

*Easy* Savings Co-operative Limited

Auditor's Report and Audited Financial Statements  
For the year ended 30 June 2009

## AUDITOR'S REPORT

To the Executive Committee of  
*Easy Savings Co-operative Limited*

We have audited the accompanying Balance Sheet of *Easy Savings Co-operative Limited (Easy Savings)* as of 30 June 2009 and the related Profit and Loss Account and Cash Flow Statement for the year then ended. These Financial Statements are the responsibility of *Easy Savings* management. 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 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.

In our opinion, the Financial Statements referred to above, give a true and fair view of the state of affairs of *Easy Savings* as of 30 June 2009 and of the results of its operations and its cash flows for the year then ended in accordance with Bangladesh Accounting Standards and comply with the Co-operative Societies Act, 2001 and the Co-operative Societies Rules, 2004, the Companies Act, 1994 and other applicable laws and regulations.

We also report that:

- (a) we have obtained all the information and explanations which we required;
- (b) the Balance Sheet and the Profit and Loss Account referred to in the report are drawn up in conformity with the law;
- (c) such Balance Sheet exhibits a true and fair view of the state of the co-operative society's affairs according to the best of our information and explanations given to us and as shown by the books of the Society;
- (d) the books of accounts have been kept by *Easy Savings* as required under the Act, the rules and the bye-laws;
- (e) there has been no material impropriety or irregularity in the expenditure or in the realisation of moneys due to *Easy Savings*.

Dhaka  
24 December 2009

ACNABIN  
Chartered Accountants

Easy Savings Co-operative Ltd.

Balance Sheet  
As of 30 June 2009

	Note	30.06.09 Taka	30.06.08 Taka
<b>ASSETS</b>			
Cash in hand and at bank	3	3,872,338	4,206,161
Fixed deposit	4	1,500,000	-
Loan to beneficiaries	5	5,503,757	3,864,945
Less: Loan loss provision	6	465,337	319,192
		5,038,420	3,545,753
Interest receivable	7	175,439	-
Total current assets		5,213,859	3,545,753
Fixed assets	8	167,034	179,342
Total		10,753,231	7,931,257
<b>LIABILITIES, FUND AND EQUITY</b>			
<u>Liabilities</u>			
Provision for audit fees		17,425	28,000
Client savings	9	5,497,371	3,317,054
Interest payable on client savings	10	21,427	24,673
Subscription payable to Co-operative Development Fund	11	42,233	31,875
Dividend payable		-	130
Total current liabilities		5,578,456	3,401,732
Borrowings	12	534,808	566,749
Total liabilities		6,113,264	3,968,481
<u>Fund and Equity</u>			
Donor grant	13	2,601,592	2,601,592
Proposed dividend		4,206	3,960
Accumulated profit		1,494,937	960,604
Statutory reserve		469,132	330,620
Member shares	14	70,100	66,000
Total equity		2,038,375	1,361,184
Total		10,753,231	7,931,257

The accompanying notes form an integral part of this Balance Sheet.

Dr. Moniruzzaman  
Chairman

S.K. Sinha  
Secretary

Kalim Ullah  
Manager

This is the Balance Sheet referred to in our separate report of even date.

Dhaka  
24 December 2008

ACNABIN  
Chartered Accountants

*Easy Savings Co-operative Ltd.*

Profit and Loss Account  
For the year ended 30 June 2009

	Note	2008-09 Taka	2007-08 Taka
Financial Income	15	2,030,271	1,596,764
Financial cost of lending funds			
Interest on savings		<u>204,395</u>	<u>147,612</u>
Gross financial margin		1,825,876	1,449,152
Loan loss provision		<u>218,658</u>	<u>208,598</u>
Net financial margin		1,607,218	1,240,554
Operating expenses	16	<u>914,483</u>	<u>823,554</u>
Net income from operations		<u>692,735</u>	<u>417,000</u>
Non-operating income			
Other income		<u>12,018</u>	<u>36,962</u>
Total non-operating income		12,018	36,962
Non-operating expenses			<u>24,903</u>
Net non-operating income		<u>12,018</u>	<u>12,059</u>
Net profit		<u><u>704,753</u></u>	<u><u>429,059</u></u>
Appropriation of Net profit:			
Statutory reserve	17	138,512	95,649
Subscription payable to Co-operative Development Fund	17	27,702	19,130
Proposed dividend	17	4,206	3,960
Transfer to the accumulated profit		<u>534,333</u>	<u>310,321</u>
		<u><u>704,753</u></u>	<u><u>429,059</u></u>

The accompanying notes form an integral part of this Profit and Loss Account.

Easy Savings Co-operative Ltd.

Statement of changes in equity  
For the year ended 30 June 2009

	Member shares	Statutory reserve	Proposed Dividend	Accumulated profit/(loss)	Total
Balance at 1 July 2008	66,000	330,620	3,960	960,603	1,361,184
Net profit as per Profit and Loss Account				704,753	704,753
Member shares	4,100				4,100
Statutory reserve @15% of current year's profit		138,512		(138,512)	
Subscription payable to Co-operative Development Fund @3% of current year's profit				(27,702)	(27,702)
Dividend paid for the year 2007-08*			(3,960)		(3,960)
Proposed Dividend for 2008-09 @Tk. 6 per Share			4,206	(4,206)	
Balance at 30 June 2009	Taka 70,100	469,131	4,206	1,494,936	2,038,375
Balance at 1 July 2007	58,200	234,972	3,492	650,283	946,948
Net profit as per Profit and Loss Account				429,059	429,059
Member shares	7,800				7,800
Statutory reserve @15% of current year's profit		95,649		(95,649)	
Subscription payable to Co-operative Development Fund @3% of current year's profit				(19,130)	(19,130)
Dividend paid for the year 2006-07*			(3,362)		(3,362)
Dividend payable for the year 2006-07*			(130)		(130)
Proposed Dividend for 2007-08@Tk. 6 per Share			3,960	(3,960)	
Balance at 30 June 2007	Taka 66,000	330,620	3,960	960,603	1,361,185

\* The last Annual General Meeting was held on 30 January 2008. Dividend has been approved for the year 2006-07 and 2007-08 amounting to Taka 4,100 in the form of shares.

*Easy Savings Co-operative Ltd.*

Cash Flow Statement  
For the year ended 30 June 2009

	2008-09 Taka	2007-08 Taka
<u>A. Cash Flows from Operating Activities</u>		
Net profit	704,753	429,059
Add : Amount considered as non-cash items:		
Loan loss provision	218,658	208,598
Interest expense	204,395	147,612
Depreciation for the year	55,678	59,781
Loan disbursed to beneficiaries	(21,678,330)	(15,208,900)
Loan realised from beneficiaries	19,967,005	14,550,664
Savings received	12,762,723	9,170,534
Interest Receivable	(175,439)	-
Savings refund	(10,790,047)	(8,108,496)
Subscription paid to Co-operative Development Fund	(17,344)	(20,500)
Increase in Current liabilities	(142,506)	(73,957)
Net cash provided by operating activities	<u>1,109,546</u>	<u>1,154,395</u>
<u>B. Cash Flows from Investing Activities</u>		
Fixed assets purchased	(43,370)	(100,125)
Net cash used in investing activities	<u>(43,370)</u>	<u>(100,125)</u>
<u>C. Cash Flows from Financing Activities</u>		
Increase in long term borrowings	100,000	100,000
Proceeds from member shares	-	3,000
Net cash provided by financing activities	<u>100,000</u>	<u>103,000</u>
D. Net increase/decrease in cash (A+B+C)	1,166,176	1,157,270
Add : Cash and bank balance at the beginning of the year	4,206,162	3,048,892
Cash and bank balance at the end of the year	<u><u>5,372,338</u></u>	<u><u>4,206,162</u></u>

Notes to the Financial Statements  
For the year ended 30 June 2009

1. Introduction

Easy Savings Co-operative Ltd. is a savings based financial services provider for the rural poor. It is registered as a Co-operative Society under Co-operative Societies Act, 2001 with registration number Gazipur-07 dated 01 January 2005. Previously it was working under the name of Nirapad Shahaj Sanchay Prokalpo Bohumukhi Samabay Samity Ltd. Reg. # Gazipur-04 dated 20 February 2000.

It began working on 25 April 2002 at Torgaon village under Kapasia Upazilla of Gazipur District. Easy Savings Co-operative has also applied for registration under Micro Credit Regulatory Authority Act 2006 on 24.02.2007.

2. Significant Accounting Policies

2.1 Financial statements are prepared under historical cost convention and have been prepared in accordance with applicable accounting standards except interest income on loan which is presented on cash basis.

2.2 Loan loss provision for Products 5 and 7 is created every month on previous month's loan closing balance applying 0.50%. Product 9 is an experimental loan for which no interest is charged on loan or paid on savings.

2.3 Interest on Savings account balance and FDR has been accrued during this year.

2.4 Loans are written off in the month following the expiry of loan period.

2.5 Fixed assets are depreciated using the reducing balance method at a rate of 25%. A full year's depreciation, irrespective of the date of acquisition, is charged in the year of acquisition and none in the year of disposal.

3. Cash in hand and at bank

	30.06.09 Taka	30.06.08 Taka
Cash in hand	635,363	446,769
Cash at bank :		
Agrani Bank, Kapasia Branch, Gazipur. CD A/C # 820	10,827	10,952
Bangladesh Krishi Bank, Kapasia Branch, Gazipur. CD A/C # 624	108,328	1,693
Grameen Bank, Torgaon branch, Kapasia SB A/C # 4625	3,117,820	3,746,747
	3,872,338	4,206,161

4. Fixed deposit

This is for twelve months maturing on 11.01.2010 with Al-Arafah Islami Bank, Kapasia Branch, Gazipur in terms of the Rules & Regulations of the bank in force, governing Profit Loss Sharing Term Deposit.

5. Loan to beneficiaries

Product-5,7 & 9

Opening balance	3,864,945	3,413,189
Add : disbursed	21,678,330	15,208,900
Less: recovered	19,967,005	14,550,664
Less: Write off	72,513	206,480
	5,503,757	3,864,945
	5,503,757	3,864,945

Product-5 loans are given for minimum period of two months and maximum for twelve months and is repayable on any day for any amount. Cost of the loan is 3% per month payable for the full loan period at the time of taking of the loan.

Product-7 loans are given for a period of twelve months and is repayable on any day for any amount. Cost of the loan is 3% per month payable on the closing balance of the loan.

Product-9 is a Pilot Product for which interest is neither charged on disbursed loan nor interest paid on deposits of the clients but 1% Service Charge is levied on disbursed loan. Clients need to keep 1/3 amount as Saving from loan sanctioned to them.

Details of Product 5, 7 and 9 is shown below:

		30.06.09		30.06.08	
		Number of Clients	Taka	Number of Clients	Taka
	Product -5		1,333,911	415	1,440,686
	Product -7		2,597,206	420	1,961,791
	Product -9		1,572,640	150	462,468
			<u>5,503,757</u>		<u>3,864,945</u>
				<u>30.06.09</u>	<u>30.06.08</u>
				Taka	Taka
6.	<u>Loan Loss Provision</u>				
	Opening balance			319,192	317,074
	Add: Provision made during the year			218,658	208,598
				<u>537,850</u>	<u>525,672</u>
	Less: Bad loan written off			72,513	206,480
	Closing balance			<u>465,337</u>	<u>319,192</u>
7.	<u>Interest receivable</u>				
	Fixed Deposit			75,000	-
	Savings account with bank			100,439	-
				<u>175,439</u>	<u>-</u>
	Interest receivable onj savings account has been accrued from this year.				
8.	<u>Fixed assets</u>				
		Office Equipment	Furniture and fittings	30.06.09 Total	30.06.08 Total
	<u>Cost :</u>				
	Opening balance	312,499	98,455	410,954	310,829
	Addition	43,370	-	43,370	100,125
	Less: Disposal for loss	-	-	-	-
	Closing balance	<u>355,869</u>	<u>98,455</u>	<u>454,324</u>	<u>410,954</u>
	<u>Depreciation:</u>				
	Opening balance	161,166	70,446	231,612	171,831
	Addition	48,676	7,002	55,678	59,781
	Closing balance	<u>209,842</u>	<u>77,448</u>	<u>287,290</u>	<u>231,612</u>
	Written down value	<u>146,027</u>	<u>21,007</u>	<u>167,034</u>	<u>179,342</u>
9.	<u>Client savings</u>				
	Opening balance			3,317,054	2,115,467
	Add: Received			12,762,723	9,170,534
	Add: Interest transferred			207,641	139,548
	Less: Withdrawn			10,790,047	8,108,495
	Closing balance			<u>5,497,371</u>	<u>3,317,054</u>

Product-wise analysis of the closing balance is shown below:

	30.06.09		30.06.08	
	Number of Clients	Taka	Number of Clients	Taka
Product -5	692	2,267,651	692	2,022,572
Product -7	608	1,368,589	455	878,296
Product -9	426	1,861,131	150	416,186
		<u>5,497,371</u>		<u>3,317,054</u>

Product-5 savings can be withdrawn and deposited any time for any amount even if there is a loan. Interest is paid quarterly at the rate of 0.8% per month if the monthly minimum savings remain above Taka 500.

Product-7 savings can be withdrawn at any time for any amount when there is no loan. If there is a loan, then only the rest of the amount of savings after deduction of loan outstanding amount can be withdrawn. Interest is paid quarterly @3% to 7% depending on savings balance.

	30.06.09 Taka	30.06.08 Taka
10. <u>Interest payable on client savings</u>		
Opening balance	24,673	16,609
Add: Current year interest	204,395	147,612
	<u>229,068</u>	<u>164,221</u>
Less: Interest transferred to savings	207,641	139,548
Closing balance	<u>21,427</u>	<u>24,673</u>
11. <u>Subscription payable to Co-operative development fund</u>		
Opening balance	31,875	33,245
Add: Payable for the year - Note: 17	27,702	19,130
	<u>59,577</u>	<u>52,375</u>
Less: Paid during the year	17,344	20,500
Closing balance	<u>42,233</u>	<u>31,875</u>
12. <u>Borrowings</u>		
Opening Balance (Mr. Stuart Rutherford, Vice-Chairman)	566,749	527,356
Received during the year (Mr. Stuart Rutherford, Vice-Chairman)	100,000	100,000
Less: Loss from P-9	(131,941)	(60,607)
	<u>534,808</u>	<u>566,749</u>
Borrowings from the Vice-Chairman is interest free and include funds provided by CGAP, an institution based at the World Bank in Washington DC.		
13. <u>Donor grant</u>		
Plan Bangladesh	2,601,592	2,601,592
	<u>2,601,592</u>	<u>2,601,592</u>

Plan Bangladesh has converted its loan to grant to allow Easy Savings Co-operative Limited (ESCL) to become a sustainable microfinance institution for providing financial service to the poor families on June 28, 2007 under the following conditions:

- i. ESCL shall continue to operate business within existing area and for further growth or opening of new branches shall consider Plan working areas.

- ii. Plan and ESCL will continue to work in close partnership to strengthen ESCL's service and for Plan's learning for other micro finance interventions.
- iii. ESCL shall acknowledge the support of Plan in all its events, publications to the effect that their project has been supported by Plan.
- iv. If Easy Savings would be dissolved or cease to offer micro financial services to poor people, then Easy savings must repay first client savings deposits along with any interest due thereon.

14. Member Shares

Face value of a share is Taka 100 and is held by the following members:

Name of the Member	Designation	30.06.09 Taka	30.06.08 Taka
1 Dr. Moniruzzaman	Chairman	6,100	5,800
2 Stuart Rutherford	Vice- Chairman	18,400	17,400
3 S.K. Sinha	Secretary	6,100	5,800
4 Nazmus Sakeba	Member	6,100	5,800
5 Feroza Begum	EC Member	6,100	5,800
6 Rabeya Islam	EC Member	5,900	5,600
7 Anwara Begum	Member	1,300	1,200
8 Bijoy Chandra Moni Das	Member	1,200	1,100
9 Javed Shakhwat	Member	1,100	1,000
10 Kalimullah	Member	1,200	1,100
11 Moazzem Hossain	Member	1,200	1,100
12 Mac Abbey	Member	1,200	1,100
13 Mark Staehle	Member	1,200	1,100
14 Nipun Sangma	Member	1,300	1,200
15 Nilufa Sultana	Member	1,200	1,100
16 Shabitry Rani	Member	1,300	1,200
17 Shabbyea Rani	Member	1,400	1,100
18 Shamim	Member	1,200	1,100
19 Shova Rani	Member	4,300	4,200
20 Zogendra Chandra	EC Member	2,300	2,200
		<u>70,100</u>	<u>66,000</u>

15. Financial income

Fee from loans	1,259,282	1,188,133
Service Charge	59,292	54,795
Loan disbursement fee	164,600	106,000
Admission fee	5,400	5,350
Late loan repayment	57,885	27,670
Bank interest on savings account	408,812	214,816
Interest on fixed deposit	75,000	-
	<u>2,030,271</u>	<u>1,596,764</u>

	30.06.09 Taka	30.06.08 Taka
<b>16. <u>Operating expenses</u></b>		
Staff salary	474,884	415,747
Office rent	42,000	39,000
Travelling & conveyance	77,992	84,845
Communication	19,650	21,480
Printing & stationery	75,817	60,955
Entertainment	9,900	15,570
Audit fees	48,000	36,000
Office maintenance	15,000	18,310
Depreciation	55,678	59,781
Electric equipment	8,500	-
Electric bill	8,086	8,100
Gas cylinder	16,000	12,162
Motivation	11,000	15,310
Repairs & maintenance	12,000	7,500
Software maintenance	8,000	-
Bank charges	14,261	295
Meeting expenses	6,715	18,499
Others	11,000	10,000
	<u>914,483</u>	<u>823,554</u>
<b>17. <u>Appropriation of Net profit</u></b>		
Net profit as per Profit & Loss Account	704,753	429,059
Add: Loan loss provision made during the year	218,658	208,598
Profit as per Cooperative Act (Section 34) <span style="float: right;">A</span>	<u>923,411</u>	<u>637,657</u>
Less: Statutory Reserve (15% of A, Section 34.1 Ka)	138,512	95,649
Loan loss provision	218,658	208,598
Subscription payable to Co-operative Development Fund (3% of A, Section 34.1 Ga)	<u>27,702</u>	<u>19,130</u>
	<u>384,872</u>	<u>323,376</u>
Profit available for distribution	<u>538,539</u>	<u>314,281</u>
Proposed dividend (At Tk.6 per share as per clause 20 and 23 of the By-laws)	<u>4,206</u>	<u>3,960</u>
<b>16. <u>Product -9 details</u></b>		
<b>Income</b>		
Loan disbursement fee	52,545	13,120
Admission fee	28,700	11,700
Service Charge	2,276	83
Other income	13,846	-
	<u>97,367</u>	<u>24,903</u>
<b>Expenses</b>		
Staff salary	217,308	73,510
Office rent and overhead	12,000	12,000
	<u>229,308</u>	<u>85,510</u>
	<u>(131,941)</u>	<u>(60,607)</u>