

**READ FOUNDATION  
FINANCIAL STATEMENTS FOR THE YEAR ENDED  
JUNE 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

**Grant Thornton Anjum  
Rahman**

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Evacuee Trust Complex,  
Aga Khan Road, F-5/1,  
Islamabad, Pakistan.

**To the members of Read Foundation**

**Report on the Audit of Financial Statements**

### Opinion

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We have audited the annexed financial statements of Read Foundation (“the Company”) which comprise the statement of financial position as at June 30, 2023 and the statement of income and expenditure and other 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 and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure and other comprehensive income, the statement of changes in fund 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, 2023 and of the deficit and other comprehensive loss, the changes in fund 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.

### Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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.

## **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 statement of income and expenditure and other comprehensive income, the statement of changes in equity 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 Waqas Waris.

*Grant Thornton Anjum Rahman*  
GRANT THORNTON ANJUM RAHMAN

Chartered Accountants

Islamabad

December 11, 2023

UDIN: AR202310209VTbQt7hUW


**READ FOUNDATION**

(A Company licensed under section 42 of the Companies Act, 2017)

**STATEMENT OF FINANCIAL POSITION****AS AT JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
<b>Funds and reserves</b>			
General fund		537,506,496	552,362,470
Endowment fund		5,188,000	5,188,000
Operating reserve fund		40,647,100	40,647,100
		<u>583,341,596</u>	<u>598,197,570</u>
<b>Non-current liabilities</b>			
Lease liability	4	8,060,780	10,959,138
Deferred capital grant	5	1,257,338,558	828,580,283
Non-monetary capital grant	6	13,606,050	14,335,743
Restricted grant	7	1,510,912,442	994,570,738
		<u>2,789,917,830</u>	<u>1,848,445,902</u>
<b>Current liabilities</b>			
Current portion of lease liability	4	2,837,812	6,196,926
Trade and other payables	8	48,626,582	178,712,413
		<u>51,464,394</u>	<u>184,909,339</u>
		<u>3,424,723,820</u>	<u>2,631,552,811</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	9	2,048,810,906	1,556,467,348
Intangible asset	10	1,300,000	1,900,000
Long term investment	12	40,496	51,992
Advance for property	11	168,401,250	-
Long term security deposits		3,279,799	1,083,799
Long term receivable from employees	13	24,151,962	6,442,336
Long term loan		-	2,400,000
		<u>2,245,984,413</u>	<u>1,568,345,475</u>
<b>Current assets</b>			
Advances, prepayments and other receivables	14	160,691,541	276,571,442
Receivable from school - considered good	15	16,492,293	-
Tax refund due from government	16	18,914,110	10,541,020
Cash and bank balances	17	982,641,463	776,094,874
		<u>1,178,739,407</u>	<u>1,063,207,336</u>
		<u>3,424,723,820</u>	<u>2,631,552,811</u>
<b>Contingencies and commitments</b>	18		

The annexed notes 1 to 29 form an integral part of these financial statements.

  
Chief Executive Officer  
Director

READ FOUNDATION

(A Company licensed under section 42 of the Companies Act, 2017)

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 (Rupees)	2022 (Rupees)
Income	19	1,879,299,965	1,470,507,292
<b>Expenditure</b>			
Programme activities	20	1,782,276,560	1,007,397,947
General and administrative expense	21	81,032,143	68,691,926
Fund raising	22	27,319,799	15,959,912
Financial charges	23	3,515,941	3,703,837
		<b>1,894,144,443</b>	<b>1,095,753,622</b>
<b>(Deficit)/surplus for the year - before taxation</b>		<b>(14,844,478)</b>	<b>374,753,670</b>
Taxation		-	-
<b>Surplus for the year - after taxation</b>		<b>(14,844,478)</b>	<b>374,753,670</b>
Other comprehensive loss		(11,496)	(6,984)
<b>Total comprehensive (loss)/income for the year</b>		<b>(14,855,974)</b>	<b>374,746,686</b>

The annexed notes 1 to 29 form an integral part of these financial statements.



Chief Executive Officer



Director

**READ FOUNDATION**

(A Company licensed under section 42 of the Companies Act, 2017)

**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED JUNE 30, 2023**

	2023 (Rupees)	2022 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Deficit)/surplus for the year	(14,844,478)	374,753,670
Adjustment for non- cash items:		
Depreciation and amortization	61,664,682	53,219,921
Finance charges on lease liability	1,845,326	2,283,862
Transfer to restricted grant	-	(5,000,000)
(Gain)/loss on disposal of asset	(1,097,759)	(1,535,139)
Amortization of deferred capital grant	(47,733,743)	(38,950,449)
Amortization of non monetary capital grant	(729,693)	(759,171)
Transferred to deferred capital grant - depreciable assets	(476,492,018)	(137,985,377)
Service fee	(193,038,754)	(109,604,452)
Amortization of restricted grant	(1,357,846,856)	(839,915,894)
	<u>(2,013,428,815)</u>	<u>(1,078,246,699)</u>
<b>Operating deficit before working capital changes</b>	<b>(2,028,273,293)</b>	<b>(703,493,029)</b>
(Increase)/decrease in current asset		
Advances, prepayments and other receivables	115,879,901	(249,931,606)
Loan to school	2,400,000	(2,400,000)
Long term deposits and receivables	(188,306,876)	(449,545)
Receivable from school - considered good	(16,492,293)	15,686,128
	<u>(86,519,268)</u>	<u>(237,095,023)</u>
Increase/(decrease) in current liabilities:		
Trade and other payables	(130,085,831)	159,585,184
<b>CASHFLOW AFTER WORKING CAPITAL CHANGES</b>	<b>(2,244,878,392)</b>	<b>(781,002,868)</b>
Grant received during the year	2,543,719,332	1,469,467,274
Income tax paid/withheld	(8,373,090)	(2,789,616)
<b>Net cash generated from operating activities</b>	<b>290,467,850</b>	<b>685,674,790</b>
<b>Cash flow from investing activities</b>		
Purchase of property and equipment- net	(75,818,463)	(313,622,747)
Sale proceeds of property and equipment	-	2,301,499
Dividend on long term investment	-	1,288
	<u>(75,818,463)</u>	<u>(311,319,960)</u>
<b>Net cash used in investing activities</b>	<b>(75,818,463)</b>	<b>(311,319,960)</b>
<b>Cash flow from financing activities</b>		
Lease liability- net	(8,102,798)	(9,422,509)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>(8,102,798)</b>	<b>(9,422,509)</b>
<b>Net increase in cash and cash equivalents</b>	<b>206,546,589</b>	<b>364,932,321</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>776,094,874</b>	<b>411,162,553</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>982,641,463</b>	<b>776,094,874</b>

The annexed notes 1 to 29 form an integral part of these financial statements.



Chief Executive Officer



Director

**READ FOUNDATION**

(A Company licensed under section 42 of the Companies Act, 2017)

**STATEMENT OF CHANGES IN FUND**

**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>General fund</b>	<b>Endowment fund</b>	<b>Operating reserve fund</b>	<b>Total</b>
	<b>..... (Rupees) .....</b>			
Balance as at July 01, 2021	223,262,884	1,188,000	-	224,450,884
Transfer to/establishment of fund	(45,647,100)	4,000,000	40,647,100	(1,000,000)
Total comprehensive income for the year	374,746,686	-	-	374,746,686
Balance as at July 01, 2022	<b>552,362,470</b>	<b>5,188,000</b>	<b>40,647,100</b>	<b>598,197,570</b>
<b>Total comprehensive loss for the year</b>	<b>(14,855,974)</b>	<b>-</b>	<b>-</b>	<b>(14,855,974)</b>
<b>Balance as at June 30, 2023</b>	<b>537,506,496</b>	<b>5,188,000</b>	<b>40,647,100</b>	<b>583,341,596</b>

*The annexed notes 1 to 29 form an integral part of these financial statements.*

Chief Executive Officer

Director



## READ FOUNDATION

(A Company licensed under section 42 of the Companies Act, 2017)

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

#### 1 LEGAL STATUS AND OPERATIONS

READ Company ("the Company") is a not-for-profit organization established on August 28, 2006 under Section 42 of the Companies Act, 2017 with the main object to take over existing business and acquire all assets and properties, liabilities and obligations of whatever kind of "READ Company" registered on January 30, 1997 with Joint Stock Companies, Muzaffarabad under the Pakistan Societies Act, 1860 as applicable to Azad Government of the State of Jammu & Kashmir and another entity with the name " READ Company" a Trust registered on August 02, 1997 with Joint Sub Registrar, Islamabad under the Registration Act, 1908. The other objectives of the Company are to organize, formulate and execute projects of schools, vocational institutions, technical training colleges / schools for increasing the literacy rate and educational level in rural areas and adjoining locations on no profit, no loss basis. The registered office of the Company is located at Al- Farooq Plaza, 3rd Floor, Bahria Enclave, (Kurri) Road, Chak Shahzad, Islamabad.

The branches of the Company are registered with the Companies' registration office, Azad Jammu and Kashmir (AJK) on June 25, 2010 under AJK Companies Act 1992 (the Companies Act, 2017) as applicable in AJK. The branch office of the Company has not carried on any business activity as of the close of the financial year.

These financial statements represent the financial activities of head office while financial activities of schools have not been consolidated in these financial statements due to the fact that all area schools are separate and independent entity for the purposes of financial control. These schools are also running on no profit and no loss basis.

The Company's program activities includes providing financial assistance to orphans and needy students by paying their school fees direct to respective schools and by providing food, uniforms, shoes, school books and other stationery items direct to orphans. The Company conducts the teachers' training programme and monitors the educational standards, develops special programmes for the students' capacity building and takes various steps for the development of schools.

#### 2 BASIS OF PREPARATION

##### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Company as notified under the Companies Act 2017;
- Accounting Standards 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;
- 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 Standards or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

##### 2.2 Accounting convention

These financial statements have been prepared under the 'historical cost convention' except as otherwise stated in the respective accounting policies notes.

##### 2.3 Functional and presentation currency

These financial statements have been presented in Pak Rupees which is the Company's functional and presentation currency.

##### 2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

The estimates and judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

##### 2.4.1 Property and equipment and intangible asset

The Company reviews the useful lives and residual values of property and equipment and intangible assets on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

## READ FOUNDATION

(A Company licensed under section 42 of the Companies Act, 2017)

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

#### 2.4.2 Leased assets

The Company applies IFRS 16 to account for its right-of-use assets and the related lease liabilities. The Company assesses whether or not a rental contract contains a lease, whether or not an extension option will be exercised, whether or not a termination option will not be exercised. The Company calculates the appropriate discount rate to use and estimate the lease term. The Company uses its judgement when making these assessments and considers all facts and circumstances.

#### 2.4.3 Impairment of financial asset

The Company measures loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost after considering the pattern of receipts and future financial outlook of the counterparty and is reviewed by the management on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of assets with a corresponding effect on the statement of income and expenditure.

#### 2.4.4 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events.

### 2.5 Initial application of standards, amendments or interpretations to existing standards

#### 2.5.1 Amendments and interpretations to accounting and reporting standards that became effective in the current year

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on July 1, 2022 but does not have any significant impact on the Company's financial reporting and therefore, have not been disclosed in these financial statements.

#### 2.5.2 Standard and amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on July 1, 2022. This standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them below:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 17 Insurance Contracts - Remeasurement of the estimates in each reporting period	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' Classification of Liabilities as Current or Non-current	January 01, 2023
IAS 1 Amendments to 'IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	January 01, 2023
IAS 8 Amendments to "Accounting Policies, Changes in Accounting Estimates and Errors" Definition of accounting estimates	
IAS 12 Amendments to "Income Taxes" Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 01, 2023
International Tax Reform — Pillar Two Model Rules - Amendments	
IAS 1 Amendments to IAS 1 'Presentation of Financial Statements' Non-current Liabilities with Covenants	January 01, 2024
IFRS 16 Amendments to IFRS 16 "Leases" Lease Liability in a Sale and Leaseback	January 01, 2024
IFRS 10 & IAS 23 Sale or contribution of assets between an investor and its associate or joint venture — Amendments	n/a*

\*The effective date is not yet issued

## READ FOUNDATION

(A Company licensed under section 42 of the Companies Act, 2017)

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan.

IFRS 1 – First Time Adoption of International Financial Reporting Standards

IFRS 17 – Insurance Contracts

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### 3.1 Taxation

No provision for taxation has been made in these financial statements as the income/donation of the Company is eligible for tax credit equal to one hundred percent under sub-section 2(d) and 2(f) of section 100C of the Income Tax Ordinance, 2001 being an educational and charitable institution solely for educational and charitable purposes and not for the purposes of making profit.

Further provision of minimum tax under section 113 of the Income Tax Ordinance shall not be applicable in view of the fact that the Company was granted approval under section 2(36) of the Income Tax Ordinance, 2001 by Federal Board of Revenue which remain valid upto June 30, 2023.

Tax deducted at source is recognized as refundable.

#### 3.2 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses (if any) except land. Cost comprises of acquisition cost, non-refundable indirect taxes and any other directly attributable costs.

Depreciation is charged on assets using the reducing balance method, at the rates stated in note 9. A full month's depreciation is charged in the month of acquisition of an asset, while no depreciation is charged in the month of an assets' retirement.

Useful lives are determined by the management based on the expected usage of an asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. The effects of adjustments to residual values, useful lives and methods are recognized prospectively as a change in accounting estimates.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income and expenditure in the year the asset is derecognized.

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property and equipment is recognized in the income and expenditure statement as incurred.

#### 3.3 Capital work in progress

Capital work-in-progress is stated at cost and consists of expenditures incurred and advances made in respect of tangible fixed assets during the course of its construction. Transfers are made to relevant assets category as and when assets are available for intended use.

#### 3.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Subsequent cost on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortization is charged to the statement of income and expenditure on a straight line basis over the estimated useful life of intangible assets unless such life is indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in which the item is disposed off.

## READ FOUNDATION

(A Company licensed under section 42 of the Companies Act, 2017)

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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All intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount. The carrying amount of other intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exist than the assets recoverable amount is estimated. The recoverable amount is the greater of its value in use and fair value less cost to sell. An impairment is recognized if the carrying amount exceeds its estimated recoverable amount.

#### 3.5 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

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

Lease payments include fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of income and expenditure if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain Remeasurements of the lease liability.

Where the Company determines that the lease term of identified lease contracts is short term in nature i.e. with a lease term of twelve months or less at the commencement date, right of use assets is not recognized and payments made in respect of these leases are expensed in the statement of income and expenditure and other comprehensive income.

#### 3.6 Foreign currency translation

Transactions in foreign currencies are converted at the rate prevailing at the date of transaction. Monetary assets and liabilities at the year end are translated at the exchange rate, prevailing at reporting date.

#### 3.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and highly liquid short term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

#### 3.8 Staff retirement benefits

The Company provides its permanent employees a salary saving corporate plan with Pak-Qatar Family Takaful Limited/Meezan Investment Fund effective December 1, 2012. The Company is paying 10% of basic salary of its employees to Pak Qatar Takaful Limited (Takaful) under salary saving corporate plan which is charged to statement of income and expenditure while employees shall share 40% of the total payments to Takaful and amount is payable on termination of employment, due to death, withdrawal, becoming lapse or paid up or any other reason.

## READ FOUNDATION

(A Company licensed under section 42 of the Companies Act, 2017)

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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#### 3.9 Income recognition

Income from schools is recognised when or as performance obligations are satisfied by transferring control of a promised service over time to schools at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Profit on bank deposit is accrued using the effective interest rate method.

#### Grants and donations

The Company follows deferral method of accounting for contributions which include donations and government grants.

#### Restricted grant

Grants received for specific purposes are classified as restricted grants. Such grants are transferred to income as grant to the extent of actual expenditure incurred there against. Expenditures incurred against committed grants but not received is accrued and recognized in income and is reflected as grant receivable only if condition of agreement are met. Unspent portion of such grant are reflected as restricted grant under liability side in the statement of financial position.

#### Unrestricted grants

Grants received without any conditions are recognized as income during the year of receipt.

#### Deferred capital grants

Grants utilized for depreciable capital assets are transferred from the restricted grants to deferred capital grants and are amortized over the useful life of the respective assets and recognized as income.

Grants for purchase of non-depreciable asset are recognized as income upon purchase.

#### Other donations

General donations are recognized as income on receipt basis.

#### Non-monetary capital grant

Non-monetary capital grant is recognized in the statement of financial position at fair value. Grants of non-depreciable asset are recognized as income upon receipt.

Fair value is estimated by the Company at the time goods are received from donor, in case value is not provided by donor.

#### 3.10 General fund and Endowment fund

Surplus and deficit for the year is accumulated and presented in general fund.

The endowment fund has been established from the donation received from donor with the object to utilize the funds for promotion of the objects of the Company. Management shall review the financial status of the Company from time to time and accordingly increase the amount of endowment fund. The return on funds are utilized to cater the administrative cost related to the programmes.

#### 3.11 Advances, deposits and other receivables

Trade receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt becomes doubtful, a provision is made and charged to the statement income and expenditure. These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of Expected Credit Loss.

#### 3.12 Trade and other payables

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

#### 3.13 Provision

Provisions are recognized 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 can be made of the amount of the obligation.

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### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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#### 3.14 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of income and expenditure.

##### i Financial assets

###### Classification

Financial assets are classified in following three categories:

- a. amortized cost where the effective interest rate method will apply.
- b. fair value through other comprehensive income (FVTOCI).
- c. fair value through profit or loss (FVTPL).

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of income and expenditure or other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

###### Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

###### Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of income and expenditure.

###### Debt instruments

The Company subsequently measures all debt instruments at amortized cost as assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in statement of income and expenditure and presented in other income / (loss).

###### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's arrangement has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at FVTPL are recognised in statement of profit or loss.

##### ii Financial liabilities

###### Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

###### a) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

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#### b) Amortized cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of income and expenditure, when the liabilities are derecognized as well as through effective interest rate amortization process.

#### iii Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized in the statement of income and expenditure.

### 3.15 Impairment

#### i Financial assets

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

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for receivable from schools are always measured at an amount equal to lifetime ECLs.

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

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

In case of fund receivable from schools, the Company considers that default has occurred when a financial asset is more than 12 months past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### ii Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income and expenditure statement.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

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The recoverable amount of an asset or cash-generating unit is the greater of its value in use and fair value less cost to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss recognized in the prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.





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**FOR THE YEAR ENDED JUNE 30, 2023**

4 Lease liability	Note	2023 (Rupees)	2022 (Rupees)
Opening balance		17,156,064	15,059,298
Addition		-	8,677,098
Interest expenses relating to lease liability		1,845,326	2,283,862
Payments during the year		(8,102,798)	(9,422,509)
Remeasurement during the year		-	558,315
Closing balance	4.1	<u>10,898,592</u>	<u>17,156,064</u>
Lease liability is presented on the statement of financial position as follows:			
Current		2,837,812	6,196,926
Non-current		<u>8,060,780</u>	<u>10,959,138</u>
		<u>10,898,592</u>	<u>17,156,064</u>

4.1 Future minimum lease payments as at June 30, 2023 are as follows:

	1 Year	2 - 5 Years	Total
	-----Rupees-----		
<b>June 30, 2023</b>			
Lease payments	4,137,360	11,390,229	15,527,589
Finance cost	(1,299,548)	(3,329,449)	(4,628,997)
Net present value	<u>2,837,812</u>	<u>8,060,780</u>	<u>10,898,592</u>
	1 Year	2 - 5 Years	Total
	-----Rupees-----		
<b>June 30, 2022</b>			
Lease payments	8,102,798	15,687,894	23,790,692
Finance cost	(1,905,872)	(4,728,756)	(6,634,628)
Net present value	<u>6,196,926</u>	<u>10,959,138</u>	<u>17,156,064</u>

4.2 The Company has no commitment to leases which have not yet commenced and as such no future cash outflows have been disclosed in this regard.

5 Deferred capital grant	Note	2023 (Rupees)	2022 (Rupees)
Opening balance		828,580,283	729,545,355
Transferred from restricted grant	7	476,492,018	137,985,377
Amortization credited to income	5.1	(47,733,743)	(38,950,449)
		<u>1,257,338,558</u>	<u>828,580,283</u>

5.1 This represents depreciation for the year on related items of property and equipment.

6 Non monetary capital grant		2023	2022
Opening balance		14,335,743	15,035,914
Non monetary asset received during the year		-	59,000
Amortization		(729,693)	(759,171)
Balance at year end		<u>13,606,050</u>	<u>14,335,743</u>

7 Restricted grant		2023	2022
Opening balance		994,570,738	616,609,187
Funds received during the year		2,543,719,332	1,469,467,274
Transferred to deferred capital grant - depreciable assets		(476,492,018)	(137,985,377)
Service fee		(193,038,754)	(109,604,452)
Transferred to endowment fund	7.1	-	(4,000,000)
Transferred to grant income for projects	7.2	(1,357,846,856)	(839,915,894)
Balance at year end		<u>1,510,912,442</u>	<u>994,570,738</u>

7.1 Amount was transferred to endowment fund for orphans established by resolution passed by board of directors.

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FOR THE YEAR ENDED JUNE 30, 2023

7.2 Restricted grants

	School land & building	Orphan Sponsorship Programme - Education	Water Sanitation and Hygiene (WASH) Programme	Orphan Sponsorship Programme - Sustenance Support	School Opening Programme	Emergency Relief	Capacity Building- Teachers Training	Qurbani	Staff Welfare Programme	School Enhancement Programme	Scholarship Programme	Zakat Project	Winter clothing for orphans	Other programme	Sadaqat-Aqeeq	Eid gifts	Ramadan Programme	Innovations	Feeding the Poor	Housing Project	Primary Education for Girls	Total
<b>June 30, 2022</b>	Rupees																					
Opening balance	437,456,786	193,498,486	66,028,333	35,300,139	20,057,401	22,611,627	23,691,272	93,563,688	33,680,202	9,390,120	3,733,885	12,705,779	2,477,540	7,818,194	5,559,510	535,890	-	5,000,000	2,124,086	-	-	994,570,738
Funds received during the year	561,784,125	730,594,649	47,519,187	179,002,717	60,024,481	321,050,876	1,734,778	203,113,820	43,054,324	35,248,320	7,884,788	14,475,000	32,287,750	(299,756)	4,759,828	4,193,083	38,493,075	-	26,945,204	12,695,469	10,078,157	2,543,719,832
Grants available for spending	1,019,240,909	924,093,135	113,547,520	214,302,856	80,081,882	543,662,503	24,826,050	296,677,508	76,734,526	44,638,440	11,618,673	27,178,779	34,685,290	7,518,438	10,318,638	4,728,933	38,493,075	5,000,000	29,869,209	12,695,469	10,078,157	3,538,290,070
Less: expenses against grants	29,271,606	426,087,667	58,884,713	155,077,972	19,023,136	341,177,164	3,251,518	154,181,168	11,068,924	24,231,242	5,247,944	-	28,215,777	3,571,182	6,276,575	4,638,648	17,490,868	-	27,699,095	10,064,800	10,078,157	1,357,846,484
Less: service fee	31,287,367	85,270,179	6,273,529	-	-	33,486,888	159,789	27,987,688	-	1,830,217	-	868,500	2,539,269	356,908	-	-	2,078,431	-	-	-	-	193,838,754
Transferred to deferred capital grant	476,492,018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	476,492,018
Closing balance	481,989,308	403,535,349	48,089,278	59,844,884	60,858,746	148,978,454	21,414,743	114,448,631	65,705,602	18,576,981	6,370,729	26,302,279	3,850,284	3,590,356	4,040,463	90,265	18,915,776	5,000,000	1,878,395	2,631,469	-	1,519,912,443
<b>June 30, 2021</b>	Rupees																					
Opening balance	282,077,645	115,924,391	56,328,776	35,181,544	33,472,141	30,112,525	22,021,629	12,815,154	9,742,283	6,996,340	5,899,841	3,367,293	1,666,542	493,017	251,402	178,564	-	-	-	-	-	632,689,187
Funds received during the year	383,869,648	510,016,247	49,878,093	125,096,343	1,957,337	7,033,274	8,403,378	163,354,566	36,224,354	31,074,263	1,543,290	18,261,783	14,643,131	28,420,228	6,469,575	2,387,091	41,803,467	5,000,000	48,622,868	-	-	1,409,467,274
Grants available for spending	615,866,993	647,540,638	126,206,869	158,277,887	35,429,478	37,125,897	30,427,007	176,229,720	45,966,639	38,070,603	7,440,671	14,129,076	16,309,473	28,913,243	9,569,977	2,534,955	41,803,467	5,000,000	48,622,868	-	-	2,086,076,461
Less: expenses against grants	-	385,854,720	54,738,192	122,977,748	14,621,764	13,984,108	7,335,735	34,254,569	12,286,437	27,551,761	3,726,786	779,590	12,018,335	19,036,611	3,316,870	1,999,065	38,895,964	-	46,223,644	-	-	809,015,898
Less: transfer to endowment fund	-	4,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,000,000
Less: service fee	20,524,833	64,487,432	5,440,344	-	750,313	1,120,165	-	8,451,463	-	1,128,722	-	645,707	1,215,600	2,064,438	784,797	-	2,707,503	-	275,138	-	-	109,694,452
Transferred to deferred capital grant	137,985,377	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	137,985,377
Closing balance	457,456,786	193,498,486	66,028,333	35,300,139	20,057,401	22,611,627	23,691,272	93,563,688	33,680,202	9,390,120	3,733,885	12,705,779	2,477,540	7,818,194	5,559,510	535,890	-	5,000,000	2,124,086	-	-	994,570,738

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

8 Trade and other payables	2023 (Rupees)	2022 (Rupees)
Audit fee	1,400,000	842,160
Utilities payable	523,791	1,967,936
Staff salaries payable	67,894	64,628,534
Payable to schools against tuition fee and others	1,068,703	-
Account payables to suppliers	1,381,205	406,919
Payable against projects	49,243	3,329,999
Payable to employees against expenses	699,685	1,800,931
Payable to regional offices	531,769	848,986
Unclassified donations	42,781,786	25,794,281
Other payables	122,506	-
Liabilities relating to school operations	-	79,092,667
	<u>48,626,582</u>	<u>178,712,413</u>

8.1 This represents funds received directly in bank accounts of the Company during the year and in prior years. Donor/source or purpose of these funds could not be determined at year end due to which these funds are recorded as unclassified collection. Once source and purpose of funds is established, amounts will be classified and recorded in appropriate account in the period in which facts are established.

9 Property and equipment	2023 (Rupees)	2022 (Rupees)
<b>Operating assets</b>		
- Assets held with head office	96,008,872	93,657,602
- Assets held with schools	1,438,698,430	998,655,564
	1,534,707,302	1,092,313,166
- Capital work in progress	505,038,841	449,044,158
- Right of use asset	9,064,763	15,110,024
	<u>2,048,810,906</u>	<u>1,556,467,348</u>
<b>9.1 Depreciation has been allocated as follows:</b>		
Programme activities	53,650,446	44,697,771
General and administrative expense	7,414,236	7,922,150
	<u>61,064,682</u>	<u>52,619,921</u>
<b>9.2 Capital work in progress</b>		
<b>Advances to parties for:</b>		
- Permanent buildings construction	28,193,747	36,835,845
- Purchase of land	51,975,000	36,815,010
	80,168,747	73,650,855
<b>Construction expenses</b>		
- Permanent buildings construction	424,870,094	375,393,303
	<u>505,038,841</u>	<u>449,044,158</u>

9.3 During the year construction of school buildings was completed and the related costs accumulated under work in progress amounting to Rs.475,892,018 were transferred to a category "building permanent" of assets held with schools (2022: Rs. 137,985,377).

**9.4 Right of use assets:**

Movement in right-of-use assets is as follows:

	2023 (Rupees)	2022 (Rupees)
Opening net book value	15,110,024	13,142,633
Addition	-	8,677,098
Remeasurement during the year	-	759,876
Depreciation charge	(6,045,261)	(7,469,583)
Closing net book value	<u>9,064,763</u>	<u>15,110,024</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

9.5 Assets held with Head Office

Particulars	Land	Office equipments	Machinery	Computers	Motor vehicles	Furniture and fixture	Library	Solar energy system	Electric and gas appliances	Total
	-----Rupees-----									
<b>Cost</b>										
Balance as at July 01, 2021	82,010,566	8,562,803	497,396	13,625,828	2,844,156	3,725,443	40,404	1,155,000	4,873,565	117,335,161
Additions during the year	-	2,331,027	100,340	2,286,256	6,888,502	237,387	-	-	1,099,374	12,942,886
Disposals during the year	-	-	-	-	(1,885,500)	-	-	-	-	(1,885,500)
Transfer	(8,650,000)	-	-	-	-	-	-	-	-	(8,650,000)
Balance as at June 30, 2022	73,360,566	10,893,830	597,736	15,912,084	7,847,158	3,962,830	40,404	1,155,000	5,972,939	119,742,547
Additions during the year	-	1,684,129	130,000	2,094,658	136,000	-	-	209,144	1,834,516	6,088,447
Disposals during the year	-	-	-	(1,569,220)	-	-	-	-	-	(1,569,220)
Transfer	-	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2023</b>	<b>73,360,566</b>	<b>12,577,959</b>	<b>727,736</b>	<b>16,437,522</b>	<b>7,983,158</b>	<b>3,962,830</b>	<b>40,404</b>	<b>1,364,144</b>	<b>7,807,455</b>	<b>124,261,774</b>
<b>Accumulated depreciation</b>										
Balance as at July 01, 2021	-	4,461,794	282,764	11,386,503	2,271,484	2,902,128	40,199	493,783	2,438,123	24,276,778
Depreciation for the year	-	731,421	35,958	879,264	663,845	132,275	62	33,061	442,972	2,918,858
Depreciation on disposals	-	-	-	-	(1,110,691)	-	-	-	-	(1,110,691)
Balance as at June 30, 2022	-	5,193,215	318,722	12,265,767	1,824,638	3,034,403	40,261	526,844	2,881,095	26,084,945
Depreciation for the year	-	972,012	58,102	1,299,264	905,078	139,264	43	32,279	574,685	3,980,727
Depreciation on disposals	-	-	-	(1,366,479)	-	-	-	-	-	(1,366,479)
<b>Balance as at June 30, 2023</b>	<b>-</b>	<b>6,165,227</b>	<b>376,824</b>	<b>12,198,552</b>	<b>2,729,716</b>	<b>3,173,667</b>	<b>40,304</b>	<b>559,123</b>	<b>3,455,780</b>	<b>28,699,193</b>
<b>Carrying value as at June 30, 2023</b>	<b>73,360,566</b>	<b>6,412,732</b>	<b>350,912</b>	<b>4,238,970</b>	<b>5,253,442</b>	<b>789,163</b>	<b>100</b>	<b>805,021</b>	<b>4,351,675</b>	<b>95,562,581</b>
Carrying value as at June 30, 2022	73,360,566	5,700,615	279,014	3,646,317	6,022,520	928,427	143	628,156	3,091,844	93,657,602
<b>Rate of depreciation</b>	-	15%	15%	30%	15%	15%	30%	5%	15%	

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9.6 Assets held with schools

Particulars	Land	Building permanent	Building prefabricated	Furniture and fixture	Office Equipment	Science labs	Computers	Library	Generator set	Motor vehicles	Electric and gas appliances	Total	
Rupees													
<b>Cost</b>													
Balance as at July 01, 2021	65,512,046	711,802,864	310,259,865	60,552,821	-	7,895,610	29,167,214	4,027,648	4,030,989	515,653	2,476,744	1,196,241,454	
Additions during the year	68,408,400	137,985,377	-	-	-	-	-	-	-	-	52,250	206,446,027	
Transfer	8,650,000	-	-	-	-	-	-	-	-	-	-	8,650,000	
Balance as at June 30, 2022	151,220,446	849,788,241	310,259,865	60,552,821	-	7,895,610	29,167,214	4,027,648	4,030,989	515,653	2,528,994	1,411,337,481	
Additions during the year	6,492,129	475,892,018	-	195,000	1,527,296	-	5,581,317	-	-	-	1,393,800	491,081,560	
<b>Balance as at June 30, 2023</b>	<b>157,712,575</b>	<b>1,325,680,259</b>	<b>310,259,865</b>	<b>60,747,821</b>	<b>1,527,296</b>	<b>7,895,610</b>	<b>34,748,531</b>	<b>4,027,648</b>	<b>4,030,989</b>	<b>515,653</b>	<b>3,922,794</b>	<b>1,902,419,041</b>	
<b>Accumulated depreciation</b>													
Balance as at July 01, 2020	-	133,233,135	144,248,326	48,731,923	-	7,758,017	28,056,783	3,847,208	2,346,603	461,148	1,818,913	370,502,056	
Depreciation for the year	-	31,401,665	8,300,577	1,773,136	-	41,278	333,129	54,132	168,439	8,176	99,329	42,179,861	
Balance as at June 30, 2021	-	164,634,800	152,548,903	50,505,059	-	7,799,295	28,389,912	3,901,340	2,515,042	469,324	1,918,242	412,681,917	
Depreciation for the year	-	40,562,401	7,885,548	1,516,914	46,849	28,894	672,424	37,893	151,595	6,949	129,227	51,038,694	
<b>Balance as at June 30, 2022</b>	<b>-</b>	<b>205,197,201</b>	<b>160,434,451</b>	<b>52,021,973</b>	<b>46,849</b>	<b>7,828,189</b>	<b>29,062,336</b>	<b>3,939,233</b>	<b>2,666,637</b>	<b>476,273</b>	<b>2,047,469</b>	<b>463,720,611</b>	
<b>Carrying value as at June 30, 2022</b>	<b>157,712,575</b>	<b>1,120,483,058</b>	<b>149,825,414</b>	<b>8,725,848</b>	<b>1,480,447</b>	<b>67,421</b>	<b>5,686,195</b>	<b>88,415</b>	<b>1,364,352</b>	<b>39,380</b>	<b>1,875,325</b>	<b>1,438,698,430</b>	
Carrying value as at June 30, 2021	151,220,446	685,153,441	157,710,962	10,047,762	-	96,315	777,302	126,308	1,515,947	46,329	610,752	1,007,305,563	
Rate of depreciation	-	5%	5%	15%	-	30%	30%	30%	10%	15%	15%	-	
<b>Depreciation</b>				<b>2022</b>	<b>2021</b>	<b>W.D.V.</b>						<b>2022</b>	<b>2021</b>
				<b>Rupees</b>								<b>Rupees</b>	
Assets held by school				51,038,694	42,179,861	Assets held by school						1,438,698,430	1,007,305,563
Assets held with head office				3,980,727	2,918,858	Assets held with head office						95,562,581	93,657,602
				<b>55,019,421</b>	<b>45,098,719</b>							<b>1,534,261,011</b>	<b>1,100,963,165</b>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

10	Intangible asset	Note	2023 (Rupees)	2022 (Rupees)
	Opening net book value		1,900,000	2,500,000
	Amortization charge	21	(600,000)	(600,000)
	Closing net book value		1,300,000	1,900,000
	Cost	10.1	3,000,000	3,000,000
	Accumulated amortization		(1,700,000)	(1,100,000)
			1,300,000	1,900,000
	<b>Rate of Amortization</b>		20%	20%

10.1 This represents the right of way charges for 5 years on land measuring 1 kanal & 3 marlas at Mouza koral east service road Islamabad.

11 Advance for property

This represents advances for acquisition of property i.e. food court and 2 offices in the Mall of Islamabad located at Jinnah Avenue, Blue Area and 2 offices in The Ark, I-8 Markaz, Islamabad. Both commercial buildings are under construction and possession is yet to be handed over. The Company is acquiring these properties for the purpose to earn rental therefrom. Balance amount of Rs. 31,782,183 is to be paid in installment over the period of 1 year.

12 Long term investments

This represents investment in 800 NIT Units (2022: 800 NIT Units) purchased by the Company at the rate of Rs. 12.70 whose market value at reporting date is Rs. 50.62 (2022: Rs. 64.99).

13	Long term receivable from employees	Note	2023 (Rupees)	2022 (Rupees)
	Total receivable from employees		28,167,692	10,140,727
	Less: receivable from employees - current portion		(4,015,730)	(3,698,391)
	Long term receivable from employees		24,151,962	6,442,336

14 Advances, prepayments and other receivables

considered good - secured

To employees:

- Advance against salaries	14.1	3,682,098	21,372,855
- Advance against expenses and projects		1,899,147	10,882,806
Advance against projects	14.2	84,974,988	59,673,040
Receivable from employees - current portion		4,015,730	3,698,391
Prepaid insurance		924,478	525,412
Prepaid tuition fee		2,242,731	-
Security deposits		-	130,000
Receivables - students		-	138,756,656
Receivable from school - current portion	14.3	30,204,737	-
Loan to schools		28,722,903	16,909,676
Others		4,024,729	24,622,606
		160,691,541	276,571,442

14.1 This represents interest free loan given to employees.

14.2 This mainly includes advances given to vendors for execution of qurbani project & sadqa project.

14.3 This represents payment made by Head office for school staff.

15	Receivable from school - considered good	2023 (Rupees)	2022 (Rupees)
	Foundation fund receivable from schools	16,492,293	-

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

		2023	2022
		(Rupees)	(Rupees)
<b>16</b>	<b>Tax refund due from government</b>		
	Opening balance	10,541,020	7,751,404
	Tax withheld during the year	8,373,090	2,789,616
	Balance at year end	<u>18,914,110</u>	<u>10,541,020</u>
<b>17</b>	<b>Cash and bank balances</b>		
	Cash in hand	-	1,307,939
	Cash at bank:		
	Current accounts		
	- Local currency	14,254,808	208,997,130
	- Foreign currency	-	374,481
	Saving accounts - local currency	968,386,655	565,415,324
		<u>982,641,463</u>	<u>776,094,874</u>
17.1	These carry mark up at rates ranging from 8.50% to 12.50% (2022: 6.50% to 8.50%) per annum.		
<b>18</b>	<b>Contingencies and commitments</b>		
<b>18.1</b>	<b>Contingencies</b>		
18.1.1	The Company was charged with income tax demand of Rs. 13,819,537 for the tax year 2017 vide order bearing No. 9/01 dated June 30, 2020 on account of alleged default in withholding of income tax while making payments to different vendors. The Company filed an appeal against the aforesaid assessment order before the Commissioner Inland Revenue Appeal (the "CIRA"). However, during hearing CIRA has remanded back the case to the assessing officer and no further notice is yet issued by the assessing officer.		
18.1.2	The Company was charged with income tax demand of Rs. 36,692,202 for the tax year 2018 on account of alleged default in withholding of income tax while making payments to different vendors. The Company filed an appeal against the aforesaid assessment order before the CIRA. However, during hearing CIRA has remanded back the case to the assessing officer. Subsequently, remand back proceedings were culminated vide order bearing bar code No. 100000125481165 dated June 08, 2022 (second order) creating income tax demand amounting Rs. 36,692,202. Being aggrieved with the second order, the Company filed an appeal before the CIRA. No hearing notice in this regard has been issued to the Company.		
18.1.3	The Company was charged with income tax demand of Rs. 123,221,318 for the tax year 2019 vide order bearing bar code No. 100000091054099 dated: January 20, 2021 on account of alleged default in withholding of income tax while making payments to different vendors. The Company filed an appeal against the aforesaid assessment order before the CIRA. However, during hearing CIRA has remanded back the case to the assessing officer. Subsequently, during remand back proceedings the assessing officer issued show cause notice which was duly replied and no further correspondence has been received yet.		
18.1.4	The return filed by the taxpayer' for tax year 2020 is deemed to be assessment orders in terms of section 120(1)(b) of the Income Tax Ordinance, 2001 (the "Ordinance"). No further notices in respect of amendment of assessment has yet been received.		
<b>18.2</b>	<b>Commitments</b>	<b>2024</b>	<b>2023</b>
		<b>Rupees</b>	<b>Rupees</b>
	Commitments for acquisition of:		
	Investment property	<u>31,782,183</u>	-
<b>19</b>	<b>Income</b>	<b>2023</b>	<b>2022</b>
		<b>(Rupees)</b>	<b>(Rupees)</b>
	Students contribution towards fund	176,893,544	149,002,628
	Utilization of restricted grant	1,357,846,855	839,915,894
	Unrestricted grants	43,090,167	38,045,256
	Amortization of deferred capital grant	47,733,743	38,950,449
	Service fee	193,038,754	109,604,452
	Donation in kind	1,303,647	4,983,750
	Amortization of non monetary capital grant	729,693	759,171
	Other income	58,663,562	289,245,692
		<u>1,879,299,965</u>	<u>1,470,507,292</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

20 Programme activities	2023 (Rupees)	2022 (Rupees)
<b>Specific programme activities</b>		
Orphan sponsorship programme - Education	428,187,367	385,554,720
Water Sanitation and Hygiene (WASH) programme	58,884,713	54,738,192
Orphan sponsorship programme - Sustenance support	155,157,972	122,977,748
School opening programme	19,023,136	14,621,764
Emergency relief	361,177,164	13,984,105
Construction projects supplies	29,371,606	-
Capacity building-Teachers training	3,251,518	7,335,735
Qurbani	154,181,168	74,274,569
Staff Welfare Programme	11,008,924	12,286,437
School enhancement programme	24,231,242	29,255,511
Zakat project	-	779,590
Winter clothing for orphans	28,295,777	12,618,333
Other programme	4,874,829	20,810,611
Sadqaat-Aqeeqa	6,278,375	3,316,870
Eid gifts	4,638,648	1,999,065
Ramadan programme	17,498,868	38,895,964
Feeding the poor	27,699,095	46,223,644
Scholarships Expenses	5,247,944	3,726,786
Housing project	10,064,000	-
Primary education for girls	10,078,157	-
	<b>1,359,150,503</b>	<b>843,399,644</b>
<b>Programme offices costs</b>		
Department of education - Head Office	29,136,800	21,685,514
Programme office - Muzaffarabad	8,136,318	6,434,211
Programme office - Bagh	10,718,206	8,805,550
Programme office - Bhimber	12,216,272	9,794,721
Programme office - Kotli	9,043,840	9,022,801
Programme office - Poonch	7,394,483	6,694,339
Programme office - Mirpur	7,801,725	5,760,715
Programme office - Gilgit Baltistan	4,209,455	3,627,538
Programme office - North	5,589,772	4,348,460
Programme office - Hattian Bala	7,011,968	6,005,355
Construction division	20,816,962	12,513,016
Projects implementation department	15,397,314	6,786,956
Monitoring & evaluation department	4,180,990	2,653,893
Academic support services division	22,066,990	15,151,213
Debts written-off	-	16,250
Derecognition of schools' net assets	20.1	205,754,516
Depreciation	9.1	53,650,446
	<b>423,126,057</b>	<b>163,998,303</b>
	<b>1,782,276,560</b>	<b>1,007,397,947</b>

20.1 This represents differential of schools assets and liabilities derecognized during the year. The Board in its meeting during the year decided to defer integration of schools' operations till the conclusion of comprehensive review of school management and financial systems in order to ensure the robustness and seamless integration of schools.



READ FOUNDATION

(A Company licensed under section 42 of the Companies Act, 2017)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

		2023	2022
		(Rupees)	(Rupees)
<b>21 General and administrative expenses</b>	<b>Note</b>		
Staff salaries and benefits	21.1	47,171,336	43,274,186
Office rent		2,424,322	-
Human resource management		293,009	233,420
Traveling and conveyance		6,992,558	3,722,507
Utilities		6,404,722	4,159,968
Meetings		1,757,295	1,220,363
Computer accessories		403,030	253,731
Repair and maintenance		1,325,807	2,032,380
Auditor's remuneration	21.2	1,400,000	958,160
Legal and professional fees		1,271,746	467,583
Fees and taxes		1,036,782	770,717
Courier and postages		318,279	339,814
Printing and stationery		1,103,474	677,496
Depreciation	9.1	7,414,236	7,922,150
Amortization - right of way asset	10	600,000	600,000
Miscellaneous		1,115,547	2,059,451
		<b>81,032,143</b>	<b>68,691,926</b>
<b>21.1 Staff salaries and benefits</b>			
Staff salaries		36,615,212	34,334,628
Group health insurance		6,000,160	4,042,533
Takaful/VPS contributory fund		2,092,214	1,899,235
E.O.B.I		503,750	422,550
Headship allowance		1,140,000	1,065,000
Communication allowance		470,000	488,800
Personal car allowance		350,000	300,000
Mess allowance		-	721,440
		<b>47,171,336</b>	<b>43,274,186</b>
<b>21.2 Auditor's remuneration</b>			
<b>Audit services</b>			
Annual audit fee		1,400,000	842,160
Other certifications		-	116,000
		<b>1,400,000</b>	<b>958,160</b>
<b>22 Fund raising</b>			
Staff salaries and benefits	22.1	12,632,151	8,530,075
Advertisement and promotions		7,426,072	3,499,338
Traveling and conveyance		5,160,389	3,123,993
Computer accessories		-	45,917
Printing & stationery		445,270	228,152
Utilities		179,849	-
Fee & taxes		-	8,755
Courier & postage		633,837	-
Miscellaneous		842,231	523,682
		<b>27,319,799</b>	<b>15,959,912</b>

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**READ FOUNDATION****(A Company licensed under section 42 of the Companies Act, 2017)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2023**

		2023	2022
		(Rupees)	(Rupees)
<b>22.1 Salaries and benefits</b>			
Staff salaries		11,296,055	7,087,328
Takaful/VPS contributory fund		758,763	685,082
E.O.B.I		210,000	116,625
Headship allowance		178,333	285,000
Communication allowance		189,000	189,000
Mess allowance		-	167,040
		<u>12,632,151</u>	<u>8,530,075</u>
<b>23 Financial charges</b>			
Interest on lease liability		1,845,326	2,283,862
Bank charges		1,670,615	1,419,975
		<u>3,515,941</u>	<u>3,703,837</u>
<b>24 Other income</b>	<b>Note</b>		
On acquisition of schools	24.1	-	264,162,918
Profit on bank accounts		56,038,201	21,500,740
Exchange gain		11,858	62,210
Insurance claim		-	630,000
Gain on sale of fixed asset- net		1,097,759	1,535,139
Others		1,515,744	1,354,685
		<u>58,663,562</u>	<u>289,245,692</u>

- 24.1 This represents amount of net assets relating to schools operation acquired/assigned to the Company as per clause 8 of MOUs signed for independence operations of schools. MOUs have been terminated with mutual consent during the year by the board and resultantly control of schools has been transferred to the Company effective from June 30, 2022.

READ FOUNDATION

(A Company licensed under section 42 of the Companies Act, 2017)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

24 Financial instruments and financial risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount			Fair value		
		Fair value through other comprehensive income	Amortized cost	Total	Level 1	Level 2	Level 3
		Rupees					
<b>June 30, 2023</b>							
<b>Financial assets not measured at fair value</b>							
Advances and other receivables	14	-	73,817,406	73,817,406	-	-	-
Receivable from school - considered good	15	-	16,492,293	16,492,293	-	-	-
Long term investment	12	40,496	-	40,496	40,496	-	-
Long term security deposits		-	3,279,799	3,279,799	3,279,799	-	-
Cash and bank balances	17	-	982,641,463	982,641,463	-	-	-
<b>Total</b>		<b>40,496</b>	<b>1,076,230,961</b>	<b>1,076,271,457</b>	<b>3,320,295</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>							
Lease liability	4	-	10,898,592	10,898,592	-	-	-
Trade and other payables	8	-	48,626,582	48,626,582	-	-	-
<b>June 30, 2022</b>							
<b>Financial assets not measured at fair value</b>							
Advances and other receivables	14	-	206,015,596	206,015,596	-	-	-
Receivable from school - considered good	15	-	-	-	-	-	-
Long term investment	12	51,992	-	51,992	51,992	-	-
Long term security deposits		-	1,083,799	1,083,799	1,083,799	-	-
Cash and bank balances	17	-	776,094,874	776,094,874	-	-	-
<b>Total</b>		<b>51,992</b>	<b>983,194,269</b>	<b>983,246,261</b>	<b>1,135,791</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities not measured at fair value</b>							
Lease liability	4	-	17,156,064	17,156,064	-	-	-
Trade and other payables	8	-	178,712,413	178,712,413	-	-	-

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## READ FOUNDATION

(A Company licensed under section 42 of the Companies Act, 2017)

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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#### 24 Financial instruments and financial risk management (continued)

##### B. Measurement of fair values

###### (i) Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

###### (ii) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

##### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

##### Non – derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

##### Non – derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

##### C. Financial risk management

The Company has exposures to the following risks from their use of financial instruments:

###### 24.1 Credit risk

###### 24.2 Liquidity risk

###### 24.3 Market risk

##### Risk management framework

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of directors oversee how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The management of the Company undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors.

**READ FOUNDATION****(A Company licensed under section 42 of the Companies Act, 2017)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2023****24.1 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into trade the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

**(a) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. Credit risk of the Company arises principally from advances, short term deposits prepayments and other receivables, long term investment and bank balances.

The Company's credit risk exposures are categorized under the following headings:

	<u>2023</u> Rupees	<u>2022</u> Rupees
Advances, and other receivables	73,817,406	206,015,596
Receivable from school - considered good	16,492,293	-
Long term investment - FV through other comprehensive income	40,496	51,992
Long term security deposits	3,279,799	1,083,799
Bank balances	982,641,463	776,094,874
	<u>1,076,271,457</u>	<u>983,246,261</u>

The Company believes that no impairment allowance is necessary in respect of advances, deposits and other financial assets as the recovery of such amounts is possible.

**(d) Credit quality of financial Assets**

The credit quality of companies financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

		<u>2023</u> Rupees	<u>2022</u> Rupees
<b>Advances, prepayments and other receivables</b>			
Counterparties with external credit ratings	Not rated	73,817,406	206,015,596
<b>Long term investment - FV through other comprehensive income</b>			
Counterparties without external credit ratings	Not rated	40,496	51,992
<b>Long term security deposits</b>			
Counterparties without external credit ratings	Not rated	3,279,799	1,083,799
		<u>2023</u> Rupees	<u>2022</u> Rupees
<b>Bank balances</b>			
Counterparties with external credit ratings	A-1 to A-1+	982,641,463	776,094,874

**READ FOUNDATION**

(A Company licensed under section 42 of the Companies Act, 2017)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**(b) Currency risk management**

**(i) Exposure to currency risk**

The Company's exposure to currency risk includes United States Dollar (USD), Euro and GBP. As at the reporting date, the Foundation's exposure to the above mentioned currencies were as follows based on notional amounts:

	2023			2022		
	USD	EUR	GBP	USD	EUR	GBP
Bank balance	-	-	-	725.94	540.60	443.46

The following exchange rates have been applied.

	Average rates		Closing rates	
	2023	2022	2023	2022
	(Rupees)		(Rupees)	
United States Dollar (USD)	244.80	217.21	285.25	204.85
Great British Pound (GBP)	304.28	265.52	361.71	248.48
Euro (EUR)	261.45	232.96	310.31	213.81

**(ii) Sensitivity analysis**

A reasonably possible strengthening (weakening) of the Pakistani Rupee against all other currencies at 30 June would have affected the measurement of financial instruments denominated in a foreign currency and affected surplus or deficit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Effect in Rupees	Statement of Income and Expenditure	
	Strengthening	Weakening
<b>June 30, 2023</b>		
USD (10% movement)	-	-
GBP(10% movement)	-	-
EUR (10% movement)	-	-
<b>June 30, 2022</b>		
USD (10% movement)	25,904	(25,904)
GBP(10% movement)	24,545	(24,545)
EUR (10% movement)	49,210	(49,210)

**(c) The Company is not exposed to any other type of market price risks.**

**READ FOUNDATION**

(A Company licensed under section 42 of the Companies Act, 2017)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

**25 Remuneration of chief executive and executives**

The aggregate amount charged in these financial statements as remuneration and allowance including all benefits to chief executive and executive of the Company is as follows:

Description	2023		2022	
	Chief Executive	Executives	Chief Executive	Executives
	----- (Rupees) -----			
Managerial remuneration	4,588,576	71,440,250	3,992,703	46,093,148
Communication allowance	66,000	925,000	66,000	666,400
Headship allowance	240,000	2,294,667	240,000	2,130,000
Eid-ul-fitr allowance	15,000	570,000	-	-
Travelling allowance	-	37,000	-	444,000
EOBI contribution	15,000	570,000	12,500	300,750
Takaful contribution	271,116	3,971,180	233,724	2,649,226
Self driving/personal car	350,000	1,605,000	300,000	1,080,000
Mess allowance	-	-	-	380,280
	<b>5,545,692</b>	<b>81,413,097</b>	<b>4,844,927</b>	<b>53,743,804</b>
Number of persons	1	38	1	25

The Company provides a Company maintained car and free telephone facility, both for official and personal use to Chief Executive Officer (CEO). CEO and executives with their family members were also provided group health facility by paying group takaful contribution.

25.1 No fee has been paid to directors.

**26 Related party transactions**

Related parties comprise of directors, chief executive officers (key management personnel) and entities over which directors are able to exercise significant influence. Transactions with the related parties other than those which have been disclosed in relevant notes to the accounts are as follows:

Name of related party	Relationship	Transactions during the year and year end balances	2023 (Rupees)	2022 (Rupees)
Association for Academic Quality	Associated by virtue of common directorship	Purchase of books	614,854	3,776,500
		Donation received	-	10,620,322
Character Education Foundation	Associated by virtue of common directorship	Advance paid against teachers training expense for Holy Quran	500,000	6,791,259
		Purchase of books	1,917,765	814,904
		Donation received	539,649	-

26.1 Related party transactions are carried out on mutually agreed terms.

**27 Number of employees**

	2023 Number	2022 Number
Number of employees at year end	204	183
Average number of employees during the year	192	169

**READ FOUNDATION**

(A Company licensed under section 42 of the Companies Act, 2017)

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2023**

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**28 General**

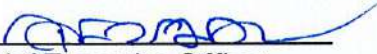
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Figures in these financial statements have been rounded off to the nearest Pakistan Rupee.

**29 Date of authorization for issue**

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These financial statements have been authorized for issue on 09 DEC 2023 by the board of directors of the Company. 



Chief Executive Officer



Director