

**DEVELOPMENTS IN LITERACY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2017**



INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Opinion

We have audited the accompanying **financial statements** of Developments in Literacy ("the Society") which comprise the balance sheet as at December 31, 2017, and the income and expenditure account, cash flows statement, statement of change in funds for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 Society in accordance with the International Ethics Standard 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of a Financial Statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

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 statement.

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 the material misstatement of the financial statement, 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made in the financial statements by the 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 relating to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that 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 Society 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 those charged with governance 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.


GRANT THORNTON ANJUM RAHMAN
Chartered accountants
Engagement Partner: Waqas Waris
Islamabad
Date: September 13, 2018

DEVELOPMENTS IN LITERACY
BALANCE SHEET
AS AT DECEMBER 31, 2017

| | Note | 2017 (Rupees) | 2016 (Rupees) |
|--|------|--------------------------|--------------------------|
| NON-CURRENT ASSETS | | | |
| Property and equipment | 4 | 42,793,933 | 40,946,801 |
| Intangible asset | 5 | 271,668 | 339,586 |
| Long term prepayments | 6 | 369,360 | 310,020 |
| | | <u>43,434,961</u> | <u>41,596,407</u> |
| CURRENT ASSETS | | | |
| Advances - unsecured, considered good | 7 | 4,350,483 | 4,714,036 |
| Short term deposits, prepayments and other receivables | 8 | 4,282,949 | 2,670,546 |
| Cash and bank balances | 9 | 38,081,364 | 34,095,338 |
| | | <u>46,714,796</u> | <u>41,479,920</u> |
| TOTAL ASSETS | | <u><u>90,149,757</u></u> | <u><u>83,076,327</u></u> |
| NON CURRENT LIABILITIES | | | |
| Deferred grant | 10 | 43,065,601 | 41,286,387 |
| CURRENT LIABILITIES | | | |
| Accrued and other liabilities | 11 | 10,609,343 | 10,292,664 |
| TOTAL LIABILITIES | | <u>53,674,944</u> | <u>51,579,051</u> |
| FUNDS | | | |
| Restricted grant | 12 | 36,474,813 | 31,497,276 |
| TOTAL LIABILITIES AND FUND | | <u><u>90,149,757</u></u> | <u><u>83,076,327</u></u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 13 | | |

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


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Trustee
Z. N. S. B. R.

A. K. Das
Trustee

DEVELOPMENTS IN LITERACY
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED DECEMBER 31, 2017

| | Note | 2017 (Rupees) | 2016 (Rupees) |
|--|------|----------------------|----------------------|
| INCOME | | | |
| Restricted grant recognised as income | | | |
| - Education and other program activities | 12.1 | 279,917,673 | 347,358,390 |
| Deferred grant recognised as income | 10 | 3,941,584 | 4,771,835 |
| | | <u>283,859,257</u> | <u>352,130,225</u> |
| EXPENDITURE | | | |
| Grants to partner organisations | 14 | 78,685,988 | 104,019,409 |
| General and administration expenses | 15 | 29,079,813 | 33,301,405 |
| Program expenses | 16 | 88,459,587 | 112,076,745 |
| Project expenses | 17 | 87,633,869 | 102,732,666 |
| | | <u>(283,859,257)</u> | <u>(352,130,225)</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.



 Trustee
 ZIRBER



 Trustee

DEVELOPMENTS IN LITERACY
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017

| | Note | 2017 (Rupees) | 2016 (Rupees) |
|--|------|----------------------|----------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Excess of income over expenditure | | - | - |
| Adjustments for: | | | |
| - Restricted grant recognised as income | 12.1 | (279,917,673) | (347,358,390) |
| - Deferred capital grant recognised as income | 10 | (3,941,584) | (4,771,835) |
| - Depreciation | 4 | 3,873,666 | 4,686,939 |
| - Amortization | 5 | 67,918 | 84,896 |
| - Cost of assets adjusted | | 6,200 | - |
| - Provision for doubtful advances | | - | 458,030 |
| | | <u>(279,911,473)</u> | <u>(346,900,360)</u> |
| Changes in: | | | |
| - Advances | | 363,553 | (713,875) |
| - Short term deposits and prepayments | | (1,612,403) | (313,946) |
| - Long term deposits and prepayments | | (59,340) | 71,874 |
| - Accrued and other liabilities | | 316,679 | 1,008,422 |
| Cash generated / (used in) operating activities | | (991,511) | 52,475 |
| Grant received during the year | | 288,954,601 | 331,303,668 |
| Interest received during the year | | 1,661,407 | 1,822,539 |
| Net cash generated from / (used in) operating activities | | <u>9,713,024</u> | <u>(13,721,678)</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Capital expenditure - property and equipment | | (5,726,998) | (4,243,684) |
| Net cash used in investing activities | | <u>(5,726,998)</u> | <u>(4,243,684)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Net cash flows from financing activities | | - | - |
| Net increase /(decrease) in cash and cash equivalents | | 3,986,026 | (17,965,362) |
| Cash and cash equivalents at beginning of the year | | 34,095,338 | 52,060,700 |
| Cash and cash equivalents at end of the year | 9 | <u>38,081,364</u> | <u>34,095,338</u> |

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

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Trustee
ZIBBER

A. K. D. D. D.
Trustee

