

PRIVATE AND CONFIDENTIAL

**AUDITORS' REPORT
&
FINANCIAL STATEMENTS
OF**

Dustha Manab Unnayan Society (DMUS)

For the year ended June 30, 2020

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

72, Malibagh (3rd Floor),
Mouchak Moor, Suite No.406
Dhaka-1217, Bangladesh
Phone : 933 17 58, E-mail : iupc211@gmail.com

Dustha Manab Unnayan Society (DMUS)

MICRO CREDIT PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2020

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AUDITOR'S REPORT

Dated: 28.08.2020

We have audited the accompanying Financial Statement of **Dustha Manab Unnayan Society (DMUS)** which comprise the Statement of Financial Position as at June 30, 2020, and the Statement of Comprehensive Income, Statement of Changes in equity for the year then ended June 30, 2020 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 presentation of these financial statements in accordance with International financial reporting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement.

Auditor' 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 responsible 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, 2020 and its financial performance and its cash flows for the year then ended June 30, 2020 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.



M. Patwary
Md. Irshadullah Patwary, FCA
Principal

Annexure-A 1/2

Dustha Manab Unnayan Society (DMUS)

Statement of Financial Position

As at June 30, 2020

Properties and Assets	Notes	FY 2019-2020	FY 2018-2019
Non-Current Assets			
Property, Plant and Equipment	6.00	3,455,220	500,000
Total Non-Current Assets		3,455,220	500,000
Current Assets:			
FDR Reserve Fund	7.00	35,000	35,000
FDR Saving Fund	8.00	365,000	150,000
Loan to Members	9.00	8,659,643	8,018,413
Cash & Cash Equivalent	10.00	959,023	1,685,957
Total Current Assets		10,018,666	9,889,370
Total		13,473,886	10,389,370
Capital Fund and Liabilities	Notes	FY 2019-2020	FY 2018-2019
Capital Fund			
Fund Account	11.00	-	-
Cumulative Surplus	12.00	4,087,708	1,298,260
Total Capital Fund		4,087,708	1,298,260
Non Current Liabilities			
Insurance Fund	13.00	337,555	253,945
Provident Fund	14.00	61,410	33,210
Total Non Current Liabilities		398,965	287,155
Current Liabilities			
Member Savings Fund	15.00	2,452,545	2,035,592
Loan Loss Provision	16.00	214,901	214,901
Member Savings Fund	17.00	-	-
Loan From EC	18.00	6,277,267	6,533,462
Staff Security	19.00	20,000	20,000
Staff Saving	20.00	22,500	
Total Current Liabilities		8,987,213	8,803,955
Total Capital Fund and Liabilities		13,473,886	10,389,370

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

H M Aktheruzzaman

H M Aktheruzzaman
Executive Director, DMUS

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

Dated, Dhaka
27-Aug-20



Md. Irshadullah Patwary
Md. Irshadullah Patwary, FCA
Principal

Annexure-A 1/3

Dustha Manab Unnayan Society (DMUS)

Statement of Profit or Loss and other Comprehensive Income

For the year ended June 30, 2020

<u>Particulars</u>	FY 2019-2020	FY 2018-2019
<u>Income</u>		
Admission Fees	4,500	28,140
Sale of Pass Book	3,740	11,420
Cloassing Charge	60	40
Sale of Loan Form	3,730	11,430
Service Charge (RMC)	1,589,215	1,646,098
Bank Interest	-	115
Donation	65,000	500,000
Miscellaneous Income	-	-
Total Income	1,666,245	2,197,243
<u>Expenditure</u>		
Salaries and Allowances	1,170,000	823,616
Office Rent	75,000	36,000
Printing & Office Stationery	5,040	4,330
Land Registration Fees	42,000	-
Saving Interest	-	-
Travelling	635	375
MRA License fee	5,808	17,320
Electricity & Water Bill	6,300	6,000
Entertainment	-	2,555
Repair & Maintenance	17,100	200
Saving Interest Paid	-	28,987
Interest on PF	-	628
Deprecation	50,580	-
Bank Charge	4,334	3,885
Loan Loss Provision	-	-
Total Expenditure	1,376,797	923,896
Excess of Income over Expenditure	289,448	1,273,347
Total	1,666,245	2,197,243



Annexure-A1/4

Dustha Manab Unnayan Society (DMUS)

Receipts and Payments Statement
For the year ended June 30, 2020

Particulars

FY 2019-2020	FY 2018-2019
--------------	--------------

Receipts

Opening Balance:

Cash in hand

Cash at bank

Donation

Provident Fund

Savings Collection

Loan From EC

Loan Realisation

Savings Collection (DPS)

Insurance & Risk Fund

Staff Security

Staff Savings

Admission Fees

Sale of Pass Book

Cloassing Charge

Sale of Loan Form

Saving Interest

Service Charge (RMC)

Bank Interest

Miscellaneous Income

Total Receipts

1,684,077	58,242
1,880	467,582
-	500,000
28,200	21,173
1,034,937	1,694,885
-	3,850,000
10,594,770	10,974,332
-	-
112,360	155,800
-	20,000
22,500	-
4,500	28,140
3,740	11,420
60	40
3,730	11,430
-	28,987
1,589,215	1,646,098
-	115
-	-
15,079,969	19,468,244

Payments

Loan Disbursement

Saving Refund (EC)

Saving Refund (RMC)

Land Registration Fees

Provident Fund Refund

Insurance & Risk Fund

FDR Reserve Fund

FDR Saving Fund

Land

Salaries and Allowances

Office Rent

Printing & Office Stationery

Saving Interest

Travelling

MRA License fee

Electricity & Water Bill

Fund Refund to ED

Entertainment

Repair & Maintenance

Saving Interest Paid

Interest on PF

Bank Charge

Total Payment

Closing Balance:

Cash in hand

Cash at bank

Total

11,236,000	15,580,000
-	-
617,984	585,710
42,000	-
-	5,256
28,750	2,425
-	35,000
215,000	150,000
-	500,000
1,170,000	823,616
75,000	36,000
5,040	4,330
-	-
635	375
5,808	17,320
6,300	6,000
711,415	-
-	2,555
2,680	200
-	28,987
-	628
4,334	3,885
14,120,946	17,782,287
959,023	1,685,957
126,049	1,684,077
832,974	1,880
15,079,969	19,468,244



Annexure-A1/5

Dustha Manab Unnayan Society (DMUS)

Statement of Cash Flows
For the year ended June 30, 2020

Particulars	FY 2019-2020	FY 2018-2019
A. Cash Flow from Operating Activities:		
Excess of Income over Expenditure (Surplus)	289,448	1,273,347
Loan Loss Provision	-	-
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	(641,230)	(4,605,668)
FDR Reserve Fund	-	(35,000)
FDR Saving Fund	(215,000)	(150,000)
Net Cash used in Operating Activities	(566,782)	(3,517,321)
B. Cash Flow from Investing Activities:		
Acquisition of Property, plant and equipment	-	(500,000)
Investment	-	-
Net Cash Used in Investing Activities	-	(500,000)
C. Cash Flow from Financing Activities:		
Fund Account	-	(1,070,262)
Staff Security	22,500	20,000
Member Savings	416,953	1,614,657
Insurance Fund	83,610	147,396
Saving collection	-	(576,495)
Provident Fund	28,200	21,896
Loan from EC	(711,415)	5,020,262
Net Cash used in Financing Activities	(160,152)	5,177,454
D. Net Increase/Decrease (A+B+C)	(726,934)	1,160,133
Add: Cash & Bank Balance at the beginning of the year	1,685,957	525,824
E. Cash & Bank Balance at the end of the year	959,023	1,685,957



Annexure-A1/6

Dustha Manab Unnayan Society (DMUS)

Statements of Changes in equity

For the year ended June 30, 2020

<u>Particulars</u>	FY 2019-2020	FY 2018-2019
Balance As at July 01, 2019	1,298,260.00	(16,820.00)
Add: Excess of income over expenditure	289,448.00	1,273,347.00
Add: Adjustment	-	41,733.00
Balance As at June 30, 2020	1,587,708.00	1,298,260.00
Transfer to Various funds and reserves	-	-
Balance As at June 30, 2020	1,587,708.00	1,298,260.00



Dustha Manab Unnayan Society (DMUS)
Nalchity, Jhalokati.
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2020

Annexure-A1/7

1.0 BACKGROUND:

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

2.0 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	30.06.2020			
05	Name of Statutory auditor for last year	Irshadullah Patwary & Co. 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	8			
08	Date of last AGM held	13.06.2019			
	List of Executive Committee Members				
	Name	Qualification	Designation	Profession	Present Address
1	Mizanur Rahman Mollah	M.A	Chairman	Business	Vill: Surjopasa , Nalcity, Jhalokhati.
2	Jalliour 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.
6	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.



Basis of preparation of Financial Statements

3.0 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.

4.0 Summary of significant accounting policies

4.01 Currencies:

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

4.02 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 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.

- 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.

4.04 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.

5.0 Significant organizational policies

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

5.02 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 provide 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.

5.03 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 , 2020)

Notes	FY (2019-2020) (Taka)	FY (2018-2019) (Taka)
6.00 Property, Plant and Equipment		
Cost		
Opening Balance as on 01 July, 2019	500,000.00	-
Add: Adjustment during this year	505,800.00	-
Add: Addition during this year	2,500,000.00	500,000.00
Less: Sale of old assets	-	-
Closing Balance as on 30 June,2020	<u>3,505,800.00</u>	<u>500,000.00</u>
Depreciation		
Opening Balance as on 01 July, 2019	-	-
Add: Depreciation Charged during the year	50,580.00	-
Closing Balance as on 30 June,2020	<u>50,580.00</u>	<u>-</u>
Written down Value (As at June 30, 2020)	<u>3,455,220.00</u>	<u>500,000.00</u>
7.00 FDR Reserve Fund		
Opening Balance as on 01 July, 2019	35,000.00	-
Add: Addition during the year	-	35,000.00
	<u>35,000.00</u>	<u>35,000.00</u>
Less: Refund during the year	-	-
Closing Balance as on 30 June,2020	<u>35,000.00</u>	<u>35,000.00</u>
8.00 FDR Saving Fund		
Opening Balance as on 01 July, 2019	150,000.00	-
Add: Addition during the year	215,000.00	150,000.00
	<u>365,000.00</u>	<u>150,000.00</u>
Less: Refund during the year	-	-
Closing Balance as on 30 June,2020	<u>365,000.00</u>	<u>150,000.00</u>
9.00 Loan to Members (RMC)		
Opening Balance as on 01 July, 2019	8,018,413.00	3,412,745.00
Add: Addition during the year	11,236,000.00	15,580,000.00
	<u>19,254,413.00</u>	<u>18,992,745.00</u>
Less: Refund during the year	10,594,770.00	10,974,332.00
Closing Balance as on 30 June,2020	<u>8,659,643.00</u>	<u>8,018,413.00</u>
10.00 Cash & Cash Equivalent		
	<u>959,023.00</u>	<u>1,685,957.00</u>
11.00 Fund Account		
Opening Balance as on 01 July, 2019	-	1,070,262.00
Add: Addition during the year	-	-
	<u>-</u>	<u>1,070,262.00</u>
Less: Refund during the year	-	1,070,262.00
Closing Balance as on 30 June,2020	<u>-</u>	<u>-</u>
12.00 Cumulative Surplus		
Opening Balance as on 01 July, 2019	1,298,260.00	(16,820.00)
Add: Excess of income over expenditure	289,448.00	1,273,347.00
Add: Adjustment of donation of Land	2,500,000.00	41,733.00
Add: Prior year adjustment(depreciation)	-	-
Closing Balance as on 30 June,2020	<u>4,087,708.00</u>	<u>1,298,260.00</u>

13.00 Insurance Fund

Opening Balance as on 01 July, 2019	253,945.00	106,549.00
Add: Addition during the year	112,360.00	155,800.00
	366,305.00	262,349.00
Less: Refund during the year	28,750.00	2,425.00
Less: Prior year Adjustment	-	5,979.00
Closing Balance as on 30 June,2020	337,555.00	253,945.00

14.00 PF Fund

Opening Balance as on 01 July, 2019	33,210.00	11,314.00
Add: Prior year Adjustment	-	5,979.00
Add: Addition during the year	28,200.00	21,173.00
	61,410.00	38,466.00
Less: Refund during the year	-	5,256.00
Closing Balance as on 30 June,2020	61,410.00	33,210.00

15.00 Member Saving Fund

Opening Balance as on 01 July, 2019	2,035,592.00	420,935.00
Add: Prior year Adjustment	-	476,495.00
Add: Addition during the year	1,034,937.00	1,694,885.00
Add: Interest during the year	-	28,987.00
	3,070,529.00	2,621,302.00
Less: Refund during the year	617,984.00	585,710.00
Closing Balance as on 30 June,2020	2,452,545.00	2,035,592.00

16.00 Loan Loss Provision

Opening Balance as on 01 July, 2019	214,901.00	256,634.00
Add: Addition during the year	-	-
	214,901.00	256,634.00
Less: Adjustment during the year	-	41,733.00
Closing Balance as on 30 June,2020	214,901.00	214,901.00

17.00 Saving Fund (EC)

Opening Balance as on 01 July, 2019	-	576,495.00
Add: Addition during the year	-	-
	-	576,495.00
Less: Refund during the year	-	576,495.00
Closing Balance as on 30 June,2020	-	-

18.00 Loan Received from (EC)

Opening Balance as on 01 July, 2019	6,533,462.00	1,513,200.00
Add: Adjustment with Fund Account	455,220.00	1,070,262.00
Add: Adjustment with Saving Collection (EC)	-	100,000.00
Add: Addition during the year	-	3,850,000.00
	6,988,682.00	6,533,462.00
Less: Refund during the year	711,415.00	-
Closing Balance as on 30 June,2020	6,277,267.00	6,533,462.00

19.00 Staff Security

Opening Balance as on 01 July, 2019	20,000.00	-
Add: Addition during the year	-	20,000.00
	20,000.00	20,000.00
Less: Refund during the year	-	-
Closing Balance as on 30 June,2020	20,000.00	20,000.00

20.00 Staff Saving

Opening Balance as on 01 July, 2019	-	-
Add: Addition during the year	22,500.00	-
	22,500.00	-
Less: Refund during the year	-	-
Closing Balance as on 30 June,2020	22,500.00	-



Annexure-A/2

BDustha Manab Unnayan Society (DMUS)
ELIGIBILITY CRITERIA COMPLIANCE CERTIFICATION
FOR THE YEAR ENDED 30TH JUNE, 2020

SL. No.	Eligibility Criteria	Standards	Audited Figures	
			FY 2019-2020	FY 2018-2019
1	Minimum Loan Recovery Rates, Computed Quarterly, Based on the followings:			
	I) Minimum Cumulative Loan collection ratio on the total dues:	Minimum 95%	99.05 %	99.04 %
	ii) Minimum Loan collection ratio on current dues (on running 12 months basis):	Minimum 92-100%	94.29 %	98.78 %
2	Minimum liquidity ratio	Minimum 10%	55.41 %	80.03 %
3	Minimum current ratio	Minimum 2:1	1.17 :1	1.26 :1
4	Minimum capital adequacy ratio	Minimum 15%	17.71 %	21.23 %
5	Minimum debt service cover ratio	Minimum 1.25:1	4.66 :1	19.57 :1
6	Debt to capital ratio	Maximum 9:1	4.04 :1	4.68 :1
7	Minimum rate of return on capital	Minimum 1%	22.64 %	39.52 %

Dated, Dhaka
27.08.2020

Md. Irshadullah Patwary
Md. Irshadullah Patwary, FCA
Principal



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	Cumulative Recovery Rate (CRR)	Cumulative Recovery - Advance Recovery	Min: 95%	99.05%	99.04%
		$\frac{31,088,357.00}{31,387,972.00} \times 100$			
ii	OTR (On-time Realization)	Summation of Recovery in the last 12 months	92%-100%	94.29%	98.78%
		$\frac{10,594,770.00}{11,236,000.00} \times 100$			
2	Liquidity to Savings Ratio	Cash+ Bank+Savings FDR+ Govt. Securities	Min: 10%	55.41%	80.03%
		$\frac{1,359,023.00}{2,452,545.00} \times 100$			
3	Current Ratio	Current Assets	2:0:1	1.17	1.26:1
		$\frac{10,018,666.00}{8,531,993.00}$			
4	Capital Adequacy Ratio	Total Capital	15%	35.06%	21.23%
		$\frac{4,087,708.00}{11,659,643.00} \times 100$			
5	Debt Service Cover Ratio	Surplus+ Total interest Payments+ Principal Collections on loan	1:25:1	9.45	19.57:1
		$\frac{289,448.00}{711,415.00}$			
6	Debt to Capital Ratio	Total Debt	Max: 9:1	4.40:1	4.68:1
		$\frac{8,930,958.00}{4,486,673.00}$			
7	Ratio of Return of Capital	Net Surplus	Min: 1%	10.75%	39.52%
		$\frac{289,448.00}{2,692,984.00} \times 100$			



Annexure-A/3

Dustha Manab Unnayan Society (DMUS)

Portfolio Report for the year ended June 30, 2020

Review of Loan Classifications and Provisions

(i) Classification of Loan and Loan Loss Provision:

Sl. No	Particulars	No. of days Outstanding	Outstanding Loan Amount (Taka)	Required Provision	
				Rate (%)	Amount (Taka)
1	Total Loan Outstanding		8,659,643		
2	Total Overdue		250,322		
3	Regular	Loans with no overdue installments	8,409,321	1%	84,093.21
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		8,659,643		221,315

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

Particulars	Amount
Required Provision as per MRA Policy	221,315
Provision made by the MFI upto 30 June, 2020	214,901
Excess/(Short) Provision	(6,414)

Comments on LLP:	
Disclosure on Written off Loan: Loan Written off balance Loan Written off Loan Recovered during the year 2019-2020 Written off Loan Recovered during the year 2019-2020	N/A



(iii) Loan Operational Report

S. No	Particulars	FY 2019-2020			FY 2018-2019		
		M	F	Total	M	F	Total
1	Financial Services Product						
	Loan Product:			-			-
	Loan (RMC)			-			-
	Loan (ME)			-			-
	Loan (Housing)			-			-
	Loan (MTBL)						
	Savings Product:			-			-
	Savings (RMC)			-			-
	Savings (ME)			-			-
	Savings (Optional)			-			-
	Life						
	Livestock						
	Others						
2	Number of Branches	1			1		
		M	F	Total	M	F	Total
3	Number of Samities		46	46		44	44
4	Number of Members		1381	1381		1242	1242
5	Number of Borrowers		1148	1148		1115	1115
6	Number of Staff	7	0	7	7	0	7
7	Amount of loan outstanding with Samity Members		8,659,643	8,659,643	-	8,018,413	8,018,413
8	Member:Borrowers	0:00	1.20:1	1.20:1	0:00	1.11:1	1.11:1
9	Average Loan Size	-	7,543	7,543	-	7,191	7,191



**MANAGEMENT REPORT
ON THE ACCOUNTS OF MICRO FINANCE PROGRAM
FOR THE YEAR 2019-2020
IMPLEMENTED BY
DusthaManabUnnayan Society (DMUS)
Nalchity, Jhalokati.**

OBSERVATIONS AND RECOMMENDATIONS

We have audited the financial Statement of Micro Finance Program Carried out by DusthaManabUnnayan Society (DMUS) for the year ended June 30, 2020 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 DusthaManabUnnayan Society (DMUS) have been prepared on Cash Basis except provision for general reserve under Generally Accepted Accounting Principles.

B. ACCOUNTS PREPARATION:

DusthaManabUnnayan 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

DusthaManabUnnayan 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 DusthaManabUnnayan Society (DMUS) made Total Investment in Reserve Fund amounting to Tk. 35,000.00 & FDR against Savings amounting Tk. 3,65,000.00 up to 30th June 2020.

RECOMMENDATION:



DusthaManabUnnayan Society (DMUS) should invest amount in FDR against Different risk.

MANAGEMENT RESPONDS:

We agreed with auditor.

3. PAYABLES AND ACCRUAL:

OBSERVATION:

DusthaManabUnnayan Society (DMUS) did not consider provision of payables.

RECOMMENDATION:

DusthaManabUnnayan 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 DusthaManabUnnayan 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 DusthaManabUnnayan 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 DusthaManabUnnayan 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:

DusthaManabUnnayan 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:

DusthaManabUnnayan 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:

DusthaManabUnnayan 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:

DusthaManabUnnayan Society (DMUS) should continue the process.



MANAGEMENT RESPONSE:

We agreed with the auditor's opinion.

10. OBSERVATION ON AUDIT COMMITTEE:

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

RECOMMENDATION:

DusthaManabUnnayan Society (DMUS) should organized 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: 28 August, 2020


Md. Irshadullah Patwary, FCA
Principal



Dustha Manab Unnayan Society (DMUS)

BUDGET ANALYSIS

Financial Year: 2019-2020
MRA License No: 21112-00909-00847

Sl. No	Description	2019-2020			2020-2021 (Proposed)
		Projected	Actual	Variance (%)	
1. Area Coverage:					
	District	1	1	0.00%	1
	Upazilla	1	1	0.00%	1
	Union	7	7	0.00%	7
	Village	42	42	0.00%	42
	2. Branch Opening	1	1	0.00%	1
	3. Group/Samity Formation	44	44	0.00%	44
	4. Add New Member	1242	1,242	0.00%	1,350
	5. Add New Borrower	1115	1,115	0.00%	1,270
	6. Recruitment				
	7. Deposits Collection.	1694885	1,034,937	63.77%	1,795,750
	8. Refund Deposit	585710	617,984	-5.22%	505,120
	9. Recovery	0	-		-
	10. Loan Disburesement	30000000	11,236,000	167.00%	35,000,000
	11. Borrowing	3850000	-		4,050,000
	12. Loan returns	0	-		-
	13. Received against insurance service	832000	112,360	640.48%	850,500
	14. Insurance benefits given	5000	28,750	-82.61%	7,500
	15. Total Income	2197243	1,601,245	37.22%	2,238,240
	16. Total Expenditure	923896	1,311,797	-29.57%	1,378,750

Sl. No	Description	Current Balance	
		(end of previous fiscal year)	
1. Area Coverage:			
	District	1	
	Upazilla	1	
	Union	7	
	Village	42	
	2. Number. of Branch	1	
	3. Number. of Group/Somity	44	
	4. Number. Member	1242	
	5. Number. Borrower	1115	
	6. Manpower	7	
	7. Deposit Balance	2452545	
	8. Loan Outstanding	8659643	
	9. Loan Received	5822047	
	10. Insurance Fund	337555	
	11. Cumulative Surplus	4087708	



Sl. No	Description	2019-2020			2020-2021
		Projected	Actual	Variance (%)	(Proposed)
	Loan Recovery	27000000	10,594,770	154.84%	35,000,000
	Savings Collection:	3630000	1,034,937	250.75%	3,560,700
	Insurance Fund Collection	832000	416,520	99.75%	850,000
	Loan Disbursement	30000000	11,236,000	167.00%	35,000,000
	Fixed Deposit	220000	185,000	18.92%	225,000
	Insurance Service	5000	28,750	-82.61%	7,000
	Fixed asset acquisition	500000			700,000
	PF Collection	54000	28,200	91.49%	55,000
	PF Refund	5000	-		5,000
	Income				
	4. Entry Fees	27000			27,800
	5. Sale of passbook	25200			27,200
	6. Sale of Forms	25200			27,200
	7. Donation	500000	500,000	0.00%	700,000
	8. EC Member Fee	18600			15,000
	9. Recovery of Written off Loan				
	10. Interest on FDR	30800			45,800
	Total Income:	62872800	24,024,177	161.71%	76,245,700
8	Expenses				
	Financial Expenses:				
	1. Savings interest	40000	28,987	37.99%	35,000
	3. Interest on Bank Loan				
	General and administrative Expenses:				
	7. Salary & Allowances*1				
	Salaries and Allowances	1170000	1,170,000	0.00%	1,250,000
	8. Office Rent	72000	36,000	100.00%	72,000
	9. Printing and Stationeries:	12000	5,040	138.10%	17,000
	10. Travel Expense	60000	375		65,000
	11. Telephone and Mail	18000	-		20,000
	12. Internet	6000			6,000
	13. Dish Bill	2400			2,400
	14. Gas, Electric & Water bill	12000	6,000	100.00%	13,000
	15. Entertainment	6000	2,555	134.83%	7,000
	18. Bank Charge	40520	34,325	18.05%	42,500
	19. Training Expense	12000			13,000
	21. Legal Expense	5000			5,000
	23. Registration Fees/Renewal Fees	15000	7,370	103.53%	15,000
	24. Others Operational Expense	50000	32,316	54.72%	75,000
	25. Audit Fees	15000	7,000	114.29%	15,000
	26. Honorarium for EC Members	21000	-		21,000
	34. Loan Loss Provision	100000	-		100,000
	35. Net Surplus	2200000	289,448	660.07%	859,490
	Total:	62872800	24,024,177	161.71%	76,245,700



**DUSTHA MANAB UNNAYAN SOCIETY (DMUS) MICRO CREDIT PROGRAM
FOR THE FINANCIAL YEAR 2019-2020**

**REPORT AS PER TERMS OF REFERENCE (TOR OF MICRO CREDIT
REGULATORY AUTHORITY (MRA))**

We have audited the financial statement of Micro Credit Program Implemented by **DUSTHA MANAB UNNAYAN SOCIETY (DMUS)** with the financial assistance of OWN FUND for the period from **1st July 2019 to 30th June 2020** with related books, vouchers and other related papers and documents as maintained and produced to us at the time of our audit. We confirm that the audit was conducted in accordance with Bangladesh standard or auditing (BSA) with special attention on the Terms of Reference (TOR) provided by Micro Credit Regulatory Authority (MRA).

As per Terms of Reference (tor of Micro Credit Regulatory Authority (MRA) we report as under :

The Total number of Branches of **DUSTHA MANAB UNNAYAN SOCIETY (DMUS)** for executing Micro Credit Program are 3(Three). We have audited the account of GRAUK head office through spot visit, In order to ensure proper utilization of Loan amount we visited some Samity/ Group Offices and asked some beneficiaries regarding utilization of loan. Moreover, Physical verification was also done.

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

A. REPORT IN SEQUENCE OF TOR (SCOPE OF WORK)

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

During the year under audit 2019-2020 the **DUSTHA MANAB UNNAYAN SOCIETY (DMUS)** has complied with the International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) while maintaining accounting records and preparing financial statements.

2) To examine whether the auditee has undertaken any activity, Involved in transaction or provided services that is contrary to Microcredit Regulatory Authority Act-2006. Or Microcredit Regulatory Authority Ordinance -2010. Further to examine whether any transaction that goes against the interest of different donors, beneficiaries or the auditee itself.

Our examination revealed that the auditee has not undertaken any activity, involved in transaction or provided services that are contrary to Microcredit Regulatory Authority Act- 2006, Or Microcredit



Regulatory Authority Ordinance -2010 And did not find any transaction that goes against the interest of different donors, beneficiaries of the auditee itself.

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

During the course of our audit we found the **DUSTHA MANAB UNNAYAN SOCIETY (DMUS)** properly carried forward the closing balance of last year's audited financial statement as opening balance in the current year's accounts.

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

As per accounting manual provided by the authority, **DUSTHA MANAB UNNAYAN SOCIETY (DMUS)** has to maintain Cash Book, Ledger, Salary Register, Fixed Assets Register, Collection Register, Movement Register, and Stock Register in general together with maintenance of ledger, collection sheet and members pass book at field level. Our examination revealed that GRAUK maintains the aforesaid Books of accounts and followed accounting manual provided by the authority.

5) To check whether the auditee has kept the records separately for the collected funds under various components of micro credit activities and submit separate reports on that basis.

We have verified some collected funds and found **DUSTHA MANAB UNNAYAN SOCIETY (DMUS)** maintained the separate accounts for the collected funds and submit separate reports on the basis.

6) To examine whether the auditee has properly recorded and accounted for the receipt and disbursement of fund from different donor organizations and utilized them as per their principles/ terms and conditions of the agreement with the donors.

During the course of our audit we found **DUSTHA MANAB UNNAYAN SOCIETY (DMUS)** properly recorded the receipt and disbursement of fund from different donors and utilized them as per their terms and conditions of the agreement with the donors.

7) To examine whether the saving collected from the members are properly recorded in accounts and deposited into the bank, Besides whether collection and refund of savings has been done according to the principle and whether interest on savings are paid to members and also examine the rate of interest etc.

We have verified the collected savings that are recorded properly and deposited into the bank on the same day excepting the amount collected in the afternoon. However late collections are deposited in the next banking day. Collections and refund of savings are made as per rules & guidelines of MRA and also verified the rate of interest & interest on savings that has been done as per the Principle of **DUSTHA MANAB UNNAYAN SOCIETY (DMUS)**.



8) To check whether the auditee has maintained the formalities and properly complied with the provision in the rules mentioned before disbursing loan among the beneficiaries.

As per requirements of MRA, **DUSTHA MANAB UNNAYAN SOCIETY (DMUS)** maintained all the formalities before disbursing loan among the beneficiaries and complied with the provision.

9) To check whether the documents i.e. passbook, loan/savings collection schedule, and loan application from regarding loan write off, bad loan, have been preserved separately.

DUSTHA MANAB UNNAYAN SOCIETY (DMUS) preserved the aforesaid documents separately.

10) To examine whether microcredit organization properly with the rules & regulation relating to the constitution particularly in respect of formation and meetings of General Body and Governing Body.

DUSTHA MANAB UNNAYAN SOCIETY (DMUS) properly comply with the rules & regulation of its constitution in respect of its formation and Meeting of General Body.

11) To examine the physical existence of assets acquired out of surplus service charge (Income surplus) and fund received from deferent sources for institutional development as loan or grants.

We have verified the physical existence of all 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.

12) To conduct a sample check for whether the loans was properly utilized by the beneficiary members.

As per general policy of the organization, group member should utilize the loan amount as per their loan agreement. During the course of verification we have come across on cases where borrowers have not complied with the loan utilization objectives as agreed upon.

13) To check whether all kinds of transactions were done through bank except collection of savings and disbursement of microcredit.

Except collection of savings, disbursement of microcredit and petty expenses, all kinds of transaction were done through bank.

14) To check whether recovered loan and saving amount from members were duly deposited into bank on the same date except late collection.

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

Our examination of records reveals that collected savings are properly recorded and accounted for at member's level and samity level.



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

DUSTHA MANAB UNNAYAN SOCIETY (DMUS) is collecting service charges from beneficiaries at a Flat of 12.50% per annum calculated on the provide to them. The principle loan and proportional service charges are collected in equal weekly and monthly installments, service charge are accounted on cash basis and the amount of service charges from the beneficiaries is recognized as income. On the other side, the service charges received is not recognized as income.

17) To examine whether loan loss provision has been computed and accounted for as per Microcredit Regulatory Authority Act. 2006 And Microcredit Regulator Authority Rules 2010.

During the audit period we observed that **DUSTHA MANAB UNNAYAN SOCIETY (DMUS)** has not computed loan loss provision for the year 2018-2019 as per MRA Act and Rules since excess provision was made in last year.

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

During the course of our audit we have physically verified the cash balance on 16.08.2019. Bank transactions have been verified with the Bank Statement and found in order Balance confirmation certificate showing the year end bank balance has been produced to us Bank Reconciliation Statement was not prepared by **DUSTHA MANAB UNNAYAN SOCIETY (DMUS)**.

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

Our review revealed that the bills/ vouchers are duly passed by the competent authorities.

20) To comment on the Reasons for existence of any unused Fund if detecting during audit and make comments in the audit report.

As per instruction idle fund is termed when any loan amount remain undisbursed to the end of beneficiaries for a certain period of time and if, disbursement is not made in due time.

During the course of our audit we did not come across of such occasions.

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



DUSTHA MANAB UNNAYAN SOCIETY (DMUS) prepares a Set of financial reports i.e. Receipts and payment statement, Loan Schedule, Outstanding Calculation, etc. For the organization as whole for the year,

This statement have found correctly prepared and duly submitted to MRA.

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

Compliance with the provision of the Income Tax and Value Added Tax (VAT) are not followed by **DUSTHA MANAB UNNAYAN SOCIETY (DMUS)** in all cases.

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

DUSTHA MANAB UNNAYAN SOCIETY (DMUS) has an internal audit arrangement/division and internal audit is regularly done and comment thereon.

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

We have verified the last year audit observation and extent of its implementation and found that **DUSTHA MANAB UNNAYAN SOCIETY (DMUS)** is properly implemented the auditor's recommendation.

25) To check cost sharing between of microcredit and other program and comments therefore on the report.

We have not found any cost sharing between of microcredit and other program.

26) To check whether transactions have taken place through bank for significant amounts.

During the course of our verification we found that most of the transactions have been taken place through Bank.

27) To check audit fees are fixed on the basis of total loan portfolio and cost centre's /branches or not.

During the course of our verification we found audit fees are shown separately in the financial statement.

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



IRSHADULLAH PATWARY & CO.
Chartered Accountants

During the course of our verification we found that Credit programs are financed by Bank loan MIS and Internal control system in operation appears to adequate, Loan classification loan recovery rate is satisfactory.

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

From examination of records and physical verification at field level it is evident that all fund received from different sources have been utilized for intended purposes.

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



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.

Dated, Dhaka
27-Aug-20


Md. Irshadullah Patwary, FCA
Principal



Dustha Manab Unnayan Society (DMUS)

Project Wise Receipts and Payments Statement
For the year ended June 30, 2020

Saving & Loan Project

Income	Amount	Expenditure	Amount
Service Charge (RMC)	1,589,215	Salaries and Allowances	1,170,000
Saving & Admissation Fees	7,470	Office Rent,Electricity, Telephone,	
Sale of Pass Book & Loan Form	4,500	Stationary	89,655
Cloassing Charge	60	Land Registration fee	42,000
		Bank Charge	4,334
		MRA License fee	5,808
		Total Expenses	1,311,797
		Net Income	289,448
Total	1,601,245	Total	1,601,245

Health, Nutration & Pepole Service Project

Income	Amount	Expenditure	Amount
Local Donation	150,000	Remuneration of Paramedic	100,000
Organization Own Fund	150,000	Medicine Supply	85,000
		Vegetable Garden	50,000
		Family Planning Materials	40,000
		Printing & Office Stationery	20,000
		Conveyance	5,000
Total	300,000	Total Expenses	300,000

Health Education Child,& Mother Health Service,& Family Planning Project

Income	Amount	Expenditure	Amount
Local Donation	100,000	Remuneration of Paramedic	500,000
Organization Own Fund	100,000	Project Officer Salary	130,000
Govt. Donation	1,000,000	Medicine Supply	175,000
		Child Food Supply	120,000
		Family Planning Materials	150,000
		Printing & Office Stationery	50,000
		Conveyance	75,000
Total	1,200,000	Total	1,200,000

Disability Development

Income	Amount	Expenditure	Amount
Local Donation	200,000	Remuneration	50,000
Organization Own Fund	150,000	Helping Material Supply	100,000
		Medicine Supply	70,000
		Awarness Activities	30,000
		Training	50,000
		Conveyance & Administrative Ex.	50,000
Total	350,000	Total	350,000



Dustha Manab Unnayan Society (DMUS)

MICRO CREDIT PROGRAM

Annexure-A-4

SCHEDULE OF FIXED ASSETS AS AT 30TH JUNE 2020.

Particulars	Cost		Total Value as on 30.06.2020	Dep. Rate	Depreciation			Written Down Value as on 30.06.2020
	Opening Balance as on 01.07.2019	Addition During the year			Opening Balance as on 01.07.2019	Dep. Charged during the year	Total Depreciation as on 30.06.2020	
Land	500,000	2,500,000	3,000,000	0%	-	-	-	3,000,000
Furniture & Fixture	108,300	-	108,300	10%	-	10,830	10,830	97,470
Electric Equipment	187,500	-	187,500	10%	-	18,750	18,750	168,750
Motor Cycle	210,000	-	210,000	10%	-	21,000	21,000	189,000
Total as on 30.06.2020	1,005,800	2,500,000	3,505,800		-	50,580	50,580	3,455,220

