

PRIVATE & CONFIDENTIAL

ANSAR - VDP UNNAYAN BANK

Audit Report and Financial Statement
for the year ended June 30, 2002.

AUDITORS

M.N. ISLAM & COMPANY
CHARTERED ACCOUNTANTS
123/4, Tejkunipara Tejgaon, Dhaka – 1215.

M. AHMED & COMPANY
CHARTERED ACCOUNTANTS
67, Bangabandhu Avenue, Dhaka – 1000.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements for the period from 01-07-2001 to 30-06-2002 together with the notes 1 to 23 which form an integral part of the financial statements of ANSAR-VDP UNNAYAN BANK in accordance with the Bangladesh Standards of Auditing (BSA). Preparation of these financial statements are the responsibility of the management of Ansar- VDP Unnayan Bank of Our responsibility is to express an independent opinion, based on our audit, of the financial statements and to report our opinion to the shareholders.

We report as under:

- a. 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 made due verification thereof.*
- b. These financial statements are in agreement with the books of account of the Bank and have been prepared in accordance with the generally accepted accounting principles which should be read in conjunction with annexed notes 1 to 23 it gives a true and fair view of the state of affairs of the Bank as at June 30, 2002 and of the result of its operations for the year then ended.*
- c. Proper books of accounts as required by the relevant laws and AVDPUB Act 1995 were maintained by the management so far as appeared from our examination and that proper returns adequate for the purpose of our audit have been received from branches not audited (except 7 branches) by us.*
- d. The expenditure incurred was for the purpose of the Bank's business-for the year under our audit.*


M. N. ISLAM & CO.
Chartered Accountants


M. AHMED & CO.
Chartered Accountants.

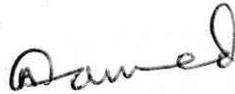


ANSAR - VDP UNNAYAN BANK
BALANCE SHEET AS AT JUNE 30, 2002.

CAPITAL & LIABILITIES	Note	Amount (Tk) As on 30-6-2002.	Amount (Tk) As on 30-6-2001.
<u>SHARE CAPITAL:</u>			
<u>Authorised Capital:</u>			
10,000,000 ordinary shares of Tk 100 each.	3.01	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<u>Issued Capital:</u>			
2,000,000 ordinary shares of Tk. 100 each.	3.02	<u>200,000,000</u>	<u>200,000,000</u>
<u>Subscribed, Called up & Paid up Capital:</u>			
1,371,011 shares of Tk. 100 each.	3.03	137,101,100	132,426,000
<u>RESERVE FUND & OTHER RESERVES</u>	4.00	628,000	1,431,000
<u>DEPOSITS & OTHER ACCOUNTS</u>	5.00	68,368,635	38,082,004
<u>GOVERNMENT BOND</u>		200,000,000	100,000,000
<u>BORROWINGS FROM OTHER BANKING COMPANIES, AGENTS ETC.</u>	6.00	129,000,000	81,800,000
<u>BILLS PAYABLE</u>		---	---
<u>OTHER LIABILITIES</u>	7.00	19,360,728	18,784,966
<u>ACCEPTANCE, ENDORSEMENT & OTHER OBLIGATION AS PER CONTRA</u>		-----	-----
		<u>554,458,463</u>	<u>372,523,970</u>



CHAIRMAN

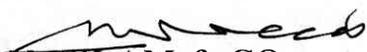


MANAGING DIRECTOR



SECRETARY

Signed in terms of our report of even date annexed.


M. N. ISLAM & CO.
CHARTERED ACCOUNTANTS.


M. AHMED & CO.
CHARTERED ACCOUNTANTS



ANSAR - VDP UNNAYAN BANK
BALANCE SHEET AS AT JUNE 30, 2002.

<u>PROPERTY & ASSETS</u>	Note	Amount (Tk) As on 30-6-2002	Amount (Tk) As on 30-6-2001.
<u>CASH BALANCE (IN HAND)</u>	8.00	98,308	20,528,812
<u>BANLANCE WITH OTHER BANKS:</u>	9.00	27,517,348	65,370,218
In Bangladesh		27,517,348	65,370,218
Outside Bangladesh		---	---
<u>MONEY AT CALL & SHORT NOTICE:</u>		---	---
<u>INVESTMENTS</u>	10	80,742,404	13,361,218
<u>LOAN & ADVANCES</u>	11.00	407,173,316	231,021,689
<u>BILLS RECEIVABLE BEING</u>			
<u>BILLS FOR COLLECTION AS PER CONTRA:</u>			
Payable in Bangladesh		---	---
Payable outside Bangladesh		---	---
<u>CONSTRITUTENTS LIABILITIES</u>		---	---
<u>FOR ACCEPTANCES, ENDORSEMENT</u>		---	---
<u>& OTHER OBLIGATIONS AS PER CONTRA</u>		---	---
<u>PREMISES LESS DEPRECIATION</u>		---	---
<u>FIXED ASSETS</u>	12.00	6,822,412	8,591,626
(At cost less Depreciation)			
<u>OTHER ASSETS</u>	13.00	3,123,008	3,153,157
<u>PROFIT & LOSS A/C</u>	14.00	28,981,667	30,497,250

554,458,463

372,523,970



CHAIRMAN

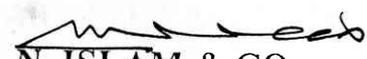


MANAGING DIRECTOR



SECRETARY

Signed in terms of our report of even date annexed.


M. N. ISLAM & CO.
CHARTERED ACCOUNTANTS.


M. AHMED & CO.
CHARTERED ACCOUNTANTS



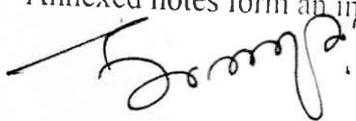
ANSAR - VDP UNNAYAN BANK

PROFIT & LOSS A/C

For the year ended June 30, 2002.

PARTICULARS:	Notes	Amount (Tk) As on 30-6-2002	Amount (Tk) As on 30-6-2001.
A) INCOME:			
Interest Income	15.00	54,740,558	52,078,253
Less: Interest paid on deposit & Borrowing	17.00	<u>15,087,843</u>	<u>9,588,720</u>
Net Interest Incomes		39,652,715	42,489,533
Income from Investment s		-----	-----
Non Banking Assets		-----	-----
Other Receipts			
Total Income(A)	16.00	<u>1,553,314</u>	<u>696,477</u>
		<u>41,206,029</u>	<u>43,186,010</u>
B) EXPENDITURES:			
Salaries & Allowance and P. F	18.00	29,030,829	26,639,115
Directors fee, Honorarium, and allowances		186,567	70,500
Rent, Tax, Insurance & Lighting	19.00	2,790,229	2,942,444
Travelling & Car Exp.	20.00	2,782,976	2,958,068
Law charge		1,500	2,000
Postage, Telegram & Telephone		350,491	309,661
Audit fees		60,000	192,000
Depreciation and Repairs to the Bank property	21.00	2,112,389	2,000,241
Stationery, Printing & Advertisement.	22.00	1,046,202	894,207
Interest on Inter branch transaction		---	17,920,915
Other Expenditure	23.00	<u>1,329,263</u>	<u>1,463,014</u>
TOTAL EXPENDITURE (B)		<u>39,690,446</u>	<u>55,392,165</u>
PROFIT/(LOSS) FOR THE YEAR (A-B)		<u><u>1,515,583</u></u>	<u><u>(12,206,155)</u></u>

Annexed notes form an integral part these account.



CHAIRMAN



MANAGING DIRECTOR



SECRETARY

Signed in terms of our report even date annexed.



M. N. ISLAM & CO.
CHARTERED ACCOUNTANTS.



M. AHMED & CO.
CHARTERED ACCOUNTANTS



ANSAR VDP UNNAYAN BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002

1.00 BACKG ROUND:

1.01 Legal status and object of the bank:

The bank was established as a body corporate under the Ansar VDP Unnayan Bank Ordinance, 1995 issued on September 16, 1995 with a mission to provide financial assistance/ micro credit among members of Ansar VDP with a view to make them self-dependent and take active participation in the economic development of the country. Its operation started from 1st November, 1996.

1.02 Nature of Business:

The principal activities of the bank are to provide basically micro credit facilities to the Ansar-VDP members for house building and other economic activities with or without taking security from them and perform other activities under specific instruction/guidelines of bank.

1.03 Management of the Bank:

The activities of the bank are controlled and managed by rules and regulations as indicated in Ansar VDP Unnayan Bank Rules, 1995. The responsibility for managing and conducting the affairs of the bank is entrusted upon the Board of Directors consisting of 16 members/ directors of which 12 directors are elected by the shareholders from them and 4 directors (including chairman) are nominated by the Govt. for three years term.

1.04 Shareholders of the Bank:

As per clause 7(3) of Ansar VDP Unnayna Bank Rules, 1995 only members of Ansar VDP including Officers and staff of Ansar VDP Unnayan Bank can purchase, sell and transfer share of the bank among themselves. Total number of members/ shareholders was 923,697 as on 30.6.2002.

2.00 ACCOUNTING POLICIES:

a) The accounts have been prepared on going concern basis usually followed by credit institution and in accordance with generally accepted accounting principles (GAAP) followed in Bangladesh.

b) Fixed Assets are stated at cost less depreciation. The original cost of the assets are inclusive of cost paid to the suppliers/ vendors along with all the incidental expenses incurred for installation or construction of the same.

c) Depreciation is calculated using the straight line method. No depreciation has been charged on assets acquired in the year of purchases. Depreciation has been charged at the following rates:

Building	2.50%
Motor Vehicles	20%
Office equipment	15%
Electrical equipment	10%
Furniture	10%



3.00 **SHARE CAPITAL:**

3.01 **Authorized Capital: Tk. 1000000000**

Authorized Capital of the bank is Tk. 1,000,000,000 divided into 10000000 ordinary shares of Tk. 100/- each.

3.02 **Issued Capital : Tk. 2000,000,00**

Particulars	No. of Shares	%	Share Amount (Taka)
Shares to Ansar VDP Members (including Officers and staff of Bank)	1,500,000	75	150,000,000
Shares to Government of Bangladesh	5,00,000	25	50,000,000
Total	2,000,000		200,000,000

3.03 **Subscribed, Called up & Paid up Capital: Tk 137,101,100**

Particulars	No. of Shares	%	Share Amount (Taka)
Shares to Ansar VDP Members (including Officers and staff of Bank)	1,121,011	82	112,101,100
Shares to Government of Bangladesh	250,000	18	2,500,000
Total	1,371,011		137,101,100

There is difference of 34235 shares between shares allotted and paid up which are yet to be reconciled.

4.00 **RESERVE FUND AND OTHER RESERVE: Tk. 628,000**

Movement of above account:	<u>30-06-2002(Taka)</u>	<u>30-06-2001(Taka)</u>
Balances as on 1/7/2001	1,431,000	1,137,000
Addition during the year	<u>220,000</u>	<u>294,000</u>
	1,651,000	<u>1,431,000</u>
Less Deduction during the year(own+PKSF)	<u>1,023,000</u>	
	<u>628,000</u>	

Addition amount represents provision made on PKSF loan against loan loss during the year as per instruction of PKSF.

5.00 **DEPOSIT AND OTHER ACCOUNTS: TK. 68,368,635**

This is made up as follows:

Group Savings Deposit	62,725,007	29,570,238
Group Savings Deposit (PKSF)	5,633,362	6,478,027
Savings Deposit	--	1,622,077
Short Term Deposit	--	411,662
Inactive Deposit	<u>10,266</u>	-----
Total	<u>68,368,635</u>	<u>38,082,004</u>



6.00 BORROWING FROM OTHER BANKING COMPANIES, AGENTS ETC. TK. 129,000,000

The above balance consists of:	<u>30-06-2002 (Taka)</u>	<u>30-06-2001 (Taka)</u>
Lon payable to PKSF	29,000,000	-----
Lon payable of Bangladesh Bank	100,000,000	-----
	<u>129,000,000</u>	-----

7.00 OTHER LIABILITIES : TK. 19,360,728

This is made up as follows:

Cash balance excess found	674	-----
Unpaid Salary	7,294	11,562
Interest on Loan	2,150,680	5,569,357
Employees Provident Fund	4,841,436	3,269,893
Super Annuation & Pension	6,930,112	4,847,679
Employees Security Deposit	4,162,529	3,449,135
Contractor's /Suppliers Deposit	1,000	39,000
Sundries	879,298	1,470,340
Tax payable (For Audit bill)	6,400	---
Levy	505	---
Audit Fee for 2001-2002	60,000	---
Unadjusted Share Capital	192,800	---
Reserve for Audit fee	<u>128,000</u>	<u>128,000</u>
	<u>19,360,728</u>	<u>18,784,966</u>

8.00 CASH BALANCE(In hand): TK. 98,308

This is made up as follows:

Cash in hand	98,290	-----
Cash items	18	13,472
	<u>98,308</u>	<u>13,472</u>

9.00 BALANCE WITH OTHERS BANK: TK. 27,517,348

a) Sonali, Bank Local office:

i) Current Account	2,160,956	7,824,522
ii) STD Account	<u>5,112,936</u>	<u>12,690,818</u>
	7,273,892	20,528,812

b) Other Bank: Tk. 20,243,456

i) Janata Bank, Rajarbagh branch (C.D)	241,693	1,472,950
ii) Janata Bank, Rajarbagh branch (STD A/C)	4,179,628	48,957,738
iii) PKSF CD A/C	178,945	266,439
iv) PKSF STD A/C	9,678,417	5,131,405
v) Bangladesh krishi Bank (STD A/C)	15,315	---
vi) Agrani Bank Current A/C	4,636	---
vii) Agrani Bank (STD A/C)	1,274	---
viii) Dutch-Bangla Bank (C.D A/C)	1,990	3,366
ix) Dutch-Bangla Bank (STD A/C)	<u>5,941,558</u>	<u>9,538,320</u>
Total Balance (a+b)	<u>27,517,348</u>	<u>85,899,030</u>



10.00 INVESTMENT : TK. 80,742,404

FDR investment with various banks are as under:	<u>30-06-2002 (Taka)</u>	<u>30-06-2001 (Taka)</u>
Fixed Deposits (OWN)	80,114,404	12,862,354
Fixed Deposits (PKSF)	<u>628,000</u>	<u>498,864</u>
	<u>80,742,404</u>	<u>13,361,218</u>

11.00 LOAN & ADVANCES:TK 407,173,316.00

This is made up as Follows :		
Own Fund loan	374,391,037	193,074,993
PKSF Fund loan	29,020,063	34,111,480
<u>ADVANCE TO STAFF:</u>		
House Building loan	2,185,840	2,726,644
Motor Cycle Advance	628,903	765,124
Bi-Cycle Advance	115,664	119,448
Salary Advance	1,996	11,000
P.F. Advance	468,419	213,000
<u>OTHERS ADVANCES :</u>		
Travelling Advance	48,200	---
Advance Against purchases	35,965	---
Office Rent Advance	18,700	---
Miscellaneous	<u>258,529</u>	---
	<u>407,173,316</u>	<u>231,021,689</u>

The above balance lying with 74 Branches and H.O.

12.00 FIXED ASSETS (COST LESS DEPRECIATION) TK. 6,822,412

This is made up as Follows :		
Opening balance	8,591,626	11,458,467
Addition during the year	<u>5,579,107</u>	<u>2,427,709</u>
	14,170,733	13,886,176
Less: Accumulated Depreciation	<u>7,348,321</u>	<u>5,294,550</u>
Closing balance	<u>6,822,412</u>	<u>8,591,626</u>

13.00 OTHER ASSETS: TK.3,123,008

This is made up as Follows:		
Interest Receivable	1,843	497,093
Printing & Stationery Stock	691,297	659,135
T.A advance		97,250
Advance for office Rent		62,450
Office Stationery stock	4,256	4,170
Advance against purchase		69,476
Earnest money/ Security Deposit	375	375
Advance Income Tax for Staff	--	--
Suspense Account	115,142	448,286
Inter branch Transaction	1,773,367	1,314,922
Cash carrying bag	4,690	--
Interest receivable from House building loan	348,461	
Interest receivable from Motor Cycle Advance	117,718	
Interest receivable from Bi-Cycle Advance	11,185	
Interest receivable from PF advance	<u>54,674</u>	
	<u>3,123,008</u>	<u>3,153,157</u>



14.00 PROFIT & LOSS ACCOUNT: TK.28,981,667

This is made up as Follows :	<u>30-06-2002 (Taka)</u>	<u>30-06-2001 (Taka)</u>
Loss of 1995-96	1,437,830	1,437,830
Loss of 1996-97	2,127,235	2,127,235
Loss of 1997-98	1,691,375	1,691,375
Loss of 1998-99	3,684,837	3,684,837
Loss of 1999-2000	9,349,818	9,349,818
Loss of 2000-2001	<u>12,206,155</u>	<u>12,206,155</u>
	30,497,250	30,497,250
Less: Profit of 2001-2002	<u>1,515,583</u>	--
	<u>28,981,667</u>	<u>30,497,250</u>

15.00 INTEREST & DISCOUNT TK: 54,740,558

Interest on Loan	50,973,968	31,919,075
Interest on Deposit with other Bank	3,513,573	1,091,502
Interest on staff Advance	253,017	
Interest on investment	--	1,146,764
Interest on inter branch transaction	--	<u>17,920,912</u>
	<u>54,740,558</u>	<u>52,078,253</u>

16.00 OTHER RECEIPTS TK: 1,553,314

This is made up as Follows :		
Income from AVUB General A/C	1,227,115	34,510
Sales of pass book	259,741	
Sales of forms	39,470	
Sale of tender schedule	11,020	661,967
Others receipts	<u>15,968</u>	
	<u>1,553,314</u>	<u>696,477</u>

17.00 INTEREST PAID BOPROWINGS: TK.15,087,843

This is made up as Follows :		
Interest paid on Group Savings	3,269,542	
Interest paid on Borrowed fund	11,007,998	
Interest paid on PF	588053.00	{9,588,720
Interest paid on Security Deposit	<u>222,250</u>	
	<u>15,087,843</u>	<u>9,588,720</u>

18.00 SALARIES AND ALLOWANCES:TK. 29,030,829

This is made up as Follows :		
Salaries (Basic)	15,534,999	15,027,877
House Rent allowances	5,113,468	4,820,067
Medical allowances	1,035,429	648,536
Conveyance allowances	556,437	114,202
Bonus	2,346,137	1,932,160
Income Tax	72,159	54,562
Lunch Subsidies	1,868,918	1,833,298
Group Insurance	197,338	
Pension & Other Scheme	2,049,614	1,970,646
Subscription and Provident Fund	15,730	169,641
Other allowances	<u>240,600</u>	<u>68,162</u>
	<u>29030829.00</u>	<u>26639115.00</u>



19.00 RENT, TEXES INSURANCE, LIGHTING ETC: TK.2,790,229

This is made up as Follows :	<u>30-06-2002 (Taka)</u>	<u>30-06-2001 (Taka)</u>
House Rent & Taxes	2,253,260	2,494,143
Insurance	124,432	52,204
Utilities	<u>412,537</u>	<u>396,097</u>
	<u>2,790,229</u>	<u>2,942,444</u>

20.00 TRAVELING & CAR EXPENSES: TK. 2,782,976

This is made up as Follows:		
Travelling & Conveyance	2,280,386	2,398,512
Fuel & Others	<u>502,590</u>	<u>559,556</u>
	<u>2,782,976</u>	<u>2,958,068</u>

21.00 DEPRECIATION AND REPAIRS TO THE BANKING PROPERTY: TK 2,112,389

This is made up as Follows :		
Depreciation	2,056,903	1,973,924
Repair of Furniture	11,090	1,040
Repair of equipment	22,747	23,432
Repair of office equipment	11,300	240
Miscellaneous	<u>10,349</u>	<u>1,605</u>
	<u>2,112,389</u>	<u>2,000,241</u>

22.00 STATIONERY, PRINTING AND ADVERTISEMENT ETC: TK.1,046,202

This is made up as Follows :		
Printing & Stationery	307,783	590,499
Printing Expenses	476,287	28,920
Office Stationeries		238,667
Advertisement office Notice	<u>262,132</u>	<u>36,121</u>
	<u>1,046,202</u>	<u>894,207</u>

23.00 OTHER EXPENDITURE: TK. 1,389,263

This is made up as Follows :		
Washing Expenses		2,811
Subscription	260	835
Books & Journals	246,757	229,550
Training Expenses	30,704	8,000
Bank charge	421,222	211,215
Commission & Expenses	230,721	201,394
Work Aid		51,081
Commission & Expenses	56,175	88,300
Entertainment	120,039	176,925
Overdue Loan Interest Provision	124,432	37,300
Miscellaneous Expenses	<u>98,953</u>	<u>455,603</u>
	<u>1,329,263</u>	<u>1,463,014</u>

