

## INDEX

**Development Programme for the Poor (DP)**  
**A Micro Credit Programme of**  
**Social and Economic Enhancement Programme - SEEP**

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## Auditors Report

We have audited the accompanying Consolidated Balance Sheet of Development Programme for the Poor (DP), a Micro Programme of the Social & Economic Enhancement Programme-SEEP as at 30 June, 2011 and the related Consolidated Income and Expenditure Account and Consolidated Receipts and Payments Account for the period (01 July 2010 to 30 June 2011) then ended. The preparation of these financial statements is the responsibility of the management. Our responsibility is to express an independent opinion on these financial statements based on our audit.

### Scope:

We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

### Opinion:

In our opinion, the financial statements, prepared in accordance with Bangladesh Accounting Standards (BAS), give a true and fair view of the state of consolidated Accounts of Development Programme for the Poor (DP), a Micro Credit Programme of Social and Economic Enhancement Programme - SEEP for the period (01 July 2010 to 30 June, 2011) then ended.

We also report that

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

MD. WALIUR RAHMAN THAKUR, FCA  
PRINCIPAL  
RAHMAN THAKUR & CO.  
Chartered Accountants

**Development Programme for the Poor (DP)  
A Micro Credit Programme of  
Social and Economic Enhancement Programme-SEEP  
Notes to the Financial Statements  
For the year ended June 30, 2011**

**1. Accounting Policies:**

**1.1 Basis of Accounting**

The annexed financial statements have been prepared under historical cost convention basis. The organization maintains accounting on cash basis i.e. all income actually received are taken as income and all payments/expenditures actually paid during the year are considered as expenditures.

**1.2 Fixed Assets:**

Fixed Assets are shown at cost less accumulated depreciation.

**1.3 Depreciation:**

Depreciation has been charged on fixed assets under reducing balance method at the rates below:

Furniture-----10%  
Office Equipment-15%  
Motor Vehicle-----20%

**1.4 Reporting Period:**

These Financial Statements cover one year from July 1, 2010 to June 30, 2011.

**1.5 Report Currency and Level of Precision:**

All the figures in the Financial Statements represent Bangladeshi Taka Currency (BDT) and rounded off to the near.

**1.6 Maintenance of Books of Accounts:**

Books of Accounts were maintained on Cash basis. The organization maintained cash book for its day to day transactions and also maintained a ledger book for each individual head.

**2. THIS REPORT INCLUDES THE FOLLOWING FINANCIAL STATEMENTS AND OTHERS:**

*We enclosed the following statements:*

- i) Consolidated Balance Sheet as at 30, June 2011;
- ii) Consolidated Income and Expenditure Account for the year ended 30, June 2011;
- iii) Consolidated Receipts and Payments Account for the year ended 30, June 2011;
- iv) Cash flow statements for the year ended 30 June, 2011;
- v) Scope of Audit;
- vi) Management Report,
- vii) Explanatory notes on Accounts, and
- viii) Schedules.

**A. Scope of Audit**

- (a) The Organization received Loan from Anukul Foundation ,Dhaka and maintained proper books of accounts according to the Organisation Manual;
- (b) The fund of the micro-credit Programme (MCP) has been recorded according to different components of the MCP;
- (c) All Funds of the MCP have been recorded according to sources and loans;
- (d) The particulars of the group Savings Fund have been examined according to individual members accounts as to collection, bank deposit, interest earning and payments, refund of deposit etc.;
- (e) The organization maintained all formalities before loan disbursement;
- (f) The activities of the organization are guided by its different operational manuals;
- (g) The policies of all surpluses has been examined;
- (h) We have observed that the organization physically verified the utilization of the loan by the borrowers according to appraisal;
- (i) The organization made all transactions through bank to the extent practicable but it was not possible to make all transactions of the MCP through bank. In that case, transactions are occurred with proper authorization;
- (j) We examined that all collection of loans and savings have been depositing with banks on daily basis;
- (k) We examined savings balance and found these correct;
- (l) We examined the effective rate of loan collection and interest charged and found correct;
- (m) A cash certificate from appropriate authority and balance confirmation statements from bank with bank reconciliation statement were produced for our verification;
- (n) We examined all payments, vouchers and receivable bills and found that it is made properly;
- (o) We examined the fund balance and found that there was no idle fund ;
- (p) We examined all transactions, service providing, interest of the loans and beneficiaries and found that nothing was deviated from the " Micro-Credit Regulatory Authority Rule 2006" by the organization;
- (q) The annual report and financial statements presented to different authorities have been examined by us and found these correct;
- (r) The organization abided by all rules and regulations of the government in connection with Income Tax and Vat;
- (s) We examined the annual budget and budgetary control system of the organization;
- (t) The organization has been practicing the regulations for service, procurement, loan and savings and they strictly follow these;
- (u) The organization has been examining the accounts of micro-credit at regular interval by a internal audit department;

(v) The organization maintained accounts in accordance with 'BAS' & 'IAS'.

(w) There was no objection on audit report in the last year. So, there could be no scope to discuss on the audit objection;

B. Our report at para "A" above revealed our comments on funding, savings, MIS, System of internal control, classification of loan, provision of loan loss, rate of loan collection, quarterly report of loan balance;

C. Contract was made in between donor's and the organization regularly. Some terms and conditions imposed by the donor's;

D. We observed all the requirement of reporting as per para "B" of the TOR;

**E. MANAGEMENT REPORT**

The reports include the following management report:

**i) ACCOUNTING POLICY:**

The financial statements of the organization are made up to 30 June each year, and are prepared under the historical cost convention, in accordance with applicable Bangladesh Accounting Standards (BAS);

**ii) THE EXISTING SYSTEM OF ACCOUNTS:**

The existing system of accounts of the organisation found sufficient in all material respect.

**iii) DISTRIBUTION OF LOAN ACCORDING TO OBJECTIVES:**

We observed that the loan received from different sources distributed among the targeted beneficiaries properly.

**iv) SUMMARY OF OBSERVATION:**

- a) There was no un-utilized fund at the end of the year;
- b) All collections have been immediately banked;
- c) Loan have been disbursed by cheque and sometimes by cash with proper authorization;
- d) Provision for loan loss has been made as per MRA rules: and
- e) The system of internal check and control is satisfactory.

**v) EXAMINATION OF DOCUMENTS OF LOAN DISBURSEMENT AND COLLECTION:**

We examined all the documents in connection with loan disbursement and collection on test check basis round all right;

**vi) SUMMARY OF LOAN:**

We have visited the borrower (beneficiaries) of SEEP on a sample basis and found that receiving loan from SEEP, the beneficiaries have invested the loan properly in profitable projects and they have benefited in business, improved their life styles, and have become able to continue their children's education;

**vii) UTILIZATION OF BALANCE:**

We separately reported about the balance of the fund;

**viii) SYSTEM OF INTERNAL CHECK AND CONTROL:**

There is scope for improvement of system of internal check and control which have been summarized at para (iv) above;

**ix) EXAMINATION OF 3 YEARS REPORT:**

We have examined the last 3 years accounts and audit report of the organization and found alright.

**x) OBSERVATION ON GROUP MEMBERS:**

We observed that the number of members in each group did not exceed 25 members.

**xi) Others**

a) The 11 units of Development Programme for the Poor (DP), a Microcredit Programme of SEEP have audited by us.

b) Figure relating to the previous year included in this report rearranged, where consider was necessary to conform with current years presentation.

**xii) GENERAL:**

We would like to thanks the Management and Staff of Social and Economic Enhancement Programme (SEEP) Micro Credit for their co-operation for carrying out the audit of the Organization.