

**READ FOUNDATION  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

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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, 2025 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 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, 2025 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.

### Emphasis of Matter

We draw attention to the disclosures made in Note 22 to the financial statements, which describe that the Company is in the process of establishing appropriate policies and processes to fully comply with the requirements of the Accounting Standard – *Financial Statements Disclosures of Zakat Received by an Entity*, as issued by the Institute of Chartered Accountants of Pakistan (ICAP). Our opinion is not modified in respect of this matter.

### 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.

**Grant Thornton Anjum Rahman**

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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  
Chartered Accountants  
Islamabad  
Date: October 08, 2025  
UDIN: AR202510209rhmWzqALN




**READ FOUNDATION**

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

**STATEMENT OF FINANCIAL POSITION****AS AT JUNE 30, 2025**

	Note	2025 (Rupees)	2024 (Rupees)
<b>Funds and reserves</b>			
General fund		1,136,261,012	846,639,964
Endowment fund		5,188,000	5,188,000
Operating reserve fund		40,647,100	40,647,100
		<u>1,182,096,112</u>	<u>892,475,064</u>
<b>Non-current liabilities</b>			
Lease liability	4	5,872,131	10,013,586
Deferred capital grant	5	1,962,000,400	1,499,262,168
Non-monetary capital grant	6	12,171,860	12,824,020
Restricted grant	7	1,969,460,976	1,754,859,367
Payable against land	8	3,198,312,381	3,559,489,984
Retirement benefits	9	182,333,585	127,517,998
		<u>7,330,151,334</u>	<u>6,963,967,123</u>
<b>Current liabilities</b>			
Current portion of lease liability	4	3,416,551	4,452,955
Trade and other payable	10	643,699,104	472,109,325
		<u>647,115,655</u>	<u>476,562,280</u>
		<u>9,159,363,101</u>	<u>8,333,004,468</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	11	3,336,735,680	7,070,406,698
Intangible asset	12	100,000	700,000
Advance for property	13	54,728,130	308,153,351
Investment property	14	4,664,076,335	-
Long term investment	15	107,728	68,232
Long term security deposits		3,314,799	3,394,799
Long term receivables	16	62,504,194	73,731,590
		<u>8,121,566,866</u>	<u>7,456,454,670</u>
<b>Current assets</b>			
Advances, prepayments and other receivables	17	284,877,593	310,148,526
Receivable from school - considered good	18	8,385,917	14,857,199
Tax refund due from government	19	42,881,962	46,295,949
Cash and bank balances	20	701,650,764	505,248,123
		<u>1,037,796,236</u>	<u>876,549,798</u>
		<u>9,159,363,101</u>	<u>8,333,004,468</u>
<b>Contingencies and commitments</b>	21		

*The annexed notes 1 to 34 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, 2025**

	Note	2025 (Rupees)	2024 (Rupees)
Income	23	3,389,754,072	3,215,974,147
Expenditure			
Programme activities	24	2,859,017,487	2,739,632,412
General and administrative expense	25	126,636,963	118,025,612
Fund raising	26	50,137,978	40,944,328
Financial charges	27	47,047,800	8,266,064
		3,082,840,228	2,906,868,415
Surplus for the year - before taxation		306,913,843	309,105,732
Taxation		-	-
Surplus for the year - after taxation		306,913,843	309,105,732
Other comprehensive (loss) / income for the year			
Remeasurement loss on employees retirement benefits		(17,332,291)	-
Fair value gain on long term investments		39,496	27,736
Total comprehensive income/(loss) for the year		289,621,048	309,133,468

*The annexed notes 1 to 34 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, 2025**

	Note	2025 (Rupees)	2024 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Surplus for the year		306,913,843	309,105,732
<b>Adjustment for non- cash items:</b>			
Depreciation-property and equipment	11.6	97,442,376	78,736,561
Depreciation-investment property	14	5,774,286	-
Depreciation-right of use assets	11.4	4,319,075	4,451,758
Amortization-intangible assets	12	600,000	600,000
Finance charges on lease liability	4	1,863,223	2,094,269
Provision for gratuity	9	43,571,080	136,877,653
Provision for advance for purchase of land	11.2.1	8,945,010	-
Amortization of deferred capital grant	5	(86,519,414)	(69,412,730)
Amortization of non monetary capital grant	6	(652,160)	(782,030)
Tax expense adjustment	19.1	4,536,146	-
Transferred to deferred capital grant - depreciable assets	7	(549,257,646)	(311,336,340)
Non-depreciable assets charged to income	23	(8,202,400)	(160,731,126)
Service fee	23	(259,827,226)	(223,075,974)
Amortization of restricted grant	23	(2,477,157,877)	(2,358,482,208)
		<u>(3,214,565,526)</u>	<u>(2,901,060,166)</u>
<b>Operating deficit before working capital changes</b>		<b>(2,907,651,683)</b>	<b>(2,591,954,434)</b>
<b>(Increase)/decrease in current asset</b>			
Advances, prepayments and other receivables		211,687,691	(149,456,985)
Long term deposits and receivables		264,732,618	(189,446,729)
Receivable from school - considered good		6,471,282	1,635,094
		<u>482,891,591</u>	<u>(337,268,621)</u>
Increase/(decrease) in current liabilities:			
Trade and other payables		(189,587,825)	3,982,972,727
<b>CASHFLOW AFTER WORKING CAPITAL CHANGES</b>		<b>(2,614,347,917)</b>	<b>1,053,749,672</b>
Grant received during the year	7	3,310,799,100	3,387,793,378
Retirement benefit paid		(6,087,784)	(9,359,655)
Income tax paid/withheld	19	(1,122,158)	(27,381,839)
<b>Net cash generated from operating activities</b>		<b>689,241,241</b>	<b>4,404,801,556</b>
<b>Cash flow from investing activities</b>			
Addition to property and equipment- net		3,801,146,971	(4,714,395,364)
Addition to capital work in progress		(170,897,533)	(383,229,657)
Investment property		(4,669,850,621)	-
Reversal of right of use asset		917,518	(7,159,090)
<b>Net cash used in investing activities</b>		<b>(1,038,683,665)</b>	<b>(5,104,784,111)</b>
<b>Cash flow from financing activities</b>			
Lease liability- net		(7,041,082)	1,473,680
Deferred capital grant		549,257,646	311,336,340
Inter fund transfer-net		3,628,500	(90,220,805)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		<b>545,845,065</b>	<b>222,589,215</b>
<b>Net increase in cash and cash equivalents</b>		<b>196,402,641</b>	<b>(477,393,340)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>505,248,123</b>	<b>982,641,463</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>701,650,764</b>	<b>505,248,123</b>

The annexed notes 1 to 34 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, 2025**

	General fund	Endowment fund	Operating reserve fund	Total
	..... (Rupees) .....			
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
Total comprehensive income for the year	<b>289,621,048</b>	-	-	<b>289,621,048</b>
<b>Balance as at June 30, 2025</b>	<b>1,136,261,012</b>	<b>5,188,000</b>	<b>40,647,100</b>	<b>1,182,096,112</b>

*The annexed notes 1 to 34 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, 2025

#### 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:

## READ FOUNDATION

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

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

#### 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

##### 2.5.1 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 noticed locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2025;

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

21



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**3 MATERIAL ACCOUNTING POLICIES INFORMATION**

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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 shall 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. Depreciation is charged so as to write off the cost of assets over there estimated useful life, using the reducing balance method at rates specified in note 11 to the financial statements. Depreciation is charged on addition when the asset become available for use and ceases when 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 Investment property**

Investment property, principally comprising of land and buildings, is held for long term rental yields or capital appreciation or both. The investment property of the Company is valued using the cost method i.e. at cost less any accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials, direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs, if any.

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

Depreciation is charged to statement of income and expenditure on the reducing balance method, at the rates stated in note 14. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

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.

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

Gain and losses on disposal of assets are taken to the statement of income and expenditure and other comprehensive income.


**3.6 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.





## READ FOUNDATION

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

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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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.

#### 3.7 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.

#### 3.8 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.

#### 3.9 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.

The latest actuarial valuation of the gratuity fund was carried out as at June 30, 2025, the related details of which are given in note 9 to the financial statements.

#### 3.10 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.

## READ FOUNDATION

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

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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#### **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.

#### **3.11 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.

#### **3.12 Advances, deposits and other receivables**

These are recognized and carried at their original amount less provision for any uncollectable amounts (if any).

#### **3.13 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.

#### **3.14 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.

#### **3.15 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 and other

##### **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.

**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.

## READ FOUNDATION

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

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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#### 3.16 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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**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2025

4	Lease liability	Note	2025 (Rupees)	2024 (Rupees)
	Opening balance		14,466,541	10,898,592
	Addition		-	7,412,847
	Interest expenses relating to lease liability		1,863,223	2,094,269
	Payments during the year		(5,987,202)	(5,939,167)
	Adjustment on termination		(1,053,879)	-
	Closing balance	4.1	9,288,683	14,466,541
	<b>Lease liability is presented on the statement of financial position as follows:</b>			
	Current		3,416,551	4,452,955
	Non-current		5,872,131	10,013,586
			9,288,682	14,466,541

4.1 Future minimum lease payments as at June 30, 2025 are as follows:

	1 Year	2 - 5 Years	Total
	-----Rupees-----		
<b>June 30, 2025</b>			
Lease payments	4,571,498	7,858,725	12,430,223
Finance cost	(1,154,946)	(1,986,594)	(3,141,541)
Net present value	3,416,551	5,872,131	9,288,682
	1 Year	2 - 5 Years	Total
	-----Rupees-----		
<b>June 30, 2024</b>			
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

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	2025 (Rupees)	2024 (Rupees)
	Opening balance		1,499,262,168	1,257,338,558
	Transferred from restricted grant	7	549,257,646	311,336,340
	Amortization credited to income	5.1	(86,519,414)	(69,412,730)
	Closing Balance		1,962,000,400	1,499,262,168

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

6	Non monetary capital grant	Note	2025 (Rupees)	2024 (Rupees)
	Opening balance		12,824,020	13,606,050
	Amortization credited to income	6.1	(652,160)	(782,030)
	Closing Balance		12,171,860	12,824,020

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

7	Restricted grant	Note	2025 (Rupees)	2024 (Rupees)
	Opening balance		1,754,859,367	1,510,912,442
	Funds received during the year		3,310,799,100	3,387,793,378
	Funds receivable		186,416,758	-
	Transferred to deferred capital grant - depreciable assets	5	(549,257,646)	(311,336,340)
	Service fee		(259,827,226)	(223,075,974)
	Transferred to grant income for projects		(2,477,157,877)	(2,358,482,208)
	Non-depreciable assets charged to income		-	(160,731,126)
	Inter fund transfers-net		3,628,500	(90,220,805)
	Closing Balance		1,969,460,976	1,754,859,367

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

7.1 Restricted grants

	School level & building	Orphan Sponsorship Program - Education	Water Sanitation and Hygiene Program - Education	School Opening Program - Education	Emergency Relief	Capacity Building - Training	Orphan Sponsorship Program - Education	Staff Welfare Program - Education	School Enhancement Program - Education	Scholarship Program - Education	Zakat Project for orphans	Water sharing program for orphans	Other	Sadqa-e-Arqa	Eda gifts	Karamat Program	Innovations	Feeding the Poor	Housing Project	Education for Girls	PSRP	Total
Balance as at July 1, 2021	1,285,645,901	114,994,297	67,176,621	7,046,699	64,113,101	20,557,268	2,399,645	40,206,228	12,706,962	8,067,092	58,022,187	1	23,980,867	4,282,817	66,092	16,320,077	5,000,000	1,370,195	2,631,469	275,713,126	-	1,354,019,245
Funds received during the year	698,436,365	1,484,422,156	51,097,006	13,023,518	97,046,615	402,142,099	95,584,997	86,535,218	22,847,035	5,575,550	16,171,480	41,888,697	6,886,630	3,873,160	91,250	75,486,037	-	5,113,982	3,873,160	275,713,126	24,629,706	3,206,799,206
Funds expended during the year	20,441,147	2,064,481,447	1,599,316,954	121,051,226	23,511,616	229,486,098	580,166,499	125,123,746	48,355,192	17,271,142	74,193,637	45,846,098	37,200,560	1,540,000	157,342	97,022,468	5,000,000	1,370,195	2,631,469	275,713,126	27,296,400	5,377,003,586
Grants available for spending	1,365,204,719	1,299,316,954	121,051,226	23,511,616	229,486,098	34,372,919	500,166,499	125,123,746	48,355,192	17,271,142	74,193,637	45,846,098	37,200,560	1,540,000	157,342	97,022,468	5,000,000	1,370,195	2,631,469	275,713,126	27,296,400	5,377,003,586
Less: expenses against grants	96,655,995	1,208,133,658	86,105,450	8,504,579	96,078,177	10,962,177	634,996,445	103,237,941	39,067,443	9,786,792	66,462,651	39,072,517	13,525,779	3,376,900	-	76,545,906	-	-	-	265,597,697	27,296,400	2,477,157,677
Less: interest fund transfer	61,112,230	123,202,900	5,508,822	-	4,416,631	-	39,224,649	-	79,706,5	-	471,613	2,844,316	372,996	333,280	-	4,155,439	-	-	-	7,537,467	-	259,672,226
Less: Non-depreciable assets charged to income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,996,161
Transferred to deferred capital grant	549,257,646	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	549,257,646
Balance as at June 30, 2023	1,357,855,576	266,096,296	65,822,654	13,007,037	10,351,690	23,410,742	3,955,355	32,885,635	6,686,686	7,321,650	27,229,073	3,979,263	2,790,633	4,486,797	157,342	21,912,123	5,000,000	1,370,195	2,631,469	3,067,082	-	1,906,466,977
Balance as at July 1, 2022	481,090,918	469,802,273	48,997,274	69,838,746	3,407,864	21,414,743	114,446,651	65,705,602	18,570,981	6,370,720	26,510,279	3,850,244	3,590,556	4,040,463	90,285	10,915,776	5,000,000	1,370,195	2,631,469	187,837,078	-	1,310,012,443
Funds received during the year	879,860,245	1,718,707,277	103,181,277	16,847,792	41,010,261	16,877,543	370,140,913	90,502,026	19,462,712	6,130,792	46,351,598	2,693,013	6,461,793	8,460,793	2,442,234	26,030,088	-	-	-	177,361,384	27,296,400	3,287,703,718
Funds expended during the year	470,434,413	62,043,811	10,787,535	10,787,535	10,787,535	10,787,535	48,499,645	116,308,428	37,079,702	11,606,023	72,661,877	16,890,131	12,702,423	12,807,246	2,532,489	47,644,344	5,000,000	1,370,195	2,631,469	187,837,078	-	3,491,702,737
Grants available for spending	1,852,286,676	1,717,022,551	151,270,655	96,34,091	573,502,416	10,202,206	48,499,645	116,308,428	37,079,702	11,606,023	72,661,877	16,890,131	12,702,423	12,807,246	2,532,489	47,644,344	5,000,000	1,370,195	2,631,469	187,837,078	-	3,491,702,737
Less: expenses against grants	11,101,108	1,014,241,49	77,141,708	18,157,286	401,738,332	8,153,118	440,295,957	116,722,955	24,535,941	7,540,729	16,469	16,873,110	8,751,556	7,309,468	2,466,397	27,786,668	-	-	-	177,361,384	27,296,400	2,530,482,308
Less: interest fund transfer	545,12,250	108,485,023	6,653,807	488,892	15,532,000	1,580,110	32,093,935	-	663,799	-	14,675,600	13,000	-	625,971	-	1,599,679	-	-	-	107,073,333	-	220,075,714
Less: Non-depreciable assets charged to income	160,711,136	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	160,711,136
Transferred to deferred capital grant	311,236,540	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	311,236,540
Balance as at June 30, 2024	1,385,661,901	114,804,277	67,276,621	7,046,699	64,413,104	20,557,268	2,399,645	40,206,228	12,706,962	8,067,092	58,022,187	1	23,980,867	4,282,817	66,092	16,320,077	5,000,000	1,370,195	2,631,469	275,713,126	-	1,754,019,245

7.2 Source of grants

	School level & building	Orphan Sponsorship Program - Education	Water Sanitation and Hygiene Program - Education	School Opening Program - Education	Emergency Relief	Capacity Building - Training	Orphan Sponsorship Program - Education	Staff Welfare Program - Education	School Enhancement Program - Education	Scholarship Program - Education	Zakat Project for orphans	Water sharing program for orphans	Other	Sadqa-e-Arqa	Eda gifts	Karamat Program	Innovations	Feeding the Poor	Housing Project	Education for Girls	PSRP	Total
- By Sector																						
Donation from corporate sector	686,979,645	1,146,738,630	86,381,606	6,646,518	97,046,615	-	80,142,099	-	7,405,129	2,241,620	16,171,480	45,545,997	6,986,630	3,702,666	-	75,798,637	-	-	-	275,713,126	-	2,622,515,861
Donation from individuals	9,104,105	357,643,526	310,000	5,105,000	-	-	320,000	-	15,255,722	3,333,630	-	285,000	800,000	171,500	91,250	758,000	-	-	-	-	-	31,887,766
Donation from schools	2,301,005	1,484,422,156	51,097,006	13,023,518	97,046,615	-	802,142,099	86,535,218	22,847,035	5,575,550	16,171,480	41,888,697	6,886,630	3,873,160	91,250	75,486,037	-	-	-	275,713,126	24,629,706	3,310,799,206
- By Origin																						
Local	14,495,940	2,466,706,628	2,716,000	1,580,000	40,500,000	-	386,792,618	86,535,218	6,406,714	204,630	16,171,480	45,545,997	6,986,630	3,702,666	-	75,798,637	-	-	-	275,713,126	-	802,635,485
Foreign	698,436,365	1,484,422,157	51,097,006	13,023,518	97,046,615	-	402,142,099	86,535,218	22,847,035	5,575,550	16,171,480	41,888,697	6,886,630	3,873,160	91,250	75,486,037	-	-	-	275,713,126	24,629,706	3,310,799,206
- By Source																						
Donation from corporate sector	718,035,310	915,541,115	103,648,279	8,817,792	41,010,261	16,877,543	368,588,013	-	11,233,544	1,661,309	46,351,598	2,408,013	8,470,147	6,070,023	2,073,375	26,030,088	-	-	-	187,837,078	-	2,836,048,388
Donation from individuals	146,730,924	302,555,551	112,000	8,504,000	-	-	128,200	90,502,026	19,010,533	4,460,672	20,500	20,500	30,641,150	286,770	3,601,099	450,000	-	-	-	-	-	455,624,900
Donation from schools	3,824,211	1,484,422,157	51,097,006	13,023,518	97,046,615	-	402,142,099	86,535,218	22,847,035	5,575,550	16,171,480	41,888,697	6,886,630	3,873,160	91,250	75,486,037	-	-	-	275,713,126	24,629,706	3,310,799,206
- By Origin																						
Local	97,033,771	1,015,548,280	103,648,279	7,000,000	41,010,261	16,877,543	370,140,913	90,502,026	12,072,736	2,193,172	46,351,598	2,408,013	8,470,147	6,070,023	2,073,375	26,030,088	-	-	-	187,837,078	-	3,240,101,095
Foreign	773,234,320	987,001,335	112,000	9,847,792	41,010,261	16,877,543	370,140,913	90,502,026	12,072,736	2,193,172	46,351,598	2,408,013	8,470,147	6,070,023	2,073,375	26,030,088	-	-	-	187,837,078	-	3,240,101,095
- By Source																						
Donation from corporate sector	718,035,310	915,541,115	103,648,279	7,000,000	41,010,261	16,877,543	370,140,913	90,502,026	12,072,736	2,193,172	46,351,598	2,408,013	8,470,147	6,070,023	2,073,375	26,030,088	-	-	-	187,837,078	-	3,240,101,095
Donation from individuals	146,730,924	302,555,551	112,000	9,847,792	41,010,261	16,877,543	370,140,913	90,502,026	12,072,736	2,193,172	46,351,598	2,408,013	8,470,147	6,070,023	2,073,375	26,030,088	-	-	-	187,837,078	-	3,240,101,095
Donation from schools	3,824,211	1,484,422,157	51,097,006	13,023,518	97,046,615	-	402,142,099	86,535,218	22,847,035	5,575,550	16,171,480	41,888,697	6,886,630	3,873,160	91,250	75,486,037	-	-	-	275,713,126	24,629,706	3,310,799,206

8

**READ FOUNDATION**

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

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2025

		2025 (Rupees)	2024 (Rupees)
<b>8 Payable against land</b>	<b>Note</b>		
Payable to M/s Bahria Town	8.1	3,559,489,984	3,837,165,389
Less: current portion	10	(361,177,603)	(277,675,405)
Non-current portion		<u>3,198,312,381</u>	<u>3,559,489,984</u>
<p>8.1 The Company had purchased on installment basis 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 remaining amount payable shall be paid in 20 consecutive quarterly installments, over a period of five years.</p>			
<b>9 Retirement benefits</b>	<b>Note</b>	<b>2025 (Rupees)</b>	<b>2024 (Rupees)</b>
Gratuity	9.1	<u>182,333,585</u>	<u>127,517,998</u>
<p>9.1 <b>Gratuity:</b> The amounts recognized in the statement of financial position are as follows:</p>			
Present value of defined benefit obligation		234,044,012	180,838,289
Fair value of plan assets		-	-
Benefits already paid	9.1.1	<u>(51,710,427)</u>	<u>(53,320,291)</u>
Closing net liability		<u>182,333,585</u>	<u>127,517,998</u>
<p>9.1.1 This represents amount already paid in respect of voluntary pension scheme / Takaful contributions for previous period of employment with READ Foundation prior to effective date of gratuity policy.</p>			
<p>9.2 The amounts recognized in the statement of income and expenditure are as follows:</p>			
Current service cost		18,679,864	16,385,845
Past service cost		-	173,812,099
Interest cost		<u>24,891,216</u>	<u>-</u>
		<u>43,571,080</u>	<u>190,197,944</u>
<p>9.3 The amounts recognized in the other comprehensive income are as follows:</p>			
Effect of changes in Demographic assumptions		-	-
Effect of changes in Financial assumptions		-	-
Effect of Experience adjustments		<u>17,332,291</u>	<u>-</u>
		<u>17,332,291</u>	<u>-</u>
<p>9.4 The movement in the present value of defined benefit obligation is as follows:</p>			
Opening value of defined benefit obligation		180,838,289	-
Current service cost		18,679,864	16,385,845
Past service cost		-	173,812,099
Interest cost		24,891,216	-
Benefits paid	9.5	(7,697,648)	(9,359,655)
Remeasurements on obligation		<u>17,332,291</u>	<u>-</u>
Closing value of defined benefit obligation		<u>234,044,012</u>	<u>180,838,289</u>

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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, 2025**

**Principal actuarial assumptions**

The latest actuarial valuation was carried out as at June 30, 2025. Projected unit credit actuarial cost method, using following significant assumptions was used for the valuation of the gratuity:

**Assumptions used to determine defined benefit obligation:**

Discount rate	12.5%	14%
Rate of salary increase (long term)	11.5%	13%

**Assumptions used to determine defined benefit cost:**

Discount rate	14%	15.75%
Rate of salary increase (long term)	13%	14.75%

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

Impact on defined benefit obligation (2025)			
Change in assumptions		Increase in assumption	Decrease in assumption
Discount rate	1%	214,100,079	261,061,682
Salary growth rate	1%	261,265,979	213,481,471
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	2025 (Rupees)	2024 (Rupees)
	Account payables to suppliers		254,644,697	129,514,694
	Payable to schools against tuition fee and others		4,337,441	1,573,742
	Payable against projects		157,273	17,243,630
	Payable to employees against expenses		7,339,870	10,221,770
	Payable to regional offices		2,800,420	2,851,871
	Payable against land - current portion	8	361,177,603	277,675,405
	Unclassified donations	10.1	9,605,468	27,414,855
	EOBI payable		1,332,000	-
	Audit fee		1,000,000	1,540,000
	Utilities payable		895,423	1,017,000
	Staff salaries payable		305,191	122,212
	Payable to AFAQ-related party		-	2,830,428
	Other payables		103,718	103,718
			<b>643,699,104</b>	<b>472,109,325</b>

- 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.

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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, 2025**

			2025 (Rupees)	2024 (Rupees)
<b>11</b>	<b>Property and equipment</b>	<b>Note</b>		
	<b>Operating assets</b>			
	- Assets held with head office	11.5	108,615,711	4,471,143,330
	- Assets held with schools	11.6	2,171,363,447	1,699,222,775
			2,279,979,157	6,170,366,105
	- Capital work in progress	11.2	1,050,221,021	888,268,498
	- Right of use asset	11.4	6,535,502	11,772,095
			3,336,735,680	7,070,406,698
<b>11.1</b>	<b>Depreciation has been allocated as follows:</b>			
	Programme activities	24.2	93,018,067	76,780,321
	General and administrative expense	25	14,517,671	6,407,998
			107,535,738	83,188,319
<b>11.2</b>	<b>Capital work in progress</b>			
	<b>Advances to parties for:</b>			
	- Permanent buildings construction		58,600,248	32,137,137
	- Purchase of land		17,833,940	22,833,940
	- Less: Provision for advance for purchase of land	11.2.1	(8,945,010)	-
			67,489,178	54,971,077
	<b>Construction expenses</b>			
	- Permanent buildings construction		982,731,843	833,297,421
			1,050,221,021	888,268,498
<b>11.2.1</b>	<b>Provision for advance for purchase of land</b>			
	Opening balance		-	-
	Charge for the year		8,945,010	-
	Closing balance		8,945,010	-
<b>11.3</b>	During the year construction of school buildings was completed and the related costs accumulated under work in progress amounting to Rs. 549,257,646/- were transferred to a category "building permanent" of assets held with schools (2024: Rs. 311,336,340).			
<b>11.4</b>	<b>Right of use assets:</b>		2025 (Rupees)	2024 (Rupees)
	Movement in right-of-use assets is as follows:			
	Opening net book value		11,772,095	9,064,763
	Addition		-	7,159,090
	Adjustment on termination		(917,518)	-
	Depreciation charge		(4,319,075)	(4,451,758)
	Closing net book value		6,535,502	11,772,095

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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, 2025

## 11.5 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 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	4,370,000,000	2,889,755	80,948	4,991,432	-	-	-	-	2,116,089	4,380,078,224
Disposals during the year	-	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2024</b>	<b>4,443,360,566</b>	<b>15,467,714</b>	<b>808,684</b>	<b>21,875,246</b>	<b>7,983,158</b>	<b>3,962,830</b>	<b>40,404</b>	<b>1,364,144</b>	<b>9,923,544</b>	<b>4,504,786,289</b>
Additions during the year	-	1,995,828	-	2,150,915	10,169,715	-	-	-	278,925	14,595,383
Disposals during the year	-	-	-	-	-	-	-	-	-	-
Transfer to investment property	4,370,000,000	-	-	-	-	-	-	-	-	4,370,000,000
<b>Balance as at June 30, 2025</b>	<b>73,360,566</b>	<b>17,463,542</b>	<b>808,684</b>	<b>24,026,161</b>	<b>18,152,873</b>	<b>3,962,830</b>	<b>40,404</b>	<b>1,364,144</b>	<b>10,202,469</b>	<b>149,381,672</b>
<b>Accumulated depreciation</b>										
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	-	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2024</b>	<b>-</b>	<b>7,317,159</b>	<b>439,579</b>	<b>14,173,081</b>	<b>3,517,732</b>	<b>3,292,041</b>	<b>40,334</b>	<b>599,374</b>	<b>4,263,659</b>	<b>33,642,959</b>
Depreciation for the year	-	1,428,214	55,366	2,703,397	1,941,028	100,618	21	38,238	856,119	7,123,002
Depreciation on disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2025</b>	<b>-</b>	<b>8,745,373</b>	<b>494,945</b>	<b>16,876,478</b>	<b>5,458,760</b>	<b>3,392,660</b>	<b>40,355</b>	<b>637,613</b>	<b>5,119,778</b>	<b>40,765,962</b>
<b>Carrying value as at June 30, 2025</b>	<b>73,360,566</b>	<b>8,718,169</b>	<b>313,739</b>	<b>7,149,683</b>	<b>12,694,113</b>	<b>570,170</b>	<b>49</b>	<b>726,531</b>	<b>5,082,691</b>	<b>108,615,711</b>
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
<b>Rate of depreciation</b>	<b>-</b>	<b>15%</b>	<b>15%</b>	<b>30%</b>	<b>15%</b>	<b>15%</b>	<b>30%</b>	<b>5%</b>	<b>15%</b>	<b>15%</b>

11

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2025

### 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
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---Rupees

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Accumulated depreciation

Balance as at June 30, 2023	-	205,197,201	160,434,451	52,021,973	7,828,189	29,062,336	3,939,233	2,666,637	476,273	2,047,469	403,720,611
Depreciation for the year	-	62,569,955	7,491,271	1,308,877	222,067	20,226	26,525	136,435	30,282	281,299	373,792,195
Balance as at June 30, 2024	-	267,767,156	167,925,722	53,330,850	268,916	7,848,415	30,768,194	3,965,555	2,328,072	506,555	537,513,406
Depreciation for the year	-	80,018,778	7,116,707	1,112,546	188,757	14,158	1,194,101	18,567	122,792	293,865	90,319,714
Balance as at June 30, 2025	-	347,785,934	175,042,429	54,443,396	457,673	7,862,574	31,962,295	3,984,325	2,925,864	800,420	627,832,780

Carrying value as at June 30, 2025	178,295,775	1,843,488,311	135,217,436	6,304,425	1,069,623	33,036	2,786,236	43,323	1,105,125	1,665,233	1,354,922	2,171,363,447
Carrying value as at June 30, 2024	170,093,375	1,369,249,443	142,334,143	7,416,971	1,258,380	47,195	3,080,337	61,891	1,227,917	1,959,098	1,504,026	1,699,222,773
Rate of depreciation	-	5%	5%	15%	15%	30%	30%	30%	10%	15%	15%	
		Depreciation						W.D.V.				
				2025	2024						2025	2024
				Ruppes							Ruppes	
		Assets held by school		90,319,374	73,792,795			Assets held by school			2,171,363,447	1,699,222,773
		Assets held with head office		7,123,002	4,943,766			Assets held with head office			108,615,711	4,471,143,334
				97,442,376	78,736,561						2,279,979,157	6,170,366,107

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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, 2025**

<b>12 Intangible asset</b>	<b>Note</b>	<b>2025 (Rupees)</b>	<b>2024 (Rupees)</b>
Opening net book value		<b>700,000</b>	1,300,000
Amortization charge	<b>25</b>	<b>(600,000)</b>	(600,000)
Closing net book value		<b>100,000</b>	700,000
Cost	<b>12.1</b>	<b>3,000,000</b>	3,000,000
Accumulated amortization		<b>(2,900,000)</b>	(2,300,000)
		<b>100,000</b>	700,000
<b>Rate of Amortization</b>		<b>20%</b>	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.

<b>13 Advance for property</b>	<b>Note</b>	<b>2025 (Rupees)</b>	<b>2024 (Rupees)</b>
Advance for Food Court, Jinnah Avenue, Islamabad	<b>14.3</b>	-	116,498,521
Advance for a flat	<b>13.1</b>	<b>22,750,000</b>	22,750,000
Advance for two offices	<b>14.2</b>	-	144,426,700
Advance for Agro-farm	<b>13.2</b>	<b>31,978,130</b>	24,478,130
		<b>54,728,130</b>	308,153,351

- 13.1** 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, 2026.

- 13.2** This represents advance to M/s Bahria Town (Pvt) Ltd for acquisition of Agro Farm located in Sector 12, Bahria Enclave, Islamabad.

READ FOUNDATION

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

14 Investment property

Particulars		Land	Offices (703 and 703 A)	Food Court	Total
	<b>Note</b>	<b>Rupees</b>			
<b>Gross carrying amount:</b>					
Balance as at July 01, 2023		-	-	-	-
Additions during the year		-	-	-	-
<b>Balance as at June 30, 2024</b>		-	-	-	-
Additions during the year	14.2 & 14.3	-	155,139,721	144,710,900	299,850,621
Transfer from asset held with head office	14.4	4,370,000,000	-	-	4,370,000,000
<b>Balance as at June 30, 2025</b>		<b>4,370,000,000</b>	<b>155,139,721</b>	<b>144,710,900</b>	<b>4,669,850,621</b>
<b>Accumulated depreciation:</b>					
Balance as at July 01, 2023		-	-	-	-
Depreciation for the year		-	-	-	-
<b>Balance as at June 30, 2024</b>		-	-	-	-
Depreciation for the year		-	5,171,324	602,962	5,774,286
<b>Balance as at June 30, 2025</b>		-	<b>5,171,324</b>	<b>602,962</b>	<b>5,774,286</b>
<b>Net carrying amount as at June 30, 2025</b>		<b>4,370,000,000</b>	<b>149,968,397</b>	<b>144,107,938</b>	<b>4,664,076,335</b>
<b>Net carrying amount as at June 30, 2024</b>		-	-	-	-
<b>Rate of depreciation</b>		-	5%	5%	

- 14.1 Rental income in respect of offices (703 and 703-A) amounting to Rs. 4,950,000 (2024: Nil) has been recognized in income and expenditure and included in other income.
- 14.2 This represents offices (703 and 703-A) are located at 7th Floor in Mall of Islamabad, main Blue area, Jinnah Avenue Islamabad measuring 1,359 square feet and 1,221 square feet. Currently, both offices have been rented out.
- 14.3 These represents food court (FC-410) are located at 4th Floor in Mall of Islamabad, main Blue area, Jinnah Avenue Islamabad measuring 3,249 square feet.
- 14.4 This represents land located at Plot No, 1-A, sector-M, measuring 124.66 kanal, Bahria Enclave, Islamabad, 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.
- 14.5 Estimated fair value of the land, offices(703 & 703-A) and food court are amounting to Rs. 4,370,000,000, Rs. 156,960,000 and Rs. 150,000,000 respectively.

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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, 2025**

<b>15</b>	<b>Long term investments</b>			
This represents investment in 800 NIT Units (2024: 800 NIT Units) purchased by the Company at the rate of Rs. 12.70 whose market value at reporting date is Rs.134.66 (2024: Rs. 85.29).				
			<b>2025</b>	<b>2024</b>
<b>16</b>	<b>Long term receivables - non current portion</b>	<b>Note</b>	<b>(Rupees)</b>	<b>(Rupees)</b>
	Long term receivable from employees	<b>16.1</b>	<b>26,104,194</b>	38,731,590
	Long term receivable from schools	<b>16.2</b>	<b>36,400,000</b>	35,000,000
			<b>62,504,194</b>	73,731,590
<b>16.1</b>	<b>Long term receivable from employees</b>			
	Total receivable from employees		<b>37,503,834</b>	43,421,030
	Less: receivable from employees - current portion	<b>17</b>	<b>(11,399,640)</b>	(4,689,440)
	Long term receivable from employees		<b>26,104,194</b>	38,731,590
<b>16.2</b>	<b>Long term receivable from schools</b>			
	Total receivable from school	<b>16.2.1</b>	<b>67,007,155</b>	35,000,000
	Less: receivable from school - current portion	<b>17</b>	<b>(30,607,155)</b>	-
	Long term receivable from school		<b>36,400,000</b>	35,000,000
<b>16.2.1</b>	This represents the loan extended to school for acquisition of land, in the name of Read Foundation.			
			<b>2025</b>	<b>2024</b>
<b>17</b>	<b>Advances, prepayments and other receivables</b>	<b>Note</b>	<b>(Rupees)</b>	<b>(Rupees)</b>
	considered good - secured			
	To employees:			
	- Advance against salaries	<b>17.1</b>	<b>4,857,198</b>	3,770,847
	- Advance against expenses and projects		<b>6,433,585</b>	8,880,939
	Advance to vendors against supplies		<b>6,021,204</b>	29,515,839
	Receivable from donors		<b>205,551,503</b>	232,109,435
	Receivable from employees - current portion	<b>16.1</b>	<b>11,399,640</b>	4,689,440
	Receivable from school - current portion	<b>16.2</b>	<b>30,607,155</b>	-
	Prepaid insurance		<b>907,753</b>	961,292
	Prepaid tuition fee		<b>426,518</b>	2,345,195
	Loan to schools		<b>17,412,957</b>	24,549,825
	Others		<b>1,260,080</b>	3,325,714
			<b>284,877,593</b>	310,148,526
<b>17.1</b>	This represents interest free loan given to employees.			
			<b>2025</b>	<b>2024</b>
<b>18</b>	<b>Receivable from school - considered good</b>	<b>Note</b>	<b>(Rupees)</b>	<b>(Rupees)</b>
	Foundation fund receivable from schools		<b>8,385,917</b>	14,857,199
<b>19</b>	<b>Tax refund due from government</b>			
	Opening balance		<b>46,295,949</b>	18,914,110
	Tax withheld during the year		<b>1,122,158</b>	27,381,839
	Adjustments during the year	<b>19.1</b>	<b>(4,536,146)</b>	-
	Balance at year end		<b>42,881,962</b>	46,295,949
<b>19.1</b>	This represents adjustment against recovery notice issued by Federal Board of Revenue.			
			<b>2025</b>	<b>2024</b>
<b>20</b>	<b>Cash and bank balances</b>	<b>Note</b>	<b>(Rupees)</b>	<b>(Rupees)</b>
	Cash in hand		-	-
	Cash at banks:			
	Current accounts-local currency		<b>3,594,900</b>	15,078,940
	Saving accounts - local currency	<b>20.1</b>	<b>698,055,864</b>	490,169,183
			<b>701,650,764</b>	505,248,123
<b>20.1</b>	These carry mark up at rates ranging from 7.46% to 10% (2024: 13% to 14%) per annum.			

**READ FOUNDATION**

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

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2025****21 Contingencies and commitments****21.1 Contingencies**

**21.1.1** 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.

**21.1.2** 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.

Being aggrieved with the Fresh Order, the Company again agitated the same before Commissioner Inland Revenue Appeals (the "CIRA"). Subsequently, the matter was transferred to the Honorable Appellate Tribunal Inland Revenue ("ATIR"), which, vide Order No. ITA 1379/IB/2024 dated November 14, 2024, remanded the case back to the department for reconsideration.

Thereafter, on February 18, 2025, a recovery notice was issued requiring the Company to deposit the outstanding income tax demand amounting to Rs. 6,536,146. In compliance with the notice, the Company deposited Rs. 2,000,000 and requested that the balance demand be adjusted against its available refunds.

**21.1.3** 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.

**21.2 Commitments**

Commitments for acquisition of:

Investment property

**2025****(Rupees)****2024****(Rupees)**

-

42,028,779

**22 Zakat**

The Company is eligible to receive Zakat funds and remains committed to ensuring Shariah-compliant management of such funds. An independent Annual Shariah Review for the financial year 2024-25 was conducted by Alhamd Shariah Advisory Services (Pvt.) Limited, which assessed the Company's Zakat-related processes and provided constructive feedback for further improvement.

Currently, Zakat funds are recorded under the Orphanage Program. However, in line with the requirements of the accounting standard "Financial Statements Disclosures of Zakat Received by an Entity", issued by the Institute of Chartered Accountants of Pakistan (ICAP), the Company is in the process of establishing comprehensive policies and procedures to:

- Segregate Zakat funds from other donations and grants in the financial records;
- Ensure disbursement of Zakat strictly in accordance with the Shariah Advisor's guidance;
- Streamline the process of routing Zakat contributions into a designated bank account;
- Periodically calculate and allocate profit attributable to Zakat balances held in Islamic savings accounts for Zakat-eligible purposes.

Management is committed to enhancing transparency, compliance, and donor confidence through the gradual implementation of these measures. These initiatives are ongoing and aimed at ensuring full compliance with applicable Shariah and financial reporting standards in the near future.

**23 Income****Note****2025****(Rupees)****2024****(Rupees)**

School management fee

**23.1****247,990,279**

213,105,628

Utilization of restricted grant

**23.2****2,477,157,877**

2,358,482,208

Unrestricted grants

**59,676,326**

75,238,285

Amortization of deferred capital grant

**5****86,519,414**

69,412,730

Service fee

**7****259,827,226**

223,075,974

Donation in kind

**200,544,883**

21,098,376

Amortization of non monetary capital grant

**6****652,160**

782,030

Non-depreciable assets charged to income

**8,202,400**

160,731,126

Other income

**28****49,183,507**

94,047,790

**3,389,754,072****3,215,974,147**



**READ FOUNDATION****(A Company licensed under section 42 of the Companies Act, 2017)****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2025**

- 23.1** This represents collection from schools at 10% of the budgeted fee income of schools, as per the Board of director's decision made on July 08, 2010.
- 23.2** This includes collection from schools at 2.5% of their budgeted income for the Staff Welfare Fund, plus an additional 1.5% for those provided with buildings by the Head Office, as per the Board of Directors' decision dated January 08, 2023.

<b>24</b>	<b>Programme activities</b>	<b>Note</b>	<b>2025 (Rupees)</b>	<b>2024 (Rupees)</b>
<b>24.1</b>	<b>Specific programme activities</b>			
	Orphan sponsorship programme - Education	<b>24.1.1</b>	<b>1,200,333,058</b>	<b>1,014,241,049</b>
	Water Sanitation and Hygiene (WASH) programme		<b>48,103,450</b>	<b>77,140,708</b>
	School opening programme		<b>8,504,579</b>	<b>17,754,788</b>
	Emergency relief		<b>98,078,177</b>	<b>484,560,941</b>
	Construction projects supplies		<b>36,055,995</b>	<b>19,852,664</b>
	Capacity building-Teachers training		<b>10,962,177</b>	<b>8,154,318</b>
	Qurbani		<b>456,986,445</b>	<b>449,295,968</b>
	Staff Welfare Programme		<b>103,257,911</b>	<b>13,672,895</b>
	School enhancement programme		<b>39,007,443</b>	<b>24,526,941</b>
	Zakat project		<b>46,492,651</b>	<b>164,690</b>
	Winter clothing for orphans		<b>39,072,517</b>	<b>26,050,501</b>
	Other programme		<b>13,425,779</b>	<b>-</b>
	Sadqaat-Aqeeqa		<b>3,376,900</b>	<b>7,500,468</b>
	Eid gifts		<b>-</b>	<b>2,466,397</b>
	Ramadan programme		<b>70,955,906</b>	<b>27,785,068</b>
	Scholarships Expenses		<b>9,946,792</b>	<b>7,540,930</b>
	PRSP		<b>27,290,400</b>	<b>-</b>
	Programme expenses in kind		<b>3,544,883</b>	<b>3,762,376</b>
	Primary education for girls		<b>265,307,697</b>	<b>177,361,384</b>
			<b>2,480,702,760</b>	<b>2,361,832,086</b>

- 24.1.1** Donation head Orphan Sponsorship Programme - Sustenance Support has been merged in Orphan Sponsorship Programme - Education as grant received for Orphan without bifurcating both the Donation heads.

<b>24.2</b>	<b>Programme offices costs</b>	<b>Note</b>	<b>2025 (Rupees)</b>	<b>2024 (Rupees)</b>
	Department of education - Head Office		<b>35,275,086</b>	<b>55,788,023</b>
	Programme office - Muzaffarabad		<b>9,818,210</b>	<b>11,089,104</b>
	Programme office - Bagh		<b>16,030,363</b>	<b>19,073,744</b>
	Programme office - Bhimber		<b>13,652,688</b>	<b>18,120,585</b>
	Programme office - Kotli		<b>13,228,748</b>	<b>13,398,760</b>
	Programme office - Poonch		<b>8,986,519</b>	<b>9,013,960</b>
	Programme office - Mirpur		<b>9,515,776</b>	<b>10,827,475</b>
	Programme office - Gilgit Baltistan		<b>6,795,113</b>	<b>7,118,041</b>
	Programme office - Hattian Bala		<b>9,507,465</b>	<b>10,388,448</b>
	Programme office - Kharian		<b>11,333,540</b>	<b>13,749,769</b>
	Construction division		<b>50,512,865</b>	<b>50,019,851</b>
	Projects implementation department		<b>22,613,376</b>	<b>14,323,779</b>
	Monitoring & evaluation department		<b>8,534,182</b>	<b>16,080,725</b>
	Academic support services division		<b>60,547,719</b>	<b>52,027,741</b>
	Depreciation	<b>11.1</b>	<b>93,018,067</b>	<b>76,780,321</b>
	Provision for advance for purchase of land	<b>11.2.1</b>	<b>8,945,010</b>	<b>-</b>
			<b>378,314,727</b>	<b>377,800,325</b>
			<b>2,859,017,487</b>	<b>2,739,632,412</b>

- 24.2.1** This include charge for employee retirement benefits (gratuity) of Rs. 30,961,702 (2024: 97,315,780)



**READ FOUNDATION**

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

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2025**

		2025	2024
		(Rupees)	(Rupees)
<b>25</b>	<b>General and administrative expenses</b>		
	Staff salaries and benefits	64,593,471	73,661,683
	Office rent	7,019,795	5,917,992
	Human resource management	84,000	147,000
	Traveling and conveyance	10,957,072	9,892,522
	Utilities	9,814,817	9,409,524
	Meetings	54,763	153,673
	Computer accessories	329,221	224,719
	Repair and maintenance	3,471,684	2,235,654
	Auditor's remuneration	1,000,000	1,540,000
	Legal and professional fees	482,908	621,815
	Fees and taxes	6,305,069	1,877,407
	Courier and postages	408,269	396,108
	Books and Periodicals	-	2,150
	Mess and canteen	2,512,839	2,155,702
	Training	90,000	199,298
	Printing and stationery	1,195,590	914,769
	Depreciation	14,517,671	6,407,998
	Amortization - right of way asset	600,000	600,000
	Miscellaneous	3,199,794	1,667,598
		<b>126,636,963</b>	<b>118,025,612</b>
<b>25.1</b>	<b>Staff salaries and benefits</b>		
	Staff salaries	46,454,636	44,179,578
	Group health insurance	6,089,330	6,079,549
	Takaful/VPS contributory fund	-	7,759
	E.O.B.I	773,300	660,950
	Headship allowance	1,215,000	1,140,000
	Communication allowance	521,500	469,000
	Car allowance	454,000	420,000
	Gratuity expense	8,790,705	19,625,093
	Travelling Allowance	170,000	-
	Staff welfare	125,000	1,079,753
		<b>64,593,471</b>	<b>73,661,683</b>
<b>25.2</b>	<b>Auditor's remuneration</b>		
	Annual audit fee	1,000,000	1,540,000



**READ FOUNDATION**

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

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2025**

		2025 (Rupees)	2024 (Rupees)
<b>26 Fund raising</b>	<b>Note</b>		
Staff salaries and benefits	26.1	22,731,568	27,026,651
Advertisement and promotions		13,229,510	3,997,714
Traveling and conveyance		11,850,868	8,222,317
Computer accessories		-	10,903
Printing & stationery		452,549	452,913
Utilities		341,530	115,050
Books and Periodicals		-	17,602
Courier & postage		-	80,248
Fee and taxes		30,000	-
Training		17,582	24,250
Meeting		186,233	101,393
Repair and maintenance		16,290	44,907
Mess and canteen		-	28,774
Miscellaneous		1,281,848	821,606
		<u>50,137,978</u>	<u>40,944,328</u>
<b>26.1 Salaries and benefits</b>			
Staff salaries		18,160,095	12,319,626
Takaful/VPS contributory fund		-	21,274
E.O.B.I		394,050	294,586
Headship allowance		225,000	180,000
Communication allowance		133,750	116,500
Gratuity expense		3,818,673	10,577,125
Staff welfare		-	3,517,540
		<u>22,731,568</u>	<u>27,026,651</u>
<b>27 Financial charges</b>			
Interest on lease liability		1,863,223	2,094,269
Interest on land purchased on installments		42,324,595	3,015,536
Bank charges		2,859,982	3,156,259
		<u>47,047,800</u>	<u>8,266,064</u>
<b>28 Other income</b>			
Profit on bank accounts		28,710,249	90,828,050
Rental income		7,145,194	-
Dividend income		3,064	-
Others	28.1	13,325,000	3,219,740
		<u>49,183,507</u>	<u>94,047,790</u>

28.1 This mainly includes reversal of commission payable amounting to Rs. 12,500,000 (2024: Nil).



# READ FOUNDATION

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

### 29 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
		Rupees						
June 30, 2025	Note							
Financial assets not measured at fair value								
Advances and other receivables	17	-	222,863,490	222,863,490	-	-	-	-
Receivable from school - considered good	18	-	8,385,917	8,385,917	-	-	-	-
Long term investment	15	107,728	-	107,728	107,728	-	-	-
Long term security deposits	20	-	3,314,799	3,314,799	-	-	-	-
Cash and bank balances		-	701,650,764	701,650,764	-	-	-	-
Total		107,728	936,214,969	936,322,697	107,728	-	-	-
Financial liabilities not measured at fair value								
Lease liability	4	-	9,288,683	9,288,683	-	-	-	-
Trade and other payables	10	-	634,093,636	634,093,636	-	-	-	-
June 30, 2024	Note							
Financial assets not measured at fair value								
Advances and other receivables	17	-	32,564,979	32,564,979	-	-	-	-
Receivable from school - considered good	18	-	14,857,199	14,857,199	-	-	-	-
Long term investment	15	68,232	-	68,232	68,232	-	-	-
Long term security deposits	20	-	3,394,799	3,394,799	-	-	-	-
Cash and bank balances		-	505,248,123	505,248,123	-	-	-	-
Total		68,232	556,065,100	556,133,332	68,232	-	-	-
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	-	-	-	-



**29 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:

**29.1 Credit risk**

**29.2 Liquidity risk**

**29.3 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.

21

**READ FOUNDATION**

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

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2025****29.1 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:

	2025 Rupees	2024 Rupees
Advances, and other receivables	222,863,490	32,564,979
Receivable from school - considered good	8,385,917	14,857,199
Long term investment - FV through other comprehensive income	107,728	68,232
Long term security deposits	3,314,799	3,394,799
Bank balances	701,650,764	505,248,123
	<u>936,322,697</u>	<u>556,133,332</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.

**(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	2025 Rupees	2024 Rupees
<b>Advances, and other receivables</b>			
Counterparties with external credit ratings	Not rated	222,863,490	32,564,979
<b>Long term investment - FV through other comprehensive income</b>			
Counterparties without external credit ratings	Not rated	107,728	68,232
<b>Long term security deposits</b>			
Counterparties without external credit ratings	Not rated	3,314,799	3,394,799
	Ratings	2025 Rupees	2024 Rupees
<b>Bank balances</b>			
Counterparties with external credit ratings	A-1 to A-1+	701,650,764	505,248,123



**READ FOUNDATION**

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

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2025****29.2 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
	Rupees			
<b>June 30, 2025</b>				
Lease liability	9,288,683	3,416,551	5,872,131	9,288,682
Trade and other payables	643,699,104	643,699,104	-	643,699,104
Payable against land - current portion	-	-	3,198,312,381	3,198,312,381
	<u>652,987,787</u>	<u>647,115,655</u>	<u>3,204,184,512</u>	<u>3,851,300,167</u>
<b>June 30, 2024</b>				
Lease liability	14,466,541	4,452,955	10,013,586	14,466,541
Trade and other payables	472,109,325	472,109,325	-	472,109,325
Payable against land - current portion	-	-	3,559,489,984	3,559,489,984
	<u>486,575,866</u>	<u>476,562,280</u>	<u>3,569,503,570</u>	<u>4,046,065,850</u>

**29.3 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	
	2025	2024	2025	2024
	Percentage	Percentage	(Rupees)	(Rupees)
<b>Fixed rate instruments</b>				
Financial assets				
Savings accounts	7.46% to 10%	12% to 14%	698,055,864	490,169,183
Financial liabilities - lease liability			<u>9,288,682</u>	<u>14,466,541</u>

**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.

**READ FOUNDATION**

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

**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED JUNE 30, 2025****30 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	2025		2024	
	Chief Executive	Executives	Chief Executive	Executives
	----- (Rupees) -----			
Managerial remuneration	6,201,504	147,836,832	5,321,676	130,157,705
Communication allowance	67,000	1,315,650	66,000	1,111,900
Headship allowance	240,000	2,400,000	240,000	2,400,000
Eid-ul-fitr allowance	-	-	24,000	974,000
EOBI contribution	22,200	1,496,650	19,200	1,135,147
Self driving/personal car	455,000	900,000	420,000	1,560,000
Death allowance	-	-	-	1,333,680
	<b>6,985,704</b>	<b>153,949,132</b>	<b>6,090,876</b>	<b>138,672,432</b>
Number of persons	<b>1</b>	<b>69</b>	<b>1</b>	<b>68</b>

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.

**30.1** No fee has been paid to directors during the year.

**31 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	2025 (Rupees)	2024 (Rupees)
Association for Academic Quality	Associated by virtue of common directorship	Purchase of books	9,648,375	9,603,749
		Donation received	15,029,553	29,787,926
		Payable against project expenses	-	2,830,428
Character Education Foundation	Associated by virtue of common directorship	Teachers training expense for Holy Quran	390,000	-
		Purchase of books	1,149,869	1,638,237

**31.1** Related party transactions are carried out on mutually agreed terms.

**32 Number of employees**

	2025 Number	2024 Number
Number of employees at year end	262	270
Average number of employees during the year	207	266



**READ FOUNDATION**

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2025**

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**33 General**

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- Figures in these financial statements have been rounded off to the nearest Pakistan Rupee.
- Corresponding figures have been re-arranged and reclassified to reflect more appropriate presentation, however no material reclassification has been made.

**34 Date of authorization for issue**

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These financial statements have been authorized for issue on **13 SEP 2025** by the board of directors of the Company.



Chief Executive Officer



Director