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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, 2022

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

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

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, 2022.

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 seventh 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 SIUT Trust
- o Shaukat Khanum Memorial Trust
- 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
- o Jamia Ashraful Uloom Baitul Mukarram

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) for Small and Medium-sized Entities (IFRS for SMEs) 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.

No remuneration was paid to the chief executive and directors of the Foundation during the year.

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: September 21, 2022



Khalil A. Sattar
Chief Executive



Adil Khalil Sattar
Director

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 2022, 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 2022 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.

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- 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 21, 2022
Place: Karachi
UDIN: AR202210337I4SNuQyWO


F.R. MERCHANT & CO.
Chartered Accountants

K&N's FOUNDATION

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

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	21,866,849	23,757,205
Intangibles	5	69,309	77,010
		21,936,158	23,834,215
Current Assets			
Advances		8,300	29,989
Cash and bank balances	6	142,548,377	99,337,533
		142,556,677	99,367,522
Total Assets		164,492,835	123,201,737
LIABILITIES			
Non-Current Liabilities			
Deferred income relating to operating fixed assets	7	21,866,849	23,757,205
Deferred income for health and education support	8	100,000,000	75,000,000
		121,866,849	98,757,205
Current Liabilities			
Accrued expenses	9	64,000	282,000
Total Liabilities		121,930,849	99,039,205
Net assets		42,561,986	24,162,532
REPRESENTED BY:			
FUNDS AND RESERVES			
General fund		42,561,986	24,162,532
		42,561,986	24,162,532

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


Chief Executive


Director

or

K&N's FOUNDATION

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

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 (Rupees)	2021 (Rupees)
INCOME			
Donations receipts	10	146,556,124	98,585,279
OPERATING EXPENDITURES			
Direct Expenditures			
Donations expense	11	123,923,911	74,013,765
Depreciation		3,858,856	4,192,449
		127,782,767	78,206,214
Administrative Expenditures			
Audit fee		54,000	118,800
Rates and Taxes		16,105	1,125
Domain Registration		29,853	21,645
Fee and Subscriptions		7,140	3,730
Insurance		183,809	104,984
Legal and Professional Charges		70,000	180,000
Printing and Stationery		-	-
Amortization		7,701	8,557
Courier Charges		5,295	2,094
		373,903	440,935
Total Operating Expenditures		128,156,670	78,647,149
Surplus for the year		18,399,454	19,938,130

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


Chief Executive


Director
or


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STATEMENT OF CHANGES IN FUNDS & RESERVES FOR THE YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
Balance as at 1st July 2020	4,224,402	-	4,224,402
Surplus for the year	19,938,130		19,938,130
Balance as at 30 June 2021	<u>24,162,532</u>	<u>-</u>	<u>24,162,532</u>
Surplus for the year	18,399,454		18,399,454
Balance as at 30 June 2022	<u><u>42,561,986</u></u>	<u><u>-</u></u>	<u><u>42,561,986</u></u>

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


Chief Executive


Director

K&N's FOUNDATION

(A company set up under section 42 of the Companies Ordinance, 1984 now Companies Act, 2017)
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

	<u>2022</u> <u>(Rupees)</u>	<u>2021</u> <u>(Rupees)</u>
Cash flows from operating activities		
Operating (deficit) / surplus for the year	18,399,454	19,938,130
Surplus before working capital changes	18,399,454	19,938,130
Adjustments for non-cash and other items:		
Depreciation	3,858,856	4,192,449
Amortization	7,701	8,557
Amortization of deferred income	(75,000,000)	(53,250,000)
Surplus before working capital changes	<u>(52,733,989)</u>	<u>(29,110,864)</u>
Effect on cash flow due to working capital changes		
(Increase) / Decrease in assets:		
Advance	21,689	(29,989)
Increase / (Decrease) in liabilities:		
Accrued expenses	(218,000)	2,050
Net Cash inflow from operating activities	<u>(52,530,300)</u>	<u>(29,138,803)</u>
Cash flows from investing activities		
Additions in property, plant and equipment	(1,968,500)	(2,557,170)
Additions in intangibles	-	(85,567)
Cash flows from financing activities		
Deferred income relating to operating fixed assets	(1,890,356)	(1,635,279)
Deferred income for health and education support	100,000,000	75,000,000
	<u>98,109,644</u>	<u>73,364,721</u>
Net increase in cash and cash equivalents	<u>43,210,844</u>	<u>41,583,181</u>
Cash and cash equivalents at the beginning of the year	<u>99,337,533</u>	<u>57,754,352</u>
Cash and cash equivalents at the end of the year	<u><u>142,548,377</u></u>	<u><u>99,337,533</u></u>

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



Chief Executive



Director

