410**	**2,904,836**
Carrying amount - 30 June 2015	51,603	689,070	740,673
Carrying amount - 30 June 2016	**34,574**	**757,511**	**792,085**
Amortization rates	**33%**	**33%**	

18. INVESTMENT PROPERTY

	Note	2016 (Rupees)	2015 (Rupees)
Cost			
At the beginning of the year		**72,914,414**	72,914,414
Additions		**-**	-
At the end of the year		**72,914,414**	72,914,414
Accumulated depreciation			
At the beginning of the year		**4,575,385**	2,823,102
Charge for the year		**1,708,476**	1,752,283
At the end of the year		**6,283,861**	4,575,385
Carrying amount	18.1	**66,630,553**	68,339,029
Depreciation rate		**2.5%**	2.5%

18.1 Fair value of investment properties is estimated to be Rs. 162.51 million (2015. Rs. 224.15 million). The investment property is placed in level 3 of the fair value hierarchy (see note 39.2). Since the value has been determined by a third party and inputs are not observable, sensitivity analysis has not been presented.

	Note	2016 (Rupees)	2015 (Rupees)
19. INVESTMENTS IN SUBSIDIARY AND ASSOCIATES			
Investment in subsidiary	19.1	-	-
Investment in associate	19.2	-	-
		-	-

19.1 Investment in subsidiary

Kaghan Brick Works Limited - unquoted
650,000 ordinary shares (2014: 650,000 ordinary shares) of Rs. 10/- each
Percentage of holding - 100% (2015: 100%)

	2016	2015
Cost	269,891	269,891
Less: provision for impairment	(269,891)	(269,891)
	-	-

19.2 Investment in associate

Duty Free Shops Limited - unquoted
35,801 ordinary shares (2015: 35,801 ordinary shares) of Rs. 100/- each
Percentage of holding - 2.39% (2015: 2.39%)

	2016	2015
Cost	110,200	110,200
Less: Provision for impairment	(110,200)	(110,200)
	-	-

20. LONG TERM INVESTMENTS

	Note	2016	2015
Deposits with Banker's Equity Limited (under liquidation)		10,288,550	10,288,550
Less: Provision for impairment		(10,288,550)	(10,288,550)
	20.1	-	-

20.1 The State Bank of Pakistan (SBP) had taken over the management of the Banker's Equity Limited (BEL) in 1999 and imposed restriction on withdrawals of funds by institutions. BEL was placed in liquidation under the Sindh High Court order dated 18 April 2001. The Supreme Court suspended the order of the Sindh High Court and granted interim status quo in November 2001 which was subsequently vacated by the Supreme Court. Consequently, the liquidation proceedings under the order of the Sindh High Court resumed and the Official Liquidator disbursed third dividend of Rs. 0.15% in the year 2012.

	Note	2016 (Rupees)	2015 (Rupees)
21. LONG TERM ADVANCES			
Considered good			
Advances to staff	21.1	197,194,416	173,571,561
Less: Current maturity shown under current assets		(30,337,587)	(26,676,655)
		166,856,829	146,894,906
Considered doubtful			
Receivable from Kaghan Brick Works Limited		83,657,755	83,633,730
Receivable from Center of Excellence and Management Sciences		5,000,000	5,000,000
		88,657,755	88,633,730
Less: Provision for doubtful receivables	21.2	(88,657,755)	(88,633,730)
		-	-
		166,856,829	146,894,906

21.1 Advances to staff are extended for purchase/building of house, car and motorcycle and are recoverable in maximum 20 years. These advances are secured against the subject house, car and motorcycle and against charge over provident fund and gratuity fund balances. Advances, other than the motorcycle advances, carry interest at the rates ranging from 4% to 4.5% (2015: 4% to 4.5%) per annum on the outstanding balance.

	Note	2016 (Rupees)	2015 (Rupees)
21.2 Movement in provision for doubtful receivables is as follows:			
Balance at the beginning of the year		**88,633,730**	88,450,730
Provision for the year		**24,025**	183,000
Balance at the end of the year		**88,657,755**	88,633,730

22. DEVELOPMENT PROPERTIES - Housing schemes

	Note	2016 (Rupees)	2015 (Rupees)
Mobilization advances	22.1	**37,957,125**	4,968,375
Development expenditure on housing schemes	22.2	**5,146,304,729**	3,972,786,612
		5,184,261,854	3,977,754,987

22.1 Mobilization advances

	2016 (Rupees)	2015 (Rupees)
Mobilization advances against:		
Islamabad scheme	**34,320,830**	1,332,080
Raiwind Road Lahore scheme	**4,968,375**	4,968,375
Peshawar scheme	**367,500**	367,500
Rawat scheme	**10,012,500**	10,012,500
	49,669,205	16,680,455
Less: Provision for doubtful advances	**(11,712,080)**	(11,712,080)
	37,957,125	4,968,375

22.2 Development expenditure on housing schemes

	2016 (Rupees)	2015 (Rupees)
Islamabad scheme	**4,016,936,522**	2,900,248,344
Raiwind Road colony	**650,680,117**	595,688,862
Peshawar scheme	**25,501,744**	25,501,744
Chittarpari Mirpur scheme	**399,437,663**	397,669,979
Gujrat scheme	**303,336**	303,336
Dadu scheme	**16,076,989**	16,076,989
Rawat scheme	**37,368,358**	37,297,358
	5,146,304,729	3,972,786,612

23. ADVANCES, PREPAYMENTS AND OTHER RECIEVABLES

	Note	2016 (Rupees)	2015 (Rupees)
Current maturity of long term advances to staff		**30,337,587**	26,676,655
Advances to staff and suppliers		**25,192,698**	30,098,817
Advances against salaries		**75,279,596**	67,055,123
Prepayments		**10,855,383**	13,399,707
Receivable against allotments		**670,029**	770,263
Tax recoverable	23.1	**219,527,294**	198,949,069
Other receivables		**12,471,572**	19,733,850
		374,334,159	356,683,484
Less: Provision for doubtful receivables		**(16,803,887)**	(16,803,887)
		357,530,272	339,879,597

23.1 These include mainly taxes deducted on profit on bank accounts and investments of the Foundation. Management believes that pursuant to SRO 819(1)/2012 dated 4 July 2012, since the income derived from the Welfare Fund has been exempted from tax, the amount is recoverable. The recoverability of this amount is subject to filing of refund claims by the Foundation and their acceptance by the tax authorities.

24. SHORT TERM INVESTMENTS	Note	2016 (Rupees)	2015 (Rupees)
Held-to-maturity			
Treasury bills	24.1	**3,975,353,833**	4,402,418,435
Available-for-sale			
National Investment Trust (NIT) units	24.2	-	40,702,671
		-	40,702,671
Loans and receivables			
Term Deposit Receipts		-	100,000,000
		3,975,353,833	4,543,121,106

24.1 These represent treasury bills issued by State Bank of Pakistan. Maturity of these bills ranges from 3 to 12 months and earns interest ranging from 5.90% to 6.95% (2015: 6.61% to 9.99%) per annum. The carrying amount includes accrued interest amounting to Rs. 50.84 million (2015: Rs. 66.822 million).

24.2 Movement in National Investment Trust (NIT) is as follows:	Note	2016 (Rupees)	2015 (Rupees)
Balance at the beginning of the year		**40,702,671**	34,666,333
Bonus units received during the year		-	4,004,956
Less: Disposal/redemption during the year		**(40,702,671)**	-
		-	38,671,289
Adjustment arising on re-measurement to fair value		-	2,031,382
Balance at the end of the year		-	40,702,671

25. CASH AND BANK BALANCES

	Note	2016 (Rupees)	2015 (Rupees)
Cash in hand		**5,296,577**	5,111,484
Cash at banks:			
- in current accounts		**78,810,629**	31,199,451
- in deposit accounts	25.1 & 25.2	**976,073,640**	482,826,886
		1,054,884,269	514,026,337
		1,060,180,846	519,137,821

25.1 Interest rate on deposit accounts ranges from 4.5% to 5.75% (2015:5.50% to 7.50%) per annum.

25.2 These include Rs. 698.868 million (2015: Rs. 336.436 million) placed with financial institutions held by the Government of Pakistan.

26. INTEREST INCOME	Note	**2016 (Rupees)**	2015 (Rupees)
Interest on welfare fund bank deposits/investments	26.1	326,414,167	407,486,557
		326,414,167	407,486,557

26.1 These include Rs. 293.002 million (2015: Rs. 379.87 million) earned on investments made in securities issued by the Government of Pakistan and on deposit accounts maintained with the financial institutions owned by the Government of Pakistan.

27. HOUSING DIVISION INCOME	Note	**2016 (Rupees)**	2015 (Rupees)
Profit on deposit accounts		3,342,479	3,140,766
Transfer fee, surcharges and other charges		50,118,216	38,806,672
		53,460,695	41,947,438
28. WELFARE DIVISION INCOME			
Profit on deposit accounts		1,155,312	1,126,063
OPF Eye Hospital, Dera Ghazi Khan		1,069,937	1,041,323
		2,225,249	2,167,386
29. EDUCATION DIVISION INCOME			
School fees:			
-Pakistani Schools		672,103,576	646,311,506
-Azad Jammu and Kashmir Schools		32,185,253	29,576,012
		704,288,829	675,887,518
Profit on deposit accounts		1,478,833	1,430,517
Miscellaneous		103,303	3,081,186
		705,870,965	680,399,221
30. PUBLICITY AND MARKETING CELL INCOME			
Profit on deposit accounts		110,317	-
Advertisement		54,902	75,000
		165,219	75,000

	Note	2016 (Rupees)	2015 (Rupees)
31. OTHER INCOME			
Return on investments - bonus units		-	4,004,956
Interest on advances to employees		6,821,116	8,137,981
Gain on disposal of available for sale securities		25,080,238	30,985,462
Rental income from investment property		45,963,337	38,943,876
Others		1,173,672	689,100
		79,038,363	82,761,375
32. HOUSING DIVISION EXPENSES			
Salaries and benefits		55,255,390	48,668,581
Travelling and conveyance		779,111	350,318
Repairs and maintenance		2,138,625	143,739
Vehicle running and maintenance		70,571	414,861
Postage, telephone and telegram		370,956	411,735
Printing, stationery and periodicals		265,660	128,123
Depreciation	16.1.4	279,304	332,085
Supervision and development of schemes		45,248,214	62,202,473
Others		197,116	695,953
		104,604,947	113,347,868
33. WELFARE DIVISION EXPENSES			
Welfare Activities			
Financial aid		323,900,000	119,950,000
Salaries and benefits OPF Eye Hospital-Mirpur		1,407,510	1,426,804
Salaries and benefits OPF Eye Hospital-Dera Ghazi Khan		4,761,194	4,477,690
Depreciation	16.1.4	836,515	544,186
Service cell		2,052,611	1,873,858
Foreign exchange remittance card		1,319,046	549,465
Welfare activities - eye camp		3,543,149	3,092,635
Others		5,589,598	7,707,670
		343,409,623	139,622,308
Administrative			
Salaries and benefits		70,776,662	71,541,313
Travelling and conveyance		531,980	345,001
Repairs and maintenance		63,904	149,541
Vehicle running and maintenance		127,218	620,999
Postage, telephone and telegram		1,062,741	915,487
Printing, stationery and periodicals		205,150	175,085
Depreciation	16.1.4	503,196	519,469
Others		93,146	985,025
		73,363,997	75,251,920
		416,773,620	214,874,228

	Note	2016 (Rupees)	2015 (Rupees)
34. EDUCATION DIVISION EXPENSES			
Education			
OPF Public Schools- Pakistan			
Salaries and benefits		560,211,632	511,474,568
Depreciation	16.1.4	29,161,725	26,963,038
Others		114,681,178	83,889,723
		704,054,535	622,327,329
OPF Public Schools- AJ&K			
Salaries and benefits		42,258,869	40,127,680
Depreciation	16.1.4	1,498,456	1,546,184
Others		8,522,588	7,744,033
		52,279,913	49,417,897
Scholarships and awards		3,844,715	2,209,466
		760,179,163	673,954,692
Administrative			
Salaries and benefits		47,896,651	48,063,411
Travelling and conveyance		633,825	798,904
Repairs and maintenance		392,606	836,640
Vehicle running and maintenance		115,106	313,437
Postage, telephone and telegram		441,717	532,444
Printing, stationery and periodicals		217,317	1,326,180
Advertisement		3,150,500	1,441,661
Depreciation	16.1.4	991,863	1,061,045
Others		1,638,835	1,292,239
		55,478,420	55,665,961
		815,657,583	729,620,653
35. PUBLICITY AND MARKETING CELL EXPENSES			
Magazine Yaran-e-watan		1,428,935	1,525,804
Administrative			
Salaries and benefits		5,226,598	5,966,188
Postage, telephone and telegram		7,915	23,651
Printing, stationery and periodicals		94,481	78,154
Depreciation	16.1.4	73,709	86,702
Others		34,426	317,489
		5,437,129	6,472,184
		6,866,064	7,997,988

36. ADMINISTRATIVE EXPENSES

	Note	2016 (Rupees)	2015 (Rupees)
Salaries and benefits		359,651,235	338,144,053
Employees' compensated absences		62,713,495	27,495,892
Staff retirement gratuity	12.1	247,864,477	139,420,389
Travelling and conveyance		4,210,755	4,511,196
Foreign tours		-	41,370
Repairs and maintenance		7,299,999	9,828,522
Vehicle running and maintenance		11,389,513	15,287,646
Postage, telephone and telegram		5,553,692	5,004,312
Light and heat		19,434,219	19,612,203
Printing, stationery and periodicals		3,838,222	3,142,970
Office rent		1,794,723	715,077
Entertainment		1,410,153	1,232,335
Professional fee		2,290,487	3,068,885
Audit fee		879,000	1,576,200
Advertisement		2,500,189	162,300
Bank charges		12,183,146	8,792,550
Depreciation	16.1.4	8,167,854	8,961,587
Depreciation on investment property	18	1,708,476	1,752,283
Amortization of intangible assets	17	252,788	364,810
Advances and recievables written off		-	792,942
Provision against advances and CWIP witten off		110,825	241,409
Others		12,239,175	11,870,967
		765,492,422	602,019,898
Regional Office Mirpur, Azad Jammu and Kashmir			
Salaries and benefits		6,385,243	6,627,587
Travelling and conveyance		288,492	344,191
Repairs and maintenance		162,063	91,218
Vehicle running and maintenance		7,807	37,593
Postage, telephone and telegram		102,495	82,819
Printing, stationery and periodicals		36,918	65,128
Depreciation	16.1.4	105,043	117,222
Others		663,551	557,446
		7,751,612	7,923,204
		773,244,034	609,943,102

	Note	2016 (Rupees)	2015 (Rupees)
37. OTHER EXPENSES			
Expenses - OPPT		**31,876,024**	738,470
38. TAXATION			
Current tax:			
Deferred tax		-	-
		-	-
Total tax expense		-	-

38.1 The Foundation believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

	2016 (Rupees)	2015 (Rupees)
38.2 Reconciliation of effective tax rate		
Deficit for the year before taxation	**(981,830,501)**	(461,635,832)
Applicable tax rate	**32%**	33%
Tax charge for the year using applicable tax rate	**(314,185,760)**	(152,339,825)
Tax charge not recognised due to business loss	**314,185,760**	152,339,825
	-	-

39. FINANCIAL INSTRUMENTS - Fair values and risk management

39.1 Accounting classification and fair values

The following table shows the carrying amounts of financial assets and financial liabilities by categories and fair values. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value		
	Held-to-maturity	Available-for-sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
	(------	------	Rupees	------)		(------	Rupees	------)
30 June 2016								
Financial assets measured at fair value								
Investments	-	-	-	-	-			
Financial assets not measured at fair value								
Advances	-	-	197,194,416	-	197,194,416			
Deposits	-	-	3,966,336	-	3,966,336			
Advances and other receivables	-	-	13,141,601	-	13,141,601			
Investments	3,975,353,833	-	-	-	3,975,353,833		3,975,353,833	
Cash and bank balances	-	-	1,060,180,846	-	1,060,180,846			
	3,975,353,833	-	1,274,483,199	-	5,249,837,032			
Financial liabilities measured at fair value	-	-	-	-	-			
Financial liabilities not measured at fair value								
Creditors and other liabilities	-	-	-	(569,487,675)	(569,487,675)			
	-	-	-	(569,487,675)	(569,487,675)			
30 June 2015								
Financial assets measured at fair value								
Investments	-	-	40,702,671	-	40,702,671	40,702,671		
Financial assets not measured at fair value								
Advances	-	-	173,571,561	-	173,571,561			
Deposits	-	-	1,776,235	-	1,776,235			
Investments	4,402,418,435	-	100,000,000	-	4,502,418,435		4,402,418,435	
Cash and bank balances	-	-	519,137,821	-	519,137,821			
	-	-	559,840,492	-	559,840,492			
Financial liabilities measured at fair value	-	-	-	-	-			
Financial liabilities not measured at fair value								
Creditors and other liabilities	-	-	-	(450,603,925)	(450,603,925)			
	-	-	-	(450,603,925)	(450,603,925)			

39.2 Fair value hierarchy

The different levels have been defined as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

39.2.1 Determination of fair values

A number of the Foundation's accounting policies policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosures purposes based on the following methods.

Available for sale investments
The fair value of available for sale investment is determined by reference to their quoted closing repurchase price at the reporting date.

Financial assets at amortised cost
Fair values of non-derivative financial assets are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. These fair values are determined for disclosure purposes

Financial liabilities
Fair values which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

39.3 **Financial risk management**

The Foundation has exposure to the following risks arising from financial instruments:

1) Credit risk
2) Liquidity risk
3) Market risk

39.3.1 **Risk management framework**

The Foundation's board of governors has overall responsibility for the establishment and oversight of the Foundation's risk management framework. The board of governors is also responsible for development and monitoring of the Foundation's risk management policies.

The Foundation's risk management policies are established to identify and analyze the risks faced by the Foundation, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities. The Foundation, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of governors oversees how management monitors compliance with the Foundation's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Foundation. The board of governors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the board of governors.

39.3.2 **Credit risk**

Credit risk is the risk of financial loss to the Foundation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Foundation's investments and balances with banks.

The carrying amount of financial assets represents the maximum credit exposure. The Foundation limits its exposure to credit risk by investing funds in liquid securities, bank deposits and with counterparties that have sound credit ratings. Management does not expect any counterparty to fail in meeting its obligations.

39.3.3 **Liquidity risk**

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Foundation's reputation. The Foundation uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Foundation ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, however this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Maturity profile

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude the impact of

	Carrying amount	Contractual cash flows			
		Total	Upto one year	1 - 2 years	2 years onwards
30 June 2016	(Rupees)	(------- Rupees -------)			
Creditors and other liabilities	-	-	-	-	-
30 June 2015					
Creditors and other liabilities	-	-	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

39.3.4 **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation is not exposed to interest rate risk.

Currency risk

The Foundation is not exposed to currency risk as it does not enter into transactions in currencies other than its functional currency.

40. **CAPITAL MANAGEMENT**

The board of governors' objective when managing funds is to safeguard the Foundation's ability to continue as a going concern so that it can achieve its primary objectives, provide facilities to overseas Pakistanis and to maintain fund balance to support the sustained development of its activities. The Foundation is not subject to externally imposed capital requirements.

41. TRANSACTIONS WITH RELATED PARTIES

The Foundation is administratively governed by the Ministry of Overseas Pakistanis and Human Resource Development, Government of Pakistan (GoP). Therefore, all the departments, ministries and agencies of the Government of Pakistan are the Foundation's related parties. Other related parties comprise of associated companies / undertakings due to common directorship, directors, key management personnel and employees' funds.

Entire transactions with Government of Pakistan and Government owned entities are not disclosed as the management is of the opinion that it is impracticable to disclose such transactions due to the nature of the Foundation's operations.

Transactions with related parties and with Government of Pakistan and Government owned entities where it is practicable to disclose the transactions and key management personnel are as follows:

	2016 **(Rupees)**	2015 (Rupees)
Expenses - OPPT	**31,876,024**	738,470
Payment to gratuity fund trust - net	**345,773,415**	17,464,275
Payment to provident fund trust	**48,999,779**	62,074,986
Interest income	**293,002,378**	379,869,546
Payments on behalf of Kaghan Brick Works Limited	**24,025**	183,000

Balances payable, receivable and investments and mark-up thereon related disclosures are given in notes 12, 14, 19, 21, 22, 23, 25 and 26.

Remuneration of Managing Director	**2016** **Rupees**	2015 Rupees
Managerial remuneration	**1,505,565**	1,174,200
Allowances and other perquisites	**4,023,091**	2,982,784
Pension	**-**	21,065
	5,528,656	4,246,147

In addition to the above Managing Director is provided with the Foundation maintained vehicle and reimbursement of medical expenses as per Foundation's policy.

42. NUMBER OF EMPLOYEES

	2016	2015
Total number of employees at the end of the year	**1,666**	1,804

43. CORRESPONDING FIGURES

Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation.

44. DATE OF AUTHORISATION

These financial statements were approved by the Board of Governors of Governors in their meeting held on ____________________.

MANAGING DIRECTOR **MEMBER BOARD OF GOVERNORS**

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KPMG

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Review Report to the Members on the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Governors of Overseas Pakistanis Foundation (the Foundation) for the year ended 30 June 2016.

The responsibility for compliance with the Rules is that of the Board of Governors of the Foundation. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Foundation's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Foundation's personnel and review of various documents prepared by the Foundation to comply with the Rules.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop and effective audit approach. We are not required to consider whether the Board of Governors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Foundation's corporate governance procedures and risks.

The Rules requires the Foundation to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Governors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Governors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Foundation's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Foundation for the year ended 30 June 2016.

KPMG Taseer Hadi & Co

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
21 October 2017

Statement of Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013

Name of Company: **Overseas Pakistanis Foundation**
Name of the line Ministry: **Ministry of Overseas Pakistanis & Human Resource Development**
For the year ended: **30th June, 2016.**

i. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called " the Rules ") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.

ii. Overseas Pakistanis Foundation ("the Foundation" or "the Company") has complied with the provisions of the Rules in the following manner:

<table>
<tr><th rowspan="2">S. No.</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule No.</th><th>Y</th><th>N</th><th>N.A</th></tr>
<tr><th colspan="3">Tick the relevant box</th></tr>
<tr><td>1.</td><td>The independent directors meet the criteria of independence, as defined under the Rules.</td><td>2(d)</td><td>✓</td><td></td><td></td></tr>
<tr><td>2.</td><td>The Board has the requisite percentage of independent Directors. At present the board includes:
<table>
<tr><th>Category</th><th>Names</th><th>Date of appointment</th></tr>
<tr><td>Independent Directors</td><td>Barrister Amjad Malik.
Mr. Nisar Ahmed Siddiqui.
Chaudhry Noor Ul Hassan Tanvir.
Mr. Muhammad Jehangir Minhas.</td><td>04-04-2016
04-04-2016
04-04-2016
04-04-2016</td></tr>
<tr><td>Executive Directors</td><td>Mr. Habib Ur Rehman Gilani, Managing Director, OPF</td><td>19-07-2016</td></tr>
<tr><td>Non-Executive Directors</td><td>Mr. Suhail Aamir. Federal Secretary, M/o OPs&HRD.
Mr. Omar Hamid Khan, Additional Secretary, M/o Finance
Mr. Shah M. Jamal Addl. Secretary, M/o Foreign Affairs
Mrs. Anjum Asad Amin, Addl. Secretary, M/o Commerce.
Captain Shaheen Khalid
Sahibzada Saeed Ahmed</td><td>26-12-2016
08-07-2017
08-07-2017
30-08-2016
04-04-2016
04-04-2016</td></tr>
</table></td><td>3(2)</td><td></td><td>✓</td><td></td></tr>
<tr><td>3.</td><td>A casual vacancy occurring on the board was filled up by the directors within ninety days.</td><td>3(4)</td><td></td><td></td><td>✓</td></tr>
<tr><td>4.</td><td>The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.</td><td>3(5)</td><td></td><td>✓</td><td></td></tr>
<tr><td>5.</td><td>The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as board members under the provisions of the Ordinance.</td><td>3(7)</td><td></td><td>✓</td><td></td></tr>
<tr><td>6.</td><td>The Chairman of the Board is working separately from the Chief Executive of the Company.</td><td>4(1)</td><td>✓</td><td></td><td></td></tr>
</table>

7.	The Chairman has been elected from amongst the Independent directors.	4(4)	✓		
8.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)		✓	
9(a).	(a) The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website (Website address is www.opf.org.pk). (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)		✓	
10.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)		✓	
11.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(ii)		✓	
12.	The Board has developed and implemented a policy on anti- corruption to minimize actual or perceived corruption in the company.	5(5)(b)(vi)		✓	
13	(a) The Board has ensured equality of opportunity by establishing open and fair procedures for making Appointments and for determining terms and conditions of service. (b) A Committee has been formed to investigating deviations from the company's code of conduct.	5(5)(c)(ii)		✓	
14.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services, in accordance with the PPRA Rules.	5(5)(c)(iii)	✓		
15.	The Board has developed a vision or mission statement, corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.	5(6)		✓	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)			✓
17(a)	(a) The board has met at least four times during the year. (b) Written notices of the Board meetings, alongwith agenda and working papers were circulated atleast seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1),(2) and (3)		✓	

<table>
<tr><td>18.</td><td>The Board has carried out performance evaluation of its members, including the Chairman and the Chief executive, on the basis of a process, based on specified criteria, developed by it. The Board has also monitored and assessed the performance of senior management on annual / half-yearly / quarterly basis*.
* Strike out whichever is not applicable.</td><td>8</td><td></td><td>✓</td><td></td></tr>
<tr><td>19.</td><td>The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.</td><td>9</td><td>✓</td><td></td><td></td></tr>
<tr><td>20.</td><td>The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end, and has placed the annual financial statements on the company's website. Monthly accounts were also prepared and circulated amongst the Board members.</td><td>10</td><td></td><td>✓</td><td></td></tr>
<tr><td>21.</td><td>All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.</td><td>11</td><td>✓</td><td></td><td></td></tr>
<tr><td>22.</td><td>(a) The Board has formed the requisite Committees as specified in the Rules.
(b) The committees were provided with written term of reference defining their duties, authority and composition.
(c) The minutes of the meetings of the committees were circulated to all the board members.
(d) The committees were chaired by the following non-executive directors:
<table><tr><th>Committee</th><th>Number of members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>04</td><td>Sahibzada Saeed Ahmed</td></tr><tr><td>Risk Management Committee</td><td>04</td><td>Mr. Jehangir Minhas</td></tr><tr><td>Human Resources Committee</td><td>07</td><td>Mr. Shaheen Khalid</td></tr><tr><td>Procurement Committee</td><td>03</td><td>Mr. Jehangir Minhas</td></tr><tr><td>Nomination Committee</td><td>04</td><td>Mr. Noor ul Hassan Tanvir</td></tr></table></td><td>12</td><td>✓</td><td></td><td></td></tr>
<tr><td>23.</td><td>The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.</td><td>13/14</td><td>✓</td><td></td><td></td></tr>
<tr><td>24.</td><td>The Company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of sub- section (3) of section 234 of the Ordinance.</td><td>16</td><td>✓</td><td></td><td></td></tr>
<tr><td>25.</td><td>The directors' report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed.</td><td>17</td><td></td><td>✓</td><td></td></tr>
<tr><td>26.</td><td>The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.</td><td>18</td><td></td><td></td><td>✓</td></tr>
</table>

27.	A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place. The annual report of the company contains criteria and details of remuneration of each director.	19		✓	
28.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer, before approval of the board.	20		✓	
29.	The board has formed an audit committee, with defined and written terms of reference, and having the following members:	21	✓		

Name of Member	Category	Professional background
Sahibzada Saeed Ahmed.	Independent	Federal Secretary (Retired).
Mr. Nisar Ahmed Siddiqui	Independent	Federal Secretary (Retired).
Mr. Suhail Aamir, Federal Secretary, M/o OPs	Non-Executive	Principal Accounting Officer.
Mr. Omar Hamid Khan, Addl. Secretary (Finance)	Non-Executive	Civil Service of Pakistan.

The chief executive and chairman of the Board are not members of the audit committee.

30.	The board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee, and which worked in accordance with the applicable standards.	22	✓		
31.	The company has appointed its external auditors in line with the requirements envisaged under the Rules.	23	✓		
32.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓		
33.	The external auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.	23(5)	✓		
34.	The company has complied with all the corporate and financial reporting requirements of the Rules.			✓	

CEO / MANAGING DIRECTOR, OPF	**INDEPENDENT DIRECTOR**

SCHEDULE II
See Paragraph 2(3)
Explanation for Non-Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013.

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year:

S.No.	Rule / Sub-rule No.	Reasons for non-compliance	Future course of action
2.	3(2)	The Board of Governors of the Foundation was reconstituted on 04 April 2016 by the Federal Government, however, the requisite percentage of majority independent directors has not been maintained.	The Foundation will correspond with appointing authority of Board members to ensure that its Board has the requisite percentage of independent directors.
4.	3(5)	The required information from the members of the Board were not obtained.	The Foundation will ensure in future to obtain declarations to this effect from each member of the Board in order to comply with the requirements of the Rules.
5	3(7)	The Board of Governors of the Foundation was reconstituted on 04 April 2016 by the Federal Government.	After completion of tenure of the then Board of Governors in April 2016, the Federal Government of Pakistan has reconstituted the Board vide notification dated 4 April 2016. The Foundation will correspond with appointing authority of the Board members to ensure that nominations of the persons for appointment of the members of the Board in future takes into account the fit and proper criteria as defined in the Rules.
8.	5(2)	The Chief Executive of the Company was appointed by the Prime Minister of Pakistan in accordance with the Civil Service Rules.	After the reconstitution of BOG in April, 2016, the process of appointment of the new Chief Executive of the Foundation was under consideration of the Board, however, the Prime Minister of Pakistan has appointed the Chief Executive under the Civil Service Rules.
9 (a&b)	5(4)	Preparation of code of conduct is under process. System to identify the grievances arising from unethical practices will be made part of the code.	The code of conduct will be implemented in OPF after approval by the Board.
10.	5(5)	System of sound internal control in the manner required by Rules was not placed.	System of sound internal control to ensure compliance with the fundamental principal of probity and propriety, objectivity, integrity and honesty in the manner prescribed in the Rules will be included in the Code of Conduct.

11.	5(5)(b)(ii)	Conflict of Interest policy will be made part of the code of conduct.	The code of conduct will be implemented in OPF after approval by the Board.
12.	5(5)(b)(vi)	The Foundation has not yet developed a specific policy on anti-corruption.	In future the policy on anti-corruption will be strengthened to minimize actual or perceived corruption in the Foundation.
13	5(5)(c)(ii)	The Board has not nominated a committee to investigate deviation from the Company's Code of Conduct.	The code of conduct will be implemented in Foundation after its approval by the Board and the Board will ensure to nominate a committee to investigate deviations from the Code of Conduct.
15	5(6)	Vision/mission statement has been approved by the Board during its meeting held on 27 September 2016. However, corporate strategy and formulation of significant policies of Foundation has not been approved by the Board.	Strategic planning and significant policies will be presented for consideration of the Board shortly.
17(c)	6(3)	Minutes of the Board meetings were appropriately recorded and circulated to all the Board members after approval by the Chairman, however, timeframe of 14 days was not observed.	It will be ensured that minutes of the Board meetings have been circulated to all the Board members in accordance with the timeframe fixed in the Rules.
18.	8	The present Board has been reconstituted w.e.f. 04-04-2016, therefore, said exercise could not be carried-out till 30th June, 2016.	Necessary measures will be initiated by the Company for development of an evaluation mechanism so that compliance in this regard may be ensured.
20.	10	The Foundation had not prepared quarterly financial statements. The annual financial statements are not placed on the Foundation's website as the same are not yet approved by the Board. Monthly accounts were not prepared and circulated to the Board members.	The Foundation will ensure to comply with these requirements of the Rules in future.
25	17	During the reporting period, the provisions of the Rules were not fully implemented by the Foundation, therefore, compliance in this regard could not be made.	The Foundation will ensure to comply with this requirement in future.
27.	19.	The Board has already approved certain remuneration package for the Board members, however, the detailed criteria and other details of each director has not been presented in the annual report.	Noted for compliance. The remuneration package of the Board member will be presented in the Annual Report as per Corporate Governance Rules.

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28.	20	During the reporting period, the provisions of the Rules were not fully implemented by the Foundation, therefore, compliance in this regard could not be made.	The Foundation will ensure to follow the the process of endorsing financial statements by the Managing Director and Chief Financial Officer before consideration and approval of the audit committee of the Board.
34.		For the reporting period, the provisions of the Rules were not fully implemented by the Foundation.	The Foundation will ensure that all the financial and corporate reporting requirements of the Rules are complied with in future.

CEO / MANAGING DIRECTOR, OPF	**INDEPENDENT DIRECTOR**