

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31.03.2021

BALANCE SHEET AS ON 31.03.2021 (Rs. in Lakhs)

LIABILITIES	31.03.2021	31.03.2020
Share Capital	3379.78	3363.19
Reserves	2060.05	2045.27
Deposits	32144.02	29577.81
Borrowings	20534.89	19712.89
Other Liabilities	1614.36	1604.70
TOTAL	59733.10	56303.86
ASSETS		
Cash and Bank Balances with RBI	209.81	191.47
Investments	18765.04	14158.41
Advances	36309.75	38253.88
Fixed Assets	602.79	611.34
Other Assets	3845.71	3088.76
TOTAL	59733.10	56303.86
Contingent Liabilities	39.92	58.07

Profit & Loss Account for the year ended 31.03.2021 (Rs. In Lakhs)

I. INCOME	2020-21	2019-20
Interest and Discounts	3548.51	3678.60
Other Income	65.66	59.55
TOTAL	3614.17	3738.15
II. EXPENDITURE		
Interest Expenses	2482.05	2630.76
Operating Expenses	716.76	719.03
Provisions & Contingenecies	76.75	798.06
Other Expenditure	180.05	173.78
TOTAL	3455.61	4321.63
III. PROFIT & LOSS		
Net Profit for the year	158.56	(583.48)
Less Provision for Income Tax	0.00	0.00
TOTAL	158.56	(583.48)
IV. APPROPRIATIONS		
Transfer to Statutory Reserves	0.00	0.00
Balance carried over to Balance Sheet	0.00	0.00

-Sd/-
Assistant Manager

-Sd/-
Senior Manager

-Sd/-
District Manager

-Sd/-
Managing Director

-Sd/-
As per Audit Report of even date
For SUNIL H GOYAL & CO.,
Chartered Accountants

Place: Faridkot
Date: 18/08/2021

Balance Sheet of Cooperative Banks- Disclosure of Additional Information
Annexure 31.03.2021

Sr.No.	Particulars	Amt.in lacs 31.03.2021
1	Investments- (only SLR) with Break up under permanent and current category	
	a. Book Value of Investment	6341.40
	b. Market Value of Investment	6341.40
	(Further, as regards non-SLR investment, instructions for disclosure already issued vide RBI circular RPCD.CO.RF.BC.No.65/07.02.03/2003-04 dated February 23, 2004 should be strictly adhered to	10870.56
2	Advances to Directors, their relatives, companies/ firms in which they are interested	
	a. Fund bases	NIL
	b. Non Fund bases(Guarantees, L/C etc.)	NIL
3	Cost of Deposit - Average cost of deposits	5.29%
4	NPAs	
	a. Gross NPAs	2721.22
	b. Net NPAs	1508.39
	c. Percentage of gross NPAs to total advances	7.49%
	d. Percentage of Net NPAs to net advance	4.30%
5	Movement of NPAs	-195.11
6	Profitability	
	a) Interest income as a percentage of working funds	5.96%
	b) Non-interest income as a percentage of working funds	0.11%
	c) Operating profit as a percentage of working funds	0.27%
	d) Return on Assets	0.27%
	e) Business (Deposit + Advances) per employee	964.14
	f) Profit per employee	2.23
7	Provisions	
	a. Provisions on NPAs required to made	1191.19
	b. Provisions on NPAs actually made (Existing)	1212.83
	c. Provision required to be made in respect of overdue interest taken in to income account, gratuity funds, provident funds, arrears in reconciliation of inter branch account etc.	402.40
	d. Provisions actually made in respect of overdue interest taken into income	402.40
	e. Provision required to be made on depreciation in investments	0.05
	f. Provision actually made on depreciation in investment	3.10
8	Movement in Provisions	
	a. Towards NPAs	30.00
	b. Towards depreciation in investments	0.00
	c. Towards standard assets	0.00
	d. Towards all other items under 7 above	0.00
9	Payments of insurance premium to the DICGC, including arrears, if any.	36.48
10	Penalty imposed by RBI for any violation	NIL
11	Information on extent of arrears in reconciliation of inter bank and inter branch accounts.	0.00
12	CRAR	10.29%
13	DEAF Fund Transferred to RBI as on 31.03.2021	58.07

AUDITOR`S REPORT

To,

Date: 18/08/2021

The Stakeholders

**The Faridkot Central Co Operative Bank Limited
Faridkot (Punjab)**

Report on the Financial Statements:

We have audited the attached Balance Sheet on format Superset as on 31st March 2021 and Profit and Loss Account on format Superset for the year/period ended 31st March 2021 of 24 Branches and head office of The Faridkot Central Co-Operative Bank Limited, Faridkot, Punjab.

Management Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that gives true and fair view of the financial position and financial performance of the Bank in accordance with the requirements of Reserve Bank of India, the provisions of the Banking Regulation Act, 1949, including the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). This responsibility includes the design, implementation and maintenance of internal control relevant to 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the auditor's 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, the auditor considers internal control relevant to the Branch's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion subject to qualifications mentioned below:

Qualifications:

1. Irregularities in Advances:

a) List of Accounts where stock statements are not received.

There were few accounts under CC Traders where stock statements are not received by the branches. Penal interest should be received from these accounts. Details of these accounts were given in LFAR of concerned branches.

b) List of Accounts where Insurance not available.

During the audit, few accounts were found, where insurance policies has not been received by the branches. Details of these accounts were given in LFAR of concerned branches.

c) Accounts having Credit Balance.

Few loan accounts were found under CC Traders Schemes, having credit Balance as on 31.03.2021. These limits have been expired since long. Hence, accounts should be close otherwise commitment charges to be received from these accounts. Details of these accounts were given in LFAR of concerned branches.

d) List of Overdue accounts as on 31.03.2021.

There are accounts which are overdue as on 31.03.2021. Proper monitoring should be made to these accounts so that recovery can be made smoothly from these accounts. Details of these accounts were given in LFAR of concerned branches.

2. Irregularities in Statutory Compliances:

a) Goods and Service Tax (GST)

During the course of audit, various irregularities found in relation to compliance of Goods and Service Tax Act. The details of the same areas under:

- **Short payment of Rs.21,465 of GST on Law Charges under Reverse Charge Mechanism:**

As per Goods & Service Tax Act, the Bank is liable to pay GST on law charges paid to advocates under Reverse Charge Mechanism (RCM) @18%. During the verification of records, it was seen that the bank has paid Rs.119250 as law charges during the period under consideration, but GST has not been paid on this amount. Non-payment of Rs.21465 (18% of Rs.119250) attracts penal interest also.

- **Non GST Income not shown in GST Returns.**

There are various type of incomes i.e. Interest Income which are not liable to GST. But as per CGST Act, the amount of the same must be shown by the bank in their monthly returns. While scrutinising the GST returns of the bank, it was seen that the bank has not showed these NIL rated supplies in their GST returns.

- **Difference of Rs.2,66,435.00 between ITC as per Trail Balance and ITC as per GST Portal.**

During the audit process, it was seen that there is difference between Input Tax Credit (ITC) available as per Books as per GST portal as on 31.03.2021. Details of the same areas under:

Position of ITC as on 31.03.2021	
Particulars	Amount
Input Tax Credit as per GSTN portal	2124829
Input Tax Credit as per Balance Sheet	1858394
Difference	266435

Therefore, proper reconciliation should be made and rectification entry should be passed in this regards. Hence our report is subject to this amount.

- **ITC claimed in monthly returns is not matched as per ITC reflected under GST-2A.**

Month wise ITC claimed is not matched with ITC reflected in 2A of GSTN. As per CGST Act, Input tax credit can be claimed in monthly returns over and above 10% of amount showing under GST 2A Form. No such comparison is made at Bank level. The exact calculation is under preparation and will be shown in our final report.

Months	ITC Claimed as per Returns				ITC As per Form 2A (Portal)				ITC Eligible to Claim (50%)	Difference
	IGST	CGST	SGST	Total	IGST	CGST	SGST	Total		
April	105966	2275	2275	110515	86007	13338	13338	112684	56342	-54173
May	214572	19560	19560	253692	433502	54258	54258	542018	271009	17317
June	46124	18073	18073	82270	301293	31891	31891	365074	182537	100267
July	190890	14875	14875	220640	91388	171754	171754	434896	217448	-3191
August	41844	67583	67583	177010	87625	2576	2576	92776	46388	-130622
September	4961	25272	25272	55506	232882	46267	46267	325415	162708	107202
October	282892	3724	3724	290340	343470	42951	42951	429372	214686	-75654
November	3516	3008	3008	9532	5244	44627	44627	94499	47249	37718
December	996	61139	61139	123273	275685	49936	49936	375556	187778	64505
January	7609	103802	103802	215213	62189	94444	94444	251078	125539	-89674
February	75859	16738	16738	109334	21294	66381	66381	154056	77028	-32306
March	116399	8403	8403	133205	238417	108000	108000	454417	227209	94004

It is Advice that the Bank should claim ITC in there GST Returns as per Form 2A.

b) Outstanding TDS Demand of Rs. 3,61,020.00

The bank is filling their quarterly TDS returns under 25 TAN numbers. During the scrutiny of records, it was seen that an amount of Rs.3,61,020.00 was outstanding against these TAN numbers. The branch wise position is available in LFAR of Head office

c) Excess deduction of Punjab Development Tax – Professional Tax amounting to Rs.6000.00

As per Punjab Development Tax Act, Every **employer in** Punjab is liable to deduct development tax if after deduction income of their employees are above maximum exemption limit i.e. Rs. 2,50,000/- at present as per Income Tax Act. During the course of audit, it was seen that, the bank has made excess deduction of Professional tax in the case of 4 employees.

Excess Deduction of Professional tax

SNO	NAME	DESIG	PAN	TOTAL SALARY PAID	PROFESSIONAL TAX
1	BALJINDER SINGH	CLERK	DLUPS2688G	208636	800
2	INDERDEEP SINGH	PEON	DUYPS7555D	241009	2000
3	PARDEEP SINGH	PEON	GHAPS4034M	110784	2400
4	MANPREET SINGH	CLERK	CORPS8586J	196749	800
Total					6000

Review / Monitoring / Supervision / Credit Appraisal:

1. Fixed Asset Register:

Ideally, the Bank was required to maintain the Asset register for all the fixed assets on which the date of Asset put to utilisation should be written and the value for which it is purchased should be written on it and depreciation charged (if any) on that particular asset should be written on that particular Asset register. All the assets should have unique serial number written on it, so that physical verification of the fixed assets can be made at any point of time.

While conducting the audit it was noticed that the fixed asset register maintained by the bank was not up to the mark.

Therefore, it is strongly recommended that the bank should maintain proper fixed assets register which contain date of purchase, value of fixed asset, date of put to use and unique number of the asset etc.

It is also advised that periodical physical verification of the fixed assets of branches as well as head\ office should be done by the bank.

Security / Safety measures:

1. Fire Suppression System in branches:

While doing the audit it was noticed that fire suppression systems have not been installed in most of the branches and if installed mostly all of them are out of order. As per our opinion the bank should consider the matter for the smooth functioning of the bank. To avoid any kind of miss happening at the branches fire suppression systems should be installed at each and every branch. Also contract should be made for AMC of the same so that no machine became out of order.

Opinion:

1. In our opinion, subject to qualifications mentioned above and to the best of the information and according to the explanations given to us and as shown by the books of the branch, we report that:
 - a). The aforesaid Balance Sheet read with summary of advances, is a full and fair balance sheet of the branch containing the necessary particulars and is drawn up so as to exhibit a true and fair view of the branch as at the 31st March 2020.
 - b). The aforesaid Profit and Loss account exhibits a true and fair view of the Profit/(Loss) of the branch for the year/ period ended the 31st March 2020.

Report on Other Legal and Regulatory Requirements:

1. The Balance Sheet and Profit and Loss Account contain the data required to draw up the Balance Sheet and the Profit and Loss Account in Form A and B respectively of the Third Schedule of the Banking Regulation Act, 1949.
2. Subject to the qualifications of the audit indicated above in, we report that

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit and have found them to be satisfactory.
- (b) The transactions of the branch which have come to my/ our notice have been within the powers of the Bank.
3. We further report that
- (a) The Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account and returns, and
- (b) In our opinion, proper books of account as required by law have been kept by the branch as far as appears from our examination of those books.

Place: Faridkot
Date: **18/08/2021**

FOR SUNIL H GOYAL & CO.
Chartered Accountants

Sd/-
Statutory Branch Auditor
CA Sunil Goyal
Membership No: 519716
Firm Regn. No.025975N
UDIN: 21519716AAAAJK3017