

Overseas Pakistanis Foundation

Financial Statements

For the year ended

30 June 2017



KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Overseas Pakistanis Foundation ("the Foundation") as at 30 June 2017 and the related income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund 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 receipt 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 be accounted for in accordance with the approved accounting standards as applicable in Pakistan, the deficit for the year would have increased by an approximate amount of Rs. 32.58 million with corresponding increase in welfare fund as at 30 June 2017.



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- b) in our opinion, except for the possible effects of matter referred to 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 effects of matter referred to in paragraph (a) above, the balance sheet and the 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;
 - 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) in our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of matter referred to in paragraph (a) above, the balance sheet, income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund together with the notes forming part thereof conform with 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 2017 and of the deficit, total comprehensive income, its cash flows and changes in fund for the year then ended; and
- e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 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.



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- Note 23.1 which states that the recoverability of taxation receivable amounting to Rs. 221.2 million is subject acceptance of refund claims by taxation authorities.

Our opinion is not modified in respect of these matters.

Islamabad
18 December 2018

A handwritten signature in black ink, appearing to read 'Atif Zamurrad Malik'.

KPMG Taseer Hadi & Co.
Chartered Accountants

Engagement Partner:
Atif Zamurrad Malik

Overseas Pakistanis Foundation

Balance Sheet

As at 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
FUNDS AND LIABILITIES			
FUNDS AND RESERVES			
Welfare fund	8	7,672,134,519	7,855,999,464
Capital reserve	9	156,250	156,250
		<u>7,672,290,769</u>	<u>7,856,155,714</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liability	10	-	-
Employees compensated absences	11	278,529,269	206,015,504
		<u>278,529,269</u>	<u>206,015,504</u>
Current liabilities			
Staff retirement gratuity	12	978,458,165	664,642,587
Advances from customers - housing schemes	13	2,940,332,334	2,741,868,131
Creditors, accrued and other liabilities	14	786,084,590	634,200,946
		<u>4,704,875,089</u>	<u>4,040,711,664</u>
Total liabilities		<u>4,983,404,358</u>	<u>4,246,727,168</u>
Total funds and liabilities		<u>12,655,695,127</u>	<u>12,102,882,882</u>

CONTINGENCIES AND COMMITMENTS

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



MANAGING DIRECTOR

ASSETS

Non-current assets

Property and equipment	16	1,380,946,438	1,287,310,273
Intangible assets	17	985,827	792,085
Investment property	18	64,964,789	66,630,553
Investments in subsidiaries and associates	19	-	-
Long term investments	20	-	-
Long term advances	21	180,666,525	166,856,829
Long term deposits		<u>4,022,036</u>	<u>3,966,336</u>
		<u>1,631,585,615</u>	<u>1,525,556,076</u>

Current assets

Development properties - housing schemes	22	5,295,264,334	5,184,261,854
Advances, prepayments and other receivables	23	388,352,716	357,530,273
Short-term investments	24	4,726,273,559	3,975,353,833
Cash and bank balances	25	614,218,903	1,060,180,846
		<u>11,024,109,512</u>	<u>10,577,326,806</u>

Total assets

	<u>12,655,695,127</u>	<u>12,102,882,882</u>
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MEMBER BOARD OF GOVERNORS



Overseas Pakistanis Foundation

Income and Expenditure Account

For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
INCOME			
Interest income	26	298,290,668	326,414,167
Housing division income	27	108,287,010	53,460,695
Welfare division income	28	3,444,338	2,225,249
Education division income	29	784,000,419	705,870,965
Publicity and marketing cell income	30	137,614	165,219
Training division income		100,000	17,113
Other income	31	51,769,361	79,038,363
		<u>1,246,029,410</u>	<u>1,167,191,771</u>
EXPENDITURE			
Housing division expenses	32	160,461,658	104,604,947
Welfare division expenses	33	695,992,637	416,773,620
Education division expenses	34	855,357,390	815,657,583
Publicity and marketing cell expenses	35	7,672,209	6,866,064
Administrative expenses	36	725,351,644	773,244,034
Other expenses	37	-	31,876,024
		<u>2,444,835,538</u>	<u>2,149,022,272</u>
Deficit before taxation		(1,198,806,128)	(981,830,501)
Taxation	38	12,460,294	-
Deficit after taxation		<u>(1,211,266,422)</u>	<u>(981,830,501)</u>

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



MANAGING DIRECTOR



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Overseas Pakistanis Foundation
Statement of Comprehensive Income
For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
Deficit after taxation		(1,211,266,422)	(981,830,501)
Other comprehensive income:			
<i>Items that may be reclassified to income and expenditure account</i>			
Available for sale investments reclassified to income and expenditure account		-	(25,683,476)
		-	(25,683,476)
<i>Items that will not be reclassified to income and expenditure account</i>			
Re-measurement loss on employees retirement benefit plans	12	(188,525,911)	(224,461,840)
Total comprehensive income for the year		<u>(1,399,792,333)</u>	<u>(1,231,975,817)</u>

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



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Overseas Pakistanis Foundation

Statement of Changes in Fund

For the year ended 30 June 2017

	Welfare fund	Capital reserve	Surplus on re-measurement of available for sale investments	Total
	(Rupees)			
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	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
Balance at 01 July 2016	7,855,999,464	156,250	-	7,856,155,714
Receipts directly credited to welfare fund	1,215,927,388	-	-	1,215,927,388
Total comprehensive income for the year:				
Deficit for the year	(1,211,266,422)	-	-	(1,211,266,422)
Other comprehensive income	(188,525,911)	-	-	(188,525,911)
	(1,399,792,333)	-	-	(1,399,792,333)
Balance at 30 June 2017	7,672,134,519	156,250	-	7,672,290,769

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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 2017

Note	2017 (Rupees)	2016 (Rupees)
Cash flows from operating activities		
Deficit before taxation	(1,198,806,128)	(981,830,501)
Adjustments for:		
Depreciation	44,992,305	43,326,141
Amortization	274,258	252,788
Impairment loss	5,044,261	-
Provisions against advances and receivables	44,000	110,825
Rental income from investment property	(43,476,094)	(45,963,337)
Provision for staff retirement benefits	224,440,732	310,577,972
Loss on disposal of property and equipment	295,156	-
Gain on disposal of available for sale securities	-	(25,080,238)
Interest on welfare deposits	(302,118,367)	(326,414,167)
Operating profit before working capital changes	(1,269,309,877)	(1,025,020,518)
Changes in:		
- Development properties - housing schemes	(116,046,741)	(1,255,478,774)
- Advances, prepayments and other receivables	(30,866,443)	2,816,725
- Advances from customers	198,464,203	266,791,664
- Creditors, accrued and other liabilities	151,883,644	38,308,441
Cash generated from operating activities	(1,065,875,214)	(1,972,582,462)
Long term advances - net	(13,809,696)	(19,961,923)
Long term deposits - net	(55,700)	(2,190,101)
Income tax paid	(12,460,294)	(20,578,225)
Employee benefits paid	(26,637,300)	(365,289,673)
Net cash used in operating activities	(1,118,838,204)	(2,380,602,384)
Cash flows from investing activities		
Additions in property and equipment	(24,003,695)	(22,246,367)
Additions in Intangible Assets	(468,000)	(304,200)
Additions in capital work in progress	(113,366,067)	(96,602,838)
Proceeds from disposal of property and equipment	111,900	5,506,816
Proceeds from disposal of available for sale investments	-	40,099,461
Treasury bills purchased during the year	(8,110,481,903)	(10,452,112,304)
Treasury bills redeemed during the year	7,461,305,770	10,854,522,531
Term deposit receipt purchased during the year	-	(250,000,000)
Term deposit receipt redeemed during the year	-	350,000,000
Rent received from investment property	43,476,094	45,963,337
Interest received	200,374,774	351,068,514
Net cash used in investing activities	(543,051,127)	825,894,950
Cash flows from financing activities		
Transferred from OPPT	-	162,190,907
Welfare fund receipts	1,215,927,388	1,933,559,552
Net cash generated from financing activities	1,215,927,388	2,095,750,459
Net increase in cash and cash equivalents	(445,961,943)	541,043,025
Cash and cash equivalents at beginning of the year	1,060,180,846	519,137,821
Cash and cash equivalents at end of the year	614,218,903	1,060,180,846

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

MANAGING DIRECTOR

MEMBER BOARD OF GOVERNORS

Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

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 (repealed previously with the enactment of the Companies Ordinance, 1984 and now the Companies Act, 2017) 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 Shahrah-e-Jamhuriat, G-5/2, 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 2017 is as follows:

	Rupees
Total assets	1,441,525
Total liabilities (mainly include payable to the Foundation)	86,217,506
Net equity	(84,571,931)
Total liabilities and equity	1,441,525

Since the Foundation has fully provided for 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, 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 Companies Ordinance, 1984 (the repealed Ordinance), the Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued thereunder. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

These financial statements were previously prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. The change has been made in compliance with requirements of Securities and Exchange Commission of Pakistan S.R.O. No. 413/2016 dated 11 May 2016.

The above change has no material impact on the Foundation's financial statements.

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

3. BASIS OF PREPARATION AND MEASUREMENT

During the year on 30 May 2017, the Companies Act, 2017 (the "Act") was enacted which replaced and repealed the Companies Ordinance, 1984. However, the Securities and Exchange Commission of Pakistan (SECP), through its Circular No. 17 of 2017 dated 20 July 2017, has advised the Companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

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

continued

Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

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 2017:

- *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 further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendment is not likely to have an impact on 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. The amendment is not likely to have an impact on Foundation's financial statements.
- *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 recognized for new and outstanding awards. The amendment is not likely to have an impact on 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.
- *Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:*
 - *Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment is not likely to have an impact on Foundation's financial statements.*

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment is not likely to have an impact on Foundation's financial statements.
- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendment is not likely to have an impact on Foundation's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The amendment is not likely to have an impact on 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.

7.1 Employee benefits

Defined contribution plans

The Foundation operates an approved contributory provident fund for employees. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

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 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.

Comment

Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

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 17, and is recognized in the income and expenditure account. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

16/11/2017

Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

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.

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

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

(a) 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.

(b) 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.

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Notes to the Financial Statements

For the year ended 30 June 2017

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.

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Notes to the Financial Statements

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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.

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Notes to the Financial Statements

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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.

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Notes to the Financial Statements

For the year ended 30 June 2017

	2017 (Rupees)	2016 (Rupees)
8. WELFARE FUND		
Balance as at beginning of the year	7,855,999,464	7,064,485,160
Receipts during the year	1,215,927,388	1,933,559,552
Excess of assets over liabilities on Overseas Pakistanis Pension Trust	-	64,247,093
Total comprehensive income for the year	<u>(1,399,792,333)</u>	<u>(1,206,292,341)</u>
	<u>7,672,134,519</u>	<u>7,855,999,464</u>

- 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.

	Note	2017 (Rupees)	2016 (Rupees)
9. CAPITAL RESERVE			
Capital reserve	9.1	<u>156,250</u>	<u>156,250</u>

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

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 2017 is Rs. 777.496 million (2016: Rs. 444.107 million).

	2017 (Rupees)	2016 (Rupees)
11. EMPLOYEES' COMPENSATED ABSENCES		
Present value of defined benefit obligation	278,529,269	206,015,504
Net defined benefit liability	<u>278,529,269</u>	<u>206,015,504</u>

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Notes to the Financial Statements
For the year ended 30 June 2017

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:

	2017 (Rupees)	2016 (Rupees)
Balance at the beginning of the year	206,015,504	165,347,132
Charge for the year	99,151,065	62,713,495
Liabilities related to employees transferred from OPPT	-	1,165,587
Benefits paid	(26,637,300)	(23,210,710)
Balance at the end of the year	<u>278,529,269</u>	<u>206,015,504</u>

11.2 Actuarial assumptions

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

	2017	2016
Discount rate (per annum)	9.25%	9.00%
Salary increase rate (per annum)	9.25%	9.00%
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 2017 by the amounts shown below.

	2017		2016	
	Increase (Rupees)	Decrease (Rupees)	Increase (Rupees)	Decrease (Rupees)
Discount rate (1% movement)	254,650,167	306,466,961	19,542,490	(23,463,281)
Salary increase rate (1% movement)	307,542,393	253,314,307	(24,220,114)	20,508,746

11.4 Risks associated with defined benefit plan

Longevity 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.

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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.

	2017 (Rupees)	2016 (Rupees)
12. STAFF RETIREMENT GRATUITY		
Present value of defined benefit obligation	1,430,035,947	1,177,709,993
Fair value of plan assets	(454,985,417)	(516,475,041)
Receipts on behalf of the Fund	3,407,635	3,407,635
Net defined benefit liability	<u>978,458,165</u>	<u>664,642,587</u>

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:

	2017 (Rupees)	2016 (Rupees)
Balance at the beginning of the year	664,642,587	535,560,820
Included in income and expenditure account:		
Current service cost	74,338,581	51,687,747
Interest cost	50,951,086	35,250,332
Past service cost - due to change in rules	-	160,926,398
	125,289,667	247,864,477
Included in OCI:		
Re-measurement loss	188,525,911	125,287,015
	188,525,911	224,461,840
	<u>978,458,165</u>	<u>1,007,887,137</u>
Liabilities related to employees transferred from OPPT	-	2,486,850
Payments	-	(345,731,400)
Balance at the end of the year	<u>978,458,165</u>	<u>664,642,587</u>

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Notes to the Financial Statements

For the year ended 30 June 2017

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:

	2017 (Rupees)	2016 (Rupees)
Present value of defined benefit obligation at the beginning of the year	1,177,709,993	781,609,792
Current service cost	74,338,581	51,687,747
Interest cost	85,762,603	70,858,884
Past service cost - due to change in service rules	-	160,926,398
Liabilities related to employees transferred from OPPT	-	2,486,850
Benefits paid	(74,646,458)	(115,186,395)
Actuarial loss	166,871,228	225,326,717
Present value of defined benefit obligation at the end of the year	<u>1,430,035,947</u>	<u>1,177,709,993</u>

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:

	2017 (Rupees)	2016 (Rupees)
Fair value of plan assets at the beginning of the year	516,475,041	249,456,607
Return on plan assets	34,811,517	35,608,552
Contribution by Foundation	-	345,731,400
Benefits paid	(74,646,458)	(115,186,395)
Actuarial (loss)/ gain	(21,654,683)	864,877
Fair value of plan assets at the end of the year	<u>454,985,417</u>	<u>516,475,041</u>

12.4 Plan assets comprise of:

Investments in equity securities	2,280,000	2,280,000
Pakistan Investment Bonds	58,278,400	59,596,140
Treasury bills	385,626,888	219,573,519
Balances in bank accounts	8,800,129	235,025,382
	<u>454,985,417</u>	<u>516,475,041</u>

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Notes to the Financial Statements

For the year ended 30 June 2017

12.5 Actuarial assumptions

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

	2017	2016
Discount rate (per annum)	7.75%	7.25%
Salary increase rate (per annum)	7.75%	7.25%
Expected return on plan assets (per annum)	7.75%	7.25%

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.

	2017 Increase (Rupees)	2017 Decrease (Rupees)	2016 Increase (Rupees)	2016 Decrease (Rupees)
Discount rate (1% movement)	1,333,390,874	1,541,080,776	(80,249,072)	92,270,171
Salary increase rate (1% movement)	1,546,764,039	1,326,705,981	96,837,488	(85,653,065)
Future withdrawal (10% movement)	1,430,233,473	1,429,838,561	350,379	(350,431)
Mortality rate (1 year movement)	1,427,308,226	1,432,744,956	2,485,321	(2,500,911)

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.

	2017 (Rupees)	2016 (Rupees)
Year 1	298,469,272	156,364,961
Year 2	105,579,327	181,348,799
Year 3	105,846,861	84,631,823
Year 4	90,119,701	84,498,463
Year 5	96,195,589	72,882,102
Year 6 to Year 10	615,868,817	474,252,550
Year 11 and above	1,832,742,329	1,408,169,739

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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.

Longevity 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	Net liability at the end of the year
	(Rupees)	(Rupees)
2017	1,430,035,947	978,458,165
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
	2017 (Rupees)	2016 (Rupees)
13. ADVANCES FROM CUSTOMERS - Housing schemes		
Islamabad scheme	1,607,045,425	1,468,647,945
Raiwind Road Colony	1,093,777,294	1,081,729,039
Peshawar scheme	48,361,850	10,832,057
Chittarpur Mirpur	180,707,686	168,862,010
Rawat scheme	1,147,025	1,147,025
Dadu scheme	8,431,766	9,800,877
Farm Houses/KBWL cluster houses	500,000	500,000
Other schemes	361,288	349,178
	<u>2,940,332,334</u>	<u>2,741,868,131</u>

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Notes to the Financial Statements

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14. CREDITORS, ACCRUED AND OTHER LIABILITIES	2017 (Rupees)	2016 (Rupees)
Accrued liabilities	55,567,942	45,196,824
Retention money	190,451,973	202,471,027
School security	151,261,349	138,047,961
Advance rent and subscription	1,462,177	9,793,994
Advances refundable against abandoned scheme (Faisalabad)	2,126,193	2,224,193
Interest payable on advances against abandoned scheme (Faisalabad)	5,456,704	5,591,734
Payable against purchase of land	1,298,875	1,298,875
Application money for housing schemes	7,962,101	7,972,101
Withholding taxes payable	14,272,359	13,966,315
Federal excise duty (FED) payable	16,479,984	16,323,676
Payable to employees against contribution to Provident Fund	16,657,185	16,657,185
Payable to contractors and consultants	174,166,589	101,622,069
Others	148,921,159	73,034,992
	<u>786,084,590</u>	<u>634,200,946</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Guarantees

As at 30 June 2017, the Foundation has provided bank guarantees amounting to Rs. 1.58 million (2016: Rs. 2.537 million). These guarantees have been secured against lien on bank balance of the Foundation amounting to Rs. 1.58 million (2016: 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 of 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 liable to pay the duty. Accordingly, no provision for the demand raised has been made in these financial statements.

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

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. 185.3 million. The Foundation has filed a suit in High Court for settlement. Management is hopeful of a favourable outcome of the dispute. Accordingly, no provision has been made in these financial statements.

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. These 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. Management is confident of a favourable outcome. Accordingly, no provision has been made in these financial statements.

15.2.4 Income tax department initiated audit of the expenditure incurred by the Foundation in the tax year 2014 which currently pending completion. Management believes that no liabilities are expected to arise on conclusion 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 2017. 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 2017 against the development expenditure on housing schemes were Rs. 789.7 million (2016: Rs. 217.2 million).

15.3.2 Commitments of the Foundation outstanding as at 30 June 2017 against the construction works of school and college buildings were Rs. 97.29 million (2016: Rs. 84.74 million).

15.3.3 Commitments in respect of financial aid as at 30 June 2017 were Rs. 113.6 million (2016: nil).

16. PROPERTY AND EQUIPMENT

		2017 (Rupees)	2016 (Rupees)
Operating fixed assets	16.1	869,215,009	884,946,335
Capital work in progress (CWIP)	16.2	511,731,429	402,363,938
		<u>1,380,946,438</u>	<u>1,287,310,273</u>

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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	Sub total
	Rupees									
Cost										
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	15,825,480	1,124,496,998
Additions	-	-	-	-	-	4,481,379	529,000	7,229,301	1,273,799	13,513,479
Transfers from CWIP	-	-	-	130,868,847	-	-	-	2,483,200	-	133,352,047
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	490,036,547	5,914,652	94,353,326	107,672,670	123,445,975	17,099,279	1,260,235,330
Balance at 1 July 2016	20,575,014	38,672,936	362,464,931	490,036,547	5,914,652	94,353,326	107,672,670	123,445,975	17,099,279	1,260,235,330
Additions	-	-	862,660	1,404,048	-	6,041,209	2,232,839	3,585,735	38,940	14,165,431
Transfers from CWIP	-	-	3,102,186	896,390	-	-	-	-	-	3,998,576
Disposals	-	-	-	-	-	(1,195,290)	-	(163,431)	-	(1,358,721)
Balance at 30 June 2017	20,575,014	38,672,936	366,429,777	492,336,985	5,914,652	99,199,245	109,905,509	126,868,279	17,138,219	1,277,040,616
Accumulated depreciation										
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	373,572,442
Depreciation	-	1,179,483	8,187,219	8,308,379	52,718	4,602,902	5,653,887	6,431,323	259,880	34,675,791
Disposals	-	-	-	-	-	344,975	(7,559,776)	(870)	897,149	(6,318,522)
Balance at 30 June 2016	-	26,090,306	43,163,383	95,681,778	5,440,194	50,445,055	85,417,114	80,317,692	15,374,189	401,929,711
Balance at 1 July 2016	-	26,090,306	43,163,383	95,681,778	5,440,194	50,445,055	85,417,114	80,317,692	15,374,189	401,929,711
Depreciation	-	1,179,483	8,042,394	10,371,358	47,446	4,668,507	4,654,845	6,632,266	261,274	35,857,573
Transfers	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(842,777)	-	(121,136)	-	(963,913)
Balance at 30 June 2017	-	27,269,789	51,205,777	106,053,136	5,487,640	54,270,785	90,071,959	86,828,822	15,635,463	436,823,371
Carrying amounts										
At 1 July 2015	20,575,014	13,762,113	327,488,767	271,794,301	527,176	44,574,419	30,703,411	39,891,035	1,608,320	750,924,556
At 30 June 2016	20,575,014	12,582,630	319,301,548	394,354,769	474,458	43,908,271	22,255,556	43,128,283	1,725,090	858,305,619
At 30 June 2017	20,575,014	11,403,147	315,224,000	386,283,849	427,012	44,928,460	19,833,550	40,039,457	1,502,756	840,217,245
Depreciation rates/useful lives		33 years	2.5%	2.5%	10%	10%	20%	15%	15%	

Warrant

Overseas Pakistanis Foundation
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16.1 Operating fixed assets (Continued)

16.1.1 Reconciliation of carrying amount (Continued)

	Computer equipment	Medical equipment	Laboratory equipment	Tools and equipment	Play equipment	Photography equipment	Security Equipments	Arms and ammunition	Sub total	Grand Total
	Rupees									
Cost										
Balance at 1 July 2015	58,456,152	9,096,304	14,961,468	2,121,139	3,162,974	23,600	-	9,425	87,831,062	1,212,328,060
Additions	5,381,862	2,333,840	384,154	-	37,000	596,032	-	-	8,732,888	22,246,367
Transfers from CWIP	-	-	-	-	-	-	-	-	-	133,382,047
Disposals	-	-	-	-	-	-	-	-	-	(11,127,194)
Balance at 30 June 2016	63,838,014	11,430,144	15,345,622	2,121,139	3,199,974	619,632	-	9,425	96,563,950	1,356,799,280
Balance at 1 July 2016	63,838,014	11,430,144	15,345,622	2,121,139	3,199,974	619,632	-	9,425	96,563,950	1,356,799,280
Additions	8,546,004	30,500	157,075	-	114,800	-	989,885	-	9,838,264	24,003,695
Transfers from CWIP	-	-	-	-	-	-	-	-	-	3,998,576
Disposals	(272,620)	-	-	-	(12,000)	-	-	-	(284,620)	(1,643,341)
Balance at 30 June 2017	72,111,398	11,460,644	15,502,697	2,121,139	3,302,774	619,632	989,885	9,425	106,117,594	1,383,158,210
Accumulated depreciation										
Balance at 1 July 2015	43,101,378	6,052,709	10,937,555	332,527	1,831,702	19,373	-	7,972	62,283,216	435,855,658
Depreciation	5,349,097	485,713	626,512	268,292	202,403	9,712	-	145	6,941,874	41,617,665
Disposals	698,144	-	-	-	-	-	-	-	698,144	(5,620,378)
Balance at 30 June 2016	49,148,619	6,538,422	11,564,067	600,819	2,034,105	29,085	-	8,117	69,923,234	471,852,945
Balance at 1 July 2016	49,148,619	6,538,422	11,564,067	600,819	2,034,105	29,085	-	8,117	69,923,234	471,852,945
Depreciation	5,645,763	735,284	573,688	228,048	179,090	539	106,425	131	7,468,968	43,326,541
Transfers	-	-	-	-	-	-	-	-	-	-
Disposals	(270,572)	-	-	-	(1,800)	-	-	-	(272,372)	(1,236,285)
Balance at 30 June 2017	54,523,810	7,273,706	12,137,755	828,867	2,211,395	29,624	106,425	8,248	77,119,830	513,943,201
Carrying amounts										
At 1 July 2015	15,354,774	3,043,595	4,023,913	1,788,612	1,331,272	4,227	-	1,453	25,547,846	776,472,402
At 30 June 2016	14,689,395	4,891,722	3,781,555	1,520,320	1,165,869	590,347	-	1,308	26,640,716	884,946,335
At 30 June 2017	17,587,588	4,186,938	3,364,942	1,292,272	1,091,379	590,008	883,460	1,177	28,997,764	869,215,009
Depreciation rates/useful lives	33%	15%	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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Overseas Pakistanis Foundation
Notes to the Financial Statements
For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
16.1.4 Depreciation charge for the year has been allocated as follows:			
Housing division		216,213	279,304
Welfare division			
- Eye hospitals		1,084,166	836,515
- Administration		603,142	503,196
		1,687,308	1,339,711
Education division			
- OPF Schools - Pakistan		30,036,132	29,161,725
- OPF Schools - Azad Jammu & Kashmir		1,271,042	1,498,456
- Administration		1,053,992	991,863
		32,361,166	31,652,044
Publicity and marketing cell		414,667	73,709
Administrative expenses		8,556,129	8,167,854
Regional Office, Mirpur, Azad Jammu & Kashmir		91,058	105,043
		43,326,541	41,617,665
16.2 Capital work in progress (CWIP)			
Balance as at beginning of the year		402,363,938	439,113,147
Additions during the year		113,366,067	96,689,638
		515,730,005	535,802,785
Transfers to operating fixed assets:			
- Buildings on freehold land		(3,998,576)	(130,868,847)
- Electrical equipment		-	(2,483,200)
		(3,998,576)	(133,352,047)
Amounts written off		-	(86,800)
Balance at the end of the year	16.2.1	511,731,429	402,363,938
16.2.1 Break up of CWIP is as follows:			
OPF Colleges, Sanghar		182,333,068	166,432,929
OPF Public School, Hangu		102,419,397	84,324,572
OPF Public School, Gujrat		118,077,406	103,419,058
OPF Public School, Multan		24,473,731	16,736,979
OPF Public School, Quetta		16,879,333	1,481,146
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
OPF Girls Hostel, Quetta		17,651,568	17,554,568
OPF Public School Peshawar		25,239,218	1,494,741
OPF RO Peshawar		-	2,251,436
OPF Girls College Rawalpindi		1,080,827	1,080,827
OPF Boys College Islamabad		2,602,235	1,409,735
Women Hostel and University, Quetta		636,000	636,000
OPF Public School Noudero		569,967	-
OPF Public School Badin		221,295	-
OPF Girls College Quetta		2,384,324	-
Regional Office Quetta		242,000	-
OPF Girls College F 8/2 Islamabad		11,949,080	-
		511,731,429	402,363,938

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

17. INTANGIBLE ASSETS

	Accounting software (Rupees)	Computer software (Rupees)	Total (Rupees)
Cost			
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
Balance as at 01 July 2016	1,080,000	2,616,921	3,696,921
Additions	-	468,000	468,000
Balance as at 30 June 2017	1,080,000	3,084,921	4,164,921
Accumulated amortization			
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
Balance as at 01 July 2016	1,045,426	1,859,410	2,904,836
Charge for the year	11,409	262,849	274,258
Balance as at 30 June 2017	1,056,835	2,122,259	3,179,094
Carrying amount - 30 June 2016	34,574	757,511	792,085
Carrying amount - 30 June 2017	23,165	962,662	985,827
Amortization rates	33%	33%	

18. INVESTMENT PROPERTY

	Note	2017 (Rupees)	2016 (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		6,283,861	4,575,385
Charge for the year		1,665,764	1,708,476
At the end of the year		7,949,625	6,283,861
Carrying amount	18.1	64,964,789	66,630,553
Depreciation rate		2.5%	2.5%

- 18.1 Fair value of investment properties is estimated to be Rs. 162.50 million (2016: Rs. 162.51 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.

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
19. INVESTMENTS IN SUBSIDIARY AND ASSOCIATES			
Investment in subsidiary	19.1	-	-
Investment in associate	19.2	-	-
		<u>-</u>	<u>-</u>
19.1 Investment in subsidiary			
Kaghan Brick Works Limited - unquoted			
650,000 ordinary shares (2016: 650,000 ordinary shares) of Rs. 10/- each			
Percentage of holding - 100% (2016: 100%)			
Cost		269,891	269,891
Less: provision for impairment		<u>(269,891)</u>	<u>(269,891)</u>
		<u>-</u>	<u>-</u>
19.2 Investment in associate			
Duty Free Shops Limited - unquoted			
35,801 ordinary shares (2016: 35,801 ordinary shares) of Rs. 100/- each			
Percentage of holding - 2.39% (2016: 2.39%)			
Cost		110,200	110,200
Less: Provision for impairment		<u>(110,200)</u>	<u>(110,200)</u>
		<u>-</u>	<u>-</u>
20. LONG TERM INVESTMENTS			
Deposits with Banker's Equity Limited (under liquidation)		10,288,550	10,288,550
Less: Provision for impairment		<u>(10,288,550)</u>	<u>(10,288,550)</u>
	20.1	<u>-</u>	<u>-</u>
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.		

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Overseas Pakistanis Foundation
Notes to the Financial Statements
For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
21. LONG TERM ADVANCES			
<i>Considered good</i>			
Advances to staff	21.1	213,796,052	197,194,416
Less: Current maturity shown under current assets		<u>(33,129,527)</u>	<u>(30,337,587)</u>
		180,666,525	166,856,829
<i>Considered doubtful</i>			
Receivable from Kaghan Brick Works Limited		83,701,755	83,657,755
Receivable from Center of Excellence and Management Sciences		<u>5,000,000</u>	<u>5,000,000</u>
		88,701,755	88,657,755
Less: Provision for doubtful receivables	21.2	<u>(88,701,755)</u>	<u>(88,657,755)</u>
		<u>180,666,525</u>	<u>166,856,829</u>

- 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% (2016: 4% to 4.5%) per annum on the outstanding balance.

	Note	2017 (Rupees)	2016 (Rupees)
21.2 Movement in provision for doubtful receivables is as follows:			
Balance at the beginning of the year		88,657,755	88,633,730
Provision for the year		<u>44,000</u>	<u>24,025</u>
Balance at the end of the year		<u>88,701,755</u>	<u>88,657,755</u>

22. DEVELOPMENT PROPERTIES - Housing schemes

Mobilization advances	22.1	46,108,430	37,957,125
Development expenditure on housing schemes	22.2	<u>5,249,155,904</u>	<u>5,146,304,729</u>
		<u>5,295,264,334</u>	<u>5,184,261,854</u>

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Overseas Pakistanis Foundation
Notes to the Financial Statements
For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
22.1 Mobilization advances			
Mobilization advances against:			
Islamabad scheme		42,472,135	34,320,830
Raiwind Road Lahore scheme		4,968,375	4,968,375
Peshawar scheme		367,500	367,500
Rawat scheme		10,012,500	10,012,500
		<u>57,820,510</u>	<u>49,669,205</u>
Less: Provision for doubtful advances		<u>(11,712,080)</u>	<u>(11,712,080)</u>
		<u>46,108,430</u>	<u>37,957,125</u>
22.2 Development expenditure on housing schemes			
Islamabad scheme		4,116,727,756	4,016,936,522
Raiwind Road colony		656,223,672	650,680,117
Peshawar scheme		25,775,082	25,501,744
Chittarpur Mirpur scheme		400,116,067	399,437,663
Gujrat scheme		303,336	303,336
Dadu scheme	22.2.1	11,032,728	16,076,989
Rawat scheme		38,968,421	37,368,358
Other schemes		8,842	-
		<u>5,249,155,904</u>	<u>5,146,304,729</u>
22.2.1	This include Rs. 5.04 million on account of impairment (2016: nil).		
23. ADVANCES, PREPAYMENTS AND OTHER RECIEVABLES			
Current maturity of long term advances to staff		33,129,527	30,337,587
Advances to staff and suppliers		30,146,989	25,192,698
Advances against salaries		67,592,471	75,279,596
Prepayments		8,010,589	10,855,383
Receivable against allotments		331,718	670,030
Tax recoverable	23.1	221,208,088	219,527,294
Other receivables		44,737,221	12,471,572
		<u>405,156,603</u>	<u>374,334,160</u>
Less: Provision for doubtful receivables		<u>(16,803,887)</u>	<u>(16,803,887)</u>
		<u>388,352,716</u>	<u>357,530,273</u>

- 23.1** These mainly include income tax 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.

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Overseas Pakistanis Foundation
Notes to the Financial Statements
For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
24. SHORT TERM INVESTMENTS			
<i>Held-to-maturity</i>			
Treasury bills	24.1	4,726,273,559	3,975,353,833
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 5.8% to 6.02% (2016: 6.62% to 9.99%) per annum. The carrying amount includes accrued interest amounting to Rs. 143.9 million (2016: Rs. 50.84 million).		
25. CASH AND BANK BALANCES	Note	2017 (Rupees)	2016 (Rupees)
Cash in hand		7,268,216	5,296,577
Cash at banks:			
- in current accounts		35,574,360	78,810,629
- in deposit accounts	25.1 & 25.2	571,376,327	976,073,640
		606,950,687	1,054,884,269
		<u>614,218,903</u>	<u>1,060,180,846</u>
25.1	Interest rate on deposit accounts ranges from 4.5% to 5.5% (2016: 4.5% to 5.75%) per annum.		
25.2	These include Rs. 249.927 million (2016: Rs. 698.868 million) placed with financial institutions held by the Government of Pakistan.		

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Overseas Pakistanis Foundation
Notes to the Financial Statements
For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
26. INTEREST INCOME			
Interest on welfare fund bank deposits/investments	26.1	298,290,668	326,414,167
		<u>298,290,668</u>	<u>326,414,167</u>
26.1 These include Rs. 238.095 million (2016: Rs. 293.002 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		2017 (Rupees)	2016 (Rupees)
Profit on deposit accounts		1,409,692	3,342,479
Transfer fee, surcharges and other charges		67,640,305	50,118,216
Income on recognised schemes		39,237,013	-
		<u>108,287,010</u>	<u>53,460,695</u>
28. WELFARE DIVISION INCOME			
Profit on deposit accounts		2,325,018	1,155,312
OPF Eye Hospital, Dera Ghazi Khan		1,087,580	1,069,937
OPF Eye Hospital, Mirpur		31,740	-
		<u>3,444,338</u>	<u>2,225,249</u>
29. EDUCATION DIVISION INCOME			
School fees:			
-Pakistani Schools		744,672,260	672,103,576
-Azad Jammu and Kashmir Schools		34,078,141	32,185,253
		778,750,401	704,288,829
Profit on deposit accounts		5,211,818	1,478,833
Miscellaneous		38,200	103,303
		<u>784,000,419</u>	<u>705,870,965</u>
30. PUBLICITY AND MARKETING CELL INCOME			
Profit on deposit accounts		92,989	110,317
Advertisement		44,625	54,902
		<u>137,614</u>	<u>165,219</u>

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Overseas Pakistanis Foundation
Notes to the Financial Statements
For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
31. OTHER INCOME			
Interest on advances to employees		7,718,320	6,821,116
Gain on disposal of available for sale securities		-	25,080,238
Rental income from investment property		43,476,094	45,963,337
Others		574,947	1,173,672
		<u>51,769,361</u>	<u>79,038,363</u>
32. HOUSING DIVISION EXPENSES			
Salaries and benefits		56,567,497	55,255,390
Travelling and conveyance		1,142,454	779,111
Repairs and maintenance		1,224,446	2,138,625
Vehicle running and maintenance		146,003	70,571
Postage, telephone and telegram		517,354	370,956
Printing, stationery and periodicals		191,650	265,660
Depreciation	16.1.4	216,213	279,304
Supervision and development of schemes		91,485,112	45,248,214
Impairment loss on development properties	22.2.1	5,044,261	-
Others		3,926,668	197,116
		<u>160,461,658</u>	<u>104,604,947</u>
33. WELFARE DIVISION EXPENSES			
Welfare Activities			
Financial aid		599,300,000	323,900,000
Salaries and benefits OPF Eye Hospital-Mirpur		1,288,306	1,407,510
Salaries and benefits OPF Eye Hospital-Dera Ghazi Khan		5,192,486	4,761,194
Depreciation	16.1.4	1,084,166	836,515
Service cell		1,921,051	2,052,611
Foreign exchange remittance card		1,720,109	1,319,046
Welfare activities - eye camp		-	3,543,149
Others		8,085,809	5,589,598
		<u>618,591,927</u>	<u>343,409,623</u>
Administrative			
Salaries and benefits		74,741,997	70,776,662
Travelling and conveyance		195,412	531,980
Repairs and maintenance		110,856	63,904
Vehicle running and maintenance		-	127,218
Postage, telephone and telegram		971,338	1,062,741
Printing, stationery and periodicals		622,019	205,150
Depreciation	16.1.4	603,142	503,196
Others		155,946	93,146
		<u>77,400,710</u>	<u>73,363,997</u>
		<u>695,992,637</u>	<u>416,773,620</u>

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Overseas Pakistanis Foundation
Notes to the Financial Statements
For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
34. EDUCATION DIVISION EXPENSES			
Education			
OPF Public Schools- Pakistan			
Salaries and benefits		610,644,729	560,211,632
Depreciation	16.1.4	30,036,132	29,161,725
Others		87,365,929	114,681,178
		728,046,790	704,054,535
OPF Public Schools- AJ&K			
Salaries and benefits		45,571,211	42,258,869
Depreciation	16.1.4	1,271,042	1,498,456
Others		8,822,806	8,522,588
		55,665,059	52,279,913
Scholarships and awards		4,307,955	3,844,715
		788,019,804	760,179,163
Administrative			
Salaries and benefits		57,656,120	47,896,651
Travelling and conveyance		602,613	633,825
Repairs and maintenance		167,859	392,606
Vehicle running and maintenance		-	115,106
Postage, telephone and telegram		500,802	441,717
Printing, stationery and periodicals		81,993	217,317
Advertisement		5,610,728	3,150,500
Depreciation	16.1.4	1,053,992	991,863
Others		1,663,479	1,638,835
		67,337,586	55,478,420
		855,357,390	815,657,583
35. PUBLICITY AND MARKETING CELL EXPENSES			
Magazine Yaran-e-watan		381,280	1,428,935
Administrative			
Salaries and benefits		6,683,054	5,226,598
Postage, telephone and telegram		31,372	7,915
Printing, stationery and periodicals		58,921	94,481
Depreciation	16.1.4	102,915	73,709
Others		414,667	34,426
		7,290,929	5,437,129
		7,672,209	6,866,064

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
36. ADMINISTRATIVE EXPENSES			
Salaries and benefits		396,294,066	359,651,235
Employees' compensated absences		99,151,065	62,713,495
Staff retirement gratuity	12.1	125,289,667	247,864,477
Travelling and conveyance		4,437,531	4,210,755
Foreign tours		3,011,150	-
Repairs and maintenance		7,215,207	7,299,999
Vehicle running and maintenance		10,980,014	11,389,513
Postage, telephone and telegram		5,530,429	5,553,692
Light and heat		21,841,121	19,434,219
Printing, stationery and periodicals		4,283,154	3,838,222
Office rent		810,000	1,794,723
Entertainment		1,097,328	1,410,153
Professional fee		2,136,887	2,290,487
Audit fee		1,205,000	879,000
Advertisement		2,338,031	2,500,189
Bank charges		8,176,349	12,183,146
Depreciation	16.1.4	8,556,129	8,167,854
Depreciation on investment property	18	1,665,764	1,708,476
Amortization of intangible assets	17	274,258	252,788
Advances and receivables written off		-	-
Others		11,604,341	12,350,000
		<u>715,897,491</u>	<u>765,492,422</u>
Regional Office Mirpur, Azad Jammu and Kashmir			
Salaries and benefits		8,116,386	6,385,243
Travelling and conveyance		384,041	288,492
Repairs and maintenance		70,356	162,063
Vehicle running and maintenance		183,035	7,807
Postage, telephone and telegram		100,175	102,495
Printing, stationery and periodicals		49,230	36,918
Depreciation	16.1.4	91,058	105,043
Others		459,872	663,551
		<u>9,454,153</u>	<u>7,751,612</u>
		<u><u>725,351,644</u></u>	<u><u>773,244,034</u></u>

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Overseas Pakistanis Foundation
Notes to the Financial Statements
For the year ended 30 June 2017

	Note	2017 (Rupees)	2016 (Rupees)
37. OTHER EXPENSES			
Expenses - OPPT		-	31,876,024
38. TAXATION			
Current tax:		12,460,294	-
Deferred tax		-	-
Total tax expense		12,460,294	-
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.		
		2017 (Rupees)	2016 (Rupees)
38.2 Reconciliation of effective tax rate			
Deficit for the year before taxation		(1,198,806,128)	(981,830,501)
Applicable tax rate		31%	32%
Tax charge for the year using applicable tax rate		(371,629,900)	(314,185,760)
Tax charge not recognised due to business loss		371,629,900	314,185,760
Minimum tax @ 1 % of turnover		12,460,294	-
		12,460,294	-

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Overseas Pakistanis Foundation
Notes to the Financial Statements
For the year ended 30 June 2017

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 2017								
Financial assets measured at fair value								
Financial assets not measured at fair value								
Advances	-	-	213,796,052	-	213,796,052	-	-	-
Deposits	-	-	4,022,036	-	4,022,036	-	-	-
Advances and other receivables	-	-	45,068,939	-	45,068,939	-	-	-
Investments	4,726,273,559	-	-	-	4,726,273,559	-	-	-
Cash and bank balances	-	-	614,218,903	-	614,218,903	-	4,726,273,559	-
	4,726,273,559	-	877,105,930	-	5,603,379,489	-	4,726,273,559	-
Financial liabilities measured at fair value								
Financial liabilities not measured at fair value								
Creditors and other liabilities	-	-	-	-	-	-	-	-
	-	-	-	(729,250,784)	(729,250,784)	-	-	-
	-	-	-	(729,250,784)	(729,250,784)	-	-	-
30 June 2016								
Financial assets measured at fair value								
Financial assets not measured at fair value								
Advances	-	-	197,194,416	-	197,194,416	-	-	-
Deposits	-	-	3,966,336	-	3,966,336	-	-	-
Investments	3,975,353,833	-	-	-	3,975,353,833	-	-	-
Cash and bank balances	-	-	1,060,180,846	-	1,060,180,846	-	3,975,353,833	-
	3,975,353,833	-	1,261,341,598	-	5,236,695,431	-	3,975,353,833	-
Financial liabilities measured at fair value								
Financial liabilities not measured at fair value								
Creditors and other liabilities	-	-	-	-	-	-	-	-
	-	-	-	(524,290,851)	(524,290,851)	-	-	-
	-	-	-	(524,290,851)	(524,290,851)	-	-	-

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Overseas Pakistanis Foundation
Notes to the Financial Statements
For the year ended 30 June 2017

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 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 disclosure 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.

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

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.

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

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 netting arrangements.

	Carrying amount	Contractual cash flows			
		Total	Upto one year	1 - 2 years	2 years onwards
	(Rupees)	(----- Rupees -----)			
30 June 2017					
Creditors and other liabilities	755,332,247	755,332,247	755,332,247	-	-
30 June 2016					
Creditors and other liabilities	603,910,955	603,910,955	603,910,955	-	-

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.

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2017

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:

	2017 (Rupees)	2016 (Rupees)
Expenses - OPPT	-	31,876,024
Payment to gratuity fund trust - net	-	345,773,415
Payment to provident fund trust	-	48,999,779
Interest income	238,095,814	293,002,378
Payments on behalf of Kaghan Brick Works Limited	44,000	24,025

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

	2017 Rupees	2016 Rupees
Remuneration of Managing Director		
Managerial remuneration	1,392,010	1,505,565
Allowances and other perquisites	860,245	4,023,091
Pension	371,283	-
	<u>2,623,538</u>	<u>5,528,656</u>

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

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Overseas Pakistanis Foundation
Notes to the Financial Statements
For the year ended 30 June 2017

	2017	2016
42. NUMBER OF EMPLOYEES		
Total number of employees at the end of the year	<u>1,912</u>	<u>1,666</u>

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 in their meeting held on



MANAGING DIRECTOR

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MEMBER BOARD OF GOVERNORS



KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building, Blue Area
Islamabad, Pakistan
Telephone 92 (51) 282 3558, Fax 92 (51) 282 2671

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, (herein referred to as "the Rules") prepared by the Board of Governors of **Overseas Pakistanis Foundation** ("the Foundation") for the year ended 30 June 2017.

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 a 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 an 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 require the Foundation to place before the Audit Committee, and upon the 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 procedure to determine whether the related party transactions were undertaken at arm's length price or not.



KPMG Taseer Hadi & Co.

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 2017.

Islamabad
18 December 2018

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

Engagement Partner:
Atif Zamurrad Malik

**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, 2017.

- 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:

S. No.	Provision of the Rules	Rule No.	Y	N	N.A																															
			Tick the relevant box																																	
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																																	
2.	<p>The Board has the requisite percentage of independent Directors. At present the board includes:</p> <table><tr><th>Category</th><th>Names</th><th>Date of appointment</th></tr><tr><td rowspan="6">Independent Directors</td><td>Barrister Amjad Malik.</td><td>04-04-2016</td></tr><tr><td>Chaudhry Noor Ul Hassan Tanvir.</td><td>04-04-2016</td></tr><tr><td>Mr. Muhammad Jehangir Minhas.</td><td>04-04-2016</td></tr><tr><td>Nisar Ahmed Siddiqui</td><td>04-04-2016</td></tr><tr><td>Captain Shaheen Khalid</td><td>04-04-2016</td></tr><tr><td>Sahibzada Saeed Ahmed.</td><td>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 rowspan="4">Non-Executive Directors</td><td>Mr. Suhail Aamir.</td><td>26-12-2016</td></tr><tr><td>Federal Secretary, M/o OPs&HRD.</td><td>22-06-2017</td></tr><tr><td>Mr. Omar Hamid Khan, Additional Secretary, M/o Finance</td><td>08-07-2017</td></tr><tr><td>Mr. Shah M. Jamal Addl. Secretary, M/o Foreign Affairs</td><td>04-04-2016</td></tr><tr><td></td><td>Mrs. Asad Hasyauddin, Addl. Secretary, M/o Commerce.</td><td></td></tr></table>	Category	Names	Date of appointment	Independent Directors	Barrister Amjad Malik.	04-04-2016	Chaudhry Noor Ul Hassan Tanvir.	04-04-2016	Mr. Muhammad Jehangir Minhas.	04-04-2016	Nisar Ahmed Siddiqui	04-04-2016	Captain Shaheen Khalid	04-04-2016	Sahibzada Saeed Ahmed.	04-04-2016	Executive Directors	Mr. Habib Ur Rehman Gilani, Managing Director, OPF	19-07-2016	Non-Executive Directors	Mr. Suhail Aamir.	26-12-2016	Federal Secretary, M/o OPs&HRD.	22-06-2017	Mr. Omar Hamid Khan, Additional Secretary, M/o Finance	08-07-2017	Mr. Shah M. Jamal Addl. Secretary, M/o Foreign Affairs	04-04-2016		Mrs. Asad Hasyauddin, Addl. Secretary, M/o Commerce.		3(2)	✓		
Category	Names	Date of appointment																																		
Independent Directors	Barrister Amjad Malik.	04-04-2016																																		
	Chaudhry Noor Ul Hassan Tanvir.	04-04-2016																																		
	Mr. Muhammad Jehangir Minhas.	04-04-2016																																		
	Nisar Ahmed Siddiqui	04-04-2016																																		
	Captain Shaheen Khalid	04-04-2016																																		
	Sahibzada Saeed Ahmed.	04-04-2016																																		
Executive Directors	Mr. Habib Ur Rehman Gilani, Managing Director, OPF	19-07-2016																																		
Non-Executive Directors	Mr. Suhail Aamir.	26-12-2016																																		
	Federal Secretary, M/o OPs&HRD.	22-06-2017																																		
	Mr. Omar Hamid Khan, Additional Secretary, M/o Finance	08-07-2017																																		
	Mr. Shah M. Jamal Addl. Secretary, M/o Foreign Affairs	04-04-2016																																		
	Mrs. Asad Hasyauddin, Addl. Secretary, M/o Commerce.																																			
3.	A casual vacancy occurring on the board was filled up by the directors within ninety days.	3(4)			✓																															
4.	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.	3(5)	✓																																	
5.	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.	3(7)		✓																																
6.	The Chairman of the Board is working separately from the Chief Executive of the	4(1)	✓																																	

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	Company.				
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) 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) 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)	✓		

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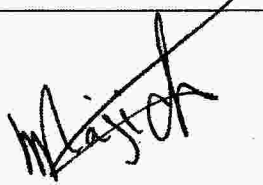
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18.	The Board has carried out performance evaluation of its members, including the Chairman and the Chief executive, on the basis of a process, based on specified criteria, developed by it. The Board has also monitored and assessed the performance of senior management on annual / half-yearly / quarterly basis*. * Strike out whichever is not applicable.	8			✓																		
19.	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.	9	✓																				
20.	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.	10		✓																			
21.	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.	11	✓																				
22.	<p>(a) The Board has formed the requisite Committees as specified in the Rules.</p> <p>(b) The committees were provided with written term of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the committees were circulated to all the board members.</p> <p>(d) The committees were chaired by the following non-executive directors:</p> <table border="1"> <thead> <tr> <th>Committee</th> <th>Number of members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <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> </tbody> </table>	Committee	Number of members	Name of Chair	Audit Committee	04	Sahibzada Saeed Ahmed	Risk Management Committee	04	Mr. Jehangir Minhas	Human Resources Committee	07	Mr. Shaheen Khalid	Procurement Committee	03	Mr. Jehangir Minhas	Nomination Committee	04	Mr. Noor ul Hassan Tanvir	12	✓		
Committee	Number of members	Name of Chair																					
Audit Committee	04	Sahibzada Saeed Ahmed																					
Risk Management Committee	04	Mr. Jehangir Minhas																					
Human Resources Committee	07	Mr. Shaheen Khalid																					
Procurement Committee	03	Mr. Jehangir Minhas																					
Nomination Committee	04	Mr. Noor ul Hassan Tanvir																					
23.	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.	13/14	✓																				
24.	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.	16	✓																				
25.	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.	17		✓																			

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26.	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.	18			✓															
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.	<p>The board has formed an audit committee, with defined and written terms of reference, and having the following members:</p> <table><tr><th>Name of Member</th><th>Category</th><th>Professional background</th></tr><tr><td>Sahibzada Saeed Ahmed.</td><td>Independent</td><td>Federal Secretary (Retired).</td></tr><tr><td>Mr. Nisar Ahmed Siddiqui</td><td>Independent</td><td>Federal Secretary (Retired).</td></tr><tr><td>Mr. Suhail Aamir, Federal Secretary, M/o OPs</td><td>Non-Executive</td><td>Principal Accounting Officer.</td></tr><tr><td>Mr. Omar Hamid Khan, Addl. Secretary (Finance)</td><td>Non-Executive</td><td>Civil Service of Pakistan.</td></tr></table> <p>The chief executive and chairman of the Board are not members of the audit committee.</p>	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.	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.																		
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
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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
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.
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.

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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.
20.	10	<p>The Foundation had not prepared quarterly financial statements.</p> <p>The annual financial statements are not placed on the Foundation's website as the same are not yet approved by the Board.</p> <p>Monthly accounts were not prepared and circulated to the Board members.</p>	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.
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