



★ Since 1953 ★

# A. Qasem & Co.

Chartered Accountants

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## Independent Auditors' Report

We have audited the accompanying Consolidated financial statements of "WAVE FOUNDATION" which comprise Balance Sheet as at June 30, 2013 and income and expenditure account and receipts & payments account for the year then ended and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management of WAVE FOUNDATION is responsible for consolidating the programs financial information to prepare these consolidated financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) and for such internal control as management determines necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). 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 depend on the auditor's judgment, including the assessment of the risks of the 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 of the financial statements in order to design audit procedures that are appropriate in the circumstance. 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 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.

### *Scope of Audit:*

The Consolidated Accounts consist of Micro Credit Activities and other Social Activities Programs. Among 6 (Six) Micro Credit Unit Activities on a test basis, we have audited Micro Finance Program funded by Palli Karma Sahayak Foundation (PKSF) which covers 94.82% of total of consolidated financial statement of WAVE FOUNDATION. Among 25 (Twenty five) Social Activities Programs, we have audited 9 (nine) programs (1) Ankur Seeds, (2) WAVE FOUNDATION General fund, (3) WAVE FOUNDATION Gratuity Fund, (4) WAVE FOUNDATION Provident Fund, (5) WAVE FOUNDATION Welfare Fund, (6) WAVE FOUNDATION Gratuity Fund (7) Training division, (8) Rangan (9) WAVE FOUNDATION Biogas Project

**Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Micro credit program and social activities programs as at June 30, 2013, and of its financial performance for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS), and comply with the requirements of the Micro credit regulatory Authority Act (MRA) 2006 and other applicable laws and regulations.

As required by the Micro Credit Regulatory Authority we further report that:

- a) The consolidated financial statements are in agreement with the books of account of WAVE FOUNDATION Micro credit program we have visited 17 branches out of 68 branches which cover 32.35% of total branches.
- b) The program has duly accounted for the loans received from PKSF and grants from donors as per accounting manual, principles and rules circulated by MRA.
- c) The program collects funds for the operation of microfinance as a whole and allocates among the components as the management thinks fit and prepares separate reports based on that.
- d) The program has properly used the fund collected from various sources for the purpose of microfinance operations and duly recorded the same in the books of account.
- e) The program has duly complied with its policies regarding samity members savings (Deposit, Refund, Interest and Interest Rate). The savings amount collected from samity members are duly recorded and deposited into bank.
- f) The program has duly followed the procedures of loan disbursement.
- g) The program was not engaged in any activity that is not supported by the constitution of WAVE FOUNDATION and any other legal requirements.
- h) We have physically verified the existence of fixed assets and examined the purchase thereof on a test basis and found that they were duly presented in the financial statements.
- i) We met and interviewed on test basis some of the samity members of each of seventeen branches we audited and found that they were using funds properly.
- j) Normally transactions above Tk. 10,000 were made through bank account except loan disbursement and savings refund to the members.
- k) From our test check, we found that the collected loan and saving amounts are duly deposited into bank on daily basis.
- l) From our test check, we found the amount collected from samity members are duly accounted for as per applicable policy and procedure at member and group level.
- m) The declared rate of interest and effective rate of interest on loan to samity members varies as follows:

<b>Name of Loan</b>	<b>Interest Rate</b>
Rural Micro credit (RMC)	25%
Urban Micro Credit (UMC)	25%
Micro Enterprise (MEDP)	23% to 24%
Social Economic Rehabilitation Loan Program(SRLP)	4%
Ultra Poor (UP)	20%
Seasonal Loan	24%
LRP	8%
LIFT	24%
Agriculture	24%

Interest rate on Micro Credit Fund received from PKSF is 6.5 %.( RMC, UMC)

- n) Provision for loan loss has been duly calculated and accounted for as per PKSF's policy;
- o) We have physically counted the cash in hand and confirmed bank balances with the bank statement on a test basis and also examined the bank reconciliation statements and found them satisfactory.
- p) We have checked the vouchers on a test basis and found that payments were made upon the approval of appropriate authority.
- q) We have found an amount of Tk.48,985,954 as cash and cash equivalents as on June 30, 2013 for the microfinance program and the said amount is being used for the microfinance operations of the organization.
- r) We have examined the transactions and agreement during the period on a test basis and have not found any transactions occurred violating the provision of Micro Credit Regulatory Authority Act, 2006, the interest of donor agencies and the organization itself.
- s) We have verified the financial statements submitted to various donor organizations, regulatory agencies and other authorities by WAVE FOUNDATION with proper justification and did not find any issue mention in the report.
- t) As per Sixth Schedule Part-A, Para 1A on Income Tax Ordinance (ITO), 1984 income from microfinance activities are tax exempted. WAVE FOUNDATION submits income tax return and deducts tax and VAT at sources as per the provisions of ITO 1984 and VAT Act 1991.
- u) We have examined the budgetary control system of the organization and have not found any issue to mention in the report.
- v) The organization has introduced and established policies for procurement, human resources, loan & savings and complies with the above policies for microfinance operations.
- w) The organization has a strong Internal Audit Department having 8 (eight) employees and they have conducted internal audit and monitored the organization at a regular interval.
- x) The organization has prepared its financial statements as per Bangladesh Financial Reporting Standards (BFRS).
- y) We have checked the microfinance activities funded by PKSF 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) A Schedule of fixed assets is presented in **Note - 3** of the financial statements.

Dated: Dhaka  
September 10, 2013

  
A. Qasem & Co.  
Chartered Accountants

**WAVE FOUNDATION  
CONSOLIDATED BALANCE SHEET  
as on 30 June 2013**

Notes	as on 30 June 2013			as on 30 June 2012		
	Social Activity	Micro Credit	Total	Social Activity	Micro Credit	Total
<b>Property &amp; Assets</b>						
Fixed Assets	31,388,830	30,482,201	61,871,031	31,964,537	20,116,880	52,081,417
Investment	299,700	46,277,270	46,576,970	299,700	47,464,746	47,764,446
Loans & Advances	1,389,512	4,105,805	5,495,317	3,352,239	3,106,618	6,458,857
Security Deposit	333,250	199,335	532,585	392,250	158,335	550,585
Loan to Beneficiaries	-	1,042,376,848	1,042,376,848	-	973,929,692	973,929,692
Others Assets	10,112,066	6,312,384	16,424,450	14,195,839	5,259,856	19,455,695
Cash and cash equivalents	21,047,205	51,501,244	72,548,449	31,629,910	83,754,162	115,384,072
	<b>64,570,563</b>	<b>1,181,255,087</b>	<b>1,245,825,650</b>	<b>81,834,475</b>	<b>1,133,790,289</b>	<b>1,215,624,764</b>
<b>Fund &amp; Liabilities</b>						
Fund Account	23,376,443	148,214,648	171,591,091	22,827,658	108,536,671	131,364,329
Disaster Management Fund	-	14,181,285	14,181,285	-	10,576,086	10,576,086
Loan Loss Provision Fund	-	26,398,159	26,398,159	-	26,194,618	26,194,618
Loan Risk Fund	-	28,482,345	28,482,345	-	17,871,680	17,871,680
Depreciation Reserve Fund	10,852,502	8,518,541	19,371,043	8,064,793	7,448,083	15,512,876
Loans Payable	10,857,637	677,836,754	688,694,391	16,734,104	731,221,051	747,955,155
Member Savings	-	272,115,734	272,115,734	1,375	231,232,600	231,233,975
Donation Received in Advance	13,531,346	-	13,531,346	26,199,660	-	26,199,660
Donation Payable to Project	5,399,799	-	5,399,799	5,260,788	-	5,260,788
Others Liabilities	552,836	5,507,621	6,060,457	2,746,097	709,500	3,455,597
	<b>64,570,563</b>	<b>1,181,255,087</b>	<b>1,245,825,650</b>	<b>81,834,475</b>	<b>1,133,790,289</b>	<b>1,215,624,764</b>

The accompanying notes from an integral part of these financial statements.



Executive Director  
WAVE Foundation



Director (Finance and Accounts)  
WAVE Foundation

Signed in terms of our separate report of even date annexed.

Dated, Dhaka  
September 10, 2013



A. Qasem & Co.  
Chartered Accountants

**WAVE FOUNDATION  
CONSOLIDATED INCOME & EXPENDITURE ACCOUNT  
for the year ended on 30 June 2013**

Notes	01 July 2012 to 30 June 2013			01 July 2010 to 30 June 2012			
	Social Activity	Micro Credit	Total	Social Activity	Micro Credit	Total	
<b>Income</b>							
Donation Income	20	152,864,743	3,338,094	156,202,837	132,335,700	2,047,631	134,383,331
Revenue Income	21	15,811,710	231,977,799	247,789,509	16,543,249	185,603,759	202,147,008
		<u>168,676,453</u>	<u>235,315,893</u>	<u>403,992,346</u>	<u>148,878,949</u>	<u>187,651,390</u>	<u>336,530,339</u>
<b>Expenditure</b>							
Revenue Expenditures	22	168,019,976	195,206,067	363,226,043	147,975,558	149,199,674	297,175,232
		<u>168,019,976</u>	<u>195,206,067</u>	<u>363,226,043</u>	<u>147,975,558</u>	<u>149,199,674</u>	<u>297,175,232</u>
Income /(Loss) over expenditure		<u>656,477</u>	<u>40,109,826</u>	<u>40,766,303</u>	<u>903,391</u>	<u>38,451,716</u>	<u>39,355,107</u>

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Dated, Dhaka  
September 10, 2013



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**WAVE FOUNDATION**  
**CONSOLIDATED RECEIPTS & PAYMENTS ACCOUNT**  
for the year ended on 30 June 2013

Notes	01 July 2012 to 30 June 2013			01 July 2010 to 30 June 2012		
	Social Activity	Micro Credit	Total	Social Activity	Micro Credit	Total
<b>Opening Balance</b>						
23.00	31,629,910	83,754,162	115,384,072	7,363,807	78,198,683	85,562,490
Cash in Hand	541,339	2,144,740	2,686,079	27,434	361,661	389,095
Cash at Bank	31,088,571	81,609,422	112,697,993	7,336,373	77,837,022	85,173,395
<b>Receipts</b>						
20	151,260,470	3,184,594	154,445,064	161,957,874	2,455,739	164,413,613
21	14,859,339	233,164,601	248,023,940	16,963,318	185,681,980	202,645,298
24	33,920,495	562,095,297	596,015,792	36,759,155	554,471,532	591,230,687
25	4,704,209	650,104	5,354,313	2,523,561	328,074	2,851,635
26	6,844,662	2,120,661,302	2,127,505,964	243,150	1,683,464,092	1,683,707,242
Investment	-	124,000,000	124,000,000	-	-	-
	<b>243,219,085</b>	<b>3,127,510,060</b>	<b>3,370,729,145</b>	<b>225,810,865</b>	<b>2,504,600,100</b>	<b>2,730,410,965</b>
<b>Payments</b>						
22	164,300,813	179,647,226	343,948,039	144,218,915	136,070,375	280,289,290
27	38,313,198	614,291,932	652,605,130	27,215,158	336,469,811	363,684,969
28	6,407,770	3,520,280	9,928,050	4,423,124	3,315,000	7,738,124
29	12,070,084	2,143,658,694	2,155,728,778	4,794,278	1,921,699,838	1,926,494,116
Fixed Assets (Annexure A)	1,080,015	11,616,422	12,696,437	13,529,480	3,115,932	16,645,412
Investment	-	123,274,262	123,274,262	-	20,174,982	20,174,982
	<b>222,171,880</b>	<b>3,076,008,816</b>	<b>3,298,180,696</b>	<b>194,180,955</b>	<b>2,420,845,938</b>	<b>2,615,026,893</b>
<b>Closing Balance</b>	<b>21,047,205</b>	<b>51,501,244</b>	<b>72,548,449</b>	<b>31,629,910</b>	<b>83,754,162</b>	<b>115,384,072</b>
<b>Closing Balance</b>	21,047,205	51,501,244	72,548,449	31,629,910	83,754,162	115,384,072
Cash in Hand	18,318	2,250,820	2,269,138	541,339	2,144,740	2,686,079
Cash at Bank	21,028,887	49,250,424	70,279,311	31,088,571	81,609,422	112,697,993

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Dated, Dhaka  
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