

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, 2025

Audited by:

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)

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 2025.

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 alike last years, 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 tenth year of successful operation. The hospital is equipped with the 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.

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 Indus Hospital
The Health Foundation

In the Education Sector;

The Al-Furqan Welfare Organization
The Hunar Foundation
Habib University Foundation

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. Mr. Shahab Ashraf Nayyar
7. Mrs. Mariam Millwala

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: Thursday, November 06, 2025



Khalil A. Sattar
Chief Executive



Adil Khalil Sattar
Director

ڈائریکٹر زکا جائزہ

معزز ارکان،

بورڈ آف ڈائریکٹر کے لئے یہ بات باعث صرف ہے کہ کمپنی کی جانب سے 30 جون 2025ء کو ختم ہونے والے سال کی رپورٹ بیع فاؤنڈیشن کے آڈٹ شدہ حسابات پیش کریں۔

الحمد للہ ماضی کی طرح اس سال بھی فاؤنڈیشن کی کارکردگی تسلی بخش رہی ہے۔ فاؤنڈیشن نے تعلیم کے فروع اور صحت کے شعبے میں معاونت کے ذریعے اپنے گران قدر مقاصد کے حصول کے ضمن میں قابل ذکر کو ششیں اور بھرپور تعاون کیا ہے چنانچہ گزشتہ سالوں کے مقابلے میں زیر جائزہ سال میں فاؤنڈیشن کے وسائل کو صحت اور تعلیم کے شعبوں میں مزید موثر طریقے سے استعمال کیا گیا ہے۔

اللہ رب العزت کی مہربانی سے کے اینڈ ایز فاؤنڈیشن کے ویژن ٹرست کے زیر انتظام خیر النساء آئی ہپتال جو کہ اپنے دسویں سال میں کامیابی سے روای دواں ہے، اب ایک جدید میڈیکل اور آلات جراحی سے لیس میں الاقوامی طرز کے ہپتال میں تبدیل ہو گیا ہے۔ ماضی کے درختدہ سالوں کی طرح خیر النساء آئی ہپتال اس سال بھی اپنے اہداف کے مطابق ہر طبقے کے مريضوں کو عمومی اور نادر ضرور تمندوں اور سہولتوں سے محروم مريضوں کو علاج کی خصوصی سہولیات مہیا کر رہا ہے۔

گزشتہ سالوں کی طرح کے اینڈ ایز فاؤنڈیشن اپنا مالی تعاون ان غیر منافع بخش تنظیموں (NPOs) کے ساتھ جاری رکھنے کے لیے پر عزم ہے جو صحت اور تعلیم کے شعبوں میں کام کر رہی ہیں تاکہ ملک بھر میں صحت اور تعلیم کے شعبوں پر ثابت اثرات مرتب کیے جاسکیں گے۔

موجودہ سال کے دوران فاؤنڈیشن نے درج ذیل غیر منافع بخش تنظیموں (NPOs) کو قابل ذکر مالی مدد فراہم کی ہے۔

صحت کے شعبے میں:

سندھ انسٹیوٹ آف پرولو جی ٹرنسپلائٹ (ایس آئی یوئی ٹرست)

شوکت خانم میوریل ٹرست

دی انڈس ہاسپٹ

دی ہلیچہ فاؤنڈیشن

تعلیم کے شعبے میں:

الفرقاں و یافشیر آر گنائزیشن

دی ہنر فاؤنڈیشن

حبیب یونیورسٹی فاؤنڈیشن

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پر بیان:

- کمپنی میجنت کی جانب سے تیار کئے جانے والے مالیاتی گوشواروں میں امور کی انجام دہی، ان آپریشنز سے حاصل نتائج، کیش فلو اور ایکوئی میں تبدیلی کے بارے میں درست انداز میں بتایا گیا ہے۔
- کمپنی اکاؤنٹس بکس کی تفصیلات کو درست انداز میں برقرار رکھا گیا ہے۔

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- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ حکمتِ محالیوں کو متوالا گو کیا گیا ہے اور اکاؤنٹنگ تحریث جات اور داشتمانہ فیصلہ کی بنیاد پر تیار کیتے گئے ہیں۔
- فاؤنڈیشن کے مالیاتی گوشوارے تیار کرنے کے لیے پاکستان میں رائج اکاؤنٹنگ اور پورمنگ اسٹینڈرڈز کو مد نظر رکھا گیا ہے جو کہ مندرجہ ذیل اسٹینڈرڈز اور قوانین پر مشتمل ہیں۔
 - ✓ میں الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRSs) جو اختر نیشنل اکاؤنٹنگ اسٹینڈرڈز بورڈ (IAS) کے ذریعہ جاری کیے گئے ہیں جیسا کہ کمپنیز ایکٹ، 2017 کے تحت نافذ العمل ہے۔
 - ✓ انسٹی ٹوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کی طرف سے جاری کردہ غیر منافع بخش تنظیموں کے لیے اکاؤنٹنگ اسٹینڈرڈز جیسا کہ کمپنیز ایکٹ، 2017 کے تحت نافذ العمل ہے۔ اور
 - ✓ کمپنیز ایکٹ 2017 کے تحت جاری کردہ دفعات یا بدایات۔
- ✓ جہاں کمپنیز ایکٹ، 2017 کے تحت جاری کردہ دفعات اور بدایات IFRS یا NPOs کے اکاؤنٹنگ اسٹینڈرڈز سے مختلف ہیں، وہاں کمپنیز ایکٹ، 2017 کے تحت جاری کردہ دفعات اور بدایات کے مطابق گوشوارے تیار کیتے گئے ہیں۔
- داخلی کنٹرول کے نظام کو موثر طریقے سے ذیراً ائن اور نافذ کیا گیا ہے۔ اندر وہی آئٹ اور دیگر مانیٹرنگ میکانزم کے ذریعے ان سیٹمز کی مسلسل گمراہی کی جاتی ہے۔ داخلی کنٹرول کی گمراہی کا عمل ایک مستقل عمل کے طور پر جاری رہے گا جس کا مقصد کنٹرول اور مزید مضبوط کرنا اور نظام میں بہتری لانا ہے۔
 - کمپنی کے کاروبار جاری رکھنے کی اہلیت کے حوالے سے کوئی خاص تکمیل و شبہات موجود نہیں ہیں۔
 - کارپوریٹ گورننس کے بہترین طریقوں سے کسی قسم کا انحراف نہیں کیا گیا ہے۔
 - سال کے دوران فاؤنڈیشن کے چیف ایگزیکٹو اور ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کیا گیا۔

بورڈ آف ڈائریکٹرز:

موجودہ بورڈ کے ارکان کی ترتیب درج ذیل ہے۔

1. جناب خلیل اے تار صاحب
2. محترمہ نوشابہ خلیل صاحبہ
3. عادل خلیل تار صاحب
4. جناب سید یوسف مصطفیٰ صاحب
5. جناب عبدالغفار خالد صاحب
6. جناب شہاب اشرف نیز
7. محترمہ مریم مل والا

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آڈیٹرز:

فاؤنڈیشن کے موجودہ آڈیٹرز ایف آر مر چنٹ اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس سکیورٹی ہو گئے ہیں اور اپنی خدمات اگلے تجارتی سال کے لیے پیش کرتے ہیں۔

من جانب بورڈ آف ڈائریکٹرز



عادل خلیل سار

کراچی 6 نومبر 2025ء

ڈائریکٹر



خلیل اے سار

چیف ایگزیکٹو



Annual Shariah Review Report

K&N's Foundation - Zakat Funds **July 2024 – June 2025**

OBJECTIVE

This report summarizes the Zakat utilization status and details of donations made by K&N's Foundation for the fiscal year July 2024 to June 2025. The review focuses on ensuring that the disbursed funds comply with Shariah principles of Zakat and provides observations for improvement.

SUMMARY OF DONATIONS AND ZAKAT APPROVAL STATUS

The following organizations received Zakat funds and hold valid Shariah compliance certificates from their respective Shariah advisors:

- Al-Furqan Welfare Organization
- Habib University Foundation
- Shaukat Khanam Memorial Trust
- The Health Foundation
- The Hunar Foundation
- The Indus Hospital

The following organizations were identified where valid Shariah compliance certificates were **not available** at the time of review:

- Baanh Beli
- SIUT Trust
- Vision Trust
- Aitchison College (for student Zunnurain Qayyum)

KEY OBSERVATIONS

1. Shariah Compliance of Zakat Utilization

- Zakat funds must be disbursed strictly to eligible recipients as defined under Shariah guidelines. Before disbursement of Zakat funds, it is essential that K&N's Foundation obtains valid **Shariah compliance certificates** from recipient organizations, confirming that the funds will be utilized in accordance with Zakat rules.

2. Strategy for 2025–26

- To ensure compliance in the year 2025–26, it is advised that Zakat funds be disbursed only to organizations holding a valid Shariah compliance certificate.
- For donations to the individuals, it is essential to obtain a duly signed *Zakat assessment form* before the disbursement of any funds.

CONCLUSION & RECOMMENDATION

For the year July 2024 – June 2025, K&N’s Foundation disbursed Zakat funds to multiple organizations. While several institutions hold valid Shariah compliance certifications, others do not. To ensure full Shariah compliance, K&N’s Foundation should require all recipient organizations to provide a valid Shariah certificate prior to fund disbursement. This will safeguard the proper utilization of Zakat and strengthen compliance with Shariah governance standards.

Furthermore, K&N’s Foundation has appointed **Alhamd Shariah Advisory Services (Pvt.) Limited** as its Shariah Advisor to ensure that all disbursements are in accordance with Shariah. While such review reports have been issued since June 2024, going forward a formal **mechanism will be established** under the supervision of the Shariah Advisor, and all disbursements will be made in line with that mechanism.



Mufti Ubaid Ur Rahman Zubairi

Director

Alhamd Shariah Advisory Services (Pvt.) Limited

28th October 2025



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 2025, 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 equity, 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 2025 and of the loss, 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 (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 (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.

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.

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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 equity, 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: November 06, 2025

Place: Karachi

UDIN: AR202510337o2rA3y0CO


F.R. MERCHANT & CO.
Chartered Accountants

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

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

	Note	2025 (Rupees)	2024 (Rupees)
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	4	30,773,158	29,349,947
Intangibles	5	46,206	53,907
		30,819,364	29,403,854
Current Assets			
Short Term Investments	6	112,440,758	69,086,098
Cash and bank balances	7	14,595,890	62,938,667
		127,036,648	132,024,765
Total Assets		<u>157,856,012</u>	<u>161,428,619</u>
LIABILITIES			
Non-Current Liabilities			
Deferred income relating to operating fixed assets	8	30,773,158	29,349,947
Deferred income for health and education support	9	-	-
		30,773,158	29,349,947
Current Liabilities			
Accrued expenses	10	91,000	74,000
Total Liabilities		<u>30,864,158</u>	<u>29,423,947</u>
Net assets		<u><u>126,991,854</u></u>	<u><u>132,004,672</u></u>
REPRESENTED BY:			
FUNDS AND RESERVES			
Unrestricted fund			
General fund		44,586,269	37,537,958
Restricted fund			
Zakat fund		82,405,585	94,466,714
		<u><u>126,991,854</u></u>	<u><u>132,004,672</u></u>

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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INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 (Rupees)	2024 (Rupees)
INCOME	11	208,063,277	186,228,201
OPERATING EXPENDITURES			
Direct Expenditures			
Donations expense	12	197,486,488	178,275,299
Depreciation		5,430,557	5,179,402
		202,917,045	183,454,701
Administrative Expenditures			
Audit fee		81,000	54,000
Bank Service Charges		2,760	-
Rates and Taxes		104,610	3,800
Web Hosting / Domain Registration		-	45,880
Fee and Subscriptions		14,035	6,750
Insurance		218,675	183,502
Legal and Professional Charges		191,200	971,800
Miscellaneous		-	152
Amortization		7,701	7,701
Printing Stationery and Courier Charges		8,410	5,430
		628,391	1,279,015
Total Operating Expenditures		203,545,436	184,733,716
Other Income			
Capital Gains on investment in funds		3,300,653	
Dividend income on investment in funds		73,308	4,968,653
Tax on Income from investments in mutual funds		(843,491)	(745,298)
		2,530,470	4,223,355
Surplus / (Deficit) for the year		7,048,311	5,717,840

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



Chief Executive



Director



K&N's FOUNDATION

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2025

	2025 (Rupees)	2024 (Rupees)
Cash flows from operating activities		
Operating (deficit) / surplus for the year	7,048,311	5,717,840
Surplus before working capital changes	7,048,311	5,717,840
Adjustments for non-cash and other items:		
Depreciation	5,430,557	5,179,402
Amortization	7,701	7,701
Dividend income on investment in funds	(3,373,961)	(4,968,653)
Surplus before working capital changes	<u>9,112,608</u>	<u>5,936,290</u>
Effect on cash flow due to working capital changes		
(Increase) / Decrease in assets:		
Advance	-	-
Increase / (Decrease) in liabilities:		
Accrued expenses	17,000	(20,000)
Net Cash inflow from operating activities	<u>9,129,608</u>	<u>5,916,290</u>
Cash flows from investing activities		
Additions in property, plant and equipment	(6,853,768)	(4,926,500)
Payments for acquisition of investments	(43,354,660)	(40,990,585)
Capital Gains on investment in funds	3,300,653	-
Dividend income on investment in funds	73,308	4,968,653
	<u>(46,834,467)</u>	<u>(40,948,432)</u>
Cash flows from financing activities		
Deferred income relating to operating fixed assets	1,423,211	(252,902)
Transferred to Zakat Fund	<u>(12,061,129)</u>	<u>39,991,931</u>
	<u>(10,637,918)</u>	<u>39,739,029</u>
Net increase in cash and cash equivalents	<u>(48,342,777)</u>	<u>4,706,887</u>
Cash and cash equivalents at the beginning of the year	<u>62,938,667</u>	<u>58,231,780</u>
Cash and cash equivalents at the end of the year	<u>14,595,890</u>	<u>62,938,667</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 CHANGES IN FUNDS & RESERVES FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Restricted Fund	Total
Balance as at 1st July 2023	31,820,118	-	31,820,118
Surplus for the year	5,717,840		5,717,840
Balance as at 30 June 2024	37,537,958	-	37,537,958
Surplus for the year	7,048,311		7,048,311
Balance as at 30 June 2025	<u>44,586,269</u>	<u>-</u>	<u>44,586,269</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)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

1. LEGAL STATUS AND NATURE OF OPERATIONS

K&N's Foundation ("the Foundation") was registered under section 42 of the Companies Ordinance, 1984 now Companies Act, 2017 on September 03, 2014 in Pakistan with limited liability without addition of the words "(Guarantee) Limited" to its name. The primary purpose of the Foundation is to undertake such activities which lead to advancement of Health, Education, Nutrition and Relief to underprivileged people.

The registered office of the Foundation is situated at K&N's Centre, 160 Banglore Town, Shara-e-Faisal, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Accounting Standards for Not for Profit Organizations (Accounting Standards 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 for SMEs or the Accounting Standards for NPOs the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Financial and Presentation Currency

These financial statements are presented in Pakistan Rupees which is also the Foundation's financial currency. All financial information presented in Pakistan Rupees have been rounded to the nearest rupee.

2.4 Amendments to accounting and reporting standards which become effective during the current year.

There were certain amendments that became applicable for the Foundation during the year but are not considered to be relevant or did not have any significant effect on the Foundations operations and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Foundation which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

During the year, the ICAP has issued accounting standard on 'Financial Statement Disclosure of Zakat received by an entity' and notified by SECP vide SRO 240(1)/2024 which shall be followed by companies that receive zakat, and are required to prepare their financial statements in conformity with the financial reporting standards as applicable in Pakistan. The new standard is effective for the Foundation effective July 1, 2024.

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K&N's FOUNDATION

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, Plant & Equipment

Owned

These are stated at cost less accumulated depreciation and accumulated impairment, if any. Depreciation is charged to income on diminishing balance method. Cost includes expenditure directly attributable to the acquisition of an asset. Subsequent costs are included in the asset's carrying amount or are recognized as separate assets, as appropriate, only when it is probable that future benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably.

The Foundation reviews the rate of depreciation, useful life, residual value and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of operating fixed assets with a corresponding effect on the depreciation charge and impairments.

Depreciation methods, useful life and residual values are reviewed at each reporting date. Normal repairs and maintenance are charged to income and expenditure account.

3.2 Intangible

Intangible asset is stated at cost less accumulated amortization and impairment loss, if any. Cost in relation to intangible asset is amortized and charged to the statement of profit or loss using diminishing balance method at the rate given in note 5 to the financial statements.

3.3 Trade and other payables

Liability for creditors. Accrued and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the foundation.

3.4 Income recognition

General donations are recognized as income as and when received.

Donations related to operating fixed assets are recognized as deferred income and amortized over the useful life of asset from the date the asset is available for intended use.

Donations received for health and education support are deferred and recognized as income in the period as the related expenses are recognized.

Profit on Term Deposits, Bank PLS Account, Profits on account with Mutual Funds and Dividends from companies are recorded in Income and Expenditure as and when received / Collected

3.5 Expenses

All expenses are recognized in the income and expenditure account on accrual basis.

3.6 Taxation

The Foundation enjoys a tax credit equal to one hundred per cent of the tax payable subject to condition as provided under section 100C of the Income Tax Ordinance, 2001.

3.7 Cash and cash equivalents

Cash and cash equivalent comprises of the cash in hand and balance with bank.



K&N's FOUNDATION

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

3.8 Transfer to general fund

The Foundation transfers (deficit) / surplus on income over expenditure to general fund in the year in which it is approved.

3.9 Restricted contributions

A deferred contribution is a contribution subject to externally imposed stipulations that specify the purpose for which the contributed asset or fund is to be used. Externally restricted contribution for expenses of one or more future periods are "accumulated in the statement of financial position as deferred contributions and recognised as revenue in" the income and expenditure statement in the same period or periods as the related expenses are recognised. Restricted contributions for the purchase of capital assets that will be depreciated are deferred and recognised as revenue in the income and expenditure statement on the basis as the depreciation expensed related to the acquired capita assets.



K&N's FOUNDATION
 (A company set up under section 42 of the Companies Ordinance, 1984 now Companies Act 2017)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	2025 Rupees	2024 Rupees
4. PROPERTY PLANT AND EQUIPMENT		
Operating fixed assets		
Machineries and Equipments	4.1	27,629,337
Vehicles	4.2	3,143,821
		<u>30,773,158</u>
		<u>29,349,947</u>
Operating fixed assets consist of machineries, equipment and vehicle deployed at a project of Foundation named "Khairun-Nisa Eye Hospital" being managed by Vision Trust.		
4.1 Machineries and Equipments		
At 01 July		
Cost		62,526,600
Accumulated depreciation		<u>(33,776,266)</u>
Net book value		<u>28,750,334</u>
Additions		3,754,768
Depreciation for the year		<u>(4,875,765)</u>
Closing Net book value		<u>27,629,337</u>
At 30 June		
Cost		66,281,368
Accumulated depreciation		<u>(38,652,031)</u>
Net book value		<u>27,629,337</u>
Depreciation rates (% per annum)		<u>15</u>
4.2 Vehicles		
At 01 July		
Cost		1,148,670
Accumulated depreciation		<u>(549,057)</u>
Net book value		<u>599,613</u>
Additions		3,099,000
Depreciation for the year		<u>(554,792)</u>
Closing Net book value		<u>3,143,821</u>
At 30 June		
Cost		4,247,670
Accumulated Amortization		<u>(1,103,849)</u>
Net book value		<u>3,143,821</u>
Amortization rates (% per annum)		<u>15</u>

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K&N's FOUNDATION
 (A company set up under section 42 of the Companies Ordinance, 1984 now Companies Act 2017)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

5. INTANGIBLES

At 01 July		
Cost	85,567	85,567
Accumulated Amortization	(31,660)	(23,959)
Net book value	<u>53,907</u>	<u>69,309</u>
Additions		
Amortization for the year	(7,701)	(7,701)
Closing Net book value	<u>46,206</u>	<u>61,608</u>
At 30 June		
Cost	85,567	85,567
Accumulated Amortization	(39,361)	(31,660)
Net book value	<u>46,206</u>	<u>53,907</u>
Amortization rates (% per annum)	<u>10</u>	<u>10</u>

6. SHORT TERM INVESTMENT

At fair value through profit and loss in units of mutual fund

Mutual Fund: Al habib islamic cash fund

Number of Units	<u>1,123,395.38</u>	<u>690,860.98</u>
Fair Market Value	<u>112,440,758</u>	<u>69,086,098</u>

7. CASH AND BANK BALANCES

Cash in hand	109,004	2,974
Cash at bank:		
- in current account - local currency	14,486,886	62,935,693
	<u>14,595,890</u>	<u>62,938,667</u>

8. DEFERRED INCOME RELATING TO OPERATING FIXED ASSETS

Opening balance	29,349,947	29,602,849
Addition during the year	6,853,768	4,926,500
Amortisation for the year	(5,430,557)	(5,179,402)
Closing balance	<u>30,773,158</u>	<u>29,349,947</u>

9. DEFERRED INCOME FOR HEALTH AND EDUCATION SUPPORT

Opening balance	-	56,200,000
Donations received during the year	-	-
Amortized during the year	-	(56,200,000)
Closing balance	<u>-</u>	<u>-</u>

This amount is to be utilized on the Foundation's projects i.e. Khairun-Nisa Eye Hospital and Al-Furqan Welfare Organization, in addition to the contributions to be made for health and education support to various Hospitals and Educational institutions.

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K&N's FOUNDATION
 (A company set up under section 42 of the Companies Ordinance, 1984 now Companies Act 2017)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

10. ACCRUED EXPENSES

Audit Fee	81,000	54,000
Legal & Professional Fee	10,000	20,000
	<u>91,000</u>	<u>74,000</u>

11. INCOME

Donations received during the year	11.1	12,000,000	10,800,000
Net Amortised - donations related to assets		(1,423,211)	252,902
Zakat utilized for operating expenses		197,486,488	175,175,299
		<u>208,063,277</u>	<u>186,228,201</u>

11.1 Donations

Donations received during the year - Corporate Sector	12,000,000	10,800,000
Donations transferred to deferred income	-	-
	<u>12,000,000</u>	<u>10,800,000</u>

11.2 Zakat available for utilization

Opening balance of zakat	94,466,714	54,474,783
Income from investments in mutual funds	11,767,145	7,373,212
Tax on Income from investments in mutual funds	(2,941,786)	(1,105,982)
	8,825,359	6,267,230
Zakat received during the year	<u>176,600,000</u>	<u>208,900,000</u>
	<u>279,892,073</u>	<u>269,642,013</u>

Zakat utilized during the year

Zakat utilized on providing goods and services to the beneficiaries	-	-
Zakat utilized for general and administrative expenses	-	-
Zakat utilized through donations paid to non-profit organizations	197,486,488	175,175,299
	<u>197,486,488</u>	<u>175,175,299</u>

Closing balance of Zakat

82,405,585

94,466,714

Closing balance of the zakat is represented by:

Cash and bank balances and Short term investments related to zakat balances (Note 6 & 7)	82,405,585	94,466,714
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Zakat-in-kind

Less: Zakat related accrued expenditures	-	-
	<u>82,405,585</u>	<u>94,466,714</u>

12. DONATIONS EXPENSE

Contributions to Institutions	197,486,488	122,075,299
Amortization of deferred income	-	56,200,000
	<u>197,486,488</u>	<u>178,275,299</u>

13. CONTINGENCIES & COMMITMENTS

13.1 Contingencies:

There were no contingencies outstanding as at June 30, 2025 (2024: Nil).

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13.2 Commitments:

There were no commitments outstanding as at June 30, 2025 (2024: Nil).

K&N's FOUNDATION
(A company set up under section 42 of the Companies Ordinance, 1984 now Companies Act 2017)
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

14. RELATED PARTY TRANSACTIONS

The transactions between the Foundation and related parties are carried out on an arm's length basis. The related parties include associated undertakings and associated companies having common directors and key management personnel. Details of transactions with related parties are as follow;

14.1 Donation received from related parties

K&N's Agriculture & Poultry Breeding Farms (Pvt.) Limited, in which Mr. Khalil A. Sattar, Mr. Adil Khalil Sattar and Mrs. Naushaba Khalil (Directors of the Foundation) are also directors, has donated Rs. 0.60 million (2024: Rs. 0.50 million) during the year.

K&N's Poultry Farms (Pvt.) Limited, in which Mr. Khalil A. Sattar, Mr. Adil Khalil Sattar and Mrs. Naushaba Khalil (Directors of the Foundation) are also directors, has donated Rs. 1million (2024: Rs. 0.40 million) during the year.

K&N's Foods (Pvt.) Limited, in which Mr. Khalil A. Sattar, Mr. Adil Khalil Sattar and Mrs. Naushaba Khalil (Directors of the Foundation) are also directors, has donated Rs. 12million (2023: Rs. 10.8million) during the year.

K&N's Poultry Farms (AOP), in which Mr. Khalil A. Sattar, Mr. Adil Khalil Sattar and Mrs. Naushaba Khalil (Directors of the Foundation) are also members, has donated Rs. 100million (2024: Rs. 125.5million) during the year.

14.2 Donations from Directors

	2025	2024
	Rupees	Rupees
Mr. Khalil A. Sattar	<u>25,000,000</u>	<u>27,500,000</u>
Mr. Adil Khalil Sattar	<u>25,000,000</u>	<u>27,500,000</u>
Mrs. Naushaba Khalil	<u>25,000,000</u>	<u>27,500,000</u>

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

15. NUMBER OF EMPLOYEES

Currently the Foundation has no employee.

16. DATE OF AUTHORIZATION

These financial statements were authorized for issue in the Board of Directors meeting held on Thursday, November 06, 2025.


Chief Executive
Director