



DEVELOPMENT ACTION FOR MOBILIZATION AND
EMANCIPATION
(SOCIAL SECTOR PROGRAM)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants
Mall View Building, 4- Bank Square
P.O. Box No. 104, Lahore 54000, Pakistan
Tel: +9242 721 1531-38
Fax: +9242 721 1530 & 39
www.ey.com/pk

AUDITORS' REPORT TO THE GENERAL BODY

We have audited the annexed balance sheet of the **Development Action for Mobilization and Emancipation - Social Sector Program (Program)** as at 31 December 2008, and the related income and expenditure account and cash flow statement together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the year then ended.

It is the responsibility of the management of the program to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements present fairly in all material respects the financial position of the **Development Action for Mobilization and Emancipation - Social Sector Program (Program)** as at 31 December 2008 and of its deficit and its cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Lahore: 11 April 2009


Chartered Accountants

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION - SOCIAL SECTOR PROGRAM
BALANCE SHEET AS AT 31 DECEMBER 2008

ASSETS	Note	2008 Rupees	2007 Rupees
Non-current assets			
Operating fixed assets	5	<u>4,950,030</u>	<u>5,247,093</u>
Total assets		<u>4,950,030</u>	<u>5,247,093</u>
Represented by:			
General funds	6	4,627,684	4,924,747
Reserves		<u>322,346</u>	<u>322,346</u>
		<u>4,950,030</u>	<u>5,247,093</u>

The annexed notes from 1 to 9 form an integral part of these financial statements.


EXECUTIVE DIRECTOR


TREASURER

11

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION - SOCIAL SECTOR PROGRAM
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 31 DECEMBER 2008

Income	Note	2008	2007
		Rupees	Rupees
Income from health centre		211,609	117,762
Membership fees and other income		-	11,000
Donations		-	118,000
Net financial margin		<u>211,609</u>	<u>246,762</u>
Expenditure			
Salaries, wages, stipends and other benefits		4,234,448	6,567,057
General and administrative expenses	7	1,215,942	2,020,123
Training expenses		136,067	270,293
Total expenditure		<u>5,586,457</u>	<u>8,857,473</u>
Net operating deficit before assistance from microfinance program		(5,374,848)	(8,610,711)
Financial assistance from microfinance program		<u>5,077,785</u>	<u>12,571,852</u>
Net (deficit)/ surplus for the year		(297,063)	3,961,141

The annexed notes from 1 to 9 form an integral part of these financial statements.


 EXECUTIVE DIRECTOR


 TREASURER

✓✓

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION - SOCIAL SECTOR PROGRAM
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net operating deficit before assistance from microfinance program	(5,374,848)	(8,610,711)
Adjustment for Depreciation	<u>297,063</u>	<u>285,979</u>
Net cash used in operations	(5,077,785)	(8,324,732)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed Capital expenditure	-	(4,247,120)
CASH FLOWS FROM FINANCING ACTIVITIES		
Financial assistance received from micro finance program	5,077,785	12,571,852
Increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u><u>-</u></u>	<u><u>-</u></u>

The annexed notes from 1 to 9 form an integral part of these financial statements.


 EXECUTIVE DIRECTOR


 TREASURER

1. STATUS AND NATURE OF THE BUSINESS

- 1.1 Development Action For Mobilization and Emancipation (DAMEN) was registered in May 1992 as a non profit organization under the Societies Registration Act XXI of 1860. DAMEN has 20 field offices within vicinity of Lahore, Kasur and Sheikhpura District.
- 1.2 The principal activity of DAMEN is to provide cost effective micro finance services to poor women in order to enhance their economic role. DAMEN is also taking part in financial and operational support for provision of primary education and basic health facilities through community based schools and health centers in rural areas in vicinity of Lahore, Kasur and Sheikhpura District. In addition to these functions, DAMEN also provides non financial services in the form of trainings both to its clients and staff.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and reporting framework advised by Pakistan Poverty Alleviation Fund (PPAF).

3. BASIS OF PREPARATION

These accounts have been prepared under the historical cost convention

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been consistently applied to all years prescribed, unless otherwise stated.

4.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and impairment loss. Freehold land is stated at cost less impairment loss.

Depreciation on all operating fixed assets is charged to income on straight-line method so as to write off the historical cost of assets over estimated useful life at rates specified in Note 5.

Full month's depreciation is charged on additions while no depreciation is charged in the month of disposals during the year. Impairment loss or its reversal, if any, is charged to income. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

The gain or loss on disposal or retirement of an asset is recognized as an income or expense.

4.2 Income recognition

4.2.1 Income from health center is recognized on receipt basis and considered as other income.

4.2.2 Donations in kind are recognized at fair market value as and when donated items are received.

4.3 Taxation

The Society income is exempt from tax under the provisions of Income Tax Ordinance 2001, hence no provision has been made for the current and prior periods in these financial statements.

4.4 Cost allocation

Common costs relating to financial (micro finance) and non-financial (social sector) services is allocated on proportionate basis according to share percentage of program's direct cost to total cost. DAMEN is subsidizing the non financial sector for meeting the programme costs.

f1

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION - SOCIAL SECTOR PROGRAM

5. OPERATING FIXED ASSETS

DESCRIPTION	2008				DEPRECIATION For the year	As at 31 December 2008	BOOK VALUE AS AT 31 DECEMBER 2008	Rate %
	COST		DEPRECIATION					
	As at 01 January 2008	Additions during the year	As at 01 January 2008	As at 31 December 2008				
Land	3,866,200	-	3,866,200	-	-	3,866,200	-	
Vehicles	1,029,550	-	1,029,550	205,910	617,385	412,165	33	
Furniture and fixture	913,641	-	913,641	91,153	241,976	671,665	20	
	<u>5,809,391</u>	<u>-</u>	<u>5,809,391</u>	<u>297,063</u>	<u>859,361</u>	<u>4,950,030</u>		

DESCRIPTION	2007				DEPRECIATION For the year	As at 31 December 2007	BOOK VALUE AS AT 31 DECEMBER 2007	Rate %
	COST		DEPRECIATION					
	As at 01 January 2007	Additions during the year	As at 01 January 2007	As at 31 December 2007				
Land	-	3,866,200	3,866,200	-	-	3,866,200	-	
Vehicles	1,029,550	-	1,029,550	205,911	411,475	618,075	33	
Furniture and fixture	532,721	380,920	913,641	80,068	150,823	762,818	20	
	<u>1,562,271</u>	<u>4,247,120</u>	<u>5,809,391</u>	<u>285,979</u>	<u>562,298</u>	<u>5,247,093</u>		

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION- SOCIAL SECTOR PROGRAM

	2008	2008
	Rupees	Rupees
6. GENERAL FUND		
Balance as January 01	4,924,747	963,606
Surplus for the year	<u>(297,063)</u>	<u>3,961,141</u>
	<u>4,627,684</u>	<u>4,924,747</u>
7. GENERAL AND ADMINISTRATIVE EXPENSES		
Rent, rates and taxes	242,115	328,214
Electricity, water and gas	68,253	123,910
Repair and maintenance	137,765	216,303
Vehicle running and maintenance	92,099	184,637
Communications	52,325	109,147
Legal and professional	29,184	38,043
Fee and Subscription	27,155	17,325
Printing and stationary	63,431	124,874
Office supplies	31,140	109,598
Traveling and conveyance	62,125	120,341
Bank charges	27,529	92,019
Audit fee	33,750	26,250
Insurance	51,896	242,570
Depreciation	5 297,063	285,979
Other expenses	112	913
	<u>1,215,942</u>	<u>2,020,123</u>

8. Taxation

The society is a "Non-profit Organization" as defined under section 2(36) of the Income Tax Ordinance 2001 and holds an exemption certificate from income tax under section 58(3) of Part I of Second Schedule to the said Ordinance to the Federal Board of Revenue (FBR).

9. GENERAL

Figures have been rounded off to the nearest rupee.

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made in these financial statements.


EXECUTIVE DIRECTOR


TREASURER

✓