

Kashf Foundation
*(A Company Setup Under Section 42 of repealed
Companies Ordinance, 1984)*

**Audited financial statements for the year ended
30 June 2017**



KPMG Taseer Hadi & Co.
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Auditors' Report to the Members

We have audited the annexed balance sheet of **Kashf Foundation** (a Company setup under section 42 of Companies Ordinance, 1984) as at 30 June 2017 and the related statement of income and expenditure, statement of comprehensive surplus, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the change in accounting policy as referred to in note 4.1 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and

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- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, statement of comprehensive surplus, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of the surplus, its comprehensive surplus, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



Lahore

Date: 28 September 2017

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran I. Yousafi)

Kashf Foundation (A Company Setup Under Section 42 of repealed Companies Ordinance, 1984)

Balance sheet

As at 30 June 2017

	Note	2017 Rupees	2016 Rupees (Restated)	2015 Rupees (Restated)
ASSETS				
<u>Non-current assets</u>				
Property and equipment	5	593,209,581	565,740,929	399,759,305
Intangible assets	6	-	253,766	761,305
Investment property	7	70,001,500	-	-
Long term investments	8	523,333,333	195,000,000	840,000,000
Long term loans	9	121,998,640	261,239,935	216,196,348
Long term micro-credit loan portfolio	10	33,361,661	14,006,108	2,465,638
Long term deposits		1,363,160	463,360	5,270,200
		1,343,267,875	1,036,704,098	1,464,452,796
<u>Current assets</u>				
Micro-credit loan portfolio	11	6,967,351,449	4,363,624,672	4,359,360,053
Kashf Murabaha	12	157,660,644	139,097,188	117,976,522
Short term investments	13	239,309,351	432,275,052	343,730,919
Advances, deposits, prepayments and other receivables	14	234,320,186	132,469,610	166,377,904
Accrued service charges		87,284,899	70,728,681	70,561,263
Cash and bank balances	15	1,940,110,508	1,225,894,209	514,869,815
		9,626,037,037	6,364,089,412	5,572,876,476
		10,969,304,912	7,400,793,510	7,037,329,272
EQUITY AND LIABILITIES				
<u>Equity</u>				
Donated Funds	16	216,660,110	206,585,110	195,960,238
Reserves	17	1,732,954,546	1,154,827,972	409,165,291
Fair value reserve		5,972,428	5,602,475	5,397,586
		1,955,587,084	1,367,015,557	610,523,115
Surplus on revaluation of land and building	18	209,478,137	201,647,080	131,598,330
<u>Non-current liabilities</u>				
Long term financing - secured	19	4,587,682,917	1,965,127,183	2,998,790,396
<u>Current liabilities</u>				
Current portion of long term financing - secured	20	3,727,981,199	3,436,038,424	2,864,265,137
Short term borrowings	21	96,789,785	134,036,657	104,503,022
Deferred grants	22	59,822,585	34,937,589	57,990,000
Accrued markup	23	138,491,363	115,020,235	150,241,368
Trade and other payables	24	193,471,842	146,970,785	119,417,904
		4,216,556,774	3,867,003,690	3,296,417,431
Contingencies and commitments	25			
		10,969,304,912	7,400,793,510	7,037,329,272

The annexed notes 1 to 44 form an integral part of these financial statements.

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Lahore

Chief Executive



Director

Kashf Foundation *(A Company Setup Under Section 42 of repealed Companies Ordinance, 1984)*

Statement of Income and Expenditure

For the year ended 30 June 2017

	Note	2017 Rupees	2016 Rupees (Restated)
Service and other charges on micro-credit loan portfolio	26	2,322,646,402	1,904,471,196
Profit on Kashf Murabaha		59,033,855	53,004,116
Grant income	27	90,845,206	212,232,057
Return on deposits		125,598,057	128,606,906
		2,598,123,520	2,298,314,275
Direct cost - programme cost	28	955,401,843	651,066,502
Grant expenses	29	84,797,881	203,504,238
Finance cost	30	644,072,995	562,273,322
		(1,684,272,719)	(1,416,844,062)
		913,850,801	881,470,213
Management and administrative expenses	31	(248,191,036)	(190,064,973)
Other expenses	32	(140,400,465)	-
Other income	33	52,867,273	54,257,441
		(335,724,228)	(135,807,532)
Surplus for the year		578,126,573	745,662,681

The annexed notes 1 to 44 form an integral part of these financial statements.

Notified

Lahore

Chief Executive

Director

Kashf Foundation (A Company Setup Under Section 42 of repealed Companies Ordinance, 1984)

Statement of Comprehensive Surplus

For the year ended 30 June 2017

	2017 Rupees	2016 Rupees (Restated)
Surplus for the year	578,126,573	745,662,681
<u>Items that may be reclassified subsequently to statement of income and expenditure</u>		
Fair value gain on available-for-sale investment	369,953	204,889
Total comprehensive surplus for the year	<u>578,496,526</u>	<u>745,867,570</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

NOTIFIED

Lahore


Chief Executive


Director

Kashf Foundation (A Company Setup Under Section 42 of repealed Companies Ordinance, 1984)

Statement of Changes in Equity

For the year ended 30 June 2017


	Donated funds	Reserves		Fair value reserve	Total
		General reserve	Loan loss reserve		
----- Rupees -----					
Balance as at 30 June 2015	195,960,238	418,792,733	-	5,397,586	620,150,557
Effect of restatement as referred in note 41	-	(9,627,442)	-	-	(9,627,442)
Balance as at 30 June 2015 (restated)	195,960,238	409,165,291	-	5,397,586	610,523,115
<u>Total comprehensive surplus (restated)</u>					
Surplus for the year (restated)	-	745,662,681	-	-	745,662,681
Other comprehensive surplus	-	-	-	204,889	204,889
	-	745,662,681	-	204,889	745,867,570
Micro-credit loan portfolio disbursed against grant	10,624,872	-	-	-	10,624,872
Transferred from general funds to loan loss reserve	-	(68,220,915)	68,220,915	-	-
Balance as at 30 June 2016 (restated)	206,585,110	1,086,607,057	68,220,915	5,602,475	1,367,015,557
<u>Total comprehensive surplus</u>					
Surplus for the year	-	578,126,573	-	-	578,126,573
Other comprehensive surplus	-	-	-	369,953	369,953
	-	578,126,573	-	369,953	578,496,526
Micro-credit loan portfolio disbursed against grant	10,075,000	-	-	-	10,075,000
Transferred from general funds to loan loss reserve	-	(111,190,946)	111,190,946	-	-
Balance as at 30 June 2017	216,660,110	1,553,542,685	179,411,861	5,972,428	1,955,587,083

The annexed notes 1 to 44 form an integral part of these financial statements.

Kashf Foundation



Chief Executive



Director

Kashf Foundation (A Company Setup Under Section 42 of repealed Companies Ordinance, 1984)

Cash Flow Statement

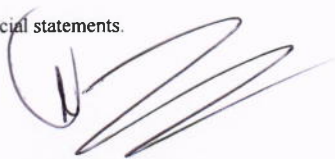
For the year ended 30 June 2017

	Note	2017 Rupees	2016 Rupees (Restated)
<u>Cash flow from operating activities</u>			
Surplus for the year		578,126,573	745,662,681
Adjustments for non cash items:			
Depreciation		25,818,356	9,368,535
Amortization		253,766	507,539
Impairment on loan to associate		140,000,000	-
Interest on loan to associate		-	(45,043,587)
Liabilities written back		(22,562,996)	-
Lease markup		416,187	8,520,394
Return on investments and bank deposits		(125,598,057)	(128,606,906)
Amortization of transaction costs of long term loans		13,821,793	33,805,016
Finance cost		594,573,356	519,225,312
Loss/ (gain) on disposal of fixed assets		37,890	(33,715)
Provision against doubtful receivables		-	160,186
Property and equipment written off		362,575	-
Fair value gain on Investment Property		(4,868,000)	-
Provision/ (reversal of provision) for loan loss		29,617,621	(25,326,943)
		651,872,492	372,575,831
Surplus before working capital changes		1,229,999,065	1,118,238,512
<u>Effect on cash flow due to working capital changes</u>			
Increase in micro-credit loan portfolio		(2,652,699,951)	9,521,854
Increase in Kashf Murabaha		(18,563,456)	(21,120,666)
Increase in accrued service charges		(16,556,218)	(167,418)
Increase in advances, deposits, prepayments and other receivables		(80,559,208)	(38,419,403)
Increase/ (decrease) in deferred grants		34,959,996	(18,060,513)
Increase in trade and other payables		69,064,053	27,552,881
		(2,664,354,784)	(40,693,265)
Cash (used in) / generated from operations		(1,434,355,720)	1,077,545,247
Finance cost paid		(571,102,228)	(554,446,445)
Net cash (used in) / generated from operating activities		(2,005,457,948)	523,098,802
<u>Cash flow from investing activities</u>			
Capital expenditure incurred		(106,302,605)	(105,623,110)
Sale proceeds from disposal of operating fixed assets		3,410,888	355,416
Long term deposits		(1,658,505)	4,806,840
Return on investments and bank deposits		104,306,689	197,886,816
Long term investment - net		(328,333,333)	645,000,000
Short term investment - net		193,335,655	(88,339,244)
Net cash (used in) / generated from investing activities		(135,241,211)	654,086,718
<u>Cash flow from financing activities</u>			
Transaction costs paid for borrowings		(57,583,962)	(6,097,750)
Payment of finance lease liabilities		(2,338,230)	-
Proceeds received against financing		6,447,168,645	3,644,825,474
Repayments of financing		(3,472,800,818)	(4,112,580,347)
Net inflow / (outflow) from financing activities		2,914,445,636	(473,852,623)
Net increase in cash and cash equivalents		773,746,477	703,332,897
Cash and cash equivalents at the beginning of the year		1,166,364,031	463,031,134
Cash and cash equivalents at the end of the year		1,940,110,508	1,166,364,031

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The annexed notes 1 to 44 form an integral part of these financial statements.

WITNESSES



Chief Executive



Director

Lahore