

**Audited Financial Statements of Group
Development - Pak for the Financial Year ended
June 30, 2018**



RSM Awaiz Hyder Liaquat Nauman
Chartered Accountants

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Independent Auditor's Report to the Management Committee

Opinion

We have audited the financial statements of Group Development - Pakistan, which comprise of the statement of financial position as at **June 30, 2018**, statement of income and expenditure, statement of changes in funds and statement of cash flows for the year then ended, along with 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 Group Development - Pakistan as at June 30, 2018, and of its financial performance, and changes in fund and its cash flows for the year then ended in accordance with 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 audit report. We are independent of the Entity 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, 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 management is responsible for the preparation and fair presentation of the financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal controls as the management determines is necessary to enable the preparation of the financial statements that is free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity 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 statement.

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As part of an 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 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 of 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 controls.
- 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 entity'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 entity'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 statement 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 entity 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.


RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS

Date: 23 NOV 2018

Place: Islamabad

Engagement partner: Syed Naveed Abbas

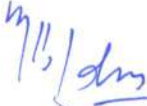


**GROUP DEVELOPMENT PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018**

		2018	2017 (Restated)
		-----Rupees-----	
	NOTE		
NON-CURRENT ASSETS			
Property and equipment	4	1,223,390	743,285
Security deposits		<u>120,000</u>	<u>60,000</u>
		1,343,390	803,285
CURRENT ASSETS			
Receivables	5	2,135,310	2,426,578
Advances and prepayments	6	297,284	66,375
Cash and bank balance	7	<u>4,503,235</u>	<u>845,715</u>
		6,935,829	3,338,668
TOTAL ASSETS		<u><u>8,279,219</u></u>	<u><u>4,141,953</u></u>
FUNDS AND LIABILITIES			
Restricted fund	8	5,541,841	2,160,477
Unrestricted fund		<u>268,370</u>	<u>192,936</u>
TOTAL FUNDS		<u><u>5,810,211</u></u>	<u><u>2,353,413</u></u>
NON-CURRENT LIABILITIES			
Deferred capital grant	9	868,008	252,877
CURRENT LIABILITIES			
Accrued and other liabilities	10	<u>1,601,000</u>	<u>1,535,663</u>
TOTAL LIABILITIES		<u><u>2,469,008</u></u>	<u><u>1,788,540</u></u>
TOTAL FUNDS AND LIABILITIES		<u><u>8,279,219</u></u>	<u><u>4,141,953</u></u>
CONTINGENCIES AND COMMITMENTS	11	-	-

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The annexed notes form an integral part of these financial statements.



PRESIDENT



EXECUTIVE DIRECTOR

GROUP DEVELOPMENT PAKISTAN
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2018

2018			2017 (Restated)
Unrestricted fund	Restricted fund	Total funds	Total funds

-----R u p e e s -----

NOTE

Voluntary grant and contributions		688,395	-	688,395	315,117
Grant income		-	21,717,005	21,717,005	12,992,142
Amortization of deferred grant	9	86,885	-	86,885	-
		775,280	21,717,005	22,492,285	13,307,259
EXPENDITURE					
Direct expenses	12	84,441	17,633,625	17,718,066	16,073,144
Indirect expenses	13	615,405	-	615,405	198,856
		699,846	17,633,625	18,333,471	16,272,000
SURPLUS FOR THE YEAR		75,434	4,083,380	4,158,814	(2,964,741)

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The annexed notes form an integral part of these financial statements.



PRESIDENT



EXECUTIVE DIRECTOR

**GROUP DEVELOPMENT PAKISTAN
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Unrestricted fund	Restricted fund	Total funds
	----- Rupees -----		
Opening as at 1 July 2016	76,675	5,241,479	5,318,154
Surplus for the year ended 30 June 2017	116,261	-	116,261
Balance as at 30 June 2017	192,936	5,241,479	5,434,415
Prior period error	-	(3,081,002)	(3,081,002)
Restated balance as at June 30, 2017	192,936	2,160,477	2,353,413
Surplus for the year ended 30 June 2018	75,434	4,083,380	4,158,814
Transferred to deferred capital grant	-	(702,016)	(702,016)
Balance as at 30 June 2018	<u>268,370</u>	<u>5,541,841</u>	<u>5,810,211</u>

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The annexed notes form an integral part of these financial statements.



PRESIDENT




EXECUTIVE DIRECTOR

**GROUP DEVELOPMENT PAKISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017 (Restated)
	-----RUPEEES-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (Deficit) for the year	4,158,814	(2,964,741)
Adjustment for non-cash charges and other items:		
Depreciation	221,911	224,659
Amortization of deferred grant	(86,885)	-
Cash used in operations before working capital changes	4,293,840	(2,740,082)
Working capital changes		
Decrease/(Increase) in receivable	291,268	(291,268)
Increase in advances and prepayments	(230,909)	(35,590)
Increase in accrued in other liabilities	65,337	1,129,617
Cash generated from operations	125,696	802,759
Net cash generated from/(used in) operating activities	4,419,536	(1,937,323)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(702,016)	-
Increase in security deposits	(60,000)	-
Net cash used in investing activities	(762,016)	-
Net decrease in cash and cash equivalents	3,657,520	(1,937,323)
Cash and cash equivalents at the beginning of the year	845,715	2,783,038
Cash and cash equivalents at the end of the year	4,503,235	845,715

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The annexed notes form an integral part of these financials statements.



PRESIDENT



EXECUTIVE DIRECTOR

**GROUP DEVELOPMENT PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

1 THE SOCIETY AND ITS OPERATIONS

Group Development Pakistan ("the Society") was established on 03 October 2012 and registered under the Societies Registration Act, 1860. Registered office is located at A & K Plaza, Plot No. 7-E, F-10 Markaz, Islamabad. The Society has expertise in building institutional and technical capacities for organizations working in the field of child protection through creative, user friendly and culture sensitive methods. The organization also develops synergies and enhances positive communication to promote collaboration between government institutions, civil society, community members, Pakistani artists and donors.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) and Not For Profit organization issued by the Institute of the Chartered Accountants of Pakistan.

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except as modified by certain financial instruments which are dealt with as stated in respective notes and policies.

2.3 FUNCTIONAL & PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rs. / Rupees, unless otherwise stated.

ACCOUNTING POLICIES, CHANGE IN ACCOUNTING ESTIMATES AND ERRORS

A change in accounting policy and effect of error in prior years are applied retrospectively unless it is impracticable. When it is impracticable to determine the cumulative effect, at the beginning of the current period, of applying a new accounting policy to all prior periods or to adjust error, adjustment is made in the comparative information from the earliest date practicable.

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the Accounting and Financial Reporting Standards for Small-Sized Entities issued by the Institute of Chartered Accountants of Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from the other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised. Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 PROPERTY AND EQUIPMENT

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses if any. Cost comprises acquisition and other directly attributable costs. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of income and expenditure account during the year in which they are incurred.

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**GROUP DEVELOPMENT PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

DEPRECIATION

Depreciation on operating fixed assets is charged to statement of income and expenditure account applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 4. Depreciation on additions to operating fixed assets is charged from the month in which an item is put to use while no depreciation is charged for the month in which the item is derecognized / disposed off. The residual values and useful lives of assets are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant.

DE-RECOGNITION

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of income and expenditure account in the year the asset is de-recognized.

3.2 ADVANCES AND OTHER RECEIVABLES

These are recognized at cost, which is the fair value of the consideration given. An assessment is made at each balance sheet. Balances considered bad are written off when identified.

3.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet, at cost. For the purpose of statement of cash flows, cash and cash equivalents comprises of the cash in hand and bank balances.

3.4 ACCRUED AND OTHER LIABILITIES

Liabilities for accrued and other liabilities are carried at cost, which is the fair value of the consideration to be paid in future for goods and services whether or not billed to the company.

3.5 REVENUE

Grant Income

Grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Restricted Fund

Restricted fund is established by the management of the society for conducting specific projects. Donations received or receivable for these projects are recognized as income in statement of income and expenditure. Surplus/deficit (if any) is transferred to restricted fund. On completion of these projects, remaining surplus (if any) may be reimbursed to donor or transferred in to un-restricted funds at the discretion of donor and management of the society.

Deferred Capital Grants

Grants received for the purchase of fixed assets are initially recorded as deferred income upon receipt. Subsequently, these are recognized in the income and expenditure statement, on a systematic basis, over the period necessary to match them with their carrying value.

3.6 TAXATION

Society is a non-profit organization as defined under section 2(36) of the Income Tax Ordinance, 2001. Therefore, no provision for taxation has been made in these financial statements.

3.7 PROVISIONS

Provisions are recognized when the Society has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

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GROUP DEVELOPMENT PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

4 Property And Equipment

	Furniture & Fixture	Computer Equipments	Electric and Office Equipments	Total
Cost				
Balance as at July 1, 2016	244,372	834,210	356,025	1,434,607
Additions During the Year	-	-	-	-
Disposals During the Year	-	-	-	-
Balance as at June 30, 2017	<u>244,372</u>	<u>834,210</u>	<u>356,025</u>	<u>1,434,607</u>
Additions During the Year	-	207,016	495,000	702,016
Disposals During the Year	-	-	-	-
Balance as at June 30, 2018	<u>244,372</u>	<u>1,041,226</u>	<u>851,025</u>	<u>2,136,623</u>
Accumulated Depreciation				
Balance as at July 1, 2016	65,589	304,429	96,645	466,663
Charge for the Year	26,817	158,934	38,907	224,659
Disposals During the Year	-	-	-	-
Balance as at June 30, 2017	<u>92,406</u>	<u>463,363</u>	<u>135,552</u>	<u>691,322</u>
Charge for the Year	22,795	147,482	51,634	221,911
Disposals During the Year	-	-	-	-
Balance as at June 30, 2018	<u>115,201</u>	<u>610,845</u>	<u>187,186</u>	<u>913,233</u>
WDV as at June 30, 2018	<u>129,171</u>	<u>430,381</u>	<u>663,839</u>	<u>1,223,390</u>
WDV as at June 30, 2017	<u>151,966</u>	<u>370,847</u>	<u>220,473</u>	<u>743,285</u>
Depreciation Rate	15%	30%	15%	

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**GROUP DEVELOPMENT PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

				2018	2017 (Restated)
				-----Rupees-----	
5 RECEIVABLES					
Receivable - LTMV				2,135,310	2,135,310
Receivable - SO				-	145,662
Receivable - EU				-	145,606
				<u>2,135,310</u>	<u>2,426,578</u>
6 ADVANCES AND PREPAYMENTS					
Advances to lahore office				5,901	-
Advance tax				14,253	-
Advances to staff				267,500	60,185
Prepaid rent				9,630	6,190
				<u>297,284</u>	<u>66,375</u>
7 CASH AND BANK BALANCE					
Cash in hand				51,835	18,248
Cash at bank - current account				4,451,400	827,467
				<u>4,503,235</u>	<u>845,715</u>
8 RESTRICTED FUND					
Donor Name	Solidar	EU	ARO	2018	2017
				-----Rupees-----	
At the beginning of the year	(145,662)	(145,606)	2,160,477	1,869,209	5,241,479
Funds received during the year	9,915,280	6,240,543	5,852,450	22,008,273	12,700,874
Grant receivable	-	-	-	-	291,268
Fixed assets purchased	-	(702,016)	-	(702,016)	-
Funds utilized during the year	(7,071,071)	(3,059,168)	(7,503,386)	(17,633,625)	(16,073,144)
	<u>2,698,547</u>	<u>2,333,753</u>	<u>509,541</u>	<u>5,541,841</u>	<u>2,160,477</u>
9 DEFERRED CAPITAL GRANT					
Opening balance				252,877	321,733
Fixed assets purchased from restricted funds				702,016	-
Amortization of deferred grant				(86,885)	(68,856)
Closing balance				<u>868,008</u>	<u>252,877</u>
10 ACCRUED AND OTHER LIABILITIES					
Withholding tax				-	20,557
Audit fee				55,000	94,000
Payable to ASF				1,500,000	1,421,106
Other payables				46,000	-
				<u>1,601,000</u>	<u>1,535,663</u>
11 CONTINGENCIES AND COMMITMENTS					
There are no contingencies and commitments as at balance sheet date (2017: Nil).					
12 DIRECT EXPENSES					
Salaries and benefits				2,772,625	1,554,944
Program Cost				12,102,998	10,229,654
Rent, rates and taxes				984,561	605,024
Office supplies				350,050	277,430
Utilities				252,418	88,620
Communication				143,848	43,904
Trainings and capacity building				259,775	954,055
Awareness campaigns				-	1,196,394

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**GROUP DEVELOPMENT PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017 (Restated)
	-----Rupees-----	
DIRECT EXPENSES(continued..)		
Composing, designing and printing charges	-	323,128
Repair and maintenance	182,526	366,632
Traveling and conveyance	632,765	114,672
Auditors' remuneration	-	90,000
Depreciation	-	155,803
Bank charges	-	72,884
Project audit fee	36,500	-
	17,718,066	16,073,144
13 GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and benefits	111,500	130,000
Conferences and seminars	10,000	-
Office supplies	24,908	-
Utilities	74,409	-
Communication	8,966	-
Repair and maintenance	8,453	-
Traveling and conveyance	78,108	-
Membership fees	22,150	-
Auditors' remuneration	55,000	-
Depreciation	221,911	68,856
	615,405	198,856
14 REMUNERATION THE EXECUTIVE DIRECTORS		
Managerial remuneration	3,328,682	3,156,896

15 RELATED PARTY TRANSACTIONS

All related entities and key management personnel are related parties of the society. Transactions and balances with related parties, if any, during the year have been disclosed and the respective notes to these financial

16 RESTATEMENT

Subsequent to the original issuance of the society's financials statements for the previous year, the Company determined that an error was made in the following account heads:

- Receivables
- Grant income

The following table reflect the correction in the affected line items in the previously issued financial statements

	-----Rupees-----		
Restricted Funds	Before Restatement	Adjustments	After Restatement
Effect on Statemet of Financial Position:			
As at June 30, 2017			
Receivable from LTMV	-	2,135,310	2,135,310
Receivable from SO	-	145,662	145,662
Receivable from EU	-	145,606	145,606
Effect on Statement of Income and Expenditure			
Grant income	16,073,144	(3,081,002)	12,992,142
Effect on Statement of Changes in Funds			
As at July 1, 2016			
Restricted Funds	3,106,169	2,135,310	5,241,479
As at June 30, 2017			
Restricted Funds	(266,101)	2,426,578	2,160,477

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**GROUP DEVELOPMENT PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

17 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Society on 23.11.2018

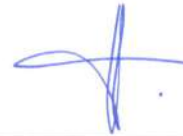
18 GENERAL

Figures have been rounded off to the nearest Rupee.

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PRESIDENT



EXECUTIVE DIRECTOR