

THE KANNUR CO-OPERATIVE URBAN BANK LTD NO.1534
Head office Thavakkara, Nr. Yathri Nivas, Kannur- 670002
Balance sheet for the year ended 31st March 2022

Particulars	As on 31-03-2022	As on 31-03-2021
	Amount in ₹	Amount in ₹
Capital and Liabilities		
Capital	5,61,44,700.00	5,35,06,675.00
Reserve and Surplus	12,76,08,379.82	10,55,44,541.83
Deposits	1,14,23,86,108.29	1,22,20,82,255.04
Borrowings	-	-
Other Liabilities and Provisions	6,13,35,073.25	8,20,30,898.08
Total	1,38,74,74,261.36	1,46,31,64,369.95
Assets		
Cash and balances with Reserve Bank of India	1,25,30,504.00	1,54,16,388.00
Balance with Banks and money at call and short notice	14,04,37,575.20	15,76,11,274.03
Investments	39,49,18,131.00	40,33,83,751.00
Advances	76,40,31,123.00	80,28,44,146.00
Fixed Assets	2,93,54,238.87	3,03,15,874.00
Other Assets	4,62,02,689.29	5,35,92,936.92
Total	1,38,74,74,261.36	1,46,31,64,369.95
Contingent liabilities Bills for Collection	19,54,427.47	18,95,049.47

THE KANNUR CO-OPERATIVE URBAN BANK LTD NO.1534
Head office Thavakkara, Nr. Yathri Nivas, Kannur- 670002
Profit and Loss Account for the year ended 31st March 2022

	Particulars	Year ended on	Year ended on
		31-03-2022	31-03-2021
		Amount in ₹	Amount in ₹
I	Income		
	Interest earned	13,22,53,596.21	14,33,87,296.59
	Other Income	33,87,539.98	1,29,41,787.21
	Total	13,56,41,136.19	15,63,29,083.80
II	Expenditure		
	Interest expended	6,19,48,302.00	8,44,08,031.00
	Operating expenses	4,36,43,012.20	4,20,73,181.86
	Provisions and Contingencies	1,96,77,662.60	2,34,29,210.40
	Total	12,52,68,976.80	14,99,10,423.26
III	Profit/Loss		
	Net profit/loss (-) for the year	1,03,72,159.39	64,18,660.54
	Profit/loss (-) brought forward	64,18,660.54	21,87,905.98
	Total	1,67,90,819.93	86,06,566.52
IV	Appropriations		
	Transfer to statutory reserves	59,37,727.54	19,12,627.98
	Transfer to Education fund	60,000.00	60,000.00
	Transfer to Professional Education fund	-	1,00,000.00
	Transfer to Member Relief Fund	1,00,000.00	1,15,278.00
	Transfer to Dividend Equalisation fund	3,20,933.00	-
	Balance Carried over to Balance Sheet	1,03,72,159.39	64,18,660.54

THE KANNUR CO-OPERATIVE URBAN BANK LTD NO.1534

Head office Thavakkara, Nr. Yathri Nivas, Kannur-670002

CASH FLOW STATEMENT

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
	Amount in ₹	Amount in ₹
Cash Flow From Operating Activites		
Profit after tax	1,03,72,159.39	64,18,660.54
Adjustments for :		
Depreciation	11,36,058.00	10,96,324.52
Provision and Contingencies	1,96,77,662.60	3,61,07,995.40
Amortisation of premium on investment	-	11,85,565.00
Interest on investment	(3,30,54,470.91)	(3,71,52,342.59)
Profit/loss on sale of government securities	(15,000.00)	(98,67,500.00)
Profit/loss on sale of mutal funds	-	(2,98,456.07)
Profit on sale of Non-Banking Assets	(1,40,661.00)	-
Operating profit before working capital changes	(20,24,251.92)	(25,09,753.20)
Adjustment for working capital changes		
Increase/ Decrease in Advances	3,88,13,023.00	1,47,06,412.80
Increase/ Decrease in other operating Assets	46,46,298.63	(4,73,875.00)
Increase/ Decrease in Deposites	(7,96,96,146.75)	(12,77,52,795.01)
Increase/ Decrease in other operating liabilities	(1,81,45,824.83)	(1,16,44,608.42)
Utilisation of Reserve fund/ Provision	(3,20,920.00)	34,03,770.60
Cash generated from operations	(5,67,27,821.87)	(12,42,70,848.23)
Less : Direct tax paid	(1,07,73,914.00)	(1,02,26,750.00)
Net cash flow from/used in operating activities	(6,75,01,735.87)	(13,44,97,598.23)
Cash Flow From Investing Activites :		
Purchase of fixed assets	(1,74,422.87)	(7,72,328.12)
Sale of Non-Banking Assets	37,52,462.00	-
Increase/decrease in Investments	84,65,620.00	(2,09,30,500.00)
Interest on investments	3,27,45,468.91	3,71,52,342.59
Profit on sale of government securities	15,000.00	1,01,65,956.07
Net Cash flow from /used in Investing activities	4,48,04,128.04	2,56,15,470.54
Cash Flow From Financing Activites :		
Increase in share capital (Net)	26,38,025.00	8,42,925.00
Net cash flow from/ used in fianancing activites	26,38,025.00	8,42,925.00
Net increase / (decrease) in cash and cash equivalents	(2,00,59,582.83)	(10,80,39,202.69)
Cash and cash equivalents at the beginning of the year	17,30,27,662.03	28,10,66,864.72
Cash and cash equivalents at the end of the year	15,29,68,079.20	17,30,27,662.03
Notes		
i) The above Cash Flow statement has been prepared under the Indirect Method as set out in AS 3 on,		
ii) Figures in bracket indicate Cash outflow		

Capital Adequacy Ratio :**Composition of Regulatory Capital**

(Amount in ₹ crore)

Sr. No.	Particulars	31st March 2022	31st March 2021
i)	Common Equity Tier 1 capital	5.61	5.35
ii)	Additional Tier 1 capital	2.80	2.37
iii)	Tier 1 capital (i + ii)	8.42	7.72
iv)	Tier 2 capital	2.44	2.15
v)	Total capital (Tier 1+Tier 2)	10.85	9.87
vi)	Total Risk Weighted Assets (RWAs)	68.58	74.58
vii)	Common Equity Tier 1 Ratio (CET 1 as a percentage of RWAs)	8.19%	7.17%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	12.27%	10.35%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	3.56%	2.88%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	15.83%	13.23%
xi)	Percentage of the shareholding of Government of India	0.53%	1.26%
xii)	Amount of paid-up equity capital raised during the year	0.26	0.08
xiii)	Amount of non-equity Tier 1 capital raised during the year,	-	-
xiv)	Amount of Tier 2 capital raised during the year,	-	-

As per our report of even date attached

For SANKAR & MOORTHY

Chartered Accountants

Firm Registration Number: 003575S

Sd /-

CA JAYAPRAKESH M C

Partner

Membership no: 215562

Sd/-

Surentran P V
(Chief Executive Officer)

Sd/-

Pramod Kooven
(Chairman)

Sd/-

Mohammed Ali
Maanikunhummal
(Vice-Chairman)

Sd/-

Madhavan TV
(Director)

INDEPENDENT AUDITOR'S REPORT

To

The Members of Kannur Co-operative Urban Bank Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of **The Kannur Co-operative Urban Bank Limited** ("the Bank"), which comprise the Balance Sheet as at March 31, 2022, the statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information in which are included the trail balances/financial information for the year ended on that date pertaining to 4 branches of the bank duly audited by us.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in **the Basis for Qualified Opinion** section of our report, the aforesaid financial statements together with the notes thereon give the information required by the Banking Regulation Act, 1949 (As applicable to Urban Co-operative Banks) and give a true and fair view in conformity with the accounting principle generally accepted in India, of the State of Affairs of the Bank as at 31st March, 2022 and Profit and its Cash Flows for the year ended on that date.

Basis for Qualified Opinion

1. Non- Compliance of Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI)

a) Accounting Standard – 22 on “Accounting for Taxes on Income”:

The bank has not recognized and disclosed deferred tax and the resultant deferred tax asset/liabilities as required by above Standard.

b) Accounting Standard- 15 on “Employee Benefit “ :

The Bank has failed to comply and disclose the Actuarial Valuation requirements for its liability towards post and long-term employee benefits like gratuity and leave encashment as required by above standard.

c) Accounting Standard – 20 “Earnings per Share” :

The bank has failed to calculate and disclose the earnings per share(basic and diluted) as per the requirement of above standard.

- 2. The bank has no system of providing interest on advances on monthly rest basis except for Employee cash credit accounts. The interest on advances were charged on receipt basis and interest receivable is separately calculated.**
- 3. In the cases of disclosures through notes to accounts relating to Asset Liability Management statement; Asset Quality Statement; Exposure Statement; Statement on Concentration of Deposits, Advances, exposures and NPAs, the bank could not furnish the requisite break of Deposits and advances on customer wise, classification wise, age wise, sector wise including the Gross addition and deduction in NPA accounts to confirm the correctness of the statement.**
- 4. As on March 31, 2022, the Head office and Branch Trail balance shows the following differences which is to be reconciled individual branch/Head Office basis even though on consolidated basis the net effect is ‘nil ‘**

Head Office/Branch	Difference in Debit side Total of Trail Balance	Difference in Credit side Total of Trail Balance
Head office	-	16,316,127
Main branch	68,037,040	-
Me branch	94,208,398	-
Podikund branch	3,378,623	-
City branch	-	149,307,934
Total	165,624,061	165,624,061

In the absence of adequate information, we could not quantify the impact of the above paragraph 1 to 4 of ‘basis for our qualified opinion’ on the financial statements.

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (ICAI). Our responsibilities under those Standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Bank in accordance with the code of ethics issued by the Institute of Chartered

Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Information Other than the Financial Statements and Auditors' Report thereon

The Bank's Board of Director is responsible for the other information. The other information comprises the information furnished by the board in its report to members as activity report but do not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matters to those charged with governance and take appropriate actions necessitated by the circumstances. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India including the Accounting Standards issued by Institute of Chartered Accountants of India(ICAI) to the extent applicable, and provisions of Banking Regulation Act, 1949 and Circulars and Guidelines issued by Reserve Bank of India(RBI), Circulars/ Directions issued by Registrar of Co-operative Societies (RCS)-Govt. of Kerala, from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the above mentioned Acts for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of

adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Bank's Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibility for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949 and these give information as required to be given by virtue of the provisions of the said Act. ***Subject to the effects of the matters described in the Basis for Qualified Opinion section of our report***, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.
 - b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - c. The trial balances of the bank branches incorporated into the financial statements duly audited by us have been found adequate for the purpose of our audit.
2. **Subject to the effects of the matter described in the Basis for Qualified Opinion section of our report**, we further report that ;
- a. In our opinion, proper books of accounts as required by law have been kept by the bank as far as it appears from our examination of those books and adequate information in the form of trial balance has been received from branches.
 - b. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - c. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the applicable accounting standards.

For SANKAR & MOORTHY
Chartered Accountants
Firm Registration Number: 003575S

Sd /-

CA JAYAPRAKESH M C
Partner
Membership no: 215562

Place: Kannur
Date: 24.06.2022
UDIN: 22215562ALTHQS6864