

PAKISTAN HUMAN DEVELOPMENT FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025



INDEPENDENT AUDITOR'S REPORT

To the Members of Pakistan Human Development Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Pakistan Human Development Fund (the Company), which comprise the statement of financial position as at June 30, 2025, and the income and expenditure statement, the statement of comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, income and expenditure statement, the statement of comprehensive income, the statement of changes in funds 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 funds and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the other information. The other information comprises the information included in the director's report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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, 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.

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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.

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- 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, income and expenditure statement, the statement of comprehensive income, the statement of changes in funds 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 Asim Masood Iqbal.



Chartered Accountants
Islamabad
Date:
UDIN:

PAKISTAN HUMAN DEVELOPMENT FUND
(A COMPANY UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
ASSETS			
NON CURRENT ASSETS			
Operating fixed assets	6	465,317	673,661
		<u>465,317</u>	<u>673,661</u>
CURRENT ASSETS			
Advances, prepayments and other receivables	7	24,527,297	28,293,341
Tax refunds due from the Government		2,600,737	232,772
Investments	8	3,639,448,838	2,800,637,475
Cash and bank balances	9	2,325,586	42,291,159
		<u>3,668,902,458</u>	<u>2,871,454,747</u>
TOTAL ASSETS		<u><u>3,669,367,775</u></u>	<u><u>2,872,128,408</u></u>
FUNDS AND LIABILITIES			
FUNDS			
Endowment Fund - Restricted	10	3,489,506,383	2,751,064,276
Other funds - Unrestricted			
- Reserve Fund	11	126,206,548	100,452,332
- Retained Fund		16,103,159	13,241,579
		<u>142,309,707</u>	<u>113,693,911</u>
		<u>3,631,816,090</u>	<u>2,864,758,187</u>
Surplus / (Deficit) on fair value measurement of FVTOCI investments		30,638,286	202,002
		<u>3,662,454,376</u>	<u>2,864,960,189</u>
NON CURRENT LIABILITIES			
CURRENT LIABILITIES			
Accrued and other liabilities	12	6,913,399	7,168,219
		<u>6,913,399</u>	<u>7,168,219</u>
TOTAL FUNDS AND LIABILITIES		<u><u>3,669,367,775</u></u>	<u><u>2,872,128,408</u></u>
CONTINGENCIES AND COMMITMENTS			
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The annexed notes 1 to 27 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

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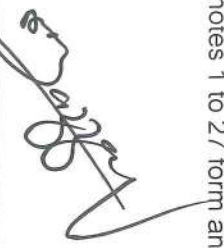
DIRECTOR

PAKISTAN HUMAN DEVELOPMENT FUND
(A COMPANY UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2025

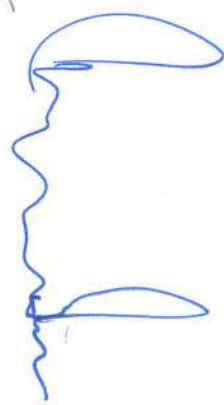
	2025		2024	
	Endowment Fund	Other Funds	Endowment Fund	Other Funds
	Total		Total	
	Rupees			
INCOME				
Donations	14	-	-	516,568
Investment income	15	832,399,226	53,131,866	885,531,092
Other income		-	-	720,910,712
		832,399,226	53,131,866	1,354,185
			885,531,092	722,264,897
			46,618,582	516,568
			766,926,289	86,437
			768,883,479	1,440,622
EXPENDITURE				
Grant to National Commission for Human Development	16	49,050,269	3,130,868	52,181,137
General and administration expenses	17	191,653	18,531,041	18,722,694
Legal and professional charges	18	35,999,885	2,297,865	38,297,750
		85,241,807	23,959,774	109,201,581
			54,265,309	25,586,255
			16,960,448	244,347
			71,225,757	1,633,165
			29,658,134	13,512,302
			697,657,722	1,814,981
SURPLUS FOR THE YEAR - BEFORE FINAL TAX LEVY		747,157,419	29,172,092	776,329,511
			667,999,588	29,658,134
Final Tax Levy	19	(8,715,312)	(556,296)	(9,271,608)
			(14,249,064)	(909,515)
			(15,158,579)	
NET SURPLUS FOR THE YEAR		738,442,107	28,615,796	767,057,903
			653,750,524	28,748,619
			682,499,143	

The annexed notes 1 to 27 form an integral part of these financial statements.

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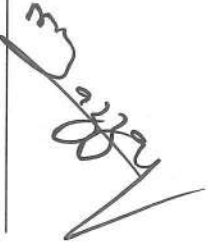
DIRECTOR

PAKISTAN HUMAN DEVELOPMENT FUND
(A COMPANY UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	2025			2024				
	Endowment Fund	Other Funds	Surplus / (deficit) on fair value measurement of investments	Total	Endowment Fund	Other Funds	Surplus / (deficit) on fair value measurement of investments	Total
Net surplus for the year	738,442,107	28,615,796	-	767,057,903	653,750,524	28,748,619	-	682,499,143
Other comprehensive income / (loss):								
Surplus / (deficit) on fair value measurement of FVTOCI investments - note 8.1	-	-	30,436,284	30,436,284	-	-	48,095,980	48,095,980
Other comprehensive income / (loss) for the year	-	-	30,436,284	30,436,284	-	-	48,095,980	48,095,980
Total comprehensive income / (loss) for the year	738,442,107	28,615,796	30,436,284	797,494,187	653,750,524	28,748,619	48,095,980	730,595,123

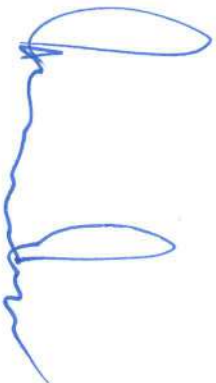
Rupees

The annexed notes 1 to 27 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR



PAKISTAN HUMAN DEVELOPMENT FUND
(A COMPANY UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Endowment Fund	Other Funds Reserve Fund	Retained Fund	Surplus / (deficit) on fair value measurement of investments	Total
-----Rupees-----					
Balance as at July 1, 2023	2,097,313,752	74,578,575	10,366,717	(47,893,978)	2,134,365,066
Total comprehensive income / (loss) for the year					
Net surplus / (deficit) for the year	653,750,524	25,873,757	2,874,862	-	682,499,143
Other comprehensive income / (loss) for the year	653,750,524	25,873,757	2,874,862	48,095,980	730,595,123
Balance as at June 30, 2024	<u>2,751,064,276</u>	<u>100,452,332</u>	<u>13,241,579</u>	<u>202,002</u>	<u>2,864,960,189</u>
Balance as at July 1, 2024	2,751,064,276	100,452,332	13,241,579	202,002	2,864,960,189
Total comprehensive income / (loss) for the year					
Net surplus / (deficit) for the year	738,442,107	25,754,216	2,861,580	-	767,057,903
Other comprehensive income / (loss) for the year	738,442,107	25,754,216	2,861,580	30,436,284	797,494,187
Balance as at June 30, 2025	<u>3,489,506,383</u>	<u>126,206,548</u>	<u>16,103,159</u>	<u>30,638,286</u>	<u>3,662,454,376</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



DIRECTOR

PAKISTAN HUMAN DEVELOPMENT FUND
(A COMPANY UNDER SECTION 42 OF THE COMPANIES ACT, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Donation received		-	516,568
Grant to National Commission for Human Development		(53,781,897)	(37,933,150)
Others		-	(462,890)
Payment for services		(57,165,474)	(43,299,920)
Taxes / levies paid - net		(11,639,573)	(1,208,418)
Net cash used in operating activities		(122,586,944)	(82,387,810)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) in investments		(652,605,729)	(679,341,357)
(Increase) / decrease in advances, prepayments and other receivables		-	(168,269)
Interest on savings bank accounts		7,299,735	9,493,693
Purchase of fixed assets		(53,100)	(387,801)
Other Income		-	1,440,622
Dividend received		61,218,551	52,039,861
Return on investments made		704,677,114	705,976,903
Net cash generated from investing activities		120,536,571	89,053,652
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net (decrease) / increase in cash and cash equivalents		(2,050,373)	6,665,842
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		148,005,852	141,340,010
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20	<u>145,955,479</u>	<u>148,005,852</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

**PAKISTAN HUMAN DEVELOPMENT FUND
(A COMPANY 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

- 1.1 Pakistan Human Development Fund (the Company) is a Company limited by guarantee, incorporated in Pakistan on July 12, 2002 and registered under section 42 of the Companies Ordinance, 1984 (repealed by the Company Act, 2017). The license issued to the Company under Section 42 of the Companies Ordinance, 1984, by the Securities and Exchange Commission of Pakistan (SECP). The Company is approved as a Non Profit Organization under section 2 (36) of the Income Tax Ordinance, 2001 and the related approval is valid till June 30, 2026. The registered office of the Company is located at 1st Floor, Shaheed-e-Millat Secretariat, Blue Area, Islamabad.
- 1.2 The Company has been established for the cause of human development in the fields of education, health and capacity building and currently carries out its activities by extending financial and other support to National Commission for Human Development (NCHD), which is a body corporate constituted under NCHD Ordinance, 2002. For this purpose, the Government of Pakistan (GoP) has contributed a sum of Rs. 750 million, as provided under the Deed of Endowment signed on May 22, 2004 between GoP and PHDF. As required under the Deed of Endowment, the Company established an Endowment Fund and the amount received as grant by the Company from GoP was placed in the said Fund. The proceeds of the Endowment Fund have been invested in various schemes as decided by the Fund Management Committee and approved by the Board of Directors of the Company from time to time. The yields earned out of the Endowment Fund are being utilized for carrying out the programmes, projects and recurring cost of NCHD while the principal amount of the Endowment Fund shall not be used or utilized and shall be kept intact.
- 1.3 For the purpose of managing the investment schemes of the Endowment Fund, the Company has entered into separate arrangements with UBL Fund Managers (UBL), Alfalah GHP Investments Management Limited (Alfalah GHP) and HBL Asset Management Limited (HBL). Investments made through these investment advisors are reflected in note 8 of the financial statements

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Accounting convention

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

2.3 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. 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:

- estimated useful life of fixed assets (note 6)
- provision for doubtful receivables and tax refunds (note 7)
- fair value estimates and provision for impairment against investments (note 8)
- provision for taxation and income tax refundable (note 19)

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

3. NEW AND REVISED STANDARDS AND INTERPRETATIONS

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2023 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

		Effective date (annual reporting periods beginning on or after)
IAS 21	The effects of changes in foreign exchange rates (Amendments)	January 1, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 1, 2026
IFRS 9	Financial Instruments (Amendments)	January 1, 2026
IFRS 10	Consolidated Financial Statements (Amendments)	January 1, 2026
IFRS 17	Insurance Contracts	January 1, 2026

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

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

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts
IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures
IFRIC 12	Service concession arrangements

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4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 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 derecognition of the financial assets and financial liabilities are taken to the income and expenditure statement.

(i) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- a) Amortized cost where the effective interest rate method will apply;
- b) fair value through income and expenditure;
- c) fair value through other comprehensive income.

The classification depends on the entity'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 income and expenditure statement or statement of comprehensive income. For investments in equity instruments that are not held for trading, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). 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 recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised 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 income and expenditure (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.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

(a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. 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 recognised directly in income and expenditure and presented in other operating gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of income and expenditure.

(b) Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in income and expenditure. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from fund to statement of income and expenditure and recognised in other income / charges. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / charges and impairment expenses are presented as separate line item in the income and expenditure statement.

(c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the income and expenditure statement and presented net within other operating gains / (losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value.

Where the Company's management 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 income and expenditure following the derecognition of the investment. Dividends from such investments continue to be recognised in income and expenditure statement when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other operating gains / (losses) in the income and expenditure statement. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

APR 3

De-recognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

The Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Advances, prepayments and other receivables
- Investments (investment bank accounts, fixed income and certificates of Islamic investments)
- Cash and bank balances

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of income and expenditure for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of counterparty sources of income or assets to generate sufficient future cash flows to repay the amount.



(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 income and expenditure. The Company has not designated any financial liability upon recognition as being at fair value through income and expenditure.

b) Amortised 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 income and expenditure statement, when the liabilities are derecognized as well as through effective interest rate amortization process.

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of income and expenditure.

(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 recognised amounts and the Company intends to settle on a net basis or realise the asset and settle the liability simultaneously.

4.2 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on current and savings accounts and other short-term highly liquid investments.

4.3 Accrued and other liabilities

Accrued and other liabilities are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.



4.4 Income

- a) Contributions are recognized in accordance with the Restricted Fund method. Under the restricted fund method of accounting, endowment contributions are accumulated in endowment fund balance. When the contributions are received, it is recognized as restricted fund. These are transferred to income to the extent of actual expenditure incurred against them. Unspent portion of such grants is reflected as restricted grants in the statement of financial position. Expenditure incurred against grant committed but not received is accrued and recognized in income and is reflected as grants receivable.

Endowment contributions are recognized as income of the Endowment Fund in the year of receipt. Other restricted contributions are accumulated in the statement of financial position as part of appropriate fund balance.

- b) Unrestricted contributions are recognized as income in the year of receipt.
- c) Interest income for all interest-bearing investments is recognized in the income and expenditure statement using the effective interest rate method.
- d) Gain/(loss) on the sale of operating assets is recognized in the period in which disposal is made.
- e) Dividend income is recognized when the Company's right to receive the income is established.
- f) Free of cost office space, electricity and certain other services provided by Pakistan Housing Authority (PHA) are not valued and accordingly, are not recognized in the financial statements as income of the Company.

4.5 Expenditure

Expenses incurred for the operations of the Company are allocated to Endowment Fund and other funds at a predetermined ratio approved by the Board of Directors.

4.6 Grant to NCHD

This represents transfer of funds to NCHD for implementation of various projects based on the donations received from donors and payment made from Endowment Fund to NCHD based on NCHD's budget approved by the Board of Directors of the Company.

Advances to NCHD

Disbursement to NCHD are recognised as advances at the time of actual disbursements. These advances are charged to income and expenditure statement on the basis of statement of expenditure submitted by NCHD till the year end.

Expense incurred by NCHD

Disbursements made to NCHD which are incurred by NCHD and supported by the statement of expenditure is charged to Income and expenditure statement.

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4.7 Taxation

Current

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into statement tax credits and tax rebates, if any. Income tax expense is recognized in income and expenditure statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Management evaluates positions taken in tax, with respect to situations in which applicable tax regulation is subject to interpretation, and account for provisions, where appropriate, on the basis of amounts expected to be settled with the tax authorities.

Deferred

Deferred tax is accounted for on all major taxable temporary differences between the carrying amounts of assets for financial reporting purposes and their taxation base. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are calculated at the rate that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus/ (deficit) arising on such revaluation.

4.8 Final taxes - Levies

In accordance with the application guidance issued by the Institute of Chartered Accountants of Pakistan (ICAP) relating to IAS-12 "Income taxes", any amount in excess of normal tax liability and not based on taxable income is to be treated as final taxes - levies. Accordingly, the Company classifies any amount over and above the normal tax as per the enacted tax laws as final tax differential and same is treated as levy in term of IAS 37 "Provisions, contingent liabilities and contingent assets" and IFRIC 21 "Levies" and not treated as part of income tax balances if any to be recognised under IAS-12.

5 SUMMARY OF OTHER ACCOUNTING POLICIES

Other than material accounting policies applied in the preparation of these financial statements are set out below for ease of user's understanding of these financial statements. These policies have been applied consistently for all the periods presented, unless stated otherwise.

5.1 Operating fixed assets

a) Cost

These are stated at historical cost less accumulated depreciation and impairment, if any.

b) Depreciation

Depreciation is charged to the income and expenditure statement using the straight-line method to allocate their cost less residual values over their estimated useful lives at the rates specified in note 6. Depreciation on additions is charged from the month of purchase, while no depreciation is charged in the month of derecognition/disposal.

The assets' residual values and useful lives are reviewed every year and adjusted if impact on depreciation is significant.

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c) Gains and losses on disposal

Gain or losses on disposals of operating assets are included in income and expenditure statement, if arises.

d) Repairs and maintenance

Maintenance and repairs are charged to income and expenditure statement as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are written off.

5.2 Foreign currency transactions and translation

a) Functional and presentation currency

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

b) Transactions and balances

Foreign currency transactions are recorded at the exchange rate applicable at the transaction date. Monetary assets and liabilities are translated into Pak Rupees using exchange rates applicable at the statement of financial position date. All gains and losses on settlement and translation at year end are recognised in the income and expenditure statement.

5.3 Staff retirement benefits

a) Defined Contribution plan

The Company contributes to a defined contribution plan operated by UBL retirement fund and Islamic Fund for all its employees (except special service agreement staff) who have completed their probationary period. Each monthly contribution is made by the Company at the rate of 10% of gross salary. The Company's contribution to the fund are charged to the income and expenditure statement.

b) Employees compensated absences

The Company provides for unavailed compensated absences for all its employees except Special Service Agreement staff. Each employee is eligible for 18 days of earned leaves per calendar year and unavailed earned leaves can be accumulated up to maximum of 36 days. The leave encashment is made for 50% of un-availed earned leaves up to maximum of 18 days based on employee's last drawn gross salary. A provision is made for the estimated liability as a result of services rendered by employees up to the statement of financial position date.

5.4 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

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6 OPERATING FIXED ASSETS

	Computer equipment	Office equipment	Total
	-----Rupees-----		
At June 30, 2023			
Cost	895,730	160,081	1,055,811
Accumulated depreciation	(537,939)	(143,309)	(681,248)
Net book value	<u>357,791</u>	<u>16,772</u>	<u>374,563</u>
Year ended June 30, 2024			
Opening net book value	357,791	16,772	374,563
Additions	353,801	34,000	387,801
Depreciation - note 6.1	(69,677)	(19,026)	(88,703)
Closing net book value	<u>641,915</u>	<u>31,746</u>	<u>673,661</u>
At June 30, 2024			
Cost	1,249,531	194,081	1,443,612
Accumulated depreciation	(607,616)	(162,335)	(769,951)
Net book value	<u>641,915</u>	<u>31,746</u>	<u>673,661</u>
Year ended June 30, 2025			
Opening net book value	641,915	31,746	673,661
Additions	-	53,100	53,100
Depreciation - note 6.1	(248,754)	(12,690)	(261,444)
Closing net book value	<u>393,161</u>	<u>72,156</u>	<u>465,317</u>
At June 30, 2025			
Cost	1,249,531	247,181	1,496,712
Accumulated depreciation	(856,370)	(175,025)	(1,031,395)
Net book value	<u>393,161</u>	<u>72,156</u>	<u>465,317</u>
Depreciation rate per annum	<u>33.33%</u>	<u>20%</u>	

6.1 Depreciation has been charged to general and administration expenses on straight line.

	2025 Rupees	2024 Rupees
7 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
Prepayments	474,108	328,632
Advances and other receivable		
Considered good		
- Advance to NCHD for various projects - related party	23,314,494	21,713,734
- Advance to employees	40,000	29,000
- Advance to supplier	5,178	10,000
- Dividend receivable	-	-
- Interest accrued on bank accounts	-	-
- Receivable from investment advisor in respect of shares sold - net	693,517	6,211,975
	<u>24,527,297</u>	<u>28,293,341</u>
Considered doubtful		
- Dividend receivable	881,415	881,415
	<u>25,408,712</u>	<u>29,174,756</u>
Provision against doubtful dividend receivable	<u>(881,415)</u>	<u>(881,415)</u>
	<u>24,527,297</u>	<u>28,293,341</u>

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8 INVESTMENTS

Held with the Investment Advisors - note 8.1

	2025	2024
	Rupees	Rupees
	3,639,448,838	2,800,637,475

8.1 Held with the Investment Advisors

Investments carried under amortized cost model

Investments bank accounts - note 8.1.1

Investments - carried under FVTOCI model

Fixed Income Investments - carried under FVTOCI model

- Treasury Bills - note 8.1.2
- Pakistan Investment Bonds - note 8.1.3
- Term Finance Certificates - note 8.1.4
- Mutual Funds - note 8.1.5
- Sukuk Certificates - note 8.1.6

Surplus / (Deficit) on fixed income investments

Investment - carried under FVTPL model

- Debt Investment - carried under FVTPL model - Cost - note 8.1.7
- Equity Investment in listed securities - carried under FVTPL model - Cost - note 8.1.8
- Surplus / (Deficit) on fair value measurement

Provision for impairment against non performing TFCS

Fair value as at June 30

Total Investments - cost / amortized cost

Total (Deficit) / Surplus on fair value measurement

Provision for impairment against non performing TFCS

Fair value as at June 30, 2025

	UBL	Alfiah GHP	Total	Total
HBL				2024
	28,889,570	114,740,323	143,629,893	28,128,383
	-	-	-	-
	6,544,798	40,730,391	47,277,095	1,401,393
	-	26,254,384	26,254,384	-
	6,544,798	1,579,975,182	1,586,520,177	2,301,083,169
	22,453	15,013,304	15,035,757	202,002
	6,567,251	1,594,988,486	1,601,555,737	2,301,285,171
	-	44,424,580	44,424,580	-
	-	319,571,544	319,571,544	388,584,196
	-	109,049,720	109,049,720	177,587,282
	-	473,045,844	473,045,844	566,171,478
	6,567,251	2,096,923,900	2,103,491,151	2,895,585,032
	-	-	-	(94,947,557)
	6,567,251	2,096,923,900	2,103,491,151	2,800,637,475
	6,544,798	1,972,860,876	1,979,405,674	2,717,795,748
	22,453	124,063,024	124,085,477	177,789,284
	-	-	-	(94,947,557)
	6,567,251	2,096,923,900	2,103,491,151	2,800,637,475

8.1.1 Closing balance of the Investments' bank accounts represents the unutilised amount of cash held in bank accounts in the name of PHDF, which have been designated for the purpose of making investments by the investment advisors.

Equity Investments (continued)

As at June 30, 2025

	No. of shares	Cost	Market value	Surplus / (deficit) on remeasurement
-----Rupees-----				
Alfalah GHP				
Attock Cement Pakistan Limited	33,131	5,060,950	9,694,131	4,633,181
AGP Limited	60,993	6,465,273	11,647,223	5,181,950
Askari Bank Limited	151,000	3,623,249	7,444,300	3,821,051
Attock Refinery Limited	13,515	5,640,572	9,182,361	3,541,789
Avanceon Limited	1,475	79,680	71,965	(7,715)
Bank Alfalah Limited	61,051	4,231,559	4,898,732	667,173
Bank AL Habib Limited	106,098	12,088,960	16,740,142	4,651,182
Cherat Cement Company Limited	22,085	3,829,146	6,411,276	2,582,130
Engro Fertilizers Limited	22,562	3,831,411	4,187,282	355,871
Engro Holding Limited	22,940	4,961,693	4,187,926	(773,767)
Faysal Bank Limited	139,613	6,957,677	9,733,818	2,776,141
Fauji Fertilizer Company Limited	85,356	17,703,900	33,494,548	15,790,648
Highnoon laboratories limited	10,853	9,700,011	10,722,330	1,022,319
Habib Metropolitan Bank Limited	92,291	6,474,696	9,129,426	2,654,730
Hub Power Company Limited	57,990	9,259,399	7,991,602	(1,267,797)
Interloop Limited	26,345	1,864,094	1,785,137	(78,957)
Kohat Cement Company Limited	27,147	7,176,414	10,298,486	3,122,072
Lalpir Power Limited	147,000	3,482,814	3,835,230	352,416
Lucky Cement Limited	43,050	7,961,106	15,293,082	7,331,976
MARI Energies Limited	14,522	5,378,295	9,103,697	3,725,402
MCB Bank Limited	53,709	13,525,670	15,486,453	1,960,783
Meezan Bank Limited	34,366	8,202,454	11,411,230	3,208,776
Millat Tractors Limited	4,220	2,386,930	2,357,545	(29,385)
Murree Brewery Company Limited	11,154	7,071,113	9,034,740	1,963,627
Oil & Gas Development Company Limited,	69,614	10,251,464	15,354,064	5,102,600
Pakistan National Shipping Corporation	21,090	4,850,170	7,971,598	3,121,428
Pakistan Oilfields Limited	19,763	9,969,578	11,663,530	1,693,952
Pakistan Petroleum Limited	75,112	9,403,526	12,781,809	3,378,283
Pakistan State Oil Company Limited	42,357	12,092,578	15,991,038	3,898,460
Sacgar Engineering Works Limited	6,500	8,333,000	7,408,830	(924,170)
Shifa International Hospitals Limited	20,629	8,233,182	9,801,457	1,568,275
Sui Northern Gas Pipelines Limited	36,304	2,477,311	4,237,040	1,759,729
Systems Limited	74,250	6,500,739	7,955,145	1,454,406
Tariq Glass Industries Limited	46,312	6,351,958	11,632,185	5,280,227
Thal Limited	22,346	9,359,162	8,853,932	(505,230)
United Bank Limited	118,836	19,266,810	32,792,794	13,525,984
	1,795,579	264,046,544	370,586,084	106,539,540
	3,869,000	583,618,088	799,207,348	215,589,260

	2025 Rupees	2024 Rupees
9 CASH AND BANK BALANCES		
Cash in hand	9,000	25,650
Cash at bank - note 9.1		
Local currency saving account		
- Endowment Fund account - Al-Falah	1,331,403	41,440,193
- Others savings accounts - NBP	985,183	825,316
	2,316,586	42,265,509
	<u>2,325,586</u>	<u>42,291,159</u>

9.1 These carry markup of 8% to 19% per annum (2024: 20.5% per annum).

10 ENDOWMENT FUND

Contribution by the Government of Pakistan - note 10.1	750,000,000	750,000,000
Retained yields at the beginning of the year	2,001,064,276	1,347,313,752
Surplus for the year	738,442,107	653,750,524
	2,739,506,383	2,001,064,276
	<u>3,489,506,383</u>	<u>2,751,064,276</u>

10.1 This represents contribution of Rs. 750 million by Government of Pakistan (GoP) as provided under the Deed of Endowment signed between GoP and PHDF on May 22, 2004. The yields earned out of the Endowment Fund are utilized for carrying out the programmes, projects and recurring cost of NCHD while the principal amount of the Endowment Fund shall not be used or utilized and shall be kept intact as per terms.

	2025 Rupees	2024 Rupees
11 RESERVE FUND		
Balance at beginning of the year - note 11.1	100,452,332	74,578,575
Surplus / (loss) for the year	25,754,216	25,873,757
	<u>126,206,548</u>	<u>100,452,332</u>

11.1 Reserve Fund was established in June 2011 to meet the recurring cost of PHDF. The contributions to the Reserve Fund include transfer from surplus / loss for the year.

	2025 Rupees	2024 Rupees
12 ACCRUED AND OTHER LIABILITIES		
Payable to investment advisors - note 12.1	3,100,995	2,558,276
Custodian fee payable	295,526	295,526
Retainership and professional fee	-	99,000
Provision for leave encashment	686,958	533,419
Payable to employees	-	-
Withholding tax payable	-	-
Others	2,829,920	3,681,998
	<u>6,913,399</u>	<u>7,168,219</u>

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12.1 This represents performance fee and management fee due to investment advisors related to the Endowment Fund.

13 CONTINGENCIES AND COMMITMENTS

13.1 A suit of Rs. 10 million filed in 2004 for alleged copyright violation of the play "Anarkali" has been transferred from the High Court to the Intellectual Property Tribunal under the Sindh Act IV of 2025. Based on legal advice, management expects the case to be decided in favour of the Company and no provision has been made.

13.2 There were no capital commitments as at June 30, 2025 (2024: Nil).

14 DONATIONS

	2025 Rupees	2024 Rupees
Other donations	-	516,568

15 INVESTMENT INCOME

	2025 Rupees	2024 Rupees
Interest on bank balances	7,299,735	9,383,525
Income from:		
Government securities	329,739,427	379,431,084
Term Finance Certificates	24,792,366	26,461,102
Commercial Paper	-	-
Dividends on Equity Investments - note 15.2	61,218,551	51,565,861
Mutual Funds	592,169	6,618,383
	416,342,513	464,076,430
Gain / (loss) on sale of:		
Government securities	50,516,487	3,864,910
Mutual Funds	1,943,948	1,571,436
Equity investments	75,984,999	110,442,705
	128,445,434	115,879,051
Surplus / (deficit) on fair value measurement of equity investments carried under FVTPL model	215,589,260	177,587,283
Other Income - note 8.1.7		
Gain on derognition of Term Finance Certificate and recognition of Preference Shares of AGL	22,906,593	-
Reversal of provision against Term Finance Certificates of AGL	94,947,557	-
	117,854,150	-
	<u>885,531,092</u>	<u>766,926,289</u>

	Endowment Fund Rupees	Other Funds Rupees	2025 Rupees	2024 Rupees
15.1 Income on funds with investment advisors				
UBL	469,555,213	29,971,609	499,526,822	457,514,488
Alfalah GHP	359,864,080	22,970,048	382,834,128	308,507,860
HBL	2,339,421	149,325	2,488,746	-
	831,758,714	53,090,982	884,849,696	766,022,348
Income on other funds	640,512	40,884	681,396	903,941
	<u>832,399,226</u>	<u>53,131,866</u>	<u>885,531,092</u>	<u>766,926,289</u>

15.2 This represents dividend on the equity investments declared by the companies during the year.

	2025 Rupees	2024 Rupees
16 GRANTS TO NATIONAL COMMISSION FOR HUMAN DEVELOPMENT		
Grant for maddrisa project	30,408,728	26,756,530
Grant for ZOOSC project	21,772,409	-
Others	-	462,890
	<u>52,181,137</u>	<u>27,219,420</u>
	2025 Rupees	2024 Rupees
17 GENERAL AND ADMINISTRATION EXPENSES		
Salaries and other benefits - note 17.1	17,066,950	11,946,350
Travel and boarding	145,963	-
Meetings and conferences	168,387	225,644
Communication	87,612	110,278
Insurance	598,541	479,599
Printing and stationery	120,690	23,800
Postage	35,499	34,300
Office supplies	151,649	399,355
Bank charges	3,966	9,476
Depreciation	261,444	88,703
Advertisement	43,895	428,196
Others	38,098	10,948
	<u>18,722,694</u>	<u>13,756,649</u>
17.1 This includes charge of Rs. 1,426,942 (2024: Rs. 940,500) in respect of contribution to Voluntary Pension Scheme.		
	2025 Rupees	2024 Rupees
17.2 The general and administrative expenses have been allocated to funds as follows:		
Endowment fund	191,653	244,347
Other funds		
Reserve fund	16,677,937	12,161,072
Retained fund	1,853,104	1,351,230
	<u>18,722,694</u>	<u>13,756,649</u>
18 LEGAL AND PROFESSIONAL CHARGES		
Fee to the investment advisors - note 18.1		
Performance fee	18,810,814	4,580,130
Management fee	9,068,452	4,387,731
	<u>27,879,266</u>	<u>8,967,861</u>
Custodian fee	560,438	2,237,259
Brokerage charges	1,453,726	1,474,476
Legal fee	230,910	13,415,194
Auditor's remuneration - note 18.2	905,020	1,464,238
Consultancy charges	7,018,390	2,643,860
Others	250,000	46,800
	<u>38,297,750</u>	<u>30,249,688</u>
18.1 This represents fee of fund managers in accordance with the terms of their respective agreements.		

	2025 Rupees	2024 Rupees
18.2 Auditor's remuneration		
Annual audit fee	750,000	600,000
Out of pocket expenses and sales tax	155,020	60,000
Tax and other services	-	804,238
	<u>905,020</u>	<u>1,464,238</u>

	2025 Rupees	2024 Rupees
18.3 The legal and professional charges have been allocated to funds as follows:		
Endowment fund	35,999,885	28,434,707
Other funds		
Reserve fund	2,068,079	1,633,483
Retained fund	229,787	181,498
	<u>38,297,751</u>	<u>30,249,688</u>

19 Final taxes

This represents final tax payable under section 5 of Income Tax Ordinance, 2001 (ITO), representing levy in terms of requirements of IFRIC 21/IAS 37.

19.1 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognised in the statement of comprehensive income, is as follows:

	2025 Pak Rs '000	2024 Pak Rs '000
19.2 Current tax liability for the year as per applicable tax laws	(9,271,608)	(15,158,579)
Less:		
Portion of current tax liability as per tax laws, representing income tax under IAS 12	-	-
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	9,271,608	15,158,579
	<u>-</u>	<u>-</u>

20 CASH AND CASH EQUIVALENTS

Cash and bank balances	2,325,586	42,291,159
Treasury Bills with three months maturity	-	77,586,310
Investment bank accounts	143,629,893	28,128,383
	<u>143,629,893</u>	<u>105,714,693</u>
	<u>145,955,479</u>	<u>148,005,852</u>

21 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE OFFICER AND EXECUTIVES

The number of directors is 16 (2024: 16) who work voluntarily for the Company. Details of remuneration of the chief executive officer and executives of the Company are as follows:

	Chief Executive Officer		Executive	
	2025 Rupees	2024 Rupees	2025 Rupees	2024 Rupees
Managerial remuneration - note 21.1	7,238,500	6,000,000	6,002,751	2,160,000
Voluntary Pension Scheme	720,000	600,000	594,875	216,000
Provision for leave encashment	419,371	335,342	368,043	142,598
	<u>8,377,871</u>	<u>6,935,342</u>	<u>6,965,669</u>	<u>2,518,598</u>
Number of employees	<u>1</u>	<u>1</u>	<u>3</u>	<u>1</u>

21.1 Managerial remuneration includes Rs. 9,500 per month of mobile bill reimbursement. CEO is provided with general insurance and health insurance, with premium charge of Rs 36,750 and Rs 130,000 respectively.

22 RELATED PARTY TRANSACTIONS

The Company's related parties comprise of entities over whom the Company can exercise significant influence, directors, entities with common directorship and key management personnel. Balances at the end of the year are disclosed in their respective notes. Remuneration of CEO is disclosed in note 21. The transactions during the year with related parties are given below:

Transactions during the year	2025		2024		
	Companies with Common Directorship Percentage of shareholding	Directors Rupees	Other Related Parties Rupees	Companies with Common Directorship Directors Rupees	Other Related Parties Rupees
- Grant to National Commission for Human Development (NCHD)	Nil	-	52,181,137	-	26,756,530
- Advance to NCHD	Nil	-	23,314,494	-	21,713,734

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23 STATEMENT OF AFFAIRS - ENDOWMENT FUND AND OTHER FUNDS

This represents the assets and liabilities related to the endowment fund and other funds as well as income generated and related expenditure, including return on income from investments.

	2025				2024			
	Endowment Fund	Other Funds	Surplus / (deficit) on fair value measurement of	Total	Endowment Fund	Other Funds	Surplus / (deficit) on remeasurement of investments	Total
	Rupees				Rupees			
ASSETS								
Operating fixed assets	-	465,317	-	465,317	-	673,661	-	673,661
Due from related party	-	-	-	-	-	-	-	-
Advances, prepayments and other receivables	23,055,659	1,471,638	-	24,527,297	26,595,741	1,697,600	-	28,293,341
Deferred tax asset	-	-	-	-	-	-	-	-
Tax refunds due from the Government	2,444,693	156,044	-	2,600,737	218,806	13,966	-	232,772
Investments - cost	3,189,628,014	203,593,278	-	3,393,221,292	2,554,728,003	163,067,745	-	2,717,795,748
Unrealized surplus on remeasurement of investments	202,653,904	12,935,356	30,638,286	246,227,546	166,932,045	10,655,237	202,002	177,789,284
Provision for impairment against non-performing TFCS	-	-	-	-	(89,250,704)	(5,696,853)	-	(94,947,557)
Cash and bank balances	3,392,281,918	216,528,634	30,638,286	3,639,448,838	2,632,409,344	168,026,129	202,002	2,800,637,475
	-	2,325,586	-	2,325,586	42,291,159	42,291,159	-	42,291,159
	3,417,782,270	220,947,219	30,638,286	3,669,367,775	2,659,223,891	212,702,515	202,002	2,872,128,408
FUNDS AND LIABILITIES								
Endowment Fund	3,489,506,383	-	-	3,489,506,383	2,751,064,276	-	-	2,751,064,276
Other Funds	-	142,309,707	-	142,309,707	-	113,693,911	-	113,693,911
Unrealised surplus on remeasurement of investments	-	-	30,638,286	30,638,286	-	-	202,002	202,002
Accrued and other liabilities	-	-	-	-	-	-	-	-
Performance fee and audit fee payable	2,914,935	186,060	-	3,100,995	2,497,839	159,437	-	2,657,276
Payable to custodian bank	277,794	17,732	-	295,526	277,794	17,732	-	295,526
Other payables	3,305,865	211,013	-	3,516,878	3,962,492	252,925	-	4,215,417
Provision for taxation	6,498,594	414,805	-	6,913,399	6,738,125	430,094	-	7,168,219
	3,496,004,977	142,724,512	30,638,286	3,669,367,775	2,757,802,401	114,124,005	202,002	2,872,128,408

APF3

24 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

24.1 Financial assets and liabilities

	2025		2024	
	Amortised Cost FVTPL / FVTOCI	Other financial assets FVTPL / FVTOCI	Amortised Cost FVTPL / FVTOCI	Other financial assets FVTPL / FVTOCI
Advances, prepayments and other receivables	738,695	-	6,250,975	-
Investments	143,629,893	3,495,818,945	28,128,383	2,772,509,092
Cash and bank balances	2,325,586	-	42,291,159	-
	<u>146,694,174</u>	<u>3,495,818,945</u>	<u>76,670,517</u>	<u>2,772,509,092</u>
				<u>2,849,179,609</u>

	2025		2024	
	Amortized cost	Other financial liabilities	Amortized cost	Other financial liabilities
Accrued and other liabilities	-	6,913,399	-	7,168,219
	<u>-</u>	<u>6,913,399</u>	<u>-</u>	<u>7,168,219</u>

24.2 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

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

24.2.1 Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counter party fails to perform its contractual obligations and arises principally from investments, advances, other receivables, investments and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2025 Rupees	2024 Rupees
Advances, prepayments and other receivables	738,695	6,250,975
Investments	1,293,574,679	845,870,058
Cash and bank balances	2,316,586	42,265,509
	<u>1,296,629,960</u>	<u>894,386,542</u>
Receivables past due but not impaired	-	-
Advances, prepayments and other receivables	-	-
Receivables past due and impaired	-	-
Advances, prepayments and other receivables	<u>881,415</u>	<u>95,828,972</u>

The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties. The credit quality of bank balances and investments can be assessed by reference to external credit ratings. 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.

Counter parties with external credit rating

	Ratings		Rating agency	2025		2024	
	Short term	Long term		Rupees		Rupees	
Cash and bank balances							
Bank Alfalah Limited	A1+	AAA	PACRA	1,331,403	41,440,193		
National Bank of Pakistan	A1+	AAA	PACRA	985,183	825,316		
				2,316,586	42,265,509		
Investment bank balances							
Bank Alfalah Limited	A1+	AAA	PACRA	114,740,323	15,651,368		
Meezan Bank Limited	A1+	AAA	JCR-VIS	28,889,570	12,477,015		
				143,629,893	28,128,383		
Term Finance Certificate							
Bank Al-Habib Limited	A1+	AAA	PACRA	50,672,106	51,830,830		
Bank of Punjab	A1+	AA	PACRA	50,356,601	51,272,784		
Kashti Foundation	A1	AAA		56,700,154	50,655,178		
				157,728,861	153,758,792		
Mutual Funds							
Alfalah Asset Management Limited		AM1	PACRA	1,906	1,906		
UBL Funds Manager Limited		AM2	JCR-VIS	47,325,596	1,462,025		
HBL Asset Management Limited		AM2+	PACRA	6,567,251	-		
				53,894,753	1,463,931		
Counter parties without external credit rating							
Treasury Bills - note 8.1.2 - Issued by Government of Pakistan				214,828,832	360,355,643		
Pakistan Investment Bonds - note 8.1.3 - Issued by Government of Pakistan				2,125,985,617	1,690,759,248		
Sukuk Certificates - note 8.1.6				26,319,384	-		
Preference Shares - Agritech Limited - Cost - note 8.1.7				117,854,150	-		
Equity investment in listed securities - carried under FVTPL model - Cost - note 8.1.8				799,207,348	566,171,478		
Advances, prepayments and other receivables				738,695	6,250,975		
				<u>3,642,504,119</u>	<u>2,849,153,959</u>		

Given the strong financial positions of these banks, the credit risk associated with their balances is minimal

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24.2.2 Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities, e.g. paying its suppliers and settling day to day liabilities arising from routine operations. The responsibility for liquidity risk management rests with the Board of Directors of the Company and their approach in this regard is to ensure that the Company always has sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

The maturity profile of the Company's financial liabilities based on the contractual amounts is as follows:

	2025 Rupees	2024 Rupees
Maturity up to one year		
Accrued and other liabilities	<u>6,913,399</u>	<u>7,168,219</u>

24.2.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Such risks are managed as shown below:

i) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate exposure arises on investments and balances with banks in savings accounts. The interest rate profile of the Company's interest-bearing financial instruments at the balance sheet date was as under:

	2025 Rupees	2024 Rupees
Financial assets		
Fixed rate instruments		
Government securities	961,777,654	663,298,494
Sukuk Certificates	26,319,384	-
Variable rate instruments		
Term Finance Certificates	157,728,861	153,758,792
Government securities	1,379,036,795	1,387,816,397
Mutual Funds	53,894,753	1,463,931
Bank Balances	145,955,479	70,419,542
	<u>1,736,615,888</u>	<u>1,613,458,662</u>
	<u>2,724,712,926</u>	<u>2,276,757,156</u>

The management of the Company estimates that a 1% increase in the market interest rates, with all other factors remaining constant, would increase the Company's surplus before tax by Rs. 17,366,159 (2024: Rs. 16,134,587), and a 1% decrease in the market interest rates would decrease the Company's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

ii) Currency risk management

The Pak Rupee (PKR) is the functional currency of the Company and the Company's exposure to foreign currency risk arises from balances with banks in foreign currencies. However, there is no exposure to foreign currency risk as the total balance in foreign currency as of 30 June 2025 was nil (2024: Nil). The Company's exposure to currency risk is Nil.

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iii) **Other market risk**

Other market risk comprise of the Company's investments in quoted shares which are designated as fair value through profit and loss. The Company has appointed the specialized investment advisors as described in note 1, for the purpose of managing its investments portfolios. For quoted investments, a 1% increase in market prices at the reporting date would have increased equity by Rs. 7,992,073 (2024: Rs. 5,661,715), and vice-versa. The company sell equity securities to earn maximum gain during the year.

25 Fair value of Financial Instruments

The fair value of traded investments is based on quoted market prices, except for securities classified as 'held to maturity'. Securities classified as held to maturity are carried at amortized cost.

Fair value of treasury bills, Pakistan investment bonds and term finance certificates cannot be calculated with sufficient reliability due to the absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment has been calculated in accordance with the Company's accounting policy as stated in note 4.1.

Fair value of remaining financial assets and liabilities except as mentioned above is not significantly different from the carrying amounts since assets and liabilities are short term in nature.

25.1 The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange or MUFAP) for identical assets or liabilities.

Level 2: Fair value measurements using 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), such as those available from MUFAP and Reuters.

In certain cases, a legally binding sale agreement executed after the balance sheet date but before the issuance of the financial statements may provide observable and relevant evidence of fair value at year-end. This is applicable when the sale qualifies as an adjusting event under IAS 10, meaning that the conditions leading to the sale such as the asset being available for sale and active negotiations existed at the reporting date.

When these criteria are met, the agreed sale price is considered a valid input for fair value measurement. The valuation technique used maximizes observable inputs and minimizes unobservable inputs. Accordingly, the resulting fair value is classified within Level 2 of the fair value hierarchy.

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs). The table below analyses the financial assets carried at fair values.

	2025			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Financial Assets				
Treasury Bills - note 8.1.2	-	214,828,832	-	214,828,832
Pakistan Investment Bonds - note 8.1.3	-	2,125,985,617	-	2,125,985,617
Term Finance Certificates - note 8.1.4	-	157,728,861	-	157,728,861
Mutual Funds - note 8.1.5	-	53,894,753	-	53,894,753
Sukuk Certificates - note 8.1.6	-	26,319,384	-	26,319,384
Debt Investments - note 8.1.7	-	117,854,150	-	117,854,150
Equity Investments - note 8.1.8	799,207,348	-	-	799,207,348
	<u>799,207,348</u>	<u>2,696,611,597</u>	<u>-</u>	<u>3,495,818,945</u>

8.1.4 Breakup of Term Finance Certificates

Numbers	Date of purchase	Coupon dates	Coupon rate	Face value	Amortised Cost as at June 30, 2025		Surplus / (Deficit) on remeasurement
					Rupees	Rupees	
UBL							
Bank AL Habib Limited	10,000	Sept 30, 2021	30 March / 30 Sept	49,930,000	51,420,755	50,672,106	(748,649)
Bank of Punjab	500	April 18, 2023	17 Oct / 17 April	49,960,000	51,230,900	50,356,601	(874,299)
Kashti Foundation	750	December 11, 2023	8 March / 8 June /	56,250,000	56,700,154	56,700,154	-
		/ August 16, 2024	8 Sept / 8 Dec				
	11,250			156,140,000	159,351,809	157,728,861	(1,622,948)
				156,140,000	159,351,809	157,728,861	(1,622,948)

8.1.5 Breakup of Mutual Funds

HBL	UBL	Alfalah GHP	Amortised cost as at June 30, 2025		Market value as at June 30, 2025		Surplus / (Deficit) / surplus on remeasurement
			6,544,798	6,567,251	6,567,251	22,453	
			40,730,391	47,325,596	47,325,596	6,595,205	
			1,906	1,906	1,906	-	
			47,277,095	53,894,753	53,894,753	6,617,658	

8.1.6 Breakup of Sukuk Certificates

Sukuk Certificates	Face value	Date of purchase	Coupon dates	Effective interest rate per annum	Coupon rate	Amortised cost as at June 30, 2025		Fair value as at June 30, 2025	(Deficit) / Surplus on remeasurement
UBL									
6 Month(s) / August 11, 2025	25,000,000	11-Feb-25	11-Aug	13.29%	13.29%	26,254,384	26,319,384	26,319,384	65,000
						26,254,384	26,319,384	26,319,384	65,000

8.1.7 Breakup of cumulative non-convertible redeemable preference shares

UBL	Alfalah GHP	Amortised cost as at June 30, 2025		Market value as at June 30, 2025		(Deficit) / surplus on remeasurement
		44,424,580	44,424,580	44,424,580	44,424,580	-
		73,429,570	73,429,570	73,429,570	73,429,570	-
		117,854,150	117,854,150	117,854,150	117,854,150	-

8.1.7.1 This represents investment in unlisted cumulative non-convertible preference shares having a par value of Rs 10 each of Agritech Limited which were received in exchange for zero-coupon Term Finance Certificates (TFCs) of Agritech Limited, which had been fully provided for in prior periods in accordance with Circular-01 dated January 6, 2009, issued by the Securities and Exchange Commission of Pakistan (SECP). This conversion was mandated by a Scheme of Arrangement, a legal process sanctioned by the Lahore High Court on July 6, 2022. These shares carry limited voting rights and entitle the Company to a cumulative dividend at the rate of 1-Year KIBOR plus 4.00% per annum. The preference shares are redeemable, in full or in part, at the option of AGL, subject to the terms of issuance.

These preference shares have been recognized at their book value (fair value) of PKR 117.8 million as of the date of conversion. A corresponding gain of PKR 117.8 million was recognized in the statement of income and expenditure, comprising PKR 94.9 million relating to the reversal of the impairment previously recorded against the non-performing TFCs, and PKR 22.9 million arising from the derecognition of Term Finance Certificate and recognition of cumulative preference shares.

Subsequent to the reporting period, on July 11, 2025, the preference shares were sold for PKR 117.8 million. The Company has determined that same represents the fair value as at June 30, 2025.

APP 2

8.1.8 Equity Investments

As at June 30, 2025

	No. of shares	Cost	Market value	Surplus / (deficit) on remeasurement
-----Rupees-----				
UBL Fund				
Mari Petroleum Company Limited	13,731	9,071,665	8,607,827	(463,838)
Hub Power Company Limited	113,838	16,223,971	15,688,015	(535,956)
Lucky Cement Limited	106,665	15,319,437	37,891,675	22,572,238
Pakistan Petroleum Limited	153,281	18,786,454	26,083,828	7,297,374
Fauji Fertilizer Company Limited	103,247	29,552,654	40,515,155	10,962,501
Fatima Fertilizer Company Limited	25,000	1,314,311	2,485,250	1,170,939
Pakistan State Oil Company Limited	36,000	7,014,385	13,591,080	6,576,695
Systems Limited	56,955	4,764,855	6,102,159	1,337,304
United Bank Limited	169,970	30,831,064	46,903,222	16,072,158
Bank AL Habib Limited	145,500	16,550,650	22,956,990	6,406,340
Habib Metropolitan Bank Limited	201,185	15,149,705	19,901,220	4,751,515
Meezan Bank Limited	41,500	9,876,868	13,780,075	3,903,207
Oil & Gas Development Company Limited	148,638	20,201,157	32,783,597	12,582,440
Sui Northern Gas Pipelines Limited	65,502	7,397,295	7,644,738	247,443
International Steels Limited	100	8,455	9,270	815
Indus Motor Company Limited	1,658	2,619,640	2,877,542	257,902
Attock Petroleum Limited	8,199	3,166,782	3,932,404	765,622
Nishat Power Limited	230,000	8,025,874	8,342,100	316,226
MCB Bank Limited	68,625	15,815,586	19,787,333	3,971,747
Service Industries Limited	17,723	17,315,849	21,937,529	4,621,680
Highnoon Laboratories Limited	9,342	6,666,264	9,229,522	2,563,258
Engro Fertilizers Limited	35,000	7,668,035	6,495,650	(1,172,385)
Interloop Limited	160,051	11,347,875	10,845,056	(502,819)
Cherat Cement Company Limited	15,420	2,515,465	4,476,426	1,960,961
Attock Cement Pakistan Limited	10,000	3,025,500	2,926,000	(99,500)
Thal Limited	9,550	4,615,897	3,783,901	(831,996)
Attock Refinery Limited	13,500	5,247,904	9,172,170	3,924,266
Pakistan Tobacco Company Limited	3,500	3,780,000	4,448,080	668,080
Engro Holding Limited	35,640	7,708,576	6,506,438	(1,202,138)
Murree Brewery Company Limited	9,643	7,721,313	7,810,830	89,517
Nimir Industrail Chemicals Limited	54,000	7,985,266	8,480,700	495,434
Security Papers Limited	2,500	396,995	400,200	3,205
Shifa International Hospitals Limited	2,600	1,101,240	1,235,338	134,098
Towellers Limited	5,358	784,557	989,944	205,387
	2,073,421	319,571,544	428,621,264	109,049,720

	2024			Total
	Level 1	Level 2	Level 3	
Financial Assets	-----Rupees-----			
Treasury Bills	-	360,355,643	-	360,355,643
Pakistan Investment Bonds	-	1,690,759,248	-	1,690,759,248
Term Finance Certificates	-	153,758,792	-	153,758,792
Commercial Papers	-	1,463,931	-	1,463,931
Equity Investments	566,171,478	-	-	566,171,478
	<u>566,171,478</u>	<u>2,206,337,614</u>	<u>-</u>	<u>2,772,509,092</u>

The Company's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer. There were no transfers between levels 1 and 2 during the year.

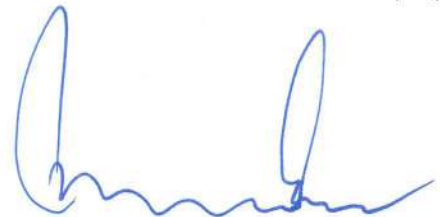
	2025	2024
26 NUMBER OF EMPLOYEES		
The number of employees at the year end (same as average number of employees)	<u>5</u>	<u>4</u>
27 DATE OF AUTHORIZATION		

These financial statements were authorised for issue by the Board of Directors of the Company on 03 OCT 2025

APPS



CHIEF EXECUTIVE OFFICER



DIRECTOR