



DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN)

Financial Statements

Social Sector Program

for the year ended December 31, 2010

ANJUM ASIM SHAHID RAHMAN

Chartered Accountants

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AUDITORS' REPORT TO THE GENERAL BODY

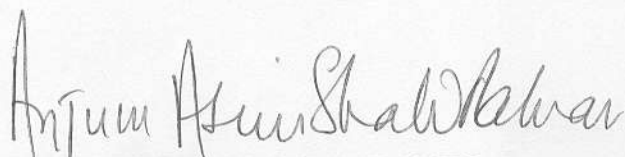
We have audited the annexed balance sheet of **Development Action for Mobilization and Emancipation (DAMEN) - Social Sector Program (Program)** as at **December 31, 2010** and the related income and expenditure account and cash flow statement together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the year then ended.

It is the responsibility of the Board of Directors 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 any 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 statements. 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 (DAMEN) - Social Sector Program (Program)** as at **December 31, 2010** and of its surplus and its cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

The financial statements for the year ended December 31, 2009 were audited by another firm of Chartered Accountants who vide their audit report dated April 15, 2010 expressed an unqualified opinion in all respects.

**CHARTERED ACCOUNTANTS**

Engagement Partner: Asim Iftikhar

Lahore

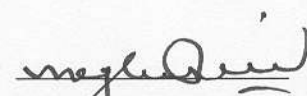
Dated: April 14, 2011.



DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
 SOCIAL SECTOR PROGRAM
 BALANCE SHEET
 AS AT 31 DECEMBER 2010

	Notes	2010 Rupees	2009 Rupees
ASSETS			
Non-current assets			
Operating fixed assets	5	4,284,177	4,142,351
Total assets		4,284,177	4,142,351
Represented by:			
General funds	6	3,961,831	3,820,005
Reserves		322,346	322,346
		4,284,177	4,142,351

The annexed notes 1 to 10 form an integral part of these financial statements.


 EXECUTIVE DIRECTOR

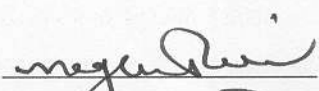

 TREASURER



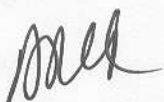
DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 Rupees	2009 Rupees
Income			
Income from health centre		89,030	122,664
Membership fees and other income		-	5,755
Donations		-	40,000
Gain on disposal of fixed assets		96,230	-
Net financial margin		185,260	168,419
Expenditure			
Salaries, wages, stipends and other benefits		3,121,517	3,977,813
General and administrative expenses	7	619,086	1,069,252
Contribution in DAMEN Flood Relief Fund		600,000	-
Donation to Schools & Health centres		-	580,297
Training expenses		28,234	60,308
Total expenditure		4,368,837	5,687,670
Net operating deficit before assistance from microfinance program		(4,183,577)	(5,519,251)
Financial assistance from microfinance program		4,325,403	4,711,572
Net surplus/(deficit) for the year		141,826	(807,679)

The annexed notes 1 to 10 form an integral part of these financial statements.


EXECUTIVE DIRECTOR



TREASURER

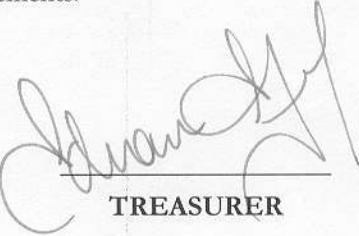


DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 Rupees	2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net operating deficit before assistance from microfinance program		(4,183,577)	(5,519,251)
Adjustment for Depreciation	5	223,186	227,382
Fixed assets donated during the year		-	580,297
Gain on disposal of fixed assets		(96,230)	-
Net cash used in operations		(4,056,621)	(4,711,572)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from disposal of fixed assets		(268,782)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Financial assistance received from micro finance Programme		4,325,403	4,711,572
Increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		-	-

The annexed notes 1 to 10 form an integral part of these financial statements.


EXECUTIVE DIRECTOR


TREASURER



DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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 Sheikhupura 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 centres in rural areas in vicinity of Lahore, Kasur and Sheikhupura 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.

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's financial sector is subsidizing the non financial sector for meeting the Programme costs.



DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
NOTES TO THE FINANCIAL STATEMENTS

5. OPERATING FIXED ASSETS

DESCRIPTION	2010							BOOK VALUE AS AT December 31 2010
	COST			Rate %	DEPRECIATION			
	As at 1st January 2010	Additions/ Deletions during the year	As at 31st December 2010		As at 1st January 2010	For the year (Adjustment)	As at 31st December 2010	
Land	3,866,200	-	3,866,200	-	-	-	-	3,866,200
Vehicles	1,029,550	491,738 (379,550)	1,141,738	20	753,399	223,186 (252,824)	723,761	417,977
Total	4,895,750	491,738 (379,550)	5,007,938		753,399	223,186 (252,824)	723,761	4,284,177

2009								
DESCRIPTION	COST			Rate	DEPRECIATION			BOOK VALUE AS AT December 31 2009
	As at 1st January 2009	Additions/ Deletions during the year	As at 31st December 2009		As at 1st January 2009	For the year (Adjustment)	As at 31st December 2009	
Land	3,866,200	-	3,866,200	-	-	-	-	3,866,200
Vehicles	1,029,550	-	1,029,550	20	617,385	136,014	753,399	276,151
Furniture and fixture	913,641	(913,641)	-	20	241,976	91,368 (333,344)	-	-
Total	5,809,391	(913,641)	4,895,750		859,361	227,382 (333,344)	753,399	4,142,351

6. GENERAL FUND	Note	2010 Rupees	2009 Rupees
Opening balance		3,820,005	4,627,684
Surplus for the year		141,826	(807,679)
		<u>3,961,831</u>	<u>3,820,005</u>

7. GENERAL AND ADMINISTRATIVE EXPENSES

Rent, rates and taxes	140,332	193,640
Electricity, water and gas	26,774	60,314
Repair and maintenance	48,185	163,597
Vehicle running and maintenance	37,566	71,072
Communications	22,004	46,539
Legal and professional	17,480	37,910
Fee and subscription	4,999	97,667
Printing and stationary	10,168	28,458
Office supplies	26,476	62,460
Travelling and conveyance	30,394	48,216
Audit fee	4,838	11,425
Insurance	5,811	20,022
Depreciation	223,186	227,382
Performance Appraisal system	20,396	-
Other expenses	477	550
	<u>619,086</u>	<u>1,069,252</u>

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
NOTES TO THE FINANCIAL STATEMENTS

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.

10. DATE OF AUTHORIZATION

These financial statements were approved and authorized by the board of directors for issue on 14-04-2011


EXECUTIVE DIRECTOR


TREASURER

