



**S.K.BARUA & CO.**  
CHARTERED ACCOUNTANTS

a member of  
**empacta**  
registered in Berlin-Germany

**Independent Auditor's Report**

To

**The Governing Body of**

**COAST Foundation**

Metro Melody, House -13, Road -2, Dhaka-1207.

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the Consolidated financial statements of “**COAST Foundation**” which comprise the consolidated statement of financial position as at 30 June 2021 and the consolidated statement of Comprehensive Income for the year ended 30 June 2021 and the consolidated statement of Receipts & Payments for the period from 01 July 2020 to 30 June 2021 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, accompanying financial statements present fairly, in all material respects of the consolidated statement of financial position “**COAST Foundation**” as at 30 June 2021 and its financial performance for the year then ended in accordance with Generally Accepted Accounting practices.

**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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountant (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.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal controls**

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 project's duration, disclosing, as applicable, matters related to projects period and using the going concern basis of accounting unless management either intends to liquidate the project or to cease operations, or has no realistic alternative but to do so those charged with governance are responsible for overseeing the projects 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 International Standards on Auditing (ISAs) would 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 these bases of financial statements. As part of an audit in accordance with International Standards on Auditing (ISAs) we exercise professional judgment 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, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- 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 in organization's activities. 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, further events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the organization's or activities within the institute to express an opinion on the financial statements. We are responsible for our audit opinion.





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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.

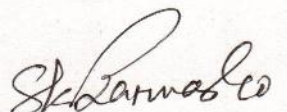
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**We also report that:**

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made do verification thereof;
- b) In our opinion, proper books of accounts as required by law have been kept by the organization so far as it appeared from our examination of these books; and
- c) The consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of receipts & payments dealt with by the report are in agreement with the books of accounts;

**Dated: Dhaka**  
**18 October 2021**



  
**Mohammad Anwarul Hoque FCA**  
**Partner**  
**Enrollment No. 1458**  
**S. K. Barua & Co.**  
**Chartered Accountants**  
**DVC: 2110241458AS500912**



**COAST Foundation**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2021**

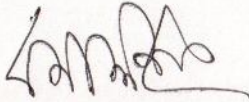
Notes	Central Operation	Micro Finance Program	Social Intervention	Donor Program	Amount In Taka		
					30 June 2021	30 June 2020	
<b>Assets:</b>							
<b>Non Current Assets</b>							
Property, plant and Equipment	6	8,360,395	143,377,617	1,002,963	17,164,681	169,905,656	150,802,066
Intangible Assets	6.A	-	2,126,088	-	-	2,126,088	1,618,362
Capital Work-in-Progress	6.B	-	2,483,647	-	-	2,483,647	13,054,968
Long Term Investment	7	876,853	182,521,502	-	-	183,398,355	220,418,475
		<b>9,237,248</b>	<b>330,508,854</b>	<b>1,002,963</b>	<b>17,164,681</b>	<b>357,913,746</b>	<b>385,893,871</b>
<b>Current Assets</b>							
Loan to Members	8	-	3,091,880,311	-	-	3,091,880,311	2,527,184,605
Other Loan -Short -Term	9	7,983,647	-	13,139,718	-	21,123,365	13,139,718
Accounts Receivables	10	10,598,385	9,654,655	3,032,250	-	23,285,290	30,598,786
Advance, Deposit & Pre-payments	11	679,470	15,757,612	157,578	554,144	17,148,804	15,992,950
Stock & Stores	12	-	140,855	5,234,839	-	5,375,694	5,889,026
Cash in Hand	13	14,970	1,971,832	17	20,076	2,006,895	3,276,538
Cash at Bank	14	10,132,054	91,227,774	1,839,064	49,787,321	152,986,213	196,427,910
		<b>29,408,526</b>	<b>3,210,633,039</b>	<b>23,403,466</b>	<b>50,361,541</b>	<b>3,313,806,572</b>	<b>2,792,509,533</b>
<b>Total Assets</b>		<b>38,645,774</b>	<b>3,541,141,893</b>	<b>24,406,429</b>	<b>67,526,222</b>	<b>3,671,720,318</b>	<b>3,178,403,404</b>
<b>Fund and liabilities:</b>							
<b>Fund</b>							
Unutilized Donor Fund	15	(314,135)	-	-	38,294,426	37,980,291	49,692,173
Revaluation Surplus		55,531,131	-	-	-	55,531,131	55,531,131
Cumulative Surplus	16	(25,347,358)	395,820,875	6,522,901	-	376,996,418	302,657,284
Reserve Fund (Statutory Fund)	17	-	43,980,098	-	-	43,980,098	36,494,212
Other Funds (Fixed assets acquisition fund)	18	1,526,016	-	-	17,164,681	18,690,697	17,085,292
Disaster Management Fund- DMF		2,052,047	-	-	-	2,052,047	3,119,177
<b>Total Capital Fund</b>		<b>33,447,701</b>	<b>439,800,973</b>	<b>6,522,901</b>	<b>55,459,107</b>	<b>535,230,682</b>	<b>464,579,270</b>

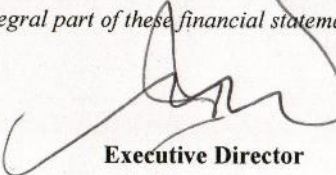




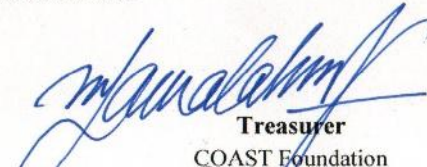
Notes	Central Operation	Micro Finance Program	Social Intervention	Donor Program	Amount In Taka		
					30 June 2021	30 June 2020	
<b>Non current liabilities</b>							
Loan from PKSF-long -term	19	-	313,916,653	-	-	313,916,653	362,052,329
Loan from Stomme Foundation (SF)	20	-	53,624,998	-	-	53,624,998	53,624,998
Loan from Commercial banks- long term	21	-	50,499,602	-	-	50,499,602	83,198,077
Loan from Internal Source- long term	22	-	269,579,305	-	-	269,579,305	127,404,542
		-	<b>687,620,558</b>	-	-	<b>687,620,558</b>	<b>626,279,946</b>
<b>Current liabilities</b>							
Loan from PKSF -Short term	23	-	343,283,337	-	-	343,283,337	233,292,659
Loan from Stromme Foundation (SF)	24	-	26,812,500	-	-	26,812,500	26,812,500
Loan from Commercial banks- Short term	25	-	517,014,644	-	-	517,014,644	520,485,008
Group Members Savings Deposit	26	-	1,207,032,519	-	-	1,207,032,519	956,993,675
Provision & Accruals	27	1,377,988	34,941,346	11,733,298	11,965,515	60,018,147	86,211,645
Loan loss provision	28	-	150,926,610	3,431,514	-	154,358,124	123,301,120
Payable to Gratuity Fund	29	3,820,085	6,507,147	2,718,716	101,600	13,147,548	34,851,596
Risk Fund (Member Welfare Fund)	30	-	127,202,260	-	-	127,202,260	105,595,985
		<b>5,198,073</b>	<b>2,413,720,362</b>	<b>17,883,528</b>	<b>12,067,115</b>	<b>2,448,869,078</b>	<b>2,087,544,188</b>
<b>Total Fund and Liabilities</b>		<b>38,645,774</b>	<b>3,541,141,893</b>	<b>24,406,429</b>	<b>67,526,222</b>	<b>3,671,720,318</b>	<b>3,178,403,404</b>

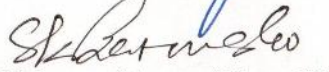
The accompanying notes form an integral part of these financial statements and are to be read in conjunction therewith.

  
**Director-Finance and Corporate Affairs**  
COAST Foundation

  
**Executive Director**  
COAST Foundation

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

  
**Treasurer**  
COAST Foundation

  
**Mohammad Anwarul Hoque FCA**  
Enrollment No. 1458  
Partner  
S.K. Barua & Co.  
Chartered Accountants  
DVC: 2110241458AS500912



Dated: Dhaka  
18 October 2021



**COAST Foundation**  
**Consolidated Statement of Comprehensive Income**  
**For the year ended 30 June 2021**

Particulars	Notes						Amount in Taka	
		Central Operation	Micro Finance Program	Social Intervention	Donor Program	FY 2020-2021	FY 2019-2020	
<b>Income</b>								
Service charges on loan	31.00	-	591,613,148	-	-	591,613,148	431,243,687	
Write off loan collection		-	176,340	-	-	176,340	476,880	
Bank interest		147,903	507,242	-	95,883	751,028	299,654	
Bank interest on FDR	32.00	44,435	8,282,273	-	-	8,326,708	13,200,892	
Membership admission and form sale	33.00	183,550	2,975,285	-	-	3,158,835	2,985,322	
Other sales (Form)		-	-	-	-	-	-	
Donation Income	34.00	6,097,393	4,977,460	-	259,091,407	270,166,260	278,626,709	
Others	35.00	442,400	-	52,490	-	494,890	286,703	
Management Cost from Project	36.00	25,859,561	-	4,117,564	-	29,977,125	24,402,184	
COAST contribution		-	-	-	6,920,285	6,920,285	6,262,019	
Forfeited amount of Provident Fund	27.03	241,886	2,577,394	-	-	2,819,280	-	
<b>Total Income</b>		<b>33,017,128</b>	<b>611,109,142</b>	<b>4,170,054</b>	<b>266,107,575</b>	<b>914,403,899</b>	<b>757,784,050</b>	
<b>Expenditure</b>								
Service charge of PKSF loan		-	42,586,233	-	-	42,586,233	29,703,185	
Interest on members savings	27.15	-	42,962,027	-	-	42,962,027	33,779,287	
Loan loss provision (LLP)	28.00	-	31,057,004	-	-	31,057,004	21,631,408	
Other loans interest	37.00	-	76,610,733	-	-	76,610,733	89,753,551	
Salaries & Benefits	38.00	14,546,279	271,503,023	3,167,786	94,779,068	383,996,156	312,787,074	
Office rent	39.00	-	5,846,822	-	2,331,708	8,178,530	8,596,978	
Residential benefits	41.00	-	9,080,668	-	-	9,080,668	8,247,385	
Administrative cost (FDMN project)		-	-	-	16,800,449	16,800,449	15,316,127	
Office maintenance		1,086,117	3,369,099	166,523	1,580,809	6,202,548	4,577,641	
Printing & stationery		918,993	3,499,270	15,495	337,044	4,770,802	5,838,119	
Computer support & software cost		-	4,979,478	-	-	4,979,478	3,871,192	
Traveling		1,049,424	7,716,676	24,380	1,262,606	10,053,086	12,363,520	
Telephone and postage		83,553	2,228,723	-	133,143	2,445,419	1,900,634	
Repair and maintenance		1,475,635	429,847	182,425	18,451	2,106,358	1,931,928	
Fuel cost		534,769	5,929,196	290,896	972,742	7,727,603	6,022,834	
Gas and electricity		333,705	2,903,793	277,855	203,746	3,719,099	3,331,462	
Entertainment		344,181	1,356,835	664,130	81,277	2,446,423	1,872,906	
Advertisement		145,220	28,050	-	-	173,270	168,523	





Particulars	Notes	Central Operation	Micro Finance Program	Social Intervention	Donor Program	Amount in Taka	
						FY 2020-2021	FY 2019-2020
Mail & postage		1,006,489	100,235	4,060	142,568	1,253,352	874,659
Bank charge		91,103	1,482,907	17,833	54,200	1,646,043	1,317,184
Income tax		-	-	-	14,751	14,751	2,855,096
Land Tax Expense		6,000	-	-	-	6,000	86,579
Training expense		12,450	1,121,004	15,430	-	1,148,884	2,157,778
Sub Grant Expenditure		-	-	-	-	-	8,951,739
Legal expense		465,117	320,071	-	-	785,188	598,936
Registration fee		157,577	893,896	-	-	1,051,473	1,020,007
Honarium, Member Fee & Social Contribution		631,230	13,985	25,699	-	670,914	975,408
Radio Meghna expense		1,539,771	-	-	-	1,539,771	469,565
HAP Established cost		327,225	-	-	-	327,225	16,500
Other operating expense	42.00	639,694	1,590,213	81,288	13,057,059	15,368,254	8,883,253
Audit fee	43.00	74,502	243,025	-	331,000	648,527	855,613
Donor program cost	44.00	444,892	6,935,074	-	129,544,813	136,924,779	167,689,188
Taxes		-	-	-	-	-	7,100
Covid -19 Expenses		-	-	5,108	-	5,108	2,782,732
Depreciation	6.00	1,795,473	7,630,474	216,388	4,462,141	14,104,476	12,954,428
<b>Total Expenditure</b>		<b>27,709,399</b>	<b>532,418,361</b>	<b>5,155,296</b>	<b>266,107,575</b>	<b>831,390,631</b>	<b>774,189,519</b>
Excess/(deficit) of income over expenditure before Tax(A-B)		5,307,729	78,690,781	(985,242)	-	83,013,268	(16,405,469)
Provision for Income Tax	27.25	(132,720)	(1,992,379)	-	-	(2,125,099)	-
Excess/(deficit) of income over expenditure after Tax		5,175,009	76,698,403	(985,242)	-	80,888,169	(16,405,469)
<b>Total</b>		<b>33,017,128</b>	<b>611,109,142</b>	<b>4,170,054</b>	<b>266,107,575</b>	<b>914,403,899</b>	<b>757,784,050</b>

The accompanying notes form an integral part of these financial statements and are to be read in conjunction therewith.

Director-Finance and Corporate Affairs  
COAST Foundation

Executive Director  
COAST Foundation

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

Treasurer  
COAST Foundation

Mohammad Anwarul Hoque FCA  
Enrollment No. 1458

Partner  
S.K. Barua & Co.  
Chartered Accountants  
DVC: 2110241458AS500912



Dated: Dhaka  
18 October 2021



**COAST Foundation**  
**Consolidated Statements of Cash flows**  
**For the year ended 30 June 2021**

Particulars	Central Operation	Micro Finance Program	Social Intervention	Donor Program	Amount in Taka	
					FY 2020-2021	FY 2019-2020
<b>A. Cash Flows from Operating Activities</b>						
Surplus for the period	7,951,406	76,001,971	(985,242)	-	82,968,135	(14,978,473)
<b>Add: Amount considered as non cash items:</b>						
Loan loss provision	-	31,057,004	-	-	31,057,004	21,663,639
Depreciation for the year	1,795,473	7,630,474	216,388	4,462,143	14,104,478	7,539,741
Provision expense	-	2,160,024	-	-	2,160,024	28,262,736
Depreciation adjust the year	-	(2,574,405)	-	-	(2,574,405)	-
<b>Sub total of non cash item</b>	<b>9,746,879</b>	<b>114,275,068</b>	<b>(768,854)</b>	<b>4,462,143</b>	<b>127,715,236</b>	<b>42,487,643</b>
Loan disburse to members	(7,983,647)	(564,695,706)	-	-	(572,679,353)	(276,931,933)
Increase / decrease in current assets	58,915,769	6,635,876	509,111	(319,617)	65,741,139	10,487,225
Increase / decrease in current liabilities	(57,023,407)	114,814,462	(1,467,369)	(10,638,955)	45,684,731	166,570,359
<b>Net cash used in operating activities</b>	<b>(6,091,285)</b>	<b>(328,970,300)</b>	<b>(958,258)</b>	<b>(10,958,572)</b>	<b>(333,538,247)</b>	<b>(99,874,349)</b>
<b>B. Cash flow from investing activities</b>						
Acquisition of property, plant and equipment	(4,148,094)	(84,132,026)	(128,128)	(6,130,635)	(94,538,883)	(22,158,660)
Payment made for work-in-progress	-	10,571,321	-	-	10,571,321	(6,450,000)
Sale of property, plant and equipment	-	2,574,405	-	295,909	2,870,314	6,342,281
Investment	(39,345)	37,059,465	-	-	37,020,120	(6,564,155)
<b>Net cash used in investing activities</b>	<b>(4,187,439)</b>	<b>(33,926,835)</b>	<b>(128,128)</b>	<b>(5,834,726)</b>	<b>(44,077,128)</b>	<b>(28,830,534)</b>
<b>C. Cash Flows from Financing Activities</b>						
Loan received from PKSF & Others	2,562,978	58,763,218	-	-	61,326,196	(69,977,333)
Members savings	-	250,038,844	-	-	250,038,844	142,735,604
Risk Fund (Member Welfare Fund)	-	21,606,275	-	-	21,606,275	16,872,745
<b>Net cash Provided by Financing activities</b>	<b>2,562,978</b>	<b>330,408,337</b>	<b>-</b>	<b>-</b>	<b>332,971,315</b>	<b>89,631,016</b>







D. Net increase / Decrease (A+B+C)	2,031,133	(32,488,799)	(1,855,240)	(12,331,155)	(44,644,060)	3,413,776
Add: Cash and Bank Balance at the beginning of the year	8,183,171	125,688,404	3,694,321	62,138,552	199,704,448	196,311,690
Cash and bank balance at the end of the year	10,147,024	93,199,605	1,839,081	49,807,397	155,060,388	199,704,448

*The accompanying notes form an integral part of these financial statements and are to be read in conjunction therewith.*

**Director-Finance and Corporate Affairs**  
COAST Foundation

**Executive Director**  
COAST Foundation

**Treasurer**  
COAST Foundation

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

**Dated: Dhaka**  
**18 October 2021**



**Mohammad Anwarul Hoque FCA**  
Enrollment No. 1458  
Partner  
S.K Barua & Co  
Chartered Accountants  
DVC: 2110241458AS500912



**COAST Foundation**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2021**

**1. Background:**

COAST Foundation, formerly known as the COAST Trust is a non- government organization working in Bhola, Patuakhali, Noakhali, Laxmipur, Feni, Chittagong, Cox's Bazar, Jhalkathi and Barisal districts. It was established in 1998 with the objective of improving the socio-economic condition of the Organization of people of coastal area of the country. The organization registered with "Register of Joint Stock Companies & Firms" (RJSC) Under The Societies Registration Act, 1860 (Act XXI of 1860), Register No S-13496/2021 Dated 3rd February 2021. That was former registration Trust Act 1882 under Mohummadpur subregistrar office, Dhaka. Registered No IV-64 & Dalil no-3794 dated 25 September 1997. COAST Foundation Certified from Microcredit Regulatory Authority (MRA) vide certificate # 00956-04041-00068, dated 29 november 2007 as Microcredit Regulatory Authority act 2006. The organization also registered with the NGO Affairs Bureau vide registration # 1242 dated 28 February 1998 under foreign donation regulation Aurdinance. The program activities being executed by COAST includes, Institution Building, Micro Finance, Social Justice and Development Education as its core program and Disaster Management, IGA & Coastal Renewable Energy Project (CREP), Food Security, Health as non-core program. COAST also have implemented different donor's supported projects that agreed with its mission and values.

**Major Area of Operations:**

COAST has been implementing its Micro Financing Program under the guidance and directives of MRA & PKSF where most of the funds are from PKSF. At the same time they are also allowed to use funds from statutory Banks and their own funds for operating MF program. The concern Donors also been providing support services to the COAST in developing and capacity building in order to achieve their goals. The Organization support services include:

- a) Organizing training for Organizations personnel as part of their capacity building;
- b) Organizing workshop for Organizations personnel on Micro Credit Program;
- c) Providing institutional support for capacity building like buying computer, motor cycle and bicycle; and
- d) Constant monitoring and supervision of Organizations by donors as a measure of confidence building.

**2. Corporate information of the Organization:**

Name of the Organization	COAST Foundation
Year of Establishment	1998
Legal Entity	COAST Foundation is a non-government, non-profit voluntary organization it registered with: a) Registrar of Joint Stock Companies registration no registration no. # 13496/2021, dated 03/02/2021. b) NGO Affairs Bureau vide registration # 1242 dated 28 February 1998 c) Microcredit Regulatory Authority (MRA) vide certificate # 00956-04041-00068, dated 29 november 2007
Nature of Operations (programs)	Micro Credit Programme (MCP) Beside other Social welfare & Advocay Programs.
Statutory Audit conduct up to	2020-2021
Name of statutory auditor for Last Year	S.K. Barua & Co.
Name of statutory auditor for Current Year	S.K. Barua & Co.
No. of Executive committee meeting held FY 2020-2021	4 times
Date of last AGM Held	26 June 2021



**List of Executive Committee members :**

Name	Qualification	Profession	Designation	Present Address
Mr. Tofail Ahmed PhD	BSS (Hon) MSS PhD	Consultant	Chairperson	Flat-G-4,(5th floor), House-19, Road-12, Sector-04, Uttara, Dhaka- 8363177
Gawher Nayeem Wahra	MSS	Consultant	Vice Chairperson	Holding no-3 ( A/3), Block-A, Aurengajeb Road,Muhammadpur ,Dhaka 1207
Mostafa Kamal Ahmed	M.COM, FCA	Chartered Accountant	Treasurer	Amicus Amity, Flat-C5, Plot-371, Road-10, Block -C, Bashundhara R/A, Dhaka 1229.
Jacob Kumar Sarker	MSS	Social activist	Member	Apart A 2, House 294, Road 13, Block C, Basundhara R/A
Jasmeen Sultana Paru	BA	Social activist	Member	House no 14/1, 3 no Nasirabad Housing Society, Pachlaish, Chattogram
Anjulika Khisha	M.Ed	Social worker	Member	Apartment - 36/7/B,Mirpur,Shahalibag, Mirpur-1, Dhaka
Rezaul Karim Chowdhury	MA	ED, COAST Foundation	Member Secretary	Flat- B2, House No-13/2, Road No-02,Grand Ruby Shyamoli, Dhaka-1207

**3.00 Basis of accounting:**

The financial statements have been prepared under historical cost convention in accordance with International

Accounting Standard (IAS) and International Financial Reporting Standards (IFRSs) adopted in Bangladesh.

**3.01 Basis of Consolidation:**

The Consolidated financial statements are prepared on the basis of financial statements all Donor programs, Central Operation, Micro Finance Program, Social Intervention for the period 01 July 2020 to 30 June 2021.

**4.00 Summary of significant accounting policies:**

**4.01 Currencies:**

These financial statements are presented in Bangladeshi Taka (BDT). Figures appearing in the financial statements are rounded off to the nearest BDT.

**4.02 Revenue recognition:**

The revenue during the year are recognized as following which satisfy all condition of revenue recognition as prescribed by IFRS-15 "Revenue Recognition". Service charge is the main source of income of the Organization in accordance with the loan agreement made between Organization and loanee/borrower. Income in case of service charges is accounted for on realization basis. Besides, income from sales of passbook, contract form, admission fees are recognized when collected, (cash basis).

Forfeited amount of COAST Foundation "Employees Provident Fund" has been recognized as income in the consolidated financial Statement as per the guideline of Financial Reporting Council (FRC).

**4.03 Provisions**

A provision is recognised in the financial statements when the organization has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. During the year provision has been made in the financial statements.



Since-1985

#### **4.04 Contingencies**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. We recognise any amount as an asset only if recovery of that amount is virtually certain.

There are no such contingent events during the period as per IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

#### **4.05 Events after Reporting Period**

Amounts recognized in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period.

#### **4.06 Related Party**

There is no transaction with related parties in the normal course of operation during the financial period of the organization.

#### **4.07 Comparative Information**

Comparative Information have been disclosed in respect of previous year for all numerical information in the Financial Statement and also the narrative and descriptive information where it is relevant for understanding current period's Financial Statements.

#### **4.08 Re-arrangement / Reclassification / Re-statement**

Comparative figures have been rearranged/restated/reclassified where ever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liability as reported in the Financial Statements.

#### **4.09 Going Concern**

At each year end management of the organization makes assessment of going concern as required by IAS-1. The organization has adequate resources to continue its operation for the foreseeable future and has wide coverage of its liabilities. The management continues to adopt going concern assumption while preparing the financial statements.

#### **4.10 Use of Estimates and Judgment**

The preparation of these financial statements, in conformity with IASs/IFRSs, required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts may differ from these estimates. Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

#### **4.11 Component of Financial Statements**

1. Consolidated Statement of Financial Position as at 30 June 2021.
2. Consolidated Statement of Comprehensive Income for the year ended 30 June 2021.
3. Consolidated Statement of Cash Flows for the year ended 30 June 2021.
4. Consolidated Statement of Changes in Equity for the year ended 30 June 2021.
5. Notes to the Financial Statements comprising summary of significant accounting policies, explanatory information & disclosures.

#### **4.12 Inventories**

Inventories comprise revenue stamps and medicine which are recognized in the financial statements at lower of cost and net realizable value as per IAS-2.



**4.13 Interest income:**

**Service Charge on loan**

Service charge from beneficiaries end - users is recognized in the financial statements on the basis of actual realization. The amount of service charges collected from the beneficiaries is recognized as income on cash basis.

The principal amount of loan and organizational service charges are collected in following equal weekly installments. Interest on loan to members has been being charged @ following service charge rate per annum is recognized on actual payment on cash basis.

Name of loan component	Service charge rate (Effective Rate)	No of installment
Jagoron / General Loan	24%	46
Agorsor (SEP & MDP) / Enterprise loan	24%	46
Buniad / Hardcore poor	20%	45
Seasonal loan	2% (monthly)	1
ENRICH IGA	24%	46
ENRICH ACL	8%	12 (Yearly)
ENRICH LI	8%	12 (Yearly)
LIFT (land leasing loan)	10%	1 (Yearly)
SDL	18%	12 (Yearly)

**Interest expenses:**

COAST Foundation has taken loans from PKSF, SF, commercial Banks, different fund from internal sources to provide loans to members. Interest on loans have been accounted for on accrual basis.

**\* Other expenses:**

Other expenses is recognized on accrual basis.

**(ii) Interest paid on savings:**

COAST Foundation collects three types of deposits. e.g. security savings deposit, open savings deposits, and term deposit. Interest paid on group savings deposits is recognized on accrual basis. Interest expenses have been recognized on cash basis. The savings interest rate is 6%.

**(iii) Reporting Period**

The financial period of the organization covers one year from 01 July 2020 to 30 June 2021.

**4.14 Property plant & equipment and depreciation:**

Property, plant and equipment are stated at cost less accumulated depreciation in accordance with IAS-16. Depreciation has been charged on fixed assets using straight line method at rates varying from 5% to 20% depending on the useful life of each assets. Details have been shown in Annexure -A\3.

**Intangible Assets**

Computer software has recognized as an intangible Assets and has shown separately in statement of Financial position. As the computer software has no physical existence and the indefinite useful life and every year the technical person COAST Foundation IT department and concern Official do the review the performance and usefulness of the software. So, no amortization has been considered in preparing the financial statements.

**4.15 Capital work-in-progress**

Capital work in progress consists of acquisition costs of building and other construction until the date placed in service. Capital work in progress is recognized when risks and rewards associated with such assets are transferred to the organization. A new building is being constructed at Bhola Sadar to increase the capacity of Micro Finance Program of COAST Foundation.

**4.16 Cash flow statement:**

Cash flow statement is prepared principally in accordance with IAS-7 "Cash Flow Statement" and the cash flow operating activities have been presented under the indirect method to confirm consistency to previous year.



#### 4.17 Income Tax

Under the Income Tax Ordinance (ITO), 1984 as amended, COAST Foundation is subject to taxation for some of its activities (Interest income from FDR and Bank interest) Under Income Tax Ordinance (ITO), 1984 as amended, COAST Foundation is subject to taxation for Interest income from FDR and Bank interest. As per 6th schedule, Para- A Para -1A of ITO 1984, Income from Microfinance activities is tax exempted. COAST Foundation submits its return for tax of the organization as a whole COAST Foundation and TIN number is 773532386890, Circle-90 (Companies), Zone -5.

#### 5. Summary of significant organizational policies:

##### 5.01 Loan loss provision:

###### Loan classification:

The Organization classified the loan into five categories as per MRA Organization policy, and PKSF guideline Current Loan (no overdue) - Standard - (LLP Charged to be 1%)

Regular loan (no overdue) - Good loan,

Loan overdue (1-30 days) – Watchful loan- LLP charged to be 5%

Loan overdue (31-180 days) – Substandard loan- LLP charged to be 25%

Loan overdue (181-365 days) – Doubtful loan- LLP charged to be 75%

Loan overdue (365+days) – Bad loan- LLP charged to be 100%

###### Loan Loss Provisioning and Write Off Organization policies:

The Organization makes provision on loan loss as per MRA Organization policy. They create 1% provision on regular loan outstanding, 5% on watchful loan outstanding, 25% on sub-standards loan outstanding, 75% on doubtful loan outstanding & 100% on bad loan outstanding. Organization has been following the MRA prescribed write-off policy.

##### 5.02 Organization policy on loan to beneficiaries:

The Organization follows the following Organization policies to disburse the loan to the beneficiaries:

a) At first arrange a group (samity) by 15 to 30 similar professional women or man with a community.

b) COAST Foundation provide loan to beneficiaries different types of loan under different sector, cluster. E.g Rural / General Microcredit that's call "Jagoron" Hardcore poor loan called "Buniad" Microenterprise loan called "Agrosor" "MDP" "SEP", Seasonal IGA Activity / Beef fattening loan called "Sufalon", Land Leasing loan as seasonal called "LIFT" and others Project wise and promotional loan according to national crisis.

c) 24% service charge has been charged on regular/ main component loan (Jagoron, Agrosor, Sofolon, Agrosor-SEP, Agrosor-MDP, and ENRICH-IGA). 20% on Buniad and LIFT, Stimulus loan on 9% yearly and all loans are calculated as per declining method.

d) The Loan has to be refunded by the beneficiaries on generally weekly basis.

e) The beneficiaries have to buy/take the pass book & loan form of the Organization.

f) The beneficiaries have to be the member of the group savings fund of the Organization.

g) The principal amount of loan and proportionate service charges are collected in 44-46 equal weekly

##### 5.03 Organization policy on savings collection:

The Organization has followed the following Organization policy to collect the savings-

a) A samity has to be established consisting of at least 15-50 members.

b) Savings will be collected @ Tk.20 to 100 on weekly basis.

c) Savings will be collected @ Tk 20-25 on weekly basis for Ultra Poor Program.

d) The collection saving will be deposited to the bank on the same day.

e) 6% Interest will be paid to the members on yearly basis on their savings.

