

# FORM A

## Format of covering letter of the annual audit to be filed with the stock exchanges

1	Name of the company	UCO Bank
2	Annual Financial statement for the year ended	31 <sup>st</sup> March 2014
3	Type of Audit observation	Emphasis of Matter
4	Frequency of Observation	2011 Onwards

*(Signature)*

(J K Garg)  
Executive Director

*(Signature)*

(Arun Kaul)  
Chairman & Managing Director

*(Signature)*

(Manoj Kumar Gupta)  
Chairman-Audit Committee

*(Signature)*

(Anil Kumar)  
General Manager & Chief Financial Officer

For SBA Associates.

Chartered Accountants

Registration No. 308136E

*(Signature)*  
(CA S Mukhopadhyay)  
Partner  
Membership No. 011517

For Ved And Company.

Chartered Accountants

Registration No. 012019N

*(Signature)*  
(CA Pooja Gupta)  
Partner  
Membership No. 098551

For Dass Gupta & Associates.

Chartered Accountants

Registration No. 000112N

*(Signature)*  
(CA Pankaj Mangal)  
Partner  
Membership No. 097890

For Gupta Sharma & Associates.

Chartered Accountants

Registration No. 001466N

*(Signature)*  
(CA Kuldeep Sharma)  
Partner  
Membership No. 080109

For A. Kayes & Co

Chartered Accountants

Registration No. 311149E

*(Signature)*  
(CA Anmol Kayes)  
Partner  
Membership No. 050363

Place: Kolkata

Date: 21.05.2014

**SBA ASSOCIATES**  
Chartered Accountants  
27, Mirza Galib Street,  
5<sup>th</sup> floor  
KOLKATA – 700 016

**GUPTA SHARMA &  
ASSOCIATES**  
Chartered Accountants  
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Trikuta Nagar,  
Jammu-180 012,

**VED AND COMPANY**  
Chartered Accountants  
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Opp. Clock Tower,  
G.T. Road,  
Ghaziabad – 201 001

**A. KAYES & CO**  
Chartered Accountants  
231, Kamalalaya Centre  
(2<sup>nd</sup> & 3<sup>rd</sup> Floor)  
156A, Lenin Sarani,  
Kolkata – 700 013

**DASS GUPTA &  
ASSOCIATES**  
Chartered Accountants,  
B-4, Gulmohar Park  
New Delhi – 110 049

### INDEPENDENT AUDITORS' REPORT

To  
The President of India  
Report On The Financial Statements

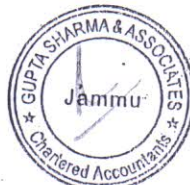
1. We have audited the accompanying financial statements of UCO BANK as at 31<sup>st</sup> March, 2014, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, and Profit and Loss Account and the Cash Flow Statement for the year then ended; and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 21 branches inclusive of one treasury branch audited by us and 914 branches (including Service branches) audited by branch auditors and 4 foreign branches audited by overseas local auditors. The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 1956 branches which have not been subjected to audit. These unaudited branches account for 8.70 per cent of advances, 30.30 per cent of deposits, 7.02 per cent of interest income and 32.42 per cent of interest expenses.

#### **Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation of these financial statements in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and to disclose the information as may be necessary to conform to forms 'A & B' respectively of the Third Schedule to the Banking Regulation Act, 1949. These financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the 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**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.





4. 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 judgement, 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### 6. *Emphasis of Matter*

Without qualifying our opinion:

a) We draw attention to Note No. 9.2 in Schedule 18 to the financial statements stating changes in accounting policy for accounting of commission earned on Letter of Credit, Guarantee Issued and Interest on Usance Bills from realization basis to accrual basis in compliance with Accounting Standard -9 (AS-9) on Revenue Recognition. Had there been no such change in the said Accounting Policy and uniform accounting policy was followed, the profit of the Bank for the current year would have been increased by Rs. 142.88 crores. The Bank as stated, in aforesaid note, that exercise is under process for ascertaining the impact on account of transition to the new system pertaining to the transactions accounted for under the old system and the necessary adjustment, if any, will be carried out as and when the impact is ascertained.

b) We draw attention to Note No. 9.3 in Schedule 18 to the financial statements stating deferment of Pension and Gratuity Liability of the Bank to the extent of Rs. 160.07 crores pursuant to the exemption granted by Reserve Bank of India to the Public Sector Banks from application of the provisions of Accounting Standard - 15 (AS-15) on "Employee Benefits" vide its circular No. DBOD.BC/80/21.04.018/2010-11 dated 09.02.2011 on reopening of Pension Option to Employees of Public Sector Banks

#### Opinion

7. In our opinion, as shown by books of the bank, and to the best of our information and according to the explanations given to us:

(i) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31st March 2014 in conformity with accounting principles generally accepted in India;

(ii) the Profit and Loss Account, read with the notes thereon shows a true balance of profit, in conformity with accounting principles generally accepted in India, for the year covered by the account; and

(iii) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.





## Report on Other Legal and Regulatory Requirements

8. In our opinion, 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 is in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949-read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013

9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and subject also to the limitations of disclosure required therein, 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 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 returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.

10. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards.

For SBA Associates.  
Chartered Accountants  
Registration No. 308136E

(CA S Mukhopadhyay)  
Partner  
Membership No. 011517



For Ved And Company.  
Chartered Accountants  
Registration No. 012019N

(CA Pooja Gupta)  
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For Dass Gupta & Associates.  
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For A. Kayes & Co  
Chartered Accountants  
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(CA Amrul Kayes)  
Partner  
Membership No. 050363



Place: Kolkata  
Date: 21<sup>st</sup> May, 2014