

**INSTITUTE OF DEVELOPMENT  
AND ECONOMIC ALTERNATIVES**

**FINANCIAL STATEMENTS**

**FOR THE YEAR  
ENDED JUNE 30, 2019**



## INDEPENDENT AUDITOR'S REPORT

**To the members of Institute of Development and Economic Alternatives**

**Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the annexed financial statements of **Institute of Development and Economic Alternatives** ("the Company"), which comprise the statement of financial position as at June 30, 2019, and income and expenditure statement, and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income or the income or expenditure statement, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the surplus and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### **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 Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and management Accountants (the Code) <sup>iv</sup> 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 Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company'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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Company'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 Company to cease to continue as a going concern.

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- 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 the board of directors 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.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the income and expenditure statement and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Omer Adil, FCA.

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Islamabad

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Institute of Development and Economic Alternatives  
(A company licensed under section 42 of the Companies Act, 2017)  
**Statement of Financial Position**  
As at June 30, 2019

		Amounts in PKR	
	Note	June 30, 2019	June 30, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	713,975	944,790
Intangible asset	4	360,171	-
<b>Current Assets</b>			
Trade deposits and short-term prepayments	5	2,210,007	1,506,054
Advance income tax	6	1,992,373	1,667,763
Other receivables	7	771,676	4,969,529
Cash and bank balances	8	332,154,290	73,788,633
		337,128,346	81,931,979
<b>Total Assets</b>		<b>338,202,492</b>	<b>82,876,769</b>
<b>EQUITY AND LIABILITIES</b>			
General fund	9	-	-
Endowment fund	10	323,037,973	57,141,078
		323,037,973	57,141,078
<b>Non- current liabilities</b>			
Unutilized grant	11	13,655,123	21,416,009
<b>Current liabilities</b>			
Trade and other payables	12	1,509,396	4,319,682
Contingencies and commitments	13	-	-
<b>Total equity and liabilities</b>		<b>338,202,492</b>	<b>82,876,769</b>

The Auditor's report is set out on pages 1 to 3.

The annexed notes 1 to 28 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
CHIEF FINANCIAL OFFICER

  
DIRECTOR

Institute of Development and Economic Alternatives  
 (A company licensed under section 42 of the Companies Act, 2017)  
 Statement of Income and Expenditure  
 For the year ended June 30, 2019

		Amounts in PKR	
	Note	For the period ended June 30, 2019	For the year ended June 30, 2018
<b>Income</b>			
Restricted grant			
<i>for funded projects</i>	14	39,038,578	38,222,036
<i>for research projects</i>	14	-	49,226,678
<i>for operations</i>	14	11,334,374	11,801,339
Un restricted grant	14	35,439,049	8,178,151
Other income	16	87,935,748	11,276,969
		<b>173,747,749</b>	<b>118,705,173</b>
<b>Expenses</b>			
Project expenses	15	(91,218,948)	(87,448,714)
Operating expenses	15	(12,651,106)	(11,801,339)
		<b>(103,870,054)</b>	<b>(99,250,053)</b>
<b>Excess of income over expenditure for the period</b>		<b>69,877,695</b>	<b>19,455,120</b>

The Auditor's report is set out on pages 1 to 3.  
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 DIRECTOR

Institute of Development and Economic Alternatives  
 (A company licensed under section 42 of the Companies Act, 2017)  
**Statement of Other Comprehensive Income**  
 For the year ended June 30, 2019

		Amounts in PKR	
	Note	For the period ended June 30, 2019	For the year ended June 30, 2018
Excess of income over expenditure for the year		69,877,695	19,455,120
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>69,877,695</b>	<b>19,455,120</b>

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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

Institute of Development and Economic Alternatives  
 (A company licensed under section 42 of the Companies Act, 2017)  
 Statement of Changes in Accumulated Funds  
 For the year ended June 30, 2019

Amounts in PKR

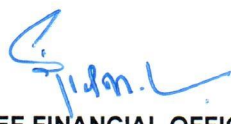
	General fund	Endowment fund	Total
<b>Balance as at July 01, 2017</b>	-	<b>37,685,958</b>	<b>37,685,958</b>
Excess of income over expenditure for the year	19,455,120		<b>19,455,120</b>
Transferred to endowment fund	(19,455,120)	19,455,120	-
<b>Balance as at June 30, 2018</b>	-	<b>57,141,078</b>	<b>57,141,078</b>
Excess of income over expenditure for the year	69,877,695	-	<b>69,877,695</b>
Contribution from OSF	-	196,019,200	<b>196,019,200</b>
Transferred to endowment fund	(69,877,695)	69,877,695	-
<b>Balance as at June 30, 2019</b>	-	<b>323,037,973</b>	<b>323,037,973</b>

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CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER

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DIRECTOR

Institute of Development and Economic Alternatives  
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**Statement of Cash Flow**  
For the year ended June 30, 2019

		Amounts in PKR	
	Note	For the Period ended June 30, 2019	For the year ended June 30, 2018
<b>Cash flows from operating activities</b>			
Excess of income over expenditure for the period		69,877,695	19,455,120
Adjustments for;			
Depreciation	3.1	550,995	648,754
Amortization		122,829	-
Exchange gain		85,805,636	10,587,991
Difference of cost of deletion and related accumulated depreciation		-	-
		<b>156,357,155</b>	<b>30,691,865</b>
<b>Movement in Working Capital</b>			
<b>Decrease / (Increase) in current assets</b>			
Other receivables		4,197,853	(2,658,566)
Trade deposits and short-term prepayments		(703,953)	(62,937)
Advance income tax		(324,610)	(850,230)
		<b>3,169,290</b>	<b>(3,571,733)</b>
<b>(Decrease) / Increase in current liabilities</b>			
Creditors, accrued and other liabilities		(2,810,286)	2,563,290
<b>Net cash generated from operating activities</b>		<b>156,716,159</b>	<b>29,683,422</b>
<b>Cash Flows from Investing Activities</b>			
Payments for capital expenditure	3.1	(803,180)	(214,000)
<b>Net cash (used in) investing activities</b>		<b>(803,180)</b>	<b>(214,000)</b>
<b>Cash Flows from Financing Activities</b>			
Addition to Endowment		196,019,200	-
Unutilized grants		(7,760,886)	(60,439,654)
<b>Net cash (used in) financing activities</b>		<b>188,258,314</b>	<b>(60,439,654)</b>
Net increase / (decrease) in cash and cash equivalents		<b>344,171,293</b>	<b>(30,970,232)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>73,788,633</b>	<b>115,346,856</b>
Effect of foreign currency gain		(85,805,636)	(10,587,991)
<b>Cash and Cash Equivalents as at June 30, 2019</b>		<b>332,154,290</b>	<b>73,788,633</b>

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Institute of Development and Economic Alternatives  
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Notes to the Financial Statements  
For the year ended June 30, 2019

**1 Status and Nature of Business**

Institute of Development and Economic Alternatives ("the Institute") was registered in Pakistan on June 06, 2012 under section 42 of the Companies Ordinance, 1984 (deemed to be registered under Companies ACT, 2017) as an association for not for profit. The objectives of the Institute are to promote, assist, support, simulates, 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.

The registered office of the Company is situated at 19-A, FCC, Gulberg IV, Lahore.

These financial statements cover only the individual activities of Institute of Development and Economic Alternatives.

**1.1 Summary of significant events and transactions in the current reporting period**

The Company's financial position and performance was affected by any events and transactions during the reporting period.

- Grants received during the year are amounting Rs. 78,051,115.
- Contribution for endowment fund received during the year are amounting Rs. 196,019,200.
- Assets purchased of amount Rs.803,180 during the year.

**2 Summary of Significant Accounting Policies**

Following are the details of significant accounting policies applied:

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organization (Accounting Standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs, or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Basis of preparation**

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

The preparation of financial statements in conformity with approved accounting standards requires management make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and based on historic experience and other factors, including reasonable expectation of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

**2.3 Management responsibility for financial statements**

The Management of the Company is responsible for the preparation and presentation of financial statements. These financial statements of the Company have been prepared for the period from July 01, 2018 to June 30, 2019.

**2.4 Functional and presentation currency**

Items included in financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

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Institute of Development and Economic Alternatives  
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Notes to the Financial Statements  
For the year ended June 30, 2019

**2.5 Foreign currency translations**

Transactions denominated in foreign currencies are translated to Pak Rupees at the foreign exchange rate (average rate) ruling at the last day of the preceding month. Monetary assets and liabilities in foreign currencies are re-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.

**2.6 Property, plant and equipment and depreciation**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any.

Depreciation charge is based on straight-line method at the rates mentioned in the note 3 of these financial statements, whereby the cost of an asset is written off to statement of income and expenditure over its estimated useful life without taking into account any residual value, if material. Depreciation on additions is charged from the month in which the asset is available for use and on disposal up to the month of disposal.

The residual value, depreciation method and the useful lives of each part of property, plant and equipment that is significant in relation to the total cost of the assets are reviewed at each balance sheet date and adjusted, if appropriate.

Normal repairs, maintenance, renewals and improvements are charged to statement of income and expenditure as and when incurred. Improvements are capitalized when it is probable that respective future economics benefits will flow to the Company and cost of the item can be measured reliably. Assets replaced, if any, are derecognized.

Gains and losses on disposal of property, plant and equipment are taken to the statement of income and expenditure in the year of disposal.

**2.7 Trade debts and other receivables**

Trade debts and other receivable are recognized at original invoice amount less provision for doubtful debts and other receivables, if any. A provision for doubtful debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when

**2.8 Taxation**

**Current**

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.

**Deferred**

Deferred tax has not been provided in these financial statements as the Company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that 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

**2.9 Cash and cash equivalents**

Cash and cash equivalents comprises of cash in hand and current and deposit accounts held with banks.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**2.10 Impairment**

**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.

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Notes to the Financial Statements  
For the year ended June 30, 2019

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

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 statement of income and expenditure and reflected in an allowance account against receivables. 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 statement of income and expenditure.

#### **Non-financial assets**

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

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

Impairment losses 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.

#### **2.11 Trade and other payables**

Trade and other payables are recognized initially at fair value net of directly attributable cost, if any.

#### **2.12 Borrowings and their cost**

Borrowings are recognized initially at fair value, net of transaction cost incurred. All types of borrowing costs are charged to statement of income and expenditure as and when incurred.

#### **2.13 Provisions**

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, reliable estimate can be made of obligation. The amount recognized as a provision reflect the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

#### **2.14 Financial assets and liabilities**

All financial assets and liabilities are initially recognized at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost

#### **2.15 Revenue recognition**

##### **2.15.1 Restricted Grants**

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

##### **2.15.2 Unrestricted Grants**

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

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Institute of Development and Economic Alternatives  
(A company licensed under section 42 of the Companies Act, 2017)  
Notes to the Financial Statements  
For the year ended June 30, 2019

2.15.3 Interest

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

**2.16 Related party relationships and transactions**

All known related party relationships are disclosed in these financial statements. Transactions with related parties, if any, are entered into and recorded on an arm's length basis at fair value.

**2.17 Financial instruments**

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. These are derecognized when the Company ceases to be party to contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at fair value. These financial assets and financial liabilities are subsequently measured at amortized cost.

**2.18 Financial expense and financial income**

Financial expenses comprise foreign currency losses and markup/interest expense on borrowings. Markup / interest expense on borrowings is recognized as it accrues in the statement of income and expenditure, using the effective interest rate method.

Financial income comprises interest income on funds invested. Markup / interest income is recognized as it accrues in statement of income and expenditure, using the effective interest rate method.

**2.19 Off-setting**

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is, legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

**2.20 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 utilized for restricted purposes of the organization 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  
(A company licensed under section 42 of the Companies Act, 2017)  
Notes to the Financial Statements  
For the year ended June 30, 2019

	Note	As at June 30, 2019	Amounts in PKR As at June 30, 2018
<b>3 Property, plant and equipment</b>	3.1	<b>713,975</b>	<b>944,790</b>

3.1 Following is the statement of property, plant and equipment:

Particulars	Cost				Rate %	Depreciation			As at June 30, 2019	Written Down Value As at June 30, 2019
	As at 1st July, 2018	Additions during the period	Deletions during the period	As at March 31, 2019		As at 1st July, 2018	Charge for the Period	Deletions during Period		
Furniture, fixtures and fittings	2,297,810	63,480	-	2,361,290	20	1,874,057	229,052	-	2,103,109	258,181
Office equipment	373,690	12,750	-	386,440	20	293,388	45,291	-	338,679	47,761
Computer equipment	1,458,115	71,450	71,900	1,457,665	33	1,247,186	114,981	71,900	1,290,267	167,398
Mobile Phones	185,500	120,000	119,000	186,500	50	116,751	86,250	119,000	84,001	102,499
Air Conditioner	575,035	52,500	-	627,535	20	413,978	75,421	-	489,399	138,136
Telephone & fax exchange	44,525	-	-	44,525	20	44,525	-	-	44,525	-
Vehicles	68,000	-	-	68,000	20	68,000	-	-	68,000	-
<b>June 30, 2019</b>	<b>5,002,675</b>	<b>320,180</b>	<b>190,900</b>	<b>5,131,955</b>		<b>4,057,885</b>	<b>550,995</b>	<b>190,900</b>	<b>4,417,980</b>	<b>713,975</b>

Particulars	Cost				Rate %	Depreciation			As at June 30, 2018	Written Down Value As at June 30, 2018
	As at 1st July, 2017	Additions during the period	Deletions during the period	As at June 30, 2018		As at 1st July, 2017	Charge for the Period	Deletions during Period		
Furniture, fixtures and fittings	2,297,810	-	-	2,297,810	20	1,542,811	331,247	-	1,874,058	423,752
Office equipment	373,690	-	-	373,690	20	244,400	48,988	-	293,390	80,300
Computer equipment	1,358,995	174,000	74,880	1,458,115	33	1,232,927	89,138	74,880	1,247,185	210,930
Mobile Phones	145,500	40,000	-	185,500	50	45,812	70,939	-	116,751	68,749
Air Conditioner	575,035	-	-	575,035	20	321,464	92,514	-	413,978	161,057
Telephone & fax exchange	44,525	-	-	44,525	20	42,011	2,513	-	44,525	-
Vehicles	68,000	-	-	68,000	20	54,586	13,414	-	68,000	-
<b>June 30, 2018</b>	<b>4,863,555</b>	<b>214,000</b>	<b>74,880</b>	<b>5,002,675</b>		<b>3,484,011</b>	<b>648,753</b>	<b>74,880</b>	<b>4,057,887</b>	<b>944,790</b>

3.2 The depreciation charge for the year has been allocated as follows

Expenditure - note 15	550,995	648,753
	<b>550,995</b>	<b>648,753</b>



Institute of Development and Economic Alternatives  
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Notes to the Financial Statements  
For the year ended June 30, 2019

		Amounts in PKR	
	Note	As at June 30, 2019	As at June 30, 2018
<b>5</b>	<b>Trade deposits and short-term prepayments</b>		
	Security deposit - office	900,000	600,000
	Short-term prepayments		
	- Rent	1,098,000	665,500
	- Insurance	143,999	111,304
	- Domain Hosting	18,375	91,750
	- Other	49,633	37,500
		1,310,007	906,054
		2,210,007	1,506,054
<b>6</b>	<b>Advance income tax</b>		
	Cash withdrawal	107,731	70,681
	Profits on banks	653,052	441,392
	Grants	1,003,666	1,003,666
	Others	211,647	135,747
	Telephone	16,277	16,277
		1,992,373	1,667,763
<b>7</b>	<b>Other receivables</b>		
	<b>Considered good</b>		
	Receivables from implementing partners	7.1 771,676	4,969,529
7.1	CERP	-	10,893
	CDPR	431,942	203,615
	IDS - Women Voting Electoral	-	1,538,025
	IDS - General	107,110	-
	IDS - Phase 2 Women Voting electoral	23,333	-
	IGC RTI	209,291	-
	New York University Abu Dhabi	-	174,282
	USIP- Women Voting Project	-	3,012,509
	LUMS	-	30,205
	<b>Considered doubtful</b>	-	-
		771,676	4,969,529
<b>8</b>	<b>Cash and bank balances</b>		
	Cash with banks - local currency		
	- saving account	10,742,558	8,556,594
	Cash with banks - foreign currency		
	- saving account	321,372,902	65,232,039
	Cash in hand - PKR	38,830	-
		332,154,290	73,788,633
<b>9</b>	<b>General Fund</b>		
	Opening balance	-	-
	Excess of income over expenditure for the period	69,877,695	19,455,120
	Transferred to endowment fund	(69,877,695)	(19,455,120)
	Closing balance	-	-

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Institute of Development and Economic Alternatives  
(A company licensed under section 42 of the Companies Act, 2017)  
Notes to the Financial Statements  
For the year ended June 30, 2019

		Amounts in PKR	
		As at June 30, 2019	As at June 30, 2018
		Note	
<b>10</b>	<b>Endowment fund-restricted</b>		
	Opening balance		37,685,958
	Contribution received from OSF		-
	Transfer from general reserve	10.1	19,455,120
			<b>323,037,973</b>
<b>10.1</b>	<b>Overheads from projects</b>		
	- University of Cambridge (ESRC)		-
	- OPM's PESP 2		-
	- SAHE		-
	- Survey: USIP Women voting		-
	- Survey: NYUAD		-
	- Survey: IGC RTI		-
	- Survey: MT RTI		-
	- USIP		424,213
	- World Bank -NSB		1,763,719
	- Media Matters for Democracy		70,154
	- EGAP		5,222,236
	- IDS Women voting (including survey)		697,829
			<b>10,749,705</b>
		14.2.1	<b>35,439,049</b>
	Gain on sale of fixed assets	16	13,500
	Exchange gain	16	32,308,534
	Profit on bank deposits	16	2,116,612
			<b>69,877,695</b>
			<b>19,455,120</b>
<b>10.2</b>	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		
<b>11</b>	<b>Unutilized grant</b>		
	Opening balance		81,855,663
	Funds received during the year		46,988,550
	Charged to grant revenue		(99,250,053)
	Transferred to endowment fund (Institutional Overheads)		(8,178,151)
	Closing balance	11.1	21,416,009
<b>11.1</b>	<b>OSF</b>		11,334,374
	British Council		393,898
	Crime Mapping		689,312
	Ph.D. Candidate Engagement Program		995,300
	University of California (EGAP)		2,503,078
	University of Cambridge (ESRC)		887,404
	Lums (Air Pollution)		-
	Lums (Digital Literacy)		912,489
	MIT RTI		443,909
	IGC- LGC		1,096,817
	MIT CVI		1,317,291
	ITA		150,000
	Harvard University		2,089,070
	MIT JPAL USI		544,454
	PESP II		2,937,150
			<b>13,655,123</b>
			<b>21,416,009</b>
<b>12</b>	<b>Trade and other payables</b>		
	Accrued liabilities		3,879,273
	Other liabilities		440,409
			<b>1,509,396</b>
			<b>4,319,682</b>

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Institute of Development and Economic Alternatives  
(A company licensed under section 42 of the Companies Act, 2017)  
Notes to the Financial Statements  
For the year ended June 30, 2019

		Amounts in PKR	
	Note	As at June 30, 2019	As at June 30, 2018
<b>13</b>	<b>Contingencies and commitments</b>		
	Contingencies and commitments	-	-
13.1	There were no contingencies and commitments for the period ended. (2018:NIL)		
<b>14</b>	<b>Revenue</b>		
	Restricted grant	50,372,952	99,250,053
	Un - restricted grant	35,439,049	8,178,151
		<b>85,812,001</b>	<b>107,428,204</b>
<b>14.1</b>	<b>Restricted grant</b>		
	For funded projects	39,038,578	38,222,036
	For research projects	-	49,226,678
	For operations	11,334,374	11,801,339
		<b>50,372,952</b>	<b>99,250,053</b>
<b>14.2</b>	<b>Un restricted grant</b>		
	Institutional overheads	35,439,049	8,178,151
		<b>35,439,049</b>	<b>8,178,151</b>
14.2.1	Overheads from projects		
	- University of Cambridge (ESRC)	2,329,708	-
	- USIP-PASS	86,184	-
	- OPM's PESP 2	9,358,401	-
	- IDS Women voting	5,921,158	-
	- SAHE	743,800	-
	- USIP Women voting	3,116,690	-
	- Survey: USIP Women voting	4,795,453	-
	- Survey: IDS Women Voting	4,828,547	-
	- Survey: NYUAD	3,051,062	-
	- Survey: IGC RTI	878,500	-
	- Survey: MT RTI	329,545	-
	- USIP	-	424,213
	- World Bank -NSB	-	1,763,719
	- Media Matters for Democracy	-	70,154
	- EGAP	-	5,222,236
	- IDS Women voting (Historical case studies)	-	697,829
		<b>35,439,049</b>	<b>8,178,151</b>

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Expenditure

PARTICULARS	Operating Expenses	Projects																		TOTAL Project Expenses	June 30, 2019 Consolidated	June 30, 2018 Consolidated				
		Research	CRIME MAPPING	MIT RTI	IGC RTI	IGC LGC	LUMS survey on AirPol	LUMS survey on Fake news	MIT (JPAL-USI)	IDS Women Voting Project	IDS Phase 2 Women Voting Project	PESP II	CVI	BOAP	USIP-PAAS	ESRC Cambridge	New York University Abu Dhabi	USIP Women Young Project	SAHE				PESI			
Amortisation Expense	122,829	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	122,829	-	
Boarding and lodging charges	25,684	-	-	-	-	61,703	-	-	20,733	-	209,647	167,040	-	-	-	-	-	-	-	-	-	-	-	459,123.0	484,807	39,865
Communication charges	160,359	83,980	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83,980.0	244,339	-	
Consultancy charges	-	-	-	-	-	-	-	-	-	-	-	-	-	315,000	-	-	-	-	-	3,247,202	-	1,624,908	5,187,110.0	5,187,110	5,648,406	
Depreciation charge	550,995	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	550,995	648,754	
Outreach / Seminar Expenses	-	87,697	-	-	-	-	-	-	55,440	-	-	-	-	-	-	-	-	-	-	-	-	-	-	143,437.0	143,437	426,093
Survey/ Field Expenses	-	-	-	85,181	519,055	306,672	583,398	764,011	-	119,066	-	373,700	-	-	-	-	-	-	2,111,463	518,449	-	-	5,383,995.0	5,383,995	6,219,346	
Insurance expense	113,239	197,882	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	197,882.0	311,121	293,844	
Legal Fees	600,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	600,000	549,000	
Office supplies	100,474	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,474	67,026	
Other charges	210,475	1,035,848	-	14,479	-	-	-	-	-	-	8,568	-	-	-	-	-	-	-	-	-	-	-	-	1,058,895.0	1,269,370	1,290,220
Postage and courier charges	18,362	280	-	-	-	-	-	-	1,008	-	1,140	-	-	-	-	-	-	-	-	-	-	-	-	2,428.0	20,790	22,537
Printing & stationery charges	289,254	92,922	-	365,567	-	-	-	-	89,923	-	9,959	-	-	-	-	-	-	-	-	-	-	-	-	538,371.0	827,625	373,469
Professional fees	1,025,138	1,417,501	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,417,501.0	2,442,639	2,123,796
Rent, rates and taxes	859,645	2,515,575	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,515,575.0	3,375,220	2,916,100
Repair and maintenance charges	151,890	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	151,890	165,856
Salaries and other benefits-Staff	7,297,850	41,035,840	689,312	240,000	1,240,000	-	-	-	461,867	1,542,000	23,333	8,792,082	2,043,333	1,484,210	617,463	75,000	-	-	-	-	-	-	-	58,244,240.0	65,542,090	68,423,007
Salaries and other benefits-Survey	-	3,919,575	-	616,000	162,750	-	-	-	-	1,480,026	-	-	-	-	-	-	1,831,637	3,260,650	-	-	-	-	-	11,250,638.0	11,250,638	6,437,283
Travel conveyance	236,309	117,163	-	323,914	-	-	-	-	10,359	407,120	-	226,164	668,342	210,840	-	-	-	-	-	-	-	-	-	1,963,902.0	2,200,211	1,871,864
Training Expense	1,500	-	-	-	-	-	-	-	-	-	-	1,096,064	-	-	-	-	-	-	-	-	-	-	-	1,096,064.0	1,097,564	-
15.1 Auditor's remuneration	132,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	132,000	130,000
Security Expense	370,160	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	370,160	-
Utilities	384,943	1,675,807	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,675,807.0	2,060,750	1,603,587
<b>Total</b>	<b>12,851,106</b>	<b>52,180,370</b>	<b>689,312</b>	<b>1,645,141</b>	<b>1,921,805</b>	<b>371,375</b>	<b>583,398</b>	<b>764,011</b>	<b>472,025</b>	<b>3,675,316</b>	<b>23,333</b>	<b>9,247,560</b>	<b>4,348,479</b>	<b>2,010,050</b>	<b>617,463</b>	<b>75,000</b>	<b>1,831,637</b>	<b>8,619,315</b>	<b>518,449</b>	<b>1,624,908</b>	<b>91,218,948</b>	<b>103,870,054</b>	<b>99,250,053</b>			

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Institute of Development and Economic Alternatives  
(A company licensed under section 42 of the Companies Act, 2017)  
Notes to the Financial Statements  
For the year ended June 30, 2019

		Amounts in PKR	
	Note	As at June 30, 2019	As at June 30, 2018
<b>15.1 Auditor's remuneration</b>			
<b>Audit services</b>			
Annual audit fee		132,000	120,000
Out of pocket expenses		-	-
		<b>132,000</b>	120,000
<b>Other Services</b>			
Advisory		-	10,000
		<b>132,000</b>	130,000
<b>16 Other income</b>			
Gain on sale of fixed assets		13,500	25,000
Exchange gain		85,805,636	10,587,991
Profit on bank deposits		2,116,612	663,978
		<b>87,935,748</b>	11,276,969

**17 Taxation**

17.1 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.
- d) the administrative and management expenditure does not exceed 15% of the total receipt.

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

17.2 No provision for taxation has been created as 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.

	2018	2017	2016
Income tax provisions for the year - accounts	-	-	-
Income tax provisions as per tax assessment	-	-	-

**18 Related party relationships and transactions**

The related parties comprise of directors, key management personnel and entities over the which the directors are able to exercise influence.

Remuneration of chief executive, company secretary and directors are also disclosed separately in the note 19.

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Institute of Development and Economic Alternatives  
(A company licensed under section 42 of the Companies Act, 2017)  
Notes to the Financial Statements  
For the year ended June 30, 2019

Amounts in PKR

Note	As at June 30, 2019	As at June 30, 2018
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**19 Remuneration of chief executive, company secretary and executives**

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the chief executive, company secretary and executives of the Company are given below:-

	2019			2018		
	Chief Executive	Company Secretary (Rupees)	Executives	Chief Executive	Company Secretary (Rupees)	Executives
Managerial remuneration	14,838,782	7,821,925	31,960,383	11,362,204	6,186,825	25,180,560
Allowances	-	-	-	-	-	-
<b>Total</b>	<b>14,838,782</b>	<b>7,821,925</b>	<b>31,960,383</b>	<b>11,362,204</b>	<b>6,186,825</b>	<b>25,180,560</b>
No. of person(s)	1	1	5	1	1	4

**19.1 Date of authorization**

02 SEP 2019

These financial statements were authorized by Board of Directors on 02 SEP 2019. These financial statements are issued by their express approval and any subsequent amendment shall be likewise approved by them also.

**20 Fair value of financial assets and liabilities**

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

Financial assets	<b>333,825,966</b>	79,358,162
Financial liabilities	<b>1,509,396</b>	4,319,682
<b>Net financial assets / (liabilities)</b>	<b>332,316,570</b>	75,038,480

**21 Financial risk management objectives and policies**

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk associated with various financial assets and liabilities respectively, as referred to in notes 22 to 25 below. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

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Institute of Development and Economic Alternatives  
(A company licensed under section 42 of the Companies Act, 2017)  
**Notes to the Financial Statements**  
For the year ended June 30, 2019

Amounts in PKR

**22 Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and currency risk .

**22.1 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:

	Interest / Mark-up bearing			Non-Interest / Mark-up bearing			Total
	Effective mark up rates (%)	Maturity up to one year	Maturity one to five years	Sub-total	Maturity up to one year	Maturity one to five years	
<b>Financial assets</b>							
Trade deposits	-	-	-	-	900,000	900,000	900,000
Other receivables	-	-	-	-	771,676	-	771,676
Cash and bank balances	332,154,290	-	332,154,290	-	-	-	332,154,290
	<u>332,154,290</u>	<u>-</u>	<u>332,154,290</u>	<u>771,676</u>	<u>900,000</u>	<u>1,671,676</u>	<u>333,825,966</u>
<b>Financial liabilities</b>							
Trade and other payables	-	-	-	1,509,396	-	1,509,396	1,509,396
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,509,396</u>	<u>-</u>	<u>1,509,396</u>	<u>1,509,396</u>
<b>Net financial assets / (liabilities) - Jun. 30, 2019</b>	<u>332,154,290</u>	<u>-</u>	<u>332,154,290</u>	<u>(737,720)</u>	<u>900,000</u>	<u>162,280</u>	<u>332,316,570</u>
<b>Net financial assets / (liabilities) - Jun. 30, 2018</b>	<u>73,788,633</u>	<u>-</u>	<u>73,788,633</u>	<u>649,847</u>	<u>600,000</u>	<u>1,249,847</u>	<u>75,038,480</u>

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Institute of Development and Economic Alternatives  
(A company licensed under section 42 of the Companies Act, 2017)  
**Notes to the Financial Statements**  
For the year ended June 30, 2019

		Amounts in PKR	
Note	As at June 30, 2019	As at June 30, 2018	

**23 Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company is exposed to foreign currency risk on sales and purchases which are entered in a currency other than Pak Rupees. The Company considered the foreign currency risk to be immaterial currently.

**24 Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if the 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 high credit. Due to the high credit worthiness of counter parties the credit risk is considered minimal.

**25 Liquidity risk**

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.

**26 Cash and cash equivalents at the end of the year**

Cash and bank balances	8	332,154,290	73,788,633
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**27 Number of employees**

The number of employees as of balance sheet date		35	30
Average number of employees during the year		33	31

**28 General**

Figures have been rounded off to the nearest rupee.

Comparative figures have been re-stated, wherever necessary, for the purposes of comparison.

  
**CHIEF EXECUTIVE**

  
**CHIEF FINANCIAL OFFICER**

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**DIRECTOR**