



**Building a better
working world**

**SOCIETY FOR THE ADVANCEMENT
OF EDUCATION (SAHE)**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EXECUTIVE COMMITTEE

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 2020, 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 2020, 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: 29 January 2021

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	2020 Rupees	2019 Rupees
ASSETS			
Non current assets			
Operating fixed assets	5	284,042	344,571
Long term deposit		56,000	56,000
		<u>340,042</u>	<u>400,571</u>
Current assets			
Advances and other receivables		-	22,000
Short term prepayments		7,292	7,292
Cash and bank balances	6	2,669,305	4,666,100
		<u>2,676,597</u>	<u>4,695,392</u>
TOTAL ASSETS		<u>3,016,639</u>	<u>5,095,963</u>
FUNDS AND LIABILITIES			
General fund		1,423,768	4,616,753
Current liabilities			
Accrued and other liabilities	7	1,592,871	479,210
TOTAL FUNDS AND LIABILITIES		<u>3,016,639</u>	<u>5,095,963</u>
CONTINGENCIES AND COMMITMENTS	8		

The annexed notes from 1 to 13 form an integral part of these financial statements.

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(CHAIRPERSON)



(EXECUTIVE DIRECTOR)

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2020**

INCOME	Note	2020 Rupees	2019 Rupees
DAI - Pak Pvt. Limited		6,337,895	10,370,102
Institute of Social and Policy Sciences (I-SAPS)		668,478	1,700,000
Voluntary Service Overseas (VSO)		-	7,268,339
IRIS Event Artistry-Facebook		1,385,000	-
Mott Macdonald Limited - Department for International Development		-	6,346,200
United Nation Educational, Scientific & Cultural Organization		9,032,735	3,392,784
The Citizen Foundation		2,690,160	176,440
British Council		<u>2,328,900</u>	<u>1,548,225</u>
		22,443,168	30,802,090
Other income - Exchange gain		<u>8,463</u>	<u>71,763</u>
		22,451,631	30,873,853

EXPENDITURE

Project and allied expenses	9	23,723,096	24,645,206
Salaries and allowances		503,992	1,878,430
Office rent		476,427	618,723
Utilities		59,319	204,984
Auditors' remuneration		237,600	180,000
Advance tax written off		-	716,793
Postage and couriers		1,200	1,910
Legal and Professional		222,000	401,500
Scholarships		4,400	5,250
Entertainment		53,400	65,901
Office expenses		171,121	490,569
Bank charges		4,969	16,122
Stationery and material		18,700	19,239
Travelling and accommodation		56,050	70,907
Vehicle running		39,313	108,477
Repair and maintenance		5,500	8,850
Depreciation	5	<u>67,529</u>	<u>71,690</u>
		25,644,616	29,504,551
(Deficit) / excess of income over expenditure		<u>(3,192,985)</u>	<u>1,369,302</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

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(CHAIRPERSON)



(EXECUTIVE DIRECTOR)

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) / excess of income over expenditure	(3,192,985)	1,369,302
Adjustments for non cash items:		
Loss on sale of operating fixed asset	-	6,828
Depreciation	67,529	71,690
Grant income - net	-	(1,136,726)
	<u>67,529</u>	<u>(1,058,208)</u>
Operating deficit before working capital changes	(3,125,456)	311,094
 (Increase) / decrease in current assets:		
Increase in advance and other receivables	22,000	96,367
Increase in short term prepayments	-	(7,292)
	<u>22,000</u>	<u>89,075</u>
 (Decrease) / increase in current liabilities:		
Decrease in accrued and other liabilities	1,113,661	238,596
Net cash flows (used in) / from operating activities	(1,989,795)	638,765
 CASH FLOWS FROM INVESTING ACTIVITIES		
Sale proceeds from disposal of operating fixed asset	-	10,000
Purchase of operating fixed asset	(7,000)	(50,000)
Net cash flows used in investing activities	(7,000)	(40,000)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase / (decrease) in cash and cash equivalents	(1,996,795)	598,765
Cash and cash equivalents at the beginning of the year	4,666,100	4,067,335
Cash and cash equivalents at the end of year	<u>2,669,305</u>	<u>4,666,100</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

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(CHAIRPERSON)



(EXECUTIVE DIRECTOR)

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2020**

	General fund
	Rupees
Balance as at 01 July 2018	3,247,451
Excess of income over expenditure	1,369,302
Balance as at 30 June 2019	4,616,753
Deficit of income over expenditure	(3,192,985)
Balance as at 30 June 2020	1,423,768

The annexed notes from 1 to 13 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 2020**

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.

1.1 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The World Health Organization declared COVID-19 a global pandemic on March 11, 2020. Accordingly, on March 20, 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. The outbreak of COVID-19 has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts.

The Society's management is fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Society's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation.

The Society, being related to direct, monitor and network different project activities in the field of Community Based School, Teacher Education Centre and Education Development monitoring, did not encounter severe disruption in its operations. Further, subsequent to year end, the situation has been improved with the easing of lock down and re-opening of the businesses. The management has assessed the impact of the COVID-19 on the financial statements and concluded that there is no material financial impact of COVID-19 on the carrying amounts of assets, liabilities, income or expenses which required specific disclosures.

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 and Accounting and Financial Reporting Standards for Small Sized entities.

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 statement of income and expenditure.

4.2 Income recognition

Income from projects is recognized as per terms of the related agreement i.e when the services are delivered to the donors.

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) of 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	2020									
	COST			DEPRECIATION			NET BOOK VALUE		AS ON 30 JUNE 2020	Rate %
	As on 01 July 2019	Additions/ (deletions) during the year	As on 30 June 2020	As on 01 July 2019	For the year	Deletions	As on 30 June 2020			
Furniture and fixtures	173,644	7,000	180,644	156,295	2,085	-	158,380	22,264	10	
Office equipment	2,354,383	-	2,354,383	2,027,161	65,444	-	2,092,605	261,778	20	
Total	2,528,027	7,000	2,535,027	2,183,456	67,529	-	2,250,985	284,042		

PARTICULARS	2019									
	COST			DEPRECIATION			NET BOOK VALUE		AS ON 30 JUNE 2019	Rate %
	As on 01 July 2018	Additions/ (deletions) during the year	As on 30 June 2019	As on 01 July 2018	For the year	Deletions	As on 30 June 2019			
Furniture and fixtures	173,644	-	173,644	154,367	1,928	-	156,295	17,349	10	
Office equipment	2,369,383	50,000	2,354,383	2,005,571	69,762	(48,172)	2,027,161	327,222	20	
Total	2,543,027	(15,000)	2,528,027	2,159,938	71,690	(48,172)	2,183,456	344,571		

Rupees

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SOCIETY FOR THE ADVANCEMENT OF EDUCATION

	2020 Rupees	2019 Rupees
6. CASH AND BANK BALANCES		
Cash in hand	24,602	24,808
Balance with banks - current accounts	<u>2,644,703</u>	<u>4,641,292</u>
	<u><u>2,669,305</u></u>	<u><u>4,666,100</u></u>
7. ACCRUED AND OTHER LIABILITIES		
Other payables	46,964	251,196
Accrued liabilities	<u>1,545,907</u>	<u>228,014</u>
	<u><u>1,592,871</u></u>	<u><u>479,210</u></u>
8. CONTINGENCIES AND COMMITMENTS		
Contingencies as on reporting date were Rs. Nil (2019: Rs. Nil)		
Commitments as on reporting date were Rs. Nil (2019: Rs. Nil)		
9. PROJECT AND ALLIED EXPENSES	2020 Rupees	2019 Rupees
Salaries and allowances	12,560,765	10,292,274
Consultancy fee	1,878,100	6,082,454
Logistic Cost	1,294,001	1,528,971
Project Activities Cost	5,413,583	5,079,927
Project overheads	<u>2,576,647</u>	<u>1,661,580</u>
	<u><u>23,723,096</u></u>	<u><u>24,645,206</u></u>

10. RELATED PARTY TRANSACTIONS

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

	2020 Rupees	2019 Rupees
Relationship/nature of transactions:		
Executive members		
Salaries:		
Executive Director	<u>4,620,000</u>	<u>4,200,000</u>
Number of Persons	<u>1</u>	<u>1</u>

11. NUMBER OF EMPLOYEES

The number of employees at the year end were as follows:

Number of employees at the end of the year	<u>15</u>	<u>14</u>
Average number of employees during the year	<u>15</u>	<u>16</u>

12. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Executive Committee on 29 JAN 2021.

13. GENERAL

13.1 Figures have been rounded off to the nearest rupee.

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(CHAIRPERSON)



(EXECUTIVE DIRECTOR)