

PRITAM NEVREKAR & ASSOCIATES
CHARTERED ACCOUNTANTS

23, Deepashree,
M.G. Road,
Bhaskar Colony, Naupada,
Thane (West) - 400 602.
☎ 9987332185

18/09/2020

To,

The Honorary Chief Executive & Secretary,
The Maharashtra Urban Co-operative Banks' Federation Ltd.,
Bhartiya Krida Mandir, Naigaon,
Wadala Road, Mumbai: 400 031.

Madam,

Sub: Submission of Internal Audit Report for the period from 01.04.2019 to 31.03.2020

We have completed Internal Audit of your Federation for the period from 01.04.2019 to 31.03.2020 and are submitting herewith a copy of it for your perusal.

Thanking you,

For Pritam Nevrekar & Associates
Chartered Accountants

(Pritam A. Nevrekar)

Proprietor

Mem. No. 147450

UDIN: 20147450AAAAAW5559

INTERNAL AUDITOR'S REPORT

We have audited the attached Balance Sheet of **THE MAHARASHTRA URBAN CO-OPERATIVE BANKS' FEDERATION LTD., MUMBAI** as at 31st March, 2020 and also the foregoing Income & Expenditure Account for the year ended up to that date.

These financial statements are the responsibility of the Federation's Management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards subject to the scope of audit as laid down by the Board of Directors. An audit includes examining, on a test check basis, evidence supporting the amounts and disclosures in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

On the basis of the information and explanation given to us, we are of the opinion that:-

1. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. Proper books of account as required by the Act, Rules and Bye-laws of the Federation have been kept by the Federation so far as appears from our examination of the books.
3. The transactions of the Federation which have come to our notice have been within the powers of the Federation.
4. The accounts give the information required by the Act in the manner so required and give a true and fair view :-
 - a) In the case of Balance Sheet, of the state of affairs of the Federation as at 31st March 2020.
 - b) In the case of the Income & Expenditure Statement, of the Surplus for the year ended on the date.

Date: 18/09/2020

Place: Thane

For Pritam Nevrekar & Associates

Chartered Accountants

(Pritam A. Nevrekar)
Proprietor

Mem. No. 147450

UDIN : 20147450AAAAAW5559

THE MAHARASHTRA URBAN CO-OPERATIVE BANKS' FEDERATION LTD.

DISCUSSION CERTIFICATE

This is to certify that the enclosed report of Internal Audit for the year 2019-20 has been discussed with **Mrs. Sayali Bhoir (Chief Executive & Secretary)** as on June 12, 2020 at 12.00 p.m. The irregularities noticed by us were discussed for early remedial action.

Pritam A. Nevrekar
Chartered Accountant
For Pritam Nevrekar & Associates
UDIN: 20147450AAAAAW5559

Sayali S. Bhoir
Chief Executive & Secretary
The Maharashtra Urban Co-op. Banks' Federation Ltd.

THE MAHARASHTRA URBAN CO-OPERATIVE BANKS' FEDERATION LTD.

1) ADDITIONS TO FUNDS

• **FUNDS**

PARTICULARS	BAL. AS ON 31.03.2019	BAL. AS ON 31.03.2020	GROWTH
A) Reserve Fund	90,66,645.00	92,51,755.00	1,85,110.00
B) Building & Development Fund	2,87,09,701.00	3,03,59,701.00	16,50,000.00
C) Staff Gratuity Fund	66,58,890.07	81,63,463.07	15,04,573.00
D) Staff Leave Encashment Fund	30,88,314.00	42,51,541.00	11,63,227.00
E) Amortization Fund for Leasehold Premises	13,75,000.00	14,25,000.00	50,000.00
F) Unforeseen & Contingent Liability Fund	38,50,000.00	55,00,000.00	16,50,000.00
G) Staff Welfare Fund	20,44,000.00	30,44,000.00	10,00,000.00
H) Special Reserve for Investment	NIL	16,00,000.00	16,00,000.00
TOTAL	5,47,92,550.07	6,35,95,460.07	88,02,910.00

- During the year Federation's funds are increased by ₹ 88.03 Lakh.
- Income & Expenditure Account balance of ₹ 7,36,413.27 for the year ended 31.03.2019 is apportioned in following manner.

Particulars	Amount (Rs.)
Reserve Fund - 25%	1,84,110.00
Building & Development Fund	1,50,000.00
Unforeseen & Contingent Liability Fund	1,50,000.00
Staff Gratuity Fund	1,00,000.00
Staff Leave Encashment Fund	1,52,000.00
Bal. C/F for Next Year	303.27
TOTAL	7,36,413.27

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

Particulars	Amount (Rs.)
Building & Development Fund	15,00,000.00
Staff Gratuity Fund	15,00,000.00
Staff Leave Encashment Fund	15,00,000.00
Staff Welfare Fund	10,00,000.00
Unforeseen & Contingent Liability Fund	15,00,000.00
Special Reserve for Investment	16,00,000.00
TOTAL	86,00,000.00

- During the year 2 new members banks joined Federation from whom ₹ 500/- received as Entrance fees per member and the same are added to Reserve Fund.
- 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.

2) REGISTER MAINTAINED:-

- We have verified following registers & our observations are as follows:-

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:

- 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 2019, which was held on 24th September 2019.

4) BANK ACCOUNTS

- **Apna Sahakari Bank Ltd :-**

Balance as per GL on 31.03.2020 ₹ 76,22,309.34

Balance as per Bank on 31.03.2020 ₹ 76,36,526.34

Reconciliation has been done as on 31.03.2020 and found correct.

- **M.S.C. Bank :-**

Balance as per GL on 31.03.2020 ₹ 88,316.70

Balance as per Bank on 31.03.2020 ₹ 88,316.70

Account is tally with bank statement as on 31.3.2020.

- **UCO Bank :-**

Balance as per GL on 31.03.2020 ₹ 62,283.00

Balance as per Bank on 31.03.2020 ₹ 62,283.00

Account is tally with the bank statement as on 31.3.2020.

5) 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) GENERAL LEDGER SCRUTINY:

- Advance Subscription from members is ₹ 1,80,576.18

S.N.	Name of the Bank	Amount (Rs.)
1.	Abhinandan Urban Co-Op. Bank Ltd., Amaravati	810.00
2.	Ahmednagar Jilha Nagari Sahakari Bank Asso. Ltd.	10.00
3.	Babaji Date Mahila Sahakari Bank Ltd., Yavatmal	125.00
4.	Dhule & Nandurbar Jilha Sarkari Nokarnchi SBL	4,601.18
5.	Independence Co-Op. Bank Ltd., Nasik	40.00
6.	Jai Tuljabhavani Urban Co-Op. Bank Ltd.	1,898.00
7.	Janata Co-Op. Bank Ltd., Malegaon	810.00
8.	Jankalyan Sahakari Bank Ltd., Nasik	3,990.00
9.	Lonavala Sahakari Bank Ltd., Pune	3,314.00
10.	Nasik District Industrial & Mercantile CBL	1,000.00
11.	Patan Co-Op. Bank Ltd., Mumbai	2,480.00
12.	Pravara Sahakari Bank Ltd,Loni	550.00
13.	Shivparvati Mahila Nagri SBL, Parbhani	10.00
14.	Shree Panchganga Nagari SBL, Kolhapur	125.00
15.	The Ambika Mahila Sahakari Bank Ltd., Ahmednagar	700.00
16.	The Deccan Merchants Co-Operative Bank Ltd	41,300.00
17.	The Malegaon Merchants Co-Operative Bank Ltd	763.00
18.	The Muslim Co-operative Bank, Pune	1,050.00
19.	Punjab & Maharashtra Co-Operative Bank Ltd	50,000.00
20.	Dharmveer Sambhaji Urban Co-Operative Bank Ltd	20,000.00
21.	The Ojhar Merchants Co-Operative Bank Ltd	47,000.00
	TOTAL	1,80,576.18

7) OTHER ASSETS:-

• Members Subscription as on 31.03.2020

Particulars	Rs.
Members Subscription as on 31.03.2019	59,55,037.00
Add: - Additional Provision done on account of Short Provision for F.Y.2018-19	8,000.00
Less: - Cash Collected from members in 2019-20	12,99,656.00

	46,63,381.00
Less: -Members' Subscription reversed From 2016-17 to 2018-2019	39,000.00
Add: -Members' Subscription receivable for the year 2019-20	24,92,200.00

Total Members' subscription receivable As on 31.03.2020	71,16,581.00

- During the year, Federation has made additional provision of ₹ 8,000/- on account of short provision done of Parshwanath Co-op Bank Ltd, Kolhapur for the F.Y. 2018-19.
- Federation has reversed Members subscription receivable from R.S.Co-op Bank Ltd, Mumbai of ₹ 39,000/- as the said bank is merged with Mehasana Co-op. Bank Ltd., Gujarat.
- Goods & Service Tax amounting to ₹ 24,290/- and Income from Renting Conference Hall amounting to ₹ 1,67,400/- are also receivable from Members which is shown under Sundry Debtors & Other Assets.
- Federation has accounted members subscription on receipt basis instead of mercantile basis.

The year wise Outstanding Membership fees as of 31.03.2020 are as follows

S.N.	Year	Amount (In Rs.)
1.	2006-07	₹ 54,000
2.	2007-08	₹ 66,000
3.	2008-09	₹ 67,500
4.	2009-10	₹ 97,000
5.	2010-11	₹ 1,18,500
6.	2011-12	₹ 1,30,500
7.	2012-13	₹ 1,67,257
8.	2013-14	₹ 2,75,000
9.	2014-15	₹ 3,11,000
10.	2015-16	₹ 3,79,755
11.	2016-17	₹ 5,80,407
12.	2017-18	₹ 9,82,914
13.	2018-19	₹ 13,94,548
14.	2019-20	₹ 24,92,200
	Total	₹ 71,16,581

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

8) INCOME & EXPENDITURE ACCOUNT :

- We have verified accounts with supporting vouchers & found correct.
- The Summary of Income & Expenditure as on 31.03.2020 is as follows

Particulars	31.03.2019	31.03.2020	Increase /(Decrease)
INCOME			
Membership Subscription	95,79,814.00	1,03,55,656.00	7,75,842.00
Interest on Investment	40,48,768.50	45,17,777.00	4,68,008.50
Other Income	19,07,701.00	44,84,076.00	25,76,375.00
Total Income (A)	1,55,36,283.50	1,93,51,509.00	38,15,225.50
EXPENDITURE			
Employee Cost	52,82,249.00	49,20,389.00	(3,61,860.00)
Board of Directors Expenses	5,98,078.00	4,67,068.00	(1,31,010.00)
Office Expenses	9,31,264.30	9,44,438.00	13,173.70
Fees, Commission etc.	1,90,941.63	2,41,248.59	50,306.96
Property Expense (Rent, Taxes, Insu., Ele., Dep etc)	9,00,493.00	8,08,177.00	(92,316.00)
Other expenditure	13,97,059.00	25,70,185.54	11,73,126.54
Total Expenditure (B)	93,00,084.93	99,51,506.13	6,51,421.20
Gross Surplus (C = A - B)	62,36,198.57	94,00,002.87	31,63,804.30
Transfer to various Funds (D)	55,00,000.00	86,00,000.00	31,00,000.00
NET Surplus (E = C - D)	7,36,198.57	8,00,002.87	63,804.30

9) CURRENT LIABILITIES:-

- **Sundry Liabilities & Provisions as on 31.03.2020 is ₹ 11,07,491.58**

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

S.N.	Particulars	Amount (in Rs.)
1.	Provision for Ex-Gratia	6,30,806.00
2.	Electricity Charges Payable	14,000.00
3.	Telephone Charges Payable	3,586.00
4.	Water Charges Payable	4,000.00
5.	Classic Cool Services	9,409.00
6.	Internal Audit Fees Payable	20,000.00
7.	Statutory Audit Fees Payable	9,826.00
8.	Staff Security Deposit	66,000.00
9.	Amount Payable to Swayam Enterprises	2,158.00
10.	Labour Contract Payable	65,354.00
11.	Meeting Expenses Payable	12,180.00
12.	Indian Banks Association Subscription Payable	53,100.00
13.	Miscellaneous Expenses Payable	800.00
14.	News Paper Expenses Payable	1,210.00
15.	Mahalaxmi Enterprises DTDC courier	101.00
16.	Honorarium Fees Payable	2,500.00
17.	GST Payable	80,148.58
18.	TDS Payable (Salary)	64,609.00
19.	TDS Payable (Contract)	2,229.00
20.	Profession Tax Payable	1,200.00
21.	Provident Fund Payable	62,522.00
22.	Provident Fund Administration Charges Payable	1,753.00
	TOTAL	11,07,491.58

10) INVESTMENTS:-

- a. We have physically verified investments receipts and the same were found in order.
- b. Fixed deposits as on 31.03.2020 were as follows.

S.N.	Particulars	Amount (Rs.)
1.	G. P. Parsik Sahakari Bank Ltd.	15,00,000.00
2.	NKGSB Co-op. Bank Ltd.	1,05,00,000.00
3.	Apna Sahakari Bank Ltd.	81,000.00
4.	The Bharat Co-op. Bank Ltd.	65,00,000.00
5.	Bassein Catholic Co-op. Bank Ltd.	1,15,00,000.00
6.	Punjab & Maharashtra Co-op. Bank Ltd.	82,84,716.00
7.	TJSB Sahakari Bank Ltd.	30,00,000.00
8.	The Satara Sahakari Bank Ltd.	19,05,868.00
9.	GS Mahanagar Co-Op Bank Ltd.	10,00,000.00
10.	M.S.C. Bank Ltd.	30,00,000.00
11.	SVC Co-Operative Bank Ltd.	30,00,000.00
12.	The Saraswat Co-Operative Bank Ltd.	20,00,000.00
	TOTAL	5,22,71,584.00

- Interest receivable of ₹ 5,55,175/- on said Investment is properly shown by the Federation.

11) GENERAL OBSERVATIONS:-

- 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 Rs. 7.45 Lacs as deposit.
- We are thankful to the Chairman, Vice-Chairman, Directors, Chief Executive & Secretary and other staff for giving co-operation during the internal audit.
