

DVC: 2409041977AS921114

**Independent Auditor's Report
and
Financial Statements
of
Microfinance Program**

Implemented by

People's Welfare Foundation

As at and for the year ended 30 June 2024



Ojha & Biswas Co.

Chartered Accountants

People's Welfare Foundation

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

For the year ended 30 June, 2024

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Chartered Accountants

Annexure-A1/1

INDEPENDENT AUDITORS' REPORT

TO

**THE GENERAL BODY OF
PEOPLE'S WELFARE FOUNDATION**

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

Report on the Financial Statements:

Opinion

We have audited the financial statements of the Microfinance Program of **People's Welfare Foundation**, which comprise the statement of financial position as of 30 June, 2024 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 of 30 June, 2024 and 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 auditing 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 an audit opinion.

Other Information:

Management is responsible for the other information. This comprises all of the information in the Annual report besides the financial statements and our auditors' report.

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

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

If, based on our work, we conclude that this other information is materially misstated, we must report that fact. We have nothing to report in this regard.



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Chartered Accountants

Accounting for Human Welfare ...

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

Management is responsible for preparing and fair presenting the financial statements in accordance with International Financial Reporting Standards and other applicable rules and regulations and for such internal control as management determines necessary to enable the preparation of financial statements 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 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 based on 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 to design audit procedures that are appropriate in the circumstances, but not to express 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 must draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to our



Ojha & Biswas Co.

Chartered Accountants

auditor's report date. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the financial statements' overall presentation, structure, and content, including the disclosures, and determine 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 that were most significant in the audit of the current period's financial statements and are, therefore, 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 statement of Financial Position and Statement of Comprehensive Income dealt with by the report are in agreement with the books of account.

Place: Dhaka

Date: 04 September 2024

Signed for & on behalf of
Ojha & Biswas Co.
Chartered Accountants

Ripan Kumar Biswas ACA
Partner
Enrollment Number-ICAB: 1977
DVC:2409041977AS921114

People's Welfare Foundation

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

Statement of Financial Position

As at 30 June 2024

Particulars	Notes	Amount in BDT	
		2023-2024	2022-2023
Assets:			
Non-Current Assets			
Property, plant and Equipment	6	385,913	307,646
Total Non-Current Assets		385,913	307,646
Current Assets			
Loan to Members	7	91,044,983	59,865,318
Short-term Investment	8	5,608,230	4,648,966
Advances, Deposits and Prepayments	9	1,368,900	1,708,470
Cash in Hand and at Bank	10	6,055,296	324,969
Total Current Assets		104,077,409	66,547,723
Total Assets		104,463,322	66,855,369
Capital Fund and Liabilities			
Capital Fund			
Cumulative Surplus	11	10,641,645	9,366,290
Reserve Fund	12	1,182,405	1,040,699
Total Capital Fund		11,824,050	10,406,989
Non-Current Liabilities:			
Loan from PKSF	13	22,500,000	6,200,000
Loan from Banks	14	4,025,301	4,811,058
Loan from Midas Financing PLC	15	900,179	1,667,359
Loan from Mac Foundation	16	500,000	-
Loan from Other Source	17	11,000,000	10,600,000
Loan from Staff Provident Fund	18	2,164,838	1,963,418
Members Apadkalin Fund	19	3,943,660	3,104,132
Staff Security Fund	20	190,000	175,000
Total Non-Current Liabilities		45,223,978	28,520,967
Current Liabilities:			
Loan from PKSF	13	12,600,000	2,300,000
Loan from Banks	14	3,885,190	3,185,676
Loan from Midas Financing Ltd.	15	788,326	706,562
Loan from Mac Foundation	16	200,000	350,000
Members Savings Deposits	21	25,732,594	18,452,931
Payable Account (Inactive Member Savings)	22	12,084	-
Loan Loss Provision	23	3,261,300	2,346,029
Interest Provision for Loan	24	730,651	561,942
Provision of Expenses	25	205,149	24,275
Total Current Liabilities:		47,415,294	27,927,415
Total Capital Fund and Liabilities		104,463,322	66,855,369

The annexed notes form an integral part of this financial statement.



Chairman, Governing Body
 People's Welfare Foundation

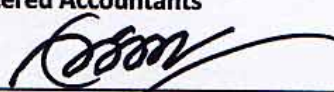


Executive Director
 People's Welfare Foundation

Signed in terms of our separate of even date annexed

Place: Dhaka
 Dated: 04 September 2024

Signed for & on behalf of
Ojha & Biswas Co.
 Chartered Accountants



Ripan Kumar Biswas ACA
 Partner
 Enrollment Number-ICAB: 1977
 DVC:2409041977AS921114

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 30 June, 2024

Particulars	Notes	Amount in BDT	
		2023-2024	2022-2023
Income			
Service Charge on Loan		16,316,014	11,385,582
Written-off Loan Recovery		52,868	88,444
General Member Subscription Fees		2,100	2,100
Received from Admission Fees		14,430	10,160
Received from Loan Application Form		11,300	9,350
Received from Pass Book		23,650	14,035
Bank Interest		56,875	15,123
Bank Interest on FDR		200,371	113,027
Other Income	26	7,918	61,165
Total Income		16,685,526	11,698,986
Expenditure			
Salary and Allowance	27	7,445,655	5,675,483
Staff Incentive		115,013	140,415
Office Rent	28	455,900	428,000
Travelling and Transportation		472,294	545,446
Repairing and Maintenance		41,378	94,715
Electricity		77,556	70,002
Postage, Telephone and Fax		81,715	62,355
Office Stationery		61,874	51,892
Printing		85,900	31,600
General Expenses		11,000	17,490
Bank Charge and Commission		65,762	42,398
TAX Deduction at Source		45,300	27,188
Income Tax		28,198	-
Fuel & Lubricant		88,895	-
Vehicle Maintenance		18,579	-
Training & Workshop		43,623	11,444
Entertainment		136,015	145,430
Interest Paid on Savings Fund		1,130,287	844,789
Service charge on PKSF		698,750	-
Service charge on Banks		753,977	574,761
Service charge on Midas Financing PLC		263,851	334,905
Service charge on MAC Foundation		58,500	45,900
Service charge on Other Loan		994,237	671,029
Interest on Staff Provident Fund Loan		121,710	168,032
Loan Processing Fees		16,850	62,600
Audit Fees		101,111	28,750
Credit Rating		8,000	10,000
Loan Loss Expenses		1,625,222	417,728
Service Charge Rebate		-	223,704
Legal Fees		56,050	51,796
Registration & Licensing Fees		21,232	20,387
Advertisement		5,890	-
Software Maintenance		55,440	67,940
Website Development and Maintenance		9,945	5,360
Loss of Fixed Assets		287	-
Depreciation		72,467	58,709
Total Expenditure		15,268,464	10,930,248
Excess of Income over Expenditure		1,417,063	768,739
Total		16,685,526	11,698,986

The annexed notes form an integral part of this financial statement.



Chairman, Governing Body
People's Welfare Foundation



Executive Director
People's Welfare Foundation

Signed in terms of our separate of even date annexed

Place: Dhaka
Dated: 04 September 2024

Signed for & on behalf of
Ojha & Biswas Co.
Chartered Accountants



Ripan Kumar Biswas ACA
Partner
Enrollment Number-ICAB: 1977
DVC:2409041977A5921114

People's Welfare Foundation

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


Receipts and Payments Statements

For the period from 01.07.2023 to 30.06.2024


Particulars	Notes	Amount in BDT	
		2023-2024	2022-2023
Receipts			
Opening Balance		324,969	862,278
Cash in Hand		156,481	274,805
Cash at Bank		168,488	587,473
Received during the period			
Loan Recovery from Borrowers		129,237,384	86,670,558
Loan Received from Other Source		6,200,000	6,250,000
Loan from Pubali Bank PLC		3,000,000	4,000,000
Loan Received form MAC Foundation		1,000,000	500,000
Loan Received form PKSf for Jagoron		15,000,000	5,500,000
Loan Received form PKSf for Agrosor		14,500,000	3,000,000
Savings Deposit		20,126,495	13,753,543
Advance Against Salary		91,000	1,900
Member Apadkalin Fund Deposit		1,611,270	1,017,960
Staff Security Fund Deposit		120,000	70,000
Service Charge on Loan		16,316,014	11,385,582
General Member Subscription Fees		2,100	2,100
Received from Admission Fees		14,430	10,160
Received from Loan Application Form		11,300	9,350
Received from Pass Book		23,650	14,035
Bank Interest		56,875	15,123
Bank Interest on FDR		200,371	113,027
Investment Encashment on Savings Fund		2,050,833	-
Investment Encashment on Reserve Fund		1,059,963	1,076
Investment Encashment on Other Fund		546,152	-
Payable Accounts (Inactive Member Savings)		12,084	-
Written-off Loan Recovery		52,868	88,444
Other Income		2,731	61,165
Total Receipts		211,560,489	133,326,301
Payments			
Furniture and Fixture		26,627	57,272
Computer & Printing		124,394	83,000
Advance Against Salary		13,000	128,000
Advance Against Office Rent		39,000	-
Loan Disbursed to Borrowers		161,127,000	101,791,000
Loan Refund to Other Source		5,800,000	2,850,000
Loan Refund to Banks		3,086,243	2,482,675
Loan Refund to Midas Financing PLC		685,416	620,183
Loan Refund to MAC Foundation		650,000	510,000
Loan Paid to Staff Provident		307,911	5,000
Loan to PKSf Jogoron		1,800,000	-
Loan to PKSf Agrosor		1,100,000	-
Savings Refund		13,977,119	13,010,929
Investment on Savings Fund		2,614,414	877,557
Investment on Reserve Fund		1,269,430	1,040,152
Investment on Other Fund		657,367	33,480
Investment to MAC Foundation		75,000	60,000
Staff Security Fund Refund		105,000	10,000
Member Apadkalin Fund Refund		771,742	810,521
Salary and Allowance		6,736,875	5,142,723
Staff Incentive		115,013	140,415

Particulars	Notes	Amount in BDT	
		2023-2024	2022-2023
Office Rent		309,800	284,000
Travelling and Transportation		482,594	518,321
Repairing and Maintenance		41,378	94,715
Electricity		77,556	70,002
Postage, Telephone and Fax		81,715	60,205
Office Stationery		61,874	51,892
Printing		85,900	9,600
Advertisement		5,890	-
General Expenses		11,000	17,490
Bank Charge and Commission		82,755	69,586
Training & Workshop		43,623	11,444
Entertainment		136,015	97,730
Fuel & Lubricant		79,895	-
Vehicle Maintenance		17,279	-
Service charge on PKSF Loan		698,750	-
Service charge on Banks		746,315	574,761
Service charge on Midas Financing PLC		263,851	334,905
Service charge on MAC Foundation		58,500	45,900
Provision for Expenses		24,275	-
Loan Processing Fees		16,850	62,600
Provision of Income Tax		34,551	12,000
Tax Dedication at source		35,969	-
Provision of Interest on Loan paid		825,528	625,338
Website Development and Maintenance Fees		9,945	5,360
Service Charge Rebate		-	223,704
Legal Fees		56,050	51,796
Registration & Licensing Fees		21,232	20,387
Audit Fees		51,111	28,750
Credit Rating		8,000	10,000
Software Maintenance		55,440	67,940
Total Payments		205,505,193	133,001,333
Closing Balance		6,055,296	324,969
Cash in Hand		1,015,850	156,481
Cash at Bank		5,039,446	168,488
Total		211,560,489	133,326,301

The annexed notes form an integral part of this financial statement.



Chairman, Governing Body
People's Welfare Foundation




Executive Director
People's Welfare Foundation

Signed in terms of our separate of even date annexed

Place: Dhaka
Dated: 04 September 2024

Signed for & on behalf of
Ojha & Biswas Co.
Chartered Accountants



Ripan Kumar Biswas ACA
Partner
Enrollment Number-ICAB: 1977
DVC:2409041977AS921114

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, 2024

Particulars	Notes	Amount in BDT	
		2023-2024	2022-2023
A. Cash Flows from Operating Activities:			
Surplus for the period		1,417,063	768,739
Add: Amount considered as non cash items:			
Loan loss provision		1,625,222	417,728
Depreciation for the year		72,467	58,709
Salary and Allowance		708,780	532,760
Office Rent		146,100	144,000
Savings interest for the year		1,130,287	844,789
Audit Fees		50,000	-
Income Tax		28,198	-
Borrowing interest for the year		994,237	671,029
Provident fund loan interest for the year		121,710	168,032
Sub total of non cash items		6,294,064	3,605,786
Loan disbursed to borrowers		(31,889,616)	(15,120,442)
Increase/Decrease in current assets		(341,438)	(126,100)
Increase/Decrease in current liabilities		(884,354)	(644,811)
Net cash used in operating activities		(26,821,344)	(12,285,567)
B. Cash Flows from Investing Activities:			
Acquisition of Property, plant and equipment		(151,021)	(140,272)
Interest paid on Loans		-	-
Investment		(959,264)	(1,952,264)
Net cash used in Investing Activities		(1,110,285)	(2,092,536)
C. Cash Flows from Financing Activities:			
Loan received		26,658,051	12,830,742
Members savings		6,149,376	742,614
Other Funds		854,528	267,439
Net cash used in Financing Activities		33,661,955	13,840,795
D. Net increase/ decrease (A+B+C)		5,730,327	(537,309)
Add: Cash and Bank Balance at the beginning of the year		324,969	862,278
Cash and Bank balance at the end of the year		6,055,296	324,969

The annexed notes form an integral part of this financial statement.



Chairman, Governing Body
 People's Welfare Foundation



Executive Director
 People's Welfare Foundation

Signed in terms of our separate of even date annexed

Place: Dhaka
Dated: 04 September 2024

Signed for & on behalf of
Ojha & Biswas Co.
Chartered Accountants



Ripan Kumar Biswas ACA
 Partner
 Enrollment Number-ICAB: 1977
 DVC:2409041977AS921114

Annexure-A1/6

People's Welfare Foundation

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

Statement of Changes in Equity

as at 30 June, 2024

Particulars	Amount in BDT
Accumulated Surplus	
Opening Balance as at July 1, 2022	8,674,424
Add: Surplus for the year	768,739
Less: Transfer to Reserve Fund	76,874
Closing Balance as at June 30, 2023	9,366,289
Opening Balance as at July 1, 2023	9,366,289
Add: Surplus for the year	1,417,063
Less: Transfer to Reserve Fund	141,706
Closing Balance as at June 30, 2024	<u>10,641,645</u>

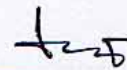
Reserve Fund
(In Compliance with MRA Rule-20)
as at June 30, 2024

Particulars	Amount in BDT
Opening Balance as at June 30, 2022	963,825
Add: Provision during the year	76,874
Closing Balance as at June 30, 2023	<u>1,040,699</u>
Opening Balance as at June 30, 2023	1,040,699
Add: Provision during the year	141,706
Closing Balance as at June 30, 2024	<u>1,182,405</u>

The annexed notes form an integral part of this financial statement.



Chairman, Governing Body
People's Welfare Foundation



Executive Director
People's Welfare Foundation

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

Notes to Financial Statements

As of and for the year ended 30 June, 2024

1.0 Background:

People's Welfare Foundation, established in 2004, is working as a non-government organization to promote and enhance fundamental human rights of excluded poor, underprivileged minorities through implementing community demand-driven development initiatives in Bangladesh. Currently, the People's Welfare Foundation is operating its program in 5 Upazilas of the Cumilla district of Bangladesh, covering 138 villages under 31 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 operations, generally, its target clients are poor women. The organization's corporate office 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 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 target people's access to resources and facilities provided by the government and others.
- d) To improve the health situation of children, women, and men through health education, mobilization of available health services, and delivery of possible health services as required.
- e) To change the status of children, women, and men by promoting the rights of children, women, and human rights as a whole.
- f) To enhance target people's potentiality, competency issues, and capability through training, education, and learning aimed at sustained improvement in their lives.
- g) Work as a complement and supplement to all government efforts and activities for development.
- h) To train target people and their families to make them more capable of earning by imparting them with basic education and sound vocational training.
- i) To establish an ecologically balanced environment.
- j) To arrange all possible measures 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.	e-TIN		422121732415		
4.	Bin		005823158-0601		
5.	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		
6.	Statutory Audit conducted up to		June 30, 2024		
7.	Name of statutory auditor for the last year		S. K. BARUA & CO. Chartered Accountants		
8.	Name of statutory auditor for the current year		OJHA & BISWAS CO. Chartered Accountants		
9.	No. of Governing Body meeting held FY 2023-2024		5 (Five)		
10.	Date of last AGM		21 October 2023		
11.	List of Governing Body Members				
	Name	Designation	Qualification	Profession	Present Address
11.1	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
11.2	Md. Abdul Kader	Vice-Chairman	BA	Private Service and Social Worker	Village: Patwar, Post Office: Omargonj Bazar, Upazila: Nagal

					kat, District: Cumilla
11.3	Mohammed Anisur Rahman	Treasurer	MCom, MBA (Major in Finance)	Private Service and Social Worker	Village: Raipura, Post Office & Upazila: Raipura, District: Narsingdi
11.4	Md. Emdadul Hoque	Secretary	MCom, MBA (Major in Finance)	Private Service and Social Worker	Village: Kaitra, Post Office: Uttar Gazipur, Upazila: Laksam, District: Cumilla
11.5	Md. Akramul Hoque	Member	BCom	Private Service and Social Worker	Village: Ashora, Post Office: Uttar Gazipur, Upazila: Laksam, District: Cumilla
11.6	Ms. Mahmuda Akter	Member	BA (honors)	Social Worker	Village: Kadarpur, Post Office: Nimshar, Upazila: Burichang, District: Cumilla
11.7	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 critical income and expenditure items except for service charges on member loans, 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 fund accounting principles. 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 BDT.

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 collectability 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 the organization maintains all formalities. The People's Welfare Foundation offers savings products to all members keeping given the following:

1. With their formidable savings capacity, the members can rely on the People's Welfare Foundation to provide a secure place to keep their savings. This increases their financial strength and capital growth, empowering them to reduce their dependency on external resources. Improving the sustainability of the institution by developing a relatively stable means to finance its loan portfolio;
2. The rate of interest on both compulsory and voluntary savings is 6% per annum;

5.02 Loan to Members:

People's Welfare Foundation stresses 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:

1. People's Welfare Foundation gives loans when beneficiaries want them to support their economic activities;
2. Loans are not linked to savings balances; loans and savings have been wholly de-linked and made entirely voluntary;
3. Loans to members without collateral;
4. Loan repayments are made in weekly and monthly installments;
5. Service charges are 24% (Declining) per annum on loans disbursed respectively;

5.03 Provision for Loan Losses

Management regularly assesses the adequacy of the loan loss provisions based on the loan portfolio's age. At the end of each quarter, the People's Welfare Foundation calculates the required provision for loan loss based on the loan classification and provisioning methodology shown below. Any required adjustments 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	75
Bad	Over 365	100

Loans Written off

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

Over two years of loan recovery efforts for delinquent loans have been taken, with the ultimate goal of improving our financial standing. While loan collectability has proved extremely difficult, the list of such loans is presented to the 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 income and expenditure statement.

5.04 Members Apadkalin Fund:

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

Apadkalin benefits support beneficiaries' one-time cash benefit of BDT 5,000 to the nominee in case of the death of the regular paying borrower. Families in the event of the death of an adult in the family, thereby easing the burden of the loan and also include the provision of death benefits and Life-threatening disease, Long-term disability treatment, etc. Upon the death of the policyholder and spouse, the loan balance is waived, and the savings balance is refunded.

5.05 Employees' Provident Fund

People's Welfare Foundation maintains a contributory provident fund for eligible permanent employees. All confirmed employees contribute 10% of their basic salary as the fund's subscription. People's Welfare Foundation also contributes an equal amount of the employee's 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	Particular	Notes	Amount in BDT	
			30.06.2024	30.06.2023
6.00	Property, plant and Equipment:			
	Cost			
	Balance 01.07.2023		710,018	569,746.00
	Add: Addition during the year		151,021	140,272.00
	Less: Disposal during the year		15,115	-
	Balance as on 30.06.2024		845,924	710,018
	Depreciation			
	Balance 01.07.2023		402,372	343,663
	Add: Addition during the year		72,467	58,709
	Less: Disposal during the year		14,828	-
	Balance as on 30.06.2024		460,011	402,372
	Written Down Value as on 30.06.2024		385,913	307,646
	(Details are given in Annexure A)			
7.00	Loans to Members			
	Loans to Members (Jagaron)	7.01	15,519,903	13,523,004
	Loans to Members (Microenterprise)	7.02	35,019,861	17,430,554
	Loans to Members (Agriculture)	7.03	40,505,219	28,911,760
	Balance as on 30.06.2024		91,044,983	59,865,318
7.01	Loans to Members (Jagaron)			
	Balance 01.07.2023		13,523,004	23,316,146
	Add: Disbursed		32,360,000	33,243,000
	Less: Realized		29,698,536	43,036,142
	Less: Loan write-off		664,565	-
	Balance as on 30.06.2024		15,519,903	13,523,004
7.02	Loans to Members (Microenterprise)			
	Balance 01.07.2023		17,430,554	5,884,634
	Add: Disbursed		59,700,000	24,840,000
	Less: Realized		42,065,307	13,294,080
	Less: Loan write-off		45,386	-
	Balance as on 30.06.2024		35,019,861	17,430,554
7.03	Loans to Members (Agriculture)			
	Balance 01.07.2023		28,911,760	15,544,096
	Add: Disbursed		69,067,000	43,708,000
	Less: Realized		57,473,541	30,340,336
	Less: Loan write-off		-	-
	Balance as on 30.06.2024		40,505,219	28,911,760
8.00	Short-term Investment			
	Savings Fund Investment	8.01	1,372,500	2,633,017
	Reserve Fund Investment	8.02	1,254,239	1,044,772
	Other Investment	8.03	2,981,490	971,177
	Balance as on 30.06.2024		5,608,230	4,648,966
8.01	Savings Fund Investment			
	Balance 01.07.2023		2,633,017	1,755,460
	Add: Deposit		2,614,414	877,557
	Less: Transfer to Other Investment		1,824,098	-
	Less: Encashment		2,050,833	-
	Balance as on 30.06.2024	8.01.01	1,372,500	2,633,017

Notes	Particular	Notes	Amount in BDT	
			30.06.2024	30.06.2023
8.02	Reserve Fund Investment			
	Balance 01.07.2023		1,044,772	738,393
	Add: Deposit		1,269,430	1,040,152
	Less: Transfer to Other Investment		-	732,698
	Less: Encashment		1,059,963	1,076
	Balance as on 30.06.2024	8.01.02	1,254,239	1,044,772
8.03	Other Investment			
	Balance 01.07.2023		971,178	145,000
	Add: Deposit		732,367	93,480
	Add: Transfer from Savings Fund		1,824,098	732,698
	Less: Encashment		546,152	-
	Balance as on 30.06.2024	8.01.03	2,981,491	971,178
8.01.01	Savings Fund Investment:			
	1. FDR-Meghna Bank Ltd., Cumilla Branch, Cumilla		-	825,000
	A/C No: 2114-28500000001			
	2. FDR-Midland Bank PLC, Gulshan Branch, Dhaka		-	1,808,017
	A/C No: 0011-1100007016 Tk. 338,146		-	-
	A/C No: 0011-1440000344 Tk. 367,584		-	-
	A/C No: 0011-1440000513 Tk. 581,720		-	-
	A/C No: 0011-1440000648 Tk. 520,567		-	-
	3. FDR-Southeast Bank PLC, Cumilla Branch, Cumilla		1,272,500	-
	A/C No: 005624300001984			
	4. FDR-Southeast Bank PLC, Cumilla Branch, Cumilla		100,000	-
	A/C No: 005624300002043			
	Balance as on 30.06.2024		1,372,500	2,633,017
8.01.02	Reserve Fund Investment:			
	1. Deposited in NRB Bank Ltd.		154,239	44,772
	A/C No: 2071030014856			
	2. Deposited in Southeast Bank PLC		1,100,000	1,000,000
	A/C No: 005624300002044			
	Balance as on 30.06.2024		1,254,239	1,044,772
8.01.03	Other Investment:			
	1. FDR-Midland Bank PLC, Gulshan Branch, Dhaka		1,869,983	-
	A/C No: 0011-1100007016 Tk. 354,227			
	A/C No: 0011-1440000344 Tk. 379,196			
	A/C No: 0011-1440000513 Tk. 599,835			
	A/C No: 0011-1440000648 Tk. 536,725			
	2. FDR-Pubali Bank PLC, Cumilla Branch, Cumilla		600,000	-
	A/C No: 3356104028711			
	3. FDR-Mercantile Bank, Cumilla Branch, Cumilla		-	542,137
	A/C No: 1410000498816			
	4. FDR-Midas Financing PLC, Cumilla Branch, Cumilla		231,508	224,040
	A/C No: 069052100021731			
	5. Deposited in Mac Foundation, Cumilla		280,000	205,000
	Balance as on 30.06.2024		2,981,491	971,177
9.00	Advances, deposits and prepayments			
	House Rent Advance	9.01	1,123,000	1,228,000
	Motor Cycle	9.02	244,600	334,600
	Salary Advance	9.03	1,300	145,870
	Balance as on 30.06.2024		1,368,900	1,708,470

Notes	Particular	Notes	Amount in BDT	
			30.06.2024	30.06.2023
9.01	Advances, deposits and prepayments (House Rent)			
	Balance 01.07.2023		1,228,000	1,372,000
	Add: Paid		39,000	-
	Less: Recovery		144,000	144,000
	Balance as on 30.06.2024		1,123,000	1,228,000
9.02	Advances, deposits and prepayments (Motor Cycle)			
	Balance 01.07.2023		334,600	424,600
	Add: Paid		-	-
	Less: Recovery		90,000	90,000
	Balance as on 30.06.2024		244,600	334,600
9.03	Advances, deposits and prepayments (Salary)			
	Balance 01.07.2023		145,870	79,000
	Add: Paid		13,000	128,000
	Less: Recovery		157,570	61,130
	Balance as on 30.06.2024		1,300	145,870
10.00	Cash in Hand and at Bank			
	Cash in Hand	10.01	1,015,850	156,481
	Cash at Bank	10.02	5,039,446	168,488
	Balance as on 30.06.2024		6,055,296	324,969
10.01	Cash in Hand			
	Kaitra		302,569	22,349
	Laksam		136,617	34,674
	Bagmara		101,915	56,987
	Kashinagar		430,291	42,471
	Head Office		44,458	-
	Total		1,015,850	156,481
10.02	Cash at Bank			

SL No	Bank Name	Amount in BDT	
		2023-2024	2022-2023
1.	Midland Bank PLC Gulshan Branch, Dhaka CD-0011-1490000367	2,539	3,690
2.	Exim Bank Limited Laksam Branch, Cumilla STD-01613100272177	1,609,576	38,328
3.	Bangladesh Commerce Bank Limited Cumilla Branch, Cumilla SND-02632000039	-	389
4.	ONE Bank PLC Laksam Branch, Laksam, Cumilla STD-0363000000189	631,050	4,321
5.	Exim Bank Limited Bagmara Branch, Cumilla STD-07413100079993	936,532	5,939

Notes	Particular	Notes	Amount in BDT	
			30.06.2024	30.06.2023
	6. Exim Bank Limited Mudaforgonj Branch, Cumilla STD-03613100344156		803,512	3,108
	7. Jumuna Bank PLC Bizra Bazar Branch, Cumilla STD-0092-0210004458		3,267	2,685
	8. Sonali Bank PLC Cumilla Branch, Cumilla CD-1309402002509		7,030	7,113
	9. AB Bank PLC Cumilla Branch, Cumilla CD-4131-763474-000		7,323	8,598
	10. Mercantile Bank PLC Cumilla Branch, Cumilla CD-113911133164978		179	4,067
	11. Exim Bank Limited Kashinagar Branch, Cumilla STD-1211100059115		986,171	83,791
	12. South East Bank PLC Cumilla Branch, Cumilla STD-005613100000105		46,344	1,747
	13. Pubali Bank PLC Paduar Bazar Branch, Cumilla STD-3356102000563		5,924	4,712
	Balance as on 30.06.2024		5,039,446	168,488
11.00	Cumulative Surplus			
	Balance 01.07.2023		9,366,290	8,674,424
	Excess of income over expenditure		1,417,063	768,739
	Less: Transfer to Reserve Fund		141,706	76,874
	Balance as on 30.06.2024		10,641,645	9,366,290
12.00	Reserve Fund			
	Balance 01.07.2023		1,040,699	963,825
	Add: Addition during the year		141,706	76,874
	Balance as on 30.06.2024		1,182,405	1,040,699
	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 PKSF:			
	Balance 01.07.2023		8,500,000	-
	Add: Received		29,500,000	8,500,000
	Less: Paid		2,900,000	-
	Balance as on 30.06.2024		35,100,000	8,500,000
	Repayment (July 2024 to June 2025) within 1 year		12,600,000	2,300,000
	Repayment above 1 year		22,500,000	6,200,000
	Total		35,100,000	8,500,000

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2024. 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 5% annually.

Notes	Particular	Notes	Amount in BDT	
			30.06.2024	30.06.2023
14.00	Loan from Banks:			
	Loan from Midland Bank PLC	14.01	1,967,277	3,123,617
	Loan from Mercantile Bank PLC	14.02	-	873,117
	Loan from Pubali Bank PLC	14.03	5,943,214	4,000,000
	Balance as on 30.06.2024		7,910,491	7,996,734
	Repayment (July 2024 to June 2025) within 1 year		3,885,190	3,185,676
	Repayment above 1 year		4,025,301	4,811,058
	Total		7,910,491	7,996,734
14.01	Loan from Midland Bank PLC			
	Balance 01.07.2023		3,123,617	4,687,698
	Add: Received		-	-
	Less: Paid		1,156,340	1,564,081
	Balance as on 30.06.2024		1,967,277	3,123,617
	Repayment (July 2023 to June 2024) within 1 year		1,449,131	1,295,073
	Repayment above 1 year		518,146	1,828,544
	Total		1,967,277	3,123,617
	All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2024. 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 10.80% annually and 1 % supervision fee.			
14.02	Loan from Mercantile Bank PLC			
	Balance 01.07.2023		873,117	1,791,711
	Add: Received		-	-
	Less: Paid		873,117	918,594
	Balance as on 30.06.2024		-	873,117
	Repayment (July 2023 to June 2024) within 1 year		-	858,371
	Repayment above 1 year		-	14,746
	Total		-	873,117
	All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2024. 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 8% annually.			
14.03	Loan from Pubali Bank PLC			
	Balance 01.07.2023		4,000,000	-
	Add: Received		3,000,000	-
	Less: Paid		1,056,786	-
	Balance as on 30.06.2024		5,943,214	-
	Repayment (July 2023 to June 2024) within 1 year		2,436,059	-
	Repayment above 1 year		3,507,155	-
	Total		5,943,214	-
	All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2024. 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 term loan under Microfinance scheme 4,000,000 is 10.00 annually and 1% supervision fee and Term loan under Agri Credit scheme 3,000,000 is 12.50% annually.			

Notes	Particular	Notes	Amount in BDT	
			30.06.2024	30.06.2023
15.00	Loan from Midas Financing PLC:			
	Balance 01.07.2023		2,373,921	2,994,104
	Add: Received		-	-
	Less: Paid		685,416	620,183
	Balance as on 30.06.2024		1,688,505	2,373,921
	Repayment (July 2023 to June 2024) within 1 year		788,326	706,562
	Repayment above 1 year		900,179	1,667,359
	Total		1,688,505	2,373,921

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2024. 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 15.25% annually.

16.00	Loan from Mac Foundation			
	Balance 01.07.2023		350,000	360,000
	Add: Received		1,000,000	500,000
	Less: Paid		650,000	510,000
	Balance as on 30.06.2024		700,000	350,000
	Repayment (July 2023 to June 2024) within 1 year		200,000	350,000
	Repayment above 1 year		500,000	-
	Total		700,000	350,000

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2024. 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% (flat) annually.

17.00	Loan from Other Source			
	Balance 01.07.2023		10,600,000	7,200,000
	Add: Received		6,200,000	6,250,000
	Less: Paid		5,800,000	2,850,000
	Balance as on 30.06.2024		11,000,000	10,600,000

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2024. 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%

18.00	Loan from Staff Provident Fund			
	Balance 01.07.2023		1,963,418	1,370,156
	Add: Received		387,621	430,230
	Less: Paid		307,911	5,000
	Add: Interest Credited		121,710	168,032
	Balance as on 30.06.2024		2,164,838	1,963,418

The staff provident fund 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 6% annually.

19.00	Members Apadkalin Fund			
	Balance 01.07.2023		3,104,132	2,896,693
	Add: Received		1,611,270	1,017,960
	Less: Paid		771,742	810,521
	Balance as on 30.06.2024		3,943,660	3,104,132

Notes	Particular	Notes	Amount in BDT	
			30.06.2024	30.06.2023
20.00	Staff Security Fund			
	Balance 01.07.2023		175,000	115,000
	Add: Received		120,000	70,000
	Less: Paid		105,000	10,000
	Balance as on 30.06.2024		190,000	175,000
21.00	Members Savings Deposit			
	Balance 01.07.2023		18,452,931	16,865,528
	Add: Deposits		20,126,495	13,753,543
	Less: Refund/ Withdrawal		13,977,119	13,010,929
	Add: Interest Credited		1,130,287	844,789
	Balance as on 30.06.2024		25,732,594	18,452,931
21.01	Members Savings Deposit (Compulsory)			
	Balance 01.07.2023		17,359,816	15,581,620
	Add: Deposits		18,644,400	13,114,777
	Less: Refund/ Withdrawal		13,300,885	12,112,793
	Add: Interest Credited		1,043,390	776,212
	Balance as on 30.06.2024		23,746,721	17,359,816
21.02	Members Savings Deposit (Voluntary)			
	Balance 01.07.2023		1,093,115	1,283,908
	Add: Deposits		1,482,095	638,766
	Less: Refund/ Withdrawal		676,234	898,136
	Add: Interest Credited		86,897	68,577
	Balance as on 30.06.2024		1,985,873	1,093,115
22.00	Payable Account (Inactive Members Savings)			
	Balance 01.07.2023		-	-
	Add: Deposits		12,084	-
	Less: Refund/ Withdrawal		-	-
	Balance as on 30.06.2024		12,084	-
23.00	Loan Loss Provision			
	Balance 01.07.2023		2,346,029	1,928,301
	Add: Provision made during the year		1,625,222	417,728
	Less: Written-off		709,951	-
	Balance as on 30.06.2024		3,261,300	2,346,029
24.00	Interest Provision for Loan			
	Balance 01.07.2023		561,942	516,251
	Add: Provision		994,237	671,029
	Less: Paid		825,528	625,338
	Balance as on 30.06.2024		730,651	561,942
25.00	Provision Expenses			
	Travelling Cost		-	9,895
	Fuel Cost		-	6,230
	Mobile Allowances		-	2,150
	Entertainment Cost		-	6,000
	Audit Fee		50,000	-
	Office Rent (Vat)		2,100	-
	Provision of Income Tax		28,198	-
	TDS against Salary		3,141	-
	Provision for PF Loan		121,710	-
	Balance as on 30.06.2024		205,149	24,275

Notes	Particular	Notes	Amount in BDT	
			2023-24	2022-23
26.00	Other Income			
	Write-off Loan Recovery		-	16,541
	Sales of Stamp		-	7,105
	Savings Non-refundable amount		7,918	30,175
	Legal & Miscellaneous		-	7,344
	Balance as on 30.06.2024		7,918	61,165
27.00	Salary & Allowance			
	Amount as per Receipts & Payments		6,736,875	5,142,723
	Add: Entertainment		-	(41,700)
	Other Income		5,187	-
	Travelling		-	(11,000)
	Provident Fund		509,331	430,230
	TDS against salary		37,692	6,000
	Salary Loan		66,570	59,230
	Motor cycle Loan		90,000	90,000
	Balance as on 30.06.2024		7,445,655	5,675,483
28.00	Office Rent			
	Amount as per Receipts & Payments		309,800	284,000
	Add: Advance Office Rent Adjusted		146,100	144,000
	Balance as on 30.06.2024		455,900	428,000

Annexure - A/2

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

Eligibility Criteria Compliance Certification
For the year ended 30 June, 2024

Sl. No.	Eligibility Criteria	Audited Figures or Compliance	
		FY 2023-2024	FY 2022-2023
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	99.56%	99.67%
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	97.60%	99.29%
2.	Minimum liquidity ratio of 10%	28.87%	14.27%
3.	Minimum current ratio of 2.0:1	2.39:1	2.38:1
4.	Minimum capital adequacy ratio of 15%	13.61%	17.75%
5.	Minimum debt service cover ratio of 1.25:1	1.09:1	1.09:1
6.	Debt Capital Ratio 9:1	6.97:1	4.93:1
7.	Minimum Rate of Return on capital of 1%	12.75%	7.57%

Annexure -A/3

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

Portfolio Report
For the year ended 30 June 2024
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 in BDT
1	Total Loan Outstanding		91,044,983		
2	Total Overdue		3,222,619		
3	Regular	Loan with no overdue installments	86,471,285	1%	864,713
4	Watchful	Loan default duration between 1 and 30 days	226,103	5%	11,305
5	Sub-standard	Loan default duration between 31 and 180 days	2,081,566	25%	520,392
6	Doubtful	Loan default duration between 181 and 365 days	1,604,551	75%	1,203,413
7	Bad	Loan default duration above 365 days	661,478	100%	661,478
	Total		91,044,983		3,261,300

(ii) Loan Loss Provision (LLP) status

Particulars	Amount in BDT
Required Provision fund as per MRA policy shown above in	3,261,300
Actual Provision made by the People's Welfare Foundation	3,261,300
Excess of Provision	0
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. 75, dated: 22 June 2023).	

Disclosure on Written off Loan:	Amount in BDT
Loan Written off balance as on 30.06.2023	1,845,785
Loan Written off during the year 01.07.2023 to 30.06.2024	709,951
Written off Loan Recovery during the year 01.07.2023 to 30.06.2024	52,868
Loan Written off balance as on 30.06.2024	2,502,868

Annexure -A/3

(iii) Loan Operational Report

Sl. No.	Particulars	FY 2023-2024			FY 2022-2023		
1	Financial Service Product:						
	Loan Product:						
	Jagaron	15,519,903			13,523,004		
	Agriculture	40,505,219			28,911,760		
	Microenterprise	35,019,861			17,430,554		
	Savings Product:						
	Compulsory Savings	23,746,721			17,359,816		
	Voluntary Savings	1,985,873			1,093,115		
	Insurance Product (Member Apadkalin Fund):	3,943,660			3,104,132		
	Life and loan						
	Education						
	Marriage						
2	Number of branches	4			4		
3	Number of samities	M	F	Total	M	F	Total
		-	197	197	-	178	178
4	Number of members	-	3,008	3,008	-	2,492	2,492
5	Number of borrowers	-	2,172	2,172	-	1,833	1,833
6	Number of staff	18	3	21	18	4	22
7	Amount (Taka) of loan outstanding with samities members	-	91,044,983	91,044,983	-	59,865,318	59,865,318
8	Member: Borrower	-	100:72	100:72	-	100:74	100:74
9	Average loan size	-	41,918	41,918	-	32,660	32,660

Annexure-A/4

People's Welfare Foundation
(Registered in Bangladesh under the Societies Registration Act, 1860)
Fixed Assets Schedule
As at 30 June, 2024

(Amount in BDT)

Asset Category	Cost				Rate	Depreciation				Written down value 30-06-2024	Written down value 30-06-2023
	Opening balance 01-07-2023	Addition during the year	Disposal during the year	Closing balance 30-06-2024		Opening balance 01-07-2023	Charged during the year	Adjustment for disposal during the year	Closing balance 30-06-2024		
Furniture & Fixtures	437,888	26,627	15,115	449,400	10%	217,767	37,112	14,828	240,051	209,349	220,121
Equipment	4,000	-	-	4,000	15%	3,999	-	-	3,999	1	1
Computer	236,630	124,394	-	361,024	20%	149,106	35,355	-	184,461	176,563	87,524
Software	31,500	-	-	31,500	33%	31,500	-	-	31,500	-	-
Total	710,018	151,021	15,115	845,924		402,372	72,467	14,828	460,011	385,913	307,646

People's Welfare Foundation

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

BUDGET ANALYSIS

Financial Year: 2023-2024

Name of NGO: People's Welfare Foundation

MRA License No: 00257-00066-00627

Sl. No	Description	2023-2024			2024-2025
		Projected	Actual	Variance (%)	Proposed
1	<u>Area Coverage:</u>				
	District	1	-	-100.00	2
	Upazilla	2	-	-100.00	3
	Union	5	5	0.00	8
	Village	20	10	-50.00	40
2	Branch Opening	2	-	-100.00	4
3	Group/Samity Formation	30	19	-36.67	89
4	Add New Member	1,218	516	-57.64	2,872
5	Add New Borrower	1,355	339	-74.98	2,938
6	Recruitment	7	8	14.29	24
7	Deposits Collection	33,196,275	21,256,782	-35.97	51,675,253
8	Refund Deposit	5,710,000	13,977,119	144.78	11,199,586
9	Recovery	174,219,380	129,947,336	-25.41	280,851,441
10	Loan Disbursement	237,140,000	161,127,000	-32.05	415,471,000
11	Borrowing	52,500,000	39,700,000	-24.38	122,000,000
12	Loan returns	24,207,334	13,429,570	-44.52	28,324,056
13	Received against insurance service	2,371,400	1,611,270	-32.05	4,154,710
14	Insurance benefits given	711,420	771,742	8.48	1,622,334
15	Total Income	23,482,334	16,685,526	-28.94	38,020,642
16	Total Expenditure	18,937,872	15,268,464	-19.38	33,057,380

Sl. No	Description	Current Balance
		(end of previous fiscal year)
1	<u>Area Coverage:</u>	
	District	1
	Upazilla	5
	Union	31
	Village	138
2	Number of Branch	4
3	Number of Group	197
4	Number of Member	3,008
5	Number of Borrower	2,172
6	Manpower	21
7	Deposit Balance	25,732,594
8	Loan Outstanding	91,044,983
9	Loan Received	58,563,834
10	Insurance Fund	3,943,660
11	Cumulative Surplus	11,824,050

Sl. No	Description	2023-2024			2024-2025
		Projected	Actual	Variance (%)	Proposed
1	* Loan Recovery				
	Jagaron Microcredit	52,176,288	30,363,101	-41.81	72,559,129
	Urban Microcredit				
	Microenterprise	61,066,310	42,110,693	-31.04	104,570,633
	Seasonal Loan	-	-		15,038,300
	Livestock Loan				
	Agriculture Loan	60,976,783	57,473,542	-5.75	88,683,379
	Others Loan				
	Total	174,219,380	129,947,336	-25.41	280,851,441
		* Specify according to loan type			
2	Fund Collection				
	1. Savings Collection:				
	Force Savings	30,851,275	19,687,790	-36.18	46,498,653
	Voluntary Savings	2,345,000	1,568,992	-33.09	5,176,600
	Fixed of deposit				
	Total:	33,196,275	21,256,782	-35.97	51,675,253
	MFI Borrowing				
	2. PKSF Loan	40,000,000	29,500,000	-26.25	77,000,000
	3. Bank Loan	7,500,000	3,000,000	-60.00	40,000,000
	4. Loan from Financial Institution	-	-		-
	5. Loan from other Institution				
	6. Donation (Conditional)				
	7. General/EC Member Loan				
8. Others Loan	5,000,000	7,200,000	44.00	5,000,000	
3	Insurance Fund Collection	2,371,400	1,611,270	-32.05	4,154,710
	Total:	54,871,400	41,311,270	-24.71	126,154,710
4	Utilization of Fund				
	1. * Loan Disbursement				
	Jagoran Microcredit Disbursement	50,909,000	32,360,000	-36.44	104,764,000
	Urban Microcredit Disbursement				
	Microenterprise Disbursement	91,375,000	59,700,000	-34.66	153,207,000
	Seasonal loan Disbursement	-	-		29,456,000
	Livestock loan Disbursement				
	Agriculture loan Disbursement	94,856,000	69,067,000	-27.19	128,044,000
	Other Disbursement				
	Total:	237,140,000	161,127,000	-32.05	415,471,000
		* Specify according to loan type			
	2. Savings Returns				
	Compulsory Savings	4,568,000	13,300,885	191.18	10,079,627
	Voluntary Savings	1,142,000	676,234	-40.79	1,119,959
	Fixed Deposit				
	Total:	5,710,000	13,977,119	144.78	11,199,586
	3. Loan Repayment				
PKSF Loan	3,450,000	2,900,000	-15.94	16,100,000	
Bank Loan	15,557,334	3,086,243	-80.16	6,235,730	
Loan from Financial Institution	700,000	685,416	-2.08	788,326	
Loan from Other Institution	500,000	650,000	30.00	200,000	
General/EC Member Loan		-			

	Others Loan	4,000,000	5,800,000	45.00	5,000,000
	Total:	24,207,334	13,121,659	-45.79	28,324,056
5	Insurance Service:	711,420	771,742	8.48	711,420
6	Fixed asset acquisition				
	Building Construction				
	Motor Vehicles		-		2,500,000
	Furniture & Fixtures	300,000	26,627	-91.12	400,000
	PKSF Loan	150,000	-	-100.00	-
	Electric Equipment				-
	Computer & Accessories	50,000	124,394	148.79	250,000
	Computer Software		-		50,000
	Total:	500,000	151,021	-69.80	3,200,000

Sl. No	Description	2023-2024			2024-2025
		Projected	Actual	Variance (%)	Proposed
7	Income				
	1. Service Charge	23,109,126	16,316,014	-29.40	37,623,889
	2. Interest on Investment	151,058	200,371	32.65	79,911
	3. Other Interest	20,000	56,875	184.38	50,000
	4. Entry Fees	15,050	14,430	-4.12	39,770
	5. Sale of Passbook	20,000	23,650	18.25	49,560
	6. Sale of Forms	15,000	11,300	-24.67	29,370
	7. Donation	-	-	0.00	-
	8. Others Income	75,000	7,918	-89.44	71,043
	9. Recovery of Written off Loan	75,000	52,868	-29.51	75,000
	10. General Member Subscription Fees	2,100	2,100	0.00	2,100
	11. Overhead cost from others Program	-	-		-
	Total Income:	23,482,334	16,685,526	-28.94	38,020,642
8	Expenses				
	Financial Expenses:				
	1. Savings Interest	1,880,279	1,130,287	-39.89	2,644,219
	2. Interest of PKSF Loan	1,047,188	698,750	-33.27	2,390,000
	3. Interest on Bank Loan	1,142,460	753,977	-34.00	3,434,590
	4. Interest on Committee Loan	-	-	-	-
	5. Interest on Others institutional Loan	300,000	322,351	7.45	500,000
	6. Others	954,000	1,115,947	16.98	1,500,000
	Total Financial Expenses:	5,323,927	4,021,312	-24.47	10,468,809
	General and administrative Expenses:				
	7. Salary & Allowances*1				
	Basic Pay	4,205,382	3,497,349	-16.84	6,311,546
	Special Allowance				
	Dearness Allowance				
	House Rent Allowance	3,342,789	2,462,178	-26.34	5,049,237
	Medical Allowance	500,000	373,000	-25.40	1,128,000
	Festival Allowance	462,592	739,628	59.89	1,051,924
	Rest & Recreation Allowance				
	Lunch Allowance				
	Conveyance/Hardship Allowance	300,000	373,500	24.50	975,849
	Telephone Allowance				
	Educational Allowance				
	Fixed Travel Allowance				
	Overtime Allowance				

Others Allowance				
Total	8,810,763	7,445,655	-15.49	14,516,556
8. House Rent	572,000	455,900	-20.30	924,000
9. Printing and Stationeries:				
Printing & Binding	60,000	85,900	43.17	84,000
Stationary, Seals & Stamps	60,000	61,874	3.12	168,000
Total	120,000	147,774	23.15	252,000
10. Travel Expense				
Domestic	624,000	472,294	-24.31	840,000
Foreign				
11. Telephone and Mail				
Telephone/Telex/Fax/Internet	60,000	55,850	-6.92	84,000
Postal & Courier service	18,000	25,865	43.69	126,000

Sl. No	Description	2023-2024			2024-2025
		Projected	Actual	Variance (%)	Proposed
8	12. Repairs & Maintenance				
	Office Building				
	Motor Vehicles	30,000	18,579	-38.07	60,000
	Others	120,000	41,378	-65.52	168,000
	Total	150,000	59,957	-60.03	228,000
	13. Fuel Expense	96,000	88,895	-7.40	120,000
	14. Gas, Electric & Water bill	96,000	77,556	-19.21	168,000
	15. Entertainment	48,000	136,015	183.36	252,000
	16. Advertisement	12,000	5,890	-50.92	42,000
	17. Paper & Publication:				
	Newspaper & Magazine	12,000	-	-100.00	20,000
	Books & Publication,				
	Total	12,000	-	-100.00	20,000
	18. Bank Charge	48,000	65,762	37.01	168,000
	19. Training Expense				
	Local Training	60,000	43,623	-27.30	168,000
	Foreign Training				
	Total:	60,000	43,623	-27.30	168,000
	20. Seminar, Conference & Workshop Expense				
	21. Legal Expense	46,218	56,050	21.27	94,060
	22. Meeting Expense				
	23. Registration Fees/Renewal Fees	25,000	21,232	-15.07	50,000
	24. Others Operational Expense	103,000	101,522	-1.43	210,000
	25. Audit Fees	50,000	101,111	102.22	60,000
	26. Honorarium for EC Members				
	27. Other Honorarium/Staff Incentive	200,000	115,013	-42.49	150,000
	28. Tax:				
	Land Tax				
	Income Tax	85,000	73,498	-13.53	69,432
	Other Tax				
	Customs Duty/VAT				
	Total:	85,000	73498.19	-13.53	69,432
	29. Subscriptions & Donation				

30. Depreciation	119,520	72,467	-39.37	537,887
31. Cost Sharing Expenses				
32. Consultancy Service				
33. Total Operational Expenses	16,679,428	13,643,242	-18.20	29,548,744
34. Loan Loss Provision	2,258,444	1,625,222	-28.04	3,508,636
35. Net Surplus	4,544,462	1,417,063	-68.82	4,963,263
36. Transfer to Various Fund				
Reserve Fund	454,446	141,706	-68.82	496,326
DMF				
Others				
Total:	454,446	141,706	-68.82	496,326

Auditor's Compliance on Terms of Reference (Tor) issued for external auditors.

By

Microcredit Regulatory Authority (MRA)

We have compliance with the scope of audit of Terms of Reference (Tor) issued for external auditors of Microfinance Institute by Microcredit Regulatory Authority (MRA) Our Comments on compliance of Tor are as follows:

A. REPORT IN SEQUENCE OF TOR:

As per the Terms of Reference (Tor) of the Microcredit Regulatory Authority (MRA) we report as under:

The total number of branches of the People's Welfare Foundation executing Microcredit Program. In addition to the audit of consolidated accounts at the People's Welfare Foundation Central office we have audited the accounts of 04 branch offices through spot visits. In order to ensure proper utilization of the loan amount we visited some Samity/Group offices and asked some beneficiaries regarding the utilization of the loan. We have collected the required documents from the remote branches for our verification

Based on the findings and observations noted during the course of our audit our report is outlined below:

a) To check whether the audit has complied with the International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) while maintaining accounting records and preparing financial statements, and report if any non-compliance was found.

➤ Mostly complied with.

b) To examine whether the audit has undertaken any activity, involved in transaction or provided services that is contrary to "Microcredit Regulatory Authority Act-2006." Or "Micro Credit Regulatory Authority Rule-2010." Further to examine whether any transaction that goes to the Act and Rule and Donors interest and against the interest of different donors, beneficiaries or the auditee itself.

➤ People's Welfare Foundation has been running its Micro-Credit activities according to the MRA ACT, 2006 & MRA Rules 2010.

c) To examine whether the closing balance of last year's audited financial statement was carried forward as the opening balance in current year's accounts.

➤ Complied with.

d) To examine whether the auditee has maintained proper books for sector-wise receipt of funds and whether they properly comply with the rules and regulations as per the accounting manual provided by the authority.

➤ Most of the Required Books of Account are maintained by the **People's Welfare Foundation** to record Micro Credit Fund ie. Cash Book, General Ledger, Loan Ledger, Savings Register, Asset Register, Advance Register, Salary Register, Collection Register, etc are maintained Accounting Manual.

- e) **To check whether the auditee has kept the records separately for the collected funds under various components of microcredit activities and submit separate reports.**
- During the year under audit (2023-2024) **People's Welfare Foundation** management has received Microcredit Fund under the different components and products are shown in the notes and operation reports in Annexure A1/3 separately in the financial statements.
- f) **To examine whether the auditee has properly recorded and accounted for the receipt and disbursement of fund from different donor organizations and utilized them as per their principles/terms and conditions of the agreement with the donors.**
- Fund received from PKSF, Commercial Banks & other sources and disbursement thereof are properly recorded in books of account.
- g) **To examine whether the savings collected from the members are properly recoded in accounts and deposited into the bank, besides, whether collection and refund of savings has been done according to the principle and whether interest on savings are paid to members and also examine the rate of interest etc.**
- Savings collected from Group Members are properly recorded in the books and deposited into the Bank on the same day Exceptions are reported in the Management Letter of Micro finance program However, late collections are deposited on the next banking day Collection and refund of savings are made as per rules and guidelines of MRA. **People's Welfare Foundation** usually paying interest on Savings @ 6.00% per annum and interest payable is duly accounted for.
- h) **To check whether the audited has maintained the formalities and properly complied with the provisions in the rules mentioned before disbursing loan among the beneficiaries.**
- We have verified some loan disbursement procedures on a test basis and mostly found in order.
- i) **To check whether the documents i.e., passbook, loan/savings collection schedule, and loan application form regarding loan write off, bad loan, have been preserved separately.**
- Our examination of records revealed that savings collected from group members were properly recorded and accounted for at Samity level as well as MFI level.
- j) **To examine whether microcredit organization properly comply with the rules & regulations relating to the constitutions particularly in respect of formation and meetings of the General Body and Governing Body.**
- Mostly complied with.
- k) **To examine the physical existence of assets acquired out of surplus service charge and fund received from different sources for institutional development such as loans or grants.**
- Mostly complied with.
- l) **To conduct a sample check for whether the loans were properly utilized by the beneficiary members.**
- Mostly complied with.

m) To check, whether all kinds of transactions were done through bank except collection of savings and disbursement of micro credit.

- Complied with.

a) To check, whether recovered loan and savings amount from members were duly deposited into bank on the same earliest date.

- Loan installments and savings collected are mostly deposited to the bank at the same day.

o) To check whether collected savings are properly recorded and accounted for at member's level and samity level.

- Our examination of records revealed that savings collected from group members are properly recorded and accounted for at the samity level as well as at MFI level.

p) To examine that the recovery of loan disbursed out of fund received from several sources are made as per Amortization Schedule and also to examine the effective rate of service charges on loan to the members and to mention the findings in the report.

- Complied with.

q) To examine whether loan loss provision has been computed and accounted for as per Microcredit Regulatory Authority Act, 2006 and Micro Credit Regulatory Authority Rules, 2010.

- Loan loss provision has been accounted for as per MRA Circular no 75/ Date 22 June 2023.

r) To check the closing cash balance at the time of auditing by counting cash amount physically and issue certificate of balance. To check bank balance of year end by collecting certificate of bank balance and also check Bank Reconciliation Statements that have been prepared.

- We were unable to verify the cash in hand position as on 30 June 2024 as the appointment was postdated. However, we have confirmed the closing balance through performing other audit procedure like subsequent event analysis. We also performed unannounced physical cash counting during our audit at field level and found it satisfactory. Moreover, we have obtained a cash certificate confirming the balance on end of the year.
- We have reviewed some bank reconciliations statements prepared for related bank accounts at HO and the bank accounts at branch office we visited. Bank confirmations have been obtained from the banks for related bank account at HO and the 04 branch offices we have visited.
- The balances confirmed by the respective banks agreed with the bank statement balances (which have been reconciled to book balances).

s) To check whether the payments were made with proper approval authority of bills/ voucher, whether payment made as per approved price and to examine the "Budgetary Control System".

- Complied with.

u) To examine appropriateness of audit report and audited financial statement presented to different donor organizations, regulatory authority and other authorities.

- Complied with.

v) To examine whether there is a proper compliance with the provision of the Income Tax and Value Added Tax (VAT) authority rules implemented by the Government.

- Mostly Complied with.
- Exception is mentioned In Management Letter.

w) To check whether all the policies i.e. the procurement policy, service policy, loan and savings policy etc. are in place and are properly followed by the auditee organization.

- **People's Welfare Foundation** has individual policy for procurement, Staff recruitment, Loan and savings policy those are properly followed.

x) To check whether there is an internal audit arrangement/division in the audited organization and whether internal audit is conducted regularly and comment thereon.

- MFI has internal audit division and is done regularly exceptions are reported to the Management.

y) To comment on whether the recommendations on previous year's audit on objections are properly taken care of or not.

- Status of previous year's audit recommendations are described in our management report.

z) To check cost sharing between of micro-credit and other program and comments therefore in the report.

- Cost sharing between micro- credit and other program was followed as per management decision.

To check whether transactions have taken place through bank for significant:

aa) amounts.

- No exception was found.

ab) To check audit fees are fixed on the basis of total loan portfolio and cost centers/ branches or not.

- Audit fees were fixed on lump-sum basis.

2. To examine and comment on the credit activities funded by different source and from own source, internal control system, loan classification, Loan provision principle and loan recovery rate and to comment in the audit report.

- We have examined the above and comments on different part of our Audit Report, where applicable.

3. To comment on the utilization of money received under different contracts between donor/ financial institute and the micro credit organization.

- We have examined the above and comments on different part of our Audit Report, where applicable.

4. To comment on the utilization of money received under different contracts between donor financial institute and the micro credit organization.

- The utilization of money received from different donor/financial institutions was properly done.

5. To comment on the compliance of MR/Circular Letter NO. Regu. 24 regarding Prevention of Money Laundering and Terrorist activities.

- To the best of our knowledge and information available to us to no such money laundering and terrorist activities identified by legal documents were found in our audit period (2023-2024)
- To the best of our knowledge and information available to us, provided by the organization for our verification on test basis. No such Money Laundering.
- On the basis of the above we are in opinion that People's Welfare Foundation is a viable organization to continue the micro credit program in the future.

Place: Dhaka

Dated: 04 September 2024

Signed for & on behalf of
Ojha & Biswas Co.
Chartered Accountants



Ripan Kumar Biswas ACA
Partner
Enrollment Number-ICAB: 1977
DVC: 2409041977AS921114



Ojha & Biswas Co.

Chartered Accountants

Accounting for Human Welfare ...

Date: 04 September 2024

To

The Members of Governing Body

People's Welfare Foundation

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

Subject: Management letter relating to the Accounts audit of Micro Finance Program of People's Welfare Foundation for the year ended 30 June 2024.

Dear Sir,

With reference to the appointment letter, we have completed the audit of the accounts of Microfinance Finance of "**People's Welfare Foundation**" for the year ended 30 June 2024. Our examination revealed that the books, records and management of funds and certain other functions/ activities set out in our report enclosed herewith would require further attention of the management. To ensure accountability and transparency we have divided each issue in three parts as per the following contents of TOR.

- ❖ Observations
- ❖ Impact
- ❖ Recommendation
- ❖ Management response

Our audit procedures are designed primarily to enable us to form an opinion on the accounts as a whole. Accordingly, we have carried out test and evaluations to the extent necessary to enable us to arrive at this opinion.

We take this opportunity of expressing our thanks to the management and staff of "**People's Welfare Foundation**" for the cooperation extended to us during the course of our audit.

Thanking you.

Yours faithfully,

Ripan Kumar Biswas ACA

Partner

Ojha & Biswas Co.

Chartered Accountants

DVC: 2409041977AS921114

Annexure-B

"Memorandum of Audit Finding"

❖ **Scope of Audit:**

We have performed the audit of "People's Welfare Foundation" according to "International Standards on Auditing (ISA)" and in terms and conditions of Micro Credit Regulatory Act and Rules. During the course we have checked some accounting records on test basis as were considered necessary for the purpose of audit under the circumstances. Further we confirm that we have exercised reasonable care and skill to locate the weaknesses but in no case, it is a guarantee that all the weaknesses have been discovered and disclosed in our reports.

1.1 Financial Statements and Books of Account:

The Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The organization is maintaining the books of account as per requirement of MRA and PKSF guideline. The organization has an accounting manual which is followed by accounts personnel. The organization are maintaining Cash Book, Ledger, Voucher, Members Admission Register, Subsidiary Ledger, Savings Register, Savings Refund Register, Salary Register, Fixed Assets Register, Loan Register, Collection Register and Loan Disbursement Register which are sufficient to maintain the accounts and records.

1.2 Bank Reconciliation:

Observation

Bank reconciliation is practiced comparing organization's records against the bank records. A monthly reconciliation helps to identify any unusual transactions that might be caused by fraud or accounting errors. In our verification we have noted that bank reconciliation statement has not been prepared every month.

Impact

Without regular reconciliation, errors like double payments, missed transactions, or unauthorized transactions may go unnoticed. This can lead to incorrect financial statements

Recommendation:

Management should prepare bank reconciliation for each bank account every month.

Management Response:

Management should continue bank reconciliation statements to draw up every month correctly.

2 Income Tax Act 2023: Information regarding filing of return by employees:

As per Income Tax Act 2023 Schedule-Sha, every employee shall furnish the following information to the employer by the fifteenth day of April each year-

- (i) Taxpayer's Identification Number;
- (ii) Date of filing of the return of Income; and
- (iii) The serial number provided by the income tax authority upon filing of the return of income.

Impact

- Such practice indicates noncompliance with Income Tax Act 2023.
- DCT may imposed penalty for such noncompliance.

Recommendation:

Management Should follow all rules and regulation of Income Tax Act 2023.

Management Response:

We have already taken the necessary initiatives to comply with the government rules & regulations to avoid penalties.

3 The organization has taken loan from Staff Provident Fund at the rate lower than market rate:

Observation

During our audit, we observed that the organization has taken a loan from their Provident Fund to operate a microcredit program. The microcredit program pays 6% interest on the loan. However, if the organization had invested the Provident Fund money in Fixed Deposit Receipts (FDR) or other savings instruments, they could have earned an interest rate of 9% to 11%, which would be more beneficial for the staff.

Impact

The reduced earnings limit the growth of the Provident Fund, directly affecting the long-term benefits that employees could receive.

Recommendation:

People's Welfare Foundation should invest more profitable sectors.

Management Response:

Employees are deducted 10% of their basic salary for PF and 10% for organizational contribution. Both contribution of 95% are used for microcredit programs for which interest is paid at 6%. The Governing Body approves the matter. It is not a personal loan taken from an employee. If the organization's funds are sufficient, it will not be used for the microfinance program.

4 Loan member requirement as per MRA rules:

Observation

Under the MRA regulations, at least 70% of the members of an organization must be loan members. People's Welfare Foundation exceeds this requirement, which is a significant achievement. Last year, the percentage of borrowers was 73.55%, and it has decreased by 1.44% this year. The details are provided in the table below:

Number of Members	Number of Borrowers	Percentage
3008	2172	72.21

Impact

It is good to see the foundation able to comply with the MRA regulations but a decrease in borrower percentage might affect the Foundation's operations. If the Foundation relies heavily on loan revenue or specific loan-related services, a decline in borrower numbers could impact its financial performance or service offerings.

Recommendation:

The Foundation should review its strategies to understand the cause of the decrease and adapt accordingly.

Management Response:

The practice of the organization to increase the borrower percentage will continue.

5 Non deduction or collection of TDS and VDS under Income Tax Act 2023 and The Value Added Tax and Supplementary Duty Act, 2012:

Observation:

During our audit, we observed that the organization has not deducted or collected TDS and VDS on certain expenses as required by the Income Tax Act 2023 and The Value Added Tax and Supplementary Duty Act, 2012. Specifically, the organization failed to comply with these obligations on office rent, office stationery, repairs and maintenance, and general expenses. Details are given in the table below:

SL No.	Particulars	Amount in BDT
1.	Repairing & Maintenance	41,378
2.	General Expenses	11,000
3.	Office Stationery	61,874

Impact:

- Deputy commissioner of tax may disallow the expenses and imposed tax under Section 55 of ITA 2023.
- A simple interest may impose on the unpaid or uncollected TDS as per the said Act.
- The Vat authority may impose penalty under the relevant section of Value Added Tax and Supplementary Duty Act, 2012.

Recommendation:

Management should comply all the rules and regulation of Income Tax Act 2023 and The Value Added Tax and Supplementary Duty Act, 2012.

Management Response:

We have already taken the necessary initiatives to comply with government rules & regulations and avoid penalties for the above-mentioned expenses.

6 Excessive amount of cash is preserved in hand may increase the financial risk.

Observation:

During the audit, we observed that the People's Welfare Foundation has retained an excessive amount of cash across all four branches and the Head Office. The details are provided in the table below:

SL No.	Particulars	Amount in BDT
1.	Head Office	44,458
2.	Kaitra Branch	302,569
3.	Laksham Branch	136,617
4.	Bagmara Branch	101,915
5.	Kashinagar Branch	430,291

Impact

Holding large sums of cash increases the risk of theft or mismanagement.

Recommendation:

- The organization should try to avoid holding excessive cash in order to avoid financial risk.
- The cash should be deposited into the bank account with high priority.

Management Response:

Management takes necessary action to ensure that the policies and procedures regarding cash are strictly followed to avoid any risks.

7 Summary of Samity's Member attendance during auditor visit:

Observation

During our audit we have visit a samity and noted that more than half of the member were presented. Details are given in the table below:

Samity Name	Actual Members	Present Members	Present In %
Gocakora	8	5	62.5%

Impact:

It is good that the percentage of attendance is more than half. However maximum present need to ensure for better business activities.

Recommendation:

The organization should take the necessary steps to ensure the maximum presence of members.

Management Response:

Due to political connotation, member attendance has reduced at weekly meetings. We are trying to increase the attendance of members. We hope that the attendance of members will gradually increase.

8 Excessive expenditure over Budget the budget has incurred without proper approval:

Observation:

The expenditure under following budget head has exceeded the allocated budget, yet no formal approval was obtained for such excess spending.

SL No.	Expenses	Budget Amount	Actual Expenses	Difference in %
1.	Interest on others Institutional Loan	300,000	322,351	7.45
2.	Festival Allowance	462,592	739,628	59.89
3.	Conveyance/Hardship Allowance	300,000	373,500	24.50
4.	Printing & Binding	60,000	85,900	43.17
5.	Stationary, Seals & Stamps	60,000	61,874	3.12
6.	Postal & Courier service	18,000	25,865	43.69
7.	Entertainment	48,000	136,015	183.36
8.	Bank Charge	48,000	65,762	37.01
9.	Legal Expense	46,218	56,050	21.27

Impact:

- Exceeding the budget without approval undermines the financial controls and discipline within the organization. It may lead to a culture where budgetary limits are not respected, resulting in further uncontrolled spending.
- It may also increase the risk of financial mismanagement, potentially leading to cash flow problems or an inability to meet other financial obligations.

Recommendation:

Management should take necessary steps to improve internal control and follow the approved budget.

Management Response:

Expenditures will be made according to the budget, and steps will be taken to control it.



Ojha & Biswas Co.

Chartered Accountants

Accounting for Human Welfare ...

Certificate on Money Laundering and Terrorist Financing

We examined and found that the **People's Welfare Foundation** has not taken any activity 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 verified and found that no transaction has been made against the interests of different donors, beneficiaries of the organization.

Place: Dhaka

Dated: 04 September 2024

Signed for & on behalf of
Ojha & Biswas Co.
Chartered Accountants

Ripan Kumar Biswas ACA
Partner

Enrollment Number ICAB: 1977
DVC: 2409041977AS921114