



Toha Khan Zaman & Co.
Chartered Accountants

SETU

MICRO CREDIT PROGRAMME

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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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 2018 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 2018, 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 entity's 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.

The block contains a handwritten signature in black ink, which appears to be 'F. Zaman'. To the right of the signature is a circular stamp. The stamp has the text 'Toha Khan Zaman & Co.' around the top inner edge, 'Chartered Accountants' around the bottom inner edge, and 'Dhaka' in the center.



Toha Khan Zaman & Co.
Chartered Accountants

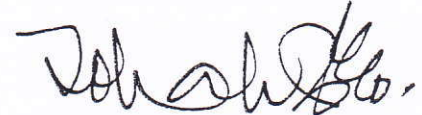
Opinion:

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 2018, 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
12 August 2018


(Toha Khan Zaman & Co.)
Chartered Accountants





SETU

MICRO CREDIT PROGRAMME

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

Particulars	Notes	FY 30-06-2018	FY 30-06-2017
PROPERTY AND ASSETS:			
A. Fixed Assets:	6.00	16,413,966	14,844,843
B. Investments:	7.00	69,000,000	64,500,000
C. Loan to Beneficiaries	8.00	1,128,249,687	913,440,969
D. Current Assets:			
Motorcycle	9.00	1,904,650	2,733,050
Bicycle Loan	10.00	63,180	78,835
Motorcycle Down Payment	11.00	60,100	60,100
Staff Loan General	12.00	5,070,018	9,223,363
General Fund	13.00	0	3,469,318
Advance	14.00	7,313,351	6,515,723
Interest Receivable	15.00	6,158,608	3,072,832
Suspense Account	16.00	11,580,729	11,580,729
Printing and Stationery	17.00	308,969	266,128
Cash and Bank Balances	18.00	37,857,423	34,072,545
Total Property and Assets: (A+B+C+D):		1,283,980,681	1,063,878,435
FUND AND LIABILITIES:			
A. Capital and Reserves:	19.00	228,965,335	148,520,498
Retained Surplus		206,068,802	133,668,449
10% Reserve		22,896,533	14,852,049
B. Long Term Liabilities:			
Loan from PKSF	20.00	80,903,750	75,953,750
Loan from Bank	21.00	372,246,669	337,413,929
Members Savings Deposit	22.00	170,024,297	104,602,390
Members Savings Deposit (SMD)	23.00	57,147,680	117,420,660
C. Current Liabilities:			
Loan from PKSF	20.00	39,000,000	37,600,000
D. Others:			
Members Savings Deposit	22.00	170,024,297	104,602,390
Provident Fund Reserve	24.00	26,844,060	31,996,124



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SETU

MICRO CREDIT PROGRAMME

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

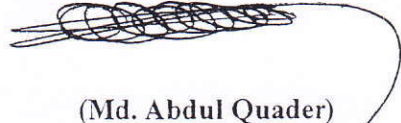
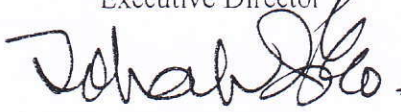
Particulars	Notes	FY 30-06-2018	FY 30-06-2017
Gratuity Reserve	25.00	19,406,759	15,407,847
Reserve for Expenses	26.00	78,793	84,891
Reserve for SMD Interest	27.00	19,795,066	16,067,988
Reserve for PF Interest	28.00	8,799,336	7,570,932
Reserve for SEBI	29.00	514,162	770,548
Loan Loss Provision (LLP)	30.00	43,305,287	33,014,340
Member Welfare Fund	31.00	46,925,190	32,852,148
Total Liabilities and Fund (A+B+C+D):		1,283,980,681	1,063,878,435

- 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
12 August 2018


(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 2018

Figures in Taka

Particulars	Notes	FY 2017-2018	FY 2016-2017
INCOME:			
Service Charge Income:			
JAGORON		123,511,301	107,049,498
AGRASHOR		119,754,075	67,532,791
SHUFOLON		20,477,748	22,360,192
BUNIAD		670,629	967,867
Bank Interest		275,336	135,080
Bank Interest on FDR		4,167,794	2,724,075
Membership Fees		177,390	170,190
Sale of Form and Pass Book etc.		386,155	633,540
Miscellaneous		243,360	3,121,551
Interest on Staff Loan		983,647	777,759
Total Income:		270,647,435	205,472,543
EXPENDITURE:			
Service Charge of PKSf Loan:			
RMC		797,625	757,126
JAGORON		1,642,500	0
UMC		27,000	99,000
AGRASHOR		2,380,270	1,883,750
BUNIAD		87,501	250,000
SHUFOLON		910,350	834,746
Provident Fund		3,684,904	3,849,701
Gratuity		544,060	3,359,129
SEBI	29.00	366,629	387,701
Interest on Members Savings Deposits		12,247,036	10,194,780
Interest on Members Savings Other		6,505,928	6,294,103
Interest on Provident Fund		1,624,842	2,332,092
Interest on Bank Loan		29,707,094	29,272,154
Salaries		84,545,736	81,273,092
Office Rent		5,157,027	4,693,347
Printing and Stationery		2,352,510	2,145,651
Travelling		2,723,307	2,887,486
Telephone and Postage		779,653	766,768
Repair and Maintenance		298,164	382,200
Fuel Cost		1,440,221	1,113,132
Gas and Electricity		796,167	784,988
Entertainment		585,940	481,346



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SETU
MICRO CREDIT PROGRAMME

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

Figures in Taka

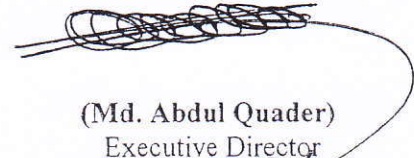
Particulars	Notes	FY 2017-2018	FY 2016-2017
Newspaper & Periodicals		13,871	13,332
Bank Charges/DD Charges		824,601	563,412
Advertisement		13,150	22,950
Training /Meeting		1,260,965	376,235
Audit & Monitoring Fee		154,250	146,650
Calculator Purchases		42,575	47,835
Cleaning & Water Bill		167,610	152,950
Honorarium		456,000	655,000
Cookeries		251,876	91,839
Tax & VAT		742,657	825,781
Agreement Cost		847,900	337,655
Fast Aid & Mat Purchases		214,157	100,982
LLP	30.00	13,435,663	8,814,009
Service Charge Rebate		491,642	0
Depreciation	6.00	3,420,302	1,664,129
Pass Book Purchases		187,225	187,775
Guest Meal		486,559	540,796
Food Allowance		3,245,673	2,983,323
CSR		743,100	378,748
Miscellaneous Expenses		235,013	1,487,934
Data Processing		1,902,000	1,862,000
Total Expenditure:		188,341,253	175,295,627
Surplus/(Deficit) of income over expenditure	19.00	82,306,182	30,176,916
Total Taka:		270,647,435	205,472,543

- 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
12 August 2018


(Md. Abdul Quader)
Executive Director


(Toha Khan Zaman & Co.)
Chartered Accountants





SETU
MICRO CREDIT PROGRAMME

STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Figures in Taka:

Particulars	Notes	FY 2017-2018	FY 2016-2017
RECEIPTS:			
Opening Balance:			
Cash in Hand	18.00	3,518,345	1,166,966
Cash at Bank	18.00	30,554,200	19,950,524
Loan from PKSf	20.00	90,000,000	70,000,000
Loan from Bank	21.00	464,000,000	517,000,000
Loan Principal Realization:		16,416,927	12,832,542
JAGORON		783,881,763	677,691,304
AGRASHOR		690,649,659	407,216,682
SHUFALON & SEASONAL		183,373,616	191,191,462
BUNIAD		6,714,237	7,154,771
Loan Service Charges Received:			
JAGORON		119,804,722	103,532,067
AGRASHOR		116,427,832	66,037,632
SHUFOLON		19,863,227	22,247,517
BUNIAD		645,634	945,182
Members Savings Deposit Collection		273,238,631	157,090,686
Provident Fund Received		23,729,771	0
Gratuity Fund Received		3,949,110	0
Bank Interest		275,336	135,080
Interest Received on Other Investment		639,544	1,663,420
Sale of Form, Deed & Passbook		386,155	633,540
Interest on Staff Loan		75,586	32,822
Interest on FDR		442,474	0
Advance Received		2,969,786	2,310,726
Savings Deposit Refund SMD		52,694,070	50,245,132
Motorcycle Realized		486,800	256,000
Staff Loan Realized		2,768,887	1,452,214
Membership Fees		177,400	170,210
Suspense's Saving		13,018	14,000
Member Welfare Fund (MWF)		18,859,795	7,877,477
Project Appraisal Fee (PAF)		0	5,963,835
Saving FDR		6,000,000	22,500,000
Surplus FDR		3,000,000	1,500,000
Printing & Stationery		488,120	0
Others Received		243,360	3,470,221
Total Receipts:		2,899,871,078	2,339,449,470





SETU
MICRO CREDIT PROGRAMME

STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Figures in Taka:

Particulars	Notes	FY 2017-2018	FY 2016-2017
PAYMENTS:			
Loan Disbursement:			
JAGORON		933,693,000	776,427,000
AGRASHOR		865,542,000	613,568,000
SHUFOLON		179,363,000	125,656,000
BUNIAD		5,776,000	11,296,000
Loan Refund to PKSE (Principal):			
RMC		6,450,000	16,600,000
UMC		1,200,000	1,600,000
JAGORON		8,000,000	0
AGRASHOR		23,000,000	16,096,250
BUNIAD		15,000,000	13,333,333
SHUFOLON		30,000,000	30,000,000
Loan Refunded to One Bank Ltd.		211,681,540	160,000,000
Loan Refunded to Mutual Trust Bank Ltd.		0	25,000,000
Loan Refunded to Standard Bank Ltd.		68,174,206	79,023,808
Loan Refunded to Trust Bank Ltd.		50,000,000	100,000,000
Loan Refunded to Jamuna Bank Ltd.		0	10,000,000
Loan Refunded to Southeast Bank Ltd.		19,983,000	20,017,000
Loan Refunded to Midland Bank Ltd.		83,102,960	30,000,000
Loan Refunded to Lankabangla		0	2,700,000
Members Savings Deposit Refund		57,467,576	46,779,600
Savings Deposit Refund SMD		103,915,982	38,355,875
Furniture		102,090	291,917
Telephone		329	4,893
Computer		239,655	556,176
Motorcycle		159,887	0
Equipment		756,125	449,297
Printing & Stationary		530,961	0
FDR Savings		9,000,000	31,000,000
FDR Surplus		4,500,000	0
Saving Interest		1,909,341	1,495,664
Advance Paid		10,909,092	8,256,738
General Fund		170,312	228,865
Staff Loan for Bicycle		0	30,000
Staff Loan for Motorcycle		336,000	1,368,000
Staff Loan General		4,424,000	11,908,000



SETU
MICRO CREDIT PROGRAMME

STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Figures in Taka:

Particulars	Notes	FY 2017-2018	FY 2016-2017
Gratuity		5,921,110	376,000
Interest paid to Lankabangla		0	396,581
Member Welfare Fund (MWF)		511,093	355,860
Project Appraisal Fee (PAF)		0	109,634
SEBI Reserve		500,000	0
Provident Fund		33,545,221	2,176,903
Interest Paid to One Bank Ltd.		8,084,212	10,543,032
Interest Paid to Mutual Trust Bank Ltd.		0	6,146,460
Interest Paid to Standard Bank Ltd.		4,655,320	5,030,188
Interest Paid to Trust Bank Ltd.		4,583,770	4,032,031
Interest Paid to Jamuna Bank Ltd.		0	759,184
Interest Paid to Southeast Bank Ltd.		1,217,905	1,283,000
Interest Paid to Midland Bank Ltd.		7,391,441	1,081,678
Salaries		69,081,897	70,541,089
Printing and Stationery		2,361,829	2,760,121
Office Rent		5,115,867	4,581,347
Training Expenses		755,216	131,201
Travelling		2,628,582	2,631,486
Telephone and Postage		779,034	766,768
Repair and Maintenance		273,064	382,200
Fuel Cost		112,191	9,694
Gas and Electricity		779,525	769,921
Entertainment		585,940	474,975
Newspapers & Periodicals		12,995	13,332
Cleaning & Water Bill		170,350	100,386
Audit, Renewal and Membership Fee		109,250	108,650
Bank Charges/DD Charges		824,601	563,412
Food Allowance		3,245,953	2,983,323
Calculator Purchases		43,056	47,835
Passbook Purchases		185,725	184,975
Honorarium		408,000	655,000
Cookeries		251,876	91,839
Computer Accessories		100,000	0
Guest Meal		489,279	539,036
Provision for Expenses Paid		826,082	2,120,215
Miscellaneous		235,013	1,652,334
Tax & VAT		742,657	825,781
Advertisement		13,150	22,950



Toha Khan Zaman & Co.
Chartered Accountants


SETU
MICRO CREDIT PROGRAMME

STATEMENT OF RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Figures in Taka:

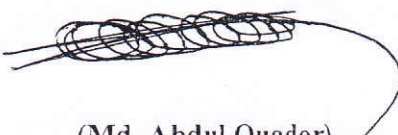
Particulars	Notes	FY 2017-2018	FY 2016-2017
Fast Aid & Mat Purchases		214,157	100,982
Corporate Social Responsibility		684,450	378,748
Interest on SMD		0	1,582,081
Interest on Provident Fund		100,000	0
Data Soft (Automation)		1,902,000	1,862,000
Agreement Cost		847,900	337,655
Service Charge PKSf		5,845,246	3,824,622
Service Charge Rebate		491,642	0
Total Payments:		2,862,013,655	2,305,376,925
Closing Balance:			
Cash in Hand	18.00	8,241,039	3,518,345
Cash at Bank	18.00	29,616,384	30,554,200
Total Taka:		2,899,871,078	2,339,449,470


- 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
12 August 2018


(Md. Abdul Quader)
Executive Director


(Toha Khan Zaman & Co.)
Chartered Accountants





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Chartered Accountants

SETU
MICRO CREDIT PROGRAMME
STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Figures in Taka

Particulars	FY 2017-2018			FY 2016-2017		
	Capital Fund	Retained Earnings	Total Taka	Capital Fund	Retained Earnings	Total Taka
Opening Balance	148,520,498	0	148,520,498	119,862,388	0	119,862,388
Add: Surplus/(Deficit) for the year	82,306,182	0	82,306,182	30,176,916	0	30,176,916
	230,826,680	0	230,826,680	150,039,304	0	150,039,304
Add: Adjustment with DMR	0	0	0	0	0	0
Add: Adjustment for the year	0	0	0	0	0	0
	0	0	0	0	0	0
Less: Adjustment for the year	1,861,345	0	1,861,345	1,518,806	0	1,518,806
Closing Balance Taka:	228,965,335	0	228,965,335	148,520,498	0	148,520,498






SETU
MICRO CREDIT PROGRAMME
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

Figures in Taka:

Particulars	FY 2017-2018	FY 2016-2017
A. Cash Flow from Operating Activities:		
Surplus for the year	82,306,182	30,176,916
Add. Amount considered as non-cash items:		
LLP	13,435,663	8,814,009
Depreciation for the year	3,420,302	1,664,129
Provision for Expenses	826,082	72,141
Sub-Total of Non-Cash Items:	17,682,047	10,550,279
Loan Disbursed to Beneficiaries	(1,984,374,000)	(1,526,947,000)
Loan Realized from Beneficiaries	1,664,619,275	1,362,647,224
Savings Deposit SMD	52,694,070	0
Motorcycle	871,529	(1,464,000)
Bicycle Loan	0	(73,985)
Member Welfare Fund (MWF)	18,859,795	13,320,068
Interest Payable on Member's Savings	18,752,964	16,488,883
Members Savings Collection	273,238,631	157,090,686
Members Savings Deposit Refund	(57,467,576)	(46,779,600)
Staff Loan General	7,192,887	(10,455,786)
Savings Deposit Refund SMD	(103,915,982)	0
Advance	(10,909,092)	0
Expenses Reserves	256,277	(473,904)
Net cash used in Operating Activities:	(120,181,222)	(36,647,414)
B. Cash Flow from Investing Activities:		
Fixed Assets Purchased	(1,258,086)	(1,302,283)
FDR Surplus	(4,500,000)	(1,500,000)
FDR Savings	(9,000,000)	(22,500,000)
Surplus FDR Encashment	3,000,000	0
Savings FDR Encashment	6,000,000	0
Service Charge Received	(7,672,337)	(51,252,864)
Net cash used in Investing Activities:	(13,430,423)	(76,555,147)
C. Cash Flow from Financing Activities:		
Loan Received from PKSF	90,000,000	70,000,000
Loan Refund to PKSF	(83,650,000)	(77,629,583)
Loan Received from Bank	464,000,000	517,000,000
Loan Refund to Bank	(432,941,706)	(424,040,808)
Suspension Account	0	100,812
Net cash used in Financing Activities:	37,408,294	85,430,421
D. Net increase/decrease (A+B+C)	3,784,878	12,955,055
Beginning of the year	34,072,545	21,117,490
Cash and Bank Balance at the end of the year	37,857,423	34,072,545



SETU
MICRO CREDIT PROGRAMME
PARTICULARS OF BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

Particulars	2017-2018			2018-2019 (Proposed)
	Budgeted	Achievement	Variances	
1. Area Coverage:				
District	0	0	0	0
Upazila	0	0	0	0
Union	0	0	0	0
Village	50	48	2	150
2. Branch Opening	0	0	0	12
3. Group / Samity Formation	360	285	(75)	360
4. Add New Member	22,650	17,350	(5,300)	30,500
5. Add New Borrower	28,371	14,700	(13,671)	34,060
6. Recruitment	85	65	(20)	79
7. Deposits Collection	266,989,500	344,020,689	77,031,189	318,750,900
8. Refund Deposit	160,193,700	273,449,764	113,256,064	191,250,540
9. Recovery (Principle)	2,056,267,759	1,769,412,946	(286,854,813)	2,636,729,364
10. Loan Disbursement	2,440,000,000	1,984,374,000	(455,626,000)	3,310,000,000
11. Borrowing	523,580,713	554,000,000	30,419,287	663,029,341
12. Loan Returns	286,448,332	516,591,707	230,143,375	204,500,000
13. Received against Insurance Service	24,400,000	19,843,740	(4,556,260)	33,100,000
14. Insurance Benefits Given	24,400,000	19,843,740	(4,556,260)	33,100,000
15. Total Income:	270,194,809	270,647,435	452,626	378,662,891
16. Total Expenditure:	198,632,464	188,341,254	(10,291,210)	221,565,704

Particulars	Current Situation / Balance (After ending previous financial year)
1. Area Coverage:	
District	10
Upazila	28
Union	248
Village	1,237
2. Number of Branch	54
3. Number of Group	3,958
4. Number of Member	66,356
5. Number of Borrower	48,268
6. Manpower	415
7. Deposit Balance	397,196,275
8. Loan Outstanding	1,128,245,782
9. Loan Received	492,150,419
10. Insurance Fund	46,925,190
11. Cumulative Surplus:	228,965,335



SETU
MICRO CREDIT PROGRAMME
PARTICULARS OF BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

Sl. No.	Head of Expenditure	2017-2018			2018-2019 (Proposed)
		Amount as per Budget	Actual	Variances	
01	LOAN RECOVERY:				
	Jagoron	988,760,009	847,912,510	(140,847,499)	1,180,644,364
	Agrosor	858,507,750	729,870,059	(128,637,691)	1,077,585,000
	Buniad	9,000,000	7,489,237	(1,510,763)	18,500,000
	Sufolon	200,000,000	184,141,140	(15,858,860)	360,000,000
	Sub Total:	2,056,267,759	1,769,412,946	(286,854,813)	2,636,729,364
	Others Credit / Loan:	0	0	0	0
	Sub Total:	0	0	0	0
02	FUND COLLECTION:				
	Savings Collection	266,989,500	344,020,689	77,031,189	318,750,900
	Sub Total:	266,989,500	344,020,689	77,031,189	318,750,900
	Loan:				
	PKSF Loan	100,000,000	90,000,000	(10,000,000)	150,000,000
	Bank Loan	423,580,713	464,000,000	40,419,287	513,029,341
	Sub Total:	523,580,713	554,000,000	30,419,287	663,029,341
	Others Loan	0	0	0	3,100,000
	Sub Total:	0	0	0	3,100,000
	Insurance Fund Collection	24,400,000	19,843,740	(4,556,260)	33,100,000
	Sub Total:	24,400,000	19,843,740	(4,556,260)	33,100,000
	Others	0	0	0	0
	Sub Total:	0	0	0	0
	Total:	2,871,237,972	2,687,277,375	(183,960,597)	3,654,709,605
03	UTLIZATION OF FUND:				
	Loan Disbursement:				
	Jagoron Disbursement	1,195,000,000	933,693,000	(261,307,000)	1,588,000,000
	Agrosor Disbursement	1,030,000,000	865,542,000	(164,458,000)	1,328,000,000
	Buniad Disbursement	15,000,000	5,776,000	(9,224,000)	34,000,000
	Sufolon Disbursement	200,000,000	179,363,000	(20,637,000)	360,000,000
	Sub Total:	2,440,000,000	1,984,374,000	(455,626,000)	3,310,000,000
	Savings Return	160,193,700	273,449,764	113,256,064	191,250,540
	Sub Total:	160,193,700	273,449,764	113,256,064	191,250,540
	Loan Repayment:				
	PKSF Loan	56,448,332	83,650,000	27,201,668	37,000,000
	Bank Loan	230,000,000	432,941,707	202,941,707	167,500,000
	Sub Total:	286,448,332	516,591,707	230,143,375	204,500,000
	Others Loan:	0	0	0	0
	Sub Total:	0	0	0	0



SETU
MICRO CREDIT PROGRAMME
PARTICULARS OF BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

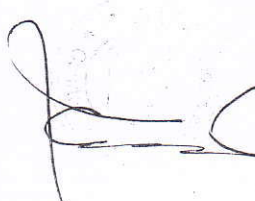

Sl. No.	Head of Expenditure	2017-2018			2018-2019 (Proposed)
		Amount as per Budget	Actual	Variances	
	Insurance Claim Payment:	24,400,000	5,810,764	(18,589,236)	33,100,000
	Sub Total:	24,400,000	5,810,764	(18,589,236)	33,100,000
04	FIXED ASSET PURCHASE:				
	Building Construction	15,200,000	0	(15,200,000)	50,000,000
	Motor Vehicles	5,000,000	159,887	(4,840,113)	6,000,000
	Furniture & Fixture	3,500,000	3,551,524	51,524	400,000
	Office Equipment	1,000,000	877,625	(122,375)	300,000
	Electric Equipment	0	0	0	150,000
	Computer & Accessories	300,000	248,455	(51,545)	150,000
	Total:	25,000,000	4,837,491	(20,162,509)	57,000,000
05	INCOME:				
	Service Charge	267,314,809	264,413,752	(2,901,057)	369,142,111
	Interest on Investment	2,149,370	4,167,794	2,018,424	4,140,000
	Entry Fees	226,500	177,390	(49,110)	305,000
	Sales of Passbook	113,250	186,080	72,830	252,500
	Sales of Forms	283,710	468,155	184,445	823,280
	Other Income	107,170	1,234,264	1,127,094	4,000,000
	Total Income:	270,194,809	270,647,435	452,626	378,662,891
06	EXPENSES:				
	Finance Cost:				
	Interest on Savings	22,635,508	18,752,964	(3,882,544)	36,978,968
	Interest on PKSF Loan	5,062,956	5,845,246	782,290	4,421,250
	Interest on Bank Loan	42,600,000	29,707,094	(12,892,906)	39,000,000
	Interest Paid to Loan Security Fund	500,000	491,641	(8,359)	1,000,000
	Sub Total:	70,798,464	54,796,945	(16,001,519)	81,400,218
	General and Administrative Expense:				
	Salary & Allowance:				
	Basic Salary	47,798,000	43,989,676	(3,808,324)	46,957,500
	House Rent Allowance	31,068,677	28,593,289	(2,475,388)	30,522,500
	Medical Allowance	5,000,000	4,908,000	(92,000)	6,000,000
	Festival Allowance	7,500,000	7,104,567	(395,433)	8,000,000
	Lunch Allowance	3,500,000	3,245,673	(254,327)	3,800,000
	Conveyance Allowance	3,318,000	2,725,606	(592,394)	3,300,000
	Telephone Allowance	840,000	779,653	(60,347)	960,000
	Office Rent	5,280,000	5,157,027	(122,973)	5,400,000
	Printing & Stationary:				
	Printing & Photocopy, Binding	2,160,000	2,352,510	192,510	2,640,000
	Repair & Maintenance:				
	Office Building	0	0	0	0
	Motor Vehicles	420,000	298,164	(121,836)	360,000



Toha Khan Zaman & Co.
Chartered Accountants

SETU
MICRO CREDIT PROGRAMME
PARTICULARS OF BUDGET
FOR THE YEAR ENDED 30 JUNE 2018

Sl. No.	Head of Expenditure	2017-2018			2018-2019 (Proposed)
		Amount as per Budget	Actual	Variances	
	Fuel Expense (Motorcycle & Car)	1,080,000	1,440,221	360,221	1,584,000
	Gas, Electricity & Water	900,000	851,625	(48,375)	900,000
	Entertainment	816,000	585,940	(230,060)	480,000
	Advertisement	15,000	13,150	(1,850)	15,000
	Newspaper & Publications:				
	Newspapers & Magazine	15,000	13,871	(1,129)	15,000
	Bank Charge	600,000	824,601	224,601	900,000
	Training Expense:				
	Local Training	360,000	1,260,965	900,965	300,000
	Foreign Training	0	0	0	0
	Legal Expense	1,000,000	1,761,823	761,823	1,000,000
	Registration & Renewal Fee	50,000	101,750	51,750	125,000
	Audit Fee	50,000	50,000	0	50,000
	Others Honorarium	410,000	856,000	446,000	600,000
	Tax	800,000	742,657	(57,343)	800,000
	Depreciation	1,560,000	3,420,302	1,860,302	3,420,000
	Others Expenses	9,456,000	9,031,576	(424,424)	8,571,074
	Total Operating Expense:	194,795,141	174,905,591	(19,889,550)	214,832,998
	Loan Loss Provision	3,837,323	13,435,663	9,598,340	6,732,706
	Net Surplus	71,562,345	82,306,181	10,743,836	157,097,187
	Transfer to Various Fund:				
	Reserve Fund	7,156,235	8,230,618	1,074,383	15,709,718
	Total Fund:	7,156,235	8,230,618	1,074,383	15,709,718



SETU
MICRO CREDIT PROGRAMME

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

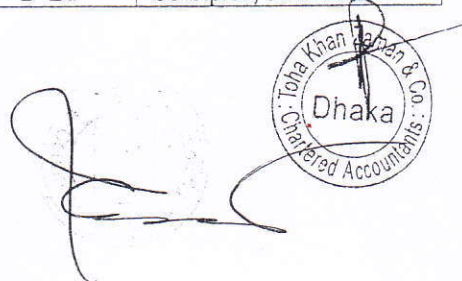
1.00 BACK GROUND OF THE ORGANIZATION:

Micro Credit Programme is a project of SETU. SETU is a non-government voluntary development organization (NGO) duly registered with the Department of Social Service, Government of the People's Republic of Bangladesh vide registration No. Kushtia-10/86 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 12 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
	Department of Social Service	Kushtia-10/86	17-02-1986
	NGO Affairs Bureau	240	05-10-1987
	MRA	03033-03265-00049	05-09-2007
	Joints Stock Companies	KHS-359	02-11-2011
Nature of operations (programs)	PKSF Funded Micro Credit Program		
Statutory audit conducted up to	01 July 2017 to 30 June 2018		
Name of statutory auditor for last year	Toha Khan Zaman & Co., Chartered Accountants		
Name of statutory auditor for current year	Toha Khan Zaman & Co., Chartered Accountants		
No. executive Committee meeting held FY 2017-2018	08		
Date of AGM	17-02-2018		

List of Executive Committee Members:				
Name	Designation	Profession	Qualification	Present Address
Md. Omar Ali	Chairman	Asst. Head Teacher	B.com B-Ed	Belgachi, Hazrahati, Mirpur, Kushtia.
Uzzal Kumar Dabnath	Vice Chairman	Social Worker	B. Com	Hazrahati, Mirpur Kushtia
Nazma Parvin	Treasure	Lecturer	M.A.	Shomspur, Khoksa, Kushtia
Md. Shafiqul Alam	Member	Executive Director PCD, Pabna	B. A.	Purbo Tear Tala, Chatmohor, Pabna.
Ainun Nahar	Member	Social Worker	B. A.	Mahatap Uddin Sarak, Courtpara, Kushtia.
Abdus Satter Biswas	Member	Business	S.S.C	Hazrahati, Mirpur, Kushtia
Md. Abdul Quader	Executive Director	Executive Director SETU	B.com B-Ed	6/2 Abdur Razzak Len, Courtpara, 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 in every month 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 Grace 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 month 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 (2017-2018):

Since the organization did not receive any grant/donation during the year ended 30 June 2018 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 (2017-18)
Not Applicable					

6.00 FIXED ASSETS: Tk. 16,413,966

6.01 The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Value at Cost:		
Opening Balance	25,113,019	23,755,386
Add: Addition during the year	1,258,086	1,302,283
	26,371,105	25,057,669
Add: Adjustment / Sale during the year	3,731,339	55,350
Total Value at Cost:	30,102,444	25,113,019
Less: Accumulated Depreciation:		
Opening Balance	10,268,176	8,604,047
Add: Depreciation during the year	3,420,302	1,664,129
Total Accumulated Depreciation:	13,688,478	10,268,176
Written Down Value as on 30-06-2018:	16,413,966	14,844,843

6.02 Details schedule of fixed assets shown in Annexure: A/3

7.00 INVESTMENT: Tk. 69,000,000

7.01 Breakup of the above amount is given below:

Particulars	Notes	30-06-2018	30-06-2017
Savings FDR	7.02	41,750,000	47,750,000
Surplus FDR	7.03	25,750,000	15,250,000
Provident Fund FDR	7.04	1,500,000	1,500,000
Total Taka:		69,000,000	64,500,000



Toha Khan Zaman & Co.
Chartered Accountants

7.02 Savings FDR: Tk. 41,750,000

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

Particulars	30-06-2018	30-06-2017
Opening Balance	47,750,000	40,500,000
Add: Investment during the year	9,000,000	31,000,000
Add: Received from Surplus FDR	0	0
	56,750,000	71,500,000
Less: Transfer to Surplus FDR	9,000,000	1,250,000
Less: Encashment during the year	6,000,000	22,500,000
Closing Balance Taka:	41,750,000	47,750,000

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	19-05-2014	19-08-2014	9.25	2,500,000
One Bank Ltd., Kushtia Branch	163684	18-02-2015	18-02-2016	9	2,500,000
One Bank Ltd., Kushtia Branch	186614	22-06-2015	22-09-2015	8	5,000,000
One Bank Ltd., Kushtia Branch	186663	08-06-2016	08-09-2016	6.5	6,000,000
Trust Bank Ltd., Kushtia Branch	215027	31-10-2016	31-01-2017	5.5	1,250,000
Standard Bank Ltd., Kushtia Branch	145286	13-05-2015	13-06-2015	7	2,000,000
Standard Bank Ltd., Kushtia Branch	177309	22-05-2017	22-08-2017	6.75	7,500,000
Midland Bank Ltd., Kushtia Branch	0009637	26-12-2016	26-03-2017	6.75	4,500,000
Midland Bank Ltd., Kushtia Branch	0010211	27-03-2017	27-06-2017	6.5	6,000,000
Midland Bank Ltd., Kushtia Branch	0010239	22-05-2017	22-08-2017	6.75	4,500,000
Total Taka:					41,750,000

7.03 Surplus FDR: Tk. 25,750,000

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

Particulars	30-06-2018	30-06-2017
Opening Balance	15,250,000	15,500,000
Add: Investment during the year	4,500,000	0
Add: Received from Saving FDR	9,000,000	1,250,000
Less: Encashment during the year	3,000,000	1,500,000
Closing Balance Taka:	25,750,000	15,250,000

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	145280	29-04-2015	29-05-2015	7.00	2,000,000
Standard Bank Ltd., Kushtia Branch	145282	06-05-2015	06-06-2015	7.00	2,000,000
Trust Bank Ltd., Kushtia Branch	214999	22-05-2016	22-08-2016	5.75	10,000,000
Trust Bank Ltd., Kushtia Branch	215055	12-04-2017	12-07-2017	5.50	1,250,000
Southeast Bank Ltd., Kushtia Branch	7448944	11-01-2018	11-01-2019	6.50	9,000,000
One Bank Ltd., Kushtia Branch	186887	28-06-2018	28-06-2019	9.50	1,500,000
Total Taka:					25,750,000



Toha Khan Zaman & Co.
Chartered Accountants

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

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

Particulars	30-06-2018	30-06-2017
Opening Balance	1,500,000	1,500,000
Add: Received from Surplus FDR	0	0
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. 1,128,249,687

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	435,088,528	933,693,000	783,881,763	64,033,084	520,866,681
AGRASHOR	386,170,358	865,542,000	690,649,659	39,220,400	521,842,299
SHUFALON	87,806,055	179,363,000	183,188,881	1,122,258	82,857,916
BUNIAD	4,392,124	5,776,000	6,714,237	775,000	2,678,887
SMD		0	0	0	3,904
Total Taka:	913,440,969	1,984,374,000	1,664,434,540	105,150,742	1,128,249,687

9.00 MOTORCYCLE LOAN: Tk. 1,904,650

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	2,733,050	3,142,650
Add: Payment during the year	336,000	1,368,000
Add: Payment during the year (Non-cash)	392,800	198,400
	3,461,850	4,709,050
Less: Collection during the year	486,800	256,000
Less: Non-cash Collection during the year	1,070,400	1,720,000
Closing Balance Taka:	1,904,650	2,733,050

10.00 BI-CYCLE LOAN: Tk. 63,180

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	78,835	122,820
Add: Payment during the year	0	30,000
	78,835	152,820
Less: Non-Cash collection during the year	15,655	73,985
Closing Balance Taka:	63,180	78,835





11.00 MOTOR CYCLE DOWAN PAYMENT: Tk. 60,100

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	60,100	60,100
Add: Payment during the year	0	0
Closing Balance Taka:	60,100	60,100

12.00 STAFF LOAN GENERAL: Tk. 5,070,018

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	9,223,363	3,727,525
Add: Payment during the year	4,424,000	11,908,000
Add: Adjustment made during the year (Non-cash)	1,257,947	1,924,099
	14,905,310	17,559,624
Less: Realized during the year	2,768,887	1,452,214
Less: Non-Cash collection during the year	7,066,405	6,884,047
Closing Balance Taka:	5,070,018	9,223,363

13.00 LOAN TO GENERAL FUND: Tk. Nil

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	3,469,318	3,240,453
Add: Payment during the year	170,312	228,865
	3,639,630	3,469,318
Less: Realized during the year	3,639,630	0
Closing Balance Taka:	0	3,469,318

14.00 ADVANCE: Tk. 7,313,351

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	6,515,723	2,990,591
Add: Payment during the year	10,909,092	7,056,738
Add: Adjustment made during the year (Non-cash)	14,124	0
	17,438,939	10,047,329
Less: Realized during the year	2,969,786	2,310,726
Less: Non-cash Collection during the year	7,155,802	1,220,880
Closing Balance Taka:	7,313,351	6,515,723

15.00 INTEREST RECEIVABLE ON FDR: Tk. 6,158,608

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	3,072,832	2,012,177
Add: Receivable during the year	4,701,210	1,891,435
	7,774,042	3,903,612
Less: Received during the year	1,615,434	830,780
Closing Balance Taka:	6,158,608	3,072,832



Toha Khan Zaman & Co.
Chartered Accountants

16.00 SUSPENSE ACCOUNT: Tk. 11,580,729

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	11,580,729	11,479,917
Add: Addition during the year	0	100,812
Closing Balance Taka:	11,580,729	11,580,729

17.00 PRINTING AND STATIONERY: Tk. 308,969

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	266,128	281,430
Add: Purchase during the year	530,961	379,200
Add: Adjustment during the year	0	51,945
	797,089	712,575
Less: Used during the year	488,120	446,447
Closing Balance Taka:	308,969	266,128

18.00 CASH AND BANK BALANCES: Tk. 37,857,423

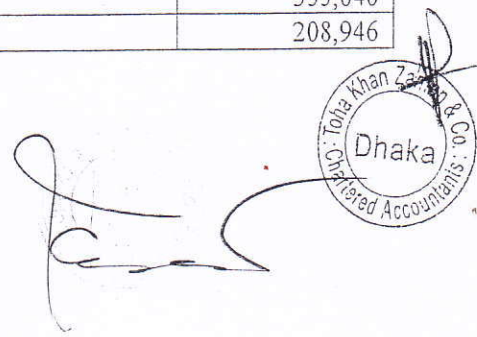
18.01 Breakup of the above amount is given below:

Particulars	Note	30-06-2018	30-06-2017
Cash in Hand	18.02	8,241,039	3,518,345
Cash at Bank	18.03	29,616,384	30,554,200
Total Taka:		37,857,423	34,072,545

18.02 Cash in Hand: Tk. 8,241,039

Breakup of the above amount is given below:

Sl. No.	Branch Name	30-06-2018
1	Hazrahati	222
2	Kushtia (RMC)	294,026
3	Khoksa	29,701
4	Mirpur	254,394
5	Swastipur	169,386
6	Bahalbaria	3,312
7	Ailchara	66,986
8	Daulatpur	121,961
9	Kholikshakundi	131,432
10	Harinarayanpur	39,938
11	Kumarkhali	93,036
12	Jhaudia	23,221
13	Bashgram	145,460
14	Bahadurpur	334,220
15	Sheikhpara	116,282
16	Borogangdia	29,882
17	Alauddinnagar	26,286
18	Shahapur	173,155
19	Dapunia	555,040
20	Gopalpur	208,946





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Sl. No.	Branch Name	30-06-2018
21	Lalpur	30,448
22	Satbaria	200,933
23	Dangmorka	24,595
24	Iswardi	119,303
25	Pangsha	6,171
26	Abdulpur	105,757
27	Bagatipara	353,390
28	Shoilkupa	189,908
29	Refayetpur	101,590
30	Chilmari	114,095
31	Eakdala	242,678
32	Basudebpur	58,626
33	Puthia	172,910
34	Arani	381,990
35	Taherpur	94,897
36	Horinakundu	26,166
37	Langalbandh	118,603
38	Shreepur	353,397
39	Magura	148,627
40	Hatgopalpur	32,887
41	Katlagari	24,884
42	Patikabari	41,620
43	Berilabari	285,510
44	Sarojgonj	95,116
45	Bhatoi Bazar	207,762
46	Kushtia UMC	483,282
47	Sonapur	58,122
48	Hatos Horipur	73,651
49	Kushtia Agrashor	228,467
50	Rajbari	226,671
51	Pabna	179,780
52	Adabor Office Dhaka	160,091
53	Joradah	57,338
54	Barkhada	424,888
Total Taka:		8,241,039

18.03 Cash at Bank: Tk. 29,616,384

Breakup of the above amount is given below:

Name of Bank	Acc. No.	Amount	Remarks
IFIC Bank Ltd., Kushtia Branch	STD-4062307643041	134,581	Reconciled
IFIC Bank Ltd., Kushtia Branch	STD-4062355936041	324	Agreed
IFIC Bank Ltd., Kushtia Branch	STD-4062307651041	8,908	Agreed
Janata Bank Ltd., Kushtia Branch	CD-00810210050222	57,201	Agreed
Jamuna Bank Ltd., Kushtia Branch	STD-0034-0320000137	4,668	Agreed
Sonali Bank Ltd., Kushtia Branch	CD-3020001011437	7,911	Agreed
B. Krishi Bank, Kushtia Branch	CD--1901-0210008658	14,766	Agreed





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Name of Bank	Acc. No.	Amount	Remarks
Agrani Bank Ltd., Kushtia Branch	STD-0200005426829	18,833	Agreed
One Bank Ltd., Kushtia Branch	STD-0703000000136	859,625	Agreed
Mutual Trust Bank Ltd., Kushtia Branch	CD-0035-0210007954	16,172	Agreed
Standard Bank Ltd., Kushtia Branch	CD-04733000386	170,159	Agreed
Standard Bank Ltd., Kushtia Branch	CD-04736000015	7,746	Agreed
IFIC Bank Ltd., Kushtia Branch	CD-4062306543031	9,574	Agreed
IFIC Bank Ltd., Kushtia Branch	CD-4062307647041	15,765	Agreed
IFIC Bank Ltd., Kushtia Branch	CD-4062306443031	5,071	Agreed
Jamuna Bank Ltd., Dhaka	CD-00200210022087	8,664	Agreed
Trust Bank Ltd., Kushtia Branch	CD-0075-0210002737	15,774	Agreed
The City Bank Ltd., Kushtia Branch	CD-1401624795001	5,256	Agreed
Southeast Bank Ltd., Kushtia Branch	CD-011011100000075	7,237	Agreed
Midland Bank Ltd., Uttara Branch Dhaka	CD-0006-1490000015	954	Agreed
South Bangla Bank Ltd., Branch Dhaka	CD-01130000165505	2,988	Agreed
Sonali Bank, Kushtia Branch	CD-301236000047	362,539	Agreed
Shahjalal Bank Ltd., Kushtia Branch	CD-11100000045	226,029	Agreed
IFIC Bank Ltd., Kushtia Branch	STD-662	3,187	Agreed
One Bank Ltd., Kushtia Br.	STD-07030000000056	731,921	Agreed
Sonali Bank, Khoksha Branch	CD-1025	605,702	Agreed
Bangladesh Krishi Bank, Mirpur Branch	STD- 05	417,520	Agreed
Rupali Bank Ltd., Swastipur Branch	STD- 30/1	578,309	Agreed
Bangladesh Krishi Bank, Bahalbaria Branch	STD- 01	167,427	Agreed
Bangladesh Krishi Bank, Ailchara Branch	STD- 02	2,638	Agreed
Bangladesh Krishi Bank, Daulatpur Branch	CD- 545	403,882	Agreed
Agrani Bank Ltd., Kholishakundi Branch	CD- 739	789,122	Agreed
Sonali Bank, Harinarayanpur Branch	CD- 776	185,927	Agreed
Bangladesh Krishi Bank, Kumarkhali Branch	CD- 351	669,753	Agreed
Bangladesh Krishi Bank, Jhawdia Branch	CD- 119	331,345	Agreed
Janata Bank Ltd., Bagulat Branch	CD- 283	92,345	Agreed
Bangladesh Krishi Bank, Bahadurpur Branch	CD- 62	445,003	Agreed
Sonali Bank, Shaikhpara Branch	CD- 431	114,098	Agreed
Agrani Bank Ltd., Borogangdia Branch	CD- 470	575,361	Agreed
Sonali Bank, Nondolalpur Branch	CD- 35	530,254	Agreed
Janata Bank Ltd., Ruppur Branch	CD- 890	232,051	Agreed
Standard Bank, Barkhadha Branch	CD-0004733000384	165,870	Agreed
Rajshahi Krishi Unnayan Bank, Dapunia	CD- 124	271,773	Agreed
Sonali Bank, Gopalpur Branch	CD- 1111	228,242	Agreed
Uttara Bank Ltd., Lalpur Branch	CD- 773	201,571	Agreed
Bangladesh Krishi Bank, Bheramara Branch	CD- 649	252,416	Agreed
Janata Bank Ltd., Dangmorka Branch	CD- 745	679,998	Agreed
National Bank Ltd., Iswhurdi	STD-8882	1,053,567	Agreed
Bangladesh Krishi Bank, Pangsha Branch	CD- 460	575,029	Agreed
Rupali Bank Ltd., Abdulpur Branch	CD- 258	716,204	Agreed
Janata Bank Ltd., Bagatipara Branch	CD- 539	1,098,164	Agreed
Janata Bank Ltd., Shailkupa Branch	CD- 2228	453,632	Agreed
Agrani Bank Ltd., Daullatpur Branch	CD- 935	808,246	Agreed
Bangladesh Krishi Bank, Daullatpur Branch	CD- 457	24,663	Agreed
Janata Bank Ltd., Station Bazar Branch, Natore	CD- 1523	273,052	Agreed
Janata Bank Ltd., Basudebpur Branch	CD- 232	306,723	Agreed





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Name of Bank	Acc. No.	Amount	Remarks
Uttara Bank Ltd., Putia Branch	CD- 877	300,939	Agreed
Janata Bank Ltd., Arani Branch	CD- 1071	993,748	Agreed
Janata Bank Ltd., Thaherpur Branch	CD- 1117	525,853	Agreed
Sonali Bank, Horinakundi Branch	CD- 1623	386,039	Agreed
Janata Bank Ltd., Langolbandh Branch	CD- 830	676,780	Agreed
Sonali Bank, Sreepur Branch	CD- 775	813,446	Agreed
Sonali Bank, Magura Branch	CD- 777	957,998	Agreed
Sonali Bank, Hatgopalpur Branch	CD- 813	334,816	Agreed
Janata Bank Ltd., Katlagari Branch	CD- 274	928,711	Agreed
Janata Bank Ltd., Joradah Branch	CD-33001529	186,016	Agreed
Agrani Bank Ltd., Patikabari Branch	CD- 319	564,757	Agreed
Bangladesh Krishi Bank, Barkhada Branch	CD- 200	5,087	Agreed
Rajshahi Krishi Unnayan Bank, Barilabari	CD- 115	268,200	Agreed
Sonali Bank Ltd., Sarojgonj Branch	CD-200007014	570,060	Agreed
Janata Bank Ltd., Vatoi Bazar Branch	CD-33002475	14,163	Agreed
Bangladesh Krishi Bank, Sonapur Branch	CD-130	427,860	Agreed
The City Bank Ltd., Kushtia Branch	CD-1401815089001	40,441	Agreed
Southeast Bank Ltd., Kushtia Branch	CD-0011100000066	690,703	Agreed
Southeast Bank Ltd., Rajbari Branch	CD-009911100000308	2,020,778	Agreed
Southeast Bank Ltd., Pabna Branch	CD-009711100000228	1,248,125	Agreed
Standard Bank Ltd., Dhaka Branch	CD-05936000063	435,031	Agreed
Southeast Bank Ltd., Dapunia Branch	CD-000711100000240	6,411	Agreed
Trust Bank Ltd, Bahalbaria Branch	CD-00750210003432	23,822	Agreed
One Bank Ltd, Ailchara Branch	CD-0781020003293	483,520	Agreed
Sonali Bank Ltd, Lalmatia Branch, Dhaka	CD-4416402001039	50,000	Agreed
Rupali Bank Ltd, Chilmari Branch	CD-1068	532,225	Agreed
Modhumoti Bank Ltd, Satbaria Branch	CD-112411100000124	185,115	Agreed
Total Taka:		29,616,384	

19.00 CAPITAL AND RESERVES: Tk. 228,965,335

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	148,520,498	119,862,388
Add: Current year Surplus	82,306,182	30,176,916
	230,826,680	150,039,304
Less: Adjustment during the year	1,861,345	1,518,806
Closing Balance	Taka: 228,965,335	148,520,498

20.00 LOAN FROM PKSF: Tk. 80,903,750

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	6,450,000	0	6,450,000	0	0	0
UMC	1,200,000	0	1,200,000	0	0	0
JAGORON	25,000,000	40,000,000	8,000,000	57,000,000	40,000,000	17,000,000
AGRASHOR	55,903,750	30,000,000	23,000,000	62,903,750	40,903,750	22,000,000
SHUFOLON	10,000,000	20,000,000	30,000,000	0	0	0
BUNIAD	15,000,000	0	15,000,000	0	0	0
Total Taka:	113,553,750	90,000,000	83,650,000	119,903,750	80,903,750	39,000,000

[Signature]

[Circular Stamp: Toha Khan Zaman & Co., Dhaka, Chartered Accountants]



21.00 LOAN FROM BANK: Tk. 372,246,669

21.01 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	21.02	90,000,000	240,000,000	210,000,000	120,000,000
Standard Bank Ltd., Kushtia Branch	21.03	77,430,929	54,000,000	68,174,206	63,256,723
Trust Bank Ltd., Kushtia Branch	21.04	50,000,000	50,000,000	50,000,000	50,000,000
Southeast Bank Ltd., Kushtia Branch	21.05	19,983,000	60,000,000	19,983,000	60,000,000
Midland Bank Ltd., Kushtia Branch	21.06	100,000,000	60,000,000	81,010,054	78,989,946
Total Taka:		337,413,929	464,000,000	429,167,260	372,246,669

21.02 One Bank Ltd., Kushtia Branch: Tk. 90,000,000

The above loan was procured from One Bank Ltd., Kushtia Branch loan account No.703000000136 bearing interest rate @9.00%.

21.03 Standard Bank Ltd., Kushtia Branch: Tk. 77,430,929

The above loan was procured from Standard Bank Ltd., Kushtia Branch loan account No.04733000386 bearing interest rate @9.00%.

21.04 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 @9.00%

21.05 Southeast Bank Ltd., Kushtia Branch: Tk. 19,983,000

The above loan was procured from Southeast Bank Ltd., Kushtia Branch loan account No.011071200000 495 bearing interest rate @9.00%

21.06 Midland Bank Ltd., Kushtia Branch: Tk. 100,000,000

The above loan was procured from Midland Bank Ltd., Kushtia Branch loan account No. 0006-26830000 15 bearing interest rate @9.00%

22.00 MEMBERS SAVINGS DEPOSIT: Tk. 170,024,297

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	209,204,780	163,262,920
Add: Collection during the year	273,238,631	157,090,686
Add: Accrued Interest during the year	12,247,036	6,449,013
Add: Collection during the year (Non-cash)	3,381,552	4,645,737
	498,071,999	331,448,356
Less: Refund during the year	57,467,576	46,779,600
Less: Non-Cash Refund during the year	100,555,829	75,463,976
Closing Balance Taka:	340,048,594	209,204,780
Long Term Liabilities:	170,024,297	104,602,390
Current Liabilities:	170,024,297	104,602,390



Toha Khan Zaman & Co.
Chartered Accountants

23.00 SAVINGS MEMBER'S DEPOSIT (SMD): Tk. 57,147,680

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	117,420,660	111,791,345
Add: Collection during the year	52,694,070	50,245,132
Add: Collection during the year (Non-cash)	2,459,400	1,454,900
	172,574,130	163,491,377
Less: Refund during the year	103,915,982	38,355,875
Less: Non-Cash Refund during the year	11,510,468	7,714,842
Closing Balance Taka:	57,147,680	117,420,660

24.00 RESERVES FOR PROVIDENT FUND: Tk. 26,844,060

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	31,996,124	25,454,234
Add: Current year	23,729,771	7,709,964
Add: Adjustment during the year	7,371,079	912,924
	63,096,974	34,077,122
Less: Payment made during the year	33,545,221	2,076,903
Less: Non-Cash Payment during the year	2,707,693	4,095
Closing Balance Taka:	26,844,060	31,996,124

25.00 RESERVES FOR GRATUITY: Tk. 19,406,759

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	15,407,847	12,424,718
Add: Current year	3,949,110	3,449,989
Add: Adjustment during the year	6,849,755	0
	26,206,712	15,874,707
Less: Payment made during the year	5,921,110	376,000
Less: Adjustment during the year	878,843	90,860
Closing Balance Taka:	19,406,759	15,407,847

26.00 RESERVES FOR EXPENSE: Tk. 78,793

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	84,891	486,654
Add: Current year	250,179	72,141
	335,070	558,795
Less: Payment during the year	256,277	473,904
Closing Balance Taka:	78,793	84,891



27.00 RESERVE FOR SMD INTEREST: Tk. 19,795,066

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	16,067,988	13,382,262
Add: Current year	7,328,390	7,118,834
	23,396,378	20,501,096
Less: Payment made during the year	1,854,090	1,646,950
Less: Non-Cash Refund during the year	1,747,222	2,786,158
Closing Balance Taka:	19,795,066	16,067,988

28.00 RESERVE FOR PF INTEREST: Tk. 8,799,336

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	7,570,932	5,338,840
Add: Current year	1,624,842	2,332,092
	9,195,774	7,670,932
Less: Payment made during the year	296,438	100,000
Less: Non-Cash Refund during the year	100,000	0
Closing Balance Taka:	8,799,336	7,570,932

29.00 RESERVE FOR SEBI: Tk. 514,162

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	770,548	0
Add: Current year	366,569	0
Add: Adjustment during the year	378,250	0
	1,515,367	0
Less: Adjustment during the year	1,001,205	0
Closing Balance Taka:	514,162	770,548

30.00 LOAN LOSS PROVISION: Tk. 43,305,287

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	33,014,340	26,547,007
Add: Current year Provision	13,435,663	8,814,009
Add: Adjustment for the year	288,172	116,949
	46,738,175	35,477,965
Less: Realized during the year	3,432,888	2,307,078
Less: Payment made during the year	0	156,547
Closing Balance Taka:	43,305,287	33,014,340

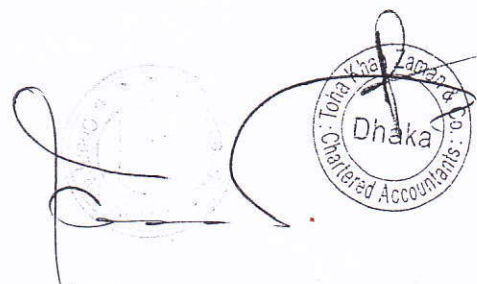


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Chartered Accountants

31.00 MEMBER WELFARE FUND: Tk. 46,925,190

The above balance has been arrived at as under:

Particulars	30-06-2018	30-06-2017
Opening Balance	32,852,148	23,093,553
Add: Current year	18,859,795	13,848,312
Add: Current year (Non-cash)	1,006,291	79,750
	52,718,234	37,021,615
Less: Payment made during the year	511,093	465,494
Less: Non-Cash during the year	5,281,951	3,703,973
Closing Balance Taka:	46,925,190	32,852,148





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Chartered Accountants

SETU
MICRO CREDIT PROGRAMME

ELIGIBILITY CRITERIA COMPLIANCE CERTIFICATION
FOR THE YEAR ENDED 30 JUNE 2018

ANNEXURE: A/1

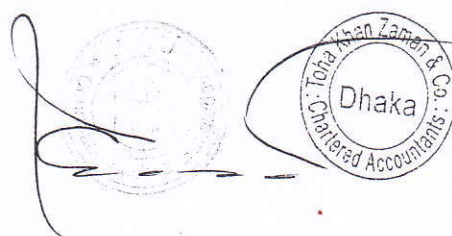
Sl. No.	Eligibility Criteria	Audited Figures or Compliance FY 2017-2018	Standard
1	Minimum Loan recovery rates, computed quarterly, based on the following:		
I	Cumulative loan collection ratio on total dues: CRR $\frac{\text{Actual cumulative collections} \times 100}{\text{Cumulative collectibles}}$	99.48%	95%
II	Loan collection ratio on current dues (on running 12 months' basis): OTR $\frac{\text{Actual collections during the past 12 months on current dues} \times 100}{\text{Collectibles on current dues}}$	99.60%	92-100%
2	Liquidity Ratio	10.51%	10%
3	Current Ratio	5.09:1	2:1
4	Capital Adequacy Ratio	19.42%	15%
5	Debt Service Cover Ratio	3.78:1	1.25:1
6	Debt to Capital Ratio	3.88:1	9:1
7	Rate of Return on Capital	43.61%	1%

(Mst. Shahanaaj Parvin)
Manager Finance

Dated, Dhaka
12 August 2018

(Md. Abdul Quader)
Executive Director

(Toha Khan Zaman & Co.)
Chartered Accountants





SETU
MICRO CREDIT PROGRAMME

PORTFOLIO REPORT FOR THE YEAR ENDED 30 JUNE 2018
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)		1,128,249,687		
02	Total Overdue		48,281,504		
03	Regular	Loans with no overdue installments	1,057,453,121	1%	10,574,531
04	Watchful	Loan default duration between 1-30 days	15,814,647	5%	790,732
05	Sub-standard	Loan default duration between 31-180 days	19,864,274	25%	4,966,069
06	Doubtful	Loan default duration between 181-365 days	11,752,451	75%	8,814,338
07	Bad Loan	Loan default duration above 365 days	23,365,193	100%	23,365,193
Total Taka:			1,128,249,687		48,510,863

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

Particulars	Taka
Required Provision as per MRA Policy	48,510,863
Actual Provision made by the MFI	43,305,287
Excess/Shortfall in Provision	5,205,576

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 01-07-2017	16,913,506
Loan Written Off during the year 2017-2018	3,140,789
Written Off Loan Recovered during the year 2017-2018	0
Loan Written Off Balance 30-06-2018	20,054,295

(iii) Loan Operational Report:

Sl. No.	Particulars	2017-2018		2016-2017	
1. Financial Service Product:					
Loan Product:					
JAGORON		520,866,681		435,088,528	
AGRASHOR		521,842,299		386,170,358	
SHUFALON		82,857,915		87,806,055	
BUNIAD		2,678,887		4,392,124	
SMD		3,904		3,904	
Savings Product:					
Savings Account General		340,048,595		209,204,780	
Savings Account Special		397,196,275		117,420,660	
Insurance Product:		0		0	
2. Number of Branch.		54	54	40	40
		M	F	M	F
3. Number of Samities		569	3,389	569	3,442
4. Number of Members		9,058	57,298	7,901	55,244
5. Number of Borrowers/Loanee		7,568	40,700	6,546	38,871
6. Number of Staff		337	78	257	155
7. Amount (Taka) of Loan outstanding with Samity			1,128,245,782		913,460,969
8. Members: Borrower		58,16,51.84		57,89,52.11	
9. Average Loan Size		23,375		23,674	



Toha Khan Zaman & Co.
Chartered Accountants

<p style="text-align: center;">SETU MICRO CREDIT PROGRAMME</p> <p style="text-align: center;">SCHEDULE OF FIXED ASSETS AS ON 30-06-2018</p> <p style="text-align: right;">Annexure-A/3</p>									
Particulars	VALUE AT COST				DEPRECIATION				Written Down Value
	Opening Balance	Addition	Adjustment	Closing Balance	Opening Balance	Rate	Depreciation	Total as on 30-06-2018	
Land	2,191,953	0	0	2,191,953	0	0%	0	0	2,191,953
Computer & Printer	5,262,097	239,655	8,800	5,510,552	3,547,311	20%	885,601	4,432,912	1,077,640
Vehicle	88,500	159,887	0	248,387	88,500	20%	30,455	118,955	129,432
Furniture & Fixture	4,255,625	102,090	3,483,514	7,841,229	2,358,609	10%	1,086,888	3,445,497	4,395,732
Bicycle	11,725	0	0	11,725	11,246	20%	478	11,724	1
Photocopier	202,500	0	0	202,500	173,533	20%	24,247	197,780	4,720
Mobile	227,085	329	90,025	317,439	135,607	20%	38,568	174,175	143,264
Equipment	3,025,582	756,125	149,000	3,930,707	776,805	20%	695,126	1,471,931	2,458,776
Solar	52,034	0	0	52,034	41,946	20%	2,018	43,964	8,070
Building	3,269,918	0	0	3,269,918	728,321	4%	84,534	812,855	2,457,063
Car	6,526,000	0	0	6,526,000	2,406,298	20%	572,387	2,978,685	3,547,315
Total Taka:	25,113,019	1,258,086	3,731,339	30,102,444	10,268,176		3,420,302	13,688,478	16,413,966
Previous year's Taka:	23,755,386	1,302,283	55,350	25,113,019	8,604,047		1,664,129	10,268,176	14,844,844





**MANAGEMENT REPORT ON THE ACCOUNTS OF
SETU
MICRO CREDIT PROGRAMME
FOR THE YEAR ENDED 30 JUNE 2018
OBSERVATIONS AND RECOMMENDATIONS**

- 1.01 Current year's (2017-2018) 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 follow the policies and rules issued by MRA.

Recommendation:
 The SETU should maintain the current status.

Management Response:
 SETU always has been maintaining current status.

1.02.2 Loan Loss Provision:

Observation:
 In course of our verification we observed that, SETU was made short Loan Loss Provision on its outstanding loan and does not comply as per policies provided by MRA:

Particulars	30-06-2017
Required Provision as per MRA policy	48,506,959
Actual Provision made by the MFI	43,305,287
Excess/Shortfall in Provision:	5,201,672

Recommendation:
 We suggest that, actual Loan Loss Provision should be made as per MRA policies.

Management Response:
 Short amount of loan loss provision will be calculated in July 2018.

1.02.3 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:
 SETU has been following accrual basis accounting system from year to year.



1.02.4 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 Rate	Amount
One Bank Ltd., Kushtia Branch	703000000136	9%	120,000,000
Standard Bank Ltd., Kushtia Branch	04733000386	9%	63,256,723
Trust Bank Ltd., Kushtia Branch	750210002737	9%	50,000,000
Southeast Bank Ltd., Kushtia Branch	011071200000495	9%	60,000,000
Midland Bank Ltd., Kushtia Branch	000626830000	9%	78,989,946
Total Taka:			372,246,669

Recommendation:

The MFI should maintain the current status.

Management Response:

SETU has been maintaining the current status and it will be continued in future.

1.02.5 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 not found to be satisfactory. Loan Loss Provision was not maintained as per MRA policy. Huge amount was contained in suspense accounts which are given below:

Particulars	30-06-2018	30-06-2017
Opening Balance	11,580,729	11,479,917
Add: Addition during the year	0	100,812
	11,580,729	11,580,729
Less: Collection during the year	0	0
Closing Balance Taka:	11,580,729	11,580,729

Recommendation:

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

Management Response:

SETU is trying to realize Suspense amount and to be continued.

1.02.6 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:

SETU maintaining the current status and it will be continued in future.

1.02.7 Management & Accounting information system and software implementation:

Observation:

In course of our audit we observed that, management and accounting information system was found to be satisfactory. The MFI use accounting software name data soft purchase from data soft system Bangladesh Ltd.

Recommendation:

The MFI should maintain the current status.

Management Response:

SETU has been using management and accounting information system of Data soft system Bangladesh Ltd since 2010. SETU maintain current status in future.

1.02.8 Training Needs of MFI:

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:

SETU has been organizing training courses on financial management, internal audit, VAT/Tax for various levels of staff and it will be strengthened in future.

1.02.9 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.



1.02.10 Other Observation:

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
Md. Mofizul Islam	A. D	30-07-2018,31-07-2018
Ashit Kumar Pal	P.M	01-08-2018 to 09-08-2018
Md. Zahidur Rahman	A. O	01-08-2018 to 09-08-2018
Abdullah Munim	I.M	30-07-2018,31-07-2018

(b) Comments and Suggestions:

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

(c) Management Response:

Signatures have been obtained duly and will be careful about it in future.

ii. Cash-in-hand was exceeding the approved limit 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	Date	Amount
Ailchara	31-07-2017	88,206
Hazrahati	02-07-2018	30,514

Comments and Suggestions:

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

(c) Management Response:

We will be careful about it and not hold excess cash in hand in future.

iii. Overwritten amount was observed in cashbook:

(a) Observation:

In course of our verification we observed in the following cases that, overwritten amount was observed in cashbook:

Page No.	Branch Name
10,20,46	Hazrahati
242,241,193,191,170	Ailchara

(b) Comments and Suggestions:

We suggest that, overwriting in books and records should be discarded.

(c) Management Response:

Respective person of SETU will be careful to avoid overwriting in cash books and records.



Toha Khan Zaman & Co.
Chartered Accountants

SETU
MICRO CREDIT PROGRAMME

COMPLIANCE OF THE STATUS OF THE PRIOR YEAR
(2016-2017) AUDIT OBSERVATIONS AND
MENTION THE PERCENTAGE THEREOF:

Sl. No.	Observations	Implementation Status	Comments (If Any)
01	Management & Accounting information system and software implementation.	Implemented	Data Soft System Bangladesh Ltd.





SETU
MICRO CREDIT PROGRAMME
CALCULATION OF RATIOS

ANNEXURE: A/1

Sl. No.	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>	$\frac{889,346,693}{228,965,335}$	3.88:1	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>	$\frac{228,965,335 * 100}{117,897,371}$	19.42%	15%
03.	Debt Service Cover Ratio	=	$\frac{\text{Surplus + Total interest payments + Principal collections on PKSF funded loan}}{\text{Total interest payments + Principal payments on PKSF loan}}$ $\frac{\text{Surplus for the year + Total Principal \& Service charge payable to PKSF for the year}}{\text{Total Principal \& Service Charge Payable to PKSF for the year}}$	$\frac{171,801,420}{45,429,771}$	3.78:1	1.25:1
04.	Current Ratio	=	$\frac{\text{Current Asset}}{\text{Current Liability}}$ $\frac{(\text{Loan outstanding unspent due + overdue - More than one year passed overdue}) + \text{Cash + Bank + STD + Advance}}{\text{PKSF fund refundable in the next year (as per schedule) + Savings + Other short-term loan}}$	$\frac{1,211,741,916}{237,598,137}$	5.09:1	2:1
05.	Liquidity to Savings Ratio	=	$\frac{\text{STD + Govt. Securities}}{\text{Total Savings Fund}}$	$\frac{41,750,000 * 100}{397,196,274}$	10.51%	10%
06.	Rate of Return of Capital * Average Capital Fund	=	$\frac{\text{Net Surplus}}{\text{Capital Fund}}$ $\frac{\text{Surplus for the year}}{\text{Average Capital Fund}}$ $\frac{\text{Opening Capital + Closing Capital}}{2}$	$\frac{82,306,182 * 100}{188,742,917}$	43.61%	1%
07.	Cumulative Recovery Rate (CRR)	=	$\frac{\text{Cum. Recovery - Advance Recovery (at the end of this year)}}{(\text{Cum. Recovery - Advance Recovery}) + \text{Overdue (Principal)}}$	$\frac{9196,472,667 * 100}{9,244,750,267}$	99.48%	95%
08.	OTR Or,	=	$\frac{\text{Summation of regular recovery in the last 12 months}}{\text{Summation of Regular recoverable in the last 12 months}}$ $\frac{\text{Total Loan Recovery (Principal) for the year - Advance Recovery - Previous year's overdue recovery in the current year}}{(\text{Total Loan Recovery (Principal) for the year - Advance Recovery - Previous year's overdue recovery in the current year}) + \text{This year new overdue}}$	$\frac{176,523,0218 * 100}{1,772,294,322}$	99.60%	92% - 100%