

**DIYA PAKISTAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

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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, 2020 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, 2020 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 11, 2021

Diya Pakistan
Statement of Financial Position
As at 30 June 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	574,183	160,332
Long term investment	5	5,678,900	5,624,755
		<u>6,253,083</u>	<u>5,785,087</u>
CURRENT ASSETS			
Short term investments	6	2,725,000	2,725,000
Accrued profit		162,106	112,175
Cash and bank balances	7	93,223,031	21,341,436
		<u>96,110,137</u>	<u>24,178,611</u>
TOTAL ASSETS		<u><u>102,363,220</u></u>	<u><u>29,963,698</u></u>
FUNDS AND LIABILITIES			
FUNDS			
Endowment fund - General	8.1	3,225,000	3,225,000
Endowment fund - Specific	8.2	5,276,732	5,222,587
Accumulated surplus		6,675,105	5,548,887
		<u>15,176,837</u>	<u>13,996,474</u>
NON-CURRENT LIABILITIES			
Deferred capital grant	9	595,195	181,344
Restricted funds	10	86,111,226	15,581,188
		<u>86,706,421</u>	<u>15,762,532</u>
CURRENT LIABILITIES			
Accrued and other liabilities	11	479,962	204,692
TOTAL FUND AND LIABILITIES		<u><u>102,363,220</u></u>	<u><u>29,963,698</u></u>
CONTINGENCIES AND COMMITMENTS	12	-	-

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



 President



 Chairman



 Director Finance

Diya Pakistan
Income and Expenditure Account
For the year ended 30 June 2020

	Note	2020 Rupees	2019 Rupees
INCOME			
Donation income	13	38,529,730	102,204,467
Donation for administrative expenses	13.1	4,971,157	4,674,974
Foreign exchange gain - net	14	738,341	7,974,426
Other operating income	15	462,877	173,828
		<u>44,702,105</u>	<u>115,027,695</u>
EXPENDITURE			
Program costs	16	38,398,221	108,700,993
Administration costs	17	4,971,157	4,674,974
Audit fee		75,000	150,000
Depreciation	4	131,509	92,266
		<u>43,575,887</u>	<u>113,618,233</u>
SURPLUS FOR THE YEAR		<u><u>1,126,218</u></u>	<u><u>1,409,462</u></u>

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



 President



 Chairman



 Director Finance

Diya Pakistan
Statement of Comprehensive Income
For the year ended 30 June 2020

	2020 Rupees	2019 Rupees
Surplus for the year	1,126,218	1,409,462
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>1,126,218</u>	<u>1,409,462</u>

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 30 June 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
SURPLUS FOR THE YEAR		1,126,218	1,409,462
Adjustments:			
- Depreciation	4	131,509	92,266
- Amortisation of deferred capital grant	9	(131,509)	(92,266)
- Amortisation of restricted fund	10	(38,398,221)	(102,112,201)
- Exchange gain on foreign currency bank deposits	14	(738,341)	(7,974,426)
- Profit on investments and bank deposits	15	(462,877)	(173,828)
		<u>(39,599,439)</u>	<u>(110,260,455)</u>
Operating deficit before working capital changes		<u>(38,473,221)</u>	<u>(108,850,993)</u>
Changes in working capital:			
Decrease in advances		-	20,601
Increase in accrued and other liabilities	11	275,270	134,833
		<u>275,270</u>	<u>155,434</u>
Net cash used in operating activities		<u>(38,197,951)</u>	<u>(108,695,559)</u>
Restricted funds received during the year	10	109,473,619	116,143,724
Net cash generated from operations		<u>71,275,668</u>	<u>7,448,165</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to property and equipment	4	(545,360)	(33,000)
Profit received		412,946	169,945
Net cash used in investing activities		<u>(132,414)</u>	<u>136,945</u>
Net Increase in cash and cash equivalents		71,143,254	7,585,110
Cash and cash equivalents at beginning of the year		21,341,436	5,781,900
Exchange gain on foreign currency bank deposits	14	738,341	7,974,426
Cash and cash equivalents at the end of the year	7	<u>93,223,031</u>	<u>21,341,436</u>

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



 President



 Chairman



 Director Finance

Diya Pakistan

Statement of Changes in Funds

For the year ended 30 June 2020

	Endowment Fund - General	Endowment Fund - Specific	Accumulated surplus	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2018	3,225,000	6,869,694	4,139,425	14,234,119
Unrealised loss on investments		(1,647,107)	-	(1,647,107)
Total comprehensive income for the year	-	-	1,409,462	1,409,462
Balance as at 30 June 2019	<u>3,225,000</u>	<u>5,222,587</u>	<u>5,548,887</u>	<u>13,996,474</u>
Balance as at 01 July 2019	3,225,000	5,222,587	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 30 June 2020	<u>3,225,000</u>	<u>5,276,732</u>	<u>6,675,105</u>	<u>15,176,837</u>

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



President



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Diya Pakistan
Notes to the Financial Statements
For the year ended 30 June 2020

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

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 is under process by the EAD.

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 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.

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Diya Pakistan
Notes to the Financial Statements
For the year ended 30 June 2020

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.

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Diya Pakistan
Notes to the Financial Statements
For the year ended 30 June 2020

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 are originated 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 non-derivative financial assets as loans and receivables.

(i) Loans and receivables

Loans and receivables comprise investments classified as loans and receivables, short term investments and cash and cash equivalents.

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Diya Pakistan
Notes to the Financial Statements
For the year ended 30 June 2020

(ii) Investments classified as loans and receivables

These are initially recorded at their fair value less initial transactions cost. Subsequent to initial recognition these are stated at their amortised cost. Amortised cost is computed as the amount initially recognised minus the principal repayments, plus or minus the cumulative amortisation, using the effective interest rate method, of any difference between initially recognised amount and maturity amount. This calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction cost and all other premiums and discounts. For investment carried at amortised cost, gains or losses are recognised in the income and expenditure account when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Fair value through profit or loss

An investment is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Attributable transaction costs are recognised in income and expenditure account as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, are recognised in income and expenditure account.

(iv) Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and cash at banks.

(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 30 June 2020

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

(b) Finance cost

Finance cost comprises exchange losses and bank charges.

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Diya Pakistan
Notes to the Financial Statements
For the year ended 30 June 2020

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.

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.

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Diya Pakistan
Notes to the Financial Statements
For the year ended 30 June 2020

(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, 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 asset 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.

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Diya Pakistan
Notes to the Financial Statements
For the year ended 30 June 2020

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.

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Diya Pakistan
Notes to the Financial Statements
For the year ended 30 June 2020

4 PROPERTY AND EQUIPMENT

	Freehold land (Note 4.1)	Furniture and fixtures	Office equipment	Computer equipment	Total
	Rupees				
Cost					
Balance at 01 July 2018	18,501	164,400	210,815	465,830	859,546
Additions during the year	-	-	33,000	-	33,000
Balance at 30 June 2019	18,501	164,400	243,815	465,830	892,546
Balance at 01 July 2019	18,501	164,400	243,815	465,830	892,546
Additions during the year	-	-	545,360	-	545,360
Balance at 30 June 2020	18,501	164,400	789,175	465,830	1,437,906
Depreciation					
Balance at 01 July 2018	-	83,778	137,568	418,602	639,948
Additions during the year	-	16,440	41,568	34,258	92,266
Balance at 30 June 2019	-	100,218	179,136	452,860	732,214
Balance at 01 July 2019	-	100,218	179,136	452,860	732,214
Additions during the year	-	16,440	102,099	12,970	131,509
Balance at 30 June 2020	-	116,658	281,235	465,830	863,723
Carrying amounts - 2020	18,501	47,742	507,940	-	574,183
Carrying amounts - 2019	18,501	64,182	64,679	12,970	160,332
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	2020 Rupees	2019 Rupees
5 LONG TERM INVESTMENT- Loans and receivables				
5.1	Certificate of Islamic Investment - local currency	5.1.1	500,000	500,000
5.2	Investment in mutual funds:			
			2020 Rupees	2019 Rupees
	Opening		5,124,755	6,771,862
	Additions (dividend re-investment)		267,304	-
	Unrealised loss		(213,159)	(1,647,107)
		5.2.1	5,178,900	5,124,755
			5,678,900	5,624,755

5.1.1 This is unsecured and carries profit of 7.65% (2019: 7.65%) per annum and is due for maturity in July 2020 but management intends to reinvest the amount.

5.2.1 These investments are stated at fair value at the year end, using the year end redemption price.

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Diya Pakistan
Notes to the Financial Statements
For the year ended 30 June 2020

	<i>Note</i>	2020 Rupees	2019 Rupees
6 SHORT TERM INVESTMENTS			
6.1 Certificate of Islamic Investment - local currency	<i>6.1.1</i>	<u>2,725,000</u>	<u>2,725,000</u>
		<u>2,725,000</u>	<u>2,725,000</u>

6.1.1 These are unsecured and carry mark up ranging from 6% to 8% (2019: 4% to 5%) per annum.

	<i>Note</i>	2020 Rupees	2019 Rupees
7 CASH AND BANK BALANCES			
Cash in hand		29,000	29,000
Cash at bank in local currency:			
- Current accounts		65,285,587	(12,791,667)
- Cash equivalents in form of certificates		-	30,000,000
Cash at bank in foreign currency:			
- Current accounts	<i>7.1</i>	<u>27,772,638</u>	<u>3,974,521</u>
- Deposit accounts	<i>7.2</i>	<u>135,805</u>	<u>129,581</u>
		<u>27,908,443</u>	<u>4,104,102</u>
		<u>93,223,031</u>	<u>21,341,436</u>

7.1 This includes balance of Rs. 4,963,433 (GBP 24,019 @ Rs. 206.64) (2019: Rs. 3,792,540 (GBP 18,193 @ Rs. 208.46)), held in an account title 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 (2019: "Nil" per annum).

8 ENDOWMENT FUND

8.1 General

This fund was created in year 2010-2011 to meet unexpected demand as per the decision of the Board of Trustees.

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Notes to the Financial Statements
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8.2 Specific

During the year 2016, one of the donors provided funds for organizational long-term stability and upon his instructions a specific endowment fund named "Omar Bin Khatab (OBK) Endowment Fund" was established. As required by the donor, these funds will be invested in any long-term investment plan and any investment income will be credited to this Fund.

9 DEFERRED CAPITAL GRANT	<i>Note</i>	2020 Rupees	2019 Rupees
Balance as at 01 July		181,344	240,610
Property and equipment purchased during the year		545,360	33,000
<i>Recognition of deferred grant as income</i>			
Depreciation charge for the year	4	(131,509)	(92,266)
		<u>595,195</u>	<u>181,344</u>

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10 RESTRICTED FUND
2020

Projects	Note	Balance as on 01 July 2019	Funds received during the year	Transferred to donation income (note 15)	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

2019

Projects		Balance as on 01 July 2018	Funds received during the year	Transferred to donation income (note 14)	Transferred to deferred capital grant	Balance as on 30 June 2019
				Rupees		
Educational scholarships - General	10.1	-	108,573,846	(99,255,400)	-	9,318,446
Qamar Ayesha / Wazir Khan Project	10.2	1,293,437	7,216,380	(2,533,843)	-	5,975,974
Grant related to purchase of assets		-	33,000	-	(33,000)	-
Flood relief project		13,035	-	-	-	13,035
Home Schools (Allocated)	10.3	-	207,000	(207,000)	-	-
Ramzan Food Packages		17,446	-	-	-	17,446
Leadership Development Program		2,460	113,498	(115,958)	-	-
Work Stream		256,287	-	-	-	256,287
Nilore Model School		-	-	-	-	-
		1,582,665	116,143,724	(102,112,201)	(33,000)	15,581,188

- 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 the donations received from donors which have undertaken to donate for an identified home school. All the funds under this category are utilised only for those identified home schools.

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11	ACCRUED AND OTHER LIABILITIES		2020 Rupees	2019 Rupees
	Utilities		320,920	5,540
	Audit fee		75,000	150,000
	Other account payables		84,042	49,152
			<u>479,962</u>	<u>204,692</u>
12	CONTINGENCIES AND COMMITMENTS			
	The Foundation has no contingencies and commitments as at 30 June 2020 (2019: Rs. Nil).			
13	DONATION INCOME		2020 Rupees	2019 Rupees
	Transfers from:			
	Restricted fund	10	38,398,221	102,112,201
	Deferred capital grant	9	131,509	92,266
			<u>38,529,730</u>	<u>102,204,467</u>
13.1	Donation for administrative expenses		4,971,157	4,674,974
			<u>4,971,157</u>	<u>4,674,974</u>
	All operating expenses are being met through specific donation by the Trustees.			
14	FOREIGN EXCHANGE GAIN - NET		2020 Rupees	2019 Rupees
	Exchange gain on foreign currency bank accounts		738,341	7,974,426
			<u>738,341</u>	<u>7,974,426</u>
15	OTHER OPERATING INCOME			
	Income on investments		462,877	173,828
			<u>462,877</u>	<u>173,828</u>
16	PROGRAMME COSTS			
	Educational scholarship	16.1	22,501,727	107,000,322
	Other projects	16.2	15,896,494	1,700,671
			<u>38,398,221</u>	<u>108,700,993</u>
16.1	EDUCATIONAL SCHOLARSHIPS			
	Educational stipend - School level		5,998,460	69,189,420
	Educational stipend - Technical level		665,600	11,355,600
	Educational stipend - University level		10,025,148	18,710,380
	Educational Stipends - Home Schools		4,168,594	5,211,079
			<u>20,857,802</u>	<u>104,466,479</u>
	Qamar Ayesha / Wazir Khan Project		1,643,925	2,533,843
			<u>22,501,727</u>	<u>107,000,322</u>

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Notes to the Financial Statements
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16.2 OTHER PROJECTS

	<i>Note</i>	2020 Rupees	2019 Rupees
Leadership Development Program		184,731	115,958
VTI Bagho Bahar		1,495,543	-
Ration Support		13,162,595	-
Nilore Model School		1,053,625	1,584,713
		<u>15,896,494</u>	<u>1,700,671</u>

17 ADMINISTRATION COSTS

Staff salaries, allowances and benefits	<i>17.1</i>	3,147,829	3,368,720
Communication		189,197	216,508
Utilities	<i>17.2</i>	302,866	268,093
Printing and stationary		186,949	209,065
Travelling and Conveyance		555,216	370,099
Bank charges		66,412	106,395
Miscellaneous expenses		522,688	136,094
		<u>4,971,157</u>	<u>4,674,974</u>

17.1 These include remuneration paid to key personnel amounting to Rs. 180,000 (2019: Rs. 165,000).

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

	2020 Rupees	2019 Rupees
18.1.1 Donation received for program activities	<u>30,381,944</u>	<u>23,051,656</u>
18.1.2 Donation received for operating cost	<u>4,971,157</u>	<u>4,674,974</u>

18.2 Remuneration paid to key management personnel during the year is Rs. 180,000 (2019: 165,000).

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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

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:

	<i>Note</i>	2020 Rupees	2019 Rupees
Long term investment	5	5,678,900	5,624,755
Short-term investments	6	2,725,000	2,725,000
Accrued profit		162,106	112,175
Bank balances	7	93,194,031	21,283,436
		<u>101,760,037</u>	<u>29,745,366</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.

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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				
30 June 2020				
Accrued and other liabilities	479,962	(479,962)	(479,962)	-
	<u>479,962</u>	<u>(479,962)</u>	<u>(479,962)</u>	<u>-</u>
30 June 2019				
Accrued and other liabilities	204,692	(204,692)	(204,692)	-
	<u>204,692</u>	<u>(204,692)</u>	<u>(204,692)</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.

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.

	2020		2019	
	Equivalent Pak Rupees	Foreign currency	Equivalent Pak Rupees	Foreign currency
<i>USD</i>				
Balance with banks	22,809,205	135,769	181,981	1,115
	<u>22,809,205</u>	<u>135,769</u>	<u>181,981</u>	<u>1,115</u>
<i>UK Pound Sterling</i>				
Balance with banks	4,963,433	24,020	3,792,539	18,194
Gross exposure	4,963,433	24,020	3,792,539	18,194
	<u>4,963,433</u>	<u>24,020</u>	<u>3,792,539</u>	<u>18,194</u>
Gross exposure	<u>27,772,638</u>	<u>159,789</u>	<u>3,974,520</u>	<u>19,309</u>

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

	Average rates		Balance sheet date rate	
	2020	2019	2020	2019
	Rupees			
US Dollar	162.30	126.00	168.00	163.00
UK Pound Sterling	197.00	178.00	206.64	208.46

Sensitivity analysis

1% strengthening / (weakening) of the Rupee against the US Dollar at June 30 would have (increased) / decreased net surplus for the year by Rs. 228,091 (2019: Rs. 1,819). 1% strengthening / (weakening) of the Rupee against the UK Pound Sterling at June 30 would have (increased) / decreased net surplus for the year by Rs. 49,634 (2019: Rs. 37,925). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2019.

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.

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.

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Notes to the Financial Statements
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20.1 Determination of fair values

A number of the Company'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.

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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					
	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Rupees								
30 June 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 interest	-	162,106	-	162,106	-	-	162,106	162,106
Cash and cash equivalents	-	93,223,031	-	93,223,031	-	27,772,638	65,450,393	93,223,031
Financial liabilities not measured at fair value								
Accrued and other liabilities	-	-	479,962	479,962	-	-	479,962	479,962
30 June 2019								
Financial assets measured at fair value								
Long term investment	-	5,124,755	-	5,124,755	5,124,755	-	-	5,124,755
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	-	112,175	-	112,175	-	-	112,175	112,175
Cash and cash equivalents	-	21,341,436	-	21,341,436	-	3,974,520	17,366,916	21,341,436
Financial liabilities not measured at fair value								
Accrued and other liabilities	-	-	204,692	204,692	-	-	204,692	204,692

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21 NUMBER OF EMPLOYEES	2020	2019
At year end	14	18
Average for the year	14	18

22 DATE OF APPROVAL

These financial statements were approved by the Board of Trustees in their meeting held on November, 14 2020.

23 GENERAL

Amounts have been rounded off to the nearest Pak Rupees.

24 IMPACT OF COVID-19

On 30 January 2020, the World Health Organization (WHO) declared the outbreak a "Public Health Emergency of International Concern" and on 11 March 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 help contain the further spread of the virus. While these events and conditions have resulted in general economic uncertainty, 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. However, the Foundation's operations were affected due to closure of Educational Institutions causing delay in disbursement of funds during the year. Similar delays may happen in the near future if the Educational Institutions get closed due to COVID-19. Further, COVID-19 has no material impact on the presented amounts and disclosures.

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President



Chairman



Director Finance