



KPMG Taseer Hadi & Co.
Chartered Accountants

Overseas Pakistanis Foundation

Financial Statements

For the year ended

30 June 2018



KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the members of Overseas Pakistanis Foundation

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Overseas Pakistanis Foundation (the Foundation), which comprise the statement of financial position as at 30 June 2018, and the income and expenditure statement, the statement of comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2018 and of the deficit and other comprehensive loss, the changes in fund and its cash flows for the year then ended.

Basis for Qualified Opinion

1. As mentioned in note 7.10 to the financial statements, revenue from education division is recognized on receipt basis, which under the requirements of accounting and reporting 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 accounting and reporting standards as applicable in Pakistan, the deficit for the year would have decreased by an approximate amount of Rs. 51 million with corresponding increase in welfare fund as at 30 June 2018.
2. As at reporting date, the Foundation has a balance of Rs. 3,025 million which represents advances received from customers against acquisition of land in housing schemes being developed by the Foundation and the balance differs with the detailed customer wise subsidiary record by Rs. 224.39 million. In the absence of a reconciliation as at 30 June 2018 to identify and properly account for the differences, we are unable to determine if any adjustment to the carrying amount of "advances to customers" and corresponding impacts on the financial statements.



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We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

We draw attention to the following:

- Note 1.3 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.
- Note 23.2 to the financial statements which states that the recoverability of taxation receivable amounting to Rs. 226.6 million is subject acceptance of refund claims by taxation authorities.

Our opinion is not modified in respect of the above matters.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. Other information comprises the director's report for the year ended 30 June 2018, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Governors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Board of Governors are responsible for overseeing the Foundation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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We communicate with the board of governors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) except for the effects of the matter described in the Basis for Qualified Opinion section of our report, proper books of account have been kept by the Foundation as required by the Companies Act, 2017 (XIX of 2017);
- b) except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the statement of financial position, the income and expenditure statement, the statements of other comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Foundation's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Atif Zamurrad Malik.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
11 March 2020

Overseas Pakistanis Foundation

Statement of financial position

As at 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
FUNDS AND LIABILITIES			
FUNDS AND RESERVES			
Welfare fund	8	6,527,106,839	7,672,134,519
Capital reserve	9	156,250	156,250
		6,527,263,089	7,672,290,769
LIABILITIES			
Non-current liabilities			
Deferred tax liability	10	-	-
Employees compensated absences	11	335,019,589	278,529,269
		335,019,589	278,529,269
Current liabilities			
Staff retirement gratuity	12	1,246,825,643	978,458,165
Advances from customers - housing schemes	13	3,025,236,790	2,940,332,334
Creditors, accrued and other liabilities	14	842,488,506	786,084,590
		5,114,550,939	4,704,875,089
Total liabilities		5,449,570,528	4,983,404,358
Total funds and liabilities		11,976,833,617	12,655,695,127
CONTINGENCIES AND COMMITMENTS			
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ASSETS

Non-current assets

Property and equipment	16	1,481,220,137	1,380,946,438
Intangible assets	17	3,207,547	985,827
Investment property	18	63,340,669	64,964,789
Investments in subsidiaries and associates	19	-	-
Long term investments	20	-	-
Long term advances	21	192,004,486	180,666,525
Long term deposits		4,022,036	4,022,036
		1,743,794,875	1,631,585,615

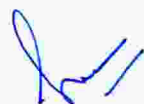
Current assets

Development properties - housing schemes	22	5,289,960,987	5,295,264,334
Advances, prepayments and other receivable	23	513,746,665	388,352,716
Short-term investments	24	3,536,830,580	4,726,273,559
Cash and bank balances	25	892,500,510	614,218,903
		10,233,038,742	11,024,109,512

Total assets

		11,976,833,617	12,655,695,127
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The annexed notes 1 to 44 form an integral part of these financial statements.



MANAGING DIRECTOR



CHIEF FINANCIAL OFFICER



MEMBER BOARD OF GOVERNORS

Overseas Pakistanis Foundation


Income and expenditure statement

For the year ended 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
INCOME			
Interest income	26	275,710,191	298,290,668
Housing division income	27	115,073,814	108,287,010
Welfare division income	28	4,123,474	3,444,338
Education division income	29	782,162,458	784,000,419
Publicity and marketing cell income	30	93,378	137,614
Training division income		72,000	100,000
Other income	31	68,526,143	51,769,361
		1,245,761,458	1,246,029,410
EXPENDITURE			
Housing division expenses	32	449,925,650	160,461,658
Welfare division expenses	33	821,344,162	695,992,637
Education division expenses	34	992,944,449	855,357,390
Publicity and marketing cell expenses	35	7,370,147	7,672,209
Administrative expenses	36	833,792,907	725,351,644
		3,105,377,315	2,444,835,538
Deficit before taxation		(1,859,615,857)	(1,198,806,128)
Taxation	37	15,572,018	12,460,294
Deficit after taxation		(1,875,187,875)	(1,211,266,422)

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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 Comprehensive Income
For the year ended 30 June 2018

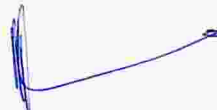
	Note	2018 (Rupees)	2017 (Rupees)
Deficit after taxation		(1,875,187,875)	(1,211,266,422)
Other comprehensive income:			
<i>Items that will not be reclassified to income and expenditure account</i>			
Re-measurement loss on employees retirement benefit plans	12	(139,255,123)	(188,525,911)
Total comprehensive loss for the year		<u>(2,014,442,998)</u>	<u>(1,399,792,333)</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 2018

	Welfare fund	Capital reserve	Total
	(Rupees)		
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
Balance at 01 July 2017	7,672,134,519	156,250	7,672,290,769
Receipts directly credited to welfare fund	869,415,318	-	869,415,318
Total comprehensive income for the year:			
Deficit for the year	(1,875,187,875)	-	(1,875,187,875)
Other comprehensive income	(139,255,123)	-	(139,255,123)
	(2,014,442,998)	-	(2,014,442,998)
Balance at 30 June 2018	6,527,106,839	156,250	6,527,263,089

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



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Overseas Pakistanis Foundation

Statement of cash flows

For the year ended 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
Cash flows from operating activities			
Deficit before taxation		(1,859,615,857)	(1,198,806,128)
Adjustments for:			
Depreciation		45,218,547	44,992,305
Amortization		763,074	274,258
Impairment loss		-	5,044,261
Provisions against advances and receivables		-	44,000
Rental income from investment property		(52,348,850)	(43,476,094)
Provision for staff retirement benefits		267,725,836	224,440,732
(Gain)/ loss on disposal of property and equipment		(2,883,918)	295,156
Interest on welfare deposits		(275,710,191)	(302,118,367)
Operating profit before working capital changes		(1,876,851,359)	(1,269,309,877)
Changes in:			
- Development properties - housing schemes		5,303,347	(116,046,741)
- Advances, prepayments and other receivables		(119,974,560)	(30,866,443)
- Advances from customers		84,904,456	198,464,203
- Creditors, accrued and other liabilities		56,403,916	151,883,644
Cash generated from operating activities		(1,850,214,200)	(1,065,875,214)
Long term advances - net		(11,337,961)	(13,809,696)
Long term deposits - net		-	(55,700)
Income tax paid		(20,991,408)	(12,460,294)
Employee benefits paid		(82,123,161)	(26,637,300)
Net cash used in operating activities		(1,964,666,730)	(1,118,838,204)
Cash flows from investing activities			
Additions in property and equipment		(14,136,718)	(24,003,695)
Additions in Intangible Assets		(2,984,794)	(468,000)
Additions in capital work in progress		(129,999,245)	(113,366,067)
Proceeds from disposal of property and equipment		3,151,754	111,900
Treasury bills purchased during the year		(7,175,857,488)	(8,110,481,903)
Treasury bills redeemed during the year		8,365,300,468	7,461,305,770
Rent received from investment property		52,348,850	43,476,094
Interest received		275,710,191	200,374,774
Net cash generated from / (used in) investing activities		1,373,533,018	(543,051,127)
Cash flows from financing activities			
Welfare fund receipts		869,415,318	1,215,927,388
Net cash generated from financing activities		869,415,318	1,215,927,388
Net increase in cash and cash equivalents		278,281,606	(445,961,943)
Cash and cash equivalents at beginning of the year		614,218,903	1,060,180,846
Cash and cash equivalents at end of the year	25	892,500,510	614,218,903

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

MANAGING DIRECTOR

CHIEF FINANCIAL OFFICER

MEMBER BOARD OF GOVERNORS

Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

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 geographical location and addresses of the Company's operating units are as under:

- The registered office of the Company is situated at Shahrah-e-Jamhuriat, G-5/2, Islamabad.
- Regional Office Lahore I-M, Gullberg-III, Lahore.
- Regional Office Karachi 2/A-20, Block 6, PECHS, Near Bank Al-Habib, Main Shahrah-e-Faisal, Karachi.
- Regional Office Peshawar Plot No. 33, Sector B-1 Phase V, Hayatabad, Peshawar.
- Regional Office Quetta House No. 1-A, Block # 4, Satellite Town, Quetta.
- Regional Office Multan Shama Plaza 123/ABC 2nd Floor Old Bahawalpur Road, Nishtar Chowk, Multan.
- Regional Office Mirpur House No. 60-A, Block 5-A, Near Jamia Mosque D4, Sector D-4, Mirpur (AJ & K).

- 1.3 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 2018 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.

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

1.4 Summary of significant events and transactions in the current reporting period:

- During the year, the Foundation for the first time applied financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the fifth schedule of the Companies Act, 2017.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of;

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017;

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. BASIS OF PREPARATION AND MEASUREMENT

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.

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Notes to the Financial Statements

For the year ended 30 June 2018

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 37 – 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 19, 20, 21 and 23 – provision for doubtful advances and investment

Note 22 – impairment of development properties

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 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 amendments are not likely to have an impact on Foundation's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Foundation's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [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.

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

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 amendments are not likely to have an impact on Company'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 application of interpretation is not likely to have an impact on Foundation's financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Foundation's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Foundation is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees.

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The amendments are not likely to have an impact on Foundation's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Foundation's financial statements.
- Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Foundation's financial statements.
- Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Foundation's financial statements.

7. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the changes indicated below:

- The Companies Act, 2017 specified certain disclosures to be included in the financial statements. The Company has presented the required disclosures in these financial statements. However, there was no change in the reported amounts of income and expenditure and other comprehensive income and the amounts presented in the statement of financial position.
- Amendments to IAS 7 'Statement of Cash Flows' became effective during the year. 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 and non-cash changes.

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.

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.

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The calculation of the defined benefit obligations is performed annually by a qualified actuary using the projected unit current method. When calculation results in a potential asset for the Foundation, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan on reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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

7.2 Income tax

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

Current tax

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

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent it is probable that future taxable profits will be available against which they can be used.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

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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 16.2, 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.

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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.

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

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

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

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

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

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

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Any interest in such transferred financial assets that is created or retained by the Foundation is recognized as a separate asset or liability. The Foundation derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

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

Measurement

(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.

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7.10 Revenue

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

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

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

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

7.11 Welfare fund

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


7.12 Investment property

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

7.13 Impairment

Financial assets

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



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For the year ended 30 June 2018

Non-financial assets

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

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

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

7.14 Provisions

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

7.15 Operating leases

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

7.16 Cash and cash equivalents

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

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Notes to the Financial Statements

For the year ended 30 June 2018

	2018 (Rupees)	2017 (Rupees)
8. WELFARE FUND		
Balance as at beginning of the year	7,672,134,519	7,855,999,464
Receipts during the year	869,415,318	1,215,927,388
Total comprehensive income for the year	(2,014,442,998)	(1,399,792,333)
	<u>6,527,106,839</u>	<u>7,672,134,519</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	2018 (Rupees)	2017 (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 recognized deferred tax asset in respect of tax losses to the extent of deferred tax liability. The aggregate amount of deferred tax asset not recognized at 30 June 2018 is Rs. 1,431 million (2017: Rs. 777.496 million).

	2018 (Rupees)	2017 (Rupees)
11. EMPLOYEES' COMPENSATED ABSENCES		
Present value of defined benefit obligation	335,019,589	278,529,269
Net defined benefit liability	<u>335,019,589</u>	<u>278,529,269</u>

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:

	2018 (Rupees)	2017 (Rupees)
Balance at the beginning of the year	278,529,269	206,015,504
Charge for the year	93,514,590	99,151,065
Benefits paid	(37,024,270)	(26,637,300)
Balance at the end of the year	<u>335,019,589</u>	<u>278,529,269</u>

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Notes to the Financial Statements

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11.2 Actuarial assumptions

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

	2018	2017
Discount rate (per annum)	9.00%	9.25%
Salary increase rate (per annum)	9.00%	9.25%

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 2018 by the amounts shown below.

	2018		2017	
	Increase (Rupees)	Decrease (Rupees)	Increase (Rupees)	Decrease (Rupees)
Discount rate (1 % movement)	305,404,213	369,594,382	254,650,167	306,466,961
Salary increase rate (1 % movement)	369,493,203	304,944,689	307,542,393	253,314,307

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.

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.

	2018 (Rupees)	2017 (Rupees)
12. STAFF RETIREMENT GRATUITY		
Present value of defined benefit obligation	1,655,377,656	1,430,035,947
Fair value of plan assets	(411,959,648)	(454,985,417)
Receipts on behalf of the Fund	3,407,635	3,407,635
Net defined benefit liability	<u>1,246,825,643</u>	<u>978,458,165</u>

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Notes to the Financial Statements

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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:

	2018 (Rupees)	2017 (Rupees)
Balance at the beginning of the year	978,458,165	664,642,587
Included in income and expenditure account:		
Current service cost	97,519,188	74,338,581
Interest cost	76,692,058	50,951,086
	174,211,246	125,289,667
Included in OCI:		
Re-measurement loss	139,255,123	188,525,911
	1,291,924,534	978,458,165
Payments	(45,098,891)	-
Balance at the end of the year	1,246,825,643	978,458,165

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:

	2018 (Rupees)	2017 (Rupees)
Present value of defined benefit obligation at the beginning of the year	1,430,035,947	1,177,709,993
Current service cost	97,519,188	74,338,581
Interest cost	109,597,930	85,762,603
Benefits paid	(116,030,929)	(74,646,458)
Actuarial loss	134,255,519	166,871,228
Present value of defined benefit obligation at the end of the year	1,655,377,655	1,430,035,947

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Notes to the Financial Statements

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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:

	2018 (Rupees)	2017 (Rupees)
Fair value of plan assets at the beginning of the year	454,985,417	516,475,041
Return on plan assets	32,905,872	34,811,517
Contribution by Foundation	45,098,891	-
Benefits paid	(116,030,929)	(74,646,458)
Actuarial (loss)/ gain	(4,999,603)	(21,654,683)
Fair value of plan assets at the end of the year	411,959,648	454,985,417

12.4 Plan assets comprise of:

Investments in equity securities	1,520,022	2,280,000
Pakistan Investment Bonds	55,366,008	58,278,400
Treasury bills	306,007,193	385,626,888
Balances in bank accounts	49,066,425	8,800,129
	411,959,648	454,985,417

Investments in fund has been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for that purpose.

12.5 Actuarial assumptions

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

	2018	2017
Discount rate (per annum)	9%	7.75%
Salary increase rate (per annum)	9%	7.75%
Expected return on plan assets (per annum)	9%	7.75%

12.6 Sensitivity analysis

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

	2018		2017	
	Increase (Rupees)	Decrease (Rupees)	Increase (Rupees)	Decrease (Rupees)
Discount rate (1% movement)	(126,545,185)	145,250,878	(80,249,072)	92,270,171
Salary increase rate (1% movement)	143,835,694	(127,639,368)	96,837,488	(85,653,065)
Future withdrawal (10% movement)	221,685	(217,464)	350,379	(350,431)
Mortality rate (1 year movement)	(3,259,605)	3,256,854	2,485,321	(2,500,911)

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For the year ended 30 June 2018

12.7 Expected maturity profile

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

	2018 (Rupees)	2017 (Rupees)
Year 1	107,699,815	298,469,272
Year 2	119,643,071	105,579,327
Year 3	116,662,143	105,846,861
Year 4	110,597,048	90,119,701
Year 5	107,825,000	96,195,589
Year 6 to Year 10	670,907,592	615,868,817
Year 11 and above	1,957,562,075	1,832,742,329

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. 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.

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

	defined benefit obligation (Rupees)	Net liability at the end of the year (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

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Notes to the Financial Statements

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	Note	2018 (Rupees)	2017 (Rupees)
13. ADVANCES FROM CUSTOMERS - Housing schemes			
Islamabad scheme		1,672,786,800	1,607,045,425
Raiwind Road Colony		1,102,040,961	1,093,777,294
Peshawar scheme		49,043,823	48,361,850
Chittarpari Mirpur		190,091,692	180,707,686
Rawat scheme		1,147,025	1,147,025
Dadu scheme		9,202,782	8,431,766
Farm Houses/KBWL cluster houses		500,000	500,000
Other schemes		423,707	361,288
		3,025,236,790	2,940,332,334
14. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Accrued liabilities		75,172,855	55,567,942
Retention money	14.1	201,271,532	190,451,973
School security	14.2	170,074,332	151,261,349
Advance rent and subscription		13,315,665	1,462,177
Advances refundable against abandoned scheme (Faisalabad)		2,126,193	2,126,193
Interest payable on advances against abandoned scheme (Faisalabad)		5,456,704	5,456,704
Compensation payable to Joint Management (Pvt.) Limited	14.3	120,000,000	-
Payable against purchase of land		1,298,875	1,298,875
Application money for housing schemes		2,793,101	7,962,101
Withholding taxes payable		23,095,410	14,272,359
Federal excise duty (FED) payable		16,550,984	16,479,984
Payable to employees against contribution to Provident Fund		2,092,007	16,657,185
Payable to contractors and consultants		71,352,269	174,166,589
Others		137,888,579	148,921,159
		842,488,506	786,084,590

14.1 This includes amounts of Rs. 195 million (2017: Rs. 179 million) payable on account of security deposits. These security deposits have not been kept in separate bank account.

14.2 This represents security deposits received from students in Foundation's school and colleges. These security deposits have not been kept in separate bank account.

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- 14.3** In June 1994, an agreement was signed between Foundation and M/S Joint Management (Pvt) Limited ("JML") for purchase of land for Housing scheme Zone - V Islamabad. JML failed to provide compact and contiguous shape land in accordance with the terms of agreement. The Foundation withheld payment of land measuring 174 kanal amounting to Rs. 11.55 million on account of violation of the agreement. JML filed suit for resolution in Islamabad High Court. The High Court appointed arbitrator for resolution of the dispute. The arbitrator decided in the favor of JML and order that payment shall be made on the prevailing gold rate in 1997. The decision of the arbitrator was submitted before the High Court, and the High Court ordered furnishing pay order amounting to Rs. 120 million representing Rs. 11.55 million as cost of land acquired and Rs. 108.45 million as late payment penalty in favor of the High Court, which was submitted by the Foundation. During the year the Foundation filed civil revision against the decision in High Court which was dismissed in the favor of JML and directed pay order to be submitted in favor of JML. The Foundation filed civil review petition against the decision of High Court in the Supreme Court of Pakistan, which subsequent to year end on 29 April 2019 has been dismissed in the favor of JML. Since the matter has been decided against the Foundation, a provision of Rs. 120 million has been recognised in these financial statements.

15. CONTINGENCIES AND COMMITMENTS

15.1 Guarantees

As at 30 June 2018, the Foundation has provided bank guarantees amounting to Rs. 1.58 million (2017: Rs. 1.58 million). These guarantees have been secured against lien on bank balance of the Foundation amounting to Rs.1.58 million (2017: 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 favorable 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.
- 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 in 1998 for settlement. Management is hopeful of a favorable outcome of the dispute. Accordingly, no provision has been made in these financial statements.

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Notes to the Financial Statements

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15.2.3 Income tax department initiated audit of the expenditure incurred by the Foundation in the tax year 2014 which is 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.

15.2.4 There are certain other cases outstanding as on 30 June 2018. Adverse impact, if any, of these cases is not considered material to these financial statements and management assesses favorable outcome of these cases.

15.3 Commitments

15.3.1 Contractual commitments of the Foundation outstanding as at 30 June 2018 against the development expenditure on housing schemes were Rs. 290.3 million (2017: Rs. 789.7 million).

15.3.2 Commitments of the Foundation outstanding as at 30 June 2018 against the construction works of school and college buildings were Rs. 370 million (2017: Rs. 97.29 million).

15.3.3 Commitments in respect of financial aid as at 30 June 2018 were Rs. 88 million (2017: Rs. 92.8 million).

	Note	2018 (Rupees)	2017 (Rupees)
16. PROPERTY AND EQUIPMENT			
Capital work in progress (CWIP)	16.1	209,626,846	402,363,938
Operating fixed assets	16.2	1,271,593,291	884,946,335
		<u>1,481,220,137</u>	<u>1,287,310,273</u>

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
16.1 Capital work in progress (CWIP)			
Balance as at beginning of the year		511,731,429	402,363,938
Additions during the year		129,999,245	113,366,067
		641,730,674	515,730,005
Transfers to operating fixed assets:			
- Buildings on freehold land		(395,744,307)	(3,998,576)
- Buildings on leasehold Land		(36,359,521)	-
		(432,103,828)	(3,998,576)
Amounts written off		-	-
Balance at the end of the year		209,626,846	511,731,429
16.1.1 Break up of CWIP is as follows:			
OPF Colleges, Sanghar		-	182,333,068
OPF Public School, Hangu		115,886,794	102,419,397
OPF Public School, Gujrat		-	118,077,406
OPF Public School, Multan		-	24,473,731
OPF Public School, Quetta		26,909,590	16,879,333
OPF Public School, Mirpur		340,690	340,690
OPF Hospital, Dera Ghazi Khan		4,631,290	4,631,290
OPF Public School, Larkana		-	-
OPF Girls Hostel, Quetta		17,919,939	17,651,568
OPF Public School Peshawar		37,282,722	25,239,218
OPF RO Peshawar		-	-
OPF Girls College Rawalpindi		-	1,080,827
OPF Boys College Islamabad		2,602,235	2,602,235
Women Hostel and University, Quetta		636,000	636,000
OPF Public School Noudero		569,967	569,967
OPF Public School Badin		221,295	221,295
OPF Girls College Quetta		2,384,324	2,384,324
Regional Office Quetta		242,000	242,000
OPF Girls College F 8/2 Islamabad		-	11,949,080
		209,626,846	511,731,429

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Overseas Pakistanis Foundation

Notes to the Financial Statements

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16.2 Operating fixed assets

16.2.1 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 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	2,232,639	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
Balance at 1 July 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
Additions	-	-	-	500,682	-	2,936,172	2,420,980	3,801,868	524,304	10,184,006
Transfers from CWIP	-	-	395,744,307	36,359,521	-	-	-	-	-	432,103,828
Disposals	-	-	-	-	-	(62,400)	(4,081,109)	-	-	(4,143,509)
Balance at 30 June 2018	20,575,014	38,672,936	762,174,084	529,197,188	5,914,652	102,073,017	108,245,380	130,670,147	17,662,523	1,715,184,941
Accumulated depreciation										
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
Balance at 1 July 2017	-	27,271,786	51,205,777	106,053,136	5,487,640	54,270,785	90,071,957	86,828,626	15,635,663	436,825,370
Depreciation	-	1,179,483	9,061,623	10,165,489	-	4,626,959	4,248,557	6,180,939	283,146	35,746,196
Transfers	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	(47,384)	(3,846,545)	-	-	(3,893,929)
Balance at 30 June 2018	-	28,451,269	60,267,400	116,218,625	5,487,640	58,850,360	90,473,969	93,009,565	15,918,809	468,677,637
Carrying amounts										
At 1 July 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
At 30 June 2018	20,575,014	10,221,667	701,906,684	412,978,563	427,012	43,222,657	17,771,411	37,660,582	1,743,714	1,246,507,304
Depreciation rates/useful lives	-	33 years	2.5%	2.5%	10%	10%	20%	15%	15%	

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

16.2 Operating fixed assets (Continued)

16.2.1 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 2016	63,838,014	11,430,144	15,345,622	2,121,139	3,199,974	619,632	-	9,425	1,260,235,330	1,356,799,280
Additions	8,546,004	30,500	157,075	-	114,800	-	989,885	-	14,165,431	24,003,695
Transfers from CWIP	-	-	-	-	-	-	-	-	3,998,576	3,998,576
Disposals	(272,620)	-	-	-	(12,000)	-	-	-	(1,358,721)	(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	1,277,040,616	1,383,158,210
Balance at 1 July 2017	72,111,398	11,460,644	15,502,697	2,121,139	3,302,774	619,632	989,885	9,425	1,277,040,616	1,383,158,210
Additions	3,221,147	-	39,800	-	159,885	-	531,880	-	10,184,006	14,136,718
Transfers from CWIP	-	-	-	-	-	-	-	-	432,103,828	432,103,828
Disposals	(121,500)	-	-	-	-	-	-	-	(4,143,509)	(4,265,009)
Balance at 30 June 2018	75,211,045	11,460,644	15,542,497	2,121,139	3,462,659	619,632	1,521,765	9,425	1,715,184,941	1,825,133,747
Accumulated depreciation										
Balance at 1 July 2015	49,148,619	6,538,422	11,564,067	600,819	2,034,105	29,085	-	8,117	401,929,711	471,852,945
	5,645,763	735,284	573,688	228,048	179,090	539	106,425	131	35,857,573	43,326,541
Depreciation	-	-	-	-	-	-	-	-	-	-
Disposals	(270,572)	-	-	-	(1,800)	-	-	-	(963,913)	(1,236,285)
Balance at 30 June 2016	54,523,810	7,273,706	12,137,755	828,867	2,211,395	29,624	106,425	8,248	436,823,371	513,943,201
Balance at 1 July 2016	54,523,810	7,273,706	12,137,755	828,867	2,211,395	29,624	106,425	8,248	436,825,370	513,945,200
Depreciation	6,092,048	628,041	505,242	193,841	171,347	458	255,138	118	35,746,196	43,592,429
Transfers	-	-	-	-	-	-	-	-	-	-
Disposals	(103,244)	-	-	-	-	-	-	-	(3,893,929)	(3,997,173)
Balance at 30 June 2017	60,512,614	7,901,747	12,642,997	1,022,708	2,382,742	30,082	361,563	8,366	468,677,637	553,540,456
Carrying amounts										
At 1 July 2016	14,689,395	4,891,722	3,781,555	1,520,320	1,165,869	590,547	-	1,308	858,305,619	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	840,217,245	869,215,009
At 30 June 2018	14,698,431	3,558,897	2,899,500	1,098,431	1,079,917	589,550	1,160,202	1,059	1,246,507,304	1,271,593,291
Depreciation rates/useful lives	33%	15%	15%	15%	15%	15%	15%	10%		

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

16.2.3 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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Notes to the Financial Statements
For the year ended 30 June 2018

16.2.4 Details of disposals of property and equipment:

Assets	Cost	Carrying amount	Sale Price	Gain / (loss) on disposal	Particulars of the purchaser	Mode of disposal	Relationship with the purchaser
	(Rupees)						
1 Yamaha Motorcycle (Idg 5836)	48,200	796	6,600	5,804	Muhammad Kashif (37405-0263356-3)	Auction	None
2 Yamaha Motorcycle (Idm 2285)	77,855	3,138	9,000	5,862	Sajid Hussain Gondal (61101-3168372-1)	Auction	None
3 Yamaha Motorcycle (Idm 2286)	77,855	3,138	9,000	5,862	Sajid Hussain Gondal (61101-3168372-1)	Auction	None
4 Yamaha Motorcycle (Idm 2287)	77,855	3,139	10,399	7,260	Qaisar Iqbal Satti (37405-8715508-1)	Auction	None
5 Honda City (GA 645)	793,500	39,988	666,666	626,678	Arif Javed (37406-1551899-3)	Auction	None
6 Honda City (GA 646)	793,500	39,988	555,110	515,122	Arif Javed (37406-1551899-3)	Auction	None
7 Honda City (GA 647)	793,500	39,988	617,999	578,011	Sajid Hussain Gondal (61101-3168372-1)	Auction	None
8 Honda City (GA 652)	793,500	39,988	691,707	651,719	Ali Jawad Nayyar (61101-8655910-7)	Auction	None
9 Suzuki Cultus (GK 602)	625,344	64,401	562,273	497,872	Sajid Hussain Gondal (61101-3168372-1)	Auction	None
10 Furniture & Fixture	62,400	15,016	10,380	(4,636)	Muhammad Naseem (10771840111)	Auction	None
11 Computer Equipment	121,500	18,256	12,620	(5,636)	Muhammad Naseem (10771840111)	Auction	None
	4,265,009	267,836	3,151,754	2,883,918			

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Notes to the Financial Statements

For the year ended 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
16.2.5	Depreciation charge for the year has been allocated as follows:		
Housing division		1,305,936	216,213
Welfare division			
- Eye hospitals		982,122	1,084,166
- Administration		498,317	603,142
		1,480,439	1,687,308
Education division			
- OPF Schools - Pakistan		29,736,645	30,036,132
- OPF Schools - Azad Jammu & Kashmir		1,148,794	1,271,042
- Administration		1,108,724	1,053,992
		31,994,163	32,361,166
Publicity and marketing cell		77,345	414,667
Administrative expenses		8,654,233	8,556,129
Regional Office, Mirpur, Azad Jammu & Kashmir		80,313	91,058
		43,592,429	43,326,541

17. INTANGIBLE ASSETS

	Accounting software (Rupees)	Computer software (Rupees)	Total (Rupees)
Cost			
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
Balance as at 01 July 2017	1,080,000	3,084,921	4,164,921
Additions	1,103,278	1,881,516	2,984,794
Balance as at 30 June 2018	2,183,278	4,966,437	7,149,715
Accumulated amortization			
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
Balance as at 01 July 2017	1,056,835	2,122,259	3,179,094
Charge for the year	30,453	732,621	763,074
Balance as at 30 June 2018	1,087,288	2,854,880	3,942,168
Carrying amount - 30 June 2017	23,165	962,662	985,827
Carrying amount - 30 June 2018	1,095,990	2,111,557	3,207,547
Amortization rates	33%	33%	

Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
18. INVESTMENT PROPERTY			
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		7,949,625	6,283,861
Charge for the year		1,624,120	1,665,764
At the end of the year		9,573,745	7,949,625
Carrying amount	18.1	<u>63,340,669</u>	<u>64,964,789</u>
Depreciation rate		2.5%	2.5%
18.1	Fair value of investment properties is estimated to be Rs. 162.50 million (2017: Rs. 162.50 million). The investment property is placed in level 3 of the fair value hierarchy (see note 39.2). Since the value has been determined by a third party and inputs are not observable, sensitivity analysis has not been presented.		
	Note	2018 (Rupees)	2017 (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>
19.3	Investment in subsidiary and associated Company has been made in accordance with the requirements under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).		
20. LONG TERM INVESTMENTS	Note	2018 (Rupees)	2017 (Rupees)
Deposits with Banker's Equity Limited (under liquidation)		6,859,012	10,288,550
Less: Provision for impairment		<u>(6,859,012)</u>	<u>(10,288,550)</u>
	20.1	<u>-</u>	<u>-</u>
Movement in provision for impairment is as follows:			
Opening balance		10,288,550	10,288,550
Recovery during the year		3,429,538	-
Closing balance		<u>6,859,012</u>	<u>10,288,550</u>

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Notes to the Financial Statements

For the year ended 30 June 2018

- 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. During the year Official Liquidator distributed dividend of Rs. 3,429,538.

	Note	2018 (Rupees)	2017 (Rupees)
21. LONG TERM ADVANCES			
Considered good			
Advances to staff	21.1	226,214,009	213,796,052
Less: Current maturity shown under current assets		(34,209,523)	(33,129,527)
		<u>192,004,486</u>	<u>180,666,525</u>
Considered doubtful			
Receivable from Kaghan Brick Works Limited		83,701,755	83,701,755
Receivable from Center of Excellence and Management Sciences		5,000,000	5,000,000
		<u>88,701,755</u>	<u>88,701,755</u>
Less: Provision for doubtful receivables	21.2	(88,701,755)	(88,701,755)
		<u>-</u>	<u>-</u>
		<u>192,004,486</u>	<u>180,666,525</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% (2017: 4% to 4.5%) per annum on the outstanding balance.

This includes nil (2017: nil) given to key management personnel of the Company.

	Note	2018 (Rupees)	2017 (Rupees)
21.2 Movement in provision for doubtful receivables is as follows:			
Balance at the beginning of the year		88,701,755	88,657,755
Provision for the year		-	44,000
Balance at the end of the year		<u>88,701,755</u>	<u>88,701,755</u>

22. DEVELOPMENT PROPERTIES - Housing schemes

Mobilization advances	22.1	34,488,750	46,108,430
Development expenditure on housing schemes	22.2	5,255,472,237	5,249,155,904
		<u>5,289,960,987</u>	<u>5,295,264,334</u>
22.1 Mobilization advances			
Mobilization advances against:			
Islamabad scheme		35,820,830	42,472,135
Raiwind Road Lahore scheme		-	4,968,375
Peshawar scheme		367,500	367,500
Rawat scheme		10,012,500	10,012,500
		<u>46,200,830</u>	<u>57,820,510</u>
Less: Provision for doubtful advances		(11,712,080)	(11,712,080)
		<u>34,488,750</u>	<u>46,108,430</u>

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Notes to the Financial Statements

For the year ended 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
22.2 Development expenditure on housing schemes			
Islamabad scheme	22.2.1	4,211,453,462	4,116,727,756
Raiwind Road colony		657,875,992	656,223,672
Peshawar scheme		8,874,113	25,775,082
Chittarpur Mirpur scheme		323,624,116	400,116,067
Gujrat scheme		93,928	303,336
Dadu scheme		14,307,921	11,032,728
Rawat scheme		39,242,705	38,968,421
Other schemes		-	8,842
	22.2.2	<u>5,255,472,237</u>	<u>5,249,155,904</u>
22.2.1	This includes amount of Rs. 11.55 million capitalized in Islamabad scheme on account of cost of land acquired. (Refer note 14.3).		
22.2.2	This include nil on account of impairment (2017: Rs. 5.04 million).		
23. ADVANCES, PREPAYMENTS AND OTHER RECIEVABLES	Note	2018 (Rupees)	2017 (Rupees)
Current maturity of long term advances to staff	23.1	34,209,523	33,129,527
Advances to staff and suppliers		30,055,084	30,146,989
Advances against salaries		88,181,479	67,592,471
Prepayments		9,585,417	8,010,589
Receivable against allotments		331,718	331,718
Tax recoverable	23.2	226,627,478	221,208,088
Other receivables	23.3	145,401,788	44,737,221
		<u>534,392,487</u>	<u>405,156,603</u>
Less: Provision for doubtful receivables		<u>(20,645,822)</u>	<u>(16,803,887)</u>
		<u>513,746,665</u>	<u>388,352,716</u>
23.1	This includes nil (2017: nil) given to key management personnel of the Company.		
23.2	Movement in tax recoverable is as follows:		
Opening balance		221,208,088	219,527,294
Withholding tax deducted during the year		20,991,408	14,141,088
Charge for the year		<u>(15,572,018)</u>	<u>(12,460,294)</u>
Closing balance		<u>226,627,478</u>	<u>221,208,088</u>
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.			
Subsequent to year, Foundation has received refunds amounting to Rs. 61.2 million (2017: Rs. nil) from tax authorities			
23.3	This includes Rs. 120 million submitted in favor of the Islamabad High Court pursuant to litigation as referred to in note 14.4. (Refer note 32.1)		
	Note	2018 (Rupees)	2017 (Rupees)
24. SHORT TERM INVESTMENTS			
Held-to-maturity			
Treasury bills	24.1	3,536,830,580	4,726,273,559
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 5.99% to 6.35% (2017: 5.8% to 6.02%) per annum. The carrying amount includes accrued interest amounting to Rs. 56.5 million (2017: Rs. 143.9 million).		

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Notes to the Financial Statements

For the year ended 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
25. CASH AND BANK BALANCES			
Cash in hand		18,281,704	7,268,216
Cash at banks:			
- in current accounts		30,716,489	35,574,360
- in deposit accounts	25.1 & 25.2	843,502,317	571,376,327
		874,218,806	606,950,687
		<u>892,500,510</u>	<u>614,218,903</u>
25.1	Interest rate on deposit accounts ranges from 3.75% to 5.60% (2017: 4.5% to 5.5%) per annum.		
25.1	These include Rs. 90.025 million (2017: Rs. 249.927 million) placed with financial institutions held by the Government of Pakistan.		
	Note	2018 (Rupees)	2017 (Rupees)
26. INTEREST INCOME			
Interest on welfare fund bank deposits/investments	26.1	275,710,191	298,290,668
		<u>275,710,191</u>	<u>298,290,668</u>
26.1	These include Rs. 235.996 million (2017: Rs. 238.095 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.		
	Note	2018 (Rupees)	2017 (Rupees)
27. HOUSING DIVISION INCOME			
Profit on deposit accounts		1,255,952	1,409,692
Transfer fee, surcharges and other charges		75,403,842	67,640,305
Income on recognized schemes		38,414,020	39,237,013
		<u>115,073,814</u>	<u>108,287,010</u>
28. WELFARE DIVISION INCOME			
Profit on deposit accounts		3,188,900	2,325,018
OPF Eye Hospital, Dera Ghazi Khan		924,704	1,087,580
OPF Eye Hospital, Mirpur		9,870	31,740
		<u>4,123,474</u>	<u>3,444,338</u>

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
29. EDUCATION DIVISION INCOME			
School fees:			
-Pakistani Schools		739,228,829	744,672,260
-Azad Jammu and Kashmir Schools		36,585,531	34,078,141
		775,814,360	778,750,401
Profit on deposit accounts		6,031,556	5,211,818
Miscellaneous		316,542	38,200
		782,162,458	784,000,419
30. PUBLICITY AND MARKETING CELL INCOME			
Profit on deposit accounts		93,378	92,989
Advertisement		-	44,625
		93,378	137,614
31. OTHER INCOME			
Dividend - Banker's Equity Limited	20.1	3,429,538	-
Gain on disposal of fixed assets		2,883,918	-
Interest on advances to employees		8,198,309	7,718,320
Rental income from investment property		52,348,850	43,476,094
Others		1,665,528	574,947
		68,526,143	51,769,361
32. HOUSING DIVISION EXPENSES			
Salaries and benefits		69,741,679	56,567,497
Travelling and conveyance		1,599,959	1,142,454
Repairs and maintenance		206,698	1,224,446
Vehicle running and maintenance		63,985	146,003
Postage, telephone and telegram		408,767	517,354
Printing, stationery and periodicals		248,806	191,650
Depreciation	16.2.5	1,305,936	216,213
Supervision and development of schemes		261,479,803	91,485,112
Impairment loss on development properties	22.2.1	-	5,044,261
Provision for late payment charges	14.3	108,456,399	-
Others		6,413,618	3,926,668
		449,925,650	160,461,658

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
33. WELFARE DIVISION EXPENSES			
Welfare Activities			
Financial aid		712,600,000	599,300,000
Salaries and benefits OPF Eye Hospital-Mirpur		1,395,400	1,288,306
Salaries and benefits OPF Eye Hospital-Dera Ghazi Khan		5,462,896	5,192,486
Depreciation	16.2.5	982,122	1,084,166
Service cell		2,566,641	1,921,051
Foreign exchange remittance card		1,229,765	1,720,109
Others		4,587,622	8,085,809
		728,824,446	618,591,927
Administrative			
Salaries and benefits		90,607,035	74,741,997
Travelling and conveyance		336,114	195,412
Repairs and maintenance		106,631	110,856
Vehicle running and maintenance		-	-
Postage, telephone and telegram		738,001	971,338
Printing, stationery and periodicals		78,591	622,019
Depreciation	16.2.5	498,317	603,142
Others		155,027	155,946
		92,519,716	77,400,710
		821,344,162	695,992,637
34. EDUCATION DIVISION EXPENSES			
Education			
OPF Public Schools- Pakistan			
Salaries and benefits		725,112,521	610,644,729
Depreciation	16.2.5	29,736,645	30,036,132
Others		99,141,897	87,365,929
		853,991,063	728,046,790
OPF Public Schools- AJ&K			
Salaries and benefits		52,309,331	45,571,211
Depreciation	16.2.5	1,148,794	1,271,042
Others		10,567,305	8,822,806
		64,025,430	55,665,059
Scholarships and awards		1,072,104	4,307,955
		919,088,597	788,019,804
Administrative			
Salaries and benefits		66,511,489	57,656,120
Travelling and conveyance		456,636	602,613
Repairs and maintenance		240,343	167,859
Vehicle running and maintenance		-	-
Postage, telephone and telegram		457,012	500,802
Printing, stationery and periodicals		262,433	81,993
Advertisement		1,945,480	5,610,728
Depreciation	16.2.5	1,108,724	1,053,992
Others		2,873,735	1,663,479
		73,855,852	67,337,586
		992,944,449	855,357,390

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

	Note	2018 (Rupees)	2017 (Rupees)
35. PUBLICITY AND MARKETING CELL EXPENSES			
Magazine Yaran-e-watan		225,752	381,280
Administrative			
Salaries and benefits		7,003,415	6,683,054
Postage, telephone and telegram		8,580	31,372
Printing, stationery and periodicals		12,295	58,921
Depreciation	16.2.5	77,345	102,915
Others		42,760	414,667
		7,144,395	7,290,929
		7,370,147	7,672,209
36. ADMINISTRATIVE EXPENSES			
Salaries and benefits		468,089,997	396,294,066
Employees' compensated absences		93,514,589	99,151,065
Staff retirement gratuity	12.1	174,211,246	125,289,667
Travelling and conveyance		5,538,280	4,437,531
Foreign tours		212,025	3,011,150
Repairs and maintenance		5,057,491	7,215,207
Vehicle running and maintenance		11,376,757	10,980,014
Postage, telephone and telegram		6,937,764	5,530,429
Light and heat		17,873,525	21,841,121
Printing, stationery and periodicals		4,943,734	4,283,154
Office rent		945,000	810,000
Entertainment		1,590,382	1,097,328
Professional fee		1,301,274	2,136,887
Audit fee	36.1	1,365,000	1,205,000
Advertisement		2,518,125	2,338,031
Bank charges		5,060,782	8,176,349
Depreciation	16.2.5	8,654,233	8,556,129
Depreciation on investment property	18	1,624,120	1,665,764
Amortization of intangible assets	17	763,074	274,258
Others		11,349,265	11,604,341
		822,926,663	715,897,491
Regional Office Mirpur, Azad Jammu and Kashmir			
Salaries and benefits		9,328,598	8,116,386
Travelling and conveyance		401,565	384,041
Repairs and maintenance		79,687	70,356
Vehicle running and maintenance		237,907	183,035
Postage, telephone and telegram		80,084	100,175
Printing, stationery and periodicals		47,113	49,230
Depreciation	16.2.5	80,313	91,058
Others		610,977	459,872
		10,866,244	9,454,153
		833,792,907	725,351,644
36.1 Auditor's remuneration and expenses include:			
- Statutory audit fee		1,155,000	1,100,000
- Statement of Compliance with Public Sector Code of Corporate Governance		105,000	105,000
- Out-of-pocket expenses		105,000	-
		1,365,000	1,205,000

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Overseas Pakistanis Foundation
Notes to the Financial Statements
For the year ended 30 June 2018

	2018 (Rupees)	2017 (Rupees)
37. TAXATION		
Current tax:	15,572,018	12,460,294
Deferred tax	-	-
Total tax expense	15,572,018	12,460,294

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.

	2018 (Rupees)	2017 (Rupees)
37.2 Reconciliation of effective tax rate		
Deficit for the year before taxation	(1,859,615,857)	(1,198,806,128)
Applicable tax rate	30%	31%
Tax charge for the year using applicable tax rate	(576,480,916)	(371,629,900)
Tax charge not recognized due to business loss	576,480,916	371,629,900
Minimum tax @ 1.25 % of turnover	15,572,018	12,460,294
	15,572,018	12,460,294

37.3 The Company has filed tax returns up to and for the tax year 2018 which stand assessed under Section 120 of the Income Tax Ordinance, 2001.

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

38. FINANCIAL INSTRUMENTS - Fair values and risk management

38.1 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 2018								
Financial assets measured at fair value								
Financial assets not measured at fair value								
Advances	-	-	310,241,049	-	-	-	-	-
Deposits	-	-	4,022,036	-	-	-	-	-
Other receivables	-	-	145,401,788	-	-	-	-	-
Investments	3,536,830,580	-	-	-	-	-	3,536,830,580	-
Cash and bank balances	-	-	892,500,510	-	-	-	-	-
	3,536,830,580	-	1,352,165,383	-	-	-	3,536,830,580	-
Financial liabilities measured at fair value								
Financial liabilities not measured at fair value								
Creditors and other liabilities	-	-	842,488,506	-	-	-	-	-
	-	-	842,488,506	-	-	-	-	-
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	-	4,726,273,559	-
Cash and bank balances	-	-	614,218,903	-	614,218,903	-	-	-
	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)	-	-	-

Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

38.2 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).

38.2.1 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

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

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.

Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

38.3 Financial risk management

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

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

38.3.1 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.

38.3.2 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 2018

38.3.3 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 onward
	(Rupees)	(Rupees)			
30 June 2018					
Creditors and other liabilities	682,842,112	682,842,112	682,842,112	-	-
30 June 2017					
Creditors and other liabilities	755,332,247	755,332,247	755,332,247	-	-

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

38.3.4 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.

39. 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 2018

40 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOW ARISING FROM FINANCING ACTIVITIES

	Liabilities	Equity	TOTAL
	Welfare Fund		
	(Rupees)		
Balance as at 01 July 2017	-	7,672,290,769	7,672,290,769
Changes from financing cash flows	-	-	-
Receipt in welfare fund during the year	-	869,415,318	869,415,318
Total changes from financing cash flows	-	869,415,318	869,415,318
Equity related	-	(2,014,442,998)	(2,014,442,998)
Total equity related other changes	-	(2,014,442,998)	(2,014,442,998)
Balance as at 30 June 2018	-	6,527,263,089	6,527,263,089

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Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018

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:

a)	Name, Address and Country of incorporation of the related party	National Bank of Pakistan	
	Relationship and percentage of shareholding	-	
	Aggregate % of shareholding	-	
		2018 (Rupees)	2017 (Rupees)
	Transactions during the year	244,213,727	238,095,814
	Interest income		
b)	Name, Address and Country of incorporation of the related party	Kaghan Brick Works Limited	
	Relationship and percentage of shareholding	100%	
	Aggregate % of shareholding	100%	
		2018 (Rupees)	2017 (Rupees)
	Transactions during the year		
	Payments on behalf of Kaghan Brick Works Limited	44,000	44,000
	Balances payable, receivable and investments and mark-up thereon related disclosures are given in notes 19, 20, 24, 25 and 26.		

41.1 Remuneration of Chief Executive, Directors and Executives

The aggregate amounts charged in the financial statements of the year for remuneration including all benefits to Managing Director, Executive Directors and executives are as follows:-

	Managing Director		Executive Directors		Executives				Total	
	2018 (Rupees)	2017 (Rupees)	2018 (Rupees)	2017 (Rupees)	Key management Personnel		Other executives		2018 (Rupees)	2017 (Rupees)
Managerial remuneration	1,970,277	1,763,293	1,230,000	1,410,000	10,566,667	8,089,707	139,674,916	73,832,318	153,441,860	85,095,318
Leave encashment	-	-	-	-	-	-	9,967,165	5,239,276	9,967,165	5,239,276
Housing and utilities	2,137,772	860,245	-	-	-	-	137,007,080	84,464,773	139,144,852	85,325,018
Medical expenses	102,914	19,176	-	-	-	-	50,329,346	45,955,229	50,432,260	45,974,405
	4,210,963	2,642,714	1,230,000	1,410,000	10,566,667	8,089,707	336,978,507	209,491,596	352,986,137	221,634,017
Number of persons	2	1	13	-	3	3	168	91	-	-

41.1.1 The Company, in certain cases, also provides individuals with the use of company accommodation, cars and household items, in accordance with their entitlements.

Overseas Pakistanis Foundation

Notes to the Financial Statements

For the year ended 30 June 2018


	2018	2017
42. NUMBER OF EMPLOYEES		
Total number of employees at the end of the year	<u>1,872</u>	<u>1,912</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

07th January, 2020 



MANAGING DIRECTOR



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 (the Rules) prepared by the Board of Governors of **Overseas Pakistanis Foundation** ("the Foundation") for the year ended 30 June 2018.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Foundation's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Foundation for the year ended 30 June 2018.

KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
11 March 2020

SCHEDULE I
[See paragraph 2(1)]
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 & HRD
For the year ended: 30th June, 2018.

- I. This statement presents the overview of the compliance 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. The company has complied with the provisions of the Rules in the following manner:



S. No.	Provision of the Rules	Rule No.	Y	N																																			
			Tick the relevant box																																				
1.	The independent directors meet the criteria of independence, as defined under the Rules	2(d)	✓																																				
2.	The Board has at least one-third of its total members as independent Directors. At present the Board includes:	3(2)	✓																																				
	<table><tr><th>Category</th><th>Names</th><th>Date of appointment</th></tr><tr><td rowspan="4">Independent Directors</td><td>Mr. Khalid Mahmood Raja.</td><td>11-06-2018</td></tr><tr><td>Mr. Majid Ali Choudhry.</td><td>11-06-2018</td></tr><tr><td>Ms. Nyla Qureshi.</td><td>11-06-2018</td></tr><tr><td>Mr. Muhammad Idrees Anwar.</td><td>11-06-2018</td></tr><tr><td>Executive Directors</td><td>Dr. Amir Shaikh, Managing Director, OPF</td><td>18-04-2018</td></tr><tr><td rowspan="9">Non-Executive Directors</td><td>Dr. Muhammad Hashim Popalzai, Federal Secretary, M/o OPs&HRD.</td><td>30-11-2017</td></tr><tr><td>Mr. Aamer Mahmood Hussain Senior Joint Secretary, M/o Finance</td><td>04-04-2018</td></tr><tr><td>Mr. Shah M. Jamal Special Secretary, M/o Foreign Affairs</td><td>15-08-2017</td></tr><tr><td>Mr. Javed Akbar Shatti, Addl. Secretary, M/o Commerce.</td><td>13-03-2018</td></tr><tr><td>Mr. Muhammad Siddique, Addl. Secretary, M/o Interior.</td><td>11-06-2018</td></tr><tr><td>Mr. Khashih Ur Rehman, Addl. Secretary, M/o Law & Justice.</td><td>11-06-2018</td></tr><tr><td>Mr. G. Hassan Baig, Addl. Secretary, Aviation Division / Director General (C.Aviation Authority).</td><td>11-06-2018</td></tr><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></table>	Category	Names	Date of appointment	Independent Directors	Mr. Khalid Mahmood Raja.	11-06-2018	Mr. Majid Ali Choudhry.	11-06-2018	Ms. Nyla Qureshi.	11-06-2018	Mr. Muhammad Idrees Anwar.	11-06-2018	Executive Directors	Dr. Amir Shaikh, Managing Director, OPF	18-04-2018	Non-Executive Directors	Dr. Muhammad Hashim Popalzai, Federal Secretary, M/o OPs&HRD.	30-11-2017	Mr. Aamer Mahmood Hussain Senior Joint Secretary, M/o Finance	04-04-2018	Mr. Shah M. Jamal Special Secretary, M/o Foreign Affairs	15-08-2017	Mr. Javed Akbar Shatti, Addl. Secretary, M/o Commerce.	13-03-2018	Mr. Muhammad Siddique, Addl. Secretary, M/o Interior.	11-06-2018	Mr. Khashih Ur Rehman, Addl. Secretary, M/o Law & Justice.	11-06-2018	Mr. G. Hassan Baig, Addl. Secretary, Aviation Division / Director General (C.Aviation Authority).	11-06-2018								
Category	Names	Date of appointment																																					
Independent Directors	Mr. Khalid Mahmood Raja.	11-06-2018																																					
	Mr. Majid Ali Choudhry.	11-06-2018																																					
	Ms. Nyla Qureshi.	11-06-2018																																					
	Mr. Muhammad Idrees Anwar.	11-06-2018																																					
Executive Directors	Dr. Amir Shaikh, Managing Director, OPF	18-04-2018																																					
Non-Executive Directors	Dr. Muhammad Hashim Popalzai, Federal Secretary, M/o OPs&HRD.	30-11-2017																																					
	Mr. Aamer Mahmood Hussain Senior Joint Secretary, M/o Finance	04-04-2018																																					
	Mr. Shah M. Jamal Special Secretary, M/o Foreign Affairs	15-08-2017																																					
	Mr. Javed Akbar Shatti, Addl. Secretary, M/o Commerce.	13-03-2018																																					
	Mr. Muhammad Siddique, Addl. Secretary, M/o Interior.	11-06-2018																																					
	Mr. Khashih Ur Rehman, Addl. Secretary, M/o Law & Justice.	11-06-2018																																					
	Mr. G. Hassan Baig, Addl. Secretary, Aviation Division / Director General (C.Aviation Authority).	11-06-2018																																					
3.	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)	✓																																				
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Ordinance.	3(7)		✓																																			
5.	The Chairman of the Board is working separately from the Chief Executive of the Company.	4(1)	✓																																				
6.	The Chairman has been elected from amongst the Independent Director except where Chairman of the Board has been appointed by the Government.	4(4)		NA																																			

[Signature]

7.	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)		NA
8(a).	The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.	5(4)		✓
8(b).	The Board 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).	5(4)		✓
8(c).	The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)		✓
9.	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)		✓
10.	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)		✓
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b)(vi)		✓
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	✓	
13.	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.	5(5)(c)(iii)	✓	
14.	The Board has developed a vision or mission statement and corporate strategy of the Company.	5(6)		✓
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended, has been maintained.	5(7)	✓	
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)		N.A.
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓	
18(a).	The board has met at least four times during the year.	6(1)	✓	
18(b).	Written notices of the Board meetings, alongwith agenda and working papers were circulated atleast seven days before the meetings.	6(2)	✓	
18(c).	The minutes of the meetings were appropriately recorded and circulated.	6(3)	✓	
19.	The Board has monitored and assessed the performance of senior management on annual / half-yearly / quarterly basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)		✓
20.	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		✓
21(a).	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.	10		✓
21(b).	In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the Auditors.	10		N.A.
21(c).	The Board has placed the annual financial statements on the company's website.	10		✓

22.	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	✓																			
23(a).	The Board has formed the requisite Committees as specified in the Rules.	12	✓																			
23(b).	The committees were provided with written term of reference defining their duties, authority and composition.	12	✓																			
23(c).	The minutes of the meetings of the committees were circulated to all the board members.	12	✓																			
23(d).	The committees were chaired by the following non-executive directors:	12	✓																			
	<table><tr><th>Committee</th><th>No. of Members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>05 (Five)</td><td>Ms. Nyla Qureshi</td></tr><tr><td>Risk Management Committee</td><td>05 (Five)</td><td>Mr. G. Hassan Baig.</td></tr><tr><td>Human Resources Committee</td><td>06 (Six)</td><td>Mr. Muhammad Siddique</td></tr><tr><td>Procurement Committee</td><td>05 (Five)</td><td>Mr. Khalid Mahmood Raja</td></tr><tr><td>Nomination Committee</td><td>06 (Six)</td><td>Mr. Shah M. Jamal.</td></tr></table>	Committee	No. of Members	Name of Chair	Audit Committee	05 (Five)	Ms. Nyla Qureshi	Risk Management Committee	05 (Five)	Mr. G. Hassan Baig.	Human Resources Committee	06 (Six)	Mr. Muhammad Siddique	Procurement Committee	05 (Five)	Mr. Khalid Mahmood Raja	Nomination Committee	06 (Six)	Mr. Shah M. Jamal.			
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24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓																			
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the rules.	14	✓																			
26.	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub- section (1) of section 225 of the Act.	16	✓																			
27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓																			
28.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	✓																			
29(a).	A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.	19	✓																			
29(b).	The annual report of the company contains criteria and details of remuneration of each director.	19	✓																			
30.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the board.	20		✓																		
31(a).	The board has formed an audit committee, with defined and written terms of reference, and having the following members:	21(1)	✓																			
	<table><tr><th>Name of Member</th><th>Category</th><th>Professional background</th></tr><tr><td>Ms. Nyla Qureshi</td><td>Independent</td><td>Retired Civil Servant.</td></tr><tr><td>Mr. Muhammad Idrees Anwar.</td><td>Independent</td><td>Overseas Pakistani Businessman</td></tr><tr><td>Mr. Majid Ali Chaudhry.</td><td>Independent</td><td>Overseas Pakistani Businessman</td></tr><tr><td>Mr. Amer Mahmood Hussain, Additional Secretary, M/o Finance</td><td>Non-Executive</td><td>Government Service.</td></tr><tr><td>Mr. Muhammad Siddique, Additional Secretary, M/o Interior</td><td>Non-Executive</td><td>Government Service.</td></tr></table>	Name of Member	Category	Professional background	Ms. Nyla Qureshi	Independent	Retired Civil Servant.	Mr. Muhammad Idrees Anwar.	Independent	Overseas Pakistani Businessman	Mr. Majid Ali Chaudhry.	Independent	Overseas Pakistani Businessman	Mr. Amer Mahmood Hussain, Additional Secretary, M/o Finance	Non-Executive	Government Service.	Mr. Muhammad Siddique, Additional Secretary, M/o Interior	Non-Executive	Government Service.			
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Mr. Muhammad Siddique, Additional Secretary, M/o Interior	Non-Executive	Government Service.																				
31(b).	The chief executive and chairman of the Board are not members of the audit committee.	21(2)	✓																			
32(a).	The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.	21(3)	✓																			
32(b).	The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.	21(3)	✓																			
32(c).	The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.	21(3)	✓																			

33(a).	The board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.	22	✓	
33(b).	The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules.	22	✓	
33(c).	The internal audit reports have been provided to the external auditors for their review.	22	✓	
34.	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)	✓	
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓	

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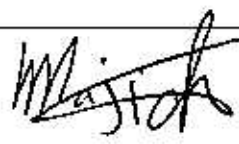
SCHEDULE II
See Paragraph 2(3)
Explanation for Non-Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013.

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
1.	3(7)	The Board of Governors has been reconstituted by the Federal Government vide notification dated 11 th June, 2018 taking into account the fit and proper criteria as defined in the Rules.	Efforts will be made to ensure that the members on the Board could be appointed taking into account the fit and proper criteria as defined in the rules.
2.	5(2)	The Chief Executive of the Company was appointed by the Prime Minister of Pakistan in accordance with the Civil Service Rules.	The Prime Minister of Pakistan has appointed the Chief Executive under the Civil Service Rules.
3.	5(4)	The Code of Conduct prepared by OPF was under process of approval by the Board to ensure that professional standards and corporate values are in place.	The Code of Conduct has been implemented in OPF after approval by the Board in its 145 th meeting held on 11 th July, 2018.
4.	5(4)	The Code of Conduct containing supporting policies and procedures prepared by OPF was under process of approval by the Board.	After approval by the Board, copies of the Code of Conduct were disseminated and circulated among all the employees of OPF vide OPF letter dated 12-12-2018.
5.	5(4)	The Code of Conduct containing adequate system and controls regarding redressal of grievances arising from unethical practices, prepared by OPF was under process of approval by the Board.	The Code of Conduct has been implemented in OPF after approval by the Board in its 145 th meeting held on 11 th July, 2018.
6.	5(5)	System of sound internal control has been made part of the code of conduct	The Code of Conduct having sound internal control ensuring compliance with the principles of probity and propriety etc. has been implemented in OPF after approval by the Board in its 145 th meeting held on 11 th July, 2018.
7.	5(5)(b)(ii)	The Code of Conduct containing conflict of interest policy prepared by OPF was under process of approval by the Board.	The code of conduct has been implemented in OPF after approval by the Board in its 145 th meeting held on 11 th July, 2018.
8.	5(5)(b)(vi)	The Code of Conduct containing policy on anti-corruption to minimize actual or perceived corruption prepared by OPF was under process of approval by the Board.	In future the policy on anti-corruption will be strengthened to minimize corruption in the Foundation after adoption of Corporate Governance Rules and guidelines therein.

9.	5(5)(c)(ii)	The Human Resource Committee of the BOG has been entrusted to investigate deviation from the Company's code of conduct.	The code of conduct has been implemented in OPF after approval by the Board in its 145 th meeting held on 11 th July, 2018.
10.	5(6)	Vision / mission statement has been approved by the Board during its meeting held on 27 September 2016. However, corporate strategy and formulation of significant policies of Foundation has not been approved by the Board.	Strategic planning and significant policies will be presented for consideration of the Board shortly.
11.	8	The devising of mechanism to carry-out performance evaluation of senior management having key performance indicators to held them accountable is under preparation and will be presented for consideration of the Board.	The mechanism finalized at OPF's level will be presented for consideration of the Board in its upcoming meeting, so that, compliance in this regard may be ensured.
12.	9	The process for appointment of statutory auditors of OPF for the year under report was under process.	After the completion of audit of accounts by the statutory auditors being appointed, the Audited Accounts including related party transaction will be presented for consideration of the Audit Committee and the Board, soon after the completion of audit process by the Auditors.
13.	10	OPF had prepared the financial accounts and statements for each quarter of the year. However, the same were not placed on the website as the same were not approved by the Board.	It has been noted and Audit Committee will ensure its compliance in future as per Corporate Governance Rules guidelines after approval by the Board.
14.	20	The process for appointment of statutory auditors of OPF for the year under report was under process.	The Financial Statements of OPF duly endorsed by the Chief Executive and Chief Financial Officer will be presented for approval of the Board within shortest possible time after the completion of audit process by the Auditors.



 CEO / MANAGING DIRECTOR, OPF	 INDEPENDENT DIRECTOR
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