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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 2023, 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 2023, and of its financial performance and its cash flows for the year then ended in accordance 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 - Signing of MoU with Economic Affairs Division

We draw attention to note 1.1 to the financial statements which explains that the Trust have not signed a memorandum of understanding with Economic Affairs Division (EAD) Government of Pakistan, for its foreign funded projects. Further the Trust's registration with EAD is in process in connection with new projects under 2022 Policy. Our opinion is not modified in respect of this matter.

Emphasis of matter - Registration under Companies Act, 2017

We draw attention to note 1.3 of the financial statements which describes the matter relating to legal status of the Trust. Our opinion is not modified in respect of this matter.

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Emphasis of matter - Registration under Islamabad Capital Territory Trust Act, 2020

We draw attention to note 1.2 to the financial statements which explains that the Trust has filed application for re-registration under the Islamabad Capital Territory Trust Act, 2020, ("the Act") however, it remains unregistered under the Act as at year end. 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.

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

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
Date: 14 February 2024
UDIN: AR202310240YwbmtKToO

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 Rupees	2022 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	**6,561,151**	8,588,134
Intangible asset	7	**97,363**	628,781
Right of use asset	8	**27,364,736**	26,779,820
		34,023,250	35,996,735
CURRENT ASSETS			
Advances	9	**14,476,089**	23,481,471
Security deposits		**1,059,480**	2,104,480
Other receivables	10	**543,824**	19,925,748
Advance tax - net	11	**1,486,986**	514,480
Cash and bank balances	12	**220,863,901**	212,845,572
		238,430,280	258,871,751
TOTAL ASSETS		**272,453,530**	294,868,486
RESERVES AND LIABILITIES			
RESERVES			
Reserve for contingencies and assets	13	**14,673,037**	14,149,694
Restricted reserve fund	14	**25,776,374**	32,256,233
Accumulated surplus		**-**	2,934,857
		40,449,411	49,340,784
NON CURRENT LIABILITIES			
Deferred capital grants	15	**2,096,316**	5,904,042
Restricted grants	16	**161,629,141**	166,703,373
Lease liability	17	**24,524,129**	23,213,257
		188,249,586	195,820,672
CURRENT LIABILITIES			
Trade and other payables	18	**37,719,326**	37,514,963
Current portion of lease liability	17	**6,035,207**	12,192,067
		43,754,533	49,707,030
TOTAL RESERVES AND LIABILITIES		**272,453,530**	294,868,486
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes, from 1 to 29, form an integral part of these financial statements.

Mohammad Waseem

CHAIRPERSON

CHIEF EXECUTIVE OFFICER

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Rupees	2022 Rupees
INCOME			
Grant income	16	**626,035,241**	754,647,149
Amortization of deferred capital grant	15	**3,668,426**	5,698,078
Other income	20	**49,626,922**	65,584,460
		679,330,589	825,929,687
EXPENDITURE			
Projects' expenses	21	**626,035,241**	754,647,149
Administrative expenses	22	**59,720,494**	72,222,511
		685,755,735	826,869,660
Finance income		**4,064,973**	1,091,691
Finance cost		**3,286,079**	-
(Deficit) / surplus before tax		**(5,646,251)**	151,718
Taxation	23	**(3,245,122)**	(3,843,306)
Deficit for the year		**(8,891,373)**	(3,691,588)

The annexed notes, from 1 to 29, form an integral part of these financial statements. KPMG TH

Mohamed Waseem
CHAIRPERSON

CHIEF EXECUTIVE OFFICER

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	2023 Rupees	2022 Rupees
Deficit before tax	**(8,891,373)**	(3,691,588)
Other comprehensive income for the year	-	-
Total comprehensive income for the year - (loss)	**(8,891,373)**	(3,691,588)

The annexed notes, from 1 to 29, form an integral part of these financial statements. KPMGTH

Mohamed Waseem
CHAIRPERSON

CHIEF EXECUTIVE OFFICER

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2023

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2023 Rupees	2022 Rupees
(Deficit) / surplus before tax		**(5,646,251)**	151,718
Adjustment for:			
Depreciation on property and equipment	6	**4,731,489**	8,012,604
Depreciation on right of use asset	8	**7,825,804**	10,711,928
Amortization of intangible asset	7	**531,418**	309,698
Grant income	16	**(626,035,241)**	(754,647,149)
Amortization of deferred capital grant	15	**(3,668,426)**	(5,698,078)
Property and equipment written off	6	**-**	3,865,356
Deferred capital grants written off	15	**(139,300)**	(5,495,069)
Loss/ (gain) on disposal of property and equipment	22	**277,941**	(258,048)
Interest on lease liability	17	**6,249,604**	4,189,068
Gain on termination of lease	20	**(8,518,140)**	-
Exchange loss		**3,293,203**	-
Interest income on saving accounts		**(4,064,973)**	(1,091,691)
		(619,516,621)	(740,101,381)
Net cash used in operating activities before working capital changes		**(625,162,872)**	(739,949,663)
Changes in working capital			
Advances		**9,005,382**	(7,456,165)
Security deposits		**1,045,000**	(59,998)
Other receivables		**936,070**	(599,697)
Trade and other payables		**(11,603,987)**	21,565,096
		(617,535)	13,449,236
Restricted grants received - net	16	**647,922,011**	726,216,545
Income taxes paid		**(4,217,628)**	(2,902,329)
Net cash generated from / (used in) operating activities		**17,923,976**	(3,186,211)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	6	**(3,091,874)**	(3,415,527)
Proceeds from interest income on saving accounts		**4,064,973**	1,091,691
Proceeds from disposal of property and equipment		**109,426**	341,431
Net cash generated from / (used in) investing activities		**1,082,525**	(1,982,405)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid		**(10,988,172)**	(7,346,344)
Net cash used in financing activities		**(10,988,172)**	(7,346,344)
Net increase / (decrease) in cash and cash equivalents		**8,018,329**	(12,514,960)
Cash and cash equivalents at the beginning of the year		**212,845,572**	225,360,532
Cash and cash equivalents at the end of the year	12	**220,863,901**	212,845,572

The annexed notes, from 1 to 29, form an integral part of these financial statements. KPMG TH

Mohamed Waseem
CHAIRPERSON

CHIEF EXECUTIVE OFFICER

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 30 JUNE 2023

		RESTRICTED		UNRESTRICTED	
		Reserve for contingencies and assets	Restricted reserve fund	Accumulated surplus	Total
	Note	Rupees	Rupees	Rupees	Rupees
Balance at 01 July 2021		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**
Deficit for the year		-	-	(8,891,373)	(8,891,373)
Transfers	13	523,343	(6,479,859)	5,956,516	-
Other comprehensive income for the year		-	-	-	-
		523,343	(6,479,859)	(2,934,857)	(8,891,373)
Balance at 30 June 2023		**14,673,037**	**25,776,374**	**-**	**40,449,411**

The annexed notes, from 1 to 29, form an integral part of these financial statements. KPMG-TH

Mohammad Waseem
CHAIRPERSON

CHIEF EXECUTIVE OFFICER

1 LEGAL STATUS AND OPERATIONS

The Trust for Democratic Education and Accountability ("Trust") was established in October 2008 under the Trust Act, 1882. The beneficiaries of the Trust will be general pubic of all ages, gender, race, ethnicity, creed and religions in Pakistan.

The Trustees of Trust consult the General Council comprising representatives of all FAFEN member organizations on programmatic matters. The registered office of the 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

Under the "Policy for the Regulation of Organizations Receiving Foreign Contributions, 2013 " (2013 Policy"), the Trust submitted initial application for the registration (as an organization) 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 2023, no MOU has been signed with the EAD. Moreover, 2013 Policy was replaced by a revised version issued by the Economic Affairs Division (EAD) in November 2022 ("2022 Policy").

On 02 August 2021 EAD rejected applications of three projects. The Trust, being aggrieved with the decision of EAD, 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 admitted the petition and provided stay order against the decision of EAD. Furthermore, the Honourable Islamabad High Court vide its order dated 19 October 2023, disposed of the petition, recognizing the fact that the 2013 Policy no longer exists and that the applications are now being made under the 2022 Policy. Significant judgment is involved with respect to evaluation of the likelihood of adverse legal consequences of non-registration with EAD under 2022 policy of the projects regretted under 2013 policy against which foreign economic assistance received, on or after 11.11.2022.

Management based on the opinion of the legal advisor is confident that the likelihood of any unfavourable outcome adversely impacting future operations of the Trust or resulting in any financial exposure is remote. 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 the foreseeable future. This is also supported by the fact that the Trust has remained sucessful in receipt of receive foreign contributions, without any hindrance, for all of its foreign funded projects including those projects rejected by EAD. Moreover, the Trust has also remained successful in receipt of contributions for rejected projects, under the authority of the stay order. The rejected projects have been completed subsequent to the year end and all activities under the projects were conducted transparently and without any official objections.

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, 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.

1.3 Management of the Trust proposed to register a new company, under Companies Act, 2017, pursuing the objectives similar to the Trust, with an intention to transfer the assets, liabilities and contracts of the Trust to the new company and to dissolve the existing Trust. In this respect, an application was submitted to the Commissioner, Securities and Exchange Commission of Pakistan (SECP), on 06 April 2023, for the grant of license under section 42 of the Companies Act, 2017. The grant of license under section 42 of the Companies Act, 2017 and thereafter the transfer of assets and liabilities to the new company is subject to the approval of SECP. Management has concluded that the event is not likely to impact operations of the Trust.

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 Adoption of new and revised standards and interpretations

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 2023:

- Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified 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's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

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- 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) 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 an entity 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, with earlier application permitted, 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 company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) 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 recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized 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.

- Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend 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.

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- Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

- International Tax Reform – Pillar Two Model Rules (amendments to IAS 12) introduce following new disclosure requirements:

  - Once tax law is enacted but before top-up tax is effective: disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date. If information is not known or cannot be reasonably estimated at the reporting date, then a company discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.

  - After top-up tax is effective: disclose current tax expense related to top-up tax.

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 ("Rupees") which is the functional and presentation currency of Trust.

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

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5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property and equipment

5.1.1 Owned:

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is charged on straight line 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.

Any gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amounts of property and equipment and in the statement of income and expenditure.

During the year, the Trust has reassessed the expected pattern of consumption of the future economic benefits derived from the items constituting property and equipment. As a result, the depreciation method has been changed from reducing balance method to the straight line method along with the revision in the useful life for each category in line with the industry practice and consumption pattern. The effect of these changes on actual and expected depreciation expense is as follows:

Rupees in thousands	2023	2024	2025	2026	2027	Later
Increase / (Decrease) in depreciation Expense	(937)	344	1,191	(208)	141	(532)

5.1.2 Right of use asset

The Trust assesses whether a contract is or contain a lease at inception of the contract. The Trust recognises 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 straight line 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 Overhead allocation

Facility costs relates to cost which pertain to the expenses incurred inside the premises of Trust's office (i.e. utilities, salaries, repair and maintenance of office, supplies, rent etc). There are some expenses which are specific to each project (i.e. salary of program staff, rent for separate floor under any project etc.). These specific nature of expenses will be charged completely to respective projects. For other expenses which are not specific to any project will be charged to projects on the basis of level of efforts to all the programs getting benefit from that cost.

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Once allocation to all the projects have been done, there still appears the cost named "Admin Cost" under facilities charge which is related to cost which cannot be allocated as those are incurred collectively for all projects (i.e. salary of CEO, BoT meeting expenses) as these kind of expenses are benefiting to all the projects. Therefore. this cost is taken to logistics head and further allocated to projects on the basis of level of efforts under "Logistics Cost".

The level of effort is determined through time written for each projects, calculated at the end of each month.

5.7 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 form its activities, upon the fulfilment of certain conditions.

5.8 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.

5.9 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).

5.10 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.

5.11 Employee benefits

5.11.1 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

5.11.2 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.

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

5.12 Cash and cash equivalents

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

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5.13 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.

5.13.1 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.

(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 amortised 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.

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- 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.

5.13.2 Impairment of financial asset

The Trust recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to lifetime 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.

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.

5.13.3 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.

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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.

5.13.4 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.

5.14 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 over the period of time.

The administration fee charged for the execution of activities related to grant-funded projects is not considered grant income. In the context of grant-funded projects, the Trust charges administration fees to cover the costs associated with managing, coordinating, and implementing the project to recover indirect costs associated with project management, such as staff salaries, overhead expenses, and administrative support. Administration fees are considered a cost recovery mechanism to offset the indirect costs of managing the grant-funded projects.

This entails that the revenue recognition mechanism follows an over-time approach rather than an instantaneous event. Hence, the revenue is gradually recognized "over the period of time".

Interest income on bank deposits and investments

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

5.15 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.

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.

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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.

5.16 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 amortised 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.

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those
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 instatement of income and expenditure when incurred.

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5.17 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	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
2023										
Lease hold improvements	4,633,332	1,014,807	(4,182,472)	1,465,667	20	4,068,211	462,206	(3,964,119)	566,298	899,369
Furniture and fixtures	2,253,371	1,197,219	(826,697)	2,623,893	14	1,822,048	172,085	(815,501)	1,178,632	1,445,261
Office equipment	5,879,337	24,749	(1,103,152)	4,800,933	20	5,140,278	242,538	(957,914)	4,424,902	376,032
Computer equipment	22,987,318	855,099	(1,938,037)	21,904,380	33	19,383,749	2,663,898	(1,925,454)	20,122,193	1,782,187
Mobile phones	375,560	-	-	375,560	33	278,955	61,621	-	340,576	34,984
Vehicles	11,562,828	-	-	11,562,828	20	8,410,370	1,129,141	-	9,539,511	2,023,318
	47,691,746	3,091,874	(8,050,358)	42,733,262		39,103,610	4,731,489	(7,662,988)	36,172,112	6,561,151
2022										
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
	67,956,552	3,415,527	(23,680,334)	47,691,746		50,822,603	8,012,604	(19,731,596)	39,103,610	8,588,134

6.1 Depreciation charge has been allocated as follows:

	Note	2023 Rupees	2022 Rupees
Projects' expenses	*21*	205,553	427,374
Administrative expenses	*6.2 & 22*	4,525,936	7,585,230
		4,731,489	8,012,604

6.2 This depreciation charge includes:

	Note	2023 Rupees	2022 Rupees
Depreciation on owned property and equipment - Restricted Reserve Fund	*13 & 14*	1,386,917	2,195,859
Deferred capital grant	*15*	3,139,019	5,389,371
		4,525,936	7,585,230

6.3 Property and equipment include the cost of assets amounting to Rs 32,493,316 (2022: Rs 35,965,851) having a net book value of Rs 2,096,317 (2022: Rs 5,903,851) 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 Repubic 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 donors' guidelines.

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6.4 Change in estimate:

During the year, the Trust has reassessed the expected pattern of consumption of the future economic benefits derived from the items constituting property and equipment. As a result, the depreciation method has been changed from reducing balance method to the straight line method along with the revision in the useful life for each category in line with the industry practice and consumption pattern. The effect of these changes on actual and expected depreciation expense is as follows:

	2023	2024	2025	2026	2027	Later
	Rupees					
Increase / (decrease) in depreciation expense	(937,391)	344,116	1,191,406	(207,829)	141,452	(531,754)

7 Intangible asset

	Cost					Accumulated Amortization				Net Book Value
	Balance at 01 July	Additions	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
2023										
Computer software	1,597,369	-	-	1,597,369	33	968,588	531,418	-	1,500,006	97,363
2022										
Computer software	1,597,369	-	-	1,597,369	33	658,890	309,698	-	968,588	628,781

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7.1 Amortization charge has been allocated as follows:

	Note	2023 Rupees	2022 Rupees
Restricted reserve fund	14	**2,011**	991
Deferred capital grant	15	**529,407**	308,707
		531,418	309,698

8 RIGHT OF USE ASSET

	Note	2023 Rupees	2022 Rupees
Cost			
Balance at 01 July		**59,600,497**	59,600,497
Additions during the year		**32,512,558**	-
Derecognition during the year	8.1	**(59,600,497)**	-
Balance at 30 June		**32,512,558**	59,600,497
Accumulated depreciation			
Balance at 01 July		**32,820,677**	22,108,749
Charge for the year		**7,825,804**	10,711,928
Derecognition during the year		**(35,498,659)**	-
Balance at 30 June		**5,147,822**	32,820,677
Carrying amount		**27,364,736**	26,779,820
Useful life (years)		**5.0**	5.5

Depreciation charge has been allocated as follows:

	Note	2023 Rupees	2022 Rupees
Projects' expenses	21	**4,007,747**	7,541,013
Administrative expenses	22	**3,818,057**	3,170,915
		7,825,804	10,711,928

8.1 Right of use asset represents the lease of office premises. The former lease agreement having a duration of 5.5 years until 31 December 2024 was terminated early due to the relocation of office premises and a new lease agreement has been signed on 30 August 2022 having a duration of 5 years.

	2023 Rupees	2022 Rupees
9 ADVANCES		
Advances to employees	**2,790,229**	3,140,692
Advance to vendors	**13,207**	5,038,800
Advances to implementing partners	**11,672,653**	15,301,979
	14,476,089	23,481,471
10 OTHER RECEIVABLES		
Receivable from donors	-	18,445,854
Membership fees receivable	**270,000**	80,000
Others	**273,824**	1,399,894
	543,824	19,925,748
11 ADVANCE TAX		
Opening balance	**514,480**	1,455,457
Provision for the year	**972,506**	(940,977)
	1,486,986	514,480

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12	CASH AND BANK BALANCES	Note	2023 Rupees	2022 Rupees
	Cash in hand		**32,894**	1,377
	Cash at bank			
	- Savings accounts	*12.1*	**(1,574,540)**	210,858,491
	- Current accounts		**-**	1,985,704
			(1,574,540)	212,844,195
	Instruments in hand	*12.2*	**222,405,547**	-
			220,863,901	212,845,572

12.1 These carry interest at rates ranging from 6.25% to 10.06% (2022: 3.75% to 9%) per annum. The negative amount represents the cheques in transit as at June 30, 2023.

12.2 "These represent demand drafts held by the Trust via pay order issued on 26 June 2023. Subsequently, seven instruments having a total value of Rs. 205,388,155 were redeposited into the bank on 06 July 2023 and remaing rests with the Trust.

13	RESERVE FOR CONTINGENCIES AND ASSETS	Note	2023 Rupees	2022 Rupees
	Opening balance		**14,149,694**	13,594,230
	Transferred to / (from) reserve for contingencies and asset:			
	Income			
	Membership fees		**200,000**	200,000
	Interest income on saving accounts		**740,904**	147,416
	Gain on disposal of property and equipment		**-**	258,048
	Expenses			
	Membership fees		**-**	-
	General expenses		**-**	(50,000)
	Depreciation on owned property and equipment	*6.2*	**(417,561)**	-
			523,343	555,464
	Closing balance		**14,673,037**	14,149,694

14	RESTRICTED RESERVE FUND	Note	2023	2022
	Opening balance		**32,256,233**	36,503,285
	Transferred to / (from) restricted reserve fund during the year:			
	Income			
	Interest income on saving accounts		**3,324,069**	944,275
	Administrative fees	*20*	**40,564,021**	57,879,844
	Others		**8,862,902**	7,246,568
	Accumulated Surplus		**2,934,857**	-
	Expenses			
	Administrative expenses *	*22*	**(54,663,139)**	(64,277,583)
	Tax expense for the year		**(3,245,122)**	(3,843,306)
	Exchange gain/ (Loss)	*16*	**(3,286,079)**	
	Depreciation on owned property and equipment - Restri(	*6.2*	**(969,356)**	(2,195,859)
	Amortization on owned intangible assets	*7.1*	**(2,011)**	(991)
			(6,479,859)	(4,247,052)
	Closing balance		**25,776,374**	32,256,233

* Administrative expenses excludes depreciation and amortization expense for the year.

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		Note	2023 Rupees	2022 Rupees
15	**Deferred capital grants**			
	Opening balance		**5,904,042**	14,016,200
	Assets purchased from restricted grants (Transferred to deferred capital grant)	16	-	3,080,988
	Addition to deferred capital grants		-	192
	Deferred capital grants written off		**(139,300)**	(5,495,261)
	Depreciation on property and equipment	6.2	**(3,139,019)**	(5,389,371)
	Amortization of intangible assets	7.1	**(529,407)**	(308,707)
			(3,668,426)	(5,698,078)
	Closing balance		**2,096,316**	5,904,042

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16 Restricted grants

Project	Donor	Opening balance			Grant received during the year	Interest income on saving accounts	Exchange gain/(Loss)	Amount returned to the donor	Project expenses	Transferred to deferred capital grant	Closing balance	
		Restricted grant	Receivable from donor	Unspent balance payable to donor							Restricted grant	(Receivable/Payable to donor
2023							Rupees					
Promoting the Human Rights and Electoral Participation of People with Disabilities (PWDs), Transgender People, and Women in Pakistan (Grant no. SLMAQM17GR1167)	DRL	8,522,271	-	-	-	-	(3;286,079)	-	-	-	-	11,808,350
Women's Enjoyment of Rights, Empowerment and Leadership (Project no. P006189)	GAC	131,358,647	-	-	129,447,704	14,005,836	-	-	(192,255,367)	-	82,556,820	-
State of Governance in Pakistan (Grant no. ISLM/DAP-2019-20/07)	AUSAID	3,539,126	-	-	-	-	-	-	(2,197,584)	-	1,341,542	-
Electoral Quality and Inclusiveness in Pakistan (Grant no. SLMAQM20GR2222)	DRL	17,345,820	-	-	214,736,555	2,610,063	-	-	(202,851,071)	-	31,841,367	-
Election Tech Forum Project – Technology for Efficient and Effective Elections (Grant no.2020-08426)	NED	1,973,496	-	-	15,012,063	283,802	-	-	(10,038,929)	-	7,230,432	-
Enhancing Women's Workers Access to Market (Grant no.4000002828)	RNE	-	(4,159,125)	-	28,105,842	446,342	-	-	(24,393,059)	-	-	-
Enhancing Womens Political and Electoral Participation (EWPEP)	Federal Republic of Germany	-	(6,362,442)	-	147,632,105	1,933,484	-	(39,957,826)	(103,245,320)	-	-	-
Strengthening Media Freedom And Civic Space in Pakistan	FCDO	-	(7,924,287)	-	7,924,287	-	-	-	-	-	-	-
Rights and Advancement for Marginalized Populations (RAMP)-SLMAQM21GR3234	DRL	3,964,013	-	-	50,202,978	1,042,617	7,124	-	(49,130,782)	-	6,085,950	-
Strengthening Electoral and Legislative Processes (SELP II)	UNDP	-	-	-	73,082,460	1,413,699	-	-	(41,923,129)	-	32,573,030	-
		166,703,373	(18,445,854)	-	666,143,994	21,735,843	(3,278,955)	(39,957,826)	(626,035,241)	-	161,629,141	11,808,350

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TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

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	
		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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		Note	2023 Rupees	2022 Rupees
17	**Lease liability**			
17.1	**Movement in lease liability**			
	Balance at 01 July		**35,405,324**	38,562,600
	Derecognition during the year	*8.1*	**(32,619,978)**	-
	Addition during the year		**32,512,558**	-
	Unwinding of finance cost		**6,249,604**	4,189,068
	Payments during the year		**(10,988,172)**	(7,346,344)
	Balance at 30 June		**30,559,336**	35,405,324
	Current portion of lease liabilities		**(6,035,207)**	(12,192,067)
	Non current portion of lease liabilities		**24,524,129**	23,213,257
17.2	**Amounts recognized in statement of income and expenditure**			
	Finance cost on lease liabilities		**6,249,604**	4,189,068
	Gain on early termination of old lease	*8.1*	**(8,518,140)**	-
17.3	**Amounts recognized in statement of cash flows**			
	Total cash outflows for lease		**(10,988,172)**	(7,346,344)
17.4	**Maturity Analysis**			
	The undiscounted maturity analysis of lease liabilities is as follows:			
	Within one year		**9,979,200**	15,243,664
	Between 2 and 5 years		**34,988,193**	24,876,557
	Total undiscounted lease commitments		**44,967,393**	40,120,221
18	TRADE AND OTHER PAYABLES			
	Accrued liabilities		**1,019,709**	99,228
	Accounts payable		**14,474,227**	16,661,374
	Payable to Donor	*16*	**11,808,350**	-
	Payable to implementing partners		**10,205,575**	20,131,511
	Withholding tax payable		**211,465**	622,850
			37,719,326	37,514,963

19 CONTINGENCIES AND COMMITMENTS

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

		2023 Rupees	2022 Rupees
20	OTHER INCOME		
	Income from assets other than financial assets		
	Administration fees	**40,564,021**	57,879,844
	Other income	**344,762**	7,246,568
	Gain on termination of lease	**8,518,140**	-
	Gain on disposal of property and equipment	**-**	258,048
	Membership fees	**200,000**	200,000
		49,626,922	65,584,460

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		Note	2023 Rupees	2022 Rupees
21	**PROJECTS' EXPENSES**			
	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
	Women's Enjoyment of Rights, Empowerment and Leadership (Project no. P006189)	*21.2*	**192,255,367**	173,180,304
	State of Governance in Pakistan (Grant no. ISLM/DAP-2019-20/07)	*21.3*	**2,197,584**	2,488,502
	Electoral Quality and Inclusiveness in Pakistan (Grant no. SLMAQM20GR2222)	*21.4*	**202,851,071**	128,232,905
	Election Tech Forum Project – Technology for Efficient and Effective Elections (Grant no.2020-08426)	*21.5*	**10,038,929**	3,117,403
	Enhancing Women's Workers Access to Market (Grant no.4000002828)	*21.6*	**24,393,059**	87,494,952
	Enhancing Womens Political and Electoral Participation (EWPEP)	*21.7*	**103,245,320**	55,566,192
	Strengthening Media Freedom And Civic Space In Pakistan	*21.8*	-	200,423,601
	Rights and Advancement for Marginalized Populations (RAMP)-SLMAQM21GR3234	*21.9*	**49,130,782**	11,732,976
	Strengthening Electoral and Legislative Processes (SELP II)	*21.10*	**41,923,129**	-
			626,035,241	754,647,149

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

	Note	2023 Rupees	2022 Rupees
Salaries wages and other benefits	*21.1.1*	-	19,185,497
Consultants and trainers cost		-	16,301,133
Utilities		-	457,495
Communication charges		-	300,984
Office supplies and stationary		-	3,219,637
Postage courier and carriage		-	46,359
Office rent		-	303,271
Accommodation		-	16,874,126
Meals and refreshment		-	12,249,901
Travel expenses		-	13,512,321
Printing and publications		-	71,547
Depreciation on right of use asset		-	1,186,320
Interest on lease liability		-	463,929
Others		-	8,237,794
		-	92,410,314

21.1.1 This includes a sum of Rs. Nil (2022: Rs. 742,999) on account of contributions to the employees' provident fund. The project ended during the previous period on 30 June 2022 therefore no expenditure was incurred in the current year.

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		Note	2023 Rupees	2022 Rupees
21.2	**Women's Enjoyment of Rights, Empowerment and Leadership (Project no. P006189)**			
	Salaries wages and other benefits	*21.2.1*	**42,953,559**	45,656,025
	Activity costs	*21.2.2*	**116,880,029**	88,844,276
	Communication charges		**377,289**	454,208
	Office supplies and stationary		**619,446**	704,387
	Depreciation on right of use asset		**611,215**	1,474,851
	Interest on lease liability		**488,110**	576,764
	Office rent		**90,609**	377,031
	Travel and accommodation		**7,999,478**	13,704,841
	Meals and refreshment		**1,284,847**	2,253,087
	Repairs and maintenance		**-**	73,491
	Others		**20,950,785**	18,911,343
	Advertisement		**-**	150,000
			192,255,367	173,180,304

21.2.1 This includes a sum of Rs. 1,775,363 (2022: Rs. 2,003,621) on account of contributions to the employees' provident fund.

		Note	2023 Rupees	2022 Rupees
21.2.2	**Activity costs**			
	Consultants and trainers cost		**7,638,349**	9,502,499
	Implementing partners expenses		**109,241,680**	79,341,777
			116,880,029	88,844,276

21.3	**State of Governance in Pakistan**			
	Consultants and trainers cost		**2,197,584**	-
	Printing and publications		**-**	2,432,174
	Travel expenses		**-**	11,600
	Accommodation		**-**	44,728
			2,197,584	2,488,502

21.4	**Electoral Quality and Inclusiveness in Pakistan (Grant no. SLMAQM20GR2222)**			
	Salaries wages and other benefits	*21.4.1*	**62,220,015**	37,228,831
	Activity costs	*21.4.2*	**101,347,007**	60,542,704
	Fuel expenses		**1,259,271**	417,389
	Office supplies and stationary		**858,419**	1,718,493
	Repairs and maintenance		**74,940**	214,560
	Communication charges		**753,705**	431,479
	Depreciation on right of use asset		**1,684,758**	2,153,204
	Interest on lease liability		**1,345,430**	842,044
	Office rent		**469,220**	550,446
	Postage, courier and carriage		**74,536**	98,370
	Printing and publications		**132,968**	658,274
	Travel and accommodation		**16,218,314**	9,689,382
	Meals and refreshment		**4,433,950**	2,492,730
	Others		**11,978,538**	11,194,998
			202,851,071	128,232,905

21.4.1 This includes a sum of Rs. 2,410,823 (2022: Rs. 1,385,704) on account of contributions to the employees' provident fund.

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		Note	2023 Rupees	2022 Rupees
21.4.2	**Activity costs**			
	Consultants and trainers cost		6,902,403	988,700
	Implementing partners expenses		94,444,604	59,554,004
			101,347,007	60,542,704

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

	Note	2023	2022
Salaries wages and other benefits	*21.5.1*	1,755,230	2,182,463
Consultants and trainers cost		7,893,524	655,502
Communication charges		79,448	11,419
Depreciation on right of use asset		105,469	120,700
Interest on lease liability		84,227	47,202
Office rent		29,749	30,856
Office supplies and stationary		34,983	24,136
Utilities		56,299	43,501
Bank charges		-	1,624
		10,038,929	3,117,403

21.5.1 This includes a sum of Rs. 71,855 and (2022: Rs. 90,648) on account of contributions to the employees' provident fund.

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

	Note	2023 Rupees	2022 Rupees
Salaries wages and other benefits	*21.6.1*	5,172,867	22,611,995
Activity costs	*21.6.2*	12,143,417	52,294,838
Communication charges		119,215	344,429
Office supplies and stationary		359,146	381,563
Depreciation on right of use asset		253,910	1,030,268
Interest on lease liability		202,770	402,903
Office rent		75,711	263,378
Travel and accommodation		4,465,312	7,017,727
Printing and publications		2,588	19,027
Fuel expenses		136,527	394,259
Repairs and maintenance		160,270	530,573
Depreciation and amortization		37,617	224,961
Insurance costs		-	50,809
Office security		39,822	113,989
Audit fee		1,000,000	1,345,938
Utilities		145,011	303,733
Others		78,876	164,563
		24,393,059	87,494,952

21.6.1 This includes a sum of Rs. 175,714 (2022: Rs. 601,071) on account of contributions to the employees' provident fund. The project concluded during the current year on 30 September 2022.

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		Note	2023 Rupees	2022 Rupees
21.6.2	**Activity costs**			
	Consultants and trainers cost		**5,090,078**	5,431,006
	Implementing partners expenses		**7,053,339**	46,863,832
			12,143,417	52,294,838

		Note	2023 Rupees	2022 Rupees
21.7	**Enhancing Womens Political and Electoral Participation (EWPEP)**			
	Salaries wages and other benefits	*21.7.1*	**14,015,275**	12,520,109
	Activity costs	*21.7.2*	**73,770,036**	23,536,338
	Office supplies and equipment		**278,294**	203,582
	Repairs and maintenance		**372,774**	188,229
	Communication charges		**458,412**	94,719
	Depreciation on right of use asset		**738,800**	773,281
	Interest on lease liability		**589,998**	302,404
	Office rent		**226,322**	197,682
	Security charges		**124,724**	106,759
	Utilities		**341,213**	295,781
	Travel and accommodation		**454,563**	-
	Advertisement		**-**	7,680
	Postage, courier and carriage		**18,380**	37,421
	Printing and publications		**208,830**	56,540
	Equipment support to NADRA		**10,077,600**	14,571,377
	Equipment to sub-grantees		**-**	1,722,000
	Professional fee		**417,626**	355,340
	Depreciation		**167,936**	202,413
	Meal and refreshment		**656,540**	200,786
	Insurance cost		**30,615**	45,749
	Others		**297,382**	148,003
			103,245,320	55,566,192

21.7.1 This includes a sum of Rs. 532,534 (2022: Rs. 475,064) on account of contributions to the employees' provident fund.

		2023 Rupees	2022 Rupees
21.7.2	**Activity costs**		
	Implementing partners expenses	**67,416,008**	23,536,338
	Consultants and trainers cost	**6,354,028**	-
		73,770,036	23,536,338

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		Note	2023 Rupees	2022 Rupees
21.8	**Strengthening Media Freedom And Civic Space In Pakistan**			
	Salaries wages and other benefits		-	24,533,549
	Activity costs	*21.8.1*	-	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
	Equipment for sub-grantees		-	1,644,000
	Communication charges		-	373,240
	Advertisement		-	15,360
	Printing and publications		-	592,291
	Others		-	18,579,434
			-	200,423,601

The project ended during the previous year on 31 May 2022 therefore no expenditure was incurred in the current year.

		Note	2023 Rupees	2022 Rupees
21.8.1				
	Consultants and trainers cost		-	12,130,000
	Implementing partners expenses		-	106,268,047
			-	118,398,047

		Note	2023 Rupees	2022 Rupees
21.9	**Rights and Advancement for Marginalized Populations (RAMP)-SLMAQM21GR3234**			
	Salaries wages and other benefits	*21.9.1*	**16,438,418**	7,472,930
	Activity costs	*21.9.2*	**15,555,837**	792,000
	Fuel expenses		**43,463**	8,178
	Office supplies and equipment		**302,869**	251,773
	Communication charges		**268,610**	60,906
	Depreciation on right of use asset		**613,594**	590,289
	Interest on lease liability		**490,010**	230,842
	Office rent		**171,409**	150,902
	Meal and refreshment		**1,345,763**	339,848
	Travel expenses		**2,257,864**	592,481
	Printing & Publications		**325,558**	-
	Accommodation		**6,924,093**	286,551
	Others		**4,393,294**	956,277
			49,130,782	11,732,976

21.9.1 This includes a sum of Rs. 635,413 (2022: Rs. 278,062) on account of contributions to the employees' provident fund.

		2023 Rupees	2022 Rupees
21.9.2	**Activity costs**		
	Implementing partners expenses	**14,397,161**	-
	Consultants and trainers cost	**1,158,676**	792,000
		15,555,837	792,000

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21.10	Strengthening Electoral and Legislative Processes (SELP)	Note	2023 Rupees	2022 Rupees
	Salaries wages and other benefits	21.10.1	**9,175,359**	-
	Activity costs	21.10.2	**25,155,618**	-
	Accommodation		**758,551**	-
	Travel expenses		**943,481**	-
	Meals and refreshment		**854,679**	-
	Advertisement		**389,207**	-
	Printing and publications		**1,459,787**	-
	Others		**3,186,447**	-
			41,923,129	-

21.10.1 This includes a sum of Rs. 360,838 (2022: Rs. Nil) on account of contributions to the employees' provident fund.

21.10.2	Activity costs	Note	2023 Rupees	2022 Rupees
	Consultants and trainers cost		**2,233,682**	-
	Implementing partners expenses		**22,921,936**	-
			25,155,618	-

22 ADMINISTRATIVE EXPENSES

	Note	2023	2022
Consultants and trainers cost		**210,000**	1,934,112
Salaries wages and other benefits	22.1	**23,698,227**	38,030,573
Depreciation	6.1	**4,525,936**	7,585,230
Depreciation on right of use asset		**3,818,057**	3,170,915
Interest on lease liability		**3,049,060**	1,240,036
Office rent		**437,601**	678,142
Legal and professional fee		**3,840,473**	4,227,455
Travel and accommodation		**5,119,544**	5,228,111
Office supplies and other administrative expenses		**3,843,338**	3,155,994
Auditors' remuneration	22.2	**3,255,000**	1,260,000
Office security		**1,300,504**	1,388,871
Amortization	7	**531,418**	308,707
Utilities		**2,212,033**	2,635,030
Repairs and maintenance		**1,648,854**	868,482
Insurance costs		**224,766**	104,162
Communication charges		**528,169**	142,556
Loss on disposal of property and equipment		**277,941**	-
Fuel expenses		**1,199,573**	264,135
	22.3	**59,720,494**	72,222,511

22.1 Included herein is a sum of Rs. 769,595 (2022: Rs. 766,528) on account of contributions to the employees' provident fund.

22.2	Auditors' remuneration	2023 Rupees	2022 Rupees
	Audit fee	**3,105,000**	1,000,000
	Out of pocket expenses	**150,000**	260,000
		3,255,000	1,260,000

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 Women's Enjoyment of Rights, Empowerment and Leadership (Project no. P006189) project amount of Rs. 3,806,019 (2022: Rs. 7,062,160), for State of Governance in Pakistan (Grant no. ISLM/DAP-2019-20/07) amount of Rs. Nil (2022: 956,500).

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23 TAXATION

	2023 Rupees	2022 Rupees
Current		
For the current year	**3,245,122**	4,630,388
Prior year	**-**	(787,082)
	3,245,122	3,843,306

Reconciliation between tax expense and accounting profit:-

	2023	2022
Surplus / (deficit) before tax	**(5,646,251)**	151,718
Applicable tax rate	**29%**	29%
Tax on surplus / (tax credit) on deficit	**(1,637,413)**	43,998
Minimum Tax Liability u/s 153(1)(b) @8% of total income	**3,245,122**	4,586,390
Deferred tax asset not recognised	**1,637,413**	-
Adjustment for prior years	**-**	(787,082)
	3,245,122	3,843,306

24 FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

24.1 Financial assets and financial liabilities

		Note	2023 Rupees	2022 Rupees
i)	**Financial assets not measured at fair value**			
	Amortized cost			
	Other receivables	*10*	**543,824**	19,925,748
	Cash and bank balances	*12*	**220,863,901**	212,845,572
			221,407,725	232,771,320
ii)	**Financial liabilities**			
	Trade and other payables - At amortized cost	*18*	**37,507,861**	36,892,113

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) 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.

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	2023 Rupees	2022 Rupees
Other receivables	*10*	**543,824**	19,925,748
Bank balances	*12*	**220,863,901**	212,844,195
		221,407,725	232,769,943

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:

	2023 Rupees	2022 Rupees
Banks and financial institutions	**220,863,901**	212,844,195
Donors	**-**	18,445,854
Implementing partners	**270,000**	80,000
Others	**273,824**	1,399,894
	221,407,725	232,769,943

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 losses.

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	220,863,901

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.

	Note	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			
At 30 June 2023					
Accrued liabilities	*18*	**1,019,709**	**1,019,709**	-	-
Accounts payable	*18*	**14,474,227**	**14,474,227**	-	-
Payable to implementing partners	*18*	**10,205,575**	**10,205,575**	-	-
Lease liability	*17*	**30,559,336**	**6,035,207**	**24,524,129**	-
At 30 June 2022					
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	-

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

TDEA's objective when managing funds is to safe guard TDEA'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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26 RELATED PARTY TRANSACTIONS

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

	2023 Rupees	2022 Rupees
Transactions with employee benefit plan		
Payments to provident fund	**13,464,270**	15,612,042
Charge for the year relating to provident fund	**13,464,270**	15,612,042
Transactions with key management personnel		
Remuneration of chief executive officer	**23,440,530**	20,593,214
Remuneration of key management personnel	**63,686,321**	63,572,937
Remuneration, allowances and benefits		
Managerial remuneration and allowances	**61,185,779**	60,201,651
Provident fund	**2,500,542**	3,371,286
	63,686,321	63,572,937
Number of Trustees	7	7

27 NUMBER OF EMPLOYEES

The number of total employees at the year end were 54 (2022: 78 employees), and the average number of employees during the year were 61 (2022:81 employees).

28 GENERAL

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

29 DATE OF AUTHORIZATION FOR ISSUE

12 JAN 2024

The financial statements have been approved on ____________________ by the Board of Trustees of TDEA. KPMG-TH

Ahmed Waseem
CHAIRPERSON

CHIEF EXECUTIVE OFFICER