THE CITIZENS FOUNDATION

Change begins with Education

Annual Report 2023



A gentle wind of change whispers through the air as TCF children make their way to school in the farthest corners of Pakistan.

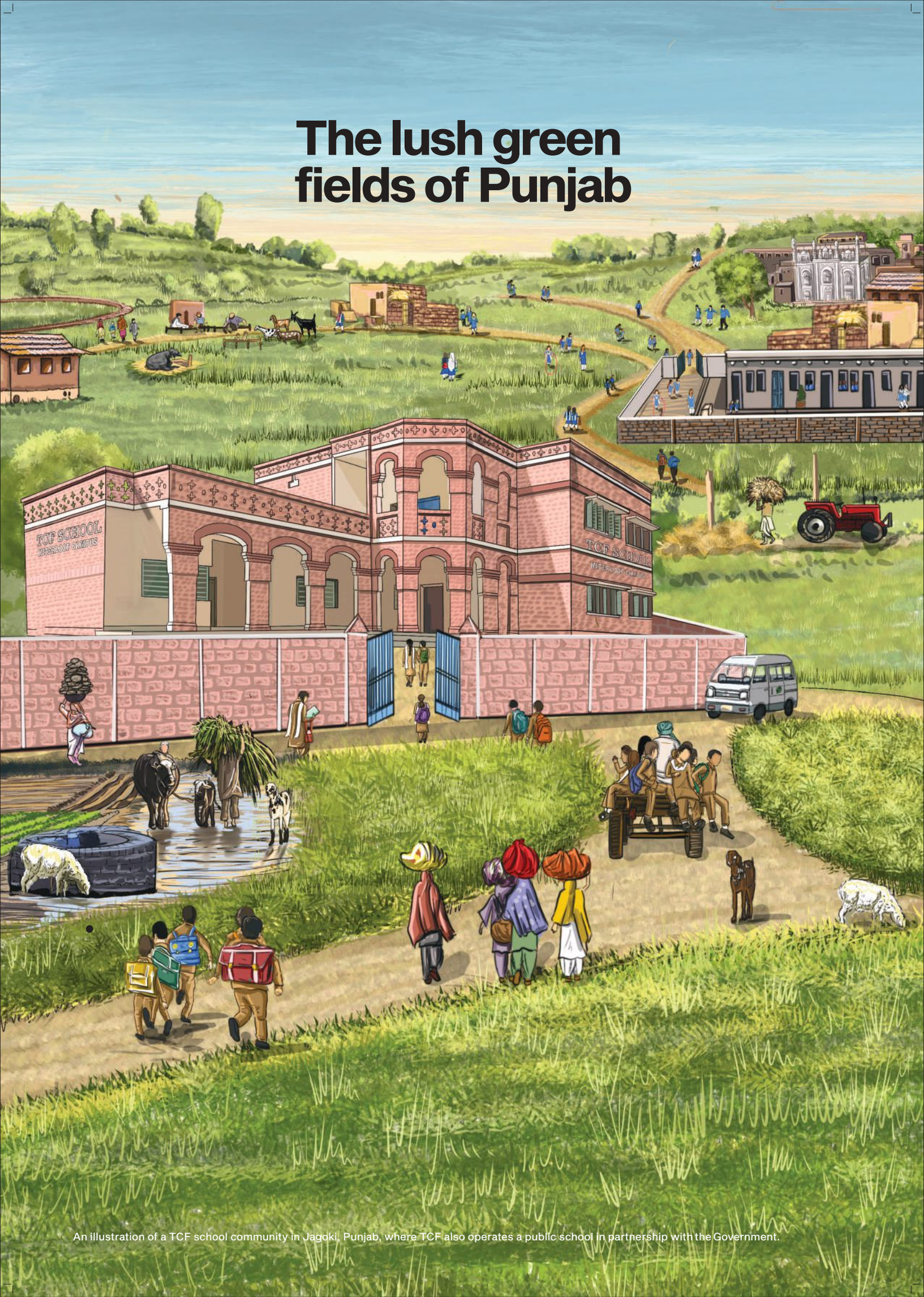
The vibrant streets of Sindh



An illustration of a TCF school community in Machar Colony, Karachi.

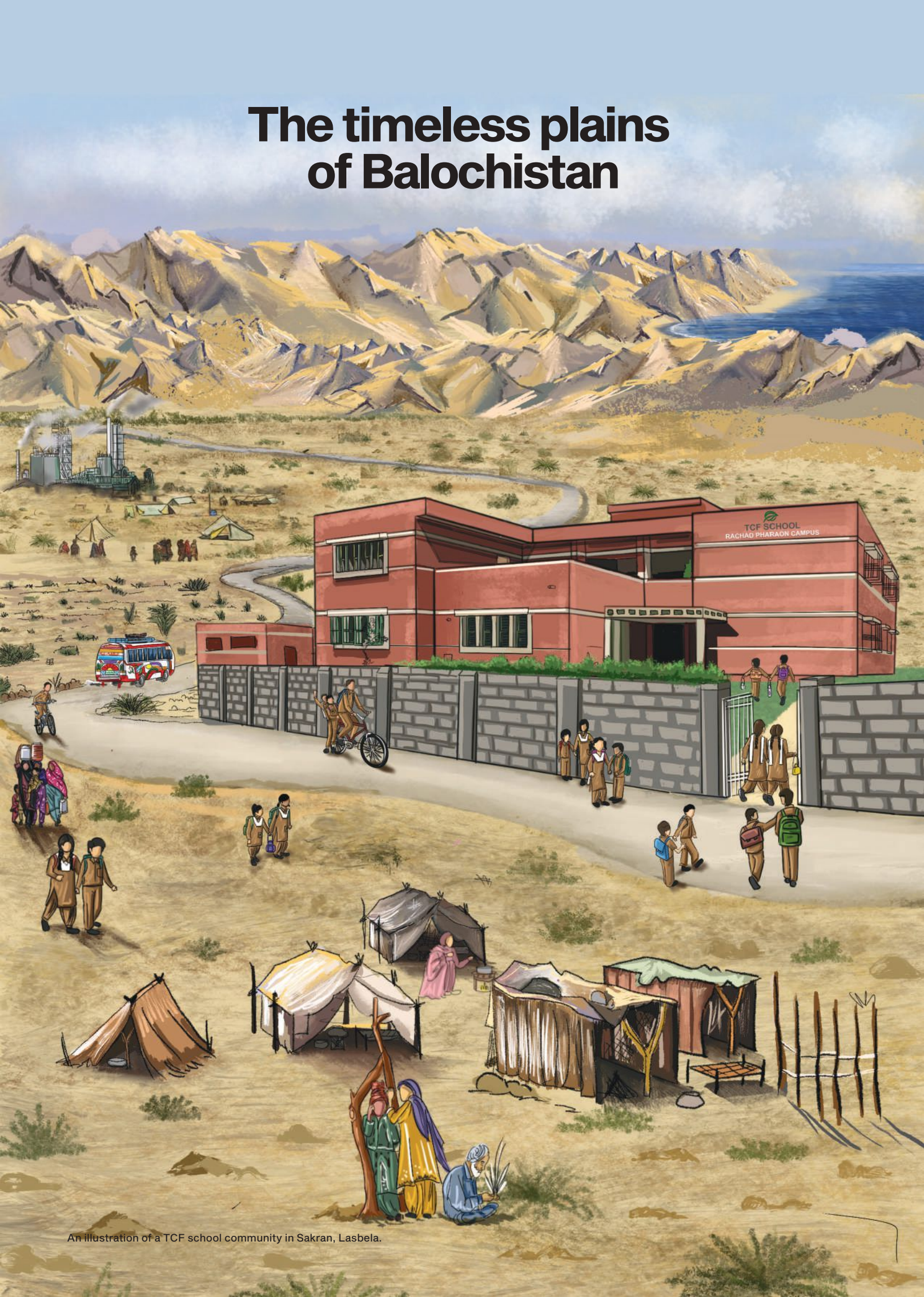

TCF SCHOOL
PROF YAMIN MUHAMMADI CAMPUS
TCF SCHOOL
HALIMA AMDANI CAMPUS
TCF SCHOOL
PERVEEN BANOO & SAKRAR KHANOO CAMPUS

The lush green fields of Punjab



An illustration of a TCF school community in Jagoki, Punjab, where TCF also operates a public school in partnership with the Government.

The timeless plains of Balochistan



An illustration of a TCF school community in Sakran, Lasbela.

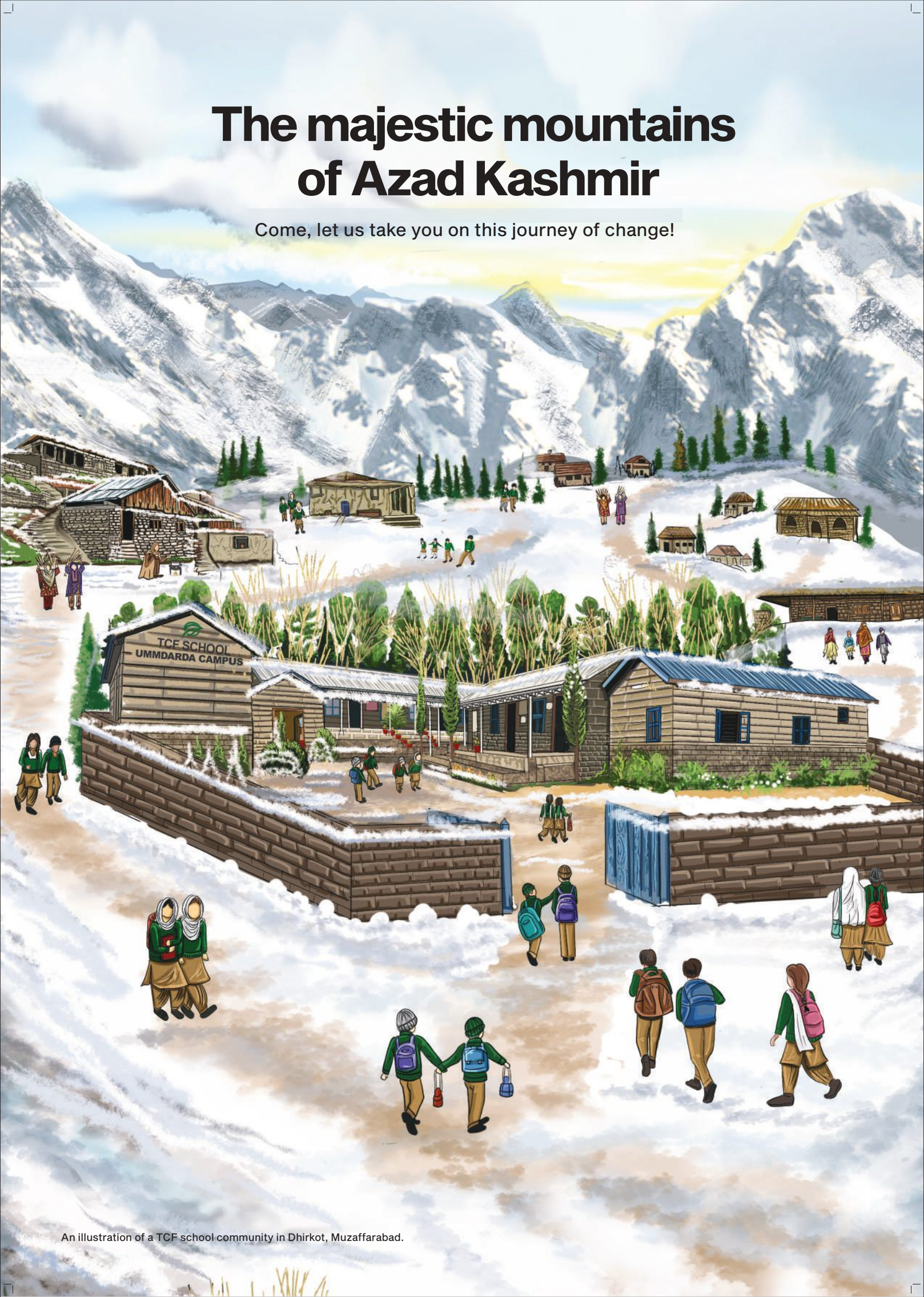
The scenic valleys of Khyber Pakhtunkhwa



An illustration of a TCF school community in Nowshera, Khyber Pakhtunkhwa.

The majestic mountains of Azad Kashmir

Come, let us take you on this journey of change!

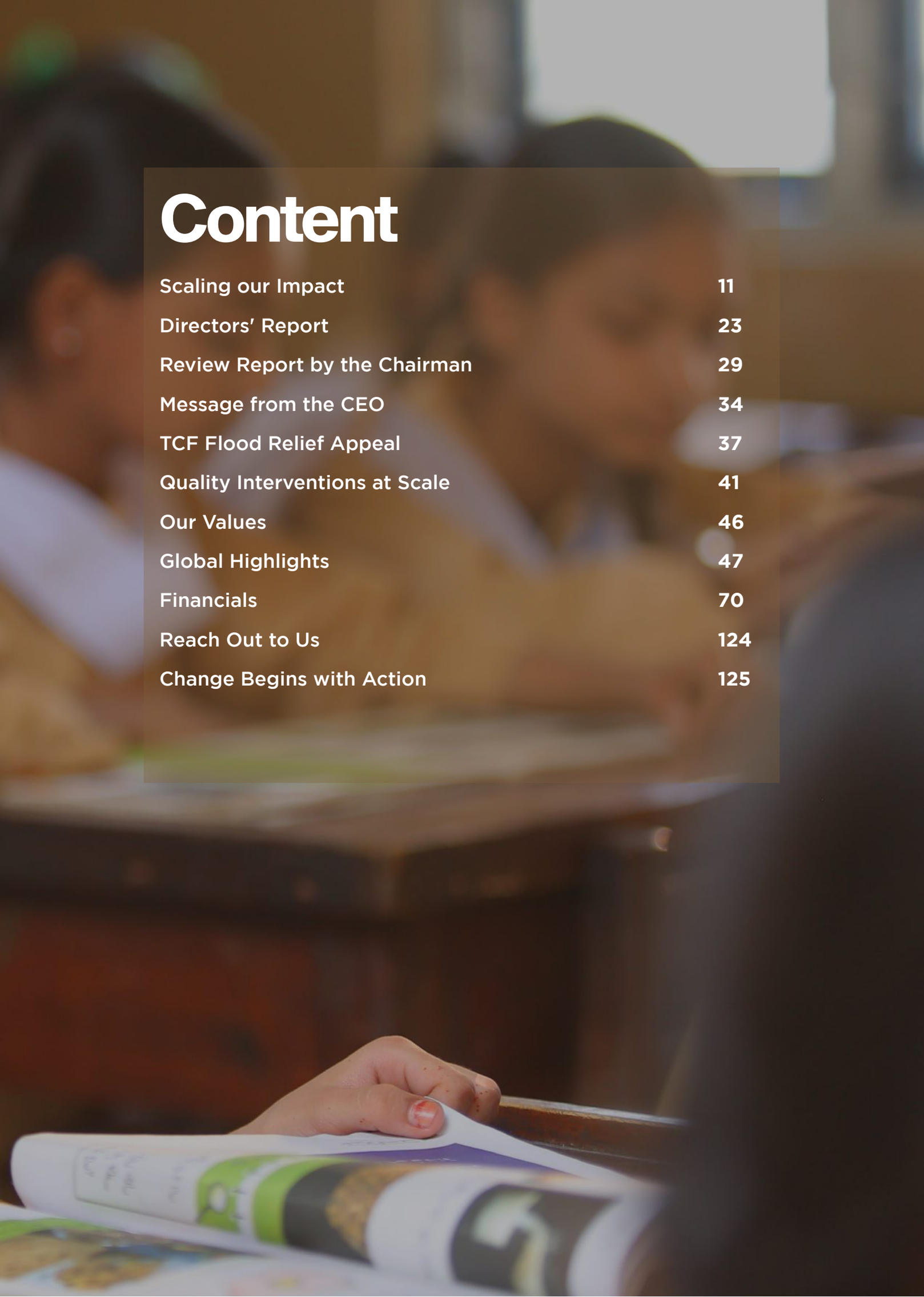


An illustration of a TCF school community in Dhirkot, Muzaffarabad.



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The Citizens Foundation (TCF) is a platform for positive change aiming to address Pakistan's learning crisis. It was founded as a non-profit organisation in 1995 by a group of friends, with a vision to drive positive change through quality education. Today, with 286,000 students enrolled in 1,921 school units led by its 14,000 female faculty members, TCF is recognised by The Economist as 'perhaps the largest network of independently run schools in the world.'

Beyond developing 21st-century skills through its innovative education model, TCF also enables its alumni to access higher education opportunities and collaborates with the State to improve outcomes in the public sector. The organisation seeks to uplift communities by empowering them with literacy, life skills and vocational competencies, particularly focusing on women. By sharing with other stakeholders, the programmes, experience and capabilities it has developed over the last 28 years, TCF aims to improve outcomes across Pakistan's education landscape.



TCF school, Crescent Steel Campus VII, Sheikhupura, Punjab

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

ٹی سی ایف گھرانے کی اقدار

خلوص	خدمت	حُسن	اخلاق
SINCERITY	**SERVICE**	**BEAUTY**	**POSITIVE CONDUCT**
Integrity	Passion	Mastery	Respect
Trust	Humility	Finesse	Appreciation
Courage	Gratitude & Forbearance	Continuous Improvement	Inclusion

Scaling Our Impact

1,921
School Units

286,000
Students Enrolled



National Footprint

953 Sindh

780 Punjab

The Economist calls TCF

“perhaps the largest network of independently run schools in the world.”

All numbers are projected totals for 2023-24.
Community Development Programmes showcase the cumulative figures to date.
Aagahi is an adult literacy programme for women belonging to the rural areas and urban slums around TCF schools.

57,000
Graduates

14,000
All-Female Faculty Members



87	87	14
Balochistan	KP	AJK

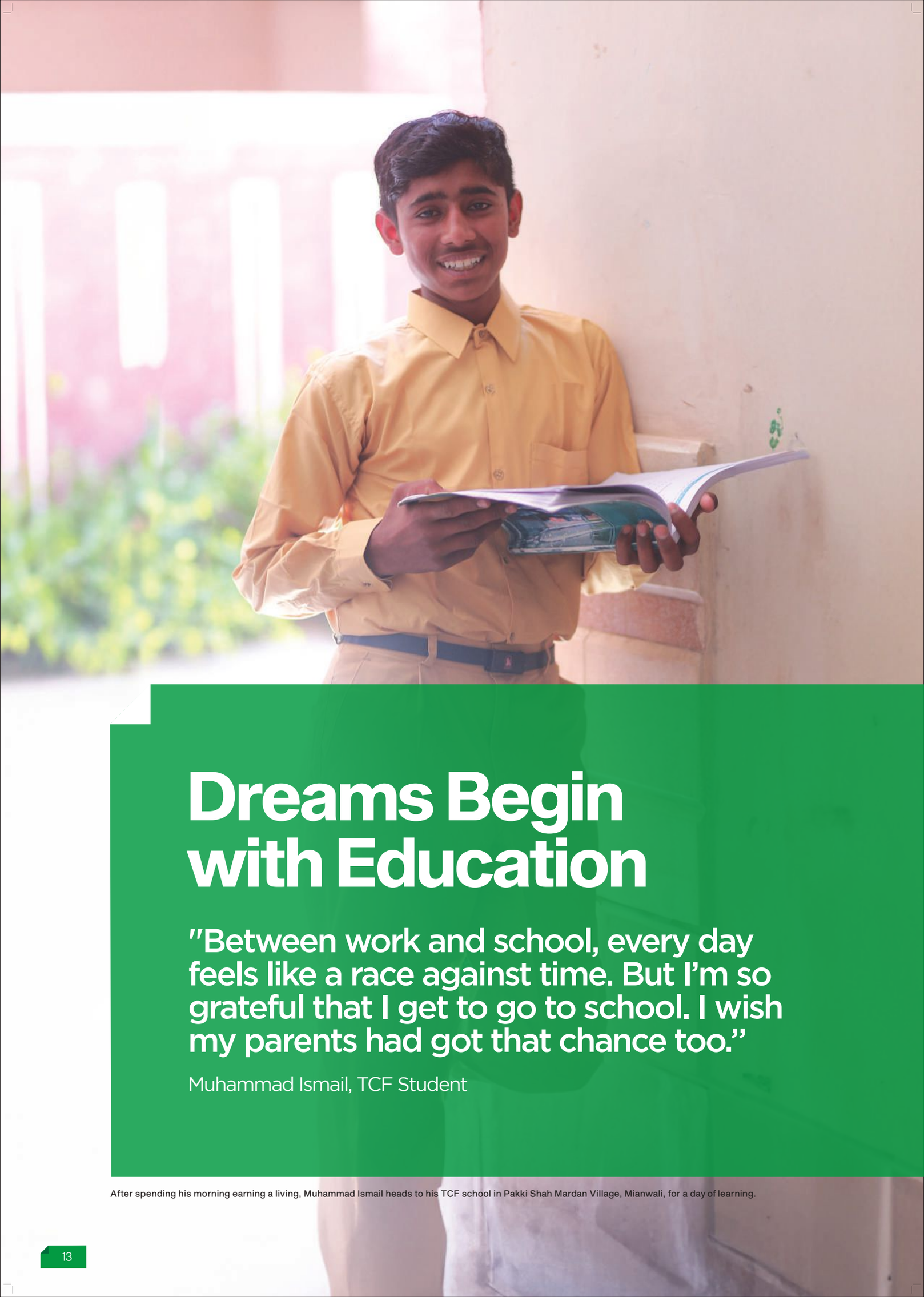
TCF school, Ali Tareen Farm Campus, Lodhran, Punjab

Community Development Programme

174,000
Aagahi Adult Literacy Learners

3,500
Vocational trainees

48,000
Beneficiaries receiving clean drinking water everyday



Dreams Begin with Education

"Between work and school, every day feels like a race against time. But I'm so grateful that I get to go to school. I wish my parents had got that chance too."

Muhammad Ismail, TCF Student

After spending his morning earning a living, Muhammad Ismail heads to his TCF school in Pakki Shah Mardan Village, Mianwali, for a day of learning.



In the quiet morning hours, while most villagers of Pakki Shah Mardan in Mianwali (Punjab) are still asleep, Muhammad Ismail sets up his cart with a captivating display of fresh produce. As the village gradually stirs to life, Ismail's spirited voice fills the market. He strives to close as many sales as possible in the early hours. But as soon as the clock strikes twelve, he swiftly packs up everything. With a heart full of dreams, he makes his way to the TCF School, where he is a student of Class 9.

Nearly ten years ago, a TCF teacher spotted Ismail, who was just six years old then, during one of her community visits. Upon learning that his father, a daily-wage labourer and his mother a homemaker, could not afford to send Ismail to school, she encouraged them to enrol him at the TCF school where he could get a good education despite their meagre income. Ismail enrolled in kindergarten at the TCF school in his community and began his learning journey. A decade later, he is preparing for his Board exams. Ismail loves to study Science and dreams of becoming an engineer.

As Ismail gets off from school, he heads back to the market where he sells the remaining produce late until night. The 200 rupees he makes for his day's work goes towards supporting his family. Ismail heads home to complete his homework and gets some rest before rising in the early hours once again to start the drill. Despite his hectic schedule, Ismail manages to maintain a perfect attendance.



Bhai Pheru Village to LUMS

"I want to change the traditionally held beliefs that keep girls from pursuing their dreams beyond the boundaries of their community."

Ayesha Siddiqui, TCF Alumna

Ayesha, a TCF Alumna and the first girl in her family to go to university beams with pride at the Lahore School of Management Sciences (LUMS).



The sun was setting on the dusty streets of Bhai Pheru in Punjab as Ayesha stood before the Chaudhry (village leader), alongside her father and grandfather, holding her acceptance letter from the Lahore University of Management Sciences (LUMS). Her heart was pounding in her chest as tension filled the room. She knew that her dreams were hanging in the balance and that this moment could be the turning point of her life.

This wasn't the first time Ayesha found herself in such a situation. When she passed Grade 10 at the TCF school and expressed her desire to attend a college two hours away from her village, her family had to bear the brunt of the villagers' objections before she was allowed to study.

But throughout her life, Ayesha's family has been her rock. Her father, a daily-wage labourer and her mother, a house help, stood behind her always, just as they were now, pleading her case, until they persuaded the Chaudhry to allow her to go to the city and fulfil her dream.

Today, Ayesha is pursuing her Bachelor's degree in Management Sciences at LUMS. She is the first girl in her family to complete matriculation and attend university. After graduation, Ayesha dreams of starting her clothing business.

Back at home in Bhai Pheru (Punjab), Ayesha shares a heartfelt moment with her parents, who have supported her at every step of her journey.



Teacher, Principal, Leader

"Once I became a part of TCF, there was no turning back. I became deeply committed to the mission, and I couldn't imagine myself anywhere else or doing anything else. It's been 18 years, and I still have so much more I want to achieve."

Tabassum Kausar, Area Education Manager
Former TCF Teacher & Principal

As an Area Education Manager (AEM), Tabassum, actively engages with principals for their mentorship and training to improve outcomes.



As the TCF van rumbled along the dusty streets of Hasan Goth, Tabassum's heart pounded nervously. Today was the day of her interview at the TCF school, and the reality outside her window was a stark contrast to the picturesque image her father, a gatekeeper at the school, had painted for her. But when the van finally came to a halt at the gate of the TCF school, Tabassum was awestruck by the grandeur of the building. It stood tall and resolute, a beacon of hope amidst the challenging surroundings.

In 2005, Tabassum embarked on her TCF journey, unknowingly embarking upon an 18-year-long journey of service and commitment. She wholeheartedly invested herself in her students, nurturing their curiosity, imagination, and love for learning. Throughout her four years as a teacher, Tabassum received in-depth training that fueled her personal and professional growth. These experiences prepared her for her future role as a principal at a TCF school in another vicinity. In her new role, Tabassum became a beacon of change, actively working to improve enrollment, retaining girls in school who were at the risk of dropping out due to early marriages and supporting the growth and development of her teaching staff.

Today, Tabassum is an Area Education Manager (AEM) - responsible for improving the delivery of quality education of the TCF schools in New Karachi Town. She is one among thousands of dedicated individuals, who are driving the TCF movement forward, every single day.

At home, Tabassum warmly embraces her father, a former TCF school gatekeeper, who inspired her to join TCF.



Education across Generations

"I used to watch my children run through these corridors; now my grandchildren are growing up at TCF."

Noor Jehan, TCF Aaya

Noor Jehan has dedicated 25 years of her life as an Aaya (caretaker) nurturing generations of students at the TCF school, Bhittaiabad.



In the year 1998, as TCF began building its school in Bhittaiabad, Karachi, Noor Jehan quietly stepped into the scene, taking on the role of an Aaya, the school caretaker. She rolled up her sleeves and dove right into work, laying the bricks and building the foundation, both literally and metaphorically.

For 25 years, Noor Jehan has met the school with the rising sun. In the early hours of the morning, she's already at work, clearing and tidying up classrooms and halls. During the day, she is always on the move – helping teachers, brewing tea, tackling odd tasks - her dedication weaving through every corner.

Within every organisation, there are those irreplaceable individuals who quietly operate behind the scenes, effortlessly managing even the smallest, yet significant tasks. Noor Jehan is one such member of the TCF family, a woman of quiet strength who takes great pride in her work.

“All of my children studied at TCF. My two daughters, taught by wonderful teachers, are now working with the Sindh Police. Now their sons and daughters are going to the same school. You see, it has been a full circle!"

In a heartfelt moment, Noor Jehan lends a hand to a little girl and fixes her hair.

Leading the Change: A Capstone Project

"If we see a problem, we can fix it ourselves! Capstone Project taught us not to wait for anyone to change the world!"

Muhammad Haris, Class 5, TCF Partnership school







The Capstone Project

The project is designed to provide students with a hands-on learning experience focused on driving positive social change and cultivating a strong sense of service. Through this immersive experience, students engage in inquiry-driven exploration, drawing upon real-life case studies to develop innovative solutions to challenges confronting their school or local community. Working in teams, they apply theoretical knowledge to breathe life into these solutions, fostering a culture of collective problem-solving. This experiential approach not only instills a lifelong commitment to civic engagement but also nurtures qualities of compassion, and responsibility, and leaves an enduring mark on the community at large.

As the school year came to a close at the Government Primary School Raokey, a TCF Partnership School in Narowal, a wave of excitement swept through the students as they prepared for their Capstone Project. Their mission was clear: identify a problem within their community, take charge of it, and craft a solution that would bring positive change. Leading his group, Haris Jameel, a student of Class 5, got together with his team and brainstormed on identifying a problem that they would resolve.



Haris and his team didn't have to look far to find a project. The dilapidated road just outside their school had a massive pothole that turned into a slippery trap when it rained, causing students to hop, slip, and stain their uniforms in an attempt to reach school. The issue had lingered for years, and it was a problem they couldn't ignore. Following the project guidelines, they interviewed students, teachers, and villagers to understand the daily struggles the road caused. Then came the brainstorming sessions where they discussed ideas to resolve the problem. The team displayed their resourcefulness, collecting mud, stones, bricks, and tools from their homes. Sleeves rolled up, hearts full of determination, they dove into the task. Working as a team, they filled the pothole, changing the tricky road into a safe, smooth one.







As the sun set on their completed project, the children of Raokey stood proud. They showed that anyone can make a difference by taking responsibility for our challenges and acting together.

Directors' Report



The Board of Directors of The Citizens Foundation (TCF) takes immense pleasure in presenting the Annual Report, along with the audited financial statements, for the year ended June 30, 2023.

Principal Activities of TCF

TCF's principal endeavour encompasses the establishment and operation of primary and secondary educational institutions throughout Pakistan, with a dedicated focus on catering to the educational needs of less privileged children. Other activities include provision of scholarships to its alumni, and active engagement in the advancement of socio-economic initiatives within the communities it serves. During the year it received funds from a diverse cross-section of society, both within and outside Pakistan, dedicated to the construction and seamless operation of schools across the country.

Operational and Financial Performance

TCF is currently operating a network of 1,921 school units, including 405 partnership schools, with over 286,000 students enrolled in its classes.

Description	2023	2022	Variance
	Rs in million	Rs in million	%
Donations & Fees	11,321	6,362	78%
Income on investment - net	996	388	157%
Operating Expenditure	11,237	6,048	86%
Education Programmes	8,039	4,914	64%
Flood Relief	1,527	-	100%
Other Programmes	483	327	48%
Marketing, Research & Development and Administration	1,188	807	47%
Total Assets	**25,592**	**19,560**	**31%**
Net Assets	**11,802**	**9,392**	**26%**

The financial performance for the year under review demonstrates commendable progress and measured resource allocation. Donations and Fees contributed significantly to TCF's financial inflows, registering an increase of 78% over the previous year due mainly to higher contributions by foreign donors, impact of rupee devaluation versus international currencies and concerted efforts within Pakistan by our local fundraising team. Another notable feature was the near doubling of Zakat donations from Rs 1.8 billion in 2022 to Rs 3.3 billion in 2023. Investment income was also significantly higher than the previous year mainly due to a higher liquid assets' base and a sharp increase in the State Bank of Pakistan's discount rate with its consequent impact on returns accruing from government securities and deposits with commercial banks.

As mentioned in our report last year, massive floods in July/August 2022 caused untold misery to people living in large parts of the country and extensive damage to their properties. The impact on TCF's operational landscape was significant, with over 100 schools directly affected and surrounding areas facing devastation. With a view to alleviating some of these hardships, TCF launched a flood relief appeal and, Alhamdulillah, we were able to raise over Rs 1.8 billion within a short space of time. Of this amount, Rs 400 million was immediately utilized for 5.7 million food rations followed by a gradual distribution of Rs 1 billion for supporting 20,000 families @ Rs 50,000 per family (83% of people who received the cash transfer have used it for home reconstruction). The dedication and commitment of TCF staff and community members engaged in these activities was par excellence and the Board expresses its deepest appreciation to them for their extraordinary efforts. The remaining Rs 400 million has been earmarked for repairing TCF schools damaged in the flood affected areas of which Rs 100 million was spent during the year and the balance of Rs 300 million will be utilised in 2023-24.

Inflation in the country touched its highest level of 38% during the year resulting in a steep increase in costs across all categories of expenditure. The bulk of educational programme expenses represent salaries which were increased by the highest percentage ever to provide some relief to the employees. Recognising that staff in lower cadres, particularly school faculty, suffered the most due to incessant pressures on the cost of living, the Board authorised an additional one-time payment aggregating Rs 71 million for all schools', non-management and lower cadre management employees to alleviate some of their economic hardships. This gesture was very well received and greatly appreciated by all the recipients.

During the year, three smaller programmes viz Literacy & Life Skills (for out-of-school children), Publishing House and Dastak Teacher Training which were being test piloted and hence classified as research and development projects up to the end of 2022, have Alhamdulillah either achieved scale or have attained the benchmarks identified at inception for their impact on the communities served by TCF and beyond. Consequently, they have now been classified as "programmes" in the financial statements.

Although operating expenditure increased by 86% over the previous year (mainly due to inflation and expansion of operations), surplus for the year was higher by 24% on account of higher income. Marketing, Fund Raising & Outreach expenses increased significantly versus the previous year due to continued focus on portfolio growth through rapid expansion of the digital and print media campaigns and significant inflationary impact of costs across all expense categories. Administration expenses too were impacted adversely by inflation, increasing by 38% over the previous year.

TCF's Zakat process (both collection and utilisation) is regularly reviewed by the Shariah Advisor whose report is annexed as part of this Annual Report.

Directors

At the date of this report, the Directors of TCF are:

Non-Executive Directors

Mr Ahsan M. Saleem - Chairman
Mr Ateed Riaz
Mr Mushtaq K. Chhapra

Non-Executive Independent Directors

Mr Adnan Asdar
Ms Hajerah A. Saleem
Mr Ishaque Noor
Barrister Jahanzeb Awan
Mr Musadaq Zulqarnain
Ms Nilofer Saeed
Mr Rizwan Diwan
Ms Saima Amin Khawaja
Mr Tariq Raza Hussain

Executive Director

Syed Asaad Ayub Ahmad,
President and Chief Executive Officer

Composition of our Board of Directors

The total number of Directors is 12 and male to female ratio is 9:3

Board Meetings and Attendance

The Board holds regular meetings throughout the year. During the financial year ended June 30, 2023, eight (08) meetings of the Board of Directors were held. None of the meetings were held outside Pakistan. The details of attendance at such Board meetings are as follows:

Name of Director	Meetings Attended
Non-Executive Directors:	
Mr Ahsan M. Saleem - Chairman	8/8
Mr Ateed Riaz	8/8
Mr Mushtaq K. Chhapra	7/8
Non-Executive Independent Directors:	
Mr Adnan Asdar	3/8
Ms Hajerah A. Saleem	7/8
Mr Ishaque Noor	8/8
Barrister Jahanzeb Awan	6/8
Mr Musadaq Zulqarnain	5/8
Ms Nilofer Saeed	6/8
Mr Rizwan Diwan	2/8
Ms Saima Amin Khawaja	3/8
Mr Tariq Raza Hussain	5/8
Executive Director	
Syed Asaad Ayub Ahmad	6/8

Maintaining Financial Stability

Integral to TCF's strategic blueprint is the unwavering commitment to sustaining ample working capital at all times, ensuring the unimpeded continuation of operations and seamless service provision. By adhering to vigilant risk mitigation strategies, we adeptly navigate potential bottlenecks that may emerge from time to time, bolstering our financial sustainability.

Voluntary Adoption of Corporate Governance

In line with our commitment to uphold best practices, TCF adheres to the stipulations set forth in the Code of Corporate Governance Regulations 2019. This voluntary adoption accentuates our dedication to fostering sound governance principles.

Investing in Human Capital

A significant initiative within the past year has been the launch and deployment of a new set of Values and Behaviours at TCF which were developed after extensive engagement with all stakeholders in the organisation. The aim is for these Values & Behaviours to act as the compass for guiding our collective actions and interactions internally and in our dealings with the external community at large. Rooted in “Sincerity”, “Service”, “Beauty”, “Positive Conduct” and an unwavering commitment to our mission, these values underpin our organisational culture. This effort to foster a culture based on shared values and behaviours not only empowers our workforce but also fortifies our ability to drive impactful and enduring positive change within society.

TCF continues to grow rapidly and has been supported in this endeavour by investment in recruitment strategies by bringing in international and local job platforms to onboard talent which will help us manage this fast pace. We continue to improve our annual human resources’ planning process and have tied it into ”Nurture” our new performance management system for management staff. This enables a clear line of sight for each management employee to see how their individual efforts impact overall TCF strategy. Work is ongoing to improve compensation and benefits for our employees by developing a comprehensive “compensation framework” for our school staff, getting job evaluations and benchmarking surveys for our management staff and introducing end of service benefits for all employees.

Risk	Mitigating Actions
Reputational Risk	We manage this through organisational training, implementation of policies and procedures to ensure that all TCF employees know how to act and respond appropriately in any situation.
Regulatory Risk	We keep up with the regulatory changes and create internal policies and procedures to implement them.
Contribution Risk	This is managed by diversifying our financial resources for a continuous flow of funds.
Investment Risk	We stay diversified within each type of investment.
Internal Control Risk	We manage this through an independent internal audit function that reports directly to the Board. Other monitoring mechanisms are in place at an organisational and departmental level as well.
Recruitment & Retention Risk	We attract, develop and retain the best talent at all levels of the organisation.
Safeguarding Risk	A set of policies, procedures and practices are in place to ensure that no harm comes to children or other stakeholders as a result of their contact with the organisation, its programmes or people.

Statement on Corporate and Financial Reporting Framework

• These financial statements prepared by the management of TCF 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 the preparation of the financial statements.

• Accounting and Reporting Standards as applicable in Pakistan have been followed to prepare the Foundation's financial statements. These comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IAS) as notified under the Companies Act 2017;
- Accounting Standard for Not-for-Profit Organisations (NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017; and
- The provisions of or directives issued under the Companies Act 2017.
- Where provisions of and directives issued under the Companies Act, 2017 differ from IFRSs or Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 prevail.

• The internal control systems have been designed and implemented for maximum efficacy. These systems are continuously monitored by Internal Audit and through other oversight mechanisms. The process of monitoring internal controls will continue on an ongoing basis to further strengthen the controls and bring improvements in the system.

There are no significant doubts about TCF's ability to continue as a going concern.

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

Appropriation of Reserves

Members of the TCF Board approved an appropriation of surplus fund of Rs 1,432 million at the end of the year to be transferred to the General Fund in 2023-24.

Subsequent Events

No other material changes or commitments affecting TCF's financial position have taken place between the end of the financial year and the date of this Report except for the appropriation of a surplus as mentioned above which is a non-adjusting event.

Related Party Information

All related party transactions during the year 2022-23 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:

Description	Amounts in PKR '000
Donations – Directors, Key Management Personnel & their relatives	120,523
Donations - Associated companies & undertakings	1,085,499
Payments – Key management personnel	96,230
Payments- Associated Companies	6,133

Abstract under section 213 (1) of the Companies Act, 2017

During the year ended June 30, 2023, the remuneration of Syed Asaad Ayub Ahmad, Chief Executive Officer was increased from PKR 1,157,744 per month to PKR 1,350,000 per month w.e.f. September 2022. There were no changes in other terms and conditions of his appointment.

Involvement of the Board of Directors

TCF's Board of Directors is a group of experienced and qualified professionals who bring their diverse knowledge and skills to the organisation. The Board monitors progress against strategic objectives, fundraising plans, financial trends and their implications to ensure that TCF operations are stable and are aligned with its core mission. No Director or their relatives received any remuneration, payment or benefit directly or indirectly from TCF.

Further, members of the Board are actively involved in fundraising for TCF and serving as a source of guidance for all functional leaders within the organisation

Financial Statements

The financial statements of TCF have been approved by the Directors and duly audited by A. F. Ferguson & Co. Chartered Accountants; their report is attached with the financial statements.

Future Outlook

TCF will continue to elevate the Flagship Schools programme, enriching the educational experience for our students. Simultaneously, the scale of our Partnership Schools programme will expand, bringing quality education to more communities. As we cultivate an empowered generation of TCF alumni, we also aim to bridge the educational gap through initiatives like Aagahi for adults and a tailored Literacy and Life Skills programme for out-of-school children. The integration of technology and media into learning will unlock innovative pathways for growth, while skill development endeavors will empower communities beyond the classroom.

Function-wise, TCF is poised to introduce operational excellence through the Operational Management System (OMS), ensuring streamlined school operations. Our focus on talent development, global governance framework, internal evaluation mechanisms, and school infrastructure maintenance will fortify our organisational foundation.

Crucially, TCF's commitment to expansion will manifest in the construction of 120 new school units in the coming year. This dynamic growth trajectory is set to impact student enrollment significantly across Flagship and Partnership programmes.

We deeply acknowledge and recognise the contribution and support that came from our donors, supporters and staff in ensuring a rewarding experience of providing quality education to the less privileged children of Pakistan.

Ahsan M. Saleem
Chairman & Director

Syed Asaad Ayub Ahmad
President & CEO

Date: September 7, 2023

"Education civilizes us. It widens the horizons of the mind and enriches our thoughts. A good education is one that encourages us to seek further knowledge."

The TCF family pays its deepest respects to the life and contributions of Mr. Zia Mohyeddin, a legendary actor, producer, and orator. Mr Zia Mohyeddin was a staunch advocate for quality education and a dedicated supporter of TCF. He dedicated much of his time to fundraising and raising awareness for TCF, championing the cause of education.

His legacy will forever inspire and impact lives. May his soul rest in eternal peace.

Zia Mohyeddin
(1931–2023)



Chairman's Review Report





The Citizens Foundation was founded in 1995 as a citizen response to an increasingly worrying and gloomy state of affairs in Pakistan, particularly in Karachi where kidnappings, crime, and ethnic violence had become part of daily life. These topics would often find their way into evening drawing room conversations with family and friends. It was this growing sense of hopelessness that triggered a group of well-wishers to take action and be part of the solution. It gives me goosebumps when I look back to 1995 and TCF's beginnings with 5 primary schools in Karachi; TCF today has 1,921 school units, providing education to 286,000+ children from the less privileged communities in the country, employing over 19,000 professionals of which nearly 14,000 constitute female faculty members.

"You have to believe in education being the answer to a brighter happier more prosperous Pakistan. One educated person can change the world." – Ateed Riaz

Spanning almost three decades, TCF has grown organically and has been blessed with some of the most special people. Our community of supporters is now global and is largely made up of the Pakistani diaspora but also includes non-Pakistanis who are passionate about education. None of this would have been possible without our supporters and all the people who work tirelessly for a Pakistan where all children have access to education.

Today as we close FY23, it gives me great pleasure to report that 57,000 students have graduated from the TCF programme. 90% of TCF graduates pursue higher education and about half of those who complete intermediate enroll in tertiary education. This data stands in marked contrast to 2022 national data which reported dropout rates of 33% for primary and 73% for secondary education. The country had a 12% tertiary education enrollment rate in 2019 according to data from the World Bank. 70% aged 22 and above are already part of the workforce and over 5,000 are pursuing higher education in leading institutions across Pakistan, while 29 TCF graduates are pursuing higher education abroad, and 1,174 are working with TCF, mostly as teachers. A lot is happening at TCF and its communities, including adult literacy, potable drinking water, life skills and more – all of this is covered in more detail in the CEO's note and this annual report.

"In the years to come, we want to see a Pakistan where all children have access to a school and education." – Mushtaq Chhapra

The outgoing fiscal year has been one that has presented incredible challenges; as many of you know the beginning of the year was marked by unprecedented flooding in Pakistan, destroying the lives and livelihoods of millions; it is our most vulnerable that continued to experience the widespread impact of these challenges and at the same time, these people have shown great resilience in the face of extreme adversity.

At TCF some 100 schools were affected, disrupting the education for about 18,000 students. TCF's flood relief activities are covered in detail in other sections of this year's Annual Report.

"We want to dream for them what their parents have not been able to dream for them and what our governments have not been able to give to them. These children should also have dreams and we should dream for them." – Ahsan Saleem

TCF not only stepped up to provide immediate relief but also doubled down on the core mission to provide accessible quality education across Pakistan. TCF's network expansion by 88 units this year, to 1,921 school units will take students' enrollment to 286,000+ and total employment to over 19,000.

Inflationary pressures continued to build up on the back of varying exogenous factors, significantly impacting input costs. TCF has put into place a plan to improve longer-term visibility enabling us to govern and ensure the financial sustainability of the TCF mandate as we continue to expand. This remains a key focus area for us, and we are continuously working to build a portfolio of long-term endowments.

Board Affairs and Performance

Governance continues to remain a mainstay at TCF and we are blessed to have Board members who volunteer their time and provide invaluable oversight and strategic guidance to management, both in their individual capacities and in Board Committees with defined governance mandates. As a co-founder and Board Chair I draw comfort from the exceptional make-up and performance of the TCF Board as a collective. To ensure continuity in this area we continue to seek and induct members that meet the 'fit and proper' criteria to TCF's General Body. Some members of the General Body are attached to Board Committees to provide advice in their respective areas of expertise and also to gain insight of Board affairs as well as operations of TCF.

Our Board of Directors is currently comprised of 12 members and the CEO who bring with them a varied and diverse skillset – three of them are founder directors and, many are long-time contributors to and supporters of TCF. Our CEO is the only executive director on the Board – he has more than 14 years of experience in the industry and has been leading TCF since 2009. Other Board members include prominent senior lawyers, a chartered accountant, an international investment banker and well-known business leaders.

Being specifically responsible for the leadership of the Board, I work to ensure its effectiveness in all aspects of its role, including good governance in dealing with our stakeholders. This includes ensuring that Board meetings are held in an open manner, that the Directors receive accurate, timely, and clear information, allowing sufficient time for agenda items to be discussed. New Directors receive a comprehensive, formal, and tailored induction to TCF's operations including the corporate governance framework and visits to TCF schools. Members of the Board are also responsible for effective communications with stakeholders and relaying any stakeholder concerns to the Board Chair and CEO.

The Board remains committed to maintaining and evolving high standards of corporate governance throughout the organisation.

Delivering on TCF's promise:

The Board is actively engaged in developing a strategy and steering the operating model which enables mission alignment and programme delivery. The Board annually reviews a three-year strategic plan and annual budget considering various aspects including global and local economic conditions, HR imperatives, challenges faced in the outgoing year and principal risks evaluated for each activity. This year the Board additionally reviewed a seven-year financial sustainability plan which will be updated and reviewed annually at the budget formulation time.

Seek to understand and meet stakeholder needs and expectations and maintain a dynamic management framework:

TCF's stakeholder group includes its community of supporters that enable programme delivery through generous contributions, the students, the people who work together to run the organisation, the suppliers, the programme partners, the government and the community at large. TCF is supplementing the state mandate to provide access to education to all through its partnership schools programme and with this comes great responsibility. The Board annually reviews the governing principles and code of conduct policies. The system of internal controls and risks facing the organisation are assessed in detail through the Audit and Risk and Compliance Committees. TCF receives regular feedback from its internal and external auditors on the effectiveness of its internal controls and aims to implement any improvements identified by them. An employee engagement survey and regular donor engagement surveys help identify gaps for which rolling improvement plans are in place.

The Board attaches great importance to providing stakeholders with clear and transparent information on TCF's activities, strategy, and financial position. The Board engages where possible in regular dialogue with its major donor groups through formal and informal meetings. General Body members are given an opportunity to communicate directly with the Board at the Annual General Meeting.

The Board has approved the organisation's Vision, Mission, and Values & Behaviours; specifically, the founders have played a central role in the development of the latter initiative.

The Board also regularly reviews and approves comprehensive policies and procedures for the smooth conduct of all material activities – approved policies are available for Directors to view on the organisation's SharePoint portal.

Authority is delegated to senior operational management, ensuring that proper management oversight exists at the appropriate level. The executive management team comprises the Chief Executive Officer, the Chief Financial Officer, EVP Development and Partnerships, EVP Flagship & CDU Programmes, EVP Outcomes, EVP HR, IT & Operational Excellence and EVP Engineering & Supply Chain. The executive management team along with founders and select members from the Board and General Body meet regularly. Any key issues from these meetings are taken to the Board.

Board Governance:

The Board has Directors with a range of backgrounds and skills – comprising almost entirely non-executive directors we ensure independent judgment, decision-making, and idea generation in an environment where everyone's opinion is valued and listened to. The Board has meetings scheduled regularly throughout the year to review and approve TCF's strategy and to monitor progress against set objectives.

Additional meetings are also held as needed such as to approve the annual budget and review and its implications. The Board has a formal schedule of matters reserved for its specific approval which includes a review of strategic, operational, and financial matters including proposed acquisitions, new programme investments, CEO performance evaluation and compensation review, etc. It approves the annual accounts and interim reports, the annual budget, significant transactions, major capital expenditure and reviews the effectiveness of the system of internal control and the risks faced by the organisation. The Board regularly monitors financial and other indicators throughout the year – this helps trigger appropriate actions in a timely manner.

The Board delegates specific responsibilities to Board Committees: the Audit Committee, the Human Resource and Remuneration Committee, the Governance and the Nomination Committee, the Education Committee, the Resource Mobilisation Committee, and, the Risk and Compliance Committee. Each has formal written terms of reference that are accessible to all Board members on the organisation's SharePoint portal.

All members of the Board are supplied in advance of meetings with the agenda and supporting papers covering the matters which are to be considered. Whilst there is a clear division of responsibilities, Board members remain in regular contact with the key management personnel outside of board meetings.

During the year the Board through the Governance & Nomination Committee (G&NC) reviewed and developed a Charter of the Board of Directors which formalised, other than standard governance areas, Director and Founder term limits and policy on new member inductions.

The Board also carried out a performance evaluation on a self-evaluation basis for the Board as a whole and for the respective Committees of the Board. This helped identify areas for improvement and reinforced areas of strengths.

TCF's Investment Committee is a management committee run by an independent external expert. By design no Board members are on this committee and the Board's role is to monitor performance and returns.

The Annual Report is designed to present a fair, balanced, and understandable view of TCF's activities and plans. The Operational and Financial Review provides an assessment of the organisation's affairs and position. The Annual Report is sent to all major donors and partners on the circulation register and is available on TCF's website. The Board has reviewed the Directors' Report and Financial Statements for the year ended 30 June 2023 and is pleased to confirm that the report and statements collectively embody fairness, balance, and clarity.

The Journey Ahead

The challenges of the past year have made us more determined than ever to create lasting change through education. Our incredible TCF community is at the heart of this mission. Stepping into fiscal year 2024, we have a capital budget outlay of PKR 6 billion (USD 20 million) and an ambitious plan to add 120 school units to our expanding network which will ultimately add an incremental 22,000 students to the TCF programme. An estimated 8,500 students are expected to graduate from secondary school in 2024.

We have faced some extraordinary challenges; as a not-for-profit working to provide accessible quality education to the less privileged children in Pakistan, we stayed true to our mission and guiding principles. We strive to ensure that we emerge from these challenges stronger and more focused, able to respond to the changing dynamics of the world we operate in.

We have a clear strategy and our focus for the year ahead remains on strengthening access to quality education for the out-of-school children in Pakistan.

I would like to thank the Board and its committees for their proactive role in guiding us, and to everyone that works at TCF for their strong commitment and their outstanding contributions to the TCF movement.

Finally, I would like to recognise and thank our other key stakeholders – our incredible community of supporters, the communities in which we operate, our partners in this movement and particularly, our donors for their support.

I look forward to your continued support in our collective journey towards a Pakistan where all children have access to education.



Ahsan M. Saleem
Co-Founder and Chairman

Message from the CEO



Reflecting on a Year of Impact

Dear TCF Supporter,

At TCF, our mission is anchored in a simple yet powerful belief: that education holds the key to real change. It empowers individuals, communities and nations to turn dreams into reality. It is the promise of a better tomorrow.

But change isn't just about what we do; it's about how we do it. Our values are the heart and soul of our organisation, guiding every action and every word. Over the past year, we've taken steps to weave these values even deeper into our everyday interactions, making them an integral part of how we measure success. These values continue to steer our mission in the right direction.

I'm delighted to share the impact we have created together throughout the year, staying true to these values.



Sincerity:
We have sincere intentions about everything we do and how we do it

Sincerity is the cornerstone of the TCF movement, guiding and anchoring all our efforts and actions. With the intent of bringing positive change through education, we continued to expand our core programme this year, delivering quality education to 286,000 students across 1,921 school units in Pakistan. Our principals, teachers, and dedicated teams truly embody the essence of sincerity. They work tirelessly, with integrity, trust, and courage, to deliver a transformative education experience for the children of Pakistan. It is because of their remarkable dedication that we have been able to provide our children with a 21st-century learning experience, which is rooted in play-based learning, joyful storytelling, digital literacy and a focus on emotional well-being.



Service:
Our Movement exists to serve

Our commitment to delivering quality education goes beyond our students' school years, as we support and enable them to continue their educational journey. This year, we provided scholarships to more than 500 TCF alumni to help them pursue education in prestigious universities through our Tertiary Support Programme. Additionally, 2,260 alumni received crucial support in their intermediate education journey. I'm delighted to announce that TCF College achieved a remarkable 4th rank in this year's Board of Intermediate Education Karachi results, boasting an outstanding 98% passing rate.

TCF's commitment to raising academic standards culminated in a remarkable achievement this year. Our students' recent matriculation results have brought immense pride to our TCF family! These results mark our first Board affiliation with the Federal Board of Intermediate and Secondary Education (FBISE). Achieving an impressive 90% pass rate, with 30% receiving A and A1 grades, despite the challenges, positions our students results on par with other top-tier schools in Pakistan. This success is a testament to the unwavering dedication of our teams, especially our principals, teachers, and, of course, our students.

TCF has consistently stood by its communities, especially in times of dire need. When devastating floods struck Pakistan this year and left our most vulnerable communities in distress, TCF swiftly stepped in to make a meaningful impact. Our efforts were focused on three key areas. We provided timely meals to flood-affected communities as an urgent response to address their immediate needs and assisted them in rebuilding their lives and livelihoods through cash transfers, ensuring they could regain stability and self-reliance. Lastly, we worked diligently to rehabilitate our schools affected by the floods, ensuring a swift return to the classroom for the children, where learning could resume as soon as possible.

TCF's Community Development Programme is a beacon of hope in our school communities. Aagahi, our Adult Literacy Programme has empowered over 173,000 women with vital literacy skills and health awareness. Aab-e-Rehmat Programme continues to provide clean drinkning water to 50,000+ community members through 33 filtration plants. Our vocational training programme has transformed the lives of 400 women with tailoring and fashion design skills.

To enable other stakeholders within the education ecosystem of Pakistan, we continued to share our programme, experience and capabilities. We expanded the reach of our Dastak Teacher Training Programme to 500 educators in Low-Fee Private Schools this year. To date, 1,077 teachers have benefitted from our low-cost online teacher training programme. Additionally, TCF's Publishing House shares its textbooks, teacher guides and other learning materials with 400 schools to implement TCF's curricula in schools that exist in non-TCF school communities.



Beauty:
We constantly seek to beautify and improve what we do

In our commitment to continuous improvement, we invest in the continuous learning and development of our teachers and principals while rigorously assessing their performance. This year, our principals achieved a remarkable milestone with a record-breaking PQI score of 80%. The Principal Quality Index (PQI) serves as a crucial measure of principal quality within the TCF network. Additionally, we initiated PQI evaluations for principals in our Partnership Schools, marking a significant step toward progress benchmarking. At TCF, we've prioritised our staff's growth and development through rigorous training programmes. All our school principals completed the comprehensive Principals' Academy, equipping them to excel as school leaders. Our teachers across Pakistan benefited from extensive year-round trainings, ensuring their continuous personal and professional growth.



Positive Conduct:
We think well of others & treat everyone with care and sensitivity

At the core of our values lies the deep belief in the importance of gratitude and appreciation for each and every member of the TCF family. After a three-year hiatus due to COVID, the revival of our school award ceremonies has provided a meaningful platform to celebrate these exceptional individuals. These events not only boost morale but also underscore our unwavering commitment to providing impactful education.

We organised TCF's 18th Annual Jashan-e-Parwaz event which celebrated the accomplishments of TCF alumni from 2017 to 2021 at the Insitute of Business Administration (IBA). The event showcased TCF's impact of changing lives through education, strengthening ties with academic partners and enhancing the Alumni Pathways programme. Today, most of the alumni are employed, reflecting their dedication and resilience, and TCF's quality education standards.

As I close this message, I want to reiterate how our values are the driving force behind the change we bring through education. I extend my heartfelt gratitude to all our donors, volunteers, TCF teachers, and principals, as well as my amazing teams who have collectively strengthened the TCF movement of change into what it is today: a beacon of hope and transformation.



Syed Asaad Ayub Ahmad
President & CEO

TCF Flood Relief Appeal

Rising to the Challenge

In 2022, Pakistan witnessed one of the worst floods in its history, causing significant displacement and loss of livelihood, while exacerbating the learning crisis. As an immediate response to this crisis, we launched the TCF Flood Relief Appeal to address urgent needs and enable rehabilitation in flood-affected school communities.

Our Response

Provided **5.7 million** meals to affected families

Provided cash transfers to **25,000 families** for livelihood assistance

Rehabilitated our schools damaged by the floods

" The situation on the ground is truly heartbreaking. I have families coming to me saying this is the first meal they are seeing in days."

Zubair Kazi, Relief Operations Lead, Sukkur and Jacobabad



Flood victims navigate the troubled waters, the land that was once their homes in Dadu, Sindh, now lies submerged.



TCF Schools: A Safe Haven

Scores of flood-affected families took shelter in TCF schools after losing their homes, belongings and livelihood to the devastating floods.





Timely Meals Delivered

Our teams worked round the clock to deliver meals in flood-affected villages where people had lost all means to support themselves.

A Spectacle of Hope



The picture on the left shows the TCF school in Latifabad (near the Indus River) that became heavily inundated by flood waters. The picture on the right is a testament of the hard work and commitment of our school staff, who worked round the clock to make the school operational again within a matter of days.

Learning Must Not Stop!

Amidst the havoc of the floods, TCF remained committed to keeping flood-affected children learning and ensuring their safe return to school. We prevented school dropouts through community visits, addressed learning loss through remediation and prioritised their social and emotional well-being.



TCF Students in Tando Adam, Sindh, display remarkable resilience, braving floodwaters to get to school.

Learning continues under trees

When the two TCF schools in the flood-hit village Wada Machyoon (Khairpur) became inundated, the principals of these schools, Ms Khalida Khilji and Ms Shireen Tarique, teamed up to convert a community space into a makeshift classroom where around 200 students continued their learning under the cool shade of trees every day.



Remediation for learning loss

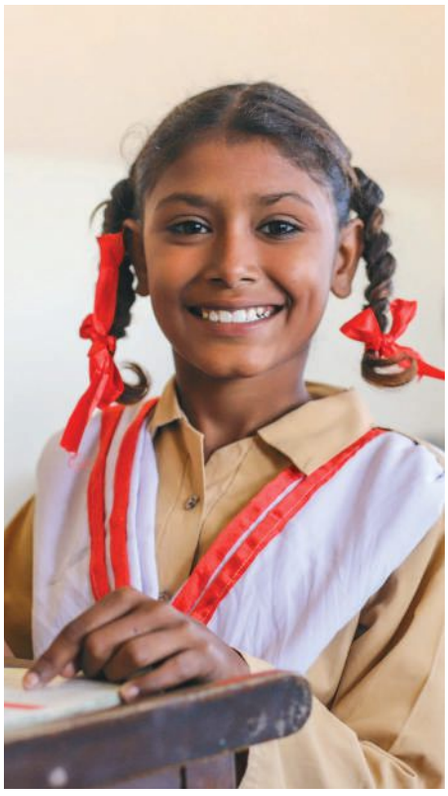
As students returned to school with varying levels of learning loss after the flood crisis, we helped them catch up on their learning through our structured and tailored remediation programmes, Aghaz (Beginning) - whole-class remediation for collective learning loss, and Uraan (Flight) - individual or small group remediation.



Dhani's Memory of the Floods

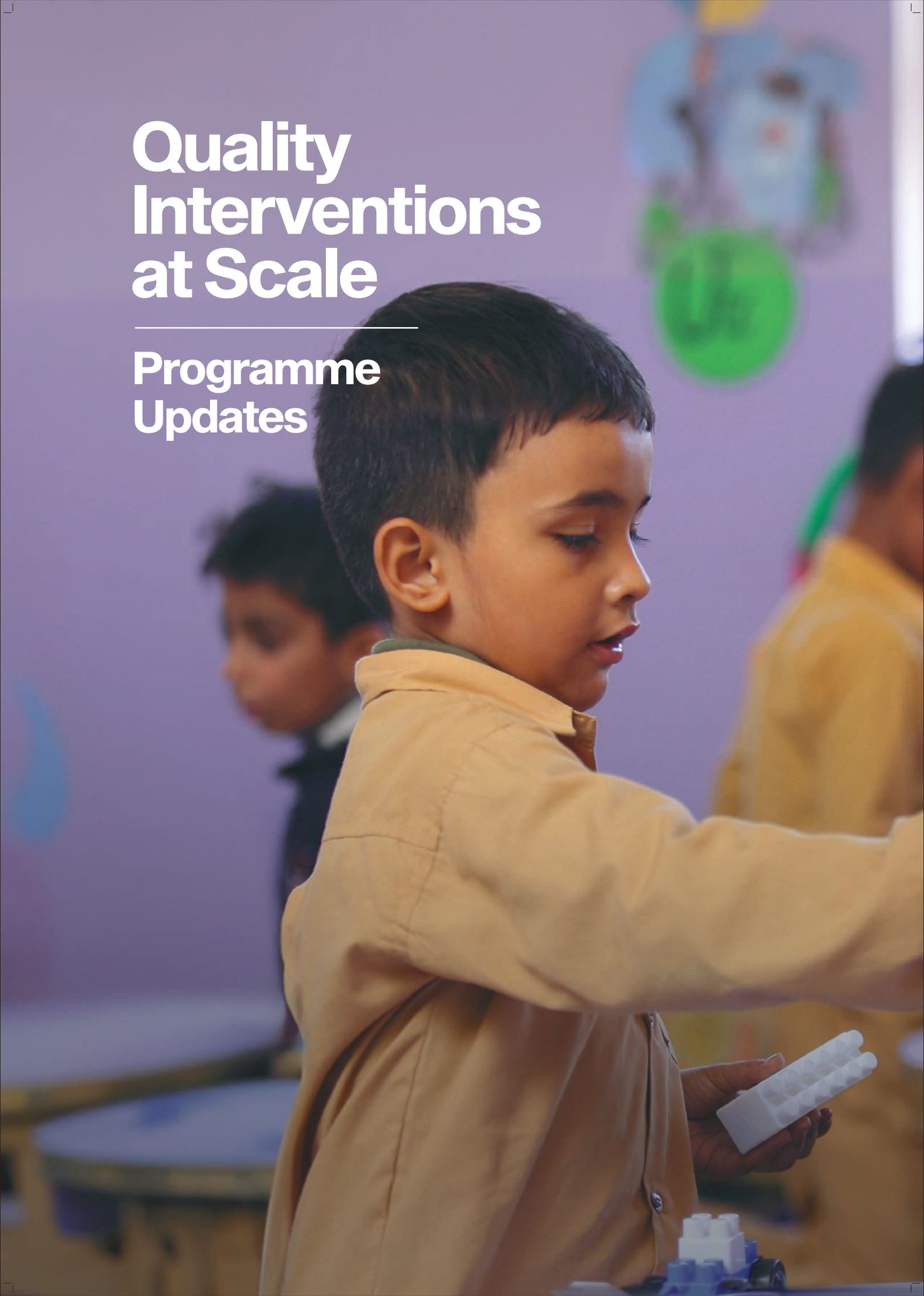
On her first day back at school, 9-year-old TCF student Dhani from Tando Allahyar, Sindh, turned to art to describe the agonising moment the floods entered her mud-brick home and disrupted lives. Her family was forced to camp by the roadside for days. Her school principal, Ms Shabtab, kept in touch with her family and prevented her from dropping out. Today, Dhani is back in the safe haven of her classroom, where she learns, plays, and dreams of a better future.





Quality Interventions at Scale

Programme Updates





World Bank features TCF's School Leadership Framework as an exemplary model



The World Bank has featured TCF's school leadership framework as an exemplary model for public school systems globally. The blog titled, 'How to boost school leadership in 4 steps', co-authored by Nadia Naviwala, Senior Advisor at The Citizens Foundation and Juan Baron, Senior Economist, Education Global Practice, World Bank Group, highlights TCF's intensive process of selecting and developing effective school leaders who can support teachers and enable strong learning outcomes in their schools.

TCF & IDEAS Collaborate on Gender-focused Education Research, supported by the Bill & Melinda Gates Foundation

TCF has collaborated with the Institute of Development & Economic Alternatives (IDEAS) for a research study supported by the Bill & Melinda Gates Foundation. This two-year study aims to explore the transformative impact of sustained quality education on female empowerment and societal norms. The research will focus on communities where TCF has established its early schools, collecting qualitative data to provide valuable evidence on educational programmes that foster positive social attitudes and empower women. The study is expected to benefit educators, school administrators, community leaders, local government officials, and nonprofit organisations engaged in education service delivery.



TCF Textbooks Certified as Model Textbooks for schools across Pakistan



Four of TCF's Science Series and Digital Literacy textbooks have been selected as model textbooks for all public and private schools in Pakistan by The National Curriculum Council Secretariat, Ministry of Federal Education and Professional Training. These approved model textbooks are compliant with the Student Learning Outcomes in the National Curriculum of Pakistan and are recommended for use in schools to ensure quality and consistency in education. TCF takes great pride in creating its own textbooks, integrating global best practices and featuring a rich blend of concepts.



Dastak's Impact: Empowering Teachers Beyond TCF

This year, we expanded the reach of our online teacher training programme, Dastak, benefiting a total of 1,405 teachers outside the TCF network in 100 cities of Pakistan. Dastak is an online, subsidised teacher training initiative that draws upon decades of TCF's experience in teacher development. In line with our goal to improve learning outcomes within the ecosystem, Dastak aims to develop better teachers for better classrooms, foster leadership abilities in teachers, develop a growth mindset & culture of continuous learning and produce agents of positive change.

Project Ta'aluq: Navigating Impactful Interventions via Data Insights

In 2021, TCF launched Project Ta'aluq, aiming to comprehensively profile TCF students and their families. The main goal was to gather in-depth insights at both individual student and family levels, enhancing programme interventions and policies. We have since collected and digitised data from 245,950 student surveys and 151,286 family surveys. This data serves multiple purposes. Principals now have deeper insights into student lives and community dynamics, categorised by household income levels and gender. We are able to identify regions with higher illiteracy rates among TCF parents and older siblings and optimise our Aagahi literacy programme's focus. Additionally, household income details are being used to secure Board fee concessions for 9th and 10th-grade students as well as in understanding the drivers behind student drop-out patterns.

TCF Principals shine with unprecedented PQI scores



The Principal Quality Index (PQI) serves as a numerical representation that reflects the quality of principals within the TCF network. It provides a standardised mechanism for performance assessment and improvement throughout the year based on some defined indicators. This year, TCF has attained an unprecedented PQI score of 80% for its flagship schools, a surge of 8% since last year, reflecting the impact of dedicated efforts invested in the growth and refinement of TCF principals. This year also marked the inaugural PQI evaluation for principals in our Partnership Schools, a pivotal step towards self-assessment and benchmarking of our progress.

Alumni Pathways: A Bridge to Success Beyond Schooling



To create a lasting impact on the lives of our students, we provide support to our alumni beyond the school years – facilitating their higher education through academic and financial support. This year, we provided 2,260 alumni support through intermediate coaching centers to enable quality outcomes in their higher secondary journey. We are proud to share that this year, 500 TCF alumni secured university admissions who are also being provided scholarships through the Tertiary Scholarships Programme. We are proud to share that this year TCF College achieved the 4th rank in Board of Intermediate Education, Karachi, results with a 98% passing rate. So far, the college has produced 1,200+ intermediate graduates out of which 900+ have transitioned to some of the best universities in the country.

A Stride Towards Quality Education – TCF students excel in Federal Board Matriculation Exams

Following TCF's move to affiliate its Secondary schools with the Federal Board of Intermediate & Secondary Education (FBISE) in 2021, this year TCF students across Pakistan appeared for matriculation exams under a unified examinations Board for the first time. They secured an impressive 90% pass rate with 30% earning A+ and A grades. Prior to this transition, TCF students appeared for exams under 22 regional boards, resulting in massive variations in academic standards, invigilation regimes and the level of centralised academic and operational support being provided to the schools. The move to FBISE is enabling a gradual transition from rote learning to conceptual understanding as well as an improvement in operational and invigilation effectiveness. Upon FBISE registration, we aligned academic resources with new standardised learning goals, initiated training for teachers and principals, and provided student counselling for a smooth shift. This year, TCF College was also affiliated with FBISE, enabling college students to take intermediate exams under the Federal Board.

Scaling Impact through Multilateral Public-Private Partnerships

TCF is working to magnify the impact of its schooling model through public-private partnerships. In 2019, TCF signed an MOU with the Government of Sindh to build 500 new Foundation Assisted Schools (FAS) units over 10 years with the goal of improving female enrolment and learning outcomes across Sindh, Pakistan, which currently rates poorly in terms of educational indicators. This year, TCF built 42 new school units under this partnership. To-date, TCF has built 70 school units across high-need locations in Sindh. Under this model, the government provides monthly subsidies for running the schools while TCF employs its expertise in constructing and managing schools.



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Our Values

Unveiling TCF's Core Values & Behaviours

At TCF, we constantly strive to embed the organisation's ethos and values in the way we conduct ourselves and the way we interact with our students, parents communities, supporters and each other. In 2018, prompted by the organisation's accelerating growth trajectory, we embarked on a participative journey to identify and articulate the values and behaviours that reflect our movement's ethos and the culture we seek to preserve and nurture, as we carry the mission forward.

A comprehensive process was carried out to gather input from TCF Founders, management and school faculty who contributed their perspectives on TCF's values and behaviours. This blend of insights was synthesized, deliberated upon and formed the blueprint for a revised Values and Behaviors Framework.

خلوص	خدمت	حسن	اخلاق
SINCERITY	**SERVICE**	**BEAUTY**	**POSITIVE CONDUCT**



The launch of TCF's new values

took place from October 2022 to January 2023. The Values and Behaviours were first introduced to selected management employees and all Principals, who were trained as facilitators. These facilitators were tasked with imparting the new values and behaviours training to all employees across TCF including faculty members, management employees and support staff. The launch was engaging, featuring teasers, videos, and activities tied to each value.

We are committed to expanding these values to all stakeholders. An onboarding programme assists new employees in embracing these values while existing staff collaborates to deepen their understanding and implementation. These values and behaviours are now

intricately integrated into the framework of performance management and key performance indicators (KPIs)

for TCF employees.



Our People
Our Community

Global Highlights



The TCF family unites for the Global Chapter Conference (GCC).


MÖVENPICK


MÖVENPICK

TCF PAKISTAN

TCF's global Ramzan campaign,

تعلیم سے بدلے زندگی

Change Begins with Education

emphasised TCF's mission to transform lives through education and showcased remarkable stories of TCF alumni who have successfully pursued higher education or established fulfilling careers, underscoring the transformative power of education.

Amidst the devastating floods in Pakistan, which disrupted the education of **3.5 million** children, TCF launched a global fundraising campaign



in November to draw attention to the education crisis, highlight TCF's efforts in ensuring uninterrupted learning for children affected by the floods and to rally support for their return to school.



Shehzeen Rehman raised support for 9 TCF schools

via her peer-to-peer fundraising campaign – engaging her network of families and friends and inspiring a community to make a profound difference in young lives. Shehzeen is a longstanding TCF supporter and social media influencer, who puts in relentless efforts to champion the cause of education.



Over 250 passionate cyclists rode from Sea View to TCF School in Qayyumabad for

Cycle For Change

TCF's annual cycling event, organised by the Supporters of The Citizens Foundation (STCF), to generate awareness and raise funds for the education of flood-affected children. Following the success in Karachi, Cycle For Change also took place under STCF's Lahore Chapter.

STCF's Faisalabad Chapter

organised its 5th Annual Fundraiser, featuring an exhilarating concert by Ali Tariq and attracted enthusiastic supporters from the city who contributed to the record-breaking donations achieved by the Chapter.

TCF's Global Community Conference,

Empowering Communities through Education

united our global partners, dedicated volunteers, passionate staff, and unwavering supporters from across borders showcasing programme updates, captivating storytelling sessions by our esteemed seniors, alumni, and staff, while also paving the way for invigorating discussions on TCF's future endeavour and progress. It was a remarkable event that strengthened our collective commitment to transforming lives through education.



In a swing of generosity and sporting spirit, over 140 avid golfers teed off in December at the prestigious Karachi Golf Club, joining forces to champion education for the less privileged at the

19th TCF Annual Golf Tournament



TCF's Rahbar Programme

TCF's Rahbar Programme united 1,310 volunteers from different walks of life who mentored nearly 4,000 students for six consecutive Saturdays at selected TCF schools across Pakistan. The Rahbar Programme is a Youth Mentorship Programme for eighth and ninth-grade TCF students through which volunteers mentor young individuals to become responsible and productive members of society. With the 'Soch se Taqdeer (Thought to Destiny)' outlook, our dedicated volunteers inspire young minds to become responsible creators of their own destinies.

Rahbar is unique, as it provides a genuine sense of hope not only to the students but to their mentors as well. Trusted bonds are developed that help students discover their inner strengths and capacities and encourage them to achieve their full potential in life.





TCF Summer Camp

rose to new heights this year as 1,100 young and enthusiastic volunteers engaged 10,000 students from Grades 3 to 5 in a thrilling lineup of activities including arts and crafts, theatre, storytelling, sports, and much more in Karachi, Lahore, Islamabad and Faisalabad.

TCF Summer Camp is an on-field non-teaching Programme based on extra-curricular activities. It is held during the summer holidays at selective school locations across Pakistan. It aims to enhance the knowledge and social skills of third, fourth and fifth-grade students by engaging them in Game-based learning.

TCF has introduced the convenience of donating through

1Bill payment services and JazzCash,

ensuring that supporters can effortlessly contribute and show their unwavering support with just a few clicks.

TCF-USA

TCF-USA established 5 new chapters

in **Columbus Ohio**, **Colorado, Santa Clarita**, **Fresno**, and **Orlando** – expanding the total number of chapters in the USA to 49, led by 200+ dedicated volunteers!



TCF-USA chapters organised over 60 events

including fundraisers, donor appreciation events, outreach programmes, community gatherings, and Ramzan galas to garner support for education.

The Houston Chapter's 12th Annual Gala attracted over 700 supporters, while **Washington DC's 13th Annual Gala,** gathered over 450 individuals. The Bakersfield Chapter organised a unique hybrid event in the form of a **Ramadan Virtual Fundraiser** and Iftar, surpassing its fundraising target.

The Evening for Education organised by the Greater Sacramento Chapter and the Youth Champion event hosted by the Boston Chapter were also tremendous successes in generating awareness for the cause.

TCF-USA received

endorsements and recognition from prestigious global foundations

News Time

and organisations based in the USA, including The Obama Foundation, Network for Engaged International Donors, Ernst & Young Global Limited, and American Pakistan Foundation. Several esteemed publications such as The Boston Globe, LA Times, and The Telegraph, among others, featured TCF's efforts in comprehensive articles.



TCF-USA collaborated with 18 social media influencers from North America who participated in the

2023 TCF Ramadan Challenge

leveraging their reach to create awareness about the education crisis in Pakistan and raising support for over 400 deserving children.

TCF-USA maintains its 4-star rating

with Charity Navigator and Platinum Seal with Candid (formerly GuideStar) - both being their highest ratings.

Platinum Seal of Transparency 2023 Candid. (GuideStar)

CHARITY NAVIGATOR ★★★★ Four Star Charity

TCF-UK



TCF-UK hosted its Annual Gala themed

Reaching for the Stars

in March 2023 at the iconic BAFTA 195 venue – honouring TCF's teachers, students, and Alumni and featuring a live auction which raised an incredible £225,000 for education.

In April 2023, TCF-UK's fundraising appeal was featured on

BBC 4 Radio Appeal

narrated by the wonderful journalist, Saima Mohsin, who passionately shared TCF Alumna, Muskan's inspiring journey which helped raise funds to support the education of 76 less privileged girls in Pakistan.



In May, TCF-UK's Yorkshire Chapter bravely took on the

Yorkshire 3 Peaks Challenge

for TCF, climbing 5,200 ft over a distance of 24 miles, and raising £31,000 for education!



8 runners took on the ultimate running challenge, running 20.6 miles at the

London Marathon

while raising funds for TCF.



Run 10K, Raise 10K:

13 runners and passionate TCF volunteers came together to dash past some of London's iconic landmarks in the ASICS London 10K Run raising funds to educate 375 children for a year!



TCF-UK hosted its

Annual Chapter Lunch

to acknowledge and celebrate the contributions of its Chapter Leads and to discuss fundraising opportunities and plans for 2023.



TCF-UK's North and

North and South London Chapters

faced off in a cricket tournament at the Hornsey Cricket Club to help raise funds for our Flood Relief Appeal.

TCF CANADA

For the third year in a row, Charity Intelligence Canada, rated

TCF-Canada among top 10 impact charities and top 10 international charities,

with a prestigious five-star rating.







TCF-Canada organised multiple

fundraising galas

lead by its chapters' volunteers - engaging over 2,500 people and raising 1 million CAD for the cause of education in Pakistan.



TCF-Canada's Annual Literacy Challenge

encouraged participants to spend 6 hours without reading and writing to reflect on the importance of literacy, share their experience with family and friends and rally support for the cause of education through their personal fundraisers.

TCF NORWAY

TCF-Norway volunteers came together for

Community Engagement Drive

with the Norwegian-Pakistani community on chaand raat, the night before Eid, at local mosques and streets. They offered traditional bangles and jewellry for sale while initiating conversations about TCF's mission to raise awareness and garner support for the cause



TCF-ITALY

TCF Italy actively promoted literacy awareness and Pakistani culture through art, hosting a successful

Gala at the Gallerie d'Italia

in Piazza della Scala with special guest TCF Ambassador and Consul General of the UK, Mike Nithravianakis, and several events and talks as part of its Cultura4Edu project.



TCF-Italy has registered with

Transnational Giving Europe (TGE),

allowing taxpayers in Belgium, France, Germany, Poland, Spain, and Luxembourg to receive tax benefits when making donations to the Italian Friends of TCF, TCF's registered partner in Europe.

TCF-UAE



TCF-UAE hosted its largest

Annual Supporters Conference

in Dubai, gathering 600 supporters, during which TCF's Founding Directors expressed their gratitude, CEO, Syed Asaad Ayub Ahmad shared organisation updates, and TCF alumna, Hina Shoukat, shared her transformative education journey.



TCF-UAE's Baghbaan Ambassadors held several community engagement activities throughout the year, including sports matches, an online quiz, a musical evening, a comedy night, and a family trek. TCF-UAE also ran the second cycle of its

Baghbaan Youth Ambassadors Programme

this year. To-date, TCF-UAE's youth ambassadors have supported almost 700 TCF students for a year.



In March 2023, TCF-UAE won

'Best Innovative Solution'

award for TCF's Digital Literacy Programme which encourages the use of technology in learning. The award was presented by International Humanitarian City, Dubai at its Annual Members Global Meeting (MGM).

TCF + SWITZERLAND

A TCF supporter and Baghbaan Volunteer, Sana Mufti, spearheaded a successful fundraising event at the Pakistan House Geneva - residence of the Pakistani Ambassador to the UN to raise funds for the cause of education in Pakistan.



Individuals and organisations in the Netherlands can now

make tax-deductible donations to TCF through TRY Foundation.

We are extremely grateful to TRY Foundation, our longstanding supporter, for their unwavering support towards educating less privileged children in Pakistan.

Board of Directors



Mr Ahsan M Saleem is one of TCF's Co-Founders and currently serves as the Chairman of the Board. He is the Chief Executive Officer of Crescent Steel & Allied Products Limited. He is also presently serving on the board of several listed companies.



Mr Ateed Riaz is one of TCF's Co-Founders and has served as Chairman of TCF from 2016 till 2022. He also served as Chief Executive Officer of TCF (in honorary capacity) from July 2002 till March 2005. He looks after the operations of the Imrooz Association of Companies.



Mr Mushtaq K. Chhapra is one of TCF's Co-Founders. He 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.



Mr. Ishaque Noor is the Group Advisor of Albatha Group, United Arab Emirates. He has also served for several years as member of the Executive Committee of the Professionals Wing of Pakistan Association in Dubai.



An entrepreneur and a successful businesswoman, Ms Nilofer Saeed is a member of the Supporters of The Citizens Foundation (STCF). Ms Nilofar Saeed was awarded the Sitara-i-Imtiaz by the President in 2019 for her contribution to charitable work in Pakistan.



Ms. Hajerah Saleem is the Head of Corporate Affairs and Business Unit Head, Investments at Crescent Steel and Allied Products Limited. Prior to joining Crescent Steel, Ms. Hajerah worked at Barclays Bank PLC Pakistan. She has been an active volunteer and supporter of TCF since its inception.



Ms Khawaja has an LLM from Kings College London, is an accredited Mediator and a Master Trainer from (CEDR) UK and is trained in environmental laws from M.C. Mehta Foundation. She specialises in Constitutional, Environmental, Gender, Alternate Dispute Resolution (ADR) and Acquisition laws and teaches at the Judicial Academy. She has been a TCF volunteer since 1998.



Mr. Musadaq Zulqarnain is the Chairman of Interloop Limited, Interloop Holdings (Pvt.) Limited and its subsidiaries. He was a member of the CPEC Business Council, and Chairman of the Complaint Oversight Committee, FBR. He served Sui Northern Gas Pipelines Limited in senior positions for 14 years before setting up Interloop Limited.



Mr. Adnan Asdar is the Co-Founder and Chief Executive of Multinet Pakistan (Pvt.) Limited. He has over 37 years of experience in entrepreneurship, leadership, management and research. He holds advisory positions in several non-profits. He studied Civil Engineering from the University of Wisconsin and graduated in Forensic Engineering from the University of Minnesota.



Barrister Jahanzeb Awan is a Supreme Court Advocate with over 17 years of practice. He is a Partner & Head of Litigation at M/s Haidermota & Co and the Honorary Consul of Australia with consular jurisdiction of Sindh. He serves on the boards of The Indus Valley, The Citizens Archive of Pakistan and the Kidney Centre.



Mr. Tariq Hussain is an investment banker and qualified chartered accountant (Scotland) with 27 years of professional experience. Mr. Tariq Raza has board and investing experience in the education, technology, cyber security and healthcare sectors including TES Education Limited and Neoss Healthcare. He holds an MBA from IMD, Lausanne.

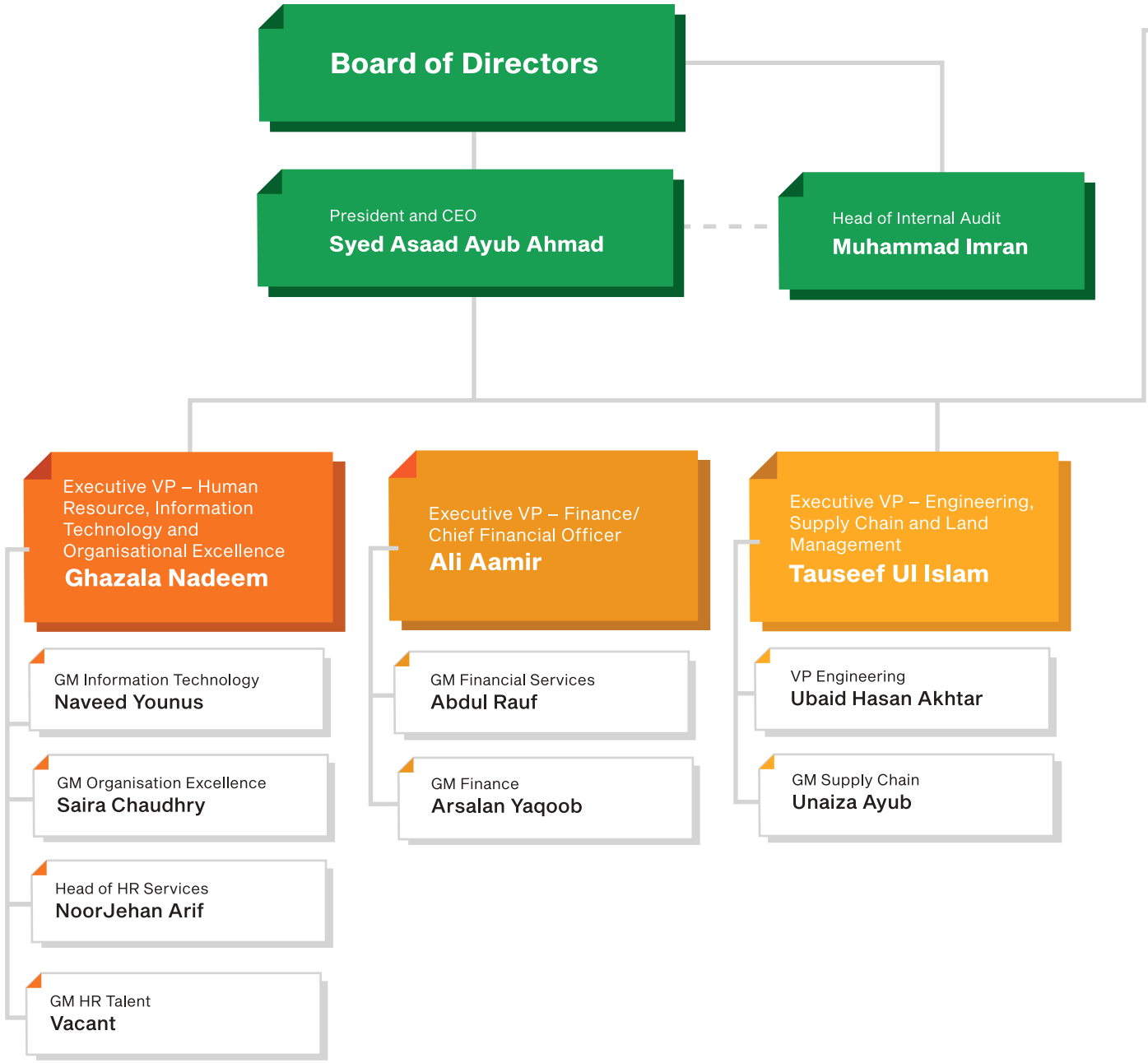


Mr Rizwan Diwan is a family member of the Gani & Tayub Group and is the Executive Director of Novatex Ltd. He holds a position on the Engro Corporation's Board of Directors and also serves on their Investment and Audit Committee Board. He holds a Master's degree from the Institute of Business Administration, Karachi.



Syed Asaad Ayub Ahmad is the President and Chief Executive Officer of TCF. Prior to joining TCF in 2009, he served as Sales Director for Castrol in Pakistan and in senior positions for British Petroleum, Exxon Mobile and Shell. He holds an MBA degree from the University of Texas and a Bachelor's degree in Civil Engineering from NED University.

TCF Organogram



Executive Advisors (Pro bono)

Ahmed Habib
Akbar Adil
Amna Khalid
Aneesa Naviwala
Arif Irfanullah
Areej Kirmani
Samra Muslim

Legal Advisors

Mohsin Tayebaly & Company Advocates and Legal Consultants

Haidermota & Co. (Pro bono)

Shahid Bajwa

Shariah Advisor

Alhamd Shariah Advisory Services Private Limited

Tax Advisor

A.F.Ferguson & Co

External Auditor

A.F.Ferguson & Co


Executive VP – Flagship & CDU Programmes
Riaz Ahmed Kamlani
Executive Advisor Flagship Operations Exc. (Pro bono)
Amna Khalid
Head of Community Development Unit
Faizan Zakaria Polani
Head of Education Excellence
Marriam Musa
Senior Advisor Recruitment & Development
Razia Sultana
RM South
Brig. (R) Kamal Khan
RM North
Brig. (R) Nadeem Sohail
RM Northwest
Brig. (R) Akhtar Pervez
RM Southwest
Brig. (R) Faiz Ahmed
RM Central
Ishaque Napar
Executive VP – Outcomes
Shazia Kamal
GM Formal Schools Programme Design
Sadaf Asir Hasan
GM Research, Evaluation & Learning
Ali Nadeem Sipra
GM Impact Interventions
Wajiha Bari
GM Alumni Pathways
Zuhaib Shaikh
Head of Technology for Learning
Arwa Salim
Executive VP – Development & Partnerships
Zia Akhter Abbas
VP Development Pakistan
Isfandyar Inayat
GM Donor Journey & Services
Tazeen Malik
Head of Global Partnerships
Aneeqa Khan
Head of Brand & Communications
Shehzina Sharjeel
GM Global Development
Nasrullah Tahir
GM Partnership Schools
Rahila Fatima
RM PS North
Brig. Anees Akhtar
RM PS South
Vacant

Board Committees & Meetings



TCF's Board consists of twelve Directors excluding CEO. The Board is headed by Chairman elected amongst the directors who meet regularly to provide guidance and support to the organisation. Eight meetings of the Board of Directors were held during the financial year ended on 30 June 2023. The attendance of the meeting of Board of Directors is presented in the Directors' report included in this Annual Report.

Statutory Committees

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. The terms of reference include:

- to determine and monitor compliance with statutory requirements and with the best practices of corporate governance;
- to oversee the process for selecting the external auditors, their appointment, reappointment and removal; to approve the audit fee or any fees in respect of non-audit services provided by the external auditors ensuring that the provision of non-audit services does not impair the 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 the 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. Five meetings of the committee were held in the financial year ended 30 June 2023.

Members of the Committee are:

Chairman
Mr. Ishaque Noor

Independent Directors
Mr. Musadaq Zulqarnain
Mr. Tariq Raza Hussain
Mr. Rizwan Diwan

Non-Executive Members (by invitation)
Mr. Nihal Cassim
Mr. Riyaz Chinoy

Human Resource and Remuneration Committee

The Human Resource & 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;
- o ensure leadership continuity in the event of an unexpected departure or emergency leave of the CEO or any senior staff member.

Three meetings of the committee were held in the financial year ended 30 June 2023.

Members of the Committee are:

Chairperson
Ms. Nilofer Saeed

Independent Directors
Mr. Adnan Asdar Ali
Mr. Rizwan Diwan

Non-Executive Members
Mr. Ateed Riaz
Mr. Mushtaq K Chhapra

Non-Executive Member (by invitation)
Mr. Shahbaz Yasin Malik

Executive Director
Syed Asaad Ayub Ahmad

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 takes a leadership role in shaping the governing principles for TCF and to keep the organisation 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 CEO's and senior management's compensation and benefits for Board approval, exclusive of what is mandated to the HRRC;
- to oversee the succession planning of the CEO and other senior management;

One meeting of the Committee was held in the financial year ended June 30, 2023.

Members of the Committee are:

Chairman
Mr. Ateed Riaz

Independent Director
Mr. Jahanzeb Awan

Non-Executive Directors
Mr. Ahsan M. Saleem
Mr. Mushtaq K Chhapra

Non-Executive Member (by invitation)
Mr. Imtiaz Sultanali Dossa

Executive Director
Syed Asaad Ayub Ahmad

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 Partners 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 of the committee were held in the financial year ended 30 June 2023.

Members of the Committee are:

Chairman
Mr. Mushtaq K Chhapra

Independent Directors
Mr. Ishaque Noor
Mr. Musadaq Zulqarnain
Ms. Nilofer Saeed

Non-Executive Directors
Mr. Ahsan M. Saleem
Mr. Ateed Riaz

Non-Executive Members (by invitation)
Ms. Bushra Afzal
Mr. Shahbaz Yasin Malik

Executive Director
Syed Asaad Ayub Ahmad

Education Committee

The purpose of the Education Committee, is to assist the Board in overseeing TCF's Education Division management activities. The terms of reference include:

- to prepare 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 Education Plan have been included in every year OPEX and CAPEX budget of TCF;

Two meeting of the committee were held in the financial year ended 30 June 2023.

Members of the Committee are:

Chairman
Mr. Ateed Riaz

Independent Directors
Mr. Adnan Asdar Ali
Ms. Saima Amin Khwaja

Non-Executive Director
Mr. Ahsan M. Saleem

Non-Executive Members (by invitation)
Mr. Arif Irfan ullah
Dr. Faisal Bari
Ms. Hina Riaz
Ms. Nighat Daudi
Mr. Salman Siddiqui

Executive Director
Syed Asaad Ayub Ahmad

Risk & Compliance Committee

The Risk and Compliance Committee (R&CC) was formed in February 2019. Syed Asaad Ayub Ahmad (Chief Executive and President) has been appointed as the Chief Risk and Compliance Officer (CRCO). Mr. Arsalan Yaqoob, General Manager Finance, was appointed as in-charge of the Risk & Compliance function, supported by Mr. Irfan Mansoor, Manager Risk and Compliance, with direct reporting to CRCO through Mr. Ali Aamir, EVP & CFO, as well as Chairman of the Committee. The role and objective of the Committee shall be to assist and support the Board in fulfilling its risk and compliance oversight responsibilities more effectively, by and for & on behalf of the Board:

a. having oversight of the integrity of TCF's statutory risk and compliance framework;
b. monitoring that Management has an appropriate framework in place to identify and effectively manage risk and that Management ensures that TCF operates within the risk appetite set by the Board in protecting TCF's beneficiaries, staff, assets and its public profile;

c. monitoring that Management has an appropriate framework in place to ensure compliance with regulatory, prudential, legal and ethical standards and monitoring the efficacy of that framework and ensuring TCF's operations are conducted within the scope of those frameworks;

d. reviewing compliance with internal guidelines, policies and procedures and other prescribed internal standards of behaviour and ethics; and

e. monitoring, and where applicable taking into consideration, trends on the state of risk and compliance culture globally.

One meeting of the committee was held in the financial year ended 30 June 2023.

Members of the Committee are:

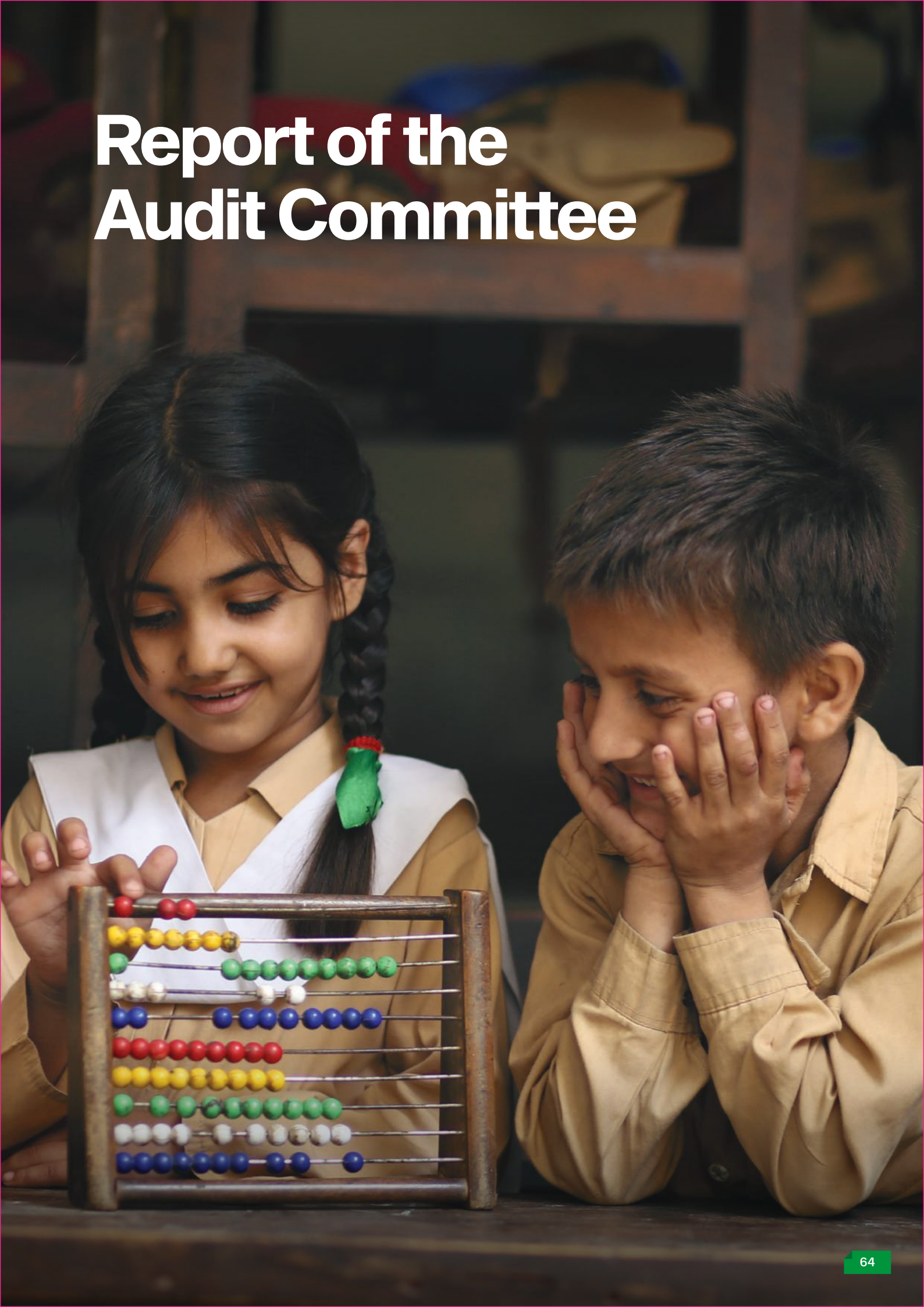
Chairman
Mr. Musadaq Zulqarnain

Independent Directors
Ms. Hajerah A. Saleem
Mr. Ishaque Noor
Mr. Jahanzeb Awan
Mr. Tariq Raza Hussain

Non-Executive Member (by invitation)
Mr. Riyaz Chinoy

Executive Director
Syed Asaad Ayub Ahmad

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), Chief Audit Executive (CAE) and External Auditor attend Audit Committee meeting by invitation.

The Committee performs its functions in accordance with the Terms of Reference (TORs) approved by the Board of Directors. Five meetings of the Audit Committee were held during the year ended 30 June 2023 prescribed by the Chairman Board Audit Committee (BAC).

Role of the Committee

The role and responsibilities of the BAC 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 (through risk management committee) 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 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, direct reporting to audit committee.
- Field work of internal audit of Schools in all TCF Regions were conducted through Internal Audit department of the foundation. TCF internal audit department carries out audit of those financial units which have operated for one year as at the beginning of financial year i.e. 01 July. For the year ending June 30, 2023, **1207 financial units** were audited which represent 99% school financial units as at the beginning of the year i.e. July 01, 2022.
- A performance audit score is calculated at the end of the audit for each school audited which is based on the predefined rubrics. This audit score is used to measures schools/ Region's performance. For improvement as well as for better control in Schools, Area office, and Regional office, several meetings were conducted with Area and Region teams throughout the year.
- Internal Audit Department also conducted internal audit of Regions, Area offices and 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 BAC 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

- A.F. Ferguson & Co, Chartered Accountants (AFF) have completed their audit engagement of the "Foundation's Financial Statements" for the year ended 30 June 2023. The retiring auditors A.F. Ferguson & Co, Chartered Accountants being eligible, offer themselves for reappointment.
- BAC has reviewed and discussed the auditors' report.
- The Audit Firm has been given a satisfactory rating under the Quality Control Review programmes 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 AFF have safeguards in place to avoid the possibility that the external auditors' objectivity and independence could be compromised.

Code of Conduct & Governance Policies



Our code of conduct and governance policies form the framework for all our operations and sets out standards of behaviour for all TCF employees including senior management and directors without exception. Non-adherence to the code of conduct and policies can result in strict disciplinary action. The code of conduct and governance policies have been approved by the Board of Directors.

Whistle-Blowing Policy

TCF has implemented a Whistle-Blowing Policy with effect from 01 July 2014 through which employees can report a violation in the code of conduct and policies. This policy has laid out procedures for lodging, handling and reporting of concerns whilst ensuring protection of the whistle-blower's identity. Monitoring the effectiveness and compliance of the Whistle-Blowing Policy has to be carried out by the Audit Committee. During the year ended June 30, 2023, no complaint was reported.

Operational Continuity Planning & Procedures for Data Protection

As part of the Foundation's efforts to ensure continuity of operations, TCF has formulated detailed standard operation procedures (SOPs) for the backup of its assets including critical data and information in case of interruptions in operations caused by any unexpected event or natural disaster.

Mechanism for Providing Information to the Board

There are eight regions and broadly thirty three departments of the Foundation, each led by a Head reporting directly to the Vice Presidents/Executive Vice Presidents. The Vice Presidents/ Executive 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

To promote a culture of openness and freedom of expression, we provide several forums for our 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 Companies Act, 2017, 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.

Fit and Proper Criteria

An undertaking has been taken from the Directors in respect of fit and proper criteria as set out under regulation 10 of Associations with Charitable and Not for Profit Objects Regulations, 2018 issued vide S R O 733(I)/2018 dated June 7, 2018.

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. The Foundation is also cognisant 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 educational 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 & 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:

- to make sure that all members of the Board participate in all meetings and have the opportunity to explain their opinion;
- to act as a liaison between management and the Board;
- to provide independent advice and counsel to the CEO;
- to keep abreast generally of the activities of the organisation and its management;
- to ensure that the Directors are properly informed and that sufficient information is provided to enable the Directors to form appropriate judgments;
- to ensure that dissent of Directors, if any, is properly recorded in the minutes of meetings;
- to assist the Board in fulfilling its role effectively and swiftly in line with regulatory requirements;
- to ensure that the Board subcommittees perform their designated functions with due diligence.

Role of the President & CEO

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

- to ensure execution of the strategy developed by the Board;
- to make sure that the Foundation maintains its business position and brand image as one of the leading non-profit organisations of the country;
- to efficiently allocate and manage organisational resources and budgets, ensuring attainment of its long-term strategic goals;
- to establish systems of checks and controls to support the fast-paced growth of the Foundation;
- to provide liaison between the Board and the Foundation's management to ensure alignment of managerial efforts with Board's directives;
- to foster a culture of professionalism and high ethical standards within the Foundation;
- to facilitate an organisational culture of continuous improvement to ensure quality education outcomes and enhanced donor services.

President & CEO's Performance Review

The President and CEO of TCF is responsible for supervising and leading the strategic and managerial affairs of the organisation. Various elements of the President and 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 and 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.

ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

باسمہ تعالیٰ

September 27, 2023

Shariah Advisor's Report

For the year ending June 2023

INTRODUCTION:

TCF is a professionally managed, non-profit and philanthropic organization set up in 1995 by a group of citizens concerned with the dismal state of education in Pakistan. It is now one of Pakistan's leading organizations in the field of formal education. The vision of TCF is to remove barriers of class and privilege and to make the citizens of Pakistan agents of positive change. TCF believe that access to basic education is the right of each individual and not a privilege. Under the administration of TCF hundreds of schools spread throughout Pakistan are providing education to thousands of children.

METHOD OF UTILIZATION OF ZAKAT:

TCF's financial needs are primarily met through Zakat contributions and donations received from both individuals and corporate entities, both domestically and internationally. Zakat funds received by TCF are allocated to support deserving students. TCF's management diligently evaluates the financial condition of applicants to determine their eligibility for Zakat assistance. Once eligibility is verified, TCF acts as an agent, collecting Zakat funds on behalf of eligible students. This approach, known as Wakalah (Agency by deserving families), allows TCF to collect Zakat funds and allocate them according to the specific needs of eligible students.

Moreover, it is important to note that all Zakat funds received by TCF are invested exclusively in Shariah-compliant investment avenues when necessary. This ensures that not only the collection and distribution but also the investment of Zakat funds is in strict accordance with Shariah principles.

SHARIAH RULING:

We confirm that The Citizens Foundation meticulously collects and disburses Zakat funds in adherence to Shariah guidelines. It is also affirmed that any individual or entity offering Zakat to this Foundation can be confident that their contributions will be managed in accordance with Shariah principles.

May Allah bestow His blessings upon the management of The Citizens Foundation for their dedicated service and grant them success in their mission. Aameen.

Mufti Muhammad Ibrahim Essa
Chief Executive Officer
Alhamd Shariah Advisory Services (Pvt.) Limited

Mufti Ubaid ur Rahman Zubairi
Director
Alhamd Shariah Advisory Services (Pvt.) Limited

Alhamd Shariah Advisory Services (Pvt.) Ltd.

NOTE: This document is valid till 30th June 2024

+92 322 2671867 | www.alhamdshariahadvisory.com | info@alhamdshariahadvisory.com

THE CITIZENS FOUNDATION

Notice of 27th Annual General Meeting of Members

Notice is hereby given to all the members of **The Citizens Foundation** that **27th Annual General Meeting** of the Foundation will be held on Wednesday, **October 11, 2023 at 1130 hours** at TCF Registered Office, Plot No 20, Sector 14, Korangi Industrial Area, Karachi-74900 (and on Zoom for outstation Members) to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited financial statements of the Foundation for the year ended June 30, 2023 together with Auditors' report thereon.

2. To adopt the Directors' Report and Review Report by the Chairman for the year ended June 30, 2023.

3. To appoint External Auditors of the Company for the financial year 2023-24, and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Foundation, has proposed the appointment of M/s A.F. Ferguson & Co. Chartered Accountants as external auditors for the financial year ended June 30, 2024, at a fee to be mutually agreed. Plus reimburse actual out of pocket expenses and applicable sales tax.

By order of the Board.

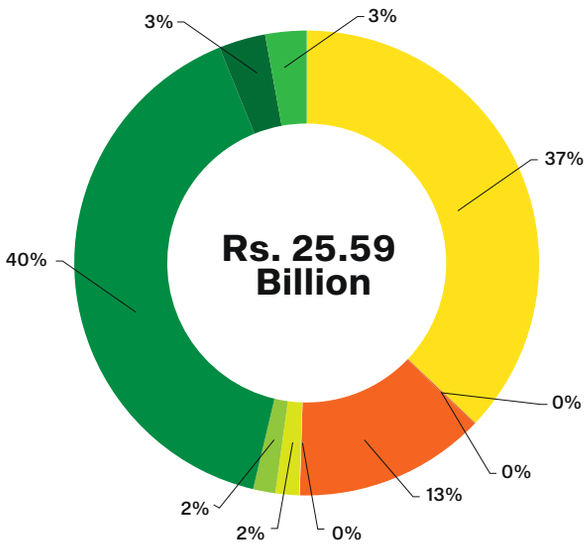
Ali Aamir
Company Secretary - TCF

Date: September 20, 2023
Place: Karachi

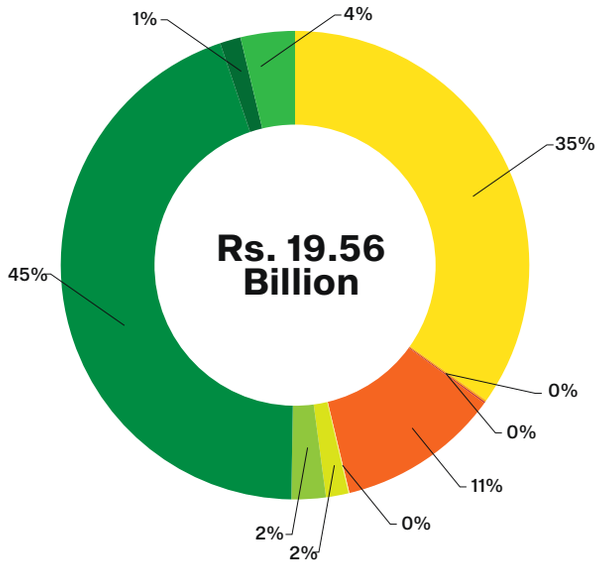
Financial Highlights

Graphical Presentation of Statement of Financial Position

Assets 2023

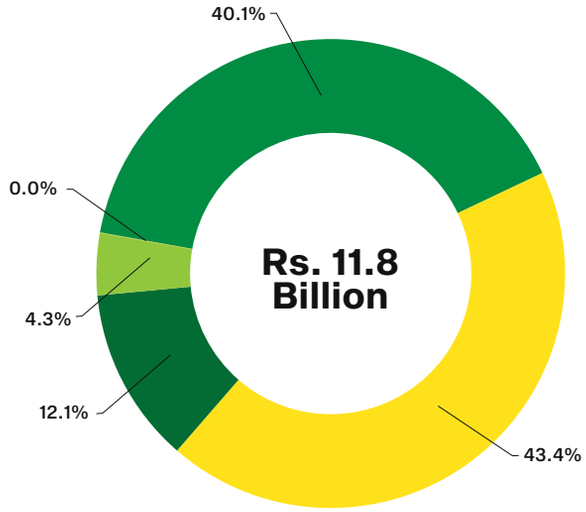


Assets 2022

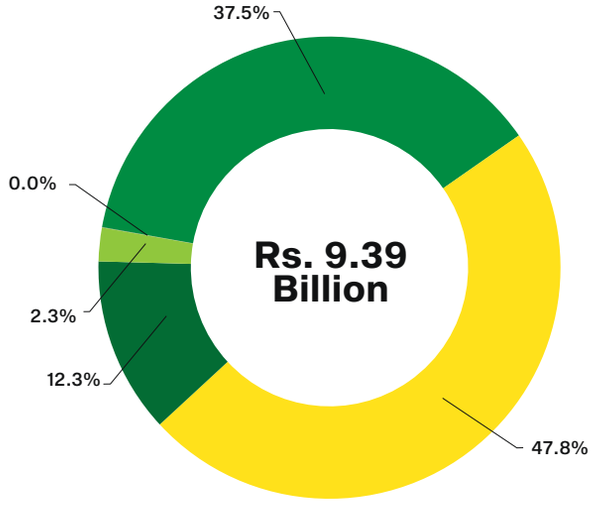


- Property and equipment
- Intangible assets
- Advances and prepayments
- Books, Copies, uniform and other school supplies
- Right-of-use assets
- Long term investments
- Cash and bank balances
- Long term deposits
- Accrued income and other receivables
- Short term investments

Funds and Reserves 2023



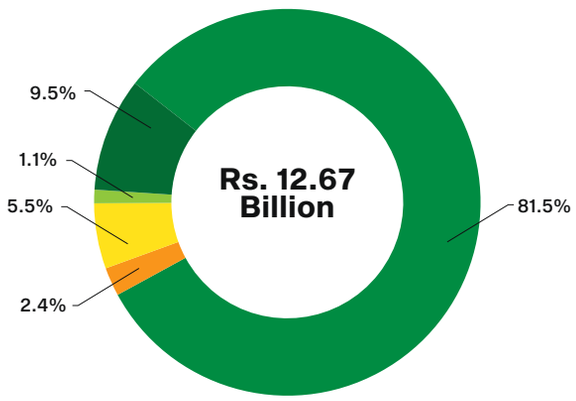
Funds and Reserves 2022



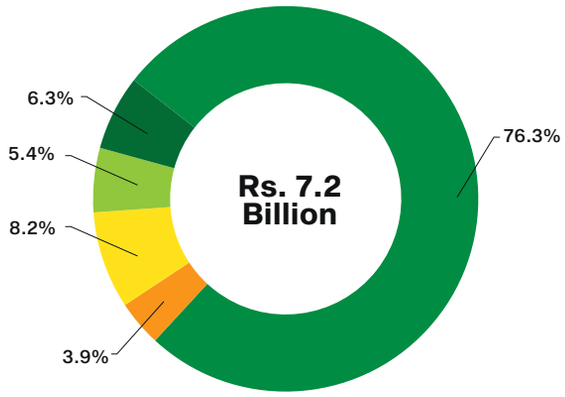
- Capital fund
- Endowment fund - externally restricted
- General fund
- Surplus / (deficit) of income over expenditure
- Foreign currency translation reserve
- Sale investments

Graphical Presentation of Statement of Income and Expenditure

Income 2023

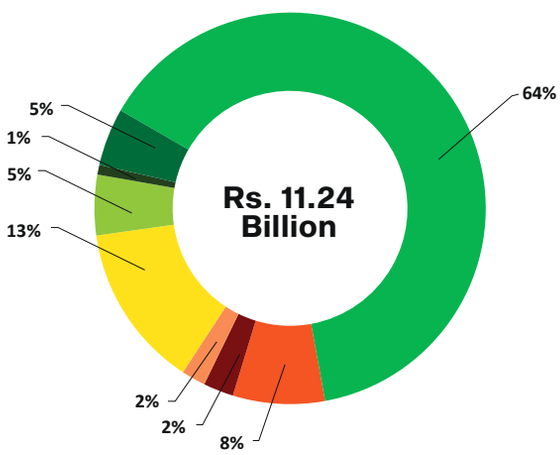


Income 2022

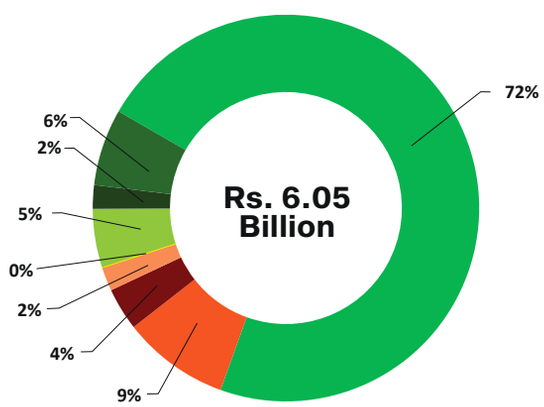


- Support donations
- Fair value of contributed lands
- Fees
- Contribution from government
- Income on investments - net & other income

Operating Expenditure 2023



Operating Expenditure 2022



- Flagship Schools and Colleges
- Partnership Schools
- Alumni Support
- Other Programmes*
- Flood relief
- Administration
- Marketing, Fund Raising and Outreach
- Research and development

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.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Growth %	24%	23%	13%	9%	17%	18%	-6%	70%	-5%	101%
Amount	2,321m	2,864m	3,229m	3,505m	4,106m	4,831m	4,546m	7,745m	7,371m	14,782m

*Other programmes include: Community Development, Literacy and life skills, Publishing House, Dastak Teacher Training & Covid-19 response appeal

Six Years Financial and Operating Information at a Glance (2018 to 2023)

Operating Results (Rupees in Million)	2023	2022	2021	2020	2019	2018
Donation and Fees	11,320.9	6,362.5	6,004.6	4,404.8	4,374.6	3,980.0
Fair value of contributed land	143.4	388.4	23.1	-	122.5	519.7
Other income including investment income	1,204.4	453.0	390.7	133.8	75.2	82.6
Programme costs	10,049.1	5,240.6	4,182.5	4,196.8	3,901.9	3,616.0
Other costs	1,188.1	807.4	573.0	466.3	381.2	307.5
Surplus / (deficit) of Income over expenditure for the year	1,431.5	1,155.9	1,662.9	(124.5)	289.3	658.7
Financial Position (Rupees in Million)						
Land and Building	6,069.6	5,046.9	4,587.3	4,615.4	4,432.7	9,703.5
Other Non Current Assets	6,860.4	4,015.0	3,891.7	4,168.8	1,767.2	1,268.4
Current Assets	12,662.2	10,498.6	7,838.4	3,300.9	5,059.2	4,427.4
Total Assets	25,592.2	19,560.5	16,317.4	12,085.1	11,259.1	15,399.3
Non Current Liabilities	10,066.1	8,112.8	7,426.5	5,807.4	5,532.0	5,383.7
Current Liabilities	3,724.3	2,055.3	1,469.6	1,122.2	854.2	774.1
Total Liabilities	13,790.3	10,168.0	8,896.1	6,929.6	6,386.2	6,157.8
Net Assets	11,801.8	9,392.5	7,421.3	5,155.5	4,872.9	9,241.5
Capital Fund	3.5	3.5	3.1	3.1	3.1	2.4
General and Other Funds	4,736.5	3,521.0	1,858.1	1,983.6	1,204.3	5,543.1
Endowment fund - externally restricted	5,126.5	4,492.1	3,875.5	3,233.6	2,860.8	2,602.8
Foreign Currency Translation Reserve	503.9	1,155.9	21.7	60.8	25.4	9.6
Surplus / (deficit) of income over expenditure	1,431.51	1,155.88	1,662.87	(125.52)	779.30	971.2
Unrealised gain on remeasurement of available for sale investments	-	-	-	-	-	112.4
Total Funds	11,801.8	9,392.5	7,421.3	5,155.5	4,872.9	9,241.5
Expenses Pattern						
Programme costs	89.4%	86.6%	88.0%	90.0%	91.1%	92.2%
Marketing, fundraising and outreach expenses	5.0%	4.9%	4.0%	3.0%	3.2%	3.6%
Research and development expenses	0.8%	2.0%	1.5%	1.0%	0.0%	0.0%
Administration expenses	4.8%	6.4%	6.6%	6.1%	5.7%	4.2%
Summary of Cash Flow Statement (Rupees in Million)						
Cash and Cash Equivalents at beginning of the year	6,748.8	4,635.9	890.7	3,603.8	2,667.2	1,703.1
Cash Flows from Operation Activities	1,061.5	681.8	1,765.0	(324.1)	673.6	306.2
Cash Flows from Investing Activities	(2,234.9)	(276.4)	(69.9)	(3,287.4)	(571.2)	(92.4)
Cash Flows from Financial Activities	2,886.5	1,509.2	2,089.1	863.1	915.1	740.6
Increase / (decrease) in cash and cash equivalents	1,713.1	1,914.6	3,784.2	(2,748.4)	1,017.5	954.4
Currency translation difference on cash and cash equivalents	283.8	198.3	(39.0)	35.4	15.8	9.6
Cash and cash equivalents at end of the year	8,745.8	6,748.8	4,635.9	890.7	3,700.5	2,667.2
Other Data (Rupees in Million)						
Foreign Exchange Remittance (Pak Rupee Equivalent) for all donations received	9,499.7	4,221.8	4,975.6	2,314.6	2,602.9	2,192.6
Tax deducted and deposited into Government Treasury as withholding tax agent	478	192	154	96	76	77

Key Financial Ratios

Profitability Ratios	2023	2022	2021	2020	2019	2018
Net Surplus to total Income	11%	16%	26%	-3%	6%	14%
Marketing expenses to total Income	4%	4%	3%	3%	3%	3%
Total expenses to total Income	89%	84%	74%	103%	94%	86%
Zakat inflow to total Income	38%	33%	43%	26%	22%	22%
Donation to total Income	89%	88%	94%	97%	96%	87%
Liquidity Ratios						
Current Ratio	3.4	5.1	5.3	2.9	5.9	5.7
Quick / Acid test ratio	3.2	5.0	5.1	2.7	5.8	5.6
Cash to Current Liabilities	0.2	0.4	0.3	0.2	0.7	0.4
Cash flow from Operations to Income	0.08	0.09	0.27	(0.07)	0.15	0.07
Net Working Capital (Rs. In millions)	8,937.9	8,443.4	6,368.9	2,178.8	4,205.0	3,653.2
Turnover Ratios						
Inventory turnover	0.71	0.35	0.12	0.42	0.73	1.09
No. of days in inventory	129	258	753	215	125	84
Capital Structure						
Net Assets (Rs. In millions)	11,801.8	9,392.5	7,421.3	5,155.5	4,872.9	9,241.5
Debt to Fund ratio	117%	108%	120%	134%	131%	67%

Cashflow Statement of Zakat funds (Direct Method)

	2023	2022	2021	2020	2019	2018
	----------(Rupees in millions)----------					
Opening balance	1,686	1,368	182	197	231	121
Received during the year	4,827	2,374	2,746	1,180	995	989
Utilization	(6,158)	(2,056)	(1,561)	(1,195)	(1,028)	(879)
Closing balance	355	1,686	1,368	182	197	231

Commentary on Financial Ratios

Profitability Ratios

TCF is a non-profit organization dedicated to providing education in less privileged areas. It operates as a service-oriented entity with a strong reliance on its human resources. In 2023, The Citizens Foundation (TCF) reported a net surplus of 11% of total income, representing a decline from the previous year's 16%. This variance is attributed to increased programme costs. Marketing expenses remained consistent at 4% of income, indicating effective cost control in this area. The percentage of donations to total income has remained relatively stable over the years, reflecting a consistent support from our donors and their continued belief in our mission and the positive impact of our work.

Liquidity Ratios

The liquidity ratios have consistently improved from 2018 to 2023, indicating a strengthening ability to cover short-term obligations. The cash to current liabilities ratio has also improved over the years, though it remains relatively low, and the cash flow from operations to income ratio shows a significant improvement from a negative value in 2020 to positive figures, indicating a better ability to generate cash from operations. The net working capital has consistently increased, which is a positive sign, as it reflects the TCF's ability to manage its current assets and liabilities efficiently. Overall, liquidity ratios indicate a financially stable and improved liquidity position.

Inventory Turnover Ratio

The inventory turnover ratio quantifies the utilization of items such as books, copies, and uniforms in relation to the balance of average inventory during that period, the consumption of inventory is recorded when items are handed over to students.

Activity Ratio

The activity ratio evaluates how much earnings an organisation generates for each rupee of total assets it possesses. In 2023, TCF improved asset utilization, with the Total Assets to Income ratio decreasing to 202%, additionally, the Fixed Assets to Income ratio decreased to 75%, indicating a more efficient allocation of resources, resulting in enhanced financial efficiency. TCF relies solely on donations from organisations, institutions and individuals.

Capital Structure

A leverage ratio is a financial metric that assesses the extent of an organization's debt in relation to various other items found in its financial statements, including the balance sheet, income statement, or cash flow statement. TCF operates without any reliance on debt or financing facility from the banking sector, instead primarily depending on donations. The Debt to Fund ratio consistently remains at 0%, demonstrating a pristine financial model with no indebtedness.

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INDEPENDENT AUDITOR'S REPORT

To the members of The Citizens Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of The Citizens Foundation (the Foundation), which comprise the statement of financial position as at June 30, 2023, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds and reserves, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds and reserves and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Foundation's affairs as at June 30, 2023 and of the surplus and other comprehensive income, the changes in funds and reserves and its cash flows for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's reports thereon.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

(a) proper books of account have been kept by the Foundation as required by the Companies Act, 2017 (XIX of 2017);

(b) the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds and reserves and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Foundation's business; and

(d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Khurshid Hasan.



A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: September 19, 2023

UDIN: AR202310160vgmlBrnVa

Statement of Financial Position

AS AT JUNE 30, 2023

	Note	2023	2022
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property and equipment	4	**9,480,568**	6,806,859
Right-of-use assets	5	**23,266**	26,682
Intangible assets	6	**14,023**	16,189
Long-term investments	7	**3,400,807**	2,201,010
Long-term deposits		**11,344**	11,122
		12,930,008	9,061,862
Current assets			
Advances and prepayments	8	**418,933**	305,552
Accrued income and other receivables	9	**396,289**	462,552
Short-term investments	10	**10,280,999**	8,717,032
Books, copies, uniforms and other school supplies		**831,485**	280,384
Cash and bank balances	11	**734,461**	733,115
		12,662,167	10,498,635
TOTAL ASSETS		**25,592,175**	19,560,497
LIABILITIES			
Non-current liabilities			
Deferred income relating to operating fixed assets	12	**8,353,379**	6,483,534
Deferred income relating to school support, grants and children education	13	**1,679,828**	1,592,839
Lease liabilities	5	**32,868**	36,399
		10,066,075	8,112,772
Current liabilities			
Current portion of deferred income relating to school support, grants and children education	13	**2,272,708**	1,053,373
Current portion of lease liabilities	5	**5,251**	3,115
Creditors, accrued and other liabilities	14	**1,446,292**	998,784
		3,724,251	2,055,272
TOTAL LIABILITIES		**13,790,326**	10,168,044
NET ASSETS		**11,801,849**	9,392,453
REPRESENTED BY:			
FUNDS AND RESERVES			
Capital fund	15	**3,500**	3,500
General fund	16	**4,736,499**	3,520,974
Endowment fund - externally restricted use	17	**5,126,466**	4,492,063
Foreign currency translation reserve	18	**503,872**	220,041
Surplus of income over expenditure		**1,431,512**	1,155,875
TOTAL FUNDS AND RESERVES		**11,801,849**	9,392,453
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Statement of Income and Expenditure

FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in '000)	
INCOME			
Donations and fees	20	**11,320,893**	6,362,483
Fair value of contributed lands / properties	4.1.4	**143,440**	388,400
Income on investments - net	21	**995,557**	387,517
Other income	22	**208,848**	65,510
		12,668,738	7,203,910
EXPENDITURE			
Programme costs			
Flagship schools and college	23	**7,184,657**	4,372,067
Partnership schools	23	**854,698**	542,046
Alumni support	23	**281,874**	216,063
Community development	23	**109,883**	74,798
Literacy and life skills	23	**63,466**	-
Publishing house	23	**11,691**	-
Dastak Teacher Training	23	**16,158**	-
Covid-19 response appeal	23	-	35,645
Flood relief	23	**1,526,654**	-
		10,049,081	5,240,619
Other costs			
Marketing, fund raising and outreach	24	**561,262**	298,508
Research and development	25	**90,339**	119,638
Administration	26	**536,544**	389,270
		11,237,226	6,048,035
Surplus of income over expenditure for the year		**1,431,512**	1,155,875

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer **Director** **Chief Financial Officer**

Statement of Comprehensive Income
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	(Rupees in '000)	
Surplus of income over expenditure for the year	**1,431,512**	1,155,875
Other comprehensive income:		
Items that may be reclassified to statement of income and expenditure in subsequent years:		
Foreign exchange gain on translation of foreign branch	283,831	198,303
Other comprehensive income for the year	283,831	198,303
Total comprehensive income for the year	1,715,343	1,354,178

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer | Director | Chief Financial Officer

Statement of Changes in Funds & Reserves

FOR THE YEAR ENDED JUNE 30, 2023

	Capital fund	General fund	Endowment fund (Externally restricted use)	Foreign currency translation reserve	Surplus of income over expenditure	Total
	(Rupees in '000)					
Balance as at July 1, 2021	3,100	1,858,107	3,875,52	21,738	1,662,867	7,421,337
Addition, reclassification and net return used for accumulation during the year - endowment fund	-	-	616,538	-	-	616,538
Addition to capital fund	400	-	-	-	-	400
Transfer of surplus of income over expenditure to the general fund	-	1,662,867	-	-	(1,662,867)	-
	400	1,662,867	616,538	-	(1,662,867)	616,938
Surplus of income over expenditure for the year	-	-	-	-	1,155,875	1,155,875
Other comprehensive income	-	-	-	198,303	-	198,303
Total comprehensive income for the year	-	-	-	198,303	1,155,875	1,354,178
Balance as at June 30, 2022	3,500	3,520,974	4,492,063	220,041	1,155,875	9,392,453
Addition, reclassification and net return used for accumulation during the year	-	-	634,403	-	-	634,403
Transfer of surplus of income over expenditure to the general fund	-	1,155,875	-	-	(1,155,875)	-
	-	1,155,875	634,403	-	(1,155,875)	634,403
Surplus of income over expenditure for the year	-	-	-	-	1,431,512	1,431,512
Direct increase in net assets due to purchase of non-amortisable capital asset (note 13.3)	-	59,650	-	-	-	59,650
Other comprehensive income	-	-	-	283,831	-	283,831
Total comprehensive income for the year	-	59,650	-	283,831	1,431,512	1,774,993
Balance as at June 30, 2023	3,500	4,736,499	5,126,466	503,872	1,431,512	11,801,849

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Statement of Cash Flows
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised in operations	29	**(3,755,190)**	(1,206,757)
(Increase) / decrease in long-term deposits (assets)		**(222)**	1,621
Deferred receipts relating to school support, grants and children education	13	**4,818,314**	1,891,062
Taxes (paid) / refunded - net of deductions		**(1,440)**	(4,159)
Net cash generated from operating activities		**1,061,462**	681,767
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure including intangible assets		**(3,289,099)**	(1,697,246)
Sales proceeds from disposal of property and equipment		**197,196**	128,282
Investments made during the year		**(43,140,015)**	(29,556,862)
Proceeds from sale and maturity of investments during the year		**42,350,831**	30,015,438
Increase in security deposits held as bank balance		**-**	(208)
Income from deposits with Islamic Banks and other financial institutions		**90,515**	30,068
Return received on investments		**1,555,660**	804,158
Net cash utilised in investing activities		**(2,234,912)**	(276,370)
CASH FLOWS FROM FINANCING ACTIVITIES			
Addition to endowment fund	17.3	**570,303**	496,209
Payments of lease liabilities		**(276,370)**	(6,894)
Deferred receipts relating to operating fixed assets	12	**2,324,300**	1,019,898
Net cash generated from financing activities		**2,886,546**	1,509,213
Net increase in cash and cash equivalents		**1,713,096**	1,914,610
Cash and cash equivalents at beginning of the year		**6,748,832**	4,635,919
Foreign exchange gain / (loss) on translation of foreign branch - net		**283,831**	198,303
Cash and cash equivalents at end of the year	30	**8,745,759**	6,748,832

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive Officer | **Director** | **Chief Financial Officer**

Notes to the Financial Statements
FOR THE YEAR ENDED JUNE 30, 2023

1. LEGAL STATUS AND NATURE OF OPERATIONS

1.1 The Citizens Foundation ('the Foundation') is a not for profit organisation incorporated in Pakistan as a company limited by guarantee on September 24, 1996 under section 42 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Foundation is principally engaged in establishing and operating schools to promote education, providing scholarships to its alumni for pursuing higher education opportunities and developing social and economic activities in the communities it serves. The Foundation receives funds from a cross section 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.

1.2 The registered address of the Foundation is Plot 20, Sector 14, Korangi Industrial Area, Karachi, Pakistan. The Foundation also has a branch office in Dubai, located at Office 118, Building No. 4, International Humanitarian City, Dubai Industrial City Complex, P. O. Box 506007, Dubai, United Arab Emirates (UAE), which is registered with International Humanitarian City (IHC) - Free Zone, Dubai, United Arab Emirates (UAE). The principal activity of the UAE branch is to create awareness and support for the Foundation's programmes, initiatives, and achievements.

1.3 **Economic Interest In Other Non-Profit Organisations**

TCF - USA, TCF - Canada, TCF - UK and TCF - Italy are entities incorporated and registered as charitable organisations under the respective laws of USA, Canada, UK and Italy. The Foundation has separate agreements with them, by virtue of which, they at their respective discretion, contribute financially and otherwise towards helping the Foundation to build and run educational projects for the less privileged children and communities across Pakistan. TCF - UK is the Foundation's related party by virtue of common directorship.

1.4 **School Network**

The Foundation's school units are present across the country in the following territories:

	No. of units	%
	As at 30 June 2023	
Sindh	953	49%
Punjab	780	41%
Balochistan	87	4.5%
Khyber Pakhtunkhwa	87	4.5%
Azad Jammu Kashmir	14	1%
	1,921	100%

2. BASIS OF PREPARATION

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

2.1 **Statement of compliance**

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

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

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

2.2 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.

2.3 Use of estimates and judgements

The preparation of financial statements in conformity with accounting and reporting standards requires management to make estimates, assumptions and use judgements that affect the application of the Foundation's accounting 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 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.

Judgements made by the management in the application of accounting and reporting standards, as applicable in Pakistan, that have significant effect on these financial statements are described in the following notes:

- Property and equipment and intangible assets (notes 3.1 and 3.3)
- Lease liabilities and right-of-use assets (note 3.2)
- Impairment of non-financial assets (note 3.4)
- Investments in and impairment of financial assets (note 3.5)
- Provisions (note 3.16)
- Contingent liability (note 3.17)

2.4 Amendments to published accounting and reporting standards which became effective during the year

There were certain amendments to accounting and reporting standards which became effective for the Foundation for the current year. However, these are considered not to be relevant or do not have any significant impact on the Foundation's financial reporting and operations and, therefore, have not been disclosed in these financial statements.

2.5 Standard, amendments to published accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Foundation

There is a new standard and certain other amendments to accounting and reporting standards that will be effective for the Foundation's annual accounting periods beginning on or after July 1, 2023. However, these are either considered not to be relevant or will not have any significant impact on the financial reporting and operations of the Foundation and, therefore, have not been disclosed in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Property and equipment

3.1.1 Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment loss, if any, except for freehold lands and leasehold lands which are stated at cost less accumulated impairment loss, if any. 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.

Depreciation is charged to the statement of income and expenditure using the straight-line method at the rates stated in note 4.1. Depreciation is charged on operating fixed assets from the date asset is available for use up to the date the asset is disposed off.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. The effect of any adjustments to residual values and useful lives is recognised prospectively as a change in estimate in the statement of income and expenditure.

Assets received as donation in kind are initially recognised at fair value on the date of contribution and are subsequently carried at valuation less accumulated depreciation and impairment, if any, except contributed lands which are subsequently carried at valuation less accumulated impairment, if any.

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. Normal repairs and maintenance are charged to statement of the income and expenditure as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gain and loss on disposal or retirement of an item of property and equipment are taken to statement of income and expenditure.

The value assigned to the leasehold land is not depreciated as the cost of renewing lease is nominal and realisable value is higher than cost.

3.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated 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 use.

3.2 Lease liabilities and right-of-use assets

The Foundation is required to recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment loss, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Foundation's incremental borrowing rate. Generally, the Foundation uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest expense on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

In determining whether a contract is, or contains, a lease the management assesses whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, management shall assess whether both the below conditions are met:

a) it has the right to obtain substantially all of the economic benefits from use of the identified asset; and

b) it has the right to direct the use of the identified asset.

The Foundation is required to apply judgments to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Foundation is reasonably certain to exercise such options impacts the lease term which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Generally, right-of-use asset would be equal to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the right-of-use asset value.

The Foundation is required to determine the lease term as the non-cancellable period of a lease, together with both:

a) Period covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

b) period covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Short-term lease is a lease that, at the commencement date, has a lease term of twelve months or less. A lease that contains a purchase option is not a short-term lease.

The Foundation has elected not to recognize right-of-use assets and lease liabilities for short-term leases of properties that have a lease term of twelve months or less and leases of low-value assets. The Foundation recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment loss, if any. Intangible assets are amortised on a straight line basis at the rate stated in note 6.1.1. Amortisation on additions to intangible assets is charged from the day on which an item is acquired capitalised. None of the intangible assets of the Foundation are internally generated.

It also includes advances made in respect of intangible assets.

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 in statement of income and expenditure.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate. The effect of any adjustments to residual values and useful lives is recognised prospectively as a change in estimate in statement of income and expenditure.

3.4 Impairment of non-financial assets

The carrying amount of the Foundation's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the assets or group of assets may be impaired. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment loss is recognised in the statement of income and expenditure.

3.5 Financial instruments

3.5.1 Financial assets

Classification

The Foundation classifies its financial assets in the following three categories:

- to be measured at fair value through other comprehensive income (FVOCI);
- to be measured at fair value through profit or loss (FVTPL); and
- to be measured at amortised cost.

The classification depends on the Foundation's business model for managing the financial assets and the contractual terms of cashflows.

A financial asset is initially measured at fair value plus, for a financial asset not measured at FVTPL, transaction costs that are directly attributable to its acquisition.

Transaction costs of financial assets carried at fair value through profit or loss are charged to the statement of income and expenditure.

Subsequent Measurement

Amortised cost	Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment loss, foreign exchange gain and loss, and gain or loss arising on derecognition are recognised directly in statement of income and expenditure.
Fair value through other comprehensive income	Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Fair value through profit or loss	Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in statement of income and expenditure in the period in which it arises.
Equity investments at fair value through other comprehensive income	Equity instrument financial assets are measured at fair value and subsequent to initial recognition, changes in fair value of these financial assets are normally recognised in statement of income and expenditure. Where an irrevocable election is made to present fair value gain and loss on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gain and loss to statement of income and expenditure following the derecognition of the investment. Dividends from such investments continue to be recognised in statement of income and expenditure when the Foundation's right to receive payment is established.

3.5.2 Impairment of financial assets

The Foundation recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Foundation measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for other receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Foundation considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Foundation's historical experience and information.

The Foundation assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Foundation is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Foundation has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Foundation individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Foundation expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Foundation's procedures for recovery of amounts due.

3.5.3 De-recognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all risks and rewards of ownership.

3.5.4 Financial liabilities

Financial liabilities are recognised at the time when the Foundation becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in statement of income and expenditure.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in statement of income and expenditure.

3.5.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle either on a net basis or to realise the asset and to settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Foundation or the counterparty.

3.6 Accrued income and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of ECL.

3.7 Books, copies, uniforms and other school supplies

Books, copies, uniforms and other school supplies are valued at cost using weighted average basis and includes expenditure incurred in acquiring and bringing them to their present location and condition.

3.8 Contribution receivable

A contribution receivable is recognised as an asset only if the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured. Because of the non-reciprocal nature of contributions, there may be considerable uncertainty surrounding collectability. When this uncertainty exists, the Foundation does not recognise a contribution until the contributed asset has been received. The Foundation views that, the larger in the future the contributed assets are expected to be received the greater is the uncertainty associated with collectability.

3.9 Grants

Grants are recognised at the fair value of the consideration received. A grant without specified future performance conditions is recognised as income when the grant proceeds are received. A grant that imposes specified future performance condition is deferred and recognised as income when all those conditions are met. The Foundation does not recognise those forms of assistance for which a reasonable value cannot be placed on them.

3.10 Cash and cash equivalents

Cash and cash equivalents are stated at cost. For the purpose of statement of cash flows, cash and cash equivalent comprises of cash in hand, balances with banks in current and deposit accounts and other short-term highly liquid investments with original maturities of upto three months or less.

3.11 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 use.

Donations received for school support and education of students 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 which meet the capitalisation limit are recognised as deferred income and amortised over the useful life of asset from the date the asset is available for use. Donations received in kind which are below the capitalisation limit are recognised as income for the year.

Donations received to support community affected by flood are deferred and recognised as income on a systematic basis to match them with the related costs that they are intended to compensate.

Gain or loss on sale of investments are included in statement of income and expenditure on the date on which the transaction takes place.

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

Unrealised gain and loss arising on revaluation of securities classified as 'fair value through profit or loss' are included in statement of income and expenditure in the period in which they arise respectively.

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

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

Parental contribution is recognised on receipt basis.

The occasional voluntary services from professionals and organisations are not recorded in the financial statements due to impracticality of its measurement.

Contributions from the Government under the Partnership Schools programme are recognised on receipt basis. Contributions from the Government are also recognised as revenue on receivable basis, when the inflows can be reliably measured and the collection is reasonably assured.

Management fees from Government under Sindh Basic Education Programme is recognised as revenue on receivable basis, when the inflows can be reliably measured and the collection is reasonably certain.

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

3.12 Provision for compensated absences

The Foundation accounts for the liability in respect of employees' compensated absences for the year in which it is earned. The Foundation provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels. The amount is based on the management's best estimate and no actuarial services are obtained in this regard.

3.13 Creditors, accrued and other liabilities

Liabilities for creditors, accrued and other liabilities payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

3.14 Expenses

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

3.15 Taxation

Any income derived by the Foundation is exempt from tax in accordance with clause (66) of Part I of Second Schedule to the Income Tax Ordinance, 2001. Consequently, no provision for taxation has been made in these financial statements.

3.16 Provisions

Provisions are recognised in the statement of financial position when the Foundation has a legal or constructive obligation as a result of past event and 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 reporting date and adjusted to reflect current best estimate.

3.17 Contingent Liability

A contingent liability is disclosed when the Foundation has a possible obligation as a result of past events, whose existence will be confirmed only by occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Foundation; or the Foundation has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.18 Foreign currency transactions and balances

Foreign currency transactions are translated to Pakistan 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 Pakistan Rupees at the rates of exchange prevailing on the reporting date. Exchange differences, if any, are included in statement of income and expenditure.

The results and financial position of foreign operations are translated into the presentation currency as follows:

- assets and liabilities are translated into Pakistan Rupees at the exchange rate at the reporting date;

- income and expenses are translated at monthly average exchange rate (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income and accumulated in foreign currency translation reserve.

3.19 Transfer to general fund

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

3.20 Restricted contributions

A contribution which is subject to externally imposed stipulations that specify the purpose for which the contributed asset or fund is to be used is called externally restricted donations. 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 statement of income and expenditure 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 statement of income and expenditure on the same basis as the depreciation expense related to the acquired capital assets. Restricted contributions for the purchase of capital assets, which will not be amortised are recognised directly as an increase in net assets upon purchase of 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.

3.21 Allocation of expenses

Expenses incurred by regional offices and area offices are allocated to field supervision and monitoring.

Expenses incurred by volunteer and alumni departments, quality assurance (QA), HR schools, partnership schools, community development unit (CDU) and operation departments are allocated to field supervision and monitoring.

Expenses incurred by training department are allocated to training cost.

Expenses incurred by engineering department are allocated to capital work-in-progress projects on pro-rata basis per additional amount incurred on each project.

Remuneration of Executive Vice-President - Operations is allocated to field supervision and monitoring and capital work-in-progress projects at 80% and 20% respectively. Allocation to capital-work-in progress projects is on pro-rata basis per additional amount incurred on each project.

Remuneration of Executive Vice-President - Outcomes is allocated to field supervision and monitoring, and research and development expenses at 80% and 4.8% respectively.

Remuneration of Chief Executive Officer is allocated to field supervision and monitoring and capital work-in-progress projects at 24% and 10% respectively. Allocation to capital work-in-progress projects is on pro-rata basis per additional amount incurred on each project.

Expenses incurred by departments in respect of research and development are allocated to research and development expenses.

	Note	2023	2022
		(Rupees in '000)	
4. PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	**7,886,781**	5,938,668
Capital work in progress	4.2	**1,305,321**	535,990
Advance for construction		**256,030**	97,474
Advance against purchase of operating fixed assets		**32,436**	234,727
		9,480,568	6,806,859

4.1 Operating Fixed Assets

	Note	Land		Building on		Furniture and fittings	Vehicles	Electrical equipment	Office and other equipment	Total
		leasehold	freehold	leasehold land	freehold land					
						(Rupees in '000)				
2023										
At July 1, 2022										
Cost		483,811	463,458	786,171	6,570,151	793,853	842,582	151,278	401,778	10,493,082
Accumulated depreciation		-	-	(195,195)	(3,061,500)	(477,077)	(530,732)	(81,345)	(208,565)	(4,554,414)
Net book value		483,811	463,458	590,976	3,508,651	316,776	311,850	69,933	193,213	5,938,668
Fair value of contributed / donated lands (note 4.1.4)		65,000	78,440	-	-	-	-	-	-	143,440
Additions including transfers from capital work in progress		184,600	20,281	278,638	789,153	166,430	616,409	156,649	348,363	2,560,523
Disposals										
Cost		-	-	-	-	(1,997)	(245,780)	(703)	(27,171)	(275,651)
Accumulated depreciation		-	-	-	-	1,656	244,906	703	24,959	272,224
		-	-	-	-	(341)	(874)	-	(2,212)	(3,427)
Depreciation for the year	(note 4.3)	-	-	(54,730)	(338,688)	(64,390)	(163,131)	(39,039)	(92,445)	(752,423)
Closing net book value		733,411	562,179	814,884	3,959,116	418,475	764,254	187,543	446,919	7,886,781
At June 30, 2023										
Cost		733,411	562,179	1,064,809	7,359,304	958,286	1,213,211	307,224	722,970	12,921,394
Accumulated depreciation		-	-	(249,925)	(3,400,188)	(539,811)	(448,957)	(119,681)	(276,051)	(5,034,613)
Net book value		733,411	562,179	814,884	3,959,116	418,475	764,254	187,543	446,919	7,886,781
Depreciation rates (% per annum)		-	-	5	5	10	20	20	20-33.33	

		Land		Building on		Furniture and fittings	Vehicles	Electrical equipment	Office and other equipment	Total
		leasehold	freehold	leasehold land	freehold land					
						(Rupees in '000)				
2022										
At July 1, 2021										
Cost		90,506	421,521	733,815	6,251,071	738,649	614,074	106,552	227,343	9,183,531
Accumulated depreciation		-	-	(157,701)	(2,751,952)	(420,390)	(578,086)	(62,955)	(164,781)	(4,135,865)
Net book value		90,506	421,521	576,114	3,499,119	318,259	35,988	43,597	62,562	5,047,666
Fair value of contributed / donated lands (note 4.1.4)		346,500	41,900	-	-	-	-	-	-	388,400
Additions including transfers from capital work in progress		148,607	37	52,356	319,080	55,204	341,473	44,726	174,435	1,135,918
Disposals										
Cost		(101,802)	-	-	-	-	(112,965)	-	-	(214,767)
Accumulated depreciation		-	-	-	-	-	112,965	-	-	112,965
		(101,802)	-	-	-	-	-	-	-	(101,802)
Depreciation for the year	(note 4.3)	-	-	(37,494)	(309,548)	(56,687)	(65,611)	(18,390)	(43,784)	(531,514)
Closing net book value		830,311	505,358	590,976	3,508,651	316,776	311,850	69,933	193,213	5,938,668
At June 30, 2022										
Cost		483,811	463,458	786,171	6,570,151	793,853	842,582	151,278	401,778	10,493,082
Accumulated depreciation		-	-	(195,195)	(3,061,500)	(477,077)	(530,732)	(81,345)	(208,565)	(4,554,414)
Net book value		483,811	463,458	590,976	3,508,651	316,776	311,850	69,933	193,213	5,938,668
Depreciation rates (% per annum)		-	-	5	5	10	20	20	20-33.33	

4.1.1 Land includes school lands procured by the Foundation as well as received as donations.

4.1.2 As of June 30, 2023, the legal formalities and transfer proceedings of 61 (2022: 82) donated / contributed lands by various donors in favour of the Foundation are in process.

4.1.3 The book value of buildings on leasehold land includes:

	Note	2023	2022
		(Rupees in '000)	
School buildings		**735,184**	504,250
Head Office building		**79,700**	86,726
		814,884	590,976

4.1.4 Lands contributed during the year amounting to Rs 143.44 million (2022: Rs 388.40 million) were recognised at the fair value (level 2) determined by an external professional valuer M/s. Akbani & Javed Associates on the basis of prevailing market value.

	Note	2023	2022
		(Rupees in '000)	
4.2 Capital work in progress			
At beginning of the year		**535,990**	293,584
Additions during the year	4.2.1	**1,842,209**	598,343
		2,378,199	891,927
Transferred during the year to:			
School buildings		**(1,067,791)**	(355,937)
Furniture and fittings		**(5,087)**	-
At end of the year		**1,305,321**	535,990

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

	Note	2023	2022
		(Rupees in '000)	
4.3 The depreciation charge on operating fixed assets for the year has been allocated as follows:			
Programme costs	23	**716,347**	504,973
Administration expenses	26	**36,076**	26,541
		752,423	531,514

4.4 Details about the assets disposed of during the year having individual net book value exceeding Rs 500,000 are as follows:

Description	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sales proceeds	Gain	Relationship of purchaser with the Foundation	Particulars of buyers
		(Rupees in '000)						
Vehicle	Insurance claim	1,070	345	725	800	75	Third Party	Premier Insurance Limited

5. LEASES

5.1 Right-of-use assets	Note	2023	2022
		Buildings (Rupees in '000)	
At beginning of the year		**26,682**	37,292
Additions during the year		**2,572**	2,007
Lease terminated during the year		**-**	(6,279)
Depreciation for the year	5.1.1	**(5,988)**	(6,338)
At end of the year		**23,266**	26,682
Annual rate of depreciation (%)		**10 - 50**	10 - 50

5.1.1 The depreciation charge on right-of-use assets for the year has been allocated as follows:

	Note	2023	2022
		(Rupees in '000)	
Programme costs	23	**5,988**	6,338

5.2 Lease liabilities

Rental contracts are made for a fixed period subject to renewal upon mutual consent of the Foundation and lessor. Wherever practicable the Foundation seeks to include extension option to provide operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Set out below are the carrying amount of lease liabilities and the movements during the year:

	2023	2022
	(Rupees in '000)	
At beginning of the year	**39,514**	45,768
Additions during the year	**2,572**	2,007
Lease terminated during the year	**-**	(5,581)
Interest expense	**4,090**	4,214
Payments	**(8,057)**	(6,894)
At end of the year	**38,119**	39,514
Current	**5,251**	3,115
Non-current	**32,868**	36,399
	38,119	39,514

Lease liabilities are payable as follows:

	Minimum lease payments	Interest expense	Present value of minimum lease payments
		(Rupees in '000)	
Not later than one year	8,818	3,567	5,251
Later than one year but not later than 5 years	32,452	8,725	23,727
Later than five years	9,520	379	9,141
	50,790	**12,671**	38,119

5.3 The expenses for the year relating to short-term leases aggregated Rs 12.04 million (2022: Rs 10.36 million) and are classified under field supervison and monitoring (programme costs - note 23) as these leases pertain to regional and area offices.

		Note	2023	2022
6.	**INTANGIBLE ASSETS**		**(Rupees in '000)**	
	Software programmes	6.1	**14,023**	16,189

6.1 Software programmes

	Note	2023	2022
Net carrying value			
At beginning of the year		**16,189**	5,246
Additions during the year		**2,980**	15,712
Amortisation charge for the year	6.1.1	**(5,146)**	(4,769)
At end of the year		**14,023**	16,189
Gross carrying value			
Cost		**39,864**	36,884
Accumulated amortisation		**(25,841)**	(20,695)
Net book value		**14,023**	16,189

6.1.1 This represents various software amortised on straight line basis over a period of 5 years.

6.1.2 The amortisation charge on intangible assets for the year has been allocated as follows:

	Note	2023	2022
		(Rupees in '000)	
Administration expenses	26	**5,146**	4,769

		2023	2022
7.	**LONG TERM INVESTMENTS**	**(Rupees in '000)**	
	At amortised cost		
	Term Deposit Receipts (TDRs)		
	Bank Al Habib Limited	**-**	500,000
	Government securities		
	Pakistan Investment Bonds (PIBs)	**3,330,902**	1,373,156
	Term Finance Certificates (TFCs)		
	Bank Alfalah Limited	**-**	250,000
		3,330,902	2,123,156
	At fair value through profit or loss		
	Certificates of closed end funds		
	HBL Growth Fund	**65,014**	71,543
	HBL Investment Fund	**4,891**	6,311
		69,905	77,854
		3,400,807	2,201,010

7.1 This represents investment in PIBs having maturities between August 05, 2024 and December 10, 2030 and carrying yield ranging between 12.15% to 13.99% per annum (2022: between 12.15% to 13.95% per annum). The PIBs have face value of Rs 3,834 million (2022: Rs 1,529.90 million) and market value of Rs 2,975.9 million (2022: Rs 1,368.50 million) determined using PKRV sheet available from Financial Markets Association (Reuters).

8. ADVANCES AND PREPAYMENTS	Note	2023	2022
		(Rupees in '000)	
Advances to staff - considered good		**203,260**	166,126
Advances to suppliers - considered good	8.1	**188,211**	121,859
Prepayments		**27,462**	17,567
		418,933	305,552

8.1 This represents advances given to various suppliers and vendors in respect of purchase of books, copies, uniforms and other goods and services.

9. ACCRUED INCOME AND OTHER RECEIVABLES	Note	2023	2022
		(Rupees in '000)	
Accrued income on:			
- Pakistan Investment Bonds		**109,986**	85,497
- Treasury Bills		**85,143**	68,792
- Term Deposit Receipts		**9,326**	778
- Term Finance Certificates		**10,267**	10,259
- Ijarah Sukuks		**3,170**	-
- Dividend on certificates of closed end funds		**17,932**	-
- Deposit accounts		**3,416**	105
		239,240	165,431
Tax deducted at source		**14,157**	12,717
Receivable against Sindh Basic Education Programme (SBEP)	9.1	**111,521**	69,629
Receivable against disposal of land		**-**	33,720
Remittance subject to clearance from International Humanitarian City, UAE		**29,828**	100,140
Receivable from TCF-USA		**-**	12,485
Other receivables		**1,543**	68,430
		396,289	462,552

9.1 The Foundation has entered into an agreement with School Education and Literacy Department, Government of Sindh for implementation of SBEP which is an integrated programme towards improvement of education in Sindh. The Foundation has been awarded management of schools located in the districts of Qamber Shahdadkot and Dadu. As per the terms of the contract the Foundation has incurred expenses for operation of schools which are reimbursable. The Foundation is also entitled to management fee for operation of these schools. The amount of Rs 111.52 million comprises of Rs 101.04 million (2022: Rs 63.08 million) and Rs 10.48 million (2022: Rs 6.55 million) representing the reimbursement claims and management fee receivable, respectively, in connection with SBEP.

10. SHORT-TERM INVESTMENTS	Note	2023	2022
		(Rupees in '000)	
At amortised cost			
Term deposit receipts			
Local currency			
Dubai Islamic Bank Pakistan Limited		**1,450,000**	600,000
Askari Bank Limited	14.1	**166,400**	142,436
BankIslami (Pakistan) Limited		**800,000**	400,000
MCB Bank Limited		**11,000**	11,000
	10.1	**2,427,400**	1,153,436
Foreign currency			
Habib Bank AG Zurich	10.2	**854,187**	734,136
Term Finance Certificates (TFCs)			
Bank Alfalah Limited	10.3	**250,000**	-
Ijarah Sukuks			
Faysal Bank Limited	10.4	**299,880**	-
Government securities			
Pakistan Investment Bonds (PIBs)	10.5	**761,570**	1,197,800
Treasury Bills (T-Bills)	10.6	**4,300,886**	4,273,273
At fair value through profit or loss			
Units of open-end mutual funds			
Meezan Islamic Fund		**54,081**	55,491
Atlas Stock Market Fund		**176,869**	183,330
NBP Islamic Daily Dividend Fund		**131,577**	112,598
Atlas Islamic Stock Fund		**107,616**	111,362
NBP Islamic Stock Fund		**86,291**	88,121
Meezan Rozana Amdani Fund		**131,820**	112,976
Al-Hamra Islamic Money Market Fund		**124,250**	-
Al-Ameen Shariah Stock Fund		**166,462**	169,684
NBP Stock Fund		**122,290**	125,047
HBL Equity Fund		**86,525**	94,518
UBL Stock Advantage Fund		**141,622**	142,134
Alfalah GHP Islamic Stock Fund		**57,673**	56,955
MCB Cash Management Optimizer		**-**	106,171
		1,387,076	1,358,387
		10,280,999	8,717,032

10.1 These represent investments in local currency TDRs maturing on various dates up to April 21, 2024 and carry profit rate ranging between 12.5% to 20% per annum (2022: 10.6% to 15% per annum). The TDRs placed with BankIslami (Pakistan) Limited amounting to Rs 800 million (2022: 400 million) and with Dubai Islamic Bank Pakistan Limited amounting to Rs 1,450 million (2022: 600 million) are shariah compliant TDRs maturing on September 19, 2023 and July 12, 2023 respectively.

10.2 This represents investment in a TDR amounting to AED 10.80 million (2022: AED 13 million) along with accumulated profit amounting to AED 37,000 (2022: AED 28,000). The TDR shall mature on July 01, 2023 and carries profit of 0.45% per annum (2022: 0.10% per annum).

10.3 This represents investment in TFCs maturing on January 15, 2024 and carrying profit rate of 9.03% per annum (2022: 9.03%). These TFCs were previously classified as long-term investments as at June 30, 2022.

10.4 This represents investment in Ijarah Sukuks through Faysal Bank Limited maturing on April 17, 2024 and May 22, 2024 carrying yield ranging between 21.30% to 22.67% per annum (2022: Nil).

10.5 This represents investment in PIBs maturing on July 12, 2023 and carrying yield ranging between 13.62% to 13.77% per annum (2022: 7.66% to 12.87% per annum). The PIBs have face value of Rs 762.9 million (2022: 1,189.4 million) and market value of Rs 759.3 million (2022: 1,189 million) determined using PKRV sheet available from Financial Markets Association (Reuters).

10.6 This represents investment in T-Bills maturing between July 04, 2023 and June 27, 2024 and carrying profit ranging between 21.15% and 21.99% per annum (2022: between 13% and 15.08% per annum). The T-Bills have face value of Rs 4,536 million (2022: Rs 4,400 million) and market value of Rs 4,377.60 million (2022: Rs 4,340.80 million) determined using PKRV sheet available from Financial Markets Association (Reuters).

11. CASH AND BANK BALANCES

	Note	2023	2022
		(Rupees in '000)	
Cash in hand			
- foreign currency		**802**	305
Cash at bank			
- in current accounts			
- local currency		**45,478**	19,831
- foreign currency		**48,152**	68,144
- in deposit accounts			
- local currency	11.1	**639,768**	644,653
- foreign currency	11.1	**261**	182
		733,659	732,810
		734,461	733,115

11.1 Profit rate on deposit accounts ranges from 0.10% to 0.45% (2022: 0.10% to 0.30%) per annum for foreign currency deposit accounts and 6.60% to 19.50% (2022: 9.75% to 12.25%) per annum for local currency deposit accounts.

12. DEFERRED INCOME RELATING TO OPERATING FIXED ASSETS

		2023	2022
		(Rupees in '000)	
Opening balance		**6,483,534**	5,835,941
Donations received during the year		**2,324,300**	1,019,898
Amortisation for the year		**(401,513)**	(372,305)
Transferred to General Fund	13.3	**(52,942)**	-
Closing balance		**8,353,379**	6,483,534

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

This includes grants and other funds (i.e., Future Support Fund, Sustainability Fund, Scholarship Fund, Community Development Programme and Flood Relief Fund). The movement of these balances is as follows:

	2023			2022		
	(Rupees in '000)					
	Grants (Note 13.1)	**Others (Note 13.3)**	**Total**	Grants	Others	Total
Opening balance	**121,362**	**2,524,850**	**2,646,212**	114,921	2,114,085	2,229,006
Amounts received during the year	**141,902**	**4,539,399**	**4,681,301**	317,474	1,513,763	1,831,237
Allocation of interest (note 21)	**-**	**137,013**	**137,013**	-	59,825	59,825
Amortised - donations related to school support, grants and children education - other than flood relief	**(192,598)**	**(1,721,930)**	**(1,914,528)**	(311,033)	(1,011,920)	(1,322,953)
Amortised - flood relief (note 13.4)	**-**	**(1,526,654)**	**(1,526,654)**	-	-	-
Transfer to General Fund (note 13.3)	**(6,708)**	-	**(6,708)**	-	-	-
Reclassification to endowment fund	**-**	**(64,100)**	**(64,100)**	-	(150,903)	(150,903)
	63,958	**3,888,578**	**3,952,536**	121,362	2,524,850	2,646,212
Less: Current portion of deferred income relating to school support, grants and children education	**(63,958)**	**(2,208,750)**	**(2,272,708)**	(87,223)	(966,150)	(1,053,373)
Closing balance	**-**	**1,679,828**	**1,679,828**	34,139	1,558,700	1,592,839

13.1 Details of grants received during the year is as follows:

Description of Grantors	**Note**	**2023**				
		As at July 01, 2022	**Received during the year**	**Transfer to General Fund**	**Amortisation for the year**	**As at June 30, 2023**
		(Rupees in '000)				
Charities Aid Foundation of America		**12,998**	**1,584**	**-**	**(14,582)**	**-**
Jochnick Foundation		**20,200**	**14,351**	**-**	**(20,200)**	**14,351**
Jazz Foundation	13.2	**50,252**	**-**	**-**	**(26,783)**	**23,469**
UBS Optimus Foundation		**13,809**	**-**	**(6,708)**	**(7,101)**	**-**
Australian High Commission		**4,909**	**-**	**-**	**(4,909)**	**-**
Allan & Nesta Ferguson		**1,788**	**-**	**-**	**(1,788)**	**-**
Global 3M Giving		**514**	**-**	**-**	**(514)**	**-**
Give Light Foundation		**1,573**	**-**	**-**	**(1,573)**	**-**
Queen Anne's Gate Foundation		**4,058**	**-**	**-**	**(4,058)**	**-**
Pousaz Philanthropies Foundation		**8,220**	**-**	**-**	**(8,220)**	**-**
Waterloo Foundation		**3,041**	**-**	**-**	**(2,848)**	**193**
Merck Family Foundation		**-**	**22,850**	**-**	**(22,850)**	**-**
IPSOS Foundation		**-**	**6,794**	**-**	**(6,794)**	**-**
The Global Fund		**-**	**6,531**	**-**	**(6,531)**	**-**
The Randal Charitable Foundation		**-**	**4,307**	**-**	**(4,307)**	**-**
Prosolidar		**-**	**2,276**	**-**	**(2,276)**	**-**
Global Giving - YourCause LLC		**-**	**597**	**-**	**597**	**-**
Target Foundation		**-**	**3,315**	**-**	**(3,315)**	**-**
HCD Memorial		**-**	**10,845**	**-**	**(2,712)**	**8,133**
Bill and Melinda Gates Foundation		**-**	**3,142**	**-**	**(3,142)**	**-**
Echidna Giving Fund		**-**	**65,310**	**-**	**(47,498)**	**17,812**
		121,362	**141,902**	**(6,708)**	**(192,598)**	**63,958**

Description of Grantors	Note	2022				
		As at July 01, 2021	Received during the year	Transfer to General Fund	Amortisation for the year	As at June 30, 2022
		(Rupees in '000)				
Foreign Commonwealth and Development Office (formerly Department for International Development)		-	39,619	-	(39,619)	-
Charities Aid Foundation of America		-	31,194	-	(18,196)	12,998
Sir Ernest Cassel		-	19,943	-	(19,943)	-
Merck Family Foundation		-	35,375	-	(35,375)	-
Jochnick Foundation			20,200	-	-	-
Jazz Foundation		112,369	-	-	(62,117)	-
UBS Optimus Foundation		2,552	110,547	-	(99,290)	13,809
Australian High Commission		-	6,136	-	(1,227)	4,909
Allan & Nesta Ferguson		-	6,136	-	(1,789)	1,788
Global 3M Giving		-	4,111	-	(3,597)	514
Avery Dennison		-	1,282	-	(1,282)	-
Give Light Foundation		-	3,145	-	(4,058)	-
Queen Anne's Gate Foundation		-	6,087	-	(2,029)	4,058
Mercy USA		-	3,319	-	(3,319)	-
Pousaz Philanthropies Foundation		-	17,810	-	(9,590)	8,220
Waterloo Foundation		-	15,129	-	(12,088)	3,041
		114,921	317,474	-	(311,033)	121,362

13.2 "Section 42 of the Companies Act, 2017 states as follows:

'In the case of winding up or dissolution of the company, any surplus assets or property, after the satisfaction of all debts and liabilities, shall not be paid or disbursed among the members, but shall be given or transferred to some other company established under section 42 of the Companies Act, 2017, preferably having similar or identical objects to those of the company.'

Accordingly, an agreement dated March 15, 2021 was entered into between the Foundation and Jazz Foundation (JF) for transfer of surplus assets of JF amounting to Rs 112.3 million to the Foundation in the form of grant which shall be amortised over a period of 2-3 years as per the terms and conditions of the Agreement.

13.3 This represents restricted contribution for the purchase of capital assets i.e. freehold land which will not be amortised. As explained in note 3.20, these are recognised directly as an increase in net assets upon purchase of capital assets.

13.3 These include:

(a) Sustainability Fund balance of Rs 956.53 million (2022: Rs 808.10 million) to meet cash shortfall in the operational support of the schools in future.

(b) Community Development Programme balance of Rs 140.64 million (2022: Rs 101.99 million) representing funds for overall community welfare.

(c) Flood Relief Fund aims to provide relief to families who have faced the disastrous effect of the flood. The movement of the Fund is as follows:

Movement of Flood Relief Fund	**2023**	2022
	(Rupees in '000)	
Opening balance	-	-
Donations received during the year	1,825,949	-
	1,825,949	-
Utilised during the year	(1,526,654)	-
Closing balance	299,295	-

	Note	2023	2022
		(Rupees in '000)	

14. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		**238,651**	217,316
Accrued liabilities		**418,852**	139,305
Security deposits	14.1	**178,415**	141,661
Retention money		**113,203**	67,563
Provision for EOBI, SESSI and PESSI	19	**268,928**	286,048
Provision for compensated absences		**139,386**	107,947
Withholding taxes payable		**66,491**	30,988
Payable to TCF - USA		**10,832**	-
Other liabilities		**11,534**	7,956
		1,446,292	998,784

14.1 The security deposits are obtained mainly from teachers and are refunded to them at the time of cessation of their employment. The security deposits are kept in a separate bank account as per the requirements of the Act and are not available for utilisation for the Foundation's operations. The funds available in a separate bank account have been invested in TDRs with Askari Bank Limited (refer note 10).

	2023	2022
	(Rupees in '000)	

15. CAPITAL FUND

Opening balance	**3,500**	3,100
Additions during the year	**-**	400
Closing Balance	**3,500**	3,500

15.1 This represents contribution by the members when they had joined the Foundation in terms of Article '8' of Articles of Association of the Foundation. In pursuance to the requirements of the Associations with Charitable and Not for Profit Objects Regulations, 2018, the Foundation made amendments in clause VII of the Memorandum of Association, thereby increasing the liability of each of its members to Rs 0.1 million.

16. GENERAL FUND

This comprises of transfer from accumulated surplus as and when approved by the Board of Directors and includes fair value of contributed lands / properties aggregating to Rs 637 million (2022: Rs 349 million).

17. ENDOWMENT FUND

This represents contribution received from 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. Income on endowment is mainly recognised in statement of income and expenditure. However, in some cases, as per donor requirements, income may be cumulated as part of the endowment fund balance.

17.1	Names of Endowment Fund Donors	Note	2023	2022
			(Rupees in '000)	
	Adnan Husain Family		**17,851**	17,851
	AKU Class of '94 Group		**22,106**	21,489
	AKU Class of '97		**30,526**	22,546
	Ali A. Moiz		**40,838**	40,838
	Ateed Ameed and Naveed Riaz		**89,858**	80,659
	Atif Ali & Co.		**28,027**	22,674
	Austin Group		**22,417**	22,417
	Ayza Affan		**94,003**	78,433
	Azhar & Farah Hameed		**30,904**	3,939
	Aziza Noorani		**17,754**	17,754
	Bashiruddin Peracha		**23,326**	20,950
	Bushra and Rashed Waheed		**10,000**	10,000
	Chicago Chapter		**24,003**	24,003
	Connecticut Group		**12,007**	12,007
	Crescent Steel & Allied Products Ltd		**92,992**	82,294
	Dallas Fort-Worth Supporters		**160,340**	108,210
	Dr Asma Saleem		**45,525**	37,868
	Ejaz Shameem		**112,160**	64,177
	EMAAN		**21,182**	20,352
	Eternity Fund		**14,367**	13,967
	Farouq & Shahnaz Ahmed Fund		**46,210**	34,940
	Fezaan Group		**11,426**	11,426
	Friends & well wisher of Sultan Mowjee		**56,233**	56,233
	HBL Foundation		**61,455**	56,111
	Houston Group		**77,157**	76,587
	Indus Motor Company Limited		**92,000**	92,000
	Interloop Welfare Trust		**500,000**	400,000
	Kansas Donors		**12,280**	12,280
	Keith Dunleavy		**15,951**	15,951
	Khem Fatimi		**46,832**	46,832
	(Late) Cowasjee Minocher Cowasjee & (Late) Mrs Mani C Cowasjee		**105,973**	101,994
	Los Angeles Group		**18,556**	18,556
	M I Naseem		**20,091**	20,001
	Masood A Sheikh		**50,000**	50,000
	Microsoft Ever Green Campus		**18,374**	18,374
	Mrs Qaisari Ehtishamullah		**17,538**	17,538
	Munib & Kamila Islam		**71,815**	60,931
	Murtaza Hussain		**20,860**	20,860
	Muzammil Hussain		**39,838**	39,838
	National Bank of Pakistan Limited		**17,800**	17,800
	New Orleans Chapter		**31,152**	25,354
	New York Youngs Professional Chapter		**21,918**	21,918
	Nilofer Grewe		**10,689**	9,657
	Noorani Family		**108,420**	108,194
	North Carolina Chapter		**13,492**	8,917
	Nuzhat Ara Qureshi		**24,618**	1,834
	Overseas Pakistan Education Foundation		**13,115**	10,042
	Pakistan State Oil Company Limited		**17,851**	17,851
	Pennsylvania Chapter		**20,863**	20,863
	Qudsia & Saeedullah Khan		**15,255**	15,255
	Radiant Way		**81,967**	81,967
	Rashid & Zarfeshan Sharaf		**21,903**	21,903
	Towfiq & Zeenat Chinoy		**70,885**	70,885
	Saeeda Mazhar Mahmood		**33,100**	33,100
	Safdar Feroze Nana		**79,595**	79,595
	Sajid Salman		**44,314**	44,314
	Salman Rashid		**20,000**	20,000
	Samira Zaman & Talal Khan		**30,069**	-
	San Antonio Supporters		**21,924**	21,924
	Sapphire Scholarship (Abdullah Foundation)		**40,000**	40,000
	Seattle Group		**21,340**	17,935
	Seeds of Learning		**92,284**	92,284
	Shahid Jalal		**26,287**	26,287
	Shiraz & Samina Rehmani		**49,719**	49,719
	Support a Child		**39,338**	111,617
	Syed Mohammad Jafri		**32,121**	-
	TCF Ghulam Fatima School		**81,501**	45,978
	TCF USA		**53,980**	53,980
	USA Austin Chapter		**20,638**	20,638
	The Shirin Sultan Dossa Foundation		**1,523,908**	1,413,164
	The Sultan Nadir Ali Pasha Memorial Alumni Scholarship		**15,000**	-
	Thera & Munir Ahmed Khan Memorial Fund		**12,300**	12,300
	Uzma Arif Scholarship		**14,944**	14,944
	Waheed and Raana Iqbal for Mr. & Mrs. Ch. Ali Akbar		**10,140**	-
	Wahid Maskatiya		**10,130**	10,130
	Westchester Chapter		**22,665**	22,665
	Zain and Sarah Polani Shaheed		**40,009**	29,590
	Zainab Bai,HA Suraiya,Humaira Bai,H Moosa Ch.		**11,869**	11,869
	Zulekhabai VM Gany Rangoonwala Trust		**12,000**	12,000
	Others	17.2	**104,939**	5,079
			5,126,466	4,492,063

17.2 These represent Endowment Funds of donors not individually exceeding Rs 10 million and also include donors who have requested for anonymity.

	Note	2023	2022
17.3 Movement of endowment fund		(Rupees in '000)	
Opening balance		**4,492,063**	3,875,525
Addition during the year		**536,213**	496,209
Reclassification from deferred income relating to school support, grants and children education	13	**64,100**	150,903
Balance available for investment		**5,092,376**	4,522,637
Net return used for (reduction) / accumulation of endowment fund	21	**34,090**	(30,574)
Closing balance		**5,126,466**	4,492,063

18. FOREIGN CURRENCY TRANSLATION RESERVE

This represents the translation of the balances and transactions of the Dubai branch. The assets and liabilities of Dubai branch are translated into presentation currency at the exchange rate prevailing at the reporting date. The income and expenses of Dubai operations are translated into presentation currency at the exchange rate at the dates of the transaction and monthly average exchange rate respectively. The resultant net foreign currency gain / loss is recognised in other comprehensive income.

19. CONTINGENCIES AND COMMITMENTS

Contingent liabilities

19.1 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 period from May 2003 to September 2003 vide Sindh Government Gazette Notification No. L-II-5-9/2002 dated February 8, 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 April 25, 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 September 26, 2008. On June 16, 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 November 4, 2010 with the Supreme Court of Pakistan against its judgement and has booked the provision there against. The decision on review petition is pending adjudication.

Further, the SESSI demanded a payment of Rs 35.47 million on February 2, 2011 including an increase amounting to Rs 11.82 million. The Foundation has filed an appeal on April 16, 2011 against the said increase with the Commissioner of SESSI, which is pending adjudication. 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 35.97 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.

19.2 On March 15, 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 October 10, 2013 and letter reference Unit -06/WHT/RTO-II/Khi/2012-2013/241 dated November 12, 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 February 27, 2015 disposed the appeal and remanded back the recovery order under section 129 of Income Tax Ordinance, 2001 to the concerned department for re-assessment of the same taking into account the supports provided by the Foundation. The remanded back proceedings are pending to date. The Foundation is confident of favourable outcome and hence no provision has been made in these financial statements.

Further on May 29, 2017, the Foundation received a notice for Tax Year 2016 from Deputy Commissioner Inland Revenue (DCIR) 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 sets 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. DCIR vide order dated September 7, 2017 raised demand amounting to Rs 7.32 million. The Foundation through its tax advisor has filed an appeal against the order of Rs 7.32 million with Commissioner Inland Revenue Appeals - CIR (A). The CIR (A) has remanded back the order passed by the DCIR. The Foundation through its tax advisor have submitted all information requested under remand back proceeding, however, no order has been passed by the tax authorities. The Foundation is confident of a favourable outcome of the same, therefore, no provision has been recognised in this respect.

19.3 The Foundation received a notice from Employees' Old age Benefit Institution (EOBI) dated March 21, 2016 raising an additional demand of EOBI contribution amounting to Rs 30.04 million, for the period from July 2012 to June 2015 on the basis of enhancement of minimum wages by Government of Pakistan through Minimum Wages for Unskilled Workers (Amendment) Act, 2016 with retrospective effect. The Foundation along with the Employers' Federation of Pakistan and 101 other petitioner companies filed a constitutional petition numbering 2085/2016 in the Honourable High Court of Sindh challenging the demand. The Learned Division Bench of the 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. The Foundation is confident of a favourable outcome of this case, based on legal opinion it has received; therefore, no provision has been made in these financial statements.

Further, the Foundation paid contribution for the period July 2015 to June 2016 based on the minimum wage applicable for that period. Since then, the Foundation has been paying the contribution as per the minimum wage applicable for the period July 2015 to June 2016. As a matter of abundant caution and without prejudice to the merits of the case currently pending in the High Court of Sindh, a provision of Rs 197.49 million has been made in these financial statements with respect to the difference in minimum wages applicable for the period from July 1, 2016 to March 31, 2022 and the rate at which the Foundation has been paying the contribution.

Commitments

19.4 Commitment in respect of capital expenditure amounted to Rs 1,445.62 million (2022: Rs 605.29 million).

19.5 Guarantees by bank on behalf of the Foundation, amounting to Rs 11 million (2022: Rs 11 million) were issued in favor of School Education and Literacy Department of Government of Sindh.

20. DONATIONS AND FEES	**Note**	**2023**	2022
		(Rupees in '000)	
Donations			
Donations received during the year	20.1 & 20.2	**5,950,301**	3,579,848
Income on endowment fund utilised for support operations	20.3	**532,323**	215,299
Contribution from Government	20.4	**303,051**	277,814
Amortised - donations related to operating fixed assets	12	**401,513**	372,305
Amortised - donations related to flood rellef	13	**1,526,654**	-
Amortised - donations related to school support, grants and children education	13	**1,914,528**	1,322,953
		10,628,370	5,768,219
Fees			
Parental contribution	20.5	**685,468**	587,715
Management fee - SBEP	9.1	**7,055**	6,549
		11,320,893	6,362,483

20.1 This includes Zakat amounting to Rs 3,371.97 million (2022: Rs 1,839.09 million).

20.2 Major sources of donations	**2023**	2022
	(Rupees in '000)	
- By sector		
Donations from corporate sector	**1,014,427**	774,436
Donations from other Not-for-Profit organisations	**2,495,893**	1,170,575
Donations from individuals	**2,439,981**	1,634,837
	5,950,301	3,579,848
- By origin		
Local	**2,424,890**	1,853,396
Foreign	**3,525,411**	1,726,452
	5,950,301	3,579,848

20.3 This represents income on investments from endowment fund utilised for support operations at the discretion of the donors.

20.4 Details of contribution from Government	**2023**	2022
	(Rupees in '000)	
Punjab Education Foundation	**252,659**	234,561
Sindh Education Foundation	**50,392**	43,253
	303,051	277,814

The above represent contributions received by the Foundation from the Provincial Governments and other Government Authorities for incurring expenses in running operational management of Government schools.

20.5 This represents contribution received from parents of students enrolled in the schools managed by the Foundation as per agreed slabs keeping in view the affordability of the students.

21. INCOME ON INVESTMENTS - NET	**Note**	**2023**	2022
		(Rupees in '000)	
Income from:			
- Term Deposit Receipts		**165,600**	186,395
- Treasury Bills		**867,995**	345,527
- Pakistan Investment Bonds		**492,578**	285,721
- Term Finance Certificates		**22,575**	22,575
- Ijarah Sukuks		**3,170**	-
Profit on deposit accounts		**93,826**	29,702
Dividend income on units of mutual funds		**74,240**	34,952
Exchange gain - net		**14,565**	3,381
Unrealised (loss) / gain on re-measurement of financial asset at FVTPL			
Net gain on disposal of investments		**(35,566)**	(276,186)
Total income on investments		**1,698,983**	632,067
Transferred during the year to:			
Support Donation	20 & 21.1	**(532,323)**	(215,299)
Endowment Fund	17.3 & 21.2	**(34,090)**	30,574
Scholarship Fund	13 & 21.3	**(27,895)**	(7,027)
Sustainability Fund	13 & 21.4	**(109,118)**	(52,798)
		(703,426)	(244,550)
Income on investments - net		**995,557**	387,517

21.1 This represents income on investments from endowment fund and current account utilised for supporting operations at the discretion of donor. The amount is transferred to donation as referred in note 20.3 to these financial statements.

21.2 This represents income on investments from endowment fund accumulated in endowment at the discretion of donor. The amount is transferred to endowment fund as referred in note 17.3 to these financial statements.

21.3 This represents income on investments from endowment fund allocated to scholarship fund at the discretion of donor.

21.4 This represents income on investments from sustainability fund accumulated in sustainability fund at the discretion of management. The amount is transferred to sustainability fund as referred in note 13.4 to these financial statements.

22. OTHER INCOME

	2023	2022
	(Rupees in '000)	
Gain on disposal of operating fixed assets - net	193,769	61,480
Miscellaneous income	15,079	4,030
	208,848	65,510

23. PROGRAMME COSTS

	Note	2023							
		Flagship schools and college (Note 23.1)	Partnership schools (Note 23.2)	Alumni support	Community development	Literacy and life skills	Publishing house	Dastak Teacher Training	Total
		(Rupees in '000)							
Direct expenditures	23	3,685,974	539,903	-	89,543	41,808	6,769	6,223	4,370,220
Books, copies, uniforms and other school supplies		1,514,490	62,756	-	-	-	-	-	1,577,246
Repair and maintenance charges		536,225	85,547	-	-	-	-	-	621,772
School vehicle running and maintenance		215,938	20,252	-	-	-	-	-	236,190
Teachers' training		64,253	19,519	-	-	-	-	-	83,772
Field supervison and monitoring		418,608	112,883	41,338	20,340	21,658	4,922	9,935	629,684
Depreciation on operating fixed assets	4.3	704,507	11,840	-	-	-	-	-	716,347
Depreciation on right-of-use assets	5.1.1	5,988	-	-	-	-	-	-	5,988
Post matric scholarship - self funded		-	-	192,391	-	-	-	-	192,391
Post matric scholarship - donor funded		-	-	48,145	-	-	-	-	48,145
Other expenses	23	38,674	1,998	-	-	-	-	-	40,672
		7,184,657	854,698	281,874	109,883	63,466	11,691	16,158	8,522,427
Flood relief									1,526,654
									10,049,081

	Note	2022							
		Flagship schools and college (Note 23.1)	Partnership schools (Note 23.2)	Alumni support	Community development	Literacy and life skills	Publishing house	Dastak Teacher Training	Total
		(Rupees in '000)							
Direct expenditures	23	2,783,628	411,408	-	58,120	-	-	-	3,253,156
Books, copies, uniforms and other school supplies		409,750	8,070	-		-	-	-	417,820
Repair and maintenance charges		205,059	11,978	-	-	-	-	-	217,037
School vehicle running and maintenance		128,890	11,838	-	-	-	-	-	140,728
Teachers' training		33,924	5,466	-	-	-	-	-	39,390
Field supervison and monitoring		296,289	81,684	31,914	16,678	-	-	-	426,565
Depreciation on operating fixed assets	4.3	493,638	11,335	-	-	-	-	-	504,973
Depreciation on right-of-use assets	5.1.1	6,338	-	-	-	-	-	-	6,338
Post matric scholarship - self funded		-	-	120,555	-	-	-	-	120,555
Post matric scholarship - donor funded		-	-	63,594	-	-	-	-	63,594
Other expenses	23	14,551	267	-	-	-	-	-	14,818
		4,372,067	542,046	216,063	74,798	-	-	-	5,204,974
COVID-19 response appeal									35,645
									5,240,619

23.1 This represents expenses incurred on schools and college owned and operated by the Foundation.

23.2 This represents expenses incurred by the Foundation for the Government Schools whose operational management has been taken over by the Foundation. The net deficit incurred by the Foundation on Partnership Schools is as follows:

		2023	2022
		(Rupees in '000)	
Partnership School expenses		**854,698**	542,046
Contribution received	20.4	**(303,051)**	(277,814)
		551,647	264,232

23.3 This includes salaries and other benefits amounting to Rs 3,912.98 million (2022: Rs 2,883.61 million).

23.4 The breakup of other expenses is as follows:

	Note	2023	2022
		(Rupees in '000)	
Schools - general insurance		**22,836**	6,201
Consultancy expenses		**1,359**	2,508
Interest expense on lease liabilities		**4,090**	4,214
Loss on termination of lease		**-**	698
Other school expenses		**12,387**	1,197
		40,672	14,818

24. MARKETING, FUNDRAISING AND OUTREACH EXPENSES

Salaries and other benefits		**158,214**	107,603
Marketing		**283,794**	135,473
Vehicle running and maintenance		**7,163**	3,734
Legal and professional charges		**60,653**	35,527
Fees and subscriptions		**16,380**	3,616
Travelling and conveyance		**13,115**	4,333
Utilities		**271**	178
Communication		**4,592**	2,826
Printing and stationery		**7,397**	4,010
Other expenses	26.1	**9,683**	1,208
		561,262	298,508

25. RESEARCH AND DEVELOPMENT EXPENSES

This comprises of costs incurred on research for evaluation and design of curriculum / syllabus, teachers' training, technology for online learning and cost incurred on different programmes which are in various stages of development such as multi-grade teaching, mother tongue based multilingual education, literacy and life skills for out of school children and training for non-TCF teachers (Dastak).

26. ADMINISTRATION EXPENSES

	Note	2023	2022
		(Rupees in '000)	
Salaries and other benefits		**319,213**	251,059
Vehicle running and maintenance		**29,735**	16,666
Legal and professional charges		**29,750**	23,263
Fees and subscriptions		**22,432**	6,914
Travelling and conveyance		**18,710**	8,700
Utilities		**13,655**	7,722
Communication		**20,370**	9,026
Printing and stationery		**15,702**	10,840
Depreciation on operating fixed assets	4.3	**36,076**	26,541
Amortisation of intangible assets	6.1.2	**5,146**	4,769
Other expenses	26.1	**25,755**	23,770
		536,544	389,270

		Note	2023	2022
			(Rupees in '000)	
26.1	**Other expenses**			
	Advertisement		**817**	900
	Auditor's remuneration	26.1.1	**2,607**	4,580
	Bank charges		**2,548**	6,348
	Insurance		**966**	1,034
	Office expenses		**9,879**	5,290
	Repairs and maintenance		**8,938**	5,618
			25,755	23,770

		2023	2022
		(Rupees in '000)	
26.1.1	**Auditor's remuneration**		
	Audit Services		
	Audit fee	**1,500**	1,000
	Tax and related services	**475**	2,937
		1,975	3,937
	Out of pocket expenses and sales tax	**632**	643
		2,607	4,580

26.2 ALLOCATION OF EXPENSES

The portion of administration expenses incurred during the year have been allocated to:

Nature of Expense	To	2023	2022
		(Rupees in '000)	
Key executive remuneration	Programme costs	**20,909**	18,438
Key executive remuneration	Property and equipment	**3,685**	3,311
Volunteer and alumni department	Programme costs	**41,338**	32,182
Expenses pertaining to outcomes	Research and development	**90,339**	119,638

27. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVES

	Chief Executive Officer		Executive	
	2023	2022	**2023**	2022
	(Rupees in '000)			
Remuneration	**15,823**	13,645	**379,185**	256,311
Number of person	**1**	1	**102**	72

27.1 The Chief Executive Officer, Executive Vice Presidents, Vice Presidents, General Managers, Head of Departments and Senior Managers are provided with free use of Foundation's maintained cars in accordance with the prescribed limits.

27.2 The Foundation provides its employees with life insurance and medical insurance coverage in accordance with the prescribed limits.

		2023	2022
28.	**NUMBER OF EMPLOYEES**	(Number)	
	Total number of employees as at June 30	**19,274**	18,117
	Average number of employees during the year	**18,751**	18,128

29. CASH UTILISED IN OPERATIONS

	Note	2023	2022
		(Rupees in '000)	
Surplus of income over expenditure for the year		**1,431,512**	1,155,875
Adjustments for:			
Depreciation on property and equipment	4.3	**752,423**	531,514
Depreciation on right-of-use assets	5.1.1	**5,988**	6,338
Interest expense on lease liabilities	23.4	**4,090**	4,214
Loss on termination of lease	23.4	**-**	698
Amortisation of intangible assets	6.1	**5,146**	4,769
Amortisation of deferred income	12 & 13	**(3,842,695)**	(1,695,258)
Income on investments	21	**(1,698,983)**	(628,686)
Gain on sale of operating fixed assets	22	**(193,769)**	(61,480)
Fair value of contributed lands	4.1.4	**(143,440)**	(388,400)
Working capital changes	29.1	**(75,462)**	(136,341)
		(3,755,190)	(1,206,757)

29.1 Working capital changes

	2023	2022
	(Rupees in '000)	
(Increase) / decrease in current assets		
Advances, deposits and prepayments	**(113,381)**	(159,641)
Accrued income and other receivables	**141,512**	(220,738)
Books, copies, uniforms and other school supplies	**(551,101)**	30,638
	(522,970)	(349,741)
Increase in current liabilities		
Creditors, accrued and other liabilties	**447,508**	213,400
	(75,462)	(136,341)

29.2 Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2023			
	Lease liabilities	Deferred income relating to operating fixed assets	Endowment fund	Total
	(Rupees in '000)			
Balance as at July 1, 2022	**39,514**	**6,483,534**	**4,492,063**	**11,015,111**
Changes from financing cash flows:				
Deferred receipts relating to operating fixed assets	**-**	**2,324,300**	**-**	**2,324,300**
Additions / transfers in Endowment fund	**-**	**-**	**600,313**	**600,313**
Investment income allocated to Endowment fund	**-**	**-**	**34,090**	**34,090**
Payments of lease liabilities	**(3,967)**	**-**	**-**	**(3,967)**
Total changes from financing activities	**(2,680)**	**2,324,300**	**634,403**	**2,954,736**
Other changes:				
Amortisation for the year	**-**	**(401,513)**	**-**	**(401,513)**
Transferred to General Fund	**-**	**(52,942)**	**-**	**-**
Addition to lease liabilities	**2,572**	**-**	**-**	**2,572**
Lease terminated during the year	**-**	**-**	**-**	**-**
Interest expense	**4,090**	**-**	**-**	**4,090**
Interest paid	**(4,090)**	**-**	**-**	**(4,090)**
Total other charges	**2,572**	**(454,455)**	**-**	**(451,883)**
Balance as at June 30, 2023	**38,119**	**8,353,379**	**5,126,466**	**13,517,964**

	2022			
	Lease liabilities	Deferred income relating to operating fixed assets	Endowment fund	Total
	(Rupees in '000)			
Balance as at 01 July 2021	45768	5,835,941	3,875,525	9,757,234
Changes from financing cash flows:				
Operating fixed assets	-	1,019,898	-	1,019,898
Additions in Endowment fund	-	-	647,112	647,112
Investment income allocated to Endowment fund	-	-	(30,574)	(30,574)
Payments of lease liabilities	(2,680)	-	-	(2,680)
Total changes from financing activities	(2,680)	1,019,898	616,538	1,633,756
Other changes:				
Amortisation for the year	-	(372,305)	-	(372,305)
Addition to lease liabilities	2,007	-	-	
Lease terminated during the year	(5,581)	-	-	(5,581)
Interest expense	4,214	-	-	4,214
Interest paid	(4,214)	-	-	(4,214)
	(3,574)	(372,305)	-	(375,879)
Balance as at 30 June 2022	39,514	6,483,534	4,492,063	11,015,11

30. CASH AND CASH EQUIVALENTS

	Note	2023	2022
		(Rupees in '000)	
Short-term investments having maturity upto three months	11	**8,177,698**	6,160,845
Cash and bank balances		**734,461**	733,115
		8,912,159	6,893,960
Less: Security deposits invested in TDRs / held as bank balance		**(166,400)**	(145,128)
		8,745,759	6,748,832

31. RELATED PARTY TRANSACTIONS

Related parties include associated undertakings having common directors, directors and key management personnel. No director (other than chief executive officer) or their relatives received any remuneration, payments or benefits directly or indirectly from the Foundation.

31.1 Name of Related Parties and Relationships

Following are the names of associated companies or related parties or undertakings, with whom the Foundation had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related Parties	Relationship
Donations	
Mr Ahsan M Saleem	Chairman
Mr Ateed Riaz	Director
Ms Nilofer Saeed	Director
Mr Musadaq Zulqarnain	Director
Barrister Jahanzeb Awan	Director
Crescent Steel & Allied Products Limited	Common Director
CSAP Foundation	Common Director
Ashraf Riaz (Pvt) Limited	Common Director
First Imrooz Modaraba	Common Director
Patrons Expo Trust	Common Director
The Searle Company Limited	Common Director
Lyceum School	Common Director
Novatex Limited	Common Director
Engro Corporation	Common Director
Interloop Welfare Trust	Common Director
TCF UK	Common Director
Ms Zahra Ahsan Saleem	Relative of Director
Mr Tayyab Ahsan Saleem	Relative of Director
Mr Usman Ashraf Riaz	Relative of Director
Mr Ameed Riaz	Relative of Director
Ms Hejaab Riaz	Relative of Director
Ms Rabee'aa Riaz	Relative of Director
Ms Mina Ameed Riaz	Relative of Director
Mr Khizer Ateed Riaz	Relative of Director
Ms Mina Ameed Riaz	Relative of Director
Mr Khizer Riaz	Relative of Director
Mr Naveed Riaz	Relative of Director
Ms Seema Chapra	Relative of Director
Ms Farah Raza Chapra	Relative of Director
Ms Rija Chapra	Relative of Director
Ms Maheen Saeed	Relative of Director
Ms Farheen Saeed	Relative of Director
Ms Yasmin Kazmi	Relative of Director
Ms Hajerah Ahsan Saleem	Relative of Director
Syed Asaad Ayub Ahmad	President & CEO
Mr Zia Akhtar Abbas	Key management personnel
Mr Riaz Ahmed Kamlani	Key management personnel
Mr Ali Aamir	Key management personnel
Mr Tauseef Ul Islam	Key management personnel
Ms Shazia Kamal	Key management personnel
Ms Ghazala Nadeem	Key management personnel
Payments - Associated Companies	
Pakistan Centre for Philanthropy	Common Director
Indus Valley School of Art and Architecture	Common Director
Multinet Pakistan (Private) Limited	Common Director
Jubilee General Insurance Company Limited	Common Director
Lahore University of Management Sciences (LUMS)	Common Director
Key Management Personnel	
Syed Asaad Ayub Ahmad	President & CEO
Mr Zia Akhtar Abbas	Key management personnel
Mr Riaz Ahmed Kamlani	Key management personnel
Mr Ali Aamir	Key management personnel
Mr Tauseef Ul Islam	Key management personnel
Ms Ghazala Nadeem	Key management personnel
Ms Shazia Kamal	Key management personnel
Mr Ubaid Hasan Akhtar	Key management personnel
Mr Isfandyar Inayat Sher Khan	Key management personnel

31.2 Transactions with Related Parties

Following are the transactions entered into and balances with related parties.

	2023	2022
Donations - Directors, key management personnel & their close family members	**120,523**	116,068
Donations - Associated companies & undertakings	**1,085,499**	776,388
Key management personnel remuneration	**96,230**	60,559
Payments - Associated companies	**6,133**	32,889

32. 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 risk management policies are established to identify and analyse the risk faced by the Foundation, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities.

The Foundation currently finances its operations mainly through donations and contributions and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk. The Company's risk management policies and objectives are as follows:

The Foundation's activities expose it to certain financial risks. Such financial risks emanate from various factors that include, but are not limited to market risk, credit risk and liquidity risk.

32.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

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

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 entered into in foreign currencies with foreign supporters or volunteers. At reporting date, the Foundation holds foreign currency bank accounts, foreign currency cash in-hand and Term Deposit Receipts maintained with reputable financial institutions leading to primarily foreign currency exposures in the following currencies:

	Exposure	
	June 30, 2023	June 30, 2022
CHF	**32,719**	33,539
EUR	**87**	88
GBP	**88**	87
USD	**8,001**	8,562
AED	**11,319,306**	14,086,714
CAD	**105**	5

The following exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2023	2022	**2023**	2022
CHF to PKR	**270.68**	192.46	**320.34**	215.43
EUR to PKR	**266.64**	201.28	**313.72**	215.23
GBP to PKR	**306.15**	236.86	**364.77**	249.31
USD to PKR	**252.58**	179.24	**286.60**	205.5
AED to PKR	**69.26**	49.15	**78.59**	56.35
CAD to PKR	**188.07**	141.50	**218.35**	159.45

Sensitivity Analysis

As at the reporting date, if Pakistan Rupee depreciated / appreciated by 10% against USD, EUR, GBP, AED, CHF and CAD with all other variables held constant, the Foundation's surplus for the year would have been higher / lower by Rs 90.24 million (2022: Rs 80.28 million) as a result of exchange gain / (loss) on translation of foreign currency denominated financial assets.

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	
Financial Assets	**2023**	2022	**2023**	2022
	(in Percent)		**(Rupees in '000)**	
Fixed Rate Instruments				
Pakistan Investment Bonds	**12.15 - 13.99**	7.66 - 13.96	**4,092,472**	2,570,956
Treasury Bills	**21.15 - 21.99**	13 - 15.08	**4,300,886**	4,273,273
Term Finance Certificate	**9.03**	9.03	**250,000**	250,000
Ijarah Sukuks	**21.30 - 22.67**	-	**299,880**	-
Foreign Currency Term Deposit Receipts	**0.45**	0.10	**854,187**	734,136
Local Currency Term Deposit Receipts	**12.5 - 20**	10.6 - 15	**2,427,400**	1,653,436

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 or loss. Therefore, any change in interest rates at the reporting date would not have affected statement of income and expenditure.

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 arising from interest rate risk or currency risk). Price risk arises from the Foundation's investment in units of mutual funds classified at fair value through profit or loss (FVTPL). To manage its price risk arising from aforementioned investments, the Foundation diversifies its portfolio and continuously monitors developments in capital markets.

As at the reporting date, if redemption price is increased / decreased by 5%, the Foundation's surplus for the year would have been higher / lower by Rs 72.8 million (2022: Rs 71.8 million) as a result of mark-to-market exercise with the corresponding increase / decrease on the value of investments.

32.2 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 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, as well as deposits with financial institutions, investment in units of mutual funds, long term deposits, accrued income, advances and prepayments 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:

	Note	2023	2022
		(Rupees in '000)	
Long term investments		**3,400,807**	2,201,010
Long term deposits	7	**11,344**	11,122
Short term investments		**10,280,999**	8,717,032
Accrued income and other receivables	10	**382,132**	449,835
Bank balances	11	**733,659**	732,810
		14,808,941	12,111,809

None of the above financial assets were considered to be past due or impaired as at June 30, 2023.

Investment in debt and equity securities

At reporting date, the Foundation has invested in Pakistan Investment Bonds, units of open and closed end mutual funds, term deposit receipts and term finance certificates. The Foundation manages credit risk arising from term deposit receipts by making investments in financial institutions or counter parties having sound credit ratings. The Foundation assesses at each reporting date whether credit risk on a financial instrument has increased significantly since initial recognition by analysing the changes in the risk of default and the expected life of the financial instrument. While making the estimate the management considers historical data and forward looking information with respect to the counterparty. The management considers that the financial instruments in which the Foundation has invested, are low risk and have not experienced a significant increase in credit risk. Further, based on macro-economic factors and best estimate, the management does not expect any default events in respect of it's financial assets within 12 months after the reporting date. Accordingly, the probability of occurrence of default event is remote and the impairment calculated using the ECL method is minimal, hence, no impairment has been recognised in these financial statements. 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, having very low risk of default and strong capacity to discharge it's obligation. Accordingly, no expected credit loss (ECL) has been calculated on these investments.

Bank balances

The Foundation kept surplus liquidity with banks having long term 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 arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Foundation's performance to developments affecting a particular industry.

32.3 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 other 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 financial liabilities:

	2023					
	Carrying amount	**Contractual cash flows**	**Up to one year**	**One to two years**	**Two to five years**	**After five years**
	(Rupees in '000)					
Financial Liabilities						
Creditors, accrued and other liabilities	**971,487**	**971,487**	**971,487**	**-**	**-**	**-**
Lease liabilities	**38,119**	**50,790**	**8,818**	**7,401**	**25,051**	**9,520**
	1,009,606	**1,022,277**	**980,305**	**7,401**	**25,051**	**9,520**

	2022					
	Carrying amount	Contractual cash flows	Up to one year	One to two years	Two to five years	After five years
	(Rupees in '000)					
Financial Liabilities						
Creditors, accrued and other liabilities	573,801	573,801	573,801	-	-	-
Lease liabilities	39,514	55,841	6,959	7,551	22,653	18,678
	613,315	629,642	580,760	7,551	22,653	18,678

33. FAIR VALUE MEASUREMENT

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 Measurement' requires the Foundation to classify fair value measurement 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).

Lands contributed / donated during the year are recognised at fair value (level 2 measurement) determined by a professional valuer based on their assessment of the market values as disclosed in note 4 to these financial statements.

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

		2023								
		Carrying amount					Fair value			
	Note	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	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		-	1,387,076	-	-	1,387,076	-	1,387,076	-	1,387,076
Certificates of closed-end funds		-	69,905	-	-	69,905	-	69,905	-	69,905
		-	1,456,981	-	-	1,456,981	-	1,456,981	-	1,456,981
Financial assets not										
measured at fair value	33.1									
Cash and bank balances		733,659	-	-	-	733,659	-	-	-	-
Term deposit receipts		3,281,587	-	-	-	3,281,587	-	-	-	-
Term finance certificates		-				-				
Treasury Bills		4,300,886	-	-	-	4,300,886	-	4,377,664	-	4,377,664
Pakistan Investment Bonds		4,092,472	-	-	-	4,092,472	-	3,735,279	-	3,735,279
Accrued income and other receivables		382,132	-	-	-	382,132	-	-	-	-
Long term deposits		11,344	-	-	-	11,344	-	-	-	-
		12,802,080	-	-	-	12,802,080	-	8,112,943	-	8,112,943
Financial liabilities not										
measured at fair value	33.1									
Lease liabilities		-	-	-	38,119	38,119	-	-	-	-
Creditors, accrued and other liabilities		-	-	-	971,487	971,487	-	-	-	-
		-	-	-	1,009,606	1,009,606	-	-	-	-

On-balance sheet financial instruments

	Note	2022								
		Carrying amount					Fair value			
		Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	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		-	1,358,387	-	-	1,358,387	-	1,358,387	-	1,358,387
Certificates of closed-end funds		-	77,854	-	-	77,854	-	77,854	-	77,854
		-	1,436,241	-	-	1,436,241	-	1,436,241	-	1,436,241
Financial assets not measured at fair value	33.1									
Cash and bank balances		732,810	-	-	-	732,810	-	-	-	-
Term deposit receipts		2,387,572	-	-	-	2,387,572	-	-	-	-
Term finance certificates		250,000	-	-	-	250,000	-	-	-	
Treasury Bills		4,273,273	-	-	-	4,273,273	-	4,273,273	-	4,273,273
Pakistan Investment Bonds		2,570,956	-	-	-	2,570,956	-	2,570,956	-	2,570,956
Accrued income and other receivables		449,835	-	-	-	449,835	-	-	-	-
Long term deposits		11,122	-	-	-	11,122	-	-	-	-
		10,675,568	-	-	-	10,675,568	-	6,844,229	-	6,844,229
					-					
Financial liabilities not measured at fair value	33.1									
Lease liabilities		-	-	-	39,514	39,514	-	-	-	-
Creditors, accrued and other liabilities		-	-	-	573,801	573,801	-	-	-	-
		-	-	-	613,315	613,315	-	-	-	-

33.1 The Foundation has not disclosed the fair value for these financial assets and financial liabilities other than Treasury Bills and Pakistan Investment Bonds, as these are either short term in nature or re-priced 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 2 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.

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

35. WAQF DEED

During the year, the management has entered into an agreement with a donor in accordance with section 3 of the Musalman Waqf Validating Act, 1913, whereby the donor has agreed to waqf a property situated in Karachi to the Foundation.

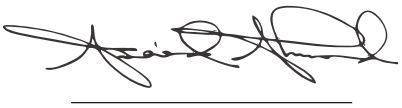
36. EVENTS AFTER REPORTING PERIOD

36.1 The Board of Directors, in its meeting held on September 7, 2023 approved the transfer of Rs 1,432 million (2022: Rs 1,156 million) from accumulated surplus to general fund.

These financial statements do not include the effect of the transfer, which will be accounted for in the financial statements for the year ending June 30, 2024.

37. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors in its meeting held on September 7, 2023.



Chief Executive Officer



Director



Chief Financial Officer

The Citizens Foundation

Six Year's Vertical Analysis (Rs In 000)

Statement of Financial Position	2023	%	2022	%	2021	%	(RESTATED) 2020	%	(RESTATED) 2019	%	(RESTATED) 2018	%
ASSETS												
Non-Current Assets												
Property and equipment	9,480,568	37.0%	6,806,859	34.8%	5,370,241	32.9%	5,325,698	44.1%	5,197,260	46.2%	10,475,388	68.0%
Right-of-use assets	23,266	0.1%	26,682	0.1%	37,292	0.2%	42,723	0.4%	-	0.0%	-	0.0%
Intangible assets	14,023	0.1%	16,189	0.1%	6,799	0.0%	7,353	0.1%	6,843	0.1%	5,092	0.0%
Long term investments	3,400,807	13.3%	2,201,010	11.3%	3,051,930	18.7%	3,396,084	28.1%	983,181	8.7%	478,910	3.1%
Long term deposits	11,344	0.1%	11,122	0.1%	12,743	0.1%	12,322	0.1%	12,658	0.1%	12,528	0.1%
Total Non-Current Assets	12,930,008	50.5%	9,061,862	46.3%	8,479,005	52.0%	8,784,181	72.7%	6,199,942	55.1%	10,971,918	71.2%
Current Assets												
Advances and prepayments	418,933	1.6%	305,552	1.6%	145,911	0.9%	114,608	0.9%	108,848	1.0%	63,535	0.4%
Accrued income and other receivables	396,289	1.5%	462,552	2.4%	201,961	1.2%	279,306	2.3%	110,962	1.0%	159,502	1.0%
Short term investments	10,280,999	40.2%	8,717,032	44.6%	6,756,840	41.4%	2,406,844	19.9%	4,145,746	36.8%	3,796,355	24.7%
Books, copies, uniforms and other school supplies	831,485	3.2%	280,384	1.4%	311,022	1.9%	238,340	2.0%	131,553	1.2%	83,823	0.5%
Cash and bank balances	734,461	2.9%	733,115	3.7%	422,697	2.6%	261,848	2.2%	562,062	5.0%	324,154	2.1%
Total Current Assets	12,662,167	49.5%	10,498,635	53.7%	7,838,431	48.0%	3,300,946	27.3%	5,059,171	44.9%	4,427,369	28.8%
Total Assets	25,592,175	100%	19,560,497	100%	16,317,436	100%	12,085,126	100%	11,259,113	100%	15,399,287	100%
Non-Current Liabilities												
Deferred income relating to operating fixed assets	8,353,379	32.6%	6,483,534	33.1%	5,835,941	35.8%	4,667,670	38.6%	4,518,819	40.1%	4,687,134	30.4%
Deferred income relating to school support, grants and children education	1,679,828	6.6%	1,592,839	8.1%	1,549,081	9.5%	1,094,876	9.1%	1,013,180	9.0%	696,561	4.5%
Lease liabilities	32,868	0.1%	36,399	0.2%	41,523	0.3%	44,861	0.4%	-	0.0%	-	0.0%
Total Non-Current Liabilities	10,066,075	39.3%	8,112,772	41.5%	7,426,545	45.5%	5,807,407	48.1%	5,531,999	49.1%	5,383,695	35.0%
Current Liabilities												
Current portion of deferred income relating to school support, grants and children education	2,272,708	8.9%	1,053,373	5.4%	679,925	4.2%	436,750	3.6%	402,714	3.6%	340,364	2.2%
Current portion of lease liabilities	5,251	0.0%	3,115	0.0%	4,245	0.0%	2,691	0.0%	-	0.0%	-	0.0%
Creditors, accrued and other liabilities	1,446,292	5.7%	998,784	5.1%	785,384	4.8%	682,745	5.6%	451,498	4.0%	433,778	2.8%
Total Current Liabilities	3,724,251	14.6%	2,055,272	10.5%	1,469,555	9.0%	1,122,186	9.3%	854,212	7.6%	774,142	5.0%
Total Liabilities	13,790,326	53.9%	10,168,044	52.0%	8,896,099	54.5%	6,929,593	57.3%	6,386,211	56.7%	6,157,837	40.0%
Total Net Assets	11,801,849	46.1%	9,392,453	48.0%	7,421,337	45.5%	5,155,533	42.7%	4,872,902	43.3%	9,241,450	60.0%
FUNDS												
Capital fund	3,500	0.0%	3,500	0.0%	3,100	0.0%	3,100	0.0%	3,100	0.0%	2,400	0.0%
General fund	4,736,499	18.5%	3,520,974	18.0%	1,858,107	11.4%	1,983,624	16.4%	1,204,325	10.7%	5,543,078	36.0%
Endowment fund	5,126,466	20.0%	4,492,063	23.0%	3,875,525	23.8%	3,233,562	26.8%	2,860,774	25.4%	2,602,792	16.9%
(Deficit) / Surplus of income over expenditure	1,431,512	5.6%	1,155,875	5.9%	1,662,867	10.2%	(125,517)	-1.0%	779,299	6.9%	971,194	6.3%
Foreign currency translation reserve	503,872	2.0%	220,041	1.1%	21,738	0.1%	60,764	0.5%	25,404	0.2%	9,626	0.1%
Total Funds	11,801,849	46.1%	9,392,453	48.0%	7,421,337	45.5%	5,155,533	42.7%	4,872,902	43.3%	9,241,450	60.0%
Statement of Income and Expenditure												
INCOME												
Donations and concessional tuition fees	11,320,893	157.1%	6,362,483	88.3%	6,004,565	93.6%	4,404,789	97.1%	4,374,590	95.7%	3,979,976	86.9%
Fair value of contributed land	143,440	2.0%	388,400	5.4%	23,050	0.4%	-	0.0%	122,525	2.7%	519,742	11.3%
Income on investments - net	995,557	13.8%	387,517	5.4%	339,811	5.3%	99,592	2.2%	184,654	4.0%	52,823	1.2%
Other income / (loss)	208,848	2.9%	65,510	0.9%	50,906	0.8%	34,253	0.8%	(109,436)	-2.4%	29,765	0.6%
Total Income	12,668,738	100%	7,203,910	100%	6,418,332	100%	4,538,634	100%	4,572,333	100%	4,582,306	100%
EXPENDITURE												
Programme Costs												
Flagship schools and College	7,184,657	63.9%	4,372,067	72.3%	3,503,860	73.7%	3,502,411	75.1%	3,386,916	79.1%	3,117,888	79.5%
Partnership schools	854,698	7.6%	542,046	9.0%	406,241	8.5%	399,493	8.6%	374,755	8.7%	399,624	10.2%
Alumni support programme	281,874	2.5%	216,063	3.6%	161,112	3.4%	133,485	2.9%	101,551	2.4%	58,211	1.5%
Community development programme	109,883	1.0%	74,798	1.2%	71,785	1.5%	46,978	1.0%	38,638	0.9%	40,298	1.0%
Literacy and life skills	63,466	0.6%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Publishing house	11,691	0.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Dastak Teacher Training	16,158	0.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
COVID-19 response appeal	-	0.0%	35,645	0.6%	39,480	0.8%	114,459	2.5%	-	0.0%	-	0.0%
Flood relief	35,645	13.6%	-	0.0%	-	0.0%		0.0%	-	0.0%	-	0.0%
Total Programme Costs	10,049,081	89.4%	5,240,619	86.6%	4,182,478	88.0%	4,196,826	90.0%	3,901,860	91.1%	3,616,021	92.2%
Other costs												
Marketing, fundraising and outreach	561,262	5.0%	298,508	4.9%	188,133	4.0%	138,070	3.0%	135,613	3.2%	140,453	3.6%
Research and development **	90,339	0.8%	119,638	2.0%	71,664	1.5%	44,568	1.0%	-	0.0%	-	0.0%
Administration	536,544	4.8%	389,270	6.4%	313,191	6.6%	283,645	5.1%	245,558	5.7%	167,083	4.3%
Total Other Costs	1,188,145	19.6%	807,416	13.4%	572,988	12.0%	466,283	10.0%	381,171	8.9%	307,536	7.8%
Total Operating Expenditure	11,237,226	100%	6,048,035	100%	4,755,465	100%	4,663,109	100%	4,283,031	100%	3,923,557	100%
(Deficit) / Surplus of income over expenditure for the year	1,431,512		1,155,875		1,662,867		(124,475)		289,302		658,749	

** Research and development expenses are disclosed seperately this year. For previous years, these are included in administration expenses.

The Citizens Foundation

Six Year's Horizontal Analysis (Rs In 000)

	2023	23Vs22 %	2022	22Vs21 %	2021	21Vs20%	2020	20Vs19 %	2019	19Vs18 %	2018
Statement of Financial Position											
ASSETS											
Non-Current Assets											
Property and equipment	9,480,568	39%	6,806,859	27%	5,370,241	1%	5,325,698	2%	5,197,260	-50%	10,475,388
Right-of-use assets	23,266	-13%	26,682	-28%	37,292	-13%	42,723	100%	-	0%	-
Intangible assets	14,023	-13%	16,189	138%	6,799	-8%	7,353	7%	6,843	34%	5,092
Long term investments	3,400,807	55%	2,201,010	-28%	3,051,930	-10%	3,396,084	245%	983,181	105%	478,910
Long term deposits	11,344	2%	11,122	-13%	12,743	3%	12,322	-3%	12,658	1%	12,528
Total Non-Current Assets	12,930,008	43%	9,061,862	7%	8,479,005	-3%	8,784,181	42%	6,199,942	-43%	10,971,918
Current Assets											
Advances and prepayments	418,933	37%	305,552	109%	145,911	27%	114,608	5%	108,848	71%	63,535
Accrued income and other receivables	396,289	-14%	462,552	129%	201,961	-28%	279,306	152%	110,962	-30%	159,502
Short term investments	10,280,999	18%	8,717,032	29%	6,756,840	181%	2,406,844	-42%	4,145,746	9%	3,796,355
Books, copies, uniforms and other school supplies	831,485	197%	280,384	-10%	311,022	30%	238,340	81%	131,553	57%	83,823
Cash and bank balances	734,461	0%	733,115	73%	422,697	61%	261,848	-53%	562,062	73%	324,154
Total Current Assets	12,662,167	21%	10,498,635	34%	7,838,431	137%	3,300,946	-35%	5,059,171	14%	4,427,369
Total Assets	25,592,175	31%	19,560,497	20%	16,317,436	35%	12,085,126	7%	11,259,113	-27%	15,399,287
Non-Current Liabilities											
Deferred income relating to operating fixed assets	8,353,379	29%	6,483,534	11%	5,835,941	25%	4,667,670	3%	4,518,819	-4%	4,687,134
Deferred income relating to school support, grants and children education	1,679,828	5%	1,592,839	3%	1,549,081	41%	1,094,876	8%	1,013,180	45%	696,561
Lease liabilities	32,868	-10%	36,399	-12%	41,523	-7%	44,861	100%	-	0%	-
Total Non-Current Liabilities	10,066,075	24%	8,112,772	9%	7,426,545	28%	5,807,407	5%	5,531,999	3%	5,383,695
Current Liabilities											
Current portion of deferred income relating to school support, grants and children education	2,272,708	116%	1,053,373	55%	679,925	56%	436,750	8%	402,714	18%	340,364
Current portion of lease liabilities	5,251	69%	3,115	-27%	4,245	58%	2,691	100%	-	0%	-
Accrued and other liabilities	1,446,292	45%	998,784	27%	785,384	15%	682,745	51%	451,498	4%	433,778
Total Current Liabilities	3,724,251	81%	2,055,273	40%	1,469,554	31%	1,122,186	31%	854,212	10%	774,142
Total Liabilities	13,790,326	36%	10,168,045	14%	8,896,099	28%	6,929,593	9%	6,386,211	4%	6,157,837
Total Net Assets	11,801,849	26%	9,392,453	27%	7,421,337	44%	5,155,533	6%	4,872,902	-47%	9,241,450
FUNDS											
Capital fund	3,500	0%	3,500	13%	3,100	0%	3,100	0%	3,100	29%	2,400
General fund	4,736,499	35%	3,520,974	89%	1,858,107	-6%	1,983,624	65%	1,204,325	-78%	5,543,078
Endowment fund	5,126,466	14%	4,492,063	16%	3,875,525	20%	3,233,562	13%	2,860,774	10%	2,602,792
(Deficit) / Surplus of income over expenditure for the year	1,431,512	24%	1,155,875	-30%	1,662,867	-1425%	(125,517)	-116%	779,299	-20%	971,194
Foreign currency translation reserve	503,872	129%	220,041	912%	21,738	-64%	60,764	139%	25,404	164%	9,626
Total Funds	11,801,849	26%	9,392,453	27%	7,421,337	44%	5,155,533	6%	4,872,902	-47%	9,241,450
Statement of Income and Expenditure											
INCOME											
Donations and concessional tuition fees	11,320,893	78%	6,362,483	6%	6,004,565	36%	4,404,789	1%	4,374,590	10%	3,979,976
Fair value of contributed land	143,440	-63%	388,400	100%	23,050	0%	-	-100%	122,525	-76%	519,742
Income on investments - net	995,557	157%	387,517	14%	339,811	241%	99,592	-46%	184,654	250%	52,823
Other income / (loss)	208,848	219%	65,510	29%	50,906	49%	34,253	-131%	(109,436)	-468%	29,765
Total Income	12,668,738	76%	7,203,910	12%	6,418,332	41%	4,538,634	-1%	4,572,333	0%	4,582,306
EXPENDITURE											
Programme Costs											
Flagship schools and College	7,184,657	64.3%	4,372,067	24.8%	3,503,860	0%	3,502,411	3.4%	3,386,916	8.6%	3,117,888
Partnership schools	854,698	57.7%	542,046	33.4%	406,241	2%	399,493	6.6%	374,755	-6.2%	399,624
Alumni support programme	281,874	30.5%	216,063	34.1%	161,112	21%	133,485	31.4%	101,551	74.5%	58,211
Community development programme	109,883	46.9%	74,798	4.2%	71,785	53%	46,978	21.6%	38,638	-4.1%	40,298
Literacy and life skills	63,466	100%	-	-	-	0%	-	0%	-	0%	-
Publishing house	11,691	100%	-	-	-	0%	-	0%	-	0%	-
Dastak Teacher Training	16,158	100%	-	-	-	0%	-	0%	-	0%	-
COVID-19 response appeal	-	-100%	35,645	-9.7%	39,480	-66%	114,459	100%	-	0%	-
Flood relief	1,526,654	100%	-	0%	-	0%	-	0%	-	0%	-
Total Programme Costs	10,049,081	91.8%	5,240,619	25.3%	4,182,478	0%	4,196,826	7.6%	3,901,860	7.9%	3,616,021
Other Costs											
Marketing, fund raising and outreach	561,262	88.0%	298,508	58.7%	188,133	36.3%	138,070	1.8%	135,613	-4.6%	142,226
Research and development	90,339	-24.5%	119,638	66.9%	71,664	61%	44,568	100%	-	0%	-
Administration	536,544	37.8%	389,270	24.3%	313,191	10.4%	283,645	15.5%	245,558	48.5%	165,310
Total Operating Expenditure	11,237,226	86%	6,048,035	27%	4,755,465	2%	4,663,109	9%	4,283,031	9%	3,923,557
(Deficit) / Surplus of income over expenditure for the year	1,431,512	24%	1,155,875	-30%	1,662,867	-1436%	(124,475)	-143%	289,302	-56%	658,749

** Research and development expenses are disclosed seperately this year. For previous years, these are included in administration expenses.

Calendar of Major Events

Incorporation of the Foundation	24 September 1996

Financial Calendar

Financial Year 2022-23	Date of Issuance
1st Quarter Results	15 December 2022
2nd Quarter Results	23 February 2023
3rd Quarter Results	17 May 2023
4th Quarter Results	07 September 2023
27th Annual General Meeting	11 October 2023

Financial Year 2021-22	Date of Issuance
1st Quarter Results	10 November 2021
2nd Quarter Results	16 February 2022
3rd Quarter Results	19 May 2022
4th Quarter Results	25 October 2022
26th Annual General Meeting	16 November 2022

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

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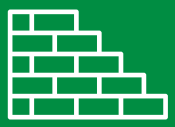
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Change Begins

EDUCATE A CHILD		PKR 2,700 (Monthly) PKR 32,500 (Yearly)
EDUCATE A CHILD FROM KG TO MATRIC		PKR 360,000 (One-Time)
SPONSOR A CLASSROOM		PKR 72,500 (Monthly) PKR 870,000 (Yearly)
SUPPORT A SCHOOL UNIT		PKR 435,000 (Monthly) PKR 5,200,000 (Yearly)
BUILD A SCHOOL		$ 195, 000 (One Time Build Cost) PKR 26, 000,000 (5 Year Support)
GENERAL ENDOWMENT FUND		PKR 28,000,000 Become a Partner PKR 70,000,000 Become a Patron

Notes Related to Build-a-School
Costs are for build cycle of 2023/24 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 five 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.

School construction rates are quoted in dollars as a response to the fluctuating costs of essential construction materials to ensure coverage of build project costs. Real-time exchange rates will be used to calculate the total construction funds for donors paying in PKR.

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**“Our Earth is our beautiful home.
If we don’t protect it today,
it will be too late.”**

Amna Bibi, Class 4, TCF school,
Sumar Goth, Karachi

ابھی گرانیِ شب میں کمی نہیں آئی
نجاتِ دیدۂ ودل کی گھڑی نہیں آئی
چلے چلو کہ وہ منزل ابھی نہیں آئی

فیض احمد فیض

Night's heaviness is unlessened still
The hour of mind and spirit's ransom has not struck
Let us go on, our goal is not reached yet

Faiz Ahmed Faiz
Translated by Victor G. Kiernan



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