READ FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of Read Foundation

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of Read Foundation (" the Company") which comprise the statement of financial position as at June 30, 2024 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 material accounting policy information 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, 2024 and of the surplus and other comprehensive income, 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.

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

Management is responsible for the other information. The other information comprises the information included in the directors' report, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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 fund 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
Date: October 08, 2024
UDIN: AR202410209h1Ms8peUN

READ FOUNDATION
(A Company licensed under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024 (Rupees)	2023 (Rupees)
Funds and reserves			
General fund		846,639,964	537,506,496
Endowment fund		5,188,000	5,188,000
Operating reserve fund		40,647,100	40,647,100
		892,475,064	583,341,596
Non-current liabilities			
Lease liability	4	10,013,586	8,060,780
Deferred capital grant	5	1,499,262,168	1,257,338,558
Non-monetary capital grant	6	12,824,020	13,606,050
Restricted grant	7	1,754,859,367	1,510,912,442
Payable against land	8	3,559,489,984	-
Retirement benefits	9	127,517,998	-
		6,963,967,123	2,789,917,830
Current liabilities			
Current portion of lease liability	4	4,452,955	2,837,812
Trade and other payable	10	472,109,325	48,626,582
		476,562,280	51,464,394
		8,333,004,468	3,424,723,820
Assets			
Non-current assets			
Property and equipment	11	7,070,406,698	2,048,810,906
Intangible asset	12	700,000	1,300,000
Advance for property	13	308,153,351	168,401,250
Long term investment	14	68,232	40,496
Long term security deposits		3,394,799	3,279,799
Long term receivables	15	73,731,590	24,151,962
		7,456,454,670	2,245,984,413
Current assets			
Advances, prepayments and other receivables	16	310,148,526	160,691,541
Receivable from school - considered good	17	14,857,199	16,492,293
Tax refund due from government	18	46,295,949	18,914,110
Cash and bank balances	19	505,248,123	982,641,463
		876,549,798	1,178,739,407
		8,333,004,468	3,424,723,820
Contingencies and commitments	20		

The annexed notes 1 to 32 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, 2024

	Note	2024 (Rupees)	2023 (Rupees)
Income	21	3,215,974,147	1,879,299,965
Expenditure			
Programme activities	22	2,739,632,412	1,782,276,560
General and administrative expense	23	118,025,612	81,032,143
Fund raising	24	40,944,328	27,319,799
Financial charges	25	8,266,064	3,515,941
		2,906,868,415	1,894,144,443
Surplus/(Deficit) for the year - before taxation		309,105,732	(14,844,478)
Taxation		-	-
Surplus for the year - after taxation		309,105,732	(14,844,478)
Other comprehensive income/ (loss)		27,736	(11,496)
Total comprehensive income/(loss) for the year		309,133,468	(14,855,974)

The annexed notes 1 to 32 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, 2024

	Note	2024 (Rupees)	2023 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus/Deficit for the year		309,133,468	(14,844,478)
Adjustment for non- cash items:			
Depreciation-property and equipment	11.1	78,736,561	61,664,682
Amortisation-right of use assets	11.1	4,451,758	-
Amortisation-intangible assets	12	600,000	-
Finance charges on lease liability	4	2,094,269	1,845,326
Fair value gain on long term investment	14	(27,736)	-
Gain on disposal of asset		-	(1,097,759)
Provision for gratuity	9.1	127,517,998	-
Amortization of deferred capital grant	5	(69,412,730)	(47,733,743)
Amortization of non monetary capital grant	6	(782,030)	(729,693)
Transferred to deferred capital grant - depreciable assets	7	(311,336,340)	(476,492,018)
Non-depreciable assets charged to income	7	(160,731,126)	-
Service fee	7	(223,075,974)	(193,038,754)
Amortization of restricted grant	7	(2,358,482,208)	(1,357,846,856)
		(2,910,447,557)	(2,013,428,815)
Operating deficit before working capital changes		(2,601,314,089)	(2,028,273,293)
(Increase)/decrease in current asset			
Advances, prepayments and other receivables		(149,456,985)	115,879,901
Long term deposits and receivables		(189,446,729)	(185,906,876)
Receivable from school - considered good		1,635,094	(16,492,293)
		(337,268,621)	(86,519,268)
Increase/(decrease) in current liabilities:			
Trade and other payables		3,982,972,727	(130,085,831)
CASHFLOW AFTER WORKING CAPITAL CHANGES		1,044,390,018	(2,244,878,392)
Grant received during the year	7	3,387,793,378	2,543,719,332
Income tax paid/withheld		(27,381,839)	(8,373,090)
Net cash generated from operating activities		4,404,801,556	290,467,850
Cash flow from investing activities			
Purchase of property and equipment- net		(4,714,395,364)	(75,818,463)
Addition to capital work in progress		(383,229,657)	-
Right of use asset		(7,159,090)	-
Net cash used in investing activities		(5,104,784,111)	(75,818,463)
Cash flow from financing activities			
Lease liability- net		1,473,680	(8,102,798)
Deferred capital grant		311,336,340	-
Inter fund transfer-net		(90,220,805)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		222,589,215	(8,102,798)
Net increase in cash and cash equivalents		(477,393,340)	206,546,589
Cash and cash equivalents at the beginning of the year		982,641,463	776,094,874
Cash and cash equivalents at the end of the year		505,248,123	982,641,463

The annexed notes 1 to 32 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, 2024

	General fund	Endowment fund	Opearting reserve fund	Total
	.... (Rupees)			
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	552,362,470	5,188,000	40,647,100	598,197,570
Total comprehensive loss for the year	(14,855,974)	-	-	(14,855,974)
Balance as at July 01, 2023	537,506,496	5,188,000	40,647,100	583,341,596
Total comprehensive income for the year	**309,133,468**			
Balance as at June 30, 2024	**846,639,964**	**5,188,000**	**40,647,100**	**892,475,064**

The annexed notes 1 to 32 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, 2024

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 Board 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 Basis of measurement

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. All financial information presented in Pakistani Rupees is rounded to nearest rupee.

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.

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 Changes in accounting standards, interpretations and pronouncements

2.5.2 Standards, interpretations and amendments to accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective from the dates mentioned below:

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2024
IAS 7	Statement of Cash Flows	January 1, 2024
IFRS 16	Leases (Amendments)	January 1, 2024
IAS 21	The Effects of changes in Foreign Exchange Rates (Amendments)	January 1, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 17	Insurance Contracts	January 1, 2026
IFRS 9	Financial Instruments – Classification and Measurement of Financial Instruments (Amendments)	January 1, 2026

The above standard, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's Financial statements.

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notied locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2024:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRIC 12	Service Concession Arrangement
IFRS 18	Presentation and Disclosures in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

3 MATERIAL ACCOUNTING POLICIES INFORMATION

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 'Making Materiality Judgements') from July 1, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements. The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements.

The material 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, 2026.

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. Company has a policy to capitalize assets costing PKR 35,000 or above. 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.

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 Retirement benefits-Defined benefit plan

The Company operates unrecognized gratuity fund covering all its employees who have completed the minimum qualifying period of service as defined. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

Charge for the year is recognized in statement of income and expenditure.

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.

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 losses 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

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).

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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.

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.

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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4	Lease Liability	Note	2024 (Rupees)	2023 (Rupees)
	Opening balance		10,898,592	17,156,064
	Addition		7,412,847	-
	Interest expenses relating to lease liability		2,094,269	1,845,326
	Payments during the year		(5,939,167)	(8,102,798)
	Closing balance	4.1	14,466,541	10,898,592
	Lease liability is presented on the statement of financial position as follows:			
	Current		4,452,955	2,837,812
	Non-current		10,013,586	8,060,780
			14,466,541	10,898,592

4.1 Future minimum lease payments as at June 30, 2024 are as follows:

	1 Year	2 - 5 Years	Total
	Rupees		
June 30, 2024			
Lease payments	6,440,952	13,236,809	19,677,761
Finance cost	(1,987,997)	(3,223,223)	(5,211,220)
Net present value	4,452,955	10,013,586	14,466,541

	1 Year	2 - 5 Years	Total
	Rupees		
June 30, 2023			
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	2,837,812	8,060,780	10,898,592

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	2024 (Rupees)	2023 (Rupees)
	Opening balance		1,257,338,558	828,580,283
	Transferred from restricted grant	7	311,336,340	476,492,018
	Amortization credited to income	5.1	(69,412,730)	(47,733,743)
	Closing Balance		1,499,262,168	1,257,338,558

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

6	Non Monetary Capital Grant	Note	2024 (Rupees)	2023 (Rupees)
	Opening balance		13,606,050	14,335,743
	Non monetary asset received during the year		-	-
	Amortization credited to income	6.1	(782,030)	(729,693)
	Closing Balance		12,824,020	13,606,050

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

7	Restricted Grant	2024 (Rupees)	2023 (Rupees)
	Opening balance	1,510,912,442	994,570,738
	Funds received during the year	3,387,793,378	2,543,719,332
	Transferred to deferred capital grant - depreciable assets	(311,336,340)	(476,492,018)
	Service fee	(223,075,974)	(193,038,754)
	Transferred to grant income for projects	(2,358,482,208)	(1,357,846,856)
	Non-depreciable assets charged to income	(160,731,126)	-
	Inter fund transfers-net	(90,220,805)	-
	Closing Balance	1,754,859,367	1,510,912,442

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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	Water sharing for orphans	Other programmes	Sadqa-e-Agheeqa	Eid gifts	Ramadan Programme	Executions	Feeding the Poor	Housing Project	Primary Education for Girls	Total
Balance as at July 1, [illegible]	[illegible]																					[illegible]
Funds received during the year	[illegible]																					[illegible]
Inter fund transfer	[illegible]																					[illegible]
Grants available for spending	[illegible]																					[illegible]
Less: expenses against grants	[illegible]																					[illegible]
Less: service fee	[illegible]																					[illegible]
Less: Inter fund transfer	[illegible]																					[illegible]
Less: Non-depreciable assets charged to income	[illegible]																					[illegible]
Transferred to deferred capital grant	[illegible]																					[illegible]
Balance as at June 30, [illegible]	[illegible]																					[illegible]
Balance as at July 1, [illegible]	[illegible]																					[illegible]
Funds received during the year	[illegible]																					[illegible]
Grants available for spending	[illegible]																					[illegible]
Less: expenses against grants	[illegible]																					[illegible]
Less: service fee	[illegible]																					[illegible]
Transferred to deferred capital grant	[illegible]																					[illegible]
Balance as at June 30, [illegible]	[illegible]																					[illegible]

7.3 Sources of 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	Water sharing for orphans	Other programmes	Sadqa-e-Agheeqa	Eid gifts	Ramadan Programme	Executions	Feeding the Poor	Housing Project	Primary Education for Girls	Total
By Source																						
Donations from corporate sector	[illegible]																					[illegible]
Donations from individuals	[illegible]																					[illegible]
Donations from schools	[illegible]																					[illegible]
By Origin																						
Local	[illegible]																					[illegible]
Foreign	[illegible]																					[illegible]
By Source																						
Donations from corporate sector	[illegible]																					[illegible]
Donations from individuals	[illegible]																					[illegible]
Donations from schools	[illegible]																					[illegible]
By Origin																						
Local	[illegible]																					[illegible]
Foreign	[illegible]																					[illegible]

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8	Payable against Land	Note	2024 (Rupees)	2023 (Rupees)
	Payable to M/s Bahria Town	8.1	3,837,165,389	-
	Less: Current portion		(277,675,405)	-
	Non-current portion		3,559,489,984	-

8.1 The Company has purchased Plot 1-A, Sector M, Bahria Enclave, Islamabad (124.66 Kanal) from M/s Bahria Town (Private) Limited, with possession transferred on June 6, 2024. The purchase price shall be paid in 24 consecutive quarterly installments, commencing on September 30, 2024 and ending on June 30, 2030 , over a period of six years.

9	Retirement Benefits	Note	2024 (Rupees)
	Gratuity	9.1	127,517,998

9.1 Gratuity:

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

	Note	2024 (Rupees)
Present value of defined benefit obligation		180,838,289
Fair value of plan assets		-
Benefits already paid	9.1.1	(53,320,291)
Closing net liability		127,517,998

9.1.1 This represents amount already paid in respect of voluntry pension scheme / Takaful contributions for previous period of employment with READ Foundation prior to effective date of gratuity policy.

9.2 The amounts recognized in the statement of income and expenditure are as follows:

	2024 (Rupees)
Current service cost	16,385,845
Past service cost	173,812,099
Interest cost	-
	190,197,944

9.3 The movement in the present value of defined benefit obligation is as follows:

	2024 (Rupees)
Opening value of defined benefit obligation	-
Current service cost	16,385,845
Past service cost	173,812,099
Interest cost	-
Benefits paid	(9,359,655)
Remeasurements on obligation	-
Closing value of defined benefit obligation	180,838,289

Principal actuarial assumptions

The latest actuarial valuation was carried out as at June 30, 2024. Projected unit credit actuarial cost method, using following significant assumptions was used for the valuation of the gratuity:

Weighted average assumptions to determine benefit obligation:

Discount rate	14%
Rate of salary increase (long term)	13%

Weighted average assumptions to determine benefit cost:

Discount rate	15.75%
Rate of salary increase (long term)	14.75%

The sensitivity of defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation (2024)		
	Change in assumptions	Increase in assumption	Decrease in assumption
Discount rate	1%	163,484,803	201,314,857
Salary growth rate	1%	201,476,901	162,996,543

10	Trade and Other Payables	Note	2024 (Rupees)	2023 (Rupees)
	Audit fee		1,540,000	1,400,000
	Utilities payable		1,017,000	523,791
	Staff salaries payable		122,212	67,894
	Payable to schools against tuition fee and others		1,573,742	1,068,703
	Account payables to suppliers		129,514,694	1,381,205
	Payable against projects		17,243,630	49,243
	Payable to employees against expenses		10,221,770	699,685
	Payable to regional offices		2,851,871	531,769
	Payable to AFAQ - related party		2,830,428	-
	Unclassified donations	10.1	27,414,855	42,781,786
	Payable against land		277,675,405	-
	Other payables		103,718	122,506
			472,109,325	48,626,582

10.1 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.

11	Property and Equipment	Note	2024 (Rupees)	2023 (Rupees)
	Operating assets			
	- Assets held with head office	11.5	4,471,143,330	96,008,872
	- Assets held with schools	11.6	1,699,222,775	1,438,698,430
			6,170,366,105	1,534,707,302
	- Capital work in progress	11.2	888,268,498	505,038,841
	-Right of use asset	11.4	11,772,095	9,064,763
			7,070,406,698	2,048,810,906
11.1	**Depreciation has been allocated as follows:**			
	Programme activities	22.2	76,780,321	53,650,446
	General and administrative expense	23	6,407,998	7,414,236
			83,188,319	61,064,682
11.2	**Capital work in progress**			
	Advances to parties for:			
	- Permanent buildings construction		32,137,137	28,193,747
	- Purchase of land		22,833,940	51,975,000
			54,971,077	80,168,747
	Construction expenses			
	- Permanent buildings construction		833,297,421	424,870,094
			888,268,498	505,038,841

11.3 During the year construction of school buildings was completed and the related costs accumulated under work in progress amounting to PKR. 311,336,340/-. were transferred to a category "building permanent" of assets held with schools (2023: PKR. 475,892,018).

11.4	Right of use assets:	2024 (Rupees)	2023 (Rupees)
	Movement in right-of-use assets is as follows:		
	Opening net book value	9,064,763	15,110,024
	Addition	7,159,090	-
	Depreciation charge	(4,451,758)	(6,045,261)
	Closing net book value	11,772,095	9,064,763

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11.5 Assets held with Head Office

Particulars	Note	Land	Office equipments	Machinery	Computers	Motor vehicles	Furniture and fixture	Library	Solar energy system	Electric and gas appliances	Total
		Rupees									
Cost											
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	2,540,950	136,000	-	-	209,144	1,834,516	6,534,739
Disposals during the year		-	-	-	(1,569,220)	-	-	-	-	-	(1,569,221)
Balance as at June 30, 2023		**73,360,566**	**12,577,959**	**727,736**	**16,883,814**	**7,983,158**	**3,962,830**	**40,404**	**1,364,144**	**7,807,455**	**124,708,065**
Additions during the year	11.5.1	4,370,000,000	2,889,755	80,948	4,991,432	-	-	-	-	2,116,089	4,380,078,224
Disposals during the year		-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2024		**4,443,360,566**	**15,467,714**	**808,684**	**21,875,246**	**7,983,158**	**3,962,830**	**40,404**	**1,364,144**	**9,923,544**	**4,504,786,289**
Accumulated depreciation											
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)
Balance as at June 30, 2023		-	**6,165,227**	**376,824**	**12,198,552**	**2,729,716**	**3,173,667**	**40,304**	**559,123**	**3,455,780**	**28,699,193**
Depreciation for the year		-	1,151,932	62,755	1,974,529	788,016	118,374	30	40,251	807,879	4,943,766
Depreciation on disposals		-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2024		-	**7,317,159**	**439,579**	**14,173,081**	**3,517,732**	**3,292,041**	**40,334**	**599,374**	**4,263,659**	**33,642,959**
Carrying value as at June 30, 2024		**4,443,360,566**	**8,150,555**	**369,105**	**7,702,165**	**4,465,426**	**670,789**	**70**	**764,770**	**5,659,885**	**4,471,143,330**
Carrying value as at June 30, 2023		73,360,566	6,412,732	350,912	4,685,262	5,253,442	789,163	100	805,021	4,351,675	96,008,872
Rate of depreciation		-	15%	15%	30%	15%	15%	30%	5%	15%	

11.5.1 Land has been purchased for the purpose of construction of multi-purpose building including education institution as decided by the board in its meeting on June 8, 2024. However, the board is considering other options as well for utilization of this land, best suited to the objective of the Company.

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11.6 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						
Cost												
Balance as at June 30, 2022	142,570,446	849,796,241	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	491,081,563
Balance as at June 30, 2023	149,062,575	1,325,688,259	310,259,865	60,747,821	1,527,296	7,895,610	34,748,531	4,027,648	4,038,989	515,653	3,922,794	1,902,419,044
Additions during the year	21,030,800	311,336,340	-	-	-	-	-	-	-	1,950,000	-	334,317,340
Balance as at June 30, 2024	170,093,375	1,637,036,599	310,259,865	60,747,821	1,527,296	7,895,610	34,748,531	4,027,648	4,038,989	2,465,653	3,922,794	2,236,736,381
Accumulated depreciation												
Balance as at June 30, 2022	-	164,634,800	152,548,905	50,505,099	-	7,799,295	28,389,912	3,901,540	2,515,042	469,324	1,718,242	412,683,317
Depreciation for the year	-	40,562,401	7,885,546	1,316,974	46,849	28,894	672,424	37,593	151,595	6,949	129,227	51,038,694
Balance as at June 30, 2023	-	205,197,201	160,434,451	51,821,973	46,849	7,828,189	29,062,336	3,939,133	2,666,637	476,273	1,847,469	463,778,611
Depreciation for the year	-	62,569,955	7,491,271	1,309,877	222,067	20,226	1,706,858	26,329	136,435	30,282	281,299	73,792,795
Balance as at June 30, 2024	-	267,767,156	167,925,722	53,330,850	268,916	7,848,415	30,768,194	3,965,758	2,803,072	506,555	2,328,768	537,513,406
Carrying value as at June 30, 2024	170,093,375	1,369,269,443	142,334,143	7,416,971	1,258,380	47,195	3,980,337	61,891	1,227,917	1,959,098	1,594,026	1,699,222,775
Carrying value as at June 30, 2023	149,062,575	1,120,483,058	149,825,414	8,725,848	1,480,447	67,421	5,686,195	88,515	1,364,352	39,380	1,875,325	1,438,696,430
Rate of depreciation	-	5%	5%	15%	15%	30%	30%	30%	10%	15%	15%	

Depreciation	2024	2023
	Rupees	
Assets held by school	73,792,795	51,038,694
Assets held with head office	4,943,766	3,980,727
	78,736,561	55,019,421

W.D.V.	2024	2023
	Rupees	
Assets held by school	1,699,222,775	1,438,659,430
Assets held with head office	4,471,143,330	95,998,872
	6,170,366,105	1,534,707,302

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		Note	2024 (Rupees)	2023 (Rupees)
12	**Intangible Asset**			
	Opening net book value		1,300,000	1,900,000
	Amortization charge	23	(600,000)	(600,000)
	Closing net book value		700,000	1,300,000
	Cost	12.1	3,000,000	3,000,000
	Accumulated amortization		(2,300,000)	(1,700,000)
			700,000	1,300,000
	Rate of Amortization		20%	20%

12.1 This represents the right of way charges for a period of 5 years on land measuring 1 kanal & 3 marlas located at Mouza Koral East,Service road,Islamabad.

		Note	2024 (Rupees)	2023 (Rupees)
13	**Advance for Property**			
	Advance for Food Court, Jinnah Avenue, Islamabad	13.1	116,498,521	40,000,000
	Advance for a flat	13.2	22,750,000	22,750,000
	Advance for two offices	13.3	144,426,700	105,651,250
	Advance for agro-farm	13.4	24,478,130	-
			308,153,351	168,401,250

13.1 This represents advances paid for acquisition of food court in the Mall of Islamabad located at Jinnah Avenue, Blue Area. Balance to be paid over a period of 1 year is PKR 27,028,779/-.

13.2 This represents advances to M/s AAS Real Estate Developers (Pvt) Ltd for acquisition of a flat in ARK Plaza I-8, Islamabad. Possession shall be transferred in the name of READ on March 31, 2025.

13.3 This represents advances to M/s Bahria Town (Pvt) Ltd for acquisition of 2 offices(703 and 703A) in the Mall of Islamabad located at Jinnah Avenue, Blue Area, Islamabad.

13.4 This represents advance to M/s Bahria Town (Pvt) Ltd for acquistion of Agro Farm located in Sector 12, Bahria Enclave, Islamabad. Balance to be paid over a period of 1 year is PKR 15,00,000/-.

14 Long Term Investments

This represents investment in 800 NIT Units (2023: 800 NIT Units) purchased by the Company at the rate of Rs. 12.70 whose market value at reporting date is Rs. 85.29 (2023: Rs. 50.62).

		Note	2024 (Rupees)	2023 (Rupees)
15	**Long term loans and receivables**			
	Long term receivable from employees	15.1	38,731,590	24,151,962
	Long term receivable from schools		35,000,000	-
			73,731,590	24,151,962
15.1	**Long term receivable from employees**			
	Total receivable from employees		43,421,030	28,167,692
	Less: receivable from employees - current portion		(4,689,440)	(4,015,730)
	Long term receivable from employees		38,731,590	24,151,962

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		Note	2024 (Rupees)	2023 (Rupees)
16	**Advances, Prepayments and Other Receivables**			
	considered good - secured			
	To employees:			
	- Advance against salaries	16.1	3,770,847	3,682,098
	- Advance against expenses and projects		20,857,545	1,899,147
	Advance and receivables against supplies	16.2	249,648,668	84,974,988
	Receivable from employees - current portion		4,689,440	4,015,730
	Prepaid insurance		961,292	924,478
	Prepaid tuition fee		2,345,195	2,242,731
	Recievable from school - current portion	16.3	-	30,204,737
	Loan to schools		24,549,825	28,722,903
	Others		3,325,714	4,024,729
			310,148,526	160,691,541

16.1 This represents interest free loan given to employees.

16.2 This mainly includes advances given to vendors for execution of different project.

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

		2024 (Rupees)	2023 (Rupees)
17	**Receivable From School - Considered Good**		
	Foundation fund receivable from schools	14,857,199	16,492,293
18	**Tax Refund Due From Government**		
	Opening balance	18,914,110	10,541,020
	Tax withheld during the year	27,381,839	8,373,090
	Balance at year end	46,295,949	18,914,110

		Note		
19	**Cash and Bank Balances**			
	Cash in hand		-	-
	Cash at banks:			
	Current accounts-local currency		15,078,940	14,254,808
	Saving accounts - local currency	19.1	490,169,183	968,386,655
			505,248,123	982,641,463

19.1 These carry mark up at rates ranging from 13% to 14% (2023: 8.5% to 12.5%) per annum.

20 Contingencies and commitments

20.1 Contingencies

20.1.1 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.

20.1.2 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.

20.1.3 There are some litigations filed against the Company involving land acquired/ donated from donors. Possession and title of these land are in the name of Company. In most of which the Company involved as defendant, however the outcome of the cases cannot be ascertained at this stage of proceeding.

		2024 (Rupees)	2023 (Rupees)
20.2	**Commitments**		
	Commitments for acquisition of:		
	Investment property	42,028,779	31,782,183

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		Note	2024 (Rupees)	2023 (Rupees)
21	**Income**			
	Students contribution towards fund		213,105,628	176,893,544
	Utilization of restricted grant		2,358,482,208	1,357,846,855
	Unrestricted grants		75,238,285	43,090,167
	Amortization of deferred capital grant	5	69,412,730	47,733,743
	Service fee	7	223,075,974	193,038,754
	Donation in kind		21,098,376	1,303,647
	Amortization of non monetary capital grant	6	782,030	729,693
	Non-depreciable assets charged to income		160,731,126	-
	Other income	26	94,047,790	58,663,562
			3,215,974,147	1,879,299,965

22 Programme activities

		2024	2023
22.1	**Specific programme activities**		
	Orphan sponsorship programme - Education	749,001,806	428,187,367
	Water Sanitation and Hygiene (WASH) programme	77,140,708	58,884,713
	Orphan sponsorship programme - Sustenance support	265,239,243	155,157,972
	School opening programme	17,754,788	19,023,136
	Emergency relief	484,560,941	361,177,164
	Construction projects supplies	19,852,664	29,371,606
	Capacity building-Teachers training	8,154,318	3,251,518
	Qurbani	449,295,968	154,181,168
	Staff Welfare Programme	13,672,895	11,008,924
	School enhancement programme	24,526,941	24,231,242
	Zakat project	164,690	-
	Winter clothing for orphans	26,050,501	28,295,777
	Other programme		4,874,829
	Sadqaat-Aqeeqa	7,500,468	6,278,375
	Eid gifts	2,466,397	4,638,648
	Ramadan programme	27,785,068	17,498,868
	Feeding the poor	-	27,699,095
	Scholarships Expenses	7,540,930	5,247,944
	Housing project	-	10,064,000
	Programme expenses in kind	3,762,376	-
	Primary education for girls	177,361,384	10,078,157
		2,361,832,086	1,359,150,503

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22.2 Programme offices costs	Note	2024 (Rupees)	2023 (Rupees)
Department of education - Head Office		55,788,023	29,136,800
Programme office - Muzaffarabad		11,089,104	8,136,318
Programme office - Bagh		19,073,744	10,718,206
Programme office - Bhimber		18,120,585	12,216,272
Programme office - Kotli		13,398,760	9,043,840
Programme office - Poonch		9,013,960	7,394,483
Programme office - Mirpur		10,827,475	7,801,725
Programme office - Gilgit Baltistan		7,118,041	4,209,455
Programme office - North		-	5,589,772
Programme office - Hattian Bala		10,388,448	7,011,968
Programme office - Kharian		13,749,769	-
Construction division		50,019,851	20,816,962
Projects implementation department		14,323,779	15,397,314
Monitoring & evaluation department		16,080,725	4,180,990
Academic support services division		52,027,741	22,066,990
Derecognition of schools' net assets	22.2.1	-	205,754,516
Depreciation	11.1	76,780,321	53,650,446
		377,800,325	423,126,057
		2,739,632,412	1,782,276,560

22.2.1 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.

22.2.2 This include employee retirement benefits (gratuity) of Rs. 97,315,780 (2023: Nil)

23 General and administrative expenses	Note	2024 (Rupees)	2023 (Rupees)
Staff salaries and benefits	23.1	73,661,683	47,171,336
Office rent		5,917,992	2,424,322
Human resource management		147,000	293,009
Traveling and conveyance		9,892,522	6,992,558
Utilities		9,409,524	6,404,722
Meetings		153,673	1,757,295
Computer accessories		224,719	403,030
Repair and maintenance		2,235,654	1,325,807
Auditor's remuneration	23.2	1,540,000	1,400,000
Legal and professional fees		621,815	1,271,746
Fees and taxes		1,877,407	1,036,782
Courier and postages		396,108	318,279
Books and Periodicals		2,150	-
Mess and canteen		2,155,702	-
Training		199,298	-
Printing and stationery		914,769	1,103,474
Depreciation	11.1	6,407,998	7,414,236
Amortization - right of way asset	12	600,000	600,000
Miscellaneous		1,667,598	1,115,547
		118,025,612	81,032,143

		2024	2023
23.1 Staff salaries and benefits		(Rupees)	(Rupees)
Staff salaries		44,179,578	36,615,212
Group health insurance		6,079,549	6,000,160
Takaful/VPS contributory fund		7,759	2,092,214
E.O.B.I		660,950	505,750
Headship allowance		1,140,000	1,140,000
Communication allowance		469,000	470,000
Car allowance		420,000	350,000
Gratuity expense		19,625,093	-
Staff welfare		1,079,753	-
		73,661,683	47,171,336
23.2 Auditor's remuneration			
Audit services			
Annual audit fee		1,540,000	1,400,000
Other certifications		-	-
		1,540,000	1,400,000
24 Fund raising	Note		
Staff salaries and benefits	24.1	27,026,651	12,632,151
Advertisement and promotions		3,997,714	7,426,072
Traveling and conveyance		8,222,317	5,160,389
Computer accessories		10,903	-
Printing & stationery		452,913	445,270
Utilities		115,050	179,849
Books and Periodicals		17,602	-
Courier & postage		80,248	633,837
Training		24,250	-
Meeting		101,393	-
Repair and maintenance		44,907	-
Mess and canteen		28,774	-
Miscellaneous		821,606	842,231
		40,944,328	27,319,799
24.1 Salaries and benefits			
Staff salaries		12,319,626	11,296,055
Takaful/VPS contributory fund		21,274	758,763
E.O.B.I		294,586	210,000
Headship allowance		180,000	178,333
Communication allowance		116,500	189,000
Gratuity expense		10,577,125	-
Staff welfare		3,517,540	-
		27,026,651	12,632,151
25 Financial charges			
Interest on lease liability		2,094,269	1,845,326
Interest on land purchased on installments		3,015,536	-
Bank charges		3,156,259	1,670,615
		8,266,064	3,515,941
26 Other income			
Profit on bank accounts		90,828,050	56,038,201
Exchange gain		-	11,858
Gain on sale of fixed asset- net		-	1,097,759
Others		3,219,740	1,515,744
		94,047,790	58,663,562

27 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.

		Carrying amount			Fair value			
		Fair value through other comprehensive income	Amortized cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2024	Note	Rupees						
Financial assets not measured at fair value								
Advances and other receivables	16	-	32,564,979	32,564,979	-	-	-	-
Receivable from school - considered good	17	-	14,857,199	14,857,199	-	-	-	-
Long term investment	14	68,232	-	68,232	68,232	-	-	-
Long term security deposits		-	3,394,799	3,394,799	3,394,799	-	-	-
Cash and bank balances	19	-	505,248,123	505,248,123	-	-	-	-
Total		68,232	556,065,100	556,133,332	3,463,031	-	-	-
Financial liabilities not measured at fair value								
Lease liability	4	-	14,466,541	14,466,541	-	-	-	-
Trade and other payables	10	-	472,109,325	472,109,325	-	-	-	-
June 30, 2023	Note	Rupees						
Financial assets not measured at fair value								
Advances and other receivables	16	-	36,763,362	36,763,362	-	-	-	-
Receivable from school - considered good	17	-	16,492,293	16,492,293	-	-	-	-
Long term investment	14	40,496	-	40,496	40,496	-	-	-
Long term security deposits		-	3,279,799	3,279,799	3,279,799	-	-	-
Cash and bank balances	19	-	982,641,463	982,641,463	-	-	-	-
Total		40,496	1,039,176,917	1,039,217,413	3,320,295	-	-	-
Financial liabilities not measured at fair value								
Lease liability	4	-	10,898,592	10,898,592	-	-	-	-
Trade and other payables	10	-	48,626,582	48,626,582	-	-	-	-

27 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:

27.1 Credit risk
27.2 Liquidity risk
27.3 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 adhoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors.

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27.1 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:

	2024 Rupees	2023 Rupees
Advances, and other receivables	32,564,979	36,763,362
Receivable from school - considered good	14,857,199	16,492,293
Long term investment - FV through other comprehensive income	68,232	40,496
Long term security deposits	3,394,799	3,279,799
Bank balances	505,248,123	982,641,463
	556,133,332	1,039,217,413

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.

(b) 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.

	Ratings	2024 Rupees	2023 Rupees
Advances, and other receivables			
Counterparties with external credit ratings	Not rated	32,564,979	36,763,362
Long term investment - FV through other comprehensive income			
Counterparties without external credit ratings	Not rated	68,232	40,496
Long term security deposits			
Counterparties without external credit ratings	Not rated	3,394,799	3,279,799

	Ratings	2024 Rupees	2023 Rupees
Bank balances			
Counterparties with external credit ratings	A-1 to A-1+	505,248,123	982,641,463

27.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, prudent fund management practices and the ability to close out market positions due to dynamic nature of the business. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring losses or risking damage to the Company's reputation.

The maturity profile of the Company's financial liabilities is as follows:

	Carrying amount	Within one year	one to five years	Total
June 30, 2024		Rupees		
Lease liability	**14,466,541**			**14,466,541**
Trade and other payables	**472,109,325**			**472,109,325**
	486,575,866			**486,575,866**
June 30, 2023				
Lease liability	10,898,592	2,837,812	8,060,780	10,898,592
Trade and other payables	48,626,582	48,626,582	-	48,626,582
	59,525,174	51,464,394	8,060,780	59,525,174

27.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board of directors. The Company is exposed to interest rate and currency risks.

Market risk management is further analyzed in three categories:

(a) Interest risk management
(b) Currency risk management
(c) Other market price risks

(a) Interest rate risk management

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from liabilities against assets subject to finance lease and balances in deposit and saving trades. At the statement of financial position date, the interest rate risk profile of the Company's interest bearing financial instruments is:

	Effective interest rate (p.a.)		Carrying amounts	
	2024 Percentage	2023 Percentage	2024 (Rupees)	2023 (Rupees)
Fixed rate instruments				
Financial assets				
Savings accounts	**12 % to 14%**	8 % to 12%	**490,169,183**	968,386,655
Financial liabilities - lease liability			**14,466,541**	10,898,592

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect statement of income and expenditure.

(b) Currency risk management

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

At reporting date, Company has no foreign currency bank account and no outstanding foreign currency transaction, therefore it is not exposed to currency risk.

28 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:

	2024		2023	
Description	**Chief Executive**	**Executives**	**Chief Executive**	**Executives**
	---------------- (Rupees) ----------------			
Managerial remuneration	**5,321,676**	**130,157,705**	4,588,576	71,440,250
Communication allowance	**66,000**	**1,111,900**	66,000	925,000
Headship allowance	**240,000**	**2,400,000**	240,000	2,294,667
Eid-ul-fitr allowance	**24,000**	**974,000**	15,000	570,000
Travelling allowance	-	-	-	37,000
EOBI contribution	**19,200**	**1,135,147**	15,000	570,000
Takaful contribution	-	-	271,116	3,971,180
Self driving/personal car	**420,000**	**1,560,000**	350,000	1,605,000
Death allowance	-	**1,333,680**	-	-
	6,090,876	**138,672,432**	5,545,692	81,413,097
Number of persons	**1**	**68**	1	38

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.

28.1 No fee has been paid to directors.

29 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**	**2024 (Rupees)**	2023 (Rupees)
Association for Academic Quality	Associated by virtue of common directorship	Purchase of books	**9,603,749**	614,854
		Donation received	**29,787,926**	
		Payable against project expenses	**2,830,428**	-
Character Education Foundation	Associated by virtue of common directorship	Advance paid against teachers training expense for Holy Quran	-	500,000
		Purchase of books	**1,638,237**	1,917,765
		Donation received	-	539,649

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

30 Number of employees	**2024 Number**	2023 Number
Number of employees at year end	**270**	204
Average number of employees during the year	**266**	192

31 General

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

32 Date of authorization for issue

These financial statements have been authorized for issue on 29 SEP 2024 by the board of directors of the Company.

Chief Executive Officer

Director