



**MOBILINK FOUNDATION**  
**(A Company incorporated under section 42 of the**  
**Companies Ordinance, 1984)**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
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Blue Area, P.O. Box 2388, Islamabad 44000, Pakistan  
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## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Mobilink Foundation** as at 31 December 2012 and the related income and expenditure account, cash flow statement and statement of changes in accumulated fund together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted and the expenditure incurred during the year were in accordance with the objects of the Company;

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- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in accumulated fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of the excess of expenditure over income, its cash flows and changes in accumulated fund for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

*Ernst & Young Ford Rhodes Siddiqi Hyder*

Chartered Accountants

Audit Engagement Partner's Name: Khayyam Mushir


Date: 25 March 2013

Place: Islamabad

**MOBILINK FOUNDATION**  
 (A Company incorporated under section 42 of the Companies Ordinance, 1984)  
**BALANCE SHEET**  
 AS AT DECEMBER 31, 2012

Note	2012	2011
	-----Rupees-----	
<b>CURRENT ASSETS</b>		
Advances - considered good	19,054	4,849
Donations receivable	89,853,150	89,852,450
Cash at bank	9,519,656	13,854,826
	<b>99,391,860</b>	<b>103,712,125</b>
<b>CURRENT LIABILITIES</b>		
Payable to Pakistan Mobile Communications Limited (PMCL) - net	17,090,161	15,010,557
Mark-up accrued	10,309,692	7,652,493
Accrued liabilities and other payables	163,523	1,156,488
	<b>27,563,376</b>	<b>23,819,538</b>
<b>NET ASSETS</b>	<b>71,828,484</b>	<b>79,892,587</b>
<b>REPRESENTED BY:</b>		
Accumulated fund	<b>71,828,484</b>	<b>79,892,587</b>

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 Chief Executive

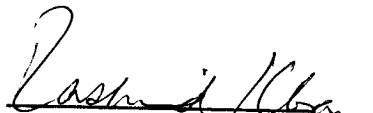
  
 Director

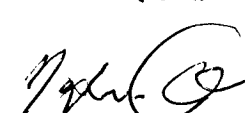


**MOBILINK FOUNDATION**  
**(A Company incorporated under section 42 of the Companies Ordinance, 1984)**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Note	2012	2011
		-----Rupees-----	
<b>Income</b>			
Contributions from PMCL employees	9	5,296,250	5,817,179
Other contributions	10	5,275	89,996,739
		<b>5,301,525</b>	<b>95,813,918</b>
<b>Expenditure</b>			
Flood relief expenses		7,320,880	29,144,155
Community welfare		104,129	551,092
Professional charges		252,920	240,970
Donations	11	3,000,000	100,000
Audit fee		30,000	30,000
Relief campaigns		-	4,660
Finance costs	12	2,657,699	3,389,881
		<b>13,365,628</b>	<b>33,460,758</b>
<b>(Excess of expenditure over income)/ excess of income over expenditure</b>		<b>(8,064,103)</b>	<b>62,353,160</b>

The annexed notes, from 1 to 16, form an integral part of these financial statements.

  
**Chief Executive**

**EMFROA**  
  
**Director**



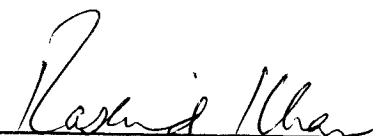
**MOBILINK FOUNDATION**  
 (A Company incorporated under section 42 of the Companies Ordinance, 1984)  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Note	2012	2011
	-----Rupees-----	
<b>(Excess of expenditure over income)/ excess of income over expenditure</b>	<b>(8,064,103)</b>	62,353,160
<b>Adjustment for:</b>		
Mark-up payable to PMCL	<b>2,657,199</b>	3,388,631
	<b>(5,406,904)</b>	65,741,791
<b>Working capital changes:</b>		
<b>Increase/ (decrease) in current assets</b>		
Advances	<b>(14,205)</b>	187,716
Donations receivable	<b>(700)</b>	(89,852,450)
	<b>(14,905)</b>	(89,664,734)
<b>Increase/ (decrease) in current liabilities</b>		
Payable to Pakistan Mobile Communications Limited - net	<b>2,079,604</b>	(1,069,354)
Accrued liabilities and other payables	<b>(992,965)</b>	(1,195,512)
	<b>1,086,639</b>	(2,264,866)
<b>Net cash used in operating activities</b>	<b>(4,335,170)</b>	(26,187,809)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>13,854,826</b>	40,042,635
<b>Cash and cash equivalents at the end of the year</b>	<b>9,519,656</b>	13,854,826

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The annexed notes, from 1 to 16, form an integral part of these financial statements.

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 Chief Executive

  
 Director

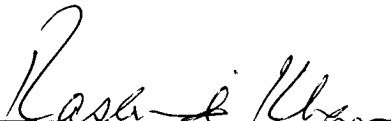


**MOBILINK FOUNDATION**  
**(A Company incorporated under section 42 of the Companies Ordinance, 1984)**  
**STATEMENT OF CHANGES IN ACCUMULATED FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Accumulated fund</b>
	-----Rupees-----
Balance at January 01, 2011	17,539,427
Excess of income over expenditure for the year	62,353,160
<b>Balance at December 31, 2011</b>	<b>79,892,587</b>
Excess of expenditure over income for the year	<b>(8,064,103)</b>
<b>Balance at December 31, 2012</b>	<b>71,828,484</b>

The annexed notes, from 1 to 16, form an integral part of these financial statements.

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 \_\_\_\_\_  
**Chief Executive**

  
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**Director**



**MOBILINK FOUNDATION**  
**(A Company incorporated under section 42 of the Companies Ordinance, 1984)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**1 THE FOUNDATION AND ITS OPERATIONS**

Mobilink Foundation ("the Foundation") was incorporated on January 15, 2008, as a public company limited by guarantee under Section 42 of the Companies Ordinance, 1984. The registered office of the Foundation is situated at Plot No. 1/B(2), F-8 Markaz Islamabad. The main objective of the Foundation is to promote community welfare, education, provide relief donations and perform research in the field of telecommunications and general welfare.

**2 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of the Accounting and Financial Reporting Standards for Medium-Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

**3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Basis of preparation**

These financial statements have been prepared under the historical cost convention.

**3.2 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Foundation operates. These financial statements are presented in Pak Rupees, which is the Foundation's functional and presentation currency.

**3.3 Advances**

These are recognised at cost, which is the fair value of the consideration given. However, an assessment is made at each balance sheet date to determine whether there is an indication that a financial asset or group of financial assets may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying value.

**3.4 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances.

**3.5 Accrued liabilities and other payables**

Accrued liabilities and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Foundation.

**3.6 Donations Income**

Income from donations is recognised where there is reasonable assurance that the donation will be received and all attached conditions will be complied with.

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### 3.7 Financial Instruments

Financial assets and liabilities are recognized when the Foundation becomes a party to the contractual provisions of the instrument. These are initially measured at cost, which is the fair value of the consideration given and received, respectively. These financial assets and liabilities are subsequently measured at amortized cost. The Foundation de-recognizes financial assets and liabilities when it ceases to be a party to contractual provisions of the instrument. Changes in the fair value of the financial instruments are taken to the income and expenditure account.

### 3.8 Off-setting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis, or realise the assets and settle the liability, simultaneously.

### 3.10 Taxation

The Foundation's income from voluntary contributions is exempt from tax under clause (60) of Part-I of the Second Schedule to the Income Tax Ordinance, 2001.

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## MOBILINK FOUNDATION

	Note	2012	2011
		-----Rupees-----	
<b>4 DONATIONS RECEIVABLE</b>			
Receivable from LINKdotNET Telecom Limited (LDN-T) - an associated company		89,850,450	89,850,450
Receivable from Waseela Microfinance Bank Limited (Waseela) - an associated company		2,000	2,000
Receivable from Business & Communication Systems Limited (BCS) - an associated company		700	-
		<u>89,853,150</u>	<u>89,852,450</u>

**5 BANK BALANCE**

At a bank in a local currency, current account

9,519,656	13,854,826
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**6 PAYABLE TO PAKISTAN MOBILE COMMUNICATIONS LIMITED (PMCL) - net**

6.1

17,090,161	15,010,557
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6.1 This represents the net amount due to PMCL, a member of the Foundation, in respect of expenses incurred on behalf of the Foundation. This carries mark-up at rates ranging from 16% to 16.5% (2011: 14% to 15.5%) per annum.

	Note	2012	2011
		-----Rupees-----	
<b>7 ACCRUED MARK-UP</b>	7.1	10,309,692	7,652,493

7.1 This represents mark-up accrued on the amount payable to PMCL, a member of the Foundation.

		2012	2011
		-----Rupees-----	
<b>8 ACCRUED LIABILITIES AND OTHER PAYABLES</b>			
<b>Accrued liabilities</b>			
Audit fee		60,000	30,000
Performance evaluation report fee		-	150,000
Professional charges		93,035	-
		<u>153,035</u>	<u>180,000</u>
<b>Other payables</b>			
Payable to suppliers		-	966,000
Others		10,488	10,488
		<u>10,488</u>	<u>976,488</u>
		<u>163,523</u>	<u>1,156,488</u>

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**9 CONTRIBUTIONS FROM PMCL EMPLOYEES**

This includes a sum of Rs. 5,000,000 (2011: Rs. 4,000,000), donated by Mr. Rashid Naseer Khan, the Chief Executive Officer of the Foundation and PMCL.

**10 OTHER CONTRIBUTIONS**

This includes donations, amounting to Rs. 700 (2011: Nil), Rs. Nil (2011: Rs. 89,833,300) and Rs. Nil (2011: Rs. 2,000) from BCS, LDN-T and Waseela, respectively, being associated companies of the Foundation.

**11 DONATIONS**

Donations do not include any amount paid to any person or organization, in which a Director or spouse of a director had any interest.

	2012	2011
	-----Rupees-----	
<b>12 FINANCE COSTS</b>		
Mark-up payable to PMCL	2,657,199	3,388,631
Bank charges	500	1,250
	<u>2,657,699</u>	<u>3,389,881</u>

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## MOBILINK FOUNDATION

**13 TRANSACTIONS WITH RELATED PARTIES**

The Foundation was founded by its seven members, including PMCL. Therefore, all associated undertakings of PMCL are related parties of the Foundation. All administrative and regulatory responsibilities, relating to the Foundation, are handled by PMCL.

Amounts due from and due to these related parties are shown in notes 4, 6 and 7 to these financial statements. All transactions involving related parties are entered into at contractual terms and conditions subject to the approval of the Board of Directors. Transactions with related parties during the year are as follows:

	2012	2011
	-----Rupees-----	
<b>Transactions with members:</b>		
Interest accrued on amount payable to PMCL	2,657,199	3,388,631
Donations received by PMCL on behalf of the Foundation	296,250	1,072,354
Cash received from PMCL on account of donations collected on behalf of the Foundation	1,284,264	678,500
Advances recovered by PMCL on behalf of the Foundation	18,000	-
Advances paid by PMCL on behalf of the Foundation	14,205	-
Expenditure incurred by PMCL on behalf of the Foundation	1,095,385	3,000
<b>Transactions with associates:</b>		
Donation from LDN-T	-	89,833,300
Donation received by LDN-T on behalf of the Foundation	-	17,150
Donation receivable from Waseela Microfinance Bank Limited	-	2,000
Donation receivable from BCS	700	-
<b>Transactions with key management personnel:</b>		
Donation received from Chief Executive Officer	5,000,000	4,000,000

**14 REMUNERATION OF DIRECTORS AND CHIEF EXECUTIVE**

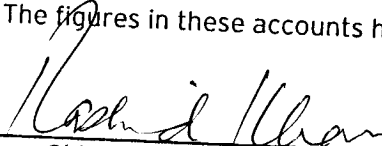
No remuneration was paid to the Directors and Chief Executive of the Foundation, in the current and comparative year.

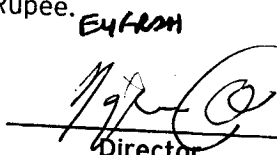
**15 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue by the Board of Directors in their meeting held on \_\_\_\_\_.

**16 GENERAL**

The figures in these accounts have been rounded off to the nearest Pak Rupee.

  
Chief Executive

  
Director

