

SETU
MICRO CREDIT PROGRAMME
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016



Toha Khan Zaman & Co.
Chartered Accountants



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Chartered Accountants

SETU

MICRO CREDIT PROGRAMME

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016



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Toha Khan Zaman & Co.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

SETU

T & T Colony Road
Courtpara, Kushtia - 7000
Bangladesh.

Report on the Financial Statements:

We have audited the accompanying Financial Statements of **Micro Credit Programme of SETU**, which comprises the Statement of Financial Position as at 30 June 2016 and the Statement of Comprehensive Income, Statement of Receipts and Payments, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2016, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), 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.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entities preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





Toha Khan Zaman & Co.
Chartered Accountants


Opinion:

In our opinion, the financial statements present fairly, in all material respects the financial position of **Micro Credit Programme of SETU** as at 30 June 2016, and its financial performance for the year then ended in accordance with the Bangladesh Financial Reporting Standards (BFRS) and complies with the Microcredit Regulatory Authority Act 2006 and other applicable laws and regulations.

We also report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof.
- In our opinion, the organization as required by law has kept proper books of accounts, so far as it appeared from our examination of those books.
- The financial statements dealt with by the report are in agreement with the books of accounts.

Dated, Dhaka
23 September 2016


(Toha Khan Zaman & Co.)
Chartered Accountants





SETU

MICRO CREDIT PROGRAMME

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

Particulars	Notes	FY 30-06-2016	FY 30-06-2015
PROPERTY AND ASSETS:			
A. Fixed Assets:	6.00	15,151,339	10,857,295
Fixed Assets at Cost		23,755,386	18,110,047
Less: Accumulated Depreciation		8,604,047	7,252,752
B. Investments:	7.00	57,500,000	27,529,983
C. Loan to Beneficiaries	8.00	749,161,193	537,463,005
D. Current Assets:		48,175,153	32,195,908
Staff Loan and Advance	9.00	9,983,586	7,634,246
Motorcycle Down Payment		60,100	60,100
Loan to General Fund	10.00	3,240,453	3,011,253
Interest Receivable on FDR	11.00	2,012,177	882,701
Suspense Account	12.00	11,479,917	11,478,407
Stock of Printing and Stationery	13.00	281,430	282,991
Cash in Hand and Cash at Bank	14.00	21,117,490	8,846,210
Total Property and Assets: (A+B+C+D):		869,987,685	608,046,191
FUND AND LIABILITIES:			
A. Capital and Reserves:	15.00	119,862,388	77,016,330
Retained Surplus		107,876,150	69,314,697
10% Reserve Fund		11,986,238	7,701,633
B. Long Term Liabilities:		499,227,543	299,100,982
Loan from PKSF	16.00	58,650,000	42,500,000
Loan from Bank	17.00	244,454,738	100,000,000
Loan from Lankabangla	18.00	2,700,000	0
Members Savings Deposit	19.00	81,631,460	66,005,377
Members Savings Deposit Other	20.00	111,791,345	90,595,605
C. Current Liabilities:		62,533,333	68,250,000
Loan from PKSF	16.00	62,533,333	68,250,000
D. Others:		188,364,421	163,678,879
Members Savings Deposit	19.00	81,631,460	66,005,376



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Chartered Accountants

SETU


MICRO CREDIT PROGRAMME

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

Particulars	Notes	FY 30-06-2016	FY 30-06-2015
Provident Fund Reserve	21.00	25,454,234	19,957,299
Gratuity Fund Reserve	22.00	12,424,718	9,424,234
Reserve for Expenses	23.00	486,654	7,914,237
Reserve for SMD Interest	24.00	13,382,262	8,225,895
Reserve for PF Interest	25.00	5,338,840	3,647,028
Reserve for Savings Interest	25.00	5,693	5,693
Loan Loss Provision (LLP)	26.00	26,547,007	22,188,760
Disaster Management Reserve	27.00	0	6,321,122
Member Welfare Fund (MWF)	28.00	23,093,553	17,157,196
Project Appraisal Fee (PAF)	29.00	0	2,832,039
Total Liabilities and Fund (A+B+C+D):		869,987,685	608,046,191


1.00 Figures have been rounded off to the nearest taka.

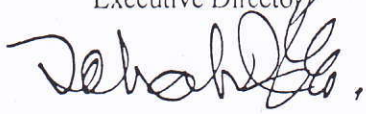
2.00 Annexed notes form part of the financial statements.

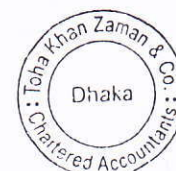

(Mst. Shahana Parvin)
Manager Finance

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

Dated, Dhaka
23 September 2016


(Md. Abdul Quader)
Executive Director


(Toha Khan Zaman & Co.)
Chartered Accountants





SETU
MICRO CREDIT PROGRAMME

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

Figures in Taka

Particulars	Notes	FY 2015-2016	FY 2014-2015
INCOME:			
JAGORON		96,583,498	78,172,013
AGRASHOR		39,980,533	25,849,828
SHUFOLON		21,363,869	6,112,529
BUNIAD		34,578	38,465
Bank Interest		227,205	41,663
Interest on FDR		2,010,769	882,701
Membership Fees		170,430	169,525
Sale of Form and Pass Book etc.		515,312	199,280
Other Income		1,783,628	1,683,805
Interest on Staff Loan		558,131	530,335
Total Income:		163,227,953	113,680,144
EXPENDITURE:			
RMC		1,845,563	776,250
UMC		211,500	0
AGRASHOR		1,237,500	0
BUNIAD		75,000	0
SHUFOLON		825,000	0
Provident Fund		3,073,107	2,528,859
Gratuity		3,000,484	2,126,895
Interest on Members Savings Deposits		8,525,294	6,845,540
Interest on Members Savings Other		7,310,359	5,215,256
Interest on Provident Fund		1,691,812	2,160,390
Interest on Bank Loan		5,372,899	4,255,364
Salaries		66,788,530	51,678,790
Office Rent		3,766,357	3,271,853
Printing and Stationery		1,908,449	1,744,844
Travelling		2,683,486	2,369,680
Telephone and Postage		725,305	676,379
Repair and Maintenance		278,577	239,073
Fuel Cost		985,464	815,420
Gas and Electricity		685,886	664,967
Entertainment		535,810	329,061
Newspaper & Periodicals		13,635	31,147
Bank Charges/DD Charges		442,489	267,394
Advertisement		11,500	3,500



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Chartered Accountants

SETU
MICRO CREDIT PROGRAMME

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

Figures in Taka

Particulars	Notes	FY 2015-2016	FY 2014-2015
Training Expenses		1,187,667	419,832
Audit Fee		94,200	114,550
Calculator Purchases		42,985	44,955
Cleaning & Water Bill		89,073	61,009
Honorarium		741,000	457,000
Cookeries		89,669	80,190
Tax & VAT		1,248,768	672,750
Agreement Cost		333,280	224,825
Legal Expenses		171,360	972,995
Fast Aid & Mat Purchases		145,261	22,130
DMFE		299,813	1,093,275
Data Processing		1,782,000	1,709,000
Pass Book Purchases		169,105	192,365
Guest Meal		403,318	422,257
Food Allowance		2,871,792	2,988,119
Miscellaneous Expenses		1,413,137	439,125
Depreciation	6.00	1,351,295	929,275
LLP	26.00	6,831,465	8,342,832
Total Expenditure:		131,259,194	105,187,146
Surplus/(Deficit) for the year	15.00	31,968,759	8,492,998
Total Taka:		163,227,953	113,680,144

1.00 Figures have been rounded off to the nearest taka.
2.00 Annexed notes form part of the financial statements.

(Mst. Shahanaaj Parvin)
Manager Finance

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

Dated, Dhaka
23 September 2016

(Md. Abdul Quader)
Executive Director

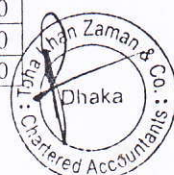
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Chartered Accountants





Toha Khan Zaman & Co.
Chartered Accountants

<p style="text-align: center;">SETU MICRO CREDIT PROGRAMME</p> <p style="text-align: center;">STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2016</p> <p style="text-align: right;">Figures in Taka</p>			
Particulars	Notes	FY 2015-2016	FY 2014-2015
RECEIPTS:			
Opening Balance:			
Cash in Hand		1,271,107	1,134,988
Cash at Bank		7,575,103	10,361,278
Loan from PKSF	16.00	130,000,000	35,500,000
Loan from Bank	17.00	273,163,000	130,000,000
Lankabangla		3,600,000	0
Loan Principal Received	8.00	1,009,986,948	704,591,596
Loan Service Charges Received:			
JAGORON		94,051,851	76,037,096
AGRASHOR		39,058,205	25,375,754
SHUFOLON		21,215,018	6,097,282
BUNIAD		4,967	3,275
Members Savings Deposit Collection		119,298,289	96,579,872
Provident Fund Received		396,326	455,000
Bank Interest		227,205	41,663
Interest Received on Other Investment		480,344	69,222
Sale of form & Passbook		488,175	199,280
Interest on Staff Loan		72,960	93,395
Advance Received		1,750,723	578,114
Others Saving		54,447,605	74,216,570
Motorcycle Loan Realized		1,250	37,500
DFI		8,856	1,500,000
Staff Loan Realized		1,316,600	1,154,800
LLPI		4,515	0
Membership Fees		170,430	579,900
Member Welfare Fund (MWF)		8,711,120	6,688,860
Project Appraisal Fee (PAF)		1,649,560	1,012,460
Saving FDR		2,000,000	2,500,000
Surplus FDR		2,000,000	0
DMFI		16,612	836
Printing & Stationery		484,866	515,100
Others		1,924,680	1,215,963
Suspense's Account		0	88,001
Total Receipts:		1,775,376,315	1,176,627,805
PAYMENTS:			
JAGORON		719,293,000	580,489,000
AGRASHOR		329,612,000	202,492,000
SHUFOLON		231,330,000	118,064,000
BUNIAD		434,000	0
SMD		8,000	228,000





SETU
MICRO CREDIT PROGRAMME

STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Figures in Taka

Particulars	Notes	FY 2015-2016	FY 2014-2015
Loan Refund to PKSE (Principal):			
RMC		63,200,000	19,250,000
UMC		7,700,000	1,250,000
MEL		14,000,000	1,500,000
AGRASHOR		3,000,000	0
BUNIAD		1,666,667	0
SHUFOLON		30,000,000	0
Seasonal		0	20,000,000
Loan Refunded to One Bank Ltd.		50,000,000	15,000,000
Loan Refunded to Mutual Trust Bank Ltd.		45,000,000	30,000,000
Loan Refunded to Standard Bank Ltd.		33,708,262	0
Loan Refunded to Lankabangla		900,000	0
Members Savings Deposit Refund		40,278,643	37,314,431
Other Savings Deposit Refund		28,850,913	36,237,035
Furniture		297,194	180,245
Telephone		77,070	14,000
Computer		248,047	303,450
Jeep		4,816,000	0
Equipment		157,028	78,000
FDR Savings		22,500,000	19,000,000
FDR Surplus		11,500,000	3,500,000
LLPI		0	219
DFI		0	206
Saving Interest		1,560,754	1,151,536
Advance Paid		4,697,300	1,748,900
General Fund		229,200	746,753
Down Payment (Motorcycle)		0	35,900
Staff Loan for Motorcycle		384,000	1,104,000
Staff Loan General		6,097,000	5,155,000
Interest Paid to Lankabangla		207,360	0
Loan Delinquency Management Fund (LDMF)		0	31,842
Member Welfare Fund (MWF)		1,794,720	1,609,116
Project Appraisal Fee (PAF)		202,856	325,921
Provident fund Transfer		1,020,000	1,300,000
Interest Paid to One Bank Ltd.		1,548,282	1,395,797
Interest Paid to One Bank Ltd.		2,317,715	0
Interest Paid to Mutual Trust Bank Ltd.		1,930,963	733,333
Salaries		58,575,547	44,034,912
Printing and Stationery		1,908,449	1,746,744
Office Rent		3,559,857	3,185,853
Training Expenses		1,187,667	419,832
Travelling		2,683,486	2,243,442
Telephone and Postage		724,800	674,633



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STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Figures in Taka

Particulars	Notes	FY 2015-2016	FY 2014-2015
Repair and Maintenance		278,577	239,073
Fuel Cost		191,987	15,872
Gas and Electricity		677,417	656,815
Entertainment		535,810	329,061
Newspapers & Periodicals		13,635	31,147
Cleaning & Water Bill		87,803	79,029
Audit Fee		70,000	79,550
Bank Charges/DD Charges		442,489	267,394
Food Allowance		2,871,792	2,988,119
Legal Expenses		171,360	972,995
Calculator Purchases		0	44,955
Pass Book Purchases		169,105	191,365
Honorarium		741,000	457,000
Cookeries		89,669	80,190
Guest Meal		403,318	422,257
Provision for Expenses Paid		7,466,687	1,409,132
Miscellaneous		1,473,427	727,240
Tax & VAT		847,819	672,750
Advertisement		11,500	3,500
Fast Aid & Mat Purchases		234,803	22,130
Interest on SMD		1,511,884	1,054,777
Suspense's Account		0	1,166,783
Data Soft (Automation)		1,782,000	1,709,000
Agreement Cost		333,280	224,825
Disaster Management Expenses		0	100,000
Printing and Stationery		452,120	516,286
Service Charge to PKSF		4,194,563	776,250
Total Payments:		1,754,258,825	1,167,781,595
Closing Balance:			
Cash in Hand		1,166,966	1,271,107
Cash at Bank		19,950,524	7,575,103
Total Taka:		1,775,376,315	1,176,627,805

- 1.00 Figures have been rounded off to the nearest taka.
2.00 Annexed notes form part of the financial statements.

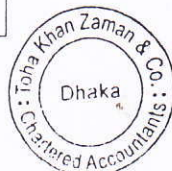
(Mst. Shaharaj Parvin)
Manager Finance

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

Dated, Dhaka
23 September 2016

(Md. Abdul Quader)
Executive Director

(Toha Khan Zaman & Co.)
Chartered Accountants





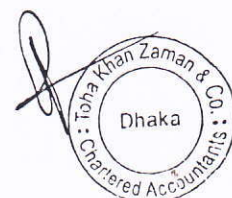
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STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

Figures in Taka

Particulars	FY 2015-2016			FY 2014-2015		
	Capital Fund	Retained Earnings	Total Taka	Capital Fund	Retained Earnings	Total Taka
Opening Balance	7,7016,330	0	7,7016,330	66,714,664	0	66,714,664
Add: Surplus/(Deficit) for the year	31,968,759	0	31,968,759	8,492,998	0	8,492,998
	108,985,089	0	108,985,089	75,207,662	0	75,207,662
Add: Adjustment with DMR	6,620,935	0	6,620,935	0	0	0
Add: Adjustment for the year	4,256,364	0	4,256,364	1,920,000	0	1,920,000
	10,877,299	0	10,877,299	1,920,000	0	1,920,000
Less: Adjustment for the year	0	0	0	111,332	0	111,332
Closing Balance Taka:	119,862,388	0	119,862,388	7,7016,330	0	7,7016,330





SETU
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

Figures in Taka

Particulars	FY 2015-2016	FY 2014-2015
A. Cash Flow from Operating Activities:		
Surplus for the year	31,968,759	10,619,231
Add. Amount considered as non-cash items:		
LLP	6,831,465	8,342,832
DMF Provision	299,813	1,093,275
Depreciation for the year	1,351,295	929,275
Provision for expenses	7,473,527	1,093,965
Sub-total of non-cash items:	15,956,100	11,459,347
Loan Disbursed to Beneficiaries	(1,280,669,000)	(901,273,000)
Loan Realized from Beneficiaries	1,009,859,699	704,591,596
Motorcycle	(302,350)	(1,066,500)
Member Welfare Fund (MWF)	6,916,400	5,079,744
Project Appraisal Fee (PAF)	0	686,539
Interest Payable on Members Savings	10,086,048	9,854,483
Members Savings Collection	139,588,370	247,109,500
Members Savings Deposit Refund	(40,278,643)	(73,551,466)
Staff Loan General	(4,780,400)	(3,970,200)
Expenses Reserves	(7,473,527)	(66,120,990)
Net cash used in Operating Activities:	(167,053,403)	(78,660,294)
B. Cash Flow from Investing Activities:		
Fixed Assets Purchased	(5,645,339)	(575,695)
Surplus FDR Encashment	(2,000,000)	(3,500,000)
Savings FDR Encashment	(2,000,000)	(19,000,000)
Service Charge	0	(2,659,428)
Net cash used in Investing Activities:	(9,645,339)	(25,735,123)
C. Cash Flow from Financing Activities:		
Loan Received from PKSF	130,000,000	35,500,000
Loan Refund to PKSF	(119,566,667)	(42,000,000)
Loan Received from Bank	273,163,000	130,000,000
Loan Refund to Bank	(128,708,262)	(45,000,000)
Suspension Account	1,510	1,166,783
Net cash used in Financing Activities:	154,889,581	79,666,783
D. Net increase/decrease(A+B+C)	26,115,698	(2,650,056)
Beginning of the year	8,846,210	11,496,266
Cash and Bank Balance at the end of the year	34,961,908	8,846,210



SETU
MICRO CREDIT PROGRAMME

PARTICULARS OF BUDGET
FOR THE YEAR ENDED 30 JUNE 2016

Particulars	2015-2016			2016-2017 (Proposed)
	Budgeted	Achievement	Variances	
1. Area Coverage:				
District	1	1	0	1
Upazila	6	5	1	6
Union	24	20	4	25
Village	72	38	34	80
2. Branch Opening	6	2	4	8
3. Group / Samity Formation	350	298	52	360
4. Add New Member	28,500	17,048	11,452	2,900
5. Add New Borrower	23,895	3,209	20,686	23,900
6. Recruitment	100	35	65	110
7. Deposits Collection	175,406,700	202,984,818	(27,578,118)	225,313,148
8. Refund Deposit	131,500,000	153,747,293	(22,247,293)	1,998,714,809
9. Recovery (Principle)	1,079,011,124	1,076,250,095	2,761,029	1,183,875,105
10. Loan Disbursement	1,485,500,000	1,280,669,000	204,831,000	1,447,155,970
11. Borrowing	380,000,000	406,763,000	(26,763,000)	451,506,930
12. Loan Returns	160,900,000	249,174,929	(88,274,929)	276,584,171
13. Received Against Insurance Service	14,855,000	12,806,690	2,048,310	14,343,493
14. Insurance Benefits Given	6,000,000	7,292,180	(1,292,180)	8,094,320
15. Total Income:	156,588,184	163,227,954	(6,639,770)	179,550,749
16. Total Expenditure:	128,729,327	131,259,195	(2,529,868)	145,697,706

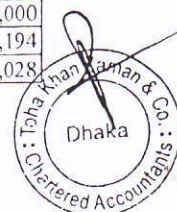
Particulars	Current Situation / Balance (After ending previous financial year)
1. Area Coverage:	
District	10
Upazila	26
Union	260
Village	1,240
2. Number of Branch	50
3. Number of Group	3,988
4. Number of Member	61,385
5. Number of Borrower	44,643
6. Manpower	409
7. Deposit Balance	275,054,265
8. Loan Outstanding	749,150,289
9. Loan Received	368,338,071
10. Insurance Fund	23,093,553
11. Cumulative Surplus	119,862,388



Toha Khan Zaman & Co.
Chartered Accountants

SETU
MICRO CREDIT PROGRAMME
PARTICULARS OF BUDGET
FOR THE YEAR ENDED 30 JUNE 2016

Sl. No.	Head of Expenditure	2015-2016			2016-2017 (Proposed)
		Amount as per Budget	Actual	Variances	
01	LOAN RECOVERY:				
	Jagoron	658,001,276	656,560,283	1,440,993	656,560,283
	Agrosor	254,753,460	253,463,187	1,290,273	253,463,188
	Buniad	23,060	321,597	(298,537)	320,302
	Sufolon	166,233,328	165,905,028	328,300	165,905,028
	Sub Total:	1,079,011,124	1,076,250,095	2,761,029	1,076,248,801
	Others Credit / Loan:	0	0	0	0
	Sub Total:	0	0	0	0
02	FUND COLLECTION:				
	Savings Collection	175,406,700	202,984,818	(27,578,118)	202,984,818
	Sub Total:	175,406,700	202,984,818	(27,578,118)	202,984,818
	Loan:				
	PKSF Loan	130,000,000	130,000,000	0	130,000,000
	Bank Loan	250,000,000	276,763,000	(26,763,000)	276,763,000
	Sub Total:	380,000,000	406,763,000	(26,763,000)	406,763,000
	Others Loan	0	0	0	0
	Sub Total:	0	0	0	0
	Insurance Fund Collection	13,065,000	12,806,690	258,310	12,806,690
	Sub Total:	13,065,000	12,806,690	258,310	12,806,690
	Others	0	0	0	0
	Sub Total:	0	0	0	0
	Total:	568,471,700	622,554,508	(54,082,808)	622,554,508
03	UTILIZATION OF FUND:				
	Loan Disbursement:				
	Jagoron Disbursement	907,500,000	719,293,000	188,207,000	719,293,000
	Agrosor Disbursement	358,000,000	329,612,000	28,388,000	329,612,000
	Buniad Disbursement		434,000	(434,000)	434,000
	Sufolon Disbursement	220,000,000	231,330,000	(11,330,000)	231,330,000
	Sub Total:	1,485,500,000	1,280,669,000	204,831,000	1,280,669,000
	Savings Return	131,500,000	153,747,293	(22,247,293)	153,747,293
	Sub Total:	131,500,000	153,747,293	(22,247,293)	153,747,293
	Loan Repayment:				
	PKSF Loan	90,900,000	119,566,667	(28,666,667)	119,566,667
	Bank Loan	90,000,000	129,608,262	(39,608,262)	129,608,262
	Sub Total:	180,900,000	249,174,929	(68,274,929)	249,174,929
	Others Loan:	0	0	0	0
	Sub Total:	0	0	0	0
	Insurance Claim Payment:	6,000,000	7,292,180	(1,292,180)	7,292,180
	Sub Total:	6,000,000	7,292,180	(1,292,180)	7,292,180
04	FIXED ASSET PURCHASE:				
	Building Construction	2,000,000	0	2,000,000	0
	Motor Vehicles	5,100,000	4,816,000	284,000	4,816,000
	Furniture & Fixture	300,000	297,194	2,806	297,194
	Office Equipment	200,000	157,028	42,972	157,028





SETU
MICRO CREDIT PROGRAMME
PARTICULARS OF BUDGET
FOR THE YEAR ENDED 30 JUNE 2016

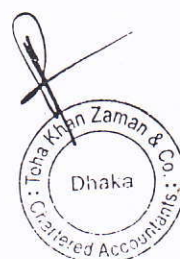
Sl. No.	Head of Expenditure	2015-2016			2016-2017 (Proposed)
		Amount as per Budget	Actual	Variances	
	Electric Equipment	0	77,070	(77,070)	77,070
	Computer & Accessories	300,000	248,047	51,953	248,047
	Total:	7,900,000	5,595,339	2,304,661	5,595,339
05	INCOME:				
	Service Charge)	150,235,684	157,962,479	(7,726,795)	157,962,479
	Interest on Investment)	2,677,500	2,237,974	439,526	2,237,974
	Entry Fees)	285,000	193,121	91,879	193,121
	Sales of passbook)	210,000	178,375	31,625	178,375
	Sales of Forms)	600,000	314,246	285,754	314,246
	Other Income)	2,580,000	2,341,759	238,241	2,341,759
	Total Income:	156,588,184	163,227,954	(6,639,770)	163,227,954
06	EXPENSES:				
	Finance Cost:				
	Interest on Savings	16,050,000	15,835,653	214,347	15,835,653
	Interest on PKSF Loan	5,157,563	4,194,563	963,000	4,194,563
	Interest on Bank Loan	165,500,000	5,372,899	11,127,101	5,372,899
	Others:				
	Interest Paid to Loan Security Fund	30,000,000	19,155,210	10,844,790	19,155,210
	Sub Total:	216,707,563	44,558,325	23,149,238	44,558,325
	General and Administrative Expense:				
	Salary & Allowance:				
	Basic Salary	29,677,083	34,422,393	(4,745,310)	34,422,393
	House Rent Allowance	19,290,105	22,374,556	(3,084,451)	22,374,556
	Medical Allowance	3,243,240	3,888,000	(644,760)	3,888,000
	Festival Allowance	4,636,242	6,103,580	(1,467,339)	6,103,580
	Lunch Allowance	3,202,500	2,871,792	330,708	2,871,792
	Conveyance Allowance	2,570,000	2,683,486	(113,486)	2,683,486
	Telephone Allowance	650,000	725,305	(75,305)	725,305
	Office Rent	3,599,038	3,766,357	(167,319)	3,766,357
	Printing & Stationary:				
	Printing & Photocopy, Binding	1,650,000	1,908,449	(258,449)	1,908,449
	Repair & Maintenance:				
	Office Building	200,000	0	200,000	0
	Motor Vehicles	500,000	0	500,000	0
	Others	340,000	278,577	61,423	278,577
	Fuel Expense (Motorcycle & Car)	1,650,500	985,464	665,036	985,464
	Gas, Electricity & Water	750,000	702,822	47,178	702,822
	Entertainment	610,000	535,810	74,190	535,810
	Advertisement	10,000	11,500	(1,500)	11,500
	Newspaper & Publications:				
	Newspapers & Magazine	40,000	13,635	26,365	0
	Bank Charge	300,000	442,489	(142,489)	442,489
	Training Expense:				
	Local Training	500,000	1,187,667	(687,667)	1,187,667
	Foreign Training	400,000	0	400,000	0
	Legal Expense	500,000	171,360	328,640	171,360



Toha Khan Zaman & Co.
Chartered Accountants

SETU
MICRO CREDIT PROGRAMME
PARTICULARS OF BUDGET
FOR THE YEAR ENDED 30 JUNE 2016

Sl. No.	Head of Expenditure	2015-2016			2016-2017 (Proposed)
		Amount as per Budget	Actual	Variances	
	Registration & Renewal Fee	50,000	0	50,000	0
	Others Operational Expense	200,000	192,365	7,635	192,365
	Audit Fee	100,000	94,200	5,800	94,200
	Others Honorarium	250,000	741,000	(491,000)	741,000
	Tax	700,000	1,248,768	(548,768)	1,248,768
	Depreciation	1,075,000	1,351,295	(276,295)	1,351,295
	Others Expenses	123,726,970	131,259,195	(7,532,225)	131,259,195
	Total Operating Expense:	200,420,678	217,960,065	(8,860,004)	217,946,430
	Loan Loss Provision	3,500,000	6,831,465	(3,331,465)	6,831,465
	Net Surplus	27,858,857	31,968,759	(4,109,902)	31,968,759
	Transfer to Various Fund:				
	Reserve Fund	2,785,885	11,986,238	(9,200,353)	11,986,238
	DMF	1,502,357	0	1,502,357	0
	Total Fund:	4,288,242	11,986,238	8,576,484	13,184,862





SETU
MICRO CREDIT PROGRAMME

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

1.00 BACK GROUND OF THE ORGANIZATION:

Micro Credit Programme is a project of SETU. SETU is a non-government voluntary development organization (NGO) duly registered with the Department of Social Welfare, Government of the People's Republic of Bangladesh vide registration No. Kushtia-10/83 date 17 February 1986. The Organization is also registered with the NGO Affairs Bureau, Government of the People's Republic of Bangladesh vide registration No.240 dated 05 October 1987 and last renewal on 02 November 2012 and with Micro Credit Regulatory Authority, vide registration No. 03033-03265-00049 date 05 September 2007.

2.00 CORPORATE INFORMATION OF THE MFI:

Name of the MFI	SETU		
Year of establishment	1983		
Legal entity:			
	Registration Authority	Registration No.	Date
	Social Welfare Department	Kushtia-10/83	17-02-1986
	Joints Stock Companies	KHS-359	05-10-1987
	NGO Affairs Bureau	240	05-10-1987
	MRA	03033-03265-00049	05-09-2007
Nature of operations (programs)	PKSF Funded Micro Credit Program		
Statutory audit conducted up to	01 July 2014 to 30 June 2015		
Name of statutory auditor for last year	A. Matin & Co. Chartered Accountants		
Name of statutory auditor for current year	Toha Khan Zaman & Co., Chartered Accountants		
No. executive Committee meeting held FY 2015-2016	19		
Date of Last AGM held	13-03-2016		

List of Executive Committee Members:				
Name	Designation	Profession	Qualification	Present Address
Md. Omar Ali	Chairman	Asst. Head Master	B.com B-Ed	Belgashi, Hazrahati, Mirpur Kushtia.
Uzzal Kumar Dabnath	Vice Chairman	NGO Service	B. Com	Hazrahati, Mirpur Kushtia
Nazma Parvin	Cashier	Professor	M.A.	Shomspur, Khuksha, Kushtia
Md. Shafiqueal Alam	Member	Executive Director PCD.	B. A.	Purbo Tear Tala, Chatmohor, Pabna.
Ainun Nahar	Member	Social Service	B. A.	Mahatap Uddin Sarak, Court Para, Khustia.
Abdus Satter Biswas	Member	Business	S.S.C	Hazrahati, Mirpur Kushtia
Md. Abdul Kader	Executive Director	Executive Director SETU	B.com B-Ed	6/2 Abdur Razzak Len, Court Para, Kushtia



3.00 BASIS OF ACCOUNTING:

The financial statements are prepared in accordance with Bangladesh Accounting Standards (BAS) except on cash basis under historical cost convention. Provisions and accruals are not taken into account except depreciation on fixed assets and Loan Loss Provision (LLP).

4.00 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

4.01 Currencies:

The financial statements have been prepared and presented in Bangladeshi Taka.

4.02 Revenue Recognition:

Revenues have been recognized on cash basis.

4.03 a. Interest Income and Expenses:

✚ **Service Charges on Loan:**

Service Charges on Loan have been recognized on cash basis.

✚ **Interest Expenses:**

Interest Expenses have been recognized on cash basis.

✚ **Other Expenses:**

Other Expenses have been recognized on cash basis.

b. Interest Paid on Savings:

6% Interest have been paid to the members on accrual basis six months on their savings and accounted for accordingly.

4.04 Fixed Assets and Depreciation:

Fixed assets are presented at cost less accumulated depreciation. Depreciation is charged on reducing balance method. Depreciation on addition to fixed assets is charged for the full year in the year of purchase irrespective of date of acquisition or put into use while no depreciation is charged in the year of disposal.

5.00 SIGNIFICANT ORGANIZATIONAL POLICIES:

5.01 Loan Loss Provision:

✚ **Loan Classification:**

Loans are classified in accordance with the guideline of Microcredit Regulatory Authority as noted below:

Particulars	Loan Loss Provision Ratio
Good Loan Outstanding	01%
1-30 days Doubtful Loan Outstanding	05%
31-180 days Doubtful Loan Outstanding	25%
181-365 days Doubtful Loan Outstanding	75%
Above 365 days Bad Loan Outstanding	100%

✚ **Loan Loss Provisioning:**

Provision for loan loss is made in accordance with the guideline of Microcredit Regulatory Authority as noted above.

✚ **Write Off Policy:**

Loan loss is written off in the financial statements having approval of competent authority if it becomes established that the loan will never be recovered.



5.02 Policy on Loan to Beneficiaries:

To avail loan a beneficiary should deposit 5-10% of required loan amount to the savings fund. 25% interest will be charged on the beneficiaries for the reducing loan amount. The loan has to be refunded by the beneficiaries on weekly basis and 15 days Grass period. The beneficiaries have to pay for the pass book.

5.03 Policy on Savings Collection:

A group has to be established consisting of at least 5 members. Savings will be collected minimum Tk.10 for micro finance on weekly basis. The collected savings are deposited to the Bank 6% interest is paid to the members on every six months on their savings.

5.04 Grant/Donation Accounting:

Since the organization did not receive any grant/donation during the year under audit accounting of grant/donation is not applicable.

5.05 Grant/Subsidies/Donation (nonrefundable) received (2015-2016):

Since the organization did not receive any grant/donation during the year ended 30 June 2016 under audit accounting of grant/donation (nonrefundable) is not applicable:

Sl. No.	Name of the Donor	Name of the Project	Duration of the Project	Total Committed Fund	Received in (2015-16)
Not Applicable					

6.00 FIXED ASSETS: Tk. 15,151,339

6.01 The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Value at Cost:		
Opening Balance	18,110,047	15,618,587
Add: Addition during the year	5,645,339	575,695
	23,755,386	16,194,282
Add: Adjustment / Sale during the year	0	1,915,765
Total Value at Cost:	23,755,386	18,110,047
Less: Accumulated Depreciation:		
Opening Balance	7,252,752	6,323,477
Add: Depreciation during the year	1,351,295	929,275
Total Accumulated Depreciation:	8,604,047	7,252,752
Written Down Value as on 30-06-2016	15,151,339	10,857,295

6.02 Details schedule of fixed assets shown in Annexure:3

7.00 INVESTMENT: Tk. 57,500,000

7.01 Breakup of the above amount is given below:

Particulars	Notes	30-06-2016	30-06-2015
Savings FDR	7.02	40,500,000	21,000,000
Surplus FDR	7.03	15,500,000	4,000,000
Loan Loss Provision Investment (LLPI)		0	4,515
Disaster Management Reserve investment (DMFI)		0	1,016,612



Particulars	Notes	30-06-2016	30-06-2015
Depreciation Reserve Investment (DFI)		0	8,856
Provident Fund FDR	7.04	1,500,000	1,500,000
Total Taka:		57,500,000	27,529,983

7.02 Savings FDR: Tk. 40,500,000

a. The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	21,000,000	2,500,000
Add: Investment during the year	22,500,000	19,000,000
Add: Received from DMF FDR	1,000,000	2,000,000
	44,500,000	23,500,000
Less: Transfer to Surplus FDR	2,000,000	0
Less: Encashment during the year	2,000,000	2,500,000
Closing Balance Taka:	40,500,000	21,000,000

b. Breakup of the above amount is given below:

Name of Bank	FDR No.	Date of Purchase	Date of Maturity	Rate of Interest	Amount
One Bank Ltd., Kushtia Branch	163642	19-05-14	19-08-14	9.25	2,500,000
One Bank Ltd., Kushtia Branch	163684	18-02-15	18-02-16	9	2,500,000
One Bank Ltd., Kushtia Branch	186614	22-06-15	22-09-15	8	5,000,000
One Bank Ltd., Kushtia Branch	186663	08-06-16	08-09-16	6.5	6,000,000
Mutual Trust Bank Ltd., Kushtia Branch	143670/14719	25-06-14	25-09-14	9.25	1,000,000
Mutual Trust Bank Ltd., Kushtia Branch	174840/22	07-04-15	07-07-15	9	5,000,000
Standard Bank Ltd., Kushtia Branch	145280	29-04-15	06-06-15	7	2,000,000
Standard Bank Ltd., Kushtia Branch	145282	06-05-15	06-06-15	7	2,000,000
Standard Bank Ltd., Kushtia Branch	145286	13-05-15	13-06-15	7	2,000,000
Standard Bank Ltd., Kushtia Branch	177261	02-05-16	02-08-16	7	12,500,000
Total Taka:					40,500,000

7.03 Surplus FDR: Tk. 15,500,000

a. The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	4,000,000	2,000,000
Add: Investment during the year	11,500,000	3,500,000
Add: Received from Saving FDR	2,000,000	0
Less: Encashment during the year	2,000,000	1,500,000
Closing Balance Taka:	15,500,000	4,000,000

b. Breakup of the above amount is given below:

Name of Bank	FDR No.	Date of Purchase	Date of Maturity	Rate of Interest	Amount
Mutual Trust Bank Ltd., Kushtia Branch	145280	29-04-15	29-05-15	7.00	4,000,000
Jamuna Bank Ltd., Kushtia Branch	214999	22-05-16	22-08-16	5.75	10,000,000
Trust Bank Ltd., Kushtia Branch					1,500,000
Total Taka:					15,500,000



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Chartered Accountants

7.04 Provident Fund FDR: Tk. 1,500,000

a. The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	1,500,000	0
Add: Received from Surplus FDR	0	1,500,000
Closing Balance Taka:	1,500,000	1,500,000

b. Breakup of the above amount is given below:

Name of Bank	FDR No.	Date of Purchase	Date of Maturity	Rate of Interest	Amount
Standard Bank Ltd., Kushtia Branch	145289	19.05.15	19.06.15	7.00	1,500,000
Total Taka:					1,500,000

8.00 LOAN TO BENEFICIARIES: Tk. 749,161,193

The above balance has been arrived at as under:

Particulars	Opening Balance	Disbursed for the year	Realized for the year	Non-Cash for the year	Closing Balance
JAGORON	325,098,301	719,293,000	603,099,465	46,695,162	394,596,674
AGRASHOR	122,658,303	329,612,000	241,571,782	11,400,534	199,297,987
SHUFALON	89,099,921	231,330,000	165,163,894	599,129	154,666,898
BUNIAD	476,327	434,000	24,558	297,039	588,730
SMD	130,153	8,000	127,249	0	10,904
Total Taka:	537,463,005	1,280,677,000	1,009,986,948	58,991,864	749,161,193

9.00 STAFF LOAN AND ADVANCE: Tk. 9,983,586

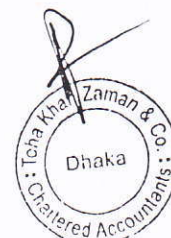
9.01 Breakup of the above amount is given below:

Particulars	Note	30-06-2016	30-06-2015
Motorcycle	9.02	3,142,650	3,447,700
Bi-cycle Loan	9.03	122,820	122,820
Staff Loan General	9.04	3,727,525	2,934,035
Advance	9.05	2,990,591	1,129,691
Total Taka:		9,983,586	7,634,246

9.02 Motorcycle Loan: Tk. 3,142,650

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Balance as on 01-07-2015	3,447,700	3,142,350
Add: Payment during the year	384,000	0
Add: Payment during the year (Non-cash)	303,600	1,104,000
	4,135,300	4,246,350
Less: Collection during the year	1,250	37,500
Less: Non-cash Collection during the year	991,400	761,150
Closing Balance Taka:	3,142,650	3,447,700





9.03 Bi-cycle Loan: Tk. 122,820

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Balance as on 01-07-2015	122,820	122,820
Add: Payment during the year	0	0
	122,820	122,820
Less: Collection during the year	0	0
Closing Balance Taka:	122,820	122,820

9.04 Staff Loan General: Tk. 3,727,525

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Balance as on 01-07-2015	2,934,035	2,329,035
Add: Payment during the year	6,097,000	5,155,000
Add: Adjustment made during the year (Non-cash)	349,600	481,300
	9,380,635	7,965,335
Less: Realized during the year	1,316,600	1,154,800
Less: Non-cash Collection during the year	4,336,510	3,876,500
Closing Balance Taka:	3,727,525	2,934,035

9.05 Advance: Tk. 2,990,591

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Balance as on 01-07-2015	1,129,691	970,691
Add: Payment during the year	3,836,600	1,748,900
Add: Adjustment made during the year (Non-cash)	70,000	0
	5,036,291	2,719,591
Less: Realized during the year	925,723	656,150
Less: Non-cash Collection during the year	1,119,977	933,750
Closing Balance Taka:	2,990,591	1,129,691

10.00 LOAN TO GENERAL FUND: Tk. 3,240,453

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Balance as on 01-07-2015	3,011,253	2,264,500
Add: Payment during the year	229,200	746,753
	3,240,453	3,011,253
Less: Realized during the year	0	0
Closing Balance Taka:	3,240,453	3,011,253



11.00 INTEREST RECEIVABLE ON FDR: Tk. 2,012,177

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Balance as on 01-07-2015	882,701	0
Add: Receivable during the year	1,492,598	882,701
	2,375,299	882,701
Less: Received during the year	363,122	0
Closing Balance Taka:	2,012,177	882,701

12.00 SUSPENSE ACCOUNTS: Tk. 11,479,917

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Balance as on 01-07-2015	11,478,407	10,316,371
Add: Addition during the year	1,510	1,166,783
	11,479,917	11,483,154
Less: Collection during the year	0	4,747
Closing Balance Taka:	11,479,917	11,478,407

13.00 CLOSING PRINTING AND STATIONERY: Tk. 281,430

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Balance as on 01-07-2015	282,991	281,805
Add: Purchase during the year	452,120	516,286
Add: Adjustment during the year	31,185	0
	766,296	798,091
Less: Consumption during the year	484,866	515,100
Closing Balance Taka:	281,430	282,991

14.00 CASH IN HAND AND AT BANK: Tk. 21,117,490

14.01 Breakup of the above amount is given below:

Particulars	Note	30-06-2016	30-06-2015
Cash in Hand	14.02	1,166,966	1,271,107
Cash at Bank	14.03	19,950,524	7,575,103
Total Taka:		21,117,490	8,846,210

14.02 Cash in Hand: Tk. 1,166,966

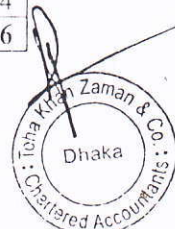
Breakup of the above amount is given below:

SL. No.	Branch Name	Amount
1	Head Office	925
2	Hazrahati	6,865
3	Kushtia(RMC)	18,140
4	Khoksa	11,080
5	Mirpur	22,828
6	Swastipur	12,592
7	Bahalbaria	7,732
8	Ailchara	878



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Chartered Accountants

SL. No.	Branch Name	Amount
9	Daulatpur	31,361
10	Kholikshakundi	88,667
11	Harinarayanpur	246
12	Kumarkhali	13,117
13	Jhaudia	17,504
14	Bashgram	1,896
15	Bahadurpur	92,235
16	Sheikhpara	41,175
17	Borogangdia	24,652
18	Alauddinnagar	2,399
19	Shahapur	13,335
20	Dapunia	9,859
21	Gopalpur	1,743
22	Lalpur	16,424
23	Satbaria	45,316
24	Dangmorka	9,548
25	Iswardi	9,202
26	Pangsha	32,500
27	Abdulpur	28,683
28	Shoilkupa	5,886
29	Refayetpur	3,757
30	Chilmari	12,681
31	Eakdala	73
32	Basudebpur	13,115
33	Puthia	3,715
34	Arani	3,554
35	Taherpur	274
36	Horinakundu	8,177
37	Langalbandh	38,963
38	Shreepur	138,522
39	Magura	9,100
40	Hatgopalpur	19,351
41	Katlagari	3,814
42	Joradah	1,889
43	Patikabari	51,095
44	Barkhada	51,655
45	Berilabari	17,675
46	Sarojgonj	27,717
47	Bhatoi Bazar	99,768
48	Kushtia UMC	80,102
49	Sonapur	11,504
50	Hatos Horipur	233
51	Kushtia Agrosor	3,444
Total Taka:		1,166,966





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14.03 Cash at Bank: Tk. 19,950,524

Breakup of the above amount is given below:

Name of Bank	Acc. No.	Amount	Remarks
IFIC Bank Ltd., Kushtia Branch	STD-4062307643041	262,490	Agreed
IFIC Bank Ltd., Kushtia Branch	STD-4062355936041	1,596	Agreed
IFIC Bank Ltd., Kushtia Branch	STD-778	9,875	Agreed
Janata Bank Ltd., Kushtia Branch	CD-5022	99,106	Agreed
Jamuna Bank Ltd., Kushtia Branch	STD-137	7,260	Agreed
Sonali Bank Ltd., Kushtia Branch	CD-001011437	9,519	Agreed
B. Krishi Bank, Kushtia Branch	CD-865	3,019	Agreed
Agrani Bank Ltd., Kushtia Branch	STD-36000291	52,040	Agreed
Shahjalal Bank Ltd., Kushtia Branch	CD-411100000042	0	Agreed
One Bank Ltd., Kushtia Branch	STD-703000000136	59,217	Agreed
Mutual Trust Bank Ltd., Kushtia Br.	CD-7954	142	Agreed
Standard Bank Ltd., Kushtia Branch	CD-04733000386	2,203,963	Agreed
Standard Bank Ltd., Kushtia Branch	CD-04736000015	11,511	Agreed
IFIC Bank Ltd., Kushtia Branch	CD-4062306543031	9,018	Agreed
IFIC Bank Ltd., Kushtia Branch	CD-4062307647041	16,337	Agreed
IFIC Bank Ltd., Kushtia Branch	CD-4062306443031	4,716	Agreed
Jamuna Bank Ltd., Dhaka	CD-00200210022087	531	Agreed
Trust Bank Ltd., Kushtia Branch	CD-750210002737	59,548	Agreed
The City Bank Ltd. Kushtia Branch	CD-1401624795001	6,635	Agreed
Sonali Bank, Kushtia Branch	CD-301236000047	371,572	Agreed
Shajalal Bank Ltd., Kushtia Branch	CD-111000000045	933,925	Agreed
IFIC Bank Ltd., Kushtia Branch	STD-662	3201	Agreed
One Bank Ltd., Kushtia Branch	SND-0703000000056	5,74,885	Agreed
Sonali Bank, Khoksha Branch	CD-1025	254,912	Agreed
Bangladesh Krishi Bank, Mirpur Branch	STD- 05	507,394	Agreed
Rupali Bank Ltd., Swastipur Branch	STD- 30/1	833,374	Agreed
Bangladesh Krishi Bank, Bahalbaria Br.	STD- 01	499,267	Agreed
Bangladesh Krishi Bank, Ailchara Br.	STD- 02	791,291	Agreed
Bangladesh Krishi Bank, Daullatpur Br.	CD- 545	287,863	Agreed
Agrani Bank Ltd., Kholishakundi Branch	CD- 739	226,450	Agreed
Sonali Bank, Harinarayanpur Branch	CD- 776	635,206	Agreed
Bangladesh Krishi Bank, Kumarkhali Br.	CD- 351	220,549	Agreed
Bangladesh Krishi Bank, Jhawdia Branch	CD- 119	255,997	Agreed
Janata Bank Ltd., Bagulat Branch	CD- 283	345,373	Agreed
Bangladesh Krishi Bank, Bahadurpur Br.	CD- 62	375,988	Agreed
Sonali Bank, Shaikhpara Branch	CD- 431	421,655	Agreed
Agrani Bank Ltd., Borogangdia Branch	CD- 470	304,780	Agreed
Sonali Bank, Nondolalpur Branch	CD- 35	345,972	Agreed
Janata Bank Ltd., Ruppur Branch	CD- 890	341,843	Agreed
Rajshahi Krishi Unnayan Bank, Dapunia	CD- 124	206,047	Agreed





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Name of Bank	Acc. No.	Amount	Remarks
Sonali Bank, Lalpur Branch	CD- 1111	562,664	Agreed
Uttra Bank Ltd., Lalpur Branch	CD- 773	348,924	Agreed
Bangladesh Krishi Bank, Bheramara Br.	CD- 649	80,301	Agreed
Janata Bank Ltd., Dangmorka Branch	CD- 745	288,924	Agreed
National Bank Ltd., Iswhurdi	STD-8882	219,635	Agreed
Bangladesh Krishi Bank, Pangsha Branch	CD- 460	398,753	Agreed
Rupali Bank Ltd., Abdulpur Branch	CD- 258	789,277	Agreed
Janata Bank Ltd., Bagatipara Branch	CD- 539	186,763	Agreed
Janata Bank Ltd., Shailkupa Branch	CD- 2228	340,000	Agreed
Agrani Bank Ltd., Daullatpur Branch	CD- 935	739,423	Agreed
Bangladesh Krishi Bank, Daullatpur Br.	CD- 457	27,318	Agreed
Janata Bank Ltd., Station Bazar Br., Natore	CD- 1523	184,626	Agreed
Janata Bank Ltd., Basudebpur Branch	CD- 232	204,497	Agreed
Uttra Bank Ltd., Putia Branch	CD- 877	233,603	Agreed
Janata Bank Ltd., Arani Branch	CD- 1071	164,293	Agreed
Janata Bank Ltd., Thaherpur Branch	CD- 1117	71,754	Agreed
Sonali Bank, Horinakundi Branch	CD- 1623	70,129	Agreed
Janata Bank Ltd., Laggolbandh Branch	CD- 830	204,243	Agreed
Sonali Bank, Shripur Branch	CD- 775	349,728	Agreed
Sonali Bank, Magura Branch	CD- 777	193,425	Agreed
Sonali Bank, Hatgopalpur Branch	CD- 813	297,287	Agreed
Janata Bank Ltd., Katlagari Branch	CD- 274	146,695	Agreed
Janata Bank Ltd., Joradah Branch	CD-33001529	175,499	Agreed
Agrani Bank Ltd., Patikabari Branch	CD- 319	222,550	Agreed
Bangladesh Krishi Bank, Barkhada Br.	CD- 200	756,502	Agreed
Rajshahi Krishi Unnayan Bank, Barilabari	CD- 115	171,127	Agreed
Sonali Bank Ltd., Sarojgonj Branch	CD-200007014	270,809	Agreed
Janata Bank Ltd., Vatoi Bazar Branch	CD-33002475	334,397	Agreed
Bangladesh Krishi Bank, Sonapur Branch	CD-130	234,489	Agreed
Total Taka:		19,950,524	

15.00 RETAINED SURPLUS: Tk. 119,862,388

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	77,016,330	66,714,664
Add: Current year surplus	31,968,759	8,492,998
Add: Adjustment with DMR	6,620,935	0
Add: Adjustment for the year	4,256,364	1,920,000
	119,862,388	77,127,662
Less: Adjustment during the year	0	111,332
Closing Balance Taka:	119,862,388	77,016,330





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16.00 LOAN FROM PKSF: Tk. 58,650,000

The above balance has been arrived at as under:

Particulars	Opening Balance	Received for the year	Refund for the year	Closing Balance	Long- term Liabilities	Current Liabilities
RMC	86,250,000	0	63,200,000	23,050,000	18,450,000	4,600,000
UMC	10,500,000	0	7,700,000	2,800,000	1,200,000	1,600,000
MEL	14,000,000	0	14,000,000	0	0	0
AGRASHOR	0	40,000,000	3,000,000	37,000,000	24,000,000	13,000,000
SHUFLON	0	60,000,000	30,000,000	30,000,000	0	30,000,000
BUNIAD	0	30,000,000	1,666,667	28,333,333	15,000,000	13,333,333
Total Taka:	110,750,000	130,000,000	119,566,667	121,183,333	58,650,000	62,533,333

17.00 LOAN FROM BANK: Tk. 244,454,738

17.01 The above balance has been arrived at as under:

Particulars	Note	Opening Balance	Received for the year	Refund for the year	Closing Balance
One Bank Ltd., Kushtia Branch	17.02	50,000,000	80,000,000	50,000,000	80,000,000
Standard Bank Ltd., Kushtia Branch	17.03	30,000,000	83,163,000	33,708,262	79,454,738
Mutual Trust Bank Ltd., Kushtia Br.	17.04	20,000,000	50,000,000	45,000,000	25,000,000
Jamuna Bank Ltd., Kushtia Branch	17.05	0	10,000,000	0	10,000,000
Trust Bank Ltd., Kushtia Branch	17.06	0	50,000,000	0	50,000,000
Total Taka:		100,000,000	273,163,000	128,708,262	244,454,738

17.02 One Bank Ltd., Kushtia Branch: Tk. 80,000,000

The above loan was procured from One Bank Ltd., Kushtia Branch loan account No. 703000000136 bearing interest rate @11.00%.

17.03 Standard Bank Ltd., Kushtia Branch: Tk. 79,454,738

The above loan was procured from Standard Bank Ltd., Kushtia Branch loan account No. 04733000386 bearing interest rate @11%.

17.04 Mutual Trust Bank Ltd., Kushtia Br.: Tk. 25,000,000

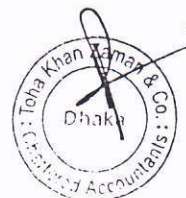
The above loan was procured from Mutual Trust Bank Ltd., Kushtia Branch loan account No. 7954 bearing interest rate @14%.

17.05 Jamuna Bank Ltd., Kushtia Branch: Tk. 10,000,000

The above loan was procured from Jamuna Bank Ltd., Kushtia Branch loan account No. 00200210022087 bearing interest rate @11%.

17.06 Trust Bank Ltd., Kushtia Branch: Tk. 50,000,000

The above loan was procured from Trust Bank Ltd., Kushtia Branch loan account No. 750210002737 bearing interest rate @11%.





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18.00 LOAN FROM LANKABANGLA: Tk. 2,700,000

18.01 The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	0.	0
Add: Received during the year	3,600,000	0
	3,600,000	0
Less: Payment during the year	900,000	0
Closing Balance Taka:	2,700,000	0

18.02 The above loan was procured from Lanka-Bangla, Jessore Branch bearing interest rate @14.00%.

19.00 MEMBERS SAVINGS DEPOSIT: Tk. 81,631,460

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	132,010,753	112,585,426
Add: Collection during the year	119,298,289	172,892,930
Add: Accrued Interest during the year	6,964,540	5,694,004
Add: Collection during the year (Non-cash)	10,663,760	0
Add: Adjustment made during the year	2,551,347	0
	271,488,689	291,172,360
Less: Refund during the year	40,278,643	37,314,431
Less: Non-Cash Refund during the year	67,947,126	121,847,176
Closing Balance Taka:	163,262,920	132,010,753
Long Term Liabilities:	81,631,460	66,005,377
Current Liabilities:	81,631,460	66,005,376

20.00 MEMBERS SAVINGS DEPOSIT OTHERS: Tk. 111,791,345

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	90,595,605	54,814,720
Add: Collection during the year	54447605	74,216,570
Add: Collection during the year (Non-cash)	11,608,660	38,433,716
	156,651,870	167,465,006
Less: Refund during the year	28,850,913	36,237,035
Less: Non-Cash Refund during the year	16,009,612	40,632,366
Closing Balance Taka:	111,791,345	90,595,605





Toha Khan Zaman & Co.
Chartered Accountants

21.00 PROVIDENT FUND RESERVE: Tk. 25,454,234

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	19,957,299	15,743,668
Add: Current year	6,120,609	5,057,718
Add: Adjustment for the year	396,326	457,239
	26,474,234	21,258,625
Less: Payment during the year	1,020,000	1,301,326
Closing Balance Taka:	25,454,234	19,957,299

22.00 GRATUITY RESERVE: Tk. 12,424,718

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	9,424,234	7,297,339
Add: Current year	3,000,484	2,126,895
	12,424,718	9,424,234
Less: Payment during the year	0	0
Closing Balance Taka:	12,424,718	9,424,234

23.00 RESERVES FOR EXPENSE: Tk. 486,654

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	7,914,237	6,279,210
Add: Current year	45,944	2,728,992
	7,960,181	9,008,202
Less: Payment during the year	7,473,527	1,093,965
Closing Balance Taka:	486,654	7,914,237

24.00 RESERVES FOR SMD INTEREST: Tk. 13,382,262

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	8,225,895	4,382,736.00
Add: Current year	5,818,458	4,160,479
	14,044,353	8,543,215.00
Less: Payment during the year	662,091	317,320
Closing Balance Taka:	13,382,262	8,225,895

25.00 RESERVES FOR PF INTEREST: Tk. 5,338,840

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	3,647,028	1,486,638
Add: Current year	1,691,812	2,160,390
Closing Balance Taka:	5,338,840	3,647,028





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25.00 RESERVES FOR SAVINGS INTEREST: Tk. 5,963

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	5,963	5,963
Add: Current year	0	0
Closing Balance Taka:	5,963	5,963

26.00 LOAN LOSS PROVISION: Tk. 26,547,007

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	22,188,760	22,858,527
Add: Current year Provision	6,831,465	8,382,832
Add: Adjustment for the year	102,617	1,746,967
	29,122,842	32,988,326
Less: Loan Written Off during the year	2,497,463	48,923
Less: Payment made during the year	78,372	10,750,643
Closing Balance Taka:	26,547,007	22,188,760

27.00 DISASTER MANAGEMENT RESERVE: Tk. Nil

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	6,321,122	5,326,982
Add: Current year	299,813	1,093,275
Add: Adjustment made during the year	0	44,897
	6,620,935	6,465,154
Less: Adjustment with Retained Surplus	6,620,935	44,032
Less: Payment made during the year	0	100,000
Closing Balance Taka:	0	6,321,122

28.00 MEMBER WELFARE FUND (MWF): Tk. 23,093,553

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	17,157,196	12,080,221
Add: Current year	8,711,120	6,688,860
Add: Current year (Non-cash)	19,700	24,245
	25,888,016	18,793,326
Less: Payment made during the year	1,794,720	1,609,116
Less: Non- Cash during the year	999,743	27,014
Closing Balance Taka:	23,093,553	17,157,196





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29.00 RESERVES FOR SAVINGS INTEREST: Tk. Nil

The above balance has been arrived at as under:

Particulars	30-06-2016	30-06-2015
Opening Balance	2,832,039	2,145,500
Add: Current year	1,689,923	1,012,460
	4,521,962	3,157,960
Less: Payment made during the year	4,521,962	325,921
Closing Balance Taka:	0	2,832,039





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SETU
MICRO CREDIT PROGRAMME

ELIGIBILITY CRITERIA COMPLIANCE CERTIFICATION
FOR THE YEAR ENDED 30 JUNE 2016

ANNEXURE: A/1

Sl. No.	Eligibility Criteria	Audited Figures or Compliance FY 2015-2016	Standard
1	Minimum Loan recovery rates, computed quarterly, based on the following:		
I	95% minimum cumulative loan collection ratio on total dues: CRR $\frac{\text{Actual cumulative collections} \times 100}{\text{Cumulative collectibles}}$	99.58%	95%
II	92-100% minimum loan collection ratio on current dues (on running 12 months' basis): OTR $\frac{\text{Actual collections during the past 12 months on current dues} \times 100}{\text{Collectibles on current dues}}$	99.77%	92-100%
2	Minimum Liquidity Ratio of 15%	11.05%	15%
3	Minimum Current Ratio of 2:1	5.54:1	2:1
4	Minimum Capital Adequacy Ratio of 15%	15.15%	15%
5	Minimum Debt Service Cover Ratio of 1.25:1	2.32:1	1.25:1
6	Debt to Capital Ratio 9:1	5.34:1	9:1
7	Minimum Rate of Return on Capital of 1%	33.80%	1%

(Mst. Shahanaaj Parvin)
Manager Finance

Dated, Dhaka
23 September 2016

(Md. Abdul Quader)
Executive Director

(Toha Khan Zaman & Co.)
Chartered Accountants





Toha Khan Zaman & Co.
Chartered Accountants

SETU
MICRO CREDIT PROGRAMME

PORTFOLIO REPORT FOR THE YEAR ENDED 30 JUNE 2016
Review of Loan Classifications and Provisions

Annexure: A/3

(i) Classification of Loan and Loan Loss Provision:

Sl. No	Particulars	No. of days Outstanding	Outstanding Loan	Required Provision	
			Amount Tk.	Rate %	Amount (Tk.)
01	Total Loan Outstanding (TLO)		749,150,193		29,717,286
02	Total Overdue		17,337,679		17,337,679
03	Regular	Loans with no overdue installments	715,057,887	1%	7,150,589
04	Watchful	Loan default duration between 1-30 days	6,468,564	5%	323,428
05	Sub-standard	Loan default duration between 31-180 days	5,617,897	25%	1,404,474
06	Doubtful	Loan default duration between 181-365 days	4,668,166	75%	3,501,125
07	Bad Loan	Loan default duration above 365 days	17,337,679	100%	17,337,679
	Total Taka:		749,150,193		29,717,295

(ii) Loan and Loan Loss Provision (LLP) Status of the MFI:

Particulars	Taka
Required Provision as per MRA policy	29,717,295
Actual Provision made by the MFI	26,547,007
Excess/Shortfall in Provision	31,70,288

Comment on LLP: It appears from the computation that, MFI has made in short provision for the LLP on its outstanding loan balances. MRA policy should not be followed.

Disclosure on Written off Loan:

Loan Written Off Balance 01-06-2015	12,108,965
Loan Written Off during the year 2015-2016	2,497,463
Written Off Loan Recovered during the year 2015-2016	0
Loan Written Off Balance 30-06-2016	14,606,428

(iii) Loan Operational Report:

Sl. No.	Particulars	2015-2016			2014-2015		
1.	Financial Service Product:						
	Loan Product:						
	JAGORON			394,596,674			325,098,301
	AGRASHOR			199,297,987			122,658,303
	SHUFALON			154,666,898			89,099,921
	BUNIAD			588,730			476,327
	SMD			10,904			130,153
	Savings Product:						
	Savings Account General			163,262,920			132,010,754
	Savings Account Special			111,791,345			90,595,605
	Insurance Product:			0			0
2.	Number of Branch.	51			50		
		M	F	TOTAL	M	F	TOTAL
3.	Number of Samities	569	3,419	3,988	1,106	2,998	4,104
4.	Number of Members	6,720	54,665	61,385	5,918	52,583	58,501
5.	Number of Borrowers/Loanee	5,238	39,405	44,643	4,316	37,364	41,680
6.	Number of Staff	257	124	381			
7.	Amount (Taka) of Loan outstanding with Samity			749,161,193			537,463,005
8.	Members: Borrower						
9.	Average Loan Size	15,000			14,000		





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SETU
MICRO CREDIT PROGRAMME

SCHEDULE OF FIXED ASSETS AS ON 30-06-2016

Annexure-A/3

Particulars	VALUE AT COST				DEPRECIATION				Written Down Value
	Opening Balance	Addition	Adjustment	Closing Balance	Opening Balance	Rate	Depreciation	Total as on 30-06-2016	
Land	2,191,953	0	0	2,191,953	0		0	0	2,191,953
Computer & Printer	4,450,824	248,047	0	4,698,871	2,726,538	20%	391,964	3,118,502	1,580,369
Vehicle	88,500	0	0	88,500	88,500	20%	0	88,500	1
Furniture & Fix.	3,598,214	297,194	0	3,895,408	1,953,654	10%	194,175	2,147,829	1,747,579
Bi-cycle	11,725	0	0	11,725	10,976	20%	150	11,126	599
Photocopier	202,500	0	0	202,500	158,713	20%	7,578	166,291	36,209
Mobile	145,122	77,070	0	222,192	85,360	20%	27,378	112,738	109,454
Equipment	2,439,257	157,028	0	2,596,285	297,492	20%	75,926	373,418	2,222,867
Solar	52,034	0	0	52,034	36,272	20%	3,152	39,424	12,610
Building	3,269,918	0	0	3,269,918	513,749	4%	108,672	622,421	2,647,497
Car	1,660,000	4,866,000	0	6,526,000	1,381,498	20%	542,300	1,923,798	4,602,202
Total Taka:	18,110,047	5,645,339	0	23,755,386	7,252,752		1,351,295	8,604,047	15,151,340
Previous year's Taka:	15,618,587	575,695	1,915,765	18,110,047	6,323,477		929,275	7,252,752	10,857,295





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Chartered Accountants

ANNEXURE: B

**MANAGEMENT REPORT ON THE ACCOUNTS OF
SETU
MICRO CREDIT PROGRAMME
FOR THE YEAR ENDED 30 JUNE 2016
OBSERVATIONS AND RECOMMENDATIONS**

- 1.01 Current year's (2015-2016) observations:
1.02 Review of internal control of financial management system ensuring accountability and transparency:
1.02.1 Accounting System:
a) Observation:
Our observation revealed that SETU maintains the prescribed books of accounts manually and follow the policies and rules issued by MRA.

Recommendation:

Accounts should be prepared on the basis of proper documents and comply with the rules and policies issued by MRA and introduce computerized accounting system.

Management Response:

Noted.

- 1.02.2 Investments (Fixed Deposits with Banks):

Observation:

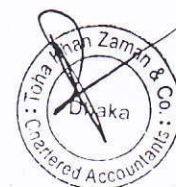
Investment of FDR in the head office was found as follows:

Particulars	30-06-2016	30-06-2015
Savings FDR	40,500,000	21,000,000
Surplus FDR	15,500,000	4,000,000
Loan Loss Provision Investment (LLPI)	0	4,515
Disaster Management Reserve Investment (DMFI)	0	1,016,612
Depreciation Reserve Investment (DFI)	0	8,856
Provident Fund FDR	1,500,000	1,500,000
Total Taka:	57,500,000	27,529,983

In course of our verification we observed that, SETU received interest on FDR for an amount of Tk. 1,492,598 (Net) and FDR statement was provided to us for our verification.

Management Response:

Noted.





1.02.3 Investments (Fixed Assets):

Observation:

During the year under audit the organization acquired the following assets. The organization does not maintain fixed asset register and not marked with identification numbers:

Particulars	30-06-2016	30-06-2015
Value at Cost:		
Opening Balance	18,110,047	15,618,587
Add: Addition during the year	5,645,339	575,695
	23,755,386	16,194,282
Add: Adjustment / Sale during the year	0	1,915,765
Total Value at Cost:	23,755,386	18,110,047
Less: Accumulated Depreciation:		
Opening Balance	7,252,752	6,323,477
Add: Depreciation during the year	1,351,295	929,275
Total Accumulated Depreciation:	8,604,047	7,252,752
Written Down Value as on 30-06-2016	15,151,339	10,857,295

Recommendation:

The MFI should maintain fixed asset register and marked with identification number.

Management Response:

Noted.

1.02.4 Payable and Accruals:

Observation:

The organization has prepared financial statements on accrual basis.

Recommendation:

Same basis of accounting should be followed from year to year.

Management Response:

Noted.

1.02.5 Commercial Loan (Contractual Obligation):

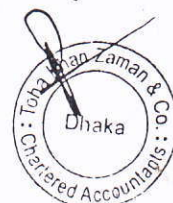
Observation:

During the year of our audit we observed that, commercial loan was procured by the organization for Micro Credit Program:

Particulars	Account No.	Interest	Amount	Repayable
One Bank Ltd., Kushtia Branch	703000000136	11%	80,000,000	21-05-2017
Standard Bank Ltd., Kushtia Branch	04733000386	11%	79,454,738	04-05-2017
Mutual Trust Bank Ltd., Kushtia Br.	7954	11%	25,000,000	30-06-2016
Jamuna Bank Ltd., Kushtia Branch	00200210022087	11%	10,000,000	20-04-2019
Trust Bank Ltd., Kushtia Branch	750210002737	11%	50,000,000	22-05-2017
Total Taka:			244,454,738	

Recommendation:

The MFI should maintain the current status.





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Management Response:
Noted.

1.02.6 Loan Operation Management:

Observation:

The system and procedure of loan disbursements and recovery were verified on a randomly selected sample basis by us at branch level and during our field visit the loan operation management of the organization was not satisfactory. The internal control of the organization is found not to be satisfactory. Loan Loss Provision was not maintained as per MRA policy. Huge amount was containing in suspense account which are given below:

Particulars	30-06-2016	30-06-2015
Balance as on 01-07-2015	11,478,407	10,316,371
Add: Addition during the year	1,510	1,166,783
	11,479,917	11,483,154
Less: Collection during the year	0	4,747
Closing Balance Taka:	11,479,917	11,478,407

Recommendation:

We suggest that, the organization should maintain Loan Loss Provision as per MRA policy. Necessary steps should be taken to realize the above amount as early as possible.

Management Response:
Noted.

1.02.7 Savings Deposits:

Observation:

During the year under audit in course of our test verification it is revealed that, the savings collection from members was being deposited to MFI's bank account on the same day.

Recommendation:

The MFI should maintain the current status.

Management Response:

The savings collection from members was being deposit bank account on the same day.

1.02.8 Management & Accounting information system and software implementation:

Observation:

In course of our audit we observed that, management and accounting information system was not satisfactory. The MFI does not use any accounting software.

Recommendation:

We recommend that, The MFI should use the micro credit program related software and computerized accounting system should be introduced.

Management Response:
Noted.





1.02.9 Training Needs of MFIs:

Observations:

The MFI is still far behind to avail the advantages of present computer based technology in carrying out their day to day works. Training on financial management system, internal audit, VAT/Tax for various levels of the officials of the MFI is very important. Especially, at present, training on computer based technology in carrying out day to day works relating to financial management system of an organization is very much essential.

Recommendations:

Proper and adequate training on financial management system including computer based technology should be arranged for the officials in order to develop human recourse of MFI.

Requirements:

Recommendation about training needs of MFI on governance, financial management, internal audit, VAT/Tax for various levels of staff including training needs for senior management team and Executive Director and Executive Board.

Management Response:

Noted for future compliance.

1.02.11 Declaration of Prevention of Money Laundering and Terrorist Financing:

As per circular No. 24 dated 26 May 2014 of Microcredit Regulatory Authority (MRA) regarding Prevention of Money Laundering and Terrorist Financing we have conducted our verification and observed that no such act was done by the organization., in course of our test verification we were not observed any Money Laundering and Terrorist Financing of the organization. Moreover, we have obtained a management representation letter about Money Laundering and Terrorist Financing and the management has confirmed that, the organization is not involved in such act of any Money Laundering and Terrorist Financing.

1.02.12 Other Observation:

During the course of our audit we have physically visited six branches. Our observations are given below:

i. Signature was not available in attendance register:

(a) Observation:

In course of our verification we observed in the following cases that, signature was not available in attendance register:

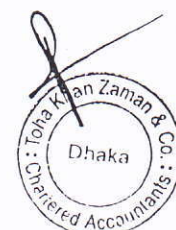
Name	Designation	Date
Hasan Al Mamun	Manager Audit	02-03-2016
Ramanandonath	Monitor MEL	5-06-2016
Ramanandonath	Monitor MEL	6-06-2016

(b) Comments and Suggestions:

We suggest that, signature should be obtained in attendance register.

(c) Management Response:

Necessary steps have been taken to overcome such type of irregularities.





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ii. Leave register was not update:

(a) Observation:

In course of our verification we observed in the following cases that, leave register was not update:

Name	Designation	Leave count	Leave date	Leave application
Hasan Al Mamun	Manager Audit	1	03-02-2015	06-01-2016
Hasan Al Mamun	Manager Audit	1	27-12-2015	06-01-2016
Hasan Al Mamun	Manager Audit	1	09-05-2016	10-05-2016

(b) Comments and Suggestions:

We suggest that, leave register should be update properly.

(c) Management Response:

Necessary steps have been taken to overcome such type of irregularities.

iii. Cash-in-hand was found more than Tk. 5,000:

(a) Observation:

In course of our verification we observed in the following cases that, excess cash was holding in hand over the approved limit Tk. 5,000:

Branch Name	Amount
Kholikshakcindi	88,667
Bahadurpur	92,235
Sheikhpara	41,175
Satbaria	45,316
Shreepur	138,522
Patikabari	51,095
Bhatoi Bazar	99,768

(b) Comments and Suggestions:

We suggest that, cash in hand should be maintained in maximum limit as per organization policy.

(c) Management Response:

Necessary steps have been taken to overcome such type of irregularities.

iv. Signature of receiver was not obtained in cheque register:

(a) Observation:

In course of our verification we observed in the following cases that, signature of receiver was not obtained in cheque register:

Name	Date	Cheque No.	Amount
Nazmunhar	15-03-2016	1977301	300,000
KM. Nokibul	22-03-2016	1977302	20,000
Office Expense	23-03-2016	1977303	150,000
Lovely Housing Ltd.	24-03-2016	1977304	20,272

(b) Comments and Suggestions:

We suggest that, signature of receiver should be obtained in cheque register.

(c) Management Response:

Necessary steps have been taken to overcome such type of irregularities.





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SETU
MICRO CREDIT PROGRAMME

COMPLIANCE OF THE STATUS OF THE PRIOR YEAR
(2014-2015) AUDIT OBSERVATIONS AND
MENTION THE PERCENTAGE THEREOF:

Sl. No.	Observations	Implementation Status	Comments (If Any)
01	Overwriting and use of fluid in member's savings and pass book.	Implemented	
02	Management & Accounting information system and software implementation.	Not Implemented	It was under process





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SETU
MICRO CREDIT PROGRAMME
CALCULATION OF RATIOS

ANNEXURE A/I

Sl. #	Ratio		Calculation of Ratio	Calculations	Ratio	Standard
01.	Debt to Capital Ratio	=	$\frac{\text{Debt}}{\text{Total Capital (Net Worth)}}$ $\frac{\text{PKSF Fund(excluding DMF) + Savings + Other Loan*}}{\text{Total Capital (Accumulated Surplus)}}$ <p>* Other Loan: e.g., Micro insurance fund, Director's Loan, Bank Loan & others, etc.</p>	$\frac{640,692,336}{119,862,046}$	5.34:1	9:1
02.	Capital Adequacy Ratio	=	$\frac{\text{Total Capital (Net Worth)}}{\text{Total Asset - (Cash + Bank + STD* + Govt. Securities)}}$ <p>* STD (Short Term Deposits) includes - All FDR (Because it is encashable at any time)</p>	$\frac{119,862,046 * 100}{791,370,195}$	15.15%	15%
03.	Debt Service Cover Ratio	=	$\frac{\text{Surplus + Total interest payments + Principal collections on PKSF funded loan}}{\text{Total interest payments + Principal payments on PKSF loan}}$ $\frac{\text{Surplus for the year + Total Principal & Service charge payable to PKSF for the year}}{\text{Total Principal & Service Charge Payable to PKSF for the year}}$	$\frac{154,608,064}{66,478,988}$	2.32:1	1.25:1
04.	Current Ratio	=	$\frac{\text{Current Asset}}{\text{Current Liability}}$ $\frac{(\text{Loan outstanding unspent due + overdue - More than one year passed overdue}) + \text{Cash + Bank + STD + Advance}}{\text{PKSF fund refundable in the next year (as per schedule) + Savings + Other short term loan}}$	$\frac{810,439,100}{2,000,604,465}$	5.54:1	2:1
05.	Liquidity to Savings Ratio	=	$\frac{\text{STD + Govt. Securities}}{\text{Total Savings Fund}}$	$\frac{30,400,000 * 100}{275,054,265}$	11.05%	10%
06.	Rate of Return of Capital	=	$\frac{\text{Net Surplus}}{\text{Capital Fund}}$ $\frac{\text{Surplus for the year}}{\text{Average Capital Fund}}$ $\frac{\text{Opening Capital + Closing Capital}}{2}$	$\frac{31968795 * 100}{94588371}$	33.80%	1%
07.	Cumulative Recovery Rate (CRR)	=	$\frac{\text{Cum. Recovery - Advance Recovery (at the end of this year)}}{(\text{Cum. Recovery - Advance Recovery}) + \text{Overdue (Principal)}}$	$\frac{6,068,170,599 * 100}{6,094,158,995}$	99.58%	95%
08.	OTR	=	$\frac{\text{Summation of regular recovery in the last 12 months}}{\text{Summation of Regular recoverable in the last 12 months}}$ $\frac{\text{Total Loan Recovery (Principal) for the year - Advance Recovery - Previous year's overdue recovery in the current year}}{(\text{Total Loan Recovery (Principal) for the year - Advance Recovery - Previous year's overdue recovery in the current year}) + \text{This year new overdue}}$	$\frac{916,379,368 * 100}{918,561,684}$	99.77%	92% - 100%
	Or,					

