

PRIVATE & CONFIDENTIAL

***Auditors' Report***  
**&**  
***Financial Statements***  
**of**  
***Microfinance Program***  
**of**  
**People's Welfare Foundation**  
**For the Year ended June 30, 2019**



অমল এন্ড লীনা

**Amal & Leena**

*Chartered Accountants*

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## **People's Welfare Foundation**

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

For the year ended June 30, 2019

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**INDEPENDENT AUDITORS' REPORT**

**To**

**The Members of General Body**

People's Welfare Foundation  
Village: Kaitra, Post Office: Uttar Gazipur  
Upazila: Laksam, District: Cumilla  
Bangladesh

We have audited the accompanying financial statements of the **People's Welfare Foundation** which comprise the Statement of financial position as on June 30, 2019, and the Statement of Comprehensive Income, Statement of Cash Flows, Receipts and Payment Statement, Statement of Changes in Equity for the year then ended June 30, 2019 and a summary of significant accounting policies and other explanatory information.

**Management Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA), as adopted by The Institute of Chartered Accountants of Bangladesh (ICAB). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examination, on a test basis, evidence supporting the amounts and disclosures in financial statements.

**Opinion**

In our opinion, the Financial Statements present fairly, in all material respect, the financial position of the People's Welfare Foundation as at June 30, 2019. And its financial performance and its cash flows for the year then ended June 30, 2019 in accordance with International Financial Reporting Standards (IFRS) and other applicable laws regulations including MRA guideline.

**We also report that:**

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.
- b) In our opinion, proper books of accounts as required by law and MRA Act & Rules have been kept by the People's Welfare Foundation so far as it appeared from our examination of those books; and
- c) In our opinion, the statement of financial position and the statement of comprehensive income dealt with by the report are in agreement with the books of accounts.
- d) Guidelines on prevention of Money Laundering and Terrorist Financing issued by Bangladesh Bank have been complied with.

**Dated, Dhaka**  
09 September, 2019



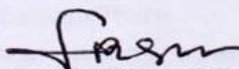
  
**Amal & Leena**  
Chartered Accountants

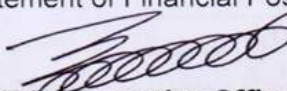
**People's Welfare Foundation**  
(Registered in Bangladesh under the Societies Registration Act, 1860)

**Statement of Financial Position**  
As at June 30, 2019

Properties and Assets	Notes	2018-2019 Taka	2017-2018 Taka
<b>Non-Current Assets</b>			
Property, plant and Equipment	6	232,394	173,979
<b>Total Non-Current Assets</b>		<b>232,394</b>	<b>173,979</b>
<b>Current Assets</b>			
Loan to Members	7	38,757,209	32,628,486
Short-term Investment	8	2,464,915	1,830,165
Advances, Deposits and Prepayments	9	1,143,100	1,059,500
Cash in Hand and at Bank	10	1,351,334	1,692,475
<b>Total Current Assets</b>		<b>43,716,558</b>	<b>37,210,626</b>
<b>Total Properties and Assets</b>		<b>43,948,952</b>	<b>37,384,605</b>
<b>Capital Fund and Liabilities</b>			
<b>Capital Fund</b>			
Cumulative Surplus	11	5,869,463	4,275,476
Reserve Fund	12	652,163	475,053
<b>Total Capital Fund</b>		<b>6,521,626</b>	<b>4,750,529</b>
<b>Current Liabilities:</b>			
Loan from Mac Foundation	13	100,000	-
Loan from Bank	14	11,451,572	13,083,330
Loan from Other Source	15	4,900,000	3,400,000
Members Savings Deposits	16	16,253,905	12,304,670
Members Apadkalin Fund	17	1,684,524	1,497,615
Loan Loss Provision	18	2,053,924	1,603,384
Staff Provident Fund	19	653,350	670,077
Staff Security Fund	20	60,000	75,000
Interest Provision for Loan	21	270,051	-
<b>Total Current Liabilities:</b>		<b>37,427,326</b>	<b>32,634,076</b>
<b>Total Capital fund and Liabilities</b>		<b>43,948,952</b>	<b>37,384,605</b>

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  
09 September, 2019

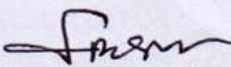
  
**Amal & Leena**  
Chartered Accountants

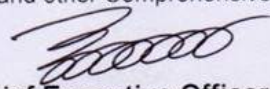


**People's Welfare Foundation**  
(Registered in Bangladesh under the Societies Registration Act, 1860)  
**Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended June 30, 2019**

Particulars	2018-2019 Taka	2017-2018 Taka
<b>Income</b>		
Service Charge on Loan	9,396,028	7,990,301
General Member Subscription Fees	2,000	2,000
Received from Admission Fees	12,930	10,705
Received from Loan Application Form	10,305	8,900
Received from Pass Book	15,830	14,410
Bank Interest	41,455	66,360
Bank Interest on FDR	139,802	71,213
Other Income	167,101	70,014
<b>Income</b>	<b>9,785,451</b>	<b>8,233,903</b>
<b>Expenditure</b>		
Salary and Allowance	3,724,730	3,014,097
Office Rent	216,000	167,100
Travelling and Transportation	334,379	313,547
Repairing and Maintenance	45,288	40,298
Electricity	52,140	56,506
Fuel and Lubricants	3,465	21,040
Postage, Telephone and Fax	39,783	40,332
Office Stationery	48,386	50,825
Printing	23,500	12,950
General Expenses	92,665	28,357
Bank Charge and Commission	63,206	51,816
Newspapers and Periodicals	1,730	5,165
Staff Training	13,950	4,500
Entertainment	58,000	35,094
Interest Paid on Savings Fund	719,923	550,242
Interest on Borrowed Fund	1,940,358	1,514,425
Interest on Staff Provident Fund	25,947	30,679
Audit Fees	7,000	7,000
Loan Loss Expenses	450,540	693,683
Loss on Fixed Assets	3,435	
Service Charge Reabte	43,894	114,199
Legal Fees	4,200	
Software Maintenance	18,855	18,810
Website Development	22,000	
Depreciation	60,980	56,169
<b>Total Expenditure</b>	<b>8,014,354</b>	<b>6,826,834</b>
<b>Excess of Income over Expenditure</b>	<b>1,771,097</b>	<b>1,407,069</b>
<b>Total</b>	<b>9,785,451</b>	<b>8,233,903</b>

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  
09 September, 2019



  
**Amal & Leena**  
Chartered Accountants

**Annexure-A 1/4**

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

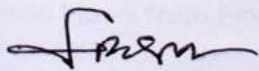
**Receipts and Payments Statements**  
For the period 01.07.2018 to 30.06.2019

Particulars	2018-2019 Taka	2017-2018 Taka
<b>Receipts</b>		
<b>Opening Balance</b>		
Cash in Hand	31,749	19,493
Cash at Bank	1,660,726	536,335
Loan Recovery from Borrowers	68,442,277	55,480,174
Loan Received from Other Source	2,900,000	1,300,000
Loan from Mac Foundation	100,000	-
Loan from Bank	10,000,000	25,000,000
Savings Deposit	13,351,362	10,178,836
Advance Against Salary	64,000	121,400
Advance Against House Rent	84,000	20,000
Advance Against Motor Cycle Loan	158,750	40,500
Staff Provident Fund Deposit	229,417	194,395
Member Apadkalin Fund Deposit	751,654	607,540
Staff Security Fund Deposit	35,000	30,000
Service Charge on Loan	9,396,028	7,890,665
General Member Subscription Fees	2,000	2,000
Received from Admission Fees	12,930	10,645
Received from Loan Application Form	10,305	8,960
Received from Pass Book	15,830	14,410
Bank Interest	41,455	42,038
Bank Interest on FDR	126,682	108,806
Investment Encashment	-	458,073
Other Income	100,239	51,949
<b>Total Receipts</b>	<b>107,514,404</b>	<b>102,116,219</b>
<b>Payments</b>		
Furniture and Fixture	72,625	25,620
Computer	71,955	29,000
Advance against Motorcycle Loan	206,600	-
Loan Disbursed to Borrowers	74,571,000	60,672,000
Loan Refund to Other Source	1,400,000	400,000
Loan Refund to Mac Foundation	-	60,000
Loan Refund to Bank	11,631,758	23,733,336
Savings Refund	10,122,050	8,586,676
Investment on FDR	621,630	364,806
Advance Against Salary	62,000	204,500
Advance Against Office Rent	100,000	700,000
Staff Provident Fund Refund	205,229	18,063
Staff Security Fund Refund	50,000	13,000
Member Apadkalin Fund Refund	564,745	130,717
Salary and Allowance	3,684,730	3,014,097

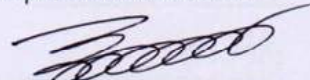


Particulars	2018-2019 Taka	2017-2018 Taka
<b>Payments</b>		
Office Rent	216,000	167,100
Travelling and Transportation	334,379	313,547
Repairing and Maintenance	45,288	40,298
Electricity	52,140	56,506
Fuel and Lubricants	3,465	21,040
Postage, Telephone and Fax	39,783	40,332
Office Stationery	48,386	46,937
Printing	23,500	16,838
General Expenses	92,665	28,077
Bank Charge and Commission	63,206	60,653
Newspapers and Periodicals	1,730	5,445
Staff Training	13,950	8,934
Entertainment	58,000	35,094
Interest on Borrowed Fund	1,683,437	1,348,800
Provision of Interest on Loan paid	38,870	241,955
Websute Development Fees	10,000	-
Service Charge Reabate	43,894	14,563
Legal Fees	4,200	-
Audit Fees	7,000	7,000
Software Maintenance	18,855	18,810
<b>Closing Balance</b>		
Cash in Hand	118,467	31,749
Cash at Bank	1,232,867	1,660,726
<b>Total Payments</b>	<b>107,514,404</b>	<b>102,116,219</b>

The annexed notes form an integral part of the Statement of Comprehensive Income.



**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  
09 September, 2019



**Amal & Leena**  
Chartered Accountants

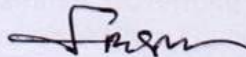


**Peoples Welfare Foundation**  
(Registered in Bangladesh under the Societies Registration Act, 1860)

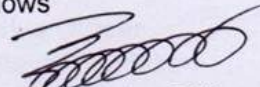
**Statement of Cash Flows**  
For the period ended June 30, 2019

Particulars	2018-2019 Taka	2017-2018 Taka
<b>A. Cash Flows from Operating Activities:</b>		
Surplus for the period	1,771,097	1,407,069
<b>Add: Amount considered as non cash items:</b>		
Loan loss provision	450,540	693,683
Depreciation for the year	60,980	56,169
Savings interest for the year	719,923	550,242
Staff Training	-	(4,434)
Bank Charge and Commission	-	(8,837)
Service Charge on Loan	-	(99,636)
Bank Interest	-	(24,322)
Other Income	-	(18,065)
Borrowing interest for the year	256,921	165,625
Provident fund interest for the year	25,947	30,679
Service Charge Reabte	-	99,636
Loss on Fixed Asset	3,435	-
Investment interest for the year	13,120	37,593
<b>Sub total of non cash items</b>	<b>3,301,963</b>	<b>2,885,402</b>
Loan disbursed to borrowers	(6,128,723)	(5,191,826)
Increase/Decrease in current assets	(83,600)	(722,600)
Increase/Decrease in current liabilities	(145,468)	(241,955)
<b>Net cash used in operating activities</b>	<b>(3,055,828)</b>	<b>(3,270,979)</b>
<b>B. Cash Flows from Investing Activities:</b>		
Acquisition of Property, plant and equipment	(144,580)	(54,620)
Interest paid on Loans	-	-
Investment	(621,630)	93,267
<b>Net cash used in Investing Activities</b>	<b>(766,210)</b>	<b>38,647</b>
<b>C. Cash Flows from Financing Activities:</b>		
Loan received	(31,758)	2,106,664
Members savings	3,229,312	1,592,160
Other Funds	283,343	670,155
Members Apadkalin Fund	-	-
<b>Net cash used in Financing Activities</b>	<b>3,480,897</b>	<b>4,368,979</b>
<b>D. Net increase/ decrease (A+B+C)</b>	<b>(341,141)</b>	<b>1,136,647</b>
Add: Cash and Bank Balance at the beginning of the year	<b>1,692,475</b>	<b>555,828</b>
<b>Cash and Bank balance at the end of the year</b>	<b>1,351,334</b>	<b>1,692,475</b>

The annexed notes form an integral part of the Statement of Cash Flows



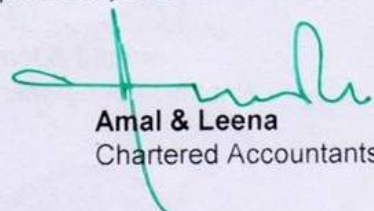
Chairman, Governing Body  
People's Welfare Foundation



Chief Executive Officer  
People's Welfare Foundation

This is the Statement of Cash Flows referred to in our separate report of even date.

Dated, Dhaka  
09 September, 2019

Amal & Leena  
Chartered Accountants



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

**Statement of Changes in Equity**  
as at June 30, 2019

Particulars	Amount in Taka
<b>Accumulated Surplus</b>	
Opening Balance as at June 30, 2017	3,009,114
Add: Surplus for the year	1,407,069
Less: Transfer to Reserve Fund	140,707
<b>Closing Balance as at June 30, 2018</b>	<b>4,275,476</b>
<b>Opening Balance as at June 30, 2018</b>	<b>4,275,476</b>
Add: Surplus for the year	1,771,097
Less: Transfer to Reserve Fund	177,110
<b>Closing Balance as at June 30, 2019</b>	<b>5,869,463</b>

**Reserve Fund**  
(In Compliance with MRA Rule-20)  
as at June 30, 2019

Particulars	Amount in Taka
Opening Balance as at June 30, 2017	334,346
Add: Provision during the year	140,707
<b>Closing Balance as at June 30, 2018</b>	<b>475,053</b>
<b>Opening Balance as at June 30, 2018</b>	<b>475,053</b>
Add: Provision during the year	177,110
<b>Closing Balance as at June 30, 2019</b>	<b>652,163</b>

The annexed notes form an integral part of the Statements of Changes in equity

Chairman, Governing Body  
People's Welfare Foundation

Chief Executive Officer  
People's Welfare Foundation

This is the Statements of Changes in equity referred to in our separate report of even date.

Dated, Dhaka  
09 September, 2019

Amal & Leena  
Chartered Accountants



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

**Notes to Financial Statements**  
**For the year ended June 30, 2019**

**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 4 Upazilas of Comilla district of Bangladesh covering 83 villages under 18 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, Upazaila: Laksam, District: Comilla, 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.

## 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.	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		
4.	Statutory Audit conducted up to		June 30, 2018		
5.	Name of statutory auditor for the last year		Amal & Leena Chartered Accountants		
6.	Name of statutory auditor for current year		Amal & Leena Chartered Accountants		
7.	No. of Governing Body meeting held FY 2017-2019		6 (Six)		
8.	Date of last AGM		6 <sup>th</sup> October 2019		
9.	<b>List of Governing Body Members</b>				
	<b>Name</b>	<b>Designation</b>	<b>Qualification</b>	<b>Profession</b>	<b>Present Address</b>
9.1	Kazi Fatema Begum	Chairman	BA, B.Ed	Social Worker	House: 254 (Flat B/5), Road: 1, Block-B, Bashundhra R/A, Dhaka
9.2	Mohammed Monowar Hossain	Vice-Chairman	M.Com, FCA	Private Service and Social Worker	Village: Kaitra, Post Office: Uttar Gazipur, Upazila: Laksam, District: Comilla
9.3	Mohammed Anisur Rahman	Treasurer	M Com, MBA (Major in Finance)	Private Service and Social Worker	Village: Raipura, Post Office & Upazila: Raipura, District: Narsingdi
9.4	Md. Shariful Islam	Member	MBA (Major in HRM)	Private Service and Social Worker	Village: Kaitra, Post Office: Uttar Gazipur, Upazila: Laksam, District: Comilla
9.5	Mohammad Iqbal Hossain	Member Secretary	MBA (Major in Finance)	Private Service and Social Worker	Village: Kamalpur Post Office: Kamalpur Upazila: Sadar South Comilla, District: Comilla
9.6	Ms. Mahmuda Akter	Member	BA (honors)	Social Worker	Village: Kadarpur, Post Office: Nimshar, Upazila: Burichang, District: Comilla
9.7	Ms. Rokeya Begum	Member	BA, B.Ed	School Teacher	Village: Lognashor, Post Office: Lognashor Bazar, Upazila: Barura, District: Comilla



**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



**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 are 25% to 27% (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.

<b>Loan Classification</b>	<b>Days in Arrears</b>	<b>Provision required (%)</b>
Regular	Current (no arrears)	1
Watchful	1 - 30	5
Sub-standard	31 - 180	25
Doubtful	181 - 365	75
Bad	Over 365	100

**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.

#### **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, 2019) :**

	<b>2018-2019</b> <b>Taka</b>	<b>2017-2018</b> <b>Taka</b>
<b>6.00 Property, plant and Equipment:</b>		
<b>Cost</b>		
Balance 01.07.2018	407,620.00	433,500.00
Add: Addition during the year	144,580.00	54,620.00
Less: Disposal during the year	(131,320.00)	(80,500.00)
<b>Balance as on 30.06.2019</b>	<b>420,880.00</b>	<b>407,620.00</b>
<b>Depreciation</b>		
Balance 01.07.2018	233,641.00	257,972.00
Add: Addition during the year	60,980.00	56,169.00
Less: Disposal during the year	(106,135.00)	(80,500.00)
<b>Balance as on 30.06.2019</b>	<b>188,486.00</b>	<b>233,641.00</b>
<b>Written Down Value as on 30.06.2018</b>	<b>232,394.00</b>	<b>173,979.00</b>
<b>(Schedule Annex-1)</b>		
<b>7.00 Loans to Members</b>		
Balance 01.07.2018	32,628,486	28,123,908
Add: Disbursed	74,571,000	60,672,000
Less: Realized	(68,442,277)	(55,485,682)
Less: Software Adjustment	-	-
Less: Loan write-off	-	(681,740)
<b>Balance as on 30.06.2019</b>	<b>38,757,209</b>	<b>32,628,486</b>
<b>8.00 Short-term Investment</b>		
Balance 01.07.2018	1,830,165	1,923,432.43
Add: Deposit	634,750	364,806.00
Less: Encashment	-	(458,073.00)
<b>Balance as on 30.06.2019</b>	<b>2,464,915</b>	<b>1,830,165.43</b>
<b>Savings Fund Investment</b>	<b>1,961,318</b>	
<b>Reserve Fund Investment</b>	<b>503,597</b>	
<p><b>Savings Fund Investment:</b></p> <p>1. FDR-Midland Bank Ltd. Gulshan Branch, Dhaka, Tk. 1,472,510</p> <p>2. FDR-Bangladesh Commerce Bank Ltd. Comilla Branch, Tk. 226,861</p> <p>3. Deposited in Mac Foundation, Cumilla, Tk. 261,947</p> <p><b>Reserve Fund Investment:</b></p> <p>1. FDR-NRB Bank Ltd., Cumilla, Tk. 500,000</p> <p>2. Deposited in NRB Bank Ltd. Tk. 3,597</p>		
<b>9.00 Advances, deposits and prepayments</b>		
Balance 01.07.2018	1,059,500	336,900
Add: Paid	390,350	904,500
Less: Recovery	(306,750)	(181,900)
<b>Balance as on 30.06.2019</b>	<b>1,143,100</b>	<b>1,059,500</b>
<b>10.00 Cash in Hand and at Bank</b>		
Cash in Hand	118,467	31,749
Cash at Bank	1,232,867	1,660,726
<b>Balance as on 30.06.2019</b>	<b>1,351,334</b>	<b>1,692,475</b>
<b>10.01 Cash in hand</b>		
Kaitra Branch	48,965.00	
Laksam Branch	28,350.00	
Bagmara Branch	41,152.00	
	118,467.00	



• The above noted bank balance as on June 30, 2019 have been verified with the related paper, documents and confirmed. Details of Bank Accounts are as follows:

Sl. No.	Name of Bank	Account Number	Amount in Taka	
			30.06.2019	30.06.2018
1.	Midland Bank Limited Gulshan Branch, Dhaka	CD-0011-1490000367	4,305	1,513,449
2.	Exim Bank Limited Laksam Branch, Cumilla	STD-01613100272177	78,457	70,173
3.	Meghna Bank Limited Comilla Branch, Cumilla	STD-211413500000002	0	9,930
4.	Bangladesh Commerce Bank Limited Comilla Branch, Cumilla	SND-02632000039	4,600	5,776
5.	AB Bank Limited Comilla Branch, Cumilla	STD-4131-757049-430	0	486
6.	Southeast Bank Limited Mia Bazar Branch, Cumilla	STD-008611100000600	0	4,120
7.	Agrani Bank Limited Nashratpur Branchm Laksam, Cumilla	CD-0200005868667	1,505	0
8.	ONE Bank Limited Laksam Branch, Laksam, Cumilla	STD-0363000000189	577,251	11,278
9.	Mutual Trust Bank Limited Laksam SME/Agri Branch, Cumilla	STD-0503-0320000488	2,216	1,584
10.	Rupali Bank Limited Bagmara Branch, Cumilla	CD-2238020000920	0	402
11.	Exim Bank Limited Bagmara Branch, Cumilla	STD-07413100079993	---305,501	---20,621
12.	Exim Bank Limited Mudaforgonj Banch, Cumilla	STD-03613100344156	188,408	22,907
13.	Jumuna Bank Limited Bizra Bazar Banch, Cumilla	STD-0092-0210004458	70,624	0
	<b>Total</b>		<b>1,232,867</b>	<b>1,660,726</b>





**Amal & Leena**  
Chartered Accountants

	<b>2018-2019</b> <b>Taka</b>	<b>2017-2018</b> <b>Taka</b>
<b>11.00 Cumulative Surplus</b>		
Balance 01.07.2018	4,275,476.00	3,009,114.00
Add: Prior year adjustment during the year	-	-
Less: Prior year adjustment during the year	-	-
Excess of income over expenditure	1,771,097.00	1,407,069.00
Less: Transfer to Reserve Fund	177,110	140,707.00
<b>Balance as on 30.06.2019</b>	<b><u>5,869,463</u></b>	<b><u>4,275,476</u></b>
<b>12.00 Reserve Fund</b>		
Balance 01.07.2018	475,053.00	334,346.00
Add: Addition during the year	177,110	140,707.00
<b>Balance as on 30.06.2019</b>	<b><u>652,163</u></b>	<b><u>475,053</u></b>

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.

<b>13.00 Loan from Mac Foundation</b>		
Balance 01.07.2018	-	60,000.00
Add: Received	100,000	-
Less: Paid	-	(60,000.00)
<b>Balance as on 30.06.2019</b>	<b><u>100,000</u></b>	<b><u>-</u></b>

• All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2019. 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 10% annually.

<b>14.00 Loan from Banks</b>		
Balance 01.07.2018	13,083,330	11,816,666
Add: Received	10,000,000	25,000,000
Less: Paid	(11,631,758)	(23,733,336)
<b>Balance as on 30.06.2019</b>	<b><u>11,451,572</u></b>	<b><u>13,083,330</u></b>

• All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2019. 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 9% to 14.50% annually.

- Bangladesh Commerce Bank Ltd., Comilla Branch, Comilla. Tk. 416,663
- Midland Bank Ltd., Gulshan Branch, Dhaka. Tk. 11,034,909

<b>15.00 Loan from Other Source</b>		
Balance 01.07.2018	3,400,000	2,500,000
Add: Received	2,900,000	1,300,000
Less: Paid	(1,400,000)	(400,000)
<b>Balance as on 30.06.2019</b>	<b><u>4,900,000</u></b>	<b><u>3,400,000</u></b>

• All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2019. 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 6% to 8% annually.



	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Taka</b>	<b>Taka</b>
<b>16.00 Members Savings Deposit</b>		
Balance 01.07.2018	12,304,670	10,167,776
Add: Deposits	13,351,362	10,178,836
Less: Refund/ Withdrawal	(10,122,050)	(8,592,184)
Add: Software Adjustment	-	-
Add: Interest Credited	719,923	550,242
<b>Balance as on 30.06.2018</b>	<b><u>16,253,905</u></b>	<b><u>12,304,670</u></b>
<b>17.00 Members Apadkalin Fund</b>		
Balance 01.07.2018	1,497,615	1,020,792
Add: Received	751,654	607,540
Less: Paid	(564,745)	(130,717)
<b>Balance as on 30.06.2019</b>	<b><u>1,684,524</u></b>	<b><u>1,497,615</u></b>
<b>18.00 Loan Loss Provision</b>		
Balance 01.07.2018	1,603,384.00	1,591,441.00
Add: Provision made during the year	450,540.00	693,683.00
Less: Written-off	-	(681,740.00)
<b>Balance as on 30.06.2019</b>	<b><u>2,053,924</u></b>	<b><u>1,603,384.00</u></b>
<b>19.00 Staff Provident Fund</b>		
Balance 01.07.2018	670,077.00	481,131.00
Add: Received	229,417.00	194,395.00
Less: Paid	(272,091.00)	(36,128.00)
Add: Interest Credited	25,947.00	30,679.00
<b>Balance as on 30.06.2019</b>	<b><u>653,350.00</u></b>	<b><u>670,077.00</u></b>
<b>20.00 Staff Security Fund</b>		
Balance 01.07.2018	75,000.00	58,000.00
Add: Received	35,000.00	30,000.00
Less: Paid	(50,000.00)	(13,000.00)
<b>Balance as on 30.06.2019</b>	<b><u>60,000.00</u></b>	<b><u>75,000.00</u></b>
<b>21.00 Interest Provision for Loan</b>		
Loan Interest Provision	218,051.00	-
Other Provision	52,000.00	-
<b>Balance as on 30.06.2019</b>	<b><u>270,051.00</u></b>	<b><u>-</u></b>
<b>22.00 Other Income</b>		
Write off loan recovery	63,135.00	-
PF non-refundable amount	103,966.00	-
<b>Balance as on 30.06.2019</b>	<b><u>167,101.00</u></b>	<b><u>-</u></b>



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

Eligibility Criteria Compliance Certification  
For the year ended June 30, 2019

Sl. No.	Eligibility Criteria	Audited Figures or Compliance	
		FY 2018-2019	FY 2017-2018
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> Cumulative Collectibles	99.32%	99.32%
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> Collectibles on current dues	98.05%	98.05%
2.	Minimum liquidity ratio of 10%	12.07%	9.11%
3.	Minimum current ratio of 2.0:1	1.29:1	1.26:1
4.	Minimum capital adequacy ratio of 15%	16.17%	13.93%
5.	Minimum debt service cover ratio of 1.25:1	1.11:1	1.05:1
6.	Debt Capital Ratio 9:1	5.42	6.53
7.	Minimum Rate of Return on capital of 1%	31.42%	34.77%

Dated, Dhaka  
02 September, 2019

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Amal & Leena  
Chartered Accountants



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

Portfolio Report  
For the year ended June 30, 2019

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	Amount (Tk)
1	Total Loan Outstanding		38,757,209		
2	Total Overdue		1,835,648		
3	Regular	Loan with no overdue installments	36,760,795	1%	367,608
4	Watchful	Loan default duration between 1 and 30 days	163,728	5%	8,185
5	Sub-standard	Loan default duration between 31 and 180 days	86,964	25%	21,741
6	Doubtful	Loan default duration between 181 and 365 days	357,331	75%	267,998
7	Bad	Loan default duration above 365 days	1,388,391	100%	1,388,391
<b>Total</b>			<b>38,757,209</b>		<b>2,053,924</b>

(ii) Loan Loss Provision (LLP) status

Particulars	Amount (TK)
Required Provision fund as per MRA policy shown above in	2,053,924
Actual Provision made by the People's Welfare Foundation	2,053,924
Excess/ Shortfall of Provision	- 0
Comment on LLP: Its appeared from the above computation that People's Welfare Foundation has made adequate provision on its outstanding loan balance.	
<b>Disclosure on Written off Loan:</b>	-
Loan Written off balance 01.07.2019	1,232,581
Loan Written off during the year 01.07.2018 to 30.06.2019	-
Written off Loan Recovery during the year 01.07.2018 to 30.06.2019	63,135
Loan Written off balance as on 30.06.2019	1,169,446



**Annexure-A/3 (Continued)**

**(iii) Loan Operational Report**

Sl. No.	Particulars	FY 2018-2019			FY 2017-2018		
		M	F	Total	M	F	Total
1	<b>Financial Service Product:</b>						
	<b>Loan Product:</b>						
	Jagoron			23,254,325			14,682,818
	Agriculture			15,502,884			17,945,668
	<b>Savings Product:</b>						
	Compulsory Savings			14,543,883			11,277,123
	Voluntary Savings			1,710,022			1,027,547
	<b>Insurance Product (Member Apadkalin Fund):</b>			1,684,524			1,497,615
	Life and loan						
	Education						
	Marriage						
2	Number of branches		3			3	
3	Number of samities						
		M	F	Total	M	F	Total
		1	152	153	1	134	135
4	Number of members	1	2,714	2,715	2	2,300	2,302
5	Number of borrowers	-	2,001	2,001	1	1,764	1,765
6	Number of staff	14	4	18	14	4	18
7	Amount (Taka) of loan outstanding with samities members	-	38,757,209	38,757,209	1,920	32,626,566	32,628,486
8	Member: Borrower	100:00	100:74	100:74	100:50	100:77	100:77
9	Average loan size	-	36,312	36,312	60,000	34,005	31,000



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

**Fixed Assets Schedule**  
as at June 30, 2019

Annexure A/4

Asset Category	Cost				Depreciation				Written down value 30-06-2019	Written down value 30-06-2018
	Opening balance 01-07-2018	Addition during the year	Disposal during the year	Closing balance 30-06-2019	Opening balance 01-07-2018	Charged during the year	Adjustment for disposal during the year	Closing Balance 30-06-2019		
Furniture & Fixtures	181,270	72,655	(1,425)	255,350	93,318	23,979	3,854	113,443	141,907	87,952
Equipment	25,250	-	21,250	4,000	10,110	600	8,510	2,200	1,801	15,141
Computer	82,605	71,925	24,500	130,030	40,573	26,006	24,500	42,079	87,951	42,032
Mobile	-	-	-	-	-	-	-	-	-	-
Software	31,500	-	-	31,500	20,370	10,395	-	30,765	735	11,130
Motor Cycle	86,995	-	86,995	-	69,271	-	69,271	-	-	17,724
<b>Total</b>	<b>407,620</b>	<b>144,580</b>	<b>131,320</b>	<b>420,880</b>	<b>233,641</b>	<b>60,980</b>	<b>106,135</b>	<b>188,486</b>	<b>232,394</b>	<b>173,979</b>



**Management Report on the Financial Statements of People's Welfare Foundation for the year ended 30 June 2019**

**Current year's (2018-2019) 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 a 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**

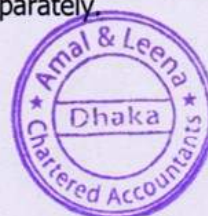
##### **Two types of member's Savings a) Compulsory Savings b) Voluntary Savings**

##### **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:

<b>Designation</b>	<b>Remuneration / Salary per month (Taka)</b>
Area Manager	38,640
Community Organizer (lowest salary)	11,000

### **XI. Cash Management**

#### **Matters Arising**

A review of cash book transactions of 3 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.



**XII. 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.

**XIII. Compliance status of the prior year (2017-2018) external audit observation**

<b>Sl. No.</b>	<b>Observation</b>	<b>Implementation Status</b>
1	Fixed assets were kept in unused and ID number were missing	Resolved
2	Indicates irregularity and inadequacy in the verification and the record keeping process of loan activities	Resolved



**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 **Sanity** 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 25%-27% per annum calculated on the loan provide to them. The principal loan and proportional service charges are collected in equal weekly installments, Service Charge are accounted on cash 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 examine 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 not fixed on the basis of loan portfolio and cost centers/branches.
- CC) 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".



**People's Welfare Foundation**  
**(Registered in Bangladesh under the Societies Registration Act, 1860)**  
**Budget Variance Report**  
**Financial Year: 2018-2019**  
**MRA Certificate No : 00257-00066-00627**

Description	2018-2019		
	Projected	Actual	Variance (%)
<b>1. Area Coverage:</b>			
District	0	0	0%
Thana/Upazilla	0	0	0%
Union	2	1	-50%
Village	4	1	-75%
2. Branch Opening	1	0	-100%
3. Group/Samity Formation	30	18	-40%
4. Add New Member	898	413	-54%
5. Add New Borrower	795	236	-70%
6. Recruitment (Number)	5	5	0%
7. Deposits Collection	13,848,576	13,351,362	-4%
8. Refund Deposit	9,232,384	10,122,050	10%
9. Loan Recovery (Principal)	81,204,486	68,442,277	-16%
10. Loan Disbursement	88,320,000	74,571,000	-16%
11. Loan Received (Borrowing)	11,000,000	13,000,000	18%
12. Loan Returns (Borrowing)	9,161,110	13,031,758	42%
13. Received against Insurance Service	883,200	751,654	-15%
14. Insurance Benefits Given	441,600	564,745	28%
15. Total Income	9,641,486	11,949,345	24%
16. Total Expenditure	8,991,802	10,178,248	13%

Description	Current Balance as of 30 June 2019
<b>1. Area Coverage:</b>	
District	1
Thana/Upazilla	4
Union	18
Village	83
2. Number of Branch	3
3. Number of Group	153
4. Number of Member	2,715
5. Number of Borrower	2,001
6. Manpower (Number)	18
7. Deposit Balance	16,253,905
8. Loan Outstanding	38,757,209
9. Loan Received/Borrowing Balance	16,451,572
10. Insurance Fund	1,684,524
11. Cumulative Surplus	6,521,626



SI No.	Description	2018-2019			
		Projected	Actual	Variance (%)	
1	<b>Loan Recovery:</b>				
	Jagoron	56,843,140	41,065,366	-28%	
	Agrosor				
	Buniad				
	Others (Agriculture)	24,361,346	27,376,911	12%	
	<b>Total</b>	<b>81,204,486</b>	<b>68,442,277</b>	<b>-16%</b>	
2	<b>Fund Collection:</b>				
	<b>1.Savings Collection:</b>				
	Force Savings	11,540,480	11,264,939	-2%	
	Voluntary Savings	2,308,096	2,086,423	-10%	
	Fixed Deposit				
	<b>Total</b>	<b>13,848,576</b>	<b>13,351,362</b>	<b>-4%</b>	
	<b>MFI Borrowing</b>				
	2.PKSF Loan	0	0		
	3.Bank Loan	7000000	10,000,000	43%	
	4.Loan from Financial Institution	0			
	5.Loan from other Institution	0	0		
	6.Donation (Conditional)				
	7.General/EC Member loan				
	8.Others Loan	4,000,000	3,000,000	-25%	
<b>Total</b>	<b>11,883,200</b>	<b>13,751,654</b>	<b>16%</b>		
3	<b>Insurance Fund Collection</b>	883,200	751,654	-15%	
	<b>Total</b>	<b>11,883,200</b>	<b>13,751,654</b>	<b>16%</b>	
	4	<b>Utilization of Fund</b>			
		Jagoron Disbursement	61,824,000	44,742,600	-28%
		Agrosor Disbursement			
		Buniad Disbursement			
		Others (Agriculture)	26,496,000	29,828,400	13%
		<b>Total</b>	<b>88,320,000</b>	<b>74,571,000</b>	<b>-16%</b>
		<b>2.Savings Returns:</b>			
		Force Savings	8,078,336	8,644,093	7%
Voluntary Savings		1,154,048	1,477,957	28%	
Fixed Deposit					
<b>Total</b>		<b>9,232,384</b>	<b>10,122,050</b>	<b>10%</b>	
<b>3. Loan Repayment:</b>					
PKSF Loan		0	0		
Bank Loan		6,661,110	11,631,758	75%	
Loan to Financial Institution					
Loan to other Institution	0	0			
General/EC Member loan	0	0			
Others Loan	2,500,000	1,400,000	-44%		
<b>Total</b>	<b>9,161,110</b>	<b>13,031,758</b>	<b>42%</b>		
5	<b>Insurance Service (Claims)</b>	441,600	564,745	28%	
6	<b>Acquisition of Fixed Assets</b>				
	Land Purchase				
	Land Development				
	Building Construction				
	Motor Vehicles		0		
	Furniture & Fixtures	65,000	72,655	12%	
	Office Equipments	10,000	0		
	Electric Equipments				
	Computer & Accessories	75,000	71,925	-4%	
	Computer Software	0	0	0%	
<b>Total</b>	<b>150,000</b>	<b>144,580</b>	<b>-4%</b>		



SL No.	Description	2018-2019			
		Projected	Actual	Variance (%)	
7	<b>Income:</b>				
	1. Service Charge	9,408,423	9,396,028	0%	
	2. Interest on Investment	112,793	139,802	24%	
	3. Other Interest	61,390	41,455	-32%	
	4. Entry Fees/ Member Admission Fees	8,980	12,930	44%	
	5. Sale of Passbook	10,000	15,830	58%	
	6. Sale of Forms	9,900	10,305	4%	
	7. Donation				
	8. Others Income	10,000	105,966	960%	
	9. Recovery of Written off Loan	20,000	63,135	216%	
	10. Overhead cost from others Program				
	<b>Total Income</b>	<b>9,641,486</b>	<b>9,785,451</b>	<b>1%</b>	
8	<b>Expenses:</b>				
	<b>Financial Expense:</b>				
	1. Savings Interest	876,766	719,923	-18%	
	2. Interest of PKSF Loan	0	0		
	3. Interest on Bank loan	1,714,305	1,683,528	-2%	
	4. Interest on Committee loan				
	5. Interest on Others Institutional loan	0	0	0%	
	6. Others	200,000	282,777	41%	
		<b>Total Financial Expenses</b>	<b>2,791,071</b>	<b>2,686,228</b>	<b>-4%</b>
	<b>General &amp; Administrative Expenses:</b>				
	7. Salary & Allowances				
	Basic Pay	2,442,000	2,004,438	-18%	
	Special Allowance				
	Dearness Allowance				
	House Rent Allowance	1,628,000	1,336,292		
	Medical Allowance	240,000	159,000	-34%	
	Festival Allowance				
	Rest & Recreation Allowance				
	Lunch Allowance				
	Conveyance Allowance	240,000	225,000	-6%	
	Telephone Allowance				
	Educational Allowance				
	Fixed Travel Allowance				
	Overtime Allowance				
	Others Allowance-If any				
		<b>Total</b>	<b>4,550,000</b>	<b>3,724,730</b>	<b>-18%</b>
	8. House Rent	288,000	216,000	-25%	
	9. Printing & Stationeries:				
	Printing & Binding	36,000	23,500	-35%	
	Stationary, Seal & Stamps	60,000	48,386	-19%	
		<b>Total</b>	<b>96,000</b>	<b>71,886</b>	<b>-25%</b>
	10. Travel Expense:				
a) Domestic	126,000	126,379	0%		
b) Foreign					
	<b>Total</b>	<b>126,000</b>	<b>126,379</b>	<b>0%</b>	
11. Telephone & Postal:					
Telephone, Telex, Fax, Internet	39,600	35,129	-11%		
Postal & Courier Service	8,000	4,654	-42%		
	<b>Total</b>	<b>47,600</b>	<b>39,783</b>	<b>-16%</b>	



SL No.	Description	2018-2019		
		Projected	Actual	Variance (%)
12.	Repairs & Maintenance:			
	Office Building			
	Motor Vehicles	210,000	208,000	-1%
	Others	40,000	30,000	-25%
	<b>Total</b>	<b>250,000</b>	<b>238,000</b>	<b>-5%</b>
13.	Fuel Expenses	18,000	3,465	-81%
14.	Gas, Electricity & Water bill	72,000	67,428	-6%
15.	Entertainment	48,000	58,000	21%
16.	Advertisement	10,000	0	-100%
17.	Newspaper & Publication:			
	Newspaper & Magazine	14,400	1,730	-88%
	Books & Publication			
	<b>Total</b>	<b>14,400</b>	<b>1,730</b>	<b>-88%</b>
18.	Bank Charge	72,000	63,206	-12%
19.	Training Expense:			
	Local Training	24,000	13,950	-42%
	Foreign Training			
	<b>Total</b>	<b>24,000</b>	<b>13,950</b>	<b>-42%</b>
20.	Seminar, Conference & Workshop Expense			
21.	Legal Expense	5,000	4,200	-16%
22.	Meeting Expense			
23.	Registration fees/Renewal fees	20,000	17,750	-11%
24.	Others Operational Expense	49,000	119,205	143%
25.	Audit Fees	12,000	7,000	-42%
26.	Honorarium for EC Members			
27.	Other Honorarium			
28.	Tax:			
	Land Tax			
	Income Tax			
	Other Tax			
	Customs Duty/VAT			
	<b>Total</b>	<b>0</b>	<b>0</b>	
29.	Subscriptions & Donation/ Rebate	48,000	43,894	-9%
30.	Depreciation	66,914	60,980	-9%
31.	Cost Sharing Expenses			
32.	Consultancy Service			
<b>33.</b>	<b>Total Operational Expenses</b>	<b>8,607,986</b>	<b>7,563,814</b>	<b>-12%</b>
<b>34.</b>	<b>Loan Loss Provision</b>	<b>383,816</b>	<b>450,540</b>	<b>17%</b>
<b>35.</b>	<b>Net Surplus</b>	<b>649,684</b>	<b>1,771,097</b>	<b>173%</b>
<b>36.</b>	<b>Transfer to Various Fund:</b>			
	Reserve Fund	64,968	177,110	173%
	DMF	0		
	Others	0		
	<b>Total</b>	<b>64,968</b>	<b>177,110</b>	<b>173%</b>

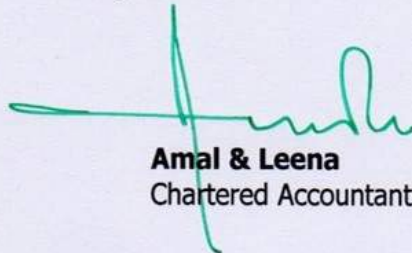




**Certificate**

We examine and found that People's Welfare Foundation 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". We also verify and found that no transaction has been made against the interest of different donors, beneficiaries of the organization.

**Dated, Dhaka**  
09 September, 2019

  
**Amal & Leena**  
Chartered Accountants

