

SHARMEEN KHAN MEMORIAL FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

A·F·FERGUSON&Co.
Chartered Accountants
a member firm of the PwC network





The Board of Directors
Sharmeen Khan Memorial Foundation
5th Floor, Bahria Complex II
M.T. Khan Road
Karachi

October 2, 2025

ASR 1836

Dear Sirs

**SHARMEEN KHAN MEMORIAL FOUNDATION
DRAFT FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**

We have pleasure in enclosing five copies of the draft financial statements of the Company for the year ended June 30, 2025 with our draft audit report thereon which has been initialled by us for identification purposes. We shall be pleased to sign our report on these draft financial statements in its present or amended form after:

- a) these draft financial statements have been approved by the Board of Directors and signed by the Chief Executive Officer and one of the directors authorised in this behalf;
- b) we have seen the specific approval of the Board of Directors for the items listed in Annexure 'A' to this letter;
- c) we have received response to our request for confirmation from Faysal Bank Limited, DHA Branch in respect of bank balance and certain other information as at June 30, 2025; and
- d) we have received an appropriately signed management representation letter along the lines of the draft enclosed with this letter.

2. RESPONSIBILITIES OF THE AUDITORS AND THE MANAGEMENT IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors, in a usual examination of the financial statements, are explained in International Standard on Auditing 200, 'Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing'. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for the preparation of the financial statements is primarily that of the Company's management in accordance with applicable financial reporting framework, which includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error. The management's responsibilities include to provide the auditor with (i) all information, such as records and documentation, and other matters that are relevant to the preparation and presentation of the financial statements; (ii) any additional information that the auditor may request from the management and, where appropriate, those charged with governance; and (iii) unrestricted access to those within the entity from whom the auditor determines it necessary to obtain audit evidence. The audit of the financial statements does not relieve the management of its responsibilities. Accordingly, our examination of the books of accounts and records should not be relied upon to disclose all the errors or irregularities in relation to the financial statements.

We would like to inform the management that unless we have signed the auditors' report on these draft financial statements, the same shall remain and be deemed unaudited.



A·F·FERGUSON&Co.

Letter ASR 1836
dated October 2, 2025

3. ALLOCATION OF SALARY EXPENSES

As disclosed in note 14.1 to the financial statements, the salary expenses of two employees of the Company are bifurcated into administrative expenses, school project expenses, water project expenses and health care project expenses in the ratios as defined therein. These expenses are allocated on the basis of hours spent directly for carrying out the administrative or any project related work proportionate to their total hours used in all the functions.

We have been given to understand by the management that the appropriate records demonstrating the hours incurred by each of the employee in the performance of the aforementioned functions are not formally documented at present. Further, the allocation is being made on the basis of ratios determined considering the best estimate of the amount of time spent by these employees for those functions.

We recommend that appropriate records should be formally documented and maintained by the management in respect of employees performing services under more than one functions and the respective salaries of these employees should be allocated accordingly.

We have been given to understand by the management that the basis of allocation of salary expenses will be approved in the next board meeting.

4. UTILISATION OF ZAKAT PROCEEDS

The Company raises funds from donation and zakat for the purpose of achieving its objectives. The funds raised through zakat requires certain conditions to be met in terms of Shariah principles before it can be disbursed to people / utilised for any specific purpose. Currently, the Company does not have any control in place to track / assess the monitoring of utilisation of zakat funds in terms of Shariah principles.

We recommend that the Company should seek Shariah advisory services from any reputed consultant to establish effective controls and guidelines for the management of utilisation of zakat proceeds.

5. CONTINGENCIES, COMMITMENTS AND RELATED PARTY TRANSACTIONS

We have been informed by the management that there are no contingencies and commitments as on the date of the financial statements and there are no related party transaction other than those disclosed in the financial statements for the year ended June 30, 2025.

We would like to take this opportunity to place on record our appreciation of the co-operation and courtesy extended to us during the course of our audit.

Yours truly

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SHARMEEN KHAN MEMORIAL FOUNDATION

ANNEXURE 'A'

LIST OF ITEMS REQUIRING SPECIFIC APPROVAL OF THE BOARD OF DIRECTORS AS REFERRED TO IN PARAGRAPH 1(b) OF OUR LETTER ASR 1836 DATED OCTOBER 2, 2025

	Rupees
Fixed capital expenditure	95,313
Investments made during the year	41,408,212
Investments sold during the year	50,633,622
Donations income during the year	
- Received in cash / through banking channel	8,000,000
- Donation-in-kind	1,026,674
Zakat received during the year in cash / through banking channel	22,231,000
Allocation of salary expense to	
- Administrative expenses	2,526,487
- School project expenses	13,498,912
- Water project expenses	186,225
- Health care project expenses	186,225
Related party transactions as disclosed in note 20 to the financial statements.	

Agree



INDEPENDENT AUDITOR'S REPORT

To the members of Sharmeen Khan Memorial Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Sharmeen Khan Memorial Foundation (the Company), which comprise the statement of financial position as at June 30, 2025, the income and expenditure statement, the statement of changes in net assets, 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 income and expenditure statement, the statement of changes in net assets 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 Company's affairs as at June 30, 2025 and of the deficit, the changes in net assets 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 Company 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

There is no other information accompanying the financial statements of Sharmeen Khan Memorial Foundation.

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.

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In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company'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 Company'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 Company'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 Company 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.

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**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 Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the income and expenditure statement, the statement of changes in net assets 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 Company'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 **Junaid Mesia**.

A handwritten signature in blue ink that reads 'A.F. Ferguson & Co.' in a cursive style.

A.F. Ferguson & Co,
Chartered Accountants
Karachi

Dated: October 24, 2025

UDIN: AR202510611dsHc9V41B

SHARMEEN KHAN MEMORIAL FOUNDATION
 (A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
 STATEMENT OF FINANCIAL POSITION
 AS AT JUNE 30, 2025

	Note	2025	2024
-----Rupees-----			
ASSETS			
Non-current assets			
Investments	4	36,956,679	41,311,589
Property, plant and equipment	5	624,218	1,747,277
Intangibles	6	-	-
		<u>37,580,897</u>	<u>43,058,866</u>
Current assets			
Cash and bank balances	7	13,151,148	12,286,779
Prepayments and other receivables	8	615,236	495,689
Net tax recoverable		25,299	242,304
		<u>13,791,683</u>	<u>13,024,772</u>
		<u>51,372,580</u>	<u>56,083,638</u>
TOTAL ASSETS			
LIABILITIES			
Non-current liabilities			
Deferred contributions	9	33,807,244	34,833,918
Current liabilities			
Accrued expenses	10	1,047,634	753,118
Income tax payable		601,822	-
Withholding tax payable		23,530	103,173
		<u>1,672,986</u>	<u>856,291</u>
		<u>35,480,230</u>	<u>35,690,209</u>
TOTAL LIABILITIES			
NET ASSETS			
		<u>15,892,350</u>	<u>20,393,429</u>
REPRESENTED BY:			
Accumulated surplus		<u>15,892,350</u>	<u>20,393,429</u>
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes from 1 to 24 form an integral part of these financial statements.

Attest


 Chief Executive Officer


 Director

SHARMEEN KHAN MEMORIAL FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025	2024
-----Rupees-----			
Income	12	9,026,674	3,151,564
Donations	13	22,231,000	26,617,250
Zakat receipts		771,954	587,829
Mark-up on bank balances		4,012,145	8,048,326
Dividend income	4.1	54,150	170,956
Unrealised gain on units of mutual fund		804,204	45,416
Gain on sale of investments - net		<u>36,900,127</u>	<u>38,621,341</u>
Expenses			
Administrative expenses	14	6,605,480	4,969,224
School project expenses	15	31,361,791	28,223,302
Water project expenses	16	1,386,225	404,652
Health care project expenses	17	365,704	253,053
		<u>39,719,200</u>	<u>33,850,231</u>
(Deficit) / surplus for the year before levy and taxation		<u>(2,819,073)</u>	<u>4,771,110</u>
Levy	18	(1,339,553)	(459,871)
(Deficit) / surplus for the year before taxation		<u>(4,158,626)</u>	<u>4,311,239</u>
Taxation	19	(342,453)	(3,500)
(Deficit) / surplus for the year after taxation		<u>(4,501,079)</u>	<u>4,307,739</u>
Other comprehensive income for the year		-	-
Total comprehensive (loss) / income for the year		<u><u>(4,501,079)</u></u>	<u><u>4,307,739</u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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Chief Executive Officer



Director

SHARMEEN KHAN MEMORIAL FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025

	Accumulated surplus ----Rupees ----
Balance as at June 30, 2023	16,085,690
Surplus for the year ended June 30, 2024 after taxation	4,307,739
Balance as at June 30, 2024	<u>20,393,429</u>
Deficit for the year ended June 30, 2025 after taxation	(4,501,079)
Balance as at June 30, 2025	<u><u>15,892,350</u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

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Chief Executive Officer



Director

SHARMEEN KHAN MEMORIAL FOUNDATION
(A COMPANY SETUP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025	2024
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / surplus for the year before taxation		(4,158,626)	4,311,239
Adjustments for:			
Depreciation on property, plant and equipment	5	1,218,372	1,258,502
Donation-in-kind	12	(1,026,674)	(1,026,564)
Mark-up on bank balances		(771,954)	(587,829)
Dividend income		(4,012,145)	(8,048,326)
Unrealised gain on units of mutual fund	4.1	(54,150)	(170,956)
Gain on sale of investments - net		(804,204)	(45,416)
Levy		1,339,553	459,871
		<u>(8,269,828)</u>	<u>(3,849,479)</u>
Increase in current assets			
Prepayments and other receivables		(111,881)	(159,583)
Increase / (decrease) in current liabilities			
Accrued expenses		294,516	431,209
Withholding tax payable		(79,643)	64,978
		214,873	496,187
Tax paid during the year		(367,752)	-
Levy paid during the year		(495,428)	(97,569)
Net cash used in operating activities		<u>(9,029,816)</u>	<u>(3,610,444)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments made during the year		(41,408,212)	-
Investments sold during the year		50,633,622	4,500,000
Additions in property, plant and equipment		(95,313)	(98,200)
Mark-up income received on bank balances		764,088	581,109
Net cash generated from investing activities		<u>9,894,185</u>	<u>4,982,909</u>
Net increase in cash and cash equivalents during the year		<u>864,369</u>	<u>1,372,465</u>
Cash and cash equivalents at the beginning of the year		12,286,779	10,914,314
Cash and cash equivalents at the end of the year	7	<u><u>13,151,148</u></u>	<u><u>12,286,779</u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

Attest


Chief Executive Officer


Director

1 LEGAL STATUS AND ACTIVITIES

Sharmeen Khan Memorial Foundation (the Company) is a company limited by guarantee, not having share capital, setup under section 42 of the Companies Act, 2017. The Company has been licensed as a non-profit organisation by the Securities and Exchange Commission of Pakistan as on June 2, 2014 and was incorporated in Pakistan on June 25, 2014. The registered office of the Company is situated at 5th Floor, Bahria Complex II, M.T. Khan Road, Karachi.

The main objectives of the Company are to work for the promotion of education, health and sustainable economic well being of the underprivileged classes particularly the children, the youth, the women and the farming class in Pakistan.

2 BASIS OF PREPARATION

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 Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organisations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise its judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the year in which the estimates are revised if the revision affects only that year, or in the year of revision and future years if the revision affects both current and future years. Significant accounting estimates and areas where judgments were made by the management in the application of the accounting policies are as follows:

- i) Depreciation of property, plant and equipment (notes 3.6 and 5);
- ii) Amortisation of intangibles (notes 3.7 and 6);
- iii) Income taxes (notes 3.5 and 19);
- iv) Impairment of assets (note 3.9);
- v) Provisions and contingent assets and contingent liabilities (note 3.10);
- vi) Allocation of expenses (notes 3.12 and 14.1); and
- vii) Imputed expenses (note 3.13).

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except as mentioned otherwise

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 applied consistently to all the years presented.

3.1 Financial instruments

3.1.1 Financial assets

3.1.1.1 Classification

The management determines the appropriate classification of the financial assets of the Company in accordance with the requirements of International Accounting Standard (IAS) 39, 'Financial instruments: recognition and measurement' at the time of purchase of financial assets and re-evaluates this classification on a regular basis. The financial assets of the Company are categorised as follows:

a) Financial assets at fair value through profit or loss

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified under the 'financial assets at fair value through profit or loss' category.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of cash and bank balances and other receivables in the statement of financial position.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has the positive intent and ability to hold to maturity.

d) Available for sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity or (c) financial assets at fair value through profit or loss.

3.1.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the Income And Expenditure Statement.

3.1.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial assets at fair value through profit or loss and available for sale

Financial assets at fair value through profit or loss are marked to market using the closing market rates and are carried on the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the Income And Expenditure Statement in the period in which these arise.

Available for sale financial assets are marked to market using the closing market rates and are carried on the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) Loans and receivables and held to maturity

Loans and receivables and held to maturity financial assets are carried at amortised cost.

3.1.1.4 Impairment

The Company assesses at each reporting date whether there is an objective evidence that a financial asset is impaired. A significant or prolonged decline in the fair value of an equity instrument below its cost is also an objective evidence of impairment. Provision for impairment in the value of financial assets, if any, is taken to the Income And Expenditure Statement.

3.1.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

3.1.3 Derecognition

Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the Income And Expenditure Statement.

3.1.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements 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 liabilities simultaneously.

3.2 Cash and cash equivalents

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

3.3 Income recognition

- Donations are recognised on a receipt basis.
- Donations received in kind (both material and services) are recognised at their fair market value unless fair market value can not be reliably estimated, in which case they are carried at their nominal value.
- Restricted contributions for expenses of one or more future periods are deferred and recognised as revenue in the same period or periods as the related expenses are recognised.
- Restricted contributions for the purchase of property, plant and equipment that will be depreciated are deferred and recognised as revenue on the same basis as the depreciation / amortisation expense related to the acquired property, plant and equipment.
- Restricted contributions for expenses of the current period are recognised as revenue in the current period.
- Mark-up on bank balances is recorded on an accrual basis.
- Gain on sale of investments is recorded on the date at which the transaction takes place.

3.4 Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP), these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements.

3.5 Taxation

The Company is registered with the income tax authorities as a non-profit organisation under section 2(36)(c) of the Income Tax Ordinance, 2001 read with Rules 212 and 220A of the Income Tax Rules, 2002. The Company, being a non-profit organisation, is allowed a tax credit equal to one hundred percent (100%) of the tax payable, including minimum tax and final tax payable, under section 100C of the Income Tax Ordinance, 2001, subject to fulfilment of certain conditions stipulated therein. Income earned from sources other than sources mentioned in clause (c) of sub-section 3 of section 100C of Income Tax Ordinance, 2001 are not eligible for tax credit. Accordingly, provision for taxation on such income are recorded in Income and Expenditure Statement.

However, in accordance with sub-section 5 of section 100C of the Income Tax Ordinance, 2001, any surplus funds as defined in Income Tax Ordinance, 2001 of the non-profit organisation shall be taxed at a rate of ten percent.

3.6 Property, plant and equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the assets. 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 asset will flow to the Company and the cost of the item can be measured reliably. All other maintenance expenses are charged to the Income And Expenditure Statement as and when incurred.

Depreciation on all items of property, plant and equipment is charged to the Income And Expenditure Statement using the straight line method in accordance with the rates specified in note 5 to these financial statements after taking into account residual values, if significant. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month of disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Income And Expenditure Statement in the period in which they arise.

3.7 Intangibles

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets having finite lives are amortised using the straight line method from the month in which the assets are available for use, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Company. No amortisation is charged in the month of disposal.

3.8 Deferred contribution

Whenever a donor contributes or donates with a specified restriction on the use of that donated sum, the same are considered as externally restricted funds. For such funds, deferral method of accounting is being followed in these financial statements. Under this method, a contribution or donation on which there is any externally imposed restriction and which remains unfulfilled are accumulated as deferred contributions in the statement of financial position and presented under liabilities.

3.9 Impairment

The Company assesses at each reporting date whether there is any indication that non-financial assets may be impaired. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets are written down to their recoverable amount and the differences are recognised in the Income And Expenditure Statement.

3.10 Provisions and contingent assets and contingent liabilities

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent assets are not recognised and are disclosed unless an inflow of resources embodying economic benefits is virtually certain. Contingent liabilities are also not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

3.11 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3.12 Allocation of expenses

Expenses which contribute to, or produce the output of, more than one function and are considered directly related to the output of each of those functions and expenses of general support nature which do not directly contribute to, or produce the output of such functions are attributed among various operating functions to which they relate. The allocation is based on the category of expenses concerned and includes a) time (hours incurred directly in undertaking a function); b) usage (measured or estimated consumption attributable to the function); c) per capita (number of people employed within the function); and d) space (floor area occupied by a function).

3.13 Imputed expenses

Expenses which are not directly paid / incurred by the Company but the economic benefits of which flow to the Company are recognised as an expense with corresponding recognition of donation in kind on the basis consistent with the Company's use of those benefits and considering the outflow of resources embodying economic benefits had the Company incurred those expenses directly.

	Note	2025	2024
		Rupees	
4	INVESTMENTS		

4.1 Investment in mutual funds - 'financial assets at fair value through profit or loss'

Name of the investee fund	As at July 1, 2024	Purchases during the year	Redemptions during the year	As at June 30, 2025	As at June 30, 2025			As at June 30, 2024		
					Carrying value	Market value	Net unrealised gain on remeasurement of	Carrying value	Market value	Net unrealised gain on remeasurement of
					Number of units				Rupees	
Faysal Financial Sector Opportunity Fund	397,571	-	397,571	-	-	-	-	41,140,633	41,311,589	170,956
Faysal Halal Amdani Fund	-	445,100	82,983	362,117	36,878,192	36,932,309	54,117	-	-	-
Faysal Islamic Cash Fund	-	243	-	243	24,337	24,370	33	-	-	-
Total					36,902,529	36,956,679	54,150	41,140,633	41,311,589	170,956

5 PROPERTY, PLANT AND EQUIPMENT

Note	2025			
	Equipment	Furniture and fixtures	Computers	Total
	----- Rupees -----			
Cost				
At July 1, 2024	232,066	1,065,325	6,511,258	7,808,649
Additions	49,313	-	46,000	95,313
At June 30, 2025	281,379	1,065,325	6,557,258	7,903,962
Accumulated depreciation				
At July 1, 2024	151,144	801,637	5,108,591	6,061,372
Depreciation charge for the year	33,772	143,872	1,040,728	1,218,372
As at June 30, 2025	184,916	945,509	6,149,319	7,279,744
Net book value	96,463	119,816	407,939	624,218
Rate of depreciation	20%	20% - 50%	33.33%	
	----- Rupees -----			
Note	2024			
	Equipment	Furniture and fixtures	Computers	Total
	----- Rupees -----			
Cost				
At July 1, 2023	204,371	995,325	6,511,258	7,710,954
Additions	28,200	70,000	-	98,200
Write offs	(505)	-	-	(505)
At June 30, 2024	232,066	1,065,325	6,511,258	7,808,649
Accumulated depreciation				
At July 1, 2023	113,921	618,268	4,071,186	4,803,375
Depreciation charge for the year	37,728	183,369	1,037,405	1,258,502
Write offs	(505)	-	-	(505)
As at June 30, 2024	151,144	801,637	5,108,591	6,061,372
Net book value	80,922	263,688	1,402,667	1,747,277
Rate of depreciation	20%	20% - 50%	33.33%	

5.1 This includes fully depreciated assets having a cost of Rs. 4.899 million (2024: Rs. 3.814 million).

5.2 Depreciation charge for the year has been allocated as follows:

	Note	2025	2024
		----- Rupees -----	
Administrative expenses	14	2,434	10,842
School project expenses	15	1,215,938	1,247,660
		1,218,372	1,258,502

	Note	2025	2024
		Rupees	
6 INTANGIBLES			
Cost			
Balance at the start of the year		186,767	186,767
Additions		-	-
Balance at the end of the year		186,767	186,767
Accumulated amortisation			
Balance at the start of the year		186,767	186,767
Amortisation charge for the year		-	-
Balance at the end of the year		186,767	186,767
Net book value		-	-
Rate of amortisation		33.33%	33.33%
7 CASH AND BANK BALANCES			
Cash in hand		6,048	15,721
Cash at banks - savings accounts		13,145,100	12,271,058
		13,151,148	12,286,779
8 PREPAYMENTS AND OTHER RECEIVABLES			
Prepaid rent		138,357	126,707
Prepaid website expense		392,368	292,337
Accrued mark-up on bank balances		84,511	76,845
		615,236	495,689
9 DEFERRED CONTRIBUTIONS			
School project	9.2	33,431,250	33,431,250
Laptops	9.3	375,994	1,402,668
		33,807,244	34,833,918
9.1 Movement in deferred contribution			
Opening as at July 1, 2024		34,833,918	35,860,482
Recognised in the Income And Expenditure Statement		1,026,674	1,026,564
Closing as at June 30, 2025		33,807,244	34,833,918
9.2			
This represents donation by AJCL (Private) Limited (a corporate donor) restricted for initiating a new school project that covers acquisition of land, construction and meeting related expenses. As on June 30, 2025 these funds have not been utilised by the Company.			
9.3			
This represents donation of 112 used laptops by Afiniti Software Solutions (Private) Limited (a corporate donor). This has been recorded as deferred contribution and is being recognised in the Income And Expenditure Statement over the period of 3 years from the date of receipt of donation. These laptops have been valued at Rs. 3.080 million and a depreciation expense of Rs. 1.026 million (2024: Rs. 1.026 million) has been charged during the year on these laptops with a corresponding income of the same amount being recognised.			
10 ACCRUED EXPENSES		2025	2024
		Rupees	
EOBI contribution		77,700	72,960
Auditors' remuneration		653,884	464,884
Legal expense		18,960	18,960
Consultancy fee		90,000	90,000
Learning and development		177,300	67,750
Others		29,790	38,564
		1,047,634	753,118
11 CONTINGENCIES AND COMMITMENTS			

There were no contingencies and commitments outstanding as at June 30, 2025 and June 30, 2024.

	Note	2025	2024
		Rupees	
12 DONATIONS			
Corporate		8,000,000	2,125,000
Donation-in-kind	9.3	<u>1,026,674</u>	<u>1,026,564</u>
		<u>9,026,674</u>	<u>3,151,564</u>
13 ZAKAT RECEIPTS			
Individuals		21,731,000	25,567,250
Other not-for-profit organisations		<u>500,000</u>	<u>1,050,000</u>
		<u>22,231,000</u>	<u>26,617,250</u>
14 ADMINISTRATIVE EXPENSES			
Salaries expense	14.1	2,526,487	2,254,527
Utilities expenses		183,663	102,623
Rent expense		1,614,110	1,474,498
Consultancy fee		520,000	376,000
Website maintenance		432,253	206,012
Depreciation expense	5.2	2,434	10,842
Auditors' remuneration	14.2	545,400	367,200
Legal and professional fee		522,620	8,775
Others		<u>258,513</u>	<u>168,747</u>
		<u>6,605,480</u>	<u>4,969,224</u>

- 14.1 The salary expense of Mariam Sheikh (projects administrator) is bifurcated into school project expenses, water project expenses and health care project expenses in the ratio of 70%, 15% and 15% (2024: 70%, 15% and 15%) respectively. The salary expense of Waseem Sajjad (common boy) is bifurcated into administrative expenses and school project expenses in the ratio of 50% and 50% (2024: 50% and 50%) respectively. This is based on the hours they incurred directly in undertaking a project proportionate to their total hours used in all the functions.

	2025	2024	
		Rupees	
14.2 Auditors' remuneration			
Statutory audit fee	450,000	300,000	
Tax Services	10,800	10,000	
Sindh sales tax on services	39,600	27,200	
Out of pocket expenses	<u>45,000</u>	<u>30,000</u>	
	<u>545,400</u>	<u>367,200</u>	

15 SCHOOL PROJECT EXPENSES

The Company entered into an arrangement with the Sindh Education Foundation under 'adopt a school program' in which the adopting entity will incur expenses for uplifting the overall standard of schools by building infrastructure and providing basic necessities to these schools. The expenses incurred by the Company for the school it has adopted are as follows:

	Note	2025	2024
		Rupees	
Salaries expense	14.1	13,498,912	12,377,516
Depreciation expense	5.2	1,215,938	1,247,660
School uniforms and bags		415,000	154,800
Repair and maintenance		3,103,644	570,362
Computers maintenance		173,428	57,550
Class room renovation		75,753	-
Janitorial expense		1,448,026	1,920,000
Sports equipment		66,494	19,110
Extra curricular activities and workshops		177,410	316,999
Internet connection		93,151	96,030
Laboratory equipment		124,275	74,035
Stationery, text books and copies		3,141,132	3,929,401
Lunch program		4,965,828	4,202,022
Learning and development		621,548	983,091
EOBI contribution		862,100	669,600
Others		<u>1,379,152</u>	<u>1,605,126</u>
		<u>31,361,791</u>	<u>28,223,302</u>

16 WATER PROJECT EXPENSES

The Company has been working for supply of clean drinking water to the schools and small towns in the province of Sindh in collaboration with different non-governmental organisations. Details of the expenses incurred by the Company in this connection are as follows:

	Note	2025	2024
		Rupees	
Salaries expense	14.1	186,225	219,780
Water filter plant		1,200,000	184,872
		<u>1,386,225</u>	<u>404,652</u>

17 HEALTH CARE PROJECT EXPENSES

The Company is working on tracking and improving the nutrition of the students in its adopted school. Enrolled students receive regular checkups and basic medical provisions which include nutritional assessment, ENT and oral hygiene checkups. Details of the expenses incurred by the Company in this connection are as follows:

	Note	2025	2024
		Rupees	
Salaries expense	14.1	186,225	219,780
Health care		179,479	33,273
		<u>365,704</u>	<u>253,053</u>

18 LEVY

Final tax u/s 5

18.1	<u>1,339,553</u>	<u>459,871</u>
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18.1 This represent final tax paid under section 5 of the Income Tax Ordinance, 2001, representing levy in terms of the requirements of IFRIC 21. This includes the charge recognised in these financial statements in respect of amount withheld on dividend income.

	Note	2025	2024
		Rupees	
19 TAXATION			
Current	19.1	<u>342,453</u>	<u>3,500</u>

19.1 As per section 100C of the Income Tax Ordinance (ITO), 2001, non profit organisations, trusts or welfare organisations as mentioned in sub section 2 of section 100C shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum and final tax payable under any of the provisions of the ITO, 2001, subject to the fulfilment of the conditions as stipulated therein.

The operations of the Company fall within the purview of section 100C of the ITO, 2001 and the tax credit of hundred percent is allowed under section 100C of the ITO, 2001 in respect of tax payable including final taxes payable and consequently the charge recognised in these financial statements is for capital gain which is not eligible for tax credit under 100C.

20 TRANSACTIONS WITH RELATED PARTIES

20.1 The following are the related parties with whom the Company had entered into transactions or had agreements and / or arrangements in place during the financial year:

S. No	Name of related party	Relationship
1	Naved A Khan	Chief Executive Officer / Member
2	Dr. Rashid Bajwa	Member and Director
3	Shaila Subhani	Sibling of the Chief Executive Officer
4	M. Abdul Aleem	Member and Director
5	M. Maqbool Alam	Member and Director

20.2 Balances and transactions with related parties

Details of balances and transactions with related parties as at the end of, and during, the year, other than those disclosed elsewhere in these financial statements, are as follows:

	2025	2024
	Rupees	
20.2.1 Transactions with related parties during the year		
Naved A Khan Zakat	9,284,000	13,331,000
Dr. Rashid Bajwa Zakat	500,000	700,000
Shaila Subhani Zakat	50,000	50,000
M. Abdul Aleem Zakat	250,000	250,000
M. Maqbool Alam Zakat	500,000	-
Remuneration of key management personnel	3,424,958	3,416,172
21 REMUNERATION OF EXECUTIVES, CHIEF EXECUTIVE OFFICER AND DIRECTORS	<u>3,424,958</u>	<u>3,416,172</u>

21.1 Executive means an employee other than the chief executive and directors, whose basic salary exceeds Rs. 1,200,000 in a financial year. No remuneration is being paid to chief executive officer and director.

	2025	2024
	Number of employees	
22 NUMBER OF EMPLOYEES		
Actual number of employees as at June 30, 2025	<u>40</u>	<u>44</u>
Average number of employees for the year ended June 30, 2025	<u>42</u>	<u>45</u>

23 GENERAL

23.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison.

24 DATE OF AUTHORISATION

These financial statements were authorised for issue on 10 OCT 2025, 2025 by the Board of Directors of the Company.

MEL



Chief Executive Officer



Director