



Financial Management Service Foundation

RIPPLES...



ANNUAL REFLECTION

2002 -2003

Foreword

The year 2002 – 2003 has been a year full of challenges and new initiatives combined with great learning experience.

It has been a year fully scheduled with workshops organized and facilitated for the partner organizations as well as for other NGOs and agencies. As many as 18 workshops / consultations were organized / facilitated by FMSF during the year, providing rich experience and learnings. In the process, a lot of resource materials were developed and capacities within the team were built. Information about the details of all the workshops are shared in this report. Also the recognition and appreciation received from the various organizations were a source of inspiration.

During the year the thrust area “Information Sharing” gained a lot of significance, where FMSF was able to share the latest developments on matters relating to NGOs. For example, FMSF is one of the very few organizations which provided information through its web-site about the Technical Guide issued by the Institute of Chartered Accountants of India this year. This guide has a lot of significance in the accounting methods followed by the development organizations and would require a lot of capacity building of the sector to adhere to these guidelines. These instances provide challenges to FMSF and enable us to develop creative approaches to address these issues more effectively and efficiently.

FMSF was able to build linkage with the premier institutions of the country like, Tata Institute of Social Sciences, Mumbai and Institute of Chartered Accountants of India, New Delhi. The building of linkages with these institutions will help the organization not only enhance its capacity but also emphasizes the relevance of the organization and makes its intervention in the area of Financial Management and Related Governance more meaningful.

I take this opportunity to appreciate and thank the entire FMSF team for their hard work and enthusiasm.

I also take this opportunity to thank the Board of Trustees and EED, Germany who have been instrumental in all the new initiatives of FMSF.

I would also like to thank the agencies, Bread for the World, Germany and ICCO, The Netherlands and Tearfund, United Kingdom, Christian Aid, U.K. for providing a co-operation opportunity for FMSF.

Remembering the words of Winston Churchill, “Every day you may make progress. Every step may be fruitful. Yet there will stretch out before you an ever-lengthening, ever-ascending, ever-improving path. You know you will never get to the end of the journey. But this, so far from discouraging, only adds to the joy and glory of the climb,”

These words are very true in the context of FMSF. FMSF believes that it will be able to take up the challenges more efficiently and effectively and make progress in its future initiatives.

*May, 2003
New Delhi*

*Sanjay Patra
Executive Director*

VISION

"We aspire for a reality in development co-operation where there will be overall and wholistic accountability among all the constituencies"

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MISSION

"We, the Financial Management Service Foundation, seek to serve the partner organisations of EZE/EED and other like minded agencies in the Indian sub continent to promote accountability by monitoring their projects/programmes and capacitating the partners in financial management and reporting systems."

Section A

Activities

Overview

The year 2002-2003 has been a year full of challenges for us as a development support organization. During this year, Financial Management Service Foundation, for the first time announced two workshops on Fund Management during June and September, 2002, wherein the participants were invited to participate upon payment of a course fee. The result was overwhelming. Both the workshops were over subscribed and we had to turn down few requests for participation.

The year 2002-2003 in FMSF can be called a “Year of Workshops” wherein apart from the above two workshops, FMSF was also invited to facilitate workshops on Financial Management by many organizations.

During November 2002, FMSF had organized the Follow-up Consultation of Finance Consultants in Goa which in many ways has been very significant and trendsetting. The “Forum for Ethics, Accountability and Transparency”, in short called, “FEAT” was evolved in this consultation. The networking initiative thus had taken a major step forward.

The Annual Review & Planning Process for the staff team during January 2003 has been an quite useful process wherein the plans and achievements were reviewed and analysed for the success and areas for further action.

With the enriched experience, we present here our Annual Report on activities for the year 2002 – 2003 identifying it with the major thrust areas.

Financial Monitoring of Development Projects :

The monitoring function includes projects supported by EED and few projects supported by Bftw along with EED.

The task includes :

- Ensure timely receipt of request for transfer of funds and facilitate timely transfer of funds after duly processing the same.
- Ensure timely receipt of half – yearly audited financial and the corresponding activities report.
- Closer interaction with the partner organizations to enable them to fulfill the above.
- Preparation of Final Evidence of Utilisation of Fund (EUF) thereby ensuring the files of those projects that have been completed are timely closed.

Activities & Achievements :

❖ *No. of projects :*

During the period a total number of 31 new projects were received by FMSF after approval by EED.

❖ *Verifications of reports :*

During the period, a total number of 261 audited financial reports and 216 progress reports were received and verified.

❖ **Regular communication with the partner organizations :**

During the period, regular meetings were held with the partner organizations for discussing and sorting out of issues related to the projects. As many as 19 representatives from various partner organizations visited FMSF for discussing project related matters. FMSF team members also made visits to partner organizations to sort out the pending issues. When the EED representatives visited the partner organizations, FMSF team member also accompanied them to share information on the present status of the respective project. During the period, as many as 13 visits were made to various organizations along with the EED representatives. This has helped in strengthening the co-operation with the EED partner organizations across the Indian sub-continent.

❖ **Issues addressed :**

In the process of financial monitoring of the projects, various issues were taken up with the objective of facilitating the partner organizations to comply with primarily the reporting requirements. In this regard, the issue relating to timely submission of the required EED reports were taken up quite effectively and has resulted in timely receipt of many reports.

Issues that still require effective addressing is the timely submission of acknowledgement of receipt of funds received from EED, reporting of bank interest in the audited financial reports etc. Another aspect is the accounting and reporting of Own Means Contribution

especially the non – cash component. In fact, this topic is being now addressed regularly by FMSF in the workshops that are being organized and facilitated.

❖ **No. of projects closed :**

A total number of 40 projects were completed and the closing reports (Evidence of Utilisation of Funds) were duly prepared and forwarded to EED.

❖ **Visit of Auditors from Federal Court of Audits, Germany :**

Two auditors from the Federal Court of Audits, Germany - Mr. Heinz Koser and Mr. Stelmacher - visited FMSF on 10.03.2003 and 11.03.2003. They were accompanied by Mr. Gerhard Mohr and Ms. Monica Huber, EED during their visit to FMSF. The objective of their visit was to study the mandate, roles, functions and tasks of FMSF and analyse the relevance in the present development context of the programmes & projects.

The study included the financial monitoring aspect of the EED projects along with the related capacity building tasks. They also looked into the process of the closure of files. Some sample project files were shared with them during the study process.

Further they also studied the audited financial statements of FMSF that are submitted to EED, the Government and legal authorities. Some sample vouchers were also verified by them. The queries raised by them were adequately replied.

At the end of the two day study process, they informed that they were quite satisfied and convinced about the functions and working of FMSF and shared their appreciation.

Capacity Building :

❖ **Capacity Building for partner organizations:**

The period under review can be termed as a “period of workshops”. As many as 18 workshops and consultations were

organized and facilitated during the year. In fact, various organizations and agencies have approached FMSF for facilitating the workshop for their members and partner organizations. The experience gained from these workshops also indicates the recognition gained by FMSF as a development resource organization. During the process a number of resource materials were prepared wherein new topics were addressed for the first time.

We hereby share the details of workshops / consultations organized / facilitations made during the period below :

Some of the new topics included :

- Fund Accounting*
- NGO Governance*
- Organisational Effectiveness & Sustainability*
- Basic Understanding on the Concept of Micro Credit*
- Preparation & Presentation of Accounts*
- Co-ordination between Programme and Finance*
- Ratio Analysis*
- Internal Control Procedures*
- Change Management*
- Strategic Planning*
- Project Cycle Management*

❖ **Workshop on Fund Management and Related Governance from 4th to 6th June, 2002 at New Delhi :**

This workshop was organized at India Habitat Centre, New Delhi for Northern Region. About 30 organisations (including some non-EED partners) had participated.

This workshop had many “first” features.

- ❖ It is the **first workshop wherein FMSF invited the participation with the payment of course.** Course fee amounted to Rs. 3,000 for non-resident participants and Rs. 5,000 for resident participants.
- ❖ It is the **first workshop wherein FMSF had printed a workshop brochure to be sent along with the letter of invitation.** The brochure, apart from a brief information on FMSF, also contained information on the topics to be discussed in the workshop, the details of the resource persons, venue, timings of the workshop etc.
- ❖ It is the **first workshop wherein the announcement was made on the web-site of FMSF.**
- ❖ It is the **first workshop wherein provision for online registration on the web-site** was made for the participants to register conveniently.
- ❖ It is **also the first workshop where FMSF awarded “Certificate of Participation” to each participant of the workshop.** The certificates were awarded jointly by the FMSF Chairman Mr. K. P. Philip and by Mr. Gerhard Mohr, EED representative.



Further to the above, a detailed background material was prepared, compiled and printed on the topics that were discussed during the workshop. The resource team included Mr. K. N. Gupta and Mr. Manoj Fogla as external resource persons and Mr. Sanjay Patra and Ms. S. P. Selvi from FMSF team.

The methodology included a combination of input sessions and case study exercises wherein the participants worked in groups to discuss the case study provided and came up with their discussions and understanding.

The workshop received quite a good response and overall appreciation and gave more encouragement for FMSF to handle the rest of the workshops that followed during the year.

* **Workshop on Financial Management facilitated for the partner organisation - INSAF from 19.08.2002 to 20.08.2002 at Kalimpong :**

FMSF was invited to facilitate a workshop on Financial Management organized by the partner organisation, INSAF for its forum member organizations. This workshop was held from 19.08.2002 to 20.08.2002 at Kalimpong. About 25 participants had participated in the workshop. Mr. Sanjay Patra, Executive Director and Ms. Pooja Bagga, Project Monitoring Officer were the resource persons for this workshop. The workshop was well received and many practical aspects were brought out by the participants relating to accounting and reporting of financial matters.

* **Workshop on Fund Management and Related Governance from 17.09.2002 to 19.09.2002 at Bangalore :**

Similar to the workshop organized in New Delhi during June, 2002 for Northern Region, a Fund Management Workshop was also organized for the Southern Region partner organizations.

It was held in the same lines as the Delhi workshop with all its unique features.

In fact, this workshop became oversubscribed and FMSF had to virtually say “no” to some. In spite of the refusals to quite a few organizations whose responses had come a bit delayed, about 49 participants (including some non – EED partners) had participated.

The oversubscription had also resulted in causing some difficulty in administrative aspects, such as managing within the moderate size of the hall which had been earlier booked, preparing and printing more number of background materials, etc.

The topics were almost the same and the same resource team was retained for this workshop also.

In this workshop also, the methodology included input session combined with case study exercises for the participants to discuss in groups and come up with their understanding and clarifications. Mr. J. B. Singh, Managing Trustee, FMSF also participated in this workshop.

In this workshop also, “Certificate of Participation” was awarded to the participants by Mr. K. N. Gupta and Mr. Manoj Fogla. The workshop received an overall appreciation from all the participants.

* **Workshop on Fund Management and Related Governance for UMN partner organisations from 26.09.2002 to 27.09.2002 at Kathmandu, Nepal**

This workshop on Fund Management and Related Governance was organized by United Mission, Nepal (UMN) for its network partner organizations at Nepal. About 20 participants had participated in this workshop. The topics discussed were the same as that of the New Delhi and Bangalore Workshops except for the topics on Legal and Tax matters which were not included for the Nepal workshop as it pertains to Indian context.

The resource team included Mr. Manoj Fogla as external consultant, Mr. Sanjay Patra, Ms. S.P.Selvi, Programme Co-ordinator and Ms. Lorraine Mathias, Project Monitoring Officer, from FMSF.

The UMN organizations had appreciated the organizations quite well and suggested that similar workshop be organized every year.

* **Complex Forms of Co-operation (CFC) - Debriefing Workshop (organized jointly with the South & Middle Asia Desk) from 27.11.2002 to 30.11.2002 at Goa**

EED had undertaken a Study on the Complex Forms Co-operation (CFC) with the Indian partner organizations in the form of packages, networks and fora. The study was conducted by an external evaluation team comprising Mr. Fons von der Vleuten, a freelance consultant from The Netherlands, Mr. Manoj Fogla, a Chartered Accountant and an eminent resource person, from Orissa, India and Mr. Pradeep Esteves, Finance Consultant, Bangalore, India.

The team had submitted its study report during early 2002. This consultation was organized by EED to share the contents of the study report with the CFC partner organizations, to discuss major observations and suggestions and to jointly work out the “Way Forward”.

FMSF had organized this workshop jointly with the South & Middle Asia Desk, EED at Goa during November, 2002. Ms. Erika Maerke, Head of South & Middle Asia Desk and Mr. Gerhard Mohr, Finance Co-ordinator, South & Middle Asia Desk, EED had represented EED. Dr. Badal Sengupta, former Head, Consultancy Desk, EED had facilitated the entire process of consultation and discussion.

The workshop report was compiled by FMSF and shared with EED during January, 2003. After finalization, it was shared with all the participants.

- * **Fund Management Workshop for Church of North India, Synodical Board of Social Services from 26.01.2003 to 27.01.2003 at Bhubaneswar**

FMSF was invited to facilitate the Fund Management Workshop organized by the CNI – Synodical Board of Social Services at Bhubaneswar. Mr. Sanjay Patra was the resource person of this workshop. Mr. Uzzwal Madhabdas, Communications Associate, FMSF accompanied this workshop for gaining exposure on the workshop methodologies.

There were about 30 participants including 4 Chartered Accountants who were the auditors of various Diocesan Board of Social Services (DBSS).

The topics discussed included the following:

- * ***Financial Management and Related Governance***
- * ***Budgeting and Cash Flow***
- * ***NGO Governance and Management Information System (MIS)***
- * ***Preparation and Presentation of Financial Statements***
- * ***Accounting of Own Means Contribution, Cash and Non – Cash component, Existing practices in the accounting of Own Means Contribution.***

The topics taken up were discussed at length with the help of case studies. The topic on Own Means Contribution generated a lot of discussion and bringing in more clarity. In the plenary, it was suggested by the resource person to form a task group to address all the issues pertinent to accounting of Own Means Contribution

The workshop was well appreciated by CNI –SBSS.

* **Workshop on Fund Management and Related Governance by SCINDeA network from 27.02.2003 to 28.02.2003 at Yellagiri Hills, Tamil Nadu**

FMSF was invited by the South Central Initiatives for Development Alternatives (SCINDeA) to facilitate the Fund Management Workshop organized for its network member organizations at Yellagiri Hills, Tamil Nadu.

All the 13 member organizations (about 25 participants) had participated in this workshop.

The resource team included Mr. Manoj Fogla, Consultant, Mr. Sanjay Patra and Ms. S. P. Selvi from FMSF.

* **Workshop on Fund Management and Related Governance from 03.03.2003 to 05.03.2003 for VANA network partner organizations at Anantapur, Andhra Pradesh**

FMSF was invited to facilitate the workshop on Fund Management and Related Governance by VANA for its network member organizations. All the network organizations (about 20 participants) had participated in the workshop.

The resource team included Mr. Manoj Fogla, Consultant, Mr. Sanjay Patra, Executive Director and Ms. Purnima Wadhawan, Project Monitoring Officer, from FMSF.

The topics discussed in the above two network workshops included the following:

- * **Introduction to Fund Management and Related Governance**
- * **Budgeting & Cash Flow Planning**
- * **Fund Accounting**
- * **Presentation and Preparation of Accounts**
- * **Accounting & Reporting (emphasis on Progress Reporting)**
- * **Accounting and Reporting of Own Means Contribution**
- * **Internal Control Procedures**
- * **NGO Governance**
- * **FCRA and Income Tax Matters**

The methodology included input sessions combined with case study exercises to be solved in groups by the participants. The workshop was very well received and appreciated.

• **Workshops / Consultations / Facilitations / for other organizations:**

Besides workshops organized and facilitated for the EED partner organizations, FMSF was also invited to facilitate workshops for other agencies during the period.

* **Facilitated workshop on Financial Management and Related Governance for the Partner Organisations of**

**Project Concern International (PCI),
U.S.A. from 12.08.2002 to 14.08.2002
at New Delhi**

FMSF was invited to facilitate the above workshop organized by Project Concern International (PCI), a U.S.A. based funding agency for its partner organizations in India. From 8 partner organizations, about 15 participants had participated.

A useful background material was compiled on the topics discussed in the workshop and was provided to each participant.

The resource team included Mr. Manoj Fogla, Consultant, Mr. Sanjay Patra, Ms. S. P. Selvi & Mr. Rahul Khanna, from FMSF.

The partner organizations of PCI were quite appreciative of the workshop topics discussed.

*** Workshop on Financial Management &
Change Management for Oxfam
Finance Officers from 28.08.2002 to
30.08.2002 at New Delhi**

FMSF also facilitated a Financial & Change Management workshop organized by Oxfam (India) Trust for its Finance Officers. The workshop was attended by about 15 participants - the Oxfam Finance Officers from all their branch offices.

The resource team included Mr. Sanjay Patra, Ms. S. P. Selvi, Ms. Lorraine Mathias & Ms. Purnima Wadhawan from FMSF.

In this workshop, for the first time, FMSF discussed the topic "Change Management" which was facilitated by Mr. Sanjay Patra. The methodology included input sessions combined with case study exercises to be solved in groups by the participants.

A useful background material was compiled on the topics discussed in the workshop and was provided to each participant. The workshop received an overall appreciation from the participants.

*** Organised & facilitated the first module
on Strategic Planning of the Indian
Modular Organisational Development
Programme for the Tearfund partners
from 04.09.2002 to 08.09.2002 at
Vatika, Haryana.**

FMSF is facilitating the Indian Modular Organisational Development Programme (IMOD) organized by Tearfund, a funding agency based in U.K. for its 5 partner organizations in India.

The IMOD is a 3 modular programme on Strategic Planning, Project Cycle Management and Governance & Accountability. A four day workshop on each module will be held.

The unique feature of this IMOD programme is that, each workshop module will be followed by a mentoring period of 6 months during which the mentors will impart the workshop learnings within the respective organisation and take it to all levels.

The first module – Workshop on Strategic Planning – was organized by FMSF for Tearfund and was held at Vatika Garden Resort, Haryana. About 10 participants from 5 organisations had participated in the workshop.

The four day intense workshop schedule was also a learning process for FMSF.

The workshop was well appreciated by the participants for effective organizing by FMSF.

* **Annual Workshop on Fund raising organized by South Asian Fund Raising Group (SAFRG)**

Mr. Sanjay Patra was invited to facilitate a session on Legal Aspects related to Development organizations in the workshop organized by SAFRG during September, 2002 in New Delhi.

There were about 90 participants and a very useful background material was given to each participant.

* **Workshop on Financial Management and Legal Matters organized by EFICOR, New Delhi on 12.09.2002**

FMSF was invited to facilitate a workshop on Financial Management and Legal Matters organized by EFICOR, a reputed development organisation based in New Delhi. About 25 participants had participated in the workshop.

FMSF facilitated the topic on Legal Matters relating to NGOs in this workshop. A useful resource material was compiled and prepared for this workshop and was given to each participant.

The FMSF resource team included Mr. Sanjay Patra and Ms. Purnima Wadhawan.

* **Facilitated the Workshop on Financial Management and Governance at Nagpur organized by Church of North India Synod, New Delhi from 06.11.2002 to 08.11.2002**

FMSF was invited to facilitate the workshop on Financial Management and Governance organized by CNI Synod for its diocesan organizations. The workshop was held at Nagpur.

The workshop was attended by about 60 participants. The FMSF resource team included Mr. Sanjay Patra and Ms. Purnima Wadhawan.

A useful background material was prepared and compiled for the workshop participants.

The methodology included input sessions combined with case study exercises to be solved in groups by the participants. The workshop was well appreciated by the participants.

* **Follow – up Consultation for Finance Consultants and Auditors associated with the development sector was organized from 25.11.2002 to 27.11.2002 at Goa**

FMSF organized a “Follow – up Consultation for Finance Consultants and Auditors” associated with the development sector at Goa during November, 2002.

The objective of this consultation is to build a panel of resource persons who may be involved in the capacity building of the development organizations.

In this workshop, the Forum for Ethics, Accountability and Transparency (FEAT) was formed which included all the participants.

The objective of FEAT is the following :

- ***Capacity Building of the NGOs***
- ***Capacity Building of the Forum***
- ***Lobbying and Advocacy with the decision making authorities on matters related to Financial Management of the development organizations such as the Institute of Chartered Accountants of India, New Delhi.***

Dr. Avinash Chander, Technical Director, Institute of Chartered Accountants of India, New Delhi also participated in this Consultation. About 30 participants who are auditors and finance consultants having long years of experience in the development sector had participated in this consultation.

The consultation was organized by FMSF along with the Consultancy Desk, EED, Germany. Ms. Erika Maerke, Head of the South & Middle Asia Desk, EED and Mr. Gerhard Mohr, Finance & Monitoring Officer, South & Middle Asia Desk, EED participated in this consultation.

This consultation is considered as a major initiative of FMSF in this year.

* **Conference on Not - for – Profit organisations organized by the Institute of Chartered Accountants of India on 12th December, 2002**

The Institute of Chartered Accountants of India organized a seminar on the Role of the Auditing Profession in the context of NGOs during December, 2002. Many experienced and eminent chartered accountants were invited to present papers on various topics.

Mr. Sanjay Patra was also invited by the ICAI to present a paper in this seminar on the Role of the Auditing Profession in the context of the development organizations. The conference provided an opportunity to bring up various issues related to the auditing of the NGOs and there was good discussion among the participants.

More than 250 practicing Chartered Accountants participated in this conference. The President of the Institute of Chartered Accountants of India, Mr. R. Bhupathy chaired the session.

* **Fund Management Workshop and Related Governance for the partners of PRABHAAV from 20.03.2003 to 21.03.2003 at New Delhi.**

FMSF was also invited to facilitate the workshop on Fund Management organized by PRABHAAV, a network of development organisations in New Delhi. About 15 participants had participated in this workshop.

The FMSF resource team included Mr. Sanjay Patra, Ms. S.P. Selvi, Ms. Purnima Wadhawan and Ms. Pooja Bagga.

A detailed background material was compiled and provided for each participant. The methodology included input sessions combined with case study exercises to be discussed in group by the participants.

The workshop was quite appreciated by the participants.

*** Organised & facilitated the second module on Project Cycle Management of the Indian Modular Organisational Development Programme for the Tearfund partners from 23.03.2003 to 27.03.2003 at Goa.**

The second module – Workshop on Project Cycle Management – was organized by FMSF for Tearfund and was held at Hotel Mandovi, Goa. About 13 participants from 5 organisations had participated in the workshop. This time the participation included all the Chief Functionaries of the 5 organisations.

The four day intense workshop schedule was also a learning process for FMSF.

The workshop was well appreciated by the participants for effective organizing by FMSF.

Regular review of activities undertaken in comparison with the plans made had been always considered as one of the effective tools of capacity building. Accordingly, the mid-term review process held during July 2002 and the annual review and planning process held during January 2003 were quite effective in looking into the activities undertaken and analyzing the reasons for the achievements and shortcomings. This also helped in making the plans for the year 2003 in a more realistic manner.

The exercise also included revisiting the vision and mission of the organization and checking our steps to ensure that our move is towards achieving the vision of the organization.

Further, the regular weekly staff meetings every Monday, is also considered as an effective forum where detailed planning for every activity is made, indepth discussions takes place about the strategies to be adopted and action plans are charted out. This enables involvement of all staff in every activity of the organisation.

Networking :

The thrust area Networking focuses on building and strengthening co-operation with resource persons and also with like-minded organizations and agencies. The “Follow – up Consultation of Auditors and Finance Consultants” organized during November, 2002 was a major step in this regard.

Capacity Building of FMSF Staff :

New Initiatives under Networking:

One of the most significant developments that happened during the Follow-up consultation of the Auditors & Finance Consultants is the evolution of the **Forum for Ethics, Accountability & Transparency (FEAT)** in this consultation. As one of the initial measures to take it forward, a National Core Group consisting of 4 members based in New Delhi and a regional representatives group comprising of 3 members (North, South & East) have been formed. The first meeting of these two groups was held on 25.02.2003 at New Delhi, wherein detailed discussions took place about taking the forum forward. Plans were made and tasks were assigned in respect of capacity building and sharing of information regarding the developments taking place in the area of financial management of development organizations.

The meeting of the Southern Region was held on 02.03.2003. Similar meetings of the Northern and Eastern Regions are yet to be planned.

The **FMSF brochure** has been reworked and reprinted in order to depict the organizational perspective along with the details of the related activities. We believe

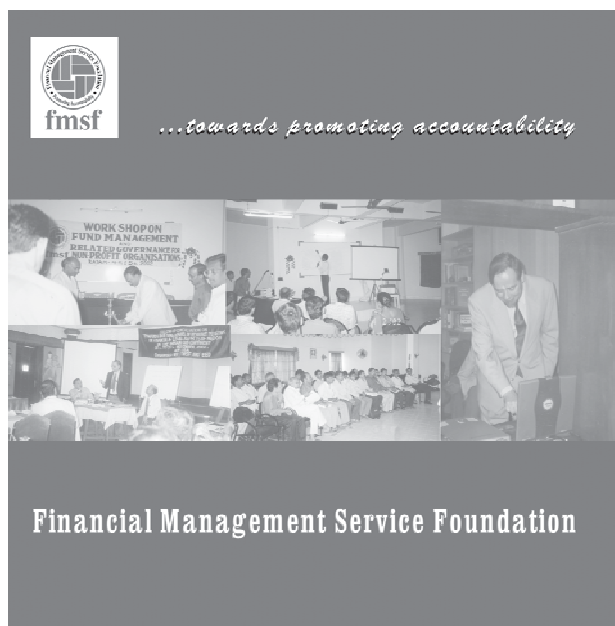
that the new brochure will be a very essential tool in strengthening the networking initiative of FMSF.

As another step in strengthening the network with the like-minded agencies / organisations, a meeting was organized on 12.02.2003 at New Delhi wherein a panel discussion on the topic – “Accountability and Transparency – Key to Good Governance” was organised. Eminent persons having rich experience in the development sector like Mr. C. B. Samuel and Ms. Pushpa Sundar, gave enriching speech on the topic followed by vivid discussions wherein the participants reflected their views and raised issues for further information and clarifications.

In the Follow-up Consultation of Finance Consultants and Auditors held at Goa, the Technical Director, ICAI informed that the Institute is in the process of bringing out a Technical Guide on Accounting and Reporting by Not- for-Profit Organisations. He also stated that the draft of this guide will be shared with all the participants for their feed – back before finalizing the same in January, 2003.

As stated by him the draft of the said Technical Guide was shared with the workshop participants who also shared their feed –back through FMSF to ICAI. This Technical Guide has now been finalized and issued by the ICAI and is expected to have significant recommendations regarding the accounting and auditing of the Not- for-Profit Organisations.

Similarly, the linkage with the premier institution in Social Sciences, the **Tata Institute of Social Sciences, Mumbai** is also building up. Students of Social Welfare



Department of Tata Institute of Social Sciences are being placed with FMSF for one month block placement with FMSF.

Further, it is a great pleasure for us to announce that the two publications of FMSF – “Manual of Financial Management and Legal Regulations” and “Legal and Finance Handbook for Voluntary Organisations” – have been prescribed as text books for the students of Social Welfare Administration by the Tata Institute of Social Sciences, Mumbai.

During the year, the Ministry of Finance of the Government of India, appointed a task force to study and bring in tax reforms. The task force was headed by Dr. Vijay Kelkar. The Kelkar Committee submitted its draft report which had certain strong recommendations of tax reforms pertaining to the NGOs. One example of the recommendation, is the rating of the performance of the NGOs by a rating agency.

In order to share the views of the voluntary sector, few representatives of NGOs had a meeting with Dr. Vijay Kelkar on 4th December, 2002. The representatives included eminent personalities like Ms. Pushpa Sundar, Centre of Philanthropy, Sampradaan, Mr. Sanjay Agarwal, Account Aid India, New Delhi, Mr. Anil Singh, VANI. FMSF was also invited for this meeting and was represented by Mr. Sanjay Patra in the meeting with Dr. Vijay Kelkar. This meeting enabled mutual sharing of views and good understanding on the view of the Government. This also provided an opportunity to understand how the Government is presently keen in improving the accountability aspect in the sector. The

team also conveyed to Dr. Kelkar about the concerns and challenges of NGO sector.

Though the recommendations of the Kelkar Committee has not been taken up by the Ministry of Finance so far, the meeting with Dr. Vijay Kelkar proved to be good learning experience and FMSF feels privileged to have been a part of this process.

Documentation, Information Dissemination, Study & Action Research

One of the major activities under this thrust area is the publishing of the quarterly newsletter “**INTERface**”. The newsletter shares information on the present developments taking place in the development sector. The recommendations of the Kelkar Committee appointed by the Ministry of Finance of Government of India was timely shared to instigate awareness on the thinking of the Government of India’s initiatives and new regulations relating to the development organizations. Besides these, useful articles on financial management issues are also included in the newsletter.

The latest issue covers the period from October 2002 to March 2003 and contains useful articles by eminent resource persons. Some of the topics included are :

- * ***Accountability, Transparency and Ethical Norms – Good Practices***
- * ***Existing Framework of Accounting and Financial Reporting – NGOs***

- * ***Suggested Framework for Accounting and Reporting***
- * ***Internal Control and Management Practices in Non – profit Organisations***
- * ***NGO Governance***
- * ***Compendium of Foreign Contribution (Regulation) Act, 1976***

The issue also includes an article on “Highlights of the Union Budget 2003 for Individuals and Charitable Institutions” which states about the major proposals relating to tax rates, exemptions etc., relating to the individuals as well as the Charitable Institutions.

Besides the above, it also includes an article on “Income Tax Obligations for NGOs in Bangladesh” which contains useful information on income tax obligations relating to development organizations in Bangladesh.

The thrust area “Information Sharing” is also addressed through FMSF web-site (www.fmsfindia.org) which is regularly updated sharing the above information. It also provides information on the Workshops and Consultations organized by FMSF along with the past workshop reports. The Report on the Follow – up Consultation of the Auditors and Finance Consultants held during November, 2002 has been found useful by many organizations who could obtain an update on the discussions that took place .

The information regarding the issuance of **“Technical Guide for Accounting and Reporting by Non-profit Organisations”** by the Institute of Chartered Accountants of India was discussed in the above Follow – up Consultation and was also uploaded in the web-site.


We are happy to report that our web – site is one of the best web – sites in the country for providing information on NGO laws, rules etc., and also giving updates on the latest changes. On an average we have about 10 to 15 visits in a day which is considered very high.

Regarding “Documentation”, several useful resource materials, concept papers have been brought out by FMSF. For each workshop organized, facilitated by FMSF, the relevant background material was prepared which contains the articles on the related workshop topics.

We are starting a new series called “Development Accountability Series” under which the various concept papers that were brought out by FMSF from time to time will be published . Presently, the following 2 concept papers are being now printed :

- * ***Project Management Approach***
- * ***Areas for Evaluation Study of Financial Systems***

Besides the above, the documentation centre which is being developed steadily and regularly now includes several useful books relating to the legal and financial



management aspects of the development organizations.

Constant study and research is undertaken to update the team as well as share information with the constituency. Presently a study on Societies Registration Act, 1860 is taking place resulting in a series of articles in “**INTERface**” about it.

*** Impact of Publications**

The publications of FMSF, both the Manual and the Handbook as well as the quarterly newsletter has made a good positive impact among the development organizations.

Many organizations have been approaching FMSF enquiring about these publications. There are also organizations who have informed us to include their organisation in the mail list of FMSF for the newsletter.

In fact, the newsletter which began with a circulation of about 150 copies has now reached nearly 1000 copies within a span of 2 years.

All the above indicates the major impact that these publications have created among the various development organizations.

Financial Management Consultancy

FMSF has been also approached by various organizations seeking consultancy on matters relating to Financial Management and Legal Aspects of the development

organizations. Most of the consultancy sought during the period has been in the area of FCRA and Income Tax.

Addition to the team

During the period two staff were recruited for the Communications Department, Mr. Uzzwal Madhabdas and Ms. Renu Relan. Mr. Uzzwal Madhabdas is responsible for the publications and documentation centre and Ms. Renu Relan is primarily responsible for maintenance and updating of FMSF web-site and also to provide assistance in Administration.

Visits

*** India Desk Officers Meeting (IDOM) :**

It is an annual meeting of the funding agencies which includes EED, Germany, Bftw, Germany, Christian Aid, United Kingdom, ICCO, The Netherlands, HEKS, Switzerland and Dan Church Aid, Denmark.

The objective of IDOM is to discuss various project funding related matters especially the co – funded projects by these agencies in India and come to a common understanding on the same. This meeting also provides a platform for these agencies to share information about their respective organizational matters and changes in procedures, if any, especially relating to the funding, programme perspectives and co-operation matters pertaining to the projects in India.

In the year 2002, the IDOM was held in Copenhagen from June 13 to 14. FMSF was invited to participate in this meeting. Mr. Sanjay Patra had participated in the same. The objective of the visit is to share information about FMSF and about future co – operation with the IDOM members.

The visit was thus successful wherein Mr. Sanjay Patra informed the members about the functions and perspectives of FMSF.

* **Visit to EED :**

Annual visit to EED is made to share information of mutual concern and on project related matters which is aimed to improve and strengthen the existing co – operation. The visit was made during June, 2002 by Mr. Sanjay Patra.

* **Visit to Philippines :**

Asia Desk 2 of EED had invited FMSF to participate in a Workshop on Small Project Fund at Cebu Islands, Philippines that was held during mid November, 2002. Mr. Sanjay Patra had participated in this workshop. The visit enabled more exchange of views with the network of Chartered Accountants involved in the development field called the Accountants for NGO Concern (ANC). This also proved to be a learning opportunity

enabled building of effective networking among like-minded organizations.

Conclusion

We have completed another year of challenges, hard work and yet enthusiastic and fulfilling. The achievements made during the year would not have been possible without the hardwork of the FMSF team who coped with the work pressure well and rose to the occasion.

We also want to express our appreciation to the trustees for their constant encouragement and support.

With renewed and encouraged spirits we look forward for the coming year wherein we have planned the following:

- * **Annual Fund Management workshop with a specific focus on Legal Aspects for Development Organisations from 3rd to 5th June, 2003 at New Delhi.**
- * **Workshop on Fund Management for partner organizations in Nepal from 2nd to 3rd September, 2003**
- * **Workshop on Social Audit from 3rd to 4th November, 2003**

FMSF, New Delhi
Dated : 15.05.2003

List of Trustees as on 31.03.2003

S.No.	Names
1.	Mr. K.P. Philip, Chairman
2.	Mr. J.B.Singh, Managing Trustee
3.	Bishop. Christopher Furtado
4.	Ms. Rosemary Viswanath



List of Staff as on 31.03.2003

S.No.	Names
1.	Mr. Sanjay Patra, <i>Executive Director</i>
2.	Ms. Anuradha Singh, <i>Resources Co-ordinator</i>
3.	Ms. S. P. Selvi, <i>Programme Co-ordinator</i>
4.	Ms. Lorraine Mathias, <i>Project Monitoring Officer</i>
5.	Ms. Purnima Wadhawan, <i>Project Monitoring Officer</i>
6.	Mr. Rahul Khanna, <i>Project Monitoring Officer</i>
7.	Ms. Pooja Grover, <i>Project Monitoring Officer</i>
8.	Mr. Uzzwal Madhabdas, <i>Communications Associate</i>
9.	Ms. Renu Relan, <i>Communications Associate</i>
10.	Mr. Ram Bahadur, <i>Office Caretaker</i>
11.	Mr. Rajman Yadav, <i>Driver</i>

Section B

Finances

KUMAR MITTAL & CO

CHARTERED ACCOUNTANTS

303-White House, 382, Sant Nagar, East of Kailash, New Delhi - 110 065 Phone-Fax : 6236154-55, 6226155

AUDITOR'S REPORT TO THE MEMBERS OF THE GOVERNING BODY OF FINANCIAL MANAGEMENT SERVICE FOUNDATION

We have audited the attached Balance Sheet of FINANCIAL MANAGEMENT SERVICE FOUNDATION as at March 31, 2003 and also the Income and Expenditure Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of FINANCIAL MANAGEMENT SERVICE FOUNDATION. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 principles used and significant estimates made by management as well as evaluating the overall financial statements presentation. We believe that our audit provides reasonable basis for our opinion.

We report that

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of account as required by law have been kept by FINANCIAL MANAGEMENT SERVICES FOUNDATION so far as it appears from our examination of those books.
3. The Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the books of account.
4. The Balance Sheet and Income and Expenditure Account dealt with by this report are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Accounting Policies and Notes to Accounts (Schedule -V) give the information required, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of Balance Sheet, of the state of affairs of the Trust as at March 31st, 2003 ; and
 - (b) in the case of the Income and Expenditure Account, of the excess of income over expenditure for the year ended on that date.

For **KUMAR MITTAL & CO.**

Chartered Accountants



(AMRISH KUMAR)

Partner

[M. No.90553]

Date : 06.06.2003

Place : New Delhi.

FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST), NEW DELHI

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

As at 31.03.2002 Amt. (Rs.)	Liabilities	As at 31.03.2003 Amt. (Rs.)	As at 31.03.2002 Amt. (Rs.)	Assets	As at 31.03.2003 Amt. (Rs.)
6,847 274	Corpus Fund Contributions made by the Settler Trustees As per last Account Add : Interest thereon	7,121 285	7,406	Fixed Assets As per Schedule - III	1,770,676
31,215 244,925	General Fund As per last Account Add : Surplus during the year	276,140 813,231	1,089,371	Loans and Advances As per Schedule - IV	417,025
2,602,690	Grant Accounts As per Schedule - I	2,575,897	4,208 66	Cash and Bank Balances Cash in Hand - EED - Local Contribution	2,059 16,231 18,290
2,077,243	Assets Fund Account As per Schedule - II	1,595,446	2,510,391 15,507 43,880	Balance in Saving Accounts with Schedule Banks - EED Projects - ICCO - Bread for the world - Tear Fund - Christian Aid - Local Contribution	297,924 937,555 - 1,587,521 139,914 664,040 3,626,954
-	Current Liabilities and Provisions Current Liabilities - EED - Christian Aid	4,838 4,200	283,815		3,645,244
349,089 126,026 620	Expenses Payable - EED Projects - Tear Fund - Christian Aid - Local Contribution	151,227 267,234 137,326 -	555,787		
5,438,929	Total	5,832,945	5,438,929	Total	5,832,945

Accounting Policies and Notes forming an integral part of accounts (Schedule - V)

As per our report of even date
For KUMAR MITTAL & CO.

Chartered Accountants



AMRISH KUMAR
Partner

Place : New Delhi
Date : 06.06.2003

(MANAGING TRUSTEE)

(CHAIRMAN)

(EXECUTIVE DIRECTOR)

(TRUSTEES)

SCHEDULE - I

**FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST), NEW DELHI**

**SCHEDULE OF GRANT ACCOUNT FORMING PART OF
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003**

Funding Agency	Opening Balance as on 01.04.02 (1)	Grant Received during the year (2)	Other Receipts (3)	Total (4)=(1+2+3)	Expenses as per Income and Expenditure Account (5)	Other Transfers (6)	Closing Balance as on 31.03.03 (7)=(4-5-6)
EED	2,669,329	5,018,478	78759*	7,766,566	6,678,035	60,000**	1,028,531
Tear Fund	-	2,338,593	-	2,338,593	1,313,427	-	1,025,166
ICCO	(110,519)	1,061,619	-	951,100	343,045	-	608,055
Christian Aid	-	228,772	-	228,772	230,384	-	(1,612)
Bread for the World	43,880	120,000	-	163,880	183,855	-	(19,975)
CFC Debriefing Workshop (EED)	-	480,022	-	480,022	463,894	-	16,128
Goa Consultation (EED)	-	169,376	-	169,376	249,772	-	(80,396)
TOTAL	2,602,690	9,416,860	78,759	12,098,309	9,462,412	60,000	2,575,897

* Bank Interest (Rs.58,759) and Sale proceeds of Fixed Assets (Rs.20,000).
** Sale proceeds of Fixed Assets of Project No.930034 transferred to General Fund Account.



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SCHEDULE - II

**FINANCIAL MANAGEMENT SERVICE FOUNDATION
A REGD. PUBLIC CHARITABLE TRUST, NEW DELHI**

**SCHEDULE OF ASSET FUND ACCOUNT FORMING PART OF
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003**

As at 31.03.2002 Amount(Rs.)	Assets Fund Account	Amount(Rs.)	As at 31.03.2003 Amount(Rs.)
1467905	Opening balance as on 01.04.2002		2077243
<u>654307</u>	Add:		
2122212	Assets purchased during the year		<u>882295</u>
			2959538
	Less:		
---	Depreciation on Fixed Assets for the earlier years	8,78,077	
---	Depreciation on Fixed Assets for the current year	4,85,273	
<u>44969</u>	Assets sold (Net of Depreciation) during the year	<u>742</u>	<u>1364092</u>
2077243	Closing Balance as on 31.03.2003		1595446



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FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST, NEW DELHI)

**SCHEDULE OF FIXED ASSETS FORMING PART OF
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003**

Fixed Assets	Rate of Depreciation %	GROSS BLOCK			DEPRECIATION				NET BLOCK	
		As at 01.04.2002	Additions during the year	Sales during the year	As at 31.03.2003	Depreciation for earlier years	Adj. for sale during the year	Depreciation for Current Year	Depreciation Upto 31.03.2003	As at 31.03.2003
Computers	60	514,017	112,965	6,625	620,357	365,644	5,883	142,330	502,091	118,266
Furniture & Fixtures	15	318,432	13,462	-	331,894	61,587	-	40,324	101,911	229,983
Office Equipments	25	744,334	74,837	-	819,171	207,351	-	148,036	355,387	463,784
<u>Vehicles</u>										
- Car	20	674,026	681,031	-	1,355,057	242,650	-	154,378	397,028	958,029
- Cycle	25	1,664	-	-	1,664	845	-	205	1,050	614
TOTAL		2,252,473	882,295	6,625	3,128,143	878,077	5,883	485,273	1,357,467	1,770,676
PREVIOUS YEAR		1,643,135	654,307	44,969	2,252,473	-	-	-	-	2,252,473



Signature

Signature

SCHEDULE - IV

FINANCIAL MANAGEMENT SERVICE FOUNDATION (A REGD. PUBLIC CHARITABLE TRUST), NEW DELHI

SCHEDULE OF LOANS & ADVANCES FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2003

As at 31.03.2002 Amt. (Rs.)	Loans & Advances	As at 31.03.2003 Amt. (Rs.)
77,000	Security Deposits	77,000
30,198	Prepaid Expenses	194,613
-	Tax Deducted at Source	7,660
92,500	Advance to Staff	-
128,891	Amount recoverable from organisations / person	137,752
328,589	TOTAL	417,025



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FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST), NEW DELHI

FOREIGN CONTRIBUTION ACCOUNT

CONSOLIDATED RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

Previous Year (Rs.)	Receipts	Current Year (Rs.)	Previous Year (Rs.)	Payments	Current Year (Rs.)
3185	Opening Balances				
	Cash in Hand - EED	4208			
	Balance in Saving Account with Schedule Bank				
936006	- EED Projects	2510391			
---	- ICCO	15507			
---	- Bread for The World	43880			
	EED	2573986			
7134360	Grant Received	5018478			
36833	Miscellaneous Income (Interest)	58759			
30100	Sale of Fixed Assets	20000	413198	PROGRAMME COST	
---	Recovery of Advance to Staff	146500	46279	Workshop Expenses	320678
95160	Workshop Exp. Recovered (Net)	---	---	Travel	172949
2007	Amount recovered from Others (Net)	49777	21001	Boarding & Lodging	121500
			---	Honorarium	64253
			---	Other Expenses	679380
			---	Networking	
			---	Travel	128852
			98220	Printing & Stationary	114145
			21343	Boarding & Lodging	45476
			---	Membership Fees	6000
			---	Others Expenses	4643
			1796976	Salary & Allowances	299116
				(Director, Project Officers)	1997518
			---	Communication Costs	
			---	Salary & Allowances	197446
			92000	Purchase of Computers	153525
			236500	Purchase of LCD Projector	---
			52500	Printing of News letter	96251
			---	Computers Maintenance	72744
			---	Other Expenses	3000
			---	Travel Costs	522966
			72051	Director	
			95179	Trustees Meetings	104881
			---	Capacity Building	128505
			2100	Travel	94404
			14520	Boarding & Lodging	40056
			13204	Other Expenses	9699
					144159

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			CORDINATION & ADMINISTRATION	
			Administrative Costs	
	576000		<u>Office Rent & Maintenance</u>	672000
			<u>Office Running Expenses</u>	
	312409		Telephone Expenses	246603
	101371		Printing & Stationary	151492
	100123		Courier Charges	108115
	121235		Electricity Charges	217728
	77900		Professional Charges	89250
	125332		Internet and Website Exp.	47433
	24590		Insurance	28889
	315033		Other Expenses	431836
	130303		Vehicle Running & Maint.	1321346
	65125		Payments to Auditors	138979
	394086		<u>Salary & Allowances</u>	62400
			(Office Manager & Support Staff)	566332
			Capital Costs	
	---		Car	300000
	230293		Office Equipments	74837
	50514		Furniture and Fixtures	17902
	71390		Photocopier Instalments	---
	---		<u>Assets Sales realisation</u>	392739
	---		<u>tfd. to local Cont. A/c</u>	60000
	---		Amount Recoverable	
	---		Local Contribution A/c	244200
	49777		Others (Net of Payable)	49884
	2500		<u>Advance to Staff</u>	54000
			CFC Debriefing Workshop (EED)	
			Travel	313771
			Boarding & Lodging	108008
			Other Expenses	27597
			Goa Consultation (EED)	
			Honorarium	116240
			Travel	92592
			Boarding & Lodging	40940
				249772
			CFC Debriefing Workshop (EED)	
			Grant Received	480022
			Goa Consultation (EED)	
			Grant Received	169376



---	<u>Tear Fund</u> Grant Received	233593	---	<u>Tear Fund</u> Travel & Conveyance Honorarium Boarding & Lodging Printing & Stationary Computer & LCD Charges Hospitality Expenses Postage, Courier & Fax Bank Charges	229006 166000 287562 57836 7000 1843 1205 620	751072
182982	<u>ICCO</u> Grant Received	1061619	100000 66662 813	<u>ICCO</u> Professional Fees Travel Expenses Other Expenses	110000 17915 11656	139571
---	<u>Charistion Aid</u> Grant Received	228772	---	<u>Charistion Aid</u> Professional Fees Other Expenses	63000 25858	88858
160000 3385	<u>Bread for the World</u> Grant Received Miscellaneous Income (Interest)	120000 ---	119505	<u>Bread for the World</u> Salaries	2059	183855
8584018		12265882	8584018	<u>Closing Balances</u> Cash in Hand - EED Balance in Saving Accounts with Schedule Bank 2510391 - EED Projects 15507 - ICCO 43880 - Bread for the World --- - Tear Fund --- - Christian Aid	297924 937555 1587521 139914	2964973
						12265882

Accounting Policies and Notes forming an integral part of accounts (Schedule - V)

As per our report of even date

For KUMAR MITTAL & CO.

Chartered Accountants

(Signature)
KUMAR MITTAL & CO.
RISH KUMAR
Partner

(MANAGING TRUSTEE)

(CHAIRMAN)

(EXECUTIVE DIRECTOR)

(TRUSTEES)

(Signature)

(Signature)

(Signature)

(Signature)



Place : New Delhi
Date : 06.06.2003

FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST), NEW DELHI

LOCAL CONTRIBUTION ACCOUNT

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2003

Previous Year (Rs.)	Receipts	Current Year (Rs.)	Previous Year (Rs.)	Payments	Current Year (Rs.)
38,062	Cash and Bank Balances as on 1st April, 2002	283,881	-	Payment for Vehicle	136,831
19,500	Receipts for facilities provided	79,600	-	Workshop Expenses	118,427
-	Course fees for workshops	244,500	-	Bank Charges	200
-	Sale proceeds of old assets	136,700	283,881	Cash and Bank Balances as on 31st March, 2003	680,271
144,980	Sale of Finance Manual/Hand-Book	63,490			
73,000	Evaluation / Consultancy Fees	102,915			
4,036	Miscellaneous Income	6,480			
274	<u>Bank Interest</u>	285			
4,029	- On Corpus Fund	17,878			
	- On Others				
283,881	Total	935,729	283,881	Total	935,729

Accounting Policies and Notes forming an integral part of accounts (Schedule - V)

As per our report of even date
For KUMAR MITTAL & CO.
Chartered Accountants

(Signature)

(AMRISH KUMAR)
Partner



Place : New Delhi
Date : 06.06.2003

(Signature)
(MANAGING TRUSTEE)

(Signature)
(CHAIRMAN)

(Signature)
(EXECUTIVE DIRECTOR)

(Signature)
(TRUSTEES)

SCHEDULE - V : ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2003.

A. ACCOUNTING POLICIES

1. The accounts are prepared on historical cost basis as a 'going concern' following the mercantile system of accounting and recognising income and expenditure on accrual basis except otherwise stated. Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting policies.
2. Fixed Assets directly acquired / received in kind are directly charged to expenses accounts and stated in the Balance Sheet through Fixed Assets Fund Account.
3. Fixed Assets are stated as under :-
 - a) Directly acquired at purchase cost less accumulated depreciation.
 - b) Received in kind at stated / estimated cost less accumulated depreciation.
4. Depreciation on fixed assets is provided as per written down value method as per the rates prescribed in Income Tax Act, 1961 but not charged to expense accounts as per the provisions of Income Tax Act applicable to Trust.
5. Only those Grants / Donations are accounted for as Income which have been received or have accrued and become due as per the sanctions of the funding / donor agencies.
6. Inventories are valued and disclosed as under :
 - a) Acquired / manufactured directly are at cost.
 - b) Received free of cost or at a nominal charge at market price or estimated net realisable value.
7. Accounts for the purpose of submission to FCRA are compiled on cash basis.

B. NOTES TO ACCOUNTS

1. Trust has taken Group Gratuity scheme with Life Insurance Corporation of India hence no provision for gratuity has been made in the books of accounts and premium paid has been charged to expense accounts. Further, the trust has applied to Income Tax Authorities for the approval of scheme and the same is awaited.

Trust during the current year has provided the depreciation on fixed assets for current as well as earlier years, in view of the applicability of AS-6 on the trust since some of the activities are termed as business activity as per Technical Guide on Accounting and Auditing in Not -for-Profit Organisations issued by the ICAI.



3. Trust is receiving grants from various agencies / projects and the funds available have been used for each other temporarily.
4. Trust has provided the facilities / services to the programmes of the other funding agencies from the infrastructure / resources created out of the funds of main funding agency. Also, the amounts charged have been credited to the Income of local contribution account. However, the same has no impact on the overall Income and Expenses of the Trust to arrive at Surplus / deficit.
5. No provision for leave encashment entitlement has been made since as per Trust policy, the leaves are to be availed and can not be encashed w. e. from January, 2003.
6. In terms of AS-2, the details of the inventories of the items (purchased / received free of cost), in hand at the close of the accounting year valued at market price are as under :

Name of Item	Opening Stock as on 01.04.02	Receipts during the year	Sales during the year	Distribution during the year	Closing Balance as on 31.3.03	Rate (Rs.)	Value (Rs.)
Finance Manual	522	-	97	12	413	500	206500
Legal Handbook	540	-	116	13	411	300	123300
T. Shirt	-	50	4	-	46	250	11500
						TOTAL	341300

7. Income and expenses are generally disclosed as per budget of the funding / donor-agencies.
8. Previous year figures have been regrouped / reclassified, whenever necessary.

Signature to Schedule – I to V of the Balance Sheet.

As per our report of even date
For **KUMAR MITTAL & CO.**
Chartered Accountants

(Signature)

(AMRISH KUMAR)
Partner

(Signature)
(MANAGING-TRUSTEE)

(Signature)
(CHAIRMAN)

(Signature)
(EXECUTIVE DIRECTOR)

(Signature)
(TRUSTEES)

Place : New Delhi.

Dated : 06.06.2003





Financial Management Service Foundation

A-17, Neeti Bagh, New Delhi – 110049, INDIA, **Tel:** 26850569, 26568307, 26524851 & 51640653, **Fax:** 26863542

e-mail: fmsindia@vsnl.com, fmsf@vsnl.com, fmsf@fmsfindia.org.

Web-site: www.fmsfindia.org/www.fmsfindia.org.in