

INDEPENDENT AUDITORS REPORT

To the Board of Directors of HOUSE OF HAPPINESS FOUNDATION

Report on the Audit of the Financial Statements**Opinion**

We have audited the annexed financial statements of **HOUSE OF HAPPINESS FOUNDATION** (the Foundation), which comprise the statement of financial position as at **30 June 2026**, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information and other explanatory information. We state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss 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 a true and fair view of the state of the Foundation's affairs as at 30 June 2026 and of its profit or loss 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 as applicable in Pakistan. Our responsibilities under those standards are further described in the Responsibilities of the Auditor for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants, including International Independence Standards, 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.

Responsibilities of Management and the 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 applicable laws and regulations, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Foundation's financial reporting process.

Responsibilities of the Auditor 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 it is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing 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 the risk of not detecting 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 Foundation'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, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation'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. Future events or conditions may, however, cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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.

ABDUL BASIT & CO.

Chartered Accountants

Engagement Partner: Muhammad Abdul Basit

Islamabad

22 September 2026



UDIN: AR202610830uD4yW7tUX

**HOUSE OF HAPPINESS FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026**

	Note	2026 Rupees	2025 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	747,194	34,125
		747,194	34,125
CURRENT ASSETS			
Advances, prepayments and other receivables		-	-
Short-term investments		-	-
Cash and bank balances	7	234,547	-
		234,547	-
TOTAL ASSETS		981,741	34,125
FUNDS AND LIABILITIES			
FUNDS			
Reserve fund		-	-
Accumulated fund		31,196	24,229
		31,196	24,229
NON-CURRENT LIABILITIES			
CURRENT LIABILITIES			
Accrued and other liabilities	8	937,804	-
Provision for taxation		12,741	9,896
		950,545	9,896
TOTAL FUNDS AND LIABILITIES		981,741	34,125

The annexed notes from 1 to 14 form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER



Abbas

Shauq

DIRECTOR

**HOUSE OF HAPPINESS FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2026**

	Note	2026 Rupees	2025 Rupees
INCOME			
Donation income	9	5,337,920	1,200,000
Other income		-	-
		5,337,920	1,200,000
EXPENDITURE			
Programme costs	10	302,880	-
Operating costs	11	5,025,228	1,165,875
Other expenditure		-	-
		5,328,108	1,165,875
SURPLUS FOR THE YEAR BEFORE TAXATION		9,812	34,125
Taxation		2,845	9,896
SURPLUS FOR THE YEAR AFTER TAXATION		6,967	24,229

The annexed notes from 1 to 14 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER





DIRECTOR

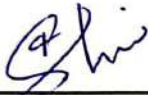
**HOUSE OF HAPPINESS FOUNDATION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026**

	Note	2026 Rupees	2025 Rupees
SURPLUS FOR THE YEAR		6,967	24,229

TOTAL COMPREHENSIVE INCOME FOR THE YEAR

6,967	24,229
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The annexed notes from 1 to 14 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER





DIRECTOR

**HOUSE OF HAPPINESS FOUNDATION
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE 2026**

	UNRESTRICTED FUNDS		
	Reserve fund	Accumulated fund	TOTAL
	Rupees	Rupees	Rupees
Balance as at July 1, 2025	-	24,229	24,229
Total comprehensive income for the period			
Surplus for the period	-	6,967	6,967
Other comprehensive income	-	-	-
	-	6,967	6,967
Balance as at June 30, 2026	-	31,196	31,196
Balance as at July 1, 2024	-	-	-
Total comprehensive income for the period			
Surplus for the period	-	24,229	24,229
Other comprehensive income	-	-	-
	-	24,229	24,229
Balance as at June 30, 2025	-	24,229	24,229

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The annexed notes from 1 to 14 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER



 
DIRECTOR

**HOUSE OF HAPPINESS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026**

	Note	2026 Rupees	2025 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating surplus before working capital changes	28	6,967	24,229
Adjustments for non-cash charges and other items:			
Depreciation		82,601	875
Cash used in operations before working capital changes		89,568	25,104
Working capital changes:			
Decrease / (increase) in current assets	7		
Advances, prepayments and other receivables		-	-
(Decrease) / increase in current liabilities			
Accrued and other liabilities		937,804	
Provision for taxation		2,845	9,896
Cash used in operations		1,030,217	35,000
Net cash generated from operating activities		1,030,217	35,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(795,670)	(35,000)
Net cash generated from investing activities		(795,670)	(35,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of the year		-	-
Effect of exchange rate changes on cash and cash equivalents		-	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	14	234,547	-

The annexed notes from 1 to 14 form an integral part of these financial statements.



CHIEF EXECUTIVE OFFICER




DIRECTOR

HOUSE OF HAPPINESS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

1 LEGAL STATUS AND OPERATIONS

- 1.1** House of Happiness Foundation (the Company) was incorporated on April 15, 2025 under Section 42 of the Companies Ordinance, 1984 (repealed by the Companies Act 2017) as a public limited company not having a share capital. The license was issued to the Company under Section 42 of the Companies Ordinance, 1984, by the Securities and Exchange Commission of Pakistan (SECP) on April 15, 2025.

The objectives of the Company are to rescue, protect, and rehabilitate abandoned, neglected, abused, and accidental animals by providing shelter, medical care, and a nurturing environment. To promote awareness and education about animal welfare and responsible pet ownership; To facilitate adoption programs and ensure rescued animals find loving, permanent homes; To collaborate with authorities, veterinarians, and other organizations to implement effective animal welfare initiatives; and to advocate for humane policies and practices that improve the lives of animals." and it (a) intends to apply its profits and income towards those objects, (b) prohibits the payment of any dividend or profit to its members and (c) ensures that its objects and activities are not and shall not, at any time, be against the laws, public order, security, sovereignty and national interests of Pakistan.

- 1.2** Geographical location and address of business unit:
 Islamabad (Registered office and Head office)
 Near Al Bader Mosque, Lethrar Road, Islamabad Pakistan.

2 BASIS OF PREPARATION

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

(ii) Accounting convention

These financial statements have been prepared on the basis of 'historical cost convention' except as otherwise stated in the respective accounting policies notes.

The an (iii) Critical accounting estimates and judgements

The preparation of these financial statements in conformity with accounting and reporting standards requires the use of certain accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

Estimates and judgments are continually evaluated and are based on historic experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- (a) Property and equipment - estimated useful life of Property and Equipment (note 6)

(iv) Functional and presentation currency

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

3 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

3.1 Standards, interpretations and amendments to accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective from the dates mentioned below:

		Effective date (annual reporting periods beginning on or after)
IAS 21	The Effects of Changes in Foreign Exchange Rates (Amendments)	January 01, 2025
IFRS 7	Financial Instruments: Disclosures (Amendments)	January 01, 2026
IFRS 17	Insurance Contracts	January 01, 2026
IFRS 9	Financial Instruments (Amendments)	January 01, 2026

The above standard, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's Financial statements.

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretations, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2025;

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRIC 12	Service Concession Arrangements
IFRS 18	Presentation and Disclosures in Financial Statements

4 MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements:

4.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to operating cost applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. The rates of depreciation are stated in note 6 to the financial statements.

Useful life is determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The effect of any adjustment to residual values, useful lives and methods is recognized prospectively as a change of accounting estimates.

The carrying values of property and equipment are reviewed for impairment when an event or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written-down to their recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income and expenditure in the year the asset is derecognized.

Major renewals and repairs are capitalized and the assets replaced are retired. Minor renewals, replacements or repairs and maintenance are charged to statement of income and expenditure as and when incurred.

4.2 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the Company's balances of cash in hand, cash at banks and other short-term financial assets, which are highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

4.3 Funds**4.3.1 Accumulated fund - unrestricted**

This represents surplus generated from the Company's operations, and is available for utilization for the day to day operations of the Company.

4.4 Contingencies

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 occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.5 Income recognition**(a) Donation income**

Donation income are recognized as income when the attached conditions are complied with, and there is a reasonable assurance that economic benefits will flow to the Company. The donors do not have any economic influence on / interest in the operations of the Company.

4.6 Taxation**Current**

Provision for current taxation is based on taxable income at the applicable rates of taxation after taking into consideration tax credits and tax rebates, if any. Income tax expense, if any, is recognized in the statement of income and expenditure except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Deferred

Deferred tax is accounted for on all major taxable temporary differences between the carrying amounts of assets for financial reporting purposes and their taxation base. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are calculated at the rate that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus/ (deficit) arising on such revaluation.

4.70 Financial instruments - Initial recognition and subsequent measurement**4.7.1 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 amortized cost as the case may be.

4.7.2 Classification of financial instruments

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"), or
- amortized cost

- at amortized 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 amortized 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 outstanding.

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 amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has designated on initial recognition.

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 amortized cost

Financial assets and liabilities at amortized cost are initially recognised at fair value, and subsequently carried at amortized 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 income and expenditure. Realized and unrealized 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 income and expenditure in the period in which they arise.

Where management has opted to recognize 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.

4.7.3 Impairment of financial assets

Impairment of financial assets is assessed in light of principles of Expected Credit Loss (ECL) model provided in IFRS 9 as per which the Company is required to recognize an allowance for doubtful debt on all financial assets carried at amortized cost, since initial recognition, irrespective whether a loss event has occurred.

The Company assesses on a historical as well as forward-looking basis, the expected credit loss as associated with its project receivables, other receivables, receivable from donors, accrued markup, short term investments and bank balances carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Significant increase in credit risk

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

The following indicators are considered while assessing credit risk

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

Definition of default

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

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in

full (without taking into account any collaterals held by the Company).
Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when the debt is more than 181 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit - impaired financial assets

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

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

Recognition of loss allowance

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

Write-off

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment reversals.

4.7.4 Derecognition of financial assets and liabilities

(i) Financial assets

The Company derecognizes 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 company. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in statement of income and expenditure. 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 income and expenditure. 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 income and expenditure, but is transferred to statement of changes in equity.

(ii) Financial liabilities

The Company derecognizes 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 derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of comprehensive income.

4.80 Fair value measurement

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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

The carrying amount of assets or liabilities approximate their fair value.

5.1 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Estimates of the amount of provisions and liabilities are based on current legal and constructive requirements. Because actual outflow can differ from estimates due to changes in circumstances, the carrying amounts of provisions and liabilities are regularly reviewed and adjusted to take account of such changes.

HOUSE OF HAPPINESS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026

6 PROPERTY AND EQUIPMENT

Description	Buildings	Electrical equipment	Mobile Phone	Furniture and fixtures	Office equipment	Medical equipment	Total
	Rupees						
Year ended June 30, 2026							
Opening net book amount	-	34,125	-	-	-	-	34,125
Additions	193,500	330,320	153,600	68,050	44,000	6,200	795,670
Disposals							
- Cost	-	-	-	-	-	-	-
- Accumulated depreciation	-	-	-	-	-	-	-
- Net book amount	-	-	-	-	-	-	-
Depreciation - note 6.1	(12,287)	(21,763)	(37,330)	(7,216)	(3,850)	(155)	(82,601)
Closing net book amount	181,213	342,682	116,270	60,834	40,150	6,045	747,194
As at June 30, 2026							
Cost	193,500	365,320	153,600	68,050	44,000	6,200	830,670
Accumulated depreciation	(12,287)	(21,763)	(37,330)	(7,216)	(3,850)	(155)	(83,476)
	181,213	343,557	116,270	60,834	40,150	6,045	747,194
Year ended June 30, 2025							
Opening net book amount	-	-	-	-	-	-	-
Additions	-	35,000	-	-	-	-	35,000
Disposals							
- Cost	-	-	-	-	-	-	-
- Accumulated depreciation	-	-	-	-	-	-	-
- Net book amount	-	-	-	-	-	-	-
Depreciation - note 6.1	-	(875)	-	-	-	-	(875)
Closing net book amount	-	34,125	-	-	-	-	34,125
As at June 30, 2025							
Cost	-	35,000	-	-	-	-	35,000
Accumulated depreciation	-	(875)	-	-	-	-	(875)
	-	34,125	-	-	-	-	34,125
Rate of depreciation in %	10%	15%	30%	15%	15%	15%	

**HOUSE OF HAPPINESS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2026**

7	CASH AND BANK BALANCES	Note	2026 Rupees	2025 Rupees
	Cash in hand		45,968	
	At banks in			
	Local currency			
	- Current accounts		188,579	-
			<u>234,547</u>	<u>-</u>
8	Accrued and other liabilities	Note	2026 Rupees	2025 Rupees
	Payable to vendors		191,660	
	Utility bills payable		31,144	
	Salaries payable		650,000	
	Rent payable		65,000	-
			<u>937,804</u>	<u>-</u>
9	Donation Income	Note	2026 Rupees	2025 Rupees
	Donation received from donors		5,337,920	1,200,000
			<u>5,337,920</u>	<u>1,200,000</u>
10	Programme expenses	Note	2026 Rupees	2025 Rupees
	Animal essential supplies		302,880	-
			<u>302,880</u>	<u>-</u>
11	OPERATING COSTS			
	Repairs and maintenance		2,452,266	806,465
	Salaries and benefits		650,000	-
	Depreciation	6.0	82,601	875
	Office rent		555,000	90,000
	Utilities		31,144	-
	Financial charges		7,120	35
	Transportation charges		166,260	51,500
	Advertisement an promotion		8,481	-
	Miscellaneous		419,030	-
	Office supplies		68,844	-
	Medical expenses		572,232	-
	Telephone and internet		12,250	-
	Incorporation expenses		-	217,000
			<u>5,025,228</u>	<u>1,165,875</u>
12	NUMBER OF EMPLOYEES			
	The number of employees as at year end was 10 (2025: 10) and average number of employees during the year were 10 (2026: 10).			
13	GENERAL			
	Figures in these financial statements have been rounded-off to the nearest Rupee, unless stated otherwise.			
14	DATE OF AUTHORIZATION FOR ISSUE			

These financial statements were approved by the Board of Directors in their meeting held on 27 september 2026.


CHIEF EXECUTIVE OFFICER



 
DIRECTOR