



KPMG Taseer Hadi & Co.
Chartered Accountants

Developments in Literacy

Financial Statements
For the year ended 31 December
2013



KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building No. 5
Jinnah Avenue, Blue Area
Islamabad, Pakistan

Telephone + 92 (51) 282 3558
+ 92 (51) 282 5956
Fax + 92 (51) 282 2671
Internet www.kpmg.com.pk

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES OF DEVELOPMENTS IN LITERACY

We have audited the annexed balance sheet of Developments in Literacy as at 31 December 2013 and the related income and expenditure statement, statement of comprehensive income and cash flow statement together with the notes forming part thereof (here-in-after referred to as the financial statements) for the year then ended.

It is the responsibility of the trustees to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects the financial position of Developments in Literacy as at 31 December 2013 and of its surplus and cash flow for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

**Date: 16 October 2014
Islamabad**

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

Developments in Literacy

Balance Sheet

As at 31 December 2013

	Note	2013 (Rupees)	2012 (Rupees)
NON-CURRENT ASSETS			
Property and equipment	4	31,549,470	29,455,006
Intangible asset	5	472,346	590,433
Long term deposits and prepayments	6	1,275,433	1,002,000
<i>Total non-current assets</i>		<u>33,297,249</u>	<u>31,047,439</u>
CURRENT ASSETS			
Advances - unsecured, considered good	7	3,631,066	1,449,476
Short term deposits and prepayments	8	3,339,853	870,087
Short term investment	9	1,500,000	-
Accrued mark-up		15,928	-
Receivable from USAID Small Grants And Ambassador's Fund Program		711,876	-
Cash and bank balances	10	78,225,467	81,051,203
<i>Total current assets</i>		<u>87,424,190</u>	<u>83,370,766</u>
CURRENT LIABILITIES			
<i>Total current liabilities - Accrued and other liabilities</i>	11	(7,579,807)	(8,603,144)
<i>Net current assets</i>		<u>79,844,383</u>	<u>74,767,622</u>
NET ASSETS		<u><u>113,141,632</u></u>	<u><u>105,815,061</u></u>
REPRESENTED BY:			
Deferred grant	12	32,021,816	30,045,439
Restricted Grant	13	81,119,816	75,769,622
		<u>113,141,632</u>	<u>105,815,061</u>
Commitment	14		

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


Trustee


Trustee

11/21/13

Developments in Literacy
Income and Expenditure Account
For the year ended 31 December 2013

	Note	2013 (Rupees)	2012 (Rupees)
INCOME			
Restricted grant recognised as income			
- Flood relief activities	13.1	-	4,335,000
- Education and other program activities	13.2	227,490,376	212,048,343
Deferred grant recognised as income	12	3,208,489	3,672,633
		<u>230,698,865</u>	<u>220,055,976</u>
EXPENDITURE			
Grants to partner organisations	15	71,764,900	63,364,070
General and administration expenses	16	17,402,978	13,371,391
Program expenses	17	69,820,504	57,074,217
Project expenses	18	71,710,483	86,246,298
		<u>(230,698,865)</u>	<u>(220,055,976)</u>
Excess of income over expenditure		<u>-</u>	<u>-</u>

WMA/NA

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

Pawan Malik
Trustee

Shekhar
Trustee

Developments in Literacy
Statement of Comprehensive Income
For the year ended 31 December 2013

	<u>2013</u> (Rupees)	<u>2012</u> (Rupees)
Excess of income over expenditure for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>

MMW

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

Puneet Mahajan
Trustee

Shobhit Jha
Trustee

Developments in Literacy

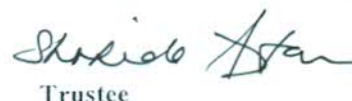
Cash Flow Statement

For the year ended 31 December 2013

	Note	2013 (Rupees)	2012 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Excess of income over expenditure		-	-
Adjustments:			
Restricted grant recognised as income:			
- Flood relief activities	13.1	-	(4,335,000)
- Education and other program activities including interest income	13.2	(227,490,376)	(212,048,343)
- Deferred capital grant recognised as income	12	(3,208,489)	(3,672,633)
- Depreciation	4	3,090,402	3,573,074
- Amortization	5	118,087	99,559
- Gain on disposal	13.2.2	-	(55,890)
Operating deficit before working capital changes		(227,490,376)	(216,439,233)
Changes in working capital:			
<i>(Increase) / decrease in assets</i>			
- Advances		(2,181,590)	2,147,444
- Short term deposits and prepayments		(2,469,766)	(405,517)
- Long term deposits and prepayments		(273,433)	31,200
- Receivables from USAID		(711,876)	
- Accrued markup		(15,928)	
<i>Decrease / (increase) in liabilities</i>			
- Creditors and other payables		(1,023,337)	1,107,298
Net (increase) / decrease in working capital		(6,675,930)	2,880,425
Grant received during the year		231,928,952	224,564,951
Interest received during the year		6,096,484	4,965,059
Net cash generated from operations		3,859,130	15,971,202
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure - donated assets		(5,184,866)	(6,578,585)
Sale proceeds from disposal of assets		-	55,890
Short term investments made during the year		(1,500,000)	-
Net cash used in investing activities		(6,684,866)	(6,522,695)
Net (decrease) / increase in cash and cash equivalents		(2,825,736)	9,448,507
Cash and cash equivalents at beginning of the year		81,051,203	71,602,696
Cash and cash equivalents at end of the year	10	78,225,467	81,051,203

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


Trustee


Trustee

Developments in Literacy
Notes to the Financial Statements
For the year ended 31 December 2013

1. THE SOCIETY AND ITS OPERATIONS

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, since they have fewer opportunities for education in comparison to boys.

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

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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the 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.

WMM/MS

