

Reflection

2004 - 05

One notch higher
- raising the bar

Financial Management Service Foundation



Executive Director Shares.....

“One notch higher”

- raising the bar

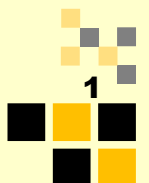
In the high jump competition, the participant has to keep on clearing different heights. The participant is first asked to clear a minimum height to qualify as a contestant. After qualifying the minimum height, the bar is raised to the next higher level. In this way, the bar continues to the next notch..and the next.....and so on.

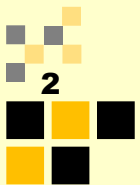
We at FMSF believe in raising the bar every year. We continue to strive for higher and higher level in our journey of accountability. We continue to attempt one notch higher every year. Reflection 2004-05 presents our effort to rise one notch higher.



Sanjay Patra

May, 2005

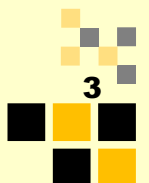




Contents

Contents

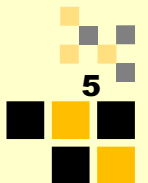
<i>Section A</i>	<i>Page No.</i>
Introduction	7
Core Values	9
Organisational Structure	10
Governance, Legal & Donor Compliance	11
Core Activities	13
Milestones	26
Sustainability	29
Into the Future	30
Conclusion	31
Annexure No. 1	32
Annexure No. 2	33
Annexure No. 3	34
 <i>Section B</i>	
Financial Statements	37-63





Section

A





Introduction

About FMSF

FMSF is a resource organisation which specialises in Financial Management, Legal Issues and Governance in Development Organisations - *'We believe that with proper systems and processes in place, the voluntary organisations are better equipped to face the challenges of the various issues they are working for.'*

Brief overview:

The year 2004-05 has been a significant period for FMSF. During this period, FMSF shifted to its own premises at "ACCOUNT ABILITY HOUSE", A-5, Sector- 26, NOIDA. Yet another important event was the Consultation on Social Accounting organized during the month of November, 2004. Which focused on how the reports generated by the NGOs can capture the

process and impact of their development interventions. Representatives of the development sector from across the world came forward to join the Consultation.

During the year, the Forum for Ethics, Accountability and Transparency (FEAT), which is a network of finance consultants and auditors, was also launched in Nepal and Bangladesh.

Another significant event of the year was that FMSF completed ten years of its existence. The 10th Anniversary celebration was organized on 18th of November, 2004. Representatives from many European Funding Agencies, as well as representatives from the NGOs spread across India, Nepal and Bangladesh graced the occasion.

With this brief overview we hereby present 'Reflection 2004-05', the Annual Report of the activities of FMSF

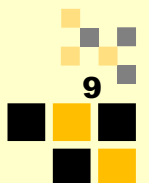




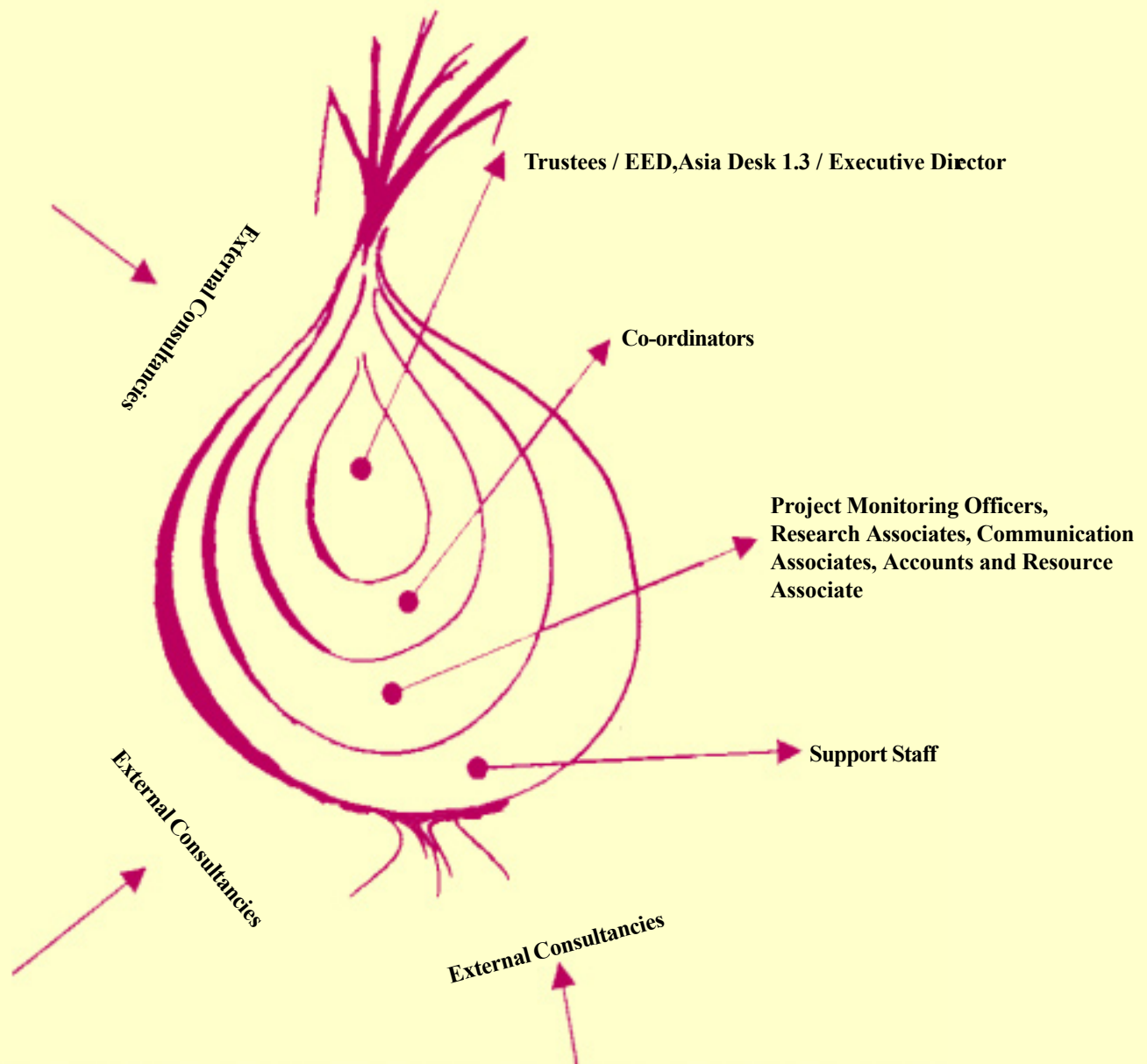
Core Values

The Core Values promoted and practiced are :

accountability -	strives to be accountable to all its stakeholders in every way
transparency -	believes in absolute transparency in all its actions
humaneness –	believes in a proaching all opportunities and challenges with humaneness
sensitivity –	strives to be sensitive to the development issues and programmes



Organisational Structure



Governance, Legal & Donor Compliances

Board of Trustees - FMSF is legally governed by a Board of Trustees which takes major strategic policy decisions. The present Board has six members. Apart from them, the Executive Director acts as an ex-officio Secretary to the Board. The Head of South and Middle Asia Desk of EED, Germany or her nominee is the permanent invitee to the Board Meetings. During the year, the Board met twice.

Each of the Board Members serve a term of three years. Each member can serve for one term and then there is a break of one term after which the member can be re-invited to the Board. New members are elected and their appointment is duly approved by the Board.

Executive Director – FMSF is headed by an Executive Director who is responsible for not only effective execution of the major decisions taken by the Board but also in implementing strategic plans and actions of the organization.

Performance Appraisal - The Board also evaluates the performance of the Executive Director once in three years. The performance appraisal of the Executive Director was conducted by the Board of Trustees during the year of reporting. The process included feed-backs from the Board Members, EED and certain staff members.

The performance of the staff is also evaluated every year. The annual performance appraisal of the staff for this year was conducted during the January 2005 by the Executive Director. For this purpose, a structured format is used. The appraisal is participatory in nature.

Core Team - Major strategic decisions are taken by the Core Team which includes The Executive Director, the Programme Co-ordinator and the Resource Coordinator.

Operational Team - The operational and functional decisions are taken by the Operational Team which includes the Project Monitoring Officers,

Communications and Research Associates, Resource Co-ordinator, Programme Co-ordinator , Accounts Associate and the Executive Director .

Legal & Donor compliance - FMSF is a registered Charitable Trust. It is also registered under the Income Tax Act, 1961 and Foreign Contribution (Regulation)

Act, 1976. FMSF has been regularly filing its reports under these Acts every year after completion of the Annual Statutory Audit.

FMSF has also complied with required reports to resource sharing agencies like EED, BftW , ICCO, Tearfund U.K., etc with whom it had been associated during the year.

The details of the above compliance for the period is given below :

Details	Due date	Date of Compliance
Statutory Audit for the year ending 31.03.2004	-	28.05.2004
Filing of Returns for the year 2003-2004 under Income Tax Act, 1961	31.10.2004	01.10.2004
Filing of Returns (FC-3) for the year 2003-2004 under Foreign Contribution (Regulation) Act, 1976	31.07.2004	22.07.2004

Core Activities

A brief overview of the activities carried out during the year is given below.

Thrust Area I : Financial Monitoring of Development Projects

The regular monitoring function performed by FMSF includes projects supported by EED, Germany and few projects supported by Bread for the World (BftW), Germany and EED jointly. FMSF is also responsible for monitoring few bilateral projects supported by BftW

No. of projects :

During the year 2004, a total number of 34 new projects were received by FMSF after approval by EED.

Verifications of reports :

During the period, a total number of 160 audited financial reports and 164 progress reports were received and verified.

Regular communication with the partner organisations :

As in the past, regular meetings were held with the partner organisations for discussing and sorting out issues related to the projects. As many as 16 representatives from various partner organizations visited FMSF office during the year 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 accompanied them to share information and for better understanding on the status of the respective project. Visits to North East India, Nepal and Bangladesh has contributed in enhancing the understanding of the issues and finding solutions for the same.

No. of projects closed :

A total number of 27 projects were completed and the closing reports (Evidence of Utilisation of Funds) were duly prepared and forwarded to EED during the period.

The major outcome of this thrust area has been the timely receipt of most of the financial and activity reports with improved quality . Also the timely closure of 27 projects and the submission of the Final Evidence of Utilisation of Funds (EUF) is another outcome.

Thrust Area II : Capacity Building

During the period, an Annual Fund Management Workshop was organised by FMSF for the partner organizations. Further, 12 other workshops were facilitated by FMSF as well.

Workshop organized by FMSF :

Annual Fund Management Workshop with specific focus on Governance and Accountability for Development Organisations from 25th to 27th May, 2004 at New Delhi.

This workshop was organised at India Habitat Centre,



New Delhi. 36 participants (including many EED partners) had participated representing various organisations from across the country. The participants also included representatives from partner organizations in Nepal and Bangladesh.

Workshops facilitated by FMSF for other organizations:

- a. Workshop on “Creating Good Boards” organised by Sampradaan on 01.06.2004 at Pune.
- b. Orientation Training on “Establishing and Managing a Voluntary Organisation” from



28.06.2004 to 02.07.2004 organised by National Institute of Public Co-operation and Child Development (NIPCCD) at New Delhi.

c. Workshop on “Fund Management and Related Governance” on 10.07.2004 organised by Church of North India, New Delhi.



d. Workshop on “Fund Management and Related Governance” for Emmanuel Hospital Association at Himalayan Torchbearers, Dehradun from 21.07.2004 to 23.07.2004.

e. FMSF facilitated a session on EU reporting requirements in the follow – up workshop on PME Systems organised by ICCO at Udaipur from 09.09.2004 to 12.09.2004.



f. Organised & facilitated the Workshop on “Project Cycle Management” for the



Tearfund U.K., partners from 11.10.2004 to 15.10.2004 at TERI Retreat, Gurgaon.

- g. Workshop on “Fund Management and Related Governance” for the partner

organizations of CASA from 19.10.2004 to 20.10.2004 at Lucknow, Uttar Pradesh.

- h. Workshop on “Board Appraisal and Evaluation” organised by Sampradaan at Hazaribag on 22.11.2004.

- i. Workshop on “Financial Management for Amity Foundation” in Nanjing, China organised by Amity Foundation from 05.12.2004 to 10.12.2004.

- j. Training on “Mobilisation and Management of Community Resources” organised by National Institute of Public Co-operation and Child Development (NIPCCD) from 08.02.2005 to 11.02.2005 held in New Delhi.

- k. “Workshop for Auditors on EU requirements” organised by ICCO from 23.02.2005 and 24.02.2005 at GramVikas, Orissa.

- i. Training Programme on “Good Governance in Voluntary Organisations” organised by National Institute of Public Co-operation and Child Development (NIPCCD) from 29.03.2005 to 01.04.2005 held in New Delhi.

Capacity Building for the staff team :

The mid-term review process was held during July 2004 and the annual planning process for the year 2005 was held in January 2005. The annual planning process included field visits as well. Both the meeting included discussions and deliberations about the activities of FMSE.

Further, its staff members participated in the following workshops / training programmes:

- Workshop on Games for training by INSA India.
- Workshop on sex selection (Female Foeticide) organised by BCF and CWDS.
- Workshop on Innovative Information and Communication Methods for International Resource Mobilisation organised by Datamation India.



- Fourth Annual Regional Meeting 2005 organised by OneWorld South Asia.

The objective of such participations is to keep the staff members updated with the developments taking place in the sector and also to equip themselves to be more effective in their workplace.

Impact of the Capacity Building initiatives :

FMSF was able to reach a number of grass root organisations and assist in strengthening their Financial Management systems.

Many organizations are approaching FMSF for consultancy in the areas of FCRA, Income Tax registration of organisations and other related aspects.

Thrust Area III: Networking

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

The major developments under this thrust area are:

Forum for Ethics, Accountability and Transparency (FEAT):

This is a network of finance consultants and auditors. FEAT initiative in India continues to progress well. The members of FEAT are involved in the various study processes, capacity building processes and in sharing information relevant to the

development organizations. This Forum is also involved in the lobbying and advocacy with various financial and legal policy making bodies to evolve policies which are sensitive to the reality of the sector and also promotes accountability.

During the year , FEAT-Nepal was launched on 19.08.2004 in Kathmandu, Nepal. About 17 Chartered Accountants / Finance Consultants participated in this inaugural meeting.



Similarly, FEAT-Bangladesh was also launched on 20.09.2004 at Dhaka, Bangladesh. 9 Chartered Accountants / Finance Consultants participated in this inaugural meeting.

The objective of the above initiative was to evolve a forum of finance consultants in Nepal and Bangladesh to address the needs of the NGO community therein and to provide guidance to them on matters relating to financial management and governance issues.

The initiative received good and encouraging response from the participants of both the meetings. Several tasks have been identified to be taken up jointly for achieving the above objective.

NGO Accountants Network (NAN) :

One of the new initiatives of FMSF is the capacity building of the accountants working in the NGOs.

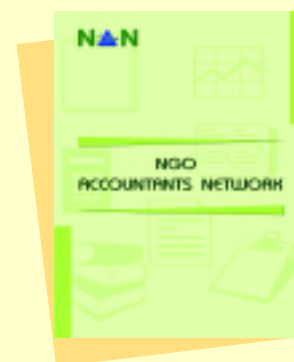
NGO Accountants play a very important role in the chain of accountability of the development sector. The books of account maintained by the accountants and the reports generated helps in promoting greater

accountability and transparency not only within the organisation but also among its various stakeholders. It is necessary to build capacities among the NGO accountants to cope up with the ground realities existing at the field level and thereby contribute to the good governance of an organisation.

With the above perspective, FMSF has launched a new network for this purpose, known as “NGO Accountants Network” called NAN. NAN was launched during January 2005.

The objective of this network is :

- to provide a forum to the NGO Accountants to mutually learn from each other.
- to capacitate the NGO Accountants on various new methodologies in NGO Financial Management.



- to sensitise on the field realities.
- to build a resource pool of expertise.

Planning Commission of India :

The Planning Commission of India is in the process of preparing a national policy for voluntary sector. FMSF has been part of the process and Mr . Sanjay Patra has been invited to be a part of the task group formed by the Planning Commission of India for this purpose.

Linkages with Other Organisations:

Through networking initiatives with Indianngos.com, Credibility Alliance, etc., FMSF regularly shares information regarding its publications as well as about the planned workshops and collaborates on other major issues on Financial Management, Legal Issues and Governance.

Internships :

Students from the premier institutions in SocialWork, like the ***Tata Institute of Social Sciences, Mumbai***

and ***Institute of Rural Management Anand (IRMA)*** and other Management Institutes were placed with FMSF for field work of varying duration.

Another student of International University of Trade and Development from France was also placed with FMSF for her internship with FMSF to study the work of the NGOs, their capacity building and project management in India.

These students worked on various topics such as “Quantification of People’s Contribution” and “Developing a capacity building programme in Financial Management of Local Self-Government Organisations (Panchayats)”.

Thrust Area IV : Documentation, Information Dissemination, Study & Action Research

Documentation:

The thrust area Documentation is directly linked with the Resource Centre. During the year , the existing workshop resource materials have been streamlined. New resource materials have been developed / included in the Resource Centre.



This year's documentation included a visual documentary produced on the journey and the work of FMSF. This brief documentary has captured the origin and the growth of FMSE. This documentary along with the Souvenir released by FMSF on the occasion of its 10th Year Celebrations forms part of the documentation initiatives of FMSE.

Information Dissemination:

During the year, FMSF shared the information on the salient features of the Finance Bill 2005 as soon as the Union Budget was presented in the Parliament on 28.02.2005. This was well received by many partner organisations who also shared their appreciation for such an early communication.

Besides Income Tax Act and rates announced by the Government of India, this budget proposed a new element called Fringe Benefit Tax. This is a tax proposed on any privilege, service, facility or amenity provided or any reimbursement made or any free or concession ticket provided for private journeys by employer to employees or any contribution by the employer to approved superannuation funds. This also



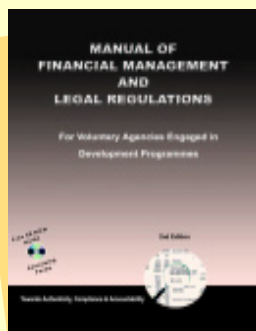
includes benefits such as entertainment, gifts, festival celebrations, use of health club, sports facilities, telephone and scholarship to children of employees among others.

As this proposal of Fringe Benefit Tax initially applied to the Charitable Institutions also, FMSF took the initiative of sharing information to all its partner organizations and networks regarding its implications. Further, FMSF also wrote to the Finance Minister bringing this fact to his notice. A copy of the letter was also shared among all its constituency suggesting them to also share the concern of the development sector regarding the proposed Fringe Benefit Tax. Many organizations also wrote to the Finance Minister and shared a copy of their correspondence with FMSF.

The Government of India later exempted the Charitable Institutions from the above proposed Fringe Benefit tax, in response to various representations from the voluntary organizations, FMSF being one of them.

Publications:

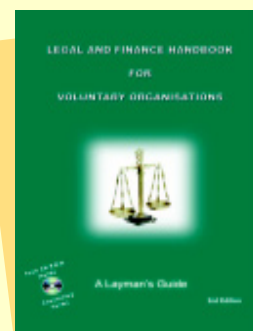
The publications of FMSF, both the “Manual of Financial Management and Legal Regulations” and the “Legal and Finance Handbook for the Voluntary Organisations” have been revised and were released on 18th November, 2004. It received a very encouraging response.



So far, about 288 sets of publications have been sold.

Many organizations are 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 .

The organisations who participate in the workshops facilitated by FMSF have expressed their interest in the publications of FMSF and place order for purchase. This has also resulted in a considerable increase in the circulation of the newsletter as well.



Publishing of “INTERface”:

Useful articles on financial management issues continue to be published in this magazine. So far , 13 issues have been published since the magazine began in the year 2001.



The series of articles on the Accounting Standards and its Applicability to NGOs and on the Societies Registration Act, 1860 have been found useful by many development organizations.

One issue of “INTERface” had a specific focus on the topic Social Accountability. It included the various papers presented by the resource persons during the Technical Sessions of the Consultation on Social Accounting. This issue had received a very positive response from many of the readers. This year, FMSF also made the ‘INTERface’ a subscription-based newsletter. We have already received some subscriptions for it so far.

Web-sites:

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.

During the year 2004 –2005, the site has been improved and redesigned in order to guide the user in a more systematic manner to access the relevant information .

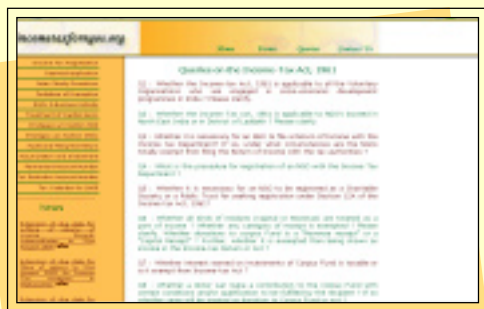
The other web-site www.legalissuesforngos.org that contains all information and Acts relating to various laws



applicable and relevant to NGOs is being regularly updated with all the latest amendments and notifications.

FMSF launched an exclusive web-site www.fcraforngos.org during the year . This site has specific information on Foreign Contribution (Regulation) Act, 1976.





Another new web-site that was launched by FMSF was www.incometaxforngos.org. This site shares information exclusively relating to income tax matters relevant to NGOs. The specific feature of this site is also that it contains many questions along with answers that relate to practical aspects.

Though at present these web-sites are India centric, efforts have already begun to make it South Asia specific. As a first step, the laws of Nepal and Bangladesh are being compiled. It is expected that the role of FEAT – Nepal and FEAT – Bangladesh will be quite significant in this effort.

Study & Action Research:

Under the “Study & Action Research” part of this thrust area, FMSF is presently involved in the study on the following two topics :

1. Quantification of People’s Contribution
2. Developing a capacity building programme in Financial Management of Local SeF-Government Organisations (Panchayats).
3. Preparation of Social Audit Toolkit for voluntary organisations.

Preliminary study on the above topics relating to the existing practices in the field is presently being carried out. FMSF aims at synchronizing the outcome of the study and look into the possibilities of integrating it into the organizational systems so that it contributes in enhancing the accountability and transparency of the development organisations.

Thrust Area V : Financial Management Consultancy

FMSF has been approached by various organisations seeking consultancy on matters relating to Financial Management and Legal Aspects relating to the development organisations.

Most of the consultancy sought during the period has

been in the area of FCRA, Income Tax, Societies Registration Act, 1860 etc. Queries relating to Provident Fund and Service Tax were the new areas in which FMSF has provided consultancy this year.

Most of the queries received and consultancies sought were through the web-sites of FMSF .

During this year , a total number of 41 queries were received and responded by FMSF .

Milestones

Consultation on Social Accounting held on 18th and 19th November, 2004 at New Delhi

Over the years of involvement of FMSF with the Voluntary Organisations, it was realized that Social Accountability is emerging as an issue to be addressed. Voluntary Organisations are public institutions and therefore they are accountable to their stakeholders as well as to the public at large. It was also felt that adequate tools and mechanisms do not exist for promoting social accountability even though some organisations would like to be more socially accountable. There are various experiences and expressions of organisations in this regard which need to be assimilated and further developed.

Keeping the above rationale, FMSF called for a



consultation on Social Accounting at the India Habitat Centre, New Delhi. 167 participants representing various NGOs, Funding Agencies, who belonged to different parts of the globe, participated in the consultation and contributed effectively to the discussion.

As an outcome of the consultation, FMSF was assigned the responsibility to work on a discussion paper on this issue and circulate it to the task group that was formed during the Consultation and then take it forward through regional and National Consultations.

10th Anniversary Celebrations of FMSF

FMSF completed 10 years of its service in the year 2004. The 10th anniversary celebrations were held on 18.11.2004. FMSF was felicitated by the representatives of the various development organizations in the Indian sub-continent as well as representatives from the various funding agencies.

EED (earlier known as EZE), which started this organisation in the year 1994, was represented by Ms. Monika Huber, the Director, International Programmes, Ms. Erika Maerke, Head, South & Middle Asia Desk, Mr. Gerhard Mohr, Finance Co-ordinator, South & Middle Asia Desk and Ms. Anne Bohrer, Internal Audit Desk.

The theme of the celebrations was **“Celebrating Partnerships....”** as FMSF believes that the success of its partners contributes to the success of FMSF .

The celebrations provided an opportunity to look back at the 10 years of journey . The video documentary of the journey of FMSF titled **“Unfolding of a History in Promoting Accountability in South Asia**” was screened.

During the function, FMSF felicitated the Board of Trustees and EED representatives with presentation of mementos. The senior staff were also felicitated with presentation of mementos. Many partner organizations also felicitated FMSF during this function.

Winning the ICAI Award for 2004:



FMSF received “ICAI award for excellence in Financial Reporting” for the year 2003 – 2004 from the Institute of Chartered Accountants of India (ICAI) for “Highly Commended Financial Reports in the Not-for-Profit Organisations category .



This award has been instituted by ICAI to promote better standard in presentation of information in the financial reporting. It propagates that financial reporting should be committed to the canons of accountability, transparency, integrity, reliability and social responsibility. The award in the form of a copper plaque was handed over to FMSF by the Minister for Company Affairs, Government of India in a function held on 18th January 2005 at New Delhi.

We gratefully acknowledge the support and encouragement from time to time of all our partners, colleagues, well wishers and friends.

‘ACCOUNTABILITY HOUSE’

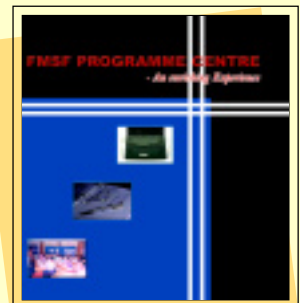
A long cherished desire of FMSF was fulfilled when



FMSF moved to its own premises during the year , located at A-5, Sector - 26, NOIDA - 201301. In keeping with the vision of FMSF to promote accountability, the building was named “ACCOUNTABILITY HOUSE”.

“PROGRAMME CENTRE”

FMSF has also developed a Programme Centre in its premises at “ACCOUNTABILITY HOUSE”. The Programme Centre provides conference hall along with residential facilities. The Programme Centre is used for training and other programmes of FMSF as well as open to the development organizations and can be availed at a very reasonable cost.



Sustainability

Programmatic Sustainability

FMSF aims to achieve programmatic sustainability through new initiatives like developing Social Audit Toolkit and promoting Social Accountability Processes. All these initiatives are aimed at enhancing the accountability aspects of the development sector. It also facilitates the two networks - FEAT and NAN which are aimed at long-term programmatic sustainability.

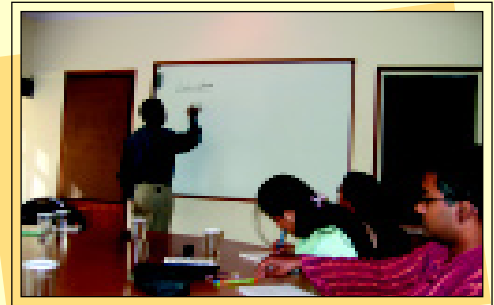
Financial Sustainability

FMSF works with EED, Germany for the Financial Monitoring and Capacity building of Development Projects supported by it. It is also working with other funding agencies such as Bread for the World (BftW), ICCO, Christian Aid, UK etc. Apart from this, the contribution received towards course fees for the workshops organised by FMSF and the resource generated from the Programme Centre also contributes to the financial sustainability of FMSF.

Into the Future

Some of the focus areas of FMSF will be:

- To effectively follow-up the recommendations made in the Consultation on Social Accounting so that the concept results in effective practice whereby the accountability and transparency as well as the credibility of the Development Organisations are enhanced.
- To follow – up and sharpen the role of Forum for Ethics, Accountability and Transparency (FEAT) through rigorous follow – up with Regional initiatives so that the ethical accountability is enhanced.
- To establish NGO Accountants Network (NAN) for strengthening the Accounting and Financial Management practices in the voluntary sector .
- To start a one year web-based certificate course on Basic Financial Management for persons working in the voluntary sector called the Financial Management Development Programme (FMDP).



Conclusion

FMSF has completed another year of significance, 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.

The Board of Trustees has been enablers in the journey. With renewed and encouraged spirits and commitment, FMSF is entering into another new year of emerging challenges.

FMSF, NOIDA

Dated : 24.05.2005

Organisational Profile

Annexure No. 1

<i>Legal Status</i>	:	<i>Public Charitable Trust</i>
<i>Registered Office</i>	:	<i>“ACCOUNTABILITY HOUSE” A-5, Sector – 26, NOIDA – 201 301.</i>
<i>Auditors</i>	:	<i>Kumar Mittal & Co., Chartered Accountants 303, White House, 382, Sant Nagar East Of Kailash, New Delhi - 1 10 065</i>
<i>Bankers</i>	:	<i>Bank of Bar oda, E-22, Hauz Khas New Delhi - 1 10 016</i> <i>Standard Chartered Bank, M-1, South Extension - II New Delhi - 1 10 049</i> <i>ICICI Bank, E-19, Sector - 27 NOIDA - 201 301</i>

List of Board of Trustees

Annexure No. 2

1. *Mr. K. P. Philip, Chairman*
2. *Mr. J. B. Singh, Managing T rustee*
3. *Bshp. Christopher Fur tado, Trustee*
4. *Ms. Rosemary V iswanath, Trustee*
5. *Dr. C. S. W alter, Trustee*
6. *Dr. (Mrs.) Nalini Abraham, Trustee*
7. *Mr. Gerhard Mohr, Nominee, South & Middle Asia Desk, EED*
8. *Mr. Sanjay Patra, Executive Dir ector*

List of Staff

Annexure No. 3

1. *Anuradha Singh*
2. *Anil Sharma*
3. *Dharmender Singh Rawat*
4. *Jacob John*
5. *Lorraine Mathias*
6. *Madhu Chhanda Mishra*
7. *Pooja Bagga*
8. *Prashant Sahoo*
9. *Purnima Jolly*
10. *Rahul Khanna*
11. *Rajman Yadav*
12. *Ram Bahadur*
13. *Renu Relan*
14. *Sanjay Patra*
15. *S.P. Selvi*

Section

B



KUMAR MITTAL & CO

CHARTERED ACCOUNTANTS

303-White House, 382, Sant Nagar, East of Kailash, New Delhi - 110 065 Phone-Fax : 26236154-55, 26236153

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, 2005 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 SERVICE 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 -XI) 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, 2005 ; 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 : 04.06.2005
Place : New Delhi.



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

BALANCE SHEET AS AT 31ST MARCH 2005

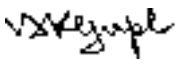
	Schedule	As at 31.03.05 Amount (Rs.)	As at 31.03.04 Amount (Rs.)
<u>SOURCES OF FUNDS</u>			
Unutilised Grants	I	1,230,020	4,567,363
Corpus Fund	II	7,933	7,665
General Fund	III	3,540,558	2,118,186
Assets Fund Account	IV	22,008,636	12,829,190
TOTAL		<u>26,787,147</u>	<u>19,522,404</u>
<u>APPLICATION OF FUNDS</u>			
Fixed Assets	V		
Gross Block		27,032,767	15,036,234
Less : Depreciation		5,024,131	2,207,044
Net Block		<u>22,008,636</u>	<u>12,829,190</u>
Current Assets, Loans & Advances			
Cash and Bank Balances	VI	5,021,880	6,487,230
Loans and Advances	VII	172,635	399,207
		<u>5,194,515</u>	<u>6,886,437</u>
Less: Current Liabilities & Provisions			
Expenses Payable	VIII	149,099	158,950
Other Liabilities		266,905	34,273
Net Current Assets		<u>4,778,511</u>	<u>6,693,214</u>
TOTAL		<u>26,787,147</u>	<u>19,522,404</u>

Significant Accounting Policies and Notes forming an integral part of accounts

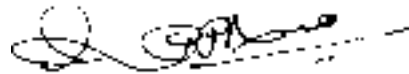
XI

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

**For FINANCIAL MANAGEMENT SERVICE FOUNDATION
MANAGING TRUSTEE**


(AMRISH KUMAR)
Partner

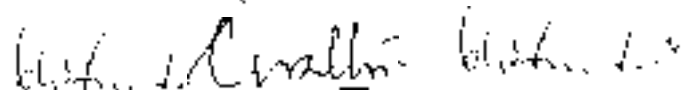
CHAIRMAN



EXECUTIVE DIRECTOR



TRUSTEES





Place : NOIDA
Date : 04.06.2005

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

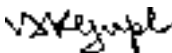
**FOREIGN CONTRIBUTION ACCOUNT
EED GRANT**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
INCOME			
Grant Received		15,589,491	7,150,341
Misc. Income		<u>190,753</u>	<u>76,119</u>
		<u>15,780,244</u>	<u>7,226,460</u>
EXPENDITURE			
<u>Programme Costs</u>	IX		
Salary and Benefits		2,240,311	2,006,752
Communication Costs		2,762,550	1,272,306
Workshops and Consultations		1,039,052	996,333
Networking		810,855	326,621
Travel Costs		250,831	168,584
Capacity Building		1,333,834	161,322
<u>Co-ordination and Administration Costs</u>	X		
Office Running Expenses		1,479,196	1,147,293
Capital Costs		2,931,633	723,850
Office Rent and Maintenance		583,273	686,109
Salary and Benefits		838,162	660,183
Vehicle Running and Maintenance		233,475	200,882
Payments to Auditors		<u>70,296</u>	<u>63,840</u>
		<u>14,573,468</u>	<u>8,414,075</u>
Surplus / (Deficit) during the year transferred to Grant Account		1,206,776	(1,187,615)

Significant Accounting Policies and Notes forming an integral part of accounts **XI**

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


(AMRISH KUMAR)
Partner

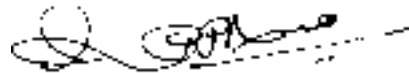


Place : NOIDA
Date : 04.06.2005

For FINANCIAL MANAGEMENT SERVICE FOUNDATION

MANAGING TRUSTEE

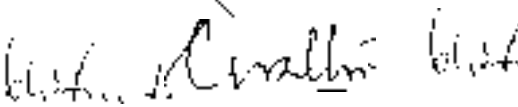
CHAIRMAN



EXECUTIVE DIRECTOR



TRUSTEES



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

**FOREIGN CONTRIBUTION ACCOUNT
OFFICE PREMISES (EED)**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>			
Grant Received		3,187,505	14,572,716
		<u>3,187,505</u>	<u>14,572,716</u>
<u>EXPENDITURE</u>			
Basic Cost of Property		-	9,000,000
Stamp duty, Service Charges, Processing Fees etc.		-	1,338,709
Cost of Improvement of Property			
- Office Building		2,557,176	-
- Electric Installations and Fittings		888,065	-
- Furniture and Fixtures		328,916	-
- Capital Work in Progress		3,324,447	-
		<u>7,098,604</u>	<u>10,338,709</u>
Surplus / (Deficit) during the year transferred to Grant Account		(3,911,099)	4,234,007

Significant Accounting Policies and Notes
forming an integral part of accounts

XI

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

For FINANCIAL MANAGEMENT SERVICE FOUNDATION

V. K. Gupta
(AMRISH KUMAR)
Partner

MANAGING TRUSTEE

CHAIRMAN

EXECUTIVE DIRECTOR

TRUSTEES

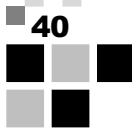


[Signature]

[Signature]

[Signatures]

Place : NOIDA
Date : 04.06.2005



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

**FOREIGN CONTRIBUTION ACCOUNT
TEAR FUND (UK)**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>			
Grant Received		228,358	422,208
		<u>228,358</u>	<u>422,208</u>
<u>EXPENDITURE</u>			
Travel and Conveyance		24,397	459,043
Boarding and Lodging		146,392	176,715
Professional Fees and Honorarium		65,828	388,900
Expenses for use of facilities		55,000	276,508
Printing and Stationary		26,574	29,803
Postage, Telephone and Fax		-	5,924
Bank Charges		-	1,060
Other Expenses		8,500	11,088
		<u>326,691</u>	<u>1,349,041</u>
Surplus / (Deficit) during the year transferred to Grant Account		(98,333)	(926,833)

Significant Accounting Policies and Notes
forming an integral part of accounts

XI

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

For FINANCIAL MANAGEMENT SERVICE FOUNDATION

MANAGING TRUSTEE


(AMRISH KUMAR)
Partner

CHAIRMAN

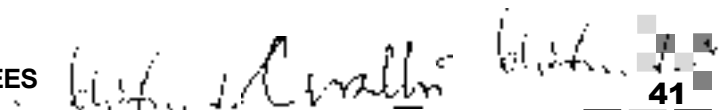


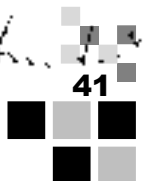
EXECUTIVE DIRECTOR



Place : NOIDA
Date : 04.06.2005

TRUSTEES





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

**FOREIGN CONTRIBUTION ACCOUNT
TEAR FUND (NETHERLANDS)**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>			
Grant Received		130,667	-
		<u>130,667</u>	<u>-</u>
<u>EXPENDITURE</u>			
Travel and Conveyance		25,078	-
Boarding and Lodging		15,328	-
Expenses for use of facilities		78,261	-
Honorarium		12,000	-
		<u>130,667</u>	<u>-</u>
Surplus / (Deficit) during the year transferred to Grant Account		-	-

Significant Accounting Policies and Notes
forming an integral part of accounts

XI

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

For FINANCIAL MANAGEMENT SERVICE FOUNDATION

MANAGING TRUSTEE

V. K. Gupta
(AMRISH KUMAR)
Partner

CHAIRMAN

[Signature]

EXECUTIVE DIRECTOR

[Signature]

TRUSTEES

[Signatures]



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

**FOREIGN CONTRIBUTION ACCOUNT
ICCO**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>			
Grant Received		448,453	-
		<u>448,453</u>	<u>-</u>
<u>EXPENDITURE</u>			
Cost of Publications			
- Paper and Printing		324,480	-
- Honorarium to Authors		197,500	-
Expenses for use of facilities		367,092	24,000
Travel and Conveyance		64,624	32,096
Boarding and Lodging		1,449	18,737
Professional Charges		26,530	-
		<u>981,675</u>	<u>74,833</u>
Surplus / (Deficit) during the year transferred to Grant Account		(533,222)	(74,833)

Significant Accounting Policies and Notes
forming an integral part of accounts

XI

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

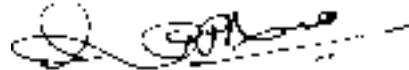
For FINANCIAL MANAGEMENT SERVICE FOUNDATION


(AMRISH KUMAR)
Partner



MANAGING TRUSTEE

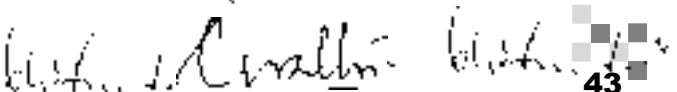
CHAIRMAN



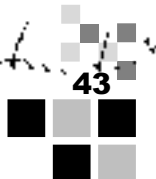
EXECUTIVE DIRECTOR



TRUSTEES



Place : NOIDA
Date : 04.06.2005



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

**FOREIGN CONTRIBUTION ACCOUNT
CHRISTIAN AID**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>			
Grant Received		525,459	3,712,640
		<u>525,459</u>	<u>3,712,640</u>
<u>EXPENDITURE</u>			
Conference Expenses		509,904	3,403,400
Professional Fees		-	158,000
Travel Expenses		-	74,721
Boarding and Lodging		-	63,455
Other Expenses		-	8,485
		<u>509,904</u>	<u>3,708,061</u>
Surplus / (Deficit) during the year transferred to Grant Account		15,555	4,579

Significant Accounting Policies and Notes
forming an integral part of accounts

XI

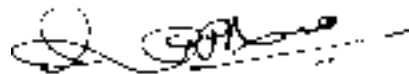
As per our report of even date
For KUMAR MITTAL & CO.
Chartered Accountants

For FINANCIAL MANAGEMENT SERVICE FOUNDATION


(AMRISH KUMAR)
Partner

MANAGING TRUSTEE

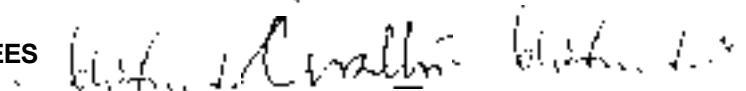
CHAIRMAN



EXECUTIVE DIRECTOR



TRUSTEES





Place : NOIDA
Date : 04.06.2005

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

**FOREIGN CONTRIBUTION ACCOUNT
BREAD FOR THE WORLD**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>			
Grant Received		490,000	313,923
		<u>490,000</u>	<u>313,923</u>
<u>EXPENDITURE</u>			
Expenses for use of facilities		507,020	32,500
Salaries		-	216,975
Travel Expenses		-	24,823
Boarding and Lodging		-	2,630
		<u>507,020</u>	<u>276,928</u>
Surplus / (Deficit) during the year transferred to Grant Account		(17,020)	36,995

Significant Accounting Policies and Notes
forming an integral part of accounts

XI

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

For FINANCIAL MANAGEMENT SERVICE FOUNDATION


(AMRISH KUMAR)
Partner



MANAGING TRUSTEE

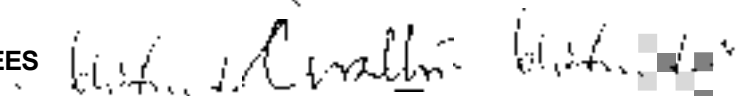
CHAIRMAN



EXECUTIVE DIRECTOR



TRUSTEES



Place : NOIDA
Date : 04.06.2005

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

**FOREIGN CONTRIBUTION ACCOUNT
GENERAL FUND**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>			
Income from other Funds for use of common facilities			
- Bread for the World		507,020	32,500
- ICCO		367,092	24,000
- Tear Fund (UK)		55,000	276,508
- Tear Fund (Netherlands)		78,261	-
Consultancies			
- China Workshop		130,500	-
- Srilanka Workshop		32,543	-
- WCC Workshop		-	139,950
- Nepal Workshop		-	30,000
Old project assets sale		52,100	2,485
Receipt of old projects (EED)		24,000	41,457
Workshop Fees		6,000	-
Miscellaneous		4,500	-
		<u>1,257,016</u>	<u>546,900</u>
<u>EXPENDITURE</u>			
Salaries		242,325	-
Travel		94,755	-
		<u>337,080</u>	<u>-</u>
Surplus during the year transferred to General Fund Account		919,936	546,900

Significant Accounting Policies and Notes
forming an integral part of accounts

XI

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

For FINANCIAL MANAGEMENT SERVICE FOUNDATION


(AMRISH KUMAR)
Partner

MANAGING TRUSTEE

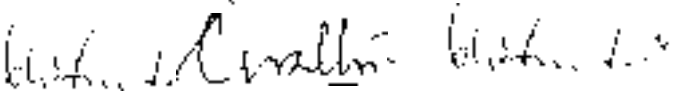
CHAIRMAN



EXECUTIVE DIRECTOR



TRUSTEES





Place : NOIDA
Date : 04.06.2005

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

LOCAL CONTRIBUTION ACCOUNT

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>			
Workshops / Consultations		227,750	555,000
Income for facilities provided		40,350	6,750
Sale of publications		159,700	38,480
Bank Interest		59,882	35,240
Recovery of Security Deposit		102,247	-
Miscellaneous Income		3 52	1,290
		<u>590,281</u>	<u>636,760</u>
<u>EXPENDITURE</u>			
Workshops / Consultations		81,470	154,645
Expenses on facilities provided		6,100	-
Bank Charges		2 75	200
		<u>87,845</u>	<u>154,845</u>
Surplus / (Deficit) during the year transferred to Grant Account		502,436	481,915

Significant Accounting Policies and Notes
forming an integral part of accounts

XI

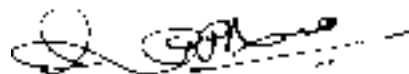
As per our report of even date
For KUMAR MITTAL & CO.
Chartered Accountants

For FINANCIAL MANAGEMENT SERVICE FOUNDATION


(AMRISH KUMAR)
Partner

MANAGING TRUSTEE

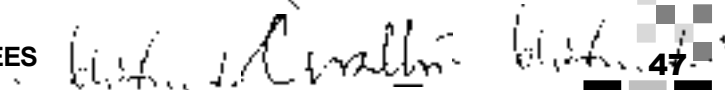
CHAIRMAN



EXECUTIVE DIRECTOR



TRUSTEES



Place : NOIDA
Date : 04.06.2005



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

SCHEDULE - I

**UNUTILISED FOREIGN GRANTS FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH 2005**

Funding Agency	Opening balance as on 01.04.2004	Transactions during the year			Closing balance as on 31.03.2005
		Income	Expenditure	Surplus/ (Deficit) for the year	
<u>EED</u>					
- Main Grant	(318,186)	15780244	14,573,468	1,206,776	888,590
- Office Premises	4,234,007	3,187,505	7,098,604	(3,911,099)	322,908
Tear Fund (UK)	98,333	228,358	326,691	(98,333)	-
Tear Fund (Netherlands)	-	130,667	130,667	-	-
ICCO	533,222	448,453	981,675	(533,222)	-
Christian Aid	2,967	525,459	509,904	15,555	18,522
Bread for the World	17,020	490,000	507,020	(17,020)	-
TOTAL	4,567,363	20,790,686	24,128,029	(3,337,343)	1,230,020

[Handwritten signature]



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

SCHEDULE - II

**CORPUS FUND FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH 2005**

Corpus Fund	As at 31.03.05 Amt. (Rs.)	As at 31.03.04 Amt. (Rs.)
<u>Contribution made by the Settler Trustees</u>		
Opening Balance	7,665	7,406
Add : Interest thereon	268	259
Closing Balance	7,933	7,665

SCHEDULE - III

**GENERAL FUND FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH 2005**

General Fund	As at 31.03.05 Amt. (Rs.)	As at 31.03.04 Amt. (Rs.)
Opening Balance	2,118,186	1,089,371
Add : Surplus during the year		
- Local Contribution Account	502,436	481,915
- Foreign Contribution Account	919,936	546,900
Closing Balance	3,540,558	2,118,186

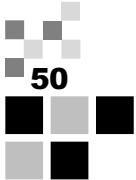
SCHEDULE - IV

**ASSETS FUND ACCOUNT FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH 2005**

Assets Fund Account	As at 31.03.05 Amt. (Rs.)	As at 31.03.04 Amt. (Rs.)
Opening Balance	12,829,190	1,595,446
<u>Add:</u>		
Adjusted from Grant Account	-	175,230
Assets purchased during the year	12,458,989	11,960,385
	<u>25,288,179</u>	<u>13,731,061</u>
<u>Less :</u>		
Value of assets sold	148,093	22,679
Depreciation for the current year	3,131,450	879,192
Closing Balance	22,008,636	12,829,190



[Handwritten signatures and names]



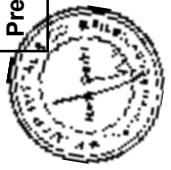
**FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST), NOIDA**

SCHEDULE - V

**FIXED ASSETS FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH 2005**

Fixed Assets	Rate of Dep. %	Gross Block				Depreciation Block				Net Block	
		Cost as at 01.04.2004	Additions during the year	Sales during the year	Cost as at 31.03.2005	Dep. upto 01.04.2004	Adj. for sales during the year	Dep. for current year	Dep. upto 31.03.2005	W.D.V. as on 31.03.2005	W.D.V. as on 31.03.2004
Office Premises (EED)											
Office Building	10	10,338,709	2,557,175	-	12,895,884	-	-	1,264,649	1,264,649	11,631,235	10,338,709
Electric Installations and Fittings	25	-	888,065	-	888,065	-	-	182,341	182,341	705,724	-
Furniture and Fixtures	15	-	328,916	-	328,916	-	-	49,337	49,337	279,579	-
Capital work in Progress	-	-	3,324,447	-	3,324,447	-	-	-	-	3,324,447	-
EED Main Grant											
Computers	60	1,099,399	284,938	(192,790)	1,191,547	810,023	(177,786)	293,917	926,154	265,393	289,376
Furniture and Fixtures	15	353,944	2,443,127	(133,636)	2,663,435	139,716	(55,290)	315,950	400,376	2,263,059	214,228
Office Equipments	25	1,562,521	2,630,551	(134,366)	4,058,706	474,904	(80,084)	792,103	1,186,923	2,871,783	1,087,617
Vehicles											
- Cars	20	974,026	-	-	974,026	481,945	-	98,416	580,361	393,665	492,081
- Cycle	25	1,664	1,770	(1,664)	1,770	1,203	(1,203)	443	443	1,327	461
Intangible Assets											
- Softwares	60	324,940	-	-	324,940	192,564	-	79,426	271,990	52,950	132,376
Local Contribution											
- Car	20	381,031	-	-	381,031	106,689	-	54,868	161,557	219,474	274,342
Total		15,036,234	12,458,989	(462,456)	27,032,767	2,207,044	(314,363)	3,131,450	5,024,131	22,008,636	12,829,190
Previous year		3,128,143	11,960,385	(52,294)	15,036,234	1,357,467	(29,615)	879,192	2,207,044	12,829,190	

Amal Kumar Singh



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

SCHEDULE - VI

**CASH AND BANK BALANCES FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH, 2005**

Cash and Bank Balances	As at 31.03.05 Amt. (Rs.)	As at 31.03.04 Amt. (Rs.)
<u>Cash in hand</u>		
- EED	17,863	2,077
- Local Contribution Account	6,250	136
<u>Balance in Saving Accounts with Scheduled Banks</u>		
<u>Bank of Baroda</u>		
- EED Projects	1,419,702	3,681,677
- Tear Fund (UK)	-	135,583
- Christian Aid	18,522	-
- ICCO	-	533,222
- Bread for the World	-	17,020
- General Fund	1,466,836	546,900
<u>Standard Chartered Bank</u>		
- Local Contribution Account	2,037,155	1,570,615
<u>ICICI Bank</u>		
- EED Projects	21,302	-
<u>ICICI Bank</u>		
- Local Contribution Account (Programme Centre)	34,250	-
TOTAL	5,021,880	6,487,230

SCHEDULE - VII

**LOANS AND ADVANCES FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH, 2005**

Loans & Advances	As at 31.03.05 Amt. (Rs.)	As at 31.03.04 Amt. (Rs.)
<u>Security Deposits</u>		
- EED	69,300	21,000
- Christian Aid	-	10,000
<u>Prepaid Expenses</u>	89,046	68,813
Advance for office premises civil works	-	231,925
Amount Recoverable in cash or kind or value to be received	10,289	59,269
Tax Deducted at Source (Local Cont. A/c)	4,000	8,200
TOTAL	172,635	399,207



[Handwritten signature]

[Handwritten signature]

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

SCHEDULE - VIII

**CURRENT LIABILITIES AND PROVISIONS FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH, 2005**

Current Liabilities and Provisions	As at 31.03.05 Amt. (Rs.)	As at 31.03.04 Amt. (Rs.)
<u>Expenses payable</u>		
- EED Projects	149,099	125,700
- Tear Fund	-	33,250
Sub Total	149,099	158,950
<u>Other Liabilities</u>		
- EED Projects	266,905	28,473
- Christian Aid	-	1,800
- Tear Fund	-	4,000
Sub Total	266,905	34,273
GRAND TOTAL	416,004	193,223

[Handwritten signatures and text]



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

SCHEDULE - IX

**PROGRAMME COSTS FORMING PART OF EED GRANT
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005**

Programme Costs	Current Year Amt. (Rs.)	Previous Year Amt. (Rs.)
Salary and Benefits (Director, Programme Co-ordinator and Project Officers)	2,240,311	2,006,752
Sub Total	<u>2,240,311</u>	<u>2,006,752</u>
Communication Costs		
Salary and Benefits (Communication Associates)	272,382	263,416
Electrical Equipments and Fittings	854,515	-
Furniture and Fixtures	324,940	-
Cost of Publications		
- Paper and Printing	297,515	-
- Honorarium to Authors	197,500	-
Cost of Newsletter	247,034	175,400
Computers	224,048	397,656
Softwares	-	324,940
Video Camera	-	56,500
Digital Camera	23,188	14,844
Computers Maintenance	28,898	39,550
Other Expenses	40,025	-
Sub Total	<u>2,762,550</u>	<u>1,272,306</u>
Workshops and Consultations		
Travel and Conveyance	199,275	462,875
Boarding and Lodging	538,051	256,234
Printing & Stationery	108,708	11,340
Laptop	60,890	103,886
Professional Fees and Honorarium	35,000	117,000
Other Expenses	97,128	44,998
Sub Total	<u>1,039,052</u>	<u>996,333</u>
Networking		
Travel and Conveyance	306,040	194,366
Boarding and Lodging	96,394	28,267
10th Anniversary Expenses	179,063	-
Promotional Material	125,000	-
Printing and Stationery	51,798	97,343
Other Expenses	52,560	6,645
Sub Total	<u>810,855</u>	<u>326,621</u>
Travel Costs		
Director	174,911	98,603
Trustees Meetings	75,920	69,981
Sub Total	<u>250,831</u>	<u>168,584</u>
Capacity Building		
Travel and Conveyance	308,975	51,958
Boarding and Lodging	144,789	101,442
Salaries and Honorarium	144,040	-
Furniture and Fixtures	321,902	-
Electrical Equipments and Fittings	366,765	-
Courses and Workshop Participation	18,900	-
Other Expenses	28,463	7,922
Sub Total	<u>1,333,834</u>	<u>161,322</u>
GRAND TOTAL	8,437,433	4,931,918



[Handwritten signature]

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

SCHEDULE - X

**COORDINATION & ADMINISTRATION COSTS FORMING PART OF EED GRANT
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005**

Coordination & Administration Costs	Current Year Amt. (Rs.)	Previous Year Amt. (Rs.)
Office Running Expenses		
Electricity and Water Charges	315,816	143,797
Telephone Expenses	167,617	165,065
Printing and Stationary	169,019	195,597
Courier Charges	122,041	110,705
Generator Running and Maintenance	110,512	-
Professional Charges	157,250	136,980
Staff Welfare	184,850	157,371
Internet and Website Expenses	44,557	57,983
Insurance	57,954	46,264
Other Expenses	149,580	133,531
Sub Total	<u>1,479,196</u>	<u>1,147,293</u>
Capital Costs		
Office Equipments	1,386,083	701,800
Furniture and Fixtures	1,543,780	22,050
Cycle	1,770	-
Sub Total	<u>2,931,633</u>	<u>723,850</u>
Office Rent & Maintenance	<u>583,273</u>	<u>686,109</u>
Sub Total	<u>583,273</u>	<u>686,109</u>
Salary and Benefits (Resource Co-ordinator and Support staff)	<u>838,162</u>	<u>660,183</u>
Sub Total	<u>838,162</u>	<u>660,183</u>
Vehicle Running and Maintenance		
Fuel	128,625	97,506
Maintenance	104,850	103,376
Sub Total	<u>233,475</u>	<u>200,882</u>
Payments to Auditors		
Audit Fees	13,224	12,960
Income Tax Matters	22,910	17,400
Certification	34,162	33,480
Sub Total	<u>70,296</u>	<u>63,840</u>
GRAND TOTAL	6,136,035	3,482,157



[Handwritten signatures and names]

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

SCHEDULE – XI

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF
ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2005.**

A SIGNIFICANT ACCOUNTING POLICIES

1. The accounts are prepared on historical cost basis as a 'going concern'. Income and expenses are accounted for on accrual basis following generally accepted accounting principles and practices and Accounting Standards issued by the Institute of Chartered Accountants of India for NGOs, wherever applicable, except otherwise stated.
2. Fixed Assets 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) Assets directly acquired – at purchase cost less accumulated depreciation.
 - b) Assets 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 / self produced – at cost.
 - b) Received free of cost or at a nominal charge – at market price or estimated net realizable value.
7. Accounts for the purpose of submission to FCRA are compiled on cash basis.



[Handwritten signature]

B. NOTES TO ACCOUNTS

1. Trust has taken Group Gratuity Scheme with Life Insurance Corporation of India which has been approved by Income Tax Authorities hence no provision for gratuity has been made in the books of accounts and premium paid has been charged to expense accounts.
2. 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 General Fund Account. However, the same has no impact on the overall Income and Expenses of the Trust to arrive at Surplus / deficit.
3. 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.
4. The trust has acquired building at NOIDA from the specified grant received from EED. The amounts of Rs.1,74,37,313 spent so far on acquisition, registration and improvement of building have been shown under Fixed Assets. Depreciation has been charged only on the Building, Furniture & Fixtures and Electric Installations & Fittings etc. capitalised upto 31st March 2005.
5. There is a capital commitment of Rs.9,50,000(Previous Year Rs.17,50,000) as on 31st March 2005 for Capital work in progress.
6. The expenses incurred on behalf of ChristianAid have been accounted for on the basis of expenses approved by them.

[Handwritten signature]



7. 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 are valued as under:

Name of the item	Opening Stock as on 01.04.04	Receipts during the year	Sales during the year	Complimentary Distribution/ Scrapped during the year	Closing stock as on 31.03.05	Valued at (Rs.)	Total Value (Rs.)
Financial Manual	322	-	40	282	-	-	-
Legal Handbook	317	-	39	278	-	-	-
Finanace Manual (Revised)	-	1040	249	26	765	500	382,500
Legal Handbook (Revised)	-	1060	249	31	780	500	390,000
T. Shirt	6	-	-	-	6	250	1500
Newsletter	232	-	-	232	-	-	-
Caps	8	-	-	2	6	50	300

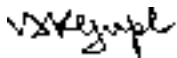
8. Income and expenses are generally disclosed as per budget of the funding / donor agencies.

9. Previous year figures have been regrouped / reclassified, whenever necessary .

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

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

For **FINANCIAL MANAGEMENT SERVICE FOUNDATION**

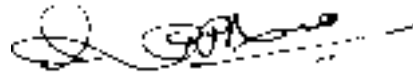


(AMRISH KUMAR)
Partner



(MANAGING TRUSTEE)

(CHAIRMAN)

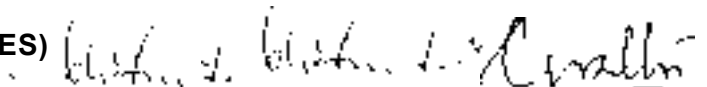


(EXECUTIVE DIRECTOR)



Place : NOIDA
Date : 04.06.2005

(TRUSTEES)

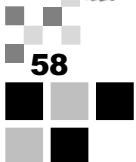


**FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST), NOIDA**

FOREIGN CONTRIBUTION ACCOUNT

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>RECEIPTS</u>			
<u>Opening Balances</u>			
Cash in Hand - EED		2,077	2,059
Balance in Saving A/c with Scheduled Bank			
- EED Projects		3,681,677	297,924
- ICCO		533,222	937,555
- Bread for the world		17,020	-
- Tear Fund		135,583	1,587,521
- Christian Aid		-	139,914
- General Fund		546,900	-
Sub Total		<u>4,916,479</u>	<u>2,964,973</u>
<u>Grants Received</u>			
EED			
- Main Grant		15,589,491	7,150,341
- Office Premises		3,187,505	14,572,716
- Goa Consultation		-	85,264
Tear Fund(UK)		228,358	422,208
Tear Fund(Netherlands)		130,667	
ICCO		448,453	-
Christian Aid		525,459	3,712,640
Bread for the World		490,000	313,923
<u>General Fund</u>		1,257,016	546,900
<u>Other Receipts</u>			
Amount recovered from Local Cont. A/c		-	244,200
Miscellaneous Income (Interest)		132,853	67,319
Sale of Fixed Assets		57,900	8,800
Recovery of advance to staff		-	119,000
Amount recovered from others		17,538	109,327
Sub Total		<u>22,065,240</u>	<u>27,352,638</u>
GRAND TOTAL		<u>26,981,719</u>	<u>30,317,611</u>



[Handwritten signatures and names]

PAYMENTS

EED

PROGRAMME COSTS

Salary and Benefits

(Director, Programme Co-ordinator and Project Officers) 2,248,232 2,013,192

Communication Costs

Salary and Benefits

(Communication Associates) 272,382 263,978

Electrical Equipments and Fittings 854,515 -

Furniture and Fixtures 5 77,445 -

Computers 224,048 397,656

Softwares - 324,940

Video Camera - 56,500

Digital Camera 23,188 14,844

Cost of Publications

- Paper and Printing 297,515 -

- Honorarium to Authors 197,500 -

Cost of newsletter 247,034 175,400

Computer Maintenance 79,168 -

Other Expenses 40,025 -

Workshops and Consultations

Travel and Conveyance 199,275 468,130

Boarding and Lodging 538,051 256,234

Professional Fees and Honorarium 35,000 139,500

Laptop 60,890 103,886

Printing and Stationery 74,408 -

Other Expenses 96,571 56,338

Advance for Printing Work - 34,300

Advance for Hall Booking 5,000 -

Networking

Travel and Conveyance 306,040 194,366

Boarding and Lodging 96,394 28,267

10th Anniversary Expenses 179,063 3,000

Promotional Material 125,000

Printing and Stationery 51,926 98,697

Other Expenses 52,560 3,645

Travel Costs

Director 174,911 98,603

Trustees meetings 75,920 69,981

Capacity Building

Travel and Conveyance 310,125 50,808

Boarding and Lodging 147,273 98,958

Salaries and Honorarium 144,040

Furniture and Fixtures 3 21,902 -

Electrical Equipments and Fittings 366,765 -

Courses and Workshop Participation 18,900 -

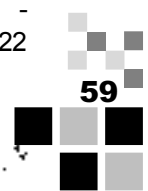
Other Expenses 28,463 7,922



[Handwritten signature]

[Handwritten signature]

[Handwritten signature]



COORDINATION & ADMINISTRATION COSTS

Office Running Expenses

Electricity and Water Charges	290,074	142,712
Telephone Expenses	160,464	161,431
Printing and Stationary	1 72,445	194,209
Courier Charges	95,168	115,632
Generator Running and Maintenance	110,512	-
Professional Charges	157,955	136,275
Staff Welfare	192,014	-
Internet and Website Expenses	43,412	60,246
Insurance	4 4,464	40,592
Other Expenses	150,307	293,385

Capital Costs

Office Equipments	1,376,083	701,800
Furniture and Fixtures	1,534,805	22,050
Cycle	1,770	-
Advance for Office Equipment	-	10,000
Advance for Furniture	3,000	-

<u>Office Rent and Maintenance</u>	595,983	517,059
------------------------------------	---------	---------

Salary and Benefits

(Resource Co-ordinator & Support Staff)	832,867	658,735
---	---------	---------

Vehicle Running & Maintenance

Fuel	128,625	97,506
Maintenance	104,216	101,461

<u>Payments to Auditors</u>	69,515	63,840
-----------------------------	--------	--------

<u>Security Deposits</u>	53,300	-
--------------------------	--------	---

Amount Recoverable

Travel advance and Others	-	7,545
---------------------------	---	-------

<u>Advance to Staff</u>	-	119,000
-------------------------	---	---------

General Fund

Salaries	242,325	-
Travel	94,755	-

Office Premises (EED)

Basic Cost of Property	-	9,000,000
Stamp Duty, Service Charges, Processing Fees, etc.	-	1,338,709
Cost of Improvement of Property	-	-
- Office Building	2,328,620	-
- Electric Installations and Fittings	753,907	-
- Furniture and Fixtures	328,916	-
Advance for Capital Work in Progress	3,207,456	227,220



[Handwritten signatures and scribbles]

CFC Debriefing Workshop (EED)

Travel and Conveyance	-	14,518
-----------------------	---	--------

Goa Consultation (EED)

Transfer to General Fund	-	4,868
--------------------------	---	-------

Tear Fund

Travel and Conveyance	24,397	717,072
Boarding and Lodging	146,392	185,920
Professional Fees and Honorarium	103,078	351,650
Expenses for use of facilities	55,000	571,629
Printing and Stationary	26,574	29,803
Postage, Telephone and Fax	-	5,924
Bank Charges	-	1,060
Other Expenses	8,500	11,088

Tear Fund (Netherlands)

Travel and Conveyance	25,078	-
Boarding and Lodging	15,328	-
Expenses for use of facilities	78,261	-
Honorarium	12,000	-

ICCO

Cost of Publications		
- Paper and Printing	324,480	-
- Honorarium to Authors	197,500	-
Expenses for use of facilities	367,092	353,500
Travel and Conveyance	64,624	32,096
Boarding and Lodging	1,449	18,737
Professional Fees	26,530	-

Christian Aid

Conference Expenses	511,704	3,401,600
Professional Fees	-	258,000
Travel and Conveyance	-	74,721
Boarding and Lodging	-	63,455
Other Expenses	-	50,011
Security Deposit	-	10,000

Bread for the World

Expenses for use of facilities	507,020	32,500
Salaries and Benefits	-	216,975
Travel and Conveyance	-	24,823
Boarding & Lodging	-	2,630

Sub Total	24,037,494	25,401,132
-----------	------------	------------



[Handwritten signatures and text]

Closing Balances

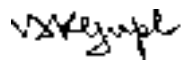
Cash in Hand - EED	17,863	2,077
Balance in Saving Accounts with Scheduled Banks		
- EED Projects	1,441,004	3,681,677
- ICCO	-	533,222
- Bread for the World	-	17,020
- Tear Fund(UK)	-	135,583
- Christian Aid	18,522	-
- General Fund	1,466,836	546,900
Sub Total	<u>2,944,225</u>	<u>4,916,479</u>
GRAND TOTAL	<u>26,981,719</u>	<u>30,317,611</u>

Significant Accounting Policies and Notes forming an integral part of accounts

XI

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

For **FINANCIAL MANAGEMENT SERVICE FOUNDATION**



(AMRISH KUMAR)
Partner



Place : NOIDA
Date : 04.06.2005

MANAGING TRUSTEE

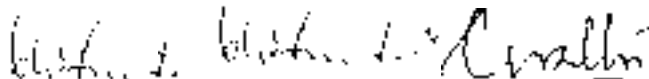
CHAIRMAN



EXECUTIVE DIRECTOR



TRUSTEES



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

LOCAL CONTRIBUTION ACCOUNT

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>RECEIPTS</u>			
Cash and Bank Balances as on 1st April 2004		1,570,751	680,271
Workshops / Consultations		231,950	582,885
Receipts for facilities provided		40,350	631,371
Sale of publications		159,700	38,480
Recovery of Security Deposit		102,247	-
Miscellaneous Income		32	1,290
<u>Bank Interest</u>			
- On Corpus Fund		268	259
- On Others		59,882	35,240
TOTAL		<u>2,165,500</u>	<u>1,969,796</u>
<u>PAYMENTS</u>			
Workshops / Consultations		81,470	154,645
Payment for Vehicle		-	244,200
Expenses on facilities provided		6,100	-
Bank Charges		₹	200
Cash and Bank Balances as on 31st March 2005		2,077,655	1,570,751
TOTAL		<u>2,165,500</u>	<u>1,969,796</u>

Significant Accounting Policies and Notes forming an integral part of accounts

XI

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

For FINANCIAL MANAGEMENT SERVICE FOUNDATION

V. K. Gupta
(AMRISH KUMAR)
Partner

MANAGING TRUSTEE



CHAIRMAN

[Signature]

EXECUTIVE DIRECTOR

[Signature]

Place : NOIDA
Date : 04.06.2005

TRUSTEES

[Signatures]



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.org

Websites: www.fmsfindia.org

www.legalissuesforngos.org

www.fcraforngos.org

www.incometaxforngos.org

www.socialaccountability.net