

**PAKISTAN SOFTWARE HOUSES
ASSOCIATION FOR IT AND ITES**

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
JUNE 30, 2026**

Independent Auditor's Report
To the members of Pakistan Software Houses Association for IT and ITES
Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of the **Pakistan Software Houses Association For IT and ITES (the Company)** which comprise the statement of financial position as at June 30, 2026 and the statement of income and expenditure, 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 policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the basis for Qualified Opinion section of our report, the statement of financial position, the statement of income and expenditure, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2026 and of the surplus, the changes in fund and its cash flows for the year then ended.

Basis for Qualified Opinion

- a) The revenue includes certain services pertaining to event sponsorship which is subject to sales tax as per the Federal and Provincial Tax on services. The Company has neither registered itself with the Revenue Board nor has paid sales tax on the taxable services it provides. The sales tax payable on event sponsorship amount is estimated to be to Rs.2.66 million during the year. Also, no provision for the sale tax payable of current and previous years, including the default surcharge if any, is recorded in the books of accounts.
- b) The Company has not recognized the liability in respect of employee benefits as required by International Accounting Standard (IAS) 19, *Employee Benefits*, nor has it made the related disclosures required by the Standard in the financial statements. Consequently, the employee benefit liability and the related employee benefit expense have not been recognized in the financial statements, and the financial statements do not include the disclosures required by IAS 19.

The amount of the resulting misstatement could not be determined with reasonable accuracy as the Company has not obtained an actuarial valuation of its employee benefit obligation as at June 30, 2026. Accordingly, we were unable to determine the amount by which the employee benefit liability, employee benefit expense, related tax effects and equity would have been affected.



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

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. For the matters described in the Basis for Qualified Opinion section above, we conclude that the other information is also materially misstated with respect those matters.

Responsibilities of Management and Central Executive Committee 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.

Central Executive Committee 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.
- 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 central executive committee 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.

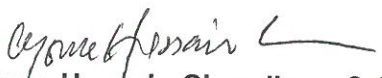
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Report on Other Legal and Regulatory Requirements

Based on our audit except for the matter discussed in basis for qualified opinion section, 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 income and expenditure, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Imran Shaikh.


Crowe Hussain Chaudhury & Co.
Chartered Accountants

Place: Karachi

Date: 29 September 2026

UDIN: AR202610207RtZcNQJpB

PAKISTAN SOFTWARE HOUSES ASSOCIATION FOR IT AND ITES
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026
(Expressed in rupees)

	Note	2026	2025
ASSETS			
Non Current Assets			
Property and equipment	5	2,533,841	2,481,929
Current Assets			
Short term deposit		855,600	855,600
Advance income tax		23,096,386	10,571,588
Other receivables	6	518,135	-
Cash and bank balances	7	245,669,833	141,300,338
Total current assets		270,139,954	152,727,526
TOTAL ASSETS		272,673,795	155,209,455
FUNDS AND LIABILITIES			
Fund and Reserves			
General fund		170,815,808	119,062,743
Non-Current Liability			
Deferred tax liability	8	109,737	117,941
Current Liabilities			
Unearned subscription		53,727,465	12,253,305
Accrued and other liabilities	9	28,395,643	4,223,130
Provision for taxation		19,625,142	19,552,336
Total current liabilities		101,748,250	36,028,771
Contingencies and commitments	10	-	-
TOTAL EQUITY AND LIABILITIES		272,673,795	155,209,455

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

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A. Hasani

SECRETARY GENERAL

Hamid Iqbal

TREASURER

PAKISTAN SOFTWARE HOUSES ASSOCIATION FOR IT AND ITES
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in rupees)

	Note	2 0 2 6	2 0 2 5
Income	11	248,153,806	218,570,602
Administrative and general expenses	13	(191,582,478)	(184,070,304)
Other Income	12	4,611,694	8,155,232
Surplus before levy and taxation		61,183,022	42,655,530
Levy	14	(1,992,483)	(11,364,324)
Surplus before tax		59,190,539	31,291,206
Taxation	14	(14,430,559)	(9,116,337)
Net surplus for the year		44,759,980	22,174,869

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

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A. Hasani

SECRETARY GENERAL

Hasani

TREASURER

PAKISTAN SOFTWARE HOUSES ASSOCIATION FOR IT AND ITES
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in rupees)

Description	Unrestricted funds		Total
	General fund	Unrestricted fund reserve	
Balance as at July 01, 2024	92,048,026	4,839,848	96,887,874
Surplus for the year ended June 30,2025	22,174,869	-	22,174,869
Unrestricted fund	4,839,848	(4,839,848)	-
Balance as at June 30, 2025	119,062,743	-	119,062,743
Prior year advance tax	6,993,085	-	6,993,085
Surplus for the year ended June 30,2026	44,759,980	-	44,759,980
Balance at 30 June 2026	170,815,808	-	170,815,808

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

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Arif Hasan Hasani

SECRETARY GENERAL

Hasan Jazir

TREASURER

PAKISTAN SOFTWARE HOUSES ASSOCIATION FOR IT AND ITES
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in rupees)

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus of income over expenditure before levy and taxation	61,183,022	42,655,530
Adjustment for:		
Depreciation	990,772	809,359
(Gain)/loss on disposal of fixed asset	128,374	(13,886)
Operating profit before working capital changes	62,302,168	43,451,003
Increase/(decrease) in current assets		
Other receivables	(518,135)	-
Short term deposits	-	317,900
Increase/(decrease) in current liabilities		
Accrued and other liabilities	24,172,513	1,128,615
Unearned subscription	41,474,160	(1,322,433)
Cash generated from operating activities	127,430,706	43,575,085
Levy and income tax paid	(21,890,153)	(19,323,379)
Net cash generated from operating activities	105,540,553	24,251,706
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(1,330,383)	(1,732,088)
Sale proceeds from disposal of fixed asset	159,325	198,305
Net cash used in investing activities	(1,171,058)	(1,533,783)
Net increase in cash and cash equivalents	104,369,495	22,717,923
Cash and cash equivalents at the beginning of the year	141,300,338	118,582,415
Cash and cash equivalents at the end of the year	245,669,833	141,300,338

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

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Arif Hasan Hasani

SECRETARY GENERAL

Arif Hasan

TREASURER

PAKISTAN SOFTWARE HOUSES ASSOCIATION FOR IT AND ITES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Pakistan Software Houses Association for IT & ITES ("the Company") was incorporated on 15 November 1997 as a company limited by guarantee without share capital under section 42 of the Companies Ordinance, 1984 (now Companies Act, 2017). The Company has been granted license from the Ministry of Commerce, Government of Pakistan, to act as a trade organization / association to represent trade, commerce, industry or services or any combination thereof, in the software and IT sector on an all Pakistan-basis.

The principal activity of the Company is to provide a platform for member software houses to share technical and management related experience in software development, IT and IT enabled service projects and to promote, protect and develop the software, IT as well as IT enabled service industry in Pakistan.

The registered office address of the Company is suite no. 122b NASTP Silicon, Special Technology Zone Faisal Cantonment Board, Shahrah-e-Faisal, Karachi. However, the Company has moved its operations from Karachi to Islamabad and is in the process for the change in the existing registered office address to its residing location in Daftarkhwan (North), Street no. 7, Sector I-10/3, Islamabad.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES AND ESTIMATES

2.1 Statement of compliance

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 Standards issued by the International Accounting Standard Board (IASB) as notified by the Companies Act, 2017; and
- Accounting Standards for Non for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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 or the Accounting Standard for NPOs, the provisions and directives issued under the Companies Act, 2017 have been followed.

2.2 Change in financial reporting framework

Until June 30,2025, the Company was classified as a Medium Sized Company under the Third Schedule to the Companies Act, 2017, being a non-listed company licensed under Section 42 of the Companies Act, 2017 with annual gross revenue of less than Rs. 200 million, and accordingly prepared its financial statements in accordance with the requirements of the IFRS for Small and Medium-sized Entities (IFRS for SMEs), the Accounting Standard for Not for Profit Organizations issued by the Institute of Chartered Accountants of Pakistan (ICAP), and the Fifth Schedule to the Companies Act, 2017.

For the two consecutive reporting periods ended June 30,2025 and June 30,2026, the Company's annual gross revenue has exceeded Rs. 200 million. In accordance with the classification criteria set out in the Third Schedule to the Companies Act, 2017, and the classification-stability requirement contained in paragraph 1.11 of the Accounting Standard for Not for Profit Organizations, the Company has been reclassified as a Large Sized Company with effect from the current reporting period ended June 30,2026.

As a result, the Company is now required to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017, the Accounting Standard for Not for Profit Organizations issued by ICAP, and the Fifth Schedule to the Companies Act, 2017. These financial statements are accordingly the Company's first financial statements prepared under this framework.

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The Company has reviewed its accounting policies previously applied under IFRS for SMEs against the requirements of full IFRS Standards, including in respect of revenue, leases, financial instruments, employee benefits, deferred taxation and impairment. Based on this review, the Company has concluded that the transition did not result in any measurement or recognition adjustments to its previously reported financial position, financial performance or cash flows, and accordingly no restatement of comparative figures or opening equity was required.

The financial statements for the year have been presented in accordance with the format prescribed under the Fifth Schedule to the Companies Act, 2017, with additional disclosures made where required by IFRS Standards and the Accounting Standard for Not for Profit Organizations that were not previously required under the IFRS for SMEs framework.

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis, except wherever, disclosed in these accounting policies.

2.4 Functional and presentation currency

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

2.5 Significant accounting judgements and estimates

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the 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. Revision to an accounting estimate is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

- Determining the useful lives and residual values of property and equipment. (Note 5)
- Disclosure of other provision and contingencies (Note 10)
- Current income tax expense, provision for current tax (Note 14)

3 New and amended standards and interpretations

3.1 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year

There are certain amendments to the published approved accounting standards that are mandatory for the company's accounting period beginning on July 1, 2025. However, these do not have any significant impact on the operations of the company and, therefore, have not been detailed in these financial statements.

3.2 Standards, interpretations of and amendments to published approved accounting and reporting standards that are not yet effective

There are certain other new and amended standards, interpretations and amendments that are mandatory for the company's accounting periods beginning on or after July 1, 2025 but are considered not to be relevant or will not have any significant effect on the operations of the company and are, therefore, not detailed in these financial statements.

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4 MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies that have been applied consistently by the company to all periods presented in these financial statements are set out below.

4.1 Property and equipment

Property and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment loss, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and expenditure during the financial period in which they are incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are written off.

The residual values and useful lives of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation is charged on property and equipment from the date when asset is available for use up to the date of disposal.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value:

Owned assets

Depreciation charged on owned assets using the reducing balance method as per the rates specified in note 5

4.2 Impairment of non- financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.3 Advances, deposits and prepayments

These are initially recognized when they are originated at the fair value of the consideration receivable and subsequently measured at amortized cost. These assets are written off when there is no reasonable expectation of recovery.

4.4 Accrued expenses and other liabilities

Accrued expenses and other liabilities are amounts to be paid in the future for goods or services received whether or not billed to the Company.

4.5 Provisions

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

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4.6 Revenue recognition

Income is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of income and the associated cost incurred or to be incurred can be measured reliably.

Subscription fees

Subscription income from members is accounted for on accrual basis. Subscription receipts beyond the current financial year are shown as unearned subscription.

Event sponsorships

Event sponsorship revenue is recognized as the performance obligation are satisfied , either over time or at a specific point in time.

Delegation

Delegation revenue is recognized as and when the performance obligation is satisfied , either over time or at a specific point in time.

4.7 Taxation

The tax expense comprises of current and deferred tax.

Current tax

Current tax is the expected tax payable on the taxable income for the year; calculated using rates enacted or substantively enacted by the end of the reporting period. The calculation of current tax takes into account tax credit and tax rebates, if any, and is inclusive of any adjustment to income tax payable or recoverable in respect of previous years.

Levies

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statement

Prior year taxation

Current tax expense includes adjustments relating to prior years, changes in tax laws and revisions to accounting estimates.

Deferred tax

A deferred tax liability is recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and the carryforward of unused tax losses.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the balance sheet date.

4.8 Foreign currencies

Transactions in currencies other than PKR are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

4.9 Operating leases

Rentals payable under operating leases are charged to statement of income and expenditure on a straight line basis over the term of relevant lease. Minimum lease payments receivable under operating leases are recognized as revenue on a straight- line basis over the term of the lease.

4.10 Contingent liabilities

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

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PAKISTAN SOFTWARE HOUSES ASSOCIATION FOR IT AND ITES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in rupees)

5 PROPERTY AND EQUIPMENT

Description	Furniture and fixtures	Office equipment	Computer and equipment	Total
COST				
Balance as at July 01, 2024	44,602	489,582	3,335,102	3,869,286
Additions	-	77,064	1,655,024	1,732,088
Disposal	(44,602)	(489,582)	(408,367)	(942,551)
Balance as at June 30, 2025	-	77,064	4,581,759	4,658,823
Balance as at July 01, 2025	-	77,064	4,581,759	4,658,823
Additions	-	-	1,330,383	1,330,383
Disposal	-	-	(582,530)	(582,530)
Balance as at June 30, 2026	-	77,064	5,329,612	5,406,676
ACCUMULATED DEPRECIATION				
Balance as at July 01, 2024	38,537	453,445	1,633,685	2,125,667
Charge for the year	-	10,596	798,763	809,359
Disposal	(38,537)	(453,445)	(266,150)	(758,132)
Balance as at June 30, 2025	-	10,596	2,166,298	2,176,894
Balance as at July 01, 2025	-	10,596	2,166,298	2,176,894
Charge for the year	-	9,970	980,802	990,772
Disposal	-	-	(294,831)	(294,831)
Balance as at June 30, 2026	-	20,566	2,852,269	2,872,835
CARRYING AMOUNT				
Carrying Amount - 2025	-	66,468	2,415,461	2,481,929
Carrying Amount - 2026	-	56,498	2,477,343	2,533,841
RATE OF DEPRECIATION (%)	15%	15%	30%	

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PAKISTAN SOFTWARE HOUSES ASSOCIATION FOR IT AND ITES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in rupees)

	Note	2 0 2 6	2 0 2 5
6 OTHER RECEIVABLE			
Advances to employees		30,001	-
Accrued profit on bank balances		488,134	-
		<u>518,135</u>	<u>-</u>
	Note	2 0 2 6	2 0 2 5
7 CASH AND BANK			
Cash in hand		90,331	42,120
Cash at bank			
- current account		794	171,820
- saving account	7.1	<u>245,578,708</u>	<u>141,086,398</u>
		<u>245,669,833</u>	<u>141,300,338</u>
7.1	The rate of return on these account is 2% to 3% (June 30, 2025: 7% to 9%).		
	Note	2 0 2 6	2 0 2 5
8 DEFERRED TAX LIABILITIES - NET			
Taxable temporary difference arising in respect of :			
Property and equipment		109,737	117,941
		<u>109,737</u>	<u>117,941</u>
	Note	2 0 2 6	2 0 2 5
8.1 Deferred tax movement			
Opening balance		117,941	(810,384)
Charge to statement of income and expenditure		(8,204)	928,325
Charge to other comprehensive income		-	-
		<u>109,737</u>	<u>117,941</u>
	Note	2 0 2 6	2 0 2 5
9 ACCRUED AND OTHER LIABILITIES			
Accrued expenses		577,270	346,353
Refunds payable for London Tech and GITEX		14,204,000	-
Salaries payable		7,465,519	-
Bonuses payable		4,475,093	-
Withholding tax payable		<u>1,673,761</u>	<u>3,876,777</u>
		<u>28,395,643</u>	<u>4,223,130</u>

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PAKISTAN SOFTWARE HOUSES ASSOCIATION FOR IT AND ITES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in rupees)

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

- 10.1.1** The Department has issued notice for rectification of mistake in assessment order u/s 221(2) of the Income Tax Ordinance, 2001 to the Company to provide explanation for adjustment of prior year refunds amounting to PKR 254,265/- for tax year - 2016. Company has submitted explanation for rightful adjustment of prior year refunds and is hopeful for favorable outcome.
- 10.1.2** Notice for rectification of mistake in assessment order under section 221(2) of the Income Tax Ordinance, 2001 was issued to the Company to provide explanation for adjustment of prior year refunds amounting to PKR 33,701/- for tax year - 2018. Company has submitted explanation for rightful adjustment of prior year refunds and is hopeful for favorable outcome.
- 10.1.3** Notice for rectification of mistake in assessment order under section 221(2) of the Income Tax Ordinance 2001 was issued to the Company to provide explanation not to disallow prior year refunds amounting to PKR 438,708/- for tax year - 2020. Company has submitted explanation for rightful adjustment of prior year refunds and is hopeful for favorable outcome.
- 10.1.4** The Department passed an order to rectify mistake in assessment order under section 221(1) of the Income tax Ordinance, 2001 for tax year - 2017 disallowing adjustment of prior years' refund claims of PKR 1,867,929/- in the absence of any order under section 170 of Income Tax Ordinance, 2001. Company has filed appeal to Commissioner Appeals in response to the said order and is hopeful for favorable outcome.
- 10.1.5** The Company is not registered under the Sindh Sales Tax on Services Act, 2011 (the Act) with the Sindh Revenue Board (SRB). Section 24 of the Act requires registration of resident persons who provide taxable services listed in the Second Schedule to the Act from their registered office or place of business in Sindh. Where a person fails to apply for registration, the Act provides for recovery of the tax that would have been payable, penalty under section 43 and default surcharge under section 44. No assessment order or notice has been received from the SRB up to the date of these financial statements. The Company's potential exposure on account of sales tax, penalty and default surcharge for the period from July 1, 2022 to June 30, 2026 is estimated at Rs. 58,540,144 no provision has been made in these financial statements, as an outflow of resources embodying economic benefits is not considered probable.

10.2 COMMITMENTS

There are no commitments as at June 30, 2026 is Nil (June 30, 2025 is nil).

	Note	2026	2025
11 INCOME			
Income from delegations		110,712,160	38,753,726
Income from event sponsorships		99,741,456	103,550,614
Income from annual subscription		35,527,701	70,588,000
Miscellaneous income		2,172,489	3,459,116
Skills project		-	2,102,126
Visa process fee receipts		-	117,020
		<u>248,153,806</u>	<u>218,570,602</u>
12 OTHER INCOME	Note	2026	2025
IE member growth series		75,000	-
Special musharakah certificates		-	1,494,795
Income on saving account		4,536,694	6,646,551
Gain on sale of fixed asset		-	13,886
CHC		<u>4,611,694</u>	<u>8,155,232</u>

PAKISTAN SOFTWARE HOUSES ASSOCIATION FOR IT AND ITES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in rupees)

		Note	2 0 2 6	2 0 2 5
13	ADMINISTRATIVE AND GENERAL EXPENSES			
	Salaries and other benefits		69,598,519	51,582,706
	Rent, rates and taxes		10,993,960	9,799,437
	Sales tax expense		7,807,235	12,603,975
	Delegation expense		36,635,331	37,523,820
	Events expenses		45,873,924	55,264,836
	Memberships & subscriptions charges		5,445,414	2,617,411
	Advertising		3,250,000	2,362,148
	Meeting expenses		1,945,176	273,934
	Legal and professional fee		2,623,339	2,967,299
	Miscellaneous		1,742,751	688,254
	Travelling and conveyance		1,276,391	4,283,035
	Printing and stationery		1,043,849	971,132
	Depreciation	5	990,772	809,359
	Insurance expense		907,652	457,274
	Utilities charges		588,285	1,122,373
	Auditor's remuneration	13.1	370,000	334,930
	Postage and courier		282,364	268,200
	Loss on disposal of fixed asset		128,374	-
	Bank charges		69,142	46,860
	Repair and maintenance		10,000	58,321
	Web development		-	35,000
			<u>191,582,478</u>	<u>184,070,304</u>
		Note	2 0 2 6	2 0 2 5
13.1	Auditor's remuneration			
	Audit fee		294,239	285,120
	Sales tax		48,261	24,810
	Out of pocket expenses		27,500	25,000
			<u>370,000</u>	<u>334,930</u>
		Note	2 0 2 6	2 0 2 5
14	LEVY AND TAXATION			
	- Levy	14.1	1,992,483	11,364,324
	- Taxation	14.2	14,430,559	9,116,337
			<u>16,423,042</u>	<u>20,480,661</u>
14.1	This represents portion of withholding tax paid under section 153 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.			
		Note	2 0 2 6	2 0 2 5
14.2	TAXATION			
	- Current year		17,632,659	8,188,012
	- Prior year		(3,193,896)	-
	- Deferred		(8,204)	928,325
			<u>14,430,559</u>	<u>9,116,337</u>

CHC

PAKISTAN SOFTWARE HOUSES ASSOCIATION FOR IT AND ITES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in rupees)

	Note	2 0 2 6	2 0 2 5
15 FINANCIAL INSTRUMENTS			
FINANCIAL ASSETS			
At amortized cost			
Short term deposit		855,600	855,600
Other receivables	6	518,135	-
Cash and bank balances	7	245,669,833	141,300,338
		<u>247,043,568</u>	<u>142,155,938</u>

	Note	2 0 2 6	2 0 2 5
FINANCIAL LIABILITIES			
At amortized cost			
Accrued and other payable	9	28,395,643	4,223,130
		<u>28,395,643</u>	<u>4,223,130</u>

16 REMUNERATION OF PRESIDENT, SECRETARY AND EXECUTIVES

The aggregate amounts in the accounts for remuneration, including all benefits to Secretary general and Executives of the Company are as under:

	Note	2 0 2 6	2 0 2 5
Managerial Remuneration, allowances and other benefits			
Secretary General		10,850,000	10,860,643
Executives		58,406,151	40,546,713
		<u>69,256,151</u>	<u>51,407,356</u>

17 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to company.

Risk management is carried out by the Company's finance department under policies approved by the Central executive committee.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily does not have foreign currency exposures as it deals in local currencies.

CHC

PAKISTAN SOFTWARE HOUSES ASSOCIATION FOR IT AND ITES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in rupees)

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk arises from its bank balances maintained in saving accounts, which are subject to variable interest rates benchmarked to prevailing market rates. Accordingly, changes in market interest rates may affect the future interest income earned by the Company, resulting in cash flow interest rate risk

As at June 30, 2026, the Company is exposed to interest rate risk in respect of its variable-rate bank balances. The exposure is monitored by management on a regular basis, taking into consideration prevailing market interest rates and the Company's cash management requirements.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Company is not exposed to price risk.

b) Credit risk

Credit risk represents the financial loss that would be recognized at the reporting date if counterparties failed to perform as contracted.

Credit risk arises from deposits with banks and financial institutions and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with a reasonably high credit rating. The Company maintains an internal policy to place funds with commercial banks having a minimum short term credit rating of A1+.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under.

The Company manages customer credit risk by establishing credit limits, actively monitoring exposures, and recording provisions for doubtful debts as necessary. However, the Company is exposed to concentration of credit risk due to maintaining all cash and bank balances with a single banking institution.

	Note	2 0 2 6	2 0 2 5
Short term deposit		855,600	855,600
Other receivables	6	518,135	-
Bank balance	7	245,578,708	141,086,398
		<u>246,952,443</u>	<u>141,941,998</u>

Credit risk rating

Bank	Rating		Note	2 0 2 6	2 0 2 5
	Short term	Long term		Amounts	
Meezan Bank	A1+	AAA	JCR-VIS	245,578,708	141,086,398

c) Liquidity risk

Liquidity risk is the risk that a Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity.

CHC

PAKISTAN SOFTWARE HOUSES ASSOCIATION FOR IT AND ITES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in rupees)

The table below analysis the Company's financial liabilities into relevant maturity grouping based on the remaining period at the balance sheet date to contractual maturity dates.

Description	2026			2025		
	Maturity Upto One Year	Maturity after One Year	Total	Maturity Upto One Year	Maturity after One Year	Total
Accrued and other liabilities	28,395,643	-	28,395,643	4,223,130	-	4,223,130
	28,395,643	-	28,395,643	4,223,130	-	4,223,130

d) Capital risk management

The Company's objectives, when managing capital, are to safeguard its ability to continue as a going concern and to ensure that sufficient resources are available to meet its obligations and fulfill its objectives.

The Company manages its capital structure in light of changes in its operating and economic environment. As the Company is a not-for-profit organization, its capital comprises the General Fund and accumulated surpluses or deficits arising from its operations.

The Company does not have any external borrowings or other financing arrangements and finances its activities primarily through its own funds and operating receipts. Accordingly, the Company is not exposed to risks associated with changes in its debt or borrowing structure.

The Company had no outstanding borrowings as at 30 June 2026 (2025: Nil). Accordingly, the debt-to-equity ratio was nil (2025: Nil). The Company's management monitors the adequacy of its available funds and General Fund to ensure the continued operation of the Company and the achievement of its not-for-profit objectives.

e) Fair value of financial assets and liabilities

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

18 TRANSACTION WITH RELATED PARTY

Details of transactions with related party are as follows:

Relationship with the Company	Nature of transaction	Note	2026	2025
Key management personnel	Salaries and other benefits		69,256,151	51,407,356
			69,256,151	51,407,356

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PAKISTAN SOFTWARE HOUSES ASSOCIATION FOR IT AND ITES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026
(Expressed in rupees)

	Note	2026	2025
19	NUMBER OF EMPLOYEES		
	Total employees at the year end	22	18
	Average number of employees during the year	20	16

20 AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 25 SEP 2026 by the Central Executive Committee.

21 GENERAL

Figures have been rounded off to the nearest rupee.

CHC

Ahsan Hasani

SECRETARY GENERAL

Hamid Jaffer

TREASURER