KPMG Taseer Hadi & Co.
Chartered Accountants

Trust for Democratic Education and Accountability ("TDEA")

Financial Statements
For the Year ended 30 June 2014

KPMG

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AUDITORS' REPORT TO BOARD OF TRUSTEE

We have audited the accompanying financial statement of Trust for Democratic Education and Accountability ("TDEA") which comprise of balance sheet as at 30 June 2014, and the related income and expenditure account, cash flow statement of charges in accumulated surplus for the year then ended, and a summary of significant accounting policies and other explanatory information (here-in-after referred to as the "financial statements").

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved auditing standards as applicable in Pakistan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the TDEA's preparation and fair presentation of the financial statements 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 TDEA's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As disclosed in note 20.2.3 to the financial statements expenditure aggregating to Rs. 481.19 million was incurred by TDEA through The Asia Foundation ("TAF"), an implementing partner of TDEA, a US based NGO. We are not provided with any supporting documentation of this cost. In the absence of such information, we remained unable to verify the completeness and accuracy of this expenditure.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the TDEA as at June 2014, and of the surplus, its cash flows and changes in accumulated surplus for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

KPMG Taseer Hadi & Co.

Islamabad
17 April 2016

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
BALANCE SHEET
AS AT 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
NON CURRENT ASSETS			
Property and equipment	4	**29,545,476**	38,545,916
Intangible assets	5	**1,025,933**	1,531,244
		30,571,409	40,077,160
CURRENT ASSETS			
Advances - considered good	6	**26,521,086**	93,816,915
Deposits and short term prepayments	7	**6,105,129**	5,609,720
Other receivables	8	**40,294,219**	13,920,509
Short term investment	9	**1,174,054**	1,100,445
Cash and bank balances	10	**37,622,062**	76,645,731
		111,716,550	191,093,320
CURRENT LIABILITIES			
Trade and other payables	11	(27,342,723)	(15,838,764)
Short term loan	12	(8,500,000)	-
Provision for taxation - net		(3,523,745)	(862,810)
NET CURRENT ASSETS		72,350,082	174,391,746
		102,921,491	214,468,906
NON CURRENT LIABILITIES			
Deferred capital grant	13	(30,152,145)	(38,814,769)
Restricted grant	14	(53,452,603)	(164,838,856)
NET ASSETS		19,316,743	10,815,281
REPRESENTED BY:			
Endowment fund	15	9,573,995	9,025,641
Restricted reserve fund	16	7,953,108	-
Accumulated surplus		1,789,640	1,789,639
		19,316,743	10,815,280
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chairperson

Chief Executive Officer

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
INCOME			
Grant	14	928,199,150	884,598,127
Amortization of deferred capital grant	13	8,662,624	7,258,133
Other income	18	23,477,413	6,533,692
		960,339,187	898,389,952
EXPENDITURE			
Administrative expenses	19	11,058,096	3,490,400
Projects expenses	20	928,199,150	884,598,127
Depreciation on items of property and equipment	4	8,512,184	7,007,905
Amortization of intangible assets	5	505,311	565,847
		(948,274,741)	(895,662,279)
Surplus before taxation		12,064,446	2,727,673
Taxation	21	(3,562,984)	(472,055)
Surplus before appropriation		8,501,462	2,255,618
Appropriation:			
Transfer to Endowment Fund	15	(548,354)	(2,142,332)
Transfer to Restricted Reserve Fund	16	(7,953,108)	-
SURPLUS FOR THE YEAR		-	113,286

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chairperson

Chief Executive Officer

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	2014 Rupees	2013 Rupees
Surplus for the year	-	113,286
Other comprehensive income for the year	-	-
Total comprehensive income for the year	-	113,286

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chairperson

Chief Executive Officer

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Rupees	2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		**12,064,446**	2,727,673
Adjustment for:			
Depreciation		**8,512,184**	7,007,905
Amortization		**505,311**	565,847
Grant income		**(928,199,150)**	(884,598,127)
Amortization of deferred capital grant		**(8,662,624)**	(7,258,133)
Gain from disposal of property and equipment		**(195,744)**	(220,000)
		(928,040,023)	(884,502,508)
Operating deficit before working capital changes		**(915,975,577)**	(881,774,835)
Changes in:			
Advances		**67,295,829**	(91,291,304)
Deposits and short term prepayments		**(495,409)**	(1,651,970)
Other receivables		**1,141,944**	(2,148,491)
Trade and other payables		**11,503,959**	8,245,244
		79,446,322	(86,846,521)
Restricted grant received		**789,297,242**	1,065,327,866
Income taxes paid		**(902,047)**	(690,961)
Net cash (used in) / generated from operating activities		**(48,134,060)**	96,015,550
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		**(24,000)**	(33,448,919)
Additions to intangible assets		**-**	(1,471,453)
Proceeds from disposal of property and equipment		**708,000**	220,000
Increase in other financial assets		**(73,609)**	(100,445)
Net cash generated from / (used in) investing activities		**610,391**	(34,800,817)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings		**11,841,680**	-
Repayment of short term borrowings		**(3,341,680)**	-
Net cash generated from financing activities		**8,500,000**	-
Net (decrease) / increase in cash and cash equivalents		**(39,023,669)**	61,214,733
Cash and cash equivalents at beginning of the year		**76,645,731**	15,430,998
Cash and cash equivalents at end of the year	10	**37,622,062**	76,645,731

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chairperson

Chief Executive Officer

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED 30 JUNE 2014

	Endowment Fund	Accumulated surplus	Total
	Rupees	Rupees	Rupees
Balance at 01 July 2012	6,883,309	1,676,353	8,559,662
Total comprehensive income for the year			
Surplus for the year	2,142,332	113,286	2,255,618
Total comprehensive income for the year	2,142,332	113,286	2,255,618
Balance at 30 June 2013	9,025,641	1,789,639	10,815,280
Balance at 01 July 2013	**9,025,641**	**1,789,639**	**10,815,280**
Total comprehensive income for the year			
Surplus for the year	**548,354**	-	**548,354**
Total comprehensive income for the year	**548,354**	-	**548,354**
Balance at 30 June 2014	**9,573,995**	**1,789,640**	**11,363,634**

The annexed notes from 1 to 26 form an integral part of these financial statements.

Chairperson

Chief Executive Officer

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1 STATUS AND OPERATIONS

Trust for Democratic Education and Accountability ("TDEA") was established under the Trust Act 1882 on 11 October 2008. TDEA is situated at House No. 145, Street No 37, F-10/1, Islamabad.

The objectives of TDEA are as follows:

- To educate people of all ages, gender, race, ethnicity, creed and religion about their democratic rights and responsibilities.
- To educate people of all ages, gender, race, ethnicity, creed and religion about the significance of engaging in all forms of democratic accountabilities for democratic governance.
- To educate and engage people and non-political civil society groups in carrying out democratic accountabilities such as election observation, oversight of legislatures and legislators, monitoring of government functioning and any other 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 general public.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board as are notified under the Companies Ordinance, 1984.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements has been presented in Pakistan Rupee (PKR) which is TDEA's functional currency. All financial information presented in PKR has been rounded off to the nearest of PKR, unless otherwise stated.

2.4 Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. A change in accounting estimate may effect only the current period income and expenditure account or income and expenditure account of both current and future years.

Judgments and estimates made by management in the application of approved accounting standards that may have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next years are discussed in the ensuing paragraphs;

2.4.1 Property and equipment

TDEA reviews useful lives and residual value of property and equipment on a regular basis. Any change in estimates in future years which might affect the carrying amounts of the respective items of property and equipment with a corresponding effect on the depreciation charge and impairment loss.

2.4.2 Provision against advances and other receivables

The carrying amount of advance and other receivables are assessed on regular basis and if there is any doubt about the reliability of the receivables appropriate amount of provision is made.

2.4.3 Provisions and contingencies

A provision is recognised if, as a result of a past event, the TDEA has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where 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, it is disclosed as contingent liability.

2.4.4 Taxation

TDEA takes into account the current income tax law and decisions taken by the taxation authorities. Instances where TDEA's views differ from the views taken by the income tax department at the assessment stage and where TDEA considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

TDEA also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

2.4.5 Impairment

In making an estimate of future cash flows of the TDEA's financial assets, the management considers estimated cash flows and their terminal value for impairment testing.

The carrying amounts of the TDEA's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated using criteria given in respective accounting standards to determine the extent of impairment loss, if any.

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after I January 2014). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on TDEA's financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after I January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on TDEA's financial statements.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after I January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment has no impact on the financial statements of the TDEA.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after I January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The amendment has no impact on the financial statements of the TDEA.

- Amendments to IAS 19 "Employee Benefits" Employee contributions - a practical approach (effective for annual periods beginning on or after I July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The amendment has no impact on the financial statements of the TDEA.

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after I January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the TDEA's financial statements.

- IFRS 10 'Consolidated Financial Statements' - (effective for annual periods beginning on or after I January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. This standard has no affect on the financial statements of the TDEA.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The amendment and standard has no impact on the financial statements of the TDEA.

- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after I January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. This standard has no affect on the financial statements of the TDEA.

- IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after I January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. This standard has no affect on the financial statements of the TDEA.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after I January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment has no impact on the financial statements of the TDEA.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a TDEA can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendment has no impact on the financial statements of the TDEA.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following

  IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition. The amendment has no impact on the financial statements of the TDEA.

  IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves. The amendment has no impact on the financial statements of the TDEA.

  IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities. The amendment has no impact on the financial statements of the TDEA.

  IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. The amendment has no impact on the financial statements of the TDEA except for certain additional disclosures.

  IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination. The amendment has no impact of the financial statements of the TDEA.

  Amendments to IAS 16 'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset. The amendment has no impact on the financial statements of the TDEA.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set below have been applied consistently in the period presented in the financial statements:

3.1 Property and equipment

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

Depreciation is charged on reducing balance method at rates specified in note 4 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 TDEA and the cost of the item can be measured reliably. Carrying amount of the replaced part is derecognized. All other repair and maintenance expenses are charged to income and expenditure account during the year.

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

3.2 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to TDEA and that the cost of such 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 reducing balance method over their estimated useful lives at rate specified in note 5 to the financial statements.

3.3 Foreign currency 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 balance sheet date and exchange differences, if any, are charged to income for the year.

3.4 Impairment

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

TDEA's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in income and expenditure account.

Impairment loss recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant assets are assessed for specific impairment. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in income or expense and reflected in an allowance account. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income and expenditure account.

3.5 Grant

(a) Restricted grant

Grant received for specific purposes are classified as restricted grant. Such grant is transferred to income and expenditure account as grant income to the extent of actual expenditure incurred there against. Expenditures incurred against committed grant but not received is accrued and recognized in income and is reflected as grant receivable only if conditions of agreement are met. Unspent portion of such grant are reflected as restricted grant in the balance sheet.

(b) Deferred capital grant

(i) Grant related to assets

Monetary grant received for capital expenditure is accounted for as deferred capital grant. Amount equal to the annual charge for depreciation and amortization on assets so acquired is recognized as income in the income and expenditure account.

(ii) Non-monetary grant

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

3.6 Taxation

Provision for current taxation is based on taxable surplus for the year at the applicable tax rates after taking into account tax credit and tax rebates, if any and any adjustment to tax payable in respect of previous years. However TDEA has applied for exemption under clause 58 (sub clause 3) of Second Schedule of Income Tax Ordinance, 2001.

3.7 Provisions

Provisions are recognized when the TDEA 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 obligation. Provisions are reviewed at the end of each reporting period.

3.8 Endowment fund

Endowment fund is established to ensure long-term sustainability of TDEA and it is funded by income from membership fee, donations, profit on deposit accounts and return on investments. Whereas the fund is utilized for acquisition of assets for the Trust, capacity building of FAFEN Member organizations, shortfall in restricted reserve up to 20% of endowment fund (excluding interest and investment income).

3.9 Restricted reserve fund

Restricted reserve fund is established to ensure sustainability of TDEA operational activities and it is funded by management fee, related profit on deposit accounts, net receipts from fixed price contracts, cost recovery from projects through implementing office cost and admin cost and return on investments. 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 Board of Trustees/Executive Council meetings.

3.10 Staff retirement benefits

Gratuity

TDEA maintains a seperate gratuity fund for all its regular eligible employees. Annual provision for gratuity is made on the basis of last drawn salary and that particular amount is submitted into the fund. Provision is made annually to cover obligation under the scheme by way of a charge to the income and expenditure account.

Provident fund

TDEA maintains a funded contributory provident fund for all the regular eligible employees; for which the employees, contribute at the rate of 4.17% of their basic salary. The TDEA's contributions at the rate of 4.17% of basic salary is charged to the income and expenditure account.

3.11 Financial instruments

Non-derivative financial assets

These are initially recognized on the date that they are originated i.e. on the trade date, which is the date that the TDEA becomes a party to the contractual provisions of the instrument. Investments are recognised on settlement date.

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when the TDEA transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the TDEA is recognised as a separate asset or liability.

The TDEA classifies non-derivative financial assets into the following categories: held to maturity and loans and receivables:

Held to maturity

If the TDEA has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held to maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less impairment loss, if any. Held-to-maturity financial assets comprise term deposit receipt.

Loans and receivables

Loans and receivables comprise deposits, advances, cash and cash equivalents and other receivables.

Deposits, advances and other receivables

Deposits, advances and other receivable are stated initially at the fair value, subsequent to initial recognition these are stated at their amortised cost as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The provision for doubtful accounts is based on the TDEA's assessment of the collectability of counterparty accounts. TDEA regularly reviews its receivables that remain outstanding past their applicable payment terms and establishes provision and potential write-offs by considering factors such as historical experience, credit quality, age of the receivable balances, and current economic conditions that may affect a customer's ability to pay.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and are subject to an insignificant risk of changes in their fair value, and are used by the TDEA in the management of its short-term commitments.

Non-derivative financial liabilities

The TDEA initially recognises non derivative financial liabilities on the date that they are originated or the date that the TDEA becomes a party to the contractual provisions of the instrument. The TDEA derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Non derivative financial liabilities comprise short term borrowings and trade and other payables.

3.12 Offsetting financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if TDEA has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.13 Income recognition

Grants and donations

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

Membership and management fee

Membership is recognised when become due and management fee is recognised as and when the related conditions are fulfilled.

Interest income on bank deposits and investments

Interest on bank deposits and investments is recognized on time proportion basis.

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4 PROPERTY AND EQUIPMENT

	Vehicles	Furniture and fixtures	Mobile Phones	Office and other equipment	Computer and ancillary equipment's	Total
	Rupees					
Cost						
Balance at 01 July 2012	736,000	2,766,983	222,000	5,298,056	9,848,668	18,871,707
Additions	8,542,649	2,260,610	4,094,551	9,458,486	9,092,623	33,448,919
Disposals	-	-	-	(412,500)	-	(412,500)
Balance at 30 June 2013	9,278,649	5,027,593	4,316,551	14,344,042	18,941,291	51,908,126
Balance at 01 July 2013	**9,278,649**	**5,027,593**	**4,316,551**	**14,344,042**	**18,941,291**	**51,908,126**
Additions	-	**24,000**	-	-	-	**24,000**
Disposals	**(736,000)**	-	-	-	-	**(736,000)**
Balance at 30 June 2014	**8,542,649**	**5,051,593**	**4,316,551**	**14,344,042**	**18,941,291**	**51,196,126**
Accumulated Depreciation						
Balance at 01 July 2012	24,533	396,805	222,000	1,473,229	4,385,363	6,501,930
Charge for the year	852,930	373,210	1,074,928	1,230,740	3,476,097	7,007,905
On disposals	-	-	-	(147,625)	-	(147,625)
Balance at 30 June 2013	877,463	770,015	1,296,928	2,556,344	7,861,460	13,362,210
Balance at 01 July 2013	**877,463**	**770,015**	**1,296,928**	**2,556,344**	**7,861,460**	**13,362,210**
Charge for the year	**1,623,320**	**428,158**	**996,475**	**1,807,886**	**3,656,345**	**8,512,184**
On disposals	**(223,744)**	-	-	-	-	**(223,744)**
Balance at 30 June 2014	**2,277,039**	**1,198,173**	**2,293,403**	**4,364,230**	**11,517,805**	**21,650,650**
Carrying values - 30 June 2014	**6,265,610**	**3,853,420**	**2,023,148**	**9,979,812**	**7,423,486**	**29,545,476**
Carrying values - 30 June 2013	8,401,186	4,257,578	3,019,623	11,787,698	11,079,831	38,545,916
Rates of depreciation per annum	20%	10%	33%	15%	33%	

4.1 Property and equipment includes cost of assets amounting to Rs. 50,393,455 (2013: Rs. 50,393,455) having net book value of Rs. 29,126,211 (2013: Rs. 37,283,524) purchased from deferred capital grant received from USAID, European Union, The Asia Foundation and British Council. Upon completion of relevant projects, these assets will be disposed off / transferred as per the instruction of the Donors.

		2014 Rupees	2013 Rupees
5	**INTANGIBLE ASSETS**		
	Cost		
	Opening balance	2,434,322	962,869
	Additions	-	1,471,453
	Closing balance	2,434,322	2,434,322
	Amortization		
	Opening balance	903,078	337,231
	Charge for the year	505,311	565,847
	Closing balance	1,408,389	903,078
	Carrying value - 30 June	1,025,933	1,531,244
	Amortization rate per annum	33.33%	33.33%

5.1 Intangible assets are purchased from deferred capital grant received from USAID, European Union, The Asia Foundation and British Council. Upon completion of relevant projects, these assets will be disposed off / transferred as per the instruction of the Donors.

		Note	2014 Rupees	2013 Rupees
6	**ADVANCES - considered good**			
	Advances to employees - considered good		1,911,364	1,902,271
	Advances to implementing partners - considered good		24,609,722	91,914,644
			26,521,086	93,816,915
7	**DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		850,000	1,005,598
	Prepayments		5,255,129	4,604,122
			6,105,129	5,609,720
8	**OTHER RECEIVABLES**			
	Receivable from donors	14	38,080,180	10,564,525
	Receivable from Citizen Voice Project (CVP)		1,203,356	1,981,792
	Membership fee receivable		415,000	390,000
	Others		595,683	984,192
			40,294,219	13,920,509

9 **SHORT TERM INVESTMENT**

These represent investment in Term Deposit Receipts - TDRs and carry interest at the rate of 8.70% (2013: 7.25%) per annum with a maturity up to one year.

		Note	2014 Rupees	2013 Rupees
10	**CASH AND BANK BALANCES**			
	Cash in hand		77,095	94,463
	Cash at bank			
	- Current accounts		18,985	18,988
	- Deposit accounts	10.1	37,525,982	76,532,280
			37,544,967	76,551,268
			37,622,062	76,645,731

10.1 These carry interest rate ranging from 6% to 8% (2013: 6% to 8%) per annum.

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11 TRADE AND OTHER PAYABLES	Note	2014 Rupees	2013 Rupees
Accrued liabilities		3,637,174	1,078,306
Payable to provident fund - related party		1,373,302	402,467
Payable to gratuity fund - related party		2,347,081	841,198
Withholding tax payable		280,768	975,742
Payable to implementing partners		19,704,399	12,541,051
		27,342,723	15,838,764

12 SHORT TERM LOAN

This represents interest free short term loan from the gratuity fund and is payable on demand to gratuity fund (2013: Nil).

13 DEFERRED CAPITAL GRANT	Note	2014 Rupees	2013 Rupees
Opening balance		38,814,769	13,213,281
Assets purchased from restricted grant	4	-	31,653,043
Additions to intangible assets	5	-	1,471,453
		-	33,124,496
Depreciation on items of property and equipment	4	(8,157,313)	(6,692,286)
Amortization of intangible assets	5	(505,311)	(565,847)
Carrying value of property and equipment disposed off		-	(264,875)
		(8,662,624)	(7,523,008)
Closing balance		30,152,145	38,814,769

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14 RESTRICTED GRANT

2014	STAEP	ILM-Possible	ACP	LTEOOP	PWRP	EVM	CVP	Total
	The Asia Foundation	British Council	British Council	European Union	European Union	USIP	USAID	
	Rupees							
Opening balance	79,426,086	-	9,486	-	5,075,324	-	80,327,959	164,838,856
Add:								
Grant received during the year	20,965,966	12,168,450	-	112,997,000	-	4,554,146	633,219,415	783,904,977
Profit on deposit accounts	2,006,199	90,841	-	2,126,988	77,204	133,979	-	4,435,211
TDEA Contribution	-	-	-	-	3,115,986	-	-	3,115,986
Grant returned	-	-	-	-	-	-	(2,158,932)	(2,158,932)
Total grant received	22,972,165	12,259,291	-	115,123,988	3,193,190	4,688,125	631,060,483	789,297,242
Closing receivable	1,434,706	-	-	22,530,121	14,115,353	-	-	38,080,180
Less:								
Opening receivable	-	-	-	(8,965,230)	-	(1,599,295)	-	(10,564,525)
	103,832,957	12,259,291	9,486	128,688,879	22,383,867	3,088,830	711,388,442	981,651,753
Less: Grant utilized during the year								
Project expenses - note 20	(103,832,957)	(2,077,456)	-	(128,688,879)	(22,383,867)	(2,886,654)	(668,329,337)	(928,199,150)
Grant income recognized	(103,832,957)	(2,077,456)	-	(128,688,879)	(22,383,867)	(2,886,654)	(668,329,337)	(928,199,150)
Closing balance	-	10,181,835	9,486	-	-	202,176	43,059,105	53,452,603
2013								
Opening balance	10,662,529	-	-	-	-	-	586,169	11,248,698
Add:								
Grant received during the year	213,784,623	-	5,826,850	128,502,000	18,871,362	-	698,194,174	1,065,179,009
Profit on deposit accounts	2,154,073	-	-	1,347,578	493,039	-	2,158,932	6,153,622
Grant returned	-	-	-	-	-	-	(6,004,765)	(6,004,765)
Total grant received	215,938,696	-	5,826,850	129,849,578	19,364,401	-	694,348,341	1,065,327,866
Closing receivable	-	-	-	8,965,230	-	1,599,295	-	10,564,525
Less:								
Transferred to deferred capital grant	(2,268,898)	-	(61,000)	(10,671,720)	(4,390,348)	-	(15,732,530)	(33,124,496)
Opening receivable	-	-	(4,579,610)	-	-	-	-	(4,579,610)
	224,332,327	-	1,186,240	128,143,088	14,974,053	1,599,295	679,201,980	1,049,436,983
Less: Grant utilized during the year								
Project expenses - note 20	(144,906,241)	-	(1,176,754)	128,143,088	(9,898,729)	(1,599,295)	(598,874,021)	(884,598,127)
Grant income recognized	(144,906,241)	-	(1,176,754)	128,143,088	(9,898,729)	(1,599,295)	(598,874,021)	(884,598,127)
Closing balance	79,426,086	-	9,486	-	5,075,324	-	80,327,959	164,838,856

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		2014 Rupees	2013 Rupees
15	**ENDOWMENT FUND**		
	Opening balance	9,025,641	6,883,309
	Add: Income transferred to the fund		
	Membership fee	370,000	370,000
	Donations	-	295,000
	Management fee	-	5,305,277
	Profit on deposit accounts	104,745	-
	Return on investment	73,609	100,445
		548,354	6,070,722
	Less: Expenses charged to the fund		
	Personnel cost	-	(1,052,743)
	Auditors' remuneration	-	(980,000)
	Excess project expenses	-	(1,423,592)
	Tax expense	-	(472,055)
		-	(3,928,390)
	Transferred to Endowment Fund during the year	548,354	2,142,332
	Closing balance	9,573,995	9,025,641
16	**Restricted Reserve Fund**		
	Opening balance	-	-
	Add: Income transferred to the fund		
	Profit on deposit accounts	559,625	-
	Management fee	21,268,690	-
	Gain on disposal of property and equipment	195,744	-
	Consultancy Services	900,000	
	Others	5,000	-
		22,929,059	-
	Less: Expenses charged to the fund		
	Administrative expenses	(11,058,096)	-
	Depreciation	(354,871)	
	Tax expense	(3,562,984)	-
		(14,975,951)	-
	Transferred to Restricted Reserve Fund during the year	7,953,108	-
	Closing balance	7,953,108	-

17 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at the year end.

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18	OTHER INCOME	Note	2014 Rupees	2013 Rupees
	Income from non-financial assets			
	Donations		-	295,000
	Membership fee		370,000	370,000
	Management fee		21,268,690	5,305,277
	Gain on disposal of property and equipment		195,744	220,000
	Consultancy fee		900,000	110,935
	Others		5,000	-
			22,739,434	6,301,212
	Income from financial assets			
	Profit on deposit accounts		664,370	232,480
	Return on investment		73,609	-
			737,979	232,480
			23,477,413	6,533,692

19	ADMINISTRATIVE EXPENSES	Note	2014 Rupees	2013 Rupees
	Personnel cost	19.1	3,628,220	1,052,743
	Training and capacity building		68,997	-
	Consultants and trainers fee		1,219,367	1,423,592
	Printing and publications		137	-
	Travel expenses		15,550	-
	Fuel expenses		242,020	-
	Office rent		213,643	-
	Communication costs		35,082	-
	Repairs and maintenance		275,868	-
	Office security		253,566	-
	Utilities		67,766	-
	Postage, courier and carriage		11,372	-
	Books, newspaper and journals		5,452	-
	Office supplies and stationary		80,909	-
	Meals and refreshments		710,563	-
	Other administrative expenses		150,459	-
	Contribution as required under EC - PWRP		3,214,951	-
	Insurance costs		14,171	-
	Advertisement		286,171	
	I-services		179,064	
	Auditors' remuneration		375,000	980,000
	Bank charges		9,768	34,065
			11,058,096	3,490,400

19.1 Included herein is a sum of Rs. 14,155 (2013: Nil) and Rs. 47,245 (2013: Nil) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.

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20 PROJECTS EXPENSES	Note	2014 Rupees	2013 Rupees
Strengthening Transparency Accountability of Electoral Process in Pakistan - STAEP	20.1	103,832,957	144,906,241
Citizen Voice Project - CVP	20.2	668,329,337	598,874,021
Active Citizen Programme - ACP	20.3	-	1,176,754
Long Term Election Observation and Oversight-LTEOOP	20.4	128,688,879	128,143,088
Parliament Watch and Reform Project - PWRP	20.5	22,383,867	9,898,729
Electoral Violence Monitoring - EVM	20.6	2,886,654	1,599,295
Take a child to school -ILMPOSSIBLE	20.7	2,077,456	-
		928,199,150	884,598,127

20.1 ***Strengthening transparency accountability of electoral process in Pakistan - STAEP***

	Note	2014 Rupees	2013 Rupees
Personnel cost	20.1.1	25,252,432	31,000,201
Meetings		-	1,411,634
Activity cost	20.1.2	36,969,808	100,845,966
Consultancy services		23,048,036	-
Printing cost		5,829,438	6,074,581
Office rent		1,706,722	2,121,555
Fuel expenses		677,473	543,499
Communication		520,154	451,005
Postage		618,046	596,423
Utilities		370,859	567,814
Stationery and office supplies		3,463,926	458,007
Security charges		312,608	301,341
Travel and accommodation		4,496,939	-
Newspaper and magazines		21,421	-
Repair and maintenance		473,595	461,308
Others		71,500	72,907
	20.1.3	103,832,957	144,906,241

20.1.1 Included herein is a sum of Rs. 323,002 (2013: Rs. 252,626) and Rs. 1,254,897 (2013: Rs. 1,034,389) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.

20.1.2 Activity cost	2014 Rupees	2013 Rupees
Monitoring	-	24,719,674
Election management and control	36,969,808	70,385,314
Capacity building	-	5,740,978
	36,969,808	100,845,966

20.1.3 This includes expenses amounting to Rs. 13,237,354 (2013: Rs. 56,041,980) incurred by implementing partners on behalf of TDEA against project activities.

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20.2 *Citizen voice project - CVP*	Note	2014 Rupees	2013 Rupees
Personnel cost	20.2.1	**74,914,802**	70,327,514
Professional services		**28,148**	255,000
Meetings		**-**	1,232,901
Management Fee		**21,268,389**	5,305,277
Activity cost	20.2.2	**553,144,007**	505,132,575
Fuel expenses		**1,164,989**	823,405
Office supplies		**1,310,749**	1,862,697
Repair and maintenance		**1,502,409**	749,043
Communication		**685,598**	2,179,863
Office rent		**5,402,356**	3,960,000
Security charges		**1,125,945**	1,177,573
Equipment		**2,349,072**	335,120
Vehicle rental		**1,670,959**	1,048,431
Utilities		**1,063,552**	746,680
Newspaper and magazines		**44,105**	31,796
Travel and accommodation		**2,654,258**	3,706,146
	20.2.3	**668,329,337**	598,874,021

20.2.1 Included herein is a sum of Rs. 1,554,018 (2013: Rs. 1,443,265) and Rs. 5,305,741 (2013: Rs. 5,078,572) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.

20.2.2 Activity cost	2014 Rupees	2013 Rupees
Capacity building and training of grantees	**360,594,215**	458,689,548
Pre-award and post award financial monitoring	**190,760,484**	37,200,836
Operational assessments	**-**	2,266,665
Election Information Management Systems	**-**	5,689,397
Other	**1,789,308**	1,286,129
	553,144,007	505,132,575

20.2.3 This includes expenses amounting to Rs. 505.17 (2013: Rs. 495.89) million incurred by implementing partners on behalf of TDEA against project activities. Out of this amount Rs. 481.19 (2013: Rs. 458.68) million were incurred by TDEA through The Asia Foundation, a US based NGO.

		Note	2014 Rupees	2013 Rupees
20.3	***Active citizen Programme - ACP***			
	Personnel cost		-	526,514
	Insurance expense of vehicle		-	86,988
	Activity cost		-	464,378
	Printing cost		-	24,981
	Travelling and accommodation		-	24,086
	Communication		-	23,671
	Repair and maintenance		-	23,868
	Others		-	2,268
			-	1,176,754
20.4	***Long Term Election Observation and Oversight in Pakistan - LTEOOP***			
	Personnel cost	20.4.1	79,677,886	73,291,074
	Activity cost	20.4.2	19,442,951	21,255,488
	Travel cost		17,618,199	26,273,580
	Printing and publications		21,232	1,802,119
	Fuel expenses		318,406	312,227
	Office rent		2,512,971	1,672,971
	Communication cost		5,404,146	440,699
	Repair and maintenance		834,934	1,179,336
	Office security		386,398	419,001
	Utilities		494,837	168,918
	Meetings cost		-	473,157
	Insurance		71,500	39,473
	Stationary and office supplies		1,200,905	717,459
	Audit fee		539,700	-
	Postage, courier and carriage		149,082	-
	Books, newspaper and journals		15,732	-
	Others		-	97,586
		20.4.3	128,688,879	128,143,088

20.4.1 Included herein is a sum of Rs 619,693 (2013: Rs 270,300) and Rs 2,047,236 (2013: Rs 838,719) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.

		2014 Rupees	2013 Rupees
20.4.2	**Activity Cost**		
	Research consultants	4,742,131	63,636
	Meetings and press briefings	4,549,999	996,066
	EOM review and planning development workshops	-	91,982
	Advocacy and public outreach	-	1,589,150
	Printings	-	6,969
	Equipment and supplies	5,030,307	12,218,945
	Implementing agencies	5,120,514	6,288,740
		19,442,951	21,255,488

20.4.3 This includes expenses amounting to Rs. 76,876,981 (2013: 97,894,593) incurred by sub grantees on behalf of TDEA against project activities.

		Note	2014 Rupees	2013 Rupees
20.5	***Parliament Watch and Reform Project - PWRP***			
	Personnel cost	20.5.1	17,186,926	7,498,119
	Activity cost	20.5.2	1,796,617	304,676
	Communication		420,822	143,567
	Advertisement		-	48,118
	Stationery and office supplies		478,146	221,292
	Repair and maintenance		279,979	125,304
	Utilities		265,559	86,483
	Office rent		1,526,755	992,805
	Fuel expenses		338,409	86,375
	Security charges		-	330,704
	Webhosting		-	3,000
	Meetings cost		-	7,053
	Insurance		-	36,930
	Travel cost		17,160	-
	Postage, courier and carriage		71,444	-
	Books, newspaper and journals		2,050	-
	Others		-	14,302
			22,383,867	9,898,729

20.5.1 Included herein is a sum of Rs 272,886 (2013: Rs 161,000) and Rs 910,639 (2013: Rs 537,343) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.

		Note	2014 Rupees	2013 Rupees
20.5.2	**Activity Cost**			
	Research consultants		163,570	-
	Meetings and press briefings		908,439	304,676
	Printings and Publication		267,000	-
	Equipment and supplies		143,400	
	Implementing agencies		314,208	-
			1,796,617	304,676

20.5.3 This includes expenses amounting to Rs. 4,802,899 (2013: Nil) incurred by sub grantees on behalf of TDEA against project activities.

		Note	2014 Rupees	2013 Rupees
20.6	***Electoral Violence Monitoring - EVM***			
	Personnel cost	20.6.1	1,720,475	1,253,633
	Equipment rental		261,000	144,000
	Professional services		622,253	-
	Repair and maintenance		26,137	-
	Office rent		136,844	76,586
	Fuel expenses		31,147	35,812
	Office security		23,017	12,647
	Utilities		25,469	22,985
	Communication		13,180	17,051
	Postage, Courier and Carriage		4,867	-
	Office supplies		20,654	36,581
	Others		1,611	
			2,886,654	1,599,295

20.6.1 Included herein is a sum of Rs 17,012 (2013: Rs 11,997) and Rs 55,043 (2013: Rs 39,516) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

		Note	2014 Rupees	2013 Rupees
20.7	*Take a child to school -ILMPOSSIBLE*			
	Personnel cost	20.7.1	1,584,593	-
	Office supplies		48,036	-
	Equipment and supplies		442,128	
	Others		2,699	-
			2,077,456	-

20.7.1 Included herein is a sum of Rs 35,524 (2013: Nil) and Rs 118,378 (2013: Nil) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.

		2014 Rupees	2013 Rupees
21	**TAXATION**		
	Current		
	- For the year	3,562,984	772,741
	- Prior	-	(300,686)
		3,562,984	472,055

21.1 The assessments of the Company up to and including the Tax Year 2013 stood finalized under the Self Assessment Scheme envisaged in the Income Tax Ordinance, 2001.

22 FINANCIAL RISK MANAGEMENT

TDEA has exposure to the following risks from its use of financial instruments:

(a) Credit risk
(b) Liquidity risk
(c) Market risk

This note presents information about the TDEA's exposure to each of the above risks, the TDEA's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

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

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

The Board of Trustees of TDEA oversee how management monitors compliance with the TDEA's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the TDEA.

(a) Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. TDEA's credit risk is primarily attributable to advances to employees, security deposits, grants receivable and other receivables. The management believes that TDEA is not exposed to major concentration of credit risk as the exposure is spread over a number of counter parties which are mainly receivables from implementing partners and banks with reasonable high credit ratings. The carrying amount of financial assets represents the maximum credit exposure at the reporting date as follows:

	2014	2013
	Rupees	Rupees
Security deposits	**850,000**	1,005,598
Other receivables	**40,294,219**	13,920,509
Short term investment	**1,174,054**	1,100,445
Bank balances	**37,622,062**	76,645,731
	79,940,335	92,672,283

Geographically there is no concentration of credit risk. TDEA does not have any trade receivables. Based on past experience, the management believes that no impairment allowance is necessary in respect of its financial assets.

(b) Liquidity risk

Liquidity risk is the risk that TDEA will not be able to meet its financial obligations as they fall due. TDEA's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. The management believes that at the moment there is insignificant risk that it will have difficulty in meeting its financial obligations as sufficient funds are available with TDEA. Carrying amount of TDEA's financial liabilities approximate the estimated contractual cash outflows which are due within one year of the balance sheet date.

	Carrying Amount
	Rupees
2014	
Financial liabilities	27,061,955
Trade and other payables	27,061,955
2013	
Financial liabilities	(14,863,022)
Trade and other payables	(14,863,022)

(c) **Market Risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. TDEA is not significantly exposed to market risk.

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2014		2013	
Assets carried at amortized cost	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees			
Security deposits	850,000	850,000	1,005,598	1,005,598
Other receivables	40,294,219	40,294,219	13,920,509	13,920,509
Other financial assets	1,174,054	1,174,054	1,100,445	1,100,445
Cash and bank balances	37,622,062	37,622,062	76,645,731	76,645,731
	79,940,335	79,940,335	92,672,283	92,672,283
Liabilities carried at amortized cost				
Trade and other payables	27,061,955	27,061,955	14,863,022	14,863,022
	27,061,955	27,061,955	14,863,022	14,863,022

Determination of fair values

A number of the TDEA's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

	Carrying Amount
	Rupees
2014	
Financial liabilities	**27,061,955**
Trade and other payables	**27,061,955**
2013	
Financial liabilities	(14,863,022)
Trade and other payables	(14,863,022)

(c) **Market Risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. TDEA is not significantly exposed to market risk.

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet are as follows:

	2014		2013	
Assets carried at amortized cost	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees			
Security deposits	850,000	850,000	1,005,598	1,005,598
Other receivables	40,294,219	40,294,219	13,920,509	13,920,509
Other financial assets	1,174,054	1,174,054	1,100,445	1,100,445
Cash and bank balances	37,622,062	37,622,062	76,645,731	76,645,731
	79,940,335	79,940,335	92,672,283	92,672,283
Liabilities carried at amortized cost				
Trade and other payables	27,061,955	27,061,955	14,863,022	14,863,022
	27,061,955	27,061,955	14,863,022	14,863,022

Determination of fair values

A number of the TDEA's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

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Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

23 FUND MANAGEMENT

TDEA's objective when managing fund 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.

24 RELATED PARTY TRANSACTIONS

All the trustees, entities with common directorship / trust ship, employee benefit plans, member organizations and key management staff are related parties of TDEA. Outstanding balances of related parties are shown in the relevant notes to the financial statements, while transactions of TDEA with related parties during the year are as follows:

		Note	2014 Rupees	2013 Rupees
	Transactions and balances with employee benefit plan			
	Short tem loan from from gratuity fund		**11,841,680**	-
	Repayment of short term loan to gratuity fund		**3,341,680**	-
	Payments to employee benefit plans		**12,094,726**	7,302,322
	Charge for the year relating to employee benefit plan		**14,669,002**	9,667,727
	Transactions with key management personnel			
	Remuneration of key management personnel	24.1	**13,512,954**	11,154,549
24.1	**Remuneration, allowances and benefits**			
	Managerial remuneration and allowances		12,192,468	10,064,528
	Provision for gratuity		1,016,039	838,710
	Provident fund		304,447	251,311
			13,512,954	11,154,549

25 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

26 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Trustees in their meeting held on ____________.

Chairperson

Chief Executive Officer