

PRIVATE AND CONFIDENTIAL

**AUDITORS' REPORT
&
FINANCIAL STATEMENTS
OF**

Dustha Manab Unnayan Society (DMUS)

For the year ended June 30, 2019

**এরশাদউল্যা পাটওয়ারী এন্ড কোং
IRSHADULLAH PATWARY & CO.**

CHARTERED ACCOUNTANTS

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AUDITOR'S REPORT

Annexure-A1/1

Dated: 04.08.2019

We have audited the accompanying Financial Statement of Dustha Manab Unnayan Society (DMUS) which comprise the Statement of Financial Position as at June 30, 2019, and the Statement of Comprehensive Income, Statement of Changes in equity for the year then ended June 30, 2019 and a summary of significant accounting policies and other explanatory notes.

Management Responsibility for the financial

Dustha Manab Unnayan Society (DMUS) management is responsible for the preparation and fair representation of these financial statements in accordance with International financial reporting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement.

Auditor's Responsibility

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

Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of Dustha Manab Unnayan Society (DMUS) as at June 30, 2019 and its financial performance and its cash flows for the year then ended June 30, 2019 in accordance with International Financial Reporting Standards (IFRS) and other applicable laws regulations including MRA guidelines.

We also report that:

- 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.
- In our opinion, Proper books of accounts as required by law and MRA Act & Rules have been kept by Dustha Manab Unnayan Society (DMUS) so far as it appeared from our examination of those books, and
- In our opinion, the statement of financial position and the statement of comprehensive income dealt with by the report are in agreement with the books of accounts.




Irshadullah Patwary & Co
Chartered Accountants

Dustha Manab Unnayan Society (DMUS)
Annexure-A 1/2
Statement of Financial Position
As at June 30, 2019

Properties and Assets	Notes	FY 2018-2019	FY 2017-2018
Non-Current Assets			
Property, Plant and Equipment	6.00	500,000.00	-
Total Non-Current Assets		500,000.00	-
Current Assets:			
FDR Reserve Fund	7.00	35,000.00	-
FDR Saving Fund	8.00	150,000.00	-
Loan to Members	9.00	8,018,413.00	3,412,745.00
Cash in hand	10.00	1,685,957.00	525,824.00
Total Current Assets		9,889,370.00	3,938,569.00
Total		10,389,370.00	3,938,569.00
Capital Fund and Liabilities	Notes	FY 2018-2019	FY 2017-2018
Capital Fund			
Fund Account	11.00	-	1,070,262.00
Cumulative Surplus	12.00	1,298,260.00	(16,820.00)
Total Capital Fund		1,298,260.00	1,053,442.00
Non Current Liabilities			
Insurance Fund	13.00	253,945.00	106,549.00
Provident Fund	14.00	33,210.00	11,314.00
Total Non Current Liabilities		287,155.00	117,863.00
Current Liabilities			
Member Savings Fund	15.00	2,035,592.00	420,935.00
Loan Loss Provision	16.00	214,901.00	256,634.00
Member Savings Fund	17.00	-	576,495.00
Loan From EC	18.00	6,533,462.00	1,513,200.00
Staff Security	19.00	20,000.00	-
Total Current Liabilities		8,803,955.00	2,767,264.00
Total Capital Fund and Liabilities		10,389,370.00	3,938,569.00

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

H M Aktheruzzaman
Executive Director, DMUS

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

Dated, Dhaka
4-Aug-19



Irshadullah Patwary & Co.
Chartered Accountants

Annexure-A 1/3

Dustha Manab Unnayan Society (DMUS)

Statement of Profit or Loss and other Comprehensive Income
For the year ended June 30, 2019

Particulars	FY 2018-2019	FY 2017-2018
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Income	FY 2018-2019	FY 2017-2018
Admission Fees	28,140.00	3,030.00
Sale of Pass Book	11,420.00	2,660.00
Cloassing Charge	40.00	-
Sale of Loan Form	11,430.00	2,660.00
Service Charge (RMC)	1,646,098.00	736,312.00
Bank Interest	115.00	-
Donation	500,000.00	160.00
Miscellaneous Income	-	-
Total Income	2,197,243.00	744,822.00

Expenditure	FY 2018-2019	FY 2017-2018
Salaries and Allowances	823,616.00	577,490.00
Office Rent	36,000.00	36,000.00
Printing & Office Stationery	4,330.00	5,040.00
Saving Interest	-	6,000.00
Travelling	375.00	355.00
MRA License fee	17,320.00	-
Electricity & Water Bill	6,000.00	6,000.00
Administrative Expenses	-	-
Entertainment	2,555.00	-
Repair & Maintenance	200.00	-
Saving Interest Paid	28,987.00	-
Interest on PF	628.00	-
Bank Charge	3,885.00	1,393.00
Loan Loss Provision	-	94,142.00
Total Expenditure	923,896.00	726,420.00
Excess of Income over Expenditure	1,273,347.00	18,402.00
Total	2,197,243.00	744,822.00



ইরশাদুল্লাহ পাটিওয়ারী এন্ড কোং
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Annexure-A1/4

Dustha Manab Ummayan Society (DMUS)
Receipts and Payments Statement
 For the year ended June 30, 2019

Particulars	FY 2018-2019	FY 2017-2018
Receipts		
Opening Balance:		
Cash in hand	58,242.00	209,891.00
Cash at bank	467,582.00	36,689.00
Donation	500,000.00	-
Provident Fund	21,173.00	11,314.00
Savings Collection	1,694,885.00	476,495.00
Loan From EC	3,850,000.00	1,444,200.00
Loan Realisation	10,974,332.00	4,908,398.00
Savings Collection (EC)	-	-
Insurance & Risk Fund	155,800.00	59,900.00
Staff Security	20,000.00	-
Admission Fees	28,140.00	3,030.00
Sale of Pass Book	11,420.00	2,660.00
Cloassing Charge	40.00	-
Sale of Loan Form	11,430.00	2,660.00
Saving Interest	28,987.00	-
Service Charge (RMC)	1,646,098.00	736,312.00
Bank Interest	115.00	-
Miscellaneous Income	-	160.00
Total Receipts	19,468,244.00	7,891,709.00
Payments		
Loan Disbursement	15,580,000.00	5,990,000.00
Saving Refund (EC)	-	279,607.00
Saving Refund	585,710.00	-
Loan Refund (EC)	5,256.00	441,000.00
Provident Fund Refund	2,425.00	23,000.00
Insurance & Risk Fund	35,000.00	-
FDR Reserve Fund	150,000.00	-
FDR Saving Fund	500,000.00	-
Land	823,616.00	577,490.00
Salaries and Allowances	36,000.00	36,000.00
Office Rent	4,330.00	5,040.00
Printing & Office Stationery	375.00	6,000.00
Saving Interest	17,320.00	355.00
Travelling	6,000.00	6,000.00
MRA License fee	2,555.00	-
Electricity & Water Bill	200.00	-
Administrative Expenses	28,987.00	-
Entertainment	628.00	-
Repair & Maintenance	3,885.00	1,393.00
Saving Interest Paid	-	-
Interest on PF	-	-
Bank Charge	-	-
Total Payment	17,782,287.00	7,365,885.00
Closing Balance:	1,685,957.00	525,824.00
Cash in hand	1,684,077.00	58,242.00
Cash at bank	1,880.00	467,582.00
Total	19,468,244.00	7,891,709.00



Annexure-A1/5

Dustha Manab Unnayan Society (DMUS)

Statement of Cash Flows
For the year ended June 30, 2019

Particulars	FY 2018-2019	FY 2017-2018
A. Cash Flow from Operating Activities:		
Excess of Income over Expenditure (Surplus)	1,273,347	18,402
Loan Loss Provision	-	94,142
Depreciation	-	-
Add: Amount Considered as non cash items:		
Dividend On group Member Savings	-	-
Receivable Interest on FDR	-	-
Risk Fund Expenses (Housing Fund)	-	-
Provision for Expenses	-	-
Sub total of Non Cash Items		
Loan to Beneficiaries	(4,605,668)	(1,081,602)
FDR Reserve Fund	(35,000)	-
FDR Saving Fund	(150,000)	-
Net Cash used in Operating Activities	(3,517,321)	(969,058)
B. Cash Flow from Investing Activities:		
Acquisition of Property, plant and equipment	(500,000)	-
Investment	(500,000)	-
Net Cash Used in Investing Activities	(500,000)	-
C. Cash Flow from Financing Activities:		
Fund Account	(1,070,262)	-
Staff Security	20,000	-
Member Savings	1,614,657	(279,607)
Insurance Fund	147,396	36,900
Saving collection	(576,495)	476,495
Provident Fund	21,896	11,314
Loan from EC	5,020,262	1,003,200
Net Cash used in Financing Activities	5,177,454	1,248,302
D. Net Increase/Decrease (A+B+C)	1,160,133	279,244
Add: Cash & Bank Balance at the beginning of the year	525,824	246,580
E. Cash & Bank Balance at the end of the year	1,685,957	525,824



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Annexure-A1/6

Dustha Manab Unnayan Society (DMUS)

Statements of Changes in equity

For the year ended June 30, 2019

Particulars	FY 2018-2019	FY 2017-2018
Balance As at July 01, 2018	8,187,354.43	8,069,252.05
Add: Excess of income over expenditure	1,273,347.00	118,102.38
	-	-
Balance As at June 30, 2019	9,460,701.43	8,187,354.43
Transfer to Various funds and reserves	-	-
Balance As at June 30, 2019	9,460,701.43	8,187,354.43



বিশ্বদেউজা পাটওয়ারী এন্ড কো
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Dustha Manab Unnayan Society (DMUS)

Annexure-A/17

Nalcity, Jhalokati.

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2019

0 BACKGROUND:

ustha Manab Unnayan Society (DMUS) is a Non-Govt. voluntary development organization (NGO).
RA License No: 21112-00909-00847, Dated: 22/07/2019, and Social welfares registration no: Jh-80/92
ated: 09.11.1992. Joint Stock company registration No 3698(487)/2004 Date:03.04.2004. Youth Development
apartment registration No Ba/1710/JI/Nal-14, Date: 10.08.2000.

0 Corporate information of the MFI:

Sl. No.	Name of the MFI	Dustha Manab Unnayan Society (DMUS)
01	Year of establishment	1989
02	Legal Entity (MRA Registration No.)	21112-00909-00847
03	Nature of operations (programs)	RMC,
04	Statutory Audit conducted up to	30.06.2019
05	Name of Statutory auditor for last year	Amal & Leena. Chartered Accountants
06	Name of Statutory auditor for current year	Irshadullah Patwary & Co. Chartered Accountants
07	No. of Executive Committee meeting held FY 2018-2019	6
08	Date of last AGM held	13.06.2019

List of Executive Committee Members

Name	Qualification	Designation	Profession	Present Address
1 Mizannur Rahman Mollah	M.A	Chairman	Business	Vill: Surjopasa, Nalcity, Jhalokhati.
2 Jallour Rahman Akanda	B.A. BAD	Vice-Chairman	Service	Vill: Girla School Road, Nalcity, Jhalokhati.
3 H M Aktheruzzaman	B.A	Executive Director	Business	Vill: Powta, Nalcity, Jhalokhati.
4 Mollik Moniorurjaman	M.S.C	Joint Security	Service	Vill: Mollikpur, Nalcity, Jhalokhati.
5 Yousuf Ali Talukder	B.A	Treasurer	Business	Vill: Surjopasa, Nalcity, Jhalokhati.
5 Khan Jamal Uddin Ahamed	H.S.C	Executive Member	Business	Vill: Surjopasa, Nalcity, Jhalokhati.
7 Najma Akter	B.A	Executive Member	Service	Vill: High School Road, Nalcity, Jhalokhati.



Statement of Preparation of Financial Statements

10 Basis of Accounting:

The organization maintains its accounts on cash basis that is all incomes actually received are taken as income and all payments/expenditures actually affected during the year are considered as expenditures.

11 Summary of significant accounting policies

11.1 Currencies:

All the organization's assets, liabilities, capital fund, Income and expenditure are denominated in terms of Taka, the national currency.

11.2 Revenue Recognition:

(i) Interest Income:

- Service charge on loan:

The **Dustha Manab Unnayan Society (DMUS)** is collecting service charges from beneficiaries at a reducing method of 27 % per annum calculated on the loan provided 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.

- Interest Expenses:

Interest expenses have been accounted for partly on cash basis & partly on accrual basis.

- Other Expenses:

Other expenses have been accounted on cash basis.

(ii) Interest paid on savings:

Interest has been paid to the members on accrual basis at the end of the year on their savings and accounted for accordingly.

11.4 Fixed Assets & Depreciation:

Fixed assets are stated at historical cost less accumulated depreciation in accordance with IAS 16. Cost represent the cost of acquisition/procurement including development expenses. Depreciation is charged on assets procured during the year average half yearly. Depreciation on all other assets is computed by using the reducing balance depreciation method applying the rates so as to write off the assets over their expected useful lives. Details in fixed assets schedule.

Significant organizational policies

11.1 Loan Loss Provision: Loan Classification, loan loss provisioning and Write off Policy:

11.1.1 Policy on loan to beneficiaries: The **Dustha Manab Unnayan Society (DMUS)** is collecting service charges from beneficiaries at a reducing method of 27% per annum calculated on the loan provided to them. We observed that the disbursement of loan has been made through maintaining the proper paper and documents. Service charge from beneficiaries and other source of fund are recognized in the financial statement on the basis of actual realization. Loan beneficiaries have been utilized of his loan properly.

11.1.2 Policy of savings collection: Savings collection is done from all members on weekly basis minimum Tk. 20.00 and Tk. 10 per head in respect of their availing loan or not. We note here that the interests on savings are given 1 times in a year @ 6%.



Notes to the Financial Statements (As on June 30 , 2019)

Notes	FY (2018-2019) (Taka)	FY (2017-2018) (Taka)
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6.00 Property, Plant and Equipment

Cost

Opening Balance as on 01 July, 2018	-	-
Add: Purchase during this year	500,000.00	-
Less: Sale of old assets	-	-
Closing Balance as on 30 June,2019	<u>500,000.00</u>	-

Depreciation

Opening Balance as on 01 July, 2018	-	-
Add: Depreciation Charged during the year	-	-
Closing Balance as on 30 June,2019	-	-

Written down Value (As at June 30, 2019)

	<u>500,000.00</u>	-
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7.00 FDR Reserve Fund

Opening Balance as on 01 July, 2018	-	-
Add: Addition during the year	35,000.00	-
	<u>35,000.00</u>	-

Less: Refund during the year	-	-
Closing Balance as on 30 June,2019	<u>35,000.00</u>	-

8.00 FDR Saving Fund

Opening Balance as on 01 July, 2018	-	-
Add: Addition during the year	150,000.00	-
	<u>150,000.00</u>	-

Less: Refund during the year	-	-
Closing Balance as on 30 June,2019	<u>150,000.00</u>	-

9.00 Loan to Members (RMC)

Opening Balance as on 01 July, 2018	3,412,745.00	2,331,143.00
Add: Addition during the year	15,580,000.00	5,990,000.00
	<u>18,992,745.00</u>	<u>8,321,143.00</u>

Less: Refund during the year	10,974,332.00	4,908,398.00
Closing Balance as on 30 June,2019	<u>8,018,413.00</u>	<u>3,412,745.00</u>

10.00 Cash & Cash Equivalent

	<u>1,685,957.00</u>	<u>525,874.00</u>
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11.00 Fund Account

Opening Balance as on 01 July, 2018	1,070,262.00	1,070,262.00
Add: Addition during the year	-	-
	<u>1,070,262.00</u>	<u>1,070,262.00</u>

Less: Refund during the year	-	-
Closing Balance as on 30 June,2019	<u>1,070,262.00</u>	<u>1,070,262.00</u>

12.00 Cumulative Surplus

Opening Balance as on 01 July, 2018	(16,820.00)	(35,222.00)
Add: Excess of income over expenditure	1,273,347.00	18,402.00
Add: Adjustment of Loan Loss Provision	41,733.00	-
Add: Prior year adjustment(depreciation)	-	-
Closing Balance as on 30 June,2019	<u>1,298,260.00</u>	<u>(16,820.00)</u>

13.00 Insurance Fund	
Opening Balance as on 01 July, 2018	106,549.00
Add: Addition during the year	155,800.00
	<u>262,349.00</u>
Less: Refund during the year	2,425.00
Less: Prior year Adjustment	5,979.00
Closing Balance as on 30 June,2019	<u>253,945.00</u>
14.00 PF Fund	
Opening Balance as on 01 July, 2018	11,314.00
Add: Prior year Adjustment	5,979.00
Add: Addition during the year	21,173.00
	<u>38,466.00</u>
Less: Refund during the year	5,256.00
Closing Balance as on 30 June,2019	<u>33,210.00</u>
15.00 Member Saving Fund	
Opening Balance as on 01 July, 2018	420,935.00
Add: Prior year Adjustment	476,495.00
Add: Addition during the year	1,694,885.00
Add: Interest during the year	28,987.00
	<u>2,621,302.00</u>
Less: Refund during the year	585,710.00
Closing Balance as on 30 June,2019	<u>2,035,592.00</u>
16.00 Loan Loss Provision	
Opening Balance as on 01 July, 2018	256,634.00
Add: Addition during the year	-
	<u>256,634.00</u>
Less: Adjustment during the year	41,733.00
Closing Balance as on 30 June,2019	<u>214,901.00</u>
17.00 Saving Fund (EC)	
Opening Balance as on 01 July, 2018	576,495.00
Add: Addition during the year	-
	<u>576,495.00</u>
Less: Refund during the year	576,495.00
Closing Balance as on 30 June,2019	<u>576,495.00</u>
18.00 Loan Received from (EC)	
Opening Balance as on 01 July, 2018	1,513,200.00
Add: Adjustment with Fund Account	1,070,262.00
Add: Adjustment with Saving Collection (EC)	100,000.00
Add: Addition during the year	3,850,000.00
	<u>6,533,462.00</u>
Less: Refund during the year	-
Closing Balance as on 30 June,2019	<u>1,954,200.00</u>
19.00 Staff Security	
Opening Balance as on 01 July, 2018	441,000.00
Add: Addition during the year	20,000.00
	<u>20,000.00</u>
Less: Refund during the year	-
Closing Balance as on 30 June,2019	<u>20,000.00</u>



Annexure-A/2

Dustha Manab Unnayan Society (DMUS)

ELIGIBILITY CRITERIA COMPLIANCE CERTIFICATION
FOR THE YEAR ENDED 30TH JUNE, 2019

Sl. No.	Eligibility Criteria	Standards	Audited Figures	
			FY 2018-2019	FY 2017-2018
1	Minimum Loan Recovery Rates, Computed Quarterly, Based on the followings: i) Minimum Cumulative Loan collection ratio on the total dues: ii) Minimum Loan collection ratio on current dues (on running 12 months basis):	Minimum 95%	99.04 %	95.00 %
		Minimum 92-100%	98.78 %	95.00 %
2	Minimum liquidity ratio	Minimum 10%	80.03 %	125.00 %
3	Minimum current ratio	Minimum 2:1	1.26 :1	9.36 :1
4	Minimum capital adequacy ratio	Minimum 15%	21.23 %	33.62 %
5	Minimum debt service cover ratio	Minimum 1.25:1	19.57 :1	4.07 :1
6	Debt to capital ratio	Maximum 9:1	4.68 :1	2.20 :1
7	Minimum rate of return on capital	Minimum 1%	39.52 %	1.60 %

Dated, Dhaka
04.08.2019



Irshadullah Patwary & Co.
Chartered Accountants

Dustha Manab Unnayan Society (DMUS)

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

Sl. No	Eligibility Criteria		Standard	FY 2018-2019	FY 2017-2018	
1 i	Cumulative Recovery Rate (CRR)	$\frac{\text{Cumulative Recovery- Advance Recovery}}{\text{Cumulative Recovery- Advance Recovery} + \text{Overdue (Principal)}} \times 100$	$\frac{20,593,587.00}{20,793,202.00} \times 100$	Min: 95%	99.04%	95.00%
ii	OTR (On-time Realization)	$\frac{\text{Summation of Recovery in the last 12 months}}{\text{Summation of Regular Recoverable in the last 12 months}} \times 100$	$\frac{10,974,332.00}{11,109,872.00} \times 100$	92%-100%	98.78%	95.00%
2	Liquidity to Savings Ratio	$\frac{\text{Cash+ Bank+Savings FDR+ Govt. Securities}}{\text{Total Savings Fund}}$	$\frac{1,685,957.00}{2,035,592.00} \times 100$	Min: 10%	82.82%	125.00%
3	Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{9,889,370.00}{8,803,955.00}$	2.0:1	1.26:1	9.36:1
4	Capital Adequacy Ratio	$\frac{\text{Total Capital}}{\text{Total Assets-(Cash+ Bank+STD+ Govt. Securities)}} \times 100$	$\frac{1,298,260.00}{8,703,413.00} \times 100$	15%	14.92%	33.62%
5	Debt Service Cover Ratio	$\frac{\text{Surplus+ Total interest Payments+ Principal Collections on PKSF Funded loan}}{\text{Total interest payments + Principal Payments on PKSF loan}}$	$\frac{2,101,293.00}{827,946.00}$	1.25:1	12.54	4.07:1
6	Debt to Capital Ratio	$\frac{\text{Total Debt}}{\text{Total Capital (Networth)}}$	$\frac{9,091,110.00}{1,298,260.00}$	Max: 9:1	7.00	2.20:1
7	Ratio of Return of Capital	$\frac{\text{Net Surplus}}{\text{Capital Fund}} \times 100$	$\frac{1,273,347.00}{1,298,260.00} \times 100$	Min: 1%	98.08%	1.60%



Dustha Manab Unnayan Society (DMUS)

Annexure-A/3

Portfolio Report for the year ended June 30, 2019

Review of Loan Classifications and Provisions

(i) Classification of Loan and Loan Loss Provision:

Sl. No	Particulars	No. of days Outstanding	Outstanding Loan		Required Provision	
			Amount (Taka)	Rate (%)	Amount (Taka)	
1	Total Loan Outstanding		8,018,413			
2	Total Overdue		177,896			
3	Regular	Loans with no overdue installments	7,768,091	1%	77,680,91	
4	Watchful	Loan default duration between 1 and 30 days	-	5%	-	
5	Sub-Standard	Loan default duration between 31 and 180 days	136,474	25%	34,118.50	
6	Doubtful	Loan default duration between 181 and 365 days	42,978	75%	32,233.50	
7	Bad Loan	Loan default duration above 365 days	70,870	100%	70,870.00	
	Total		8,018,413		214,903	

(ii) Loan Loss Provision (LLP) status of the MFI

Particulars	Amount
Required Provision as per MRA Policy	214,903
Provision made by the MFI upto 30 June, 2019	214,901
Excess/(Short) Provision	(2)

Comments on LLP:

Disclosure on Written off Loan:	
Loan Written off balanc	
Loan Written off Loan Recovered during the year 2018-2019	
Written off Loan Recovered during the year 2018-2019	N/A



(iii) Loan Operational Report

S. No	Particulars	FY 2018-2019			FY 2017-2018		
		M	F	Total	M	F	Total
	Financial Services Produ						
	Loan Product:			-			-
	Loan (RMC)			-			-
	Loan (ME)			-			-
	Loan (Housing)			-			-
	Loan (MTBL)						
1	Savings Product:			-			-
	Savings (RMC)			-			-
	Savings (ME)			-			-
	Savings (Optional)			-			-
	Life						
	Livestock						
	Others						
2	Number of Branches		1			1	
3	Number of Sanities	44	44	44	22	22	22
4	Number of Members	1242	1242	1242	317	317	317
5	Number of Borrowers	1115	1115	1115	229	229	229
6	Number of Staff	7	0	7	6	0	6
7	Amount of loan outstanding Santly Members	8,018,413	8,018,413	8,018,413	-	3,412,745	3,412,745
8	Member:Borrowers	0:00	1.11:1	1.11:1	0:00	1.38:1	1.38:1
9	Average Loan Size	-	7,191	7,191	-	14,903	14,903



MANAGEMENT REPORT
ON THE ACCOUNTS OF MICRO FINANCE PROGRAM
FOR THE YEAR 2018-2019
IMPLEMENTED BY
Dustha Manab Unnayan Society (DMUS)
Nalchity, Jhalokati.
OBSERVATIONS AND RECOMMENDATIONS

We have audited the financial Statement of Micro Finance Program Carried out by Dustha Manab Unnayan Society (DMUS) for the year ended June 30, 2019 in accordance with Bangladesh standards on Auditing (BSA) and Terms of reference provided by MRA.

Out observations and recommendations along with management response are outlined below:

1. ACCOUNTING SYSTEM:

A. BASIS OF ACCOUNTING:

The accounts of Dustha Manab Unnayan Society (DMUS) have been prepared on Cash Basis except provision for general reserve under Generally Accepted Accounting Principles.

B. ACCOUNTS PREPARATION:

Dustha Manab Unnayan Society (DMUS) has been maintaining all required books of account as per MRA Guideline for recording the financial transactions in order to generate financial reports that reflect over all financial position of the organization. There was no deviation from conventional accounting principles and there were no non-traditional accounting entries in books.

C. CARRIED OVER OF OPENING BALANCE INTO LEDGER:

During the course of our audit we observed that all figures as per last year audit report were carried forward properly into ledger as opening balance of current year.

RECOMMENDATION

Dustha Manab Unnayan Society (DMUS) should continue this process.

MANAGEMENT RESPONSE:

We agreed with the auditors.

2. INVESTMENT (FDR):

OBSERVATION:

During the course of our audit we found that Dustha Manab Unnayan Society (DMUS) made Total Investment in Reserve Fund amounting to Tk. 35,000.00 & FDR against Savings amounting Tk. 3,50,000.00 up to 30th June 2019.



RECOMMENDATION:

Dustha Mannab Unnayan Society (DMUS) should invest amount in FDR against Different risk.

MANAGEMENT RESPONDS:

We agreed with auditor.

3. PAYABLES AND ACCRUAL:

OBSERVATION:

Dustha Mannab Unnayan Society (DMUS) did not consider provision of payables.

RECOMMENDATION:

Dustha Mannab Unnayan Society (DMUS) should consider the payables while preparing financial statements.

MANAGEMENT RESPONSE:

We agreed with the auditor's opinion.

4. COMMERCIAL LOAN:

OBSERVATION:

During the course of our audit we found that Dustha Mannab Unnayan Society (DMUS) doesn't receive any commercial loan from any bank.

5. LOAN OPERATION MANAGEMENT:

OBSERVATION:

Loan received was recorded in components and all formalities have been duly complied with before disbursement of loan to beneficiaries. We visited head office & Branch office of Dustha Mannab Unnayan Society (DMUS) , verified their loan operation management and found that MRA guideline regarding loan disbursement and savings collection has been properly followed. Fund was properly utilized by Dustha Mannab Unnayan Society (DMUS) to disburse loan to target group members. Daily loan collection from borrowers and saving collection from members were deposited into Bank on the same day. In rare case deposit was made on following day. No idle fund remained at any time during the period of audit.

RECOMMENDATION:

Dustha Mannab Unnayan Society (DMUS) should continue the process.

MANAGEMENT RESPONDS:

We agreed with the auditor's opinion.

6. SAVING AND DEPOSITS:

OBSERVATION:



During the course of our audit we observed that savings collection was duly deposited to Bank on the day it was collected. In few days savings collection were not deposited into the bank on the same day due to late collection but it was deposited into the Bank in the following day.

RECOMMENDATION:

We recommend that member's savings amount should be collected within the banking hour and deposited into the Bank on the same day.

MANAGEMENT RESPONSE:

The auditor's recommendation will be followed in future.

7. TRAINING:

OBSERVATION:

During the course of our verification we observed that the office staff and accountants were properly trained up to maintain books and records to generate accurate financial statements.

RECOMMENDATION:

Dustha Manab Unnayan Society (DMUS) should continue the process.

8. INTERNAL CONTROL SYSTEM:

OBSERVATION:

- Management supervised loan mobilization and take necessary steps for realization of loan. Loan recovery rate is more than 99%.
- There were internal auditors to check accounts.
- All FDR's were verified by FDR committee.
- All vouchers were approved by proper authority.
- All vouchers were kept separately.
- Movement register was maintained properly. After field working attendance and movement register were signed.
- Assets register was checked and approved by higher authority.
- All vouchers were kept separately.

RECOMMENDATION:

Dustha Manab Unnayan Society (DMUS) should continue the process.

MANAGEMENT RESPONSE:

We agreed with the auditor's opinion.

9. OBSERVATION ON VOUCHER:

During the course of our verification, we verified more than 80% voucher and found in order.

RECOMMENDATION:

Dustha Manab Unnayan Society (DMUS) should continue the process.

রশাদউল্যা পাটওয়ারী এন্ড কোঃ
shadullah Patwary & Co.
Chartered Accountants.

72, Malibagh (3rd Floor),
Mouchak Moor, Suite No. 406
Dhaka-1217. Phone: 9331758
E-mail: iupcc211@gmail.com

MANAGEMENT RESPONSE:

We agreed with the auditor's opinion.

10. OBSERVATION ON AUDIT COMMITTEE:

During the course of our audit we observed that Dustha Manab Unnayan Society (DMUS) has no Internal Audit Department to conduct internal audit and monitor the Organization at a regular interval.

RECOMMENDATION:

Dustha Manab Unnayan Society (DMUS) should organized a Internal Audit Department to conduct internal audit and monitor the Organization at a regular interval.

MANAGEMENT RESPONSE:

We agreed with the auditor's opinion.

Thanking you
with best regards

Date: 4 August, 2019


Md. Irshadullah Patwary/FCA
Principal
Irshadullah Patwary & Co.
Chartered Accountants



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

The organization has prepared its financial statements as per International Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) while maintaining accounting records and preparing financial statements and Reporting.

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.

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.

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 regulations as per accounting manual provided by authority.

We examine and observed that the organization has kept the records separately for the collected fund under various components of micro credit activities and submit separate reports on that basis.

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.

We examine and observed that saving collected from the members are properly recorded in account 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 rate of interest etc

We check and found that the organization has maintained the formalities and properly complied with the provisions in the rules mentioned before disbursing loan among the beneficiaries.

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.

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.

There were fixed assets in this project. So we have physically verified the existence of fixed assets in Dustha Manab Unnayan Society (DMUS) which acquired out of surplus service charge (Income surplus) and fund received from different sources for Institutional development as loan or grants.

We checked test basis whether the loans was properly utilized for the beneficiary member and found in order;

Normally transactions above Tk. 50,000.00 were made through bank account. However collection of savings and disbursement of microcredit were made by cash ;

From our test check, we found that the collected loan and saving accounts are duly deposited into bank on daily basis;

From our test check, we found that the amount collected from VO members are duly accounted for as per applicable policy and procedure at member and group level with very little exceptions;

The **Dustha Manab Unnayan Society (DMUS)** is collecting service charges from beneficiaries at a Flat rate of 14.20% per annum calculated on the loan provide to them. The principal loan and proportional service charges are collected in equal weekly and monthly 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.

Provision for loan loss has been duly calculated and accounted for as per Micro-credit Regulatory Authority Act. 2006 and Micro-credit Regulatory Authority Act. 2010;

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;

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;

We have checked the papers / document in supporting of utilized of fund and found that no existence of any unused fund.

We have verified the financial statements submitted to various donor organizations, regulatory agencies and other authorities by The **Dustha Manab Unnayan Society (DMUS)** with proper justification and did not find any issue mention in the report;

As per Sixth Schedule Part-A, Para 1A on Income Tax Ordinance, 1984 (ITO) income from microfinance activities are tax exempted. The Dustha Manab Unnayan Society (DMUS) Deducts tax and VAT at sources as per the provisions of ITO 1984 and VAT Act. 1991;

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;

The Organization has not strong Internal Audit Department and they have conducted Internal audit and monitor the Organization at a regular interval;

We have checked the microfinance activities funded by Own 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;

We have checked cost sharing between of microcredit and other program and found in order;

We check and found that the transactions have taken place through bank for significant amounts

We observed that the audit fee has been shown under separate head in financial statements which are fixed on the basis of total loan portfolio and cost centers/branches;

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" We also verify and found that no transaction has been made against the interest of different donors, beneficiaries of the organization.



Dustha Manab Unnayan Society (DMUS)

BUDGET ANALYSIS

Financial Year: 2018-2019
MRA License No: 21112-00909-00847

Sl. No	Description	2017-2018		2018-2019 (Proposed)
		Projected	Actual	
1. Area Coverage:				
	District		1	1
	Upazilla		1	1
	Union		7	7
	Village		42	42
	2. Branch Opening		1	1
	3. Group/Samily Formation		44	44
	4. Add New Member		1,242	1,242
	5. Add New Borrower		1,115	1,115
	6. Recruitment			
	7. Deposits Collection.		1,694,885	1,694,885
	8. Refund Deposit		585,710	585,710
	9. Recovery		-	-
	10. Loan Disbursement		15,580,000	30,000,000
	11. Borrowing		3,850,000	3,850,000
	12. Loan returns		-	-
	13. Received against insurance service		155,800	832,000
	14. Insurance benefits given		2,425	5,000
	15. Total Income		2,197,243	2,197,243
	16. Total Expenditure		923,896	923,896

Sl. No	Description	Current Balance (end of previous fiscal year)	
1. Area Coverage:			
	District	1	1
	Upazilla	1	1
	Union	7	7
	Village	42	42
	2. Number. of Branch	1	1
	3. Number. of Group/Somity	44	44
	4. Number. Member	1242	1242
	5. Number. Borrower	1115	1115
	6. Manpower	7	7
	7. Deposit Balance	2035592	2035592
	8. Loan Outstanding	8018413	8018413
	9. Loan Received	6533462	6533462
	10. Insurance Fund	253945	253945
	11. Cumulative Surplus	1298260	1298260

Sl. No	Description	2018-2019		2019-20120
		Projected	Actual	Variance (%) (Proposed)
	Loan Recovery		10,974,332	27,000,000
	Savings Collection:		1,694,885	3,630,000
	Insurance Fund Collection		416,520	832,000
	Loan Disbursement		15,580,000	30,000,000
	Fixed Deposit		185,000	220,000
	Insurance Service		2,425	5,000
	Fixed asset acquisition			500,000
	PF Collection		21,173	54,000
	PF Refund		5,256	5,000
	Income			
	4. Entry Fees			27,000
	5. Sale of passbook			25,200
	6. Sale of Forms			25,200
	7. Donation	0	500,000	500,000
	8. EC Member Fee	0		18,600
	9. Recovery of Written off Loan			
	10. Interest on FDR			30,800
	Total Income:	0	29,379,591	62,872,800
8	Expenses			
	Financial Expenses:			
	1. Savings interest		28,987	40,000
	3. Interest on Bank Loan			
	General and administrative Expenses:			
	7. Salary & Allowances*1			
	Salaries and Allowances		823,616	1,170,000
	8. Office Rent		36,000	72,000
	9. Printing and Stationeries:		4,330	12,000
	10. Travel Expense		375	60,000
	11. Telephone and Mail		-	18,000
	12. Internet			6,000
	13. Dish Bill			2,400
	14. Gas, Electric & Water bill		6,000	12,000
	15. Entertainment		2,555	6,000
	18. Bank Charge		34,325	40,520
	19. Training Expense			12,000
	21. Legal Expense			5,000
	23. Registration Fees/Renewal Fees		7,370	15,000
	24. Others Operational Expense		32,316	50,000
	25. Audit Fees		7,000	15,000
	26. Honorarium for EC Members		-	21,000
	34. Loan Loss Provision			100,000
	35. Net Surplus		1,273,347	2,200,000
	Total:		29,379,591	62,872,800

Dustha Manab Unnayan Society (DMUS)

Project Wise Receipts and Payments Statement
For the year ended June 30, 2019

Particulars	Name of Project									
	Fish Hatchery	Matrituekal Vata	Education	Water Supply & Sanitation	Disability Development	Health Project	Mushroom Farming	Library Activities	Tobacco	Women & Children and Public Service

Receipts
Opening Balance

Cash in hand	1,412,000	-								
Cash at bank		-								
Fish Hatchery	3,113,200	-								
Matrituekal Vata		61,150								
Basic Leterice Project (64 District)	-	-	4,098,000							
Bangladesh NGO Foundation	-	-	-	49,800						
CBNN	-	-	-	-	160,000					
Donation for Health & Newtation Pro	-	-	-	-	-	100,000				
Training For Mushroom Farming	-	-	-	-	-	-	21,000			
Library Activities	-	-	-	-	-	-	-	61,200		
WBB Trast	-	-	-	-	-	-	-	-	8,200	
Health & Family Welfare Ministry	-	-	-	-	-	-	-	-	-	60,000
	4,525,200	61,150	4,098,000	49,800	160,000	100,000	21,000	61,200	8,200	60,000



Trainee file		22,500						1,200		
Trainee pen		1,250								
Trainee Snack		18,400								
Labour	365,000									
Carp Purchase	500,000									
Fish Feed	1,000,000									
Materials	96,700			4,000						
Lease Payment	70,000									
Cement Pillar				16,000						
Tin Purchase				8,000						
Wood Purchase				5,000						
Carpenter				8,000						
Ring Slab				4,800						
Other Expenses				4,000						
Liftlet									5,000	
Banner									500	
Mick									500	
Entertainment									1,200	
Disability Service Distribution					110,000					
Disability Materials Distribution					10,500					
Income Generating Training					22,000					
World Sada Sori Day observe					14,500					

Total Payment	2,462,700	61,150	4,098,000	49,800	160,000	100,000	21,000	61,200	8,200	60,000
Closing Balance:										
Cash in hand										
Cash at bank	2,062,500	-	-	-	-	-	-	-	-	-
	4,525,200	61,150	4,098,000	49,800	160,000	100,000	21,000	61,200	8,200	60,000

H M Aktheruzzaman
Executive Director, DMUS

Date: 04 August 2019



Irashadullah Patwary
Irashadullah Patwary & Co.
Chartered Accountants

শাদুল্লাহ পাটওয়ারী এন্ড কোং
Ishadullah Patwary & Co.
Chartered Accountants.

72, Malibagh (3rd Floor),
Mouchak Moor, Suite No. 406
Dhaka-1217. Phone: 9331758
E-mail: iupc211@gmail.com

Certificate

We examine and found that Dustha Manab Unnayan Society (DMUS) 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.

sd, Dhaka
19-19




Ishadullah Patwary & Co.
Chartered Accountants