




Private & Confidential

Independent Auditors' Report and Consolidated
Financial Statements
of
ARS-Bangladesh
For the year ended 30 June 2022

 **mic** M I Chowdhury & Co.
..... Since 1985 Chartered Accountants & Management Consultants

 House-21, Tejkunipara, Farmgate, Tejgaon, Dhaka-1215, Bangladesh.
 Phone: +88-02-41024547, 41024548  micbd@dhaka.net, info@micbdca.com

 Web: www.micbdca.com

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**Independent Auditors' Report
To the General Members of
ARS-Bangladesh**

Opinion

We have audited the accompanying consolidated financial statements of **ARS-Bangladesh**, which comprise the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, consolidated statement of receipts & payments, statement of cash flows and statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **ARS-Bangladesh**, as at 30 June 2022, and (of) its financial performance and its Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with 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 ethical requirements that are relevant to our audit of the consolidated financial statements 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 Financial Statements and Internal Controls

ARS-Bangladesh management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities activities within the project to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit.

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 and Regulatory Requirements

In accordance with the Micro Credit Regulatory Authority (MRA) Act, 2006 and the Micro Credit Regulatory Authority (MRA) Rules, 2010, 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 purpose of our audit and made due verification thereof.
- b) In our opinion, proper books of accounts as required by law and MRA Act & Rule have been kept by **ARS-Bangladesh** so far as it appeared from our examination of those books, and
- c) In our opinion, the consolidated statement of financial position and the consolidated statement of comprehensive income dealt with by the report are in agreement with the books of accounts.



Md Iqbal Chowdhury FCA
 Enrolment No.: 272
 Managing Partner
M I Chowdhury & Co.
 Chartered Accountants
 DVC No.: 2209260272AS891440

Date: 26 September 2022
 Place: Dhaka

ARS-Bangladesh
 Consolidated Statement of Financial Position
 As at 30 June 2022

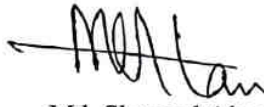
Particulars	Notes	Amount in taka	
		30 June 2022	30 June 2021
Assets			
Non-Current Assets		171,173,307	152,045,560
Property, Plant and Equipment	6.00	63,545,937	55,717,471
Long term Investments	7.00	73,508,958	58,671,680
Long term Investments (Reserve Fund)	7.10	32,282,588	26,707,501
Long term Investments (Cash Margin)	7.20	1,326,743	1,189,643
Other loan to Member-long term	8.00	509,081	9,759,265
Current Assets		1,802,283,797	1,384,727,779
Loan to Members	9.00	1,663,271,955	1,283,150,198
Short term Investment	10.00	33,211,778	47,868,528
Loan Write-off	11.00	2,101,912	-
Advance Office Rent & Salary	12.00	632,752	452,292
Advance to ICS	13.00	1,829,868	1,829,868
Suspense Accounts	14.00	9,337,187	2,311,154
Stock & Stores	15.00	1,058,452	844,231
Cash and Cash Equivalents	16.00	90,839,893	48,271,508
Total Assets		1,973,457,104	1,536,773,339
Capital Fund and Liabilities			
Capital Fund		357,285,728	266,364,763
Cumulative surplus	17.00	272,958,530	202,036,003
Reserve Fund on Cumulative Surplus	17.10	30,328,726	22,448,445
Member Kallyan Fund	18.00	53,998,473	41,880,315
Non-Current Liabilities		998,439,349	671,139,886
Loan from Housing fund-long term	19.00	393,279	1,409,166
Loans from other-long term-IDCOL-Biogas	20.00	412,872	679,669
LTDS, DDS & MIDS	21.00	124,154,357	102,961,848
Loan from Commercial banks-long term	22.00	870,629,975	562,747,837
Other loans- long term-IDCOL-Irrigation	23.00	2,848,866	3,341,366

Particulars	Notes	Amount in taka	
		30 June 2022	30 June 2021
Current Liabilities		617,732,027	599,268,690
Loan from Commercial banks-(Car Loan)	24.00	3,000,000	-
Loan from other others sources- short term	25.00	27,880,000	30,480,000
Gratuity Fund	26.00	1,523,390	1,191,295
Loan from Commercial banks-short term	27.00	130,823,277	260,000,000
Tax & Salary Provision	28.00	1,380,718	1,175,670
Member savings deposits	29.00	389,530,438	250,080,302
Accounts Payable (PF)	30.00	19,441,381	13,732,551
Loan Loss Provision	31.00	39,087,881	38,644,921
Staff Welfare Fund	32.00	5,064,942	3,963,951
Total Capital fund and Liabilities		1,973,457,104	1,536,773,339

The annexed notes from an integral part these financial statements.



Md. Billal Hashan
Director (A & F)
ARS-Bangladesh

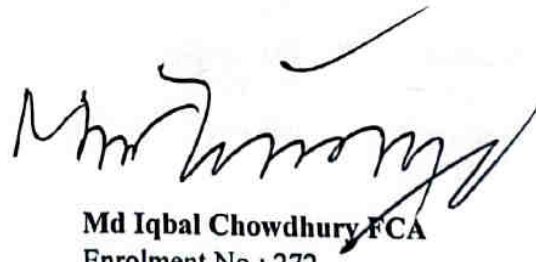


Md. Shamsul Alam
Executive Director
ARS-Bangladesh



Md. Abdul Matin
Chairman
ARS-Bangladesh

Sign in terms of our separate report of even data annexed



Md Iqbal Chowdhury FCA
Enrolment No.: 272
Managing Partner
M I Chowdhury & Co.
Chartered Accountants
DVC No.: -2209260272AS891440

Date : 26 September 2022
Place: Dhaka,



ARS-Bangladesh
Consolidated Statement of Comprehensive Income
For the period from 01 July 2021 to 30 June 2022

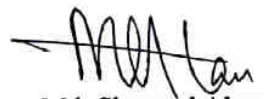
Particulars	Notes	Amount in taka	
		30 June 2022	30 June 2021
Income			
Other Income		9,331,111	778,800
Service charge recovery	33.00	273,929,554	197,346,728
Admission fee		198,470	146,070
Sales of Passbook & Card		491,084	389,295
Grant received from IDCOL-ICS		55,347,315	11,342,600
ICS Sales		-	2,650
House Rent		887,074	367,171
Bank Interest		38,520	460,919
Revenue from Irrigation		195,500	865,924
FDR Interest Encashment		2,835,564	474,352
FDR Interest		4,831,716	5,379,021
FDR Interest (Reserve)		1,426,107	1,513,152
Total Income		349,512,015	219,066,682
Expenditure			
Salary		80,134,997	59,880,569
Festival Bonus		5,879,903	2,581,079
Office Rent		4,123,318	2,803,687
Other Expenses		1,127,527	469,623
Photocopy		20,173	19,992
Vehicles & Fuel		5,791,021	4,275,085
Travelling & Conveyance		594,460	660,547
Printing & Stationary		1,694,129	2,378,405
Entertainment		968,863	769,888
Consultancy Fee		-	100,000
Audit & Credit Rating Fee		130,000	95,000
MRA Renewal Fee		296,020	249,431
Tour Bill		329,050	332,138
Training Fee		441,340	560,349
Postage & Courier		16,453	14,042
Tele., Mob., Inter: Bill		1,310,318	1,008,482
Repair & Maintenance		611,237	601,498
Donation		336,200	265,100
Additional Bill		150,000	226,801
Meeting Honorarium		433,300	200,700
Loan Processing Cost		451,857	80,350
Bank charge		256,921	338,842
Crookeries		115,365	84,114
Bank Interest		65,165,895	54,563,920
Electric Bill		963,630	733,770
Personal Loan interest		4,278,609	7,500,000

Particulars	Notes	Amount in taka	
		30 June 2022	30 June 2021
Education Scholarship		521,661	412,665
Legal Fee		316,051	741,764
Newspaper & Publication		120,420	122,190
Labour Charge		720,045	347,799
Lunch, fooding & daily Allowance		925,786	554,830
Tax & Vat		1,030,965	718,617
Tax on FDR Interest		530,454	590,343
Tax on FDR Interest (Reserve)		142,611	151,315
Excise Duty		82,450	60,800
Excise Duty (Reserve)		49,000	40,150
Expenses to IDCOL-ICS		53,756,289	2,254,273
Interest on Member Savings		4,904,592	4,920,941
Interest on LTDS		1,029,563	3,396,581
Interest on DDS		1,040,325	1,866,400
Provident Fund Expenses		2,689,590	1,404,025
Depreciation		5,879,110	5,963,238
Loan Loss Provisions		442,960	13,586,854
Materials Purchases		-	132,000
Interest expenses on others Savings		18,339,845	4,314,711
Software Fee		1,642,302	-
Social Service		499,064	339,422
Car Registration		308,000	-
Car Insurance		117,539	-
Total Expenditure		270,709,208	182,712,330
Excess of Income over Expenditure		78,802,807	36,354,352
Total		349,512,015	219,066,682

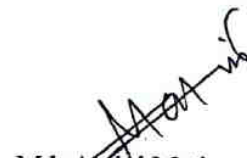
The annexed notes form an integral part of these financial statements.



Md. Billal Hashan
Director (A & F)
ARS-Bangladesh

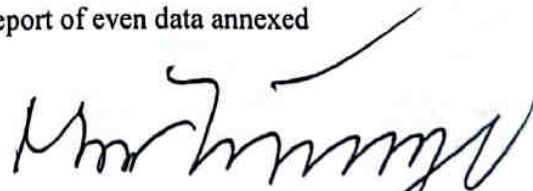


Md. Shamsul Alam
Executive Director
ARS-Bangladesh



Md. Abdul Matin
Chairman
ARS-Bangladesh

Sign in terms of our separate report of even data annexed



Md Iqbal Chowdhury FCA
Enrolment No.: 272
Managing Partner
M I Chowdhury & Co.
Chartered Accountants
DVC No.: -2209260272AS891440



Date : 25 September 2022
Place: Dhaka,

ARS-Bangladesh

 Consolidated Statement of Receipts and Payments
 For the period from 01 July 2021 to 30 June 2022

Particulars	Notes	Amount in taka	
		30 June 2022	30 June 2021
Receipts			
Opening Balance		49,115,739	24,495,338
Cash in hand		1,926,520	5,813,815
Cash at bank		46,344,988	17,852,531
Stock & Stores		844,231	828,992
Loan Received from Bank-General		1,127,000,000	727,000,000
Loan Received from Bank-Pronodona		-	280,000,000
Personal Loan Received		4,900,000	33,180,000
Car Loan from Bank		3,000,000	-
General Fund		1,562,395	2,076,719
Received PF		5,730,047	4,207,443
Loan recovery principal (MCP)		1,754,369,243	1,296,586,935
Loan recovery principal (GLP)		364,515	266,618
Loan recovery principal (Biogas)		872,079	1,117,061
Loan recovery principal (SHS)		8,293,590	157,823
Other Income		9,331,111	778,800
Service charge recovery		273,929,554	197,346,728
Savings collection		384,364,178	294,777,881
Admission fee		198,470	146,070
Sales of Passbook & Loan from		491,084	389,295
Grant received from IDCOL-ICS		55,347,315	11,342,600
ICS Sales		-	2,650
House Rent		887,074	367,171
Adjust Advanced Office Rent		110,500	29,000
Bank Interest		38,520	460,919
Revenue from Irrigation		195,500	865,924
Member Kallyan Fund		18,698,438	25,282,809
LTDS, DDS & MIDS Collection		102,329,201	134,009,308
FDR Encashment		14,038,284	25,978,968
Suspense Recovery		50,000	163,779
FDR Interest Encashment		2,835,564	474,352
Tax Provision on Salary		205,048	178,548
Advanced Received		-	2,130,000
PF Interest Provision		615,687	485,735
Gratuity Fund		1,037,793	635,089
Total Receipts		3,819,910,929	3,064,933,563



Particulars

Notes

Amount in taka		
30 June 2022	30 June 2021	
Payments		
Installment paid to Bank-General	819,117,862	898,525,663
Installment paid to Bank-Pronodona	129,176,723	20,000,000
Installment paid to Personal Loan	7,500,000	2,700,000
Installment to GLP	1,015,887	426,476
Installment to IDCOL Biogas	266,797	422,810
Other Expenses	1,127,527	469,623
Photocopy	20,173	19,992
Vehicle & Fuel	5,791,021	4,275,085
Travelling & Conveyance	594,460	660,547
Printing & Stationary	1,694,129	2,378,405
Entertainment	968,863	769,888
FDR to Bank	10,000,000	18,000,000
FDR to Bank for Reserved	4,340,591	7,100,000
Cash Margin	137,100	-
Consultancy Fee	-	100,000
Audit & Credit Rating Fee	130,000	95,000
MRA Renewal Fee	296,020	249,431
Tour Bill	329,050	332,138
Training Fee	441,340	560,349
Postage & Courier	16,453	14,042
Salary	80,134,997	59,880,569
Festival Bonus	5,879,903	2,581,079
Tele:, Mob:, Inter: Bill	1,310,318	1,008,482
Repair & Maintenance	611,237	601,498
Office Rent	4,123,318	2,803,687
Advanced Office Rent	290,960	140,500
Donation	336,200	265,100
Additional Bill	150,000	226,801
Meeting Honorarium	433,300	200,700
Loan Processing Cost	451,857	80,350
Loan Disbursement (MCP)	2,134,491,000	1,611,308,000
Loan Disbursement (Biogas)	280,000	119,000
Loan Disbursement (SHS)	-	8,000
Loan Write-off	2,101,912	-
Savings Refund	249,818,634	214,721,574
LTDS, DDS & MIDS Refund	83,206,580	77,828,348
Member Kallyan Fund	6,580,280	3,993,663
Bank Charge	256,921	338,842
Crookeries	115,365	84,114
PF Return	636,904	734,509
Furniture	1,907,700	1,046,047



Particulars

Notes

	Amount in taka	
	30 June 2022	30 June 2021
Purchase Motorcycle	2,320,391	951,157
Bank Interest	65,165,895	54,563,920
Personal Loan Interest	4,278,609	7,500,000
Electric Bill	963,630	733,770
Education Scholarship	521,661	412,665
Electronic Equipment	2,033,985	169,262
Car Purchases	6,500,000	2,130,000
Legal Fee	316,051	741,764
Newspaper & Publication	120,420	122,190
GF Refund	461,404	657,049
Labour Charge	720,045	347,799
Lunch, fooding & daily Allowance	925,786	554,830
Tax & Vat	1,030,965	718,617
Suspense Accounts	7,076,033	698,592
Expenses to IDCOL-ICS	53,756,289	2,254,273
PF Expenses	2,689,590	1,404,025
Installment to IDCOL Irrigation	492,500	760,851
Interest expanses on MIDS	18,339,845	4,314,711
Materials Purchases	-	132,000
Advanced Salary	-	217,564
Advanced Payment	-	355,600
Computer & Printer	945,500	506,300
Software Fee	1,642,302	-
Income Tax Return	-	70,475
Social Service	499,064	339,422
Gratuity Return	705,698	90,676
Car Registration	308,000	-
Car Insurance	117,539	-
Closing Balance		
Cash in hand	5,002,900	1,926,520
Cash at bank	85,836,993	46,344,988
Stock & Stores	1,058,452	844,231
Total payments	3,819,910,929	3,064,933,563

The annexed notes form an integral part of these financial statements.



ARS-Bangladesh
Statement of cash flows
For the period ended 30 June 2022

Particulars	Amount in taka	
	30 June 2022	30 June 2021
A. Cash Flows from Operating Activities		
Surplus for the period	78,802,807	36,275,829
Add: Amount considered as non cash items		
Loan loss provision	442,960	13,586,854
Depreciation for the year	5,879,110	6,041,761
Sub total of non cash items	85,124,877	55,904,444
Loan to Members	(380,121,757)	(313,306,563)
Increase/decrease in non current assets	9,250,184	(8,421,687)
Increase/decrease in current assets	(9,522,626)	895,284
Increase in non Current Liabilities	327,299,463	59,833,804
Increase/decrease in current liabilities	3,645,973	4,066,742
Net cash used in operating activities	35,676,114	(201,027,976)
B. Cash Flows from Investing Activities		
Acquisition of Property, plant and equipment	(13,707,576)	(4,802,766)
Sale of Property, plant and equipment		
Investment	(5,892,715)	3,251,090
Net cash used in Investing Activities	(19,600,291)	(1,551,676)
C. Cash Flows from Financing Activities		
Loan received From Bank & other	(126,176,723)	118,954,337
Members savings	139,450,136	84,977,248
Other fund (MKF, SWF)	13,219,149	23,253,229
Net cash used in financing activities	26,492,562	227,184,814
D. Net increase / decrease (A+B+C)	42,568,385	24,605,162
Add: Cash and Bank Balance at the beginning of the year	48,271,508	23,666,346
Cash and bank and Stock balance at the end of the year	90,839,893	48,271,508

ARS-Bangladesh

Statement of Change of Equity
For the year ended 30 June 2022

Particulars	2021-2022				2020-2021			
	Statutory Reserve	Cumulative Surplus	Member Kallayan Fund	Total	Statutory Reserve	Cumulative Surplus	Member Kallayan Fund	Total
Balance as at 01 July,	22,448,445	202,036,003	41,880,315	266,364,763	18,813,010	169,317,086	20,591,169	208,721,265
Prior year adjustment for LLP	-	-	-	-	-	-	-	-
Prior year adjustment for DMF	-	-	-	-	-	-	-	-
Surplus for the year	7,880,281	78,802,807	-	86,683,088	3,635,435	36,354,352	-	39,989,787
Collection this year	-	-	18,698,438	18,698,438	-	-	25,282,809	25,282,809
Refund this year	-	-	(6,580,280)	(6,580,280)	-	-	(3,993,663)	(3,993,663)
Transfer to statutory reserve fund as per MRA Policy	-	(7,880,281)	-	(7,880,281)	-	(3,635,435)	-	(3,635,435)
Balance as at 30 June 2022	30,328,726	272,958,530	53,998,473	357,285,728	22,448,445	202,036,003	41,880,315	266,364,763



ARS-Bangladesh

Summary of significant accounting policies and other explanatory notes
For the year ended 30 June 2022

1.0 Background

ARS-Bangladesh is a Non-profit, Non-Govt. voluntary development organization (NGO). It is registered with the Joint stock company vide Reg. No. – S-10881/2010 dated: 21.01.2010, MRA License No: 02814-03211-00405. Dated: 12/05/2009, Social wale fears registration no: Dha-04165/1998. Dated: 28/26/1998, NGO Affairs Bureau registration no: 2426. Dated: 20/10/2020.

2.0 Corporate information of the MFI

SL. No.	Name of the MFI	ARS-Bangladesh		
01	Year of establishment	1998		
02	Legal Entity (MRA Registration No.)	02814-03211-00405		
03	Nature of operations (programs)	RMC, MEL, ASM, GLP, SHS, ICS, Bio-gas, Irrigation		
04	Statutory Audit conducted up to	2001		
05	Name of Statutory auditor for last year	MI Chowdhury & Co. Chartered Accountants		
06	Name of Statutory auditor for current year	MI Chowdhury & Co. Chartered Accountants		
07	No. Executive Committee meeting held FY 2021-22	12		
08	Date of last AGM held	24/06/2022		
List of Executive Committee Members				
	Name	Qualification	Profession	Present Address
1.0	Md. Abdul Matin (Chairman)	B.A (Hons), M.A.	Privet Service	Vill+Post: Baraipara, Jummahghor, Ashulia, Savar, Dhaka
2.0	Prof. Md. Abdul Mannan (Vice-chairman)	B.A (Hons), MA	Professor	Reshipara, Post+ Upazzila: Chowgacha, Dist: Jessore
3.0	Md. Shamsul Alam (General Secretary)	BA (Hons) and MA in History from Dhaka University.	Social worker	APT#5, 25 Adarsha Chayanir, Ring Road, Shaymoli, Dhaka-1207.
4.0	Md. Foyzur Rahman (Finance Secretary)	B.Sc Engineer	Privet Service	H# 33-34, R# 8, Sekertec Rafique Housing, Adabor, Mohammadpur, Dhaka.
5.0	Khairun Nahar (Executive Member)	MSS	Social worker	H# 726/3, R# 10, Adabor, Mohammadpur, Dhaka.
6.0	Mst. Sharmin Nahar (Executive Member)	BA (Hons), MA	Social worker	House# 07, Block#A, Uposhohor, Jashore
7.0	Abul Basar (Executive Member)	BSC	Privet Service	Vill+Post: Baraipara, Jummahghor, Ashulia, Savar, Dhaka

Basis of preparation of Financial Statements

3.0 Basis of Accounting

The organization maintains its accounts on cash basis that is all incomes actually received are taken as income and all payments/expenditures actually affected during the year are considered as expenditures.

4.0 Summary of significant accounting policies

4.01 Currencies

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

4.02 Revenue Recognition

(i) Interest Income

- Service charge on loan

The ARS-Bangladesh is collecting service charges from beneficiaries at a Reducing method of 24 % per annum calculated on the loan provide to them. The principal loan and proportional service charges are collected in equal weekly installments, Service Charges are accounted on cash basis and the amount of service charges from the beneficiaries is recognized as income. On the other side, the service charges receivable is not recognized as income.

- Interest Expenses

Interest expenses have been accounted for partly on cash basis & partly on accrual basis.

- Other Expenses

Other expenses have been accounted for party on cash basis.

(ii) Interest paid on savings

Interest has been paid to the members on cash basis & partly on accrual basis at the end of the year on their savings and accounted for accordingly.

4.04 Fixed Assets & Depreciation

Fixed assets are stated at historical cost less accumulated depreciation in accordance with IAS 16. Cost represents the cost of acquisition/procurement including development expenses.

Depreciation is charged on assets procured during the year irrespective of the date of purchase. Depreciation on all other assets is computed by using the reducing balance depreciation method applying the rates so as to write off the assets over their expected useful lives. Details in fixed assets schedule.

5.0 Significant organizational policies

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

5.02 Policy on loan to beneficiaries: The ARS-Bangladesh is collecting service charges from beneficiaries at a reducing method of 24% per annum calculated on the loan provide to them. We observed that the disbursement of loan has been made through maintaining the proper paper and documents. Service charge from beneficiaries and other source of fund are recognized in the financial statement on the basis of actual realization. Loan beneficiaries have been utilized of his loan properly.

5.03 Policy of savings collection: Savings collection is done from all members on weekly basis minimum Tk. 20.00 and Tk. 10 per head in respect of their availing loan or not. We note here that the interests on savings are given 1 time in a year @ 6%.

5.04 Grant/Donation accounting: It's maintained properly.

5.05 Grant/Subsidies/Donation (nonrefundable) received (2021-2022):

Donor	Name of the Project	Duration of the Project	Total Committed Fund US\$/EU/Tk	Received in (2021-2022) in Taka.
IDCOL	ICS	-	-	1,26,95,000.00

		Amount in taka	
		30 June 2022	30 June 2021
6.00	Property, plant and equipment		
	Balance 01.07.2021	55,717,471	56,877,943
	Add: Purchases this year	13,707,576	4,802,766
	Less: Depreciation	5,879,110	5,963,239
	Balance as on 30.06.2022	<u>63,545,937</u>	<u>55,717,471</u>
		Details have been shown in Annexure - A/4	
7.00	Long term Investments: FDR		
	Balance 01.07.2021	58,671,680	59,287,301
	Add: Deposited with interest	15,315,613	18,440,000
	Less: Encashment, Tax & Excise Duty	478,335	19,055,621
	Balance as on 30.06.2022	<u>73,508,958</u>	<u>58,671,680</u>
		Details have been shown in Annexure - A/5	
7.10	Long term Investments: FDR (Reserve Fund)		
	Balance 01.07.2021	26,707,501	18,285,814
	Add: Deposited with interest	5,766,698	8,613,152
	Less: Tax & Excise Duty	191,611	191,465
	Balance as on 30.06.2022	<u>32,282,588</u>	<u>26,707,501</u>
		Details have been shown in Annexure - A/6	
7.20	Long term Investments (Cash Margin)		
	Balance 01.07.2021	1,189,643	1,189,643
	Add: Deposited with interest	137,100	-
	Less: Encashment this year	-	-
	Balance as on 30.06.2022	<u>1,326,743</u>	<u>1,189,643</u>
8.00	Other loan: long-term		
	Balance 01.07.2021	9,759,265	11,173,767
	Add: Disbursement this year	280,000	127,000
	Less: Recovery this year	9,530,184	1,541,502
	Balance as on 30.06.2022	<u>509,081</u>	<u>9,759,265</u>
9.00	Loan to Members		
	Balance 01.07.2021	1,283,150,198	968,429,133
	Add: Disbursement this year	2,134,491,000	1,611,308,000
	Less: Recovery this year	1,754,369,243	1,296,586,935
	Less: Loan Write-Off	-	-
	Balance as on 30.06.2022	<u>1,663,271,955</u>	<u>1,283,150,198</u>
10.00	Short term Investments: FDR		
	Balance 01.07.2021	47,868,528	50,503,997
	Add: Deposited with interest	1,455,123	4,939,021
	Less: Encashment this year	16,111,873	7,574,490
	Balance as on 30.06.2022	<u>33,211,778</u>	<u>47,868,528</u>
		Details have been shown in Annexure - A/5	



	Amount in taka	
	30 June 2022	30 June 2021
11.00 Loan Write-off		
Balance 01.07.2021	-	-
Add: This Year	2,101,912	-
Less: This Year	-	-
Balance as on 30.06.2022	2,101,912	-
12.00 Advanced Office Rent & Salary		
Balance 01.07.2021	452,292	123,228
Add: Paid this year	290,960	358,064
Less: Adjust this year	110,500	29,000
Balance as on 30.06.2022	632,752	452,292
13.00 Advance to ICS		
Balance 01.07.2021	1,829,868	3,604,268
Add: This Year	-	355,600
Less: This Year	-	2,130,000
Balance as on 30.06.2022	1,829,868	1,829,868
14.00 Suspenses Accounts		
Balance 01.07.2021	2,311,154	1,776,341
Add: Suspenses This Year	7,076,033	698,592
Less: Recovery This Year	50,000	163,779
Balance as on 30.06.2022	9,337,187	2,311,154
15.00 Stock and stores		
Balance 01.07.2021	844,231	828,992
Add: This year	214,221	15,239
Less: Stock out	-	-
Balance as on 30.06.2022	1,058,452	844,231
16.00 Cash and Cash Equivalents		
Cash in Hand	5,002,900	1,926,520
Cash at Bank	85,836,993	46,344,988
	90,839,893	48,271,508

Details have been shown in Annexure - A/7

	Amount in taka	
	30 June 2022	30 June 2021
17.00 Cumulative Surplus		
Balance 01.07.2021	202,036,003	169,317,086
Add: Surplus this year	78,802,807	36,354,352
Less: Net Loss this year	-	-
Less: Reserve Fund	7,880,281	3,635,435
Balance as on 30.06.2022	272,958,530	202,036,003
17.10 Reserve Fund on Surplus		
Balance 01.07.2021	22,448,445	18,813,010
Add: Surplus this year	7,880,281	3,635,435
Less: Net Loss this year	-	-
Balance as on 30.06.2022	30,328,726	22,448,445
18.00 Member Kallayan Fund		
Balance 01.07.2021	41,880,315	20,591,169
Add: Collection this year	18,698,438	25,282,809
Less: Refund this year	6,580,280	3,993,663
Balance as on 30.06.2022	53,998,473	41,880,315
19.00 Loan from housing fund: Long-term		
Balance 01.07.2021	1,409,166	1,835,642
Add: Received this year	-	-
Less: Payment this year	1,015,887	426,476
Balance as on 30.06.2022	393,279	1,409,166
20.00 Loans from other-long term (IDCOL-Biogas)		
Balance 01.07.2021	679,669	1,102,479
Add: Received this year	-	-
Less: Payment this year	266,797	422,810
Balance as on 30.06.2022	412,872	679,669
21.00 LTDS, MIDS & DDS		
Balance 01.07.2021	102,961,848	41,517,907
Add: Received with Interest	104,399,089	139,272,289
Less: Payment this year	83,206,580	77,828,348
Balance as on 30.06.2022	124,154,357	102,961,848
22.00 Loan from Commercial banks-long term		
Balance 01.07.2021	562,747,837	734,273,500
Add: Received this year	1,127,000,000	727,000,000
Less: Payment this year	819,117,862	898,525,663
Balance as on 30.06.2022	870,629,975	562,747,837



		Amount in taka	
		30 June 2022	30 June 2021
23.00	Other loans- long term (Irrigation)		
	Balance 01.07.2021		
	Add: Received this year	3,341,366	4,102,217
	Less: Payment this year	-	-
	Balance as on 30.06.2022	<u>492,500</u>	<u>760,851</u>
		<u>2,848,866</u>	<u>3,341,366</u>
24.00	Car Loan		
	Balance 01.07.2021	-	-
	Add: This year	3,000,000	-
	Less: Payment this year	-	-
	Balance as on 30.06.2022	<u>3,000,000</u>	<u>-</u>
25.00	Loan from other sources- short term		
	Balance 01.07.2021	30,480,000	-
	Add: Received this year	4,900,000	33,180,000
	Less: Payment this year	7,500,000	2,700,000
	Balance as on 30.06.2022	<u>27,880,000</u>	<u>30,480,000</u>
26.00	Gratuity Fund		
	Balance 01.07.2021	1,191,295	646,882
	Add: Received this year	1,037,793	635,089
	Less: Payment this year	705,698	90,676
	Balance as on 30.06.2022	<u>1,523,390</u>	<u>1,191,295</u>
27.00	Loan from Commercial banks-short term (Pronodona)		
	Balance 01.07.2021	260,000,000	-
	Add: Received this year	-	280,000,000
	Less: Payment this year	129,176,723	20,000,000
	Balance as on 30.06.2022	<u>130,823,277</u>	<u>260,000,000</u>
28.00	Tax & Salary Provision		
	Balance 01.07.2021	1,175,670	1,067,597
	Add: Received this year	205,048	178,548
	Less: Payment this year	-	70,475
	Balance as on 30.06.2022	<u>1,380,718</u>	<u>1,175,670</u>
29.00	Member savings Deposit		
	Balance 01.07.2021	250,080,302	165,103,054
	Add: Savings Collection	384,364,178	294,777,881
	Interest accrued	4,904,592	4,920,941
	Less: Savings withdrawal/Refund	249,818,634	214,721,574
	Less: Last Year LTDS	-	-
	Balance as on 30.06.2022	<u>389,530,438</u>	<u>250,080,302</u>



	Amount in taka	
	30 June 2022	30 June 2021
30.00 Accounts Payble-PF		
Balance 01.07.2021	13,732,551	9,773,882
Add: Received	6,345,734	4,693,178
Less: Payment	636,904	734,509
Balance as on 30.06.2022	19,441,381	13,732,551
31.00 Loan Loss Provision		
Balance 01.07.2021	38,644,921	25,058,067
Add: Provision during the year	442,960	13,586,854
Less: Adjustment	-	-
Balance as on 30.06.2022	39,087,881	38,644,921
32.00 Staff Welfare Fund		
Balance 01.07.2021	3,963,951	2,544,281
Add: Provision during the year	1,562,395	2,076,719
Less: Adjustment	461,404	657,049
Balance as on 30.06.2022	5,064,942	3,963,951
33.00 Service Charge on loan		
Balance 01.07.2021	-	-
Add: During the year	273,929,554	197,346,728
Less:	-	-
Balance as on 30.06.2022	273,929,554	197,346,728

ARS-Bangladesh
Eligibility Criteria Compliance Certification
for the year ended June 30, 2022

Sl #	Eligibility Criteria	Audited Figures or Compliance	Audited Figures or Compliance
		30 June 2022	30 June 2021
1	Minimum Loan recovery rates, computed quarterly, based on the following:		
	i) 95% minimum cumulative loan collection ratio on total dues: $\frac{\text{Actual cumulative collections}}{\text{Cumulative collectibles}} \times 100$	99.13%	96.25%
	ii) 92-100% minimum loan collection ratio on current dues (on running 12 month basis) $\frac{\text{Actual collections during the past 12 months on current dues}}{\text{Collectibles on current dues}} \times 100$	98.97%	92.50%
2	Minimum liquidity ratio of 10%	17%	62%
3	Minimum current ratio of 2.0:1	2.93:1	2.31
4	Minimum capital adequacy ratio of 15%	17%	18%
5	Minimum debt service cover ratio of 1.25:1	0.15:1	0.05
6	Debt Capital Ratio 9:1	5.55:1	4.04
7	Minimum rate of return on capital of 1%	25%	27%



ARS-Bangladesh

Portfolio report for the year ended June 30, 2022
 Review of Loan Classifications and Provisions

i) Classification of Loan and Loan Loss Provision

Sl No.	Particulars	No. of days Outstanding	Outstanding Loan	Required Provision	
			Amount	Rate %	Amount (Tk)
1	Total Loan Outstanding		1,663,781,036		
2	Total overdue		163,697,481		
3	Regular	Loans with no overdue instalments	1,488,797,075	0%	-
4	Watchful	Loan default duration between 1 and 30 days	44,899,229	0%	-
5	Sub-standard	Loan default duration between 31 and 180 days	28,024,972	0%	-
6	Doubtful	Loan default duration between 181 and 365 days	16,500,151	0%	-
7	Bad Loan	Loan default duration above 365 days	85,559,609	0%	-
Total			1,663,781,036		-

ARS-Bangladesh
Portfolio report for the year ended June 30, 2022
Review of Loan Classifications and Provisions

(ii) Loan loss provision (LLP) status of the ARS-Bangladesh

Particulars	Taka
Required Provision as per MRA policy	39,087,881
Actual Provision made by the MFI	39,087,881
Excess/Shortfall of Provision	-
Comment on LLP	
Disclosure on Written off Loan :	Taka
Loan Written off balance 01.07.2021	998,068
Loan written off during the year 2021-2022	1,103,844
Written off Loan Recovered during the year 2021-2022	-
Loan Written off balance 30.06.2022	2,101,912

(iii) Loan Operational Report

SL. No.	Particulars	30 June 2022			30 June 2021		
1	Financial Service Product:						
	Loan product:						
	RMC & Other	1,663,271,955			1,283,150,198		
	Housing loan	396,308			760,823		
	SHS, Biogas	112,773			8,998,442		
	Savings product:						
	General	389,530,438			250,080,302		
LTDS	124,154,357			102,961,848			
Insurance product: Life							
Livestock							
Others	53,998,473			41,880,315			
2	Number of branches			51			51
		M	F	TOTAL	M	F	TOTAL
3	Number of Samities	276	1275	1551	232	1175	1407
4	Number of members	15,557	23,198	38,755	12,500	21,865	34,365
5	Number of borrowers	15,090	22,502	37,592	11,970	21,020	32,990
6	Number of Staff	339	57	396	292	43	335
7	Amount (Taka) of loan outstanding with Samiti members	1,663,781,036			1,292,909,463		
8	Member: borrower	1.03:1	1.03:1	1.03:1	1.04:1	1.04:1	1.04:1
9	Average loan size	44,259			39,191		



ARS-Bangladesh

Schedule of Property, plant and equipment
For the year ended 30th June 2022

Particulars	Opening Balance as on 01.07.2021	Addition during the year	Total as on 30.06.2022	Rate of Dep	Depreciation during the year	W.D.V as on 30.06.2022
Building	14,049,249	-	14,049,249	3%	1,043,251	13,005,998
Land	8,602,500	-	8,602,500	0%	-	8,602,500
Micro Bus	3,126,478	6,500,000	9,626,478	20%	625,296	9,001,183
Furniture & Fixture	5,138,030	1,907,700	7,045,730	10%	704,573	6,341,157
Diesel Motor	20,767	-	20,767	20%	4,153	16,613
Irrigation Pump	15,546,092	-	15,546,092	5%	777,305	14,768,787
Computer & Printer	2,425,995	945,500	3,371,495	20%	674,299	2,697,196
Software	1,145,245	-	1,145,245	5%	57,262	1,087,983
Electrical Equipment & Other	1,075,641	2,033,985	3,109,626	20%	621,925	2,487,701
Motor Cycle	4,482,200	2,320,391	6,802,591	20%	1,360,518	5,442,072
Almira	49,602	-	49,602	10%	4,960	44,642
File Cabinet	55,670	-	55,670	10%	5,567	50,103
Total	55,717,469	13,707,576	69,425,045		5,879,110	63,545,937



ARS-Bangladesh

Schedule of Investments on FDR
For the year ended 30 June 2022

SL	Name of the Bank	A/C Opening Date	ACC/FDR No:	Opening Amount	FDR Outstanding Amount	Long Term	Short Term	Interest Received	Sources Tax Paid	Excise Duty
1	Rupali Bank Limited	26.05.15	35004463	3,400,000	4,935,062	4,935,062	-	281,104	28,110	3,000
2	Rupali Bank Limited	02.01.14	35004306	1,100,000	1,836,852	1,836,852	-	105,034	15,755	3,000
3	Rupali Bank Limited	13.09.12	35041274	500,000	926,570	926,570	-	52,803	5,280	500
4	Rupali Bank Limited	10.07.11	35004047	250,000	491,416	491,416	-	27,991	2,799	150
5	Rupali Bank Limited	01.03.18	35004712	3,500,000	4,246,159	-	4,246,159	116,052	11,605	3,000
6	Rupali Bank Limited	30.11.20	35049105	10,000,000	10,522,000	10,522,000	-	600,000	60,000	15,000
7	NCC Bank Limited	30.10.19	292333	5,000,000	5,613,260	5,613,260	-	281,400	28,140	-
8	IFIC Bank Limited	05.08.13	4061397137203	7,500,000	10,054,363	-	10,054,363	544,784	54,478	-
9	IFIC Bank Limited	29.09.13	4061397137205	3,000,000	4,088,675	-	4,088,675	215,679	21,568	-
10	Global Islami Bank Ltd.	08.01.17	124000010908	5,000,000	7,121,041	7,121,041	-	405,372	40,537	-
11	Global Islami Bank Ltd.	05.07.14	124000007031	213,500	281,213	281,213	-	16,008	1,601	-
12	Global Islami Bank Ltd.	08.02.22	124000030254	2,500,000	2,500,000	2,500,000	-	-	-	-
13	Trust Bank Limited	04.03.14	80330621137	300,000	329,925	-	329,925	21,736	2,174	150
14	Trust Bank Limited	29.03.15	80330627337	1,000,000	1,285,868	-	1,285,868	40,980	4,098	3,000
15	Trust Bank Limited	04.08.16	80330633160	6,000,000	7,823,796	-	7,823,796	276,904	27,690	3,000
16	Trust Bank Limited	22.06.15	80330635962	1,850,000	2,382,992	-	2,382,992	75,863	7,586	3,000
17	AB Bank Limited	08.12.14	3463379	650,000	992,407	992,407	-	-	-	-
18	AB Bank Limited	17.05.15	3488406	1,500,000	2,363,802	2,363,802	-	57,868	5,787	3,000
19	AB Bank Limited	26.02.17	3521693	550,000	753,242	753,242	-	18,428	1,843	500
20	AB Bank Limited	28.05.13	3401577	300,000	495,774	495,774	-	28,231	2,823	150
21	AB Bank Limited	21.03.21	3698803	2,500,000	2,629,000	2,629,000	-	150,000	15,000	6,000
22	AB Bank Limited	21.03.21	3698804	2,500,000	2,629,000	2,629,000	-	150,000	15,000	6,000
23	AB Bank Limited	21.03.21	3698805	2,100,000	2,207,400	2,207,400	-	126,000	12,600	6,000
24	SBAC Bank Limited	31.10.18	41244000630	1,500,000	1,790,075	1,790,075	-	110,293	11,029	3,000
25	SBAC Bank Limited	29.01.18	41242001857	3,000,000	3,000,000	-	3,000,000	163,125	16,313	3,000
26	SBAC Bank Limited	01.11.18	41244000649	1,500,000	1,790,075	1,790,075	-	110,293	11,029	3,000
27	SBAC Bank Limited	25.06.19	41244000809	3,000,000	3,503,777	3,503,777	-	199,627	19,963	3,000
28	BD Commerce Bank	22.03.17	233004650	5,000,000	-	-	-	377,882	37,788	6,000
29	BD Commerce Bank	27.06.22	233005396	7,500,000	7,500,000	7,500,000	-	-	-	-



SL	Name of the Bank	A/C Opening Date	ACC/FDR No:	Opening Amount	FDR Outstanding Amount	Long Term	Short Term	Interest Received	Sources Tax Paid	Excise Duty
30	NRB Commercial Bank	24.07.19	121473000000200	2,000,000	2,290,235	2,290,235	-	67,712	6,771	-
31	NRB Commercial Bank	21.01.19	121473000000220	2,000,000	2,458,199	2,458,199	-	139,935	13,994	-
32	NRB Commercial Bank	03.01.19	121712000000063	1,000,000	1,219,386	1,219,386	-	69,414	6,941	3,000
33	NRB Commercial Bank	24.02.20	121712000000079	6,000,000	6,659,172	6,659,172	-	379,080	37,908	3,000
34	Jamuna Bank Limited	09.08.16	930330002008	3,000,000	-	-	-	303,367	30,337	3,000
Total				96,713,500	106,720,736	73,508,958	33,211,778	5,512,965	556,547	82,450



ARS-Bangladesh

Schedule of Investments on FDR (Reserved)

For the year ended 30 June 2022

SL	Name of the Bank	A/C Opening Date	ACC/FDR No:	Opening Amount	FDR Outstanding Amount	Interest Received	Sources Tax Paid	Excise Duty
1	AB Bank Limited	19.12.18	3584505	2,000,000	2,407,337	118,589	11,859	3,000
2	AB Bank Limited	07.10.18	3584449	2,000,000	2,411,350	118,787	11,879	3,000
3	AB Bank Limited	29.03.17	3535007	8,100,000	11,076,578	271,187	27,119	15,000
4	AB Bank Limited	13.12.15	3501165	500,000	755,407	18,481	1,848	500
5	AB Bank Limited	17.02.13	3401474	400,000	774,264	44,104	4,410	500
6	AB Bank Limited	24.09.19	3626202	1,500,000	1,721,826	105,917	10,592	3,000
7	AB Bank Limited	24.09.19	3626203	1,500,000	1,721,826	105,917	10,592	3,000
8	AB Bank Limited	25.02.21	3698793	4,000,000	4,210,000	240,000	24,000	6,000
9	AB Bank Limited	25.02.21	3698794	2,000,000	2,102,000	120,000	12,000	6,000
10	AB Bank Limited	25.02.21	3698795	2,000,000	2,102,000	120,000	12,000	6,000
11	SBAC Bank Limited	09.06.16	41242001866	3,000,000	3,000,000	163,125	16,313	3,000
Total				27,000,000	32,282,588	1,426,107	142,611	49,000



ARS-Bangladesh
Schedule of Cash and Cash Equivalents
For the year ended 30 June 2022

Sl. No.	HO/Branch Name	Cash in Hand	Cash at Bank
1	Head Office		
2	Purapara	279,143	76,858,445
3	Mohespur	173,346	109,433
4	Hasadha	92,918	29,797
5	Complex	139,053	52,289
6	Chowgacha	25,563	115,270
7	Barinagor	140,216	538,149
8	Jashore Sadar	25,909	137,000
9	Jhikorgacha	285,966	89,715
10	Gadkhali	103,282	104,891
11	Kotchadpur	33,673	514,503
12	Navaron	205,996	74,969
13	Navaron	46,546	114,600
14	Kaligonj	741,741	200,100
15	Chanchra	57,491	1,400
16	Darshona	110,817	73,240
17	Monirampur	91,711	79,477
18	Keshabpur	88,947	16,020
19	Bankra	111,958	47,635
20	Khajura	60,831	358,700
21	Narail	116,116	359,000
22	Bunagati	66,107	115,000
23	Nohata	101,416	62,000
24	Kolabazar	40,729	479,955
25	Jibonnagor	60,570	38,566
26	Arpara	47,867	38,834
27	Upashahar	107,251	133,705
28	Damurhuda	136,741	348,655
29	Chuadanga Sadar	154,704	49,155
30	Magura Sadar	57,703	21,610
31	Rajgonj	91,541	127,500
32	Shorojgonj	196,753	122,800
33	Jhenaida Sadar	114,853	182,000
34	Bagachra	110,366	14,800
35	Meherpur	37,068	169,455
36	Mujibnagor	81,349	665,408
37	Maijpara Bazar	49,064	5,310
38	Baradi Bazar	341	768,601
39	Karpashdanga	768	54,110
40	Kuada Bazar	19,162	65,253
41	Goga Bazar	18,173	35,840
42	Dakbangla	69,085	14,400
	Ganna Bazar	19,410	236,885



Sl. No.	HO/Branch Name	Cash in Hand	Cash at Bank
43	Hat Khalishpur		
44	Gorpara Bazar	75,402	41,500
45	Vairoba	41,485	90,013
46	Kalaroa	39,363	72,974
47	Mashila Bazar	452	23,000
48	Chuknagor Bazar	90,347	486,264
49	Baro Dhopadi	31,546	25,367
50	Chutipur	2,070	34,997
51	Gangni]	179	34,500
52	Bamundi Bazar	1,310	124,937
53	Hat Boalia Bazar	24,203	121,190
54	Alamdanga	3,727	53,500
55	Lohagara	3,297	43,655
56	Chhatiantola	5,925	46,388
57	Bishoikhali	505	2,770
58	Kazirhat	812	147,248
59	Khordo	47,360	55,530
60	Basundia	469	26,278
61	Andulbaria	27,356	958
62	Narikel Baria	1,334	41,425
63	Goira Bazar	16,664	144,000
64	Chanchari Bazar	1,015	11,100
65	Gobra Bazar	1,304	384,410
66	Munshigang	1,696	100,052
67	Narikelbaria Bazar	56,405	84,625
68	Jhowdanga	7,030	2,100
		9,400	13,737
		5,002,900	85,836,993



Auditor's Compliance on Terms of Reference (ToR) issued for external auditors by Microcredit Regulatory Authority (MRA)

We have compliance with the scope of audit of Terms of Reference (ToR) issued for external auditors by Micro credit Regulatory Authority (MRA). Our Comments on compliance of ToR are as follows:

A. REPORT IN SEQUENCE OF TOR:

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

All branches of **ARS-Bangladesh** executed in more than 09 districts all over the country by Micro Credit Program. In addition to the audit of consolidated accounts at **ARS-Bangladesh** Central office we have audited the accounts of 02 branch offices through spot visit. In order to ensure proper utilization of loan amount we visited some Samity / Group offices and asked some beneficiaries regarding utilization of loan. Moreover, physical verification was also done.

Based on the findings and observations noted during the course of our audit are as follows:

- a) **To check whether the auditee has complied with the International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) while maintaining accounting records and preparing financial statements, and report if any non compliance was found.**
 - Mostly complied with where applicable.
- b) **To examine whether the auditee has undertaken any activity, involved in transaction or provided services that is contrary to "Microcredit Regulatory Authority Act-2006." Or "Micro Credit Regulatory Authority Ordinance-2010." Further to examine whether any transaction that goes to the Act and Ordinance and Donors interest and against the interest of different donors, beneficiaries or the auditee itself.**
 - No such kind of contrary were found.
- c) **To examine whether closing balance of last year's audited financial statement was carried forward as opening balance in current year's accounts.**
 - Complied with.
- d) **To examine whether the auditee has maintained proper books for sector-wise receipt of funds and whether they properly comply with the rules and regulations as per accounting manual provided by the authority.**
 - Most of the required books of account are maintained by ARS-Bangladesh to record Micro Credit Fund i.e. Cash Book, General Ledger, Loan Ledger, Savings Register, Asset Register, Advance Register, Salary Register, Collection Register, etc. are maintained. Accounting Manual issued by MRA was properly followed.

- e) **To check whether the auditee has kept the records separately for the collected funds under various components of micro credit activities and submit separate reports on that basis.**
- During the year under audit (2021-2022) ARS-Bangladesh management has received Micro Credit Fund under the different components which are shown in Annexure A1/4 of financial statements.
- f) **To examine whether the auditee has properly recorded and accounted for the receipt and disbursement of fund from different donor organizations and utilized them as per their principles/terms and conditions of the agreement with the donors.**
- ARS-Bangladesh has received their fund from commercial bank, donor (IDCOL) and other own sources and disbursement thereof are properly recorded in the books of account.
- g) **To examine whether the savings collected from the members are properly recoded in accounts and deposited into the bank, besides, whether collection and refund of savings has been done according to the principle and whether interest on savings are paid to members and also examine the rate of interest etc.**
- Savings collected from Group Members are properly recorded in the books and deposited into the Bank on the same day except the amount collected in the afternoon. However, late collections are deposited in the next banking day. Collection and refund of savings are made as per rules and guidelines of MRA. ARS-Bangladesh is usually paying interest on Savings @ 6.00% per annum and interest payable is duly accounted for.
- h) **To check whether the auditee has maintained the formalities and properly complied with the provisions in the rules mentioned before disbursing loan among the beneficiaries.**
- We have verified some loan disbursements procedures on test basis and found in order
- i) **To check whether the documents i.e. passbook, loan/savings collection schedule, and loan application form regarding loan write off, bad loan, have been preserved separately.**
- Our examination of records revealed that savings collected from group members were properly recorded and accounted for at Samity level as well as MFI level.
- j) **To examine whether microcredit organization properly comply with the rules & regulations relating to the constitutions particularly in respect of formation and meetings of General Body and Governing Body.**
- Mostly complied with.
- k) **To examine the physical existence of assets acquired out of surplus service charge and fund received from different sources for institutional development as loan or grants.**
- We have verified and no exception found.
- l) **To conduct a sample check for whether the loans was properly utilized by the beneficiary members.**
- In order to justify proper utilization of loan amount we went to Samities asked the beneficiaries to explain the utilization of loan amount. We are in opinion that loan amount were properly utilized by all the beneficiaries we interviewed.
- m) **To check, whether all kinds of transactions were done through bank except collection of savings and disbursement of micro credit.**
- Mostly complied with.

- n) **To check, whether recovered loan and savings amount from members were duly deposited into bank on the same/earliest date.**
- Loan instalments and savings collected are usually deposited to bank on the same day.
- o) **To check whether collected savings are properly recorded and accounted for at member's level and samity level.**
- Our examination of records revealed that savings collected from group members are properly recorded and accounted for at samity level as well as at MFI level.
- p) **To examine that the recovery of loan disbursed out of fund received from several sources are made as per Amortization Schedule and also to examine the effective rate of service charges on loan to the members and to mention the findings in the report.**
- Complied with
- q) **To examine whether loan loss provision has been computed and accounted for as per Microcredit Regulatory Authority Act, 2006 and Micro Credit Regulatory Authority Rules, 2010.**
- Loan loss provision has been computed & accounted for as per MRA- 2006 and MCRAO-2010.
- r) **To check the closing cash balance at the time of auditing by counting cash amount physically and issue certificate of balance. To check bank balance of year end by collecting certificate of bank balance and also check Bank Reconciliation Statements that have been prepared.**
- We have not counted the cash in hand balance at head office on 30 June 2022.
 - We have reviewed some bank reconciliation statements prepared for related bank accounts at HO and the bank accounts at branch offices we visited. Bank confirmations have been obtained from the banks for related bank account at HO and the 01 branch offices we visited. The balances confirmed by the respective banks agreed with the bank statement balances (which have been reconciled to book balances).
- s) **To check whether the payments were made with proper approval authority of bills/ voucher, whether payment made as per approved price and to examine the "Budgetary Control System".**
- Payments were made properly and budgetary control system was maintained properly.
- t) **To comment on the reasons for existence of any unused fund if detected during audit and make comments in the audit report.**
- No exception was found.



- u) **To examine appropriateness of audit report and audited financial statement presented to different donor organizations, regulatory authority and other authorities.**
- Complied with.
- v) **To examine whether there is a proper compliance with the provision of the Income Tax and Value Added Tax (VAT) authority rules implemented by the Government.**
- Mostly Complied with.
- w) **To check whether all the policies i.e. the procurement policy, service policy, loan and savings policy etc. are in place and are properly followed by the auditee organization.**
- ARS-Bangladesh has complied with the policy section.
- x) **To check whether there is an internal audit arrangement/division in the auditee organization and whether internal audit is conducted regularly and comment thereon.**
- ARS-Bangladesh has internal audit division and the audit is done regularly.
- y) **To comment on whether the recommendations on previous year's audit on objections are properly taken care of or not.**
- Complied.
- z) **To check cost sharing between of micro-credit and other program and comments therefore in the report.**
- Cost sharing between micro- credit and other program was followed properly.
- aa) **To check whether transactions have taken place through bank for significant amounts.**
- No exception was found.
- ab) **To check audit fees are fixed on the basis of total loan portfolio and cost centres/ branches or not.**
- Audit fees were fixed on lum-sum basis.
2. **To examine and comment on the credit activities funded by different source and from own source, internal control system, loan classification, Loan provision principle and loan recovery rate and to comment in the audit report.**
- We have examined the above and comments on different part of our Audit Report, where applicable.
3. **To comment on the utilization of money received under different contracts between donor/ financial institute and the micro credit organization.**

- The utilization of money received from different donor/ financial institutions or were properly done.
- 4. **To comment on the compliance of MR/Circular Letter NO. Regu 24 regarding Prevention of Money Laundering and Terrorist activities.**
 - To the best of our knowledge and information available to us to no such money laundering and terrorist activities indentified.

On the basis of the above we are in opinion that ARS-Bangladesh is a viable organization to continue the micro credit program in the future.



Md Iqbal Chowdhury FCA
Enrolment No.: 272
Managing Partner
MI Chowdhury & Co.
Chartered Accountants
DVC No.:- 2209260272AS891440

Dated, Dhaka
Date : 26 September 2022



ARS-Bangladesh
Management Report on the Accounts
For the year ended 30 June 2022
Observation And Recommendation

Annexure-B

Current year observations 2021-2022:

Review of internal control of financial Management System ensuring accountability and transparency:

• **Accounting System**

Overall review of organizations financial accounting reporting system

Review the ability of the system to generate accurate financial reports that reflect overall financial position of the Organization.

Observation

ARS-Bangladesh Head office has full control on another branch office. Head office keeps control ledgers to record the transactions between head office and branch offices. We observed that head office prepares a consolidated report and submitted it to MRA and others. Still the ARS-Bangladesh not using any MIS or FIS software to generate their report. All information is being consolidated through Excel. Manually kept data may easily be manipulated, mistaken and lost and may generate wrong report.

Recommendation

ARS-Bangladesh should use software to generate integrated FIS and report as early as possible.

In case of segmented financial reports Special attention should be given on cost allocation policy for common use of resources of the organization. Accuracy of segmented reports should also be reviewed when segmented reports are in necessity the auditor will clearly mention the necessity.

Management response:

We agree that we should use software to generate integrate FIS and MIS report to avoid manual system. But our capacity does not support it in this moment. Software system will be continued on the basis of organizational capacity build up.

Comment:

ARS-Bangladesh is not sharing any common cost with other donor under micro credit program.

- To review and comment on any deviation from the conventional Accounting principles as regards.

Non-Traditional accounting entries e.g emergency fund, social economic credit program fund.

Prime record keeping procedures in non-traditional manner for cost effectiveness.

Comment

- ARS-Bangladesh does not have any emergency fund and social economic credit program fund but ARS-Bangladesh Keeps Provision for any Liability.
- The ARS-Bangladesh maintains the accounts under double entry system of bookkeeping.
- ARS-Bangladesh prepares the annual financial statement as per guidelines provided by MRA.
- **Liquidity**

Observation

As per MRA guideline, investment in Liquidity on Group Savings Fund Should be available for liquidity purpose, ARS-Bangladesh have been ensured this Cash & Bank Balance Amount.

Name of funds	Liquidity needed as MRA Guide line	Actual Liquidity as per organization records	Excess of Liquidity Amount (TK)
Saving	7,70,52,719.00	8,92,48,867.00	1,21,96,148.00

Recommendation:

Excess of Liquidity on Savings.

Management response:

Excess of Liquidity on Savings of financial year -2021-2022.

Observation:

As per MRA guideline, investment in Reserve Fund FDR on Cumulative surplus or Capital Fund is Excess. ARS-Bangladesh have been ensured as follows:

Name of Funds	FDR needed as MRA Guide Line	Actual FDR as per organizational records	Excess of FDR Amount (Tk)
Reserve fund FDR	3,00,71,278.00	3,22,82,588.00	22,11,310.00

Recommendation:

Excess of Reserve Fund FDR.

ABS Bangladesh should comply all the guideline of MRA.

Management response:

We agree.

INVESTMENT (Fixed Assets)**Observation:**

During our audit period ARS-Bangladesh has purchased of fixed asset Tk. 1,37,07,576.00. The ARS-Bangladesh Maintains Fixed Asset register in detail. We have verified the voucher of fixed assets acquisition on a randomly selected sample basis and found all relevant documents in this regard. Purchase process was in compliance with the purchase policy.

Recommendation:

Purchase without collecting quotation limits the organization from reasonable by assurance that the best price is being aviated and such non-compliance with internal policies indicates ineffectiveness of internal control system.

Management Response:

All kinds of purchase specially fixed assets will be made according to purchase policy.

Comments**SAVING DEPOSITS****Observation:**

We have verified member's savings collection. We observed that ARS-Bangladesh is following MRA guideline in case of arranging a new samity and depositing savings.

Management response

Yes. We agree that we are following MRA guideline regarding the above cases.

Management & Accounting Information Systems and software implementation:

ARS-Bangladesh does not have any software for generating MIS report. All the MIS Report are being generate through manually in Excel. Their chance of numerical mistake in this regard. Moreover, there is a chance of data lost and data manipulation.

Recommendation

The organization should use MIS and FIS integrated software to store its database and generate financial report and other management reports.

Management response:

We agree with the recommendation. We are considering to have a software in consolation with MRA to generate integrated FIS and MIS report as early as possible.

TRAINING

Recommendation of financial management training needs of the organization financial management, FMS, Internal Audit and VAT/TAX.

Observation:

The organization has no professional person in its account's division. In some cases, in area offices and branch offices accountants are of lack of accounting knowledge.

Recommendation:

Professional Accountants should be available for keeping accounts accordingly.

Management Response:

In case of Further appointment, we shall consider it.

GENERAL FINDINGS**Observation:**

The organization has Nine internal auditor for ensuring the effective internal control.

Recommendation:

Minimum ten internal auditors should be recruited for ensuring effective internal control of the organization.

Observation:**Irregularities found during field visit.**

During our audit we visited head offices. we also visited Samity and beneficiary level found the following irregularities:

- Samity members do not attends amity in a regular manner.
- in few cases, some group members do not pay their saving regularly.

Recommendations:

- Group members attendance should be increased in the meeting day
- Each and every member saving payment should be ensured on regular basis.

Management Response:

We are taking action as per your recommendation.

