

# **AUDITOR'S REPORT**

**On The**

**FINANCIAL STATEMENTS**

**OF**

**Jagorani Mohila Kallyan Songstha (JMKS)**

Head Office: Baniadi, Shibpur, Narsingdi, Bangladesh.

Liaison Office: House: 273, Prembagan, Askona, Dokkhinkhan, Uttara, Dhaka, Bangladesh.

**Micro Finance Program**

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2022

**Salam & Co.**

**Chartered Accountants**

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## **Jagorani Mohila Kallyan Songstha (JMKS)**

Head Office: Baniadi, Shibpur, Narsingdi, Bangladesh.

Liaison Office: House: 273, Prembagan, Askona, Dokkhinkhan, Uttara, Dhaka, Bangladesh.

### **For the year ended June 30, 2022**

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**INDEPENDENT AUDITOR'S REPORT IN THE FINANCIAL STATEMENTS  
TO GOVERNING BOARD OF JAGORANI MOHILA KALLYAN SONGSTHA (JMKS)**

**Opinion**

We have audited the financial statements of Micro Finance Program of "**Jagorani Mohila Kallyan Songstha (JMKS)**", which comprise the Statement of Consolidated Financial Position as at 30<sup>th</sup> June 2022, Statement of Comprehensive Income, Statement of Cash Flows, Statement of Receipts and Payments Accounts and Statement of Change in Equity for the year then ended 30<sup>th</sup> June 2022, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our Opinion, the accompanying financial statements of the micro credit program of "**Jagorani Mohila Kallyan Songstha (JMKS)**" give a true and fair view of the financial position as at 30<sup>th</sup> June 2022 and its financial performance, Statement of Cash Flows and its Receipts & Payments for the year then ended in accordance with International Financial Reporting Standards (IFRS) and other applicable laws and regulations including MRA guidelines.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls.**

Management is responsible for the preparation of financial statement that give a true and fair view in accordance with the Accounting policies and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

**Auditor's Responsibilities for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's reports to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on other Legal & Regulatory Requirements**

We also report the following:

- a) 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.
- b) In our opinion, proper books of accounts as required by law have been kept by MRA ACT & Rules have been kept by "**Jagorani Mohila Kallyan Songstha (JMKS)**" so far as it appeared from our examination of these books, and
- c) The statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account.

Dated: Dhaka  
05<sup>th</sup> December, 2022



**Mohammad Abu Salam, FCA**  
**Principal**  
**Membership No: 1652**  
**Salam & CO.**  
**Chartered Accountants**  
**DVC:2212051652AS519714**

# Jagorani Mohila Kallyan Songstha (JMKS)

Head Office: Baniadi, Shibpur, Narsingdi, Bangladesh.

Liaison Office: House: 273, Prembagan, Askona, Dokkhinkhan, Uttara, Dhaka, Bangladesh.

## Statement of Financial Position

AS AT 30<sup>TH</sup> JUNE, 2022


<u>Property &amp; Assets</u>	<u>Note</u>	<u>Current Year</u> <u>30-06-2022</u>	<u>Previous Year</u> <u>30-06-2021</u>
<b><u>Non-Current Assets</u></b>			
Property, Plant & Equipment	15.00	4,16,710.00	3,75,861.00
<b>Total Non-Current Assets</b>		<b>4,16,710.00</b>	<b>3,75,861.00</b>
<b><u>Current Assets:</u></b>			
Principal Amount on Credit Program	12.00	1,94,17,380.00	1,11,07,219.00
Loan Paid to Project	13.00	8,00,000.00	75,056.00
FDR Deposit	-----	4,30,000.00	2,00,000.00
Cash and Bank Balance	14.00	2,42,186.00	83,992.00
<b>Total Current Assets</b>		<b>2,08,89,566.00</b>	<b>1,14,66,267.00</b>
<b>Total Property and Assets</b>		<b>2,13,06,276.00</b>	<b>1,18,42,128.00</b>
<b><u>Fund &amp; Liabilities</u></b>			
<b><u>Capital Fund Account</u></b>			
Cumulative Surplus	7.00	16,99,904.00	6,74,662.00
<b>Total Capital Fund</b>		<b>16,99,904.00</b>	<b>6,74,662.00</b>
<b><u>Non Current Liabilities</u></b>			
Loan Received from the Executive Director	8.00	1,17,03,312.00	62,11,454.00
<b>Total Non Current Liabilities</b>		<b>1,17,03,312.00</b>	<b>62,11,454.00</b>
<b><u>Current Liabilities:</u></b>			
Members Savings	9.00	60,74,200.00	37,38,322.00
Risk Fund Collection	10.00	10,72,754.00	7,71,584.00
Loan Loss Provision	11.00	7,56,106.00	4,46,106.00
<b>Total Current Liabilities</b>		<b>79,03,060.00</b>	<b>49,56,012.00</b>
<b>Total Liabilities &amp; Capital Fund</b>		<b>2,13,06,276.00</b>	<b>1,18,42,128.00</b>

Accounts Manager  
JMKS

Executive Director  
JMKS

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



  
Mohammad Abu Salam, FCA  
Principal  
Membership No: 1652  
Salam & CO.  
Chartered Accountants  
DVC:2212051652AS519714

# Jagorani Mohila Kallyan Songstha (JMKS)

Head Office: Baniadi, Shibpur, Narsingdi, Bangladesh.

Liaison Office: House: 273, Prembagan, Askona, Dokkhinkhan, Uttara, Dhaka, Bangladesh.

## Statement of Comprehensive Income

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2022

<u>Particulars</u>	<u>Current Year</u> <u>30-06-2022</u>	<u>Previous Year</u> <u>30-06-2021</u>
<b><u>Income</u></b>		
Service Charges	32,06,911.00	20,19,276.00
Members Admission Fee	15,670.00	11,520.00
Sales of Loan Application Form	15,650.00	10,740.00
Members Deduction Fee	1,370.00	782.00
Donation from Executive Committee	15,000.00	Nil
Income from Project	8,22,368.00	Nil
<b>Total Tk.</b>	<b>40,76,969.00</b>	<b>20,42,318.00</b>
<b><u>Expenditure</u></b>		
Salary & Allowances	16,48,842.00	8,86,203.00
Office Rent	1,25,000.00	82,000.00
Traveling & Conveyance	28,560.00	790.00
Printing & Stationery	57,653.00	40,916.00
Mobile Bill	2,320.00	3,240.00
Electricity Bill	10,529.00	6,498.00
Motor cycle Registration/Maintenance	26,860.00	Nil
Honarium for EC Member	3,775.00	10,000.00
Maintenance	Nil	9,105.00
Bonus	53,350.00	24,540.00
Entertainment	16,510.00	5,021.00
Expenses for Oil & Fuel	29,060.00	11,850.00
Newspaper Bill	2,605.00	2,010.00
Savings Interest Paid	1,28,821.00	93,183.00
Loan Interest Paid	3,69,400.00	4,61,800.00
Registration Renewal Fees (NGO Bureau)	50,620.00	12,200.00
Audit Fee	10,200.00	10,000.00
Postage & Revenue Stamp	4,625.00	1,040.00
Bank Charge	6,026.00	2,648.00
Womens Day	Nil	620.00
Internet Bill	20,140.00	8,670.00
Flood Relief Program	44,630.00	Nil
Subscription Paid	6,400.00	1,000.00
Gas Bill	11,700.00	9,750.00
Data Soft	20,000.00	Nil
Vat	6,780.00	Nil
Miscellaneous	540.00	Nil
Depreciation	56,781.00	33,116.00
Loan Loss Provision	3,10,000.00	Nil
Excess of Income over Expenditure	10,25,242.00	3,26,118.00
<b>Total Tk.</b>	<b>40,76,969.00</b>	<b>20,42,318.00</b>

Accounts Manager  
JMKS

Executive Director  
JMKS

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

Mohammad Abu Salam, FCA  
Principal  
Membership No: 1652  
Salam & CO.  
Chartered Accountants  
DVC:2212051652AS519714



# Jagorani Mohila Kallyan Songstha (JMKS)

Head Office: Baniadi, Shibpur, Narsinadi, Bangladesh.

Liaison Office: House: 273, Prembagan, Askona, Dokkhinkhan, Uttara, Dhaka, Bangladesh.

## Statement of Receipts & Payments Account


FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2022

<u>Particulars</u>	<u>Current Year</u> <u>30-06-2022</u>	<u>Previous Year</u> <u>30-06-2021</u>
<b>Receipts</b>		
<b>Opening Balance 01-07-2021</b>		
Cash in hand	3,409.00	22,742.00
Cash at Bank	80,583.00	1,87,995.00
Principal Loan Amount Realized	2,27,46,839.00	1,39,86,089.00
Savings from Group Members	46,64,920.00	28,67,106.00
Risk Fund Collection	3,01,170.00	1,81,335.00
Loan Received from the Executive Director	80,24,375.00	36,42,297.00
Loan Realized to Project	75,056.00	34,00,000.00
Service Charges	32,06,911.00	20,19,276.00
Members Admission Fee	15,670.00	11,520.00
Sales of Loan Application Form	15,650.00	10,740.00
Members Deduction Fee	1,370.00	782.00
Donation from Executive Committee	15,000.00	Nil
Income from Project	8,22,368.00	Nil
	<b>3,99,73,321.00</b>	<b>2,63,29,882.00</b>
<b>Payments</b>		
Loan Disbursement	3,10,57,000.00	1,93,53,000.00
Savings Refunded	23,29,042.00	15,14,049.00
Risk Fund Refunded	Nil	29,608.00
Loan Refunded to the Executive Director	25,32,517.00	25,85,332.00
Loan Paid to Project	8,00,000.00	9,11,817.00
FDR Deposit	2,30,000.00	Nil
Purchase of Motor cycle	Nil	1,19,000.00
Purchase of Computer, Printer & Mobile	79,310.00	Nil
Purchase of Furniture & Fixture	18,320.00	50,000.00
Salary & Allowances	16,48,842.00	8,86,203.00
Office Rent	1,25,000.00	82,000.00
Traveling & Conveyance	28,560.00	790.00
Printing & Stationery	57,653.00	40,916.00
Mobile Bill	2,320.00	3,240.00
Electricity Bill	10,529.00	6,498.00
Motor cycle Registration/Maintenance	26,860.00	Nil
Honorium for EC Member	3,775.00	10,000.00
Maintenance	Nil	9,105.00
Bonus	53,350.00	24,540.00
Entertainment	16,510.00	5,021.00
Expenses for Oil & Fuel	29,060.00	11,850.00
Newspaper Bill	2,605.00	2,010.00
Savings Interest Paid	1,28,821.00	93,183.00
Loan Interest Paid	3,69,400.00	4,61,800.00
Registration Renewal Fees (NGO Bureau)	50,620.00	12,200.00
Audit Fee	10,200.00	10,000.00
Postage & Revenue Stamp	4,625.00	1,040.00
Bank Charge	6,026.00	2,648.00
Womens Day	Nil	620.00
Internet Bill	20,140.00	8,670.00
Flood Relief Program	44,630.00	Nil
Subscription Paid	6,400.00	1,000.00
Gas Bill	11,700.00	9,750.00
Data Soft	20,000.00	Nil
Vat	6,780.00	Nil
Miscellaneous	540.00	Nil
<b>Closing Balance 30-06-2022</b>		
Cash in Hand	2,00,445.00	3,409.00
Cash at Bank	41,741.00	80,583.00
	<b>3,99,73,321.00</b>	<b>2,63,29,882.00</b>

Accounts Manager  
JMKS

Executive Director  
JMKS

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

  
Mohammad Abu Salam, FCA  
Principal  
Membership No: 1652  
Salam & CO.  
Chartered Accountants  
DVC:2212051652AS519714



## Jagorani Mohila Kallyan Songstha (JMKS)

Head Office: Baniadi, Shibpur, Narsingdi, Bangladesh.

Liaison Office: House: 273, Prembagan, Askona, Dokkhinkhan, Uttara, Dhaka, Bangladesh.

### **Cash Flow Statement** FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2022

<b><u>Particulars</u></b>	<b><u>Current Year</u></b> <b><u>30-06-2022</u></b>	<b><u>Previous Year</u></b> <b><u>30-06-2021</u></b>
<b>Cash Flow From Operating Activities</b>		
Surplus for the year	10,25,242.00	3,26,118.00
<b>Add/Less: Amount Considered as non Cash items:</b>		
Loan Loss Provision	3,10,000.00	Nil
Depreciation for the year	56,781.00	33,116.00
<b>Sub Total of Non Cash Items:</b>	<b>13,92,023.00</b>	<b>3,59,234.00</b>
Loan Disbursement to Beneficiaries	(83,10,161.00)	(53,66,911.00)
<b>Net Cash used by Operating Activities</b>	<b>(69,18,138.00)</b>	<b>(50,07,677.00)</b>
<b>Cash Flow from Investing Activities</b>		
Property, Plant and Equipment	(97,630.00)	(1,69,000.00)
Loan Paid to Project	(7,24,944.00)	24,88,183.00
FRD Deposit	(2,30,000.00)	Nil
<b>Net Cash used by Investing Activities</b>	<b>(10,52,574.00)</b>	<b>23,19,183.00</b>
<b>Cash Flow from Financing Activities</b>		
Loan Received from the Executive Director	54,91,858.00	10,56,965.00
Members Savings	23,35,878.00	13,53,057.00
Risk Fund Collection	3,01,170.00	1,51,727.00
<b>Net Cash used by Financing Activities</b>	<b>81,28,906.00</b>	<b>25,61,749.00</b>
<b>Net Increase in Cash</b>	<b>1,58,194.00</b>	<b>(1,26,745.00)</b>
<b>Cash at the Beginning of the year</b>	<b>83,992.00</b>	<b>2,10,737.00</b>
<b>Cash at the Ending of the year</b>	<b>2,42,186.00</b>	<b>83,992.00</b>





## Jagorani Mohila Kallyan Songstha (JMKS)

Head Office: Baniadi, Shibpur, Narsingdi, Bangladesh.

Liaison Office: House: 273, Prembagan, Askona, Dokkhinkhan, Uttara, Dhaka, Bangladesh.

### Statement of Changes in Equity

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2022

<u>Particulars</u>	<u>Current Year</u> <u>30-06-2022</u>	<u>Previous Year</u> <u>30-06-2021</u>
Balance as on 01-07-2021	6,74,662.00	3,48,544.00
Add: Surplus/Deficat during the year	10,25,242.00	3,26,118.00
<b>Balance as on 30-06-2022</b>	<b>16,99,904.00</b>	<b>6,74,662.00</b>



## Jagorani Mohila Kallyan Songstha (JMKS)

Head Office: Baniadi, Shibpur, Narsingdi, Bangladesh.

Liaison Office: House: 273, Prembagan, Askona, Dokkhinkhan, Uttara, Dhaka, Bangladesh.

### Notes to the Financial Statements

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2022

#### 1.00 Background of Jagorani Mohila Kallyan Songstha (JMKS):

JMKS is a non-profitable non-political and non-government voluntary development organization, it is established in 1985 by few and same minded of different professional women at the locality. Having observed the intolerable distress & exploitation on women by the dominated families & society, these women came forward and establish JMKS. Gradually the small initiatives has grown up to this stage with the whole hearted cooperation, advice suggestion & direction of some national level NGO's, like Caritas Bangladesh, ASA, BRAC, ADAB, SAP-Bangladesh, NGO Foundation etc. financial assistance of benevolent donor organization. Asia Partnership for Human Development (APHD) was the first Donor provides the financial Assistance upon receipt of due evaluation report from Caritas Bangladesh. APHD & Caritas Bangladesh has helped us to walk, open our eyes release thoughts. The prime objectives of JMKS to abolish injustice and tortures done onto the women by the mails to establish the rights of women and to establish a society with harmony of peace & happiness free from exploitation, illegal activities (at the family & society level) and overall creation of amiable environment favorable to integrated development. During the decades, JMKS has been able to develop partnership with some national and international organization including government departments through its service and dedication to the grassroots people.

#### Present Programs of the Organizations:

01. Micro Credit Program

#### 2.00 Corporate Information of the Organization

Name of the Organization	Jagorani Mohila Kallyan Songstha (JMKS)
Year of Establishment	1988
Legal Entity	The organization is duly registered under Voluntary Women Affairs – Narsingdi Agencies (Registration & Control) Ordinance 1961 vide Registration No. 645/1988 dated: 13-04-1988, the Organization achieve the Primary license no. of Micro credit Regulatory Authority vide No. 02114-00225-00334 & MRA- No. 0000338 dated: 22-09-2008 from Bangladesh Bank and also has the Registration from NGO Affairs Bureau vide No. 566 dated: 04-12-1991.
No. Of Executive Committee meeting held on 2021-2022	12
Date of last AGM held	22/11/2021
Personnel Policy	Available
Accounts/Financial Policy	Available
Operational Policy	Available
Savings & Credit Policy	Available
Service Policy	Available
Human Resource & Administrative Policy	Available
Procurement Policy	Available
Internal Audit Cell Policy	Available
Name of the Statuary Auditor for Last Year	Hafiz Ahmed & Co.
Name of the Statuary Auditor for Current Year	Salam & Co.



### **3.00 Mission and Vision of the Organization**

#### **a) Mission of the Organization:**

Working in group & community approach hand in hand with people, with a social emphasis on women & hardcore poor of the society and helping them to be conscious about socio-economic and political cultural situation and to realize the value dignity and rights of each & every individual and take action of nonviolence as well as profitable activities for their integrated development.

#### **Core Values:**

EC and GB members and staff members conceive and strive to foster the following core values:

Stewardship towards less fortunate people.

- Love for human beings.
- Fight for stabilizing justice & peace.
- Integrity with the people.
- Responsive towards the needs/calls of the humanity at the time of disaster of any kind.
- Appreciate for the initiatives of the people.

#### **b) Vision of the Organization:**

JMKS envisages to create an amiable environment and a well-organized society free from exploitation, malpractice and hunger(material & spiritual) where both the literacy & illiterate people, irrespective of gender, caste creed and religion live with human dignity freedom democrat rights, sound health and in a harmony peace and joy.

#### **c) Objectives of the Organization:**

- Helping the people, especially the women & Children, rehabilitate themselves in the case of both natural and man-made disaster.
- Helping in the process of empowerment of the distress rural women and marginalized community irrespective of caste, creed and religion.
- Empowering the underprivileged people to take the responsibilities for promoting and protecting their rights and privileges.
- Providing education of the formal and informal to adults & children for building up a bright society free from super situations, malpractice, avarice, injustice but with happiness, joy and peace.
- Promoting women's reproductive health & Rights.
- Initiating different types off feasible program for uplifting the situation of hardcore poor people i.e. for the shift dissatisfied position from the satisfied position.
- Ensuring proper functioning of the organizing in solidarity as an in situation of unprivileged people.
- Involving and helping the people to take part activity in creating attainable environment and protecting over all environmental degradation.
- Creating scope for all people to enjoy equal rights and equal share of the available resources.
- Mobilizing local resources and help the people to set up model of sustainable development.
- Promoting better health for all people in the community.



#### 4.00 List of Executive Committee Members

The affairs of the Organization have been entrusted to an Executive Committee consisting of 11 (Eleven) members elected in the Annual General Meeting (AGM). The following persons were in the Committee during the Period of our Audit.

SL No.	Name of Member	Designation	Education Background	Profession
1	Sani Akter	Chairman		
2	Shahanara Akter	Vice Chairman	MA (NU)	Social Welfare
3	Mokarima Begum Moni	General Secretary	BA (NU)	Social welfare
4	Farida Yesmin	Asst. General Secretary	BA (NU)	Social welfare
5	Nadira Begum (Jesmin)	Treasurer	HSC	Social welfare
6	Mursida Begum	Publicity Organizer Secretary	BA (NU) SSC	Social Welfare Social welfare
7	Rubi Akter	Sports & Cultural Secretary	BA (NU)	Social welfare
8	Jesmin Akter	Executive Member	B.COM (Honors) M.Com	Social welfare
9	Momtaz Hossain	Executive Member	SSC	Social welfare
10	Sadia Afrin	Executive Member	SSC	Social welfare
11	Shanaz Pervin	Executive Member	BA (NU), MA SSC	Social welfare House wife

#### 5.00 Basis of preparation of Financial Statements

##### a) Basis of Accounting:

The Accounts have been prepared in Accordance with the Generally Accepted Accounting Principles (GAAP) which is Consistent in all Material Respects with Bangladesh Accounting Standard (BAS) as Adopted by the Institute of Chartered Accountants of Bangladesh (ICAB). Proper Books of Accounts Including Cash Book and Ledger have been maintained.

- b) Accounts have been maintained on Accrual Basis.
- c) Fixed assets are reflected at written down value, at cost less accumulated depreciation.
- d) Depreciation on Fixed assets has been charged on straight line method during the year at rates varying from 10% to 30% based on the estimated effective lives of the assets.
- e) Figures are rounded off to the nearest Taka.

Previous year's figures are rearranged where even considered necessary to conform to the current year's presentation.

#### 6.00 Summary of significant accounting policies

##### 6.01 Currencies

The figures in the financial statements represents Bangladeshi Taka. Fraction of Figures have been rounded off to the nearest Taka.

##### 6.02 Revenue Recognition

The revenue during the year is recognized as following which satisfy all condition of revenue recognition as prescribed by BAS-18 "Revenue Recognition".

Service charge is being the main source of income of PO in accordance with the loan agreement made between PO and loanee. Income in case of service charges is accounted for on realization basis. Besides income from sales of passbook, contract form, admission fees are recognized when collected.



**6.03 (i) Interest Income**

**Service Charge on loan:**

The PO collected service charges from beneficiaries at the flat rate of 12.5% per annum calculated on the loan provided to them. The principal loan and proportional service charges are collected in 46 equal weekly installments.

Service charges are accounted for on cash basis. The amount of services charges actually collected from the beneficiaries is recognized as income.

**(ii) Other Expenses:**

Other expenses are also recognized and recorded on accrual basis.

**(iii) Interest Paid:**

6% interest has been paid to the member of "Member Savings Deposit" on the daily basis.

**6.04 Fixed Assets and Depreciation:**

Property, Plant and Equipment are stated at cost less accumulated depreciation in accordance with BAS-16 "Property, Plant and Equipment".

Depreciation has been charged on fixed assets using Straight-Line method at rates varying from 02% to 20% depending upon the useful life of each asset.

<u>Name of Assets</u>	<u>Rate of Depreciation</u>
Building	10%
Training Building	02%
Equipment	20%
Furniture	10%
Motor-Cycle	15%

**6.05 Cash Flow Statement:**

Cash Flow statement is prepared principally in accordance with BAS-7 "Cash Flow Statement" and the cash flow operating activities have been presented under the indirect method to conform consistency to previous year.

**6.06 Significant Organizational Policies:**

**6.07 Loan Loss Provision:**

**Loan Classification:**

The PO classified the loan into four categories as per MRA policy, which are mentioned below:

- Current Loan (no overdue)-Standard- (LLP Charged to be 1%)
- Loan overdue (1-30 days) – Watchful Loan - (LLP Charged to be 5%)
- Loan overdue (31-180 days) –Substandard - (LLP Charged to be 25%)
- Loan overdue (181-365 days) – Doubtful - (LLP Charged to be 75%)
- Loan overdue (365+days) – Bad loan - (LLP Charged to be 100%)

**Loan Loss provision and write off policy:**

The PO makes a provision on loan loss monthly basis to mitigate shortfall. They create the provision on 1% on good loan (Standard), 5% on Watchful Loan, 25% on sub standard loan, 75% on doubtful loan & 100% on bad loan.



**Write off policy:**

**Jagorani Mohila Kallyan Songstha (JMKS)** has a Specific write off policy on loan classification, provisioning and write off which is consistence to MRA & PKSF policy. As per PKSF & MRA policy loan is classified into five categories as per closure 5.1. As per MRA policy provision should be maintained twice in a year (December-June), but **Jagorani Mohila Kallyan Songstha (JMKS)** has been maintaining monthly basis for avoiding risks.

**6.08 Policy on loan to beneficiaries:**

The PO is following policies to disburse the loan to the beneficiaries:

To avail loan, a beneficiary should abide by the rules & regulation of the organization.

Interest Rate in Declining Balance Method on Jagoron Loan 25%, Agrosor Loan 25%, IGA Loan 25%, Buniyad 20%, Sufolon 24%, Housing Loan 15%, AC Loan 8% & LI loan 8%.

The loan has to be refunded by the beneficiaries on weekly/monthly basis.

The beneficiaries have to take the passbook & loan form of the said PO.

The beneficiaries have to be the member of the group savings fund of the said PO.

**6.09 Policy on savings collection:**

The PO is following policies to the savings:

A samity has to be established consisting of at least 5 and Maximum 40/30 members.

Savings will be collected @ Tk. 30/50 on weekly basis.

The collected savings will be deposited to the bank on the same day.

6% interest per Annam will be paid to the member on savings at the time of annual closing.

**6.10 General**

- a) Auditors; Salam & Co., Chartered Accountants have checked approximately ninety percent (90%) vouchers of JMKS Micro-credit Project.
- B) Salaries of the employees were disbursed through bank account/Cash.



<b>Current Year</b>	<b>Previous Year</b>
<b><u>30-06-2022</u></b>	<b><u>30-06-2021</u></b>

**Note # 7.00 Calculation of Fund Account:**

Balance as on 01-07-2021	6,74,662.00	3,48,544.00
Add: Excess of Income Over Expenditure during the year	10,25,242.00	3,26,118.00
<b>Balance as on 30-06-2022</b>	<b><u>16,99,904.00</u></b>	<b><u>6,74,662.00</u></b>

**Note # 8.00 Calculation of Savings of Group Members:**

Balance as on 01-07-2021	37,38,322.00	23,85,265.00
Add: Savings Collection during the year	46,64,920.00	28,67,106.00
	84,03,242.00	52,52,371.00
Less: Savings Refunded during the year	23,29,042.00	15,14,049.00
<b>Balance as on 30-06-2022</b>	<b><u>60,74,200.00</u></b>	<b><u>37,38,322.00</u></b>

**Note # 9.00 Calculation of Loan Received from the Executive Director:**

Balance as on 01-07-2021	62,11,454.00	51,54,489.00
Add: Loan Received during the year	80,24,375.00	36,42,297.00
	1,42,35,829.00	87,96,786.00
Less: Loan Refunded during the year	25,32,517.00	25,85,332.00
<b>Balance as on 30-06-2022</b>	<b><u>1,17,03,312.00</u></b>	<b><u>62,11,454.00</u></b>

**Note # 10.00 Calculation of Risk Fund:**

Balance as on 01-07-2021	7,71,584.00	6,19,857.00
Add: Collection during the year	3,01,170.00	1,81,335.00
	10,72,754.00	8,01,192.00
Less: Refunded during the year	Nil	29,608.00
<b>Balance as on 30-06-2022</b>	<b><u>10,72,754.00</u></b>	<b><u>7,71,584.00</u></b>

**Note # 11.00 Calculation of Loan Loss Provision (LLP):**

Balance as on 01-07-2021	4,46,106.00	4,46,106.00
Add: Provision during the year	3,10,000.00	Nil
	7,56,106.00	4,46,106.00
Less: Adjustment during the year	Nil	Nil
<b>Balance as on 30-06-2022</b>	<b><u>7,56,106.00</u></b>	<b><u>4,46,106.00</u></b>



<b>Current Year</b>	<b>Previous Year</b>
<b><u>30-06-2022</u></b>	<b><u>30-06-2021</u></b>

**Note # 12.00 Calculation of Principal Amount:**

Balance as on 01-07-2021	1,11,07,219.00	57,40,308.00
Add: Principal Amount Disbursed during the year	3,10,57,000.00	1,93,53,000.00
	<hr/>	<hr/>
	4,21,64,219.00	2,50,93,308.00
Less: Principal Amount Realized during the year	2,27,46,839.00	1,39,86,089.00
	<hr/>	<hr/>
<b>Balance as on 30-06-2022</b>	<b><u>1,94,17,380.00</u></b>	<b><u>1,11,07,219.00</u></b>

**Note # 13.00 Calculation of Loan Paid to Project:**

Balance as on 01-07-2021	75,056.00	25,63,239.00
Add: Loan Paid during the year	8,00,000.00	9,11,817.00
	<hr/>	<hr/>
	8,75,056.00	34,75,056.00
Less: Loan Realized during the year	75,056.00	34,00,000.00
	<hr/>	<hr/>
<b>Balance as on 30-06-2022</b>	<b><u>8,00,000.00</u></b>	<b><u>75,056.00</u></b>

**Note # 14.00 Calculation of FDR:**

Balance as on 01-07-2021	2,00,000.00	Nil
Add: Deposit during the year	2,30,000.00	2,00,000.00
	<hr/>	<hr/>
	4,30,000.00	2,00,000.00
Less: Withdrawn during the year	Nil	Nil
	<hr/>	<hr/>
<b>Balance as on 30-06-2022</b>	<b><u>4,30,000.00</u></b>	<b><u>2,00,000.00</u></b>

**Note # 15.00 Calculation of Cash in Hand & Bank:**

Cash in Hand	2,00,445.00	3,409.00
Cash at Bank	41,741.00	80,583.00
	<hr/>	<hr/>
<b>Balance as on 30-06-2022</b>	<b><u>2,42,186.00</u></b>	<b><u>83,992.00</u></b>





## Jagorani Mohila Kallyan Songstha (JMKS)

Head Office: Baniadi, Shibpur, Narsingdi, Bangladesh.

Liaison Office: House: 273, Prembagan, Askona, Dokkhinkhan, Uttara, Dhaka, Bangladesh.

### Portfolio Report

FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2022

#### (iii) Loan operational report:

Sl No	Particulars	FY 2021-2022						FY 2020-2021					
		PKSF		NON PKSF		Total		PKSF		NON PKSF		Total	
1	Financial services product:												
	<b>Loan product:</b>												
	Loan to Beneficiaries	-		19,417,380		19,417,380		-		11,107,219		11,107,219	
	<b>Savings product:</b>												
	Members savings	-		6,074,200		6,074,200		-		3,738,322		3,738,322	
	<b>Insurance product:</b>												
	Risk	-		1,072,754		1,072,754		-		771,584		771,584	
2	Number of branches	-		2		2		-		2		2	
		<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>	<b>M</b>	<b>F</b>
3	Number of samities	-	-	-	74	-	74			-	46	-	46
4	Number of members	-	-	-	1371	-	1371			-	1228	-	1228
5	Number of borrowers:	-	-	-	1198	-	1198			-	1050	-	1050
6	Number of staff:	-		12		12		-		10		10	
7	Amount of loan outstanding with Samiti members	-		19,417,380		19,417,380		-		11,107,219		11,107,219	
8	Member: borrower	-		1198		1198		-		1050		1050	
9	Average loan size	-		16208		16208		-		10578		10578	



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### Loan Portfolio Statement FOR THE YEAR ENDED 30<sup>TH</sup> JUNE, 2022

#### Review of loan classifications and provision:

##### (i) Classification of loan provision (LLP)

Sl. No.	Particular	Basis of Classification	Outstanding Loan taka	Required Rate	Provision Taka
1	Total loan outstanding (LTO)		1,94,17,380.00		
2	Total overdue		5,19,952.00		
3	Regular	Loan with No overdue installment	1,81,93,328.00	1%	2,40,059.00
4	Watch full loan	1-30 days	3,51,400.00	5%	17,570.00
5	Sub standard loan	31-180 days	4,82,765.00	25%	1,20,691.00
6	Doubtful Loan	181-365 days	48,405.00	75%	36,304.00
7	Bad Loan	365 + days	3,41,482.00	100%	3,41,482.00
	<b>Total Taka</b>		<b>1,94,17,380.00</b>		<b>7,56,106.00</b>

##### (ii) Loan loss provision (LLP) status of the MFI

Particular	Amount TK
Required reserve fund as per MRA Policy	5,89,885.00
Actual Provision made by the MFI	7,56,106.00
Shortfall of Provision made	1,66,221.00
Comment on LLP : Its appeared from the above computation that the MFI has made adequate provision on its outstanding loan balance But no investment against LLP was made.	
Disclosure on writing off loan:	
Loan written off balance 01-07-2021	Nil
Loan written off during the year 2021-2022	
Loan written off loan recovery during the year	Nil
Written off Loan Recovered during the year 2021-2022	Nil
Loan written off balance during the year 2021-2022	Nil



Note # 16.00

**Jagorani Mohila Kallyan Songstha (JMKS)**

Head Office: Baniadi, Shibpur, Narsingdi, Bangladesh.

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**Schedule of Property, Plant & Equipment**  
**AS AT 30<sup>TH</sup> JUNE, 2022**

Particulars	Opening Balance (01-07-2021)	Addition during the year	Total Value	Rate of Dep. (%)	Dep. Charges during the year	W.D.V. as at (30-06-2022)
Furniture & Fixture	1,81,035.00	18,320.00	1,99,355.00	10%	18,103.00	1,81,252.00
Office Equipment	2,876.00	-----	2,876.00	10%	288.00	2,588.00
Motor cycle	1,89,168.00	-----	1,89,168.00	20%	37,834.00	1,51,334.00
Bi cycle	2,782.00	-----	2,782.00	20%	556.00	2,226.00
Computer, Printer & Mobile	-----	79,310.00	79,310.00	20%	-----	79,310.00
<b>Total</b>	<b>3,75,861.00</b>	<b>97,630.00</b>	<b>4,73,491.00</b>	-----	<b>56,781.00</b>	<b>4,16,710.00</b>

N.B.: No depreciation has been charged on the addition during the year under audit.

