DIYA PAKISTAN
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2021

Peter & Co. - Chartered Accountants
Office No. 1, 1st Floor, Plot No. 193
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CHARTERED ACCOUNTANTS

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, 2021 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, 2021 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 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.

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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.

- 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

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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 upto 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
Date: January 10, 2022

Diya Pakistan
Statement of Financial Position
As at June 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	**403,378**	574,183
Long term investments	5	**10,700,000**	5,678,900
		11,103,378	6,253,083
CURRENT ASSETS			
Short term investments	6	**2,725,000**	2,725,000
Advances to employees		**19,000**	-
Accrued profit		**235,113**	162,106
Cash and bank balances	7	**83,008,765**	93,223,031
		85,987,878	96,110,137
TOTAL ASSETS		**97,091,256**	102,363,220
FUNDS AND LIABILITIES			
FUNDS			
Endowment fund	8	**13,425,000**	8,501,732
Accumulated surplus		**5,759,117**	6,675,105
		19,184,117	15,176,837
NON-CURRENT LIABILITIES			
Deferred capital grant	9	**424,390**	595,195
Restricted funds	10	**76,817,798**	86,111,226
		77,242,188	86,706,421
CURRENT LIABILITIES			
Accruals and other liabilities	11	**664,951**	479,962
TOTAL FUND AND LIABILITIES		**97,091,256**	102,363,220
CONTINGENCIES AND COMMITMENTS	12	-	-

The annexed notes from 1 to 24 form an integral part of these financial statements.

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President **Chairman** **Director Finance**

Diya Pakistan
Income and Expenditure Account
For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
INCOME			
Donation income	13	**119,043,324**	38,529,730
Donation for administrative expenses	13.1	**4,554,700**	4,971,157
Foreign exchange (loss)/gain - net	14	**(1,237,850)**	738,341
Other operating income	15	**396,862**	462,877
		122,757,036	44,702,105
EXPENDITURE			
Program costs	16	**118,872,519**	38,398,221
Administration costs	17	**4,554,700**	4,971,157
Audit fee		**75,000**	75,000
Depreciation	4	**170,805**	131,509
		123,673,024	43,575,887
(DEFICIT)/SURPLUS FOR THE YEAR		**(915,988)**	1,126,218

The annexed notes from 1 to 24 form an integral part of these financial statements.

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President | **Chairman** | **Director Finance**

Diya Pakistan
Statement of Comprehensive Income
For the year ended June 30, 2021

	2021 Rupees	2020 Rupees
(Deficit) / Surplus for the year	(915,988)	1,126,218
Other comprehensive income for the year	-	-
Total comprehensive (loss) / gain for the year	(915,988)	1,126,218

The annexed notes from 1 to 24 form an integral part of these financial statements.

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President

Chairman

Director Finance

Diya Pakistan
Statement of Cash flows
For the year ended June 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
(DEFICIT)/SURPLUS FOR THE YEAR		**(915,988)**	1,126,218
Adjustments:			
- Depreciation	4	**170,805**	131,509
- Amortisation of deferred capital grant	9	**(170,805)**	(131,509)
- Amortisation of restricted funds	10	**(118,872,519)**	(38,398,221)
- Exchange (loss)/gain on foreign currency	14	**1,237,850**	(738,341)
- Profit on investments and bank deposits	15	**(396,862)**	(462,877)
		(118,031,531)	(39,599,439)
Operating (deficit) before working capital changes		**(118,947,519)**	(38,473,221)
Changes in working capital:			
Provision of advances		**(19,000)**	-
Increase in accruals and other liabilities	11	**184,989**	275,270
		165,989	275,270
Net cash (used in) operating activities		**(118,781,530)**	**(38,197,951)**
Restricted funds received during the year	10	**109,579,091**	109,473,619
Net cash (used in)/ generated from operations		**(9,202,439)**	71,275,668
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to property and equipment	4	**-**	(545,360)
Investments encashed during the year		**6,690,005**	-
Investments made during the year		**(10,200,000)**	-
Profit received		**323,855**	412,946
Net cash used in investing activities		**(3,186,140)**	**(132,414)**
CASH FLOW FROM FINANCING ACTIVITIES			
Endowment funds received during the year		**3,412,163**	-
Net cash from financing activities		**3,412,163**	-
Net Increase in cash and cash equivalents		**(8,976,416)**	71,143,254
Cash and cash equivalents at beginning of the year		**93,223,031**	21,341,436
Exchange (loss)/gain on foreign currency	14	**(1,237,850)**	738,341
Cash and cash equivalents at the end of the year	7	83,008,765	93,223,031

The annexed notes from 1 to 24 form an integral part of these financial statements.

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President **Chairman** **Director Finance**

Diya Pakistan

Statement of Changes in Funds

For the year ended June 30, 2021

	Endowment Fund	Accumulated surplus	Total
	Rupees	Rupees	Rupees
Balance as at July 01, 2019	8,447,587	5,548,887	13,996,474
Unrealised gain on investments	54,145	-	54,145
Total comprehensive income for the year	-	1,126,218	1,126,218
Balance as at June 30, 2020	8,501,732	6,675,105	15,176,837
Balance as at July 01, 2020	**8,501,732**	**6,675,105**	15,176,837
Endowment funds received during the year	**3,412,163**		3,412,163
Gain on investments	**1,511,105**	-	1,511,105
Total comprehensive loss for the year	-	(915,988)	(915,988)
Balance as at June 30, 2021	13,425,000	5,759,117	19,184,117

The annexed notes from 1 to 24 form an integral part of these financial statements.

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Director Finance

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Diya Pakistan
Notes to the Financial Statements
For the year ended June 30, 2021

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 based in 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 is also providing support to other organisations for carrying out home schools projects in different cities of Pakistan. Other activities include leadership development programs and social welfare activities, including food relief, as per needs of the general public.

The Foundation has applied for registration with the Economic Affairs Division (EAD), in compliance with the requirements of 'Policy for regulation of organisations receiving foreign contributions' notified by the EAD on 28 November 2013 via notification No. 1(5)INGO/05. The application has been approved on September 17, 2021 by the EAD through Letter No. "File No. 2 (529) NGO/EAD/2020".

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 Finanacial 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 and 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.

Diya Pakistan
Notes to the Financial Statements
For the year ended June 30, 2021

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.

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.

Diya Pakistan
Notes to the Financial Statements
For the year ended June 30, 2021

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.

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.

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Diya Pakistan
Notes to the Financial Statements
For the year ended June 30, 2021

(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.

(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 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.

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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.

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 Rupee 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.

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.

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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 expenditure account.

(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.

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, other flood relief, rehabilitation activities and such other similar costs.

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 asset in the period of reciept. Any investment income earned on Endowment fund - General is recognised in the income and expenditure account, whereas income earned on Endowment Fund - Specifc is credited directly to the Fund.

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Diya Pakistan
Notes to the Financial Statements
For the year ended June 30, 2021

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.

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.

4 PROPERTY AND EQUIPMENT

	Freehold land (Note 4.1)	Furniture and fixtures	Office equipment	Computer equipment	Total
			Rupees		
Cost					
Balance at July 1, 2019	18,501	164,400	243,815	465,830	892,546
Additions during the year	-	-	545,360	-	545,360
Balance at June 30, 2020	18,501	164,400	789,175	465,830	1,437,906
Balance at July 1, 2020	**18,501**	**164,400**	**789,175**	**465,830**	**1,437,906**
Additions during the year	-	-	-	-	-
Balance at June 30, 2021	18,501	164,400	789,175	465,830	1,437,906
Depreciation					
Balance at July 1, 2019	-	100,218	179,136	452,860	732,214
Additions during the year	-	16,440	102,099	12,970	131,509
Balance at June 30, 2020	-	116,658	281,235	465,830	863,723
Balance at July 1, 2020	-	**116,658**	**281,235**	**465,830**	**863,723**
Additions during the year	-	12,970	157,835	-	170,805
Balance at June 30, 2021	-	129,628	439,070	465,830	1,034,528
Carrying amounts - 2021	18,501	34,772	350,105	-	403,378
Carrying amounts - 2020	18,501	47,742	507,940	-	574,183
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, 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 represents 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.

				Note	2021 Rupees	2020 Rupees
5	**LONG TERM INVESTMENT**					
5.1	**Certificate of Islamic Investment - Held to maturity**			5.1.1	500,000	500,000
5.2	**Investment in mutual funds - Available for sale**	**2021**	2020			
		(No. of Units)				
	Opening	**110,929**	106,922		**5,178,900**	5,124,755
	Additions (dividend re-investment)	-	4,007		-	267,304
	Gain / (Unrealised loss)	-	-		**1,511,105**	(213,159)
	Encashment	**(110,929)**	-		**(6,690,005)**	-
		-	110,929	5.2.1	-	5,178,900
5.3	**Investment in Tier 1 Mudarba Sukuk Certificates - Available for sale**					
		10	-	5.3.1	10,200,000	-

5.1.1 This is an unsecured and short-term investment generating profit at 7.65% p.a.(2020: 7.65% p.a.), which is renewed annually.

5.2.1 These investments are stated at fair value at the year end, using the year end redemption price. Investments were encashed in May 2021.

5.3.1 These investments are stated at fair value.

Diya Pakistan
Notes to the Financial Statements
For the year ended June 30, 2021

		Note	2021 Rupees	2020 Rupees
6	**SHORT TERM INVESTMENTS**			
6.1	Certificate of Islamic Investment - local currency	6.1.1	2,725,000	2,725,000
			2,725,000	2,725,000

6.1.1 These are unsecured and carry mark up ranging from 7% to 9% (2020: 6% to 8%) per annum.

		Note	2021 Rupees	2020 Rupees
7	**CASH AND BANK BALANCES**			
	Cash in hand		29,000	29,000
	Cash at bank in local currency:			
	- Current accounts		55,077,344	65,285,587
	Cash at bank in foreign currency:			
	- Current accounts	7.1	27,774,375	27,772,638
	- Deposit accounts	7.2	128,046	135,805
			27,902,421	27,908,443
			83,008,765	93,223,031

7.1 This includes balance of Rs. 1,588 (GBP 7.22 @ Rs. 220.00) (2020: Rs. 4,963,433 (GBP 24,019 @ Rs. 206.64)), held in an account which is not in the name of the Foundation but is for the sole use of the Foundation.

7.2 Deposit accounts carry profit at a rate of "NIL" per annum (2020: "NIL" per annum).

8 ENDOWMENT FUND

This fund includes Rs. 3,225,000 and Rs. 5,222,587 which were donated in year 2010-2011 and 2016 respectively. The purpose of these funds was 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. During the current financial year the management decided to merge these two funds and utilization of this fund would be as per the objectives specified in the Deed as approved by the Board of Trustees.

		Note	2021 Rupees	2020 Rupees
9	**DEFERRED CAPITAL GRANT**			
	Balance as at 01 July		595,195	181,344
	Property and equipment purchased during the year		-	545,360
	Recognition of deferred grant as income			
	Amortisation charge for the year	4	(170,805)	(131,509)
			424,390	595,195

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Diya Pakistan
Notes to the Financial statements
For the year ended June 30, 2021

10 RESTRICTED FUNDS

2021

Projects	Note	Balance as on 01 July 2020	Funds received during the year	Transferred to donation income (Note 13)	Transferred to deferred capital grant	Balance as on 30 June 2021
				Rupees		
Educational scholarships - General	10.1	71,094,052	105,579,091	(116,972,823)	-	59,700,320
Qamar Ayesha / Wazir Khan Project	10.2	4,332,049	4,000,000	(1,252,134)	-	7,079,915
Flood relief project		13,035	-	-	-	13,035
VTI Bagh o Bahar		10,398,357	-	(647,562)		9,750,795
Ramzan Food Packages		17,446	-	-	-	17,446
Work Stream		256,287	-	-	-	256,287
		86,111,226	109,579,091	(118,872,519)	-	76,817,798

2020

Projects	Note	Balance as on 01 July 2019	Funds received during the year	Transferred to donation income (Note 13)	Transferred to deferred capital grant	Balance as on 30 June 2020
				Rupees		
Educational scholarships - General	10.1	9,318,446	83,518,933	(21,743,327)	-	71,094,052
Qamar Ayesha / Wazir Khan Project	10.2	5,975,974	-	(1,643,925)	-	4,332,049
Grant related to purchase of assets		-	545,360	-	(545,360)	-
Ration Support		-	13,162,595	(13,162,595)	-	-
Flood relief project		13,035	-	-	-	13,035
VTI Bagh o Bahar		-	11,893,900	(1,495,543)	-	10,398,357
Home Schools (Allocated)	10.3	-	168,100	(168,100)	-	-
Ramzan Food Packages		17,446	-	-	-	17,446
Leadership Development Program		-	184,731	(184,731)	-	-
Work Stream		256,287	-		-	256,287
		15,581,188	109,473,619	(38,398,221)	(545,360)	86,111,226

10.1 This represents the general pool of funds which represents donations received other than those classified in any other category. Out of these funds, educational scholarships are disbursed to the students. Also the disbursement for Nilore Model School and 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 represents donations received from donors who have undertaken to donate for identified home schools. All the funds under this category are utilised only for those identified home schools.

Diya Pakistan
Notes to the Financial Statements
For the year ended June 30, 2021

11 ACCRUALS AND OTHER LIABILITIES

	2021 Rupees	2020 Rupees
Utilities	**7,820**	320,920
Audit fee	**75,000**	75,000
Other account payables	**582,131**	84,042
	664,951	479,962

12 CONTINGENCIES AND COMMITMENTS

The Foundation has no contingencies and commitments as at June 30, 2021 (2020: Rs. Nil).

13 DONATION INCOME

	Note	2021 Rupees	2020 Rupees
Transfers from:			
Restricted fund	10	**118,872,519**	38,398,221
Deferred capital grant	9	**170,805**	131,509
		119,043,324	38,529,730

		2021	2020
13.1	Donation for administrative expenses	**4,554,700**	4,971,157
		4,554,700	4,971,157

All operating expenses are being met through specific donation by the Trustees.

14 FOREIGN EXCHANGE (LOSS) / GAIN - NET

	2021 Rupees	2020 Rupees
Exchange (loss)/gain on foreign currency	**(1,237,850)**	738,341

15 OTHER OPERATING INCOME

	2021	2020
Income on investments:		
Mudarba sukuk certificates	**120,008**	-
Long term investment	**30,372**	185,981
Short term investment	**246,482**	276,896
	396,862	462,877

16 PROGRAMME COSTS

	Note	2021	2020
Educational scholarship	16.1	**117,152,973**	22,501,727
Other projects	16.2	**1,719,546**	15,896,494
		118,872,519	38,398,221

16.1 EDUCATIONAL SCHOLARSHIPS

	2021	2020
Educational stipend - School level	**79,273,700**	5,998,460
Educational stipend - Technical level	**9,964,900**	665,600
Educational stipend - University level	**18,955,913**	10,025,148
Educational Stipends - Home Schools	**7,706,326**	4,168,594
	115,900,839	20,857,802
Qamar Ayesha / Wazir Khan Project	**1,252,134**	1,643,925
	117,152,973	22,501,727

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16.2 OTHER PROJECTS

	Note	2021 Rupees	2020 Rupees
Leadership Development Program		-	184,731
VTI Bagho Bahar		647,562	1,495,543
Ration Support		-	13,162,595
Nilore Model School		1,071,984	1,053,625
		1,719,546	15,896,494

17 ADMINISTRATION COSTS

	Note	2021 Rupees	2020 Rupees
Staff salaries, allowances and benefits	17.1	2,905,381	3,147,829
Communication		383,189	189,197
Utilities	17.2	236,168	302,866
Printing and stationary		215,364	186,949
Travelling and conveyance		345,179	555,216
Bank charges		64,479	66,412
Miscellaneous expenses		404,940	522,688
		4,554,700	4,971,157

17.1 These include remuneration paid to key personnel amounting to Rs. 0 (2020: Rs. 180,000).

17.2 The buildings occupied by the Foundation for its offices in different locations are being used with nil rental amounts and only the utilities bills and routine maintenance are being paid by the Foundation.

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:

Transactions with trustees

18.1 Donation received from Trustees and key management personnel

	2021 Rupees	2020 Rupees
18.1.1 Donation received for program activities:		
Chairman of the Board of Trustees	3,423,570	-
Trustees	39,395,909	30,381,944
	41,819,479	30,381,944
18.1.2 Donation received for operating costs:		
Trustees	4,554,700	4,971,157
	4,554,700	4,971,157

18.2 Remuneration paid to key management personnel during the year is Rs. 0 (2020: 180,000).

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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 reasonable high credit ratings. The carrying amount of financial assets representing the maximum credit exposure at the reporting date is follows:

	Note	**2021** Rupees	2020 Rupees
Long term investments	*5*	**10,700,000**	5,678,900
Short-term investments	*6*	**2,725,000**	2,725,000
Advances to employees		**19,000**	-
Accrued profit		**235,113**	162,106
Bank balances	*7*	**82,979,765**	93,194,031
		96,658,878	101,760,037

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, 2021				
Accruals and other liabilities	664,951	(664,951)	(664,951)	-
	664,951	(664,951)	(664,951)	-
June 30, 2020				
Accruals and other liabilities	479,962	(479,962)	(479,962)	-
	479,962	(479,962)	(479,962)	-

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.

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 in US Dollars and UK Pound Sterling.

Diya Pakistan
Notes to the Financial Statements
For the year ended June 30, 2021

	2021		2020	
	Equivalent Pak Rupees	**Foreign currency**	Equivalent Pak Rupees	Foreign currency
USD				
Balance with banks	**24,557,918**	**155,037**	**22,945,010**	**136,577**
	24,557,918	**155,037**	22,945,010	136,577
UK Pound Sterling				
Balance with banks	**3,344,488**	**15,202**	**4,963,493**	**24,020**
Gross exposure	**3,344,488**	**15,202**	4,963,493	24,020
Gross exposure	27,902,407	15,202	27,908,443	24,020

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

	Average rates		Balance sheet date rate	
	2021	2020	**2021**	2020
			Rupees	
US Dollar	**155.51**	162.30	**158.40**	168.00
UK Pound Sterling	**214.74**	197.00	**220.00**	206.64

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. 245,579 (2020: Rs. 229,450. 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. 33,445 (2020: Rs. 49,634). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2020.

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 an 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.

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 at 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.

Diya Pakistan
Notes to the Financial Statements
For the year ended June 30, 2021

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			
June 30, 2021	**Financial assets**	**Financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
				Rupees			
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 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	**19,000**	-	**19,000**	-	-	19,000	19,000
Accrued profit	**235,113**	-	**235,113**	-	-	235,113	235,113
Cash and cash equivalents	**83,008,765**	-	**83,008,765**	-	27,902,407	55,106,358	83,008,765
Financial liabilities not measured at fair value							
Accruals and other liabilities	-	**664,951**	**664,951**	-	-	664,951	664,951
June 30, 2020							
Financial assets measured at fair value							
Long term investment	5,178,900		5,178,900	5,178,900		-	5,178,900
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
Accrued profit	162,106	-	162,106	-	-	162,106	162,106
Cash and cash equivalents	93,223,031	-	93,223,031	-	27,908,443	65,314,588	93,223,031
Financial liabilities not measured at fair value							
Accruals and other liabilities	-	479,962	479,962	-	-	479,962	479,962

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21 NUMBER OF EMPLOYEES

	2021	2020
At year end	14	14
Average for the year	14	14

22 DATE OF APPROVAL

These financial statements were approved by the Board of Trustees in their meeting held on December 27, 2021.

23 GENERAL

Amounts have been rounded off to the nearest Pak Rupees.

24 IMPACT OF COVID-19

On January 30, 2020, the World Health Organization (WHO) declared the outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, the WHO declared the COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many countries, including Pakistan, have taken stringent steps to contain further spread of the virus. While these events and conditions have resulted in economic uncertainty generally, management has evaluated the impact of COVID-19 and concluded that there are no material implications of COVID-19 on the financial viability of the Foundation that require specific disclosure in the financial statements. (2020: disbursement were affected due to closure of financial institutions)

President | Chairman | Director Finance