



Grant Thornton

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INDEPENDENT AUDITORS' REPORT TO THE GENERAL BODY

We have audited the annexed balance sheet of **Development Action for Mobilization and Emancipation (DAMEN)** as at **December 31, 2013** 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 financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. 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 the 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)** as at **December 31, 2013** 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.

We draw attention towards Note 1.3 to the financial statements which states that DAMEN is in process of incorporating new legal entity for its microfinance operations. Our opinion is not qualified on this matter.

Anjum Asim Shahid Rahman
CHARTERED ACCOUNTANTS

Engagement Partner: Imran Afzal

Lahore

Dated: *February 8, 2014*

Chartered Accountants

Member of Grant Thornton International Ltd

Offices in Karachi & Islamabad

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION


BALANCE SHEET

AS AT 31 DECEMBER 2013

		2013	2012
	Notes	Rupees	
ASSETS			
Current assets			
Cash and bank balances	5	156,355,923	116,924,120
Short term investment	6	235,600,000	141,953,741
Micro credit loan portfolio	7	713,003,146	645,059,970
Advances, prepayments and other receivables	8	21,893,760	13,890,961
Total current assets		1,126,852,829	917,828,792
Non-current assets			
Operating fixed assets - Tangible	10	20,774,350	22,326,067
Intangible assets	11	560,963	738,108
Security deposits	12	478,250	492,500
Total non-current assets		21,813,563	23,556,675
Total assets		1,148,666,392	941,385,467
LIABILITIES			
Current liabilities			
Creditors, accrued and other liabilities	13	2,131,538	1,439,573
Short term borrowings	14	15,000,050	-
Current portion of long term loans	15	643,915,789	541,426,278
Total current liabilities		661,047,377	542,865,851
Non-current liabilities			
Long term loans	15	183,975,635	192,024,750
Deferred grant	16	2,454,663	4,115,016
Total non-current liabilities		186,430,298	196,139,766
Total liabilities		847,477,675	739,005,617
NET ASSETS		301,188,717	202,379,850
REPRESENTED BY:			
Endowment fund from Pakistan Poverty Alleviation Fund	17	106,000,000	74,000,000
General funds	18	108,846,267	96,037,400
Donated fund	19	-	1,000,000
Reserves	20	86,342,450	31,342,450
		301,188,717	202,379,850
CONTINGENCIES AND COMMITMENTS			
	22		

The annexed notes 1 to 34 form an integral part of these financial statements.




EXECUTIVE DIRECTOR


TREASURER

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

		2013	2012
	Notes	Rupees	
Financial income			
Service charges on micro credit loans		229,217,656	176,714,062
Loan processing fee		30,393,750	27,634,600
Total financial income		259,611,406	204,348,662
Finance cost	9	91,522,092	89,926,735
Branchless banking charges		3,298,418	396,621
		94,820,510	90,323,356
Gross financial margin		164,790,896	114,025,306
Provision against non-performing loans - net	7.2	35,521,147	15,662,230
Net financial margin		129,269,749	98,363,076
Profit on investments and bank deposits	21	32,596,610	26,124,884
		161,866,359	124,487,960
Operational expenses			
General and administrative expenses			
-Micro finance program	23	31,106,135	26,286,621
-Social sector program	24	689,522	623,060
Salaries, wages, stipends and other benefits			
-Micro finance program		61,053,688	54,328,526
-Social sector program		1,549,892	1,303,317
Training expenses			
-Micro finance program		1,620,421	1,470,221
-Social sector program		38,869	19,528
Research studies expenses		1,676,820	2,150,000
Subsidy to home schools		687,000	731,285
Subsidy to health centers		785,000	895,000
		99,207,347	87,807,558
Surplus from operations		62,659,012	36,680,402
Other income	25	1,471,430	1,677,778
Deferred grants amortized /utilized:			
- relating to fixed assets	16.1	604,894	727,342
- relating to capacity building	16.2	2,073,531	2,387,469
		2,678,425	3,114,811
Net Surplus for the year		66,808,867	41,472,991
Operational Self sufficiency (OSS) Ratio	32	128%	120%

The annexed notes 1 to 34 form an integral part of these financial statements.

Signature

Signature

EXECUTIVE DIRECTOR

Signature

TREASURER

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

		2013	2012
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES	Note		
Net surplus for the year		66,808,867	41,472,991
Adjustments for non cash items :			
Depreciation	10	3,250,422	3,620,073
Amortization on intangible assets	11	177,145	147,622
Amortization of deferred grants:			
- relating to fixed assets	16.1	(604,894)	(727,342)
- relating to capacity building	16.2	(2,073,531)	(2,387,469)
Finance cost	21	91,522,092	89,926,735
Provision against non-performing loans	7.2	35,521,147	15,662,230
		127,792,381	106,241,849
Operating surplus before working capital changes		194,601,248	147,714,840
(Increase) / decrease in:			
Advances, prepayments and other receivables		(8,002,799)	(3,970,742)
Micro credit loan portfolio		(103,464,323)	(215,933,707)
Security deposits		14,250	(89,000)
Increase / (decrease) in creditors, accrued and other liabilities		620,241	(186,860)
		(110,832,631)	(220,180,309)
Operating surplus / (deficit) after working capital changes		83,768,617	(72,465,469)
Finance cost paid		(91,450,368)	(89,787,323)
Net cash used in operations		(7,681,751)	(162,252,792)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net operating fixed assets expenditure incurred		(1,698,705)	(4,808,247)
Net cash used in investing activities		(1,698,705)	(4,808,247)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received /capitalized during the year			
- relating to capacity building		1,018,072	3,541,069
Endowment fund from Pakistan Poverty Alleviation Fund		32,000,000	74,000,000
Net proceeds from running finance facility		15,000,050	-
Net proceeds from long term loans		94,440,396	193,108,838
Net cash from financing activities		142,458,518	270,649,907
Net change in cash and cash equivalents		133,078,062	103,588,868
Cash and cash equivalents at the beginning of year		258,877,861	155,288,993
Cash and cash equivalents at the end of year	27	391,955,923	258,877,861

The annexed notes 1 to 34 form an integral part of these financial statements.

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EXECUTIVE DIRECTOR

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TREASURER

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Endowment Fund	General funds	Donated funds	Reserves	Total
	-----Rupees-----				
Balance as at 01 January 2012	-	54,564,409	1,000,000	31,342,450	86,906,859
Net surplus for the year	-	41,472,991	-	-	41,472,991
Endowment fund from Pakistan Poverty Alleviation Fund	74,000,000	-	-	-	74,000,000
Balance as at 31 December 2012	74,000,000	96,037,400	1,000,000	31,342,450	202,379,850
Donated Fund transferred to General Fund	-	1,000,000	(1,000,000)	-	-
Sustainability Reserves - social sector program	-	(55,000,000)	-	55,000,000	-
Endowment fund from Pakistan Poverty Alleviation Fund	32,000,000	-	-	-	32,000,000
Net surplus for the year	-	66,808,867	-	-	66,808,867
Balance as at 31 December 2013	106,000,000	108,846,267	-	86,342,450	301,188,717

The annexed notes 1 to 34 form an integral part of these financial statements.




Executive Director


Treasurer

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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 Sheikhpura 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 Sheikhpura Districts. In addition to these functions, DAMEN also provides non financial services in the form of trainings both to its clients and staff.
- 1.3** DAMEN is in process of incorporating a separate Section 42 company to spin-off its Micro Finance operations which also include transfer of its assets, liabilities and equity relating to such operations. The management foresees completion of incorporation as well as transfer process by end of June 2014. However, no related adjustment has been made in these financial statements as such assets and liabilities would be transferred to the newly incorporated entity at their carrying amounts on the date of transfer.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Medium-Sized Entities (MSEs) issued by the Institute of Chartered Accountants Pakistan and 'Financial Reporting Guidelines for NGOs/NPOs engaged in Microfinance issued by Institute of Chartered Accountants of Pakistan (ICAP). In case requirements differ, Accounting and Financial Reporting Standard for Medium-Sized Entities (MSEs) shall prevail.

3 BASIS OF PREPARATION

These accounts have been prepared under the historical cost convention using accrual basis of accounting except for the cash flow information.

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 assets

All operating assets except intangible asset

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

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 10.

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.

The assets' residual values and estimated useful lives are reviewed at least at each balance sheet date and impact on depreciation is adjusted, if significant.

Intangible asset

An intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the organization and that the cost of such asset can also be measured reliably. Cost of the intangible asset includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis by applying the straight line method from the month when such asset is available for use.

Useful lives of intangible assets are reviewed at each balance sheet date and impact on amortization is adjusted, if significant.



DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

4.3 Borrowings

Loans and borrowings are initially recorded at proceeds received which is considered to be equal to its fair value. Finance cost is accounted for on accrual basis and is included in creditors, accrued and other liabilities to the extent of the amount payable as on balance sheet date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing cost are recognized in income and expenditure account in the period in which they are incurred.

4.4 Income recognition

- Service charges and income on loan portfolio are accounted for on accrual basis and collected with loan installments. These are calculated by using declining interest method at the rate of 0.95/day/1,000 Rupees on outstanding loan balance.
- Service charges on loan portfolio are accrued on late loans for up to 30 days. After 30 days, late loans are classified as non-performing and further accrual of service charges ceases.
- Documentation and loan processing fee collected from micro credit loan customer is recognized when received. The fee is charged at the rate of 3% of the loan amount .
- Income from health centre is recognized when services are rendered to the customers.
- Donations in kind are recognized at fair market value as and when donated items are received.
- Return on investments is recognized on accrual basis.
- Profit on bank deposits is recognized on accrual basis.
- Bad debts recovered are added to current year's income .

4.5 Recognition of grants

- Funds provided by donors to subsidize operating and administrative expenses are recognized as grant income as per term of agreement with donors.
- Grants related to acquisition of fixed assets are taken to deferred grant and amortized over the useful life of the assets.
- Grants related to capacity building are taken to deferred grant and amortized as actual expenses incurred on account of capacity building.
- Grants utilized for financing of lending operations are recognized as donated funds.

4.6 Micro credit loan portfolio

These are stated net of provision for non-performing loans, if any. Outstanding principal of loans, payments against which are overdue by over 30 days is classified as non-performing.

4.7 Loan Loss provision

The Loan Loss Provision shall be the higher of general provisions and specific provisions.

4.7.1 General provision

General provision is made @5% (2012: 1.5%) of outstanding loan balances. This is inclusive of specific provision. Rate has been increased during the year keeping in view the requirements of lender.



DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

4.7.2 Specific provision

In addition to general provision, specific provision for potential loan losses is made for all non-performing loans as follows:

Category	Loans in arrears/ Installment over due	Percentage of outstanding principal
Other Assets Especially Mentioned (OAEM)	Loans in arrears (installment overdue) for 30 days or more but less than 60 days.	-
Substandard	Loans in arrears (installment overdue) for 61 days or more but less than 90 days.	25%
Doubtful	Loans in arrears (installment overdue) for 91 days or more but less than 180 days.	50%
Loss	Loans in arrears (installment overdue) for 181 days or more.	100%

4.8 Write-Off

All non-performing loans are written off after one month of classification as loss. However, the Society, continues its efforts for recovery of the written-off loans. Loans are classified as loss when installment are overdue for 181 days or more.

4.9 Foreign currency translations

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rates. All non monetary items are translated into rupees at exchange rates prevailing on the dates of transactions or on dates when fair values are determined.

Exchange differences are included in income currently.

4.10 Short term investments - Held to maturity

Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition these are measured at amortized cost using the effective interest method.

4.11 Employees retirement benefits

The Society operates a recognized provident fund for all its permanent employees. Equal monthly contributions are made to the fund both by the Society and the employees at the rate of 10 percent of the basic salary. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss account as and when incurred.

4.12 Taxation

The Society's 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.

4.13 Provisions

Provisions are recognized when, and only when, the Society has a present obligation (legal or constructive) as a result of a past event and 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 at each balance sheet date and adjusted to reflected the current best estimate.

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

4.14 Use of Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Society's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Society's financial statements or where judgments were exercised in application of accounting policies are below:

- Operating fixed assets - Tangible and intangible
- Micro credit loan portfolio
- Advances, prepayments and other receivables
- Creditors, accrued and other liabilities

4.15 Advances, prepayments and other receivables

Advances, prepayments and other receivables are carried at original cost less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off, when identified.

4.16 Creditors, accrued and other liabilities

These are recognized using the trade date accounting and are measured initially at cost.

4.17 Cost allocation

Common costs relating to financial and non-financial services is allocated in the ratio of 5% (2012: 2.5%) of direct social sector costs and the remaining portion to micro finance sector.

4.18 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Society's functional and presentation currency.

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

5	CASH AND BANK BALANCES	Note	2013	2012
			Rupees	
	Cash in hand		29,960	143,477
	Cash with banks:			
	In current accounts - local currency		35,229,037	8,512,694
	In deposit accounts:			
	- local currency	5.1	120,786,594	107,979,841
	- foreign currency		310,332	288,108
			121,096,926	108,267,949
			156,355,923	116,924,120

5.1 These carry mark up rate ranging from 6 % to 8.50 % (2012: from 5 % to 10.5%).

6 SHORT TERM INVESTMENT

Held to maturity

Term Deposit Receipts (TDRs)	6.1 & 6.2	235,600,000	141,953,741
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6.1 These represent investments in Term Deposit Receipts having a term ranging from 1 month to 1 year. These investments carry mark up rate ranging from 8.52 % to 9.90 % (2012: from 7.5 % to 12.71%).

6.2 These include restricted TDRs amounting Rs. 116.6 Million (2012: Rs. 99 Million).
Loans and guarantee are secured against such investment. (Refer to note 15 and 22)

7	MICRO CREDIT LOAN PORTFOLIO	Notes	2013			2012		
			Numbers	Rupees	PAR %age	Numbers	Rupees	PAR %age
	Considered good		34,332	738,625,116	98.41	33,940	651,948,195	98.14
	Considered doubtful (non-performing)	7.1	853	11,904,511	1.59	1,125	12,332,547	1.86
			35,185	750,529,627	100.00	35,065	664,280,742	100.00
	Less: Specific provision	7.2		5,208,088			5,455,543	
	Less: General provision	7.2		32,318,393			13,765,229	
				37,526,481			19,220,772	
				713,003,146			645,059,970	

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

7.1 Particulars of non-performing loans

Micro credit loan portfolio includes Rs. 11,904,511 (2012: Rs. 12,332,547) which, as detailed below, have been placed under non-performing status:

Classification	2013			
	Amount outstanding	Percentage	Provision required	Provision held
	Rupees		Rupees	
OAEM	2,336,889	-	-	-
Sub-standard	2,129,025	25%	532,256	532,256
Doubtful	5,525,531	50%	2,762,766	2,762,766
Loss	1,913,066	100%	1,913,066	1,913,066
	<u>11,904,511</u>		<u>5,208,088</u>	<u>5,208,088</u>

Classification	2012			
	Amount outstanding	Percentage	Provision required	Provision held
	Rupees		Rupees	
OAEM	3,110,858	-	-	-
Sub-standard	1,743,985	25%	435,996	435,996
Doubtful	4,916,314	50%	2,458,157	2,458,157
Loss	2,561,390	100%	2,561,390	2,561,390
	<u>12,332,547</u>		<u>5,455,543</u>	<u>5,455,543</u>

7.2 Movement of provision against non performing loan is as under:

Notes	2013		
	Specific	General	Total
Opening balance	5,455,543	13,765,229	19,220,772
Charge for the year	16,967,983	18,553,164	35,521,147
Amounts written off during the year	(17,215,438)	-	(17,215,438)
Closing balance	<u>5,208,088</u>	<u>32,318,393</u>	<u>37,526,481</u>

Notes	2012		
	Specific	General	Total
Opening balance	3,810,090	10,715,410	14,525,500
Charge for the year	12,612,411	3,049,819	15,662,230
Amounts written off during the year	(10,966,958)	-	(10,966,958)
Closing balance	<u>5,455,543</u>	<u>13,765,229</u>	<u>19,220,772</u>

7.3 Particulars of amount written off

Against provision

-This represents non performing loans overdue for more than 210 days.

2013	2012
Rupees	
<u>17,215,438</u>	<u>10,966,958</u>

7.4 Portfolio by segment

Loan type:

Trade and business	480,840,853	433,503,823
Tailoring centre	76,248,407	71,847,289
Livestock	146,391,228	107,864,556
Handcraft and embroidery	47,049,139	51,065,074
	<u>750,529,627</u>	<u>664,280,742</u>

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

7.5 Portfolio quality report

The organization's main measure of loan delinquency is an aged portfolio-at-risk ratio. Loans are separated into classes depending on the number of days they are over-due. For each class of loan, the aged portfolio-at-risk ratio is calculated by dividing the outstanding principal balance of such class by outstanding principal balance of the gross loan portfolio.

Loans are considered overdue if any payment has fallen due and remained unpaid for more than 30 days. The number of days of delay is based on the difference between reporting date (cut off date) and the calculation of fully paid installments subtracted from scheduled installments, multiply by the repayment cycle (30 days) and adding the resulting days in the date of disbursement of loan.

	2013		2012	
	Rupees	Percentage	Rupees	Percentage
Loan portfolio:				
Current and up to 30 days late	738,625,116	98.4%	651,948,195	98.1%
31 - 60 days late	2,336,889	0.3%	3,110,858	0.5%
61 - 90 days late	2,129,025	0.3%	1,743,985	0.3%
More than 90 days late	7,438,597	1.0%	7,477,704	1.1%
	<u>750,529,627</u>	<u>100%</u>	<u>664,280,742</u>	<u>100%</u>

-The organization does not allow rescheduling or restructuring of loans.

-During the year, loans were disbursed relating to single project with tenures ranging from 12 months to 18 months, in accordance with needs of the borrowers. Loan repayments are scheduled on monthly installments based on repayment terms.

2013	2012
Rupees	

7.6 Movement of loan portfolio

Opening balance as on 01 January	664,280,742	459,313,993
Disbursements made during the year	1,013,125,000	921,180,000
Recoveries made during the year	(909,660,677)	(705,246,293)
Loans written off during the year	(17,215,438)	(10,966,958)
Closing balance as on 31 December	<u>750,529,627</u>	<u>664,280,742</u>

8 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Accrued service charges on micro credit loans	12,411,286	10,060,858
Advances to staff	194,013	238,332
Advance tax	1,353,686	924,077
Advances for expenses	18,000	91,651
Accrued income on investments - TDRs	6,926,084	1,892,947
Prepaid insurance	259,873	107,561
Other receivables	730,818	575,535
	<u>21,893,760</u>	<u>13,890,961</u>

9 FINANCE COST

Mark-up on long term loan:		
Pakistan Poverty Alleviation Fund (PPAF)	77,447,086	78,571,061
Habib Bank Limited (HBL)	12,339,750	11,355,674
Faysal Bank Limited (FBL)	1,730,961	-
	<u>91,517,797</u>	<u>89,926,735</u>
Mark-up on short term borrowings:		
Faysal Bank Limited (FBL)	4,295	-
	<u>91,522,092</u>	<u>89,926,735</u>

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

10 OPERATING FIXED ASSETS

DESCRIPTION	COST				DEPRECIATION				BOOK VALUE AS AT December 31 2013	Rate %
	As at 01 January, 2013	Of additions during the year	Of adjustments during the year	As at 31 December, 2013	As at 01 January, 2013	On disposals /adjustments	Charge for the period	As at 31 December, 2013		
Rupees										
Land	10,753,700	-	-	10,753,700	-	-	-	-	10,753,700	
Building	3,656,121	25,000	-	3,681,121	1,563,403	-	183,641	1,747,044	1,934,077	5
Vehicles	14,104,854	320,205	-	14,425,059	7,178,627	-	2,210,835	9,389,462	5,035,597	20
Computer equipment	6,217,689	711,549	(161,337)	6,767,901	5,614,391	(142,097)	473,160	5,945,454	822,447	33
Furniture and fittings	3,604,816	248,331	(166,820)	3,686,327	2,034,968	(110,817)	340,357	2,264,508	1,421,819	10
Office equipment	3,998,175	486,726	(137,815)	4,347,086	3,617,899	(119,952)	42,429	3,540,376	806,710	20
December 31, 2013	42,335,355	1,791,811	(465,972)	43,661,194	20,009,288	(372,866)	3,250,422	22,886,844	20,774,350	

DESCRIPTION	COST			DEPRECIATION				BOOK VALUE AS AT December 31 2012	Rate %	
	As at 01 January, 2012	Of additions during the year	Of adjustments during the year	As at 31 December, 2012	As at 01 January, 2012	On disposals /adjustments	Charge for the period			As at 31 December, 2012
Rupees										
Land	10,753,700	-	-	10,753,700	-	-	-	-	10,753,700	-
Building	3,656,121	-	-	3,656,121	1,380,599	-	182,804	1,563,403	2,092,718	5
Vehicles	11,019,186	3,085,668	-	14,104,854	5,129,538	-	2,049,089	7,178,627	6,926,227	20
Computer equipment	5,933,231	284,458	-	6,217,689	5,126,799	-	487,592	5,614,391	603,298	33
Furniture and fittings	3,246,321	358,495	-	3,604,816	1,697,432	-	337,536	2,034,968	1,569,848	10
Office equipment	3,804,279	193,896	-	3,998,175	3,054,847	-	563,052	3,617,899	380,276	20
December 31, 2012	38,412,838	3,922,517	-	42,335,355	16,389,215	-	3,620,073	20,009,288	22,326,067	

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

		2013	2012
	Note	Rupees	
11 INTANGIBLE ASSETS			
Computer software licenses			
Opening balance		738,108	-
Additions during the period		-	885,730
		738,108	885,730
Less: amortization		(177,145)	(147,622)
Balance as on December 31	11.1	560,963	738,108
11.1	Licensed Software were acquired in 2012 from Microsoft Corporation at a cost of Rs. 885,730 (US \$ 9,744), to comply with the legal requirement. As per terms of agreement with the vendor, the software will be updated annually at a nominal fee. These licenses do not have a finite useful life. Due to rapid developments in the IT sector, the management has decided to amortize their cost over a period of five years, using the straight line method.		
12 SECURITY DEPOSITS			
This represents security deposits against rent of field offices' buildings and internet connection.			
13 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Accrued expenses		1,709,814	824,135
Mark-up accrued		71,724	139,412
DAMEN Relief Fund		-	1,026
Shore Bank International		-	150,000
Auditors' remuneration		350,000	325,000
		2,131,538	1,439,573
14 Short term borrowings			
Faysal Bank Limited - running finance	14.1	15,000,050	-
		15,000,050	-
14.1	- A Running Finance Facility has been obtained from Faysal Bank Limited with a limit of Rs. 16 Million. The facility is secured against cash deposits of Rs. 16 Million and Hypo charge on receivables of Rs. 2 Million. The funds of this facility are used to enhance existing Micro Finance Loan portfolio. The facility carries mark up @ 10.45%. The guarantee money for this facility is provided by PPAF.		
	- This facility is also secured by cash guarantee in shape of TDRs amounting to Rs. 37 Million and hypothecation on receivables of clients amounting to Rs. 10.00 million.		
15 LONG TERM LOANS			
Pakistan Poverty Alleviation Fund (PPAF)	15.1	737,024,756	581,832,607
Faysal Bank Limited (FBI)	15.2	28,366,669	-
Habib Bank Limited (HBL)	15.3	62,499,999	151,618,421
		827,891,424	733,451,028
Less: Current maturity	15.1, 15.2 & 15.3	(643,915,789)	(541,426,278)
Closing balance		183,975,635	192,024,750
15.1 Pakistan Poverty Alleviation Fund (PPAF)			
Opening balance		581,832,607	485,342,190
Additions during the year		585,000,000	430,000,000
		1,166,832,607	915,342,190
Repayments during the year		(429,807,851)	(333,509,583)
		737,024,756	581,832,607
Less: Current maturity		(566,615,794)	(429,807,852)
Closing balance	15.4	170,408,962	152,024,755

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

		2013	2012
	Note	Rupees	
15.2	Faysal Bank Limited(FBL)		
Opening balance		-	-
Additions during the year		37,000,000	-
		37,000,000	-
Repayments during the year		(8,633,331)	-
		28,366,669	-
Less: Current maturity		(14,799,996)	-
Closing balance	15.5	13,566,673	-
15.3	Habib Bank Limited		
Opening balance:			
HBL-PRISM-I		31,618,421	55,000,000
HBL-PRISM-II		120,000,000	-
		151,618,421	55,000,000
Additions during the year:			
HBL-PRISM-I		-	5,000,000
HBL-PRISM-II		-	120,000,000
		-	125,000,000
Repayments during the year:			
HBL-PRISM-I		(31,618,421)	(28,381,579)
HBL-PRISM-II		(57,500,001)	-
		(89,118,422)	(28,381,579)
Closing balance			
HBL-PRISM-I	15.6	-	31,618,421
HBL-PRISM-II	15.7	62,499,999	120,000,000
		62,499,999	151,618,421
Less: Current maturity:			
HBL-PRISM-I		-	(31,618,422)
HBL-PRISM-II		(62,499,999)	(80,000,004)
		(62,499,999)	(111,618,426)
Long term loan closing balance			
HBL-PRISM-I		-	-
HBL-PRISM-II		-	39,999,995
		-	39,999,995

15.4 During the year, mark-up rate for Phase VII of this loan was 10.76% uptill March 2013 and 6 months KIBOR with a floor of 8% from April 2013 (2012: 10.76%), the mark-up for Phase VIII was 13.24% uptill March 2013 and 6 months KIBOR with a floor of 8% from April 2013 (2012 : 13.24%) and the mark-up for Phase IX was 6 months KIBOR with a floor of 8% (2012: nil).

Principal and mark-up are payable on quarterly basis.

Loan loss provision at least 5% of outstanding loan portfolio (OLP) will be maintained.

Service charges would be paid on quarterly basis, whereas the principal repayments would be made for a period not exceeding five quarters after a grace period of one year, for each quarterly installment.

This loan is secured against:

- a first charge on micro credit sub loans created/ financed from the proceeds of the loan;
- the promissory note executed by the Board of Directors to pay on order the full amount of financing together with service charges; and
- a first charge on all assets/capital items created out of PPAF financing agreement.

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

- 15.5** Demand finance loan obtained from Faysal Bank Limited to enhance the existing Micro Credit Program of the institution under the PRISM Endowment fund programme of PPAF. The sanctioned limit is Rs. 47 million. This loan carries mark up @ 9.84 % per annum (p.a).
- Principal and mark-up are repayable in 30 monthly installments. Principal repayments started from June 2013.
 - Tenure of the facility is 2.5 years with nil grace period.
 - Mark-up is repayable on monthly basis in arrears.
 - Minimum spread of 1% to be maintained at all times over and above the deposit rate.
- This loan is secured against:
- Cash guarantee in shape of TDRs for Rs. 37 Million and hypothecation on receivables of client amounting to Rs. 10.00 Million;
 - DF-I of Rs. 37.00 Million has been disbursed against TDR amounting to Rs. 37.00 Million;
 - DF-II of Rs. 10.00 Million shall be disbursed as and when exposure is reduced down to Rs. 27.00 Million against DF-I of Rs. 37.00 Million and cushion is made available in existing security; and
 - Prior to the creation of any charge, mortgage, pledge or other encumbrance on the Society's assets, or effecting any change of management, the Society shall be obligated to obtain prior specific written approval from the Bank.
- 15.6** Demand finance loan obtained from Habib Bank Limited to enhance existing Micro Credit Program of the institution. The sanctioned limit is Rs. 60 million. This loan carries mark up @ 11.5% per annum.
- Principal and mark-up are repayable in 18 monthly installments. Principal repayments started from April 2012 after a grace period of 6 months.
 - Tenure of the facility is 2 years.
 - Mark-up is repayable on monthly basis in arrears.
- This loan is secured against:
- Cash guarantee in shape of TDRs for Rs. 55 Million of which Rs. 15 million is provided by DAMEN and the remaining Rs. 40 million is provided by PPAF under Micro finance Innovation and Outreach Program (MIOP) /Program for Increasing Sustainable Micro finance (PRISM).
- 15.7** Demand finance loan has been obtained from Habib Bank Limited to enhance the existing Micro Credit Program of the institution. The sanctioned limit is Rs. 120 million. This loan carries mark up @ 11.5% per annum.
- Principal and mark-up are repayable in 18 monthly installments. Principal repayments to start from January 2013 after a grace period of 6 months.
 - Tenure of the facility is 2 years.
 - Mark-up is repayable on monthly basis in arrears.
- This loan is secured against:
- Cash guarantee in shape of TDRs amounting to Rs. 110 Million of which Rs. 10 million is provided by DAMEN while remaining Rs. 100 million is provided by PPAF under their Micro finance Innovation and Outreach Program (MIOP) /Program for Increasing Sustainable Micro finance (PRISM).

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

15.8 Quarterly Movements in long term loans

	2013			
	1st quarter	2nd quarter	3rd quarter	4th quarter
	----- Rupees -----			
Opening Balance				
PPAF	581,832,607	596,165,219	786,734,275	842,041,038
HBL-PRISM-I	31,618,421	21,332,240	10,792,819	-
HBL-PRISM-II	120,000,000	99,999,999	80,000,000	95,999,999
FBL-PRISM-III	-	-	35,766,667	32,066,668
	733,451,028	717,497,458	913,293,761	970,107,705
Additions				
PPAF	108,000,000	307,000,000	160,000,000	10,000,000
HBL-PRISM-I	-	-	-	-
HBL-PRISM-II	-	-	45,000,000	-
FBL-PRISM-III	-	37,000,000	-	-
	108,000,000	344,000,000	205,000,000	10,000,000
Repayments				
PPAF	(93,667,388)	(116,430,944)	(104,693,237)	(115,016,282)
HBL-PRISM-I	(10,286,181)	(10,539,421)	(10,792,819)	-
HBL-PRISM-II	(20,000,001)	(19,999,999)	(29,000,001)	(33,500,000)
FBL-PRISM-III	-	(1,233,333)	(3,699,999)	(3,699,999)
	(123,953,570)	(148,203,697)	(148,186,056)	(152,216,281)
Closing balance				
PPAF	596,165,219	786,734,275	842,041,038	737,024,756
HBL-PRISM-I	21,332,240	10,792,819	-	-
HBL-PRISM-II	99,999,999	80,000,000	95,999,999	62,499,999
FBL-PRISM-III	-	35,766,667	32,066,668	28,366,669
	717,497,458	913,293,761	970,107,705	827,891,424

	2012			
	1st quarter	2nd quarter	3rd quarter	4th quarter
	----- Rupees -----			
Opening Balance				
PPAF	485,342,190	542,458,897	589,344,486	534,608,252
HBL-PRISM-I	55,000,000	55,000,000	51,239,266	41,636,018
HBL-PRISM-II	-	-	40,000,000	120,000,000
	540,342,190	597,458,897	680,583,752	696,244,270
Additions				
PPAF	164,000,000	140,000,000	16,000,000	110,000,000
HBL-PRISM-I	-	5,000,000	-	-
HBL-PRISM-II	-	40,000,000	80,000,000	-
	164,000,000	185,000,000	96,000,000	110,000,000
Repayments				
PPAF	(106,883,293)	(93,114,411)	(70,736,234)	(62,775,646)
HBL-PRISM-I	-	(8,760,734)	(9,603,248)	(10,017,596)
HBL-PRISM-II	-	-	-	-
	(106,883,293)	(101,875,145)	(80,339,482)	(72,793,242)
Closing balance				
PPAF	542,458,897	589,344,486	534,608,252	581,832,606
HBL-PRISM-I	55,000,000	51,239,266	41,636,018	31,618,422
HBL-PRISM-II	-	40,000,000	120,000,000	120,000,000
	597,458,897	680,583,752	696,244,270	733,451,028

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

		2013	2012
	Notes	Rupees	
16 DEFERRED GRANT			
Grant related to fixed assets	16.1	1,495,170	2,100,064
Grant related to capacity building	16.2	959,493	2,014,952
		<u>2,454,663</u>	<u>4,115,016</u>
16.1 Grant related to fixed assets			
Opening balance		2,100,064	2,827,406
Funds received /capitalized during the year		-	-
		<u>2,100,064</u>	<u>2,827,406</u>
Less: Amortization		(604,894)	(727,342)
		<u>1,495,170</u>	<u>2,100,064</u>
16.2 Grant related to capacity building			
Opening balance		2,014,952	861,352
Funds received/receivable during the year from:			
Pakistan Poverty Alleviation Fund (PPAF)		184,186	2,960,000
Pakistan Microfinance Network (PMN)		833,886	581,069
		<u>1,018,072</u>	<u>3,541,069</u>
Less: amortization for the year		(2,073,531)	(2,387,469)
		<u>959,493</u>	<u>2,014,952</u>
17 ENDOWMENT FUND			
Opening balance		74,000,000	-
Funds received from Pakistan Poverty Alleviation Fund (PPAF)		32,000,000	74,000,000
Closing Balance	17.1	<u>106,000,000</u>	<u>74,000,000</u>
17.1	To strengthen the financial position of DAMEN as a Micro Finance Institution, an Endowment Fund has been created by Pakistan Poverty Alleviation Fund (PPAF) under their PRISM program. The terms and conditions associated with the Endowment Fund will remain applicable till three years from the date of receipt of the funds. As per these terms, 50 % of the funds could be used as guarantee money for obtaining secured loans from commercial banks while the remaining 50% could be deposited with commercial banks having AA rating, with competitive terms and conditions. The income from the investment may be utilized either for operational expenses or increasing the loan portfolio.		
18 GENERAL FUND			
General Fund Micro Finance Programme	18.1	97,597,936	92,066,517
General Fund Social Sector Programme	18.2	11,248,331	3,970,883
		<u>108,846,267</u>	<u>96,037,400</u>
18.1 GENERAL FUND-Micro Finance Programme			
Opening balance		92,066,517	50,234,654
Surplus for the year	18.3	65,531,419	41,831,863
Transferred to General Fund - social sector program		(6,000,000)	-
Transferred to Sustainability Reserves - social sector program	18.4	(55,000,000)	-
Transferred from donated funds reserve- Micro finance sector		1,000,000	-
		<u>97,597,936</u>	<u>92,066,517</u>

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013	2012
		Rupees	
18.2 GENERAL FUND- Social Sector Programme			
Opening balance		3,970,883	4,329,755
Surplus / (deficit)		1,277,448	(358,872)
Transferred from General Fund Micro Finance Programme		6,000,000	-
		<u>11,248,331</u>	<u>3,970,883</u>
18.3 SURPLUS FOR THE YEAR			
Surplus - Micro finance program		65,531,419	41,831,863
Surplus / (deficit) - Social sector program		1,277,448	(358,872)
		<u>66,808,867</u>	<u>41,472,991</u>
18.4 TRANSFERRED TO SUSTAINABILITY RESERVES - Social Sector Program			
Opening balance		29,809,386	29,809,386
Transferred to Sustainability Reserves - social sector program		55,000,000	-
		<u>84,809,386</u>	<u>29,809,386</u>
19 DONATED FUNDS			
This represents funds received from Trust for Voluntary Organizations against financing of lending operations.			
Opening balance		1,000,000	1,000,000
Transferred to General fund - micro finance program		(1,000,000)	-
		<u>-</u>	<u>1,000,000</u>
20 RESERVES			
Social sector program	20.1	85,131,732	30,131,732
Micro finance program	20.2	1,210,718	1,210,718
		<u>86,342,450</u>	<u>31,342,450</u>
20.1 RESERVES - Social sector program			
Health centre - Shahpur		37,185	37,185
Health centre - Chung		15,761	15,761
Education services		269,400	269,400
Sustainability reserve-social sector program	18.4	84,809,386	29,809,386
		<u>85,131,732</u>	<u>30,131,732</u>
20.2 RESERVES - Micro finance program			
Bonus reserves		1,063,968	1,063,968
Bad debts reserves		146,750	146,750
		<u>1,210,718</u>	<u>1,210,718</u>
21 PROFIT ON INVESTMENTS AND BANK DEPOSITS			
Profit on Investments - TDRs		16,821,560	9,355,275
Profit on bank deposits		15,775,050	16,769,609
		<u>32,596,610</u>	<u>26,124,884</u>
22 CONTINGENCIES AND COMMITMENTS			
22.1	Guarantee given by the Faysal Bank Limited on behalf of the Society in favour of Pakistan State Oil (PSO) outstanding as at the balance sheet date amounts to Rs. 600,000/- (2012 : Nil). This guarantee is secured against lien over term deposits of Rs. 0.60 Million.		
22.2	Commitments as on balance sheet date amounting to Rs. Nil (2012: Nil)		

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013	2012
		Rupees	
23 GENERAL AND ADMINISTRATIVE EXPENSES - Micro Finance Program			
Rent, rates and taxes		2,523,820	2,135,481
Electricity, water and gas		1,927,199	1,746,728
Repair and maintenance		2,664,781	2,205,070
Vehicle running and maintenance		3,627,970	3,419,032
Communications		1,560,656	1,363,114
Legal and professional charges		293,325	735,830
Stamp papers		1,098,523	916,097
Fee and subscription		245,500	285,713
Printing and stationary		1,592,658	1,307,141
Office supplies		2,081,246	1,625,205
Traveling and conveyance		2,336,166	2,178,860
Bank charges		1,197,447	1,105,819
Auditors' remuneration		350,000	325,000
Insurance		4,325,604	2,488,345
Depreciation		2,948,622	3,175,799
Amortization on intangible assets		177,145	147,622
Networking and linkages /institutional assessments		908,989	366,173
E-CIB Charges		681,447	575,237
Cable TV advertisement		126,650	-
Other expenses		591,425	258,083
		<u>31,259,173</u>	<u>26,360,349</u>
Less: Common costs allocated to social sector program	24.1	<u>153,038</u>	<u>73,728</u>
		<u><u>31,106,135</u></u>	<u><u>26,286,621</u></u>
24 GENERAL AND ADMINISTRATIVE EXPENSES - Social Sector Program			
Depreciation		301,800	444,274
Vehicles running expense		130,471	105,058
Repair & Maintenance		20,788	-
Printing and stationary		3,305	-
Travelling expenses		80,120	-
Common costs	24.1	<u>153,038</u>	<u>73,728</u>
		<u><u>689,522</u></u>	<u><u>623,060</u></u>
24.1 Calculation of common costs			
Subsidy to home schools		687,000	731,285
Subsidy to health centers		785,000	895,000
Staff salaries		1,549,892	1,303,317
Trainings		38,869	19,528
		<u>3,060,761</u>	<u>2,949,130</u>
Allocated @ 5% to social sector costs (2012: 2.5%)		<u><u>153,038</u></u>	<u><u>73,728</u></u>

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013	2012
		Rupees	
25 OTHER INCOME			
Financial income			
Bad debts (written off) recovered		1,309,246	1,593,978
		1,309,246	1,593,978
Non-financial income			
Gain on disposal of operating fixed assets		27,063	-
Income from staff advances		18,259	-
Other income		91,862	83,800
Donations		25,000	-
		162,184	83,800
		1,471,430	1,677,778
26 TAXATION			
The Society is a "Non-profit Organization" as defined under Section 2(36) of 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.			
27 CASH AND CASH EQUIVALENTS			
Cash and bank balances	5	156,355,923	116,924,120
Short term investments	6	235,600,000	141,953,741
		391,955,923	258,877,861
28 REMUNERATION OF KEY MANAGEMENT PERSONNEL		Executive Director	Executive Director
Basic pay		1,041,600	901,920
House allowance		416,640	360,768
Utilities allowance		104,160	90,192
Medical allowance		12,000	12,000
POI allowance		96,000	87,120
		1,670,400	1,452,000
29 NUMBER OF EMPLOYEES			
The Society employed 80 loan officers (2012: 80) and 113 other employees (2012: 117) as at the year end.			
30 RELATED PARTY TRANSACTIONS			
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include key management personnel.			
Related parties comprise directors, their close family members and their company. There are no transactions with related parties during the year except for remuneration of key management personnel as disclosed in note 28 above (2012: Nil).			

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

31 SEGMENT INFORMATION

31.1 Income and expenditure account for the year ended December 31, 2013

	Financial services	Non - financial services	Total
	Rupees		
Financial income			
Service charges on micro credit loans	229,217,656	-	229,217,656
Loan processing fee	30,393,750	-	30,393,750
Total financial income	259,611,406	-	259,611,406
Finance cost	91,522,092	-	91,522,092
Branchless banking charges	3,298,418	-	3,298,418
	94,820,510	-	94,820,510
Gross financial margin	164,790,896	-	164,790,896
Provision against non-performing loans - net	35,521,147	-	35,521,147
Net financial margin	129,269,749	-	129,269,749
Profit on investments and bank deposits	28,853,879	3,742,731	32,596,610
	158,123,628	3,742,731	161,866,359
Operational expenses			
General and administrative expenses	31,106,135	689,522	31,795,657
Salaries, wages, stipends and other benefits	61,053,688	1,549,892	62,603,580
Training expenses	1,620,421	38,869	1,659,290
Research studies expenses	1,676,820	-	1,676,820
Subsidy to home schools	-	687,000	687,000
Subsidy to health centers	-	785,000	785,000
	95,457,064	3,750,283	99,207,347
(Deficit) / surplus from operations	62,666,564	(7,552)	62,659,012
Other income	1,446,430	25,000	1,471,430
Deferred grants amortized /utilized			
- relating to fixed assets	604,894	-	604,894
- relating to capacity building	2,073,531	-	2,073,531
	2,678,425	-	2,678,425
Net surplus for the year	66,791,419	17,448	66,808,867

AKL

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
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31.2 Income and expenditure account for the year ended December 31, 2012

	Financial services	Non - financial services	Total
	Rupees		
Financial income			
Service charges on micro credit loans	176,714,062	-	176,714,062
Loan processing fee	27,634,600	-	27,634,600
Total financial income	204,348,662	-	204,348,662
Finance cost	90,323,356	-	90,323,356
Gross financial margin	114,025,306	-	114,025,306
Provision against non-performing loans - net	15,662,230	-	15,662,230
Net financial margin	98,363,076	-	98,363,076
Profit on investments and bank deposits	23,511,566	2,613,318	26,124,884
	121,874,642	2,613,318	124,487,960
Operational expenses			
General and administrative expenses	26,286,621	623,060	26,909,681
Salaries, wages, stipends and other benefits	54,328,526	1,303,317	55,631,843
Training expenses	1,470,221	19,528	1,489,749
Research studies expenses	2,150,000	-	2,150,000
Subsidy to home schools	-	731,285	731,285
Subsidy to health centers	-	895,000	895,000
	84,235,368	3,572,190	87,807,558
Surplus from operations	37,639,274	(958,872)	36,680,402
Other income	1,677,778	-	1,677,778
Deferred grants amortized /utilized			
- relating to fixed assets	727,342	-	727,342
- relating to capacity building	2,387,469	-	2,387,469
	3,114,811	-	3,114,811
Net surplus/(deficit) for the year	42,431,863	(958,872)	41,472,991

MSL

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
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31.3 Balance sheet as on December 31, 2013

	Financial services	Non - financial services	Total
Rupees			
ASSETS			
Current assets			
Cash and bank balances	155,837,627	1,136,825	156,974,452
Short term investment	149,600,000	86,000,000	235,600,000
Micro credit loan portfolio	713,003,146	-	713,003,146
Advances, prepayments and other receivables	21,275,231	-	21,275,231
Total current assets	1,039,716,004	87,136,825	1,126,852,829
Non-current assets			
Operating fixed assets - Tangible	12,791,112	7,983,238	20,774,350
Intangible assets	560,963	-	560,963
Security deposits	478,250	-	478,250
Total non-current assets	13,830,325	7,983,238	21,813,563
Total assets	1,053,546,329	95,120,063	1,148,666,392
LIABILITIES			
Current liabilities			
Creditors, accrued and other liabilities	2,131,538	-	2,131,538
Current portion of long term loans	643,915,789	-	643,915,789
Total current liabilities	646,047,327	-	646,047,327
Non-current liabilities			
Long term loans	183,975,635	-	183,975,635
Deferred grant	2,454,663	-	2,454,663
Total non-current liabilities	186,430,298	-	186,430,298
Total liabilities	832,477,625	-	832,477,625
NET ASSETS	221,068,704	95,120,063	316,188,767
REPRESENTED BY:			
Endowment fund from Pakistan Poverty Alleviation Fund (PPAF)	106,000,000	-	106,000,000
General fund	98,857,936	9,988,331	108,846,267
Reserves	1,210,718	85,131,732	86,342,450
	206,068,654	95,120,063	301,188,717

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
NOTES TO THE FINANCIAL STATEMENTS
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31.4 Balance sheet as on December 31, 2012

	Financial services	Non - financial services	Total
Rupees			
ASSETS			
Current assets			
Cash and bank balances	116,620,417	303,703	116,924,120
Short term investment	116,953,741	25,000,000	141,953,741
Micro credit loan portfolio	645,059,970	-	645,059,970
Advances, prepayments and other receivables	17,778,083	-	17,778,083
Total current assets	896,412,211	25,303,703	921,715,914
Non-current assets			
Operating fixed assets - Tangible	14,127,155	8,198,912	22,326,067
Security deposits	492,500	-	492,500
Intangible Assets	738,108	-	738,108
Total non-current assets	15,357,763	8,198,912	23,556,675
Total assets	911,769,974	33,502,615	945,272,589
LIABILITIES			
Current liabilities			
Creditors, accrued and other liabilities	1,439,573	-	1,439,573
Current portion of long term loans	541,426,274	-	541,426,274
Total current liabilities	542,865,847	-	542,865,847
Non-current liabilities			
Long term loans	192,024,754	-	192,024,754
Deferred grant	4,115,016	-	4,115,016
Total non-current liabilities	196,139,770	-	196,139,770
Total liabilities	739,005,617	-	739,005,617
NET ASSETS	172,764,357	33,502,615	206,266,972
REPRESENTED BY:			
Endowment Fund	74,000,000	-	74,000,000
General fund	92,666,517	3,370,883	96,037,400
Donated fund	1,000,000	-	1,000,000
Reserves	1,210,718	30,131,732	31,342,450
	168,877,235	33,502,615	202,379,850



DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
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32 OPERATIONAL SELF SUFFICIENCY (OSS) RATIO

	2013	2012
	Rupees	
Total financial income	259,611,406	204,348,662
Profit on investments and bank deposits	32,596,610	26,124,884
Other income	1,471,430	1,677,778
Total income	293,679,446	232,151,324
Finance cost and branchless banking charges	94,820,510	89,926,735
Provision against non-performing loans - net	35,521,147	15,662,230
Operational expenses	99,207,347	87,807,558
Total expenditure	229,549,004	193,396,523
Operational Self Sufficiency (OSS) ratio	128%	120%

33 GENERAL

- Figures have been rounded off to the nearest rupee.
- Corresponding figures have been rearranged/reclassified for better presentation.

34 DATE OF AUTHORIZATION

These financial statements have been approved by the Board of Directors and authorized for issue on February 8, 2014.

[Signature]

[Signature]
EXECUTIVE DIRECTOR

[Signature]
TREASURER