

**DIYA PAKISTAN – RAWALPINDI
FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2023**

**Peter & Co. - Chartered Accountants
Office No. 1, 1st Floor, Plot No. 193
Korang Road, I - 10/3, Islamabad**

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF TRUSTEES OF DIYA PAKISTAN (The Foundation)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Diya Pakistan (the "Foundation")**, which comprise the statement of financial position as at June 30, 2023 and the statement of income or expenditure / comprehensive income, the statement of changes in funds, 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, (or give a true and fair view of) the financial position as at June 30, 2023 and the statement of income or expenditure / comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements for the year then ended in accordance with accounting and reporting standards for Not for profits Organizations (NPOs) issued by the Institute of Chartered Accountant of 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 Auditors' 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 ICAP (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.

Responsibilities of Management and Board of Trustees for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in

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accordance with the accounting and reporting standards as applicable in Pakistan 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 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.

Board of Trustees is 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.

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- 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.
- 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 Trustees 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.

Peter & Co.

Aneel Peter
Islamabad

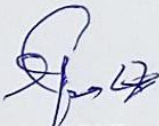
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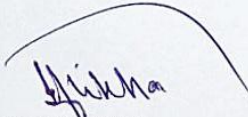
Dated: December 15, 2023


DIYA PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	282,352	398,453
Long term investments	5	10,700,000	10,700,000
		<u>10,982,352</u>	<u>11,098,453</u>
CURRENT ASSETS			
Short term investments	6	5,255,000	2,725,000
Advances to employees		10,000	42,000
Advance tax		459,872	-
Accrued profit		419,766	211,989
Cash and bank balances	7	52,638,191	68,836,662
		<u>58,782,829</u>	<u>71,815,651</u>
TOTAL ASSETS		<u><u>69,765,181</u></u>	<u><u>82,914,104</u></u>
FUNDS AND LIABILITIES			
FUNDS			
Endowment fund	8	15,955,000	13,425,000
Accumulated surplus		22,183,741	11,606,306
		<u>38,138,741</u>	<u>25,031,306</u>
NON-CURRENT LIABILITIES			
Deferred capital grant	9	244,764	419,465
Restricted funds	10	30,452,266	57,093,946
		<u>30,697,030</u>	<u>57,513,411</u>
CURRENT LIABILITIES			
Accruals and other liabilities	11	929,410	369,387
TOTAL FUND AND LIABILITIES		<u><u>69,765,181</u></u>	<u><u>82,914,104</u></u>
CONTINGENCIES AND COMMITMENTS	23	-	-

The annexed notes from 1 to 23 form an integral part of these financial statements.


PRESIDENT


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FINANCE SECRETARY

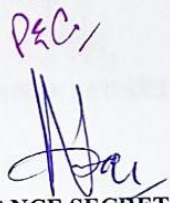
DIYA PAKISTAN
STATEMENT OF INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
INCOME			
Donations	12	167,271,376	131,602,016
Donations for administrative expenses	13	5,073,161	5,416,172
Exchange gain	14	11,408,791	6,414,061
Other operating income	15	2,256,394	971,728
		186,009,722	144,403,977
EXPENDITURE			
Program costs	16	170,077,325	132,850,659
Administration costs	17	5,073,161	5,416,172
Audit fee		107,100	98,600
Depreciation	4	174,701	191,357
		175,432,287	138,556,788
SURPLUS FOR THE YEAR		10,577,435	5,847,189

The annexed notes from 1 to 23 form an integral part of these financial statements.


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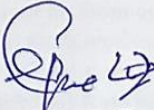

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DIYA PAKISTAN
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
Surplus for the year	10,577,435	5,847,189
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>10,577,435</u>	<u>5,847,189</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.


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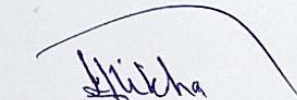

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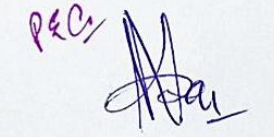
DIYA PAKISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
SURPLUS / (DEFICIT) FOR THE YEAR		10,577,435	5,847,189
Adjustments for non cash charges and other items:			
Depreciation	4	174,701	191,357
Amortization of deferred capital grant	9	(174,701)	(191,357)
Amortization of restricted funds	10	(167,096,675)	(131,410,659)
Exchange gain	14	(11,408,791)	(6,414,061)
Profit on investments and bank deposits	15	(2,256,394)	(971,728)
		<u>(180,761,860)</u>	<u>(138,796,448)</u>
Cash (Used in) From Operations		(170,184,425)	(132,949,259)
Changes in working capital:			
(Increase) / Decrease in current assets:			
Advances to employees		32,000	(23,000)
Advance tax		(459,872)	-
(Decrease) / Increase in liabilities			
Accruals and other liabilities	11	560,023	(295,564)
Net cash (used in) from operating activities		(170,052,274)	(133,267,823)
Restricted funds received during the year	10	140,454,995	111,686,807
Deferred capital grant received during the year		-	186,432
Net cash (used in) from operating activities		(29,597,279)	(21,394,584)
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to property and equipment	4	(58,600)	(186,432)
Investments made during the year		(2,530,000)	-
Profit received		2,048,617	994,852
Net cash generated / (used in) from investing activities		(539,983)	808,420
CASH FLOW FROM FINANCING ACTIVITIES			
Endowment funds received during the year		2,530,000	-
Net (decrease) in cash and cash equivalents		(27,607,262)	(20,586,164)
Cash and cash equivalents at beginning of the year		68,836,662	83,008,765
Exchange gain	14	11,408,791	6,414,061
Cash and cash equivalents at end of the year	7	52,638,191	68,836,662

The annexed notes from 1 to 23 form an integral part of these financial statements.


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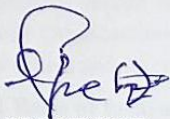

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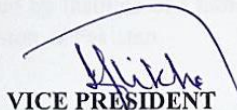
DIYA PAKISTAN
 STATEMENT OF CHANGES IN FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Endowment Fund	Accumulated surplus	Total
	Rupees	Rupees	Rupees
Balance as at July 01, 2021	13,425,000	5,759,117	19,184,117
Total comprehensive income for the year		5,847,189	5,847,189
Balance as at June 30, 2022	13,425,000	11,606,306	25,031,306
Balance as at July 01, 2022	13,425,000	11,606,306	25,031,306
Fund received during the year	2,530,000	-	2,530,000
Total comprehensive income for the year	-	10,577,435	10,577,435
Balance as at June 30, 2023	15,955,000	22,183,741	38,138,741

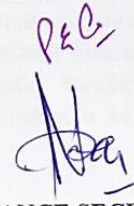
The annexed notes from 1 to 23 form an integral part of these financial statements.



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FINANCE SECRETARY

DIYA PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 STATUS AND NATURE OF BUSINESS

Diya Pakistan (the "Foundation") was registered under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 on April 19, 1992. The Registered office of the Foundation is 27-B, Satellite Town, Rahim Yar Khan. It has another office at Hassan Street, Defence Road, New Lalazar, Rawalpindi. The objectives of the Foundation are to provide financial assistance to students in completing their education. The Foundation also provides support to other organisations for carrying out home schools projects in different parts of Pakistan. Other activities include leadership development programs and social welfare activities, including food relief, as per needs of the general public.

The Foundation is registered for a period upto September 16, 2023 with the Economic Affairs Division (EAD), as confirmed by the EAD on September 17, 2021, in its Letter No "File No 2 (529) NGO/EAD/2020". This is in compliance with the requirements of the 'Policy for regulation of organisations receiving foreign contributions' as notified by the EAD on November 28, 2013.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards issued by International Accounting Standards Board and Accounting Standards for Not for Profit Organisations (NPOs) issued by Institute of Chartered Accountants of Pakistan, as are notified by Securities and Exchange Commission of Pakistan.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Foundation operates. These financial statements are presented in Pakistani Rupees ("Rs.") which is the Foundation's functional and presentation currency. Amounts presented in Pakistani Rupees have been rounded off to the nearest Rupees.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which estimates are 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.

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DIYA PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Judgments and estimates made by management in the application of approved accounting standards that may have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next years are discussed in the ensuing paragraphs.

2.4.1 Property and equipment

The Foundation reviews the residual values and useful lives of property and equipment on a regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

2.4.2 Provision against advances and other receivables

The Foundation reviews the recoverability of its advances and other receivables to assess the amount of bad debts and provisions required there against, on a regular basis.

2.4.3 Impairment

The carrying amounts of the Foundation's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the assets' recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recorded on a judgmental basis, for which, provisions may differ in future years based on actual experience.

2.4.4 Provision and contingencies

A provision is recognised if, as a result of a past event, the Foundation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost, if any.

Where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, it is disclosed as a contingent liability.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property and equipment - owned

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment loss, if any, except for freehold land which is carried at cost / nominal value less impairment, if any.

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DIYA PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the foundation and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day to day servicing of property and equipment is recognised in income and expenditure account as incurred.

Depreciation is recognised in the income and expenditure account on a straight line basis over the estimated useful lives of each part of an item of property and equipment at rates as disclosed in note 3.1.1 to these financial statements. Depreciation on additions to property and equipment is charged from the month in which property and equipment is acquired or capitalised while no depreciation is charged for the month in which property and equipment is disposed off / derecognised.

Gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and is recognised net in the income and expenditure account.

3.1.1 Depreciation rates

Furniture and fixtures	Office equipment	Computer equipment
10%	20%	20%

3.2 Financial instruments

(a) Non-derivative financial assets

These are initially recognised on the date that they originate i.e. on the trade date, which is the date that the Foundation becomes a party to the contractual provisions of the instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when the Foundation transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Foundation is recognised as a separate asset or liability.

The Foundation classifies financial assets in one of the following categories

- (i) Financial assets at fair value through profit or loss;
- (ii) Available-for-sale financial assets;
- (iii) Loans and receivables; or
- (iv) Held-to-maturity investments.

(i) Financial assets at fair value through profit or loss;

This category has two subcategories:

Designated. This includes any financial asset that is designated on initial recognition as one to be measured at fair value with fair value changes in profit or loss.

Held for trading. This includes financial assets that are held for trading. All derivatives (except those designated hedging instruments) and financial assets acquired or held for the purpose of selling in the short term or for which there is a recent pattern of short-term profit taking are held for trading.

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DIYA PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

(ii) Available-for-sale financial assets;

Available-for-sale financial assets (AFS) are any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. AFS assets are measured at fair value in the balance sheet. Fair value changes on AFS assets are recognised directly in equity, through the statement of changes in equity, except for interest on AFS assets (which is recognised in income on an effective yield basis), impairment losses and (for interest-bearing AFS debt instruments) foreign exchange gains or losses. The cumulative gain or loss that was recognised in equity is recognised in profit or loss when an available-for-sale financial asset is derecognised.

(iii) Loans and receivables; or

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than held for trading or designated on initial recognition as assets at fair value through profit or loss or as available-for-sale. Loans and receivables for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, should be classified as available-for-sale. Loans and receivables are measured at amortised cost.

(iv) Held-to-maturity investments.

These are non-derivative financial assets with fixed or determinable payments that an entity intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as available for sale. Held-to-maturity investments are measured at amortised cost. If an entity sells a held-to-maturity investment other than in insignificant amounts or as a consequence of a non-recurring, isolated event beyond its control that could not be reasonably anticipated, all of its other held-to-maturity investments must be reclassified as available-for-sale for the current and next two financial reporting years. Held-to-maturity investments are measured at amortised cost.

(b) Non-derivative financial liabilities

The Foundation initially recognises non derivative financial liabilities on the date that they are originated or the date that the Foundation becomes a party to the contractual provisions of the instrument. The Foundation derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Non derivative financial liabilities represent accrued and other liabilities.

3.3 Employee benefits

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Foundation and are measured on an undiscounted basis.

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**DIYA PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

3.4 Taxation

The Foundation is a not for profit organization. The Foundation is eligible for tax credit under section 100C of the Income Tax Ordinance, 2001 from donations, voluntary contributions and subscriptions and that portion of the income chargeable under the head "income from business" as is expended in Pakistan for the purposes of carrying out welfare activities. The credit is subject to compliance with certain conditions listed in section 100C. Management believes that the Foundation is entitled to this credit and accordingly, no provision for taxation has been made in these financials statements.

3.5 Revenue recognition

3.5.1 Donation

Donations are recognised as income when the attached conditions are complied with and there is a reasonable assurance that the amount will be received by the Foundation.

(a) Income related grants

All income related grants are accounted for using the deferral method. Donations which are specific to a particular project / expense are recognised as income when the related terms and conditions are fulfilled and the Foundation has no remaining performance obligation. Other donations are recognised as income upon receipt. Non-monetary grants are recognised at nominal value.

(b) Deferred capital grant

Donation received for purchase of property and equipment is recorded as deferred capital grant. This is amortised into income on a systematic basis over the periods necessary to match the donations with the carrying value of the related assets. Assets received against which no grant is received or no consideration is paid are considered as non-monetary grant and both the asset and the deferred grant is recorded at a nominal value of Rs.1.

3.5.2 Other operating income

(a) Finance income

Finance income comprises profit income and exchange gain. Income on bank deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return. Income on investments is recognised on a time proportion basis taking into account the effective yield of such securities.

(b) Finance cost

Finance cost comprises exchange losses and bank charges.

3.6 Foreign currency translation

Transactions in foreign currencies are recorded at the rates of exchange prevailing on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pakistani Rupees at the rate of exchange ruling on the balance sheet date and exchange differences, if any, are charged to the income and expenditure account for the year.

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DIYA PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3.7 Impairment

The carrying amounts of the Foundation's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the assets' recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as an expense in the income and expenditure account.

(a) Non-derivative financial assets

All financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Foundation on terms that the Foundation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers and economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Foundation considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Foundation uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the income and expenditure account. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income and

(b) Non-financial assets

The carrying amounts of the Foundation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

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DIYA PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value 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 CGU. 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 the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income and expenditure account. Where conditions giving rise to impairment are subsequently reversed, the effect of the impairment charge is also reversed as a credit to the income and expenditure account. Reversal of impairment loss is restricted to the original cost of asset.

3.8 Offsetting financial assets and liabilities

A financial asset and a financial liability is set-off in the balance sheet, only when the Foundation has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis, or to realise the assets and settle the liabilities, simultaneously.

3.9 Program costs

Program costs comprise of educational stipends' disbursed to students at school, university and technical level. It also represents the funds provided by the Foundation to different organisations for installation of water pumps, fabrication of class room sheds, and such other flood relief and rehabilitation activities.

3.10 Endowment fund - General and specific

Contributions to Endowment Funds are accounted for under the deferral method and are recognised as a direct increase in net assets in the period of receipt. Any investment income earned on Endowment fund - General is recognised in the income and expenditure account, whereas income earned on Endowment Fund - Specific is credited directly to the Fund.

3.11 Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit and loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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DIYA PAKISTAN
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

4 PROPERTY AND EQUIPMENT

	Freehold land (Note 4.1)	Furniture and fixtures	Office equipment	Computer equipment	Total
Rupees					
Cost					
Balance at July 1, 2021	18,501	164,400	789,175	465,830	1,437,906
Additions during the year	-	27,500	18,300	140,632	186,432
Balance at June 30, 2022	18,501	191,900	807,475	606,462	1,624,338
Balance at July 1, 2022	18,501	191,900	807,475	606,462	1,624,338
Additions during the year	-	-	22,000	36,600	58,600
Balance at June 30, 2023	18,501	191,900	829,475	643,062	1,682,938
Depreciation					
Balance at July 1, 2021	-	129,628	439,070	465,830	1,034,528
For the year	-	17,586	158,445	15,326	191,357
Balance at June 30, 2022	-	147,214	597,515	481,156	1,225,885
Balance at July 1, 2022	-	147,214	597,515	481,156	1,225,885
For the year	-	13,920	127,165	33,616	174,701
Balance at June 30, 2023	-	161,134	724,680	514,772	1,400,586
Carrying amounts - 2023	18,501	30,766	104,795	128,290	282,352
Carrying amounts - 2022	18,501	44,686	209,960	125,306	398,453
Rates of depreciation per annum	-	10%	20%	20%	

4.1 During the year ended June 30, 2013 the Foundation received land measuring 2 Kanals in sector G-17, in Supreme Court Employees Cooperative Housing Society, Islamabad as grant which is recorded in the financial statements at a nominal value of Rs 1. Rs. 18,500 represent charges on transferring the title of land in the Foundation's name. Management intends to use this land for construction of the Foundation's office building.

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DIYA PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
5 LONG TERM INVESTMENTS - HELD TO MATURITY			
Certificate of Islamic Investment	5.1	500,000	500,000
Investment in Tier 1 Mudarba Sukuk Certificates	5.2	10,200,000	10,200,000
		<u>10,700,000</u>	<u>10,700,000</u>

5.1: This is an unsecured investment which carries mark-up ranging from 6.12% to 8.17% per annum (2022: 7.65% per annum), which is renewed annually.

5.2: This is an unsecured investment which carries mark-up ranging from 6.63 % to 12.36 % (2022: 7.05% per annum).

	Note	2023 Rupees	2022 Rupees
6 SHORT TERM INVESTMENTS - HELD TO MATURITY			
Certificate of Islamic Investment - local currency	6.1	2,725,000	2,725,000
Certificate of Islamic Investment - local currency	6.2	2,530,000	-
		<u>5,255,000</u>	<u>2,725,000</u>

6.1: This is an unsecured investment which carries mark-up ranging from 7% to 9% per annum (2022: 7% to 9% per annum), which is renewed annually.

6.2: This is an unsecured investment which carries mark-up ranging from 16% to 17% per annum, which is renewed annually.

	Note	2023 Rupees	2022 Rupees
7 CASH AND BANK BALANCES			
Cash in hand		9,520	53,700
Cash at bank in local currency			
Current accounts		36,507,989	26,072,721
Cash at bank in foreign currency			
Current accounts	7.1	15,889,073	42,544,525
Deposit account	7.2	231,609	165,716
		<u>52,628,671</u>	<u>68,782,962</u>
		<u>52,638,191</u>	<u>68,836,662</u>

7.1: This includes a balance of GBP 17,170 (2022: GBP 17,170); balance of USD 33,586 (2022: USD 187,679).

7.2: This includes a balance of USD 807 (2022: USD 807).

8 ENDOWMENT FUND

This fund includes Rs. 3,225,000 and Rs. 5,222,587 which were donated in the years 2010-2011 and 2016 respectively. The purpose of these funds is to meet unexpected demand and maintain long-term stability of the Foundation. The amount of Rs. 5,222,587 was specifically used for investment until the current financial year. In 2020-2021 the management decided to merge these two funds. The utilization of this fund would be as per the objectives specified in the Deed as approved by the Board of Trustees.

	Note	2023 Rupees	2022 Rupees
9 DEFERRED CAPITAL GRANT			
Opening balance	3.5.1(b)	419,465	424,390
Property and equipment purchased during the year		-	186,432
Recognition of deferred grant as income			
Amortization charge for the year	4	(174,701)	(191,357)
		<u>244,764</u>	<u>419,465</u>

DIYA PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

10 RESTRICTED FUNDS

Projects	Note	Balance as on 01 July 2022	Funds received during the year	Transferred to donations (Note 12)	Balance as on 30 June 2023
Rupees					
Educational scholarships - General	10.1	42,619,277	138,454,995	(162,499,314)	18,574,958
Qamar Ayesha / Wazir Khan Project	10.2	5,186,995	2,000,000	(3,835,200)	3,351,795
VTI Bagh o Bahar	10.3	9,000,906	-	(762,161)	8,238,745
Ramzan Food Package		17,446	-	-	17,446
Work Stream		256,287	-	-	256,287
Flood relief project		13,035	-	-	13,035
30-Jun-23		57,093,946	140,454,995	(167,096,675)	30,452,266

Projects	Note	Balance as on 01 July 2021	Funds received during the year	Transferred to donations (Note 12)	Balance as on 30 June 2022
Rupees					
Educational scholarships - General	10.1	59,700,320	108,486,807	(125,567,850)	42,619,277
Qamar Ayesha / Wazir Khan Project	10.2	7,079,915	3,200,000	(5,092,920)	5,186,995
VTI Bagh o Bahar	10.3	9,750,795	-	(749,889)	9,000,906
Ramzan Food Package		17,446	-	-	17,446
Work Stream		256,287	-	-	256,287
Flood relief project		13,035	-	-	13,035
30-Jun-22		76,817,798	111,686,807	(131,410,659)	57,093,946

10.1: This constitutes the general pool of funds representing donations received other than those classified under any other category. Educational scholarships to students and disbursements for home schools are made out of these funds.

10.2: This fund represents the donations received from a trustee for disbursement of educational scholarships to students. The Trustee has specifically dedicated this fund in the name of Qamar Ayesha and Wazir Khan.

10.3: This fund represents the donation received from a trustee for disbursement to vocational training institution namely VTI Bagh-o-Bahar.

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DIYA PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
11 ACCRUALS AND OTHER LIABILITIES			
Other accounts payable		657,430	186,131
Security payable		138,333	71,833
Audit fee		107,100	98,600
Accrued expenses		26,547	12,823
		<u>929,410</u>	<u>369,387</u>
12 DONATIONS			
Transfers from:			
Restricted funds	10	167,096,675	131,410,659
Deferred capital grant	9	174,701	191,357
		<u>167,271,376</u>	<u>131,602,016</u>
13 DONATIONS FOR ADMINISTRATIVE EXPENSES	13.1	<u>5,073,161</u>	<u>5,416,172</u>
13.1: All operating expenses are being met through donations by the Trustees.			
14 EXCHANGE GAIN			
Exchange gain on foreign currency - USD bank account		9,434,241	5916131
Exchange gain on foreign currency - GBP bank account		1,974,550	497,930
		<u>11,408,791</u>	<u>6,414,061</u>
15 OTHER OPERATING INCOME			
Income on investments:			
Long term investment			
Certificate of Investment (COII) - Meezan Bank Limited		51,602	34,622
Tier 1 Mudarba Sukuk Certificates - Meezan Bank Limited		1,838,098	857,490
Short term investment			
Certificate of Investment (COII) - Meezan Bank Limited		366,694	79,616
		<u>2,256,394</u>	<u>971,728</u>
16 PROGRAME COSTS			
Educational scholarships-Educational Stipened	16.1	166,334,514	130,500,770
Other projects	16.2	3,742,811	2,349,889
		<u>170,077,325</u>	<u>132,850,659</u>

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NOTES TO THE FINANCIAL STATEMENTS
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16.1 EDUCATIONAL SCHOLARSHIPS

School level
Technical level
University level
Home Schools

Qamar Ayesha / Wazir Khan Project

	2023 Rupees	2022 Rupees
	111,269,294	82,210,200
	16,877,600	14,005,500
	27,787,830	23,578,050
	6,564,590	5,614,100
	162,499,314	125,407,850
	3,835,200	5,092,920
	<u>166,334,514</u>	<u>130,500,770</u>

16.2 OTHER PROJECTS

VTI Bagh-o-Bahar
Saiban Pakistan

	762,161	749,889
	2,980,650	1,600,000
	<u>3,742,811</u>	<u>2,349,889</u>

17 ADMINISTRATION COSTS

Staff salaries, allowances and benefits
Communication expenses
Utilities
Printing and stationary
Office expenses
Travelling and conveyance
Bank charges
Miscellaneous expenses
Legal and professional charges
Media and advertising charges

	3,795,995	3,510,536
	362,956	298,056
17.1	80,559	160,345
	212,234	139,692
	317,816	271,251
	159,613	127,409
	45,647	58,746
	48,341	142,594
	50,000	107,543
	-	600,000
	<u>5,073,161</u>	<u>5,416,172</u>

17.1: The buildings occupied by the Foundation for its offices in different locations are being used free of rent and only the utility bills and routine maintenance are being paid by the Foundation.

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DIYA PAKISTAN
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

18 RELATED PARTY TRANSACTIONS

The related parties comprise of affiliates of the Foundation, trustees and key management personnel. Balance with related parties is NIL. Transactions with the related parties during the year are as under:

	2023 Rupees	2022 Rupees
18.1.1: Donations received for program activities:		
Trustees	28,117,125	54,500,296
	<u>28,117,125</u>	<u>54,500,296</u>
18.1.2: Donations received for operating costs:		
Trustees	5,073,161	5,416,172
	<u>5,073,161</u>	<u>5,416,172</u>

19 FINANCIAL RISK MANAGEMENT

The Foundation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Trustees has overall responsibility for the establishment and oversight of the Foundation's risk management framework and developing and monitoring the Foundation's risk management policies.

The Foundation's risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

19.1 Credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Foundation attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Foundation's credit risk is primarily attributable to investments and balances with banks.

The Foundation believes that it is not exposed to major concentration of credit risk as the exposure is spread over a number of counter parties which are banks with high credit ratings. The carrying amount of financial assets representing the maximum credit exposure at the reporting date is follows:

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DIYA PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Long term investments	5	10,700,000	10,700,000
Short-term investments	6	5,255,000	2,725,000
Bank balances	7	52,628,671	68,782,962
Advances to employees		10,000	42,000
Accrued profit		419,766	211,989
		<u>69,013,437</u>	<u>82,461,951</u>

Geographically there is no concentration of credit risk. Based on past experience, the management believes that no impairment allowance is necessary in respect of the Foundation's financial assets.

19.2 Liquidity risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Foundation's reputation. The Foundation uses different methods which assist it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Foundation ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The maturity profile of the Foundation's financial liabilities based on the contractual amounts is as follows:

	Carrying amount	Contractual cash flows	Within one year	Over one year
	Rupees			
June 30, 2023				
Accruals and other liabilities	929,410	(929,410)	929,410	-
	<u>929,410</u>	<u>(929,410)</u>	<u>929,410</u>	<u>-</u>
June 30, 2022				
Accruals and other liabilities	369,387	(369,387)	(369,387)	-
	<u>369,387</u>	<u>(369,387)</u>	<u>(369,387)</u>	<u>-</u>

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

19.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, due to changes in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk. The Foundation is not significantly exposed to market risk.

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DIYA PAKISTAN
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023

19.3.1 Currency risk

Currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Foundation is exposed to currency risk on its bank balances denominated in foreign currencies, mainly US Dollars and UK Pound Sterling.

	2023		2022	
	Equivalent Pak Rupees	Foreign currency	Equivalent Pak Rupees	Foreign currency
USD				
Balance with bank	9,870,802	34,393	38,434,911	187,487
UK Pound Sterling				
Balance with bank	6,249,880	17,170	4,275,330	17,170
Gross exposure	<u>16,120,682</u>	<u>51,563</u>	<u>42,710,241</u>	<u>204,657</u>

The following are the significant exchange rates applied during the year:

	Average rate		Balance sheet rate	
	2023	2022	2023	2022
US Dollar	247.80	177.43	287.00	205.00
UK Pound Sterling	299.40	235.47	364.00	249.00

Sensitivity analysis

1% strengthening / (weakening) of the Rupee against the US Dollar at June 30 would have (increased) / decreased net (deficit)/surplus for the year by Rs. 98,708 (2022 Rs. 384,349). 1% strengthening / (weakening) of the Rupee against the UK Pound Sterling at June 30 would have (increased) / decreased net (deficit)/surplus for the year by Rs. 62,499 (2022: Rs. 42,753). This analysis assumes that all other variables, in particular interest rates remain constant. The analysis was performed on the same basis for 2022.

19.3.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. A majority of the profit rate exposure arises on cash and bank balances as well as investments. The Foundation is not significantly exposed to profit rate risk, as the profit rates on its financial assets are fixed or within a expected range.

19.3.3 Other price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

At the year end the Foundation is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will significantly fluctuate because of changes in market prices.

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DIYA PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

19.4 Fund management

The Board of Trustees of the Foundation monitors the performance along with the funds required for sustainable operations of the Foundation. There were no changes to the Foundation's approach to the fund management during the year. The Foundation is not subject to externally imposed fund requirements.

20 DETERMINATION OF FAIR VALUES

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values.

20.1 Determination of fair values

A number of the Foundation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest on the reporting date.

20.2 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change has occurred.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

20.2.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

	Carrying Amount			Fair value			
	Financial assets	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees						
June 30, 2023							
Financial assets measured at fair value							
Long term investments	10,200,000	-	10,200,000	-	10,200,000	-	10,200,000
Financial assets not measured at fair value							
Long term investment	500,000	-	500,000	-	500,000	-	500,000
Short term investments	2,725,000	-	2,725,000	-	2,725,000	-	2,725,000
Advances to employees	10,000	-	10,000	-	-	10,000	10,000
Accrued profit	419,766	-	419,766	-	-	419,766	419,766
Cash and cash equivalents	52,638,191	-	52,638,191	-	16,120,682	36,517,509	52,638,191
Financial liabilities not measured at fair value							
Accruals and other liabilities	-	929,410	929,410	-	-	929,410	929,410
Total	66,492,957	929,410	67,422,367	-	29,545,682	37,876,685	67,422,367
June 30, 2022							
Financial assets measured at fair value							
Long term investment	10,200,000	-	10,200,000	-	10,200,000	-	10,200,000
Financial assets not measured at fair value							
Long term investments	500,000	-	500,000	-	500,000	-	500,000
Short term investments	2,725,000	-	2,725,000	-	2,725,000	-	2,725,000
Advances to employees	42,000	-	42,000	-	-	42,000	42,000
Accrued profit	211,989	-	211,989	-	-	211,989	211,989
Cash and cash equivalents	68,836,662	-	68,836,662	-	42,710,241	26,126,421	68,836,662
Financial liabilities not measured at fair value							
Accruals and other liabilities	-	369,387	369,387	-	-	369,387	369,387
Total	82,515,651	369,387	82,885,038	-	56,135,241	26,749,797	82,885,038

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
21 NUMBER OF EMPLOYEES		
At year end	<u>9</u>	<u>9</u>
Average for the year	<u>10</u>	<u>10</u>

22 DATE OF APPROVAL

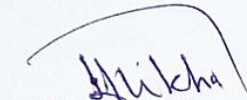
These financial statements were approved by the Board of Trustees in their meeting held on

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23 CONTINGENCIES AND COMMITMENTS

The Foundation has no material contingencies and commitments at reporting date.


PRESIDENT


VICE PRESIDENT


FINANCE SECRETARY