

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE GENERAL BODY OF DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN) PAKISTAN**

#### **REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

##### **Opinion**

We have audited the accompanying financial statements of **Development Action for Mobilization and Emancipation (DAMEN) Pakistan** (the Society), which comprise of the statement of financial position as at 31 December 2020, and the income and expenditure account, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the approved accounting and reporting standards as applicable in Pakistan.

##### **Basis for Opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Executive committee is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan, and for such internal control as the Executive committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive committee is responsible for assessing the ability of the Society to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis for accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society financial reporting process.

##### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of our audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding on internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosure in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Sajjad Hussain Gill.



Chartered Accountants  
Lahore: 12 April 2021



LA/6803//21  
8 March 2021

The Board of Directors (the Board)  
Development Action For Mobilization And Emancipation (DAMEN) Pakistan  
Lahore

Respected members of the Board

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

In order to carry out our duties and responsibilities as auditors, we are required by International Standards on Auditing to communicate with those charged with governance about the following matters in respect of our audit of the financial statements of **Development Action For Mobilization And Emancipation (DAMEN) Pakistan (the Society)**.

Our fieldwork is substantially complete, and we anticipate issuing an unqualified opinion on financial statements of the Society for the year ended 31 December 2020.

We are pleased to enclose three (3) copies of draft financial statements of **the Society** for the above year, together with our **draft audit report** thereon to the members duly initialed by us for identification purposes only. We shall be pleased to sign and issue audit report after:

- a) the Board has approved the financial statements and these have been amended to incorporate appropriations, if any, as may be approved by the Board;
- b) the financial statements have been signed by the Executive Director and Treasurer authorized in this behalf and we have;
  - i) received confirmation of NRSP Microfinance Bank for TDR's and
  - ii) received representation letter duly signed by the Executive Director and Treasurer of the Society.

## 2. RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND AUDITORS IN RELATION TO THE FINANCIAL STATEMENTS

- 2.1 The responsibilities of the independent auditors in a usual examination of financial statements are as stipulated in International Standards on Auditing.
- 2.2 While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such financial statements is primarily that of the Society's Board of Directors. The Board's responsibilities include causing the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Society and prevention and detection of frauds and irregularities. The audit of the financial statements does not relieve the Board of its responsibilities. Accordingly our examination of books of account and records should not be relied upon to disclose all errors or irregularities.

## 3. OTHER MATTERS

We would like to draw the attention of the Board to the following matter:

### 3.1 Tax exemption under 2(36) of Income Tax Ordinance, 2001:

We have noted that the exemption under section 2(36) of Income Tax Ordinance, 2001 of the Society expired on 30th June, 2020 and the management has applied for the exemption with the Commissioner Inland Revenue (CIR) on 16 June 2020, however the approval in this regard

is still awaiting and management is hopeful to get the approval in the near future. Resultantly no tax liability is calculated for the excess of income over expenditure.

We hope the Board agrees with the management treatment in this regard and advice the management to follow up for the exemption on priority basis.

**4. TRANSACTIONS WITH RELATED PARTIES**

We have been informed by the management that there were no transactions with related parties other than those as disclosed in the Note 25 financial statements.

**5. CONTINGENCIES AND COMMITMENTS**

We have been informed by the management that there were no contingencies and commitments other than those disclosed in Note 15 of the financial statements.

**6. INDEPENDENCE**

Listed in Annexure "A" are EY's key firm-wide policies and processes to maintain independence and objectivity. We confirm that in our professional judgment, the Firm is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.

**7. FRAUD AND IRREGULARITIES**

We have been informed by the management that to the best of their knowledge there have been no instances of fraud and irregularities during the year that could have a material effect on the financial statements.

May we apprise the Board that unless the auditors have signed their report on the financial statements, such financial statements will remain and be deemed unaudited and shall not be laid before the Annual General Meeting of the Society.

We wish to place on record our appreciation of the cooperation and courtesy extended to our staff during the course of audit.

Yours faithfully



Encls: As above

**DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN)  
AUDIT FOR THE YEAR ENDED 31 DECEMBER 2020**

Ernst & Young LLP (E&Y) has policies and procedures that instil professional values as part of Firm culture and ensure the highest standards of objectivity, independence and integrity are maintained. Listed below are some of the key policies and processes in place within E&Y for maintaining objectivity and independence:

<b>Financial Interests</b>	<p>Our Partners and client facing (technical) staff are prohibited from investing in any audit client around the World.</p> <p>Our partners and staff are required to confirm their compliance each year with our Firm's independence policies. We track this compliance through a Worldwide investment tracking system.</p>
<b>Training</b>	<p>Our partners and staff are required to undergo regular mandatory training on our independence and ethical policies and processes.</p>
<b>Consultation</b>	<p>The Firm requires that the audit team consult with a panel of experienced partners on complex accounting and auditing matters.</p>
<b>Non-audit Services</b>	<p>Our audit engagement partners must approve any non-audit services offered to their clients. This allows them to:</p> <ul style="list-style-type: none"> <li>• ensure the objectives of the proposed engagement are not inconsistent with the objectives of the audit of the financial statements;</li> <li>• identify and assess any related threats to our objectivity; and</li> <li>• assess the effectiveness of available safeguards to eliminate such threats or reduce them to an acceptable level.</li> </ul> <p>Where no satisfactory safeguards exist we do not carry out the non-audit service.</p>
<b>Ethics</b>	<p>Our global code of conduct provides an ethical framework on which we base our decisions and our actions—as individuals and as members of our global organisation.</p>



DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN) PAKISTAN  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020

	Note	2020 Rupees	2019 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	4,762,788	4,995,395
Long term loan	7	-	69,000,000
		<b>4,762,788</b>	<b>73,995,395</b>
<b>Current assets</b>			
Current portion of loan	7	125,000,000	56,000,000
Short term investments	8	10,000,000	-
Accrued markup on short term investment		33,905	-
Tax refund due from the Government	9	396,913	218,539
Short term deposits, advances and prepayments	10	467,255	484,651
Cash and bank balances	11	10,644,968	15,432,564
		<b>146,543,041</b>	<b>72,135,754</b>
<b>TOTAL ASSETS</b>		<b>151,305,829</b>	<b>146,131,149</b>
<b>FUNDS AND LAIBILITIES</b>			
<b>Funds</b>			
General fund		9,161,745	4,947,236
Reserves	12	139,766,521	139,766,521
<b>Total funds</b>		<b>148,928,266</b>	<b>144,713,757</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accrued and other liabilities	13	1,925,023	955,992
Deferred income	14	452,540	461,400
<b>Total liabilities</b>		<b>2,377,563</b>	<b>1,417,392</b>
<b>Total funds and liabilities</b>		<b>151,305,829</b>	<b>146,131,149</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	15		

The annexed notes from 1 to 29 form an integral part of these financial statements.



Executive Director

  
TREASURER

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN) PAKISTAN  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 Rupees	2019 Rupees
<b>INCOME:</b>			
Profit on investments and bank deposits	16	18,171,117	19,727,967
Grant / Donation	17	440,000	1,195,000
Other income	18	613,240	555,670
		19,224,357	21,478,637
<b>EXPENDITURES:</b>			
General and administrative expenses	19	1,651,618	2,279,185
Training expenses	20	3,351,517	2,848,844
Home schools expenses	21	7,479,887	5,768,015
Health centers' expenses	22	2,526,826	2,527,382
Other expenses	23	-	3,802,194
		15,009,848	17,225,620
<b>Excess of income over expenditure</b>		<b>4,214,509</b>	<b>4,253,017</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

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*Salman*  
*Tamara*

EXECUTIVE DIRECTOR

*Arif Saad*  
TREASURER

DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN) PAKISTAN  
STATEMENT OF CHANGES IN FUND  
FOR THE YEAR ENDED 31 DECEMBER 2020

	General Fund	Reserves	Total
Balance as at 01 January 2019	694,219	139,766,521	140,460,740
Surplus for the year	4,253,017	-	4,253,017
Balance as at 31 December 2019	4,947,236	139,766,521	144,713,757
Surplus for the year	4,214,509	-	4,214,509
Balance as at 31 December 2020	9,161,745	139,766,521	148,928,266

The annexed notes from 1 to 29 form an integral part of these financial statements.

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*Sulman  
Tameed*

EXECUTIVE DIRECTOR

*Amin Saeed*

TREASURER



**DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN) PAKISTAN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 Rupees	2019 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		4,214,509	4,253,017
<b>Adjustments for non cash items:</b>			
Depreciation of property and equipment	6.1	232,607	410,094
Markup on loan	16	(16,860,563)	(19,030,719)
Profit on short term investment	16	(627,162)	-
Grant recognized as income during the year	17	(50,000)	(805,000)
Rental income recognized during the year	18	(597,740)	(541,170)
		<u>(17,902,858)</u>	<u>(19,966,795)</u>
<b>Operating deficit before working capital changes</b>		<b>(13,688,349)</b>	<b>(15,713,778)</b>
<b>Effect on cash flow due to working capital changes:</b>			
<b>(Increase) / decrease in current assets:</b>			
Short term deposits and prepayments		17,396	313,307
Tax refunds due from the Government		(178,374)	8,787,455
		<u>(160,978)</u>	<u>9,100,762</u>
<b>Increase / (decrease) in current liabilities:</b>			
Accrued and other liabilities		969,031	(5,037,320)
<b>Net cash flows used in operating activities</b>		<b>(12,880,296)</b>	<b>(11,650,336)</b>
Grant received during the year		-	605,000
Rental income received during the year		638,880	580,800
<b>Net cash flows used in operating activities</b>		<b>(12,241,416)</b>	<b>(10,464,536)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		-	(84,450)
Markup on long term loan received		16,860,563	20,991,514
Short term investments		(10,000,000)	3,140,724
Profit on short term investment received		593,257	-
<b>Net cash flows from investing activities</b>		<b>7,453,820</b>	<b>24,047,788</b>
Net (decrease) / increase in cash and cash equivalents		<b>(4,787,596)</b>	13,583,252
Cash and cash equivalents at the beginning of year		<b>15,432,564</b>	1,849,312
Cash and cash equivalents at the end of year	11	<b>10,644,968</b>	<b>15,432,564</b>

The annexed notes from 1 to 29 form an integral part of these financial statements.

  
**EXECUTIVE DIRECTOR**

  
**TREASURER**

**DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN) PAKISTAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**1 LEGAL STATUS AND NATURE OF OPERATIONS**

- 1.1** Development Action for Mobilization and Emancipation (DAMEN) Pakistan (the Society) was founded and registered in May 1992 as a non profit organization under the Societies Registration Act XXI of 1860. The principal activity of DAMEN is to provide 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, Sheikhpura and Nankana Districts. In addition to these functions, DAMEN also provides non financial services in the form of trainings both to its clients and staff.
- 1.2** The registered office of the Society is situated at 1st Floor, 187-Excise and Taxation Employees Cooperative Housing Society, (ETECHS) Abdul Sattar Edhi Road, Lahore. The Society has field offices within vicinity of Lahore, Kasur, Sheikhpura and Nankana Districts.

**2 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS**

The World Health Organization declared COVID-19 a global pandemic on March 11, 2020. Accordingly, on March 20, 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. The outbreak of COVID-19 has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts.

The Society's management is fully cognizant of the challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Society's operations and liquidity positions.

The Society, being related to direct, monitor and network different project activities in the field of Community Based School, Teacher Education Centre and Education Development monitoring, did not encounter severe disruption in its operations. Further, during the year, the Society has provided subsidy to the trainers, teachers and health workers. The management has assessed the impact of the COVID-19 on the financial statements and concluded that there is no material financial impact of COVID-19 on the carrying amounts of assets, liabilities, income or expenses which required specific disclosures.

**3 STATEMENT OF COMPLIANCE**

These Financial Statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Such accounting standards comprise of Guidelines for accounting standards for NPOs as notified by the Institute of Chartered Accountant of Pakistan and Accounting and Financial Reporting Standards for Small Sized entities.

**4 BASIS OF PREPARATION**

These accounts have been prepared under the historical cost convention.

**4.1 Functional and presentation currency**

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

**4.2 Critical accounting estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards 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 as follows:

	<b>Note</b>
Residual values and useful lives of property and equipment	5.1
Provisions	5.5

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## 5 SIGNIFICANT ACCOUNTING POLICIES

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

### 5.1 Property and equipment

#### a) Cost

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.

#### b) Depreciation

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 6. Full month's depreciation is charged on additions while no depreciation is charged in the month of disposals during the year.

#### c) Disposal

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

#### d) Impairment

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 years to allocate the asset's revised carrying amount over its estimated useful life. The carrying amounts of the Society's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in Income and expenditure account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in Income and expenditure account.

### 5.2 Advances, prepayments and other receivables

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

### 5.3 Accrued and other payables

Liabilities for accrued and other payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

### 5.4 Revenue recognition

#### 5.4.1 Donation

Income from donation is recorded on receipt basis.

#### 5.4.2 Profit on short term investment and bank deposits

Profit on investment in term deposit receipts and bank deposits is recognized using effective interest rate method.

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#### 5.4.3 Grant

Grants are recognized when the amount has been received by the trust. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

#### 5.5 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 reflect the current best estimate.

#### 5.6 Staff 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 Income and expenditure account as and when incurred.

#### 5.7 Foreign currency translations

Transactions in foreign currencies are initially recorded by the trust at their respective functional currency (Pak rupee) spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in income and expenditure account.

#### 5.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

#### 5.11 Related party transactions

Transactions and contracts with related parties are carried out mutually agreed amount determined in accordance with comparable uncontrolled price method. Parties are said to be related if they are able to influence the operating and financial decision of the Society and vice versa.

#### 5.12 Taxation

As per section 2(36) read with section 100C of income tax ordinance, 2001, the Society shall be allowed 100% tax credit of the tax payable, including minimum tax and final taxes payable under any provision of income tax ordinance, 2001, subject to the following conditions:

- a) income tax return has been filed;
- b) tax required to be deducted or collected has been deducted or collected and paid; and
- c) withholding tax statements for the immediately preceding tax year have been filed.

However, surplus funds shall be taxed at the rate of 10%. Surplus funds means funds:

- a) not spent on charitable and welfare activities during the tax year;
- b) received during the year as donation, voluntary contributions, subscriptions and other income;
- c) which are more than twenty-five percent of total receipts of the non-profit organization received during the tax year, and
- d) are not part of restricted funds.

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DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN) PAKISTAN

6 PROPERTY AND EQUIPMENT

6.1 Operating fixed assets

2020								
Description	Cost			Accumulated depreciation			Net book value as at 31 December	Rate %
	As at 01 January	Additions during the year	As at 31 December	As at 01 January	Charge for the year	As at 31 December		
-----Rupees-----								
Land	3,866,200	-	3,866,200	-	-	-	3,866,200	-
Building	1,157,579	-	1,157,579	393,277	57,879	451,156	706,423	5
Vehicles	2,624,200	-	2,624,200	2,596,061	23,653	2,619,714	4,486	20
Computer equipment	582,752	-	582,752	548,330	25,648	573,978	8,774	33
Furniture and fixture	408,756	-	408,756	230,073	35,792	265,865	142,891	10
Office equipment	1,500,952	-	1,500,952	1,377,303	89,635	1,466,938	34,014	20
	10,140,439	-	10,140,439	5,145,044	232,607	5,377,651	4,762,788	

2019							Rate %
Description	Cost		Accumulated depreciation			Net book value as at 31 December	
	As at 01 January	Additions during the year	As at 31 December	As at 01 January	Charge for the year		
-----Rupees-----							
Land	3,866,200	-	3,866,200	-	-	3,866,200	-
Building	1,157,579	-	1,157,579	335,398	57,879	764,302	5
Vehicles	2,624,200	-	2,624,200	2,473,329	122,732	28,139	20
Computer equipment	572,802	9,950	582,752	518,100	30,230	34,422	33
Furniture and fixture	334,256	74,500	408,756	160,066	70,007	178,683	10
Office equipment	1,500,952	-	1,500,952	1,248,057	129,246	123,649	20
	10,055,989	84,450	10,140,439	4,734,950	410,094	5,145,044	4,995,395

6.2 Depreciation charge has been allocated in 10%, 30%, 30% & 30% to general and administrative expenses, training expenses, home school expenses and health centers' expenses respectively.



# DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN) PAKISTAN

	2020	2019
	Rupees	Rupees
<b>7 LONG TERM LOAN</b>		
Long term loan	125,000,000	125,000,000
Less: Current portion shown under current assets	(125,000,000)	(56,000,000)
	<u>-</u>	<u>69,000,000</u>

- 7.1 A demand finance loan of Rs. 125 million given to Damen Support Programme to enhance the microcredit programme of the entity. Under the markup policy, the 6 monthly KIBOR + 325 basis points, prevailing on the first working day of January and July, applied to the entity as markup for the subsequent half year, with no floor and ceiling. Markup is repayable on quarterly basis in arrears. Principle repayments will start from 14 May, 2021 and lum sum amount will be paid on maturity date as per repayment schedule, however the term of the loan is extendable on mutual consent of both parties to contract. This loans is secured against hypothecation of receivables but the charge is not registered.

	2020	2019
	Rupees	Rupees
<b>8 SHORT TERM INVESTMENTS</b>		
	<u>10,000,000</u>	<u>-</u>

- 8.1 This represents investment in Term Deposit Receipts (TDRs) carrying markup at rates ranging from 5.50% to 11.35% per annum.

	2020	2019
	Rupees	Rupees
<b>9 TAX REFUND DUE FROM THE GOVERNMENT</b>		
	<u>396,913</u>	<u>218,539</u>

- 9.1 During the year, the exemption under section 2(36) of Income Tax Ordinance, 2001 of the Society expired on 30th June, 2020 and management has applied for the exemption with the Commissioner Inland Revenue (CIR) on 16 June 2020, however the approval in this regard is still awaiting.

	2020	2019
	Rupees	Rupees
<b>10 SHORT TERM DEPOSITS, ADVANCES AND PREPAYMENTS</b>		
Security deposits	357,500	356,300
Prepaid insurance	109,755	105,606
Advances to supplier	-	1,310
Advances to staff against salaries	-	21,435
	<u>467,255</u>	<u>484,651</u>

## 11 CASH AND BANK BALANCES

Cash in hand	3,714	10,905
Cheque in hand	11.1 3,213,699	-
Cash with banks:		
Deposit accounts:		
- local currency	7,409,748	15,403,590
- foreign currency	17,807	18,069
	<u>7,427,555</u>	<u>15,421,659</u>
	<u>10,644,968</u>	<u>15,432,564</u>

- 11.1 This represents the cheque received by the Society against accrued interest income on the last day of the financial year.

- 11.2 The deposit accounts carries mark up at rates ranging from 5.5% to 11.25% (2019: from 10.5% to 11.25%).



**DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN) PAKISTAN**

		2020 Rupees	2019 Rupees
<b>12 RESERVES</b>			
Social sector programme	<b>12.1</b>	<u><b>139,766,521</b></u>	<u>139,766,521</u>
<b>12.1 Social Sector Programme</b>	<b>Note</b>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Health center - Shahpur		37,185	37,185
Health center - Jhang		15,761	15,761
Education services		269,400	269,400
Sustainability reserve - social sector programme		<u>139,444,175</u>	<u>139,444,175</u>
		<u><b>139,766,521</b></u>	<u>139,766,521</u>
<b>13 ACCRUED AND OTHER LIABILITIES</b>			
Accrued expenses		1,925,023	954,512
Other payables		-	1,480
		<u><b>1,925,023</b></u>	<u>955,992</u>
<b>14 DEFERRED INCOME</b>			
Deferred grant		-	50,000
Un-earned rental income		452,540	411,400
		<u><b>452,540</b></u>	<u>461,400</u>
<b>15 CONTINGENCIES AND COMMITMENTS</b>			
Contingencies and commitments as of reporting date are Nil (2019: Nil).			
<b>16 PROFIT ON INVESTMENTS AND BANK DEPOSITS</b>	<b>Note</b>	<b>2020 Rupees</b>	<b>2019 Rupees</b>
Profit on short term investments		627,162	-
Profit on bank deposits		683,392	697,248
Markup on loan		16,860,563	19,030,719
		<u><b>18,171,117</b></u>	<u>19,727,967</u>
<b>17 GRANT / DONATION</b>			
Grant		50,000	805,000
Donation		390,000	390,000
		<u><b>440,000</b></u>	<u>1,195,000</u>
<b>18 OTHER INCOME</b>			
Rental income		597,740	541,170
Membership fee		15,500	14,500
		<u><b>613,240</b></u>	<u>555,670</u>

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**DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN) PAKISTAN**

		2020	2019
	Note	Rupees	Rupees
<b>19 GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Salaries, wages, and other benefits		844,490	991,521
Auditors' remuneration		517,600	400,000
Loss on investment		-	465,342
Depreciation		23,261	102,524
Legal and professional charges		96,655	96,729
Office supplies		20,340	21,882
Travelling expenses		31,867	72,143
Rent, rates and taxes		53,962	60,090
Utilities		14,508	29,364
Communications		8,922	11,739
Insurance		7,465	7,444
Printing and stationary		3,753	9,668
Bank charges		6,692	-
Office repair and maintenance		15,560	-
Miscellaneous		6,543	10,739
		<u>1,651,618</u>	<u>2,279,185</u>
<b>20 TRAINING EXPENSES</b>			
Salaries, wages, and other benefits		2,519,764	2,022,570
Depreciation		69,782	102,524
Workshop and training		40,692	63,129
Legal and professional charges		289,965	197,315
Travel expenses (POL)		65,807	63,675
Rent, rates and taxes		139,764	122,575
Utilities		43,524	59,898
Insurance		22,396	-
Communications		26,767	23,946
Staff refreshment		39,146	27,746
Vehicles running expense		21,420	25,654
Office repair and maintenance		46,681	-
Meeting expense		2,196	70,292
Miscellaneous		23,613	69,520
		<u>3,351,517</u>	<u>2,848,844</u>
<b>21 HOME SCHOOL EXPENSES</b>			
Salaries, wages, and other benefits		3,025,295	2,898,408
Stipend to home school teachers		2,495,074	1,168,400
Annual event expense		1,014,412	412,851
Legal and professional charges		289,965	282,759
Books, furniture and equipment		-	153,730
Depreciation		69,782	102,524
Field staff travelling allowance		3,900	114,868
Office repair and maintenance		46,681	87,069
Vehicles running and maintenance		50,272	28,034
Rent rates and taxes		210,162	175,654
Printing and stationary		25,203	74,013
Travel expenses (POL)		101,395	56,634
Insurance		22,396	62,322
Utilities		43,524	85,836
Communications		26,767	34,315
Networking and linkages		4,500	3,045
Staff refreshment		39,146	23,880
Miscellaneous		11,413	3,673
		<u>7,479,887</u>	<u>5,768,015</u>

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# DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN) PAKISTAN

		2020	2019
	Note	Rupees	Rupees
<b>22 HEALTH CENTERS' EXPENSES</b>			
Salaries, wages, and other benefits		1,558,320	1,236,578
Subsidy to health centers		207,158	779,746
Printing and stationary		12,200	-
Depreciation		69,782	102,524
Vehicles running expense		58,742	46,144
Travel expenses (POL)		57,010	67,162
Legal and professional charges		289,965	120,636
Rent, rates and taxes		81,199	74,941
Insurance		22,396	-
Utilities		43,524	36,621
Communications		26,767	14,640
Office repair and maintenance		46,681	-
Staff refreshment		39,146	23,880
Miscellaneous expenses		13,936	24,510
		<u>2,526,826</u>	<u>2,527,382</u>

## 23 OTHER EXPENSES

Other expenses		-	3,802,194
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This represent tax refunds from the Government under section 151 of Income Tax Ordinance, 2001 written-off during the year.

## 24 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The aggregate amount charged in the financial statements for the year in respect of remuneration including certain benefits to the Executive Director of the Society is as follows:

	Note	2020 Rupees	2019 Rupees
Managerial remuneration		<u>1,399,200</u>	<u>1,272,000</u>
		-----Number-----	
No. of persons		<u>1</u>	<u>1</u>

## 25 RELATED PARTY TRANSACTIONS

25.1 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 directors, entities with common Board members and entities due to common control. All transactions with such parties are called related party transactions.

25.2 The outstanding balances of such parties have been disclosed in respective notes to the financial statements. Significant transactions with related parties and associated undertakings are as under:

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# DEVELOPMENT ACTION FOR MOBILIZATION AND EMANCIPATION (DAMEN) PAKISTAN

Name	Relation	Nature of transaction	2020 Rupees	2019 Rupees
Staff Provident Fund	Other related parties	Contribution paid	398,155	361,058
Obaid	Treasurer	Donation	55,000	-
Saweela Anees	Chairperson	Donation	105,000	-
Imran Niazi	Director	Donation	-	50,000
Zareen Niazi	Director	Donation	-	50,000
Salma Rashid	Director	Donation	110,000	120,000
Naghma Rashid	BOD advisor	Donation	110,000	120,000
Safia Fayyaz	Director	Donation	25,000	25,000
Ghazala Abbas	Director	Donation	35,000	25,000

Transactions entered into with the key management including Executive Director as per terms of employment are disclosed in note 24.

	2020 -----Number-----	2019
26 NUMBER OF EMPLOYEES		
Number of employees at the end of the year	16	16
Average number of employees during the year	16	17

## 27 DATE OF AUTHORIZATION

These financial statements have been approved by the Board of Directors and authorized for issuance on

08 Apr 2021

## 28 CORRESPONDING FIGURES

Corresponding figures have been rearranged / reclassified, wherever considered necessary for the purposes of better and fair presentation, however, no significant rearrangement / reclassifications has been made except for the following:

Nature of item	Reclassified from	Reclassified to	2019 Rupees
Advance income tax	Accrued markup	Advance income tax	218,539

## 29 GENERAL

Figures have been rounded off to the nearest Rupee, unless otherwise stated.

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*Saima Tawad*

EXECUTIVE DIRECTOR

*Min Saeed*  
TREASURER