

**INSTITUTE OF DEVELOPMENT  
AND ECONOMIC ALTERNATIVES**

**FINANCIAL STATEMENTS**

**FOR THE YEAR  
ENDED JUNE 30, 2016**

## 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, 2016 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, income and expenditure account, cash flow statement, statement of changes in accumulated funds 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, 2016 and of the excess of income over expenditure, 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,

**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, 2016**

	Notes	2016 Rupees	2015 Rupees
<b>Funds and Reserves</b>			
General fund-unrestricted	3.	-	-
Endowment fund-restricted	4.	27,090,114	18,066,861
		27,090,114	18,066,861
<b>Current Liabilities</b>			
Creditors, accrued and other liabilities	5.	4,185,617	782,168
Unutilized restricted grants	6.	17,383,768	83,912,106
		21,569,385	84,694,274
<b>Contingencies and Commitments</b>			
	7.	-	-
		<u>48,659,499</u>	<u>102,761,135</u>

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

The annexed notes on pages 7 to 16 form an integral part of these financial statements.

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CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

	Notes	2016 Rupees	2015 Rupees
<b>Tangible Fixed Assets</b>			
Operating assets - at cost less accumulated depreciation	8.	1,803,622	2,518,945
<b>Current Assets</b>			
Trade deposits & short term prepayments	9.	820,380	834,699
Advances-unsecured	10.	-	1,076,435
Advance income tax	11.	685,014	553,724
Other receivables-unsecured	12.	3,765,829	487,089
Cash and bank balances	13.	41,584,654	97,290,243
		46,855,877	100,242,190
		<u>48,659,499</u>	<u>102,761,135</u>

**INSTITUTE OF DEVELOPMENT AND ECONOMIC ALTERNATIVES  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2016**

	Notes	2016 Rupees	2015 Rupees
<b>INCOME</b>			
Grant - restricted	14.1	36,030,289	31,430,724
Grant - un-restricted	14.2	60,764,829	28,891,866
Other income	16.	2,980,710	-
		<u>99,775,828</u>	<u>60,322,590</u>
<b>EXPENDITURE</b>			
Project expenses	15.	36,030,289	31,430,723
Operating expenses	15.	54,623,286	39,405,906
Other charges	17.	99,000	90,000
		<u>90,752,575</u>	<u>70,926,629</u>
Excess / (deficit) of income over expenditure for the year		<u>9,023,253</u>	<u>(10,604,039)</u>

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

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CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**INSTITUTE OF DEVELOPMENT AND ECONOMIC ALTERNATIVES**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Notes	2016 Rupees	2015 Rupees
<b>Cash Flows from Operating Activities</b>			
Excess / (deficit) of income over expenditure for the year		9,023,253	(10,604,039)
<b>Adjustments for non-cash items</b>			
Depreciation	8.	1,023,022	795,234
Endowment funds		-	8,647,875
Difference of cost of deletion and related accumulated depreciation		11,789	-
		<u>10,058,064</u>	<u>(1,160,930)</u>
<b>Movement in Working Capital</b>			
<b>(Increase) / decrease in current assets</b>			
Trade deposits and short term prepayments	9.	14,319	(451,537)
Advances-unsecured	10.	1,076,435	(1,076,435)
Advance tax	11.	(131,290)	(270,774)
Other receivables-unsecured	12.	(3,278,740)	2,396,041
		(2,319,276)	597,295
<b>(Decrease) / increase in current liabilities</b>			
Creditors, accrued and other liabilities	5.	3,403,449	(3,226,757)
Unutilized restricted grants	6.	(66,528,338)	83,303,837
		(63,124,889)	80,077,080
<b>Movement in working capital</b>		<u>(65,444,165)</u>	<u>80,674,375</u>
Net cash (used in) / generated from operating activities		<b>(55,386,100)</b>	<b>79,513,445</b>
<b>Cash Flows from Investing Activities</b>			
Payment for capital expenditure	8.	(319,489)	(1,387,673)
Net cash (used in) investing activities		<b>(319,489)</b>	<b>(1,387,673)</b>
<b>Cash Flows from Financing Activities</b>			
Net cash generated from financing activities		-	-
<b>Net (decrease) / increase in cash and cash equivalents</b>		(55,705,589)	78,125,772
<b>Cash and cash equivalents as at July 01</b>		97,290,243	19,164,471
<b>Cash and cash equivalents as at June 30</b>		<u><b>41,584,654</b></u>	<u><b>97,290,243</b></u>

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

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CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**INSTITUTE OF DEVELOPMENT AND ECONOMIC ALTERNATIVES  
STATEMENT OF CHANGES IN ACCUMULATED FUND  
AS AT JUNE 30, 2016**

	<b>General fund unrestricted</b>	<b>Endowment fund restricted</b>	<b>Total</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<b>Balance as on June 30, 2014</b>	<b>10,604,039</b>	<b>9,418,986</b>	<b>20,023,025</b>
Excess of expenditure over income for the year ended June 30, 2015	(10,604,039)	-	(10,604,039)
Endowment fund-restricted	-	8,647,875	8,647,875
<b>Balance as on June 30, 2015</b>	<b>-</b>	<b>18,066,861</b>	<b>18,066,861</b>
Excess of income over expenditure for the year ended June 30, 2016	9,023,253	-	9,023,253
Transferred to endowment fund	(9,023,253)	9,023,253	-
<b>Balance as on June 30, 2016</b>	<b>-</b>	<b>27,090,114</b>	<b>27,090,114</b>

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

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CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

**INSTITUTE OF DEVELOPMENT AND ECONOMIC ALTERNATIVES**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**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 19-A, FCC, Gulberg IV, 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 International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) 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 financials are also in compliance with Accounting Standards for 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 period commencing from July 01, 2015 to June 30, 2016.

**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 charge 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 additions is charged for full month in the month of addition while no depreciation is charged in the month of deletion.

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. Gains and losses on disposal of fixed assets are taken to the income and expenditure statement in the period of disposal.

**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.

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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, 2016**

**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 and presentation currency.

**2.10 Taxation**

The Company is eligible for hundred percent (100%) tax credit on taxes payable on donation and interest income on investments by the Company on donations under clause (a) & (e) of sub-section 2 of section 100C of Income Tax Ordinance, 2001.

**2.11 Trade and other payables**

Trade and other payables are stated at their cost.

**2.12 Related party relationships and transactions**

All known related party relationships, if any, are disclosed in these financial statements. Transactions with related parties are entered into and recorded at fair value.

**2.13 Revenue Recognition**

**2.13.1 Restricted Grants**

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

**2.13.2 Unrestricted Grants**

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

**2.13.3 Interest**

Interest income on bank accounts and investment is recognized on a time apportionment basis that takes into account the effective yield on the respective bank balances and investments.

**2.14 Financial instruments**

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument.

**2.15 Endowment fund-restricted**

Endowment Fund is held for the benefit of the Institute as a capital fund. The income earned from such funds should be utilized for restricted purposes of the Institute with approval of Board of Directors. 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 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, 2016**

	Notes	2016 Rupees	2015 Rupees
<b>3. General fund-unrestricted</b>			
Opening balance		-	10,604,039
Excess of income over expenditure		9,023,253	(10,604,039)
Transferred to endowment funds	4	(9,023,253)	-
Closing balance		-	-
<b>4. Endowment fund-restricted</b>			
Opening balance		18,066,861	9,418,986
Transfer from general reserve	4.1	9,023,253	8,647,875
		27,090,114	18,066,861
<b>4.1 Overheads from projects</b>			
- DAI ILM Ideas		257,951	3,268,315
- UNDP		753,264	1,371,306
- Auto Sector-World Bank Project		3,231,895	2,121,000
- RPA Education commission		409,276	-
- ESRC-Cambridge University Project		1,390,157	-
Profit on sale of assets		60,711	-
Exchange gain		2,022,864	1,240,892
Profit on bank deposits		897,135	646,363
		9,023,253	8,647,875
<b>5. Creditors, accrued and other liabilities</b>			
Accrued liabilities		209,000	81,000
Other liabilities		3,976,617	701,168
		4,185,617	782,168
<b>6. Unutilized restricted grants</b>			
Unutilized grants OSI		-	55,973,450
Unutilized grants Dynastic Politics		1,459,432	6,358,511
Unutilized grants Crime Mapping		7,396,224	12,100,120
Unutilized grants Ph.D. Candidate Engagement		995,300	-
Unutilized grants IGC		1,631,657	1,973,968
Unutilized grants DAI ILM		-	3,755,711
Unutilized grants USIP		5,901,155	-
Unutilized grants Auto Sector		-	3,750,346
		17,383,768	83,912,106
<b>7. Contingencies and Commitments</b>			
Contingencies and Commitments	7.1.	-	-
7.1	There were no contingencies and commitments for year ended June 30, 2016 (June 30, 2015: 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, 2016

8. OPERATING FIXED ASSETS

PARTICULARS	COST				DEPRECIATION					WDV
	As at 01-07-2015	Additions	(Deletions)	As at 30-06-2016	Rate %	As at 01-07-2015	for the year	(Deletions)	As at 30-06-2016	As at 30-06-2016
Furniture, Fixture & Furnishing	2,239,617	91,589	55,636	2,275,570	20%	741,164	455,907	48,360	1,148,711	1,126,859
Office Equipment	302,139	42,000	20,949	323,190	20%	133,738	65,070	16,436	182,972	140,219
Computer equipment	1,134,987	139,400	-	1,274,387	33%	830,581	265,400	-	1,095,981	178,407
Mobile Phones	238,144	46,500	118,144	166,500	50%	101,715	120,033	118,144	103,604	62,896
Air Conditioner	467,555	-	-	467,555	20%	117,236	93,508	-	210,744	256,811
Telephone & fax Exchange	44,525	-	-	44,525	20%	24,203	8,904	-	33,107	11,418
Vehicles	68,000	-	-	68,000	20%	27,386	13,600	-	40,986	27,014
<b>June 30, 2016</b>	<b>4,494,967</b>	<b>319,489</b>	<b>194,729</b>	<b>4,619,727</b>		<b>1,976,022</b>	<b>1,023,022</b>	<b>182,940</b>	<b>2,816,104</b>	<b>1,803,622</b>
<b>June 30, 2015</b>	<b>3,179,694</b>	<b>1,387,673</b>	<b>72,400</b>	<b>4,494,967</b>		<b>1,253,188</b>	<b>795,234</b>	<b>72,400</b>	<b>1,976,022</b>	<b>2,518,945</b>

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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, 2016

	Notes	2016 Rupees	2015 Rupees
<b>9. Trade deposits and short term prepayments</b>			
Security deposit - office		600,000	200,000
Short term prepayments - insurance		220,380	634,699
		<u>820,380</u>	<u>834,699</u>
<b>10. Advances-unsecured</b>			
Advance to employees		-	-
Advance to suppliers		-	1,076,435
Considered doubtful		-	-
		<u>-</u>	<u>1,076,435</u>
Less: Provision for doubtful receivables		-	-
		<u>-</u>	<u>1,076,435</u>
<b>11. Advance Income Tax</b>			
Advance tax-cash withdrawal		25,630	12,840
Advance tax-profits		297,892	223,668
Advance tax-grants		304,224	304,224
Advance tax-others		41,761	-
Advance tax-telephone bill		15,507	12,992
		<u>685,014</u>	<u>553,724</u>
<b>12. Other receivables-unsecured</b>			
Receivable from CERP		201,885	-
Receivable from ESRC		3,466,788	-
Receivable from CDPR		97,156	-
Receivable from CERP-BCURE		-	255,000
Receivable from SAHE-SNG		-	232,089
Considered doubtful		-	-
		<u>3,765,829</u>	<u>487,089</u>
Less: Provision for doubtful receivables		-	-
		<u>3,765,829</u>	<u>487,089</u>
<b>13. Cash and Bank Balances</b>			
Cash with banks - deposit accounts			
Local currency		15,768,338	11,574,896
Foreign currency		25,816,316	85,715,347
		<u>41,584,654</u>	<u>97,290,243</u>
<b>14. Income</b>			
Grant-restricted	14.1	36,030,289	31,430,724
Grant-unrestricted	14.2	60,764,829	28,891,866
		<u>96,795,118</u>	<u>60,322,590</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, 2016

Notes	<u>2016</u> Rupees	<u>2015</u> Rupees
<b>14.1 Grant-restricted</b>		
Grant received from OSI	9,858,839	7,791,172
Grants received from Auto Sector	5,672,451	1,859,654
Grants received from DAI-ILM	4,041,695	19,918,044
Grants received from UNDP	540,000	1,861,854
Grants received from SAHE	1,305,916	-
Grant received from CERP	390,000	-
Grants received from ESRC	5,961,322	-
Grants received from IGC	342,311	-
Grants received from RPA-Education commission	4,139,255	-
Grants received from USIP	3,778,500	-
	<u>36,030,289</u>	<u>31,430,724</u>
<b>14.2 Grant-unrestricted</b>		
Grant received from OSI	54,722,286	28,891,866
Institutional overheads	6,042,543	-
	<u>60,764,829</u>	<u>28,891,866</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, 2016

15. Expenditure

PARTICULARS	Operating Expenses	Project Expenses													Total Project Expenses	JUNE 30, 2016 CONSOLIDATED	June 30, 2015 Rupees
	GENERAL	CRIME MAPPING	DYNASTIC POLITICS	Ph.D. CANDIDATE ENGAGEMENT PROGRAM	SKILLS PROJECT	IGC Project	SAHE	CERP	ESRC	AUTO SECTOR	DAI - ILM	UNDP	RPA- Education commission	USIP			
Advertising Expenses	-	65,490	-	-	-	-	-	-	-	-	-	-	-	-	65,490	65,490	-
Boarding and lodging charges	227,786	-	284,435	-	-	-	-	-	72,408	-	188,784	-	-	-	545,627	773,413	594,375
Communication charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,000
Consultancy charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39,000
Depreciation charge	1,023,022	-	-	-	-	-	-	-	2,003,915	5,425,000	845,000	-	4,139,255	-	12,413,170	12,413,170	11,027,170
Outreach / Seminar Expenses	350,955	-	-	-	-	-	-	-	-	29,040	784,551	-	-	-	813,591	1,164,546	817,309
Field Expenses	-	10,686	1,499,940	104,700	-	336,017	-	-	2,125,403	-	-	-	-	-	3,778,500	7,855,246	1,335,061
Insurance expense	165,681	-	-	-	-	-	-	-	-	-	-	-	-	-	-	165,681	193,695
Legal Fees	782,405	-	-	-	-	-	-	-	-	-	-	-	-	-	-	782,405	449,865
Office supplies	103,659	-	-	-	-	-	-	-	-	-	-	-	-	-	-	103,659	141,778
Other charges	1,196,979	-	3,558	-	-	-	-	-	-	-	-	-	-	-	3,558	1,200,537	807,830
Postage and courier charges	46,326	3,780	2,390	-	-	-	-	-	-	-	36,630	-	-	-	42,800	89,126	30,752
Printing & stationery charges	143,424	9,918	156,305	-	151,164	-	-	-	26,008	-	656,253	-	-	-	999,648	1,143,072	198,170
Professional fees	1,209,142	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,209,142	1,286,918
Rent, rates and taxes	2,411,980	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,411,980	1,658,150
Repair and maintenance charges	748,612	-	-	-	-	-	-	-	-	-	-	-	-	-	-	748,612	382,978
Salaries and benefits	44,100,034	4,596,983	2,410,667	-	-	-	1,174,979	390,000	1,557,467	205,000	650,139	540,000	-	-	11,525,235	55,625,269	47,572,983
Travelling and conveyance	797,695	17,039	541,784	-	-	6,294	130,937	-	176,121	13,411	880,338	-	-	-	1,765,924	2,563,619	2,322,178
Utilities	1,315,586	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,315,586	1,182,983
	54,623,286	4,703,896	4,899,079	104,700	151,164	342,311	1,305,916	390,000	5,961,322	5,672,451	4,041,695	540,000	4,139,255	3,778,500	36,030,289	90,653,575	70,836,629

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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, 2016**

	Notes	<u>2016 Rupees</u>	<u>2015 Rupees</u>
<b>16. Other income</b>			
Profit on sale of assets		60,711	-
Exchange gain		2,022,864	-
Profit on bank deposits		897,135	-
		<u>2,980,710</u>	<u>-</u>
<b>17. Other charges</b>			
Auditor's remuneration		<u>99,000</u>	<u>90,000</u>

**18. Taxation**

As per sub-section 2 of section 100C, non-profit organizations, trust or welfare organization shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum and final tax payable under any of the provision of Income Tax Ordinance, 2001, subject to the following conditions, namely:

- a) return has been filed;
- b) tax required to be deducted or collected has been deducted or collected and paid; and
- c) withholding tax statements for the immediately preceding tax year have been filed.

The operations for the Company fall within the purview of clause (a) & (e) of sub-section 2 of Section 100C of the Income Tax Ordinance, 2001 and the Institute intends to comply with the above-mentioned requirements, hence the Company will be eligible to claim tax credit equal to one hundred percent of the tax payable on donations and interest income on investments by the Company. Tax credit of one hundred percent is allowed under Section 100C of Income Tax Ordinance, 2001 in respect of tax payable including final taxes payable and consequently no charge has been recognized in these financial statement for the period ended June 30, 2016.

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19 Fair value of financial assets and liabilities

The carrying amounts of the financial assets and financial liabilities approximate their fair values.

20 Interest / Mark up Rate Risk Management

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will affect the value of financial instruments. In respect of income bearing financial assets and interest / mark-up bearing financial liabilities, the following table indicates their effective interest / mark-up rates at the balance sheet date and the periods in which they will re-price or mature:

	Effective mark up rates (%)	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			Total
		Maturity up to one year	Maturity one to five years	Sub-total	Maturity up to one year	Maturity one to five years	Sub-total	
<b>Financial assets</b>								
Security deposits		-	-	-	-	600,000	600,000	600,000
Advances - unsecured		-	-	-	-	-	-	-
Other receivables-unsecured		-	-	-	3,765,829	-	3,765,829	3,765,829
Cash and bank balances	5-7%	41,584,654	-	41,584,654	-	-	-	41,584,654
		<u>41,584,654</u>	<u>-</u>	<u>41,584,654</u>	<u>3,765,829</u>	<u>600,000</u>	<u>4,365,829</u>	<u>45,950,483</u>
<b>Financial liabilities</b>								
Creditors, accrued and other liabilities		-	-	-	4,185,617	-	4,185,617	4,185,617
		<u>-</u>	<u>-</u>	<u>-</u>	<u>4,185,617</u>	<u>-</u>	<u>4,185,617</u>	<u>4,185,617</u>
<b>Net financial assets / (liabilities) - June. 30, 2016</b>		<u>41,584,654</u>	<u>-</u>	<u>41,584,654</u>	<u>(419,788)</u>	<u>600,000</u>	<u>180,212</u>	<u>41,764,866</u>
<b>Net financial assets / (liabilities) - June. 30, 2015</b>		<u>97,290,243</u>	<u>-</u>	<u>97,290,243</u>	<u>(295,079)</u>	<u>200,000</u>	<u>(95,079)</u>	<u>97,195,164</u>

21. Financial Risk Management Objectives and Policies

Financial risks includes, effects of changes in market interest rates, credit and liquidity risk associated with various financial assets and liabilities respectively as referred to in note 20 above.

Taken as a whole, risk arising from the company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

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	Notes	<u>2016 Rupees</u>	<u>2015 Rupees</u>
<b>22. Credit risk</b>			
Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted.			
The Company's credit risk is primarily attributable to its placements with banks. The Company's placements are with banks having credit rating of A and above. Due to the high credit worthiness of counter parties the credit risk is considered minimal.			
<b>23. Liquidity Risk</b>			
Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for meeting new commitments and requirements. As a result the Company saw a significantly improved cash flows from all the operations and hence liquidity risk is considered minimal.			
<b>24. Related party relationships and transactions</b>			
The related parties comprise of directors, key management personnel and entities over the which the directors are able to exercise influence. Transactions with related parties and balances outstanding at the year-end are given below.			
<i>Transactions with the related parties</i>			
Remuneration to Chief Executive		8,310,000	7,930,967
Remuneration to Company Secretary		5,284,800	4,321,900
		<u>13,594,800</u>	<u>12,252,867</u>
<b>25. Number of Employees</b>			
Numbers of employees at year end		<u>27</u>	<u>26</u>
Average number of employees during the year		<u>27</u>	<u>26</u>
<b>26. Date of authorization</b>			
These financial statements were authorized for issue by Board of Directors on . 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.			
<b>27. General</b>			
27.1	Figures have been rounded off to the nearest rupee.		
27.2	Comparison figures have been re-stated, whenever necessary, for the purpose of comparison.		

*ASB*

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR