DEVELOPMENTS IN LITERACY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Grant Thornton

Grant Thornton Anjum Rahman
302 B, 3rd Floor,
Evacuee Trust Complex,
Aga Khan Road, F-5/1,
Islamabad, Pakistan.

T +92 51 2271906
F +92 51 2273874

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Opinion

We have audited the financial statements of Developments in Literacy (the Society), which comprise the statement of financial position as at December 31, 2023, and the statement of income and expenditure, the statement of comprehensive income, 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, 2023 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.

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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

Grant Thornton Anjum Rahman
Chartered Accountants
Date: September 27, 2024
Islamabad
Engagement Partner: Waqas Waris
UDIN: AR202310209xj6cgWF3z

DEVELOPMENTS IN LITERACY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	2023 (Rupees)	2022 (Rupees)
NON-CURRENT ASSETS			
Property and equipment	4	**193,052,648**	174,407,461
Intangible asset	5	**71,216**	89,020
Right of use asset	6	**4,002,257**	5,040,490
Long term deposits and prepayments	7	**390,000**	277,978
		197,516,121	179,814,949
CURRENT ASSETS			
Advances - unsecured, considered good	8	**2,581,801**	2,834,728
Short term deposits and prepayments	9	**9,051,895**	4,287,676
Receivable from donor	10	**7,118,238**	7,338,313
Income tax refundable		**2,250,000**	-
Inventory	11	**3,147,435**	13,572,000
Cash and bank balances	12	**310,060,690**	206,845,502
		334,210,059	234,878,219
TOTAL ASSETS		**531,726,180**	414,693,168
FUND			
Restricted fund/grants	10	**205,619,947**	161,005,649
NON CURRENT LIABILITIES			
Deferred capital grant	13	**193,123,864**	174,496,481
Lease liability	15	**4,266,273**	1,691,963
Deferred liabilities	16	**89,148,223**	54,535,878
		286,538,360	230,724,322
CURRENT LIABILITIES			
Current portion of lease liability	15	**701,460**	5,752,632
Accrued and other liabilities	17	**38,866,413**	17,210,565
		39,567,873	22,963,197
TOTAL LIABILITIES		**326,106,233**	253,687,519
TOTAL LIABILITIES AND FUND		**531,726,180**	414,693,168
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes from 1 to 25 form an integral part of these financial statements.

A. K. Ahmed

Trustee

Naveen Iqbal

Trustee

DEVELOPMENTS IN LITERACY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 (Rupees)	2022 (Rupees)
INCOME			
Grant income recognized			
- Education and other program activities	10	**545,392,443**	443,512,898
Amortization of deferred capital grant	13	**17,108,144**	19,511,822
School fee income	14	**924,770**	1,947,184
		563,425,357	464,971,904
EXPENDITURE			
Program expenses	19	**514,990,493**	428,982,144
General and administration expenses	20	**44,793,142**	28,257,757
Fundraising expenses	21	**3,641,722**	7,732,003
		(563,425,357)	(464,971,904)
EXCESS OF INCOME OVER EXPENDITURE		**-**	-

The annexed notes from 1 to 25 form an integral part of these financial statements.

Trustee

Naneen Iqbal

Trustee

DEVELOPMENTS IN LITERACY
STATEMENT OF COMPREHNSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 (Rupees)	2022 (Rupees)
EXCESS OF INCOME OVER EXPENDITURE	-	-
OTHER COMREHENSIVE (LOSS) FOR THE YEAR		
Re-measurement (loss) on employees' defined benefit plan	**(19,628,674)**	-
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR	**(19,628,674)**	-

The annexed notes from 1 to 25 form an integral part of these financial statements.

Trustee

Trustee

DEVELOPMENTS IN LITERACY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 (Rupees)	2022 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Excess of income over expenditure		-	-
Adjustments for:			
- Restricted grant recognized as income	10	(545,392,443)	(443,512,898)
- Deferred capital grant recognized as income	13	(17,108,144)	(19,511,822)
- Depreciation on fixed assets	4	17,090,340	19,489,567
- Amortization	5	17,804	22,255
- Depreciation on right of use asset	6	3,876,700	4,519,137
- Provision for gratuity	16	14,983,671	54,535,878
- Finance cost - interest on lease liability	15	681,303	1,086,004
		(525,850,769)	(383,371,879)
Changes in:			
- Advances		252,927	2,282,835
- Short term deposits and prepayments		(4,764,219)	(2,530,892)
- Long term deposits and prepayments		(112,022)	783,933
- Inventory		10,424,565	(13,572,000)
- Accrued and other liabilities		21,655,848	7,836,720
Cash generated / (used in) operating activities		27,457,099	(5,199,404)
Grant received during the year	10	620,106,062	568,196,539
Interest received during the year		23,234,955	15,458,675
Net cash generated from operating activities		144,947,347	195,083,931
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure - property and equipment	4	(35,735,527)	(129,682,686)
Net cash used in investing activities		(35,735,527)	(129,682,686)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability	15	(5,996,632)	(6,348,941)
Net cash used in financing activities		(5,996,632)	(6,348,941)
Net increase in cash and cash equivalents		103,215,188	59,052,304
Cash and cash equivalents at beginning of the year		206,845,502	147,793,198
Cash and cash equivalents at end of the year	12	310,060,690	206,845,502

The annexed notes from 1 to 25 form an integral part of these financial statements.

Trustee

Naveen Iqbal

Trustee

DEVELOPMENTS IN LITERACY
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	Restricted fund/grant
Balance as at January 01, 2022		159,152,469
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		**161,005,649**
Restricted funds received during the year	10	**645,591,017**
Transferred to statement of income and expenditure	10	**(545,392,443)**
Transferred to deferred capital grant	10	**(35,735,527)**
Change in receivable fund donor during the year	10	**(220,075)**
Other comprehensive loss	10	**(19,628,674)**
Balance as at December 31, 2023		**205,619,947**

The annexed notes from 1 to 25 form an integral part of these financial statements.

A.L. Ahmed
Trustee

Naneen Iqbal
Trustee

1 THE SOCIETY AND ITS OPERATIONS

Developments in Literacy ("the Society") is a non-profit organization. The Society was registered in March 2003 under the Societies Registration Act, 1860.

The basic aim of the Society is to promote literacy among children who have no access to education and to encourage and facilitate the improvement and use of educational resources in literacy development in Pakistan. The Society does this by running its own schools and supporting the existing setup of primary schools, mainly in the rural areas with the focus on enrolling girls.

The principal office of the Society is situated at Plot 1-E, Street No. 11, Class III Market, G-11/1, Islamabad.

Society had signed a Memorandum of Understanding (MOU) with the Ministry of Economic Affairs which was valid up to April 09, 2022. The Society had initiated the process of getting its MOU renewed with Economic Affair Division (EAD), however the process is still pending.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and

- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is also the Society's functional currency. All financial information presented in Pak Rupees has been rounded off to the nearest Rupee.

2.4 Significant accounting estimates

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future

The areas where various assumptions and estimates are significant to the Society's financial statements or where judgment was exercised in application of accounting policies are as follows:

a) Determination of useful lives and depreciation / amortization of operating fixed assets (note 4 & 5)

b) Contingencies and commitments (note 18)

c) Right-of-use assets and corresponding lease liability (note 6 & 15)

2.5 Amendments and interpretations to accounting and reporting standards that became effective in the current year

There were certain amendments and interpretations to published accounting and reporting standards that are applicable for the financial year beginning on January 1, 2024 but does not have any significant impact on the Society's financial reporting and therefore, have not been disclosed in these financial statements.

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Society.

Standards, interpretations and amendments to published approved accounting standards that are not yet effective and have not been early adopted by the Society.

	Effective date (annual periods beginning on or after)
- IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - (Amendments)	January 1, 2024
- IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements - (Amendments)	January 1, 2024
- IFRS 16 - Lease Liability in a Sale and Leaseback - (Amendments)	January 1, 2024
- IAS 21 - Lack of exchangeability – (Amendments)	January 1, 2025
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced

The above standards, amendments and improvements are not expected to have any material impact on the financial statements of the Society for the future periods.

Further, following new standard has been issued by IASB which is yet to be notified by SECP for the purpose of applicability in Pakistan.

Standard	**IASB effective date(accounting periods beginning on or after)**
- IFRS 1 – First-time Adoption of International Financial Reporting Standards	January 1, 2024
- IFRS 17 - Insurance Contracts	January 1, 2026

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financials statements.

3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any, except for free hold land which is carried at cost less impairment loss, if any. Cost of an item of property and equipment comprises purchase price, import duties and other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Depreciation is calculated on the reducing balance method, except leasehold land on which depreciation is calculated on straight line method, and charged to statement of income and expenditure to write off the depreciable amount of an asset over its estimated useful life at the percentages specified in note 4.

The cost of replacing a part of item of property and equipment is recognized in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Society and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the servicing of the property and equipment are recognized in statement of income and expenditure as incurred.

Gains and losses on disposal of property and equipment are recognized in the statement of income and expenditure.

3.2 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably. Intangible assets with finite useful life are stated at cost less accumulated amortization and impairment losses, if any.

Amortization of intangible assets, having finite useful life, is charged by applying diminishing balance method, so as to write off the cost of assets at amortization rate as mentioned in note 5 to the financial statements.

Subsequent expenditure is capitalized only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognized in statement of income and expenditure as incurred.

3.3 Impairment of non-financial assets

The carrying amounts of the Society's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Impairment losses are recognized in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.4 Leased assets

At the inception of a contract, the Society assesses whether a contract is, or contains, a lease. To assess whether a contract contains a lease, Society considers whether the contract conveys the right to control or use an identified asset by:

- The contract involves the use of an identified asset either explicitly or implicitly. The asset should be physically distinct or represent substantially all the capacity of the asset. If the supplier has the right of substitution, then the asset is not identified;
- The Society has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Society has the right to direct the use of the asset. The Society has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

Right-of-use assets

The Society recognizes a right-of-use asset and corresponding lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Society's incremental borrowing rate. Generally, the Society uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following: a). fixed payments, including in-substance fixed payments; b). variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; c). amounts expected to be payable under a residual value guarantee; and d). the exercise price under a purchase option that the Society is reasonably certain to exercise, lease payments in an optional renewal period if the Society is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Society is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Society changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.5 Cash and cash equivalents

Cash and cash equivalents comprise of cash and bank balance.

3.6 Restricted grants

Grant received for specific purpose or imposes specified future performance, and bank interest thereon, are classified as restricted grants. Income from such grants is recognized, to the extent actual expenditure incurred against there. Expenditure against grants committed but not received is accrued and recognized as income, and is reflected as "Receivable from donor" when there is reasonable assurance that the Society will comply with the conditions attaching to such grants and the grants will be received. The unspent portion of such grants is reflected as "restricted grant" in the statement of financial position.

3.7 Deferred capital grants

Grants related to property and equipment and intangible asset are accounted for by setting up the grants as deferred capital grant. These grants are recognized as income on a systematic basis over the useful life of the related property and equipment and intangible asset.

3.8 Taxation

(i) Current

Current provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years which arises from assessments/developments made during the year, if any.

(ii) Deferred

Deferred tax is recognized using balance sheet liability method, providing for temporary differences between the carrying amounts if assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation. The Society recognizes a deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilized.

The Society is registered as not for profit organization under section 2(36) of the Income Tax Ordinance, 2001. The Society is eligible for tax credit under Section 100C of the Income Tax Ordinance 2001 from donations, voluntary contributions, subscriptions and so much of the income chargeable under the head "income from business" as is expended in Pakistan for the purposes of carrying out welfare activities. Hence, the provision for current and deferred taxation has not been made in these financial statements.

3.9 Income recognition

Grant is recognized as income over such period as is necessary to match it with the related expenditure, on a systemic basis. Donations received for school support are deferred and recognized as income on a systematic basis to match them with the related costs that they are intended to compensate.

School fee / tuition fee from students is recognized on receipt basis.

3.10 Employee benefits

3.10.1 Short term employee benefits

The cost of short term employee benefits (those payable within twelve months after the service is rendered such as leave pay, bonuses) are recognized in the period in which the service is rendered and are not discounted.

3.10.2 Gratuity

The Society operates an unfunded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to income. Recent valuation was carried out as at December 31, 2023 using the "Projected Unit Credit Method". The results of actuarial valuation are summarized in note 16 of these financial statements.

3.10.3 Provisions

A provision is recognized in the financial statements 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 can be made of the amount of obligation.

3.11 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pak rupees at the rate of exchange ruling on the date of transactions. All monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rate of exchange prevailing on the balance sheet date. Exchange gain / loss is charged to current year's income.

3.12 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Society becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Society losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of income and expenditure.

3.13 Financial assets

The Society classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVTOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

(i) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in statement of income and expenditure.

(ii) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in statement of income and expenditure in the period in which it arises.

3.14 Financial liabilities

The Society classifies its financial liabilities in the following categories:

- at fair value through profit or loss; and
- other financial liabilities

are recognized initially at fair value and, in the case of other financial liabilities, also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

(i) Fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Society has not designated any financial liability upon recognition as being at fair value through profit or loss.

(ii) Amortized cost

After initial recognition, other financial liabilities which are interest bearing are subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in the statement of income and expenditure, when the liabilities are derecognized as well as through effective interest rate amortization process.

a) Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

b) Impairment of financial assets:

The Society assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

- Loans, advances, deposits and prepayments
- Cash and bank balances

c) General approach for loans, advances and deposits and cash and bank balances

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward-looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognized when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognized without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

d) Simplified approach for trade receivables

The Society recognizes life time ECL on trade debts and contract assets, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

As the Society applies simplified approach in calculating ECLs for advances, short term deposits and other receivables the Society does not track changes in credit risk, but instead recognized a loss allowance based on life time ECLs at each reporting date. ECLs on these financial assets are estimated using a provision matrix approach adjusted for forward looking factors specific to the debtors and economic environment.

The Society recognizes an impairment gain or loss in the statement of income and expenditure for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

3.15 Finance income and finance costs

Finance income comprises profit on saving accounts which is recognized on a time proportion basis.

Finance cost comprises bank charges which are charged to statement of income and expenditure in the period in which they are incurred.

3.16 Fair value of financial instruments

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Board is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13, 'Fair Value Measurements' requires the Board to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

4 PROPERTY AND EQUIPMENT

	Note	Freehold land	Leasehold land	Buildings	Vehicles	Furniture and fixtures	Office equipment	Computers	Total
					(Rupees)				(Rupees)
Cost									
As at 1 January 2022		15,891,352	7,037,700	66,637,860	4,586,717	2,133,792	9,967,896	8,777,631	115,032,948
Additions during the year		-	-	129,006,000	-	-	10,296	666,390	129,682,686
As at 31 December 2022		15,891,352	7,037,700	195,643,860	4,586,717	2,133,792	9,978,192	9,444,021	244,715,634
Additions during the year		**50,000**	-	**30,011,501**	-	-	**5,029,026**	**645,000**	**35,735,527**
Transfers	4.3	-	**44,821,291**	**(44,821,291)**	-	-	-	-	-
As at 31 December 2023		**15,941,352**	**51,858,991**	**180,834,070**	**4,586,717**	**2,133,792**	**15,007,218**	**10,089,021**	**280,451,161**
Accumulated depreciation									
As at 1 January 2022		-	774,234	37,201,994	2,870,319	1,069,947	4,595,900	4,306,212	50,818,606
Charge for the year		-	70,377	16,539,937	343,280	106,385	1,074,399	1,355,189	19,489,567
As at 31 December 2022		-	844,611	53,741,931	3,213,599	1,176,332	5,670,299	5,661,401	70,308,173
Charge for the year		-	**577,122**	**14,001,521**	**274,624**	**95,746**	**955,586**	**1,185,741**	**17,090,340**
As at 31 December 2023		-	**1,421,733**	**67,743,452**	**3,488,223**	**1,272,078**	**6,625,885**	**6,847,142**	**87,398,513**
Carrying value as at:									
- 31 December 2023		**15,941,352**	**50,437,258**	**113,090,618**	**1,098,494**	**861,714**	**8,381,333**	**3,241,879**	**193,052,648**
- 31 December 2022		15,891,352	6,193,089	141,901,929	1,373,118	957,460	4,307,893	3,782,620	174,407,461
Depreciation rates (%)			**1% - 1.13%**	**10% - 20%**	**20%**	**10%**	**20%**	**30%**	

4.1 Depreciation charge for the year has been allocated as follows:

	Note	2023 (Rupees)	2022 (Rupees)
Other program expenses	19.3	**13,756,321**	16,257,574
General and administration expenses	20	**2,563,551**	2,923,435
School expenditures	19.1	**770,468**	308,558
		17,090,340	19,489,567

4.2 Buildings include cost of two individual buildings located in Orangi, Karachi amounting to Rs. 8,000,000 and Rs. 8,200,000 purchased in financial year 2022. The Society is currently in possession of the buildings, however the administrative formalities related to the transfer of title are still pending. The management of the Society is hopeful to initiate and complete the process soon.

4.3 Leasehold land located at G-11/1 Islamabad measuring 177.78 square yards area is being amortized over the period of 88.45 years.

		Note	2023 (Rupees)	2022 (Rupees)
5	**INTANGIBLE ASSET**			
	Cost			
	As at January 01,		901,700	901,700
	Additions during the year		-	-
	As at December 31,		901,700	901,700
	Accumulated amortization			
	As at January 01,		812,680	790,425
	Charge for the year	20	17,804	22,255
	As at December 31,		830,484	812,680
	Written down value as at December 31,		71,216	89,020
	Amortization rate (%)		20%	20%

5.1 Intangible asset includes accounting and HR software

		Note	2023 (Rupees)	2022 (Rupees)
6	**RIGHT TO USE ASSET**			
	Balance at beginning of the year		5,040,490	9,559,627
	Additions during the year		2,838,467	-
	Depreciation charge to statement of income and expenditure		(3,876,700)	(4,519,137)
	Balance at end of the year		4,002,257	5,040,490
	Allocation of depreciation charge to income and expenditure			
	- General and administrative expenses		581,505	663,350
	- Program expenses		3,295,195	3,855,787
			3,876,700	4,519,137
7	**LONG TERM DEPOSITS AND PREPAYMENTS**			
	Security deposit		390,000	200,000
	Subscription fee		-	77,978
			390,000	277,978
8	**ADVANCES - unsecured**			
	Considered good			
	Advance to projects:			
	- Naz Old Boys Welfare Association (NOWA)		-	1,907,541
	Advances:			
	- to suppliers		203,653	314,732
	- other receivables		220,626	-
	- to program personnel	8.1	2,157,522	612,455
			2,581,801	927,187
			2,581,801	2,834,728

8.1 This represents advance to program and project personnel in project office for routine expenses.

		Note	2023 (Rupees)	2022 (Rupees)
9	**SHORT TERM DEPOSITS AND PREPAYMENTS**			
	Security deposits		276,500	688,500
	Prepaid subscription fee		77,978	233,933
	Prepaid insurance & rent		1,291,727	3,365,243
	Bid money	9.1	7,405,690	-
			9,051,895	4,287,676

9.1 This represents bid money paid for School Education and Literacy Department (SELD) project.

10 RESTRICTED FUND/GRANT / RECEIVABLE FROM DONORS

	Note	DIL USA	DIL UK	Ghazi Farooq	DIL Hong Kong	DIL Canada	Local Chapters	Total
		.... Rupees						
Balance as at December 31, 2023								
Restricted fund - opening balance		**54,207,194**	**-**	**6,056,162**	**3,562,286**	**-**	**97,180,007**	**161,005,649**
Receivable from donors - opening balance		**-**	**3,083,332**	**-**	**-**	**4,254,981**	**-**	**7,338,313**
Additions:								
Receipt during the year	10.1	**443,835,000**	**30,601,870**	**-**	**-**	**-**	**145,669,192**	**620,106,062**
Income allocated	10.3	**11,550,818**	**197,866**	**112,179**	**83,149**	**-**	**11,290,942**	**23,234,955**
Adjustment	10.4	**2,250,000**	**-**	**-**	**-**	**-**	**-**	**2,250,000**
		457,635,818	**30,799,736**	**112,179**	**83,149**	**-**	**156,960,134**	**645,591,017**
Utilization:								
Expense charged		**330,514,909**	**25,186,162**	**4,733,831**	**2,582,156**	**2,863,257**	**179,512,128**	**545,392,443**
Transfer to deferred capital grant		**33,743,927**	**1,019,600**	**-**	**-**	**-**	**972,000**	**35,735,527**
Re-measurement (loss) on employees' defined benefit plan		**19,628,674**	**-**	**-**	**-**	**-**	**-**	**19,628,674**
		383,887,510	**26,205,762**	**4,733,831**	**2,582,156**	**2,863,257**	**180,484,128**	**600,756,644**
Restricted fund - closing balance		**127,955,502**	**1,510,642**	**1,434,510**	**1,063,279**	**-**	**73,656,013**	**205,619,947**
Receivable from donors - closing balance		**-**	**-**	**-**	**-**	**7,118,238**	**-**	**7,118,238**
Balance as at December 31, 2022								
Restricted fund - opening balance		114,665,171	-	367,417	4,630,301	-	39,489,580	159,152,469
Receivable from donors - opening balance		-	6,796,381	-	-	9,148,382	-	15,944,763
Additions:								
Receipt during the year		340,847,211	23,841,529	9,332,800	1,086,850	7,900,000	185,188,149	568,196,539
Income allocated		9,100,719	425,963	581,004	521,314	-	4,829,675	15,458,675
		349,947,930	24,267,492	9,913,804	1,608,164	7,900,000	190,017,824	583,655,214
Utilization:								
Expense charged		280,723,221	20,554,443	4,225,059	2,676,179	3,006,599	132,327,397	443,512,898
Transfer to deferred capital grant		129,682,686	-	-	-	-	-	129,682,686
		410,405,907	20,554,443	4,225,059	2,676,179	3,006,599	132,327,397	573,195,584
Restricted fund - closing balance		54,207,194	-	6,056,162	3,562,286	-	97,180,007	161,005,649
Receivable from donors - closing balance		-	3,083,332	-	-	4,254,981	-	7,338,313

		Note	2023 (Rupees)	2022 (Rupees)
10.1	**Funds received during the year from:**			
	Related parties			
	Developments in Literacy USA		**443,835,000**	340,847,211
	Developments in Literacy Canada		**-**	17,232,800
	Developments in Literacy UK		**30,601,870**	23,841,529
	Developments in Literacy HK		**-**	1,086,850
	Local chapters/institutional donors			
	Various donors including zakat		**73,584,595**	117,818,743
	International Rescue Committee		**-**	12,468,738
	Target International		**5,530,920**	-
	UNESCO		**4,657,441**	927,993
	Punjab Education Fund	10.2	**-**	6,991,335
	Sindh Education Foundation	10.2	**60,058,800**	45,908,100
	Food Project Trust		**1,837,436**	1,073,240
			145,669,192	185,188,149
			620,106,062	568,196,539

10.2 This represent subsidy received from Sindh Education Foundation (SEF) and Punjab Education Fund (PEF) amounting to Rs. 60,058,800 (2022: Rs. 45,908,100) and Rs. Nil (2022: Rs. 6,991,335) respectively for management and administration of various school in accordance with MOUs signed with authorities.

		2023 (Rupees)	2022 (Rupees)
10.3	**Income from financial assets**		
	Interest income from bank accounts	**23,234,955**	15,458,675

10.4 This represents adjustment pertaining to tax expensed out in prior year but subsequently claimed in return.

11 INVENTORY

This represents tablets available at year end which are not yet transferred to schools.

		Note	2023 (Rupees)	2022 (Rupees)
12	**CASH AND BANK BALANCES**			
	Cash in hand		**68,785**	36,153
	Cash at bank in:			
	Saving accounts	12.1	**295,012,960**	193,682,916
	Current accounts		**14,978,945**	13,126,433
			310,060,690	206,845,502

12.1 These carry effective mark-up rate of per annum 17.46%-20.50% (2022: 9.9% per annum).

		Note	2023 (Rupees)	2022 (Rupees)
13	**DEFERRED CAPTIAL GRANT**			
	Opening balance		**174,496,481**	64,325,617
	Cost of property and equipment purchased during the year		**35,735,527**	129,682,686
	Deferred grant recognized as income during the year	4 & 5	**(17,108,144)**	(19,511,822)
			193,123,864	174,496,481

		2023 (Rupees)	2022 (Rupees)
14	**SCHOOL FEE INCOME**		
	School fees	**3,229,672**	5,518,996
	School running expenses	**2,304,902**	(3,571,812)
	School fees income - net	**924,770**	1,947,184

15 LEASE LIABILITY	Note	2023 (Rupees)	2022 (Rupees)
Balance at beginning of the year		**7,444,595**	12,707,532
Additions during the year		**2,838,467**	-
Interest expense		**681,303**	1,086,004
Payment during the year		**(5,996,632)**	(6,348,941)
As at December 31, 2023		**4,967,733**	7,444,595
Less: Current portion		**(701,460)**	(5,752,632)
		4,266,273	1,691,963

15.1 Lease liability is payable as follows:

December 31, 2023	**Minimum lease payments**	**Interest**	**Present value of minimum lease payments**
	Rupees		
Less than one year	**701,460**	**(1,007,150)**	**(305,690)**
Between two to five years	**3,692,797**	**(4,651,910)**	**(959,113)**
More than five years	**11,022,579**	**(4,790,044)**	**6,232,535**
	15,416,836	**(10,449,104)**	**4,967,732**

December 31, 2022	Minimum lease payments	Interest	Present value of minimum lease payments
	Rupees		
Less than one year	5,752,632	(512,906)	5,239,726
Between two to five years	1,083,504	(1,298,084)	(214,580)
More than five years	4,641,792	(2,222,343)	2,419,449
	11,477,928	(4,033,333)	7,444,595

15.2 Lease liabilities relates to land and buildings acquired under rental basis. Rented facilities includes Society's head office, khairpur office and school.

15.3 Finance cost allocation of charge to statement of income and expenditure	Note	2023 (Rupees)	2022 (Rupees)
- Program expenses		**579,108**	923,103
- General and administrative expenses		**102,195**	162,901
		681,303	1,086,004

16 DEFERRED LIABILITIES			
Defined benefit obligation			
- Gratuity	**16.1**	**89,148,223**	**54,535,878**

16.1 Gratuity

16.1.1 Change in present value of defined benefit obligation

Opening balance of liability		**54,535,878**	-
Current service cost	**16.1.2**	**8,119,731**	6,100,353
Past service cost	**16.1.2**	**-**	58,110,813
Interest cost on defined benefit obligation	**16.1.2**	**7,837,145**	-
Benefits due but not paid (payables)		**(973,205)**	(9,675,288)
Actuarial (gains)/loses from changes to financial assumptions		**6,791,918**	-
Experience adjustments		**12,836,756**	-
Closing balance of liability		**89,148,223**	54,535,878

16.1.2 Expenses charged to statement of income and expenditure	2023 (Rupees)	2022 (Rupees)
Current service cost	8,119,731	6,100,353
Past service cost	-	58,110,813
Interest cost on defined benefit obligation	7,837,145	-
	15,956,876	64,211,166

16.1.3 Total remeasurements chargeable in other comprehensive income

Actuarial (gains)/loses from changes to financial assumptions	6,791,918	6,100,353
Experience adjustments	12,836,756	-
	19,628,674	6,100,353

16.1.4 Actuarial assumptions	2023	2022
Discount rate used for interest cost	14.50%	N/A
Discount rate used for year end obligation	15.50%	14.50%
Salary increase used for year end obligation	N/A	N/A
Net salary increased at	01-Jan-24	01-Jan-23
Withdrawal rates	Age-based	Age-based
Retirement assumption	60	60
Mortality rates	SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year

16.1.5 Estimated expense to be charged in 2024	2023 (Rupees)	2022 (Rupees)
Current service cost	11,483,698	7,037,101
Interest cost on defined benefit obligation	12,969,390	7,375,624
	24,453,088	14,412,725

16.1.6 Sensitivity analysis

The sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied, as applied when calculating the gratuity liability recognized within the statement of financial position.

	Note	2023 (Rupees)	2022 (Rupees)
Discount rate + 100bps		82,674,960	50,552,902
Discount rate - 100bps		96,549,000	59,096,058
Salary increase + 100bps		96,598,442	59,175,848
Salary increase - 100bps		82,516,250	50,414,727

17	ACCRUED AND OTHER LIABILITIES	Note	2023 (Rupees)	2022 (Rupees)
	Payable to projects:			
	- IRC		**3,291,920**	3,066,443
	- NOWA		**2,514,179**	-
			5,806,099	3,066,443
	Accrued expenses		**1,469,804**	173,858
	Retention money payable		**1,649,802**	649,802
	Audit fee payable		**460,000**	350,000
	Withholding income tax payable		**3,611,065**	2,416,214
	Withholding sales tax payable		**2,601,580**	712,697
	EOBI payable		**24,774**	2,114
	Gratuity payable	**17.1**	**6,762,957**	9,675,288
	Other payables		**6,017,913**	164,149
	Teachers salary retention		**10,462,419**	-
			38,866,413	17,210,565

17.1 Gratuity payments have been deferred until the registration of the gratuity fund.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 The Deputy Commissioner Inland Revenue DCIR, passed the order for Tax year 2017 and raised the demand of Rs. 33,863,022 without considering the fact that withholding tax is deducted / collected and deposited in government treasury. The Society filed appeal to the Commissioner Inland Revenue CIR(A) where the matter is currently pending for adjudication. Based on advice of tax consultant, the Society is confident that there are reasonable grounds for favorable decision and accordingly no provision in this regard has been recognized in the financial statements.

18.2 Commitments

18.2.1 The Society is committed to contribute towards future expenditure of schools under Society's management and grants to Partner Organization.

		Note	2023 (Rupees)	2022 (Rupees)
19	**PROGRAM EXPENSES**			
	School expenditures	19.1	287,911,577	187,726,512
	Program expenses by Partner Organizations	19.2	17,971,595	16,607,625
	Other program expenses	19.3	209,107,321	224,648,007
			514,990,493	428,982,144
19.1	**School projects expenses**			
	Islamabad Capital Territory Schools	19.1.1	10,237,899	8,711,698
	Orangi Schools	19.1.2	95,302,512	70,554,478
	Kala Shah Kaku School	19.1.3	6,632,603	4,998,690
	Mansehra Community School Project	19.1.4	10,642,254	7,647,587
	Rawalpindi Rural School Program	19.1.5	54,015,341	45,414,075
	Punjab Education Foundation	19.1.6	-	8,399,361
	Federal Directorate of Education	19.1.7	54,965,101	15,731,172
	TEACH - International Rescue Committee	19.1.8	-	4,352,473
	Dir School Project	19.1.9	14,361,863	10,874,451
	UNESCO Project	19.1.10	4,725,639	724,718
	PSP School Project	19.1.11	10,679,854	6,548,493
	LHR Project	19.1.12	8,453,358	3,769,317
	Khairpur Project	19.1.13	9,001,170	-
	SELD Project	19.1.14	4,453,825	-
	SED Rawalpindi	19.1.15	4,425,958	-
	Foundation Assisted Schools	19.1.16	14,200	-
			287,911,577	187,726,512
19.1.1	**Islamabad Capital Territory Schools**			
	Salaries and other benefits		9,569,427	7,479,618
	Direct project expenses	19.1.16	127,400	446,813
	Library establishment		140,540	140,400
	Computer laboratory		239,541	161,634
	Others		160,991	483,233
			10,237,899	8,711,698
19.1.2	**Orangi Schools**			
	Salaries and other benefits		68,058,663	50,713,900
	Direct project expenses	19.1.16	25,196,487	11,917,865
	Library establishment		-	3,882,006
	Computer laboratory		-	2,231,890
	Others		2,047,362	1,808,817
			95,302,512	70,554,478
19.1.3	**Kala Shah Kaku School**			
	Salaries and other benefits		5,857,862	4,575,375
	Direct project expenses	19.1.16	706,314	249,259
	Library establishment		19,600	94,270
	Computer laboratory		34,610	75,286
	Others		14,217	4,500
			6,632,603	4,998,690
19.1.4	**Mansehra Community School Project**			
	Salaries and other benefits		8,687,673	6,537,547
	Direct project expenses	19.1.16	1,954,581	250,036
	Library establishment		-	442,790
	Computer laboratory		-	118,489
	Others		-	298,725
			10,642,254	7,647,587

	Note	2023 (Rupees)	2022 (Rupees)
19.1.5 Rawalpindi Rural School Program			
Salaries and other benefits		**41,160,814**	35,971,219
Direct project expenses	**19.1.16**	**7,932,807**	4,819,502
Library establishment		**1,870,585**	2,819,325
Computer laboratory		**1,659,346**	522,536
Others		**1,391,789**	1,281,493
		54,015,341	45,414,075
19.1.6 Punjab Education Foundation			
Salaries and other benefits		-	7,576,872
Direct project expenses	**19.1.16**	-	373,946
Computer laboratory		-	119,329
Others		-	329,214
		-	8,399,361
19.1.7 Federal Directorate of Education			
Salaries and other benefits		**37,266,674**	12,856,636
Others		**17,698,427**	2,874,536
		54,965,101	15,731,172
19.1.8 TEACH - International Rescue Committee			
Salaries and other benefits		-	1,932,000
Direct project expenses	**19.1.16**	-	22,429
Others		-	2,398,044
		-	4,352,473
19.1.9 Dir School Project			
Salaries and other benefits		**12,326,066**	9,211,014
Direct project expenses	**19.1.16**	**1,630,413**	1,479,022
Others		**405,384**	184,415
		14,361,863	10,874,451
19.1.10 UNESCO Project			
Salaries and other benefits		**3,900,173**	631,446
Direct project expenses		**825,466**	93,272
		4,725,639	724,718
19.1.11 PSP School Project			
Salaries and other benefits		**5,663,700**	1,205,548
Direct project expenses	**19.1.16**	**5,016,154**	5,342,945
		10,679,854	6,548,493
19.1.12 LHR Project			
Salaries and other benefits		**3,828,853**	1,890,623
Direct project expenses	**19.1.16**	**4,624,505**	1,878,694
		8,453,358	3,769,317
19.1.13 Khairpur Project			
Salaries and other benefits		**8,325,235**	-
Direct project expenses	**19.1.16**	**675,935**	-
		9,001,170	-
19.1.14 SELD Project			
Salaries and other benefits		**244,925**	-
Direct project expenses	**19.1.16**	**4,208,900**	-
		4,453,825	-

19.1.15 SED Rawalpindi	Note	2023 (Rupees)	2022 (Rupees)
Salaries and other benefits		**891,199**	-
Direct project expenses	19.1.16	**87,140**	-
Library establishment		**3,067,252**	-
Computer laboratory		**256,892**	-
Others		**123,475**	-
		4,425,958	-

19.1.16 Foundation Assisted Schools			
Direct project expenses		**14,200**	-
		14,200	-

19.1.16 These represent various expenses incurred on schools directly run by the Society. These include expenses incurred on account of maintenance of school buildings, books, note books, furniture, scholarships, one laptop per child campaign and other school running expenses.

19.2 Program expenses by Partner Organizations	Note	2023 (Rupees)	2022 (Rupees)
Indus Resource Centre		**13,366,158**	13,006,377
Naz Old Boys Welfare Association		**4,605,437**	3,601,248
	19.2.1	**17,971,595**	16,607,625

19.2.1 Breakup of program expenses by Partner Organizations:

	(Rupees)			
2023	**Management**	**Program**	**Operating**	**Total**
Indus Resource Centre	**-**	**8,599,269**	**4,766,889**	**13,366,158**
Naz Old Boys Welfare Association	**1,435,997**	**828,482**	**2,340,958**	**4,605,437**
	1,435,997	**9,427,751**	**7,107,847**	**17,971,595**
2022				
Indus Resource Centre	3,350,362	8,161,691	1,494,324	13,006,377
Naz Old Boys Welfare Association	1,046,262	1,775,579	779,407	3,601,248
	4,396,624	9,937,270	2,273,731	16,607,625

DEVELOPMENTS IN LITERACY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

		Note	2023 (Rupees)	2022 (Rupees)
19.3	**Other program expenses**			
	Salaries and other benefits		**78,141,279**	65,490,260
	Gratuity		**11,648,519**	62,554,495
	Staff health and life insurance		**2,329,495**	2,072,010
	Monitoring and evaluation expenses		**955,576**	855,127
	Curriculum development		**4,181,682**	5,107,390
	Training / capacity building		**10,254,580**	21,230,296
	Library establishment		**9,813,504**	3,820,474
	Computer laboratory		**4,950,981**	4,342,083
	Gateway		**28,975,103**	6,263,563
	Flood relief activities		**8,620,314**	14,241,729
	Technology enabled & active learning		**18,530,942**	7,706,863
	Office expenses		**5,156,298**	2,209,865
	Vehicle running expenses		**1,354,363**	500,500
	Travel and meetings expenses		**1,116,946**	1,071,264
	Office utilities		**2,211,914**	1,900,155
	Other insurance expenses		**263,424**	267,647
	Depreciation	4.1 & 6	**17,821,984**	20,421,919
	Bank charges		**2,486,353**	1,843,003
	Property tax expense		**-**	2,250,000
	Finance cost - on finance lease	15	**102,195**	162,901
	Miscellaneous		**191,868**	336,463
			209,107,321	224,648,007

		Note	2023 (Rupees)	2022 (Rupees)
20	**GENERAL AND ADMINISTRATION EXPENSES**			
	Salaries and other benefits		**28,781,063**	9,502,694
	Gratuity		**4,308,357**	9,076,712
	Staff health and life insurance		**964,086**	857,522
	Other insurance expenses		**109,021**	110,769
	Office utilities		**955,718**	821,014
	Printing and stationary		**7,563**	121,306
	Vehicle running expenses		**307,979**	113,813
	Communication and postage		**209,880**	143,588
	Office expenses		**1,034,548**	47,426
	Bank charges		**1,022,596**	757,997
	Audit fee		**460,000**	350,000
	Depreciation	5.1 & 6	**3,145,056**	3,586,785
	Amortization	5	**17,804**	22,255
	Legal and professional charges		**2,124,661**	955,023
	Software maintenance		**300,647**	193,090
	Travel and meeting expenses		**172,704**	165,641
	Finance cost - on finance lease	15	**579,108**	923,103
	Miscellaneous		**292,353**	509,019
			44,793,142	28,257,757

		Note	2023 (Rupees)	2022 (Rupees)
21	**FUNDRAISING EXPENSES**			
	Salaries		**1,565,478**	1,135,497
	Fundraising event expenses		**2,076,244**	6,596,506
			3,641,722	7,732,003

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22 FINANCIAL INSTRUMENTS

The Society has exposures to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

The Board of Trustees has overall responsibility for the establishment and oversight of the Society's risk management framework. The Board is also responsible for developing and monitoring the Society's risk management policies.

The Society's risk management policies are established to identify and analyze the risks faced by the Society, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Society's activities. The Society, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

22.1 Credit risk

Credit risk is the risk of financial loss to the Society if a counterparty to a financial instrument fails to meet its contractual obligations. The Society's credit risk is primarily attributable to deposits, short term investments and balances at banks. The Society believes that it is not exposed to major concentration of credit risk as the exposure is spread over a number of counter parties which are mainly banks with reasonable high credit ratings. The carrying amount of financial assets represents the maximum credit exposure at the reporting date as follows:

	2023 (Rupees)	2022 (Rupees)
Short term deposits	**276,500**	688,500
Receivable from donors	**7,118,238**	7,338,313
Bank balances	**309,991,905**	206,809,349
	317,386,643	214,836,162

Geographically there is no concentration of credit risk. As at the year end the Society's most significant financial asset represents amount placed with a Bank from whom Rs. 309.991 million (2022: Rs. 206.809 million) was receivable and receivable from donors who are international funding counterparts of the Society having intention to fund the education program in Pakistan. Based on past experience, the management believes that no impairment allowance is necessary in respect of its financial assets.

Cash is held only with reputable banks with high quality external credit rating assessed by external rating agencies. Following are the credit ratings of banks with which balances are held or credit lines available:

Bank	Rating Agency	Short term/ long term rating	2023 (Rupees)	2022 (Rupees)
Standard Chartered Bank Limited	PACRA	A-1+/AAA	-	10,615,512
Telenor Tameer Bank	PACRA	A-1/A	**2,863**	2,863
Habib Metropolitan Bank	PACRA	A-1+/AA+	**309,989,042**	196,190,974
			309,991,905	206,809,349

22.2 Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. The Society's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation. The Society uses different methods which assists it in monitoring cash flow requirements and optimizing its cash return on investments. Typically the Society ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities:

	Carrying amount	Within one year	Two to five years	Over five year
	---------------- (Rupees) ----------------			
- 2023				
Lease liabilities	4,967,733	(305,690)	(959,113)	6,232,535
Accrued and other liabilities	32,628,994	32,628,994	-	-
	37,596,727	32,323,304	(959,113)	6,232,535
- 2022				
Lease liabilities	7,444,595	5,239,726	(214,580)	2,419,449
Accrued and other liabilities	14,079,540	14,079,540	-	-
	21,524,135	19,319,266	(214,580)	2,419,449

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

22.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. All such activities are carried out with the approval of the Board. The Society is not significantly exposed to market risk.

a) Currency risk

The Society is not significantly exposed to currency risk.

b) Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure arises from investment and saving accounts with banks. The Society has no interest bearing financial liabilities. At the balance sheet date, the interest rate risk profile of the Society's interest bearing financial instruments is:

	Note	2023 (Rupees)	2022 (Rupees)
Saving bank accounts	12	**295,012,960**	193,682,916

Fair value sensitivity analysis for fixed rate instruments

The Society does not hold any fixed rate financial asset at fair value through profit and loss. Therefore a change in interest rate at reporting date would not affect income and expenditure account of the Society.

Fund management

The Board of Directors of the Society monitors the performance along with the fund required for the sustainable operations of the Society. There were no changes to the Society's approach to the fund management during the year. The Society is not subject to externally imposed fund requirements.

23 DETERMINATION OF FAIR VALUE

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	2023		2022	
	--------------------(Rupees)--------------------			
	Carrying value	**Fair value**	Carrying value	Fair value
Assets carried at amortized cost				
Long term deposit	**390,000**	**390,000**	200,000	200,000
Security deposits	**276,500**	**276,500**	688,500	688,500
Receivable from donors	**7,118,238**	**7,118,238**	7,338,313	7,338,313
Cash and cash equivalents	**310,060,690**	**310,060,690**	206,845,502	206,845,502
Liabilities carried at amortized cost				
Lease liability	**4,967,733**	**4,967,733**	7,444,595	7,444,595
Accrued and other liabilities	**38,866,413**	**38,866,413**	17,210,565	17,210,565

24 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Developments in Literacy USA, UK, Canada, all affiliates of the Developments in Literacy, trustees, key management personnel and entities over which the trustees are able to exercise significant influence. Transactions and balances with related parties other than already disclosed in these financial statements are as follows:

	Note	2023 (Rupees)	2022 (Rupees)
Remuneration of key management personnel		**21,494,800**	17,220,235
Funds received during the year from affiliates	10	**620,106,062**	568,196,539

25 GENERAL

- Figures have been rounded off to the nearest Pak Rupees unless otherwise stated.
- Comparative figures wherever necessary has been reclassified and rearranged for fair presentation.
- These financial statements were approved by the Board of Trustees of the Society in their meeting held on 19 SEP 2024

A.R. Hume

Trustee

Naveen Iqbal

Trustee