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**AUDITORS' REPORT ON FINANCIAL STATEMENTS OF**

**TEACHERS' RESOURCE CENTRE**

**FOR THE YEAR ENDED 30 JUNE 2016**

EY Ford Rhodes  
Chartered Accountants  
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## Independent auditors' report to the Governing Body

We have audited the accompanying financial statements of Teachers' Resource Centre (the Centre), which comprise the balance sheet as at 30 June 2016, and income and expenditure account, statement of changes in accumulated fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information forming part thereof ( hereinafter referred to as the financial statements) for the year then ended.

### *Management's responsibility for the financial statements*

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

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Centre's preparation of the financial statements 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 Centre's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Centre, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Centre as of 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with the with the approved accounting standards as applicable in Pakistan.

### *Other matter*

The financial statements of the Centre for the year ended 30 June 2015 were audited by another auditor who expressed an unmodified opinion on those financial statements on 18 February 2016.

**Chartered Accountants**

**Audit Engagement Partner's Name:** Shariq Ali Zaidi

**Date:** 15 December 2016

**Place:** Karachi

**TEACHERS' RESOURCE CENTRE  
BALANCE SHEET  
AS AT JUNE 30, 2016**

|  | Note | 2016<br>----- (Rupees) ----- | 2015<br>----- |
|--|------|------------------------------|---------------|
| <b>ASSETS</b>  |      |                              |               |
| <b>NON-CURRENT ASSETS</b>  |      |                              |               |
| Property, plant and equipment                                    | 4    | 1,331,871                    | 476,727       |
| Intangible assets  | 5    | 273,600                      | -             |
| Long-term deposits   | 6    | 985,000                      | 985,000       |
|  |      | 2,590,471                    | 1,461,727     |
| <b>CURRENT ASSETS</b>  |      |                              |               |
| Inventories  | 7    | 1,211,327                    | 1,400,733     |
| Advances, prepayment and other receivables                       | 8    | 113,187                      | 683,140       |
| Course fee receivable  |      | -                            | 90,000        |
| Investments  | 9    | 75,176,123                   | 98,223,686    |
| Taxation – net   |      | 541,895                      | 387,971       |
| Cash and bank balances   | 10   | 15,520,495                   | 10,462,023    |
|  |      | 92,563,027                   | 111,247,553   |
|  |      | 95,153,498                   | 112,709,280   |
| <b>FUNDS AND LIABILITIES</b>                                     |      |                              |               |
| <b>ACCUMULATED FUNDS</b>   |      |                              |               |
| Accumulated surplus  |      | 20,463,092                   | 8,825,931     |
| Unrealised gain on revaluation of available for sale investments |      | 55,771,710                   | 74,073,233    |
|  |      | 76,234,802                   | 82,899,164    |
| <b>NON-CURRENT LIABILITIES</b>                                   |      |                              |               |
| Deferred liability – gratuity                                    | 11   | 3,319,266                    | 15,963,737    |
| Restricted funds   | 12   | 9,961,385                    | 10,343,923    |
|  |      | 13,280,651                   | 26,307,660    |
| <b>CURRENT LIABILITIES</b>                                       |      |                              |               |
| Accrued and other liabilities                                    | 13   | 3,140,652                    | 2,992,456     |
| Deferred income  | 14   | 2,497,393                    | 510,000       |
|  |      | 5,638,045                    | 3,502,456     |
|  |      | 95,153,498                   | 112,709,280   |
| <b>CONTINGENCIES AND COMMITMENTS</b>                             |      |                              |               |
|  | 15   |                              |               |

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

  
\_\_\_\_\_  
HONORARY CHAIRPERSON

  
\_\_\_\_\_  
HONORARY TREASURER

**TEACHERS' RESOURCE CENTRE  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2016**

|   | Note | 2016<br>----- (Rupees) ----- | 2015        |
|---|------|------------------------------|-------------|
| <b>Income</b>   |      |                              |             |
| Membership fee – Institutions   |      | 224,000                      | 296,000     |
| Course fee – net of refunds   |      | 3,336,046                    | 2,323,876   |
| Course fee – ECE  |      | 1,730,000                    | 2,665,500   |
| Consultancy income  |      | 10,000                       | 312,500     |
| Return on investments   | 16   | 1,964,488                    | 1,694,961   |
| Donations   |      | 211,000                      | 20,500      |
| Profit from sale of Pehla Taleemi Basta (PTB)   | 17   | 305,644                      | 387,950     |
|   |      | 7,781,178                    | 7,701,287   |
| Gain on sale of available for sale investments  |      | 20,210,277                   | 319,789     |
| Other income  | 18   | 1,419,659                    | 583,974     |
|   |      | 29,411,114                   | 8,605,050   |
| <b>Expenditure</b>  |      |                              |             |
| General and administrative expenses   | 19   | 17,565,545                   | 15,781,980  |
| Foreign exchange loss   |      | -                            | 34,200      |
|   |      | 11,845,569                   | (7,211,130) |
| <b>Projects grants utilized</b>   |      |                              |             |
| Child to Child Trust (CTC)  |      | 3,189,792                    | 3,959,473   |
| Open Society Foundation (OSF)   |      | 17,693,873                   | 9,846,056   |
| United Nations International Children's Emergency Fund (UNICEF)   |      | -                            | 941,211     |
|   |      | 20,883,665                   | 14,746,740  |
| <b>Less: Projects expenses</b>  |      |                              |             |
| Child to Child Trust (CTC)  | 20   | 3,189,792                    | 3,959,473   |
| Open Society Foundation (OSF)   | 21   | 17,693,873                   | 9,846,056   |
| United Nations International Children's Emergency Fund (UNICEF)   |      | -                            | 941,211     |
|   |      | 20,883,665                   | 14,746,740  |
|   |      | -                            | -           |
| <b>Surplus / (deficit) before taxation for the year</b>   |      | 11,845,569                   | (7,211,130) |
| Taxation  | 22   | (208,408)                    | (327,352)   |
| <b>Surplus / (deficit) after taxation for the year</b>  |      | 11,637,161                   | (7,538,482) |
| <b>Other comprehensive income</b>   |      |                              |             |
| <b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>                    |      |                              |             |
| Unrealised (loss) / gain on available-for-sale investments at fair value – net of gain realized during the year |      | (18,301,523)                 | 15,823,779  |
| <b>Total comprehensive (deficit) / surplus for the year</b>   |      | (6,664,362)                  | 8,285,297   |

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

  
HONORARY CHAIRPERSON


<sup>ETM</sup>  
  
HONORARY TREASURER

**TEACHERS' RESOURCE CENTRE  
STATEMENT OF CHANGES IN ACCUMULATED FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

|   | Accumulated<br>surplus   | Unrealised gain<br>on revaluation of<br>available for sale<br>investments<br>----- (Rupees) ----- | Total                    |
|---|--------------------------|---|--------------------------|
| Balance at July 1, 2014                 | 16,364,413               | 58,249,454  | 74,613,867               |
| Deficit after tax for the year          | (7,538,482)              | -   | (7,538,482)              |
| Other comprehensive income for the year | -                        | 15,823,779  | 15,823,779               |
| Balance at June 30, 2015                | <u>8,825,931</u>         | <u>74,073,233</u>   | <u>82,899,164</u>        |
| Surplus after tax for the year          | 11,637,161               | -   | 11,637,161               |
| Other comprehensive loss for the year   | -                        | (18,301,523)  | (18,301,523)             |
| Balance at June 30, 2016                | <u><u>20,463,092</u></u> | <u><u>55,771,710</u></u>  | <u><u>76,234,802</u></u> |

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

  
HONORARY CHAIRPERSON

  
HONORARY TREASURER

**TEACHERS' RESOURCE CENTRE  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2016**

|  | Note    | 2016<br>----- (Rupees) ----- | 2015                |
|--|---------|------------------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |         |                              |                     |
| Surplus / (deficit) after tax for the year               |         | 11,845,569                   | (7,538,482)         |
| Adjustments for:   |         |                              |                     |
| Depreciation and amortization                            | 4 and 5 | 496,973                      | 226,216             |
| Provision for gratuity                                   | 11      | -                            | 1,673,377           |
| Return on investments                                    | 16      | (1,964,488)                  | (1,694,961)         |
| Gain on sale of property, plant and equipment            | 18      | (629,998)                    | -                   |
| Gain on sale of available for sale investments           |         | (20,210,277)                 | (319,789)           |
|  |         | <u>(22,307,790)</u>          | <u>(115,157)</u>    |
|  |         | (10,462,221)                 | (7,653,639)         |
| <b>(Increase) / decrease in current assets</b>           |         |                              |                     |
| Inventories  |         | 189,406                      | (532,914)           |
| Course fee receivable                                    |         | 90,000                       | (90,000)            |
| Advances and other receivables                           |         | 654,337                      | (565,697)           |
|  |         | 933,743                      | (1,188,611)         |
| <b>Increase / (decrease) in current liabilities</b>      |         |                              |                     |
| Accrued and other liabilities                            |         | 148,196                      | (11,622,025)        |
| Deferred income  |         | 1,987,393                    | 118,000             |
|  |         | <u>2,135,589</u>             | <u>(11,504,025)</u> |
| Cash utilised in operations                              |         | (7,392,889)                  | (20,346,275)        |
| Gratuity paid  | 11      | (12,644,471)                 | (4,478,306)         |
| Taxes paid   |         | (362,330)                    | -                   |
| Net cash used in operating activities                    |         | <u>(20,399,690)</u>          | <u>(24,824,581)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |         |                              |                     |
| Capital expenditure                                      |         | (1,625,719)                  | (530,262)           |
| Proceeds from sale of property, plant and equipment      |         | 630,000                      | -                   |
| Investments encashed during the year                     |         | 24,858,989                   | 1,140,824           |
| Profit received on investments                           |         | 617,331                      | 1,055,419           |
| Dividend received  |         | 1,360,099                    | 644,489             |
| Net cash generated from investing activities             |         | <u>25,840,700</u>            | <u>2,310,470</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |         |                              |                     |
| Restricted funds received during the year                |         | (382,538)                    | 5,330,140           |
| Net cash (used in) / generated from financing activities |         | <u>(382,538)</u>             | <u>5,330,140</u>    |
| Net increase / (decrease) in cash and cash equivalents   |         | 5,058,472                    | (17,183,971)        |
| Cash and cash equivalents at beginning of year           |         | 10,462,023                   | 27,645,994          |
| Cash and cash equivalents at end of year                 | 9       | <u>15,520,495</u>            | <u>10,462,023</u>   |

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

  
HONORARY CHAIRPERSON

  
HONORARY TREASURER

**TEACHERS' RESOURCE CENTRE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

Teachers' Resource Centre (the Centre) was registered on July 06, 1986 under the Societies Registration Act, 1860 and on July 06, 1989 under the Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961. The registered office of the Centre is situated at C-121, Phase I, DHA, Karachi.

The objective of the Centre is to improve the quality of the education imparted by teachers, by cultivating and enhancing their knowledge and skills and in doing so improving the infrastructure of education in Pakistan.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards for Small and Medium-Sized Entities issued by the International Accounting Standards Board (IASB) as adopted in Pakistan by the Institute of Chartered Accountants of Pakistan (ICAP).

During the year, the Company has changed the accounting and financial reporting framework from Accounting and Financial Reporting Standards for Medium-Sized Entities issued by ICAP. This change has resulted in certain improvements in accounting policies, presentation and disclosures, without having significant impact on these financial statements. These changes have been adopted to represent best accounting practices.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Basis of preparation**

These financial statements have been prepared under the historical cost convention except for available-for-sale investments which are carried at fair value.

**3.2 Significant accounting estimates and judgments**

The preparation of financial statements is in conformity with the approved accounting standards which requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

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The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- (a) determining the residual values and useful lives of property, plant and equipment (see notes 3.3 and note 4)
- (b) determining the useful lives of intangible assets (see notes 3.4 and 5)
- (c) classification of investments (see notes 3.5 and note 9)
- (e) taxation (see notes 3.10 and note 22)

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

### 3.3 Property, plant and equipment

Property, plant and equipment are stated at cost except those that are received as donations, which are valued at market prices prevailing at the time of receipt estimated by the Governing Body of the Centre, less accumulated depreciation and impairment, if any.

Residual values and useful lives are reviewed at each balance sheet date and adjusted if expectations differ significantly from previous estimates.

Depreciation is charged to the income and expenditure account on a straight-line basis over the useful life of the assets at the rates stated in note 4 to these financial statements which are reviewed annually. Full year's depreciation is charged in the year of acquisition whereas no depreciation is charged in the year of disposal.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred.

Gains or losses on disposal of property, plant and equipment are included in income and expenditure account.

### 3.4 Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged to income and expenditure account applying the straight line basis whereby the cost of the intangible is amortized over its estimated useful life, at the rates disclosed in note 6 to the financial statements.

Costs that are directly associated with identifiable software and have probable economic benefit exceeding beyond one year, are recognized as intangible assets. Direct costs include the purchase cost of software and related overhead costs.

Residual values, useful lives and methods of amortisation are reviewed at each balance sheet date and adjusted, if appropriate, prospectively.

### 3.5 Investments

#### 3.5.1 Available for sale investments

Investments intended to be held for an indefinite period of time which may be sold in response to need for liquidity or changes in market conditions are classified as available-for-sale. At initial recognition, available-for-sale investments are measured at fair value plus directly attributable transaction costs.

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After initial recognition, investments which are classified as available-for-sale are measured at fair value with unrealised gains or losses recognised in other comprehensive income in the available-for-sale reserve until, the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss is reclassified to the income and expenditure account and removed from the available-for-sale reserve.

The fair value of those investments representing mutual funds are determined on the basis of year-end net asset value (NAV).

### 3.5.2 Held to Maturity

All investments are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income and expenditure account. The losses arising from impairment are recognised in the income and expenditure account.

### 3.6 Inventories

Inventories are stated at lower of cost determined on first-in-first-out basis and Net Realisable Value (NRV). NRV is the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessarily to be incurred to make the sale.

### 3.7 Trade and other receivables

Trade and other receivables are carried at original cost which approximates fair value less provision for doubtful debts, if any, based on the Governing Body's judgment. Debts considered irrecoverable are written-off.

### 3.8 Foreign currency transactions

Transactions in foreign currencies are recorded in Pakistan rupees at the exchange rate prevailing on the date of transaction.

Monetary assets and liabilities in foreign currencies are reported in Pakistan Rupees at the exchange rates approximating those prevalent at the balance sheet date. Monetary assets and liabilities denominated in foreign currency are retranslated at the rates of exchange ruling at the balance sheet date. Any resulting gains and losses are recognised in the income and expenditure account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

### 3.9 Staff retirement benefits

An unfunded gratuity scheme is operated for permanent employees completing prescribed period of service in accordance with service rules of the Centre. Provision for gratuity under the scheme is made annually and is calculated on the basis of last drawn salary and length of service of the employees and is charged to income and expenditure account. However, effective from July 1, 2015, the Centre has introduced provident fund scheme and gratuity scheme has been terminated.

### 3.10 Taxation

#### 3.10.1 Current

Provision for current tax is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and tax paid on final tax basis or minimum tax on turnover, whichever is higher.

### 3.10.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts used for the financial reporting purpose and amounts used for taxation purpose.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and these assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Recognised deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

### 3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

### 3.12 Impairment of assets

The Centre assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where the carrying amount exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the statement of income and expenditure.

Impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. However, such reversals are only made to the extent the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

### 3.13 Provisions

Provisions are recognised when the Centre has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed periodically and adjusted to reflect the current best estimates.

### 3.14 Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with the transactions will flow to the Centre and amount of the revenue can be measured reliably. Accordingly, accounting policy adopted for recognition of revenue in respect of each significant category of revenue is as follows:

- Gains / (losses) arising on sale of investments are included in the income and expenditure account on the date at which the transaction takes place.

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- Grants received in advance for specific projects are recorded as a liability. Payments are reflected in income and expenditure account as an expense with an equal amount being recognised as income and reflected as project grant utilised, provided that all project expenses are allowed by the donor. In case project grant is not received, the expenses incurred against that grant are recorded in the income and expenditure account and the grant income is accrued.
- Donations are recognised on receipt basis.
- Membership fees are recognised when there remain no uncertainties regarding their receipts.
- Course fees are recognised when the courses are delivered and till that time, they are recorded as liability i.e. Deferred income.
- Income on term deposits is recognised at the rate of return implicit in the instrument on a time proportionate basis.
- Dividend income is recognised when the right to receive the dividend is established.
- Consultancy income is recognized when services are rendered.

**4. PROPERTY, PLANT AND EQUIPMENT**

|                        | COST                 |                  |                | ACCUMULATED DEPRECIATION |                     |                     |                  | BOOK VALUE          | Depreciation rate % |     |
|------------------------|----------------------|------------------|----------------|--------------------------|---------------------|---------------------|------------------|---------------------|---------------------|-----|
|                        | As at July 01, 2015  | Additions        | Disposals      | As at June 30, 2016      | As at July 01, 2015 | Charge for the year | Disposals        | As at June 30, 2016 |                     |     |
|                        | ----- (Rupees) ----- |                  |                |                          |                     |                     |                  |                     |                     |     |
| Office Equipment       | 4,469,259            | 324,169          | -              | 4,793,428                | 4,079,146           | 217,330             | -                | 4,296,476           | 496,952             | 25% |
| Furniture and fixtures | 874,833              | 49,550           | -              | 924,383                  | 788,238             | 29,243              | -                | 817,481             | 106,902             | 10% |
| Vehicles               | 1,254,000            | 910,000          | (793,000)      | 1,371,000                | 1,254,000           | 182,000             | (792,998)        | 643,002             | 727,998             | 20% |
| Library books          | 1,604,883            | -                | -              | 1,604,883                | 1,604,864           | -                   | -                | 1,604,864           | 19                  | 20% |
| 2016                   | <u>8,202,975</u>     | <u>1,283,719</u> | <u>793,000</u> | <u>8,693,694</u>         | <u>7,726,248</u>    | <u>428,573</u>      | <u>(792,998)</u> | <u>7,361,823</u>    | <u>1,331,871</u>    |     |
| 2015                   | <u>7,672,713</u>     | <u>530,262</u>   | <u>-</u>       | <u>8,202,975</u>         | <u>7,500,032</u>    | <u>226,216</u>      | <u>-</u>         | <u>7,726,248</u>    | <u>476,727</u>      |     |

**5. INTANGIBLE ASSETS**

|          | COST                 |                |           | ACCUMULATED AMORTIZATION |                     |                     |           | BOOK VALUE          | Depreciation Rate % |     |
|----------|----------------------|----------------|-----------|--------------------------|---------------------|---------------------|-----------|---------------------|---------------------|-----|
|          | As at July 01, 2015  | Additions      | Disposals | As at June 30, 2016      | As at July 01, 2015 | Charge for the year | Disposals | As at June 30, 2016 |                     |     |
|          | ----- (Rupees) ----- |                |           |                          |                     |                     |           |                     |                     |     |
| Software | -                    | 342,000        | -         | 342,000                  | -                   | 68,400              | -         | 68,400              | 273,600             | 20% |
| 2016     | <u>-</u>             | <u>342,000</u> | <u>-</u>  | <u>342,000</u>           | <u>-</u>            | <u>68,400</u>       | <u>-</u>  | <u>68,400</u>       | <u>273,600</u>      |     |

2016  
----- (Rupees) -----  
2015

**6. LONG TERM DEPOSITS**

|           |                |                |
|-----------|----------------|----------------|
| Rent      | 960,000        | 960,000        |
| Utilities | <u>25,000</u>  | <u>25,000</u>  |
|           | <u>985,000</u> | <u>985,000</u> |

**7. INVENTORIES**

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Printed material for readiness bags | <u>1,211,327</u> | <u>1,400,733</u> |
|-------------------------------------|------------------|------------------|

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Teachers' Resource Centre

|           |   | 2016                 | 2015           |
|-----------|---|----------------------|----------------|
|           |   | ----- (Rupees) ----- |                |
| <b>8.</b> | <b>ADVANCES, PREPAYMENT AND OTHER RECEIVABLES</b> |                      |                |
|           | Advances  | 63,529               | 681,863        |
|           | Prepaid insurance                                 | 48,381               | -              |
|           | Other receivables                                 | 1,277                | 1,277          |
|           |   | <u>113,187</u>       | <u>683,140</u> |

|           |   | 2016              | 2015      | 2016                 | 2015              |
|-----------|---|-------------------|-----------|----------------------|-------------------|
|           |   | Number of units / |           | ----- (Rupees) ----- |                   |
|           |   | certificates      |           |                      |                   |
| <b>9.</b> | <b>INVESTMENTS</b>                        |                   |           |                      |                   |
|           | Available for sale                        |                   |           |                      |                   |
|           | <b>Open-end Mutual Funds</b>              |                   |           |                      |                   |
|           | Unit Trust of Pakistan                    | 230,820           | 277,057   | 35,816,410           | 41,073,764        |
|           | JS Growth Fund                            | -                 | 11,231    | -                    | 1,798,034         |
|           | National Investment Trust                 | -                 | 52,158    | -                    | 3,325,073         |
|           | Pakistan Capital Market                   | 379,068           | 368,596   | 4,052,237            | 3,888,690         |
|           | Pakistan Stock Market Fund                | 319,341           | 317,718   | 27,811,431           | 26,443,657        |
|           | MCB Pakistan Islámic Stock Fund           | -                 | 1,320,895 | -                    | 13,565,594        |
|           |   |                   |           | <u>67,680,078</u>    | <u>90,094,812</u> |
|           | <b>Close-end Mutual Funds</b>             |                   |           |                      |                   |
|           | Golden Arrow Selected Stocks Fund Limited | 108,590           | 108,590   | 912,156              | 1,203,177         |
|           | PICIC Investment Fund                     | 36,000            | 36,000    | 406,800              | 639,000           |
|           |   |                   |           | <u>1,318,956</u>     | <u>1,842,177</u>  |
|           | <b>Modaraba certificates</b>              |                   |           |                      |                   |
|           | First National Bank Modaraba              | 273,998           | 273,998   | 630,195              | 1,076,812         |
|           | B.R.R International Modaraba              | 16,470            | 16,470    | 114,467              | 125,501           |
|           |   |                   |           | <u>744,662</u>       | <u>1,202,313</u>  |
|           | <b>Held to maturity</b>                   |                   |           |                      |                   |
|           | Term Deposit Receipts                     |                   |           | 5,432,427            | 5,084,384         |
|           |   |                   |           | <u>75,176,123</u>    | <u>98,223,686</u> |

9.1 The cost of the above investments is Rs. 13,971,986 (2015: Rs. 19,066,069)

9.2 These represent local currency PLS term deposits with commercial banks carrying profit of 6.4% (2015: 8%) per annum and have a maximum maturity period of 1 year.

|            |                               | 2016                 | 2015              |
|------------|-------------------------------|----------------------|-------------------|
|            |                               | ----- (Rupees) ----- |                   |
| <b>10.</b> | <b>CASH AND BANK BALANCES</b> |                      |                   |
|            | Cash in hand                  | 47,341               | 6,326             |
|            | Cash with banks in            |                      |                   |
|            | Foreign currency              |                      |                   |
|            | - current accounts            | 5,904                | 5,905             |
|            | - savings accounts            | 15,684               | 5,507,086         |
|            |                               | <u>21,588</u>        | <u>5,512,991</u>  |
|            | Local currency                |                      |                   |
|            | - current accounts            | 14,283,965           | 3,149,109         |
|            | - savings accounts            | 1,167,602            | 1,793,597         |
|            |                               | <u>15,451,567</u>    | <u>4,942,706</u>  |
|            |                               | <u>15,520,495</u>    | <u>10,462,023</u> |

10.1 These accounts are maintained with various commercial banks carrying profit ranging from 5.5% to 7% (2015: 5% to 9%) per annum.

Teachers' Resource Centre

|  | Note | 2016                 | 2015              |
|--|------|----------------------|-------------------|
|  |      | ----- (Rupees) ----- |                   |
| <b>11. DEFERRED LIABILITY – GRATUITY</b> |      |                      |                   |
| Opening balance                          |      | 15,963,737           | 18,768,666        |
| Provision for the year                   |      | -                    | 1,673,377         |
| Less: Paid during the year               |      | (12,644,471)         | (4,478,306)       |
| Closing balance                          |      | <u>3,319,266</u>     | <u>15,963,737</u> |

|   |             |                  |                   |
|---|-------------|------------------|-------------------|
| <b>12. RESTRICTED FUNDS</b>   |             |                  |                   |
| Child to Child Trust (CTC) Project                                      |             | 232,617          | 771,018           |
| Open Society Foundation (OSF) Project                                   |             | 9,728,768        | 9,479,116         |
| United Nations International Children's Emergency Fund (UNICEF) Project |             | -                | 93,789            |
|   | <b>12.1</b> | <u>9,961,385</u> | <u>10,343,923</u> |

12.1 Following are the detail of Restricted funds:

|                   | Balance as at Jul 1 | Receipts during the year | Total<br>(Rupees) | Utilised during the year | Refunded to donor during the year | Balance as at June 30 |
|-------------------|---------------------|--------------------------|-------------------|--------------------------|-----------------------------------|-----------------------|
| CTC               | 771,018             | 2,651,391                | 3,422,409         | 3,189,792                | -                                 | 232,617               |
| OSF               | 9,479,116           | 17,943,525               | 27,422,641        | 17,693,873               | -                                 | 9,728,768             |
| UNICEF            | 93,789              | -                        | 93,789            | -                        | (93,789)                          | -                     |
| <b>Total 2016</b> | <b>10,343,923</b>   | <b>20,594,916</b>        | <b>30,938,839</b> | <b>20,883,665</b>        | <b>(93,789)</b>                   | <b>9,961,385</b>      |
| <b>Total 2015</b> | <b>5,013,783</b>    | <b>20,076,880</b>        | <b>25,090,663</b> | <b>14,746,740</b>        | <b>-</b>                          | <b>10,343,923</b>     |

|  | 2016                 | 2015             |
|--|----------------------|------------------|
|  | ----- (Rupees) ----- |                  |
| <b>13. ACCRUED AND OTHER LIABILITIES</b> |                      |                  |
| Accrued expenses                         | 1,100,191            | 2,459,054        |
| Advance against PTB                      | -                    | 500,000          |
| Payable to Employees                     | 1,889,359            | -                |
| Withholding tax payable                  | 8,774                | 8,402            |
| Other liability                          | 142,328              | 25,000           |
|  | <u>3,140,652</u>     | <u>2,992,456</u> |
| <b>14. DEFERRED INCOME</b>               |                      |                  |
| ECE course fee                           | 469,500              | 390,000          |
| Workshop fee                             | 183,333              | 40,000           |
| Membership fee                           | 94,560               | 80,000           |
| Scholarship                              | 1,750,000            | -                |
|  | <u>2,497,393</u>     | <u>510,000</u>   |

**15. CONTINGENCIES**

There are no contingencies or commitments that are required to be disclosed in these financial statements.

Teachers' Resource Centre

|  | Note  | 2016<br>----- (Rupees) ----- | 2015<br>-----     |
|--|-------|------------------------------|-------------------|
| <b>16. RETURN ON INVESTMENTS</b>                         |       |                              |                   |
| Dividend income  |       | 1,360,099                    | 644,489           |
| Profit on Term Deposit Receipts                          |       | 388,153                      | 472,868           |
| Profit on bank deposits                                  |       | 216,236                      | 577,604           |
|  |       | <u>1,964,488</u>             | <u>1,694,961</u>  |
| <b>17. PROFIT FROM SALE OF PEHLA TALEEMI BASTA (PTB)</b> |       |                              |                   |
| Revenue from sale of PTB                                 |       | 548,600                      | 924,000           |
| Less: Cost of PTB  |       | (242,956)                    | (536,050)         |
|  |       | <u>305,644</u>               | <u>387,950</u>    |
| <b>18. OTHER INCOME</b>                                  |       |                              |                   |
| Foreign exchange gain                                    |       | 146,187                      | -                 |
| Gain on sale of property, plant and equipment            |       | 629,998                      | -                 |
| ECE application form fee                                 |       | -                            | 36,000            |
| Sale of books  |       | 49,290                       | 179,751           |
| Event management for student development                 |       | 439,836                      | -                 |
| Others   |       | 154,348                      | 368,223           |
|  |       | <u>1,419,659</u>             | <u>583,974</u>    |
| <b>19. GENERAL AND ADMINISTRATIVE EXPENSES</b>           |       |                              |                   |
| Salaries and benefits                                    |       | 11,499,556                   | 11,103,257        |
| Printing and stationery                                  |       | 96,085                       | 54,209            |
| Travelling and conveyance                                |       | 263,078                      | 20,000            |
| Vehicle running and maintenance                          |       | 264,027                      | 195,929           |
| Repairs and maintenance                                  |       | 412,653                      | 461,938           |
| Communication  |       | 149,154                      | 201,681           |
| Refreshment  |       | 399,096                      | 459,331           |
| Honorarium   |       | 330,000                      | 275,000           |
| Amortisation & Depreciation                              | 4 & 5 | 496,973                      | 226,213           |
| Publication  |       | -                            | 35,000            |
| Utilities  |       | 697,401                      | 607,666           |
| Insurance  |       | 78,055                       | 48,608            |
| Auditors' remuneration                                   |       | 66,193                       | 60,500            |
| Rent   |       | 2,419,200                    | 1,906,156         |
| Legal and professional charges                           |       | 119,031                      | 92,500            |
| Newspaper and magazine                                   |       | 7,336                        | 7,245             |
| Staff and Student Welfare                                |       | 127,336                      | -                 |
| Bank charges   |       | 7,808                        | 8,294             |
| Staff security deposit                                   |       | 43,000                       | -                 |
| Others   |       | 89,563                       | 18,453            |
|  |       | <u>17,565,545</u>            | <u>15,781,980</u> |

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Teachers' Resource Centre

|                                    | Note | 2016<br>----- (Rupees) ----- | 2015<br>-----    |
|------------------------------------|------|------------------------------|------------------|
| <b>20. PROJECTS EXPENSES – CTC</b> |      |                              |                  |
| Salaries and benefits              |      | 706,842                      | 1,614,839        |
| Video documentary                  |      | 1,110,000                    | -                |
| Learning resources                 |      | 158,950                      | 1,765            |
| Boarding and lodging               |      | -                            | 355,221          |
| Field visits                       |      | -                            | 450,000          |
| Training refreshment               |      | -                            | 97,935           |
| Teachers resource kits             |      | 880,000                      | -                |
| Venue charges                      |      | -                            | 89,500           |
| Training material                  |      | 324,000                      | 15,350           |
| Travelling and daily allowances    |      | -                            | 66,900           |
| Conveyance and transportation      |      | -                            | 442,140          |
| Telecommunication                  |      | -                            | 33,482           |
| Printing and stationary            |      | -                            | 497,638          |
| Honorarium                         |      | 10,000                       | 137,000          |
| Advertisement                      |      | -                            | 49,000           |
| Meal expense                       |      | -                            | 47,926           |
| Postage expense                    |      | -                            | 34,670           |
| Photocopying                       |      | -                            | 25,407           |
| Bank charges                       |      | -                            | 700              |
|                                    |      | <b>3,189,792</b>             | <b>3,959,473</b> |

20.1 The purpose of the grant is to increase on-time enrolment, retention and performance of pre-school young learners and older children disengaged from school in disaster prone communities in Pakistan.

|                                    |  | 2016<br>----- (Rupees) ----- | 2015<br>-----    |
|------------------------------------|--|------------------------------|------------------|
| <b>21. PROJECTS EXPENSES – OSF</b> |  |                              |                  |
| Salaries and benefits              |  | 5,981,851                    | 5,512,930        |
| Video documentary                  |  | 784,313                      | 703,500          |
| Conveyance and transportation      |  | 1,208,791                    | 707,450          |
| Rent                               |  | 1,036,800                    | 590,676          |
| Printing of TRC research report    |  | 889,215                      | 355,890          |
| Boarding and lodging               |  | 2,385,521                    | 327,556          |
| Printing of information kits       |  | 1,545,455                    | 250,000          |
| Honorarium                         |  | 8,000                        | 235,260          |
| Utilities                          |  | 247,553                      | 181,047          |
| Refreshment expense                |  | 533,183                      | 172,178          |
| Venue charges                      |  | 92,187                       | 247,000          |
| Communication                      |  | 70,935                       | 90,388           |
| Teachers travelling allowance      |  | 711,000                      | 53,420           |
| Advertisement                      |  | -                            | 46,500           |
| Printing and stationery            |  | 936,962                      | 26,767           |
| Postage expense                    |  | 55,077                       | 26,097           |
| Audit fee                          |  | 120,000                      | 60,500           |
| Legal and professional charges     |  | -                            | 17,500           |
| Fuel expense                       |  | -                            | 8,527            |
| Translation charges                |  | 242,400                      | 5,400            |
| Photocopying expense               |  | 166,582                      | 2,070            |
| Bank charges                       |  | -                            | 400              |
| Illustration of learning material  |  | -                            | 150,000          |
| Meeting material                   |  | 1,280                        | 62,500           |
| Workshop material                  |  | 676,768                      | 12,500           |
|                                    |  | <b>17,693,873</b>            | <b>9,846,056</b> |

*ERP*

21.1. The purpose of the grant is to develop a repository of contextually appropriate teaching and learning material, which are widely accepted across public and private educational systems as credible and usable in early childhood educational systems and primary classrooms.

|                     | 2016                 | 2015           |
|---------------------|----------------------|----------------|
|                     | ----- (Rupees) ----- |                |
| <b>22. TAXATION</b> |                      |                |
| Tax charge for :    |                      |                |
| - current year      | 208,408              | 69,101         |
| - prior year        | -                    | 258,251        |
|                     | <u>208,408</u>       | <u>327,352</u> |

**23. RELATED PARTY TRANSACTION**

The related parties of the Centre comprise of key management personnel. Transactions with related party during the year are as follows:

|  | 2016                 | 2015             |
|--|----------------------|------------------|
|  | ----- (Rupees) ----- |                  |
| <b>Key Management Personnel</b>              |                      |                  |
| Remuneration of the key management personnel | 2,807,086            | 3,255,000        |
| Provision for gratuity                       | -                    | 271,250          |
|  | <u>2,807,086</u>     | <u>3,526,250</u> |

**24. RECLASSIFICATIONS**

For better presentation certain reclassifications have been made the impact of which is not considered material in these financial statements.

**25. GENERAL**

Figures have been rounded off to the nearest rupee, unless otherwise stated.

**26. DATE OF AUTHORISATION**

These financial statements have been authorised by the Governing Body of the Centre on

~~27 DEC 2010~~ 2016. *ETM*  
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HONORARY CHAIRPERSON

  
HONORARY TREASURER