

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31.03.2022

BALANCE SHEET AS ON 31.03.2022 (Rs. in Lakhs)

LIABILITIES	31.03.2022	31.03.2021
Share Capital	3450.50	3379.78
Reserves	2078.48	2060.05
Deposits	33092.86	32144.02
Borrowings	25130.79	20534.89
Other Liabilities	1920.03	1614.36
TOTAL	65672.66	59733.10
ASSETS		
Cash and Bank Balances with RBI	237.42	209.81
Investments	23600.99	18765.04
Advances	37396.82	36309.75
Fixed Assets	606.79	602.79
Other Assets	3830.64	3845.71
TOTAL	65672.66	59733.10
Contingent Liabilities	39.92	39.92

Profit & Loss Account for the year ended 31.03.2022 (Rs. In Lakhs)

I. INCOME	2021-22	2020-21
Interest and Discounts	3664.15	3548.51
Other Income	88.55	65.66
TOTAL	3752.70	3614.17
II. EXPENDITURE		
Interest Expenses	2314.11	2482.05
Operating Expenses	744.28	716.76
Provisions & Contingenecies	88.95	76.75
Other Expenditure	201.34	180.05
TOTAL	3348.68	3455.61
III. PROFIT & LOSS		
Net Profit for the year	404.02	158.56
Less Provision for Income Tax	0.00	0.00
TOTAL	404.02	158.56
IV. APPROPRIATIONS		
Transfer to Statutory Reserves	0.00	0.00
Balance carried over to Balance Sheet	0.00	0.00

-Sd/-
Senior Manager
Place: Faridkot
Date: 08/06/2022

-Sd/-
District Manager

-Sd/-
Managing Director

-Sd/-
Director

-Sd/-
Director

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

THE FARIDKOT CENTRAL COOPERATIVE BANK LTD. FARIDKOT		
Balance Sheet of Cooperative Banks- Disclosure of Additional Information		
Annexure 31.03.2022		
		<i>Amt.in lacs</i>
Sr.No.	Particulars	31.03.2022
1	Investments- (only SLR) with Break up under permanent and current category	
	a. Book Value of Investment	6838.40
	b. Market Value of Investment	6838.40
	(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	15367.69
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	4.39%
4	NPAs	
	a. Gross NPAs	2341.44
	b. Net NPAs	1078.61
	c. Percentage of gross NPAs to total advances	6.26%
	d. Percentage of Net NPAs to net advance	2.99%
5	Movement of NPAs	-379.78
6	Profitability	
	a) Interest income as a percentage of working funds	5.61%
	b) Non-interest income as a percentage of working funds	0.14%
	c) Operating profit as a percentage of working funds	0.62%
	d) Return on Assets	0.62%
	e) Business (Deposit + Advances) per employee	783.22
	f) Profit per employee	4.49
7	Provisions	
	a. Provisions on NPAs required to made	1232.12
	b. Provisions on NPAs actually made (Existing)	1262.83
	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.	210.10
	d. Provisions actually made in respect of overdue interest taken into income	210.10
	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	50.00
	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.	38.82
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	10.22%
13	DEAF Fund	
	a. Opening balance of amounts transferred to DEAF	58.07
	b. Add: Amounts transferred to DEAF during the year	0.00
	c. Less: Amounts reimbursed by DEAF towards claims	18.15
	d. Closing balance of amounts transferred to DEAF	39.92

AUDITOR`S REPORT

To,

Date: 08/06/2022

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 2022 and Profit and Loss Account on format Superset for the year/period ended 31st March 2022 of 23 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 31.03.2022. 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 31.03.2022.

There are accounts which are overdue as on 31.03.2022. 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.

e) List of Accounts which has Expired during FY 2021-22.

There are some loan accounts and CC limits which has been expired during Financial year 2021-22 and not has been renewed yet. Proper monitoring should be made to these accounts to Renew or close it.

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.18,063 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.100350 as law charges during the period under consideration, but GST has not been paid on this amount. Non-payment of Rs.18063 (18% of Rs.100350) 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.3,62,026.00 between ITC as per Trial 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 31.03.2022. Details of the same areas under:

Position of ITC as on 31.03.2022	
Particulars	Amount
Input Tax Credit as per GSTN portal	2494245
Input Tax Credit as per Balance Sheet	2132219
Difference	362026

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-2B.**
Month wise ITC claimed is not matched with ITC reflected in 2B of GSTN. As per CGST Act, Input tax credit can be claimed in monthly Return upto amount showing under GST 2B 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 2B (Portal)				ITC Eligible to Claim (50%)	Difference
	IGST	CGST	SGST	Total	IGST	CGST	SGST	Total		
April	109559	975	975	111510	24519	269133	269133	562785	281392	-169882
May	174932	43102	43102	261136	352990	7477	7477	367945	183972	77163
June	334569	43617	43617	421804	429474	43617	43617	516709	258354	163449
July	32391	44329	44329	121050	32449	44329	44329	121108	60554	60496
August	9481	7397	7397	24274	9536	7397	7397	24330	12165	12109
September	-249703	31337	31337	-187029	228048	119108	119108	466265	233132	-420162
October	110046	2064	2064	114175	17975	56668	56668	131311	65655	48519
November	185809	30243	30243	246295	356656	89893	89893	536442	268221	-21926
December	5864	26572	26572	59008	225157	89894	89894	404946	202473	-143465
January	65429	22918	22918	111265	65496	120309	120309	306115	153057	-41792
February	-80	42744	42744	85409	28086	117063	117063	262213	131106	-45697
March	141455	226498	226498	594452	227201	147529	147529	522261	261130	333321
Total	919754	521798	521798	1963351					2111217	-147866

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

b) Outstanding TDS Demand of Rs. 5,31,010.00

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.5,31,010.00 was outstanding against 18 TAN numbers. The branch wise Outstanding demand are shown as under:

STATEMENT OF TDS OUTSTANDING DEMAND			
BRANCH	TAN NO.	Form No.	O/S DEMAND
HARI NAU	AMRT11151A	26Q	187430
DHIMANWALI	PTLT10216D	26Q	84580
MATTA	AMRT11051F	26Q	81930
GOLEWALA	AMRT11199G	26Q	71000
KOTSUKHIA	AMRT11220G	26Q	27760
KOTKAPURA	AMRT10891G	26Q	17350
JANDSAHIB	PTLT11302E	26Q	15170
SADIQ	PTLT11478F	26Q	11050

HEAD OFFICE	AMRT11718A	26Q	8780
GOBINDGARH	AMRT11219F	26Q	7050
KHARA	AMRT11224D	26Q	4300
SANDHWAN	PTLT11306B	26Q	3610
CHANDBAJA	AMRT11216C	26Q	3250
ARAYIANWALA	PTLT11301D	26Q	2860
BAJAKHANA	AMRF10157A	26Q	2640
JAITU	AMRT11127E	26Q	2010
SUGARMILL	AMRT12560C	26Q	180
BARGARI	AMRT11152B	26Q	60
Total Demand Outstanding			531010

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.

Action taken on the Deficiencies given by Department of Supervision, Punjab Regional Office :

1. Common Deficiencies:

1. During the course of Audit, it comes to our knowledge that there are Various deficiencies in areas of compliance pertains to last Previous year which are still pending and also has been mentioned in our Report.

2. In Respect of divergence given in Previous inspection Report by inspection team dated 31.03.2021 of 21 overdue accounts, out of which, Head office has classified two accounts as Sub standard and Interest/instalments of Accounts has been recovered from Borrowers for rest of accounts.
3. It has been found that there is shortfall in respect of leave encashment amounting to Rs. 204.34 Lacs as on 31.03.2022 which has been shown in Balance sheet
4. No Outside liability as on 31.03.2022 has been found for the period under audit.
5. There is no change in balance outstanding as on 31.03.2021 to 31.03.2022 in respect of Vehicle fund, Building Fund and Dividend equalisation fund etc. An increment amounting to Rs.6,43,500.00 has been made in statutory Reserve A/c which consist of nominal member contribution.
6. During the course of audit, it has been found that BOD has been formed on dated 24.11.2021 in which new Audit committee, as advised by the Government of Punjab RCS/18A dated 30.09.2021, has also been formed but no meeting of audit committee has been conducted during the year.
7. As per NPA norms, unrealised interest should be reversed in the case of Non-Performing Assets. During the scrutiny of records, it was seen that the bank follows the practice to reverse the interest on NPA accounts at the time of declaring an account as NPA. The bank has made reversal of interest on accounts amounting to Rs. 21,91,208 for the period under audit.
8. During the period under Audit, we found that there are seven CC/OD Accounts amounting to Rs. 16,26,841.00 which has been found as Sub-standard but not classified by the bank as sub standard, in respect of which Relevant MOC has been passed before finalization of Balance sheet.
9. During the scrutiny of Records, it has been found that overall transaction cost (Cost of management) for the period under audit, amounting to Rs.975.27 Lac has been incurred.
10. Some variances in IT and Tax compliance has been observed which has already been reported above in our Report.
11. As per Banking Regulation Act,1949 Each banking company is required to transfer at least 25% of its current year Profit to statutory reserve. In Present case, accumulated losses of Bank as on 31-03-2022 amounting to Rs.640.28 Lacs. Therefore, it is not obligatory for bank to appropriate amount towards statutory Reserve.

2. Infrequent Deficiencies:

1. In the course of Audit, we found that management development targets towards share capital, owned funds, CRAR, Annual Profits, Net NPA, Borrowing, Investment, O/s Loans & advances and Accumulated losses has been achieved significantly by Banks in Fy 2021-22.
2. During the year, New BOD has been formed dated 24.11.2021 which has formed various committees such as infrastructure development committee, Purchase committee, Audit Committee, Assets liability Committee and Fund monitoring and Review Committee. During the year, these committee has organised various meeting to discuss those matter for which Committee has been formed.

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 Bank 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 2022.
 - b). The aforesaid Profit and Loss account exhibits a true and fair view of the Profit/(Loss) of the Bank for the year/ period ended the 31st March 2022.

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: 08.06.2022

FOR SUNIL H GOYAL & CO.
Chartered Accountants

Statutory Branch Auditor
CA Sunil Goyal
Membership No: 519716
Firm Regn. No. 025975N
UDIN : 22519716AKUPWL7535