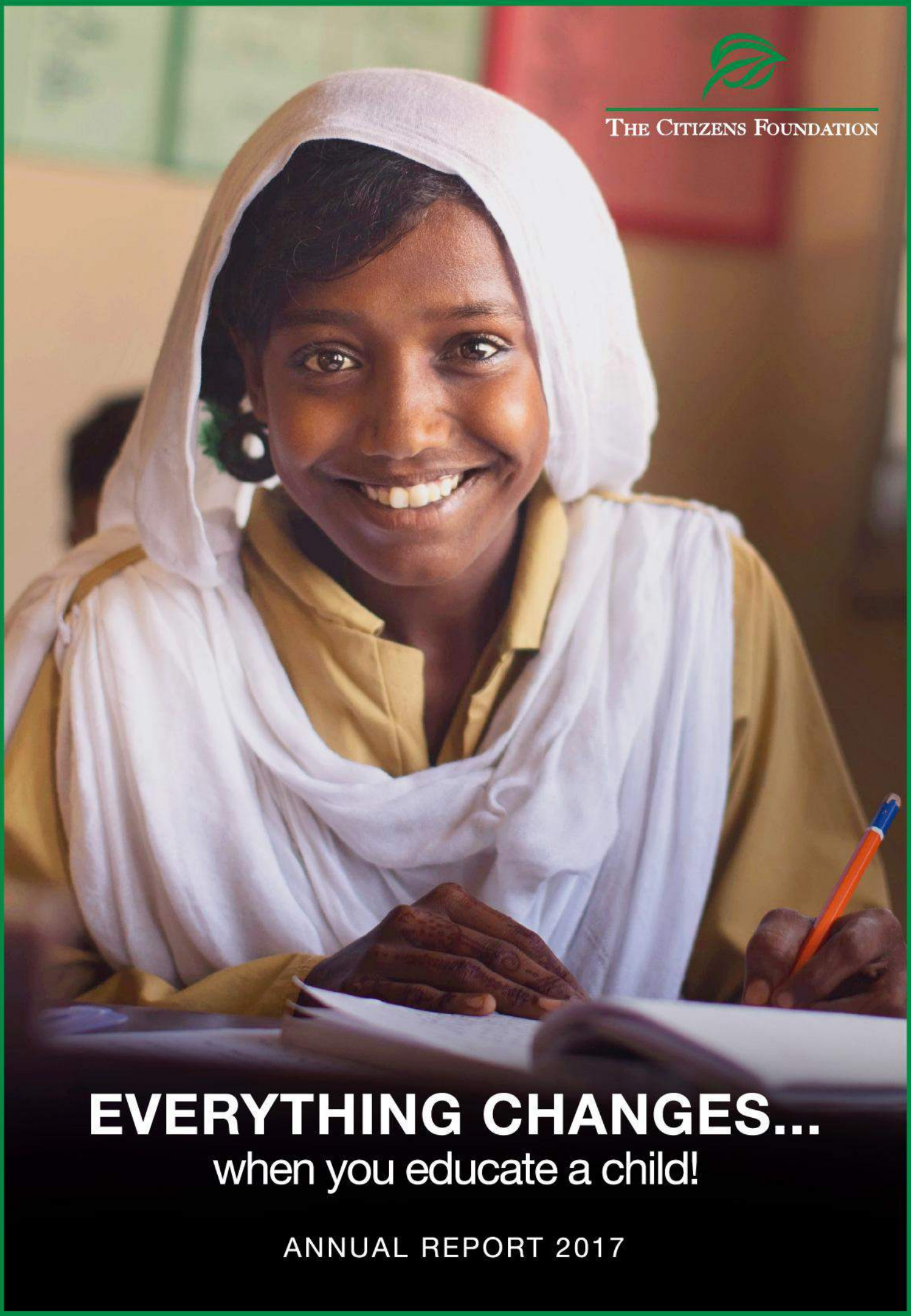


THE CITIZENS FOUNDATION

EVERYTHING CHANGES...

when you educate a child!

ANNUAL REPORT 2017

What happens when a labourer's son puts on a clean school uniform for the first time, a domestic worker's son learns about the solar system, or a beggar's daughter gets the best matric results in her class?

Everything changes.

A child starts to explore the world and finds his or her path to self-reliance. A despairing family finds hope for better days. A struggling community finds positive role models and decides to invest in their children's education. Educating a single child sends ripples of progress and betterment across families and communities for generations to come.

Help The Citizens Foundation bring more children off the street and into the school.



Photo Credit - Albertina D'Urso



Legal Status and Nature of Operations

The Citizens Foundation ('the Foundation') was incorporated in Pakistan as company limited by guarantee on 24 September 1996 under section 42 of the Repealed Companies' Ordinance, 1984 now Companies Act 2017. The Foundation is principally engaged in establishing schools to promote education. The Foundation receives funds from cross sections of society within and outside Pakistan for building primary and secondary schools as well as for operation of schools. These donations are made by organisations, institutions and individuals. All donations paid to TCF by individuals or corporates are exempt from Income tax as per prescribed limits given in Income tax Ordinance 2001.

The registered office of the Foundation is situated at Plot No. 20, Sector No. 14, Near Brookes Chowrangi, Korangi Industrial Area, Karachi, Pakistan.

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THE CITIZENS FOUNDATION

The Citizens Foundation (TCF) is a professionally managed, non-profit organisation set up in 1995 by a group of citizens who wanted to bring about positive social change through education. 22 years later, TCF is now one of Pakistan's leading organisations in the field of education for the less privileged.

The TCF model focuses on providing quality education through purpose-built schools located in the heart of Pakistan's urban slums and rural communities. The organisation ensures that girls make up nearly 50% of overall student strength. To magnify its impact, improve enrollment and quality of education, TCF is now adopting Government schools across Pakistan.



Vision

Positive Change
To remove barriers of class and privilege, to make the citizens of Pakistan agents of positive change.

Mission

Quality Education
Through the power of quality education, enabling moral, spiritual and intellectual enlightenment.

Better Future
Creating opportunities to improve quality of life.

Values

Integrity

Ownership

Continuous Improvement

Education Changes Everything

For families living in Pakistan's impoverished and neglected neighbourhoods, education is the greatest hope for their children to build a brighter future and escape the trap of poverty. Each child who walks through the gates of TCF Schools has unlimited potential to benefit society and the world at large. Here's to all of our supporters who have helped us sow the seeds of change all these years - it's time to see our garden blooming.



Ahsan Islam
TCF Alumnus - 2010
BS. Computer Science - FAST
1st Year, MS. Computer Science, LUMS
Software Engineer - Systems Limited

'I was initially enrolled at a local school where the environment was not conducive to learning at all. The teachers were disinterested and I was often subjected to corporal punishment. As a consequence, I struggled to perform at school. My general disinterest and lack of motivation ultimately became a cause for concern for my family and they transferred me to the local TCF school. Here, for the first time I found myself in an environment where I could thrive. The teachers were invested into their role and went beyond their call of duty to help us succeed. The career counseling I received here helped me chart out my future professional course and equipped me with the skills to plan and manage effectively'.

Maheen Syed
TCF Alumnus - 2013
3rd year, BS. Computational Finance
NED University

'I am very close to my mother. She always insisted on giving my three sisters and me the best education in spite of the meager resources at our family's disposal. My TCF school was close to where we lived so we were able to walk to school. But when I got accepted into a college, I had to commute by public transport independently. Education helped me find the confidence and courage I needed to step out and achieve more. It's probably the greatest gift parents can give their children; it's an asset that multiplies in value as the years go by; and it stands you in good stead when life throws the unexpected at you.'





Usama Nadeem
TCF Alumnus - 2008
BS. Computer Science - FAST
Senior Software Engineer - Careem

'My father was a cleaner at a government office and always struggled to provide for the family. But he was determined to see me educated and go far in life. I took up several part-time jobs to earn a small income to support my education. During my Intermediate, I worked long hours as a part-time salesperson at a mobile shop. When I was pursuing my BS. at The National University of Computer and Emerging Sciences (FAST), my father took up an additional part-time job as a waiter with wedding catering companies to put me through university. Today, as a result of all his sacrifices, I am a successful engineer. It has been a challenging journey but the glimmer of pride in my father's eyes makes it all worthwhile.'

Sumaira Kanwal
TCF Alumna - 2006
MBA - Bahria University
Academics Coordinator at a private school

'My mother suffered from liver failure when I was in 9th grade, and soon succumbed to the illness. My father worked as a carpenter, but sank into depression after my mother's passing, giving up work. I quickly realised that I had to step in and take charge of the family. I took up teaching alongside my studies and soon became the breadwinner for the family, all the while making sure I did not compromise my education. Today, I am proud of having pulled through those tough times, and continuing my education while keeping my family from breaking down.'





Zakir Ali
TCF Alumnus - 2013
BS. Computer Science - Iqra University

'I will never forget the fear and agony my family and I went through in 2009, when fighting broke out between the Pakistan Army and terrorists over control of Swat, my hometown. We were forced to flee our homes because of the violence. We came to Karachi not knowing what the future held for us. Thankfully, we found a TCF school close to our new home. There, I was welcomed and encouraged to start fresh by my teachers, who soon became my mentors. These years that I spent in TCF were instrumental in shaping the course of my life. My education helped me develop critical thinking skills that I now apply to any situation in life that calls for reflection.'

Saba Shabbir
TCF Alumna - 2013
B. Sc. (Hons) Physiology - University of Karachi

'Our first and perhaps strongest bond is with our mothers, but I never got to know mine, as she passed away during my birth. When I was in 6th grade, I also lost my father to a heart attack. I was, however, fortunate to have a loving aunt and uncle who then raised me like their own daughter and made sure that my education does not suffer. As I recovered from my grief, I decided that I had to set goals and work diligently to achieve those. Losing my parents taught me to be self-reliant at an early age. This approach towards life has enabled me to move on while also giving much needed direction to my life.'



Our Impact

For the past 22 years, we've been working to provide quality education in the most difficult areas of Pakistan, helping our children break the inter-generational cycle of poverty and inequality, turning them into responsible, empowered and active citizens of the world.

TCF TODAY

WE ARE ONE OF THE WORLD'S LEADING FORMAL SCHOOL SYSTEMS FOR THE LESS PRIVILEGED



1,441 SCHOOL UNITS

204,000+ STUDENTS

47% FEMALE RATIO

OUR SCHOOL UNITS ARE SITUATED ACROSS THE COUNTRY



618 SINDH

670 PUNJAB

78 BALOCHISTAN

66 KPK

9 AJK

WE WORK BOTH SHIFTS IN SOME AREAS

1,134 MORNING SHIFTS

307 AFTERNOON SHIFTS

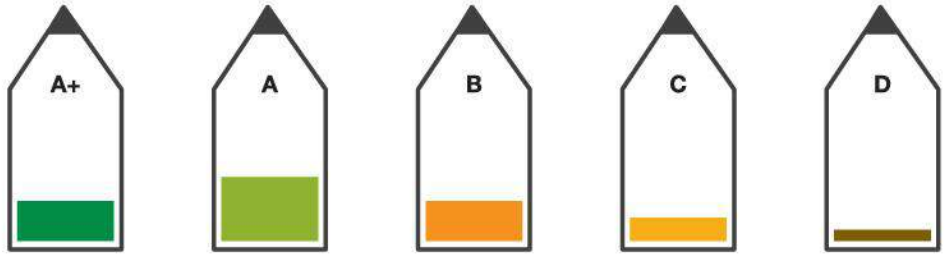
WE PROVIDE PRIMARY AND SECONDARY EDUCATION

1,096 PRIMARY UNITS

345 SECONDARY UNITS

MATRICULATION RESULTS

64% of our alumni scored A+ & A grades this year



25% 39% 25% 9% 2%

The passing percentage of our matriculating students was 96%

OUR ALUMNI

ACADEMIC PROGRESSION OF ALUMNI TO DATE



19,100 GRADUATES

14,100 INTERMEDIATE STUDENTS

2,200 TERTIARY LEVEL STUDENTS

BEYOND BASIC SCHOOLING

WE PROVIDE NON-ACADEMIC SUPPORT THROUGH OTHER PROGRAMMES



RAHBAR

Volunteer programme for mentoring students

25,300 MENTEES

6,500 MENTORS



AAGAHI

Adult literacy programme for community women

64,400 GRADUATES

4,300 LEARNING CENTRES

All numbers include projected figures for 2017.
This info graph shows cumulative numbers of both Rahbar and Aagahi programmes

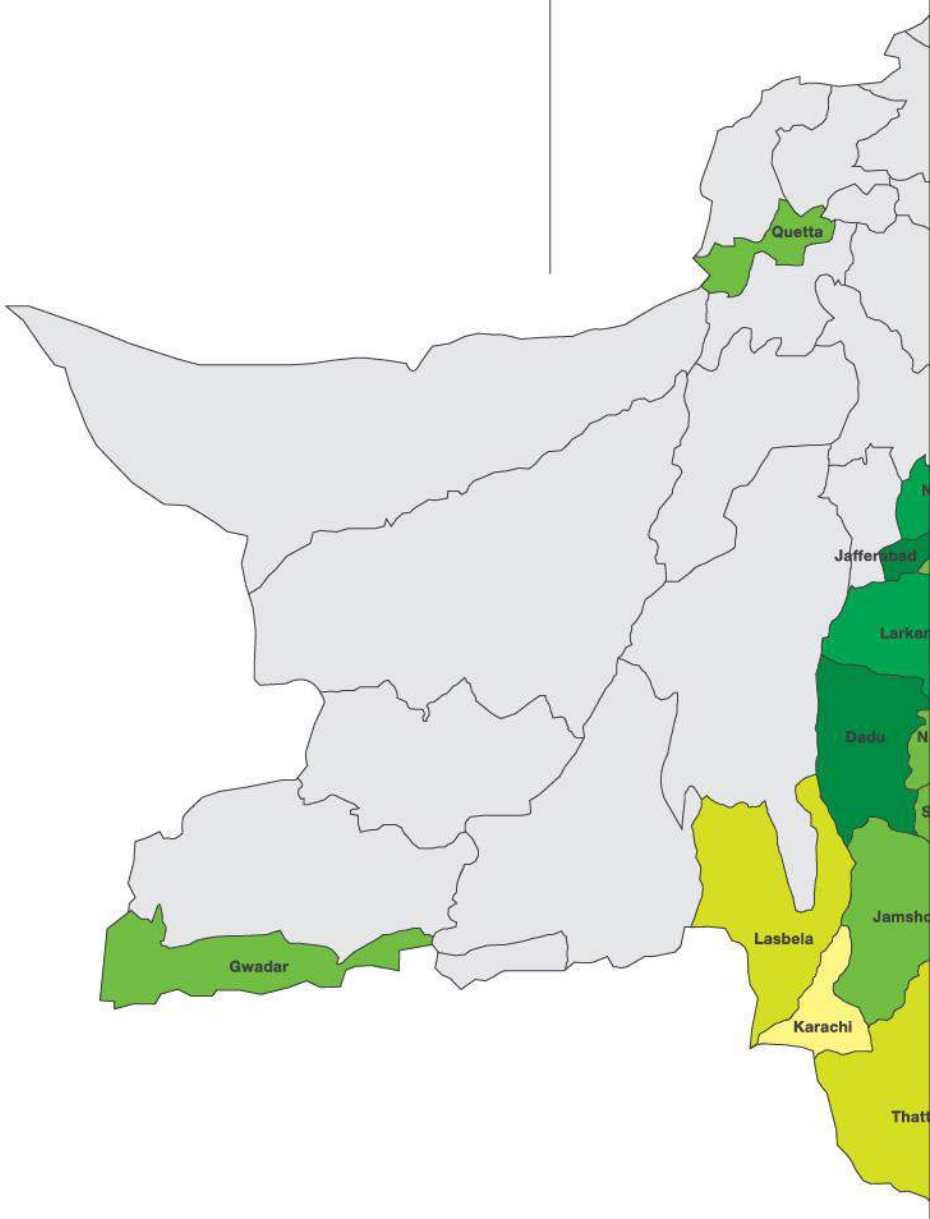
TCF School Network

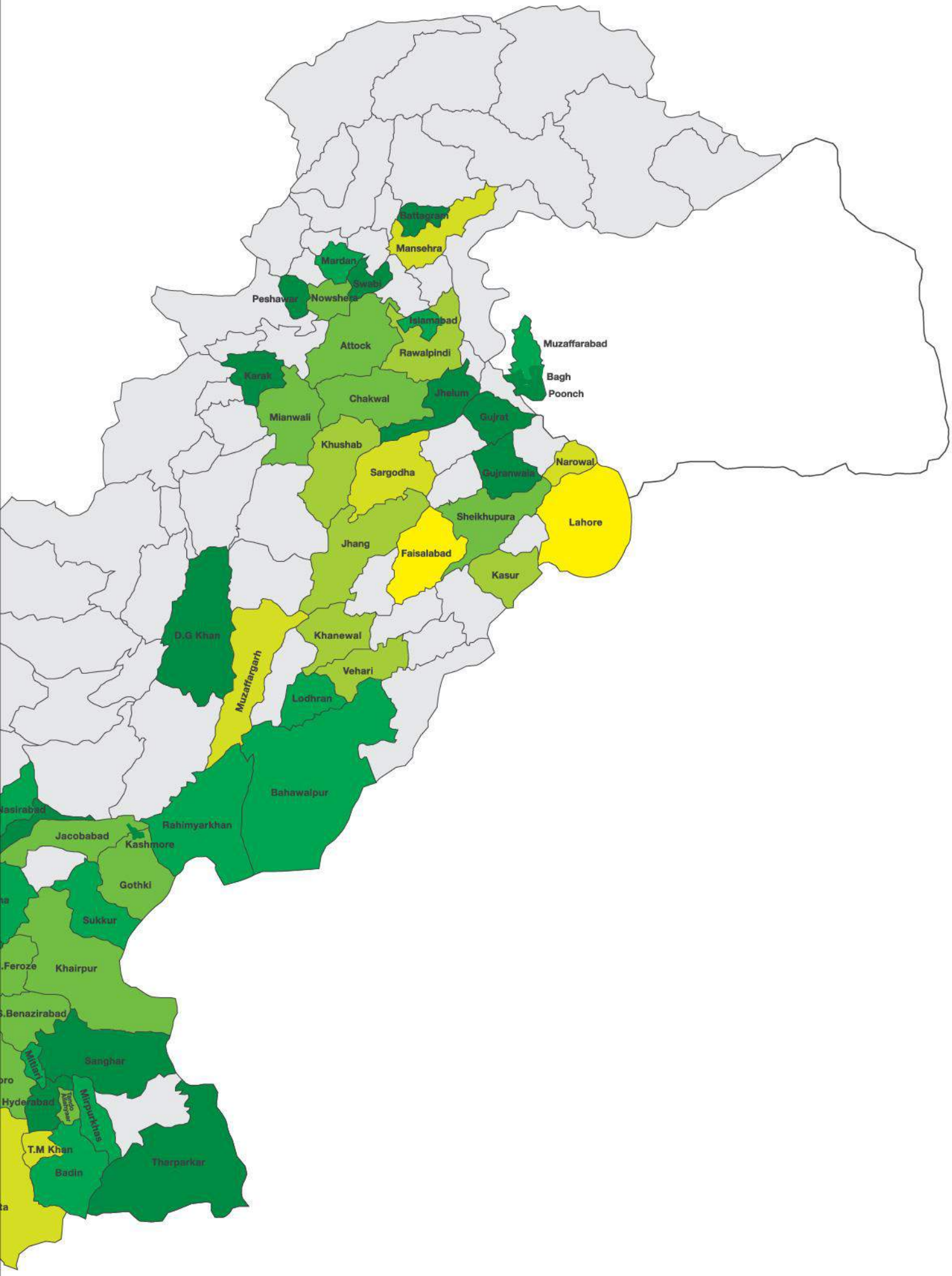
Our school units are present in 58 districts of the country.

46%	43%	5%	5%	1%
PUNJAB	SINDH	BALOCHISTAN	KPK	AJK

School Units

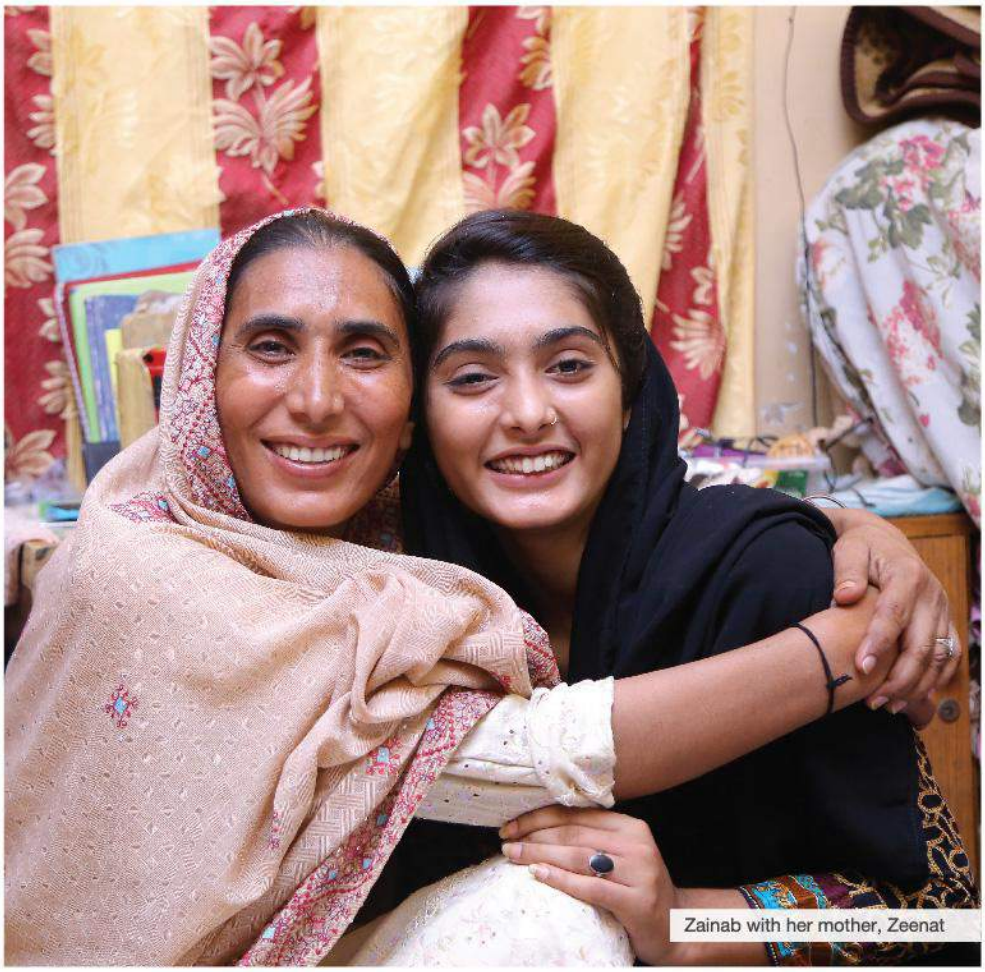
- 1 - 4
- 5 - 9
- 10 - 19
- 20 - 29
- 30 - 49
- 50 - 59
- 400 or more



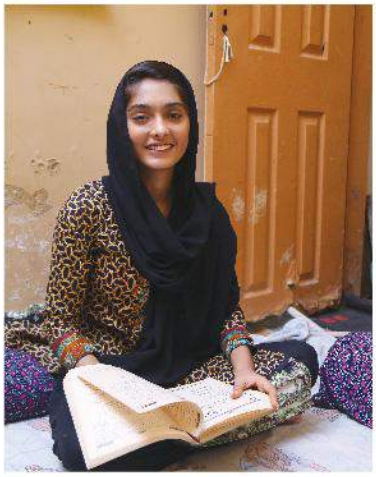

Battagram
Mansehra
Mardan
Swabi
Peshawar
Nowshera
Islamabad
Attock
Rawalpindi
Muzaffarabad
Karak
Bagh
Poonch
Chakwal
Jhelum
Mianwali
Gujrat
Khushab
Narowal
Sargodha
Gujranwala
Sheikhupura
Lahore
Jhang
Faisalabad
Kasur
D.G Khan
Khanewal
Muzaffargarh
Vehari
Lodhran
Bahawalpur
Rahimyarkhan
Jacobabad
Kashmore
Gothki
Sukkur
Khairpur
Sanghar
Mirpurkhas
T.M Khan
Badin
Tharparkar

Beating the Odds!

Zainab was a bright child, and her mother, who had never been to school herself, was determined to educate her children, a dream both she and her late husband had shared.



Zainab with her mother, Zeenat



Fifteen-year old Zainab shyly leads me into the single room that serves as home to her, her mother and younger brother. The first thing I notice are her books, neatly organised on a packed shelf. One corner, with clean blankets and cushions laid out on the floor, serves as the sleeping and sitting area. An alcove offers just enough space for a tiny kitchenette and washing area. 'It is small, but it's our home. We are content here,' Zainab's mother smiles as she looks around.

On top of a clothes drawer sits a framed photograph of a young, man with a mustache. Zainab points him out to me with pride as her mother begins to share the story of their journey. 12 years ago, the man in the picture - Zainab's father - died when she was just three and her brother still in their mother's womb. A carpenter, he was shot by robbers after he struggled to save a motorcycle borrowed from his uncle. For years before Zainab's birth, he had worked as a labourer in Saudi Arabia, sending hard-earned wages back home before returning home, a few months before the incident, to be reunited with his pregnant wife and daughter.

Today, her struggles are paying off. Zainab just scored an A in her board exams, and her principal and teachers can't stop praising her quiet dedication. She plans to study computer sciences after graduating, and will be the first girl in the family to ever attend college.



Zainab sharing a lighter moment with her teacher, Ms. Tabassum

Shattered and left without an income, Zainab's mother was forced to remove her from the nursery school her father had lovingly enrolled her into. After giving birth to her son, Zainab's mother moved into a small bedroom in her father's crowded home in the low-income industrial community of Taiser Town, also shared by her brothers and their families.

Zainab was a bright child, and her mother, who had never been to school herself, was determined to educate her children, a dream both she and her late husband had shared. After the move to Taiser Town, she found out about a new primary school for children from low income families, established by TCF. She immediately paid a visit to the principal.

The principal didn't just admit little Zainab, she also offered her mother a housekeeping job at the school. It was the first time in her life she had ever held a job, and it not only helped her pay for household expenses, but also enrol her son when he came of age.

'It's been 12 years now that I've worked with TCF. If it hadn't come into my life when it did, neither of my children would have been able to go to school, just like me,' she says.

The road as a single mother hasn't been easy. Money is always tight, and she cannot afford any of the luxuries she and her late husband had once dreamed of giving to their kids. She is grateful for the security of her father's home, but it is crowded, and she hates being a burden. With her income from the school she was eventually able to add a stove and kitchenette to her room to be able to cook their own food. But beyond essential expenses, Zainab's mother has dedicated her life to making sure her children have all they need to complete their education. She saves every penny to spend on books and other school expenses.

Today, her struggles are paying off. Zainab just scored an A in her board exams, and her principal and teachers can't stop praising her quiet dedication. Zainab may be just 15, but is wise beyond her years. Keenly aware of the sacrifices made by her mother and the opportunities given to her by her school, she is determined to make them proud. She plans to study computer sciences after graduating, and will be the first girl in the family to ever attend college.

'My mother gave up everything for us. I can't wait to be able to take care of her,' she says.

Madiha Waris Qureshi

'My mother gave up everything for us. I can't wait to be able to take care of her.' - Zainab



Aagahi - Empowering Women through Literacy

Aagahi was initiated by TCF in 2005 in a bid to impart basic literacy and numeracy skills to the family members of TCF students, particularly their mothers.



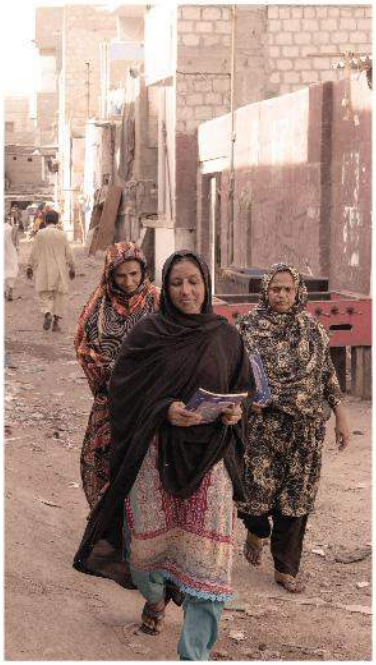
Asma Muhammad, Aagahi instructor, teaching her students how to write

Just off the Mauripur Road in Karachi and a stone's throw away from TCF's Cowasjee Campus, is Machar Colony - a sprawling shantytown seemingly left to fend for itself. The community derives its name from the profession of a majority of its impoverished residents, who mostly earn a living as fishermen (Machar comes from the Urdu word for fisherman, Machera). Many others work as daily wagers at local shrimp packing factories, usually for a pittance.

As you make your way into the community through its narrow dirt lanes, heaps of garbage line each side, and the strong stench of rotting fish assaults the senses. Children and unemployed youth wander listlessly on the crumbling streets. But one house, belonging to a community woman, presents an unlikely sight. A group of women pore over books, reading, learning and engaged in animated discussion.

This is no ordinary household: it serves as one of the centres for 'Aagahi', TCF's adult literacy programme. These women are some of the learners and managers of the programme and their drive to learn is far greater than the myriad challenges they face in their daily lives.

Aagahi was initiated by TCF in 2005 in a bid to impart basic literacy and numeracy skills to the community women. The underlying objective of Aagahi is to provide a holistic learning experience to these women that plays a huge role in women empowerment; helping them make more independent and informed decisions. Additionally, mothers can directly get more involved in their child's school progress.





'Slowly and gradually, you can see these women are improving the quality of life in their families. The learners are now in a position to assist their children with their homework.' - Asma

The programme has now evolved into a pathway for out-of-school girls and women from disadvantaged communities to learn to read and write. To date, it has benefitted 64,400 learners across Pakistan.

In Machar Colony, and elsewhere in the country, Aagahi is helping change the lives of brave, resilient women who juggle work, child-rearing and domestic responsibilities but remain committed to learning and improving themselves. Most of these women help their families by working as shrimp peelers in the local industry.

'My husband remains out at sea for weeks on end. Every morning, after sending my kids off to school, I head out to the local factory to peel shrimp,' says Shaheena Ramzan, one of Aagahi's learners. Most of the time, she joins her learning sessions right after work. 'It is a struggle to manage, but it is worth the effort. Once, I had to take my son for a check-up at the clinic and I could not even read the number written on the token issued to me. That was a wake up-call for me.'

Today, Shaheena has learned to not only read and write, but compile grocery lists and do basic budget-making for household. Shaheena's experience is echoed by her fellow learners, who all narrate stories of progress and achievement with great pride.

Asma Muhammad, one of the teachers associated with Aagahi in the area feels that the programme continues to make a life changing impact in the community. 'Slowly and gradually, you can see these women are improving the quality of life in their families'. The learners are now in a position to assist their children with their homework and have informed discussions with teachers, Asma tells us.

Bazgha Noor Muhammad works as Programme Monitor for the area and is responsible for monitoring attendance, and ensuring that learning objectives are being met.

'Aagahi sessions are conducted both at TCF schools and at independent centres within the community,' Bazgha says. 'While the principal oversees the affairs at the school, I am responsible for making sure that the programme runs smoothly at community centres. It is a very satisfying role. The participants are so motivated and are producing great results. I am glad I am part of their journey.'

As their session for the day wraps up, Shaheena walks out with her companions to tend to her home. The spring in their step defies the harshness of their surroundings. For these women, daily life may be a struggle, but they have full faith that the knowledge they are gaining will change their lives as well as those of their families.

Usman Mujtaba



Breaking the Socioeconomic Divide through Education



Imran Shaukat

'I wondered if I'd ever break through the class and social barriers to my gaining entry into any good university. These thoughts were racing through my head when I got a call from TCF - ADP. That turned my life around.' - Imran

TCF Alumni Development Programme (ADP) is a volunteer programme initiated in 2014 by TCF alumni and other students enrolled at some of Pakistan's best colleges and universities. They wanted to help other TCF graduates get admission into the top universities in Pakistan, particularly by helping them prepare for entrance exams.

Imran Shaukat struggled to get on a crowded public bus. The passengers hung on tightly to the rails as it departed from Orangi town, one of the largest low income communities in Karachi. Imran, a TCF alumnus, looked through the broken, winding roads of his community as he headed towards his university, the Institute of Business Management (IBA) - one of the city's premier institutions.

'I graduated from TCF in 2012 with a strong academic record and was close to clearing my Intermediate education. But at that point I just felt my dreams were higher than my reality. I wondered if I'd ever break through the class and social barriers to gaining entry into a good university. These thoughts were racing through my head when I got a call from TCF's Alumni Development Programme (ADP). That call turned my life around,' says Imran, who now volunteers as Team Lead of the Programme's IBA Chapter.

TCF-ADP is a volunteer programme initiated in 2014 by TCF alumni and other students.

They wanted to help other TCF graduates get admission into some of Pakistan's best colleges and universities in Pakistan, particularly by helping them prepare for entrance exams.

'When I got into IBA and started studying with students who came from elite private schools, I realised that socioeconomic disparities are not barriers to friendships. As human beings, we all look for ways to help other people in need, and that's how ADP was born,' shares Nadeem Hussain, a TCF alumnus who was instrumental in developing the programme.

Neha Ahmed, a volunteer with ADP, feels that it is immensely rewarding to see the life changing impact of the programme on the lives of TCF students. After completing her O-Level from The City School and A-Level from the Nixor College, Karachi, Neha is pursuing her BBA from the Institute of Business Management (IoBM) and volunteers as Team Lead for the ADP Chapter at her University.

'I was going through my university emails when I saw the opportunity to volunteer for TCF-ADP. I will always remember the first English class that I taught in the programme. Each one of the students was so eager to learn. It's a great feeling to see people take control of their educational paths and to be a small part of their journey to success.' says Neha.

Saira Haroon, a TCF alumna from Lyari is part of the ADP team managed by Neha. Saira is pursuing her BBA at IoBM and feels that her involvement with the ADP has truly enriched her university experience. 'My own language, communication and social skills have improved significantly and the programme has given me much needed exposure and an opportunity to hone my managerial skills,' she says.

While TCF schools provide its students with the education and ambition they need to succeed in life, they are still located in impoverished and neglected neighbourhoods. Being admitted at a top tier university means that these students will have to enter an environment that is very foreign to them, and challenging in many ways. ADP seeks to provide the support they need to succeed socially as well as academically in these environments.

Through ADP, aspiring TCF alumni make their first associations with the students of top ranked universities where ADP Chapters have been established. They mingle, learn, and often step out of their social comfort zones for the first time. Through this coming together of two apparently disparate worlds, individuals from both side of the divide are rendered an opportunity to view life through each other's lens and find common ground.

'I'm very proud of the fact that my Team Lead at ADP is a TCF alumnus. TCF alumni are not just book smart; they are street smart as well. Imran, our Team Lead, deals with matters at hand very practically. His good judgment comes from his real life and personal experiences. There is so much that I've learned working under him in just a year,' says Natasha, who has completed her GCE O and A Level qualifications from Karachi Grammar School and is now a student at IBA where she is engaged with the Institute's ADP Chapter.

Both Natasha and Imran are of the opinion that working and mingling with people from across the socioeconomic divide has truly been an incredible experience. 'Initially I had some hesitation leading and managing ADP volunteers, but I have become much more confident and have honed my communication and social skills. I want to carry forward the torch and help other TCF alumni succeed and get ahead in life as well,' says Imran.

This shared drive to utilise the transformative power of education for a better society has united our young volunteers, dispelled prejudices, and is producing a far-reaching impact. By connecting people from diverse socioeconomic strata, ADP is now proving to be an enactment of the change we seek to foster in society.

Usman Mujtaba



Neha Ahmed

'It feels immensely rewarding to see the life changing impact of ADP on the lives of TCF students.' - Neha



Natasha Khan

'I'm very proud of the fact that my Team Lead at ADP is a TCF alumnus. TCF alumni are not just book smart; they are street smart as well. Imran, our Team Lead, deals with matters at hand very practically. His good judgment comes from his real life and personal experiences. There is so much that I've learned working under him in just a year.' - Natasha

When Life Comes Full Circle

'Upon graduating from TCF, I felt like I was ready to take on the world. It was my time to put my learning into action.'

The year is 1998. It is a typical hot summer afternoon in Karachi, and 12 year old Adnan Zaib is rushing to make his way from school to his father's medical dispensary in Ibrahim Goth, a low income settlement on the periphery of the city.

Exuding confidence, Adnan quickly transitions into his role as a dispensary assistant as soon as he walks in. He efficiently dispenses medicines to patients, and even administers IV to some, seeming just as at ease here as he is at school. And why wouldn't he? Adnan is here every day after his classes, helping his father out until 10 pm. The small dispensary, situated close to their home, is the sole income generator for the household, and for the bright 5th grade TCF student, juggling academics and work is routine.

Originally from Batkhela, Malakand, Adnan's parents moved to Karachi in the early 1980s to make a fresh start after his father's small medicine distribution business suffered a major loss. Adnan, born in Karachi, was enrolled first at the local government school. But after a new TCF school was built in the neighbourhood, its impressive building and a visit with the principal compelled Adnan's father to enrol him there instead.

'I transferred to TCF in 2nd grade and it was the best decision my father could have made,' says Adnan.

He graduated from school with flying colours and stars in his eyes.

'Upon graduating from TCF, I felt like I was ready to take on the world. It was my time to put my learning into action.' Adnan set about implementing a career plan that combined his love for medicine and a desire to be in a managerial position. After acquiring his Bachelors in Eastern Medicine from Hamdard University, Adnan went on to pursue an MBA in Healthcare Management from DOW University of Health Sciences, Karachi.





Adnan, in a meeting with his colleagues



Adnan, at home with his parents

'I developed a keen interest in medicine due to my involvement in my father's dispensary. But besides a medical degree, I also wanted to hone my leadership qualities. An MBA helped me do just that.'

During his MBA, Adnan worked at the Sina Hospital, Karachi as a medical officer, paving the way for further professional development. Today, the 32-year old is Deputy Director at Hamdard University, his alma mater.

'I joined Hamdard University after my MBA and worked my way up through various tiers of administration. My father acquired loans from friends and family to support my higher education. Today, I have helped him pay back all of his debt, and the pride in his eyes when he looks at me is priceless,' says Adnan.

Adnan is now also turning his passion for medicine into a force for change on the ground. He runs a modern dispensary situated in the same area where he once worked with his father. Here, he is implementing lessons from the NGO Management modules of his MBA programme, and putting into practice his many ideas for better management and service delivery.

Adnan has fashioned his dispensary on the model of a primary healthcare unit which functions as a referral centre and provides consultations and ultrasound services. Although a nominal fee is charged for prescriptions, consultations are provided free of cost.

'I could see the difference my father was making in the lives of the impoverished residents of our community. I want to now do my bit and fill the void created by the absence of quality healthcare services in the area by building upon what my father started,' he says.

Usman Mujtaba

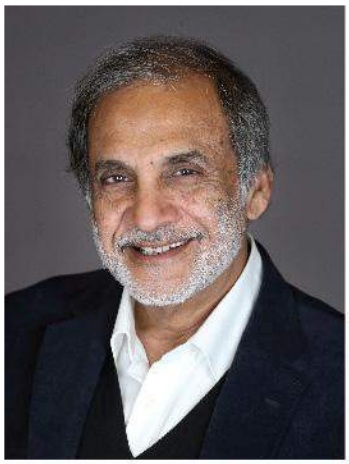


Adnan is now also turning his passion for medicine into a force for change on the ground. He runs a modern dispensary situated in the same area where he once worked with his father.



PURSUING CONTINUOUS IMPROVEMENT IN **PERFORMANCE**

Review Report by the Chairman



Ateed Riaz
Chairman

'TCF is driven to implement good governance practices. As the Chairman of the Board, I want to ensure that the organisation is being managed effectively, in a way that helps it to achieve its objectives whilst also safeguarding the integrity of the organisation and the interests of its stakeholders.'

It gives me immense pleasure to present this report to the stakeholders of TCF pertaining to the overall performance of the Board and the effectiveness of its role to attain the organisation's aims and objectives.

TCF continues to work towards a strong governance framework. The objective is to support a culture that ensures integrity, strong commitment towards ethical values, and respect for the rule of law. Alongside, we want to better adapt to social, political, environmental and economic changes and demonstrate continuous improvement and development in the management of business matters.

During the year, the Board committees continued to work efficiently as designated by the Board. The Audit Committee focused in particular on risk management within the regular course of business. The Human Resource and Remuneration Committee ensured that the HR policies regarding performance management, staffing and compensation are properly aligned with the organisation's long term plans. The Governance and Nomination Committee continued to access the mix of skills and experience that the Board currently has or is looking to achieve, along with evaluating the Board's performance and the organisation's compliance with corporate governance regulations, guidelines and principles. It recommended to the Board some desirable changes keeping in view, emerging trends in the corporate governance landscape.

The Board as a whole has reviewed the Annual Report and Financial Statements, and is pleased to confirm that in its view the Report and Financial Statements taken as a whole, are fair, balanced, understandable and provide the information necessary for TCF stakeholders to assess the organisation's performance, fundraising model and strategy.

The Board carries out a review of its effectiveness and performance each year after the closure of the fiscal year, on a self-assessment basis. The overall effectiveness of the Board was assessed as satisfactory. Areas that required improvement were duly considered and suitable action plans were framed. The overall assessment was based on an evaluation of the following integral components:

Familiarity with Organisation's Vision, Mission and Values

Board members are familiar with the organisation's mission, purpose, goals, policies, programmes, services, strengths and needs.

Understanding of Organisation's Strategic Vision

Board members articulate a shared vision for the future of the organisation and evaluate strategic choices in this light. Board members draw on their individual resources to support progress in achieving the vision.

Establishment of Policies and Administrative Procedures

The Board has established organisational and management policies and procedures that cover all essential areas of Board responsibility and operations of the company.

Information on Operational Activities

The Board members are fully aware of both programme and operational activities through regular reports from the management.

Financial Oversight

The Board is informed about key aspects relating to managing the financial resources of the organisation and provides appropriate direction and oversight on a timely basis.

Involvement in the Budgeting Process

The Board ensured that the organisational budget for the year reflected the priorities established in the Annual Strategic Plan and it complied with regulations governing the audit or independent examination of accounts and considered all recommendations made in the independent auditor's report.

Overseeing Employer's Responsibility Requirements

The Board has created necessary policies which ensure that the organisation behaves in an equitable and legal manner towards staff, contractors, vendors and any other stakeholders working on its behalf.

Board and Management Relationship

Roles and responsibilities of Board and the Management are clearly defined and understood. A climate of mutual trust and respect exists between both.

Aiding Organisation's Public Image

Board members are ambassadors of the organisation and promote TCF wherever they find appropriate and aid the enhancement of its public standing.

Assessment of CEO's Performance

The Board assessed the performance of the CEO in a fair and systematic manner and ensured that CEO's objectives are properly aligned with the organisation's performance, stakeholders' interests and its long-term success.

The Board Structure

Size and composition of the Board is adequate to govern the Board procedures. Its members are actively involved and gather frequently enough to efficiently discharge their duties and responsibilities.

On an overall basis, I believe that the strategic direction of the organisation for the long term is clear and appropriate. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of organisation's objectives are commendable which are truly reflected by the current financial results and performance of the organisation.



Ateed Riaz
Chairman / Director
22 September 2017





Directors' Report



At TCF, we firmly believe transparency is a key ingredient in maximising our impact because it strengthens relationships with supporters and leads to more opportunities for collaboration.

The Directors of The Citizens Foundation have the pleasure of submitting their Report with the Financial Statements of the Foundation for the year ended 30 June 2017.

Financial and Operational Review

Description	2017	2016
	Rs. in million	
Donation and Concessional Fees	8,496*	2,898
Operating Expenditure		
Education Programme	3,380	2,660
Programme Administration	240	230
Total Operating Expenditure	3,620	2,890
Surplus / (deficit) of income over expenditure for the year	4,876	8
Total Assets	**14,056**	8,061

Financial and Operational Review

The year 2016-17 proved to be one of the most challenging years for us on record. Our school network grew by 20%. Historically, it is the fastest we've ever grown in a single year. The Foundation's total assets are on a good footing of Rs. 14,056 million (US $ 134.13 million) as of June 30, 2017, compared to Rs. 8,061 million (US $ 77.14 million) as of June 30, 2016. This major increase in our Balance Sheet is due to the treatment of contributed/donated lands at fair value as per the accounting standards for not-for-profit organisations issued by Institute of Chartered Accountants of Pakistan (ICAP), and approved by Securities and Exchange Commission of Pakistan (SECP). The impact of fair value measurement is Rs. 5,101 million (US $ 48.68 million).

The operating results of the Foundation for the year ended June 30, 2017 reflect a 25% increase in total operating expenses. The Education Programme expenses grew by 27%. 16% of this growth was mainly due to the annualised impact of our Government Schools Programme

Note
* includes Rs. 5,101m (US$ 48.68m) recorded in 2017 (Rs. Nil in 2016) as the value of contributed / donated lands at fair value. This fair valuation exercise was carried out due to adoption of new accounting standards for not-for-profit organisation issued by Institute of Chartered Accountants of Pakistan (ICAP) and approved by the Securities and Exchange Commission of Pakistan (SECP). Had it not been fair valued there would have been a deficit of (Rs. 225m) for the year ended June 30, 2017.

expenditure; the rest was because of salary increments and market adjustments given to the faculty staff. Reduction in the cost of books, copies, uniform and other supplies was achieved through the introduction of book banks and adjustable size uniforms. Strict cost control was applied in school repair and maintenance expenses.

The management maintained efficient control on Programme Administration expenses, which remained at 7% of total operating cost, reflecting an increase of only 4% as compared to 21% last year. We are committed to ensuring that overheads as a percentage of operating cost remain within the 10% threshold which the organisation has voluntarily set for itself.

The donation income was increased by 193%. This was mainly due to the adoption of accounting standards for NPO issued by ICAP, which resulted in valuation of contributed / donated lands at fair value, affecting the growth by 178%. Further, the contributions received from the government and concessional tuition fees collected were also recorded as donation income. It accounted for a growth of 10%. Our school support donation recorded a growth of 5%. We slipped into single digit growth in support donations because of fewer funds received from our Global Chapters and international grantors.

TCF's Zakat process (in terms of collection as well as utilisation of Zakat) continues to be reviewed by a Shariah Advisor periodically and we have been granted a renewal of our Shariah Compliance Certificate, included in this Annual Report on page 60.

TCF's income is exempt from income tax under sub-clause (xxx) of clause (66) of Part I of the Second Schedule of the Income Tax Ordinance, 2001. All TCF donors can get tax deduction benefits for their donations as per prescribed limits stated in sub-clause (ia) of clause (61) of Part I of the Second Schedule of the Income Tax Ordinance, 2001, under which the organisation has been listed.

Financial Sustainability

Financial stability is important to us. TCF manages endowed funds to ensure that it can carry out its operations in the long term. During the year ended June 30, 2017, TCF's Endowment Fund has witnessed a growth of 28% from Rs. 1,864.9 million (US $ 17.85 million) to Rs. 2,378.6 million (US $ 22.69 million). We are grateful to all the donors who contribute generously to this fund.

There is no significant change in TCF's objectives and strategies from the previous year. This year, our adoption of Accounting Standards issued by ICAP for NPO have made impact on the financial position of the Foundation, due to fair valuation of donated lands which contributed an increase in Foundation's assets by Rs. 5,995 million (US $ 57.20 million).

Statement on Corporate and Financial Reporting Framework

— These financial statements, prepared by the management of the Foundation, present fairly its state of affairs, the result of its operations, cash flows and changes in funds and reserves.

— Proper books of accounts of the Foundation have been maintained.

— Appropriate accounting policies have been consistently applied in preparation of the Financial Statements and accounting estimates are based on reasonable and prudent judgment.

— International Financial Reporting Standards (IFRS) and Accounting Standards for not for profit organisations (NPO) as applicable in Pakistan have been followed to prepare the Foundation's Financial Statements. Approved accounting standards comprise of such International Accounting Standards as notified under provisions of the Repealed Companies Ordinance, 1984 and Accounting Standards for not-for-profit organisation issued by ICAP. In case the requirements differ, the provisions of or directives issued under the Repealed Companies Ordinance, 1984 shall prevail.

— The internal control systems have been designed and implemented effectively. These systems are continuously monitored by Internal Audit and through other monitoring mechanisms. The process of monitoring internal controls will continue as an ongoing process, with the objective to



further strengthen the controls and bring improvements to the system.

— There are no significant doubts upon the Foundation's ability to continue as an ongoing concern.

— There has been no material departure from the best practices of corporate governance.

— Key operating and financial data for last six years in summarised form is included in this Annual Report on page 66.

— Message from the Chief Executive endorsed by Board of Directors is being shared on pages 28-30.

— Information about contingencies and commitments is given in the Notes to the Financial Statements.

— The number of management and faculty staff as at 30 June 2017 was 11,074 (2016: 8,869).

— During the year seven meetings of Board of Directors, four meetings of the Audit Committee and two meetings of the Resource Mobilisation Committee were held, whereas the members of the Human Resource and Remuneration Committee, Governance and Nomination Committee, Education Committee, Investment Committee and Technology Steering Committee convened once.

CEO's Performance Evaluation

During the year, the Human Resource & Remuneration (HR&R) Committee of the Board evaluated the performance of the CEO in line with the established performance based evaluation system.

The evaluation was reviewed against the following criteria:

— Leadership
— Policy and Strategy
— People Management
— Business Processes/Excellence
— Governance and Compliance
— Financial Performance
— Impact on Society

The above-stated evaluation criteria recommended by the Committee was approved prior by the Board of Directors.

Abstract under section 218 (1) of the REPEALED Companies Ordinance, 1984.

During the year ended 30 June 2017, the Board of Directors has revised the remuneration of Mr. Syed Asaad Ayub Ahmad, Chief Executive Officer from PKR. 803,500 to PKR. 851,710 per month effective 01 January 2017. There was no change in other terms and conditions of his appointment. By virtue of being the Chief Executive Officer, Mr. Syed Asaad Ayub Ahmad is deemed to be a Director of the Foundation and is considered as interested in the aforementioned revision of his terms of appointment.

Board of Directors

Election of Directors was held on April 13, 2016 and a twelve-member Board excluding the Chief Executive Officer was elected unopposed whose term of office will expire on 12 April 2019. No casual vacancy occurred on the board during the current year. Directors' profiles are included in this Annual Report on pages 44-45.



Attendance of the Board Meetings for the Year

Board Members	Status	Attendance
Mr. Adnan Asdar	Non-Executive Director	6/7
Mr. Ahsan M. Saleem	Non-Executive Director	5/7
Mr. Ateed Riaz	Non-Executive Director	7/7
Ms. Bushra Afzal	Non-Executive Director	6/7
Gen. (R) Sabeeh Qamar uz Zaman	Non-Executive Director	1/7
Mr. Musadaq Zulqarnain	Non-Executive Director	4/7
Mr. Mushtaq K. Chhapra	Non-Executive Director	6/7
Mr. Rashid Abdulla	Non-Executive Director	*0/7
Ms. Saima Amin Khawaja	Non-Executive Director	5/7
Mr. Shahab Haider	Non-Executive Director	4/7
Mr. Shahid Abdulla	Non-Executive Director	*0/7
Mr. Tariq Raza Hussain	Non-Executive Director	4/7
Mr. Syed Asaad Ayub Ahmad	Executive Director	6/7

*Leave of absence was granted to the Directors who did not attend the meetings.

Evaluation of the Board of Directors

The Board of Directors of 'The Citizens Foundation' are experienced and qualified professionals who bring a diverse range of professional and technical expertise to the organisation. The members discuss strategic objectives, budgetary expenses and projected national and international macroeconomic indicators to ensure that the Foundation's strategy stays aligned with the key macroeconomic indicators.

The Board of Directors provides oversight on the Foundation's strategy and management effectiveness in order to ensure alignment with its core mission as well as its operating environment.

The Board also plays a critical role in ensuring the Foundation's financial sustainability through its fundraising efforts as well as being a source of guidance and expertise for all functional leaders within the organisation.

Related Party Information

All related party transactions during the year 2017 were placed before the Audit Committee and the Board for their review and approval. These transactions were duly approved. The related party transactions mainly comprised of:

a) Rs. 480.90 million (2016: 474.87 million) as Donation/Service received from the companies, in which Directors of the Foundation are also holding directorial positions.

b) Rs. 12.46 million (2016: 11.34 million) in respect of Donations from the Foundation's Directors.

c) Rs. 37.73 million (2016: 26.42 million) paid as remuneration / compensation to key management personnel and Rs. 0.86 million (2016: 1.31 million) received in respect of donation to the Foundation from their personal income.

d) Rs. 1.84 million (2016: 0.79 million) paid as IT related services to the Multinet Pakistan (Private) Limited, in which Mr. Adnan Asdar, Director of Foundation is also a Director.

Financial Statements

The Financial Statements of the Foundation have been approved and duly audited without qualification by the auditors of the Foundation KPMG Taseer Hadi & Co.; their report is attached with the financial statements on page 67.

Emphasis in Auditor's Report

In the current year's Auditor's Report, auditors have drawn attention towards change in the accounting policy for donated / contributed lands based on section 8 of the new accounting standard for NPOs issued by Institute of Chartered Accountants of Pakistan (ICAP).

Auditors

The audit firm has been given satisfactory rating under the Quality Control Review Programme of ICAP. It is fully compliant with the International Federation of Accountants' guideline on codes of ethics, as adopted by ICAP.

The Audit Committee and the Board of Directors of the Foundation have endorsed their appointment for members' consideration at the forthcoming Annual General Meeting.

Ateed Riaz
Chairman / Director

Syed Asaad Ayub Ahmad
Chief Executive Officer

22 September 2017



Message from the CEO



Syed Asaad Ayub Ahmad
President & CEO

'This was a year of consolidation for TCF, after taking over the operations of 271 Government Schools last year over just 5 months. As our school network is growing year by year, our focus remains on continuous improvement and innovation to provide the best quality education that we can to our children, and to continue uplifting the communities we operate in.'

Education is the key to eliminating gender inequality, reducing poverty and fostering peace. It is the great equalizer - a force that can overcome differences in background, culture, and privilege. It is this belief that has fuelled our team's work and efforts throughout the past year.

Raising the Bar on Providing Quality Education

Given our mission to impart quality education at TCF, we strive to equip our students with the values, knowledge and understanding necessary to be able to make informed choices for their future. This year saw a tremendous increase in the percentage of students securing A+ or A grades, which rose from 48% to 64%. The year also marked the first successful completion of 'Principals Quality Index' (PQI) - a standardised mechanism for assessing and improving the performance of our principals. PQI maps performance on academics, discipline, attendance and other key indicators for effective principal leadership.

In 2016, the Government of Punjab identified the worst performing 3000 schools to be handed over to private partners. These schools were selected on the basis of low enrollment, poor (under 20% results) and teacher absenteeism. We assumed the management of 271 government schools, out of which 254 were in Punjab.

Post take over, TCF put in its systems and management controls to turn the schools around. After a year, our grade 5 results have shown a 72% pass rate in the provincial board examinations.







With most of the GSP currently focused on the province of Punjab, we are now actively engaging with other provincial governments for expansion throughout Pakistan.

Going Beyond School

Initiated last year, TCF College - Qayyumabad is now in its second year of operation. Its an educational model which ensures that our students not only achieve competitive academic results in their intermediate examinations and are able to apply for admission into some of the world's best universities, but also hone their leadership and communication skills to succeed beyond college.

In January 2017, 1500+ students from 68 TCF schools in Karachi appeared for our College entrance test. Of these, 500 students were shortlisted for a selection camp in May and 230 merit list students were finalised for the College in June, taking the overall number of enrolled students in this Pre-Engineering College to 439.

TCF launched its Alumni Development Programme (ADP) in 2014 to prepare its students for entrance examinations at leading universities of the country.

This year, through ADP, 80 students were prepared to take university entrance tests, out of which 54 students successfully got through into some of Pakistan's top universities.

I'm also delighted to share that Aagahi, our community development adult literacy programme for women and out-of-school girls was awarded the UNESCO Confucius Prize for Literacy 2017. This year's theme was 'Literacy in a Digital World,' and Aagahi was recognised on the basis of its effective use of digital tools for monitoring and evaluation of the programme.

Investing in Efficient Information Management Systems

Our commitment to quality data and constant improvement on the basis of data analysis drives us to keep investing in quality information systems.

Our 'Business Intelligence Platform' (BIP) system, launched last year, continues to be developed further. New financial and school performance dashboards were added this year. BIP is now being utilised by all senior management staff for performance monitoring and evaluation.

We continue to use 'Microsoft Great Plains' and 'Microsoft Dynamics Constituent Relationship Management' systems to streamline the work of our Finance, Supply Chain and Resource Mobilisation departments.



Striving for the Best - Recognition & Awards

I believe corporate awards aren't just a pat on the back. While they definitely enhance an organisation's reputation, they also bear witness to an organisation's work ethic and professionalism, and help the employees take pride in their work.

This year, TCF was announced the 'Winner' of the esteemed 'Best Corporate Report Award 2016 in NGO category from the joint evaluation committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP), the top ranking accounting bodies of Pakistan. TCF is the only organisation to have continuously won this award since its introduction in 2012.

The Management Association of Pakistan (MAP) also awarded us with its 'Certificate of Excellence' at their 32nd Corporate Excellence Awards. TCF has been a three-time winner of MAP's Corporate Excellence Award in the past. TCF was also judged as 'Joint Winner' in NPO category for the 'Best Presented Annual Report 2015' by the South Asian Federation of Accountants (SAFA).

Future Outlook - Brighter than Ever

Today, just over two decades since we initiated our first few schools, many of our graduates have found their way into some of the top ranked universities in Pakistan. Others are making a difference through community service and by utilising their skills in their chosen professions.

We are deeply indebted to all our donors and supporters who have believed in TCF's cause through the years, and contributed with their time and money to help our students in their pursuits.

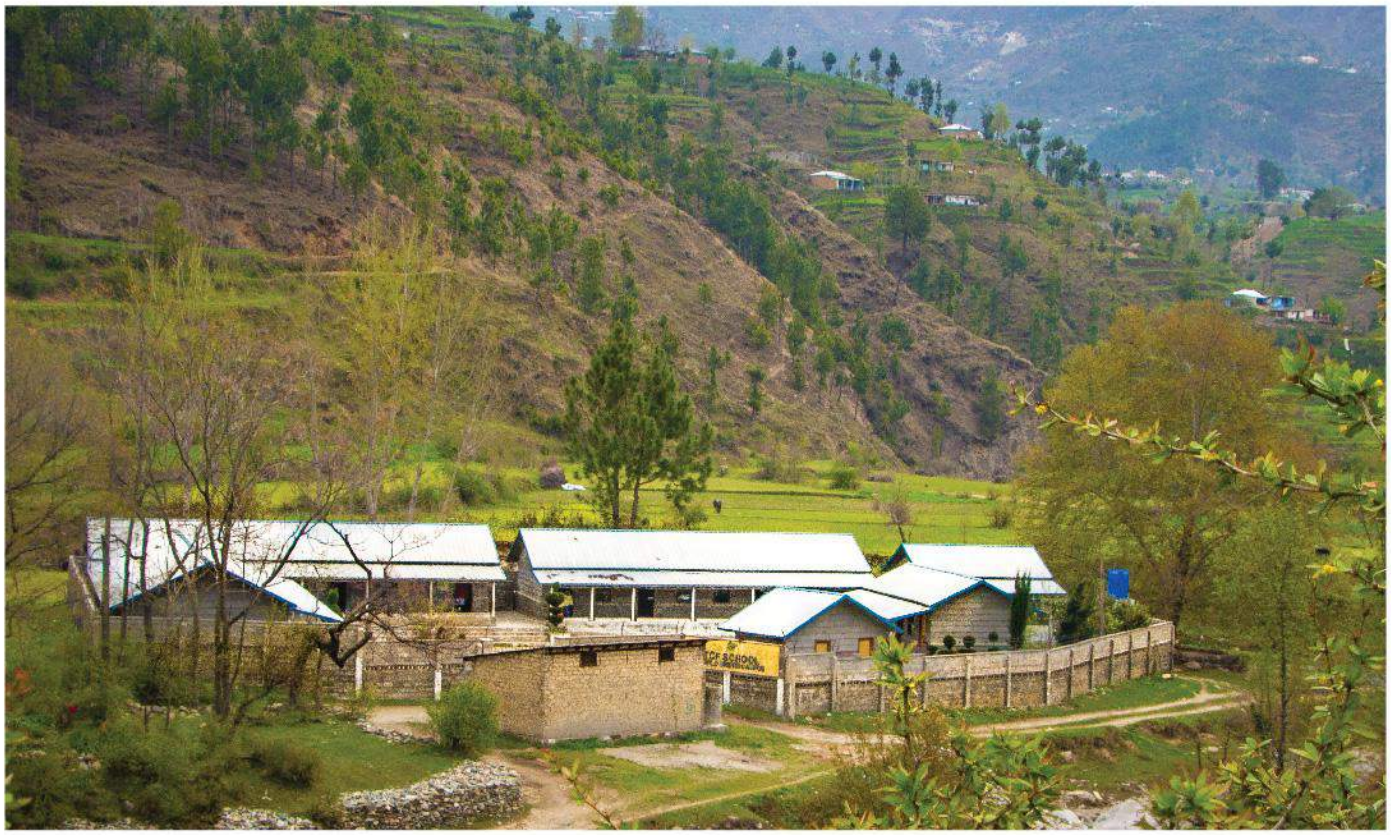


Syed Asaad Ayub Ahmad
Chief Executive Officer

22 September 2017

Our School Network

This year, we expanded to 1,441 school units in 58 districts of the country.



22 years later, TCF Founders look back

TCF is indeed, a citizens' movement. What started 22 years ago with five schools established by TCF's Founders, has evolved into a global tide of hope, resolve and collective action. Here's what our Founders have to say to the global TCF family!



'The alumni you witness today have come this far through sheer hard work, aided by your commitment towards helping them in their pursuit to achieve success. This journey is now at a point where our alumni are playing their role as change agents, transforming their lives for the better.'

Ahsan M. Saleem
Co-Founder & Director

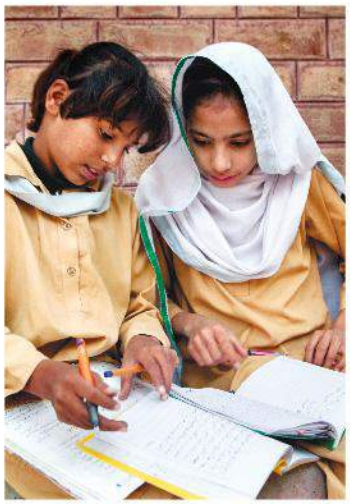
'You have put your faith in the power of education and in the ability of these students for all these years. Today, we are all proud to witness that our collective commitment is bearing fruit. Every penny contributed to TCF has been a penny well spent.'

Mushtaq K. Chhapra
Co-Founder & Director

'It is heartening to see TCF develop into a professional organisation, drawing the best talent. It now serves as a platform that engages dedicated employees and volunteers around the world who have enabled the organisation to evolve into a global movement of social change.'

Ateed Riaz
Co-Founder & Current Chairman

Initiatives at School Level and Beyond



'Parho Saath Saath' reading programme aims making students independent readers by the end of their primary education

Through our diverse value-added programmes, we aim to help our beneficiaries achieve a greater sense of empowerment, enabling continuous improvement for them, to work collaboratively towards positive social change and community welfare.

This year the Education Department remained focused on consolidating existing projects and launching key initiatives to improve student performance across our school network.

'Uraan' Remedial Teaching Programme

Children enrolled at TCF schools are faced with significant challenges , at home and in their communities, impeding their academic progress. Nearly 15% of students therefore require additional support to be able to perform at par with their classmates. 'Uraan', a remedial programme for such students, was rolled out by our Education Department to help struggling learners shore up their basic skills and catch up with their peers. The 'Uraan' pilot, conducted in 2016-17, showed a 42% increase in literacy and numeracy levels during the programme tenure.

'Parho Saath Saath' Reading Programme

TCF believes that independent reading is an essential skill that our students must possess. Children who are good readers tend to achieve more across the curriculum.

To aid with students' reading skills, 'Parho Saath Saath' was launched in 480 TCF primary school units this year. It is a structured reading programme aimed at helping pre-primary and primary students become independent readers in both English and Urdu by the end of their primary education.





64%

of our matriculating students this year scored

A+ OR A GRADES

Advancing Textbook Development

We progressed further this year with the development of our own range of textbooks and accompanying teacher guides. This project was undertaken to provide our students with quality content in Urdu, further enrich the concepts identified in the national curriculum, and make lessons more culturally relevant. This year, we rolled out our Meri Riyazi Mathematics Book 4; Amli Science Book 7; and Learning English with the Iqbals Book 1. A 6 to 8 percentage points improvement was observed in students using the TCF developed Mathematics textbook compared to the previous book used in grade 3.

Remarkable 2017 Matric Results

TCF uses its students' matriculation results to benchmark the quality of education being imparted in its school units. There was a remarkable increase in the percentage of students securing A+ or A grades, from 48% last year to 64% this year. Furthermore, the overall pass percentage of our students in matric improved from 95% to 96% while the Average Percentage Result (APR) of all TCF school units rose from 67% to 72%. These results are testimony to the sustained hard work of our dedicated staff and students.

Developing Great Teachers and Principals

We firmly believe that the best investment we as an organisation can make is to get the most effective and talented teachers we can in front of our children. A teacher's abilities, skill set, knowledge and enthusiasm are crucial in determining the success of a child. For the professional development of its teaching staff, TCF conducted an intensive 55-75 hour teacher training countrywide during the summer vacations. This training not only helps our teachers improve in their classrooms but also prepares them for our internal Teacher Competency Test (TCT). This year 7,227 teachers took 10,781 subject tests. An average score of 75% was posted in the test, versus an average score of 71% in 2015-16.

Assessment Centres - An Objective Approach to Principal Recruitment

A good Principal makes a great school. Bringing on board the most qualified and competent principals has always been a priority for us. Every year we try to improve and streamline our recruiting process so that we select, retain and develop the best principals in the system. This year we developed and launched assessment centres for principal hiring. As part of the process, candidates went through problem solving activities, observation tests, group discussions and eventually, a structured interview. Trained assessors, including TCF's senior management, evaluated them and hired more than 100 principals across the country through this formal activity. The organisation plans to continue this rigorous recruitment and selection process for our principals.

Principals Quality Index (PQI) - Measuring Principals Performance

PQI is a standardised mechanism for assessing and improving the performance





Alumni Development Programme (ADP)

Of the 80 students enrolled in Level 2, 54 got admissions into some of the top-ranked universities in the country, like LUMS, IBA, GIKI, CBM, SZABIST, NED, DOW Medical University among others.

of our principals. Senior staff members from the Head Office, accompanied by regional area teams visited each school in the system to conduct a 5-hour review of each principal's unique School Improvement Plan. This document highlights areas for improvement and maps performance on academics, discipline, attendance and other key indicators for effective principal leadership. The PQI observations were then fed into principals' performance ratings and appraisals. PQI is also aimed at helping our training team make customised training plans for the 'Principals' Academy', our annual principals' training programme.

Strengthening the Government Schools Programme (GSP)

TCF went into partnership agreements with provincial governments of the country and assumed the management of 271 government schools, among which 254 were in Punjab. A remedial education programme was launched immediately to help the students achieve expected competencies in core literacy and numeracy skills. The results of the exercise were assessed independently using industry standard ASER (Annual Status of Education Report) tools. We witnessed tremendous improvement in English, Urdu and Mathematics, by 103%, 90% and 257% respectively. Reflecting this pattern of remarkable improvement, the Punjab Examination Commission, reported an overall 72% pass percentage for our grade 5 students.

TCF College - Closing the Gap

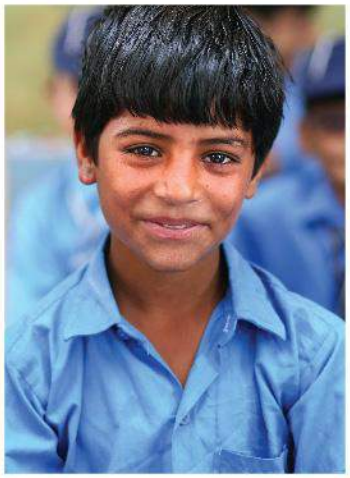
TCF College is a pilot project aimed at providing TCF's high performing students in Karachi with an enriched Higher Secondary (grade 11-12) programme and better chances of being admitted to one of the country's top universities. This year, the first batch of 209 college students appeared in their First Year Board Exams. Five students have also passed the entrance test for the prestigious Institute of Business Administration (IBA)'s National Talent Hunt Programme, and are currently taking summer classes at the Institute to prepare for its nationwide entrance exam.

TCF ADP - Where Students Help Students Succeed

Alumni Development Programme (ADP) is a unique platform where volunteers from diverse economic backgrounds come together to help TCF graduates get a good university education. This year, the Foundation Level of the programme catered to 630+ alumni through 75 dedicated volunteers. Of the 80 students enrolled in Level 2, 54 got admissions in some of the best universities in the country, including IBA, GIKI, IoBM, SZABIST, NED, DOW University of Health Sciences among others. ADP University Chapters are running successfully at Karachi's IBA, IoBM and DOW University of Health Sciences. During the year, we also signed MoUs with DHA Suffa University and SZABIST to extend the reach of the programme.

Taking the Alumni through Intermediate Education

To support our alumni enrolled in Intermediate Colleges, we entered into formal agreements with renowned coaching centres across Karachi to arrange for provision of subsidised tuition. So far, 360 alumni are benefitting through this arrangement with 3 leading coaching centres. This year, 14,100 of our



graduates have enrolled in Intermediate colleges whereas 2,200 alumni are stepping into their tertiary education. Given the increasing number of TCF graduates every year, it is the need of the hour to facilitate our alumni in their pursuit of higher education and employment goals.

UNESCO recognises TCF's Aagahi Programme

UNESCO honoured TCF's Adult Literacy Programme, 'Aagahi' with its 'Confucius Prize for Literacy'. It recognised the efforts being made to impart functional literacy amongst female adults in rural areas and urban slums of the country. The award ceremony took place on the International Literacy Day, celebrated on 8 September, at UNESCO Headquarters in Paris. This year it focused on literacy in a digital world. The event brought together stakeholders and decision-makers from different parts of the world to examine how digital technology can help close the literacy gap.

In addition to winning the Confucius Prize for Literacy, UNESCO's Effective Literacy and Numeracy Practices Database (Litbase) also featured Aagahi as a case study on its website. During 2016-17, a total of 705 literacy centres conducted the Aagahi classes and 11,173 learners benefitted through the programme

Empowering Women through Skills Training

In 2016-17, significant developments took place under TCF's Vocational Training Programme with special focus given on establishment of production centres for employment of trained community women. During the year, 14 vocational centres were established, catering to 521 trainees who received skills training over three admission cycles for three months. After successful completion of their courses, 212 apprentices were registered with the production units. Production orders from institutions such as Hashoo Foundation and Maryam Hospital were successfully fulfilled.

In addition to vocational trainings, enterprise development trainings were also held during which important business concepts such as; marketing, costing, budgeting and inventory management were taught.

Clean Water for Healthier Communities

This year, our community water filtration plants served over 10,000 people daily with clean drinking water. The programme focused on increasing capacity utilisation by ensuring regular plant monitoring and maintenance. A memorandum of understanding was signed with Pakistan Council of Research in Water Resources (PCRWR) for testing quality of filtered water, training plant operators to monitor water quality and for conducting hydrological surveys for new installations.

Further, to overcome power supply issues, a solar power system has been launched as a pilot project at one reverse osmosis (RO) plant in Dadu-Sindh. This will ensure running of RO plant for 8-10 hours on a daily basis.

Across our education, alumni and community development programmes, we strive to live by our core value of 'continuous improvement' and endeavour to create the greatest impact on the individuals and communities we seek to benefit.







TCF's Global Movement Gains Momentum!

When TCF began its journey, few could imagine the difference ordinary citizens could make in providing access to quality education to the children of Pakistan. Today, our global movement made up of thousands of dedicated supporters has proved that the consistent efforts of committed citizens can create an extra ordinary impact.

GCC - TCF's Global Chapter Leaders are Together in One Mission

We hosted our biennial Global Chapters Conference (GCC) this year, where the heads and members of TCF's Global Chapters and support groups came together to reiterate their strong commitment to the vision of the organisation. TCF students, alumni and our school managers took center stage, sharing their stories of enterprise and tenacity in the face of seemingly insurmountable challenges.

TCF at the Karachi Literature Festival

We set up a stall at the Karachi Literature Festival to interact with the festival attendees and raise awareness for TCF. Mr. Bobby Sager, a leading American businessman and philanthropist who has been an avid supporter of TCF, visited our stall and commended TCF's efforts towards providing access to quality education to the less privileged children of Pakistan. His views were echoed by Mr. Raza Rabbani, a key political figure and Mr. Junaid Iqbal, CEO, Careem. Celebrated writer, Mr. Omer Shahid Hamid and prominent journalists and TV anchors, Mr. Zarrar Khuhro and Mr. Mubashir Zaidi were among many others who visited us to express their solidarity with the cause.

Mushtaq Chhapra at the President House

As part of national celebrations on Pakistan Day, TCF's Co-Founder and Director, Mr. Mushtaq Chhapra headed over to Islamabad to receive his Sitara-e-Imtiaz award from the President of Pakistan, Mr. Mamnoon Hussain. Sitara-e-Imtiaz is Pakistan's third highest civilian award that is conferred upon individuals in recognition of their exceptional service to society.







Senior Officials of TCF and IMF Meet

A delegation comprising of TCF's Co-Founders, Mr. Ateed Riaz and Mr. Ahsan Saleem and the CEO, Mr. Syed Asaad Ayub Ahmad flew over to Islamabad to meet Ms. Christine Lagarde, Managing Director of the International Monetary Fund. The TCF team presented an overview of the organisation and how it has been contributing to facilitate economic mobility and lift families out of poverty by providing quality education to the less privileged children of Pakistan.

Our Alumni and Allies Connected at Donor Events

TCF organised major events in Dubai, Lahore and Karachi to connect with its supporters and reaffirm its commitment to making a difference through education. These events served as curtain raisers for our global Zakat Campaign that highlighted the transformative power of education. TCF alumni, while interacting with the donors, shared how education has helped them transform their lives and create a better future for themselves, their families and the communities that they live in.

TCF alumni including Uzma Salim, Assistant Accountant General at the Office of AG Sindh, Mehreen Khan, student of Social Development at Habib University, and Asad Sajid, a BBA student at IBA, thanked the audience for their sustained commitment and assured them that all TCF students have the potential to succeed in their lives and help build a better society.

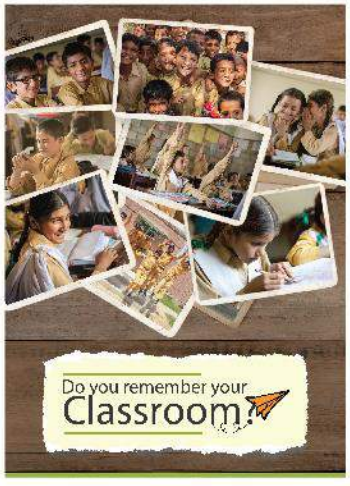
Your Zakat Changes Lives, Transforms Society!

TCF's Ramzan campaign this year reiterated our core message of transforming lives through education and helping less privileged children break the inter-generational cycle of poverty and inequality. The campaign featured inspiring stories of TCF alumni who have achieved success either in higher education or their chosen professions, and are now creating a positive, sustainable impact on their families and communities. Multiple marketing channels - direct mail, digital ads, e-mail, social media advertising, press ads and events were used to deliver the message.

Do You Remember Your Classroom?

We launched a campaign to fund unsupported TCF classrooms, titled, 'Do You Remember Your Classroom?' The campaign aimed to give supporters an opportunity to fund the classrooms individually or by teaming up with their friends. An 'ambassadors' kit' was designed and fundraising ambassadors were called on to support the on-ground effort. The digital leg of the campaign offered a peer-to-peer fundraising option to empower our supporters to create their personal fundraising pages and raise money on TCF's behalf. The communication evoked memories of some of our most cherished classroom moments and encouraged potential donors to help create rich classroom experiences for TCF students, similar to their own.









Cricket Star Younis Khan Plays his innings for Education!

To commemorate the achievement of crossing the 10,000 run milestone in his test career, Pakistan's cricket star, Younis Khan decided to donate the iconic bat that helped him score his final runs, for auction to TCF. Earlier during the year, Younis also made a surprise visit to a TCF School in Steel Town. Being a staunch advocate of education, Younis Khan appreciated the work being done by TCF, and promised to continue supporting the organisation and keep playing his innings for education of the less privileged.

Students of Al-Hukamaa International School Raise Funds for TCF

The enterprising students of Al-Hukamaa International School, Jeddah put into practice, lessons learned through their school's entrepreneurship programme by raising funds for TCF. They set up elaborate food, gaming and recreational stalls to attract visitors. The amount raised was matched generously by the school management.

Recognising our Teaching Heroes

To acknowledge the extraordinary efforts of its teachers, TCF has been organising its Annual Teachers Awards for the past 12 years. This year the award ceremonies took place at 11 venues across the country and were well attended by teachers and management staff alike. Good teachers are the backbone of our system and these awards have been instituted with the aim of elevating the standards of teaching, and to recognise our exceptional teachers' outstanding contribution to the profession.

Shadab Khan Catches TCF Students by Surprise

TCF students of Phangali Campus, Lahore were truly excited to see the rising cricket star, Shadab Khan at their school when he visited them to distribute Eid presents. Shadab said he was left in awe after observing the purpose-built campus and its facilities. Earlier during the year, former Australian cricketer and sports commentator, Dean Jones also visited one of our schools in Rawalpindi. These visits were conducted under a partnership with Islamabad United, a franchise cricket team that competes in Pakistan Super League. Islamabad United has joined hands with TCF to support the organisation in its mission to educate out-of-school children in Pakistan.

Fahim takes on the Ironman Challenge for TCF

Fahim Ahmed, a banker by profession and a resident of Bahrain, participated in the Ironman Challenge 70.3 while raising vital funds for TCF. Ironman Challenge 70.3 is a triathlon combining a 1.9km open water swim, a 90km bike run and finally a 21.1km half marathon run, all to be completed within 8 hours. Leading up to this challenge, Fahim actively rallied his network of friends and family to raise funds in support of 3 classrooms at a TCF school in Shah Faisal Colony, Karachi.





'Obhartay Sitaray,' STCF's flagship inter-school singing and fundraising competition entered its 5th year of providing students a chance to showcase their singing talent along with the opportunity to raise funds for TCF.

Global Chapters

Global Chapters play a pivotal role in supporting progress towards TCF's mission. Our volunteers across the world make tremendous fundraising efforts by using their networks to spread the word, inspire support and encourage participation.

Supporters of The Citizens Foundation (STCF)

Supporters of The Citizens Foundation (STCF), a passionate group of volunteers based in Pakistan, has been spearheading fundraising efforts for TCF for almost 22 years now. This year, STCF held the 13th edition of TCF's Golf Tournament. This 2-day event attracted golfers from the city of Karachi to play and generate invaluable funds for TCF. 'Obhartay Sitaray', STCF's flagship inter-school singing and fundraising competition entered its 5th year of providing students a chance to showcase their singing talent along with the opportunity to raise funds for TCF. This year, the competition travelled to Lahore as well, attracting over 140 schools and 60,000+ students from both cities who helped raised vital funds for the cause. The Young Education Supporters group, (YES) successfully held the 2nd edition of 'Dhoondo Karachi' with 46 teams this year. 'Dhoondo Karachi' is a scavenger hunt to explore and develop an appreciation for the history and heritage of the city while raising funds for educating the less privileged children of Pakistan.

TCF - USA

TCF - USA forms an integral part of our global team. The Chapter was awarded a 4-star rating for the fourth consecutive year by Charity Navigator, a leading USA charity watch organisation.

The year kicked off with the USA Chapters' Conference (UCC-16) in Houston on September 2016. The event was sponsored by the TCF - USA Board of Directors and was attended by more than eighty supporters from across the USA and TCF Founder Directors from Pakistan. The participants received an update on new developments in the TCF Programme, exchanged ideas and discussed the TCF - USA strategic plan.

In 2016-17 more than 40 events were organised by our USA chapters, which included fundraising galas, information sessions, and donor appreciation events. TCF Alumni, studying in the USA attended some of these events, received a heart-warming response from the audience and demonstrated the true impact of TCF's work.





TCF - UK

The TCF - UK Chapter successfully rolled out an engaging fundraising campaign called 'Chai Time with TCF.' A fundraising toolkit was developed and volunteers were encouraged to hold special tea parties to raise funds. This campaign was held as part of the UK's largest online match funding challenge, 'The Big Give Christmas Challenge.' The initiative saw supporters across the UK follow suit with their own chai parties raising donations for TCF.

During the entire year, the Chapter hosted a number of fundraising and awareness raising events that brought celebrity supporters like the singing sensation, Ali Sethi, internationally acclaimed writers like William Dalrymple, Kamila Shamsi, Moni Mohsin, Maha Khan Phillips and the cricketing star Younis Khan, who talked about the cause of education TCF is marching with and appealed for people to support TCF.

TCF - Canada

TCF - Canada's Toronto Chapter organised its Annual Gala and Fundraiser which was attended by more than 1000 guests and sponsored by nearly 30 corporations and businesses of the country.

'Drive to See Them Thrive,' the Chapter's signature online peer-to-peer fundraising campaign successfully completed its 5 years. This time, over 19 teams from Canada and other parts of the world raised funds for TCF during Ramzan. This initiative has proved to be very instrumental and has helped the Chapter raise funds and awareness for TCF's work across the country using digital marketing channels.

TCF - UAE

TCF - UAE Chapter played host to the Annual Supporters Conference and Dinner which was attended by over 500 TCF supporters along with dignitaries from the Consulate General of Pakistan in Dubai. The guests were given an overview of TCF's Education Programme while the center stage was given to TCF alumni and frontline staff member who shared their stories of struggle and achievement with the audience.

The Chapter continued to build on its strong relationship with Dubai Cares, a leading philanthropic organisation is Dubai and participated in Dubai Cares 'Walk for Education 2017' in solidarity with millions of children in developing countries, who walk long distances to attend school every day. The Internationally acclaimed theatrical play titled 'Love Letters' by A.R. Gurney was also organised by TCF - UAE Ladies Group which attracted an audience of 400 people.

UAE's President, His Highness Shaikh Khalifa Bin Zayed Al Nahyan's declared 2017 as the 'Year of Giving', as a part of which students of Deira International School and Universal American School joined hands to raise funds and awareness for the TCF cause in the UAE.









'Chai Time with TCF' encouraged volunteers to hold special tea parties to raise funds for TCF.





The Italian Friends of TCF

Italian Friends of TCF launched the project 'Art for Education' in order to promote quality education at TCF schools by using art as a means to bring awareness to the foundation's cause. The Chapter collaborated with well-known Milanese photographers Maurizo Galimberti, Albertina D'Urso and Alessandro Belgiojoso who donated their photography art to raise funds for TCF. The latter two photographers visited Karachi and Lahore to capture impressive images of the schools and the students for the exhibition, 'Unexpected Marvels: A journey of discovery into TCF schools and Pakistan', which took place at the Museo Diocesano in Milan. The event was attended by over 300 distinguished guests. Mr. Mushtaq Chhapra, TCF's Co-Founder Director was also present.

The new bilingual cookbook, 'Desserts with Flowers', was published this year; Proceeds from its sales are being directed towards TCF's Vocational Training Programmes.

An event was also organised at the Embassy of Pakistan in Rome that was attended by over 200 guests including dignitaries, government officials, and international trade representatives. This event helped raise much needed awareness for the cause of education in Pakistan.

TCF - Norway

Still a small group on the TCF landscape, TCF - Norway, expanded its reach further this year. Multiple small-scale events were organised to attract a diverse crowd towards the cause. These included, a movie fundraiser, a clothing drive and participation in the Oslo Cultural Festival.

The Chapter is now gearing up for its major event in collaboration with the Embassy of Pakistan in Oslo.

TCF - Switzerland

TCF - Switzerland, this year, obtained a tax-exempt status under the Swiss law. Now our supporters can claim tax credits on their donations the Chapter. Alongside, the team continued to raise funds to sustain their financial support to Haroon Tayeb Chamdia Campus, in Gadani Balochistan and Aman Foundation Campus in Sargodha, Punjab. The Chapter has secured enough funds for both of the campuses for the next two academic years.

TCF - Australia

TCF - Australia continued to garner stronger support for the TCF cause. It's musical gala, 'Sur Aur Saaz' was a sold-out success. Abdul Majid Yousfani, the Consul General of Pakistan in Sydney, veteran actress Uzma Gilani and other distinguished guests attended the event.

We have made a promise to our children; a promise of a better tomorrow. Each one of our donors, supporters and volunteers helps us live up to this promise every day.







TAKING OWNERSHIP AND REINFORCING GOOD **GOVERNANCE**

Profiles of the Board of Directors



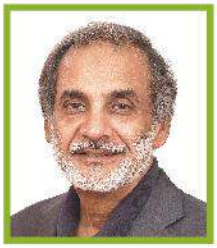
Adnan Asdar

Mr. Adnan Asdar is a co-founder of Multinet Pakistan Private Limited. He is currently involved with Karachi Relief Trust as a Trustee. Mr. Asdar also serves on the board of The Hunar Foundation and Progressive Education Network and is a General Body Member of The Indus Hospital.



Ahsan M. Saleem

One of TCF's Co-Founders, Mr. Ahsan M. Saleem has also served as Chairman of TCF from 1998 till 2006. He is the Chief Executive Officer of Crescent Steel & Allied Products Limited and is also presently serving on the board of several listed companies.



Ateed Riaz

One of TCF's Co-Founders, Mr. Ateed Riaz currently serves as the Chairman of the Board. He also served as Chief Executive Officer of TCF (in honorary capacity) from July 2002 till March 2005. Mr. Riaz manages the operations of the Imrooz Association of Companies which includes First Imrooz Modaraba, Tarseel Private Limited and Atherton Imrooz Company.



Bushra Afzal

Ms. Afzal has been associated with TCF as a volunteer since its inception. She has served as a Treasurer and Vice-Chairperson of the Supporters of TCF (STCF), a passionate group of volunteers spearheading fundraising efforts for the organisation. She has played a pivotal role in the growth and success of the group over the past 22 years.



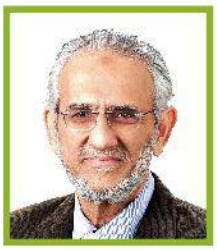
Lt. Gen. (Retd.) Sabeeh Qamar uz Zaman

Lt. Gen. (Retd.) Sabeeh Qamar uz Zaman has been a Director of TCF since 1996. He has also served as Chief Executive Officer of TCF from 1995 till 2001. As CEO, he received a UN Award for 'his and his organisation's outstanding work in support of primary education for boys and girls in under-privileged areas.' He was also awarded Hilal-e-Imtiaz and Sitara-e-Basalat for distinguished service in the Pakistan Army. He is the Chairman and CEO of Quality Schools Foundation.



Musadaq Zulqarnain

Inducted as a Director of TCF in April 2013, Mr. Musadaq Zulqarnain is the CEO of Interloop Limited including its subsidiaries in USA, Bangladesh and the Netherlands. Mr. Zulqarnain was the CEO of FIEDMC, formed to develop industrial parks and infrastructure. He also presides over Interloop Welfare Trust which is engaged in numerous philanthropic activities in the country.



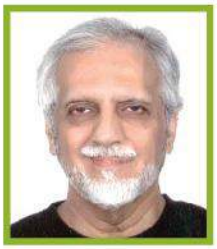
Mushtaq K. Chhapra

One of TCF's Co-Founders, Mr. Mushtaq Chhapra has played a key role in nurturing a number of prominent non-profit organisations. He serves on the boards of Patients' Aid Foundation and The Kidney Centre as well. In recognition of his eminent service to society, the Government of Pakistan has conferred upon him the Sitara-e-Imtiaz, one of Pakistan's highest civil honours.



Saima Amin Khawaja

Ms. Saima Amin Khawaja, a practising lawyer, has 18 years of professional experience as a legal consultant and Advocate of the High Court. She currently serves as a partner at Progressive Advocates and Legal Consultants. Ms. Khawaja has been a dedicated TCF volunteer since 1998. She is also a member of TCF's Regional Advisory Board (RAB) based in Punjab.



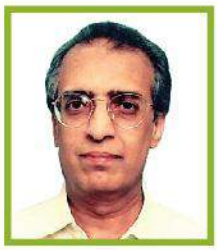
Shahid Abdulla

Mr. Shahid Abdulla is the principal architect and CEO of Arshad Shahid Abdulla Private Limited. He has been involved with a number of social projects in Pakistan and is amongst the founders of Indus Valley School of Art and Architecture, The Hunar Foundation and The Kidney Center.



Tariq Raza Hussain

Mr. Tariq Raza Hussain has 25 years of experience in the financial services sector, with a specialisation in mergers and acquisitions. He is currently heading 'European Mergers and Acquisitions' for an international investment bank in the UK. Mr. Tariq has been involved with TCF's work since 2000, when he helped set up the UK registered affiliate of TCF, TCF - UK as a registered charity.



Rashid Abdulla

One of TCF's Co-Founders and the first Chairman of the Board of Directors of TCF, Mr. Rashid Abdulla is a leading businessman and a philanthropist at heart. He serves as Director on the boards of several companies associated with the IBL Group including The Searle Company Limited, International Brands Limited and IBL HealthCare Limited.



Shahab Haider

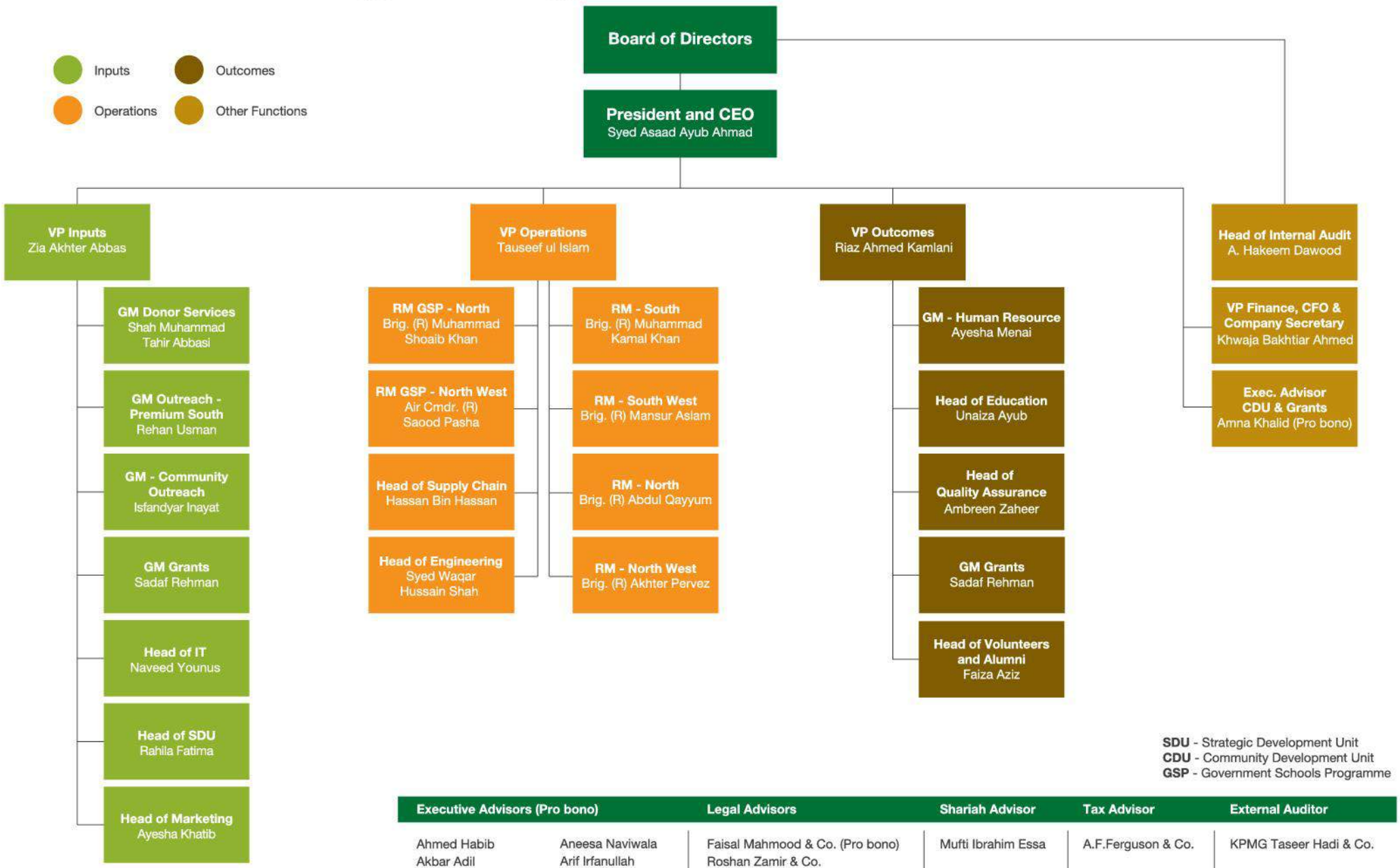
Mr. Shahab Haider has been associated with TCF for the past 17 years. During this time, he has served as the CEO of the UAE Chapter as well. He is the Managing Partner of the Sajjad Haider Group of Professional Firms in Dubai and a Fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of the EMEA Board of NEXIA International, the 10th largest worldwide network of independent accounting and consulting firms.



Syed Asaad Ayub Ahmad

Mr. Syed Asaad Ayub Ahmad is the President and Chief Executive Officer of TCF and a member of its Board of Directors. Prior to joining TCF in January 2009, Mr. Ahmad held senior management positions at Castrol, British Petroleum, Exxon Mobil and Shell. He holds an MBA degree from the University of Texas at Austin and a Bachelors degree in Civil Engineering from NED University of Engineering and Technology, Karachi.

TCF Organogram



SDU - Strategic Development Unit
CDU - Community Development Unit
GSP - Government Schools Programme

Executive Advisors (Pro bono)		Legal Advisors	Shariah Advisor	Tax Advisor	External Auditor
Ahmed Habib Akbar Adil Amna Khalid	Aneesa Naviwala Arif Irfanullah Areej Kirmani	Faisal Mahmood & Co. (Pro bono) Roshan Zamir & Co.	Mufti Ibrahim Essa	A.F.Ferguson & Co.	KPMG Taseer Hadi & Co.

TCF Management



Syed Asaad Ayub Ahmad | President & CEO
Khwaja Bakhtiar Ahmed | VP & CFO
Zia Akhter Abbas | VP - Inputs
Tauseef ul Islam | VP - Operations

Riaz Ahmed Kamlani | VP - Outcomes
Shah Muhammad Tahir Abbasi | GM - Donor Services
Rehan Usman | GM - Outreach (Premium South)
Isfandyar Inayat Sher Khan | GM - Community Outreach

Amna Khalid | Executive Advisor - CDU & Grants
Ayesha Menai | GM - Human Resource
Sadaf Rehman | GM - Grants
Brig (R) Muhammad Kamal Khan | RM - South

Brig (R) Mansur Aslam | RM - South West
Brig (R) Abdul Qayyum | RM - North
Brig (R) Akhter Pervez | RM - North West
Brig (R) Muhammad Shoaib Khan | RM - GSP North

Air Cmdr (R) Saood Pasha | RM - GSP North West
Abdul Hakeem Dawood | Head of Internal Audit
Unaiza Ayub | Head of Education
Rahila Fatima Shakil | Head of Strategic Development Unit

Naveed Younus | Head of IT
Syed Waqar Hussain Shah | Head of Engineering
Ambreen Zaheer | Head of Quality Assurance
Ayesha Khatib | Head of Marketing

Hassan Bin Hassan | Head of Supply Chain
Faiza Aziz | Head of Volunteers & Alumni

Board Committees



The Board has constituted various committees to take informed decisions in the best interest of the organisation within the framework of delegated authority, and make specific recommendations to the Board on matters in their purview.

Audit Committee

The Audit Committee is established to review the principles, policies and practices adopted in the preparation of the financial statements of the organisation. It aims at ensuring that the Annual Report of the organisation and any other announcement relating to financial performance comply with all statutory requirements. The terms of reference include:

— to determine and monitor compliance with relevant statutory requirements and with the best practices of corporate governance;

— to oversee the process of selecting external auditors, their appointment, reappointment and removal, to approve the audit fee or any fees in respect of non audit services provided by external auditors ensuring that the provision of non audit services does not impair external auditors' independence or objectivity;

— to review quarterly, half year and year end financial statements of TCF, providing information to the Board on organisation's assets, its cash flows, net asset value calculations, any changes in accounting policies and practices and significant related party transactions;

— to ensure coordination between the internal and external auditors of the organisation;



— to review the external Auditors' audit report;

— to review the findings of the audit with the external Auditors including, but not limited to: a discussion of any major issues which arose during the audit; materiality levels; key accounting and audit judgments; levels of errors identified during the audit; and the effectiveness of the audit process;

— to ensure that the internal audit function has adequate resources and is appropriately placed;

— to determine that internal control systems including financial and operational controls, accounting systems and reporting structures are adequate and effective;

— to consider major findings of internal investigations of activities characterised by fraud, corruption and abuse of power and management's response thereto;

— to consider any other issue or matter as may be assigned by the Board of Directors.

Four meetings were held during the year.

The members of the Committee are as follows:

Committee Members	Status
Mr. Adnan Asdar	Non-Executive Director
Mr. Ateed Riaz	Non-Executive Director
Ms. Bushra Afzal	Non-Executive Director
Mr. Musadaq Zulqarnain	Non-Executive Director
Mr. Shamshad Nabi	Non-Executive Member
Mr. S.M Ehtishamullah	Non-Executive Member
Mr. Tariq Raza Hussain	Non-Executive Director



Human Resource and Remuneration Committee

The HR & Remuneration Committee assists the Board in fulfilling its obligations relating to human resource matters, through oversight of the internal Human Resource Policies and practices that support strong organisational performance and people risk management. The terms of reference include:

— to review and recommend Human Resource Management (HRM) policies to the Board (including recruitment, retention, training, performance and compensation);

— to ensure that the HRM policies are in compliance with applicable laws;

— to review and recommend to the Board Selection Evaluation, Compensation (including retirement benefits) and succession planning of the CEO and other senior management.

— to consider major changes in the organisational structure;

— to review the annual salary plan including increments and performance related bonuses of the staff;

— to ensure leadership continuity in the event of an unexpected departure or emergency leave of the CEO or any senior staff member.

One meeting was held during the year.

The members of the Human Resource and Remuneration Committee are as follows:

Committee Members	Status
Mr. Ahsan M. Saleem	Non-Executive Director
Mr. Ateed Riaz	Non-Executive Director
Mr. Mushtaq K. Chhapra	Non-Executive Director
Ms. Saima Amin Khawaja	Non-Executive Director
Mr. Irfan Ali Hyder	Executive Member
Mr. Riaz Ahmed Kamlani	VP - Outcomes
Mr. Syed Asaad Ayub Ahmad	President & CEO

Procurement Committee

The committee ensures transparency in procurement and dealing with suppliers and service providers. The terms of reference include:

— to suggest measures to streamline and simplify procurement of goods and services;

— to review the major decisions taken by the Procurement Department on the basis of quality, cost, quantity, condition, location, documentation and timeliness of delivery;

— to identify, review and approve better procurement policies and practices that strengthen and speed up the procurement process and achieve value for money;

— to ensure that the sub committees formed by the Procurement Department are active and involved in the decision making process;

— to review, in consultation with the CEO, the effectiveness of the standard operating procedures and purchase policy and provide feedback;

— to recommend to the Board, improvements in the procedures for raising and approving purchase requisitions and orders;

— to recommend improvements to the Board on those sections of the schedule of financial delegation of authority which fall under the Procurement Department's purview.

No meeting of the committee was held during the financial year ended 30 June 2017

Members of the Procurement Committee are as follows:

Committee Members	Status
Mr. Adnan Asdar	Non-Executive Director
Ms. Nilofer Saeed	Non-Executive Member
Ms. Saadia Awan	Non-Executive Member
Mr. Shahid Abdulla	Non-Executive Director
Mr. Tauseef ul Islam	VP - Operations
Mr. Syed Asaad Ayub Ahmad	President & CEO



Governance and Nomination Committee

The objective of the committee is to evaluate the effectiveness of the Board and to assist the Board in the discharge of its functions as well as to ensure compliance with the



governing principles of TCF. The Committee is formulated to take a leadership role in shaping the code of business for TCF (governing principles) and to keep it aligned with international best practices. The terms of reference include:

— to recommend qualified candidates for Board membership and to structure, monitor and review the collective and individual responsibilities of the Board and its members;

— to evaluate the performance of the Directors;

— to review the Board structure and organisational architecture;

— to monitor the overall compliance with the SECP's Code of Corporate Governance and governing principles of TCF;

— to recommend the CEO's and senior management's compensation and benefits for Board approval, exclusive of what is mandated to the HR&R Committee;

— to oversee succession planning of the CEO and other senior management;

One meeting was held during the year.

Members of the Governance and Nomination Committee are as follows:

Committee Members	Status
Mr. Ahsan M. Saleem	Non-Executive Director
Mr. Mushtaq K. Chhapra	Non-Executive Director
Ms. Saima Amin Khawaja	Non-Executive Director
Mr. Syed Asaad Ayub Ahmad	President & CEO

Resource Mobilisation Committee

The Resource Mobilisation Committee assists the Board for the purpose of increasing donations and reviewing TCF's fundraising strategy. The terms of reference include:

— to periodically review the fundraising targets set for various support groups and Global Chapters of TCF and evaluate performance;

— to review and report to the Board on business development strategies;

— to review tactical plans developed to achieve business development goals set out in the strategic plan;

— to review, monitor and report to the Board on business development projects, initiatives and potential opportunities;

— to monitor compliance with guidelines established by TCF relating to business development;

— to evaluate donor management standards and the Resource Mobilisation Department's adherence to these standards;

— to review TCF publications and donor reports and recommend changes to the format or information that is being provided;

— to monitor TCF's fundraising campaign related activities and ensure their cost efficiency.

Two meetings were held during the year.

Members of the Resource Mobilisation Committee are as follows:

Committee Members	Status
Mr. Ahsan M. Saleem	Non-Executive Director
Mr. Ateed Riaz	Non-Executive Director
Mr. Ishaque Noor	Non-Executive Member
Mr. Musadaq Zulqarnain	Non-Executive Director
Mr. Mushtaq K. Chhapra	Non-Executive Director
Ms. Nilofer Saeed	Non-Executive Member
Ms. Saadia Awan	Non-Executive Member
Ms. Saima Amin Khwaja	Non-Executive Director
Mr. Shahid Abdulla	Non-Executive Director
Mr. Syed Asaad Ayub Ahmad	President & CEO
Mr. Zia Akhter Abbas	VP - Inputs

Technology Steering Committee

The purpose of the Committee is to oversee IT related activities and provide guidance for effective implementation of projects. The terms of reference include:

— to prepare multi-year academic and administrative plan with respect to IT;

— to review and monitor IT projects and assign priorities;

— to approve major IT initiatives and projects;

— to provide strategic direction for adaptation of emerging technologies;

— to discuss any other matter proposed to the committee.

One meeting of the Committee was held in the financial year ended 30 June 2017.



Members of the Technology Steering Committee are as follows:

Committee Members	Status
Mr. Adnan Asdar	Non-Executive Director
Mr. Ahsan M. Saleem	Non-Executive Director
Mr. M. Iqbal Abdullah	Non-Executive Member
Mr. Shahab Sajjad Haider	Non-Executive Director
Mr. Riaz Ahmed Kamlani	VP - Outcomes
Mr. Syed Asaad Ayub Ahmad	President & CEO
Mr. Tauseef ul Islam	VP - Operations
Mr. Zia Akhtar Abbas	VP - Inputs

Education Committee



—Education Committee was formed on 19 January 2017. Purpose of the Committee is to assist the Board in overseeing TCF's Education Division management activities.

—to prepare a multi-year education plan covering quantitative and qualitative parameters with respect to the school system.

—to review and monitor the plan on a half yearly basis.

—to approve major Education division initiatives and projects and assign implementation priorities.

—to assess HR capacity and recommend capacity building initiatives.

—to assess overall funding requirement for the education for the school system in terms of per student fund allocation.

—to receive quarterly dashboard on Annual Plan KPIs from management.

—to ensure all major project spending of TCF's Education Plan has been included in each year's OPEX and CAPEX budget of TCF.

One meeting was held during the year.

Members of the Education Committee are as follows:

Committee Members	Status
Mr. Musadaq Zulqarnain	Non-Executive Director
Ms. Nighat Daudi	Non-Executive Member
Ms. Roqaiya Riaz	Non-Executive Member
Ms. Saima Amin Khwaja	Non-Executive Director
Mr. Riaz Ahmed Kamlani	VP - Outcomes
Mr. Syed Asaad Ayub Ahmad	President & CEO

Report of the Audit Committee



The Audit Committee comprises only of Non-Executive Directors and professional members. Details of the Audit Committee are set out in this section which specifies the composition of committees of Board of Directors in this report. The Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Chief Audit Executive (CAE) and External Auditor attend Audit Committee meetings by invitation. The Committee meets with CAE and External Auditor with and without CEO and CFO being present.

The Committee performs its functions in accordance with the Terms of Reference (TORs) approved by the Board of Directors. Four meetings of the Audit Committee were held during the year ended 30 June 2017 prescribed by the Chairman Audit Committee.

Role of the Committee

The role and responsibilities of the Audit Committee are set out in written terms of reference which are reviewed annually by the Committee taking into account relevant legislation and recommended good practice. The Committee's responsibilities include, but are not limited to, the following matters with a view to bringing any relevant issues to the attention of the Board:

— Oversight of the integrity of Foundation's Financial Statements.

— Review of Foundation's quarterly and annual Financial Statements (including clarity and completeness of disclosure together with Related Party Transactions), and recommend them to the Board of Directors for approval.

— Oversight of Risk Management and internal control arrangements.

— Oversight of compliance with legal and regulatory requirements.

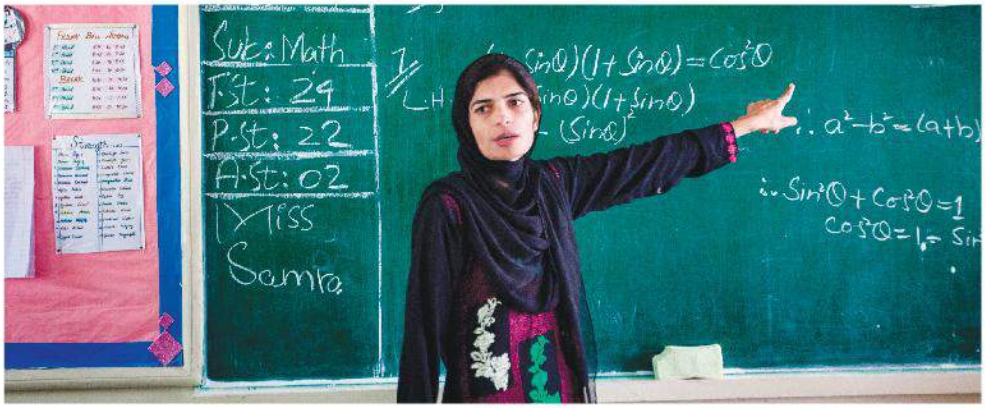
— Oversight of the external auditors' performance, objectivity, qualifications and independence; the approval process of non-audit services; recommendation to the Board of their nomination.

— Ensure that proper and adequate accounting records have been maintained by the Foundation in accordance with the Repealed Companies Ordinance, 1984 / Companies Act, 2017 and external reporting is consistent with the management processes

— The performance of the Internal Audit Function.

Internal Audit Function

— The Internal control framework has been effectively implemented through an independent in-house internal audit function established by the Board, directly reporting to the Audit Committee.



— Field work of internal audit of Schools in South and South West Region was conducted through Internal Audit department of the foundation while previously for Schools in North, North West and GSP Regions, it was out sourced to an audit firm Avais Hyder Liaqat Nouman (Chartered Accountant) and was supervised by the Internal Audit department. From the session 2017-18 TCF has setup its own internal audit offices in North and North West Regions. All TCF Schools and GSP Region audit will be conducted by Internal Audit Department of the Foundation.

— Audit Reports of Schools in all six regions have been processed and generated through an audit software by the Internal Audit Department of the Foundation. A performance audit score is being calculated by the School Management System (SMS) for each school audited. For improvement as well as for better control in Schools, Area office, Regional office and Garages, several trainings / meetings were conducted throughout the year by Head of Internal Audit and checklist for Area Manager Visit to School has also been introduced.

— Internal Audit Department also conducted internal audit of all Regions, Area offices, garages and selected Head Office functions in accordance with internal audit plan duly approved by the Audit Committee. Certain follow-up audits were also conducted for actions taken.

— The Head of Internal Audit has direct access to the Chairman of Audit Committee for discussing any serious matter and for guidance in performing the assigned task professionally and diligently.

— The Audit Committee has ensured achievements of operational, compliance and financial reporting objectives and safeguarding the assets of the Foundation through effective internal control and risk management at all levels within the Foundation.

— Coordination between External and Internal Auditors has facilitated to ensure efficiency and contribution to the Foundation's objective, including a reliable financial reporting system and compliance with Laws and regulations.

External Audit

— Statutory auditors of the Foundation, M/s. KPMG Taseer Hadi & Co. Chartered Accountant, have completed their audit engagement of the "Foundation's Financial Statements" for the year ended 30 June 2017 and shall retire on the conclusion of the 21st Annual General Meeting.

— Audit Committee has reviewed and discussed the auditors' report.

— The Audit Firm has been given a satisfactory rating under the Quality Control Review Programme of the ICAP and the Firm is fully compliant with the IFAC Guidelines on the Code of Ethics, as adopted by the ICAP.

— Both TCF and KPMG have safeguards in place to avoid the possibility that the external auditors' objectivity and independence could be compromised.

— Being eligible for re-appointment as Auditor of the Foundation, the Audit Committee recommends reappointment of M/s. KPMG Taseer Hadi & Co. Chartered Accountant- for the year ending 30 June 2018.



Code of Conduct and Governance Policies



Our values and principles are reflected in our guidelines, which we have laid out in our employee code of conduct and governance policies. We are convinced that as a result these will help us build lasting relationships of trust with our stakeholders and will foster sustainable impact.

To ensure a successful and positive environment in our workspace, a code of conduct has been put in place where the following activities can result in disciplinary action:

- Consistent lack of punctuality
- Giving illegal / unreasonable direction to others
- Unjustified / unauthorised absenteeism
- Using influence or external pressure for promotion, transfer or induction
- Unsatisfactory / negligent performance
- Conduct that violates decency and morality
- Smoking at non-designated areas
- Theft of any of the properties / assets of Foundation
- Breaking of safety regulations
- Habitual resting / sleeping during office timings
- Breach of privacy and/or trust
- Bullying / intimidation / uncalled for behaviour/mental and gender harassment
- Misusing confidential information / record
- Discrimination on basis of caste, creed, religion & gender
- Falsification of records
- Undue patronage / nepotism
- Offering / accepting bribes and gifts
- Using office timings and/or resources for personal use
- Intentional damage to Foundation's property
- Mishandling / misusing Foundation's resources and property
- Reporting on duty drugged or intoxicated
- Activities bringing disrepute to Foundation
- Inappropriate public comment and/or rumour mongering
- Use or possession of arms and explosives
- Insubordination / failure to obey legitimate instruction

Whistle Blowing Policy

TCF has implemented a Whistle Blowing Policy with effect from 01 July 2014 as part of its broader efforts to ensure that all employees adhere to guidelines laid out in the Foundation's Code of Conduct. This policy has laid out procedures for lodging, handling and reporting of concerns whilst also ensuring the protection of a whistle blower's identity. Monitoring of the effectiveness and compliance of the Whistle Blowing Policy has to be carried out by the Audit Committee. During the year ended 30 June 2017, no complaint was reported.

Operational Continuity Planning & Procedures for Data Protection

As part of the Foundation's efforts to ensure continuity of operations, an action plan is in place that aims to prevent the breakdown of TCF's operations and to restore them in as little time as possible if they are interrupted by any unexpected event or natural disaster. TCF has formulated detailed standard operation procedures (SOPs) for the backup of its assets including the virtual data. It has designed an effective backup plan to ensure that all the critical data and information remains intact.

Mechanism for Providing Information to the Board

Formal Reporting Line

There are six regions and broadly thirteen departments of the Foundation, each led by a Head reporting directly to the Vice Presidents. The Vice Presidents report to the CEO. Clear lines of authority run from top to bottom of the organisational structure and represent formal communication channels. The CEO is responsible for formally communicating with the Board.

Employees

We believe in a culture of openness and freedom of expression. We do this by providing several forums for employees to bring their valuable suggestions and feedback to the management and the Board. TCF has provided a server based Improvement Opportunity System (IOS) accessible to all employees allowing them to share their feedback, concerns and recommendations directly with the CEO and Head of Departments.

Donors

The Foundation has provided its contact details and other information to facilitate donors on its website www.tcf.org.pk

Managing Conflict of Interest

As per the provisions of the Repealed Companies Ordinance, 1984, every Director is required to provide the Board with complete details regarding any material transaction which may cause a conflict of interest with the Foundation, for prior approval of the Board. The interested Director(s) do not participate in the discussion nor do they vote on such matters.

The transactions with all the related parties are made on an arms-length basis and complete details are provided to the Board for their approval. Furthermore, all transactions with the related parties are fully disclosed in the Financial Statements of the Foundation.





Risk Mitigation Plan

Risk	Mitigation Plan
Internal Controls	A robust internal control system is in place that is continuously monitored by the Foundation's Internal Audit Function and through other monitoring procedures.
Reputation Management	Protection of Foundation's brand assets along with ensuring the provision of high quality services. Establishing strong internal controls and reinforce the code of conduct for the management and staff.
Employee Recruitment and Retention	Strong emphasis on the Foundation's Human Resource and its skill set. We try to work with the best talent management and human resource tools to attract, retain, motivate, educate and nurture TCF employees.
Investment Risk	Diversified investment policy and active management of its portfolio to match the required risk profiles.
Currency Risk	Close monitoring of currency markets.
Cost and Availability of Funds	Diversified sources of funds.



Quality Control Measures

The Quality Assurance (QA) team reinforces accountability, transparency and organisational learning of all stakeholders through systematic evaluation of educational policies, programmes and processes. To assess the quality of students' learning the team has developed a systematic, centralised assessment system. The QA team conducts two centralised exams (Mid Term and Final Term) in an academic year. Students' results are then entered into the system for report generation and future planning.

Procedures Adopted for Stakeholder Engagement

The Foundation recognises and respects the rights of each and every stakeholder including members, employees, financial institutions, creditors, business partners, local communities and others. The Foundation is also cognizant of its legal and constructive obligations towards its stakeholders and takes their input into consideration.

Regulators

TCF continually engages with the Government of Pakistan and other regulatory bodies at local, provincial and federal levels on various education related matters and issues.

Media

TCF engages with media through press releases as and when required.

Other Stakeholders

Other stakeholders include donors, bankers, suppliers and employees. TCF engages with these stakeholders on a regular basis through meetings and other ways of correspondence.

Role of the Chairman and CEO



Role of the Chairman

The Chairman of the Board of Directors ensures that the organisation's trajectory is aligned with its Vision, at all times. Providing leadership and direction to the Board, the Chairman ensures that the Board fulfills its responsibilities in a diligent manner. The Chairman's role entails the following:

— Ensure that all members of the Board participate in all meetings and have the opportunity to explain their opinion.

— Ensure that dissent of Directors, if any, is properly recorded in the minutes of meetings.

— Ensure that minutes truly reflect what transpired during the meetings.

— Ensure that the Board discharges its role effectively and swiftly in line with regulatory requirements.

— Ensure that the Board subcommittees perform their designated functions with due diligence.

Role of The President & CEO

The role of the President & CEO constitutes an absolutely engaged position, demanding complete involvement in leading the organisation. The role entails the following:

— Ensure execution of the strategy developed by the Board.

— Ensure that the Foundation maintains its business position and brand image as one of the leading non-profit organisations of the country.

— Efficiently allocate and manage organisational resources and budgets to ensure achievement of objectives that contribute to the attainment of the long-term strategic goals.

— Establish a systems of checks and controls to support the fast-paced growth of the Foundation.

— Provide liaison between the Board and the Foundation's management to ensure alignment of managerial efforts with Board's directives.

— Foster a culture of professionalism and high ethical standards within the Foundation.

— Facilitate an organisational culture of continuous improvement to ensure quality education outcomes and enhanced donor services.

President & CEO's Performance Review

The President & CEO of TCF is responsible for supervising and leading the strategic and managerial affairs of the organisation. Various elements of the President & CEO's performance are monitored and discussed periodically by the Board. As leader of the organisation and executor of its long- term strategy approved by the Board, the President & CEO is evaluated on parameters such as governance and compliance, business processes and policies, financial performance, people management and facilitating the desired organisational culture of integrity, ownership and continuous improvement.



بسم الله الرحمن الرحيم

نحمده و نصلی علی رسوله الکریم

Annual Shariah Review Report

TCF is a professionally managed, non-profit and philanthropic organisation set up in 1996 by a group of citizens concerned with the dismal state of education in Pakistan. It is now one of Pakistan's leading organisations in the field of formal education.

The organisation's financial needs are being covered by general donations and Zakat that Pakistani individuals and corporate throughout the world contribute towards. To ensure that the whole process is Shariah compliant, both in letter and in spirit, the undersigned has been appointed as an independent Shariah Advisor to review all Zakat related documents and procedures.

In capacity of Shariah Advisor, I reviewed the procedures adopted by TCF for collection and utilisation of Zakat for the financial year ended 30 June 2017.

Based on my review, I confirm that The Citizens Foundation is collecting and spending Zakat fund in accordance with the instructions of Shariah. It is also confirmed that whosoever will give Zakat to this Foundation; their Zakat will be paid as per Shariah point of view.

Allah (SWT) may grant the management of The Citizens Foundation best reward for their services, and may give in their mission more blessings and sincerity. Aameen



MUFTI IBRAHIM ESSA

Shariah Advisor
The Citizens Foundation
Date: 30 August 2017

Profile of Shariah Advisor

Mufti Ibrahim Essa has completed his Darse Nizami (Masters in Quran and Sunnah) and Takhassus Fil Fiq (Specialisation in Islamic Jurisprudence) from Jamiah Darul Uloom Karachi, under the supervision of Mufti Muhammad Taqi Usmani. Mufti Ibrahim has been a teacher and member of Darul Ifta Darul Uloom Karachi since September 2006.

He has been associated with The Citizens Foundation since 1st May 2013 in the capacity of Shariah Advisor. Apart from TCF, Mufti Ibrahim Essa has been associated as Shariah Advisor with a number of Islamic financial institutions, Takaful companies, Mudarabas and audit firms as well as being the Shariah Consultant for leading charitable organisations on matters relating to Zakat. He has written more than two thousand Fatawa on a range of topics.

THE CITIZENS FOUNDATION

Notice of 21st Annual General Meeting of Members

Notice is hereby given to all the members of **The Citizens Foundation** that **21st Annual General Meeting** of the Foundation will be held on **Thursday, 26 October 2017 at 11:30 am** at TCF Registered Office, Plot No. 20, Sector 14, Korangi Industrial Area, Karachi-74900 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Financial Statements of the Foundation for the year ended 30 June 2017 together with Auditors' Report thereon.

2. To adopt the Directors' Report and Review Report by the Chairman for the year ended 30 June 2017.

3. To appoint Foundation's Auditors for the year ending 30 June 2018 and to fix their remuneration. M/s. KPMG Taseer Hadi & Co. Chartered Accountants, retired and being eligible, offer themselves for reappointment.

Special Business:

1. To approve the insertion of new Articles 99 to 102 on the recommendation of PCP. SECP has approved new articles.

By order of the Board.

Khwaja Bakhtiar Ahmed
Company Secretary

Date: 04 October 2017
Place: Karachi

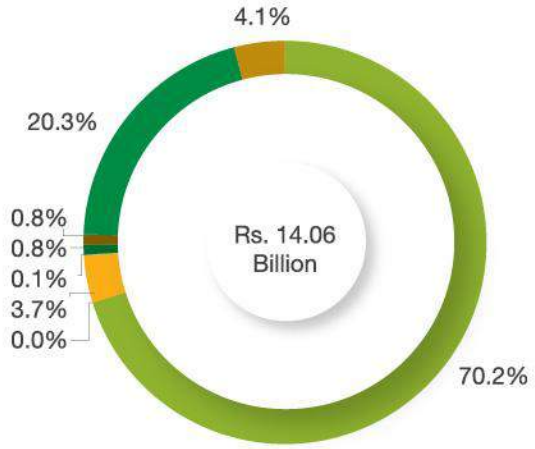


ESTABLISHING INTEGRITY THROUGH **TRANSPARENCY**

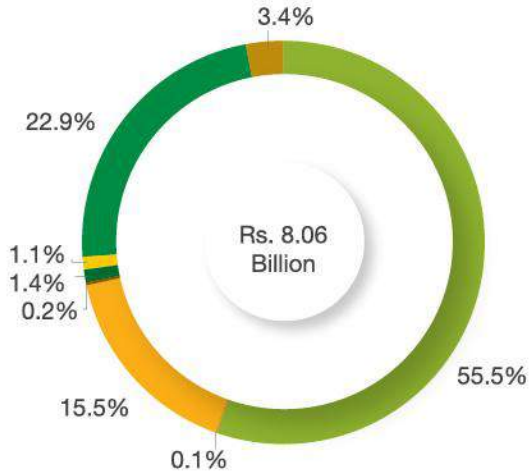
Financial Highlights

Graphical Presentation of Balance Sheet

Assets 2017



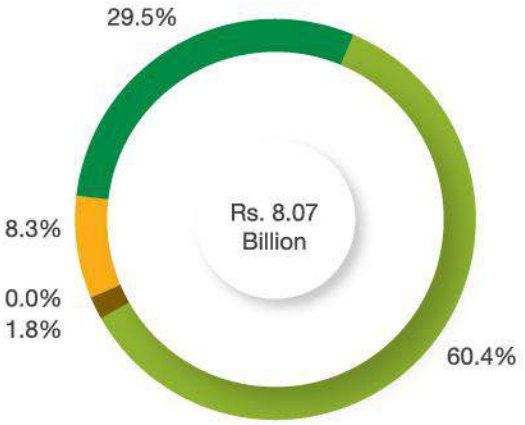
Assets 2016



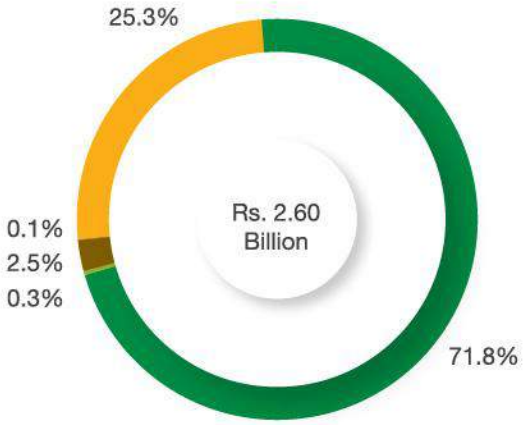
Property and Equipment | Intangible Assets | Long Term Investments | Long Term Deposits

Advances and Prepayments | Accrued Income and Other Receivables | Short Term Investments | Cash and Bank Balances

Funds and Reserves 2017



Funds and Reserves 2016

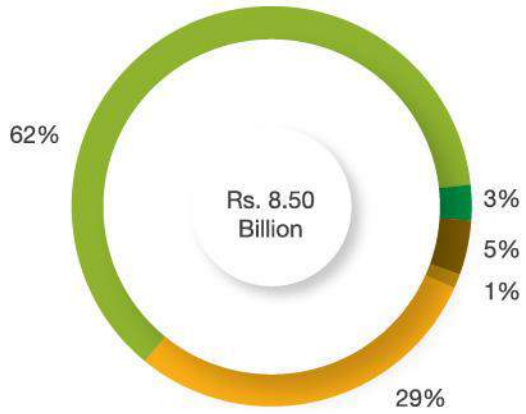


Surplus / (deficit) of income over expenditure for the year | Unrealized gain on remeasurement of available for Sale Investments

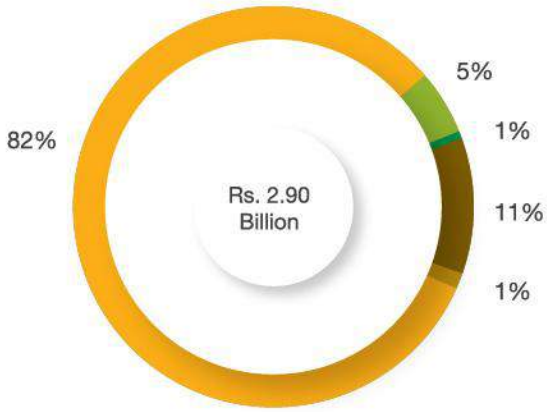
Endowment Fund | General Fund | Capital Fund

Graphical Presentation of Income and Expenditure Account

Income 2017

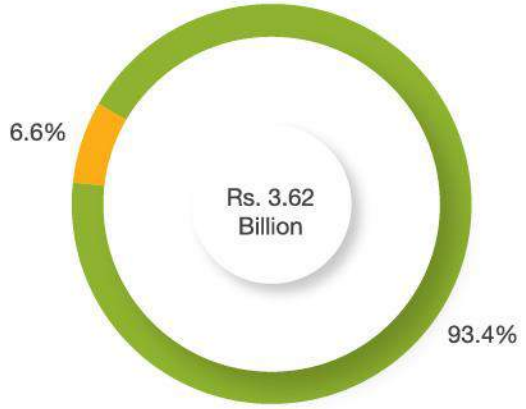


Income 2016

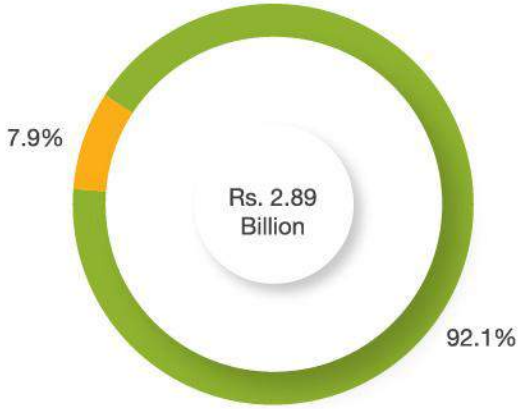


Fair value of contributed land and assets related donations
Support Donations
Contribution from Government
Concessional tuition fees
Income on investments etc

Operating Expenditure 2017



Operating Expenditure 2016



Education Programme
Programme Administration

Receipts Pattern

This receipts pattern includes donations for school support, students' education (KG to Matric), building schools and other incomes. Donations received for TCF relief operations are not included in this pattern.

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Growth %	28%	3%	13%	27%	21%	11%	24%	23%	13%	9%
Amount	945m	972m	1,100m	1,395m	1,682m	1,873m	2,321m	2,864m	3,229m	3,505m

Financial Highlights Six Years Financial and Operating Information at a Glance (2012 -o 2017)

Operating Results (Rupees in Million)	2017	2016	2015	2014	2013	2012
Donation and Concessional Fees	**8,401.0**	2,862.5	2,368.4	1,874.7	1,523.9	1,307.2
Other Income	**95.4**	36.0	138.0	120.2	116.0	127.1
Education Programme Expenses	**3,380.9**	2,660.3	2,277.6	1,860.7	1,524.4	1,270.3
Programme Administration	**239.5**	229.7	189.8	177.8	133.7	106.3
Surplus / (deficit) of Income over Expenditure for the Year	**4,876.1**	8.4	39.0	(43.6)	(18.2)	57.6
Financial Position (Rupees in Million)						
School Land and Building	**9,324.9**	3,924.3	3,581.8	3,152.3	2,801.3	2,553.9
Other Non-Current Assets	**1,082.5**	1,818.0	1,874.3	1,337.0	759.2	549.1
Current Assets	**3,648.9**	2,319.0	1,516.8	1,424.6	1,193.6	932.3
Total Assets	**14,056.3**	8,061.2	6,972.9	5,913.9	4,754.1	4,035.4
Deferred Income	**5,542.0**	5,074.3	4,417.3	3,890.4	3,353.6	2,897.9
Current Liabilities	**444.7**	388.1	397.8	240.1	180.9	148.6
Total Liabilities	**5,986.6**	5,462.3	4,815.1	4,130.6	3,534.5	3,046.5
Net Assets	**8,069.7**	**2,598.9**	**2,157.8**	**1,783.3**	**1,219.6**	**988.9**
Capital Fund	**2.4**	2.4	2.2	2.2	2.1	1.5
General and Other Funds	**667.0**	658.6	656.8	700.4	763.9	725.2
Endowment Fund	**2,378.7**	1,865.0	1,369.9	972.9	356.4	184.2
Unrealized gain on remeasurement of available for sale investments	**145.5**	64.5	89.9	151.4	115.4	20.4
Total Funds	**8,069.7**	**2,598.9**	**2,157.8**	**1,783.3**	**1,219.6**	**988.9**
Expenses Pattern (in %)						
Education Programme	**93.4%**	92.1%	92.3%	91.3%	91.9%	92.3%
Programme Administration	**6.6%**	7.9%	7.7%	8.7%	8.1%	7.7%
Key Financial Ratios (in Times)						
Current Ratio	**8.2**	6.0	3.8	5.9	6.6	6.3
Cash to Current Liabilities	**1.3**	0.7	0.4	0.4	0.4	0.5
Summary of Cash Flow Statement (Rupees in Million)						
Cash and cash equivalents at beginning of the year	**1,141.9**	760.5	681.1	574.6	68.0	174.1
Cash Flows from Operating Activities	**4,347.8**	(595.4)	(457.4)	(319.0)	(201.8)	(96.9)
Cash Flows from Investing Activities	**(5,433.8)**	(873.0)	(1,083.3)	(1,175.9)	(264.7)	(737.2)
Cash Flows from Financial Activities	**1,710.2**	1,849.8	1,620.1	1,601.4	972.9	728.0
Increase / (decrease) in Cash and Cash Equivalents	**624.1**	381.4	79.4	106.5	506.5	(106.1)
Cash and cash equivalents at end of the year	**1,766.1**	1,141.9	760.5	681.1	574.6	68.0
Other Data (Rupees in Million)						
Foreign Exchange Remittance (Pak Rupee Equivalent) for all Donations Received	**1,660.0**	1,673.0	1,668.0	1,695.0	1,079.0	962.0
Tax Deducted and Deposited into Government Treasury as Withholding Tax Agent	**84.68**	82.70	57.50	36.50	33.30	36.0

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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Fax +92 (21) 3568 5095
Internet www.kpmg.com.pk

Auditors' Report to the Members

We have audited the annexed balance sheet of The Citizens Foundation ("the Foundation") as at 30 June 2017 and the related income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in funds and reserves together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Foundation as required by the repealed Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change in accounting policies as stated in note 2.6 to the accompanying financial statements, with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in funds and reserves together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Foundation's affairs as at 30 June 2017 and of the surplus, its cash flows and changes in funds and reserves for the year then ended; and

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

We draw attention to note 2.6.1 to the financial statements. The Foundation has changed its accounting policy with respect to contributed / donated lands in order to bring it in conformity with Section 8 of the Accounting Standard for Not for Profit organisations issued by the Institute of Chartered Accountants of Pakistan duly approved by the Securities and Exchange Commission of Pakistan. Management has carried out estimate of fair values through process as more fully explained in aforementioned note to the financial statements. Our opinion is not qualified in respect of this matter.

Date: 22 September 2017

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Balance Sheet

As at 30 June 2017

	Note	2017	2016
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property and equipment	4	**9,862,453**	4,470,847
Intangible assets	5	**6,544**	7,411
Long term investments	6	**525,739**	1,251,287
Long term deposits		**12,666**	12,736
		10,407,402	5,742,281
Current Assets			
Advances and prepayments	7	**110,636**	109,057
Accrued income and other receivables	8	**117,537**	90,640
Short term investments	9	**2,850,472**	1,844,055
Cash and bank balances	10	**570,280**	275,205
		3,648,925	2,318,957
Total Assets		**14,056,327**	8,061,238
LIABILITIES			
Non-Current Liabilities			
Deferred income relating to operating fixed assets	11	**4,776,916**	4,447,313
Deferred income relating to school support, grants and children education	12	**765,060**	626,972
		5,541,976	5,074,285
Current Liabilities			
Accrued expenses and other liabilities	13	**444,664**	388,061
Total liabilities		**5,986,640**	5,462,346
Net assets		**8,069,687**	2,598,892
REPRESENTED BY:			
FUNDS AND RESERVES			
Capital fund	14	**2,400**	2,400
General fund		**667,019**	658,576
Endowment fund	15	**2,378,663**	1,864,982
Surplus of income over expenditure for the year		**4,876,059**	8,443
Unrealized gain on remeasurement of available for sale investments		**145,546**	64,491
		8,069,687	2,598,892
Contingencies and Commitments	16		

The annexed notes 1 to 28 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Income and Expenditure Account

For the year ended 30 June 2017

	Note	2017	2016 (Restated)
		(Rupees in '000)	
INCOME			
Donations and concessional tuition fees	17	**8,401,049**	2,862,468
Income on investment - net	18	**79,876**	24,295
Gain on disposal of fixed assets		**15,548**	11,692
		8,496,473	2,898,455
OPERATING EXPENDITURE			
Education Programme			
School expenditures	19	**2,115,774**	1,498,306
Books, copies, uniforms and other school supplies		**266,097**	299,266
Repair and maintenance charges		**87,059**	128,322
School vehicle running and maintenance		**123,685**	89,932
Teachers' training		**62,560**	62,407
School supervision and monitoring		**254,504**	177,209
Depreciation on school assets	20	**423,340**	355,164
Other expenses	21	**47,873**	49,679
		3,380,892	2,660,285
Programme Administration			
Salaries and other benefits	22	**129,141**	111,391
Marketing expense		**50,925**	62,778
Vehicle running and maintenance		**5,081**	4,857
Travelling and conveyance		**2,970**	2,789
Utilities		**4,518**	4,923
Communication		**5,286**	3,378
Printing and stationery		**4,984**	3,685
Depreciation	20	**21,115**	18,735
Other expenses	23	**15,502**	17,191
		239,522	229,727
Total Operating Expenditure		**3,620,414**	2,890,012
Surplus of income over expenditure for the year		**4,876,059**	8,443

The annexed notes 1 to 28 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Statement of Comprehensive Income

For the year ended 30 June 2017

	2017	2016
	(Rupees in '000)	
Surplus of income over expenditure for the year	**4,876,059**	8,443
Unrealized gain / (loss) on remeasurement of available for sale investments	**116,532**	(20,874)
Reclassification adjustments relating to gain on disposal of available for sale investments	**(35,477)**	(4,497)
Other comprehensive income for the year	**81,055**	(25,371)
Total comprehensive income for the year	**4,957,114**	(16,928)

The annexed notes 1 to 28 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Cash Flow Statement

For the year ended 30 June 2017

	Note	2017	2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	24	**(753,777)**	(593,262)
Long term deposits		**70**	(2,163)
Net cash used in operating activities		**(753,707)**	(595,425)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(737,056)**	(739,226)
Sales proceeds on disposal of fixed assets		**17,946**	12,230
Investments		**164,724**	(338,030)
Profit on bank deposits received		**6,723**	7,737
Dividend received		**21,154**	-
Income on investments		**194,198**	184,319
Net cash used in investing activities		**(332,311)**	(872,970)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital fund		**-**	200
Endowment fund		**513,681**	457,841
Deferred receipts relating to build donations	11	**525,963**	746,588
Deferred receipts relating to school support, grants and children education	12	**670,510**	645,180
Net cash from financing activities		**1,710,154**	1,849,809
Net increase in cash and cash equivalents		**624,136**	381,414
Cash and cash equivalents at beginning of the year		**1,141,915**	760,501
Cash and cash equivalents at end of the year	24.2	**1,766,051**	1,141,915

The annexed notes 1 to 28 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Statement of Changes in Funds & Reserves

For the year ended 30 June 2017

	Capital fund	General fund	Endowment fund	Accumulated Surplus	Unrealised gain on remeasurement of available for sale investments	Total
	(Rupees in '000)					
Balance as at 01 July 2015	2,200	656,815	1,369,911	38,991	89,862	2,157,779
Addition during the year	-	-	457,841	-	-	457,841
Transfer of surplus of income over expenditure to the general fund	-	38,991	-	(38,991)	-	-
Transfer from General Fund to Endowment Fund	-	(37,230)	37,230	-	-	-
	-	1,761	495,071	(38,991)	-	457,841
Transaction with members of the Foundation recognised directly in Funds and Reserves for the year ended 30 June 2016						
Contribution received during the year	200	-	-	-	-	200
Total comprehensive income for the year						
Surplus of income over expenditure for the year	-	-	-	8,443	-	8,443
Other comprehensive income						
Unrealized loss on remeasurement of available for sale investments	-	-	-	-	(20,874)	(20,874)
Reclassification adjustments relating to gain on disposal of available for sale investments	-	-	-	-	(4,497)	(4,497)
Total comprehensive income for the year	-	-	-	8,443	(25,371)	(16,928)
Balance as at 30 June 2016	2,400	658,576	1,864,982	8,443	64,491	2,598,892
Addition during the year	-	-	**513,681**	-	-	**513,681**
Transfer of surplus of income over expenditure to the general fund	-	**8,443**	-	**(8,443)**	-	-
Total comprehensive income for the year	-	**8,443**	**513,681**	**(8,443)**	-	**513,681**
Surplus of income over expenditure for the year	-	-	-	**4,876,059**	-	**4,876,059**
Other comprehensive income						
Unrealized gain on remeasurement of available for sale investments	-	-	-	-	**116,532**	**116,532**
Reclassification adjustments relating to gain on disposal of available for sale investments	-	-	-	-	**(35,477)**	**(35,477)**
Total comprehensive income for the year	-	-	-	**4,876,059**	**81,055**	**4,957,114**
Balance as at 30 June 2017	**2,400**	**667,019**	**2,378,663**	**4,876,059**	**145,546**	**8,069,687**

The annexed notes 1 to 28 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Notes to the Financial Statements

For the year ended 30 June 2017

1. LEGAL STATUS AND NATURE OF OPERATIONS

The Citizens Foundation ("the Foundation") was incorporated in Pakistan as company limited by guarantee on 24 September 1996 under section 42 of the Companies Ordinance, 1984 (repealed Ordinance). The Foundation is principally engaged in establishing schools to promote education. The Foundation receives funds from cross sections of society within and outside Pakistan for building of schools as well as for its operations. These donations are made by organisations, institutions and individuals.

The registered address of the Foundation is Plot 20, Sector 14, Korangi Industrial Area, Karachi, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Accounting Standard for Not for Profit Organisations issued by the Institute of Chartered Accountant of Pakistan (ICAP) as approved by the Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 413 (I) / 2016 dated 11 May 2016 for its adoption by companies formed under Section 42 of the repealed Companies Ordinance, 1984 became effective during the year. Accordingly the statement of compliance of the Foundation has been revised as follows:

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and the Accounting Standard for Not for Profit Organisations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued thereunder. In case requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 shall prevail.

The adoption of Accounting Standard for NPOs have resulted in change in accounting policies of the Foundation as specified in note 2.6 to the financial statements.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except as stated otherwise in these financial statements.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Foundation's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand rupee.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with significant risk of material adjustment in the next year are described in the following:

- Property and equipment and Intangible assets (notes 3.1 and 3.2).

- Investments (note 3.3)

- Impairment (note 3.5)

- Provisions (note 3.12)

2.5 Standards, Interpretations and amendments which became effective during the year

The adoption of Accounting Standard for NPOs have resulted in change in accounting policies of the Foundation as detailed in note 2.6 below:

Apart from above, certain amendments to the approved accounting standards and interpretations became effective during the year which were not relevant to the Foundation's accounting policies.

2.6 Changes in accounting policies

The Foundation has adopted Accounting Standard for NPOs as issued by the ICAP, which has resulted in change in accounting policies of the Foundation and adjustments to the amounts recognised in the financial statements as detailed below:

2.6.1 Previously, the Foundation had a policy to recognise donated / contributed lands at nominal value. However, Section 8 of the Accounting Standard for NPOs requires contributed asset to be recognised at its fair value at the date of contribution and fair value be estimated using market or appraisal values. In unusual circumstances when fair value cannot be reasonably determined the asset should be recorded at nominal value to ensure monitoring and accountability.

The Foundation has received several lands donated by various donors since its inception which are spread all over the Country and previously have been measured at nominal value in the books. During the year, management has carried out an exercise for estimation of fair value of such contributed / donated lands through inquiries regarding recent transactions in similar lands, physical survey, information available with area or regional manager of the Foundation and rates inquired from real estate brokers / dealers in those areas. Management consider that ascertaining fair value of donated / contributed lands uses significant unobservable inputs as such valuations would be highly subjective and it would be impossible to reliably recreate the subjective considerations that would have been taken into account when making the original estimate in the earlier periods when such lands were donated. Hence it is not possible to have information that provides evidence of circumstances that existed on the dates as at which such lands were donated and that would have been available when the financial statements for that prior period were authorised for issue. Consequently, it is impracticable to apply such change retrospectively; accordingly, the effects of such change has been incorporated in the current period.

2.6.2 In addition, previously the Foundation was recording the net deficit of schools as subsidies in its income and expenditure accounts. Section 4 'Financial statements presentation' of the Accounting Standard for NPOs requires revenues and expenses be recognised and presented at their gross amounts and consequently, the individual items of receipts and payments pertaining to the Schools are now separately incorporated in the Foundation's income and expenditure account.

2.6.3 Effect of adjustments arising from adoption of Accounting Standard for NPOs

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the change have not been included.

Effect of change in accounting policy for contributed / donated lands:

	30 June 2017
Balance sheet	
Property and equipment	5,101,530

	For the year ended 30 June 2017
Income and expenditure account	
Fair value of contributed / donated land	5,101,530

Effect of change in accounting policy for school expenditures:

The gross presentation of items of receipt and expenditure pertaining to schools in these financial statements have not resulted in adjustments of opening net assets as at the date of transition since the net deficit of such amounts was already incorporated in the financial statements of the Foundation in previous years. However, the line item pertaining to Donation and Fees and School expenditures for comparative period presented have been impacted owing to gross presentation. The effect is as follows:

	For the year ended 30 June 2016		
	As previously reported	Impact due to change in policy	As restated
	-------- (Rupees in '000) --------		
Effect on income and expenditure account			
Donations and concessional tuition fees	2,527,049	335,419	2,862,468
School expenditures*	(1,184,618)	(313,688)	(1,498,306)
Teachers' Training	(62,290)	(117)	(62,407)
Books, copies, uniforms and other school supplies	(289,052)	(10,214)	(299,266)
Repair and maintenance charges	(118,123)	(10,199)	(128,322)
School vehicle repair and maintenance charges	(88,731)	(1,201)	(89,932)

* Owing to gross presentation in the current period, the line item of subsidies to schools used in prior years has been changed to school expenditures.

Effect on income and expenditure account for the year ended 30 June 2017

	Adjustments
Donations and concessional tuition fees	616,041
School expenditures	(509,621)
Teachers' Training	(16,900)
Books, copies, uniforms and other school supplies	(38,420)
Repair and maintenance charges	(39,791)
School vehicle repair and maintenance charges	(11,309)

2.6.4 Reconciliation of surplus / (deficit) for the year ended 30 June 2017 in accordance with Accounting Standard for NPOs

In accordance with Section 14 of the Accounting Standard for NPOs a reconciliation to surplus or (deficit) in accordance with that Standard for the latest period in the Foundation's most recent annual financial statements to the surplus or deficit that would have been in accordance with previous framework is as follows:

Deficit for the year ended 2017 in accordance with previous framework for the same period	**(225,471)**
Effect of:	
Fair value of contributed / donated lands	**5,101,530**
Concessional tuition fees from students	**374,517**
Contribution from Government	**241,524**
Expenditures of schools	**(2,115,774)**
Subsidies to schools	**1,499,733**
Surplus for the year ended 30 June 2017 in accordance with the Accounting Standard for NPOs as reported in income and expenditure accounts	**4,876,059**

2.7 Amendments to existing Approved Accounting Standards and Interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2017:

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

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

- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards. The amendments are not likely to have an impact on 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 IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

  - Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5

- 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Foundation's financial statements.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organisation and other similar entities may elect to measure investments in associate through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Foundation's financial statements.

  The above improvements to standards are not likely to have material / significant impact on Foundation's financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognised. 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 recognised. 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.

- 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.

- In addition, the Companies Act, 2017 was enacted on 30 May 2017 and the SECP vide its Circular 17 dated 20 July 2017 has clarified that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. The Companies Act, 2017 applicable for financial year beginning on or after 1 July 2017 requires certain additional disclosures which will be included in the Foundation's annual financial statements for the year ending 30 June 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for change as disclosed in note 2.6 to these financial statements.

3.1 Property and equipment

Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold and leasehold land and donated land and buildings. Cost includes expenditure directly attributable to the acquisition of an asset. The cost of self-constructed asset includes the cost of materials, direct labour and any other costs directly attributable to bring the asset to a working condition for its intended use. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably.

The value assigned to the leasehold land is not depreciated since the lease is renewable at the option of the lessee.

The Foundation reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of

operating fixed assets and intangible asset with a corresponding affect on the depreciation and amortisation charge and impairment.

Donated / contributed lands are stated at fair value at the date of contribution / donation or actual cost of acquisition as the case may be. Fair of donated / contributed land are measured at valuation determined by the management. Donated buildings are initially measured at valuation determined by the management and subsequently carried at valuation less accumulated depreciation and accumulated impairment, if any. Depreciation is charged to income and expenditure account under the straight-line basis at rates specified in respective note to these financial statements. Depreciation is charged on operating fixed assets from the date asset is available for intended use up to the date the asset is disposed off.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Normal repairs and maintenance are charged to income and expenditure account as and when incurred. Gains and losses on disposal of an item of property and equipment are taken to income and expenditure account.

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred in the course of their construction and installation. Assets are transferred to operating fixed assets when they are available for intended use.

3.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

Costs that are directly associated with identifiable software products controlled by the Foundation and have probable economic benefit beyond one year are recognised as intangible assets.

Costs associated with maintaining computer software products are recognised as expense as and when incurred.

3.3 Investments

All investments in equity securities and units / certificates of open and closed end mutual funds classified as available for sale are initially recognised at and subsequently re-measured at fair value at each balance sheet date and any resultant gain or loss is recognised directly in the funds and reserves until the investment is disposed off or impaired, at which time these are transferred to income and expenditure account. Any reversal in impairment loss is recognised in income and expenditure account except for equity instruments in which case it is recognised in statement of funds and reserves.

The fair value of these investments are determined on the basis of year-end bid prices obtained from stock exchange quotations and the relevant redemption prices for open end mutual fund units.

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Investments classified as held to maturity are recognised initially at fair value, plus attributable transaction cost. Subsequent to initial recognition, these are stated at amortised cost.

3.4 Other payables

Other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

3.5 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred and that the loss event has a negative effect on the estimated future cash flows of that asset.

In case of equity investment classified as available for sale and measured at fair value, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists, the cumulative loss measured as a difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised, is transferred from other comprehensive income to income and expenditure account. Such impairment losses are not subsequently reversed through the income and expenditure account.

3.6 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Foundation becomes a party to the contractual provisions of the instrument. The Foundation derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cashflows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. The Foundation derecognises financial liabilities at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income and expenditure account.

3.7 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Foundation has currently legally enforceable right to set-off the recognised amounts and the Foundation intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Foundation or the counter parties.

3.8 Income recognition

Donations for school operations are recognised as income as and when received.

Donations related to operating fixed assets e.g. for building schools etc. received in cash are recognised as deferred income and amortised over the useful lives of asset from the date the asset is available for intended use.

Donations received for school support and education of a child till matriculation are deferred and recognised as income on a systematic basis to match them with the related costs that they are intended to compensate.

Donations received in kind exceeding the capitalization limit are recognised as deferred income and amortised over the useful life of asset from the date the asset is available for intended use. Donations received in kind which are below the capitalization limit are recognised as income for the year.

Restricted contributions for the purchase of capital assets / contribution of capital assets, which will not be amortised are recognised as income upon purchase of capital assets / contribution of capital assets.

Gain or losses on sale of investments are included in income and expenditure account on the date at which the transaction takes place.

Dividend income is recognised when the right to receive dividend is established.

Grants are recognised in income and expenditure statement on a systematic basis over one or more years, under income approach.

Income on Pakistan Investment Bonds is recognised using the effective yield basis.

Income on deposit accounts, term deposits receipts and treasury bills are recognised on time proportion basis taking in to account the effective yield.

Concessional tuition fees from students are recognised on receipt basis.

Miscellaneous income, if any, is recognised on receipt basis.

3.9 Provision for compensated absences

The Foundation accounts for all accumulated compensated absences when employees render services that increase their entitlement to future compensated absences.

3.10 Expenses

All expenses are recognised in the income and expenditure account on accrual basis.

3.11 Taxation

The Foundation enjoys exemption from income tax under new sub-clause (xxx) of clause (66) of Part I of Second Schedule to the Income Tax Ordinance, 2001, consequently no provision for taxation is made in these financial statements. Further by virtue of sub-clause (ia) of clause (61) of Part I of the Second Schedule of the said Ordinance, any donation made to the Foundation by any person shall be allowed as admissible deduction. The exemption clauses became applicable from 01 July 2012.

3.12 Provisions

Provisions are recognised in the balance sheet when the Foundation has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.13 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at exchange rates prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies at the reporting date are translated into Pak Rupees at the rates of exchange prevailing on the reporting date. Exchange differences, if any, are included in income and expenditure account.

3.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances with banks and other short term highly liquid investments with original maturities of three months or less.

3.15 Transfer to general fund

The Foundation transfers (deficit) / surplus of income over expenditure to general fund in the year in which it is approved.

3.16 Restricted contributions

A restricted contribution is a contribution subject to externally imposed stipulations that specify the purpose for which the contributed asset or fund is to be used. Endowment contributions are accumulated in the net assets balance. Externally restricted contributions for expenses of one or more future periods are "accumulated in the statement of financial position as deferred contributions and recognised as revenue in" the income and expenditure account in the same period or periods as the related expenses are recognised. Restricted contributions for the purchase of capital assets that will be depreciated are deferred and recognised as revenue in the income and expenditure account on the same basis as the depreciation expense related to the acquired capital assets. The net investment income earned, to the extent attributable to restricted contributions including endowment contribution / fund, are recognised as increase or decrease in the deferred contribution balance and endowment fund as the case may be.

4. PROPERTY AND EQUIPMENT

		2017	2016
		(Rupees in '000)	
Operating fixed assets	4.1	**9,435,400**	3,842,751
Capital work in progress	4.2	**402,319**	576,836
Advance for construction		**12,912**	15,141
Advance against purchase of operating fixed assets		**11,822**	36,119
		9,862,453	4,470,847

4.1 Operating Fixed Assets

	2017								
	School land		Building on		Furniture and fittings	Vehicles	Electrical equipment	Office and other equipments	Total
	leasehold	freehold	leasehold land	freehold land					
	(Rupees in '000)								
At 1 July 2016									
Cost	12,700	206,415	137,872	4,336,502	416,824	708,166	35,221	106,385	5,960,085
Accumulated depreciation	-	-	(24,145)	(1,373,103)	(207,848)	(422,869)	(20,918)	(68,451)	(2,117,334)
Net book value	12,700	206,415	113,727	2,963,399	208,976	285,297	14,303	37,934	3,842,751
Impact of change in accounting policy (refer note 2.6)	2,523,123	2,578,407	-	-	-	-	-	-	5,101,530
Additions / transfers from capital work in progress	2,300	46,227	175,616	546,668	70,375	69,328	8,947	18,511	937,972
Disposals / write-offs									
Cost	-	957	-	2,633	250	23,325	261	1,330	28,756
Accumulated depreciation	-	-	-	(1,958)	(239)	(22,628)	(261)	(1,272)	(26,358)
	-	957	-	675	11	697	-	58	2,398
Depreciation for the year	-	-	(18,587)	(250,509)	(37,457)	(115,758)	(6,093)	(16,051)	(444,455)
Closing net book value	2,538,123	2,830,092	270,756	3,258,883	241,883	238,170	17,157	40,336	9,435,400
At 30 June 2017									
Cost / fair value	2,538,123	2,830,092	313,488	4,880,537	486,949	754,169	43,907	123,566	11,970,831
Accumulated depreciation	-	-	(42,732)	(1,621,654)	(245,066)	(515,999)	(26,750)	(83,230)	(2,535,431)
Net book value	2,538,123	2,830,092	270,756	3,258,883	241,883	238,170	17,157	40,336	9,435,400
Depreciation rates (% per annum)	-	-	5	5	10	20	20	20	

	2016								
	School land		Building on		Furniture and fittings	Vehicles	Electrical equipment	Office and other equipments	Total
	leasehold	freehold	leasehold land	freehold land					
	(Rupees in '000)								
At 1 July 2015									
Cost	11,820	194,493	92,892	3,921,197	344,922	636,310	29,367	93,900	5,324,901
Accumulated depreciation	-	-	(18,575)	(1,168,937)	(176,348)	(328,715)	(15,517)	(54,928)	(1,763,020)
Net book value	11,820	194,493	74,317	2,752,260	168,574	307,595	13,850	38,972	3,561,881
Additions / transfers from capital work in progress	880	11,922	44,980	415,305	72,423	90,366	6,028	13,403	655,307
Disposals									
Cost	-	-	-	-	521	18,510	174	918	20,123
Accumulated depreciation	-	-	-	-	(502)	(18,144)	(141)	(798)	(19,585)
	-	-	-	-	19	366	33	120	538
Depreciation for the year	-	-	(5,570)	(204,166)	(32,002)	(112,298)	(5,542)	(14,321)	(373,899)
Closing net book value	12,700	206,415	113,727	2,963,399	208,976	285,297	14,303	37,934	3,842,751
At 30 June 2016									
Cost	12,700	206,415	137,872	4,336,502	416,824	708,166	35,221	106,385	5,960,085
Accumulated depreciation	-	-	(24,145)	(1,373,103)	(207,848)	(422,869)	(20,918)	(68,451)	(2,117,334)
Net book value	12,700	206,415	113,727	2,963,399	208,976	285,297	14,303	37,934	3,842,751
Depreciation rates (% per annum)	-	-	5	5	10	20	20	20	

4.1.1 School land includes lands acquired by the Foundation as well as received as donations.

4.1.2 Five school buildings which were constructed prior to the incorporation of the Foundation were donated at an estimated cost of Rs. 2 million each.

4.1.3 The documentation and transfer proceedings of 253 out of 470 donated / contributed lands by various donors have not yet been completed. Accordingly such lands have not been transferred in the name of the Foundation as at 30 June 2017. All such lands are transferred by various donors via gift deeds, trust deeds or memorandum of understanding. Management will appoint a consultant to assist them in completing transfer documents of such contributed / donated lands to transfer the registration of these lands in the name of the Foundation.

4.1.4 The book value of building on leasehold land includes:

	2017	2016
	(Rupees in '000)	
School buildings	**195,364**	47,407
Head Office building	**75,392**	66,320
	270,756	113,727

4.2 Capital Work in Progress

Balance as at 1 July		**576,836**	503,918
Expenditure incurred during the year	4.2.1	**547,767**	533,203
		1,124,603	1,037,121
Transferred during the year to:			
School buildings		**(710,340)**	(460,285)
Office building		**(11,944)**	-
		402,319	576,836

4.2.1 This represents civil works and related cost for the construction of schools and head office building.

5. INTANGIBLE ASSETS

Software	5.1	**1,410**	2,404
Advance against purchase of software		**5,134**	5,007
		6,544	7,411

5.1 Software

Net carrying value basis		
Opening net book value (NBV)	**2,404**	3,329
Additions (at cost)	**-**	519
Amortisation charge	**(994)**	(1,444)
Closing net book value	**1,410**	2,404
Gross carrying value		
Cost	**9,566**	9,047
Additions (at cost)	**-**	519
Accumulated amortisation	**(8,156)**	(7,162)
Net book value	**1,410**	2,404
Amortisation rate (% per annum)	**20**	20

6. LONG TERM INVESTMENTS

		2017	2016
		(Rupees in '000)	
Held to maturity			
Pakistan Investment Bonds (PIBs)	6.1	**33,961**	993,437
Available for sale			
Certificates of closed end funds			
PICIC Growth Fund		**430,647**	209,971
PICIC Investment Fund		**47,336**	35,660
		477,983	245,631
Units of open end funds			
Meezan Balanced Fund		**13,795**	12,219
		525,739	1,251,287

6.1 This represents investment in Pakistan Investment Bonds (PIBs) having maturity on 18 July 2018 (2016: maturities between 17 July 2017 and 18 July 2018) and carrying yield at 7.11% per annum (June 2016: 6.22% to 12.50% per annum). The PIBs have market value of Rs. 33.39 million (2016: Rs. 1,040.26 million) as at 30 June 2017 determined using PKRV sheet available from Financial Markets Association (Reuters).

7. ADVANCES AND PREPAYMENTS

Advances to staff for expenses - considered good	**100,400**	97,969
Advances to suppliers - considered good	**7,151**	9,331
Prepaid expenses	**3,085**	1,757
	110,636	109,057

7.1 This represents the advance given to miscellaneous suppliers and vendors in respect of purchase of stationery, uniforms and other study material.

8. ACCRUED INCOME AND OTHER RECEIVABLES

Accrued income on:		
- Pakistan Investment Bonds	**78,164**	67,588
- Treasury Bills	**257**	-
- Term Deposit Receipts	**5,814**	7,626
	84,235	75,214
Dividend receivable	**1,483**	-
Tax deducted at source	**31,475**	12,797
Other receivables	**344**	2,629
	117,537	90,640

9. SHORT TERM INVESTMENTS

		2017	2016
		(Rupees in '000)	
Held to maturity			
Term deposit receipts			
Local currency			
Faysal Bank Limited	9.1	**200,000**	225,000
Dubai Islamic Bank Pakistan Limited	9.2	**171,000**	-
Mobilink Micro Finance Bank Limited	9.3	**300,000**	-
Bank of Punjab Limited	9.4	**20,000**	-
Habib Metropolitan Bank Limited		**-**	50,000
Bank Al Habib Limited		**-**	50,000
Tameer Microfinance Bank Limited		**-**	340,000
		691,000	665,000
Foreign currency			
Bank Al-Habib Limited	9.5	**306,197**	186,010
Dubai Islamic Bank Pakistan Limited		**-**	198,550
NIB Bank Limited		**-**	205,695
		306,197	590,255
Government securities			
Pakistan Investment Bonds	9.6	**1,425,026**	464,310
Treasury Bills	9.7	**198,574**	-
		1,623,600	464,310
Available for sale			
Units of open end mutual funds			
Al-Ameen Islamic Preservation Fund IV		**-**	5,615
Askari High Yield Scheme		**15,310**	10,431
ABL Stock Fund		**46,165**	-
ABL Islamic Financial Planning Fund		**1,750**	-
ABL Financial Planning Fund		**25,141**	-
Alfalah GHP Stock Fund		**47,923**	-
NAFA Islamic Stock Fund	9.8	**53,045**	48,571
NAFA Riba Free Saving Fund	9.8	**19,452**	6,338
Atlas Income Fund		**2,090**	2,007
JS Income Fund		**-**	14,528
Faysal Savings Growth Funds		**-**	10,262
AKD Opportunity Fund		**13,196**	5,309
Meezan Asset Allocation Plan-1		**-**	11,174
Meezan Islamic Fund		**5,603**	-
MCB Pakistan Sovereign Fund		**-**	10,255
		229,675	124,490
		2,850,472	1,844,055

9.1 This represents investment in two local currency term deposit receipts maturing on 27 July 2017 (2016: maturities between 27 September 2016 to 15 October 2016) and carrying profit rate of 6.00% per annum (June 2016 : 6.00% to 6.20% per annum).

9.2 This represents investment in three shariah compliant local currency term deposit receipts maturing between 1 July 2017 and 30 July 2017 and carrying profit rate of 5.25% per annum.

9.3 This represents investment in four local currency term deposit receipts maturing between 27 July 2017 and 1 August 2017 and carrying profit rate of 7.00% per annum.

9.4 This represents investment in local currency term deposit receipts maturing on 31 July 2017 and carries expected profit rate of 5.50% per annum.

9.5 This represents term deposit receipts in US Dollar amounting to $2.92 million (June 2016: $1.78 million) having maturity on 7 July 2017 carrying profit at 1.00% (June 2016: 1.50%) per annum.

9.6 This represents Pakistan Investment Bonds having maturities between 17 July 2017 to 26 March 2018 (2016: maturing on 18 July 2016) and carrying yields between 5.81% to 12.50% per annum (June 2016: 11.84% to 12.08% per annum). The PIBs have market value of Rs. 1,428.555 million (2016: Rs. 466.66 million) as at 30 June 2017 determined using PKRV sheet available from Financial Markets Association (Reuters).

9.7 This represents Treasury Bills having maturities between 3 August 2017 to 14 September 2017 and carrying profits between 5.85% to 5.96% per annum. The Treasury bills have market value of Rs. 198 million (June 2016: Nil) as at 30 June 2017 determined using PKRV sheet available from Financial Markets Association (Reuters).

9.8 This represents investments under Shariah Compliant Capital Protected Plan managed by NBP Fullerton Asset Management Limited (NAFA) as per agreement dated 24 January 2013 with the Foundation.

10. CASH AND BANK BALANCES

			2017	2016
			(Rupees in '000)	
Cash in hand			**100**	100
Cash at bank:				
- in current accounts	- local currency		**23,534**	1,218
	- foreign currency		**24,500**	5,653
- in deposit accounts	- local currency	10.1	**481,330**	264,404
	- foreign currency	10.2	**40,816**	3,830
			570,180	275,105
			570,280	275,205

10.1 The deposit account also includes a security deposit of Rs. 62.903 million (2016: 48.91 million) on which 4.50% (2016: 4.50%) per annum return is offered. This represents deposits obtained mainly from teachers in order to discourage them from leaving the Foundation without notice and is refunded to them at the time of cessation of employment from Foundation. The security deposits are kept in a separate bank account as per the requirement of repealed Companies Ordinance, 1984.

10.2 Profit rate on deposit accounts ranges from 0.10% to 0.25% (2016: 0.10% to 0.25%) per annum for foreign currency deposit accounts and 2.40% to 6.00% (2016: 2.50% to 6.00%) per annum for local currency deposit accounts.

11. DEFERRED INCOME RELATING TO OPERATING FIXED ASSETS

	2017	2016
	(Rupees in '000)	
Opening balance	**4,447,313**	3,851,765
Donations received during the year	**525,963**	746,588
Amortisation for the year	**(196,360)**	(151,040)
Closing balance	**4,776,916**	4,447,313

12. DEFERRED INCOME RELATING TO SCHOOL SUPPORT, GRANTS AND CHILDREN EDUCATION

Opening balance			
Donations received during the year		**626,972**	565,580
Amortisation for the year	12.1	**670,510**	645,180
Reclassification to endowment fund		**(501,930)**	(583,788)
Reclassification to deferred income relating to operating fixed assets		**(10,492)**	-
Closing balance	12.2 & 12.3	**(20,000)**	-
		765,060	626,972

12.1 This includes grants received during the year from the following:

	2017			
Description of Grantors	**Grants as at 01 July 2016**	**Grants Received during the year**	**Amortisation for the year**	**Grants as at 30 June 2017**
	(Rupees in '000)			
United States Institute of Peace	**-**	**2,090**	**2,090**	**-**
Australian High Commission - DAP	**425**	**-**	**425**	**-**
Coca Cola Foundation	**-**	**2,654**	**2,654**	**-**
Education Above All Foundation	**-**	**126,156**	**126,156**	**-**
Fondazione Intesa san Paolo	**-**	**2,849**	**2,849**	**-**
HOPE' 87	**-**	**12,000**	**12,000**	**-**
New Zealand Embassy	**-**	**750**	**750**	**-**
Oxford Policy Management	**-**	**116,349**	**116,349**	**-**
Target Foundation	**-**	**2,608**	**2,608**	**-**
Tavola Veldese	**708**	**-**	**708**	**-**
	1,133	**265,456**	**266,589**	**-**

	2016			
Description of Grantors	Grants as at 01 July 2015	Grants Received during the year	Amortisation for the year	Grants as at 30 June 2016
	(Rupees in '000)			
DAI Europe	-	1,216	1,216	-
Education Fund for Sindh	-	110,275	110,275	-
Tavola Veldese	-	1,769	1,061	708
New Zealand Embassy	900	-	900	-
Australian High Commission - DAP	-	1,913	1,488	425
Education Above All Foundation	-	245,743	245,743	-
Skoll Foundation	12,687	-	12,687	-
Target Foundation	1,265	2,520	3,785	-
	14,852	363,436	377,155	1,133

12.2 This includes an amount of Rs. 415.61 million (2016: Rs. 355.11 million) representing sustainability fund to meet cash short fall in the operational support of the schools in future.

12.3 This includes Zakat amounting to Rs. 120.607 million (2016: Rs. 57.197 million).

Movement of Zakat	**2017**	2016
	(Rupees in '000)	
Opening Balance	**57,197**	15,180
Amount received during the year	**1,073,947**	688,580
	1,131,144	703,760
Amount utilised during the year	**(1,010,537)**	(646,563)
Closing Balance	**120,607**	57,197

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses		**239,476**	240,412
Security deposit	10.1	**76,305**	49,001
Retention money		**29,216**	24,392
Scholarship	18.3	**27,482**	12,343
Provision for compensated absences		**39,694**	31,678
School water project		**4,527**	5,558
Other liabilities		**27,964**	24,677
		444,664	388,061

14. CAPITAL FUND

This represents contribution by the members when they joined the Foundation in terms of Article "8" of Articles of Association of the Foundation.

15. ENDOWMENT FUND

This represents contribution received from the donors with the stipulation of principal amount to be kept intact while the income earned on related investments could be used for specific or general purpose as per arrangements with the donors.

15.1 Names of Endowment Donors		2017	2016
		(Rupees in '000)	
Adnan Husain Family		**12,220**	-
AKU Class of '94 Group		**21,023**	21,023
Ateed, Ameed and Naveed Riaz		**26,164**	24,035
Austin Group		**18,926**	18,926
Aziza Noorani		**17,754**	7,727
Connecticut Group		**12,007**	12,007
Crescent Steel & Allied Products Ltd		**46,198**	28,560
CV Boosters		**13,056**	12,285
Dallas Fort - Worth Supporters		**42,795**	17,379
Ejaz Shameem		**16,612**	-
Eternity		**11,700**	3,006
Friends and Well wishers of Sultan Mowjee		**56,233**	34,000
HBL Foundation		**40,281**	38,588
Houston Group		**76,587**	76,587
Indus Motor Company		**42,000**	20,000
Interloop Welfare Trust		**278,000**	132,000
Kansas Donors		**12,280**	12,280
Keith Dunleavy		**15,951**	15,951
Los Angeles Group		**18,556**	18,556
M. I. Naseem		**19,500**	19,500
Microsoft Ever Green Campus		**18,374**	18,374
Murtaza Hussain		**20,860**	20,860
National Bank of Pakistan		**17,500**	17,500
New York Youngs Professional Chapter		**21,918**	5,257
Noorani Family		**14,685**	14,685
One Muslim - post matric students		**50,000**	10,000
Pakistan State Oil Co. Ltd		**17,500**	17,500
Pennsylvania Chapter		**20,863**	14,602
Radiant Way Endowment Fund		**80,943**	80,943
Rashid & Zarfeshan Sharaf		**21,903**	21,903
Saeeda Mazhar Mahmood		**33,100**	33,100
Safdar Feroze Nana		**56,095**	-
Sajid Salman		**19,222**	19,222
Salman Rashid		**20,000**	10,000
San Antonio Supporters		**21,924**	-
Seattle Group		**17,935**	17,935
Seeds of Learning		**92,284**	92,284
Shahid Jalal		**26,287**	26,287
Shiraz Rehmani		**14,220**	14,220
Ghulam Fatima School		**25,373**	23,279
TCF USA		**49,050**	49,050
USA Austin Chapter		**20,638**	20,638
The Shirin Sultan Dossa Foundation		**744,433**	733,607
Uzma Arif Scholarship		**10,450**	-
Wahid Maskatiya		**10,130**	10,130
Zainab Bai, HA Suraiya, Humaira Bai, H Moosa Ch.		**23,869**	12,000
Others	15.2	**111,264**	69,196
		2,378,663	1,864,982

15.2 This represents Endowment Fund of donors not exceeding Rs. 10 million and also includes donors who have requested for anonymity.

15.3 Movement of Endowment Fund

		2017	2016
		(Rupees in '000)	
Opening balance		**1,864,982**	1,369,911
Addition during the year		**507,038**	488,544
Balance available for investment		**2,372,020**	1,858,455
Net return used for accumulation of endowment fund	**18**	**6,643**	6,527
Closing balance		**2,378,663**	1,864,982

16. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

16.1 The Foundation received a notice in June 2003 from Sindh Employees' Social Security Institution (SESSI) demanding a payment of Rs. 0.48 million as arrears of social security contribution for the year from May 2003 to September 2003 vide Sindh Government Gazette Notification No. L-II-5-9/2002 dated 8 February 2003. The Foundation filed a petition with Honourable High Court of Sindh challenging SESSI's application of Social Security Scheme on Educational Units. The High Court of Sindh on 25 April 2008 adjudicated the case against the Foundation on the ground that the services of the employees should be secured in case of sickness, maternity, employment injury or death and for matters ancillary thereto. The Foundation filed an appeal with the Honourable Supreme Court of Pakistan against High Court of Sindh's dismissal of the petition which was admitted by the Supreme Court on 26 September 2008. On 16 June 2010, the Supreme Court of Pakistan up-held the decision of the High Court of Sindh and dismissed the petition. The Foundation filed a review petition on 04 November 2010 with the Supreme Court of Pakistan against its Judgement and has booked the provision there against.

Further, the SESSI demanded a payment of Rs. 35.47 million on 2 February 2011 including an increase amounting to Rs. 11.82 million. The Foundation has filed an appeal on 16 April 2011 against the said increase with the Commissioner of SESSI. However, on prudent basis, Foundation has maintained a provision in the financial statements against the alleged demand. Similarly, the Foundation has also made a provision of Rs. 35.967 million in the financial statements against PESSI contribution on the basis of SESSI's demand as the number of employees eligible for PESSI contribution were approximately the same as in the case of SESSI.

16.2 On 15 March 2013 the Foundation received a notice from Inland Revenue Officer of Federal Board of Revenue (FBR) reference no. Unit-06/WHT/RTO-II/Khi/2012- 2013/438 under section 161(1A) of the Income Tax Ordinance, 2001 on account of non / short deduction of Withholding Tax relating to Tax Year 2012 amounting to Rs. 64.19 million. The Foundation through its tax advisor submitted detailed explanations, paid challans and various communications to FBR from time to time. Resultantly, Officer Inland Revenue (OIR) through its letter reference Unit -06/WHT/RTO-II/ Khi/2012-2013/140 dated 10 October 2013 and letter reference Unit -06/WHT/RTO-II/Khi/2012-2013/241 dated 12 November 2013 accepted the Foundation's justifications for all the line items of non / short deduction of withholding tax mentioned in previous notice except for the withholding tax on construction work on Head Office Building of Rs. 77.55 million with the corresponding withholding tax amount of Rs. 4.65 million and construction work on other buildings of Rs. 359.65 million with the corresponding withholding tax amount of Rs. 21.58 million, aggregating the total short fall of withholding tax to Rs. 19.71 million (net of withholding tax deducted on the above construction work amounting to Rs. 6.52 million). Further default surcharge, under section 205 of Income Tax Ordinance 2001, amounting to Rs. 3.55 million was also levied by OIR making a total demand of Rs. 23.26 million. The Foundation through its tax advisor filed an appeal to Commissioner Inland Revenue against the demand and submitted all the relevant supports and evidences. The Commissioner in his order reference no. 34 dated 27 February 2015 disposed off the appeal and remanded back the recovery order under section 129 of Income Tax Ordinance 2001 to the concerned department for reassessment of the same taking into account the supports provided by the Foundation. The Foundation is confident of favourable outcome and hence no provision has been made in these financial statements.

Furthermore on 29 May 2017, the Foundation also received a notice from Deputy Commissioner Inland Revenue of Federal Board of Revenue (FBR) reference no. OIR/E&C-Unit-04 / Zone-1/ CRTO/KHI/2017/811 under section 161(A) of the Income Tax Ordinance 2001. The notice set out a show cause on short deduction of withholding tax of Rs. 356 million. The Foundation through its tax advisor submitted detailed explanations and reconciliations to FBR. The Foundation is awaiting response from the said authority. Management considers that all supports are available with them and have been submitted to the authority and hence no provision against such alleged demand is recognised in these financial statements.

16.3 The Foundation received a notice from Employees' Old age Benefit Institution (EOBI) dated 21 March 2016 raising an additional demand of EOBI contribution amounting to Rs. 30.04 million on the basis of enhancement of Minimum Wages by Government of Pakistan through Minimum Wages for Unskilled Workers (Amendment) Act, 2016 at enhanced rates with retrospective effect. The Foundation along with Employers' Federation of Pakistan and 101 other Petitioner companies filed a constitutional petition bearing number 2085/2016 in the Honourable High Court of Sindh challenging the demand. The Learned Division Bench of Honourable High Court of Sindh heard the petition on 14 April 2016 and has passed an injunctive order whereby EOBI has been restrained from resorting to coercive measures. From 1 July 2015, the Foundation is paying the contribution as per the latest minimum wages. The Foundation is confident of a favourable outcome of the same based on legal opinion, therefore, no provision has been made in this regard.

Commitments

16.4 Commitment in respect of capital expenditure amounts to Rs. 134.574 million (2016: Rs. 237.76 million).

17. DONATIONS AND CONCESSIONAL TUITION FEES

		2017	2016
		(Rupees in '000)	(Restated)
Donations			
Donations received during the year	17.1 & 17.2	**1,844,794**	1,633,664
Income on endowment fund utilized for support operations	17.3	**140,394**	158,557
Fair value of contributed land	2.6.3	**5,101,530**	-
Contribution from Government	17.4	**241,524**	18,663
amortised - donations related to assets	11	**196,360**	151,040
Amortised - donations related to school support, grants and children education	12	**501,930**	583,788
		8,026,532	2,545,712
Fees			
Concessional tuition fees	17.5	**374,517**	316,756
		8,401,049	2,862,468

17.1 This includes Zakat amounting to Rs. 1,010.54 million (2016: Rs. 646.56 million).

17.2 Major sources of donations

Donations from corporate sector	**987,760**	724,488
Donations from other Not-for-Profit organisations	**645,195**	356,278
Donations from individuals	**211,839**	552,898
	1,844,794	1,633,664

17.3 This represents income on investments from endowment fund utilized for support operations at the discretion of donor.

17.4 Details of contribution from Government	2017	2016
	(Rupees in '000)	
Punjab Education Foundation	**235,364**	16,731
Sindh Education Foundation	**1,357**	480
Khyber Pakhtunkhwa	**-**	-
Pakistan Railways	**4,803**	1,452
	241,524	18,663

The above represent reimbursement received by the Foundation from the Provincial Governments or other Government Authorities for incurring expenses in running operational management of Government Schools.

17.5 This represents concessional tuition fees received from students enrolled in the schools managed by the Foundation. Different fees are collected from different students as per their affordability.

18. INCOME ON INVESTMENTS

Income from:			
- Term Deposit Receipts		**58,074**	41,195
- Treasury Bills		**2,936**	6,705
- Pakistan Investment Bonds		**142,209**	148,094
Profit on bank accounts		**6,723**	7,737
Dividend income		**22,637**	-
Exchange (loss) / gain - net		**(8,881)**	5,062
Capital gain on disposal of investments		**35,477**	4,497
Income on investments		**259,175**	213,290
Transferred during the year to:			
Support Donation	18.1	**(140,394)**	(158,557)
Endowment Fund	18.2	**(6,643)**	(6,527)
Scholarship Fund	18.3	**(5,039)**	(1,416)
Current Account	18.4	**(850)**	-
Sustainability Fund	18.5	**(26,373)**	(22,495)
		(179,299)	(188,995)
Income on investments - net		**79,876**	24,295

18.1 This represents income on investments from endowment fund utilized for supporting operations at the discretion of donor. The amount is transferred to donation as referred in note 17 to these financial statements.

18.2 This represents income on investments from endowment fund accumulated in endowment at the discretion of donor. The amount is transferred to endowment as referred in note 15.3 to these financial statements.

18.3 This represents income on investments from Endowment fund allocated to scholarship at the discretion of donor. The amount is transferred to scholarship as referred in note 15.3 to these financial statements.

18.4 This represents income on investments from donor specific fund accumulated in donor specific fund at the discretion of donor.

18.5 This represents income on investments from sustainability fund accumulated in sustainability at the discretion of management. The amount is transferred to sustainability fund as referred in note 12 to these financial statements.

19. SCHOOL EXPENDITURES

		2017	2016
		(Rupees in '000)	
TCF Schools		**1,780,419**	1,469,293
TCF College		**18,239**	4,613
Government Schools Programme (GSP)	19.1	**317,116**	24,400
		2,115,774	1,498,306

19.1 This represents expenses incurred by the Foundation to the Government Schools whose operational management has been taken over by the Foundation. The net deficit incurred by the Foundation on Government Schools Programme (GSP) is as follows:

School expenses	**317,116**	24,400
Books, copies, uniforms and other school supplies	**38,420**	10,214
School vehicle running and maintenance	**11,309**	1,201
Repair and maintenance charges	**39,791**	10,199
Teachers' training	**16,900**	117
Depreciation on school assets	**22,659**	-
Contribution received	**(241,524)**	(18,663)
	204,671	27,468

20. DEPRECIATION

Depreciation has been allocated as follows:

Education Programme	**423,340**	355,164
Programme Administration	**21,115**	18,735
	444,455	373,899

21. OTHER EXPENSES

Schools - general insurance		**1,871**	7,027
Ceremony functions and awards		**15,421**	13,743
Freight charges - furniture and equipments		**112**	1,304
Post matriculation scholarship for TCF students	21.1	**18,050**	16,799
Consultancy expenses		**3,237**	2,132
Student activities		**2,884**	3,998
Other school expenses		**6,298**	4,676
		47,873	49,679

21.1 This represents post-matriculation scholarship programme for meritorious TCF students for the purpose of achieving their intermediate and under-graduate education.

22. SALARIES AND OTHER BENEFITS

22.1 Remuneration of Chief Executive Officer and Executives

	Chief Executive Officer		Executive	
	2017	2016	2017	2016
	(Rupees in '000)			
Remuneration	**9,931**	9,244	**173,270**	139,761
Number of person	**1**	1	**100**	115

22.2 The Chief Executive Officer, Vice Presidents, General Managers and HODs are provided with free use of Foundation maintained cars in accordance with the prescribed limits.

22.3 Staff Summary

	2017	2016
	(Number)	
Management and Faculty staff as on 30 June	**11,074**	8,869
Management and Faculty staff - average for the year	**10,849**	8,249

23. OTHER EXPENSES

		2017	2016
		(Rupees in '000)	
Advertisement		**1,310**	840
Amortisation of intangible asset	5.1	**994**	1,444
Auditor's remuneration	23.1	**592**	374
Bank charges		**1,183**	1,990
Fees and subscriptions		**1,328**	816
Insurance		**128**	1,513
Office expenses		**2,259**	3,224
Legal and professional charges		**4,710**	5,802
Repairs and maintenance		**2,998**	1,188
		15,502	17,191

23.1 Auditor's Remuneration

	2017	2016
Audit fee	**300**	300
Compliance certification fee	**200**	-
Sindh sales tax	**42**	24
Out of pocket cost	**50**	50
	592	374

24. CASH GENERATED FROM OPERATIONS

		2017	2016
		(Rupees in '000)	
Surplus of income over expenditure for the year		**4,876,059**	8,443
Adjustments for non cash charges and other items:			
Depreciation	20	**444,455**	373,899
Capital gain on disposal of investments	18	**(35,477)**	(4,497)
Amortisation of intangible asset	5.1	**994**	1,444
Amortisation of deferred income	11 & 12	**(728,782)**	(734,828)
Income on investments		**(232,579)**	(195,994)
Gain on sale of fixed assets		**(15,548)**	(11,692)
Impact of fair value of contributed / donated lands		**(5,101,530)**	-
Working capital changes	24.1	**38,631**	(30,037)
		(753,777)	(593,262)

24.1 Working capital changes

Increase in current assets		
Advances, deposits and prepayments	**(1,579)**	(9,961)
Accrued income and other receivables	**(16,393)**	(10,374)
	(17,972)	(20,335)
Increase / (decrease) in current liabilities		
Accrued expenses and other liabilities	**56,603**	(9,702)
	38,631	(30,037)

24.2 Cash and cash equivalents

Short term investments	9.1 to 9.5 & 9.7	**1,195,771**	866,710
Cash and bank balances	10	**570,280**	275,205
		1,766,051	1,141,915

25. RELATED PARTY TRANSACTIONS

Related parties include associated undertakings having common directors and key management personnel. Details of transactions with related parties other than those disclosed else where in the financial statements are as follows:

25.1 Donation received from related parties

Arshad Shahid Abdulla (Pvt) Limited, in which Mr. Shahid Abdulla (Director of the Foundation) is also a director, has donated Rs. 0.50 million (2016: Rs. 0.5 million) during the year.

Mr. Ateed, Mr. Ameed and Mr. Naveed Riaz, a group of family members which includes Mr. Ateed Riaz (Chairman of the Foundation) have donated Rs. 17.65 million (2016: Rs. 12.37 million) during the year.

Central Depository Company of Pakistan Limited, in which Mr. Ahsan M Saleem (Director of the Foundation) donated Rs. 3.83 million (2016: Rs. 11.25 million) during the year.

Crescent Steel and Allied Products Limited, in which Mr. Ahsan M Saleem (Director of the Foundation) is also a director, has donated Rs. 58.49 million (2016: Rs. 48.33 million) during the year.

Gurmani Foundation, in which Ms. Saima Khawaja (Director of the Foundation) is also a director, has donated Rs. 10.50 million (2016: Rs. 10.5 million) during the year.

Interloop Welfare Trust, in which Mr. Musadaq Zulqarnain (Director of the Foundation) is also a director, has donated Rs. 162.11 million (2016: Rs. 115.69 million) during the year.

Port Qasim Authorities, Karachi in which Mr. Musadaq Zulqarnain (Director of the Foundation) is also a director has donated Rs. 0.05 million (2016: Rs. 0.08 million) during the year.

Searle Pakistan (Private) Limited, in which Mr. Adnan Asdar and Mr. Rashid Abdulla (Directors of the Foundation) are also directors, has donated Rs. 25.00 million (2016: Rs. 20.00 million) during the year.

Tarseel (Private) Limited, in which Mr. Ateed Riaz (Chairman of the Foundation) is also a director, has donated Rs. 1.8 million (2016: Rs. 2.40 million) during the year.

TCF-UK, in which Mr. Tariq Raza Hussain (Director of the Foundation) is also a Trustee, has donated Rs. 200.965 million (2016: Rs. 204.25 million) during the year.

25.2 Donations from TCF Chapters

	2017	2016
	(Rupees in '000)	
USA	**934,834**	739,232
Canada	**99,855**	146,227
Italy	**2,196**	2,357
Australia	**1,436**	1,524
Others	**11,596**	14,812

25.3 Donations from Directors

Mr. Adnan Asdar	**-**	20
Mr. Ahsan M Saleem	**8,232**	6,350
Ms. Bushra Afzal	**15**	108
Mr. Musadaq Zulqarnain	**4,000**	500
Ms. Saima Amin Khawaja	**52**	-
Mr. Shahab Haider	**-**	428
Mr. Shahid Abdulla	**50**	850
Mr. Syed Asaad Ayub Ahmad	**115**	8
Mr. Tariq Raza Hussain	**-**	3,078

25.4 Payments made to related parties

Multinet Pakistan (Private) Limited, in which Mr. Adnan Asdar (Director of the Foundation) is also a director, has provided IT related services to the Foundation costing Rs. 1.84 million (2016: Rs. 0.79 million) during the year.

25.5 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation. The Foundation considers Chief Executive Officer, Chief Financial Officer and Vice Presidents as its key management personnel. The remuneration / compensation paid or payable to key management for employee service amounts to Rs. 37.73 million (2016: Rs. 26.42 million) during the year. Key management personnel also donated to the Foundation from their salaries an amount of Rs. 0.86 million (2016: Rs. 1.30 million) during the year. There are no transactions with the key management personnel other than the remuneration and benefits under their terms of employment.

26. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The Board of Directors of the Foundation has overall responsibility for the establishment and oversight of the Foundation's risk management framework. The Board is also responsible for developing and monitoring the Foundation's risk management policies.

The Foundation's activities expose it to a variety of financial risks such as:

- Market risk
- Credit risk and
- Liquidity risk

26.1 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Foundation's income or the value of its holdings of financial instruments.

The Foundation manages market risk by monitoring exposure in marketable securities by following the investment guidelines approved by the Board of Directors (BOD). The Investment Committee is responsible for making investment decisions.

Market risk comprises of three type of risks: currency risk, interest rate risk and price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign supporters or volunteers. At reporting date, the Foundation holds foreign currency bank accounts and Term Deposit Receipts maintained with reputable financial institutions, amounting to Rs. 371.513 million (2016: Rs. 600.32 million) in aggregate, that expose the Foundation to currency risk. The currencies in which these bank accounts are denominated are Euro (EUR) Pound Sterling (GBP), United States Dollar (USD), Swiss Franc (CHF), United Arab Emirates Dirham (AED).

The following exchange rates were applied during the year:

	Average rate		Reporting date Spot rate	
	2017	2016	**2017**	2016
EUR to PKR	**114.4**	115.5	**119.9**	116.1
GBP to PKR	**132.8**	153.7	**136.4**	140.1
USD to PKR	**104.5**	104.4	**104.8**	104.5
CHF to PKR	**105.6**	106.0	**109.5**	106.6
AED to PKR	**28.5**	28.4	**28.5**	28.5

Sensitivity Analysis

A 10 percent strengthening / (weakening) of the Pakistan Rupee against various foreign currencies at 30 June would have (decreased) / increased the surplus by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2016.

		Effect on income and expenditure	
		2017	2016
		(Rupees in '000)	
Effect in:			
US Dollar	(USD)	**32,080**	50,863
Euro	(EUR)	**370**	2
Pound Sterling	(GBP)	**3,616**	8,876
Swiss Franc	(CHF)	**76**	64
Dirham	(AED)	**1,009**	169

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date the interest rate profile of the Foundation's significant interest bearing financial instruments were as follows:

	Effective interest rate		Carrying amount	
	2017	2016	**2017**	2016
Financial Assets	**(in Percent)**		**(Rupees in '000)**	
Fixed Rate Instruments				
Pakistan Investment Bonds	**5.81 - 12.50**	6.22 - 12.50	**1,458,965**	1,457,747
Treasury Bills	**5.88 - 5.99**	-	**198,574**	-

Fair value sensitivity analysis for fixed rate instruments

The Foundation does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, any change in interest rates at the reporting date would not affect income and expenditure account.

Price risk

Price risk is the risk that the fair value of a financial instruments will fluctuate because of changes in market prices (other than those rising from interest rate risk or currency risk). Price risk arises from the Foundation's investment in units of mutual funds classified as available for sale. To manage its price risk arising from aforesaid investments, the Foundation diversifies its portfolio and continuously monitors developments in capital markets.

A 5% increase / decrease in redemption price at year end would have increased / decreased surplus on re-measurement of investments by Rs. 36.073 million (2016: Rs. 19.117 million) reported in other comprehensive income with corresponding effect on value of investments. The same basis is used for 2016.

26.2 Credit risk

Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or other counter parties to fulfil their contractual obligations resulting in financial loss to the Foundation. The credit risk of the Foundation mainly arises from its investments in debt securities representing failure of the investee companies in repayment of principal and / or the return due on such investments. The Foundation is also exposed to counterparty credit risk on bank balances, investment in units of mutual funds, long term deposits, accrued income and other receivable balances.

Credit risk management

The Foundation assesses all counterparties for credit risk before contracting with them. It is the Foundation's policy to enter into financial contracts with reputable and creditworthy counterparties. Credit risk relating to unsettled transactions in securities is considered to be minimal as the Foundation uses brokers with high creditworthiness and the transactions are settled or paid for only upon delivery.

The carrying amount of financial assets represents the maximum credit exposure at the reporting date, which is:

		2017	2016
		(Rupees in '000)	
Long term investments	6	**491,778**	257,850
Long term deposits		**12,666**	12,736
Short term investments	9	**1,226,872**	1,379,745
Bank balances	10	**570,180**	275,105
		2,301,496	1,925,436

None of the above financial assets were considered to be past due or impaired for the year ended 30 June 2017.

Investment in debt securities

At reporting date the Foundation has invested in Pakistan Investment Bonds, units of open and closed end mutual funds and term deposit receipts. The Foundation manages credit risk arising from term deposit receipts by making investments in financial institutions or counter parties having sound credit ratings. With respect to units of open end mutual funds the management manages credit risk by investing in Funds having good performance record and reviewing their performance and stability ratings assigned by the rating agencies.

The management believes that investment in Pakistan Investment Bonds and Treasury bills does not expose the Foundation to credit risk as the counterparty to the instrument is Government of Pakistan.

Bank balances

The Foundation kept surplus liquidity with banks having credit rating from A- to AAA. The rating of the banks is monitored by the management.

Long term deposits

The Foundation has deposited various amounts as security to suppliers against provisioning of different services. The management does not expect to incur material losses on such deposits and consider such amount is receivable upon termination of service contract from respective suppliers.

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Foundation's total credit exposure. The Foundation's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentration of credit risk.

26.3 Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. 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, without incurring losses or risking damage to the Foundation's reputation.

The following are the contractual maturities of the non interest bearing financial liabilities:

	2017					
	Carrying amount	**Contractual cash flows**	**Upto one year**	**One to two years**	**Two to five years**	**After five years**
	(Rupees in '000)					
Financial Liabilities						
Accrued and other liabilities	**444,664**	**444,664**	**444,664**	**-**	**-**	**-**

	2016					
	Carrying amount	Contractual cash flows	Upto one year	One to two years	Two to five years	After five years
	(Rupees in '000)					
Financial Liabilities						
Accrued and other liabilities	388,061	388,061	388,061	-	-	-

26.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets i.e. units of closed end mutual funds are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Foundation is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Foundation to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).

- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).

- Unobservable inputs for the asset or liability (level 3).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

On-balance sheet financial instruments

		2017								
		Carrying amount					Fair value			
		Held to maturity	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)								
Financial assets measured at fair value										
Units of open end funds		-	243,470	-	-	243,470	243,470	-	-	243,470
Certificates of closed end funds		-	477,983	-	-	477,983	477,983	-	-	477,983
		-	721,453	-	-	721,453	721,453	-	-	721,453
Financial assets not measured at fair value	26.5									
Cash and Bank Balances		-	-	570,280	-	570,280	-	-	-	-
Term deposit receipts		997,197	-	-	-	997,197	-	-	-	-
Treasury Bills		198,574	-	-	-	198,574	-	198,808	-	198,808
Pakistan Investment Bonds		1,458,987	-	-	-	1,458,987	-	1,462,303	-	1,462,303
Accrued income and other receivables		-	-	117,537	-	117,537	-	-	-	-
Long term deposits		-	-	12,666	-	12,666	-	-	-	-
				700,483	-	3,355,241	-	1,661,111	-	1,661,111
		2,654,758	-							
Financial liabilities not measured at fair value	26.5									
Accrued expenses and other liabilities				-	444,664	444,664	-	-	-	-
		-	-	-	444,664	444,664	-	-	-	-
		-	-							

On-balance sheet financial instruments

		2016								
		Carrying amount					Fair value			
		Held to maturity	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in '000)								
Financial assets measured at fair value										
Units of open end funds		-	136,709	-	-	136,709	136,709	-	-	136,709
Certificates of closed end funds		-	245,631	-	-	245,631	245,631	-	-	245,631
		-	382,340	-	-	382,340	382,340	-	-	382,340
Financial assets not measured at fair value	26.5									
Cash and Bank Balances		-	-	275,205	-	275,205	-	-	-	-
Term deposit receipts		1,255,255	-	-	-	1,255,255	-	-	-	-
Pakistan Investment Bonds		1,457,747	-	-	-	1,457,747	-	1,506,920	-	1,506,920
Accrued income and other receivables		-	-	90,640	-	90,640	-	-	-	-
Long term deposits		-	-	12,736	-	12,736	-	-	-	-
		2,713,002	-	378,581	-	3,091,583	-	1,506,920	-	1,506,920
Financial liabilities not measured at fair value	26.5									
Accrued expenses and other liabilities		-	-	-	388,061	388,061	-	-	-	-
		-	-	-	388,061	388,061	-	-	-	-

26.5 The Foundation has not disclosed the fair value for these financial assets and financial liabilities, as these are either short term in nature or re-price periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

Management uses redemption value notified by respective asset management companies for valuing units of open ended mutual funds which are also quoted in stock exchange and quoted price from stock exchange for valuing units of closed ended mutual funds at the measurement date. Management considers that it falls under level 1 in fair value hierarchy as the redemption value of open end fund is a proportionate of the net assets value of respective funds and value of closed end funds are quoted on stock exchange. For valuation of government securities, foundation uses PKRV sheet available from Financial Markets Association (Reuters) and classifying it under Level 2 in fair value measurement hierarchy.

26.6 Fund management

The Foundation is funded by contributions received from its members and donors from different sections of society within and outside Pakistan.

The Foundation is a company limited by guarantee having no share capital and is not exposed to any externally imposed capital requirements.

27. RE-CLASSIFICATION

Following re-classifications have been made in these financial statements in order to give better and more appropriate presentation:

	From	To	2017	2016
			(Rupees in '000)	
Training Cost of GSP	School expenditures	Teachers' Training	**16,900**	117
Books, copies, uniforms and other school supplies - GSP	School expenditures	Books, copies, uniforms and other school supplies	**38,420**	10,214
Repair and Maintenance - GSP	School expenditures	Repair and maintenance charges	**39,791**	10,199
School vehicle running and Maintenance - GSP	School expenditures	School vehicle Repair and maintenance charges	**11,309**	1,201
The Shirin Sultan Dossa Foundation (Current Account)	Deferred income relating to school support, grants and children education	Endowment Fund	**10,492**	-
The Shirin Sultan Dossa Foundation (Current Account)	Deferred income relating to school support, grants and children education	Deferred income relating to operating fixed assets	**20,000**	-
Conveyance expense	Auditor's remuneration	Office expense	**27**	95

The above reclassifications are not considered to be material.

28. DATE OF AUTHORISATION

These financial statements were authorised for issue in the Board of Directors meeting held on 22 September 2017.

Chief Executive Officer **Chairman/Director**

The Citizens Foundation

Six Year's Vertical Analysis (Rs. In 000)

Balance Sheet	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
ASSETS												
Non-current assets												
Property and equipment*	9,862,453	70%	4,470,847	55%	4,110,780	59%	3,762,783	64%	3,321,063	70%	2,975,862	74%
Intangible assets	6,544	0%	7,411	0%	4,133	0%	4,206	0%	4,830	0%	5,971	0%
Long term investments	525,739	4%	1,251,287	16%	1,330,629	19%	712,832	12%	225,789	5%	112,463	3%
Long term deposits	12,666	0%	12,736	0%	10,573	0%	9,457	0%	8,811	0%	8,753	0%
Total Non Current Assets:	10,407,402	74%	5,742,281	71%	5,456,115	78%	4,489,278	76%	3,560,493	75%	3,103,049	77%
Current assets												
Advances and prepayments	110,636	1%	109,057	1%	99,096	1%	65,345	1%	63,536	1%	56,097	1%
Accrued income and other receivables	117,537	1%	90,640	1%	76,328	1%	26,629	0%	7,768	0%	9,596	0%
Short term investments	2,850,472	20%	1,844,055	23%	1,173,697	17%	1,231,308	21%	1,044,323	22%	798,577	20%
Cash and bank balances	570,280	4%	275,205	3%	167,651	2%	101,304	2%	77,961	2%	68,046	2%
Total Current Assets	3,648,925	26%	2,318,957	29%	1,516,772	22%	1,424,586	24%	1,193,588	25%	932,316	23%
Total Assets:	14,056,327	100%	8,061,238	100%	6,972,887	100%	5,913,864	100%	4,754,081	100%	4,035,365	100%
Non-current liabilities												
Deferred income relating to operating fixed assets	4,776,916	34%	4,447,313	55%	3,851,765	55%	3,429,332	58%	2,986,043	63%	2,575,088	64%
Deferred income relating to school support, grants and children education	765,060	5%	626,972	8%	565,580	8%	461,103	8%	367,561	8%	322,850	8%
Total Non Current Liabilities:	5,541,976	39%	5,074,285	63%	4,417,345	63%	3,890,435	66%	3,353,604	71%	2,897,938	72%
Current liabilities												
Accrued expenses and other liabilities	444,664	3%	388,061	5%	397,763	6%	240,117	4%	180,887	4%	148,563	4%
Total Liabilities:	5,986,640	43%	5,462,346	68%	4,815,108	69%	4,130,552	70%	3,534,491	74%	3,046,501	75%
Total Net Assets:	8,069,687	57%	2,598,892	32%	2,157,779	31%	1,783,312	30%	1,219,590	26%	988,864	25%
FUNDS AND LIABILITIES												
Capital fund	2,400	0%	2,400	0%	2,200	0%	2,200	0%	2,100	0%	1,500	0%
General fund	667,019	5%	658,576	8%	656,815	9%	700,427	39%	763,911	63%	725,194	18%
Endowment fund	2,378,663	17%	1,864,982	23%	1,369,911	20%	972,922	55%	356,415	29%	184,202	5%
Surplus / (deficit) of income over expenditure for the year	4,876,059	35%	8,443	0%	38,991	1%	(43,612)	-2%	(18,234)	-1%	57,617	1%
Unrealized gain on remeasurement of available for sale investments	145,546	1%	64,491	1%	89,862	1%	151,375	8%	115,398	9%	20,351	1%
Total Funds:	8,069,687	57%	2,598,892	32%	2,157,779	31%	1,783,312	100%	1,219,590	100%	988,864	25%
Income and Expenditure Accounts												
INCOME												
Donations**	8,401,049	99%	2,862,468	99%	2,368,396	94%	1,874,706	94%	1,523,857	93%	1,307,151	91%
Income on investment - net	79,876	1%	24,295	1%	82,781	3%	72,932	4%	80,458	5%	91,498	6%
Gain on disposal of fixed assets	15,548	0%	11,692	0%	55,260	2%	47,245	2%	35,538	2%	35,644	2%
Total Income:	8,496,473	100%	2,898,455	100%	2,506,437	100%	1,994,883	100%	1,639,853	100%	1,434,293	100%
OPERATING EXPENDITURE												
Education Programme												
School expenditures	2,115,774	58%	1,498,306	52%	1,278,095	52%	1,007,859	49%	828,868	50%	658,016	48%
Books, copies, uniforms and other school supplies	266,097	7%	299,266	10%	267,522	11%	216,720	11%	170,962	10%	140,713	10%
Repair and maintenance charges	87,059	2%	128,322	4%	77,117	3%	60,211	3%	41,671	3%	56,184	4%
School vehicle running and maintenance	123,685	3%	89,932	3%	91,002	4%	86,302	4%	85,414	5%	64,934	5%
Teachers' training	62,560	2%	62,407	2%	48,524	2%	42,362	2%	28,841	2%	37,209	3%
School supervision and monitoring	254,504	7%	177,209	6%	147,517	6%	121,983	6%	93,695	6%	79,324	6%
Depreciation on school assets	423,340	12%	355,164	12%	328,765	13%	285,678	14%	241,535	15%	209,033	15%
Other expenses	47,873	1%	49,679	2%	39,088	2%	39,619	2%	33,416	2%	24,934	2%
Total Education Programme Expenses:	3,380,892	93.4%	2,660,285	92.1%	2,277,630	92.3%	1,860,734	91.3%	1,524,402	91.9%	1,270,347	92.3%
Programme Administration												
Salaries and other benefits	129,141	3.6%	111,391	3.9%	82,152	3.3%	76,224	3.7%	65,574	4.0%	49,069	3.6%
Marketing expense	50,925	1.4%	62,778	2.2%	61,266	2.5%	54,144	2.7%	27,497	1.7%	24,348	1.8%
Vehicle running and maintenance	5,081	0.1%	4,857	0.2%	4,000	0.2%	5,720	0.3%	4,452	0.3%	3,260	0.2%
Travelling and conveyance	2,970	0.1%	2,789	0.1%	2,089	0.1%	2,703	0.1%	2,618	0.2%	2,035	0.1%
Utilities	4,518	0.1%	4,923	0.2%	4,874	0.2%	4,239	0.2%	3,645	0.2%	2,954	0.2%
Communication	5,286	0.1%	3,378	0.1%	2,961	0.1%	4,149	0.2%	4,044	0.2%	3,792	0.3%
Printing and stationery	4,984	0.1%	3,685	0.1%	5,555	0.2%	3,879	0.2%	3,305	0.2%	3,793	0.3%
Depreciation	21,115	0.6%	18,735	0.6%	17,303	0.7%	15,036	0.7%	12,712	0.8%	11,002	0.8%
Other expenses	15,502	0.4%	17,191	0.6%	9,616	0.4%	11,667	0.6%	9,838	0.6%	6,076	0.4%
Total Programme Administration Expenses:	239,522	6.6%	229,727	7.9%	189,816	7.7%	177,761	8.7%	133,685	8.1%	106,329	7.7%
Total Operating Expenditure:	3,620,414	100%	2,890,012	100%	2,467,446	100%	2,038,495	100%	1,658,087	100%	1,376,676	100%
Surplus / (deficit) of income over expenditure for the year	4,876,059		8,443		38,991		(43,612)		(18,234)		57,617	

Note: * & ** include Rs. 5,101m (US$ 48.68m) in 2017 (Rs. Nil in 2016) the valuation of contributed / donated lands at fair value which was carried out due to adoption of new accounting standards for Not for profit organisation issued by Institute of Chartered Accountants of Pakistan(ICAP) and approved by Securities and exchange commission of Pakistan(SECP).

The Citizens Foundation

Six Year's Horizontal Analysis (Rs. In 000)

Balance Sheet	2017	17Vs16 %	2016	16Vs15 %	2015	15Vs14 %	2014	14Vs13 %	2013	13Vs12 %	2012	12Vs11 %
ASSETS												
Non-current assets												
Property and equipment*	9,862,453	121%	4,470,847	9%	4,110,780	9%	3,762,783	13%	3,321,063	12%	2,975,862	13%
Intangible assets	6,544	-12%	7,411	79%	4,133	-2%	4,206	-13%	4,830	-19%	5,971	40%
Long term investments	525,739	-58%	1,251,287	-6%	1,330,629	87%	712,832	216%	225,789	101%	112,463	11%
Long term deposits	12,666	-1%	12,736	20%	10,573	12%	9,457	7%	8,811	1%	8,753	253%
Total Non Current Assets:	10,407,402	81%	5,742,281	5%	5,456,115	22%	4,489,278	26%	3,560,493	15%	3,103,049	13%
Current assets												
Advances and prepayments	110,636	1%	109,057	10%	99,096	52%	65,345	3%	63,536	13%	56,097	34%
Accrued income and other receivables	117,537	30%	90,640	19%	76,328	187%	26,629	243%	7,768	-19%	9,596	21%
Short term investments	2,850,472	55%	1,844,055	57%	1,173,697	-5%	1,231,308	18%	1,044,323	31%	798,577	48%
Cash and bank balances	570,280	107%	275,205	64%	167,651	65%	101,304	30%	77,961	15%	68,046	-61%
Total Current Assets	3,648,925	57%	2,318,957	53%	1,516,772	6%	1,424,586	19%	1,193,588	28%	932,316	22%
Total Assets:	14,056,327	74%	8,061,238	16%	6,972,887	18%	5,913,864	24%	4,754,081	18%	4,035,365	15%
Non-current liabilities												
Deferred income relating to operating fixed assets	4,776,916	7%	4,447,313	15%	3,851,765	12%	3,429,332	15%	2,986,043	16%	2,575,088	21%
Deferred income relating to school support, grants and children education	765,060	22%	626,972	11%	565,580	23%	461,103	25%	367,561	14%	322,850	-10%
Total Non Current Liabilities:	5,541,976	9%	5,074,285	15%	4,417,345	14%	3,890,435	16%	3,353,604	16%	2,897,938	16%
Current liabilities												
Accrued expenses and other liabilities	444,664	15%	388,061	-2%	397,763	66%	240,117	33%	180,887	22%	148,563	47%
Total Liabilities:	5,986,640	10%	5,462,346	13%	4,815,108	17%	4,130,552	17%	3,534,491	16%	3,046,501	18%
Total Net Assets:	8,069,687	211%	2,598,892	20%	2,157,779	21%	1,783,312	46%	1,219,590	23%	988,864	9%
FUNDS AND LIABILITIES												
Capital fund	2,400	0%	2,400	9%	2,200	0%	2,200	5%	2,100	40%	1,500	0%
General fund	667,019	1%	658,576	0%	656,815	-6%	700,427	-8%	763,911	5%	725,194	-4%
Endowment fund	2,378,663	28%	1,864,982	36%	1,369,911	41%	972,922	173%	356,415	93%	184,202	39%
Surplus / (deficit) of income over expenditure for the year	4,876,059	57650%	8,443	-78%	38,991	-189%	(43,612)	139%	(18,234)	-132%	57,617	-9319%
Unrealized gain on remeasurement of available for sale investments	145,546	126%	64,491	-28%	89,862	-41%	151,375	31%	115,398	467%	20,351	2%
Total Funds:	8,069,687	211%	2,598,892	20%	2,157,779	21%	1,783,312	46%	1,219,590	23%	988,864	9%
Income and Expenditure Accounts												
INCOME												
Donations**	8,401,049	193%	2,862,468	21%	2,368,396	26%	1,874,706	23%	1,523,857	17%	1,307,151	18%
Income on investment - net	79,876	229%	24,295	-71%	82,781	14%	72,932	-9%	80,458	-12%	91,498	95%
Gain on disposal of fixed assets	15,548	33%	11,692	-79%	55,260	17%	47,245	33%	35,538	0%	35,644	11%
Total Income:	8,496,473	193%	2,898,455	16%	2,506,437	26%	1,994,883	22%	1,639,853	14%	1,434,293	21%
OPERATING EXPENDITURE												
Education Programme												
School expenditures	2,115,774	41%	1,498,306	17%	1,278,095	27%	1,007,859	22%	828,868	26%	658,016	59%
Books, copies, uniforms and other school supplies	266,097	-11%	299,266	12%	267,522	23%	216,720	27%	170,962	21%	140,713	52%
Repair and maintenance charges	87,059	-32%	128,322	66%	77,117	28%	60,211	44%	41,671	-26%	56,184	82%
School vehicle running and maintenance	123,685	38%	89,932	-1%	91,002	5%	86,302	1%	85,414	32%	64,934	35%
Teachers' training	62,560	0%	62,407	29%	48,524	15%	42,362	47%	28,841	-22%	37,209	48%
School supervision and monitoring	254,504	44%	177,209	20%	147,517	21%	121,983	30%	93,695	18%	79,324	-3%
Depreciation on school assets	423,340	19%	355,164	8%	328,765	15%	285,678	18%	241,535	16%	209,033	13%
Other expenses	47,873	-4%	49,679	27%	39,088	-1%	39,619	19%	33,416	34%	24,934	31%
Total Education Programme Expenses:	3,380,892	27%	2,660,285	17%	2,277,630	22%	1,860,734	22%	1,524,402	20%	1,270,347	42%
Programme Administration												
Salaries and other benefits	129,141	16%	111,391	36%	82,152	8%	76,224	16%	65,574	34%	49,069	25%
Marketing expense	50,925	-19%	62,778	2%	61,266	13%	54,144	97%	27,497	13%	24,348	34%
Vehicle running and maintenance	5,081	5%	4,857	21%	4,000	-30%	5,720	28%	4,452	37%	3,260	-14%
Travelling and conveyance	2,970	6%	2,789	34%	2,089	-23%	2,703	3%	2,618	29%	2,035	-16%
Utilities	4,518	-8%	4,923	1%	4,874	15%	4,239	16%	3,645	23%	2,954	113%
Communication	5,286	56%	3,378	14%	2,961	-29%	4,149	3%	4,044	7%	3,792	18%
Printing and stationery	4,984	35%	3,685	-34%	5,555	43%	3,879	17%	3,305	-13%	3,793	14%
Depreciation	21,115	13%	18,735	8%	17,303	15%	15,036	18%	12,712	16%	11,002	13%
Other expenses	15,502	-10%	17,191	79%	9,616	-18%	11,667	19%	9,838	62%	6,076	-97%
Total Programme Administration Expenses:	239,522	4%	229,727	21%	189,816	7%	177,761	33%	133,685	26%	106,329	-64%
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Surplus / (deficit) of income over expenditure for the year	4,876,059	57650%	8,443	-78%	38,991	-189%	(43,612)	139%	(18,234)	-132%	57,617	-9319%

Note: * & ** include Rs. 5,101m (US$ 48.68m) in 2017 (Rs. Nil in 2016) the valuation of contributed / donated lands at fair value which was carried out due to adoption of new accounting standards for Not for profit organisation issued by Institute of Chartered Accountants of Pakistan(ICAP) and approved by Securities and exchange commission of Pakistan(SECP).

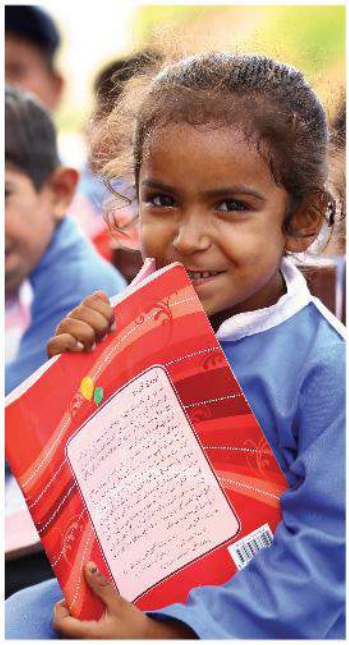
Calendar of Major Events

Incorporation of the Foundation	24 September 1996

Financial Calendar

Financial Year 2016-17	Date of Issuance
1st Quarter Results	31 October 2016
2nd Quarter Results	15 February 2017
3rd Quarter Results	28 August 2017
4th Quarter Results	22 September 2017
21st Annual General Meeting	26 October 2017 (Scheduled)

Financial Year 2015-16	Date of Issuance
1st Quarter Results	30 October 2015
2nd Quarter Results	12 February 2016
3rd Quarter Results	12 May 2016
4th Quarter Results	11 August 2016
20th Annual General Meeting	19 October 2016



Glossary of Selective Terms

Abbreviation	Description
AFS	Available For Sale
Board	Board of Directors
CDC	Central Depository Company of Pakistan
CCG	Code of Corporate Governance
ERP	Enterprise Resource Planning
FBR	Federal Board of Revenue
GoP	Government of Pakistan
IAS	International Accounting Standards
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost and Management Accountants of Pakistan
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
KIBOR	Karachi Inter-Bank Offer Rate
NBV	Net Book Value
NRV	Net Realisable Value
SECP	Securities and Exchange Commission of Pakistan
TFC	Term Finance Certificate

Contact Information

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TCF Head Office - Karachi
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Help Us Educate

SUPPORT

Educate-a-Child
Rs. 1,250 (Monthly)
Rs. 15,000 (Annually)

Educate-a-Child KG to Matric
Rs. 165,000

Sponsor-a-Classroom For a Year
Rs. 30,000 (Monthly)
Rs. 360,000 (Annually)

Support-a-School Unit for a Year
Rs. 200,000 (Monthly)
Rs. 2,400,000 (Annually)

Set of School Books
Rs. 1,000

Re-Stocking a Library
Rs. 100,000

Replacement of School Furniture
Rs. 300,000

School Van for Teacher Transportation
Rs. 850,000

SUSTAINABILITY FUND

Partner
Rs. 10,000,000 - 25,000,000

Patron
Rs. 25,000,000 and above

SCHOLARSHIPS

Scholarship for Intermediate Level Studies
Rs. 18,000

Scholarship for Higher Education
Rs. 600,000

BUILD

Build-a-Primary School
Rs. 25,900,000

(Build Cost
Rs. 18,000,000 +
3 years support
Rs. 7,900,000)

Build-a-Secondary School
Rs. 27,900,000

(Build Cost
Rs. 20,000,000 +
3 years support
Rs. 7,900,000)

FUNDS

General Build Fund
Any amount

General Education Fund
Any amount

General Endowment Fund
Any amount

Innovation in Education Fund
Any amount

Community Development Fund
Any amount

Alumni Scholarship Fund
Any amount

Notes Related to Build-a-School

Costs are for build cycle of 2017-18 and are subject to revision. Rates are calculated on average construction costs and may vary for different locations.

A school construction project can only be taken up with the provision of school support for a minimum of three years (included in the figures cited above).

All school construction projects in earthquake zones will take into account additional costs for special earthquake resistant architecture.

Easy Ways to Give

DONATE BY CHEQUE

Send us your donation cheque in favour of The Citizens Foundation at
Plot No. 20 Sector 14, Korangi Industrial Area Karachi - Pakistan

DIRECT DEPOSIT

Deposit or transfer your Zakat or donations directly into our bank accounts.
Details at **tcf.org.pk/donation-information**

DOORSTEP COLLECTION

Call **0800 00 823** for collection of your cheque and/or donation card right from your doorstep.

DONATE ONLINE

Make a one-time contribution or set up a recurring monthly or yearly donation online at **support.tcf.org.pk**

RAISE FUNDS ONLINE

Start fundraising for TCF by creating your own digital campaign or teaming up with your friends at **support.tcf.org.pk**



Benefit to Donor
Tax Exemption on Donation to The Citizen Foundation

Through Finance Act, 2012, the name of The Citizens Foundation has been added in new sub-clause (ia) of clauses (61) of Part 1 of Second Schedule of Income Tax Ordinance, 2001. Effective 01 July 2012, an individual or association of persons can avail payment of any donation amount to The Citizens Foundation as admissible deduction up to thirty percent (30%) of their taxable income for the year. A company can also avail payment of donation amount to The Citizens Foundation as admissible deduction up to twenty percent (20%) of its taxable income for the year.

We are grateful to all our photographers for making pro bono contributions to this Annual Report.

Agha Mohammad Fawad
Albertina D'Urso
Karachi Chaiwala
Taha Asim
Wahaj Alley

Concept and Design
The Art Store
www.theartstore.com.pk

Design Support
TCF Marketing Department

0800 00 823 | info@tcf.org.pk | www.tcf.org.pk | /TCF.Pak | @Tcfpak

Head Office: Plot No. 20, Sector 14, Korangi Industrial Area, Karachi, Pakistan

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