PUNJAB EDUCATION FOUNDATION
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020.

MUNIFF ZIAUDDIN & CO
Chartered Accountants

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Independent Auditor's Report
To the Board of Directors of Punjab Education Foundation
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Punjab Education Foundation (the Foundation), which comprise the statement of financial position as at June 30, 2020, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at June 30, 2020 and of its performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Director's report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) 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.
The engagement partner on the audit resulting in this independent auditor's report is Arqum Naveed.

Muniff Ziauddin & Co
Chartered Accountants
Lahore
Date: 30 JAN 2023

PUNJAB EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non-current assets			
Property and equipment	7	**60,980,824**	73,969,513
Intangible assets	8	**1,446,678**	2,188,236
Long term loans	9	**-**	-
Long term security deposits	10	**7,227,208**	9,589,343
		69,654,710	85,747,092
Current assets			
Current portion of long term loans	9	**66,046**	66,046
Investments	11	**4,813,721,913**	4,066,000,000
Profit accrued on investments	12	**85,143,321**	115,170,822
Stock of text books	13	**558,076,777**	14,102,215
Advances and other receivables	14	**18,263,577**	21,314,424
Advance tax receivable		**5,625,000**	5,625,000
Grants receivable	18	**1,500,000,000**	4,000,000,000
Cash and bank balances	15	**4,533,199,417**	208,642,610
		11,514,096,051	8,430,921,117
Total assets		**11,583,750,761**	8,516,668,209
LIABILITIES			
Current liabilities			
Accrued and other liabilities	16	**3,344,630,540**	2,277,983,347
Non-current liabilities			
Long term loan	17	**7,672,037**	7,255,013
Deferred credits	18	**1,789,394,436**	758,307,311
Employee benefit obligations	19	**428,169,132**	365,335,391
		2,225,235,605	1,130,897,715
Total liabilities		**5,569,866,145**	3,408,881,062
Contingencies and commitments	20		
Net assets		**6,013,884,616**	5,107,787,147
Represented by:			
General fund	21	**200,000,000**	200,000,000
Endowment fund	22	**5,813,884,616**	4,907,787,147
Accumulated surplus		**-**	-
		6,013,884,616	5,107,787,147

The annexed notes, from 1 to 35, form an integral part of these financial statements.

Managing Director

Deputy Managing Director

PUNJAB EDUCATION FOUNDATION
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Income			
Amortisation of deferred credits	18.2	**17,446,538,495**	18,999,618,809
Other income	23	**898,996,102**	477,419,618
		18,345,534,597	19,477,038,427
Expenditure			
Program expenditure	24	**16,780,702,261**	18,380,684,189
Human resource (HR) cost	25	**574,973,105**	516,263,897
Administrative and general expenses	26	**90,827,166**	102,530,294
Finance charges	27	**24,064**	33,269
Other expenses	28	**11,900**	107,160
		17,446,538,496	18,999,618,809
Surplus before taxation		**898,996,101**	477,419,618
Taxation		-	-
Surplus for the year		**898,996,101**	477,419,618

The annexed notes, from 1 to 35, form an integral part of these financial statements.

Managing Director

Deputy Managing Director

PUNJAB EDUCATION FOUNDATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Surplus for the year		**898,996,101**	477,419,618
Other comprehensive income / (loss):			
Items that may be reclassified subsequently to income and expenditure		-	-
Items that will not be reclassified subsequently to income and expenditure:			
Re-measurements of defined benefit obligation:	**19**		
- Pension		**(3,092,924)**	(3,202,946)
- Gratuity		**10,194,292**	14,905,712
		7,101,368	11,702,766
Total comprehensive income for the year		**906,097,469**	489,122,384

The annexed notes, from 1 to 35, form an integral part of these financial statements.

Managing Director

Deputy Managing Director

PUNJAB EDUCATION FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Operating cash flow before working capital changes	29	**(17,097,176,872)**	(18,878,964,016)
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets:			
Stock of text books		**(543,974,562)**	337,120,955
Advances and other receivables		**3,050,847**	12,997,501
		(540,923,715)	350,118,456
Increase in accrued and other liabilities		**1,066,647,193**	313,900,800
Net cash used in operating activities		**(16,571,453,394)**	(18,214,944,760)
Retirement benefits paid		(14,649,439)	(12,984,924)
Finance cost paid		**(24,064)**	(33,269)
Net cash used in operating activities		**(16,586,126,897)**	(18,227,962,953)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(824,094)**	(2,599,855)
Short term investments - held to maturity		**(747,721,913)**	904,000,000
Proceeds from disposal of assets		**33,914**	2,313,348
Long term security deposits		**2,362,135**	(73,719)
Profit on bank deposits and TDRs		**678,441,018**	462,784,339
Long term loan		**417,024**	(3,703,323)
Payment received against long term loans		**350,000**	1,406,076
Net cash (used in) / generated from from investing activities		**(66,941,916)**	1,364,126,866
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants received		**20,977,625,620**	16,803,511,027
Net cash generated from financing activities		**20,977,625,620**	16,803,511,027
Net increase / (decrease) in cash and cash equivalents		**4,324,556,807**	(60,325,060)
Cash and cash equivalents at the beginning of the year		**208,642,610**	268,967,670
Cash and cash equivalents at the end of the year	**15**	**4,533,199,417**	208,642,610

The annexed notes, from 1 to 35, form an integral part of these financial statements.

Managing Director

Deputy Managing Director

PUNJAB EDUCATION FOUNDATION
STATEMENT OF CHANGES IN FUNDS
AS AT JUNE 30, 2020

	General fund	Endowment fund	Accumulated Surplus	Total
		----------Rupees----------		
Balance as at July 01, 2018	200,000,000	4,418,664,763	-	4,618,664,763
Surplus for the year	-	-	477,419,618	477,419,618
Other comprehensive income for the year	-	-	11,702,766	11,702,766
Total comprehensive income for the year	-	-	489,122,384	489,122,384
Surplus transferred to Endowment Fund	-	489,122,384	(489,122,384)	-
Balance as at June 30, 2019	200,000,000	4,907,787,147	-	5,107,787,147
Balance as at July 01, 2019	**200,000,000**	**4,907,787,147**	-	**5,107,787,147**
Surplus for the year	-	-	**898,996,101**	**898,996,101**
Other comprehensive income for the year	-	-	**7,101,368**	**7,101,368**
Total comprehensive income for the year	-	-	**906,097,469**	**906,097,469**
Surplus transferred to Endowment Fund	-	**906,097,469**	**(906,097,469)**	-
Balance as at June 30, 2020	**200,000,000**	**5,813,884,616**	-	**6,013,884,616**

The annexed notes, from 1 to 35, form an integral part of these financial statements.

Managing Director

Deputy Managing Director

PUNJAB EDUCATION FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1 NATURE AND STATUS OF THE FOUNDATION

Punjab Education Foundation (The Foundation) is an initiative of the Punjab Government and was established in 1991 under Punjab Education Foundation Act, 1991 and subsequently restructured in 2004 as a body corporate under the Punjab Education Foundation Act, 2004. The principal activity of the Foundation is to provide technical and financial assistance for the establishment, expansion, improvement and management of educational institutions, incentives to students and teachers in the private sector and promotion of quality education through public-private partnerships.

The addresses of the Foundation's head office and regional offices are as under:

Addresses	Purpose
52-L, Gulberg III, Near Kalma Chowk,	Head Office
House # 3, Main Road, Near Car Chowk, Phase 6 Gulraiz Colony Rawalpindi	Regional Office
25 / G, Shah Rukn -e- Alam Colony, Multan	Regional Office

2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for certain retirement benefits which are stated at present value and certain financial instruments measured at fair value / amortised cost. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been stated on accrual basis.

3 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as applicable in Pakistan;
- the provisions of the Punjab Education Foundation Act, 2004; and
- the Punjab Education Foundation Rules, 2005.

Where the provision of and directives issued under the Punjab Education Foundation Act, 2004 and the Punjab Education Foundation Rules, 2005 differ from the IFRS Standards, the provision of and directives issued under the Punjab Education Foundation Act, 2004 and the Punjab Education Foundation Rules, 2005 shall prevail.

4 KEY JUDGEMENT AND ESTIMATES

The preparation of financial statements in conformity with accounting and reporting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amount of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision. The areas where various assumptions and estimates are significant to the Foundation's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Impairment of financial assets - Note 5.1.3 & 11
- Staff retirement benefits - Note 5.2 and 19
- Useful lives, residual values and depreciation method of property and equipment - Note 5.4 & 7
- Useful lives and amortisation method of intangible assets - Note 5.5 & 8
- Impairment of non financial assets - Note 5.6
- Provisions - Note 5.9
- Receivables and advances - Note 5.10
- Contingencies - Note 5.11 & 20
- Taxation - Note 5.14

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Foundation becomes a party to the contractual provisions of the instrument.

5.1.1 Classification

Financial assets

The Foundation classifies its financial assets in the following categories:

- at amortised cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVTOCI).

The Foundation determines the classification of financial assets at initial recognition. The classification of instruments is driven by the Foundation's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model with the objective to collect contractual cash flows; 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.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

By default, all other financial assets are subsequently measured at FVTPL.

Financial liabilities

The Foundation classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); and
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Foundation has opted to measure them at FVTPL.

5.1.2 Measurement

Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment losses, if any.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income and expenditure. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of income and expenditure in the period in which they arise.

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognised at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income.

5.1.3 Impairment of financial assets

The Foundation recognises loss allowance for ECL on financial assets measured at amortised cost except for debts due directly / ultimately from Government of Pakistan, if any, in respect of which exemption is granted by SECP. The Foundation uses general approach for loans, other receivables and cash and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL, if credit risk on a financial instrument has not increased significantly since initial recognition.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months' ECLs are portion of ECLs that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Foundation expects to receive).

The gross carrying amount of a financial asset is written off when the Foundation has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

5.1.4 Derecognition

Financial assets

The Foundation derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in statement of income and expenditure. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to statement of income and expenditure. In contrast, on derecognition of an investment in equity instrument which the Foundation has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to statement of income and expenditure, but is transferred to statement of changes in funds.

Financial liabilities

The Foundation derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of income and expenditure.

5.1.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

5.2 Staff retirement schemes

5.2.1 Pension scheme

The Foundation operates a non-funded pension scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Provision is made annually on the basis of actuarial recommendation to cover obligation under the scheme and contributions are kept in a separate bank account of the Foundation earmarked for this purpose as disclosed in Note 15 to these financial statements, as Pension Fund Trust has not been established. Actuarial valuation of the scheme is undertaken at appropriate regular intervals and the latest valuation was carried out at June 30, 2020 using the "Projected Unit Credit Method". Pension is payable to staff on completion of prescribed qualifying period of service under this scheme.

5.2.2 General provident fund

The Foundation operates a non-funded general provident fund scheme for permanent employees. Monthly contributions are made by subscribers at the prescribed amount, deducted at the time of payment of salary and are kept in a separate bank account of the Foundation earmarked for this purpose as disclosed in Note 15 to these financial statements, as a separate Fund has not been established. Interest is credited to the balance of General Provident Fund last day of each year at the rate prescribed by the Government of Punjab. General Provident Fund is payable to staff on completion of prescribed qualifying period of service upto the amount standing to his credit in the fund.

5.2.3 Gratuity

The Foundation operates a non-funded gratuity scheme for all its contractual employees subject to completion of a prescribed qualifying period of service. Provision is made annually to cover the obligations under the scheme on the basis of actuarial recommendation. Actuarial valuation of the scheme is undertaken at appropriate regular intervals and the latest valuation was carried out on June 30, 2020 using the "Projected Unit Credit Method". Gratuity is payable to staff on completion of prescribed qualifying period of service under this scheme.

5.3 Short term benefits

Employees are entitled to encash leaves if not availed during the preceding year. Leaves are accumulated at the rate of 4 days for each calendar month. Provision is made annually on gross salary to cover the obligation. Leaves are lapsed, if not availed, at the end of the year.

5.4 Property and equipment

5.4.1 Operating property and equipment

Operating property and equipment, except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost less any identified accumulated impairment loss. Depreciation is charged to statement of income and expenditure from the month in which these are capitalized, while no depreciation is charged for the month in which an asset is disposed off. Depreciation on boundary wall / building, furniture & fixture, vehicles and office & IT equipment is charged on reducing balance method. Tablets are depreciated using the straight line method. Normal repairs and maintenance are charged to statement of income and expenditure as and when incurred. All items valued above Rs. 10,000 and having economic benefit beyond one year are capitalized.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably.

The gain or loss on disposal or retirement of an asset, represented by the difference between the sale proceeds and the carrying amount of the asset, is recognised as an income or expense in statement of income and expenditure.

The Foundation reviews appropriateness of the rate of depreciation, useful lives and residual values used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Foundation uses the technical resources available with the Foundation. Any change in the estimates in the future may affect the carrying amount of property and equipment with corresponding effects on the depreciation charge and impairment.

5.4.2 Capital work in progress

Capital work in progress is stated at cost less accumulated impairment losses, if any, and includes the expenditures incurred directly on the construction / development of the qualifying asset and advances given to contractors. These costs are transferred to operating property and equipment as and when asset is available for intended use.

5.5 Intangible assets

Expenditure incurred to acquire computer software is capitalized as an intangible asset and stated at cost less accumulated amortisation and any identified accumulated impairment loss, if any. Computer software is amortised on a straight line basis over a period of 36 months, while software licenses are amortised over a period of 60 months on straight line basis as disclosed in note 8 to these financial statements. amortisation on additions to intangible assets is charged from the month in which an asset is available for use, while no amortisation is charged for the month in which the asset is disposed off.

The Foundation reviews appropriateness of the rate of amortisation and useful lives used in the calculation of amortisation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis.

5.6 Impairment of non financial assets

The Foundation assesses at each balance sheet date whether there is any indication that assets may be impaired. If such an indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in statement of income and expenditure. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation / amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

5.7 Interest income

Interest income / return on term deposits is recognised on accrual basis by reference to the principal receivable and the applicable rate of return.

5.8 Grants in aid

The principal sources of funding for the Foundation's activities are grants & donations from the Government of Punjab and donor organizations. Grants-in-aid are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Foundation will comply with all attached conditions. Fair value signifies the amount received / receivable in cash. Grants in aid are recognised as revenue over the period necessary to match them with the related costs that are intended to compensate on a systematic basis.

5.9 Provisions

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of past events 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 can be made. However provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

5.10 Other receivables

Other receivables are recognised at cost, less allowance / provision for expected credit losses.

5.11 Contingent liabilities

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 the 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.

5.12 Stock of text books

Stock of text books is valued at cost. Cost includes the purchase price of books and transportation cost.

5.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of statement of cash flow, cash and cash equivalents comprise cash in hand and balances in saving / deposit and current account.

5.14 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognised in statement of income and expenditure except to the extent that it relates to items recognised directly in fund, in which case it is recognised in statement of changes in fund.

The Foundation has obtained exemption U/S 2 (36) of Income Tax Ordinance, 2001 and has availed Tax Credit U/S 100 C of the same.

6 NEW AND AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS

6.1 Standards and amendments to accounting and reporting standards effective in current year but are not relevant to the Foundation

There are new and amended standards and interpretations that are mandatory for accounting period beginning on or after July 01, 2019 but are considered not to be relevant or do not have any significant effect on the Foundation's financial statements and / or therefore not stated in these financial statements, except for the following:

IFRS 16 - 'Leases'

IFRS-16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. Under IFRS 16, distinction for lessees between operating and finance leases has been removed and all lease contracts with limited exceptions, will be recognised in statement of financial position by way of right-of-use assets along with their corresponding lease liabilities.

The Foundation have not taken any land or building under finance lease, therefore impact of IFRS 16 is not applicable on the Foundation.

6.2 Interpretations and amendments to published accounting and reporting standards that are not yet effective

The following standards, amendments and interpretations of accounting and reporting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Foundation's operations or are not expected to have significant impact on the Foundation's financial statements or are not notified by SECP other than increased disclosures in certain cases:

Standards, amendments or interpretations		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	January 1, 2020
IFRS 9, IAS 39 & IFRS 7	Interest Rate Benchmark Reform (Amendments)	January 1, 2020
IAS 1	Presentation of financial statements (amendments)	January 01, 2020
IAS 8	Accounting policies, changes in accounting estimates and errors (amendments)	January 01, 2020
IFRS 16	COVID-19 - Related Rent Concessions (Amendments)	January 01, 2020
IAS 37	Onerous Contracts (Amendments)	January 1, 2022
IAS 16	Proceeds Before Intended Use (Amendments)	January 1, 2022
IAS 1	Classification of Liabilities as Current or Non-Current (Amendments)	January 1, 2022

	Note	2020 Rupees	2019 Rupees
7 PROPERTY AND EQUIPMENT			
Operating property and equipment	7.1	**58,095,209**	71,083,898
Capital work in progress	7.2	**2,885,615**	2,885,615
		60,980,824	73,969,513

7.1 Operating property and equipment

	Freehold Land	Boundary Wall / Building	Furniture & Fittings	Vehicles	Office and IT Equipment	Tablets	Total
			Rupees				
As at June 30, 2018							
Cost	17,481,888	3,130,429	23,471,553	40,753,435	104,167,225	10,539,981	199,544,511
Accumulated depreciation	-	(909,425)	(12,186,347)	(23,565,565)	(66,764,341)	(7,742,588)	(111,168,266)
Carrying amount	17,481,888	2,221,004	11,285,206	17,187,870	37,402,884	2,797,393	88,376,245
For the year ended June 30, 2019							
Opening net book value	17,481,888	2,221,004	11,285,206	17,187,870	37,402,884	2,797,393	88,376,245
Additions	-	-	1,876,000	-	723,855	-	2,599,855
Disposals:							
Cost	-	-	226,926	-	2,489,363	77,500	2,793,789
Accumulated depreciation	-	-	(207,970)	-	(2,064,280)	(57,302)	(2,329,552)
	-	-	18,956	-	425,083	20,198	464,237
Depreciation	-	(111,050)	(2,530,824)	(3,442,195)	(11,229,837)	(2,114,059)	(19,427,965)
Closing net book value	17,481,888	2,109,954	10,611,426	13,745,675	26,471,819	663,136	71,083,898
As at June 30, 2019							
Cost	17,481,888	3,130,429	25,120,627	40,753,435	102,401,717	10,462,481	199,350,577
Accumulated depreciation	-	(1,020,475)	(14,509,201)	(27,007,760)	(75,929,898)	(9,799,345)	(128,266,679)
Carrying amount	17,481,888	2,109,954	10,611,426	13,745,675	26,471,819	663,136	71,083,898
For the year ended June 30, 2020							
Opening net book value	**17,481,888**	**2,109,954**	**10,611,426**	**13,745,675**	**26,471,819**	**663,136**	**71,083,898**
Additions	-	-	**617,625**	-	**116,469**	-	**734,094**
Disposals:							
Cost	-	-	**251,675**	-	**19,426**	-	**271,101**
Accumulated depreciation	-	-	**(219,470)**	-	**(14,998)**	-	**(234,468)**
	-	-	**32,205**	-	**4,428**	-	**36,633**
Depreciation	-	**(105,498)**	**(2,200,423)**	**(2,753,756)**	**(7,963,337)**	**(663,136)**	**(13,686,150)**
Closing net book value	**17,481,888**	**2,004,456**	**8,996,423**	**10,991,919**	**18,620,523**	-	**58,095,209**
As at June 30, 2020							
Cost	**17,481,888**	**3,130,429**	**25,486,577**	**40,753,435**	**102,498,760**	**10,462,481**	**199,813,570**
Accumulated depreciation	-	**(1,125,973)**	**(16,490,154)**	**(29,761,516)**	**(83,878,237)**	**(10,462,481)**	**(141,718,361)**
Carrying amount	**17,481,888**	**2,004,456**	**8,996,423**	**10,991,919**	**18,620,523**	-	**58,095,209**
Rates of depreciation %	-	**5**	**20**	**20**	**30**	**40**	

7.1.1 The depreciation charge amounting to Rs. 13,686,150 (2019: Rs. 19,427,965) has been allocated to administrative and general expenses.

7.1.2 Freehold land includes land with book value of Rs. 12 million, located at 152 J-1, Phase II, M.A. Johar Town Scheme, Lahore measuring 40 Kanal and 19 square feet, which has been leased to Hamza Foundation under the PEF program for the promotion of education of special children as approved in the meeting of the Foundation's Board of Directors held on 20 March 1996. The terms of the lease agreement stipulate the lease to be for a period of thirty years i.e. from 26 September 1996 to 25 September 2026, at an annual lease rental of Rs. 10,000. Upon expiry of the lease period, the lease can be renewed at one year notice for a further period of twenty years at a time not exceeding 99 years in total.

	Note	2020 Rupees	2019 Rupees
7.2 Capital work in progress			
Advance against purchase of land	7.2.2	2,885,615	2,885,615

7.2.1 This represents long outstanding advance given to Lahore Development Authority (LDA) against purchase of land in 1995.

7.2.2 The advance was paid to LDA for purchase of plot no. 498-B, Block-J, Sabzazar Scheme, Lahore. In November 1995 LDA intimated the Foundation that it had deleted the aforementioned plot in its revised development scheme. Consequently, in lieu of this plot LDA had offered a list of available plots to the Foundation for selecting an alternate plot. The advance amount already paid by the Foundation is adjustable against the value of the alternate plot selected and any differential amount will be settled accordingly.

	Rupees
8 INTANGIBLE ASSETS	
As at July 01, 2018	
Cost	4,670,782
Accumulated amortisation	(1,632,051)
Carrying amount	3,038,731
For the year ended June 30, 2019	
Opening carrying amount	3,038,731
Amortisation charge for the year	(850,495)
Closing carrying amount	2,188,236
As at June 30, 2019	
Cost	4,670,782
Accumulated amortisation	(2,482,546)
Closing net book value	2,188,236
For the year ended June 30, 2020	
Opening carrying amount	**2,188,236**
Addition during the year	**90,000**
Amortisation charge for the year	**(831,558)**
Closing carrying amount	**1,446,678**
As at June 30, 2020	
Cost	**4,760,782**
Accumulated amortisation	**(3,314,104)**
Closing net book value	**1,446,678**
Amortisation rate per annum	**20% / 33.33%**

9 LONG TERM LOANS			
To private educational institutes and NGOs advanced from funds of:			
- Asian Development Bank		**5,816,936**	5,816,936
- Punjab Education Foundation		**11,512,538**	11,862,538
	9.1	**17,329,474**	17,679,474
Less : Provision against doubtful loans	**9.2**	**(17,329,474)**	(17,679,474)
		-	-
To employees	**9.3**	**66,046**	66,046
		66,046	66,046
Less : Current portion of long term loans		**(66,046)**	(66,046)
		-	-

9.1 These represent loans provided to private educational institutes & NGOs for purchase of equipment, furniture & construction of school building. Foundation recovers service charges @ 2 % p.a. payable with instalment of loan. These loans are secured against registered charge over lands and are receivable within 7 years to 15 years from the date of disbursement.

	Note	2020 Rupees	2019 Rupees
9.2 Provision against doubtful loans			
Opening balance		**17,679,474**	18,673,956
Reversal made during the year		**(350,000)**	(994,482)
Closing balance		**17,329,474**	17,679,474

9.3 This represents interest free loan provided to permanent employees.

	Note	2020 Rupees	2019 Rupees
10 LONG TERM SECURITY DEPOSITS			
Security deposits		**7,979,348**	10,341,483
Less: Provision against doubtful deposits	**10.1**	**(752,140)**	(752,140)
		7,227,208	9,589,343

10.1 These include security deposit of **Rs. 585,000/-** against tenancy agreement for previous head office building situated at Garden town, Lahore which has gone into litigation and Foundation has filed suit for recovery.

	Note	2020 Rupees	2019 Rupees
11 INVESTMENTS			
Term deposit receipts	**11.1**	**4,813,721,913**	4,066,000,000

11.1 These represent term deposit receipts (TDRs) held with the Bank of Punjab having maturities ranging from one month up to one year and carry profit / mark up rates ranging from **7.77%** to **13.30%** (2019: 7.25% to 12.80%) per annum.

	Note	2020 Rupees	2019 Rupees
12 PROFIT ACCRUED ON INVESTMENTS			
Term deposit receipts		**34,648,750**	58,171,485
Deposit / fund accounts		**50,494,571**	56,999,337
		85,143,321	115,170,822
13 STOCK OF TEXT BOOKS	**13.1**	**558,076,777**	14,102,215

13.1 This represents cost of text books to be distributed to PEF partner school.

14 ADVANCES AND OTHER RECEIVABLES			
Unsecured but considered good			
Advances to:			
- employees		**3,583,231**	6,207,417
- suppliers		**2,185,284**	2,033,034
- schools & NGOs		**7,775,445**	8,555,445
		13,543,960	16,795,896
Less: Provision against advances		**(2,527,060)**	(2,515,160)
		11,016,900	14,280,736
Advance rent		**830,503**	334,542
Others		**6,416,174**	6,699,146
		18,263,577	21,314,424

	Note	2020 Rupees	2019 Rupees
15 CASH AND BANK BALANCES			
Cash in hand		**53,131**	262,985
Cash at bank:			
- Current accounts		**149,740**	53,100
- Fund related accounts	**15.1**	**27,673,652**	30,798,489
- Deposit accounts	**15.2**	**4,505,322,894**	177,528,036
		4,533,146,286	208,379,625
		4,533,199,417	208,642,610

15.1 These carry profit / mark up at the rate of **6.50% to 11.75% p.a.** (2019: 4.50% to 10.25% p.a.). These bank accounts have been earmarked for following funds:

	Note	2020 Rupees	2019 Rupees
Gratuity fund		**16,760,057**	10,565,350
Pension fund		**4,266,272**	15,062,876
General Provident fund		**5,566,377**	4,880,229
Benevolent fund		**68,940**	142,676
Endowment fund - BOP		**788,813**	147,358
Endowment fund- DIB		**453**	-
Endowment fund - SAMBA		**222,740**	-
		27,673,652	30,798,489

15.2 Deposits include an amount of **Rs. 3,377,924** in designated account of ADB loan - repayment collection bank account. These carry profit / mark up at the rate of **6.50% to 11.75% p.a.** (2019: 4.50% to 10.25% p.a.).

	Note	2020 Rupees	2019 Rupees
16 ACCRUED AND OTHER LIABILITIES			
Program expenditure		**2,634,511,612**	1,935,934,006
Accrued expenses		**652,538,025**	290,209,061
Leave encashment payable		**57,413,069**	51,775,359
Withholding tax payable		**167,834**	64,921
		3,344,630,540	2,277,983,347
17 LONG TERM LOAN			
Loan received from ADB through TEVTA	**17.1**	**18,600,000**	18,600,000
Profit		**26,515,419**	26,235,270
Service charges Payable		**1,323,473**	1,186,598
		46,438,892	46,021,868
Less:			
Amount repaid to Government of Punjab through TEVTA		**(10,400,000)**	(10,400,000)
Amount paid to Finance Department (Government of Punjab)		**(28,366,855)**	(28,366,855)
Balance liability as at June 30		**7,672,037**	7,255,013

17.1 This long term loan was given by Technical Education and Vocational Training Authority of the Punjab (TEVTA) out of the loan received from Asian Development Bank Limited (ADB). This loan was further disbursed by the Foundation to technical and educational institutes & NGOs for purchase of equipment, furniture and construction of school building. Under the terms of the loan agreement, the loan was to be repaid by the Foundation directly to the Finance Department, Government of the Punjab. However, the Foundation incorrectly repaid an amount of Rs. 10.4 million to TEVTA. This has been confirmed by

TEVTA in their letter dated 24 August 2011 Ref: TEVTA/Accounts/520 which states that an amount of Rs. 10.4 million, received from the Foundation as the repayment of ADB loan, is reflecting in TEVTA's books of accounts as at 30 June 2011 as payable to the Finance Department, Government of the Punjab. Subsequently this amount has been deposited by TEVTA into the Government Treasury and accordingly they have confirmed it vide their letter no.TEVTA/BUD/3-2/2011-12 dated 8 June 2012.

17.2 Under the terms of the loan agreement, the Foundation was required to maintain the funds received in a separate bank account.

	Note	2020 Rupees	2019 Rupees
17.3 Reconciliation of ADB loan with funds available in bank account			
Liability as at 30 June		**7,672,037**	7,255,013
Less:			
Disbursements to NGOs under development expenditure		**5,816,936**	5,816,936
Profit accrued on ADB loan account and service charges		**(1,522,823)**	(1,385,948)
		4,294,113	4,430,988
Funds available in designated bank accounts		**3,377,924**	2,824,025
18 DEFERRED CREDITS			
Grants in aid			
Opening balance as at 01 July		**758,307,311**	998,395,048
Add: received during the year	**18.1**	**20,977,625,620**	16,803,511,027
Grants receivable			
Grant from Government of Punjab		-	4,000,000,000
		21,735,932,931	21,801,906,075
Grants received during the year relating to previous year			
Grant from Government of Punjab		**(2,500,000,000)**	(2,043,979,955)
Grants available for amortisation		**19,235,932,931**	19,757,926,120
Less: Amortised during the year	**18.2**	**(17,446,538,495)**	(18,999,618,809)
Unamortised grants in aid		**1,789,394,436**	758,307,311
Unamortised grants in aid			
Grant from Government of Punjab		**1,755,030,407**	723,943,282
Grant for Voucher Scheme for Inclusive Education at PEF School		**34,362,679**	34,362,679
Grant for Early Childhood Education		**600**	600
Grant from Nestle for Healthy Kids Programme		**750**	750
		1,789,394,436	758,307,311

18.1 This represents grants received from the "Government of Punjab" and "Department for International Development - UK (DFID)" for development, social service, education, administrative and other programs. The break up of which is as follow:

	Note	2020 Rupees	2019 Rupees
Grant from Government of Punjab		**19,900,000,000**	14,443,979,955
Grant of financial aid from DFID under PESP - II	**18.1.1**	**1,077,625,620**	2,360,972,500
Grant for Early Childhood Education		-	(1,441,428)
		20,977,625,620	16,803,511,027

18.1.1 During the year, DFID released **£ 5.4 million** (2019: £ 14.6 million) equivalent to **Rs 1,077,625,620** (2019: Rs. 2,360,972,500) to PEF as financial aid to support PEF under Punjab Education Sector Programme Phase II (PESP II).

	Note	2020 Rupees	2019 Rupees
18.2 Amortised during the year			
Program expenditure	24	**16,780,702,261**	18,380,684,189
Human resource cost	25	**574,973,105**	516,263,897
Administrative and general expenses	26	**90,827,166**	102,530,294
Finance charges	27	**24,064**	33,269
Other expenses	28	**11,900**	107,160
		17,446,538,495	18,999,618,809

Deferred credits - Grants are amortised with amount that matches the related expenditure charged to statement of income and expenditure and other comprehensive income which these are intended to compensate. Grant from the Government of Punjab and DFID has been amortised with the approval of Board as follows:

	Note	2020 Rupees	2019 Rupees
Government of Punjab		**16,368,912,875**	16,627,597,915
DFID		**1,077,625,620**	2,360,972,500
Early Childhood Education		**-**	11,048,394
		17,446,538,495	18,999,618,809

19 EMPLOYEE BENEFIT OBLIGATIONS

Gratuity	**19.1 & 19.2**	**242,946,845**	200,977,542
Pension	**19.1 & 19.2**	**181,913,102**	161,452,953
General Provident fund		**3,309,185**	3,506,167
Benevolent fund		**-**	(601,271)
		428,169,132	365,335,391

19.1 The Foundation operates a non-funded pension scheme for its permanent employees and a non-funded gratuity scheme for all its contractual employees subject to completion of a prescribed qualifying period of service. Actuarial valuation of the gratuity and pension schemes is undertaken at appropriate regular intervals and the latest valuation was carried out at June 30, 2020, using the "Projected Unit Credit Method". The relevant information in the actuarial report is given in the following sub notes.

19.2 The amounts recognized in the statement of financial position are as follows:

	Gratuity		Pension	
	2020	2019	**2020**	2019
	----------Rupees----------		----------Rupees----------	
Present value of defined benefit obligations	**242,946,845**	200,977,542	**181,913,102**	161,452,953

19.3 Reconciliation of Defined Benefit Obligation is as follows:

	Gratuity		Pension	
	2020	2019	**2020**	2019
	----------Rupees----------		----------Rupees----------	
Present value of defined benefit obligations at the beginning of the year (PVDBO)	**200,977,542**	170,451,345	**161,452,953**	147,687,331
Current service cost for the year	**29,549,550**	31,672,374	**3,254,053**	3,070,062
Interest cost for the year	**27,728,036**	16,888,677	**22,415,505**	14,422,251
Benefits paid during the year	**(5,113,991)**	(3,129,142)	**(8,302,333)**	(6,929,637)
Re-measurement (gain) / loss of plan obligation:				
Experience adjustments	**(10,953,439)**	(14,905,712)	**2,422,095**	3,202,946
Financial assumptions	**759,147**	-	**670,829**	-
	242,946,845	200,977,542	**181,913,102**	161,452,953

19.4 Amount charged to statement of income and expenditure during the year:

	Gratuity		Pension	
	2020	2019	**2020**	2019
	----------Rupees----------		----------Rupees----------	
Current service cost for the year	**29,549,550**	31,672,374	**3,254,053**	3,070,062
Interest cost for the year	**27,728,036**	16,888,677	**22,415,505**	14,422,251
	57,277,586	48,561,051	**25,669,558**	17,492,313

19.5 Amount charged to other comprehensive income during the year:

	Gratuity		Pension	
	2020	2019	**2020**	2019
	----------Rupees----------		----------Rupees----------	
Re-measurement (gain) / loss of plan obligation:				
Experience adjustments	**(10,953,439)**	(14,905,712)	**2,422,095**	3,202,946
Financial assumptions	**759,147**	-	**670,829**	-
	(10,194,292)	(14,905,712)	**3,092,924**	3,202,946

19.6 The following table shows obligations at the end of each year and remeasurement (gains) / losses arising during the year.

YEAR	Gratuity		Pension	
	PVDBO	**Remeasurement (gains) / losses**	**PVDBO**	**Remeasurement (gains) / losses**
	----------Rupees----------		----------Rupees----------	
2020	**242,946,845**	**(10,953,439)**	**181,913,102**	**2,422,095**
2019	200,977,542	(14,905,712)	161,452,953	3,202,946
2018	170,451,345	2,701,902	147,687,331	(92,926)
2017	105,925,147	15,885,941	139,847,827	25,093,781
2016	76,876,718	1,938,126	102,798,030	354,247
2015	62,152,611	(79,185)	78,492,960	3,771,912
2014	53,236,618	4,659,577	66,615,633	5,375,334
2013	36,772,377	(1,255,180)	56,298,722	7,030,455

19.7 Assumptions used for valuation of the defined benefit scheme are as under:

	2020		2019	
	Gratuity per annum	**Pension per annum**	Gratuity per annum	Pension per annum
Discount rate used for:				
- interest cost	**8.50%**	**10.00%**	14.25%	10.50%
- year end obligation	**8.50%**	**10.00%**	14.25%	10.50%
Expected rate of increase in salary onwards	**8.50%**	**9.00%**	14.25%	10.00%
Expected rate of future pension increase	**N/A**	**6.00%**	N/A	6.00%
Next salary increased at	**01 July 20**	**01 July 20**	01 July 19	01 July 19
Mortality rates	**SLIC 2001-2005 setback 1 year**		SLIC 2001-2005 setback 1 year	
Withdrawal rates	**Aged based**		Aged based	
Retirement assumption	**Age 60**		Age 60	
Average expected remaining working life time of employees	10 years	10 years	12 years	12 years

19.8 Year end sensitivity analysis on defined benefit obligation:

	2020	
	Gratuity	**Pension**
	----------**Rupees**----------	
Discount Rate + 100 bps	206,153,316	166,587,153
Discount Rate - 100 bps	269,266,715	200,114,363
Salary Increase + 100 bps	268,931,522	186,532,200
Salary Decrease - 100 bps	205,902,815	177,627,096
Pension Indexation +100 bps	N/A	195,239,821
Pension Indexation -100 bps	N/A	170,508,040

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

There are no known contingencies as at year end. (2019 : Nil).

20.2 Commitments

The Foundation has obtained various buildings for go-downs and head office on operating lease. The lease terms are between 1 to 5 years.

The contractual lease payment under such operating lease agreements are as follows:

	Note	**2020 Rupees**	2019 Rupees
Note later than 1 year		**2,275,923**	5,291,983
Later than 1 year but not later than 5 years		**442,741**	3,960,330
Later than 5 years		-	-
		2,718,664	9,252,313

21 GENERAL FUND	**21.1**	**200,000,000**	200,000,000

21.1 This represents seed money sanctioned by the Government of the Punjab for establishment of Punjab Education Foundation.

	Note	2020 Rupees	2019 Rupees
22 ENDOWMENT FUND			
Opening balance		**4,907,787,147**	4,418,664,763
Transferred from accumulated surplus		**906,097,469**	489,122,384
Closing balance	**22.1**	**5,813,884,616**	4,907,787,147

22.1 The Foundation, pursuant to the approval of Board of Directors, has established the endowment fund with the objective to ensure stability, sustainability, expansion of operations and to involve other potential donors for the projects of the Foundation. All the funds generated from PEF's own resources and interest income generated is transferred to the Endowment Fund with the approval of Finance committee of the Board of Directors.

	Note	2020 Rupees	2019 Rupees
23 OTHER INCOME			
Profit on bank deposits		**113,464,445**	76,332,022
Profit on investments		**534,949,071**	366,799,684
Amortization of receipts from PIEMA		**54,306,616**	-
Application Fee		**11,499,000**	-
Received against application and tender fee		**47,000**	54,500
Gain on sale of assets - net		**-**	43,874
Service charges		**136,875**	386,594
Miscellaneous	**23.1**	**184,593,095**	33,802,944
		898,996,102	477,419,618
23.1 Miscellaneous Income			
Disposal of PEF record		**436,496**	1,846,231
Paper re-checking fee		**6,140,000**	1,160,000
School re-visit fee		**10,870,000**	9,759,500
Liabilities written back as income		**165,350,572**	15,757,654
Other income		**1,796,027**	5,279,559
		184,593,095	33,802,944
24 PROGRAM EXPENDITURE			
Direct program expenditure:			
Foundation Assisted Schools (FAS)	**24.1**	**11,983,073,031**	12,707,874,667
New Schools Program (NSP)	**24.2**	**1,549,462,489**	1,675,053,393
Education Voucher Scheme (EVS)	**24.3**	**2,666,870,881**	3,017,020,090
Academic Development Unit	**24.4**	**67,346,001**	64,175,296
Free text books	**24.5**	**334,025,872**	728,534,229
Continuous Professional Development Program (CPDP)	**24.6**	**83,398,051**	83,180,413
Early Childhood Education (ECE)		**-**	11,028,423
		16,684,176,325	18,286,866,511
Indirect program expenditure:			
Monitoring cost	**24.7**	**25,267,252**	21,889,430
Monitoring and Evaluation Assistants (MEAs)		**70,536,933**	71,212,938
Seminars, workshops and symposiums		**718,751**	483,294
Capacity building of staff	**24.8**	**3,000**	232,016
		96,525,936	93,817,678
		16,780,702,261	18,380,684,189

24.1 This represents expenditure incurred to provide financial assistance as tuition fees and allied charges to private schools at the rate ranging from **Rs. 550 to 1,500** (2019: Rs.550 to 1,500) per student on enrollment basis.

24.2 This represents expenditure incurred to provide financial assistance as tuition fee and allied services to new private schools at the rate of **Rs. 550 to 1,100** (2019: Rs. 550 to 1,100) per student on enrolment basis in Tehsils with lowest number of FAS schools and highest number of out of school children.

24.3 This represents expenditure incurred to provide education to deprived children in the less privileged areas of the Punjab.

24.4 This represents expenditure incurred on payments to institutes on account of examination papers preparation and evaluation of their results. Expediture of **Rs. 20,523,733** (2019: Rs. Nil) was incurred on QAT on PIEMA.

24.5 This represents expenditure incurred against provision of free of cost books of Punjab Curriculum and Text Book Board (PCTB) to PEF partners schools for distribution among students. During the year free textbooks of **Rs. 325,192,874** (2019: Rs. 703,739,791) were distributed to students in partner schools. Total expenditure incurred on free text books includes expenditure incurred on transportation of books and event management charges.

24.6 This represents expenditure incurred on teacher training programs to fulfil the training needs of teaching staff related to classroom management, joyful & activity based teaching and pedagogical skills and expenditure incurred to employ master trainers for training in low cost schools in urban / rural areas.

24.7 This represents the expenditures incurred on monitoring of partner schools in different programs by PEF staff.

24.8 This represents expenditure incurred for enhancing the capacity of Punjab Education Foundation officers and staff through development of managerial competencies for better management of PEF Programs.

		Note	2020 Rupees	2019 Rupees
25	**HUMAN RESOURCE COST**			
	Staff salaries, allowances and other benefits		**414,079,096**	382,367,988
	Leave encashment salary		**58,207,054**	52,189,995
	Health insurance		**19,739,811**	15,652,550
	Provision for pension		**25,669,558**	17,492,313
	Provision for gratuity		**57,277,586**	48,561,051
			574,973,105	516,263,897
26	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Rent, rates and taxes		**31,103,682**	34,507,623
	Depreciation	**7.1.1**	**13,686,150**	19,427,965
	Electricity charges		**10,530,128**	9,450,659
	Travelling and conveyance		**7,538,351**	7,773,461
	Telephone and fax		**7,328,679**	7,776,978
	Security guard & janitorial services		**5,637,789**	6,146,323
	Printing and stationary		**4,103,931**	4,181,265
	Miscellaneous		**3,637,996**	5,397,299
	Vehicle running and maintenance		**2,051,338**	1,125,716
	Water and gas		**935,943**	1,071,755
	Office maintenance and other expenses		**905,030**	2,160,270
	Amortisation of intangible asset - software	**8**	**831,558**	850,495
	Advertisement		**769,230**	829,683
	Auditors' remuneration	**26.1**	**540,000**	540,000
	Legal and professional		**500,573**	223,720
	Postage and courier		**327,667**	305,441
	Entertainment		**317,366**	509,590
	News paper and periodicals		**36,210**	30,560
	Fees and subscription		**45,545**	221,491
			90,827,166	102,530,294

		Note	2020 Rupees	2019 Rupees
26.1	**Auditors' remuneration**			
	Audit fee		**476,475**	476,475
	Out of pocket expenses		**63,525**	63,525
			540,000	540,000
27	**FINANCE COST**			
	Bank charges		**24,064**	33,269
28	**OTHER EXPENSES**			
	Provision against advances	14	**11,900**	107,160
29	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Surplus before taxation		**898,996,101**	477,419,618
	Adjustments for non cash items and other charges:			
	Depreciation		**13,686,150**	19,427,965
	Amortisation of software		**831,558**	850,495
	Amortisation of government grants		**(17,446,538,495)**	(18,999,618,809)
	Profit / mark-up on TDRs and bank deposits		**(648,413,516)**	(443,131,706)
	Loss / (gain) on sale of assets		**2,719**	(43,874)
	Provision for gratuity		**57,277,586**	48,561,051
	Provision for pension		**25,669,558**	17,492,313
	Provision for GP fund		**447,022**	807,427
	Provision for benevolent fund		**1,190,382**	232,717
	Provision reversed against doubtful loans		**(350,000)**	(994,482)
	Finance cost		**24,064**	33,269
			(17,996,172,973)	(19,356,383,634)
	Operating cash flow before working capital changes		**(17,097,176,872)**	(18,878,964,016)

30 RELATED PARTY TRANSACTIONS

The related parties of the Foundation comprise of Government of Punjab (GoP), entities owned and controlled by GoP and key management personnel. Following are the related parties with whom the Foundation entered into transactions during the year:

Name	Shareholding	Nature of Relationship
Finance Department Government of Punjab (GoP)	N/A	GoP owned / controlled entity
Bank of Punjab	N/A	GoP owned / controlled entity
Frah Masood	N/A	Managing Director
Shamim Asif	N/A	Managing Director
Imran Yaqoob	N/A	Deputy Managing Director / Managing Director

The Foundation availed exemption available under the applicable reporting framework and therefore did not provide detailed disclosures of its transactions with GoP and related entities in these financial statements except for transactions which the Foundation deemed significant. Following are the transactions entered into during the year:

Related Party	Description	2020 Rupees	2019 Rupees
Government of Punjab	Grant received	**20,977,625,620**	14,443,979,955
Managing Director	Managerial remuneration	**3,242,958**	1,750,711
	Others benefits	**61,419**	499,938
Deputy Managing Director	Managerial remuneration	**6,578,000**	6,900,000
	Others benefits	**66,000**	1,682,000

30.1 The Managing Director is provided with medical facilities as per Government rules and executives are provided with medical insurance. The Managing Director and executives are also provided with vehicles in accordance with the Foundation's policy. The Managing Director is provided with accommodation and end of service benefits as per Government rules and executives are entitled for gratuity as per Foundation's policy.

30.2 The Foundation employed a DMD from 01 February 2017 who is also working on additional charge for the other 02 posts of DMD.

31 FINANCIAL RISK MANAGEMENT

The Foundation has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

31.1 Credit risk

represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follow:

	2020 Rupees	2019 Rupees
Long term loans	66,046	66,046
Long term security deposits	7,227,208	9,589,343
Profit accrued on investments	85,143,321	115,170,822
Investments	4,813,721,913	4,066,000,000
Other receivables	6,416,174	6,699,146
Bank balances	4,533,146,286	208,379,625
	9,445,720,947	4,405,904,982

31.2 Liquidity risk

Liquidity risk is the risk that one enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Management believes that it is not exposed to any significant level of liquidity risk because the Foundation's operations and activities are financed by the Government of Punjab.

The following are the contractual maturities of the financial liabilities:

	Carrying amount	Contractual cash flows	1 to 3 months	3 to 12 months	1 to 5 years
		----------Rupees----------			
June 30, 2020					
Accrued and other liabilities	3,344,462,706	(3,344,462,706)	(3,344,462,706)	-	-
Long term loan	7,672,037	(7,672,037)	-	-	(7,672,037)
	3,352,134,743	(3,352,134,743)	(3,344,462,706)	-	7,672,037
June 30, 2019					
Accrued and other liabilities	2,277,983,347	(2,277,983,347)	(2,277,983,347)	-	-
Long term loan	7,255,013	(7,255,013)	-	-	(7,255,013)
	2,285,238,360	(2,285,238,360)	(2,277,983,347)	-	7,255,013

31.3 Market risk

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

31.3.1 Currency risk

The Foundation is not exposed to any currency risk as it does not hold / owe any foreign receivables / payables.

31.3.2 Interest rate risk

Interest rate risk represents 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 assets was as follows:

	2020	2019	2020	2019
	Effective rate in percent		Rupees	Rupees
Financial Assets				
Fixed rate instruments				
Short term investments	7.77% to 13.30%	7.25% to 12.80%	4,813,721,913	4,066,000,000
Variable rate instruments				
Bank balances	6.50% to 11.75%	4.50% to 10.25%	4,532,996,546	208,326,525

Fair value sensitivity analysis for fixed rate instruments

The Foundation does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rate at the statement of financial position date would not affect surplus or deficit of the Foundation.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest / profit rates at the reporting date would have decreased / (increased) surplus for the year by Rs. 45,329,965 (2019: Rs. 2,083,265). This analysis assumes that all other variables remain constant.

31.3.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Foundation has no investments in market securities, hence, the Foundation is not exposed to equity price risk.

instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Foundation has no investments in market securities, hence, the Foundation is not exposed to equity price risk.

		2020 Rupees	2019 Rupees
31.4	**Financial instruments by categories**		
	Financial assets		
	At amortised cost		
	Long term loans	**66,046**	66,046
	Long term security deposits	**7,227,208**	9,589,343
	Profit accrued on investments	**85,143,321**	115,170,822
	Cash and bank balances	**4,533,199,417**	208,642,610
	Other receivables	**6,416,174**	6,699,146
		4,632,052,165	340,167,967
	Short term investments - held to maturity	**4,813,721,913**	4,066,000,000
		9,445,774,078	4,406,167,967
	Financial liabilities		
	At amortised cost		
	Accrued and other liabilities	**3,344,462,706**	2,277,918,426
	Long term loan	**7,672,037**	7,255,013
		3,352,134,743	2,285,173,439

31.5 Capital risk management

The Foundation's objectives when managing capital are to safeguard the Foundation's ability to continue as a going concern in order to provide return and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Foundation manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. The Foundation is dependent on the Government for its capital and also maintains an endowment fund.

32 CORRESPONDING FIGURES

The corresponding figures are rearranged wherever necessary for the purpose of comparison and have been rounded off to nearest rupee.

33 EVENTS AFTER THE BALANCING SHEET DATE

33.1 Impact of COVID-19 (Corona Virus)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID–19. After the ease of lock down, the Foundation has resumed its operations and has implemented all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees. Due to the disruption in operating activities of the Foundation caused by the pandemic, the management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial Instruments';
- the impairment of tangible assets ; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

33.2 Revaluation of Property- Land & Building of (PEF-Ibrahim Model School

The Foundation owns a school PEF-Ibrahim Model School which has been revalued by independent valuer on November 17, 2021, subsequent to year ended June 30, 2021, recongnition of PIMS in books of accounts will result into revaluation surplus as per Fair Value Report.

The school-PIMS is managed and governed by an independent committee established by the Foundation.

34 DATE OF AUTHORISATION FOR ISSUE

These financial statements were approved by the Foundation's board of directors and authorized for issue on Dec 23, 2022

35 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated in these financial statements.

Managing Director

Deputy Managing Director