



AYESHA ABED FOUNDATION

Annual Report - 1997

BRAC
75, Mohakhali C/A
Dhaka - 1212

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1. Summary

Established in the early 80s, the Ayesha Abed Foundation (AAF) is an independent Trust Fund. It forms to generate employment and income opportunities for disadvantaged rural women. The Foundation provides them with appropriate working environment, financial and technical assistance as well as training to develop their skills in various craftsmanship. The foundation, unlike a commercial enterprise, was created as a trust to perpetuate the memory of Mrs. Ayesha Abed, Executive Assistant and wife of Mr. F.H. Abed, the Executive Director of BRAC.

Ayesha Abed Foundation initially set up a centre at Manikganj in 1983. Latter on, a second center was opened in Jamalpur and then opened in Jessore (rental house). The increased market demand gave scope for expansion to two more new Foundations at Kushtia and Sherpur, funded by Netherlands Embassy and had been operating since June 1996.

The women working at the sub-centres are organised into a Working Women's Association (WWA). Every sub-centre has a representative in the Association. This representative is responsible for maintaining liaison with the Foundation and supervise the work force at the sub-centre.

AAF is closely interrelated with other BRAC Programs, such as RDP and Aarong. The workers of the WWA are the members of RDP organised Village Organization (VO). Moreover, some Production inputs (such as silk fabrics, endoe yarns and fabrics) are purchased from RDP. The finished products of AAF are sold to BRAC's marketing outlet, Aarong. At present AAF produces almost half of the Aarong sales.

Foundation plays the role of facilitator. It provides the environment for working women with the facilities of working space, machinery & equipment, training, marketing and management services. The actual production are carried out by the WWA. For providing space, equipment and other services, Foundation charges a fee of 4%-5% of WWA sales to cover the operational and maintenance expenses. *The accounts of WWA and AAF are kept separately.*

2. Goals and Services of AAF

The main objective of AAF is to facilitate employment and income opportunities for destitute local women with not only providing jobs but also developing their craftsmanship skills. The foundation generally provides the following services to the WWA :

- a. Organize working women under an association;
- b. Provide workspace for Centre-based production;
- c. Provide technical assistance to women, i.e. training on new & improved occupational skills;
- d. Arrange supply and delivery for village-based production;
- e. Support for financing, pricing and accounting;
- f. Design development and Marketing through Aarong - a marketing outlet of BRAC;
- g. Support for procurement, production management and logistics;
- h. Provide storage facilities;

3. Management of AAF

Ayesha Abed Foundation is headed by a General Manager. A Cost Accountant is working for costing, pricing, accounts, MIS etc. Each Foundation has a Centre Manager. Under the Centre Manager there are Program Organisers, Operation Section Chief, Accountants, Stores Incharge and other Technical Staff. Staff position of AAF during 1997 and 1996 is given below :

<u>Designation</u>	<u>Maulikani</u>	<u>Jamalpur</u>	<u>Sherrin</u>	<u>Jessore</u>	<u>Kashin</u>	<u>Total '97</u>	<u>Total '96</u>
Centre Manager	01	01	01	01	01	05	04
Program Organiser	15	08	04	02	04	33	30
PO (Accounts)	07	01	01	01	01	11	06
Program Assistant	08	07	03	04	04	26	22
Total	<u>31</u>	<u>17</u>	<u>09</u>	<u>08</u>	<u>10</u>	<u>75</u>	<u>62</u>

To maintain the uniformity and appropriateness of product costing, a continuous intensive support is being provided to the field from Head Office.

To monitor the progress of production process, a reporting system both for production and finance has been developed between Sub-centre to Foundation and Foundation to Head Office level. In addition, a computer software system has been developed to assess the progress of individual job and to provide continuous feedback to respective Foundation.

For disseminating the information Centre Manager and Production staffs participate in monthly meetings which are held at Head Office. In addition, weekly meetings are held in each Foundation. The WWA staffs and AAF staffs participate in this meeting. The issues which are discussed in this meeting are specially the progress of production, socio-economic aspects, empowerment etc.

4. Description of Activities

a. Production Process

The five existing centres Manikgonj, Jamalpur, Jessore, Sherpur and Kushtia have been operating since 1983, 1986, 1989 and 1996 (both for Sherpur & Kushtia) respectively. The centres have several sections like, Weaving, Chemical Dyeing, Vegetable Dyeing, Block Printing (cotton & silk), Screen Printing, Embroidering, Tailoring, Washing & Steaming, Ironing and Quality Controlling. Apart from these, there are three stores for Raw materials, Colour & Chemicals and Finished Stock in the foundation.

The production techniques are weaving, tailoring, block and screen printing, embroidery and the finished products are (1) Panjabees & Farua in silk, cotton, endi - printed and embroidered, (2) Household Items : bed sheets/cover, tablecloths, napkins, pillow cover, quilt cover, cushion cover, wall mats, sofa back, placemat etc. (3) Ladies' dress items include: shalwar-kamiz set, dopatta, sarrees, scarf, skirts & tops, shawal, yoke, coty etc. (4) Jents' items are : shirts, muffler, dressing gawan etc. (5) Handloom cloth materials : cotton and endi (secondary quality silk). Aarong delivers the majority of the direct inputs of materials (Yarn and cloths) . Materials inputs are also purchased from the general market or from the RDP projects.

Foundation receives order, design and also fabrics from Aarong. After receiving any order and design, Foundation jointly with WWA (Working Women Association) develop a plan to complete the job within the specified time. Then WWA prepare the process of respective order and distribute to the different sub-centres through respective In-Charge for hand embroidery. Completing the embroidery work, the In-Charge carry the products to Foundation for checking the quality of embroidery work. If any product does not meet the standard embroidery quality, this product goes back to sub-centre for rectification. After checking the embroidery work, this product is ready for washing (using high quality washing materials) and then ironing. After this, the product is delivered to the quality section and then enters to the finished store for supply of Aarong. The Production Report (major items) of 1997 is shown in the Annexure-I.

b. Main Centre

After receiving the order, design and fabrics from Aarong, the main centre completes the order partly or fully depending the nature of work. Normally the nature of work is of two types; such as :

- (I) Embroidery related and
- (II) Non-embroidery related, i.e. Printing and Dyeing

If the nature of work is embroidery, the main centre complete the Tailoring, Drawing and Tracing and embroidery work is being done in sub-centres. After completing the drawing and tracing, the jobs are sent to sub-centres for embroidery. Completing the embroidery work, the In-charge of the sub-centre carry the products to the main centre. The main centre receives the quality products and send to the finished store after washing, ironing and quality checking. Then the finished products are sent to Aarong as per order. If the work is non-embroidery (Block printing, Screen Printing and Dyeing), the main centre completes the whole process.

c. Sub-Centre

Under the management of five Foundations there are 265 sub-centres in different areas of the country. These 265 sub-centres have more than ten thousand six hundred workers who are working directly with the Foundations. The average number of worker of each sub-center is 35-40. These workers are mostly involved in Embroidery.

Women in a sub-centre sit together under a common shed, mostly rented from one of the participants of the group and work on individual pieces or do some larger pieces together. The pieces for hand embroidery are sent to the sub-centres and collected through the sub-centre Incharge to the centres.

The sub-centres have got the facilities of eye check up for their workers in each year. Foundationwise list of sub-centres along with workers are summarised in the following manner :

Foundation	No. of sub-centre		No. of workers	
	1997	1996	1997	1996
Manikgonj	97	114	3,405	3,620
Jamalpur	62	34	3,177	1,710
Sherpur	35	30	1,494	940
Jessore	33	29	1,187	725
Kushtia	38	37	1,339	890
Total	265	244	10,602	7,885

Data reveals that the total number of sub-centres have been increased as well as number of workers also been increased during 1997. From the above table also disclosed that in 1996 there were 244 sub-centers with 7,885 workers but at the end of 1997 the numbers increased to 265 with 10,602 workers.

Recently a decision has been taken to build up brick house for sub-centres which will be implemented from next year. These new sub-centres are expected to provide hygienic environment (latrine facilities, safe drinking water, soap for cleanliness, sufficient lighting and space) where vulnerable workers can work comfortably and peacefully.

d. Sales of Finished Products

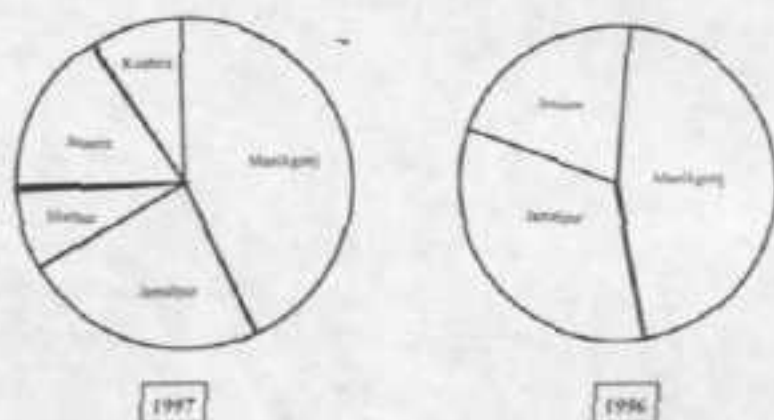
The increasing support of the Foundation are helping the working women to achieve higher production and sales. The finished products of AAF are sold to BRAC's marketing organisation, Arong. At present AAF produces almost half of the Arong sales and products are- Panjabee in silk, cotton, endi; household items such as napkins, tablecloths, bed cover, pillow covers, cushion cover, quilts cover, wall mats etc; ladies' dress items such as shalwar, kamiz, dopatta, yoke, coty, scarf, sarees etc. A detailed product list is enclosed in the Annex-2.

Foundation always tries to produce quality products as per required standard of Arong as well as customers. If products are not according to the required standard and second amendment was not possible, the second quality goods are sold to the local shop, rural population against cash. Arong sells the product through different sales centres located in different places of Bangladesh and in abroad. A detailed sales report during the last two years is presented below :

Foundation	Years (Tk. '000)			
	1997	%	1996	%
Manikgonj	74,850	43.34	79,011	51.09
Jamalpur	40,053	23.19	49,629	32.09
Sherpur	13,417	7.77	0	0
Jessore	28,361	16.42	26,019	16.82
Kushtia	16,032	9.28	0	0
Total	172,713	100	154,659	100

Statistics available on sales show that the sales have been increased by Tk. 18.05 million (Tk. 172,713 - 154,659) which was 11.67% higher than in 1996. Among the total sales Manikgonj contributes always the highest and the next is Jamalpur. The contribution of sales in Manikgonj during last two years (1997 and 1996) are 43.34% and 51.09%.

respectively. Sales in Jamalpur during 1997 and 1996 are 23.19% and 32.09% respectively and in Jessore are 16.42% and 16.82% respectively. It is noted that Sherpur and Kushtia Foundation operating since 1996 under the supervision of Jamalpur and Jessore respectively and the performance recorded accordingly. As a result, sales in Jamalpur have decreased during 1997 by Tk. 9.57 million than in 1996 but in case of Jessore, they performed well and sales value has increased in 1997 by Tk. 2.34 million than in 1996. The contribution of sales in Sherpur and Kushtia during 1997 are 13.42 million (7.77%) and 16.03 million (9.28%) respectively. The graphical presentation is given below:

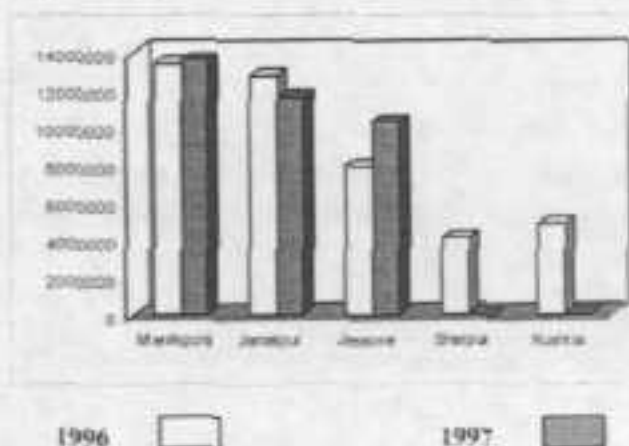


e. Wages

The distribution of orders come directly from Aarong to a specific centre of its choice. Wages are paid to the women on a piece rate basis by the Foundation. The wages are based on an average production time per piece. A women generally earns Tk. 30-35 per day or Tk. 700-900 per month. Payment of wages during last two years is given below :

<u>Foundation</u>	<u>1997</u> <u>Taka</u>	<u>% of</u> <u>Total wages</u>	<u>1996</u> <u>Taka</u>	<u>% of</u> <u>Total wages</u>
Manikgonj	13,435,747	31	13,614,142	38
Jamalpur	12,807,496	30	11,650,057	33
Sherpur	4,102,388	9	0	0
Jessore	7,981,482	19	10,357,547	29
Kushtia	4,894,337	11	0	
Total	<u>43,221,450</u>	<u>100</u>	<u>35,621,746</u>	<u>100</u>

Distribution of wages & salaries shows that the total wages paid in 1997 amounted TK. 43,221,450 and in 1996 was TK. 35,621,746 which was 21.33% higher in 1997. Manikgonj Foundation paid the highest wages in 1997 i.e. 31% of total wages but in 1996 it was 38%. Wages paid in Jamalpur, Sherpur, Jessore and Kushtia during 1997 was 30%, 09%, 19%, and 11% respectively. The graphical presentation of wages and salaries is shown below:



5. Cost Structure

The cost structure is an important tool for analyzing the financial performance and controlling the expenses of Foundation. For analyzing the cost structure of Working Women Association (WWA) during 1997, the following ratio (compare with sales) are considered :

Particulars	Manikgonj	Jamalpur	Sherpur	Jessore	Kushtia	Total
1. Wages ratio (%)	17.95	31.98	30.58	28.14	30.52	25.02
2. Fact. Overhead ratio (%)	2.07	2.18	2.13	1.53	1.57	2.38
3. Cost of goods sold ratio (%)	94.41	85.44	85.01	88.97	86.47	88.13
4. Gross Profit ratio (%)	5.59	14.56	14.99	11.03	13.53	9.82
5. Net Profit ratio (%)	1.01	8.63	5.57	7.39	6.35	4.58
6. Stock turnover ratio(Times)	0.27	0.24	0.20	0.24	0.20	0.25

The cost structure analysis of Ayesha Abed Foundation (AAF) during 1997, the following ratio are selected :

	<u>Manikgonj</u>	<u>Jamalpur</u>	<u>*Sherpur</u>	<u>*Kushtia</u>	<u>Total</u>
Profitability Indicator :					
1. Return on assets (%)	3.17	8.55	0.29	0.29	2.57
2. Operational self-sufficiency (%)	131.20	138.98	115.88	117.62	127.19
3. Net profit ratio (%)	10.57	15.66	1.19	1.24	8.39
Operational Efficiency :					
1. Admin. Efficiency (%)	14.42	21.83	1.43	1.46	10.93
2. Personnel Efficiency (%)	23.12	30.93	2.71	4.46	19.33

Note :

- a. Return on assets = Excess of Income/Expenditure divided by Net Assets.
- b. Operational self-Sufficiency = Total Operational Income (excl. Interest Income) divided by Total Operational Expenses (excl. depreciation).
- c. Net profit ratio = Excess of income divided by Total Income.
- d. Administrative Efficiency = Excess of Income divided by Total Operational Expenses (excl. depreciation).
- e. Personnel Efficiency = Excess of Income divided by Salaries & Benefits.

* *Note!* that Sherpur and Kushtia Foundation has been formally operating from 1997. During this period production and sales are generally low because the full production capacity is not used but the minimum administrative expenses (including depreciation) can not be ignored. As a result both Foundation earned low net profit. From the next year the situation of both Foundation will be improved.

6. Production Bonus in 1997

In 1997 WWA declared the production bonus and paid to workers in 1997 amounted Tk. 28,03,156. Bonus distribution of respective foundation are given below :

<u>Foundation</u>	<u>1997</u> <u>Taka</u>	<u>1996</u> <u>Taka</u>
1. Manikgonj	8,05,458	3,67,816
2. Jamalpur	8,01,600	4,13,936
3. Sherpur	2,54,679	90,388
4. Jessore	4,55,211	2,27,670
5. Kushtia	3,65,291	0
Total	<u>28,03,156</u>	<u>10,99,810</u>

7. Financial Reports

For Balance Sheet and other financial reports please see the annexure - 3

Production Report (Major Items) of 1997

Items	Manikgongj	Jamalpur	Sherpur	Jessore	Kustha	Total
01. Normal Panjabee	74,119	26,356	20,908	15,157	22,87	119,423
02. Exclusive Panjabee	5,189	2,950	2,077	3,825	2,813	16,854
03. Fataa	-	1,855	1,135	1,754	2,565	7,309
04. S/K/D	5,200	1,995	78	1,990	1,577	10,799
05. Dupatta	10,896	2,528	100	-	-	13,524
06. Yoke	7,500	2,500	1,675	2,181	2,003	16,199
07. Cotta	1,410	3,362	-	627	581	6,180
08. Saree	7,965	816	413	630	737	10,279
09. Kancha Bed	-	1,029	436	790	82	2,337
10. BP Bed Cover	8,640	2,725	-	-	-	11,365
11. Table Cloth	9,805	2,071	-	-	-	11,876
12. Cushion Cover	29,186	4,627	568	2,930	244	37,566
13. Wall Poo	-	6,663	3,188	2,870	1,582	13,903
14. Kancha Shawal	1,250	245	125	214	125	2,019
15. Quilt Cover	6,590	-	-	-	24	6,614
16. Kancha Shocks	-	-	-	750	54	804
17. Satus & Pure	-	46,479	8,562	6,530	2,536	64,117
18. Jewellery: Box Upper	-	6,337	-	-	-	6,337
19. Floormat	4,160	472	-	-	-	4,632
20. Napkin	60,240	-	-	-	-	60,240
21. BP Than (yds)	101,655	5,926	-	-	-	107,581

List of product (Major Items)

A. Dress

01. Normal Panjabee
02. Exclusive Panjabee
03. Fatua
04. Pajama
05. Ladies Panjabee
06. Shalwar-Kamiz Set
07. Dopatta
08. Yoke
09. Saree
10. Scarf
11. Skirts & Tops
12. Shawal
13. Coty
14. Muffler
15. Dressing Gown
16. BP Than Cloths
17. Hair Band

B. Household Items

01. Bed Sheet / Cover
02. Table Cloths

04. Napkin
05. Pillow Cover
06. Quilt Cover
07. Duvet Cover
08. Cushion Cover
09. Sofa Back
10. Wall Mats
11. Tea-cosy
12. Placemat
13. Jewellery Box Upper
14. Tissue Box Cover
15. Toilet Cover
16. TV Cover
17. Letter Bag
18. Coaster

C. Handloom Products

01. Endi Than
02. Khadi Than
03. Silk Than
04. Backing Than

D. Others

01. Nakshi Kantha (NK) Sandle
02. NK Shocks
03. Purse
04. Batua
05. Shoulder Bag
06. Pencil Case
07. Handle Bag
08. Apron
09. NK Hand Gloves

Ayesha Abed Foundation
Balance Sheet
As at 31st December, 1997

	Manikgonj Taka	Jamalpur Taka	Sherpur Taka	Kushtia Taka	Head Office Taka	Total Taka
Property & Assets						
Fixed Assets (Net)	6,126,141	2,464,403	5,498,057	4,597,238	0	18,685,839
Loan	1,000,000	50,000	0	0	0	1,050,000
Current Assets (CA)	4,420,615	1,584,296	314,723	231,983	966,980	7,518,597
Current Liabilities (CL)	1,154,874	420,259	(481,143)	(1,278,834)	417,478	232,634
Net Current Assets (CA-CL)	3,265,741	1,164,037	795,866	1,510,817	549,502	7,295,963
Net Assets	<u>10,391,882</u>	<u>3,678,440</u>	<u>6,293,923</u>	<u>6,108,055</u>	<u>549,502</u>	<u>27,021,802</u>
Fund and liabilities						
Capital Fund	<u>10,391,882</u>	<u>3,678,440</u>	<u>6,293,923</u>	<u>6,108,055</u>	<u>549,502</u>	<u>27,021,802</u>

Ayesha Abed Foundation
Income and Expenditure statement
For the year ended 31st December, 1997

	Manikgonj Taka	Jamalpur Taka	Sherpur Taka	Kushtia Taka	Head Office Taka	Total Taka
Revenue	<u>3,114,016</u>	<u>2,009,548</u>	<u>1,554,201</u>	<u>1,420,689</u>	<u>53,347</u>	<u>8,151,801</u>
Expenditure						
Salaries & Benefits	1,423,314	1,017,198	681,386	395,517		3,517,415
Travelling & Transportaion	440,889	205,035	130,236	217,320		993,480
Repairs & Maintenance	136,451	37,636	275	7,150		181,512
Training	-	-	299,155	391,335		690,490
Auditors' fees	-	-	51,000	51,000		102,000
Staff Accommodation	16,000	17,600	-	-		33,600
Entertainment	54,686	23,498	10,940	-		89,124
Depreciation	502,895	253,927	249,041	195,208		1,201,071
General expenses	210,742	140,015	113,675	145,538		609,970
Total expenditure	<u>2,784,977</u>	<u>1,694,909</u>	<u>1,535,708</u>	<u>1,403,068</u>	<u>0</u>	<u>7,418,662</u>
Excess of Income over expenditure	<u><u>329,039</u></u>	<u><u>314,639</u></u>	<u><u>18,493</u></u>	<u><u>17,621</u></u>	<u><u>53,347</u></u>	<u><u>733,139</u></u>

Sramajibi Mohila Shakti (SMS)
Operating statement
For the year ended 31st December, 1997

	Manikgonj Taka	Jamalpur Taka	Sherpur Taka	Jessore Taka	Kushtia Taka	Total Taka
Sales	74,894,441	40,075,772	13,419,817	28,362,027	16,031,605	172,739,630
Cost of sales	<u>(70,669,723)</u>	<u>(34,239,632)</u>	<u>(11,408,851)</u>	<u>(25,234,532)</u>	<u>(13,863,149)</u>	<u>(155,415,907)</u>
Gross profit for the year	4,224,718	5,836,120	2,010,966	3,127,495	2,168,456	17,323,723
Less : Administrative Expenses						
Printing & Stationery	85,793	44,648	23,877	6,302	10,986	171,606
Factory Service Charges	2,994,016	2,002,648	1,140,858	-	978,354	7,115,876
Utilities	172,155	243,534	42,300	87,921	65,092	611,002
Salaries & Benefits	-	-	-	613,633	-	7,398,484
Travelling & Transportation	-	-	-	276,146	-	276,146
Interest on loan	120,000	6,000	-	-	-	126,000
Entertainment	-	-	375	7,444	5,500	13,319
General Expenses	<u>98,574</u>	<u>80,624</u>	<u>53,801</u>	<u>40,315</u>	<u>90,958</u>	<u>364,272</u>
Total Administrative Expenses	<u>3,470,538</u>	<u>2,377,494</u>	<u>1,261,211</u>	<u>1,031,761</u>	<u>1,150,890</u>	<u>9,291,854</u>
Net Profit for the year	<u>754,180</u>	<u>3,458,666</u>	<u>749,755</u>	<u>2,095,734</u>	<u>1,017,566</u>	<u>8,075,901</u>
Net Profit last year	<u>1,140,402</u>	<u>751,189</u>	<u>69,692</u>	<u>230,518</u>	<u>0</u>	<u>2,191,801</u>