

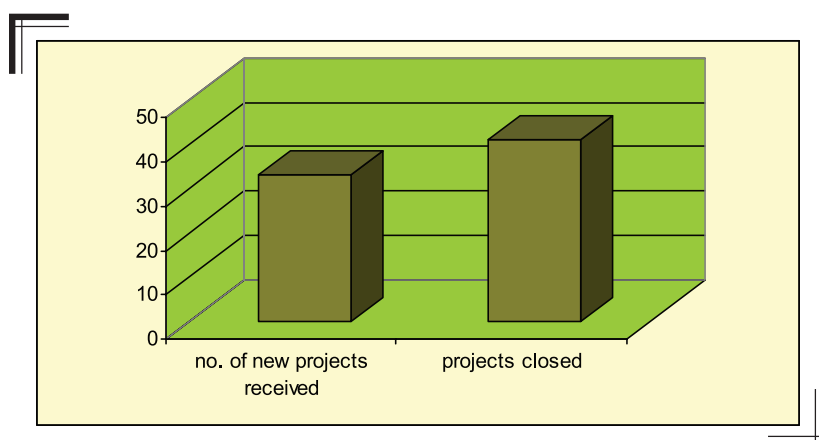
1. Financial Monitoring of Development Projects

1.1 Objective: The objective of financial monitoring of the projects by FMSF is to ensure the effective implementation of the program by enabling the partner organizations in proper financial management and in complying with the requirements of the respective donor agencies.

1.2 Activities: The Financial Monitoring involves:

- ♦ closer interaction with the partner organization;
- ♦ facilitate timely transfer of funds to the projects;
- ♦ regular and timely submission of financial and activities reports;
- ♦ develop systems and procedures to enable timely closure of the projects after its completion.

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. FMSF is also responsible for monitoring few bilateral projects supported by BftW.



During the year 2005, a total number of 33 new projects were received by FMSF after approval by EED and a total number of 123 audited financial reports and 129 progress reports were received and verified.

Many representatives from various partner organizations visited FMSF office during the year for discussing project related matters.

FMSF team members also made visits to partner organizations to sort out the pending issues and to

participate in their meetings. FMSF team members also accompanied the EED representatives during their visit to the partner organizations to share information for better understanding on the status of the respective project. Such field visits help in strengthening co-operation with the partner organizations.

A total number of 41 projects were closed as against the last year wherein about 27 projects were closed. The closing reports (Evidence of Utilization of Funds) were duly prepared and forwarded to EED during the period.

The major outcome of this Monitoring thrust area has been the timely receipt of most of the financial and activity reports with improved quality. Also the timely closure of 41 projects and the submission of the Final Evidence of Utilization of Funds (EUF) is seen as one of the indicators of regular monitoring.

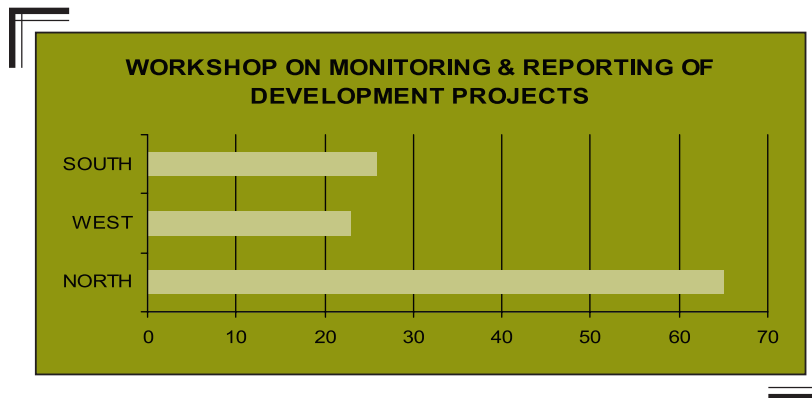
2. Capacity Building

2.1 Objective: To capacitate the partner organizations as well as other NGOs in the areas of financial management and other related areas.

2.2 Activities: In order to build capacities of NGOs, FMSF conducts various workshops. Apart from workshops organized by FMSF, the resource team of FMSF facilitates various workshops organized by other agencies.

2.2.1 Workshops organized by FMSF:

2.2.1.1 Workshop on Monitoring and Reporting of Development Projects:



The focus of this year's **Annual Fund Management Workshop** was on **Monitoring and Reporting of Development Projects**. It was decided to hold this workshop regionally, in North, West and South. The New Delhi workshop was held in June 2005. This workshop was organized at the India Habitat Centre. Though the workshop was planned for a maximum of 30 participants, registration came in for about 65.

Due to oversubscription, this workshop was held in 2 slots:

- ♦ 1st slot - from 08.06.2005 to 09.06.2005
- ♦ 2nd slot - from 10.06.2005 to 11.06.2005

The workshop for **Western Region** was held in Mumbai on 28.09.2005 and 29.09.2005 at YMCA. About 23 participants from various NGOs participated in this workshop. For the **Southern region**, it was held in Bangalore on

07.11.2005 and 08.11.2005 at the St. Mark's Hotel wherein about 26 participants representing the organizations based in the states of Andhra Pradesh, Kerala, Tamil Nadu and Karnataka participated.

2.2.1.2 Workshop on Fund Management and Related Governance:

The Workshop on Fund Management and Related Governance was held for **Bangladesh Partners** at Dhaka on 18.10.2005 & 19.10.2005 at CCDB "HOPE" Centre. About 27 participants from various NGOs spread across Bangladesh participated in this workshop.

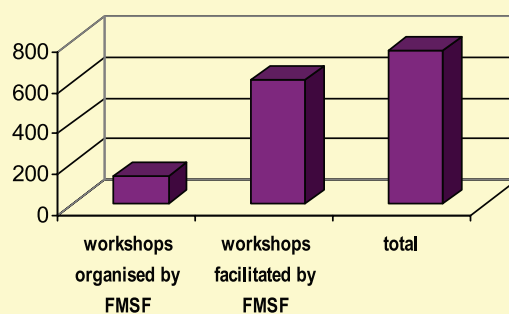
2.2.2 Workshops facilitated for other organizations during the year

Sl. No	Workshop	Organized by	Venue	Date
1.	Workshop on NGO Governance and Legal Framework	South Asian Fund Raising Group (SAFRG)	New Delhi	26 th April 2005
2.	Workshop on Financial and Legal Accountability for the members of the PACS Programme	Development Alternatives and DFID	29 th April 2005	TARAGram, Orchha, Madhya Pradesh
3.	Workshop on NGO Governance and Legal Framework	South Asian Fund Raising Group (SAFRG)	11 th May 2005	New Delhi
4.	Course on Assessment of Trusts for the Assessing Officers - NGOs and Foreign NGOs	Direct Taxes Regional Training Institute	24 th May 2005 to 27 th May 2005	Bangalore
5.	Workshop on Board Development	Sampradaan	27 th & 28 th May, 2005	Hazaribagh
6.	Workshop on Board Development	Sampradaan	8 th to 10 th June, 2005	Lucknow

7.	Workshop on EU Reporting Guidelines	Gram Vikas	21 st to 23 rd June, 2005	Orissa
8.	Workshop on Financial Management of Development	Timbaktu	30 th June & 1 st July, 2005	Timbaktu, A.P.
9.	Workshop on Financial Management and Legal Regulations	National Institute for Public Co-operation and Child Development (NIPCCD)	14 th July, 2005	New Delhi
10.	Workshop on Basic Financial Management Training	Schumacher Centre and Times Foundation	19 th & 20 th August, 2005	New Delhi
11.	Workshop on Fund Accounting	Tearfund, U.K.	23 rd to 25 th August, 2005	FMSF Programme Centre, NOIDA
12.	Workshop on Financial and Legal Issues for Good Governance in Voluntary Organisations	National Institute for Public Co-operation and Child Development (NIPCCD)	21 st October, 2005	New Delhi
13.	Workshop for Accountants and Auditors of “Geographically Based Programme India”	German Agro Action	10 th & 11 th November, 2005	YMCA, Greater NOIDA
14.	Workshop on Planning Resource Requirements and Estimating Budget for the Project	National Institute for Public Co-operation and Child Development (NIPCCD)	23 rd November, 2005	New Delhi
15.	Workshop on Basic Financial Management Training	South Asia Regional Resource Alliance	25 th November, 2005	Colombo, Srilanka

16.	Workshop on Basic Financial Management Training for PACS Programme Functionaries	Development Alternatives and DFID	Jhansi	17 th to 19 th January, 2006
17.	Workshop on Tax Management and Legal Regulations	National Institute for Public Co-operation and Child Development (NIPCCD)	2 nd February, 2006	New Delhi
18.	Workshop on Good Governance in Civil Society Organisations	Voluntary Action Network in India	7 th & 8 th March 2006	Guwahati
19.	Workshop on Good Governance in Civil Society Organisations	Voluntary Action Network in India	10 th & 11 th March 2006	Kolkata

OUTREACH THROUGH WORKSHOPS



Overview of the Capacity Building Initiatives

- ♦ There has been a 46 percent increase in the number of workshops facilitated for other organisations.
- ♦ Approximately 275 development organisations have participated in the above 19 workshops.
- ♦ Mentoring process has been initiated this year for the participants of the Fund Accounting Workshop.

2.2.3 New Initiatives in Capacity Building:

2.2.3.1 Financial Management Development Programme (FMDP)



The Financial Management Systems and Requirements of the development sector are quite unique and the common standards that are generally applicable to the profit making organisations do not apply to this sector. FMSF also realized that presently there is no specific course available to cater to this requirement.

Hence, as part of the Capacity Building initiative, FMSF is planning to launch a one year Post Graduate Diploma course on financial management of Voluntary Organizations. The course is designed to cater to the needs of persons working in the Voluntary Sector.



One of the significant developments is that, the Tata Institute of Social Sciences (TISS) has expressed interest in associating with the FMDP initiative. FMSF believes that this will enhance the credibility of the course further.

Presently, FMSF is involved in finalizing the exclusive software for launching this course. The course material is in the process of finalization as well.

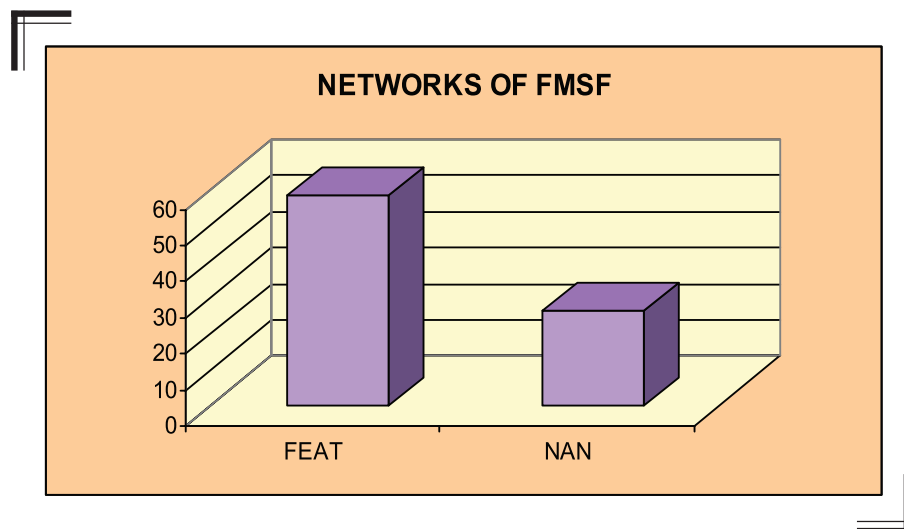
2.2.3.2 Capacity Assessment of NGOs:

FMSF in co-operation with Financial and Accounting Management Services (FAMS) of GIVE Foundation is involved in supporting the Capacity Assessment of NGOs in the area of Financial and Accounting Management.

3. Networking

3.1 Objective: To share and spread the knowledge and skills in the sector through networks that will eventually enhance transparency and accountability.

3.2 Activities: FMSF aims at working closely with organisations / individuals having similar objectives. One of the outcomes of the networking initiatives is the evolution of the following two networks:



- ♦ Forum for Ethics, Accountability and Transparency (FEAT)
- ♦ NGO Accountants Network (NAN)

3.2.1 Forum for Ethics, Accountability and Transparency (FEAT): FEAT is a network of Finance consultants engaged in the voluntary sector in providing necessary consultancy in the areas of financial management and related governance.

The 3rd FEAT Confluence was held in Jaipur during February, 2006. About 40 members participated in this Confluence. This included, besides chartered accountants, representation

from funding agencies, Institute of Chartered Accountants of India (ICAI) and East Delhi Study Circle of ICAI. The confluence was inaugurated by Mr. Sunil Goyal, President South Asian Federation of Accountants (SAFA)

Highlights of 3rd FEAT Confluence:

- ♦ Interactive discussion sessions on 'Ethics, Accountability, Good Governance - The Role of Consultants', 'Evolving uniform reporting systems for the NGO Sector - Issues and Options', 'Foreign Contribution (Management & Control) Bill, 2005', 'Accrual Basis of Accounting and Independence of Auditors'.
- ♦ Recognition and Granting of CPE hours by ICAI for the participants of FEAT Confluence

3.2.2 NGO Accountants Network (NAN): NAN is a network of accountants working with the NGOs. It was formed with the aim to build a pool of expertise and to capacitate NGO accountants on new methodologies in financial management.

NAN which was launched in January 2005 has now 26 enrolled members.

3.2 Linkage with other organizations:

Linkages with organizations like Indianngos.com, ICAI, TISS and VANI were further strengthened during the year. FMSF regularly shares information regarding its publications as well as the planned workshops, with other like-minded organisations.

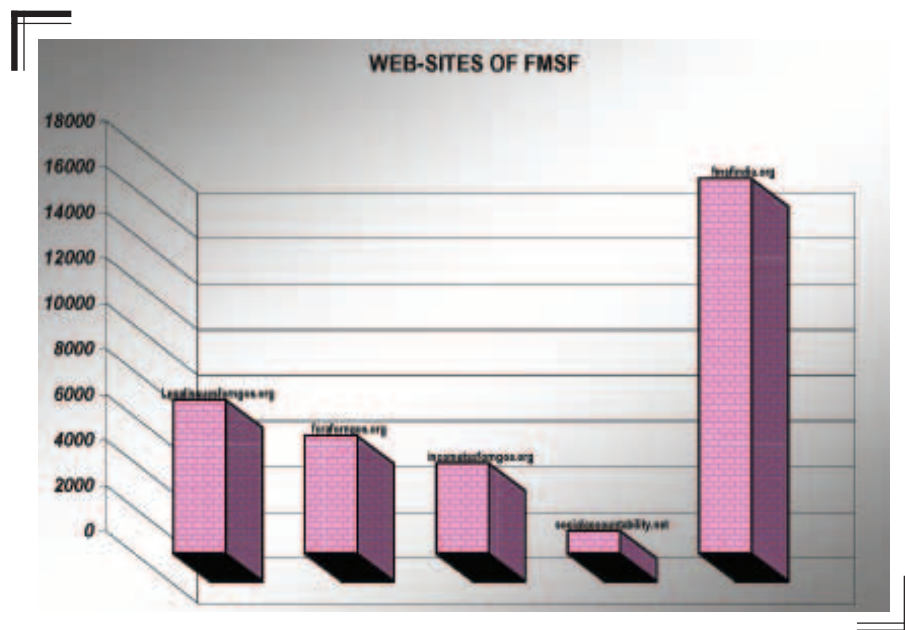


4. Documentation, Information Dissemination, Study & Action Research

4.1 Objective: To gain more insight and understanding of the issues of the development sector and share it with the sector at large.

4.2 Activities: The thrust area Documentation, Information Dissemination, Study & Action Research gained increased focus during this year. The Resource Centre of FMSF, 'Takshila' contains various books and publications on the development aspects.

4.3 Web- sites:



FMSF has five informative websites that provide information regarding various legal and financial issues of the sector.

The latest of the sites is the website on social accountability which is www.socialaccountability.net. The sites provide a lot of useful information and are being frequently visited by various persons. The graph above shows the number of times the sites have been visited till date. The home site i.e. www.fmsfindia.org being the oldest has been visited for over 16440 times followed by the legal issues site, www.legalissuesforngos.org which has been viewed by 6735 visitors. The number of hits for www.fcraforngos.org and www.incometaxforngos.org has been 5160 and 3958 respectively. The site www.socialaccountability.net being a recent one has 990 hits.

Though at present these web-sites are India centric, efforts have already begun to make it South Asia specific.

4.4 INTERface - *INTERface* is a quarterly newsletter which covers legal and financial issues pertaining to the sector. So far, 16 issues have been published since the year 2001.

The present series of articles on the topic “Independence of Auditors” has received good appreciation among the readers. A new feature “Book Review” has been initiated in the past two issues. This feature provides an overview of the publication relevant to the development sector.

Subscription for “*INTERface*” which was initiated last year is progressing well with a 20 percent increase in its subscription.

4.5 Publications - The sale of 2nd edition of publications of FMSF, both the “Manual of Financial Management and Legal Regulations” and the “Legal and Finance Handbook for the Voluntary Organizations” is steadily going on. During the year 437 books have been sold out.

4.6 Some other initiatives in Information Dissemination:

4.6.1 FC(M&C) Bill, 2005:

Ministry of Home Affairs of India has brought the Foreign Contribution (Management & Control) Bill, 2005 during mid 2005. If enacted, this Bill would replace the existing Foreign Contribution (Regulation) Act, 1976 (FCRA). FMSF organized two consultations (one in New

Delhi and the other in Bangalore) to share information on the salient features of the proposed FC(M&C) Bill, 2005 which has many practical implications for the NGOs.

FMSF also met the Minister for Parliamentary Affairs along with other NGO representatives to take forward the concerns of the sector on the proposals made in the new Bill.

4.6.2 Union Budget & Finance Bill 2006:

FMSF shared information regarding the salient features of the proposals made in the Finance Bill 2006. The specific aspect of this year is that the information was shared the same evening (i.e. on 28th Feb.2006) the budget was brought out.

4.6.3 Study & Action Research

Under the “Study & Action Research” the preliminary work on the following topics initiated last year has been completed.

- ♦ Quantification of People’s Contribution
- ♦ Developing a capacity building programme in Financial Management of Local Self-Government Organisations (Panchayats).
- ♦ Social Accountability Report
- ♦ Social Audit Toolkit

The outcome of the above study process is aimed at integrating it into the organizational systems so that it contributes in enhancing the accountability and transparency of the development organisations. The planning for the same has already begun.

4.6.4 Internships:

The role of interns during the year contributed quite significantly towards the study & action research of FMSF. During the year, students from TISS, IRMA, Atal Bihari Vajpayee Indian Institute of Technology and also independent students doing law did their internship with FMSF.



Framework for creation of a Social Accountability Framework, Financial Management of Local Self-Government Institutions, Integrated Model on Monitoring were some of the areas where some materials are developed with the involvement of interns during the year.

5. Financial Management Consultancy



5.1 Objective: To provide advice on various aspects of financial management and legal issues relating to NGOs which will help in developing standard financial and accounting policies in development programmes.

5.2 Activities: FMSF is being approached by various organisations including donor agencies seeking consultancy on matters relating to Financial Management and Legal Aspects relating to the development organisations. Also specific services are rendered to agencies like ICCO, MISEREOR etc., in the areas of capacity building and financial accompaniment.



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, Gratuity Fund & Service Tax were some of the other areas in which FMSF has provided consultancy this year.

The thrust area Financial Management Consultancy is gaining more prominence steadily.

Financial Management
Consultancy



Total Number of Queries received during the year is 84, of which, 48 queries related to Income Tax Act, 1961. This is about 55 % increase as compared to the last year.

The thrust area Financial Management Consultancy also focuses on the co-operation with various agencies in the initial stages. This includes:

- **German Agro Action:** FMSF is presently involved in assisting GAA in establishing the liaison office in New Delhi by complying with the necessary legal procedures.



- **Tearfund, U.K.:** As a follow-up of the Fund Accounting Workshop held in August 2005, FMSF is presently undertaking the Mentoring Visits to the participant organisations to enable establish Fund Accounting System in their respective organisations.

- **Tearfund, Netherlands:** The Consultancy assignment on Divya Shanti was successfully accomplished during the year.

- **ICCO - EU programme:**

This includes the consolidation of the audited financial reports in EU format. Presently, FMSF is involved in carrying out the Cost-Benefit Analysis for ICCO.

- **MISEREOR:** Has approached FMSF for conducting workshop followed by an accompaniment process with its partner organisation.

6. Other Major Activities & Achievements

6.1 PROGRAMME CENTRE

The Programme Centre, inaugurated during last year, provides the facilities of a conference hall along with residential room facilities. The services of the Programme Centre are offered primarily to the development organizations and are available at a very reasonable price.

During the year about 85 guests from various organizations have availed the facilities. Besides EED, they include C.Aid, CNI-SBSS, EFICOR, Tearfund U.K., MISEREOR, German Agro Action etc.

6.2 Winning the ICAI Award for 2005



FMSF received the Gold Shield “ICAI award for excellence in Financial Reporting” for the year 2004 - 05 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.

The Gold Shield was awarded on 02.02.2006

Finance

The programmes include:

Responsibility Statement
Page No. 21

Audit Report
Page No. 22

Balance Sheet
Page No. 23

Income & Expenditure Account
Page No. 24-33

Receipts and Payments Account
Page No. 34-44

Grant Status
Page No. 45-50

Responsibility Statement

FMSF Confirms

1. That in the preparation of Annual Accounts, the applicable Accounting Standards have been followed.
2. Sufficient care has been taken for maintenance of adequate Accounting Records in accordance with the necessary requirements of Income Tax Act, 1961 as well as Foreign Contribution (Regulation) Act, 1976.
3. The Statutory Auditors have performed their task in an independent manner and every care has been taken to ensure their independence. The management report submitted by the Statutory Auditors has been considered by the management.
4. Internal Audit has been conducted on a periodic basis and the recommendations have been incorporated duly.
5. During the day-to-day operations of the organisation, ethical accountability, value for money and environmental concerns has been given highest priority.
6. None of the members of Board of Trustees has been given any honorarium and none of them occupies a place of profit in the organisation.
7. That no part of its income during the previous year has been applied or used directly for the benefit of:
 - (a) the Author or Founder of the Institution
 - (b) any person who has made a substantial contribution to the trust
 - (c) any trustee of the trust
 - (d) any relative of the Founder or Trustees
 - (e) any concerns in which the above mentioned category of persons have substantial interest.

KUMAR MITTAL & CO.**CHARTERED ACCOUNTANTS**

303-White House, 382, Sant Nagar, East of Kailash, New Delhi-110 065 Phone-Fax : 26236154-55,26226155

**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, 2006 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, 2006 ; 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

(Signature)

(AMRISH KUMAR)

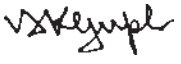



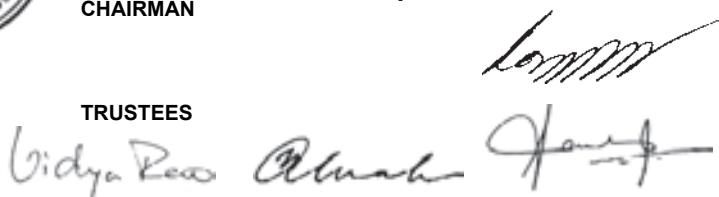
Partner

(M. No.90553)



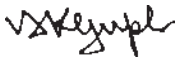




Date : 03.06.2006

Place : New Delhi

FINANCIAL MANAGEMENT SERVICE FOUNDATION (A REGD. PUBLIC CHARITABLE TRUST), NOIDA			
BALANCE SHEET AS AT 31ST MARCH 2006			
	Schedule	As at 31.03.06 Amount (Rs.)	As at 31.03.05 Amount (Rs.)
<u>SOURCES OF FUNDS</u>			
Unutilised Grants	I	387,851	1,230,020
Corpus Fund	II	8,211	7,933
General Fund	III	4,796,584	3,540,558
Assets Fund Account	IV	22,362,488	22,008,636
TOTAL		27,555,134	26,787,147
<u>APPLICATION OF FUNDS</u>			
Fixed Assets	V		
Gross Block		29,637,620	27,032,767
Less : Depreciation		7,275,132	5,024,131
Net Block		22,362,488	22,008,636
Current Assets, Loans & Advances			
Cash and Bank Balances	VI	4,652,882	5,021,880
Loans and Advances	VII	712,993	172,635
		5,365,875	5,194,515
Less: Current Liabilities & Provisions	VIII		
Expenses Payable		136,743	149,099
Other Liabilities		36,486	266,905
Net Current Assets		5,192,646	4,778,511
TOTAL		27,555,134	26,787,147
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			
			
For FINANCIAL MANAGEMENT SERVICE FOUNDATION			
 EXECUTIVE DIRECTOR			
 CHAIRMAN			
TRUSTEES			
			
Place : Noida			
Date : 03.06.2006			

**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 2006

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>			
Grant Received		11,061,404	15,589,491
Bank Interest		69,207	132,853
Sale of Fixed Assets		2,000	57,900
		11,132,611	15,780,244
<u>EXPENDITURE</u>			
<u>Programme Costs</u>	IX		
Salary and Benefits		3,074,106	2,549,423
Documentation, Information, Study and Action Research		1,705,619	3,080,724
Workshops and Consultations		1,481,806	1,039,052
Networking		647,866	810,855
Travel Costs		289,485	250,831
Capacity Building		545,612	1,227,834
<u>Co-ordination and Administration Costs</u>	X		
Office Running Expenses		1,422,890	1,778,670
Capital Costs		1,594,923	2,931,633
Office Rent		-	71,625
Salary and Benefits		692,247	529,050
Vehicle Running and Maintenance		270,276	233,475
Payments to Auditors		98,568	70,296
		11,823,398	14,573,468
Unspent / (Overspent) during the year transferred to Grant Account		(690,787)	1,206,776
Significant Accounting Policies and Notes forming an integral part of accounts			
As per our report of even date			
For KUMAR MITTAL & CO.		For FINANCIAL MANAGEMENT SERVICE FOUNDATION	
Chartered Accountants			
			
(AMRISH KUMAR)		EXECUTIVE DIRECTOR	
Partner			
		CHAIRMAN	
Place : Noida		TRUSTEES	
Date : 03.06.2006			

**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 2006

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>			
Grant Received		-	3,187,505
		<u>-</u>	<u>3,187,505</u>
<u>EXPENDITURE</u>			
Cost of Improvement of Property			
- Office Building		608,802	2,557,176
- Electric Installations and Fittings		221,172	888,065
- Furniture and Fixtures		17,575	328,916
- Capital Work in Progress		-	3,324,447
		<u>847,549</u>	<u>7,098,604</u>
Unspent / (Overspent) during the year transferred to Grant Account		(847,549)	(3,911,099)

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




EXECUTIVE DIRECTOR


CHAIRMAN

Place : Noida
Date : 03.06.2006

TRUSTEES




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

**FOREIGN CONTRIBUTION ACCOUNT
TEARFUND (UK)**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>		
Grant Received	190,134	228,358
	190,134	228,358
<u>EXPENDITURE</u>		
Travel and Conveyance	62,002	24,397
Boarding and Lodging	26,064	146,392
Professional Fees and Honorarium	21,000	65,828
Expenses for use of facilities	-	55,000
Printing and Stationary	21,658	26,574
Other Expenses	4,200	8,500
	134,924	326,691
Unspent / (Overspent) during the year transferred to Grant Account	55,210	(98,333)

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

(Signature)

(AMRISH KUMAR)
Partner



Place : Noida
Date : 03.06.2006

For FINANCIAL MANAGEMENT SERVICE FOUNDATION

(Signature)
EXECUTIVE DIRECTOR

(Signature)
CHAIRMAN

TRUSTEES

(Signatures of Trustees)

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

**FOREIGN CONTRIBUTION ACCOUNT
TEARFUND (NETHERLANDS)**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>		
Grant Received	120,661	130,667
	120,661	130,667
<u>EXPENDITURE</u>		
Travel and Conveyance	29,606	25,078
Boarding and Lodging	12,365	15,328
Expenses for use of facilities	-	78,261
Honorarium	-	12,000
	41,971	130,667
Unspent / (Overspent) during the year transferred to Grant Account	78,690	-

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

(Signature)

(AMRISH KUMAR)
Partner



Place : Noida
Date : 03.06.2006

For FINANCIAL MANAGEMENT SERVICE FOUNDATION

(Signature)
EXECUTIVE DIRECTOR

(Signature)

CHAIRMAN

TRUSTEES

(Signatures of Trustees)

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

**FOREIGN CONTRIBUTION ACCOUNT
ICCO**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>		
Grant Received / Reimbursements	17,619	448,453
	<u>17,619</u>	<u>448,453</u>
<u>EXPENDITURE</u>		
Cost of Publications		
- Paper and Printing	-	324,480
- Honorarium to Authors	-	197,500
Expenses for use of facilities	-	367,092
Travel and Conveyance	17,619	64,624
Boarding and Lodging	-	1,449
Professional Charges	-	26,530
	<u>17,619</u>	<u>981,675</u>
Unspent / (Overspent) during the year transferred to Grant Account	-	(533,222)

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

(Signature)

(AMRISH KUMAR)
Partner



For FINANCIAL MANAGEMENT SERVICE FOUNDATION

(Signature)
EXECUTIVE DIRECTOR

(Signature)
CHAIRMAN

TRUSTEES

(Signatures of Trustees)

Place : Noida
Date : 03.06.2006

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

**FOREIGN CONTRIBUTION ACCOUNT
ICCO (EU)**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>			
Grant Received		326,449	-
		<u>326,449</u>	
<u>EXPENDITURE</u>			
Travel and Conveyance		52,243	-
Boarding and Lodging		3,249	-
		<u>55,492</u>	-
Unspent / (Overspent) during the year transferred to Grant Account		270,957	-

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

(AMRISH KUMAR)
Partner



Place : Noida
Date : 03.06.2006

For FINANCIAL MANAGEMENT SERVICE FOUNDATION

[Signature]
EXECUTIVE DIRECTOR

[Signature]

CHAIRMAN

TRUSTEES

[Signatures of Trustees]

**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 2006

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>			
Grant Received		-	525,459
		-	525,459
<u>EXPENDITURE</u>			
Conference Expenses		-	509,904
		-	509,904
Unspent / (Overspent) during the year transferred to Grant Account		-	15,555

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

(Signature)

(AMRISH KUMAR)
Partner



Place : Noida
Date : 03.06.2006

For FINANCIAL MANAGEMENT SERVICE FOUNDATION

(Signature)
EXECUTIVE DIRECTOR

(Signature)
CHAIRMAN

TRUSTEES

(Signatures)
Vidya Rao *Alunah*

**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 2006

Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>		
Grant Received	450,000	490,000
	450,000	490,000
<u>EXPENDITURE</u>		
Expenses for use of facilities	-	264,695
Salaries	278,474	242,325
	278,474	507,020
Unspent / (Overspent) during the year transferred to Grant Account	171,526	(17,020)

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



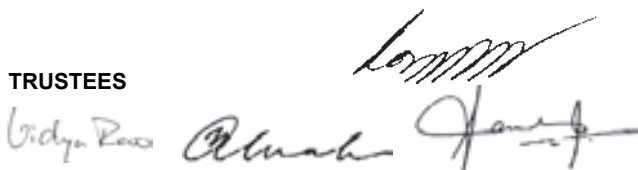
Place : Noida
Date : 03.06.2006

For FINANCIAL MANAGEMENT SERVICE FOUNDATION


EXECUTIVE DIRECTOR


CHAIRMAN

TRUSTEES



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

**FOREIGN CONTRIBUTION ACCOUNT
GERMAN AGRO ACTION**

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>			
Grant Received		439,505	-
		<u>439,505</u>	<u>-</u>
<u>EXPENDITURE</u>			
Travel and Conveyance		148,213	-
Boarding and Lodging		95,695	-
Honorarium		10,000	-
Printing and Stationery		13,960	-
		<u>267,868</u>	<u>-</u>
Unspent / (Overspent) during the year transferred to Grant Account		171,637	-

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

(Signature)

(AMRISH KUMAR)
Partner



Place : Noida
Date : 03.06.2006

For FINANCIAL MANAGEMENT SERVICE FOUNDATION

(Signature)
EXECUTIVE DIRECTOR

(Signature)
CHAIRMAN

TRUSTEES

(Signatures)
Bidya Rao *Aluach*

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

LOCAL CONTRIBUTION ACCOUNT

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>		
Workshops / Consultations	278,522	227,750
Income for facilities provided	398,357	40,350
Sale of publications	156,800	159,700
Bank Interest	74,466	59,882
Recovery of Security Deposit	-	102,247
Miscellaneous Income	-	352
	908,145	590,281
<u>EXPENDITURE</u>		
Workshops / Consultations	47,385	81,470
Expenses on facilities provided	47,079	6,100
Bank Charges	655	275
	95,119	87,845
Surplus / (Deficit) during the year transferred to General Fund	813,026	502,436

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

(Signature)

(AMRISH KUMAR)
Partner

(Signature)
EXECUTIVE DIRECTOR

CHAIRMAN

Place : Noida
Date : 03.06.2006



TRUSTEES

(Signatures of Trustees)

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

SCHEDULE - I

**UNUTILISED FOREIGN GRANTS FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH 2006**

Funding Agency	Opening balance as on 01.04.2005	Transactions during the year			Surplus/ (Deficit) transferred to General Fund	Closing balance as on 31.03.2006
		Income	Expenditure	Unspent / (Overspent)		
<u>EED</u>						
- Main Grant	888,590	11,132,611	11,823,398	(690,787)	-	197,803
- Office Premises	322,908	-	847,549	(847,549)	(524,641)	-
Tear Fund (UK)	-	190,134	134,924	55,210	55,210	-
Tear Fund (Netherlands)	-	120,661	41,971	78,690	78,690	-
ICCO	-	17,619	17,619	-	-	-
ICCO (EU)	-	326,449	55,492	270,957	270,957	-
Christian Aid	18,522	-	-	-	-	18,522
Bread for the World	-	450,000	278,474	171,526	-	171,526
German Agro Action	-	439,505	267,868	171,637	171,637	-
TOTAL	1,230,020	12,676,979	13,467,295	(790,316)	51,853	387,851



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

SCHEDULE - II

**CORPUS FUND FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH 2006**

Corpus Fund	As at 31.03.06 Amt. (Rs.)	As at 31.03.05 Amt. (Rs.)
<u>Contribution made by the Settler Trustees</u>		
Opening Balance	7,933	7,665
Add : Interest thereon	278	268
Closing Balance	8,211	7,933

**GENERAL FUND FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH 2006**

SCHEDULE - III

General Fund	As at 31.03.06 Amt. (Rs.)	As at 31.03.05 Amt. (Rs.)
Opening Balance	3,540,558	2,118,186
Add : Income during the year		
<u>Foreign Contribution Account</u>		
Surplus as per Grant Account		
- ICCO (EU)	270,957	-
- ICCO	-	367,092
- Tear Fund (UK)	55,210	55,000
- Tear Fund (Netherlands)	78,690	78,261
- Bread for the World	-	264,695
- German Agro Action	171,637	-
Consultancies		
- Workshop on Monitoring & Reporting of Development	54,000	-
- Workshop on Fund Management	9,821	-
- Workshop on Basic Financial Management Training	60,000	-
- China Workshop	-	130,500
- Srilanka Workshop	-	32,543
Sale of old project assets	258,400	52,100
Excess recovery of expense	8,926	
Receipt of old projects (EED)	-	24,000
Workshop Fees	-	6,000
Miscellaneous	-	4,500
<u>Local Contribution Account</u>		
Surplus as per Income and Expenditure Account	813,026	502,436
	5,321,225	3,635,313
Less : Expenditure during the year		
<u>Foreign Contribution Account</u>		
Deficit as per Grant Account		
- Office Premises	524,641	-
- Travel Expenses	-	94,755
Closing Balance	4,796,584	3,540,558



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

**ASSETS FUND ACCOUNT FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH 2006**

SCHEDULE - IV

Assets Fund Account	As at 31.03.06 Amt. (Rs.)	As at 31.03.05 Amt. (Rs.)
Opening Balance	22,008,636	12,829,190
<u>Add:</u>		
Assets purchased during the year	3,602,587	12,458,989
	25,611,223	25,288,179
<u>Less :</u>		
Value of assets sold	313,101	148,093
Depreciation for the current year	2,935,634	3,131,450
Closing Balance	22,362,488	22,008,636



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

SCHEDULE - V

**FIXED ASSETS FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH 2006**

Fixed Assets	Rate of Dep. %	Gross Block			Depreciation Block			Net Block		Amount (Rs.)
		Cost as at 01.04.2005	Additions during the year	Sales during the year	Cost as at 31.03.2006	Dep. upto 01.04.2005	Adj. for sales during the year	Dep. for current year	Dep. upto 31.03.2006	
Office Premises(EED)										
Office Building	10	12,895,884	3,039,686	-	15,935,570	1,264,649	-	1,467,092	2,731,741	11,631,235
Electric Installations and Fittings	15	888,065	237,172	-	1,125,237	182,341	-	141,434	323,775	705,724
Furniture and Fixtures	10	328,916	895,138	-	1,224,054	49,337	-	117,472	166,809	279,579
Capital work in Progress	-	3,324,447	(3,324,447)	-	-	-	-	-	-	3,324,447
EED Main Grant										
Computers	60	1,191,547	293,615	(61,150)	1,424,012	926,154	(60,054)	251,529	1,117,629	265,393
Furniture and Fixtures	10	2,663,435	619,452	(46,594)	3,236,293	400,376	(10,983)	278,030	667,423	2,263,059
Office Equipments	15	4,058,706	1,075,078	(215,964)	4,917,820	1,186,923	(160,435)	521,288	1,547,776	2,871,783
Vehicles										
- Cars	15	974,026	718,563	(674,026)	1,018,563	580,361	(453,161)	79,812	207,012	393,665
- Cycle	15	1,770	1,830	-	3,600	443	-	336	779	1,327
Intangible Assets										
- Softwares	60	324,940	46,500	-	371,440	271,990	-	45,720	317,710	52,950
Local Contribution										
- Car	15	381,031	-	-	381,031	161,557	-	32,921	194,478	219,474
Total		27,032,767	3,602,587	(997,734)	29,637,620	5,024,131	(684,633)	2,935,634	7,275,132	22,008,636
Previous year		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



**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, 2006**

Cash and Bank Balances	As at 31.03.06 Amt. (Rs.)	As at 31.03.05 Amt. (Rs.)
<u>Cash in hand</u>		
- EED	3,510	17,863
- Local Contribution Account	904	6,250
<u>Balance in Saving Accounts with Scheduled Banks</u>		
<u>Bank of Baroda</u>		
- EED Projects	-	1,419,702
- Christian Aid	18,522	18,522
- Bread for the World	171,526	-
- General Fund	1,743,643	1,466,836
<u>Standard Chartered Bank</u>		
- Local Contribution Account	2,089,435	2,037,155
<u>ICICI Bank</u>		
- EED Projects	97,192	21,302
- General Fund	106,190	
- Local Contribution Account(Programme Centre)	240,467	34,250
<u>Balance in Term Deposit Accounts with Scheduled Bank</u>		
<u>ICICI Bank</u>		
- EED Projects	31,033	
- Local Contribution Account(Programme Centre)	150,457	-
TOTAL	4,652,882	5,021,880

**LOANS AND ADVANCES FORMING PART OF
BALANCE SHEET AS AT 31ST MARCH, 2006**

SCHEDULE - VII

Loans and Advances	As at 31.03.06 Amt. (Rs.)	As at 31.03.05 Amt. (Rs.)
<u>Security Deposits</u>		
- EED	63,900	69,300
<u>Prepaid Expenses</u>		
- EED	83,060	89,046
<u>Amount Recoverable in cash or kind or value to be received</u>		
- Foreign Contribution Account	141,337	10,289
- Local Contribution Account	420,000	-
<u>Tax Deducted at Source (Local Contribution Account)</u>	4,696	4,000
TOTAL	712,993	172,635



**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, 2006**

Current Liabilities and Provisions	As at 31.03.06 Amt. (Rs.)	As at 31.03.05 Amt. (Rs.)
<u>Expenses payable</u>		
- EED Projects	136,743	149,099
Sub Total	136,743	149,099
<u>Other Liabilities</u>		
- EED Projects	25,486	266,905
- Local Contribution Account	11,000	-
Sub Total	36,486	266,905
GRAND TOTAL	173,229	416,004



**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 2006**

Programme Costs	Current Year Amt.(Rs.)	Previous Year Amt.(Rs.)
Salary and Benefits		
Director, Co-ordinators and Monitoring Officers	3,074,106	2,549,423
Sub Total	3,074,106	2,549,423
Documentation, Information, Study and Action Research		
Salary and Benefits(Communication & Research Associates)	523,668	378,382
Electrical Equipments and Fittings	-	854,515
Furniture and Fixtures	-	577,445
Cost of Publications		
- Paper and Printing	-	297,515
- Honorarium to Authors	-	197,500
Cost of Newsletter	234,353	205,874
Computers	197,115	224,048
Softwares	46,500	-
Digital Camera	-	23,188
Computers Maintenance	60,335	28,898
Travel and Conveyance	106,554	-
Boarding and Lodging	50,729	-
Capacity Assessment Study	26,000	-
Telephone, Internet and Website Expenses	325,140	212,174
Printing of Annual Report and Brochures	115,374	68,070
Other Expenses	19,851	13,115
Sub Total	1,705,619	3,080,724
Workshops and Consultations		
Travel and Conveyance	177,840	199,275
Boarding and Lodging	153,905	538,051
Printing & Stationery	130,595	108,708
Photocopier	350,000	-
Furniture and Fixtures	310,000	-
LCD Projector	160,000	-
Laptop	96,500	60,890
Honorarium	102,000	35,000
Other Expenses	966	97,128
Sub Total	1,481,806	1,039,052
Networking		
Travel and Conveyance	233,401	306,040
Boarding and Lodging	335,233	96,394
10th Anniversary Expenses	-	179,063
Promotional Material	-	125,000
Printing and Stationary	73,522	51,798
Other Expenses	5,710	52,560
Sub Total	647,866	810,855
Travel Costs		
Director, Coordinators & Monitoring Officers	232,553	174,911
Trustees Meetings	56,932	75,920
Sub Total	289,485	250,831
Capacity Building		
Travel and Conveyance	289,911	308,975
Boarding and Lodging	151,332	144,789
Professional Fees and Honorarium	51,542	38,040
Furniture and Fixtures	-	321,902
Electrical Equipments and Fittings	-	366,765
Courses and Workshop Participation	38,927	18,900
Other Expenses	13,900	28,463
Sub Total	545,612	1,227,834
GRAND TOTAL	7,744,494	8,958,719



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

SCHEDULE - X

**COORDINATION AND ADMINISTRATION COSTS FORMING PART OF EED GRANT
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006**

Coordination and Administration Costs	Current Year Amt.(Rs.)	Previous Year Amt.(Rs.)
Office Running Expenses		
Electricity and Water Charges	226,901	315,816
Printing and Stationary	132,765	169,019
Courier and Postage Charges	101,477	122,041
Generator Running and Maintenance	159,891	110,512
Professional Charges	33,000	157,250
Staff Welfare	231,746	184,850
Insurance	45,111	57,954
Building Maintenance	83,704	188,196
Office Maintenance	197,606	323,452
Office Equipments Maintenance	112,373	39,976
Other Expenses	98,316	109,604
Sub Total	1,422,890	1,778,670
Capital Costs		
Office Equipments	565,078	1,386,083
Furniture and Fixtures	309,452	1,543,780
Car	718,563	-
Cycle	1,830	1,770
Sub Total	1,594,923	2,931,633
Office Rent	-	71,625
Sub Total	-	71,625
Salary and Benefits		
Support Staff	692,247	529,050
Sub Total	692,247	529,050
Vehicle Running and Maintenance		
Fuel	128,513	128,625
Maintenance	141,763	104,850
Sub Total	270,276	233,475
Payments to Auditors		
Audit Fees	15,714	13,224
Income Tax Matters	22,448	22,910
Certification	60,406	34,162
Sub Total	98,568	70,296
GRAND TOTAL	4,078,904	5,614,749



**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 2006.**

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.



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.
3. As per the management policy the surplus / (deficit) of the completed projects are transferred to General Fund and the remaining balances of continuing projects are reported under Unutilized Grants.
4. 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.
5. The trust has acquired building at NOIDA from the specified grant received from EED. The acquisition, registration and part work of improvement of the building has been completed in the previous year and the remaining work of improvement etc. has been completed in the current year and capitalised for Rs. 1,82,84,861/-. The amount includes Rs.5,24,641/- transferred from General Fund due to escalation in cost / additional work which could not be met out of the specific grant received.
6. There is a capital commitment of Rs.NIL (Previous Year Rs.9,50,000) as on 31st March 2006 for Capital Work in Progress.



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 01.04.05	Receipts during the year	Sales during the year	Complimentary Distribution during the year	Closing stock as on 31.03.06	Valued at (Rs.)	Total Value (Rs.)
Finance Manual (2 nd edition)	765	-	204	41	520	500	260,000
Legal Handbook (2 nd edition)	780	-	221	33	526	500	263,000
T. Shirt	6	-	-	-	6	250	1,500
Caps	6	-	-	3	3	50	150

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 XI of the Balance Sheet.

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

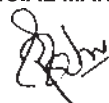


(AMRISH KUMAR)
Partner



Place : Noida
Date : 03.06.2006

For **FINANCIAL MANAGEMENT SERVICE FOUNDATION**

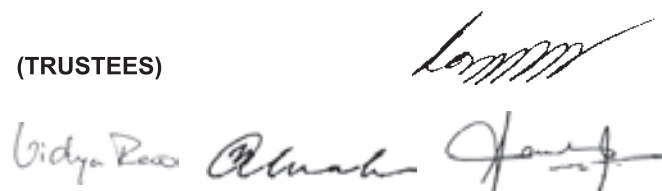


(EXECUTIVE DIRECTOR)



(CHAIRMAN)

(TRUSTEES)



FINANCIAL MANAGEMENT SERVICE FOUNDATION (A REGD. PUBLIC CHARITABLE TRUST), NOIDA FOREIGN CONTRIBUTION ACCOUNT RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006			
	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>RECEIPTS</u>			
<u>Opening Balances</u>			
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		-	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>
<u>Grants Received</u>			
EED			
- Main Grant		11,061,404	15,589,491
- Office Premises		-	3,187,505
Tear Fund(UK)		190,134	-
Tear Fund(Netherlands)		120,661	228,358
ICCO		17,619	130,667
Christian Aid		-	448,453
Bread for the World		450,000	525,459
ICCO (EU)		326,449	490,000
German Agro Action		439,505	-
<u>General Fund</u>			
Consultancies			
- Workshop on Monitoring & Reporting of Development		54,000	-
- Workshop on Fund Management		9,821	-
- China Workshop		-	130,500
- Srilanka Workshop		-	32,543
Sale of old project assets		258,400	52,100
Excess recovery of expense		8,926	-
Receipt of old projects (EED)		-	24,000
Workshop Fees		-	6,000
Miscellaneous		-	4,500
<u>Other Receipts</u>			
Bank Interest		69,207	132,853
Sale of Fixed Assets		2,000	57,900
Amount recovered from others		66,400	17,538
	Sub Total	<u>13,074,526</u>	<u>21,057,867</u>
GRAND TOTAL		<u>16,018,751</u>	<u>25,974,346</u>



FINANCIAL MANAGEMENT SERVICE FOUNDATION (A REGD. PUBLIC CHARITABLE TRUST), NOIDA			
FOREIGN CONTRIBUTION ACCOUNT RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006			
	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
RECEIPTS			
Opening 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		-	135,583
- Christian Aid		18,522	-
- General Fund		1,466,836	546,900
	Sub Total	2,944,225	4,916,479
Grants Received			
EED			
- Main Grant		11,061,404	15,589,491
- Office Premises		-	3,187,505
Tear Fund(UK)		190,134	-
Tear Fund(Netherlands)		120,661	228,358
ICCO		17,619	130,667
Christian Aid		-	448,453
Bread for the World		450,000	525,459
ICCO (EU)		326,449	490,000
German Agro Action		439,505	-
General Fund			
Consultancies			
- Workshop on Monitoring & Reporting of Development		54,000	-
- Workshop on Fund Management		9,821	-
- China Workshop		-	130,500
- Srilanka Workshop		-	32,543
Sale of old project assets		258,400	52,100
Excess recovery of expense		8,926	-
Receipt of old projects (EED)		-	24,000
Workshop Fees		-	6,000
Miscellaneous		-	4,500
Other Receipts			
Bank Interest		69,207	132,853
Sale of Fixed Assets		2,000	57,900
Amount recovered from others		66,400	17,538
	Sub Total	13,074,526	21,057,867
GRAND TOTAL		16,018,751	25,974,346

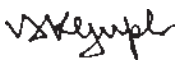

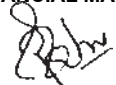


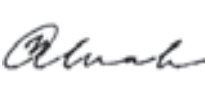
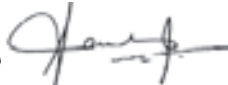


Office Running Expenses		
Electricity and Water Charges	233,948	290,074
Printing and Stationary	130,745	172,445
Courier and Postage Charges	129,278	95,168
Generator Running and Maintenance	159,891	110,512
Professional Charges	33,000	157,955
Staff Welfare	233,314	192,014
Insurance	70,603	44,464
Building Maintenance	83,704	188,196
Office Maintenance	199,796	336,162
Office Equipments Maintenance	123,532	39,976
Other Expenses	100,626	110,331
Capital Costs		
Office Equipments	565,078	1,376,083
Furniture and Fixtures	306,452	1,534,805
Car	718,563	-
Cycle	1,830	1,770
Advance for Car	50,000	-
Advance for Furniture	-	3,000
Office Rent	-	71,625
Salary and Benefits		
Support Staff	687,695	523,755
Vehicle Running and Maintenance		
Fuel	128,513	128,625
Maintenance	142,397	104,216
Payments to Auditors		
Audit Fees	13,382	13,224
Income Tax Matters	17,645	17,510
Certification	40,094	38,781
Other Payments		
Security Deposits	16,975	53,300
Advance to Staff	5,000	-
Advance/Payment to Others	66,400	-
General Fund		
Salaries	-	242,325
Travel	-	94,755
Office Premises (EED)		
Cost of Improvement of Property		-
- Office Building	617,164	2,328,620
- Electric Installations and Fittings	221,172	753,907
- Furniture and Fixtures	17,575	328,916
Security Deposits	222,575	-
Advance for Capital Work in Progress	-	3,207,456
Tearfund (UK)		
Travel and Conveyance	62,002	24,397
Boarding and Lodging	26,064	146,392
Professional Fees and Honorarium	21,000	103,078
Printing and Stationary	21,658	26,574
Other Expenses	4,200	8,500



<u>Tearfund (Netherlands)</u>		
Travel and Conveyance	29,606	25,078
Boarding and Lodging	12,365	15,328
Honorarium	-	12,000
<u>ICCO</u>		
Cost of Publications		
- Paper and Printing	-	324,480
- Honorarium to Authors	-	197,500
Travel and Conveyance	17,619	64,624
Boarding and Lodging	-	1,449
Professional Fees	-	26,530
<u>ICCO-EU</u>		
Travel and Conveyance	52,243	-
Boarding and Lodging	3,249	-
<u>Christian Aid</u>		
Conference Expenses	-	511,704
<u>Bread for the World</u>		
Salaries and Benefits	278,474	-
<u>German Agro Action</u>		
Travel and Conveyance	148,213	-
Boarding and Lodging	95,695	-
Honorarium	10,000	-
Printing and Stationery	13,960	-
Sub Total	13,847,132	23,030,121
<u>Closing Balances</u>		
Cash in Hand - EED	3,510	17,863
Balance in Saving / Term Deposit Accounts with Scheduled Banks		
- EED Projects	128,225	1,441,004
- Bread for the World	171,526	-
- Tear Fund(UK)	-	-
- Christian Aid	18,522	18,522
- General Fund	1,849,836	1,466,836
Sub Total	2,171,619	2,944,225
GRAND TOTAL	16,018,751	25,974,346
Significant Accounting Policies and Notes forming an integral part of accounts		
XI		
As per our report of even date		
For KUMAR MITTAL & CO.	For FINANCIAL MANAGEMENT SERVICE FOUNDATION	
Chartered Accountants		
	EXECUTIVE DIRECTOR	
(AMRISH KUMAR)		
Partner	CHAIRMAN	
Place : Noida	TRUSTEES	
Date : 03.06.2006		

<u>Tearfund (Netherlands)</u>		
Travel and Conveyance	29,606	25,078
Boarding and Lodging	12,365	15,328
Honorarium	-	12,000
<u>ICCO</u>		
Cost of Publications		
- Paper and Printing	-	324,480
- Honorarium to Authors	-	197,500
Travel and Conveyance	17,619	64,624
Boarding and Lodging	-	1,449
Professional Fees	-	26,530
<u>ICCO-EU</u>		
Travel and Conveyance	52,243	-
Boarding and Lodging	3,249	-
<u>Christian Aid</u>		
Conference Expenses	-	511,704
<u>Bread for the World</u>		
Salaries and Benefits	278,474	-
<u>German Agro Action</u>		
Travel and Conveyance	148,213	-
Boarding and Lodging	95,695	-
Honorarium	10,000	-
Printing and Stationery	13,960	-
Sub Total	13,847,132	23,030,121
<u>Closing Balances</u>		
Cash in Hand - EED	3,510	17,863
Balance in Saving / Term Deposit Accounts with Scheduled Banks		
- EED Projects	128,225	1,441,004
- Bread for the World	171,526	-
- Tear Fund(UK)	-	-
- Christian Aid	18,522	18,522
- General Fund	1,849,836	1,466,836
Sub Total	2,171,619	2,944,225
GRAND TOTAL	16,018,751	25,974,346
XI		
Significant Accounting Policies and Notes forming an integral part of accounts		
As per our report of even date		
For KUMAR MITTAL & CO.	For FINANCIAL MANAGEMENT SERVICE FOUNDATION	
Chartered Accountants		
	EXECUTIVE DIRECTOR	
(AMRISH KUMAR)		
Partner	CHAIRMAN	
Place : Noida	TRUSTEES	
Date : 03.06.2006		

FINANCIAL MANAGEMENT SERVICE FOUNDATION (A REGD. PUBLIC CHARITABLE TRUST), NOIDA			
LOCAL CONTRIBUTION ACCOUNT RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006			
	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
RECEIPTS			
Cash and Bank Balances as on 1st April 2005		2,077,655	1,570,751
Workshops / Consultations		289,522	231,950
Receipts for facilities provided		398,357	40,350
Sale of publications		156,800	159,700
Recovery of Security Deposit		-	102,247
Miscellaneous Income		-	352
Bank Interest			
- On Corpus Fund		278	268
- On Others		73,770	59,882
TOTAL		2,996,382	2,165,500
PAYMENTS			
Workshops / Consultations		47,385	81,470
Expenses on facilities provided		47,079	6,100
Advance to Staff		420,000	-
Bank Charges		655	275
Cash and Bank Balances as on 31st March 2006		2,481,263	2,077,655
TOTAL		2,996,382	2,165,500
Significant Accounting Policies and Notes forming an integral part of accounts			
<div> <div> XI </div> <div> As per our report of even date For KUMAR MITTAL & CO. Chartered Accountants  (AMRISH KUMAR) Partner </div> <div>  </div> <div> Place : Noida Date : 03.06.2006 </div> </div> <div> <div> For FINANCIAL MANAGEMENT SERVICE FOUNDATION  EXECUTIVE DIRECTOR  CHAIRMAN </div> <div> TRUSTEES    </div> </div>			

Governance

Governance includes:

Objective

Page No. 53

Objectives achieved through

Page No. 53

Performance Appraisal

Page No. 56

Legal & Donor Compliance

Page No. 56

Team

Page No. 57

Sustainability

Page No. 58

1. **Objective:** Governance for FMSF means achieving high level of accountability, efficiency, responsibility and justice in all areas of operation. FMSF also strives through its governance mechanism to be accountable to all its stakeholders.

2. **The above objective is achieved through:**

2.1 Having requisite expertise in the Board

2.2 Monitoring of the resources i.e. material and human

2.3 Introducing regular external and internal Audits.

2.4 Meeting of the Board of Trustees and reviewing the performance of the organisation.

2.5 Means of Communication

2.1 **Board of Trustees**

2.1.1 **Composition**

The Board of Trustees comes with varied experience and expertise in governance of voluntary organisations.

1. Chairman - Bishop (Dr.) C. L. Furtado is a retired Bishop of Church of South India. He has rich experience of governance of faith based as well as secular Voluntary Organisations. He has an outstanding track record of management of various organisations.

2. Trustee - Ms. Rosemary Viswanath is an Organisational Development expert having rich experience in the Voluntary Sector. She has been involved in many study and evaluation processes that has contributed in strengthening organisational processes of NGOs and has wider knowledge of the grassroots realities of the development organisations.

3. Trustee - Dr. Cornelius S. Walter is the former Director (South Asia) of the Leprosy Mission, a charity based in U.K and operating in many parts of the world. He is experienced in governance of many hospitals and other community health organisations.



4. Trustee - Dr. (Ms.) Nalini Abraham is presently working as advisor to Plan International in India. She is a renowned consultant in community health and is into governance of many Voluntary Organisations in India.

5. Trustee - Mr. C.B. Samuel is an experienced resource person and is heading a network of voluntary organizations known as PRABHAAV. He has been involved in various mentoring and counseling processes in the Leadership Development in NGOs. He has also been involved in building capacities in the areas of programme and governance matters in the development organisations.



6. Trustee - Prof. (Ms.) Vidya Rao is from the academic background and is the professor of the Department of Social Welfare Administration in the Tata Institute of Social Sciences, Mumbai. She brings in rich academic background and

contributes in FMSF's capacity building initiatives to be more effective.

2.1.2 Term

Every member of the Board of Trustees serves for a term of 3 years.

2.1.3 Remuneration/ Honorarium

None of the trustees are paid any remuneration/honorarium.

2.2 Monitoring

The regular monitoring of the programme is delegated to the strategic core team which consists of the Executive Director, Programme Co-ordinator and Resource Co-ordinator. The Meeting of the Board of Trustees reviews the programmes and receives the report from the staff team.

2.3 Audit

FMSF has a clear policy for audit. The Statutory Auditors are appointed in the Annual General Meeting of the Board of Trustees and their remuneration is fixed. The Audit Report along with the Management Report is received by the Board of Trustees. The Internal Audit is also carried out at regular intervals and the recommendations are considered by the strategic core team.

2.4 Meetings of the Board of Trustees

The Board of Trustees meets once in six months to review the work of the organisation. During the year under report, the Board of Trustees met twice i.e. on 4.6.2005 and on 21.11.2005.

2.5 Means of Communication

FMSF firmly believes in transparency. Therefore there are primarily two means by which

information is made public. FMSF publishes its annual report and it is made available to every stakeholder on demand. Secondly, FMSF uploads the annual report on its website and any interested person can download them freely.

3. 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 January 2006 by the Executive Director. For this purpose, a structured format is used. The appraisal is participatory in nature.

4. Legal & Donor Compliance - FMSF is a registered Charitable Trust. It is also registered under the Income Tax Act, 1961 and the Foreign Contribution (Regulation) Act, 1976. Filing of audited reports and returns are regularly made as required under the legal framework.

Details	Due Date	Date of Compliance
Statutory Audit for the year ending 31.03.2005.	-	04.06.2005
Filing of Returns for the year 2004-2005 under Income Tax Act, 1961.	31.10.2005	07.10.2005
Filing of Returns (FC-3) for the year 2004-2005 under Foreign Contribution (Regulation) Act, 1976.	31.07.2005	15.07.2005

Further, FMSF also complied with the reporting requirements of the resource sharing agencies like EED, BftW, ICCO,

Tearfund U.K., German Agro Action, Tearfund, Netherlands etc., with whom it has participated during the year.

5. Team - The structure of the team remained the same during the year which constitutes of the **Core Team** and the **Operational Team**.

5.1 Composition

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

5.1.2 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.

During the year, three members of the staff team resigned from the organisation. New members, Mr. K.K.Samantaray, Mr. Sandeep Sharma and Ms. Upasana Goswami were recruited.

However, as Ms. Goswami had to leave, Ms. Aarti Sharma and Ms.Sapna Singh were recruited.

The new organization structure along with the Responsibility Chart is annexed herewith.

5.2 Capacity Building for the staff team :

The mid-term review of the planning for the year 2005 was held in July 2005 and the annual planning process for the year 2006 was held in January 2006. The discussion processes included revisiting the plans and strategies earlier drawn and details for further improvement. It also included deliberations on the activities to be undertaken and the required capacities for the same.

The staff members also participated in the following workshops / meetings:

- ♦ Workshop on Resource Mobilisation organised by Datamation Foundation
- ♦ Debriefing Workshop on the Study on Financial Management among Bangladesh NGOs organized by ICCO
- ♦ Ministry of Home Affairs - Institute of Chartered Accountants of India Joint National Level Seminar on FCRA
- ♦ Meeting on Foreign Contribution (Management & Control) Bill, 2005 organised by Voluntary Action Network of India
- ♦ Meeting on National Policy for Voluntary Organisations organized by Planning Commission

Such participations enabled the staff members to develop better understanding on the emerging developments in the sector and keep themselves updated.

6. Sustainability

6.1 Financial Sustainability: The sources of resources continue to be derived out of services rendered against the major thrust areas. Some of the specific aspects that contribute in resource mobilization of FMSF are:

6.1.1. Working with other donors: FMSF, primarily, receives support from EED for the financial monitoring of development projects supported by it. However, it is also working with other funding agencies such as Bread for the World (BftW), ICCO, Christian Aid, Tearfund, U.K., etc. This has enabled FMSF to receive support from these agencies for the services rendered to them.

6.1.2 Training fees from workshop: FMSF receives contribution towards course fees from the participants for the workshops and trainings organized by it.

6.1.3 Income from “Programme Centre”: FMSF offers conference / meeting facilities as well as accommodation facilities in its Programme Centre at nominal rates to like-minded organizations and agencies. Through this facility, FMSF raises income.

6.2 Programmatic sustainability - FMSF believes that sustainability is not only linked with financial resources but it also includes organizational and programmatic sustainability. It aims to achieve programmatic sustainability through new initiatives like launching a one year course FMDP.

The follow-up of the recommendations of the FEAT Confluence on aspects such as Standardising the Reporting Format for NGOs, Accrual Basis of Accounting for NGOs, Specific Accounting Standards for NGOs etc. will contribute towards programme sustainability.



Also the follow-up of the initiatives in progress relating to Social Audit Toolkit, Social Accountability Processes for NGOs, taking forward the two networks FEAT and NAN continues to contribute towards enhancing the accountability aspects of NGOs and thus to also programme sustainability of FMSF.

Future Perspectives

Some future perspectives of FMSF are:

- ♦ To sharpen the role of FEAT through rigorous follow - up of the outcome of the 3rd Confluence of FEAT.
- ♦ To take forward the NAN initiative by organising the regional meetings.
- ♦ To launch the Social Audit Tool Kit that has been finalised.
- ♦ To finalise the Social Accountability Framework for the development organizations.
- ♦ To develop an accounting software on Fund Accounting for NGOs.
- ♦ To launch the one year certificate course Financial Management Development Programme (FMDP).

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 well with various changes and work pressure and rose to the occasion.

The continued support of the Board of Trustees has been a great enabling factor in the journey. With renewed and encouraged spirits and commitment, FMSF is entering into another new year of emerging challenges.

FMSF, NOIDA

Dated: 03.06.2006

List of Annexures

1. Organisational Profile
2. List of Board of Trustees
3. List of Staff
4. New Organisation Structure
5. Responsibility Chart

Organisational Profile

Legal Status :	Registered Charitable Trust
Address :	“ACCOUNTABILITY HOUSE” A-5, Sector - 26, NOIDA - 201 301.
Auditors :	Kumar Mittal & Co., Chartered Accountants 303, White House, 382, Sant Nagar, East of Kailash, New Delhi - 110 065
Bankers :	Bank of Baroda E-22, Haus Khas, New Delhi - 110 016
	Standard Chartered Bank, M-1, South Extension - II, New Delhi - 110 049
	ICICI Bank, E-19, Sector - 27, NOIDA - 201 301

List of Board Members

S.No.	Name	Designation
1.	Bishop Christopher Furtado	Chairman
2.	Ms. Rosemary Viswanath	Trustee
3.	Dr. C.S. Walter	Trustee
4.	Dr. (Ms.) Nalini Abraham	Trustee
5.	Mr. C.B.Samuel	Trustee
6.	Prof. Vidya Rao	Trustee

List of Staff as on 31.03.2006



S.No.	Name
1.	Anil Sharma
2.	Sapna Singh
3.	Madhuchhanda Mishra
4.	Aarti Sharma
5.	Renu Relan
6.	K.K. Samantaray
7.	Pooja Bagga
8.	Sanjay Patra
9.	Prashant Sahoo
10.	Sandeep Sharma
11.	Anuradha Singh
12.	Ram Bahadur
13.	Rajman Yadav
14.	Dharmendar Singh Rawat
15.	S. P. Selvi

