

# ***K&N'S FOUNDATION***

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

## ***Financial Statements***

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*For the year ended June 30, 2023*

**Audited by:**

**F.R MERCHANT & CO.**  
**CHARTERED ACCOUNTANTS**  
SF 10 & 11, 04<sup>th</sup> floor Shahnaz Arcade  
Main Shaheed-e-millat Road, Karachi.  
Web site: [www.frmerchantandco.com.pk](http://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 of K&N's Foundation are pleased to present the Annual Report along with the audited financial statements for the year ended 30 June 2023.

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 comparing last year more funds were effectively utilized towards the Foundation's objects in the Health and Education.

Thanks to the blessings of Almighty Allah, the Khairun-Nisa Eye Hospital, a project of K&N's Foundation and managed by Vision Trust, is now in its eighth year of successful operation. The hospital is equipped with the latest medical and surgical facilities. Just like before, the eye hospital is providing medical care and surgeries to people from all walks of life, including those who are less fortunate and in need of help.

K&N's Foundation is also dedicated to continuing its support for Non-Profit Organizations (NPOs) operating in the health and education sectors by making significant financial contributions and thereby creating a positive impact across the country's health and education domains.

During the current year the Foundation has made notable financial support to the following NPOs;

In the Health Sector;

SIUT Trust  
Shaukat Khanum Memorial Trust  
The Health Foundation

In the Education Sector;

The Al-Furqan Welfare Organization  
The Hunar Foundation  
CAS Helping Hands Trust  
Habib University Foundation  
Development in Literacy

#### 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.

Accounting and Reporting Standards as applicable in Pakistan have been followed to prepare the Foundation's financial statements. These comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IAS) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- The provisions of or directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from IFRS or Accounting standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 prevail.

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**DIRECTORS' REPORT**

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. Mahmoud

**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 28, 2023

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 30<sup>th</sup> June 2023, 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 30<sup>th</sup> June 2023 and of the deficit, 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.



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 28, 2023  
Place: Karachi  
UDIN: AR202310337hqWMXHvSZ

  
F.R. MERCHANT & CO.  
Chartered Accountants

**K&N's FOUNDATION**

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**STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023**

	Note	2023 (Rupees)	2022 (Rupees)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	4	29,602,849	21,866,849
Intangibles	5	61,608	69,309
		29,664,457	21,936,158
<b>Current Assets</b>			
Advances		-	8,300
Short Term Investments	6	28,095,513	-
Cash and bank balances	7	58,231,780	142,548,377
		86,327,293	142,556,677
<b>Total Assets</b>		<b>115,991,750</b>	<b>164,492,835</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Deferred income relating to operating fixed assets	8	29,602,849	21,866,849
Deferred income for health and education support	9	56,200,000	100,000,000
		85,802,849	121,866,849
<b>Current Liabilities</b>			
Accrued expenses	10	94,000	64,000
<b>Total Liabilities</b>		<b>85,896,849</b>	<b>121,930,849</b>
<b>Net assets</b>		<b>30,094,901</b>	<b>42,561,986</b>
<b>REPRESENTED BY:</b>			
<b>FUNDS AND RESERVES</b>			
General fund		30,094,901	42,561,986
		30,094,901	42,561,986

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, 2023

	Note	2023 (Rupees)	2022 (Rupees)
<b>INCOME</b>			
Donations receipts	11	170,464,000	146,556,124
<b>OPERATING EXPENDITURES</b>			
<b>Direct Expenditures</b>			
Donations expense	12	180,616,369	123,923,911
Depreciation		5,224,035	3,858,856
		185,840,404	127,782,767
<b>Administrative Expenditures</b>			
Audit fee		54,000	54,000
Bank Service Charges		3,067	-
Rates and Taxes		11,400	16,105
Domain Registration		27,336	29,853
Fee and Subscriptions		2,630	7,140
Insurance		-	183,809
Legal and Professional Charges		76,000	70,000
Miscellaneous		150	-
Amortization		7,701	7,701
Printing Stationery and Courier Charges		3,910	5,295
		186,194	373,903
<b>Total Operating Expenditures</b>		<b>186,026,598</b>	<b>128,156,670</b>
<b>Other Income</b>			
Dividend income on investment in funds		3,641,780	-
<b>Surplus / (Deficit) for the year before taxation</b>		<b>(11,920,818)</b>	<b>18,399,454</b>
Taxation		(546,267)	-
<b>Surplus / (Deficit) for the year after taxation</b>		<b>(12,467,085)</b>	<b>18,399,454</b>

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

  
Chief Executive

  
Director

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## K&N's FOUNDATION

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### STATEMENT OF CHANGES IN FUNDS & RESERVES FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Restricted Fund	Total
Balance as at 1st July 2021	24,162,532	-	24,162,532
Surplus for the year	18,399,454		18,399,454
Balance as at 30 June 2022	42,561,986	-	42,561,986
Deficit for the year	(12,467,085)		(12,467,085)
Balance as at 30 June 2023	30,094,901	-	30,094,901

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Chief Executive



Director



## K&N's FOUNDATION

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### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	2023 (Rupees)	2022 (Rupees)
<b>Cash flows from operating activities</b>		
Operating (deficit) / surplus for the year	(12,467,085)	18,399,454
<b>Surplus before working capital changes</b>	(12,467,085)	18,399,454
<b>Adjustments for non-cash and other items:</b>		
Depreciation	5,224,035	3,858,856
Amortization	7,701	7,701
Dividend income on investment in funds	(3,641,780)	-
Amortization of deferred income	(100,000,000)	(75,000,000)
<b>Surplus before working capital changes</b>	(110,877,129)	(52,733,989)
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / Decrease in assets:		
Advance	8,300	21,689
Increase / (Decrease) in liabilities:		
Accrued expenses	30,000	(218,000)
<b>Net Cash inflow from operating activities</b>	(110,838,829)	(52,930,300)
<b>Cash flows from investing activities</b>		
Additions in property, plant and equipment	(12,960,035)	(1,968,500)
Payments for acquisition of investments	(28,095,513)	-
Dividend income on investment in funds	3,641,780	-
	(37,413,768)	(1,968,500)
<b>Cash flows from financing activities</b>		
Deferred income relating to operating fixed assets	7,736,000	(1,890,356)
Deferred income for health and education support	56,200,000	100,000,000
	63,936,000	98,109,644
<b>Net increase in cash and cash equivalents</b>	(84,316,597)	43,210,844
<b>Cash and cash equivalents at the beginning of the year</b>	142,548,377	99,337,533
<b>Cash and cash equivalents at the end of the year</b>	58,231,780	142,548,377

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

  
Chief Executive

  
Director

or