

**DEVELOPMENTS IN LITERACY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Grant Thornton Anjum
Rahman**

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Opinion

We have audited the accompanying financial statements of Developments in Literacy (the Society) which comprise the statement of financial position as at December 31, 2022, and the statement of income and expenditure, the statement of cash flows, the statement of changes in funds for the year then ended, and notes to 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 the Society as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with accounting and reporting standards as applicable in 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 Standard 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 these requirements. 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is 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 going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the 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'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 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of the 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 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, if any, and related disclosures made in the financial statements 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 relating to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that 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 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.



Grant Thornton Anjum Rahman

Chartered Accountants

Engagement Partner: Waqas Waris

Islamabad

January 11, 2024

UDIN: AR202210209ktHW6YU3f

DEVELOPMENTS IN LITERACY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

	Note	2022 (Rupees)	2021 (Rupees)
NON-CURRENT ASSETS			
Property and equipment	4	174,407,461	64,214,342
Intangible asset	5	89,020	111,275
Right of use asset	6	5,040,490	9,559,627
Long term deposits and prepayments	7	277,978	1,061,911
		<u>179,814,949</u>	<u>74,947,155</u>
CURRENT ASSETS			
Advances - unsecured, considered good	8	2,834,728	5,117,563
Short term deposits and prepayments	9	4,287,676	1,756,784
Receivable from donor	10	7,338,313	15,944,763
Inventory	11	13,572,000	-
Cash and bank balances	12	206,845,502	147,793,198
		<u>234,878,219</u>	<u>170,612,308</u>
TOTAL ASSETS		<u><u>414,693,168</u></u>	<u><u>245,559,463</u></u>
FUND			
Restricted fund/grants	10	161,005,649	159,152,469
NON CURRENT LIABILITIES			
Deferred grant	13	174,496,481	64,325,617
Lease liability	15	2,204,869	7,448,863
Deferred liabilities	16	54,535,878	-
		<u>231,237,228</u>	<u>71,774,480</u>
CURRENT LIABILITIES			
Current portion of lease liability	15	5,239,726	5,258,669
Accrued and other liabilities	17	17,210,565	9,373,845
		<u>22,450,291</u>	<u>14,632,514</u>
TOTAL LIABILITIES		<u>253,687,519</u>	<u>86,406,994</u>
TOTAL LIABILITIES AND FUND		<u><u>414,693,168</u></u>	<u><u>245,559,463</u></u>
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes from 1 to 24 form an integral part of these financial statements.


Trustee


Trustee

DEVELOPMENTS IN LITERACY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022 (Rupees)	2021 (Rupees)
INCOME			
Grant income recognized			
- Education and other program activities	10	443,512,898	275,013,795
Amortization of deferred capital grant	13	19,511,822	8,880,980
School fee income	14	1,947,184	6,257,398
		<u>464,971,904</u>	<u>290,152,173</u>
EXPENDITURE			
Program expenses	19	367,734,186	263,624,622
General and administration expenses	20	97,237,718	26,527,551
		<u>(464,971,904)</u>	<u>(290,152,173)</u>
Excess of income over expenditure		<u>-</u>	<u>-</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

Figw Shah

Trustee

A.K.D. de

Trustee

**DEVELOPMENTS IN LITERACY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Note	2022 (Rupees)	2021 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Excess of income over expenditure		-	-
Adjustments for:			
- Restricted grant recognized as income	10	(443,512,898)	(275,013,795)
- Deferred capital grant recognized as income	13	(19,511,822)	(8,880,980)
- Depreciation on fixed assets	4	19,489,567	8,853,161
- Amortization	5	22,255	27,819
- Depreciation on right of use asset	6	4,519,137	4,519,140
- Provision for gratuity	16	54,535,878	-
- Finance cost - interest on lease liability	15	1,086,004	1,591,900
		<u>(383,371,879)</u>	<u>(268,902,755)</u>
Changes in:			
- Advances		2,282,835	(3,866,956)
- Short term deposits and prepayments		(2,530,892)	(116,460)
- Long term deposits and prepayments		783,933	153,430
- Inventory		(13,572,000)	-
- Accrued and other liabilities		7,836,720	3,433,294
Cash generated / (used in) operating activities		<u>(5,199,404)</u>	<u>(396,691)</u>
Grant received during the year	10	568,196,539	336,599,009
Interest received during the year		<u>15,458,675</u>	<u>4,442,158</u>
Net cash generated from operating activities		<u>195,083,931</u>	<u>71,741,721</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure - property and equipment	4	<u>(129,682,686)</u>	<u>(10,151,870)</u>
Net cash used in investing activities		<u>(129,682,686)</u>	<u>(10,151,870)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability	15	<u>(6,348,941)</u>	<u>(5,396,128)</u>
Net cash used in financing activities		<u>(6,348,941)</u>	<u>(5,396,128)</u>
Net (decrease)/increase in cash and cash equivalents		59,052,304	56,193,723
Cash and cash equivalents at beginning of the year		<u>147,793,198</u>	<u>91,599,475</u>
Cash and cash equivalents at end of the year	12	<u><u>206,845,502</u></u>	<u><u>147,793,198</u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

Fiza Shah

Trustee

A. F. Anwar

Trustee

DEVELOPMENTS IN LITERACY
 STATEMENT OF CHANGES IN FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Restricted fund/grant
Balance as at January 01, 2021		107,155,944
Restricted funds received during the year	10	341,041,167
Transferred to statement of income and expenditure	10	(275,013,795)
Transferred to deferred capital grant	10	(10,151,870)
Change in receivable fund donor during the year	10	(3,878,977)
Balance as at December 31, 2021		<u>159,152,469</u>
Restricted funds received during the year	10	583,655,214
Transferred to statement of income and expenditure	10	(443,512,898)
Transferred to deferred capital grant	10	(129,682,686)
Change in receivable fund donor during the year	10	(8,606,450)
Balance as at December 31, 2022		<u><u>161,005,649</u></u>

The annexed notes from 1 to 24 form an integral part of these financial statements.

Figw Shah

Trustee

A.K. Shah

Trustee

