



KPMG Taseer Hadi & Co.  
Chartered Accountants  
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## **INDEPENDENT AUDITORS' REPORT**

**To the Board of Trustees of Trust for Democratic Education and Accountability**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Trust for Democratic Education and Accountability ("the Trust"), which comprise the statement of financial position as at 30 June 2022, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended, and notes, including significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standard 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code"), 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.

#### **Emphasis of matter - Registration of the Trust**

We draw attention to note 1.1 to the financial statements which explains that Economic Affairs Division (EAD), Government of Pakistan rejected applications of three projects of the Trust and the matter is under litigation. Further, the Trust's registration with EAD is in process. Our opinion is not modified in respect of this matter.



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#### **Emphasis of Matter - Comparative Information**

We draw attention to Note 28 to the financial statements which indicates that the comparative information presented as at 01 July 2020 and 30 June 2021 and for the year ended 30 June 2021 has been restated. Our opinion is not modified in respect of this matter.

#### **Responsibilities of Management and Board of Trustees for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Trustees is responsible for overseeing the Trust's financial reporting process.

#### **Auditors' 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 auditors' 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 statements.

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 material misstatement of the financial statements, 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 Trust's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Trust 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 the Board of Trustees 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.

**Other Matter relating to comparative information**

The financial statements of the Trust as at and for the year ended 30 June 2021, excluding the adjustments described in Note 28 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 07 January 2022.

As part of our audit of the financial statements as at and for the year ended 30 June 2022, we audited the adjustments described in Note 28 that were applied to restate the comparative information presented as at and for the year ended 30 June 2021 and the statement of financial position as at 01 July 2020. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 30 June 2021 or 30 June 2020 (not presented herein) or to the statement of financial position as at 01 July 2020, other than with respect to the adjustments described in Note 28 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 28 are appropriate and have been properly applied.

The engagement partner on the audit resulting in this independent auditors' report is  
Muhammad Ubbaid Ullah.

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Islamabad

Date: 10 February 2023

UDIN: AR202210240ncWTSwl8q



KPMG Taseer Hadi & Co.  
Chartered Accountants

## **Trust for Democratic Education and Accountability**

Financial Statements  
For the year ended 30 June 2022



TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022

		2022 Rupees	(Restated) 2021 Rupees
<b>ASSETS</b>	<b>Note</b>		
<b>NON CURRENT ASSETS</b>			
Property and equipment	6	8,588,134	17,133,949
Intangible asset	7	628,781	938,479
Right of use asset	8	26,779,820	37,491,749
		35,996,735	55,564,177
<b>CURRENT ASSETS</b>			
Advances	9	23,481,471	16,025,306
Security deposits		2,104,480	2,044,482
Other receivables	10	19,925,748	880,197
Advance Tax	11	514,480	1,455,457
Cash and bank balances	12	212,845,572	225,360,532
		258,871,751	245,765,974
<b>TOTAL ASSETS</b>		<b>294,868,486</b>	<b>301,330,151</b>
<b>RESERVES AND LIABILITIES</b>			
<b>RESERVES</b>			
Reserve for contingencies and assets	13	14,149,694	13,594,230
Restricted reserve fund	14	32,256,233	36,503,285
Accumulated surplus		2,934,857	2,934,857
		49,340,784	53,032,372
<b>NON CURRENT LIABILITIES</b>			
Deferred capital grant	15	5,904,042	14,016,200
Restricted grant	16	166,703,373	179,769,111
Lease liability	17	23,213,257	35,405,324
		195,820,672	229,190,635
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	37,514,963	15,949,867
Current portion of lease liability	17	12,192,067	3,157,276
<b>TOTAL RESERVES AND LIABILITIES</b>		<b>294,868,486</b>	<b>301,330,151</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	19		

The annexed notes, from 1 to 30, form an integral part of these financial statements.

*Mohammad Waseem*  
CHAIRPERSON

*D. Faraz*  
CHIEF EXECUTIVE OFFICER

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY  
STATEMENT OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 JUNE 2022

		2022	(Restated) 2021
	Note	Rupees	Rupees
<b>INCOME</b>			
Grant income	16.1	754,647,149	539,414,918
Amortization of deferred capital grant	15	5,698,078	12,453,305
Other income	20	65,584,460	49,068,909
		<b>825,929,687</b>	<b>600,937,132</b>
<b>EXPENDITURE</b>			
Projects' expenses	21	754,647,149	539,414,918
Administrative expenses	22	72,222,511	63,453,826
		<b>826,869,660</b>	<b>602,868,744</b>
Finance income		<b>1,091,691</b>	<b>1,290,357</b>
Surplus / (deficit) before tax		<b>151,718</b>	<b>(641,255)</b>
Taxation	23	<b>(3,843,306)</b>	<b>(4,112,410)</b>
Deficit for the year		<b>(3,691,588)</b>	<b>(4,753,665)</b>

The annexed notes, from 1 to 30, form an integral part of these financial statements.

*Mohamad Baseem*  
CHAIRPERSON

*2.12.22*  
CHIEF EXECUTIVE OFFICER




TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 30 JUNE 2022

		2022	(Restated) 2021
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>		
Surplus / (Deficit) before tax		151,718	(641,255)
<b>Adjustment for:</b>			
Depreciation on property and equipment	6	8,012,604	14,565,491
Depreciation on right of use asset	8	10,711,928	12,766,605
Amortization of intangible assets	7	309,698	344,341
Grant income	16	(754,647,149)	(539,414,918)
Amortization of deferred capital grant income	15	(5,698,078)	(12,453,305)
Property and equipment written off	6	3,865,356	-
Deferred capital grants written off	15	(5,495,069)	-
Gain on disposal of property and equipment	20	(258,048)	(3,625,533)
Interest on lease liability	17	4,189,068	3,824,160
Interest income on saving accounts	20	(1,091,691)	(1,290,357)
		<u>(740,101,381)</u>	<u>(525,283,515)</u>
Net cash used in operating activities before working capital changes		<u>(739,949,663)</u>	<u>(525,924,770)</u>
<b>Changes in working capital</b>			
Advances		(7,456,165)	(10,134,058)
Deposits and short-term prepayments		(59,998)	23,000
Other receivables		(599,697)	2,169,138
Trade and other payables		21,565,096	(9,169,914)
		<u>13,449,236</u>	<u>(17,111,834)</u>
Restricted grant received - net	16	726,216,545	569,360,768
Income taxes paid		(2,902,329)	(2,765,895)
<b>Net cash (used in) / generated from operating activities</b>		<u>(3,186,211)</u>	<u>23,558,269</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property and equipment	6	(3,415,527)	(12,959,421)
Additions to intangible assets		-	(1,082,777)
Proceeds from interest income on saving accounts		1,091,691	1,290,357
Proceeds from disposal of property and equipment		341,431	3,756,999
<b>Net cash used in investing activities</b>		<u>(1,982,405)</u>	<u>(8,994,842)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease rentals paid		(7,346,344)	(20,501,424)
<b>Net cash used in financing activities</b>		<u>(7,346,344)</u>	<u>(20,501,424)</u>
Net decrease in cash and cash equivalents		<u>(12,514,960)</u>	<u>(5,937,997)</u>
Cash and cash equivalents at the beginning of the year		225,360,532	231,298,529
Cash and cash equivalents at the end of the year	12	<u>212,845,572</u>	<u>225,360,532</u>

The annexed notes, from 1 to 30, form an integral part of these financial statements.

  
CHAIRPERSON

  
CHIEF EXECUTIVE OFFICER

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2022

	2022 Rupees	(Restated) 2021 Rupees
Deficit for the year	(3,691,588)	(4,753,665)
Other comprehensive income for the year	-	-
Total comprehensive income for the year - (loss)	<u>(3,691,588)</u>	<u>(4,753,665)</u>

The annexed notes, from 1 to 30, form an integral part of these financial statements.

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CHAIRPERSON

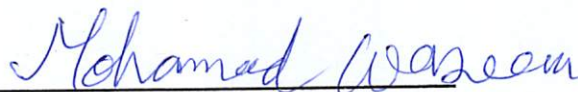
  
CHIEF EXECUTIVE OFFICER



TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY  
STATEMENT OF CHANGES IN FUNDS  
FOR THE YEAR ENDED 30 JUNE 2022

	RESTRICTED Reserve for contingencies and assets Rupees	Restricted reserve fund Rupees	UNRESTRICTED Accumulated surplus Rupees	Total Rupees
Balance at 01 July 2020 - as previously stated	13,888,470	45,944,220	2,934,857	62,767,547
Effect of restatement - refer note 28.2	-	(4,981,510)	-	(4,981,510)
Balance at 01 July 2020 - restated		40,962,710		57,786,037
Deficit for the year	-	-	(1,830,515)	(1,830,515)
Transfers	(294,240)	(4,459,425)	1,830,515	(2,923,150)
Other comprehensive income for the year	-	-	-	-
	(294,240)	(4,459,425)	-	(4,753,665)
Balance at 30 June 2021 - as restated	13,594,230	36,503,285	2,934,857	53,032,372
Balance at 01 July 2021 - as previously stated	13,594,230	44,407,945	2,934,857	60,937,032
Effect of restatement - refer note 28.2	-	(7,904,660)	-	(7,904,660)
Balance at 01 July 2021 - restated	13,594,230	36,503,285	2,934,857	53,032,372
Deficit for the year	-	-	(3,691,588)	(3,691,588)
Transfers	555,464	(4,247,052)	3,691,588	-
Other comprehensive income for the year	-	-	-	-
	555,464	(4,247,052)	-	(3,691,588)
Balance at 30 June 2022	14,149,694	32,256,233	2,934,857	49,340,784

The annexed notes, from 1 to 30, form an integral part of these financial statements.

  
CHAIRPERSON

  
CHIEF EXECUTIVE OFFICER

**TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**1 LEGAL STATUS AND OPERATIONS**

The Trust for Democratic Education and Accountability ("Trust") was established in October 2008 under the Trust Act, 1882, after a spin-off of the Free and Fair Election Network (FAFEN). The Trustees of Trust consult the General Council comprising representatives of all FAFEN member organizations on programmatic matters. Trust is situated at House No. 40, Orchard Scheme, Orchard Road (off Murree Road), Margalla Town, Islamabad.

The objectives of Trust are as follows:

- to educate people of all ages, gender, race, ethnicity, creed and religion about their democratic rights and responsibilities;
- to engage people and civil society groups in carrying out democratic accountabilities such as election observation, oversight of legislatures, government oversight and any other such activities as may be decided by the Board;
- to undertake research and bring out periodic print and online publication in areas it deems fit in order to inform its work and for education of public; and
- to build capacity of civil society organizations and their networks working for the advancement of democratic awareness, education and participation of general public.

**1.1 Registration With Economic Affairs Division, Government of Pakistan**

The Trust submitted initial application for the registration and signing of Memorandum of Understanding (MoU) with EAD on 30 April 2018 and filed separate applications for all of its foreign funded projects on various dates in 2020 and 2021, however, as of the year ended 30 June 2022, no MOU has been signed with the EAD.

Moreover, on 02 August 2021 EAD rejected applications of three projects. Being aggrieved with the decision of EAD, the Trust filed an appeal with the review committee of EAD. At the same time the Trust filed a writ petition in Islamabad High Court against the decision of EAD. The High Court has admitted the petition and provided stay order against the decision of EAD. No next date of hearing has been fixed so far. Management, based on opinion of legal advisor, is confident that they have a strong and arguable stance and there is no likelihood that there will be any unfavorable outcome against Trust which may result in a financial liability on the Trust. Further, based on the financial projections, management believes that the Trust has sufficient financial resources to utilize for non-program related expenses for next twelve months. Therefore, the aforesaid matter does not cast any material uncertainty about the Trust's ability to continue as a going concern and the management is confident that MoU will be signed to continue its operations in Pakistan for a foreseeable future. This is also supported by the fact that the Trust has been able to receive foreign contributions without any hindrance for all of its foreign funded projects including those projects rejected by EAD. However, significant judgment is involved with respect to receipt of continuous foreign contributions without any interruption by competent authorities. Based on these circumstances these financial statements have been prepared on going concern basis.

**1.2 Registration under Islamabad Capital Territory Trust Act, 2020**

On 24 August 2020, Government of Pakistan enacted Islamabad Capital Territory Trust Act, 2020 (the New Act) which repealed the Trust Act, 1882. As per section 1(2) of the New Act, it shall extend to the Islamabad Capital Territory. Section 112 (2) of the New Act states that all the trusts previously registered under the Trust Act, 1882 must now be registered under the new Act within a period of six months. However, the Trust remains unregistered under the 2020 Act as at year end.

Trust is registered under the Trust Act, 1882 and is required to be registered under New Act. Sub-sections (1) and (2) of section 13 of the New Act require to provide information for registration in a manner "prescribed". Section 109 of the New Act further explains that subject to the approval of the Federal Government, the Chief Commissioner of Islamabad Capital Territory shall make rules to carry out the purposes of this Act within a period not later than the sixty days from the date of enactment of this Act.

Aforementioned rules have not been promulgated yet and in absence of the Rules, registration process cannot be initiated. Nonetheless, subsequent to the year end, the Trust has filed an application with Directorate of Labour for registration under the 2020 Act, on 12 December 2022. Management, based on legal opinion, understands that till the time application for registration under the New Act is processed by the Competent Authority, the Trust's registration under the 1882 Act stands valid and there is no further obligation on part of the Trust.

*Handwritten signature/initials in blue ink.*

**TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**2 STATEMENT OF COMPLIANCE**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan.

**2.1 Standards issued but not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2022:

**Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)** effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfil the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application

The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

- **Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)** effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items by applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- **Reference to the Conceptual Framework (Amendments to IFRS 3)** - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

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**TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Trust's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Trust develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Trust applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are not likely to have an impact on the Trust's financial statements.

### **3 BASIS OF PREPARATION**

#### **3.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for lease liability which is initially measured at present value.

#### **3.2 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which Trust operates. These financial statements are presented in Pakistan Rupees which is the functional and presentation currency of Trust.

*KPMGTH*

**TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**4 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying Trust's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including the expectation of future events that are believed to be reasonable under the circumstances. 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

1. Useful lives of assets, residual value and methods of depreciation and amortization - note 5.1 and 5.2
2. Taxation - note 5.6
3. Provisions - note 5.7
4. Right of use asset and corresponding lease liability - note 5.1.1 and 5.15.
5. Employee benefits - note 5.10
6. Contingent liabilities - note 5.16 and note 19

**5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**5.1 Property and equipment**

**5.1.1 Owned:**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost in relation to fixed assets comprises of acquisition and other directly attributable costs.

Depreciation is charged on reducing balance basis at rates specified in note 6 to the financial statements so as to write off the cost of Property and equipment over their estimated useful lives. Full month's depreciation is charged in the month of purchase while no depreciation is charged in the month of disposal.

Subsequent costs are included in the assets carrying amount when it is probable that future economic benefits associated with the item will flow to Trust and the cost of the item can be measured reliably.

Carrying amount of the replaced part is derecognized. All other repair and maintenance expenses are charged to income and expenditure account during the year.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amounts of property and equipment and are recognized within other income in the income and expenditure account.

**5.1.2 Right of use asset**

The Trust assesses whether a contract is, or contains a lease at inception of the contract. The Trust recognizes a right of use asset and a 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. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

**5.2 Intangible asset**

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to Trust and that the cost of such an asset can be measured reliably. These are stated at cost less accumulated amortization and impairment losses, if any.

Intangible assets comprise of computer software. Intangible assets are amortized on a reducing balance basis over their estimated useful lives at the rate specified in note 7 to the financial statements.

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**5.3 Foreign currency translation and transactions**

Transactions in foreign currencies are translated into the respective functional currency of the Trust at the exchange rates at the dates of the transactions.

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rate of exchange ruling on the date of statement of financial position and exchange differences, if any, are charged to income and expenditure account for the year.

**5.4 Impairment of non-financial assets**

The assets that are subject to depreciation or amortization are assessed at each reporting date to determine whether there is any indication that the assets are impaired. If there is an indication of possible impairment, the recoverable amount of the asset is estimated and compared with its carrying amount.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. The impairment loss is recognized in the statement of income and expenditure, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An impairment loss is reversed only to the extent that the asset 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. The Trust recognizes the reversal immediately in the statement income and expenditures, unless the asset is carried at a revalued amount in accordance with the revaluation model. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

**5.5 Grant**

**(a) Restricted grants**

Grants received for specific purposes are classified as restricted grants. Such grants are transferred to the income and expenditure account as grant income, to the extent of actual expenditure incurred there against. Expenditure incurred against committed grants but which are yet to be received, is accrued and recognized in income and reflected as a grant receivable, only if the conditions of agreement are met. The unspent portion of such grants are reflected as restricted grants in the statement of financial position.

**(b) Unrestricted grants**

Unconditional grants are recognized as income upon receipt.

**(c) Deferred capital grants**

**i) Grants related to assets**

Monetary grants received for capital expenditure, are accounted for as deferred capital grants. Amounts equal to the annual charge for depreciation and amortization on assets so acquired, are recognized as income in the income and expenditure account.

**ii) Non-monetary grants**

Donations received in the form of non-monetary assets are recognized at fair value and included in the income and expenditure account, when the related conditions are fulfilled.

**5.6 Taxation**

Provision for current income tax is calculated on the basis of the prevailing income tax laws.

Trust has obtained the status of a "nonprofit organization" under section 2(36) of the Income Tax Ordinance, 2001. As per section 100 C of the Ordinance, the Trust being a non-profit organization, is eligible to obtain a tax credit equal to one hundred percent of the tax payable against any income arising from its activities, upon the fulfilment of certain conditions.

**5.7 Provisions**

Provisions are recognized when Trust has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required to settle such obligations and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

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**5.8 Reserves for contingencies and assets**

Reserves for contingencies and assets is established to ensure long term sustainability of Trust, and it is funded by income from membership fees, donations, profit on relevant deposit accounts, and the return on investments, if any. The fund is utilized for acquisition of assets for the Trust, capacity building of FAFEN Member organizations, and shortfalls in restricted reserves up to 20% of reserve (excluding interest and investment income).

**5.9 Restricted reserve fund**

The Restricted reserve fund is established to ensure sustainability of Trust operational activities and it is funded by management fees, the related profit on the restricted reserve fund's deposit accounts, net receipts from fixed price contracts, and cost recovery from projects through implementing office cost and administrative cost. The fund is utilized for operational expenses (non-recoverable) not chargeable to any donor, bridge financing of operational expenses (recoverable), tax expenses and disallowances and logistical expenses of the Board of Trustees/Executive Council meetings.

**5.10 Employee benefits**

**5.10.1 Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Trust has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

**5.10.2 Provident Fund**

The Trust maintains a funded contributory provident fund for all regular eligible employees. The employees contribute a monthly amount at the rate of 4.17% of their gross salary. Trust's corresponding contributions also at the same rates and is charged to the income and expenditure account.

Obligation for contributions to plan is recognized as an employee benefit expense in statement of income and expenditure when they are due.

**5.11 Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flow comprise of cash in hand and at banks.

**5.12 Financial instruments**

The Trust initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

**5.12.1 Financial assets**

**Classification**

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit or loss (FVTPL)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Trust's business model for managing them.

**Financial instruments**

**(a) Amortized cost**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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**(b) Fair value through other comprehensive income (FVOCI)**

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(c) Fair value through profit or loss (FVTPL)**

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

**Subsequent measurement**

**- Financial assets at amortized cost**

Measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of income and expenditure. Any gain or loss on de-recognition is recognized in statement of income and expenditure. The Trust's financial assets at amortized cost include other receivables and bank balances.

**- Financial assets at FVTPL**

Measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. The Trust does not have any financial asset at fair value through profit or loss.

**- Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in income and expenditure. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to statement of income and expenditure.

**- Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss. The Trust does not have any investment in equity instrument.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Trust's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

**5.12.2 Impairment of financial asset**

The Trust recognizes loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost and FVOCI at an amount equal to life time ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded.

For trade debts (if any) the Trust applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected allowance. The Trust uses General 3-stage approach for other financial assets i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

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Loss allowance for trade receivables (if any) are always measured at an amount equal to life time ECLs.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Trust expects to receive).

The gross carrying amount of a financial asset is written off when the Trust has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

**5.12.3 Financial liabilities**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of income and expenditure. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of income and expenditure. Any gain or loss on de-recognition is also included in statement of income and expenditure. The Trust's financial liabilities include accrued liabilities, accounts payable, lease liability and payable to implementing partners.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of income and expenditure.

**5.12.4 Off-setting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Trust currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**5.13 Income recognition**

**Grants and donations**

Grants and donations are recognized as income as and when received and when the related conditions are fulfilled.

**Membership and management fees**

Membership fees are recognized when they become due, while management fees are recognized as and when the related conditions are fulfilled.

**Administration fees**

Trust recognizes administration fees, if any, on a receipt basis.

**Interest income on bank deposits and investments**

Interest on bank deposits and investments is recognized using the effective interest rate method.

**5.14 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either;

- in the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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The principal or the most advantageous market must be accessible by the Trust. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Trust uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Trust determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Trust's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External valuers may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Trust determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The Trust does not have such financial assets which are required to be classified in above given hierarchies.

**5.15 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 Trust's incremental borrowing rate. Generally, the Trust uses incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following:

- (i) fixed payments, including in-substance fixed payments;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at
- (iii) amounts expected to be payable under a residual value guarantee; and
- (iv) the exercise price under a purchase option that the Trust is reasonably certain to exercise, lease payments in an optional renewal period if the Trust is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Trust 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, if there is a change in the Trust's estimate of the amount expected to be payable under a residual value guarantee, or if the Trust 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 statement of income and expenditure if the carrying amount of the right of use asset has been reduced to zero.

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Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs. The Trust has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve (12) months or less. The payments associated with such leases are recognized in statement of income and expenditure when incurred.

**5.16 Contingent assets and liabilities**

(i) Contingent assets are disclosed when the Trust has a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. Contingent assets are not recognized until their realization becomes virtually certain.

(ii) A contingent liability is disclosed when the Trust has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Trust; or the Trust has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

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6 Property and equipment

	Cost					Accumulated Depreciation			Net Book Value	
	Balance at 01 July	Additions (Note 6.4)	Disposals	Balance at 30 June	Rate per annum	Balance at 01 July	Charge for the year	Disposals	Balance at 30 June	Balance at 30 June
	Rupees				%	Rupees			Rupees	
<b>2022</b>										
Lease hold improvements	7,865,355	-	(3,232,023)	4,633,332	35	6,577,354	401,966	(2,911,108)	4,068,211	565,120
Furniture and fixtures	4,004,594	131	(1,751,354)	2,253,371	45	3,020,394	351,179	(1,549,526)	1,822,048	431,323
Office equipment	9,629,100	238,803	(3,988,567)	5,879,337	45	7,858,520	577,281	(3,295,523)	5,140,278	739,059
Computer equipment	28,025,774	3,081,030	(8,119,486)	22,987,318	65	23,120,815	3,908,642	(7,645,708)	19,383,749	3,603,569
Mobile phones	601,700	95,560	(321,700)	375,560	75	251,044	194,255	(166,344)	278,955	96,605
Vehicles	17,830,029	3	(6,267,204)	11,562,828	45	9,994,476	2,579,280	(4,163,386)	8,410,370	3,152,458
	<u>67,956,552</u>	<u>3,415,527</u>	<u>(23,680,334)</u>	<u>47,691,746</u>		<u>50,822,603</u>	<u>8,012,604</u>	<u>(19,731,596)</u>	<u>39,103,610</u>	<u>8,588,134</u>
<b>2021</b>										
Lease hold improvements	7,865,355	-	-	7,865,355	35	5,883,815	693,539	-	6,577,354	1,288,001
Furniture and fixtures	3,757,554	247,040	-	4,004,594	45	2,288,379	732,015	-	3,020,394	984,200
Office equipment	8,465,249	1,163,851	-	9,629,100	45	6,671,493	1,187,027	-	7,858,520	1,770,580
Computer equipment	22,409,966	5,615,808	-	28,025,774	65	15,809,923	7,310,892	-	23,120,815	4,904,959
Mobile phones	321,700	280,000	-	601,700	75	89,826	161,218	-	251,044	350,656
Vehicles	14,547,911	5,652,722	(2,370,604)	17,830,029	45	7,752,813	4,480,800	(2,239,137)	9,994,476	7,835,553
	<u>57,367,735</u>	<u>12,959,421</u>	<u>(2,370,604)</u>	<u>67,956,552</u>		<u>38,496,249</u>	<u>14,565,491</u>	<u>(2,239,137)</u>	<u>50,822,603</u>	<u>17,133,949</u>

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6.1 Depreciation charge has been allocated as follows:

	Note	2022 Rupees	2021 Rupees
Projects' expenses	21	427,374	300,194
Administrative expenses	6.2 & 22	7,585,230	14,265,298
		<u>8,012,604</u>	<u>14,565,492</u>

6.2 This depreciation charge includes:

Depreciation on owned property and equipment	14	2,195,859	2,154,855
Deferred capital grant	15	5,389,371	12,110,443
		<u>7,585,230</u>	<u>14,265,298</u>

6.3 Property and equipment include the cost of assets amounting to Rs 35,965,649 (2021: Rs 53,591,175) having a net book value of Rs 5,903,851 (2021: Rs 11,404,201) purchased from the deferred capital grants received from the United States Agency for International Development (USAID), the European Union (EU), Royal Netherland Embassy (RNE), The Asia Foundation (TAF), Global Affairs Canada (GAC), United States Bureau of Democracy, Human Rights, and Labor (DRL), Federal Republic of Germany- Foreign Office, Foreign, Commonwealth and Development Office (FCDO) and the United Nation Development Programme (UNDP). Upon completion of relevant projects, these assets will be disposed off/ transferred as per the instructions of the donors.

6.4 Additions to furniture fixtures and vehicles includes contributed assets that have been transferred from donor and recorded at nominal value of Rs 1.

7 INTANGIBLE ASSETS	Cost				Rate per annum %	Accumulated Amortization			Net Book Value	
	Balance at 01 July	Additions	Disposals	Balance at 30 June		Balance at 01 July	Charge for the year	Disposals	Balance at 30 June	Balance at 30 June
	Rupees					Rupees			Rupees	
2022										
Computer software	1,597,369	-	-	1,597,369	33	658,890	309,698	-	968,588	628,781
2021										
Computer software	514,592	1,082,777	-	1,597,369	33	314,549	344,341	-	658,890	938,479

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7.1 Amortization charge has been allocated as follows:

	Note	2022 Rupees	2021 Rupees
Restricted reserve fund	14	991	1,479
Deferred capital grant	15	308,707	342,862
		<u>309,698</u>	<u>344,341</u>

**8 RIGHT OF USE ASSET**

(Restated)

**Cost**

Balance at 01 July	59,600,497	61,426,877
Effect of restatement - note 28	-	(1,826,380)
Balance at 30 June	<u>59,600,497</u>	<u>59,600,497</u>

**Accumulated depreciation**

Balance at 01 July	22,108,749	11,168,523
Charge for the year	10,711,928	11,168,523
Effect of restatement - note 28	-	(228,297)
Balance at 30 June	<u>32,820,677</u>	<u>22,108,749</u>

Carrying amount	<u>26,779,820</u>	<u>37,491,749</u>
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Useful life (years)	<u>5.5</u>	<u>5.5</u>
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Depreciation charge has been allocated as follows:

Projects' expenses	21	7,541,013	7,405,808
Administrative expenses	22	3,170,915	3,534,417
		<u>10,711,928</u>	<u>10,940,226</u>

**9 ADVANCES**

Advances to employees	3,140,692	2,558,912
Advance to vendors	5,038,800	-
Advances to implementing partners	15,301,979	13,466,394
	<u>23,481,471</u>	<u>16,025,306</u>

**10 OTHER RECEIVABLES**

(Restated)

Receivable from donors	16	18,445,854	-
Membership fees receivable		80,000	200,000
Others		1,399,894	680,197
		<u>19,925,748</u>	<u>880,197</u>

**11 ADVANCE TAX**

Advance income tax	1,455,457	2,801,972
Provision for the year	(940,977)	(1,346,515)
Advance income tax	<u>514,480</u>	<u>1,455,457</u>

**12 CASH AND BANK BALANCES**

Cash in hand		1,377	8,139
Cash at bank			
- Savings accounts	12.1	210,858,491	219,026,217
- Current accounts		1,985,704	6,326,176
		<u>212,844,195</u>	<u>225,352,393</u>
		<u>212,845,572</u>	<u>225,360,532</u>

12.1 These carry interest at rates ranging from 3.75% to 9% (2021: 4% to 5%) per annum.

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		2022 Rupees	2021 Rupees
<b>13 RESERVE FOR CONTINGENCIES AND ASSETS</b>	<b>Note</b>		
Opening balance		13,594,230	13,888,470
Transferred to / (form) reserve for contingencies and asset			
Income			
Membership fees		200,000	200,000
Interest income on saving accounts		147,416	75,751
Gain on disposal of property and equipment		258,048	-
Expenses			
Membership fees		-	(569,991)
General expenses		(50,000)	-
		555,464	(294,240)
Closing balance		14,149,694	13,594,230
<b>14 RESTRICTED RESERVE FUND</b>			(Restated)
Opening balance		41,484,795	45,944,220
Transferred to / (from) restricted reserve fund during the year			
Income			
Interest income on saving accounts		944,275	1,214,606
Administrative fees		57,879,844	36,119,739
Management fees	20	-	9,066,294
Others		7,246,568	3,682,876
Expenses			
Administrative expenses	22	(64,277,583)	(48,274,196)
Tax expense for the year		(3,843,306)	(4,112,410)
Depreciation on owned property and equipment	6.2	(2,195,859)	(2,154,855)
Amortization on owned intangible assets	7.1	(991)	(1,479)
		(4,247,052)	(4,459,425)
Closing balance		37,237,743	41,484,795
<b>15 DEFERRED CAPITAL GRANTS</b>			
Opening balance		14,016,200	18,712,051
Assets purchased from restricted grants	16	3,080,988	7,757,454
Addition to deferred capital grants		192	-
Deferred capital grants written off		(5,495,261)	-
Depreciation on property and equipment	6.2	(5,389,371)	(12,110,443)
Amortization of intangible assets	7.1	(308,707)	(342,862)
		(5,698,078)	(12,453,305)
Closing balance		5,904,042	14,016,200

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FOR THE YEAR ENDED 30 JUNE 2022

16 RESTRICTED GRANT

Project	Donor	Opening balance			Grant received during the year	Interest income on saving accounts	Exchange gain	Amount returned to the donor	Project expenses (note 16.1)	Transferred to deferred capital grant	Closing balance	
		Restricted grant	Receivable from donor	Unspent balance payable to donor							Restricted grant	(Receivable) from donor

Rupees

2022

Promoting the Human Rights and Electoral Participation of People with Disabilities (PWDs), Transgender People, and Women in Pakistan (Grant no. SLMAQM17GR1167)

DRL

2,539,600

-

-

97,129,781

1,263,204

-

-

(92,410,314)

-

8,522,271

-

Local Action for Democratic and Inclusive Response to COVID-19 (Grant no. 204604-110)

FCDO

9,482,720

-

-

-

(77,042)

-

(9,405,678)

-

-

-

Women's Enjoyment of Rights, Empowerment and Leadership (Project no. P006189)

GAC

123,718,662

-

-

172,329,687

8,490,602

-

-

(173,180,304)

-

131,358,647

-

State of Governance in Pakistan (Grant no. ISLM/DAP-2019-20/07)

AUSAID

6,027,628

-

-

-

-

(2,488,502)

-

3,539,126

-

Electoral Quality and Inclusiveness in Pakistan (Grant no. SLMAQM20GR2222)

DRL

4,493,149

-

-

140,079,823

1,005,753

-

-

(128,232,905)

-

17,345,820

-

Election Tech Forum Project – Technology for Efficient and Effective Elections (Grant no.2020-08426)

NED

1,568,557

-

-

3,451,262

71,080

-

-

(3,117,403)

-

1,973,496

-

Enhancing Women's Workers Access to Market (Grant no.4000002828)

RNE

31,938,794

-

-

49,896,903

1,500,130

-

-

(87,494,952)

-

-

(4,159,125)

Enhancing Womens Political and Electoral Participation (EWPEP)

Federal Republic of Germany

-

-

-

51,206,807

330,283

-

-

(55,566,192)

(2,333,340)

-

(6,362,442)

Strengthening Media Freedom And Civic Space In Pakistan

FCDO

-

-

-

191,320,578

1,178,736

-

-

(200,423,601)

-

-

(7,924,287)

Rights and Advancement for Marginalized Populations (RAMP)-SLMAQM21GR3234

DRL

-

-

-

16,424,177

20,460

-

-

(11,732,976)

(747,648)

3,964,013

-

179,769,111

-

-

721,839,018

13,783,205

-

(9,405,678)

(754,647,149)

(3,080,988)

166,703,373

(18,445,854)

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TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022

Project	Donor	Opening balance			Grant received during the year	Interest income on saving accounts	Exchange gain	Amount returned to the donor	Project expenses	Transferred to deferred capital grant	Closing balance	
		Rostricted grant	Receivable from donor	Unspent balance payable to donor							Restricted grant	(Receivable) from donor
Rupees												
2021												
Advocacy and Legal Aid for Religious Minorities (grant no. EIDHR/2017/389-294)	EU	15,641,097	-	-	-	-	-	(5,785,525)	(9,855,571)	-	-	-
Community Leadership Development Programme for Sindh & Khyber Pakhtunkhwa (Grant no. PAK1704-2Y1)	Trocaire	53,299	-	(53,299)	-	-	-	-	-	-	-	-
Women CNIC and Voter Registration Project/Strengthening Electoral and Legislative Processes	UNDP	30,694,629	-	-	8,068,199	832,328	-	(29,888,871)	(9,706,285)	-	-	-
Citizens' Voice Project (Grant no. AID-391-C-11-00001)	USAID	-	(762,395)	-	762,395	-	-	-	-	-	-	-
Promoting the Human Rights and Electoral Participation of People with Disabilities (PWDs), Transgender People, and Women in Pakistan (Grant no. SLMAQM17GR1167)	DRL	7,651,611	-	-	38,251,339	829,378	-	-	(41,862,836)	(2,329,892)	2,539,600	-
Local Action for Democratic and Inclusive Response to COVID-19 (Grant no. 204604-110)	FCDO	-	-	-	127,145,413	928,073	-	-	(116,051,865)	(2,538,900)	9,482,720	-
Ambassador's Fund Grants Program (Grant no. AID-391-C-17-00006)	USAID	1,003,929	(14,670,785)	-	51,377,109	95,243	18,473	(955,802)	(36,868,167)	-	-	-
Women's Enjoyment of Rights, Empowerment and Leadership (Project no. P006189)	GAC	104,684,786	-	-	154,535,463	5,809,618	-	-	(141,291,204)	-	123,718,662	-
Promoting Decent Work in Pakistan's Brick Kiln Project (Grant no.S-LMAQM-18-GR-2246)	SC	2,665,040	-	-	54,971,815	-	441,027	-	(56,734,152)	(1,343,729)	1	-
State of Governance in Pakistan (Grant no. ISLM/DAP-2019-20/07)	AUSAID	6,550,200	-	-	-	-	-	-	(522,572)	-	6,027,628	-
Electoral Quality and Inclusiveness in Pakistan (Grant no. SLMAQM20GR2222)	DRL	-	-	-	58,841,300	456,636	-	-	(53,259,855)	(1,544,933)	4,493,149	-
Election Tech Forum Project – Technology for Efficient and Effective Elections (Grant no.2020-08426)	NED	-	-	-	4,800,669	196,847	-	-	(3,428,959)	-	1,568,557	-
Enhancing Women's Workers Access to Market (Grant no.4000002828)	RNE	4,089,305	-	-	96,285,179	1,397,762	-	-	(69,833,452)	-	31,938,794	-
		173,013,896	(15,433,180)	(53,299)	595,038,881	10,545,884	459,500	(36,830,198)	(539,414,918)	(7,757,454)	179,769,111	-

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**TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

		(Restated)
	2022	2021
	Rupees	Rupees
<b>17 LEASE LIABILITY</b>		
Balance at 01 July	38,562,600	55,239,864
Effect of restatement	-	(1,826,380)
Balance at 01 July - restated	38,562,600	53,413,484
Interest expense	4,189,068	5,650,540
Lease payments	(7,346,344)	(20,501,424)
Balance at 30 June	35,405,324	38,562,600
Current portion of lease liabilities	(12,192,067)	(3,157,276)
Non current portion of lease liabilities	23,213,257	35,405,324

**17.1 Maturity Analysis**

The undiscounted maturity analysis of lease liabilities is as follows:

Within one year	15,243,664	7,346,344
Between 2 and 5 years	24,876,557	40,120,221
Total undiscounted lease commitments	40,120,221	47,466,565

**18 TRADE AND OTHER PAYABLES**

Accrued liabilities	99,228	189,994
Accounts payable	16,661,374	11,291,654
Payable to implementing partners	20,131,511	4,174,184
Withholding tax payable	622,850	294,035
	37,514,963	15,949,867

**19 CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments at the current and prior year end.

**20 OTHER INCOME**

Income from assets other than financial assets  
Management fees from donor  
Gain on disposal of property and equipment  
Other Income  
Administration fees from implementing partners  
Membership fees

	2022	2021
	Rupees	Rupees
	-	9,066,294
	258,048	3,682,876
	7,246,568	-
	57,879,844	36,119,739
	200,000	200,000
	65,584,460	49,068,909

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**TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

21	PROJECTS' EXPENSES	Note	2022 Rupees	2021 Rupees
	Promoting the Human Rights and Electoral Participation of People with Disabilities (PWDs), Transgender People, and Women in Pakistan (Grant no. SLMAQM17GR1167)	21.1	92,410,314	41,862,836
	Women's Enjoyment of Rights, Empowerment and Leadership (Project no. P006189)	21.2	173,180,304	141,291,204
	Enhancing Women's Workers Access to Market (Grant no.4000002828)	21.3	87,494,952	69,833,452
	Electoral Quality and Inclusiveness in Pakistan (Grant no. SLMAQM20GR2222)	21.4	128,232,905	53,259,855
	Election Tech Forum Project – Technology for Efficient and Effective Elections (Grant no.2020-08426)	21.5	3,117,403	3,428,959
	State of Governance in Pakistan (Grant no. ISLM/DAP-2019-20/07)	21.6	2,488,502	522,572
	Strengthening Media Freedom And Civic Space In Pakistan	21.7	200,423,601	-
	Enhancing Womens Political and Electoral Participation (EWPEP)	21.8	55,566,192	-
	Rights and Advancement for Marginalized Populations (RAMP)-SLMAQM21GR3234	21.9	11,732,976	-
	Women CNIC and Voter Registration Project/ Strengthening Electoral and Legislative Processes	21.10	-	9,706,285
	Ambassador's Fund Grants Program (Grant no. AID-391-C-17-00006)	21.11	-	36,868,167
	Advocacy and Legal Aid for Religious Minorities (grant no. EIDHR/2017/389-294)	21.12	-	9,855,571
	Promoting Decent Work in Pakistan's Brick Kiln Project (Grant no.S-LMAQM-18-GR-2246)	21.13	-	56,734,152
	Local Action for Democratic and Inclusive Response to COVID-19 (Grant no. 204604-110)	21.14	-	116,051,865
			<u>754,647,149</u>	<u>539,414,918</u>

21.1	Promoting the Human Rights and Electoral Participation of People with Disabilities (PWDs), Transgender People, and Women in Pakistan (Grant no. SLMAQM17GR1167)		2022	2021
		Note	Rupees	Rupees
	Salaries wages and other benefits	21.1.1	19,185,497	14,567,735
	Consultants and trainers cost		16,301,133	6,651,756
	Utilities		457,495	279,131
	Communication charges		300,984	240,562
	Office supplies and stationary		3,219,637	824,763
	Postage courier and carriage		46,359	27,385
	Office rent		303,271	-
	Accommodation		16,874,126	4,595,417
	Meals and refreshment		12,249,901	4,857,304
	Travel expenses		13,512,321	4,660,599
	Printing and publications		71,547	88,450
	Depreciation on right of use asset		1,186,320	848,949
	Interest on lease liability		463,929	482,239
	Others		8,237,794	3,738,546
			<u>92,410,314</u>	<u>41,862,836</u>

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**TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

21.1.1 This includes a sum of Rs. 742,999 (2021:Rs. 572,072) on account of contributions to the employees' provident fund.

21.2	Women's Enjoyment of Rights, Empowerment and Leadership (Project no. P006189)	Note	2022 Rupees	2021 Rupees
	Salaries wages and other benefits	21.2.1	45,656,025	31,141,207
	Activity costs	21.2.2	88,844,276	76,827,942
	Communication charges		454,208	476,365
	Office supplies and stationary		704,387	1,656,446
	Depreciation on right of use asset		1,474,851	2,010,086
	Interest on lease liability		576,764	1,141,814
	Office rent		377,031	-
	Travel and accomodation		13,704,841	6,910,027
	Meals and refreshment		2,253,087	5,906,478
	Repairs and maintenance		73,491	92,801
	Insurance costs		-	53,550
	Others		18,911,343	15,074,488
	Advertisement		150,000	-
			<u>173,180,304</u>	<u>141,291,204</u>

21.2.1 This includes a sum of Rs. 2,003,621 (2021: Rs. 1,385,850) on account of contributions to the employees' provident fund.

21.2.2	Activity costs	Note	2022 Rupees	2021 Rupees
	Consultants and trainers cost		9,502,499	10,060,914
	Implementing partners expenses		79,341,777	66,767,028
			<u>88,844,276</u>	<u>76,827,942</u>

**21.3 Enhancing Women's Workers Access to Market (Grant no.4000002828)**

	Salaries wages and other benefits	21.3.1	22,611,995	10,624,579
	Activity costs	21.3.2	52,294,838	52,997,033
	Communication charges		344,429	253,946
	Office supplies and stationary		381,563	366,054
	Depreciation on right of use asset		1,030,268	885,957
	Interest on lease liability		402,903	503,260
	Office rent		263,378	-
	Travel and accomodation		7,017,727	3,183,617
	Others		164,563	91,788
	Printing and publications		19,027	172,204
	Fuel expenses		394,259	198,186
	Repairs and maintenance		530,573	205,505
	Depreciation and amortization		224,961	117,577
	Insurance costs		50,809	50,122
	Office security		113,989	49,257
	Audit fee		1,345,938	-
	Utilities		303,733	134,367
			<u>87,494,952</u>	<u>69,833,452</u>

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**TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY**  
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21.3.1 This includes a sum of Rs. 601,071 (2021: Rs. 450,267) on account of contributions to the employees' provident fund.

21.3.2	Activity costs	Note	2022 Rupees	2021 Rupees
	Consultants and trainers cost		5,431,006	639,705
	Implementing partners expenses		46,863,832	52,357,328
			<u>52,294,838</u>	<u>52,997,033</u>

**21.4 Electoral Quality and Inclusiveness in Pakistan  
(Grant no. SLMAQM20GR2222)**

	Salaries wages and other benefits	21.4.1	37,228,831	26,870,841
	Activity costs	21.4.2	60,542,704	13,632,681
	Fuel expenses		417,389	116,156
	Office supplies and stationary		1,718,493	439,364
	Repairs and maintenance		214,560	5,600
	Communication charges		431,479	263,467
	Depreciation on right of use asset		2,153,204	1,437,675
	Interest on lease liability		842,044	816,660
	Office rent		550,446	-
	Postage, courier and carriage		98,370	48,396
	Printing and publications		658,274	59,350
	Travel and accomodation		9,689,382	2,210,494
	Meals and refreshment		2,492,730	2,700,335
	Others		11,194,998	4,658,836
			<u>128,232,905</u>	<u>53,259,855</u>

21.4.1 This includes a sum of Rs. 1,385,704 (2021: Rs. 1,043,480) on account of contributions to the employees' provident fund.

21.4.2	Activity costs	Note	2022 Rupees	2021 Rupees
	Consultants and trainers cost		988,700	200,000
	Implementing partners expenses		59,554,004	13,432,681
			<u>60,542,704</u>	<u>13,632,681</u>

**21.5 Election Tech Forum Project  
Technology for Efficient and Effective Elections  
(Grant no.2020-08426)**

	Salaries wages and other benefits	21.5.1	2,182,463	2,033,627
	Consultants and trainers cost		655,502	925,466
	Communication charges		11,419	13,761
	Travel expenses		-	6,000
	Depreciation on right of use asset		120,700	115,220
	Interest on lease liability		47,202	65,450
	Office rent		30,856	-
	Office supplies and stationary		24,136	81,704
	Printing and publications		-	16,980
	Accomodation		-	133,835
	Utilities		43,501	36,916
	Bank charges		1,624	-
			<u>3,117,403</u>	<u>3,428,959</u>

21.5.1 This includes a sum of Rs. 90,648 and (2021: Rs. 79,075) on account of contributions to the employees' provident fund.

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**TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

			2022 Rupees	2021 Rupees
21.6	<b>State of Governance in Pakistan</b>	<b>Note</b>		
	Salaries wages and other benefits	21.6.1	-	522,572
	Printing and publications		2,432,174	-
	Travel expenses		11,600	-
	Accommodation		44,728	-
			<u>2,488,502</u>	<u>522,572</u>
21.6.1	This includes a sum of Rs. Nil (2021: Rs. 35,746) on account of contributions to the employees' provident fund.			
21.7	<b>Strengthening Media Freedom And Civic Space In Pakistan</b>	<b>Note</b>	2022 Rupees	2021 Rupees
	Salaries wages and other benefits	21.7.1	24,533,549	-
	Activity costs	21.7.2	118,398,047	-
	Office supplies and stationary		943,249	-
	Depreciation on right of use asset		212,100	-
	Interest on lease liability		82,945	-
	Office rent		7,100,708	-
	Accommodation		12,515,235	-
	Travel expenses		5,758,859	-
	Meals and refreshment		8,353,980	-
	Fuel expenses		292,084	-
	Repairs and maintenance		28,520	-
	Audit Fee		1,000,000	-
	Equipments for sub grantees		1,644,000	-
	Communication charges		373,240	-
	Advertisement		15,360	-
	Printing and publications		592,291	-
	Others		18,579,434	-
			<u>200,423,601</u>	<u>-</u>
21.7.1	This includes a sum of Rs. 923,185 (2021: Rs. Nil) on account of contributions to the employees' provident fund.			
21.7.2	<b>Activity costs</b>	<b>Note</b>	2022 Rupees	2021 Rupees
	Consultants and trainers cost		12,130,000	-
	Implementing partners expenses		106,268,047	-
			<u>118,398,047</u>	<u>-</u>
21.8	<b>Enhancing Womens Political and Electoral Participation (EWPEP)</b>			
	Salaries wages and other benefits	21.8.1	12,520,109	-
	Activity costs	21.8.2	23,536,338	-
	Office supplies and equipment		203,582	-
	Repairs and maintenance		188,229	-
	Communication charges		94,719	-
	Depreciation on right of use asset		773,281	-
	Interest on lease liability		302,404	-
	Office rent		197,682	-
	Security charges		106,759	-
	Utilities		295,781	-
	Advertisement		7,680	-
	Postage, courier and carriage		37,421	-
	Printing and publications		56,540	-
	Equipment support to NADRA		14,571,377	-
	Equipments To sub grantees		1,722,000	-
	Professional fee		355,340	-
	Depreciation		202,413	-
	Meal and refreshment		200,786	-
	Insurance cost		45,749	-
	Others		148,003	-
			<u>55,566,192</u>	<u>-</u>

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**TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY**  
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21.8.1 This includes a sum of Rs. 475,064 (2021: Rs. Nil) on account of contributions to the employees' provident fund.

		2022 Rupees	2021 Rupees
21.8.2	<b>Activity costs</b>		
	Implementing partners expenses	23,536,338	-
	Consultants and trainers cost	-	-
		<u>23,536,338</u>	<u>-</u>
21.9	<b>Rights and Advancement for Marginalized Populations (RAMP)-SLMAQM21GR3234</b>		
	Salaries wages and other benefits	7,472,930	-
	Activity costs	792,000	-
	Fuel expenses	8,178	-
	Office supplies and equipment	251,773	-
	Communication charges	60,906	-
	Depreciation on right of use asset	590,289	-
	Interest on lease liability	230,842	-
	Office rent	150,902	-
	Meal and refreshment	339,848	-
	Travel expenses	592,481	-
	Accommodation	286,551	-
	Others	956,277	-
		<u>11,732,976</u>	<u>-</u>

21.9.1 This includes a sum of Rs. 278,062 (2021: Rs. Nil) on account of contributions to the employees' provident fund.

		2022 Rupees	2021 Rupees
21.9.2	<b>Activity costs</b>		
	Consultants and trainers cost	792,000	-
		<u>792,000</u>	<u>-</u>

21.10 **Women CNIC and Voter Registration Project/Strengthening Electoral and Legislative Processes**

	Salaries wages and other benefits	21.10.1	-	5,302,163
	Activity costs	21.10.2	-	3,140,257
	Office supplies and equipment		-	247,775
	Repairs and maintenance		-	24,747
	Communication charges		-	127,898
	Depreciation on right of use asset		-	120,198
	Interest on lease liability		-	68,277
	Security charges		-	26,647
	Utilities		-	93,435
	Postage, courier and carriage		-	68,278
	Printing and publications		-	404,676
	Depreciation		-	30,588
	Others		-	51,346
			<u>-</u>	<u>9,706,285</u>

21.10.1 This includes a sum of Rs. Nil (2021: Rs. 183,372) on account of contributions to the employees' provident fund.

		2022 Rupees	2021 Rupees
21.10.2	<b>Activity costs</b>		
	Consultants and trainers cost	-	3,140,257
		<u>-</u>	<u>3,140,257</u>

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**TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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			<b>2022</b>	<b>2021</b>
			<b>Rupees</b>	<b>Rupees</b>
<b>21.11</b>	<b>Ambassador's Fund Grants Program</b>	<b>Note</b>		
	(Grant no. AID-391-C-17-00006)			
	Salaries wages and other benefits	21.11.1	-	11,349,525
	Management fee		-	9,066,294
	Activity costs	21.11.2	-	12,875,913
	Fuel expenses		-	12,180
	Office supplies and equipment		-	120,705
	Repairs and maintenance		-	976,051
	Communication charges		-	100,401
	Depreciation on right of use asset		-	818,987
	Interest on lease liability		-	465,219
	Security charges		-	133,449
	Utilities		-	155,084
	Audit fee		-	997,408
	Postage, courier and carriage		-	1,000
	Printing and publications		-	45,323
	Capital expenditure		-	(56,520)
	Depreciation		-	14,192
	Travel and accommodation		-	(207,044)
			<u>-</u>	<u>36,868,167</u>
<b>21.11.1</b>	This includes a sum of Rs. Nil (2021: Rs. 217,508) on account of contributions to the employees' provident fund.			
			<b>2022</b>	<b>2021</b>
			<b>Rupees</b>	<b>Rupees</b>
<b>21.11.2</b>	<b>Activity costs</b>			
	Implementing partners expenses		-	12,805,340
	Consultants and trainers cost		-	70,573
			<u>-</u>	<u>12,875,913</u>
<b>21.12</b>	<b>Advocacy and Legal Aid for Religious Minorities</b>			
	(grant no. EIDHR/2017/389-294)			
	Salaries wages and other benefits	21.12.1	-	407,106
	Implementing partners expenses		-	4,797,211
	Consultants and trainers cost		-	3,369,468
	Office supplies and equipment		-	7,498
	Communication charges		-	29,795
	Depreciation on right of use asset		-	22,195
	Interest on lease liability		-	12,607
	Audit Fee		-	887,256
	Security charges		-	3,783
	Utilities		-	9,448
	Travel and accommodation		-	26,900
	Others		-	282,304
			<u>-</u>	<u>9,855,571</u>

**21.12.1** This includes a sum of Rs. Nil (2021: Rs. 1,085) on account of contributions to the employees' provident fund.

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			<b>2022</b>	<b>2021</b>
			<b>Rupees</b>	<b>Rupees</b>
<b>21.13</b>	<b>Promoting Decent Work in Pakistan's Brick Kiln Project (Grant no.S-LMAQM-18-GR-2246)</b>	<b>Note</b>		
	Salaries wages and other benefits	21.13.1	-	22,154,953
	Activity cost	21.13.2	-	29,396,863
	Communication charges		-	173,733
	Travel and accommodation		-	1,270,975
	Depreciation on right of use asset		-	957,112
	Interest on lease liability		-	543,680
	Office supplies and stationary		-	801,527
	Printing and publications		-	139,696
	Fuel expenses		-	99,628
	Repairs and maintenance		-	65,842
	Professional fees		-	128,397
	Office security		-	76,662
	Utilities		-	227,128
	Depreciation expense		-	137,837
	Others		-	560,119
			<u>-</u>	<u>56,734,152</u>
<b>21.13.1</b>	This includes a sum of Rs. Nil (2021: Rs. 804,021) on account of contributions to the employees' provident fund.			
<b>21.13.2</b>	<b>Activity costs</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
			<b>Rupees</b>	<b>Rupees</b>
	Consultants and trainers cost		-	7,932,482
	Implementing partners expenses		-	21,464,381
			<u>-</u>	<u>29,396,863</u>
<b>21.14</b>	<b>Local Action for Democratic and Inclusive Response to COVID-19 (Grant no. 204604-110)</b>			
	Salaries wages and other benefits	21.14.1	-	14,867,252
	Activity costs	21.14.2	-	71,510,859
	Office supplies and stationary		-	528,916
	Office rent		-	4,688,640
	Accommodation		-	7,562,709
	Travel expenses		-	1,573,698
	Meals and refreshment		-	108,138
	Fuel expenses		-	132,981
	Repairs and maintenance		-	122,708
	Audit fee		-	567,122
	Depreciation on right of use asset		-	189,430
	Interest on lease liability		-	107,604
	Communication charges		-	1,355,354
	Advertisement		-	347,633
	Others		-	12,388,821
			<u>-</u>	<u>116,051,865</u>
<b>21.14.1</b>	This includes a sum of Rs. Nil (2021: Rs. 558,149) on account of contributions to the employees' provident fund.			
<b>21.14.2</b>	<b>Activity costs</b>		<b>2022</b>	<b>2021</b>
			<b>Rupees</b>	<b>Rupees</b>
	Consultants and trainers cost		-	4,624,000
	Implementing partners expenses		-	66,886,859
			<u>-</u>	<u>71,510,859</u>

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			(Restated)
		2022	2021
		Rupees	Rupees
<b>22</b>	<b>ADMINISTRATIVE EXPENSES</b>		
	Consultants and trainers cost	1,934,112	6,091,640
	Salaries wages and other benefits	22.1 38,030,573	28,833,351
	Depreciation	6.1 7,585,230	14,265,298
	Depreciation on right of use asset	3,170,915	3,534,418
	Interest on lease liability	1,240,036	1,443,728
	Office rent	678,142	-
	Legal and professional fee	4,227,455	-
	Travel and accomodation	5,228,111	691,196
	Office supplies and other administrative expenses	3,155,994	3,411,695
	Auditors' remuneration	22.2 1,260,000	722,122
	Office security	1,388,871	1,044,476
	Amortization	7 308,707	342,862
	Utilities	2,635,030	1,730,866
	Repairs and maintenance	868,482	602,076
	Insurance costs	104,162	170,059
	Exchange gain / loss	-	459,502
	Communication charges	142,556	98,626
	Fuel expenses	264,135	11,911
		22.3 <u>72,222,511</u>	<u>63,453,826</u>
22.1	Included herein is a sum of Rs. 766,528 (2021: Rs. 667,785) on account of contributions to the employees' provident fund.		
<b>22.2</b>	<b>Auditors' remuneration</b>	<b>2022</b>	<b>2021</b>
		Rupees	Rupees
	Audit fee	1,000,000	722,122
	Out of pocket expenses	260,000	-
		<u>1,260,000</u>	<u>722,122</u>
22.3	Total admin cost represents administrative cost of the Trust and related cost contribution towards projects in line with donor agreements which are for Advocacy and Legal Aid for Religious Minorities (grant no. EIDHR/2017/389-294) project amount of Rs. Nil (2021: Rs. 518,714), for Women's Enjoyment of Rights, Empowerment and Leadership (Project no. P006189) project amount of Rs. 7,062,160 (2020: Rs. 4,261,015), for State of Governance in Pakistan (Grant no. ISLM/DAP-2019-20/07) amount of Rs. 956,500 (2021: 1,502,647).		
<b>23</b>	<b>TAXATION</b>	<b>2022</b>	<b>2021</b>
		Rupees	Rupees
	Current		
	For the current year	4,630,388	4,878,678
	Prior year	(787,082)	(766,268)
		<u>3,843,306</u>	<u>4,112,410</u>
	Reconciliation between tax expense and accounting profit:-		
	Surplus / (deficit) before tax	<u>151,718</u>	<u>(641,255)</u>
	Applicable tax rate	<u>29%</u>	<u>29%</u>
	Tax on surplus / (tax credit) on deficit	43,998	(185,964)
	Minimum Tax Liability u/s 153(1)(b) @8% of total income	4,630,388	4,878,678
	Tax effect of minimum tax	4,630,388	4,878,678
	Adjustment for prior years	(787,082)	(766,268)
		<u>3,843,306</u>	<u>4,112,410</u>

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**TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY**  
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**24 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT**

<b>24.1 Financial assets and financial liabilities</b>	<b>2022</b>	<b>2021</b>
<b>i) Financial assets not measured at fair value</b>	<b>Rupees</b>	<b>Rupees</b>
Amortized cost		
Other receivables	<b>19,925,748</b>	9,706,810
Cash and bank balances	<b>212,845,572</b>	225,360,532
	<b><u>232,771,320</u></b>	<b><u>235,067,342</u></b>
<b>ii) Financial liabilities</b>		
Trade and other payables - At amortized cost	<b><u>36,892,113</u></b>	<b><u>15,655,833</u></b>

**24.2 Financial risk management**

The Trust has exposure to the following risks arising from financial instruments:

- 24.2.1 Credit risk**
- 24.2.2 Liquidity risk**
- 24.2.3 Market risk**

**Risk management framework**

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

The Trust's risk management policies are established to identify and analyse the risks faced by the Trust, 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 Trust's activities. The Trust, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and HR Committee of the Trust oversee how management monitors compliance with Trust's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Trust. The Audit and HR Committee is assisted in its oversight role by Internal Audit.

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**24.2.1 Credit risk**

Credit risk is the risk of financial loss to the Trust if a counterparty to a financial instrument fails to meet its contractual obligations. The Trust's credit risk is primarily attributable to other receivables and bank balances. The management believes that the Trust is not exposed to a major concentration of credit risks and the credit risk is limited as the major counter parties include financial institutions with reasonably high credit ratings.

**Concentration of credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting is as follows:

	Note	2022 Rupees	2021 Rupees
Other receivables	10	19,925,748	9,706,810
Bank balances	13	212,844,195	225,352,393
		<u>232,769,943</u>	<u>235,059,203</u>

Geographically there is no concentration of credit risk at the reporting date (2021: Nil) as all the financial assets are dominated in local rupees. The maximum exposure to credit risk for financial assets at the reporting date by type of counter party is as follows:

	2022 Rupees	2021 Rupees
Banks and financial institutions	212,844,195	225,352,393
Donors	18,445,854	-
Implementing partners	80,000	200,000
Others	1,399,894	680,197
	<u>232,769,943</u>	<u>226,232,590</u>

**Loss allowance for expected credit loss**

Bank balances are subject to impairment requirements of IFRS 9, however as the counterparty is the bank with reasonably high credit rating these balances are not subject to credit risk. The credit quality of bank balances, that are neither past due nor impaired, can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. Credit ratings and exposure of bank balances are appearing below. Further, the credit quality of grant receivables has been assessed as good by reference to the default history of donors. Receivable from donors against respective projects are historically received within a period of one month of falling due. Accordingly, the Trust has assessed an allowance based on life time expected credit losses, using the loss rate approach based upon reasonable and supportable information that is available, without undue cost and effort at the reporting data, about past events current conditions and forecast of future economic conditions that are relevant to the estimates of the expected credit

**Bank balances**

The Trust considers that the bank balances have low credit risk based on external credit rating of the counterparties. Credit ratings and exposure of bank balances with counterparty are as follows:

	Long Term Rating	Short Term Rating	Rating agency	Rupees
Balances with bank				
Faysal Bank	AA	A1+	PACRA	212,844,195

**24.2.2 Liquidity risk**

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations, as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and availability of funding to an adequate amount of committed credit facilities. The Trust follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

The Trust ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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The table below analyses the Trust's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amount	Maturity up to 1 year	Maturity after 1 year and up to five year	Maturity after 1 year and up to five year
	Rupees			
<b>At 30 June 2022</b>				
Accrued liabilities	99,228	99,228	-	-
Accounts payable	16,661,374	16,661,374	-	-
Payable to implementing partners	20,131,511	20,131,511	-	-
Lease liability	35,405,324	12,192,067	23,213,257	-
<b>At 30 June 2021</b>				
Accrued liabilities	189,994	189,994	-	-
Accounts payable	11,291,654	11,291,654	-	-
Payable to implementing partners	4,174,184	4,174,184	-	-
Lease liability	38,562,600	3,157,276	35,405,324	-

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

All financial assets and financial liabilities are initially recognized at fair value of consideration paid or received, net of transaction costs as appropriate. The carrying values of financial assets and liabilities not carried at fair value is a reasonable approximation of their fair values.

**24.2.3 Market Risk**

Market risk, is the risk that results from changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Trust is not exposed to any significant market risks from its operating activities.

**a) Interest rate risk**

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. The Trust does not have liabilities at variable rates.

**b) Currency risk**

The Pakistan Rupee (Rs) is the functional currency of the Trust and as there are no transactions and balances dominated in foreign currency. the Trust is not exposed to foreign currency risk as there no foreign currency balances..

**c) Fair value of financial assets and liabilities**

The Trust does not account for any financial assets and liabilities at fair value through profit or loss, and the Trust does not have derivatives as hedging instruments recognized under fair value hedge accounting model. The carrying values of financial instruments approximate their fair values. The fair values of these financial instruments are determined as the present value of future cash flows, discounted at market rates of interest at the reporting date. The fair value of financial assets is determined for disclosure purposes only.

**25 FUND MANAGEMENT**

Trust's objective when managing funds is to safe guard Trust's ability to continue as a going concern so that it can achieve its objectives, provide benefits to other stakeholders, and to maintain a strong fund base to support the sustained development of its activities in line with its objects.

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**TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY**  
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**26 RELATED PARTY TRANSACTIONS**

All the trustees, entities with common directorship / trustee ship, gratuity fund, provident fund, member organizations and key management staff are related parties of the Trust. Transactions of Trust with related parties during the year are as follows:

	Note	2022 Rupees	2021 Rupees
<b>Transactions with employee benefit plan</b>			
Payments to provident fund		15,612,042	12,596,512
Charge for the year relating to provident fund		15,612,042	12,596,512
<b>Transactions with key management personnel</b>			
Remuneration of chief executive officer		20,593,214	19,769,484
Remuneration of key management personnel	26.1	63,572,937	57,324,389
<b>26.1 Remuneration, allowances and benefits</b>			
Managerial remuneration and allowances		60,201,651	54,236,533
Provident fund		3,371,286	3,087,856
		<u>63,572,937</u>	<u>57,324,389</u>
Number of Trustees		<u>7</u>	<u>7</u>

**27 NUMBER OF EMPLOYEES**

The number of total employees at the year end were 78 (2021: 70 employees), and the average number of employees during the year were 81 (2021:73 employees).

**28 CORRESPONDING FIGURES**

**28.1 Reclassifications**

**Statement of income and expenditure**

For better presentation, following reclassifications have been made within line items of statement of income and expenditure.

	30-Jun-21		
	As previously reported	Effect of reclassification	Balance after reclassification
	Rupees		
Other income			
Interest income on bank balances	1,290,357	(1,290,357)	-
Finance income	-	1,290,357	1,290,357

Interest income on local currency bank accounts was previously presented under other income on the statement of income and expenditure. This has been reclassified to the finance income presented on the statement of income and expenditure.

**28.2 Restatement**

Following comparative figures have been restated due to errors in previous years and for better presentation. Impact of restatement on the reported amounts in the statement of financial position, statement of income and expenditure, statement of changes in funds and statement of cash flows has been disclosed below:

		As previously reported	Adjustments	As restated
1 July 2020	Note	Rupees		
Statement of financial position				
Right of use asset		50,258,354	-	50,258,354
Other receivables	28.2.1	21,963,138	(4,981,510)	16,981,628
Restricted reserve fund	28.2.1	45,944,220	4,981,510	40,962,710
Lease liability		(55,239,864)	-	(55,239,864)

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		As previously reported	Adjustments	As restated
		Rupees		
<b>30 June 2021</b>	<b>Note</b>			
<b>Statement of financial position</b>				
Right of use asset	28.2.3	39,089,831	(1,598,083)	37,491,748
Other receivables	28.2.1 & 28.2.1.1	9,706,810	(8,826,559)	880,197
Restricted reserve fund	28.2.2	44,407,945	(7,904,660)	36,503,285
Lease liability	28.2.1 & 28.2.1.1	(41,082,636)	2,520,036	(38,562,601)

**1 July 2020**

**Statement of income and expenditure**

Depreciation on right of use asset	28.2.2.1	353,232	3,056,283	3,409,515
Interest on lease liability	28.2.2.1	222,510	1,925,227	2,147,737
Other administrative expenses		41,533,871	-	41,533,871
Administrative expenses	28.2.5	42,109,613	4,981,510	47,091,123

**30 June 2021**

**Statement of income and expenditure**

Depreciation on right of use asset		1,310,549	2,223,869	3,534,418
Interest on lease liability		744,447	699,281	1,443,728
Other administrative expenses		58,475,680	-	58,475,680
Administrative expenses		60,530,676	2,923,150	63,453,826

<b>28.2.1</b>	<b>Other receivables</b>	<b>01 Jul 2020</b>	<b>30 Jun 2021</b>
		Rupees	
	Reversal of other receivables	28.2.1.1 & 28.2.3.1	(4,981,510) (8,826,613)

**28.2.1.1** The Trust had erroneously understated the 'Interest on lease liability' by Rs. 1.93 million during the year ended 30 June 2020 and by Rs. 1.39 million during the year ended 30 June 2021 and had understated the 'Depreciation on right of use asset' by Rs. 3.06 million during the year ended 30 June 2020 and by Rs. 2.45 million during the year ended 30 June 2021 presented as part of 'Administrative expenses' in the statement of income and expenditure with a corresponding impact on 'TDEA other receivable' classified as part of 'Other receivables' on the statement of financial position as at 01 July 2020 and 30 June 2021. This error has now been corrected by recognizing the cumulative impact of additional 'Interest on lease liability' amounting to 1.93 million and additional 'Depreciation on right of use asset' amounting to Rs. 3.06 million in the Restricted reserve fund as at 01 July 2020 with a corresponding recognition of additional 'Interest on lease liability' amounting to 1.39 million and additional 'Depreciation on right of use asset' amounting to Rs. 2.45 million classified as part of 'Administrative expenses' in the statement of income and expenditure with a corresponding reversal of 'TDEA other receivable' classified as part of 'Other receivables' in the statement of financial position as of 30 June 2021.

<b>28.2.2</b>	<b>Restricted reserve fund</b>	<b>01 Jul 2020</b>	<b>30 Jun 2021</b>
		Rupees	
		(4,981,510)	(7,904,660)
<b>28.2.2.1</b>	<b>Reconciliation of restricted reserve fund</b>	Note	Rupees
	Balance at 1 July 2020 - as previously stated		45,944,220
	Effect of restatement as at 01 July 2020	28.2.2.1.1	(4,981,510)
	Balance at 01 July 2020 - restated		40,962,710
	Total comprehensive income for the year - as previously stated		(1,536,275)
	Effect of restatement as at 30 June 2021		(2,923,150)
	Balance at 30 June 2021 - restated		36,503,285
	Total comprehensive income for the year - as previously stated		(4,247,052)
	Balance at 30 June 2022		32,256,233

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		Rupees
28.2.2.1.1	Recognition of additional depreciation expense right of use asset	(3,056,283)
	Recognition of additional interest expense lease liability	(1,925,227)
	Effect of restatement at 01 July 2020	(4,981,510)
28.2.2.1.2	Recognition of additional depreciation expense right of use asset	(2,223,869)
	Recognition of additional interest expense lease liability	(699,281)
	Effect of restatement at 30 June 2020	(2,923,150)
	Total effect of restatement at 30 June 2021	(7,904,660)

		Note	01 Jul 2020	30 Jun 2021
28.2.3	Right of use asset			Rupees
	De-recognition of right of use asset	28.2.3.1	-	(1,598,083)

28.2.3.1 During the previous year, the Trust had erroneously overstated the 'Right of use asset' by Rs. 1.59 million and corresponding 'Lease liability' by Rs. 2.52 million in the statement of financial position as of 30 June 2021 resulting in the overstatement of 'Interest expense on lease liability' and 'Depreciation expense on right of use asset' by Rs 0.69 million and Rs 0.23 million, respectively, presented as part of 'Administrative expenses' in the statement of income and expenditure for the year ended 30 June 2021. This error has now been corrected by derecognizing 'Right of use asset' and corresponding 'Lease Liability' by Rs. 1.59 million and Rs. 2.52 million, respectively in the statement of financial position as of 30 June 2021 and reversal of additional 'Interest expense lease liability' and 'Depreciation expense right of use asset' amounting to Rs. 0.69 million and Rs. 0.23 million, respectively, in the statement of income and expenditure for the year ended 30 June 2021.

		Note	01 Jul 2020	30 Jun 2021
28.2.4	Lease liability			Rupees
	De-recognition of lease liability	28.2.3.1	-	2,520,036
28.2.5	Administrative expenses			
	Recognition of additional depreciation expense right of use asset	28.2.3.1	3,056,283	2,452,166
	Reversal of depreciation expense on right of use asset	28.2.3.1	-	(228,297)
			3,056,283	2,223,869
	Recognition of additional interest expense lease liability	28.2.3.1	1,925,227	1,392,937
	Reversal of interest expense on lease liability	28.2.3.1	-	(693,656)
			1,925,227	699,281
	Recognition of additional expense		4,981,510	2,923,150

Since the impact on the opening balances of the preceding year was immaterial therefore a third statement of financial position has not been presented.

29 GENERAL

Figures in these financial statements have been rounded off to the nearest Pak Rupee.

30 DATE OF AUTHORIZATION FOR ISSUE

The financial statements have been approved on 07 JAN 2023 by the Board of Trustees of the Trust.

*Mohammad Waseem*  
CHAIRPERSON

*[Signature]*  
CHIEF EXECUTIVE OFFICER

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