FINANCIAL STATEMENTS
OF

NATIONAL TESTING SERVICE - PAKISTAN

FOR THE YEAR ENDED
JUNE 30, 2025

BDO Ebrahim & Co. Chartered Accountants
BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Information Other than the Financial Statements and Auditors Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL TESTING SERVICE - PAKISTAN

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2025 and of the surplus, the comprehensive income, the changes in fund and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of matter

We draw attention to Note 4.23 to the financial statements, which describes the restatement of comparative information resulting from the correction of a prior period error. As explained in the note, income relating to the prior years amounting to Rs. 25.469 million together with related sales tax has been corrected by retrospective restatement of the comparative information in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Our opinion is not modified in respect of this matter.

obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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Other matter

The financial statements of the Company for the year ended June 30, 2024 were audited by another firm of chartered accountants, who had expressed an unmodified opinion vide their report dated November 11, 2024.

The engagement partner on the audit resulting in this independent auditors' report is Atif Riaz.

ISLAMABAD

DATED: OCTOBER 22, 2025
UDIN: AR2025100604wcYkmrHb

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

NATIONAL TESTING SERVICE - PAKISTAN
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	Restated 2024 Rupees
INCOME			
Test fee income	21	828,669,877	389,504,353
EXPENDITURE			
Direct expenses	22	(386,383,034)	(199,687,964)
Administrative expenses	23	(260,775,599)	(278,948,169)
		(647,158,633)	(478,636,133)
Operating surplus/(deficit)		181,511,244	(89,131,780)
Other income	24	78,113,868	108,801,510
Finance cost	25	(816,338)	(218,167)
Net surplus before levy and tax		258,808,774	19,451,563
Levy	26	-	(9,423,240)
Net surplus before tax		258,808,774	10,028,323
Taxation	27	(57,568,620)	7,110,116
Net surplus after tax		201,240,154	17,138,439

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

NATIONAL TESTING SERVICE - PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Note	2025 Rupees	Restated 2024 Rupees	Restated 2023 Rupees
ASSETS				
NON CURRENT ASSETS				
Property and equipment	5	759,867,939	773,387,004	833,094,479
Intangible assets	6	-	-	560,000
Capital work in progress	7	37,765,530	9,894,750	3,935,250
Advances and deposits	8	2,576,326	2,576,326	-
		800,209,795	785,858,080	837,589,729
CURRENT ASSETS				
Advances, deposits and prepayments	9	21,029,238	25,359,461	51,004,312
Tax refundable from government - net	10	244,468,819	245,856,466	243,543,654
Taxation - net	19	-	15,497,051	-
Other receivables	11	22,470,165	-	-
Accounts receivables - unsecured	12	25,318,063	64,536,747	44,800,595
Short term investment	13	150,000,000	-	-
Cash and bank balances	14	580,192,847	569,245,530	388,835,126
		1,043,479,132	920,495,255	728,183,687
TOTAL ASSETS		1,843,688,927	1,706,353,335	1,565,773,416
FUNDS AND LIABILITIES				
FUND ACCOUNT				
Members subscription account		10,000	10,000	10,000
Additional subscription	15	598,252,471	598,252,471	598,252,471
Accumulated surplus		895,148,606	691,793,323	673,706,820
		1,493,411,077	1,290,055,794	1,271,969,291
LIABILITIES				
NON CURRENT LIABILITIES				
Deferred taxation	16	40,237,276	30,623,850	37,346,729
Deferred liabilities	17	39,448,606	33,810,083	30,347,207
		79,685,882	64,433,933	67,693,936
CURRENT LIABILITIES				
Trade and other payables	18	268,011,684	351,863,608	226,110,189
Taxation - net	19	2,580,284	-	-
		270,591,968	351,863,608	226,110,189
TOTAL FUNDS AND LIABILITIES		1,843,688,927	1,706,353,335	1,565,773,416
CONTINGENCIES AND COMMITMENTS	20			

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

NATIONAL TESTING SERVICE - PAKISTAN
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	2025 Rupees	Restated 2024 Rupees
Surplus for the year	201,240,154	17,138,439
Items that will not be subsequently reclassified to income and expenditure		
Re-measurement gain on defined benefit plan	2,979,055	1,335,301
Related deferred tax	(863,926)	(387,237)
Other comprehensive income for the year - net of tax	2,115,129	948,064
Total comprehensive income for the year	203,355,283	18,086,503

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

NATIONAL TESTING SERVICE - PAKISTAN
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Members subscription account	Additional subscription	Accumulated Surplus	Total
	----------------	---------------- Rupees	----------------	----------------
Balance as of July 01, 2023, as previously reported	10,000	598,252,471	665,697,519	1,263,959,990
Impact of restatement	-	-	8,009,301	8,009,301
Balance as at July 01, 2023 - restated	10,000	598,252,471	673,706,820	1,271,969,291
Total comprehensive income for the year				
Surplus for the year	-	-	17,138,439	17,138,439
Other comprehensive income - net of tax	-	-	948,064	948,064
	-	-	18,086,503	18,086,503
Balance as at June 30, 2024 - restated	10,000	598,252,471	691,793,323	1,290,055,794
Total comprehensive income for the year				
Surplus for the year	-	-	201,240,154	201,240,154
Other comprehensive income - net of tax	-	-	2,115,129	2,115,129
Total comprehensive income for the year	-	-	203,355,283	203,355,283
Balance as at June 30, 2025	10,000	598,252,471	895,148,606	1,493,411,077

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

NATIONAL TESTING SERVICE - PAKISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	Restated 2024 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated before working capital charges	28	326,170,800	73,490,861
Working capital changes			
(Increase)/decrease in current assets			
Advances, deposits and prepayments	9	6,140,909	25,644,851
Other receivables		(22,470,165)	-
Accounts receivables - unsecured	12	39,241,554	(19,736,152)
		22,912,298	5,908,699
(Decrease)/increase in current liabilities			
Payables, accrued and other liabilities	18	(83,851,924)	125,753,419
Cash generated from operations		265,231,174	205,152,979
Benefits paid		(1,006,573)	(6,579,777)
Income tax paid		(29,354,138)	(7,990,347)
Net cash flows generated from operating activities		234,870,463	190,582,855
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	5	(31,038,881)	(1,748,525)
Addition in capital work in progress	7	(46,907,204)	(5,959,500)
Advances and deposits - non current paid		-	(2,576,326)
Short term investment made during the year		(600,000,000)	(400,000,000)
Short term investment matured during the year		450,000,000	400,000,000
Sale proceeds from disposal of property and equipment		3,927,200	111,900
Net cash used in investing activities		(224,018,885)	(10,172,451)
CASH FLOW FROM FINANCING ACTIVITIES		-	-
Net increase in cash and cash equivalents during the year		10,851,578	180,410,404
Effect of movement in exchange rates		95,739	-
Cash and cash equivalents at the beginning of the year		569,245,530	388,835,126
Cash and cash equivalents at the end of the year		580,192,847	569,245,530

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR**

NATIONAL TESTING SERVICE - PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1 CORPORATE AND GENERAL INFORMATION

1.1 Legal Status and Operations

National Testing Service - Pakistan (the Company) is a Public Sector Company incorporated on April 30, 2003 and registered with Registrar of companies of Securities and Exchange Commission of Pakistan (SECP), Islamabad under section 42 of Companies Ordinance 1984 (Repealed with the enactment of Companies Act, 2017 on May 30, 2017).

The principle activity of the Company is to provide testing and assessment services for admission and recruitment. The registered office of the organization is situated at Plot No. 96, Street No. 4, Sector H-8/1 Islamabad 44000, Pakistan.

The regional offices of National Testing Service-Pakistan are located at: Operational
1. Karachi Office - House # C32/11/1 KDA Scheme # 01 Karsaz Road, Karachi.
2. Lahore Office - 201, CCA Block FF Phase IV, DHA Lahore Cantt.
3. Peshawar Office - B-2, Rahat Abad Colony, Near Pakistan Fortress Institute, Peshawar.
4. Quetta Office - 39 A , Chaman Housing Society Airport, Quetta.
Non-Operational Offices are located at:
5. Gilgit Baltistan (Branch Office) - PSO River View Filling Station, Amphary Gilgit.
6. Azad Jammu and Kashmir (Branch Office) - 1st Floor, Fal b-99, Commercial Market, Opposite Zarafa Chowk, PC Road, Upper Chatter, Muzaffarabad.

The promoter institution of the Company is COMSATS University Islamabad and Ministry of Science and Technology is its administrative Ministry.

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 notified under the Companies Act, 2017;

- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act,

- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for the liabilities related to defined benefit, gratuity and compensated leave absences which are stated at present value of the defined benefit liability, determined through actuarial valuation and lease liability which is measured at present value.

2.3 Accounting Convention

These financial statements have been prepared under historical cost convention except for the following:

(a) Obligation in respect of Employees' Gratuity scheme and Employees' Leave Encashment Scheme has been carried at present value of defined obligation in accordance with the requirment of IAS-19.

2.4 Functional and presentation currency

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

2.5 Significant estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated 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 the other sources. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized on the period in which the estimates are revised if the revision affects only that period, or in the period of revision or future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property and equipment - note 4.2 and 5.1

- assumptions and estimates used in determining the useful lives and residual values of intangible assets - note 4.6 and 6;

- assumptions and estimates used in calculating the provision for impairment for financial assets and financial liabilities - note 4.7,4.20, and 4.21

- assumptions and estimates used in calculating the provision for impairment for advances, deposits and prepayments - note 4.8

- deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilized note - 4.15

- assumptions and estimates used in determining current income under relevant tax law and the decisions of appellate authorities on certain cases issued in the past - note 4.15

- assumptions and estimates used in disclosure and assessment of contingent liabilities - note 4.16

- assumptions and estimates used in determining the present value of for defined benefit obligation and other long term employment benefits - note 4.13

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

3 APPLICATION OF NEW STANDARDS, AMENDSMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025

The following standards, amendments and interpretations are effective for the year ended June 30, 2025. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	January 01, 2026
IFRS 17 Insurance Contracts	January 01, 2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2027.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Change in accounting policy

During the year, the Company changed its accounting policy of recognizing the portion of income tax paid or payable for the year under the Income Tax Ordinance, 2001, not based on the taxable profits of the Company, as a Levy under IFRIC-21/IAS-37 instead of the current income tax for the year under IAS-12.

The management believes that the new policy provides reliable and more relevant information to the users of the financial statements.

The change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard 8: "Accounting Policies, Changes in Accounting Estimates and Errors'. There is, however, no material impact on the financial statements of the prior years.

4.2 Property and equipment

Owned

Fixed assets except for freehold land and capital work in progress are stated at historical cost less accumulated depreciation and impairment losses, if any. Freehold land is stated at cost less impairment loss, if any.

Depreciation

Depreciation on fixed assets is charged to statement of income and expenditures using the straight line method at the rates specified in the fixed assets schedule given in note 5.1.1 so as to write off the depreciable amount of an asset over its estimated useful life after taking into account their residual values. Leasehold land is amortized over the lease period extendable upto 99 years. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to property and equipment is charged from the date in which an asset is available for use or capitalized, upto the date on which the asset is disposed off/ derecognized.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income and expenditures statement during the period in which they are incurred.

Amortization is charged to the statement of income and expenditure on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the date in which an item is acquired or capitalized upto the date in which the item is disposed off / derecognized.

4.7 Accounts Receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised and carried at the original invoice amounts, being the fair value, less loss allowance, if any. For measurement of loss allowance for trade receivables, the Company applies IFRS 9 simplified approach to measure the expected credit losses.

Impairment

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognized in the statement of income and expenditure. Bad debts are written-off in the statement of income and expenditure on identification.

Judgment and estimates

The allowance for doubtful receivables of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

4.8 Advances, deposits and prepayments

These are recognized at cost, which is the fair value of the consideration given. For measurement of loss allowance for security deposit and retention money, the Company applies the IFRS 9 to measure the expected credit losses.

4.9 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand, cheques and pay orders in hand, balances with banks and highly liquid short term investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value with maturity of three months or less from the date of investment.

4.10 Trade and other payables

Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

Disposals

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amounts of the assets and is recognised in as other income in the statement of income and expenditure.

Judgment and estimates

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

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred and advances made in respect of ERP software in the course of their acquisition, development and installation. Transfers from capital work in progress are made to the relevant category of intangibles as and when the assets are available for use in the manner intended by the Company's management.

4.3 Capital work in progress

Capital work-in-progress (CWIP), including intangibles under testing or development, is stated at cost less impairment loss, if any. All expenditures incurred in connection with specific tangible and intangible assets during the installation, construction, or development phases are carried under CWIP. These expenditures are transferred to the relevant tangible or intangible assets when they become available for use or are put into service.

4.4 Method of preparation of cash flow statement

The cash flow statement is prepared using indirect method.

4.5 Leased assets

The leasehold land was acquired from the Capital Development Authority (CDA) for a total consideration of Rs. 55.8 million, representing the fair market value at the date of acquisition. This leasehold interest is for a period of 99 years, and the acquisition cost has been capitalized as leasehold land in the financial statements for the year 2013. The cost is being depreciated over its useful life of 99 years on a straight-line basis. Depreciation expense is recorded in the income and expenditure account, while any annual taxes related to the property are classified as operating expenses and recognized in the income and expenditure account as incurred.

4.6 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Subsequent cost on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

4.11 Revenue recognition

Revenue is recognized at an amount that reflects the consideration, to which the Company expects to be entitled in exchange for transferring of services to its customers. Revenue from operations of the Company are recognized when the services are provided, and thereby the performance obligations are satisfied. Receivable is recognized when the services are provided to customers as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due. The Company recognizes contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'Contract Liabilities' in the statement of financial position.

Contract asset

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liability

Contract liability is an obligation of the Company to transfer services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Company transfers services to the customer, a contract liability is recognised when payment is made or due whichever is earlier. Contract liabilities are recognised in revenue when Company fulfils the performance obligation under the contract.

4.12 Borrowings

Borrowings are recognised initially at fair value and is subsequently at amortized cost. Any difference between the proceeds in the redemption value is recognised in the statement of income and expenditure over the period of the borrowings using effective interest rate method.

4.13 Employees benefits

The Company operates unfunded gratuity and leave encashment schemes for all its employees who have completed the minimum qualifying period of service as defined under the scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to statement of income and expenditure . The most recent valuation was carried out as at June 30, 2025 using the " Projected Unit Credit Method". Actuarial gains or losses, if any, are recognized immediately. The results of actuarial valuation are summarized in note 17 to these financial statements.

4.13.1 Gratuity scheme

The Company operates an unfunded gratuity scheme for its regular employees. The scheme pays a lump sum benefit to members on leaving the Company's service after minimum of 4 years.

The benefit is calculated as follows:
Length of Service:
Less than 4 Year - No benefit
4 Years or more - Last drawn Gross Salary x No. of completed year service
Normal Retirement age for the gratuity scheme is 60 years.

4.13.2 Leave encashment scheme

The Company operates an unfunded leave encashment scheme for all of its employees. The employees of the Company are entitled to take 24 days of earned leave every year. The unutilized leaves is accumulated upto a maximum of 90 days. Leave encashment is made on the last drawn basic salary.

4.14 Provisions

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

4.15 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognized in the statement of income and expenditure except to the extent that it relates to items recognized directly in funds or in other comprehensive income.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as finance cost in the statement of comprehensive income.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Current tax

Provision for current taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates, losses and exemptions available, if any.

Deferred tax

Deferred tax is accounted for using the liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realized.

Unrecognized deferred income tax assets are reassessed at each date of statement of financial position and are recognised to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the financial position date.

Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the year in statement of profit or loss under the scope of IAS 12. Any excess of expected income tax paid or payable for the year under the Income Tax Ordinance, 2001 over the amount designated as current income tax for the year, is then recognized as a levy falling under the scope of IFRIC 21 / IAS 37.

4.16 Contingent liabilities

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

4.17 Foreign currency transactions and translations

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of income and expenditure. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of income and expenditure, within finance costs. All other foreign exchange gains and losses are presented in the statement of income and expenditure on a net basis within other income or other expenses.

4.18 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of income and expenditure.

Measurement

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial liability is initially measured at fair value minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

4.20 Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to statement of income and expenditure following the derecognition of the investment. Dividends from such investments continue to be recognised in income and expenditure as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognized as other gains/ losses in the statement of income and expenditure as applicable.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in it's fair value as other comprehensive income. This election is made on an investment by investment basis.

Impairment of financial assets

The Company assess on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are the financial assets that are subject to the ECL model;
-Trade receivables
-Security Deposits

Simplified approach for account receivables and security deposits

The Company recognizes life time ECL on trade receivables, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating arrange of possible outcomes;

- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

4.19 Financial assets

The Company classifies its financial assets into following three categories:
- measured at amortized cost.
- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of income and expenditure or other comprehensive income (OCI). For investment in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(i) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in statement of income and expenditure.

(ii) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in statement of income and expenditure in the period in which it arises.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and Company has transferred substantially all the risks and rewards of ownership.

Trade receivables with individually significant balance are separately assessed for ECL measurement. All other trade receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. To measure ECL, trade receivables have been grouped by amount due from individual customers, corporate customers and other miscellaneous customer groups based on similar credit risk characteristics and ages. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

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

General approach for loans, advances and deposits, and cash and bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

Significant increase in credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk;

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor and;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, in case of trade receivables, the Company considers that default has occurred when the debt is more than 91 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit - impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of income and expenditure for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Debt instruments

Company subsequently measures all debt instruments at amortized cost as assets are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in statement of income and expenditure and presented in other income /(loss).

4.21 Financial Liabilities

The Company classifies its financial liabilities in the following categories:
- at fair value through profit or loss; and
- amortized cost;

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

(i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

(ii) Amortized cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of profit or loss, when the liabilities are derecognized as well as through effective interest rate amortization process.

Derecognition of financial liabilities

The Company derecognises financial liabilities when and only when the Company's obligations are discharged, cancelled or they expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the statement of income and expenditure.

Offsetting 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 when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.22 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the statement of income and expenditure.

An impairment loss recognized in the prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.23 Correction of prior period errors

During the year, the Company identified that certain income relating to prior years had been erroneously not recorded in prior years and the related amount was appearing in the unearned income. During the year, the Company has retrospectively corrected the error and has restated the comparative figures in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The financial impact in two years is shown as follows:

Description	As previously reported on June 30, 2023	Increase/ (Decrease)	As restated on June 30, 2023
	---Rupees---		
Impact on financial position			
Trade and other payables	234,119,490	(8,009,301)	226,110,189
Accumulated surplus	665,697,519	8,009,301	673,706,820

Description	As previously reported on June 30, 2024	Increase/ (Decrease)	July 01, 2024 Restated
	---Rupees---		
Impact on financial position			
Trade and other payables	365,959,020	(14,095,412)	351,863,608
Impact on income and expenditure			
Test fee income	375,408,941	14,095,412	389,504,353

5 PROPERTY AND EQUIPMENT	Note	2025 Rupees	2024 Rupees
Operating fixed assets	5.1	759,867,939	773,387,004

5.1 PROPERTY AND EQUIPMENT

	Freehold land	Leasehold land	Building(s) on free hold land	Building on lease hold land	Computers and accessories	Furniture and fixtures	Electric equipment	Office equipment	Mobile & wireless sets	Vehicles	Total
	Rupees										
Year ended June 30, 2025											
Net carrying value basis											
Opening net book value	25,673,000	48,677,833	47,807,683	624,449,803	12,273,304	7,307,030	-	1,599,644	-	5,598,707	773,387,004
Additions	-	-	-	-	12,907,868	97,562	2,383,962	5,467,051	-	10,180,438	31,038,881
Transferred from capital work in progress	-	-	-	-	-	-	19,036,424	-	-	-	19,036,424
Disposals											
Cost	-	-	-	-	-	-	-	-	-	(3,853,430)	(3,853,430)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	3,853,430	3,853,430
	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(595,632)	(5,690,622)	(44,494,263)	(8,395,963)	(1,339,609)	(851,234)	(663,157)	-	(1,565,890)	(63,594,370)
Closing net book value	25,673,000	48,084,201	42,117,061	579,955,540	16,785,209	6,064,983	20,571,152	6,403,538	-	14,213,255	759,867,939
Gross carrying value basis											
As at June 30, 2025											
Cost	25,673,000	55,801,418	113,812,452	889,885,263	76,043,125	25,675,617	115,550,238	19,376,476	634,593	47,561,735	1,370,013,917
Accumulated depreciation / adjustments	-	(7,717,217)	(71,695,391)	(309,929,723)	(59,257,916)	(19,610,634)	(94,979,086)	(12,972,938)	(634,593)	(33,348,480)	(610,145,978)
Net book value	25,673,000	48,084,201	42,117,061	579,955,540	16,785,209	6,064,983	20,571,152	6,403,538	-	14,213,255	759,867,939
Year ended June 30, 2024											
Net carrying value basis											
Opening net book value	25,673,000	49,271,465	53,498,306	668,944,066	17,888,972	8,060,959	-	2,878,072	-	6,879,639	833,094,479
Additions	-	-	-	-	963,900	652,875	-	131,750	-	-	1,748,525
Disposals											
Cost	-	-	-	-	(81,900)	-	-	-	-	(63,500)	(246,020)
Accumulated depreciation	-	-	-	-	81,900	-	-	-	100,620	50,017	232,537
	-	-	-	-	-	-	-	-	-	(13,483)	(13,483)
Depreciation charge	-	(593,632)	(5,690,623)	(44,494,263)	(6,579,568)	(1,408,804)	-	(1,410,178)	-	(1,267,449)	(61,442,517)
Closing net book value	25,673,000	48,677,833	47,807,683	624,449,803	12,273,304	7,307,030	-	1,599,644	-	5,598,707	773,387,004
Gross carrying value basis											
As at June 30, 2024											
Cost	25,673,000	55,801,418	113,812,452	889,885,263	63,135,257	25,578,055	94,127,852	13,909,425	634,593	33,527,867	1,316,085,182
Accumulated depreciation / adjustments	-	(7,123,585)	(66,004,769)	(265,435,460)	(50,861,953)	(18,271,025)	(94,127,852)	(12,309,781)	(634,593)	(27,929,160)	(542,698,178)
Net book value	25,673,000	48,677,833	47,807,683	624,449,803	12,273,304	7,307,030	-	1,599,644	-	5,598,707	773,387,004
5.1.1 Depreciation rate per annum	**0%**	**99 years**	**5%**	**5%**	**33.33%**	**10%**	**20%**	**20%**	**33.33%**	**10%**	

5.1.2 The cost of fully depreciated assets that are still in use is Rs. 100.89 million (2024: Rs. 98.03 million).

5.1.3 The Government through Prime Minister's Secretariat has approved the allotment of land for the National Testing Service Pakistan through letter no 30113 dated November 27, 2007. Presently, the land is in possession and use of the Company, however the administrative formalities relating to transfer of title of the land is still pending. The management of the Company is hopeful to initiate and complete the process soon.

5.1.4 Freehold land represents an eight marla plot No. 000201 located at block CCA, phase 4C, DHA, Lahore, Punjab, Pakistan.

5.2 Depreciation charge has been allocated as follows:

	Note	2025 Rupees	2024 Rupees
Direct expenses	22	34,080,961	23,854,154
Administrative expenses	23	29,513,409	37,588,363
		63,594,370	61,442,517

6 INTANGIBLE ASSETS

	Note	2025 Rupees	2024 Rupees
Cost	6.1	2,100,000	2,100,000
Accumulated amortization	6.1	(2,100,000)	(2,100,000)
Net book value		-	-

6.1 Movement in cost and accumulated amortization is as follow:

	2025 Rupees	2024 Rupees
Cost:		
Balance at the beginning of the year	2,100,000	2,100,000
Addition during the year	-	-
Balance at the end of the year	2,100,000	2,100,000
Accumulated amortization:		
Balance at the beginning of the year	(2,100,000)	(1,540,000)
Charge during the year	-	(560,000)
Balance at end of the year	(2,100,000)	(2,100,000)
Net book value	-	-
Rate of amortization per annum	25%	25%

7 CAPITAL WORK IN PROGRESS

	Note	2025 Rupees	2024 Rupees
Software			
Opening		8,244,750	3,935,250
Additions during the year	7.1	2,810,000	4,309,500
		11,054,750	8,244,750
Fire and safety plan - building			
Opening		1,650,000	-
Additions during the year	7.2	44,097,204	1,650,000
Transfers during the year	7.3	(19,036,424)	-
		26,710,780	1,650,000
		37,765,530	9,894,750

7.1 This represents development expenditure incurred on ERP software which is under testing and classified as Capital Work in Progress (CWIP), it will be presented under intangible assets once the software testing is complete and it is ready for its intended use.

7.2 This represents expenditure incurred by the Company on a project for the acquisition of fire and safety approval and building completion certificates for its building. The first phase of the project, which involved the re-evaluation of schematic drawings, obtaining necessary approvals, and provisional completion certification from the CDA, has been partially completed at a cost of Rs. 1.65 million. The additions during the year represent amount incurred against supply, installation, testing and commissioning of fire and safety works for the building.

7.3 This represents the capitalization of the solar system as it became operational during the year.

		Note	2025 Rupees	2024 Rupees
8	**ADVANCES AND DEPOSITS**			
	Performance guarantees		1,350,000	1,350,000
	Bid securities		812,500	812,500
	Advance securities		413,826	413,826
			2,576,326	2,576,326

		Note	2025 Rupees	2024 Rupees
9	**ADVANCES, DEPOSITS AND PREPAYMENTS**			
	Advance to employees	9.1	3,513,891	1,560,591
	Advance to vendors		1,573,500	373,500
	Security deposits	9.2	11,868,742	20,770,216
	Prepaid expenses	9.3	4,073,105	2,655,154
			21,029,238	25,359,461

9.1 This represents advances provided to employees for operational activities. These advances are subject to settlement against actual expenses incurred.

		Note	2025 Rupees	2024 Rupees
9.2	Security deposits			
	Security deposits	9.2.1	52,285,041	62,997,201
	Less: allowance for expected credit losses against security deposits	9.2.2	(40,416,299)	(42,226,985)
	Closing balance		11,868,742	20,770,216

9.2.1 Age analysis of security deposits is as follows:

	Not past due	Past due					Total gross amount due
		Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
Security deposits	-	-	263,800	4,200,000	8,478,601	39,342,640	52,285,041

		2025 Rupees	2024 Rupees
9.2.2	Movement of allowance for expected credit losses		
	Opening balance	42,226,985	21,656,894
	Charge during the year	-	20,570,091
	Reversal of charge during the year	(1,810,686)	-
	Closing balance	40,416,299	42,226,985

9.3 This mainly includes an amount of Rs. 3.2 million (2024: Rs. 2.3 million) paid to COMSATS Internet Services for web hosting services to the Company.

		Note	2025 Rupees	2024 Rupees
10	**TAX REFUNDABLE FROM GOVERNMENT - NET**			
	Sales Tax			
	Sales tax refundable		-	10,576,495
	Input tax refundable/adjustable		9,188,848	-
			9,188,848	10,576,495
	Federal Board of Revenue (FBR) tax recoveries			
	Income tax		165,532,972	165,532,972
	Sales tax		69,746,999	69,746,999
		10.1	235,279,971	235,279,971
			244,468,819	245,856,466

10.1 It includes recovery made by Federal Board of Revenue (the Department) through attachment of bank accounts amounting Rs. 4.43 million, Rs. 127.3 million, Rs. 10.5 million, Rs. 23.2 million and Rs. 69.7 million of the Company for tax year 2011, 2012, 2013, 2015 and 2016 & 2017 against income tax demand amounting to Rs. 158.8 million, Rs. 493.7 million, Rs. 23.2 million and Rs. 1,518.3 million created u/s 140, 124, 124 of the Income Tax Ordinance 2001 and u/s 34 of Sales Tax Act, 1990 respectively. The Company is in appeal against the department as disclosed in note 20.1.1 and 20.1.3. The management of the Company, along with its legal advisor, believe that the recovery proceedings conducted by the Department were illegal, mala fide and are liable to be set aside. Accordingly, being entitled to a refund in respect of the recovered amount, a receivable in this respect has been recognised.

		Note	2025 Rupees	2024 Rupees
11	**OTHER RECEIVABLES**			
	Accrued markup	11.1	21,966,275	-
	Other receivable		503,890	503,890
			22,470,165	503,890

11.1 This represents the markup accrued on the savings account for the month of June 2025.

		2025 Rupees	2024 Rupees
12	**ACCOUNTS RECEIVABLES - UNSECURED**		
	Other than related parties		
	Test receivable - Balochistan	6,821,229	9,473,628
	Test receivable - Federal	19,266,285	54,403,285
	Test receivable - KPK	3,601,352	1,686,945
	Test receivable - Punjab	38,870,872	54,780,372
	Test receivable - Sindh	14,350,161	20,572,305
	Test receivable - Azad Jammu & Kashmir	976,422	1,287,399
		83,886,321	142,203,934

	Note	2025 Rupees	2024 Rupees
Related parties			
COMSATS University, Islamabad		3,306,508	5,657,333
		87,192,829	147,861,267
Less: allowance for expected credit losses	12.1	(61,874,766)	(83,324,520)
		25,318,063	64,536,747

12.1 Allowance for expected credit losses

	2025	2024
Opening balance	83,324,520	81,879,849
Charge for the year	1,155,760	1,444,671
Reversed during the year	(7,213,974)	-
Written off during the year	(15,391,540)	-
Closing balance	61,874,766	83,324,520

12.2 The maximum balance due at the end of any month during the year from Comsats University Islamabad was Rs. 2.25 million (2024: Rs. 1.97 million).

12.3 Age analysis of receivables from contracts with customers is as follows:

	Not past due	Past due					Total gross amount due
		Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
Accounts receivables	3,255,634	1,233,129	2,813,249	-	5,239,357	74,651,460	87,192,829

12.4 Age analysis of receivable due from related parties is as follows:

	Not past due	Past due					Total gross amount due
		Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Past due 91-365 days	Past due 365 days	
COMSATS University Islamabad	-	2,249,750	-	-	82,731	974,027	3,306,508

	Note	2025 Rupees	2024 Rupees
13 SHORT TERM INVESTMENT			
At amortized cost			
Term deposit receipts (TDRs)	13.1	150,000,000	-

13.1 This represents investment in term deposit receipts of Mobilink Microfinance Bank Limited carrying fixed interest rate of 10.55% per annum having maturity period of three months.

	Note	2025 Rupees	2024 Rupees
13.2 Movement of short term investment			
Opening balance		-	-
Investments made during the year		600,000,000	-
Investment matured during the year		(450,000,000)	-
Closing balance		150,000,000	-

14 CASH AND BANK BALANCES

	Note	2025 Rupees	2024 Rupees
Cash in hand		492,182	696,774
Pay orders in hand		-	505,000,000
		492,182	505,696,774
Cash at bank			
Current account - local currency		168,374,790	21,939,282
Saving accounts:			
Local currency	14.1	408,197,444	38,607,589
Foreign currency	14.2	3,128,431	3,001,885
		411,325,875	41,609,474
		579,700,665	63,548,756
		580,192,847	569,245,530

14.1 The balances in savings accounts carry interest rate ranging from 8.5% to 19% (2024: 19% to 21%) per annum.

14.2 This represents foreign currency deposits of USD 11,029.62 (2024: USD 10,895.34) translated to presentation currency at the rate of Rs. 283.64 (2024: Rs. 276.00).

15 ADDITIONAL SUBSCRIPTION

This represents value of net assets transferred to the Company from NTS Project "Comsats Institute of Information Technology" in 2013.

16 DEFERRED TAXATION

The balance of deferred tax is in respect of following temporary differences:

Deferred tax liabilities/(assets)	Balance as at July 01, 2024	Recognised in/through: Statement of income and expenditure	Recognised in/through: Other comprehensive income	Balance as at June 30, 2025
	-----Rupees-----			
Effect of taxable temporary differences				
Accelerated depreciation/amortization	76,838,711	7,337,862	-	84,176,573
Effect of deductible temporary differences				
Provision against doubtful debts	(24,164,111)	4,982,934	-	(19,181,177)
Advance, deposits and prepayments	(12,245,826)	(283,227)	-	(12,529,053)
Deferred liabilities	(9,804,924)	(3,288,069)	863,926	(12,229,067)
Deferred tax liability	30,623,850	8,749,500	863,926	40,237,276

Deferred tax liabilities/(assets)	Balance as at July 01, 2023	Recognized in/through: Statement of income and expenditure	Recognized in/through: Other comprehensive income	Balance as at June 30, 2024
	-----Rupees-----			
Effect of taxable temporary differences				
Accelerated depreciation/amortization	76,099,124	739,587	-	76,838,711
Effect of deductible temporary differences				
Provision against doubtful debts	(23,745,156)	(418,955)	-	(24,164,111)
Advances, deposits and prepayments	(6,280,499)	(5,965,327)	-	(12,245,826)
Deferred liabilities	(8,726,740)	(1,465,421)	387,237	(9,804,924)
Deferred tax (asset)/liability	37,346,729	(7,110,116)	387,237	30,623,850

		Note	2025 Rupees	2024 Rupees
17	**DEFERRED LIABILITIES**			
	Defined benefit plan - Gratuity	17.1	30,935,582	26,260,624
	Defined benefit plan - Leave Encashment	17.2	8,513,024	7,549,459
	Benefits due but not Paid - Payables		-	-
			39,448,606	33,810,083
17.1	**Net defined benefit liability - Gratuity scheme**			
	Present value of defined benefit obligations	17.1.2	28,877,162	24,202,204
	Payables		2,058,420	2,058,420
			30,935,582	26,260,624
17.1.1	**Changes in present value of defined benefit obligation**			
	Opening balance		24,202,203	23,014,912
	Current service cost	17.1.3	4,054,570	3,428,493
	Past service cost	17.1.3	389,323	-
	Interest cost on defined benefit obligation	17.1.3	3,545,120	3,294,099
	Benefits due but not paid (Payables)		-	(377,500)
	Benefits paid		(335,000)	(3,822,500)
	Remeasurements:			
	Actuarial losses from changes in demographic assumptions		-	327,139
	Actuarial gain from changes in financial assumptions		(1,255,661)	(951,685)
	Experience adjustments		(1,723,393)	(710,755)
	Present value of defined benefit obligation		28,877,162	24,202,203
17.1.2	**Changes in net liability**			
	Opening balance		24,202,204	23,014,913
	Expense chargeable to statement of income and expenditure		7,989,013	6,722,592
	Remeasurements chargeable in other comprehensive income		(2,979,055)	(1,335,301)
	Benefits paid		(335,000)	(4,077,500)
	Benefits payables transferred to short term liability		-	(122,500)
	Present value of defined benefit obligation		28,877,162	24,202,204
17.1.3	**Expenses to be charged to statement of income and expenditure**			
	Current service cost		4,054,570	3,428,493
	Past service cost		389,323	-
	Interest cost on defined benefit obligation		3,545,120	3,294,099
			7,989,013	6,722,592

17.1.4 Key statistics of membership data of the gratuity

	2025	2024
Total number of employees	166	101
Total eligible salary (rupees)	5,545,750	3,540,500
Average age (years)	39.0	39.3
Average service (years)	5.4	7.6
Average entry age (years)	33.6	31.6

17.1.5 Principal actuarial assumptions

	2025	2024
Discount rate used for interest cost in statement of income and expenditure charge	14.75%	15.75%
Discount rate used for year end obligation	11.75%	14.75%
Average duration of obligation	9 Years	9 Years
Rate of increase in eligible salary	7.00%	13.75%
Expected mortality rate	SLIC 2001-2005 Setback 1 year	
Expected withdrawal rate	Age Based	
Retirement assumption	60 Years	

17.1.6 Sensitivity analysis

The analysis was carried out on significant actuarial assumptions, such as discount rate and salary increase rate as set out in Note 17.1.5. The impact of changing these assumptions are as under:

	2025 Rupees	2024 Rupees
Discount rate + 100 bps	26,373,435	22,113,640
Discount rate - 100 bps	31,797,837	26,632,624
Salary increase + 100 bps	31,865,877	26,691,313
Salary increase - 100 bps	26,270,678	22,026,940
The average duration of the defined benefit obligation	9 Years	9 Years

17.1.7 Estimated expenses to be charged to statement of income and expenditure for the year 2026

	2026 Rupees
Current Service cost	4,813,305
Past service cost	3,278,415
Amount chargeable to statement of income and expenditure	8,091,720

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		Note	2025 Rupees	2024 Rupees
17.1.8	**Total Remeasurements chargeable in Other Comprehensive Income**			
	Actuarial losses from changes in demographic assumptions		-	327,139
	Actuarial gains from changes in financial assumptions		(1,255,661)	(951,685)
	Experience adjustments		(1,723,393)	(710,755)
			(2,979,054)	(1,335,301)
17.2	**Net defined benefit liability - leave encashment scheme**			
	Present value of defined benefit obligation	17.2.1	8,215,724	7,252,159
	Payables		297,300	297,300
			8,513,024	7,549,459
17.2.1	**Changes in present value of defined benefit obligation**			
	Opening balance		7,252,159	7,077,295
	Current service cost		1,259,091	480,227
	Interest cost on defined benefit obligation		1,020,165	931,753
	Benefits due but not paid (payable)		-	(297,300)
	Benefits paid		(671,573)	(2,025,501)
	Remeasurements:			
	Actuarial (gains)/losses from changes in demographic assumptions		-	128,797
	Actuarial (gains)/losses from changes in financial assumptions		(334,802)	289,824
	Experience adjustments		(309,316)	667,064
	Present value of defined benefit obligation		8,215,724	7,252,159
17.2.2	**Changes in net liability**			
	Opening balance		7,549,459	7,077,295
	Expense chargeable to statement of income and expenditure		1,635,138	2,497,665
	Benefits paid		(671,573)	(2,025,501)
	Present value of defined benefit obligation		8,513,024	7,549,459
17.2.3	**Expenses to be charged to statement of income and expenditure**			
	Current service cost		1,259,091	480,227
	Gains and losses arising on present value of defined benefit obligation		(644,118)	1,085,685
	Interest cost on defined benefit obligation		1,020,165	931,753
			1,635,138	2,497,665

	2025	2024
17.2.4 Key statistics of membership data of leave encashment scheme		
Total number of employees	166	101
Total eligible salary (rupees)	5,545,750	3,540,500
Average age (years)	39.0	39.3
Average service (years)	5.4	7.7
Average entry age (years)	33.6	31.6

17.2.5 Principal actuarial assumptions

	2025	2024
Discount rate used for interest cost in statement of income and expenditure charge	14.75%	15.75%
Discount rate used for year end obligation	11.75%	14.75%
Average duration of obligation	9 Years	9 Years
Rate of increase in eligible salary	N/A	9.75%
Expected mortality rate	SLIC 2001-2005 Setback 1 year	
Expected withdrawal rate	Age Based	
Retirement assumption	60 Years	

17.2.6 Sensitivity analysis

The analysis was carried out on significant actuarial assumptions, such as discount rate and salary increase rate as set out in note 16.2.5. The impact of changing these assumptions are as under:

	2025 Rupees	2024 Rupees
Discount rate + 100 bps	7,566,090	6,674,002
Discount rate - 100 bps	8,971,604	7,923,628
Salary increase + 100 bps	8,957,883	7,910,800
Salary increase - 100 bps	7,567,800	6,676,388
The average duration of the defined benefit obligation (years)	9 Years	9 Years

18 TRADE AND OTHER PAYABLES

	Note	2025 Rupees	Restated 2024 Rupees
Payables	18.1	71,189,083	32,761,876
Payable to employees' provident fund		589,295	411,158
Retention money	18.2	1,874,970	1,269,659
Contract liabilities		98,347,936	202,714,780
Withholding tax		7,512,247	2,264,433
Sales tax federal and provinces	18.3	55,201,217	68,132,051
Accrued liabilities		4,070,710	17,133,258
Other liabilities	18.4	29,226,226	27,176,393
		268,011,684	351,863,608

18.1	Payable to foreign vendors	3,598,736	1,631,677
	Foreign currency exchange (loss) / gain	-	47,214
		3,598,736	1,584,463
	Payable to local vendors	67,590,347	31,177,413
		71,189,083	32,761,876

18.2 The balance under retention money includes amounts withheld under the contracts with Askari Health and Life Insurance for services provided, MEP Consulting engineers Solutions for fire and safety plan consultation and Wisetech for purchase of computer systems. These amounts will be released upon the satisfactory completion of the respective contractual obligations.

18.3 This includes sales tax output of Rs. 52.8 million which is expected to be adjusted/settled after the conclusions of litigation.

18.4 This mainly includes provision of Rs. 24 million recognized under Section 122(5A) of the Income Tax Ordinance for reassessed tax liabilities. Retirement benefits payable to employee remain withheld pending legal proceedings. Additionally, an outstanding payment to an employee due to a returned cheque, is reflected this account.

19 TAXATION - NET

		Note	2025 Rupees	2024 Rupees
	Taxation - net	19.1	2,580,284	(15,497,051)
19.1	Opening balance		(15,497,051)	(6,979,050)
	Provision for the year		48,776,331	9,269,454
	Prior year adjustment		42,789	153,786
	Advance tax adjustment		(30,741,785)	(17,941,241)
	Closing balance		2,580,284	(15,497,051)

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

Sr no.	Name of Court	Description of factual basis of the proceeding and relief sought	Principal Parties	Date Instituted
20.1.1	Islamabad High Court	(i) A raid was conducted on the Company's office by the Director I & I under Section 175 of the Income Tax Ordinance, 2001 (the Ordinance) on October 30, 2017. Consequent to the above raid, information was forwarded to the Commissioner Inland Revenue, LTU, Islamabad regarding alleged non-declaration of receipts for the tax years 2012-2016. The Deputy Commissioner Inland Revenue (DCIR) accordingly issued show cause notices for amendment proceedings and passed amended orders on December 30, 2017, thereby leaving the appellant condemned unheard. (ii) A show cause notice was issued by the Deputy Commissioner for Income Tax and Sales Tax were also made basis for filing Compliant before the 'Special Judge Customs, Taxation and Antimoney Laundering' under section 203 of the Income Tax Ordinance, 2001 read with 3,4,8 and Section 37 of the Anti Money Laundering Act, 2010. The Company filed the instant petition for quashment of criminal proceedings being filed without determination of tax liability, besides declaration of the impugned notification bringing income tax concealment cases within the ambit of Antimoney Laundering Act as illegal in the light of Supreme Court Judgement in Mustafa Impex Case. The complaint has already been quashed by the 'Special Judge Customs, Taxation and Antimoney Laundering'. The Islamabad High Court has disposed off both the above (i) & (ii) petitions by declaring the same has become infructuous, as the 'Special Judge Customs, Taxation and Antimoney Laundering' Rawalpindi/ICT has acquitted the petitioners under section 265K read with Section 265D of Criminal Procedure Code. The Court has disposed off the petition as infructuous and allowed to resurrect the same, if criminal appeal filed by the department is allowed.	NTS vs Tax Department (FBR)	31-Oct-2017 & 05-Dec-2017

20.1.2	Appellate Tribunal Inland Revenue	Assessments for the tax years 2011 to 2016 were amended by the DCIR, charging tax on gross receipts/ bank credits of the Company including interbank transactions and reversals as unexplained income under section 111(1)(d)(ii) / 122(5) of the Ordinance. The receipts for the project period for the tax year 2011, 2012 and 2013 (up to May 2013), which represented the period when 'National Testing Service' was working under the control and Management of COMSATS Institute of Information Technology, Islamabad, were also taxed in the hands of the Company. Revised assessments resulted in Income tax demand aggregating Rs. 3,300.1 million. Tax department also charged penalties equal to tax from tax year 2012 to 2016 under section 181(12)/ 122(5) of the Ordinance through order dated 31 January 2018 aggregating to Rs. 3,300.1. million. Being aggrieved, the Company filed separate appeals before the Commissioner Inland Revenue Appeals (CIR(A)) and the assessments were remanded back to the DCIR for making re-assessment after giving opportunity of being heard. The appellate orders of CIR(A) were contested by the Company as well as tax department through cross appeals before Appellate Tribunal Inland Revenue (ATIR). Out of this demand, tax department has coercively recovered Rs. 137.8 million from Company's bank account by disregarding stay of ATIR granted in respect of such demand. The ATIR has rejected the appeals of the department praying for additions made under section 122(5)/111(l)(d)(ii) of the Ordinance in the subject impugned orders and the penalties charged under section 182(12) of the Ordinance. The orders however have been remanded back to the officer for proceeding for proceeding a fresh. The management is hopeful, based on consultant advice, that the proceedings shall be concluded in favour of the Company as there is no concealment on the part of the receipts, as originally alleged by the department.	NTS vs Tax Department (FBR)	26-Jun-18

20.1.3	Appellate Tribunal Inland Revenue	Income tax demand amounting Rs. 25.4 million was created in terms of Section 161/205 of the Ordinance for tax year 2015. The assessment was remanded back by the first appellate authority. The ATIR has rejected the appeals of the department praying for additions made under section 122(5) / 111(1)(d)(ii) of the Ordinance in the subject impugned orders and the penalties charged under section 182(12) of the Ordinance. The orders however been remanded back to the officer for proceeding a fresh, including that passed u/s 161/205 Rs. 25,356,848/- for the tax year 2015. We have provided the details and responded the notices requiring clarifications on the part of the Company. The management is hopeful, based on the consultant advice that the proceedings shall be concluded in favour of the Company, as there is no concealment on the part of the receipts.	NTS vs Tax Department (FBR)	13-Feb-18
20.1.4	Appellate Tribunal Inland Revenue	Income tax demand amounting Rs. 23.3 million was created in terms of Section 124/122(5A) of the Ordinance for Tax Year 2015 by disallowing provincial sales tax and salaries under section 21 (m)through order dated 28/06/2019. The CIR remanded back the order despite submission of evidence and for Tax Year 2013, . The Company filed appeal before ATIR to the extent of addition under section 21 million through ITA 1250/IB/2019 dated 30/09/2020, however, the department took up the same proceedings in the last week of the previous financial year and again repeated the same order and ignoring the evidence on record. The Commissioner Appeals through its Order-in-Appeal dated January 24, 2024 has annulled the demand created. The department has however filed appeal before the ATIR . The appeal is pending fixation. The management is hopeful, based on consultant advice, that appeal shall be decided in favour of the Company, considering the fact that the order of Commissioner Appeals is based on sound reasoning.	NTS vs Tax Department (Commissioner Appeals)	31-Jul-18
20.1.5	Appellate Tribunal Inland Revenue	The entity is subject to a contingent tax liability of Rs. 2.4 million related to a disputed tax demand for the tax year 2017. The taxpayer filed an appeal along with a reconciliation report before the Appellate Tribunal Inland Revenue (ATIR) in Islamabad. The ATIR passed an order on 15th August 2024 (ITA No. 540/IB/2024), reducing the additions to unreconciled amounts. The ATIR passed a rectification order under Section 221 on 16th December 2024, remanding three previously confirmed issues back to the Assessing Officer for re-examination. The matter has been argued and is currently pending order.	NTS vs Tax Department (FBR)	24-Jul-23

20.1.6	Appellate Tribunal Inland Revenue	Income tax demand amounting Rs. 499.6 million was created in terms of Section 124/122(5A) of the Ordinance for Tax Year 2013 by disallowing Additional Members Subscription under section 111(1)(a) through order dated 28/06/2019. The CIR remanded back the order despite submission of evidence. The Company filed appeal through ITA 1249/IB/2019 dated 30/09/2020 before ATIR which was decided in Favor of the Company by holding that addition under section 111 in not maintainable , however, the department took up the same proceedings in the last week of the previous financial year and again repeated the same order and ignoring the evidence on record. The Commissioner Appeals through its Order-in-Appeal dated 24/01/2024 has annulled the demand created. The department has however filed appeal before the ATIR. The appeal is pending fixation. The management is hopeful, based on consultant advice, that appeal shall be decided in favour of the Company, considering the fact that the order of Commissioner Appeals is based on sound reasoning.	NTS vs Tax Department (FBR)	31-Jul-19
20.1.7	Appellate Tribunal Inland Revenue	The department created income tax demand of Rs. 48,481,380/- under section 124/122(5) /of the Ordinance by adding the 'NTS Project Receipts' in the receipts of the NTS Pakistan Limited, where as the Company was made operative in May 2013. It is relevant to mention that prior to the transfer of project to the Company, NTS was working as project under the control and management of COMSATS. Further addition was made under section 111(1)(d)(ii) of the Ordinance. The Commissioner Appeals, after concurring with the submissions of the Company 111(1)(d)(ii) being inserted through Finance Act 2011, was applicable with effect from tax year 2012, remanded back the order for re-assessment through order dated 06-08-2018. In the re-assessment proceedings, the department again confronted the same addition. On objection, the department, though admitted the submission of the Company that addition under section 111(1)(d)(ii) was not attracted, made same addition in final order under section 111(1)(b) of the Ordinance, without issuance show cause notice to the Company through order dated 30-06-2021. The Company filed appeal before the Commissioner Appeals against the order and the same was not accepted. The Company against the order has filed appeal before the Tribunal, as evidence furnished was not considered. Hearing in the case stands concluded. The management is hopeful, based on consultant advice, that appeal shall be decided in favour of the Company.	NTS vs Tax Department (FBR)	29-Jul-21

20.1.8	Appellate Tribunal Inland Revenue	On the basis of information from Director Intelligence and Investigation, Islamabad, the department issued show cause notice for charging of Sales Tax on services under Islamabad Capital Territory (Tax on Services) Ordinance, 2001 against gross receipts / credits entries in all bank accounts of the Company across Pakistan, including interCompany transactions and reversals. The Order-in Original was passed without affording opportunity of being heard to the Company, merely on the basis information received from the Directorate General of Intelligence and Investigation, Islamabad, in consequence of raid on the premises of the Company on 30 October 2017. It is relevant to mention that the during the raid the entire record of the Company including computers, servers comprising of management, tax and operations data was illegally confiscated and no data was in the possession of the Company till the completion of assessment proceedings, as explained above. During the proceedings, the department illegally recovered Rs.64,218,371/- against tax year 2015 and Rs.5,528,628/- against tax year 2016 and 2017. Being aggrieved the Company filed appeal before the Commissioner Appeals. The Commissioner Appeals confirmed the same without affording opportunity of being heard and by adjudicating the grounds of stay application, instead grounds of main appeals. Against the order, the Company has filed appeal before the Appellate Tribunal Inland Revenue, which is pending adjudication. Considering the serious jurisdiction issues, and the fact that the department has taxed the receipts of the Company liable to sales tax under the respective sales tax legislations of the provinces. The management is hopeful, based on consultant advice, that the appeal shall be decided in favour of the Company.	NTS vs Tax Department (FBR)	2-Feb-18
20.1.9	Adjudicating Authority -III Employee Old Age Benefit Institution (EOBI)	Demand of Rs. 28 million is raised by Employee Old Age Benefit Institution (EOBI) . The Company has filed an appeal before Board of Trustees of EOBI which is pending adjudication. The management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the legal counsel and the relevant law and facts.	NTS vs EOBI	8-Jun-22

20.1.10	Peshawar High Court	The case of Company vs Elementary and Secondary Education for which Rs.72 million is pending adjudication before the Peshawar High Court against the decision of Additional District and Session Judge, Peshawar. The outcome of the decision is uncertain but the adverse outcome of the decision will only result in the retest of the position in the disputed regions. The management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the legal counsel and the relevant law and facts.	NTS vs Elementary and Secondary Education	24-Apr-21
20.1.11	Security Exchange Commission of Pakistan	The Company filed an appeal under Section 480 of the Companies Act, 2017 in September 2019, challenging an order dated 5 August 2019 that directed it to change its name within thirty days, as it was deemed misleading, suggesting a public-sector affiliation. The Company argued that this order infringes its constitutional and legal rights. The appeal is currently pending with the Securities and Exchange Commission of Pakistan (SECP), and the final outcome is uncertain.	NTS vs Add. Joint Registrar of Companies, SECP and another	31-Jul-19

20.2 Commitments

There are no commitments at the end of the reporting period.

		Note	2025 Rupees	Restated 2024 Rupees
21	**TEST FEE INCOME**			
	Fee from tests - Balochistan		6,498,399	4,877,199
	Fee from tests - Federal		368,996,390	221,129,206
	Fee from tests - KPK		20,526,841	7,329,249
	Fee from tests - Punjab		370,947,574	70,429,381
	Fee from tests - Sindh		37,510,907	43,523,643
	Fee from tests - AJK		2,557,855	1,287,398
	International product - ETS		3,340,111	2,171,522
	NTS products		143,857,220	98,764,275
	Less: sales tax	21.1	(125,565,420)	(60,007,521)
			828,669,877	389,504,353
21.1	Sales tax			
	Sales tax - Balochistan		847,617	636,156
	Sales tax - Federal		67,329,616	44,123,239
	Sales tax - KPK		977,469	349,012
	Sales tax - Punjab		51,165,183	9,714,397
	Sales tax - AJK		352,808	177,572
	Sales tax - Sindh		4,892,727	5,007,145
			125,565,420	60,007,521
22	**DIRECT EXPENSES**			
	Salaries, wages and benefits	23.1	81,506,761	51,814,763
	Invigilations fee		84,737,728	34,280,885
	Contents development - test mcq prepration and review		27,268,277	19,743,540
	Centre charges		21,680,514	23,011,914
	Test stationery printed		52,710,242	20,340,115
	Postage and courier		18,013,303	11,530,365
	Repair and maintenance		701,541	1,397,675
	Travelling		4,871,442	2,681,115
	Data entry charges		577,665	1,237,479
	Ets project expenses		2,314,273	23,032
	Advertisement		5,293,310	1,395,218
	Computer based testing charges		32,034,077	-
	Other test administration expenses		20,592,940	8,377,708
	Depreciation	5.2	34,080,961	23,854,154
			386,383,034	199,687,964

		Note	2025 Rupees	2024 Rupees
23	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	23.1	116,524,174	121,418,927
	Directors' remuneration	34	5,255,000	2,450,000
	Office supplies		2,436,782	3,015,271
	Insurance expense		5,157,231	4,867,866
	Rent, rates and taxes		3,032,564	4,850,196
	Postage and courier		81,830	101,873
	Communication charges		2,415,309	2,287,664
	Printing and stationery		1,123,268	755,612
	Repair and maintenance		10,605,436	6,687,420
	Travelling and fuel		10,227,721	11,026,304
	Utilities		14,743,115	24,749,945
	Scholarships and sponsorships		6,364,611	6,572,260
	Security charges office		7,393,671	7,374,523
	Advertisement and publicity		535,814	1,538,157
	Legal and professional charges		22,098,200	15,018,995
	Auditor's remuneration	23.2	1,000,000	1,000,000
	Depreciation	5.2	29,513,409	37,588,363
	Amortization	6.1	-	560,000
	Allowance for expected credit loss		-	22,014,762
	Entertainment		9,414,952	-
	Bad debts written off		6,035,344	-
	Miscellaneous		6,702,208	4,980,000
	Gardening & planting		114,960	90,030
			260,775,599	278,948,169

23.1 This includes other employment benefits as follows:

	Note	2025 Rupees	2024 Rupees
Gratuity	17.1.3	7,989,013	6,722,592
Contributory provident fund	23.1.1	3,692,325	3,494,007
Leave encashment	17.2.3	1,635,138	2,368,868
Employees' old age benefits		3,487,250	3,813,120
		16,803,726	16,398,587

23.1.1 All the investment out of provident fund trust have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

		2025 Rupees	2024 Rupees
23.2	**Auditor's remuneration**		
	Audit fee	850,000	826,087
	Out of pocket expenses	22,500	50,000
	Sales tax	127,500	123,913
		1,000,000	1,000,000

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24	OTHER INCOME	Note	2025 Rupees	2024 Rupees
	Profit on bank deposits		58,949,723	65,943,561
	Reversal of allowance for expected credit losses	24.1	8,081,308	-
	Miscellaneous income	24.2	7,059,898	3,788,509
	Gain on disposal of assets		3,927,200	98,417
	Recognition of outstanding liability as other income		-	39,010,896
	Exchange gain/(loss)		95,739	(39,873)
			78,113,868	108,801,510

24.1 This represents the amount of allowance expected credit losses reversed during the year due to adjustment of the working of allowance for expected credit losses.

24.2 This encompasses income generated from the holding of cellphones in designated areas outside test centers during conduction of test from the applicants, as well as income from the sale of scrap paper collected throughout the year.

25	FINANCE COST	Note	2025 Rupees	2024 Rupees
	Bank charges		816,338	218,167

26	LEVY			
	Levy	26.1	-	9,423,240

26.1 This represents portion of minimum tax under sections 113 and 153(1)(b) of the Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21/IAS 37.

26.2 Reconciliation between current tax charged under the Income Tax Ordinance, 2001 with current tax recognized in the statement of income and expenditure, is as follows:

	2025 Rupees	2024 Rupees
Current tax liability for the year	48,776,331	9,423,240
Portion of current tax liability as per tax laws, representing income tax under IAS 12	(48,776,331)	-
Levy as per IFRIC-1/IAS-37		(9,423,240)
Difference	-	-

		Note	2025 Rupees	2024 Rupees
27	**TAXATION**			
	Provision for taxation:			
	Current year	27.1	48,776,331	-
	Prior year		42,789	-
			48,819,120	-
	Deferred tax expense/(income)	16	8,749,500	(7,110,116)
			57,568,620	(7,110,116)

27.1 A numerical reconciliation between the applicable tax rate and the average effective tax rate has not been provided, as the Company is subject to alternative corporate tax under Section 113C(1) of the Income Tax Ordinance, 2001.

		Note	2025 Rupees	2024 Rupees
28	**CASH GENERATED BEFORE WORKING CAPITAL CHANGES**			
	Surplus before taxation		258,808,774	19,451,563
	Adjustment for non-cash items:			
	Depreciation	5.2	63,594,370	61,442,517
	Amortization	6	-	559,999
	Gain on sale of assets	24	(3,927,200)	(98,417)
	Recognition of outstanding liability as other income	24	-	(39,010,896)
	Exchange gain/(loss)	24	(95,739)	39,873
	Decrease in provision for doubtful security deposits		(1,810,686)	20,570,091
	Decrease in provision for doubtful receivables - net	12.1	(6,058,214)	1,444,671
	Provision for gratuity	17.1.2	7,989,013	6,722,592
	Provision for leave encashment	17.2.2	1,635,138	2,368,868
	Bad debts written off	23	6,035,344	-
			326,170,800	73,490,861

29 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows: -

	2025				
	Total	Interest/mark up bearing			Non interest /mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
	Rupees				
Financial assets					
Carried at amortised cost:					
Security deposits	11,868,742	-	-	-	11,868,742
Advances and deposits	2,576,326	-	-	-	2,576,326
Accounts receivables - unsecured	25,318,063	-	-	-	25,318,063
Cash and bank balances	579,700,665	411,325,875	-	411,325,875	168,374,790
Term Deposit Receipts (TDRs)	150,000,000	150,000,000	-	150,000,000	-
Carried at fair value:					
	769,463,796	561,325,875	-	561,325,875	208,137,921
Financial liabilities					
Carried at amortised cost:					
Trade and other payables	106,950,284	-	-	-	106,950,284
Deferred liabilities	39,448,606	-	-	-	39,448,606
	146,398,890	-	-	-	146,398,890
On balance sheet gap	623,064,906	561,325,875	-	561,325,875	61,739,031
Off balance sheet item					
Financial commitment	-	-	-	-	-
Total gap	623,064,906	561,325,875	-	561,325,875	61,739,031

	2024				
	Total	Interest/mark up bearing			Non interest /mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
	Rupees				
Financial assets					
Carried at amortised cost:					
Security deposits	20,770,216	-	-	-	20,770,216
Advances and deposits	2,576,326	-	-	-	2,576,326
Accounts receivables - unsecured	64,536,747	-	-	-	64,536,747
Cash and bank balances	63,548,756	41,609,474	-	41,609,474	21,939,282
Pay orders in hand	505,000,000	-	-	-	505,000,000
Carried at fair value:					
	656,432,045	41,609,474	-	41,609,474	614,822,571
Financial liabilities					
Carried at amortised cost:					
Trade and other payables	78,752,344	-	-	-	78,752,344
Deferred liabilities	33,810,083	-	-	-	33,810,083
	112,562,427	-	-	-	112,562,427
On balance sheet gap	543,869,618	41,609,474	-	41,609,474	502,260,144
Off balance sheet item					
Financial commitment	-	-	-	-	-
Total gap	543,869,618	41,609,474	-	41,609,474	502,260,144

29.1 Credit quality of financial assets

The credit quality of the Company's financial assets is assessed by reference to external credit ratings of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA) , JCR - VIS Credit Rating Foundation Limited (JCR-VIS), Standard and Poor's and Moody's and other international credit rating agencies. The counter parties for which external credit ratings were not available have been assessed by reference to internal credit rating determined based on their historical information for any defaults in meeting obligations.

Counterparties without external credit ratings	Rating	2025 Rupees	2024 Rupees
Accounts receivables - unsecured		25,318,063	64,536,747
Security deposits		11,868,742	20,770,216
		37,186,805	85,306,963

Counterparties with external credit ratings

	Rating	2025 Rupees	2024 Rupees
Bank balances			
Allied Bank Limited	A1+	552,611,224	41,589,904
Habib Bank Limited	A1+	4,847,304	7,641,173
MCB Bank Limited	A1+	1,549,753	68,543
Meezan Bank Limited	A1+	20,692,384	14,249,136
Pay Order in Hand (Meezan, Allied, HBL & MCB Bank)		-	505,000,000
		579,700,665	568,548,756

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 the Company's activities. The Company, 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 obligations.

The Board of Directors oversee how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The management of the Company undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

The Company has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- market risk

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

30.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral.

(a) Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2025 Rupees	2024 Rupees
Accounts receivables	25,318,063	64,536,747
Deposits	11,868,742	20,770,216
Bank balances	579,700,665	569,245,530
	616,887,470	654,552,493

To manage exposure to credit risk in respect of financial assets, management performs credit reviews taking into account the third party's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

Cash and bank balances

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. The Company maintains its bank balances with financial institutions that possess strong credit ratings. After a thorough evaluation, the management confirms that there is no indication of credit impairment related to these bank balances.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

	Ratings		
Financial Institutions	**Agency**	**Short Term**	**Long Term**
Allied Bank Limited	PACRA	A1+	AAA
Habib Bank Limited	VIS	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	VIS	A1+	AAA

The company holds its bank balances in institutions with high credit ratings from recognized rating agencies. These ratings reflect the banks' strong financial health, stability, and low default risk, minimizing the likelihood of credit impairment.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired except accounts receivables and security deposits.

	Gross debts Rupees	Allowance for ECL Rupees
(b) Aging of accounts receivables as at reporting date was as:		
0 - 90 Days	7,449,612	418,850
91 - 180 Days	16,861,346	1,840,740
181 - 270 Days	675,047	137,322
271 - 360 Days	998,699	491,689
361 - 450 Days	631,431	357,678
> 451 Days	60,576,694	58,628,488
2025 Total	87,192,829	61,874,767
2024 Total	147,861,267	83,324,520

The Company's management actively monitors debtors position and does not expect any counterparty to fail to meet its obligations.

30.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

Following is the maturity analysis of financial liabilities:

	Carrying amount	Contractual cash flows	Upto one year	After one year	Total
	-----Rupees-----				
2025					
Deferred liabilities	39,448,606	39,448,606	39,448,606	-	39,448,606
Trade and other payables	106,950,284	106,950,284	106,950,284	-	106,950,284

2024					
Deferred liabilities	30,623,850	30,623,850	30,623,850	-	30,623,850
Trade and other payables	78,752,344	78,752,344	78,752,344	-	78,752,344

30.3 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. The Company is exposed to currency risks and interest rate risk.

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises in financial instruments that are denominated in foreign currencies i.e. in a currency other than the functional currency in which they are measured.

(i) Exposure to foreign currency risk

The Company's exposure to currency risk includes United States Dollar (USD). As at the reporting date, the Company's exposure in USD is as follows based on notional amounts:

	2025 USD	2024 USD
Payables	(7,105)	(5,751)
Bank balances	11,030	10,895
Net exposure	3,925	5,144

The following significant exchange rates are applied during the year:

	2025	2024
	Rupees per USD	
Average rate	283.7	283.7
Reporting date rate	283.8	278.8

(ii) Foreign currency sensitivity analysis

A 10% strengthening of PKR against the USD at reporting date would have effect on the income and expenditure and equity of the Company as shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2025 Rupees	2024 Rupees
Strengthening of PKR against respective currencies	111,392	143,415
Weakening of PKR against respective currencies	(111,392)	(143,415)

As at 30 June 2025, if the Pakistani rupee had weakened / strengthened by 10% against the USD with all other variables being constant, surplus before tax would have been lower / higher by Rs. 111,392 (2024: Rs. 143,415) mainly as a result of foreign exchange gains / losses on translation of dollar denominated financial assets.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from borrowings and obligations under finance lease. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows:

	2025 Rupees	2024 Rupees
(i) Variable rate instruments		
Financial assets	411,325,875	41,609,474

(ii) Cash flow sensitivity analysis

As at June 30, 2025, if interest rates on Company's borrowings had been 1% higher / lower with all other variables held constant, surplus for the year would have been lower / higher by Rs. 4,113,258 (2024: Rs. 416,094), mainly as a result of interest exposure on variable rate deposits.

(c) Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

(d) The Company is not exposed to any other type of market price risks.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Description	2025 Carrying value	2025 Fair value	2024 Carrying value	2024 Fair value
	Rupees			
Financial assets				
Accounts receivables - unsecured	25,318,063	25,318,063	64,536,747	64,536,747
Advances, deposits and prepayments	2,576,326	2,576,326	2,576,326	2,576,326
Bank balances	579,700,665	579,700,665	63,548,756	63,548,756
	607,595,054	607,595,054	130,661,829	130,661,829
Financial liabilities				
Deferred liabilities	39,448,606	39,448,606	33,810,083	33,810,083
Trade and other payables	106,950,284	106,950,284	78,752,344	78,752,344
	106,950,284	146,398,890	112,562,427	112,562,427

Management assessed that the carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

31.1 Determination of fair values

A number of the Company's accounting polices and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

Investment in fair value through profit and loss

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Available for sale investments

The fair value of available for sale investment is determined by reference to their quoted closing repurchase price at the reporting date and where applicable it is estimated as the present value of future cash flows, discounted current PKR rates applicable to similar instruments having similar maturities.

Non-derivate financial asset

The fair value of non-derivate financial asset is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

Non-derivate financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

31.2 Fair value hierarchy

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Input other than quoted prices included with in Level 1 that are observable for assets or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

32 CAPITAL MANAGEMENT

The Company's objective when managing capital, is to safeguard the Company's ability to continue as a going concern so that it can continue to provide return to shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business. The Company's Board of Directors regularly monitors the capital structure of the Company by ensuring that appropriate capital is injected and manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. There were no changes to the Company's approach to capital management during the period and the Company is not subject to externally imposed capital requirements.

33 RELATED PARTY RELATIONSHIPS AND TRANSACTONS

The names of related parties with whom the Company had entered into transactions or had agreements / arrangements in place during the year, not otherwise disclosed elsewhere in these financial statements as follows:

Name of Related Party	Relationship	Nature of Transactions	2025 Rupees	2024 Rupees
COMSATS University Islamabad (CUI)	Promoter Institution as defined in the Articles of Association of NTS)	Sponsorship	3,500,000	2,150,000
		Test income	32,447,646	28,730,502
		Center charges	350,060	1,698,250
National Testing Service - Employees' Provident Fund Trust	Independent Body registered under the Trust Act, 2020 (comprising of official and officers of NTS)	Deposits in bank account	4,063,900	4,035,768

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2025		2024	
	Chief Executive	Executives	Chief Executive	Executives
	Rupees		Rupees	
Managerial remuneration	8,124,000	37,319,696	7,270,987	29,408,580
Fuel	852,430	4,557,925	943,200	943,200
	8,976,430	41,877,621	8,214,187	30,351,780
Number of persons	1	11	1	10

	2025 Rupees	2024 Rupees
Director's remuneration	5,255,000	2,450,000

34.1 The Chief Executive has been provided with the Company's owned and maintained car in accordance with his terms of employment.

34.2 The Directors of the Company are entitled to receive Rs. 25,000 per person per board and/or board's committee meeting.

34.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of entity. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel. There are no transactions with key management personnel other than under their terms of employments or entitlements.

			2025	2024
35	**NUMBER OF EMPLOYEES**	**Note**	**----Number----**	
	Number of employees at year end	35.1	181	170
	Average number of employees during the year		176	173
35.1	Employees-Administrations		84	104
	Employees-Direct (Other than Admin)		97	66

36 EVENTS AFTER THE END OF REPORTING DATE

There were no significant adjustable events subsequent to June 30, 2025, which may require an adjustment to the financial statements or additional disclosure.

37 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, for better understanding of users. However, no significant reclassification were made during the year except disclosed below:

Description	Reclassified from	Reclassified to	2024
Statement of income and expenditure	Taxation	Levy	9,423,240
Statement of financial position	Tax refundable from government - net	Taxation - net	15,497,051

38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on ____________________ by the Board of Directors of the Company.

39 GENERAL

Figures have been rounded - off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR