

ASASAH FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2004

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Grant Thornton**Anjum Asim Shahid Rahman**
Chartered Accountants**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **ASASAH** as at June 30, 2004 and the related income and expenditure account together with the notes forming part thereof, for the period 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 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 profit and loss 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;
- 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 together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan 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, 2004 and of the income and expenditure; and
- d) in our opinion no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Anjum Asim Shahid Rahman
CHARTERED ACCOUNTANTS

Place: Lahore

Date: October 04, 2004

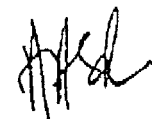
ASASAH
BALANCE SHEET
AS AT JUNE 30, 2004

	Notes	2004 (RS)
NON CURRENT ASSETS		
Operating fixed assets - tangible	3	398,847
Assets subject to finance lease	4	191,440
		<u>590,287</u>
CURRENT ASSETS		
Micro - credit loan portfolio	5	23,281,201
Advances, deposits, prepayments and other receivables	6	1,918,148
Cash and bank	7	6,184,707
TOTAL CURRENT ASSETS		<u>31,384,054</u>
CURRENT LIABILITIES		
Short term running finances	12	29,774,136
Current portion of long term loans and lease liability		65,407
Saving deposits	8	929,650
Accrued and other liabilities	9	1,692,797
Taxation	17	24,370
TOTAL CURRENT LIABILITIES		<u>32,486,360</u>
NET CURRENT ASSETS		<u>(1,102,306)</u>
LONG TERM LIABILITIES		
Long term loan	11	2,869,638
Liabilities against assets subject to finance lease	13	189,656
		<u>3,059,294</u>
NET ASSETS		<u>(3,571,323)</u>
REPRESENTED BY:		
EQUITY		
Current year's retained earnings		(1,286,347)
Transfer of net assets from pilot project	18	(2,284,976)
		<u>(3,571,323)</u>
CONTINGENCIES AND COMMITMENTS	10	<u>(3,571,323)</u>

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

CHIEF EXECUTIVE

CHAIRPERSON



ASASAH
INCOME & EXPENDITURES ACCOUNT
FOR THE PERIOD ENDED JUNE 30, 2004

	Notes	2004 (Rs.)
OPERATIONAL INCOME		
Services charges on micro finance to members		4,873,993 ✓
OPERATIONAL EXPENSES		
Financial charges	14	2,878,678 ✓
General and administrative expenses	15	3,405,725 ✓
Loan loss provision	5	475,127 ✓
		<u>6,759,530</u>
(Deficit) / Surplus over expenses		<u>(1,885,537)</u>
Other income	16	623,560 ✓
Deficit/Surplus before Taxation		<u>(1,261,977)</u>
Taxation	17	(24,370) ✓
Deficit/Surplus after Taxation		<u><u>(1,286,347)</u></u>

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


 CHIEF EXECUTIVE


 CHAIRPERSON



ASASAH**NOTES TO THE ACCOUNTS****FOR THE PERIOD ENDED JUNE 30, 2004****1 NATURE AND STATUS OF THE COMPANY**

- 1.1 Asasah is a Non Profit organization and was incorporated on December 10, 2003 as a Guarantee Limited Company under section 32 of Companies Ordinance, 1984. The company has been given licence under section 42 of Companies Ordinance, 1984 to dispense with the addition of parenthesis and words "(Guarantee) Limited" with its name.
- 1.2 The main objective of the company is to improve the quality of life of financially poor and socially deprived people by identifying and catering for economic opportunities and to liaise with financial institutions and other donors and act as a catalyst for low income generation groups, to improve technical assistances, training/learning opportunities to women and children for improving life standards of poor.
- 1.3 The micro credit program of the foundation is being operated through four branches, within the vicinity of the Punjab province. Asasah is maintaining a voluntary saving program for its members.
- 1.4 There are no comparative figures as it is first year of company's operations and these amounts contain balances (From January 01, 2003 to December 10, 2003) transferred from pilot project (Tabinda) as mentioned in note 18 which are duly verified.

2 SIGNIFICANT ACCOUNTING POLICIES**2.1 Statement of compliance**

These financial statements have been prepared, in all material respects, in accordance with the requirements of the Companies Ordinance, 1984 & IAS as applicable in Pakistan.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Operating Fixed Assets**Owned Assets**

Operating fixed assets are stated at cost less accumulated depreciation. Cost of operating fixed assets consists of purchase price and attributable costs in bringing the assets to their working conditions.

Depreciation is calculated by applying the rates mentioned in the respective note on reducing balance method so as to write off the cost of operating fixed assets over their useful lives. Full annual rate of depreciation is applied on additions during the year whereas no depreciation is charged on assets deleted during the year.

Normal repairs and maintenance is charged to income as and when incurred whereas major renewals and improvements are capitalized. Gain or loss on disposal of operating fixed assets is reflected in the income currently.

2.4 Assets Subject to Finance Lease

These are stated (at inception of lease) at the lower of present value of minimum lease payments under the lease arrangements and the fair value of assets acquired on lease. Aggregate amount of obligations relating to assets subject to finance lease is accounted for at net present value of liabilities. Financial Charges are allocated to the accounting period in the manners so as to provide a constant periodic rate of change on the outstanding liability. Assets so acquired are amortized over the useful lives of the assets in view of certainty of ownership of the assets at the end of the lease period at the rates specified in the respective note.