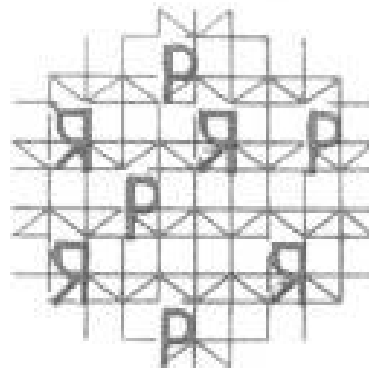


PROFESSIONAL ASSISTANCE FOR DEVELOPMENT
ACTION (PRADAN)



FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

3 Community Shopping Centre Niti Bagh, New Delhi-110049
Tel/Fax (91) 011- 26518619 ☎ 26514682, 26528534, 41640611
email: pradanip@ndh.vsnl.net.in, pradan_del@touchtelindia.net

Auditors

V.NAGARAJAN & CO.,

Chartered Accountants

D-2058 Gurgaon Palam Vihar, Haryana-122017,

Ph: 0124 4078742-43, Fax 0124 2368743 :

Email: nagarajan@accountant.com



AUDITORS' REPORT TO THE MEMBERS OF

PROFESSIONAL ASSISTANCE FOR DEVELOPMENT ACTION (PRADAN)

We have audited the attached Balance Sheet of **PROFESSIONAL ASSISTANCE FOR DEVELOPMENT ACTION (PRADAN)** along with the accounts of various Income Generation Program based funds, a Society registered under the Registration of Societies Act and having its registered office at 3, Community Shopping Centre, Niti Bagh, New Delhi 110 049 as at March 31, 2008 and the Income and Expenditure account for the year ended on that date annexed thereto.

Respective responsibilities of Management and Auditors

These financial statements are the responsibility of the management of the Society. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of Opinion:

We have 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 the management, as well as evaluating the overall presentation of financial statement. We believe that our audit provides reasonable basis for our opinion. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

We have no relationship with or any interests in the society other than our capacity as auditors.

Opinion:

1. In our opinion, proper books of accounts as required by the law have been kept by the Society so far as appears from our examination of the books maintained at the Head Office and all the branches of the Society visited by us
2. The Balance Sheet and the Income and Expenditure account dealt with by this report are in agreement with the books of accounts;
3. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Income and Expenditure Account and other accounts relating to various funds, read together with the notes on accounts attached thereto, give a true and fair view:
 - i. In the case of the Balance Sheet, of the state of affairs of the Society as at March 31, 2008 and
 - ii. In the case of Income and Expenditure account, of the Excess of Expenditure over Income of the Society for the year ended on that date.

Place: New Delhi,
Dated: June 7, 2008

for V. NAGARAJAN & CO.,
Chartered Accountants


(V. NAGARAJAN)
Partner



PROFESSIONAL ASSISTANCE FOR DEVELOPMENT ACTION (PRADAN)

Rs

BALANCE SHEET AS AT MARCH 31, 2008 2007

	Sch.	2008	2007
SOURCES OF FUNDS			
CORPUS	1	85,768,241	65,565,343
CAPITAL AND GENERAL FUNDS	2	137,860,520	158,076,479
SPECIFIED FUNDS	3	1,843,896	7,699,024
Total		225,472,657	231,340,846
APPLICATION OF FUNDS			
Owned Assets	4		
In possession		38,321,348	28,656,080
Less: Depreciation		13,161,529	13,458,352
Community Assets held by PRADAN			
In possession		3,974,044	7,941,115
Work in Progress		1,543,239	13,592,082
INVESTMENTS	5	78,401,795	71,279,544
MICRO ENTERPRISES DEVELOPMENT FUNDS	6	2,355	206,018
CURRENT ASSETS AND ADVANCES (A)			
Current Assets	7	125,420,912	120,292,713
Advances	8	19,734,186	23,664,779
		145,155,098	143,957,492
CURRENT LIABILITIES AND PROVISIONS (B)			
Current Liabilities	9	12,955,441	7,270,351
Provisions	10	15,808,251	13,562,782
		28,763,692	20,833,133
NET CURRENT ASSETS (A-B)		116,391,405	123,124,359
Total		225,472,657	231,340,846

Fund Based Receipts and Payments Accounts	17
Natural Head based Income and Expenditure Account	18
Accounting Policies and Notes on Accounts	19

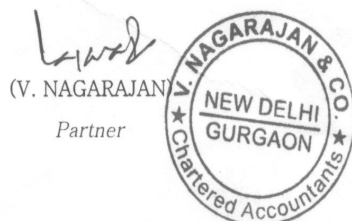
As per our Report of even date

for V. NAGARAJAN & Co.,

Chartered Accountants

New Delhi,

Date: June 7, 2008



Ravi Gupta
Chairperson

[Signature]
Executive Director

[Signature] [Signature]
Members of Governing Board

PROFESSIONAL ASSISTANCE FOR DEVELOPMENT ACTION (PRADAN)

Rs


INCOME AND EXPENDITURE ACCOUNT FOR
THE YEAR ENDED MARCH 31

	Sch.	2008	2007
INCOME			
Contributions/Grants Received	11	247,846,768	275,403,075
Income on Investments	12	20,836,466	14,836,267
Other Receipts	13	3,709,942	2,394,975
Total		272,393,177	292,634,317
EXPENDITURE			
Rural Livelihood Promotion Programmes	14	214,914,384	174,580,239
Livelihood Programme Support		32,729,305	25,023,172
Human Resource Development		18,397,546	9,522,620
Research & Documentation		8,813,032	4,937,477
Administration	15	10,955,490	8,654,098
Total		285,809,756	222,717,606
Non-Cash Charges			
Diminution in Value of Investments		5,495,213	1,797,615
Loss on Sale of Investment		-	673,485
Unserviceable Assets & Unrecoverable Advances Written Off	16	461,374	2,023,771
Total		291,766,344	227,212,476
Excess of Income over Expenditure		(19,373,168)	65,421,841
		272,393,177	292,634,317
APPROPRIATION			
Balance Brought Down		(19,373,168)	65,421,841
Transfer to/(from)			
Income Appropriated to Corpus		898,291	573,407
Assets Utilization Reserve - Acquisitions (Net)		(6,053,823)	1,090,842
Restricted Funds		(24,718,345)	57,613,194
Unrestricted Funds		10,500,710	6,144,397
Fund Based Receipts and Payments Accounts	17		
Natural Head wise-Income and Expenditure Account	18		
Accounting Policies and Notes on Accounts	19		

As per our Report of even date
for V. NAGARAJAN & Co.,
Chartered Accountants

New Delhi,
Date: June 7, 2008

(V. NAGARAJAN)
Partner



Ravi Gupta
Chairperson



Executive Director

Members of Governing Board

PROFESSIONAL ASSISTANCE FOR DEVELOPMENT ACTION (PRADAN)

Rs

SCHEDULES TO BALANCE SHEET AS
AT MARCH 31

2008

2007

Schedule 1: Corpus

Grants from :

Society Members		1,100		1,100
Ford Foundation	22,444,384		22,444,384	
Add: Additional Grant Received during the year	11,804,607	34,248,991	-	22,444,384
Sir Dorabji Tata Trust	5,674,706		5,590,843	
Add: Interest Appropriated for the year	85,121	5,759,827	83,863	5,674,706
Sir Dorabji Tata Trust - PRADAN CF	20,489,544		-	
Add: Additional Grant Received during the year	7,500,000		20,000,000	
Add: Income Appropriated for the year	813,170	28,802,714	489,544	20,489,544
Sir Ratan Tata Trust	9,200,000		7,600,000	
Add: Additional Grant Received During the Year	-	9,200,000	1,600,000	9,200,000
IDBI		3,000,000		3,000,000
IFCI		1,000,000		1,000,000
ICICI		1,000,000		1,000,000
ICCO, The Netherlands		2,752,509		2,752,509
Others		3,100		3,100
Total		85,768,241		65,565,343

Schedule 2: Capital and General Fund

Capital Grant

Computer Valley	31,000		-	
Sharada Press & Process	24,500	55,500	-	-

Capital Fund

Assets Utilization Reserve

Opening Balance	36,730,925		35,640,083	
During this year	(6,053,823)	30,677,102	1,090,842	36,730,925

General Fund

Restricted Funds - Project Funds (Net)

Opening Balance	93,996,479		36,383,285	
During this year	(24,718,345)	69,278,134	57,613,194	93,996,479

Unrestricted Fund - Own Funds

Opening Balance	27,349,075		21,204,678	
During this year	10,500,710	37,849,785	6,144,397	27,349,075

Total 137,860,520 158,076,479

Schedule 3: Specified Funds

	Balance as on April 1, 2007	Receipts	Loan Repaid	Loan Given/ Utilised	Balance as on March 31, 2008
Staff Vehicles Loan Fund, ICCO	1,448,576		2,250,080	2,482,873	1,215,784
DRDA, Dumka Watershed	60,998			60,998	-
Sir Ratan Tata Trust	826,823		137,305	336,016	628,112
Dewan Foundation	5,362,626		1,877,905	7,240,531	-
Total	7,699,023	-	4,265,290	10,120,418	1,843,896
Previous Year	2,399,754	11,160,250	2,396,289	8,257,270	7,699,023

As per our Report of even date

for V. NAGARAJAN & Co.,

Chartered Accountants

New Delhi,

Date: June 7, 2008

(V. NAGARAJAN)
Partner



Ravi Gupta
Chairperson



Executive Director

Members of the Governing Board

Professional Assistance for Development Action (PRADAN)
SCHEDULE 4: FIXED ASSETS

Assets	GROSS BLOCK		DEPRECIATION			Written down value as at		
	As at 01-Apr-07	Additions	Deletion	As at 31-Mar-08	As at 01-Apr-07	Deletion	As at 31-Mar-08	31-Mar-07
Owned Assets								
Land and Land Development	376,833	-	-	376,833	-	-	376,833	376,833
Buildings	8,239,465	772,681	-	9,012,146	4,318,300	-	4,693,846	3,921,165
Furniture and Fixtures	2,749,746	817,600	1,601	3,565,745	934,091	1,262	2,632,916	1,815,655
Office Equipment	562,819	156,660	18,524	700,955	307,554	18,110	411,511	255,265
Professional Equipment	9,755,175	2,420,169	227,391	11,947,952	4,396,856	162,632	7,713,729	5,388,319
Electrical Fittings	2,694,933	703,125	14,100	3,383,958	733,142	1,159	2,651,975	1,961,790
Vehicles	3,158,086	6,450	114,606	3,049,930	2,695,863	112,638	466,705	482,223
Plant & Machinery / Loose Tools	372,897	59,231	1,451	430,677	32,544	1,021	399,154	340,353
Copy Rights	100,000	-	-	100,000	40,000	-	60,000	60,000
Total in Possession	28,009,954	4,935,915	377,673	32,568,196	13,458,351	296,822	19,406,667	14,551,603
Work in Progress - Buildings	646,126	5,107,026	-	5,753,152	-	-	5,753,152	646,126
Total Own Assets	28,656,080	10,042,941	377,673	38,321,348	13,458,351	296,822	25,159,819	15,197,729
Community Assets held by PRADAN								
In possession	7,941,115	14,547,835	18,514,906	3,974,044	-	-	3,974,044	7,941,115
Work in Progress	13,592,082	193,463	12,242,306	1,543,239	-	-	1,543,239	13,592,082
Total Community Assets	21,533,197	14,741,298	30,757,212	5,517,283	-	-	5,517,283	21,533,197
Grand Total	50,189,277	24,784,239	31,134,885	43,838,631	13,458,351	296,822	30,677,102	36,730,925
Previous year	49,543,454	9,607,850	8,962,027	50,189,277	13,903,372	445,020	36,730,925	

As per our Report of even date
for V. NAGARAJAN & Co.,
Chartered Accountants

New Delhi,
Date: June 7, 2008


(V. NAGARAJAN)
Partner


Ravi Chopra
Chairperson




Executive Director




Members of the Governing Board



Audited Financial Statements for the year ended March 31, 2008

Professional Assistance for Development Action (PRADAN)

Rs

SCHEDULES TO BALANCE SHEET
AS AT MARCH 31,

	2008		2007	
Schedule 6: Micro Enterprises Development Fund				
Leaf Plate	-		205,000	
Micro Credit - SHGs	2,355	2,355	1,018	206,018
Schedule 7: Current Assets				
Cash in Hand				
Bank Balances				
In Savings/ Current Accounts	51,711,294		55,369,087	
Cheques under collection/ in transit	4,332,323		1,509,990	
In Fixed Deposits	65,117,660		59,602,463	
Interest Accrued but not realised	2,127,727	123,289,004	885,312	117,366,852
Postage Stamps		393		772
Stock				
Materials for use in Development Programme (at cost)		2,131,515		2,925,088
Total		125,420,912		120,292,712
Schedule 8: Advances				
Advances Pending Settlement				
Staff				
Travel	285,956		420,483	
Work	1,053,705		371,885	
Salary	910,680		489,128	
Medical	219,405	2,469,746	219,405	1,500,901
Peoples' Groups for Project Execution	4,575,032		9,312,569	
Beneficiary Organisations	3,050,462		7,103,434	
Others for Work Execution	7,422,876	15,048,370	4,229,261	20,645,264
Income Tax Refund Due	1,136,343		653,162	
Deposits/Pre-Paid Expenses	1,079,728	2,216,071	865,452	1,518,614
Total		19,734,186		23,664,779
Schedule 9: Current Liabilities				
Overdraft from banks (Against Fixed Deposits)	1,881,317		1,427,394	
Employee Medical Aid Fund	1,712,675		1,145,551	
Expenses Payable	2,490,446		2,260,937	
Sundry Creditors	6,871,004	12,955,441	2,436,468	7,270,351
Schedule 10: Provisions				
for Gratuity	8,892,443		7,683,461	
for Leave Encashment	6,915,808	15,808,251	5,879,321	13,562,782

As per our Report of even date
for V. NAGARAJAN & Co.,
Chartered Accountants

New Delhi,
Date: June 7, 2008

(V. NAGARAJAN)
Partner



Ravi Anshora
Chairperson



Executive Director

Members of the Governing Board

Audited Financial Statements for the year ended March 31, 2008

Professional Assistance for Development Action (PRADAN)

Rs

 Schedules to the Income and Expenditure
 Account for the year ended March 31,

2008

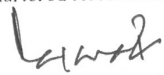
2007

Schedule 11: Contributions/Grants Received

	2008	2007	
Foreign Funding Agencies			
ICCO, The Netherlands	18,336,100	25,925,402	
Poorest Areas Civil Society (PACS) Programme	7,044,655	13,003,416	
American India Foundation	5,585,874	1,203,545	
Aga Khan Foundation	2,308,614	-	
FRR, A Division of THEIDL Group Ltd.	1,738,600	-	
Rabo Bank Foundation	883,200	-	
Fucid, Belgium	859,643	598,286	
David Galloway, Canada	814,892	410,178	
Australian Centre for International Agriculture Research	653,473	4,049,227	
Lutheran World Relief	414,342	-	
The Ford Foundation	444	-	
		<u>38,639,837</u>	<u>4,063,530</u>
			49,253,584
Indian Funding Agencies			
Sir Ratan Tata Trust	52,800,000	30,681,000	
Tribal Welfare Commission, Government of Jharkhand	41,223,140	53,684,581	
Sir Dorabji Tata Trust	26,625,000	32,000,000	
Ministry of Rural Development, Government of India	23,685,400	7,936,739	
Central Silk Board	13,002,604	5,911,368	
SRF Limited	10,500,000	9,000,000	
District Rural Development Agencies (DRDA)	7,505,918	14,909,000	
NABARD	5,653,173	2,276,085	
ITC Limited	4,588,000	2,980,000	
India-Canada Environment Facility (ICEF)	3,573,768	9,500,000	
District Poverty Initiatives Projects (DPIP) MP & Rajasthan	3,228,308	3,008,394	
Jharkhand Tribal Development Society	2,900,848	1,218,990	
M.P. Rural Livelihoods Project (MPRLP)	2,470,231	2,341,059	
Zila Panchayat (MP & Chattisgarh)	2,136,381	456,819	
National Dairy Development Board (NDDB)	1,743,851	585,796	
UNICEF	1,320,085	703,485	
World Food Programme	1,062,000	-	
Department of Science and Technology, Government of India	990,000	736,506	
Department of Sericulture, Government of M.P.	900,000	498,675	
Bihar Rural Livelihood Promotion Society (BRLPS)	782,011	-	
Basic Tasar Silkworm Seed Organisation (BTSSO) Bilaspur	769,395	3,475,480	
United Nations Development Programme (UNDP)	755,000	879,750	
District Poverty Reduction Project, Chhattisgarh	682,200	689,900	
Orissa Tribal Livelihoods and Empowerment Project (OTLEP)	621,500	110,250	
Small Industries Development Bank (SIDBI)	355,212	-	
Environment Planning and Coordination Organisation (EPCO)	40,000	262,000	
DRDC Purulia, Government of West Bengal	-	41,846,000	
Others	1,900	-	
	<u>1,900</u>	<u>209,915,925</u>	<u>511,479</u>
Total Contribution received		248,555,762	226,203,356
			275,456,940
Less: Unutilized grants repaid to:-			
District Rural Development Agencies	316,328	53,865	
District Soil Conservation Office	40,000	-	
M.P. Rural Livelihoods Project (MPRLP)	313,579	-	
Zila Panchayat, Betul	39,087	708,994	53,865
		<u>708,994</u>	<u>53,865</u>
Net Contribution received		247,846,768	275,403,075

 As per our Report of even date
 for V. NAGARAJAN & Co.,
 Chartered Accountants

 New Delhi,
 Date: June 7, 2008


 (V. NAGARAJAN)
 Partner


 Chairperson


 Executive Director


 Members of the Governing Board



Audited Financial Statements for the year ended March 31, 2008

Professional Assistance for Development Action (PRADAN)

Rs

Schedules to the Income and Expenditure Account for the year ended March 31,

	2008	2007	
Schedule 12: Income on Investments			
Profit on Realisation of Investments	6,030,797	5,314,670	
Interest and Dividend from Investments	10,401,928	6,316,983	
Bank Interest	4,403,742	3,073,058	14,704,711
Schedule 13: Other Receipts			
Reimbursement of Expenses for Technical and Support Assistance for Rural Development Activities	2,138,245	1,738,167	
Reimbursement of Expenses for Technical and Management Services Rendered	126,880	-	
Profit on Sale of Assets	39,882	11,620	
Best NGO 2006 Award	645,000	-	
Other Receipts	759,935	776,743	2,526,530
Schedule 14: Rural Livelihood Promotion Programme			
a) Direct Benefits to Beneficiaries			
Natural Resource Management	81,136,800	67,901,029	
Rural Micro-Enterprises	22,381,342	22,709,298	
Livestock Rearing	5,263,325	4,170,217	
Self Help Groups	1,298,753	1,591,022	96,371,566
b) Training & Capacity Building			
Natural Resource Management	16,143,188	7,144,070	
Rural Micro-Enterprises	3,429,183	2,993,095	
Livestock Rearing	1,645,937	1,555,045	
Self Help Groups	10,438,898	6,865,148	18,557,358
c) Programme Support			
Salaries & Benefits of Project Staff	55,257,586	45,325,442	
Travel & Conveyance	12,871,023	10,369,468	
Administrative Expenses	5,048,349	3,956,405	59,651,315
	<u>214,914,384</u>	<u>174,580,239</u>	
Schedule 15: Expenses on Administration			
Salaries & Benefits	4,592,736	3,511,048	
Travel & Conveyance	1,623,891	1,860,585	
Consultancy	1,492,527	792,603	
Rent, Water & Electricity	872,668	687,377	
Printing & Stationery	284,288	365,434	
Postage, Telegram & Telephone	323,075	339,485	
Wages	6,394	11,800	
Repairs & Maintenance - Buildings	212,744	60,237	
- Equipment	437,875	152,709	
Books & Audio Visual Expenses	7,752	7,470	
Auditors' Remuneration	764,048	578,036	
Miscellaneous Expenditure	327,166	287,313	8,654,098
Schedule 16: Assets, Advances and Stock Written Off			
Unserviceable Asset	75,234	90,344	
Damaged/Unusable/Expired stock	149,181	252,791	
Irrecoverable Advances on Livelihood Initiatives	58,973	1,606,490	
Unrecoverable Advances	177,986	74,146	2,023,771

As per our Report of even date for V. NAGARAJAN & Co., Chartered Accountants

Ravi Chopra
Chairperson

Executive Director



New Delhi,
Date: June 7, 2008

(V. NAGARAJAN)
Partner



Members of the Governing Board

Anshu

Audited Financial Statements for the year ended March 31, 2008

PROFESSIONAL ASSISTANCE FOR DEVELOPMENT ACTION (PRADAN)
 SCHEDULE 17- FUND BASED RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

S. No.	Sources	Op Balance		INCOME			EXPENSES			TOTAL EXPENSES		CLS. BAL. Mar 31, 2008		
		01-Apr-2007	01-May-2007	Contributions and grants received	Other Income	Grants Returned	TOTAL INCOME	Recurring	Capital Expenditure	Appropriated/ Adjusted	Unspent	Overspent		
INDIAN														
A	Corpus Fund													
B	Revolving Fund													
	DRDA, Dumka Watershed	40,368,450	7,500,000	7,500,000			7,500,000						48,766,741	
	Sir Ratan Tata Trust	60,998			60,998		(60,998)						628,112	
C	Restricted Funds												594,998	
1	Basic Tasar Silkworm Seed Org.(BTSSO)	(174,397)	709,395				769,395						282,285	
2	Bihar Rural Livelihood Promotion Society (BRLPS)		782,011				782,011						9,479,129	
3	CAPART	5						887,291	177,005					
4	Central Silk Board	(20,980,602)	13,002,604	20,553			13,023,157	15,390,059	(13,838,975)		5			
5	Department of Cooperation, Gov (Lac)	604,416						158,824					445,592	
6	Department of Cooperation, Gov (Maize)	103,853						103,671		162			1,848	
7	Department of Science & Technology, Gov	(120,247)	990,000				990,000	824,277	63,875	(20,247)			537,122	
8	Department of Sericulture, Govt. of M.P.	428,088	900,000			40,000	900,000	673,543	117,423				5,048	
9	Department of Soil Conservation, Jharkhand	92,991					(40,000)	47,943					4,778,416	
10	District Rural Development Agencies	8,645,836	7,505,918	31,069		104,495	7,432,492	11,305,950		(6,038)				
11	DPDP/DPRP Project												1,513,446	
	Madhya Pradesh	277,435	1,360,000				1,360,000	3,142,477	9,208	(804)				
	Rajasthan	(804,072)	1,868,308				1,868,308	453,999		610,237				
	Chhattisgarh	(31,073)	682,200	14,500			696,700	556,725	650	185,978			77,726	
12	DRDC Purulia, West Bengal Govt.	40,167,737		1,621,515			1,621,515	12,249,892	29,652				29,509,708	
13	Environmental Planning & Coordination Organisation (EPCO)	69,148	40,000				40,000	78,446					30,702	
14	India-Canada Environment Facility (ICEF)	(1,869,684)	3,573,768				3,573,768	1,704,187		(103)				
15	International Water Mgt. Institute (IWMI)	237,297								12			237,286	
16	ITC Limited	8,234	4,588,000				4,588,000	4,618,556					22,322	
17	Jharkhand Tribal Development Society	(215,750)	2,900,848				2,900,848	2,458,683					273,584	
18	M.P. Rural Livelihood Project (MPRLP)	91,768	2,470,231	1,500		313,579	2,158,152	2,304,991					55,071	
19	Ministry of Rural Development, Govt													
	Pilot Project - NREGA		12,940,340	52,646			12,992,986	12,634,911					358,075	
	Social Mobilization Phase - I	(2,408,505)	7,998,560				7,998,560	5,590,055					1,554,000	
	Social Mobilization Phase - II		2,746,500				2,746,500	1,192,500						
20	Mother Dairy Food Processing Ltd.	(1,375,555)	1,743,851				1,743,851	1,32,848		235,447			985,867	
21	NABARD	389,436	5,653,173	50,869			5,704,042	5,014,860	93,770	(1,019)			364,794	
22	Orissa Tribal Liv. Empowerment Proj. (OTLEP)	(19,801)	621,500				621,500	236,905					5,014,420	
23	Sir Dorabji Tata Trust	8,969,983	26,625,000	589,793			27,214,793	25,408,395	5,761,961				1,199,736	
24	SRF Limited	860,036	10,500,000	1,500			10,501,500	10,063,499	98,300					
25	Sir Ratan Tata Trust													
	HRD Project Phase - I	1,378,040	7,300,000	101,016			7,401,016	8,552,462					226,594	
	HRD Project Phase - II		8,000,000	8,864			8,008,864	6,201,715					1,807,149	
	Livelihood Project		35,000,000	371,383			35,371,383	30,181,418	354,684				4,164,719	
	Rajasthan Project	707,819	2,500,000	50,674			2,559,674	1,378,887					1,879,606	
26	Small Industries Development Bank of India	(533,568)	355,212				355,212						178,356	
27	Tribal Welfare Commission, Govt	34,674,250	41,223,140	405,947			41,629,087	51,861,020					880,981	
28	UNICEF	(406,062)	1,320,085				1,320,085	1,795,004						
29	UNDP- INRM - NREGA Communication Studies	603,036	755,000				755,000	740,381	617,656					
30	Watershed Support Services and Network (WASSAN)	3,390							3,390				276,357	
31	World Food Programme	(16,089)	1,062,000				1,062,000	785,443	(16,089)					

Audited Financial Statements for the year ended March 31, 2008

Anshu

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Ravi Anshu [Signature]



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PROFESSIONAL ASSISTANCE FOR DEVELOPMENT ACTION (PRADAN)
 SCHEDULE 17: FUND BASED RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

S. No.	Sources	Op Balance		INCOME		TOTAL INCOME	EXPENSES			TOTAL EXPENSES	CLS. BAL. Mar 31, 2008	
		01-Apr-2007	01-May-2007	Contributions and grants received	Other Income		Grants Returned	Recurring	Capital Expenditure		Appropriated/ Adjusted	Unspent
32 Zila Panchayat												
	Kanker			125,000		125,000	163,287	35,000		198,287		73,287
	Betul	(28,921)	2,011,381	1,972,284		1,972,284	311,541			311,541		1,631,832
D Unrestricted Funds												
	33 Catalytic Fund for Community Development	278,730		35,676		35,676						314,406
	34 Sir Dorabji Tata Trust -Corpus	2,318,957		5,421,129		5,421,129	1,879,219		813,170	2,692,389		5,047,697
	35 Income from Corpus	12,227,531		6,241,886		6,241,886						18,469,417
	36 Internal Reserves	1,505,757	1,900	3,108,812		3,108,812	9,258,567	(1,727,541)	(1,225,645)	6,304,381		1,628,812
	TOTAL INDIAN FUNDS	85,660,427	209,915,925	18,399,265	708,994	227,606,196	239,813,030	(8,824,989)	1,195,113	232,183,154		99,713,188
FOREIGN												
	A Corpus Fund											
	B Revolving Fund											
	ICCO - Vehicle Fund	25,196,893	11,804,607	11,804,607		11,804,607						37,001,500
	Dewan Foundation	1,448,576							232,793	232,793		1,215,784
		5,362,626							5,362,626	5,362,626		
	C Restricted Funds											
	37 American India Foundation	(1,299,142)	5,585,874	5,585,874		5,585,874	1,736,007	574,585	16,304.57	2,326,896		1,959,835
	38 Aga Khan Foundation	2,673,445	2,308,614	2,320,109	11,495	2,320,109	2,143,959	233,602		2,377,561		57,452
	39 Australian Centre for Int. Agri. Research	(2,092)	653,473	653,473		653,473	2,354,896	286,530		2,641,426		685,492
	40 David Galloway, Canada	3,141,062	814,892	814,892		814,892	770,802	44,599	(461,733)	815,401		2,601
	41 Ford Foundation	(353,065)	1,738,600	1,738,600		1,738,600	2,797,602	146,594		2,797,140		344,906
	42 FR. A Division of THEIDL Group Ltd.	(33,733)	859,643	859,643		859,643	743,214		(33,733.00)	743,214		74,153
	43 Fucid, Belgium	615,532					969,654	(365,150)		604,504		236,635
	44 I C C O, The Netherlands	2,914,246					615,453	2,145		617,598		
	Day Care Centre	1,668,473										
	Mushroom Marketing											
	Workshop on Livelihoods - VCD											
	Local Marketing Network - Jharkhand											
	Poultry											
	Livelihoods	8,036,449	581,200	581,200		581,200	1,178,495	45,100		1,223,595		444,878
	I C C O- Revolving Vehicle Fund	669,230	17,754,900	17,754,900		17,754,900	248,400	1,088,607		248,400		332,800
	45 Lutheran World Relief	289,205	121,157	121,157		121,157	16,430,992			18,019,599		7,771,750
	46 Poorest Areas Civil Society (PACS) Programme	4,989,251	414,342	414,342		414,342	359,345			359,345		344,203
	47 Rabo Bank Foundation	804,165	7,044,655	7,048,855	4,200	7,048,855	17,593,212	372,631		17,965,843		790,388
	48 Swiss Development Cooperation	577,905	883,200	883,200		883,200	482,703	45,100		527,803		1,159,562
	D Unrestricted Funds											
	49 Income from Corpus	10,649,848	4,735,986	4,735,986		4,735,986	603,125			603,125		14,782,709
	50 Internal Reserves	374,778	1,274,305	1,274,305		1,274,305	759,296	25,417		784,713		864,370
	TOTAL FOREIGN FUNDS	35,692,653	38,639,837	6,147,143	708,994	44,786,980	51,953,313	2,474,342	7,527	54,435,183		6,322,082
	GRAND TOTAL (INDIAN AND FOREIGN)	121,353,079	248,555,762	24,546,409	708,994	272,393,177	291,766,343	(6,350,646)	1,202,639	286,618,337		132,079,721

As per our Report of even date

for V. NAGARAJAN & Co.,

Chartered Accountants

(V. NAGARAJAN)
 Partner



Ravi Gupta
 Chairperson



Executive Director

Members of the Governing Board

Anella

New Delhi,
 Date: June 7, 2008

Audited Financial Statements for the year ended March 31, 2008

PROFESSIONAL ASSISTANCE FOR DEVELOPMENT ACTION (PRADAN)
 SCHEDULE 18: NATURAL HEAD WISE

Rs

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR
 ENDED MARCH 31,

	2008	2007
I N C O M E		
Contributions/Grants Received	247,846,768	275,403,075
Income on Investments	20,836,466	14,836,267
Other Receipts	3,709,942	2,394,975
Total	272,393,177	292,634,317
E X P E N D I T U R E		
Direct Programme Expenditure		
Raw Material/Assets for Beneficiaries	37,739,250	38,753,528
Cash Subsidies for Activities	59,755,169	46,066,013
Transportation of Materials	589,288	595,416
Programme Wages	28,266,292	20,697,036
Travel & Conveyance to Beneficiaries	11,119,782	6,551,866
Books & Materials for Beneficiaries	4,390,200	2,340,095
115,003,955	141,859,981	2,340,095
Payment to and Provisions for Employees		
Program Execution Staff	71,878,320	58,353,245
Head Office Staff	10,333,441	6,872,945
65,226,190	82,211,762	6,872,945
Consultancy Charges	12,440,836	6,548,282
Travel and Conveyance	28,212,170	20,588,100
Other Operative Expenses		
Rent, Water and Electricity	5,584,673	3,992,671
Printing and Stationery	3,569,288	2,681,341
Postage, Telegram and Telephone	2,472,086	2,016,289
Wages	306,503	585,442
Repairs and Maintenance - Buildings	434,501	143,275
- Equipment	1,926,672	1,280,985
Vehicle Maintenance (Incl. Insurance)	1,396,486	1,325,572
Books and Audio Visual Expenses	1,982,654	529,737
Bank Charges	637,407	763,228
Auditors' Remuneration	764,048	578,036
Miscellaneous Expenditure	1,827,206	1,291,634
15,188,210	20,901,524	1,291,634
Interest on Overdrafts	183,484	162,869
Total	285,809,756	222,717,606
Non-Cash Charges		
Diminution in Value of Investments	5,495,213	1,797,615
Loss on Sale of Investment	-	673,485
Unserviceable Assets & Unrecoverable Advances Written Off	461,374	2,023,771
Total	291,766,344	227,212,476
Excess of Income over Expenditure	(19,373,167)	65,421,841
	272,393,177	292,634,317
A P P R O P R I A T I O N		
Balance Brought down	(19,373,167)	65,421,841
Transfer to/(from)		
Income Appropriated to Corpus	898,291	573,407
Assets Utilization Reserve - Acquisitions (Net)	(6,053,823)	1,090,842
Restricted Funds	(24,718,345)	57,613,194
Unrestricted Funds	10,500,710	6,144,397

As per our Report of even date
 for V. NAGARAJAN & Co.,
 Chartered Accountants

New Delhi,
 Date: June 7, 2008


 (V. NAGARAJAN)
 Partner




 Chairperson


 Executive Director


 Members of Governing Board





PROFESSIONAL ASSISTANCE FOR DEVELOPMENT ACTION (PRADAN)

SCHEDULE 19: Significant Accounting Policies and Notes on Accounts

(Followed in framing the financial statements for the year ended March 31, 2008)

PART A: ACCOUNTING POLICIES

1. **OVERVIEW OF THE SOCIETY' S OPERATIONS:** In conformity with its aims and objects, the Society

- Takes up rural development projects to promote income-generating activities for the benefit of the rural poor in agriculture, poultry, tasar silk and other economic sectors,
- Motivates and Provides capacity building inputs to the poor in support of these income-generating activities through service units and centres (formed as separate entities and eventually to be owned by the communities) with the ultimate aim of transferring the management and ownership of these service units to the rural poor,
- Undertakes projects for setting up, renovation and maintenance of irrigation systems, and the development of natural resources by way of land development, watershed development, afforestation and wasteland development,
- Promotes women's mutual credit and savings groups, associations of such groups and federations of such associations to enhance the savings and borrowing power of poor rural women so that they can mobilise funds for income generation activities,
- Promotes Peoples' Organisations through its projects to manage their own economic activities, such as mutually aided cooperative societies, mutual benefit trust, Rural Producers' Associations, Producer Companies, etc.
- Works with the poor through locally active groups, formally recognised under any law or not, towards the accomplishment of its mission.

2. **CLASSIFICATION OF EXPENSES:**

Of the above activities carried on by the Society, concerning the income generation activities, all expenses incurred in the services rendered to the rural poor have been treated as Rural Development Programmes, and Livelihood Programme Support and are so stated in the accounts.

3. **SEGREGATED ACCOUNTS FOR INCOME GENERATION PROGRAMS:**

Wherever any of the above mentioned services generate income and the Society plays the role of intermediary to organise such services, the Society has instituted separate Micro Enterprise/ Finance Development Funds. These Funds are treated as separate entities with a view to transfer the same to the community at an appropriate time upon their maturity. Though the Funds form part of the Society' s operations, these are in the nature of cooperatives of the producers who are also the beneficiaries. Only the Fund provided is shown as liability in the books of the Society, while the surplus or deficit and other fund receipts are retained in the books of respective Funds.

4. **TREATMENT OF ASSETS:**

In the process of rendering the above services to the poor, the Society has been providing certain assets to them for production or for demonstration purposes. Though these assets are held in the books of the Society, no depreciation has been charged.

5. **TREATMENT OF SUBSIDIES AND GRANTS TO BENEFICIARY GROUPS:**

In the case of informal producers groups of the rural poor promoted by the Society and income generation activities flowing there from, the Society provides donations / capital grants in the form of subsidy to undertake micro business ventures to individuals through groups or business associations.

However, these grants, though written off in the books of the Society, are given with implied understanding as a loan to be repaid to the apex bodies of such groups or associations of such

Significant Accounting policies and Notes on Accounts



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Ravi Anupama

groups, which will revolve the same for the benefit of other members of the same group or other groups.

6. **VALUATION OF INVESTMENTS:**

All investments are held at cost and are valued at market price or cost, whichever is lower. Any diminutions in the value of assets are fully provided for.

7. **BOOK KEEPING AND ACCOUNTING CONVENTIONS:**

The books are written on historical cost convention, going concern basis and all incomes are accounted for on cash basis except interest accrued. Expenditures are accounted for on mercantile basis of accounting.

8. **TREATMENT OF SPECIFIC FUNDS, BUDGET BASED EXPENDITURE ACCORDED BY FUNDING AGENCIES AND FUNDS DIRECTLY FACILIATED TO THE BENEFICIARY GROUPS:**

- a) The expenditure on projects taken up with the support of donor agencies is, as far as possible, incurred according to the plans and budgets agreed upon. However, deviations some times occur at the time of project execution depending upon various circumstances, such as location, awareness among the beneficiaries, local customs, availability of inputs, legal restrictions, etc. Such variations, monitored regularly, are generally intimated to the donor in advance.
- b) In respect of specific funded activities under the directions of donors, such as revolving fund grants, working capital loans, loan funds to be passed on to the beneficiaries and administered by the Society, the same are separately accounted for, held in trust and administered in terms consonant with the objects of the Society. All other grants, including capital grants, are taken as revenue of the Society in the year of receipt to meet the local tax law requirements.
- c) In the course of implementing rural development projects the Society also leverages substantial resources from various rural development schemes of the government and banks and through beneficiaries' own contribution, which are directly channeled to the beneficiaries and are not reflected in the Society' s books of accounts. This is in keeping with the Society' s policy of progressively strengthening the capability of the weaker sections to deal effectively with development agencies and to manage development activities themselves.

9. **EMPLOYEES WELFARES / PROFIDENT FUND / GRATUITY / LEAVE ENCASHMENT /MEDICAL BENEFITS / LEAVE TRAVEL BENEFITS.** Society provides following benefits to its employees as per the term of employments with them namely;

- a) **Provident fund benefit from society:** Society has established a recognized provident fund and liability towards provident fund is paid or provided to the recognized provident fund on monthly basis.
- b) **Gratuity and Leave Encashment:** Liability on these benefits is calculated and provided based on calculation of a certified actuarial.
- c) **Medical Benefits:** Society provides monthly liability based on fixed contribution for employees and society, credited to a separate fund provided for this purpose.
- d) **Leave Travel Concession** is provided on cash basis as and when claim is made by the employees based on terms of employments and rules framed in this regard.

PART B: NOTES ON ACCOUNTS

10. **Income recognition:**

- a) All grants are recognised on cash basis and expenditure and liabilities are recognised on accrual basis.

Significant Accounting policies and Notes on Accounts



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- b) In the case of programmes undertaken with the support of some Government and other agencies, though the funds received are in the nature of Program Execution Charges under a contract, the same is reported as grant in view of the restriction on the expenditure and is in the nature of reimbursement of cost.

11. Format of Accounts:

The Income and Expenditure has been classified based on the cost of activities carried out by the organisation, while Natural Head wise Income and Expenditure account is provided in Schedules 18, forming part of the accounts. The activity-based costs are identified, based through a documented process, by the Management.

12. Fixed Assets and Depreciation: Rs 30,677,102

Fixed assets are stated at Cost, after reducing opening accumulated depreciation. Acquisitions of assets though they are charged to the Funding Agency's grants are retained in the books by creating a fixed assets utilization reserve. Direct Costs are capitalized until the assets are ready for use. Depreciation Rs 2,610,742 has not been provided for the year and the net worth of Fixed Assets is Rs 23,937,488.

Community assets held by the society represents assets created out of donor fund for the benefit and ultimate use by the community and are transferred to community in due course.

13. Corpus Investments: Cost Rs. 85,694,623 Market Value Rs 78,401,795

- a) After providing a sum of Rs 7,292,828 (*previous year Rs. 1,797,615*) being diminution in the value, the estimated net worth of the portfolio of investments as per market/realizable prices as at March 31, 2008 was Rs 784.02 lakh (against the cost of Rs 856.95 lakh).
- b) Diminution in the value of investments amounting to Rs 7,292,828 has been calculated by comparing total cost of investment with market value of total investments as on March 31, 2008.

14. Addition to Corpus: Rs 20,202,898

This represents corpus grant Rs 7,500,000 and Rs 11,804,607 from Sir Dorabji Tata Trust and The Ford Foundation respectively, and interest income appropriated on corpus investments Rs 898,291 as per the term of grant agreement with Sir Dorabji Tata Trust.

15. Specified Fund held in Trust: Rs 18,43,896

This includes Rs 628,112 held in trust by the Society to be used as revolving fund for specific project activities, and the balance fund represents loans for purchase of two wheeler vehicles for field staff.

16. Employees Welfare Funds / Provident Fund / Gratuity/ Leave Encashment /Medical Benefits/ Leave Travel Benefits

- a) Provident fund benefit from society: A total of Rs. 5,253,233 (*Previous Year Rs.*) has been provided as society share of contribution to recognized provident fund.
- b) Gratuity: Provided during the year Rs. 1,910,396 (*Previous year Rs. 943,503*).
- c) Leave Encashment: Provided during the year Rs. 1,485,697 (*Previous Year Rs. 1,219,807*)
- d) Society has not earmarked funds that represent the liability on gratuity and leave encashment.
- e) Medical Benefits:
- i) Society's contribution to medical fund during the year Rs. 1,802,750 corresponding contribution by employees to the fund amounts to Rs. 673,750 (*Previous year Society Rs. 1,919,108, Employees Rs. 529,425*).
- ii) As on March 31, 2008 total balance in medical funds stands at Rs. 1,712,675 (*Previous Year Rs. 11,45,551*).
- iii) As on March 31, 2008 total estimated liability against the medical fund, based on employees' entitlement stands at Rs. 3,649,453.
- f) Leave Travel Concession:
- i) Paid during the year Rs. 228,308 (*Previous year Rs.306,914*).
- ii) Estimated liability based on employees' entitlement is not ascertained.

Significant Accounting policies and Notes on Accounts



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17. **Loans to Self Help Groups:**

a) **On Behalf of ICICI Bank**

The Society disbursed a total of Rs 15,645,352 (*Previous year Rs 5,499,172, this year Rs 10,146,180*), as loans to Self Help Group's for undertaking livelihood activities out of funds received from ICICI Bank. The liability to repay the loans remains with the Groups and the Society is responsible to collect the amount from the Groups and repay to ICICI Bank as per the contract between ICICI Bank and the Self Help Group's. The Society has repaid a cumulative of Rs 13,325,692 (*till Previous year Rs. 10,146,180, paid this year Rs 3,179,512*) to ICICI Bank out of this loan.

b) **On Behalf of Dewan Foundation, UK**

The Society disbursed a total of Rs 11,160,250 out of a total of Rs. 11,160,250 received in trust from Dewan Foundation (*Previous year Rs 55,21,546, this year Rs 5,638,704*), to Self Help Group' s for undertaking livelihood activities. The liability to repay remains with the Groups and the Society is responsible to collect the amount from the Groups and repay to Dewan Foundation.

18. **Bank Balances – In Fixed deposits: Rs. 65,117,660**

- a) Includes Rs.19,95,000 pledged with commercial banks as security against micro finance loans provided to Self Help Groups.
b) Includes Rs 100,000 deposited as bank guarantee for MPRLP project undertaken in Samanapur and Amarpur blocks of Dindori district.

19. **Expenses incurred on Governing Board:**

- a) During the year, the Society has incurred an expenditure of Rs.107,194 (*Previous Year Rs. 107,395*) on traveling, conveyance and boarding & lodging by the members of the Governing Board.

20. **Internal Audit systems:**

- a) A structured Internal Audit system commensurate with size, nature and expanse of operations of the Society is in place and review of the same is conducted periodically.

21. **Others:**

- a) Auditors' remuneration includes Rs. 585,000 excluding service tax (*Previous Year Rs. 561,200*) as audit fee, while the balance is for other services rendered. Reimbursement of travel and conveyance Rs. 287,767 (*Previous Year Rs. 246,969*)
b) Contingent liabilities in respect of liabilities of peoples' organizations and trusts where the Society is involved in the promotion and support of the same. – Not ascertainable.
c) Previous year figures are regrouped and rearranged wherever necessary.

As per our Report of even date
for **V. NAGARAJAN & Co.,**
Chartered Accountants

New Delhi,
Dated: June 7, 2008


(**V. NAGARAJAN**)
Partner




Chairperson


Executive Director




Members of the Governing Board



PROFESSIONAL ASSISTANCE FOR DEVELOPMENT ACTION (PRADAN)
MICRO CREDIT – SHGs

BALANCE SHEET AS AT MARCH 31, 2008 2007 Rs

SOURCES OF FUNDS

Reserve & Surplus

Opening Balance	79,598		84,400	
Add: Excess of Income over Expenditure	1,493	81,091	(4,802)	79,598

Loan from ICICI

Opening	5,499,172		11,431,767	
Add: Loan received during the year	10,146,180		4,213,585	
Less: Principal repaid	13,325,692	2,319,660	10,146,180	5,499,172

Interest to ICICI

Opening	42,227		29,144	
Add: Interest due during the year	2,099,888		1,773,256	
Less: Interest paid	2,069,081	73,034	1,760,173	42,227

Revolving Fund

Opening Balance	230,077		228,894	
Excess of Income over Expenditure	1,551	231,628	1,183	230,077

Due to PRADAN

		2,355		1,018
Total		<u>2,707,768</u>		<u>5,852,092</u>

APPLICATION OF FUNDS

Current Assets, Loans and Advances

Loan to SHG Group's	2,581,038		5,766,234	
Draft/Cheque in Hand/Transit	6,570		-	
Cash & Bank	120,160	2,707,768	85,858	5,852,092
Total		<u>2,707,768</u>		<u>5,852,092</u>

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31,

	2008	2007
INCOME		
Interest from Bank	1,761	1,183
Service/Mentoring Charges	-	574
Other Income	9,603	178
Total	<u>11,364</u>	<u>1,935</u>

EXPENDITURE

Communication Expenses	107	1,185
Printing & Stationery	110	145
Bank Charges	8,103	4,224
Surplus for the year	3,044	(3,619)
Total	<u>11,364</u>	<u>1,935</u>

APPROPRIATION

Balance Carried down	3,044	(3,619)
Transfer to		
Reserve and Surplus	1,493	(4,802)
Revolving Fund	1,551	1,183

As per our Report of even date

for V. NAGARAJAN & Co.,

Chartered Accountants

New Delhi,
June 7, 2008


(V. NAGARAJAN)
Partner




Chairperson


Executive Director


Members of Governing Board



