

## KASHF FOUNDATION

BALANCE SHEET AS AT DECEMBER 31, 2006

	Note	2006 Rupees	2005 Rupees
<b>Assets</b>			
Cash and bank balances	4	285,632,295	254,159,792
Investments	5	114,848,299	149,771,763
Micro-credit loan portfolio	6	1,499,416,837	758,358,057
Advances, deposits, prepayments and other receivables	7	40,445,091	19,257,231
Operating fixed assets	8	58,316,669	46,343,145
Assets subject to finance lease	9	5,351,035	2,292,849
		<b>2,004,010,226</b>	<b>1,230,182,837</b>
<b>Liabilities</b>			
Finances under mark-up arrangements	10	94,414,833	167,259,417
Members' security deposits	11	8,063,948	6,394,401
Creditors, accrued and other liabilities	12	63,024,547	30,425,781
Liabilities against assets subject to finance lease	13	4,202,053	1,716,942
Borrowings	14	893,281,607	404,803,757
Capacity Building grants	15	(3,585,208)	14,292,838
		<b>1,059,401,780</b>	<b>624,893,136</b>
Contingencies and commitments	16		
<b>Net Assets</b>		<b>944,608,446</b>	<b>605,289,701</b>
<b>Represented by</b>			
Donated funds		364,814,228	249,824,557
General funds		566,450,902	353,315,823
Grants related to fixed assets		11,477,432	1,864,906
Far value reserve		1,865,884	284,415
		<b>944,608,446</b>	<b>605,289,701</b>

  
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## KASHF FOUNDATION

## STATEMENT OF INCOME AND EXPENSE FOR THE YEAR ENDED 31, 2006

	Note	2006 Rupees	2005 Rupees
Service charges on micro-credit loans to members		317,932,503	178,391,492
General and administrative expenses	17	(166,630,404)	(85,582,347)
Seminar, workshop, research and staff training expenses		(7,257,950)	(2,034,354)
Loan loss provision	6.5	(16,957,940)	(7,600,072)
		(190,846,294)	(95,216,773)
		127,086,209	83,174,719
Capacity building grants recognised as income	15	86,704,117	18,399,560
Other grants recognized as income		2,001,250	-
Other income	18	41,724,630	26,278,538
Exchange gain		73,519	275,220
		130,503,516	44,953,318
Financial Charges	19	(42,094,238)	(19,064,971)
		215,495,487	109,063,066
Donations		(2,001,250)	(2,338,753)
Community training expenses	20	(1,696,839)	(166,137)
<b>Surplus for the year</b>		211,797,398	106,558,176
Portfolio at risk		0.11%	0.27%
Adjusted Return on Assets (AROA)		2.26%	2.90%
Adjusted Return on Equity (AROE)		4.81%	5.40%
Operational self-sufficiency		154.43%	180.20%
Financial self-sufficiency		110.05%	117.21%
Active loan clients		136,012	75,520

  
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## KASHF FOUNDATION

CASH FLOW STATEMENT FOR THE YEAR ENDED 31, 2006

	Note	2006 Rupees	2005 Rupees
<b>Cash flow from operating activities</b>			
<b>Surplus for the year</b>		211,797,398	106,558,176
<b>Adjustments for:</b>			
Depreciation on operating fixed asses		4,432,275	3,322,820
Depreciation on leased assets		1,175,306	259,953
Capacity building grants recognized as income		(86,704,117)	(18,399,560)
Other grants recognized as income		(2,001,250)	-
Financial charges		42,094,238	19,064,971
Loss/(gain) on disposal of fixed assets		162,920	(16,610)
Fixed assets written off		-	134,789
Provision against doubtful receivables		1,280,161	557,951
Loan loss provision		16,957,940	7,600,072
		(22,602,527)	12,524,386
<b>Surplus before working capital changes</b>		189,194,871	119,082,562
<b>Effect on cash flow due to working capital changes</b>			
(increase) in loan portfolio		(758,016,720)	(298,783,933)
(increase) in advances, deposits, prepayments and other receivables		(22,468,021)	(3,301,001)
Increase in creditors, accrued and other liabilities		28,013,930	11,987,452
Increase/(decrease) in members' security deposits		1,669,547	(1,216,511)
		(750,801,264)	(291,313,993)
<b>Cash generated from operations</b>		(561,606,393)	(172,231,431)
Financial charges paid		(37,509,402)	(18,129,906)
<b>Net cash used in operating activities</b>		(599,115,795)	(190,361,337)
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(16,674,069)	(9,956,894)
Sales proceeds from disposal of fixed assets		105,350	929,156
Lease rentals paid		(1,748,381)	(835,860)
Proceeds from/(payments for) investments - net		46,504,933	(27,729,401)
<b>Net cash from/(used in) Investing activities</b>		28,187,833	(37,592,999)
<b>Cash flow from financing activities</b>			
Donated funds		116,990,921	(6,300,015)
Capacity building grant funds		68,826,071	31,561,431
Grant related to fixed assets		10,950,207	363,895
Proceeds from borrowings - net		488,477,850	244,760,200
<b>Net cash from financing activities</b>		685,245,049	270,385,511
<b>Net increase in cash and cash equivalents</b>		114,317,087	42,431,175
Cash and cash equivalents at the beginning of the year		(3,099,625)	(45,530,800)
Cash and cash equivalents at the end of the year	21	111,217,462	(3,099,625)

**KASHF FOUNDATION**

## STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31, 2006

	Donated funds	General funds	Grants related to fixed assets	Fair value reserve	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at January 1, 2005</b>	263,112,581	242,383,329	1,949,913	-	507,445,823
Grants received during the year	7,945,947	-	363,895	-	8,309,842
Donated funds transferred to Enterprise Development	(11,977,454)				(11,977,454)
General funds utilized during the year	(5,331,101)				(5,331,101)
Interfund transfer	(3,925,416)	3,925,416			-
Surplus for the year	-	106,558,176	-	-	106,558,176
Grants related o fixed assets utilized during the year		448,902	(448,902)		-
Fair value gain during the year on available for sale investments				284,415	284,415
<b>Balance as at January 1, 2006</b>	249,824,557	353,315,823	1,864,906	284,415	605,289,701
Grants received during the year	813,291	-	-	-	813,291
Transferred from capacity building grant funds	116,177,630	-	10,950,207	-	127,127,837
Funds utilized during the year	(2,001,250)	-			(2,001,250)
Surplus for the year	-	211,797,398	-	-	211,797,398
Grants related o fixed assets utilized during the year		1,337,681	(1,337,681)		-
Fair value gain during the year on available for sale investments				1,581,469	1,581,469
<b>Balance as at December 31, 2006</b>	364,814,228	566,450,902	11,477,432	1,865,884	944,608,446

  
CHAIRMAN

  
TREASURER