

**Auditor's Report
and
Audited Financial Statements
of
UTTARAN
Microfinance Program
For the year ended 30 June 2023**



**AZIZ HALIM KHAIR CHOUDHURY
CHARTERED ACCOUNTANTS**

Exclusive Correspondent Firm of PKF International

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UTTARANMicrofinance Program
For the year ended 30 June 2023

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AZIZ HALIM KHAIR CHOUDHURY
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the Executive Committee Members of UTTARAN

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of UTTARAN -Microfinance program (MFP) which comprise the statement of financial position as at 30 June 2023 and the statement of income and expenditure, statement of receipts and payments, statement of cash flows, statement of changes in capital fund (Equity) for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects of the financial position of UTTARAN -Microfinance program (MFP) as at 30 June 2023, and of its financial performance, its cash flows and its receipts and payments for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and other applicable laws and regulations including Microcredit Regulatory Authority (MRA) guidelines.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's 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 the ethical requirements that are relevant to our audit of the financial statements in jurisdictions, and we have fulfilled our other ethical responsibilities in accordance with these requirements and with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

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 auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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 obtained prior to the date of this audit report, we conclude that there is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated; we are required to report that fact. We have nothing to report in this regard.

Other Matter

The financial statements of UTTARAN-MFP for the year ended 30 June 2022, were audited by Islam Jahid & Co. Chartered Accountants who expressed an unmodified opinion on those financial statements November 23, 2022.

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and other applicable laws 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 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.

Auditor's Responsibility 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 of the organization's internal control;
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.



Report on Other Legal and Regulatory Requirements

In accordance with Microcredit Regulatory Act 2006 and MRA Rules 2010, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by MRA Act & Rules have been kept by TMSS's management so far as it appeared from our examination of those books; and
- c) The Statement of Financial Position and Statement of Comprehensive Income dealt with by the report are in agreement with the books of accounts.

Signed for and on behalf of
Aziz Halim Khair Choudhury
Chartered Accountants



Signed by,
Md. Aftab Uddin Ahmed FCA
Senior Partner

ICAB Enrolment No.: 804
DVC: 2310020804AS240668

Date: October 02, 2023
Dhaka, Bangladesh.

UTTARAN
Microfinance Program
Statement of Financial Position
As at 30 June 2023

Particulars	Notes	Amount in Taka	
		30 June 2023	30 June 2022
PROPERTIES & ASSETS			
Non-current assets			
Property, plant & equipment	5	25,699,598	25,988,323
Total non-current assets		25,699,598	25,988,323
Current assets			
Loan to members	6	333,303,552	308,974,409
Short term investment	7	55,292,442	61,190,776
Advance, deposit, prepayments	8	2,407,987	1,685,483
Cash and cash equivalents	9	5,407,723	7,342,500
Total current assets		396,411,704	379,193,168
Total properties & assets		422,111,302	405,181,491
CAPITAL FUND & LIABILITIES			
Capital fund			
Cumulative surplus	10	73,866,704	70,317,449
Statutory reserve fund	11	8,207,412	9,384,011
Loan loss expenses (1% on regular loan)	12	3,231,711	2,996,208
Total capital fund		85,305,827	82,697,668
Non-current liabilities			
Loan from banks- long term	13	155,721,389	159,800,203
Total non-current liabilities		155,721,389	159,800,203
Current liabilities			
Members savings deposits	14	152,106,910	134,755,926
Member welfare fund	15	13,372,235	13,055,818
Staff provident fund payable	16	6,768,718	6,618,718
Staff welfare fund payable	17	1,600,000	1,600,000
Security deposit of staff	18	1,238,162	1,456,432
Loan loss expenses	12	5,167,363	5,139,226
Payables & provision for expenses	19	830,698	57,500
Total current liabilities		181,084,086	162,683,620
Total capital and liabilities		422,111,302	405,181,491


The statements of financial position is to be read in conjunction with annexed notes


Director


Coordinator (Accounts and Finance)

Signed in terms of our separate report of even date annexed.

Signed for and on behalf of
Aziz Halim Khair Choudhury
Chartered Accountants


Signed by:
Md. Aftab Uddin Ahmed FCA
Senior Partner
ICAB Enrolment Number # 804
DVC: 2310020804AS240668

02 October 2023
Dhaka, Bangladesh

UTTARAN
Microfinance Program
Statement of Income and Expenditure
For the year ended 30 June 2023

Particulars	Notes	Amount in Taka	
		2022-2023	2021-2022
INCOME			
Service charges on microfinance operations	20	33,844,688	27,416,177
Donation		18,597,700	13,598,800
Project shared management costs		1,909,606	-
Other operating receipts	21	2,946,979	2,698,765
Total		57,298,973	43,713,742
EXPENDITURE			
Financial expenses		32,480,139	21,336,655
Interest on borrowings	22	19,630,550	10,546,768
Interest on members' savings	23	12,849,589	10,789,887
Administrative expenses		21,672,980	20,240,057
Salary & allowances		14,206,224	12,457,039
Other administrative expenses	24	6,914,391	6,676,757
Loan loss expenses	12	263,640	674,377
Depreciation expenses (schedule -A)	6	288,725	431,884
Provision for income tax for the year	25	773,198	-
Total expenditure		54,926,317	41,576,712
Net surplus/(deficit)		2,372,656	2,137,030


The statements of income and expenditure is to be read in conjunction with annexed notes.


Director


Coordinator(Accounts and Finance)

Signed in terms of our separate report of even date annexed.

Signed for and on behalf of
Aziz Halim Khair Choudhury
Chartered Accountants


Signed by:
Md. Aftab Uddin Ahmed FCA
Senior Partner
ICAB Enrolment Number # 804
DVC: 2310020804AS240668

02 October 2023
Dhaka, Bangladesh

UTTARAN
Microfinance Program
Statement of Receipts & Payments
For the year ended 30 June 2023

Particulars	Notes	Amount in Taka	
		2022-2023	2021-2022
Opening balance		7,342,500	20,848,827
Cash in hand		1,791,856	1,388,870
Cash at bank		5,550,644	19,459,957
Receipts			
Donation		18,597,700	13,598,800
Loan realized from members	26	301,673,857	207,175,530
Service charge on microfinance operations	27	33,844,688	27,416,177
Loan received from banks	28	114,760,000	44,000,000
Staff provident fund		850,000	1,913,500
Members general savings		95,840,356	87,587,269
Encashment of investment in FDR		9,238,693	-
Members welfare fund (insurance)		2,627,380	1,757,870
Staff security fund		37,000	9,000
Project shared management costs		1,909,606	-
Office rent advance		1,974,190	4,830,991
Other operating receipts	29	2,946,979	2,698,765
Total		591,642,949	411,836,729
Payments			
Loan disbursed to members	30	326,003,000	215,406,000
Banks loan repayments	31	118,838,814	64,722,531
Refund to staff provident fund		700,000	200,000
Members general savings refund		78,489,372	75,079,280
Service charge/interest paid on bank Loan	32	19,630,550	10,546,768
Interest on members general savings		12,849,589	10,789,887
Investment in FDR including interest		3,340,359	5,122,991
Members welfare fund (insurance)		2,310,963	645,224
Office rent advance		2,461,000	2,655,565
Staff security fund		255,270	249,687
Salary and allowance		14,206,224	12,457,039
Other administrative expenses	33	7,150,085	6,619,257
Total Payments		586,235,226	404,494,229
Closing Balance:		5,407,723	7,342,500
Cash in Hand		2,207,951	1,791,856
Cash at Bank		3,199,772	5,550,644
Total		591,642,949	411,836,729

The statement of receipts & payments is to be read in conjunction with annexed notes.

Director

Coordinator (Accounts and Finance)

Signed in terms of our separate report of even date annexed.

Signed for and on behalf of
Aziz Halim Khair Choudhury
Chartered Accountants

Signed by:
Md. Aftab Uddin Ahmed FCA
Senior Partner

ICAB Enrolment Number # 804
DVC: 2310020804AS240668

02 October 2023
Dhaka, Bangladesh

UTTARAN
Microfinance Program
Statement of Cash Flow
For the year ended 30 June 2023

Particulars	Amount in Taka	
	2022-2023	2021-2022
Cash Flows from Operating Activities		
Surplus/(deficit) after tax for the year	2,372,656	2,137,030
Amount consider in non cash		
Loan Loss Provision	263,640	674,377
Depreciation	288,725	431,884
Provision for tax expenses	773,198	-
Change in operating assets and liabilities		
(Increase)/decrease in loan to members	(24,329,143)	(8,230,470)
(Increase)/decrease in advance, deposit, prepayments	(722,504)	2,175,426
Increase/(decrease) in staff provident fund payable	150,000	1,713,500
Increase/(decrease) in security deposit of staff	(218,270)	(240,687)
Increase/(decrease) in payables & provision for expenses	-	57,500
Net Cash from operating activities	(21,421,698)	(1,281,440)
Cash Flows from Investing Activities		
Purchase of fixed assets	-	-
Investment in FDR	5,898,334	(5,122,991)
Net Cash used in investing activities	5,898,334	(5,122,991)
Cash Flows from Financing Activities		
Increase/(decrease) in loan from banks- long term	(4,078,814)	(20,722,531)
Increase/(decrease) in members savings deposits	17,350,984	12,507,989
Increase/(decrease) in member welfare fund	316,417	1,112,646
Net Cash used in financing activities	13,588,587	(7,101,896)
Net increase(decrease) iin cash and cash equivalents	(1,934,777)	(13,506,327)
Cash and cash equivalents at the beginning of the year	7,342,500	20,848,827
Cash and cash equivalents at the end of the year	5,407,723	7,342,500

(Note-9)

The Statement of cash flow is to be read in conjunction with annexed notes.


Director


Coordinator(Accounts and Finance)

02 October 2023
Dhaka, Bangladesh



UTTARAN
Microfinance Program
Statement of Changes in Capital Fund (Equity)
For the year ended 30 June 2023

Particulars	Amount in Taka (2022-2023)			
	Cumulative Surplus	Statutory reserve fund	Loan loss expenses (1% on regular loan)	Total
Opening Balance as on 01.07.2022	70,317,449	9,384,011	2,996,208	82,697,668
Prior year adjustment	1,413,865	(1,413,865)	-	-
Adjusted opening balance	71,731,314	7,970,146	2,996,208	82,697,668
Net Surplus during the year	2,372,656	-	-	2,372,656
Transferred to the Statutory Reserve Fund @ 10%	(237,266)	237,266	-	-
1% of loan loss provision on regular loan transferred to capital fund (As per MRA circular letter no. Regu-17 dated 08-05-2013) during the year	-	-	235,503	235,503
Closing Balance as on 30.06.2023	73,866,704	8,207,412	3,231,711	85,305,827

For the year ended 30 June 2022

Particulars	Amount in Taka (2021-2022)			
	Cumulative Surplus	Statutory reserve fund	Loan loss expenses (1% on regular loan)	Total
Opening Balance as on 01.07.2021	68,394,122	9,170,308	2,996,208	80,560,638
Prior year adjustment	-	-	-	-
Adjusted opening balance	68,394,122	9,170,308	2,996,208	80,560,638
Net Surplus during the year	2,137,030	-	-	2,137,030
Transferred to the Statutory Reserve Fund @ 10%	(213,703)	213,703	-	-
1% of loan loss provision on regular loan transferred to capital fund (As per MRA circular letter no. Regu-17 dated 08-05-2013) during the year	-	-	-	-
Closing Balance as on 30.06.2022	70,317,449	9,384,011	2,996,208	82,697,668



Director



Coordinator (Accounts and Finance)

02 October 2023
Dhaka, Bangladesh



UTTARAN

Microfinance Program (MFP)

Notes to the Financial Statements, including a summary of significant
accounting policies and other explanatory information
For the year ended 30 June 2023

1.0 Background of the Organization:

UTTARAN has been working since 1985. Since then; the organization has evolved by assisting the disadvantage and abused people on their struggle for human rights and justice while ensuring their effective participation in various spheres of development. It focused on the landless especially women, outcastes, untouchables and religion-ethnic minorities who are victims of socio-economic dislocation, hierarchic caste system in a mail dominated society.

The organisation that started its journey from Jatpur village of Tala upazila in satkhira through protesting the oppression against women in 1985 has now extended its activities to sixteen zillas. UTTARAN aimed at compacting these individuals using tools like group formation needed to deal with their political, social, environmental, health, economic and cultural predicaments promote self-reliance making them as effective change agents for their own development.

From 1985 up to present, UTTARAN has expanded its initiatives by implementing various social development program in response to the needs and context of its targets group and communities. To achieve impact the organization implements programs adhering to integrated development approach, providing counterparts and other support as needed.

Recognition and acceptance to the organization in SW region and with its increased capacity and strong organization setup and networking with the NGOs, CBOs, media and civil society, UTTARAN has gained respect as an institution in social development field of Bangladesh

Vision: A Society with Gender , Class and Caste Equality.

Mission: Equip the Disadvantaged People with the tools needed to deal with their Social environmental, health, economic and Cultural issues and Concerns.

2.0 Corporate Information of the MFI:

Name of the MFI	UTTARAN
Year of Establishment	1985
Legal form of the Entity	
i) Registrar of Joint Stock Companies and Firms under the society Registration Act 1860	S-11188, DATED 31-05-2011
ii) NGO Affairs Bureau under foreign donations (Voluntary Activities) Regulation Act, 2016	DSS/FDO/R-255, dated 18-01-1988
iii) Microcredit Regulatory Authority-MRA Issuing license to perform Microcredit Operations	Dhaka Regs.-01366-02704-00277, dated 15-06-2008
iv) Department of Social Welfare (Registration and Control)	Regs.Satkhira, 6/85, dated 05-03-1985
The Nature of Entity's Operations	Financial Inclusion Service-Microfinance Program
Statutory Audit conducted up to	30 June 2023
Name of statutory auditor for last year	Islam Jahid & Co.
Name of statutory auditor for current year	Aziz Halim Khair Choudhury
Governing Body meeting held FY 2022-23	14.07.2022, 15.10.2022, 07.01.2023, 21.03.2023 & 06.06.2023
Number of yearly meeting held by EB	6
Date of Last AGM held	02.11.2022
No. of Executive Committee (EC) Members	7 Persons



List of Executive Committee (EC) Members				
Name of Executive Committee Members				
Name of Member	Designation	Qualification	Profession	Present Address
Sarder Md Rejaul Karim	Chairman	B.A (Hons),M.A	Social Worker & Teacher	Vill: Protapkati, Upazilla: Paikgasa, Khulna.
Biddyasagar Sarker	Secretary	B.A (Hons),M.A	Social Worker & Teacher	Vill: Jutpur Upazilla- Tala, Satkhira.
Shahidul Islam	Treasurer	B.A (Hons),M.A	Social Worker	Vill: Jutpur Upazilla- Tala, Satkhira.
Rahima Khatun	Member	B.S.C (Hons), M.S.C	Social Worker & Teacher	Vill:Pachrokhi Upazilla-Tala, Satkhira.
Dr. Md. Nazrul Islam	Member	Doctor of Veterinary Medicine	Social Worker	Vill: Shakhipur Upazilla- Debhatta, Satkhira.
Achinta Saha	Member	B.A (Hons),M.A	Social Worker & Teacher	Vill: Tala, Upazilla- Tala, Satkhira.
Meherunnesa	Member	M.S.C	Social Worker & Teacher	Vill:Pachrokhi Upazilla-Tala, Satkhira.

3.0 Basis of accounting

3.01 Basis of preparation of financial statements

The financial statements have been prepared in the formats suggested by MRA under the historical cost convention using accrual basis of accounting in accordance with the International Financial Reporting Standards (IFRSs) and Microcredit Regulatory Authority (MRA), Act 2006 & MRA Rules 2010 except for Income from Service Charge and Interest Income on Fixed Deposits which have been accounted for on cash basis.

3.02 Components of the financial statements

As per MRA complete a set of financial statements are:

- Statement of financial position as at 30 June 2023;
- Statement of income and expenditure for the year ended 30 June 2023;
- Statement of receipts and payments for the year ended 30 June 2023;
- Statement of cash flows for the year ended 30 June 2023; and
- Statement of changes in equity for the year ended 30 June 2023;
- Summary of significant accounting policies and other explanatory information for the year ended 30 June 2023.

- Introduction
- Accounting Principles and Policies
- Receipts and Payments and Income and Expenditures
- Advance and Adjustment
- Fixed Assets
- Financial Management
- Grant management
- Budget and Budgetary Control
- Inventory Management
- Category of Financial Transaction and Vouchers
- Bookkeeping and Accounting
- Travel
- Legal and Statutory
- Internal Audit
- Sub Grant management
- Financial Authority

3.03 Cash flow statement

Compiled Statement of Cash flows has been prepared as per the format provided by MRA.

3.04 Statements of change in fund

Statement of changes in fund is prepared principally in accordance with IAS-1 "Presentation of Financial Statements".

3.05 Going concern

As per IAS-1, an entity is required to make assessment at the end of each year of its capability to continue as going concern. Management of the entity makes such assessment each year. The entity has adequate resources to continue its operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the management has been adopting going concern assumption while preparing the financial statements.



3.06 Use of estimates and judgments

The preparation of financial statements requires management to make and apply estimates, assumption and judgment consistently basis regarding records and balances that affect the application of accounting policies and the reported amounts of Assets, Liabilities, Income and Expenses. Actual results may differ from these estimates.

These estimates are based on management's best knowledge of current events, historical experience, actions that the organization's may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3.07 Reporting period

Uttaran prepares its financial statements for the period from 01 July to 30 June consistently each year.

3.08 Comparative information and rearrangement thereof

Comparative figures and account tiles in the financial statements have been rearranged/reclassified and restated where necessary to conform with change in presentation in the current year.

3.09 Events after the reporting period

Events after the reporting period that provide additional information about the Organization's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Amounts recognized in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period. Material non-adjusting events are disclosed in the financial statements.

3.10 Offsetting

Income and expenditure are offset and net amount reported in the financial statements when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis.

3.11 Reporting currency

These financial statements are presented in BDT, which is also the functional and presentational currency of the organization.

4.0 Summary of significant accounting policies**4.01 Revenue recognition****4.01.1 Service charge on loan to members**

In terms of the provisions of the policy of Uttaran service charge (Interest) income is recognized on cash basis. Service Charge on loans are being charged at the time of loan taken by the members (borrowers). There after on realization the amount are transferred to income.

4.01.2 Rebate on service charge

Rebate is given to the loanee members on advance payment of loan installment as per the guideline of MRA.

4.01.3 Investment Income

Interest Income on investment in FDR is recognized on cash basis.

4.01.4 Fees and Commission Income

Fees and Commission income arises on services provided by the Uttaran are recognized on a cash receipt basis.



- 4.01.5 **Borrowing cost (Interest Expenses)**
Borrowing costs are interest and other costs in connection with the borrowing of funds of the organization. Borrowing costs are recognized as an expense in the year in which they are incurred unless capitalized is permitted under the international Accounting Standard (IAS)-23 "Borrowing Costs", except where such costs are directly attribute to the acquisition, construction or production of a qualifying asset, in which case these costs are capitalized as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial time range to get ready for their intended use or sale.
- 4.01.6 **Programme and other expenses**
Programme/project related expenses arisen from the goods and services being distributed to the beneficiaries in accordance with the programme/project objectives and activities. Expenses in carrying out the project/programme and other activities of the organization are recognized in the Statement of Income and Expenditure during the period in which they are incurred. Other expenses incurred in administering and running the organization and in restoring and maintaining the property, plant and equipment to perform at expected levels are accounted on an accrual basis and charged to the Statement of Income and expenditure during the period in which they are incurred.
- 4.01.7 **Interest paid on Member Savings**
Interest paid on members' savings is accounted on accrual basis as per the guideline of MRA and shown as expenses in the related period. Interest on member savings (compulsory) are calculated on the average product balance (opening balance plus deposited during the year on monthly product basis) on individual member's savings. It is calculated in monthly basis which is provisioned and distributed on members' pass books of the end of the financial year, but if member withdraw his/her membership from Uttaran, he/she gets interest up to the month of withdrawal.
- 4.01.8 **Detection Income over Expenditure**
Income over expenditure is derived by applying matching principle, deducting all incurred expenditures from recognized revenue expect Expenses of Social Projects. As per MRA letter no# 53.04.0000.09.22.001.19-2292, Dated: 11.09.2019 social project related expenses are directly charged to the Capital Fund.
- 4.02 **Fixed assets and depreciation**
- 4.02.1 **Property, plant & equipment**
Property, plant & equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the organization and the cost of the assets can be reliably measured.
- 4.02.2 **Cost and valuation**
all fixed assets are stated at cost less accumulated depreciation as per IAS-16 "Property, plant & equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.
- 4.02.3 **Subsequent cost**
Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of income and expenditure.
- 4.02.4 **Depreciation**
- i) Depreciation is commenced when the asset is in the location and condition necessary for it to be capable of operating in the manner intended. Property, plant and equipment of UTTARAN Microfinance Program are depreciated using Straight line method . Full year depreciation is charged on Property, plant and equipment during the year if the assets were purchased within the month of December and no depreciation is charged during the year of disposal.

- ii) Depreciation on fixed assets is charged at the rates varying from 5% to 20% p.a. full year's depreciation is charged on the additions to fixed assets irrespective of the date of acquisition. However, no depreciation has been charged on the assets acquired for less than six months.

4.03 Loan Loss Provision

Uttaran makes a provision on loan loss as per MRA Policy- 2010 Rule 44(2). The provision rates are given below:

4.03.1 Loan classification

Loans are classified in accordance with the guidelines of Micro Credit Regulatory Authority as noted below:

<u>No. of days outstanding</u>	<u>Classification Type</u>
No overdue	Regular
Overdue from 1-30 days	Watchful loan
Overdue from 31-180 days	Sub - standard loan
Overdue from 181-365 days	Doubtful loan
Overdue from above 365 days	Bad loan

4.03.2 Loan loss provisioning

Provision for loan loss is made in accordance with the guidelines of Micro Credit Regulatory Authority as noted below:

<u>Classification Type</u>	<u>Rate</u>
Regular	1%
Watchful loan	5%
Sub - standard loan	25%
Doubtful loan	75%
Bad loan	100%

4.03.3 Write off policy

After having the prior approval of executive committee Uttaran writes off those loan accounts that have already passed 02 (two) years after being classified as bad loans and have 100% loan Loss provision as per MRA circular letter number Regu-21 dated 16 January 2014.

4.04 Policy on loan to group members

The organization is giving one type of loan to Group Members. These is MC Loan. Service charge of loan to members is calculated on declining balance method and at the time of disbursement of loan no upfront deduction is made from the loan amount.

General MC Loan

Depending on the criteria, the tenure of Micro loan may be twelve months and installment may be weekly payment basis. Loan limit is RMC Tk. 10,000 - 49,000. ME Tk. 50000-500,000. MC loan can be fully settled by the borrower at any time and get service charge exemption as well as no fees is charged at the time of early settlement.

4.05 Policies on savings collection

Borrowers are required to deposit Tk. 50 to above weekly depending on the nature of the loan. Besides this, borrowers can deposit voluntarily savings at any amount weekly.

4.06 Investment

Investments include Fixed Deposits Receipt (FDR) with various banks. Its includes both short and long term basis, interest earned on short- term FDR are being re-invested with principal amount i.e. compounded the principal amount of FDR for re-investment. Interests received on FDR are only accounted as income, no accrued interest on the scheme has accounted in the Financial Statements.



4.07 Cash and Cash Equivalents

Cash comprises cash in hand, cash in transit (Online Fund transfer through EFTN & RTGS) and cash at bank.

Cash Equivalents are short-term (investments in FDR), highly liquid investments that are readily convertible into known amounts of cash and which are held and readily available for use by the UTTARAN Microfinance Program without any restriction subject to an insignificant risk of changes in value.

4.08 Capital Fund

Capital Funds are includes accumulated Surplus, Statutory Reserve Fund and Loan Loss Provision (Part of Capital Fund as per MRA circular letter no. Regu-17 dated 08-05-2013). Capital funds are restricted to be exclusively utilized for the purpose of UTTARAN Microfinance Operations only.

4.09 Statutory Reserve Fund:

In accordance with the provisions Microcredit Regulatory Authority (MRA) Rules, 2010 under clauses 20 (1) and 20 (3) 10% Statutory Reserve Fund has been made of its total surplus and invested in the Banks in form of FDR accordingly.

4.10 Allocation Policy of Revenue Expenses Incurred by Head Office to Area Office :

Revenue expenses incurred by Head office to Area office has been charged over among all branches as overhead cost as per yearly loan disbursement of branches .

4.11 Loan Portfolio Quality

Management measures loan delinquency by aged portfolio at risk ratio. Loans are separated into classes depending on the number of days they are overdue. For each class of loans, the outstanding principal balance of such loans is categorized by the outstanding principal balance of the gross loan portfolio.

Loans are considered overdue if any payment has fallen due and remained unpaid. The number of days of lateness is based on the due date of the earliest loan installment that has not been fully paid. Management does not charge any service charge on late loans.

Sl #	Description	Portfolio at risk	Amount Tk.
i	Gross loan portfolio	333,303,552	-
ii	Portfolio in overdue A/c.	10,132,414	3.04%

4.12 Recognition of Grants:

Grants for revenue expenses received from Development partner-PKSF for beneficiaries capacity building of current year is recognized as income.

Grants for capital expenditures are conceded as grants for assets as shown in statement of financial position. Amount equivalent to current year's depreciation on these assets is recognized as income for the year.

4.13 Liabilities & provisions and basis of their valuation:

a) **Policy on savings collection from members**

Deposits of members are recognized when contractual provision of the arrangements with the members which is generally on trade date and measured at the consideration receipts.

b) **Provision for taxation**

Provision for current income tax has been made at the rate as prescribed in the Finance Act, 2023 of the accounting profit made by the Uttaran after considering some of the add backs to income and disallowances of expenditure as per Income Tax Act 2023 in compliance with IAS-12 " Income Taxes".

c) **Provision for liabilities:**

A provision is recognized in Statement of Financial Position when the Uttaran has a legal or constructive obligation as result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations in accordance with the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".



4.14 Segregation of short and long term liabilities

Liabilities have been segregated into long-term and current under following basis depending on the nature of the transaction of each particular item.

Categories of Liabilities	Long-term Payable after	Current Payable within
Members Savings	0%	100%

4.15 Employee benefits

4.15.1 Provident fund

Provident fund benefits are given to the permanent staff of the organization in accordance with the locally registered Provident Fund Rules. The provident fund is recognized by National Board of Revenue (NBR) in accordance with the section 2(52) under the First Schedule of Part - B of Income Tax Ordinance-1984. The fund is operated by a Board of Trustees. All confirmed employees of the Uttaran are contributing 10% of their basic salary as subscription to the Fund. The BIRD also contributes equal amount of the employees contribution.

4.16 Member welfare fund

At present, welfare fund is being collected at 1% of loan disburse amount against all loans. In case of death of borrower member/member's spouse or earner within the stipulated period of loan cycle, then in response of his/her application the remaining balance of the loan is realized from the loan insurance claim through adjustment and returned to the nominee along with the accumulated savings profit.

4.17 Compliance Requirements under the Guidelines on Prevention of Money Laundering and Terrorist Financing:

We report that, all the possible steps have been taken and the guidelines on prevention of money laundering and terrorist financing of NGO/NPO sector dated November 2013 by Bangladesh Bank, in pursuant to MRA Circular no. regu. 24, dated 6 May 2014, are being followed to prevent Money Laundering.

We also report that, as provided in section 25 (1) of Money Laundering Prevention Act, 2012, we act according to our responsibilities which are to:

- i Maintain complete and correct information with regard to the identify of our customers during the operation of their accounts;
- ii Preserve previous record of transactions of such accounts for at least 5 (five) years from the date of such closure, if any account of a customer is closed;
- iii Provide with the information maintained to Bangladesh Bank from time to time, on its demand; and
- iv Report the matter as 'suspicious transaction report' to the Bangladesh Bank immediately on our own accord, if any doubtful transaction or attempt of such transaction is observed.

4.18 Compliance of Microcredit Regulatory Authority regulations over IAS/ IFRS

Microcredit Regulatory Authority (MRA) is the supreme regulatory body for micro finance in Bangladesh. Some requirements of MRA rules and regulations contradict with the requirements of IAS and IFRS. As such the organization has departed from those contradictory requirements of IAS and IFRS in order to comply with the rules and regulations of MRA.

Status of compliance of International Accounting Standards and International Financial Reporting Standards:

Title of the IAS	IAS no.	Status
Presentation of Financial Statements	1	Applied
Statements of Cash Flow	7	Applied
Accounting Policies, Changes in Accounting Estimates and Errors	8	Applied
Events after the Reporting Period	10	Applied
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Employee Benefits	19	Applied
Borrowing Costs	23	Applied
Impairment of Assets	36	Applied

Title of the IAS	IAS no.	Status
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	Applied
Title of the IFRS	IFRS no.	Status
Financial Instruments: Disclosures	7	Applied
Financial Instruments	9	Applied
Revenue from Contracts with customers	15	Applied

4.19 Branch Audit of Uttaran

The external auditor has been audited 01 (one) head office and 29 Branch offices during the year under audit.

4.20 General

Figures appearing in the financial statements have been rounded off to the nearest Taka.



Notes	Particulars	Amount in Tk.	
		30 June 2023	30 June 2022
Notes to the statement of financial position			
5.00	Property, Plant & Equipments		
	Cost A)		
	Opening balance	28,441,828	28,441,828
	Addition during the year	-	-
	Sale/Disposal/transfer/adjustment during the year	-	-
	Closing Balance at cost	28,441,828	28,441,828
	Accumulated Depreciation (B)		
	Opening balance	2,453,505	2,021,621
	Addition during the year	288,725	431,884
	Sale/Disposal/transfer/adjustment during the year	-	-
	Accumulated Depreciation	2,742,230	2,453,505
	Written Down Value (A-B)	25,699,598	25,988,323
	Details are shown in Annexure-A.		
6.00	Loan to members		
	General Loan	323,526,148	302,561,069
	Housing Loan	9,777,404	6,413,340
	Total	333,303,552	308,974,409
6.01	General Loan		
	Opening Balance	302,561,069	300,743,939
	Disbursement made during the year	319,503,000	208,906,000
		622,064,069	509,649,939
	Realized during the year	(298,537,921)	(207,088,870)
	Adjustment made during the year	-	-
	Loan written off during the year	-	-
	Closing Balance	323,526,148	302,561,069
6.02	Housing Loan		
	Opening Balance	6,413,340	-
	Disbursement during this Year	6,500,000	6,500,000
		12,913,340	6,500,000
	Realized during the year	(3,135,936)	(86,660)
	Adjustment made during the year	-	-
	Loan written off during the year	-	-
	Closing Balance	9,777,404	6,413,340
7.00	Short Term Investment		
	Investment of Member Savings in FDR	19,479,362	18,751,753
	Investment of Reserve Fund in FDR	10,973,868	10,531,536
	Other Short term Investment in FDR	24,839,212	31,907,487
	Total	55,292,442	61,190,776
7.01	Investment of Member Savings in FDR		
	Opening Balance	18,751,753	18,055,971
	New Investment made during this Year	-	-
	Net Interest received during this Year	727,609	695,782
		19,479,362	18,751,753
	Encashment of FDR during this year	-	-
	Savings FDR -Closing Balance	19,479,362	18,751,753



Notes	Particulars	Amount in Tk.	
		30 June 2023	30 June 2022
7.02	Investment of Reserve Fund in FDR		
	Opening Balance	10,531,536	10,112,500
	New Investment made during this Year	-	-
	Net Interest received during this Year	442,332	419,036
		<u>10,973,868</u>	<u>10,531,536</u>
	Encashment of FDR during this year	-	-
	Reserve Fund -Closing Balance	<u>10,973,868</u>	<u>10,531,536</u>
7.03	Other Short term Investment in FDR		
	Opening Balance	31,907,487	27,899,313
	New Investment made during this Year	1,250,000	3,000,000
	Net Interest received during this Year	920,418	1,008,174
		<u>34,077,905</u>	<u>31,907,487</u>
	Encashment of FDR during this year	(9,238,693)	-
	Closing Balance	<u>24,839,212</u>	<u>31,907,487</u>
8.00	Advance, Deposit, Prepayments		
	Opening Balance	1,685,483	3,860,909
	Addition during the year	2,696,694	2,655,565
		<u>4,382,177</u>	<u>6,516,474</u>
	Realized during the year	(1,974,190)	(4,830,991)
	Closing balance	<u>2,407,987</u>	<u>1,685,483</u>
	Break up of Advance, Deposit, Prepayments is given below:		
	Advance Tax deducted at source & cash paid	235,694	
	Office rent Advance	2,407,987	
	Total	<u>2,643,681</u>	
9.00	Cash and Cash Equivalents		
	Cash in Hand	2,207,951	1,791,856
	Cash at Bank	3,199,772	5,550,644
	Total	<u>5,407,723</u>	<u>7,342,500</u>
9.01	Cash In Hand		
	Name of the Branch	30.06.2023	30.06.2022
	Jatpur	424,839	165,165
	Tala	187,063	136,740
	Patkelghata	21,209	15,341
	Satkhira Sadar	192,205	128,818
	Kalaroya	58,397	-
	Debhata	8,387	44,610
	Kaligong	1,638	18,611
	Nalta	25,880	22,033
	Shamnagar	40,317	39,393
	Assasuni	11,443	8,750
	Doulotpur	29,288	36,876
	Dumuria	25,594	16,866
	Chuknagar	79,830	142,900
	Kapilmuni	34,752	84,738
	Paikgacha	967	14,875
	Banka	3,475	12,846
	Bagerhat Sadar	16,386	12,407
	Fokirhat	535	2,979
	Morrelgonj	92	4,600
	Monirampur	46,308	3,445
	Jhikorgasa	2,980	3,876
	Koyra	13,205	3,911
	Fultala	7,025	5,274
	Koya	15,085	15,371

Notes	Particulars	Amount in Tk.	
		30 June 2023	30 June 2022
	Rajgonj	20,032	10,160
	Churamonkati	788	6,003
	Chougasa	13,280	9,780
	Jessore Sadar	36,000	22,802
	Nari Uddokta Unnayan Prokalpo	885,755	799,455
	Head office	5,196	3,231
	Total	2,207,951	1,791,856

9.02 Cash at Bank

Name of the Bank and account No	Amount	Amount
Janata Bank, Tala Br. CA-1011001040	280,722	1,290
Janata Bank, Tala Br. CA-1011001032	99,735	801
Sonali Bank, Tala Br. STD-240000985	-	475
Sonali Bank, Tala Br. SB-100095188	-	1,319
Sonali Bank, Tala Br. CD-200022412	-	3,033
BKB, Tala Br. SND-05	-	213
Agroni Bank, Chuknagar Br. 2149891/523	8,619	8,418
Shahjalal Islami Bank Ltd Chuknagar Br-21	57,862	10,870
Pubali Bank Ltd, Patkelghata Br. 1004366	93,481	35,433
Janata Bank, Patkelghata Br. STD-2200291	6,371	7,352
Agroni Bank, Koppilmuni Br. CA-5078072	8,612	6,236
Sonali Bank, Paikgacha Br. CA-001017126	2,290	100,605
Sonali Bank, Paikgacha Br. STD-4000305	3,046	2,763
Sonali Bank, Paikgacha Br. CA-4000316	1,652	1,490
Sonali Bank, Paikgacha Br. STD-04000269	830	707
Sonali Bank, Paikgacha Br. STD-04000588	2,884	2,813
Agroni Bank, Banka Bazar Br. CA-3003054	3,030	9,089
Sonali Bank, Koyra Br. CA-001042047	28,464	84,887
Sonali Bank, Tala Br. STD-110000077	54,984	55,350
Sonali Bank, Tala Br. STD-240000914	265,688	858,688
SBAC Bank Ltd, Satkhira Br. -111002716	31,962	65,518
Sonali Bank, Kolaroya Br. -001023432	20,611	80,985
Sonali Bank, Kolaroya Br. STD-004000269	3,331	3,227
NCCC Bank Ltd, Parulia Br. 0210008425	3,689	10,306
Sonali Bank, Kulia Bazar Br. CA-2000138	-	335
Sonali Bank, Parulia Br. CA-004000145	503	386
BKB Sakhipur Br. SB-0210003681	168,417	169,371
AL-Arafah Islami Bank Ltd, Nalta Br. -259	5,060	32,453
Janata Bank, Kaligonj Br. CD-1011011049	1,447	1,447
Janata Bank, Kaligonj Br. CD-1031000547	2,816	2,934
Janata Bank, Kaligonj Br. STD-1031000356	30,052	27,203
Janata Bank, Kaligonj Br. CA-47131850	11,570	215,652
Janata Bank, Kaligonj Br. SB-46349266	103	448
SBAC Bank Ltd, Syamnagar Br. CA-1801	16,537	154,087
BKB Shamnagar Br. SND-15	100	1,236
Sonali Bank, Assasuni Br. STD-200009093	18,829	17,455
Sonali Bank, Assasuni Br. STD-24000009	42	42
Sonali Bank, Assasuni Br. SB-100045656	2,401	2,140
Sonali Bank, Assasuni Br. SB-240000558	491	1,641
Sonali Bank, Assasuni Br. SB-100045646	658	556
BKB Chandkhali Br. CA-132	-	1,340
Southeast Bank Ltd. Dumuria Br. CD-465	56,853	89,060
Pubali Bank Ltd, Kayer Bazer Br. 1015577	35,696	13,688
Brac Bank Ltd, Doulotpur Br. STD 62956001	1,950	1,950
Prime Bank Ltd, Doulotpur Br. CA-3000268	38,990	26,468
Pubali Bank Ltd, Fultala Br. 1006271	11,256	16,552
Janata Bank, Lakhpur Br. CA-7733002552	1,579	16,635
Brac Bank Ltd, Bagerhat Br. STD 62956001	6,597	76,648
SBAC Bank Ltd, Morrelgonj Br. 1000207	6,698	40,699



Notes	Particulars	Amount in Tk.	
		30 June 2023	30 June 2022
	Sonali Bank, Morrelgonj Br. CA-4000497	-	620
	Sonali Bank, Morrelgonj Br. STD-4000486	4,313	4,254
	Sonali Bank, Morrelgonj Br. CA-001023443	1,281	1,281
	Sonali Bank, Monirampur Br. CA-30009196	216,097	181,701
	Prime Bank Ltd, Jhikorgasa Br. CA-004358	5,880	27,134
	Janata Bank, Chachra Jes Br. 65922198	51,560	34,651
	Sonali Bank, Rajgonj Br.-2329102000893	2,028	24,523
	Sonali Bank, Chaugasa Br.-2000762	11,083	8,150
	Sonali Bank, Churamonkati Br.-2000349	9,592	4,713
	Mercantile Bank Ltd. Satkhira Br-CA-6017	1,241,229	172,203
	Mercantile Bank Ltd. Dhanmon Br-CA-4038	533	3
	Dutch Bangla Bank Ltd, Khulna Br -6365	1,145	742,384
	Jamuna Bank Ltd, Ring road Br. CD-10304	61,305	12,009
	The Primier Bank Ltd. Rampura Br. 36	167,769	16,779
	Mutual Trust bank Ltd, Dhaka Br. 10007906	4,917	2,015,755
	Social Islami Bank Ltd, Patkelghata Br	784	1,908
	Shahjalal Islami Bank Ltd Chuknagar Br-07	16,769	39,295
	Shahjalal Islami Bank Ltd Chuknagar Br-435	6,979	987
	Total	3,199,772	5,550,644
10.00	Cumulative surplus		
	Opening Balance	70,317,449	68,394,122
	Prior year adjustment	1,413,865	-
		71,731,314	68,394,122
	Excess of Income over Expenditure for the year	2,372,656	2,137,030
	Transferred to Statutory Reserve Fund @ 10% of surplus	(237,266)	(213,703)
	Total	73,866,704	70,317,449
11.00	Statutory reserve fund		
	Opening Balance	9,384,011	9,170,308
	Transferred from Cumulative Surplus	237,266	213,703
		9,621,277	9,384,011
	Adjustment made during the year*	(1,413,865)	-
	Total	8,207,412	9,384,011
	*Prior year adjustment represents excess amount was wrongly transferred to statutory reserve fund from cumulative surplus in previous years.		
12.00	Loan Loss Expenses		
	Opening Balance	8,135,434	7,461,057
	Provision made during the year	263,640	674,377
	Bad Loan written off during the year	-	-
	Adjustment made during the year	-	-
	Closing Balance	8,399,074	8,135,434
	Distribution:		
	Capital Fund (1% of regular loan transferred as per MRA circular letter no.	3,231,711	2,996,208
	Current Liability	5,167,363	5,139,226
	Total	8,399,074	8,135,434
13.00	Loan from Bank -Long Term		
	Opening Balance	159,800,203	180,522,734
	Received during the year	114,760,000	44,000,000
		274,560,203	224,522,734
	Interest payable during the year	-	-
	Refund during the year	(118,838,814)	(64,722,531)
	Closing Balance	155,721,389	159,800,203



Notes	Particulars	Amount in Tk.	
		30 June 2023	30 June 2022
	Break-up is given below:		
	Bangladesh Bank -Housing	11,700,000	6,500,000
	Jamuna Bank Ltd.	10,399,600	24,720,888
	Premier Bank Ltd.	50,000,000	31,220,000
	Dutch Bangla Bank Ltd.	50,741,036	17,773,092
	Mercantile Bank Ltd.	26,754,482	62,138,020
	Mutual Trast Bank Ltd.	-	8,004,039
	Shahjalal Islami Bank Ltd.	6,126,271	9,444,164
	Total	155,721,389	159,800,203
13.01	Loan from Bangladesh Bank -Housing		
	Opening Balance	6,500,000	-
	Received during the year	6,500,000	6,500,000
	Interest payable during the year	-	-
	Refund during the year	(1,300,000)	-
	Closing Balance	11,700,000	6,500,000
	Details of loan are given below:		
	Sectioned amount	26,000,000	
	Term of Loan	3 years	
	Rate of Interest	5.50%	
	Securities against loan	Cheque & Other Papers	
	Date of Loan received	23.02.2022 & 19.10.2022	
13.02	Loan from Jamuna Bank Ltd. (Covid 19)		
	Opening Balance	7,253,665	11,458,333
	Received during the year	-	-
	Interest payable during the year	-	-
	Refund during the year	(4,178,914)	(4,204,668)
	Closing Balance	3,074,751	7,253,665
	Details of loan are given below:		
	Sectioned amount	12,500,000	
	Term of Loan	3 years	
	Rate of Interest	3.50%	
	Securities against loan	Cheque, land, FDR, GB Member etc	
	Date of Loan received	12.01.2021	
13.03	Loan from Jamuna Bank Ltd.		
	Opening Balance	17,467,223	2,023,311
	Received during the year	-	20,000,000
	Interest payable during the year	-	-
	Refund during the year	(10,142,374)	(4,556,088)
	Closing Balance	7,324,849	17,467,223
	Details of loan are given below:		
	Sectioned amount	20,000,000	
	Term of Loan	2 Years	
	Rate of Interest	8%	
	Securities against loan	Cheque, land, FDR, GB Member etc	
	Date of Loan received	10.01.2022	
13.04	Loan from Premier Bank Ltd.		
	Opening Balance	11,220,000	26,250,000
	Received during the year	40,000,000	-
	Interest payable during the year	-	-
	Refund during the year	(16,220,000)	(15,030,000)
	Closing Balance	35,000,000	11,220,000

Notes	Particulars	Amount in Tk.	
		30 June 2023	30 June 2022
	Details of loan are given below:		
	Sectioned amount	40,000,000	
	Term of Loan	2 year	
	Rate of Interest	8%	
	Securities against loan	Cheque, FDR, GB Member etc	
	Date of Loan received	13.02.2023	
13.05	Loan from Premier Bank Ltd.		
	Opening Balance	20,000,000	20,000,000
	Received during the year	-	-
	Interest payable during the year	-	-
	Refund during the year	(5,000,000)	-
	Closing Balance	15,000,000	20,000,000
	Details of loan are given below:		
	Sectioned amount	20,000,000	
	Term of Loan	2 year	
	Rate of Interest	8%	
	Securities against loan	Cheque, FDR, GB Member etc	
	Date of Loan received	13.02.2023	
13.06	Loan from Dutch Bangla Bank Ltd.		
	Opening Balance	5,548,689	22,500,000
	Received during the year	-	-
	Interest payable during the year	-	-
	Refund during the year	(5,548,689)	(16,951,311)
	Closing Balance	-	5,548,689
	Details of loan are given below:		
	Sectioned amount	22,500,000	
	Term of Loan	1 Year	
	Rate of Interest	9%	
	Securities against loan	Cheque, EC Members & other Papers etc	
	Date of Loan received	27.06.2021	
13.07	Loan from Dutch Bangla Bank Ltd.		
	Opening Balance	4,724,403	7,500,000
	Received during the year	-	-
	Interest payable during the year	-	-
	Refund during the year	(2,849,630)	(2,775,597)
	Closing Balance	1,874,773	4,724,403
	Details of loan are given below:		
	Sectioned amount	7,500,000	
	Term of Loan	2 Year	
	Rate of Interest	9%	
	Securities against loan	Cheque, EC Members & other Papers etc	
	Date of Loan received	27.06.2021	
13.08	Loan from Dutch Bangla Bank Ltd.		
	Opening Balance	7,500,000	-
	Received during the year	3,900,000	7,500,000
	Interest payable during the year	-	-
	Refund during the year	(7,500,000)	-
	Closing Balance	3,900,000	7,500,000



Notes	Particulars	Amount in Tk.	
		30 June 2023	30 June 2022
	Details of loan are given below:		
	Sectioned amount	7,500,000	
	Term of Loan	9 Months	
	Rate of Interest	8%	
	Securities against loan	Cheque, land, EC Members & other Papers etc	
	Date of Loan received	30.06.2022 & 15.01.2023	
13.09	Loan from Dutch Bangla Bank Ltd.		
	Opening Balance	-	-
	Received during the year	42,360,000	-
	Interest payable during the year	-	-
	Refund during the year	(19,393,737)	-
	Closing Balance	22,966,263	-
	Details of loan are given below:		
	Sectioned amount	42,360,000	
	Term of Loan	9 Months	
	Rate of Interest	8%	
	Securities against loan	Cheque, land, EC Members & other Papers etc	
	Date of Loan received	21.09.2022	
13.10	Loan from Dutch Bangla Bank Ltd.		
	Opening Balance	-	-
	Received during the year	22,000,000	-
	Interest payable during the year	-	-
	Refund during the year	-	-
	Closing Balance	22,000,000	-
	Details of loan are given below:		
	Sectioned amount	22,000,000	
	Term of Loan	9 Months	
	Rate of Interest	8%	
	Securities against loan	Cheque, land, EC Members & other Papers etc	
	Date of Loan received	16.03.2023	
13.11	Loan from Mercantile Bank Ltd.		
	Opening Balance	34,439,394	43,682,563
	Received during the year	-	-
	Interest payable during the year	-	-
	Refund during the year	(17,351,845)	(9,243,169)
	Closing Balance	17,087,549	34,439,394
	Details of loan are given below:		
	Sectioned amount	100,000,000	
	Term of Loan	3 years	
	Rate of Interest	13%	
	Securities against loan	Cheque, FDR, land, EC Members & other Papers etc	
	Date of Loan received	19.06.2018	
13.12	Loan from Mercantile Bank Ltd.		
	Opening Balance	27,698,626	29,148,626
	Received during the year	-	-
	Interest payable during the year	-	-
	Refund during the year	(18,031,693)	(1,450,000)
	Closing Balance	9,666,933	27,698,626
	Details of loan are given below:		
	Sectioned amount	50,000,000	
	Term of Loan	27 Months	
	Rate of Interest	9%	
	Securities against loan	Cheque, FDR, land, EC Members & other Papers etc	
	Date of Loan received	28.12.2022	



Notes	Particulars	Amount in Tk.	
		30 June 2023	30 June 2022
13.13	Loan from Mutual Trast Bank Ltd.		
	Opening Balance	8,004,039	17,959,901
	Received during the year	-	-
	Interest payable during the year	-	-
	Refund during the year	(8,004,039)	(9,955,862)
	Closing Balance	-	8,004,039
	Details of loan are given below:		
	Sectioned amount	40,000,000	
	Term of Loan	1 Year	
	Rate of Interest	9%	
	Securities against loan	Cheque, FDR, EC Members & other Papers etc	
	Date of Loan received	12.03.2019	
13.14	Loan from Shahjalal Islami Bank Ltd.		
	Opening Balance	9,444,164	-
	Received during the year	-	10,000,000
	Interest payable during the year	-	-
	Refund during the year	(3,317,893)	(555,836)
	Closing Balance	6,126,271	9,444,164
	Details of loan are given below:		
	Sectioned amount	10,000,000	
	Term of Loan	3 Years	
	Rate of Interest	8%	
	Securities against loan	Cheque, land, EC Members & other Papers etc	
	Date of Loan received	24.04.2022	
14.00	Members savings deposits		
	General Savings	152,106,910	134,755,926
	Voluntary Savings	-	-
	Total	152,106,910	134,755,926
14.01	General Savings		
	Opening Balance	134,755,926	122,247,937
	Collection during the year/Period	95,840,356	87,587,269
	Adjustment made during the year	-	-
	Refund during the year/Period	(78,489,372)	(75,079,280)
	Closing Balance	152,106,910	134,755,926
15.00	Members Welfare fund (Insurance)		
	Opening Balance	13,055,818	11,943,172
	Received during the year	2,627,380	1,757,870
		15,683,198	13,701,042
	Premium Paid during the year	(2,310,963)	(645,224)
	Adjustment made during the year	-	-
	Closing Balance	13,372,235	13,055,818
16.00	Staff provident fund payable		
	Opening Balance	6,618,718	4,905,218
	Addition/payable during the year	850,000	1,913,500
	Refund during the year	(700,000)	(200,000)
	Closing Balance	6,768,718	6,618,718
17.00	Staff welfare fund payable		
	Opening Balance	1,600,000	1,600,000
	Received during the year	-	-
	Refund during the year	-	-
	Closing Balance	1,600,000	1,600,000

Notes	Particulars	Amount in Tk.	
		30 June 2023	30 June 2022
18.00	Security Deposit of Staff		
	Opening Balance	1,456,432	1,697,119
	Collection during the year	37,000	9,000
		1,493,432	1,706,119
	Refund during the year	(255,270)	(249,687)
	Closing Balance	1,238,162	1,456,432
19.00	Payables for expenses & provisions		
	Opening Balance	57,500	-
	Addition during the year	830,698	57,500
		888,198	57,500
	Paid during the year	(57,500)	-
	Closing Balance	830,698	57,500
	Break-up is given below:		
	Audit Fee	57,500	57,500
	Provision for Income tax for the year	773,198	-
	Total	830,698	57,500



Notes	Particulars	Amount in Tk.	
		2022-2023	2021-2022
Notes to the statement of Income and expenditure			
20	Service Charges on Microfinance Operations		
	General Loan Service Charge	27,050,671	23,443,829
	ME Loan Service Charge	6,533,960	3,563,202
	Housing Loan Service Charge	260,057	7,190
	COVID-19 Service Charge from member loan	-	401,956
	Total	33,844,688	27,416,177
21	Other operating receipts		
	Interest on saving account (Bank Interest)	55,181	46,161
	Interest on FDR	2,356,942	2,122,991
	Member Admission Fee	45,910	28,350
	Sale of application Fee	50,865	34,095
	Sale of pass book	68,430	50,480
	Written off Loan recovered	192,520	33,915
	Reimbursement of house rent and gas bill	177,131	124,251
	Other Income	-	258,522
	Total	2,946,979	2,698,765
22	Interest on Borrowings		
	Interest on Shahjalal Islami Bank Ltd Loan	444,107	71,164
	Interest Paid on Bangladesh Bank (Housing Loan)	89,753	-
	Interest on Premier Bank Ltd Loan	3,494,181	3,387,156
	Interest on Dutch Bangla Bank Ltd Loan	2,276,045	649,453
	Interest on Mercantile Bank Ltd Loan	3,935,622	3,246,831
	Interest on Mutual Trust Bank Ltd Loan	8,292,130	2,378,138
	Interest Paid on Jamuna Bank Ltd Loan	1,098,712	814,026
	Total	19,630,550	10,546,768
23	Interest on Members' Savings		
	Interest on general savings	12,849,589	10,789,887
	Interest on voluntary savings	-	-
	Total	12,849,589	10,789,887
24	Other administrative expenses		
	Office Rent	1,028,959	828,078
	Contributory Provident Fund	1,471,516	1,542,147
	Repair & Maintenance	578,028	771,795
	Fuel Cost	697,172	579,075
	Stationery	155,642	206,591
	MRA Annual Fee/license fees	134,774	123,394
	Audit and professional fees	57,500	126,500
	Mobil bill	359,125	424,162
	meeting expense	19,479	48,624
	Printing & Bindings	-	189,744
	Mobile/fax/courier expenses	1,070	2,855
	Electricity/Generator	287,136	331,914
	Entertainment	162,662	140,459
	Training Expenses	-	12,950
	IT & VAT	381,975	-
	Legal /Mortgage fee Expenses	331,701	294,177
	Miscellaneous Expenses	402,458	387,422
	Conveyance bill	373,858	310,287
	News Paper bill	11,816	-
	Member loan Rebate	187,356	151,696
	Bank Charge	272,164	204,887
	Total	6,914,391	6,676,757

Notes	Particulars	Amount in Tk.	
		2022-2023	2021-2022
25	Provision for Income Tax for the year		
	Interest on saving account (Bank Interest)	55,181	
	Interest on FDR	2,356,942	
	Member Admission Fee	45,910	
	Sale of application Fee	50,865	
	Sale of pass book	68,430	
	Taxable income	2,577,328	
	Income Tax liability as per finance act 2023 @ 30%	773,198	

Notes to the statement of receipts & payments

26	Loan realized from Members		
	From Members (General)	298,537,921	207,088,870
	From Members (Housing)	3,135,936	86,660
	Total	301,673,857	207,175,530
27	Service charge on microfinance operations		
	General Loan Service Charge	27,050,671	23,443,829
	ME Loan Service Charge	6,533,960	3,563,202
	Housing Loan Service Charge	260,057	7,190
	COVID-19 Service Charge from member loan	-	401,956
	Total	33,844,688	27,416,177
28	Loan received from Banks		
	Loan from Bangladesh Bank	6,500,000	6,500,000
	Loan from Jumuna Bank limited	-	20,000,000
	Loan from Shahjalal Islami Bank limited	-	10,000,000
	Loan from Dutch Bangla Bank limited	3,900,000	7,500,000
	Loan from Premier Bank limited	40,000,000	-
	Loan from Dutch Bangla Bank limited	42,360,000	-
	Loan from Dutch Bangla Bank limited	22,000,000	-
	Total	114,760,000	44,000,000
29	Other operating receipts		
	Interest on saving account (Bank Interest)	55,181	46,161
	Interest on FDR	2,356,942	2,122,991
	Member Admission Fee	45,910	28,350
	Reimbursement of house rent and gas bill	177,131	124,251
	Other Income Income	-	258,522
	Sale of application Fee	50,865	34,095
	Sale of pass book	68,430	50,480
	Written off Loan recovered	192,520	33,915
	Total	2,946,979	2,698,765
30	Loan disbursed to Members		
	Loan to Group Members (General)	319,503,000	208,906,000
	Loan to Group Members (Housing)	6,500,000	6,500,000
	Total	326,003,000	215,406,000
31	Banks Loan Repayments		
	Loan Repayment Bangladesh Bank	1,300,000	-
	Loan Repayment Shahjalal Islami Bank limited	3,317,893	555,836
	Loan Repayment DBBL(Covid-19)	5,548,689	16,951,311
	Loan Repayment DBBL(Covid-19)	2,849,630	2,775,597
	Loan Repayment Jamuna Bank Ltd (Covid-19)	4,178,914	4,204,668
	Loan Repayment Mercantile Bank Ltd	17,351,845	9,243,169
	Loan Repayment Mercantile Bank Ltd	18,031,693	1,450,000

Notes	Particulars	Amount in Tk.	
		2022-2023	2021-2022
	Loan Repayment Jamuna Bank Ltd	10,142,374	4,556,088
	Loan Repayment PMBL Bank Ltd	16,220,000	15,030,000
	Loan Repayment Mutual Trust Bank limited	8,004,039	9,955,862
	Loan Repayment DBBL	19,393,737	-
	Loan Repayment PMBL Bank Ltd	5,000,000	-
	Loan Repayment DBBL LTD	7,500,000	-
	Total	118,838,814	64,722,531
32	Service charge/interest paid on bank Loan		
	Loan Interest on Shahjalal Islami Bank Ltd	444,107	71,164
	Loan Interest on DBBL (Covid-19)	2,276,045	649,453
	Loan Interest on Jamuna Bank Ltd (Covid-19)	43,466	253,332
	Loan Interest on Mercantile Bank Ltd	3,935,622	3,246,831
	Loan Interest on Jamuna Bank Ltd	1,055,246	560,694
	Loan Interest on Premier Bank Ltd	3,494,181	3,387,156
	Loan Interest on Mutual Trust Bank Ltd	8,292,130	2,378,138
		89,753	-
	Total	19,630,550	10,546,768
33	Other administrative expenses		
	Stationery	155,642	206,591
	MRA Annual Fee/license fees	134,774	123,394
	Mobil bill	359,125	424,162
	meeting expense	19,479	48,624
	Printing & Bindings	-	189,744
	Fuel Cost	697,172	579,075
	Office Rent	1,028,959	828,078
	Mobile/fax/courier expenses	1,070	2,855
	Electricity/Generator	287,136	331,914
	Entertainment	162,662	140,459
	Repair & Maintenance	578,028	771,795
	Office expenses	-	12,950
	Tax at source from interest on FDR	235,694	-
	IT & VAT	381,975	-
	Audit and professional fees	57,500	69,000
	Contributory Provident Fund	1,471,516	1,542,147
	Legal /Mortgage fee Expenses	331,701	294,177
	Miscellaneous Expenses	402,458	387,422
	Conveyance bill	373,858	310,287
	News Paper bill	11,816	-
	Member loan Rebate	187,356	151,696
	Bank Charge	272,164	204,887
	Total	7,150,085	6,619,257



UTTARAN
Microfinance Program
Schedule of Property, Plant & Equipment
For the year ended June 30, 2023

Annexure: A

Amount in Taka

SL. No.	Particulars	Cost				Depreciation					Written down value
		Opening Balance	Addition during the year	Sales / Disposal/ transfer/ adjustment	Closing Balance	Rate	Opening Balance	Charged during the year	Sales / Disposal/ transfer/ adjustment	Closing Balance	
1	Land	25,323,256	-	-	25,323,256	0%	-	-	-	-	25,323,256
2	Office Building	306,956	-	-	306,956	5%	189,296	15,348	-	204,643	102,313
3	Furniture & Decoration	1,289,014	-	-	1,289,014	10%	886,083	128,901	-	1,014,984	274,030
4	Office equipment (Printer)	533,679	-	-	533,679	20%	529,049	4,630	-	533,679	-
5	Computer Accessories	708,923	-	-	708,923	20%	569,078	139,845	-	708,923	-
6	MF Software	280,000	-	-	280,000	0%	280,000	-	-	280,000	-
Total for the year (2022-2023)		28,441,828	-	-	28,441,828		2,453,505	288,725	-	2,742,230	25,699,598
Total for the year (2021-2022)		28,441,828	-	-	28,441,828		2,021,621	431,884	-	2,453,505	25,988,323



UTTARAN
Micro finance Program
Schedule of fixed deposit for the year ended June 30, 2023

Annexure: B

Amount in Taka

SL No.	Name of the Bank	Name of Fund	FDR NO	JULY-2022	Interest	Tax and Charges	Withdrawal	Investment	As of 30 June'2023
1	Mecantile Bank Ltd	Savings	110241119463858	6,572,398	283,359	28,336	-	-	6,827,422
2	Mecantile Bank Ltd	Savings	110241124995399	12,179,355	525,095	52,509	-	-	12,651,941
Total Savings fund				18,751,754	808,454	80,845	-	-	19,479,362
3	Jamuna Bank Ltd	Reserve fund	,2301000361603	2,629,564	147,365	17,739	-	-	2,759,190
4	Premier Bank Ltd	Reserve fund	24300002104	7,901,972	360,907	48,201	-	-	8,214,678
Total statutory reserve fund				10,531,536	508,272	65,940	-	-	10,973,868
5	Mecantile Bank Ltd	Others	1410000104951	1,048,103	45,187	4,519	-	-	1,088,771
6	Mecantile Bank Ltd	Others	1410000130021	12,179,355	525,095	52,509	-	-	12,651,941
7	Jamuna Bank Ltd	Others	,2301000360519	1,174,375	65,468	9,549	-	-	1,230,294
8	Premier Bank Ltd	Others	013627100002105	5,266,961	240,535	33,125	-	-	5,474,371
9	Jamuna Bank Ltd	Others	,2301000362812	3,000,000	149,868	17,987	-	-	3,131,881
10	Premier Bank Ltd	Others	,13627100002153	1,250,000	14,063	2,109	-	-	1,261,953
Other Short term Investment				23,918,794	1,040,216	119,799	-	-	24,839,212
Total				53,202,084	2,356,942	266,584	-	-	55,292,442



UTTARAN
Microfinance Program (MCF)
Eligibility Criteria Compliance Certification
For the year ended 30 June 2023

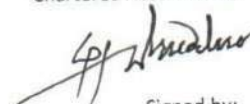
Sl. No.	Eligibility Criteria	Standard	Audited Figures or Compliance	
			2022 - 2023	2021 - 2022
1	Minimum Loan recovery rates based on the following:			
	i) 95% minimum cumulative loan collection ratio on total dues: $\frac{\text{Actual cumulative collections}}{\text{Cumulative collectibles}} \times 100$	95%	99.88%	99.88%
	ii) 92-100% minimum loan collection ratio on current dues (on running 12 month basis) $\frac{\text{Actual collections during the past 12 months on current dues}}{\text{Collectibles on current dues}} \times 100$	92%-100%	98.52%	98.47%
2	Minimum liquidity ratio	10%	16.36%	50.86%
3	Minimum current ratio	2 : 1	2.25:1	2.54:1
4	Minimum capital adequacy ratio	15%	23.57%	22.57%
5	Minimum debt service coverage ratio	1.63 : 1	1.42:1	1.35:1
6	Debt to Capital Ratio	9 : 1	3.92:1	3.98:1
7	Minimum rate of return on capital	1%	2.69%	2.72%

The calculation of ratio has been shown in next pages.


Director


Coordinator(Accounts and Finance)

Signed for and on behalf of
Aziz Halim Khair Choudhury
Chartered Accountants


Signed by:
Md. Aftab Uddin Ahmed FCA
Senior Partner
ICAB Enrolment Number # 804
DVC: 2310020804AS240668

02 October 2023
Dhaka, Bangladesh

Calculation of Ratio

1.01 Cumulative Recover Rate (CRR) =
$$\frac{\text{Cumulative Recovery-Advance Recovery (at the end of this year)}}{(\text{Cumulative Recovery-Advance Recovery})+\text{Overdue(Principal)}} \times 100$$

=
$$\frac{3645486870}{3,645,486,870 + 4,472,185} \times 100$$

=
$$\frac{3,645,486,870}{3,649,959,055} \times 100$$

= **99.88%**

1.02 OTR =
$$\frac{\text{Summation of Regular Recovery in the last 12 Months}}{\text{Summation of Regular Recoverable in the last 12 Months}} \times 100$$

=
$$\frac{\text{Total Loan Recovery (Principal) for the year -Advance Recovery-Previous year's overdue recovery in the current year}}{\{\text{Total Loan Recovery (Principal) for the year -Advance Recovery-Previous year's overdue recovery in the current year}\}+\text{This year new over due}} \times 100$$

=
$$\frac{208704187-0-0}{211410692 -0-0 + 425430} \times 100$$

=
$$\frac{208,704,187}{211,836,129} \times 100$$

= **98.52%**



2.00 Minimum Liquidity Ratio = $\frac{\text{Cash in hand + Cash at bank + Member Savings (FDR)}}{\text{Member Savings}} \times 100$

= $\frac{2207951+3199772+19479362}{152,106,910} \times 100$

= $\frac{24,887,086}{152,106,910} \times 100$

= 0.1636 x 100

= 16.36%

3.00 Minimum Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

= $\frac{\text{Loan outstanding + Cash + Bank}}{\text{Members Savings + Other Short term Loan + other payables + Welfare fund + Loan loss provision}}$

= $\frac{333303552+60700165}{175,173,881}$

= $\frac{394,003,717}{175,173,881}$

= 2.25 : 1

4.00 Minimum Capital Adequacy Ratio = $\frac{\text{Total Capital (Cum. Surplus + Reserve Fund+LLP)}}{\text{Total Assets - (Cash+Bank + All FDR)}}$

= $\frac{73766898+8196322+3231711}{361,411,137}$

= $\frac{85,194,931}{361,411,137} \times 100$

= 23.57%



5.00 Minimum debt Service =
$$\frac{\text{Total Capital + Summation of regular recoverable in the last 12 months}}{\text{Summation of regular recovery in the last 12 months}}$$

=
$$\frac{85194931 + 211836129}{208704187}$$

=
$$\frac{297,031,060}{208,704,187}$$

= **1.42 : 1**

6.00 Debt Capital Ratio =
$$\frac{\text{Savings + Other Payable (Loan & liabilities)}}{\text{Total Capital (Accumulated Surplus + Reserve Fund)}}$$

=
$$\frac{336916371}{85843331}$$

=
$$\frac{336,916,371}{85,843,331}$$

= **3.92 : 1**

7.00 Rate of Return on Capital =
$$\frac{\text{Net Surplus}}{\text{Capital fund}} \times 100$$

=
$$\frac{\text{Surplus for the year}}{\text{Average Capital Fund}} \times 100$$

=
$$\frac{2,261,760}{83,946,300} \times 100$$

= **2.69%**

7.01 Average Capital Fund =
$$\frac{\text{Opening Capital + Closing Capital}}{2}$$

=
$$\frac{167892599}{2}$$

= **83,946,300**



UTTARAN
Microfinance Program (MCF)
Review of Loan Classifications and Provisions
Portfolio report for the year ended 30 June, 2023

(i) Classification of Loan and Loan Loss Provision

Sl.No.	Particulars	No. of Days Outstanding	Outstanding loan		Required Provision
			Amount (Tk.)	Rate	
1	Total Loan Outstanding		333,303,552		-
2	Total overdue		10,132,414		-
3	Regular	Loans with no overdue Instalment	323,171,138	1.00%	3,231,711
4	Watchful	Loan default duration between 01 and 30 days	2,495,720	5.00%	124,786
5	Sub-standard	Loan default duration between 31 and 180 days	2,164,305	25.00%	541,076
6	Doubtful	Loan default duration between 181 and 365 days	1,000,204	70.00%	700,143
7	Bad Loan	Loan default duration above 365 days	4,472,185	85.00%	3,801,357
Total			333,303,552		8,399,074

(ii) Loan Loss Provision (LLP) Status:

Particulars	Taka
Required Provision as per MRA policy	8,399,074
Actual Provision made by UTTARAN-MFP	8,399,074
Excess/Shortfall of Provision	-
Comment on LLP: Loan loss provision requirement is Tk. 8,399,074 as on 30 June 2023, following MRA circular letter no. 75 dated 22 June 2023, the actual Loan Loss Provision has been made of Tk. 8,399,074 resulting no excess/ shortage of provision was observed.	
Disclosure on Written off Loan:	
Loan Written off balance 01.07.2022	12,568,745
Loan written off during the year 2022-2023	-
Written off Loan recovered during the year	(192,520)
Loan written off balance as of 30.06.2023	12,376,225



(iii) Loan Operational Report for Uttaran Funded Program.

SL. No.	Particulars	FY 2022-2023			FY 2021-2022						
		UTTARAN - MCF		Others	Total	UTTARAN - MCF		Others	Total		
1.	Financial Services Product:										
	Loan Product:										
	General MC	323,526,148	-	323,526,148	302,561,069	-	302,561,069				
	Housing loan	9,777,404	-	9,777,404	6,413,340	-	6,413,340				
	Sanitation loan										
	Savings product:										
	Members (Compulsory)	152,106,910	-	152,106,910	134,755,926	-	134,755,926				
	Members (Voluntary)	-									
	Members (Term deposit)	-									
	Insurance product:										
	Life (Welfare Fund)	13,372,235	-	13,372,235	13,055,818	-	13,055,818				
	Livestock	-									
	Others	-									
2.	Number of Branches	29		-	29	29		-	29		
		Male	Female	Male	Female	Total	Male	Female	Male	Female	Total
3.	Number of Samities	42	1,217	-	-	1,259	43	1232	-	-	1,275
4.	Number of Members	1,257	21,631	-	-	22,888	1244	21212	-	-	22,456
5.	Number of borrowers	364	18,509	-	-	18,873	386	19547	-	-	19,933
6.	Number of Staff	86	33	-	-	119	86	29	-	-	115
7.	Amount (Taka) of loan outstanding with Samity members	7,889,655	325,413,897	-	-	333,303,552	11,227,966	297,746,443	-	-	308,974,409
8.	Member : borrower	100:82				100:82			100:89		
9.	Average loan size	42,570				42,570			29,859		



UTTARAN
Microfinance Program
Budget Variance Report

Fiscal year :2022-2023

Name of Organization : UTTARAN-MFP

License No. 01366-02704-00277

Annexure: B

Sl. #	Description	Budget (2022-2023)	Actual (2022-2023)	Variance (2022-2023)	
				Amount (Tk.)	%
1	Loan Recovery				
	RMC	382,177,001	242,860,301	(139,316,700)	63.55
	ME	124,680,426	55,645,720	(69,034,706)	44.63
	Livestock	2,039,920	3,135,936	1,096,016	153.73
	Others	8,838,522	31,900	(8,806,622)	0.36
	Total:	517,735,869	301,673,857	(216,062,012)	58.27
2	Fund Collection				
	a. Savings Collection				
	Force Savings	91,015,000	85,258,828	(5,756,172)	93.68
	Voluntary Savings	16,080,000	10,581,528	(5,498,472)	65.81
	Fixed of Deposit	-	-	-	-
	Total:	107,095,000	95,840,356	(11,254,644)	89.49
	b. Loan Received				
	Bank Loan	160,000,000	114,760,000	(45,240,000)	71.73
	Loan from Financial Institution	20,000,000	-	(20,000,000)	-
	Others	3,000,000	850,000	(2,150,000)	28.33
	Total:	183,000,000	115,610,000	(67,390,000)	63.17
3	Insurance Fund Collection	5,616,200	2,627,380	(2,988,820)	46.78
	Sub Total	813,447,069	515,751,593	(297,695,476)	63.40
4	Utilization of fund				
	a. Loan Disbursement				
	RMC Disbursement	457,080,000	268,418,000	(188,662,000)	58.72
	ME Disbursement	85,040,000	51,085,000	(33,955,000)	60.07
	Livestock Disbursement	19,500,000	6,500,000	(13,000,000)	33.33
	Other Disbursement (SME & Other Loan)	-	-	-	-
	Total:	561,620,000	326,003,000	(235,617,000)	58.05
	b. Savings Returns				
	Force Savings	76,025,000	70,677,451	(5,347,549)	92.97
	Voluntary Savings	8,255,660	7,811,921	(443,739)	94.63
	Fixed Deposit	-	-	-	-
	Total:	84,280,660	78,489,372	(5,791,288)	93.13
	b. Loan Repayment				
	Bank Loan	125,500,000	118,838,814	(6,661,186)	94.69
	Loan from Financial Institution	3,335,000	-	(3,335,000)	-
	General/EC member Loan	-	-	-	-
	Other Loan	1,500,000	700,000	(800,000)	46.67
	Total:	130,335,000	119,538,814	(10,796,186)	91.72
5	Insurance Service	1,203,800	2,310,963	1,107,163	191.97
6	Fixed Assets addition				
	Furniture & Fixture	200,000	-	(200,000)	-
	Office Equipments	200,000	-	(200,000)	-
	Electric Equipment	150,000	-	(150,000)	-

Sl. #	Description	Budget (2022-2023)	Actual (2022-2023)	Variance (2022-2023)	
				Amount (Tk.)	%
	Computer & accessories	200,000	-	(200,000)	-
	Computer Software	200,000	-	(200,000)	-
	Land Purchase	500,000	-	(500,000)	-
	Land development	300,000	-	(300,000)	-
	Building Construction	-	-	-	-
	Motor Vehicles	200,000	-	(200,000)	-
	Total:	1,950,000	-	(1,950,000)	-
	Sub Total	3,153,800	-	(3,153,800)	-
7	Income				
	Service charges on Loan to Borrowers	57,335,091	33,844,688	(23,490,403)	59.03
	Interest on Investment	3,025,600	2,123,622	(901,978)	70.19
	Other Interest	104,000	55,181	(48,819)	53.06
	Member's Admission Fee	102,500	45,910	(56,590)	44.79
	Sale of pass book	205,000	68,430	(136,570)	33.38
	Loan Application Fee/ Sale of Forms	60,250	50,865	(9,385)	84.42
	Donation	20,000,000	18,597,700	(1,402,300)	92.99
	Others Income	580,000	177,131	(402,869)	30.54
	Loan Write off Collection	240,200	192,520	(47,680)	80.15
	Overhead Cost from Others Program	4,380,000	1,909,606	(2,470,394)	43.60
	Total Income:	86,032,641	57,065,653	(28,966,988)	66.33
8	Financial Expense				
	Saving Interest	12,025,000	12,849,589	824,589	106.86
	Interest on Bank Loan	13,250,000	19,630,550	6,380,550	148.16
	Interest on Institutional Loan	2,200,000	-	(2,200,000)	-
	Other	250,000	-	(250,000)	-
	Total Financial Expense:	27,725,000	32,480,139	4,755,139	117.15
9	General and administrative expenditure:				
	Salary & Allowances				
	Basic Pay	7,245,000	8,487,470	1,242,470	117.15
	Dearness Allowance	-	-	-	-
	House Rent Allowance	3,622,810	5,092,481	1,469,671	140.57
	Medicle Allowance	724,560	1,697,493	972,933	234.28
	Festival Allowance	2,125,000	-	(2,125,000)	-
	Launch Allowance	-	-	-	-
	Conveyance Allowance	365,000	848,747	483,747	232.53
	Other Allowance	2,745,380	848,748	(1,896,632)	30.92
	Total	16,827,750	16,974,939	147,189	100.87
	House Rent	993,694	1,286,199	292,505	129.44
	Printing and Binding	250,000	179,283	(70,717)	71.71
	Stationary, Seal & Stamps	247,909	206,591	(41,318)	83.33
	Total	1,491,603	1,672,073	180,470	112.10
	Conveyance	372,344	373,858	1,514	100.41
	Telephone/Mobile/Internet	508,994	359,125	(149,869)	70.56
	Postal & Courier service	3,426	1,070	(2,356)	31.23
	Total	884,764	734,053	(150,711)	82.97
	Office Building	200,000	-	(200,000)	-

Sl. #	Description	Budget (2022-2023)	Actual (2022-2023)	Variance (2022-2023)	
				Amount (Tk.)	%
	Motor Vehicles	1,250,000	657,228	(592,772)	52.58
	Others	100,000	-	(100,000)	-
	Total	1,550,000	657,228	(892,772)	42.40
	Fuel Cost	694,890	697,172	2,282	100.33
	Gas/Electricity/Water etc	398,297	287,136	(111,161)	72.09
	Entertainment	168,551	162,662	(5,889)	96.51
	News Paper	34,819	11,818	(23,001)	33.94
	Total	1,296,557	1,158,788	(137,769)	89.37
	Bank charge	245,864	241,274	(4,590)	98.13
	Local Training	200,000	-	(200,000)	-
	Total	445,864	241,274	(204,590)	54.11
	Seminer Conference Workshop Expencc	150,000	-	(150,000)	-
	Legal Expenses	353,012	331,701	(21,311)	93.96
	Meeting Expenses	200,000	19,479	(180,521)	9.74
	Registration/Renewal Fees	148,073	145,668	(2,405)	98.38
	Other operational expense	464,906	435,722	(29,184)	93.72
	Audit fee	82,800	57,500	(25,300)	69.44
	Honorarium for EC member	50,000	-	(50,000)	-
	Land tax	100,000	-	(100,000)	-
	Other Tax	100,000	-	(100,000)	-
	Customs Duty/VAT	-	-	-	-
	Total	1,648,791	990,070	(658,721)	60.05
	Subscriptions & Donation	100,000	-	(100,000)	-
	Depreciation	538,523	288,725	(249,798)	53.61
	Cost Shearing Expences	182,035	187,356	5,321	102.92
	Consultancy Service	200,000	-	(200,000)	-
	Total	1,020,558	476,081	(544,477)	46.65
	Total Operational Expense	52,890,887	55,384,645	2,493,758	104.71
	Loan Loss Provision	1,016,520	263,640	(752,880)	25.94
	Net Surplus	32,125,234	1,417,368	(30,707,866)	4.41
	Reserve Fund	3,212,523	3,727,970	515,447	116.04
	Others	32,125,232	-	(32,125,232)	-



PART-II

MANAGEMENT REPORT
ON
FINANCIAL STATEMENTS
OF
UTTARAN
Micro Finance Program
For the year ended 30 June 2023



AHKC
AZIZ HALIM KHAIR CHOUDHURY
Chartered Accountants
Exclusive Correspondent Firm of PKF International

02 October 2023

To,
The Chairman
Executive Committee
UTTARAN

Subject: Management letter on the audit of the financial statements of UTTARAN-Microfinance Program (MCF) for the year ended 30 June 2023.

Dear Sir,

We have audited the financial statements of the captioned for the year ended 30 June 2023 and we have submitted the audited financial statements separately.

We understand that the management is responsible for the maintenance of proper accounting records for the preparation of the financial statements. They are also responsible for establishing and maintaining an appropriate system of internal control which includes adequate accounting records and procedures to safeguard the organization's assets and for the prevention and detection of irregularities and fraud.

Our audit involved the review of only those controls and systems in your organization upon which we wished to rely for the purpose of determining our audit procedures. Accordingly, our audit may not have identified, and our report should not be relied upon to have disclosed all the control weaknesses that may have existed. Furthermore, our report should not be relied upon to have disclosed defalcations or other similar irregularities, although their disclosure, if they exist, may well result from the audit tests we undertake.

Our audit included, on a test basis, an examination of accounting procedures and records as we were considered appropriate under the circumstances. On the basis of our audit observations and findings, we would like to bring certain matters to your kind attention that we observed during the course of our audit. Our observations and findings with provision for management response have been described on the following pages.

We would like to thank you and your staff for the assistance and cooperation extended to us during the course of the audit.

Yours faithfully,

Signed for and on behalf of
Aziz Halim Khair Choudhury
Chartered Accountants

Signed by:
Md. Aftab Uddin Ahmed FCA
Senior Partner
ICAB Enrolment Number # 804

UTTARAN
Microfinance Program (MCF)
Management Report
For the year ended 30 June 2023

1.0 Background of the Organization:

2.0 Scope of Work

As required by the Terms of Reference (TOR) the audit was carried out in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit, evidence about the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. In conducting the audit, we have designed the audit program in such a manner that would enable us to authenticate and assess the fairness as well as the appropriateness of financial transactions along with the assessment of adequacy and effectiveness of related internal control and also to measure the adequacy and the degree of compliance with the policies, rules and procedures applicable to the operations of the entity. As a result, our audit included such tests of accounting records, books, vouchers, registers and other relevant documents and such other auditing procedures as we considered necessary and deemed appropriate and found feasible under the circumstances.

Here it is pertinent to mention here that the principal objective of our audit of financial statements of Bangladesh Institute of Research and Development (UTTARAN)-Micro Finance program for the year ended 30 June 2023 is to enable us to form an independent opinion on the financial statements.

The scope of our work, inter alia, includes following:

- i. Review and examination of the financial statements prepared and presented to us by UTTARAN;
- ii. Review of receipts of funds, disbursement and expenditure process, certification and liquidation process, monitoring utilization thereof and ensuring that all process agreed to, have been followed;
- iii. Review of documentation relating to the procurement and supply processes (bidding documents, purchase orders, invoices raised by the suppliers, inspection reports, agreements with the suppliers, etc.);
- iv. Checking of compliance with the established MRA (Microcredit Regulatory Authority) policies, rules and procedures as well as prevailing financial rules;
- v. Review of books, records and accounts to assess whether they were prepared and maintained using a double entry book keeping system;
- vi. Physical verification of assets and undelivered supply materials at concerned offices;
- vii. Review of the financial statements as well as physical stock, internal control structure and environment;

Visiting and taking interview, on a test basis, of the beneficiaries and covering up the following aspects:

- Whether selection of group or group's members is proper for disbursement of loan;
- Whether disbursed loans are utilized for stipulated purposes;
- Whether regular monitoring and follow-up of loaners by Uttaran field personnel is conducted; and
- Whether books and records maintained by Uttaran as well as by the groups & members are updated and appropriate

3.0 Audit Methodology

The methodology applied in relation to the audit of Bangladesh Institute of Research and Development (UTTARAN) - Microfinance Program (MCF) for the year ended 30 June 2023 included the following:

- (i) Audit planning, determination of the scope and extent of audit work, preparation of work program and selection of skilled and competent audit team;
- (ii) Holding entrance meeting with the management of the Audited organization;
- (iii) Review and assessing the accounting system;
- (iv) Review and assessing the internal control environment;
- (v) Field visits and contact with the program officials and the beneficiaries of various programs;
- (vi) Supervision and review of audit work by senior audit personnel;
- (vii) Discussion with the management on audit observations and obtaining responses from the management thereon;
- (viii) Exit meeting and;
- (ix) Submission of final report.

4.0 Assessment of Accounts and Operational Manual/System and Internal Control Environment

As part of the assessment of internal control environment, we have reviewed the accounts and operational manual and tested their compliances. In addition, we reviewed the accounting system of UTTARAN. At branch level, the accounting system is maintained by recording all the transactions manually in cash book and ledger. Besides, loan disbursement, service charge, loan collection, savings, security fund, loan loss provision, overdue are also recorded in books of accounts in branch level. All these related data entries made into the system on daily basis and consolidation at head office takes place on monthly basis.

5.0 AUDITOR'S COMMENTS AND OBSERVATION**PART-A: Auditors' Comments as per Terms of Reference (TOR) of Microcredit Regulatory Authority (MRA)**

The matters are offered in the management report of the UTTARAN as part of the on-going process of modifying and improving internal controls and of monitoring compliances with financial and administrative practices and procedures as laid down in applicable laws, rules, regulations and policies. We have subdivided the management report into the following sections as per guidelines issued by Micro Credit Regulatory Authority. We have made our general comments upon the above issues based on the information we have gathered during our audit.

The findings we have presented precisely in the following sections and described the detailed findings as a separate section in the last part of the report.

Management report includes our observations on the following issues of Micro finance organization as the format issued by Micro Credit Regulatory Authority:

A. Accounting system

The Financial Statements have been prepared under the historical cost convention using accrual basis of accounting in accordance with the International Accounting Standards (IASs) except for income from service charge which have been accounted for on cash basis. The Statement of Financial Position and Statement of Income & Expenditure have been prepared in accordance with IAS-1 'Presentation of Financial Statements'.



i. Status of maintenance of books of Account as per Micro Credit Regularity Authority (MRA)

Fact:

The organization maintained the prescribed Registers and Record books manually at the Organization's head office, and branch level as required under section 41 of MRA Rules 2010. In some cases, the organization did not maintain some registers as required by MRA. The status of maintenance of books and registers has been given below:

Sl. No.	Record book / Register at the Head Office	Maintained (Y/N)		Record book / Register at the Branch Level	Maintained (Y/N)	
		Manual	Software		Manual	Software
01.	Cash and Bank Book	Y	Y	Cash and Bank Book	Y	Y
02.	General Ledger	Y	Y	General Ledger	Y	Y
03.	Client based subsidiary ledger (loans, deposit and Insurance)	N	Y	Client based subsidiary ledger (loans, deposit and Insurance)	Y	Y
04.	Consolidated Loan Distribution Ledger (Branch wise)	N	Y	Loan Distribution Book (Master Roll)	Y	Y
05.	Consolidated branch level Loans Due and Realization Register	N	Y	Loans Due and Realization Register	Y	Y
06.	Consolidated branch level deposit return / adjustment register	Y	Y	Deposit return / adjustment register	Y	Y
07.	Cheque issue register	Y	Y	Cheque issue register	Y	Y
08.	FDR register	Y	Y	FDR register	N	N
09.	Fixed Asset register (Head Office and branch office)	Y	Y	Fixed Asset register	Y	Y
10.	Dues register (branch wise)	N	Y	Dues register (Branch wise)	Y	Y
11.	Advance register	N	Y	Advance register	N	N
12.	Payroll register	Y	N	Payroll register	Y	N
13.	Consolidated branch wise write off and other necessary registers	N	Y	Loan write off and other necessary registers	Y	Y
14.	Fully depreciated asset register	Y	Y	Fully depreciated asset register	Y	Y
15.	Bad Loans register branch wise	N	Y	Bad Loans register branch wise	Y	Y

B. Management information & Accounting Software Implementation System

During the course of our audit we found that Uttaran is using a software namely, "Microfin360" software for accounting system in microcredit program at head office and branch offices.

i. Adequacy of books of accounts as prescribed by the Authority

Uttaran has developed a detailed accounts and operational manual with detailed guidelines for recording transactions in the books of accounts effectively and efficiently. In compliance with the above-mentioned manual, UTTARAN keeps all required books of accounts and record all the transactions on a daily basis.

ii. **Authentication of documentation in respect of disbursement of loans among poor class people**

During our audit at branch level, we found that loans were disbursed among the poor who are unable to obtain credit facilities from mainstream banks due to lack of necessary assets and referrals. UTTARAN borrowers, most of them are women, use these loans to engage in various income generating activities to improve their socio-economic status. Loans were disbursed among them without any securities but all other formalities as usual maintained by UTTARAN.

iii. **Analysis of unused fund and disbursement of loan**

We checked the sanction/approval letter including relevant documents and found that all documents have been properly complied with. It appears from the Statement of Receipts & Payments for the year under audit that total cash and bank Balances at the close of the year was Tk. 30,246,935 including Other Short-term Investments in FDR.

The above fund was held with various banks which would be used towards loan repayments of Commercial Bank in the month of July 2023 and for the loan disbursement and refund of member's savings.

We observed that UTTARAN had an outstanding borrowing loan amounting to Tk.155,721,389 from Commercial Bank.

The cumulative loan collection ratio on total dues is 99.88%. The loan collection ratio on current dues (on a running 12-month basis) is 98.52% which has been shown in Eligibility Criteria Compliance Certificate/Ratio Analysis on the audited financial statements.

Required provisions for loan outstanding

We have reviewed the total outstanding loan balances of Uttaran disbursed among members and revealed the following scenario:

Total Loan Outstanding and Required Provision according to MRA's guidelines:

Sl. No.	Particulars	No. of Days Outstanding	Outstanding loan	Rate %	Required Provision
			Amount (Tk.)		Amount (Tk.)
1	Total Loan Outstanding		33,33,03,552	-	-
2	Total overdue		1,01,32,414	-	-
3	Regular	Loans with no overdue Installment	32,31,71,138	1%	32,31,711
4	Watchful	Loan default duration between 01 and 30 days	24,95,720	5%	124,786
5	Sub-standard	Loan default duration between 31 and 180 days	21,64,305	25%	5,41,076
6	Doubtful	Loan default duration between 181 and 365 days	10,00,204	70%	70,0,143
7	Bad Loan	Loan default duration above 365 days	44,72,185	85%	38,01,357
Total			33,33,03,552		83,99,074

The required loan loss provision comes to Tk. 83,99,074 during the year under audit total provision was made to the extent of Tk. 83,99,074.

i. Fact:

Noncompliance of MRA circular letter No. 75 dated 22 June 2023 regarding provision of loan loss.

It was observed that Uttaran did not comply with the MRA circular letter No. 75 dated 22 June 2023 regarding the provision of loan loss. The details are presented in the following table:

Particulars	No. of Days Outstanding	Uttaran Kept provision (Rate) in %	As per Circular -75 (Rate) in %
Doubtful	Loan default duration between 181 and 365 days	70%	75%
Bad Loan	Loan default duration above 365 days	80%	100%

Shortfall provision as per auditor calculation as per MRA Circular letter No. 75 dated 22 June 2023 as follows:

Particulars	Outstanding loan	Rate as per Uttaran	Required provision as per Uttaran	Rate as per MRA Cir. 75	Required provision as per MRA	Shortfall
1	2	3	4	5	6	7=6-4
Doubtful	10,00,204	70%	70,0,143	75%	750,153	50,010
Bad Loan	44,72,185	85%	38,01,357	100%	4,472,185	670,828
Total						720,838

From the above table, it appears that the organization kept short provisions for loan loss on Doubtful and Bad loans to the extent of Taka 720,838 than the actual required provision.

Effect:

If they had kept the actual provision as per the MRA circular, the income over expenditure would have been decreased by Taka 720,838. This is also noncompliance with MRA instruction. As a result, MRA may penalize the organization.

Recommendation:

The management should keep the LLP in accordance with the instruction of MRA to avoid any complexity.

Management Response:

Yes we agreed with the auditor's observation. In the letter of MRA dated 22 June 2023 memo no MRA/Circular letter no 75 in the part of explanation we are maintaining the conditions during the year under audit accordingly.

ii. Fact:

Bad loan written-off was not made as per MRA Circular 21 dated 16 January 2014

It was observed that the organization did not write off those loans that 2 years already elapsed after being classified as bad loans and 100% provision has been reserved.

Effect:

This is noncompliance with MRA instruction, and as a result, MRA may penalize the organization.

Recommendation:

The management should write off as bad loan in accordance with the instruction of MRA to avoid any complexity.

Management Response:

Yes we always follow the rules of MRA in ever cases. In this cases we also follow the said rules like approval of MRA, Organizational decision etc.

iv. Test of internal control systems regarding operational activities in connection with loans and savings

UTTARAN has introduced a detailed accounts and operational manual to execute, control and monitor microfinance operations. The manual has clearly described in detailed policies and procedures regarding disbursement & collection of loans to and from the members. It also described the policies and procedures regarding collection of savings from the members and the repayment of same. Uttaran Internal Audit Department monitors the compliance of the referred policies and procedures in regular interval and reports to the top management. Internal control system relating to loans and savings was found satisfactory.

v. Using of surplus balances of the service charge and whether the surplus balances were used to provide loans to any fund or organizations

UTTARAN did not use the retained surplus arising from microfinance operations for any other activities or transfer to any other funds.

vi. Review of last three (3) years operational activities of UTTARAN to examine the sustainability of the organization in carrying on the Microfinance program

With a view to examining the solvency and capacity of UTTARAN, we reviewed in detail the activities of the last three years of UTTARAN. We have reviewed in detail the administrative expenses, financial expenses, other expenses and earnings profit, salary structure of employees, disbursement of loans, collection of savings, etc. within the purview of the detailed review process to make an overall assessment of the capacity of the organization.

The financial performance of microcredit operations of Uttaran for three years including current year are as follows:

Particulars	Financial Year		
	2022-2023	2021-2022	2020-2021
Total Income (Tk.)	5,72,98,973	4,37,13,742	7,86,94,977
Total Expenditures (Tk.)	5,50,37,213	4,15,76,712	4,14,15,280
Surplus for the year (Tk.)	22,61,760	21,37,030	3,72,79,697
% of Surplus of income	3.95%	4.89%	47.37%

The above analysis shows that the profitability of Microfinance Programs of Uttaranis not satisfactory and % of Surplus of income has been decreased than the previous year.

vii. Observation regarding visits to Samity

Our interview with Group member's reveals that the members had made proper use of loan fund. The interview process was designed to cover a few members from each of selected/visited branches.



6.0 EXECUTIVE SUMMARY ON FINDINGS:

Based on our review of the system of internal control and our observation for the period under audit, we have made our comments and recommendations on the following issues for improvement of the organization:

1. Investment in FDRs against fund was made more than the requirement.
2. No softcopy of admission form was preserved.
3. Leave form was not found.
4. Revenue stamp was not found in salary register.
5. In some cases assets location was not mentioned in fixed assets register
6. TDS and VAT was not deducted on House Rent (Branch).
7. Cheque Issue Register was not maintained properly (Branch).
8. Out time of movement register not properly maintained
9. Field visit sign of somity resolution book was not found.
10. Purchase date was not found in some voucher (March, April etc)
11. Revenue stamp was not found any voucher up to payment tk. 1000.

7.0 DETAIL OBSERVATIONS:

7.01 Investment in FDRs against fund was made more than the requirement.

Fact:

It was observed that Investment in FDRs against funds was made more than the requirement. A comparison between actual requirements and investment is given below:

Particulars of Fund/reserves	Balance of Funds/reserves	Investment	(Shortage)/Excess
1	2	3	4 = (3-2)
Statutory Reserve Fund	8,196,322	10,973,868	2,777,546

Effect:

The capacity of disbursement of loans to beneficiaries might be decreased.

Recommendation:

The management should make an investment according to the actual need so that the capacity of loan disbursement may not be decreased.

Management Response:

Yes we are so much care about the maximum utilization of fund always. We would be more careful in future if needed.

7.2 No softcopy of admission form was preserved

Fact:

No soft copy of admission form was preserved in the organization.

Effect:

In the absence of a softcopy of the admission form, it would be difficult to confirm that the actual somity member got the loan.

Recommendation:

Management should preserve proper admission form (hard/soft).

Management Response:

From the inception of our group/Samity activities we preserve all the documents hard copies regarding the individual samity member in their file. As per the auditors suggestion we also soft copy in future for more strong documentation.

7.3 Leave form was not found**Fact:**

Staff leave form was not available in any staffs' personal file according to the HR policy.

Effect:

It's hard to confirm the actual time given by the Staff. This indicates the weakness of the internal control system. Without maintaining the leave form properly, it will be difficult to confirm the purpose of leave and the unnecessary leave of staff cannot be controlled.

Recommendation:

To establish sound internal control over the leave of staff, management should maintain proper leave form.

Management Response:

We are maintaining a leave form as per our HR policy since inception. According that we filled up and taking approval from the related authority and preserve it in our personal file. In some few cases it has been mistake unfortunately.

7.4 Revenue stamp was not found in salary register**Fact:**

As per section 3, schedule-1 of the stamp Act of 1899, a stamp of taka 10 should be affixed on every payment of Tk. 1000 or more. But we found that no stamps were affixed on salary register which Exist payment Tk. 1000 or more.

Effect:

- It indicates a non-compliance with the Stamp Act of 1899; and
- It reflects a weak control system over the payment system for the expense.

Recommendation:

Management should ensure affixation of revenue stamps where applicable.

Management Response:

We are paying the staff salary through bank transfer in staffs individual bank accounts. Here we are affixing the revenue stamp in every staff payment.

7.5 In some cases assets location was not mentioned in fixed assets register**Fact:**

While we check the fixed assets register as well as physical verification of fixed assets we did not find assets location in the register.

Effect:

Without maintaining assets location information, it would be difficult to ensure the existence of assets owned by the organization.

Recommendation:

Management should maintain a standard format of fixed asset register mentioning Inventory/assets location information.

Management Response:

In our organization we are practicing project and program wise separate fixed assets register from the inception. According to our policy we are making inventory report in every six month basis in the whole of the organization including project and program Here in this report mentioning Assets ID number, Donor name, Program name, Category of Assets etc. In this report we are not mentioning location in some cases. Noted that all motor cycles we are giving to the staff by signing stamp/deed contract as per our administrative policy. Here we know that the location of that motor cycles.

7.6 In a few cases, TDS and VAT were not deducted on House Rent (branch).

Fact:

As per the Income Tax Ordinance 1984, TDS will be deducted from House Rent at 5% and VAT at 15%. We found that the house rent was paid without deducting any TDS and VAT.

Effect:

It indicates non-compliance with Tax Ordinance 1984; Tax authorities may impose penalties for noncompliance with the Tax Ordinance Act 1984.

Recommendation:

The management should comply with all the related Income Tax Ordinance 1984.

Management Response:

In some few cases in the remote area we could not deduct TDS and VAT from the house owner timely. But in the end of the year we settled all of the govt. issues with the house owners.

7.7 Cheque Issue Register was not maintained properly (branch).

Fact:

While checking the cheque issue register we found cheque issue register was not maintained properly.

Effect:

It was very difficult to ensure how many cheques were issued.

Recommendation:

Management should maintain Cheque Issue Register for whenever it will be issued.

Management Response:

In our whole of the organization we are maintaining cheque registers in a unique format using some Columns which are: Issue Date, Particulars/Purpose, Cheque Number, Amount, Signatures (two Signatories Minimum). Here the auditor should be suggested us according to national rule if any.

7.8 Out time of movement register not properly maintained.

Fact:

During the course of our audit, we observed that out time of movement register was not maintained properly. But as per guide line of HR Manual of RDS must have movement register for staff movement

Effect:

It is non-compliance of HR policy.

Recommendation:

Management should maintain movement register as per HR Manual.

Management Response:

Uttaran implementing there are many projects and program in the sixteen districts of the country by the branch offices. In every office including head office we are maintaining office wise movement register. In this register we mention in time and out time. In exceptional cases someone miss the out time to go the destination for work because S/he start their journey from the spot not from office. In this situation S/he cannot sign the out time physically. But in their travel form it is mentioned properly. We would be care about that in future.

7.9 Field visit sign of somite resolution book was not found.**Fact:**

Loan was paid to Beneficiary for this period but at the time of verification of documents we observed that field visit sign of somitee resolution book was not found.

Effect:

Without field visit sign in a somite resolution book, it can't be ensured weather Beneficiary received loan or Not to proper use

Recommendation:

Management should preserve field visit sign of somite resolution book to confirm the completeness of Organizational objective.

Management Response:

Yes, we agreed with the auditor's observation. We will be very careful about that in future.

7.10 Purchase date was not found in some voucher (March, April etc).**Fact:**

In this period of audit, we observed that purchase date was not found in some voucher of March, April etc.

Effect:

There is weakness in the internal control of the organization and a risk of making unusual expenses causing loss to the organization.

Recommendation:

Procurement policy should be formulated and followed to ensure that company gets maximum benefit from each purchase.

Management Response:

In our rural level a branch office it is mistakenly missing to write the date supporting bill of shopkeeper for purchase some writing pen and note pad amounting Tk. 160 but on that date we made the top voucher accordingly.

7.11 Revenue stamp was not found any voucher up to payment tk. 1000.**Fact:**

As per section 3, schedule-1 of the stamp Act of 1899 and subsequent finance Act 2022, a stamp of taka 10 should be affixed on every receipt where payment of taka 1000 or more. But we found that no stamps were affixed on any voucher.

Effect:

- It indicates a non-compliance with the Stamp Act of 1899; and
- It reflects a weak control system over the payment system for the expense.

Recommendation:

Management should ensure affixation of revenue stamps where applicable.

Management Response:

Yes we agreed with the auditors observations. We subsequently affixed the revenue stamp with those vouchers. We would be careful in future.

8.0 COMPLIANCE OF MRA RULES & REGULATION**1. Scope of Audit**

- a) The Organization has complied with the International Financial Reporting Standards (IFRS)/IAS as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) as well as MRA guidelines while maintaining accounting records and preparing financial statements.
- b) While checking on a test basis, we found that Uttaran Finance has not undertaken any activity, involved in transactions, or provided services that are contrary to the "Microcredit Regulatory Authority Act-2006." Or "Microcredit Regulatory Authority Rules - 2010." Nevertheless, we did not observe any transaction that goes against the interest of different donors, beneficiaries, or Uttaran itself.
- c) The closing balance of last year's audited financial statement was carried forward as the opening balance in the current year's accounts.
- d) UTTARAN has maintained proper books for sector-wise receipt of funds and they properly complied with the rules and regulations as per the accounting manual provided by the authority.
- e) Uttaran has kept the records separately for the collected funds under various components of microcredit activities and submitted separate reports on that basis.
- f) Uttaran not receive any kind of funds from any other organizations.
- g) Uttaran has properly recorded and deposited into the bank the savings collected from the members. Uttaran has made the collection and refund of savings according to the principle/microcredit manual. Uttaran is paying 6% interest on members' savings per annum on a weighted average basis as per the guidelines of MRA.
- h) Uttaran has maintained the formalities of loan disbursement and properly complied with the provisions in the rules mentioned before disbursing loans among the beneficiaries.
- i) The passbook, loan/savings collection schedule, and loan application form regarding loan write-off, and bad loans have been preserved separately.
- j) Uttaran has properly complied with the rules and regulations relating to the constitutions, particularly in respect of the formation and meetings of the General Body and Governing Body.
- k) The physical existence of assets acquired out of surplus service charges and funds received from different sources for institutional development as loans or grants has been found.
- l) To the best of our knowledge, the loans were properly utilized by the beneficiary members.
- m) While checking the cash book and voucher on a test basis and to the best of our knowledge, most of the transactions were done through the bank except collection of savings, disbursement of microcredit loan, and some other small amount of transaction.
- n) While checking on a test basis and to the best of our knowledge, the recovered loan and savings amount from members has duly been deposited into the bank on the same/earliest day.

- o) While checking on a test basis and to the best of our knowledge, the collected savings are properly recorded and accounted for at the member's level as well as samity level.
- p) To the best of our knowledge, the recovery of loans disbursed out of funds received from several sources are made as per Amortization Schedule.
- q) The loan loss provision has been computed and accounted for as per Micro credit Regulatory Authority Act, 2006 and Micro Credit Regulatory Authority Rules,2010.
- r) We have counted the closing cash balance at the time of auditing and found it in order. We have checked the bank balance of year-end by collecting certificates of bank balance and also found the Bank Reconciliation Statements have been prepared where needed.
- s) To the best of our knowledge Uttaran has made payments with proper approval authority of bills/vouchers and as per the approved price. Budgetary Control System exists in the organization.
- t) During the course of our audit, we didn't find any unused funds that need to be reported.
- u) We found that appropriately presented the audit report and audited financial statement to different donor organizations, regulatory authorities, and other authorities.
- v) To the best of our knowledge, Uttaran has properly complied with the provision of the Income Tax and Value Added Tax (VAT) authority rules implemented by the Government.
- w) The policies i.e. the procurement policy, service policy, loan and savings policy, etc. are in place and have been properly followed by Uttaran.
- x) Uttaran has an internal audit arrangement/division and internal audit is being conducted regularly.
- y) UTTARAN has taken care of the previous year's audit recommendation properly.
- z) Uttaran does not share the cost of its microcredit program with other programs.
- aa) To the best of our knowledge, the transactions have taken place through banks for significant amounts.
- ab) We checked and found that Uttaran did not fix its Audit fees on the basis of total loan portfolio and cost center/branches. They fixed its audit fees on a lump sum basis.
1. The internal control system, loan recovery of Uttaran is good and loan classification and loan provision is made as per MRA guidelines.
 2. UTTARAN did not receive money from different contracts between the donor/financial institute and the microcredit organization.

9.0 COMMENTS ON COMPLIANCE OF THE STATUS OF THE PRIOR YEAR (2021-2022) AUDIT OBSERVATIONS:

Sl. No.	Observations	Implementation Status
1.	Accrual basis Accounting System	Implemented
2.	Long term Investment for back up of Emergency situation	Not Implemented

