

Lahore Biennale Foundation

Financial Statements for the
year ended 30 June 2023



KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Members of the Managing Body of Lahore Biennale Foundation ("the Foundation")

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Lahore Biennale Foundation ("the Foundation")**, which comprises the statement of financial position as at 30 June 2023, and the income and expenditure account, the statement of comprehensive income, the statement of changes in funds, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at 30 June 2023 and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

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 Foundation 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.

Material uncertainty related to going concern

We draw attention to Note 1.2 of the financial statements, which indicates that the Foundation incurred a deficit after taxation of Rs 9.68 million during the year ended 30 June 2023 and as its accumulated losses exceeded the general fund by Rs. 15.02 million, and as of that date the Foundation's current liabilities exceeds its current assets by Rs. 15.89 million. As stated in note 1.2, these events or conditions, along with other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Foundation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and those charged with governance for the Financial Statements

Members of the managing body 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 for such internal control as managing body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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In preparing the financial statements, member of managing body is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 Foundation'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 Foundation'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 Foundation to cease to continue as a going concern.

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- 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 those charged with governance 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.

The engagement partner on the audit resulting in this independent auditor's report is Ahsin Tariq.

Lahore

Date: 19 July 2024

UDIN: AR202310119CnGA37iEL

A handwritten signature in blue ink, appearing to read 'KPMG Taseer Hadi & Co.', with a horizontal line above it.

KPMG Taseer Hadi & Co.
Chartered Accountants

Lahore Biennale Foundation
Statement of Financial Position
As at 30 June 2023

	Note	2023 Rupees	2022 Rupees
Assets			
<i><u>Non-current assets</u></i>			
Operating fixed assets	4	719,014	988,131
Long term deposits		150,000	150,000
		<u>869,014</u>	<u>1,138,131</u>
<i><u>Current assets</u></i>			
Advances	5	139,391	73,388
Cash and bank balances	6	255,123	11,503,189
		394,514	11,576,577
		<u>1,263,528</u>	<u>12,714,708</u>
EQUITY AND LIABILITIES			
<i><u>Funds</u></i>			
General fund		(15,021,642)	(5,339,143)
<i><u>Current liabilities</u></i>			
Loan from members	7	14,700,000	14,700,000
Provision for tax - net	8	1,212,447	1,603,940
Accrued liabilities		372,723	1,749,911
		16,285,170	18,053,851
Contingencies and commitments	9		
		<u>1,263,528</u>	<u>12,714,708</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

M. Nadeem

Lahore

M. Nadeem
Chairman

A. Nadeem
Director

Lahore Biennale Foundation
Income and Expenditure Account
For the year ended 30 June 2023

	Note	2023 Rupees	2022 Rupees
Donations	10	4,557,318	18,060,033
Other income		740,679	295,120
		<u>5,297,997</u>	<u>18,355,153</u>
<u>Expenditure</u>			
Projects expenses	11	(8,361,613)	(4,731,170)
Administrative expenses	12	(6,534,678)	(3,962,817)
Other charges		(17,980)	(16,045)
		<u>(14,914,271)</u>	<u>(8,710,032)</u>
Surplus / (Deficit) before taxation		(9,616,274)	9,645,121
Taxation	8	(66,225)	(1,639,671)
Surplus / (Deficit) after taxation		<u>(9,682,499)</u>	<u>8,005,450</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

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Lahore

Khan

Chairman

Qudus Khan

Director

Lahore Biennale Foundation
Statement of Comprehensive Income
For the year ended 30 June 2023

	2023 Rupees	2022 Rupees
Surplus / (Deficit) for the year	(9,682,499)	8,005,450
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(9,682,499)</u>	<u>8,005,450</u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

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Lahore


Chairman


Director

Lahore Biennale Foundation
Statement of Changes in Funds
For the year ended 30 June 2023

	Rupees
Balance as at 30 June 2021	(13,344,593)
Surplus / (Deficit) for the year	8,005,450
Balance as at 30 June 2022	<u>(5,339,143)</u>
Surplus / (Deficit) for the year	(9,682,499)
Balance as at 30 June 2023	<u><u>(15,021,642)</u></u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

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Lahore


Chairman


Director

Lahore Biennale Foundation

Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 Rupees	2022 Rupees
<u>Cash flow from operating activities</u>			
Surplus / (Deficit) before taxation		(9,616,274)	9,645,121
<i>Adjustments for:</i>			
Depreciation on operating fixed assets	4	269,117	272,840
Profit on bank deposits	13	(740,679)	(294,029)
Other charges		17,980	16,045
		(453,582)	(5,144)
Surplus before working capital changes		(10,069,856)	9,639,977
<u>Effect on cash flow due to changes in current assets and current liabilities</u>			
<i>(Increase) / decrease in current assets:</i>			
Advances		(66,003)	(39,858)
<i>(Decrease) / Increase in current liabilities:</i>			
Accrued liabilities		(1,377,188)	176,163
Cash generated from operations		(11,513,047)	9,776,282
Taxes paid		(457,718)	(794,075)
Bank charges paid		(17,980)	(16,045)
Net cash generated from operating activities		(11,988,745)	8,966,162
<u>Cash flow from investing activities</u>			
Capital expenditure incurred		-	-
Profit on bank deposits received		740,679	294,029
Net cash generated from investing activities		740,679	294,029
Net increase in cash and cash equivalents		(11,248,066)	9,260,191
Cash and cash equivalents at beginning of the year		11,503,189	2,242,998
Cash and cash equivalents at end of the year		255,123	11,503,189

The annexed notes from 1 to 17 form an integral part of these financial statements.

M. M. M. M.

Lahore

M. M. M. M.
Chairman

M. M. M. M.
Director

Lahore Biennale Foundation

Notes to the Financial Statements

For the year ended 30 June 2023

1 Reporting entity

1.1 Lahore Biennale Foundation ("the Foundation") was incorporated on 28 March 2014 as a Foundation registered under Societies Registration Act, 1860 as a non-profit organization. The registered office of the Foundation is situated at 101 Habitat Flats, Jail Road, Lahore. The main objective of the Foundation is to promote public engagement with the Arts and their related fields, including but not limited to fine arts, architecture, design, literature, visual and performing arts, and to help restore the role of the Arts in the national discourse.

1.2 Going Concern Assumption

During the year, the foundation has shown deficit after taxation of Rs 9.68 million (2022: Surplus Rs. 8.01 million) however as at year end its accumulated deficit stood at Rs. 15.02 million (2022: Rs. 5.34 million), and the current liabilities have exceeded the current assets by Rs. 15.89 million (2022: Rs. 6.48 million). The foundation has been facing difficulties in meeting its working capital requirements, which is ultimately bridged by managing body loans. These loans are being accumulated over the years to Rs. 14.70 million (2022: Rs. 14.70 million) The loans that the foundation has received from the managing body have remained static during the year.

The management plans to organize the LBF-03 in 2024. It has received donations from the Government of Punjab amounting to Rs 60 million in January 2024 and is in process of obtaining further funding from private parties amounting to 90 million. This indicates that foundation will arrange sufficient funds to execute the holding of LBF-03 in the coming months. Apart from the above, the members of managing body through support letter dated April 03, 2024, have committed to support the foundation through loans if there are any issues related to foundation's future operations. The managing body has also confirmed that they will reschedule/ defer already extended loans in line with foundations liquidity position, if any need arises. Management is confident that foundation will be able to continue as a going concern based on the donations received in subsequent period and the undertaking of continued financial and operational support by the managing body of the foundation

In view of the mitigating factors as explained above, the management of the Company believes that it remains appropriate to prepare the financial statements on a going concern basis. However, there remains a material uncertainty pertaining to current financial position of the foundation. The management acknowledges that these events and conditions indicates that a material uncertainty exists that may cast significant doubt on the Foundation's ability to continue as a going concern and, therefore, the Foundation may be unable to realize its assets and discharge its liabilities in the normal course of business.

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2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Accounting Standards for Not for Profit Organizations (NPOs) and Accounting and Financial Reporting Standards for Small Sized Entities (AFRS for SSE) as issued by the Institute of Chartered Accountants of Pakistan.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Foundation's functional currency and has been rounded to the nearest Rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Following are the assumptions and estimates where judgement were exercised in application of accounting policies:

	<i>Note</i>
- Useful life and residual value	2.4.1
- Provision for doubtful debts	2.4.2
- Provisions and contingencies	2.4.3
- Impairment	2.4.4
- Taxation	2.4.5

2.4.1 Useful life and residual value

The Foundation reviews the useful lives and residual value of operating fixed assets on regular 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 impairment.

2.4.2 Provision against trade debts, advances and other receivables

The Foundation reviews the recoverability of its trade debts and other receivables to assess impairment and provision required there against on annual basis (if any).

2.4.3 Provision and contingencies

Estimates of the amount of provisions recognized are based on current legal and constructive requirements. Because actual outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

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2.4.4 Impairment

The management of the Foundation reviews carrying amounts of its assets including receivables and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

2.4.5 Taxation

The Foundation takes into account the current income tax laws and decisions taken by appellate authorities. Instances where the Foundation's view differs from the view taken by the income tax department at the assessment stage and the Foundation considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

3.1 Operating fixed assets

Owned

Operating fixed assets of the Foundation are stated at cost less accumulated depreciation and impairment loss, if any. Cost in relation to property and operating fixed assets comprises acquisition and other directly attributable costs.

The Company recognizes depreciation by applying straight line method, over the useful life of each item of property and equipment, using rates specified in note 4 to the financial statements. Depreciation on additions to property and equipment is charged from the date at which the asset becomes available for use. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

Where the carrying amount of an asset exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred.

Gain or loss on disposal of operating fixed assets, if any, recognized in the income and expenditure account, as at when incurred.

3.2 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents mainly comprise cash and bank balances which are stated in the statement of financial position at cost.

3.3 Creditors, accrued and other liabilities

Liabilities for creditors, accrued and other liabilities are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

3.4 Provisions and contingencies

Provisions are recognized in the statement of financial position when the Foundation has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

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3.5 Impairment losses

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Non financial assets

The carrying amount of the Foundation's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment loss. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss if any.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash flows of other assets of cash generating units.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit and loss.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been charged.

3.6 Recognition of cost and expenditure

Costs and expenditure are recognized as an expense, at historical cost, during the period in which they are incurred, and not in a subsequent period. Expenditure linked to performance-based (restricted) contributions are recognized to the extent that the Foundation or any other nominated recipient of the contribution has provided the specified service or work or incurred the specified expenditure.

3.7 Financial instruments

Financial assets and liabilities are recognized when the Foundation becomes a party to contractual provisions of the instrument and de-recognized when the Foundation loses control of contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and liabilities are included in income and expenditure account for the year.

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3.8 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.9 Foreign currency translations

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pakistani rupee at exchange rates prevailing on the reporting date. All exchange differences are charged to income and expenditure account.

3.10 Taxation

Income tax expense comprises current tax only. Income tax expense is recognized in the income and expenditure account, except to the extent that it relates to items recognized directly in statement of comprehensive income or statement of changes in fund, in which case it is recognized in other comprehensive income or fund respectively.

Current

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years, if any.

3.11 Trade debts and other receivables

Trade debts and other receivables are stated at their nominal value as reduced by appropriate allowance for doubtful debts. Bad debts are written off as and when identified.

3.12 Income recognition

Restricted revenue

Funds held for specific usage are restricted funds and are separately accounted for in the financial statements.

Restricted revenue is based on agreements, contracts, or other understanding, where the conditions for receipt of the funds are linked to performance of a service or other process. The Foundation earns the revenue through compliance with the conditions that have been laid down and meeting the envisaged obligations. Revenue is recognized in the income and expenditure account when there is reasonable assurance that the contribution will be received, and the conditions stipulated for its receipt have been complied with. Revenue is recognized on a systematic basis in the same period in which the related expenditure is incurred.

General / unrestricted revenue

Revenue from general unrestricted resources is recognized when the amount of revenue can be measured reliably, or when it is probable that the economic benefits associated with the transaction will flow to the Foundation, that is, at the time when no significant uncertainty exists with regard to the amount of the consideration that will be derived from the sources of unrestricted income.

Profit on bank deposits is recognized on accrual basis.

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4 Operating fixed assets

	Generator and other electrical equipment	Computers	Office equipment	Furniture and fittings	Total
General Fund					
----- Rupees -----					
Cost					
Balance as at 01 July 2022	1,320,890	436,216	819,504	550,780	3,127,390
Additions during the year	-	-	-	-	-
Balance as at 30 June 2023	1,320,890	436,216	819,504	550,780	3,127,390
Accumulated Depreciation					
Balance as at 01 July 2022	957,678	436,206	451,934	293,441	2,139,259
Charge for the year	132,089	-	81,950	55,078	269,117
Balance as at 30 June 2023	1,089,767	436,206	533,884	348,519	2,408,376
Closing net book value	231,123	10	285,620	202,261	719,014
Depreciation rate % per annum	10%	33.33%	10%	10%	
General Fund					
Cost					
Balance as at 01 July 2021	1,320,890	436,216	819,504	550,780	3,127,390
Additions during the year	-	-	-	-	-
Balance as at 30 June 2022	1,320,890	436,216	819,504	550,780	3,127,390
Accumulated Depreciation					
Balance as at 01 July 2021	825,589	432,483	369,984	238,363	1,866,419
Charge for the year	132,089	3,723	81,950	55,078	272,840
Balance as at 30 June 2022	957,678	436,206	451,934	293,441	2,139,259
Closing net book value	363,212	10	367,570	257,339	988,131
Depreciation rate % per annum	10%	33.33%	10%	10%	
4.1 Depreciation for the year has been allocated as follows:		<i>Note</i>	2023	2022	
			Rupees	Rupees	
Projects expenses		11	132,089	132,089	
Administrative expenses		12	137,028	140,751	
			269,117	272,840	
5 Advances					
Advance for expenses			139,391	73,388	
			139,391	73,388	
6 Cash and bank balances					
Cash in hand			99,935	147,832	
Cash at banks, deposit accounts, local currency		6.1	155,188	11,355,357	
			255,123	11,503,189	

6.1 These carry mark-up at the rates ranging from 12.26% to 19.51% per annum on day end balances (2022: 5.54% to 8.26% per annum).

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	2023 Rupees	2022 Rupees
13 Other Income		
Profit on bank deposits	740,679	294,029
Other Income	-	1,091
	<u>740,679</u>	<u>295,120</u>

14 Number of employees

The average number of employees during the year and as at 30 June are as follows:

	2023	2022
	-----No of employees -----	
Average number of employees during the year	<u>6</u>	<u>6</u>
Number of employees as at 30 June	<u>6</u>	<u>6</u>

15 Related party transaction:

The Foundation's related party include the associated undertakings, entities over which directors are able to exercise influence, managing body and key management personnel. Transaction with related party is as follows:

Name of the related party	Basis of relationship	Nature of Transactions	2023 Rupees	2022 Rupees
Osman Khalid Waheed	Member	Donation	400,000	-
Tariq Zaman	Member	Donation	900,000	1,700,000
Qudsia Rahim	Executive director	Travelling Allowance	393,813	195,510
Nazish Ata Ullah	Member	Donation	-	175,000

16 General

Figures have been rounded off to nearest rupee, unless otherwise stated.

17 Date of Authorization

These financial statements have been authorized for issue by the Board of Directors of the Foundation in their meeting held on 12th July 2024.

Khalid Waheed

Khalid Waheed

Lahore

Chairman

Qudsia Rahim

Director