

**EMPLOYERS FEDERATION
OF PAKISTAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025**

Independent Auditors' Report
To the members of Employers' Federation of Pakistan
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Employers' Federation of Pakistan, ("the Company") which comprise of the statement of financial position as at June 30, 2025 and the income and expenditure statement and other comprehensive income, the statement of changes in equity, 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 income or expenditure statement and other comprehensive income, the statement of changes in equity 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 and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan 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 Matters

As more fully explained in note 12.1 of the annexed financial statements relating to litigation in respect of claim of increase in rent for past years. Employers' Federation of Pakistan (EFP) is subjected to litigation bearing reference C.P No. 2812/2017 and dated 19-12-2017 before the Honorable Sindh High Court against differential office rent claimed by State Life Insurance Corporation of Pakistan (landlord) in respect of office premises of EFP. The differential claimed rent amounts to Rs. 56,681,640 with effect from October 1995 till June 2025 at the rate of 10% p.a. under "Sindh Rented Premises Ordinance, 1979". The ultimate outcome of the case is based on Honorable court's verdict. Our opinion is not qualified in respect of this matter.



Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in for *Director's Report*, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

11

- 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, where necessary, 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 income and expenditure statement and other comprehensive income, the statement of changes in equity 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).

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Hanif Razzak.


Chartered Accountants
Karachi.

Dated: September 27, 2025

UDIN: AR202510222ocYbV1uUE

EMPLOYERS' FEDERATION OF PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
<u>NON-CURRENT ASSETS</u>			
Property, Plant and Equipment	4	1,313,130	1,488,422
Long Term Deposit - Ijarah		1,002,300	1,002,300
Long Term Loan to Related Party	5	-	-
		2,315,430	2,490,722
<u>CURRENT ASSETS</u>			
Account Receivables	6	1,596,588	4,659,557
Short Term Investments	7	31,663,004	29,611,625
Cash & Bank Balances	8	5,071,152	7,101,913
		38,330,744	41,373,095
		40,646,174	43,863,817
<u>FUNDS & LIABILITIES</u>			
Capital Fund	9	20,490,527	19,383,135
Deferred Income	10	608,966	683,618
<u>CURRENT LIABILITIES</u>			
Trade & Other Payables	11	17,059,090	21,420,964
Current portion of deferred income		74,652	101,105
Provision for taxation - net of payments		2,412,939	2,274,995
		19,546,681	23,797,064
Contingencies and Commitments	12	-	-
		40,646,174	43,863,817

The annexed notes 1 to 20 form an integral part of the financial statements.

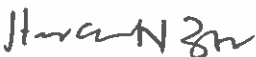

CHIEF EXECUTIVE


DIRECTOR

**EMPLOYERS' FEDERATION OF PAKISTAN
INCOME OR EXPENDITURE STATEMENT
FOR THE YEAR ENDED JUNE 30, 2025**

	Note	2025 Rupees	2024 Rupees
Net Income from subscriptions and other activities	13	24,364,341	18,645,221
Less: General Expenditure	14	27,482,226 (3,117,885)	22,701,099 (4,055,878)
Add: Other Income	15	6,670,349	6,305,369
Surplus Before Taxation		3,552,464	2,249,491
Less: Provision for Taxation			
Current		2,445,072	1,826,338
Prior year		-	-
Net Surplus		2,445,072 1,107,392	1,826,338 423,153
Comprehensive income:			
Other comprehensive income		-	-
Net surplus transferred to Capital Fund		1,107,392	423,153

The annexed notes 1 to 20 form an integral part of the financial statements.


CHIEF EXECUTIVE


DIRECTOR

**EMPLOYERS' FEDERATION OF PAKISTAN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Capital Fund	Total
	-----Rupees-----	
Balance as at July 01, 2022	18,959,982	18,959,982
Surplus for the year ended June 30, 2024	423,153	423,153
Balance as at June 30, 2024	<u>19,383,135</u>	<u>19,383,135</u>
Surplus for the year ended June 30, 2025	1,107,392	1,107,392
Balance as at June 30, 2025	<u><u>20,490,527</u></u>	<u><u>20,490,527</u></u>

V

The annexed notes 1 to 20 form an integral part of the financial statements.


CHIEF EXECUTIVE

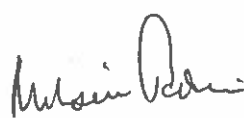

DIRECTOR

EMPLOYERS' FEDERATION OF PAKISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	2025 Rupees	2024 Rupees
Surplus for the year	3,552,464	2,249,491
<i>Adjustment for non cash items:</i>		
Unrealized (gain) on mutual fund	(107,158)	(236,977)
Deferred income recognized	(101,105)	(117,467)
Depreciation	175,292	209,247
	(32,971)	(145,197)
	3,519,493	2,104,294
Cash Flows from Operating Activities		
Changes in Working Capital		
(Increase)/decrease in current assets		
Account Receivables	3,062,969	(4,344,296)
	3,062,969	(4,344,296)
Increase/(decrease) in current liabilities		
Trade & Other Payables	(4,361,874)	12,707,537
	(4,361,874)	12,707,537
Increase in long term deposit - Ijarah	-	(1,002,300)
Income tax Paid	(2,307,128)	(1,989,266)
Net cash flows from operating activities	(86,540)	7,475,969
Cash Flows from Investing Activities		
Investment in Mutual Fund - Short term investment - net	(1,944,221)	(3,014,337)
Net cash used in investing activities	(1,944,221)	(3,014,337)
Cash Flows from Financing Activities	-	-
Net cash flows from financing activities	-	-
Net increase in cash & cash equivalents	(2,030,761)	4,461,632
Cash and cash equivalents at the beginning of the year	7,101,913	2,640,281
Cash and cash equivalents at the end of the year	5,071,152	7,101,913

The annexed notes 1 to 20 form an integral part of the financial statements.


CHIEF EXECUTIVE


DIRECTOR

**EMPLOYERS' FEDERATION OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

1 LEGAL STATUS & OPERATIONS:

The Employers' Federation of Pakistan (the Federation) was incorporated on 17 May, 1950 as Non Profit Company (under repealed Companies Act 1913) (section 42 of the repealed Companies Ordinance, 1984) now Companies Act, 2017. The main Objectives of the Federation are to promote, foster, encourage, protect and advance the interest of employers in trade, commerce, transportation (Whether by land, sea or air) industries and manufacturing business in Pakistan. The registered address of the Foundation is situated at 2nd Floor, State Life Building no. 2, Wallace Road, Karachi.

2 STATEMENT OF COMPLIENCE:

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

- International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standards for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- 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 for SMEs or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 MATERIAL ACCOUNTING POLICIES INFORMATION

3.1 Basis of Preparation:

These accounts have been prepared on the basis of historical cost convention.

3.2 Property, plant & equipment:

These are stated at cost less accumulated depreciation. Depreciation is charged on reducing balance method. Depreciation on additions is charged from the period the asset is available for use upto the period prior to disposal. Maintenance and normal repairs are charged to Income and Expenditure statement as and when incurred. Gain or Loss on disposal of assets is taken to income.

3.3 Receivables:

These are classified at amortized cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss

3.4 Financial Assets

Initial Measurement

The Company classifies its financial assets in to following three categories: -

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

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent Measurement

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in income or expenditure statement.

Financial assets measured at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the income or expenditure statement.

3.5 Investments:

Investment in Units of Mutual Funds are classified at fair value through income or expenditure and is initially measured at fair value and subsequently is measured at fair value determined using the net assets value of the funds at each reporting date. Net gains and losses are recognized in the income or expenditure statement.

3.6 Staff Retirement Benefits:

The Federation operated an funded gratuity scheme for eligible employees. However, all the employees, who were covered under the funded gratuity scheme have left their employment. Since, there is no permanent employee currently employed in the Federation entitled to benefit under the funded gratuity scheme, Board of Directors of Federation has decided to discontinue the gratuity scheme.

3.7 Trade & other Payables:

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any and subsequently measured at amortized cost

3.8 Revenue Recognition:

Returns on investments and deposit accounts are recorded on accrual basis.

Subscription, courses, seminars, sale of publication, advertisements and advisory service are accrued upon completion of performance.

3.9 Taxation:

The charge for the current taxation is computed in accordance with the provision of the Income Tax Ordinance after considering admissible tax credits and rebates, If any, or tax computed under the minimum tax regime in accordance with the Income Tax Ordinance, 2001, whichever is higher. The Federation's deferred tax does not arise as its income is subject to minimum tax, hence no timing difference arises as a result thereof.

h

3.10 Leases

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity mainly leases properties for its operations. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The Federation has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets. The lease payments associated with these leases are recognized as an expenses on a straight line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

3.11 Provision:

Provisions are recognized in the statement of financial position, when the Federation has a present legal or constructive obligation as a result of a past event. Also if it is probable that an outflow of economic benefits will be required to settle that obligation and a reliable estimate of the amount can be made.

3.12 Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicated that one or more events have had a negative effect on the estimated future cash flows of that asset.

The Federation considers evidence of impairment for receivable and other financial assets at specific asset level. Losses are recognized as an expense in the Income and Expenditure Statement. When a subsequent event causes the amount of impairment loss to decrease, this reduction is reversed through the Income and Expenditure statement.

Non Financial Assets

The carrying amount of the Federation's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence that an asset may be impaired. If any such evidence exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less cost to sell. Impairment losses are recognized in the income & expenditure statement.

W

4 Property, Plant & Equipment:

Property, Plant & Equipment.	C o s t		Accumulated Depreciation			N.B.V as at June 30, 2025	Rate
	1-Jul-24	Addition	30-Jun-25	Depreciation for the Year	1-Jul-24		
Rupees-----							
Furniture & Fixture	959,529	-	959,529	32,952	662,959	296,570	10%
Office Equipment	3,914,020	-	3,914,020	104,389	2,974,514	939,506	10%
Computers	942,890	-	942,890	37,951	865,837	77,054	33%
	5,816,439	-	5,816,439	175,292	4,503,310	1,313,130	

4.1 Furniture & Fixture, Office Equipment and Computers amounting to Rs. 226,792. Rs. 1,460,595 and Rs. 518,690 respectively have been granted by the International Labour Organization under the scheme for office renovation. Net book value of Furniture & Fixture, Office Equipment and Computers amounting to Rs. 104,858, Rs. 551,461 and Rs. 27,299.

2024	C o s t		Accumulated Depreciation			N.B.V as at June 30, 2024	Rate
	1-Jul-23	Addition	30-Jun-24	Depreciation for the Year	1-Jul-23		
Rupees-----							
Furniture & Fixture	959,529	-	959,529	36,614	630,007	329,522	10%
Office Equipment	3,914,020	-	3,914,020	115,988	2,870,125	1,043,895	10%
Computers	942,890	-	942,890	56,646	827,886	115,005	33%
	5,816,439	-	5,816,439	209,247	4,328,017	1,488,422	

4.1 Furniture & Fixture, Office Equipment and Computers amounting to Rs. 226,792. Rs. 1,460,595 and Rs. 518,690 respectively have been granted by the International Labour Organization under the scheme for office renovation. Net book value of Furniture & Fixture, Office Equipment and Computers amounting to Rs. 116,509, Rs. 627,470 and Rs. 40,744.

		2025	2024
	Note	Rupees	Rupees
5	<u>LONG TERM LOAN TO RELATED PARTY</u>		
	<u>Un-secured considered good:</u>		
	This represent interest free loan to related party		
	M/s. Employers' Federation of Pakistan Trust		
	Provision for Long Term Loan to Related Party	5.1	
		4,265,347	4,265,347
		(4,265,347)	(4,265,347)

- 5.1 The Federation had extended an interest free loan to the "Employers Federation of Pakistan Trust" (being a related party of the Federation) few years back. The amount was utilized for the purpose of meeting the expenditure of occupancy value, non-utilization fee and construction of boundary wall for the building project etc. The land for the building project was allotted by the Karachi Development Authority (via allotment order # ST-25-A/ B, 2/Such: 5/ATC/87/1267 dated 26-09-1987) and is situated at plot # ST-25-A, Block 2, Clifton, Karachi admeasuring 2,166.66 Square yards. In respect of the same, the Federation had also executed a general power of attorney in favour of "Employers Federation of Pakistan Trust" which is registered vide M.F. number roll 460 B-IV dated February 25, 1997. However, the construction of the building project could not commence/complete due to inadequacy of funds. The Federation's governing board had granted the aforementioned trust a general power of attorney to carry on the building construction project on its behalf. Accordingly, the Trust had carried out the construction of a basement on the plot of land and as the available fund exhausted therefore, the construction work had to be stopped. The fair value of the plot of land would be estimated at a much higher amount as compared to the abovementioned loan amounting to Rs. 4.265 million. The management has decided to provide the same in full as an abundant precaution.

6 **ACCOUNT RECEIVABLE - Considered good.**

This represents amount receivable from International Labour Organization, Members Organization and Staff on account of the following.

ILO & GIZ

Global Compact Network Pakistan - Related party

Member Organizations

Others

	558,869	279,884
	265,841	204,423
	926,762	3,982,541
	125,000	270,423
6.1	1,876,472	4,939,441
	(279,884)	(279,884)
	1,596,588	4,659,557

6.1 **Details are as follows:**

Considered Good

Seminar, Conference, Project

Local Training Course

OSH - ILO & GIZ Contribution

Women Empowerment Awards

Disability Awards

Advisory Services

Employers of the year Award

OSHW Awards

Receivable from related party

Salary advance to employees

220,220	406,593
-	185,000
338,649	279,884
264,892	-
80,000	50,000
581,870	-
-	3,080,000
-	667,541
265,841	204,423
125,000	66,000
1,876,472	4,939,441

V

	Note	2025 Rupees	2024 Rupees
7	<u>SHORT TERM INVESTMENTS:</u>		
	<u>At fair value through income or expenditure</u>		
Investment in Mutual Fund		31,663,004	29,611,625
HBL Money Market Fund			
Units - 2025 : 129.4968 (2024: 129.1986)		13,342	13,289
Add: Remeasurement Gain		74	53
		13,416	13,342
HBL Cash Fund			
Units - 2025 : 306,229.54 (2024: 287,423.36)		31,542,504	29,361,359
Add: Remeasurement Gain		107,084	236,924
		31,649,588	29,598,283
		31,663,004	29,611,625
8	<u>CASH & BANK BALANCE</u>		
Cash in hand		42,000	42,000
<u>Cash at Bank:</u>			
In Current Accounts			
Habib Bank Limited		4,524,833	5,720,385
Meezan Bank Limited		504,319	1,339,528
		5,029,152	7,059,913
		5,071,152	7,101,913
9	<u>CAPITAL FUND</u>		
Opening Balance		19,383,135	18,959,982
Surplus for the year		1,107,392	423,153
		20,490,527	19,383,135
10	<u>DEFERRED INCOME</u>		
Balance at July 01		784,723	902,190
Less: Transferred during the year		(101,105)	(117,467)
Transferred from deferred income		683,618	784,723
Current portion of deferred income		(74,652)	(101,105)
Balance at June 30	10.1	608,966	683,618

- 10.1 The Federation has received a technical support amounting to Rs. 2,025,505 from International Labour Organization, during the year 2018 for the purchase of Office Equipment, Furniture & Fixture and Computers for the Federation and has recognized the same as deferred income to the extent of the amount utilized for the purpose under this Technical Support. The deferred income is realized in the income & expenditure statement which equals to the depreciation charge pertaining to the related assets for the financial year.

W

		2025	2024
	Note	Rupees	Rupees
11	<u>TRADE & OTHER PAYABLES</u>		
Accrued Expenses		456,693	1,151,272
Unearned income	11.1	-	7,810,000
Payable to International Organization of Employers	11.2	14,036,843	10,020,140
Payable to Vendors for Occupational Safety & Health		834,500	-
Payable to Vendors for Women Empowerment Awards		314,000	-
Payable for Seminars/ Conference/ Projects Accounts		1,417,054	2,439,552
		<u>17,059,090</u>	<u>21,420,964</u>

11.1 This represents income received for Employers of the year Award which will be conducted subsequent to year end. Hence classified in unearned income.

11.2 This includes IOE subscription for the years 2020 and 2021 amounting to Rs.5,142,472 which was requested for waive due to COVID-19, however the decision is dependent upon IOE finance committee the liability has been recorded as an abundant precautions. This also includes IOE subscription for the year 2023, 2024 and 2025 amounting to Rs. 8,894,371 which has been paid partially covering half years.

12 **CONTINGENCIES AND COMMITMENTS**

12.1 **CONTINGENCIES**

Employers' Federation of Pakistan (EFP) has been subjected to litigation under C.P No. 2812/2017 before the Honorable Sindh High Court against differential office rent claimed by State Life Insurance Corporation of Pakistan (landlord) in respect of office premises of EFP (tenant). The differential claimed amounting to Rs. 56,681,640 (2024: Rs. 49,003,626) with effect from October 1995 till June, 2025 at the rate of 10% p.a. under Sindh Rented Premises Ordinance 1979. No provision has been recorded as in view of legal advisor contesting the matter on behalf of EFP as confirmed vide a letter that there is no risk of any loss in this case. As per Sindh High Court case profile the last roaster was fixed for September 02, 2025 and was adjourned sine die.

12.2 **COMMITMENTS**

Commitments for rentals under operating lease / Ijarah contracts in respect of vehicle is as follows:

Payable not later than one year	2,187,800	1,480,176
Payable later than one year but not later than five years	2,869,468	5,057,268
	<u>5,057,268</u>	<u>6,537,444</u>

This represents commitments against ijarah contracts for vehicle acquired on ijarah financing repayable in 5 years at the rate of 6 month KIBOR + 1.25%.

	Note	2025 Rupees	2024 Rupees
13	<u>NET INCOME FROM SUBSCRIPTION AND OTHER ACTIVITIES</u>		
	<u>Income:</u>		
	Subscription from Members	8,154,069	8,268,105
		8,154,069	8,268,105
	<u>Surplus / (Deficit) on Members dealing:</u>		
	Entrance Fee	53,000	103,000
	<u>Course Participation Fee:</u>		
	Foreign Training Course Fee	780,603	706,400
	Local Training Course Fee	546,249	981,994
	EFP Skill Development Awards	-	(75,000)
		1,379,852	1,716,394
	Income from dealing with members	9,533,921	9,984,499
	<u>Net Surplus / (Deficit) on other activities:</u>		
	Seminars, Conference & Project	2,479,192	(154,845)
	Advisory Services	461,870	1,733,233
	Employer of the year Awards	5,002,715	-
	Women Empowerment Awards	646,326	-
	Occupational Safety & Health Awards	4,354,170	6,211,647
	EFP Disability Inclusion Awards	1,886,147	870,687
		14,830,420	8,660,722
		24,364,341	18,645,221
13.1	<u>Foreign Training Course Fee</u>		
	Course fees	1,243,003	1,308,866
	Related course expenses	(462,400)	(602,466)
	Surplus	780,603	706,400
13.2	<u>Local Training Course Fee</u>		
	Income	1,495,163	2,426,138
	Directly attributable expenses	(948,914)	(1,444,144)
	Surplus	546,249	981,994
13.3	<u>EFP Skill Development Awards</u>		
	ILO / Sponsorship Fee	-	-
	Event Expenses	-	(75,000)
	(Deficit)	-	(75,000)

11

	Note	2025 Rupees	2024 Rupees
13.4 <u>Income from Seminars-Conference</u>			
Seminar participation fees		15,865,538	19,808,015
Related seminar expenses		(13,386,346)	(21,866,877)
Add: Reversal of provision		-	1,904,017
Surplus / (Deficit)		2,479,192	(154,845)
13.5 <u>Income from Advisory Services</u>			
Advisory services income		581,870	2,118,333
Related advisory service expenses		(120,000)	(385,100)
Surplus		461,870	1,733,233
13.6 <u>Employer of the year Award</u>			
Participation Fee		7,810,000	-
Event Expenses		(2,807,285)	-
Surplus		5,002,715	-
13.7 <u>Women Empowerment Awards</u>			
Recoveries		1,162,126	-
Related expenses		(515,800)	-
Surplus		646,326	-
13.8 <u>Occupational Safety & Health Award (OSH)</u>			
Participation Fee		8,496,118	4,687,057
Event Expenses		(4,141,948)	(4,134,584)
Add: Reversal of provision		-	5,659,174
Surplus		4,354,170	6,211,647
13.9 <u>EFP Disability Inclusion Awards</u>			
Recoveries		1,897,588	1,300,887
Related expenses		(11,441)	(430,200)
Surplus		1,886,147	870,687

W

	Note	2025 Rupees	2024 Rupees
14 GENERAL EXPENDITURE			
Salaries, Wages & Benefits		8,436,723	6,210,606
Secretary General Remuneration		4,278,000	3,720,000
Consultant / Advisor Fee		1,011,231	600,000
Subscription to International Organization of Employers		6,015,491	5,488,814
Printing & Stationery		101,685	198,965
Conveyance Expenses		43,970	48,345
Entertainment		62,975	73,613
Office Expenses		840,419	687,178
Telephone Charges		496,680	430,290
Office Rent		421,440	421,440
Car Parking		132,000	-
Repairs & Maintenance		1,485,775	1,151,899
Electricity Charges		822,118	1,092,337
Bank Charges		106,732	182,706
Auditors' Remuneration	14.1	249,520	249,520
Depreciation		175,292	209,247
Courier Charges		90,274	114,201
Events, Functions & Media		604,800	596,400
Website Expenses		153,775	178,760
Professional fees and charges		31,825	59,990
Exchange loss on re-translation		586,350	-
Ijarah Payments		1,335,151	986,788
		27,482,226	22,701,099

14.1 AUDITOR'S REMUNERATION

Audit fee	199,000	194,000
Sindh Sales tax on services	15,920	15,520
Out of Pocket reimbursement	34,600	40,000
	249,520	249,520

15 OTHER INCOME

Donation by BOD	1,050,000	-
Deferred income recognized	101,105	117,467
Un realized Gain on mutual fund	107,158	236,977
Dividend Income on mutual fund	4,469,791	5,268,795
Share of common expenses from related party	942,295	682,131
	6,670,349	6,305,369

16 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

16.1 Financial assets and liabilities

	Effective Yield/ Mark Up Rate	Interest / Mark up Bearing			Non Interest / Mark up Bearing			As at June 30
		Maturity Up to One Year	Maturity One to Five Years	Maturity after Five Years	Sub Total	Maturity Up to One Year	Maturity after One Years	
30-Jun-25								
FINANCIAL ASSETS								
Long term deposits	-	-	-	-	-	-	1,002,300	1,002,300
Account Receivable	-	-	-	-	-	1,596,588	-	1,596,588
Short Term Investments	-	-	-	-	-	31,663,004	-	31,663,004
Bank Balances	-	-	-	-	-	5,071,152	-	5,071,152
	-	-	-	-	-	38,330,744	1,002,300	39,333,044
FINANCIAL LIABILITIES								
Trade and Other Payables	-	-	-	-	-	17,059,090	-	17,059,090
	-	-	-	-	-	17,059,090	-	17,059,090
Net exposure	-	-	-	-	-	31,271,654	1,002,300	22,273,954
30-Jun-24								

09

16.2 Financial risk management

The Governing Board of the Federation has an overall responsibility for the establishment and oversight of the risk management framework. The Federation has an exposure to the following risks from its use of financial instruments:

- a Credit risk
- b Liquidity risk
- c Market risk

a CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Federation's credit risk is primarily attributable to its receivables, balances with banks and investments. The carrying amount of financial assets, in note 16.1 , represents the maximum credit exposure. The Federation manages the credit risk in respect of each significant asset as follows:

(i) Receivables

Receivables represents receivable from International Labour Organization and Members against various activities. Federation's management actively monitors receivables, management does not expect that the counter party will fail to meet their obligations.

(ii) Balances with Bank

The Federation limits its exposure to credit risk by maintaining bank accounts only with counter-parties that have stable credit rating. Federation's management actively monitors credit ratings and give the high credit ratings, management does not expect that the counter party will fail to meet their obligations.

(iii) Investments

The Federation limits its exposure to credit risk by invested in mutual fund having good credit rating. Federation's management actively monitors credit ratings and give the high credit ratings, management does not expect that the counter party will fail to meet their obligations.

b LIQUIDITY RISK

Liquidity risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments.

The management forecasts the liquidity of the Federation on the basis of expected cash flows considering the level of liquid assets necessary to meet such risk. Based on this the management maintains such amounts of cash and balances at bank that are sufficient to fulfil its financial liabilities within their due date lines and to meet its current and expected operational requirements.

The management believes that it is not exposed to any significant level of liquidity risk.

Financial liabilities in accordance with their contractual maturities are presented in note 16.1.

11

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) **Interest/ Markup Rate Risk**

Interest / mark-up rate risk arises from the possibility that changes in market interest / mark-up rates will affect the value of financial instruments. The carrying value of the financial instruments, whose cash flows may be affected by future changes in interest rates, is given the schedule of Financial Assets and Liabilities, i.e., in note 16.1. The Federation is not exposed to any such interest/markup risk.

(ii) **Foreign Exchange Risk**

Foreign Exchange Risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate due to changes in foreign exchange rates. Foreign Exchange Risk arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign currencies. The Federation is not exposed to any foreign exchange risk.

(iii) **Other / Equity price risks**

Equity price risk is the risk that the fair value of future cash flows of 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 reporting date if the share price of mutual fund investment at fair value through profit or loss had strengthened/weakened by 10% with all other variables held constant, pre tax profit for the year would have been higher/lower by the amount shown below.

	2025	2024
	Rupees	
Effect on income or expenditure and investment	3,166,300	2,961,162

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets/liabilities of the Company.

16.3 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Federation's certain accounting policies and disclosure requires use of fair value measurement and the Federation while assessing fair value maximize the use of relevant of observable inputs and minimize the use of unobservable inputs establishing a fair value hierarchy, i.e., input used in fair value measurement is categorized into following three levels;

- Level 1: Level 1 inputs are the quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2: Level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Level 3 inputs are unobservable inputs for the asset or liability.

As at statement of financial position the fair value of all the financial assets and liabilities approximates to their carrying values except property, plant and equipment. The property plant and equipment is carried at cost. The Federation investment in mutual fund in level 1 and does not expect that unobservable inputs may have significant effect on fair values.

17 NUMBER OF EMPLOYEES

Number of employee at year end were 17 including 15 Contract employees (2024: 15 and 2 respectively)

18 TRANSACTION WITH RELATED PARTIES

The following transactions were carried out with related parties during the year.

Relationship with Federation	Nature of Transaction	2025	2024
		Rupees	
Related Parties being members of the Federation	Membership Subscription	356,160	356,160
	Advisory Service	-	-
	Foreign Training	-	5,000
	Employer of the Year Award	380,000	1,240,000
	Seminar, Conference, Project	-	62,967
	Training Local	-	302,053
	EFP Disability Inclusion Award	-	25,000
	OSH Award	627,913	1,431,000
Global Compact Network Pakistan - Common Management	Payment received on behalf of associate	1,003,713	10,397,548
	Payment made to associate	-	(10,397,548)
	Share of common expenses	942,295	682,131

V

Relationship with Federation	Nature of Transaction	2025	2024
		Rupees	
Board of Directors			
Mr. Malik Tahir Javed	Donation	100,000	-
Mr. Mehmood Arshad	Donation	50,000	-
Mr. Hasnain Mazhar	Donation	100,000	-
Mr. Yousuf Sarwar	Donation	100,000	-
Mrs. Sadaf Hatif	Donation	100,000	-
Mrs. Mehnaz Saleem	Donation	100,000	-
Mr. Majyd Aziz	Donation	100,000	-
Mrs. Nadia Naveed	Donation	100,000	-
Mr. Feroz Alam	Donation	50,000	-
Mr. Humayun Nazir	Donation	50,000	-
Mr. Mustafa Diwan	Donation	100,000	-
Mr. Ather Iqbal	Donation	50,000	-
Mr. halid Junejo	Donation	50,000	-

Name of Company	Basis of Association
MGA Industries (Pvt.) Limited	Common Director
Barrett Hodgson Pakistan (Pvt.) Ltd.	Common Director
Iqbal Skill Mills Pvt. Ltd.	Common Director
Hotel Crown Plaza	Common Director
Terry Tex International	Common Director
International Steels Limited	Common Director
Pak-Arab Refinery Limited (PARCO)	Common Director
The Searle Company Limited	Common Director
International Industries Limited	Common Director
Hasnain Taweer Associates Pvt. Ltd.	Common Director
Seri Sugar Mills Limited	Common Director
Shield Corporation Limited	Common Director
Pie in the Sky	Common Director
Aries Pharmaceutical Pvt. Ltd.	Common Director
HRSG Outsourcing Pvt. Ltd.	Common Director
Overseas Investors Chamber of Commerce & Ir	Common Director
English Biscuit Manufacturers (Pvt) Ltd.	Common Director
Pak Qatar Takaful	Common Director
Gatron Industries Limited	Common Director
Phedra Industries Pvt. Ltd	Common Director
Global Compact Network Pakistan	Common Director

The Federation deals with its members and employees and aggregate transactions made are disclosed in note 13, 14 & 15.

Remuneration to General Secretary has been disclosed in note 14.

W

19 DATE OF AUTHORIZATION FOR ISSUE

These Financial Statements have been approved on
27 SEP 2025 by the Governing Board of the Federation.

20 GENERAL

Figures have been rounded off to the nearest of Rupee.

W


CHIEF EXECUTIVE


DIRECTOR