

**Independent Auditor's Report and Audited  
Financial Statements**

**of**

**Association for Peoples Development Strem**

**For the year ended 30 June 2021**

**Association for Peoples Development Strem**  
MICRO CREDIT PROGRAMME

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**Annexure- A1/1**

**Independent Auditor's Report  
to the management of Association for Peoples Development Strem  
Report on the Audit of the Financial Statements**

**Opinion**

We have audited the Financial Statements of Association for Peoples Development Strem (APDS) Microcredit Program (the organization) which comprise the statement of financial position as at 30 June 2021 and Statement of Comprehensive Income for the year ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Organization as at 30 June 2021 and of its financial performance for the year ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the Board of Directors Report, but does not the financial statements and our auditor's report thereon.

Our opinion on the financial statement does not cover the other information and we do not express any form of assurance thereon.

In connection with our audit of the financial Statements, our responsibility is to read the other information, in doing so, consider whether the other information is materially inconsistent with the financial statement or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Amc*

### **Responsibilities of Management and Those Charged with Governance for the Financial**

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

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· Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with Governance regarding, among other matters, the planned scope and timing of the audit and Significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.


Place, Dhaka  
Dated: 04 November, 2021

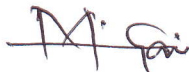
*Ahsan Manzur & Co.*  
Ahsan Manzur & Co.  
Chartered Accountants  
Md. Abdullah Al Amin, FCA  
DVC-2112291463AS633861

**Association for Peoples Development Strem**  
**MICRO CREDIT PROGRAMME**  
**Statement of Financial Position**  
As at 30 June, 2021

	Notes	Amount in Taka	
		30-Jun-21	30-Jun-20
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property Plant and Equipment	6	554,875	467,281
		<b>554,875</b>	<b>467,281</b>
<b>Current Assets:</b>			
Loan to Beneficiaries	7	92,546,988	86,422,086
FDR	8	2,543,641	693,601
Account Receivable	8.1	153,866	-
Cash and Cash Equivalents	9	28,152,575	13,900,422
<b>Total Current Assets:</b>		<b>123,397,070</b>	<b>101,016,109</b>
<b>Total Assets</b>		<b>123,951,945</b>	<b>101,483,390</b>
<b>Capital Fund and Liabilities:</b>			
<b>Capital Fund:</b>			
Fund Account	10	5,114,059	3,074,596
Statutory Reserve Fund & others	11	5,348,905	1,512,334
<b>Total</b>		<b>10,462,964</b>	<b>4,586,930</b>
<b>Non-Current Liabilities:</b>			
Loan from Friendship	12	73,693,470	73,550,379
Other Loans	13	12,000,000	12,000,000
		<b>85,693,470</b>	<b>85,550,379</b>
<b>Current Liabilities:</b>			
Member Insurance Fund	14	2,506,064	1,662,063
Group Members Savings	15	11,170,957	7,011,958
Loan Loss Provision (L.L.P)	16	5,891,444	2,009,665
Loan from Janata Bank		7,500,000	-
Grant Liabilities (SEDMP)		54,950	54,950
Liabilities for Expenses	17	672,096	607,445
<b>Total Current Liabilities:</b>		<b>27,795,511</b>	<b>11,346,081</b>
<b>Total Capital Fund and Liabilities:</b>		<b>123,951,945</b>	<b>101,483,390</b>

The accompanying notes from 1 to 21 an integral part of the financial statements.

  
**Chief Executive Officer**

  
**Finance Manager**

Signed in terms of our report of even date annexed

Place: Dhaka  
Dated: 04 November, 2021

  
**Ahsan Manzur & Co.**  
**Chartered Accountants**  
**Md. Abdullah Al Amin, FCA**  
**DVC-2112291463AS633861**

**Association for Peoples Development Strem**  
MICRO CREDIT PROGRAMME  
**Statement of Comprehensive Income**  
For the year ended 30 June 2021

	Notes	Amount in Taka	
		2020-2021	2019-2020
<b>INCOME:</b>			
Service Charge	18	16,943,116	7,430,386
<b>Other Income :</b>			
Admission Fees		8,370	38,690
Bank Interest		220,870	115,405
Sale of Passbook		9,360	39,030
Sale of loan Form		26,295	29,890
Grant Income		-	28,169,400
<b>Total Income</b>		<b>17,208,011</b>	<b>35,822,801</b>
<b>EXPENDITURE:</b>			
Administrative Expenses	19	1,689,298	590,583
Staff Salary	20	8,301,840	3,852,149
Project Expenses(SEDMP)	21	-	28,169,400
Interest paid on Member Savings		516,176	322,266
Loan Loss Provision		3,881,779	691,607
Audit Fees		40,020	19,608
Consultancy fees		383,130	-
Depreciation		104,704	63,281
Expenditure:		14,916,947	33,708,894
Less: Income Tax expense		79,469	34,973
<b>Total Expenditure</b>		<b>14,996,416</b>	<b>33,743,867</b>
<b>Surplus/(Deficit) of Income over Expenditure</b>		<b>2,211,596</b>	<b>2,078,934</b>
<b>Total</b>		<b>17,208,011</b>	<b>35,822,801</b>

The accompanying notes from 1 to 21 an integral part of the financial statements.



**Chief Executive Officer**



**Finance Manager**

Signed in terms of our report of even date annexed

Place: Dhaka

Dated: 04 November, 2021



**Ahsan Manzur & Co.**

**Chartered Accountants**

**Md. Abdullah Al Amin FCA**

**DVC-2112291463AS633861**



## Association for Peoples Development Strem

MICRO CREDIT PROGRAMME

## STATEMENT OF RECEIPTS AND PAYMENTS

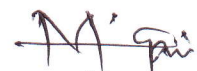
For the year ended 30 June 2021

	Notes	Amount in Taka	
		2020-2021	2019-2020
<b>RECEIPTS:</b>			
Cash at Bank		13,212,958	6,949,801
Less: Adjustment		-	(46,622)
Opening Cash at Bank			6,903,179
Cash in Hand	9	687,464	118,295
<b>Opening Balance:</b>		<b>13,900,422</b>	<b>7,021,474</b>
Service Charge Received		20,558,527	8,643,561
Savings Collection		5,043,237	3,768,407
Loan Recovery Principle		134,844,098	62,897,412
Recover from employee		2,000	-
Loan from Friendship		-	89,233,712
Grant Received from Friendship Luxembourg		-	28,174,350
Loan received from Janata Bank		7,500,000	-
Member Insurance Recovery		1,409,690	1,323,860
Bank Interest		113,273	101,804
Admission Fees		8,370	38,690
Sale of Passbook		9,360	39,030
Application form Sales		26,295	29,890
		169,514,850	194,250,716
<b>Total Receipts:</b>		<b>183,415,272</b>	<b>201,272,190</b>
<b>PAYMENTS:</b>			
Administrative Expenses		1,689,298	342,192
Staff Salary		8,050,157	2,933,062
Savings Refund		1,397,380	938,227
Consultancy fees		320,630	-
Project Expenses(SEDMP)		-	28,119,400
Loan refund to Friendship		156,909	21,450,000
Furniture		19,318	135,064
Equipment		194,441	345,007
Advance to Employee		59,993	-
Adavancce Income Tax		19,882	-
Loan Disbursement		140,969,000	132,386,000
Group Member Insurance Refund		565,689	192,816
FDR		1,820,000	530,000
<b>Total Payments:</b>		<b>155,262,697</b>	<b>187,371,768</b>
Closing Balance:			
Cash in Hand		336,064	633,806
Cash in Hand SEDMP		53,658	53,658
Cash at Bank		27,762,853	13,212,958
<b>Total</b>		<b>28,152,575</b>	<b>13,900,422</b>
		<b>183,415,272</b>	<b>201,272,190</b>

The accompanying notes from 1 to 21 an integral part of the financial statements.



Chief Executive Officer



Finance Manager





**Association for Peoples Development Strem**  
**MICRO CREDIT PROGRAMME**  
**Statement of Cash Flows**  
For the year ended 30 June 2021

Particulars	Amount in Taka	
	2020-2021	2019-2020
<b>A. Cash Flows from Operating Activities:</b>		
Surplus for the year	2,211,596	2,078,934
<b>Add: Amount considered as non-cash items:</b>		
Depreciation	104,704	63,281
Provision for Climate Protection, default payment	3,725,109	1,213,175
Loan Loss Provision (L.L.P)& others	3,881,779	691,607
Previous year office rent provision	84,000	24,000
Grant Unspent ( Including Provision)	-	54,950
<b>Sub Total of non-cash items:</b>	<b>10,007,188</b>	<b>4,125,947</b>
Loan to beneficiaries	(6,124,902)	(69,488,588)
Accounts Receivable	(133,984)	-
Group Members Savings	4,158,999	3,152,446
Liabilities for expenses	64,651	452,854
Member Insurance Fund	844,001	1,131,044
<b>Net cash used in Operating Activities:</b>	<b>8,815,952</b>	<b>(60,626,297)</b>
<b>B. Cash Flows from Investing Activities:</b>		
FDR	(1,850,040)	(543,601)
Fixed Asset (Furniture & Equipment)	(213,759)	(501,532)
<b>Net cash used in Investing Activities:</b>	<b>(2,063,799)</b>	<b>(1,045,133)</b>
<b>C. Cash Flows from Financial Activities:</b>		
Loan from Friendship & other	-	68,550,379
Loan from Janata Bank	7,500,000	-
<b>Net cash from Financial Activities:</b>	<b>7,500,000</b>	<b>68,550,379</b>
<b>D. Net increase/(decrease) in Cash &amp; Bank Balance (A+B+C)</b>	<b>14,252,153</b>	<b>7,380,481</b>
Cash and Bank Balance at the beginning of the year	13,900,422	7,068,096
Less: Adjustment		46,623
Add: Cash and Bank Balance at the beginning of the year	<b>13,900,422</b>	<b>7,021,474</b>
<b>Cash and Bank Balance at the end of the year</b>	<b>28,152,575</b>	<b>13,900,422</b>

The accompanying notes from 1 to 21 an integral part of the financial statements.

  
Chief Executive Officer

  
Finance Manager



**Association for Peoples Development Strem**  
**MICRO CREDIT PROGRAMME**  
**STATEMENT OF CHANGE IN EQUITY**  
For the year ended 30 June 2021

(Amount In BDT)

	Capital Fund	Retained Earnings	Total Taka
Opening Balance ( 1 July 2020)	1,237,361	1,837,235	3,074,596
Add: Adjustment	84,000		84,000
Add: Surplus/(Deficit) for the year	-	2,211,596	2,211,596
Less: Reserve Fund	-	(221,160)	(221,160)
Less: Income Tax provision	(34,973)		(34,973)
<b>Closing Balance (30 June 2021)</b>	<b>1,286,388</b>	<b>3,827,671</b>	<b>5,114,059</b>

	Capital Fund	Retained Earnings	Total Taka
Opening Balance (1 July 2019)	1,213,361	12,817	1,226,178
Add: Adjustment	-	(46,623)	(46,623)
Add: previous year provision office rent Adjustme	24,000		
Add: Surplus/(Deficit) for the year	-	2,078,934	2,078,934
Less: Reserve Fund	-	(207,893)	(207,893)
<b>Closing Balance (30 June 2020)</b>	<b>1,237,361</b>	<b>1,837,235</b>	<b>3,074,596</b>

The Accompanying notes from 1 to 21 an integral part of these financial statements.



Chief Executive Officer



Finance Manager



**Association For Peoples Development Strem**  
MICRO CREDIT PROGRAMME  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2021

**1.00 BACKGROUND OF THE ORGANIZATION:**

**Association for Peoples Development Strem** is a non -profit voluntary development organization registered with Department of Social Welfare, Government of the People's Republic of Bangladesh vide Registration No. Dhaka-04570 dated 20 May 1999. It is also registered with the NGO affairs Bureau, Government of the People's Republic of Bangladesh vide registration No. 3032 dated 28 July 2016. Association for Peoples Development Strem has also taken approval from Micro Credit Regulatory Authority (MRA) vide registration No.21112-00537-00812 dated 20 November 2018.

**2.00 CORPORATE INFORMATION OF THE MFI:**

Name of the MFI	Association for Peoples Development Strem		
Year of establishment	1999		
Legal entity:	Registration Authority	Registration No.	Date
	Social Welfare Department	Dhaka-04570	5/20/1999
	NGO Bureau Affairs	3032	7/28/2016
	MRA	21112-00537-00812	20 November 2018
Nature of operations (programs)	Micro-credit Program.		
Statutory audit conducted up to	01 July 2020 to 30 June 2021.		
Name of statutory auditor for last year	Ahsan Manzur & Co. Chartered Accountants.		
Name of auditor for current year	Ahsan Manzur & Co. Chartered Accountants.		
No. Executive Committee meeting held FY 2020-2021	2 times		

<b>List of Executive Committee Members:</b>				
Name	Designation	Profession	Qualification	Present Address
Mr. Alimur Rahman Khan	Chairman	MA	Social Activities	Balia Jamidar Bari, Balia Dhamri, Dhaka
Ms. Kaniz Fatema	Vice-Chairman	M.S.S	House wife	10/1, Tallabagh, Mohammadpur, Dhaka-1207
Enayet E Rabbi	Secretary General	B. Com	Retired Banker	House 15, Road-8, Gulshan-1, Dhaka
Mr. Muhammed Shamim Reza	Treasurer	FCA	Private Service	Navana Garden, Flat no 2c, Building Tulip, Shahid Miner Road, Mohammadpur-1207



Mr. Md Rafiquzzaman	Executive Member	M. A	Self Employee	Road -4, House 21, Block -D, Section 6, Mirpur Dhaka
Ms. Al Aksha	Executive Member	MBA	Self Employee	73/16,, Subajtu, Taj Vila, Flat no-1, A/2, Kazi Motahar Hosain Road. GPO 1000
Mr. Mohammad Enamul Haque	Executive Member	M.S.S	Self Employee	Road 3, House 18, Block A, Section 2, Mirpur -Dhaka.

### 3.00 Basis of Accounting:

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

### 4.00 Summary of significant accounting policies:

#### Insurance policy

APDS makes provision of 1% insurance on the disbursement amount for each disbursement. This provision amount is deducted from the disbursement amount given to the borrowers. This insurance can be claimed only for two instances.

1. Death of the borrower or the earning member of the family; and
2. For the above-mentioned instances, the outstanding of the borrower can be adjusted with the insurance provision amount.

#### Service charge on Agriculture product

Risk sharing

Service charges on risk sharing agriculture products will be 24% declining. All Agriculture risk sharing products will have a tenure of 8 months and will be repaid at the end of tenure in one single payment.

The service charge from the risk sharing products will be divided in three parts.

1. Organizational profit (Total service charge/31.5\*24)
2. Provision for climate protection (Total service charge/31.5\*5)
3. Provision for default payment (Total service charge/31.5\*2.5)

Only the organizational profit will be treated as income in the income statement and both the provision of climate protection and default payment will be treated as liability in the balance sheet

### 4.01 Currencies:

The financial statements have been prepared and presented in Bangladeshi Taka.

### 4.02 Revenue Recognition:

Association for peoples Development Strem ( APDS) collects service charges from beneficiaries , sale of loan form & Pass book and recognized as income in the financial Statements only when the service charges and sales are actually received.

### 4.03 a. Interest Income and Expenses:

#### Service Charges on Loan:

Service Charges have been recognized on cash basis.

#### Interest Expenses:

Interest Expenses have been recognized on accrual basis.

#### Other

#### Expenses:

Other Expenses have been recognized on accrual basis.

### b. Interest Paid on Savings:

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



#### 4.04 Fixed Assets and Depreciation:

Fixed assets has been shown in the financial position at book value less depreciation . Depreciation has been charge on the reducing balance method. In respect of of all asset , Depreciation provided on reducing method over their expected useful life. Depreciation is charged monthly usage basis.

Name of Assets	%
Furniture & Fixture	10%
Equipment	20%

#### 5.00 SIGNIFICANT ORGANIZATIONAL POLICIES:

##### 5.01 Loan Loss Provision:

###### ✦ Loan Classification:

Loans are classified in accordance with the guideline of **Microcredit Regulatory Authority**

Particulars	Loan Loss Provision
Good Loan Outstanding	1%
1-30 days Doubtful Loan Outstanding	5%
31-180 days Doubtful Loan Outstanding	25%
181-365 days Doubtful Loan Outstanding	75%
Above 365 days Bad Loan Outstanding	100%

###### ✦ Loan Loss Provisioning:

Provision for loan loss is made in accordance with the guideline of **Microcredit Regulatory Authority**.

###### ✦ Write Off Policy:

Loan loss is written off in the financial statements having approval of competent authority if it becomes established that the loan will never be recovered.

##### 5.02 Policy on Loan to Beneficiaries:

To avail loan a beneficiary should deposit 5-10% of required loan amount to the savings fund. 24% interest will be charged on Declining Method on the beneficiaries on outstanding amount. The loan has to be refunded by the beneficiaries on weekly basis with 15 days Grace period. The beneficiaries have to pay for the pass book.

##### 5.03 Policy on Savings Collection:

A group has to be established consisting of at least 5 members. Savings will be collected minimum Tk.20 for micro finance on weekly basis. The collected savings are deposited to the Bank. 6% interest is paid to the members on yearly basis on their savings.

##### 5.04 Policy on Gropup Member Insurance:

Group member insurance are taken from borrower as of 1% of the loan amount. means 10 taka per thousand. Group member Insurance is refunded only after borrower's death, and husband's death in case of female borrower.



	Amount in Taka	
	30 Jun 2021	30 Jun 2020
<b>6.00 Property Plant &amp; Equipment:</b>		
<b>A. Cost</b>		
Opening balance	537,372	35,840
Add: Addition During the year	192,298	501,532
Total	729,670	537,372
<b>B. Depreciation</b>		
Opening	70,091	6,810
Add: Depreciation during the year	104,704	63,281
Accumulated Depreciation	174,795	70,091
<b>Written Down Value (A-B)</b>	<b>554,875</b>	<b>467,281</b>

**Details shown in Annexure A/4**

<b>7.00 Loan to Beneficiaries:</b>		
Opening Balance	86,422,086	16,933,498
Add: Disbursed during the year	140,969,000	132,386,000
	<b>227,391,086</b>	<b>149,319,498</b>
Less: Collection during the year	134,844,098	62,897,412
<b>Closing Balance</b>	<b>92,546,988</b>	<b>86,422,086</b>

<b>8.00 FDR :</b>		
Opening Balance	693,601	150,000
Add: During the year	1,820,000	530,000
	<b>2,513,601</b>	<b>680,000</b>
Add: Interest	30,040	14,678
Less: AIT	-	1,077
<b>Closing Balance</b>	<b>2,543,641</b>	<b>693,601</b>

<b>8.1 Accounts Receivables</b>		
Advance to employee	57,993	-
Accrued Interest (FDR)	75,991	-
Advance Income Tax	19,882	-
	<b>153,866</b>	<b>-</b>

<b>9.00 Cash and Cash Equivalentents</b>		
The cash and cash equivalentents are made up as under:		
Cash in Hand:		
Cash in Hand SEDMP	336,064	633,806
Cash at Bank	53,658	53,658
	27,762,853	13,212,958
	<b>28,152,575</b>	<b>13,900,422</b>

<b>9.01 Cash at Bank:</b>		
The bank balances were held with the following bank:		
Janata Bank Ltd (A/C-100112992345)	554,121	538,869
Janata Bank Ltd (A/C-10112989867)	383,816	399,203
Janata Bank Ltd (A/C-0100012048879)	13,403	14,208
Agrani Bank Ltd (A/C-0200013480328)	2,722,954	3,287,908
Janata Bank Ltd, Haluaghat (A/C-0100173214256)	10,523,158	820,729
Janata Bank Ltd, Gaibandha (A/C-0100017740398)	8,903,871	4,050,890
Agrani Bank Ltd, Kuakata (A/C-0200013651462)	789,846	3,082,051
Janata Bank Ltd, Kurigram(A/C-01290320001007))	2,246,875	382,711
Janata Bank Ltd, Shamnagar (A/C-020001380516)	1,623,517	635,097
Janata Bank Ltd ( A/C 0100178497990 SEDMP)	1,292	1,292
	<b>27,762,853</b>	<b>13,212,958</b>



		<b>Amount in Taka</b>	
		<b>30 Jun 2021</b>	<b>30 Jun 2020</b>
<b>10.00 Fund Account:</b>			
	Opening Balance	3,074,596	1,226,178
	Add: Surplus during the year	2,211,596	2,078,934
	Less: Transfer to reserve fund	(221,160)	(207,893)
	Less: Previous year Income Tax	(34,973)	-
	Add: Adjustment previous year office rent	84,000	24,000
	Less: Adjustment	-	(46,623)
	<b>Closing Balance</b>	<b>5,114,059</b>	<b>3,074,596</b>
<b>11.00 Statutory Reserve Fund</b>			
	Reserve Fund (Note 11.02)	520,319	91,266
	Add: Transfer from Surplus & Service Charge	4,828,586	1,421,068
	<b>Closing Balance</b>	<b>5,348,905</b>	<b>1,512,334</b>
<b>11.01 Transfer from Surplus &amp; Service Charge</b>			
	Reserve Fund	520,319	207,893
	Fund for climate Protection	3,232,229	808,784
	Fund for Default Payment	1,596,357	404,391
	<b>Closing Balance</b>	<b>5,348,905</b>	<b>1,421,068</b>
<b>11.02 Reserve Fund:</b>			
	Opening Balance	299,159	91,266
	Add: Transfer from Surplus	221,160	207,893
	<b>Closing Balance</b>	<b>520,319</b>	<b>299,159</b>
<b>11.03 Fund for Climate Protection</b>			
	Opening Balance	808,784	-
	Add: Transfer from Service Charge	2,423,445	808,784
	<b>Closing Balance</b>	<b>3,232,229</b>	<b>808,784</b>
<b>11.04 Fund for Default Payment</b>			
	Opening Balance	404,391	-
	Add: Transfer from Service Charge	1,191,966	404,391
	<b>Closing Balance</b>	<b>1,596,357</b>	<b>404,391</b>
<b>12.00 Loan from Friendship:</b>			
	Opening Loan Fund	73,550,379	5,000,000
	Add: Loan received during the year	-	89,233,712
	Add: Staff salary paid by Friendship as loan	300,000	766,667
		<b>73,850,379</b>	<b>95,000,379</b>
	Less: Loan refund during the Year	156,909	21,450,000
	<b>Closing Balance</b>	<b>73,693,470</b>	<b>73,550,379</b>
<b>13.00 Other Loans:</b>			
	Opening Loan Fund	12,000,000	12,000,000
	Add: Loan Collection During the year	-	-
		<b>12,000,000</b>	<b>12,000,000</b>
	Less: Loan Payment During the Year	-	-
	<b>Closing Balance</b>	<b>12,000,000</b>	<b>12,000,000</b>
<b>13.01 Other Loan Breakdown:</b>			
	Muhammed Shameem Reza	4,500,000	4,500,000
	Zakia Sharood Khan Runa	7,500,000	7,500,000
		12,000,000	12,000,000



	Amount in Taka	
	30 Jun 2021	30 Jun 2020
<b>14.00 Member Insurance Fund:</b>		
Opening Balance	1,662,063	531,019
Add: Collection during the year	1,409,690	1,323,860
	<b>3,071,753</b>	<b>1,854,879</b>
Less: Refund during the year	565,689	(192,816)
<b>Closing Balance</b>	<b>2,506,064</b>	<b>1,662,063</b>
<b>15.00 Group Members Savings:</b>		
Opening Balance	7,011,958	3,859,512
Add: Savings Collection during the year	5,043,237	3,768,407
Add: Savings Interest during the year	516,176	322,266
	<b>12,571,371</b>	<b>7,950,185</b>
Less: Savings Refund during the year	1,400,414	(938,227)
<b>Closing Balance</b>	<b>11,170,957</b>	<b>7,011,958</b>
<b>16.00 Loan Loss Provision (L.L.P):</b>		
Opening Balance	2,009,665	1,318,058
Add: Provision during the year	3,881,779	691,607
	<b>5,891,444</b>	<b>2,009,665</b>
Less: Adjustment during the year	-	-
<b>Closing Balance</b>	<b>5,891,444</b>	<b>2,009,665</b>
<b>17.00 Liabilities for Expenses:</b>		
Accrued Salaries & Allowance	251,683	263,762
Audit Fee	40,020	19,608
Office Rent	10,993	-
Software Maintenance fee	-	73,500
Training & Meeting	186,726	186,726
Provision of income tax	114,442	34,973
VAT & Tax	68,232	28,876
<b>Total</b>	<b>672,096</b>	<b>607,445</b>
<b>17.10 Income Tax Payable</b>		
Opening	34,973	-
Add: Tax during the year	79,469	34,973
Less: Adjustment	-	-
<b>Closing</b>	<b>114,442</b>	<b>34,973</b>





		<b>Amount in Taka</b>	
		<b>2020-2021</b>	<b>2019-2020</b>
<b>18.00</b>	<b>Service Charge</b>		
	Service Charge	20,558,527	8,643,561
	Less: Provision for Climate Protection	2,423,445	(808,784)
	Less: Provision for default Payment	1,191,966	(404,391)
		<b><u>16,943,116</u></b>	<b><u>7,430,386</u></b>
<b>19.00</b>	<b>Administrative Expenses:</b>		
	Stationary	104,485	59,856
	Bank Charge	60,681	55,489
	Office Rent	129,632	-
	Annual General Meeting (AGM)	-	54,930
	Local Conveyance	635,538	10,870
	MRA Fees	12,934	23,700
	Office Supplies	-	28,315
	Repairs & Maintenance Cost	23,653	15,880
	Utilities	14,340	7,000
	Entertainment	90,281	4,040
	Communication	209,688	57,550
	Advertisement	10,510	11,062
	Office Supplies	147,769	1,665
	Software Maintenance fee	227,606	73,500
	Training & Meeting	22,181	186,726
		<b><u>1,689,298</u></b>	<b><u>590,583</u></b>
<b>20.00</b>	<b>Staff Salary :</b>		
	<b>Salaries &amp; Allowance</b>	<b><u>8,301,840</u></b>	<b><u>3,852,149</u></b>
<b>21.00</b>	<b>Project Expenses (SEDMP)</b>		
	Financial Contribution to Beneficiaries	-	20,828,000
	Office operation cost	-	679,472
	Staff Salary	-	4,225,000
	Skill Development Training	-	1,045,528
	Overhead expenses	-	1,341,400
	As per Receipts & Payment	-	28,119,400
	Add: Provison for Audit Expenses	-	50,000
		<b><u>-</u></b>	<b><u>28,169,400</u></b>



**Association for Peoples Development Strem**  
**MICRO CREDIT PROGRAMME**  
**ELIGIBILITY CRITERIA COMPLIANCE CERTIFICATION**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**ANNEXURE: A/2**

Sl	Ratio		Calculation of Ratio	Calculations	Ratio	Standard	
<b>1</b>	<b>Minimum Loan recovery rates, computed quarterly, based on the</b>						
(I)	Cumulative Recovery Rate (CRR)	=	Cum. Recovery-Advance Recovery (at the end of this year)	233,192,821	*100	88.02%	95%
			(Cum. Recovery-Advance Recovery)+ Overdue(Principal)	264,926,533			
(II)	Minimum Loan Collection ratio on current dues	=	Summation of regular recovery in the last 12 months				
			Summation of Regular recoverable in the last 12 months				
			Total Loan Recovery (Principal) for the Year- Advance Recovery - Previous years overdue recovery in the current year	22,055,752			
			{Total Loan Recovery (Principal) for the year- Advance Recovery- Previous year's overdue recovery in the current year}+ This Year New overdue	52,674,268	*100	41.87%	92%-100%
2	Minumum Liquidity Ratio		STD+Govt. Securities	281,52,575			
			Total Savings Fund	111,70,957	*100	252%	15%



3	Minimum Current Ratio	=	Current Asset	123,397,070	4.44:1	2:01	
			Current Liability	27,795,511			
			Loan Outstanding unspent due + overdue -More than One year passed overdue + Cash+Bank+STD+Advance				
		=	PKSF fund refundable in the next year (as per schedule) + Savings + Other short term loan				
4	Minimum Capital Adequacy Ratio	=	Total Capital (Net Worth)		*100	5.33%	10%
			Total Asset - (Cash+Bank+STD*+Govt. Securities)	5114,059			
			*STD (Short Term Deposits) includes - All FDR (Because it is encashable at any time)	95,779,488			
5	Minimum Debt Service Cover Ratio	=	Surplus+Total interest payments+Principial Collection on PKSF Funded Loan		*100	5.28:1	1.25:1
			Total Interest Payments+Principal payments on PKSF loan	2,727,772			
			Surplus for the year + Total Principal & Service Charge Payable to PKSF for the year	516,176			
			Total Principal & Service Charge Payable to PKSF for the year				

6	Debt to Capital Ratio	=	Debt	113,488,981	5,114,059	22.19:01	9:01
			Total Capital (Net Worth)				
		=	Savings + Other Loan				
		Total Capital (Accumulated Surplus)					
			*Other Loan: eg; Micro Insurance fund, Director's Loan, Bank Loan & Others, etc				
7	Minimum Rate of Return of Capital		Net Surplus	22,11,596	*100	54.01%	1%
			Capital Fund				
			Surplus for the Year				
			Average Capital Fund				
			Opening Capital+Closing Capital				
			2				
	*Average Capital Fund						

Place: Dhaka  
Dated: 04 November 2021

*Ahsan Manzur & Co.*  
Ahsan Manzur & Co.  
Chartered Accountants  
Md. Abdullah Al Amin, FCA  
DVC-2112291463AS633861



**Association for Peoples Development Strem**  
MICRO CREDIT PROGRAMME

PORTFOLIO REPORT FOR THE YEAR ENDED 30 JUNE 2021  
Review of Loan Classifications and Provisions

**Annexure: A/3**

**(i) Classification of Loan and Loan Loss Provision:**

Sl. No.	Particulars	No. of days Outstanding	Outstanding	Required Provision	
			Amount Tk.	Rate	Amount
1	Regular	Loans with no overdue installments	85,256,246	1%	852,563
2	Watchful	Loan default duration between 1-30 days	2,173,557	5%	108,678
3	Sub-standard	Loan default duration between 31-180 days	4,977,559	25%	1,244,370
4	Doubtful	Loan default duration between 181-365 days	842,782	75%	632,087
5	Bad Loan		3,053,746	100%	3,053,746
<b>Total Taka:</b>			<b>96,303,890</b>		<b>5,891,444</b>
<b>Total Loan outstanding as on 30th June 2021</b>			<b>92,546,988</b>		

Note: Loan loss provision has been made as per MRA circular 59 on loan balance 31 December 2020.

**(ii) Loan and Loan Loss Provision (LLP) Status of the MFI:**

Particulars	Taka
Required Provision as per MRA policy	5,891,444
Actual Provision made by the MFI	5,891,444
<b>Excess/(Shortfall in Provision )</b>	<b>0</b>
Comment on LLP: It appears from the computation that MFI has made in short provision for the LLP on its outstanding loan balances.	
Disclosure on Written off Loan:	
Loan Written Off Balance 01-07-2020	-
Loan Written Off during the year 2020-2021	-
Written Off Loan Recovered during the year 2020-2021	-
Loan Written Off Balance 30-06-2021	-

**Remark**

Provision available 01.07.2020

Provision made during the year

**Required Provision as per MRA**

2,009,665
3,881,779
<b>5,891,444</b>



(iii) Loan Operational Report:

Sl. No.	Particulars	2020-2021			2019-2020		
1	<b>Financial Service</b>						
	<b>Loan Product:</b>						
	Loan from Friendship , Board Member and Janata bank	93,193,470			85,450,379		
	<b>Savings Product:</b>						
	Savings Account	11,170,957			7,011,959		
	<b>Insurance Product:</b>						
	Members Insurance	2,506,064			1,662,063		
		<b>M</b>	<b>F</b>	<b>Total</b>	<b>M</b>	<b>F</b>	<b>Total</b>
2	<b>Number of Samities</b>	74	294	368	72	268	340
3	<b>Number of Members</b>	1045	4598	5643	1036	4,617	5653
4	<b>Number of Borrowers</b>	897	3938	4835	912	3,875	4787
5	<b>Number of Staff</b>	35	1	36	16	2	18
6	<b>Amount (Taka) of Loan outstanding with Samity</b>	92,546,988		92,546,988	86,422,088		86,422,088
7	<b>Members: Borrower</b>	5643:4835			5653:4787		
8	<b>Average Loan Size</b>	24,132			18,053		



**Association for Peoples' Development Strem (APDS)**  
**MICROCREDIT PROGRAMME**  
**STATEMENT OF PROPERTY PLANT & EQUIPMENT**  
For the year ended 30 June 2021

**Annexure-A/4**

Sl. No.	Particulars	Cost				Depreciation Rate	Depreciation				Written Down Value as at 30.06.2021
		Opening Balance as on 01.07.2020	Addition during this year	Adjustment during this year	Closing balance as on 30.06.2021		Opening Balance as on 01.07.2020	Charged during this year	Adjustment during this year	Closing balance as on 30.06.2021	
<b>01</b>	Furniture & Fixture	184,222	6,000	-	190,222	10%	21,039	16,970	-	38,009	152,213
<b>02</b>	Equipment	353,150	186,298	-	539,448		49,052	87,734	-	136,786	402,662
	<b>As at 30 June 2021</b>	<b>537,372</b>	<b>192,298</b>	<b>-</b>	<b>729,670</b>		<b>70,091</b>	<b>104,704</b>	<b>-</b>	<b>174,795</b>	<b>554,875</b>
	<b>As at 30 June 2020</b>	<b>35,840</b>	<b>501,532</b>	<b>-</b>	<b>537,372</b>		<b>6,810</b>	<b>63,281</b>	<b>-</b>	<b>70,091</b>	<b>467,281</b>



**Management report**  
**On the Accounts of the Association for Peoples Development Stream**  
**MFI for the year ended June 30, 2021**

**OBSERVATIONS AND RECOMMENDATIONS**

**Current year's (2020-2021) observations:**

Review of internal control of Financial Management System ensuring accountability and transparency:

**1. Observation:** We have noticed that an asset purchase in last audit period but recorded in this financial year, AIT also not considered for measurement of those assets.

**Recommendation:** Management should take immediate action to maintain proper accounting.

**Management Response:** We have received the Laptop on 30<sup>th</sup> June 2020 from vendor and the asset was ready for use on July 2021 and also payment made vide Cheque no. 5865318 dated 26 July 2020. We deduct the AIT and Deposited to the Government treasury accordingly.

**2. Observation:** We have noticed that APDS has paid house rent expenses, but we did not found any rental deed with APDS.

**Recommendation:** Management should revised all rental deed for made those expenses admissible.

**Management Response:** APDS Management will revise all rental deed as soon as possible.

**Compliance of the status of the prior year (2019-2020) Audit observations and mention the percentage thereof**

SI no.	OBSERVATIONS	IMPLEMENTATION STATUS	COMMENTS (IF ANY)
1.	During the year (2019-2020) under audit we have observed that loans outstanding from Friendship amounting taka 73,550,379 without interest and approved payment schedule. We have not found any valid reason for such interest free loan to APDS by the Friendship, and there was no direct relationship of APDS with Friendship.	We did not found any payment or schedule regarding those loan.	Friendship adjusted all the loan amount as local donation dated 04.10.2021.





**Auditor's Comments on Terms of Reference (TOR) given by  
Microcredit Regulatory Authority**

**Name of Organization:** Association for Peoples Development Strem.

**Duration of Audit:** For the year ended 30 June 2021.

Auditors' observations in compliance with the conditions (Terms of Reference-TOR) from the Microcredit Regulatory Authority 8, Shahid Sangbadik Selina Pervin Sarak Gulfeshan Plaza, 6th Floor, Baro Moghbazar, Dhaka 1217

**Condition-01**

To check whether the auditee has complied with the International Financial Reporting Standards (IFRSs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) while maintaining accounting records and preparing financial statements, and report if any non-compliance was found.

**Auditors' observations and comments**

We have conducted the audit in accordance with the International Standards on Auditing and maintained the "ICAB Code of Ethics" to ensure independence. The auditee has complied with the International Financial Reporting Standards (IFRS) as adopted by the (ICAB) for maintaining accounting records and preparing financial statements.

**Condition-02**

To examine whether the auditee has undertaken any activity, involved in transaction or provided services that is contrary to "Microcredit Regulatory Authority Act-2006." Or "Micro credit Regulatory Authority Ordinance-2010." Further to examine whether any transaction that goes against the interest of different donors, beneficiaries or the auditee itself.

**Auditors' observations and comments**

During the year under audit, and check as per test check there is no activities or transaction which goes against the rules from "Microcredit Regulatory Authority Act-2006." Or "Micro credit Regulatory Authority Ordinance-2010."

**Condition-03**

To examine whether closing balance of last year's audited financial statement was carried forward as opening balance in current year's accounts.

**Auditors' observations and comments**

We have matched the closing balances of last year's audited financial statements with current year's opening balances.

**Condition-04**

To examine whether the auditee has maintained proper books for sector-wise receipt of funds and whether they properly comply with the rules and regulations as per accounting manual provided by the authority.



**Auditors' observations and comments**

During the year under audit, all the required books of account are maintained by Organization under the double-entry bookkeeping system and as per regulator authority.

**Condition-05**

To check whether the auditee has kept the records separately for the collected funds under various components of micro credit activities and submit separate reports on that basis.

**Auditors' observations and comments**

The organization has kept the records separately for the collected funds under various components of micro credit activities and kept separate reports on that basis.

**Condition-06**

To examine whether the auditee has properly recorded and accounted for the receipt and disbursement of fund from different donor organizations and utilized them as per their principles/terms and conditions of the agreement with the donors.

**Auditors' observations and comments**

During the year under audit, we did not found any donations.

**Condition-07**

To examine whether the savings collected from the members are properly recoded in accounts and deposited into the bank, besides, whether collection and refund of savings has been done according to the principle and whether interest on savings are paid to members and also examine the rate of interest etc.

**Auditors' observations and comments**

During the year under audit auditee has properly recoded in accounts and deposited into the bank, besides, whether collection and refund of savings has been done according to the principle and paid interest properly to members.

**Condition-08**

To check whether the auditee has maintained the formalities and properly complied with the provisions in the rules mentioned before disbursing loan among the beneficiaries.

**Auditors' observations and comments**

We have check as per test basis, the auditee has maintained the formalities and properly complied with the provisions in the rules mentioned before disbursing loan among the beneficiaries.

**Condition-09**

To check whether the documents i.e. passbook, loan/savings collection schedule, and loan application form regarding loan write off, bad loan, have been preserved separately.

**Auditors' observations and comments**

We have checked as per our test check all the mentioned documents have been preserved separately.



**Condition-10**

To examine whether microcredit organization properly comply with the rules & regulations relating to the constitutions particularly in respect of formation and meetings of General Body and Governing Body.

**Auditors’ observations and comments**

During the year under audit we have found the auditee properly comply with the rules & regulations relating to the constitutions particularly in respect of formation and meetings of General Body and Governing Body.

**Condition-11**

To examine the physical existence of assets acquired out of surplus service charge and fund received from different sources for institutional development as loan or grants.

**Auditors’ observations and comments**

We have checked the physical existence of assets acquired out of surplus service charge and fund received from different sources for institutional development as loan or grants.

**Condition-12**

To conduct a sample check for whether the loans was properly utilized by the beneficiary members.

**Auditors’ observations and comments**

During the year under audit we have checked that the loans was properly utilized by the beneficiary members.

**Condition-13**

To check, whether all kinds of transactions were done through bank except collection of savings and disbursement of micro credit.

**Auditors’ observations and comments**

During the year under audit we have checked that all kinds of transactions were done through bank except collection of savings and disbursement of micro credit and petty cash transactions.

**Condition-14**

To check, whether recovered loan and savings amount from members were duly deposited into bank on the same/earliest date.

**Auditors’ observations and comments**

In course of our test verification we observed that, the organization has been recovered loan and savings amount from members were duly deposited into bank on the same day.

**Condition-15**

To check whether collected savings are properly recorded and accounted for at member’s level and samity level.

**Auditors’ observations and comments**

During the year under audit we have checked that, collected savings are properly recorded and accounted for at member’s level and samity level.



**Condition-16**

To examine that the recovery of loan disbursed out of fund received from several sources are made as per Amortization Schedule and also to examine the effective rate of service charges on loan to the members and to mention the findings in the report.

**Auditors' observations and comments**

The organization charged @ 24% p a under reducing balance declining method as service charge on loan disburse amount. The recovery of loan disbursed out of found received from several sources is made as per Amortization Schedule and the effective rate of service charges on loan to the members agreed with the terms and condition.

**Condition-17**

To examine whether loan loss provision has been computed and accounted for as per Microcredit Regulatory Authority Act, 2006 and Micro Credit Regulatory Authority Rules, 2010.

**Auditors' observations and comments**

During the year under audit we have checked that, loan loss provision has been computed and accounted for as per Microcredit Regulatory Authority Act, 2006 and Micro Credit Regulatory Authority Rules, 2010.

**Condition-18**

To check the closing cash balance at the time of auditing by counting cash amount physically and issue certificate of balance. To check bank balance of year end by collecting certificate of bank balance and also check Bank Reconciliation Statements that have been prepared.

**Auditors' observations and comments**

During the year under audit we have checked that, the bank reconciliations and found the cash certificate properly.

**Condition-19**

To check whether the payments were made with proper approval authority of bills/voucher, whether payment made as per approved price and to examine the "Budgetary Control System".

**Auditors' observations and comments**

During the year under audit we have checked that, the payments were made with proper approval authority of bills/voucher, whether payment made as per approved price and to examine the "Budgetary Control System".

**Condition-20**

To comment on the reasons for existence of any unused fund if detected during audit and make comments in the audit report.

**Auditors' observations and comments**

During the year under audit we did not found any unused fund.

**Condition-21**

To examine appropriateness of audit report and audited financial statement presented to different donor organizations, regulatory authority and other authorities.



**Auditors' observations and comments**

We confirm that financial report submitted to concern authority and found them in order.

**Condition-22**

To examine whether there is a proper compliance with the provision of the Income Tax and Value Added Tax (VAT) authority rules implemented by the Government.

**Auditors' observations and comments**

In course of our test verification we observed that, the organization has properly complied with the provision of the Income Tax and value Added Tax (VAT) authority rules.

**Condition-23**

To check whether all the policies i.e., the procurement policy, service policy, loan and savings policy etc. are in place and are properly followed by the auditee organization.

**Auditors' observations and comments**

During the year under audit we have checked that, all the policies i.e., the procurement policy, service policy, loan and savings policy etc. are in place and are properly followed by the auditee organization.

**Condition-24**

To check whether there is an internal audit arrangement/division in the auditee organization and whether internal audit is conducted regularly and comment thereon.

**Auditors' observations and comments**

In course of our verification we observed that, the organization have internal audit in practices. But we did not found any reports thereon.

**Condition-25**

To comment on whether the recommendations on previous year's audit on objections are properly taken care of or not.

**Auditors' observations and comments**

We have noticed that, auditee has complying last year recommendations.

**Condition-26**

To check cost sharing between of micro-credit and other program and comments therefore in the report.

**Auditors' observations and comments**

During the year under audit we have checked that auditee has shared rent space with another program.

**Condition-27**

To check whether transactions have taken place through bank for significant amounts.



**Auditors' observations and comments**

During the year under audit, we have checked that transactions have taken place through bank for significant amounts.

**Condition-28**

To check audit fees are fixed on the basis of total loan portfolio and cost centers/branches or not.

**Auditors' observations and comments**

Audit fees are fixed on lump sum basis.

**Condition-29**

To examine and comment on the credit activities funded by different source and from own source, internal control system, loan classification, Loan provision principle and loan recovery rate and to comment in the audit report.

**Auditors' observations and comments**

In course of our verification we observed that, the overall micro credit activities of own fund and internal control system of the organization is found to be in order.

The loan recovery position of the organization as provided to us is given below:

Cumulative Recovery Rate : 88%  
On Time Realization Rate : 42%

**Condition-30**

To comment on the utilization of money received under different contracts between donor/financial institute and the microcredit organization.

**Auditors' observations and comments**

In course of our verification we observed that, the organization did not received any fund under different contracts between donor/ financial institution and the microcredit organization.

*Ahsan Manzur & Co.*

**Ahsan Manzur & Co.**

**Chartered Accountants**

**Md. Abdullah Al Amin, FCA**

**DVC-2112291463AS633861**

