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Independent Auditors' Report to the Board of Directors of The Malala Fund (an INGO registered in Pakistan)

Opinion

We audited the annexed financial statements of The Malala Fund (an INGO registered in Pakistan) (herein after referred as "the INGO"), which comprise the statement of financial position as at 31 March 2026, and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the INGO as at 31 March 2026, and of its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Responsibilities of Management and Board of Directors for the Financial Statements

The Board of Directors 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 for such internal control as the Board of Directors 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, Board of Directors is responsible for assessing the INGO'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 INGO or to cease its operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the INGO's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statement

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 auditors' 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

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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 INGO'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 INGO's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the INGO 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.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Danish.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

Date: 8 October 2026
UDIN: AR2026102450lyDnjaBq

MALALA FUND

The Malala Fund
(An INGO Registered in Pakistan)

Draft Financial Statements
For the year ended March 31, 2026

The Malala Fund (an INGO Registered In Pakistan)
Statement of Financial Position
As at 31 March 2026

	Note	2026 (Rupees)	2025 (Rupees)
ASSETS			
Non-current assets			
Property and equipment	5	-	8,450,806
Right-of-use asset	6	68,305,133	3,066,634
Deferred tax asset	7	-	642,788
Long term deposits	8	6,917,500	1,034,697
		75,222,633	13,194,925
Current assets			
Advances and prepayments	9	202,758,855	281,628,602
Cash at bank	10	179,987,524	832,776
		382,746,379	282,461,378
Total assets		457,969,012	295,656,303
LIABILITIES			
Non-current liabilities			
Deferred grants	11	-	8,450,806
Lease liability	12	39,029,534	-
		39,029,534	8,450,806
Current liabilities			
Deferred grants	11	355,572,204	217,771,660
Current portion of lease liability	12	19,064,300	3,923,852
Trade and other payables	13	44,302,974	62,949,750
Provision for income tax	14	-	2,560,235
		418,939,478	287,205,497
Total liabilities		457,969,012	295,656,303
Net asset		-	-
Represented by:			
Accumulated fund		-	-
		-	-
Contingencies and commitments	15		

The annexed notes from 1 to 25 form an integral part of these financial statements.

Nabila Aguele
Chief Executive Officer

Nishat Riaz
Chief Executive Officer - Pakistan

The Malala Fund (an INGO Registered In Pakistan)
Statement of Income and Expenditure
For the year ended 31 March 2026

	Note	2026 (Rupees)	2025 (Rupees)
Income			
Grant income	11	**1,022,392,543**	854,289,436
Expenditure			
Program expenditures	16	**(898,312,424)**	(747,637,297)
Administrative expenses	17	**(123,833,000)**	(103,024,136)
Finance cost	18	**(1,354,565)**	(1,358,627)
		(1,023,499,989)	(852,020,060)
(Deficit) / surplus for the year before income tax		**(1,107,446)**	2,269,376
Income tax	19	**1,107,446**	(2,269,376)
(Deficit) / surplus for the year		**-**	-

The annexed notes from 1 to 25 form an integral part of these financial statements.

Nabila Ageele
Chief Executive Officer

Nishat Riaz
Chief Executive Officer - Pakistan

The Malala Fund (an INGO Registered in Pakistan)
Statement of Cash Flows
For the year ended 31 March 2026

	Note	2026 (Rupees)	2025 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year before income tax		(1,107,446)	2,269,376
Adjustment for non-cash and other items:			
Grant income	11	(1,022,392,543)	(854,289,436)
Depreciation on right-of-use asset	6	7,062,957	5,257,087
Depreciation of property and equipment	5.1	8,450,806	2,102,191
Unrealised exchange loss		-	34,314
Write off of advance to contractor	16	-	33,194,550
Interest on lease liabilities	18	1,419,373	1,299,718
Provision for gratuity	13	14,399,753	6,611,885
		(991,059,655)	(803,520,315)
Working capital changes:			
Advances and other receivables		78,869,746	(31,610,287)
Trade and other payables		(33,046,529)	20,375,246
		45,823,217	(11,235,041)
Cash used in operating activities		(946,343,884)	(814,755,356)
Grants received		1,151,742,281	764,996,752
Long term deposits		(5,882,803)	-
Income tax paid	14	(810,001)	(351,929)
Net cash from / (used in) operating activities		198,705,593	(50,110,533)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to right-of-use asset	6.1	(3,108,747)	-
Net cash used in investing activities		(3,108,747)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		(16,442,098)	(6,540,009)
Net cash used in financing activities		(16,442,098)	(6,540,009)
Net increase / (decrease) in cash and cash equivalents		179,154,748	(56,650,542)
Cash and cash equivalents at the beginning of the year		832,776	57,483,318
Cash and cash equivalents at the end of the year	10	179,987,524	832,776

The annexed notes from 1 to 25 form an integral part of these financial statements.

Nabila Aguele
Chief Executive Officer

Nishat Riaz
Chief Executive Officer - Pakistan

The Malala Fund (an INGO Registered in Pakistan)
Statement of Comprehensive Income
For the year ended 31 March 2026

	2026 (Rupees)	2025 (Rupees)
Surplus/ (deficit) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income for the year	-	-

The annexed notes from 1 to 25 form an integral part of these financial statements.

Nabila Aguele
Chief Executive Officer

Nishat Riaz
Chief Executive Officer - Pakistan

The Malala Fund (an INGO Registered In Pakistan)
Statement of Changes In Funds
For the year ended 31 March 2026

	General Funds (Rupees)
Balance as at 01 April 2024	-
Total comprehensive income for the year:	
Other comprehensive income	-
Surplus / (deficit) for the year	-
	-
Balance as at 31 March 2025	-
Balance as at 01 April 2025	-
Total comprehensive income for the year:	
Other comprehensive income	-
Surplus / (deficit) for the year	-
	-
Balance as at 31 March 2026	-

The annexed notes from 1 to 25 form an integral part of these financial statements.

Nabila Aguele
Chief Executive Officer

Nishat Riaz
Chief Executive Officer - Pakistan

1 LEGAL STATUS AND OPERATIONS

The Malala Fund is a not-for-profit organization registered in the United States of America, with its registered office situated at 1923 Vermont Ave NW, Suite 100, Washington DC, 20001. The Malala Fund entered into a Memorandum of Understanding dated 8 June 2021 with the Government of Pakistan, through the Ministry of Interior ("MOI"), to operate as an International Non-Governmental Organization ("INGO") in Pakistan. The registered address of the Malala Fund's INGO operations in Pakistan (hereinafter referred to as "the INGO") is situated at [redacted]

The INGO undertakes activities for the socio-economic development in Pakistan in the fields of vocational education and training, health, poverty alleviation, culture, environmental protection, natural disaster reduction and management, science and technology, sports, and other areas as approved by the Government of Pakistan from time to time.

On 4 October 2023, the Malala Fund, USA entered into a renewed Memorandum of Understanding with the Government of Pakistan for a further period of three (03) years, subject to the terms and conditions stipulated therein.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

(i) International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as applicable in Pakistan

(ii) Accounting Standards for Not for Profit Organizations (Accounting Standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP);

Where the requirements of IFRS differ from those of the Accounting Standard for NPOs, the requirement of IFRS shall prevail.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees (Rs.), which is also the INGO's functional currency. Items included in the financial statements are measured using the currency of the primary economic environment in which the INGO operates.

2.4 New standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan

(a) There are certain amendments and interpretations to accounting and reporting standards as applicable in Pakistan which became applicable for the annual accounting period which began on April 1, 2025. However, these do not have any significant impact on the INGO's financial statements.

(b) A number of new accounting standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan are effective for annual periods beginning after 1 April 2025 and earlier application is permitted. However, the INGO has not early adopted the following new or amended accounting standards in preparing these financial statements.

		Effective for the year beginning on or after
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	To be determined
IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
IFRS 9 and IFRS 7	Financial assets with ESG-linked features (Amendments to IFRS 9 and IFRS 7)	1 January 2026
IFRS 9 and IFRS 7	Recognition / derecognition requirements of Financial assets / liabilities by electronic Payments	1 January 2026
IFRS 9 and IFRS 7	Other related amendments include Contractually linked instruments (CLIs) and non-recourse features and Disclosures on investments in equity instruments	1 January 2026
IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 9	Contracts with Customers over the initial measurement of trade receivables (IFRS 9)	1 January 2026

IFRS 10	Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures (Amendment regarding sale or contribution of assets between an investor and its associate or Joint Venture).	The effective date for these changes has been deferred indefinitely until the completion of a broader review.
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027

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

3 USE OF JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the accounting policies.

The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Lease liabilities (Note 4.1 and 12)
- Right-of-use assets (Note 4.1 & 6)
- Current income tax expense, provision for current tax and recognition of deferred tax liability (Note 4.6, 14 & 19)
- Property, Plant and Equipment: useful lives, residual values, and depreciation method.

The revisions to accounting estimates (if any) are recognized in the year in which the estimate is revised, if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

4 MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are set out below. These polices have been consistently applied to all the years presented. by the INGO.

4.1 Leases

At inception of a contract, the INGO assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right of use assets

The INGO recognizes a right-of-use asset and a lease liability at commencement date. The right-of-use asset is initially measured at cost, which comprises of 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 site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight -line method from the commencement date to the end of the lease term.

Lease liabilities

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 INGO's incremental borrowing rate. Generally, the INGO uses its incremental borrowing rate as the discount rate. The INGO determines its incremental borrowing rate by obtaining interest rates form external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index rate or rate, if there is change in INGOs estimate of the amount expected to be payable under a residual value guarantee, if the INGO changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payments.

4.2 Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position when the INGO becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost or cost as the case may be.

Classification of financial assets

The INGO classifies its financial instruments as measured at amortised costs. The INGO determines the classification of financial assets at initial recognition. The classification of instruments is driven by the INGO's business model for managing the financial assets and their contractual cash flow characteristics. Financial assets that meet the following conditions are subsequently measured at amortized cost:

(i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification of financial liabilities

The INGO classifies its financial liabilities as measured at amortised cost. Financial liabilities are initially measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the INGO has opted to measure them at FVTPL.

Subsequent measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less impairment, if any.

Derecognition

Financial assets

The INGO derecognizes financial assets only when the contractual rights to cash flows from the financial assets expires or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in the statement of income and expenditure.

Financial liabilities

The INGO derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of income and expenditure.

4.3 Grants

The INGO has two distinct types of deferred grants for its operations as below:

Grants against expenses
Grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the INGO will comply with all attached conditions. Grants relating to expenses are deferred and recognized in the statement of income and expenditure over the year necessary to match them with the costs that they are intended to compensate.

Grants against assets
Grants relating to the purchase of property and equipment are included in non current liabilities as deferred income. Grants relating to purchase of property and equipment are credited to statement of income and expenditure on a straight-line basis over the expected lives of the related assets.

4.4 Employee benefits

The INGO maintains a gratuity policy for its employees. Under the policy, employees become eligible for gratuity upon completion of one year of continuous service with the INGO. Gratuity is payable to eligible employees upon separation from the INGO in accordance with the terms and conditions of the policy. The expense on account of gratuity is recognized in the statement of income and expenditure as employee services are rendered and the related obligation is incurred.

4.5 Foreign currency transactions and translations

The foreign currency transactions are translated into functional currency using the exchange rates prevailing on the date of transactions. The closing balance of monetary items are translated using the exchange rate prevailing on the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income and expenditure.

4.6 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantially enacted at the reporting

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the business plans of theINGO and the timing of reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable pro-fits will be available against which they can be used. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and these relates to the same tax authority.

4.7 Grant disbursed

Grants disbursed are recognized as expense in the statement of income and expenditure on a disbursement basis, with amounts recorded when funds are disbursed to grantees or program partners. These recognized amounts are adjusted for any unspent balances remaining with the grantees as of the reporting date.

In addition to the above material accounting policies, the INGO has consistently applied the following other accounting to all periods presented in these financial statements.

a) *Property and equipment*

Property and equipment are recognized at cost, net of accumulated depreciation and any accumulated impairment losses. Cost includes the purchase price along with any other expenditure directly attributable to preparing the asset for its intended use. Subsequent expenditure is capitalized, either added to the asset's carrying value or recognized as a separate asset, only when it is probable that the entity will derive future economic benefit from it and the cost can be reliably measured. All other repair and maintenance expenses are expensed to the statement of

Depreciation on all items of operating property and equipment is charged to statement of income and expenditure applying the straight line method so as to write-off the depreciable amount of an asset over its useful life. Depreciation is charged from the day in which asset is available for use or capitalized up to the day before the disposal of asset. The residual value and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

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

b) *Impairment of non financial assets*

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss (if any) is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses (if any) are recognized in statement of income and expenditure. A previously recognized impairment loss (if any) is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income and expenditure.

c) *Provisions and contingent liabilities*

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

A contingent liability is disclosed when the INGO has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the INGO; or the INGO has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

		Note	2026 (Rupees)	2025 (Rupees)
5	**PROPERTY AND EQUIPMENT**			
	Operating fixed assets	5.1	-	8,450,806
			-	8,450,806
5.1	**Operating fixed assets**			
	Leasehold improvements:			
	Cost			
	Opening balance		**14,715,335**	14,715,335
	Additions		-	-
	Closing balance		**14,715,335**	14,715,335
	Accumulated depreciation			
	Opening balance		**(6,264,529)**	(4,162,338)
	Charge for the year		**(8,450,806)**	(2,102,191)
	Closing balance		**(14,715,335)**	(6,264,529)
	Carrying amount		-	8,450,806
	Useful life		-	7 years
6	**RIGHT-OF-USE ASSET**			
	Office premises on lease:			
	Cost			
	Opening balance		**10,639,962**	10,639,963
	Additions	6.1	**72,301,457**	-
	Closing balance		**82,941,419**	10,639,963
	Accumulated depreciation			
	Opening balance		**(7,573,329)**	(2,316,242)
	Charge for the year		**(7,062,957)**	(5,257,087)
	Closing balance		**(14,636,286)**	(7,573,329)
	Carrying amount		**68,305,133**	3,066,634

6.1 Included in this amount is Rs. 3,108,747 (2025: Nil) incurred as initial direct costs on obtaining premises under lease arrangements.

7 DEFERRED TAX (ASSET) / LIABILITY - Net

	Opening balance (Rupees)	Charge for the year (Rupees)	Closing balance (Rupees)
31 March 2026			
Property, plant and equipment	**(301,312)**	**301,312**	**-**
Right of use assets	**(1,467,769)**	**21,270,335**	**19,802,566**
Provision for leave encashment and gratuity	**(326,654)**	**326,654**	**-**
Lease liabilities	**1,452,947**	**(18,294,236)**	**(16,841,289)**
Tax loss	**-**	**(2,961,277)**	**(2,961,277)**
Deferred tax (asset) / liability - net	**(642,788)**	**642,788**	**-**
31 March 2025			
Property, plant and equipment	-	(301,312)	(301,312)
Right of use assets	-	(1,467,769)	(1,467,769)
Provision for leave encashment	-	(326,654)	(326,654)
Lease liabilities	-	1,452,947	1,452,947
Deferred tax (asset) / liability - net	-	(642,788)	(642,788)

		Note	2026 (Rupees)	2025 (Rupees)
8	**LONG TERM DEPOSITS**			
	Security deposit	8.1	**6,917,500**	1,034,697

8.1 This represents the security deposit paid to the landlord in respect of the leasehold premises.

		Note	2026 (Rupees)	2025 (Rupees)
9	**ADVANCES AND PREPAYMENTS**			
	Grants disbursed in advance		**201,944,165**	279,177,336
	Prepayments		**814,690**	2,451,266
			202,758,855	281,628,602
10	**CASH AT BANK**			
	Cash at bank - current accounts:			
	Local currency		**179,981,921**	827,172
	Foreign currency		**5,603**	5,604
			179,987,524	832,776
11	**DEFERRED GRANTS**			
	Current:			
	Grants against expenses			
	Opening balance		**217,771,660**	304,962,153
	Grants received during the year		**1,151,742,281**	764,996,752
	Amortised to statement of income and expenditure		**(1,013,941,737)**	(852,187,245)
			355,572,204	217,771,660
	Non-current:			
	Grants against operating fixed assets			
	Opening balance		**8,450,806**	10,552,997
	Amortised to statement of income and expenditure		**(8,450,806)**	(2,102,191)
			-	8,450,806
12	**LEASE LIABILITY**			
	Lease liability	12.1	**58,093,834**	3,923,852
12.1	Reconciliation of the carrying amount is as			
	Opening balance		**3,923,852**	8,934,013
	Additions during the year		**69,192,707**	-
	Adjustment due to remeasurement		**-**	195,816
	Interest on lease liabilities		**1,419,373**	1,299,718
	Lease rentals paid during the year		**(16,442,098)**	(6,540,009)
	Exchange loss		**-**	34,314
			58,093,834	3,923,852
	Current portion		**(19,064,300)**	(3,923,852)
	Non-current portion		**39,029,534**	-
12.2	**Maturity analysis of lease liabilties**			
	Lease liabilities - minimum undiscounted lease payments due:			
	Not later than 1 year		**26,113,500**	3,923,852
	Later than 1 year but not later than 2 years		**28,724,850**	-
	Later than 2 year but not later than 5 years		**15,046,350**	-
			69,884,700	3,923,852
	Future finterest cost		**(11,811,291)**	83,246
			58,073,409	4,007,098

		Note	2026 (Rupees)	2025 (Rupees)
13	**TRADE AND OTHER PAYABLES**			
	Payables to vendors and staff		**16,437,190**	10,071,061
	Retention money payable		**2,648,744**	-
	Payables to grantees		**-**	39,103,671
	Employee benefit payable	13.1	**14,399,753**	6,611,885
	Accrued liabilities		**3,486,879**	1,922,117
	Audit fee payable		**2,913,314**	2,658,061
	Income tax withheld		**4,417,094**	2,582,955
			44,302,974	62,949,750
13.1	**Employee benefit payable**			
	Opening balance		**6,611,885**	-
	Charge for the year		**16,942,512**	6,611,885
	Payments during the year		**(9,154,644)**	-
	Closing balance		**14,399,753**	6,611,885
14	**PROVISION FOR INCOME TAX**			
	Opening balance		**2,560,235**	-
	Provision / (reversal) for the year	19	**(1,750,234)**	2,912,164
	Payments made to during the year		**(810,001)**	(351,929)
	Closing balance		**-**	2,560,235

15 CONTINGENCIES AND COMMITMENTS

There are no contingencies and committments as at 31 March 2026 (31 March 2025: none).

	Education Champion Network	Girl Programme	Legacy Projects	Strategic Partnership Awards	Co-Founders Fund: Flood Relief	Total
	----- Rupees -----					
16 PROGRAM EXPENDITURES						
2026		-				
Consultancy fees	**2,780,493**	**-**	**68,254,325**	**-**	**-**	**71,034,818**
Salaries, wages and benefits	**57,436,086**	**-**	**40,675,355**	**-**	**-**	**98,111,441**
Grants disbursed	**441,839,812**	**-**	**257,841,654**	**-**	**12,729,466**	**712,410,932**
Travelling and lodgings	**12,093,208**	**-**	**327,687**	**-**	**-**	**12,420,895**
Communications	**4,680,930**	**-**	**-**	**-**	**-**	**4,680,930**
Exchange loss / (gain)	**1,075,097**	**-**	**(1,293,507)**	**-**	**(128,181)**	**(346,591)**
	519,905,626	**-**	**365,805,514**	**-**	**12,601,285**	**898,312,424**
2025						
Consultancy fees	-	-	54,916,120	-	-	54,916,120
Write off of advance to contractor			33,194,550			33,194,550
Salaries, wages and benefits	35,949,030	10,146,472	33,105,366	-	-	79,200,868
Grants disbursed	185,024,210	56,063,797	281,643,779	-	40,473,299	563,205,085
Travelling and lodgings	4,539,098	-	377,321	95,000	-	5,011,419
Communications	12,669,457	-	2,530	-	-	12,671,986
Exchange loss / (gain)	(249,144)	(2,596)	(310,991)	-	-	(562,731)
	237,932,651	66,207,673	402,928,675	95,000	40,473,299	747,637,297

		Note	2026 (Rupees)	2025 (Rupees)
17	**ADMINISTRATIVE EXPENSES**			
	Legal and professional charges		**10,501,262**	-
	Consultancy fees		**5,052,479**	-
	Salaries, wages and other benefits		**18,093,008**	30,724,230
	Travelling and lodgings		**2,392,580**	8,158,902
	Auditors' remuneration	17.1	**17,282,203**	14,621,923
	Office expenses		**4,808,756**	1,514,941
	Depreciation of right-of-use assets	6	**7,062,957**	5,257,087
	Depreciation of property and equipment	5.1	**8,450,806**	2,102,191
	Insurance		**2,372,226**	2,920,674
	Allocation of salaries from other offices		**42,269,950**	35,316,289
	Rentals		**2,880,333**	-
	Utilities and janitorial services		**2,666,440**	2,407,899
			123,833,000	103,024,136
17.1	**Auditors' remuneration**			
	Audit services:			
	Annual audit fee		**2,913,314**	2,658,061
	Out of pocket expense		**-**	255,199
			2,913,314	2,913,260
	Non-audit services:			
	Tax and consultancy fee		**14,368,889**	11,708,663
			17,282,203	14,621,923
18	**FINANCE COSTS**			
	Interest on lease liabilities	12.1	**1,419,373**	1,299,718
	Exchange loss / (gain)		**(71,060)**	50,307
	Bank charges		**6,252**	8,602
			1,354,565	1,358,627
19	**INCOME TAX**			
		Note	**2026 (Rupees)**	**2025 (Rupees)**
	Income tax			
	Current tax:			
	- Current year		**-**	2,560,235
	- Adjustment in respect of prior years	19.1	**(1,750,234)**	351,929
			(1,750,234)	2,912,164
	Deferred tax:			
	Deffered tax expense/ (income)		**642,788**	(642,788)
			(1,107,446)	2,269,376
19.1	Reconciliation of income tax charge for the			
	(Deficit) / surplus for the year before income		**-**	-
	Income tax rate		**29%**	29%
	Income tax expenses using tax rate		**-**	-
	Adjustement in respect of prior year		**(1,750,234)**	351,929
	Permanently inadmissible differences		**-**	1,917,447
	Effect of temporary differences		**642,788**	-
	Income tax expense for the year		**(1,107,446)**	2,269,376

20 FINANCIAL RISK MANAGEMENT

The INGO's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The INGO's overall risk management program focuses on prudent handling of financial operations in line with approved budgetary grants and support from it's head office.

20.1 Market risk

Market risk is the risk that changes in interest rates and currency risk may affect the INGO'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 returns

(a) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The INGO has no significant long term interest bearing assets.

Currency risk

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

The INGO is exposed to currency risk, primarily with respect to the United States Dollar (USD). Currently the INGO's foreign exchange exposure is restricted to other receivables and trade and other payables in foreign currency. The INGO's exposure to currency risk is as follow:

	2026 (USD)	2025 (USD)
Trade and other payables	**(142,699)**	(216,780)
Bank balance	**20**	20
Net exposure	**(142,679)**	(216,760)

The following exchange rates were used:

	Average rate		**Spot rate**	
	2026	2025	**2026**	2025
	(Rupees)		**(Rupees)**	
USD to PKR	**279.51**	278.47	**279.38**	280.16

At 31 March 2026, if the functional currency had weakened / strengthened by 5% against the USD with all other variables held constant, the statement of income and expenditure would have been Rs. 1,994,014 (2025: Rs. 2,669,535) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments.

20.2 Credit risk and concentration of credit risk

Credit risk represent the risk of financial loss being caused if counter party fails to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	**2026 (Rupees)**	2025 (Rupees)
Long term deposits	8	**6,917,500**	1,034,697
Bank balances	10	**179,987,524**	832,776
		186,905,024	1,867,473

Management is of the view that it is not exposed to significant concentration of credit risk. The credit risk on liquid funds is limited because the counter party is a bank with reasonably high credit ratings. The credit quality of bank balances are as follows:

Name of Bank	**Short Term**	**Long Term**	**Rating Agency**	**2026 (Rupees)**	2025 (Rupees)
Habib Bank Limited	A1+	AAA	JCR-VIS	**179,987,524**	832,776

20.3 Liquidity Risk

Liquidity risk is the risk that the INGO will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the INGO could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

	Carrying amount	Contractual cash flows	1 to 6 months	7 to 12 months	1 to 5 years
	---------- Rupees ----------				
31 March 2026					
Lease liabilities	**58,093,834**	**(69,884,700)**	**12,435,000**	**13,678,500**	**43,771,200**
Trade and other payables	**25,486,127**	**(25,486,127)**	**(25,486,127)**	**-**	**-**
	83,579,961	**(95,370,827)**	**(13,051,127)**	**13,678,500**	**43,771,200**
31 March 2025					
Lease liabilities	3,923,852	(4,111,585)	(1,727,634)	(2,383,951)	-
Trade and other payables	53,754,910	(53,754,910)	(53,754,910)	-	-
	57,678,762	(57,866,495)	(55,482,544)	(2,383,951)	-

	Note	2026 (Rupees)	2025 (Rupees)
20.4 Financial instrument by category			
Financial assets at amortised cost			
Long term deposits	8	**6,917,500**	1,034,697
Bank balances	10	**179,987,524**	832,776
		186,905,024	1,867,473
Financial liabilities at amortized cost			
Lease liabilities	12		
Trade and other payables	13	**25,486,127**	53,754,910
		25,486,127	53,754,910

20.5 Fair value of financial instruments

The carrying value of all the financial instruments reported in the financial statements approximates their fair value.

21 FUND RISK MANAGEMENT

The INGO's objective when managing fund is to safeguard the INGO's ability to continue as a going concern so that it can continue to provide returns and benefits for stakeholders, and to maintain a strong fund base to support the sustained development of its operations. The INGO manages its fund requirements through grant received from The Malala Fund.

22 TRANSACTIONS WITH RELATED PARTIES

22.1 Related parties comprise The Malala Fund and its affiliated entities and key management personnel. Following are the transactions with related parties:

Related Party	Relationship	Nature of transactions	2026 (Rupees)	2025 (Rupees)
The Malala Fund, USA	Head office	Grant received	**1,151,742,281**	725,323,546
The Malala Fund, USA	Head office	Expenditure on behalf of INGO	**38,449,410**	36,618,381
The Malala Fund, Nigeria	Common control	Expenditure on behalf of INGO	**3,820,541**	3,054,826

22.2 The outstanding receivables and payables from / to related parties as at 31 March 2026 are included in respective notes to these financial statements.

22.3 Remuneration of key management personnel

There are two key management personnels i.e the Chief Executive Officer and the Programme Director. The aggregate amount charged in the financial statements for remuneration are as per the terms of employment is as follows. Moreover, during the financial year, no compensation was given to any Board members.

	2026 (Rupees)	2025 (Rupees)
Remuneration of key management personnel	56,505,174	38,649,221

23 NUMBER OF EMPLOYEES

Total number of employees as the end of the year	5	3
Average number of employee for the year	4	4

24 GENERAL

Figures have been rounded off to the nearest rupee, unless otherwise stated.

25 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the board of directors on September 29, 2026

Nabila Aguele
Chief Executive Officer

Nishat Riaz
Chief Executive Officer - Pakistan