

BANGLADESH BANK'S ACCOUNTS FOR 2007-2008

12.1 The financial result of operations of Bangladesh Bank for FY08 prepared in accordance with International Financial Reporting Standards (IFRSs) approved by the International Accounting Standard Board (IASB). During the year the accounts of Security Printing Corporation (Bangladesh) Ltd. (SPCL), a 100% owned subsidiary of Bangladesh Bank, has been consolidated with the accounts of Bangladesh Bank. The executive summary of Accounts of Bangladesh Bank (excluding SPCL) is represented below:

Income

12.2 The total income of the Bank for FY08 increased by Taka 18.0 billion (41.2 percent) to Taka 61.7 billion compared to Taka 43.7 billion in FY07. The increase in income was mainly due to increase in income from foreign investment and revaluation gain. The sources of income are set out in Table 12.1.

Income from Foreign Currency Financial Assets

12.3 During FY08 Bank's income from the foreign currency financial assets increased by Taka 5.0 billion (39.06 percent) to Taka 17.8 billion in FY08 compared to Taka 12.8 billion in FY07 due to increase in foreign investments.

Income from Local Currency Financial Assets

12.4 Local income increased by Taka 0.6 billion (2.6 percent) to Taka 23.7 billion in FY08 compared to Taka 23.1 billion in FY07.

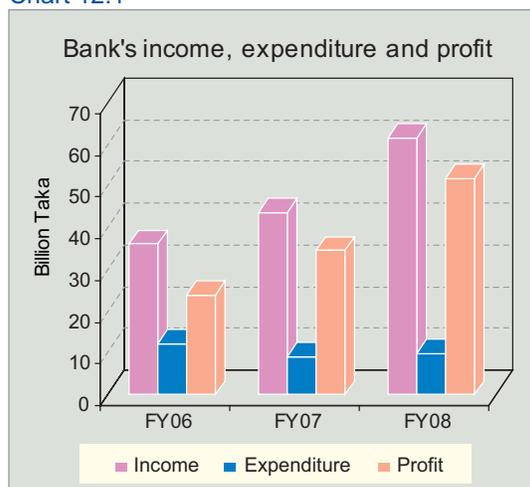
Revaluation Gain

12.5 Revaluation gain increased by Taka 12.4 billion (158.97 percent) to Taka 20.2 billion in

Table 12.1 Sources of income

(Billion Taka)		
	FY08	FY07
A. Income from foreign currency financial assets	17.8	12.8
Interest income	17.0	11.4
Commission and discounts	0.8	1.4
B. Income from local currency financial assets	23.7	23.1
Interest income	22.4	22.1
Commission & discounts	0.3	0.1
Dividend income & misc.	0.1	-
Write back of impairment	0.9	0.9
C. Revaluation gain	20.2	7.8
Foreign exchange	18.0	7.6
Gold and Silver	2.2	0.2
Total : (A+B+C)	61.7	43.7

Chart 12.1



FY08 compared to Taka 7.8 billion in FY07. Foreign exchange revaluation gain increased due to movement of conversion rates of Taka against major currencies. Gold revaluation increased due to increase in gold value in the international market.

Expenditure

12.6 Total expenditure of the Bank increased by Taka 0.9 billion (10 percent) to Taka 9.9 billion in FY08 compared to Taka 9.0 billion in FY07. The increase in expenditure was mainly due to increase in administrative cost. The details of expenditure are shown in Table 12.2.

Financial Cost

12.7 Financial cost remained same level at Taka 5.5 billion in FY 08 with that of FY 07.

Administrative Cost

12.8 Administrative cost increased by Taka 0.9 billion (25.71 percent) to Taka 4.4 billion in FY08 compared to Taka 3.5 billion in FY07. Administrative cost increased due to increase in staff cost and note printing cost.

Net Profit

12.9 Net profit of the bank increased by Taka 17.2 billion (49.7 percent) to Taka 51.8 billion in FY08 compared to Taka 34.6 billion in FY07.

Profit Appropriation

12.10 Out of the net profit (51.8 billion) an amount of Taka 10.5 billion and 2.2 billion were transferred to foreign exchange revaluation reserve and Gold and silver revaluation reserve respectively. An amount of Taka 7.5 billion was transferred to currency fluctuation reserve. Taka 4.2 billion were transferred to statutory funds, interest reserve account and other funds. The surplus profit amount of Taka 27.4 billion was transferred to the Govt. account, which is Taka 5.5 billion higher compared to the previous year.

Combined Balance Sheet of Banking and Issue Department

Assets

12.11 Foreign currency financial assets increased by Taka 75.8 billion (21.7 percent) to Taka 424.4 billion in FY08 compared to Taka 348.6 billion in FY07 due to increase in foreign reserves and revaluation of foreign assets.

Table 12.2: Bank's expenditure

(Billion Taka)		
Particulars	FY08	FY07 ^R
A. Financial cost	5.5	5.5
Interest paid on deposits	1.8	1.9
Interest paid on ACU	0.7	0.7
Interest and commission paid to IMF	0.5	0.3
Interest paid on BB bill	0.8	0.5
Agency charges	1.2	0.9
Others (Commission paid on reverse repo)	0.5	1.2
B. Administrative cost	4.4	3.5
Staff cost	2.4	1.8
Note printing	1.1	0.9
Other related expenses	0.9	0.8
Total expenditure (A+B)	9.9	9.0
R= Revised		

12.12 Local currency financial assets increased by Taka 6.6 billion (1.94 percent) to Taka 347.1 billion in FY08 compared to Taka 340.5 billion in FY07. The result was mainly due to increase in loans to banks, financial institutions and employees from Taka 76.0 billion in FY07 to Taka 82.7 billion in FY08.

12.13 Non financial assets of the Bank remained in the same level at Taka 15.2 billion in FY08 compared to that of FY07.

Liabilities

12.14 On the liabilities side, foreign currency financial liabilities increased by Taka 36.9 billion (33.03 percent) to Taka 148.6 billion in FY08 from Taka 111.7 billion in FY07. The increase was due to increase in loan under the Poverty Reduction and Growth Facility (PRGF) and Emergency Natural Disaster Assistance programme. Deposits from banks and financial institutions in foreign currency clearing account and liabilities with Asian Clearing Union (ACU) increased by Taka 20.2 billion (27.86 percent) to Taka 92.7 billion in FY08 from Taka 72.5 billion in FY07.

12.15 Local currency financial liabilities increased by Taka 25.3 billion (5.58 percent) to Taka 478.9 billion in FY08 compared to Taka 453.6 billion in FY07 due to increase in Notes in Circulation.

12.16 Non financial liabilities decreased by Taka 1.2 billion (1.94 percent) to Taka 60.8 billion in FY08 compared to Taka 62.0 billion in FY07. Surplus Profit payable to the Government increased by Taka 5.5 billion (24.7 percent) to Taka 27.4 billion in FY08 compared to Taka 21.9 billion in FY07.

Equity

12.17 Total equity of the Bank increased by Taka 21.4 billion to Taka 98.4 billion in FY08 compared to the previous year of Taka 77.0 billion. The equity of the Bank is enumerated below:

- i. Capital of the Bank remained unchanged at Taka 0.03 billion;
- ii. Appreciation in property, plant and equipment remained unchanged at Taka 7.9 billion;
- iii. Appreciation on gold and silver reserves increased from Taka 4.0 billion to Taka 6.3 billion;
- iv. Appreciation on foreign currency reserves increased from Taka 43.7 billion to Taka 54.2 billion;
- v. Balance of statutory fund decreased from Taka 12.2 billion to Taka 11.7 billion;
- vi. General reserve remained unchanged at Taka 4.3 billion;
- vii. Interest reserve fund increased from Taka 3.8 billion to Taka 5.2 billion;

viii. Asset renewal and replacement reserve increased from Taka 1.1 billion to Taka 1.3 billion;

ix. Currency fluctuation reserve was created of an amount of Taka 7.5 billion

Foreign currency reserve

12.18 Foreign currency reserve increased by Taka 72.1 billion (20.64 percent) to Taka 421.4 billion in FY08 compared to Taka 349.3 billion in FY07, which was due to increase in foreign currency reserve.

Notes in Circulation

12.19 Notes in circulation increased by Taka 68.3 billion to Taka 351.9 billion in FY08 compared to Taka 283.6 billion in FY07. The liabilities for notes in circulations amounting to Taka 351.9 billion were backed by gold and silver Taka 4.0 billion, foreign currencies Taka 120.0 billion, Government securities Taka 196.5 billion, Bangladesh coins Taka 0.3 billion and other domestic assets Taka 31.1 billion.

Auditors

12.20 The financial statements of Bangladesh Bank for the year 2007-2008 were audited as per International Standards on Auditing (ISA) by Hoda Vasi Chowdhury & Co Chartered Accountants, an independent correspondent firm to Deloitte Touche Tohmatsu and A. Qasem & Co. Chartered Accountants, an associated firm of PriceWaterHouseCoopers.

BANGLADESH BANK
REPORT AND FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED
30 JUNE 2008

Independent Auditors' Report

To the Government of the People's Republic of Bangladesh

We have audited the accompanying financial statements of Bangladesh Bank, which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), The Bangladesh Bank Order-1972, Banking & Issue Department Manuals of Bangladesh Bank as amended upto the date, relevant circulars issued by the Bank . This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Bangladesh Bank as of 30 June 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, The Bangladesh Bank Order-1972, Banking & Issue Department Manuals of Bangladesh Bank as amended upto the date, relevant circulars issued by the Bank and other laws & regulations as applicable to the Bank.

Further to our opinion in the above paragraph, we also 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 made due verification thereof;

- b) in our opinion, proper books of account as required by law have been kept by Bangladesh Bank so far it appears from our examination of such books; and
- c) Bangladesh Bank's balance sheet and income statement dealt with by the report are in agreement with the books of account and returns.

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, 20 August 2008

A. Qasem & Co.
Chartered Accountants

<i>Reference</i> IAS 1.8(a), 104& IAS 27.9		Bangladesh Bank		Consolidated Balance Sheet As at 30 June 2008	
ASSETS		Notes	2008	Restated	2007
			<i>Taka '000</i>	<i>Taka '000</i>	
Foreign currency financial assets					
IAS 1.68(d)	Foreign currency accounts	4	100,917,882	38,994,590	
IAS 1.68(b)	Foreign investments	5	311,749,987	303,827,356	
IAS 1.68(d)	Assets held with IMF	6	81,556	186,759	
IAS 1.68(d)	Other foreign assets	7	11,630,501	5,555,341	
			424,379,926	348,564,046	
Local currency financial assets					
IAS 1.68(i)	Cash and cash equivalents	8a	1,672,210	1,197,578	
IAS 1.68(h)	Loans to the government	9	10,000,000	10,000,000	
IAS 1.68(d)	Government of Bangladesh - overdraft and treasury bills	10	245,186,523	245,000,318	
IAS 1.68(b)	Investments in shares and debentures	11a	9,491,934	9,799,245	
IAS 1.68(h)	Loan to banks, financial institutions and employees	12	82,715,213	76,049,727	
			349,065,880	342,046,868	
	Total financial assets		773,445,806	690,610,914	
Non financial assets					
IAS 1.68(g)	Inventory	13	4,008,588	2,799,805	
IAS 1.68(a)	Property, plant and equipment	14a	11,477,460	10,014,401	
IAS 1.69, 71(a)	Other domestic assets	15a	2,569,533	3,910,071	
			18,055,581	16,724,277	
	Total assets		791,501,387	707,335,191	
Liabilities & Equity					
Foreign currency financial liabilities					
IAS 1.68(l)	Liabilities with the IMF	6	54,796,116	37,952,641	
IAS 1.68(l)	Deposits from banks and financial institutions	16	92,739,357	72,491,978	
IAS 1.68(l)	Other foreign liabilities	17	1,107,809	1,237,753	
			148,643,282	111,682,372	
Local currency financial liabilities					
IAS 1.68(l)	Notes in circulation	18	351,887,365	283,634,842	
IAS 1.68(j)	Short term borrowings	19	7,950,000	63,662,719	
IAS 1.68(j)	Deposits from banks and financial institutions	20	119,065,771	106,304,143	
			478,903,136	453,601,704	
	Total financial liabilities		627,546,418	565,284,076	
Non financial liabilities					
IAS 1.69, 71(a)	Other domestic liabilities	21a	61,004,210	62,236,885	
			61,004,210	62,236,885	
	Total liability		688,550,628	627,520,961	
Equity					
IAS 1.68(p), 75(e)	Capital	22	30,000	30,000	
IAS 1.68(p), 75(e)	Revaluation reserve – gold and silver	23	6,263,691	4,035,471	
IAS 1.68(p), 75(e)	Revaluation reserve – foreign currency accounts	24	54,231,987	43,741,369	
IAS 1.68(p), 75(e)	Currency fluctuation reserve	25	7,512,084	-	
IAS 1.68(p), 75(e)	Revaluation reserve- property, plant and equipment		9,266,286	7,918,489	
IAS 1.69, 75(e)	Statutory funds	26	11,717,046	12,167,046	
IAS 1.68(p), 75(e)	Asset renewal and replacement reserve		1,286,400	1,120,000	
IAS 1.68(p), 75(e)	Interest reserve	27	5,206,921	3,761,241	
IAS 1.68(p), 75(e)	General reserve	28	4,250,500	4,250,500	
IAS 1.68(p)	Retained earnings		3,185,844	2,790,114	
			102,950,759	79,814,230	
	Total liabilities and equity		791,501,387	707,335,191	

The accompanying notes from 1 to 51 form an integral part of these financial statements.

Md. Amzad Hossain General Manager Accounts and Budgeting Dept.	Ziaul Hassan Siddiqui Deputy Governor	Dr. Salehuddin Ahmed Governor
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Reference IAS 1.8(a), 104		Bangladesh Bank Balance Sheet As at 30 June 2008		
			2008	Restated
ASSETS			2008	2007
		Notes	<i>Taka '000</i>	<i>Taka '000</i>
Foreign currency financial assets				
IAS 1.68(d)	Foreign currency accounts	4	100,917,882	38,994,590
IAS 1.68(b)	Foreign investments	5	311,749,987	303,827,356
IAS 1.68(d)	Assets held with IMF	6	81,556	186,759
IAS 1.68(d)	Other foreign assets	7	11,630,501	5,555,341
			424,379,926	348,564,046
Local currency financial assets				
IAS 1.68(i)	Cash and cash equivalents	8	317,643	175,413
IAS 1.68(h)	Loans to the government	9	10,000,000	10,000,000
IAS 1.68(d)	Government of Bangladesh - overdraft and treasury bills	10	245,186,523	245,000,318
IAS 1.68(b)	Investments in shares and debentures	11	8,919,167	9,302,500
IAS 1.68(h)	Loan to banks, financial institutions and employees	12	82,715,213	76,049,727
			347,138,546	340,527,958
	Total financial assets		771,518,472	689,092,004
Non financial assets				
IAS 1.68(g)	Inventory	13	4,008,588	2,799,805
IAS 1.68(a)	Property, plant and equipment	14	9,827,702	9,641,365
IAS 1.69,71(a)	Other domestic assets	15	1,389,194	2,821,159
			15,225,484	15,262,329
	Total assets		786,743,956	704,354,333
Liabilities & Equity				
Foreign currency financial liabilities				
IAS 1.68(l)	Liabilities with the IMF	6	54,796,116	37,952,641
IAS 1.68(l)	Deposits from banks and financial institutions	16	92,739,357	72,491,978
IAS 1.68(l)	Other foreign liabilities	17	1,107,809	1,237,753
			148,643,282	111,682,372
Local currency financial liabilities				
IAS 1.68(l)	Notes in circulation	18	351,887,365	283,634,842
IAS 1.68(j)	Short term borrowings	19	7,950,000	63,662,719
IAS 1.68(j)	Deposits from banks and financial institutions	20	119,065,771	106,304,143
			478,903,136	453,601,704
	Total financial liabilities		627,546,418	565,284,076
Non financial liabilities				
IAS 1.69,71(a)	Other domestic liabilities	21	60,780,420	62,046,141
			60,780,420	62,046,141
	Total liabilities		688,326,838	627,330,217
Equity				
IAS 1.68(p), 75(e)	Capital	22	30,000	30,000
IAS 1.68(p), 75(e)	Revaluation reserve – gold and silver	23	6,263,691	4,035,471
IAS 1.68(p), 75(e)	Revaluation reserve – foreign currency accounts	24	54,231,987	43,741,369
IAS 1.68(p), 75(e)	Currency fluctuation reserve	25	7,512,084	-
IAS 1.68(p), 75(e)	Revaluation reserve – property, plant and equipment		7,918,489	7,918,489
IAS 1.69, 75(e)	Statutory funds	26	11,717,046	12,167,046
IAS 1.68(p), 75(e)	Asset renewal and replacement reserve		1,286,400	1,120,000
IAS 1.68(p), 75(e)	Interest reserve	27	5,206,921	3,761,241
IAS 1.68(p), 75(e)	General reserve	28	4,250,500	4,250,500
			98,417,118	77,024,116
	Total liabilities and equity		786,743,956	704,354,333

The accompanying notes from 1 to 51 form an integral part of these financial statements.

Md. Amzad Hossain General Manager Accounts & Budgeting Department	Ziaul Hassan Siddiqui Deputy Governor	Dr. Salehuddin Ahmed Governor
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<i>Reference</i> IAS 1.8(b), 104 & IAS 27.9		Bangladesh Bank		
		Consolidated Income Statement For the year ended 30 June 2008		
			2008	Restated 2007
Income		Notes	<i>Taka '000</i>	<i>Taka '000</i>
Income from foreign currency financial assets				
<i>IFRS 7.20(b)</i>	Interest income	29	17,038,600	11,360,081
<i>IFRS 7.20(c)</i>	Commission and discounts	30	776,330	1,390,458
			17,814,930	12,750,539
Income from local currency financial assets				
<i>IFRS 7.20(a)</i>	Interest income	33a	22,614,405	22,280,992
<i>IFRS 7.20(c)</i>	Commission and discounts	34	364,443	72,932
<i>IAS 1.83</i>	Dividend income		50,000	-
<i>IAS 1.83</i>	Sales		1,124,319	905,020
<i>IAS 1.83</i>	Miscellaneous income		6,588	6,930
			24,159,755	23,265,874
Total income			41,974,685	36,016,413
Expenses				
Expenses on foreign currency financial liabilities				
<i>IAS 1.68(d)</i>	Interest expense	31	(2,822,212)	(2,760,705)
<i>IAS 1.68(d)</i>	Commission and other expenses	32	(207,437)	(222,784)
			(3,029,649)	(2,983,489)
Expenses on local currency financial liabilities				
<i>IFRS 7.20(b)</i>	Interest expense	35	(798,480)	(526,432)
<i>IAS 1.83</i>	Commission and other expenses	36	(1,708,255)	(1,977,582)
			(2,506,735)	(2,504,014)
Other expenses				
<i>IFRS 7.20(d)</i>	Provision for impairment		875,003	886,789
<i>IAS 1.83</i>	General and administrative expenses	37a	(5,339,259)	(4,269,186)
			(4,464,256)	(3,382,397)
Total expenses			(10,000,640)	(8,869,900)
Operational surplus			31,974,045	27,146,513
Revaluation gain				
<i>IAS 1.83</i>	Gold revaluation gain		2,168,017	221,851
<i>IAS 1.83</i>	Silver revaluation gain		60,203	17,278
<i>IAS 1.83</i>	Realised foreign exchange revaluation gain		7,512,084	-
<i>IAS 1.83</i>	Foreign exchange revaluation gain		10,490,618	7,600,281
			20,230,922	7,839,410
<i>IAS 1.81(f)</i>	Profit for the year		52,204,967	34,985,923

The accompanying notes from 1 to 51 form an integral part of these financial statements.

Md. Amzad Hossain General Manager Accounts & Budgeting Department	Ziaul Hassan Siddiqui Deputy Governor	Dr. Salehuddin Ahmed Governor
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Reference		Bangladesh Bank		
IAS 1.8(b),104		Income Statement For the year ended 30 June 2008		
			2008	Restated
		Notes	Taka '000	2007
				Taka '000
Income				
Income from foreign currency financial assets				
IFRS 7.20(b)	Interest income	29	17,038,600	11,360,081
IFRS 7.20(c)	Commission and discounts	30	776,330	1,390,458
			17,814,930	12,750,539
Income from local currency financial assets				
IFRS 7.20(a)	Interest income	33	22,384,359	22,126,514
IFRS 7.20(c)	Commission and discounts	34	364,443	72,932
IAS 1.83	Dividend income		50,000	-
IAS 1.83	Miscellaneous income		6,588	4,716
			22,805,390	22,204,162
Total income			40,620,320	34,954,701
Expenses				
Expenses on foreign currency financial liability				
IFRS 7.20(b)	Interest expense	31	(2,822,212)	(2,760,705)
IAS 1.83	Commission and other expenses	32	(207,437)	(222,784)
			(3,029,649)	(2,983,489)
Expenses on local currency financial liability				
IFRS 7.20(b)	Interest expense	35	(798,480)	(526,432)
IAS 1.83	Commission and other expenses	36	(1,708,255)	(1,977,582)
			(2,506,735)	(2,504,014)
Other expenses				
IFRS 7.20(d)	Provision for impairment		875,003	886,789
IAS 1.83	General and administrative expenses	37	(4,430,624)	(3,587,632)
			(3,555,621)	(2,700,843)
Total expenses			(9,092,005)	(8,188,346)
Operational surplus			31,528,315	26,766,355
Revaluation gain				
IAS 1.83	Gold revaluation gain		2,168,017	221,851
IAS 1.83	Silver revaluation gain		60,203	17,278
IAS 1.83	Realised foreign exchange revaluation gain		7,512,084	-
IAS 1.83	Foreign exchange revaluation gain		10,490,618	7,600,281
			20,230,922	7,839,410
IAS 1.81(f)	Profit for the year		51,759,237	34,605,765

The accompanying notes from 1 to 51 form an integral part of these financial statements.

Md Amzad Hossain General Manager Accounts & Budgeting Department	Ziaul Hassan Siddiqui Deputy Governor	Dr. Salehuddin Ahmed Governor
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Bangladesh Bank													
Consolidated Statement of Changes in Equity For the year ended 30 June 2008													
Particulars	Capital	Revaluation reserve					Currency fluctuation reserve	Statutory fund	Asset renewal and replacement reserve	Interest reserve	General reserve	Retained earnings	Total
		Gold and silver	Foreign currency accounts	Property, plant and equipment									
<i>IAS 1.97</i> Balance as at 1 July 2006	30,000	3,796,342	36,141,088	7,918,993	-	11,617,046	-	-	2,595,966	30,000	2,409,956	64,539,391	
<i>IAS 1.96(d)</i> Reclassification of general provision	-	-	-	-	-	-	-	-	-	4,220,500	-	4,220,500	
<i>IAS 1.97</i> Restated balance as at 1 July 2006	30,000	3,796,342	36,141,088	7,918,993	-	11,617,046	-	-	2,595,966	4,250,500	2,409,956	68,759,891	
<i>IAS 1.96(a)</i> Profit for the year	-	-	-	(504)	-	-	-	-	-	-	34,985,923	34,985,923	
<i>IAS 1.96(b)</i> Revaluation adjustment	-	-	-	-	-	-	-	-	-	-	504	-	
<i>IFRIC 1.6(d)</i> Appropriation to other reserves	-	239,129	7,600,281	-	-	550,000	-	-	1,165,275	-	(9,554,685)	-	
Transferred to other funds	-	-	-	-	-	2,000,000	-	1,120,000	-	-	(3,120,000)	-	
Transfer to other domestic liabilities (SME fund)	-	-	-	-	-	(2,000,000)	-	-	-	-	-	(2,000,000)	
Distribution to Government	-	-	-	-	-	-	-	-	-	-	(21,931,584)	(21,931,584)	
<i>IAS 1.97</i> Balance as at 30 June 2007	30,000	4,035,471	43,741,369	7,918,489	-	12,167,046	-	1,120,000	3,761,241	4,250,500	2,790,114	79,814,230	
<i>IAS 1.96(c)</i> Distributed as dividend	-	-	-	-	-	-	-	-	-	-	(50,000)	(50,000)	
<i>IAS 1.96(a)</i> Profit for the year	-	-	-	-	-	-	-	-	-	-	52,204,967	52,204,967	
Revaluation adjustment/surplus	-	-	-	1,347,797	-	-	-	-	-	-	-	1,347,797	
<i>IFRIC 1.6(d)</i> Appropriation to other reserves	-	2,228,220	10,490,618	-	7,512,084	550,000	-	166,400	1,445,680	-	(22,393,002)	-	
Transferred to other funds	-	-	-	-	-	2,000,000	-	-	-	(2,000,000)	-	-	
Transferred to other domestic liabilities (SME fund)	-	-	-	-	-	(1,000,000)	-	-	-	-	-	(1,000,000)	
Transferred to other domestic liabilities (HR fund)	-	-	-	-	-	(2,000,000)	-	-	-	-	-	(2,000,000)	
Distribution to Government	-	-	-	-	-	-	-	-	-	-	(27,366,235)	(27,366,235)	
<i>IAS 1.97</i> Balance as at 30 June 2008	30,000	6,263,691	54,231,987	9,266,286	7,512,084	11,777,046	1,286,400	1,286,400	5,206,921	4,250,500	3,185,844	102,990,759	

Bangladesh Bank													
Consolidated Statement of Changes in Equity For the year ended 30 June 2008													
Reference	Particulars	Capital	Revaluation reserve				Currency fluctuation reserve	Statutory fund	Asset renewal and replacement reserve	Interest reserve	General reserve	Retained earnings	Total
			Gold and silver	Foreign currency accounts	Property, plant and equipment								
IAS 1.97	Balance as at 1st July 2006	30,000	3,796,342	36,141,088	7,918,993	-	11,617,046	-	2,595,966	30,000	-	62,129,435	
IAS 1.96(d)	Reclassifications of general provision	-	-	-	-	-	-	-	-	4,220,500	-	4,220,500	
IAS 1.97	Restated balance as at 1 July 2006	30,000	3,796,342	36,141,088	7,918,993	-	11,617,046	-	2,595,966	4,250,500	-	66,349,935	
IAS 1.96(e)	Profit for the year	-	-	-	(504)	-	-	-	-	-	34,605,765	34,605,765	
IAS 1.96(b)	Revaluation adjustment	-	-	-	-	-	-	-	-	-	504	-	
IFRIC 1.6(d)	Appropriation to other reserves	-	239,129	7,600,281	-	-	550,000	-	1,165,275	-	(9,554,685)	-	
	Transferred to other funds	-	-	-	-	-	2,000,000	1,120,000	-	-	(3,120,000)	-	
	Transferred to other domestic liabilities (SME fund)	-	-	-	-	-	(2,000,000)	-	-	-	-	(2,000,000)	
	Distribution to Government	-	-	-	-	-	-	-	-	-	(21,931,584)	(21,931,584)	
IAS 1.97	Balance as at 30 June 2007	30,000	4,035,471	43,741,369	7,918,489	-	12,167,046	1,120,000	3,761,241	4,250,500	-	77,024,116	
IAS 1.96(e)	Profit for the year	-	-	-	-	-	-	-	-	-	51,759,237	51,759,237	
IFRIC 1.6(f)	Appropriation to other reserves	-	2,228,220	10,490,618	-	7,512,084	550,000	166,400	1,445,680	-	(22,393,002)	-	
	Transferred to other funds	-	-	-	-	-	2,000,000	-	-	-	(2,000,000)	-	
	Transferred to other domestic liabilities (SME fund)	-	-	-	-	-	(1,000,000)	-	-	-	-	(1,000,000)	
	Transferred to other domestic liabilities (HR fund)	-	-	-	-	-	(2,000,000)	-	-	-	-	(2,000,000)	
	Distribution to Government	-	-	-	-	-	-	-	-	-	(27,366,235)	(27,366,235)	
IAS 1.97	Balance as at 30 June 2008	30,000	6,263,691	54,231,987	7,918,489	7,512,084	11,717,046	1,286,400	5,206,921	4,250,500	-	98,417,118	

Reference IAS 1.8(d) & IAS 27.9	Bangladesh Bank Consolidated Cash Flow Statement For the year ended 30 June 2008	<u>2008</u> <i>Taka '000</i>	<u>2007</u> <i>Taka '000</i>
	A) Cash flows from operating activities		
IAS 27.9			
IAS 7.31	Interest received	38,348,837	31,047,246
IAS 7.31	Interest paid	(3,907,204)	(3,020,002)
IAS 7.14(a)	Receipts from customers	1,124,319	905,020
IAS 7.14(b)	Fees, commission and other income received	414,434	810,813
IAS 7.14(c)	Commission and discounts paid	(1,915,692)	(2,200,366)
IAS 7.14(g)	Realized foreign exchange revaluation gain/(loss)	7,512,084	-
IAS 7.14(d)	Payments to employees and suppliers	(5,258,692)	(3,632,539)
	(Increase)/decrease in operating assets:		
	Funds advanced to customers	(6,365,370)	687,882
	Other assets	1,444,507	(1,803,668)
	Increase/(decrease) in operating liabilities:		
	Deposits from commercial banks	32,879,063	30,360,225
	Other liabilities	(7,891,271)	11,157,482
IAS 7.10	<i>Net cash inflow/(outflow) from operating activities</i>	56,385,015	64,312,093
	B) Cash flows from investing activities		
IAS 7.10			
IAS 7.31	Dividends received	50,000	-
IAS 7.16(b)	Investments income	2,042,386	5,932,072
IAS 7.16(b)	Investments in foreign treasury bills and bonds	22,384,336	(9,523,923)
IAS 7.16(a)	Other investments	(5,694,473)	(698,844)
IAS 7.16(a)	Investments in Govt. Securities	(186,205)	(13,182,880)
IAS 7.16(a)	Short term investments	(29,278,160)	(97,741,596)
IAS 7.16(a)	Investments in foreign currencies	(51,432,674)	9,401,859
IAS 7.16(a)	Investments in debentures	383,333	443,333
IAS 7.16(a)	Additions to property, plant and equipment	(1,735,824)	(636,169)
IAS 7.16(a)	IMF outstanding	16,948,678	3,790,183
	<i>Net cash provided by/(used in) investing activities</i>	(46,518,603)	(102,215,965)
	C) Cash flows from financing activities		
IAS 7.10			
IAS 7.17(b)	Payments of surplus to the Government	(21,931,584)	(10,848,102)
IAS 7.17(c)	Notes in circulation	68,252,523	38,661,879
IAS 7.17(d)	Short term borrowings	(55,712,719)	10,297,719
	<i>Net cash provided by/(used in) financing activities</i>	(9,391,780)	38,111,496
IAS 7.50(d)	D) Net increase/(decrease) in cash and cash equivalents	474,632	207,624
	E) Opening cash and cash equivalents	1,197,578	989,954
	F) Closing cash and cash equivalents (D+E)	1,672,210	1,197,578

Reference	Bangladesh Bank		
<i>IAS 1.8(d) &</i>	Cash Flow Statement For the year ended 30 June 2008		
	2008	2007	
	<i>Taka '000</i>	<i>Taka '000</i>	
<i>IAS 7.10</i>	A) Cash flows from operating activities		
<i>IAS 7.31</i>	Interest received	38,136,592	30,910,745
<i>IAS 7.31</i>	Interest paid	(3,907,204)	(3,020,002)
<i>IAS 7.14(b)</i>	Fees, commission and other income received	385,013	788,905
<i>IAS 7.14(c)</i>	Commission and discounts paid	(1,915,692)	(2,200,366)
<i>IAS 7.14(g)</i>	Realized foreign exchange revaluation gain/(loss)	7,512,084	0
<i>IAS 7.14(d)</i>	Payments to employees and suppliers	(3,728,841)	(3,215,949)
	(Increase)/decrease in operating assets:		
	Funds advanced to customers	(6,367,463)	687,882
	Other assets	1,518,133	(1,832,424)
	Increase/(decrease) in operating liabilities:		
	Deposits from commercial banks	32,879,063	30,360,225
	Other liabilities	(9,917,258)	11,294,569
<i>IAS 7.10</i>	<i>Net cash inflow/(outflow) from operating activities</i>	54,594,427	63,773,585
<i>IAS 7.10</i>	B) Cash flows from investing activities		
<i>IAS 7.31</i>	Dividends received	50,000	-
<i>IAS 7.16(b)</i>	Investments income	2,071,807	5,932,072
<i>IAS 7.16(b)</i>	Investments in foreign treasury bills and bonds	22,384,336	(9,523,923)
<i>IAS 7.16(a)</i>	Other investments	(5,618,451)	(659,008)
<i>IAS 7.16(a)</i>	Investments in Govt. Securities	(186,205)	(13,182,880)
<i>IAS 7.16(a)</i>	Short term investments	(29,278,160)	(97,741,596)
<i>IAS 7.16(a)</i>	Investments in foreign currencies	(51,432,674)	9,401,859
<i>IAS 7.16(a)</i>	Investments in debentures	383,333	443,333
<i>IAS 7.16(a)</i>	Additions to property, plant and equipment	(383,081)	(608,194)
<i>IAS 7.16(a)</i>	IMF outstanding	16,948,678	3,790,183
	<i>Net cash provided by/(used in) investing activities</i>	(45,060,417)	(102,148,154)
<i>IAS 7.10</i>	C) Cash flows from financing activities		
<i>IAS 7.17(b)</i>	Payments of surplus to the Government	(21,931,584)	(10,848,102)
<i>IAS 7.17(c)</i>	Notes in circulation	68,252,523	38,661,879
<i>IAS 7.17(d)</i>	Short term borrowings	(55,712,719)	10,297,719
	<i>Net cash provided by/(used in) financing activities</i>	(9,391,780)	38,111,496
<i>IAS 7.50(d)</i>	D) Net increase/(decrease) in cash and cash equivalents	142,230	(263,073)
	E) Opening cash and cash equivalents	175,413	438,486
	F) Closing cash and cash equivalents (D+E)	317,643	175,413

Reference
IAS 1.8(e), 104

**Bangladesh Bank: Notes to the Financial Statements
as at and for the Year Ended 30 June 2008**

IAS 1.126 (a)(b) **1. Reporting entity**

Bangladesh Bank (the "Bank"), a body corporate, is the central bank of Bangladesh, established on the 16th day of December, 1971 under the Bangladesh Bank Order 1972 and is domiciled in Bangladesh. The Head Office of the Bank is situated at Motijheel Commercial Area, Dhaka. The Bank's activities mainly include formulating and implementing monetary policy and credit system of Bangladesh with a view to stabilizing domestic monetary value and maintaining a competitive external par value of the Bangladesh Taka towards fostering growth and development of country's productive resources in the best national interest, acting as an agent of the Government of Bangladesh, to promote, regulate and ensure a secure and efficient payment system including issue of currency, holding and management of the official foreign reserves of Bangladesh and to formulate and implement intervention policies in the foreign exchange market, to give advice to the Government on the interaction of monetary policy with fiscal and exchange rate policy, on the impact of various policy measures on the economy and to propose legislative measures it considers necessary or appropriate to attain its objectives and perform its functions, to regulate and supervise banking companies and financial institutions.

IAS 1.03(a) **2. Basis of preparation**

IAS 1.14 **2.1 Statement of compliance**

The financial statements together with consolidated financial statements of the Bank and its fully owned subsidiary (together referred to as the "Group ") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB).

IAS 1.108(a) **2.2 Basis of measurement**

The financial statements are prepared on a historical cost basis except for the following:

Note 4: Foreign currency accounts are measured at the reporting date by retranslating to the functional currency.

Note 6: Assets held with IMF are measured at fair value.

Note 10: Government of Bangladesh treasury bills and overdraft are measured at cost.

Note 11: Investment in subsidiary and parent's portion of equity in the subsidiary at the date of acquisition is eliminated in the consolidated financial statements as per IAS 27.

Note 12: Loans to banks, financial institutions and employees are measured at amortized cost.

Note 13: Gold and silver are measured at fair value.

Note 14: Property, plant and equipment are measured at revalued amounts.

IAS 1.46(d)(e) **2.3 Functional and presentation currency**

The financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the Bank's functional currency. Except as indicated, financial information presented in Taka/Tk. has been rounded off to the nearest thousand.

Reference
IAS 1.8(e), 104

**Bangladesh Bank: Notes to the Financial Statements
as at and for the Year Ended 30 June 2008**

IAS 1.113, 116 **2.4 Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in note 38 (i): financial risk management.

IAS 1.103(a) **3. Significant accounting policies**

IAS 1.38 "The accounting policies set out below have been applied consistently to all periods presented in these financial statements by Group enterprises. Certain comparative amounts have been reclassified to conform with the current year's presentation."

IAS 1.46(d)(e) **3.1 Basis of consolidation**

IAS 27.9 (a) Subsidiary

"Subsidiaries are enterprises controlled by the parent entity. Control exists when the parent entity has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Security Printing Corporation (Bangladesh) Ltd. is the wholly owned subsidiary of Bangladesh Bank."

IAS 27.24 (b) Transactions eliminated on consolidation

Inter-group balances and transactions and any unrealized gains arising from inter-group transactions are eliminated in preparing the consolidated financial statements.

IAS 21.23 **3.2 Foreign currency transactions**

Transactions in foreign currencies are translated to Taka at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to Taka at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Taka at foreign exchange rates ruling at the dates the fair values were determined.

Reference
IAS 1.8(e), 104

**Bangladesh Bank: Notes to the Financial Statements
as at and for the Year Ended 30 June 2008**

3.3 Financial assets and liabilities

Financial assets comprise foreign assets (excluding gold and silver held at Motijheel office), investments, cash and cash equivalents, loans and advances (loans to government, banks, financial institutions and employees) and government treasury bills and overdrafts. Financial liabilities comprise foreign liabilities, notes in circulation, deposits from banks and financial institutions and short-term borrowings.

IAS 39.45,47 (a) Recognition and initial measurement

Loans and advances are initially recognized on the balance sheet on the date they are originated. Regular way purchases or sales of financial assets are recognized or derecognized, as applicable, on the settlement date at which the assets are received or, as the case may be, delivered by the group. All other financial assets and liabilities are initially recognized when the group becomes party to the contractual provision of the instruments.

Financial assets and liabilities are initially measured at fair value plus, in the case of financial assets or liabilities not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the assets or liabilities.

IAS 39.45,47 (b) Classification and subsequent measurement

The classification of financial assets and liabilities for purposes of measurement subsequent to initial recognition in accordance with IAS 39 are made in the following manner:

(i) Financial assets at fair value through profit or loss (held for trading assets)
Foreign currency accounts, investment in foreign bonds, US Dollar and EURO treasury bills are classified as financial assets held for trading. At each balance sheet date, these are measured at fair value.

(ii) Held-to-maturity investments

Short term investments with overseas commercial banks, investment in debentures of the Bangladesh House Building Finance Corporation (HBFC) and short term money market investments are classified as held-to-maturity investments. At each balance sheet date, these are measured at amortized cost using the effective interest method.

(iii) Loans and receivables

Loans to other foreign banks, Government of Bangladesh overdraft, loans and advances to government and loans and advances to banks, financial institutions and staffs are classified as loans and receivables. At each balance sheet date, these are measured at amortized cost using the effective interest method.