

AKHUWAT
FINANCIAL STATEMENTS FOR THE
YEAR ENDED JUNE 30, 2010

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Akhuwat (the Organization) as at June 30, 2010 and the related statement of income and expense, statement of changes in funds and statement of cashflows together with the notes forming part thereof (hereinafter referred to as the "financial statements") for the year then ended.

It is the responsibility of the management to establish and maintain a sound system of internal control and prepare and present the financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 Akhuwat as at June 30, 2010 and of its deficit for the year then ended on the basis of accounting policies described in note 4 to the financial statements.


Chartered Accountants

Engagement Partner: Imran Farooq Mian

Lahore, June 23, 2011

AKHUWAT

BALANCE SHEET AS AT JUNE 30, 2010

	Note	2010 Rupees	2009 Rupees
Assets			
Current assets			
Advances and other receivables	5	2,267,272	1,669,394
Micro loans portfolio	6	143,889,864	92,228,068
Cash and bank	7	29,725,141	11,240,282
		175,882,277	105,137,744
Non-current assets			
Property, plant and equipment	8	17,715,830	4,003,352
Intangibles		259,920	-
Long term advances and security deposits	9	3,564,317	3,361,869
Long term portion of micro loans portfolio	10	4,676,352	3,723,194
Investments	11	21,000,000	1,000,000
		47,216,419	12,088,415
		223,098,696	117,226,159
Liabilities			
Current liabilities			
Creditors, accrued and other liabilities	12	939,420	341,539
Provident fund payable		2,000,465	1,185,761
		2,939,885	1,527,300
Non-current liabilities			
Loan for credit pool		974,000	500,000
		3,913,885	2,027,300
		<u>219,184,811</u>	<u>115,198,859</u>
REPRESENTED BY			
Donated funds		233,443,722	125,375,255
General fund		(16,237,865)	(12,082,187)
Takaful fund		912,553	878,784
Rehabilitation fund		1,066,401	1,027,007
		219,184,811	115,198,859
Contingencies and commitments	13	<u>219,184,811</u>	<u>115,198,859</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

Am

امجد علی
مہر

Executive Director


Secretary

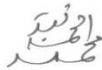
AKHUWAT

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010			2009		
		Microfinance Operations	Akhuwat Health Services	Total	Microfinance Operations	Akhuwat Health Services	Total
		Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Income							
Processing fee	14	5,507,226	-	5,507,226	8,826,478	-	8,826,478
Other income	15	3,018,388	-	3,018,388	2,082,979	-	2,082,979
Member and community donation	16	5,994,801	-	5,994,801	144,817	-	144,817
Operational donations	17	7,084,117	-	7,084,117	774,650	-	774,650
Income from AHS Clinic		-	318,310	318,310	-	79,200	79,200
		21,604,532	318,310	21,922,842	11,828,924	79,200	11,908,124
Expenditure							
General and administrative expenses	18	23,151,632	1,233,949	24,385,581	13,797,835	505,506	14,303,341
Programme assistance		1,740,373	33,342	1,773,715	1,625,104	12,600	1,637,704
Loan loss provision	6.4	932,442	-	932,442	419,859	-	419,859
Franchisee loans directly written off	19	-	-	-	293,000	-	293,000
Death claims written off against Takaful		405,350	-	405,350	265,195	-	265,195
Funeral charges paid from Takaful		220,000	-	220,000	120,000	-	120,000
Advances written off		1,763	-	1,763	242,046	-	242,046
		26,451,560	1,267,291	27,718,851	16,763,039	518,106	17,281,145
Deficit for the year		<u>(4,847,028)</u>	<u>(948,981)</u>	<u>(5,796,009)</u>	<u>(4,934,115)</u>	<u>(438,906)</u>	<u>(5,373,021)</u>

The annexed notes 1 to 21 form an integral part of these financial statements.

An



Executive Director



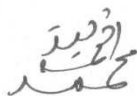
Secretary

AKHUWAT

STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED JUNE 30, 2010

	Donated funds Rupees	General fund Rupees	Takaful fund Rupees	Rehabilitation fund Rupees	Total Rupees
Balance as at June 30, 2008	88,704,872	(6,794,617)	421,100	-	82,331,355
Excess of assets over liabilities of microfinance operations of Decent Welfare Trust acquired during the year	1,332,046	-	-	-	1,332,046
Deficit for the year	-	(5,708,765)	(438,906)	-	(6,147,671)
Donations received during the year	35,338,337	-	1,281,785	1,000,000	37,620,122
Income from Rehabilitation fund	-	-	-	63,007	63,007
Stipends paid out of Rehabilitation fund	-	36,000	-	(36,000)	-
Death claims realized during the year transferred from Takaful fund to general fund	-	385,195	(385,195)	-	-
Balance as at June 30, 2009	125,375,255	(12,082,187)	878,784	1,027,007	115,198,859
Excess of assets over liabilities of microfinance operations of Decent Welfare Trust acquired during the year	-	-	-	-	-
Deficit for the year	-	(4,847,028)	(948,981)	-	(5,796,009)
Donations received during the year	108,068,467	-	1,608,100	-	109,676,567
Income from Rehabilitation fund	-	-	-	105,394	105,394
Stipends paid out of Rehabilitation fund	-	66,000	-	(66,000)	-
Death claims realized during the year transferred from Takaful fund to general fund	-	625,350	(625,350)	-	-
Balance as at June 30, 2010	233,443,722	(16,237,865)	912,553	1,066,401	219,184,811

The annexed notes 1 to 21 form an integral part of these financial statements.

Executive Director



Secretary

AKHUWAT

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2010

Note	2010 Rupees	2009 Rupees
Cash flow from operating activities		
Deficit for the year	(5,796,009)	(6,147,671)
Adjustments for non cash items:		
Depreciation on property, plant and equipment	363,333	294,745
Impairment loss on property, plant and equipment	90,000	-
Loss on property, plant and equipment disposed off	-	405
Profit on bank deposits	(2,006,510)	(318,844)
Provision for loan loss	932,442	419,859
Franchisee loans directly written off	-	293,000
Advances written off	1,763	242,046
Donations received in kind	-	(94,200)
	<u>(618,972)</u>	<u>837,011</u>
	(6,414,981)	(5,310,660)
Effect on cash flow due to working capital changes		
(Increase)/decrease in loan portfolio	(53,547,396)	(27,091,572)
(Increase) / decrease in advances	(799,083)	(313,621)
Increase / (decrease) in creditors, accrued and other liabilities	597,881	(715,484)
Increase in provident fund payable	814,704	521,753
	<u>(52,933,894)</u>	<u>(27,598,924)</u>
Net cash used in operating activities	(59,348,875)	(32,909,584)
Cash flow from investing activities		
Purchase of property, plant and equipment	(14,165,811)	(450,606)
Purchase of intangible assets	(60,000)	-
Proceeds from sale of property, plant and equipment	-	600
Purchase of investments	(20,000,000)	(1,000,000)
Profit on bank deposits	1,908,978	381,851
	<u>(32,316,833)</u>	<u>(1,068,155)</u>
Net cash used in investing activities	(32,316,833)	(1,068,155)
Cash flow from financing activities		
Donations received	109,676,567	37,620,122
Loan for credit pool	474,000	-
Cash received from Decent Welfare Trust	-	144,654
	<u>110,150,567</u>	<u>37,764,776</u>
Net cash from financing activities	110,150,567	37,764,776
Net increase/(decrease) in cash and cash equivalents	18,484,859	3,787,037
Cash and cash equivalent at the beginning of the year	11,240,282	7,453,245
Cash and cash equivalents at the end of the year	<u>29,725,141</u>	<u>11,240,282</u>

The annexed notes 1 to 21 form an integral part of these financial statements.


Executive Director


Secretary