

**TRUST FOR DEMOCRATIC EDUCATION
AND ACCOUNTABILITY**

Financial Statements
For the year ended 30 June 2015





KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building No. 5
Jinnah Avenue, Blue Area
Islamabad, Pakistan

Telephone + 92 (51) 282 3558
+ 92 (51) 282 5956
Fax + 92 (51) 282 2671
Internet www.kpmg.com.pk

AUDITORS' REPORT TO BOARD OF TRUSTEES

We have audited the accompanying financial statements of Trust for Democratic Education and Accountability ("TDEA") which comprise of Balance sheet as at 30 June 2015 and the related income and expenditure account, cash flow statement and statement of changes in funds 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 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 procedure selected depend on the auditor's judgment, 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 auditor considers internal control relevant to TDEA's preparation and fair presentation of financial statements in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on effectiveness of TDEA's internal control. An audit also includes evaluating appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that 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 19.2.3 to the financial statements, the expenditure aggregating to Rs. 94.207 million was incurred by TDEA through The Asia Foundation ("TAF"), an implementing partner of TDEA, a US based NGO. We were 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.



KPMG Taseer Hadi & Co.

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 30 June 2015, 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.

**Islamabad
18 March 2017**

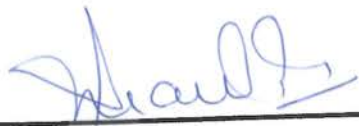
**KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani**



TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
BALANCE SHEET
AS AT 30 JUNE 2015

	Note	2015 Rupees	2014 Rupees
NON CURRENT ASSETS			
Property and equipment	4	26,354,270	29,545,476
Intangible assets	5	<u>708,250</u>	<u>1,025,933</u>
		27,062,520	30,571,409
CURRENT ASSETS			
Advances - considered good	6	2,696,657	26,521,086
Deposits and short term prepayments	7	5,399,486	6,105,129
Other receivables	8	4,283,381	40,468,273
Short term investment	9	1,000,000	1,000,000
Cash and bank balances	10	<u>123,380,566</u>	<u>37,622,062</u>
		136,760,090	111,716,550
CURRENT LIABILITIES			
Trade and other payables	11	(13,486,880)	(27,342,723)
Short term loan		-	(8,500,000)
Provision for taxation - net		<u>1,612,848</u>	<u>(3,523,745)</u>
		124,886,058	72,350,082
NET CURRENT ASSETS			
		<u>151,948,578</u>	<u>102,921,491</u>
NON CURRENT LIABILITIES			
Deferred capital grant	12	(24,700,456)	(30,152,145)
Restricted grant	13	<u>(109,238,926)</u>	<u>(53,452,603)</u>
		18,009,196	19,316,743
NET ASSETS			
REPRESENTED BY:			
Endowment fund	14	10,172,853	9,573,995
Restricted reserve fund	15	6,025,755	7,953,108
Accumulated surplus		<u>1,810,588</u>	<u>1,789,640</u>
		<u>18,009,196</u>	<u>19,316,743</u>
CONTINGENCIES AND COMMITMENTS			
	16		

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 2015

	Note	2015 Rupees	2014 Rupees
INCOME			
Grant	13	516,578,831	928,199,150
Amortization of deferred capital grant	12	6,611,586	8,662,624
Other income	17	34,104,093	23,477,413
		<u>557,294,510</u>	<u>960,339,187</u>
EXPENDITURE			
Administrative expenses	18	35,072,726	11,058,096
Projects expenses	19	516,578,831	928,199,150
Depreciation on items of property and equipment	4	6,607,817	8,512,184
Amortization of intangible assets	5	342,683	505,311
		<u>(558,602,057)</u>	<u>(948,274,741)</u>
Surplus before taxation		(1,307,547)	12,064,446
Taxation	20	-	(3,562,984)
Surplus before appropriation		(1,307,547)	8,501,462
Appropriation:			
Transfer to endowment fund	14	(598,858)	(548,354)
Transfer to restricted reserve fund	15	1,927,353	(7,953,108)
SURPLUS FOR THE YEAR		<u>20,948</u>	<u>-</u>

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 2015

	2015 Rupees	2014 Rupees
Surplus for the year	20,948	-
Other comprehensive income for the year	-	-
Total comprehensive income for the year	20,948	-

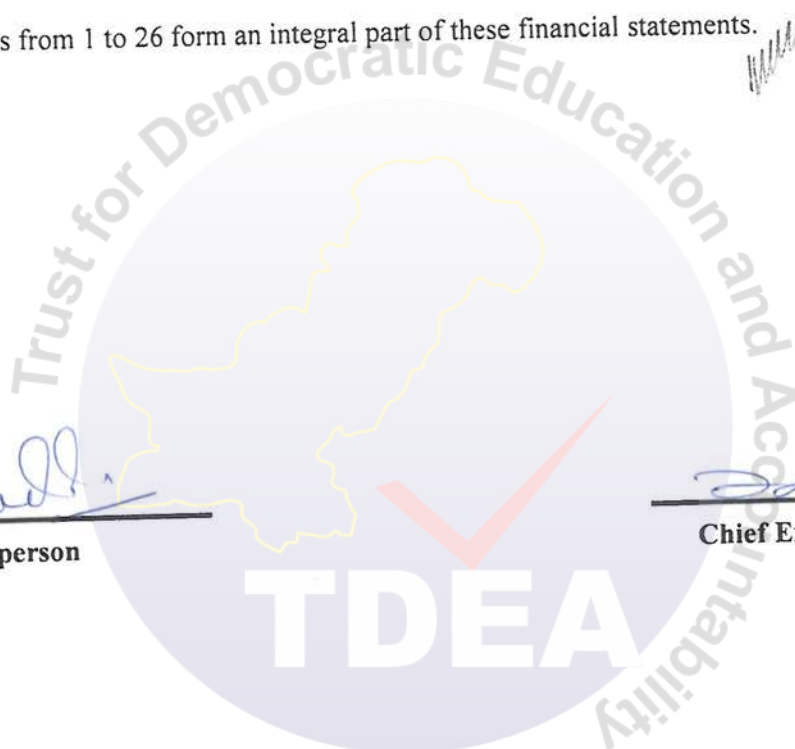
The annexed notes from 1 to 26 form an integral part of these financial statements.



 Chairperson




 Chief Executive Officer



TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		(1,307,547)	12,064,446
<i>Adjustment for:</i>			
Depreciation		6,607,817	8,512,184
Amortization		342,683	505,311
Grant income		(516,578,831)	(928,199,150)
Unspent balances recognized as income		(132,611)	-
Amortization of deferred capital grant		(6,611,586)	(8,662,624)
Loss from disposal of property and equipment		67,942	(195,744)
		(516,304,586)	(928,040,023)
Operating deficit before working capital changes		(517,612,133)	(915,975,577)
Changes in:			
Advances		23,824,429	67,295,829
Deposits and short term prepayments		705,643	(495,409)
Other receivables		1,568,874	1,141,944
Trade and other payables		(13,855,843)	11,503,959
		12,243,103	79,446,323
Restricted grant received		608,273,680	789,297,242
Income taxes paid		(5,136,593)	(902,047)
Net cash generated from / (used in) operating activities		97,768,057	(48,134,058)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment		(3,505,501)	(24,000)
Additions to intangible assets		(25,000)	-
Proceeds from disposal of property and equipment		20,948	708,000
Increase in other financial assets		-	(73,609)
Net cash generated from / (used in) investing activities		(3,509,553)	610,391
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings		-	11,841,680
Repayment of short term borrowings		(8,500,000)	(3,341,680)
Net cash (used in) / generated from financing activities		(8,500,000)	8,500,000
Net increase / (decrease) in cash and cash equivalents		85,758,504	(39,023,669)
Cash and cash equivalents at beginning of the year		37,622,062	76,645,731
Cash and cash equivalents at end of the year	10	123,380,566	37,622,062

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 FUNDS
FOR THE YEAR ENDED 30 JUNE 2015

	Endowment Fund	Restricted Reserve Fund	Accumulated surplus	Total
	Rupees	Rupees	Rupees	Rupees
Balance at 01 July 2013	9,025,641	-	1,789,640	10,815,281
Total comprehensive income for the year				
Surplus for the year	548,354	7,953,108	-	8,501,462
Total comprehensive income for the year	548,354	7,953,108	-	8,501,462
Balance at 30 June 2014	9,573,995	7,953,108	1,789,640	19,316,743
Balance at 01 July 2014	9,573,995	7,953,108	1,789,640	19,316,743
Total comprehensive income for the year				
Surplus / (deficit) for the year	598,858	(1,927,353)	20,948	(1,307,547)
Total comprehensive income for the year	598,858	(1,927,353)	20,948	(1,307,547)
Balance at 30 June 2015	10,172,853	6,025,755	1,810,588	18,009,196

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 2015

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 Building No. 1, Street 5 (off) Jasmine road, G7/2, 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

Items included in the financial statements are measured using the currency of the primary economic environment in which the TDEA operates. These financial statements are presented in Pakistan Rupee which is the TDEA's functional and presentation currency. Amounts presented in Pakistan Rupee have been rounded off to nearest of rupee.

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;

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 recognized 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost, if any.

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 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 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 and equipment. The rebuttable presumption that the use of revenue-based amortization 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 TDEA's financial statements.

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces 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. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on TDEA's financial statements.
- 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 adoption of this standard is not likely to have an impact on TDEA's financial statements.
- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 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. The adoption of this standard is not likely to have an impact on TDEA's financial statements.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 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. The adoption of this standard is not likely to have an impact on TDEA's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 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 adoption of the amended standard is not likely to have an impact on TDEA's financial statements.
- Amendment to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' (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 company 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 amendments are not likely to have an impact on TDEA's financial statements.

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investment in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2016). The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on TDEA's financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards. The adoption of these improvements are not likely to have an impact on TDEA's financial statements.
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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.

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 translation

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. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or 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 or CGUs.

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.

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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) Unrestricted grant

An unconditional grant is recognized as income when the grant is received.

(c) 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 endowment fund's deposit accounts and return on investments, if any. 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).

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 restricted reserve fund's deposit accounts, net receipts from fixed price contracts, 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 Board of Trustees/Executive Council meetings.

3.10 Staff retirement benefits

Gratuity fund

TDEA maintains a separate 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 recognized 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 recognized 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 recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized 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 amortized 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.

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 recognizes 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 recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized 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 recognized when become due and management fee is recognized as and when the related conditions are fulfilled.

Administration fee

TDEA recognizes administration fee, if any, on receipt basis.

Interest income on bank deposits and investments

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

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

4 PROPERTY AND EQUIPMENT

	Vehicles	Furniture and fixtures	Mobile Phones	Office and other equipment	Computer and ancillary equipment	Total
	Rupees					
Cost						
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
Balance at 01 July 2014	8,542,649	5,051,593	4,316,551	14,344,042	18,941,291	51,196,126
Additions	2,370,604	13,500	-	48,847	1,072,550	3,505,501
Disposals	-	-	(142,000)	(20,948)	-	(162,948)
Balance at 30 June 2015	10,913,253	5,065,093	4,174,551	14,371,941	20,013,841	54,538,679
Accumulated depreciation						
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
Balance at 01 July 2014	2,277,039	1,198,173	2,293,403	4,364,230	11,517,805	21,650,650
Charge for the year	1,569,203	386,242	647,762	1,496,945	2,507,665	6,607,817
On disposals	-	-	(68,968)	(5,090)	-	(74,058)
Balance at 30 June 2015	3,846,242	1,584,415	2,872,198	5,856,085	14,025,470	28,184,409
Carrying values - 30 June 2015	7,067,011	3,480,678	1,302,353	8,515,856	5,988,371	26,354,270
Carrying values - 30 June 2014	6,265,610	3,853,420	2,023,148	9,979,812	7,423,486	29,545,476
Rates of depreciation per annum	20%	10%	33%	15%	33%	

4.1 Property and equipment includes cost of assets amounting to Rs. 51,365,404 (2014: Rs. 50,393,455) having net book value of Rs. 23,992,206 (2014: Rs. 29,126,212) purchased from deferred capital grant received from USAID, European Union, The Asia Foundation, Development Alternative Incorporation and British Council. Upon completion of relevant projects, these assets will be disposed off / transferred as per the instruction of the Donors.

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

		2015 Rupees	2014 Rupees
5	INTANGIBLE ASSETS		
	Cost		
	Opening balance	2,434,322	2,434,322
	Additions	25,000	-
	Closing balance	<u>2,459,322</u>	<u>2,434,322</u>
	Amortization		
	Opening balance	1,408,389	903,078
	Charge for the year	342,683	505,311
	Closing balance	<u>1,751,072</u>	<u>1,408,389</u>
	Carrying value - 30 June	<u>708,250</u>	<u>1,025,933</u>
	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.		
6	ADVANCES - considered good	Note	
	Advances to employees - considered good	2,135,647	1,911,364
	Advances to implementing partners - considered good	561,010	24,609,722
		<u>2,696,657</u>	<u>26,521,086</u>
7	DEPOSITS AND SHORT TERM PREPAYMENTS		
	Security deposits	952,653	850,000
	Prepayments	4,446,833	5,255,129
		<u>5,399,486</u>	<u>6,105,129</u>
8	OTHER RECEIVABLES		
	Receivable from donors	3,464,162	38,080,180
	Receivable from Citizen Voice Project (CVP)	-	1,203,356
	Membership fee receivable	560,000	415,000
	Accrued interest	259,219	174,054
	Others	-	595,683
		<u>4,283,381</u>	<u>40,468,273</u>
9	SHORT TERM INVESTMENT		
	These represent investment in Term Deposit Receipts - TDRs and carry interest at the rate of 6.22% (2014: 8.7%) per annum with a maturity up to one year.		

[Handwritten signature]

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Rupees	2014 Rupees
10 CASH AND BANK BALANCES		18,245	77,095
Cash in hand			
Cash at bank			
- Current accounts	10.1	4,107,261	18,985
- Deposit accounts		119,255,060	37,525,982
		123,362,321	37,544,967
		123,380,566	37,622,062
10.1 These carry interest rate ranging from 4% to 6% (2014: 6% to 8%) per annum.			
11 TRADE AND OTHER PAYABLES		2015 Rupees	2014 Rupees
Accrued liabilities		8,270,362	3,637,174
Payable to provident fund		22,656	1,373,302
Payable to gratuity fund		-	2,347,081
Withholding tax payable		945,505	280,768
Payable to implementing partners		4,248,357	19,704,399
		13,486,880	27,342,723
12 DEFERRED CAPITAL GRANT		30,152,145	38,814,769
Opening balance			
Assets purchased from restricted grant	13	1,159,897	-
		1,159,897	-
Depreciation on items of property and equipment	4	(6,180,013)	(8,157,313)
Amortization of intangible assets	5	(342,683)	(505,311)
		(88,890)	-
Carrying value of property and equipment disposed off		(6,611,586)	(8,662,624)
		24,700,456	30,152,145
Closing balance			

TDEA

**TRUST FOR DEMOCRATIC EDUCATION AND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

13 RESTRICTED GRANT

2015

[illegible]

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 Rupees	2014 Rupees
14 ENDOWMENT FUND		
Opening balance	9,573,995	9,025,641
Add: Income transferred to the fund		
Membership fee	385,000	370,000
Profit on deposit accounts	128,693	104,745
Return on investment	85,165	73,609
	<u>598,858</u>	<u>548,354</u>
Transferred to Endowment Fund during the year	598,858	548,354
Closing balance	<u>10,172,853</u>	<u>9,573,995</u>
15 RESTRICTED RESERVE FUND		
Opening balance	7,953,108	-
Add: Income transferred to the fund		
Profit on deposit accounts	518,164	559,625
Administration fee	12,888,124	-
Management fee	12,413,767	21,268,690
Gain on disposal of property and equipment	-	195,744
Consultancy services	4,510,511	900,000
Unspent balances recognized as income	132,611	-
Liabilities written back	3,099,106	-
Others	10,894	5,000
	<u>33,573,177</u>	<u>22,929,059</u>
Less: Expenses charged to the fund		
Administrative expenses	(35,072,726)	(11,058,096)
Depreciation on owned assets	(427,804)	(354,871)
Tax expense	-	(3,562,984)
	<u>(35,500,530)</u>	<u>(14,975,951)</u>
Transferred to Restricted Reserve Fund during the year	<u>(1,927,353)</u>	<u>7,953,108</u>
Closing balance	<u>6,025,755</u>	<u>7,953,108</u>
16 CONTINGENCIES AND COMMITMENTS		
There are no contingencies and commitments at the year end.		
17 OTHER INCOME		
Income from non-financial assets		
Membership fee	385,000	370,000
Administration fee	12,888,124	-
Management fee	12,413,767	21,268,690
(Loss) / Gain on disposal of property and equipment	(67,942)	195,744
Consultancy fee	4,510,511	900,000
Unspent balances recognized as income	132,611	-
Liabilities written back	3,099,106	-
Others	10,894	5,000
	<u>33,372,071</u>	<u>22,739,434</u>
Income from financial assets		
Profit on deposit accounts	646,857	664,370
Return on investment	85,165	73,609
	<u>732,022</u>	<u>737,979</u>
	<u>34,104,093</u>	<u>23,477,413</u>

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 Rupees	2014 Rupees
18 ADMINISTRATIVE EXPENSES			
Personnel cost	18.1	14,097,075	3,628,220
Training and capacity building		-	68,997
Consultants and trainers fee		1,459,924	1,219,367
Printing and publications		412,341	137
Travel expenses		236,410	15,550
Fuel expenses		344,878	242,020
Office rent		1,088,497	213,643
Communication costs		352,998	35,082
Repairs and maintenance		506,899	275,868
Office security		272,398	253,566
Utilities		330,835	67,766
Postage, courier and carriage		30,751	11,372
Books, newspaper and journals		8,750	5,452
Office supplies and stationary		526,645	80,909
Meals and refreshments		1,267,500	710,563
Other administrative expenses		988,876	150,459
Contribution as required under EC - PWRP		-	3,214,951
Implementing partner		2,126,528	-
Insurance costs		54,539	14,171
Advertisement		220,839	286,171
I-services		-	179,064
Auditors' remuneration		1,559,445	375,000
Exchange loss		5,089,228	-
Receivable from donor written off		3,580,367	-
Held bills cost		517,003	9,768
		<u>35,072,726</u>	<u>11,058,096</u>
18.1	Included herein is a sum of Rs. 310,555 (2014: Rs. 14,155) and Rs. 1,834,788 (2014: Rs. 47,245) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.		
19 PROJECTS EXPENSES			
Strengthening Transparency Accountability of Electoral Process in Pakistan - STAEP	19.1	5,917,630	103,832,957
Citizen Voice Project - CVP	19.2	382,306,855	668,329,337
Long Term Election Observation and Oversight-LTEOOP	19.3	37,814,538	128,688,879
Parliament Watch and Reform Project - PWRP	19.4	26,129,634	22,383,867
Electoral Violence Monitoring - EVM	19.5	674,795	2,886,654
Take a child to school -ILMPOSSIBLE	19.6	19,558,638	2,077,456
Education for All – Making it Possible - DAI-ILM Idea	19.7	12,703,700	-
Citizen Action for Democratic Governance Project - DFID	19.8	31,473,041	-
		<u>516,578,831</u>	<u>928,199,150</u>

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

		2015 Rupees	2014 Rupees
19.1	<i>Strengthening transparency accountability of electoral process in Pakistan - STAEP</i>		
	Note		
Personnel cost	19.1.1	1,377,748	25,252,432
Activity cost	19.1.2	56,596	36,969,808
Consultancy services		3,265,649	23,048,036
Printing cost		-	5,829,438
Office rent		276,158	1,706,722
Fuel expenses		84,159	677,473
Communication		159,139	520,154
Postage		77,552	618,046
Utilities		26,019	370,859
Stationery and office supplies		268,072	3,463,926
Security charges		19,166	312,608
Travel and accommodation		226,222	4,496,939
Newspaper and magazines		1,996	21,421
Repair and maintenance		79,154	473,595
Others		-	71,500
	19.1.3	5,917,630	103,832,957
19.1.1	Included herein is a sum of Rs. 16,495 (2014: Rs. 323,002) and Rs. 101,664 (2014: Rs. 1,254,897) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.		
19.1.2	Activity cost	2015 Rupees	2014 Rupees
	Election management and control	56,596	36,969,808
		56,596	36,969,808
19.1.3	This includes expenses amounting to Rs. Nil (2014: Rs. 13,237,354) incurred by implementing partners on behalf of TDEA against project activities.		
19.2	<i>Citizen voice project - CVP</i>	2015 Rupees	2014 Rupees
	Note		
Personnel cost	19.2.1	102,157,232	74,914,802
Professional services		330,346	28,148
Meetings, meal and refreshment		2,138,556	-
Management fee		12,413,766	21,268,389
Activity cost	19.2.2	236,424,557	553,144,007
Fuel expenses		847,623	1,164,989
Office supplies		2,591,640	1,310,749
Repair and maintenance		1,294,367	1,502,409
Communication		887,820	685,598
Office rent		4,825,909	5,402,356
Security charges		1,973,275	1,125,945
Equipment		-	2,349,072
Vehicle rental		491,910	1,670,959
Utilities		1,021,754	1,063,552
Newspaper and magazines		1,497,748	44,105
Printing cost		367,659	-
Audit fee		2,005,000	-
Postage, courier and carriage		50,323	-
Advertisement		644,709	-
Webhosting/I-services		621,211	-
Insurance Costs		1,008,480	-
Travel and accommodation		8,712,970	2,654,258
	19.2.3	382,306,855	668,329,337

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

19.2.1 Included herein is a sum of Rs. 1,886,920 (2014: Rs. 1,554,018) and Rs. 7,480,498 (2014: Rs. 5,305,741) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.

	2015 Rupees	2014 Rupees
19.2.2 Activity cost		
Capacity building and training of grantees	135,123,466	360,594,215
Pre-award and post award financial monitoring	101,301,091	190,760,484
Other	-	1,789,308
	<u>236,424,557</u>	<u>553,144,007</u>

19.2.3 This includes expenses amounting to Rs. 134.940 (2014: Rs. 505.17) million incurred by implementing partners on behalf of TDEA against project activities. Out of this amount Rs. 94.207 million (2014: Rs. 481.19 million) were incurred by TDEA through The Asia Foundation, a US based NGO.

19.3 Long Term Election Observation and Oversight in Pakistan - LTEOOP

	Note	2015 Rupees	2014 Rupees
Personnel cost	19.3.1	15,190,414	79,677,886
Activity cost	19.3.2	7,544,914	19,442,951
Travel cost		2,235,573	17,618,199
Printing and publications		2,589,134	21,232
Fuel expenses		120,000	318,406
Office rent		1,226,188	2,512,971
Communication cost		621,510	5,404,146
Repair and maintenance		712,692	834,934
Office security		226,416	386,398
Utilities		405,539	494,837
Administrative cost		3,283,035	-
Insurance		-	71,500
Stationary and office supplies		511,248	1,200,905
Audit fee		3,080,000	539,700
Postage, courier and carriage		37,366	149,082
Books, newspaper and journals		9,559	15,732
Others		20,950	-
	19.3.3	<u>37,814,538</u>	<u>128,688,879</u>

19.3.1 Included herein is a sum of Rs. 249,505 (2014: Rs. 619,693) and Rs. 1,526,140 (2014: Rs. 2,047,236) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.

	2015 Rupees	2014 Rupees
19.3.2 Activity Cost		
Research consultants	2,080,352	4,742,131
Meetings and press briefings	598,166	4,549,999
Equipment and supplies	-	5,030,307
Implementing agencies	4,866,396	5,120,514
	<u>7,544,914</u>	<u>19,442,951</u>

19.3.3 This includes expenses amounting to Rs. 4,866,396 (2014: Rs. 76,876,981) incurred by sub grantees on behalf of TDEA against project activities.

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

19.4	Parliament Watch and Reform Project - PWRP	Note	2015 Rupees	2014 Rupees
	Personnel cost	19.4.1	12,150,812	17,186,926
	Activity cost	19.4.2	8,194,767	1,796,617
	Communication		343,317	420,822
	Stationery and office supplies		426,377	478,146
	Repair and maintenance		405,212	279,979
	Utilities		284,048	265,559
	Office rent		1,110,455	1,526,755
	Fuel expenses		333,046	338,409
	Security charges		117,223	-
	Administrative Cost		1,292,719	-
	Insurance		34,500	-
	Travel cost		572,461	17,160
	Postage, courier and carriage		186,368	71,444
	Books, newspaper and journals		5,668	2,050
	Audit fee		579,478	
	Others		93,183	-
		19.4.3	<u>26,129,634</u>	<u>22,383,867</u>

19.4.1 Included herein is a sum of Rs. 201,147 (2014: Rs. 272,886) and Rs. 1,183,421 (2014: Rs. 910,639) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.

19.4.2	Activity Cost	2015 Rupees	2014 Rupees
	Research consultants	56,361	163,570
	Meetings and press briefings	2,859,363	908,439
	Printings and Publication	804,082	267,000
	Equipment and supplies	-	143,400
	Implementing agencies	4,474,961	314,208
		<u>8,194,767</u>	<u>1,796,617</u>

19.4.3 This includes expenses amounting to Rs. 4,800,790 (2014: Rs. 4,802,899) incurred by sub grantees on behalf of TDEA against project activities.

19.5	Electoral Violence Monitoring - EVM	Note	2015 Rupees	2014 Rupees
	Personnel cost	19.5.1	486,423	1,720,475
	Equipment rental		-	261,000
	Professional services		109,630	622,253
	Repair and maintenance		-	26,137
	Office rent		-	136,844
	Fuel expenses		-	31,147
	Office security		-	23,017
	Utilities		73,453	25,469
	Communication		802	13,180
	Postage, courier and carriage		3,348	4,867
	Office supplies		-	20,654
	Others		1,139	1,611
			<u>674,795</u>	<u>2,886,654</u>

19.5.1 Included herein is a sum of Rs. Nil (2014: Rs. 17,012) and Rs. Nil (2014 Rs. 55,043) 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 2015

19.6	<i>Take a child to school -ILMPOSSIBLE</i>	Note	2015 Rupees	2014 Rupees
	Personnel cost	19.6.1	5,733,323	1,584,593
	Activity cost	19.6.2	11,585,285	-
	Office supplies		193,694	48,036
	Equipment and supplies		-	442,128
	Travel cost		458,522	-
	Fuel expenses		10,000	-
	Communication		127,175	-
	Administrative Cost		1,439,428	-
	Advertisement		11,211	-
	Others		-	2,699
		19.6.3	<u>19,558,638</u>	<u>2,077,456</u>

19.6.1 Included herein is a sum of Rs. 127,178 (2014: Rs. 35,524) and Rs. 468,832 (2014: Rs. 118,378) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.

19.6.2	Activity Cost	2015 Rupees	2014 Rupees
	Meetings and press briefings	698,629	-
	Implementing agencies	10,886,656	-
		<u>11,585,285</u>	<u>-</u>

19.6.3 This includes expenses amounting to Rs. 10,886,656 (2014: Nil) incurred by sub grantees on behalf of TDEA against project activities.

19.7	<i>Education for All – Making it Possible - DAI-ILM Idea</i>	Note	2015 Rupees	2014 Rupees
	Personnel cost	19.7.1	5,984,095	-
	Activity cost	19.7.2	4,862,903	-
	Communication		74,732	-
	Advertisement		16,900	-
	Stationery and office supplies		138,024	-
	Repair and maintenance		60,213	-
	Utilities		39,565	-
	Office rent		356,346	-
	Fuel expenses		86,618	-
	Security charges		59,560	-
	Travel cost		1,012,991	-
	Postage, courier and carriage		9,291	-
	Books, newspaper and journals		1,462	-
	Others		1,000	-
		19.7.3	<u>12,703,700</u>	<u>-</u>

19.7.1 Included herein is a sum of Rs. 67,118 (2014: Nil) and Rs. 354,408 (2014: Nil) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.

19.7.2	Activity Cost	2015 Rupees	2014 Rupees
	Research consultants	2,438,896	-
	Meetings and press briefings	882,452	-
	Printings and publication	10,782	-
	Implementing agencies	1,530,773	-
		<u>4,862,903</u>	<u>-</u>

19.7.3 This includes expenses amounting to Rs. 1,400,412 (2014: Nil) incurred by sub grantees on behalf of TDEA against project activities.

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

19.8	<i>Citizen Action for Democratic Governance Project - DFID</i>	Note	2015 Rupees	2014 Rupees
	Personnel cost	19.8.1	5,656,203	-
	Activity cost	19.8.2	23,603,504	-
	Communication		116,622	-
	Stationery and office supplies		124,646	-
	Repair and maintenance		60,378	-
	Utilities		52,706	-
	Office rent		370,142	-
	Fuel expenses		241,050	-
	Security charges		60,918	-
	Travel cost		1,174,750	-
	Postage, courier and carriage		12,122	-
		19.8.3	<u>31,473,041</u>	<u>-</u>

19.8.1 Included herein is a sum of Rs. 106,646 (2014: Nil) and Rs. 360,010 (2014: Nil) on account of contributions to the employees' provident fund and employees' gratuity fund respectively.

19.8.2	Activity Cost	2015 Rupees	2014 Rupees
	Research consultants	7,450,201	-
	Meetings and press briefings	896,220	-
	Printings and Publication	9,405	-
	Implementing agencies	15,247,678	-
		<u>23,603,504</u>	<u>-</u>

19.8.3 This includes expenses amounting to Rs. 15,001,506 (2014: Nil) incurred by sub grantees on behalf of TDEA against project activities.

20	TAXATION	2015 Rupees	2014 Rupees
	Current		
	- For the year		3,562,984
	- Prior		-
			<u>3,562,984</u>

20.1 The assessments of the Company up to and including the Tax Year 2014 stood finalized under the Self Assessment Scheme envisaged in the Income Tax Ordinance, 2001.

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

21 FINANCIAL INSTRUMENTS

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 donors and banks with reasonable high credit ratings. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015 Rupees	2014 Rupees
Security deposits	952,653	850,000
Other receivables	4,283,381	40,468,273
Short term investment	1,000,000	1,000,000
Bank balances	123,362,321	37,544,967
	<u>129,598,355</u>	<u>79,863,240</u>

Concentration of credit risk

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.

The maximum exposure to credit risk for financial assets at the reporting date by type of counter party was:

	2015 Rupees	2014 Rupees
Donors	3,464,162	39,283,536
Banks and financial institutions	124,362,321	38,544,967
Others	1,771,872	2,034,737
	<u>129,598,355</u>	<u>79,863,240</u>

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

(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. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, prudent fund management practices and the ability to close out market positions due to dynamic nature of the operations. The TDEA's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the TDEA's reputation.

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	Contractual cash flows Rupees	Maturity up to one year Rupees	Maturity after one year and up to five years Rupees
2015				
Financial liabilities	12,541,375	12,541,375	12,541,375	-
Trade and other payables	12,541,375	12,541,375	12,541,375	-
2014				
Financial liabilities				
Trade and other payables	27,061,955	27,061,955	27,061,955	-
Short term loan	8,500,000	8,500,000	8,500,000	-
	35,561,955	35,561,955	35,561,955	-

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

(c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the TDEA's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. 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:

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at amortized cost				
	Rupees			
Security deposits	952,653	952,653	850,000	850,000
Other receivables	4,283,381	4,283,381	40,468,273	40,468,273
Other financial assets	1,000,000	1,000,000	1,000,000	1,000,000
Cash and bank balances	123,380,566	123,380,566	37,544,967	37,544,967
	129,616,600	129,616,600	79,863,240	79,863,240
Liabilities carried at amortized cost				
Trade and other payables	12,541,375	12,541,375	27,061,955	27,061,955
Short term loan	-	-	8,500,000	8,500,000
	12,541,375	12,541,375	35,561,955	35,561,955

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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.

22 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.

23 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	2015 Rupees	2014 Rupees
Transactions and balances with employee benefit plan			
Short tem loan from gratuity fund		-	11,841,680
Repayment of short term loan to gratuity fund		8,500,000	3,341,680
Payments to employee benefit plans		22,258,341	12,094,726
Charge for the year relating to employee benefit plan		18,518,785	14,669,002
Transactions with key management personnel			
Remuneration of key management personnel	23.1	27,611,556	13,512,954
23.1 Remuneration, allowances and benefits			
Managerial remuneration and allowances		23,057,547	12,192,468
Provision for gratuity		3,988,677	1,016,039
Provident fund		565,332	304,447
		<u>27,611,556</u>	<u>13,512,954</u>
Number of Trustees		15	15
24 NUMBER OF EMPLOYEES		2015	2014
Number of employees at the year end		<u>118</u>	<u>128</u>
Average number of employees during the year		<u>105</u>	<u>120</u>

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