



DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN)

Financial Statements

Social Sector Program

for the year ended December 31, 2011

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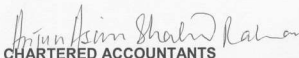
AUDITORS' REPORT TO THE GENERAL BODY

We have audited the annexed balance sheet of **Development Action for Mobilization and Emancipation (DAMEN) - Social Sector Program** as at **December 31, 2011** and the related income and expenditure account, cash flow statement and statement of changes in fund 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.

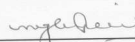
In our opinion, the financial statements present fairly in all material respects the financial position of the **Development Action for Mobilization and Emancipation (DAMEN) - Social Sector Program** as at **December 31, 2011** and of its surplus, its cash flows and changes in fund for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

**CHARTERED ACCOUNTANTS**Engagement Partner: Asim Iftikhar
LahoreDated: *March 29, 2012*

**DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
BALANCE SHEET
AS AT 31 DECEMBER 2011**

		2011	2010
ASSETS	Notes	Rupees	
Non-current assets			
Operating fixed assets	5	8,643,186	4,284,177
		<u>8,643,186</u>	<u>4,284,177</u>
Current assets			
Cash and bank balances		36,904	-
Investments		25,000,000	-
Receivable from micro finance program	6	781,397	-
		25,818,301	-
Total assets		<u>34,461,487</u>	<u>4,284,177</u>
Represented by:			
General funds	7	4,329,755	3,961,831
Reserves	8	30,131,732	322,346
		<u>34,461,487</u>	<u>4,284,177</u>

The annexed notes 1 to 13 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 2011**

	2011	2010
Notes	Rupees	
Income		
Profit on investment	3,163,013	-
Income from health centre	10,983	89,030
Gain on disposal of operating fixed assets	-	96,230
	<u>3,173,996</u>	<u>185,260</u>
Expenditure		
Salaries, wages, stipends and other benefits	991,392	2,482,212
Subsidy to home schools	415,470	250,305
Subsidy to health centers	738,050	492,440
General and administrative expenses	621,502	515,646
Training expenses	39,658	28,234
Donation in DAMEN Flood relief Fund	-	600,000
Total expenditure	<u>2,806,072</u>	<u>4,368,837</u>
Surplus /(deficit) before financial assistance from micro finance program	367,924	(4,183,577)
Financial assistance from micro finance program	-	4,325,403
Net Surplus for the year	<u>367,924</u>	<u>141,826</u>

The annexed notes 1 to 13 form an integral part of these financial statements.


EXECUTIVE DIRECTOR

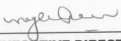

TREASURER



**DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011**

		2011	2010
	Note	Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net operating surplus/(deficit)		367,924	(4,183,577)
Adjustment for depreciation	5	450,377	223,186
Receivable from micro finance program		(781,397)	(96,230)
Net cash generated from /(used in) operations		36,904	(4,056,621)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net operating fixed assets expenditure		-	(268,782)
CASH FLOWS FROM FINANCING ACTIVITIES			
Financial assistance received from micro finance program		-	4,325,403
Short term investments transferred from micro finance program		25,000,000	-
Increase /(Decrease) in cash and cash equivalents		25,036,904	-
Cash and cash equivalents at the beginning of year		-	-
Cash and cash equivalents at the end of year	11	25,036,904	-

The annexed notes 1 to 13 form an integral part of these financial statements.



EXECUTIVE DIRECTOR



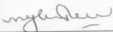
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**DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31 DECEMBER 2011**

	General funds	Reserves	Total
	-----Rupees-----		
Balance as at 01 January 2010	3,820,005	322,346	4,142,351
Net surplus for the year	141,826	-	141,826
Balance as at 31 December 2010	3,961,831	322,346	4,284,177
Net surplus for the year	367,924	-	367,924
Transfer from micro finance program	-	29,809,386	29,809,386
Balance as at 31 December 2011	<u>4,329,755</u>	<u>30,131,732</u>	<u>34,461,487</u>

The annexed notes 1 to 13 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 DECEMBER 31, 2011**

1. STATUS AND NATURE OF THE BUSINESS

- 1.1** Development Action for Mobilization and Emancipation (DAMEN) (the Society) 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 Districts.
- 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 Sheikhupura Districts. 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 the 'Financial Reporting Guidelines for NGOs/NPOs engaged in Microfinance' issued by Institute of Chartered Accountants of Pakistan (ICAP) 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.

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.

4.3 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 in the ratio of 2.5% of direct social sector costs and the remaining portion to micro finance sector. DAMEN's financial sector is subsidizing the non financial sector for meeting the Program costs.

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

5 OPERATING FIXED ASSETS

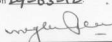
DESCRIPTION	2011							BOOK VALUE AS AT December 31 2011	RATE %
	COST			DEPRECIATION					
	As at 01 January, 2011	of transfers/ (disposals) during the year	As at 31 December, 2011	As at 01 January, 2011	on adjustments	Charge for the year	As at 31 December, 2011		
	Rupees								
Land	3,866,200	2,000,000	5,866,200	-	-	-	-	5,866,200	-
Building	-	3,656,121	3,656,121	-	1,197,791	182,806	1,380,597	2,275,524	5
Vehicles	1,141,738	-	1,141,738	723,761	-	98,348	822,109	319,629	20
Office equipments	-	762,000	762,000	-	440,199	152,400	592,599	169,401	20
Computer equipments	-	50,980	50,980	-	21,725	16,823	38,548	12,432	33
Total	5,007,938	6,469,101	11,477,039	723,761	1,659,715	450,377	2,833,853	8,643,186	

DESCRIPTION	2010								RATE
	COST			DEPRECIATION				BOOK VALUE AS AT December 31 2010	
	As at 01 January, 2010	of transfers/ (disposals) during the year	As at 31 December, 2010	As at 01 January, 2010	on adjustments	Charge for the year	As at 31 December, 2010		
	Rupees								
Land	3,866,200	-	3,866,200	-	-	-	-	3,866,200	-
Vehicles	1,029,550	491,738	1,141,738	733,399	-	223,186	723,761	417,977	20
		(379,550)				(252,824)			
Total	4,895,750	491,738	5,007,938	733,399	-	223,186	723,761	4,284,177	
		(379,550)				(252,824)			

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**DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Notes	2011	2010
6 Receivable from Micro Finance program			
		Rupees	
Opening balance		-	-
Gross income of social sector program		3,173,996	-
Balance left over in bank account of social sector program		(36,904)	-
Cash transferred to micro finance program bank accounts		3,137,092	-
Less: Gross social sector expenses		2,806,072	-
Depreciation		(450,377)	-
Expenses paid by micro finance program		2,355,695	-
Net balance receivable from micro finance program		781,397	-
7 GENERAL FUNDS			
Opening balance		3,961,831	3,820,005
Surplus for the year		367,924	141,826
		4,329,755	3,961,831
8 RESERVES			
Opening balance		322,346	322,346
Sustainability reserve created by transferring from micro finance program:			
-operating fixed assets		4,809,386	-
-investments		25,000,000	-
		29,809,386	-
		30,131,732	322,346
9 GENERAL AND ADMINISTRATIVE EXPENSES			
Depreciation		450,377	223,186
Vehicles running expense		116,511	67,960
Common costs	9.1	54,614	327,940
		621,502	619,086
9.1 Calculation of common costs			
Subsidy to home schools		415,470	250,305
Subsidy to health centers		738,050	389,000
Staff salaries		991,392	2,482,212
Contribution in DAMEN flood relief fund		-	600,000
Trainings		39,658	28,234
Direct cost		2,184,570	3,749,751
Allocated @ 2.5% of direct costs		54,614	327,940
10 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).			
11 CASH AND CASH EQUIVALENTS			
Cash and bank balances		36,904	-
Short term investments		25,000,000	-
		25,036,904	-
12 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.			
13 DATE OF AUTHORIZATION			
These financial statements were approved and authorized by the board of directors for issue on <u>29-03-12</u> .			


EXECUTIVE DIRECTOR


TREASURER

