

**ILM (Illuminating Through Literacy
Movement) Society**

**Financial Statements
For the year ended
31 December 2013**



SAJID & CO.

Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of the **ILM (ILLUMINATING THROUGH LITERACY MOVEMENT) SOCIETY**, as at 31 December 2013 and the related income and expenditure account together with the notes forming part thereof (here-in-after referred to as the financial statements for the year then ended). It is the responsibility of the management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement & financial mismanagement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects the financial position of the, **ILM (ILLUMINATING THROUGH LITERACY MOVEMENT) SOCIETY**, as at 31 December 2013 and of its deficit for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.



CHARTERED ACCOUNTANTS

Karachi:
29 MAR 2015

ILM (Illuminating Through Literacy Movement) Society

Balance Sheet

As at December 31, 2013

	Note	2013	2012
(Rupees)			
Non - current assets			
Fixed assets	3	240,334	43,752
Current assets			
Cash and bank balances	4	3,929,181	2,640,186
Prepaid fees		-	95,974
Advance to vendors		191,894	41,800
		4,121,075	2,777,960
Total assets		4,361,409	2,821,712
Less: current liabilities			
Other payables		51,000	65,500
NET ASSETS		4,310,409	2,756,212
REPRESENTED BY:			
Accumulated fund			
Restricted fund		4,275,362	2,260,716
Un-restricted fund		35,047	495,496
		4,310,409	2,756,212

The annexed notes 1 to 7 form an integral part of these financial statements.

Trustee

Trustee



ILM (Illuminating Through Literacy Movement) Society
 Income And Expenditure Account
 For the period ended December 31, 2013

	Note	2013	2012
		(Rupees)	
Income			
Donations		2,673,235	1,249,024
Profit on investments		158,484	104,234
		<u>2,831,719</u>	<u>1,353,258</u>
Expenses			
Disbursements for fees		2,673,235	1,249,024
General administrative expenses	5	1,083,408	454,420
Tax Expense		16,203	10,806
		<u>3,772,846</u>	<u>1,714,250</u>
Deficit for the year		<u><u>(941,127)</u></u>	<u><u>(360,992)</u></u>

The annexed notes 1 to 7 form an integral part of these financial statements.

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ILM (Illuminating Through Literacy Movement) Society

Cash Flow Statement

For the period ended December 31, 2013

	Note	2013	2012
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus as per income and expenditure account		(941,127)	(360,992)
Adjustment for non-cash charges and other items:			
Depreciation and amortisation		41,068	25,537
Profit on investments		(158,484)	(104,234)
		(117,416)	(78,697)
Deficit before working capital changes		(1,058,543)	(439,689)
EFFECT ON CASH FLOWS DUE TO WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets			
Prepaid fees		95,974	(95,974)
Advance to vendors		(150,094)	(41,800)
		(54,120)	(137,774)
(Decrease) in current liabilities			
Other payables		(14,500)	48,131
Net cash used in operating activities		(1,127,163)	(529,332)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(237,650)	(28,332)
Profit on investments		158,484	104,234
Net cash from / (used in) investing activities		(79,166)	75,902
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) / Increase in restricted donations		2,495,324	2,077,195
Net increase in cash and cash equivalents		1,288,995	1,623,765
Cash and cash equivalents at the beginning of the year		2,640,186	1,016,421
Cash and cash equivalents at the end of the year	4	3,929,181	2,640,186

The annexed notes 1 to 7 form an integral part of these financial statements.

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ILM (Illuminating Through Literacy Movement) Society
 Statement of Changes In Accumulated Fund
 For the period ended December 31, 2013

	<u>Restricted fund</u>	<u>Unrestricted fund</u>	Total
	General Fund Disbursements	General Fund Operations	
	----- (Rupees) -----		
Balance as at January 1, 2012	903,240	136,769	1,040,009
Donations received during the year	2,606,500	719,719	3,326,219
Donations disbursed during the year	(1,249,024)	-	(1,249,024)
Deficit for the year	-	(360,992)	(360,992)
Balance as at December 31, 2012	<u>2,260,716</u>	<u>495,496</u>	<u>2,756,212</u>
Donations received during the year	4,687,881	480,678	5,168,559
Donations disbursed during the year	(2,673,235)	-	(2,673,235)
Deficit for the year	-	(941,127)	(941,127)
Balance as at December 31, 2013	<u><u>4,275,362</u></u>	<u><u>35,047</u></u>	<u><u>4,310,409</u></u>

The annexed notes 1 to 7 form an integral part of these financial statements.

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ILM (Illuminating Through Literacy Movement) Society

Notes to the Financial Statements

For the period ended December 31, 2013

1. THE SOCIETY AND ITS OPERATIONS

ILM (Illuminating through Literacy Movement) Society ("the Society") is registered in Pakistan under the Voluntary Social Welfare Agencies (Registration & Control) Ordinance, 1961 (XLVI of 1961). Registration # DSW(3578)/K, in Oct 2010 and managed by a group of young professionals. It is an exemplary step for all those who envision a prospering Pakistan & protecting the jeopardized future of thousands of innocent children.

The registered address of the Society is 204, Marium Complex, Bahadurabad, Karachi, Pakistan

The names of the members of the Board of Trustees of the Society are as follows:

S. No.	Name of Trustee
1.	Aetisam Qidwai
2.	Arsalan Yunus
3.	Jamal Kadir
4.	Kashif Shafi
5.	Risalat Rehman
6.	Saad Ahmed
7.	Samhan Ghazi
8.	Talha Chand
9.	Usman Moon
10.	Yawer Zakaria

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with the requirements of the Guidelines for Accounting and Financial Reporting by Non-Government Organisations / Non-Profit Organisations as issued by the Institute of Chartered Accountants of Pakistan.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.3 Fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged using the straight line method in accordance with the rates specified in note 3 to the financial statements after taking into account the residual value, if any.



Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal.

Gains and losses on disposals of fixed assets, if any, are included in income and expenditure account.

Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to income and expenditure account as and when incurred.

2.4 Revenue recognition

Income from donations are recognised on receipt basis, however where donation is receivable it is recognised when there is reasonable assurance that it will be received.

Income from donation is classified as restricted income and un-restricted income. Restricted income pertains to specific projects being undertaken by the Society and is initially credited to the restricted fund. It is subsequently transferred on a systematic basis to income when expenses related to these specific projects are being incurred. Whereas un-restricted income is recognised directly to income.

Return on bank deposits is recognised on accrual basis.

2.5 Expense recognition

Disbursements of donation are recognised in the income and expenditure account during the period in which they are incurred. Other general administrative expenses pertaining to administering and running the Society are recognised on an accrual basis.

Administrative fees is recognised at a rate percent determined by the board of trustees on the donations received from the donors.

2.6 Taxation

Tax expense comprises current tax. Tax expense is recognised in the income and expenditure account on profit earned on investments and savings accounts at rates applicable after taking into account exemptions, if any, available under the Income Tax Ordinance - 2001. Donations received by the Society is exempt from Income Taxes under the Income Tax Ordinance - 2001 and therefore no provision for the same has been made in the financial statements.

2.7 Foreign currency translation

Foreign currency transactions are recorded into Pak Rupee using the exchange rates prevailing at the dates of the transactions.

The financial statements are presented in Pak Rupee, which is the Society's functional and presentation currency.



2.8 Accumulated fund

The accumulated fund of the Society consists of an un-restricted fund and a restricted fund.

2.8.1 Un-restricted fund

The un-restricted fund is equivalent to the Society's own capital and is used for meeting the regular expenses of the Society. Surplus or deficit, for the year in the Income and Expenditure Account may be transferred into this fund at the discretion of the board of trustees.

2.8.2 Restricted fund

All the donations received or receivable (when there is reasonable assurance that the donation will be received) are recognised initially in the restricted fund and are transferred to income currently when the associated costs are being incurred.

2.9 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash at banks and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3. FIXED ASSETS

	Cost as at Jan 1, 2013	Additions	Cost as at Dec 31, 2013	Accumulated depreciation as at Jan 1, 2013	Depreciation for the period	Accumulated depreciation as at Dec 31, 2013	Net book value as at Dec 31, 2013	Rate of depreciation
	←————— Rupees —————→							%
Computer Equipment	77,382	25,600	102,982	33,630	30,465	64,095	38,887	33.33
Furniture & Fixtures	-	176,750	176,750	-	8,838	8,838	167,912	20
Office Equipment	-	35,300	35,300	-	1,765	1,765	33,535	20
June 30, 2013	<u>77,382</u>	<u>237,650</u>	<u>315,032</u>	<u>33,630</u>	<u>41,068</u>	<u>74,698</u>	<u>240,334</u>	
June 30, 2012	<u>49,050</u>	<u>28,332</u>	<u>77,382</u>	<u>8,093</u>	<u>25,537</u>	<u>33,630</u>	<u>43,752</u>	



	2013	2012
	(Rupees)	
4. CASH AND BANK BALANCES		
Cash at bank		
- in savings accounts	529,400	325,468
- in term deposit account	3,381,000	2,281,000
Cash in hand	<u>18,781</u>	<u>33,718</u>
	<u><u>3,929,181</u></u>	<u><u>2,640,186</u></u>
5. GENERAL ADMINISTRATIVE EXPENSES		
Salaries	328,930	221,880
Conveyance and travelling	44,243	26,663
Rent	136,800	32,000
Electricity	6,823	-
Auditors' remuneration	10,000	10,000
Printing and stationery	16,645	12,182
Information Technology	47,680	21,270
Repairs and maintenance	200,556	17,731
Promotion	201,530	72,812
Depreciation	41,068	25,537
Postage and communication	25,858	7,380
Bank charges	2,904	1,233
Entertainment	8,320	2,437
Others	<u>12,051</u>	<u>3,295</u>
	<u><u>1,083,408</u></u>	<u><u>454,420</u></u>
6. TRANSACTIONS WITH RELATED PARTIES		
Relationship	Nature of transactions	
Trustees	Donations received	
	<u>480,678</u>	<u>719,719</u>
7. DATE OF AUTHORISATION FOR ISSUE		

These financial statements were approved and authorised for issue by the Board of Trustees on **29 MAR 2015**

Trustee

Trustee

