

**Auditors' Report  
and  
Financial Statements**

**OF**

**Karmasangsthan Bank**

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

**For the year ended 30 June 2017**

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Chartered Accountants  
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**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.



A



### 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

  
SHAFIQ BASAK & CO.  
Chartered Accountants

Date: Dhaka, Bangladesh  
13 August, 2017



**KARMASANGSTHAN BANK**

**Balance Sheet  
As at June 30, 2017**

Particulars	Notes	Amount in Taka	
		30.06.2017	30.06.2016
<b>PROPERTY AND ASSETS</b>			
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)			
<b>Balance with other Banks &amp; Financial Institutions</b>		<b>947,638,563</b>	<b>678,703,098</b>
In Bangladesh	5	947,638,563	678,703,098
Outside Bangladesh		-	-
<b>Money at call on short notice</b>		-	-
<b>Investment:</b>			
Government		-	-
Others		-	-
<b>Loans and Advances:</b>		<b>9,612,429,069</b>	<b>8,090,364,271</b>
Loans, Cash Credit, Overdraft etc	6	9,612,429,069	8,090,364,271
Bills Purchased & Discounted		-	-
<b>Fixed Assets including Premises, Furniture and Fixtures</b>	7	<b>192,647,837</b>	<b>190,677,174</b>
<b>Others Assets</b>	8	<b>72,300,286</b>	<b>84,913,156</b>
<b>Non Banking Assets</b>		-	-
<b>Total Assets</b>		<b>10,825,032,755</b>	<b>9,044,681,699</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
Borrowings from other Banks, Financial Institutions and Agents		-	-
<b>Deposits and Other Accounts:</b>		<b>2,085,263,431</b>	<b>444,294,192</b>
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
<b>Other Liabilities</b>	11	<b>3,033,114,786</b>	<b>2,894,764,782</b>
<b>Total Liabilities</b>		<b>5,118,378,217</b>	<b>3,339,058,974</b>
<b>Capital/Shareholder's Equity</b>			
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
<b>Total Shareholders Equity</b>		<b>5,706,654,538</b>	<b>5,705,622,725</b>
<b>Total Liabilities and Shareholders Equity</b>		<b>10,825,032,755</b>	<b>9,044,681,699</b>



**KARMASANGSTHAN BANK**

**Balance Sheet**

**As at June 30, 2017**


Particulars	Notes	Amount in Taka	
		30.06.2017	30.06.2016
<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		69,333,535	70,983,684
<b>Total</b>		<b>69,333,535</b>	<b>70,983,684</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>69,333,535</b>	<b>70,983,684</b>

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 Basek & 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)
<b>Net interest income</b>		<b>818,997,651</b>	<b>756,397,699</b>
Investment Income	17	20,263,325	38,755,597
Other Operating Income	18	29,327,196	10,962,823
		<b>49,590,521</b>	<b>49,718,420</b>
<b>Total operating income (A)</b>		<b>868,588,172</b>	<b>806,116,119</b>
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
<b>Total operating expenses (B)</b>		<b>866,775,588</b>	<b>694,168,116</b>
<b>Total Profit before provision (C)=(A-B)</b>		<b>1,812,584</b>	<b>111,948,003</b>
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
<b>Total provision (D)</b>		<b>18,126</b>	<b>29,148,548</b>
<b>Total Profit before Taxes (E)=(C-D)</b>		<b>1,794,458</b>	<b>82,799,455</b>
<b>Total Tax Provision (F)</b>		<b>762,645</b>	<b>35,189,768</b>
Provision for Taxation 42.50%	32	762,645	35,189,768
<b>Total Profit after Taxes (G)=(E-F)</b>		<b>1,031,813</b>	<b>47,609,687</b>



