

AUDITORS' REPORT
OF
CENTER FOR RURAL SERVICE SOCIETY
(CRSS)
FOR THE YEAR ENDED 30th June 2022

CENTER FOR RURAL SERVICE SOCIETY(CRSS)

Natun Bazar, B. M. College Road, Barisal., Bangladesh

FOR THE YEAR ENDED 30th JUNE 2022**TABLE OF CONTENTS**

| SL.NO | PARTICULARS | PAGE NO. |
|-----------------------|---|-----------------|
| ANNEXURE – A1 | | |
| A1/1 | Independent Auditors' Report | 1 |
| A1/2 | Statement of Financial Position | 2 |
| A1/3 | Statement of Comprehensive Income | 3 |
| A1/4 | Receipts and Payments Statement | 4-5 |
| A1/5 | Statement of Cash Flows | 6 |
| A1/6 | Statement of Changes in Equity | 7 |
| A1/7 | Notes to the Financial Statements | 8-12 |
| ANNEXURE – A/2 | | |
| i. | Eligibility Criteria Compliance Certificate (Ratio Analysis) | 13 |
| ANNEXURE – A/3 | | |
| i. | Classification of Loan Loss Provision | 14 |
| ii. | Loan loss provision Status of the PO | 14 |
| iii. | Loan Operational Report | 15 |
| ANNEXURE – A/4 | | |
| iv. | Schedule of Fixed Assets | 16 |
| ANNEXURE - B | | |
| i. | Management Report | 17-21 |
| ii. | Budget Variance | 22 |
| iii. | Statement on Compliance of Money Laundering | 23 |
| iv. | TOR-MRA | 24-26 |

AUDITORS' REPORT

We have audited the accompanying Financial Statements of **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** which comprise the Statement of Financial Position as at June 30, 2022, and the Statement of Comprehensive Income, Statement of Receipts and 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 notes.

Management Responsibility for the financial Statements.

The management of **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** is responsible for the preparation and fair presentation of these financial statements in accordance with International financial reporting standards, and for such internal control as management determines as necessary to make sure that the said financial statements are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA), as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and Financial Reporting Council (FRC) respectively. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** as at June 30, 2022 and its financial performance and its cash flows for the year then ended June 30, 2022 in accordance with International Financial Reporting Standards (IFRS) and other applicable laws regulations including MRA guidelines.

We also report that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof.
- In our opinion, Proper books of accounts as required by law and MRA Act & Rules have been kept by **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** so far as it appeared from our examination of those books.
- In our opinion, the statement of financial position and the statement of comprehensive income dealt with by the report are in agreement with the books of accounts.

Date: 20 September, 2022
Place: Dhaka



S. M. Rafiqul Islam FCA, CISA
Membership # 0867
S M Rafique & Co.
Chartered Accountants
DVC # 2209200867A5571805



CENTER FOR RURAL SERVICE SOCIETY(CRSS)

Natun Bazar, B. M. College Road, Barishal.

STATEMENT OF FINANCIAL POSITION

As at 30th June-2022.

| Particulars: | Notes | FY 2021-2022 | FY 2020-2021 |
|---|-------|-------------------|-------------------|
| | | Amount (Taka) | Amount (Taka) |
| <u>Properties & Assets:</u> | | | |
| Property, Plant & Equipment | 6.00 | 1,129,903 | 906,264 |
| Total Non Current Assets: | | 1,129,903 | 906,264 |
| <u>Current Assets:</u> | | 86,188,549 | 84,699,651 |
| Loan to Members (RMC) | 7.00 | 72,969,280 | 51,789,068 |
| Loan to Members (ME) | 7.01 | 7,670,462 | 6,430,488 |
| Short Term Investment (FDR) | 8.00 | 3,472,333 | 7,470,207 |
| Advance, Deposits & Prepayments | 9.00 | 128,523 | 140,523 |
| Stock & Stores (Printing & Stationary) | 10.00 | 75,728 | 68,726 |
| Cash in Hand & at Bank | 11.00 | 1,872,223 | 18,800,639 |
| Total Properties & Assets: | | 87,318,452 | 85,605,916 |
| <u>Capital Fund & Liabilities:</u> | | | |
| <u>Capital Fund:</u> | | | |
| Cumulative Surplus | 12.00 | 2,994,702 | 2,587,910 |
| Reserve Fund | 13.00 | 300,000 | 300,000 |
| Donor Fund (MvM) | 14.00 | 4,958,238 | 4,958,238 |
| Total Capital Fund: | | 8,252,940 | 7,846,148 |
| <u>Non Current Liabilities:</u> | | | |
| Loan from others (GB & Other Person) | 14.01 | 27,137,350 | 24,681,350 |
| Loan from grahyan Tahabil | 15.00 | 7,000,000 | - |
| Loan from Bank | 16.00 | 19,024,593 | 32,700,759 |
| Total Non Current Liabilities | | 53,161,943 | 57,382,109 |
| <u>Current Liabilities:</u> | | | |
| Members Savings (RMC, ME & Special) | 17.00 | 20,187,512 | 15,070,561 |
| Loan Risk Fund | 18.00 | 3,801,053 | 3,027,429 |
| Loan Loss Provision / DMR | 19.00 | 1,915,005 | 2,279,670 |
| Total Current Liabilities: | | 25,903,570 | 20,377,660 |
| Total Capital Fund & Liabilities: | | 87,318,452 | 85,605,916 |

The annexed notes form an integral part of the Consolidated Statement of Financial Position.


Edward Robin Bollove
 Chief Executive Officer
 CRSS, Barisal
 Date: 20 September 2022
 Place: Dhaka




S M Rafique & Co.
 Chartered Accountants
 DVC-2209200867AS571805

CENTER FOR RURAL SERVICE SOCIETY(CRSS)

Natun Bazar, B. M. College Road, Barishal.

STATEMENT OF COMPREHENSIVE INCOME

For the Period 1st July-2021 to 30th June-2022.

| PARTICULARS | NOTES | FY 2021-2022 | FY2020-2021 |
|--|-------|-------------------|-------------------|
| | | Amount (Taka) | Amount (Taka) |
| INCOME | | | |
| Service Charge on Loan(RMC) | | 11,698,954 | 7,975,845 |
| Service Charge on Loan(ME) | | 1,066,840 | 1,496,760 |
| Donation Received from-MVM | | - | 228,529 |
| Admission Fee | | 13,950 | 4,090 |
| Sale of Pass Book | | 24,345 | 12,150 |
| Other Sales (Form) | | 83,880 | 11,265 |
| G. Body Membership Subscription | | 3,250 | 3,240 |
| FDR Interest | | 275,830 | 587,229 |
| Bank Interest | | 13,182 | 38,235 |
| Writeoff Loan Collection | | - | 300 |
| Donation Received From Social Welfare | | 20,000 | 20,000 |
| Overhead cost -Project | | 757,017 | - |
| TOTAL INCOME: | | 13,957,248 | 10,377,643 |
| EXPENDITURE | | | |
| Office Rent | | 432,700 | 352,700 |
| Interest on Loan to GB & Others Person | | 2,205,200 | 2,137,910 |
| Interest/Charges on Loan to Bank | | 867,250 | 120,000 |
| Staff Salary & Bonus | | 6,104,250 | 4,689,970 |
| Travels & Conveyance | | 108,372 | 68,321 |
| Fuel Cost | | 184,150 | 174,358 |
| Entertainment | | 76,770 | 56,874 |
| News paper & Periodicals | | 7,073 | 5,701 |
| Telephone & Postage | | 161,351 | 113,102 |
| Gas & Electricity | | 112,773 | 97,051 |
| Printing & Stationary | | 148,950 | 143,993 |
| Meeting Expenses | | 34,359 | 13,030 |
| Training Expenses | | 46,688 | 46,055 |
| Board Members Conveyance/Honorarium | | 12,000 | 39,070 |
| Audit Fee | | 44,000 | 20,000 |
| Renewal & Registration Fee | | 17,841 | 15,837 |
| Bank Charges & DD Charges | | 103,201 | 104,386 |
| Repair & Maintance | | 55,330 | 153,920 |
| Vehicle Maintance | | 69,800 | 37,320 |
| VAT & Tax | | 58,840 | 102,859 |
| Legal Expenses | | 63,000 | 52,152 |
| General Savings (Interest) | | 985,727 | 474,501 |
| Overhead cost -Project | | 713,102 | - |
| Other Operating Expenses | | 90,953 | 40,199 |
| Consulantacy fees | | - | 10,000 |
| Donation | | 8,200 | 22,320 |
| Donation-Covid-19 DC office | | 10,000 | 10,000 |
| Donation-Covid-19(Food Supply) | | - | 228,529 |
| Rebate on loan | | 3,800 | - |
| Loan Loss Provisison (LLP) | | 663,624 | 582,197 |
| Depreciation | | 161,152 | 80,735 |
| TOTAL EXPENDITURE | | 13,550,456 | 9,993,090 |
| Excess of Income over Expenditure | | 406,792 | 384,553 |
| TOTAL | | 13,957,248 | 10,377,643 |



Edward Robin Bollove
Chief Executive Officer
CRSS, Barishal

Date: 20 September 2022
Place: Dhaka



SM Rafique & Co.
Chartered Accountants
DVC-2209200867AS571805



Annexure- A1/4


CENTER FOR RURAL SERVICE SOCIETY(CRSS)
 Natun Bazar, B. M. College Road, Barishal.
CONSOLIDATED RECEIPTS & PAYMENTS STATEMENTS
 For the Period 1st July-2021 to 30th June-2022.

| PARTICULARS | NOTES | FY 2021-2022 | FY 2020-2021 |
|---------------------------------------|-------|--------------------|--------------------|
| | | Amount (Taka) | Amount (Taka) |
| RECEIPTS: | | | |
| Opening Balance: | | - | - |
| Cash in Hand | | 44,284 | 12,750 |
| Bank Balance | | 18,756,356 | 10,803,309 |
| Loan Received From GB & Others Person | | 11,949,000 | 13,559,500 |
| General Savings Collection (RMC) | | 15,339,414 | 9,462,802 |
| General Savings Collection (ME) | | 844,231 | 1,241,276 |
| Special Savings Collection | | 318 | 2,444 |
| Loan Collection (RMC) | | 83,614,788 | 56,976,907 |
| Loan Collection (ME) | | 7,390,026 | 10,692,730 |
| Loan Risk Fund Collection | | 1,134,300 | 762,930 |
| Advance Collection | | 201,325 | 165,290 |
| Service Charge (RMC) | | 11,698,954 | 7,975,845 |
| Service Charge (ME) | | 1,066,840 | 1,496,760 |
| Admission Fee | | 13,950 | 4,090 |
| Sale of Pass Book | | 24,345 | 12,150 |
| Other Sales (Form) | | 83,880 | 11,265 |
| G. Body Membership Subscription | | 3,250 | 3,240 |
| Bank Interest | | 13,182 | 38,235 |
| Loan Received From Bank | | - | 31,800,000 |
| FDR Intrest | | 275,830 | 587,229 |
| FDR | | 4,407,707 | 4,721,947 |
| Write-off Loan collection | | - | 300 |
| Fund Received from MVM | | - | 1,727,785 |
| Donation Received From -MVM | | - | 228,529 |
| Donation Received From Social Welfare | | 20,000 | 20,000 |
| Loan received -Grayhan tahabill | | 7,845,000 | - |
| Overhead cost | | 757,017 | - |
| TOTAL RECEIPTS | | 165,483,997 | 152,307,313 |



PAYMENTS:

| | | |
|---------------------------------|--------------------|--------------------|
| General Savings Refund(RMC) | 10,257,817 | 10,025,012 |
| General Savings Refund(ME) | 793,285 | 2,134,427 |
| Special Savings Refund | 15,910 | 25,256 |
| Loan Disbursement(RMC) | 104,795,000 | 68,193,000 |
| Loan Disbursement(ME) | 8,630,000 | 8,100,000 |
| Advance | 189,325 | 135,290 |
| Office Rent | 432,700 | 352,700 |
| Fixed Assets Purchases | 384,791 | 231,644 |
| Staff Salary & Bonus | 6,104,250 | 4,689,970 |
| Travels & Conveyance | 108,372 | 68,321 |
| Fuel Cost | 184,150 | 174,358 |
| Entertainment | 76,770 | 56,874 |
| Telephone & Postage | 161,351 | 113,102 |
| Gas & Electricity | 112,773 | 97,051 |
| Printing & Stationary | 155,952 | 129,586 |
| Training expenses | 46,688 | 46,055 |
| Bank Charge & DD Charges | 103,201 | 104,386 |
| Repair & Maintenance | 55,330 | 153,920 |
| Vehicle Maintenance | 69,800 | 37,320 |
| General Savings (Interest) | 985,727 | 474,501 |
| Other operating expenses | 90,953 | 40,199 |
| Loan Risk Fund Refund | 360,676 | 557,917 |
| Newspaper & Periodical | 7,073 | 5,701 |
| Meeting Expenses | 34,359 | 13,030 |
| VAT & Tax | 58,840 | 102,859 |
| FDR | 409,833 | 2,346,707 |
| Audit Fees | 44,000 | 20,000 |
| Renewal & Registration Fees | 17,841 | 15,837 |
| Intrest paid to GB & Other's | 2,205,200 | 2,137,910 |
| Intrest/Charges on Loan (Bank) | 867,250 | 120,000 |
| Fund Refund to GB & Others | 9,493,000 | 7,391,700 |
| Loan Insallment paid to Bank | 13,676,166 | 25,049,969 |
| Conuslantacy fees | - | 10,000 |
| Board Member Honorarium | 12,000 | 39,070 |
| Rebate on loan | 3,800 | - |
| Donation | 8,200 | 22,320 |
| Legal Expenses | 63,000 | 52,152 |
| Donation-Covid-19 DC office | 10,000 | 10,000 |
| Over head Eep | 713,102 | - |
| Repayment loan-Grayhan tahabill | 845,000 | - |
| Writte off loan | 1,028,289 | - |
| Donation-Covid-19(Food Supply) | - | 228,529 |
| Closing Balance: | | |
| Cash in Hand | 2,541 | 44,284 |
| Bank Balance | 1,869,682 | 18,756,356 |
| TOTAL PAYMENTS | 165,483,997 | 152,307,313 |


Edward Robin Bollove
Chief Executive Officer
CRSS, Barisal
Date: 20 September 2022
Place: Dhaka


S M Rafique & Co.
Chartered Accountants
DVC-2209200867AS571805



CENTER FOR RURAL SERVICE SOCIETY(CRSS)

Annexure- A1/5

Natun Bazar, B. M. College Road, Barishal.

STATEMENT OF CASH FLOW

For the Period 1st July-2021 to 30th June-2022

| Particulars | FY 2021-2022 | FY 2020-20201 |
|--|---------------------|-------------------|
| | Amount (Taka) | Amount (Taka) |
| A. Cash flow from Operating Activities | 203,279 | 1,047,485 |
| Surplus for the period | 406,792 | 384,553 |
| Loan Loss Provision | (364,665) | 582,197 |
| Adjustment | - | - |
| Depreciation for the year | 161,152 | 80,735 |
| B. Cash flow from Investing Activities | (384,791) | (231,644) |
| Fixed Assets | (384,791) | (231,644) |
| C. Cash flow from Financial Activities | (16,746,905) | 7,168,739 |
| Increase/Decrease in Loan to Members (RMC) | (21,180,212) | (11,216,093) |
| Increase/Decrease in Loan to Members (ME) | (1,239,974) | 2,592,730 |
| Increase/Decrease in Loan to Members (Grihayan Tahabil) | - | - |
| Increase/Decrease in Loan to GB & Other | - | - |
| Increase/Decrease in Short Term Investment (FDR) | 3,997,874 | 2,375,240 |
| Increase/Decrease in Advance, Deposit & Prepayment | 12,000 | 30,000 |
| Increase/Decrease in Stock & Stores | (7,002) | 14,407 |
| Increase/Decrease in Loan from GB & Other Person | 2,456,000 | 6,167,800 |
| Increase/Decrease in Loan from Bank | (13,676,166) | 6,750,031 |
| Increase/Decrease in Loan from Bank (Grihayan Tahabil) | 7,000,000 | - |
| Increase/Decrease in Members Savings | 5,116,951 | (1,478,173) |
| Increase/Decrease in Donor Fund from MvM | - | 1,727,784 |
| Increase/Decrease in Loan Risk Fund | 773,624 | 205,013 |
| Net Cash flow Increase / Decrease (A+B+C) | (16,928,417) | 7,984,580 |
| Add: Cash and Bank Balance at the beginning of the year | 18,800,639 | 10,816,059 |
| Cash and Bank Balance at the Closing of the year | 1,872,223 | 18,800,639 |



Edward Robin Bollove
Chief Executive Officer
CRSS, Barisal

Date: 20 September 2022
Place: Dhaka



S M Rafique & Co.
Chartered Accountants
DVC-2209200867AS571805



Annexure- A1/6

CENTER FOR RURAL SERVICE SOCIETY(CRSS)

Natun Bazar, B. M. College Road, Barishal.

Statement of Change in Equity

For the Period 1st July-2021 to 30th June-2022.

| Particulars | FY- 2021-2022 Amount (Taka) | FY- 2020-2021 Amount (Taka) |
|----------------------------------|--------------------------------|--------------------------------|
| Balance as on 01.07.2021 | 7,846,148 | 5,733,810 |
| Add: Surplus of the year | 406,792 | 384,553 |
| | 8,252,940 | 6,118,363 |
| Add : Donor Fund from MvM | - | 1,727,785 |
| Less: Adjustment Reserved Fund | - | - |
| Add : Adjustment During the year | - | - |
| Balance as on 30.06.2022 | 8,252,940 | 7,846,148 |



Edward Robin Bollove
Chief Executive Officer
CRSS, Barisal



S M Rafique & Co.
Chartered Accountants
DVC-2209200867AS571805

Date: 20 September 2022

Place: Dhaka



CENTER FOR RURAL SERVICE SOCIETY (CRSS)

Notes to the financial statements

FOR THE YEAR ENDED 30 JUNE 2022

1.0 Background:

CENTER FOR RURAL SERVICE SOCIETY (CRSS) is a voluntary and non-profitable Organization and is engaged in welfare of the poor and helpless people of the working area and also to empower the women, improvement of child and poor people's health. Also **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** has quality Education Program and Child Care Program work in those areas.

Particulars of NGO

CENTER FOR RURAL SERVICE SOCIETY (CRSS) is a voluntary social service organization. It is registered with the Social Service Department, Govt. of the People's Republic of Bangladesh vide Reg. No. Bari/927/02 dated September 30, 2002 under Voluntary Social Welfare Agencies Ordinance, 1961; registration with Micro Credit Regulatory Authority vide reg. 02593- 01229-00583 dated: August 01, 2011 and also registration with NGO Bureau Reg. No. 2465 dated July 05, 2009 under the Foreign Donation (V.A) Regulation Ordinance-1978. Tax Identification Number (TIN) is 888967905174- Circa-01, Companies, Barishal, Certificate of Registration of Societies (under ACT XXI of 1860), NO.KHS-434/2016,BIN:004534853-0804

2.00 Corporate Information of the

| | |
|--|--|
| Name of the Organization | CENTER FOR RURAL SERVICE SOCIETY (CRSS) |
| Year of establishment | 2002 |
| Legal Entity | Registered No. Bari/927/02 dated September 30, 2002 under Voluntary Social Welfare Agencies Ordinance, 1961; registration with Micro Credit Regulatory Authority vide reg. 02593- 01229-00583 dated: August 01, 2011 and also registration with NGO Bureau Reg. No. 2465 dated July 05, 2009 |
| Name of the Operations (programs) | Micro finance |
| Statutory Audit conducted up to | June 30, 2022 |
| Name of the statutory auditor for last year | Huda Hossain & Co. |
| Name of the statutory auditor for current year. | SM Rafique & Co. |
| No. of Executive Committee meeting held FY 21-22 | 4 Meeting |
| Date of last AGM held | 13.03.2021 |

List of Executive Committee Members:

| SL | NAME | Designation | Qualification & Profession | Present Address |
|----|---------------------------|------------------|--------------------------------------|-----------------------------|
| 1 | Mrs. Florence Annat Gupta | Chairman | HSC (PTI), Teacher, Non Govt. School | Bogura Road, Barishal |
| 2 | Mr. James Prodip Gomes | Vice-Chairman | HSC and Diploma in Electrical | Police Line, Barishal |
| 3 | Edward Rabin Bollove | Member Secretary | BSS ,Service of NGO | Police Line, Barishal |
| 4 | Mrs. Sanchita Sikder | Treasurer | M.com, Non govt Service | Bhatakhana, Barishal |
| 5 | Aldrin Halder (Shipon) | Member | B.com, Social Service | New Circular Road, Barishal |
| 6 | Mrs. Delowara Hossain | Member | BSC, Bank Officer (Retired) | B.M College Road, Barishal |

| | | | | |
|---|--------------------|--------|-------------------------------------|----------------------------------|
| 7 | Mrs. Monju. Halder | Member | HSC, Teacher, Non. govt. teacher | Oxford Mission Road, Barishal |
|---|--------------------|--------|-------------------------------------|----------------------------------|

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

3.0 Basis of Accounting:

The Project 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.

4.00 Summary of Significant accounting policies:

4.01 Currencies

All of organization assets, liabilities, capital fund, income and expenditure are denominated in terms of BD Taka.

4.02 Revenue Recognition:

4.03 Interest Income

- **Service charges on loan:**
- The **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** is collecting service charges from beneficiaries at a Flat of 13.50 % per annum calculated on the loan provide to them. The principal loan and proportional service charges are collected in equal weekly and monthly 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 on accrual basis.
- **Other Expenses:**
Other Expenses have been accounted for on accrual basis.
- **Interest paid on saving:**
Interest paid on saving is recognized on accrual basis.

4.03 Fixed Assets & Depreciation:

Fixed assets are valued at cost less depreciation. Depreciation is charged on fixed assets on reducing balance method at rates determined on the basis of effective life of individual assets.

5.0 Significant Organization Policies:

5.01 Loan loss Provision:

Loan classification, loan loss provisioning and write off policy: The **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** following MRA guidelines.

5.02 Loan to beneficiaries:

Micro-credit program is conducted as per manual provided by the MRA.

5.03 Policy on savings collection

Micro-credit program is conducted as per manual provided by the MRA.

Annexure- A1/7

| Sl. No. | PARTICULARS | Notes | FY 2021-2022 | FY 2020-2021 |
|---------|---|-------|--------------|--------------|
| | | | Amount | Amount |
| 6.00 | Property, plant & equipment: | | | |
| | Cost | | | |
| | Balance as on 01.07.2021 | | 2,208,912 | 1,977,268 |
| | Add: Addition During the year | | 384,791 | 231,644 |
| | Less: Disposal During the year | | - | - |
| | Balance as on 30.06.2022 | | 2,593,703 | 2,208,912 |
| | Depreciation | | | |
| | Balance as on 01.07.2021 | | 1,302,648 | 1,221,913 |
| | Add: Addition During the year | | 161,151 | 80,735 |
| | Less: Disposal During the year | | - | - |
| | Balance as on 30.06.2022 | | 1,463,799 | 1,302,648 |
| | Written Down Value | | 1,129,904 | 906,264 |
| | Details of Fixed Assets are in Annexure-A | | | |
| 7.00 | Loan to Members (RMC) | | | |
| | Balance as on 01.07.2021 | | 51,789,068 | 40,572,975 |
| | Add: Disbursed during the year | | 104,795,000 | 68,193,000 |
| | Less : Loan recovery during the year | | 83,614,788 | 56,976,907 |
| | Balance as on 30.06.2022 | | 72,969,280 | 51,789,068 |
| 7.01 | Loan to Members (ME) | | | |
| | Balance as on 01.07.2021 | | 6,430,488 | 9,023,218 |
| | Add: Disbursed during the year | | 8,630,000 | 8,100,000 |
| | Less : Loan recovery during the year | | 7,390,026 | 10,692,730 |
| | Balance as on 30.06.2022 | | 7,670,462 | 6,430,488 |
| 8.00 | Short term Investments (FDR) | | | |
| | Savings FDR (Note-8.01) | | 3,147,133 | 7,145,007 |
| | LLPI-FDR (Note-8.02) | | - | - |
| | Reserve-FDR (Note-8.03) | | 325,200 | 325,200 |
| | Balance as on 30.06.2022 | | 3,472,333 | 7,470,207 |
| | Breakup of the above are given below: | | | |
| 8.01 | Savings FDR: | | | |
| | Balance as on 01.07.2021 | | 7,145,007 | 9,545,447 |
| | Add: Addition During the year | | - | 2,321,507 |
| | Add: Addition During the year interest received | | 409,833 | - |
| | Less: Close/Withdrawn | | 4,407,707 | 4,721,947 |
| | Balance as on 30.06.2022 | | 3,147,133 | 7,145,007 |
| 8.02 | LLPI-FDR: | | | |
| | Balance as on 01.07.2021 | | - | - |
| | Balance as on 30.06.2022 | | - | - |
| 8.03 | Reserve-FDR: | | | |
| | Balance as on 01.07.2021 | | 325,200 | 300,000 |
| | Add: Addition During the year | | - | - |
| | Add: Addition During the year interest received | | - | 30,000 |
| | Less: Close/Withdrawn | | - | 4,800 |
| | Balance as on 30.06.2022 | | 325,200 | 325,200 |

9.00 Advance, Deposit & Prepayment:

Balance as on 01.07.2021

Add: Advance paid during the year

Less: Advance Collection during the year

Balance as on 30.06.2022

| | |
|----------------|----------------|
| 140,523 | 170,523 |
| 189,325 | 135,290 |
| 201,325 | 165,290 |
| 128,523 | 140,523 |

10.00 Stock in Stores (Printing & Stationary):

Balance as on 01.07.2021

Add: Addition During the year

Less: Used During the year

Balance as on 30.06.2022

| | |
|---------------|---------------|
| 68,726 | 83,133 |
| 155,952 | 129,586 |
| 148,950 | 143,993 |
| 75,728 | 68,726 |

11.00 Cash in Hand & at Bank:

Cash in hand

Cash at bank (Note-11.01)

| | |
|------------------|-------------------|
| 2,541 | 44,284 |
| 1,869,682 | 18,756,355 |
| 1,872,223 | 18,800,639 |

11.01 Breakup of the above amount is as follows:

| SL. NO. | Name of Bank & Branch | Name Branch | Account No | 30.6.2022 Amount | 30.6.2021 Amount |
|---------|--------------------------------------|----------------|-----------------|---------------------|---------------------|
| 1 | Mercantile bank Ltd, Barisal Branch | Head Office | 1131000029936 | 737,837 | 86,966 |
| 2 | Southeast Bank, Barisal Branch | Head Office | 11100000393 | 17,766 | 9,610,095 |
| 3 | Janata Bank, Natun Bazar Branch | Head Office | 100045792158 | 8,207 | 11,897 |
| 4 | Shahjalal Islami Bank Ltd | Head Office | 2002111000476 | 1,919 | 13,159 |
| 5 | Basic Bank Ltd, Barishal, Branch | Head office | 2710-01-0005261 | 2,331 | 3,401 |
| 6 | Janata Bank, Natun Bazar Branch | Barishal sadar | 100045792409 | 172,094 | 3,740,312 |
| 7 | Janata Bank, Natun Bazar Branch | Barishal sadar | 9826-9 | 4,609 | 5,001 |
| 8 | Southeast Bank, Barisal Branch | Barishal sadar | 11100000394 | 23,475 | 44,945 |
| 10 | Pubali bank, Hospital Road Branch | Barishal sadar | 3640901015684 | 157,168 | 2,520,120 |
| 11 | Janata Bank, Natun Bazar Branch | Barishal sadar | 100202579587 | 5,967 | 6,887 |
| 12 | First Security Islami Bank Ltd. | Neserabad | 19511100000236 | 163,302 | 971,782 |
| 13 | Janata Bank, Agoiljhara | Agoiljhara | 100085055598 | 78,028 | 391,354 |
| 14 | Sonali Bank, Goila Branch, Barisal | Agoiljhara | 311102000211 | 222,376 | 236,789 |
| 15 | Agrani Bank, Dhumura Branch | Dhumura | 200009213601 | 153,238 | 942,058 |
| 16 | Janata Bank, Natun Bazar Branch | Barishal sadar | 101101963-8 | - | 658 |
| 17 | Bangladesh Krishi Bank, Harta branch | Harta | 0229-02100052 | 121,365 | 170,931 |
| | Total Amount : | | | 1,869,682 | 18,756,355 |

12.00 Cumulative Surplus

Balance as on 01.07.2021

Add: Addition During the year

Less: Reserved Fund

Add: Adjustment During the year

Balance as on 30.06.2022

| | |
|------------------|------------------|
| 2,587,910 | 2,203,357 |
| 406,792 | 384,553 |
| - | - |
| - | - |
| 2,994,702 | 2,587,910 |

13.00 Reserved Fund:

Balance as on 01.07.2021

Add: Transferred from Cumulative Surplus

Less: Adjustment During the year

Balance as on 30.06.2022

| | |
|----------------|----------------|
| 300,000 | 300,000 |
| - | - |
| - | - |
| 300,000 | 300,000 |

| | | | |
|------------------------------------|------------|------------|--|
| 14.00 Donor Fund from MvM: | | | |
| Balance as on 01.07.2021 | 4,958,238 | 3,230,453 | |
| Add: Addition During the year | - | 1,727,785 | |
| Less: Refund During the year | - | - | |
| Balance as on 30.06.2022 | 4,958,238 | 4,958,238 | |
| 14.01 Loan from GB & Other Person: | | | |
| Balance as on 01.07.2021 | 24,681,350 | 18,513,550 | |
| Add: Addition During the year | 11,949,000 | 13,559,500 | |
| Less: Refund During the year | 9,493,000 | 7,391,700 | |
| Balance as on 30.06.2022 | 27,137,350 | 24,681,350 | |
| 15.00 Loan from grahyan Tahabil: | | | |
| Balance as on 01.07.2021 | - | - | |
| Add: Addition During the year | 7,845,000 | - | |
| Less: Refund During the year | 845,000 | - | |
| Balance as on 30.06.2022 | 7,000,000 | - | |
| 16.00 Loan from Bank: | | | |
| Balance as on 01.07.2021 | 32,700,759 | 25,950,728 | |
| Add: Addition During the year | - | 31,800,000 | |
| Less: Refund During the year | 13,676,166 | 25,049,969 | |
| Balance as on 30.06.2022 | 19,024,593 | 32,700,759 | |
| 17.00 Members Savings Deposits | | | |
| General Savings (Note-17.01) | 20,171,394 | 15,038,851 | |
| Special Savings (Note-17.02) | 16,118 | 31,710 | |
| Balance as on 30.06.2022 | 20,187,512 | 15,070,561 | |
| 17.01 General Savings (RMC & ME) | | | |
| Balance as on 01.07.2021 | 15,038,851 | 16,494,212 | |
| Add: Collection during the year | 15,197,918 | 10,229,577 | |
| Add: Interest | 985,727 | 474,501 | |
| Less: Refund during the year | 11,051,102 | 12,159,439 | |
| Balance as on 30.06.2022 | 20,171,394 | 15,038,851 | |
| 17.02 Special Savings | | | |
| Balance as on 01.07.2021 | 31,710 | 54,522 | |
| Add: Addition During the year | 318 | 2,444 | |
| Add: Interest | - | - | |
| Less: Refund during the year | 15,910 | 25,256 | |
| Balance as on 30.06.2022 | 16,118 | 31,710 | |
| 18.00 Loan Risk Fund | | | |
| Balance as on 01.07.2021 | 3,027,429 | 2,822,416 | |
| Add: Addition During the year | 1,134,300 | 762,930 | |
| Less: Refund During the year | 360,676 | 557,917 | |
| Balance as on 30.06.2022 | 3,801,053 | 3,027,429 | |
| 19.00 Loan Loss Provision (LLP): | | | |
| Balance as on 01.07.2021 | 2,279,670 | 1,697,473 | |
| Add: Addition during the year | 663,624 | 582,197 | |
| Less: Adjustment during the year | 1,028,289 | - | |
| Balance as on 30.06.2022 | 1,915,005 | 2,279,670 | |

CENTER FOR RURAL SERVICE SOCIETY(CRSS)

Natun Bazar, B. M. College Road, Barishal.

Eligibility Criteria Compliance Certification

For the Period 1st July-2021 to 30th June-2022.

| SL. No. | Eligibility Criteria | Standard | Audited Figures or Compliance | Audited Figures or Compliance |
|---------|---|----------|-------------------------------|-------------------------------|
| | | | FY:2021-2022 | FY:2020-2021 |
| 1 | Minimum Loan recovery rates, computed i) 95% minimum cumulative loan collection ratio on total dues: | 95% | 98.76% | 98.03% |
| | ii) 92-100% minimum loan collection ratio on current dues (on running 12 month basis) Actual collections during the past 12 months current dues $\times 100$ | 92-100% | 95.43% | 94.87% |
| 2 | Minimum liquidity to savings ratio | 10% | 51.39% | 49.57% |
| 3 | Minimum current ratio | 2.0:1 | 4.35:1 | 4.16:1 |
| 4 | Minimum capital adequacy ratio | 15% | 19.25 | 18.37 |
| 5 | Minimum debt service cover ratio | 1.25:1 | 1.83:1 | 1.68:1 |
| 6 | Debt Capital Ratio | 9:01 | 11:44 | 11:45 |
| 7 | Minimum rate of return on capital | 1% | 5.87% | 5.66% |

Center for Rural Service Society (CRSS)

Natun Bazar, B. M. College Road, Barishal

Portfolio report For the Period ended from 01 July 2021 to June 30, 2022

Review of Loan Classifications and Provisions

(i) Classification of Loan and Loan Loss Provision

| Particulars | No. of days Outstanding | Outstanding Loan Amount | Required Provision | |
|------------------------------|-------------------------|-------------------------|--------------------|------------------|
| | | | Rate % | Amount |
| Total Loan Outstanding (TLO) | | 80,639,742 | | |
| Total overdue | | 3,883,048 | | |
| Regular | No Overdue | 76,128,624 | 1% | 761,288 |
| Watchful | 1-30 days | 553,373 | 5% | 27,669 |
| Sub-standard | 31-180 days | 837,758 | 25% | 209,440 |
| Doubtful | 181-365 days | 1,753,865 | 25% | 438,466 |
| Bad Loan | 365+ days | 1,366,122 | 35% | 478,143 |
| Total | | 80,639,742 | | 1,915,005 |

| (ii) Loan Loss Provision (LLP) Status of the MFI | |
|--|-----------|
| Particulars | Taka |
| Required Provision as per MRA policy | 1,915,005 |
| Actual Provision made by the CRSS | 1,915,005 |
| Excess/ Shortfall of Provision | - |
| Comment on LLP for PKSf funded Program | N/A |
| Comment on LLP for Non- PKSf funded Program | |
| Disclosure on Written off Loan: | - |
| Loan Written off balance 01.07.2017- 30.06.2018 | 605,515 |
| Loan written off during the year 2021-2022 | 1,028,289 |
| Written Off Loan Recovered during the year 2021 - 2022 | - |

(i) Loan Operation Report

| Sl no. | Particulars | FY 2021 - 2022 | | | FY 2020 - 2021 | | |
|--------|--|----------------|------------|------------|----------------|------------|------------|
| 1 | Financial Service Product: | | | | | | |
| | Loan product: | | | | | | |
| | PKSF funded Loan | | | | | | |
| | Housing loan | | | | | | - |
| | Sanitation loan | | | | | | |
| | Loan GB & Others | | | 27137350 | | | 24,681,350 |
| | Bank loan | | | | | | |
| | Bank B.loan | | | 19,024,593 | | | 32,700,759 |
| | Savings product: | | | | | | |
| | General & Special | | | 20,187,512 | | | 15,070,561 |
| 2 | Insurance product: | | | 3,801,053 | | | 3,027,429 |
| | Life | | | | | | |
| | Livestock | | | | | | |
| | Others | | | | | | |
| | Number of branches | | 5 | | | 4 | |
| | | M | F | Total | M | F | TOTAL |
| | 3 Number of Samities | 19 | 268 | 287 | 19 | 245 | 264 |
| | 4 Number of members | 384 | 4745 | 5129 | 287 | 4101 | 4388 |
| | 5 Number of borrowers | 278 | 3628 | 3906 | 227 | 3244 | 3471 |
| | 6 Number of Staff | 19 | 8 | 27 | 23 | 3 | 24 |
| 7 | Amount (Taka) of loan outstanding with | 8,887,277 | 71,752,465 | 80,639,742 | 6,340,968 | 51,878,588 | 58,219,556 |
| 8 | Member: borrower | 1:1.26 | 1:1.26 | 1:1.26 | 1:1.26 | 1:1.26 | 1:1.26 |
| 9 | Average loan size | 31,969 | 19,777 | 20,645 | 27,934 | 15,992 | 16,773 |

Center for Rural Service Society (CRSS)

Natun Bazar, B. M. College Road, Barishal

Fixed Asset Schedule

As on June 30, 2022

| Sl. No | Particulars | Cost | | | | Depreciation | | | | | Written down as on 30.06.22 |
|--------|------------------------|------------------------|--------------------------|----------------------|----------------|--------------|------------------------|------------------------|-------------------------|------------------------------|-----------------------------|
| | | Balance as on 01.07.21 | Addition During the Year | Adjustment/ Disposal | as on 30.06.22 | Dep. Rate % | Balance as on 01.07.21 | Charge During the year | Adjustment/ realization | Total Balance as on 30.06.22 | |
| 1 | Secretariat Table | 91,595 | 22,310 | - | 113,905 | 5% | 47,836 | 5,695 | - | 53,531 | 60,374 |
| 2 | Arm Chair | 66,260 | - | - | 66,260 | 5% | 60,205 | 3,313 | - | 63,518 | 2,742 |
| 3 | Furniture | 225,874 | 17,230 | - | 243,104 | 5% | 161,426 | 12,155 | - | 173,581 | 69,523 |
| 4 | Wooden Rak | 4,830 | - | - | 4,830 | 5% | 4,229 | 242 | - | 4,470 | 360 |
| 5 | Plastic Chair | 15,445 | - | - | 15,445 | 5% | 12,144 | 772 | - | 12,916 | 2,529 |
| 6 | Plastic Tools | 210 | - | - | 210 | 0% | 210 | - | - | 210 | 0 |
| 7 | Half Secretariat Table | 20,382 | - | - | 20,382 | 5% | 17,417 | 1,019 | - | 18,436 | 1,946 |
| 8 | Meeting Table | 27,500 | - | - | 27,500 | 5% | 18,783 | 1,375 | - | 20,158 | 7,343 |
| 9 | Revolving Chair | 23,800 | - | - | 23,800 | 0% | 23,800 | - | - | 23,800 | - |
| 10 | Steel Almira | 89,270 | - | - | 89,270 | 3% | 43,032 | 2,678 | - | 45,710 | 43,560 |
| 11 | Steel Showcase | 6,945 | - | - | 6,945 | 5% | 6,945 | - | - | 6,945 | 0 |
| 12 | Partex Table | 18,600 | 4,450 | - | 23,050 | 5% | 18,600 | - | - | 18,600 | 4,450 |
| 13 | Partex Almira | 9,380 | - | - | 9,380 | 5% | 9,380 | - | - | 9,380 | - |
| 14 | White/Disply Board | 24,630 | - | - | 24,630 | 5% | 8,925 | 1,232 | - | 10,157 | 14,473 |
| 15 | Wooden chair | 18,030 | - | - | 18,030 | 5% | 12,800 | 902 | - | 13,702 | 4,328 |
| 16 | General Table | 930 | - | - | 930 | 0% | 930 | - | - | 930 | 0 |
| 17 | File Cabinet | 31,600 | 25,510 | - | 57,110 | 5% | 23,643 | 2,856 | - | 26,499 | 30,611 |
| 18 | Refrigerator | 20,000 | 35,991 | - | 55,991 | 5% | 13,660 | 2,800 | - | 16,460 | 39,531 |



| | | | | | | | | | | | |
|--------------|------------------------|------------------|----------------|----------|------------------|-----|------------------|----------------|----------|------------------|------------------|
| 19 | Computer | 319,995 | 103,500 | - | 423,495 | 5% | 202,938 | 21,175 | - | 224,112 | 199,383 |
| 20 | Com.Printer | 55,390 | 59,800 | - | 115,190 | 5% | 27,147 | 5,760 | - | 32,907 | 82,283 |
| 21 | Television | 12,900 | - | - | 12,900 | 5% | 8,811 | 645 | - | 9,456 | 3,444 |
| 22 | Telephone Set | 70,320 | - | - | 70,320 | 5% | 27,445 | 3,516 | - | 30,961 | 39,359 |
| 23 | Com.monetor | 10,800 | - | - | 10,800 | 5% | 7,378 | 540 | - | 7,918 | 2,882 |
| 24 | Gas Slender | 16,670 | - | - | 16,670 | 5% | 12,222 | 834 | - | 13,056 | 3,614 |
| 25 | Digital Camera | 13,000 | - | - | 13,000 | 0% | 13,000 | - | - | 13,000 | - |
| 26 | Electric Goods | 6,962 | - | - | 6,962 | 0% | 6,962 | - | - | 6,962 | 0 |
| 27 | Floor Mats | 1,500 | - | - | 1,500 | 0% | 1,500 | - | - | 1,500 | - |
| 28 | Table Glass | 2,265 | - | - | 2,265 | 0% | 2,265 | - | - | 2,265 | - |
| 29 | Electric Fan | 84,869 | 3,300 | - | 88,169 | 5% | 44,904 | 4,408 | - | 49,312 | 38,857 |
| 30 | Genarator | 10,050 | - | - | 10,050 | 0% | 10,050 | - | - | 10,050 | - |
| 31 | Cookerise | 32,266 | - | - | 32,266 | 0% | 32,266 | - | - | 32,266 | - |
| 32 | Water Dram | 1,000 | - | - | 1,000 | 0% | 986 | 14 | - | 1,000 | 0 |
| 33 | Balti | 175 | - | - | 175 | 0% | 175 | - | - | 175 | - |
| 34 | Bading | 15,919 | - | - | 15,919 | 5% | 15,919 | - | - | 15,919 | - |
| 35 | Motor-Cycle | 738,800 | - | - | 738,800 | 10% | 391,729 | 73,880 | - | 465,609 | 273,191 |
| 36 | Bi-cycle | 2,250 | - | - | 2,250 | 5% | 1,823 | 113 | - | 1,935 | 315 |
| 37 | Laptop | 63,700 | 52,700 | - | 116,400 | 10% | 6,370 | 11,640 | - | 18,010 | 98,390 |
| 38 | CC Camera Instillation | 46,300 | - | - | 46,300 | 5% | 3,944 | 2,315 | - | 6,259 | 40,042 |
| 39 | Infrared Thermometer | 8,500 | - | - | 8,500 | 15% | 850 | 1,275 | - | 2,125 | 6,375 |
| 40 | Soft ware | - | 60,000 | - | 60,000 | 0% | - | - | - | - | 60,000 |
| Total | | 2,208,912 | 384,791 | - | 2,593,703 | | 1,302,648 | 161,151 | - | 1,463,800 | 1,129,904 |



MANAGEMENT REPORT
ON THE ACCOUNTS OF MICRO FINANCE PROGRAM
FOR THE YEAR 2021-2022
IMPLEMENTED BY
CENTER FOR RURAL SERVICE SOCIETY (CRSS)
Natun Bazar, B. M. College Road, Barishal.
OBSERVATIONS AND RECOMMENDATIONS

We have audited the financial Statement of Micro Finance Program Carried out by **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** for the year ended **June 30, 2022** in accordance with Bangladesh standards on Auditing (BSA) and Terms of reference provided by MRA.

Our observations and recommendations along with management response are outlined below:

1. ACCOUNTING SYSTEM :

The accounts of **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** have been prepared on Cash Basis except provision for general reserve under General Accepted Accounting Principles.

B. ACCOUNTS PREPARATION :

A. BASIS OF ACCOUNTING :

The accounts of **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** have been prepared on Cash Basis except provision for general reserve under Generally Accepted Accounting Principles.

B. ACCOUNTS PREPARATION:

CENTER FOR RURAL SERVICE SOCIETY (CRSS) has been maintaining all required books of account as per MRA Guideline for recording the financial transactions in order to generate financial reports that reflect over all financial position of the organization. There was no deviation from conventional accounting principles and there were no non-traditional accounting entries in books.

C. CARRIED OVER OF OPENING BALANCE INTO LEDGER :

During the course of our audit we observed that all figures as per last year audit report were carried forward properly into ledger as opening balance of current year.

RECOMMENDATION

CENTER FOR RURAL SERVICE SOCIETY (CRSS) should continue this process.

MANAGEMENT RESPONSE:

We agreed with the auditors.

2. INVESTMENT (FDR) :

OBSERVATION :

During the course of our audit we found that **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** made investment in FDR amounting to Tk. 409,833 00.00 & encashment in FDR amounting to Tk. 4,407,707 00.

RECOMMENDATION:

CENTER FOR RURAL SERVICE SOCIETY (CRSS) should invest amount in FDR against Different risk.

MANAGEMENT RESPONSE:

We agreed with auditor.

3. INVESTMENT IN FIXED ASSETS:

OBSERVATION :

a. Procurement of fixed assets:

During the course of our audit we observed that Tk. 3,84,791.00 was spent for procuring Furniture and Fixtures and Computer. Procurement policy of taking at least 3 quotations were followed for the purchase and purchase committee was formed for all purchase

RECOMMENDATION :

CENTER FOR RURAL SERVICE SOCIETY (CRSS) should continue the process.

MANAGEMENT RESPONSE:

We agreed with the auditor.

4. PAYABLES AND ACCRUALS:

OBSERVATION:

CENTER FOR RURAL SERVICE SOCIETY (CRSS) did not consider provision of payables.

RECOMMENDATION:

CENTER FOR RURAL SERVICE SOCIETY (CRSS) should consider the payables while preparing financial statements.

MANAGEMENT RESPONSE:

We agreed with the auditor's opinion.

5. COMMERCIAL LOAN :

OBSERVATION:

During the course of our audit, we found that **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** had not received any commercial loan from Bank.

RECOMMENDATION :

Other such Loan should be utilized properly.

MANAGEMENT RESPONSE :

We agreed with the auditor's opinion.

6. LOAN OPERATION MANAGEMENT:

OBSERVATION :

Loan received from Bank was recorded in components and all formalities have been duly complied with before disbursement of loan to beneficiaries. We visited head office & Branch office of **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** verified their loan operation management and found that MRA guideline regarding loan disbursement and savings collection has been properly followed. Fund was properly utilized **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** to disburse loan to target group members. Daily loan collection from borrowers and saving collection from members were deposited into Bank on the same day. In rare case deposit was made on following day. No idle fund remained at any time during the period of audit.

RECOMMENDATION :

CENTER FOR RURAL SERVICE SOCIETY (CRSS) should continue the process.

MANAGEMENT RESPONSE :

We agreed with the auditor's opinion.

7. SAVING AND DEPOSITS:

OBSERVATION :

During the course of our audit we observed that savings collection was duly deposited to Bank on the day it was collected. In few days savings collection were not deposited into the bank on the same day due to late collection but it was deposited into the Bank in the following day.

RECOMMENDATION :

We recommend that member's savings amount should be collected within the banking hour and deposited into the Bank on the same day.

MANAGEMENT RESPONSE :

The auditor's recommendation will be followed in future.

9. TRAINING :

OBSERVATION :

During the course of our verification we observed that the office staff and accountants were properly trained up to maintain books and records to generate accurate financial statements.

RECOMMENDATION :

GRAMEEN PROGRESS should continue the process.

10. INTERNAL CONTROL SYSTEM :

OBSERVATION :

a. Management supervised loan mobilization and take necessary steps for realization of loan. Loan recovery rate is more than 98.76%.

b, There were internal auditors to check accounts.

c. All FDR's were verified by FDR committee.

d. All vouchers were approved by proper authority.

e. All vouchers were kept separately.

f. Movement register was maintained properly. After field working attendance and movement register were signed.

g. Assets register was checked and approved by higher authority.

h. All vouchers were kept separately.

RECOMMENDATION :

CENTER FOR RURAL SERVICE SOCIETY (CRSS) should continue the process.

MANAGEMENT RESPONSE :

We agreed with the auditor's opinion.

11. OBSERVATION ON VOUCHER :

During the course of our verification, we verified more than 85% voucher and found in order.

RECOMMENDATION :

CENTER FOR RURAL SERVICE SOCIETY (CRSS) should continue the process.

MANAGEMENT RESPONSE:

We agreed with the auditor's opinion.

In fine would like to place on record our appreciation for the courtesy and Co-operation we received from officers and staff of **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** during the course of our audit.

12. Software:

During the course of our verification, we find CRSS use software

RECOMMENDATION:

CENTER FOR RURAL SERVICE SOCIETY (CRSS) should continue the process.

MANAGEMENT RESPONSE :

We agreed with the auditor's opinion.

We started to use the software for microfinance program, already contact Data Soft Systems Bangladesh limited for software

Place: Dhaka

Date: 20 September 2022



S M RAFIQUE & CO.

Chartered Accountants

CENTER FOR RURAL SERVICE SOCIETY(CRSS)

Natun Bazar, B. M. College Road, Barishal.

Budget Variance

For the Period 1st July-2021 to 30th June-2022.

| For the Period 1st July-2021 to 30th June-2022. | | | | | |
|---|-----------------|----------------------------|------------|----------|-------------------------|
| Particulars | Approved budget | Actual Income /Expenditure | Variance | | Proposed Budget 2022-23 |
| | | | Amount | % | |
| Receipts: | | | | | |
| Fund (GB & Others Person) | 12000000 | 11,949,000 | 51,000 | 0.43% | 13500000 |
| Loan from Bank | 50000000 | - | 50,000,000 | 100.00% | 80000000 |
| General Savings (Group Members) | 17000000 | 16,183,645 | 816,355 | 4.80% | 18000000 |
| Special Savings (Group Members) | 200000 | 318 | 199,682 | 99.84% | 50000 |
| Loan Collection | 100000000 | 91,004,814 | 8,995,186 | 9.00% | 104500000 |
| Welfare Insurance Collection (Bima) | 1350000 | 1,134,300 | 215,700 | 15.98% | 1800000 |
| Service Charge | 14000000 | 12,765,794 | 1,234,206 | 8.82% | 16000000 |
| Admission fees | 15000 | 13,950 | 1,050 | 7.00% | 17000 |
| Sale of pass book | 40000 | 24,345 | 15,655 | 39.14% | 50000 |
| Others Sales (Form) | 15000 | 83,880 | (68,880) | -459.20% | 100000 |
| G. body Membership Subscription | 3240 | 3,240 | - | 0.00% | 3240 |
| FDR Interest | 500000 | 275,830 | 224,170 | 44.83% | 380000 |
| Bank Interest | 15000 | 13,182 | 1,818 | 12.12% | 10000 |
| Miscellaneous income/others | 10000 | - | 10,000 | 100.00% | 20000 |
| Writeoff loan collection | 5000 | - | 5,000 | 100.00% | 100000 |
| Donation | 100000 | 20,000 | 80,000 | 80.00% | 50000 |
| Total Received | 195,253,240 | 133,472,298 | 61,780,942 | 31.64% | 234,580,240 |

COMPLIANCE WITH MONEY LAUNDERING AND TERRORIST FINANCING.

We have examined the books of accounts of "CENTER FOR RURAL SERVICE SOCIETY(CRSS)", for the year ended June 30, 2022.

In compliance with the circular vide # এমআরএ/সাকুলার লেটার নং-২৪ dated 06 May 2014, we have examined the transactions took place during the year under audit, and we would like to opine that, to the best of our knowledge, no transactions were involved with Money Laundering and Terrorist Financing activities. In addition, we have obtained a separate declaration from management in this regard which also states that the management of "CENTER FOR RURAL SERVICE SOCIETY(CRSS)" did not take part in any money laundering and terror financing activities.

Date: 20.09.2022



S M RAFIQUE & CO.
Chartered Accountants



As required by the Micro-credit Regulatory Authority, we further report that:

- a) The organization has prepared its financial statements as per International Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) while maintaining accounting records and preparing financial statements and reporting.
- b) We examine and found that the organization has not taken any activity, which is involved in the transaction or provided services that is contrary to "Micro credit Regulatory Authority Act-2006." Micro credit Regulatory Authority Act-2010. We also verify and found that no transaction has been made against the interest of different donors, beneficiaries of the organization.
- c) We have examined and found that the closing balance of last year's audited financial statement was carried forward as opening balance in current year's accounts.
- d) We examined and observed that the organization has maintained proper books of accounts for sector-wise receipt of fund and whether they properly comply with the rules and regulations as per accounting manual provided by authority.
- e) We examine and observed that the organization has kept the records separately for the collected fund under various components of micro credit activities and submit separate reports on that basis.
- f) We examined and observed that the organization has properly recorded and accounted for the receipt and disbursement of fund from different donor organization and utilized them as per their principles/terms and conditions of the agreement with the donors.
- g) We examine and observed that saving collected from the members are properly recorded in account 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 rate of interest etc.
- h) We check and found that the organization has maintained the formalities and properly complied with the provisions in the rules mentioned before disbursing loan among the beneficiaries.
- i) We checked whether the documents i.e. passbook/savings collection schedule, and loan application form regarding loan write off, bad loan, and found that have preserved separately.

- j) The organization has properly complied with the rules & regulation relating to the constitutions particularly in respect of formation and meetings of General Body and Governing Body.
- k) There were fixed assets in this project. So we have physically verified the existence of fixed assets in **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** which acquired out of surplus service charge (income surplus) and fund received from different sources for institutional development as loan or grants.
- l) We checked test basis whether the loans was properly utilized for the beneficiary member and found in order;
- m) Normally transactions above Tk. 25,000.00 were made through bank account. However, collection of savings and disbursement of microcredit were made by cash;
- n) From our test check, we found that the collected loan and saving accounts are duly deposited into bank on daily basis;
- o) From our test check, we found that the amount collected from VO members are duly accounted for as per applicable policy and procedure at member and group level with very little exceptions;
- p) The **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** is collecting service charges from beneficiaries at a Flat of 13.50 % per annum calculated on the loan provide to them. The principal loan and proportional service charges are collected in equal weekly and monthly 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.
- q) Provision for loan loss has been duly calculated and accounted for as per Micro-credit Regulatory Authority Act. 2006 and Micro-credit Regulatory Authority Act. 2010;
- r) We have physically counted the cash in hand during course of our audit and confirmed bank balances with the bank statement on a test basis and also examined the bank reconciliation statements and found them satisfactory;
- s) We have checked the vouchers on a test basis and found that payments were made upon the approval of appropriate authority and We have examine the budgetary control system of the Organization and have not found any issue to mention in the report;
- t) We have checked the papers / document in supporting of utilized of fund and found that no existence of any unused fund.
- u) We have verified the financial statements submitted to various donor organizations, regulatory agencies and other authorities by The **CENTER FOR RURAL SERVICE SOCIETY (CRSS)** with proper justification and did not find any issue mention in the report;

- v) As per Sixth Schedule Part-A, Para 1A on Income Tax Ordinance, 1984 (ITO) income from microfinance activities are tax exempted. The **CENTER FOR RURAL SERVICE SOCIETY (CRSS)**. Deducts tax and VAT at sources as per the provisions of ITO 1984 and VAT Act. 1991;
- w) We observed that the Organization has introduced and established policies for procurement, human resource, loan and savings and complies with the above policies for microfinance operations;
- x) The Organization has a strong Internal Audit Department having 1 (One) employees and they have conducted internal audit and monitor the Organization at a regular interval;
- y) We have checked the microfinance activities funded by Own fund and such activities from own sources, adequacy of MIS system, internal control system, adequacy of classification of loan, provision policy, adequacy of collection percentage of loan and found satisfactory;
- z) We have checked cost sharing between of microcredit and other program and found in order;
- aa) We check and found that the transactions have taken place through bank for significant amounts
- bb) We observed that the audit fee has been shown under separate head in financial statements which are fixed on the basis of total loan portfolio and cost centers/branches;
- cc) We examine and found that the organization has not taken any activity, which is involved in the transaction or provided services that are contrary to "Money Laundering Prevention Act (MLAPA) 2012 and Anti-Terrorism Act (ATA) 2009" We also verify and found that no transaction has been made against the interest of different donors, beneficiaries of the organization.