

# Auditors' Report

The Shareholders of Global Insurance Limited

*We have audited the accompanying balance sheet of the Global Insurance Limited (GIL) as of December 31, 2010 and the related revenue accounts as well as profit and loss account, profit and loss appropriation account, statement of cash flows, statement of changes in shareholders' equity and the explanatory notes to the financial statements for the year then ended.*



### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Bangladesh Financial Reporting Standards (BFRS) and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of the Financial Statement that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statement. The procedures selected depend on the auditors' 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 qualified audit opinion.

### Basis for Qualified Opinion:

1. In note 7 to the financial statements, the company shows Tk. 94, 46,431 as deposit clearing account which consists of cheques deposited in various banks for clearing but these amounts was not cleared till to date and Tk. 8,534,017 as short deposit premium account which is not realized till to date. No provision has been made against the above mentioned amounts.
2. The company uses 11,050 sq ft floor space at 12th floor with Al-Razi Complex, total value of this floor is Tk. 43,530,000. The company paid Tk. 39,485,000. The floor has been handed over to the company and the asset is under the company's possession but the company did not recognized it in its property, plant and equipment as per BAS-16.

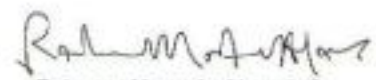
In our opinion, except for the effect on financial statements of the matter referred to in the preceding paragraph, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the state of the Company's affairs as of December 31, 2010 and of the results of its operations and its cash flows for the year then ended and comply with the applicable sections of the Companies Act, 1994; the Insurance Rules, 1958; the Securities and Exchange Rules, 1987 and other applicable laws and regulations.

We draw attention to the note no. 23 for provision for income taxes; the company is the defendant in payment of tax liability for the previous assessment years. The company also filed appeal to the Tribunal and High Court. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

### Subject to the above, 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 purposes of our audit and made due verification thereof ;
- b) in our opinion, proper books of account as required by the law have been kept by the company so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us ;
- c) the Company's balance sheet, profit & loss account and it's cash flows dealt with by the report are in agreement with the books of account and returns ;
- d) the expenditure incurred was for the purpose of the company's business ;
- e) 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 explanation 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 Profit and Loss Account of the company ; and
- f) as per regulation 11 of part I 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, during the year under report the company has not paid any person any commission in any form outside Bangladesh in respect of any of its business reinsured abroad.

Dated : Dhaka  
April 28, 2011

  
**Rahman Mostafa Alam & Co.**  
Chartered Accountants



# **BALANCE SHEET** As at 31<sup>st</sup> December, 2010

Capital & Liabilities	Notes	2010 Taka	2009 Taka	Property & Assets	Notes	2010 Taka	2009 Taka
<b>Share Capital</b>							
Authorised Capital		300,000,000	300,000,000				
3,000,000 ordinary shares of Tk. 100 each				National Investment Bond (NIB)	3	9,000,000	9,000,000
Issued, subscribed & paid up Capital				Investments in Shares	4	37,353,972	21,224,480
18,15,000 ordinary shares of Tk. 100 each	12	181,500,000	165,000,000	Interest, Dividend & Rent Receivable	5	28,222,460	21,742,752
<b>Reserve or Contingency Accounts</b>							
Reserve for exceptional Losses		54,022,152	50,357,139	Amounts due from other Persons or-			
General reserve		30,135,412	28,135,412	Bodies carrying on Insurance business	6	13,532,959	7,919,506
Retained Earnings	13	4,000,000	4,000,000				
Balances of Funds and Accounts		19,886,740	18,221,727	Sundry Debtors (including advances,			
Fire		42,619,234	40,949,672	deposits and prepayments)	7	126,509,523	120,908,795
Marine (Cargo)		14,558,552	11,580,946				
Marine (Hull)		17,042,095	14,742,659	Advance Against Floor Purchase	8	55,224,500	48,485,000
Motor		119,644	117,068	Cash and Bank Balances	9	147,335,360	140,553,253
Miscellaneous		9,642,380	13,340,004	Cash in Hand		1,070,749	12,079,928
		1,256,563	1,168,995	Balance with Banks		22,461,131	9,394,345
				FDR with Banks		123,803,480	119,078,980
Premium Deposit	14	1,550,451	2,474,210				
Bank Overdraft	15	46,319,001	46,539,524	Other Accounts		15,959,872	10,505,536
Liabilities and Provisions		107,127,807	75,018,877	Fixed Assets (at cost less accum. Depreciation)	10	14,928,832	8,593,450
Estimated Liability in Respect of Outstanding	16	16,057,209	12,357,584	Deferred Expenses (IPO)	11	-	991,006
claims, whether due or Intimated				Stock of Stationery		650,450	511,450
Amounts due to other Persons or Bodies	17	18,299,313	1,936,003	Stamp in Hand		380,590	409,730
carrying on Insurance Business	18	19,614,220	12,505,969				
Sundry Creditors	25.1	53,157,065	48,219,321				
Provision for income tax	25.2	-	-				
Deferred Tax							
		433,138,645	380,339,422			433,138,645	380,339,422

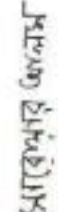
The annexed notes 1 to 38 form an integral part of these Financial Statements.

\* Please see note 29

  
**Fariduddin Khan Siddiqui**  
Managing Director

Signed in terms of our separate report of even date.

Dated : Dhaka  
April 28, 2011

  
**S M Sarwar Alam**  
Director

  
**Sayeed Ahmed**  
Director

  
**Rahman Mostafa Alam & Co.**  
Chartered Accountants

  
**R A Howlader**  
Chairman

## PROFIT AND LOSS ACCOUNT

For the year ended 31<sup>st</sup> December, 2010

Particulars	Notes	2010 Taka	2009 Taka	Particulars	Notes	2010 Taka	2009 Taka
<b>Expenses of Management (not Applicable to any particular Fund or Account)</b>		15,761,637	(Restated)* 11,687,218	Interest, Dividend and Rents (not Applicable to any particular Fund or Account)	22	14,577,905	(Restated)* 13,136,634
Advertisement & Publicity		423,424	512,320	Dividend Income		280,950	199,911
Share Issue Expenses		991,005	991,005	Miscellaneous Income		106,369	-
Donation & Subscription		467,200	170,300	Profit / (Loss) on Sale of Share		14,823,736	15,583,203
Audit Fees		211,000	90,000	Office rent Income		564,576	-
Legal & Professional Fees		425,064	433,000	Profit/(loss) on Sale of Assets		406,917	-
Depreciation		3,238,078	1,832,807	Profit/(loss) transferred from :		10,103,941	12,075,745
Interest on Loan		7,116,012	4,210,910	Fire Insurance Revenue Account		3,299,742	(1,303,944)
Registration Fees		602,205	567,987	Marine Insurance Revenue Account		(30,162)	8,196,919
Directors Fee	21	557,000	767,000	Misc. Insurance Revenue Account		6,834,361	5,182,770
Lease Rental		1,114,800	1,337,760				
Meeting, Conference & AGM Expenses		615,849	774,129				
Balance for the period carried to Profit & Loss Appropriation Account		25,102,757	29,308,275				
		<u>40,864,394</u>	<u>40,995,493</u>			<u>40,864,394</u>	<u>40,995,493</u>

## PROFIT AND LOSS APPROPRIATION ACCOUNT

For the year ended December 31, 2010

Provision for income tax	25	4,937,744	4,486,640	Balance brought forward from last year	13.01	1,721,727	2,606,495
Arrear provision for Income tax*	25.1	-	4,206,403				
Reserve for Exceptional Losses		2,000,000	5,000,000	Net profit for the year brought down		25,102,757	29,308,275
Deferred Tax*	25.2	-	-				
Balance transferred to the Balance Sheet		19,886,740	18,221,727			<u>26,824,484</u>	<u>31,914,770</u>
Earning per Share	24	10.96	10.04				

The annexed notes 1 to 38 form an integral part of these Financial Statements.

\* Please see note 29

  
**Fariduddin Khan Siddiqui**  
 Managing Director

Signed in terms of our separate report of even date.

Dated : Dhaka  
April 28, 2011

  
**S M Sarwar Alam**  
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**Sayeed Ahmed**  
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**Rahman Mostafa Alam & Co.**  
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**R A Howlader**  
 Chairman



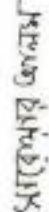
# **CONSOLIDATED REVENUE ACCOUNT**

For the year ended 31st December, 2010

Particulars	Notes	2010 Taka	2009 Taka	Particulars	Notes	2010 Taka	2009 Taka
<b>Claims under policies less reinsurances</b>		<b>21,598,606</b>	<b>14,833,980</b>	Balance of account at the beginning of the year		40,949,672	42,652,443
Paid during the year		17,898,981	19,592,222	Premium less Re-insurances	19	106,368,618	102,198,578
Add : total estimated liability in respect of outstanding claims at the end of the period whether due or intimated		16,057,209	12,357,584	Commission on Re-insurances		15,572,388	13,807,408
Less: Claims outstanding at the end of the previous year		33,956,190	31,949,806				
Expenses of Management	20	44,009,968	49,947,504				
Agent Commission		44,568,929	40,851,528				
Profit transferred to profit & loss account		10,103,941	12,075,745				
<b>Balance of account at the end of the period as shown in the balance sheet:</b>							
Reserve for unexpired risks being 100% for Marine Hull & 40% for other net premium income of the year		42,619,234	40,949,672				
		<b>162,890,678</b>	<b>158,658,429</b>			<b>162,890,678</b>	<b>158,658,429</b>

The annexed notes 1 to 38 form an integral part of these Financial Statements.

  
**Fariduddin Khan Siddiqui**  
 Managing Director

  
**S M Sarwar Alam**  
 Director

  
**Sayeed Ahmed**  
 Director

  
**R A Howlader**  
 Chairman

Signed in terms of our separate report of even date.

Dated : Dhaka  
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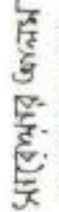
# FIRE INSURANCE REVENUE ACCOUNT

For the year ended 31<sup>st</sup> December, 2010

Particulars	Notes	2010 Taka	2009 Taka	Particulars	Notes	2010 Taka	2009 Taka
Claims under policies less reinsurances		10,733,949	5,360,781	Balance of account at the			
Paid during the year		9,467,740	10,255,858	beginning of the year		11,580,946	11,536,051
Add : total estimated liability in respect of		3,126,105	1,859,896	Premium less Re-insurances	19	36,396,380	28,952,366
outstanding claims at the end of the period							
whether due or intimated				Commission on Re-insurances		10,105,461	9,622,213
Less: Claims outstanding at the end		12,593,845	12,115,754				
of the previous year		1,859,896	6,754,973				
Agent Commission		11,296,244	15,952,737				
Expenses of management	20	18,194,300	18,520,110				
Profit transferred to profit & loss account		3,299,742	(1,303,944)				
Balance of account at the end of the period							
as shown in the balance sheet:							
Reserve for unexpired risks being 40%							
of net premium income of the year		14,558,552	11,580,946				
		<u>58,082,787</u>	<u>50,110,630</u>			<u>58,082,787</u>	<u>50,110,630</u>

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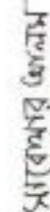
# MARINE INSURANCE REVENUE ACCOUNT

For the year ended 31<sup>st</sup> December, 2010

Particulars	Notes	2010 Taka	2009 Taka	Particulars	Notes	2010 Taka	2009 Taka
Claims under policies less re-insurances		771,527	2,428,462	Balance of account at the			
Paid during the year		1,912,465	1,200,827	beginning of the year		14,859,727	18,510,322
Add : total estimated liability in respect of				Premium less re- insurances	19	42,724,881	36,973,716
outstanding claims at the end of the period							
whether due or intimated				Commission on re-insurances		2,991,991	2,601,894
Less: Claims outstanding at the end							
of the previous year		4,075,654	2,848,022				
Agent Commission		27,844,060	15,214,527				
Expenses of management	20	14,829,435	17,386,297				
Profit transferred to profit & loss account		(30,162)	8,196,919				
<b>Balance of account at the end of the period</b>							
<b>as shown in the balance sheet:</b>							
Reserve for unexpired risks being 40%							
of net premium income on marine cargo and							
100% of net premium income on marine hull							
of the year:							
Cargo		17,161,739	14,859,727				
Hull		17,042,095	14,742,659				
		119,844	117,068				
		<b>60,576,599</b>	<b>58,085,932</b>			<b>60,576,599</b>	<b>58,085,932</b>

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S M Sarwar Alam  
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Rahman Mostafa Alam & Co.  
Chartered Accountants

Dated : Dhaka  
April 28, 2011



# MISCELLANEOUS INSURANCE REVENUE ACCOUNT

For the year ended 31st December, 2010

Particulars	Notes	2010		2009		Particulars	Notes	2010		2009	
		Motor	Misc.	Total	Taka			Motor	Misc.	Total	Taka
Claims under policies less reinsurances		9,953,724	134,406	10,093,130	7,044,737	Balance of account at the beginning of the year		13,340,004	1,168,995	14,508,999	12,836,070
Paid during the year		6,417,895	100,881	6,518,776	8,135,537	Premium less Re Insurances	19	24,105,550	3,141,407	24,247,357	27,247,357
Add. Total estimated liability in respect of outstanding claims at the end of the period whether due or intimated		9,885,937	110,448	9,996,385	6,422,031	Commission on Re-insurances		901,256	1,573,680	2,474,936	1,583,301
Less: Claims outstanding at the end of the previous year		16,303,832	211,329	16,515,161	14,557,568						
		6,345,108	76,923	6,422,031	7,512,831						
Agent Commission		4,900,866	517,759	5,418,625	9,684,264						
Expenses of management	20	6,517,434	4,468,799	10,986,233	14,041,097						
Profit/(loss) transferred to profit & loss account		7,327,806	(483,445)	6,834,361	5,182,770						
Balance of account at the end of the period as shown in the balance sheet:											
Reserve for unexpired risks being 40% of net premium income of the year		9,642,380	1,256,563	10,898,943	14,508,999						
		<u>38,347,210</u>	<u>5,884,082</u>	<u>44,231,292</u>	<u>50,461,867</u>			<u>38,347,210</u>	<u>5,884,082</u>	<u>44,231,292</u>	<u>50,461,867</u>

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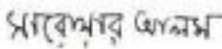


# STATEMENT OF CASH FLOWS


For the year ended 31<sup>st</sup> December, 2010

Particulars	2010 Taka	2009 Taka
<b>A Cash flow from operating activities:</b>		
Premium Collection & other Receipts	194,965,571	188,390,750
Payments of Magt. Exp., Commission, Ri-Ins & Claim	(174,686,224)	(216,496,260)
Income tax paid and deducted at source	(3,552,551)	(5,869,838)
<b>Net Cash inflow from operation activities</b>	<b>16,726,796</b>	<b>33,975,348</b>
<b>B Cash flow from investing activities:</b>		
Acquisition of fixed assets	(3,548,650)	(4,401,186)
Sales of Share	15,380,000	24,370,934
Advance against floor purchase	(6,739,500)	(21,610,000)
Investment in Share	(7,700,000)	(910,829)
<b>Net Cash outflow from Investing activities</b>	<b>(2,608,150)</b>	<b>(2,551,081)</b>
<b>C Cash flow from financing activities:</b>		
Interest on Short term Loan	(7,116,012)	(4,210,910)
Dividend Paid	-	(2,890,857)
Overdraft	(220,527)	32,612,855
<b>Net Cash outflow from Financing activities</b>	<b>(7,336,539)</b>	<b>(25,511,088)</b>
<b>D Net Cash inflow for the year : ( A+B+C )</b>	<b>6,782,107</b>	<b>(11,015,341)</b>
<b>E Opening cash and bank balances</b>	<b>140,553,253</b>	<b>151,568,594</b>
<b>F Closing cash and bank balances : ( D+E)</b>	<b>147,335,360</b>	<b>140,553,253</b>

  
Fariduddin Khan Siddiqui  
Managing Director

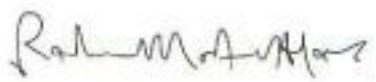
  
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April 28, 2011

  
Rahman Mostafa Alam & Co.  
Chartered Accountants

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31<sup>st</sup> December, 2010

Particulars	Share Capital	Reserve for Exceptional Loss	General Reserve	Retained Earnings (Restatcd)*	Total
Balance as on 01.01.2009	150,000,000	23,135,412	4,000,000	15,106,496	192,241,907
Changes in accounting policy	-	-	-	-	-
	150,000,000	23,135,412	4,000,000	15,106,496	192,241,907
Stock Dividend for 2008	15,000,000			(15,000,000)	-
Net Profit after tax				24,759,199	24,759,199
Reserve for Exceptional Loss		5,000,000		(5,000,000)	-
<b>Balance as on 31.12.2009</b>	<b>165,000,000</b>	<b>28,135,412</b>	<b>4,000,000</b>	<b>19,865,694</b>	<b>217,001,106</b>
Adjustment for Defrred tax* (up to 2008)				2,500,000	2,500,000
Prior year income tax provision*				(4,206,403)	(4,206,403)
Prior year interest income* (FDR)				(1,937,564)	(1,937,564)
Adjustment for Deferred tax* (2009)				2,000,000	2,000,000
<b>Restated Balance as on 31.12.2009</b>	<b>165,000,000</b>	<b>28,135,412</b>	<b>4,000,000</b>	<b>18,221,727</b>	<b>215,357,139</b>
<b>Restated Balance as on 10.01.2010</b>	<b>165,000,000</b>	<b>28,135,412</b>	<b>4,000,000</b>	<b>18,221,727</b>	<b>215,357,139</b>
Stock Dividend for 2009	16,500,000			(16,500,000)	-
Net Profit after tax				20,165,013	20,165,013
Reserve for Exceptional Loss		2,000,000		(2,000,000)	-
<b>Balance as on 31.12.2010</b>	<b>181,500,000</b>	<b>30,135,412</b>	<b>4,000,000</b>	<b>19,886,740</b>	<b>235,522,152</b>

\* Please see note 29

  
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Dated : Dhaka  
April 28,2011

  
Rahman Mostafa Alam & Co.  
Chartered Accountants



## ◀ NOTES TO THE ACCOUNTS ▶

*For the year ended 31<sup>st</sup> December, 2010*

### 1. Legal Status :

Global Insurance Ltd. was incorporated as a Public Limited company on 23rd day of April, 2000 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.

### 2. Significant Accounting Policies :

#### 2.01. Basis of Accounting :

- i) The financial statements are prepared on a going concern basis under generally accepted accounting principle on historical cost convention. These statements are also prepared in accordance with applicable Accounting Standards as adopted by the Institute of chartered Accountants of Bangladesh and where relevant with presentation requirements of the law.
- ii) The balance Sheet is prepared in accordance with the regulations contained in Part-I of the first Schedule and as per Form 'A' as set forth in Part-II of that Schedule and the revenue account of each class of general insurance business is prepared in accordance with the regulation contained in Part-I of the Third Schedule and as per Form 'F' set forth in Part-II of that Schedule of the Insurance Act, 1938. The classified summary of the assets is prepared in accordance with Form 'AA' of Part-II of the First Schedule of the said Act.

#### 2.02. Use of Estimate :

The preparation of financial statements in conformity with the Bangladesh Accounting Standards requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures at Balance Sheet date and of the revenues and expenses during the year.

#### 2.03. Revenue Recognition :

##### i) 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.

##### ii) Interest on Statutory and other Investments :

Interest earned on statutory investment lying with Bangladesh Bank in the form of NIBs as renewed are accounted for on accrual basis. Interests on other investments in the form of STD and FDR are credited to profit & loss account.

##### iii) Management Expenses :

Management expenses as charged to Revenue Accounts, represents approximately 25.58 of Gross premium. Management expenses have been apportioned @ 41.24% to Fire, 33.88% to Marine, 14.70% to Motor and 10.18% to Miscellaneous business as per management decision.

##### iv) Surplus of Revenue Account & Provision for Unexpired Risks :

Before arriving at the surplus of each class of business, necessary provision for unexpired risks are created at the rate of 40% on all business except on Marine Hull business in which case 100% to be provided.

#### 2.04. Fixed Assets :

Depreciation on Fixed Assets is charged on cost over full year irrespective of from the date of procurement. Depreciation has been charged on diminishing balance method on the cost of individual assets at the following rates :

Category of Assets	Rate of Depreciation
Furniture & Fixture	10%
Air Conditioner	15%
Office Decoration	20%
Office Equipment	15%
Motor Vehicles	20%
Computer	30%

#### 2.05. Employees Benefits :

Since the present business is not at the expected level the company could not afford the employees benefit as per BAS-19. But the management is very much committed to introduce such benefit plans in coming years.

#### 2.06. Operation :

During the year under audit, through the operation of 21 offices (including Head Office) the gross premium income earned by the company amount to Tk. 184,640,314 including public sector business of Tk. 27,539,390. After ceding for re-insurance premium the net premium for the year amounted to Tk. 106,368,618 and after charging direct expenses there from the net underwriting profit/(loss) stood at Tk. 10,103,938.

#### 2.07. Public Sector Business :

Public Sector Business for four quarters up to June 2010 has been accounted for on the basis of statement received from SBC.

#### 2.08. Income Tax:

- Current Tax : Income Tax provision has been made for total income during the year an amount of Tk. *4,997,744.00 and arrears provision for income tax of Tk.4,206,430.00 as per BAS- 8*
- Deferred Tax: Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the profit and loss account as per BAS-12 "Income Taxes".

Since, the temporary difference of assets and liabilities between accounting base and tax base are insignificant, as a result no deferred tax has been provided in the financial statement.

#### 2.09. Reserve for Exceptional Loss :

As per provision of Income Tax Ordinance 1984 the company has made provision for reserve for exceptional loss in the amount of Tk. 20,00,000 on a lump sum basis.

#### 2.10. Resumption of Agency Commission :

Restriction on payment of agency commission has been withdrawn by the Chief Controller of Insurance vide circular no. *৪২৫১নি-১৫/১/৯৬-১২০৩* dated July 26, 2005. As such the company has resumed payment of agency commission to the licensed insurance agents with effect from September 2005.

#### 2.11. General :

- The margin of security of investments over liabilities of the company has been maintained as appeared from the Balance Sheet.
- The reporting currency is Taka (Bangladeshi).
- Figures have been rounded off to the nearest Taka.
- Last year's figures have been rearranged wherever necessary to confirm current year's presentation.



		Amount in Taka	
		2010	2009
3.	<b>National Investment Bond (NIB) : Tk. 9,000,000</b>		
		<u>9,000,000</u>	<u>9,000,000</u>

The amount represents 5 years National Investment Bond @ 10.14% simple interest which is a statutory deposit under Insurance Act.

4.	<b>Investment in Shares : Tk. 37,353,972.00</b>	<u>37,353,972</u>	<u>21,224,480</u>
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The above balance is made up as follows:

Name of the Company	Balance of Shares	Cost price per share (W.A)	Total Cost	Market Price per share as on 31-12-2010	Total Market price as on 31-12-2009
M.B.L 1st Mutual fund	250,000	10.00	2,500,000	10.00	2,500,000
Meghna Petroleum	2,005	268.53	538,396	237.10	475,386
Lafurcement	1,100	521.17	573,290	563.75	620,125
KPCL	16,100	181.42	2,920,800	112.60	1,812,860
GDI 1st Mutual Fund	500,000	10.00	5,000,000	13.60	6,800,000
Sumitpower	36,780	118.27	4,350,000	140.10	5,152,878
RAK Ceramics	5,000	210.46	1,052,300	171.60	858,000
Beximco LTD.	1,000	318.50	318,500	311.50	311,500
Makson Spinning	5,000	81.82	409,100	68.40	342,000
S Alam Steel	9,900	853.36	8,448,300	822.75	8,145,225
SP. Ceramics	46,700	105.24	4,914,830	109.50	5,113,650
Grameen Phone	3,200	282.14	902,837	245.80	786,560
Pubali Bank Ltd.	29,000	112.13	3,251,700	107.40	3,114,600
Beximco Pharma	19,087	113.90	2,173,919	135.10	2,578,654
			<b>37,353,972</b>		<b>38,611,437</b>

Value of shares have been shown at cost. No provision for fall in market price have been made in view of the fact that the aggregate market value of the shares as on December 31, 2010 is higher than total cost price.

5. **Interest, Dividend and Rent Receivable : Tk. 28,222,460.00**

The balance is made up as follows :

		(Restated)*
Opening Balance	21,742,752	23,675,467
Add. Receivable during the year*	14,577,905	13,062,897
	<u>36,320,657</u>	<u>36,738,364</u>
Less. Received during the year	8,098,197	14,995,612
	<u>28,222,460</u>	<u>21,742,752</u>

6. **Amount due from other persons or bodies carrying on insurance business : Tk. 13,532,959.00**

The business wise break-up of the balance is given below:

Shadharan Bima Corporation	13,532,959	7,919,506
	<u>13,532,959</u>	<u>7,919,506</u>

Amount in Taka  
2010                      2009

7. **Sundry Debtors : Tk. 126,509,523.00**

The balance is made up as under:

Advance Income Tax	7.01	40,614,195	37,047,956
Advance against Office Rent		751,340	1,496,137
Advance against Office Decoration		3,916,700	-
Advance against other Parties		12,595,003	-
Deposit Clearing	7.02	9,446,431	19,925,451
Security Deposits		637,210	637,210
Short deposit premium	7.03	8,534,017	19,990,486
Advance against Salary		445,217	899,022
Advance against Car on Hire Purchase		182,590	581,250
Advance against Mobile		10,000	10,000
Advance Against Commission		6,315,747	4,815,747
Collection Control A/c		38,122,454	29,017,870
Advance against lease rental		176,765	111,480
VAT Collection Control A/c		2,583,368	4,352,680
Rent receivable		456,240	-
Advance against Broker House		-	7,756
Stamp Collection Control A/c		1,722,246	2,015,750
		<b>126,509,523</b>	<b>120,908,795</b>

7.01 Income tax deducted by bank from interest income needs to be adjusted on finalization of Assessment.

7.02 Deposit clearing refers to cheques received on or before December 31, 2010 but deposited to bank subsequently.

7.03 Short deposit premium refers to outstanding premium recoverable from different parties over the several years and not adjusted in full subsequently. The management is confident that the same will be realized within the shortest possible period.

8. **Advance Against Floor Purchase : Tk.55,224,500.00**

**55,224,500                      48,485,000**

Global Insurance Limited executed a deed of agreement with Abed Holding Ltd, 53, Purana Paltan, Dhaka-1000 on 20.05.2008 for the purchase of 11050sft. Space 12th floor with The Al-Razi Complex at a total price of Tk. 4,35,30,000. Out of which an amount of Tk. 3,94,85,000 has been paid up to 31.12.2010. And another a deed of agreement with Hasan Holdings Ltd.(3rd floor) 52/1, New Eskaton Road, Dhaka,-1000 on 14.12.2009 for the purchase of 3930 sft. floor Space 7th floor at the Central Plaza at Mirpur, at total price 15,739,500/=. Out of which an amount of Tk. 15,739,500 has been paid up to 31.12.2010. (In15th September 2010 we get the above property of the Al-Razi Complex and utilized its 25% for 3.5 months only.)

9. **Cash and Bank Balances : Tk. 147,335,360.00**

The balance has been arrived at as under:

Cash in Hand	9.01	1,070,749	12,079,928
Balance with Banks	9.02	22,461,131	9,394,345
		<b>23,531,880</b>	<b>21,474,273</b>
Fixed Deposit with Banks		123,803,480	119,078,980
		<b>147,335,360</b>	<b>140,553,253</b>



		Amount in Taka	
		2010	2009
The management has furnished certificate confirming the position.			
<b>9.01. Cash in Hand</b>			
Head Office	230,997	11,845,227	
Branch Office	839,752	234,701	
	<b>1,070,749</b>	<b>12,079,928</b>	
<b>9.02. Balance with Banks</b>			
Short Term Deposit	21,949,894	8,832,098	
Current Deposit	511,237	562,247	
	<b>22,461,131</b>	<b>9,394,345</b>	
<b>10. Fixed Assets : Tk. 14,928,832.00</b>	<b>14,928,832</b>	<b>8,593,450</b>	
(at cost less accumulated Dep.)			
A details of Fixed Assets Schedule is shown in the <b>Annexure - A</b>			
<b>11. Deferred Expenses (IPO) : Tk. Nil</b>			
Opening	991,006	1,982,011	
Less : Written off during the year	991,006	991,005	
	<b>-</b>	<b>991,006</b>	

The Board of Directors has decided to write off the IPO expense of Tk 49,55,026 in five equal installments. As such Tk. 991,006 has been written off during the year.

<b>12. Issued, Subscribed and Paid up Capital Tk. 181,500,000.00</b>	<b>181,500,000</b>	<b>165,000,000</b>
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The balance represents 1,815,000 ordinary shares of Tk. 100 each fully paid up.

Out of the Above Share Capital (fully paid up ) for 15,00,000 ordinary shares for which annual return to the RJSC have been completed.

Share Capital (fully paid up ) for 1,50,000 ordinary shares (stock dividend) for which returns of allotment to the RJSC have not yet been completed. The Company filed an application in the Honourable High Court for condonation of delay in filling the return of allotment dated 11.07.2009.

The return of allotment for balance shares of 1,65,000 is the process for getting certificate from RJSC.

#### Share holding structure

	No. of shares	Share (%)
Sponsors	694,500	38.26
Financial & Other Institutions (including ICB)	451,592	24.88
General Public	668,908	36.85
	<b>1,815,000</b>	<b>100.00</b>

A distribution schedule of each class of equity setting out the number of holders and percentage of holding in the different categories as on 31.12. 2010 is given as follows :

**Group "A" Shareholders ( Sponsors)**

Class Interval	No. of Shares	No. of Shareholders	Share Holdings( %)	% of Total Paid up Capital
5001 – 10000			-	-
10001 – 15000	23,100	2	3.33	1.27
15001 – 20000	56,100	3	8.08	3.09
20001 – 25000	70,400	3	10.14	3.88
30001 – 35000	60,500	2	8.71	3.33
35001 – 40000	181,500	5	26.13	10.00
40001 – 45000	89,000	2	12.81	4.90
45001 – 50000	98,400	2	14.17	5.42
100001- 200000	115,500	2	16.63	6.36
<b>Total of (I)</b>	<b>694,500</b>	<b>21</b>	<b>100</b>	<b>38.26</b>

**Group "B" Shareholders ( Public)**

Class Interval	No. of Shares	No. of Shareholders	Share Holdings( %)	% of Total Paid up Capital
01 - 500	438,073	4493	39.10	24.14
501 - 5000	336,579	250	30.04	18.54
5001 - 10000	44,246	6	3.95	2.44
10001 - 15000	49,330	4	4.40	2.72
2001- 25000	20,114	1	1.80	1.11
25001 - 30000	30,000	1	2.68	1.65
30001 - 35000	33,347	1	2.98	1.84
100001 - 200000	168,811	1	15.07	9.30
<b>Total of (II)</b>	<b>1,120,500</b>	<b>4757</b>	<b>100</b>	<b>61.74</b>
<b>GRAND TOTAL (I+II)</b>	<b>1,815,000</b>	<b>4778</b>		<b>100</b>

		<b>Amount in Taka</b>	
		<b>2010</b>	<b>2009</b>
<b>13. Retained Earnings : Tk. 19,886,740.00</b>			<b>(Restated)*</b>
Balance brought forward from last year	13.01	1,721,727	2,606,495
Add: Net Profit during the year		25,102,757	29,308,275
		<b>26,824,484</b>	<b>31,914,770</b>
Less: Provision for Income Tax		4,937,744	4,486,640
Less: Arear provision for Income tax		-	4,206,403
Less: Reserve for Exceptional losses		2,000,000	5,000,000
<b>Surplus Carried forward</b>		<b>19,886,740</b>	<b>18,221,727</b>
<b>13.01 Balance brought forward from last year : Tk. 1,721,727.00</b>			
Net Profit before Dividend		18,221,727	15,106,495
Add: Resated for deferred tax		-	2,500,000
Less: Dividend Paid		16,500,000	15,000,000
		<b>1,721,727</b>	<b>2,606,495</b>



		Amount in Taka	
		2010	2009
14.	<b>Premium Deposit : Tk. 1,550,451.00</b>	<b>1,550,451</b>	<b>2,474,210</b>
The amount represents the un-adjusted balance of premium as received against cover notes over the years for which policies have not been issued within December 31, 2010			
15.	<b>Bank Overdraft : Tk. 46,319,001.00</b>		
This overdraft was allowed by Standard Bank Ltd., IFIC Bank Ltd. and BRAC Bank Ltd. Against these Overdraft there are lien on FDRs amounting to Tk. 3,87,00,000 , Tk. 12,500,000 and Tk. 20,50,000 respectively			
This is made up as follows:			
	Standard Bank Ltd., A/c.No.010238000654	34,220,149	34,299,398
	IFIC Bank Ltd., A/c.No.000132086387	10,150,136	10,292,626
	BRAC Bank Ltd., A/c No.1505200344843001	1,948,716	1,947,500
		<b>46,319,001</b>	<b>46,539,524</b>
The above balance has been confirmed & reconciled with bank statements.			
16.	<b>Estimated Liability in respect of outstanding claims whether due or Intimated : Tk. 16,057,209.00</b>		
The break-up of the amount is noted below :			
	Fire	3,125,105	1,859,896
	Marine (Cargo)	2,934,719	4,075,657
	Miscellaneous (Motor)	9,996,385	6,422,031
		<b>16,057,209</b>	<b>12,357,584</b>
17.	<b>Amounts due to other persons or bodies carrying on Insurance Business : Tk. 18,299,313.00</b>		
	Shadharon Bima Corporation (SBC)	<b>18,299,313</b>	<b>1,936,003</b>
18.	<b>Sundry Creditors : Tk. 19,614,220.00</b>		
The balance is made-up as follows:			
	Provision for Office Rent	174,286	255,594
	Provision for Audit Fee	185,000	130,000
	VAT Deducted at Source	-	129,089
	Salary Income Tax Payable	273,534	357,171
	Brocarage loan A/c	4,919,813	-
	Income Tax Deduction (Office Rent)	61,675	106,150
	Advance office rent payable	1,041,664	-
	I.T. Deduction at Source	381,383	420,666
	GIL Foundation	5,000	5,000
	Provision for Proposed Dividend	1,326,508	1,326,508
	Share Application Money Refundable	924,000	924,000
	Loan from PF	12,165	-
	Provision for Incentive Bonus	-	1,660,385
	Provision for Employee Con. PF.	106,774	81,235
	Salary Payable	-	2,420,148
	VAT Payable	733,613	882,650
	Provision for Company Con. PF.	106,774	82,034
	Car Loan	8,286,592	2,589,868
	Stamp Control A/C	1,075,439	1,135,471
		<b>19,614,220</b>	<b>12,505,969</b>

Amount in Taka  
2010                      2009

19. **Premium Income less Re-Insurance : Tk. 106,368,618.00**

Business	Gross Premium	Re-Insurance accepted	Re-Insurance ceded	2010 Net Premium	2009 Net Premium
Fire	76,143,491	-	39,747,111	36,396,380	28,952,366
Marine	62,560,541	-	19,835,660	42,724,881	36,973,716
Motor	27,132,184	-	3,026,234	24,105,950	33,350,009
Miscellaneous	18,804,098	-	15,662,691	3,141,407	2,922,487
<b>Total</b>	<b>184,640,314</b>	<b>-</b>	<b>78,271,696</b>	<b>106,368,618</b>	<b>102,198,578</b>

20. **Management Expenses : Tk. 44,009,968.00**

The expenses have been charged to Revenue Accounts on product basis of Gross Premium earned or direct business as under:

Fire	41.24%	18,194,300	18,520,110
Marine	33.88%	14,829,435	17,386,297
Motor	14.70%	6,517,434	10,502,816
Miscellaneous	10.18%	4,466,799	3,538,281
	<b>100.00%</b>	<b>44,009,968</b>	<b>49,947,504</b>

21. **Directors Fee : Tk. 557,000.00**

**557,000                      767,000**

During the year under review an amount of Tk. 557,000.00 was paid to the Directors of the company as Board and committee meeting attendance fee.

22. **Interest, Dividend and Rents : Tk. 14,577,905.00**

(Restated)\*

The amount is made-up as follows:

Interest on National Investment Bond (NIB)	912,600	802,720
Interest on Fixed Deposit	13,665,305	12,258,866
Interest on STD	-	75048
	<b>14,577,905</b>	<b>13,136,634</b>

23. **Contingent Liabilities**

The Income Tax Authority has claimed of Tk. 30,064,605.00 for the assessment year 2006-7, 2007-8, 2008-9 and 2009-10 in excess of income tax paid for the respective year. However, The Company filed writ in the Honourable High Court for the assessment year 2006-7 and appeal to appellate tribunal for the assessment year 2007-8, 2008-9 and 2009-10. The ultimate outcome of the matters cannot be accurately determined and no provision for any liability that may arise has been made in the financial statement .

24. **Earning Per Share (EPS)**

The earning per share of the company is as follows:

Earning attributable to ordinary share holders (profit after tax)	19,886,740	18,221,727
Number of ordinary shares outstanding during the year	1,815,000	1,815,000
	<b>10.96</b>	<b>10.04</b>



Amount in Taka

2010	2009
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**Note :**

- a) Earning per share is calculated in accordance with BAS 33 "Earning Per Share" which has been shown on the face on Profit & Loss accounts.
- b) EPS, for the year 2009 has restated for the issue of Bonus share in 2010 and as well as restatement of deferred tax and interest receivable on FDRs.

## 25. Provision for Income Tax Tk. 4,937,744.00

Net Profit			25,102,757
Less: Reserve for Exceptional Loss	2,000,000		
Capital Gain from Share Income	14,823,736		
Dividend Income	280,950		
			17,104,686
			7,998,071
Business income	7,998,071	42.50%	3,399,180
Dividend income	280,950	20.00%	56,190
Share Income	14,823,736	10.00%	1,482,374

4,937,744	4,486,640
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## 25.1 Provision for Income Tax Tk. 53,157,065.00

Income year		(Restated)*
2004	4,600,000	4,600,000
	-	393,597
	-	4,206,403
2005	16,176,903	16,176,903
2006	6,200,363	6,200,363
2007	7,094,131	7,094,131
2008	9,661,284	9,661,284
2009	4,486,640	4,486,640
2010	4,937,744	-
	<b>53,157,065</b>	<b>48,219,321</b>

## 25.2 Provision for Deferred Tax

Opening balance on 1st Januray	-	2,500,000
Additional during the year	-	2,000,000
	-	4,500,000
Less :Adjustment made during the year	-	(4,500,000)
Closing Balance	-	-

Temporary differences between Accounting Base and Tax Base of assets and liabilities are insignificant, as a result no deferred tax has been provided in the financial statement during the year. Previous year deferred tax provision of Tk. 45,00,000 has been restated as per BAS - 8.

26 . **Board Meeting**

During the year 2010 the Company had a 20 members Board of Directors and held 7 board meetings. Board of Directors of the Company has formed other Committees and Sub-committees like Executive Committee, Claims Committee and Audit Committee. Regular meetings of these Committees were also held during the current year.

27 . **Employees**

The company employed 486 employees during the year & They received salary more than Tk. 4,000 per month.

28 . **Post Balance Sheet Event**

There was no significant event that has occurred between the balance sheet date and the date when the financial statements are authorized for issue by the Board of Directors except the following:

Proposed Stock Dividend: Tk. 18,150,000

The Board of Directors has recommended for payment of Stock dividend to the amount of Tk 1,815,00,000 @10.% on paid up capital out of the surplus available for distribution at the end of the year 2010, as decided by the Board of Director in their meeting held on 28th April 2011, which is subject to the approval of shareholders in the forthcoming Annual General Meeting of the company.

29. **Prior year adjustment**

During the year 2009, the Company had recognised interest income on FDR in error due to fluctuation in interest rate. As a result interest income on FDR as well as interest receivable from FDR's are also overstated by Tk. 1,937,564. The above error is duly restated as BAS-8

Previous year deferred tax provision of Tk. 45,00,000 has been restated as per BAS - 8, as temporary difference between accounting base and tax base of assets and liabilities are insignificant.

Prior year under provision of income tax has been restated as per BAS- 8

30 **There was no bank Gurantee issued by the Company on behalf of their directors.**

31 **Auditors were paid only statutory audit fee duly approved by the Shareholders in the last AGM.**

32 **There was no capital work in progress at the end of the Accounting year.**

33 **No expenses were paid as Royalty and Salary to Technical Experts etc.**

34 **During the year the Company was not entered into any agreement with the third party.**

35 **There was no capital expenditure commitment as at 31st December, 2010**

36 **There was no claim against Company, which was not acknowledged as debt other than normal course of business.**

37 **There was no credit facility available to the company under any contract availed of as on 31st December, 2010 other than trade credit available in the ordinary course of business.**

38 **There was no event occurred after Balance Sheet date, which might affect Financial position of the Company as on Balance Sheet date.**



# FIXED ASSETS SCHEDULE

As on 31<sup>st</sup> December, 2010

## ANNEXURE - 1

Particulars	C O S T				Amount before charging depreciation	Rate of Dep. (%)	D E P R E C I A T I O N				Written down value at 31.12.2010
	As on 01.01.2010	Additions during the year	Sale/ Adjustment the year	As on 31.12.2010			As on 01.01.2010	Charged during the year	Sale/ Adjustment the year	As on 31.12.2010	
Furniture & Fixture	2,831,513	815,398	-	3,646,911	2,367,785	10%	1,279,126	236,778	-	1,515,905	2,131,006
Motor Vehicles	7,401,499	8,461,800	836,000	15,027,299	12,094,898	20%	2,932,401	2,418,980	616,847	4,734,533	10,292,766
Office Decoration	4,438,568	415,446	-	4,854,014	1,335,404	20%	3,518,610	267,081	-	3,785,691	1,068,323
Computer	797,161	27,441	-	824,602	349,621	3%0	474,981	104,886	-	579,867	244,735
Air Conditioner	773,906	50,500	-	824,406	350,110	15%	474,296	52,516	-	526,813	297,593
Office Equipoment	2,230,897	98,029	-	2,328,926	1,052,246	15%	1,276,680	157,837	-	1,434,517	894,409
Computer	95,000		95,000	-	-	20%	19,000	-	19,000	-	-
Total	18,568,544	9,868,614	931,000	27,506,158	17,550,063		9,675,095	3,238,079	635,847	12,577,326	14,928,832

Notes: i) Depreciation has been charged on diminishing balance method on the cost of individual assets.

ii) Full year's depreciation has been charged on additions during the year irrespective of date of acquisition.