

**Auditors' Report
and
Financial Statements**

OF

Karmasangsthan Bank

1, RAJUK Avenue, Dhaka-1000

For the year ended 30 June 2018

**AUDITORS' REPORT
TO THE CONTRIBUTORS / SHAREHOLDERS OF KARMASANGSTHAN BANK**

We have audited the accompanying Financial Statements of Karmasangsthan Bank Which comprise the Balance Sheet as at June 30, 2018 and Profit and Loss account, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes thereto.

Management's Responsibility for the Financial Statements

Management of Karmasangsthan Bank is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards (IFRSs), Karmasangsthan Bank Act (Act. no. 7, 1998), Bank Company Act 1991 (as amended in 2013), the rules regulations issued by the Bangladesh Bank, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expression an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as at 30 June 2018 and its financial performance and its cash flows for the year then ended in accordance with Karmasangsthan Bank Act 1998, International Financial Reporting Standards and comply with applicable laws and regulations.



Emphasis of Matter

Inter Branch adjustment Accounts (Reference: Note # 8.05)

1. The unadjusted balance inter branch account stood at Tk. 35,95,655 as on 30 June, 2018 against Tk. (3,64,636). There should not be any unadjusted inter branch amount. Our opinion is not qualified in respect of this matter.
2. During the year FDR interest received by the bank Tk. 13,02,77,824 and KBTDS interest paid Tk. 12,91,41,637 for the fund used for FDR Investment . Net FDR interest income Tk. 11,36,187 is shown as Investment Income and remaining balance shown as Other operating income resulting non compliance of IAS – 1 “Presentation of Financial Statements” .

We also report that

- I. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- II. in our opinion, proper books of account as required by laws were kept by the Bank so far as it appeared from our examination of those books and on the basis of statement of affairs received from 244 branches;
- III. the Bank's balance sheet and profit and loss account dealt with by the report are in agreement with the books of account and returns;
- IV. the expenditure incurred was for the purpose of the Bank's business;
- V. the balance sheet or financial position of the Bank as at June 30,2018 and the profit for the year then ended has been properly reflected in the financial statements;
- VI. the financial statements have been drawn up in conformity with the Bank Company Act 1991 (as amended in 2013) and in accordance with the accounting rules and regulations issued by Bangladesh Bank;
- VII. the financial statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional bodies of Bangladesh;
- VIII. we have carried out audit of 12 branches out of 244 branches as per terms and conditions laid down in our appointment. The records and statements submitted by the concerned branches have been properly maintained and incorporated in the financial statements;
- IX. the information and explanations required by us have been received and found satisfactory; and
- X. adequate provision against classified loans has been made in the financial statements.


AHMED ZAKER & CO.
Chartered Accountants


ARTISAN
Chartered Accountants

Date: Dhaka, Bangladesh
October 31, 2018

KARMASANGSTHAN BANK

**Balance Sheet
As at June 30, 2018**

Particulars	Notes	Amount in Taka	
		30.06.2018	30.06.2017
PROPERTY AND ASSETS			
Cash		13,000	17,000
Cash in hand	4	13,000	17,000
(including foreign currency)			
Balance with Bangladesh Bank and its agent bank		-	-
(including foreign currency)			
Balance with other Banks & Financial Institutions		1,793,119,951	947,638,563
In Bangladesh	5	1,793,119,951	947,638,563
Outside Bangladesh		-	-
Money at call on short notice		-	-
Investment:			
Government		-	-
Others		-	-
Loans and Advances:		12,969,495,670	9,612,429,069
Loans, Cash Credit, Overdraft etc	6	12,969,495,670	9,612,429,069
Bills Purchased & Discounted		-	-
Fixed Assets including Premises, Furniture and Fixtures	7	193,850,837	192,647,837
Others Assets	8	127,940,386	72,300,286
Non Banking Assets		-	-
Total Assets		15,084,419,844	10,825,032,755
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, Financial Institutions and Agents	9	4,150,000,000	1,150,000,000
Deposits and Other Accounts:		3,041,902,187	2,085,263,431
Current Accounts and Other Accounts		-	-
Bills Payable		-	-
Savings Bank Deposits	10	585,499,952	425,938,354
Fixed Deposits	11	2,110,032,685	1,477,295,541
Bearer Certificates of Deposit		-	-
Other Deposits	12	346,369,550	182,029,536
Other Liabilities	13	2,159,099,706	1,883,114,786
Total Liabilities		9,351,001,893	5,118,378,217
Capital/Shareholder's Equity			
Paid Up Capital	14	4,995,000,000	4,995,000,000
Statutory Reserve	15	234,213,412	224,448,836
Special Reserve	16	113,998,084	111,556,940
General Reserve	17	390,206,455	375,648,762
Total Shareholders Equity		5,733,417,951	5,706,654,538
Total Liabilities and Shareholders Equity		15,084,419,844	10,825,032,755



KARMASANGSTHAN BANK

Balance Sheet

As at June 30, 2018

Particulars	Notes	Amount in Taka	
		30.06.2018	30.06.2017
Off-Balance Sheet Items			
Contingent Liabilities			
Acceptances & Endorsements		-	-
Letters of Guarantee		-	-
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Other Contingent Liabilities		64,921,456	69,333,535
Total		64,921,456	69,333,535
Other Commitments			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities, credit lines and other commitments		-	-
Total		-	-
Total Off-Balance Sheet items including contingent liabilities		64,921,456	69,333,535

The Annexed notes 1 to 40 form an integral part of these financial statements.


Managing Director


Director


Chairman


Deputy General Manager
(C.A & F. M.D)

Signed in terms of our separate report of even date.


Ahmed Zaker & Co.
Chartered Accountants


ARTISAN
Chartered Accountants

Dated : October 31, 2018

Place: Dhaka

KARMASANGSTHAN BANK
Profit & Loss Account
For the year ended June 30,2018

Particulars	Notes	Amount in Taka	
		2017-2018	2016-2017
Interest Income	18	1,184,292,426	927,081,466
Interest Paid on Deposits and Borrowings etc.	19	(315,073,108)	(108,083,815)
Net interest income		869,219,318	818,997,651
Investment Income	20	8,400,955	20,263,325
Other Operating Income	21	186,341,564	29,327,196
		194,742,519	49,590,521
Total operating income (A)		1,063,961,837	868,588,172
Salary & Allowances	22	787,436,947	770,324,939
Rent, Taxes, Insurance, Electricity etc.	23	28,834,797	26,503,576
Legal Expenses	24	15,545	90,150
Postage, Stamp, Telecommunication etc.	25	5,619,545	5,748,683
Stationery, Printings, Advertisements etc.	26	8,303,512	7,891,950
Chief Executive's Salary and Fees	27	1,977,218	2,398,482
Directors Fees	28	1,228,400	1,175,500
Auditors Fees	29	220,000	235,000
Depreciation and Repair of Bank Assets	30	11,343,325	10,483,886
Other Expenses	31	55,601,567	41,923,422
Total operating expenses (B)		900,580,856	866,775,588
Total Profit before provision (C)=(A-B)		163,380,981	1,812,584
Provision for Loans & Advances	32	83,546,633	-
Provision for Incentive Bonus	33	29,377,659	
Contribution to Staff Benevolent Fund	34	1,633,810	18,126
Total provision (D)		114,558,102	18,126
Total Profit before Taxes (E)=(C-D)		48,822,879	1,794,458
Total Tax Provision (F)		19,529,152	762,645
Provision for Taxation 40%	35	19,529,152	762,645
Total Profit after Taxes (G)=(E-F)		29,293,727	1,031,813



KARMASANGSTHAN BANK
Profit & Loss Account
For the year ended June 30,2018

Particulars	Notes	Amount in Taka	
		2017-2018	2016-2017
Appropriations			
(Total Profit after Taxes)		29,293,727	1,031,813
Provision for Statutory Reserve 20% of Total Profit before Taxes	36	9,764,576	358,892
Provision for Special Reserve 5% of Total Profit before Taxes	37	2,441,144	89,723
Provision for Arrear Income Tax adjustment	38	-	-
Other provision (Construction of Bank Building)	39	-	-
Total appropriations (H)		12,205,720	448,615
Net Profit after Taxation & Provision (I)=(G-H)	40	17,088,007	583,198
(Net Profit: Transfer to General Reserve)			

The Annexed notes 1 to 40 form an integral part of these financial statements


Managing Director


Director


Chairman


Deputy General Manager
C.A & F.M.D

Signed in terms of our separate report of even date.


Ahmed Zaker & Co.
Chartered Accountants


ARTISAN
Chartered Accountants

Dated : October 31, 2018
Place: Dhaka

KARMASANGSTHAN BANK
Statement of Cash Flows
For the year ended June 30,2018

Particulars	Amount in Taka	
	2017-2018	2016-2017
A. Cash flow from operating activities		
Interest receipts in cash	1,067,498,261	859,133,337
Interest payments	(278,128,006)	(81,346,014)
Dividends receipts	-	-
Fee and commission receipts in cash	34,563,581	15,120,845
Recoveries on loans previously written off	3,824,917	4,678,066
Cash payments to employees	(712,977,264)	(672,334,496)
Cash payments to suppliers	(7,427,592)	(9,789,782)
Income tax paid	(26,500,000)	(22,158,318)
Payments for other operating activities	(2,722,749,924)	(190,724,751)
Receipts form other operating activities	6,257,797,041	4,824,296,799
Operating profit before charges in operating assets and liabilities	3,615,901,014	4,726,875,686
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(8,992,516,000)	(6,219,700,000)
Deposit from customer	2,230,028,000	1,620,340,569
Purchase /Sale of trading securities	-	-
Loans and Advances to other Banks (Bangladesh Bank)	3,000,000,000	150,000,000
Loans and advances to customers	-	-
Other assets	-	-
Deposit from other banks	1,000,000,000	-
Deposit from customer	-	-
Other Liabilities account of customers	-	-
Other liabilities	-	-
Trading liabilities	-	-
	(2,762,488,000)	(4,449,359,431)
Net Cash from Operating Activities(A)	853,413,014	277,516,255
B. Cash flow from Investing Activities:		
Proceeds from sale of securities	-	-
Payments for purchase of securities	-	-
Purchase of Property, Plant & Equipment	(7,935,626)	(8,587,790)
Purchase/Sale of subsidiary	-	-
Net Cash from Investing activities(B)	(7,935,626)	(8,587,790)



KARMASANGSTHAN BANK
Statement of Cash Flows
For the year ended June 30,2018

Particulars	Amount in Taka	
	2017-2018	2016-2017
C. Cash flow from Financing Activities:		
Receipts from Bangladesh Government as paid up capital	-	-
Receipts as paid up capital from SBL,JBL,ABL,RBL & BASIC Bank Ltd.	-	-
Payments for redemption of loan capital & debt security	-	-
Receipts from issue of ordinary share	-	-
Dividend paid	-	-
Net Cash flow from Financing Activities(C)	-	-
D. Net increase/decrease in cash (A+B+C)	845,477,388	268,928,465
E. Cash and cash equivalent at beginning of the year	947,655,563	678,727,098
F. Cash and cash equivalent at end of the year	1,793,132,951	947,655,563


Managing Director


Director


Chairman


Deputy General Manager
(C.A & F.M.D)

Signed in terms of our separate report of even date.


Ahmed Zaker & Co.
Chartered Accountants


ARTISAN
Chartered Accountants

Dated : October 31, 2018
Place: Dhaka

KARMASANGSTHAN BANK
Statement of Changes in Equity
As on June 30, 2018

Particulars	Amount in Taka					Total
	Paid-up Capital	Statutory Reserve	General Reserve	Special Reserve	Profit & Loss Account	
Balances as at 01 July, 2017	4,995,000,000	224,448,836	375,648,762	111,556,940	-	5,706,654,538
Prior year Adjustment for Deferred Tax			(2,530,314)			(2,530,314)
Paid up capital (Paid by Government of Bangladesh)	-	-	-	-	-	-
Changes in accounting policy	-	-	-	-	-	-
Restated Balance	-	-	-	-	-	-
Surplus/deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus/deficit on account of revaluation of investment	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-
Net profit for the year	-	-	-	-	-	-
Dividends	-	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-	-
Appropriation made during the year	-	9,764,576	17,088,007	2,441,144	-	29,293,727
Balance as at 30 June, 2018	4,995,000,000	234,213,412	390,206,455	113,998,084	-	5,733,417,951



Managing Director



Director



Chairman



Deputy General Manager
(C.A & F.M.D)

Signed in terms of our separate report of even date.



Ahmed Zaker & Co.
Chartered Accountants



ARTISAN
Chartered Accountants

KARMASANGSTHAN BANK

Notes to the financial statements
For the year ended June 30,2018

1. BACKGROUND INFORMATION

1.1 Establishment and status of the Bank:

The Karmasangsthan Bank was incorporated in 1998 under Karmasangsthan Bank Act No. 07 of 1998. The requirements of Banking Companies Act and other prevailing Regulations related to Bank Companies Act are not applicable to this Bank, excepting clauses 44 and 45 of Bank Companies Act, 1991.

1.2 Nature of Business:

The principal activities of the Bank are to create self-employment opportunities for the unemployed youths through disbursement of fund adopting quick lending procedure.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of Financial Statements:

The accounting policy comprises principles and basic assumptions, concepts, rules, practices and procedures adopted by the Management for reporting the activities of the Bank and Financial Statements preparation and presentation. The purpose of Accounting Policy is to provide the necessary organizational and methodological directions in carrying the accounting activity of the Bank.

The accounts of the bank have been prepared on Generally Accepted Accounting Principles (GAAP) under historical cost convention and in accordance with International Financial Reporting Standard (IFRS), the "First Schedule" (Section -38) of the Bank companies Act 1991, Other Bangladesh Bank Circulars, The Companies Act 1994 , Karmasangsthan Bank Act 1998, The Income Tax Ordinance 1984, The VAT Act 1991 and other applicable rules and regulation following the Accrual Basis of Accounting.

2.1.1 Compliance of International Accounting Standards (IAS) and International Financial Reporting Standard (IFRS):

IAS-1 Presentation of Financial Statements

IAS-2 Inventories

IAS-7 Statement of Cash Flows

IAS-8 Accounting Policies and Changes in Accounting Estimates and Errors

IAS-12 Income Taxes

IAS-16 Property, Plant and Equipment

IAS-18 Revenues

IAS-19 Employees Benefits

IAS-23 Borrowing Cost

IAS-32 Financial Instruments: Presentation

IAS-38 Provision Contingent Liabilities and Contingents Assets

IAS-39 Financial Instruments: Recognition and Measurements



2.1.2 Branch Accounts:

Branch Statements of Affairs and Income & Expenditure Account are kept separately in the Head Office. The transactions of the branches were incorporated in the Financial Statements of the Bank on consolidation.

2.1.3 Reporting Period :

The report covers the financial year adopted by bank which is from 01 July 2017 to 30 June 2018.

2.2 Fixed Assets and Depreciation:

- a) Fixed Assets are stated at acquisition cost less accumulated depreciation in compliance with International Accounting Standards (IAS)-16.
- b) Depreciation on fixed assets has been charged on reducing balance method of the applicable following rates:-

Particulars of Fixed Assets	Percentage (%) of Depreciation
Land	0%
Building (Head Office)	0%
Building (Apartment)	2.5%
Furniture & Fixtures	10%
Office Machineries	20%
Office Equipment	15%
Electrical Equipment	20%
Motor Vehicles	20%

Furniture & Fixtures: Consists of Table, Chair, Tool, Sofa set, Rake, Almirah, Iron, Safe, Steel Trunk, File Cabinet, Notice Board, Signboard, etc.

Office Machineries: Consists of Computer, Photocopier, Calculator, etc.

Office Equipment: Consists of Table fan, etc.

Electrical Equipment: Consists of Ceiling Fan, Air Conditioner, etc.

Depreciation has been charged on addition of fixed asset when it is available for use. Detailed statement of Fixed Assets are shown in Annexure-A.

- c) Property, Plant and Equipment are capitalized at cost of acquisition and subsequently stated at cost less accumulated depreciation in compliance with the benchmark treatment of International Accounting Standards (IAS) 16. Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties and non-refundable taxes.

- d) Depreciation is provided to amortize the cost of the assets after commissioning, over the period of their expected useful life, in accordance with the provisions of IAS 16: Property, Plant and Equipment.
- e) Upon retirement of items of fixed assets the cost and accumulated depreciation are eliminated from the financial statement and the resultant gains or losses, if any, are transferred to Profit and Loss Account.
- f) Repairs and maintenance costs of fixed assets are treated as revenue expenditure and charged to Profit and Loss account when incurred.

2.3 Receivables:

Receivable includes rental/ installments due from the borrowers but not received. No such receivable are accounted for if the number of rentals/ installment fall overdue for a period of 18 months or more. Such receivable carry interest for the periods for which the delay continues in payments of the amounts due from the clients continues. Such interest is not recognized as income until it is received in cash. Receivables from clients are stated at their nominal value.

2.4 Cash and Cash Equivalents:

Cash and cash equivalents comprise of Cash at Bank and in hand and Short Notice Deposit and Fixed Deposits with maximum maturity of 12 months or less.

2.5 Accrued Expenses & Other Payables:

Accrued expenses & other payable liabilities are recognized for the goods and services received whether paid or not for those goods and services. Payables are not interest bearing and are stated at their nominal value.

2.6 Provision for Loans & Advances (Unclassified loan):

Provisions are recognized when Loans has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

2.6.1 Provision for Doubtful classified Loan:

The provision for doubtful loan is maintained at a level that management considers adequate to absorb identified credit related losses in the portfolio as well as losses that have been incurred but not identified.

2.7 Retirement Benefit Scheme:

- a) The bank operates a retirement scheme viz, General Pension fund. The fund is operated by a Trustee Board Comprising of 5 Trustees. An actuarial valuation has been performed to determine the present value of the accrued benefits, based on projections of employees' compensations level to the term of retirement.



Actuarial reports substantiate the amount of provision made for above-mentioned funds as adequate to discharge the claims. Investments held by the funds primarily comprise fixed deposits with banks and financial institutions.

- b) There is a General Provident Fund Scheme approved by NBR for the regular employees of the bank where the employee's contribution is 5% - 25% of their basic pay. The employers have made no contribution to the fund.
- c) The Bank has also initiated maintenance of some fund for the benefit of the qualified borrowers namely Death Risk Coverage Scheme and employees Staff Benevolent fund, Staff Superannuation fund for the bank Employee.

2.8 Interest Suspense Account:

Accrued interests on Term Loans, Sub-standard, Doubtful and Bad loans are not recognized as income rather transferred to interest suspense accounts in compliance with the Bangladesh Bank guidelines. Recovery of overdue amounts credited to interest suspense account is recognized as income on cash basis. Any interests on classified loans are not been credited to income unless realized.

2.09 Interest Income on term Loan:

Interest income on term loan is recognized on accrual basis. Installment comprises both interest and principal. Interest part of the installments that become receivable is recognized as income in the financial statements. Interest on term loan ceases to be taken into income when such term finance are classified as above and kept in interest suspense account. The interest realized on classified loan credited to interest income by debit interest suspense account.

3.00 OTHERS

- 3.01 The compilation of statement of affairs incorporating the items of assets and liabilities of Branches with reference to closing files has been certified by the Branch Managers.
- 3.02 Sufficient provision has been made against classified lone for the year ended June 30, 2018.
- 3.03 Provision for Incentive Bonus of Tk. 29,377,659.00 has been made for the year ended June 30, 2018.
- 3.04 A sum of Tk. 1,633,810.00 has been transferred to Benevolent Fund as per Ministry of Finance letter no. অম/অবি/ব্যাকিং/প্রঃ-শা-৩/বিবিধ-২/২০০৫/৭৭, তারিখ: ০৩.০৫.২০০৬ and also approval of the Board.
- 3.05 Provision for Income Tax on Total Profit of Tk. 19,529,152.00 before Taxes has been made @ 40% for the year ended June 30, 2018.
- 3.06 According to the article no: 21 of karmasangsthan Bank Act (Act no. 7 of 1998) Provision for Statutory Reserve on Total Profit before Taxes has been made @ 20% of Tk. 9,764,576.00 and Special Reserve @ 5% of Tk. 2,441,144.00.



- 3.07 Retained Earnings amounting to Tk. 17,088,007.00 for the year ended June 30, 2018 has been transferred to General Reserve Account.
- 3.08 Figures appearing in these accounts have been rounded off to the nearest taka.
- 3.09 Previous year's figure has been rearranged for comparison purposes whenever considered necessary.
- 3.10 Income from FDR has been taken into the accounts on accrual basis.



4. Cash

Cash in hand

Amount in Taka	
30.06.2018	30.06.2017
13,000	17,000
13,000	17,000

5. Balance with Other Banks & Financial Institutions

Short Notice Deposits (SND)

Mobile Banking

Fixed Deposits Receipts (FDR)

285,485,450	235,504,062
134,501	134,501
1,507,500,000	712,000,000
1,793,119,951	947,638,563

6. Loans and Advances

Loans on Own Program

Loans on KBSDS

Loans on KBTDS

Loans on SECP

Loans on SEIF Project

Loans on Agro-Based Project

House Building Loan

Motor Cycle Loan

Consumers Loan

Computer Loan

Advance Office Rent with Interest

Bangladesh Bank Loan (Fisheries & Live Stock)

Bangladesh Bank Loan (Milk Production & Artificial Insemination)

10,674,157,672	7,973,464,015
7,036,355	4,326,677
4,393,011	2,371,942
10,046,635	12,058,970
113,333,371	122,852,818
37,153,959	41,082,560
700,504,578	489,311,547
54,327,606	41,475,686
364,924,666	263,347,672
36,763,835	39,479,600
2,213,423	2,475,755
894,916,767	498,579,574
69,723,792	121,602,253
12,969,495,670	9,612,429,069

6.01 Classification of Loans & Advances

	CL Percentage			
	30.06.2018	30.06.2017		
1. Unclassified Loans	94.19%	93.29%	12,215,774,079	8,966,964,769
2. Classified Loans	5.81%	6.71%	753,721,591	645,464,300
a) Sub-standard	2.12%	2.35%	275,220,235	225,562,500
b) Doubtful	1.10%	1.37%	142,049,847	131,498,458
c) Bad/ Loss	2.59%	3.00%	336,451,509	288,403,342
			12,969,495,670	9,612,429,069

7. Fixed Assets including Premises, Furniture and Fixtures Cost (A)

Opening balance as on July 01

Add: Purchased during the year

Less: Disposal/Adjustment during the year

Depreciation (B)

Opening balance as on July 01

Add: Depreciation Charged during the year

Less: Disposal/Adjustment during the year

Written Down Value (A-B)

The details Schedule of Fixed Assets is shown in Annexure-A

249,782,735	241,194,945
9,391,552	8,587,790
259,174,287	249,782,735
-	-
259,174,287	249,782,735
57,134,898	50,517,771
8,188,552	6,617,127
65,323,450	57,134,898
-	-
65,323,450	57,134,898
193,850,837	192,647,837



8. Other Assets

Stamps	8.01
AIT and Tax Deducted at Source	8.02
Stock of Stationery & Supplies	8.03
Advance and Pre-paid Expenses	8.04
Inter Branch Adjustment Account	8.05
Work In Progress (WIP)	8.06
Deferred Tax Assets	8.07

Amount in Taka		
30.06.2018	30.06.2017	
3,531,061	2,872,970	
83,924,217	46,518,890	
1,865,813	4,396,878	
28,984,158	6,850,174	
3,595,655	(364,636)	
6,039,482	8,134,887	
-	3,891,123	
127,940,386	72,300,286	
3,531,061	2,872,970	
3,531,061	2,872,970	
46,518,890	59,550,340	
(781,356)	(35,189,768)	
45,737,534	24,360,572	
38,186,683	22,158,318	
83,924,217	46,518,890	
4,396,878	1,930,946	
1,158,265	6,061,040	
5,555,143	7,991,986	
(3,689,330)	(3,595,108)	
1,865,813	4,396,878	
2,389	2,389	
958,965	1,810,327	
27,239,619	4,365,343	
783,185	672,115	
28,984,158	6,850,174	
(364,636)	1,932,633	
654,563	(2,342,094)	
289,927	(409,461)	
3,305,728	44,825	
3,595,655	(364,636)	
8,134,887	4,110,235	
(7,826,771)	(3,802,119)	
308,116	308,116	
5,731,366	7,826,771	
6,039,482	8,134,887	

8.01 Stamps

All Branches

8.02 Advance Income Tax & Tax Deducted at Source

Opening balance
Less: Adjustment during the year

Add: Addition during the year

8.03 Stock of Stationery & Supplies

Opening Balance
Add: Purchased during the year

Less: Consumed during the year

8.04 Advance and Pre-paid Expenses

Advances Against Travelling Expenses
Pre-paid Expenses (Advances Paid for Office Rent)
Accrued interest from FDR
Miscellaneous

8.05 Inter Branch Adjustment (Head Office & All Branches)

Opening balance
Adjustment during the year

Addition during the year

8.06 Work In Progress (WIP)

Opening balance
Adjustment during the year

Addition during the year



		Amount in Taka	
		30.06.2018	30.06.2017
8.07	Deferred Tax Assets		
	Opening balance	3,891,123	3,891,123
	Adjustment during the year	(3,891,123)	-
		-	3,891,123
	Correction during the year	-	-
		-	3,891,123
9.	Borrowings from other Banks, Financial Institutions and Agents		
	Bangladesh Bank Loan	2,150,000,000	1,150,000,000
	Sonali Bank Ltd. Loan	2,000,000,000	-
		4,150,000,000	1,150,000,000
9.01	Bangladesh Bank Loan		
	Fisheries & Live Stock	1,000,000,000	1,000,000,000
	Fisheries & Live Stock -2 Face	1,000,000,000	-
	Milk Pro. & Artificial Ins.	150,000,000	150,000,000
		2,150,000,000	1,150,000,000
9.02	Sonali Bank Ltd. Loan		
	Loan from Sonali Bank Limited	2,000,000,000	-
		2,000,000,000	-
10.	Savings Bank Deposits		
	Savings Deposits (All Branches)	585,499,952	425,938,354
		585,499,952	425,938,354
11.	Fixed Deposits		
	KBTDS (All Branches)	2,110,032,685	1,477,295,541
		2,110,032,685	1,477,295,541
12.	Other Deposits		
	KBSDS (All Branches)	345,829,550	181,469,536
	Security Deposits {Asstt. Officer (Cash)}	540,000	560,000
		346,369,550	182,029,536
13.	Other Liabilities		
	Provision for Loans	515,718,922	438,659,578
	Provision for Unclassified Loans	109,657,179	84,127,799
	Provision for Classified Loans	406,061,743	354,531,779
	Interest Suspense	81,517,270	71,153,579
	Death Risk Coverage Scheme (borrowers)	32,427,874	23,626,755
	Fund from Bangladesh Govt.	946,100,000	946,100,000
	Revolving Fund (Payable to Govt.)	125,349,685	122,790,482
	Construction of Bank Building	110,000,000	110,000,000
	Income Tax Provision	19,529,152	762,645
	Remittance Advance	14,385,443	16,755,974
	GPF & SAF	-	46,249
	Other Payable (Shown in Annexure-B)	314,071,360	153,219,524
		2,159,099,706	1,883,114,786



13.01 Provision for Loans

Opening Balance
Adjustment during the year

Addition during the year

a) Program wise Provision for Unclassified loans

Loans on Own Program
Loans on SEIF Project
Loans on Agro-Based Project
Loans on Bangladesh Bank (Fisheries & Live Stock)
Loans on Bangladesh Bank (Fisheries & Live Stock)
Loans on Bangladesh Bank (Milk Pro. & Artificial Ins.)

b) Program wise Provision for Classified loans

Loans on Own Program
Loans on SEIF Project
Loans on Agro-Based Project
Loans on Bangladesh Bank (Fisheries & Live Stock)
Loans on Bangladesh Bank (Milk Pro. & Artificial Ins.)
Consumer Loan

13.02 Interest suspense

Opening Balance
Addition during the year

Recovered during the year

13.03 Death Risk Coverage Scheme (borrowers)

Opening Balance
Addition during the year

Adjustment during the year

13.04 Fund from Bangladesh Govt.

For Agro-Based project
For SEIF project
For EHCLB project

13.05 Revolving Fund

For Agro-Based project
For SEIF project
For EHCLB project

Amount in Taka	
30.06.2018	30.06.2017
438,659,578	372,131,303
(6,487,289)	(13,425,469)
432,172,289	358,705,834
83,546,633	79,953,744
515,718,922	438,659,578

99,083,795	76,774,105
820,886	901,901
191,826	257,813
3,339,146	4,977,958
5,527,718	
693,808	1,216,022
109,657,179	84,127,799

373,436,902	319,083,272
22,980,326	23,968,793
8,043,971	11,326,918
1,411,936	152,796
68,301	
120,307	-
406,061,743	354,531,779

71,153,579	59,782,223
37,779,133	41,417,409
108,932,712	101,199,632
(27,415,442)	(30,046,053)
81,517,270	71,153,579

23,626,755	82,293,930
38,282,096	25,729,919
61,908,851	108,023,849
(29,480,977)	(84,397,094)
32,427,874	23,626,755

500,000,000	500,000,000
410,500,000	410,500,000
35,600,000	35,600,000
946,100,000	946,100,000

Opening	Addition		
69,817,349	1,538,428	71,355,777	69,817,349
52,973,133	1,020,775	53,993,908	52,973,133
-	-	-	-
122,790,482	2,559,203	125,349,685	122,790,482

Amount in Taka	
30.06.2018	30.06.2017

a) Total Fund received from Bangladesh Govt.

	Fund			
	Principal	Revolving		
For Agro-Based project	500,000,000	71,355,777	571,355,777	569,817,349
For SEIF project	410,500,000	53,993,908	464,493,908	463,473,133
For EHCLB project	35,600,000	-	35,600,000	35,600,000
	946,100,000	125,349,685	1,071,449,685	1,068,890,482

13.06 Construction of Bank Building

Opening Balance	110,000,000	110,000,000
Addition during the year	-	-
	110,000,000	110,000,000

13.07 Income Tax Provision

Opening Balance	762,645	35,545,397
Addition during the year	19,529,152	762,645
	20,291,797	36,308,042
Adjustment during the year	(762,645)	(35,545,397)
	19,529,152	762,645

13.08 Remittance Advance from NCC Bank

Opening Balance	16,755,974	20,000,000
Addition during the year	104,369,987	23,092,827
	121,125,961	43,092,827
Adjustment during the year	(106,740,518)	(26,336,853)
	14,385,443	16,755,974

13.09 GPF & SAF

GPF & SAF	-	46,249
	-	46,249

14. Share Capital

Authorized Capital:

100,000,000 Ordinary Share of Tk.100 each	10,000,000,000	10,000,000,000
	10,000,000,000	10,000,000,000

Paid-Up Capital :

80,000,000 Ordinary shares of Tk 100 each approved by Govt.	8,000,000,000	8,000,000,000
	8,000,000,000	8,000,000,000

The paid up capital of the Bank raised by the Government form Tk. 520 crore to Tk. 800 crore. Out of which the Bank received Tk. 499.50 crore from Government and Other Shareholders .



Amount in Taka	
30.06.2018	30.06.2017

Breakup of Paid up Capital :

Name of Contributors

Government of Bangladesh

Sonali Bank Ltd.

Janata Bank Ltd.

Agrani Bank Ltd.

National Bank Ltd.

Rupali Bank Ltd.

IFIC Bank Ltd.

BASIC Bank Ltd.

Islami Bank Bangladesh Ltd.

The City Bank Ltd.

United Commercial Bank Ltd.

Uttara Bank Ltd.

Pubali Bank Ltd.

South East Bank Ltd.

4,150,000,000	4,150,000,000
260,000,000	260,000,000
160,000,000	160,000,000
160,000,000	160,000,000
90,000,000	90,000,000
80,000,000	80,000,000
20,000,000	20,000,000
15,000,000	15,000,000
10,000,000	10,000,000
10,000,000	10,000,000
10,000,000	10,000,000
10,000,000	10,000,000
10,000,000	10,000,000
10,000,000	10,000,000
4,995,000,000	4,995,000,000

15. Statutory Reserve

Opening Balance

Addition during the year

224,448,836	224,089,944
9,764,576	358,892
234,213,412	224,448,836

16. Special Reserve

Opening Balance

Addition during the year

111,556,940	111,467,217
2,441,144	89,723
113,998,084	111,556,940

17. General Reserve

Opening Balance

Less: Adjustment for deferred Tax

Addition during the year

375,648,762	375,065,564
(2,530,314)	-
17,088,007	583,198
390,206,455	375,648,762

18. Interest Income

Interest on Loans and Advances (Own Program)

Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock)

Interest on Revolving Fund for Agro-Based Project

Interest on KBSDS Loan

Interest on KBTDS/FD

Interest on SECP Loan

1,058,364,640	813,897,954
59,455,815	54,903,622.00
969,695	1,296,207
583,860	265,207
375,013	136,023
1,356,551	1,746,302



		Amount in Taka	
		30.06.2018	30.06.2017
	Service charges on Revolving Fund for SEIF Project	1,451,485	1,706,859
	Interest on Staff Loans (House Building & Motor Cycle Loan)	27,160,509	22,335,263
	Interest & Other income on Bangladesh Bank Loan (Milk Production & Artificial Insemination)	4,905,337	5,767,966
	Interest on Office Rent Advance	304,352	239,383
	Interest on Computer Loan	1,906,798	1,784,828
	Interest on Consumers Loan	27,458,371	23,001,852
		1,184,292,426	927,081,466
19.	Interest Paid on Deposits and Borrowings, etc.		
	Interest on Savings & Security Deposits	159,582,877	28,414,785
	Interest on Bangladesh Bank Loan (Fisheries & Milk Production)	75,902,291	52,931,229
	Interest on Sonali Bank Ltd Loan	71,527,778	
	Interest on Employees General Provident Fund	8,060,162	26,737,801
		315,073,108	108,083,815
20.	Investment Income		
	Interest on SND Deposits (All Branches)	1,586,671	1,338,828
	Interest on FDR & SND Deposits (Head Office)	6,814,284	18,924,497
		8,400,955	20,263,325
21.	Other Operating Income		
	Fees & Other Charges	123,618	158,494
	Income from Selling of Forms	16,688,305	12,935,926
	Selling of Withdrawal Slip	83,975	102,245
	Accounts Maintenance Fee	15,070,710	14,206,351
	Remittance Income	427,577	99,027
	Miscellaneous Income (Including Recruitment Income)	153,947,379	1,825,153
		186,341,564	29,327,196
22.	Salaries & Allowances		
	Salary and allowances to officers	266,083,172	246,963,774
	Salary and allowances to staffs	84,639,472	86,821,400
	House rent Allowances	151,529,639	144,227,721
	Dearness Allowances	459	61,796
	Lunch Subsidy	59,446,200	58,677,650
	Leave Encashment	6,848,911	2,947,153
	Recreation Leave Allowance	2,812,158	586,790
	Conveyance Allowance	382,385	533,345
	Medical Allowance	22,868,454	23,158,387
	Wages to Temporary employees	746,671	755,370
	Overtime	2,113,278	1,913,042
	Wages to Contract Basis employees	6,862,453	4,460,477
	Wages to Cleaner	3,680,150	2,690,143



		Amount in Taka	
		30.06.2018	30.06.2017
	Washing Allowances	2,400	67,597
	Car Allowances	304,382	-
	Hill Allowances	646,391	601,804
	Entertainment Allowances	32,067	25,871
	Education Support Allowances	5,158,283	4,591,231
	Festival Bonus	59,056,114	55,165,967
	Bonus	-	27,286,281
	Banks Contribution to Superannuation Fund	105,225,350	100,091,108
	Closing Allowance	2,446,000	2,530,000
	Charge Allowance	12,000	17,050
	Bangla Nababorso Allowance	5,801,939	5,579,448
	Liveries expenses	738,619	571,534
		787,436,947	770,324,939
23.	Rent, Taxes, Insurance, Electricity, etc.		
	Office Rent	25,009,598	22,907,693
	Holding Taxes	42,443	69,042
	Insurance	610,535	514,743
	Electricity	3,172,221	3,012,098
		28,834,797	26,503,576
24.	Legal Expenses		
	Legal Expenses (all cases)	15,545	90,150
		15,545	90,150
25.	Postage, Stamps, Telegram, Telephone, etc.		
	Postage	950,583	1,000,011
	Telecommunication	4,668,962	4,748,672
		5,619,545	5,748,683
26.	Stationery, Printing, Advertisement, etc.		
	Stationery and Printings	3,689,330	3,644,217
	Advertisements	1,254,116	876,845
	Table Stationery	1,908,004	1,921,535
	Continuous paper	1,452,062	1,449,353
		8,303,512	7,891,950
27.	Chief executive's salary and Fees		
	Basic Pay	933,692	992,723
	Medical Allowance	18,000	19,113
	House rent Allowance	466,846	496,365
	Lunch Subsidy	47,400	44,200
	Domestic Allowance	37,077	14,918
	Entertainment Allowance	10,800	10,504
	Festival Bonus	155,698	78,000
	Banks Contribution to Superannuation Fund	280,105	297,817
	Bangla Nababorso Allowance	15,600	15,600
	Car Maintenance Allowance	-	421,500
	Education Support Allowance	12,000	7,742
		1,977,218	2,398,482



		Amount in Taka	
		30.06.2018	30.06.2017
28.	Directors' Fees		
	Chairman's Honorarium	474,000	289,900
	Director's Fees	754,400	885,600
		1,228,400	1,175,500
29.	Auditors' Fees (Including Credit Rating)		
	Auditors' Fee	220,000	235,000
		220,000	235,000
30.	Depreciation & Repairs of Bank assets		
	Depreciation	8,188,552	6,617,126
	Repair	3,154,773	3,866,760
		11,343,325	10,483,886
31.	Other Expenses		
	Travelling Expenses (General & Others)	14,318,848	11,161,064
	Travelling Expenses (Transfer)	1,292,943	1,575,620
	Conveyance	6,518,985	6,160,024
	Fuel Expenses	1,754,170	1,231,261
	Books Purchase	22,658	26,758
	Banking Diploma & Others Honorarium	1,396,394	236,525
	Training Expenses	1,519,470	537,822
	Entertainment Expenses	4,518,305	3,931,821
	Commission for fund transfer(including deduction on Excise duty)	3,284,050	1,600,272
	Branch Shifting/Opening Expenses	122,900	578,779
	Staff Transport Expenses	2,125,136	1,850,958
	Business Development Expenses	3,298,263	2,549,660
	News Paper & Periodicals	1,664,714	1,479,152
	Computer Spares	401,441	138,413
	Subscription & Donation (including BIBM & Welfair)	1,208,957	1,226,851
	Water & Sewerage expenses	693,185	660,792
	Meeting & Conference	1,402,819	1,363,021
	Sundry Expenses (Including Recruitment Expenses)	10,058,329	5,614,629
		55,601,567	41,923,422
32.	Provision for Loans & Advances		
	Provision required as per loan classification	83,546,633	-
		83,546,633	-
33.	Provision for Incentive Bonus		
		29,377,659	-
		29,377,659	-
34.	Contribution to Staff Benevolent Fund		
	(1% of total profit before provision)	1,633,810	18,126
		1,633,810	18,126

A sum of Tk. 3,072,318 has been transferred to Benevolent Fund as per Ministry of Finance letter No. অম/অবি/ব্যাকিং/প্রঃ-শা-৩/বিবিধ-২/২০০৫/৭৭, তারিখঃ ০৩.০৫.২০০৬ and also approval of the Board.



35. **Provision For Taxation**

@ 40 % of profit before income tax

Amount in Taka	
30.06.2018	30.06.2017
19,529,152	762,645
19,529,152	762,645

36. **Provision for Statutory Reserve**

Provision for Statutory Reserve (20% of profit before tax)

9,764,576	358,892
9,764,576	358,892

According to the article no: 21 of karmasangsthan Bank Act (Act no. 7 of 1998) Provision for Statutory Reserve on Total Profit before Taxes has been made @ 20% .

37. **Provision for Special Reserve**

Provision for Special Reserve (5% of profit before tax)

2,441,144	89,723
2,441,144	89,723

According to the article no: 21 of karmasangsthan Bank Act (Act no. 7 of 1998) Provision for Special Reserve on Total Profit before Taxes has been made @ 5% .

38. **Provision for arrear Income Tax adjustment**

-	-
-	-

Previous year balance Advance Tax has been adjusted during the year.

39. **Other Provision (Construction of Bank Building)**

-	-
-	-

The mangement of the Bank with prior approval of the Board has made provision for construction of own Bank Building in the near future.

40. **Net Profit after Taxation & Provision (Surplus Net Profit)**

Transfer to General Reserve Fund

17,088,007	583,198
17,088,007	583,198

The net surplus is transferred to General Reserve Fund after made adequate provision and Reserve in according to the article no: 21 of karmasangsthan Bank Act (Act no. 7 of 1998) .



Karmasangsthan Bank
Schedule of Fixed Assets
As at June 30, 2018

Annexure-A
Amount in Taka

Particulars	Cost				Rate of Depre. (%)	Depreciation				Written Down Value as at 30.06.2018
	Balance as at July 1, 2017	Addition during the year	Disposal/ Adjustment during the year	Balance as at 30.06.2018		Balance as at July 1, 2017	Depreciation charged during the year	Disposal/ Adjustment during the year	Balance as at 30.06.2018	
1	2	3	4	5=2+3-4	6	7	8	9	10=7+8-9	11=5-10
Furniture & Fixtures	33,057,375	2,201,296	-	35,258,671	10%	15,848,609	1,965,372	-	17,813,981	17,444,690
Office Machineries	34,900,797	6,753,955	-	41,654,752	20%	21,720,749	3,862,278	-	25,583,027	16,071,725
Office Equipments	404,510	76,763	-	481,273	15%	102,814	51,997	-	154,811	326,462
Electrical Equipments	2,812,843	359,538	-	3,172,381	20%	1,513,152	303,786	-	1,816,938	1,355,443
Motor Vehicles	25,442,395	-	-	25,442,395	20%	15,939,934	1,594,826	-	17,534,760	7,907,635
Land	143,883,569	-	-	143,883,569	0%	-	-	-	-	143,883,569
Building (Head office)	3,419,923	-	-	3,419,923	0%	251,244	-	-	251,244	3,168,679
Building (Apartment)	5,861,323	-	-	5,861,323	2.5%	1,758,396	410,293	-	2,168,689	3,692,634
Total (30.06.2018) :	249,782,735	9,391,552	-	259,174,287		57,134,898	8,188,552	-	65,323,450	193,850,837
Total (30.06.2017) :	241,194,945	8,587,790	-	249,782,735		50,517,771	6,617,127	-	57,134,898	192,647,837



Karmasangsthan Bank
Schedule of Other Payables
As at June 30, 2018

Annexure-B
Amount in Taka

Particulars	Balance as at 30.06.2017	Addition during the year	Total	Adjustment during the year	Paid during the year	Balance as at 30.06.2018
1	2	3	4=2+3	5	6	7=4-5-6
Vat, Source Tax, Excise Duty	3,163,436	4,175,746	7,339,182	-	3,163,436	4,175,746
Accrued Salary	796,656	1,036,240	1,832,896	-	796,656	1,036,240
Telephone & Electricity Bill	165,000	139,886	304,886	-	165,000	139,886
Water & Sewerage	55,000	44,590	99,590	-	55,000	44,590
Printing & Stationery	575	3,948,280	3,948,855	-	575	3,948,280
Audit Fee	160,000	170,000	330,000	-	160,000	170,000
Repairs, Renewals & Fuel	283,474	356,479	639,953	-	283,474	356,479
GPF Interest	12,581,593	7,602,155	20,183,748	-	12,581,593	7,602,155
Contribution to Staff Benevolent Fund	18,126	1,633,810	1,651,936	-	18,126	1,633,810
Provision for Prior year Income Tax adjustment	12,822,664	762,645	13,585,309	-	762,645	12,822,664
Provision for Advance Income Tax adjustment	324,361	-	324,361	-	-	324,361
Advertisement	311,296	265,296	576,592	-	311,296	265,296
Provision for Bonus	28,944,147	29,377,659	58,321,806	-	28,944,147	29,377,659
Provision for Procurement of Monitor, CPU, UPS & Furniture Bill	1,697,372	1,944,102	3,641,474	-	1,697,372	1,944,102
Deferred Tax	1,689,560	328,751	2,018,311	-	1,689,560	328,751
All Branches (Interest on Agro-Based Loan)	2,583,322	2,460,250	5,043,572	-	2,583,322	2,460,250
Miscellaneous	87,622,942	247,441,091	335,064,033	-	87,622,942	247,441,091
Total :	153,219,524	301,686,980	454,906,504	-	140,835,144	314,071,360

