IGNITE

(A Company incorporated under section 42
of the Companies Act, 2017)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025

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INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF IGNITE

Opinion

We have audited the financial statements of **IGNITE** (the Company), which comprise the statement of financial position as at June 30, 2025, 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 a summary of 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 explanations given to us, the statement of financial position as at June 30, 2025, the statement of comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended, 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 and other 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.

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 directors' report and annual report of Ignite for the financial year ended June 30, 2025 submitted to the Federal Government, which includes details on the enterprise's operations as required by the State-Owned Enterprises Act, 2023 ("SOE Act 2023"), but does not include the financial statements and our auditors' report 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 the State-Owned Enterprises (Governance and Operations) Act, 2023 (SOE Act, 2023) 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) the statement of financial position, the statement of comprehensive income, the statement of changes in fund, the statement of cash flows for the year then ended together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and SOE Act, 2023 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).

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

ISLAMABAD

DATED: November 07,2025
UDIN: AR202510060cwuDnRz2j

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

IGNITE
(A Company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Note	2025 Rs '000	2024 Rs '000
ASSETS			
NON-CURRENT ASSETS			
Property and equipments	6	27,652	32,283
Intangible assets	7	38,952	32,173
Right of use asset	8	441,452	592,137
Long term security deposits	9	7,848	3,219
Long term loans and advances - considered good	10	11,221	10,589
		527,125	670,401
CURRENT ASSETS			
Short term loans and advances - considered good	10	67,017	27,571
Short term prepayments		658	684
Funds receivable	11	78,350	728,895
Accrued interest on bank balance		109	75
Bank balances	12	790,104	132,101
		936,238	889,326
TOTAL ASSETS		**1,463,363**	**1,559,727**
FUNDS AND LIABILITIES			
FUNDS			
Unrestricted funds		-	-
NON CURRENT LIABILITIES			
Long term lease liabilities	13	327,711	475,191
Deferred capital grant	14	66,604	64,456
		394,315	539,647
CURRENT LIABILITIES			
Current portion of lease liabilities	13	227,579	221,331
Accrued and other liabilities	15	841,469	798,749
		1,069,048	1,020,080
TOTAL FUNDS AND LIABILITIES		**1,463,363**	**1,559,727**
CONTINGENCIES AND COMMITMENTS	16		

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

CHIEF EXECUTIVE OFFICER | **DIRECTOR**

IGNITE
(A Company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rs '000	2024 Rs '000
GRANTS			
Grants recognized from:			
R&D Fund, MoITT	17	1,991,415	1,665,383
Public Sector Development Program (PSDP)	17	76,194	963
		2,067,609	1,666,346
EXPENDITURE			
Project / program activities	18	1,416,297	1,207,630
Operation support expenditure	19	576,409	431,719
Finance costs on lease liabilities	13.2	21,343	7,302
		2,014,049	1,646,651
SURPLUS FOR THE YEAR BEFORE TAXATION		**53,560**	**19,695**
Taxation	21	(25,845)	-
SURPLUS AFTER TAXATION		**27,715**	**19,695**
OTHER COMPREHENSIVE LOSS			
Surplus after taxation		27,715	19,695
Items that will not be subsequently reclassified to income and expenditure			
Re-measurement loss on staff gratuity	15.3.4	(27,715)	(19,695)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		-	-

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGNITE
(A Company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Unrestricted Funds Rs '000
Balance at July 1, 2023	-
Surplus for the year	19,695
Other comprehensive loss for the year	(19,695)
Total comprehensive income for the year	-
Balance at June 30, 2024	-
Surplus for the year	27,715
Other comprehensive loss for the year	(27,715)
Total comprehensive income for the year	-
Balance at June 30, 2025	-

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGNITE
(A Company incorporated under section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	2025 Rs '000	2024 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year before taxation	53,560	19,695
Adjustments for non cash items:		
Depreciation on property and equipment	13,781	11,522
Amortisation on intangible assets	8,241	5,642
Depreciation on right of use asset	140,130	80,321
Finance costs on lease liabilities	103,896	56,385
Amortisation of deferred capital grant	(22,022)	(17,164)
Taxation	(25,845)	-
Amortisation of funds receivable	(2,045,587)	(1,649,182)
Provision for staff gratuity - charge for the year	23,711	22,733
	(1,750,135)	(1,470,048)
Changes in:		
Long term loans and advances - considered good	(632)	(9,310)
Short term loans and advances - considered good	(39,446)	7,595
Short term prepayments	26	(197)
Accrued and other liabilities	69,652	125,321
	29,600	123,409
Cash used in operations	(1,720,535)	(1,346,639)
Contribution made to staff gratuity fund	(78,358)	(72,151)
Funds received during the year from R&D Fund, MoITT	2,671,030	1,556,480
Funds received during the year from PSDP	132,300	10,422
Funds lapsed / surrendered during the year to PSDP	(88,743)	(4,914)
Funds returned during the year to R&D Fund, MoITT	(7,698)	(39,067)
Interest income received on bank balance	81	261
Refunds from projects / programs / PhD scholars	7,111	38,805
Net cash generated from operating activities	915,188	143,197
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(9,150)	(14,250)
Acquisition of intangible assets	(15,020)	(23,556)
Long term security deposits	(4,629)	-
Net cash used in investing activities	(28,799)	(37,806)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rentals paid during the year	(228,386)	(73,054)
Net cash used in financing activities	(228,386)	(73,054)
Increase in cash and cash equivalents	658,003	32,337
Cash and cash equivalents at the beginning of the year	132,101	99,764
Cash and cash equivalents at the end of the year	790,104	132,101

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

IGNITE
(A Company incorporated under section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1 THE COMPANY AND ITS OPERATIONS

1.1 Status and nature of activities

"Ignite" (the "Company") was incorporated in Pakistan on November 20, 2006, as a Not for Profit Company limited by guarantee and not having a share capital under section 42 of then applicable Companies Ordinance, 1984 (Repealed by the Companies Act, 2017). The Company was formed under Section 33(D) of Pakistan Telecommunication (Reorganization) Act, 1996. The registered office of the Company is situated at 3rd Floor, Telecom Foundation Complex, 7-Mauve Area, G-9/4, Islamabad.

Pursuant to Section 3 of the Research and Development Fund Rules 2006, operations of the Company are funded by the Ministry of Information Technology and Telecommunication (MoITT), Government of Pakistan through a Research and Development Fund (the "Fund"), [a separate entity established under section 33(C) of Telecommunication Re-organization (Amendment) Ordinance, 2005]. The Fund is under the control of Federal Government, which administers the Fund through a Policy Committee.

The primary objective of the Company is to promote research and development activities in the field of Information Communication Technologies (ICT) through disbursement of grants to implementing partners, received from the Government of Pakistan and other national and international funding agencies.

During the year 2024, Federal Government has approved a PSDP project titled Prime Minister's Initiatives - Support for IT Startups, Specialized IT Trainings and Venture Capital. The Company is an executing agency for Component 1 of the project i.e. Pakistan Startup Fund & BridgeStart Pakistan having budget of Rs. 3,000,000 thousand for two years starting from February 16, 2024.

The Company's license issued by the Securities and Exchange Commission of Pakistan (SECP) under section 42 of the Companies Ordinance, 1984 (now Companies Act, 2017) expired on July 13, 2020. In accordance with the SECP's SRO 1574(I) / 2021 dated November 29, 2021, the requirement of renewal of license by the Company under section 42 of the Companies Act, 2017 has now been omitted from Associations with Charitable and Not for Profit Objects Regulations, 2018. Accordingly, renewal of license is not required to be obtained and the existing license issued by SECP dated July 14, 2015 remains valid.

2 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of the Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017;

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

'- The State-Owned Enterprises (Governance and Operations) Act, 2023.

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

SECP through its SRO 888(1)/2019 dated July 29, 2019 notified certain amendments in disclosure requirements of fifth schedule to the Companies Act, 2017. The SRO has been notified to be applicable on companies preparing financial statements as on June 30, 2019 and onwards by SECP through SRO 961(1)/2019 dated August 23, 2019. Accordingly, the financial statements have been prepared to reflect the amendments of the said SRO.

2.1 Subsequent to the statement of financial position date, the COVID – 19 has spread throughout the country and measures to reduce its spread has caused an overall economic slowdown and disruptions to various businesses. The Company has determined that these events are non-adjusting subsequent event in accordance with the requirements of IAS-10. While this is still an evolving situation at the time of issuing these financial statements, to date no discernible impact is attracted on the amounts being reported in the Company's statement of financial position as at June 30, 2019. Due to the overall uncertain situation about the impacts and duration for which the above mentioned measures will continue, the overall impact on the entity's financial position and financial performance cannot be predicted with reasonable certainty. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

3 BASIS OF PREPARATION AND MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under 'historical cost convention' except as otherwise disclosed in respective accounting policy notes.

3.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees (PKR), which is the Company's functional currency. All financial information presented in PKR has been rounded off to the nearest of thousand, unless otherwise stated.

3.3 Material accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following estimates and judgements which are significant to the financial statements:

i) Estimated useful life and residual value of property and equipment - note 5.1 and note 6
ii) Estimated value of staff retirement benefits obligations - note 5.6 and note 15.3
iii) Impairment of non-financial and financial assets - note 5.3 and note 5.4
iv) Expected credit loss allowance - note 5.4
v) Right of use assets and corresponding lease liabilities - note 5.11, note 8 and note 13
vi) Contingencies and commitments - note 16

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

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

The following stantdards, 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

Amendmends to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current.	January 01, 2024
Amendmends 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

4.2 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
Amendmends 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.

5 MATERIAL ACCOUNTING POLICY INFORMATION

5.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged using the straight-line method so as to write off the depreciable amount of property and equipment over their estimated useful lives. The rates used are stated in note 6 to the financial statements. Depreciation is charged on additions from the month the assets become available for intended use up to the month in which these are derecognized. The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

Maintenance and normal repairs are charged to statement of comprehensive Income as and when incurred. Major extensions, renewals and improvements are capitalized.

5.2 Intangibles assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to such asset will flow to the Company and the cost of the asset can also be measured reliably. These are stated at cost less accumulated Amortisation and identified impairment loss, if any. Amortisation is charged on a straight line basis so as to write off the amortizable amount of the intangible assets over their estimated useful life. Amortisation is charged on additions from the month the assets become available for the intended use up to the month in which these are derecognized.

5.3 Impairment of non-financial assets

Assets that are subject to depreciation / amortisation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversals of the impairment losses are restricted to the extent that assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. An impairment loss or reversal of impairment loss is recognised in the statement of comprehensive income.

5.4 Financial instruments

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortised cost as the case may be.

Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"),
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

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

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

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

By default, all other financial assets are subsequently measured at FVTPL.

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

Investments elected to be as equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortised cost

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

iii) Financial assets and liabilities at FVTPL

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

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortized cost and FVTOCI. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarized below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.

- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.

- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

The key judgments and assumptions adopted by the Company in addressing the requirements of the IFRS 9 are outlined below:

Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the quantitative or qualitative criteria have been met including past due history, aging, probability of default etc.

Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired"), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months or over the remaining lifetime (Lifetime EAD). The expected amount to be drawn up is computed after adjustment of the appropriate credit factor.

Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of financial instrument, counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has identified the key economic variables impacting credit risk and expected credit losses for each portfolio / party.

Derecognition of financial assets and liabilities

(i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in statement of comprehensive income. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to statement of comprehensive income. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to statement of comprehensive income, but it is transferred to statement of changes in equity.

(ii) Financial Liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

5.5 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents include cash in hand and bank balances.

5.6 Staff retirement benefits

Accumulated compensated absences

The Company accounts for accumulated compensated absences in the period in which these absences are earned. An accrual is made for employees compensated absences on the basis of accumulated leaves at the last drawn pay.

Gratuity scheme

The Company operates a funded gratuity scheme for its employees who have completed the qualifying period as defined under the respective scheme. Liabilities for the scheme are recognized on the basis of an actuarial valuation using the Projected Unit Credit Method. The latest actuarial valuation was performed on June 30, 2025 details of which are given in note 15.3.

Remeasurement gains and losses for the gratuity are recognized in full in the periods in which they occur in other comprehensive income and are not reclassified to income and expenditure account in subsequent periods. The past service costs are recognized at the earlier of when the amendment or curtailment occurs and when the Company has recognized related restructuring or terminations.

5.7 Funds Receivable, Restricted Funds and Grant Income

Grants are recognized as deferred income, when there is a reasonable assurance that the grant will be received and the Company will comply with the conditions associated with the grant. Amounts received from the Ministry of Information Technology and other donors are included in the balance of the restricted funds. Any income earned on these funds is also included in the fund. Any excess of expenditure incurred by the Company over the grant received is recognised as funds receivable in the statement of financial position, when the amount to be received can be reasonably estimated; and ultimate collection is reasonably assured.

Grants that compensate the Company for expenses incurred are recognized in income and expenditure in the same period in which the expenses are recognized. Grants that compensate the Company for cost of an asset are transferred to deferred capital grant and recognized in income and expenditure on a systematic basis over the expected useful life of the related asset, upon capitalization.

5.8 Expenditure on projects / programs activities

Grants received from Ministry of Information Technology, Government of Pakistan, and other donors are allocated to the projects / programs based on an evaluation of the envisaged projects' budget. Company recognises expenditure on projects / programs activities on accrual basis of accounting i.e. when expense is incurred by the implementing partner organization in accordance with the relevant agreements.

5.9 Taxation

The Company being a Non-Profit Organization under section 2 (36) of the Income Tax Ordinance 2001, its income is subject to 100% tax credit subject to if the conditions defined under section 100C of the Income Tax Ordinance 2001 are met and company is not compliant with the condition of 100c so income tax provision is recorded during the year.

5.10 Provisions and contingent liabilities

Provisions are recognized when the Company has a present 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.

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 one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation as a result of the past event 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.

5.11 Leases

Right of use asset

The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses incremental borrowing rate as the discount rate.

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

i) fixed payments including in-substance fixed payments;

ii) variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

iii) amounts expected to be payable by the lessee under residual value guarantees; and

iv) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of comprehensive income if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments are recognised in the statement of comprehensive income in the period in which the condition that triggers those payments occurs.

The Company has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve (12) months or less. The payments associated with such leases are recognized in the statement of comprehensive income when incurred.

6 PROPERTY AND EQUIPMENTS

	Leasehold improvements	Furniture and fittings	Vehicles	Office equipment	Computer equipment Note 6.1	Total
	Rs '000					
As at July 1, 2023						
Cost	24,226	7,067	103	5,013	40,801	77,210
Accumulated depreciation	(11,709)	(3,321)	(103)	(1,936)	(30,586)	(47,655)
Net book value	12,517	3,746	-	3,077	10,215	29,555
Year ended June 30, 2024						
Opening net book value	12,517	3,746	-	3,077	10,215	29,555
Additions	-	1,070	-	372	12,808	14,250
Disposals	-	-	-	-	-	-
Depreciation charge	(4,845)	(555)	-	(460)	(5,662)	(11,522)
Closing net book value	7,672	4,261	-	2,989	17,361	32,283
As at July 1, 2024						
Cost	24,226	8,137	103	5,385	53,609	91,460
Accumulated depreciation	(16,554)	(3,876)	(103)	(2,396)	(36,248)	(59,177)
Net book value	7,672	4,261	-	2,989	17,361	32,283
Year ended June 30, 2025						
Opening net book value	7,672	4,261	-	2,989	17,361	32,283
Additions	-	2,194	-	647	6,309	9,150
Disposals	-	-	-	-	-	-
Depreciation charge	(4,845)	(739)	-	(487)	(7,710)	(13,781)
Closing net book value	2,827	5,716	-	3,149	15,960	27,652
As at June 30, 2025						
Cost	24,226	10,331	103	6,032	59,918	100,610
Accumulated depreciation	(21,399)	(4,615)	(103)	(2,883)	(43,958)	(72,958)
Net book value	2,827	5,716	-	3,149	15,960	27,652
Annual rate of depreciation (%)	20	10	20	10	33	

6.1 This includes assets (at cost) amounting to Rs. 4,273 thousand (2024: Rs. 4,061) relating to Pakistan Startup Fund and BridgeStart - PSDP project being executed by the Company.

6.2 Depreciation for the year is allocated as follows

	2025 Rs '000	2024 Rs '000
Operating costs	12,429	11,409
Project / program activities - Pakistan Startup Fund & BridgeStart - PSDP project	1,352	113
	13,781	**11,522**

7 INTANGIBLE ASSETS

	Note	2025 Rs '000	2024 Rs '000
Softwares	7.1	14,085	17,021
Capital work in progress (CWIP) - Softwares	7.2	24,867	15,152
		38,952	32,173

7.1 Softwares

	Note	2025	2024
Cost			
Opening balance as at July 01		24,092	2,756
Additions	7.3	4,842	3,094
Transfers from CWIP - softwares		463	18,242
Closing balance as at June 30		29,397	24,092
Accumulated amortisation			
Opening balance as at July 01		(7,071)	(1,429)
Amortisation charge	7.4	(8,241)	(5,642)
Closing balance as at June 30		(15,312)	(7,071)
Net book value as at June 30		14,085	17,021
Annual rate of Amortisation (%)		33	33

7.2 Capital work in progress (CWIP) - Softwares

	Note	2025	2024
Balance at beginning of the year		15,152	12,932
Additions during the year	7.5	10,178	20,462
Transfers during the year - Softwares		(463)	(18,242)
Balance at end of the year		24,867	15,152

7.3 This includes softwares (at cost) Rs. 1,000 thousands (2024: Rs. 1,000 thousands) relating to Pakistan Startup Fund and BridgeStart - PSDP project being executed by the Company.

7.4 Amortisation for the year is allocated as follows

	2025 Rs '000	2024 Rs '000
Operating costs	7,911	5,614
Project / program activities - Pakistan Startup Fund and BridgeStart - PSDP project	330	28
	8,241	5,642

7.5 Additions in CWIP-Softwares during the year amounts to Rs 9,947 thousand (2024: Rs 7,460 thousands) of Grant Management System and Rs. 231 thousands (2024: Rs. 232 thousands) for Travel Management system.These softwares are currently in its development phase.

8 RIGHT OF USE ASSET

	2025 Rs '000	2024 Rs '000
Cost		
Balance at the beginning of the year	798,797	315,785
Additions during the year	-	483,012
Termination of lease / adjustments during the year	(15,613)	-
Balance at the end of the year	783,184	798,797
Accumulated depreciation		
Balance at the beginning of the year	(206,660)	(126,339)
Termination of lease / adjustments during the year	5,058	-
Depreciation charge for the year	(140,130)	(80,321)
Balance at the end of the year	(341,732)	(206,660)
Net book value	441,452	592,137
Annual rate of depreciation (%)	10-33	10-33

8.1 Depreciation for the year is allocated as follows

Operating costs	90,324	44,638
Project / program activities - National Incubation Centres	49,806	35,683
	140,130	80,321

8.2 Right of use asset represents premises, obtained on rent, by the Company. It includes agreements entered with related parties i.e. Telecom Foundation, PTCL and NITB for rental of premises of Ignite Islamabad office, National Incubation Centre Peshawar and Islamabad.

9 LONG TERM SECURITY DEPOSITS

This represents payment made to Telecom Foundation, related party as security deposit equivalent to one month rent for Company's Islamabad office premises.

10 LOANS AND ADVANCES - CONSIDERED GOOD

	Note	2025 Rs '000	2024 Rs '000
Unsecured - considered good			
Advances to implementing partners	10.1	41,397	1,834
Advances to employees		51	3,000
Advances to suppliers and contractors	10.2	-	3,275
		41,448	8,109
Secured - considered good			
Loans against gratuity	10.3 & 10.4	36,790	30,051
		78,238	38,160
Less: long term portion of loans and advances shown under non-current assets	10.5	(11,221)	(10,589)
		67,017	27,571

10.1 This represents advances for implementation of different projects which will be adjusted against actual expenditure as per the provisions of the relevant project implementation agreements. This includes advance of Rs. 39,577 thousand (2024: Nil) to Virtual University of Pakistan for execution of Digiskills 3.0 project in line with the funding agreement.

10.2 This represents advance payments made to the vendor for procurement of an email security system in 2024.

10.3 This includes interest free loan given to Ex-Chief Executive Officer / director in accordance with the Company's policy. Details are as follows:

	2025 Rs '000	2024 Rs '000
Balance at the beginning of the year	-	263
Disbursement during the year	-	-
Repayments during the year	-	(263)
Balance at the end of the year	-	-
Less: current portion of loan to director	-	-
Non-current portion of loan to director	-	-

10.4 This represents loans and advances given to employees against their gratuity in accordance with the Company's policy with repayment terms of maximum twenty four (24) months and carry no markup.

10.5 Management considers that the impact of recognizing long term loans and advances at present value of future cash flows would be immaterial, in context of overall financial statements.

		Note	2025 Rs '000	2024 Rs '000
11	**FUNDS RECEIVABLE**			
	Funds receivable from R&D Fund - MoITT	11.1	46,808	728,520
	Funds receivable from PSDP	11.2	31,542	375
			78,350	**728,895**

		Note	2025 Rs '000	2024 Rs '000
11.1	Funds receivable from R&D Fund - MoITT at beginning of the year		728,520	602,210
	Add:			
	Recognized as grant income	17	1,971,075	1,648,360
	Transferred to deferred capital grant	14	23,958	32,745
			1,995,033	1,681,105
	Less:			
	Grant received during the year		(2,671,030)	(1,556,480)
	Termination / adjustments of lease		(6,187)	-
	Funds returned during the year		7,698	39,067
	Interest income		(115)	(227)
	Refunds from projects / programs / PhD scholars	11.1.1	(7,111)	(38,805)
			(2,676,745)	(1,556,445)
	Funds receivable at the end of the year	11.3	46,808	728,520

11.1.1 This includes refund of Nil (2024: Rs. 23,171 thousand) from Lahore University of Management Sciences (LUMS) on closure of project of National Incubation Centre Lahore and Rs. 7,021 thousand (2024: 14,783 thousand) from PhD scholarship program.

		Note	2025 Rs '000	2024 Rs '000
11.2	Funds receivable from PSDP at beginning of the year		375	-
	Add:			
	Recognized as grant income	17	74,512	822
	Transferred to deferred capital grant	14	212	5,061
			74,724	5,883
	Less:			
	Grant received during the year	11.2.1	(132,300)	(10,422)
	Funds surrendered/lapsed during the year		88,743	4,914
			(43,557)	(5,508)
	Funds receivable at the end of the year		31,542	375

11.2.1 This represents total grant received from Federal Government during the year for execution of a PSDP project titled Pakistan Startup Fund & BridgeStart Pakistan.

11.3 Operations of the Company are funded by Ministry of Information and Technology and Telecommunication (MoITT). This represents excess of expenditure already incurred by the Company over the grant received from MoITT. The Company is confident that the amount will be received in the ensuing period.

12 BANK BALANCE

	Note	2025 Rs '000	2024 Rs '000
Cash at bank in:			
Current account	12.1	790,104	132,101
Current account - PSF Project	12.2	-	-
Saving account	12.3	-	-
		790,104	132,101

12.1 This represents balance held in non-lapsable assignment account maintained with National Bank of Pakistan in compliance with Cash Management and Treasury Single Account Rules 2024 issued by Ministry of Finance, Government of Pakistan.

12.2 This represents balance held in lapsable assignment project account maintained with National Bank of Pakistan in compliance with Cash Management and Treasury Single Account Rules 2024 issued by Ministry of Finance, Government of Pakistan.

12.3 This represents bank balance in saving account and carries mark-up of 7.81% to 19% (2024: 20.5%) per annum.

13 LEASE LIABILITIES

	Note	2025 Rs '000	2024 Rs '000
Balance at the beginning of the year		696,522	230,179
Additions during the year		-	483,012
Termination / adjustments of lease during the year		(16,742)	-
Unwinding of interest on lease liabilities	13.2	103,896	56,385
Payments during the year		(228,386)	(73,054)
Balance at the end of the year		555,290	696,522
Less: current portion of lease liabilities shown under current liabilities		(227,579)	(221,331)
		327,711	475,191

13.1 The undiscounted maturity analysis of lease liabilities at June 30, 2025 is as follows:

	Up to 1 year	Between 2 to 5 years	Over 5 years	Total
	----------------------Rs '000----------------------			
Lease payments - 2025	242,651	381,727	424,331	1,048,709
Lease payments - 2024	302,185	454,354	528,215	1,284,754

13.2 The unwinding of interest on lease liabilities is allocated as follows:

	Note	2025 Rs '000	2024 Rs '000
Project / program activities - National Incubation Centres		82,553	49,083
Finance costs on lease liabilities		21,343	7,302
		103,896	56,385

14 DEFERRED CAPITAL GRANT

	Note	2025 Rs '000	2024 Rs '000
Balance at the beginning of the year		64,456	43,814
Property and equipment			
Additions during the year			
R&D Fund - MoITT	14.1	8,938	10,189
Pakistan Startup Fund and BridgeStart - PSDP project	6.1	212	4,061
	6	9,150	14,250
Intangible Assets			
Additions during the year			
R&D Fund - MoITT	7 &14.1	15,020	22,556
Pakistan Startup Fund and BridgeStart - PSDP project	7.3	-	1,000
		15,020	23,556
Amortisation of deferred capital grant			
Depreciation charge for the year	6	(13,781)	(11,522)
Amortisation charge for the year	7	(8,241)	(5,642)
		(22,022)	(17,164)
Balance at the end of the year		66,604	64,456

14.1 This represents property and equipment and intangible assets purchased during the year from the funds received from R&D Fund, MoITT as disclosed in note 11.

		Note	2025 Rs '000	2024 Rs '000
15	**ACCRUED AND OTHER LIABILITIES**			
	Payable to implementing partners	15.1	685,191	635,182
	Leave encashment payable	15.2	203	1,477
	Payable to gratuity fund	15.3	80,397	78,358
	Payable to suppliers		19,427	18,350
	Accrued liabilities		30,406	30,831
	Income tax payable	21	25,845	-
	Rent payable to National Information Technology Board		-	34,551
			841,469	798,749

15.1 This represents payable to different parties for expenses incurred on implementation of different projects as per the provisions of the relevant project implementation agreements.

15.2	**Leave encashment payable**	**Note**	**2025 Rs '000**	**2024 Rs '000**
	Balance at the beginning of the year		1,477	34
	Charge for the year		17,624	12,884
	Benefits paid during the year		(18,898)	(11,441)
	Balance at the end of the year		203	1,477

15.3 Payable to gratuity fund

	Note	2025 Rs '000	2024 Rs '000

15.3.1 The amount recognized in the statement of financial position is as follows:

	Note	2025 Rs '000	2024 Rs '000
Present value of defined benefit obligation	15.3.5	185,753	140,581
Payables to ex-employees		7,638	10,028
Fair value of plan assets	15.3.6	(112,994)	(72,251)
Net liability at end of the year		80,397	78,358

15.3.2 The movement of amounts recognised in the statement of financial position is as follows:

	Note	2025 Rs '000	2024 Rs '000
Net liability at the beginning of the year		78,358	72,151
Cost for the year recognised in statement of comprehensive income	15.3.3	23,711	22,733
Payments / contributions made during the year		(78,358)	(72,151)
Moved to loan account		31,455	35,930
Adjustment against payable		(2,484)	-
Remeasurement loss recognised in statement of comprehensive income	15.3.4	27,715	19,695
Net liability at the end of the year		80,397	78,358

15.3.3 The amounts recognised in statement of comprehensive income are as follows:

	2025 Rs '000	2024 Rs '000
Current service cost	17,602	15,057
Net interest expense	6,109	7,676
	23,711	22,733

15.3.4 Remeasurements recognised in other comprehensive income are as follows:

	2025 Rs '000	2024 Rs '000
Remeasurement loss on defined benefit obligation	18,453	15,856
Remeasurement loss on plan assets	9,262	3,839
	27,715	19,695

15.3.5 Changes in the present value of defined benefit obligation are as follows:

	2025 Rs '000	2024 Rs '000
Present value of defined benefit obligation as at beginning of the year	140,581	98,828
Current service cost	17,602	15,057
Interest cost	18,834	15,565
Benefits paid	(9,623)	-
Adjustment against payable	(2,484)	-
Decrease in payables by the fund	2,390	(4,725)
Remeasurement loss on defined benefit obligation	18,453	15,856
Present value of defined benefit obligation as at end of the year	185,753	140,581

	2025 Rs '000	2024 Rs '000

15.3.6 Changes in fair value of plan assets are as follows:

	2025 Rs '000	2024 Rs '000
Fair value of plan assets as at beginning of the year	72,251	31,980
Expected return on plan assets	12,725	7,889
Contributions during the year	78,358	72,151
Moved to employees loan account	(31,455)	(35,930)
Benefits paid	(9,623)	-
Remeasurement loss on plan assets	(9,262)	(3,839)
Fair value of plan assets as at end of the year	112,994	72,251

15.3.7 Plan assets comprise of

	2025 Rs '000	2024 Rs '000
Bank balance - saving account	68,270	46,227
Advance gratuity payment to employees	44,724	26,024
	112,994	72,251

	2025 Rs '000	2024 Rs '000
15.3.8 Actual return on plan assets	4,226	2,576
15.3.9 Expected contribution for the next year	80,397	78,358

The Company contributes to the gratuity fund on the advice of the fund's actuary. The contributions are equal to the current service cost with the adjustment for any deficit.

15.3.10 Significant actuarial assumptions used were as follows:

	2025	2024
Withdrawal rate	Moderate	Moderate
Mortality rate	Adjusted SLIC (2001-05)	Adjusted SLIC (2001-05)
Discount rate per annum	12.50%	14.00%
Salary increase rate per annum	11.50%	13.00%
Weighted average duration of the obligation	10 years	10 years

15.3.11 Sensitivity analysis

The calculation of defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions.

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption Rs '000	Decrease in assumption Rs '000
Discount	1%	(17,694)	20,967
Salary increase	1%	21,118	(18,183)

15.3.12 Risks associated with the scheme:

Final salary risk:

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risks:

a) Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

b) Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

c) Investment risk

The risk of the investment under performing and being not sufficient to meet the liabilities.

15.3.13 Estimated expense to be charged to statement of income and expenditure in the next year

	2026
	Rs. '000
Current service cost	20,298
Interest cost on defined benefits obligation-net	23,219
Interest income on plan assets	(14,124)
Amount chargable to statement of income and expenditure	**29,393**

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 During financial year 2024, the Deputy Commissioner Inland Revenue raised a demand of Rs. 221,442 thousand for Tax Year 2018 on account of alleged non-/short-deduction of withholding tax under sections 149 and 153. During current year, the Company's application to the Alternate Dispute Resolution Committee could not be concluded due to non-holding of the meeting within the prescribed time, and the matter now stands referred to the Appellate Tribunal Inland Revenue. Based on advice of tax consultant, management expects a favorable outcome; accordingly, no provision has been recognized.

16.1.2 During the year, the Commissioner Inland Revenue raised demands for Tax Years 2022 and 2023 on account of minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001 and by making additions under section 34(5). The Company filed an application before the Alternate Dispute Resolution Committee (ADRC).

The ADRC, after examining the matter, revised the demand and assessed minimum tax liability of Rs. 14.492 million for Tax Year 2022 and Rs. 21.634 million for Tax Year 2023. While the ADRC accepted the Company's position to the extent of unpaid liabilities, it did not accept the contention regarding exemption from minimum tax.

Aggrieved by the ADRC's decision, the Company has filed petitions before the Islamabad High Court (IHC), which are currently pending adjudication. Based on the advice of its tax consultant, management is confident of a favorable outcome; accordingly, no provision has been recognized in these financial statements.

		Note	2025 Rs '000	2024 Rs '000
16.2	**Commitments to disburse funds in respect of:**			
	National incubation centers		3,310,063	1,970,530
	Digiskills project		1,730,740	75,684
	Centre of Excellence in Gaming and Animation		2,552,507	-
	Research & Innovation Projects		63,308	-
	Events, conferences and seminars		12,304	-
16.3	**Capital expenditure commitments:**			
	Capital expenditure		2,763	13,209

		Note	2025 Rs '000	2024 Rs '000
17	**GRANT RECOGNIZED**			
	Grant from R&D Fund - MoITT	17.1	1,991,415	1,665,383
	Grant from PSDP	17.2	76,194	963
			2,067,609	1,666,346
17.1	Grant from R&D Fund - MoITT			
	Amortisation of deferred capital grant	14	20,340	17,023

	Note	2025 Rs '000	2024 Rs '000
Funds receivable recognized as grant income during the year			
Operating costs	19.2	556,069	414,696
Finance costs on lease liabilities	20	21,343	7,302
Project / program activities excluding PSF project.	18	1,340,103	1,206,667
Income tax		25,845	-
Remeasurement loss on defined benefit scheme	15.3.4	27,715	19,695
		1,971,075	1,648,360
		1,991,415	1,665,383

17.2 Grant from PSDP

Amortisation of deferred capital grant		1,682	141
Funds receivable recognized as grant income during the year			
Project / program activities		74,512	822
		76,194	963

18 PROJECT / PROGRAM ACTIVITIES

National incubation centers		953,561	617,672
Digiskills project		76,552	276,090
Pakistan startup fund and BridgeStart - PSDP project		76,194	963
Technical research and development projects		38,994	78,682
Conferences, seminars and scientific events		270,996	234,223
		1,416,297	1,207,630

19 OPERATIONS SUPPORT EXPENDITURE

Salaries and benefits	19.1	340,019	279,830
Utilities		3,587	3,594
Travelling expenses		51,669	39,538
Communication charges and IT support		8,344	3,914
Printing and stationery		5,620	3,873
Repairs and maintenance		3,274	1,021

	Note	2025 Rs '000	2024 Rs '000
Janitorial services		5,508	4,305
Advertising expenses		10,524	8,429
Auditors' remuneration	19.3	940	1,055
Legal and professional charges		9,724	5,861
Depreciation on property and equipment	6.2	12,429	11,409
Amortisation on intangible assets	7.4	7,911	5,614
Depreciation on right of use asset	8.1	90,324	44,638
Director fees and other expenses		20,812	14,828
Training, workshop and seminars		3,849	2,078
Miscellaneous		1,875	1,732
		576,409	431,719

19.1 This includes post retirement staff benefits amounting to Rs 23,711 thousand (2024: Rs 22,733 thousand).

	Note	2025 Rs '000	2024 Rs '000

19.2 Operations support cost charged to funds receivable

	Note	2025 Rs '000	2024 Rs '000
Operating cost	19	576,409	431,719
Less:			
Depreciation / amortisation charged to deferred capital grant		(20,340)	(17,023)
		556,069	414,696

19.3 Auditors' remuneration

	2025 Rs '000	2024 Rs '000
Statutory audit fee	800	750
Review fee of statement of compliance	-	100
Out of pocket expenses and applicable taxes	140	205
	940	1,055

20 FINANCE COSTS ON LEASE LIABILITIES

This represents unwinding of interest on lease liabilities recognised during the year, as disclosed in note 13 to the financial statements.

		Note	2025 Rs '000	2024 Rs '000
21	**TAXATION**			
	Provision for taxation:			
	- Current tax	21.1	25,845	-

21.1 The Organisation has obtained a certificate from the Pakistan Centre for Philanthropy (PCP) with regard to its performance in achieving its aims and objectives during the preceding financial year, as required for the purposes of Section 100C of the Income Tax Ordinance, 2001. However, during the current year, the Organisation has not fully complied with certain conditions prescribed under Section 100C of the Income Tax Ordinance, 2001. Accordingly, management has recognised a provision for income tax in these financial statements to reflect the potential tax exposure for the year. The Organisation continues to hold the status of a "non-profit organisation" under Section 2(36) of the Income Tax Ordinance, 2001, and approval of the application under Section 2(36) is pending before Commissioner. The management and its tax advisor are confident of a favorable outcome.

21.2 Deferrred tax has not been recognized in the financial statements as having the status of " not for profit organisation" will not be liable for tax in forseable future.

	2025 Rs '000	2024 Rs '000
22 FINANCIAL INSTRUMENTS		
22.1 Financial assets and liabilities		
Financial assets at amortised cost		
Maturity up to one year		
Long term security deposit	7,848	3,219
Short term loans and advances - considered good	25,569	19,462
Funds receivable	78,350	728,895
Accrued interest on bank balance	109	75
Bank balance	790,104	132,101
	901,980	883,752
Maturity after one year		
Long term loans and advances - considered good	11,221	10,589
	11,221	10,589
Financial liabilities at amortised cost		
Maturity up to one year		
Lease liabilities	227,579	221,331
Trade and other payables	841,469	798,749
	1,069,048	1,020,080
Maturity after one year		
Lease liabilities	327,711	475,191
	327,711	475,191

22.2 Credit quality of financial assets

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

	Long term Rating	2025 Rs '000	2024 Rs '000
Counterparties with external credit rating			
Accrued interest on bank balance	AAA	109	75
Bank balance	AAA	790,104	132,101
Counterparties without external credit rating			
Long term security deposit		7,848	3,219
Loans and advances - considered good		36,790	30,051
Funds receivable - Government of Pakistan		78,350	728,895

22.3 FINANCIAL RISK MANAGEMENT

22.3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring Company's risk management policies.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Company's credit risk is primarily attributable to balances at bank. The management believes that the Company is not exposed to major concentration of credit risk as the exposure is limited and the major exposure is with a bank with reasonably high credit rating.

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company applies prudent risk management policies by maintaining sufficient cash and bank balances. The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the maturity date. The amount disclosed in the table below are undiscounted cash flows:

	2025			2024		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
	----------Rs '000----------			----------Rs '000----------		
Trade and other payables	841,469	-	841,469	798,749	-	798,749
Lease liabilities	227,579	327,711	555,290	221,331	475,191	696,522

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

c) 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.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions with foreign buyers and suppliers. The Company is not exposed to currency risk as there are no foreign currency assets and liabilities.

ii) 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 the changes in market interest rates. As the company has fixed interest bearing assets, the Company's income and operating cash flows are substantially independent of market interest rates. At the reporting date, the interest rate profile of the Company's interest-bearing financial instruments was:

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of the financial instruments 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 cash flows will fluctuate because of changes in market prices.

22.3.2 Capital risk management

The Company is not subject to externally imposed capital requirement.

22.3.3 Fair value of financial assets and liabilities

All financial assets and financial liabilities are initially recognised at fair value of consideration paid or received, net of transaction costs, as appropriate. The carrying values of financial assets and financial liabilities not carried at fair value is a reasonable approximation of their fair values.

23 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2025 Rs '000	2024 Rs '000
Chief Executive		
Managerial remuneration	-	7,271
Perquisites	-	1,843
Company's contribution to gratuity fund	-	612
	-	9,726
Number of person - note 22.1	-	1
Executives		
Managerial remuneration	212,141	166,096
Bonus	18,922	16,852
Perquisites	56,152	41,322
Company's contribution to gratuity fund	22,673	21,282
	309,888	245,552
Number of persons	47	42

23.1 Upon the completion of Mr. Asim Shahryar Husain's three-year term as CEO Ignite, the Board of Directors assigned Mr. Adeel Aijaz Shaikh, General Manager Corporate Affairs, additional role of CEO effective January 18, 2024. No additional remuneration has been paid in this regard.

23.2 In addition to the above, the employees are provided with medical and life insurance benefits, as per Company's Policy.

23.3 The aggregate amount charged in the financial statements for the year as fees to Directors is Rs. 16,875 thousand (2024: Rs. 11,437 thousand) for attending Board of Directors meetings and sub-committee meetings. Rs. 125 thousand (2024: Rs. 125 thousand) per director per meeting was paid during the year.

24 RELATED PARTY TRANSACTIONS

24.1 The Company is wholly owned and sponsored by Ministry of Information Technology and Telecommunication (MoITT), Government of Pakistan. Its related parties comprise of those companies which are owned and operated by Ministry of Information Technology and Telecommunication, Government of Pakistan, and have a relationship with the Company by virtue of common directorship.
Aggregate transactions with related parties, other than remuneration to the chief executive, directors and executives of the Company under their terms of employment disclosed in note 23, were as follows:

	2025 Rs '000	2024 Rs '000
Grant received during the year:		
From Research & Development Fund - MoITT - Net	2,663,332	1,517,413
From PSDP - Net	43,557	5,508
Disbursements made to:		
Virtual University of Pakistan	129,313	255,743
Employees' Gratuity Fund	78,358	72,151
Pakistan Telecommunication Company Limited	69,829	68,104
Telecom Foundation	109,382	49,292
National Information Technology Board	87,353	-
Amount payable/(advances) as at June 30		
Virtual University of Pakistan	(19,999)	32,910
Pakistan Telecommunication Company Limited	88,928	64,251
National Information Technology Board	-	59,031
Employees' Gratuity Fund	80,397	78,358

24.2 Following are the associated companies and related parties with whom the Company had entered into transactions during the year:

	Basis of Association	Number of shares held in the Company	Aggregate %age of Holding
National Information Technology Board	Common Control	N/A	N/A
Pakistan Telecommunication Company Limited	Common Directorship	N/A	N/A
Pakistan Mobile Communication Limited	Common Directorship	N/A	N/A
Virtual University of Pakistan	Common Directorship	N/A	N/A
Mr. Adeel Aijaz Shaikh	Chief Executive and Director	N/A	N/A
Mr. Zarrar Hasham Khan	Director	N/A	N/A
Mr. Rafique Ahmed Buriro	Director	N/A	N/A
Ms. Aisha Humera Ch	Ex - Director	N/A	N/A
Dr. Rabia Noor Enam	Director	N/A	N/A
Dr. Bilal Ahmed Alvi	Director	N/A	N/A
Dr. Shahid Farooq Alvi	Director	N/A	N/A

Mr. Saad Fazil Abbassi	Director	N/A	N/A
Mr. Muhammad Jahanzeb Rahim	Director	N/A	N/A
Mr. Asfand Yar Khan	Director	N/A	N/A
Mr. Hafeez ur Rehman	Director	N/A	N/A
Mr. Salaal Hasan	Ex - Director	N/A	N/A
Mr. Syed Junaid Imam	Ex - Director	N/A	N/A
Employees' Gratuity Fund	Employees' Gratuity Fund	N/A	N/A

25 NUMBER OF EMPLOYEES

	2025	2024
Total number of employees at the end of the year	53	49
Average number of employees during the year	52	50

26 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 29 OCT 2025.

CHIEF EXECUTIVE OFFICER

DIRECTOR