

**Auditors' Report
and
Financial Statements**

OF

Karmasangsthan Bank

1, RAJUK Avenue, Dhaka-1000

For the year ended 30 June 2017

Table of Contents

Sl. #	Particulars	Page #
01.	Auditors' Report	1-2
02.	Balance Sheet	3-4
03.	Profit and Loss Account	5-6
04.	Statement of Cash Flows	7-8
05.	Statement of Changes in Equity	9
06.	Notes to the Financial Statements	10-24
07.	Fixed Assets Schedule (Annexure-A)	25
08.	Others payable Schedule (Annexure-B)	26

**INDEPENDENT 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, 2017 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 Bangladesh Financial Reporting Standards (BFRSs), 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 Bangladesh Standards on Auditing (BSAs). 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 qualified audit opinion.

Basis for qualified of Opinion

1. Deferred tax has not been calculated as per Bangladesh Accounting Standards (BAS)- 12 for the year ended 30 June 2017. No information or documents could be produced to us against the opening balance of deferred tax assets and deferred tax liabilities amounting to Tk. 3,891,123 and Tk. 1,689,560 respectively.

2. As per Bangladesh Bank guideline BRPD(P) 661/13/2005-1284 Date-19.04.2005, the required provision of the company during the year against Loans & Advances is Tk. 79,953,744 disclosed in note no 11.01 in the financial statements and the same amount has been adjusted under the head Death Risk Coverage Scheme (Borrower) in note no.11.03 in instead of charging the same in Profit & Loss Account. As a result Profit has been overstated by above said amount during the year.



4



Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Bank as at 30 June 2017 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with applicable laws and regulations.

Emphasis of Matter

Inter Branch adjustment Accounts (Reference: Note # 8.05)

The balance of unadjusted inter branch account stood at Tk. (364,636) as on 30 June, 2017 as against of Tk. 1,932,633. There should not be any unadjusted inter branch amount. Our opinion is not qualified in respect of this matter.

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 237 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, 2017 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 237 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; and
- IX. the information and explanations required by us have been received and found satisfactory.


AHMED ZAKER & CO.
Chartered Accountants

Date: Dhaka, Bangladesh
13 August, 2017




SHAFIQ BASAK & CO.
Chartered Accountants



KARMASANGSTHAN BANK

Balance Sheet As at June 30, 2017

Particulars	Notes	Amount in Taka	
		30.06.2017	30.06.2016
PROPERTY AND ASSETS			
Cash		17,000	24,000
Cash in hand	4	17,000	24,000
(including foreign currency)			
Balance with Bangladesh Bank and its agent bank		-	-
(including foreign currency)			
Balance with other Banks & Financial Institutions		947,638,563	678,703,098
In Bangladesh	5	947,638,563	678,703,098
Outside Bangladesh		-	-
Money at call on short notice		-	-
Investment:			
Government		-	-
Others			
Loans and Advances:		9,612,429,069	8,090,364,271
Loans, Cash Credit, Overdraft etc	6	9,612,429,069	8,090,364,271
Bills Purchased & Discounted		-	-
Fixed Assets including Premises, Furniture and Fixtures	7	192,647,837	190,677,174
Others Assets	8	72,300,286	84,913,156
Non Banking Assets		-	-
Total Assets		10,825,032,755	9,044,681,699
LIABILITIES AND CAPITAL			
Liabilities			
Borrowings from other Banks, Financial Institutions and Agents		-	-
Deposits and Other Accounts:		2,085,263,431	444,294,192
Current Accounts and Other Accounts		-	-
Bills Payable		-	-
Savings Bank Deposits	9	2,084,703,431	443,684,192
Fixed Deposits		-	-
Bearer Certificates of Deposit		-	-
Other Deposits	10	560,000	610,000
Other Liabilities	11	3,033,114,786	2,894,764,782
Total Liabilities		5,118,378,217	3,339,058,974
Capital/Shareholder's Equity			
Paid Up Capital	12	4,995,000,000	4,995,000,000
Statutory Reserve	13	224,448,836	224,089,944
Other Reserve	14	487,205,702	486,532,781
Total Shareholders Equity		5,706,654,538	5,705,622,725
Total Liabilities and Shareholders Equity		10,825,032,755	9,044,681,699



KARMASANGSTHAN BANK

Balance Sheet

As at June 30, 2017


Particulars	Notes	Amount in Taka	
		30.06.2017	30.06.2016
Off-Balance Sheet Items			
Contingent Liabilities			
Acceptances & Endorsements		-	-
Letters of Guarantee		-	-
Irrevocable Letters of Credit		-	-
Bills for Collection		-	-
Other Contingent Liabilities		69,333,535	70,983,684
Total		69,333,535	70,983,684
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		69,333,535	70,983,684

The Annexed notes 1 to 38 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


Sharif Basak & Co.
Chartered Accountants

Dated : August 13, 2017
Place: Dhaka

KARMASANGSTHAN BANK
Profit & Loss Account
For the year ended June 30,2017

Particulars	Notes	Amount in Taka	
		2016-2017	2015-2016
Interest Income	15	927,081,466	829,246,645
Interest Paid on Deposits and Borrowings etc.	16	(108,083,815)	(72,848,946)
Net interest income		818,997,651	756,397,699
Investment Income	17	20,263,325	38,755,597
Other Operating Income	18	29,327,196	10,962,823
		49,590,521	49,718,420
Total operating income (A)		868,588,172	806,116,119
Salary & Allowances	19	770,324,939	585,851,617
Rent, Taxes, Insurance, Electricity etc.	20	26,503,576	22,774,775
Legal Expenses	21	90,150	22,320
Postage, Stamp, Telecommunication etc.	22	5,748,683	5,453,958
Stationery, Printings, Advertisements etc.	23	7,891,950	5,995,457
Chief Executive's Salary and Fees	24	2,398,482	1,677,600
Directors Fees	25	1,175,500	714,734
Auditors Fees	26	235,000	160,000
Depreciation and Repair of Bank Assets	27	10,483,886	9,353,867
Other Expenses	28	41,923,422	62,163,788
Total operating expenses (B)		866,775,588	694,168,116
Total Profit before provision (C)=(A-B)		1,812,584	111,948,003
Provision for Loans & Advances	29	-	849,508
Provision for Incentive Bonus	30	-	27,179,560
Contribution to Staff Benevolent Fund	31	18,126	1,119,480
Total provision (D)		18,126	29,148,548
Total Profit before Taxes (E)=(C-D)		1,794,458	82,799,455
Total Tax Provision (F)		762,645	35,189,768
Provision for Taxation 42.50%	32	762,645	35,189,768
Total Profit after Taxes (G)=(E-F)		1,031,813	47,609,687



KARMASANGSTHAN BANK
Profit & Loss Account
For the year ended June 30, 2017

Particulars	Notes	Amount in Taka	
		2016-2017	2015-2016
Appropriations			
(Total Profit after Taxes)		1,031,813	47,609,687
Provision for Statutory Reserve 20% of Total Profit before Taxes	33	358,892	16,559,891
Provision for Special Reserve 5% of Total Profit before Taxes	34	89,723	4,139,973
Provision for Arrear Income Tax adjustment	35	-	324,361
Other provision (Construction of Bank Building)	36	-	10,000,000
Total appropriations (H)		448,615	31,024,225
Net Profit after Taxation & Provision (I)=(G-H)	37	583,198	16,585,462
(Net Profit: Transfer to General Reserve)			

The Annexed notes 1 to 38 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


Shafiq Basak & Co.
Chartered Accountants

Dated : August 13, 2017
Place: Dhaka

KARMASANGSTHAN BANK
Statement of Cash Flows
For the year ended June 30,2017

Particulars	Amount in Taka	
	2016-2017	2015-2016
A. Cash flow from operating activities		
Interest receipts in cash	859,133,337	735,149,703
Interest payments	(81,346,014)	(72,848,946)
Dividends receipts	-	-
Fee and commission receipts in cash	15,120,845	-
Recoveries on loans previously written off	4,678,066	5,619,782
Cash payments to employees	(672,334,496)	(497,341,483)
Cash payments to suppliers	(9,789,782)	(15,387,954)
Income tax paid	(22,158,318)	(59,225,979)
Payments for other operating activities	(190,724,751)	(155,110,075)
Receipts form other operating activities	4,824,296,799	10,962,823
Operating profit before charges in operating assets and liabilities	<u>4,726,875,686</u>	<u>(48,182,129)</u>
Increase/decrease in operating assets and liabilities		
Loans and advances to customers	(6,219,700,000)	(1,230,989,747)
Deposit from customer	1,620,340,569	85,017,675
Purchase /Sale of trading securities	-	-
Loans and Advances to other Banks (Bangladesh Bank)	150,000,000	1,000,000,000
Loans and advances to customers	-	-
Other assets	-	-
Deposit from other banks	-	-
Deposit from customer	-	-
Other Liabilities account of customers	-	-
Other liabilities	-	-
Trading liabilities	-	-
	<u>(4,449,359,431)</u>	<u>(145,972,072)</u>
Net Cash from Operating Activities(A)	<u>277,516,255</u>	<u>(194,154,201)</u>
B. Cash flow from Investing Activities:		
Proceeds from sale of securities	-	-
Payments for purchase of securities	-	-
Purchase of Property, Plant & Equipment	(8,587,790)	(2,866,751)
Purchase/Sale of subsidiary	-	-
Net Cash from Investing activities(B)	<u>(8,587,790)</u>	<u>(2,866,751)</u>



KARMASANGSTHAN BANK
Statement of Cash Flows
For the year ended June 30,2017

Particulars	Amount in Taka	
	2016-2017	2015-2016
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)	268,928,465	(197,020,952)
E. Cash and cash equivalent at beginning of the year	678,727,098	875,748,050
F. Cash and cash equivalent at end of the year	947,655,563	678,727,098


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


Shafiq Basak & Co.
Chartered Accountants

Dated :August 13, 2017
Place: Dhaka

KARMASANGSTHAN BANK
Statement of Changes in Equity
As on June 30, 2017

Particulars	Amount in Taka			
	Paid-up Capital	Statutory Reserve	General Reserve	Special Reserve
Balances as at 01 July, 2016	4,995,000,000	224,089,944	375,065,564	111,467,217
Prior year Adjustment for				
Paid up capital (Paid by Government of Bangladesh)	-	-	-	-
Changes in accounting policy	-	-	-	-
Restated Balance	-	-	-	-
Surplus/deficit on account of	-	-	-	-
Surplus/deficit on account of	-	-	-	-
Currency translation differences	-	-	-	-
Net gains and losses not	-	-	-	-
Net profit for the year	-	-	-	-
Dividends	-	-	-	-
Issue of Share Capital	-	-	-	-
Appropriation made during the	-	358,892	583,198	89,723
Balance as at 30 June, 2017	4,995,000,000	224,448,836	375,648,762	111,556,940
				1,031,813
				5,705,654,538


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


Shafiq Basak & Co.
Chartered Accountants

Dated : August 13, 2017
Place: Dhaka

KARMASANGSTHAN BANK

Notes to the financial statements

For the year ended June 30, 2017

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 Bangladesh Financial Reporting Standard (BFRS), 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 Bangladesh Accounting Standards (BASs) and Bangladesh Financial Reporting Standard (BFRS):

BAS-1 Presentation of Financial Statements

BAS-2 Inventories

BAS-7 Statement of Cash Flows

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

BAS-12 Income Taxes

BAS-16 Property, Plant and Equipment

BAS-18 Revenues

BAS-19 Employees Benefits

BAS-23 Borrowing Cost

BAS-32 Financial Instruments: Presentation

BAS-38 Provision Contingent Liabilities and Contingents Assets

BAS-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 2016 to 30 June 2017.

2.2 Fixed Assets and Depreciation:

- a) Fixed Assets are stated at acquisition cost less accumulated depreciation in compliance with Bangladesh Accounting Standards (BASs)-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	0%
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 Bangladesh Accounting Standards (BASs) 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 BAS 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, 2017
- 3.03 Provision for Bonus of Tk. 2,72,82,740.00 has been made for the year ended June 30, 2017.
- 3.04 A sum of Tk. 18126.00 has been transferred to Benevolent Fund as per Ministry of Finance letter No. অম/অবি/ব্যাকিং/প্রঃ-শা-৩/বিবিধ-২/২০০৫/৭৭, তারিখ: ৩০.০৫.২০০৬ and also approval of the Board.
- 3.05 Provision for Income Tax on Total Profit of Tk. 7,62,645.00 before Taxes has been made @ 42.5% for the year ended June 30, 2017.
- 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. 3,58,892.00 and Special Reserve @ 5% of Tk. 89,723.00.



- 3.07 Retained Earnings amounting to Tk. 5,83,198.00 for the year ended June 30, 2017 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.



		Amount in Taka	
		30.06.2017	30.06.2016
4.	Cash		
	Cash in hand	17,000	24,000
		17,000	24,000
5.	Balance with Other Banks & Financial Institutions		
	Short Notice Deposits (SND)	235,504,062	165,703,098
	Mobile Banking	134,501	
	Fixed Deposits Receipts (FDR)	712,000,000	513,000,000
		947,638,563	678,703,098
6.	Loans and Advances		
	Loans on Own Program	7,973,464,015	6,535,317,018
	Loans on KBSDS	4,326,677	2,021,919
	Loans on KBTDS	2,371,942	-
	Loans on SECP	12,058,970	13,302,968
	Loans on SEIF Project	122,852,818	134,118,461
	Loans on Agro-Based Project	41,082,560	54,105,557
	House Building Loan	489,311,547	424,153,795
	Motor Cycle Loan	41,475,686	36,655,875
	Consumers Loan	263,347,672	209,248,710
	Computer Loan	39,479,600	29,318,850
	Advance Office Rent with Interest	2,475,755	
	Bangladesh Bank Loan (Fisheries & Live Stock)	498,579,574	570,003,110
	Bangladesh Bank Loan (Milk Production & Artificial Insemination)	121,602,253	82,118,008
		9,612,429,069	8,090,364,271

6.01 Classification of Loans & Advances

		CL Percentage			
		30.06.2017	30.06.2016		
1.	Unclassified Loans	93.29%	92.39%	8,966,964,769	7,474,940,022
2.	Classified Loans	6.71%	7.61%	645,464,300	615,424,249
a)	Sub-standard	2.35%	3.30%	225,562,500	266,718,976
b)	Doubtful	1.37%	1.59%	131,498,458	128,715,159
c)	Bad/ Loss	3.00%	2.72%	288,403,342	219,990,114
				9,612,429,069	8,090,364,271

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

Opening balance as on July 01	241,194,945	225,601,533
Add: Purchased during the year	8,587,790	15,593,412
	249,782,735	241,194,945
Less: Disposal/Adjustment during the year		
	249,782,735	241,194,945
Depreciation (B)		
Opening balance as on July 01	50,517,771	43,876,024
Add: Depreciation Charged during the year	6,617,127	6,641,747
	57,134,898	50,517,771
Less: Disposal/Adjustment during the year		
	57,134,898	50,517,771
Written Down Value (A-B)	192,647,837	190,677,174

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



Amount in Taka	
30.06.2017	30.06.2016

8. Other Assets

Stamps	8.01	2,872,970	2,401,065
AIT and Tax Deducted at Source	8.02	46,518,890	59,550,340
Stock of Stationery & Supplies	8.03	4,396,878	1,930,946
Advance and Pre-paid Expenses	8.04	6,850,174	11,096,814
Inter Branch Adjustment Account	8.05	(364,636)	1,932,633
Work In Progress (WIP)	8.06	8,134,887	4,110,235
Deferred Tax Assets	8.07	3,891,123	3,891,123
		72,300,286	84,913,156

8.01 Stamps

All Branches	2,872,970	2,401,065
	2,872,970	2,401,065

8.02 Advance Income Tax & Tax Deducted at Source

Opening balance	59,550,340	86,733,823
Less: Adjustment made during the year	(35,189,768)	(86,409,462)
	24,360,572	324,361
Add: Addition made during the year	22,158,318	59,225,979
	46,518,890	59,550,340

8.03 Stock of Stationery & Supplies

Opening Balance	1,930,946	2,621,193
Add: Purchased made during the year	6,061,040	1,225,054
	7,991,986	3,846,247
Less: Consumed during the year	(3,595,108)	(1,915,301)
	4,396,878	1,930,946

8.04 Advance and Pre-paid Expenses

Advances Against Travelling Expenses	2,389	2,389
Pre-paid Expenses (Advances Paid for Office Rent)	1,810,327	4,670,577
Accrued interest from FDR	4,365,343	5,461,741
Miscellaneous	672,115	962,107
	6,850,174	11,096,814

8.05 Inter Branch Adjustment (Head Office & All Branches)

Opening balance	1,932,633	1,969,128
Adjustment made during the year	(2,342,094)	(1,425,529)
	(409,461)	543,599
Addition during the year	44,825	1,389,034
	(364,636)	1,932,633



		Amount in Taka	
		30.06.2017	30.06.2016
8.06	Work In Progress (WIP)		
	Opening balance	4,110,235	11,717,464
	Adjustment made during the year	(3,802,119)	(11,709,347)
		308,116	8,117
	Addition during the year	7,826,771	4,102,118
		8,134,887	4,110,235
8.07	Deferred Tax Assets		
	Opening balance	3,891,123	2,557,192
	Adjustment made during the year	-	-
		3,891,123	2,557,192
	Correction during the year	-	1,333,931
		3,891,123	3,891,123
9.	Savings Bank Deposits		
	Savings Deposits (All Branches)	425,938,354	321,438,282
	KBSDS (All Branches)	181,469,536	122,245,910
	KBTDS (All Branches)	1,477,295,541	-
		2,084,703,431	443,684,192
10.	Other Deposits		
	All Branches		
	[Asstt. Officer (Cash) Security Deposits]	560,000	610,000
		560,000	610,000
11.	Other Liabilities		
	Provision for Loans	438,659,578	372,131,303
	Provision for Unclassified Loans	84,127,799	70,190,999
	Provision for Classified Loans	354,531,779	301,940,304
	Interest Suspense	71,153,579	59,782,223
	Death Risk Coverage Scheme (borrowers)	23,626,755	82,293,930
	Fund from Bangladesh Govt.	946,100,000	946,100,000
	Revolving Fund (Payable to Govt.)	122,790,482	119,995,833
	Construction of Bank Building	110,000,000	110,000,000
	Income Tax Provision	762,645	35,545,397
	Bangladesh Bank Loan (Fisheries & Live Stock)	1,150,000,000	1,000,000,000
	Remittance Advance	16,755,974	-
	GPF & SAF	46,249	-
	Other Payable (Shown in Annexure-B)	153,219,524	168,916,096
		3,033,114,786	2,894,764,782
11.01	Provision for Loans		
	Opening Balance	372,131,303	386,427,555
	Adjustment made during the year	(13,425,469)	(15,145,760)
		358,705,834	371,281,795
	Addition during the year	79,953,744	849,508
		438,659,578	372,131,303



Amount in Taka	
30.06.2017	30.06.2016

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 (Milk Pro. & Artificial Ins.)

76,774,105	62,274,064
901,901	1,043,519
257,813	390,528
4,977,958	5,756,705
1,216,022	726,183
84,127,799	70,190,999

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)

319,083,272	266,494,776
23,968,793	23,389,690
11,326,918	12,055,838
152,796	-
-	-
354,531,779	301,940,304

11.02 Interest suspense

Opening Balance
Addition during the year

59,782,223	54,159,661
41,417,409	39,260,743
101,199,632	93,420,404
(30,046,053)	(33,638,181)
71,153,579	59,782,223

Recovered during the year

11.03 Death Risk Coverage Scheme (borrowers)

Opening Balance
Addition during the year
Adjustment made during the year

82,293,930	66,898,358
25,729,919	21,356,894
108,023,849	88,255,252
(84,397,094)	(5,961,322)
23,626,755	82,293,930

11.04 Fund from Bangladesh Govt.

For Agro-Based project
For SEIF project
For EHCLB project

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

11.05 Revolving Fund

For Agro-Based project
For SEIF project
For EHCLB project

Opening	Addition		
68,077,380	1,739,969	69,817,349	68,077,380
51,918,453	1,054,680	52,973,133	51,918,453
-	-	-	-
119,995,833	2,794,649	122,790,482	119,995,833

a) Total Fund received from Bangladesh Govt.

For Agro-Based project
For SEIF project
For EHCLB project

Fund			
Principal	Revolving		
500,000,000	69,817,349	569,817,349	568,077,380
410,500,000	52,973,133	463,473,133	462,418,453
35,600,000	-	35,600,000	35,600,000
946,100,000	122,790,482	1,068,890,482	1,066,095,833



Amount in Taka	
30.06.2017	30.06.2016

11.06 Construction of Bank Building

Opening Balance	110,000,000	100,000,000
Addition during the year	-	10,000,000
	110,000,000	110,000,000

11.07 Income Tax Provision

Opening Balance	35,545,397	82,407,397
Addition during the year	762,645	35,189,768
	36,308,042	117,597,165
Adjustment made during the year	(35,545,397)	(82,051,768)
	762,645	35,545,397

11.08 Bangladesh Bank Loan

Fisheries & Live Stock	1,000,000,000	1,000,000,000
Milk Pro. & Artificial Ins.	150,000,000	-
	1,150,000,000	1,000,000,000

11.09 Remittance Advance from NCC Bank

Opening Balance	20,000,000	-
Addition during the year	23,092,827	-
	43,092,827	-
Adjustment made during the year	(26,336,853)	-
	16,755,974	-

11.10 GPF & SAF

GPF & SAF	46,249	-
	46,249	-

12. Share Capital

Authorized Capital:

100,000,000 Ordinary Share of Tk.100 each	10,000,000,000	7,000,000,000
	10,000,000,000	7,000,000,000

Paid-Up Capital :

80,000,000 Ordinary shares of Tk 100 each approved by Govt.	8,000,000,000	5,200,000,000
	8,000,000,000	5,200,000,000

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	
30.06.2017	30.06.2016

Breakup of Paid up Capital :

Name of Contributors

Government of Bangladesh	4,150,000,000	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 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
	4,995,000,000	4,995,000,000

13. Statutory Reserve

Opening Balance	224,089,944	207,530,053
Addition made during the year	358,892	16,559,891
	224,448,836	224,089,944

14. Other Reserve

General Reserve	14.01	375,648,762	375,065,564
Special Reserve	14.02	111,556,940	111,467,217
		487,205,702	486,532,781

14.01 General Reserve

Opening Balance	375,065,564	358,480,102
Add: Adjustment for deferred Tax	-	-
Addition during the year	583,198	16,585,462
	375,648,762	375,065,564

14.02 Special Reserve

Opening Balance	111,467,217	107,327,244
Addition during the year	89,723	4,139,973
	111,556,940	111,467,217



15. 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 Loan
Interest on SECP Loan
Service charges on Revolving Fund for SEIF Project
Interest on Staff Loans (House Building & Motor Cycle Loan)
Interest & Other income on Bangladesh Bank Loan
(Milk Production & Artificial Insemination)
Interest on Office Rent Advance
Interest on Computer Loan
Interest on Consumers Loan

Amount in Taka	
30.06.2017	30.06.2016
813,897,954	699,341,709
54,903,622	97,938,239.00
1,296,207	1,568,951
265,207	216,820
136,023	
1,746,302	1,599,425
1,706,859	2,385,674
22,335,263	14,523,903
5,767,966	680,726
239,383	
1,784,828	197,073
23,001,852	10,794,125
927,081,466	829,246,645

16. Interest Paid on Deposits and Borrowings, etc.

Interest on Savings & Security Deposits
Interest on Bangladesh Bank Loan (Fisheries & Milk Production)
Interest on Employees General Provident Fund

28,414,785	13,589,698
52,931,229	50,000,000
26,737,801	9,259,248
108,083,815	72,848,946

17. Investment Income

Interest on SND Deposits (All Branches)
Interest on FDR & SND Deposits (Head Office)

1,338,828	2,017,595
18,924,497	36,738,002
20,263,325	38,755,597

18. Other Operating Income

Fees & Other Charges
Income from Selling of Forms
Selling of Withdrawal Slip
Accounts Maintenance Fee
Remittance Income
Miscellaneous Income (Including Recruitment Income)

158,494	21,276
12,935,926	8,470,958
102,245	
14,206,351	
99,027	
1,825,153	2,470,589
29,327,196	10,962,823



		Amount in Taka	
		30.06.2017	30.06.2016
19. Salaries & Allowances			
Salary and allowances to officers	246,963,774	219,095,234	
Salary and allowances to staffs	86,821,400	80,683,603	
House rent Allowances	144,227,721	69,605,273	
Dearness Allowances	61,796	949,564	
Lunch Subsidy	58,677,650	58,504,400	
Leave Encashment	2,947,153	1,831,720	
Recreation Leave Allowance	586,790	-	
Conveyance Allowance	533,345	181,935	
Medical Allowance	23,158,387	10,315,867	
Wages to Temporary employees	755,370	415,338	
Overtime	1,913,042	1,657,958	
Wages to Contract Basis employees	4,460,477	2,994,391	
Wages to Cleaner	2,690,143	2,335,859	
Washing Allowances	67,597	251,840	
Hill Allowances	601,804	530,762	
Entertainment Allowances	25,871	21,856	
Education Support Allowances	4,591,231	1,388,745	
Festival Bonus	55,165,967	37,007,831	
Bonus	27,286,281	-	
Banks Contribution to Superannuation Fund	100,091,108	89,906,934	
Closing Allowance	2,530,000	2,431,000	
Charge Allowance	17,050	21,500	
Bangla Nababorso Allowance	5,579,448	5,154,107	
Liveries expenses	571,534	565,900	
	770,324,939	585,851,617	
20. Rent, Taxes, Insurance, Electricity, etc.			
Office Rent	22,907,693	19,045,733	
Holding Taxes	69,042	77,112	
Insurance	514,743	570,604	
Electricity	3,012,098	3,081,326	
	26,503,576	22,774,775	
21. Legal Expenses			
Legal Expenses (all cases)	90,150	22,320	
	90,150	22,320	
22. Postage, Stamps, Telegram, Telephone, etc.			
Postage	1,000,011	1,015,861	
Telecommunication	4,748,672	4,438,097	
	5,748,683	5,453,958	
23. Stationery, Printing, Advertisement, etc.			
Stationery and Printings	3,644,217	1,915,301	
Advertisements	876,845	930,540	
Table Stationery	1,921,535	1,765,111	
Continuous paper	1,449,353	1,384,505	
	7,891,950	5,995,457	



24. Chief executive's salary and Fees

Basic Pay
Medical Allowance
House rent Allowance
Lunch Subsidy
Domestic Allowance
Entertainment Allowance
Festival Bonus
Banks Contribution to Superannuation Fund
Bangla Nababorso Allowance
Car Maintenance Allowance
Education Support Allowance

Amount in Taka	
30.06.2017	30.06.2016
992,723	936,000
19,113	8,400
496,365	240,000
44,200	48,800
14,918	15,600
10,504	10,800
78,000	118,000
297,817	280,800
15,600	15,600
421,500	
7,742	3,600
2,398,482	1,677,600

25. Directors' Fees

Chairman's Honorarium
Director's Fees

289,900	53,484
885,600	661,250
1,175,500	714,734

26. Auditors' Fees (Including Credit Rating)

Auditors' Fee

235,000	160,000
235,000	160,000

27. Depreciation & Repairs of Bank assets

Depreciation
Repair

6,617,126	6,484,143
3,866,760	2,869,724
10,483,886	9,353,867

28. Other Expenses

Travelling Expenses (General & Others)
Travelling Expenses (Transfer)
Conveyance
Fuel Expenses
Books Purchase
Banking Diploma & Others Honorarium
Training Expenses
Entertainment Expenses
Commission for fund transfer(including deduction on Excise duty)
Branch Shifting/Opening Expenses
Staff Transport Expenses
Business Development Expenses
News Paper & Periodicals
Computer Spares
Subscription & Donation (including BIBM & Welfair)
Water & Sewerage expenses
Meeting & Conference
Sundry Expenses (Including Recruitment Expenses)

11,161,064	13,534,812
1,575,620	1,755,231
6,160,024	6,836,779
1,231,261	1,345,572
26,758	38,088
236,525	167,880
537,822	1,600,546
3,931,821	2,301,884
1,600,272	1,986,605
578,779	137,780
1,850,958	1,216,100
2,549,660	2,822,206
1,479,152	1,288,070
138,413	118,741
1,226,851	1,013,186
660,792	516,934
1,363,021	1,634,529
5,614,629	23,848,845
41,923,422	62,163,788

29. Provision for Loans & Advances

Provision required as per loan classification

	849,508
	849,508



Amount in Taka	
30.06.2017	30.06.2016
30. Provision for Incentive Bonus	27,179,560
	27,179,560

31. Contribution to Staff Benevolent Fund (1% of total profit before provision)	18,126	1,119,480
	18,126	1,119,480

A sum of Tk. 3,072,318 has been transferred to Benevolent Fund as per Ministry of Finance letter No. অম/অবি/ব্যক্তি/প্র-শা-৩/বিবিধ-২/২০০৫/৭৭, তারিখ: ৩০.০৫.২০০৬ and also approval of the Board.

32. Provision For Taxation @ 42.5% of profit before income tax	762,645	35,189,768
	762,645	35,189,768

33. Provision for Statutory Reserve Provision for Statutory Reserve (20% of profit before tax)	358,892	16,559,891
	358,892	16,559,891

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% .

34. Provision for Special Reserve Provision for Special Reserve (5% of profit before tax)	89,723	4,139,973
	89,723	4,139,973

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% .

35. Provision for arrear Income Tax adjustment	-	324,361
	-	324,361

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

36. Other Provision (Construction of Bank Building)	-	10,000,000
	-	10,000,000

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

37. Net Profit after Taxation & Provision (Surplus Net Profit) Transfer to General Reserve Fund	583,198	16,585,462
	583,198	16,585,462

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, 2017

Annexure-A

Amount in Taka

Particulars	Cost				Rate of Depre. (%)	Depreciation				Written Down Value as at 30.06.2017
	Balance as at July 1, 2016	Addition during the year	Disposal/ Adjustment during the year	Balance as at 30.06.2017		Balance as at July 1, 2016	Depreciation charged during the year	Disposal/ Adjustment during the year	Balance as at 30.06.2017	
1	2	3	4	5=2+3-4	6	7	8	9	10=7+8-9	11=5-10
Furniture & Fixtures	29,325,280	3,732,095	-	33,057,375	10%	14,622,770	1,225,839	-	15,848,609	17,208,766
Office Machineries	33,565,697	1,335,100	-	34,900,797	20%	18,871,994	2,848,755	-	21,720,749	13,180,048
Office Equipments	290,704	113,806	-	404,510	15%	78,540	24,274	-	102,814	301,696
Electrical Equipments	2,493,054	319,789	-	2,812,843	20%	1,156,711	356,441	-	1,513,152	1,299,691
Motor Vehicles	22,425,395	3,017,000	-	25,442,395	20%	13,778,116	2,161,818	-	15,939,934	9,502,461
Land	143,883,569	-	-	143,883,569	0%	-	-	-	-	143,883,569
Building (Head office)	3,349,923	70,000	-	3,419,923	0%	251,244	-	-	251,244	3,168,679
Building (Apartment)	5,861,323	-	-	5,861,323	0%	1,758,396	-	-	1,758,396	4,102,927
Total (30.06.2017) :	241,194,945	8,587,790	-	249,782,735		50,517,771	50,517,771	-	57,134,898	192,647,837
Total (30.06.2016) :	225,601,533	15,593,412	-	241,194,945		43,876,024	6,641,747	-	50,517,771	190,677,174



Karmasangsthan Bank
Schedule of Other Payables
As at June 30, 2017

Annexure-B
Amount in Taka

Particulars	Balance as at 30.06.2016	Addition during the year	Total	Adjustment during the year	Paid during the year	Balance as at 30.06.2017
1	2	3	4=2+3	5	6	7=4-5-6
Vat, Source Tax, Excise Duty	1,086,111	3,163,436	4,249,547	-	1,086,111	3,163,436
Accrued Salary	556,268	796,656	1,352,924	-	556,268	796,656
Telephone & Electricity Bill	-	165,000	165,000	-	-	165,000
Water & Sewerage	-	55,000	55,000	-	-	55,000
Printing & Stationery	-	575	575	-	-	575
Audit Fee	-	160,000	160,000	-	-	160,000
Repairs, Renewals & Fuel	-	283,474	283,474	-	-	283,474
GPF Interest	-	12,581,593	12,581,593	-	-	12,581,593
Contribution to Staff Benevolent Fund	1,119,480	18,126	1,137,606	-	1,119,480	18,126
Provision for Prior year Income Tax adjustment	30,000,000	35,514,129	65,514,129	-	52,691,465	12,822,664
Provision for Advance Income Tax adjustment	324,361	-	324,361	-	-	324,361
Advertisement	510,885	311,296	822,181	-	510,885	311,296
Provision for Bonus	27,179,560	27,282,740	54,462,300	-	25,518,153	28,944,147
Provision for Procurement of Monitor, CPU, UPS & Furniture Bill	2,383,275	1,697,372	4,080,647	-	2,383,275	1,697,372
Deferred Tax	1,689,560	-	1,689,560	-	-	1,689,560
All Branches (Interest on Agro-Based Loan)	2,551,719	2,583,322	5,135,041	-	2,551,719	2,583,322
Miscellaneous	101,514,877	87,622,942	189,137,819	-	101,514,877	87,622,942
Total :	168,916,096	172,235,661	341,151,757	-	187,932,233	153,219,524

