

A close-up photograph of a single water droplet falling into a pool of water. The droplet is captured mid-fall, just above the point of impact, creating a small splash and concentric ripples that spread outwards. The background is a soft, out-of-focus gradient of light colors, possibly a sunset or sunrise, adding a serene and reflective atmosphere to the scene.

**Reflection
2003-2004**

3003-3004
REFLECTION

FINANCIAL MANAGEMENT SERVICE FOUNDATION

Vision

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

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.”

Core Values

- *Accountability* - our accountability to the constituency we seek to serve.
- *Transparency* - to be transparent in our actions.
- *Humaneness* - accounting practices with a human touch.
- *Sensitivity* - sensitive to development issues and programmes.

If I may sum up the year gone by, it would be a "year of progress". In the areas of capacity building, we have been able to facilitate both national as well as international workshops. The response to our publications and newsletters has been overwhelming. One new website has been launched. A number of issues on monitoring have been addressed. All this has happened with a small

I thank and appreciate the trustees and EED for their co-operation and support. We also value the cooperation of ICCO, Bread for the World, Christian Aid, Tearfund and all our partner organisations for their support and partnership.

Executive Director Shares

team who has worked effectively and efficiently. I deeply appreciate their efforts.

This year is the 10th year of our existence. We will have various functions to commemorate the event. As we reflect the last 10 years in the memory lane, we can easily come to the theme of our 10th anniversary celebrations-"CELEBRATING PARTNERSHIPS".

Sanjay Patra
May 2004

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Section A

Activities

The Year 2003-2004 has been yet another year of excitement and challenges. During this year, Financial Management Service Foundation (FMSF), had organized two major events. One, the National Consultation on the "Technical Guide for Accounting and Reporting for Not-for-Profit Organisations" issued by Institute of Chartered Accountants of India (ICAI) held during October 2003.

Overview

Secondly, the "workshop on Social Audit- Accountability Dimensions" held during November 2003.

The National Consultation focused on the Technical Guide issued by the ICAI to the Not- for- Profit Organisations (NPOs) relating to the accounting standards. The consultation aimed at discussing the practicalities involved therein, with the larger forum of development organisations, finance consultants and auditors associated with NPOs.

The other event, "Workshop on Social Audit- Accountability Dimensions" aimed at enhancing the understanding on this concept from the accountability dimensions.

Both these events were well appreciated by the participants which also enriched us to a great extent.

Further to the above, the regular "Annual Fund Management Workshop with specific focus on Legal Aspects relating to Development Organisations" was organized by FMSF during June 2003. The workshop was oversubscribed and was quite well appreciated by the participants.

During this year, the evaluation of FMSF was organized by Evangelischer Entwicklungsdienst (EED) [formerly known as EZE]. The evaluation process brought out clearly the positive impact of FMSF in the thrust areas it is involved and convinced us of the relevance as well as effectiveness of our interventions.

With the enriched experience, we present here our Annual Report on activities for the year 2003-2004 identifying it with the major thrust areas.

The regular monitoring function performed by FMSF includes projects supported by EED and few projects supported by *Bread for the World (Bftw)* along with EED. During the year, FMSF has also been entrusted with the responsibility of monitoring few bilateral projects supported by BftW.

Financial Monitoring of Development Projects

10

□ Activities & Achievements:

* No. of projects:

During the year 2003 a total number of 20 new projects were received by FMSF after approval by EED.

* Verifications of reports:

During the period, a total number of 92 audited

financial reports and 76 progress reports were received and verified.

* Regular communication with the partner organisations:

As in the past, regular meetings were continued to be held with the partner organisations for discussing and sorting out of issues related to the projects. As many as 18 representatives from various partner organisations visited FMSF for discussing project related matters. FMSF team members also made visits to partner organisations to sort out the pending issues.

When the EED representatives visited the partner organisations, FMSF team members also accompanied them to share information and for better understanding on the present status of the respective project. In fact the visits made to North East India, Nepal and Bangladesh has proved immensely helpful in sorting out many of the pending issues.

* No. of projects closed:

A total number of 20 projects were completed and the closing reports (Evidence of Utilisation of Funds) were duly prepared and forwarded to EED during the period.



During the period, a total of 10 workshops and consultations were organised and facilitated by FMSF including workshops facilitated for other organizations as well.

Capacity Building

- Workshops organized by FMSF

- * Annual Fund Management Workshop with specific focus on Legal Aspects for Development Organisations from 3rd to 5th June, 2003 at New Delhi.

This workshop was organised at India Habitat Centre, New Delhi. About 55 participants (including many EED partners) had participated representing various organisations from across the country.

- * Workshop on Fund Management and Related Governance for Development

Organisations from 02.09.2003 to 03.09.2003 at Kathmandu, Nepal.

A Fund Management Workshop was also organised for the voluntary partner organisations in Kathmandu, Nepal. The workshop had about 25 participants representing various NGOs in the country.

-Workshops facilitated by FMSF for other organisations

- * Workshop on Financial Management and Legal Aspects for the partners of Oxfam (India) Trust from 05.04.2003 to 07.04.2003 at Bhubaneswar.
- * Workshop on Financial Management and Legal Aspects for the partners of Oxfam (India) Trust from 27.04.2003 to 29.04.2003 at Imphal.
- * Organised & facilitated the third module on Governance and Accountability of the Indian Modular Organisational Development Programme (IMOD)

for the Tearfund partners from 10.08.2003 to 14.08.2003 at Toshali Sands, Orissa.



- * Workshop on Fund Management and Related Governance by National Institute of Public Cooperation and Child Development (NIPCCD) 25.02.2004 to 26.02.2004 at PHD House, New Delhi.

□ New Initiatives

- * National Consultation on Technical Guide issued by Institute of Chartered Accountants of India (ICAI) for Accounting and Auditing for Not-for-Profit Organisations from 17.10.2003 to 18.10.2003.

The two day consultation brought out key issues and recommendations which were presented and shared with the ICAI for consideration taking into account the complexities involved relating to functional aspects of the NPOs. This consultation is a major milestone in the path of FMSF.

- * Workshop on Social Audit – Accountability Dimensions held on 03.11.2003 to 04.11.2003 at India Habitat Centre, New Delhi

Social Audit is a democratic process of ensuring public accountability through a systematic demand for information by the community in response to the work/program that has already been implemented by an Non - Governmental Organisation (NGO) or the state or the civil society

- * Workshop on Organisational Management and Capacity Building organised by World Council of Churches – CCA at Bangkok, from 02.12.2003 to 07.12.2003

- * Bread for the World-Partners' Meeting from 9th and 10th December, 2003 held at YMCA International Hostel, Mumbai Central.

for the development change of that particular area/community. In particular, it aims to involve all the stakeholders in the process to measure social performance in order to achieve improvement as well as to report accurately on what has been done.

Also, in the present context, the accountability aspect of NGOs is gaining more significance.

Further, it also had the following objectives:

- ◆ To understand the guiding principles and how social audit can influence good development practice
- ◆ To identify the basic steps and tools of a social audit
- ◆ To highlight the implications and risks of social audit

About 30 participants from various development organisations and funding agencies across the country participated in this workshop.

□ Impact

- * FMSF has been able to reach more number of grass root organizations through the above workshops.

- * Also more organizations are approaching FMSF for consultancy in the areas of FCRA and Income Tax related aspects.

- * Few organizations have also obtained consultancy relating to registration of an organization.

The experience gained from these workshops continue to indicate the recognition gained by FMSF as development resource organisation. During the process, the existing resource materials were further developed

Some of the topics that were further developed were:

- Fund Accounting
- NGO Governance
- Preparation & Presentation of Accounts
- Governance & Accountability

New topics included were :

- Board Functions
- Board Development
- Accounting Standards applicable to NGOs
- Legal Framework applicable to NGOs

and new topics (like Board Governance, Social Audit etc.) were addressed for the first time.

□ Capacity Building of FMSF Staff:

As in the previous year, regular review of activities undertaken in comparison with the plans was made as it is considered as one of the effective tools of capacity building.

Accordingly, the mid-term review process held during July 2003 and the annual review and planning process held during early February 2004 were quite effective in looking into the activities undertaken and analysing the reasons for the achievements and shortcomings.



The thrust area Networking continues to focus on building and strengthening co-operation with resource persons and also with like-minded organisations and agencies.

Networking

◆ Major Activities & Achievements:

* Internship

Students from the various premier institutions in Social Work, like the *Tata Institute of Social Sciences, Mumbai* and other Management were placed with FMSF for one month block placement each with FMSF.

Also another student of Economics from USA has been placed with FMSF for her internship with FMSF to study on the work of the NGOs capacity building and project management in India.



* Developments in Forum for Ethics, Accountability and Transparency (FEAT) initiative:

Prior to the National Consultation which was held during October 2003, wherein members from the Forum for Ethics, Accountability and Transparency (FEAT) had participated, a Northern Region FEAT meeting was convened during May 2003 wherein the Technical Guide was discussed in detail. It was during this meeting that the thought to organise a National Consultation was articulated.

Thus networking initiatives with the "FEAT" members is being

pursued on.

* **Indianngos.com:**

The Indianngos.com, which is an exclusive web-site for the NGOs in the country, had approached the Executive Director of FMSF, Mr. Sanjay Patra for an interview inviting his views on the Governance and Accountability in the development sector. The interview has been uploaded in the web-site www.indianngos.com.

* **Credibility Alliance:**

FMSF was approached for

consultancy by Credibility Alliance for taking across the Minimum Norms drafted by it through the FEAT to various NGOs.

It is believed that this initiative will turn out to be a major step in promoting self-regulatory measures among the organizations with whom FMSF is associated.

◆ **Future Goals:**

- * to develop FEAT forum in Nepal and Bangladesh
- * to sharpen the role of FEAT through rigorous follow-up with Regional Representatives whereby initiatives such as Credibility Alliance can come together for a larger impact.



◆ Major Activities & Achievements:

* Publishing of “**INTERface**”

“**INTERface**” shares information on the present developments taking place in the development sector. Useful articles on financial management issues are continued to be published in this

Documentation, Information Dissemination, Study & Action Research

magazine. So far, 11 issues have been published since the year 2001.

* Web-site:

The thrust area “Information Sharing” is also addressed through FMSF web-site (www.fmsfindia.org) which is regularly updated for sharing relevant information. It also provides information on the Workshops and Consultations organized by FMSF

along with the past workshop reports.



Another web-site www.legalissuesforngos.org was inaugurated during the year. This site contains all information and Acts relating to various laws applicable and relevant to NGOs.



◆ Impact of Publications

The publications of FMSF, both the “Manual of Financial Management and Legal Regulations” and the “Legal and Finance Handbook for the Voluntary Organisations” as well as the “**INTERface**” continues to have positive impact among the development organisations.

Many organisations have been approaching FMSF for these publications. There are also organisations who have informed us to include their address in the mailing list of FMSF for the newsletter.

Also the organisations who participate in the workshops conducted by FMSF have expressed their interest in the publications of FMSF and place order for purchase. This has resulted in a considerable increase in the circulation of “**INTERface**”.

the various development organisations.

◆ **Major Activities & Achievements:**

* During this year, FMSF has been also approached by various organisations seeking consultancy on matters relating to Financial Management and Legal Aspects of the development organisations.

* Most of the consultancy sought during the period has been in the area of FCRA and Income Tax, Societies Registration Act, 1860 etc.

Many queries are received and consultancies sought through the web-site of FMSF.

All the above indicates the major impact of these publications among

Financial Management Consultancy

EED had organized an external evaluation of FMSF during September / October 2003. The evaluation process was a rich experience for the entire team of FMSF providing opportunity to reflect upon and take stock of the various initiatives that have been made.

FMSF Evaluation

The methodology of the evaluation included sharing of a questionnaire with the EED partner organisations in the Indian sub-continent including Nepal and Bangladesh. The process also included visits by the evaluator to some

of the partner organisations and gather information and feed-back on the functions of FMSF.

The report which was brought out during November 2003 reflected the positive impact expressed by the partner organisations. Some key recommendations have also emerged such as to shift from mere India centric to South Asia focused. These recommendations are planned to be taken up with EED for further discussion.

Overall, the evaluation process revealed the appreciation from the partners on the efforts made by FMSF. This evaluation is thus a major milestone in the journey of FMSF.

Another significant achievement for FMSF during this year is the acquisition of own premises for the organisation named as “**ACCOUNTABILITY HOUSE**”. The new building acquired with the support of EED Is located in NOIDA. This is

also considered as a major milestone which will contribute towards self-reliance of the organisation and would also enrich the ongoing work.

FMSF has completed another year of challenges, hard work and excitement. The achievements during the year would not have been possible without the hard work of the FMSF team who coped with the work pressure well and rose to the occasion.

ACCOUNTABILITY HOUSE

The Board of Trustees has been seen as a constant encouragement and support.

FMSF is completing 10 years in the year 2004. Plans are being made to celebrate this occasion during November 2004.

With renewed and encouraged spirits, our journey continues . . .

FMSF, New Delhi
May 2004

Conclusion

List of Staff

1. *Anuradha Singh*
2. *Dharmender Singh Rawat*
3. *Lorraine Mathias*
4. *Pooja Bagga*
5. *Purnima Jolly*
6. *Rahul Khanna*
7. *Rajman Yadav*
8. *Ram Bahadur*
9. *Renu Relan*
10. *S. P. Selvi*
11. *Sanjay Patra*
12. *Uzzwal Madhabdas*

Board of Trustees

1. *K. P. Philip, Chairman*
2. *J. B. Singh, Managing Trustee*
3. *Rosemary Viswanath, Trustee*
4. *Bshp. Christopher Furtado, Trustee*
5. *Dr. Nalini Abraham, Trustee*
6. *Dr. C. S. Walters, Trustee*
7. *Gerhard Mohr, Nominee, South & Middle Asia Desk, EED*
8. *Sanjay Patra, Executive Director/Ex-officio Secretary*

<i>Legal Status</i>	:	<i>Registered Trust</i>
<i>Address</i>	:	<i>“ACCOUNTABILITY HOUSE” A-5, Sector 26, NOIDA - 201 301</i>
<i>Auditors</i>	:	<i>Kumar Mittal & Co., Chartered Accountants</i>
<i>Bankers</i>	:	<i>Bank of Baroda, E-22, Hauz Khas, New Delhi Standard Chartered Grindlays Bank, South Extension</i>

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Section B
Finance

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**FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST), NEW DELHI
BALANCE SHEET AS AT 31ST MARCH 2004**

	As at 31.03.04 Amount (Rs.)	As at 31.03.03 Amount (Rs.)
<u>SOURCES OF FUNDS</u>		
Unutilised Grants	4,567,363	2,575,897
Corpus Fund	7,665	7,406
General Fund	2,118,186	1,089,371
Assets Fund Account	12,829,190	1,595,446
TOTAL	<u>19,522,404</u>	<u>5,268,120</u>
<u>APPLICATION OF FUNDS</u>		
Fixed Assets		
Gross Block	15,036,234	3,128,143
Less : Depreciation	2,207,044	1,357,467
Net Block	<u>12,829,190</u>	<u>1,770,676</u>
Current Assets, Loans & Advances		
Cash and Bank Balances	6,487,230	3,645,244
Loans and Advances	399,207	417,025
	<u>6,886,437</u>	<u>4,062,269</u>
Less: Current Liabilities & Provisions		
Expenses Payable	158,950	555,787
Other Liabilities	34,273	9,038
Net Current Assets	<u>6,693,214</u>	<u>3,497,444</u>
TOTAL	<u>19,522,404</u>	<u>5,268,120</u>

Significant Accounting Policies and Notes
forming an integral part of accounts

For FINANCIAL MANAGEMENT SERVICE FOUNDATION

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

MANAGING TRUSTEE Sd/-

Sd/-
(AMRISH KUMAR)
Partner

CHAIRMAN Sd/-

EXECUTIVE DIRECTOR Sd/-

Place : New Delhi
Date : 28.05.2004

TRUSTEE Sd/-

FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST), NEW DELHI
Foreign Contribution Account
Receipts and Payments Account for the year ended 31st March 2004

RECEIPTS	CURRENT YEAR AMOUNT(Rs)	PREVIOUS YEAR AMOUNT (Rs)
Opening balance		
- Cash in hand	2,059	4,208
- Cash at Bank	29,62,914	25,69,778
Grants Received		
- EED	72,35,605	56,67,876
- Tear Fund	4,22,208	23,38,593
- ICCO	-	10,61,619
- Christian Aid	37,12,640	2,28,772
- Bread For The World	3,13,923	1,20,000
Other Receipts		
- General Fund	5,46,900	-
- Other Income	5,48,646	2,75,036
TOTAL	1,57,44,895	1,22,65,882
 PAYMENTS		
EED		
- Programme Costs	20,13,192	19,97,518
- Communication Costs	12,33,318	5,22,966
- Workshops and Consultations	12,16,076	8,23,539
- Networking	3,27,975	2,99,116
- Coordination & Administration Costs	27,78,598	40,47,675

PAYMENTS	CURRENT YEAR AMOUNT(Rs)	PREVIOUS YEAR AMOUNT (Rs)
- Capital Costs	7,33,850	3,92,739
- Advance to staff	1,19,000	54,000
- Tear Fund - IMOD programme	18,74,146	7,51,072
- ICCO - Need Assessment Programmes	4,04,333	1,39,571
- Christian Aid - International Trade Campaign	38,57,787	88,858
- BftW - Project Accompaniment Services	2,76,928	1,83,855
Closing Balances		
- Cash in Hand	2,077	2,059
- Cash at Bank	9,07,615	29,62,914
TOTAL	<u>1,57,44,895</u>	<u>1,22,65,882</u>

Significant Accounting Policies and Notes
forming an integral part of accounts

For **FINANCIAL MANAGEMENT SERVICE FOUNDATION**

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

MANAGING TRUSTEE Sd/-

Sd/-
(AMRISH KUMAR)
Partner

CHAIRMAN Sd/-

Place : New Delhi
Date : 28.05.2004

EXECUTIVE DIRECTOR Sd/-

TRUSTEE Sd/-

FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST), NEW DELHI
LOCAL CONTRIBUTION ACCOUNT
Receipts and Payments Account for the year ended 31st March 2004

RECEIPTS	CURRENT YEAR AMOUNT (RS)	PREVIOUS YEAR AMOUNT (RS)
Cash and Bank Balances as on 01.04.03	6,80,271	2,83,881
Workshops/Consultations	5,82,885	3,47,415
Other Income	6,71,141	2,86,270
Bank interest	35,499	18,163
TOTAL	19,69,796	9,35,729
 PAYMENTS		
Workshops/Consultations	1,54,845	1,18,627
Capital Costs	2,44,200	1,36,831
Cash and Bank Balances as on 31.03.04	15,70,751	6,80,271
TOTAL	19,69,796	9,35,729

Significant Accounting Policies and Notes
forming an integral part of accounts

For **FINANCIAL MANAGEMENT SERVICE FOUNDATION**

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

MANAGING TRUSTEE Sd/-

Sd/-
(AMRISH KUMAR)
Partner

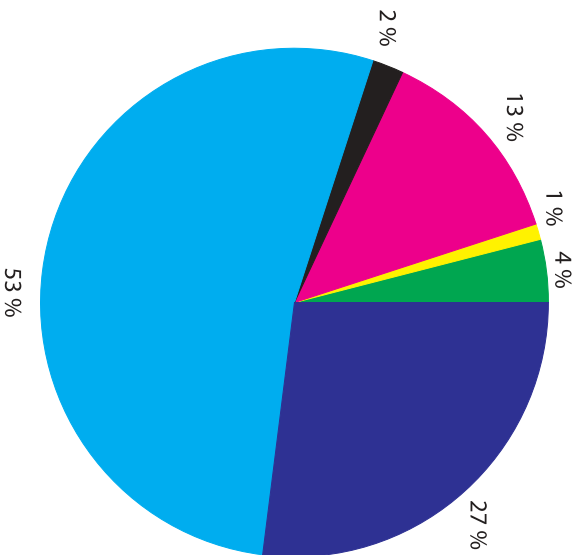
CHAIRMAN Sd/-

EXECUTIVE DIRECTOR Sd/-

Place : New Delhi
Date : 28.05.2004

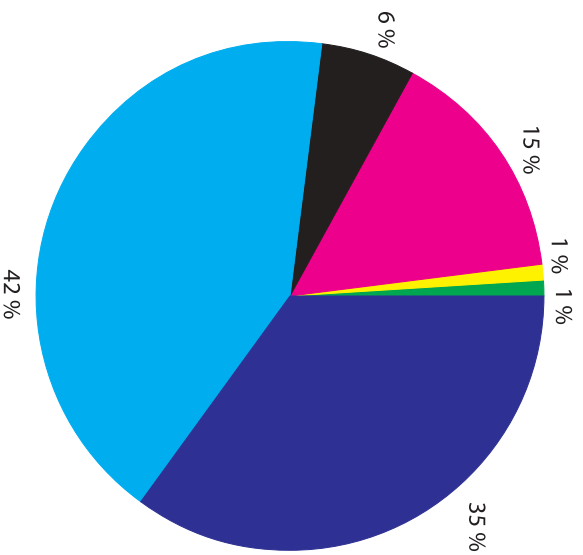
TRUSTEE Sd/-

INCOME



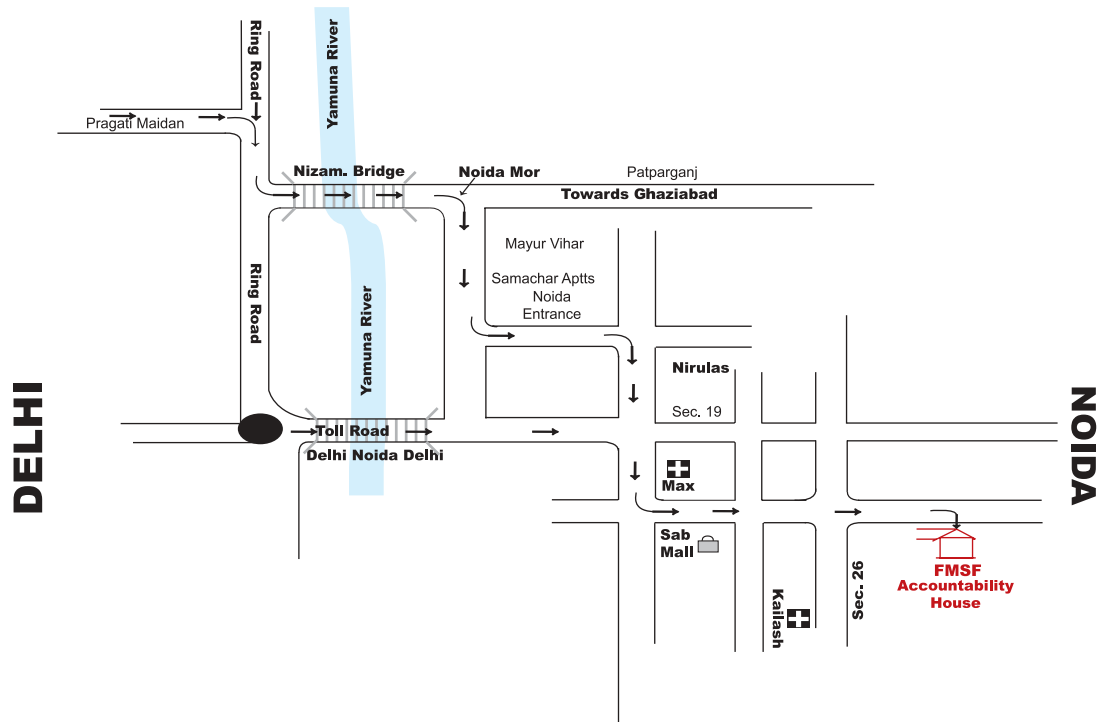
- EED Grant (27%)
- Office Premises (EED) (53%)
- Tearfund (2%)
- Christian Aid (13%)
- Bread for the World (4%)
- General Fund (4%)

EXPENDITURE



- EED Grant (35%)
- Office Premises (EED) (42%)
- Tearfund (6%)
- Christian Aid (15%)
- Bread for the World (1%)
- General Fund (1%)

How to reach us



Financial Management Service Foundation

"ACCOUNTABILITY HOUSE"

A-5, Sector 26, NOIDA - 201 301

Tel: 00-91-120-2546732, 2546733, 2546744, 2546745

(For calling from Delhi: 95120-2546732, 2546733, 2546744, 2546745)

Fax: 00-91-120-2546731

E-mail: fmsindia@vsnl.com, fmsf@vsnl.com, fmsf@fmsfindia.com

Website: www.fmsfindia.org
www.legalissuesforngos.org
www.fcraforngos.org