

K&N'S FOUNDATION

(A Company set up under Section 42 of the Companies Ordinance, 1984 now
Companies Act, 2017)

Financial Statements

For the year ended June 30, 2021

Audited by:

F.R MERCHANT & CO.

CHARTERED ACCOUNTANTS

SF 10 & 11, 04th floor Shahnaz Arcade

Main Shaheed-e-millat Road, Karachi.

Web site: www.frmerchantandco.com.pk

K&N's FOUNDATION

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DIRECTORS' REPORT

Dear Members,

The directors are pleased to present the Annual Report together with audited financial statements of the Foundation for the year ended June 30, 2021.

Firstly, the directors place on record a deep appreciation for the invaluable contribution made by Late Mr. Abdul Maroof Siddiqui, as a Director of the Foundation during his tenure and association with the Foundation.

Alhamdulillah, as in the past, the Foundation's performance in the year under review has been satisfactory. The Foundation has made notable efforts and contribution towards its aims for the promotion of education and support in the health sector. In the year under review there was an increase in donations received by the Foundation and the same were effectively utilized towards the Foundation's objects in the Health and Education.

By the grace of Almighty Allah the Khairun-Nisa Eye Hospital, a project of K&N's Foundation which is being managed by Vision Trust is in its sixth year of successful operation and is well equipped with latest medical and surgical facilities. The Khairun-Nisa Eye Hospital, as committed, is providing medical and surgical treatments to the patients of every class in general and the needy and unprivileged class of patients in particular.

Further, as in the past, the K&N's Foundation has also made notable contributions towards Health and Education sectors besides Khairun-Nisa eye Hospital, The Foundation has extended donations to the following institutions:

In the Health Sector;

- o The Indus Hospital
- o The Health Foundation

In the Education Sector;

- o The Al-Furqan Welfare Organization
- o The Hunar Foundation
- o CAS Helping Hands Trust
- o Safi Benevolent Trust

Statement on Corporate and Financial Reporting Framework:

These financial statements prepared by the management of K&N's Foundation present fairly - its state of affairs, the result of its operations, cash flows and changes in funds and reserves.

Proper books of accounts of the Foundation have been maintained.

Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates.

Financial Reporting Standards (IFRS) as applicable in Pakistan have been followed to prepare the Foundation's financial statements. Approved accounting standards comprise of such International Accounting Standards as notified under provisions of the Companies Act 2017. In case the requirements differ, the provisions of or directives issued under the Companies Act 2017 shall prevail.

The Internal control systems have effectively been designed and implemented. These systems are continuously monitored by Internal Audit and through other monitoring mechanisms. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements to the system.

There are no significant doubts upon the Foundation's ability to continue as a going concern.

There has been no material departure from the best practices of corporate governance.

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DIRECTORS' REPORT

Board of Directors

The present members of the Board are listed below:

- 1 Mr. Khalil A. Sattar
- 2 Mrs. Naushaba Khalil
- 3 Mr. Adil Khalil Sattar
- 4 Syed Yousuf Mustafa
- 5 Mr. Abdul Ghaffar Khalid
- 6 Mrs. Shahnaz A. Mahmood

Auditors

The present auditors M/s. F.R. Merchant & Co., Chartered Accountants, have retired and have offered their services for next financial year as well.

On behalf of the Board of Directors

Karachi
Dated: Sep 18, 2021


Khalil A. Sattar
Chief Executive


Adil Khalil Sattar
Director

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ڈائریکٹرز کی رپورٹ

محترم ممبران!

ڈائریکٹرز 30 جون 2021 کو ختم ہونے والے سال کے لیے فاؤنڈیشن کے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ سالانہ رپورٹ پیش کرنے پر خوشی محسوس کرتے ہیں۔ سب سے پہلے، ڈائریکٹرز مرحوم جناب عبدالعزیز صاحب کی فاؤنڈیشن کے ڈائریکٹر کی حیثیت سے اپنے دور میں فاؤنڈیشن کے ساتھ وابستگی کے دوران ان کی گراں قدر خدمات کو سراہتے ہیں۔

الحمد للہ ماضی کی طرح اس سال بھی فاؤنڈیشن کی کارکردگی تسلی بخش رہی ہے۔ فاؤنڈیشن نے تعلیم کے فروغ اور صحت کے شعبے میں معاونت کے لیے اپنے مقاصد کے لیے قابل ذکر کوششیں اور تعاون کیا ہے۔ زیر جائزہ سال میں فاؤنڈیشن کو ملنے والے عطیات میں اضافہ ہوا اور انہیں صحت اور تعلیم میں فاؤنڈیشن کے مقاصد کے لیے مؤثر طریقے سے استعمال کیا گیا۔

اللہ تعالیٰ کے فضل و کرم سے خیر النساء آئی ہسپتال، کے اینڈ اینز فاؤنڈیشن کا ایک پروجیکٹ جس کا انتظام وژن ٹرسٹ کے زیر انتظام ہے کامیابی کے ساتھ اپنے چھٹے سال میں رواں دواں ہے اور جدید ترین طبی اور جراحی کی سہولیات سے لیس ہے۔ خیر النساء آئی ہسپتال، پر عزم طریقے سے ہر طبقے کے مریضوں کو بالعموم اور ضرورت مند اور غیر مراعات یافتہ طبقے کے مریضوں کو بالخصوص طبی اور جراحی علاج فراہم کر رہا ہے۔

مزید برآں، ماضی کی طرح، کے اینڈ اینز فاؤنڈیشن نے خیر النساء آئی ہسپتال کے علاوہ صحت اور تعلیم کے شعبوں میں بھی قابل ذکر کردار ادا کیا ہے، فاؤنڈیشن نے درج ذیل اداروں کو عطیات دیے ہیں:

صحت کے شعبے میں؛

- انڈس ہسپتال
- ہیلتھ فاؤنڈیشن

تعلیم کے شعبے میں؛

- الفرقان ویلفیئر آرگنائزیشن
- ہنر فاؤنڈیشن
- CAS ہیلپنگ ہینڈ ٹرسٹ
- صفی بیوولنٹ ٹرسٹ

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان :

کے اینڈ اینز فاؤنڈیشن کی انتظامیہ کی طرف سے تیار کردہ یہ مالی گوشوارے اس کی حالت، اس کے کاموں کا نتیجہ، کیش فلو اور فنڈز اور ذخائر میں تبدیلی غیر جانبدارانہ طور پر پیش کیے گئے ہیں۔

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فاؤنڈیشن کے اکاؤنٹس کے حوالے سے تمام معلومات مناسب طور پر رکھی گئی ہیں۔
مالیاتی گوشواروں اور اکاؤنٹنگ تخمینوں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مستقل طور پر لاگو کیا گیا ہے۔
انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) جیسا کہ پاکستان میں لاگو ہوتا ہے فاؤنڈیشن کے مالیاتی گوشواروں کی تیاری کے لیے عمل کیا گیا ہے۔ اکاؤنٹنگ کے منظور شدہ معیارات ایسے بین الاقوامی اکاؤنٹنگ معیارات پر مشتمل ہوتے ہیں جنہیں کمپنیز ایکٹ 2017 کی دفعات کے تحت وضع کیا گیا ہے۔ اگر ضروریات مختلف ہوں تو کمپنیز ایکٹ 2017 کے تحت جاری کردہ دفعات یا ہدایات غالب رہیں گی۔

اندرونی کنٹرول کے نظام کو مؤثر طریقے سے ڈیزائن اور نافذ کیا گیا ہے۔ اندرونی آڈٹ اور دیگر مانیٹرنگ میکانزم کے ذریعے ان سسٹمز کی مسلسل نگرانی کی جاتی ہے۔
اندرونی کنٹرولز کی نگرانی کا عمل ایک جاری عمل کے طور پر جاری رہے گا جس کا مقصد کنٹرولز کو مزید مضبوط کرنا اور نظام میں بہتری لانا ہے۔
فاؤنڈیشن کے آپریشن کی کارکردگی کی صلاحیت ہر قسم کی غیر یقینی کیفیت سے مبرا ہے۔
کارپوریٹ گورننس کے بہترین طریقوں میں کسی قسم کی کمی واقع نہیں ہوئی ہے۔

بورڈ آف ڈائریکٹرز

بورڈ کے موجودہ اراکین ذیل میں درج ہیں:

- 1 جناب خلیل اے ستار
- 2 مسز نوشابہ خلیل
- 3 جناب عادل خلیل ستار
- 4 سید یوسف مصطفیٰ
- 5 جناب عبدالغفار خالد
- 6 مسز شہناز اے محمود

آڈیٹرز

موجودہ آڈیٹرز ایف آر مرچنٹ اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو چکے ہیں اور اگلے مالی سال کے لیے بھی اپنی خدمات پیش کر چکے ہیں۔

منجانب بورڈ آف ڈائریکٹرز



عادل خلیل ستار

ڈائریکٹر



چیف ایگزیکٹو

کراچی

بتاریخ: 18 ستمبر 2021

F.R. MERCHANT & CO.
CHARTERED ACCOUNTANTS

AHMER ZAFAR SIDDIQUI
FCA, FPA

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INDEPENDENT AUDITOR'S REPORT
To the members of K&N's FOUNDATION
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **K&N's FOUNDATION, (A company set up under section 42 of the companies ordinance, 1984 now Companies Act, 2017)**, which comprise the statement of financial position as at 30th June 2021, and the income and expenditure statement, statement of changes in funds & reserves, statement of cash flows for the year ended and notes to the financial statements, including a summary of significant 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, the statement of financial position, income and expenditure statement, statement of changes in funds & reserves, 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 30th June 2021 and of the surplus, the changes in funds and reserves and its cash flows for the year then ended.

Basis for Opinion

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

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.

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In connection, with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider 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 material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Report on Other Legal and Regulatory Requirements

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

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) Statement of financial position, income and expenditure account, statement of changes in funds & reserves, 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 deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

The Engagement partner on the audit resulting in this independent auditor's report is Ahmer Zafar Siddiqui.

Date: September 18, 2021
Place: Karachi


F.R. MERCHANT & CO.
Chartered Accountants

K&N's FOUNDATION

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STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	23,757,205	25,392,484
Intangibles	5	77,010	-
		23,834,215	25,392,484
Current Assets			
Advances		29,989	-
Cash and bank balances	6	99,337,533	57,754,352
		99,367,522	57,754,352
Total Assets		123,201,737	83,146,836
LIABILITIES			
Non-Current Liabilities			
Deferred income relating to operating fixed assets	7	23,757,205	25,392,484
Deferred income for health and education support	8	75,000,000	53,250,000
		98,757,205	78,642,484
Current Liabilities			
Accrued expenses	9	282,000	279,950
Total Liabilities		99,039,205	78,922,434
Net assets		24,162,532	4,224,402
REPRESENTED BY:			
FUNDS AND RESERVES			
General fund		24,162,532	4,224,402
		24,162,532	4,224,402

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



Chief Executive



Director



K&N's FOUNDATION

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INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
INCOME			
Donations	10	98,585,279	141,460,777
OPERATING EXPENDITURES			
Direct Expenditures			
Donations	11	74,013,765	155,114,720
Depreciation		4,192,449	4,481,027
		78,206,214	159,595,747
Administrative Expenditures			
Audit fee		118,800	21,600
Rates and Taxes		1,125	2,856
Domain Registration		21,645	27,120
Fee and Subscriptions		3,730	1,775
Insurance		104,984	97,708
Legal and Professional Charges		180,000	70,000
Amortization		8,557	-
Courier Charges		2,094	3,760
		440,935	224,819
Total Operating Expenditures		78,647,149	159,820,566
Surplus / (Deficit) for the year		19,938,130	(18,359,789)

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



Chief Executive



Director

or

K&N's FOUNDATION

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	2021 (Rupees)	2020 (Rupees)
Cash flows from operating activities		
Operating (deficit) / surplus for the year	19,938,130	(18,359,789)
Surplus before working capital changes	19,938,130	(18,359,789)
Adjustments for non-cash and other items:		
Depreciation	4,192,449	4,481,027
Amortization	8,557	
Amortization of deferred income	(53,250,000)	(85,000,000)
Surplus before working capital changes	(29,110,864)	(98,878,762)
Effect on cash flow due to working capital changes		
(Increase) / Decrease in assets:		
Advance	(29,989)	313,500
Increase / (Decrease) in liabilities:		
Accrued expenses	2,050	238,350
Net Cash inflow from operating activities	(29,138,803)	(98,326,912)
Cash flows from investing activities		
Additions in property, plant and equipment	(2,557,170)	(470,250)
Additions in intangibles	(85,567)	-
Cash flows from financing activities		
Deferred income relating to operating fixed assets	(1,635,279)	(4,010,777)
Deferred income for health and education support	75,000,000	53,250,000
	73,364,721	49,239,223
Net increase in cash and cash equivalents	41,583,181	(49,557,939)
Cash and cash equivalents at the beginning of the year	57,754,352	107,312,291
Cash and cash equivalents at the end of the year	99,337,533	57,754,352

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


Chief Executive


Director

