



**Building a better
working world**

SOCIETY FOR THE ADVANCEMENT OF EDUCATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2019**

EY Ford Rhodes
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INDEPENDENT AUDITORS' REPORT TO THE BOARD OF TRUSTEES

Opinion

We have audited the accompanying financial statements of **Society for the Advancement of Education**, which comprise of the statement of financial position as at 30 June 2019, and the income and expenditure account, the statement of changes in net assets and 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 present fairly, in all material respects, the financial position of **Society for the Advancement of Education** as at 30 June 2019, and 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 the 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 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 Those Charged with Governance for the Financial Statements

The Board of Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Board of Trustees determine 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, the Board of Trustees are responsible for assessing the ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis for accounting unless 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 financial reporting process.

Auditor's Responsibility 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 misstatements, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements 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 on internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, 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 and related disclosures made 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 related to events or conditions that may cast significant doubt on the Society'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 disclosure 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.



Chartered Accountants

Audit Engagement Partner: Sajjad Hussain Gill

Lahore: 23 December 2019

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	2019 Rupees	2018 Rupees
ASSETS			
Non current assets			
Operating fixed assets	5	344,571	383,089
Long term deposit		56,000	56,000
		400,571	439,089
Current assets			
Advances and other receivables	6	22,000	118,367
Short term prepayments		7,292	-
Cash and bank balances	7	4,666,100	4,067,335
		4,695,392	4,185,702
TOTAL ASSETS		5,095,963	4,624,791
FUNDS AND LIABILITIES			
General fund		4,616,753	3,247,451
Non current liabilities			
Deferred grants	8	-	1,136,726
Current liabilities			
Accrued and other liabilities	9	479,210	240,614
TOTAL FUNDS AND LIABILITIES		5,095,963	4,624,791
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 15 form an integral part of these financial statements.

R



(CHAIRPERSON)



(EXECUTIVE DIRECTOR)

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2019**

INCOME	Note	2019 Rupees	2018 Rupees
Amortization of deferred grants			
Open Society Institute Zug Foundation		-	5,070,702
DAI-Pak Pvt. Limited		10,370,102	8,720,088
Voluntary Service Overseas (VSO)		7,268,339	-
Institute of Social and Policy Sciences (I-SAPS)		1,700,000	-
University College London (UCL)		-	267,860
Adam Smith International-DFID		-	6,398,303
Mott Macdonald Limited-DFID		6,346,200	-
The Citizen Foundation/ The British Council		1,724,665	-
United Nation Educational, Scientific & Cultural Organization / UNICEF		3,392,784	8,807,111
	11	30,802,090	29,264,064
Other income- Exchange gain		71,763	103,350
		30,873,853	29,367,414
EXPENDITURE			
Project and allied expenses	12	24,645,206	24,679,089
Salaries and allowances		1,878,430	3,621,865
Office rent		618,723	693,137
Utilities		204,984	201,656
Auditor's remuneration		180,000	180,000
Postage & Couriers		1,910	3,915
Advance tax written off		716,793	-
Legal and Professional		401,500	10,000
Scholarships		5,250	21,000
Entertainment		65,901	148,074
Office expenses		490,569	559,302
Bank Charges		16,122	14,637
Stationery & Material		19,239	50,827
Travelling & Accommodation		70,907	49,670
Vehicle Running		108,477	41,765
Computer & Equipment Repair & Maintenance		8,850	5,550
Depreciation	5	71,690	93,095
		29,504,551	30,373,582
Excess / (deficit) of income over expenditure		1,369,302	(1,006,168)

The annexed notes from 1 to 15 form an integral part of these financial statements.

R



(CHAIRPERSON)



(EXECUTIVE DIRECTOR)

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess / (deficit) of income over expenditure	1,369,302	(1,006,168)
Adjustments for non cash items:		
Loss on sale of operating fixed asset	6,828	-
Depreciation	71,690	93,095
Amortization of deferred grant	(30,802,090)	(29,264,064)
	<u>(30,723,572)</u>	<u>(29,170,969)</u>
Operating deficit before working capital Changes	(29,354,270)	(30,177,137)
 (Increase) / decrease in current assets:		
Increase in advance and other receivables	96,367	(61,262)
Increase in short term prepayments	(7,292)	-
	89,075	(61,262)
 (Decrease) / increase in current liabilities:		
Decrease in accrued and other liabilities	238,596	(38,231)
Net cash flows used in operating activities	(29,026,599)	(30,276,630)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Sale proceeds from disposal of operating fixed asset	10,000	-
Purchase of operating fixed asset	(50,000)	-
Net cash flows used in investing activities	(40,000)	-
 CASH FLOWS FROM FINANCING ACTIVITIES		
Grants received during the period	29,665,364	24,632,282
Net increase / (decrease) in cash and cash equivalents	598,765	(5,644,348)
Cash and cash equivalents at the beginning of the year	4,067,335	9,711,683
Cash and cash equivalents at the end of year	<u>4,666,100</u>	<u>4,067,335</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.

F

(CHAIRPERSON)

(EXECUTIVE DIRECTOR)

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019**

	General fund
	Rupees
Balance as at 01 July 2017	4,253,619
Deficit of income over expenditure	(1,006,168)
Balance as at 30 June 2018	3,247,451
Excess of income over expenditure	1,369,302
Balance as at 30 June 2019	4,616,753

The annexed notes from 1 to 15 form an integral part of these financial statements.

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(CHAIRPERSON)



(EXECUTIVE DIRECTOR)

SOCIETY FOR THE ADVANCEMENT OF EDUCATION
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2019

1. SOCIETY AND ITS OPERATIONS

The Society for Advancement of Education (SAHE) was established in 1982 under the Societies Act, 1860. The main activities of the society is to direct, monitor and network different project activities in the field of Community Based School, Teacher Education Centre and Education Development monitoring.

2. STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Such accounting standards comprise of Guidelines for accounting standards for NPOs as notified by the Institute of Chartered Accountant of Pakistan.

3. BASIS OF MEASUREMENT

These accounts have been prepared under the historical cost convention. The Society maintains its books of accounts on accrual basis.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Operating fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on reducing balance method at the rates mentioned in note 5.

Subsequent cost are added to cost of fixed asset ,or separately recognized when it is probable that future economic benefits associated with it will flow to the enterprise and cost of it can be measured reliably. All other costs, including repair and maintenance cost, are charged to income statement.

4.2 Income recognition

Income from project receipts is recognized as per terms of the related agreement i.e. over the period of utilization of project funds.

Interest on bank deposits is recognized using the effective interest rate method.

4.3 Taxation

Provision for taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions, if any. However, income of the Society is exempt under section 2(36) Income Tax Ordinance, 2001 read with clause 58 of Part 1 of Second Schedule.

4.4 Foreign currency translation

Assets and liabilities in foreign currency are translated at the rates of exchange ruling on the balance sheet date, while foreign currency transactions are converted into Pak rupees at exchange rates prevailing on the date of the transaction. All exchange gains/losses are included in current year's income.

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5. OPERATING FIXED ASSETS

PARTICULARS	2019						NET BOOK VALUE AS ON 30 JUNE 2019	Rate %
	COST			DEPRECIATION				
	As on 01 July 2018	Additions/ (deletions) during the year	As on 30 June 2019	As on 01 July 2018	For the year	Deletions		

----- Rupees -----								
Furniture and fixtures	173,644	-	173,644	154,367	1,928	-	156,295	10
Office equipment	2,369,383	50,000	2,354,383	2,005,571	69,762	(48,172)	2,027,161	20
		(65,000)						
Total	2,543,027	(15,000)	2,528,027	2,159,938	71,690	(48,172)	2,183,456	

PARTICULARS	2018						NET BOOK VALUE AS ON 30 JUNE 2018	Rate %
	COST			DEPRECIATION				
	As on 01 July 2018	Additions/ (deletions) during the year	As on 30 June 2019	As on 01 July 2018	For the year	Deletions		

----- Rupees -----								
Furniture and fixtures	173,644	-	173,644	152,225	2,142	-	154,367	10
Office equipment	2,369,383	-	2,369,383	1,914,618	90,953	-	2,005,571	20
Vehicles	1,092,455	-	1,092,455	1,092,455	-	-	1,092,455	20
Total	3,635,482	-	3,635,482	3,159,298	93,095	-	3,252,393	

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	2019 Rupees	2018 Rupees
6. ADVANCES AND OTHER RECEIVABLES		
Advances to staff - against Salary	22,000	-
Other receivable	-	59,385
Advance income Tax	-	58,982
	22,000	118,367
	22,000	118,367
7. CASH AND BANK BALANCES		
Cash in hand	24,808	23,415
Balance with banks - current accounts	4,641,292	4,043,920
	4,666,100	4,067,335
	4,666,100	4,067,335
8. DEFERRED GRANTS		
Opening balance as at 01 July 2018	1,136,726	5,768,508
Grants received during the year	29,865,364	24,632,282
Less:		
Grants amortized during the year	(30,802,090)	(29,264,064)
Refunds	(200,000)	-
Closing balance as at 30 June 2019	-	1,136,726
	-	1,136,726
9. ACCRUED AND OTHER LIABILITIES		
Other payables	251,196	51,904
Accrued liabilities	228,014	188,710
	479,210	240,614
	479,210	240,614

10. CONTINGENCIES AND COMMITMENTS

Contingencies as on reporting date were Rs. Nil (2018: Rs. Nil)

Commitments as on reporting date were Rs. Nil (2018: Rs. Nil)

11. SEGMENT DETAILS WITH RESPECT TO PROJECT ACTIVITIES

The segment analysis with respect to projects activities is as follows:-

Particulars	2019						Total
	DAI Pak Pvt. limited	Institute of Social and Policy Sciences (ISAPs)	Voluntary Service Overseas (VSO)	Mott Macdonald Limited-DFID	UNESCO/ UNICEF	British Council / The Citizen's foundation	
Total income	10,370,102	1,700,000	7,268,339	6,346,200	3,392,784	1,724,665	30,802,090
Total expenses	9,079,111	1,638,662	7,268,339	5,292,221	1,366,873	-	24,645,206
Excess of income over expenditure	1,290,991	61,338	-	1,053,979	2,025,911	1,724,665	6,156,884

Particulars	2018						Total
	Open Society Institute Zug Foundation	DAI-Ilm Ideas	UCL	Adam Smith International-DFID	British Council / The Citizen's foundation	United Nations Children Fund (UNICEF)	
Total Income	5,070,702	8,720,088	267,860	6,398,303	-	8,807,111	29,264,064
Total Expenses	5,070,702	8,720,088	267,860	1,813,328	-	8,807,111	24,679,089
Excess of income over expenditure	-	-	-	4,584,975	-	-	4,584,975

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SOCIETY FOR THE ADVANCEMENT OF EDUCATION

12. PROJECT AND ALLIED EXPENSES	2019 Rupees	2018 Rupees
Salaries and allowances	10,292,274	12,260,094
Consultancy fee	6,082,454	5,054,762
Logistic Cost	1,528,971	849,273
Project Activities Cost	5,079,927	5,011,898
General & Administrative Cost	1,661,580	1,503,062
	<u>24,645,206</u>	<u>24,679,089</u>

13. RELATED PARTY TRANSACTIONS

Related Parties comprise members of executive committee and key management personnel. Significant transactions with related parties are given below:

Relationship/nature of transactions:	2019 Rupees	2018 Rupees
Executive members		
Salaries:		
Project Coordinator	<u>4,200,000</u>	<u>4,200,000</u>
 Number of Persons	<u>1</u>	<u>1</u>

14. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Executive Committee on 19 DEC 2019.

15. GENERAL

15.1 Figures have been rounded off to the nearest rupee.

R



(CHAIRPERSON)



(EXECUTIVE DIRECTOR)