

PRIVATE & CONFIDENTIAL

ANSAR VDP UNNAYAN BANK

Audit Report and Statement of Accounts
for the year ended June 30, 2000.

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CHARTERED ACCOUNTANTS
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AUDITORS' REPORT TO THE SHAREHOLDERS
OF
ANSAR – VDP UNNAYAN BANK

We have audited the accompanying Balance Sheet of ANSAR VDP UNNAYAN BANK as at June 30, 2000 and the related Profit & Loss Account for the year then ended. The preparation of these financial statements are the responsibility of the management. Our responsibility is to express an opinion of these financial statements based on our audit.

We have conducted our audit in accordance with Bangladesh Standard on auditing (BSA) those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

Our examination reveals that:

- (a) Number of shares allotted to the shareholders against their subscription do not agree with share allotment register (Note-3.03).
- (b) Whereas clause 7(1) of the Ansar VDP Unnayan Bank Rule 1995 dictates that paid up share capital should be subscribed by the members and GoB at 75:25, but paid up capital was subscribed at 81:19(Note-3.03).
- (c) Loans and advances have not been classified according to status of loans as per standing guide lines of the bank. As such adequacy in respect of provision for bad debt could not be examined. On verification it reveals that provision for bad debt has been made Tk. 256,700 which comes 0.17% on Loans and advances. We feel, provision for bad debt is inadequate as per requirement of law, as such loss has been understated (management report 2.00 & 7.00 and Note 4.00 & 10.00).

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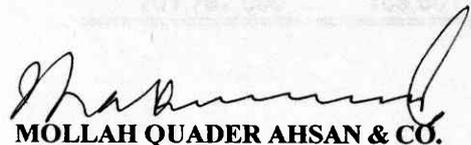


- (d) Provision for bad debt has been shown on balance sheet under "Reserve Fund" and other Reserves which is not consistent with guidelines of Bank Companies Act, 1991 (Note 4.00 & management report 2.00).

Subject to above observations 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 our audit and made due verification thereof;
- (b) In our opinion, proper books of accounts as required by law have been kept by the bank;
- (c) the Balance Sheet and Profit and loss Account are in agreement with the said books of account maintained by the bank and examined by us;
- (d) the financial position of the bank at 30th June, 2000 and the loss for the year ended have been properly reflected in the financial statement and the financial statement have been prepared in accordance with the generally accepted accounting principles;
- (e) the records and statements submitted by the branches have been properly maintained and consolidated in the financial statements;
- (f) the expenditure incurred and payment made were for the purpose of the bank's business for the year.
- (g) the information and explanations required by us have been received and found satisfactory.


KHAN WAHAB SHAIQUE RAHMAN & CO.
CHARTERED ACCOUNTANTS


MOLLAH QUADER AHSAN & CO.
CHARTERED ACCOUNTANTS

Dhaka, January 19, 2001.

ANSAR-VDP UNNAYAN BANK

BALANCE SHEET AS AT JUNE 30, 2000

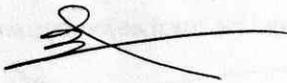
CAPITAL AND LIABILITIES:	NOTE	As on 30-6-2000 (TAKA)	As on 30-06-99 (TAKA)
SHARE CAPITAL:	3.00		
Authorised Capital: 10,000,000 Ordinary Shares of Tk. 100/= each	3.01	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued Capital: 2,000,000 Ordinary Shares of Tk. 100/= each	3.02	<u>200,000,000</u>	<u>200,000,000</u>
Paid up Capital	3.03	129,922,700	127,166,500
RESERVE FUND AND OTHER RESERVES	4.00	1,393,700	1,137,000
DEPOSITS AND OTHER ACCOUNTS	5.00	19,244,133	9,590,493
BORROWING FROM OTHER BANKING COMPANIES, AGENTS, ETC. (Loan payable PKSF)		41,700,000	42,200,000
BILLS PAYABLE		-	-
BILLS FOR COLLECTION BEING BILLS RECEIVABLE AS PER CONTRA:			
Payable in Bangladesh		-	-
Payable Outside Bangladesh		-	-
OTHER LIABILITIES	6.00	9,501,467	6,507,709
ACCEPTANCE, ENDORSEMENTS AND OTHER OBLIGATION AS PER CONTRA		-	-
TOTAL		<u>201,762,000</u>	<u>186,601,702</u>

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PROPERTY AND ASSETS	NOTE	As on 30-6-2000 (TAKA)	As on 30-06-99 (TAKA)
CASH (In Hand and with Sonali Bank)	7.00	6,868,199	10,864,824
BALANCE WITH OTHER BANKS			
In Bangladesh	8.00	6,406,973	28,997,283
Outside Bangladesh		-	-
		6,406,973	28,997,283
MONEY AT CALL & SHORT NOTICE		-	-
INVESTMENTS	9.00	3,668,085	12,289,570
LOANS & ADVANCES	10.00		
Loans, Cash Credits, Micro Credits, Overdrafts etc.			
In Bangladesh		154,644,746	112,205,881
Outside Bangladesh		-	-
		154,644,746	112,205,881
BILLS RECEIVABLE BEING BILLS FOR COLLECTION AS PER CONTRA:			
Payable in Bangladesh		-	-
Payable Outside Bangladesh		-	-
		-	-
CONSTITUTENTS LIABILITIES FOR ACCEPTANCES, ENDORSEMENTS AND OTHER OBLIGATIONS AS PER CONTRA			
		-	-
FIXED ASSETS INCLUDING PREMISES:			
At Cost Less Depreciation	11.00	9,598,781	9,858,111
OTHER ASSETS	12.00	2,284,121	3,444,756
PROFIT AND LOSS ACCOUNT- adverse balance	13.00	18,291,095	8,941,277
TOTAL		201,762,000	186,601,702

Annexed notes form an integral part of this accounts.

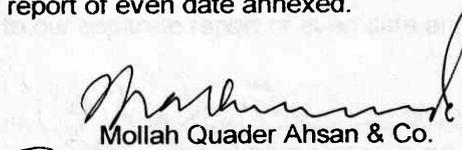

CHAIRMAN


MANAGING DIRECTOR


SECRETARY

Signed subject to our separate report of even date annexed.


Khan Wahab Shafique Rahman & Co.
Chartered Accountants
Dhaka, January 19, 2002.

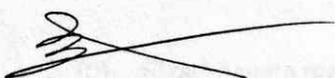

Mollah Quader Ahsan & Co.
Chartered Accountants

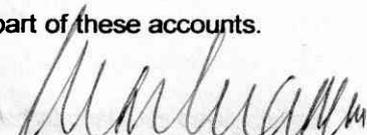
ANSAR-VDP UNNAYAN BANK

**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2000.**

A. INCOME:	NOTE	As on 30-6-2000 (TAKA)	As on 30-06-99 (TAKA)
Interest and discount	14.00	36,284,315	16,134,735
Commission Exchange and Brokerage		-	-
Rents		-	-
Net Profit on Sale of Investment, Gold, Silver, Land Premises & Other Assets		-	-
Income from Non-banking assets and Profit from Sale of or dealing with such assets		-	-
Other receipts	15.00	692,667	1,109,723
Total Income (A)		36,976,982	17,244,458
B. EXPENDITURE:			
Interest paid on deposits, borrowing etc.		3,028,413	529,996
Salaries and Allowances and Provident Fund	16.00	21,371,060	13,933,055
Directors and Local Committee Member's fee and Allowances		95,605	76,000
Rent, Taxes, Insurance, Lighting etc.	17.00	2,828,507	2,503,385
Travelling & Car Expenses	18.00	2,401,562	1,488,653
Law Charges		-	-
Postage, Telegram, Telephone & Stamps		291,481	209,008
Audit fees	19.00	84,400	-
Depreciation on and repairs to the banking company's property	20.00	1,575,125	932,616
Stationery, Printing, Advertisement etc.	21.00	435,725	523,645
Loss from Sale or dealing with non-banking assets		-	-
Interest on inter Branches transactions		12,544,406	-
Other expenditure	22.00	1,670,516	732,937
Total Expenditure (B)		46,326,800	20,929,295
Loss for the year (A-B)		(9,349,818)	(3,684,837)

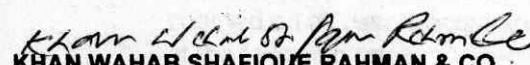
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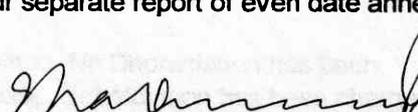

CHAIRMAN


MANAGING DIRECTOR


SECRETARY

Signed subject to our separate report of even date annexed.


KHAN WAHAB SHAFIQUE RAHMAN & CO.
CHARTERED ACCOUNTANTS
Dhaka, January 19, 2002.


MOLLAH QUADER AHSAN & CO.
CHARTERED ACCOUNTANTS

ANSAR VDP UNNAYAN BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2000.

1.00 BACKGROUND:

1.01 Legal status and objective 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/guide lines 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 Unnayan 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 853,917 as on 30.6.2000.

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 is inclusive of cost paid to the vendors/suppliers along with all the incidental expenses incurred for installation or construction of the same.
- © Depreciation is calculated using the straight line method. No Depreciation has been charged on all assets acquired in the year of purchase. 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 **Authorised Capital : Tk. 1,000,000,000**

Authorised capital of the bank is Tk. 1,000,000,000 divided into 10,000,000 ordinary shares of Tk. 100/= each.

3.02 **Issued Capital: Tk. 200,000,000**

Particulars	No. of Shares Tk.100 each	%	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	500,000	25	50,000,000
	<u>2,000,000</u>		<u>200,000,000</u>

The Govt. of Bangladesh permitted subsequently to raise capital to Tk. 20 (Twenty crore) from initial capital of Tk. 10 (Ten crore) which will be subscribed by members of the bank and GOB in the ratio 75:25.

3.03 **Paid up Capital: Tk. 129,922,700**

Particulars	No. of Shares Tk. 100/= each	%	Shares amount (Taka)
Shares to Ansar VDP Members (Including Officers and Staff of bank)	1,049,227	80.76	104,922,700
	250,000	19.24	25,000,000
	<u>1,299,227</u>		<u>129,922,700</u>

Number of shares subscribed by members of Ansar VDP do not agree with that as shown by share allotment register. Differences are yet to be reconciled.

4.00 **RESERVE FUND & OTHER RESERVES: TK. 1,393,700**

30.06.2000

30.06.1999

Taka

Taka

This is made up as under:

Provision for bad Debt against own fund loan	976,000	976,000
Provision for PKSF Fund Loan	417,700	161,000
	<u>1,393,700</u>	<u>1,137,000</u>

Provision for bad debt has been consistently shown under Reserve and Other Reserve Group.



Provision has been made against bad & doubtful loan as per PKSF instruction. During the year under audit provision was made against bad debt to the tune of Tk. 256,700 which was debited to provision for debt management.

Provision for debt management was made in the following manner by the branches on PKSF

Fund loans:

Provision @ 1% on good loan

Provision @ 50% on doubtful loan

Provision @ 100% on bad loan

5.00 DEPOSITS AND OTHER ACCOUNTS: TK. 19,244,133

This is made up as under:

	<u>30.06.2000</u>	<u>30.06.1999</u>
	<u>Taka</u>	<u>Taka</u>
Group Saving Deposits	15,308,409	9,125,416
PKSF (Palli Karma Sahayak Foundation)	3,935,724	435,077
Others	-	30,000
	<u>19,244,133</u>	<u>9,590,493</u>

6.00 OTHER LIABILITIES: TK. 9,501,467

This is made up as under:

Unpaid salaries	37,112	16,792
Employees Provident Fund	2,090,143	1,272,282
Pension & Other Scheme	2,950,387	1,441,469
Sundries (Share application money)	1,770,837	2,695,128
Security Deposits	2,587,888	1,081,948
Cash balance excess found	1,100	90
Provision for audit fee	64,000	-
	<u>9,501,467</u>	<u>6,507,709</u>

7.00 CASH: (In Hand and with Bangladesh Bank and Sonali Bank):Tk. 6,868,199

Particulars

This is made up as under:

Cash Balance	28,642	107,887
<u>Sonali Bank (local Office):</u>		
Current Account	1,165,558	2,216,696
STD Account	5,673,999	8,540,241
	<u>6,868,199</u>	<u>10,864,824</u>



8.00 BALANCE WITH OTHER BANKS: TK. 6,406,973**30.06.2000****30.06.1999****Taka****Taka**

This is made up as under:

Janata Bank (Rajarbagh Branch) Current Account
 STD Account
 Current Account (PKSF)
 STD A/C. (PKSF)
 Current Account
 STD Account

1,576,213
 1,134,352
 553,291
 3,139,308
 2,206
 1,603

1,413,129
 618,069
 239,356
 26,726,729

6,406,973**28,997,283****9.00 INVESTMENTS: TK. 3,668,085**

Fixed Deposit
 Fixed Depaosit (PKSF-DMRI)

3,320,385
 347,700

3,668,085**12,289,570**

Investment represents of Fixed Deposit with Janata Bank, Rajarbagh branch.

10.00 LOANS & ADVANCES : TK. 154,644,746

This is made up as under:

Own Fund Loan
 PKSF Fund Loan

110,061,120

41,351,324

151,412,444

96,025,506

15,852,584

111,878,090**Advance to Staff Against:**

House Building
 Motor Cycle
 Bi-cycle
 Calculator

2,500,000

660,191

72,111

-

3,232,302**154,644,746**

-

294,208

31,523

2,060

327,791**112,205,881**

Loans, Cash credits and overdrafts consists of Micro Credit extended by 72 branches of this bank during the year. Classification of Loans and advances such as, bad, doubtful and good was not done by branches.

11.00 FIXED ASSETS (At Cost Less Depreciation): Tk. 9,598,781

The movement of the above Fixed assets is given below:

Opening Balance (at Cost)
 Add: Addition during the year

11,641,300

2,870,343

14,511,643

Less: Accumulated Depreciation
 Balance as on 30.6.2000.

4,912,862

9,598,781

9,217,646

2,423,654

11,641,300

1,783,189

9,858,111

12.00 OTHER ASSETS: TK. 2,284,121**30.06.2000****30.06.1999****Taka****Taka**

This is made up as under:

Interest Receivable	241,062	164,910
Printing & Stationery Stock	879,026	344,015
Advance Income Tax of Staff	7,562	53,225
Security Deposit	5,000	-
Advance against Purchase	28,460	40,550
T.A. Advance	69,900	61,951
Office Rent Advance	112,750	133,425
Office Stationery	3,626	-
Suspense Account	438,449	677,584
Net of AVUB General	498,286	-
Inter Branch Transaction	-	1,969,096
	2,284,121	3,444,756

13.00 PROFIT & LOSS ACCOUNT: TK.18,291,095

It comprises as under:

Loss of 1995-96	1,437,830	1,437,830
Loss of 1998-97	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	-
	18,291,095	8,941,277

14.00 INTEREST AND DISCOUNT: TK. 23,739,909

This is made up as follows:

Interest on Loans & advances	22,504,281	13,486,854
Interest on Investment Less Income tax	683,766	3,395,516
Interest on Deposit	551,862	389,365
Interest on inter Branch transaction	12,544,406	-
	36,284,315	17,271,735

Income tax deducted at source amounting to Tk. 123,563 from interest on investment has been netted with interest income.

15.00 OTHER RECEIPTS : TK. 692,667

It includes following:

Sales on Tender Schedule	26,800	47,790
Sale of Pass Book	52,078	43,218
Miscellaneous	613,789	1,018,715
	692,667	1,109,723



16.00 SALARIES, ALLOWANCE AND PROVIDENT FUND:TK. 21,371,060

This is made up as follows:

	<u>1999-2000</u>	<u>1998-99</u>
Salary	12,184,454	8,295,155
House Rent allowance	3,920,566	2,083,281
Medical allowance	520,414	301,854
Bonus	1,422,312	1,177,479
Lunch Subsidies	1,322,224	8,123,510
Conveyances	92,532	55,489
Pension & Superannuation	1,539,642	964,455
Subscription and provident Fund	8,081	5,110
Group Term Insurance	125,685	-
Income Tax	145,241	-
Other allowance	89,909	116,393
Entertainment	-	121,489
	<u>21,371,060</u>	<u>21,244,215</u>

17.00 RENT, TAXES, INSURANCE, LIGHTING ETC.TK. 2,828,507

It includes following:

Rent, Rates and Taxes	2,362,076	1,955,369
Insurance (Vehicles)	172,832	184,142
Utilities	293,599	363,874
	<u>2,828,507</u>	<u>2,503,385</u>

18.00 TRAVELLING AND CAR EXPENSES: TK. 2,401,562

It includes following:

Travelling and Conveyance	1,945,199	1,242,764
Fuel and Others	456,363	2,007
	<u>2,401,562</u>	<u>1,244,771</u>

19.00 AUDIT FEE : TK. 84,400

Audit fee provision (1999-2000)
 Audit fee paid (Part payment for prior year)

64,000	-
20,400	-
<u>84,400</u>	<u>-</u>

20.00 DEPRECIATION AND REPAIRS TO THE BANKING COMPANY'S PROPERTY: TK. 1,575,125

It includes following:

Depreciation	1,543,061	894,936
Repair of Furniture	1,102	5,915
Repair of Electric equipment	23,753	31,595
Repair of Office equipment	307	170
Miscellaneous	6,902	-
	<u>1,575,125</u>	<u>932,616</u>



21.00 <u>STATIONERY, PRINTING & ADVERTISEMENT:TK.435,725</u>	<u>1999-2000</u>	<u>1998-99</u>
Printing and Stationery	354,974	441,981
Advertisement and Office Notice	80,751	81,664
	<u>435,725</u>	<u>523,645</u>

22.00 OTHER EXPENDITURE: TK. 1,670,516

It includes following:

Entertainment	178,538	-
Subscription	870	3,050
Books and Journal	187,990	126,566
Bank charges	142,699	74,999
Provision for debt management	256,700	-
Commission and exchange	108,814	127,406
Work-aid	21,467	78,458
Washing expenses	2,899	2,007
Computer expenses	308,436	-
Miscellaneous expenses	462,103	315,170
Training expenses	-	5,281
	<u>1,670,516</u>	<u>732,937</u>

