

ضیبر پختونخوا
انفارمیشن
ٹیکنالوجی بورڈ



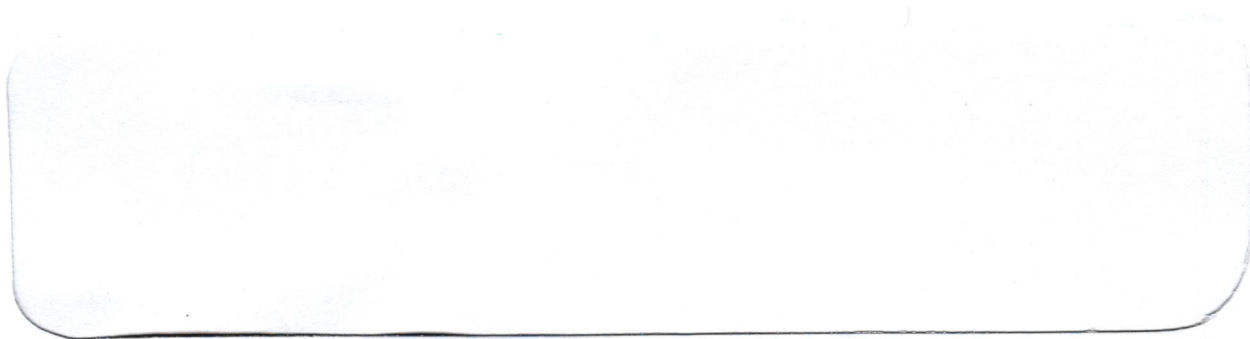
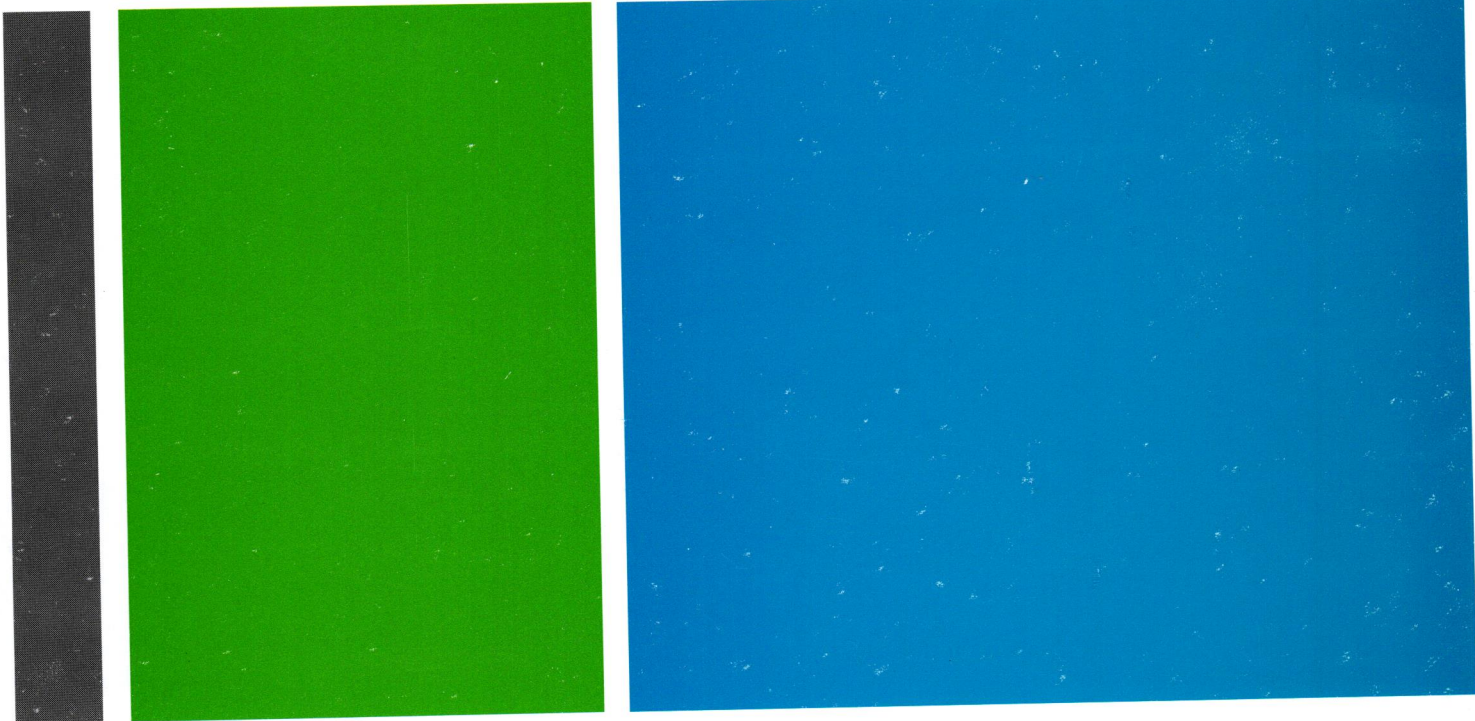
KHYBER PAKHTUNKHWA
INFORMATION
TECHNOLOGY
BOARD

Financial Statements

for the year
2024-25



خیبر پختونخوا انفارمیشن ٹیکنالوجی بورڈ
حکومت خیبر پختونخوا



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KHYBER PAKHTUNKWA INFORMATION TECHNOLOGY BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Khyber Pakhtunkhwa Information Technology Board

Opinion

We have audited the annexed financial statements of Khyber Pakhtunkhwa Information Technology Board (KPIT Board), which comprise the statement of financial position as at June 30, 2025 and the statement of income and expenditure, the statement of comprehensive income, statement of changes in net assets and 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 gives true and fair view of the financial position of KPIT Board as at 30 June 2025, and of its financial performance and its cashflows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified by Security and Exchange Commission of Pakistan (SECP) and accounting standards for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) (together referred as to as "applicable accounting and reporting standards").

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 KPIT Board 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 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 note 7.2 to the financial statements which describes that during the year, the KPIT Board has recognized a provision for taxation amounting to Rs. 4,258,942 for the current year and Rs. 6,310,613 in respect of previous year 2024.

KPIT Board previously held exemption under Section 2(36) of the Income Tax Ordinance, 2001 ("ITO 2001") until 30 December 2022, which qualified the KPIT Board for a 100% tax credit under Section 100C of the ITO 2001, subject to fulfilment of prescribed conditions. While the KPIT Board continues to hold certification from the Pakistan Centre for Philanthropy (PCP) and has complied with the requirement to submit audited financial statements, exemption under Section 2(36) has not yet been granted by the Commissioner Inland Revenue.

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Islamabad : 92 (51) 2340490
Rawalpindi : 92 (51) 5193135
Quetta : 92 (81) 282 9809
Kabul : 93 (799) 058155

In the absence of such exemption, management has reassessed the KPIT Board's tax position and, applying the principle of prudence, recorded a provision for taxation to reflect the potential exposure arising from the lack of exemption. Management remains confident of ultimately obtaining the exemption, given that KPIT Board is established for non-profit purposes to promote the IT sector in Khyber Pakhtunkhwa under the Khyber Pakhtunkhwa Information Technology Board Act, 2011 (as amended in 2018).

Our opinion is not modified in respect of the above matter.

Responsibilities of Management and Board of Directors for Financial Statements

The 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 for such internal control as the 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 KPIT Board'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 KPIT Board or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the KPIT Board'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 KPIT Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 KPIT Board'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 Institute 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 those charged with governance 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.

Other Matter

The financial statements of the KPIT Board for the year ended June 30, 2024 were audited by another firm of Chartered Accountants who have expressed an unmodified opinion in their report dated November 11, 2025.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Arif Saeed.


RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS



Place: Peshawar

Date: July 22, 2026

UDIN: AR202510513bhFZKc1Ju

KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025 (Rupees)	2024 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	1,412,435,677	1,273,039,898
Intangible assets	5	12,006,277	11,980,594
Security deposits	6	1,583,624	1,583,624
Employee benefit/gratuity prepayment	12	-	3,795,659
		1,426,025,578	1,290,399,775
CURRENT ASSETS			
Tax recoverable	7	6,440,254	4,219,319
Advances	8	61,826,178	60,857,595
Receivable from KP finance department	17	-	49,003,306
Other receivables	10	29,238,496	33,649,806
Bank balances	11	219,343,433	54,005,314
		316,848,361	201,735,340
TOTAL ASSETS		1,742,873,939	1,492,135,115
NET ASSETS AND LIABILITIES			
NET ASSETS			
Accumulated surplus		1,474,928,241	1,297,577,054
NON-CURRENT LIABILITIES			
Employee benefits payable	12	15,999,345	-
Deferred grant- Workaround	13	12,004,265	9,436,621
Security payable		1,187,007	1,133,007
Lease liabilities	14	-	39,957,666
Retention money payable	15	30,191,236	15,495,314
		59,381,853	66,022,608
CURRENT LIABILITIES			
Accrued and other liabilities	16	84,337,798	77,112,003
Restricted grant - KP Finance department	17	71,701,721	-
Current portion of lease liabilities	14	52,524,325	51,423,450
		208,563,844	128,535,453
TOTAL NET ASSETS AND LIABILITIES		1,742,873,939	1,492,135,115
CONTINGENCIES AND COMMITMENTS			
	18		

The annexed notes from 1 to 30 form an integral part of these financial statements.

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MANAGING DIRECTOR
Khyber Pakhtunkhwa
Information Technology Board


Muhammad Munaim
Director Finance & Accounts
Information Technology Board
Khyber Pakhtunkhwa
DIRECTOR

KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 (Rupees)	2024 (Rupees)
INCOME			
<i>Grant income from- (restricted)</i>			
- KP Finance Department	17	379,294,973	388,483,575
- Annual Development Program (ADP)	9	222,616,281	147,261,747
- Workaround	13	47,572,898	47,496,162
Higher Education Department (HED)		3,177,020	2,906,890
Other income	19	47,468,255	54,184,688
		700,129,427	640,333,062
EXPENDITURE			
Finance Cost	20	11,391,083	21,679,362
Administrative expenses	21	197,554,890	225,440,072
Marketing expenses	22	1,750,986	27,393
Operational expenses	23	44,296,244	35,172,253
IT park subsidies	24	12,110,884	13,657,383
Other programs expenditure	25	230,003,321	174,236,256
		497,107,408	470,212,719
SURPLUS FOR THE YEAR BEFORE TAXATION		203,022,019	170,120,343
TAXATION	7.2	4,258,942	6,310,613
SURPLUS FOR THE YEAR AFTER TAXATION		198,763,077	163,809,730

The annexed notes from 1 to 30 form an integral part of these financial statements.

RMM

MANAGING DIRECTOR

Managing Director
Khyber Pakhtunkhwa
Information Technology Board

DIRECTOR

Muhammad Munaim
Director Finance & Accounts
Information Technology Board
Govt. of Khyber Pakhtunkhwa

KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	2025 (Rupees)	2024 (Rupees)
Surplus for the year	198,763,077	163,809,730
Other comprehensive income		
Actuarial loss on gratuity scheme	(20,025,935)	(13,727,550)
Total Comprehensive Income for the Year	178,737,142	150,082,180

The annexed notes from 1 to 30 form an integral part of these financial statements.

Rm


MANAGING DIRECTOR
Managing Director
Khyber Pakhtunkhwa
Information Technology Board


Muhammad Munaim
DIRECTOR
Director Finance & Accounts
Information Technology Board
Govt. of Khyber Pakhtunkhwa

KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2025

	Capital Account	Accumulated surplus (Rupees)	Total
Balance as at July 1, 2023	946,750,000	200,744,874	1,147,494,874
Surplus for the year	-	163,809,730	163,809,730
Other Comprehensive loss	-	(13,727,550)	(13,727,550)
Total Comprehensive Income	-	150,082,180	150,082,180
Balance as at June 30, 2024	946,750,000	350,827,054	1,297,577,054
Surplus for the year	-	198,763,077	198,763,077
Prior year error adjustment in gratuity	-	(1,385,954)	(1,385,954)
Other Comprehensive loss	-	(20,025,935)	(20,025,935)
Total Comprehensive Income	-	177,351,188	177,351,188
Balance as at June 30, 2025	946,750,000	529,564,195	1,474,928,241

The annexed notes from 1 to 30 form an integral part of these financial statements.

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MANAGING DIRECTOR
 Managing Director
 Khyber Pakhtunkhwa
 Information Technology Board

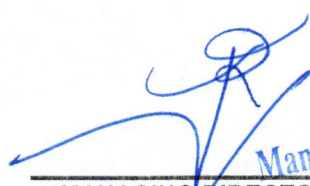

Muhammad Munaim
DIRECTOR
 Director Finance & Accounts
 Information Technology Board
 Govt. of Khyber Pakhtunkhwa

KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 Rupees	2024 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		203,022,019	170,120,343
Adjustment for:			
Depreciation	4.1	47,151,408	63,155,930
Amortization		57,764	56,667
Gratuity expense		19,632,290	15,825,496
Adjustment for prior period year error in gratuity		3,722,090	-
Interest on plan assets	12.6	(10,154,565)	(9,245,946)
Grant income		(649,484,152)	(583,241,484)
Finance cost		11,391,083	21,679,362
Gain on termination on lease contract		(1,863,721)	-
		(376,525,784)	(321,649,633)
(Increase) / decrease in current assets			
Tax recoverable		(6,479,877)	(5,865,980)
Advances		(968,583)	72,324,399
ADP Grant receivable		-	5,421,857
Other receivables		689,220	(21,802,371)
		(6,759,240)	50,077,905
Increase / (decrease) in current liabilities			
Accrued and other liabilities		7,225,795	(9,574,742)
Cash Inflow/ (Outflow) From Operations		(376,059,229)	(281,146,470)
Contribution to Gratuity plan		(11,094,611)	(24,246,704)
Security payable- IT park companies		54,000	(111,820)
Receivable from Workaround		-	10,704,870
Net movement in retention money		14,695,922	15,495,314
		3,655,311	1,841,660
Net Cash Flow From Operating Activities		(372,403,918)	(279,304,810)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(947,143)	(3,320,213)
Additions in intangible assets		(83,447)	(7,062,000)
Intangible Assets Under Development		-	-
Capital work in progress		(196,184,205)	(180,737,447)
Net Cash Flow From Investing Activities		(197,214,795)	(191,119,660)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment against lease rentals		(37,799,991)	(65,525,613)
Grant received		772,756,823	356,436,277
Net Cash Flow From Financing Activities		734,956,832	290,910,664
Net increase/ (decrease) in cash and cash equivalents		165,338,119	(179,513,805)
Cash and cash equivalents at beginning of the year		54,005,314	233,519,119
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11	219,343,433	54,005,314

The annexed notes from 1 to 30 form an integral part of these financial statements.

RM


Managing Director
Khyber Pakhtunkhwa
Information Technology Board


Muhammad Iqbal
Director Finance & Accounts
Information Technology Board
Govt. of Khyber Pakhtunkhwa
DIRECTOR

KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

1 LEGAL STATUS AND OPERATIONS

Khyber Pakhtunkhwa Information Technology Board (therein after referred to as KPIT Board) is a public sector autonomous Board established under an Act of the Khyber Pakhtunkhwa Assembly on 12 May 2011 which is amended on 5 March 2018. The registered office of the KPIT Board is situated at Plot No 134, 135 and 136, Industrial Estate Phase V, Hayatabad, Peshawar, Khyber Pakhtunkhwa. The principal activities of the KPIT Board is to promote information technology, Information technology enabled services and Information technology enabled education for public and private sector of the province of the Khyber Pakhtunkhwa.

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) issued by the International Accounting Standards Board (IASB) as are notified by the Securities and Exchange Commission of Pakistan (SECP).

In addition, guidance has been drawn from the Accounting Standard for NPOs issued by the Institute of Chartered Accountants of Pakistan to account for the grants whereby, deferral method is adopted to account for grants.

2.2 Basis of measurements

These financial statements have been prepared under the historical cost convention except as otherwise stated in respective notes.

2.3 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the functional and presentation currency of KPIT Board. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

2.4 Significant accounting judgements and estimates

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associates assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods in other cases. Judgments made by management in application of the approved accounting standards that have significant on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the KPIT Board's financial statements or where judgment was exercised in application of accounting policies are as follows:

	Note
Estimates of useful life of property and equipment	4
Estimates of useful life of intangible assets	3.2
Impairment of non-financial assets	3.3
Staff retirement benefits	3.6 & 12
Provision	3.9

2.5 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan:

2.5.1 Standards, amendments to standards and interpretations becoming effective in current year

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the KPIT Board for the periods beginning on or after July 01, 2024 and therefore, have been applied in preparing these financial statements:

i IAS 1 – Presentation of Financial Statements

The IASB has issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer

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KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

settlement of a liability; and

- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.
- The IASB has further modified the requirements introduced by 'Classification of Liabilities as Current or Non-current' on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

These amendments are to be applied retrospectively in accordance with IAS 8.

ii. IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures

- The IASB has published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments in Supplier Finance Arrangements;
- do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements;
- add two disclosure objectives. Entities are required to disclose in the notes information that enables users of financial statements;
 - ▶ to assess how supplier finance arrangements affect an entity's liabilities and cash flows; and
 - ▶ to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.
- complement current requirements in IFRSs by adding to IAS 7 additional disclosure requirements about;
 - ▶ the terms and conditions of the supplier finance arrangements;
 - ▶ for the arrangements, as at the beginning and end of the reporting period;
 - a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;
 - b) the carrying amount of financial liabilities for which suppliers have already received payment from the finance providers;
 - c) the range of payment due dates (for example, 30 to 40 days after the invoice date);
 - d) comparable trade payables that are not part of a supplier finance arrangement; and the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement.

The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.

- add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.

iii. IFRS 16 Leases

The IASB has issued amendments for 'Lease Liability in Sale and Leaseback' that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as sale.

Lease Liability in a Sale and Leaseback Amendments' require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments also include one amended and one new illustrative example.

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KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

2.5.2 Standards, amendments to standards and interpretations becoming effective in the current year but not relevant

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the KPIT Board beginning on or after July 01, 2024 but are considered not to be relevant to the KPIT Board's operations and are, therefore, not disclosed in these financial statements.

2.5.3 Standards, amendments to standards and interpretations becoming effective in future periods

The following standards, amendments to standards and interpretations have been published and are mandatory for the KPIT Board's accounting periods beginning on or after the effective dates specified therein.

i. IAS 21 — The Effects Of Changes In Foreign Exchange Rates

- Specify when a currency is exchangeable into another currency and when it is not — a currency is exchangeable when an entity is able to exchange that currency for the other currency through markets or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and for a specified purpose; a currency is not exchangeable into the other currency if an entity can only obtain an insignificant amount of the other currency;
- Specify how an entity determines the exchange rate to apply when a currency is not exchangeable — when a currency is not exchangeable at the measurement date, an entity estimates the spot exchange rate as the rate that would have applied to an orderly transaction between market participants at the measurement date and that would faithfully reflect the economic conditions prevailing;
- Require the disclosure of additional information when a currency is not exchangeable — when a currency is not exchangeable an entity discloses information that would enable users of its financial statements to evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

The pronouncement also includes a new appendix with application guidance on exchangeability and a new illustrative example.

The amendments also extend to conforming amendments to IFRS 1 which previously referred to, but did not define, exchangeability.

Application of these amendments have no significant impact on the KPIT Board's financial statements.

ii. IFRS 7 — Financial Instruments: Disclosures and IFRS 9 — Financial Instruments

- A The IASB has issued 'Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)' to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 'Financial Instruments'. The amendments are as

Derecognition of a financial liability settled through electronic transfer

- The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

- Classification of financial assets:

Contractual terms that are consistent with a basic lending arrangement

- The amendments to the application guidance of IFRS 9 provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. To illustrate the changes to the application guidance, the amendments add examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Assets with non-recourse features

- The amendments enhance the description of the term 'non-recourse'. Under the amendments, a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

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KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

Contractually linked instruments

- ▶ The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments and provide an example. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

- Disclosures:

Investments in equity instruments designated at fair value through other comprehensive income

- ▶ The requirements in IFRS 7 are amended for disclosures that an entity provides in respect of these investments. In particular, an entity would be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognized in the period and the fair value gain or loss that relates to investments held at the end of the period.

Contractual terms that could change the timing or amount of contractual cash flows

- ▶ The amendments require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence (or non-occurrence) of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at amortized cost or fair value through other comprehensive income and each class of financial liability measured at amortized cost.

ii. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

The ISSB has published IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'. IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is deferred by SECP and will become effective for different categories of companies in three phases starting from July 01, 2025.

The application of this standard will result in additional disclosures in the KPIT Board's financial statements in respect of sustainability related information.

iii. IFRS S2 Climate-related Disclosures

The International Sustainability Standards Board (ISSB) has published IFRS S2 'Climate-related Disclosures'. IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is deferred by SECP and will be effective to companies in three phases starting from July 01, 2025.

The application of this standard will result in additional disclosures in the KPIT Board's financial statements in respect of climate related information.

2.5.4 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant

There are certain new standards, amendments to standards and interpretations that are effective from different future periods as specified therein, but are considered not to be relevant to the KPIT Board's operations, therefore, not disclosed in these financial statements.

2.5.5 Standards issued by IASB but not applicable in Pakistan

Following new standards have been issued by IASB which are not yet notified by the SECP for the purpose of applicability in Pakistan:

IFRS 1 - First-time adoption of International Financial Reporting Standards

IFRS 18 - Presentation and Disclosures in Financial Statements

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

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KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

3 MATERIAL ACCOUNTING POLICY INFORMATION

The KPIT Board adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 'Making Materiality Judgements') from July 1, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements. The amendments require disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that user need to understand other information in the financial statements. The material accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 PROPERTY AND EQUIPMENT

3.1.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any accumulated impairment loss, if any, except for freehold land which is stated at cost. Depreciation is charged to income and expenditure account on reducing balance method to write off the cost of an asset at the rates specified in note 4.1 to these financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month preceding month of disposal. Maintenance and normal repairs are charged to income and expenditure as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of assets are included in income and expenditure account

3.1.2 Right-of-use-assets

The KPIT Board assesses whether a contract contains a lease at inception of the contract. If the KPIT Board assesses contract contains a lease and meets requirements of IFRS 16, the KPIT Board recognizes right-of-use asset and a lease liability at the commencement date of the lease i.e. the date the underlying asset is available for use. Right-of-use assets are initially measured at cost, which comprises of the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. Where the KPIT Board obtains land on lease, for a specified period of time, it is accounted for as part of right-of-use assets. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the KPIT Board is reasonably certain to exercise a purchase option, the right-of-use assets are depreciated over the

3.1.3 Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific categories of operating fixed assets as and when these are available for use.

3.1.4 Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on regular basis. The effect of any changes in estimate accounted for on a prospective basis.

3.2 Intangible assets

3.2.1 Measurement

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the KPIT Board and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding, beyond one year, are recognized as an intangible asset.

Intangible asset with indefinite useful life

These are stated at cost less impairment, if any.

Intangible asset with definite useful life

a) These are stated at cost less accumulated amortization and impairment, if any.

b) Intangible assets are amortized on straight line basis over its estimated useful life(s) (refer note 5).

c) Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using straight-line method at the rate specified in note 5 to the financial statements.

An intangible asset that are under the development is also recognized in the intangible assets, as assets under the development and will be amortized in the manner as mentioned above once become available for use.

3.3 Impairment of non-financial assets

Assets that have an indefinite useful life, for example freehold land, are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date, or wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which the assets' carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels, for which there are separately identifiable cash flows. Non-financial assets that suffered an impairment, are reviewed for possible reversal of the impairment at each statement of financial position date. Reversals of the impairment loss are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss has been recognized. An impairment loss or reversal of impairment loss is recognized in the income and expenditure account for the year.

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KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

3.4 Advances and other receivables

Advances and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method less an allowance for expected credit losses, if any. Allowance for expected credit losses is based on lifetime ECLs that result from all possible default events over the expected life of the other receivables. Bad debts, if any, are written off when considered irrecoverable.

3.5 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and cash at banks in current and savings accounts.

3.6 Staff benefits

Defined benefit plan - gratuity scheme

The KPIT Board operates an funded gratuity scheme for all its permanent employees. The scheme defines an amount of benefit that an employee will receive on retirement subject to minimum qualifying period of service under the scheme. The amount of benefit obligation is usually dependent on one or more factors such as years of service and salary.

Provision is based on the actuarial valuation of the scheme carried out as at June 30, 2025 using the Projected Unit Credit Method in accordance with IAS-19 "Employee Benefits". The remeasurement gains / losses as per actuarial valuation done at financial year end are recognized immediately in other comprehensive income and all other expenses are recognized in accordance with IAS 19 "Employee Benefits" in the statement of income and expenditure.

3.7 Lease liabilities

The KPIT Board assesses whether a contract contains a lease at inception of the contract. If the KPIT Board assesses contract contains a lease and meets requirements of IFRS 16, the KPIT Board recognizes right-of-use asset and a lease liability at the commencement date of the lease i.e. the date the underlying asset is available for use. The lease liabilities are 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 KPIT Board's incremental borrowing rate. Generally, the KPIT Board uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liabilities comprise the following:

- a) fixed payments including in-substance fixed payments less any lease incentive receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable under a residual value guarantee; and
- d) the exercise price under a purchase option that the KPIT Board is reasonably certain to exercise, lease payments in an optional renewal period if the KPIT Board is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the KPIT Board is reasonably certain not to terminate early.

The lease liabilities are measured at amortized cost using the effective interest method. These are remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the KPIT Board's estimate of the amount expected to be payable under a residual value guarantee, or if the KPIT Board changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liabilities are remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in income and expenditure account if the carrying amount of the right-of-use assets have been reduced to zero.

Variable lease payments are recognized in the income and expenditure account in the period in which the condition that triggers those payments occurs. The KPIT Board has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve (12) months or less. The payments associated with such leases are recognized in income and expenditure account when incurred.

The KPIT Board has leased the assets that are mentioned in note 14.1 to these financial statements.

3.8 Accrued and other liabilities

Liabilities for accrued and other payables are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the KPIT Board.

3.9 Provision

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

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KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

3.10 Taxation

Provision for current taxation is recognised based on the taxable income for the year, determined in accordance with the provisions of the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where applicable, in respect of prior years arising from assessments, amendments, or changes in management's interpretation of tax laws.

Tax credits, exemptions, and rebates are recognised in the period in which they are approved and all conditions for their entitlement are met. Where the availability of such benefits is uncertain at the reporting date, provision for taxation is recorded on a prudent basis.

Deferred taxation is recognised using the balance sheet liability method on all 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 only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

No provision for deferred tax has been incorporated in the financial statements since the tax liability of KPIT Board does not arise as a consequence of tax credits allowed under the relevant provisions of the Income Tax Ordinance, 2001.

3.11 Income

3.11.1 Grant income

Grants received for specific purposes are classified as restricted grants. Such grants are transferred to income to the extent of actual expenditure incurred there against. Unspent portion of such grant is reflected as deferred grant in the balance sheet.

Expenditure incurred against grant committed but not received is accrued and recognized in income and is reflected as grant receivable where there is reasonable assurance that the KPIT Board will comply with the conditions attached and that the grants will be received.

Grants that relate to purchase, construction, or otherwise acquisition of long-lived assets including intangible assets are recognized by the grant as deferred income. Deferred income is recognized in the income statement on a systematic and rational basis over the shorter of project life or useful of the asset in case, project budget specifies purchase of asset necessary to meet the objectives of the grant contract for that specific period, then such purchase is treated as period cost.

Non monetary grants that are intended to compensate the KPIT Board for the specific cost is recognized systematically as income over the periods necessary to match those grants with the cost that are intended to compensate non-monetary grants are reported at fair value is determinable otherwise non monetary grants are reported at nominal amounts.

3.11.2 Other income

The subsidy recovery are recognized when the services are provided and the IT companies are billed by KPIT Board. KPIT Board pays the rent and other utilities on behalf of the IT Park companies and in return receive the subsidy from these companies as per the policy of the KPIT Board. Profit on deposit account are recognized as the KPIT board are entitled to receive the profit on deposit account.

3.12 Finance cost

Finance cost comprise of unwinding of lease liabilities and is recognized in the income and expenditure account on accrual basis.

3.13 Financial Instruments

Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments include non-derivative and derivative financial instruments. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the KPIT Board.

Recognition and derecognition

Financial assets and financial liabilities are recognized when the KPIT Board becomes a party to the contractual provisions of the financial instrument. Regular way purchases and sales of financial assets are recognized on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Classification of financial assets

The classification depends on the KPIT Board's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets, other than those designated and effective as hedging instruments, are classified into the following measurement categories:

- those to be measured at amortized cost; and
- those to be measured subsequently at fair value through profit or loss (FVTPL)
- those to be measured subsequently at fair value through other comprehensive income (FVTOCI)

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, other income.

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KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

Initial measurement of financial assets

All financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in income and expenditure.

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

Subsequent measurement of financial assets

Financial assets at amortized cost- Financial assets held for the collection of contractual cash flows that are solely payments of principal and interest are measured at amortized cost, provided that they are not allocated to a hedge. Interest income from these financial assets is recognized in the financial result using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. All gains or losses resulting from derecognition, impairment losses, or currency translation are recognized directly in income and expenditure. Impairment losses represent probability-weighted estimates of credit losses. They are calculated on the basis of the best available information and the time value of money. Reversals are carried out if the reasons for the impairment losses no longer apply. Financial assets measured at amortized cost include cash and cash equivalent, loan and advances, deposits, trade receivables, and other current operating receivables. In principle, the amortized cost in the case of current receivables corresponds to the nominal value or the redemption amount.

Financial assets at fair value through profit or loss (FVTPL) - Financial assets not meeting the criteria for the categories at amortized cost or fair value through other comprehensive income (FVTOCI) are measured at fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The category also contains an equity investment. The KPIT Board accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in equity instruments and listed equity securities at fair value through other comprehensive income (FVTOCI).

The fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost. Assets in this category are measured at fair value with gains or losses recognized in profit or loss in the period in which they are incurred. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. The KPIT Board assesses on a forward-looking basis the expected credit losses associated with its loan and other debt-type instruments carried at amortized cost and FVTOCI as per IFRS-9 impairment requirements. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The KPIT Board considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash

In applying this forward-looking approach, a distinction is made between:

- Stage 1: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk;
- Stage 2: financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low;
- Stage 3: financial assets that have objective evidence of impairment at the reporting date;

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the KPIT Board designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss. In principle, the amortized cost in the case of current financial liabilities corresponds to the nominal value or the redemption amount.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments include non-derivative and derivative financial instruments. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the KPIT Board.

Off setting of financial assets and financial liabilities

A financial asset and financial liability is off set and the net amount is reported in the statement of financial position if the KPIT Board has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

4 PROPERTY AND EQUIPMENT

Note

Operating Fixed Assets
Capital work in progress

4.1
4.2

2025 Rupees	2024 Rupees
1,027,208,959	1,083,997,386
385,226,718	189,042,513
1,412,435,677	1,273,039,898

4.1 Operating Fixed Assets

	Land	Electric appliances	Computer and IT equipment	Vehicles	Communication equipment	Office equipment	Furniture and fixtures	Generator	Right of use of Assets	Total
(Rupees)										
COST										
Balance as at 01 July 2023	946,750,000	8,990,161	23,621,218	53,804,435	7,405,658	7,194,571	14,011,572	14,234,468	123,976,781	1,199,988,864
Additions during the year	-	-	697,635	-	94,980	122,750	2,404,848	-	65,957,020	69,277,233
	-	-	-	-	-	-	-	-	(6,067,528)	(6,067,528)
Balance as at 30 June 2024	946,750,000	8,990,161	24,318,853	53,804,435	7,500,638	7,317,321	16,416,420	14,234,468	183,866,273	1,263,198,569
Additions during the year	-	-	418,500	-	-	87,143	441,500	-	-	947,143
Lease agreements transferred	-	-	-	-	-	-	-	-	(24,114,813)	(24,114,813)
Balance as at 30 June 2025	946,750,000	8,990,161	24,737,353	53,804,435	7,500,638	7,404,464	16,857,920	14,234,468	159,751,460	1,240,030,899
DEPRECIATION										
Balance as at 01 July 2023	-	4,907,218	16,374,978	19,547,814	2,537,965	3,906,596	7,273,171	7,514,357	53,983,153	116,045,253
Charged during the year	-	612,441	2,229,365	5,138,493	744,401	505,471	1,260,476	1,008,017	51,657,267	63,155,930
Balance as at 30 June 2024	-	5,519,659	18,604,343	24,686,307	3,282,366	4,412,067	8,533,647	8,522,374	105,640,420	179,201,183
Charged during the year	-	520,581	1,748,122	4,367,718	632,743	437,221	1,187,275	856,814	37,400,934	47,151,408
Adjustment on transfer of lease agreements	-	-	-	-	-	-	-	-	(13,530,651)	(13,530,651)
Balance as at 30 June 2025	-	6,040,240	20,352,465	29,054,025	3,915,109	4,849,288	9,720,922	9,379,188	129,510,703	212,821,940
Written down value as at 30 June 2025	946,750,000	2,949,921	4,384,888	24,750,410	3,585,529	2,555,176	7,136,998	4,855,280	30,240,757	1,027,208,959
Written down value as at 30 June 2024	946,750,000	3,470,502	5,714,510	29,118,128	4,218,272	2,905,254	7,882,773	5,712,094	78,225,853	1,083,997,386
Rate of depreciation	0%	15%	30%	15%	15%	15%	15%	15%		

4.1.1 This represents land transferred to the 'Department of Science and Technology and Information Technology' from Government of Khyber Pakhtunkhwa (KP) departments and made available for use to the KPIT Board for the establishment of two projects:

(i) 86.45 kanals allocated for the Pakistan Digital City Haripur Project, which the Deputy Commissioner of Haripur has valued at Rs. 250,000 per marla, resulting in a total valuation of Rs. 432,250,000; and

(ii) 100 kanals comprising 31.45 kanals of commercial land and 68.55 kanals of non-commercial land designated for the Digital Economy and Skills Center (DESC) at Shankar Mardan, with the commercial area valued at Rs. 600,000 per marla and the non-commercial area valued at Rs. 100,000 per marla according to the Deputy Commissioner of Mardan, leading to an overall valuation of Rs. 514,500,000.

4.2 Capital work in progress

Opening balance
Additions during the year

2025 Rupees	2024 Rupees
189,042,513	8,305,066
196,184,205	180,737,447
385,226,718	189,042,513

4.2.1 Capital work in progress represents the construction of the Project Management Unit Office at Pakistan Digital City, Haripur.

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KHYBER PAKHTUNKHWA INFORMATION TECHNOLOGY BOARD
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025

5 INTANGIBLE ASSETS

Software

Cost

Opening balance

Additions during the year

Intangible Assets Under Development

Closing balance

Amortization

Opening balance

Charge for the year

Closing balance

Written down value as at end of the year

Rate of amortization

5.1 KPIT Board has developed an in-house digital platform, the Dastak Mobile Application, designed to facilitate the renewal and management of arms licenses. The application enables users to receive real-time updates, make secure payments, and locate the nearest NADRA office for biometric verification.

5.2 This represents website and application being developed under the Pilot CFC Peshawar project to digitalize the backend processes of key citizen services across various government departments. Its primary goal is to facilitate citizens by providing access to essential public sector services from multiple government departments through a single online interface, offering a streamlined one-window service experience.

5.3 Intangible assets include QuickBooks used for bookkeeping, invoicing and financial reporting, and a customized ERP software used to manage all the operational section. All these intangible assets are amortized over their estimated useful life of 10 years, excluding intangibles under development.

6 SECURITY DEPOSITS

Security deposits

6.1 This represents security deposits against lease agreements for properties.

7 TAX RECOVERABLE/(PAYABLE)

Opening

During the year

Write off against the provision for taxation

7.1 This represents income tax withheld by IT companies on behalf of KPIT Board, recoverable from the tax authorities.

7.2 During the year, the Board has recognised a provision for taxation amounting to Rs. 4,258,942 for the current year and Rs. 6,310,613 in respect of prior year (FY 2024). KPIT Board previously held exemption under Section 2(36) of the Income Tax Ordinance, 2001 ("ITO 2001") until 30 December 2022, which qualified the Board for a 100% tax credit under Section 100C of the ITO 2001, subject to fulfilment of prescribed conditions. While the Board continues to hold certification from the Pakistan Centre for Philanthropy (PCP) and has complied with the requirement to submit audited financial statements, exemption under Section 2(36) has not yet been granted by the Commissioner Inland Revenue. In the absence of such exemption, management has reassessed the Board's tax position and, applying the principle of prudence, recorded a provision for taxation to reflect the potential exposure arising from the lack of exemption. Management remains confident of ultimately obtaining the exemption, given that KPIT Board is established for non-profit purposes to promote the IT sector in Khyber Pakhtunkhwa under the Khyber Pakhtunkhwa Information Technology Board Act, 2011 (as amended in 2018).

Note	2025 (Rupees)	2024 (Rupees)
	12,135,937	566,665
	83,447	7,062,000
	-	4,507,272
	12,219,384	12,135,937
	155,343	98,677
	57,764	56,667
	213,107	155,343
	12,006,277	11,980,594
	10%	10%
	1,583,624	1,583,624
	4,219,319	4,663,952
	6,479,877	5,865,980
	(4,258,942)	(6,310,613)
	6,440,254	4,219,319

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	Note	2025 (Rupees)	2024 (Rupees)
8 ADVANCES			
<i>To employees</i>			
- against salary - considered good	8.1	19,955,981	12,555,417
- against operational expenses		3,605,240	2,695,651
		23,561,221	15,251,068
Prepayments		2,177,482	43,324
Mobilization advance	8.2	34,627,714	44,123,442
Security Deposit	8.3	1,459,761	1,439,761
		61,826,178	60,857,595

8.1 This represents advance salary provided to the employees as per the policy of KPIT Board and are secured against their entitlement of the gratuity. These are recovered against the salary of the employees.

8.2 This represents mobilization advance paid to the EPC contractor of Pakistan Digital City, Haripur as per clause 60.11 para (1) of the contract agreement which is adjusted against the IPCs raised by the contractor.

8.3 This represent amount given as security to Pakistan State Oil for issuance of fleet cards for office vehicles.

	Note	2025 (Rupees)	2024 (Rupees)
9 ANNUAL DEVELOPMENT PROGRAMME (ADP)			
Balance at the beginning of the year		-	-
Grant received during the year		222,616,281	147,261,747
Grant realized during the year			
Operational expenditure		(50,592,694)	(65,963,812)
Capital expenditure		(172,023,587)	(81,297,935)
		(222,616,281)	(147,261,747)
Balance at the end of the year		-	-

10 OTHER RECEIVABLES			
Rent		5,072,054	12,297,000
Broadband		353,278	466,394
Power (electricity/ sui-gas)		4,150,490	6,364,936
	10.1	9,575,822	19,128,330
Workaround		14,918,189	10,474,343
Employees		107,443	107,443
Receivables from NADRA		914,952	217,600
Receivable from gratuity fund		3,722,090	3,722,090
		29,238,496	33,649,806

10.1 These represent receivable from IT Park Companies, as KPITB pays full rent, broad band and utility bills of IT Park as a whole and then recovery is made from these companies for the amounts over and above the amount of subsidy in accordance with the contractual arrangements as follows:

- Up to 18 months, KPITB provides 80% subsidy, and 20% recovery is made.
- For 18 to 36 months, 50% subsidy and 50% recovery is made.
- While for 36 to 60 months, 20% subsidy is provided and 80% recovery is made.

		2025 (Rupees)	2024 (Rupees)
11 BANK BALANCES			
Cash at bank- deposit accounts	11.1	219,343,433	54,005,314

11.1 These carry interest rates ranging between 9% to 18% (2024: 13% to 19%) per annum. Further, an amount of Rs. 84,365,788 kept with Bank of Khyber (2024: Rs. 72,093,344) has been taken as part of the plan assets against gratuity amount, hence do not form part of the bank balances.

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12 DEFINED BENEFIT GRATUITY PLAN

12.1 General description

As mentioned in Note 3.6, the KPIT Board operates an funded gratuity plan for all of its permanent employees. An annual provision has been made on the basis of an actuarial valuation to cover obligation under the scheme for all eligible employees.

12.2 Principal actuarial assumptions

The latest actuarial valuation of KPIT Board's defined benefit plan based on the Projected Unit Credit Method was carried out as at 30 June 2025. Actuarial gains/(losses) arising during the year are recognized in Other Comprehensive Income (OCI) in accordance with IAS-19 (Revised 2011). The significant assumptions used in the valuation are as follows:

- Discount rate of 12.50% per annum to determine defined benefit obligation and 14% to determine defined benefit cost.
- Expected increase in salary levels of 11.5% per annum to determine defined benefit obligations and 13% to determine defined benefit cost

12.3 Amounts recognized in the Statement of Financial Position

	Note	2025 Rupees	2024 Rupees
Present value of defined benefit obligation	12.5	100,365,133	64,575,595
Fair Value of Plan Assets	12.7	(84,365,788)	(72,093,344)
Benefits payable		-	3,722,090
Net Defined Benefit Liability/(Asset) as of end of year		<u>15,999,345</u>	<u>(3,795,659)</u>

12.4 Net Defined Benefit Liability (Asset) reconciliation

Net Defined Benefit Liability (Asset) as of 1 July	(3,795,659)	143,945
Defined Benefit Cost included in statement of income and expenditure	9,477,725	6,579,550
Adjustment for prior year error	1,385,954	-
Total re-measurements included in OCI	20,025,935	13,727,550
Contribution	(11,094,611)	(24,246,704)
Net Defined Benefit Liability (Asset) as of 30 June	<u>15,999,345</u>	<u>(3,795,659)</u>

12.5 Movement in the present value of defined benefit obligation:

Present value of defined benefit obligation at beginning of the year	64,575,595	39,786,349
Current service cost	10,591,707	9,852,261
Interest cost	9,040,583	5,973,235
Benefits payment from employer	-	(3,722,090)
Re-measurement of defined benefit obligation	16,157,248	12,685,840
	<u>100,365,133</u>	<u>64,575,595</u>

12.6 Amount charged to defined benefit plan in statement of income and expenditure:

Current service cost	10,591,707	9,852,261
Interest cost on obligation	9,040,583	5,973,235
Interest income on plan assets	(10,154,565)	(9,245,946)
	<u>9,477,725</u>	<u>6,579,550</u>

12.7 Movement in the fair value of plan asset:

Fair Value of Plan Assets at the beginning of the year	72,093,344	39,642,404
Interest Income	10,154,565	9,245,946
Employer Contributions	11,094,611	24,246,704
Adjustment for prior year error	(5,108,044)	-
Re-measurement gains (recognized in other comprehensive income)	(3,868,688)	(1,041,710)
Fair Value of Plan Assets at end of year	<u>84,365,788</u>	<u>72,093,344</u>

12.8 Plan Asset

Cash at Bank	<u>84,365,788</u>	<u>72,093,344</u>
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12.8.1 Composition of Plan Assets

Bond	0%	0%
Equity	0%	0%
Cash at bank /Deposits	100%	100%
Other assets	0%	0%
Total	<u>100%</u>	<u>100%</u>

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	Note	2025 (Rupees)	2024 (Rupees)
13 WORKAROUND			
Balance at the beginning of the year		9,436,621	3,719,883
Fee received from IT Companies and BPOs	13.1	47,586,792	33,723,605
Interest income earned on Workaround		2,553,750	8,784,425
Receivables from workaround	13.2	-	10,704,870
Utilization		(47,572,898)	(47,496,162)
Balance at the end of the year		12,004,265	9,436,621

13.1 Workaround is a project by the Khyber Pakhtunkhwa Information Technology Board (KPITB), which established Pakistan's first government-owned Business Process Outsourcing (BPO) and co-working facility. It aims to create digital job opportunities, minimize talent migration, and support freelancers and IT companies across the province.

Workaround component has been sustained through its internally generated funds. Initially, the per-seat charges for the Workaround facility were set at \$55 per seat per month for the first year. Thereafter, each company was charged as per the actual cost, excluding HR expenses.

However, in September 2023, technical committee of the KPIT Board revised the seat charges, offering companies the option to either pay PKR 12,500 per seat or to be billed as per the actual cost, inclusive of HR costs for the Project Implementation Unit (PIU). Currently, the Workaround project component is operating on a self-sustainable basis.

13.2 This represents the tax amount of Rs. 6,479,877 (2024: 5,865,980) withheld by IT companies(refer to note 7).

	Note	2025 (Rupees)	2024 (Rupees)
14 LEASE LIABILITY			
Opening balance as at 01 July		91,381,116	77,630,401
Additions		-	65,957,021
Lease agreements transferred to ST&IT department during the year		(12,447,883)	-
Finance cost		11,391,083	21,679,362
Payments made during the year		(37,799,991)	(65,525,613)
Changes due to reassessment of lease	14.2	-	(6,067,528)
Accrued rent expense		-	(2,292,527)
Closing balance as at 30 June		52,524,325	91,381,116
Current portion of lease liabilities		52,524,325	51,423,450
Non-current portion of lease liabilities		-	39,957,666
		52,524,325	91,381,116

Maturity analysis of lease liabilities:

	Minimum lease payments	Financial charges allocated to future periods	Present value of minimum lease payments
		2025	
		PKR	
Not later than one year	52,524,325	4,062,442	48,461,883
		2024	
		PKR	
Not later than one year	64,135,910	12,712,460	51,423,450
Later than one year but not later than five years	44,020,108	4,062,442	39,957,666
	108,156,018	16,774,902	91,381,116

14.1 The Khyber Pakhtunkhwa Information Technology Board has lease arrangements for four properties (2024: eight properties) to accommodate its offices, IT Parks and Durshal Project. The present value of these lease liabilities has been computed using incremental borrowing rates ranging from 8% to 25.77% per annum (2024: 8% to 25.77% per annum). There were no additions to lease liabilities during the current year.

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- 14.2 This represents a revision in the lease payments related to the IT Park Peshawar. Initially, management recorded the lease liability based on 10% annual increase in rent as provided in the lease agreement. However, the rent was not increased in line with terms of the lease agreement in subsequent years, the lease schedule has been revised accordingly. The resulting impact has been recognized as a reduction in the lease liability and the corresponding adjustment has been made to the right-of-use asset.

	Note	2025 (Rupees)	2024 (Rupees)
15 RETENTION MONEY PAYABLE	15.1	30,191,236	15,495,314

- 15.1 This represents the retention money deducted from the EPC contractor for Pakistan Digital City, Haripur at the rate 10% of interim payment certificate (IPC) amounts as per the agreement. The project was expected to be completed by December 31, 2025. The retention money will be returned 50% upon issuance of the final payment certificate and remaining 50% upon expiry of the defect liability period.

	Note	2025 (Rupees)	2024 (Rupees)
16 ACCRUED AND OTHER LIABILITIES			
Salaries payable		70,278	12,724
Rent payable	16.1	13,514,143	15,220,681
Utilities payable		2,545,544	13,003,810
Withholding tax payable		111,597	6,296,100
Sales tax payable - FBR		14,306	4,508
Sales tax payable - KPRA		73,060	34,680
Subsidies payable		14,557,799	14,557,799
Other payables		31,996,414	23,476,291
Workaround security payable		1,859,387	2,665,579
Stamp duty payable		33,718	776
Disable person rehabilitation payable		31,939	83,952
EOBI Payable		309,151	194,671
Retention Money Payable		181,005	911,582
Security Payable Durshal Companies		219,000	313,000
Provident Fund Payable		693,979	-
IPG-KPH Foundations		500,000	-
Payable-Supreme Court		17,272,628	-
Security Payable - IT Park Com		353,850	335,850
		<u>84,337,798</u>	<u>77,112,003</u>

- 16.1 This includes the rent payable amounting to Rs. 790,197 (2024: Rs. 12,928,154) in respect of property leases which are taken in respect of certain project with a term of less than 12 months. The related expense has been included in the project expenditure as per note 24.

	2025 (Rupees)	2024 (Rupees)
17 RESTRICTED GRANT- KP FINANCE DEPARTMENT		
(Receivable)/Advance at the beginning of the year	(49,003,306)	172,813,769
Grant received from Finance Department, KP	500,000,000	166,666,500
Grant realized during the year	(379,294,973)	(388,483,575)
Balance at the end of the year	<u>71,701,721</u>	<u>(49,003,306)</u>
Deferred income/transferred to receivable from-KP finance department	71,701,721	49,003,306
	<u>71,701,721</u>	<u>49,003,306</u>

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

There were no contingencies during the period (2024: Nil)

18.2 Commitment

Capital commitments

-	47,792,190
-	<u>47,792,190</u>

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	Note	2025 (Rupees)	2024 (Rupees)
19 OTHER INCOME			
Profit on deposit accounts		22,130,965	26,253,106
Subsidy recovery		35,879	24,417,789
Miscellaneous income		1,779,993	3,513,793
Programme service fee		21,657,697	-
Gain on transfer of lease agreements		1,863,721	-
		<u>47,468,255</u>	<u>54,184,688</u>
20 FINANCE COST			
Finance cost on the lease liabilities		11,391,083	21,679,362
		<u>11,391,083</u>	<u>21,679,362</u>
21 ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	21.1	142,346,003	148,386,689
Legal and professional fee		5,075,000	5,575,000
Auditor remuneration-audit fee		535,680	480,000
Consultancy charges		-	1,684,282
Petroleum, oil and lubricants		4,100	9,000
Security Expenses		2,330,044	651,178
Depreciation		47,151,408	63,155,931
Write off of ADP grant receivables		-	5,421,857
Amortization		57,764	56,667
Bank charges		54,891	19,468
		<u>197,554,890</u>	<u>225,440,072</u>
21.1 Salaries, wages and other benefits includes gratuity expense as disclosed in note 12.6.			
	Note	2025 (Rupees)	2024 (Rupees)
22 MARKETING EXPENSES			
Advertisement charges		1,571,023	2,613
Entertainment charges		179,963	24,780
		<u>1,750,986</u>	<u>27,393</u>
23 OPERATIONAL EXPENSES			
Travelling allowance		10,079,330	9,610,682
Repair and maintenance expense		6,200,054	6,551,430
Stationary		750,549	1,129,222
Utilities expense		8,203,381	14,817,639
Pool budget		3,504,109	1,837,096
Other expenses		15,558,821	1,226,184
		<u>44,296,244</u>	<u>35,172,253</u>
24 IT PARK SUBSIDIES			
Broad band connectivity expenses		131,844	450,104
Power subsidy		7,447,428	7,308,618
IT park expenses		4,531,612	5,898,661
		<u>12,110,884</u>	<u>13,657,383</u>
25 OTHER PROGRAMMES EXPENDITURE			
Funded by KP Finance Department:			
Durshal	25.2	38,306,401	40,197,227
Khyber Pakhtunkhwa cyber emergency & response center	25.3	-	814,207
Support and maintenance - Khyber Pakhtunkhwa web portal	25.4	3,564,823	4,768,087
Establishment of Pakistan Digital City - Haripur	25.5	-	3,059,609
Internship Programme	25.6	7,714,655	5,404,979
Youth employment programme	25.7	19,052,662	1,652,275
Establishments of software technology parks (STPs)	25.8	8,599,989	2,270,710
Information and Communication Technology (ICT) Facilitation	25.9	46,156,391	21,970,854
T & F Feasibility CFC		1,111,928	184,000
Khyber Pakhtunkhwa Super App	25.10	7,330,880	9,323,860
Special Initiatives		-	743,000
		<u>131,837,729</u>	<u>90,388,808</u>

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	Note	2025 (Rupees)	2024 (Rupees)
Funded by Workaround:			
Workaround- Digital Job	25.1	47,572,898	17,883,636
		<u>47,572,898</u>	<u>17,883,636</u>
Funded by Annual Development Program (ADP):			
ADP- Pilot Citizen facilitation center Peshawar		11,257,848	28,165,293
ADP-DCH		6,334,846	15,945,389
ADP-STZ Mardan Feasibility Study		-	5,311,878
ADP-DESC		-	16,541,252
ADP09- FS MP&Des		33,000,000	-
		<u>50,592,694</u>	<u>65,963,812</u>
		<u>230,003,321</u>	<u>174,236,256</u>

- 25.1 An amount of Rs. 47,572,898 (2024: Rs 47,496,162) has been charged to the utilization of the Workaround(note 13)., of which Rs. Nil (2024: Rs. 29,612,526) pertains to lease liability payments, while the remaining amount has been allocated to program expenditures.
- 25.2 Durshal (meaning "gateway" in Pashto) is a flagship project of KPITB that aims to provide Technology-Based entrepreneurship in Khyber Pakhtunkhwa. Durshal expedite many startups to revolutionize into flourished businesses. Durshal Project envisions the digital transformation of Khyber Pakhtunkhwa by establishing a network of startup incubators and community spaces to facilitate the youth of Khyber Pakhtunkhwa with tech opportunities to empower them with training and enable them to get creative with innovative ideas and launch new businesses.
- 25.3 KPITB has established KP Cyber Emergency and Response Center (CERC) which aims to build capacity by leveraging expertise and skills in domains of cyber security. KP CERC is actively training skilled human resources to contribute towards empowering the government departments across KP along with industry by providing advisory in the cyber and information security area. It is empowering the government departments of KP with technology support by establishing and leading the Cybersecurity framework for the province along with establish Security Operation Centre (SoC), Cyber Emergency Response Team (CERT) and guidelines for Cyber Emergency Incidence Response.
- 25.4 Initially, the project was deployed and operationalized by the Directorate of Information Technology KP. However, after the merger to Directorate of IT with KPITB, the web-portal project of KPITB initiated in January, 2017 and ending in June, 2023 aims to provide the valid and updated information of the services of government bodies to the masses.
- 25.5 KPITB has commenced a project "Establishment of Pakistan Digital City at Haripur" which has been initially planned over an area of 86 kanals and 9 marlas of land at Batrasi near Khanpur Interchange, Haripur, Khyber Pakhtunkhwa and will be scaled up in future. The Pakistan Digital City will host the ICT companies including some of the biggest names in the ICT industry. The aim of establishing the Digital City is to facilitate IT industry, promote business of the ICT and software companies, encourage innovations and entrepreneurship and to capitalize on the immense job creation potential of ICTs.

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- 25.6 With a view to bridge the gap between academia and industry, KPITB's International Digital Internship Program provides on-site and hands-on expertise to the IT graduates to nurture their skills and prepare them as per the industry requirement.
- 25.7 KP Youth Employment Program aims to empower 40,000 un-employed/ under-employed youth in the province by providing a range of basic, intermediate and advance level skills in IT and linking them with employment opportunities. This will create a larger base of IT workers in the province, who can be tapped as the market develops. The program aims to reduce the industry academia skills gap by providing short courses that enhance employability in a changing economy.
- 25.8 KPITB is establishing Software Technology Parks (STPs) across the province to foster the growth of the IT industry. These STPs will provide innovative technology companies with a conducive work environment, offering subsidized rents and essential facilities such as high-speed internet and power backup. Aimed at bridging technology gaps in secondary and tertiary cities, the STPs will promote collaboration between academia and industry, enhance IT exports, and support startups and SMEs. Initially, 15 STPs will be set up in universities, with an additional 7 in collaboration with PSEB in cities including Peshawar, Abbottabad, and Swat. The project will be overseen by a steering committee to ensure effective implementation and delivery of objectives.
- 25.9 KPITB proposes the establishment of an IT Facilitation Center to provide essential technical support to government departments in Khyber Pakhtunkhwa. This center will focus on developing new software, customizing existing applications, and offering post-deployment support, including troubleshooting and security patch management. By leveraging an in-house team of programmers, the center aims to address urgent software needs efficiently, reducing costs and timelines for complex changes. The initiative will mitigate the risk of software dysfunction due to lack of customization or funding, ensuring that critical applications remain functional and secure, thereby enhancing the overall effectiveness of government services in the province.

Primary objectives include i) Development of small-scale Web and Mobile Applications for short term purposes to support Government departments and attached formations on urgent basis. ii) To provide short term development assistance for completing specific customization tasks. iii) Training on the Customized/Newly developed Software Application.

- 25.10 Integration of government citizen facing services (portals/apps/digital solution) into a single platform for ease and convenience of the citizens, businesses and authorities. Enable citizens to access public services by a single point, even if the ownership of backend systems is with different departments or authorities. Primary objectives of KP Super App includes (i) Availability of all government citizen facing services through a unified platform with single sign on (ii) KP Citizen Digital Identification service (iii) Data Interoperability between departments (iv) Citizen awareness regarding all departments and their services.

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26 FINANCIAL RISK MANAGEMENT

KPIT Board has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note represents information about KPIT Board's exposure to each of the above risks and KPIT Board's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

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

KPIT Board's risk management policies are established to identify and analyze the risks faced by KPIT Board, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and KPIT Board's activities. KPIT Board, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

The Board of Directors of KPIT Board oversees how management monitors compliance with KPIT Board's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by KPIT Board.

26.1 Categorization of Financial Assets and Liabilities

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

	Amortized cost	Fair value through profit/loss	Fair value through OCI	Total
As at 30 June 2025	----- Rs -----			
Financial Assets				
Non-current financial assets				
Security deposits	1,583,624	-	-	1,583,624
Current financial assets				
Advances	21,415,742	-	-	21,415,742
Other receivables	25,516,406	-	-	25,516,406
Cash and Bank balances	219,343,433	-	-	219,343,433
	<u>267,859,205</u>	<u>-</u>	<u>-</u>	<u>267,859,205</u>
Financial Liabilities				
Non-current financial liabilities				
Security payable- IT park companies	1,187,007	-	-	1,187,007
Current financial liabilities				
Accrued and Other Liabilities	83,795,966	-	-	83,795,966
Lease liabilities	52,524,325	-	-	52,524,325
	<u>137,507,298</u>	<u>-</u>	<u>-</u>	<u>137,507,298</u>
As at 30 June 2024				
Financial Assets				
Non-current financial assets				
Security deposits	1,583,624	-	-	1,583,624
Current assets financial assets				
Advances	1,439,761	-	-	1,439,761
Other receivables	29,927,716	-	-	29,927,716
Cash and Bank balances	54,005,314	-	-	54,005,314
	<u>86,956,415</u>	<u>-</u>	<u>-</u>	<u>86,956,415</u>
Financial Liabilities				
Non-current financial liabilities				
Security payable- IT park companies	1,133,007	-	-	1,133,007
Lease liabilities	39,957,666	-	-	39,957,666
Current financial liabilities				
Accrued and Other Liabilities	70,485,368	-	-	70,485,368
Lease liabilities	51,423,450	-	-	51,423,450
	<u>162,999,491</u>	<u>-</u>	<u>-</u>	<u>162,999,491</u>

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26.2 Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. KPIT Board's credit risk is primarily attributable to security deposits, other receivables and bank balances. The management believes that KPIT Board is not exposed to major concentration of credit risk as the exposure is spread over a number of counter parties which are mainly banks with reasonable high credit ratings. The carrying amount of financial assets represents the maximum credit exposure at the reporting date are as follows:

	2025 Rupees	2024 Rupees
Security deposits	1,583,624	1,583,624
Advances	21,415,742	1,439,761
Other receivables	25,516,406	29,927,716
Bank balances	219,343,433	54,005,314
	267,859,205	86,956,415

Break up of type of counter parties was as follows:

Banking companies	219,343,433	54,005,314
Others	48,515,772	32,951,101
	267,859,205	86,956,415

Geographically there is no concentration of credit risk. KPIT Board does not have any trade receivable. Based on past experience, the management believes that no impairment allowance is necessary in respect of its financial assets.

26.2.1 Credit quality of Financial assets

The credit quality of the Board's financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited (formerly JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	Rating	2025 Rupees	2024 Rupees
Counterparties without external credit ratings			
Others	unrated	48,515,772	32,951,101
Counterparties with external credit ratings			
Bank balances			
Bank of Khyber	A+/ A-1	212,858,060	101,631,829
Bank Alfalah	AAA/A1+	703	661
Sindh Bank	AA-1/ A-1+	6,445,429	24,430,029
Allied bank limited	AAA/ A1+	84,365,789	36,140

26.3 Liquidity risk

Liquidity risk is the risk that KPIT Board will not be able to meet its financial obligations as they fall due. KPIT Board's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. The management believes that at the moment there is insignificant risk that KPIT Board will have difficulty in meeting its financial obligations as sufficient funds are available with KPIT Board. Carrying amount of KPIT Board's financial liabilities approximate the estimated contractual cash outflows which are due within one year of the reporting date.

	Carrying amount	Contractual cash flows	Within one year	One to five years
30 June 2025				
Accrued and other liabilities	83,795,966	(83,795,966)	(83,795,966)	-
Lease liabilities	52,524,325	(52,524,325)	(52,524,325)	-
	136,320,291	(136,320,291)	(136,320,291)	-
30 June 2024				
Accrued and other liabilities	70,485,368	(70,485,368)	(70,485,368)	-
Lease liabilities	91,381,116	(108,156,018)	(64,135,910)	(44,020,108)
	161,866,484	(178,641,386)	(134,621,278)	(44,020,108)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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26.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. KPIT Board is not significantly exposed to market risk.

26.4.1 Currency risk

KPIT Board is not significantly exposed to currency risk.

26.4.2 Interest rate

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from short term investments and short term deposits with banks. At the balance sheet date the interest rate risk profile of the KPIT Board's interest bearing financial instruments is:

	Carrying amount	
	2025 Rupees	2024 Rupees
Financial assets		
Bank balances	<u>219,343,433</u>	<u>54,005,314</u>

Fair value sensitivity analysis for fixed rate instruments

KPIT Board does not hold any financial asset at fair value through profit and loss. Therefore a change in interest rate at reporting date would not affect income and expenditure account of KPIT Board.

Cash flow sensitivity analysis for variable rate instruments

At reporting date, if the interest rate fluctuates by 5% with all the other variables remain constant, pre-tax profit would have been higher/lower by amount shown below.

	2025 Rupees	2024 Rupees
Effect on surplus for the year		
Increase	<u>10,967,172</u>	<u>2,700,266</u>
Decrease	<u>10,967,172</u>	<u>2,700,266</u>

26.5 Fair value of financial assets and liabilities

Fair value versus carrying amounts

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that KPIT Board is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires KPIT Board to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

	Level 1 Rupees	Level 2 Rupees	Level 3 Rupees
June 30, 2025			
Assets carried at fair value	-	-	-
June 30, 2024			
Assets carried at fair value	-	-	-

The carrying values of financial assets and liabilities reflected in financial statements approximate their respective fair values.

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

27 NUMBER OF EMPLOYEES

The total number of employees at year end were 60 (2024: 68).

28 RELATED PARTY TRANSACTIONS

The related parties comprise Managing Directors and the Government Departments providing the grants.

The aggregate amounts charged in these financial statements for the year in respect of remuneration including benefits applicable to Managing Director is given below:

	2025		2024	
	Managing Director	Total	Managing Director	Total
Gross salary	5,962,722	5,962,722	8,005,950	8,005,950
	5,962,722	5,962,722	8,005,950	8,005,950
Number of Persons	1	1	1	1

The managing director is also provided with car facility.

The details of grants received from the related parties is provided below:

	2025 Rupees	2024 Rupees
- KP Finance department	500,000,000	166,666,500
- Annual Development Program (ADP)	222,616,281	147,261,747
- Workaround	50,140,542	42,508,030
- Receivable from Workaround	-	10,704,870

29 GENERAL

29.1 Figures in these financial statements have been rounded off to the nearest Rupees.

29.2 Nomenclature

Nomenclature of the following account heads have been changed.

Current nomenclature

Deferred grant- Workaround
Workaround
Workaround- Digital Job
Interest income earned on Workaround
Receivables from workaround
Funded by Workaround

Previous nomenclature

Deferred grant- MDTF
MDTF
MDTF- Digital Job
Interest income earned on MDTF
Receivables from MDTF
Funded by MDTF

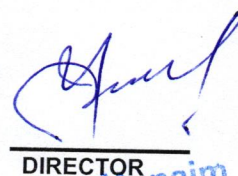
30 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements have been authorized for issue by the Board of Directors on 17-7-2026

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MANAGING DIRECTOR

Managing Director
Khyber Pakhtunkhwa
Information Technology Board


DIRECTOR

Muhammad Munaim
Director Finance & Accounts
Information Technology Board
Govt. of Khyber Pakhtunkhwa

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