

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Damen Support Programme ("the Company") as at June 30, 2017 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, 2017 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.

Affuzon & Co.

Chartered Accountants

Lahore

Engagement Partner: Hammad Ali Ahmad

DAMEN SUPPORT PROGRAMME

BALANCE SHEET

AS AT JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
NON CURRENT ASSETS			
Microcredit loan portfolio - non current portion		29,201,206	51,222,304
Property, plant and equipment	6	48,943,220	21,729,180
Intangible assets	7	-	118,096
Capital work in progress	8	981,183	981,183
Security deposits	9	1,826,503	1,462,731
		80,952,112	75,513,494
CURRENT ASSETS			
Short term investment	10	127,600,000	190,304,639
Microcredit loan portfolio - current portion	11	1,681,260,081	1,137,326,407
Advances, prepayments and other receivables	12	60,384,409	39,918,509
Cash and bank balances	13	370,051,014	389,651,108
		2,239,295,504	1,757,200,663
CURRENT LIABILITIES			
Current portion of long term loans	14	975,764,567	919,819,498
Short term borrowing	16	39,969,315	55,586,955
Trade and other payables	17	23,648,854	15,141,703
		1,039,382,736	990,548,156
NET WORKING CAPITAL		1,199,912,768	766,652,507
		1,280,864,880	842,166,001
NON CURRENT LIABILITIES			
Long term loans	14	681,500,000	389,903,430
Deferred grant	15	12,988	807,990
		681,512,988	390,711,420
NET ASSETS		599,351,892	451,454,581
REPRESENTED BY:			
Endowment fund - Pakistan Poverty Alleviation Fund	18	31,800,000	54,200,000
Endowment fund - DAMEN Society	19	88,354,229	68,374,468
Accumulated surplus	20	110,488,996	61,148,075
Transfer to microcredit loan revolving fund	21	358,301,721	260,523,031
		588,944,946	444,245,574
Disaster relief reserve	22	6,244,167	4,325,404
Staff health reserve	23	4,162,779	2,883,603
		10,406,946	7,209,007
		599,351,892	451,454,581
CONTINGENCIES AND COMMITMENTS			
	24		

The annexed notes 1 to 38 form an integral part of these financial statements.

[Signature]
Chief Executive

[Signature]
Director

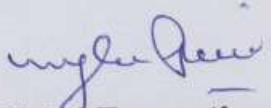
[Signature]
Director

DAMEN SUPPORT PROGRAMME
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

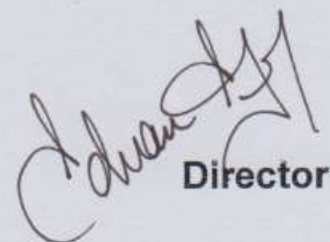
	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
INCOME			
Service charge on microcredit loans		489,032,412	398,677,726
Documentation, insurance and other charges		83,047,050	56,947,650
Return on investments and bank deposits	25	31,043,441	24,908,743
Other income	15,28 & 29	4,701,452	3,301,182
		607,824,355	483,835,301
EXPENDITURE			
Direct Program Costs			
Finance cost	26	130,351,339	102,816,694
Branchless banking charges		27,851,474	22,435,164
Provision against non-performing loans - net	11.3	32,940,828	15,338,366
Salaries, wages, stipends and other benefits		151,917,809	93,297,493
Direct operational costs	27	82,475,979	64,836,602
Research studies		368,750	870,167
Livestock vaccination project		4,132,750	854,000
Training expenses		5,958,933	3,396,601
		435,997,862	303,845,087
General administrative and management expenses	27.1	43,908,943	35,810,078
		127,917,550	144,180,136
SURPLUS FOR THE YEAR			
Transferred to disaster relief reserve	22	(1,918,763)	(4,325,404)
Transferred to staff health reserve	23	(1,279,176)	(2,883,603)
		(3,197,939)	(7,209,007)
		124,719,611	136,971,129
SURPLUS AFTER APPROPRIATIONS			
Operational Self Sufficiency (OSS) ratio	30	126%	139%

The annexed notes 1 to 38 form an integral part of these financial statements.

AH


Chief Executive


Director


Director


DAMEN SUPPORT PROGRAMME
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

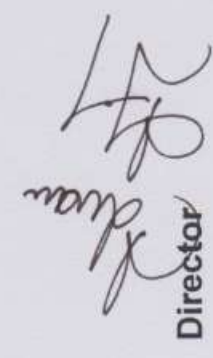
	Endowment fund. (Pakistan Poverty Alleviation Fund)	Endowment fund. (DAMEN Society)	Microcredit loans revolving fund	Accumulated surplus	Disaster relief reserve	Staff health reserve	Total funds
	Rupees						
Balance as at June 30, 2015	106,000,000	68,374,468	115,290,206	17,609,771	-	-	307,274,445
Surplus for the year	-	-	-	144,180,136	-	-	144,180,136
Transferred to reserves	-	-	-	(7,209,007)	4,325,404	2,883,603	-
Transferred to microcredit loans revolving fund	(51,800,000)	-	145,232,825	(93,432,825)	-	-	-
Balance as at June 30, 2016	54,200,000	68,374,468	260,523,031	61,148,075	4,325,404	2,883,603	451,454,581
Surplus for the year	-	-	-	127,917,550	-	-	127,917,550
Transferred to reserves	-	19,979,761	-	(3,197,939)	1,918,763	1,279,176	19,979,761
Transferred to microcredit loans revolving fund	(22,400,000)	-	97,778,690	(75,378,690)	-	-	-
Balance as at June 30, 2017	31,800,000	88,354,229	358,301,721	110,488,996	6,244,167	4,162,779	599,351,892

The annexed notes 1 to 38 form an integral part of these financial statements.

411


Chief Executive

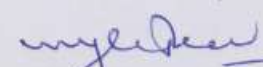

Director

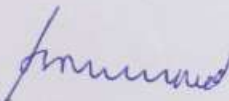

Director

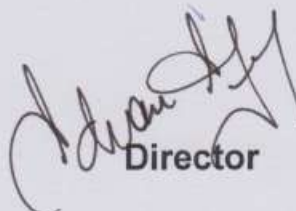
DAMEN SUPPORT PROGRAMME
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	June 30, 2017 Rupees	June 30, 2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		127,917,550	144,180,136
Adjustments for non cash items:			
Write off of fixed assets during the year	6	7,480,084	5,731,858
Amortization on intangible assets	7	-	744,736
Amortization of deferred grants:			
- relating to fixed assets	15.1	(161,617)	(468,569)
- relating to capacity building	15.2	(697,292)	(131,189)
Finance cost	26	130,351,339	102,816,694
Branchless banking cost		27,851,474	
Gain on disposal of operating fixed assets	28	(139,505)	(583,816)
Provision against non-performing loans	11.3	32,940,828	15,338,366
		<u>197,743,407</u>	<u>123,625,228</u>
Operating surplus before working capital changes		325,660,957	267,805,364
(Increase) / decrease in operating assets			
Advances, prepayments and other receivables		(20,465,900)	(6,288,009)
Microcredit loan portfolio		(554,853,405)	(129,700,264)
Security deposits		(363,772)	(869,746)
Increase in operating liabilities			
Trade and other payables		8,507,151	5,666,876
		<u>(567,175,926)</u>	<u>(131,191,143)</u>
Operating deficit after working capital changes		(241,514,969)	136,614,221
Finance cost paid		(158,202,813)	(102,816,694)
Net cash generated from operating activities		(399,717,782)	33,797,527
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in intangible assets		-	(981,183)
Addition in fixed assets		(16,156,343)	(15,620,239)
Decrease / (increase) in net investments in short term securities		32,704,640	(91,656,039)
Proceeds from disposal of operating fixed assets		1,581,485	805,089
Net cash used in investing activities		18,129,782	(107,452,372)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received relating to capacity building	15.2	63,907	131,189
Net (payment)/ proceeds from running finance facility	16	(15,617,640)	40,089,572
Net proceeds from long term loans		347,541,639	259,293,283
Net cash from financing activities		331,987,906	299,514,044
Net change in cash and cash equivalents		(49,600,094)	225,859,199
Cash and cash equivalents at the beginning of year		419,651,108	193,791,909
Cash and cash equivalents at the end of year	31	<u>370,051,014</u>	<u>419,651,108</u>

The annexed notes 1 to 38 form an integral part of these financial statements.

415

Chief Executive


Director


Director