

INDEPENDENT AUDITOR'S REPORT

To,

The Members

The Bhandara Urban Co-operative Bank Ltd.

Bhandara

Report on the Financial Statements as a Statutory Auditor

- We have audited the accompanying financial statements of **The Bhandara Urban Co-operative Bank Ltd.** which comprise the Balance Sheet as at 31st March 2023 and the Statement of Profit and Loss for the year ended, and a summary of significant accounting policies and other explanatory information incorporated in these financial statements of the Bank along with its Branches and Extension counters audited by us for the period 1st April 2022 to 31st March 2023.

Management's Responsibility for the Financial Statements

- Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Bank in accordance with the Banking Regulation Act 1949 (as applicable to co-operative societies), the guidelines issued by the Reserve Bank of India and the guidelines issued by the National Bank for Agricultural and Rural Development, the Registrar of Cooperative Societies, Maharashtra, the Maharashtra Co-operative Societies Act, 1960, and the Maharashtra Co-operative Societies Rules, 1961, (as applicable) and generally accepted accounting principles in India so far as applicable to the Bank. This responsibility includes 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.

Auditor's Responsibility

- Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the applicable Standards by The Institute of Chartered Accountants of India and under the MCS Act / BR Act / RBI guidelines. 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, whether due to fraud or error.

- 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 Bank's preparation and fair presentation of the financial statements 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

- **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 have found them to be satisfactory.
- (b) The Balance Sheet and Profit & Loss Account have been drawn up in the Form "A" & "B" respectively of Schedule III to the Banking Regulation Act, 1949.
- (c) There is no practice of disclosing prior period items separately in Profit & Loss Account as required by the Accounting Standard AS-5 on Net Profit or Loss for the period, Prior Period items and Changes in Accounting Policies issued by the Institute of Chartered Accountants of India. Such amounts have been included in their natural heads of account and not separately disclosed in a manner that their impact on the profit for the year can be perceived. The quantum is not ascertainable.
- (d) Accounting of certain items like locker rent, commission on guarantees etc. Is done in the year of receipt instead of deferring it on the basis of usage of facility or period of guarantees, there by it deviates from the principle of Accounting Standard AS-9 on "Revenue Recognition".

- (e) The bank has not disclosed contingent liabilities arising due to disputes or litigation going at various forums thus not complying with Accounting Standard AS-29 "Provisions, Contingent Liabilities and Contingent Assets".
- (f) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- (g) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
- (h) In our opinion, the Balance Sheet and Profit and Loss Account comply with applicable Accounting Standards except.
- Bank had failed to comply with the provision of **Accounting Standard 2 "Valuation of Inventory"** at the time of valuation of Stationery items, valuation of Stationery should be done at cost or NRV whichever is lower.
 - There is no practice of disclosing prior period items separately in Profit and Loss Account as required by the **Accounting Standard 5 on Net Profit or Loss for the period, Prior Period Items and Changes in Accounting Policies** issued by the Institute of Chartered Accountants of India. Such amounts have been included in their natural heads of account and not separately disclosed in a manner that their impact on the profit for the year can be perceived. The quantum is not ascertainable.
 - Accounting of certain items like locker rent, commission on guarantees, etc. is done in the year of receipt, thereby deviates from the principles of **Accounting Standard 9 on "Revenue Recognition"** according to which income relating to current year should be recognized on accrual basis, if there is no uncertainty regarding the ultimate collectability and measurability.
 - The bank has not worked out & provided for deferred tax assets/liabilities in compliance with the accounting standard **Accounting Standard 22 "Accounting for Taxes on Income"** issued by ICAI.

- The bank has not disclosed contingent liabilities arising due to dispute or litigations going on at various forums. Thus, not complying with **Accounting Standard 29 “Provisions, contingent Liabilities and Contingent Assets”**

Subject to our observation above and in Part A, B and C of Audit Memorandum, In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the Notes thereon give the information required by the Banking Regulation Act, 1949 (as applicable to co- operative societies), the Maharashtra Cooperative Societies Act, 1960, the Maharashtra Cooperative Societies Rules, 1961 and the guidelines issued by the National Bank for Agricultural and Rural Development (as applicable) and guidelines issued by Reserve Bank of India and Registrar of Cooperative societies, Maharashtra in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Bank as at 31st March 2023.

(ii) in the case of the Statement of profit and loss of the profit/loss for the year ended on 31st March 2023.

Report on Other Legal and Regulatory Matters

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with provisions of the Maharashtra Co-operative Societies Act, 1960 & Maharashtra Co-operative Societies Rules 1961.

We further report that:

- (i) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns.
- (ii) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.
- (iii) The reports on the accounts of the branches audited by us / branch auditors have been dealt with in preparing our report in the manner considered necessary by us.

- (iv) As per the information and explanations given to us and based on our examination of the books of account and other records, we have not come across material instances in respect of the details mentioned in the Rule 69(6) of Maharashtra Co- operative Societies Rules 1961.
- (v) for the year under audit, the bank has been awarded "A" classification.

For Jaju Soni & Associates
Chartered Accountants
FRN: 139298W

Chetan Jaju
Partner
MRN: 158737
UDIN: 23158737BGXVBZ9309

Place: - Nagpur
Date: - 29/06/2023