

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, 2014** 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) - Social Sector Program** as at **December 31, 2014** and of its deficit, its cash flows and changes in fund for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Anjum Asim Shahid Rahman
CHARTERED ACCOUNTANTS

Engagement Partner: Imran Afzal

Lahore

Dated: *January 31, 2015*

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
BALANCE SHEET
AS AT 31 DECEMBER 2014

		2014	2013
ASSETS	Notes	Rupees	
Current assets			
Cash and bank balances	5	4,398,118	1,886,607
Short term investment	6	135,000,000	86,000,000
Receivables	7	1,915,927	510,218
		141,314,045	88,396,825
Non-current assets			
Operating fixed assets	8	14,300,349	7,983,238
Work in progress-Building		478,466	-
		14,778,815	7,983,238
Total assets		156,092,860	96,380,063
Current liabilities			
Accrued expenses		(154,286)	-
NET ASSETS		155,938,574	96,380,063
REPRESENTED BY :			
General fund	9	16,172,053	11,248,331
Reserves	10	139,766,521	85,131,732
		155,938,574	96,380,063

The annexed notes 1 to 20 form an integral part of these financial statements.

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Executive Director

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Treasurer

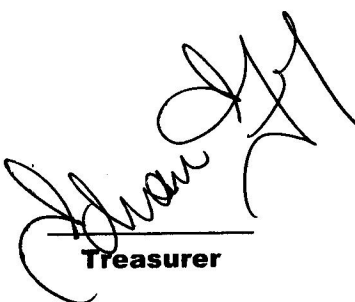
DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

		2014	2013
	Notes	Rupees	
Income			
Profit on investment	11	8,323,106	3,742,731
Rental income		1,386,000	1,260,000
		9,709,106	5,002,731
Expenditure			
Salaries, wages, stipends and other benefits		2,723,467	1,549,892
Subsidy to home schools		672,356	687,000
Subsidy to health centres		740,000	785,000
General and administrative expenses	12	808,823	689,522
Training expenses		132,639	38,869
		5,077,285	3,750,283
Other Income	13	291,901	25,000
Net surplus for the year		4,923,722	1,277,448
Operational Self sufficiency (OSS) Ratio		197%	134%

The annexed notes 1 to 20 form an integral part of these financial statements.

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Executive Director

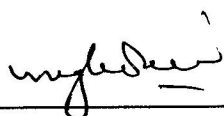

Treasurer

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

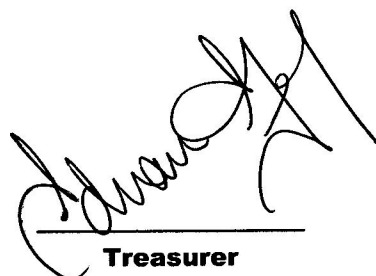
		2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES	Note	Rupees	
Net (deficit)/ surplus for the year		4,923,722	1,277,448
Adjustment for depreciation	8	393,776	301,800
Gain on disposal of operating fixed assets	13	(228,043)	-
Operating surplus before working capital changes		5,089,455	1,579,248
Increase in receivables		(1,405,709)	373,091
(Increase)/decrease in payables		154,286	-
Net cash (used in)/ generated from operations		3,838,032	1,952,339
CASH FLOWS FROM FINANCING ACTIVITIES			
Addition in Fixed assets		(6,792,844)	(86,126)
Proceeds fom disposal of operating assets		310,000	-
Addition to capital work in progress		(478,466)	-
		(6,961,310)	(86,126)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in General Fund- transferred from Mcor finance programme		-	6,000,000
Assets transferred from Microfinance sector		54,634,789	55,000,000
Net cash from financing activities		54,634,789	61,000,000
Net change in cash and cash equivalents		51,511,511	62,866,213
Cash and cash equivalents at the beginning of year		87,886,607	25,020,394
Cash and cash equivalents at the end of year		139,398,118	87,886,607

The annexed notes 1 to 20 form an integral part of these financial statements.

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Executive Director



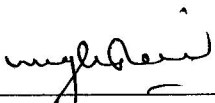
Treasurer

**DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 31 DECEMBER 2014**

	General fund	Reserves	Total
	-----Rupees-----		
Balance as at 01 January 2013	3,970,883	30,131,732	34,102,615
Net surplus for the year	1,277,448	55,000,000	56,277,448
Transfer from micro finance program	6,000,000	-	6,000,000
Balance as at 31 December 2013	11,248,331	85,131,732	96,380,063
Net surplus for the year	4,923,722	-	4,923,722
Transfer from micro finance program - Assets	-	54,634,789	54,634,789
Transfer from micro finance program - Investments		-	-
Balance as at 31 December 2014	16,172,053	139,766,521	155,938,574

The annexed notes 1 to 20 form an integral part of these financial statements.

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Executive Director


Treasurer

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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 25 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 centres 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.

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 the 'Financial Reporting Guidelines for NGOs/NPOs engaged in Microfinance issued by Institute of Chartered Accountants of Pakistan (ICAP).

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 fixed assets

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 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.

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.

4.3 Taxation

The Society is registered under section 2(36) of the Income Tax Ordinance, 2001. Its income is exempt from tax. Hence, no provision has been made for the current and prior years in these financial statements.

4.4 Cost allocation

Common costs relating to financial and non-financial services are allocated in the ratio of 5% of direct social sector costs and the remaining portion to micro finance sector upto June - 2014. Thereafter, no costs had been allocated to social sector as its expenses are being borne separately by social sector

4.5 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 amortised cost using the effective interest method.

4.6 Income recognition

- Donations in kind are recognized at fair market value as and when donated items are received.
- Return on investments is recognized on accrual basis.

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

		Notes	2014	2013
			Rupees	
5	CASH AND BANK BALANCES			
	Cash with banks:			
	In deposit accounts:			
	- local currency		4,389,769	1,886,607
	Cash in Hand:		8,349	-
			<u>4,398,118</u>	<u>1,886,607</u>
6	SHORT TERM INVESTMENT			
	Held to maturity			
	Term Deposit Receipts (TDRs)	6.1	<u>135,000,000</u>	<u>86,000,000</u>
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			
7	RECEIVABLES & Advances			
	Profit on Investments - TDRs		1,511,253	618,529
	Payable from Micro Finance program		154,521	(108,311)
	Advance tax payments - net		250,119	-
	Advance for expenses		34	-
			<u>1,915,927</u>	<u>510,218</u>

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

8 OPERATING FIXED ASSETS

2014										
DESCRIPTION	COST			DEPRECIATION				BOOK VALUE AS AT December 31 2014	RATE %	
	As at 01 January, 2014	Transfers/ Additions during the year	Transfers/ (disposals) during the year	As at 31 December, 2014	As at 01 January, 2014	Adjustments	Charge for the period			As at 31 December, 2014
Rupees										
Land	5,866,200	4,887,500	-	10,753,700	-	-	-	-	10,753,700	-
Building	3,681,121	350,000	-	4,031,121	1,747,044	-	194,473	1,941,517	2,089,604	5
Vehicles	1,141,738	2,501,300	(491,738)	3,151,300	1,018,805	680,565	175,937	1,875,307	1,275,993	20
Furniture & Fixture	61,126	63,094	-	124,220	1,098	40,252	7,690	49,040	75,180	10
Office equipment	762,000	58,567	-	820,567	762,000	16,594	2,928	781,522	39,045	20
Computer equipment	50,980	247,461	-	298,441	50,980	167,886	12,748	231,614	66,827	33
Total	11,563,165	8,107,922	(491,738)	19,179,349	3,579,927	905,297	393,776	4,879,000	14,300,349	

2013										
DESCRIPTION	COST			DEPRECIATION				BOOK VALUE AS AT December 31 2013	RATE %	
	As at 01 January, 2013	Transfers/ Additions during the year	Transfers/ (disposals) during the year	As at 31 December, 2013	As at 01 January, 2013	Adjustments	Charge for the period			As at 31 December, 2013
Rupees										
Land	5,866,200	-	-	5,866,200	-	-	-	-	5,866,200	-
Building	3,656,121	25,000	-	3,681,121	1,563,403	-	183,641	1,747,044	1,934,077	5
Vehicles	1,141,738	-	-	1,141,738	920,457	-	98,348	1,018,805	122,933	20
Furniture & Fixture	-	61,126	-	61,126	-	-	1,098	1,098	60,028	10
Office equipment	762,000	-	-	762,000	744,999	-	17,001	762,000	-	20
Computer equipment	50,980	-	-	50,980	49,268	-	1,712	50,980	-	33
30-06-2014	11,477,039	86,126	-	11,563,165	3,278,127	-	301,800	3,579,927	7,983,238	

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014	2013
		Rupees	
9 GENERAL FUNDS			
Opening balance		11,248,331	3,970,883
Add: Transferred from General Fund of Micor Finance Sector		-	6,000,000
Surplus/(Deficit) for the year		4,923,722	1,277,448
		<u>16,172,053</u>	<u>11,248,331</u>
10 RESERVES			
Opening balance		85,131,732	30,131,732
Sustainability reserve created by transferring from micro finance program:		54,634,789	55,000,000
		<u>139,766,521</u>	<u>85,131,732</u>
11 PROFIT ON INVESTMENT			
Profit on Investments - TDRs		7,713,636	3,532,594
Profit on bank accounts		609,470	210,137
		<u>8,323,106</u>	<u>3,742,731</u>
12 GENERAL AND ADMINISTRATIVE EXPENSES			
Depreciation		393,776	301,800
Vehicles running expense		169,960	130,471
Repair & Maininace		24,340	20,788
Printing and statioary		18,391	3,305
Office supplies		1,914	-
Trevelling expenses		110,090	80,120
Bank charges		9,974	-
Common costs		80,378	153,038
		<u>808,823</u>	<u>689,522</u>
12.1 Calculation of common costs			
Subsidy to home schools		278,400	687,000
Subsidy to health centres		325,000	785,000
Staff salaries		931,030	1,549,892
Trainings		73,129	38,869
Direct cost		1,607,559	3,060,761
Allocated @ 5 % of direct costs		<u>80,378</u>	<u>153,038</u>
13 OTHER INCOME			
Gain on disposal of fixed assets		228,043	-
Donations		59,358	25,000
Other income		4,500	-
		<u>291,901</u>	<u>25,000</u>
14 TAXATION			

The Society is a "Non-profit Organization" as defined under Section 2(36) of Income Tax Ordinance, 2001.

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION
SOCIAL SECTOR PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014	2013
		Rupees	
15 CASH AND CASH EQUIVALENTS			
Cash and bank balances		4,398,118	1,886,607
Short term investments		135,000,000	86,000,000
		<u>139,398,118</u>	<u>87,886,607</u>

16 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, their companies and programs run by the Society. The Society has a policy whereby all transactions with related parties are entered into arm's length basis. Transactions with related parties during the year are as follows:

DAMEN - Micro Finance Program			
Receivable		154,521	(108,311)
Rent income		1,386,000	1,260,000

17 NUMBER OF EMPLOYEES

The Society employed 14 employees (2013: 9) as at the year end.

18 GENERAL

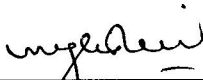
Figures have been rounded off to the nearest rupee.

19 CORRESPONDING FIGURES

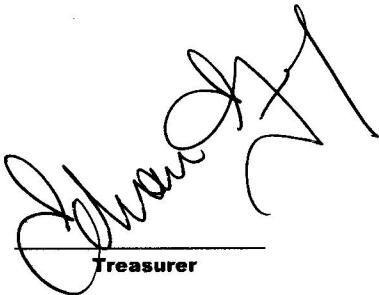
Corresponding figures have been rearranged where necessary for better presentation. However, no significant reclassification has been made in these financial statements.

20 DATE OF AUTHORIZATION

These financial statements were approved and authorized by the board of directors for issue on 31-Jan-2015



Executive Director



Treasurer