

Private & Confidential

Auditors' Report and Financial Statements

of

BASTOB-Initiative for People's Self Development

6/2, Humayun Road (5th Floor), Block-B, Mohammadpur, Dhaka-1207.

Consolidated

For the year ended 30th June, 2019.

MASUD ALTAF & CO.

Chartered Accountants

16/3, Babor Road (G. Floor), Block-B
Shyamoli, Mohammadpur, Dhaka-1207.

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BASTOB-Initiative for People's Self-Development
Consolidated Accounts Program
Duration : July, 2018 - June, 2019.

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Independent Auditors' Report
To the Members of General Body of
BASTOB - Initiative for People's Self-Development

We have audited the accompanying financial statement of **BASTOB Initiative for People's Self-Development**, which is comprised of the Statement of Financial Position as at 30th June, 2019 and the Statement of Comprehensive Income, Changes in Equity, Cash Flows for the year ended 30th June, 2019 and a summary of significant accounting policies and other explanatory notes.

Management Responsibility for the Financial Statement

BASTOB - Initiative for People's Self-Development Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement.

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), those standards require that we plan and perform the audit to obtain reasonable assurance 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 and whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in circumstances.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **BASTOB Initiative for People's Self-Development** as at 30th June, 2019 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and 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 purpose of our audit and made due verification thereof;
- In our opinion, proper books of accounts as required by law and MRA Act and Rule have been kept by the organization 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, Receipts and Payments, Cash Flows, Changes in Equity dealt with by the report are in agreement with the books of accounts.

Dated, Dhaka.
12th September, 2019.




(MASUD ALTAF & CO.)
Chartered Accountants

BASTOB-Initiative for People's Self-Development

6/2, Humayun Road (5th Floor), Block-B, Mohammadpur, Dhaka-1207.

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Consolidated Statement of Financial Position as on 30th June, 2019.

Annexure-A1/2

Sl.#	Particulars	Notes/Sch.	Amount (Tk.)	
			30.06.2019	30.06.2018
Property & Assets :				
A. Non- Current Assets :				
	Property, Plant and Equipment	6.00	34,124,991	30,140,389
	Investment	7.00	78,247,757	215,113,876
	Total Non-Current Assets		112,372,748	245,254,265
B. Current Assets :				
Loan to Members:				
	General Microcredit Sector	8.01	165,936,659	124,358,638
	Micro Enterprise Sector	8.02	386,120,266	341,770,376
	Agriculture Sector	8.03	669,632,759	621,125,068
	Other Sector	8.04	18,389,195	14,240,373
	Total Loan to Clients		1,240,078,879	1,101,494,455
	Accounts Receivable-Advance	9.00	18,605,651	33,967,891
	Bank Security	10.00	206,321,570	-
	Project Unspent Fund	11.00	7,026,780	11,183,950
	Cash in Hand	12.00	4,172,248	10,237,036
	Cash at Bank	13.00	34,712,288	48,653,701
	Total Current Assets:		270,838,537	104,042,578
	Total Property & Assets : (A+B)		1,623,290,164	1,450,791,298
Capital Fund & Liabilities :				
C. Capital Fund :				
	Cumulative Surplus	14.00	160,638,513	121,170,139
	Reserve Fund	15.00	17,848,724	13,463,349
	Total Capital Fund		178,487,237	134,633,488
D. Non- Current Liabilities :				
	Accounts Payable	16.00	802,240,811	821,631,354
	Staff Security Fund	17.00	21,369	21,369
	Total Non- Current Liabilities		802,262,180	821,652,723
E. Current Liabilities:				
	Members Savings Deposit	18.00	580,018,744	446,303,666
	Loan Loss Reserve Fund	19.00	27,169,750	24,935,070
	Loan risk Fund (Members' Welfare)	20.00	29,872,636	19,708,219
	Less Accumulated Depreciation	21.00	5,479,617	3,558,132
	Total Current Liabilities		642,540,747	494,505,087
	Total Capital Fund & Liabilities : (C+D+E)		1,623,290,164	1,450,791,298

Prof. Dr. Md. Golam Samdani Fakir
Chairperson

Ruhi Das
Executive Director

Md. Jamal Hossain
Director Admin.

Signed in terms of our report of even date annexed.

Dated, Dhaka.
12th September, 2019.



(MASUD ALTAF & CO.)
Chartered Accountants

BASTOB-Initiative for People's Self-Development

6/2, Humayun Road (5th Floor), Block-B, Mohammadpur, Dhaka-1207.

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Consolidated Accounts

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30th June, 2019.

Annexure-A1/3

SI.#	Particulars	Notes/Sch.	Amount (Tk.)	
			2018-2019	2017-2018
A.	Income:			
	Service Charges on Loan		266,559,695	221,713,006
	Bank Interest		1,253,197	752,469
	Bank Interest on FDR		3,235,612	9,149,365
	Membership Fees/ Admission Fee		203,575	159,130
	Sale of pass books and loan forms		471,630	368,540
	Miscellaneous Income/ Local Income		68,352	18,246
	Recovery from Write off Loan		1,486,751	866,585
	Contributions from MFP		2,274,496	-
	Donation Received:			
	Foreign Part		7,988,546	16,763,665
	Country Part		18,824,932	17,659,886
	Total Income		302,366,786	267,450,892
B.	Expenditure :			
	Microfinance Program		211,940,569	177,169,106
	Goethe-Tagore Academy (GTA) Project		1,056,076	898,764
	BRAC Education Support Program		1,512,839	1,536,511
	Anukul Foundation Suchala Project		137,554	259,360
	Anukul Foundation Health Project		313,651	307,738
	BASTOB Education Dev. For poor Children of BD		273,541	212,575
	Making Migration safe & Respectful both for the P. & R		2,002,912	56,809
	ENRICH Program		4,504,558	5,173,103
	Sports & Culture Program		1,760,909	1,180,731
	Senior Citizen Joypara		1,390,965	1,065,946
	Senior Citizen Shilkhali		1,052,836	-
	Emergency Program for Rohingya, Cox's Bazar (CSI)		50,259	2,287,155
	Emergency Program for Rohingya, Cox's Bazar (Help)		417,225	13,011,212
	VGD Program		459,350	754,724
	Emergency Program for Rohingya, Cox's Bazar (BRAC)		1,654,530	-
	Girl Ambassadors for Peace, Ramu CB		4,420,996	-
	Emergency Program for Rohingya, Cox's Bazar (CSI)		2,266,948	-
	BASTOB General A/C		1,685,644	722,658
	LLP Expenditure		15,533,020	14,991,002
	Depreciation		1,921,485	1,566,096
	Total Expenditure		254,355,867	221,193,490
	Surplus from Microfinance Program		43,853,749	39,301,137
	Project Unspent/Overspent Fund		4,157,170	6,956,265
	Total		302,366,786	267,450,892

Prof. Dr. Md. Golam Samdani Fakir
Chairperson

Ruhi Das
Executive Director

Md. Jamal Hossain
Director Admin.

Signed in terms of our report of even date annexed.

Dated, Dhaka.
12th September, 2019.



(MASUD ALTAF & CO.)
Chartered Accountants

BASTOB-Initiative for People's Self-Development

6/2, Humayun Road (5th Floor), Block-B, Mohammadpur, Dhaka-1207.

Consolidated Accounts

Statement of Receipts and Payments for the year ended 30th June, 2019.

Annexure-AI/4

Particulars	Amount (Tk.)	
	2018-2019	2017-2018
Receipts :		
Opening Balance:		
Cash in Hand	10,237,036	1,342,856
Cash at Bank	48,653,701	17,742,272
Service Charges on Loan	266,559,695	221,713,006
Bank Interest	1,253,197	752,469
Bank Interest on FDR	3,235,612	9,149,365
Membership Fees/ Admission Fee	203,575	159,130
Sale of pass books and loan forms	471,630	368,540
Miscellaneous Income/ Local Income	68,352	18,246
Recovery from Write off Loan	1,486,751	866,585
Loan Received from PKSf	214,000,000	196,000,000
Loan Received from Anukul Found.	19,000,000	26,601,035
Bank Loan Received	477,388,099	630,933,737
Other Loan Received	10,431,615	5,256,183
Project Loan Realized	7,346,335	20,551,176
Advance/Loan Realization	67,678,490	147,863,099
Members Savings Collection:	482,903,398	412,024,803
Loan risk Fund Received (Insurance)	20,502,052	15,457,418
Contributions from MFP	2,274,496	-
Loan Realization Principal	1,739,792,576	1,330,962,484
Investment Encashment	194,395,736	39,339,852
Donation Received	-	-
Foreign Donation	7,988,546	16,763,665
Local Donation	18,824,932	17,659,886
Total Receipts	3,594,695,824	3,111,525,807

Payments :

Microfinance Program	3,515,170,263	2,992,096,193
Goethe-Tagore Academy (GTA) Project	1,856,628	1,850,409
BRAC Education Support Program	1,512,839	1,536,511
Anukul Foundation Suchala Project	436,096	259,360
Anukul Foundation Health Project	313,651	648,863
BASTOB Education Dev. For poor Children of BD	277,233	212,575
Making Migration safe & Respectful both for the P. & R	2,071,802	5,209
ENRICH Program	5,269,558	6,946,457
Sports & Culture Program	2,771,717	1,180,731
Senior Citizen Joypara	1,876,037	1,065,946
Senior Citizen Shilkhali	1,057,836	-

Contd. P/2



Emergency Program for Rohingya, Cox's Bazar (CSI)	50,259	2,304,385
Emergency Program for Rohingya, Cox's Bazar (Help)	417,225	13,359,035
VG D Program	1,022,294	754,724
Emergency Program for Rohingya, Cox's Bazar (BRAC)	1,654,530	-
Girl Ambassadors for Peace, Ramu CB	4,420,996	-
Emergency Program for Rohingya, Cox's Bazar (CSI)	2,266,948	-
BASTOB General A/C	13,365,376	30,414,672
Total Payments	3,555,811,288	3,052,635,070

Closing Balance :

Cash in Hand	4,172,248	10,237,036
Cash at Bank	34,712,288	48,653,701
Total	3,594,695,824	3,111,525,807

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Consolidated Accounts

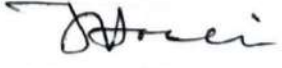
Statement of Cash Flows for the year ended 30th June, 2019.

Annexure-A1/5

Sl.#	Particulars	Amount (Tk.)	
		2018-2019	2017-2018
A. Cash Flow From Operating Activities:			
	Surplus for the period	43,853,749	39,301,137
	Prior year adjustment	-	-
	Add: Amount considered as non cash items:		
	Loan loss provision	2,234,680	12,991,829
	Depreciation for the year	1,921,485	1,482,576
	Sub-Total of non cash items	4,156,165	14,474,405
	Loan Outstanding to Members	138,584,424	231,773,516
	Increase/decrease in staff loan		
	Increase/decrease in interest receivables	-	-
	Increase/decrease in loan to Project unspent	-	-
	Increase/decrease in advance deposit & prepayment	(15,362,240)	15,152,192
	Other Investment	-	-
	Increase/decrease in Provision for Expenses	-	-
	Sub-Total of non Cash items	123,222,184	246,925,708
	Net Cash used in Operating Activities	(75,212,270)	(193,150,166)
B. Cash Flows from Investing Activities:			
	Acquisition of Property, Plant and equipment	3,984,602	4,484,425
	Investments	(136,866,119)	105,917,638
	Bank Security	206,321,570	
	Net Cash used in Investing Activities	73,440,053	110,402,063
C. Cash flows from Financing Activities:			
	Loan received from PKSF, Bank, Anukul & Others	(19,390,543)	186,179,234
	Members Savings Deposits	133,715,078	148,994,351
	Loan Risk Fund	10,164,417	1,316,488
	Staff Security Fund	-	(5,000)
	Staff Family Security Fund (SFSF)	-	-
	Provision for Expenses	-	-
	Project unspent Fund	4,157,170	6,872,765
	Revaluation Reserve Fund		
	Net Cash used in Financing Activities	128,646,122	343,357,838
D. Net Increase/decrease (A-B+C)			
		(20,006,201)	39,805,609
	Add. Cash and Bank Balance at the beginning of the year	58,890,737	19,085,128
	Cash and Bank Balance end of the year	38,884,536	58,890,737


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BASTOB-Initiative for People's Self-Development

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Consolidated Accounts

Statement of Changes in Equity for the year ended 30th June, 2019.

Particulars	Amount (Tk.)				
	Surplus	Reserve Fund	LLP	DMF	Total
Balance as on 30.06.2018	121,170,139	13,463,349	-	-	134,633,488
Add: Surplus during the year	43,853,749	-	-	-	43,853,749
Add: Proir Year Adjustment	-	-	-	-	-
Add: Interest of DMF	-	-	-	-	-
Add: Transfer from Surplus	-	-	-	-	-
Add: Provision during the year	-	-	-	-	-
Sub-Total	165,023,888	13,463,349	-	-	178,487,237
Less: Transfer to Reserve Fund	4,385,375	4,385,375	-	-	-
Balance as on 30.06.2019	160,638,513	17,848,724	-	-	178,487,237
Balance as on 30.06.2017	85,799,116	9,533,235	-	-	95,332,351
Add: Surplus during the year	39,301,137	-	-	-	39,301,137
Add: Proir Year Adjustment	-	-	-	-	-
Add: Interest of DMF	-	-	-	-	-
Add: Transfer from Surplus	-	-	-	-	-
Add: Provision during the year	-	-	-	-	-
Sub-Total	125,100,253	9,533,235	-	-	134,633,488
Less: Transfer to Reserve Fund	3,930,114	3,930,114	-	-	-
Balance as on 30.06.2018	121,170,139	13,463,349	-	-	134,633,488

As per Micro Credit Regulatory Authority (MRA) letter No. Memo. MRA/Circular Letter No. Regu-17, dated 08/5/2013; equity fund will be the cummulative Surplus, Restricted Reserve Fund and 1% Reserve Fund against standard loan. For this reason equity Fund rectified this year.

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Dated, Dhaka.
12th September, 2019.



(MASUD ALTAF & CO.)
Chartered Accountants

BASTOB - Initiative for People's Self-Development

General Notes for the year ended 30th June, 2019.

1.0 Background

BASTOB - Initiative for People's Self-Development was founded by a group of social workers experienced in socio-economic development activities. **BASTOB** is a Bangla word, which means "Practical or Reality" and taking the explicit connotations for the word, we introduce **BASTOB** as an Initiative for People's Self-Development and that has been proved through its activities since the foundation of the organization on July 04, 1997.

BASTOB is maintaining 16 books of accounts for its programme/projects and organizational financial management. These 16 books of accounts named Microfinance Programme (MFP), Goethe-Tagore Academy (GTA), Skill Development Training for the Climate Change Victim, BRAC Education Support Programme (ESP), Su-Chala Project, Primary Health Care Support Programme, **BASTOB**-Ashar Alo Education Development for Poor Children of Bangladesh, Making Migration Safe and Respectful both for the Potential and Returnee Migrants in Bangladesh, Enhancing Resources and Increasing Capacities of Poor Households Towards Elimination of their Poverty (ENRICH), Vulnerable Group Development (VGD), Uplifting the Quality of the Lives of the Elderly People Programme, Cultural and Sport Programme, Humanitarian Response to the Rohingya, Staff Provident Fund, Staff Family Security Fund, Staff Gratuity Fund, Organizational Sustainability Fund and **BASTOB** General Account.

BASTOB is a national NGO in Bangladesh. Its working Districts are Dhaka, Manikganj, Munshiganj, Cox's Bazar, Bandorban, Chattogram, Narshingdi, Gazipur and Narayanganj.

BASTOB has a 21 (twenty one) General Body and a seven-member Governing Board. The Governing Board is elected for a period of three years by the General Council of **BASTOB**. The day to day management is run by a competent management team.

The organization is Registered under the Societies Registration Act 1860 and the Foreign Donation (Voluntary Activities) Regulation Ordinance (FDR), 1978 (Ordinance No. XLVI of 1978) as a Microfinance Institute, it has license from the Microcredit Regulatory Authority (MRA) under MRA Act 2006.

B. The Vision

BASTOB envisions a Society in which the Poor and disadvantaged People are developed and self-reliant.

C. The Mission Statement

BASTOB is a non-profitable, voluntary development organization working in the areas of institution building, income and employment generation, health, human resource development, education and promotion of culture for the dis-advantaged segment of the society for women, youth and children.

BASTOB's goal is to establish a people's initiative development process and to ensure social-economic development of its people.

BASTOB is committed to follow people's participation, institution building, human right, gender equity, environment friendliness, poverty alleviation and sustainability in achieving its goals.

BASTOB following a path of organizational sustainability in consistent with people's self-reliance.

Considering development as a complex process, **BASTOB** encourages partnership and networking with Government and other like-minded organizations.



BASTOB has experienced, energetic, dynamic workers and members committed to achieve its goals. It believes capacity and creativity and also in participatory management and committed to ensure participation in every level.

D. LEGAL STATUS

On May 06 1998, **BASTOB** is registered with the NGO Affairs Bureau, Prime Minister's Office under the Foreign Donation (Voluntary Activities) Regulation Ordinance (FDR), 1978 (Ordinance No. XLVI of 1978) as a Non-Government organization. The Foreign Donation Registration Number is 1263/98. Later on it is also registered on 22nd May 2003, with the Joint Stock Companies under Societies Registration Act 1860. The registration number is S-3161(126)2003. Microcredit Regulatory Authority (MRA) License No. 01029-00170-00346, dated 29 October, 2008.

2.0 Corporate Information of the MFI

Sl.	Particulars	Remarks
01	Name of the MFI	BASTOB - Initiative for People's Self-Development
02	Year of establishment	1997
03	Nature of operations (programs)	Microfinance, Health, Education, Safe Labour Migration etc.
04	Statutory Audit conducted up to	Year ended 30th June, 2019
05	Name of Statutory auditor for last year	MASUD ALTAF & CO.
06	Name of Statutory auditor for current year	MASUD ALTAF & CO.
07	No. of E.C. Committee Meeting held FY2018-19	7 (Seven)
08	Date of Last AGM held	20 th May, 2019

List of Executive Committee Members

Sl.	Name	Qualification	Profession	Present Address
1	Prof. Dr. Md. Golam Samdani Fakir	PhD in Economics	Vice-Chancellor, Green University of Bangladesh and Chairperson of BASTOB	Green University of Bangladesh, Shewrapara Main Road, Dhaka-1216.
2	Ms. Sharmin Neelormi	Master's in Economics	Associate Professor, Dept. of Economic, Jahangir Nagar University and Vice-Chairperson of BASTOB	House-22/18, Flat No. 102, Khilji Road, Mohammadpur, Dhaka.
3	Mr. Faruque Ahmed	MSS	Businessman and Treasurer of BASTOB	16/15, Babor Road, Mohammadpur, Dhaka
4	Bani Amin Md. Shabuktagn Bhuiyan	MSS	Private Service (Media Com) and Member of BASTOB	Rupayan Centre (10 th Fl.) 72 Mohakhali C/A Dhaka.
5	Md. Aaur Rahman Miton	MSS	Private Service (Country Director, Hunger Free World and Member of BASTOB	2/8, Block-F, Lalmatia Dhaka.
6	Ms. Masuma Samad	MSS	Private Service (Executive Director, VASD and Member of BASTOB	77/3, Block-A Talbag, Savar, Dhaka. Dhaka
7	Mr. Ronjit Ch. Halder	MSS	NGO professional and Member of BASTOB	House-13 (3 rd Fl.) Rd. 1, Sanbadik Abasik Colony, Mirpur-11, Dhaka.

3.0 Basis of Accounting

The financial statements have been prepared under historical cost convention on accrual basis except service charges which are computed by following cash basis of accounting.

4.0 Summary of significant accounting policies and basis of presentation of financial statements

BASTOB - Initiative for People's Self-Development is a Non-Governmental organization as per definition provided in the Statement of Recommended Practice for Not-for-Profit organizations.

BASTOB prepares its financial statements on a going concern basis, under the historical cost convention in conformance with general accepted accounting principles. Wherever appropriate, such principles are explained in the succeeding notes.

BASTOB generally follows the accrual basis of accounting or a modified from except for Service Charge on "Loan to Client's" which is accounted on a cash basis thereof for key income and expenditure items. The financial statements have been prepared in accordance with comprehensive guidelines and policies as disclosed in the forthcoming paragraphs.

The significant accounting policies followed in the preparation and presentation of these financial statements are summarized below.

4.1 Basis of presentation of financial statements

BASTOB maintains its books of accounts and records on a programme or project-wise basis. The Head Office maintains records of all treasury, investment and management functions. All cash balances, including those held for programmers are held by the Head Office and transferred to programmes as required. Balance between projects are eliminated upon combination for the purposes of presentation of the financial statements but it present separately.

4.2 Use of Estimates and Judgments

In the preparation of the financial statements management required to make judgments, estimates and Assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

4.3 Currencies

All transactions have been carried out in Bangladeshi Taka currency.

4.4 Revenue Recognition

The Revenue is recognized as prescribed by IAS/BAS-18 "Revenue" except service charges on loan which is recognized of cash basis.



4.5 (i) Interest Income

Service charge on loan: The Organization is collecting service charges from beneficiaries end users at a declining rate of 25% on the loan provided to them. The principal loan and proportional service charges are collected in 46 equal weekly installments.

Service charges are accounted for on cash basis. The amount of service charges actually collected from the beneficiaries is recognized as income. The service charges due but not collected are 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

(ii) Interest paid on savings:

6% interest has been paid to the members on accrual basis at the end of the year on their savings and accounted for accordingly.

4.6 Property, Plant and Equipment and depreciation

An asset which meets the following criteria is recognized as Fixed Assets i.e. Furniture and fixture, Electrical Equipment, Vehicle, Land and Building.

- i. Its expected useful life is more than 3 years;
- ii. Its cost exceeds Tk. 2,000;
- iii. It is tangible; and
- iv. Economic benefit is generated from it.

Fixed Assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided for on a straight-line basis from the date of purchase to the date of disposal. No Depreciation is charged for any asset of which useful life is expired. The applicable depreciation rates are as follows:

Items	Annual depreciation Rate (%)
Furniture & Fixtures	15%
Electrical Equipment	20%
Software	20%
Building	2%
Vehicles	11%

No depreciation is charged on land and construction work-in-progress.
Repair and maintenance costs are expensed in the period of occurrence.

The cost of replacing part of the item of Fixed Assets or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will follow to the organization and its cost can be reliably measured. The cost of the day to day servicing of Fixed Assets and Electrical equipment are recognized in the statement of income and expenditure as incurred.

Cost and valuation

All fixed assets are stated at cost less accumulated depreciation as per BAS-16 " Property, Plant and Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.



Restoration costs

BASTOB recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is possible that the future economic benefits embodied with the item will flow to the company and the cost of the item can be measured reliably. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance, is normally changed off as revenue expenditure in the period in which it is incurred.

Donated Assets

Where property, Plant & equipment is purchased as a part of a project through restricted funds, until the conclusion of the project or if on conclusion of the project, the asset is not handed over to the beneficiary or returned to the original donor, the cost of the asset is included in a memorandum inventory of property, plant and equipment identified as such in the financial statements. Depreciation is not provided on such assets.

Comparative information

Comparative information is disclosed in respect of every year including all the numerical information in the financial statements, and also descriptive information is given when it is relevant to an understanding of the current year's financial statements.

Taxation

Under the Income Tax Ordinance (ITO), 1984 as amended, **BASTOB** is subject to taxation for his present activities/projects. As per 6th Schedule, Part-A Para 1A, of ITO 1984, Income from Micro credit activities are Tax exempted. **BASTOB** submits its return for tax for the organization as a whole Organization and TIN is 3401-0879-4091, under Deputy Commissioner of Taxes, Company circle-90, Tax Zone-05, Dhaka. For the Assessment Year 2018-2019 **BASTOB** has deposited the Tk. 2,430,280/- to the Government treasury as at source.

Borrowing Cost

Borrowing Costs are interest and other costs that **BASTOB** incurs in connection with the borrowing of Funds. Borrowing costs are recognized as an expense in the period in which they are incurred, unless they are incurred in respect of a qualifying asset in which case it is capitalized as a part of the cost of that asset. The amount of borrowing cost eligible for capitalization shall be determined in accordance with the BAS-23 "Borrowing Cost.

Segment Information

BASTOB's internal management and reporting formats are structured and based on activities and services that are similar in nature and where the risk and obligations are similar. The primary segments represent this structure. The activities of each of the reported activity based segments are reported on Notes.

Loan to Beneficiaries

BASTOB activities include providing microfinance loans to beneficiaries without collateral, on a service charge basis under various programs. Loans exclusive of service charge are not stated net of provision for loan losses.

Category of business or Income Sources **BASTOB** has categorized its loan activities as Small Business Sector, Services Sector, Processing Sector and Agriculture Sector. All sectors there is included **Jagoran - Rural Micro Credit (RMC)**, **Agrasor -Micro Enterprise (ME)**, **Buniad -Ultra Poor** and **Sufolon - Seasonal loan/Agriculture Loan**.



Rural Micro Credit (RMC) Loan (Jagoran)

This loan is to allow Rural People to finance their economic activities. RMC Loans are working capital loans given to poor and disadvantaged households. RMC Loan range up-to Tk. 99,000 is given for one year and service charge 25% (Decline) per year.

Micro Enterprise (ME) Loan (Agrasor)

Micro enterprise loans are assessed on the basis of household cash flow, business projections and the Reputation of the borrower. The micro-enterprise loan borrowers are expected to generate equity and wage labour employment. Micro-enterprise loans range up-to Tk.1,000,000 is given for one and more years and service charge 25% (Decline) per year.

Seasonal Loan/ Agricultural Loan (Sufolon)

This loan is exclusively for agricultural and livestock activities and is designed to increase the farm activities. The Seasonal Loan also enhances "Social Food Security Net" of the households. Seasonal loan range up-to Tk.30,000 are given for six months and service charge 24% (decline) per year or 2% (Decline) per month.

Ultra Poor Program (UPP) Loan (Buniad)

This loan is provided to those section of people who are living at the extreme corner of poverty line in order to bring them in a position where they can fulfill their basic fundamental needs and update their civil status. UPP Loan ranges up-to Tk. 30,000 are given for one year and service charge 20% (decline) per year.

Members' Micro Credit Insurance (Risk Fund)

The objective of clients micro credit insurance (**Risk Fund**) is to provide 10-20 thousand Taka for better treatment as financial assistance to those borrowings' family who will be supported serious diseases like cancer, heart attack, HIV/AIDS, Liver and Kidneydisease during her/his tenure of loan. The Organization waives the outstanding loan amount of members. If any member or their spouses expire, **BASTOB** provides Tk.2000/- for funeral. And only the borrowers (first and second) will have the eligibility to be the members of this fund. The money deposited in this fund is not refundable.

Employee benefit schemes

Provident Fund

BASTOB, operates a contributory provident fund benefits from which are given to its employees in Accordance with its policies. National Board of Revenue (NBR) approved and recognized this fund for the purpose of taxation. The fund is operated by a board of trustees consisting of seven members selected from the employees of the Organization. All permanent employees of the organization are contributing monthly to the fund by an amount equal to 15% of their basic salaries. The organization also contributes 15% of employees' basic salary to the fund in each month. Interest earned from the investment is credited to the employees' accounts on a yearly basis and this fund is audited every year by a Chartered Accountants Firm.



Gratuity Fund

BASTOB operates a gratuity scheme for its permanent employees and maintains a separate account for this. The policies are as bellow:

Service Tenure	Resignation/ /Termination	Retirement	Redundancy	Dismissal
Less than 3 years	avail no benefit	avail no benefit	avail no benefit	avail no benefit
3 years to less than 8 years	avail one month basic salary last drawn for each completed year of service	avail one month basic salary last drawn for each completed year of service	avail last drawn basic salary for each completed year of service	avail no benefit
8 years to less than 12 years	avail 1.5 times of last drawn basic salary for each completed year of service	avail 1.5 times of last drawn basic salary for each completed year of service	avail 1.5 times of last drawn basic salary for each completed year of service	avail no benefit
12 years to less than 16 years	avail 2.0 times of last drawn basic salary for each completed year of service	avail 2.0 times of last drawn basic salary for each completed year of service	avail 2.0 times of last drawn basic salary for each completed year of service	avail no benefit
16 years to less than 20 years	avail 2.5 times of last drawn basic salary for each completed year of service	avail 2.5 times of last drawn basic salary for each completed year of service	avail 2.5 times of last drawn basic salary for each completed year of service	avail no benefit
20 years to above	avail 3.0 times of last drawn basic salary for each completed year of service	avail 3.0 times of last drawn basic salary for each completed year of service	avail 3.0 times of last drawn basic salary for each completed year of service	avail no benefit

Staff Welfare Fund (SWF)

BASTOB introduced Staff Welfare Fund for its staffs with a view to stand by them at the time of distress. A separate committee looks after the SWF. The amount of contribution is taken off from Different sources. A staff member will be allowed grant after one year of his/her joining. However, the trustee board may allow grant to a staff member if his/her service period is 6 months old but less than a year. A Staff will be eligible to apply for financial benefit from the fund on the following counts:

- In case of serious diseases like cancer, disease requiring complicated operation etc.
- Medical Treatment due to accident
- Cremation of dead body of an employee
- Stipend to meritorious children of an employee.

Staff Insurance Fund

BASTOB introduced Staff Insurance Fund for its staffs with a view to stand by them at the time of distress. A separate committee looks after the SIF. All permanent employees of the organization are contributing monthly to the fund by an amount equal to 1% of their basic salaries. The organization also contributes 1% of employees' basic salary to the fund each month. Staff members will be allowed to get facilities after confirmation of his joining. A Staff will be eligible to get financial benefit from the fund on Loss of life & physical handicaps due to accident. Staffs are eligible to receive their part of contribution if he/she leaves the organization.



Free Accommodation Facility

BASTOB provides free accommodation facility in rural level for all Bachelor staffs.

Performance Bonus:

BASTOB- Introduced performance bonus for field level staff. First time only CO (Credit Officer) are Entitled for performance bonus. In three categories A, B and C. To achieve this bonus CO must be have outstanding Tk. 80 lac, OTR will be 99.5% and get per month Tk. 2,000/- for A categories, outstanding Tk. 50-59 lac and OTR 99.50% for B categories and get per month Tk. 1,500/-, outstanding. Tk. 40-49 lac and OTR 99.5% for C categories and get per month Tk. 1,000/-. This allowance will continue until he/she performs as per this indicator. When he/she will not be achieve this indicator s/he will not entitled for allowance.

Leave Salary

BASTOB pay to staff leave salary against their earn leave balance. Every regular staff gets 12 days leave in every year. If a staff does not enjoy leave, the balance be carried forward in the next year. When a staff leaves the organization he/she gets leave salary against leave balance.

Food Allowance Facility

BASTOB introduced food allowance facilities for the regular staff members. In Head office levels every staff can be taken Tk. 1,000.00 per Month.

Staff loan

Staff loan can be provided to Staff by the management of **BASTOB**. The confirmed regular staffs are eligible to avail this loan. The amount of loan, duration of loan, number of installments, rate of interest etc. all to be decided by the management. If a staff is eligible to become the member of PF but does not get the membership, he/she will not be allowed to apply for loan. A staff is allowed to avail that much amount which is bigger between two months' salary and his/her PF deposit. The staff will lose the eligibility to avail loan second time if he/she violates any conditions in his/her first loan. The staff is not allowed to give loan in such a size the installment of which is more than 20% of monthly salary.

Inflation Adjustment Facilities

BASTOB introduced Inflation adjustment allowance facilities for the regular staff members. The central Bank (**Bangladesh Bank**) of Bangladesh has declared monthly inflation growth. **BASTOB** management has collected data from BB and makes yearly average rate of inflation and pay to the staffs.

Motor cycle and bi-cycle loan

To expedite the field work and project implementation of **BASTOB** staff, an arrangement of motorcycle Loan is there in **BASTOB**. The concerned staff has to have a valid license holder if he/she wants to avail this loan. The field level staffs are entitled to avail bi-cycle loan. There is a separate policy of Motor-cycle & bi-cycle loan. **BASTOB** has followed the rule accordingly.

Festival Bonus

BASTOB introduced yearly three festival bonuses for their staff members. One is monthly gross salary, secondly monthly Basic salary and thirdly 25% of monthly basic salary. Provisional staff are also entitled to get festival Bonus as per their service period.



Significant Organizational Policies

Loan loss provision: Loan Classification, loan loss provisioning and write off policy:

BASTOB generally provides for loan losses based on loan outstanding classification. Management makes provisions for loan losses every six months in order to maintain the loan loss reserve for bad loans at adequate level and calculates the required provision for loan based on the classification and provisioning methodology which is shown below; if required, are made and accounted for in the financial statements for the year.

Loan classification	Days in arrears	Provision required
Standard (Regular)	Loans with no overdue Installments	1%
Watchful	Loan default duration between 1 and 30 days	5%
Sub-Standard	Loan default duration between 31 and 180 days	25%
Doubtful	Loan default duration between 181 and 365 days	75%
Bad Loan	Loan default duration above 365 days.	100%

Loans written off:

The write off of loans, if necessary, are charged against the provision for loan losses. Loans within their maturity period are classified as "Current Loan". Loans which remain outstanding over of their maturity Period are considered as "**Bad Loans**". The total amount of Bad Loans, which are considered bad and have no possibility of recovery, is referred to the Governing Board of **BASTOB** for approval of write off. Any collections realized from loans previously written off are credited to the Income Statement.

Policy on Loan to beneficiaries

The Organization stresses on supporting economic activities to generate employment and income to reduce income in equally among the dis-advantaged and poor, small Businessmen, small entrepreneurs, farmers etc. The products have been developed in response to standard guideline i.e. Jagoran - Rural Microcredit loan (**RMC**) loan amount up-to Tk. 99,000.00, Agrosor - Micro enterprise loan (**ME**) amount up-to Tk. 1,000,000/-, Buniad - Ultra poor upto Tk. 30,000.00 etc. Interest rate of loan is different depending on loan products. The organization charges the highest interest rate is 25%.

Policy on savings collection

BASTOB has maintained three types of savings 1. General Savings (Mandatory), 2. Voluntary Savings and 3. Term Deposit. Those who are member of the Samity he/she must deposit Minimum amount of Tk. - 50.00 per week. The members can withdraw their savings at any time. The organization gives 6% interest to the members as per rule of MRA. 2. Voluntary Savings: Those who are the member of the Samity they can deposit as voluntary savings amount of BDT- 50.00 and above per month. The members can withdraw their savings at any time. But those who are loanee cannot withdraw their savings. The organization gives 6-15% interest to the members depending on savings and product and their duration.

Grant/Donation Accounting

Grants are recognized in the financial statements at their fair value, shall not be recognized until there is reasonable assurance that: (a) will comply with the conditions attaching to them; and (b) will be received. When the grant relates to an expenses it is recognized as income over the period necessary to match it with the costs, which it is intended to compensate for on a systematic basis. Grants related to assets are generally deferred in the Statement of Financial Position and credited to the statement of comprehensive income over the useful life of the asset. In the case of grants received to fund an entire project or activity, which includes the purchase of an asset, and the cost of such asset in charged with the project costs to the statement of comprehensive income, the grant value is recognized as income in the same period as the cost of the asset is charged to the Statement of Comprehensive Income. On conclusion of the project, in the event that the asset is not handed over to the beneficiary or returned to the original donor, the cost of the asset is included in a memorandum inventory of Property, plant and equipment identified as such in the financial statement.



Prevention of Money Laundering and Terrorist Financing for the NGO

Compliance with the Guidelines on prevention of money laundering and terrorist financing for NGO/NPO sector (Prevention of Money Laundering Act. 2012, 2 (ba) (a) (1) and (2) BASTOB fully complies the guidelines of Money Laundering and Terrorist Financing. For all the transactions, BASTOB transacts through bank transfer and Account Payee cheque. Apart from banking channel BASTOB does not use any other channel to transact money.

As per MRA circular No. 27, dated-15 June-2011, and circular no. 09, dated 13 July, 2011 BASTOB has followed all the rules and regulations regarding Prevention of Money Laundering and Terrorist Financing Act 2009 and 2012.



BASTOB-Initiative for People's Self-Development

6/2, Humayun Road (5th Floor), Block-B, Mohammadpur, Dhaka-1207.

Consolidated Account

Notes to the Financial Statement for the year ended 30th June, 2019.

SI.#	Particulars	Amount (Tk.)	
		2018-2019	2017-2018
6.00	<u>Property, Plant and Equipment</u> : Tk. 34,124,991.00		
	Opening Balance	30,140,389	25,655,964
	Add: Purchase during the year	3,984,602	4,484,425
	Closing Balance	<u>34,124,991</u>	<u>30,140,389</u>
7.00	<u>Investment on FDR</u> : Tk. 78,247,757.00		
	Opening Balance	215,113,876	125,583,899
	Add. New FDR this year	90,280,507	165,249,433
	Add- Accrued Interest	-	-
	Less Transfer to Bank Security	32,750,890	
	Less. Encashment	194,395,736	75,719,456
	Closing Balance	<u>78,247,757</u>	<u>215,113,876</u>
8.00	<u>Bank Secuiry</u> : Tk. 206,321,570.00		
	Blance from Investment, FDR	32,750,890	-
	Add. New FDR this year	173,570,680	-
	Add- Accrued Interest	-	-
	Less. Encashment	-	-
	Closing Balance	<u>206,321,570</u>	<u>-</u>
8.00	<u>Loan to Members</u> : Tk. 165,936,659.00		
8.01	<u>General Micro Finance Sector</u> : Tk. 165,936,659.00		
	Opening Balance	124,358,638	44,790,540
	Add. Disburse this year	84,702,000	295,539,000
	Less. Realization	43,123,979	215,970,902
	Closing Balance	<u>165,936,659</u>	<u>124,358,638</u>
8.02	<u>Micro Enterprse Sector</u> : Tk. 386,120,266.00		
	Opening Balance	341,770,376	232,537,740
	Add. Disburse this year	119,330,000	371,130,000
	Less. Realization	74,980,110	261,897,364
	Closing Balance	<u>386,120,266</u>	<u>341,770,376</u>
8.03	<u>Agricultural Sector</u> : Tk. 669,632,759.00		
	Opening Balance	621,125,068	581,399,856
	Add. Disburse this year	1,585,645,000	875,822,000
	Less. Realization	1,537,137,309	836,096,788
	Closing Balance	<u>669,632,759</u>	<u>621,125,068</u>

