

**Auditors' Report  
and  
Financial Statements**

**OF**

**Karmasangsthan Bank**

**1, RAJUK Avenue, Dhaka-1000**

**As at & For the year ended 30 June 2019**

**Independent Auditor's Report to the Shareholders/Contributors  
Of Karmasangsthan Bank****Report on the Audit of Financial Statements****Opinion**

We have audited the financial statements of Karmasangsthan Bank which comprise the Balance Sheet as at 30 June 2019, and Profit and Loss account, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position the Company as at June 30, 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), where practicable and comply with Karmasangsthan Bank Act No. 07 of 1998, clauses 44 and 45 of Bank Companies Act 1991, the Companies Act 1994 along with the rules & regulations Issued by the Bangladesh Bank and other applicable rules & regulations.

**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 Karmasangsthan Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Bank and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter****Inter Branch adjustment Accounts (Reference: Note # 8.05)**

1. Inter branch unadjusted balance account stood at Tk. 2,376,210 as on 30 June, 2019 against Tk. 35,95,655. There should not be any unadjusted inter branch amount. Our opinion is not qualified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Description of key audit matters	Our response to key audit matters
<b>Measurement of provision for loans, advances and leases</b>	
<p>The process for estimating the provision for loans, advances and leases portfolio associated with credit risk is significant and complex.</p> <p>For the individual analysis for large exposure, provision calculation considers the estimates of future business performance and the market value of collateral provided for credit transactions.</p> <p>For the collective analysis of exposure on portfolio basis, provision calculation and reporting are manually processed that deals with voluminous databases, assumptions and estimates.</p> <p>At year end the company reported total gross loans, advances and leases of BDT 15,803,776,322 (2018: BDT 12,969,495,670) and provision for loans and advances of BDT 534,065,044 (2018: BDT 515,718,922).</p>	<p>We tested the design and operating effectiveness of key controls focusing on the following:</p> <ul style="list-style-type: none"> <li>• Credit appraisal, loan disbursement procedures, monitoring and provisioning process;</li> <li>• Identification of loss events, including early warning and default warning indicators;</li> <li>• Reviewed quarterly Classification of Loans (CL);</li> </ul> <p>Our substantive procedures in relation to the provision for loans and advances portfolio comprised the following:</p> <ul style="list-style-type: none"> <li>• Reviewed the adequacy of the general and specific provisions in line with related Bangladesh Bank guidelines;</li> <li>• Assessed the methodologies on which the provision amounts based, recalculated the provisions and tested the completeness and accuracy of the underlying information;</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards and Bangladesh Bank guidelines.</li> </ul>
See note no 6 and 13.01 to the financial statements	
<b>IT systems and controls</b>	
<p>Our audit procedures have a focus on IT systems and controls due to the pervasive nature and complexity of the IT environment, the large volume of transactions processed in numerous locations daily and the reliance on automated and IT dependent manual controls.</p>	<p>We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting.</p> <p>We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems for appropriate approval and authorization.</p> <p>We tested the Company's periodic review of access rights and reviewed requests of changes to system for appropriate approval and authorization.</p> <p>We considered the control environment relating to various interfaces, configuration and other application layer controls identified as key to our audit.</p>

### Reporting on Other Information

Management is responsible for the other information. The other information comprises of all the information in the Annual Report other than the financial statements and auditor's report thereon. The Annual Report is expected to be made available to us after the date of the auditor's report.

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





In connection with our audit of financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be misstated materially.

### **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 International Financial Reporting Standards (IFRS), where practicable and the Karmasangsthan Bank Act No. 07 of 1998, clauses 44 and 45 of Bank Companies Act, 1991, the Companies Act 1994 along with the rules & regulations Issued by the Bangladesh Bank and other applicable rules & regulations 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 these financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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



going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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 entity or business activities within the entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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 and are therefore the key audit matters. We describe these matters in our auditors' 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.

### **Report on other legal and regulatory requirements**

In accordance with the 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, 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 purposes 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 246 branches;
- iii. we have carried out audit of 12 branches out of 246 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;
- iv. in our opinion, proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;



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- v. the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of accounts and returns;
- vi. the expenditures incurred were for the purpose of the Company's business for the year;
- vii. adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- viii. the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- ix. the records and statements which were submitted by the branches have been properly maintained and recorded in the financial statements;
- x. statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- xi. nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- xii. proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instruction which were issued by the Bangladesh Bank & other regulatory authorities have been complied properly as disclosed to us by management;
- xiii. based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;
- xiv. the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- xv. we have reviewed over 80% of the risk-weighted assets of the company and we have spent approximately over 1260 person hours for the audit of books of accounts of the company;
- xvi. the Company has complied with relevant instructions which are issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- xvii. all other issues which in our opinion are important for the stakeholders of the company have been adequately disclosed in the audit report; and

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**AHMED ZAKER & CO.**

Chartered Accountants

**ARTISAN**

Chartered Accountants

- xviii. the Bank complied with 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 in preparing these financial statements.



**Ahmed Zaker & Co**  
Chartered Accountants



**ARTISAN**  
Chartered Accountants

Location: Dhaka

Date: October 10, 2019



KARMASANGSTHAN BANK

Balance Sheet

As at June 30, 2019

Particulars	Notes	Amount in Taka	
		30.06.2019	30.06.2018
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>		10,000	13,000
Cash in hand	4	10,000	13,000
(including foreign currency)			
Balance with Bangladesh Bank and its agent bank		-	-
(including foreign currency)			
<b>Balance with other Banks &amp; Financial Institutions</b>		3,445,997,444	1,793,119,951
In Bangladesh	5	3,445,997,444	1,793,119,951
Outside Bangladesh		-	-
<b>Money at call on short notice</b>		-	-
<b>Investment:</b>			
Government		-	-
Others			
<b>Loans and Advances:</b>		15,803,776,322	12,969,495,670
Loans, Cash Credit, Overdraft etc	6	15,803,776,322	12,969,495,670
Bills Purchased & Discounted		-	-
<b>Fixed Assets including Premises, Furniture and Fixtures</b>	7	190,446,820	193,850,837
<b>Others Assets</b>	8	255,091,841	127,940,386
<b>Non Banking Assets</b>		-	-
<b>Total Assets</b>		19,695,322,427	15,084,419,844
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from other Banks, Financial Institutions and Ager	9	3,816,320,000	4,150,000,000
<b>Deposits and Other Accounts:</b>		6,753,127,666	3,041,902,187
Current Accounts and Other Accounts		-	-
Bills Payable		-	-
Savings Bank Deposits	10	802,476,895	585,499,952
Fixed Deposits	11	5,440,089,456	2,110,032,685
Bearer Certificates of Deposit		-	-
Other Deposits	12	510,561,315	346,369,550
<b>Other Liabilities</b>	13	2,745,711,887	2,159,099,706
<b>Total Liabilities</b>		13,315,159,553	9,351,001,893
<b>Capital/Shareholder's Equity</b>			
Paid Up Capital	14	5,495,000,000	4,995,000,000
Statutory Reserve	15	286,503,256	234,213,412
Special Reserve	16	127,070,545	113,998,084
Dividend Equalization Fund	17	54,950,000	-
General Reserve	18	416,639,073	390,206,455
<b>Total Shareholders Equity</b>		6,380,162,874	5,733,417,951
<b>Total Liabilities and Shareholders Equity</b>		19,695,322,427	15,084,419,844





**KARMASANGSTHAN BANK**  
**Balance Sheet**  
**As at June 30, 2019**


Particulars	Notes	Amount in Taka	
		30.06.2019	30.06.2018
<b>Off-Balance Sheet Items</b>			
<b>Contingent Liabilities</b>			
Acceptances & Endorsements		-	-
Letters of Guarantee		-	-
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Other Contingent Liabilities		139,445,058	64,921,456
<b>Total</b>		<b>139,445,058</b>	<b>64,921,456</b>
<b>Other Commitments</b>			
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		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>139,445,058</b>	<b>64,921,456</b>

The Annexed notes 1 to 43 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 10, 2019  
Place: Dhaka

**KARMASANGSTHAN BANK**  
**Profit & Loss Account**  
**For the year ended June 30, 2019**

Particulars	Notes	Amount in Taka	
		2018-2019	2017-2018
Interest Income	19	1,914,628,342	1,314,570,250
Interest Paid on Deposits and Borrowings etc.	20	(599,297,005)	(307,012,946)
<b>Net interest income</b>		<b>1,315,331,337</b>	<b>1,007,557,304</b>
SND Deposits Income	21	6,123,317	7,264,768
Other Operating Income	22	73,165,998	57,199,927
		<b>79,289,315</b>	<b>64,464,695</b>
<b>Total operating income (A)</b>		<b>1,394,620,652</b>	<b>1,072,021,999</b>
Salary & Allowances	23	902,605,663	787,436,947
Rent, Taxes, Insurance, Electricity etc.	24	30,526,082	28,834,797
Legal Expenses	25	12,620	15,545
Postage, Stamp, Telecommunication etc.	26	6,121,942	5,619,545
Stationery, Printings, Advertisements etc.	27	8,554,993	8,303,512
Chief Executive's Salary and Fees	28	1,981,400	1,977,218
Directors Fees	29	1,194,675	1,228,400
Auditors Fees	30	230,000	220,000
Depreciation and Repair of Bank Assets	31	10,476,864	11,343,325
Other Expenses	32	78,371,272	63,661,729
<b>Total operating expenses (B)</b>		<b>1,040,075,511</b>	<b>908,641,018</b>
<b>Total Profit before provision (C)=(A-B)</b>		<b>354,545,141</b>	<b>163,380,981</b>
Provision for Loans & Advances	33	89,550,467	83,546,633
Provision for Incentive Bonus	34		29,377,659
Contribution to Staff Benevolent Fund	35	3,545,451	1,633,810
<b>Total provision (D)</b>		<b>93,095,918</b>	<b>114,558,102</b>
<b>Net Profit before Taxes (E)=(C-D)</b>		<b>261,449,223</b>	<b>48,822,879</b>
<b>Total Tax Provision (F)</b>		<b>104,704,300</b>	<b>19,529,152</b>
Provision for Taxation 40%	36	104,579,689	19,529,152
Deferred Tax	37	124,611	
<b>Net Profit after Taxes (G)=(E-F)</b>		<b>156,744,923</b>	<b>29,293,727</b>





KARMASANGSTHAN BANK  
Profit & Loss Account  
For the year ended June 30, 2019

Particulars	Notes	Amount in Taka	
		2018-2019	2017-2018
<b>Appropriations</b>			
<b>(Total Profit after Taxes)</b>		<b>156,744,923</b>	<b>29,293,727</b>
Provision for Statutory Reserve 20% of Total Profit before Taxes	38	52,289,844	9,764,576
Provision for Special Reserve 5% of Total Profit before Taxes	39	13,072,461	2,441,144
Provision for Arrear Income Tax adjustment	40	10,000,000	-
Other provision (Construction of Bank Building)	41	-	-
Dividend Equalization Fund	42	54,950,000	-
<b>Total appropriations (H)</b>		<b>130,312,305</b>	<b>12,205,720</b>
<b>Remaining Net Profit after Taxation &amp; Provision (I)=(G-H)</b>	43	<b>26,432,618</b>	<b>17,088,007</b>
(Remaining Net Profit: Transfer to General Reserve)			

The Annexed notes 1 to 43 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 10, 2019  
Place: Dhaka

**KARMASANGSTHAN BANK**  
**Statement of Changes in Equity**  
**As on June 30, 2019**


Amount in Taka

Particulars	Paid-up Capital	Statutory Reserve	General Reserve	Special Reserve	Dividend Equalization Fund	Profit & Loss Account	Total
<b>Balances as at 01 July, 2018</b>	4,995,000,000	234,213,412	390,206,455	113,998,084	-	-	5,733,417,951
Prior year Adjustment for Deferred Tax			-		-	-	-
Paid up capital (Paid by Government of Bangladesh)	500,000,000	-	-	-	-	-	500,000,000
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		52,289,844	26,432,618	13,072,461	54,950,000	-	146,744,923
<b>Balance as at 30 June, 2019</b>	<b>5,495,000,000</b>	<b>286,503,256</b>	<b>416,639,073</b>	<b>127,070,545</b>	<b>54,950,000</b>	<b>-</b>	<b>6,380,162,874</b>

  
Managing Director

  
Director

  
Chairman

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

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Ahmed Zaker & Co.  
Chartered Accountants

  
ARTISAN  
Chartered Accountants

Dated : October 10, 2019  
Place: Dhaka



**KARMASANGSTHAN BANK**  
**Statement of Cash Flows**  
**For the year ended June 30,2019**

Particulars	Amount in Taka	
	2018-2019	2017-2018
<b>A. Cash flow from operating activities</b>		
Interest receipts in cash	1,617,092,608	1,067,498,261
Interest payments	(366,921,759)	(278,128,006)
Dividends receipts	-	-
Fee and commission receipts in cash	36,065,998	34,563,581
Recoveries on loans previously written off	3,210,599	3,824,917
Cash payments to employees	(731,115,847)	(712,977,264)
Cash payments to suppliers	(7,520,330)	(7,427,592)
Income tax paid	(51,855,470)	(26,500,000)
Payments for other operating activities	(1,251,915,421)	(2,722,749,924)
Receipts form other operating activities	8,231,958,483	6,257,797,041
Operating profit before charges in operating assets and liabilities	<b>7,478,998,862</b>	<b>3,615,901,014</b>
<b>Increase/decrease in operating assets and liabilities</b>		
Loans and advances to customers	(10,451,070,000)	(8,992,516,000)
Deposit from customer	3,628,224,981	2,230,028,000
Purchase /Sale of trading securities	-	-
Loans and Advances to other Banks (Bangladesh Bank)	-	3,000,000,000
Loans and advances to customers	-	-
Other assets	-	-
Deposit from other banks	500,000,000	1,000,000,000
Deposit from customer	-	-
Other Liabilities account of customers	-	-
Other liabilities	-	-
Trading liabilities	-	-
	<b>(6,322,845,019)</b>	<b>(2,762,488,000)</b>
<b>Net Cash from Operating Activities(A)</b>	<b>1,156,153,843</b>	<b>853,413,014</b>
<b>B. Cash flow from Investing Activities:</b>		
Proceeds from sale of securities	-	-
Payments for purchase of securities	-	-
Purchase of Property, Plant & Equipment	(3,279,350)	(7,935,626)
Purchase/Sale of subsidiary	-	-
<b>Net Cash from Investing activities(B)</b>	<b>(3,279,350)</b>	<b>(7,935,626)</b>




**KARMASANGSTHAN BANK**  
**Statement of Cash Flows**  
**For the year ended June 30,2019**

Particulars	Amount in Taka	
	2018-2019	2017-2018
<b>C. Cash flow from Financing Activities:</b>		
Receipts from Bangladesh Government as paid up capital	500,000,000	-
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	-	-
<b>Net Cash flow from Financing Activities(C)</b>	<b>500,000,000</b>	<b>-</b>
<b>D. Net increase/decrease in cash (A+B+C)</b>	<b>1,652,874,493</b>	<b>845,477,388</b>
E. Cash and cash equivalent at beginning of the year	1,793,132,951	947,655,563
<b>F. Cash and cash equivalent at end of the year</b>	<b>3,446,007,444</b>	<b>1,793,132,951</b>

  
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 10, 2019  
Place: Dhaka



**KARMASANGSTHAN BANK**  
**Notes to the financial statements**  
For the year ended June 30,2019

**1.00 BACKGROUND INFORMATION**

**1.01 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.

**1.02 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.

**2.00 SIGNIFICANT ACCOUNTING POLICIES**

**2.01 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.

**2.01.01 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



**2.01.02 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.

**2.01.03 Reporting Period:**

The report covers the financial year adopted by bank which is from 01 July 2018 to 30 June 2019.

**2.02 Fixed Assets and Depreciation:**

- a) Fixed Assets are stated at acquisition cost less accumulated depreciation in compliance with International Accounting Standards (IASs)-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 is 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.

#### **2.03 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.

#### **2.04 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.

#### **2.05 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.

#### **2.06 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.



**2.06.01 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.

**2.07 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.

**2.08 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, 2019.
- 3.03** Provision for Incentive Bonus of Tk. 78,750,000 has been made for the year ended June 30, 2019.
- 3.04** A sum of Tk. 3,545,451 has been transferred to Benevolent Fund as per Ministry of Finance letter No. অম/অবি/ব্যংকিং/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. 104,579,689 before Taxes has been made @ 40% for the year ended June 30, 2019.
- 3.06** Deferred Tax is generated by temporary differences the carrying amounts of Assets for financial reporting purposes and their tax base. Provision for Deferred Tax Tk. 124,611 has been made for the year ended June 30, 2019.
- 3.07** 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. 52,289,844 and Special Reserve @ 5% of Tk. 13,072,461.
- 3.08** Provision for Arrear Income Tax Adjustment of Tk. 10,000,000 has been made for the year ended June 30, 2019.
- 3.09** Dividend Equalization Fund is created for making proposed and approved dividend payments to the shareholders. Tk. 54,950,000 for the year ended June 30, 2019 has been transferred to Dividend Equalization Fund.
- 3.10** Retained Earnings amounting to Tk. 26,432,618 for the year ended June 30, 2019 has been transferred to General Reserve Account.
- 3.11** Figures appearing in these accounts have been rounded off to the nearest taka.
- 3.12** Previous year's figure has been rearranged for comparison purposes whenever considered necessary.
- 3.13** Income from FDR has been taken into the accounts on accrual basis.



4. Cash

Cash in hand

Amount in Taka	
30.06.2019	30.06.2018
10,000	13,000
<b>10,000</b>	<b>13,000</b>

5. Balance with Other Banks & Financial Institutions

Short Notice Deposits (SND)

Mobile Banking

Fixed Deposits Receipts (FDR)

363,362,943	285,485,450
134,501	134,501
3,082,500,000	1,507,500,000
<b>3,445,997,444</b>	<b>1,793,119,951</b>

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)

13,020,389,692	10,674,157,672
10,868,662	7,036,355
3,891,348	4,393,011
7,594,621	10,046,635
95,417,043	113,333,371
42,709,193	37,153,959
1,007,493,852	700,504,578
55,070,244	54,327,606
438,445,409	364,924,666
36,190,141	36,763,835
1,828,316	2,213,423
1,056,078,599	894,916,767
27,799,202	69,723,792
<b>15,803,776,322</b>	<b>12,969,495,670</b>

6.01 Classification of Loans & Advances

	CL Percentage			
	30.06.2019	30.06.2018		
1. Unclassified Loans	95.23%	93.29%	<b>15,050,260,474</b>	<b>12,215,774,079</b>
2. Classified Loans	4.77%	6.71%	<b>753,515,848</b>	<b>753,721,591</b>
a) Sub-standard	1.76%	2.35%	277,922,492	275,220,235
b) Doubtful	0.92%	1.37%	145,788,826	142,049,847
c) Bad/ Loss	2.09%	3.00%	329,804,530	336,451,509
			<b>15,803,776,322</b>	<b>12,969,495,670</b>

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

259,174,287	249,782,735
3,713,928	9,391,552
<b>262,888,215</b>	<b>259,174,287</b>
<b>262,888,215</b>	<b>259,174,287</b>

Depreciation (B)

Opening balance as on July 01

Add: Depreciation Charged during the year

Less: Disposal/Adjustment during the year

65,323,450	57,134,898
7,117,945	8,188,552
<b>72,441,395</b>	<b>65,323,450</b>
<b>72,441,395</b>	<b>65,323,450</b>

Written Down Value (A-B)

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

<b>190,446,820</b>	<b>193,850,837</b>
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**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	
30.06.2019	30.06.2018

3,669,445	3,531,061
137,748,050	83,924,217
2,868,645	1,865,813
88,446,658	28,984,158
2,376,210	3,595,655
19,982,833	6,039,482
-	-
<b>255,091,841</b>	<b>127,940,386</b>

**8.01 Stamps**

All Branches

3,669,445	3,531,061
<b>3,669,445</b>	<b>3,531,061</b>

**8.02 Advance Income Tax & Tax Deducted at Source**

Opening balance  
Less: Adjustment during the year

83,924,217	46,518,890
(19,630,090)	(781,356)

Add: Addition during the year

<b>64,294,127</b>	<b>45,737,534</b>
73,453,923	38,186,683
<b>137,748,050</b>	<b>83,924,217</b>

**8.03 Stock of Stationery & Supplies**

Opening Balance  
Add: Purchased during the year  
  
Less: Consumed during the year

1,865,813	4,396,878
4,854,110	1,158,265
<b>6,719,923</b>	<b>5,555,143</b>
(3,851,278)	(3,689,330)
<b>2,868,645</b>	<b>1,865,813</b>

**8.04 Advance and Pre-paid Expenses**

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

2,389	2,389
1,527,898	958,965
83,957,550	27,239,619
2,958,821	783,185
<b>88,446,658</b>	<b>28,984,158</b>

**8.05 Inter Branch Adjustment (Head Office & All Branches)**

Opening balance  
Adjustment during the year

3,595,655	(364,636)
(2,341,147)	654,563

Addition during the year

<b>1,254,508</b>	<b>289,927</b>
1,121,702	3,305,728
<b>2,376,210</b>	<b>3,595,655</b>

**8.06 Work In Progress (WIP)**

Opening balance  
Adjustment during the year

6,039,482	8,134,887
(5,731,366)	(7,826,771)

Addition during the year

<b>308,116</b>	<b>308,116</b>
19,674,717	5,731,366
<b>19,982,833</b>	<b>6,039,482</b>



		Amount in Taka	
		30.06.2019	30.06.2018
<b>8.07 Deferred Tax Assets</b>			
Opening balance	-	-	3,891,123
Adjustment during the year	-	-	(3,891,123)
	-	-	-
Correction during the year	-	-	-
	-	-	-
<b>9. Borrowings from other Banks, Financial Institutions and Agents</b>			
Bangladesh Bank Loan	9.01	1,816,320,000	2,150,000,000
Sonali Bank Ltd. Loan	9.02	2,000,000,000	2,000,000,000
		<b>3,816,320,000</b>	<b>4,150,000,000</b>
<b>9.01 Bangladesh Bank Loan</b>			
Fisheries & Live Stock		1,000,000,000	1,000,000,000
Fisheries & Live Stock -2 Face		700,000,000	1,000,000,000
Milk Pro. & Artificial Ins.		116,320,000	150,000,000
		<b>1,816,320,000</b>	<b>2,150,000,000</b>
<b>9.02 Sonali Bank Ltd. Loan</b>			
Loan from Sonali Bank Limited		2,000,000,000	2,000,000,000
		<b>2,000,000,000</b>	<b>2,000,000,000</b>
<b>10. Savings Bank Deposits</b>			
Savings Deposits (All Branches)		802,476,895	585,499,952
		<b>802,476,895</b>	<b>585,499,952</b>
<b>11. Fixed Deposits</b>			
KBTDS (All Branches)		5,440,089,456	2,110,032,685
		<b>5,440,089,456</b>	<b>2,110,032,685</b>
<b>12. Other Deposits</b>			
KBSDS (All Branches)		510,031,315	345,829,550
Security Deposits {Asstt. Officer (Cash)}		530,000	540,000
		<b>510,561,315</b>	<b>346,369,550</b>
<b>13. Other Liabilities</b>			
Provision for Loans	13.01	<b>534,065,044</b>	<b>515,718,922</b>
Provision for Unclassified Loans		139,374,688	109,657,179
Provision for Classified Loans		394,690,356	406,061,743
Interest Suspense	13.02	92,687,777	81,517,270
Death Risk Coverage Scheme (borrowers)	13.03	27,507,853	32,427,874
Fund from Bangladesh Govt.	13.04	946,100,000	946,100,000
Revolving Fund (Payable to Govt.)	13.05	127,480,174	125,349,685
Construction of Bank Building	13.06	110,000,000	110,000,000
Income Tax Provision	13.07	104,579,689	19,529,152
Remittance Advance	13.08	12,477,825	14,385,443
Other Payable (Shown in Annexure-B)		790,813,525	314,071,360
		<b>2,745,711,887</b>	<b>2,159,099,706</b>





**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)-2  
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 (Fisheries & Live Stock)-2  
Loans on Bangladesh Bank (Milk Pro. & Artificial Ins.)  
Staff/ 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

Amount in Taka	
30.06.2019	30.06.2018
515,718,922	438,659,578
(71,204,345)	(6,487,289)
<b>444,514,577</b>	<b>432,172,289</b>
89,550,467	83,546,633
<b>534,065,044</b>	<b>515,718,922</b>
127,551,329	99,083,795
710,707	820,886
323,332	191,826
4,005,551	3,339,146
6,516,423	5,527,718
267,346	693,808
<b>139,374,688</b>	<b>109,657,179</b>
370,418,063	373,436,902
16,171,929	22,980,326
6,248,158	8,043,971
1,314,628	1,411,936
32,598	
440,161	68,301
64,819	120,307
<b>394,690,356</b>	<b>406,061,743</b>
81,517,270	71,153,579
46,616,818	37,779,133
<b>128,134,088</b>	<b>108,932,712</b>
(35,446,311)	(27,415,442)
<b>92,687,777</b>	<b>81,517,270</b>
32,427,874	23,626,755
42,483,739	38,282,096
<b>74,911,613</b>	<b>61,908,851</b>
(47,403,760)	(29,480,977)
<b>27,507,853</b>	<b>32,427,874</b>
500,000,000	500,000,000
410,500,000	410,500,000
35,600,000	35,600,000
<b>946,100,000</b>	<b>946,100,000</b>



**13.05 Revolving Fund**

		Amount in Taka	
		30.06.2019	30.06.2018
	Opening Addition		
For Agro-Based project	71,355,777 1,364,659	72,720,436	71,355,777
For SEIF project	53,993,908 765,830	54,759,738	53,993,908
For EHCLB project	- -	-	-
	<b>125,349,685 2,130,489</b>	<b>127,480,174</b>	<b>125,349,685</b>

**a) Total Fund received from Bangladesh Govt.**

	Fund			
	Principal	Revolving		
For Agro-Based project	500,000,000	72,720,436	572,720,436	571,355,777
For SEIF project	410,500,000	54,759,738	465,259,738	464,493,908
For EHCLB project	35,600,000	-	35,600,000	35,600,000
	<b>946,100,000</b>	<b>127,480,174</b>	<b>1,073,580,174</b>	<b>1,071,449,685</b>

**13.06 Construction of Bank Building**

Opening Balance	110,000,000	110,000,000
Addition during the year	-	-
	<b>110,000,000</b>	<b>110,000,000</b>

**13.07 Income Tax Provision**

Opening Balance	19,529,152	762,645
Addition during the year	104,579,689	19,529,152
	<b>124,108,841</b>	<b>20,291,797</b>
Adjustment during the year	(19,529,152)	(762,645)
	<b>104,579,689</b>	<b>19,529,152</b>

**13.08 Remittance Advance from NCC Bank**

Opening Balance	14,385,443	16,755,974
Addition during the year	84,686,408	104,369,987
	<b>99,071,851</b>	<b>121,125,961</b>
Adjustment during the year	(86,594,026)	(106,740,518)
	<b>12,477,825</b>	<b>14,385,443</b>





**14. Share Capital**

**Authorized Capital:**

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

Amount in Taka	
30.06.2019	30.06.2018
10,000,000,000	10,000,000,000
<b>10,000,000,000</b>	<b>10,000,000,000</b>

**Paid-Up Capital :**

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

8,000,000,000	8,000,000,000
<b>8,000,000,000</b>	<b>8,000,000,000</b>

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. 549.50 crore from Government and Other Shareholders .

**Breakup of Paid up Capital :**

**Name of Contributors**

<b>Government of Bangladesh</b>	4,650,000,000	4,150,000,000
Sonali Bank Ltd.	260,000,000	260,000,000
Janata Bank Ltd.	160,000,000	160,000,000
Agrani Bank Ltd.	160,000,000	160,000,000
National Bank Ltd.	90,000,000	90,000,000
Rupali Bank Ltd.	80,000,000	80,000,000
IFIC Bank Ltd.	20,000,000	20,000,000
BASIC Bank Ltd.	15,000,000	15,000,000
Islami Bank Bangladesh Ltd.	10,000,000	10,000,000
The City Bank Ltd.	10,000,000	10,000,000
United Commercial Bank Ltd.	10,000,000	10,000,000
Uttara Bank Ltd.	10,000,000	10,000,000
Pubali Bank Ltd.	10,000,000	10,000,000
South East Bank Ltd.	10,000,000	10,000,000
	<b>5,495,000,000</b>	<b>4,995,000,000</b>

**15. Statutory Reserve**

Opening Balance

Addition during the year

234,213,412	224,448,836
52,289,844	9,764,576
<b>286,503,256</b>	<b>234,213,412</b>

**16. Special Reserve**

Opening Balance

Addition during the year

113,998,084	111,556,940
13,072,461	2,441,144
<b>127,070,545</b>	<b>113,998,084</b>

**17. Dividend Equalization Fund**

Opening Balance

Addition during the year

-	-
54,950,000	-
<b>54,950,000</b>	<b>-</b>



		Amount in Taka	
		30.06.2019	30.06.2018
<b>18. General Reserve</b>			
Opening Balance		390,206,455	375,648,762
Less: Adjustment for deferred Tax		-	(2,530,314)
Addition during the year		26,432,618	17,088,007
		<b>416,639,073</b>	<b>390,206,455</b>
<b>19. Interest Income</b>			
Interest on Loans and Advances (Own Program)		1,428,071,083	1,058,364,640
Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock)		36,862,844	59,455,815.00
Interest & other income on Bangladesh Bank Loan (Fisheries & Live Stock) 2		59,713,019	-
Interest on Revolving Fund for Agro-Based Project		1,081,729	969,695
Interest on KBSDS Loan		799,035	583,860
Interest on KBTDS/FD Loan		578,332	375,013
Interest form FD		301,899,210	130,277,824
Interest on SECP Loan		1,080,632	1,356,551
Service charges on Revolving Fund for SEIF Project		1,099,280	1,451,485
Interest on Staff Loans ( House Building & Motor Cycle Loan)		38,086,906	27,160,509
Interest & Other income on Bangladesh Bank Loan (Milk Production & Artificial Insemination)		2,371,119	4,905,337
Interest on Office Rent Advance		219,762	304,352
Interest on Computer Loan		1,789,761	1,906,798
Interest on Consumers Loan		40,975,630	27,458,371
		<b>1,914,628,342</b>	<b>1,314,570,250</b>
<b>20. Interest Paid on Deposits and Borrowings, etc.</b>			
Interest on Savings & Deposits		372,435,220	159,582,877
Interest on Bangladesh Bank Loan		102,409,968	75,902,291
Interest on Sonali Bank Ltd Loan		124,451,817	71,527,778
		<b>599,297,005</b>	<b>307,012,946</b>
<b>21. SND Deposits Income</b>			
Interest on SND Deposits (All Branches)		1,737,302	1,586,671
Interest on SND Deposits (Head Office)		4,386,015	5,678,097
		<b>6,123,317</b>	<b>7,264,768</b>
<b>22. Other Operating Income</b>			
Fees & Other Charges		212,400	123,618
Income from Selling of Forms		16,104,653	16,688,305
Selling of Withdrawal Slip		94,083	83,975
Accounts Maintenance Fee		15,724,983	15,070,710
Remittance Income		254,700	427,577
Miscellaneous Income (Including Recruitment Income)		40,775,179	24,805,742
		<b>73,165,998</b>	<b>57,199,927</b>





**23. Salaries & Allowances**

Salary and allowances to officers
Salary and allowances to staffs
House rent Allowances
Dearness Allowances
Lunch Subsidy
Leave Encashment
Recreation Leave Allowance
Conveyance Allowance
Medical Allowance
Wages to Temporary employees
Overtime
Wages to Contract Basis employees
Wages to Cleaner
Washing Allowances
Car Allowances
Hill Allowances
Entertainment Allowances
Education Support Allowances
Festival Bonus
Incentive Bonus
Banks Contribution to Superannuation Fund
Closing Allowance
Charge Allowance
Bangla Nababorso Allowance
Liveries expenses

Amount in Taka	
30.06.2019	30.06.2018
281,616,940	266,083,172
88,453,441	84,639,472
159,406,519	151,529,639
-	459
58,205,080	59,446,200
5,792,395	6,848,911
2,103,359	2,812,158
359,368	382,385
23,332,952	22,868,454
512,203	746,671
2,368,685	2,113,278
8,779,155	6,862,453
3,672,054	3,680,150
-	2,400
-	304,382
627,024	646,391
24,252	32,067
5,689,368	5,158,283
62,573,754	59,056,114
78,750,000	-
111,019,876	105,225,350
2,506,000	2,446,000
23,048	12,000
6,264,085	5,801,939
526,105	738,619
<b>902,605,663</b>	<b>787,436,947</b>

**24. Rent, Taxes, Insurance, Electricity, etc.**

Office Rent
Holding Taxes
Insurance
Electricity

26,553,431	25,009,598
99,775	42,443
574,524	610,535
3,298,352	3,172,221
<b>30,526,082</b>	<b>28,834,797</b>

**25. Legal Expenses**

Legal Expenses (all cases)
----------------------------

12,620	15,545
<b>12,620</b>	<b>15,545</b>

**26. Postage, Stamps, Internet, Telephone, etc.**

Postage
Telecommunication
Internet

947,145	950,583
4,378,637	4,668,962
796,160	
<b>6,121,942</b>	<b>5,619,545</b>

**27. Stationery, Printing, Advertisement, etc.**

Stationery and Printings
Advertisements
Table Stationery
Continuous paper

3,597,726	3,689,330
1,167,908	1,254,116
2,269,999	1,908,004
1,519,360	1,452,062
<b>8,554,993</b>	<b>8,303,512</b>



		Amount in Taka	
		30.06.2019	30.06.2018
<b>28. Chief executive's salary and Fees</b>			
Basic Pay	936,000	933,692	
Medical Allowance	18,000	18,000	
House rent Allowance	468,000	466,846	
Lunch Subsidy	48,200	47,400	
Domestic Allowance	36,000	37,077	
Entertainment Allowance	10,800	10,800	
Festival Bonus	156,000	155,698	
Banks Contribution to Superannuation Fund	280,800	280,105	
Bangla Nababorso Allowance	15,600	15,600	
Education Support Allowance	12,000	12,000	
	<b>1,981,400</b>	<b>1,977,218</b>	
<b>29. Directors' Fees</b>			
Chairman's Honorarium	379,475	474,000	
Director's Fees	815,200	754,400	
	<b>1,194,675</b>	<b>1,228,400</b>	
<b>30. Auditors' Fees (Including Credit Rating)</b>			
Auditors' Fee	230,000	220,000	
	<b>230,000</b>	<b>220,000</b>	
<b>31. Depreciation &amp; Repairs of Bank assets</b>			
Depreciation	7,117,945	8,188,552	
Repair	3,358,919	3,154,773	
	<b>10,476,864</b>	<b>11,343,325</b>	
<b>32. Other Expenses</b>			
Travelling Expenses (General & Others)	15,657,005	14,318,848	
Travelling Expenses (Transfer)	1,003,827	1,292,943	
Conveyance	7,568,297	6,518,985	
Fuel Expenses	1,598,201	1,754,170	
Books Purchase	-	22,658	
Banking Diploma & Others Honorarium	1,023,370	1,396,394	
Training Expenses	2,877,972	1,519,470	
Entertainment Expenses	4,470,973	4,518,305	
Commission for fund transfer(including deduction on Excise duty)	3,175,721	3,284,050	
Branch Shifting/Opening Expenses	182,422	122,900	
Staff Transport Expenses	2,172,858	2,125,136	
Business Development Expenses	4,035,635	3,298,263	
News Paper & Periodicals	1,660,931	1,664,714	
Computer Spares	175,974	401,441	
Subscription & Donation (including BIBM & Welfair)	2,899,200	1,208,957	
Water & Sewerage expenses	570,004	693,185	
Meeting & Conference	625,991	1,402,819	
GPF Interest	21,346,925	-	
Sundry Expenses (Including Recruitment Expenses)	7,325,966	18,118,491	
	<b>78,371,272</b>	<b>63,661,729</b>	





		Amount in Taka	
		30.06.2019	30.06.2018
<b>33. Provision for Loans &amp; Advances</b>			
Provision required as per loan classification		89,550,467	83,546,633
		<b>89,550,467</b>	<b>83,546,633</b>
<b>34. Provision for Incentive Bonus</b>			
		-	29,377,659
		-	<b>29,377,659</b>
<b>35. Contribution to Staff Benevolent Fund</b>			
(1% of total profit before provision)		3,545,451	1,633,810
		<b>3,545,451</b>	<b>1,633,810</b>

A sum of Tk. 3,545,451 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 with the approval of the Board.

<b>36. Provision for Taxation</b>			
@ 40 % of profit before income tax		104,579,689	19,529,152
		<b>104,579,689</b>	<b>19,529,152</b>
<b>37. Provision for Deferred Tax</b>			
Opening Balance		328,751	328,751
Addition during the year		124,611	-
		<b>453,362</b>	<b>328,751</b>
<b>38. Provision for Statutory Reserve</b>			
Provision for Statutory Reserve (20% of profit before tax)		52,289,844	9,764,576
		<b>52,289,844</b>	<b>9,764,576</b>

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% .

<b>39. Provision for Special Reserve</b>			
Provision for Special Reserve (5% of profit before tax)		13,072,461	2,441,144
		<b>13,072,461</b>	<b>2,441,144</b>

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% .

<b>40. Provision for arrear Income Tax adjustment</b>		10,000,000	-
		<b>10,000,000</b>	-

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

<b>41. Other Provision (Construction of Bank Building)</b>		-	-
		-	-

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



**42. Dividend Equalization Fund**  
Dividend Equalization Fund

Amount in Taka	
30.06.2019	30.06.2018
54,950,000	-
<b>54,950,000</b>	<b>-</b>

**43. Net Profit after Taxation & Provision (Surplus Net Profit)**  
Transfer to General Reserve Fund

26,432,618	17,088,007
<b>26,432,618</b>	<b>17,088,007</b>

The net surplus is transferred to General Reserve Fund after making adequate provision and Reserve 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, 2019**

**Annexure-A**  
**Amount in Taka**

Particulars	Cost				Rate of Depre. (%)	Depreciation				Written Down Value as at 30.06.2019
	Balance as at July 1, 2018	Addition during the year	Disposal/ Adjustment during the year	Balance as at 30.06.2019		Balance as at July 1, 2018	Depreciation charged during the year	Disposal/ Adjustment during the year	Balance as at 30.06.2019	
1	2	3	4	5=2+3-4	6	7	8	9	10=7+8-9	11=5-10
Furniture & Fixtures	35,258,671	2,422,383	-	37,681,054	10%	17,813,981	1,861,697	-	19,675,678	18,005,376
Office Machineries	41,654,752	850,831	-	42,505,583	20%	25,583,027	3,215,061	-	28,798,088	13,707,495
Office Equipments	481,273	166,086	-	647,359	15%	154,811	70,792	-	225,603	421,756
Electrical Equipments	3,172,381	274,628	-	3,447,009	20%	1,816,938	296,553	-	2,113,491	1,333,518
Motor Vehicles	25,442,395	-	-	25,442,395	20%	17,534,760	1,581,526	-	19,116,286	6,326,109
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%	2,168,689	92,316	-	2,261,005	3,600,318
<b>Total (30.06.2019) :</b>	<b>259,174,287</b>	<b>3,713,928</b>	<b>-</b>	<b>262,888,215</b>		<b>65,323,450</b>	<b>7,117,945</b>	<b>-</b>	<b>72,441,395</b>	<b>190,446,820</b>
<b>Total (30.06.2018) :</b>	<b>249,782,735</b>	<b>9,391,552</b>	<b>-</b>	<b>259,174,287</b>		<b>57,134,898</b>	<b>8,188,552</b>	<b>-</b>	<b>65,323,450</b>	<b>193,850,837</b>



**Karmasangsthan Bank**  
**Schedule of Other Payables**  
As at June 30, 2019

**Annexure-B**  
**Amount in Taka**

Particulars	Balance as at 30.06.2018	Addition during the year	Total	Adjustment during the year	Paid during the year	Balance as at 30.06.2019
1	2	3	4=2+3	5	6	7=4-5-6
Vat, Source Tax, Excise Duty	4,175,746	1,838,585	6,014,331	-	4,175,746	1,838,585
Accrued Salary	1,036,240	803,156	1,839,396	-	1,036,240	803,156
Telephone & Electricity Bill	139,886	175,607	315,493	-	139,886	175,607
Water & Sewerage	44,590	46,000	90,590	-	44,590	46,000
Printing	3,948,280	376,250	4,324,530	-	3,948,280	376,250
Audit Fee	170,000	180,000	350,000	-	170,000	180,000
Repairs, Renewals & Fuel	356,479	297,373	653,852	-	356,479	297,373
GPF Interest	7,602,155	21,346,925	28,949,080	-	7,602,155	21,346,925
Contribution to Staff Benevolent Fund	1,633,810	3,545,451	5,179,261	-	1,633,810	3,545,451
Provision for Prior year Income Tax adjustment	12,822,664	19,529,152	32,351,816	-	19,529,152	12,822,664
Provision for Advance Income Tax adjustment	324,361	-	324,361	-	-	324,361
Provision for Arrear Income Tax adjustment	-	10,000,000	10,000,000	-	-	10,000,000
Provision for Incentive Bonus	29,377,659	78,750,000	108,127,659	-	29,377,659	78,750,000
Provision for Procurement of Furniture Bill	1,944,102	3,476,437	5,420,539	-	1,644,086	3,776,453
Provision for Procurement of Computer, CPU, UPS Bill	-	16,099,530	16,099,530	-	-	16,099,530
Deferred Tax	328,751	124,611	453,362	-	-	453,362
All Branches (Interest on Agro-Based Loan)	2,460,250	2,686,360	5,146,610	-	2,460,250	2,686,360
Miscellaneous	247,706,387	637,026,152	884,732,539	-	247,441,091	637,291,448
<b>Total :</b>	<b>314,071,360</b>	<b>796,301,589</b>	<b>1,110,372,949</b>	<b>-</b>	<b>319,559,424</b>	<b>790,813,525</b>

