

# Annual Report

## 2009-10

*Looking within ...*



Financial Management Service Foundation

## From The Executive Director's Desk

*F*MSF plays a very key role in promoting accountability in the Voluntary Sector by ensuring compliance to donor requirements and capacity building of the partner organizations for more than 15 years. From April 2010, FMSF would be entering into a new phase of cooperation & partnership with EED. Therefore, apart from the regular activities, the year gone by has been a year of review, reflection as well as introspection. During the reporting period, EED commissioned an external review process of FMSF. Dr. John Mwangi, an external consultant from Kenya conducted the review process. The Review was undertaken during early March 2009. Various stakeholders including Board Members, Partner organizations, key associates, Staff members were consulted during the process. The Report while appreciating the work done by FMSF so far, came up with certain recommendations. FMSF is now undergoing an internal process to implement some of these suggestions & recommendations.

We also had a 5-year planning meeting where the core team of FMSF discussed and brainstormed on how to further enhance the effectiveness of FMSF's activities. The recommendations from the FMSF Review Report were taken up and ways & means to integrate those feedbacks into the proposal for the new phase were also discussed.

During the period, Ms. Monika Sudhir, a learning & Development Consultant joined the Board of Trustees of FMSF.

The year gone by has been very enriching for us and I would like to take the opportunity to extend my gratitude to EED, Germany for their unconditional support and encouragement. A special note of thanks to our Board of Trustees for their guidance. Last but not the least, I would like to thank all our partners and associates who have constantly helped us in all our endeavors.

With this we would like to present the Annual Report for the year 2009-10 & once again thank all our partners in making our journey a memorable one.

**Sanjay Patra**  
Executive Director



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# *Contents*

|  |           |
|--|-----------|
| <b>From the Executive Director's Desk</b>          | <b>1</b>  |
| <b>Programme</b>                                   | <b>5</b>  |
| Financial Monitoring of Development Projects       |           |
| Capacity Building, Learning Systems & Networks     |           |
| Research, Publications & Information Dissemination |           |
| Other Areas of Involvement                         |           |
| <b>Finance</b>                                     | <b>17</b> |
| <b>Governance</b>                                  | <b>35</b> |
| Board of Trustees                                  |           |
| FMSF Review  |           |
| Other Internal Meetings                            |           |
| Audit  |           |
| Staff Team   |           |
| Legal & Donor Compliance                           |           |
| Sustainability                                     |           |
| <b>Conclusion</b>                                  | <b>41</b> |





# Programme



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One of the key activities of FMSF since its inception has been the Financial Monitoring of Development projects. The primary objective of financial monitoring at FMSF is to facilitate effective program implementation by ensuring compliance to donor requirements.

The process of financial monitoring involves:

- facilitating timely and regular transfer of funds to the projects.
- ensuring regular submission of financial and progress reports.
- analysis of Financial and Progress Reports and monitoring of the progress of the project.
- close interaction with partner organizations through periodical visits to field areas and regular contacts.
- and developing systems/procedures to ensure timely closure of projects.

In order to accomplish the above, there exists an effective internal monitoring system. Efforts have been made to institutionalize the internal systems and processes that would ensure basic quality of work. There are mechanisms to track flow of funds to the partners regularly after ensuring that the partner has complied with all the reporting requirements of EED. Sending timely reminders to the partners for submission of reports and fund request have been institutionalized. At the same time, various internal monitoring tools have been developed. Some of them are Visit checklist, Capacity Assessment Checklist, Tool to determine the stage of project to upscale the monitoring level etc.

In order to further enhance the monitoring function, FMSF also conducts mid-term assessments of the EED funded projects. This is an internal process that helps to track the progress of the project as well as timely identify any critical issue that may emerge.

During the reporting period, FMSF received 193 Financial Reports and 145 Progress Reports.



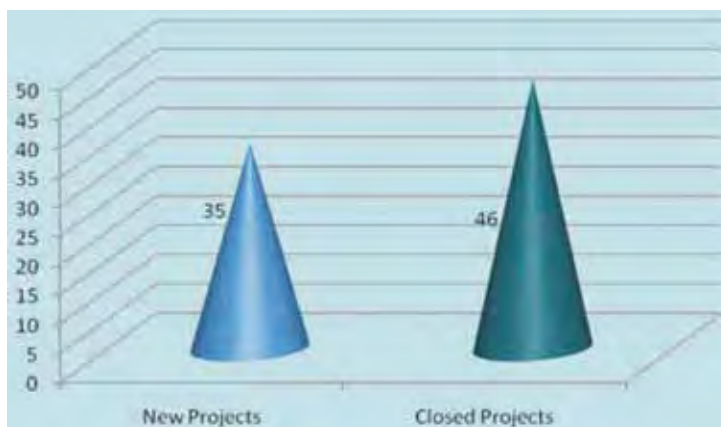
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In the year 2009-10, 35 new EED projects were taken up and 46 projects were closed.

As on 31st March 2010, FMSF monitors 145 projects supported by EED.

Regular partner visits were undertaken by FMSF staff to get a deeper understanding of the ground realities. During the reporting period 21 partner organizations were visited by FMSF team members.



During this period, FMSF has developed closer interactions with EED program staff and finance staff which has helped in further improving the monitoring systems. FMSF has also identified certain key & crucial issues that emerged out of monitoring & evaluations of partner organizations which were further taken up for discussion with EED.

Apart from EED Projects, FMSF also monitors 22 projects supported by Bread for the World (BftW), Germany. All the partner organizations are based in North and Central India. The majority of these are in Delhi, followed by Mumbai and Jharkhand.

## Capacity Building, Learning Systems & Networks



Capacity building is one of the core areas of FMSF. Over the past 15 years, the capacity building initiative has undergone changes. The capacity building initiative, initially was only restricted to training on EED requirements to the partner network and eventually shifted to the broader areas of financial management, governance and social accountability issues.

The shift has been from an 'awareness raising' mode to 'specific tools' followed by 'good practices'.

**Workshops:** The workshops organized by FMSF are primarily for the EED partners. However, FMSF also facilitates sessions in workshops organized by other like-minded agencies.

**Workshop for EED & EED Partners:**

| Dates of workshop                                   | Workshop   | Place                        | Details   |
|---|--|------------------------------|---|
| 24 <sup>th</sup> to 26 <sup>th</sup> August, 2009   | Local Support Services (LSS) Meeting on on Social Accountability Standards, Governance & Financial Accountability organised by the Consultancy Desk, EED with FMSF | FMSF programme centre, NOIDA | The primary objective of this Regional Meeting is to facilitate sharing of experiences of the various participating LSS and to reflect on the accountability challenges faced in the partner context. |
| 17 <sup>th</sup> & 18 <sup>th</sup> September, 2009 | Workshop on Budget, Budget Monitoring & Reporting for EED partners(for a focused group) in Southern Region   | Anantapur                    | The workshop focused on preparation and monitoring of programme budgets. Inputs relating to compliance of EED reporting requirements were also provided to the partners.                              |
| 8 <sup>th</sup> & 9 <sup>th</sup> October 2009      | Workshop on Budgeting, Budget Monitoring and Reporting for EED partners (for a focused group) in Northern Region   | FMSF Programme Centre, NOIDA | The workshop focused on preparation and monitoring of programme budgets. Inputs relating to compliance of EED reporting requirements were also provided to the partners.                              |
| 10 <sup>th</sup> October 2009                       | EED Auditors' Meet   | FMSF Programme Centre, NOIDA | Issues relating to adherence to EED Audit Agreement & independence of auditors were discussed.  |
| 20 <sup>th</sup> October 2009                       | EED Auditors' Meet   | Nepal                        | Issues relating to adherence to EED Audit Agreement & independence of auditors were discussed.  |
| 21 <sup>st</sup> October 2009                       | Pakistan Partners Meet   | Nepal                        | Sharing of developments at EED, Presentation on FMSF's role and Introduction of Pakistan Consultant Mr. Muhammad Irfan Farid was made   |
| 22 <sup>nd</sup> & 23 <sup>rd</sup> October 2009    | Workshop on Governance & Financial Management for EED partners in Nepal & Pakistan   | Kathmandu, Nepal             | The workshop focused on governance, Board Processes as well as Financial Management. Inputs relating to compliance of EED reporting requirements were also provided to the partners.                  |
| 16 <sup>th</sup> November 2009                      | EED Auditors' Meet   | Dhaka, Bangladesh            | Issues relating to adherence to EED Audit Agreement & independence of auditors were discussed.  |
| 17 <sup>th</sup> & 18 <sup>th</sup> November 2009   | Workshop on Governance & Financial Management for EED partners in Bangladesh   | Dhaka, Bangladesh            | The workshop focused on governance, Board Processes as well as Financial Management. Inputs relating to compliance of EED reporting requirements were also provided to the partners.                  |

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## Workshops for Other Organizations

| Workshop  | Date & Place                             | Details   |
|---|--|---|
| Workshop of CSO Partners on "Opportunities in Challenging Times"              | 22nd & 23rd May 2009, Mumbai             | Facilitation of a session on "Understanding Financial Management of NGOs & its Significance" & to provide consultation in the One-to-One session with NGO representatives.                                  |
| Workshop of Vishwa Yuva Kendra  | 9th July 2009, New Delhi                 | Facilitation of a half-a-day session on Financial Management, Budget Preparation, FCRA & Income Tax aspects relating to NGOs organized by Vishwa Yuva Kendra for grassroots organisations in their network. |
| Workshop of CSO Partners on "Opportunities in Challenging Times"              | 14th & 15th September 2009, Hyderabad    | Facilitation of a session on "Understanding Financial Management of NGOs & its Significance" & to provide consultation in the One-to-One session with NGO representatives.                                  |
| Workshop on Financial Management and Reporting Requirements by Dan Church Aid | 14th & 15th September 2009, Puri, Orissa | Facilitation of a two day workshop on Financial Management and Reporting Requirements organized by DanChurch Aid for its partner organisations in the Eastern Region.                                       |

Apart from the above mentioned, FMSF also organized a Training of Trainers (ToT) for FMSF team members as well as PACS 2 Team members. This was done with the aim of enhancing the in-house capacities and sharpening the facilitation skills. It was organized on 2<sup>nd</sup> & 3<sup>rd</sup> September 2009 at Manesar.

**1.2. Learning Systems:** FMSF also imparts training through long distance mode. In partnership with the Tata Institute of Social Sciences, one of the premiere social work



institutes in the country, FMSF launched an online training program on the financial management of not-for-profit organizations. The Diploma in Financial Management & Accountability (DFMA) is a one year long-distance education program on financial management of not-for-profit organizations. It caters to the unmet demand of sustained financial management

trainings for the Voluntary Sector. The course is a blend of the online & long distance mode. The various modules that are addressed in the program are:

- I. Introduction to the Voluntary Sector;
- II. Legal Framework;
- III. Book Keeping & Accounting;
- IV. Budgeting & Monitoring;
- V. Project Fund Accounting;
- VI. Control Systems;
- VII. Audit and
- VIII. Governance.

The panel of faculty consists of various eminent persons from the field of academics as well as the development sector, which includes the following members:

Prof. Dr. Vidya Rao, Mr. Manoj fogla, Ms. Rozmin Ajani, Mr. Joselyn Martins, Mr. Sanjay Patra and Mr. Suresh Kejriwal.

The second batch of the DFMA program commenced from July 2009. During the period, the 1<sup>st</sup> module and the 2<sup>nd</sup> module examinations were held for the Batch-2 students of the DFMA.

Another development during the period was the finalization of the new software for hosting the online training program. The new software has advanced features and is more interactive and user friendly. The transition from the old software to the new software was also done successfully.

**Networks:** FMSF primarily facilitates two networks Forum for Ethics Accountability & Transparency (FEAT) & NGO Accountants Network (NAN).

**Forum for Ethics Accountability & Transparency (FEAT):** FEAT is a network of finance consultants engaged in the voluntary sector in providing necessary consultancies in the area of financial management and legal compliances. The membership of FEAT has remained the same as in the previous year. The services of FEAT members are used from time to time in financial evaluation of NGOs and other advocacy initiatives. Some of the FEAT members are also involved in the DFMA (Diploma in Financial Management & Accountability) Program as faculty. Many of them also act as accompaniers and consultants to various partners that FMSF works with.

The follow-up actions of the Fourth Confluence of FEAT held in Chandigarh on 6<sup>th</sup> & 7<sup>th</sup> March, 2009 were reflected in-depth by FMSF during this reporting. As a first step towards the same, it is decided to organize regional meetings with EED partner auditors.

**NGO Accountants Network (NAN):** NAN is a forum of accountants initiated to sensitize the NGO accountants regarding financial management and other relevant issues at grass root level. As a follow-up of the 2<sup>nd</sup> National convention of NAN, a database of Accounts and Finance staff working with the EED partners in India has been updated. FMSF staff has been actively involved in the process of updation of existing data base of accounts personnel. The team members had contacted the respective partners to get the latest information about the accounts personnel working with the EED partners and updated the database.

Further, FMSF has also initiated to scale up the outreach of NAN initiative to the EED partners of Bangladesh, Nepal and Pakistan. FMSF has sent the invitation letters to all the EED partners in the region to nominate the Accounts and Finance personnel working with the partners.

In all, NAN forum consists of 186 members from the EED partner network in the subcontinent.

## Research, Publications & Information Dissemination

**Research:** A study on Mobilization of Cash and Non-cash Contribution was Commissioned by EED. The study focused on the practices relating to mobilization, quantification and valuation of own means. As per recommendations made in the Report, a 'Working Group' was constituted for further deliberation on the concept,



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and guidelines for the valuation and accounting of various non-cash contribution. FMSF constituted the working group in discussion with EED. The working group meeting was held on 6<sup>th</sup> November 2009. Owing to the various sources of non-cash generation that varies from program to program and organization to organization, the working group could not progress. Hence, in consultation with EED, FMSF organized an Expert Study on the findings of the above report. Mr. Suresh Kejriwal, an experienced Chartered Accountant was appointed to come up with the concept, criteria, formats, accounting treatments, guidelines etc. The expert study is now in progress.

**Internship** – FMSF also host interns from time to time from various educational institutions across the country. During the period, an intern from IRMA worked on the topic of Impact Monitoring and developed a paper. The paper was developed with the combined efforts of FMSF staff member as well as the intern.

Apart from the above, FMSF also receives a number of queries on various aspects of Income Tax, Registration, FCRA from various voluntary organizations. All the relevant queries are replied to by our research team.

**Publications:** During the year, the Revised Finance Handbook for Voluntary Organizations was published. All EED partner organizations were sent complimentary copies of the same.

The numbers of books sold during the year are as follows:

| <i>Sl.No</i> | <i>Name of the Publications</i>                             | <i>No. of Copies disbursed</i> |
|--------------|---|--------------------------------|
| 1.           | Manual of Financial Management & Legal Regulations          | 42                             |
| 2.           | Handbook on Financial Management & Legal Regulations        | 49                             |
| 3.           | Social Accountability Standards for voluntary Organizations | 61                             |
| 4.           | Handbook on Social Audit in NGOs                            | 43                             |
| 5.           | Handbook on Bombay Public Trusts Act                        | 1                              |
| 6.           | Handbook on Financial Audit & Reporting in NGOs             | 49                             |
| 7.           | Revised Handbook for Voluntary Organizations                | 221                            |

**INTERface:** FMSF also publishes a journal 'INTERface' that covers legal, financial & governance related issues pertaining to the Voluntary Sector. During the last year INTERface was made a six monthly journal from a quarterly one. During the reporting period, 2 issues of INTERface were published.

The topics covered in the issues published during the period are as follows:

- Charities to be in the Tax Net?
- Implications of the Direct Tax Code Bill
- Governance and Board Processes of NGOs
- Vouchers and their Preparation

- Filing and Documentation of Records
- Performance Measurement in Non Profit Organizations
- Salient Features of the Union budget
- Corpus & Endowment Fund
- Tax Deduction at Source
- Conflict of Interest
- FAQs on NGO Governance

Further, information on crucial legal aspects on which FMSF regularly receives queries is also provided.

**Standards & NORMS:** FMSF has been regularly disseminating information on legal and financial aspects through its recent initiative in this focus area of launching of the monthly e-communiqué “Standards & NORMS” since October, 2008. The primary objective of this communiqué is to be a Resource Support on NGO Governance, Accounting & Regulations whereby regular updates are provided. The Chief Contributor of legal inputs for this communiqué is Mr. Manoj Fogla whose in-depth analysis of the topics has enabled a lot of learning to partners and other NGOs and has received a very positive response. During the reporting period, information on the following topics has been disseminated:

- Anonymous Donations
- Charitable Purpose
- Governance and Board Processes of NGOs
- Analysis of Direct Tax Code for NPOs

Standards & NORMS is widely circulated amongst the partner constituency of FMSF and has received good response.

**Websites:** FMSF is engaged in disseminating relevant and useful information in the voluntary sector through its various websites. It has five highly informative websites. Apart from the organizational website ([www.fmsfindia.org](http://www.fmsfindia.org)) there are four other specialized sites.

They provide information on various issues like

- Legal ([www.legalissuesforngos.org](http://www.legalissuesforngos.org) ),
- Income Tax related matters ([www.incometaxforngos.org](http://www.incometaxforngos.org) )
- FCRA ([www.fcraforngos.org](http://www.fcraforngos.org) )
- Social Accountability ([www.socialaccountability.net](http://www.socialaccountability.net) )



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## Other areas of Involvement

**External Consultancy:** FMSF was approached by some other organizations including donor agencies seeking consultancy on matters related to financial management and legal aspects for development organizations. This also includes undertaking specific assignments such as Partner Assessments & Study of the existing Organizational Systems.

The following external assignments were undertaken by FMSF during the reporting period.

| Sr. No | Name of the Organization  | Assignment   |
|--------|---|--|
| 1      | DanChurch Aid, New Delhi  | FMSF was approached by DCA to undertake Partner Assessment of 3 organisations in Bihar on both Finance and Governance systems prevailing therein. The assessment was undertaken in June 2009.  |
| 2      | Caritas India, New Delhi  | Caritas India has approached FMSF to facilitate a one day workshop for the Auditors of their partner dioceses. The Workshop was held in two locations one in Bangalore and the other in Chennai  |
| 3      | Caritas India   | Study of the existing and required capacities in the Finance Department. The specific tasks done included: <ul style="list-style-type: none"> <li>- To assess whether there is a requirement for an additional staff or rearranging of job roles and responsibilities.</li> <li>- Improvements, if any required in the present systems.</li> <li>- Preparation of report on the above observations.</li> </ul> |
| 4      | Financial Assessment & Accompaniment for Baptist World Aid, Australia (BWAA)– | The assignment which includes assessment of partner organizations of BWAA based in Dhaka, Bangladesh is ongoing. During the reporting period, visit to assess the improvement made in the required areas were undertaken.  |
| 5      | Pre-funding Assesment for Christian Aid                                       | FMSF was required to undertake a Pre-funding Assessment of 7 organisations for the IPAP programme.   |
| 6      | GSELC   | The review of GSELC was undertaken by FMSF and the Report was shared with GSELC  |
| 7      | MISEREOR  | FMSF was approached by MISEREOR to undertake Evaluation of its partner organisation BUTTERFLIES. This was undertaken in January, 2010  |
| 8      | ASK, New Delhi  | FMSF was approached by ASK, a consultancy organization based in Gurgaon, for study of existing financial systems of the organization and identify areas requiring capacity building.   |
| 9      | ICCO  | FMSF was approached by ICCO, Netherlands during 2009 for assistance in setting up their local office in New Delhi and in facilitation of channeling funds for their operational purposes as it is not a registered body for receipt of foreign funds.  |

**CSOP Awards:** The CSO Partners' Outstanding Annual Report Award is an endeavor in creating benchmarks in the realm of NGO reporting and is the first and only Annual Report Awards in the voluntary sector. It is an effort to build a movement for transparency to bring in accountability. The award was instituted by the CSO Partners in association with the Financial Management Service Foundation, Spatial Access & the Credibility Alliance. Not-for-profit organizations across India were invited to participate in the process. The reports received were categorized into three different categories, 'Small' (Organizations with an annual income of less than Rs.50 lakhs) 'Medium' (Organizations with an annual income range of between Rs.50 Lakh to Rs. 5 Crore) & 'Large' (Organizations with an annual income of more than Rs. 5 Crore).

The annual reports were judged by an independent panel of evaluators who analyzed and scrutinized the reports thoroughly. The annual reports and audited financial statements of the organization were evaluated on three main aspects of 'financial reporting', 'transparency' 'reader friendliness & effective communication'. Relevant criteria for each aspect was developed for balanced assessment of Annual Reports. Over 200 nominations were received. The short listed annual reports were then presented to a Panel of Jury who then judged the reports and selected the winners.



The entire process culminated in an “award ceremony” that was organized on the 6<sup>th</sup> March, 2010 at the India Habitat Centre in New Delhi where all the participants were invited and winners were felicitated. Shri Amarjit Chopra, president of the Institute of Chartered Accountants of India (ICAI) as the Chief Guest of the evening graced the occasion with his presence.

The overall response for the awards was extremely encouraging. The large number of reports received for the awards is recognition of the effort by the organizers to create a platform to identify and showcase the good practices existing in the voluntary sector.

**Poorest Areas Civil Society (PACS):** The implementation of the second phase of the Poorest Areas Civil Societies (PACS) supported by DFID, U.K. was awarded to Christian Aid led consortium, IFIRST. At the time of proposal submission FMSF was invited by Christian Aid to be part of this consortium. FMSF is given the responsibility of establishing the Financial Management System of this programme PACS 2 and also the required capacity building to ensure that accountability and transparency values are upheld during the implementation process. The implementation of the program began during the reporting period and FMSF has deputed some of its staff in the PACS 2 program.

**Program Centre:** FMSF also runs a Program Centre in its office premises. It is an initiative to provide support to various development organizations and like minded agencies in conducting workshops and organizing training programs. It also offers accommodation facilities at reasonable contribution. Various NGOs and development organizations during the year have sought the services of FMSF Program Centre.

- Habitat for Humanity Trust,
- Rotary Club of NOIDA,
- Evangelical Fellowship of India (EFI),
- Langham,
- DBF,
- TransWorld Radio,
- Emmanuel Hospital Association (EHA)
- Christian Aid
- EED
- Bread for the World



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**KUMAR MITTAL & CO.**

Chartered Accountants

13, (Basement), Community Centre  
East of Kailash, New Delhi-110 065  
Ph: 011-26236154-55 Fax: 26235842

kumarmittalco@gmail.com

**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 **31<sup>st</sup> March, 2010** 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 **31<sup>st</sup> March, 2010** ; 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  
FRN 10500N



Place : New Delhi

Date : 03.09.2010

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

**BALANCE SHEET AS AT 31ST MARCH 2010**

|   | Schedule  | As at 31.03.2010<br>Amount (Rs.) | As at 31.03.2009<br>Amount (Rs.) |
|---|-----------|----------------------------------|----------------------------------|
| <b><u>SOURCES OF FUNDS</u></b>                    |           |                                  |                                  |
| Unutilised Grants                                 | I         | 11,335,816                       | 4,057,332                        |
| Corpus Fund                                       | II        | 9,422                            | 9,103                            |
| General Fund                                      | III       | 16,916,838                       | 13,890,931                       |
| Assets Fund Account                               | IV        | 18,819,891                       | 17,834,132                       |
| <b>TOTAL</b>                                      |           | <b>47,081,967</b>                | <b>35,791,498</b>                |
| <b><u>APPLICATION OF FUNDS</u></b>                |           |                                  |                                  |
| <b>Fixed Assets</b>                               | <b>V</b>  |                                  |                                  |
| Gross Block                                       |           | 36,461,566                       | 32,398,671                       |
| Less : Depreciation                               |           | 17,641,675                       | 14,564,539                       |
| Net Block   |           | 18,819,891                       | 17,834,132                       |
| <b>Investments</b>                                | <b>VI</b> | 11,465,895                       | 10,715,005                       |
| <b>Current Assets, Loans &amp; Advances</b>       |           |                                  |                                  |
| Cash and Bank Balances                            | VII       | 14,735,582                       | 6,792,964                        |
| Other Current Assets                              | VIII      | 1,885,828                        | 624,752                          |
| Loans and Advances                                | IX        | 1,326,840                        | 1,147,605                        |
|   |           | 17,948,250                       | 8,565,321                        |
| <b>Less: Current Liabilities &amp; Provisions</b> | <b>X</b>  |                                  |                                  |
| Expenses Payable                                  |           | 822,025                          | 1,089,685                        |
| Other Liabilities                                 |           | 330,044                          | 233,275                          |
| Net Current Assets                                |           | 16,796,181                       | 7,242,361                        |
| <b>TOTAL</b>                                      |           | <b>47,081,967</b>                | <b>35,791,498</b>                |

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  
M. No. 90553  
FRN 10500N



For **FINANCIAL MANAGEMENT SERVICE FOUNDATION**

(CHAIRMAN)

(EXECUTIVE DIRECTOR)

Place : Noida  
Date : 03.09.2010

(TRUSTEES)

Vidya Rao

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

SCHEDULE - I

FOREIGN GRANTS UNUTILISED / RECEIVABLE FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH 2010

| Funding Agency           | Opening balance<br>as on 01.04.2009 | Transactions during the year |            |             | Surplus/ (Deficit)<br>transferred to<br>General Fund | Closing balance as on 31.03.2010 |            |
|--------------------------|-------------------------------------|------------------------------|------------|-------------|--|----------------------------------|------------|
|                          |                                     | Unutilised /<br>(Receivable) | Income     | Expenditure | Unspent /<br>(Overspent)                             | Unutilised                       | Receivable |
| EED                      |                                     |                              |            |             |  |                                  |            |
| - Main Grant             | 2,680,961                           |                              | 12,976,428 | 15,885,926  | (2,889,498)  | -                                | 208,537    |
| - Other Grant / Services | 47,898                              |                              | -          | -           | -  | -                                | -          |
| Misereor                 | 296,539                             |                              | 635,329    | 1,223,047   | (587,718)  | -                                | 504,472    |
| ICCO                     |                                     |                              |            |             |  |                                  |            |
| - Main Grant             | 300,191                             |                              | 22,639,852 | 16,625,582  | 6,014,270  | 6,314,461                        | -          |
| - DFMA                   | -                                   |                              | 1,968,787  | -           | 1,968,787  | 1,968,787                        | -          |
| Christian Aid (DFID)     | -                                   |                              | 16,892,261 | 14,039,483  | 2,852,778  | 2,852,778                        | -          |
| Bread for the World      | 731,743                             |                              | 986,751    | 1,914,602   | (927,851)  | -                                | 196,108    |
| Baptist World Aid        | -                                   |                              | 261,403    | 174,598     | 86,805   | 86,805                           | -          |
| Other Misc.Grants        | -                                   |                              | 1,780,172  | 827,575     | 952,597  | 112,985                          | 38,828     |
| TOTAL                    | 4,057,332                           |                              | 58,140,953 | 50,670,813  | 7,470,170  | 11,335,816                       | 947,945    |



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

**SCHEDULE - II**

CORPUS FUND FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH 2010

| Corpus Fund                               | As at<br>31.03.10<br>Amt. (Rs.) | As at<br>31.03.09<br>Amt. (Rs.) |
|---|---------------------------------|---------------------------------|
| Contribution made by the Settler Trustees |                                 |                                 |
| Opening Balance                           | 9,103                           | 8,795                           |
| Add : Interest thereon                    | 319                             | 308                             |
| Closing Balance                           | 9,422                           | 9,103                           |

**SCHEDULE - III**

GENERAL FUND FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH 2010

| General Fund                                  | As at<br>31.03.10<br>Amt. (Rs.) | As at<br>31.03.09<br>Amt. (Rs.) |
|---|---------------------------------|---------------------------------|
| Opening Balance                               | 13,890,931                      | 10,159,273                      |
| Add : Income during the year                  |                                 |                                 |
| <u>Foreign Contribution Account</u>           |                                 |                                 |
| Surplus as per Grant Account                  |                                 |                                 |
| - Baptist World Aid                           | -                               | 253,678                         |
| - EED Other Grants                            | 47,898                          | -                               |
| - Misereor                                    | 213,293                         | 582,634                         |
| - Other Miscellaneous Grants                  | 878,440                         | 477,455                         |
| Interest on Fixed Deposit with Bank           | 390,568                         | 392,900                         |
| Expense allocation for facilities             | 320,000                         | 662,632                         |
| Sale of old project assets                    | 5,500                           | 4,500                           |
| Other receipts / amount written back          | 17,963                          | 19,563                          |
| <u>Local Contribution Account</u>             |                                 |                                 |
| Surplus as per Income and Expenditure Account | 1,179,820                       | 1,338,296                       |
|   | 16,944,413                      | 3,731,658                       |
| Less : Expenditure during the year            |                                 |                                 |
| <u>Foreign Contribution Account</u>           |                                 |                                 |
| Audit Fees                                    | 27,575                          |                                 |
| Closing Balance                               | 16,916,838                      | 13,890,931                      |

**SCHEDULE - IV**

ASSETS FUND ACCOUNT FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH 2010

| Assets Fund Account               | As at<br>31.03.10<br>Amt. (Rs.) | As at<br>31.03.09<br>Amt. (Rs.) |
|-----------------------------------|---------------------------------|---------------------------------|
| Opening Balance                   | 17,834,132                      | 18,497,316                      |
| Add:                              |                                 |                                 |
| Assets purchased during the year  | 4,062,895                       | 1,768,533                       |
|                                   | 21,897,027                      | 20,265,849                      |
| Less :                            |                                 |                                 |
| Depreciation for the current year | 3,077,136                       | 2,431,717                       |
| Closing Balance                   | 18,819,891                      | 17,834,132                      |

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

FIXED ASSETS FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH 2010

| Fixed Assets                        | Rate of Dep. % | Gross Block           |                           |                                   | Depreciation Block    |                      |   | Net Block             |                      | Amount /Rs. |                         |
|-------------------------------------|----------------|-----------------------|---------------------------|-----------------------------------|-----------------------|----------------------|---|-----------------------|----------------------|-------------|-------------------------|
|                                     |                | Cost as at 01.04.2009 | Additions during the year | Sales / discarded during the year | Cost as at 31.03.2010 | Dep. upto 01.04.2009 | Adj. for sales/ discarded during the year | Dep. for current year | Dep. upto 31.03.2010 |             | W.D.V. as on 31.03.2010 |
| <b>FOREIGN CONTRIBUTION ACCOUNT</b> |                |                       |                           |                                   |                       |                      |   |                       |                      |             |                         |
| <b>Office Premises(EED)</b>         |                |                       |                           |                                   |                       |                      |   |                       |                      |             |                         |
| Office Building                     | 10             | 16,935,570            | -                         | -                                 | 15,935,570            | 6,309,979            | -   | 962,559               | 7,272,538            | 8,663,032   | 9,625,591               |
| Electric Installations and Fittings | 15             | 1,125,237             | -                         | -                                 | 1,125,237             | 633,039              | -   | 73,830                | 706,869              | 418,368     | 492,198                 |
| Furniture and Fixtures              | 10             | 1,224,054             | -                         | -                                 | 1,224,054             | 453,323              | -   | 77,073                | 530,396              | 693,658     | 770,731                 |
| <b>EED Main Grant</b>               |                |                       |                           |                                   |                       |                      |   |                       |                      |             |                         |
| Computers                           | 60             | 1,880,998             | 334,140                   | -                                 | 2,215,138             | 1,630,352            | -   | 261,354               | 1,891,706            | 323,432     | 250,646                 |
| Furniture and Fixtures              | 10             | 3,457,984             | 15,491                    | -                                 | 3,473,475             | 1,390,383            | -   | 208,309               | 1,598,692            | 1,874,783   | 2,067,801               |
| Office Equipments                   | 15             | 5,355,825             | 110,415                   | -                                 | 5,466,240             | 2,897,409            | -   | 379,312               | 3,276,721            | 2,189,519   | 2,458,416               |
| Vehicles                            |                |                       |                           |                                   |                       |                      |   |                       |                      |             |                         |
| - Cars                              | 15             | 1,742,936             | -                         | -                                 | 1,742,936             | 705,652              | -   | 155,593               | 861,245              | 881,691     | 1,037,284               |
| - Cycle                             | 15             | 3,600                 | -                         | -                                 | 3,600                 | 1,868                | -   | 260                   | 2,128                | 1,472       | 1,732                   |
| - Motorcycle                        | 15             | 43,283                | -                         | -                                 | 43,283                | 16,702               | -   | 3,987                 | 20,689               | 22,594      | 26,581                  |
| Intangible Assets                   |                |                       |                           |                                   |                       |                      |   |                       |                      |             |                         |
| - Softwares                         | 60             | 488,217               | 56,716                    | -                                 | 544,933               | 416,860              | -   | 59,829                | 476,689              | 68,244      | 71,357                  |
| <b>ICCO</b>                         |                |                       |                           |                                   |                       |                      |   |                       |                      |             |                         |
| Computers                           | 60             | 127,296               | 16,250                    | -                                 | 143,546               | 38,189               | -   | 58,339                | 96,528               | 47,018      | 89,107                  |
| Furniture and Fixtures              | 10             | 394,150               | 123,400                   | -                                 | 517,550               | 19,708               | -   | 47,414                | 67,122               | 450,428     | 374,442                 |
| Office Equipments                   | 15             | 593,221               | 10,518                    | -                                 | 603,739               | 44,492               | -   | 83,687                | 128,379              | 475,360     | 548,729                 |
| Vehicles                            | 15             | -                     | 631,744                   | -                                 | 631,744               | -                    | -   | 94,762                | 94,762               | 536,982     | -                       |
| <b>Christian Aid (DFID)</b>         |                |                       |                           |                                   |                       |                      |   |                       |                      |             |                         |
| Computers                           | 60             | -                     | 1,134,848                 | -                                 | 1,134,848             | -                    | -   | 354,479               | 354,479              | 780,369     | -                       |
| Furniture and Fixtures              | 10             | -                     | 722,244                   | -                                 | 722,244               | -                    | -   | 64,543                | 64,543               | 657,701     | -                       |
| Office Equipments                   | 15             | -                     | 684,178                   | -                                 | 684,178               | -                    | -   | 91,994                | 91,994               | 592,185     | -                       |
| Intangible Assets                   |                |                       |                           |                                   |                       |                      |   |                       |                      |             |                         |
| - Software                          | 60             | -                     | 122,950                   | -                                 | 122,950               | -                    | -   | 36,885                | 36,885               | 86,065      | -                       |
| <b>Misereor</b>                     |                |                       |                           |                                   |                       |                      |   |                       |                      |             |                         |
| Intangible Assets                   |                |                       |                           |                                   |                       |                      |   |                       |                      |             |                         |
| - Software                          | 60             | -                     | 100,000                   | -                                 | 100,000               | -                    | -   | 60,000                | 60,000               | 40,000      | -                       |
| <b>LOCAL CONTRIBUTION ACCOUNT</b>   |                |                       |                           |                                   |                       |                      |   |                       |                      |             |                         |
| - Office Equipments                 | 15             | 20,900                | -                         | -                                 | 20,900                | 5,800                | -   | 2,265                 | 8,065                | 12,835      | 15,100                  |
| - Furniture and Fixtures            | 10             | 5,400                 | -                         | -                                 | 5,400                 | 783                  | -   | 462                   | 1,245                | 4,155       | 4,617                   |
| <b>Total</b>                        |                |                       |                           |                                   |                       |                      |   |                       |                      |             |                         |
|                                     |                | 32,398,671            | 4,062,895                 | -                                 | 36,461,566            | 14,564,539           | -   | 3,077,136             | 17,641,675           | 18,819,891  | 17,834,132              |
|                                     |                | 30,810,118            | 1,748,613                 | -                                 | 32,558,731            | 12,132,822           | -   | 2,431,717             | 14,564,539           | 17,834,132  | -                       |



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

SCHEDULE - VI

INVESTMENTS FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH, 2010

| Investments                                       | As at 31.03.10<br>Amt. (Rs.) | As at 31.03.09<br>Amt. (Rs.) |
|---|------------------------------|------------------------------|
| <b><u>Fixed Deposits with Scheduled Banks</u></b> |                              |                              |
| <b><u>Foreign Contribution Account</u></b>        |                              |                              |
| <i>Bank of Baroda</i>                             |                              |                              |
| - General Fund                                    | 4,846,527                    | 4,421,930                    |
| <b><u>Local Contribution Account</u></b>          |                              |                              |
| <i>HDFC Bank</i>                                  |                              |                              |
| - General Fund                                    | 6,619,368                    | 6,293,075                    |
| <b>TOTAL</b>                                      | <b>11,465,895</b>            | <b>10,715,005</b>            |

SCHEDULE - VII

CASH AND BANK BALANCES FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH, 2010

| Cash and Bank Balances  | As at 31.03.10<br>Amt. (Rs.) | As at 31.03.09<br>Amt. (Rs.) |
|---|------------------------------|------------------------------|
| <b><u>Cash in hand</u></b>                                    |                              |                              |
| <b><u>Foreign Contribution Account</u></b>                    |                              |                              |
| - EED   | 9,611                        | 19,476                       |
| - ICCO  | 106,639                      | 16,975                       |
| - Christian Aid (DFID)  | 36,971                       | -                            |
| - General Fund  | 1,379                        |                              |
| <b><u>Local Contribution Account</u></b>                      |                              |                              |
| - General Fund  | 4,174                        | 2,033                        |
| <b><u>Balance in Saving Accounts with Scheduled Banks</u></b> |                              |                              |
| <b><u>Foreign Contribution Account</u></b>                    |                              |                              |
| <i>Bank of Baroda</i>   |                              |                              |
| - EED   | 49,215                       |                              |
| - Baptist World Aid   | 86,805                       |                              |
| - Christian Aid (DFID)  | 3,185,861                    |                              |
| - ICCO  | 7,928,447                    |                              |
| - Others  | 104,685                      |                              |
| - General Fund  | 2,198,064                    |                              |
|   | 13,553,077                   | 6,293,585                    |
| <b><u>Local Contribution Account</u></b>                      |                              |                              |
| <i>Standard Chartered Bank</i>                                |                              |                              |
| - General Fund  | 812                          |                              |
| - Corpus Fund   | 9,422                        |                              |
|   | 10,234                       | 11,288                       |
| <i>ICICI Bank</i>   |                              |                              |
| - General Fund  | 590,758                      | 218,650                      |
| <i>HDFC Bank</i>  |                              |                              |
| - General Fund  | 422,739                      | 230,957                      |
| <b>TOTAL</b>  | <b>14,735,582</b>            | <b>6,792,964</b>             |

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

**SCHEDULE - VIII**

**OTHER CURRENT ASSETS FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH, 2010**

| Other Current Assets           | As at 31.03.10<br>Amt. (Rs.) | As at 31.03.09<br>Amt. (Rs.) |
|--------------------------------|------------------------------|------------------------------|
| Interest accrued but not due   |                              |                              |
| - Foreign Contribution Account | 203,383                      |                              |
| - Local Contribution Account   | 225,090                      |                              |
|                                | 428,473                      | 317,093                      |
| Tax Deducted at Source         |                              |                              |
| - Foreign Contribution Account | 188,931                      |                              |
| - Local Contribution Account   | 184,454                      |                              |
|                                | 373,385                      | 307,659                      |
| Amount Receivable              |                              |                              |
| - Foreign Contribution Account | 136,025                      | -                            |
| Grant Receivable               | 947,945                      | -                            |
| <b>TOTAL</b>                   | <b>1,885,828</b>             | <b>624,752</b>               |

**SCHEDULE - IX**

**LOANS AND ADVANCES FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH, 2010**

| Loans and Advances   | As at 31.03.10<br>Amt. (Rs.) | As at 31.03.09<br>Amt. (Rs.) |
|--|------------------------------|------------------------------|
| Security Deposits  |                              |                              |
| - General Fund   | 60,451                       | 60,451                       |
| - ICCO   | 435,000                      | 435,000                      |
| - Christain Aid (DFID)                                     | 188,450                      | -                            |
| Prepaid Expenses   |                              |                              |
| - General Fund   | 156,089                      | 65,582                       |
| - ICCO   | 10,569                       | -                            |
| Amount Recoverable in cash or kind or value to be received |                              |                              |
| - General Fund   | 326,433                      |                              |
| - ICCO   | 5,471                        |                              |
| - Christain Aid (DFID)                                     | 62,589                       |                              |
| - Local Contribution Account                               | 81,788                       |                              |
|  | 476,281                      | 586,572                      |
| <b>TOTAL</b>   | <b>1,326,840</b>             | <b>1,147,605</b>             |

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

**SCHEDULE - X**

**CURRENT LIABILITIES AND PROVISIONS FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH, 2010**

| Current Liabilities and Provisions | As at 31.03.10<br>Amt. (Rs.) | As at 31.03.09<br>Amt. (Rs.) |
|------------------------------------|------------------------------|------------------------------|
| <u>Expenses payable</u>            |                              |                              |
| - EED                              | 146,379                      | 283,419                      |
| - Baptist World Aid                | -                            | 4,024                        |
| - Bread for the World              | -                            | 266,261                      |
| - Misereor                         | 9,927                        | 62,060                       |
| - ICCO                             | 103,428                      | 264,473                      |
| - Christian Aid (DFID)             | 501,704                      | -                            |
| - General Fund (FC)                | 24,817                       | -                            |
| - Local Contribution Account       | 35,770                       | 209,448                      |
| Sub Total                          | 822,025                      | 1,089,685                    |
| <u>Other Liabilities</u>           |                              |                              |
| Security Deposit Received          |                              |                              |
| - General Fund (FC)                | 16,549                       | 16,549                       |
| TDS Payable                        |                              |                              |
| - EED                              | 120,983                      | 63,997                       |
| - Bread for the world              | 11,848                       | 42,730                       |
| - Misereor                         | 4,684                        | 4,629                        |
| - ICCO                             | 99,450                       | 77,695                       |
| - Christian Aid (DFID)             | 63,189                       | -                            |
| - Other donors                     | 3,600                        | -                            |
| - General Fund (FC)                | 2,758                        | -                            |
| - Local Contribution Account       | 6,983                        | 27,675                       |
| Sub Total                          | 330,044                      | 233,275                      |
| <b>TOTAL</b>                       | <b>1,152,069</b>             | <b>1,322,960</b>             |

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FINANCIAL MANAGEMENT SERVICE FOUNDATION  
(A REGD. PUBLIC CHARITABLE TRUST), NOIDA  
FOREIGN CONTRIBUTION ACCOUNT

EED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

|  | Schedule | Current Year<br>Amount (Rs.) | Previous Year<br>Amount (Rs.) |
|--|----------|------------------------------|-------------------------------|
| <b>INCOME</b>  |          |                              |                               |
| Grant Received   |          | 12,783,497                   | 14,781,894                    |
| Bank Interest  |          | 192,931                      | 49,474                        |
| Total  |          | <u>12,976,428</u>            | <u>14,831,368</u>             |
| <b>EXPENDITURE</b>   |          |                              |                               |
| <u>Programme Costs</u>   |          |                              |                               |
| <i>(Strengthening Financial Management Capacities of NGOs)</i> |          |                              |                               |
| Salary and Expenses  |          | 6,498,512                    | 4,073,138                     |
| Documentation, Information, Study and Action Research          |          |                              |                               |
| Salary and Expenses (Coord. Communication & Research)          |          | 880,149                      | -                             |
| Cost of Newsletter   |          | 148,140                      | 87,913                        |
| Computers  |          | 334,140                      | 108,262                       |
| Softwares  |          | 58,718                       | 38,807                        |
| Computers Maintenance  |          | 93,180                       | 77,809                        |
| Travel and Conveyance  |          | 82,149                       | 19,531                        |
| Boarding and Lodging   |          | -                            | 6,180                         |
| Membership & Subscription Fees                                 |          | 1,860                        | 510                           |
| Telephone, Internet and Website Expenses                       |          | 281,642                      | 154,190                       |
| Printing of Annual Report and Brochures                        |          | 64,800                       | 57,300                        |
| Cost of Publications   |          |                              |                               |
| - Author Fees  |          | 777,341                      | -                             |
| - Printing Charges   |          | 148,858                      | -                             |
| Other Expenses   |          | 8,000                        | 28,440                        |
| Sub Total  |          | <u>2,654,975</u>             | <u>578,942</u>                |
| Workshops and Consultations                                    |          |                              |                               |
| Travel and Conveyance  |          | 272,985                      | 115,536                       |
| Boarding and Lodging   |          | 8,679                        | 426,773                       |
| Printing Charges   |          | 13,398                       | 39,600                        |
| Honorarium   |          | 3,000                        | 18,000                        |
| Salaries and Expenses  |          | -                            | 1,688,402                     |
| Communication Expenses   |          | -                            | 645,864                       |
| Allocation of Administration Costs                             |          | -                            | 611,934                       |
| Office Equipments and Furnitures                               |          | -                            | 21,786                        |
| Workshop & Seminars  |          | 233,485                      | -                             |
| Cost of Publications   |          |                              |                               |
| - Author Fees  |          | 308,000                      | -                             |
| - Printing Charges   |          | 148,857                      | -                             |
| Other Expenses   |          | -                            | 1,797                         |
| Sub Total  |          | <u>988,404</u>               | <u>3,569,692</u>              |
| Networking   |          |                              |                               |
| Travel and Conveyance  |          | 2,868                        | 306,770                       |
| Boarding and Lodging   |          | 5,500                        | 129,768                       |
| Conference Expenses  |          | 65,626                       | 177,712                       |
| Printing and Stationary  |          | 17,800                       | 47,246                        |
| Professional Fees and Honorarium                               |          | -                            | 31,000                        |
| Hospitality Expenses   |          | 1,965                        | 3,621                         |
| Support to Underprivileged                                     |          | 30,407                       | -                             |
| Other Expenses   |          | -                            | 5,462                         |
| Sub Total  |          | <u>124,166</u>               | <u>701,579</u>                |
| Travel Costs   |          |                              |                               |
| Director and Core Staff  |          | 662,716                      | 115,087                       |
| Trustees Meetings  |          | 197,037                      | 105,869                       |
| Sub Total  |          | <u>859,753</u>               | <u>220,956</u>                |
| Capacity Building  |          |                              |                               |
| Travel and Conveyance  |          | 123,974                      | 190,012                       |
| Boarding and Lodging   |          | 22,179                       | 38,891                        |
| Professional Fees and Honorarium                               |          | 29,345                       | 79,210                        |
| Printing & Stationery  |          | 62,907                       | -                             |
| Study on Mobilisation & Monitoring Expenses                    |          | -                            | 264,350                       |
| Allocation of Administration Costs                             |          | -                            | 611,934                       |
| Office Equipments and Furnitures                               |          | -                            | 65,360                        |
| Salaries and Expenses  |          | -                            | 155,285                       |
| Courses and Workshop Participation                             |          | -                            | 9,075                         |
| Other Expenses   |          | -                            | 9,609                         |
| Sub Total  |          | <u>238,405</u>               | <u>1,423,726</u>              |

contd.



**Co-ordination and Administration Costs****Office Running Expenses**

|                                   |         |         |
|-----------------------------------|---------|---------|
| Electricity and Water Charges     | 430,427 | 130,785 |
| Printing and Stationary           | 333,031 | 213,764 |
| Courier and Postage Charges       | 76,692  | 127,738 |
| Generator Running and Maintenance | 181,030 | 145,671 |
| Internal Audit Fee                | 33,090  | 33,090  |
| Staff Welfare                     | 439,635 | 163,885 |
| Insurance                         | 12,087  | 20,650  |
| Building Maintenance              | 73,375  | 80,844  |
| Office Maintenance                | 354,049 | 267,807 |
| Office Equipments Maintenance     | 241,217 | 119,549 |
| Professional Charges              | 137,875 | -       |
| Recruitment Expenses              | 117,161 | -       |
| Conveyance                        | 79,048  | -       |
| Other Expenses                    | 20,440  | 42,880  |

|           |           |           |
|-----------|-----------|-----------|
| Sub Total | 2,529,157 | 1,346,783 |
|-----------|-----------|-----------|

**Internal Meetings**

|   |         |         |
|---|---------|---------|
| Annual Planning and Core Group Meeting Expenses | 134,237 | 120,444 |
|---|---------|---------|

|           |         |         |
|-----------|---------|---------|
| Sub Total | 134,237 | 120,444 |
|-----------|---------|---------|

**Evaluation Expenses**

|            |        |   |
|------------|--------|---|
| Evaluation | 78,557 | - |
|------------|--------|---|

|           |        |   |
|-----------|--------|---|
| Sub Total | 78,557 | - |
|-----------|--------|---|

**Capital Costs**

|                        |         |         |
|------------------------|---------|---------|
| Office Equipments      | 110,415 | 146,250 |
| Furniture and Fixtures | 15,491  | 52,797  |

|           |         |         |
|-----------|---------|---------|
| Sub Total | 125,906 | 199,047 |
|-----------|---------|---------|

**Salary and Expenses**

|               |           |         |
|---------------|-----------|---------|
| Support Staff | 1,247,596 | 861,537 |
|---------------|-----------|---------|

|           |           |         |
|-----------|-----------|---------|
| Sub Total | 1,247,596 | 861,537 |
|-----------|-----------|---------|

**Vehicle Running and Maintenance**

|             |         |        |
|-------------|---------|--------|
| Fuel        | 162,102 | 60,074 |
| Maintenance | 98,906  | 43,904 |
| Insurance   | 22,525  | 11,564 |

|           |         |         |
|-----------|---------|---------|
| Sub Total | 303,533 | 115,542 |
|-----------|---------|---------|

**Payments to Auditors**

|                        |        |        |
|------------------------|--------|--------|
| Audit Fees             |        |        |
| - Statutory Audit      | 20,957 | 15,442 |
| - FCRA Audit           | 6,618  | 6,618  |
| - Funding Agency Audit | 33,090 | 33,399 |
| Income Tax Matters     | 22,060 | 22,060 |

|           |        |        |
|-----------|--------|--------|
| Sub Total | 82,725 | 77,519 |
|-----------|--------|--------|

|       |            |            |
|-------|------------|------------|
| Total | 15,865,926 | 13,288,905 |
|-------|------------|------------|

Unspent / (Overspent) during the year transferred  
to Grant Account

|   |             |           |
|---|-------------|-----------|
| I | (2,889,498) | 1,542,463 |
|---|-------------|-----------|

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  
M. No. 90553  
FRN10500N



(CHAIRMAN)

(EXECUTIVE DIRECTOR)

Place : Noida  
Date : 03.09.2010

(TRUSTEES)

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

FOREIGN CONTRIBUTION ACCOUNT

OTHER MISCELLANEOUS GRANTS

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

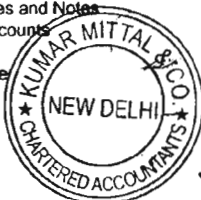
|   | Schedule | Current Year<br>Amount (Rs.) | Previous Year<br>Amount (Rs.) |
|---|----------|------------------------------|-------------------------------|
| <b>INCOME</b>   |          |                              |                               |
| Grant / Reimbursements  |          | 1,780,172                    | 2,680,090                     |
|   |          | <u>1,780,172</u>             | <u>2,680,090</u>              |
| <b>EXPENDITURE</b>  |          |                              |                               |
| <i>(Programmes for the poorest and most deprived section of the community and evaluation of performances)</i> |          |                              |                               |
| Travel and Conveyance   |          | 393,476                      | 1,011,150                     |
| Boarding and Lodging  |          | 211,030                      | 154,084                       |
| Honorarium and Professional Fees  |          | 169,372                      | 980,000                       |
| Website Expenses  |          | 8,300                        | 8,300                         |
| Printing & Stationery   |          | 7,729                        | -                             |
| Other Expenses  |          | 37,668                       | 49,101                        |
|   |          | <u>827,575</u>               | <u>2,202,635</u>              |
| Unspent / (Overspent) during the year transferred to Grant Account  | I        | 952,597                      | 477,455                       |

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  
M. No. 90553  
FRN10500N



For FINANCIAL MANAGEMENT SERVICE FOUNDATION

(CHAIRMAN)

(EXECUTIVE DIRECTOR)

Place : Noida  
Date : 03.09.2010

(TRUSTEES)

*[Signature]*

*[Signature]*

*[Signature]*  
Vidya Rao

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

**LOCAL CONTRIBUTION ACCOUNT**

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

|  | Schedule | Current Year<br>Amount (Rs.) | Previous Year<br>Amount (Rs.) |
|--|----------|------------------------------|-------------------------------|
| <b>INCOME</b>  |          |                              |                               |
| Grant for CSOP Awards  |          | 1,000,000                    | 500,000                       |
| Bank Interest  |          | 538,784                      | 573,395                       |
| Rent   |          | 170,350                      | 547,520                       |
| Income for other facilities provided                               |          | 187,180                      | 196,909                       |
| Workshops / Consultations  |          | 52,250                       | 220,249                       |
| Facilities for Conference  |          | 45,923                       | 209,050                       |
| Sale of Publications   |          | 44,095                       | 99,025                        |
| Membership Fees  |          | 4,000                        | -                             |
| Misc. Receipt  |          | -                            | 2,474                         |
|  |          | <u>2,048,582</u>             | <u>2,348,822</u>              |
| <b>EXPENDITURE</b>   |          |                              |                               |
| Expenses on CSOP Awards  |          |                              |                               |
| - Award Function   |          | 361,292                      | 182,243                       |
| - Postage & Courier  |          | 59,077                       | 39,037                        |
| - Professional Fees  |          | 25,000                       |                               |
| - Printing & Stationery  |          | 133,145                      | 118,413                       |
| - Travel and Conveyance  |          | 165,254                      | 44,323                        |
| - Conference Expenses  |          | 13,809                       | 11,291                        |
| - Other Expenses   |          | 16,528                       | 203,000                       |
| Expenses on facilities provided                                    |          | 92,229                       | 238,718                       |
| Advertisement Expenses   |          | 2,000                        | -                             |
| Bank Charges   |          | 408                          | 16,989                        |
| Workshops / Consultations  |          | -                            | 150,100                       |
| Travel and Conveyance  |          | -                            | 6,212                         |
|  |          | <u>868,742</u>               | <u>1,010,326</u>              |
| Surplus / (Deficit) during the year transferred<br>to General Fund | III      | 1,179,820                    | 1,338,296                     |

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  
M. No. 90553  
FRN10500N



For FINANCIAL MANAGEMENT SERVICE FOUNDATION

(CHAIRMAN)

(EXECUTIVE DIRECTOR)

Place : Noida  
Date : 03.09.2010

(TRUSTEES)

**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 31<sup>ST</sup> MARCH 2010**

**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 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. However, the employees taken on contract basis as per the provision in the budget of certain funding agencies which is short term and the employment will be for a term shorter than five years and also will not be paid any gratuity as per the contract, hence no provision for gratuity has been made in the books of accounts for such employees and premium paid for regular employees 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. The incidental receipts in carrying out the activities out of the assets other than bank deposits acquired from Foreign Contributions are accounted for as local income.
4. 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.
5. Expenses have been allocated/reallocated to various programmes based on the provisions available in the respective programme costs.
6. 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.
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 Publications                           | Opening Stock as on 01.04.09 | Receipts during the year | Sales during the year | Complimentary Distribution during the year | Closing stock as on 31.03.10 | Valued at (Rs.) | Total Value (Rs.) |
|--|------------------------------|--------------------------|-----------------------|--|------------------------------|-----------------|-------------------|
| Finanace Manual                                    | 337                          | -                        | 22                    | 20   | 295                          | 500             | 147,500           |
| Legal Handbook                                     | 294                          | -                        | 33                    | 16   | 245                          | 500             | 122,500           |
| Social Accountability Standards                    | 328                          | -                        | 34                    | 27   | 267                          | 250             | 66,750            |
| Handbook on Social Audit                           | 467                          | -                        | 33                    | 10   | 424                          | 200             | 84,800            |
| Bombay Public Trust Act                            | 352                          | -                        | 1                     | -  | 351                          | 100             | 35,100            |
| Handbook on Financial Audit and Reporting in NGO's | 166                          | -                        | 43                    | 6  | 117                          | 200             | 23,400            |
| Financial Handbook for Voluntary Organisation      | -                            | 563                      | 70                    | 151  | 342                          | 250             | 85,500            |



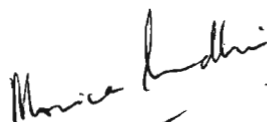
8. The expenses against the grants received from Christian Aid (DFID) for PACS programme have been account for on the basis of actual expenses incurred subject to overall reconciliation with PACS Secretariat, adjustments for allowable and non allowable expenses / billing and report (in progress) of the independent Auditors appointed in terms of the agreement to carry out the complete audit of PACS programme in India conducted through many partners. The impact of the adjustments, if any due to above will be accounted for in the year it is finalized / settled.
9. The strength of the number of employees has crossed the minimum required limit for the applicability of the provisions of Provident Fund Act. However, the salaries of all employees are above the threshold limit hence the provisions are not applicable.
10. The physical verification of fixed assets is carried out in phased manner at head office and other places. During the year, the same was carried out only at few places. The complete verification will be carried out in 2010-11.
11. a) Income and expenses are reported as per budget of the funding / donor agencies received on grant to grant basis, hence previous year figures are not comparable.  
b) The funding agencies from whom no grants have been received during the year, no previous years figures have been provided as the same are not comparable.

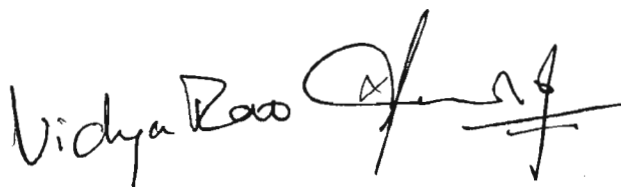
Signature to Schedule – I to XI of the Balance Sheet.

For FINANCIAL MANAGEMENT SERVICE FOUNDATION

  
(CHAIRMAN)

  
(EXECUTIVE DIRECTOR)

  
(TRUSTEES)



Place : Noida  
Date : 03.09.2010





## *Governance*



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Management Service  
Foundation



The Board leads the organization. It has the ultimate authority for directing the affairs of the organization and to ensure that the objective for which it has come is being achieved.

**Composition:** FMSF has a highly multi-skilled Board of Trustees. EED is always represented in the Board of Trustees Meetings.

**a. 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 Organizations. He has an outstanding track record of management of various organizations.

**b. Trustee** - Ms. Rosemary Viswanath is an Organizational Development expert having rich experience in the Voluntary Sector. She is a Post Graduate Diploma in Management from Indian Institute of Management, Bangalore with dual specialization in Personnel Management & Organization Behavior and Habitat and Human Settlements. She heads an organization, "EQUATIONS" – a campaigning, advocacy and research organization working on the impacts of tourism. She has been involved in many study and evaluation processes that has contributed in strengthening organizational processes of NGOs and has wider knowledge of the grassroot realities of the development organizations.

**c. Trustee** - Mr. C.B. Samuel is an experienced resource person and is heading a network of voluntary organizations known as PRABHAHV. 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 organizations.

**d. Trustee** - Prof. (Dr.) Vidya Rao is from the academic background and is the professor of the Department of Social Welfare Administration at the Tata Institute of Social Sciences, (TISS) Mumbai. She has done her Master's in Social Work from University of Michigan, USA, and has done her Ph.D (Social Work) from Tata Institute of Social Sciences. She brings in rich academic background and contributes in FMSF's capacity building initiatives to be more effective. She has also conducted various training programs on District Planning, Tribal Development and NGO Management

**e. Trustee** – Ms. Monika Sudhir is a Learning & Development Consultant with over 20 years of experience. She has trained executives of MNCs and Corporates at all levels in the areas of Leadership and Motivation, Communication for Organizational Excellence. She is also associated with the Institute of Chartered Accountants of India (ICAI) as Faculty and has trained more than 12000 Chartered Accountants.

**Board Meetings:** The Board of Trustees meets in regular intervals to review the work of the organization and in making strategic decisions of the organization. During the reporting period, the Board met thrice. The dates on which the Board met are given below:

- 29<sup>th</sup> September 2009
- 22<sup>nd</sup> January 2010
- 17<sup>th</sup> March 2010



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## FMSF Review

During the reporting period, EED commissioned an external review process of FMSF. Dr. John Mwangi, an external consultant from Kenya conducted the review process. The Review was undertaken during early March 2009. Various stakeholders including Board Members, Partner organizations, key associates, Staff members were consulted during the process. The Report while appreciating the work done by FMSF so far, came up with certain recommendations. FMSF is now undergoing an internal process to implement some of these suggestions and recommendations.

## Other Internal Meetings

**Annual Planning:** The Annual Planning Process of FMSF was held at Amritsar from 18<sup>th</sup> to 20<sup>th</sup> January, 2010. The objective of this meeting was to reflect on the previous year and to plan for the year 2010. Further this meeting also aimed at jointly looking at the recommendations that emerged from the FMSF Review Process of 2009.

**Planning Meeting:** As FMSF's present project phase with EED is till March 2010, the planning meet for developing the proposal for the next phase was held on 31<sup>st</sup> August, 2009 and 1<sup>st</sup> September, 2009 at Manesar.

## 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 management.

## The Staff Team



The staff team consists of people from various backgrounds like Chartered Accountants, MBAs, I.T professionals, Rural Management professionals etc. The staff team at FMSF is led by Mr. Sanjay Patra, Executive Director. During the year, Ms. Sharmishta Mukherjee, Ms. Neha Kaushik, Mr. Hari Krishna & Mr. Prabhat Kumar joined the FMSF team and Mr. Prashant Sahoo left the organization.

As on 31<sup>st</sup> March 2010, the FMSF team members are:

- Aarti Sharma
- Anil Sharma
- Anuradha Singh
- Dharmendra Singh Rawat
- Hari Krishna
- Madhuchhanda Mishra
- Neha Kaushik
- Prabhat Kumar

- Rajman Yadav
- Ram Bahadur
- Renu Arora
- S.P.Selvi
- Sandeep Sharma
- Sanjay Patra
- Sapna Singh
- Sharmishta Mukherjee

**Performance Appraisal** - The Board evaluates the performance of the Executive Director once in three years. The process includes feed-backs from the Board Members, EED and certain staff members. The performance of the staff is also evaluated every year by the Executive Director. For this purpose, a structured format is used. The appraisal is participatory in nature.

## Legal & Donor Compliance

FMSF is a registered Public 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. Further, FMSF also complied with the reporting requirements of the resource sharing agencies like EED, BftW, MISEREOR and ICCO with whom it has association during the year.

## Sustainability

**Financial Sustainability:** FMSF derives its financial sustainability primarily from the resources generated out of services rendered to EED, Germany. Some of the specific aspects that contribute in resource mobilization of FMSF are:

- **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, MISEREOR and Christian Aid. This has enabled FMSF to receive support from these agencies for the services rendered to them.
- **Training fees from workshop:** FMSF receives contribution towards course fees from the participants for the workshops and trainings organized by it.
- **Income from “Programme Centre”:** FMSF offers conference / meeting facilities as well as accommodation facilities in its Programme Centre at nominal contribution to like-minded organizations and agencies. Through this facility, FMSF raises income.

**Programmatic sustainability** – FMSF believes that sustainability is not only linked with financial resources but it also includes organizational and programmatic sustainability. The recent initiative of DFMA would also provide programmatic sustainability. The follow-up of the recommendations of the FEAT (Forum for Ethics Accountability & Transparency) Confluence on aspects such as standardizing the Reporting Format for NGOs, Accrual Basis of Accounting for NGOs, and Specific Accounting Standards for NGOs etc. contributes towards programme sustainability.



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## Conclusion



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FMSF considers itself a “LEARNING ORGANIZATION” and believes in constantly improving the quality of performance so that it can add more and more value to the services that it renders to the stakeholders. FMSF works in mutual inter-dependent association with all the agencies it is associated with. The services of FMSF in the areas of Monitoring, Capacity Building (organization, facilitation of workshops / trainings etc.), Partner Assessments, Financial Reviews and Evaluations are availed by various agencies.

FMSF would now be entering into a new phase of cooperation and partnership with EED, Germany and takes this occasion to mention a special note of gratitude to EED for their continuous support and encouragement.

The journey thus far would not have been possible without their support. The team of FMSF has also significantly contributed in all its initiatives. The Board of Trustees of FMSF has been very supportive and encouraging all throughout.

With the vision of promoting greater accountability in the voluntary sector, FMSF moves into another year of partnerships & collaboration for promoting better development effectiveness.



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**"ACCOUNTABILITY HOUSE"**

A-5, Sector 26, NOIDA-201301, INDIA

**Tel.:** 00-91-120-2546732/33/44/45

(For Calling from Delhi: 95120-120-2546732/33/44/45)

**Fax:** 00-91-120-2546731

**e-mail:** [fmsf@fmsfindia.org](mailto:fmsf@fmsfindia.org)

**website:** [www.fmsfindia.org](http://www.fmsfindia.org) [www.legalissuesforngos.org](http://www.legalissuesforngos.org)

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