

Audit Report and Statement of Accounts

PEOPLE'S WELFARE FOUNDATION
VILLAGE: KAITRA, POST OFFICE: UTTAR GAZIPUR UPAZILA: LAKSAM,
DISTRICT: CUMILLA BANGLADESH
YEAR ENDED JUNE 30, 2022

A. K. DEB & CO.
CHARTERED ACCOUNTANTS

People's Welfare Foundation

Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh

For the year ended June 30, 2022

Table of Contents

Sl. No	Particulars	Page No.
1	Auditors' Report (Annexure -A 1/1)	1-2
2	Statement of Financial Position (Annexure -A 1/2)	3
3	Statement of Comprehensive Income (Annexure -A 1/3)	4
4	Receipts and Payments Statement (Annexure -A 1/4)	5-6
5	Statement of Cash Flows (Annexure -A 1/5)	7
6	Statements of Changes in equity (Annexure -A 1/6)	8
7	Corporate Information of the Organization & Notes to Financial Statements (Annexure -A 1/7)	9-20
8	Eligibility Criteria Compliance Certification (Annexure - A/2)	21
9	Portfolio Reports:	
	i) Classification of Loan and Loan Loss Provision (Annexure -A /3)	22
	ii) Loan Loss Provision (LLP) status of the MFI (Annexure -A /3)	22
	iii) Loan Operational Report (Annexure -A/3)	23
10	Schedule of Fixed Assets (Annexure -A/4)	24
11	Statements of Budget Analysis	25-28
12	Compliance Report As per TOR required by the Micro-credit Regulatory Authority	29-30
13	Management Report (Annexure - B)	31-34

People's Welfare Foundation

Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh

For the year ended June 30, 2022

Table of Contents

Sl. No	Particulars	Page No.
1	Auditors' Report (Annexure -A 1/1)	1-2
2	Statement of Financial Position (Annexure -A 1/2)	3
3	Statement of Comprehensive Income (Annexure -A 1/3)	4
4	Receipts and Payments Statement (Annexure -A 1/4)	5-6
5	Statement of Cash Flows (Annexure -A 1/5)	7
6	Statements of Changes in equity (Annexure -A 1/6)	8
7	Corporate Information of the Organization & Notes to Financial Statements (Annexure -A 1/7)	9-20
8	Eligibility Criteria Compliance Certification (Annexure - A/2)	21
9	Portfolio Reports:	
	i) Classification of Loan and Loan Loss Provision (Annexure -A /3)	22
	ii) Loan Loss Provision (LLP) status of the MFI (Annexure -A /3)	22
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10	Schedule of Fixed Assets (Annexure -A/4)	24
11	Statements of Budget Analysis	25-28
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13	Management Report (Annexure - B)	31-34

**INDEPENDENT AUDITORS' REPORT
TO
THE MEMBER OF GENERAL BODY OF PEOPLE'S WELFARE FOUNDATION**

Report on the Financial Statements:

We have audited the financial statements of Microfinance Program of **People's Welfare Foundation**, which comprise the statement of financial position as at 30 June 2022 and the Statement of Comprehensive Income, Statement of Receipts and Payments, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of the Microfinance Program of **People's Welfare Foundation** as at 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with international financial reporting standards and other applicable rules and regulation.

Basis for opinion:

We conducted our audit in accordance with international Standards on Auditing. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Organization in accordance with the international ethics Standards board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

Other Information:

Management is responsible for the other information. The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The Management are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and other applicable rules and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process



Auditors' Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements:

- (a) 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 and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the Organization so far as it appeared from our examination of those books; and
- (c) the organization's financial statements dealt with by the report are in agreement with the books of account.

Dated, Dhaka,
27 August, 2022


A. K. DEB & CO.
(CHARTERED ACCOUNTANTS)
DVC : 2208270420AS442090



People's Welfare Foundation

Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh

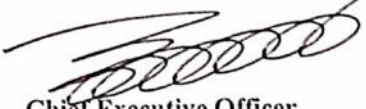
Statement of Financial Position

As at 30 June 2022

Particulars	Notes	2021-2022 Taka	2020-2021 Taka
Properties and Assets			
Non-Current Assets			
Property, plant and Equipment	6	226,083	162,776
Total Non-Current Assets		226,083	162,776
Current Assets			
Loan to Members	7	44,744,876	41,592,640
Short-term Investment	8	2,638,853	4,366,273
Advances, Deposits and Prepayments	9	1,897,600	2,143,100
Cash in Hand and at Bank	10	862,278	3,717,774
Total Current Assets		50,143,607	51,819,787
Total Properties and Assets		50,369,690	51,982,563
Capital Fund and Liabilities			
Capital Fund			
Cumulative Surplus	11	8,674,424	8,041,099
Reserve Fund	12	963,825	893,456
Total Capital Fund		9,638,248	8,934,554
Current Liabilities:			
Loan from Mac Foundation	13	360,000	100,000
Loan from Banks	14	6,479,409	9,195,467
Loan from Midas Financing Ltd.	15	2,994,104	3,500,000
Loan from Other Source	16	7,200,000	8,050,000
Members Savings Deposits	17	16,865,528	15,735,541
Members Apadkalin Fund	18	2,896,693	2,323,492
Loan Loss Provision	19	1,928,301	2,467,313
Staff Provident Fund	20	1,370,156	1,135,863
Staff Security Fund	21	115,000	105,000
Interest Provision for Loan	22	516,251	435,333
TDS Against Salary	23	6,000	-
Total Current Liabilities:		40,731,442	43,048,009
Total Capital fund and Liabilities		50,369,690	51,982,563

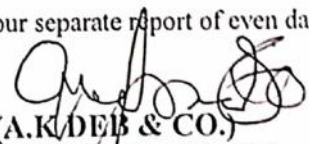
The annexed notes form an integral part of the Statement of Financial Position.


Chairman, Governing Body
People's Welfare Foundation


Chief Executive Officer
People's Welfare Foundation

This is the Statement of Financial Position referred to in our separate report of even date.

Dated, Dhaka
27 August, 2022


(A.K. DEB & CO.)
CHARTERED ACCOUNTANTS
DVC: 2208270420AS442090




People's Welfare Foundation

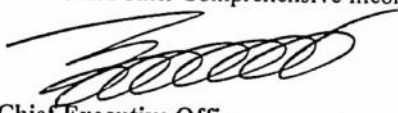
Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh

**Statement of Profit or Loss and other Comprehensive Income
For the year ended June 30, 2022**

Particulars	2021-2022 Taka	2020-2021 Taka
Income		
Service Charge on Loan	9,634,798	9,136,206
General Member Subscription Fees	2,100	2,100
Received from Admission Fees	10,790	10,280
Received from Loan Application Form	8,405	8,445
Received from Pass Book	12,485	11,730
Bank Interest	15,764	21,933
Bank Interest on FDR	149,556	119,062
Donation	100,000	-
Other Income (Note-24)	126,760	135,329
Total Income	10,060,658	9,445,085
Expenditure		
Salary and Allowance (Note-25)	4,785,381	4,326,425
Office Rent (Note-26)	420,000	319,000
Travelling and Transportation	286,183	331,558
Repairing and Maintenance	70,364	36,014
Electricity	61,636	60,455
Postage, Telephone and Fax	56,907	47,135
Office Stationery	46,631	41,490
Printing	14,000	7,900
General Expenses	10,500	9,140
Bank Charge and Commission	62,158	67,451
Staff Training	930	-
Entertainment	31,692	24,173
Interest Paid on Savings Fund	839,476	803,173
Interest on Borrowed Fund	1,928,499	1,393,357
Loan Processing Fees	1,550	80,476
Interest on Staff Provident Fund	-	55,561
Audit Fees	9,000	7,000
Credit Rating	10,000	10,000
Loan Loss Expenses	385,630	394,783
Service Charge Rebate	187,769	65,254
Legal Fees	22,210	18,050
Registration & Licensing Fees	24,759	15,262
Software Maintenance	41,580	41,580
Website Development and Maintenance	3,000	2,950
Depreciation	57,109	47,741
Total Expenditure	9,356,964	8,205,928
Excess of Income over Expenditure	703,694	1,239,157
Total	10,060,658	9,445,085

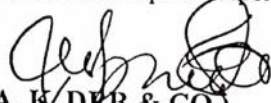
The annexed notes form an integral part of the Statement of Profit or Loss and other Comprehensive Income.


Chairman, Governing Body
People's Welfare Foundation


Chief Executive Officer
People's Welfare Foundation

This is the Statement of Profit or Loss and other Comprehensive Income referred to in our separate report of even date.

Dated, Dhaka
27 August, 2022


(A. K. DEB & CO.)
CHARTERED ACCOUNTANTS
DVC: 2208270420AS442090



People's Welfare Foundation

Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh

**Receipts and Payments Statements
For the year ended June 30, 2022**

Particulars	2021-2022 Taka	2020-2021 Taka
Receipts		
Opening Balance		
Cash in Hand	156,382	22,546
Cash at Bank	3,561,392	841,232
Loan Recovery from Borrowers	72,852,122	66,320,246
Loan Received from Other Source	2,350,000	5,400,000
Loan from Bank	-	2,500,000
Loan from Midas Financing Ltd.	-	3,500,000
Loan Received form MAC Foundation	500,000	-
Savings Deposit	12,816,261	11,796,009
Advance Against Salary	-	6,000
Member Apadkalin Fund Deposit	769,290	672,280
Staff Security Fund Deposit	60,000	47,000
Service Charge on Loan	9,495,414	9,136,206
General Member Subscription Fees	2,100	2,100
Received from Admission Fees	10,790	10,280
Received from Loan Application Form	8,405	8,445
Received from Pass Book	12,485	11,730
Bank Interest	15,764	21,933
Bank Interest on FDR	149,556	119,062
Investment Encashment	1,918,312	547,470
Received from MAC Foundation Investment	76,650	-
Donation	100,000	-
Other Income	65,194	98,563
Total Receipts	104,920,117	101,061,102

Payments

Furniture and Fixture	96,816	15,600
Computer & Printing	23,600	-
Advance against Motorcycle Loan	-	215,500
Advance Against Salary	15,000	120,000
Advance Against Office Rent	16,000	-
Advance Against Purchase	22,000	-
Loan Disbursed to Borrowers	76,929,000	67,201,000
Loan Refund to Other Source	3,200,000	3,500,000
Loan Refund to Bank	2,716,058	2,545,846
Loan Refund to Midas Financing Ltd.	505,896	-
Loan Refund to MAC Foundation	240,000	-
Savings Refund	12,525,750	14,240,724
Investment on FDR	122,542	2,704,752



Particulars	2021-2022 Taka	2020-2021 Taka
Investment to MAC Foundation	145,000	-
Staff Provident Fund Refund	50,583	20,809
Staff Security Fund Refund	50,000	37,000
Member Apadkalin Fund Refund	196,089	372,003
Salary and Allowance	4,294,439	3,920,256
Office Rent	260,000	175,000
Travelling and Transportation	286,183	331,558
Repairing and Maintenance	70,364	36,014
Electricity	61,636	60,455
Postage, Telephone and Fax	56,907	47,135
Office Stationery	46,631	41,490
Printing	14,000	7,900
General Expenses	10,500	9,140
Bank Charge and Commission	62,158	67,451
Staff Training	930	-
Entertainment	31,692	24,173
Interest on Borrowed Fund	1,314,273	802,481
Loan Processing Fees	1,550	80,476
Provision of Interest on Loan paid	533,308	606,469
Website Development and Maintenance Fees	3,000	2,950
Service Charge Rebate	48,385	65,254
Legal Fees	22,210	18,050
Regitraion & Licensing Fees	24,759	15,262
Audit Fees	9,000	7,000
Credit Ratting	10,000	10,000
Software Maintenance	41,580	41,580
Closing Balance		
Cash in Hand	274,805	156,382
Cash at Bank	587,473	3,561,392
Total Payments	104,920,117	101,061,102


The annexed notes form an integral part of the Statement of Receipts and Payments Statements.


Chairman, Governing Body
People's Welfare Foundation


Chief Executive Officer
People's Welfare Foundation

This is the Statement of Comprehensive Income referred to in our separate report of even date.

Dated, Dhaka
27 August, 2022


(A. K. DEB & CO.)
CHARTERED ACCOUNTANTS
DVC: 2208270420AS442090



People's Welfare Foundation

Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh

**Statement of Cash Flows
For the period ended June 30, 2022**

Particulars	2021-2022 Taka	2020-2021 Taka
A. Cash Flows from Operating Activities:		
Surplus for the period	703,694	1,239,157
Add: Amount considered as non cash items:		
Loan loss provision	385,630	394,783
Depreciation for the year	57,109	47,741
Salary and Allowance	490,942	-
Office Rent	160,000	-
Service Charge Reabate	139,384	-
Savings interest for the year	839,476	803,173
Other Income	(61,566)	(36,766)
Borrowing interest for the year	614,226	590,876
Provident fund interest for the year	-	55,561
Sub total of non cash items	3,328,895	3,094,525
Loan disbursed to borrowers	(4,076,878)	(880,754)
Increase/Decrease in current assets	245,500	(82,517)
Increase/Decrease in current liabilities	(763,785)	(300,277)
Net cash used in operating activities	(1,266,268)	1,830,977
B. Cash Flows from Investing Activities:		
Acquisition of Property, plant and equipment	(120,416)	(15,600)
Investment	1,727,420	(2,157,282)
Net cash used in Investing Activities	1,607,004	(2,172,882)
C. Cash Flows from Financing Activities:		
Loan received	(3,811,954)	5,354,154
Members savings	290,511	(2,444,715)
Other Funds	325,211	286,462
Net cash used in Financing Activities	(3,196,232)	3,195,901
D. Net increase/ decrease (A+B+C)	(2,855,496)	2,853,996
Add: Cash and Bank Balance at the beginning of the year	3,717,774	863,778
Cash and Bank balance at the end of the year	862,278	3,717,774



People's Welfare Foundation

Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh

Statement of Changes in Equity as at June 30, 2022

Particulars	Amount in Taka
Accumulated Surplus	
Opening Balance as at July 1, 2020	6,925,858
Add: Surplus for the year	1,239,157
Less: Transfer to Reserve Fund	123,916
Closing Balance as at June 30, 2021	<u>8,041,099</u>
Opening Balance as at July 1, 2021	8,041,099
Add: Surplus for the year	703,694
Less: Transfer to Reserve Fund	70,369
Closing Balance as at June 30, 2022	<u>8,674,424</u>

Reserve Fund (In Compliance with MRA Rule-20) as at June 30, 2022

Particulars	Amount in Taka
Opening Balance as at June 30, 2020	769,540
Add: Provision during the year	123,916
Closing Balance as at June 30, 2021	<u>893,456</u>
Opening Balance as at June 30, 2021	893,456
Add: Provision during the year	70,369
Closing Balance as at June 30, 2022	<u>963,825</u>



People's Welfare Foundation
(Registered in Bangladesh under the Societies Registration Act, 1860)

Notes to Financial Statements
As at and for the year ended June 30, 2022

1.0 Background:

People's Welfare Foundation established in 2004 is working as a non-government organization for promotion and enhancement of fundamental human rights of excluded poor, underprivileged minorities through the implementation of community demand-driven development initiatives in Bangladesh. At present People's Welfare Foundation is operating its program in 5 Upazilas of Cumilla district of Bangladesh covering 128 villages under 23 Unions. These programs are mainly initiated to contribute towards poverty alleviation along with education, literacy, training, health services, rehabilitation, agriculture and rural development, preservation and development of environmental issues, women empowerment, social development and behavioral changes in the community, research and publication under the technical and financial support of national and international development agencies as well as from individuals. For microcredit operation, generally, its target clients are poor women. The corporate office of the organization is located at Village: Kaitra, P.O: Uttar Gazipur, Upazila: Laksam, District: Cumilla, Bangladesh.

Vision

People's Welfare Foundation envisions a society free of human rights violations and ensuring social justice.

Mission

To improve the quality of life of the target communities and those of their immediate families.

Objectives

- a) To organize and mobilize the poor, illiterate and landless children, women and men into viable groups at the village and grassroots level, so that they can plan to implement, manage and control their activity targeted for their own socio-economic and cultural development.
- b) To improve the economic position of the disadvantaged children, women, and men through credit support to involve them in income and employment generating activities, which will help to reduce their social, economic and cultural vulnerability.
- c) To facilitate and ensure the accesses of the target people to resources and facilities provided by the government and others.
- d) To improve the health situation of the children, women, and men through health education, mobilization of available health services and delivery of possible health services as and required.
- e) To change the status of children, women, and men through the promotion of rights of children, women, and human rights as a whole.
- f) To enhance the potentiality, competency issue and capability of target people through training, education, and learning by doing aimed at sustained improvement in their lives.
- g) Work as a complement and supplement of all government efforts and activities for development.
- h) To train target peoples and their families to make them more capable to earn by imparting them with basic education and sound vocational training.
- i) To establish an ecologically balanced environment.
- j) To arrange all possible measure in a proactive way to change the society upholding its interest.



A. K. DEB & CO.
Chartered Accountants

2.0 Corporate Information of the People's Welfare Foundation

Sl. No.	Particulars				
1.	Year of establishment		2004 (Registrar Joint Stock Companies, Government of Bangladesh bearing the registration no. S-3663(452)/2004 dated 15/03/2004		
2.	Legal Entity (MRA Registration No.)		Microcredit Regulatory Authority bearing the registration no. 00257-00066-00627 dated 17/04/2012		
3.	e-TIN		Number 422121732415		
4.	Nature of operation (programs)		Microfinance Sewing Training and Distributing of Sewing Machine Wheel Chair Distribution Nursery and Plantation Goat Distribution Tube-well Installation Sanitary Latrine Distribution Non-formal Education Support		
5.	Statutory Audit conducted up to		June 30, 2022		
6.	Name of statutory auditor for the last year		Huda Hossain & Co. Chartered Accountants		
7.	Name of statutory auditor for current year		A. K. Deb & Co. Chartered Accountants		
8.	No. of Governing Body meeting held FY 2021-2022		4 (Four)		
9.	Date of last AGM		30 October 2021		
10.	List of Governing Body Members				
	Name	Designation	Qualification	Profession	Present Address
10.1	Md. Kazi Nazrul Islam	Chairman	B.Sc. Engineering, MBA (Major in Marketing)	Private Service and Social Worker	Village : Misree, Post Office : Laksam, Upazila: Laksam, District : Cumilla
10.2	Md. Abdul Kader	Vice-Chairman	BA	Private Service and Social Worker	Village: Patwar, Post Office: Omargonj Bazar, Upazila: Nagal kat, District: Cumilla
10.3	Mohammed Anisur Rahman	Treasurer	MCom, MBA (Major in Finance)	Private Service and Social Worker	Village: Raipura, Post Office & Upazila: Raipura, District: Narsingdi
10.4	Md. Emdadul Hoque	Secretary	MCom, MBA (Major in Finance)	Private Service and Social Worker	House: 254 (Flat B/5), Road: 1, Block-B, Bashundhra R/A, Dhaka
10.5	Md. Akramul Hoque	Member	BCom	Private Service and Social Worker	Village: Ashora, Post Office: Uttar Gazipur, Upazila: Laksam, District: Cumilla
10.6	Ms. Mahmuda Akter	Member	BA (honors)	Social Worker	Village: Kadarapur, Post Office: Nimshar, Upazila: Burichang, District: Cumilla
10.7	Ms. Rokeya Begum	Member	BA, B.Ed	Social Worker	Village: Lognashor, Post Office: Lognashor Bazar, Upazila: Barura, District: Cumilla



Basis of Preparation of Financial Statements

3.0 Basis of Accounting:

People's Welfare Foundation prepares its financial statements under the Bangladesh Financial Reporting Standards (BFRS). People's Welfare Foundation generally follows the accrual basis of accounting or a modified form thereof for key income and expenditure items except for service charge on loan to members, which are recognized on a cash basis as disclosed in the Summary of Significant Accounting Policies. People's Welfare Foundation maintains its books of account and records on a program or project basis. People's Welfare Foundation accounting records and financial statements are maintained and presented under the principles of fund accounting. This is the procedure by which resources are classified for accounting and internal reporting into funds established according to their nature and purposes based on the existence or absence of donor-imposed restrictions.

4.0 Summary of Significant Accounting Policies:

The significant accounting policies followed in the preparation and presentation of these financial statements are summarized below.

4.1 Currencies

The financial statements are expressed in Bangladeshi Taka.

4.2 Revenue Recognition

Service charge on loans

Service charges on loans to members are recognized on a cash basis as income. Income is recognized when cash is realized.

Interest income

Interest on bank accounts, revenue is recognized as the interest accrues unless collectibility is in doubt.

Other income

All other incomes are recognized when People's Welfare Foundation's right to receive such income has been reasonably determined and all conditions precedent is satisfied.

4.3 Expenses

Program related expenses arise from goods and services being distributed to beneficiaries in accordance with the program objectives and activities.

4.4 Fixed Assets and Depreciation

i) Recognition:

An asset, which meets the following criteria, is recognized as property, plant and equipment:

- a) Its cost exceeds Tk. 1,000.
- b) Its expected useful life is more than one year.
- c) It is tangible assets and
- d) Future Economic benefits associated with the item will flow to entity.

ii) Depreciation:

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided for on a straight-line basis over the estimated useful lives at the following annual rates:

Item	Annual Depreciation Rate (%)
Furniture & Fixtures	10
Equipment	15
Computer	20
Bicycles	15
Motorcycles	15



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iii) Subsequent recognition:

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the organization and its cost reliably measured. The cost of the day-to-day servicing of the property, plant and equipment are recognized in the statement of income and expenditure as incurred expenditure.

5.0 Significant organization policies

5.01 Members Savings Deposits:

All savings are payable to the beneficiaries on demand before maintaining all formalities of the organization. The People's Welfare Foundation offers savings products to all members keeping in view of the following:

- a) The members have a formidable capacity of savings. The People's Welfare Foundation provides a secured place to keep savings, increasing financial strength and capital growth of the members with view to reduce their dependency on external resources; and
- b) Improving the sustainability of the institution by developing a relatively stable means to finance its loan portfolio;
- c) The rate of interest on both compulsory and voluntary savings is 6% per annum;

5.02 Loan to Members:

People's Welfare Foundation stresses on supporting economic activities to generate employment and income to reduce inequality among the disadvantaged and the poor. The loan products have been developed in response to the demand of their beneficiaries. Policy on loan services of the following:

- a) People's Welfare Foundation gives loans when beneficiaries want them to support their economic activities;
- b) Loans are not linked to savings balances, loans and savings have been completely de-linked and made entirely voluntary;
- c) Loans to members without collateral;
- d) Loan repayments are made weekly installment;
- e) Service charges is 24% (Declining) per annum on loan disbursed respectively;

5.03 Provision for Loan Losses

Management regularly assesses the adequacy of the loan loss provision based on the age of the loan portfolio. At the end of each quarter, People's Welfare Foundation calculates the required provision for loan loss based on the loan classification and provisioning methodology which is shown below and any adjustment, if required, are made and accounted for in the financial statements.

Loan Classification	Days in Arrears	Provision required (%)
Regular	Current (no arrears)	1
Watchful	1 – 30	5
Sub-standard	31 – 180	25
Doubtful	181 – 365	25
Bad	Over 365	35

Loans Written off

The write off of loans, if necessary, are charged against the provision for loan losses. Loans within their maturity period are classified as "current loan". A loan which remains outstanding over a year of their maturity period is considered as "bad loans".

Loan recovery efforts for delinquent loans over two years have been taken but loan collectability has proved extremely difficult. The list of such loans is presented to Governing Body for write-off approval. Generally, loans are written off twice a year. Any collections realized from loans previously written off are credited to the statement of income and expenditure.



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5.04 Members Apadkalin Fund:

Member Apadkalin Fund is a comprehensive micro-insurance program established by People's Welfare Foundation's in 2009 to provide social protection and security to its member and their families. Member Apadkalin Fund is mandatory to People's Welfare Foundation's microfinance members. A premium of 1% of the loan amount is paid annually and is adjusted each year to ensure financial viability. Policy on this claim settlement of the following:

Apadkalin benefits provide support to beneficiaries' families in the event of the death of an adult in the family thereby easing the burden of loan and also include the provision of death benefits. Upon the death of the policyholders and spouse loan balance is waived up to BDT 50,000 and refunded s/he savings amount.

5.05 Employees' Provident Fund

People's Welfare Foundation maintains a contributory provident fund for its eligible permanent employees. All confirmed employees are contributing 10% of their basic salary as the subscription of the fund. People's Welfare Foundation also contributes an equal amount of the employees' contribution to the fund each month. Interest earned from the investment is credited to the employees' accounts every year.

5.06 Comparative Figures

Certain comparative figures have been reclassified to confirm the current year's presentation.



Notes on Balance Sheet (As on 30 June, 2022) :

	2021-2022 Taka	2020-2021 Taka
6.00 Property, plant and Equipment:		
Cost		
Opening Balance	449,330	433,730.00
Add: Addition during the year	120,416	15,600.00
Less: Disposal during the year	-	-
Closing Balance	569,746	449,330
Depreciation		
Opening Balance	286,554	238,813
Add: Addition during the year	57,109	47,741
Less: Disposal during the year	-	-
Closing Balance	343,663	286,554
Written Down Value as on 30 June, 2022 (Schedule Annex-1)	226,083	162,776
7.00 Loans to Members		
Loans to Members (Jagaron)	23,316,146	23,251,203
Loans to Members (Microenterprise)	5,884,634	2,840,634
Loans to Members (Agri Culture)	15,544,096	15,500,803
Closing Balance	44,744,876	41,592,640
7.01 Loans to Members (Jagaron)		
Opening Balance	23,251,203	22,962,479
Add: Disbursed	40,451,000	37,831,000
Less: Realized	39,831,673	37,542,276
Less: Loan write-off	554,384	-
Closing Balance	23,316,146	23,251,203
7.02 Loans to Members (Microenterprise)		
Opening Balance	2,840,634	1,464,652
Add: Disbursed	9,510,000	4,150,000
Less: Realized	6,466,000	2,774,018
Closing Balance	5,884,634	2,840,634
7.03 Loans to Members (Agriculture)		
Opening Balance	15,500,803	16,284,755
Add: Disbursed	26,968,000	25,220,000
Less: Realized	26,554,449	26,003,952
Less: Loan write-off	370,258	-
Closing Balance	15,544,096	15,500,803



8.00 Short-term Investment		
Savings Fund Investment	1,755,460	1,500,000
Reserve Fund Investment	738,393	907,001
Other Investment	145,000	1,959,272
Closing Balance	2,638,853	4,366,273
8.01 Savings Fund Investment		
Opening Balance	1,500,000	-
Add: Deposit	255,460	1,500,000
Less: Encashment	-	-
Closing Balance	1,755,460	1,500,000
8.02 Reserve Fund Investment		
Opening Balance	907,001	543,596
Add: Deposit	12,082	905,000
Less: Encashment	180,690	541,595
Closing Balance	738,393	907,001
8.03 Other Investment		
Opening Balance	1,959,272	1,665,395
Add: Deposit	-	299,752
Less: Encashment	1,814,272	5,875
Closing Balance	145,000	1,959,272
Bank Details:		
Sl. Bank Name & Branch	2021-2022 Taka	2020-2021 Taka
Savings Fund Investment:		
1. FDR-Midland Bank Ltd. Gulshan Branch, Dhaka	1,755,460	-
2. FDR-AB Bank, Cumilla Branch, Cumilla	-	1,000,000.00
3. FDR-Mercantile Bank, Cumilla Branch, Cumilla	-	500,000.00
Reserve Fund Investment:		
1. FDR-Midas Financing Ltd., Cumilla Branch, Cumilla	211,600	-
2. FDR-Mercantile Bank, Cumilla Branch, Cumilla	521,098	900,000.00
3. Deposited in NRB Bank Ltd.	5,695	7,001.00
Other Investment:		
1. FDR-Midland Bank Ltd. Gulshan Branch, Dhaka	-	1,682,622.00
2. FDR-Midas Financing Ltd., Cumilla Branch, Cumilla	-	200,000.00
3. Deposited in Mac Foundation, Cumilla	145,000	76,650.00
Closing Balance	2,638,853	4,366,273
9.00 Advances, deposits and prepayments		
House Rent Advance	1,372,000	1,516,000
Motor Cycle	424,600	513,100
Advance Purchase	22,000	-
Salary Advance	79,000	114,000
Closing Balance	1,897,600	2,143,100



9.01 Advances, deposits and prepayments (House Rent)

Opening Balance	1,516,000	1,660,000
Add: Paid	16,000	-
Less: Recovery	160,000	144,000
Closing Balance	<u>1,372,000</u>	<u>1,516,000</u>

9.02 Advances, deposits and prepayments (Motor Cycle)

Opening Balance	513,100	409,700
Add: Paid	-	215,500
Less: Recovery	88,500	112,100
Closing Balance	<u>424,600</u>	<u>513,100</u>

9.03 Advances, deposits and prepayments (Purchase)

Opening Balance	-	-
Add: Paid	22,000	-
Less: Recovery	-	-
Closing Balance	<u>22,000</u>	<u>-</u>

9.04 Advances, deposits and prepayments (Salary)

Opening Balance	114,000	-
Add: Paid	15,000	120,000
Less: Recovery	50,000	6,000
Closing Balance	<u>79,000</u>	<u>114,000</u>

10.00 Cash in Hand and at Bank

Cash in Hand	274,805	156,382
Cash at Bank	587,473	3,561,392
Closing Balance	<u>862,278</u>	<u>3,717,774</u>

10.01 Cash in Hand

Kaitra	75,949	50,307
Laksam	43,754	18,889
Bagmara	103,452	8,540
Kashinagar	47,400	-
Head Office	4,250	78,646
Total	<u>274,805</u>	<u>156,382</u>



10.02 Cash at Bank

The above noted bank balance as on June 30, 2022 have been verified with the related paper, documents and confirmed. Details of Bank Accounts are as follows:

Sl. No	Name of Bank	Account Number	2021-2022 Taka	2020-2021 Taka
1.	Midland Bank Limited Gulshan Branch, Dhaka	CD-0011-1490000367	3,242	2,060
2.	Exim Bank Limited Laksam Branch, Cumilla	STD-01613100272177	204,368	2,118,889
3.	Bangladesh Commerce Bank Limited Cumilla Branch, Cumilla	SND-02632000039	2,412	3,070
4.	ONE Bank Limited Laksam Branch, Laksam, Cumilla	STD-0363000000189	2,611	723,411
5.	Exim Bank Limited Bagmara Branch, Cumilla	STD-07413100079993	8,556	259,206
6.	Exim Bank Limited Mudaforgonj Branch, Cumilla	STD-03613100344156	139,656	291,459
7.	Jumuna Bank Limited Bizra Bazar Branch, Cumilla	STD-0092-0210004458	20,385	2,250
8.	Sonali Bank Limited Cumilla Branch, Cumilla	CD-1309402002509	7,171	5,229
9.	AB Bank Limited Cumilla Branch, Cumilla	CD-4131-763474-000	9,783	3,129
10.	Mercantile Bank Limited Cumilla Branch, Cumilla	CD-113911133164978	95,076	101,610
11.	Exim Bank Limited Kashinagar Branch, Cumilla	STD-1211100059115	94,213	51,080
Total			587,473	3,561,392

11.00 Cumulative Surplus

Opening Balance	8,041,099	6,925,858
Excess of income over expenditure	703,694	1,239,157
Less: Transfer to Reserve Fund	70,369	123,916
Closing Balance	8,674,424	8,041,099

12.00 Reserve Fund

Opening Balance	893,456	769,540
Add: Addition during the year	70,369	123,916
Closing Balance	963,825	893,456

In compliance with MRA rules No.20 Page no. 421, People's Welfare Foundation makes reserve at 10% of cumulative surplus of its cut off date and invest in FDR against the said reserve fund.



13.00 Loan from Mac Foundation		
Opening Balance	100,000	100,000
Add: Received	500,000	-
Less: Paid	240,000	-
Closing Balance	<u>360,000</u>	<u>100,000</u>

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2022. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan is 9% annually.

14.00 Loan from Banks:		
Loan from Midland Bank Ltd.	4,687,698	6,695,467
Loan from Markentile Bank Ltd.	1,791,711	2,500,000
Closing Balance	<u>6,479,409</u>	<u>9,195,467</u>

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2022. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan are 8% to 9% annually.

14.01 Loan from Midland Bank Ltd.		
Opening Balance	6,695,467	9,241,313
Add: Received	-	-
Less: Paid	2,007,769	2,545,846
Closing Balance	<u>4,687,698</u>	<u>6,695,467</u>

14.02 Loan from Markentile Bank Ltd.		
Opening Balance	2,500,000	-
Add: Received	-	2,500,000
Less: Paid	708,289	-
Closing Balance	<u>1,791,711</u>	<u>2,500,000</u>

15.00 Loan from Midas Financing Ltd.:		
Opening Balance	3,500,000	-
Add: Received	-	3,500,000
Less: Paid	505,896	-
Closing Balance	<u>2,994,104</u>	<u>3,500,000</u>

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2022. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan is 15% annually.

16.00 Loan from Other Source		
Opening Balance	8,050,000	6,150,000
Add: Received	2,350,000	5,400,000
Less: Paid	3,200,000	3,500,000
Closing Balance	<u>7,200,000</u>	<u>8,050,000</u>

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2022. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan are 8% to 9% annually.



17.00	Members Savings Deposit		
	Opening Balance	15,735,541	17,377,083
	Add: Deposits	12,816,261	11,796,009
	Less: Refund/ Withdrawal	12,525,750	14,240,724
	Add: Interest Credited	839,476	803,173
	Closing Balance	16,865,528	15,735,541
17.01	Members Savings Deposit (Compulsory)		
	Opening Balance	14,188,467	15,693,615
	Add: Deposits	12,049,102	10,771,114
	Less: Refund/ Withdrawal	11,420,638	12,987,574
	Add: Interest Credited	764,689	711,312
	Closing Balance	15,581,620	14,188,467
17.02	Members Savings Deposit (Voluntary)		
	Opening Balance	1,547,074	1,683,468
	Add: Deposits	767,159	1,024,895
	Less: Refund/ Withdrawal	1,105,112	1,253,150
	Add: Interest Credited	74,787	91,861
	Closing Balance	1,283,908	1,547,074
18.00	Members Apadkalin Fund		
	Opening Balance	2,323,492	2,023,215
	Add: Received	769,290	672,280
	Less: Paid	196,089	372,003
	Closing Balance	2,896,693	2,323,492
19.00	Loan Loss Provision		
	Opening Balance	2,467,313	2,072,530
	Add: Provision made during the year	385,630	394,783
	Less: Written-off	924,642	-
	Closing Balance	1,928,301	2,467,313
20.00	Staff Provident Fund		
	Opening Balance	1,135,863	843,808
	Add: Received	340,380	293,064
	Less: Paid	106,087	56,570
	Add: Interest Credited	-	55,561
	Closing Balance	1,370,156	1,135,863
21.00	Staff Security Fund		
	Opening Balance	105,000	95,000
	Add: Received	60,000	47,000
	Less: Paid	50,000	37,000
	Closing Balance	115,000	105,000



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22.00 Interest Provision for Loan		
Opening Balance	435,333	450,926
Add: Provision	614,226	590,876
Less: Paid	533,308	606,469
Closing Balance	516,251	435,333
23.00 TDS Against Salary		
Opening Balance	-	-
Add: Deduction	6,000	-
Less: Paid	-	-
Closing Balance	6,000	-
24.00 Other Income		
Write-off Loan Recovery	37,373	62,340
Sales of Stamp	22,405	-
PF Non-refundable amount	61,666	37,651
Savings Non-refundable amount	1,066	25,574
Legal & Miscellaneous	4,250	9,764
Closing Balance	126,760	135,329
25.00 Salary & Allowance		
Amount as per Receipts & Payments	4,233,551	3,920,256
Add: Incentive	60,888	293,064
Provident Fund	346,442	-
TDS against salary	6,000	-
Salary Loan	50,000	44,105
Motor cycle Loan	88,500	69,000
Closing Balance	4,785,381	4,326,425
26.00 Office Rent		
Amount as per Receipts & Payments	260,000.00	175,000.00
Add: Advance Office Rent Adjusted	160,000.00	144,000.00
Closing Balance	420,000	319,000



People's Welfare Foundation
(Registered in Bangladesh under the Societies Registration Act, 1860)

Eligibility Criteria Compliance Certification
For the year ended 30 June 2022

Sl. No.	Eligibility Criteria	Audited Figures or Compliance	
		FY 2021-2022	FY 2020-2021
1.	Minimum Loan recovery rates, computed quarterly, based on the following:		
i.	95% minimum cumulative loan collection ratio on total dues: <u>Actual Cumulative Collections X 100</u> <u>Cumulative Collectibles</u>	99.23%	99.38%
ii.	92-100% minimum loan collection ratio on current dues (on running 12 month basis) <u>Actual Collections during the past 12 months on current dues</u> <u>Collectibles on current dues</u>	95.75%	98.33%
2.	Minimum liquidity ratio of 10%	15.52%	9.53%
3.	Minimum current ratio of 2.0:1	1.40:1	1.36:1
4.	Minimum capital adequacy ratio of 15%	20.41%	20.22%
5.	Minimum debt service cover ratio of 1.25:1	1.08:1	1.15:1
6.	Debt Capital Ratio 9:1	4.03	4.54
7.	Minimum Rate of Return on capital of 1%	7.58%	14.19%



People's Welfare Foundation
(Registered in Bangladesh under the Societies Registration Act, 1860)

Portfolio Report
For the year ended 30 June 2022

Review of Loan Classifications and Provisions

(i) Classification of Loan and Loan Provision

Sl. No.	Particulars	No. of days Outstanding	Outstanding Loan	Required Provision	
			Amount (Tk)	Rate (In compliance with MRA circular no. 71)	Amount (Tk)
1	Total Loan Outstanding		44,744,876		
2	Total Overdue		3,970,981		
3	Regular	Loan with no overdue installments	40,587,530	1%	405,875
4	Watchful	Loan default duration between 1 and 30 days	18,728	5%	935
5	Sub-standard	Loan default duration between 31 and 180 days	477,124	25%	119,281
6	Doubtful	Loan default duration between 181 and 365 days	1,049,476	25%	262,369
7	Bad	Loan default duration above 365 days	2,612,018	35%	914,206
Total			44,744,876		1,702,667

(ii) Loan Loss Provision (LLP) status

Particulars	Amount (TK)
Required Provision fund as per MRA policy shown above in	1,702,667
Actual Provision made by the People's Welfare Foundation	1,928,301
Excess of Provision	225,634
Comments on LLP: It appeared from the above computation that the People's Welfare Foundation has made adequate provision on its outstanding loan balance (as per MRA circular no. 71).	

Disclosure on Written off Loan:	
Loan Written off balance 01.07.2021	-
Loan Written off during the year 01.07.2021 to 30.06.2022	1,063,501
Written off Loan Recovery during the year 01.07.2021 to 30.06.2022	924,642
Loan Written off balance as on 30.06.2022	37,373
	1,950,770



(iii) Loan Operational Report

Sl. No.	Particulars	FY 2021-2022			FY 2020-2021		
		M	F	Total	M	F	Total
1	Financial Service Product:						
	Loan Product:						
	Jagaran		23,316,146			23,251,203	
	Agriculture		15,544,096			15,500,803	
	Microenterprise		5,884,634			2,840,634	
	Savings Product:						
	Compulsory Savings		15,581,620			14,188,467	
	Voluntary Savings		1,283,908			1,547,074	
	Insurance Product (Member Apadkalin Fund):		2,896,693			2,323,492	
	Life and loan						
	Education						
	Marriage						
2	Number of branches		3			3	
3	Number of samities	M	F	Total	M	F	Total
		-	179	179	-	166	166
4	Number of members	-	2,829	2,829	-	2,605	2,605
5	Number of borrowers	-	1,873	1,873	-	1,912	1,912
6	Number of staff	16	5	21	14	4	18
7	Amount (Taka) of loan outstanding with samities members	-	44,744,876	44,744,876	-	41,592,640	41,592,640
8	Member: Borrower	-	100:66	100:66	-	100:73	100:73
9	Average loan size	-	23,889	23,889	-	21,753	21,753



People's Welfare Foundation
(Registered in Bangladesh under the Societies Registration Act, 1860)

Fixed Assets Schedule
as at 30 June 2022

Annexure A/4

Asset Category	Cost			Rate	Depreciation		Written down value 30-06-2022	Written down value 30-06-2021
	Opening balance 01-07-2021	Addition during the year	Disposal during the year		Closing balance 30-06-2022	Opening balance 01-07-2021		
Furniture & Fixtures	283,800	96,816	-	380,616	153,026	31,209	184,235	130,774
Equipment	4,000	-	-	4,000	3,000	600	3,600	1,000
Computer	130,030	23,600	-	153,630	99,028	25,300	124,328	31,002
Software	31,500	-	-	31,500	31,500	-	31,500	-
Total	449,330	120,416	-	569,746	286,554	57,109	343,663	162,776



People's Welfare Foundation

Village: Kaitra, Post Office: Uttar Gazipur Upazila: Laksam, District: Cumilla Bangladesh

BUDGET ANALYSIS

Financial Year: 2021-2022

Name of NGO: People's Welfare Foundation

MRA License No: 00257-00066-00627

Sl. No	Description	2021-2022			2022-2023
		Projected	Actual	Variance (%)	Proposed
	1. Area Coverage:				
	District				
	Upazilla	1	1	0.00	0
	Union	3	4	33.33	2
	Village	10	17	70.00	10
	2. Branch Opening	1	1	0.00	0
	3. Group/Samity Formation	30	18	-40.00	30
	4. Add New Member	795	777	-2.26	1171
	5. Add New Borrower	1,021	999	-2.15	1127
	6. Recruitment	5	6	20.00	6
	7. Deposits Collection.	27,588,960	12,816,261	-53.55	43,056,000
	8. Refund Deposit	17,932,824	12,525,750	-30.15	30,470,400
	9. Recovery	103,175,140	73,776,764	-28.49	130,994,876
	10. Loan Disbursement	123,165,000	76,929,000	-37.54	172,500,000
	11. Borrowing	16,000,000	2,850,000	-82.19	45,000,000
	12. Loan returns	11,281,822	6,661,954	-40.95	18,455,616
	13. Received against insurance service	1,231,650	769,290	-37.54	1,725,000
	14. Insurance benefits given	615,825	196,089	-68.16	862,500
	15. Total Income	12,749,003	10,060,658	-21.09	16,124,911
	16. Total Expenditure	11,937,200	9,356,964	-21.62	14,009,233

Sl. No	Description	Current Balance
		(end of previous fiscal year)
	1. Area Coverage:	
	District	1
	Upazilla	5
	Union	23
	Village	128
	2. Number. of Branch	4
	3. Number. of Group	179
	4. Number. Member	2,829
	5. Number. Borrower	1,873
	6. Manpower	21
	7. Deposit Balance	16,865,528
	8. Loan Outstanding	44,744,876
	9. Loan Received	17,033,513
	10. Insurance Fund	2,896,693
	11. Cumulative Surplus	8,674,424



Sl. No	Description	2021-2022			2022-2023
		Projected	Actual	Variance (%)	Proposed
1	* Loan Recovery				
	Jagaron Microcredit	65,277,450	40,386,057	-38.13	66,807,387
	Urban Microcredit				
	Microenterprise	12,316,500	6,466,000	-47.50	19,649,231
	Seasonal Loan				
	Livestock Loan				
	Agriculture Loan	45,571,050	26,924,707	-40.92	44,538,258
	Others Loan				
	Total	123,165,000	73,776,764	-40.10	130,994,876
	* Specify according to loan type				
2	Fund Collection				
	1. Savings Collection:				
	Force Savings	22,990,800	12,813,791	-44.27	33,120,000
	Voluntary Savings	4,598,160	841,946	-81.69	9,936,000
	Fixed of deposit				
	Total:	27,588,960	13,655,737	-50.50	43,056,000
	MFI Borrowing				
	2. PKSF Loan				10,000,000
	3. Bank Loan	8,500,000	-	-100.00	30,000,000
	4. Loan from Financial Institution	2,500,000	500,000		-
	5. Loan from other Institution				
	6. Donation (Conditional)				
	7. General/EC Member Loan				
8. Others Loan	5,000,000	2,350,000	-53.00	5,000,000	
3	Insurance Fund Collection	1,231,650	769,290	-37.54	1,725,000
	Total:	17,231,650	3,619,290	-79.00	46,725,000
4	Utilization of Fund				
	1. * Loan Disbursement				
	Jagoran Microcredit Disbursement	65,278,000	40,451,000	-38.03	87,975,000
	Urban Microcredit Disbursement				
	Microenterprise Disbursement	12,316,000	9,510,000	-22.78	25,875,000
	Seasonal loan Disbursement				
	Livestock loan Disbursement				
	Agriculture loan Disbursement	45,571,000	26,968,000	-40.82	58,650,000
	Other Disbursement				
	Total:	123,165,000	76,929,000	-37.54	172,500,000
		* Specify according to loan type			
	2. Savings Returns				
	Compulsory Savings	16,093,560	11,420,638	-29.04	26,496,000
	Voluntary Savings	1,839,264	1,105,112	-39.92	3,974,400
	Fixed Deposit				
	Total:	17,932,824	12,525,750	-30.15	30,470,400
	3. Loan Repayment				
	PKSF Loan				1,100,000
	Bank Loan	6,281,822	2,716,058	-56.76	13,995,615
	Loan from financial Institution	1,000,000	505,896		
	Loan from other Institution		240,000		360,000
	General/EC Member Loan		-		
	Others Loan	4,000,000	3,200,000	-20.00	3,000,000
Total:	11,281,822	6,661,954	-40.95	18,455,616	
5	Insurance Service:	513,188	196,089	-61.79	862,500
6	Fixed asset acquisition				
	Land Purchase				
	Land Development				
	Building Construction				
	Motor Vehicles		-		
	Furniture & Fixtures	50,000	96,816	93.63	50,000
	Office Equipments	50,000	-	-100.00	50,000
	Electric Equipments				
	Computer & Accessories	50,000	23,600	-52.80	50,000
	Computer Software	-	-		
	Total:	150,000	120,416	-19.72	150,000



Sl. No	Description	2021-2022			2022-2023
		Projected	Actual	Variance (%)	Proposed
7	Income				
	1. Service charge	12,381,017	9,634,798	-22.18	15,719,385
	2. Interest on Investment	164,674	149,556	-9.18	219,276
	3. Other interest	30,000	15,764	-47.45	20,000
	4. Entry Fees	20,000	10,790	-46.05	11,710
	5. Sale of passbook	20,000	12,485	-37.58	15,000
	6. Sale of Forms	10,000	8,405	-15.95	17,250
	7. Donation	-	100,000		-
	8. Others income	71,213	89,387	25.52	70,190
	9. Recovery of Written off Loan	50,000	37,373	-25.25	50,000
	10. General Member Subscription Fee	2,100	2,100	0.00	2,100
	11. Overhead cost from others Program	-	-		-
	Total Income:	12,749,003	10,060,658	-21.09	16,124,911
8	Expenses				
	Financial Expenses:				
	1. Savings interest	1,233,817	839,476	-31.96	1,389,500
	2. Interest of PKSf Loan		-		110,000
	3. Interest on Bank Loan	820,456	1,244,723	51.71	1,617,513
	4. Interest on Committee Loan				
	5. Interest on Others institutional Loan	500,000	69,550		122,222
	6. Others	1,000,000	614,226	-38.58	700,000
	Total Financial Expenses:	3,554,272	2,767,975	-22.12	3,939,235
	General and administrative Expenses:				
	7. Salary & Allowances*1				
	Basic Pay	3,082,500	2,262,047	-26.62	3,158,820
	Special Allowance		-		
	Dearness Allowance		-		
	House Rent Allowance	1,589,000	1,682,438	5.88	2,130,950
	Medical Allowance	222,500	179,000	-19.55	219,363
	Festival Allowance	250,000	276,108	10.44	344,713
	Rest & Recreation Allowance				
	Lunch Allowance	42,000	77,900	85.48	100,280
	Conveyance Allowance	278,000	247,000	-11.15	313,375
	Telephone Allowance		-		
	Educational Allowance		-		
	Fixed Travel Allowance		-		
	Overtime Allowance		-		
	Others Allowance (Incentive)	100,000	60,888	-39.11	200,000
	Total	5,564,000	4,785,381	-13.99	6,467,500
	8. House Rent	456,000	420,000	-7.89	456,000
	9. Printing and Stationeries:				
	Printing & Binding	15,000	14,000	-6.67	26,400
	Stationary, Seals & Stamps	71,400	46,631	-34.69	60,000
	Total	86,400	60,631	-29.83	86,400
	10. Travel Expense				
	Domestic	432,000	286,183	-33.75	432,000
	Foreign				
	11. Telephone and Mail				
	Telephone/Telex/Fax/Internet	37,600	41,600	10.64	44,000
	Postal & Courier service	20,000	15,307	-23.47	20,000



Sl. No	Description	2021-2022			2022-2023
		Projected	Actual	Variance (%)	Proposed
8	12. Repairs & Maintenance				
	Office Building				
	Motor Vehicles	-	-		
	Others	48,000	70,364	46.59	75,000
	Total	48,000	70,364	46.59	75,000
	13. Fuel Expense	-	-		
	14. Gas, Electric & Water bill	96,000	61,636	-35.80	76,000
	15. Entertainment	72,000	31,692	-55.98	50,000
	16. Advertisement	10,000	-	-100.00	10,000
	17. Paper & Publication:				
	Newspaper & Magazine	4,800	-	-100.00	4,600
	Books & Publication				
	Total	4,800	-	-100.00	4,600
	18. Bank Charge	72,000	62,158	-13.67	67,000
	19. Training Expense				
	Local Training	24,000	930	-96.13	36,000
	Foreign Training				
	Total:	24,000	930	-96.13	36,000
	20. Seminar, Conference & Workshop Expense				
	21. Legal Expense	24,000	22,210	-7.46	24,000
	22. Meeting Expense				
	23. Registration Fees/Renewal Fees	18,572	24,759	33.32	25,680
	24. Others Operational Expense	60,000	66,630	11.05	70,000
	25. Audit Fees	10,000	9,000	-10.00	35,000
	26. Honorarium for EC Members				
	27. Other Honorarium				
	28. Tax:				
	Land Tax				
	Income Tax				
	Other Tax				
	Customs Duty/VAT				
	Total:	0	0		0
	29. Subscriptions & Donation/Rebate	48,000	187,769	291.19	51,500
	30. Depreciation	71,920	57,109	-20.59	86,370
	31. Cost Sharing Expenses				
	32. Consultancy Service				
33. Total Operational Expenses	10,709,563	8,971,334	-16.23	12,056,284	
34. Loan Loss Provision	1,227,637	385,630	-68.59	1,952,949	
35. Net Surplus	811,803	703,694	-13.32	2,115,678	
36. Transfer to Various Fund					
Reserve Fund	81,180	70,369	-13.32	211,568	
DMF					
Others					
Total:	81,180	70,369	-13.32	211,568	



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As required by the Micro-credit Regulatory Authority, we further report that:

- A) The organization has prepared its financial statements as per International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) Reporting.
- B) We examine and found that the organization has not taken any activity, which is involved in the transaction or provided services that is contrary to "Micro credit Regulatory Authority Act-2006." Micro credit Regulatory Authority Act-2010. We also verify and found that no transaction has been made against the interest of different donors, beneficiaries of the organization.
- C) We have examined and found that the closing balance of last year's audited financial statement was carried forward as opening balance in current year's accounts.
- D) We examined and observed that the organization has maintained proper books of accounts for sector-wise receipt of fund and whether they properly comply with the rules and regulation as per accounting manual provided by authority.
- E) We examine and observed that the organization has kept the record separately for the collected fund under various components of micro credit activities and submit separate reports on that basis.
- F) We examined and observed that the organization has properly recorded and accounted for the receipt and disbursement of fund from different donor organization and utilized them as per their principles/terms and conditions of the agreement with the donors.
- G) We examined and observed that the organization has properly recorded in account and the collected loan and savings amount deposited into the bank with some irregularities. Besides, whether collection and refund of savings are paid to members and also examine rate of interest etc.
- H) We check and found that the organization has maintained the formalities and properly complied with the provision in the rules mentioned before disbursing loan among the beneficiaries.
- I) We checked whether the documents i.e. passbook/savings collection schedule and loan application form regarding loan write off, bad loan and found that have preserved separately.
- J) The organization has properly complied with the rules & regulation relating to the constitutions particularly in respect of formation and meetings of General Body and Governing Body.
- K) There were fixed assets in the Microcredit Program. So we have physically verified the existence of fixed assets in **People's Welfare Foundation** which acquired out of surplus service charge (income surplus) and fund received from different sources for institutional development as loan or grants.
- L) We checked test basis whether the loans was properly utilized for the beneficiary member and found in order.
- M) All transaction related with collection of savings and disbursements of microcredit were made in cash.
- N) From our test check, we found that the collected loan and savings accounts are not duly deposited into bank on daily basis.
- O) From our test check, we found that the amount collected from Samity members are duly accounted for as per applicable policy and procedure at member and group level with very little exceptions.
- P) **People's Welfare Foundation** which is collecting service charges from beneficiaries at a decline Rate of 24% per annum calculated on the loan provide to them. The principal loan and proportional service charges are collected in equal weekly installments, Service Charges are accounted on cash



A. K. DEB & CO.
Chartered Accountants

basis and the amount of service charges from the beneficiaries is recognized as income. On the other side, the service charges receivable is not recognized as income.

- Q) Provision for loan loss has been duly calculated and sufficient Provision accounted for as Micro-credit Regulatory Authority Act 2006 and Micro-credit Regulatory Authority Act 2010.
- R) We have physically counted the cash in hand during course of our audit and confirmed bank balances with the bank statement on a test basis and also examined the bank reconciliation statements and found them satisfactory.
- S) We have checked the vouchers on a test basis and found that payments were made upon the approval of appropriate authority and we have examined the budgetary control system of the organization and have not found any issue to mention in the report.
- T) We have checked the papers/document in supporting of utilized of fund and found that no existence of any unused fund.
- U) We have verified the financial statements submitted to various donor organizations, regulatory agencies and other authorities by the **People's Welfare Foundation** which with proper justification and did find any issue mention in the report.
- V) As per Sixth Schedule Part-A, Para 1A on Income Tax Ordinance, 1984 (ITO) income from microfinance activities are tax exempted. The **People's Welfare Foundation** which not deducts tax and VAT at sources as per the provisions of ITO 1984 and VAT Act. 1991.
- W) We observed that the Organization has introduced and established policies for procurement, human resource, loan and savings and complies with the above policies for microfinance operations.
- X) The organization has no Internal Audit Department for conducting internal audit and monitors the Organization at a regular interval.
- Y) We have checked the microfinance activities funded by Own fund and Bank/NGO, loaned fund, donated fund and such activities from own sources, adequacy of MIS system, internal control system, adequacy of classification of loan, provision policy, adequacy of collection percentage of loan and found satisfactory.
- Z) We have checked cost sharing between of microcredit and other program and found in order.
- AA) We check and found that the bank transaction was not satisfactory because transaction made both cash and bank.
- BB) We observed that the audit fee has been shown under separate head in financial statement which are fixed on the basis of loan portfolio and cost centers/branches.
- CC) We observed that the income tax has been deducted for eligible two staff against their salary.
- DD) We examine and found that the organization has not taken any activity, which is involved in the transaction or provided services that are contrary to "Money Laundering Prevention Act (MLAPA) 2012 and Anti Terrorism Act (ATA) 2009".



Management Report on the Financial Statements of People's Welfare Foundation for the year ended
30 June 2022

Current year's (2021-2022) observations:

Review of internal control system of Financial Management System ensuring accountability and transparency:

I. Accounting System:

The Financial statements have been prepared under Bangladesh Financial Reporting Standard (BFRS) under historical cost convention except for service charges which are accounted on a cash basis. Branch authorities disburse loans to beneficiaries as per policy and procedures and rules and regulations and record transactions in a manual system. Transactions are recorded in the systems daily and produce vouchers, ledger, trial balance and financial statements on a periodical basis.

Branch office prepared financial statements and submits to head office monthly basis. All collected amounts are deposited to the bank account by the branch. Head office maintains control ledger and other subsidiary books of accounts based on monthly statements of branch offices and prepares consolidated financial statements.

II. Investments

Investment of People's Welfare Foundation represents a fixed deposit with banks. All investments in the FDR are duly approved by the appropriate authority of the People's Welfare Foundation. Encashment of FDR and interest accrued during the year were properly accounted for. During our audit, we did not find any shortcomings in this area to report to the management.

III. Fixed Asset

People's Welfare Foundation maintains manually fixed asset register in the Head office and all of its Branch offices. People's Welfare Foundation procedures require that all the fixed assets maintained at Branch offices to be tagged and differentiated between program assets. Records of the assets are to be maintained in the fixed asset register are depreciated on a straight-line basis over the assets estimated useful lives and must be agreed to branch office accounts. During the audit, we have reviewed the investment in fixed assets and its management to find out whether the investment is approved by the appropriate authority, properly recorded, used for the Microfinance Program and safeguarded with proper records.

IV. Payables and Accruals

We have reviewed the payables and accruals on a sample basis and found that these were within the normal course of business and were accounted for properly. We did not find any shortcomings in this area to report to the management



V. Commercial Loan

We observed that People's Welfare Foundation has received loan funds from various banks/financial institutions which have been used for loan disbursement to the microfinance borrowers of the organizations. We have reviewed the sanction letters/approval including relevant documents and found that People's Welfare Foundation has complied with all relevant provisions of the loan agreements. It was also noted that all the installments payable were paid in due time and no exception was noted.

VI. Loan Operation Management

People's Welfare Foundation has developed a detailed operational manual to execute, control and monitor microfinance operations. The manual has clearly described in detail the policies and procedures regarding disbursement and collection of loans. Internal control system relating to the loan operation management was found satisfactory.

During the audit at branch offices, we found that loans were disbursed to the target people who are unable to obtain credit from mainstream banks due to lack of necessary collateral and referrals. The loans were disbursed among targeted people by maintaining all formalities as introduced by People's Welfare Foundation following the MRA guidelines.

VII. Savings Deposits

Two types of member's Savings a) Compulsory Savings b) Voluntary Savings

a) Compulsory Savings

People's Welfare Foundation's Microfinance program has a compulsory savings provision, with a view to facilitating and encouraging savings by Village Organization (VO). The interest rate on compulsory savings is 6%. Saving amounts are decided at the center level with a minimum weekly savings requirement of Tk.50. Each VO members deposits a minimum of Tk.50 in a weekly meeting. During the first loan period members are unable to withdrawal savings. For consecutive loans members are eligible to withdrawal savings as long as they maintain a saving balance of 10% of the loan amount. This savings is to be mentioned in the Pass book, Collection Ledger, General ledger separately.

b) Voluntary Savings

People's Welfare Foundation implemented voluntary savings. The interest on this program is 6% annually, compounded monthly. The special savings accounts are like a current account. Beneficiaries can save monthly one time or withdraw the amount on demand. This savings stands for those who deposit voluntarily beyond their regular savings. This savings is to be mentioned in the Pass book, Collection Ledger, General ledger separately.

VIII. Management & Accounting Information System and software implementation

People's Welfare Foundation maintains uses software "Grameen Communication" for recording its day to day transactions. The present software has Savings and Credit Module is in operation at branch level as well as head office level for recording and accounting daily transaction. Sufficient financial and monitoring reporting is generated there from.



IX. Insurance/KalayanTahabil Policy

Member Apadkalin Fund is a comprehensive micro-insurance program established by People's Welfare Foundation's in 2009 to provide social protection and security to its member and their families. Member Apadkalin Fund is mandatory to People's Welfare Foundation's microfinance members. A premium of 1% of the loan amount is paid annually and is adjusted each year to ensure financial viability. Policy on this claim settlement of the following:

Apadkalin benefits provide support to beneficiaries' families in the event of the death of an adult in the family thereby easing the burden of loan and also include the provision of death benefits. Upon the death of the policyholders and spouse loan balance is waived up to BDT 50,000 and refunded s/he savings amount.

Besides People's Welfare Foundation maintain Provident Fund Account of its employees'. The related policy of the above mentioned tahabil is applied properly by the organization in maintaining its financial information.

X. ED'S total Remuneration and Lowest Salary of the Staff

Chief Executive Officer total remuneration and lowest salary of the staff has been mentioned below:

Designation	Remuneration / Salary per month (Taka)
Program Manager	50,255
Community Organizer (lowest salary)	11,500

XI. Loan Operation Management

Matters Arising

- a) During the course of our audit while reviewing the loan applications, loan approval, loan disbursement and loan collection procedures at 4 Branch offices visited to ensure that all required policy, procedures and guideline were not complied.
- b) In some cases, signature of Branch Manager was not found in the daily collection register.
- c) In some cases, signature of Community Organizer was not found in the daily collection register.

Implications

Such practice indicates monitoring weakness over loan disbursement and Loan collection system and may result in misappropriation of loan which may also deplete goodwill of People's Welfare Foundation due to dispute with loanees.

Recommendation

Management should take necessary steps to resolve the issue with strengthen the monitoring and review activities.

Management Response

We have already taken necessary steps to avoid the above-mentioned irregularities and shortcomings. The concern persons have been cautioned verbally not to repeat the same mistake.



XII. Cash Management

Matters Arising

A review of cash book transactions of 4 Branch offices were performed with the objectives to ascertain that cash in hand is utilized, maintained and recorded appropriately.

Matters Arising

Excess cash kept in the office not deposited in the bank increase the risk of theft.

Recommendation

Management should ensure that the policies and procedures with regards to the cash strictly followed to avoid any risks.

Management Response

Cash in hand exceeded the permissible limit for late collection and for not disbursing loan due to some valid reasons on a particular day. From now on we will be careful so that the daily cash does not exceed the permissible limit.

XIII. Compliance with the Guidelines on Prevention of Money Laundering and Terrorist Financing for NGO/NPO Sector (Prevention of Money Laundering Act. 2012, 2(ba)(a)(1) and (2))

People's Welfare Foundation fully comply the guidelines of Money Laundering and Terrorist Financing. For all the transactions People's Welfare Foundation made through bank transfer and Account Payee cheque. Apart from banking channel People's Welfare Foundation does not use any other channel to transact money.

XIV. Compliance status of the prior year (2020-2021) external audit observation

Sl. No.	Observation	Implementation Status
a	The weakness in operational effectiveness control mechanism for temporary advances adjustment as well as fund management and could not ensure the proper utilization fund	Resolved
b	Fixed asset register does not contain any information about configuration of asset like model, size etc. at Head Office	Resolved

