



**Building a better
working world**

**TRUST FOR DEMOCRATIC EDUCATION AND
ACCOUNTABILITY**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2017**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of **Trust for Democratic Education and Accountability (the Trust)**, which comprise the balance sheet as at **30 June, 2017**, and the income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at **30 June, 2017**, and its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Accountants
Audit Engagement Partner: Farooq Hameed
Auditor address: Islamabad
Date: 01 March. 2018

TRUST FOR DEMOCRATIC EDUCATION AND ACCOUNTABILITY
BALANCE SHEET
AS AT 30 JUNE, 2017

	Note	2017 -----Rupees-----	2016
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	6	15,509,168	20,876,916
Intangible assets	7	22,436	33,486
		<u>15,531,604</u>	<u>20,910,402</u>
CURRENT ASSETS			
Advances	8	7,647,713	2,590,268
Deposits and short-term prepayments	9	12,833,616	12,068,710
Receivable from gratuity fund	10	1,365,640	1,320,517
Other receivables	11	2,051,046	2,040,067
Tax refund due from the Government	12	104,851	1,542,540
Cash and bank balances	13	49,672,194	28,776,114
		<u>73,675,060</u>	<u>48,338,216</u>
TOTAL ASSETS		<u><u>89,206,664</u></u>	<u><u>69,248,618</u></u>
RESERVES AND LIABILITY			
RESERVES / FUNDS			
Endowment fund	14	11,047,069	10,376,731
Restricted reserve fund	15	12,177,895	15,487,742
Accumulated surplus		2,684,785	1,855,159
		<u>25,909,749</u>	<u>27,719,632</u>
NON-CURRENT LIABILITIES			
Deferred capital grant	16	10,365,089	15,443,865
Restricted grant	17	38,421,945	3,198,099
		<u>48,787,034</u>	<u>18,641,964</u>
CURRENT LIABILITIES			
Trade and other payables	18	14,509,881	22,887,022
		<u>89,206,664</u>	<u>69,248,618</u>
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes, from 1 to 29, 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, 2017

	Note	2017 -----Rupees-----	2016
INCOME			
Grant	17	505,684,515	911,958,264
Amortization of deferred capital grant	16	8,990,734	14,127,993
Other income	20	19,788,596	37,884,173
		<u>534,463,845</u>	<u>963,970,430</u>
EXPENDITURE			
Projects' expenses	21	505,684,515	911,958,264
Administrative expenses	22	27,918,069	42,301,730
		<u>533,602,584</u>	<u>954,259,994</u>
Surplus before tax		<u>861,261</u>	<u>9,710,436</u>
Taxation	23	(2,671,144)	-
(Deficit) / surplus for the year		<u>(1,809,883)</u>	<u>9,710,436</u>
Appropriations:			
Transfer to endowment fund	14	(670,338)	(203,878)
Transfer from / (to) restricted reserve fund	15	3,309,847	(9,461,987)
SURPLUS AFTER APPROPRIATION		<u><u>829,626</u></u>	<u><u>44,571</u></u>

The annexed notes, from 1 to 29, 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, 2017

	2017	2016
	-----Rupees-----	
(Deficit) / surplus for the year	(1,809,883)	9,710,436
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u><u>(1,809,883)</u></u>	<u><u>9,710,436</u></u>

The annexed notes, from 1 to 29, 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, 2017

	Note	2017 -----Rupees-----	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before tax		861,261	9,710,436
Adjustment for:			
Depreciation		10,550,739	15,576,719
Amortization		11,050	699,764
Grant income		(505,684,515)	(911,958,264)
Amortization of deferred capital grant		(8,990,734)	(14,127,993)
Interest / return on bank balances		(896,357)	(926,542)
Interest on short-term investment		(45,123)	(61,298)
(Gain) / loss from disposal of property and equipment		(2,157,162)	26,126
		(507,212,102)	(910,771,488)
Operating deficit before working capital changes		(506,350,841)	(901,061,052)
Changes in working capital cycle:			
(Increase) / decrease in current assets			
Advances		(5,057,445)	106,389
Deposits and short-term prepayments		(764,906)	(6,669,224)
Other receivables		(960,335)	(166,428)
(Decrease) / increase in current liabilities			
Trade and other payables		(8,737,996)	9,331,060
		(15,520,682)	2,601,797
Restricted grant received		546,130,530	813,008,445
Income taxes		(1,233,455)	70,308
Net cash generated from / (used in) operating activities		23,025,552	(85,380,502)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to fixed assets		(6,733,865)	(10,125,492)
Additions to intangible assets		-	(25,000)
Profit on deposit accounts received		896,357	926,542
Proceeds from disposal of fixed assets		3,708,036	-
Net cash used in investing activities		(2,129,472)	(9,223,950)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		20,896,080	(94,604,452)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		28,776,114	123,380,566
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	49,672,194	28,776,114

The annexed notes, from 1 to 29, 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, 2017

	RESTRICTED ENDOWMENT FUND	RESTRICTED RESERVE FUND	UNRESTRICTED ACCUMULATED SURPLUS	TOTAL
	-----Rupees-----			
Balance at 01 July, 2015	10,172,853	6,025,755	1,810,588	18,009,196
Total comprehensive income for the year				
Surplus for the year	-	-	9,710,436	9,710,436
Transfers	203,878	9,461,987	(9,665,865)	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	203,878	9,461,987	44,571	9,710,436
Balance as at 30 June, 2016	10,376,731	15,487,742	1,855,159	27,719,632
Total comprehensive income for the year				
Deficit for the year	-	-	(1,809,883)	(1,809,883)
Transfers	670,338	(3,309,847)	2,639,509	-
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	670,338	(3,309,847)	829,626	(1,809,883)
Balance as at 30 June, 2017	11,047,069	12,177,895	2,684,785	25,909,749

The annexed notes, from 1 to 29, 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, 2017

1. LEGAL STATUS AND OPERATIONS

The Trust for Democratic Education and Accountability ("TDEA" or the "Trust") was established in October 2008 under the Trust Act, 1882, after a spin-off of the Free and Fair Election Network (FAFEN). The Trustees of TDEA consult the General Council comprising representatives of all FAFEN member organizations on programmatic matters. TDEA is situated at Building No. 1, Street No. 5 (off) Jasmine Road, G-7/2, 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. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB), as notified by Securities and Exchange Commission of Pakistan and the Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

3. BASIS OF PREPARATION

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying TDEA's accounting policies. The estimates / judgments and associated assumptions are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the accounting policies, management has made the following estimates and judgments, which are significant to the financial statements:

	<u>Note</u>
a) Useful lives of assets, residual value and methods of depreciation and amortization;	5.3 & 5.4
b) Taxation; and	5.8
c) Provisions;	5.9

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5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Changes in accounting policies and disclosures resulting from adoption of standards, interpretations and amendments during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

New / Revised Standards and Amendments

The Trust has adopted the following accounting standard and the amendments which became effective for the current year:

IFRS 10 – Consolidated Financial Statements – Investment Entities: Applying the Consolidated Exception (Amendment)

IFRS 11 – Joint Arrangements Accounting for Acquisition of Interest in Joint Operation (Amendment)

IFRS 12 – Disclosure of Interest in Other Entities – Investment Entities: Applying the Consolidated Exception (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 & 38 - Property, Plant and Equipment and intangible assets - Clarification of Acceptable Method of Depreciation (Amendment)

IAS 16 & 41 - Property, Plant and Equipment and Agriculture – Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

IAS 28 – Investment in Associates – Investment Entities: Applying the Consolidated Exception (Amendment)

The adoption of above accounting standards did not have any material impact on the Trust's financial statements.

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

The following revised standards, interpretations and amendments with respect to the approved accounting standards, as applicable in Pakistan, will be effective from the dates mentioned below against the respective standard or interpretation:

Standards, interpretations and amendments to the accounting standards	Effective date (annual periods beginning on or after)
IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January, 2018
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January, 2018
IFRS 9 - Financial Instruments: Classification and Measurement	01 January, 2018
IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized

Standards, interpretations and amendments to the accounting standards**Effective date
(annual
periods
beginning
on or after)**

IFRS 15 – Revenue from Contracts with Customers	01 July, 2018
IAS 7 - Statement of Cash Flows (Amendments) – Disclosure initiative, liability arising from financing activities	01 January, 2017
IAS 12 - Income Taxes (Amendments) Recognition of Deferred Tax Assets for unrecognized losses	01 January, 2017
IAS 40 - Investment Property: Transfers of Investment Property (Amendments)	01 January, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January, 2019

TDEA expects that the adoption of the above amendments to the standards will not affect TDEA's financial statements, in the period of initial application.

In addition to the above, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after January 01, 2017. TDEA expects that such improvements to the standards will not have any impact on TDEA's financial statements in the period of initial application.

Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 2 – Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2	01 January, 2018
IFRS 14 – Regulatory Deferral Accounts	01 January, 2016
IFRS 17 – Insurance Contracts	01 January, 2021
IFRS 16 – Leases	01 January, 2019

The above standards are not expected to have any material impact on the Trust's financial statements in the period of their initial application, except for IFRS 16. The Trust is in process of determining the impact of IFRS 16 on the financial statements.

5.3 Operating fixed assets

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

Depreciation is charged on reducing balance basis at rates specified in note 6 to the financial statements so as to write off the cost of operating fixed assets 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 operating fixed assets and are recognized within other income in the income and expenditure account.

5.4 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 an asset can be measured reliably. These are stated at cost less accumulated amortization and impairment losses, if any.

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

5.5 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 and expenditure account for the year.

5.6 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 assets do not generate separate cash inflows. If there is an indication that an asset may be impaired, then the recoverable amount is determined for the CGU to which the 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.

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.

Impairment test for each cash generating unit is performed when there is an indication of impairment. At each year end, an assessment is made to determine whether there are any indications of impairment. TDEA conducts annually an internal review of asset values which is used as a source of information to assess any indications of impairment. If any such indication exists, an estimate of the asset's recoverable amount is calculated being the higher of the fair value of the asset less cost to sell and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the Income and Expenditure Statement so as to reduce the carrying amount of assets to its recoverable amount.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed to the Income and Expenditure Statement net of any depreciation that would have been charged since the impairment.

5.7 Grant

(a) Restricted grants

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

(b) Unrestricted grants

Unconditional grants are recognized as income upon receipt.

(c) Deferred capital grants

(i) Grants related to assets

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

(ii) Non-monetary grants

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


5.8 Taxation

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

TDEA is in the process of obtaining the status of a "non-profit organization" under section 2(36) of the Income Tax Ordinance, 2001. Management is confident of such approval being granted before the filing of its tax return for the current tax year. TDEA meets the criteria of a non-profit organization as defined in the Ordinance, and accordingly, management considers that a 100% tax credit under Section 100C of the Ordinance is available to TDEA in respect of incomes specified in the said section.

5.9 Provisions

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



5.10 Endowment fund

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

5.11 Restricted reserve fund

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

5.12 Staff retirement benefits**Gratuity fund**

TDEA maintains a separate contribution fund for all its regular eligible employees. The scheme entitles the members to a lump sum payment at the time of retirement, resignation or death. Gratuity is payable to employees who have completed at least six months of service. The annual provision for gratuity is made on the basis of the last drawn salary and that particular amount is submitted into the fund. A provision is made annually to cover obligations under the scheme by way of a charge to the income and expenditure account. No actuarial valuation is carried out to determine the annual defined benefit obligation, since the difference in valuation, under the current method and the actuarial valuation methods, is considered to be immaterial.

Provident Fund

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

5.13 Cash and cash equivalents


Cash and cash equivalents in the Balance Sheet comprise of cash in hand and at banks.

5.14 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 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 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 TDEA is recognized as a separate asset or liability.

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



Held-to-maturity

If 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, other receivables and cash and cash equivalents.

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

Non-derivative financial liabilities

TDEA initially recognizes non derivative financial liabilities on the date that they are originated or the date that TDEA becomes a party to the contractual provisions of the instrument. 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 trade and other payables.

5.15 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.

5.16 Income recognition**Grants and donations**

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

Membership and management fees

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

Administration fees

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

Interest income on bank deposits and investments

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

5.17 Fair value measurement

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

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

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

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

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

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

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

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

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

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



6 OPERATING FIXED ASSETS

Note	Cost				Rate per annum %	Accumulated Depreciation			NET BOOK VALUE				
	At 01 July	Additions	Disposals	At 30 June		At 01 July	Charge for the year	On Disposals		At 30 June			
									Rupees		Rupees		
2017													
Lease hold improvements	7,461,427	2,281,371	-	9,742,798	35	954,516	2,816,707	-	3,771,223	5,971,575			
Furniture and fixtures	5,459,968	-	-	5,459,968	45	3,239,567	999,180	-	4,238,747	1,221,221			
Office equipment	15,687,120	503,992	(2,520,920)	13,670,192	45	9,845,311	2,463,254	(1,974,900)	10,333,665	3,336,527			
Computer equipment	20,902,052	1,390,848	-	22,292,900	65	18,481,363	2,213,588	-	20,694,951	1,597,949			
Mobile phones	3,711,151	-	-	3,711,151	75	3,710,901	-	-	3,710,901	250			
Vehicles	10,913,253	2,557,654	(4,535,766)	8,935,141	45	7,026,397	2,058,010	(3,530,912)	5,553,495	3,381,646			
	64,134,971	6,733,865	(7,056,686)	63,812,150		43,258,055	10,550,739	(5,505,812)	48,302,982	15,509,168			
2016													
Lease hold improvements	-	7,461,427	-	7,461,427	35	-	954,516	-	954,516	6,506,911			
Furniture and fixtures	5,065,093	384,976	-	5,459,968	45	1,584,415	1,656,152	-	3,239,567	2,220,401			
Office equipment	14,371,941	1,315,179	-	15,687,120	45	5,856,085	3,989,225	-	9,845,311	5,841,809			
Computer equipment	20,013,841	954,011	(65,800)	20,902,052	65	14,025,470	4,495,567	(39,674)	18,481,363	2,420,689			
Mobile phones	4,174,551	-	(463,400)	3,711,151	75	2,872,198	1,302,103	(463,400)	3,710,901	250			
Vehicles	10,913,253	-	-	10,913,253	45	3,846,242	3,180,155	-	7,028,397	3,896,856			
	54,538,678	10,125,492	(529,200)	64,134,971		28,184,410	15,576,719	(503,074)	43,258,055	20,876,916			

6.1 Depreciation charge has been allocated as follows:

Projects' expenses Administrative expenses	Note	Rupees	
		2017	2016
	21	905,152	1,166,453
	6.2 & 22	9,845,987	14,410,268
		10,550,739	15,576,719

6.2 This depreciation charge includes:
Depreciation on owned assets
Deferred capital grant

6.3 Operating fixed assets include the cost of assets amounting to PKR 53,166,178 (2016: PKR 55,360,908) having a net book value of PKR 10,365,089 (2016: PKR 15,443,885) purchased from the deferred capital grants received from the United States Agency for International Development (USAID), the European Union (EU), Royal Netherlands Embassy (RNE), The Asia Foundation (TAF), the Development Alternatives Incorporation (DAI) and the British Council (BC). Upon completion of relevant projects, these assets will be disposed off/ transferred as per the instructions of the Donors.

7 INTANGIBLE ASSETS

INTANGIBLE ASSETS	2017						2016		
	Computer software						Computer software		
	Cost			Rate per annum %	Accumulated Depreciation		NET BOOK VALUE		
	At 01 July	Additions	Disposals		At 30 June	At 01 July		Charge for the year	On Disposals
							Rupees	Rupees	
	2,484,322	-	-	33	2,484,322	2,450,836	11,050	2,461,886	22,436
	2,459,322	25,000	-	33	2,484,322	1,751,072	699,764	2,450,836	33,465

7.1 This mainly represents intangible assets purchased from deferred capital grants received from USAID, the European Union, The Asia Foundation and the British Council. Upon completion of relevant projects, these assets will be disposed off/ transferred as per the instructions of the Donors.

7.2 Amortization charge has been allocated as follows:

Restricted reserve fund
Deferred capital grant

	2017	2016
Note	-----Rupees-----	
15	6,435	5,500
16	4,615	694,264
	<u>11,050</u>	<u>699,764</u>

8 ADVANCES - considered good

Advances to employees
Advances to implementing partners

	2,731,934	2,590,268
	<u>4,915,779</u>	-
	<u>7,647,713</u>	<u>2,590,268</u>

9 DEPOSITS AND SHORT-TERM PREPAYMENTS

Security deposits
Prepayments

	1,878,000	1,878,000
9.1	<u>10,955,616</u>	<u>10,190,710</u>
	<u>12,833,616</u>	<u>12,068,710</u>

9.1 This includes prepaid rent amounting to PKR 10,926,300 (2016: PKR 10,164,000) relating to the office building obtained on lease.

10 RECEIVABLE FROM GRATUITY FUND

Term Deposit Receipt (TDR)
Accrued interest

Note	2017	2016
	-----Rupees-----	
10.1	1,000,000	1,000,000
	<u>365,640</u>	<u>320,517</u>
	<u>1,365,640</u>	<u>1,320,517</u>

10.1 This represents investment in TDR made with Habib Bank Limited, through TDEA's related party, the TDEA Employees Gratuity Fund, carrying interest at rates ranging from 4.51% to 5.00% (2016: 5% to 6.55%) per annum, with a maturity of up to one year.

11 OTHER RECEIVABLES

Receivable from donors
Membership fees receivable
Others

Note	2017	2016
	-----Rupees-----	
17	364,284	1,313,639
	<u>387,091</u>	<u>710,000</u>
11.1	<u>1,299,671</u>	<u>16,428</u>
	<u>2,051,046</u>	<u>2,040,067</u>

11.1 This includes PKR 1,149,500 receivable from Palladium Pakistan (Private) Limited (the Palladium) against the Capacity Development and Technical Assistance Services provided to the Palladium.

12 TAX REFUND DUE FROM THE GOVERNMENT

Advance income tax paid
Provision for current tax

Note	2017	2016
	-----Rupees-----	
	2,775,995	1,542,540
	<u>(2,671,144)</u>	<u>-</u>
	<u>104,851</u>	<u>1,542,540</u>

13 CASH AND BANK BALANCES

Cash in hand
Cash at bank
- Current accounts
- Savings accounts

	65,245	18,900
	<u>148,438</u>	<u>143,506</u>
13.1	<u>49,458,511</u>	<u>28,613,708</u>
	<u>49,606,949</u>	<u>28,757,214</u>
	<u>49,672,194</u>	<u>28,776,114</u>

13.1 These carry interest at rates ranging from 3.2% to 5.5% (2016: 3.5% to 5.75%) per annum.

	Note	2017 -----Rupees-----	2016
14 ENDOWMENT FUND			
Opening balance		10,376,731	10,172,853
Transferred to Endowment Fund during the year			
Income			
Membership fees		595,000	405,000
Profit on deposit accounts		37,059	54,139
Return on investment		45,123	61,298
Expenses			
Repairs and maintenance - deposit charged off		-	(315,000)
Bank charges		(6,844)	(1,559)
		670,338	203,878
		<u>11,047,069</u>	<u>10,376,731</u>
15 RESTRICTED RESERVE FUND			
Opening balance		15,487,742	6,025,755
Transferred (from) / to Restricted Reserve Fund during the year			
Income			
Profit on deposit accounts		859,298	872,404
Administrative fees		-	2,775,836
Management fees		12,602,166	33,739,123
Consultancy fees		3,332,760	-
Gain on disposal of operating fixed assets		31,058	-
Others		160,028	2,500
Expenses			
Administrative expenses		(18,254,588)	(26,919,713)
Depreciation on owned assets	6.2	(2,034,134)	(1,002,663)
Amortization on owned assets	7.2	(6,435)	(5,500)
		(3,309,847)	9,461,987
		<u>12,177,895</u>	<u>15,487,742</u>
16 DEFERRED CAPITAL GRANTS			
Opening balance		15,443,865	24,700,456
Assets purchased from restricted grants	17	3,911,958	4,871,402
Depreciation on items of operating fixed assets	6.2	(7,611,453)	(13,407,603)
Amortization of intangible assets	7.2	(4,615)	(694,264)
Net book value of operating fixed assets disposed off		(1,374,666)	(26,126)
		(8,990,734)	(14,127,993)
		<u>10,365,089</u>	<u>15,443,865</u>

ILM-Possible	ILM-Ideas	WABW	CADGP	DESP	CLDP	PWRP	ALPF	EVC	CVP	Total
British Council	DAI	RNE	DFID	DFID	Trocaire	European Union	UNDP	Care Int'l	USAID	
2017										
Opening balance	-	-	-	-	-	-	-	-	-	3,198,099
Add:										
Grant received during the year	-	28,604,500	-	134,518,860	4,523,728	-	2,480,954	2,746,333	356,627,880	544,959,226
Profit on deposit accounts	-	442,362	-	-	13,853	-	-	-	-	577,982
TDEA Contribution	-	505,952	-	-	-	-	-	-	-	505,952
TDEA-FAFEN Contribution	-	87,370	-	-	-	-	-	-	-	87,370
Total grant received during the year	15,578,738	29,640,184	-	134,518,860	4,537,581	-	2,480,954	2,746,333	356,627,880	546,130,530
Closing receivable	-	-	-	-	-	-	364,284	-	-	364,284
Less:										
Transferred to deferred capital grant	-	-	-	-	-	-	-	-	-	-
Opening receivable	-	(3,397,228)	-	-	-	-	-	-	-	(3,397,228)
Grant income recognized - Note 21	18,776,837	26,242,956	-	134,518,860	4,537,581	-	2,845,238	1,688,694	355,857,150	(1,313,639)
Unspent balances payable to donor	(18,415,981)	(16,497,945)	-	(134,518,860)	(2,046,312)	-	(2,845,238)	(1,688,694)	(329,671,485)	(505,684,515)
	(360,856)	-	-	-	-	-	-	-	-	(360,856)
	-	9,745,011	-	-	2,491,269	-	-	-	26,185,665	38,421,945
2016										
Opening balance	15,664,658	-	57,839,080	-	-	-	-	-	33,575,297	109,238,926
Add:										
Grant received during the year	-	-	144,723,673	-	-	3,464,162	-	-	652,185,287	812,938,257
Profit on deposit accounts	177,974	-	665,037	-	-	-	-	-	-	843,011
Amount returned to the donor	(772,823)	-	-	-	-	-	-	-	-	(772,823)
Total grant received during the year	12,743,109	-	145,388,710	-	-	3,464,162	-	-	652,185,287	813,008,445
Closing receivable	-	-	-	-	-	-	-	1,057,639	256,000	1,313,639
Less:										
Transferred to deferred capital grant	-	-	(381,362)	-	-	-	-	-	(4,490,040)	(4,871,402)
Opening receivable	-	-	-	-	-	(3,464,162)	-	-	-	(3,464,162)
Grant income recognized - Note 21	28,407,767	1,387,068	202,846,428	-	-	-	-	1,057,639	681,526,544	915,225,446
Unspent balances payable to donor	(25,209,668)	(1,387,068)	(202,777,345)	-	-	-	-	(1,057,639)	(681,526,544)	(911,958,264)
	-	-	(69,083)	-	-	-	-	-	-	(69,083)
	3,198,099	-	-	-	-	-	-	-	-	3,198,099

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18	TRADE AND OTHER PAYABLES	Note	2017	2016
			-----Rupees-----	
	Accrued liabilities		3,295,629	3,230,087
	Accounts payable		6,608,896	8,163,394
	Payable to implementing partners		4,160,184	10,856,706
	Payable to provident fund		8,305	15,599
	Payable to gratuity fund		67,500	598,815
	Withholding tax payable		369,367	22,421
			<u>14,509,881</u>	<u>22,887,022</u>
19	CONTINGENCIES AND COMMITMENTS			
	There are no contingencies and commitments at the current and prior year.			
20	OTHER INCOME		2017	2016
			-----Rupees-----	
	Income from financial assets			
	Interest / return on bank balances		896,357	926,542
	Interest on short-term investment		45,123	61,298
			941,480	987,840
	Income from assets other than financial assets			
	Membership fees	20.1	595,000	405,000
	Administration fees		-	2,775,836
	Management fees	20.2 & 21.1	12,602,166	33,739,123
	Gain / (loss) on disposal of operating fixed assets		2,157,162	(26,126)
	Consultancy fees	20.3	3,332,760	-
	Others		160,028	2,500
			18,847,116	36,896,333
			<u>19,788,596</u>	<u>37,884,173</u>
20.1	This includes subscriptions received by TDEA from different implementing partners, which ranges from PKR 5,000 to PKR 10,000 per implementing partner.			
20.2	Management fee for the month of July 2016, is charged at 5.33% of total Project cost, excluding grants under the contract, and fee portion of sub-contract costs. However, as advised by the Contracting Officer of USAID, via a letter dated 03 August, 2016, the recovery of the fee was fixed at PKR 1,093,969 per month for the sixth and seventh year of the Project.			
20.3	This represents the income from providing the consultancy services to Palladium Pakistan (Private) Limited in respect of the Capacity Development and Technical Assistance Services, including advancing the functionality of the parliamentary institutions of Pakistan.			
21	PROJECTS' EXPENSES	Note	2017	2016
			-----Rupees-----	
	Citizen Voice Project - CVP	21.1	329,671,485	681,526,544
	Take a child to school -ILMPOSSIBLE	21.2	18,415,981	25,209,668
	Women's Action for Better Workplaces	21.3	16,497,945	-
	Deepening Democracy and Election Support Project	21.4	134,518,860	-
	Every Voice Counts - EVC	21.5	1,688,694	1,057,639
	Community Leadership and Development Programme	21.6	2,046,312	-
	Assessing the Legislative and Policy Framework in Khyber Pakhtunkhwa on Sustainable Development Goal 4 (Quality Education)-UNDP	21.7	2,845,238	-
	Education for All – Making it Possible - DAI-ILM Idea		-	1,387,068
	Citizen Action for Democratic Governance Project - DFID		-	202,777,345
			<u>505,684,515</u>	<u>911,958,264</u>

		2017	2016
		-----Rupees-----	
	Note		
21.1 Citizen voice project - CVP			
Personnel cost	21.1.1	156,138,076	146,655,359
Professional services		260,554	2,073,608
Management fee		12,602,166	33,739,123
Activity costs	21.1.2	119,013,148	448,531,175
Office supplies and equipment		2,578,686	2,510,174
Repairs and maintenance		1,950,427	2,669,541
Communication charges		481,260	1,093,315
Office rent		16,000,225	12,628,692
Security charges		1,241,772	1,910,553
Vehicle rental and fuel costs		696,234	1,725,683
Utilities		1,164,394	1,031,453
Audit fee	21.1.3	1,100,000	2,200,000
Advertisement and printing costs		1,040,130	1,554,570
Webhosting/I-services		636,873	601,977
Depreciation		44,695	414,601
Insurance costs		3,326,194	1,838,894
Travel and accommodation		8,290,710	15,561,678
Administrative costs		3,105,941	4,786,148
	21.1.4	<u>329,671,485</u>	<u>681,526,544</u>
21.1.1	This includes a sum of PKR 2,819,344 (2016: PKR 2,441,257) and PKR 11,331,582 (2016: PKR 10,662,037) on account of contributions to the employees' provident fund and employees' gratuity fund, respectively.		
21.1.2 Activity costs	Note	2017	2016
		-----Rupees-----	
Capacity building and training of grantees		114,440,875	330,204,508
Pre-award and post award financial monitoring		4,572,273	118,326,667
		<u>119,013,148</u>	<u>448,531,175</u>
21.1.3 Auditors' remuneration			
EY Ford Rhodes - 2016 / 2017		880,000	-
EY Ford Rhodes - 2015 / 2016		50,000	1,000,000
KPMG Taseer Hadi - 2014 / 2015		170,000	1,200,000
		<u>1,100,000</u>	<u>2,200,000</u>
21.1.4	The above project costs include expenses amounting to PKR 113.85 million (2016: PKR 329.142 million) incurred by implementing partners on behalf of TDEA against project activities. It also includes Nil amount (2016: PKR 108.691 million) incurred by TDEA through The Asia Foundation.		
21.2 Take a child to school - ILMPOSSIBLE	Note	2017	2016
		-----Rupees-----	
Personnel cost	21.2.1	3,496,020	6,595,952
Activity costs	21.2.2	13,783,462	15,821,056
Office supplies		127,402	151,812
Travel and accommodation		85,851	389,720
Communication charges		146,338	143,754
Administrative costs		701,086	1,918,642
Advertisement and printing costs		-	32,530
Office utilities		-	25,095
Depreciation		75,322	55,914
Insurance costs		-	6,223
Security costs		-	30,111
Repairs and maintenance		500	38,859
		<u>18,415,981</u>	<u>25,209,668</u>

21.2.1 This includes a sum of PKR 75,768 (2016: PKR 112,177) and PKR 363,663 (2016: PKR 428,120) on account of contributions to the employees' provident fund and employees' gratuity fund, respectively.

21.2.2 Activity costs	2017	2016
Meetings and press briefings	-----Rupees-----	
Implementing agencies	28,980	1,115,687
	13,754,482	14,705,369
	<u>13,783,462</u>	<u>15,821,056</u>

21.2.3 The above project costs include expenses amounting to PKR 13,754,482 (2016: PKR 14,705,369) incurred by implementing partners on behalf of TDEA against project activities.

21.3 Women's Action for Better Workplaces	Note	2017	2016
		-----Rupees-----	
Personnel cost	21.3.1	7,038,266	-
Activity costs	21.3.2	5,322,338	-
Office supplies and communication		1,545,090	-
Security charges		33,506	-
Repairs and maintenance		24,509	-
Utilities		27,630	-
Equipment and admin cost		2,189,270	-
Depreciation		130,905	-
Travel cost		186,431	-
		<u>16,497,945</u>	<u>-</u>

21.3.1 This includes a sum of PKR 148,835 (2016: Nil) and PKR 490,180 (2016: Nil) on account of contributions to the employees' provident fund and employees' gratuity fund, respectively.

21.3.2 Activity costs	2017	2016
	-----Rupees-----	
Research consultants	7,898	-
Meetings and press briefings	439,377	-
Printings and publication	69,745	-
Implementing agencies	4,805,318	-
	<u>5,322,338</u>	<u>-</u>

21.3.3 The above project costs include expenses amounting to PKR 4,805,318 (2016: PKR Nil) incurred by implementing partners on behalf of TDEA against project activities.

21.4 Deepening Democracy and Election Support Project	Note	2017	2016
		-----Rupees-----	
Personnel cost	21.4.1	32,119,781	-
Activity costs	21.4.2	89,119,006	-
Communication charges		680,658	-
Stationery, books and periodic and office supplies		1,043,406	-
Repairs and maintenance		348,987	-
Utilities		291,292	-
Office rent		3,364,531	-
Fuel expenses		215,743	-
Equipment and admin cost		1,466,954	-
Depreciation		589,467	-
Security charges		312,900	-
Travel cost		4,966,135	-
		<u>134,518,860</u>	<u>-</u>

21.4.1 This includes a sum of PKR 514,863 (2016: PKR Nil) and PKR 2,704,157 (2016: PKR Nil) on account of contributions to the employees' provident fund and employees' gratuity fund, respectively.

		2017	2016
		-----Rupees-----	
21.4.2	Activity costs		
	Research consultants	33,884,092	-
	Meetings and press briefings	7,996,250	-
	Printings and publication	986,045	-
	Implementing agencies	46,252,619	-
		<u>89,119,006</u>	<u>-</u>
21.4.3	The above project costs include expenses amounting to PKR 46,252,619 (2016: PKR Nil) incurred by implementing partners on behalf of TDEA against project activities.		
21.5	Every Voice Counts - EVC		
		-----Rupees-----	
	Personnel cost	1,185,425	818,297
	Office rent	157,163	105,728
	Utilities	-	10,318
	Fuel expenses	-	17,162
	Administrative costs	328,686	3,741
	Office supplies	-	24,455
	Depreciation	17,420	48,407
	Insurance costs	-	1,293
	Repairs and maintenance	-	17,494
	Security costs	-	10,744
		<u>1,688,694</u>	<u>1,057,639</u>
21.5.1	This includes a sum of PKR 25,032 (2016: 14,839) and PKR 96,359 (2016: 50,192) on account of contributions to the employees' provident fund and employees' gratuity fund, respectively.		
21.6	Community Leadership and Development Programme		
		-----Rupees-----	
	Personnel cost	1,574,725	-
	Office rent	263,288	-
	Utilities	36,455	-
	Communication	29,561	-
	Printing and publications	3,053	-
	Office supplies	27,585	-
	Depreciation	31,875	-
	Meals and refreshment	8,777	-
	Repairs and maintenance	42,774	-
	Security costs	28,219	-
		<u>2,046,312</u>	<u>-</u>
21.6.1	This includes a sum of PKR 33,414 (2016: Nil) and PKR 115,673 (2016: Nil) on account of contributions to the employees' provident fund and employees' gratuity fund, respectively.		
21.7	Assessing the Legislative and Policy Framework in Khyber Pakhtunkhwa on Sustainable Development Goal 4 (Quality Education)-UNDP		
		-----Rupees-----	
	Personnel cost	503,364	-
	Office rent	111,947	-
	Utilities	10,361	-
	Communication, postage and courier	11,586	-
	Printing and publications	77,814	-
	Office supplies	8,859	-
	Depreciation	15,468	-
	Consultants and trainers fee	556,102	-
	Meals and refreshment	863,856	-
	Repairs and maintenance	6,885	-
	Travel and fuel cost	652,505	-
	Security costs	9,285	-
	Other costs	17,206	-
		<u>2,845,238</u>	<u>-</u>

		2017	2016
		-----Rupees-----	
22	ADMINISTRATIVE EXPENSES		
	Personnel cost	22.1	7,052,911
	Training and capacity building		9,379,115
	Consultants and trainers fee		-
	Depreciation	6.1	4,480,584
	Amortization	7	3,551,851
	Travel expenses		14,410,266
	Fuel expenses		11,050
	Office rent		699,764
	Communication charges		439,374
	Repairs and maintenance		304,208
	Office security		132,601
	Utilities		239,332
	Office supplies and other administrative expenses		1,357,765
	Implementing partners		4,162,334
	Insurance costs		110,940
	Auditors' remuneration	22.2	397,503
	Expenses disallowed by the Donors		107,087
	Others		678,749
			80,907
			184,116
			197,815
			3,127,449
			704,570
			1,199,363
			10,490
			23,901
			450,000
			1,150,000
			4,307,838
			138,094
			390,448
			<u>27,918,069</u>
			<u>42,301,730</u>
22.1	Included herein is a sum of PKR 408,347 (2016: PKR 186,480) and PKR 120,208 (2016: PKR 537,473) on account of contributions to the employees' provident fund and employees' gratuity fund, respectively.		
		2017	2016
		-----Rupees-----	
22.2	Auditors' remuneration		
	EY Ford Rhodes - 2015 / 2016	450,000	400,000
	KPMG Taseer Hadi - 2014 / 2015	-	375,000
	KPMG Taseer Hadi - 2013 / 2014	-	375,000
		<u>450,000</u>	<u>1,150,000</u>
23	Taxation		
	Current tax		
	- Current year	488,996	-
	- Prior year	2,182,148	-
		<u>2,671,144</u>	<u>-</u>

24 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 TDEA's exposure to each of the above risks, and TDEA's objectives, policies and processes for measuring and managing such risks. Further quantitative disclosures are included throughout these financial statements.

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

TDEA's risk management policies are established to identify and analyze the risks faced by 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 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 TDEA's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by 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 bank balances, advances to employees, security deposits, grants receivable and other receivables. The management believes that TDEA is not exposed to a major concentration of credit risks as the exposure is spread over a number of counter parties, which are mainly receivables from donors and banks with reasonably 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:

	Note	2017 -----Rupees-----	2016
Security deposits	9	1,878,000	1,878,000
Other receivables	11	2,051,046	2,040,067
Receivable from gratuity fund	10	1,365,640	1,320,517
Bank balances	13	49,606,949	28,757,214
		<u>54,901,635</u>	<u>33,995,798</u>

Concentration of credit risk

Geographically there is no concentration of credit risk. TDEA does not have any trade receivables. Based on past experience, 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:

	Note	2017 -----Rupees-----	2016
Receivable from donors	11	364,284	1,313,639
Banks and financial institutions	10 & 13	50,972,589	29,757,214
Others	9 & 11	3,564,762	2,604,428
		<u>54,901,635</u>	<u>33,675,281</u>

(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 managing liquidity is to ensure, as far as possible, that it will have sufficient funds to meet its liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, applying prudent fund management practices, and the ability to close out market positions favourably. 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 TDEA's reputation.

Management believes that at the moment there is an insignificant risk of TDEA facing difficulties in meeting its financial obligations, as sufficient funds are available. The carrying amounts of TDEA's financial liabilities approximate the estimated contractual cash outflows, which are due within one year of the balance sheet date.

	Carrying Amount	Contractual cash flows	Maturity up to one year	Maturity after one year and up to five years
-----Rupees-----				
2017				
Financial liabilities				
Trade and other payables	14,140,514	14,140,514	14,140,514	-
2016				
Financial liabilities				
Trade and other payables	22,864,601	22,864,601	22,864,601	-

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 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 and interest rate risk.

24.1 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:

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	Rupees	Rupees	Rupees	Rupees
Assets carried at amortized cost				
Security deposits	1,878,000	1,878,000	1,878,000	1,878,000
Other receivables	2,051,046	2,051,046	2,040,067	2,040,067
Receivable for TDEA Gratuity Fund	1,365,640	1,365,640	1,320,517	1,320,517
Cash and bank balances	49,672,194	49,672,194	28,776,114	28,776,114
	<u>54,966,880</u>	<u>54,966,880</u>	<u>34,014,698</u>	<u>34,014,698</u>
Liabilities carried at amortized cost				
Trade and other payables	<u>14,140,514</u>	<u>14,140,514</u>	<u>22,864,601</u>	<u>22,864,601</u>

Determination of fair values

A number of TDEA's accounting policies and disclosures require the determination of fair values, 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

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

25 FUND MANAGEMENT

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

26 RELATED PARTY TRANSACTIONS

All the trustees, entities with common directorship / trustee 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	2017 -----Rupees-----	2016
Transactions and balances with employee benefit plan			
Payments to gratuity fund		17,779,633	17,847,772
Charge for the year relating to gratuity fund		17,248,318	18,446,587
Payments to provident fund		8,728,704	8,021,108
Charge for the year relating to provident fund		4,360,705	4,007,025
Transactions with key management personnel			
Remuneration of key management personnel	26.1	36,506,014	32,801,329
26.1 Remuneration, allowances and benefits			
Managerial remuneration and allowances		31,528,521	28,401,480
Provision for gratuity		3,410,111	3,020,713
Provident fund		1,567,382	1,379,136
		<u>36,506,014</u>	<u>32,801,329</u>
Number of Trustees		<u>7</u>	<u>7</u>

26.2 During the year, projects having a cost of PKR 178.67 million (2016: PKR 460.17 million) were executed through the implementing partners who are members of the FAFEN.

27 NUMBER OF EMPLOYEES

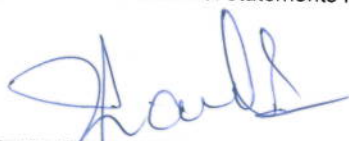
The number of total employees at the year end were 104 (2016: 110 employees), and the average number of employees during the year were 112 (2016: 120 employees).

28 DATE OF AUTHORIZATION FOR ISSUE

The financial statements have been approved on 24 FEB 2018 by the Board of Trustees of TDEA.

29 GENERAL

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



CHAIRPERSON



CHIEF EXECUTIVE OFFICER