KHAWAJA ASSOCIATES

Chartered Accountants

INDEPENDENT AUDITORS'REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of M/s **MECHANISM FOR RATIONAL CHANGE** ("the Society"). Which comprise the statement of financial position as at 30 June 2025, and the income and expenditure account, statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 30 June 2025, its financial performance, changes in its fund and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with the 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 Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Representatives are responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Trustees determine 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, Representatives are responsible for assessing the Societies' 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 Organization or to cease Operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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,

KHAWAJA ASSOCIATES
Chartered Accountants

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 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 those charged with governance 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.

CHARTERED ACCOUNTANTS KA

27 NOV 2025

Khawaja Associates
Chartered Accountants

Date: November 27, 2025
Quetta.

MECHANISM FOR RATIONAL CHANGE
INCOME AND EXPENDITURE ACCOUNT
AS AT 30 JUNE 2025

	Notes	2025 Rupees	2024 Rupees
Income			
Grant income	10	13,381,900	17,301,521
		13,381,900	**17,301,521**
EXPENDITURES			
Project expenses	11	13,218,000	16,865,905
Administrative and general expenses	12	147,650	431,984
		13,365,650	**17,297,889**
Surplus/(Deficit) for the year		**16,250**	**3,632**

Annexed notes form an integral part of these financial statements.

Mechanism For Rational Change
CEO
Balochistan

CHIEF EXECUTIVE OFFICER

General Secretary
Mechanism For Rational Change
Balochistan

SECRETARY

MECHANISM FOR RATIONAL CHANGE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	Note	2025 Rupees	2024 Rupees
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	159,000	152,900
Current Assets			
Advances and other receivables	5	525,503	81,215
Cash and bank balances	6	11,022,202	287,603
		11,547,705	368,819
Total Assets		11,706,705	521,719
EQUITY AND LIABILITIES			
Equity			
General funds and other reserves		47,572	31,322
Non Current Liabilities			
Deferred Capital Grant	7	10,918,007	296,896
Current Liabilities			
Creditor, accrued and other liabilities	8	741,126	193,500
Total Equity & Liabilities		11,706,705	521,719
Contingencies and Commitments	9	-	-

Annexed notes form an integral part of these financial statements.

Mechanism For Rational Change
CEO
Balochistan

CHIEF EXECUTIVE OFFICER

General Secretary
Mechanism For Rational Change
Balochistan

SECRETARY

MECHANISM FOR RATIONAL CHANGE
STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2025

	2025 Rupees	2024 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus/(Deficit) for the year	16,250	3,632
Adjustment for non-cash items		
Depreciation	143,900	113,900
Amortization	(113,900)	(83,900)
Profit before working capital changes	46,250	33,632
Changes in working capital		
(Increase) / decrease in current assets		
Advances and other receivables	(444,288)	6,787,416
	(444,288)	6,787,416
Increase / (Decrease) in accrued and other liabilities		
Creditor, accrued and other liabilities	547,626	(1,330,909)
	547,626	(1,330,909)
Income tax paid / deducted at source		
Net cash flow from operating activities	149,588	5,490,139
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(150,000)	-
Deferred Grant	10,735,011	5,278,530
Net cash flow from investing activities	10,585,011	5,278,530
CASH FLOW FROM FINANCING ACTIVITIES		
Introduction of Capital	-	-
Drawings	-	-
Net cash flow from financing activities	-	-
NET CASH GENERATED DURING THE YEAR	10,734,599	211,609
CASH AND BANK BALANCE AS AT BEGINNING OF THE YEAR	287,603	75,994
CASH AND BANK BALANCE AS AT END OF THE YEAR	11,022,202	287,603

Annexed notes form an integral part of these financial statements.

Mechanism For Rational Change CEO Balochistan

CHIEF EXECUTIVE OFFICER

General Secretary
Mechanism For Rational Change
Balochistan

SECRETARY

MECHANISM FOR RATIONAL CHANGE
STATEMEMNT OF CHANGES IN FUNDS
AS AT 30 JUNE 2025

	Total Equity and Reserves
	Rupees
Balance at 01 July 2023	**27,690**
Surplus/(Deficit) for the year	3,632
Prior year Adjustment	-
	3,632
Balance at 30 June 2024	**31,322**
Balance at 01 July 2024	**31,322**
Surplus/(Deficit) for the year	16,250
Prior year Adjustment	-
	16,250
Balance at 30 June 2025	**47,572**

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

Mechanism For Rational Change
CEO
Balochistan

CHIEF EXECUTIVE OFFICER

General Secretary
Mechanism For Rational Change
Balochistan

SECRETARY

MECHANISM FOR RATIONAL CHANGE
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2025

1 The Organization and its Operations

Mechanism for Rational Change "the Organization" is registered under the Social Welfare Agencies (Registration & Control) Ordinance 1961 (XL V1 of 1961) bearing registration number DSW-1556 Dated 01-May-2014.

The registered office of the agency is located at Quetta, Balochistan.

The primary object of the Organization is to promote and protect human life with the help at social and environmental awareness in Balochistan.

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with Guideline for Accounting and Financial Reporting Framework by Non Government Organizations (NGOs) / Non-Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Organization's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

2.4 Key judgements and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Organization's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of property plant and equipment
- Estimation of contingent liabilities

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

3 Summary of significant accounting policies

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

3.1 Property plant and equipment

Initial recognition
All items of property plant and equipment are initially recorded at cost.

Subsequent measurement
Items of property plant and equipment other than land, buildings, leasehold improvements and capital work in progress are measured at cost less accumulated depreciation and impairment loss (if any).

Depreciation
Depreciation is charged so as to write off the cost of assets over their estimated useful lives.

Depreciation is calculated on straight line basis at rates mentioned in Note 4 of the financial statements. Full year depreciation is charged on additions during a year, while no depreciation is charged on disposals/write off during a year.

Disposal
The gain or loss arising on disposal or retirement of an item of property plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised as other income in the statement of income and expenditure.

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

3.2 Method of preparation of cash flow statement

The cash flow statement is prepared using indirect method.

3.3 Impairment of non-financial assets other than inventories

The assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognised in the statement of income and expenditure, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. the Organization recognises the reversal immediately in the statement of income and expenditure, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

3.4 Contingent liabilities

A contingent liability is disclosed when the Organization 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 Organization; or the Organization 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.

3.5 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the statement of financial position if the Organization has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.6 Donations

A donation without specified future performance conditions is recognised in income when the donation proceeds are receivable. A donation that imposes specified future performance conditions is recognised in income when all those conditions are met and there is a reasonable assurance that the donation will be received.

Donations are presented separately from the assets to which they relate. Donations received before the income recognition criteria are satisfied are presented as a separate liability in the statement of financial position in restricted funds.

			2025 Rupees	2024 Rupees
4	**PROPERTY PLANT AND EQUIPMENT**			
	(Schedule annexed)		159,000	152,900
5	**ADVANCES AND OTHER RECEIVEABLES**			
	Advance tax		-	-
	Receivables from donor		-	-
	Other receivables		525,503	81,215
			525,503	81,215
6	**CASH AND BANK BALANCES**			
	Cash at bank		10,722,202	37,603
	Cash in hand		300,000	250,000
			11,022,202	287,603
7	**DEFERRED CAPITAL GRANT**			
	Opening balance		296,896	5,659,326
	Additions during the year		10,735,011	(5,278,530)
	Amortization for the year		(113,900)	(83,900)
	Closing balance		10,918,007	296,896
8	**CREDITOR, ACCRUED AND OTHER LIABILITIES**		10,848,911	
	Accounts payable		641,126	113,500
	Staff salaries payable		-	-
	Audit fee payable		100,000	80,000
			741,126	193,500

9 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at year ended June 30, 2025 (2024:Nil)

			2025 Rupees	2024 Rupees
10	**INCOME**			
	Grant income of the year	10.1	13,268,000	17,217,621
	Amortization of deferred capital grant	10.2	113,900	83,900
			13,381,900	17,301,521
10.1	**Grant income of the year**			
	Malala Fund - Promoting Girls Education		11,133,020	-
	Women's Fund Asia		2,084,980	-
	Malalal Fund Feminist Grant		-	12,215,905
	Donation from BOD		50,000	351,716
	Sughar Foundation		-	4,650,000
	Donation for flood relief		-	-
			13,268,000	17,217,621
10.2	**Amortization of Deferred Capital Grant**		113,900	105,900

Balochistan ★ Mechanism For Rational Change ★
CEO

General Secretary
Mechanism For Rational Change
Balochistan

MECHANISM FOR RATIONAL CHANGE
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2025

		2025 Rupees	2024 Rupees
11 PROJECT EXPENSES			
Malala Fund - Promoting Girls Education	11.1	11,133,020	-
Women's Fund Asia	11.2	2,084,980	-
Malala Fund - Feminist Grant	11.3	-	12,215,905
Sughar Foundation	11.4	-	4,650,000
		13,218,000	16,865,905

	2025 Rupees	2024 Rupees
11.1 Malala Fund - Feminist Grant		
Basic Salaries	-	4,680,000
Honorarium	-	400,000
Medical Allowances	-	350,000
Accomodation	-	-
Vehicle Rent	-	1,450,000
Perdiem	-	-
Office Supplies	-	367,000
Rent	-	250,000
Training Material	-	42,000
Training Hall Charges	-	80,000
Legal and Professional Charges	-	-
Food & Meal Charges	-	3,718,100
Printing & Stationery	-	-
POL	-	-
Utilities	-	228,000
Other Training Expense	-	50,000
Miscellaneous	-	520,000
Audit Fees	-	80,000
Bank Charges	-	805
	-	12,215,905
11.2 Women's Fund Asia		
Basic Salaries	692,000	-
Vehicle Rent	50,400	-
Office Rent	90,000	-
Training Hall Charges	225,000	-
Food & Meal Charges	835,580	-
Other Training Expense	90,000	-
Miscellaneous	102,000	-
Audit Fees	-	-
Bank Charges	-	-
	2,084,980	-
11.3 Malala Fund - Promoting Girls Education		
Basic Salaries	4,005,000	-
Honorarium	600,000	-
Medical Allowances	315,000	-
Accomodation	136,500	-
Vehicle Rent	1,350,000	-
Computer / Laptop / Printer	150,000	-
Office Supplies	120,000	-
Office Rent	360,000	-
Training Hall Charges	540,000	-

Mechanism For Rational Change CEO Balochistan

General Secretary
Mechanism For Rational Change
Balochistan

MECHANISM FOR RATIONAL CHANGE
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2025

		2025 Rupees	2024 Rupees
Food & Meal Charges		2,823,520	-
Utilities		120,000	-
Other Training Expense		203,000	-
Miscellaneous		210,000	-
Audit Fees		200,000	-
Bank Charges		-	-
		11,133,020	-

		2025 Rupees	2024 Rupees
11.4 Sughar Foundation			
Labor Daily Wage		-	4,650,000
Others		-	-
		-	4,650,000

		2025 Rupees	2024 Rupees
12 ADMINISTRATIVE AND GENERAL EXPENSES			
Basic Salaries		-	280,000
Medical Allowances		-	35,000
Training and development		-	-
Bank charges		3,750	3,084
Auditors' remuneration	12.1	-	-
Misellaneous expenses		-	-
Depreciation expense		143,900	113,900
		147,650	431,984

		2025 Rupees	2024 Rupees
12.1 Auditors' Remuneration			
Audit fee		-	-
Out of pocket expense		-	-
		-	-

13 SUBSEQUENT EVENTS

There are no such subsequent events adjusting or non-adjusting providing further evidence of relating to the period ended June 30, 2023.

	2025	2024
14 NUMBER OF EMPLOYEES		
Total employees of the organization at the year end	7	7
Average employees of the organization during the year	7	7

15 GENERAL

15.1 Figures have been rounded off to nearest rupees.

15.2 Comparatives have been reclassified were necessary.

15.3 These financial statements were authorized for issue on ________________.

Mechanism For Rational Change CEO Balochistan

CHIEF EXECUTIVE OFFICER

General Secretary
Mechanism For Rational Change
Balochistan

SECRETARY

MECHANISM FOR RATIONAL CHANGE
NOTES TO THE FINANCIAL STATEMENTS
AS AT 30 JUNE 2025

4 PROPERTY PLANT AND EQUIPMENT

DESCRIPTION	COST			Rate %	ACCUMULATED DEPRECIATION			WDV
	As at 01 July 2024	Additions / (Deletion)	As at June 30 2025		As at 01 July 2024	Expense for the year	As at June 30 2025	As at June 30 2025
	----------(Rupees)----------				----------(Rupees)----------			
Office Equipment	243,500	50,000	293,500	20%	224,000	29,500	253,500	40,000
Furniture & Fixture	190,000	-	190,000	10%	159,000	19,000	178,000	12,000
Computer and accessories	651,000	100,000	751,000	20%	548,600	95,400	644,000	107,000
2025	**1,084,500**	**150,000**	**1,234,500**		**931,600**	**143,900**	**1,075,500**	**159,000**

DESCRIPTION	COST			Rate %	ACCUMULATED DEPRECIATION			WDV
	As at 01 July 2023	Additions / (Deletion)	As at 30 June 2024		As at 01 July 2023	Expense for the year	As at 30 June 2024	As at 30 June 2024
	----------(Rupees)----------				----------(Rupees)----------			
Office Equipment	243,500	-	243,500	20%	204,500	19,500	224,000	19,500
Furniture & Fixture	190,000	-	190,000	10%	140,000	19,000	159,000	31,000
Computer and accessories	651,000	-	651,000	20%	473,200	75,400	548,600	102,400
2024	**1,084,500**	**-**	**1,084,500**		**817,700**	**113,900**	**931,600**	**152,900**

Mechanism For Rational Change ★ Balochistan ★ CEO

General Secretary
Mechanism For Rational Change -
Balochistan