



KPMG Taseer Hadi & Co.
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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 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 2025, 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 2025, 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 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 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 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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of



KPMG Taseer Hadi & Co.

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 judgement 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 a 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 auditor's report is Muhammad Danish.


KPMG Taseer Hadi & Co.
Chartered Accountants

Islamabad
29 October 2025

UDIN: AR202510245Kyg1uYk3f

The Malala Fund (an INGO Registered In Pakistan)
Statement of financial position
As at 31 March 2025

	Note	2025 (Rupees)	2024 (Rupees)
ASSETS			
Non-current assets			
Property and equipment	5	8,450,806	10,552,997
Right-of-use asset	6	3,066,634	8,127,905
Deferred tax asset	7	642,788	-
Long term deposits	8	1,034,697	1,034,697
		<u>13,194,925</u>	<u>19,715,599</u>
Current assets			
Advance, prepayments and other receivables	9	281,628,602	283,212,865
Cash at bank	10	832,776	57,483,318
		<u>282,461,378</u>	<u>340,696,183</u>
Total assets		<u><u>295,656,303</u></u>	<u><u>360,411,782</u></u>
LIABILITIES			
Non-current liabilities			
Deferred grants	11	8,450,806	10,552,997
Lease liability	12	-	3,906,394
		<u>8,450,806</u>	<u>14,459,391</u>
Current liabilities			
Current portion of deferred grants	11	217,771,660	304,962,153
Current portion of lease liabilities	12	3,923,852	5,027,619
Trade and other payables	13	62,949,750	35,962,619
Provision for income tax	14	2,560,235	-
		<u>65,509,985</u>	<u>35,962,619</u>
Total liabilities		<u><u>73,960,792</u></u>	<u><u>50,422,010</u></u>
Net asset		<u><u>221,695,512</u></u>	<u><u>309,989,772</u></u>
Represented by:			
Accumulated Fund		-	-
CONTINGENCIES AND COMMITMENTS			
	15	-	-

The annexed notes from 1 to 26 form an integral part of these financial statements.


Lena Alfi
 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 2025

	Note	2025 (Rupees)	2024 (Rupees)
Income			
Amortisation of deferred grant	11	854,289,436	769,432,194
		<u>854,289,436</u>	<u>769,432,194</u>
Expenditure			
Program expenditures	16	(747,637,297)	(677,651,641)
Administrative expenses	17	(103,024,136)	(91,242,369)
Finance cost	18	(1,358,627)	(538,184)
		<u>(852,020,060)</u>	<u>(769,432,194)</u>
Surplus for the year before income tax		<u>2,269,376</u>	-
Income tax	19	(2,269,376)	-
Surplus / (deficit) for the year		<u>-</u>	<u>-</u>

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The annexed notes from 1 to 26 form an integral part of these financial statements.


Lena Afri
 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 2025

	2025 (Rupees)	2024 (Rupees)
Surplus/ (deficit) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income for the year	-	-

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The annexed notes from 1 to 26 form an integral part of these financial statements.



Lena Alfi
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 2025

	Note	2025 (Rupees)	2024 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/ (deficit) for the year before income tax		2,269,376	-
<i>Adjustment for non-cash and other items:</i>			
Amortization of deferred grants	11	(854,289,436)	(769,432,194)
Depreciation on right-of-use asset	6	5,257,087	4,529,381
Depreciation of property and equipment	5.1	2,102,191	2,060,147
Unrealised exchange loss/(gain)		34,314	(32,280)
Write off of advance to contractor	16	33,194,550	-
Finance cost	18	1,299,718	538,184
Provision for gratuity	13.2	6,611,885	-
		<u>(803,520,315)</u>	<u>(762,336,762)</u>
<i>Working capital changes:</i>			
Advances and other receivables		(31,610,287)	(164,299,219)
Trade and other payables		20,375,246	4,072,855
		<u>(11,235,041)</u>	<u>(160,226,364)</u>
Cash used in operating activities		<u>(814,755,356)</u>	<u>(922,563,126)</u>
Finance cost paid		(1,089,066)	(505,904)
Grants received		764,996,752	944,985,270
Long term deposits		-	(384,697)
Income tax paid	14	(351,929)	-
Net cash (used in) / from operating activities		<u>(51,199,599)</u>	<u>21,531,543</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		(5,450,943)	(3,948,577)
Net cash used in financing activities		<u>(5,450,943)</u>	<u>(3,948,577)</u>
Net (decrease) / increase in cash and cash equivalents		(56,650,542)	17,582,966
Cash and cash equivalents at the beginning of the year		57,483,318	39,900,352
Cash and cash equivalents at the end of the year	10	<u>832,776</u>	<u>57,483,318</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.



Lena Alfi
Chief Executive Officer



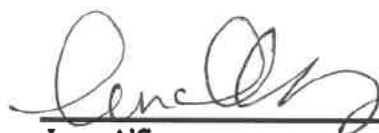
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Chief Executive Officer -Pakistan

The Malala Fund (an INGO Registered In Pakistan)
Statement of changes in Funds
For the year ended 31 March 2025

	General Funds (Rupees)
Balance as at 01 April 2023	-
Total comprehensive income for the year:	
Other comprehensive income	-
Surplus / (deficit) for the year	-
Balance as at 31 March 2024	-
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	-

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The annexed notes from 1 to 26 form an integral part of these financial statements.



Lena Alfi
Chief Executive Officer



Nishat Riaz
Chief Executive Officer -Pakistan

The Malala Fund (an INGO Registered In Pakistan)
Notes to the financial statements
For the year ended 31 March 2025

1 LEGAL STATUS AND OPERATIONS

The Malala Fund is a non-for-profit organization registered in the United States of America and situated at [REDACTED]. The Malala Fund entered into Memorandum of Understanding (MoU) dated June 08, 2021 with the Government of Pakistan through the Ministry of Interior (MoI) to work as international non-government organization in Pakistan. The registered address of the Malala Fund (an INGO registered in Pakistan), (herein after referred as the 'INGO') is situated in Islamabad at [REDACTED].

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

On 4 October 2023, The Malala Fund, USA entered into a renewed Memorandum of Understanding (MoU) with the Government of Pakistan for the period of 03 years subject to the conditions mentioned in the MoU.

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:

- International Financial Reporting Standards (IFRS Standards) as applicable in Pakistan;
- Accounting Standard for Not for Profit Organizations (Accounting standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP);

Where the requirements of Accounting Standard for Not for Profit Organizations (Accounting standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) differ from the IFRS Standards the requirements of Accounting standards for NPOs issued by ICAP 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

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

2.4 New standards, interpretations and amendments to published accounting and reporting standards

2.4.1 Standards, interpretations and amendments to published accounting and reporting standards that are effective but are not relevant

There are new and amended standards and interpretations that are mandatory for accounting year beginning on or after 01 April 2024 but are considered not to be relevant or do not have any significant effect on the INGO's financial statements and therefore are not stated in these financial statements.

2.4.2 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

The following Standards, interpretations and amendments to published accounting and reporting standards that are effective for accounting years, beginning on or after the date mentioned against each to them.

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The Malala Fund (an INGO Registered In Pakistan)
Notes to the financial statements
For the year ended 31 March 2025

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 Company has not early adopted the following new or amended accounting standards in preparing these financial statements.

Standards	Particulars	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	Lack of exchangeability (Amendments to IAS 21)	1 January 2025
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	Contracts with Customers over the initial measurement of trade receivables (IFRS 9)	1 January 2026

The management expects that the adoption of the above revision, amendments and interpretation of the standards will not materially effect the INGO's financial statements in the period of initial application.

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:

- Useful lives, residual values and depreciation method of property and equipment – Note 4.1 & 5
- Impairment of non financial assets– Note 4.2
- Right-of-use assets – Note 4.3 & 6
- Impairment of financial assets other than trade receivables – Note 4.4.5
- Estimation of provisions - Note 4.8
- Taxation - Note 4.10 & 17
- Estimation of contingent liabilities - Note 4.11 & 13.1
- Lease liabilities - Note 4.12

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 INGO has consistently applied the following policies to all periods presented in these financial statements, except if mentioned otherwise

4.1 Property and equipment

4.1.1 Cost

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Capital work in progress, if any, is stated at cost less accumulated impairment loss. Capital work in progress is transferred to respective item of property and equipment when available for intended use.

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The Malala Fund (an INGO Registered In Pakistan)
Notes to the financial statements
For the year ended 31 March 2025

Cost in relation to property and equipment comprises acquisition and other directly attributable cost incurred in bringing the asset to its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of income and expenditure during the year in which they are incurred.

4.1.2 Depreciation

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.

4.1.3 Derecognition

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.

4.2 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.

4.3 Right-of-use assets

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

4.4 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.

4.4.1 Initial recognition

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.

4.4.2 Classification of financial assets

The INGO classifies its financial instruments in the following categories:

- at amortized cost;
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI).

The management of 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.

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The Malala Fund (an INGO Registered In Pakistan)
Notes to the financial statements
For the year ended 31 March 2025

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 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.

4.4.3 Classification of financial liabilities

The INGO classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); or
- at amortized cost.

Financial liabilities are 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.

4.4.4 Subsequent measurement

Financial assets and liabilities at amortized cost

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.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income and expenditure. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of income and expenditure in the year in which they arise.

4.4.5 Impairment of financial assets

The INGO recognizes loss allowance for expected credit loss (ECL) on financial assets measured at amortized cost except for debts due directly / ultimately from Government of Pakistan, if any. For trade debts, if any, the INGO applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected allowance. The INGO uses General 3 stage approach for deposits and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12 month ECL, if credit risk on a financial instruments has not increased significantly since initial recognition.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months' ECL are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the INGO expects to receive).

The gross carrying amount of a financial asset is written off when the INGO has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

4.4.6 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.

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The Malala Fund (an INGO Registered In Pakistan)
Notes to the financial statements
For the year ended 31 March 2025

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.

4.5 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current accounts, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amount of cash and which are subject to insignificant risk of changes in values.

4.6 Deferred Grants

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

4.6.1 Grants against expenses

Initial recognition

Grants from The Malala Fund 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.

Amortization of grant against expenses

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.

4.6.2 Grants against assets

Initial recognition

Grants relating to the purchase of property and equipment are included in non current liabilities as deferred income.

Amortization of grant against expenses

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.

4.7 Trade and other payables

These are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method. Trade and other payables are presented as current liabilities unless payment is not due within the 12 months after the reporting year.

4.8 Provisions

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.

4.9 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.

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The Malala Fund (an INGO Registered In Pakistan)
Notes to the financial statements
For the year ended 31 March 2025

4.10 Taxation

The charge for current taxation is based on taxable income for the year determined in accordance with prevailing law for taxation at the current rate of taxation after taking into account applicable tax credits, tax losses, and exemptions available, if any, or minimum taxation at the specified applicable rate for the turnover or Alternative Corporate Tax, whichever is higher and tax paid on final tax regime. However, the INGO is in the process of obtaining an income tax exemption certificate, subject to certain conditions and the INGO will be entitled to 100% tax credit of the income tax payables, including minimum and final taxes payable, under section 100C of the income tax ordinance 2001.

4.11 Contingent liabilities

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.

4.12 Lease liabilities

At contract inception, the INGO determines whether a contract is or includes a lease by assessing if it conveys the right to control an identified asset for a period in exchange for consideration. Lease terms are individually negotiated with varied conditions. Upon availability for use, leases are recognized as a right-of-use asset and a corresponding liability.

The lease liability is initially measured at the present value of unpaid lease payments, discounted using the interest rate implicit in the lease or, if unavailable, the INGO's incremental borrowing rate. Payments include fixed amounts, variable payments based on indices or rates, residual value guarantees, purchase option exercise prices (if reasonably certain), and penalties for early termination, less any lease incentives received. Lease terms incorporate extension or termination options only when the INGO is reasonably certain to exercise them.

The liability is subsequently measured at amortized cost using the effective interest rate method, with remeasurements made for changes in fixed payments, rates, or residual value estimates. Adjustments are applied to the right-of-use asset or recognized in the income statement if the asset is fully depreciated.

The INGO applies judgment in evaluating extension or termination options, considering economic incentives and reassessing if significant events or changes arise. Lease modifications are treated as separate leases if they increase scope and consideration aligns with stand-alone pricing; otherwise, liabilities are remeasured with adjustments to the right-of-use asset.

4.13 Grant disbursed

Grants disbursed are recognized 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.

2024

The Malala Fund (an INGO Registered In Pakistan)
Notes to the financial statements
For the year ended 31 March 2025

			2025 (Rupees)	2024 (Rupees)
5	PROPERTY AND EQUIPMENT	Note		
	Operating fixed assets	5.1	<u>8,450,806</u>	<u>10,552,997</u>
			<u>8,450,806</u>	<u>10,552,997</u>
5.1	Operating property and equipment			
	<i>Leasehold improvements:</i>			
	Net carrying value basis			
	Opening net book value		10,552,997	12,613,144
	Depreciation charge		<u>(2,102,191)</u>	<u>(2,060,147)</u>
	Closing net book value		<u>8,450,806</u>	<u>10,552,997</u>
	Gross carrying value basis			
	Cost		14,715,335	14,715,335
	Accumulated depreciation		<u>(6,264,529)</u>	<u>(4,162,338)</u>
			<u>8,450,806</u>	<u>10,552,997</u>
	Depreciation rate (% per annum)		14%	14%

5.1.1 This represents renovation work in head office situated at Islamabad.

			2025 (Rupees)	2024 (Rupees)
6	RIGHT-OF-USE ASSET	Note		
	Net carrying value basis			
	Opening net book value		8,127,905	2,213,139
	Additions	6.1	-	10,444,147
	Adjustment due to remeasurement		195,816	-
	Amortization charge	6.2	<u>(5,257,087)</u>	<u>(4,529,381)</u>
	Closing net book value		<u>3,066,634</u>	<u>8,127,905</u>
	Gross carrying value basis			
	Cost		10,639,963	18,032,053
	Accumulated depreciation		<u>(7,573,329)</u>	<u>(9,904,148)</u>
			<u>3,066,634</u>	<u>8,127,905</u>
	Depreciation rate (% per annum)		50%	50%

6.1 This represent right-of-use asset relating to rental premises situated at Islamabad.

6.2 Depreciation charge on right-of-use asset has been allocated to administrative expenses.

100%

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7 Deferred tax asset - net

	Opening balance (Rupees)	Charge for the year (Rupees)	Closing balance (Rupees)
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
	-	(642,788)	(642,788)

	Note	2025 (Rupees)	2024 (Rupees)
8 LONG TERM DEPOSITS			
Security deposit	8.1	1,034,697	1,034,697

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

9 ADVANCE, PREPAYMENTS AND OTHER RECEIVABLES

Grants disbursed in advance	279,177,336	248,868,950
Advance to contractor	-	33,194,550
Prepayments	2,451,266	1,149,365
	<u>281,628,602</u>	<u>283,212,865</u>

10 CASH AT BANK

Cash at bank - current accounts		
Local currency	827,172	57,483,318
Foreign currency	5,604	-
	<u>832,776</u>	<u>57,483,318</u>

11 DEFERRED GRANTS

Current:		
Opening balance	304,962,153	126,833,872
Grants received during the year	764,996,752	944,985,270
Amortised to statement of income and expenditure	(852,187,245)	(766,856,989)
	<u>217,771,660</u>	<u>304,962,153</u>
Non Current:		
Opening balance	10,552,997	13,128,202
Amortised to statement of income and expenditure	(2,102,191)	(2,575,205)
	<u>8,450,806</u>	<u>10,552,997</u>

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		2025 (Rupees)	2024 (Rupees)	
12	LEASE LIABILITY			
	Lease liability	12.1	3,923,852	8,934,013
12.1	Reconciliation of the carrying amount is as follows:			
	Opening balance		8,934,013	2,438,443
	Additions during the year		-	10,444,147
	Adjustment due to remeasurement		195,816	
	Finance cost on lease liabilities		1,299,718	971,902
	Lease rentals paid during the year		(6,540,009)	(4,920,479)
	Exchange loss /(gain) on lease liability		34,314	-
			3,923,852	8,934,013
	Current portion shown under current liabilities		(3,923,852)	(5,027,619)
			-	3,906,394
12.2	Maturity analysis			
	Lease liabilities - minimum undiscounted lease payments:			
	Not later than 1 year		4,111,585	6,862,530
	Later than 1 year but not later than 5 years		-	4,007,098
			4,111,585	10,869,628
13	TRADE AND OTHER PAYABLES			
	Payables to consultants		10,071,061	21,657,182
	Payables to grantees	13.1	39,103,671	-
	Gratuity payable	13.2	6,611,885	-
	Accrued liabilities		1,922,117	782,403
	Audit fee payable		2,658,061	2,397,295
	Income tax withheld		2,582,955	11,125,739
			62,949,750	35,962,619
13.1	This represents grant payable to different grantees at year end.			
13.2	Gratuity payable			
	Balance at beginning of the year		-	-
	Charge to profit or loss		6,611,885	-
	Balance at end of the year		6,611,885	-
14	PROVISION FOR INCOME TAX			
	Opening balance		-	-
	Charge for the year	19	2,912,164	-
	Payments made to during the year		(351,929)	-
	Closing balance		2,560,235	-
15	CONTINGENCIES AND COMMITMENTS			
15.1	Contingencies			
	There are no contingencies as at 31 March 2025 (31 March 2024: Nil).			

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	Education Champion Network	Girl Programme	Legacy Projects	Strategic Partnership Awards	Co-Founders Fund: Flood Relief	Total
	2025					
	----- Rupees -----					
16 PROGRAM EXPENDITURES						
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)
	<u>237,932,651</u>	<u>66,207,673</u>	<u>402,928,675</u>	<u>95,000</u>	<u>40,473,299</u>	<u>747,637,297</u>
	2024					
	----- Rupees -----					
Consultancy fees	24,648,087	16,399,279	110,767,325	8,903,040	-	160,717,731
Salaries, wages and benefits	35,196,549	20,661,872	4,851,651	17,765,407	-	78,475,479
Grants disbursed	132,606,648	48,194,995	141,451,229	112,523,466	-	434,776,338
Travelling and lodgings	2,872,822	691,953	-	49,030	-	3,613,806
Communications	45,525	22,762	-	-	-	68,287
	<u>195,369,631</u>	<u>85,970,862</u>	<u>257,070,205</u>	<u>139,240,943</u>	<u>-</u>	<u>677,651,641</u>

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	Note	2025 (Rupees)	2024 (Rupees)
17 ADMINISTRATIVE EXPENSES			
Legal and professional charges		-	22,104,357
Consultancy fees		-	9,676,272
Salaries, wages and other benefits	17.1	30,724,230	21,758,361
Travelling and lodgings		8,158,902	10,957,701
Auditors' remuneration	17.2	14,621,923	7,595,137
Office expenses		1,514,941	6,967,218
Depreciation of right-of-use assets	6	5,257,087	4,529,381
Depreciation of property and equipment	5.1	2,102,191	2,060,147
Insurance		2,920,674	2,815,340
Allocation of salaries from head office		35,316,289	-
Utilities and janitorial services		2,407,899	2,778,455
		<u>103,024,136</u>	<u>91,242,369</u>

17.1 This includes provision for gratuity amounting to Rs. 6.625 million (2024: nil).

	2025 (Rupees)	2024 (Rupees)
17.2 Auditors' remuneration		
Audit services		
Annual audit fee	2,658,061	2,397,295
Out of pocket expense	255,199	208,460
	<u>2,913,260</u>	<u>2,605,755</u>
Non-audit services		
Tax and consultancy fee	11,708,663	4,989,382
	<u>14,621,923</u>	<u>7,595,137</u>

18 FINANCE COSTS

Finance cost on lease liabilities	12.1	1,299,718	971,902
Exchange loss/(gain)		50,307	(446,555)
Bank charges		8,602	12,837
		<u>1,358,627</u>	<u>538,184</u>

19 INCOME TAX

The INGO is in the process of obtaining an income tax exemption certificate, subject to certain conditions and the Fund will be entitled to 100% tax credit of the income tax payables, including minimum and final taxes payable, under section 100C of the Income Tax Ordinance, 2001.

	Note	2025 (Rupees)	2024 (Rupees)
Income tax			
Current tax:			
- Current year		2,560,235	-
- Adjustment in respect of prior years	19.1	351,929	-
		2,912,164	-
Deferred tax		(642,788)	-
		<u>2,269,376</u>	<u>-</u>

19.1 Reconciliation of income tax charge for the year

Surplus for the year before income tax	-	-
Income tax rate	29%	29%
Income tax expenses using tax rate	-	-
Prior year charge	351,929	-
Permanent differences	1,917,447	-
Income tax expense for the year	<u>2,269,376</u>	<u>-</u>

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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 its 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.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the INGO's interest bearing financial instruments was as follows:

	Effective interest rate		Carrying amounts	
	2025 (% per annum)	2024 (% per annum)	2025 (Rs.'000)	2024 (Rs.'000)
Fixed rate instruments				
Lease liabilities	24.77%	21.37% to 22.27%	3,923,852	8,934,013
			<u>3,923,852</u>	<u>8,934,013</u>

(b) 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:

	2025 (USD)	2024 (USD)
Trade and other payables	(216,780)	(42,264)
Bank balance	20	-
Net exposure - USD	<u>(216,760)</u>	<u>(42,264)</u>

The following exchange rates were used:

	Average rate		Spot rate	
	2025 (Rupees)	2024 (Rupees)	2025 (Rupees)	2024 (Rupees)
USD to PKR	278.47	284.75	280.16	277.95

Foreign currency sensitivity analysis

At 31 March 2025, 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 PKR. 2,669,535 (2024: PKR 419,550) 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	2025 (Rupees)	2024 (Rupees)
Long term deposits	8	1,034,697	1,034,697
Bank balances	10	<u>832,776</u>	<u>57,483,316</u>
		<u>1,867,473</u>	<u>58,518,013</u>

Deposits are secured against contractual terms. 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:

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<u>Name of Bank</u>	<u>Short Term</u>	<u>Long Term</u>	<u>Rating Agency</u>	<u>2025 (Rupees)</u>	<u>2024 (Rupees)</u>
Habib Bank Limited	AI+	AAA	JCR-VIS	<u>832,775</u>	<u>57,483,316</u>

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.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>1 to 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>
31 March 2025					
			<u>Rupees</u>		
Lease liabilities	<u>3,923,852</u>	<u>(4,111,585)</u>	<u>(1,727,634)</u>	<u>(2,383,951)</u>	-
Trade and other payables	<u>53,754,910</u>	<u>(53,754,910)</u>	<u>(53,754,910)</u>	-	-
	<u>57,678,762</u>	<u>(57,866,495)</u>	<u>(55,482,544)</u>	<u>(2,383,951)</u>	-
31 March 2024					
Lease liabilities	<u>8,934,013</u>	<u>(10,869,628)</u>	<u>(1,918,707)</u>	<u>(4,943,823)</u>	<u>(4,007,098)</u>
Trade and other payables	<u>24,836,880</u>	<u>(24,836,880)</u>	<u>(24,836,880)</u>	-	-
	<u>33,770,893</u>	<u>(35,706,508)</u>	<u>(26,755,587)</u>	<u>(4,943,823)</u>	<u>(4,007,098)</u>

	<u>Note</u>	<u>2025 (Rupees)</u>	<u>2024 (Rupees)</u>
20.4 Financial instrument by category			
Financial assets at amortised cost			
Long term deposits	8	<u>1,034,697</u>	<u>1,034,697</u>
Bank balances	10	<u>832,775</u>	<u>57,483,316</u>
		<u>1,867,472</u>	<u>58,518,013</u>
Financial liabilities at amortized cost			
Lease liabilities	12	<u>3,923,852</u>	<u>8,934,013</u>
Trade and other payables	13	<u>12,729,122</u>	<u>24,054,476</u>
		<u>16,652,974</u>	<u>32,988,489</u>

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 party transactions comprise of transactions and account balances with The Malala Fund. Following are the transactions and account balances entered into during the year:

<u>Related Party</u>	<u>Relationship</u>	<u>Nature of transactions</u>	<u>2025 (Rupees)</u>	<u>2024 (Rupees)</u>
The Malala Fund, USA	Head office	Grant received	<u>725,323,545</u>	<u>909,238,258</u>
The Malala Fund, USA	Head office	Expenditure on behalf of INGO	<u>36,618,381</u>	<u>35,747,012</u>
The Malala Fund, Nigeria	Common control	Expenditure on behalf of INGO	<u>3,054,826</u>	-

22.2 The outstanding receivables and payables from / to related parties as at 31 March 2025 are included in respective notes to these financial statements.

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22.3 Remuneration of Key Management Personnel

There are two key management personnels (KMPs) i.e. the Chief Executive Officer and the Programme Director. The aggregate amount charged in the financial statements for remuneration as per the terms of employment is as follows. Moreover, during the financial year, no (2024: nil) compensation was given to any Board members.

	2025 (Rupees)	2024 (Rupees)
Remuneration of key management personnel	38,649,221	24,058,817

23 NUMBER OF EMPLOYEES

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

24 CORRESPONDING FIGURES


Corresponding figures have been re-arranged and reclassified wherever necessary for comparison with current year's presentation. However, no significant reclassification have been made except for separate presentation of deferred grants into current and non-current and cash flows on account of grants presented under cash flows from operating activities which were previously presented under cash flows from financing activities.

25 GENERAL

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

26 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the board of directors on October 23, 2025.



Lena Alfi
Chief Executive Officer



Nishat Riaz
Chief Executive Officer -Pakistan