Grant Thornton

BAS/C469/26/1012

12 October 2026

**Grant Thornton Anjum Rahman**
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The Board of Directors (the Board)
National Academy of Performing Arts (the Company)
Karachi

**AUDIT OF THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2026**

Dear Board Members

We are pleased to enclose two copies of the draft financial statements of the Company for the above year, together with our draft audit report thereon initialed by us only for identification purposes. We shall be pleased to sign and issue our report after:

i) the Board has approved the financial statements and these have been signed by the Chief Executive Officer and the directors of the Company;

ii) we have received representation letter duly signed by the Chief Executive Officer and Chief Financial Officer of the Company;

iii) we have received confirmation from Siddiqi Vawda, Usman & Memon Law Associates (legal advisor); and

iv) we have seen the Board's resolution approving the following items:

| | Rupees |
|---|---|
| – grants received during the year | 173,753,759 |
| – additions to property and equipment | 3,062,609 |
| – investment made - net | 269,316,799 |
| – transactions with related parties as disclosed in the financial statements | |

## 2. RESPONSIBILITIES OF THE BOARD AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

We have conducted the audit of the financial statements of the Company in accordance the requirements explained in the Companies Act, 2017 and International Standards on Auditing. The auditors are responsible for forming and expressing their opinion on the financial statements. The responsibility for preparation of financial statements is primarily that of the Company's management. Further the management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies and safeguarding of the assets of the Company taken as a whole and prevention and detection of fraud and irregularities. The audit of the financial statements does not relieve the management of its responsibilities. Accordingly, our audit of the financial statements should not be relied upon to disclose all the errors or irregularities, which are not material in relation to the financial statements.

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## 3. EMPHASIS OF MATTER PARAGRAPH IN OUR AUDIT REPORT

We have been informed by the management that there are no contingencies and commitments outstanding as at the year-end other than disclosed in note 13 to the financial statements. However, due to the significance of contingencies in relation to the financial statements of the Company, we have included an emphasis of matter paragraph in our draft audit report.

## 4. OTHER MATTERS

### 4.1 Related party transactions

We have been informed by the management that there are no transactions with related parties other than those disclosed in the financial statements.

### 4.2 Fraud and errors

We have been informed by the management that to the best of their knowledge there have been no instances of frauds or irregularities during the year that could have a material effect on these financial statements.

### 4.3 Subsequent events

We have been informed by the management that there were no subsequent events having an impact on amounts and / or disclosures in the financial statements.

We also take this opportunity to place on record our appreciation for the co-operation extended to us by the management of the Company during the course of our audit

Yours sincerely

Grant Thornton

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## INDEPENDENT AUDITOR'S REPORT

**To the members of National Academy of Performing Arts**

**Report on the Audit of the Financial Statements**

### Opinion

We have audited the annexed financial statements of National Academy of Performing Arts (the Company) which comprises the statement of financial position as at 30 June 2026 and the statement of income and expenditure, the statement of changes in accumulated funds, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of changes in accumulated 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 30 June 2026 and of the surplus, the changes in accumulated 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.

### Emphasis of Matter

We draw attention to the contents of note 13 to the financial statements in respect of contingencies. The ultimate outcome of the matters related therein cannot be presently determinable with certainty and hence, no provision for any liability that may arise from such matters has been made in the financial statements. Our opinion is not qualified in respect of this matter.

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**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 Annual 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 in this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Board of Directors for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of income and expenditure, the statement of changes in accumulated 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 and expenditure incurred 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

The engagement partner on the audit resulting in this independent auditor's report is Khurram Jameel.

Chartered Accountants
Place: Karachi
Date: 05 November 2026
UDIN: AR202610093Mg0oPrQTF

NATIONAL ACADEMY OF PERFORMING ARTS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

| | Note | 2026 | 2025 |
|---|---|---|---|
| | | Rupees | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | 6 | 54,844,015 | 59,178,046 |
| Intangible assets | | 14,568 | 18,210 |
| Long term deposits | | 866,669 | 591,669 |
| | | 55,725,252 | 59,787,925 |
| **Current assets** | | | |
| Books | | 1,983,079 | 2,056,658 |
| Advances, prepayments and other receivables | | 9,340,793 | 5,989,889 |
| Short term investments | 7 | 1,291,166,837 | 1,021,850,038 |
| Bank balances | 8 | 25,484,748 | 27,151,053 |
| | | 1,327,975,457 | 1,057,047,638 |
| **TOTAL ASSETS** | | 1,383,700,709 | 1,116,835,563 |
| **FUNDS AND LIABILITIES** | | | |
| **Funds** | | | |
| **Unrestricted funds** | | | |
| General fund | | 25,000,000 | 25,000,000 |
| Accumulated surplus | | 413,850,822 | 161,047,753 |
| | | 438,850,822 | 186,047,753 |
| **Restricted funds** | | | |
| Endowment fund | 9 | 865,000,000 | 865,000,000 |
| Other restricted funds | 10 | 22,739,942 | 26,208,013 |
| | | 887,739,942 | 891,208,013 |
| | | 1,326,590,764 | 1,077,255,766 |
| **Non-current liabilities** | | | |
| Deferred capital grant | 11 | 19,920,039 | 20,968,462 |
| **Current liabilities** | | | |
| Accrued and other liabilities | 12 | 36,796,430 | 18,217,859 |
| Taxation - net | | 393,476 | 393,477 |
| | | 37,189,906 | 18,611,336 |
| **TOTAL FUND AND LIABILITIES** | | 1,383,700,709 | 1,116,835,563 |
| **Contingencies** | 13 | | |

The annexed notes from 1 to 21 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER | DIRECTOR | DIRECTOR

**NATIONAL ACADEMY OF PERFORMING ARTS**
**STATEMENT OF INCOME AND EXPENDITURE**
**FOR THE YEAR ENDED 30 JUNE 2026**

| | Note | 2026 | 2025 |
|---|---|---|---|
| | | ---------- Rupees ---------- | |
| Income | 14 | **198,546,024** | 205,516,318 |
| Expenses | 15 | **(223,020,764)** | (218,908,423) |
| Other income | 16 | **281,659,723** | 207,014,075 |
| **Surplus before taxation** | | **257,184,983** | 193,621,970 |
| Taxation | 5.11 | **(4,381,914)** | (3,656,052) |
| **Surplus for the year** | | **252,803,069** | 189,965,918 |

The annexed notes from 1 to 21 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

DIRECTOR

**NATIONAL ACADEMY OF PERFORMING ARTS**
**STATEMENT OF CHANGES IN ACCUMULATED FUNDS**
**FOR THE YEAR ENDED 30 JUNE 2026**

| | General Fund | Accumulated Surplus | Endowment Fund | Other restricted funds | Total |
|---|---|---|---|---|---|
| | ---------- Rupees ---------- | | | | |
| **Balance as at 30 June 2024** | 25,000,000 | 132,734,395 | 703,347,440 | 35,973,692 | 897,055,527 |
| Surplus for the year | - | 189,965,918 | - | - | 189,965,918 |
| Transfers / amortised during the year | - | (161,652,560) | 161,652,560 | (9,765,679) | (9,765,679) |
| | - | 28,313,358 | 161,652,560 | (9,765,679) | 180,200,239 |
| **Balance as at 30 June 2025** | 25,000,000 | 161,047,753 | 865,000,000 | 26,208,013 | 1,077,255,766 |
| Surplus for the year | - | **252,803,069** | - | - | **252,803,069** |
| Transfers / amortised during the year | - | - | - | **(3,468,071)** | **(3,468,071)** |
| | - | **252,803,069** | - | **(3,468,071)** | **249,334,998** |
| **Balance as at 30 June 2026** | **25,000,000** | **413,850,822** | **865,000,000** | **22,739,942** | **1,326,590,764** |

The annexed notes from 1 to 21 form an integral part of these financial statements.

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**CHIEF EXECUTIVE OFFICER** | **DIRECTOR** | **DIRECTOR**

NATIONAL ACADEMY OF PERFORMING ARTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

| | 2026 | 2025 |
|---|---|---|
| | ---------- Rupees ---------- | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Surplus before taxation | **257,184,983** | 193,621,970 |
| **Non cash adjustment:** | | |
| Depreciation | **7,396,640** | 8,341,406 |
| Amortisation | **3,642** | 4,552 |
| Amortisation of restricted funds | **(3,468,071)** | (9,765,679) |
| Deferred capital grant realised during the year | **(1,048,423)** | (1,103,603) |
| | **2,883,788** | (2,523,324) |
| **Changes in working capital:** | | |
| Books | **73,579** | (661,478) |
| Advances, prepayments and other receivables | **(3,350,904)** | (1,202,618) |
| Accrued return on investments | **-** | 83,223,318 |
| Accrued and other liabilities | **18,578,571** | (231,500) |
| | **15,301,246** | 81,127,722 |
| Tax paid | **(4,381,914)** | (507,541) |
| Long term deposits | **(275,000)** | (10,000) |
| **Net cash generated from operating activities** | **270,713,103** | 271,708,827 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Addition to property and equipment | **(3,062,609)** | (2,825,615) |
| Investment made | **(269,316,799)** | (318,502,597) |
| **Net cash used in from investing activities** | **(272,379,408)** | (321,328,212) |
| Net decrease in cash and cash equivalents | **(1,666,305)** | (49,619,385) |
| Cash and cash equivalents at beginning of the year | **27,151,053** | 76,770,438 |
| **Cash and cash equivalents at the end of the year** | **25,484,748** | 27,151,053 |

The annexed notes from 1 to 21 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER | DIRECTOR | DIRECTOR

## 1 LEGAL STATUS AND NATURE OF BUSINESS

National Academy of Performing Arts (the Company) was incorporated in Pakistan under Section 42 of the Companies Act 2017 (the Act) having its registered office at M.R. Kiyani Road, Karachi. The principal activity of the Company is to create awareness of the performing arts in Pakistan particularly music, dance, drama and theatrical arts through proper study and practice.

## 2 BASIS OF PREPRATION

### 2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. The approved accounting standards applicable in Pakistan comprises of:

- IFRS for SMEs Accounting Standard issued by the International Accounting Standards Board as notified under the Act;
- Accounting standards for Non profit Organizations ( Accounting Standards for NPOs ) issued by the Institute of Chartered Accountants of Pakistan (ICAP); and
- Provisions of and directives issued under the Act,

where provisions of and directives issued under the Act, differ from the IFRS for SMEs, the provisions of, directives and notification issued under the Act have been followed.

### 2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

## 3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

## 4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant accounting judgments and estimates are disclosed in the relevant notes of the financial statements.

## 5 MATERIAL ACCOUNTING POLICIES

### 5.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to the statement of income and expenditure on reducing balance method. Depreciation on additions and deletions during the year is charged on a pro-rata basis when asset is put into use and up to the date when asset is disposed, respectively. The depreciation rates and useful lives are reviewed at each financial year end and adjusted if necessary. Repairs and maintenance are charged to the statement of income and expenditure as and when incurred. Renewals and improvements are capitalized and depreciated when it is expected that future economic benefits will flow to the Company for more than one year. Disposal of assets is recognised when significant risk and rewards incidental to the ownership have been transferred. Gain or loss on disposal of an asset is charged to statement of income and expenditure.

**5.2 Impairment**

The Company assesses at each reporting date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where the carrying amount exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the Statement of income and expenditure.

**5.3 Books**

Books held for sale are stated at the lower of cost and estimated net realizable value.

**5.4 Advances, prepayments and other receivables**

These are recognised at cost, which is the fair value of consideration given. However, an assessment is made at each reporting date to determine whether there is an indication that assets may be impared. If such indications exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount.

**5.5 Investments**

All investments are initially recognized at cost, being the fair value of the consideration given including transaction costs associated with the investments except in case of investments at fair value through income and expenditure where transaction cost are charged to statement of income and expenditure.

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified in this category and are stated at amortized cost. Provision for impairment in value, if any, is taken to statement of income and expenditure.

Investments in mutual fund units and listed shares are initially measured at fair value and subsequently remeasured at fair value with unrealzied gain/loss recognized in income and expenditure.

**5.6 Cash and cash equivalents**

These are stated at cost.

**5.7 Accrued and other liabilities**

These are recognized at the time when the Company becomes a party to the contractual provisions of the liability and are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

**5.8 Provisions**

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

**5.9 Revenue recognition**

- Grants, fee income, sponsorship income and sale of tickets are recognised on receipt basis.
- Return on bank balances and short term investments is recognised on accrual basis.
- Dividend income is recognised when the right to receive dividend is established.

**5.10 Taxation**

The Company falls under the defination of Section 2(36)(c) of the Income Tax Ordinance, 2001 (the Ordinace), being a non-profit organization. Therefore the Company's income is exempt from income tax under Section 100 (C) of the Ordinance. However, dividend income and capital gains are subject to tax at applicable rates.

### 5.11 Restricted funds

Funds generated by the Company for a specific purpose are classified as restricted funds. These are transfered to income at the time of utilisation.

### 5.12 Deferred capital grant

When fixed assets are developed or purchased through grants received, these are recorded as deferred capital grant with corresponding increase in fixed assets. As the said assets depreciates, related deferred capital grant is transferred to accumulated surplus through statement of income and expenditure.

### 5.13 Employee benefits

Eligible employees of the Company are provided with the leave encashment at the end of the accounting year against their annual leaves. An employee can avail encashment as per the gross salary unto 21 days annual leaves.

## 6 PROPERTY AND EQUIPMENT

| | Note | 2026 | 2025 |
|---|---|---|---|
| | | ----------Rupees---------- | |
| Operating fixed assets | 6.1 | **54,844,015** | 59,178,046 |

### 6.1 Operating fixed assets

| | Building | Vehicles | Furniture and fixture | Books | Musical instruments | Theatrical instruments | Computer equipment | Other equipment | Total |
|---|---|---|---|---|---|---|---|---|---|
| | ---------- Rupees ---------- | | | | | | | | |
| **Year ended 30 June 2025** | | | | | | | | | |
| Opening net book value | 23,743,179 | 1,059,229 | 4,149,682 | 25,416 | 517,941 | 3,076,568 | 694,804 | 31,427,018 | 64,693,838 |
| Additions | - | - | 112,000 | - | - | - | 616,300 | 2,097,315 | 2,825,615 |
| Depreciation charge for the year | (1,187,159) | (211,846) | (423,026) | (2,542) | (103,588) | (615,314) | (274,945) | (5,522,987) | (8,341,407) |
| Net book value | 22,556,020 | 847,383 | 3,838,656 | 22,875 | 414,353 | 2,461,254 | 1,036,159 | 28,001,346 | 59,178,046 |
| **As at 30 June 2025** | | | | | | | | | |
| Cost | 38,183,626 | 3,155,000 | 6,556,738 | 459,959 | 2,371,736 | 14,350,107 | 4,486,199 | 74,616,169 | 144,179,534 |
| Accumulated depreciation | (15,627,606) | (2,307,617) | (2,718,082) | (437,084) | (1,957,383) | (11,888,853) | (3,450,040) | (46,614,823) | (85,001,488) |
| Net book value | 22,556,020 | 847,383 | 3,838,656 | 22,875 | 414,353 | 2,461,254 | 1,036,159 | 28,001,346 | 59,178,046 |
| **Year ended 30 June 2026** | | | | | | | | | |
| Opening net book value | 22,556,020 | 847,383 | 3,838,656 | 22,875 | 414,353 | 2,461,254 | 1,036,159 | 28,001,346 | 59,178,046 |
| Additions | - | - | 1,212,750 | - | 500,000 | - | 340,000 | 1,009,859 | 3,062,609 |
| Depreciation charge for the year | (1,127,801) | (169,477) | (383,866) | (2,288) | (82,871) | (492,251) | (341,932) | (4,796,154) | (7,396,640) |
| Net book value | 21,428,219 | 677,906 | 4,667,540 | 20,587 | 831,482 | 1,969,003 | 1,034,227 | 24,215,051 | 54,844,015 |
| **As at 30 June 2026** | | | | | | | | | |
| Cost | 38,183,626 | 3,155,000 | 7,769,488 | 459,959 | 2,871,736 | 14,350,107 | 4,826,199 | 75,626,028 | 147,242,143 |
| Accumulated depreciation | (16,755,407) | (2,477,094) | (3,101,948) | (439,372) | (2,040,254) | (12,381,104) | (3,791,972) | (51,410,977) | (92,398,128) |
| Net book value | 21,428,219 | 677,906 | 4,667,540 | 20,587 | 831,482 | 1,969,003 | 1,034,227 | 24,215,051 | 54,844,015 |
| Rate of depreciation (%) | 5 & 10 | 20 | 10 | 10 & 20 | 20 | 20 | 33 | 15 & 33.33 | |

| | | Note | 2026 | 2025 |
|---|---|---|---|---|
| 7 | SHORT-TERM INVESTMENTS | | ---------- Rupees ---------- | |
| | **At fair value through income and expenditure** | | | |
| | - Listed shares | | **293,485,763** | 237,993,328 |
| | - Mutual funds | | **997,681,074** | 783,856,710 |
| | | | **1,291,166,837** | 1,021,850,038 |
| 8 | BANK BALANCES | | | |
| | Savings accounts | 8.1 | **25,315,544** | 23,638,277 |
| | Current accounts | | **169,204** | 3,512,776 |
| | | | **25,484,748** | 27,151,053 |

8.1 These carry profit rates ranging from 9.5% to 12% (2024: 12.5% to 20%) per annum.

9 ENDOWMENT FUND

Represents fund established during the year ended 30 June 2013 to comply with the Higher Education Commission (HEC) conditions governing the establishment of a new university or a recognized degree awarding institution. According to the conditions of HEC, the Company is required to create a non-transferable endowment fund amounting to Rs. 200 million and the fund so established is required to be invested in profitable investments such as certificates, shares, units etc. However, profit accrued on such investments may be utilized for academic activities of the Company.

| 10 OTHER RESTRICTED FUNDS | Balance as at 01 July 2025 | Amortization during the year | Balance as at 30 June 2026 |
|---|---|---|---|
| | ---------- Rupees ---------- | | |
| **Programmes / projects** | | | |
| Auditorium Development Fund | **1,392,410** | **-** | **1,392,410** |
| Scholarship Fund | **820,000** | **-** | **820,000** |
| University of Texas Fund | **6,832** | **-** | **6,832** |
| Theatre Development Foyer Fund | **20,520,700** | **-** | **20,520,700** |
| Awaaz Ratio Theatre Grant | **3,468,071** | **3,468,071** | **-** |
| | **26,208,013** | **3,468,071** | **22,739,942** |

| | | Note | 2026 | 2025 |
|---|---|---|---|---|
| 11 | DEFERRED CAPITAL GRANT | | ---------- Rupees ---------- | |
| | Opening balance | | **20,968,462** | 22,072,065 |
| | Amortised during the year | 11.1 | **(1,048,423)** | (1,103,603) |
| | Closing balance | | **19,920,039** | 20,968,462 |

11.1 This represents depreciation charged during the year on auditorium chairs and theatre building acquired through restricted funds.

| | | 2026 | 2025 |
|---|---|---|---|
| 12 | ACCRUED AND OTHER LIABILITIES | ---------- Rupees ---------- | |
| | Accrued expenses | **5,193,256** | 3,724,177 |
| | Other liabilities | **6,513,212** | 11,923,720 |
| | Due to SMART - a related party | **25,089,962** | 2,569,962 |
| | | **36,796,430** | 18,217,859 |

## 13 CONTINGENCIES

13.1 On 23 September 2005, the Company entered into a lease agreement with the Governor of Sindh for Hindu Gymkhana for a period of 30 years. As part of the Company's main object to promote performing arts, the Company planned to construct an auditorium in the same premises and obtained an approval for such construction from Karachi Building Control Authority (KBCA). After obtaining this approval, the Company started the construction of auditorium in August 2006. On 31 October 2007, Shree Ratneshwar Maha Dev Welfare Shewa Mandly; a Hindu religious welfare association (the appellant), filed a petition in the High Court of Sindh (the Court) against the Province of Sindh, through Secretary Board of Revenue, Sindh Cultural Heritage Department, KBCA, the Company and Evacuee Trust Board. The appellant alleges that the property was illegally and unlawfully taken away by surrounding occupants in portions and was handed over to the Company without authorization. The said petition was dismissed by the Court on 25 November 2013 against which the appellant filed an appeal in Supreme Court of Pakistan. The Supreme Court of Pakistan converted this petition into Civil Appeal and fixed the same for hearing in Islamabad. The hearing was transferred to Supreme Court (Karachi Registry) but no such hearing has taken place up to 30 June 2026.

13.2 On 13 September 2008, the Government of Sindh issued a notice to the Company against construction of the theatre/auditorium claiming that it has constructed a theatre building in violation of the lease agreement and terminated the lease agreement dated 23 September 2005 with the transfer of possession of Hindu Gymkhana together with the building thereon to Government of Sindh within 3 months from date of said notice with out any compensation to the Company. The Company filed a Suit in the Court against the Government of Sindh praying to the Court to allow the building of the theatre/auditorium and to give an order that the Company has complied with the lease agreement provisions and is legally occupying the Hindu Gymkhana. The Court granted a stay order dated 3 December 2008 restraining the Government of Sindh from giving effect to said eviction notices. On 18 November 2014, the Company filed a suit to declare said eviction notices as void ab initio and permanently restraining the Government of Sindh and Shree Ratneshwar Maha Dev from interfering with possession or occupation of the premises in any manner whatsoever. To date, no hearing has taken place for the same, and the matter is still pending.

| 14 INCOME | Note | 2026 | 2025 |
|---|---|---|---|
| | | ---------- Rupees ---------- | |
| **Grants** | | | |
| - Received during the year from Federal Government | | **123,753,759** | 125,997,006 |
| - Received during the year from Sindh Government | | **50,000,000** | 50,000,000 |
| - Amortised during the year | 11.1 | **1,048,423** | 1,103,603 |
| | | **174,802,182** | 177,100,609 |
| **Other restricted fund** | | | |
| - Amortised during the year | | **3,468,071** | 9,765,679 |
| **Fee** | | | |
| - Application fee | | **48,010** | 72,000 |
| - Registration fee | | **192,500** | 210,000 |
| - Tuition fee | | **9,404,591** | 5,070,650 |
| | | **9,645,101** | 5,352,650 |
| Sponsorship income | | **1,000,000** | 2,460,000 |
| Sale of tickets | | **1,352,959** | 2,637,295 |
| Others | | **8,277,711** | 8,200,085 |
| | | **198,546,024** | 205,616,318 |

| 15 EXPENSES | Note | 2026 | 2025 |
|---|---|---|---|
| | | Rupees | |
| **Programmed Expenses** | | | |
| Salaries and benefits | | **100,643,720** | 88,099,341 |
| Utilities | | **9,462,473** | 11,773,705 |
| Performance expense | | **42,540,250** | 41,159,363 |
| Repairs and maintenance | | **24,308,068** | 39,233,605 |
| Depreciation | 6 | **5,917,310** | 6,673,126 |
| Office expenses | | **2,691,734** | 2,507,680 |
| Stationery and supplies | | **1,369,905** | 1,503,578 |
| Security expenses | | **2,367,141** | 1,400,640 |
| Conveyance and fuel | | **4,230,772** | 1,082,775 |
| Legal and professional | | **378,957** | 781,327 |
| Advertisement | | **884,591** | 776,149 |
| Others | | **1,307,090** | 661,868 |
| | | **196,102,011** | 195,655,433 |
| **Administrative Expenses** | | | |
| Salaries and benefits | | **8,751,629** | 7,556,838 |
| Repairs and maintenance | | **2,700,896** | 4,359,289 |
| Utilities | | **2,365,617** | 2,943,426 |
| Depreciation | 6 | **1,479,328** | 1,668,280 |
| Travelling and conveyance | | **4,966,559** | 1,276,609 |
| Auditors' remuneration | 15.1 | **1,431,000** | 1,073,250 |
| Rents, rates and taxation | | **1,062,936** | 1,062,953 |
| Legal and professional | | **378,957** | 781,327 |
| Advertisement | | **884,591** | 776,149 |
| Office expenses | | **672,933** | 626,920 |
| Others | | **2,224,307** | 1,125,672 |
| | | **26,918,753** | 23,252,990 |
| | | **223,020,764** | 218,908,423 |

| 15.1 Auditors' remuneration | | |
|---|---|---|
| Audit fee | **1,200,000** | 900,000 |
| Out of pocket expenses | **231,000** | 173,250 |
| | **1,431,000** | 1,073,250 |

| 16 OTHER INCOME | | |
|---|---|---|
| Interest on Market Treasury Bills | **-** | 65,275,880 |
| Profit on bank balances | **2,185,996** | 11,205,167 |
| Gain on redemption of investments | **21,752,542** | 20,460,569 |
| Unrealized gain on revaluation of investments | **250,025,795** | 105,934,349 |
| Dividend income | **7,638,690** | 4,113,110 |
| Others | **56,700** | 25,000 |
| | **281,659,723** | 207,014,075 |

## 17 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of entities under common control / directorship and key management personnel. Details of the transactions with related parties are disclosed in relevant notes.

| | | 2026 | 2025 |
|---|---|---|---|
| 18 | **FINANCIAL INSTRUMENTS** | ---------- Rupees ---------- | |
| | **Financial assets** | | |
| | ***At fair value through income and expenditure*** | | |
| | Short term investments | **1,291,166,837** | 1,021,850,038 |
| | ***At amortized cost*** | | |
| | Long term deposits | **866,669** | 591,669 |
| | Bank balances | **25,484,748** | 27,151,053 |
| | | **1,317,518,254** | 1,049,592,760 |
| | **Financial Liabilities** | | |
| | ***At amortized cost*** | | |
| | Accrued and other liabilities | **36,796,430** | 18,217,859 |

## 19 REMUNERATION OF DIRECTORS AND EXECUTIVES

| | 2026 | | | 2025 | | |
|---|---|---|---|---|---|---|
| | **Chief Executive** | **Directors** | **Executives** | Chief Executive | Directors | Executives |
| | ---------- **Rupees** ---------- | | | ---------- Rupees ---------- | | |
| Managerial remuneration | **2,132,000** | **-** | **19,868,000** | 2,779,000 | - | 15,976,426 |
| Housing allowance | **852,800** | **-** | **7,947,200** | 1,111,600 | - | 6,299,200 |
| Utilities allowance | **215,200** | **-** | **1,987,577** | 279,300 | - | 1,599,374 |
| | **3,200,000** | **-** | **29,802,777** | 4,169,900 | - | 23,875,000 |
| Number of person | **1** | **11** | **10** | 1 | 11 | 12 |

19.1 Chief Executive Officer has been provided with Company maintained car along with Chauffer and fuel.

| 20 | **NUMBER OF EMPLOYEES** | **2026** | 2025 |
|---|---|---|---|
| | Average | **63** | 70 |
| | Total | **67** | 72 |

## 21 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 28 OCT 2026 by the Board of Directors of the Company.

**CHIEF EXECUTIVE OFFICER** **DIRECTOR** **DIRECTOR**