



KPMG Taseer Hadi & Co.
Chartered Accountants

Developments in Literacy

Financial Statements
For the year ended 31 December
2015



KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES

We have audited the accompanying financial statements of Developments in Literacy ("the Society") which comprise the balance sheet as at 31 December 2015 and the income and expenditure account, the statement of comprehensive income, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Board of Trustees ("the Board") is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly in all material respects the financial position of the Society as at 31 December 2015, and of its financial performance, and its cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Islamabad
01 MARCH 2017

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Syed Bakhtiyar Kazmi

Developments in Literacy

Balance Sheet

As at 31 December 2015

	Note	2015 (Rupees)	2014 (Rupees)
NON-CURRENT ASSETS			
Property and equipment	4	41,390,056	30,691,469
Intangible asset	5	424,482	426,178
Long term prepayments	6	381,894	469,740
		<u>42,196,432</u>	<u>31,587,387</u>
CURRENT ASSETS			
Advances - unsecured, considered good	7	4,458,191	6,766,408
Short term deposits and prepayments	8	2,356,600	2,303,690
Receivable from USAID Small Grants And Ambassador's Fund Program		-	1,170,362
Cash and bank balances	9	52,060,700	60,170,897
		58,875,491	70,411,357
TOTAL ASSETS		<u>101,071,923</u>	<u>101,998,744</u>
NON CURRENT LIABILITIES			
Deferred grant	10	41,814,538	31,117,647
Restricted Grant	11	49,973,144	63,126,127
		<u>91,787,682</u>	<u>94,243,774</u>
CURRENT LIABILITIES			
Accrued and other liabilities	12	9,284,241	7,754,970
TOTAL LIABILITIES		<u>101,071,923</u>	<u>101,998,744</u>
CONTIGENCIES AND COMMITMENTS	13		

The annexed notes from 1 to 21 form an integral part of these financial statements.

Shahid Azhar
Trustee

Naruen Iqbal
Trustee

Developments in Literacy
Income and Expenditure Account
For the year ended 31 December 2015

	Note	2015 (Rupees)	2014 (Rupees)
INCOME			
Restricted grant recognised as income			
- Education and other program activities	11.1	336,334,352	302,256,628
Deferred grant recognised as income	10	3,464,499	3,020,269
		<u>339,798,851</u>	<u>305,276,897</u>
EXPENDITURE			
Grants to partner organisations	14	103,548,180	92,567,775
General and administration expenses	15	26,570,528	24,235,134
Program expenses	16	125,000,438	113,858,092
Project expenses	17	84,679,705	74,615,896
		<u>(339,798,851)</u>	<u>(305,276,897)</u>
Excess of income over expenditure		<u>-</u>	<u>-</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

12/12/2015

Shobhale Asther
Trustee

Narain Singh
Trustee

Developments in Literacy
Cash Flow Statement
For the year ended 31 December 2015

	Note	2015 (Rupees)	2014 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Excess of income over expenditure		-	-
Adjustments for:			
Restricted grant recognised as income:			
- Education and other program activities	11.1	(336,334,352)	(302,256,628)
- Deferred capital grant recognised as income	10	(3,464,499)	(3,020,269)
- Depreciation	4	3,378,103	2,924,101
- Amortization	5	86,396	96,168
- Provision for doubtful advances		1,681,986	-
		(334,652,366)	(302,256,628)
Changes in:			
- Advances		626,231	(3,135,342)
- Short term deposits and prepayments		(52,910)	1,036,163
- Long term deposits and prepayments		87,846	805,693
- Receivables from USAID		1,170,362	(458,486)
- Accrued and other liabilities		1,529,271	175,163
Cash generated from / (used in) operating activities		3,360,800	(1,576,809)
Grant received during the year		334,010,430	280,694,360
Interest received during the year		3,332,329	5,700,607
Net cash generated from / (used in) operating activities		6,051,193	(17,438,470)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure - property and equipment		(14,076,690)	(2,066,100)
Capital expenditure - intangible assets		(84,700)	(50,000)
Encashment of short term investment		-	1,500,000
Net cash used in investing activities		(14,161,390)	(616,100)
CASH FLOW FROM FINANCING ACTIVITIES			
Net cash flows from financing activities		-	-
Net decrease in cash and cash equivalents		(8,110,197)	(18,054,570)
Cash and cash equivalents at beginning of the year		60,170,897	78,225,467
Cash and cash equivalents at end of the year	9	52,060,700	60,170,897

The annexed notes from 1 to 21 form an integral part of these financial statements.

S. Khaliq Afzal
Trustee

Nasreen Iqbal
Trustee

KPMG 7A

Developments in Literacy

Notes to the Financial Statements

For the year ended 31 December 2015

1 THE SOCIETY AND ITS OPERATIONS

- 1.1 Developments in Literacy ("the Society") is a non-profit organization. The Society was established in February 1997 by expatriate Pakistanis in the United States of America and was registered in Pakistan in 2000 under the Societies Registration Act, 1860.

The basic aim of the Society is to promote literacy among children who have no access to education and to encourage and facilitate the improvement and use of educational resources in literacy development in Pakistan. The Society does this by running its own schools and supporting the existing setup of primary schools, mainly in the rural areas with the focus on enrolling girls.

The principal office of the Society is situated at First floor, Marina Heights, Main Jinnah Avenue, Blue Area, Islamabad.

- 1.2 During the year, pursuant to "Federal Government's National Action Plan" on Counter Terrorism, the Society received notice from the "Office of Chief Commissioner, Registrar NGOs / VSWA / Societies, Directorate of Industries Minerals and Labour Welfare" for provision of required information to revalidate the registration of the Society and scrutinize its accounts and workings. The Society has provided the required information to the concerned office and no further notice / order has been received from the concerned office.

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 such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Society's functional currency. All financial information presented in Pak Rupees has been rounded off to the nearest Rupee.

2.4 Significant accounting estimates

The preparation of financial statements in conformity with the 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 carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

12/11/15

