

# Howladar Yunus & Co.

Independent Auditor's Report on Financial Audit of  
"Lifelihood programme for women" in Basatpur, Jessore,  
Supported by: City Bank Ltd., Bangladesh  
Initiated by: Banchte Shekha and Gramer Kagoj, Jessore  
Under Supervision & Monitoring by  
Management and Resources Development Initiative (MRDI)  
The period: From 01 January 2013 to 31 December 2013

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**Chartered Accountants**

Correspondent firm of Grant Thornton International Ltd.

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"Livelihood programme for women" in Basatpur, Jessore,  
Supported by: City Bank Ltd., Bangladesh  
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Under Supervision & Monitoring by  
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For the period: From 01 January 2013 to 31 December 2013**

**Submitted by  
Howladar Yunus & Co.  
Chartered Accountants**

**April 27, 2014**

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Transmittal Letter

Executive Director  
Management and Resources Development Initiative (MRDI)  
8/19 Sir Syed Road (3<sup>rd</sup> floor), Mohammadpur,  
Dhaka -1207.

Independent Auditor's report and Management letter on audit of the financial statement of "Livelihood programme for women" in Basatpur, Jessore, for the period from 01 January 2013 to 31 December 2013.

Dear Sir,

We have pleasure in informing you that we have completed the audit of the financial statements of the aforesaid project implemented by MRDI, for the period from 01 January 2013 to 31 December 2013. Now we would like to attach herewith a memorandum.

We have conducted the audit in accordance with Bangladesh Standards on Auditing (BSA). In planning and performing the audit we reviewed and assessed the internal control environment of MRDI with a view to establish a basis for placing reliance on such control system of the entity and also to determine the scope and extent of our work in connection with the said audit.

The accompanying memorandum includes our auditors' report, financial statements, audit observations and suggestions for improvement of accounting procedures and internal controls that came to our attention as a result of our examination of the financial statements of "Livelihood Programme for Women" project implemented by Banchte Shekha and Gramer Kagoj under supervision and monitoring by MRDI.

We take this opportunity to express our appreciation for the courtesies and cooperation extended to our representatives during the course of our audit. We would be pleased to discuss further our suggestions, comments and assist in their implantation if you consider appropriate.

Yours faithfully,

  
Chartered Accountants



# Howladar Yunus & Co.

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## Independent Auditor's Report

We have audited the accompanying Financial Statements of the project titled "Livelihood programme for women" implemented by Management and Resources Development Initiative (MRDI), supported by City Bank Ltd. which comprise the Balance Sheet as on December 31, 2013 and the Statement of Income & Expenditure and Statement of Receipts and Payments for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on the auditors judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of project titled "Livelihood programme for women" implemented by Management and Resources Development Initiative (MRDI), supported by City Bank Ltd., and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standard.

  
Chartered Accountants

Dated: Dhaka  
27 April, 2014

Project: Livelihood Programme for Women  
Implemented by: Banchte Shekha and Gramer Kagoj, Jessore  
Under Supervision and Monitoring by: Management and Resources Development Initiative (MRDI)  
Funded by: The City Bank Ltd.  
Balance Sheet  
As on December 31, 2013

Particulars	Notes	Taka 2013	Taka 2012
<b><u>Property &amp; Assets:</u></b>			
Cash in hand & Cash at Bank	3	420,322	665,472
Fixed Assets	4	1,737,087	1,507,789
Advance	5	33,000	-
<b>Total Asset</b>		<b>2,190,409</b>	<b>2,173,261</b>
<b><u>Fund &amp; Liabilities</u></b>			
Outstanding liabilities	6	28,000	105,200
Unutilized Fund	7	425,322	560,272
Fixed Asset Fund	8	1,737,087	1,507,789
<b>Total Fund &amp; Liabilities</b>		<b>2,190,409</b>	<b>2,173,261</b>

The annexed notes form an integral part of this financial statements

  
Manager, Finance

  
Executive Director

Signed as per our annexed report of even date

  
Chartered Accountants

Dated : Dhaka  
27 April, 2014

**Project: Livelihood Programme for Women**  
**Implemented by: Banchte Shekha and Gramer Kagoj, Jessore**  
**Under Supervision and Monitoring by: Management and Resources Development Initiative (MRDI)**  
**Funded by The City Bank Ltd.**  
**Statement of Income & Expenditure**  
**From January 01, 2013 to December 31, 2013**

Particulars	Notes	Taka 2013	Taka 2012
<b>Income:</b>			
Grants Income	10	1,099,851	1,244,808
<b>Total Income</b>		<u><u>1,099,851</u></u>	<u><u>1,244,808</u></u>
<b>Expenditure:</b>			
Salary & allowances	11	432,703	424,500
Center Launching		-	78,815
Trainee Allowances	12	360,950	384,050
Training materials	13	31,362	135,799
Office Expenses	14	58,230	49,756
Audit fees		23,000	23,000
Project Operational Expense	15	193,606	148,888
<b>Total Expenditure</b>		<u><u>1,099,851</u></u>	<u><u>1,244,808</u></u>

The annexed notes form an integral part of this financial statements

  
Manager, Finance

  
Executive Director

Signed as per our annexed report of even date

  
Chartered Accountants

Dated: Dhaka  
27 April, 2014



**Project: Livelihood Programme for Women**  
**Implemented by: Banchte Shekha and Gramer Kagoj, Jessore**  
**Under Supervision and Monitoring by: Management and Resources Development Initiative (MRDI)**  
**Funded by: The City Bank Ltd.**  
**Statement of Receipt and Payment**  
**From January 01, 2013 to December 31, 2013**

Particulars	Notes	Taka 2013	Taka 2012
Opening Balance		665,472	-
Receipts:			
Grants Received	9	1,187,755	3,297,655
Interest on Bank Deposit		6,444	15,214
<b>Total Receipts</b>		<b>1,859,671</b>	<b>3,312,869</b>
Payments:			
Salary & allowances		427,703	370,600
Fixed assets		229,298	1,494,989
Center Launching		-	78,815
Trainee Allowances	12	360,950	368,550
Training materials	13	31,362	135,799
Office Expenses	14	58,230	49,756
Project Operational Cost	15	193,606	148,888
Advance		33,000	-
Payment outstanding Liabilities		105,200	-
<b>Total Payment</b>		<b>1,439,349</b>	<b>2,647,397</b>
Closing Balance			
Cash at Bank		420,322	665,472
<b>Total</b>		<b>1,859,671</b>	<b>3,312,869</b>

The annexed notes form an integral part of this financial statements

  
Manager, Finance

  
Executive Director

Signed as per our annexed report of even date

  
Chartered Accountants

Dated: Dhaka  
27 April, 2014



**Management and Resources Development Initiative (MRDI)**  
**Project: Livelihood Programme for Women,**  
**Funded by: The City Bank Ltd., Bangladesh,**  
**Implemented by: Banchte Shekha and Gramer Kagoj, Jessore**  
**Under supervision and Monitoring by MRDI**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2013**

**1.00 Background Material Information:**

**1.01 About the Organizations**

**1.01.01 Management and Resources Development Initiative (MRDI)**

Management and Resources Development Initiative (MRDI) established in the year 2003, registered with the office of the Register of Joint Stock Companies and Firms. Government of the Peoples Republic of Bangladesh under Companies Act 1994 vide certificate of Incorporation No. C-544(57)/2003 dated 13 May 2003. It is also registered with the NGO Affairs Bureau having registration # 1962 dated 21.09.2004 under the Foreign Donation Regulation Ordinance 1978 which was renewed on 19 November, 2009.

Management and Resources Development Initiative (MRDI) a multi disciplinary, not for profit, non government organization, as well as a company limited by guarantee is engaged to wide spectrum of social development activities and seeks to render consultancy and technical assistance to national organizations, both in the public and private sectors

The development objectives of MRDI include upholding and strengthening standards of mass media professionals. Developing modern event management services. Enhancing physical and mental well being of the people, specially those who need them most. Augmenting empowerment of women, adolescents' children, minority and other vulnerable/marginalized section of the population, development of people's education and skill.

**1.01.02 Banchte Shekha (BS)**

Banchte Shekha (BS) is an NGO located at Shaheed Mashur Road, Arabpur, Jessore is working to bring about an improved quality for life for the poor women and children in the social and economic sphere, specially by using awareness techniques to empower the beneficiaries with the skills to survive and assist them to access their legal and democratic rights.

**1.01.03 Gramer Kagoj (GK)**

Gramer Kagoj (GK), Post office para, Jessore, is the highest circulated local Daily Newspaper published from Jessore.

**1.02 About the Project:**

Management and Resources Development Initiative (MRDI) undertook an initiative in partnership with Manusher Jonno Foundation (MJF) to sensitize the corporate sector and the media on CSR and how CSR funds could effectively be used for supporting sustained development effort.

The project under this initiative "Mainstreaming CSR to Address Poverty (MCAP)" aims to utilize CSR funds in addressing poverty alleviation issues in an effective and sustainable manner. Before going to direct interventions, a multi-phase needs' assessment exercise was conducted through media content screening to identify the issues and areas related to poverty and deprivation. Also the officials of corporate houses with major involvement in CSR activities were interviewed. Based on the findings of the assessment, the project team initially selected three issues of interventions and locations for their implementation. One such intervention is Livelihood Programme for Poor Women to be implemented at Basatpur village in Sharsha upazila in Jessore district.



implementation. One such intervention is Livelihood Programme for Poor Women to be implemented at Basatpur village in Sharsha upazila in Jessore district.

MRDI proposed The City Bank Ltd., Bangladesh to finance the project. MRDI requested Banchte Shekha and Gramer Kagoj to implement the project. On 03 December, 2011 a Memorandum of Understanding was signed among the parties regarding the project.

#### **1.03 Objective of the Project:**

The main objectives of the project are as follows:

- To create women empowerment that would refrain them from going abroad for job.
- To facilitate safe livelihood option for women through developing their skills and involving them in income generating activities.
- To save them from harassment and violence during their journey and in their work place.
- To eliminate the health risk of the girls and women of Basatpur as well as the locality.

#### **2.00 Significant Accounting policies:**

##### **2.01 Basis of Accounting:**

The financial statements of the project have been prepared in accordance with Bangladesh Accounting Standards under Historical cost convention.

##### **2.02 Accounting for Grant**

Bangladesh Accounting Standard (BAS) 20 "Accounting for Government Grants and Disclosure of Government Assistance" has been followed during the year under audit for recognition of grant income. Accordingly accounting adjustments and effects for the prior years have been considered in these accounts.

As per BAS 20, grants received are initially recorded as liability. Grant amount used to acquire fixed assets has been shown as "Fixed Assets Fund". Grant amount used for project expenses has been recognized as income to the extent of expenses incurred.

##### **2.03 Fixed Asset:**

No depreciation is charged on project assets.

##### **2.04 General:**

The financial Statements are presented in Bangladesh currency, which has been rounded off to the nearest Taka.





Note	Particulars	Taka 2013	Taka 2012
3.00	<b>Cash in Hand &amp; Cash at Bank</b>		
	Cash in Hand	1,537	15,900
	Cash at Bank	418,785	649,572
	(with City Bank Ltd., Jessore Branch Account No-3101342727001)		
	<b>Total</b>	<b>420,322</b>	<b>665,472</b>
4.00	<b>Fixed Assets</b>		
	Centre Building (note-4.01)	1,477,767	1,344,499
	Machine & equipments (note-4.02)	206,510	118,160
	Furniture & fixture (note-4.03)	52,810	45,130
	<b>Total</b>	<b>1,737,087</b>	<b>1,507,789</b>
4.01	<b>Centre building</b>		
	Labour	367,888	326,830
	Brick	245,475	231,875
	Rod	240,353	199,228
	Cement	215,930	194,895
	Sand	101,500	90,700
	Grill, Door, Gate etc.	105,000	105,000
	Painting	41,030	37,030
	Electric wiring	68,228	66,578
	Sanitary fittings	43,534	43,534
	Other Expenses	48,829	48,829
	<b>Total</b>	<b>1,477,767</b>	<b>1,344,499</b>
4.02	<b>Machine and Equipment</b>		
	Butterfly sewing Machine (10 pcs)	68,060	68,060
	Overlock Machine (1 Pcs)	5,800	5,800
	Electric Machine	34,000	
	Computer	36,776	36,776
	Printer	7,524	7,524
	Block print & taidal Setup	54,350	
	<b>Total</b>	<b>206,510</b>	<b>118,160</b>
4.03	<b>Furniture &amp; fixture</b>		
	Cutting Table	8,210	2,210
	Chair	21,200	19,520
	Almira	8,000	8,000
	Floor Mat	800	800
	Table	14,600	14,600
	<b>Total</b>	<b>52,810</b>	<b>45,130</b>
5.00	<b>Advance (Mrs. Rokeya Begum)</b>		
	Date 15 September 2013	20,000	-
	Date 23 December 2013	13,000	-
	<b>Total</b>	<b>33,000</b>	<b>-</b>

Note	Particulars	Taka 2013	Taka 2012
6.00	<b>Outstanding Liabilities</b>		
	Construction of Centre (Brick)	-	12,800
	Trainee Allowances-Tailoring	-	15,500
	Audit Fees	23,000	23,000
	<b>Staff Salary:</b>		
	Centre-in-Charge	-	9,000
	Master Trainer	-	29,400
	Cutting Master	-	8,000
	Embroidery Trainer	5,000	
	Night Guard	-	1,500
	Accountant	-	6,000
	<b>Total</b>	<b>28,000</b>	<b>105,200</b>
7.00	<b>Unutilized Fund</b>		
	Opening Balance	560,272	
	Fund from City Bank Ltd., Bangladesh (Note-08)	1,187,755	3,297,655
	Add: Interest on Bank deposit	6,444	15,214
	Fund Available for utilization	<b>1,754,471</b>	<b>3,312,869</b>
	Less: Fund Transferred to Revenue Income (Note-09)	1,099,851	(1,244,808)
	Less: Fund transferred to Fixed Asset Fund for the purchase of Fixed Assets (Note-07)	229,298	(1,507,789)
	<b>Unutilized Fund</b>	<b>425,322</b>	<b>560,272</b>
8.00	<b>Fixed Asset Fund</b>		
	Opening	1,507,789	-
	Add: Transfer from fund during the year (Note-06)	229,298	1,507,789
	<b>Total</b>	<b>1,737,087</b>	<b>1,507,789</b>
9.00	<b>Fund from The City Bank Ltd., Bangladesh</b>		
	1st Installment on 27.12.2011	-	1,495,495
	2nd Installment on 12.08.2012	-	1,048,256
	3rd Installment on 21.11.2012	-	753,904
	4th Installment 09.04.2013	343,256	
	5th Installment 08.09.2013	844,499	
	<b>Total</b>	<b>1,187,755</b>	<b>3,297,655</b>
10.00	<b>Revenue Income</b>		
	Transfer from fund received during the year for revenue expenditure (Note-07)	<b>1,099,851</b>	<b>1,244,808</b>
11.00	<b>Salary &amp; allowances</b>		
	Centre-in-Charge	108,003	94,000
	Master Trainer	147,000	165,000
	Cutting Master	48,000	88,000
	Asst.Trainer	14,000	-
	Night Guard	25,500	16,500
	Accountant	85,200	61,000
	Embroidery Trainer	5,000	-
	<b>Total</b>	<b>432,703</b>	<b>424,500</b>



Note	Particulars	Taka 2013	Taka 2012
12.00	<b>Trainee Allowances</b>		
	Trainee Allowances-Tailoring	182,750	196,950
	Trainee Allowances-Embroidery	178,200	187,100
	<b>Total</b>	<b>360,950</b>	<b>384,050</b>
13.00	<b>Training Materilas</b>		
	Purchase	82,318	-
	Less: Sales of Training Materials	(50,956)	-
		<b>31,362</b>	<b>135,799</b>
14.00	<b>Office Expenses</b>		
	Postage & Communication	1,290	260
	Phone/Mobile	2,100	200
	Conveyance	10,955	31,100
	Maintenance	21,147	4,499
	Electricity bill	10,663	6,700
	Office Stationery	12,075	6,997
	<b>Total</b>	<b>58,230</b>	<b>49,756</b>
15.00	<b>Project Operational Cost (For implementing organization)</b>		
	The Daily Gramer Kagoj	96,803	74,444
	Banchte Shekha	96,803	74,444
	<b>Total</b>	<b>193,606</b>	<b>148,888</b>

  
Manager, Finance

  
Executive Director



**Management Letter of**  
**"Livelihood Programme for Women" Project**  
**Funded by: The City Bank Ltd., Bangladesh,**  
**Implemented by: Banchte Shekha and Gramer Kagoj, Jessore**  
**Under supervision and Monitoring by MRDI**  
**1<sup>st</sup> January 2013 to 31<sup>st</sup> December 2013**

**Findings 1**

**Cash holding exceeds the approved limit.**

**Fact**

As per Section 9.7 of Financial & Administrative Manual of MRDI, Cash holding limit for project is Taka 20,000 but on our verification we observe that large amount of cash was kept in hand. Instances are given below:

Date	Cash Holding	Cash Holding Limit	Difference
07.01.2013	100,535	20,000	80,535
14.01.2013	47,726	20,000	27,726
17.01.2013	47,726	20,000	27,726
23.01.2013	40,046	20,000	20,046
06.02.2013	97,905	20,000	77,905
07.03.2013	155,571	20,000	135,571
31.03.2013	25,305	20,000	5,305

**Management Response**

The above cash transaction has been occurred during the training period for purchasing training materials, payment of trainee allowance etc. Having findings after finalizing the first years audit in June 2013 the project management is avoiding the cash transaction.

**Findings 2**

**Payment was made in cash instead of bank transfer or account payee cheque.**

**Fact**

As per Point #21 of NGO Affairs Bureau circular # ABBU/NIP-2/CA Firm/745/2010-37 dated 12-01-2012, payment exceeding Taka 10,000 must be made in bank transfer or account payee cheque. But On our verification we observe that payments were made in cash instead of A/C payee cheque or bank transfer, although each of these transactions was individually more than Taka 10,000. Details are given below:



Voucher no. and date	Particulars	Amount
JV-005 dated 20.07.2013	Purchase of rod and cement.	90,110
CDV-100 dated 07.01.2013	Salary of Master Trainer	29,400
CDV-120 dated 23.02.2013	Salary of Master Trainer	29,400
CDV-129 dated 07.03.2013	Salary of Master Trainer	29,400
JV-002 dated 20.03.2013	Purchase of Sewing Machine	51,000
<b>Total</b>		<b>229,310</b>

**Management Response:**

Cash transaction made for purchasing rod & cement for setting 6 pillars in centre house as the sellers in remote areas didn't agree to take payment through cheque. Also this cash transaction saved some cost. Having findings after finalizing the first years audit in June 2013, the project management is paying salary through bank transfer.

