

# AUDITORS' REPORT TO THE SHAREHOLDERS OF GLOBAL INSURANCE LIMITED

"We have audited the accompanying financial statements of GLOBAL INSURANCE LIMITED which comprise the balance sheet as at December 31, 2012, and the related revenue accounts as well as the profit and loss account, profit & loss appropriation account and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management of the GLOBAL INSURANCE LIMITED is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements 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.

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"We have audited the accompanying financial statements of GLOBAL INSURANCE LIMITED which comprise the balance sheet as at December 31, 2012, and the related revenue accounts as well as the profit and loss account, profit & loss appropriation account and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The procedures selected depend on the auditor's judgement, including the assessment of the risk 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 effective in detecting material misstatements, whether due to fraud or error. 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 GLOBAL INSURANCE LIMITED as at 31st December, 2012 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRS) and comply with the Companies Act -1994, Insurance Act- 1938, the Insurance Rules- 1958, the Security and Exchange Rules-1987 and other applicable laws and regulations.

## Report on Other Legal and Regulatory Requirements

### We also report that:

- i) 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;
- ii) In our opinion, proper books of account as required by 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;
- iii) The company's balance sheet and profit and loss account and its cash flows dealt with by the report are in agreement with the books of account and returns;

- iv) The expenditure incurred was for the purposes of the company's business;
- v) As per section 40-C (2) of the Insurance Act, 1938 as amended, in the Insurance Act-2010 section-63 , 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 Profit and Loss Account of the Company;
- vi) As per regulation 1 of part 1 of the Third Schedule of the 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 re-insured abroad.

Dated, Dhaka  
04 April, 2013

*K. M. Hasan & Co.*  
**K. M. Hasan & Co.**  
Chartered Accountants

# GLOBAL INSURANCE LIMITED

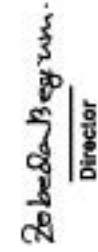
## Balance Sheet

As at December 31, 2012

Capital & Liabilities	Notes	Amount in Taka 2012	Amount in Taka 2011	Property & Assets	Notes	Amount in Taka 2012	Amount in Taka 2011
<b>Share Capital</b>							
Authorized Capital		1,000,000,000	1,000,000,000				
100,000,000 ordinary shares of Tk.10 each							
Issued, Subscribed & Paid up Capital				National Investment Bond (NIB)	3	9,000,000	9,000,000
21,981,600 Ordinary Shares of Tk.10 each	11	219,615,000	199,660,000	Investments in Shares	4	44,090,278	44,090,278
				Interest, Dividend & Rent receivables	5	13,468,051	43,305,304
<b>Reserve or Contingency Accounts:</b>				Amounts due from other Persons or-			
Reserve for Exceptional Losses		39,135,412	33,135,412	Bodies carrying on insurance business	6	26,907,391	20,188,520
General Reserve		4,000,000	4,000,000				
Retained Earnings	12	26,852,049	21,200,051				
		<b>69,987,461</b>	<b>58,335,463</b>				
<b>Balances of Funds and Accounts:</b>				Sundry Debtors	7	145,639,508	113,510,101
Fire		9,351,934	14,552,013	Advance against Floor purchase	8	15,739,500	15,739,500
Marine (Cargo)		34,711,975	19,815,711	<b>Cash and Bank Balances</b>	9	<b>7,380,320</b>	<b>6,480,763</b>
Marine (Hull)		147,557	94,475	Cash in Hand		24,303,199	40,222,999
Motor		7,227,594	10,124,910	Balance with Banks		213,949,650	134,349,650
Miscellaneous		3,736,138	1,321,942	FDR with Banks		<b>245,633,169</b>	<b>181,053,412</b>
		<b>55,175,198</b>	<b>45,909,051</b>				
Premium Deposit	13	4,521,055	1,810,403	Other Accounts:			
Loans & Overdraft	14	49,400,085	54,536,962	Fixed Assets (At cost less accum. Depreciation)	10	74,367,324	73,721,285
				Stock of Stationery		587,258	530,320
				Stamp in Hand		471,240	78,555
<b>Liabilities and Provisions:</b>						<b>75,425,822</b>	<b>74,330,160</b>
Estimated Liability in respect of outstanding		15,782,277	13,502,051	<b>Total</b>		<b>576,103,719</b>	<b>501,217,275</b>
claims, whether due or intimated	15						
Amounts due to other Persons or Bodies		51,105,818	35,057,662				
carrying on Insurance Business	16	25,535,862	28,271,818				
Sundry Creditors	17	84,980,953	66,143,865				
Provision for Income Tax	24	<b>177,404,910</b>	<b>140,975,396</b>				
		<b>576,103,719</b>	<b>501,217,275</b>				

The annexed notes 1 to 29 form an integral part of these Financial Statements.

  
Managing Director

  
Director

  
Director

  
Chairman

Signed in terms of our separate report of even date annexed.

Dated, Dhaka  
04 April, 2013


**K. M. Hasan & Co.**  
Chartered Accountants


**GLOBAL INSURANCE LIMITED**  
**Profit and Loss Appropriation Account**  
 For the year ended December 31, 2012.

Particulars	Notes	Amount in Taka		Notes	Amount in Taka	
		2012	2011		2012	2011
Provision for Income Tax	24	18,837,088	12,986,800			1,736,740
Reserve for Exceptional Losses		6,000,000	3,000,000			35,450,111
Balance transferred to the Balance Sheet		26,852,049	21,200,051			
		<u>51,689,137</u>	<u>37,186,851</u>			<u>37,186,851</u>
						<u>1,235,051</u>
						<u>50,454,086</u>
						<u>51,689,137</u>
						<u>37,186,851</u>
						<u>1,736,740</u>
						<u>35,450,111</u>
						<u>51,689,137</u>
						<u>37,186,851</u>

The annexed notes 1 to 29 form an integral part of these Financial Statements.

  
 Managing Director

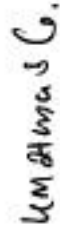
  
 Director

  
 Director

  
 Chairman

Signed in terms of our separate report of even date annexed.

Dated, Dhaka  
 04 April, 2013

  
 K. M. Hasan & Co.  
 Chartered Accountants

# GLOBAL INSURANCE LIMITED

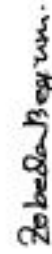
## Profit and Loss Account


For the year ended December 31, 2012

Particulars	Notes	Amount in Taka		Notes	Amount in Taka	
		2012	2011		2012	2011
Expenses of Management (Not applicable to any particular Fund or Account)						
Advertisement & Publicity		754,362	882,152		16,184,469	17,739,451
Share Issue expenses		-	-		248,440	102,823
Donation & Subscription		205,000	735,000		-	25,291
Audit Fees		46,900	95,000		-	2,404,190
Legal & Professional Fees		487,575	651,307		2,095,060	2,213,644
Depreciation		7,683,762	7,285,373		544,962	-
Interest on Loan		7,986,797	9,206,920		19,072,971	22,485,399
Registration Fees		707,400	724,811		-	-
Directors Fee	20	1,094,800	732,000		11,167,990	7,018,289
Meeting, Conference & AGM expenses		1,796,322	1,435,957		35,940,662	23,742,690
Provision for loss on Investment in Shares		3,000,000	4,878,824		6,535,469	7,397,609
Loss on sale of fixed assets		-	370,800		1,365,932	1,904,268
		<b>23,728,938</b>	<b>26,996,144</b>		<b>55,110,053</b>	<b>39,962,856</b>
Balance for the period carried to Profit & Loss Appropriation Account		<b>50,454,066</b>	<b>35,450,111</b>		<b>74,183,024</b>	<b>62,448,255</b>
<b>Earning per Share</b>	23	<b>1.22</b>	<b>1.02</b>		<b>74,183,024</b>	<b>62,448,255</b>

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Managing Director

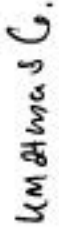
  
Zobeida Begum  
Director

  
Director

  
Chairman

Signed in terms of our separate report of even date.

Dated, Dhaka  
04 April, 2013

  
K. M. Hasan & Co.  
Chartered Accountants

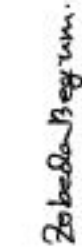
**GLOBAL INSURANCE LIMITED**  
**Consolidated All Business Revenue Account**

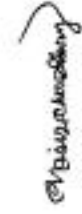
For the year ended December 31, 2012

Particulars	Notes	Amount in Taka 2012	Amount in Taka 2011	Particulars	Notes	Amount in Taka 2012	Amount in Taka 2011
Claims under policies less Re-insurances Paid during the year		22,269,619	24,063,144	Balance of account at the beginning of the year		45,909,051	42,619,234
Add : Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		15,782,277	13,502,051	Premium less Re-insurances	18	137,716,659	114,630,914
Less: Claims outstanding at the end of the previous year		38,051,896	37,565,195	Commission on Re-insurances		26,278,975	25,744,227
		13,502,051	16,057,209				
		<b>24,549,845</b>	<b>21,527,986</b>				
Expenses of Management	19	45,204,474	44,290,514				
Agent Commission		29,865,115	31,303,968				
Profit transferred to profit & loss account		55,110,053	39,962,856				
<b>Balance of account at the end of the year 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		55,175,198	45,909,051				
		<b>209,904,685</b>	<b>182,994,375</b>			<b>209,904,685</b>	<b>182,994,375</b>

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**Managing Director**

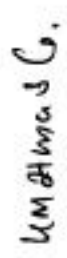
  
**Zobeida Begum**  
**Director**

  
**Director**

  
**Chairman**

Signed in terms of our separate report of even date annexed.

Dated, Dhaka  
 04 April, 2013

  
**K. M. Hasan & Co.**  
 Chartered Accountants

**GLOBAL INSURANCE LIMITED**  
**Fire Insurance Revenue Account**

For the year ended December 31, 2012

Particulars	Notes	Amount in Taka		Particulars	Notes	Amount in Taka	
		2012	2011			2012	2011
Claims under policies less Re-insurances Paid during the year			14,380,714	Balance of account at the beginning of the year		14,552,013	14,558,552
Add : Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		5,545,261	289,167	Premium less Re-insurances	18	23,379,834	36,380,032
		5,547,605	14,679,881	Commission on Re-insurances		16,445,864	18,329,007
		11,092,866	3,126,105				
Less: Claims outstanding at the end of the previous year		289,167	11,553,776				
Agent Commission		10,803,699	15,982,006				
Expenses of management	19	8,732,345	20,161,507				
Profit transferred to profit & loss account		13,321,743	7,018,289				
		11,167,990					
<b>Balance of account at the end of the year as shown in the balance sheet:</b>							
Reserve for unexpired risks being 40% of net premium income of the year		9,351,934	14,552,013				
		<b>54,377,711</b>	<b>69,267,591</b>			<b>54,377,711</b>	<b>69,267,591</b>

The annexed notes 1 to 29 form an integral part of these Financial Statements.

  
**Managing Director**

*Zobeda Begum*  
**Director**

  
**Director**

  
**Chairman**

Signed in terms of our separate report of even date annexed.

Dated, Dhaka  
 04 April, 2013

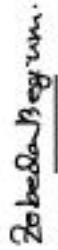
*K M Hasan J C*  
**K. M. Hasan & Co.**  
 Chartered Accountants


**GLOBAL INSURANCE LIMITED**  
**Marine Insurance Revenue Account**  
 For the year ended December 31, 2012

Particulars	Notes	Amount in Taka		Particulars	Notes	Amount in Taka	
		2012	2011			2012	2011
<b>Claims under policies less Re-Insurances</b>							
Paid during the year			1,076,912	Balance of account at the beginning of the year		19,910,186	17,161,739
Add : Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		7,540,780	5,595,143	Premium less Re- Insurances	18	86,927,495	49,633,752
		4,386,175	6,872,055	Commission on Re-Insurances		5,057,484	4,844,771
Less: Claims outstanding at the end of the previous year		11,926,955	2,934,719				
		5,595,143	3,737,336				
		6,331,812					
Agent Commission		14,373,519	9,047,557				
Expenses of management	19	20,389,640	15,202,493				
Profit transferred to profit & loss account		35,940,662	23,742,690				
<b>Balance of account at the end of the year 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		34,711,975	19,815,711				
Hull		147,557	94,475				
		34,859,532	19,910,186				
		111,895,165	71,640,262			111,895,165	71,640,262

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 Managing Director

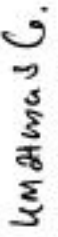
  
 Director

  
 Director

  
 Chairman

Signed in terms of our separate report of even date annexed.

Dated, Dhaka  
 04 April, 2013

  
 K. M. Hasan & Co.  
 Chartered Accountants

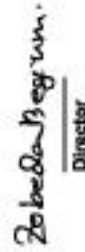


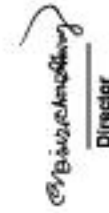
**GLOBAL INSURANCE LIMITED**  
**Miscellaneous Insurance Revenue Account**  
 For the year ended December 31, 2012

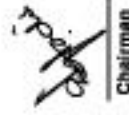
Particulars	Notes	Amount in Taka 2012		2011	
		Motor	Misc	Total	Total
Claims under policies less Re-insurances Paid during the year		9,084,335	99,243	9,183,578	8,615,518
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or incrimated		5,545,165	302,332	5,848,497	7,617,741
		14,630,500	401,575	15,032,075	16,233,259
Less: Claims outstanding at the end of the previous year		7,516,845	100,898	7,617,741	9,996,385
		7,113,655	300,679	7,414,334	6,236,874
Agent Commission		4,142,167	1,617,064	5,759,231	6,274,405
Expenses of management	19	5,723,989	5,769,102	11,493,091	8,926,514
Profit transferred to profit & loss account		8,935,469	1,365,932	8,001,401	9,201,877
Balance of account at the end of the year as shown in the balance sheet:					
Reserve for unexpired risks being 40% of net premium income of the year		7,227,594	3,736,138	10,963,732	11,446,852
		<u>30,842,874</u>	<u>12,788,935</u>	<u>43,631,809</u>	<u>42,086,522</u>
		<u>10,124,910</u>	<u>1,321,942</u>	<u>11,446,852</u>	<u>10,898,943</u>
		<u>18,068,985</u>	<u>9,340,345</u>	<u>27,409,330</u>	<u>28,617,130</u>
		<u>2,648,979</u>	<u>2,126,648</u>	<u>4,775,627</u>	<u>2,670,449</u>
Balance of account at the beginning of the year					
Premium less Re-insurances	18				
Commission on Re-insurances					

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 Managing Director

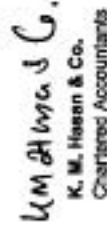
  
 Director

  
 Director

  
 Chairman

Signed in terms of our separate report of even date annexed.

Dated, Dhaka  
 04 April, 2013

  
 K. M. Hasan & Co.  
 Chartered Accountants

# GLOBAL INSURANCE LIMITED

## Statement of Cash Flows

For the year ended 31st December, 2012

	Amount in Taka	
	2012	2011
<b>A) Cash flow from operating activities:</b>		
Premium Collection & other Receipts	277,478,278	241,826,170
Payments of Magt. Exp., Commission, Ri-Ins & Claim .	(180,406,287)	(195,704,160)
Income tax paid and deducted at source	(11,600,751)	(6,484,144)
<b>Net Cash provided from operating activities</b>	<b>85,471,240</b>	<b>39,637,866</b>
<b>B) Cash flow from investing activities:</b>		
Acquisition of fixed assets	(8,394,819)	(27,868,026)
Disposal of fixed assets	630,000	904,400
Sales of Share	-	21,181,862
Investment in Share	-	(25,513,978)
<b>Net Cash used in Investing activities</b>	<b>(7,764,819)</b>	<b>(31,295,742)</b>
<b>C) Cash flow from financing activities:</b>		
Interest on Short term Loan	(7,989,797)	(9,206,920)
Overdraft	(10,148,101)	(68,631)
Term loan	5,011,234	34,651,479
<b>Net Cash used in Financing activities</b>	<b>(13,126,664)</b>	<b>25,375,928</b>
<b>D) Net increase in Cash &amp; Bank balances for the year :( A+B+C )</b>	<b>64,579,757</b>	<b>33,718,052</b>
<b>E) Opening Cash and Bank balances</b>	<b>181,053,412</b>	<b>147,335,360</b>
<b>F) Closing Cash and Bank balances : ( D+E)</b>	<b>245,633,169</b>	<b>181,053,412</b>

  
Managing Director

  
Director

  
Director

  
Chairman

Signed in terms of our separate report of even date annexed.

Dated, Dhaka  
04 April, 2013

  
K. M. Hasan & Co.  
Chartered Accountants

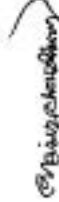
**GLOBAL INSURANCE LIMITED**  
**Statement of changes in Equity**  
 For the year ended December 31, 2012

Amount in Taka

Particulars	Share Capital	Reserve for Exceptional Losses	General Reserve	Retained Earnings	Total
<b>Balance as on 01.01.2011</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>
Stock Dividend for 2010	18,150,000			(18,150,000)	-
Net Profit after tax				22,463,311	22,463,311
Reserve for Exceptional Losses		3,000,000		(3,000,000)	-
<b>Balance as on 31.12.2011</b>	<b>199,650,000</b>	<b>33,135,412</b>	<b>4,000,000</b>	<b>21,200,051</b>	<b>257,985,463</b>
<b>Balance as on 01.01.2012</b>	<b>199,650,000</b>	<b>33,135,412</b>	<b>4,000,000</b>	<b>21,200,051</b>	<b>257,985,463</b>
Stock Dividend for 2011	19,965,000			(19,965,000)	-
Net Profit after tax				31,616,998	31,616,998
Reserve for Exceptional Loss		6,000,000		(6,000,000)	-
<b>Balance as on 31.12.2012</b>	<b>219,615,000</b>	<b>39,135,412</b>	<b>4,000,000</b>	<b>26,852,049</b>	<b>289,602,461</b>

  
 Managing Director

Zobeda Begum  
 Director

  
 Director

  
 Chairman

Signed in terms of our separate report of even date annexed.

Dated, Dhaka  
 04 April, 2013

K M Hasan & Co.  
 K. M. Hasan & Co.  
 Chartered Accountants

# GLOBAL INSURANCE LIMITED

## Notes to the Financial Statements

As at & for the year ended December 31, 2012

### I. INTRODUCTION:

#### 1.01 Legal Status:

GLOBAL INSURANCE LIMITED was incorporated as a public limited company in Bangladesh on April 23, 2000 under the Companies Act, 1994 and commenced its operation as per Insurance Act, 1938. The certificate of commencement of business was obtained from the Registrar of Joint Stock Companies, Bangladesh.

The Company is listed in both Dhaka and Chittagong Stock Exchange as a Publicly Traded Company.

#### 1.02. Address of Registered Office and Principal Place of Business :

The registered office of the Company is situated in Bangladesh. Its principal business office is located at Al-Razi Complex (12th Floor), 166-167, Shahid Syed Nazrul Islam Sarani, Purana Paltan, Dhaka-1000, Bangladesh. The operation of the Company is being carried out through its 22 branches located in Bangladesh.

#### 1.03 Principal Activities of the Company:

The Principal object of the company is to carry out all kinds of insurance, guarantee and indemnity business other than life insurance business.

### 2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER RELEVANT INFORMATION:

2.01 The Company has adopted relevant International Accounting Standards (IASs) as were adopted in Bangladesh under the Companies Act, 1994 and commenced its operation as per Insurance Act, 1938. The certificate of commencement of business statements.

#### 2.02 Basis of Accounting:

The Financial Statements have been prepared on the basis of going-concern concept under historical cost convention in accordance with Bangladesh Financial Reporting Standards (BFRSs).

#### 2.03 Basis of Presentation:

The balance sheet has been prepared in accordance with the regulations as 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 has been prepared in accordance with the regulations as contained in part I of the Third Schedule and as per Form 'F' as 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.

#### 2.04 Branch Accounting:

Companies Act, 1994 and commenced its operation as per Insurance Act, 1938. The certificate of commencement of business statements of branches are maintained at the Head office level. Only Petty cash books are maintained at the branch for meeting day to day expenses. During 2012 through the operation of 23 offices (Including Head Office) the gross premium income earned by the Company was to Tk 230,281,588 including Public Sector business of Tk 35,701,882 after ceding for re-insurance premium, the net premium for the year amounted to Tk 137,716,659 and after charging direct expenses there from the net underwriting profit stood at Tk 50,454,086.

## **2.05 Statement of Cash Flows:**

Statement of Cash Flows is prepared in accordance with BAS 7: "Statement of Cash Flows", the Statement of Cash Flows shows the structure of and changes in cash and cash equivalents during the financial year. Cash and Cash equivalents include notes and coins on hand, unrestricted balance held with the commercial banks. It is broken down into operating activities, investing activities and financing activities. The direct method is used to show the operating activities. According to BAS 7: "Statement of Cash Flows", Cash comprises cash in hand and cash equivalents are short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Considering the provisions of BAS 7 and BAS 1, cash in hand, fixed deposits and bank balances have been considered as cash and cash equivalents.

## **2.06 Fixed Assets:**

Fixed Assets are stated at cost less accumulated depreciation as per BAS-16: "Property, Plant & Equipment". The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties, interest and non refundable taxes.

## **2.07 Depreciation on Fixed Assets:**

Depreciation on Tangible Fixed Assets are charged on diminishing balance method at rates varying from 2.5% to 30% depending on the estimated useful life of the Assets. Depreciation on additions to Fixed Assets are charged for the full year irrespective of the date of acquisition of assets and no depreciation is charged in the year of disposal of assets. Gain or loss arising on the disposal or the retirement of asset is determined as the difference between the sale proceeds and the carrying amount of the asset and recognised in the profit and loss account.

## **2.08 Public Sector Business:**

The Company's share of Public Sector business for 4 quarters for the period from 1st July, 2011 to 30th June, 2012 received from Sadharan Bima Corporation and other insurance companies has been incorporated in the Company's account for the year ended 31st December, 2012. This system of accounting of public sector business is being followed consistently.

## **2.09 Statement of Changes in Equity:**

The statement of changes in equity is prepared in accordance with BAS 1: "Presentation of Financial Statements".

## **2.10 Revenue Recognition:**

The revenue is recognized after satisfying the relevant condition for revenue recognition as provided in BAS 18: "Revenue" in compliance with BFRS 4 "Insurance Contract". Detailed income wise policy for revenue recognition is given as under:

### **a) 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 shown in the Statement of Cash Flows. The Statement of Cash Flows shows the structure of and changes in cash and cash equivalents during the financial year. Cash and Cash equivalents include net underwriting profit for the year.

### **b) Interest on Statutory and other Investments:**

Interest accrued on statutory investment of Tk.90.00 lacs lying with Bangladesh Bank in the form of National Investment Bond (NIB) and interest received from banks on STD and FDR accounts have been duly credited to the Profit and Loss Account.

### **c) Loss or Gain on sale of Shares and Debentures:**

Loss or Gain on sale of shares and debentures and dividend income during the year have been shown in the Profit and Loss Account and the tax relief as well as the concession rate of tax as availed under the existing income tax law have been given effect in the financial statements.

### **2.11 Management Expenses:**

Management expenses as charged to Revenue Accounts amount of Tk. 45,204,474 is approximately 19.63% of gross premium of Tk. 230,281,588. The expenses have been apportioned 29.47% to Fire, 45.11% to Marine, 12.66% to Motor and 12.76% to Miscellaneous business as per management decision.

### **2.12 Provision for Unexpired Risks:**

Before arriving at the surplus of each class of business necessary provision for un-expired risk have been created at the rate of 40% on all business except on Marine Hull business for which the provision was made @ 100% of the total net premium for the year 2012.

### **2.13 Provision for Income Tax:**

Provision for Income Tax have been made as per Income Tax Ordinance 1984 during the year for an amount of Tk 18,837,088 on taxable income of the company.

### **2.14 Reserve for Exceptional Loss:**

Reserve for Exceptional Losses as appropriated out of current year's profit before tax amounts to Tk 6,000,000.

### **2.15 General Reserve:**

The Company created a general reserve from the year 2007 for an amount of Tk. 4,000,000 on profit to avoid future contingency.

### **2.16 Employees Benefit:**

The Company operates a contributory provident fund for its permanent employees from the year 2008 which is approved by the National Board of Revenue. The fund is administered by a board of trustees and funded by equal contribution from the company and the employees. The fund is invested separately from the company's assets.

### **2.17 Earning per Share (EPS):**

The company has calculated earning per share (EPS) in accordance with IAS-33 as adopted by ICAB as BAS-33: "Earning per Share" which has been shown on the face of Profit and Loss Account and the computation of EPS is stated in Note no. 23.

#### **a) Basic Earnings:**

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

#### **b) Basic Earnings per Share:**

This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding during the year.

### **2.18 Outstanding Premium:**

The outstanding premium appearing in the accounts represents only the amount which relates to the accounting period in the form of cash and cheques in hand and in line with the system followed by the company.