

DUNYA FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021



INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of DUNYA FOUNDATION
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **DUNYA FOUNDATION**, which comprise the balance sheet as at June 30, 2021, income and expenditure account, the statement of changes in general fund, 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 give a true and fair view of the financial position of the Society as at June 30, 2021 and of its financial performance and its cash flows for the year then ended in accordance with the approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Trustees for the Financial Statements

The Board of Governors are 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 the trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, trustees are responsible for assessing the Trust'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 the trustees either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust'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



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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 Trust'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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust 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 Board of Governors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is **Nawaz Khan, FCA**.

Lahore

Dated: October 04, 2021


QADEER AND COMPANY
CHARTERED ACCOUNTANTS

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DUNYA FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	NOTES	2021 RUPEES	2020 RUPEES
FUND AND LIABILITIES			
General funds		(38,310,443)	(95,768,966)
Project funds	4	135,266,691	-
		<u>96,956,248</u>	<u>(95,768,966)</u>
CURRENT LIABILITIES			
Short term payable	5	-	199,508,639
Trade and other payables	6	12,687,230	36,048,020
		<u>12,687,230</u>	<u>235,556,659</u>
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		<u>109,643,478</u>	<u>139,787,693</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	99,547,692	95,530,380
CURRENT ASSETS			
Loans and advances	9	3,828,955	14,811,268
Receivables		1,520,000	1,520,000
Cash and bank balances	10	4,746,831	27,926,045
		<u>10,095,786</u>	<u>44,257,313</u>
		<u>109,643,478</u>	<u>139,787,693</u>

Annexed notes 1 to 18 form an integral part of these financial statements.


 CHAIRMAN

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 SECRETARY

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DUNYA FOUNDATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR JUNE 30, 2021

	<u>NOTES</u>	<u>2021 RUPEES</u>	<u>2020 RUPEES</u>
INCOME			
Donations		274,138,664	220,066,892
Other income		4,009,921	14,936,375
		278,148,585	235,003,267
EXPENDITURE			
Scholarships / financial aid	11	24,138,110	30,859,717
Donations	12	155,340,649	145,782,715
Project expenses	13	40,223,988	22,066,986
Administrative and general expenditures	14	986,765	9,998,666
Finance cost	15	550	10,577,290
		220,690,062	219,285,374
Excess of income over expenditures		<u>57,458,523</u>	<u>15,717,893</u>

Annexed notes 1 to 18 form an integral part of these financial statements.

CHAIRMAN

SECRETARY

DUNYA FOUNDATION
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

Particulars	(RUPEES)	
	General Fund	Total
Balance as on June 30,2019	(111,486,859)	(111,486,859)
Excess of income over expenditure for the year	15,717,893	15,717,893
Balance as on June 30,2020	<u>(95,768,966)</u>	<u>(95,768,966)</u>
Excess of income over expenditure for the year	57,458,523	57,458,523
Balance as on June 30,2021	<u><u>(38,310,443)</u></u>	<u><u>(38,310,443)</u></u>

Annexed notes 1 to 18 form an integral part of these financial statements.

CHAIRMAN

SECRETARY

DUNYA FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 RUPEES	2020 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of income over expenditures	57,458,523	15,717,893
Adjustments for:		
Depreciation	20,188	465,096
Finance cost	550	10,577,290
	20,738	11,042,386
Cash flows before working capital changes	57,479,261	26,760,279
Working capital changes		
Increase /(decrease) in current assets		
Loans and advances	10,987,188	(4,011,543)
Increase /(decrease) in current liabilities		
Short term payable	(199,508,639)	125,486,380
Trade and other payables	(12,784,057)	(15,695,901)
Net working capital changes	(201,305,508)	105,778,936
Finance cost paid	(10,577,283)	(128,266,182)
Income tax paid/adjusted	(4,875)	-
	(10,582,158)	(128,266,182)
Cash (used in)/generated from operating activities	(154,408,405)	4,273,033
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(4,037,500)	(64,500)
Disposal of fixed Assets	-	5,164,298
Cash (used in) / generated from investing activities	(4,037,500)	5,099,798
CASH FLOWS FROM FINANCING ACTIVITIES		
Project funds	135,266,691	-
Cash (used in) / generated from investing activities	135,266,691	-
NET CASH OUTFLOW DURING THE YEAR	(23,179,214)	9,372,831
Cash and cash equivalents at the beginning of the year	27,926,045	18,553,214
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	<u>4,746,831</u>	<u>27,926,045</u>

Annexed notes 1 to 18 form an integral part of these financial statements.

CHAIRMAN

SECRETARY

DUNYA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 LEGAL STATUS AND OPERATIONS

Dunya Foundation ("the Society") was registered on August 10, 1985 as a non-profit organization under the name Islamic Commerce Educational Society under the Societies Registration Act, 1860. The Society has been striving hard to promote social justice and eradicate the social evils with the spirit of providing high quality professional education from high school to post-graduate levels along with contributing towards health promotion by providing donation to different recognized institutes for free treatment of deserving patients.

The registered office of the society is situated at 64 E-1, Gulberg III, Lahore.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Functional and Presentation Currency

These financial statements are presented in Pakistan Rupee (PKR) which is the Society's functional currency.

2.3 Accounting Convention

These Accounts have been prepared under the historical cost convention on accrual basis without any adjustments for the effect of inflation.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Society.

3.1 Property, plant and equipment

Property, plant and equipment other than freehold land are stated at cost less accumulated depreciation and accumulated impairment losses. Surplus on revaluation of freehold land when such land is revalued is credited to 'Surplus on Revaluation of Fixed Assets'.

Depreciation on Property, plant and equipment is charged to the Income and Expenditure Account, applying the Reducing Balance Method, whereby the cost of an asset is written off over its estimated useful life. Depreciation charge commences from the month in which asset is available for use and continues until the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposals are determined by comparing sale proceeds with carrying amount and are accordingly adjusted in the Income and Expenditure Account.

Assets so acquired are depreciated over their respective useful lives at rates mentioned in respective note.

3.2 Taxation

Having been established solely for educational purposes and not for the purpose of profit, the society avail tax credit under section 100 C (a) of Income Tax Ordinance 2001.

3.3 Revenue Recognition

Donations are recognized whenever received. Donations received for specific projects are recognized as liability and transferred to Income and Expenditure Account as expended on projects.

3.4 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

3.5 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balances.

3.7 Off Setting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.8 Contingencies and commitments

Capital commitments and contingencies, unless those are actual liabilities are not incorporated in the accounts.

NOTES	2021 RUPEES	2020 RUPEES
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4 PROJECT FUNDS

These funds have been received from associated companies for projects of Allied Schools and Ideal Muslim School from National Educational Network (Private) Limited and National Communications Services (SMC - Private) Limited. To reduce the finance cost and with the permission of donors, funds have been utilized to payback short term loan. These funds shall be charged to Income and Expenditure Account as expended on the projects.

5 SHORT TERM PAYABLE

Educational Excellence Limited	5.1	-	199,508,639
		-	<u>199,508,639</u>

5.1 It represented loan obtained from Educational Excellence Limited an associated company and it has been settled during the year.

6 TRADE AND OTHER PAYABLES

Accrued mark up	-	10,576,733
Audit fee payable	77,000	69,878
Other payables	<u>12,610,230</u>	<u>25,401,409</u>
	<u>12,687,230</u>	<u>36,048,020</u>

7 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at reporting date (2020:Nil).

8 PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	COST				DEPRECIATION					WDV AS AT JUNE 30, 2021
	AS AT JULY 01, 2020	ADDITION	DELETION	AS AT JUNE 30, 2021	RATE %	AS AT JULY 01, 2020	DISPOSAL	FOR THE YEAR	AS AT JUNE 30, 2021	
Freehold Land	95,530,380		.	95,530,380	95,530,380
Vehicles	.	4,037,500	.	4,037,500	20	.	.	20,188	20,188	4,017,312
June 30, 2021	95,530,380	4,037,500	.	99,567,880		.	.	20,188	20,188	99,547,692
June 30, 2020	167,355,214	64,500	.	167,419,714		66,259,940	5,164,298	465,096	71,889,334	95,530,380

	NOTES	2021 RUPEES	2020 RUPEES
9 LOANS AND ADVANCES			
Unsecured but considered good			
Advance against school expenses		3,580,970	14,568,158
Advances to employees		109,972	109,972
Advance income tax		138,013	133,138
		<u>3,828,955</u>	<u>14,811,268</u>
10 CASH AND BANK BALANCES			
Cash at bank-Current accounts		4,696,931	27,876,145
		<u>4,746,831</u>	<u>27,926,045</u>
11 SCHOLARSHIPS/FINANCIAL AID			
Scholarships	11.1	24,138,110	30,859,717
		<u>24,138,110</u>	<u>30,859,717</u>
11.1 Scholarship Paid to Deserving Students.			
12 DONATIONS			
Cardiac Associates	12.1	10,032,772	16,180,155
Rising Sun Institute	12.2	1,200,000	1,200,000
Darul Huda Quranic Educational Trust	12.3	8,400,000	8,400,000
Model Town Library		156,000	144,000
Milestone Society		180,000	180,000
Central Park Teaching Hospital	12.4	10,705,161	-
Care Foundation	12.5	2,400,000	2,400,000
Al Mawrid and Ishraq	12.6	28,549,808	33,048,008
Model Town Healthcare Trust	12.7	37,289,750	36,420,846
Bhatti International Trust Hospital	12.8	3,012,841	11,516,029
Ideal Muslim School		1,186,000	3,930,500
Jahandad Society for Community Development		5,700,000	7,700,000
Alms	12.9	6,464,338	3,316,166
One-off Donations		40,063,979	21,347,011
		<u>155,340,649</u>	<u>145,782,715</u>
12.1 Dunya Foundation is contributing towards the cause of supporting the treatment of deserving patients for a range of health ailments. Needy and deserving patients from all over Pakistan approach the hospital to get their treatment sponsored by Dunya Foundation. Their application is reviewed and if the patient is deemed deserving they are treated at the hospital and the Foundation covers their expenses. 260 patients were given free treatment in 2020-2021 including surgeries, medicines and consultation fees.			
12.2 Rising Sun Institute is registered with Pakistan Center for Philanthropy since 2005. Each year, it provides education, speech therapy, physio, hydro, sensory integration therapy and vocational training to over 500 differently abled children. Dunya Foundation contributes Rs.100,000/- per month as donation to sponsor training and therapy of 20 children.			
12.3 Dar-ul-Huda Quranic Educational Trust provides Quranic and Islamic Education to children.			

- 12.4 Access to health in rural areas is severely limited in rural Kasur. To bridge this gap, Dunya Foundation holds a medical camp in Hardo Muhammad Kay every week, where specialist doctors come in to treat the patients. Those patients who cannot be treated are provided free of cost transport to the hospital, where their medical expenses are covered by the Foundation. Patients are referred to the hospital after proper scrutiny of background and obtaining relevant documentation. 431 patients were treated at the hospital in 2020-21.
- 12.5 Care Foundation is working towards the cause of education with over 200,000 students and 500+ schools nationwide. Dunya Foundation is supporting this cause by sponsoring a school, contributing Rs. 200,000/- per month to support 100 students every month, intending to create differences in the lives of underprivileged children by helping to provide them with quality education for a bright future.
- 12.6 Al-Mawrid is an organization focused on religious Research & Education and Ishraq is a monthly journal, published by Al-Mawrid.
- 12.7 Healthcare is a key thematic area for the Foundation and we are working through multiple partners towards this endeavor. To assist the urban poor of Lahore, Dunya Foundation supports the Model Town Trust Hospital. A state of art eye department has been constructed along with other facilities. Dunya Foundation donates to Model Town Trust Hospital for purchase of state of the art equipment and also supports its operations. The hospital served 95,190 patients (53% female patients) and carried out 2,134 operations of patients from all over Pakistan.
- 12.8 Access to health in rural areas is severely limited in rural Kasur. To bridge this gap, Dunya Foundation holds a medical camp in Hardo Muhammad Kay every week, where specialist doctors come in to treat the patients. Those patients who cannot be treated are provided free of cost transport to the hospital, where their medical expenses are covered by the Foundation. Patients are referred to the hospital after proper scrutiny of background and obtaining relevant documentation including CNICs. No medical camp was held in the months of July, August and September 2020 due to covid restrictions. Less than 100 patients were sent to BIT since the Foundation now sends almost all patients to CPTH due to availability of advanced facilities and qualified doctors.
- 12.9 This includes donation to various graveyards, individuals and mosques to support their utilities, repair & maintenance and operations expenses.

13 PROJECT EXPENSES	NOTES	2021 RUPEES	2020 RUPEES
Allied School Hardo Muhammad Kay			
Non- recurring cost	13.1	1,130	58,640
Salaries expenses		8,760,964	5,495,482
Running expenses		8,957,057	10,788,994
		17,719,151	16,343,116
Dunya Foundation Medical Camp			
Running expenses	13.2	771,706	1,026,082
Allied School (Al- Hamd Campus) Sargodha			
Salaries expenses	13.3	2,244,800	2,058,200
Running expenses		691,205	2,006,186
		2,936,005	4,064,386
Dunya Foundation Technical Training Centre			
Non- recurring cost	13.4	861,112	-
Salaries expenses		320,000	199,000
Running expenses		478,796	434,402
		1,659,908	633,402
Ideal Muslim School			
Salaries expenses	13.5	8,150,545	-
Running expenses		8,986,673	-
		17,137,218	-
		<u>40,223,988</u>	<u>22,066,986</u>

Non recurring cost represent the cost that incurred only one time in the period i.e.; Repair & Maintance, Furniture & Fixture, medical & surgical equipment and electric fittings for the project.

- 13.1** Allied School Hardo Muhammad Kay (HMK) is a project of Dunya Foundation, contributing towards the cause of quality education to the children of Hardo Muhammad Kay and surrounding villages. 977 deserving students (both campuses - girls and boys) received free education along with free uniforms and books & stationery. The school is fully sponsored by Dunya Foundation bearing all of its operating and administrative expenses.
- 13.2** Dunya Foundation Medical Camp (DFMC) is operating under the umbrella of Dunya Foundation, contributing towards the medical supervision of deserving patients of Hardo Muhammad Kay and surrounding villages. The camp is organized every week comprising team of doctors including physicians, pediatricians and gynecologists. Patients are examined and treated and are provided free medicines. Serious patients are identified and referred to the Central Park Teaching Hospital. Deserving patients are provided with the free medical treatment (both indoor and outdoor facility) including medicines. No medical camp was held in the months of July, August and September 2020 due to covid restrictions. During the year 2020-2021 3,965 patients were treated at the camp.

- 13.3 The school is situated in a rural area, Chak 113SB, and provides high quality free of cost education to the children. Foundation supports the school in all administrative and operational expenses. Students receive free books and uniforms (winter and summer). 202 students studied the school in 2020-21.
- 13.4 A survey was carried out in 2018 to ascertain the gaps in the educational system and skills in Kasur. Further consultations were conducted with experts and it was decided to establish a technical vocational training institute in Kasur to provide training for heavy machinery operator course. DFTTC has been accredited by TEVTA and the course has been approved by Punjab Board of Technical Education.
- 13.5 Dunya Foundation took over management of Ideal Muslim School (IMS) in January 2021 after an agreement was reached with the Management of Model Town, Lahore through an MOU in December 2020. Dunya Foundation is now running IMS located in E-block Model Town Lahore, as it own project. IMS provides education up to matriculation. IMS provided education to 705 students.

	NOTES	2021 RUPEES	2020 RUPEES
14 ADMINISTRATIVE AND GENERAL EXPENDITURES			
Insurance		4,614	4,612
Audit fee		77,000	69,878
Legal and professional charges		22,500	793,800
Depreciation	8	20,188	465,096
Advertisement expenses		241,886	991,098
Fee and subscription		130,000	2,045,000
Utilities		82,131	87,661
Repair and maintenance		4,590	308,976
Government taxes		49,100	-
Travelling		312,162	1,000
Miscellaneous expenses		42,594	67,247
Assets disposals		-	5,164,298
		<u>986,765</u>	<u>9,998,666</u>
15 FINANCE COST			
Mark up - Educational excellence limited		-	10,576,733
Bank charges		550	557
		<u>550</u>	<u>10,577,290</u>
16 RELATED PARTY TRANSACTIONS			
Related parties include members of Board of Governors and associated undertakings due to common directorship. During the year, related party transactions which have not been disclosed elsewhere are following:			
Donations			
Mian Amer Mahmood		55,342,714	10,000,000
Educational Excellence Limited		41,070,578	-
Union Developers (Private) Limited		57,863,920	-
National Educational Network (Private) Limited		32,733,309	109,000,000
National Communications Services (SMC-Pvt) Ltd.		86,260,785	99,400,000
		<u>273,271,306</u>	<u>218,400,000</u>

17 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 04, 2021 by the Board Members.

18 GENERAL

- These figures have been rounded off to the nearest Pakistani rupee.
- Comparative figures have been re-arranged and re-classified whenever necessary for the purpose of comparison.



CHAIRMAN



SECRETARY