

Auditor's Report

We have audited the annexed Balance Sheet of Global Insurance Limited as at December 31, 2000 and the related Revenue Accounts as well as the Profit and Loss Account for the year ended on that date together with the accompanying Cash Flow Statement and Notes thereto, as prepared by the company in due conformance with Generally Accepted Accounting Principles, procedures and also the applicable International Accounting Standards (adopted as Bangladesh Accounting Standards) and produced to us by it for our examination and we report that:

- i) we have conducted the audit as per applicable International Standards of Auditing (adopted as Bangladesh Standards on Auditing);
- ii) our examination and checking of records, relevant books of accounts, registers, schedules and financial statements were sufficient to enable us to form an informed and assessed opinion on the authenticity and accuracy of the Accounts and Financial Statements;
- iii) we have obtained all the information, explanations and documents as required by us;
- iv) the company's management has followed relevant provisions of law and rules in managing the affairs of the company and proper books of accounts, records and other statutory books have been properly maintained;
- v) the Balance Sheet and Profit and Loss Account are in agreement with the said books of account maintained by the Company and examined by us while the Cash Flow Statement conforms with the presentation laid out in the relevant International Accounting Standard; and
- vi) the expenditure incurred and payments made were for the purpose of the company's business for the year;
- vii) as per section-40 c (2) of the Insurance Act, 1938 as amended, we certify that to the best of our knowledge and belief and according to the information and explanations given to us, all expenses of management wherever incurred and whether incurred directly or indirectly in respect of insurance business of the company transacted in Bangladesh during the year under report have been duly debited to the related Revenue Accounts and the Profit and Loss Account of the Company; and

- viii) as per Regulation-11 of Part-1 of the Third Schedule of the Insurance Act, 1938 as amended, we certify that to the best of our information and as shown by its books the Company during the year under report has not paid any person any commission in any form outside Bangladesh and has not received outside Bangladesh from any person any commission in any form in respect of any of its business re-insured abroad.

And in our opinion the annexed Balance Sheet and Profit & Loss Account represent a true and fair view of the state of the company's affairs as at December 31,2000 and of the profit/(loss) earned for the year ended on that date and that these Financial Statements have been drawn up in accordance with the requirement of applicable laws and rules containing all the information in the manner required by relevant laws and rules and the International Accounting Standards (IAS) as applicable in Bangladesh.

Dated: Dhaka, May 12, 2001



(A. WAHAB & CO.)
Chartered Accountants

Balance Sheet

as at December 31, 2000

CAPITAL & LIABILITIES	NOTE	TAKA
AUTHORIZED CAPITAL		300,000,000.00
3,000,000 Ordinary shares of Tk. 100/- each		
ISSUED, SUBSCRIBED & PAID-UP CAPITAL	9	60,000,000.00
600,000 Ordinary shares of Tk. 100/- each		
Reserve or Contingency Accounts :		(2,599,638.00)
Reserve for exceptional losses		—
Profit and Loss Account		(2,599,638.00)
Balance of Fund & Accounts :		3,498,600.00
Fire insurance business		2,144,700.00
Marine insurance business		250,000.00
Motor insurance business		255,500.00
Miscellaneous insurance business		848,400.00
Liabilities & Provisions		1,924,295.00
Estimated Liabilities in respect of outstanding		
Claims whether due or intimated	10	31,828.00
Amount due to other persons or bodies		
Carrying on insurance business (S.B.C)	11	1,892,467.00
Premium Deposit	12	3,141,003.00
Sundry Creditors	13	2,090,958.00
		68,055,218.00



(A.R. Bhuiya)
Managing Director



(S.M.A. Mannan)
Director



(Mahbub Morshed Talukder)
Director


Balance Sheet

as at December 31, 2000

PROPERTY & ASSETS	NOTE	TAKA
INVESTMENT		
Statutory deposit with Bangladesh Bank		
National Investment Bond	1	9,000,000.00
Interest, Dividend & Rent Outstanding	2	1,898,860.00
Amount due from other persons or bodies		
Carrying on insurance business	3	6,290.00
Sundry Debtors	4	8,554,556.00
Cash and Bank Balances:		47,997,466.00
Fixed deposit with Bank	5	46,000,000.00
Cash at Bank	6	1,068,430.00
Cash in Hand	7	929,036.00
Other accounts:		598,046.00
Fixed Assets	8	430,181.00
Stamps in hand		2,615.00
Printing and stationery (at cost)		165,250.00
		68,055,218.00

Subject to our separate report of even date.


(Architect Mubasshar Hussain)
Chairman


(A. WAHAB & CO.)
Chartered Accountants

Profit & Loss Account

for the year ended December 31, 2000

PARTICULARS	NOTE	TAKA
Expenses of Management (Not applicable to any fund or account)		
Director Fee		476,000.00
Audit Fee		15,000.00
Retainers Fee		25,000.00
Depreciation		30,350.00
Profit/(Loss) for the year transferred to Balance Sheet		(2,599,638.00)
		<u>(2,053,288.00)</u>


(A.R. Bhuiya)
Managing Director


(S.M.A. Mannan)
Director


(Mahbub Morshed Talukder)
Director

Profit & Loss Account

for the year ended December 31, 2000

PARTICULARS	NOTE	TAKA
Interest, Dividend and Rent (Not applicable to any fund or account)		3,689,202.00
Interest received and accrued on FDR	14	2,573,242.00
Interest accrued on NIB		523,973.00
Interest on STD Accounts	15	591,987.00
Profit/(Loss) Transferred from:		(5,742,490.00)
Fire Revenue Account		(3,242,062.00)
Marine Revenue Account		(238,748.00)
Motor Revenue Account		(687,290.00)
Miscellaneous Revenue Account		(1,574,390.00)
		(2,053,288.00)


(Architect Mubassar Hussain)
Chairman



(A. WAHAB & CO.)
Chartered Accountants


Consolidated Revenue Account

for the year ended December 31, 2000

	Fire Taka	Marine Taka	Motor Taka	Misc Taka	Total Taka
Claims Under Policies Less Reinsurance					
Paid during the year	—	—	30,000.00	—	30,000.00
Total Estimated Liability in respect of outstanding claims at the end of the year whether due or intimated	—	3,434.00	28,394.00	—	31,828.00
	—	3,434.00	58,394.00	—	61,828.00
Less: Outstanding at the end of previous year	—	—	—	—	—
	—	3,434.00	58,394.00	—	61,828.00
Agency Commission	1,285,472.00	90,567.00	176,545.00	547,733.00	2,100,317.00
Expenses of management	5,427,549.00	519,742.00	836,904.00	2,300,153.00	9,084,348.00
Reserve for un expired risks being 40% of the net premium income of the year	2,144,700.00	250,000.00	255,500.00	848,400.00	3,498,600.00
Profit/(Loss) transferred to Profit and Loss Account	(3,242,062.00)	(238,748.00)	(687,290.00)	1,574,390.00	(5,742,490.00)
	5,615,659.00	624,995.00	640,053.00	2,121,896.00	9,002,603.00


(A.R. Bhuiya)
Managing Director


(S.M.A. Mannan)
Director


(Mahbub Morshed Talukder)
Director

Consolidated Revenue Account

for the year ended December 31, 2000

	Fire Taka	Marine Taka	Motor Taka	Misc Taka	Total Taka
Balance of account at the beginning of the year	-	-	-	-	-
Premium less reinsurance	5,361,824.00	624,995.00	638,833.00	2,120,996.00	8,746,648.00
Commission on reinsurance ceded	253,835.00	-	1,220.00	900.00	255,955.00

5,615,659.00	624,995.00	640,053.00	2,121,896.00	9,002,603.00
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 (Architect Mubasshar Hussain)
 Chairman


 (A. WAHAB & CO.)
 Chartered Accountants

Fire Insurance Revenue Account for the year ended December 31, 2000

Claims Under Policies Less Reinsurance

Paid during the year

Total estimated liability in respect of
outstanding claims at the end of the
year whether due or intimated

Less: Outstanding at the end of previous year

Agency Commission

Expenses of management

Reserve for unexpired risks being 40% of
the net premium income of the year

Profit/(Loss) transferred to profit and loss account

TAKA

1,285,472.00

5,427,549.00

2,144,700.00

(3,242,062.00)

5,615,659.00



(A.R. Bhuiya)
Managing Director



(S.M.A. Mannan)
Director



(Mahbub Morshed Talukder)
Director

Fire Insurance Revenue Account
for the year ended December 31, 2000

TAKA

Balance of account at the beginning of the year

—

Premium less reinsurance

5,361,824.00

Commission on reinsurance ceded

253,835.00

5,615,659.00



(Architect Mubashar Hussain)
Chairman


(A. WAHAB & CO.)
Chartered Accountants

Marine Insurance Revenue Account for the year ended December 31, 2000

	TAKA
Claims Under Policies Less Reinsurance	
Paid during the year	—
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	3,434.00
	3,434.00
Less: Outstanding at the end of previous year	—
	3,434.00
Agency Commission	90,567.00
Commission on reinsurance accepted	—
Expenses of management	519,742.00
Reserve for un expired risks being 40% of the net premium income of the year	250,000.00
Profit/(Loss) transferred to profit and loss account	(238,748.00)
	624,995.00


 (A.R. Bhuiya)
 Managing Director


 (S.M.A. Mannan)
 Director

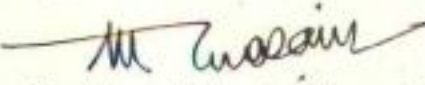

 (Mahbub Morshed Talukder)
 Director

Marine Insurance Revenue Account

for the year ended December 31, 2000

	TAKA
Balance of account at the beginning of the year	—
Premium less reinsurance	624,995.00
Commission on reinsurance ceded	—

624,995.00


(Architect Mubassar Hussain)
Chairman



(A. WAHAB & CO.)
Chartered Accountants

Motor Insurance Revenue Account for the year ended December 31, 2000

	TAKA
Claims Under Policies Less Reinsurance	
Paid during the year	30,000.00
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	28,394.00
	58,394.00
Less: Outstanding at the end of previous year	—
	58,394.00
Agency Commission	176,545.00
Commission on reinsurance accepted	—
Expenses of management	836,904.00
Reserve for unexpired risks being 40% of the net premium income of the year	255,500.00
Profit/(Loss) transferred to profit and loss account	(687,290.00)
	640,053.00

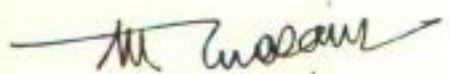

 (A.R. Bhuiya)
 Managing Director


 (S.M.A. Mannan)
 Director


 (Mahbub Morshed Talukder)
 Director

Motor Insurance Revenue Account
for the year ended December 31, 2000

	TAKA
Balance of account at the beginning of the year	—
Premium less reinsurance	638,833.00
Commission on reinsurance ceded	1,220.00
	640,053.00



(Architect Mubassar Hussain)
Chairman



(A. WAHAB & CO.)
Chartered Accountants

Miscellaneous Insurance Revenue Account for the year ended December 31, 2000

	TAKA
Claims Under Policies Less Reinsurance	
Paid during the year	—
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	—
	—
Less: Outstanding at the end of previous year	—
	—
Agency Commission	547,733.00
Commission on reinsurance accepted	—
Expenses of management	2,300,153.00
Reserve for un expired risks being 40% of the net premium income of the year	848,400.00
Profit/(Loss) transferred to profit and loss account	(1,574,390.00)
	2,121,896.00


(A.R. Bhuiya)
Managing Director

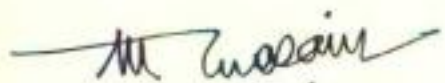

(S.M.A. Mannan)
Director


(Mahbub Morshed Talukder)
Director

Miscellaneous Insurance Revenue Account

for the year ended December 31, 2000

	TAKA
Balance of account at the beginning of the year	—
Premium less reinsurance	2,120,996.00
Commission on reinsurance ceded	900.00
	2,121,896.00


(Architect Mubasshar Hussain)
Chairman


(A. WAHAB & CO.)
Chartered Accountants

Cash Flow Statement
for the year ended December 31, 2000

TAKA

Cash Flows From Operating Activities

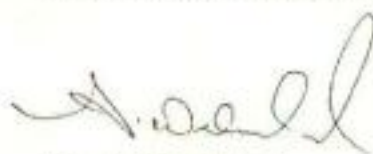
Share capital received	60,000,000.00
Collection from premium and other income	14,037,667.00
Claim paid	(30,000.00)
Management Expenses and advance agency commission	(10,275,296.00)
VAT payment	(1,129,507.00)
Advance against office rent	(1,146,590.00)
Advance against lease rental	(110,115.00)
Insurance stamp purchase	(3,800.00)
Advance against Advertisement	(170,000.00)
Net Cash Flow From Operating Activities	61,172,359.00

Cash Flow From Investing Activities

Purchase of Fixed Assets	(460,531.00)
Advance against office decoration	(2,550,000.00)
Other advance and prepayment	(1,164,362.00)
Net Cash Flow From Investing Activities	(4,174,893.00)

Cash Flows From Financing Activities

National Investment Bond	(9,000,000.00)
Fixed Deposit Receipt	(46,000,000.00)
Net Cash Flows From Financing Activities	(55,000,000.00)
Increase/(Decrease) in Cash and Bank Balance (A+B+C)	(1,997,466.00)
Cash and Bank Balance Closing	1,997,466.00



(A. WAHAB & CO.)
Chartered Accountants

Notes on Accounts for the year ended December 31, 2000.

GENERAL

a) *Significant accounting polices and other relevant information*

i) The company is a Public Limited Company formed under the Companies Act, 1994 and is engaged in general insurance business as per Insurance Act, 1938. It has adopted relevant International Accounting Standards as were adopted in Bangladesh under the title, Bangladesh Accounting Standards (BAS) particularly with regard to disclosure of accounting policies and relevant information in financial statements as well as accounting for property, plant & equipment and depreciation there on and the valuation of investments and other relevant matters.

ii) **Basis of Accounting:** The financial statements have been prepared on a going concern basis under generally accepted accounting principles on historical cost convention.

iii) **Basis of Presentation:** The Balance Sheet has been prepared in accordance with the regulations as contained in part-I of the First Schedule and the Revenue Account of each class of general insurance business has been prepared in accordance with the regulations as contained in part-I of the Third Schedule and as per Form 'F' set forth in part-II of Third Schedule of the Insurance Act, 1938 as amended from time to time.

iv) **Premium Income:** The total amount of premium earned on various classes of insurance business underwritten during the year, the gross amount of premium earned against various policies, the amount of re-insurance premium due to Sadharan Bima Corporation, the amount of re-insurance commission earned and the amount of claims less re-insurance settled during the year have all been duly accounted for in the books of account of the company and while preparing the final statements of accounts, the effect of re-insurance accepted and re-insurance ceded as well as the effect of total estimated liabilities in respect of outstanding claims at the end of the year, whether due or intimated have also been duly reflected in order to arrive at the net underwriting profit for the year.

v) **Interest on Statutory and other Investment:** Interest earned on statutory investment lying with Bangladesh Bank in the form of NIBs as renewed has been accounted for on a sum of Tk. 523,973.00 at the prescribed rate and interest received from banks on FDR & STD accounts after deduction of I.T. have been duly credited to the Profit and Loss Account.

vi) **Management Expenses:** Management expenses as charged to Revenue Accounts and amounting to Tk. 9,084,348.18 represents approximately 73.28% of collection premium of Tk. 12,369,258. Management expenses have been apportioned @ 59.75% to Fire, 5.72% to Marine, 9.21 to Motor and 25.32% to Miscellaneous business on the basis of earned premium of Tk. 10,895,071.00 during the year 2000.

vii) **Provision for Unexpired Risks:** Before arriving at the surplus of each class of business necessary provision for unexpired risks has been created at the rate of 40% on all business except on Marine Hull business.

viii) **Depreciation on Fixed Assets:** Depreciation of Fixed Assets has been charged on cost from the date of procurement. Depreciation has been charged on straight line method on the cost of individual assets at the following rates:

Category of Assets	Rate of Depreciation
Furniture & Fixture	10%
Sign Board	10%
Office Equipment	15%
Telephone Set	10%
Computer	20%

ix) **Others:**

- i) The margin of security of investments over liabilities of the company has been maintained as appeared from the Balance Sheet.
- ii) During the year interest on investment in National Investment Board have been accounted for as income on accrual basis.
- iii) Figures have been rounded off to the nearest Taka.

B. **Operation :**

During the year under audit, through the operation of 4 Branches (including Head Office) the gross premium earned by the company amount to Tk. 12,396,258.00

BALANCE SHEET:

1.00 National Investment Bond: Tk. 9,000,000.00

The amount represents 3 years National Investment Bond @ 8.5% simple Interest which is statutory deposit under Insurance Act, 1938.

2.00 Interest, Dividend and Rents Outstanding: Tk. 1,898,860.00

The balance is made up as follows:

Particulars	TAKA
Interest on NIB	523,973.00
Interest on FDR	1,374,887.00
	1,898,860.00

3.00 Amount due from other persons or bodies carrying on insurance business: Tk. 6,290.00

Co-Insurance Premium in the amount of Tk. 6,290.50 is receivable from Green Delta Insurance Company Ltd. against fire insurance business.

4.00 Sundry debtors : Tk. 8,554,556.00

The balance is made-up as follows:

Particulars	TAKA
I.T. deducted on Bank & FDR interest	178,837.00
Advance against Lift Installation	100,000.00
Advance for office Electricity Line	100,000.00
Advance for Water Line	150,000.00
Advance for office Decoration	2,550,000.00
Advance against Office Rent	1,146,590.00
Advance for Car	169,186.00
Deposit clearing	2,697,704.00
Security Deposit for Fuel	20,000.00
Security Deposit for Telephone	34,100.00
Advance against Agency commission	332,628.00
Advance against Lease Account	401,191.00
Advance against Re-construction work (office)	300,000.00
Advance against Advertisement	170,000.00
Short deposit Premium	204,320.00
	8,554,556.00

5.00 Fixed deposit with Banks: Tk. 46,000,000.00

The balance has been arrived as under:

Name of the Bank	TAKA
One Bank Ltd.	500,000.00
Dhaka Bank Ltd.	2,000,000.00
Prime Bank Ltd.	2,500,000.00
National Bank Ltd.	2,500,000.00
Arab Bangladesh Bank Ltd	2,500,000.00
Bangladesh Krishi Bank	1,000,000.00
Bank Asia Ltd.	1,000,000.00
Bangladesh Shilpa Bank	2,000,000.00
Premier Bank Ltd.	1,000,000.00
IFIC Bank Ltd.	2,000,000.00
Exim Bank Ltd.	5,000,000.00
Mercantile Bank Ltd.	5,500,000.00
First Security Bank Ltd.	2,000,000.00
Pubali Bank Ltd.	1,000,000.00
Eastern Bank Ltd.	1,000,000.00
Southeast Bank Ltd.	2,000,000.00
The City Bank Ltd.	2,000,000.00
United Commercial Bank Ltd.	1,000,000.00
Standard Bank Ltd.	2,000,000.00
Mutual Trust Bank Ltd.	1,500,000.00
Social Investment Bank Ltd.	500,000.00
NCC Bank Ltd.	1,500,000.00
Islami Bank (BD) Ltd.	2,000,000.00
BASIC Bank Ltd.	2,000,000.00
	46,000,000.00

6.00 Cash at Bank: Tk. 1,068,430.00

The balance has been arrived as under:

Name of the Bank	TAKA
Mercantile Bank Ltd. A/c # 3100391/STD	67,514.00
Mercantile Bank Ltd. A/c # 31000420/STD	23,088.00
Mercantile Bank Ltd. A/c # 11009983/CD	500.00
Mercantile Bank Ltd. A/C # 291/STD	8,282.00
Exim Bank Ltd. A/c # 3100065/STD	146,546.00
Pubali Bank Ltd. A/c # 121/STD	8,406.00
Pubali Bank Ltd. A/c # 244/STD	68,885.00
First Security Bank Ltd. A/c # 551/STD	4,571.00
IFIC Bank Ltd. A/c # 5577/CD	5,000.00
NCC Bank Ltd. A/c # 85-3/STD	26,066.00
Standard Bank Ltd. A/c # 961/STD	5,083.00
Standard Bank Ltd. A/c # 182/STD	225,127.00
Mutual Trust Bank Ltd. A/c # 026/STD	180,151.00
Premier Bank Ltd. A/c # 122/STD	13,202.00
AB Bank Ltd. A/c # 650234-430/STD	194,270.00
AB Bank Ltd. A/c # 622109-430/STD	2,025.00
Social Investment Bank Ltd. A/c # 032/MND	12,917.00
National Bank Ltd. A/c # 545/STD	72,638.00
Eastern Bank Ltd. A/c # 44/STD	4,159.00
	1,068,430.00

All the above balance have been confirmed with the respective bank statement and reconciliation statements as applicable.

7.00 Cash in hand: Tk. 929,036.00

The balance has been arrived as under:

Particulars	TAKA
Head Office	802,337.00
Babu Bazar Branch	62,241.00
Agrabad Branch	63,029.00
Motijheel Branch	1,429.00
	929,036.00

8.00 Fixed Assets: Tk. 430,181.00

Details break-up of Fixed Assets is given below:

Name of the Assets	Cost (Taka)	Depreciation (Taka)	Written Down Value on 31-12-2000 (Taka)
Furniture & Fixture	219,816.00	10,991.00	208,825.00
Sign Board	41,000.00	2,050.00	38,950.00
Office Equipment	47,915.00	3,594.00	44,321.00
Telephone Set	29,300.00	1,465.00	27,835.00
Computer	122,500.00	12,250.00	110,250.00
	460,531.00	30,350.00	430,181.00

9.00 Issued, Subscribed and Paid up Capital: Tk. 60,000,000.00

The balance represents 600,000 ordinary shares of Tk. 100/- each fully paid up in cash.

10.00 Estimated liabilities in respect of outstanding claims whether due or intimated: Tk. 31,828.00

The break-up of the amount is noted below:

Particulars	Taka
Marine	3,434.00
Motor	28,394.00
	31,828.00

11.00 Amount Due to other Persons or Bodies Carrying on Insurance Business: Tk. 1,892,467.00

The break-up of the amount is given below:

Particulars	Taka
Fire	894,771.00
Marine	637,500.00
Motor	359,096.00
Misc.	1,100.00
	1,892,467.00

12.00 Premium Deposit: Tk. 3,141,003.00

The amount represents the adjusted balance of premium as received against Cover Notes over the year for which policies have not been issued within December 31, 2000.

13.00 Sundry Creditors : Tk. 2,090,958.00

The balance is made-up as follows:

Particulars	Taka
Provision for Office Rent	1,000,000.00
Provision for Audit Fee	15,000.00
Lease finance by Exim Bank	29,900.00
Vat deducted at source	72,730.00
Excess premium deposit	4.00
Salary Income tax Payable	5,400.00
Provision for Agency Commission	810,961.00
Vendors Account	90,000.00
VAT Payable	66,963.00
	2,090,958.00

14.00 FDR Interest Received and Accrued : Tk. 2,573,242.00

The balance is made-up as follows:

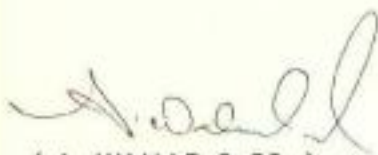
Particulars	Taka
Interest received from Bank on FDR	1,198,355.00
Interest accrued on FDR	1,374,887.00
	2,573,242.00

15.00 Interest on STD Account : Tk. 591,987.00

The amount was received from several STD Bank Accounts.

16.00 OTHER RELEVANT INFORMATION:

- During the year under review of Tk. 476,000.00 was paid to the directors of the company as Board meeting attendance fee.
- As per the Management of the company Global Insurance has no contingent liabilities as of December 31, 2000.



(A. WAHAB & CO.)
Chartered Accountants

Form AA

Classified Summary of Assets as at December 31, 2000.

CLASS OF ASSETS

BOOK VALUE (in Taka)

Investment:

Deposit with Bangladesh Bank
(3 years Investment Bond @ 8.50% Interest)

9,000,000.00

Cash and Bank Balances:

FDR
CD & STD
Cash in hand

46,000,000.00

1,068,430.00

929,036.00

47,997,466.00

Amount due from other persons or bodies carrying on insurance business

6,290.00

Interest accrued but not due

1,898,860.00

Sundry debtors, advance, deposits and advance Income Tax

8,554,556.00

Stock of Printing and Stationery

165,250.00


Fixed Assets (at cost less depreciation)

430,181.00

Stamp in hand

2,615.00

68,055,218.00



(A. WAHAB & CO.)
Chartered Accountants