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**DEVELOPMENTS IN LITERACY  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES**

### **Opinion**

We have audited the accompanying financial statements of **Developments in Literacy (the Society)** which comprise the statement of financial position as at December 31, 2018, and the statement of income and expenditure, statement of cash flows, statement of changes 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 Society as at December 31, 2018 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 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 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 financial statements that are 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 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 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: February 06, 2020

DEVELOPMENTS IN LITERACY  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018

	Note	2018 (Rupees)	2017 (Rupees)
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	47,857,264	42,793,933
Intangible asset	5	217,335	271,668
Long term prepayments	6	308,529	369,360
		<u>48,383,128</u>	<u>43,434,961</u>
<b>CURRENT ASSETS</b>			
Advances - unsecured, considered good	7	4,613,277	4,350,483
Short term deposits, prepayments and other receivables	8	3,347,486	4,282,949
Cash and bank balances	9	67,491,320	38,081,364
		<u>75,452,083</u>	<u>46,714,796</u>
<b>TOTAL ASSETS</b>		<u><u>123,835,211</u></u>	<u><u>90,149,757</u></u>
<b>NON CURRENT LIABILITIES</b>			
Deferred grant	10	48,074,599	43,065,601
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	11	10,805,975	10,609,343
<b>TOTAL LIABILITIES</b>		<u>58,880,574</u>	<u>53,674,944</u>
<b>FUNDS</b>			
Restricted grant	12	64,954,637	36,474,813
<b>TOTAL LIABILITIES AND FUND</b>		<u><u>123,835,211</u></u>	<u><u>90,149,757</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	13		

The annexed notes from 1 to 23 form an integral part of these financial statements.



Trustee

Mr. Zibber.



Trustee

DEVELOPMENTS IN LITERACY  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 (Rupees)	2017 (Rupees)
<b>INCOME</b>			
Restricted grant recognised as income			
- Education and other program activities	12.1	274,077,785	279,521,298
Deferred grant recognised as income	10	3,892,776	3,941,584
Program income	14	6,775,613	396,375
		<u>284,746,174</u>	<u>283,859,257</u>
<b>EXPENDITURE</b>			
Grants to partner organisations	15	73,242,251	78,685,988
General and administration expenses	16	27,706,742	29,079,813
Program expenses	17	86,452,860	88,459,587
Project expenses	18	97,344,321	87,633,869
		<u>(284,746,174)</u>	<u>(283,859,257)</u>
Excess of income over expenditure		<u>-</u>	<u>-</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

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Trustee

Mr. Zibbey

*Naseem Iqbal*

Trustee

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**DEVELOPMENTS IN LITERACY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Note	2018 (Rupees)	2017 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Excess of income over expenditure		-	-
<b>Adjustments for:</b>			
- Restricted grant recognised as income	12.1	(274,077,785)	(279,917,673)
- Deferred capital grant recognised as income	10	(3,892,776)	(3,941,584)
- Depreciation	4	3,838,443	3,873,666
- Amortization	5	54,333	67,918
- Cost of assets adjusted		-	6,200
		<u>(274,077,785)</u>	<u>(279,911,473)</u>
Changes in:			
- Advances		(262,795)	363,553
- Short term deposits and prepayments		935,462	(1,612,403)
- Long term deposits and prepayments		60,831	(59,340)
- Accrued and other liabilities		196,632	316,679
Cash generated / (used in) operating activities		930,130	(991,511)
Grant received during the year		308,619,063	288,954,601
Interest received during the year		2,840,321	1,661,407
Net cash generated from operating activities		<u>38,311,729</u>	<u>9,713,024</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure - property and equipment		(8,901,774)	(5,726,998)
Net cash used in investing activities		<u>(8,901,774)</u>	<u>(5,726,998)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Net cash flows from financing activities		-	-
Net increase in cash and cash equivalents		29,409,956	3,986,026
Cash and cash equivalents at beginning of the year		38,081,364	34,095,338
Cash and cash equivalents at end of the year	9	<u>67,491,320</u>	<u>38,081,364</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.



Trustee

Mr. Zibber



Trustee

DEVELOPMENTS IN LITERACY  
 STATEMENT OF CHANGES IN FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	RESTRICTED FUND
<b>Balance as at January 01, 2017</b>		31,497,276
Restricted funds received during the year	12.1	290,219,633
Transferred to income and expense statement	12.1	(279,521,298)
Transferred to deferred capital grant		(5,720,798)
<b>Balance as at December 31, 2017</b>		<u>36,474,813</u>
Restricted funds received during the year	12.1	311,459,383
Transferred to income and expense statement	12.1	(274,077,785)
Transferred to deferred capital grant		(8,901,774)
<b>Balance as at December 31, 2018</b>		<u><u>64,954,637</u></u>

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The annexed notes from 1 to 22 form an integral part of these financial statements.

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Trustee

Mr. Zibber

*Handwritten signature: Naveen Jhal*  
 Trustee

