

**Audited Financial Statements of Group Development
Pakistan For The Year Ended June 30, 2019**

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, 2019**, 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, 2019, 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 Ethic 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.

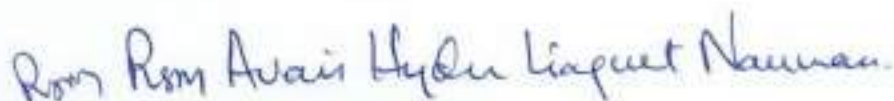
Auditor's Responsibilities for the Audit of the Financial Statement

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.

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.

A handwritten signature in blue ink that reads 'RSM AVAIS HYDER LIAQUAT NAUMAN'.

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Engagement partner: Syed Naveed Abbas

Date: January 28, 2020
Place: Islamabad

**GROUP DEVELOPMENT PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019**

		2019	2018
	NOTE	-----Rupees-----	
NON-CURRENT ASSETS			
Property and equipment	4	14,450,927	1,223,390
Intangible assets	5	2,986,662	-
Security deposits		340,000	120,000
		17,777,589	1,343,390
CURRENT ASSETS			
Receivables	7	-	2,135,310
Advances and prepayments	8	3,512,835	297,284
Cash and bank balance	9	40,660,521	4,503,235
		44,173,356	6,935,829
TOTAL ASSETS		61,950,945	8,279,219
FUNDS AND LIABILITIES			
Restricted fund	6	34,676,992	5,541,841
Unrestricted fund		77,518	268,370
TOTAL FUNDS		34,754,510	5,810,211
NON-CURRENT LIABILITIES			
Deferred capital grant	10	17,163,414	868,008
CURRENT LIABILITIES			
Accounts payables		8,757,659	-
Accrued and other liabilities	11	1,275,362	1,601,000
TOTAL LIABILITIES		10,033,021	2,469,008
TOTAL FUNDS AND LIABILITIES		61,950,945	8,279,219
CONTINGENCIES AND COMMITMENTS	12	-	-

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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, 2019

2019			2018
Unrestricted fund	Restricted fund	Total funds	Total funds

-----Rupees-----

NOTE

Voluntary grant and contributions		1,103,500	-	1,103,500	688,395
Grant income		-	115,513,353	115,513,353	21,717,005
Other income		992,474	-	992,474	-
Amortization of deferred grant	10	1,718,821	-	1,718,821	86,885
		<u>3,814,795</u>	<u>115,513,353</u>	<u>119,328,148</u>	<u>22,492,285</u>
EXPENDITURE					
Direct expenses	13	-	68,363,975	68,363,975	17,718,066
General and administrative	14	4,005,647	-	4,005,647	615,405
		<u>4,005,647</u>	<u>68,363,975</u>	<u>72,369,622</u>	<u>18,333,471</u>
SURPLUS FOR THE YEAR		<u>(190,852)</u>	<u>47,149,378</u>	<u>46,958,526</u>	<u>4,158,814</u>

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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, 2019**

	Unrestricted fund	Restricted fund	Total funds
	----- Rupees -----		
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	268,370	5,541,841	5,810,211
Deficit/Surplus for the year ended 30 June	(190,852)	47,149,378	46,958,526
Transferred to deferred capital grant	-	(18,014,227)	(18,014,227)
Balance as at 30 June 2019	77,518	34,676,992	34,754,510

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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, 2019**

	2019	2018
	-----RUPEEES-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	46,958,526	4,158,814
Adjustment for non-cash charges and other items:		
Depreciation	1,320,230	221,911
Amortisation of intangible assets	479,798	-
Amortization of deferred grant	<u>(1,718,821)</u>	<u>(86,885)</u>
Cash used in operations before working capital changes	47,039,733	4,293,840
Working capital changes		
Decrease in receivable	2,135,310	291,268
Increase in advances and prepayments	(3,215,551)	(230,909)
Decrease/Increase in accrued in other liabilities	(325,638)	65,337
Increase in accounts payables	<u>8,757,659</u>	<u>-</u>
Cash generated from operations	7,351,780	125,696
Increase in security deposits	<u>(220,000)</u>	<u>(60,000)</u>
Net cash generated from operating activities	54,171,513	4,359,536
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(18,014,227)</u>	<u>(702,016)</u>
Net cash used in investing activities	(18,014,227)	(702,016)
Net increase in cash and cash equivalents	36,157,286	3,657,520
Cash and cash equivalents at the beginning of the year	4,503,235	845,715
Cash and cash equivalents at the end of the year	<u>40,660,521</u>	<u>4,503,235</u>

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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, 2019**

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 and reporting standards, as applicable in Pakistan. Approved accounting and reporting standards comprise of Revised Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) and Accounting Standards for 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 which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rupee, unless otherwise stated.

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the Revised Accounting and Financial Reporting Standards for Small-Sized Entities and Accounting Standards for Not For Profit organization issued by the Institute of the 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 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 during the year in which they are incurred.

Depreciation on operating fixed assets is charged to statement of income and expenditure 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.

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**GROUP DEVELOPMENT PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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.

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 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 statement of financial position as at June 30th balances considered bad are written off when identified.

3.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position, 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

No provision for tax has been recognised in the financial statements of the Group Development Pakistan in the light of section 100C of the Income Tax Ordinance, 2001(the Ordinance). Group Development Pakistan is allowed a tax credit equal to one hundred percent of the tax payable including minimum tax and final tax payable, under any of the provisions of the ordinance, subject to conditions as outlined in section 100C.

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, 2019

4 Property And Equipment

	Furniture & Fixture	Computer Equipments	Electric and Office Equipments	Total
Cost				
Balance as at July 1, 2017	244,372	834,210	356,025	1,434,607
Additions During the Year	-	207,016	495,000	702,016
Balance as at June 30, 2018	244,372	1,041,226	851,025	2,136,623
Additions During the Year	1,437,500	3,785,620	9,324,647	14,547,767
Balance as at June 30, 2019	1,681,872	4,826,846	10,175,672	16,684,390
Accumulated Depreciation				
Balance as at July 1, 2017	92,406	463,363	135,552	691,322
Charge for the Year	22,795	147,482	51,634	221,911
Balance as at June 30, 2018	115,201	610,845	187,186	913,233
Charge for the Year	127,188	569,367	623,676	1,320,230
Balance as at June 30, 2019	242,389	1,180,212	810,862	2,233,463
WDV as at June 30, 2019	1,439,483	3,646,634	9,364,810	14,450,927
WDV as at June 30, 2018	129,171	430,381	663,839	1,223,390
Depreciation Rate	15%	30%	15%	

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GROUP DEVELOPMENT PAKISTAN
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2019

5 Intangible assets

	Microsoft Dynamics	Microsoft Office 365	Microsoft Office	Microsoft Windows	Total
Cost					
Balance as at July 1, 2018	-	-	-	-	-
Additions During the Year	1,050,000	1,614,480	528,070	273,910	3,466,460
Balance as at June 30, 2019	<u>1,050,000</u>	<u>1,614,480</u>	<u>528,070</u>	<u>273,910</u>	<u>3,466,460</u>
Accumulated Amortisation					
Balance as at July 1, 2018	-	-	-	-	-
Charge for the Year	122,500	269,080	58,088	30,130	479,798
Balance as at June 30, 2019	<u>122,500</u>	<u>269,080</u>	<u>58,088</u>	<u>30,130</u>	<u>479,798</u>
WDV as at June 30, 2019	<u>927,500</u>	<u>1,345,400</u>	<u>469,982</u>	<u>243,780</u>	<u>2,986,662</u>
Amortisation Rate	20%	50%	33%	33%	

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GROUP DEVELOPMENT PAKISTAN
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

6 RESTRICTED FUND

Donor Name	Solidar-01	Solidar-02	EU	DFID	ABA	AC	ARO	Total	2018
At the beginning of the year	2,698,547	-	2,333,753	-	-	-	509,541	5,541,841	1,869,209
Funds received during the year	11,995,438	4,907,840	5,431,941	70,689,797	11,684,924	10,803,413	-	115,513,353	22,008,273
Fixed assets purchased - Transferred to deferred capital grant	-	-	-	(17,732,227)	(188,000)	(94,000)	-	(18,014,227)	(702,016)
Funds utilized during the year	(13,037,297)	(2,432,808)	(4,545,720)	(39,439,792)	(6,542,701)	(1,856,115)	(509,541)	(68,363,975)	(17,633,625)
	1,656,688	2,475,032	3,219,974	13,517,778	4,954,223	8,853,298	-	34,676,992	5,541,841

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**GROUP DEVELOPMENT PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	-----Rupees-----	
7 RECEIVABLES		
Receivable - LTMV	-	2,135,310
	<u>-</u>	<u>2,135,310</u>
8 ADVANCES AND PREPAYMENTS		
Bedari Advance - Amplifier Change	3,271,066	-
Advances to lahore office	56,890	5,901
Advances to KP office	48,470	-
Advance tax	114,014	14,253
Advances to staff	22,395	267,500
Prepaid rent	-	9,630
	<u>3,512,835</u>	<u>297,284</u>
9 CASH AND BANK BALANCE		
Cash in hand	46,269	51,835
Cash at bank - savings account	37,388,176	-
Cash at bank - current account	3,226,076	4,451,400
	<u>40,660,521</u>	<u>4,503,235</u>
10 DEFERRED CAPITAL GRANT		
Opening balance	868,008	252,877
Fixed assets purchased from restricted funds	18,014,227	702,016
Amortization of deferred grant	(1,718,821)	(86,885)
	<u>17,163,414</u>	<u>868,008</u>
11 ACCRUED AND OTHER LIABILITIES		
Withholding tax	566,599	-
Audit fee	100,000	55,000
Payable to Acid Survival Foundation - Associated Entity	500,000	1,500,000
EOBI payables	37,455	-
Other payables	71,308	46,000
	<u>1,275,362</u>	<u>1,601,000</u>
12 CONTINGENCIES AND COMMITMENTS		
There are no contingencies and commitments at statement of financial position date (2018: Nil).		
13 DIRECT EXPENSES		
Salaries and benefits	31,127,556	2,772,625
Program Cost	18,636,547	12,102,998
Rent, rates and taxes	3,185,260	984,561
Office supplies	1,958,079	350,050
Utilities	358,854	252,418
Communication	466,210	143,848
Trainings and capacity building	2,662,584	259,775
Printing and stationery	348,777	-
Awareness campaigns	4,387,600	-
Establishment and orientation	2,331,175	-
Repair and maintenance	479,179	182,526
Traveling and conveyance	2,307,395	632,765
Auditors' remuneration	100,000	-
Bank charges	14,759	-
Project audit fee	-	36,500
	<u>68,363,975</u>	<u>17,718,066</u>

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**GROUP DEVELOPMENT PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	-----Rupees-----	
14 GENERAL AND ADMINISTRATIVE		
Salaries and benefits	194,500	111,500
Auditors' remuneration	-	55,000
Depreciation	1,320,230	221,911
Bad Debts	1,625,769	-
Amortisation- intangible assets	479,798	-
EOBI expenses	267,640	-
Field expenses	117,710	226,994
	<u>4,005,647</u>	<u>615,405</u>
15 RELATED PARTY TRANSACTIONS		
All related entities and key management personnel are related parties of the society. Balances and transactions with related parties are as follows:		
Payable to Acid Survival Foundation - Associated Entity		
Opening	1,500,000	1,421,106
(Paid)/Received during the year	<u>(1,000,000)</u>	<u>78,894</u>
Closing	<u>500,000</u>	<u>1,500,000</u>
Executive Director's Remunerations		
Managerial remunerations	<u>6,985,555</u>	<u>3,328,682</u>

16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved and authorized for issue by the Board of Directors of the Society on January 29, 2020

17 GENERAL

Figures have been rounded off to the nearest Rupee.

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PRESIDENT



EXECUTIVE DIRECTOR