

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

INDEPENDENT AUDITOR'S REPORT

To the members of "SOCIETY FOR THE ADVANCEMENT OF EDUCATION".

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of "Society For The Advancement Of Education (the society) which comprise the statement of financial position as at June 30, 2021 and the statement of income & expenditure, the statement of cash flows, the statement of changes in funds for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to explanation given to us, the statement of financial position, the statement of income & expenditure, the statement of cash flows and the statement of changes in funds together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan for Not for Profit Organization issued by the Institute of Chartered Accountant of 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 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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in annual report, but does not include the financial statements and auditor's report thereon.

Our opinion on the financial statement does not cover the other information and we do not express any form of assurance conclusion thereon.

Responsibilities of Management for the Financial Statements

Management is responsible for preparation and fair presentation of the financial statements in accordance with the accounting standards as applicable in Pakistan for Not for Profit Organization issued by the Institute of Chartered Accountant of 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 a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Board of Members is responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities 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 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 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 material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedure responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide audit 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 and related disclosures made by management.
- Conclude 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 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 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 the board of members 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.

We also provide the board of members with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements



Based on our audit, we further report that in our opinion:

- a) Proper books of accounts have been kept by the Society as required by the applicable accounting standards in Pakistan for Not for Profit Organization issued by the Institute of Chartered Accountant of Pakistan;
- b) the statement of financial position, the statement of income & expenditure, the statement of cash flows and the statement of changes in funds together with notes thereon have been drawn up in conformity with the applicable accounting standards in Pakistan for Not for Profit Organization issued by the Institute of Chartered Accountant of Pakistan and are in agreement with the books of accounts and returns;
- c) investments made, expenditure incurred during the year were for the purpose of Society's business; and
- d) No zakat was deductible at source under the Zakat and Usher Ordinance 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Munawar Hussain.

Lahore:

December 29, 2021



MUNAWAR ASSOCIATES
Chartered Accountants

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	Note	2021 Rupees	2020 Rupees
ASSETS			
Non current assets			
Operating fixed assets	5	191,144	284,042
Long term deposit		56,000	56,000
		247,144	340,042
Current assets			
Advances and other receivables	6	12,175,983	-
Short term prepayments		-	7,292
Cash and bank balances	7	737,765	2,669,305
		12,913,748	2,676,597
TOTAL ASSETS		13,160,892	3,016,639
FUNDS AND LIABILITIES			
General fund		6,151,304	1,423,768
Current liabilities			
Accrued and other liabilities	8	7,009,588	1,592,871
TOTAL FUNDS AND LIABILITIES		13,160,892	3,016,639
CONTINGENCIES AND COMMITMENTS	9	-	-

The annexed notes from 1 to 14 form an integral part of these financial statements.


(CHAIRPERSON)


(EXECUTIVE DIRECTOR)

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 Rupees	2020 Rupees
INCOME			
Amortization of deferred grants			
United States Institute of Peace (USIP)		2,194,524	-
National Endowment for Democracy (NED)		3,751,905	-
DAI-Pak Pvt. Limited		-	6,337,895
Institute of Social and Policy Sciences (I-SAPS)		-	668,478
IRIS-Facebook		-	1,385,000
The Citizen Foundation		2,612,115	2,690,160
The British Council		-	2,328,900
United Nation Educational, Scientific & Cultural Organization		7,329,899	9,032,735
International Development Research Centre (IDRC)		12,172,083	-
		28,060,526	22,443,168
Other income- Exchange gain/loss		(16,722)	8,463
		<u>28,043,804</u>	<u>22,451,631</u>
EXPENDITURE			
Project and allied expenses	10	18,432,990	23,723,096
Salaries and allowances		3,275,957	503,992
Office rent		498,429	476,427
Utilities		84,922	59,319
Auditor's remuneration		220,000	237,600
Postage & Couriers		3,050	1,200
Legal and Professional		169,000	222,000
Scholarships		-	4,400
Entertainment		31,066	53,400
Office expenses		465,942	171,121
Bank Charges		1,496	4,969
Stationery & Material		11,525	18,700
Travelling & Accommodation		800	56,050
Vehicle Running		28,193	39,313
Computer & Equipment Repair & Maintenance		-	5,500
Loss on disposal of fixed assets		38,316	-
Depreciation	5	54,582	67,529
		<u>23,316,268</u>	<u>25,644,616</u>
Excess/(Deficit) of income over expenditure		<u>4,727,536</u>	<u>(3,192,985)</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.



(CHAIRPERSON)



(EXECUTIVE DIRECTOR)

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess/(Deficit) of income over expenditure	4,727,536	(3,192,985)
Adjustments for non cash items:		
Loss on sale of operating fixed asset	38,316	-
Depreciation	54,582	67,529
	92,898	67,529
Operating deficit before working capital Changes	4,820,434	(3,125,456)
(Increase) / Decrease in current assets:		
Increase in advance and other receivables	(12,175,983)	22,000
Increase in short term prepayments	7,292	-
	(12,168,691)	22,000
(Decrease) / Increase in current liabilities:		
Decrease in accrued and other liabilities	5,416,717	1,113,661
Net cash flows from operating activities	(1,931,540)	(1,989,795)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed asset	-	(7,000)
Net cash flows from investing activities	-	(7,000)
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net Increase / (Decrease) in cash and cash equivalents	(1,931,540)	(1,996,795)
Cash and cash equivalents at the beginning of the year	2,669,305	4,666,100
Cash and cash equivalents at the end of year	<u>737,765</u>	<u>2,669,305</u>

The annexed notes from 1 to 14 form an integral part of these financial statements.



(CHAIRPERSON)



(EXECUTIVE DIRECTOR)

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE 2021**

	General fund
	Rupees
Balance as at 01 July 2019	4,616,753
Excess/(Deficit) of income over expenditure	(3,192,985)
Balance as at 30 June 2020	1,423,768
Excess/(Deficit) of income over expenditure	4,727,536
Balance as at 30 June 2021	6,151,304

The annexed notes from 1 to 14 form an integral part of these financial statements.


(CHAIRPERSON)


(EXECUTIVE DIRECTOR)

SOCIETY FOR THE ADVANCEMENT OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

5 OPERATING FIXED ASSETS

PARTICULARS	2021						NET BOOK VALUE AS ON 30 JUNE 2021	Rate %
	COST		DEPRECIATION			As on 30 June 2021		
	As on 01 July 2020	Additions/ (deletions) during the year	As on 30 June 2021	As on 01 July 2020	For the year			
								Rupees
Furniture and fixtures	180,644	(22,831)	157,813	158,380	2,226	(20,852)	139,754	10%
Office equipment	2,354,383	(801,507)	1,552,876	2,092,605	52,356	(765,170)	1,379,791	20%
Vehicles	1,092,455	-	1,092,455	1,092,455	-	-	1,092,455	20%
Total	3,627,482	(824,338)	2,803,144	3,343,440	54,582	(786,022)	2,612,000	

PARTICULARS	2020						NET BOOK VALUE AS ON 30 JUNE 2020	Rate %
	COST		DEPRECIATION			As on 30 June 2020		
	As on 01 July 2019	Additions/ (deletions) during the year	As on 30 June 2020	As on 01 July 2019	For the year			
								Rupees
Furniture and fixtures	173,644	7,000	180,644	156,295	2,085	-	158,380	10%
Office equipment	2,354,383	-	2,354,383	2,027,161	65,444	-	2,092,605	20%
Vehicles	1,092,455	-	1,092,455	1,092,455	-	-	1,092,455	20%
Total	3,620,482	7,000	3,627,482	3,275,911	67,529	-	3,343,440	

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

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.

**SOCIETY FOR THE ADVANCEMENT OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 Rupees	2020 Rupees
6	ADVANCES AND OTHER RECEIVABLES		
	Receivable from International Development Research Centre (IDRC)	12,175,983	-
		<u>12,175,983</u>	<u>-</u>
7	CASH AND BANK BALANCES		
	Cash in hand	4,961	24,602
	Balance with banks - current accounts	732,804	2,644,703
		<u>737,765</u>	<u>2,669,305</u>
8	ACCRUED AND OTHER LIABILITIES		
	Other payables	188,333	46,964
	Accrued liabilities	6,821,255	1,545,907
		<u>7,009,588</u>	<u>1,592,871</u>
9	CONTINGENCIES AND COMMITMENTS		
	Contingencies as on reporting date were Rs. Nil (2021: Rs. Nil)		
	Commitments as on reporting date were Rs. Nil (2020: Rs. Nil)		
10	PROJECT AND ALLIED EXPENSES		
	Salaries and allowances	11,938,950	12,560,765
	Consultancy fee	3,790,010	1,878,100
	Logistic Cost	359,523	1,294,001
	Project Activities Cost	485,095	5,413,583
	General & Administrative Cost	1,859,412	2,576,647
		<u>18,432,990</u>	<u>23,723,096</u>
11	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:		
	Executive members		
	Salaries:		
	Project Coordinator	4,620,000	4,620,000
	Number of Persons	<u>1</u>	<u>1</u>
12	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>15</u>
	Average number of employees during the year	<u>15</u>	<u>15</u>

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Executive Committee on _____.

14 GENERAL

Figures have been rounded off to the nearest rupee.


(CHAIRPERSON)


(EXECUTIVE DIRECTOR)