

THE MAHARASHTRA URBAN CO-OPERATIVE BANKS' FEDERATION LTD., MUMBAI

Audit Rectification Report

Internal Audit Period 01.04.2021 to 31.03.2022

PRITAM NEVREKAR & ASSOCIATES

Chartered Accountants

23, DEEPASHREE, M.G. ROAD, BHASKAR COLONY,
NAUPADA THANE (W.): - 400 602

S.N.	Particulars	Auditor's Remark	Internal Audit Rectification	Board Resolution No.& Date	Remark																																												
1	2	3	4	5	6																																												
1	ADDITIONS TO FUNDS	<div><div>• FUNDS</div><table><thead><tr><th>Particulars</th><th>Balance as on 31.03.2021</th><th>Balance as on 31.03.2022</th><th>Growth</th></tr></thead><tbody><tr><td>A) Reserve Fund</td><td>94,51,855.00</td><td>96,52,855.00</td><td>2,01,000.00</td></tr><tr><td>B) Building & Development Fund</td><td>3,11,59,701.00</td><td>3,33,59,701.00</td><td>22,00,000.00</td></tr><tr><td>C) Staff Gratuity Fund</td><td>89,13,463.07</td><td>1,09,49,287.07</td><td>20,35,824.00</td></tr><tr><td>D) Staff Leave Encashment Fund</td><td>49,84,081.00</td><td>67,06,483.00</td><td>17,22,402.00</td></tr><tr><td>E) Amortization Fund for Leasehold Premises</td><td>14,75,000.00</td><td>15,25,000.00</td><td>50,000.00</td></tr><tr><td>F) Unforeseen & Contingent Liability Fund</td><td>61,37,000.00</td><td>74,37,000.00</td><td>13,00,000.00</td></tr><tr><td>G) Staff Welfare Fund</td><td>36,44,000.00</td><td>56,44,000.00</td><td>20,00,000.00</td></tr><tr><td>H) Special Reserve for Investment</td><td>32,00,000.00</td><td>0.00</td><td>(32,00,000.00)</td></tr><tr><td>I) Election Reserve Fund</td><td>3,82,000.00</td><td>2,00,000.00</td><td>(1,82,000.00)</td></tr><tr><td>TOTAL</td><td>6,93,47,100.07</td><td>7,54,74,326.07</td><td>61,27,226.00</td></tr></tbody></table></div>	Particulars	Balance as on 31.03.2021	Balance as on 31.03.2022	Growth	A) Reserve Fund	94,51,855.00	96,52,855.00	2,01,000.00	B) Building & Development Fund	3,11,59,701.00	3,33,59,701.00	22,00,000.00	C) Staff Gratuity Fund	89,13,463.07	1,09,49,287.07	20,35,824.00	D) Staff Leave Encashment Fund	49,84,081.00	67,06,483.00	17,22,402.00	E) Amortization Fund for Leasehold Premises	14,75,000.00	15,25,000.00	50,000.00	F) Unforeseen & Contingent Liability Fund	61,37,000.00	74,37,000.00	13,00,000.00	G) Staff Welfare Fund	36,44,000.00	56,44,000.00	20,00,000.00	H) Special Reserve for Investment	32,00,000.00	0.00	(32,00,000.00)	I) Election Reserve Fund	3,82,000.00	2,00,000.00	(1,82,000.00)	TOTAL	6,93,47,100.07	7,54,74,326.07	61,27,226.00	There is overall growth in reserve (after netting off) and other funds. The amount of Special Reserve for Investment is transferred to Income and Expenditure account. Since the remark is for appreciation of the work of the Federation, no compliance is required.	B.R.No. 3 18/07/2022	Agreed
Particulars	Balance as on 31.03.2021	Balance as on 31.03.2022	Growth																																														
A) Reserve Fund	94,51,855.00	96,52,855.00	2,01,000.00																																														
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TOTAL	6,93,47,100.07	7,54,74,326.07	61,27,226.00																																														
		<div><div>• During the year Federation's funds are increased by ₹ 61.27 lakhs.</div></div>	The remark is for appreciation of the work of the Federation, hence no compliance is required.	B.R.No. 3 18/07/2022	Agreed																																												



- Income & Expenditure Account balance of ₹ 8,01,232.10 for the year ended 31.03.2021 is apportioned in the following manner:

Particulars	Amount (₹)
Reserve Fund - 25%	2,01,000.00
Building & Development Fund	2,00,000.00
Unforeseen & Contingent Liability Fund	1,00,000.00
Staff Gratuity Fund	1,00,000.00
Staff Leave Encashment Fund	2,00,000.00
Bal. c/f for the Next Year	232.10
TOTAL	8,01,232.10

The Statement is regarding appropriation of preceding year's profit.

Approval of AGM is obtained on 29.09.2021 for such appropriation.

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- During the year, Federation has made ad-hoc provisions which are as follows:-

Particulars	Amount (₹)
Building & Development Fund	20,00,000.00
Staff Gratuity Fund	20,00,000.00
Staff Leave Encashment Fund	20,00,000.00
Staff Welfare Fund	20,00,000.00
Unforeseen & Contingent Liability Fund	12,00,000.00
TOTAL	92,00,000.00

Noted and post ratification will be obtained in the forthcoming AGM.

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- During the year ₹ 50,000/- transferred to amortization fund of leasehold premises as the Property Lease cost is ₹ 30,00,000/- which is distributed over 60 years of lease period.

The amount of ₹ 50,000/- is amortized every year to cover the lease cost of ₹ 30,00,000/-.

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2	REGISTER MAINTAINED	<ul style="list-style-type: none">We have verified the following registers & our observations are as follows:-<table><tr><th>S.N.</th><th>Name of the Register</th><th>Observation</th></tr><tr><td>1</td><td>Investment Register</td><td>Register is maintained in computer system & updated properly.</td></tr><tr><td>2</td><td>Leave Register</td><td>Register is maintained in computer system & updated properly.</td></tr><tr><td>3</td><td>Attendance Register</td><td>Register is maintained & updated properly.</td></tr><tr><td>4</td><td>Salary Register</td><td>Register is maintained & updated properly.</td></tr></table>	S.N.	Name of the Register	Observation	1	Investment Register	Register is maintained in computer system & updated properly.	2	Leave Register	Register is maintained in computer system & updated properly.	3	Attendance Register	Register is maintained & updated properly.	4	Salary Register	Register is maintained & updated properly.	Since the remark of the auditor is for appreciation, Compliance is not required.	B.R.No. 3 18/07/2022	Agreed
S.N.	Name of the Register	Observation																		
1	Investment Register	Register is maintained in computer system & updated properly.																		
2	Leave Register	Register is maintained in computer system & updated properly.																		
3	Attendance Register	Register is maintained & updated properly.																		
4	Salary Register	Register is maintained & updated properly.																		
3	MINUTE BOOK	<ul style="list-style-type: none">During the year 5 board meetings and 2 sub-committee meetings were held. Secretarial Compliance is done as per Bye-Law.Annual General Meeting was required to be held prior to 30th September 2021, which was held on 29th September, 2021 and Secretarial Compliance is done.	Compliance is not required.	B.R.No. 3 18/07/2022	Agreed															
4	BANK ACCOUNTS	<ul style="list-style-type: none">Apna Sahakari Bank Ltd :- Balance as per GL on 31.03.2022 ₹ 2,91,727.76 Balance as per Bank on 31.03.2022 ₹ 3,14,562.76 Reconciliation has been done as on 31.03.2022 and found correct.	Bal.as per GL ₹ 2,91,727.76 Add: <ul style="list-style-type: none">Payment to Swayam Enterprises on 04.04.2022 ₹ 6,962.00Payment towards Water charges on 21.04.2022 ₹ 15,873.00 Bal. as per Bank ₹ 3,14,562.76	B.R.No. 3 18/07/2022	Agreed															



		<ul style="list-style-type: none"> M.S.C. Bank:- <p>Balance as per GL on 31.03.2022 ₹ 1,92,363.70</p> <p>Balance as per Bank on 31.03.2022 ₹ 2,35,747.70</p> <p>Reconciliation has been done as on 31.03.2022 and found correct.</p>	<p>Bal.as per GL ₹ 1,92,363.70</p> <p>Add:</p> <p>Payment to M/s. Classic ₹ 43,384.00 Cool Services on 27.04.2022</p> <p>Bal. as per Bank ₹ 2,35,747.70</p>		
		<ul style="list-style-type: none"> UCO Bank :- <p>Balance as per GL on 31.03.2022 ₹ 2,43,436.46</p> <p>Balance as per Bank on 31.03.2022 ₹ 2,95,781.46</p> <p>Reconciliation has been done as on 31.03.2022 and found correct.</p>	<p>Bal.as per GL ₹ 2,43,436.46</p> <p>Add:</p> <ul style="list-style-type: none"> Payment to Om Stationery on 02.04.2022 ₹ 29,577.00 Payment to Om Stationery on 02.04.2022 ₹ 9,829.00 Payment towards Electricity on 13.04.2022 ₹ 12,090.00 Payment to Pulse Marketing on 19.04.2022 ₹ 849.00 <p>Bal. as per Bank ₹ 2,95,781.46</p>	B.R.No. 3 18/07/2022	Agreed
		<ul style="list-style-type: none"> Unity Small Finance Bank :- <p>Balance as per GL on 31.03.2022 ₹ 92,29,297.00</p> <p>Balance as per Bank on 31.03.2022 ₹ 92,29,297.00</p> <p>Account is tallied with the Bank statement as on 31.03.2022.</p>	<p>Compliance is not required.</p>	B.R.No. 3 18/07/2022	Agreed



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FIXED ASSETS

- a. We have verified Additions to fixed assets with necessary supporting & found in order.
- b. Fixed assets are depreciated at following rates as considered appropriate by the management.

S.N.	Assets	Depreciation
1.	Furniture & Fixtures	10 % of W.D.V.
2.	Office Equipment	15% of W.D.V.
3.	Computer	33.33% W.D.V.
4.	Library Account	20% W.D.V.
5.	Vehicle	15% of W.D.V.
6.	Air conditioner	15% of W.D.V.
7.	Xerox Machine	15% of W.D.V.

- ♦ Compliance is not required.

- ♦ Depreciation is charged as per the accounting procedure.

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**GENERAL
LEDGER
SCRUTINY**

- Advance Subscription from members is ₹ 1,10,858.18

S.N.	Name of the Bank	Amount (₹)
1.	Abhinandan Urban Co-operative Bank Ltd., Amravati	810.00
2.	Ahmednagar Jilha Nagari Sahakari Bank Asso. Ltd., Ahmednagar	10.00
3.	Babaji Date Mahila Sahakari Bank Ltd., Yavatmal	125.00
4.	Dharmveer Sambhaji Urban Co-operative Bank Ltd., Pune	20,000.00
5.	Dhule & Nandurbar Jilha Sarkari Nokaranchi Sahakari Bank Ltd., Dhule	4,601.18
6.	Janata Co-operative Bank Ltd., Malegaon, Nashik	810.00
7.	Jankalyan Co-operative Bank Ltd., Nashik	3,990.00
8.	Lonavala Sahakari Bank Ltd., Pune	3,314.00

Noted and appropriate measures will be taken to settle these advances.

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OTHER
ASSETS

• Members Subscription as on 31.03.2022

Particulars

Rs.

Members Subscription as on 31.03.2021	86,87,222.00
Less: - Amount collected from members in 2021-22	13,53,003.00

	73,34,219.00
Less: -Members' Subscription reversed from 2010-11 to 2020-21	2,44,966.00
Add: -Members' Subscription receivable for the year 2021-22	27,26,392.00

Total Members' subscription receivable as on 31.03.2022	98,15,645.00
	=====

9.	Nashik District Ind. & Mercantile Co-operative Bank Ltd., Nashik	1,000.00
10.	Pravara Sahakari Bank Ltd., Loni, Ahmednagar	550.00
11.	Shivparvati Mahila Nagari Sahakari Bank Ltd., Parbhani	18,010.00
12.	Shree Panchganga Nagari Sahakari Bank Ltd., Kolhapur	125.00
13.	The Ambika Mahila Sahakari Bank Ltd., Ahmednagar	700.00
14.	The Deccan Merchants Co-operative Bank Ltd., Mumbai	35,000.00
15.	The Malegaon Merchants Co-operative Bank Ltd., Nashik	763.00
16.	The Muslim Co-operative Bank., Pune	1,050.00
17.	The Ojhar Merchants Co-operative Bank Ltd., Nashik	20,000.00
	TOTAL	1,10,858.18

Subscription is collected by the Federation based on previous years' deposits of its member banks.

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- Federation has reversed Members subscription receivable from following Banks as the banks licenses were cancelled by RBI.

Name of Bank	Amount (₹)
The Karad Janata Sahakari Bank Ltd., Satara	70,000.00
Vasantdada Nagari Sahakari Bank Ltd., Usmanabad	14,000.00
Shivam Sahakari Bank Ltd., Ichalkaranji	83,000.00
Karnala Nagri Sahakari Bank Ltd., Raigad	60,000.00
Independence Co-op. Bank Ltd., Nashik	17,966.00

- Federation has accounted members' subscription on receipt basis instead of mercantile basis.

The year wise Outstanding Membership fees as of 31.03.2022 are as follows :

S.N.	Year	Amount (In ₹)
1	2006-07	54,000
2	2007-08	66,000
3	2008-09	67,500
4	2009-10	97,000
5	2010-11	97,500
6	2011-12	1,24,500
7	2012-13	1,60,257
8	2013-14	2,57,000

Membership Subscription Receivables of ₹ 70,000/-, ₹ 14,000, ₹ 83,000, ₹ 60,000 & ₹ 17,966/- are reversed due to cancellation of license of The Karad Janata Sahakari Bank Ltd., Satara, Vasantdada Nagari Sahakari Bank Ltd., Usmanabad, Shivam Sahakari Bank Ltd., Ichalkaranji, Karnala Nagri Sahakari Bank Ltd., Raigad and Independence Co-operative Bank Ltd., Nashik.

Federation has accepted and adopted procedure of accounting subscription on receipt basis instead of mercantile basis.

Federation is continuously sending reminders to the defaulter member banks for the payment of overdue subscription amount. Defaulter member banks are also contacted through telephone to repay the amount.

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9	2014-15	2,78,000
10	2015-16	3,40,000
11	2016-17	4,89,119
12	2017-18	7,87,914
13	2018-19	9,88,747
14	2019-20	13,79,716
15	2020-21	19,02,000
16	2021-22	27,26,392
	Total	98,15,645

- Federation must try to recover this subscription as early as possible.

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**INCOME &
EXPENDITURE
ACCOUNT**

- We have verified accounts with supporting vouchers & found correct.
- The Summary of Income & Expenditure as on 31.03.2022 is as follows :

Particulars	31.03.2021	31.03.2022	Increase/ (Decrease)
INCOME			
Membership Subscription	98,50,159.00	1,02,50,611.00	4,00,452.00
Interest received	35,94,877.00	41,10,147.00	5,15,270.00
Other Income	2,26,494.00	46,76,526.00	44,50,032.00
Total Income (A)	1,36,71,530.00	1,90,37,284.00	53,65,754.00
EXPENDITURE			
Employee Cost	50,63,109.00	53,06,620.00	2,43,511.00
Board of Directors Expenses	91,293.00	3,16,844.00	2,25,551.00

- Increase in gross surplus is mainly due to increase in Membership Subscription, Interest on Investment, and other income.

- Details of increase in income are as under:

➤ **Membership Subscription:**

During the year, due to continuous effort and follow up, the Federation could recover ₹ 102.51 lakhs towards current subscription and arrears of previous years' subscription from its member banks.

➤ **Interest on investment:**

Federation has succeeded in increasing interest on investment

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Office Expenses	3,14,220.00	4,88,600.00	1,74,380.00
Fees, Commission etc.	1,75,964.04	3,15,167.08	1,39,203.04
Property Expense (Rent, Taxes, Insu., Ele., Dep., Rep etc)	7,41,784.00	8,76,768.00	1,34,984.00
Other expenditure	14,77,134.00	16,07,507.00	1,30,373.00
Total Expenditure (B)	78,63,504.04	89,11,506.08	10,48,002.04
Gross Surplus (C = A - B)	58,08,025.96	1,01,25,777.92	43,17,751.96
Transfer to various Funds (D)	50,07,000.00	92,00,000.00	41,93,000.00
NET Surplus (E = C - D)	8,01,025.96	9,25,777.92	1,24,751.96

- During the year, the gross surplus of the Federation is increased by ₹ 43.18 Lakhs which is mainly due to increase in other income.
 - Increase in Other Income is mainly because of following reasons
1. During the year, the Federation has reversed Provision for Special Reserve for Investment amounting to ₹ 32 Lakhs.
 2. The Federation has received ₹ 10,86,500/- as Income from Training as compared to ₹ 1,80,000/- of previous year.

The Federation has accounted members' subscription on receipt basis instead of mercantile basis.

by ₹ 5.15 lakhs i.e. by 14.33%. In addition, the interest on investment also includes the interest receivable on investment with PMC Bank (which is now amalgamated with Unity Small Finance Bank)

➤ **Other income:**

During the year, the Federation had organized various training programmes to create awareness amongst the member banks. So Other income is increased. Further, the amount of Special Reserve created for investment (with PMC Bank) is also transferred to Other income (since the Central Government has sanctioned the Scheme of amalgamation of PMC bank with Unity Small Finance bank, which has come into effect from January 25, 2022).

- During the year, Federation was also succeeded in increasing its other income through sale of books, renting conference hall, conducting examination etc.
- There is overall increase in other income of the Federation by ₹ 44.50 lakhs.

Compliance is not required.

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Agreed



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**CURRENT
LIABILITIES****Sundry Liabilities & Provisions as on 31.03.2022 is ₹9,86,924.58**

We have checked Current Liabilities & the amount represents provisions made for various expenses.

S.N.	Particulars	Amount (₹)
1	Provision for Ex-Gratia	7,21,488.00
2	Electricity Charges Payable	9,291.00
3	Telephone Charges Payable	1,120.00
4	Internal Audit Fees Payable	20,000.00
5	Statutory Audit Fees Payable	9,669.00
6	Staff Security Deposit	66,000.00
7	GST Payable	72,432.58
8	TDS Payable	1,424.00
9	Membership subscription Payable (NAFCUB)	80,000.00
10	Labour Contract Payable	5,500.00
	TOTAL	9,86,924.58

From Sundry Liabilities & Provisions, the following payments are made:

- ♦ Electricity charges are cleared on 04.05.2022.
- ♦ Telephone Charges are cleared on 28.04.2022.
- ♦ Staff Security Deposit of ₹ 15,000/- is cleared on 18.05.2022.
- ♦ GST payable is cleared on 21.04.2022.
- ♦ TDS Payable is cleared on 20.05.2022.
- ♦ Labour contract payable is cleared on 18.05.2022.
- ♦ The balance sundry liabilities & provisions amounting to ₹ 8,82,157/- will be cleared in due course.

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INVESTMENTS

- a. We have physically verified investments receipts and the same were found in order.
b. Fixed deposits as on 31.03.2022 were as follows:

S.N.	Particulars	Amount (₹)
1	G. P. Parsik Janata Sahakari Bank Ltd.	5,00,000.00
2	Apna Sahakari Bank Ltd.	78,000.00
3	TJSB Sahakari Bank Ltd.	55,00,000.00
4	GS Mahanagar Co-operative Bank Ltd.	10,00,000.00
5	The Cosmos Co-operative Bank Ltd.	10,00,000.00

Compliance is not required.

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			<table><tr><td>6</td><td>NKGSB Co-operative Bank Ltd.</td><td>10,00,000.00</td></tr><tr><td>7</td><td>M.S.C. Bank Ltd.</td><td>2,29,00,000.00</td></tr><tr><td>8</td><td>SVC Co-operative Bank Ltd.</td><td>1,00,00,000.00</td></tr><tr><td>9</td><td>The Saraswat Co-operative Bank Ltd.</td><td>90,00,000.00</td></tr><tr><td>10</td><td>Uco Bank Ltd.</td><td>1,07,00,000.00</td></tr><tr><td></td><td>TOTAL</td><td>6,16,78,000.00</td></tr></table>	6	NKGSB Co-operative Bank Ltd.	10,00,000.00	7	M.S.C. Bank Ltd.	2,29,00,000.00	8	SVC Co-operative Bank Ltd.	1,00,00,000.00	9	The Saraswat Co-operative Bank Ltd.	90,00,000.00	10	Uco Bank Ltd.	1,07,00,000.00		TOTAL	6,16,78,000.00	<p>Interest receivable amount on investment is recovered as under:</p> <ul style="list-style-type: none">GS Mahanagar Co-operative Bank Ltd.: The amount of interest receivable of ₹ 14,625/- 04.04.2022.SVC Co-operative Bank Ltd: The amount of interest receivable of ₹ 1,306/- received on 06.04.2022	B.R.No. 3 18/07/2022	Agreed
6	NKGSB Co-operative Bank Ltd.	10,00,000.00																						
7	M.S.C. Bank Ltd.	2,29,00,000.00																						
8	SVC Co-operative Bank Ltd.	1,00,00,000.00																						
9	The Saraswat Co-operative Bank Ltd.	90,00,000.00																						
10	Uco Bank Ltd.	1,07,00,000.00																						
	TOTAL	6,16,78,000.00																						
			<ul style="list-style-type: none">Interest receivable of ₹ 15,931/- on said Investment is properly shown by the Federation.																					

11	GENERAL OBSERVATIONS	<ul style="list-style-type: none"> According to Lease Agreement Point No. 5, the Federation shall not sub- lease the premises. But the Federation has sub leased the part of the premises to The Brihan Mumbai Nagari Sahakari Banks Association & received ₹ 7.45 Lacs as deposit. 	<p>It has been stated in Point No. 5 of the Agreement to Lease executed on July 10, 1993 between Bombay Physical Culture Association and the Maharashtra Urban Co-operative Banks' Federation Ltd., that the Lessee shall not create any sub-lease or put any sub-tenant in the said premises or any part thereof without the written permission of the Lesser save and except the premises about 1000 sq. ft. allotted to The Brihan Mumbai Nagari Sahakari Banks' Association Ltd. This suffice that the sub lease made by the Federation to The Brihan Mumbai Nagari Sahakari Banks' Association Ltd. is as per the clause of Lease Deed.</p>	B.R.No. 3 18/07/2022	Agreed
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				<p>The Brihan Mumbai Nagari Sahakari Banks' Association is a member of the Federation & is a spokesperson body of its member banks in the Mumbai District.</p> <p>Since the Association did not have its own premises to solve the grievances of its member banks which are also the members of the Federation, Federation has subleased a portion of lease premises admeasuring 993 sq.ft. to the Association, as per the clause mentioned in the Lease agreement. (Further kindly also note that since 1994 no objection for sublease has been raised by the lessor.)</p>		
12	GRATITUDE	<ul style="list-style-type: none">We are thankful to the Chairman, Vice-Chairman, Directors, Chief Executive & Secretary and other staff for giving co-operation during the internal audit.	The remark is for expressing gratitude towards Board and staff of the Federation, hence no compliance is required.	B.R.No. 3 18/07/2022	Agreed	

For PRITAM NEVREKAR & ASSOCIATES
CHARTERED ACCOUNTANTS

P. Nevrekar
Proprietor
(FRN 136122W)



Sayali S. Bhoir
Chief Executive & Secretary