



Audit Report
(Social Sector Accounts 2009)

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 2009**, 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 Board of Directors of Development Action for Mobilization and Emancipation 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 2009** and of its deficit and its cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.


Chartered Accountants

Naseem Akbar

Lahore: 15 April 2010

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
 SOCIAL SECTOR PROGRAM
 BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	2009 Rupees	2008 Rupees
ASSETS			
Non-current assets			
Operating fixed assets	5	<u>4,142,351</u>	<u>4,950,030</u>
Total assets		<u><u>4,142,351</u></u>	<u><u>4,950,030</u></u>
 Represented by:			
General funds	6	3,820,005	4,627,684
Reserves		<u>322,346</u>	<u>322,346</u>
		<u><u>4,142,351</u></u>	<u><u>4,950,030</u></u>

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
 INCOME AND EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 31 DECEMBER 2009

Income	2009 Rupees	2008 Rupees
Income from health centre	122,664	211,609
Membership fees and other income	5,755	-
Donations	40,000	-
Net financial margin	<u>168,419</u>	<u>211,609</u>
Expenditure		
Salaries, wages, stipends and other benefits	3,977,813	4,234,448
General and administrative expenses	1,069,252	1,215,942
Donation to schools and health centers	580,297	-
Training expenses	60,308	136,067
Total expenditure	<u>5,687,670</u>	<u>5,586,457</u>
Net operating deficit before assistance from microfinance program	(5,519,251)	(5,374,848)
Financial assistance from microfinance program	4,711,572	5,077,785
Net deficit for the year	<u>(807,679)</u>	<u>(297,063)</u>

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


 EXECUTIVE DIRECTOR

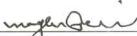

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
 SOCIAL SECTOR PROGRAM
 CASH FLOW STATEMENT
 FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 Rupees	2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net operating deficit before assistance from microfinance program		(5,519,251)	(5,374,848)
Adjustment for depreciation	5	227,382	297,063
Fixed assets donated during the year		580,297	-
Net cash used in operations		<u>(4,711,572)</u>	<u>(5,077,785)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Financial assistance received from micro finance programme		4,711,572	5,077,785
Increase in cash and cash equivalents		<u>-</u>	<u>-</u>
Cash and cash equivalents at the beginning of the year		<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the 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


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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For purpose of cash flow statement, cash and cash equivalents include cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value and short term borrowings.

4.2 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.

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 and non-financial 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.

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION - SOCIAL SECTOR PROGRAM

5. OPERATING FIXED ASSETS

DESCRIPTION	2009						BOOK VALUE AS AT 31 DECEMBER 2009	RATE %
	COST			DEPRECIATION				
	As at 01 January 2009	Additions / (Deletions) during the year	As at 31 December 2009	As at 01 January 2009	For the year	As at 31 December 2009		
Land	3,866,200	-	3,866,200	-	-	3,866,200	-	
Vehicles	1,029,550	-	1,029,550	617,385	136,014	753,399	276,151	33
Furniture and fixture	913,641	(913,641)	-	241,976	91,368	-	-	20
Total Rupees - 2009:	5,809,391	(913,641)	4,895,750	859,361	227,382	4,142,351	(333,344)	
2008								
DESCRIPTION	2008						BOOK VALUE AS AT 31 DECEMBER 2008	Rate %
	COST			DEPRECIATION				
	As at 01 January 2008	Additions during the year	As at 31 December 2008	As at 01 January 2008	For the year	As at 31 December 2008		
Land	3,866,200	-	3,866,200	-	-	3,866,200	-	
Vehicles	1,029,550	-	1,029,550	411,475	205,910	617,385	412,165	33
Furniture and fixture	913,641	-	913,641	150,823	91,153	241,976	671,665	20
Total Rupees - 2008:	5,809,391	-	5,809,391	562,298	297,063	859,361	4,950,030	

**DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM**

6. GENERAL FUND	Note	2009 Rupees	2008 Rupees
Opening balance		4,627,684	4,924,747
Deficit for the year		<u>(807,679)</u>	<u>(297,063)</u>
		<u>3,820,005</u>	<u>4,627,684</u>
7. SOCIAL SECTOR PROGRAM			
Rent, rates and taxes		193,640	242,115
Electricity, water and gas		60,314	68,253
Repair and maintenance		163,597	137,765
Vehicle running and maintenance		71,072	92,099
Communications		46,539	52,325
Legal and professional		37,910	29,184
Fee and subscription		97,667	27,155
Printing and stationary		28,458	63,431
Office supplies		62,460	31,140
Traveling and conveyance		48,216	62,125
Bank charges		-	27,529
Audit fee		11,425	33,750
Insurance		20,022	51,896
Depreciation		227,382	297,063
Other expenses		<u>550</u>	<u>112</u>
		<u>1,069,252</u>	<u>1,215,942</u>
8. TAXATION			
<p>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).</p>			
9. GENERAL			
<p>Figures have been rounded off to the nearest rupee.</p>			
<p>Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made in these financial statements.</p>			


EXECUTIVE DIRECTOR


TREASURER

9/11/01