



HUDA HOSSAIN & CO.
CHARTERED ACCOUNTANTS

ACCOUNTING
ASSURANCE
ADVISORY
CONSULTATION
SECRETARIAL
TAXATION

**AUDITORS' REPORT &
AUDITED FINANCIAL STATEMENTS
OF
MICRO FINANCE PROGRAM (MFP)
PEOPLE'S WELFARE FOUNDATION
For The Year Ended 30th June, 2021**

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Ref: 09/21/947/1

DVC: 2109281104AS978645

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

Report on the Financial Statements:

We have audited the financial statements of Microfinance Program of **People's Welfare Foundation**, which comprise the statement of financial position as at 30 June 2021 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 Micro Finance program of **People's Welfare Foundation** as at 30 June 2021, and of its financial performance and its cash flows for the year then ended in accordance with international financial reporting standards and other applicable rules and regulation.

Basis for opinion:

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

Other Information:

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

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

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

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

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

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

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

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



Auditors' Responsibilities for the Audit of the Financial Statements:

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

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

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

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

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


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

Report on other Legal and Regulatory Requirements:

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- (b) in our opinion, proper books of account as required by law have been kept by the Organization so far as it appeared from our examination of those books; and
- (c) the organization's financial statements dealt with by the report are in agreement with the books of account.

Dated, Dhaka,
28 September, 2021




(MD. AMINUL ISLAM, FCA)
HUDA HOSSAIN & CO.
(CHARTERED ACCOUNTANTS)

People's Welfare Foundation

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

For the year ended June 30, 2021

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People's Welfare Foundation


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

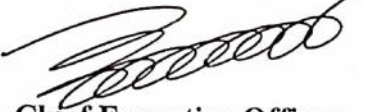
Statement of Financial Position

As at 30 June 2021

Properties and Assets	Notes	2020-2021 Taka	2019-2020 Taka
Non-Current Assets			
Property, plant and Equipment	6	162,776	194,917
Total Non-Current Assets		162,776	194,917
Current Assets			
Loan to Members	7	41,592,640	40,711,886
Short-term Investment	8	4,366,273	2,208,991
Advances, Deposits and Prepayments	9	2,143,100	2,069,700
Cash in Hand and at Bank	10	3,717,774	863,778
Total Current Assets		51,819,787	45,854,355
Total Properties and Assets		51,982,563	46,049,272
Capital Fund and Liabilities			
Capital Fund			
Cumulative Surplus	11	8,041,099	6,925,857
Reserve Fund	12	893,456	769,540
Total Capital Fund		8,934,554	7,695,397
Current Liabilities:			
Loan from Mac Foundation	13	100,000	100,000
Loan from Banks	14	9,195,467	9,241,313
Loan from Midas Financing Ltd.	15	3,500,000	-
Loan from Other Source	16	8,050,000	6,150,000
Members Savings Deposits	17	15,735,541	17,377,083
Members Apadkalin Fund	18	2,323,492	2,023,215
Loan Loss Provision	19	2,467,313	2,072,530
Staff Provident Fund	20	1,135,863	843,808
Staff Security Fund	21	105,000	95,000
Interest Provision for Loan	22	435,333	450,926
Total Current Liabilities:		43,048,009	38,353,875
Total Capital fund and Liabilities		51,982,563	46,049,272

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
28 September, 2021




(MD. AMINUL ISLAM, FCA)
HUDA HOSSAIN & CO.
(CHARTERED ACCOUNTANTS)

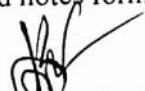
People's Welfare Foundation

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

**Statement of Profit or Loss and other Comprehensive Income
For the year ended June 30, 2021**

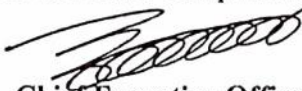
Particulars	2020-2021 Taka	2019-2020 Taka
Income		
Service Charge on Loan	9,136,206	8,903,587
General Member Subscription Fees	2,100	2,100
Received from Admission Fees	10,280	9,710
Received from Loan Application Form	8,445	8,385
Received from Pass Book	11,730	11,290
Bank Interest	21,933	21,920
Bank Interest on FDR	119,062	251,281
Other Income (Note-23)	135,329	76,853
Income	9,445,085	9,285,126
Expenditure		
Salary and Allowance (Note-24)	4,326,425	4,169,334
Office Rent (Note-25)	319,000	246,000
Travelling and Transportation	331,558	308,996
Repairing and Maintenance	36,014	36,945
Electricity	60,455	53,592
Postage, Telephone and Fax	47,135	73,129
Office Stationery	41,490	38,985
Printing	7,900	24,300
General Expenses	9,140	22,840
Bank Charge and Commission	67,451	66,045
Newspapers and Periodicals	-	270
Entertainment	24,173	58,537
Interest Paid on Savings Fund	803,173	713,655
Interest on Borrowed Fund	1,393,357	2,032,718
Loan Processing Fees	80,476	-
Interest on Staff Provident Fund	55,561	39,457
Audit Fees	7,000	7,000
Credit Rating	10,000	10,000
Loan Loss Expenses	394,783	18,606
Service Charge Rebate	65,254	55,966
Legal Fees	18,050	37,802
Licensing Fees	15,262	12,500
Software Maintenance	41,580	30,240
Website Development and Maintenance	2,950	3,010
Depreciation	47,741	51,427
Total Expenditure	8,205,928	8,111,354
Excess of Income over Expenditure	1,239,157	1,173,772
Total	9,445,085	9,285,126

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

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


Chief Executive Officer

People's Welfare Foundation




(MD. AMINUL ISLAM, FCA)
HUDA HOSSAIN & CO.
(CHARTERED ACCOUNTANTS)

Dated, Dhaka
28 September, 2021

People's Welfare Foundation

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

**Receipts and Payments Statements
For the period 01.07.2020 to 30.06.2021**

Particulars	2020-2021 Taka	2019-2020 Taka
Receipts		
Opening Balance		
Cash in Hand	22,546	118,467
Cash at Bank	841,232	1,232,867
Loan Recovery from Borrowers	66,320,246	62,340,323
Loan Received from Other Source	5,400,000	2,000,000
Loan from Bank	2,500,000	-
Loan from Midas Financing Ltd.	3,500,000	-
Savings Deposit	11,796,009	11,220,713
Advance Against Salary	6,000	8,000
Advance Against House Rent	-	3,000
Member Apadkalin Fund Deposit	672,280	643,400
Staff Security Fund Deposit	47,000	75,000
Service Charge on Loan	9,136,206	8,903,587
General Member Subscription Fees	2,100	2,100
Received from Admission Fees	10,280	9,710
Received from Loan Application Form	8,445	8,385
Received from Pass Book	11,730	11,290
Bank Interest	21,933	21,920
Bank Interest on FDR	119,062	251,281
Investment Encashment	547,470	2,215,061
Other Income	98,563	55,692
Total Receipts	101,061,102	89,120,796
Payments		
Furniture and Fixture	15,600	13,950
Advance against Motorcycle Loan	215,500	-
Advance Against Salary	120,000	86,000
Advance Against Office Rent	-	1,070,000
Loan Disbursed to Borrowers	67,201,000	64,295,000
Loan Refund to Other Source	3,500,000	750,000
Loan Refund to Bank	2,545,846	2,210,259
Savings Refund	14,240,724	10,811,190
Investment on FDR	2,704,752	1,959,147
Staff Provident Fund Refund	20,809	87,268
Staff Security Fund Refund	37,000	40,000
Member Apadkalin Fund Refund	372,003	304,709
Salary and Allowance	3,920,256	3,803,504



HUDA HOSSAIN & CO.
CHARTERED ACCOUNTANTS

Particulars	2020-2021 Taka	2019-2020 Taka
Payments		
Office Rent	175,000	134,000
Travelling and Transportation	331,558	308,996
Repairing and Maintenance	36,014	36,195
Electricity	60,455	53,592
Postage, Telephone and Fax	47,135	73,129
Office Stationery	41,490	38,985
Printing	7,900	24,300
General Expenses	9,140	23,590
Bank Charge and Commission	67,451	66,035
Newspapers and Periodicals	-	270
Entertainment	24,173	58,537
Interest on Borrowed Fund	802,481	1,574,088
Loan Processing Fees	80,476	-
Provision of Interest on Loan paid	606,469	277,755
Website Development and Maintenance Fees	2,950	3,010
Service Charge Rebate	65,254	55,966
Legal Fees	18,050	12,500
Licensing Fees	15,262	37,802
Audit Fees	7,000	7,000
Credit Rating	10,000	10,000
Software Maintenance	41,580	30,240
Closing Balance		
Cash in Hand	156,382	22,546
Cash at Bank	3,561,392	841,232
Total Payments	101,061,102	89,120,796

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
28 September, 2021




(MD. AMINUL ISLAM, FCA)
HUDA HOSSAIN & CO.
(CHARTERED ACCOUNTANTS)

Annexure-A1/5

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, 2021**

Particulars	2020-2021 Taka	2019-2020 Taka
A. Cash Flows from Operating Activities:		
Surplus for the period	1,239,157	1,173,772
Add: Amount considered as non cash items:		
Loan loss provision	394,783	18,606
Depreciation for the year	47,741	51,427
Savings interest for the year	803,173	713,655
Other Income	(36,766)	(21,161)
Borrowing interest for the year	590,876	458,630
Provident fund interest for the year	55,561	39,457
Sub total of non cash items	3,094,525	2,434,386
Loan disbursed to borrowers	(880,754)	(1,954,677)
Increase/Decrease in current assets	(82,517)	(926,600)
Increase/Decrease in current liabilities	(300,277)	(338,691)
Net cash used in operating activities	1,830,977	(785,582)
B. Cash Flows from Investing Activities:		
Acquisition of Property, plant and equipment	(15,600)	(13,950)
Investment	(2,157,282)	(255,914)
Net cash used in Investing Activities	(2,172,882)	(269,864)
C. Cash Flows from Financing Activities:		
Loan received	5,354,154	(960,259)
Members savings	(2,444,715)	1,123,178
Other Funds	286,462	404,971
Net cash used in Financing Activities	3,195,901	567,890
D. Net increase/ decrease (A+B+C)	2,853,996	(487,557)
Add: Cash and Bank Balance at the beginning of the year	863,778	1,351,334
Cash and Bank balance at the end of the year	3,717,774	863,778



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 June 30, 2021**

Particulars	Amount in Taka
Accumulated Surplus	
Opening Balance as at June 30, 2019	5,869,463
Add: Surplus for the year	1,173,772
Less: Transfer to Reserve Fund	117,377
Closing Balance as at June 30, 2020	6,925,858
Opening Balance as at June 30, 2020	6,925,858
Add: Surplus for the year	1,239,157
Less: Transfer to Reserve Fund	123,916
Closing Balance as at June 30, 2021	8,041,099

**Reserve Fund
(In Compliance with MRA Rule-20)
as at June 30, 2021**

Particulars	Amount in Taka
Opening Balance as at June 30, 2019	652,163
Add: Provision during the year	117,377
Closing Balance as at June 30, 2020	769,540
Opening Balance as at June 30, 2020	769,540
Add: Provision during the year	123,916
Closing Balance as at June 30, 2021	893,456



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

Notes to Financial Statements
As at and for the year ended June 30, 2021

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 101 villages under 19 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: Cumilla, Bangladesh.

Vision

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

Mission

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

Objectives

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



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 Non-formal Education Support		
4.	Statutory Audit conducted up to		June 30, 2020		
5.	Name of statutory auditor for the last year		Amal & Leena Chartered Accountants		
6.	Name of statutory auditor for current year		Huda Hossain & Co. Chartered Accountants		
7.	No. of Governing Body meeting held FY 2019-2020		4 (Four)		
8.	Date of last AGM		31 October 2020		
9.	List of Governing Body Members				
	Name	Designation	Qualification	Profession	Present Address
9.1	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
9.2	Md. Abdul Kader	Vice-Chairman	BA	Private Service and Social Worker	Village: Patwar, Post Office: Omargonj Bazar. Upazila: Nagal kat, District: Cumilla
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. Emdadul Hoque	Secretary	M Com, MBA (Major in Finance)	Private Service and Social Worker	House: 254 (Flat B/5), Road: 1, Block-B, Bashundhra R/A, Dhaka
9.5	Md. Akramul Hoque	Member	BCom	Private Service and Social Worker	Village: Ashora, Post Office: Uttar Gazipur, Upazila: Laksam, District: Cumilla
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	Social Worker	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 is 24% (Declining) per annum on loan disbursed respectively;

5.03 Provision for Loan Losses

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

Loan Classification	Days in Arrears	Provision required (%)
Regular	Current (no arrears)	1
Watchful	1 – 30	5
Sub-standard	31 – 180	25
Doubtful	181 – 365	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, 2021) :

	2020-2021 Taka	2019-2020 Taka
6.00 Property, plant and Equipment:		
Cost		
Balance 01.07.2020	433,730	420,880.00
Add: Addition during the year	15,600	13,950.00
Less: Disposal during the year	-	1,100.00
Balance as on 30.06.2021	449,330	433,730
Depreciation		
Balance 01.07.2020	238,813	188,486
Add: Addition during the year	47,741	51,427
Less: Disposal during the year	-	1,100
Balance as on 30.06.2021	286,554	238,813
Written Down Value as on 30.06.2021	162,776	194,917
(Schedule Annex-1)		
7.00 Loans to Members		
Loans to Members (Jagaron)	23,251,203	22,962,479
Loans to Members (Microenterprise)	2,840,634	1,464,652
Loans to Members (Agri Culture)	15,500,803	16,284,755
Balance as on 30.06.2021	41,592,640	40,711,886
7.01 Loans to Members (Jagaron)		
Balance 01.07.2020	22,962,479	22,619,024
Add: Disbursed	37,831,000	37,318,200
Less: Realized	37,542,276	36,974,745
Less: Software Adjustment	-	-
Less: Loan write-off	-	-
Balance as on 30.06.2021	23,251,203	22,962,479
7.02 Loans to Members (Microenterprise)		
Balance 01.07.2020	1,464,652	82,400
Add: Disbursed	4,150,000	2,098,000
Less: Realized	2,774,018	715,748
Less: Software Adjustment	-	-
Less: Loan write-off	-	-
Balance as on 30.06.2021	2,840,634	1,464,652
7.03 Loans to Members (Agriculture)		
Balance 01.07.2020	16,284,755	16,055,785
Add: Disbursed	25,220,000	24,878,800
Less: Realized	26,003,952	24,649,830
Less: Software Adjustment	-	-
Less: Loan write-off	-	-
Balance as on 30.06.2021	15,500,803	16,284,755



8.00 Short-term Investment

Savings Fund Investment	1,500,000	-
Reserve Fund Investment	907,001	543,596
Other Investment	1,959,272	1,665,395
Balance as on 30.06.2021	4,366,273	2,208,991

8.01 Savings Fund Investment

Balance 01.07.2020	-	-
Add: Deposit	1,500,000	-
Less: Encashment	-	-
Balance as on 30.06.2021	1,500,000	-

8.02 Reserve Fund Investment

Balance 01.07.2020	543,596	503,596
Add: Deposit	905,000	40,000
Less: Encashment	541,595	-
Balance as on 30.06.2021	907,001	543,596

8.03 Other Investment

Balance 01.07.2020	1,665,395	1,961,319
Add: Deposit	299,752	1,919,147
Less: Encashment	5,875	2,215,071
Balance as on 30.06.2021	1,959,272	1,665,395

Bank Details:

Sl. Bank Name & Branch

2020-2021
Taka

2019-2020
Taka

Savings Fund Investment:

2. FDR-AB Bank, Cumilla Branch, Cumilla	1,000,000	-
3. FDR-Mercantile Bank, Cumilla Branch, Cumilla	500,000	-

Reserve Fund Investment:

1. FDR-Mercantile Bank, Cumilla Branch, Cumilla	900,000	-
2. Deposited in NRB Bank Ltd.	7,001	543,596.00

Other Investment:

1. FDR-Midland Bank Ltd. Gulshan Branch, Dhaka	1,682,622	1,588,745.00
2. FDR-Midas Financing Ltd., Cumilla Branch, Cumilla	200,000	-
3. Deposited in Mac Foundation, Cumilla	76,650	76,650.00
Balance as on 30.06.2021	4,366,273	2,208,991

9.00 Advances, deposits and prepayments

House Rent Advance	1,516,000	1,660,000
Salary Advance	627,100	409,700
Balance as on 30.06.2021	2,143,100	2,069,700



9.01 Advances, deposits and prepayments (House Rent)

Balance 01.07.2020	1,660,000	705,000
Add: Paid	-	1,070,000
Less: Recovery	144,000	115,000
Balance as on 30.06.2021	1,516,000	1,660,000

9.02 Advances, deposits and prepayments (Salary / Motor Cycle)

Balance 01.07.2020	409,700	438,100
Add: Paid	335,500	86,000
Less: Recovery	118,100	114,400
Balance as on 30.06.2021	627,100	409,700

10.00 Cash in Hand and at Bank

Cash in Hand	156,382	22,546
Cash at Bank	3,561,392	841,232
Balance as on 30.06.2021	3,717,774	863,778

10.01 Cash in Hand

Kaitra	50,307	214
Laksam	18,889	11,158
Bagmara	8,540	11,174
Head Office	78,646	-
Total	156,382	22,546

10.02 Cash at Bank

The above noted bank balance as on June 30, 2021 have been verified with the related paper, documents and confirmed. Details of Bank Accounts are as follows:

Sl. No	Name of Bank	Account Number	2020-2021 Taka	2019-2020 Taka
1.	Midland Bank Limited Gulshan Branch, Dhaka	CD-0011-1490000367	2,060	1,227
2.	Exim Bank Limited Laksam Branch, Cumilla	STD-01613100272177	2,118,889	371,135
3.	Bangladesh Commerce Bank Limited Cumilla Branch, Cumilla	STD-02632000039	3,070	3,549
4.	ONE Bank Limited Laksam Branch, Laksam, Cumilla	STD-0363000000189	723,411	149,469
5.	Exim Bank Limited Bagmara Branch, Cumilla	STD-07413100079993	259,206	79,481
6.	Exim Bank Limited Mudaforgonj Branch, Cumilla	STD-03613100344	91,459	234,526



7.	Jumuna Bank Limited STD-0092-0210004458 Bizra Bazar Branch, Cumilla	2,250	1,845
8.	Sonali Bank Limited CD-1309402002509 Cumilla Branch, Cumilla	5,229	-
9.	AB Bank Limited CD-4131-763474-000 Cumilla Branch, Cumilla	3,129	-
10.	Mercantile Bank Limited CD-113911133164978 Cumilla Branch, Cumilla	101,610	-
11.	Exim Bank Limited STD-1211100059115 Kashinagar Branch, Cumilla	51,080	-
	Total	3,561,392	841,232

11.00 Cumulative Surplus

Balance 01.07.2020	6,925,858	5,869,463
Excess of income over expenditure	1,239,157	1,173,772
Less: Transfer to Reserve Fund	123,916	117,377
Balance as on 30.06.2021	8,041,099	6,925,858

12.00 Reserve Fund

Balance 01.07.2020	769,540	652,163
Add: Addition during the year	123,916	117,377
Balance as on 30.06.2021	893,456	769,540

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

13.00 Loan from Mac Foundation

Balance 01.07.2020	100,000	100,000
Add: Received	-	-
Less: Paid	-	-
Balance as on 30.06.2021	100,000	100,000

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2021. 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.

14.00 Loan from Banks:

Loan from Midland Bank Ltd.	6,695,467	9,241,313
Loan from Markentile Bank Ltd.	2,500,000	-
Balance as on 30.06.2021	9,195,467	9,241,313

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2021. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan are 8% to 9% annually.



14.01 Loan from Midland Bank Ltd.		
Balance 01.07.2020	9,241,313.00	11,034,909
Add: Received	-	-
Less: Paid	2,545,846	1,793,596
Balance as on 30.06.2021	6,695,467	9,241,313
14.02 Loan from Markentile Bank Ltd.		
Balance 01.07.2020	-	-
Add: Received	2,500,000	-
Less: Paid	-	-
Balance as on 30.06.2021	2,500,000	-
15.00 Loan from Midas Financing Ltd.:		
Balance 01.07.2020	-	-
Add: Received	3,500,000	-
Less: Paid	-	-
Balance as on 30.06.2021	3,500,000	-

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2021. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan is 15% annually.

16.00 Loan from Other Source		
Balance 01.07.2020	6,150,000	4,900,000
Add: Received	5,400,000	2,000,000
Less: Paid	3,500,000	750,000
Balance as on 30.06.2021	8,050,000	6,150,000

All repayments obligations in respect of the loan have been met and no amounts were in arrears as on June 30, 2021. The loans were obtained to support various microfinance undertake by the People's Welfare Foundation and for working capital purpose. The interest rate of the loan are 8% to 9% annually.

17.00 Members Savings Deposit		
Balance 01.07.2020	17,377,083	16,253,905
Add: Deposits	11,796,009	11,220,713
Less: Refund/ Withdrawal	14,240,724	10,811,190
Add: Interest Credited	803,173	713,655
Balance as on 30.06.2021	15,735,541	17,377,083



17.01 Members Savings Deposit (Compulsory)

Balance 01.07.2020		
Add: Deposits	15,693,615	14,442,891
Less: Refund/ Withdrawal	10,771,114	9,985,050
Add: Software Adjustment	12,987,574	9,356,641
Add: Interest Credited	-	-
	711,312	622,315
Balance as on 30.06.2021	14,188,467	15,693,615

17.02 Members Savings Deposit (Voluntary)

Balance 01.07.2020		
Add: Deposits	1,683,468	1,811,014
Less: Refund/ Withdrawal	1,024,895	1,235,663
Add: Software Adjustment	1,253,150	1,454,549
Add: Interest Credited	-	-
	91,861	91,340
Balance as on 30.06.2021	1,547,074	1,683,468

18.00 Members Apadkalin Fund

Balance 01.07.2020	2,023,215	1,684,524
Add: Received	672,280	643,400
Less: Paid	372,003	304,709
Balance as on 30.06.2021	2,323,492	2,023,215

19.00 Loan Loss Provision

Balance 01.07.2020	2,072,530	2,053,924
Add: Provision made during the year	394,783	18,606
Balance as on 30.06.2021	2,467,313	2,072,530

20.00 Staff Provident Fund

Balance 01.07.2020	843,808	653,350
Add: Received	293,064	246,998
Less: Paid	56,570	95,997
Add: Interest Credited	55,561	39,457
Balance as on 30.06.2021	1,135,863	843,808

21.00 Staff Security Fund

Balance 01.07.2020	95,000	60,000
Add: Received	47,000	75,000
Less: Paid	37,000	40,000
Balance as on 30.06.2021	105,000	95,000



22.00 Interest Provision for Loan

Loan Interest Provision	435,333	450,926
Balance as on 30.06.2021	435,333	450,926

23.00 Other Income

Write-off Loan Recovery	62,340	43,605
PF Non-refundable amount	37,651	27,092
Savings Non-refundable amount	25,574	6,156
Legal & Miscellaneous	9,764	-
Balance as on 30.06.2021	135,329	76,853

24.00 Salary & Allowance

Amount as per Receipts & Payments	3,920,256	4,169,334
Add: Provident Fund	293,064	
Salary Loan	44,105	
M.cycle Loan	69,000	
Balance as on 30.06.2021	4,326,425	4,169,334

25.00 Office Rent

Amount as per Receipts & Payments	175,000.00	134,000.00
Add: Advance Office Rent Adjusted	144,000.00	112,000.00
Balance as on 30.06.2021	319,000.00	246,000.00



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

Eligibility Criteria Compliance Certification
For the year ended 30 June 2021

Sl. No.	Eligibility Criteria	Audited Figures or Compliance	
		FY 2020-2021	FY 2019-2020
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	99.38%	99.53%
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	98.33%	99.57%
2.	Minimum liquidity ratio of 10%	9.53%	9.58%
3.	Minimum current ratio of 2.0:1	1.36:1	1.35:1
4.	Minimum capital adequacy ratio of 15%	20.22%	17.81%
5.	Minimum debt service cover ratio of 1.25:1	1.15:1	1.24:1
6.	Debt Capital Ratio 9:1	4.54	4.53
7.	Minimum Rate of Return on capital of 1%	14.19%	16.51%



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

Portfolio Report
For the year ended 30 June 2021

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		41,592,640		
2	Total Overdue		2,133,826		
3	Regular	Loan with no overdue installments	37,123,445	1%	371,234
4	Watchful	Loan default duration between 1 and 30 days	1,072,800	5%	53,639
5	Sub-standard	Loan default duration between 31 and 180 days	1,696,308	25%	424,077
6	Doubtful	Loan default duration between 181 and 365 days	326,899	75%	245,174
7	Bad	Loan default duration above 365 days	1,373,188	100%	1,373,188
		Total	41,592,640		2,467,313

(ii) Loan Loss Provision (LLP) status

Particulars	Amount (TK)
Required Provision fund as per MRA policy shown above in	2,467,313
Actual Provision made by the People's Welfare Foundation	2,467,313
Excess/ Shortfall 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.	

Disclosure on Written off Loan:	
Loan Written off balance 01.07.2020	1,125,841
Loan Written off during the year 01.07.2020 to 30.06.2021	-
Written off Loan Recovery during the year 01.07.2020 to 30.06.2021	62,340
Loan Written off balance as on 30.06.2021	1,063,501



(iii) Loan Operational Report

Sl. No.	Particulars	FY 2020-2021			FY 2019-2020		
		M	F	Total	M	F	Total
1	Financial Service Product:						
	Loan Product:						
	Jagaran		23,251,203			22,962,479	
	Agriculture		15,500,803			16,284,755	
	Microenterprise		2,840,634			1,464,652	
	Savings Product:						
	Compulsory Savings		14,188,467			15,693,615	
	Voluntary Savings		1,547,074			1,683,468	
	Insurance Product (Member Apadkalin Fund):		2,323,492			2,023,215	
	Life and loan						
	Education						
	Marriage						
2	Number of branches		3			3	
3	Number of samities						
		M	F	Total	M	F	Total
		-	166	166	-	163	163
4	Number of members	-	2,605	2,605	-	2,765	2,765
5	Number of borrowers	-	1,912	1,912	-	1,976	1,976
6	Number of staff	14	4	18	14	4	18
7	Amount (Taka) of loan outstanding with samities members	-	41,592,640	41,592,640	-	40,711,886	40,711,886
8	Member: Borrower	-	100:73	100:73	-	100:71	100:71
9	Average loan size	-	21,753	21,753	-	20,603	20,603



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

**Fixed Assets Schedule
as at 30 June 2021**

Annexure A/4

Asset Category	Cost			Depreciation			Written down value 30-06-2021	Written down value 30-06-2020	
	Opening balance 01-07-2020	Addition during the year	Disposal during the year	Closing balance 30-06-2021	Rate	Opening balance 01-07-2020			Charged during the year
Furniture & Fixtures	268,200	15,600	-	283,800	10%	136,723	23,709	-	160,432
Equipment	4,000	-	-	4,000	15%	2,800	600	-	3,400
Computer	130,030	-	-	130,030	20%	67,790	23,432	-	91,222
Software	31,500	-	-	31,500	33%	31,500	-	-	31,500
Total	433,730	15,600	-	449,330		238,813	47,741	-	286,554
									162,776
									194,917

HUDA HOSSAIN & CO.
CHARTERED ACCOUNTANTS



Management Report on the Financial Statements of People's Welfare Foundation for the year ended 30 June 2021

Current year's (2020-2021) observations:

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

I. Accounting System:

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

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

II. Investments

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

III. Fixed Asset

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



IV. Payables and Accruals

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

V. Commercial Loan

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

VI. Loan Operation Management

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

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

VII. Savings Deposits

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

a) Compulsory Savings

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

b) Voluntary Savings

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



VIII. Management & Accounting Information System and software implementation

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

IX. Insurance/Kalayan Tahabil Policy

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

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

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

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

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

Designation	Remuneration / Salary per month (Taka)
Program Manager	43,230
Community Organizer (lowest salary)	11,000

XI. Advance to staff against expenses

Matters Arising

During the course of our audit while reviewing the transaction regarding to staff advance, we found some cases temporary advance was not adjusted within the stipulated time.

Implications

It indicates the weakness in operational effectiveness control mechanism for temporary advances adjustment as well as fund management and could not ensure the proper utilization fund.

Recommendation

Management should take necessary steps to address the above-mentioned issues.



Management Response

Advance paid to the staffs for official visit purpose but they could not adjust bills on time due to some valid reason. We have already taken necessary steps to avoid the above-mentioned irregularities. The concerned persons have been cautioned verbally to adjust the advance within the stipulated time.

XII. Fixed Asset management

Matters Arising

Fixed asset register does not contain any information about configuration of asset like model, size etc. at Head Office.

Recommendation

Management should maintain fixed assets register with adequate information for better control over fixed assets.

Management Response

We will take necessary initiative as per auditor's recommendation.

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

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

XIV. Compliance status of the prior year (2019-2020) external audit observation

Sl. No.	Observation	Implementation Status
a	The loan applications, loan approval, loan disbursement and loan collection procedures at 3 Branch offices visited to ensure that all required policy, procedures and guideline were not complied	Resolved
b	Signature of Branch Manager was not found in the daily collection register at Kaitra branch office	Resolved
c	Signature of Community Organizer was not found in the daily collection register at Laksam branch office	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 Samity members are duly accounted for as per applicable policy and procedure at member and group level with very little exceptions.



- P) **People's Welfare Foundation** which is collecting service charges from beneficiaries at a decline Rate of 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 Charges 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

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

BUDGET ANALYSIS

Financial Year: 2020-2021

Name of NGO: People's Welfare Foundation

MRA License No: 00257-00066-00627

Sl. No	Description	2020-2021		
		Projected	Actual	Variance (%)
1. Area Coverage:				
	District	-	-	0.00
	Upazilla	-	-	0.00
	Union	2	-	-100.00
	Village	5	5	0.00
	2. Branch Opening	1	-	-100.00
	3. Group/Samity Formation	7	5	-28.57
	4. Add New Member	658	1,027	56.08
	5. Add New Borrower	575	731	27.13
	6. Recruitment	6	5	-16.67
	7. Deposits Collection.	18,392,640	11,796,009	-35.87
	8. Refund Deposit	12,261,760	14,240,724	16.14
	9. Recovery	92,030,636	66,320,246	-27.94
	10. Loan Disbursement	102,637,500	67,201,000	-34.53
	11. Borrowing	15,000,000	11,400,000	-24.00
	12. Loan returns	10,163,771	6,045,846	-40.52
	13. Received against insurance service	1,026,375	672,280	-34.50
	14. Insurance benefits given	513,188	372,003	-27.51
	15. Total Income	11,520,905	9,445,085	-18.02
	16. Total Expenditure	10,686,597	8,205,928	-23.21

Sl. No	Description	Current Balance	
		(end of previous fiscal year)	
1. Area Coverage:			
	District		1
	Upazilla		4
	Union		19
	Village		106
	2. Number. of Branch		3
	3. Number. of Group		166
	4. Number. Member		2,605
	5. Number. Borrower		1,912
	6. Manpower		18
	7. Deposit Balance		15,735,541
	8. Loan Outstanding		41,592,640
	9. Loan Received		20,845,467
	10. Insurance Fund		2,323,492
	11. Cumulative Surplus		8,041,099



Sl. No	Description	2020-2021		
		Projected	Actual	Variance (%)
1	* Loan Recovery			
	Jagaron Microcredit	55,218,382	37,542,276	-32.01
	Urban Microcredit	-	-	
	Microenterprise	2,000,000	2,774,018	38.70
	Seasonal Loan	-	-	
	Livestock Loan	-	-	
	Agriculture Loan	34,812,254	26,003,952	-25.30
	Others Loan	-	-	
	Total	92,030,636	66,320,246	-27.94
	* Specify according to loan type			
2	Fund Collection			
	1. Savings Collection:			
	Force Savings	15,327,200	10,728,842	-30.00
	Voluntary Savings	3,065,440	1,067,167	-65.19
	Fixed of deposit	-	-	
	Total:	18,392,640	11,796,009	-35.87
	MFI Borrowing			
	2. PKSf Loan	-	-	
	3. Bank Loan	6,500,000	2,500,000	-61.54
	4. Loan from Financial Institution	3,500,000	3,500,000	
	5. Loan from other Institution	-	-	
	6. Donation (Conditional)	-	-	
	7. General/EC Member Loan	-	-	
	8. Others Loan	5,000,000	5,400,000	8.00
	Total:	16,026,375	12,072,280	-24.67
3	Insurance Fund Collection	1,026,375	672,280	-34.50
	Total:	16,026,375	12,072,280	-24.67
4	Utilization of Fund			
	1. * Loan Disbursement			
	Jagoran Microcredit Disbursement	61,582,500	37,831,000	-38.57
	Urban Microcredit Disbursement	-	-	
	Microenterprise Disbursement	4,000,000	4,150,000	3.75
	Seasonal loan Disbursement	-	-	
	Livestock loan Disbursement	-	-	
	Agriculture loan Disbursement	37,055,000	25,220,000	-31.94
	Other Disbursement	-	-	
	Total:	102,637,500	67,201,000	-34.53
	* Specify according to loan type			
	2. Savings Returns			
	Compulsory Savings	10,729,040	12,987,574	21.05
	Voluntary Savings	1,532,720	1,253,150	-18.24
	Fixed Deposit	-	-	
	Total:	12,261,760	14,240,724	16.14
	3. Loan Repayment			
	PKSF Loan	-	-	
	Bank Loan	5,997,104	2,545,846	-57.55
Loan from financial Institution	1,166,667	-		
Loan from other Institution	-	-		
General/EC Member Loan	-	-		
Others Loan	3,000,000	3,500,000	16.67	
Total:	10,163,771	6,045,846	-40.52	
5	Insurance Service:	543,375	304,709	-43.92
6	Fixed asset acquisition			
	Land Purchase	-	-	
	Land Development	-	-	
	Building Construction	-	-	
	Motor Vehicles	-	-	
	Furniture & Fixtures	50,000	15,600	-68.80
	Office Equipments	50,000	-	-100.00
	Electric Equipments	-	-	
	Computer & Accessories	50,000	-	-100.00
	Computer Software	-	-	
	Total:	150,000	15,600	-89.60



Sl. No	Description	2020-2021		
		Projected	Actual	Variance (%)
7	Income			
	1. Service charge	11,043,676	9,136,206	-17.27
	2. Interest on Investment	303,916	119,062	-60.82
	3. Other interest	30,000	21,933	-26.89
	4. Entry Fees	17,000	10,280	-39.53
	5. Sale of passbook	20,000	11,730	-41.35
	6. Sale of Forms	10,000	8,445	-15.55
	7. Donation	-	-	
	8. Others income	64,213	72,989	13.67
	9. Recovery of Written off Loan	30,000	62,340	107.80
	10. General Member Subscription Fees	2,100	2,100	0.00
	11. Overhead cost from others Program	-	-	
	Total Income:	11,520,906	9,445,085	-18.02
8	Expenses			
	Financial Expenses:			
	1. Savings interest	1,226,551	803,173	-34.52
	2. Interest of PKSF Loan	-	-	
	3. Interest on Bank Loan	1,170,037	827,481	-29.28
	4. Interest on Committee Loan	-	-	
	5. Interest on Others institutional Loan	300,000	55,476	
	6. Others	500,000	646,437	29.29
	Total Financial Expenses:	3,196,588	2,332,567	-27.03
	General and administrative Expenses:			
	7. Salary & Allowances*1			
	Basic Pay	2,583,200	2,232,412	-13.58
	Special Allowance	-	-	
	Dearness Allowance	-	-	
	House Rent Allowance	1,638,800	1,357,058	-17.19
	Medical Allowance	250,000	170,500	-31.80
	Festival Allowance	300,000	242,876	-19.04
	Rest & Recreation Allowance	-	-	
	Lunch Allowance	70,000	34,600	-50.57
	Conveyance Allowance	250,000	213,000	-14.80
	Telephone Allowance	-	-	
	Educational Allowance	-	-	
	Fixed Travel Allowance	-	-	
	Overtime Allowance	-	-	
	Others Allowance (Incentive)	30,000	75,979	153.26
	Total	5,122,000	4,326,425	-15.53
	8. House Rent	336,000	319,000	-5.06
	9. Printing and Stationeries:			
	Printing & Binding	32,400	7,900	-75.62
	Stationary, Seals & Stamps	54,000	41,490	-23.17
	Total	86,400	49,390	-42.84
	10. Travel Expense			
	Domestic	384,000	331,558	-13.66
	Foreign	-	-	
	11. Telephone and Mail			
	Telephone/Telex/Fax/Internet	49,600	33,160	-33.15
	Postal & Courier service	8,000	13,975	74.69




Sl. No	Description	2020-2021		
		Projected	Actual	Variance (%)
8	12. Repairs & Maintenance			
	Office Building			
	Motor Vehicles			
	Others	-	-	
	Total	48,000	36,014	-24.97
	Total	48,000	36,014	-24.97
	13. Fuel Expense	-	-	
	14. Gas, Electric & Water bill	72,000	60,455	-16.03
	15. Entertainment	72,000	24,173	-66.43
	16. Advertisement	10,000	-	-100.00
	17. Paper & Publication:	-	-	
	Newspaper & Magazine	4,800	-	-100.00
	Books & Publication	-	-	
	Total	4,800	-	-100.00
	18. Bank Charge	72,000	67,451	-6.32
	19. Training Expense	-	-	
	Local Training	24,000	-	-100.00
	Foreign Training	-	-	
	Total:	24,000	-	-100.00
	20. Seminar, Conference & Workshop Expense			
	21. Legal Expense	9,600	18,050	88.02
	22. Meeting Expense	-	-	
	23. Registration Fees/Renewal Fees	16,566	15,262	-7.87
	24. Others Operational Expense	38,400	54,530	42.01
	25. Audit Fees	10,000	7,000	-30.00
	26. Honorarium for EC Members	-	-	
	27. Other Honorarium	-	-	
	28. Tax:	-	-	
	Land Tax	-	-	
	Income Tax	-	-	
	Other Tax	-	-	
	Customs Duty/VAT	-	-	
	Total:	0	0	
	29. Subscriptions & Donation/Rebate	50,000	74,394	48.79
	30. Depreciation	70,048	47,741	-31.84
	31. Cost Sharing Expenses	-	-	
32. Consultancy Service	-	-		
33. Total Operational Expenses	9,680,002	7,811,145	-19.31	
34. Loan Loss Provision	1,006,595	394,783	-60.78	
35. Net Surplus	834,309	1,239,157	48.52	
36. Transfer to Various Fund				
Reserve Fund	83,431	123,916	48.52	
DMF				
Others				
Total:	83,431	123,916	48.52	



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
28 September, 2021


(MD. AMINUL ISLAM, FCA)
HUDA HOSSAIN & CO.
(CHARTERED ACCOUNTANTS)

