

**INSTITUTE OF DEVELOPMENT
AND ECONOMIC ALTERNATIVES**

FINANCIAL STATEMENTS

**FOR THE YEAR
ENDED JUNE 30, 2014**

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Institute of Development and Economic Alternatives ("the Institute") as at June 30, 2014 and the related statement of income and expenditure, statement of changes in accumulated funds and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Institute's management to establish and maintain a system of internal control, and prepare and present the above said statement in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Institute as required by the Companies Ordinance, 1984;
- (b) in our opinion
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Institute's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Institute;

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- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, statement of income and expenditure account, statement of changes in accumulated funds, cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Institute's affairs as at June 30, 2014 and of the excess of expenditure over income, statement of changes in accumulated funds and its cash flows for the year then ended; and
- (d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Islamabad,

20 SEP 2014


OMER ADIL & Co.
Chartered Accountants

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Engagement Partner: Mr. Omer Adil (FCA)

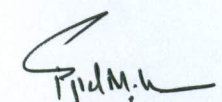
**INSTITUTE OF DEVELOPMENT AND ECONOMIC ALTERNATIVES
BALANCE SHEET
AS AT JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
Funds and Reserves			
General fund-unrestricted	3.	10,604,039	25,316,098
Endowment fund-restricted	4.	9,418,986	1,517,115
		20,023,025	26,833,213
Current Liabilities			
Creditors, accrued and other liabilities	5.	4,008,925	3,754,955
Deferred grants	6.	608,269	1,179,300
		4,617,194	4,934,255
Contingencies and Commitments			
	7.	-	-
		<u>24,640,219</u>	<u>31,767,468</u>

	Note	2014 Rupees	2013 Rupees
Fixed Assets			
Operating assets	8.	1,926,506	1,595,922
Current Assets			
Advances-unsecured	9.	-	288,465
Trade deposits & short term prepayments	10.	383,162	258,218
Advance income tax	11.	282,950	179,990
Other receivables-unsecured	12.	2,883,130	148,556
Cash & bank	13.	19,164,471	29,296,317
		22,713,713	30,171,546
		<u>24,640,219</u>	<u>31,767,468</u>

The Auditor's report is set out on page 1 and 2.
The annexed notes on pages 7 to 13 form an integral part of these financial statements.


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

**INSTITUTE OF DEVELOPMENT AND ECONOMIC ALTERNATIVES
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
INCOME			
Grants	14.	48,961,318	58,465,699
		<u>48,961,318</u>	<u>58,465,699</u>
EXPENDITURE			
Operating expense	15.	63,590,877	34,986,732
Other charges	16.	82,500	75,000
		<u>63,673,377</u>	<u>35,061,732</u>
Excess of expenditure over income for the year		<u>(14,712,059)</u>	<u>23,403,967</u>

The Auditor's report is set out on page 1 and 2.
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 CHIEF EXECUTIVE


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 DIRECTOR

**INSTITUTE OF DEVELOPMENT AND ECONOMIC ALTERNATIVES
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

	2014 Rupees	2013 Rupees
Cash Flows from Operating Activities		
Excess of expenditure over income	(14,712,059)	23,403,967
Adjustments for non-cash items		
Depreciation	8. 691,178	380,966
	<u>(14,020,881)</u>	<u>23,784,933</u>
(Increase) in current assets		
Advances-unsecured	9. 288,465	(288,465)
Trade deposits & short term prepayments	10. (124,944)	(58,218)
Advance tax	11. (102,961)	(179,990)
Other receivables-unsecured	12. (2,734,574)	451,444
	(2,674,014)	(75,228)
Increase in current liabilities		
Endowment fund-restricted	4. 7,901,871	1,517,115
Creditors, accrued and other liabilities	5. 253,970	3,714,955
Deferred grants	6. (571,031)	1,179,300
	7,584,810	6,411,370
Movement in working capital	<u>4,910,797</u>	<u>6,336,142</u>
Net cash (used in)/generated from operating activities	(9,110,085)	30,121,075
Cash Flows from Investing Activities		
Payment for capital expenditure	8. (1,021,762)	(824,758)
Cash Flows from Financing Activities		
	-	-
Cash and cash equivalents as at July 1	29,296,317	-
Cash and cash equivalents as at June 30	<u><u>19,164,471</u></u>	<u><u>29,296,317</u></u>

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CHIEF FINANCIAL OFFICER


DIRECTOR

**INSTITUTE OF DEVELOPMENT AND ECONOMIC ALTERNATIVES
STATEMENT OF CHANGES IN ACCUMULATED FUND
AS AT JUNE 30, 2014**

	<u>General fund- unrestricted</u> Rupees	<u>Endowment fund- restricted</u> Rupees	<u>Total</u> Rupees
Balance as at June 30, 2012	1,912,131	-	1,912,131
Excess of income over expenditure for the year ended June 30, 2013	23,403,967		23,403,967
Endowment fund-restricted		1,517,115	1,517,115
Balance as on June 30, 2013	25,316,098	1,517,115	26,833,213
Excess of expenditure over income for the year ended June 30, 2014	(14,712,059)	-	(14,712,059)
Endowment fund-restricted	-	7,901,871	7,901,871
Balance as on June 30, 2014	10,604,039	9,418,986	20,023,025

The Auditor's report is set out on page 1 and 2.

The annexed notes on pages 7 to 13 form an integral part of these financial statements.

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CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER


DIRECTOR

1. Status and Nature of Business

- 1.1 Institute of Development and Economic Alternatives ("the Institute") was registered in Pakistan on June 06, 2012 under section 42 of the Companies Ordinance, 1984, with its registered office at 60 - H, Gulberg III, Lahore.
- 1.2 The objectives of the Institute are to promote, assist, support, simulate, undertake and manage policy research and advocacy for the socio-economic development and economic alternatives and participate in local, regional and international research initiatives. Accordingly, the Institute intends to apply its profits and income towards the said objectives and the payment of dividend or any profit to its members is prohibited.

2. Summary of Significant Accounting Policies

2.1 Accounting convention

These accounts have been prepared under the historical cost convention on accrual basis of accounting.

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for small-Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directive of the Companies Ordinance, 1984 shall prevail. Moreover, these financial statements are also in compliance with Guideline for Accounting and Financial Reporting Framework By Non Government Organizations (NGOs) / Non-Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

2.3 Management responsibility for financial statements

The management of the Institute is responsible for the preparation and presentation of these financial statements. These financial statements of the Institute have been prepared for the year commencing from July 01, 2013 to June 30, 2014.

2.4 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises acquisition and other directly attributable cost.

Depreciation is calculated on a straight line method and charged to income and expenditure account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 8.

Depreciation on addition in operating fixed assets is charged from the date of addition till the date of disposal.

Renewals and replacements are recognized in the carrying amount of the operating fixed assets if it is probable that future embodied economic benefits will flow to the Institute. Other maintenance and repairs are charged to the income and expenditure account. Gain or loss on disposal is taken to the income and expenditure account.

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2.5 Receivables

These are stated at cost less provision for impairment. Known impaired receivables are written off, when identified. However, doubtful receivables or doubtful recoveries are fully provided for.

2.6 Foreign currency transactions and translations

Transactions denominated in foreign currencies are translated to Pak Rupees at the foreign exchange rate (average rate) ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the foreign exchange rates prevailing at the balance sheet date and the resultant exchange gains and losses are charged to statement of income and expenditure in the year in which they arise.

2.7 Off setting

Financial assets and liabilities are set off in the balance sheet, only when the Institute has a legally enforceable right to set off the recognized amounts and intends either to settle them on a net basis or to realize the assets and settle the liabilities simultaneously.

2.8 Cash and cash equivalent

Cash comprises of cash in hand and demand deposits maintained with banks in current accounts.

2.9 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is the Institute's functional currency.

2.10 Taxation

The Institute's income representing donations, voluntary contributions from members/subscribers and profit on bank deposits if any, is exempt from income tax under Clause 58 of Part 1 of the Second Schedule to the Income Tax Ordinance, 2001.

2.11 Trade and other payables

Trade and other payables are stated at their cost.

2.12 Revenue Recognition

Restricted Grants

Restricted grants are accounted for as income when the institute complies with the conditions attaching thereon and the amount is receivable.

Unrestricted Grants

Unrestricted grants and consultancy income are recognized when they are received.

2.13 Endowment fund-restricted

Endowment Fund is held for the benefit of the organization as a capital fund. The income earned from such funds should be utilised for restricted or other purposes of the organization. Expenses incurred related to the endowment fund will be charged to income and expenditure account and equal portion from the fund shall be charged to income & expenditure account as well. Any surplus amount and income generated from bank deposits will be accumulated to the Endowment Fund.

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**INSTITUTE OF DEVELOPMENT AND ECONOMIC ALTERNATIVES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
3. General fund-unrestricted			
Opening balance		25,316,098	1,912,131
Add: Excess of expenditure over income for the year		(14,712,059)	23,403,967
Closing balance		<u>10,604,039</u>	<u>25,316,098</u>
4. Endowment fund-restricted			
Opening Balance		1,517,115	
BBC Election Coverage project	4.1	-	401,263
TEP Project-AlifAilaan	4.2	656,100	-
EDC USAID Project	4.3	2,709,048	-
Social Audit training prpject	4.4	821,223	-
Exchange gain		2,854,373	849,496
Profit on bank deposits		861,128	266,356
		<u>9,418,986</u>	<u>1,517,115</u>
4.1	It is established with the aim to make IDEAS self-sustainable and give it greater financial autonomy. The Fund's mission is to build a substantial asset base for future, the income from which will ensure seamless running of IDEAS affairs for achieving its stated goals.		
4.2	It represent the Institutional overheads from TEP Project-AlifAilaan.		
4.3	It represent the Institutional overheads from EDC USAID Project.		
4.4	It represent the Institutional overheads from Social Audit trainig project.		
5. Creditors accrued and other liabilities			
Accrued liabilities		924,964	125,750
Other liabilities		3,083,961	3,629,205
		<u>4,008,925</u>	<u>3,754,955</u>
6. Deferred grants			
Deferred grants	6.1	608,269	1,179,300
		<u>608,269</u>	<u>1,179,300</u>
6.1	It represents grant received from Foundation Open Society Institute, for the year From July 2014 to December 2014.		
7. Contingencies and Commitments			
Contingencies and Commitments	7.1.	<u>-</u>	<u>-</u>
7.1	There were no contingencies and commitments for the year ended June 30, 2014 (2013: NIL)		

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INSTITUTE OF DEVELOPMENT AND ECONOMIC ALTERNATIVES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

8. Operating fixed assets - tangible

(All figures in Rupees)

PARTICULARS	COST				Rate %	DEPRECIATION				WRITTEN DOWN VALUE As at Jun 30, 2014
	As at July 01, 2013	Additions during the year	(Deletions) during the year	As at Jun 30, 2014		As at July 01, 2013	Charge for the year	(Deletions) during the year	As at Jun 30, 2014	
Owened Assets										
Furniture, Fixture & Furnishing	897,892	485,502	-	1,383,394	20%	211,540	242,693	-	454,232	929,162
Office Equipment	256,899	38,950	-	295,849	20%	69,704	55,500	-	125,204	170,645
Computer Equipment	680,881	451,626	-	1,132,507	33%	264,297	327,833	-	592,131	540,376
Air Conditioner	91,591	45,684	-	137,275	20%	1,054	19,019	-	20,073	117,202
Telephone & Fax Exchange	162,669	-	-	162,669	20%	15,229	32,533	-	47,762	114,907
Vehicles	68,000	-	-	68,000	20%	186	13,600	-	13,786	54,214
June 30, 2014	<u>2,157,932</u>	<u>1,021,762</u>	<u>-</u>	<u>3,179,694</u>		<u>562,010</u>	<u>691,178</u>	<u>-</u>	<u>1,253,188</u>	<u>1,926,506</u>
June 30, 2013	<u>1,333,174</u>	<u>824,758</u>	<u>-</u>	<u>2,157,932</u>		<u>181,044</u>	<u>380,966</u>	<u>-</u>	<u>562,010</u>	<u>1,595,922</u>

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INSTITUTE OF DEVELOPMENT AND ECONOMIC ALTERNATIVES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
9. Advances-unsecured			
Considered good			
Employees		-	288,465
Considered doubtful		-	-
Less: Provision for doubtful advances		-	288,465
		<u>-</u>	<u>288,465</u>
10. Trade deposits and short term prepayments			
Security deposit		200,000	200,000
Prepayments-Health insurance		15,494	58,218
Prepayments-others		167,668	-
		<u>383,162</u>	<u>258,218</u>
11. Advance Income Tax			
Advance tax-Cash withdrawal		12,122	1,415
Advance tax-profits		112,751	26,635
Advance tax-grants		150,000	150,000
Advance tax-telephone bill		8,077	1,939
		<u>282,950</u>	<u>179,990</u>
12. Other receivables-unsecured			
Considered Good			
Receivable from CERP		312,730	148,556
Receivable from FOSIP		2,570,400	-
		2,883,130	148,556
Considered doubtful		-	-
Less:Provision for doubtful receivables		-	148,556
		<u>2,883,130</u>	<u>148,556</u>
13. Cash & Bank Balances			
Cash with banks - deposit accounts			
Local currency		6,442,137	8,485,817
Foreign currency		12,722,334	20,810,500
		<u>19,164,471</u>	<u>29,296,317</u>
14. Income			
Grant-restricted	14.1	25,251,988	58,028,299
Grant-unrestricted	14.2	23,709,329	437,400
		<u>48,961,318</u>	<u>58,465,699</u>
14.1 Grant-restricted			
EDC USAID Project- Restricted		3,187,452	-
Grant received from OSI		22,064,536	-
		<u>25,251,988</u>	<u>-</u>
14.2 Grant-unrestricted			
Grant received from OSI		23,709,329	58,028,299
TEP Project-Alif Ailaan		-	437,400
		<u>23,709,329</u>	<u>58,465,699</u>

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INSTITUTE OF DEVELOPMENT AND ECONOMIC ALTERNATIVES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014

15. OPERATING EXPENSES

PARTICULARS	Notes	UN-RESTRICTED		RESTRICTED							Total Restricted	2014 Consolidated	2013 Rupees	
		GENERAL	Crime Mapping	Dynastic Politics	EDC-USAID	Education Project	Election Project	Skills Project	Social Audit Training					
Consultancy		618,040											618,040	840,000
Travelling and conveyance		659,486	51,752	11,734	157,231	1,206				534,018	755,941	1,415,427	1,137,642	
Rent, rates and taxes		1,673,433										1,673,433	1,452,383	
Utilities		388,750										388,750	267,227	
Salaries and benefits		27,671,933	3,269,286	361,166	90,000	2,830,300	37,500	3,305,815			9,894,067	37,566,000	28,014,574	
Professional fee				444,000	2,879,300						3,323,300	3,323,300	265,500	
Boarding and lodging		873,756	40,438	22,308	60,546					666,866	790,158	1,663,914	599,912	
Communication		620,460										620,460	287,817	
Office supplies		37,607										37,607	314,861	
Other charges		3,424,040	4,500	39,000	375	16,000				9,750	69,625	3,493,665	376,947	
Depreciation		691,178										691,178	380,966	
Printing & stationery		130,980	5,024	700						4,306	10,030	141,010	229,355	
Accounting charges		780,000										780,000	660,000	
Legal charges		402,050										402,050	23,000	
Repair and maintenance		115,335										115,335	79,104	
Insurance expense		218,489										218,489	25,908	
Postage and courier		33,352										33,352	31,538	
Field expense		-		10,070				1,509,437		360	360	33,712	31,538	
Survey cost		-						8,889,000			1,519,507	1,519,507	-	
		38,338,889	3,371,000	888,978	3,187,452	2,847,506	37,500	13,704,252	1,215,300		25,251,988	63,590,877	34,986,733	

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**INSTITUTE OF DEVELOPMENT AND ECONOMIC ALTERNATIVES
 NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees
16. Other charges			
Auditor remuneration		82,500	75,000
17. Number Of Employees		18	12
18. Date of authorization			

These financial statements were authorized for issue by Board of Directors on 12 0 SEP 2014. The financial statements are issued by the express approval of the under-signed for the purpose of approval by the Board of Directors who shall ratify or amend the same, as may be prescribed.

19. General

19.1 Figures have been rounded off to the nearest rupee.

19.2 Comparison figures have been re-stated, whenever necessary, for the purpose of comparison.

Asks



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR