

DAMEN SUPPORT PROGRAMME

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 30, 2016**



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Damen Support Programme ("the Company") as at June 30, 2016 and the related income and expenditure account, cash flow statement and statement of changes in funds, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;



A.F.FERGUSON & Co.

- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in funds together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the surplus, its cash flows and changes in funds for the year then ended; and
- (d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Other matter

The financial statements of the Company for the year ended June 30, 2015 were audited by another firm of Chartered Accountants who have expressed an unmodified opinion thereon vide their report dated October 5, 2015.

A handwritten signature in blue ink, appearing to read "A. Ferguson & Co.", written in a cursive style.

Chartered Accountants

Lahore, September 5, 2016


Engagement Partner: Hammad Ali Ahmad

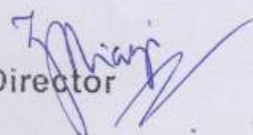
DAMEN SUPPORT PROGRAMME
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	June 30, 2016 Rupees	June 30, 2015 Rupees
NON CURRENT ASSETS			
Micro credit loan portfolio - non current portion		51,222,304	51,501,083
Property, plant and equipment	6	21,729,180	12,806,808
Intangible assets	7	118,096	295,244
Capital work in progress	8	981,183	-
Security deposits	9	1,462,731	592,985
		75,513,494	65,196,120
CURRENT ASSETS			
Short term investment	10	190,304,639	121,109,237
Micro credit loan portfolio - current portion	11	1,137,326,407	1,022,685,731
Advances, prepayments and other receivables	12	39,918,509	33,630,500
Cash and bank balances	13	389,651,108	141,331,272
		1,757,200,663	1,318,756,740
CURRENT LIABILITIES			
Current portion of long term loans	14	919,819,498	818,290,051
Short term borrowing	16	55,586,955	15,497,383
Trade and other payables	17	15,141,703	9,474,827
		990,548,156	843,262,261
NET WORKING CAPITAL			
		766,652,507	475,494,479
		842,166,001	540,690,599
NON CURRENT LIABILITIES			
Long term loans	14	389,903,430	232,139,595
Deferred grant	15	807,990	1,276,559
		390,711,420	233,416,154
NET ASSETS			
		451,454,581	307,274,445
REPRESENTED BY:			
Endowment fund - Pakistan Poverty Alleviation Fund	18	54,200,000	106,000,000
Endowment fund - DAMEN Society	19	68,374,468	68,374,468
Accumulated surpluses	20	61,148,075	17,609,771
Transfer to micro credit loan revolving fund	21	260,523,031	115,290,206
		444,245,574	307,274,445
Disaster relief reserve	22	4,325,404	-
Staff health reserve	23	2,883,603	-
		7,209,007	-
		451,454,581	307,274,445
CONTINGENCIES AND COMMITMENTS			
	24		

The annexed notes 1 to 39 form an integral part of these financial statements.

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Chief Executive


Director

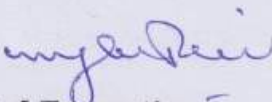

Director

DAMEN SUPPORT PROGRAMME
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	Year ended June 30, 2016 Rupees	October 10, 2014 to June 30, 2015 Rupees
INCOME			
Service charge on micro credit loans		398,677,726	180,898,507
Documentation, insurance and other charges		56,947,650	25,995,300
Return on investments and bank deposits	25	24,908,743	14,029,787
Other income	15, 28 & 29	3,301,182	1,973,572
		483,835,301	222,897,166
EXPENDITURE			
Finance cost	26	102,816,694	56,435,711
Branchless banking charges		22,435,164	10,207,172
Provision against non-performing loans-net	11.3	15,338,366	11,789,940
Salaries, wages, stipends and other benefits		106,808,564	53,973,260
General and administrative expenses	27	87,135,609	27,520,646
Research studies		870,167	-
Live stock vaccination project		854,000	-
Training expenses		3,396,601	1,011,079
		339,655,165	160,937,808
SURPLUS FOR THE YEAR		144,180,136	61,959,358
Transferred to disaster relief reserve	22	(4,325,404)	-
Transferred to staff health reserve	23	(2,883,603)	-
		(7,209,007)	-
SURPLUS AFTER APPROPRIATIONS		136,971,129	61,959,358
Operational Self Sufficiency (OSS) ratio	31	139%	138%

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411


Chief Executive


Director

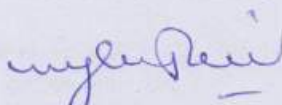

Director

DAMEN SUPPORT PROGRAMME
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

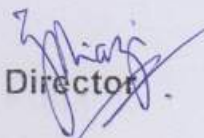
	Note	Year ended June 30, 2016 Rupees	October 10, 2014 to June 30, 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		144,180,136	61,959,358
Adjustments for non cash items :			
Depreciation	6	5,731,858	2,211,919
Write off of fixed assets during the year		744,736	-
Amortization on intangible assets	7	177,148	88,573
Amortization of deferred grants:			
- relating to fixed assets	15.1	(468,569)	(286,516)
- relating to capacity building	15.2	(131,189)	(334,463)
Finance cost	26	102,816,694	56,435,711
Gain on disposal of operating fixed assets	28	(583,816)	(46,194)
Provision against non-performing loans	11.3	15,338,366	11,789,940
		<u>123,625,228</u>	<u>69,858,970</u>
Operating surplus before working capital changes		267,805,364	131,818,328
(Increase) /decrease in operating assets			
Advances, prepayments and other receivables		(6,288,009)	(9,787,006)
Micro credit loan portfolio	11 & 11.3	(129,700,264)	(132,974,821)
Security deposits		(869,746)	73,112
Increase in operating liabilities			
Trade and other payables		5,666,876	2,969,035
		<u>(131,191,143)</u>	<u>(139,719,680)</u>
Operating deficit after working capital changes		136,614,221	(7,901,352)
Finance cost paid		(102,816,694)	(54,755,997)
Net cash generated from operating activities		<u>33,797,527</u>	<u>(62,657,349)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in intangible assets		(981,183)	-
Addition in fixed assets		(15,620,239)	(1,818,119)
Net investments in short term securities		(91,656,039)	(68,648,600)
Proceeds from disposal of operating fixed assets		805,089	231,845
Net cash used in investing activities		<u>(107,452,372)</u>	<u>(70,234,874)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
DAMEN Society - cash balances		-	334,675,988
Grant received relating to capacity building	15.2	131,189	334,463
Net proceeds/ (payment) from running finance facility	16	40,089,572	(128,159)
Net proceeds/ (payment) from long term loans		259,293,283	(8,198,160)
Net cash from financing activities		<u>299,514,044</u>	<u>326,684,132</u>
Net change in cash and cash equivalents		225,859,199	193,791,909
Cash and cash equivalents at the beginning of year		193,791,909	-
Cash and cash equivalents at the end of year	32	<u>419,651,108</u>	<u>193,791,909</u>

The annexed notes 1 to 39 form an integral part of these financial statements.

AKK



Chief Executive



Director



Director