

বার্ষিক প্রতিবেদন ১৯৯৪
ANNUAL REPORT 1994

Pragati Insurance Limited
Registered Office :

90-91, Motijheel Commercial Area, Uttara Bank Bhaban (9th & 10th Floor)
Dhaka-1000, G.P.O Box No-3721, Telex : 671168 PGI BJ



Notice of the Ninth Annual General Meeting

Notice is hereby given that the NINTH ANNUAL GENERAL MEETING of PRAGATI INSURANCE LIMITED will be held on Monday, the 21st August, 1995 at 12:30 p.m. at the Company's Head Office (90-91, Motijheel Commercial Area, Uttara Bank Bhaban, 9th & 10th floor, Dhaka-1000) to transact the following business:

01. To confirm the minutes of the Eighth Annual General Meeting of the Company held on 22nd August, 1994.
02. To receive, consider and adopt the Directors' Report for the year ended 31st December, 1994.
03. To receive, consider and adopt the Audited Accounts of the Company and the Auditors' Report thereon for the year ended 31st December, 1994.
04. To declare dividend for the year 1994 as recommended by the Board.
05. To elect Directors in place of retiring Directors.
06. To appoint Auditors for the year 1995 and fix their remuneration.
07. Any other issue with the permission of the Chair.

By order of the Board of Directors

Dated: Dhaka
The 25th July, 1995

H.R. Chowdhury
Secretary

Notes:

- i. The share transfer register of the Company shall remain closed from 8th August to 21st August, 1995 both days inclusive.
- ii. A member of the company entitled to attend and vote at the above General Meeting may appoint any other member of the Company as his/her proxy to attend and vote on his/her behalf. Proxies must be submitted at the registered office of the Company atleast 72 hours before the meeting. The Proxy form is enclosed.
- iii. As per Article No. 105 of the Company's Articles of the Association 1/3rd Directors (7 Nos.) shall retire in this Ordinary General Meeting. As per Article No. 107, they are all eligible for re-election subject to Insurance (Amendment) Act., 1990.



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Board of Directors

Chairman

Abdul Monem

Vice Chairman

Md. Syedur Rahman Mintoo

Nigar Jahan Chowdhury

Directors

Eng. Md. Mizanur Rahman

Mohammed A. Awwal

Khan Mohammed Ameer

Engr. A. Latif

Sufia Khanam

Saleem Rahman

Ilya R. Hossain

Capt. Imam Anwar Hossain

Tahera Akhter

Eng. Md. Abdul Malek

Md. Sarwar Kamal

Syed M. Altaf Hussain

Nasreen Fatema

Md. Mahbubur Rahman

Akbar Hossain

Prof. Md. Jahangir Chowdhury

Managing Director

A.K.M. Rafiqul Islam, FCA



Executives

Managing Director

A.K.M. Rafiqul Islam, FCA

Deputy Managing Director

R. K. Khan, MBA

Assistant Managing Director

A.B.M. Mir Hossain

Executive Vice President

Khurshed Ahmed Khan

M. Jahurul Haque Talukder, ACII

Sr. Vice President

Md. Shahabuddin

Mihir Kanti Barua

Mahboobuddin Ahmed

Vice President

Shamsuzzaman

Syed Feroz Ahmed

Mohammed Ali Khan

B. Ahmed

Quazi Shafiullah

Mosharraf Hossain

Asstt. Vice President

Ratan Kumar Chowdhury

Auditor

A. Wahab & Co.

Chartered Accountants

Legal Advisor

Mozammel Hossain

Bar-at-Law

Company Secretary

Hafizur Rahman Chowdhury



Company's Progress-9 Years at a Glance

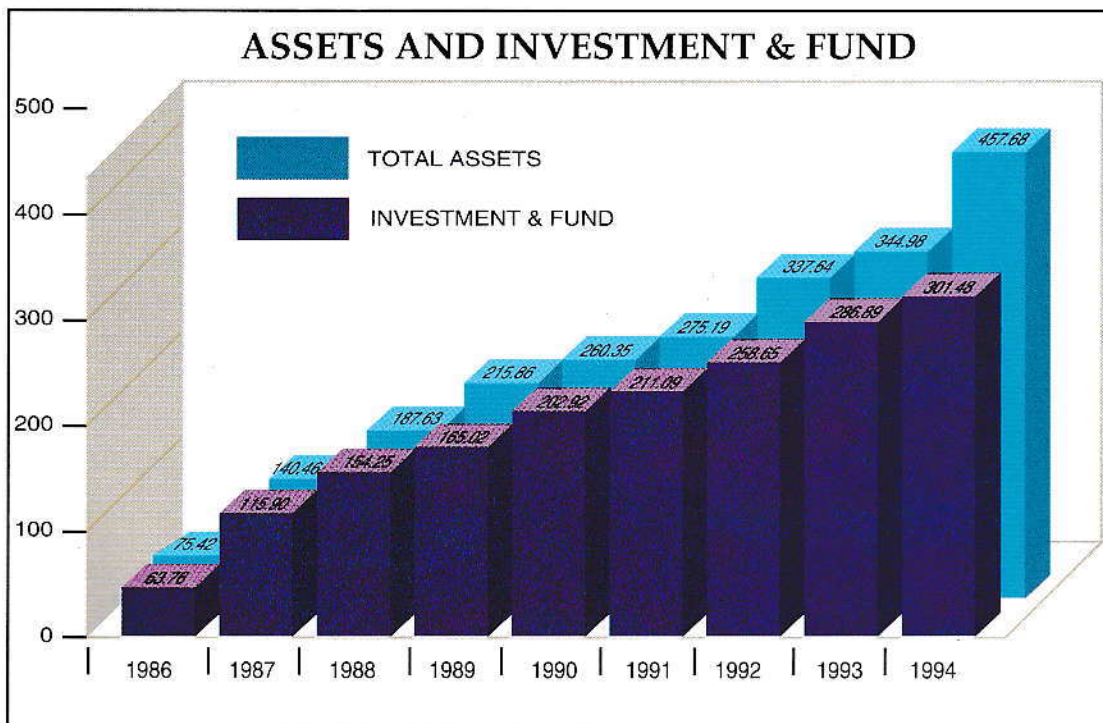
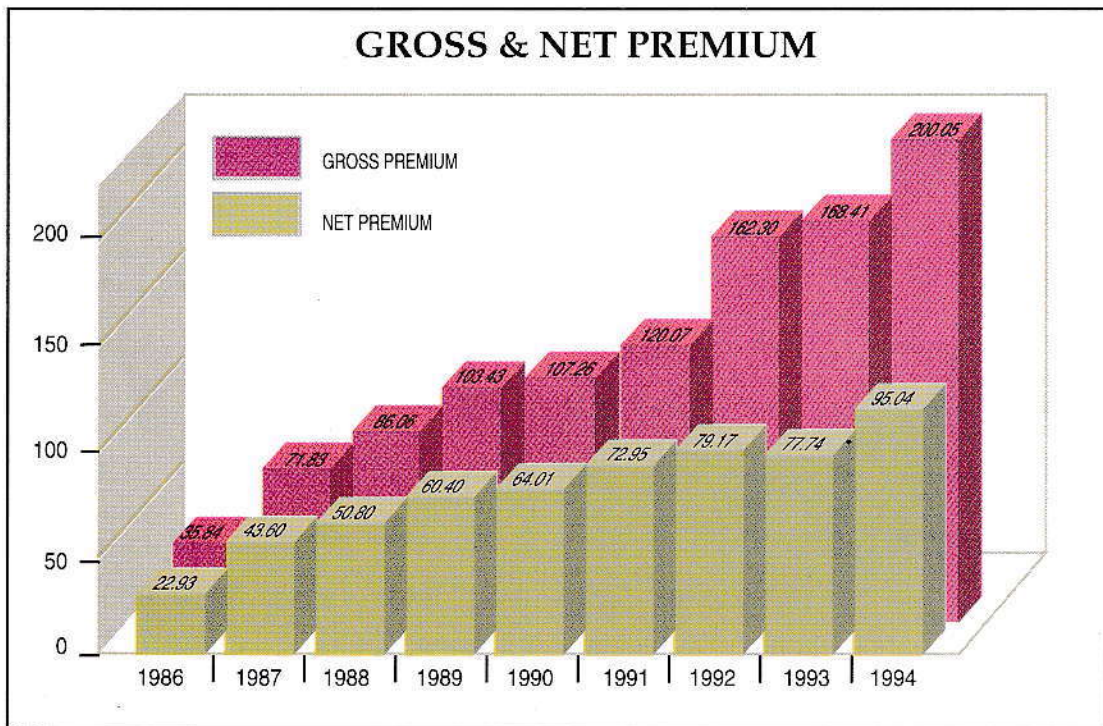
In Million Taka

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
Gross premium	35.84	71.83	86.06	103.43	107.26	120.07	162.30	168.41	200.05
Net Premium	22.93	43.60	50.80	60.40	64.01	72.95	79.17	77.74	95.04
Net claim	2.18	5.89	16.14	15.06	23.50	28.23	30.93	23.69	15.37
Underwriting profit	0.44	9.45	10.35	14.16	14.77	16.18	17.15	17.99	23.54
Investment income	2.10	7.29	10.25	16.10	17.73	19.60	21.03	24.00	23.82
Net profit before tax	1.12	13.23	15.87	22.75	24.14	26.51	30.39	32.33	40.07
Dividend in percent	-	10	12.50	18	22.50	22.50	25	30	35
Total reserve	13.92	31.60	42.09	55.41	65.51	80.52	96.29	105.74	134.78
Premium deposit	20.93	46.48	57.93	71.48	78.92	67.25	75.82	67.66	115.04
Investment in Shares and Securities	4.50	5.65	5.86	10.89	11.55	14.10	24.23	38.91	41.28
Cash, FDR and Bank balances	59.26	110.25	148.39	154.13	191.37	196.99	234.42	247.98	260.20
Land (at cost)	-	-	-	-	-	-	-	-	101.27
Total assets	75.42	140.46	187.63	215.86	260.35	275.19	337.64	344.98	457.68



Progress at a Glance

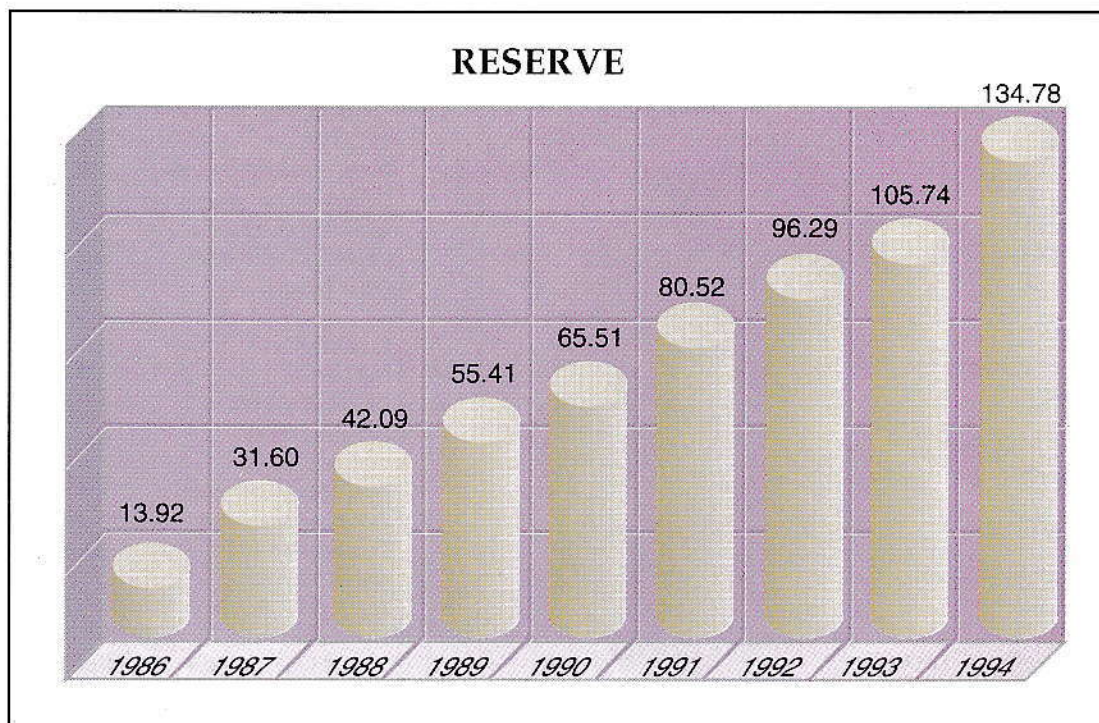
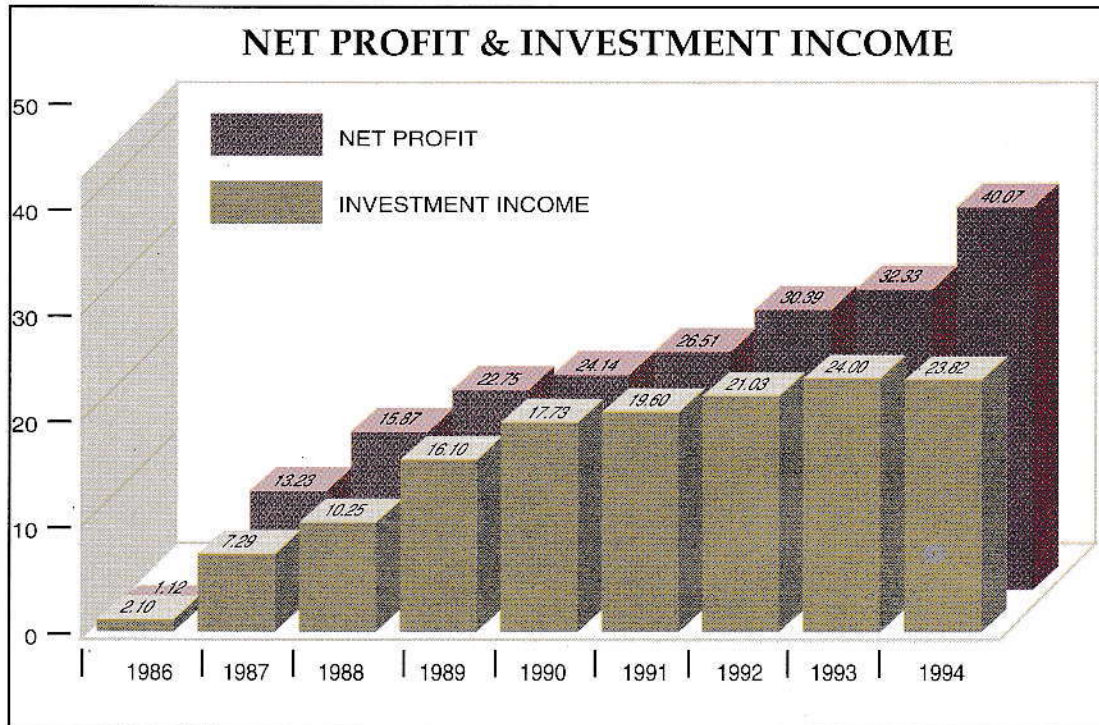
In Million Taka





Progress at a Glance

In Million Taka

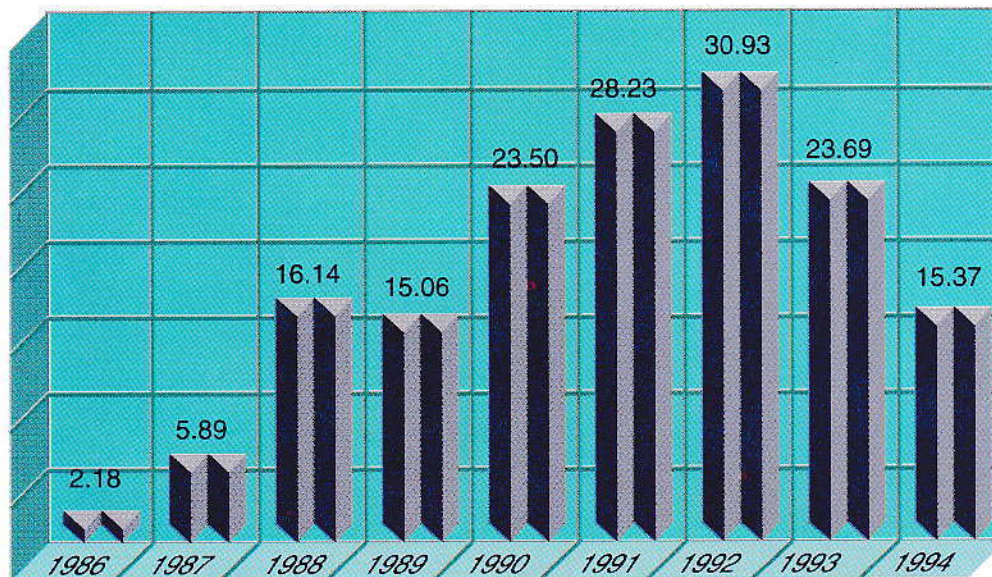




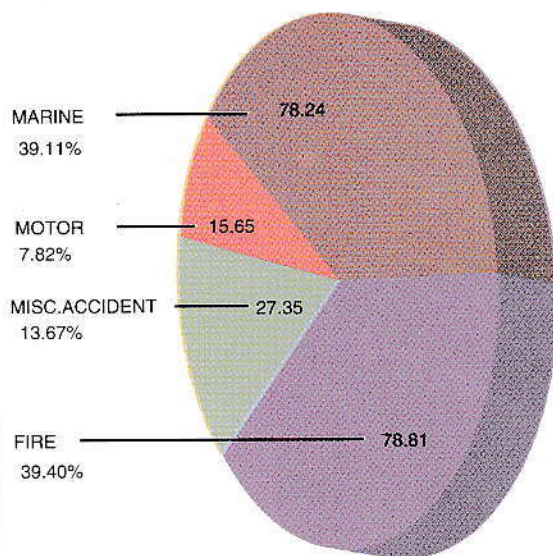
Progress at a Glance

In Million Taka

NET CLAIM



PREMIUM INCOME



INCOME AND ITS SHARING

INCOME :			
Gross premium	200.05		
Commission on re-insurance ceded	22.75		
Interest, Dividend & other income	26.81		
	Taka	249.61	
SHARING :			
Net claim	15.37	6.16	%
Re-insurance ceded including other expenses to SBC	105.01	42.07	
Management expenses including commission	78.45	31.43	
Depreciation and unexpired risk adjustment etc.	10.71	4.29	
Net profit	40.07	16.05	
	Taka	249.61	100



Directors' Report

Dear Shareholders :

The Directors have great pleasure in presenting the 9th Annual Report together with Audited Accounts of the Company for the year ended 31st December, 1994.

Economic Environment :

Macroeconomic stability is the key to sustainable growth in that it sends important signals to the private sector about the direction of economic policies and its efficient management. From that scenario, 1994 was a good year for the company. There was increased premium income with low claim incidence. Bangladesh economic situation during the period under review has been one of stabilisation and consolidation leading to reasonable growth in industry as well as in export performance. G.D.P. growth is expected to be over 5% in fiscal 1994-95. Contribution of Agriculture to the GDP declined to 34.9% while contribution of Industry increased to 18.9%. Inflation rate was contained below 3% and foreign exchange reserve stood at 2.8 billion US Dollar as at the close of the year 1994 which crossed US\$ 3.1 billion by 31-03-95. RMG sector played the key role in boosting export performance of the country. However, unprecedented drought forced the government to allow import of huge quantity of food grains, effect of which will have reflection in the ensuing year's activity.

As expected, in the fiscal 1995-96 budget applicable to our accounting year, corporate tax rate for the Insurance sector has been reduced to 47.5% and corporate industrial tax rate for publicly traded companies has been reduced to 35%. This will have good impact on the divisible income of the company. Besides, deduction of income tax at source on insurance agents' commission income upto Tk. 25,000.00 will benefit the industry as a whole.

Business Performance in 1994 :

Gross premium earned in the year stood at Tk. 200.05 million as against Tk. 168.41 million earned in the previous year, an overall increase of 18.78%. This is comprised of Tk. 159.33 million earned from the Private Sector, an increase of 13.90% over 1993 and Tk. 40.71 million received from Sadharan Bima Corporation as pro-part share of the Government business.

Department wise premium income, claim and performance have been reported separately below :

Particulars	Fire	Marine	Motor	Misc.	Total '94	Total '93
Gross Premium	78,807,603	78,238,317	15,645,347	27,355,698	200,046,966	168,413,925
Net Premium Retained	27,327,892	44,430,927	13,239,257	10,038,767	95,036,843	77,741,131
Commission earned on Re-insurance ceded	15,059,687	4,575,383	304,743	2,812,212	22,752,025	19,137,964
Commission allowed on Re-insurance accepted	590,146	-	-	33,316	623,462	413,243
Net claim	1,075,777	1,716,303	4,008,844	8,492,763	15,293,687	23,693,757
Management expenses	27,105,702	25,709,445	4,244,059	4,385,902	61,445,108	54,098,315
Unexpired Risk Reserve	13,663,946	22,688,695	6,619,628	5,019,384	47,991,653	40,774,525
Underwriting Profit	9,098,591	10,209,305	3,050,060	1,185,514	23,543,470	17,991,361

Profit earned during 1994 stood at Tk. 40.07 million as against Tk. 32.33 million in 1993



an increase of 23.94% over the previous year. After providing for Exceptional Losses Reserve of Tk. 9.50 million and Income Tax of Tk. 15 million, Board recommends dividend at the rate of 35% to the Shareholders.

General :

The company maintained its previous policy of providing for unexpired risks on the net premium income of the respective department at rates mentioned below :

Fire	:	50%
Motor and Miscellaneous	:	50%
Marine Cargo	:	50%
Marine Hull	:	100%

The company consistently provided for Exceptional Losses Reserve @ 10% of the net premium income as is permissible both under the Insurance Act and the Income Tax Rules.

Profit and Loss Account :

The company's income from interest, dividend and rent stood at Tk. 22.44 million in 1994 as against Tk. 24 million earned in the previous year i.e. a fall of 6.48% in the year under report. This was due to reduction in the rate of bank interest. With a view to augment its income, the Company has opened the window of "Financial Services" in 1993. This has contributed Tk. 31.37 million in 1994 included under the head "Other Income" as against Tk. 0.39 million in the previous year. Financial Services include share underwriting, Debenture Trusteeship, Manager to the Issue etc. Total of Underwriting profit, Investment Income and Income from other sources stood at Tk. 50,357,963. After deduction of expenses not applicable to any fund or account, festival and incentive bonus, audit fee and depreciation, net profit earned before taxation in 1994 arrived at Tk. 40.07 million as against Tk. 32.33 million earned in the previous year.

Appropriation of Profit :

Net Profit of Tk. 40,070,369 earned in 1994 together with Tk. 5,856,506 being the balance of unappropriated profit plus reversion of excess provision for Income Tax in the earlier years, produced a divisible profit of Tk. 45.93 million. This is proposed to be appropriated as below :

	In million
1. Exceptional Losses Reserve (10% of the net premium retained)	9.50
2. Provision for Income Tax (current year)	15.00
3. Dividend Equalisation Reserve	10.00
4. Proposed Dividend @ 35%	10.68
5. Balance of unappropriated profit carried forward to the next year	0.75
Total Tk.	45.93

**Investment :**

As of 31-12-94, Company's investment portfolio & Bank Balance stood as below :

		In million
	1994	1993
1. Pratirakkha Sanchaya Patra	9.50	9.50
2. Share and Debenture	31.78	29.41
3. Fixed Deposit with various Banks	232.25	222.41
4. STD Accounts	25.65	23.15
Total Tk.	299.18	284.52

Land :

Company has purchased a piece of prime land at the heart of the city i.e. the corner plot of Pantha Path and Sonargaon Road. Land measures 72 Kathas at a cost of Tk. 101,269,100.

Branches :

The company has branch offices in almost all the important business places in the country. The total number of offices operating as on the date were 29 besides the Head Office.

Capital :

We are in the process of finalising capital issue at premium with the consent of SEC. In that event, case pending in the High Court maintaining status quo will be with-drawn and matter settled amicably.

Auditor :

The Auditor M/S A. Wahab & Co. Chartered Accountants is to retire as Auditor in accordance with Article 149 and is eligible for reappointment. The Auditors have indicated their willingness in writing to continue as Auditors.

Election of Directors :

In accordance with Article 105 & 106 of the Company's Articles of Association, following Directors retire from the office by rotation, being eligible, offer themselves for re-election.

1. Mr. Md. Sarwar Kamal
2. Mrs. Ilya R. Hossain
3. Mrs. Sufia Khanam
4. Mrs. Nigar Jahan Chowdhury
5. Mr. Md. Mahbubur Rahman
6. Mr. Abdul Monem
7. Mr. Md. Syedur Rahman Mintoo

**Acknowledgement :**

The Board of Directors express its deep appreciation for assistance, help and much needed support received by the company during the period under report from various banks both in the private as well as in the nationalised sectors, D.F.Is and all private sector enterprises who have helped us in building a sound footing of the company. We are specially grateful to the management of Bata Shoe Company (Bangladesh) Ltd., Lever Brothers (Bangladesh) Ltd., Glaxo Bangladesh Ltd., Bangladesh Tobacco Company Ltd., Beximco Group of Companies, Monno Group of Companies, Hyundai, Reckit and Colman, Rhone Poulenc Bangladesh Limited, ACI Bangladesh Limited, KAFCO, Excelsior Group, Mamiya-OP (BD) Ltd., Orion Group of Companies, Hussain Group of Industries, Bengal Food and Bengal Carbide, Prime Textile, Islam Group, Starship Group, Nazaria Group, KDS Group, K. Rahman Group, Multimode Group for reposing their confidence in the company.

Above all, the Board express its profound gratitude to all its valued clients, patrons and well wishers for their continued support, active cooperation and unflinching confidence in the company.

Personnel :

Directors also put on record and have conveyed through the Managing Director their appreciation to all executives, officers and staff of the company for their excellent work. With their sincere, dedicated, whole-hearted devotion and committed efforts to the challenging duty and responsibility, they hopefully look forward to achieve yet better result in the coming days. The Directors have been pleased to reward its management including the executives, officers and employees with three incentive bonus in addition to the usual festival bonus. Besides, company has arranged for group insurance for both life and accident, gratuity, provident fund and leave fare assistance and has revised the pay scale for all the officers and staff of the company.

Conclusion :

The company remains fully committed to its deep determination and ideology of total client service, their satisfaction and to their financial security.

On behalf of the Board of Directors.

ABDUL MONEM
Chairman



Auditors' Report

We have examined the annexed Balance Sheet of Pragati Insurance Limited as at 31st December, 1994 and also the Fire, Marine, Motor and Miscellaneous Revenue Accounts as well as the annexed Profit and Loss Account and the Profit and Loss Appropriation Account of the Company for the year ended on that date. We report as under;

- a) We have obtained all the information and explanations which we considered necessary for the purpose of our audit;
- b) In our opinion, the annexed Balance Sheet and also the annexed Revenue Accounts as well as the annexed Profit and Loss Account and the Profit and Loss Appropriation Account have been drawn up in conformity with the law;
- c) Such Balance Sheet read in conjunction with the annexed Notes on Accounts, exhibits a true and correct view of the state of affairs of the Company as at 31st December, 1994 according to the best of our information and explanations given to us and as shown by the books of the Company;
- d) In our opinion, proper books of accounts have been kept by the Company for the year under report for each class of its insurance business and for recording all kinds of its receipts and payments, income and expenditure and assets & liabilities;
- e) We have verified the cash and bank balance of the Company as at 31st December, 1994 with the related statements, deposit receipts, certificates etc. as furnished by the management of the Company and the banks concerned;
- f) 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 Fire, Marine, Motor and Miscellaneous 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
- g) 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 to any person any commission in any form outside Bangladesh and that the Company during the year under report has not received outside Bangladesh from any person any commission in any form in respect of any of its business re-insured abroad.

Dhaka, 2nd May 1995

A. WAHAB & CO.
Chartered Accountants



Balance Sheet

As at 31st December, 1994

CAPITAL & LIABILITIES	NOTE	1994	1993
Authorised Capital			
1,000,000 Ordinary Shares of Tk. 100 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, Subscribed & Paid-up Capital			
305,000 Ordinary Shares of Tk. 100 each		30,500,000	30,500,000
Reserve or Contingency Account		86,785,712	64,964,358
Reserve for Exceptional Losses	11	55,488,779	45,985,095
Depreciation Fund		15,548,742	13,122,757
Dividend Equalisation Reserve		15,000,000	5,000,000
Profit & Loss Appropriation Account		748,191	856,506
Balance of Fund & Account		47,991,653	40,774,525
Fire Insurance Business		13,663,946	12,689,522
Marine Insurance Business		22,688,695	15,777,207
Misc. Insurance Business		11,639,012	12,307,796
Premium Deposit	12	115,038,413	67,656,694
Liabilities & Provision		107,903,830	99,708,268
Estimated liabilities in respect of outstanding claims whether due or intimated		62,467,694	61,827,712
Amount due to other persons or bodies carrying on insurance business	13	45,436,136	37,880,556
Loan from Bank	14	26,833,052	-
Sundry Creditors	15	14,953,311	13,232,442
Provision for Income Tax	16	16,998,654	18,998,637
Proposed Dividend	17	10,675,000	9,150,000
		<u>Tk. 457,679,625</u>	<u>344,984,924</u>

Note: Figures have been rounded off to the nearest Taka.

Dated 2nd May, 1995

A.K.M. Rafiqul Islam
Managing Director

Mohammed A. Awwal
Director



Balance Sheet

As at 31st December, 1994

PROPERTY & ASSETS	NOTE	1994	1993
Investment (at cost)		41,278,114	38,914,912
Pratirakkha Sanchaya Patra	1	9,500,000	9,500,000
Shares & Debentures	2	31,778,114	29,414,912
Outstanding Premium	3	6,095,623	8,628,639
Amount due from other persons or bodies carrying on insurance business		12,359,567	14,006,828
Interest, Dividend & Rent Outstanding		1,000,000	4,275,000
Sundry Debtors	4	4,408,051	3,589,048
Advance Payment of Tax	5	2,595,811	2,335,345
Cash and Bank Balances		260,195,668	247,975,069
Fixed Deposit Accounts	6	232,248,364	222,463,438
STD & Current Accounts	7	25,647,425	23,151,832
Cash, Cheque in hand & Stamp	8	2,299,879	2,359,799
Other Accounts		129,746,791	25,260,083
Land (freehold) at cost	9	101,269,100	-
Fixed Assets (at cost)	10	28,217,522	25,122,871
Stock of Printing Materials (at cost)		260,169	137,212
	Tk.	<u>457,679,625</u>	<u>344,984,924</u>

Subject to our separate report of even date.

Prof. Md. Jahangir Chowdhury
Director

Abdul Monem
Chairman

A. Wahab & Co.
Chartered Accountants



Profit and Loss Account

For the year ended 31st December, 1994

	NOTE	1994	1993
Expenses of Management			
(Not applicable to any Fund or Account)			
Advertisement & Publicity		2,095,570	2,399,771
Directors remuneration		120,000	193,500
Bonus (festival & incentive)	4	3,765,500	3,852,825
Audit Fees (Including fee for Special Audit)		200,000	100,000
Legal expenses		261,020	267,088
Registration renewal fee		357,725	243,445
Depreciation		3,487,785	2,990,536
Profit for the year transferred to			
Profit & Loss Appropriation Account		40,070,369	32,330,993

Tk.	<u>50,357,969</u>	<u>42,378,158</u>
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Profit and Loss Appropriation Account

For the year ended 31st December, 1994

Reserve for exceptional losses		9,503,684	7,774,113
Provision for income tax	5	15,000,000	13,500,000
Dividend equalisation reserve		10,000,000	2,000,000
Proposed dividend		10,675,000	9,150,000
Balance transferred to Balance Sheet		748,191	856,506

Tk.	<u>45,926,875</u>	<u>33,280,619</u>
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Dated 2nd May, 1995

A.K.M. Rafiqul Islam
Managing Director

Mohammed A. Awwal
Director



Profit and Loss Account

For the year ended 31st December, 1994

	NOTE	1994	1993
Interest, Dividend and Rent (Not applicable to any Fund or Account)		22,441,470	23,997,808
Interest received & accrued	1	18,739,161	22,078,687
Dividend and Debenture interest	2	3,702,309	1,919,121
Profit transferred from :		23,543,470	17,991,361
Fire Revenue Account		9,098,591	7,771,285
Marine Revenue Account		10,209,305	5,708,963
Misc. Revenue Account		4,235,574	4,511,113
Other Income :			
Misc. receipt	3	2,995,129	97,959
Profit on sale of investment (share)		1,377,900	291,030
	Tk.	<u>50,357,969</u>	<u>42,378,158</u>

Profit and Loss Appropriation Account

For the year ended 31st December, 1994

Balance brought forward from previous period	856,506	949,626
Excess income tax provision in the previous years brought forward	5,000,000	—
Net profit for the year transferred from Profit and Loss Account	40,070,369	32,330,993
	<u>Tk. 45,926,875</u>	<u>33,280,619</u>

Prof. Md. Jahangir Chowdhury
Director

Abdul Monem
Chairman

A. Wahab & Co.
Chartered Accountants



Fire Insurance Revenue Account

For the year ended 31st December, 1994

	1994	1993
Claims under policies less: re-insurance : Paid during the year	3,670,884	4,031,621
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	28,439,286 <u>32,110,170</u>	31,034,393 <u>35,066,014</u>
Less: outstanding claims at the end of the previous year	31,034,393	24,874,292
	1,075,777	10,191,722
Commission on re-insurance accepted	590,146	373,382
Expenses of management	27,105,702	19,419,992
Commission	3,542,939	51,279
Profit transferred to Profit & Loss Account	9,098,591	7,771,285
Balance of account at the end of the year as shown in Balance Sheet: Reserve for unexpired risks, being 50% of the fire premium income of the year	13,663,946	12,689,522
	<u><u>Tk. 55,077,101</u></u>	<u><u>50,497,182</u></u>

Dated 2nd May, 1995

A.K.M. Rafiqul Islam
Managing Director

Mohammed A. Awwal
Director



For the year ended 31st December, 1994

	1994	1993
Balance of account at the beginning of the year :		
Reserve for unexpired risk	12,689,522	12,643,659
Premium less: re-insurance	27,327,892	25,379,043
Commission on re-insurance ceded (including profit commission)	15,059,687	12,474,480
Tk.	<u>55,077,101</u>	<u>50,497,182</u>

Prof. Md. Jahangir Chowdhury
Director

Abdul Monem
Chairman

A. Wahab & Co.
Chartered Accountants



Marine Insurance Revenue Account

For the year ended 31st December, 1994

	NOTE	1994	1993
Claims under policies less: re-insurance: Paid during the year		728,098	6,670,310
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		24,486,686 25,214,784	23,498,481 30,168,791
Less: outstanding claims at the end of the previous year		23,498,481 1,716,303	23,123,156 7,045,635
Expenses of management		25,709,445	20,750,216
Commission		4,459,769	97,823
Profit transferred to Profit & Loss Account		10,209,305	5,708,963
Balance of account at the end of the year as shown in Balance Sheet: Reserve for unexpired risks being 50% of the marine cargo premium income 100% of the marine hull premium income of the year		22,688,695	15,777,207
	Tk.	<u>64,783,517</u>	<u>49,379,844</u>

Dated 2nd May, 1995

A.K.M. Rafiqul Islam
Managing Director

Mohammed A. Awwal
Director



Miscellaneous Insurance Revenue Account

For the year ended 31st December, 1994

	MOTOR	MISC.	1994	1993
Claims under policies less: re-insurance: Paid during the year	3,680,147	6,654,576	10,334,723	4,391,982
Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	3,141,120	6,400,602	9,541,722	7,294,838
	6,821,267	13,055,178	19,876,445	11,686,820
Less: outstanding claims at the end of the previous year	2,732,423	4,562,415	7,294,838	5,230,425
	4,088,844	8,492,763	12,581,607	6,456,395
Commission on re-insurance accepted	-	33,316	33,316	39,861
Expenses of management	4,244,059	4,385,902	8,629,961	13,928,107
Commission	874,122	709,183	1,583,305	74,754
Profit transferred to Profit & Loss Account	3,050,060	1,185,514	4,235,574	4,511,113
Balance of account at the end of the year as shown in Balance Sheet :				
Reserve for unexpired risks being 50% of the motor and misc. premium income of the year	6,619,628	5,019,384	11,639,012	12,307,796
Tk.	<u>18,876,713</u>	<u>19,826,062</u>	<u>38,702,775</u>	<u>37,318,026</u>

Dated 2nd May, 1995

A.K.M. Rafiqul Islam
Managing Director

Mohammed A. Awwal
Director



Miscellaneous Insurance Revenue Account

For the year ended 31st December, 1994

	MOTOR	MISC.	1994	1993
Balance of account at the beginning of the year :				
Reserve for unexpired risks	5,332,713	6,975,083	12,307,796	9,685,339
Premium less: re-insurance	13,239,257	10,038,767	23,278,024	24,615,591
Commission on Re-insurance ceded (including profit commission)	304,743	2,812,212	3,116,955	3,017,096

Tk.	<u>18,876,713</u>	<u>19,826,062</u>	<u>38,702,775</u>	<u>37,318,026</u>
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Prof. Md. Jahangir Chowdhury
Director

Abdul Monem
Chairman

A. Wahab & Co.
Chartered Accountants



Notes on Accounts

GENERAL

a) Significant accounting Policies and relevant information

- i) The Company is a public limited Company under the Companies Act, 1913 and is engaged in general insurance business as per Insurance Act, 1938. It has adopted the International Accounting Standards as were adopted in Bangladesh, particularly with regard to disclosure of accounting policies and relevant information in financial statements as well as accounting for property, plant & equipment and depreciation thereon and the valuation of investments.
- ii) The accounts have been prepared on a going concern basis under generally accepted accounting principles on historical cost convention.
- iii) 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' as set forth in Part-II of Third Schedule of the Insurance Act, 1938 as amended time to time.
- iv) The total amount of premium earned on various classes of insurance business underwritten during the year have 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 being the share of the Company 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 earned on Pratirakkha Sanchaya Patra as renewed and held with Bangladesh Bank as statutory investments has been accounted for at Tk. 45 lacs and on additional P.S.P. at Tk. 55 lacs on lump-sum basis and interest received from banks on STD and FDR accounts after deduction of OD interest, have been duly credited to the Profit and Loss Accounts. Besides, a sum of Tk. 32.85 lacs received as interest on matured PSP's but not accounted for earlier has been credited to interest income.
- vi) Management expenses charged to Revenue Accounts amounting to Tk. 61,445,108 represents approximately 30.72% of gross premium of Tk. 200,046,966 (including Government business and Share from S.B.C) and 64.65% of net premium of Tk. 95,036,843 earned during the year. The said Management expenses have been apportioned @ 44% to Fire, 42% to Marine and 14% to Miscellaneous business as per Management decision.



- vii) Surpluses of Revenue Accounts have been arrived at after providing for unexpired risk @ 50% of net premium of Fire, Marine Cargo and Miscellaneous business and 100% of Marine Hull business.
- viii) A sum of Tk. 9,503,684 being 10% of the net premium of Tk. 95,036,843 earned during the year has been deducted as a allowable expenses from net profit of the year and credited to "Reserve for Exceptional Losses" before providing for Income Tax for the assessment year 1995-96.
- ix) Depreciation on Fixed Assets has been calculated on cost as per Straight Line Method at the following rates and the total amount of depreciation of Tk. 3,487,785 provided during the year has been shown under "Depreciation Fund Account" as per usual practice.

Category of Assets	Rate of Depreciation
Furniture and Fixtures	10% to 15%
Motor Vehicles	15%
Office & Electrical Equipments	15%
Miscellaneous items	15% to 20%

- x) The outstanding premium appearing in the accounts relates to the year 1994 and have subsequently been realised.
- xi) The margin of security of investments over liabilities of the Company has been well maintained.
- xii) Provision for Income Tax has been made in accordance with the best estimate of the management based on the prevailing Income Tax law.

b) Operation :

During the year under report, the net premium earned by the Company amounted to Tk. 95.03 million and the net underwriting profit was Tk. 23.54 million as against Tk. 77.74 million and Tk. 17.99 million respectively in the preceding year. During the year the net profit was Tk. 40.07 million as against Tk. 32.33 million in the preceding year.

c) Dividend :

During the year under review the Directors have proposed Dividend @ 35% as against 30% Dividend declared in the previous year.

BALANCE SHEET :

1. Pratirakka Sanchaya Patra Tk. 9,500,000

The balance is as per last account, out of which PSP with a face value of Tk. 45.00 Lacs are held with Bangladesh Bank as Statutory Deposit under Insurance Act, 1938.



2. Shares and Debentures Tk. 31,778,114

The amount is made-up as follows :

i) Shares	At cost	Market Value as at 31-12-1994
1. IFIC Bank Ltd. 9 Shares of Tk. 100 each	900	1,440
2. Rupali Bank Ltd. 5000 Shares of Tk. 100 each	500,000	330,000
3. Usmania Glass Sheet Factory Ltd. 5 Shares of Tk. 100 each	500	2,025
4. Eastern Cables Ltd. 5,000 Shares of Tk. 100 each	500,000	925,000
5. Beximco Pharmaceutical Ltd. 30 Shares of Tk. 100 each	19,500	42,570
6. Quasem Dry Cells Ltd. 20,000 Shares of Tk. 10 each	200,000	380,000
7. Tallu Spinning Mills Ltd. 5,000 Shares of Tk. 100 each	500,000	675,000
8. Chittagong Cement Clinker & Grinding Ltd. 80 Shares of Tk. 100 each	8,000	46,800
9. Dulamia Cotton Spinning Mills Ltd. 2,720 Shares of Tk. 100 each	272,000	326,400
10. National Polymer Corporation Ltd. 500 Shares of Tk. 100 each	50,000	65,000
11. Bengal Food Ltd. 30,000 Shares of Tk. 100 each	2,500,000	10,050,000
12. New Dhaka Refractories (BD) Ltd. 19,910 shares of Tk. 100 each	1,991,000	995,500
13. Padma Textile Mills Ltd. 4,725 Shares of Tk. 100 each	953,750	1,975,050
14. National Bank Ltd. 55,000 Shares of Tk. 100 each	5,000,000	6,239,750
15. IDLC Bangladesh Ltd. 1,500 Shares of Tk. 100 each	225,000	825,000
16. United Leasing Co. Ltd. 416 Shares of Tk. 100 each	62,400	166,400
17. Orion Infusion Ltd. 20,000 Shares of Tk. 100 each	2,000,000	5,213,000
18. Square Pharmaceuticals Ltd. 1000 Shares of Tk. 100 each	900,000	900,000
Tk.	<u>15,683,050</u>	<u>29,158,935</u>



ii) Debenture	At cost	
1. Beximco Pharmaceutical Ltd. (Debenture at cost after adjustment of refund)	2,139	
2. Bangladesh Export Import Co., Ltd. 2,000 Debentures of Tk. 1,331 each	2,662,000	
3. Magura Paper Mills Ltd. 1,250 Debentures of Tk. 2,000 each	2,500,000	(Project in the process of implementation)
4. IDLC Bangladesh Ltd. 3 Debentures of Tk. 750,000 each 1 Debenture of Tk. 1,000,000 (after adjustment of refund)	3,250,000	
5. Beximco Infusion Ltd. 680 Debentures of Tk. 1,400 each (after adjustment of refund)	940,015	
6. Beximco Synthetics Ltd. 2,200 Debentures of Tk. 2,500 each	5,500,000	
7. Beximco Fisheries Ltd. 465 Debentures of Tk. 3,000 each	1,240,910	
	<u>Tk. 16,095,064</u>	
Grand Total Tk.	<u>31,778,114</u>	

Dividend and interest received in respect of the Shares and Debentures have been shown on Note-2 to Profit and Loss Account, where from we observed that no dividend/interest was received during the year in respect of the following :

Shares

- i) Rupali Bank Ltd.
- ii) Dulamia Cotton Spinning Mills Ltd.
- iii) National Polymer Corporation Ltd.
- iv) New Dhaka Refractories (BD) Ltd.
- v) National Bank Ltd.
- vi) United Leasing Co. Ltd.
- vii) Orion Infusion Ltd.
- viii) Square Pharmaceuticals Ltd.

Debentures :

- i) Magura Paper Mills Ltd.
- ii) Beximco Fisheries Ltd.



3. Outstanding Premium : Tk. 6,095,623

The amount is exclusive of Tk. 9,813,227 due from other co-insurers shown separately against business underwritten upto the year 1994. The business wise break-up of the outstanding premium is given below :

Fire	2,004,328
Marine	3,487,726
Motor	308,994
Misc.	294,575
	<u>Tk. 6,095,623</u>

4. Sundry Debtors : Tk. 4,408,051

The balance is made-up as follows :

Security deposit	449,805
Advance against salary	72,419
Advance against expenses	3,000
Advance against rent	3,478,462
Advance against investment	97,500
Advance against office decoration	1,901
Group Insurance Premium (due from employees)	304,964
	<u>Tk. 4,408,051</u>

Advance against Investment is an old balance since long towards bridge finance contribution under the leadership of I.C.B.

5. Advance Payment of Tax : Tk. 2,595,811

The amount includes Tk. 1,595,811 as tax deducted at source from bank interest and dividend income relating to the accounting year 1994 corresponding to Assessment year 1995-96 and eligible for adjustment towards the settlement of Tax liability on finalisation of assessment for the said year.

6. Fixed Deposit Account : Tk. 232,248,364

The amount includes Tk. 670,000 being amount receivable under BCCI (O) Ltd. reconstruction scheme 1992 against the balance due from BCCI (O) Ltd. which ceased operation in July 1991. The amount has been transferred and appearing in the name of Eastern Bank Ltd.

7. STD & Current Accounts : Tk. 25,647,425

The balance has been arrived at as under :

STD Accounts	31,843,884
Current Account (OD)	(6,196,459)
	<u>Tk. 25,647,425</u>

Action is in process for closure of accounts not in operation since long.



8. Cash, Cheques in hand & Stamps : Tk. 2,299,879

The above amount includes a sum of Tk. 1,117,126 being aggregate of cheques in hand and Tk. 89,721 as stamps in hand.

9. Land : Tk. 101,269,100

The amount represents the cost of 3.5 bigha of land purchased during the year which includes stamp duty, registration cost and development expenses etc.

10. Fixed Assets : Tk. 28,217,522

Details break-up of Fixed Assets is given below :

Cost	Furniture and Fixture	Office and Electrical Equipments	Motor Vehicles	Others Assets	Total
As at 1st January, 1994	7,741,082	5,665,263	10,193,670	401,856	24,001,871
Addition During the year 1994	<u>774,474</u>	<u>717,850</u>	<u>2,714,000</u>	<u>9,327</u>	<u>4,215,651</u>
As at 31st December, 1994	Tk. <u>8,515,556</u>	<u>6,383,113</u>	<u>12,907,670</u>	<u>411,183</u>	<u>28,217,522</u>
Depreciation					
As at 1st January, 1994	4,269,301	2,794,369	4,648,194	349,093	12,060,957
Charged for the year 1994	<u>829,369</u>	<u>786,160</u>	<u>1,840,675</u>	<u>31,581</u>	<u>3,487,785</u>
As at 31st December, 1994	Tk. <u>5,098,670</u>	<u>3,580,529</u>	<u>6,488,869</u>	<u>380,674</u>	<u>15,548,742</u>
Written Down Value					
As at 31st December, 1994	Tk. <u>3,416,886</u>	<u>2,802,584</u>	<u>6,418,801</u>	<u>30,509</u>	<u>12,668,780</u>

Disposal of vehicles during the year has been adjusted against the relevant opening balance.

11. Reserve for Exceptional Losses : Tk. 55,488,779

The balance is made-up as follows :

Year

1986-1993	45,985,095
for 1994	<u>9,503,684</u>
Tk.	<u>55,488,779</u>



12. Premium Deposit : Tk. 115,038,413

The amount represents the accumulated balance of premium received against Marine Cover Notes for which risks had not been initiated within 31st December, 1994.

13. Amount due to other persons or bodies carrying on Insurance Business : Tk. 45,436,136

The break-up of the amount is noted below :

Amount due to SBC	28,094,645
Other Insurance Companies	17,341,491
Tk.	<u>45,436,136</u>

The amount due to SBC is on account of Share of Re-insurance premium, commission etc. after adjustment of their share of claims settlement.

14. Loan from Bank : Tk. 26,833,052

The amount was taken as loan from National Bank Ltd., Dilkusha Branch (Loan A/C. No. 2927) for purchase of land against the lien of FDRs worth Tk. 4.00 crores with the validity of the loan upto 29-06-95.

15. Sundry Creditors : Tk. 14,953,311

The balance is made-up as follows :

Creditors for expenses (including incentive bonus of Tk. 28 lacs)	5,572,773
Provident Fund	108,277
Insurance Tax payable	1,470,723
VAT payable	4,437,049
Unpaid dividend	2,764,794
Creditors for other finance (including deduction of Tax of Tk. 338,959)	<u>599,695</u>
Tk.	<u>14,953,311</u>



16. Provision for Income Tax : Tk. 16,998,654

The amount is inclusive of Tk. 15,000,000 being the provision for tax for the year under audit. The make up of the balance is noted below:

Opening balance as on 1-1-94	18,998,637
Less : Paid/adjusted during the year	<u>11,999,983</u>
	6,998,654
Less : Excess provision for the year ended 31-12-93 written back	<u>5,000,000</u>
	1,998,654
Add : Provision made for 1994	<u>15,000,000</u>
Tk.	<u>16,998,654</u>

17. Proposed Dividend : Tk. 10,675,000

The amount has been recommended by the Board @ 35% on paid-up Capital of Tk. 30,500,000 out of surplus available at the end of the year 1994.

Profit and Loss Account

1. Interest Received and Accrued : Tk. 18,739,161

The amount is made-up as follows :

Interest received from banks of FDR & STD accounts	14,454,161
Interest received and accrued on P.S.P.	<u>4,285,000</u>
Tk.	<u>18,739,161</u>

Interest from banks have been shown after deducting interest on Bank Overdraft.



2. Dividend and Debenture Interest : Tk. 3,702,309

The amount received during the year comprises the following:

a) Shares

IFIC Bank Ltd.	34
Usmania Glass Sheet Factory Ltd.	175
Apex Tannery Ltd. (earlier year)	37,500
Beximco Pharmaceutical Ltd.	1,087
Quasem Dry Cells Ltd.	30,000
Desh Garments Ltd.	2,500
Tallu Spinning Mills Ltd.	55,000
Chittagong Cement Clinker & Grinding Ltd.	2,080
Bengal Food Ltd.	625,000
Padma Textile Mills Ltd.	52,500
Apex Footware Ltd.	59,500
I.D.L.C.	37,500
Eastern Cables Ltd.	75,000
	<u>Tk. 977,876</u>

b) Debentures

Beximco Pharmaceuticals Ltd.	627
Bangladesh Export Import Co. Ltd.	615,620
IDLC Bangladesh Ltd.	1,285,863
Beximco Infusions Ltd.	173,400
Beximco Synthetics Ltd.	648,923
	<u>Tk. 2,724,433</u>
Total Tk.	<u>3,702,309</u>

3. Misc. Receipt : Tk. 2,995,129

The amount includes the Trustee Fee of Tk. 2,617,853 received from Beximco Infusion Ltd. & Eastern Housing Ltd. and Underwriting commission of Tk. 300,000 from Bengal Biscuit Ltd. & Mithun Corporation Ltd.



4. **Bonus : Tk. 3,765,500**

The break-up of the amount is as follows :

Festival Bonus	1,878,440
Incentive Bonus	<u>1,887,060</u>
	<u><u>Tk. 3,765,500</u></u>

5. **Reserve for Exceptional Losses : Tk. 9,503,684**

The amount has been taken out of net profit of the year at the rate of 10% of the net premium of Tk. 95,036,843.



Form-AA
Classified Summary of Assets
As at 31st December, 1994

Class of Assets	Book Value	Market Value
Patirakkha Sanchaya Patra (Tk. 4,500,000 is held with Bangladesh Bank)	9,500,000	
Shares	15,683,050	29,158,935
Debentures (at cost)	16,095,064	
Cash on Fixed Deposit, STD and Current Accounts with Banks	257,895,789	
Cash, Cheques in hand & Stamps	2,299,879	
Outstanding Premium and other due	18,455,190	
Interest accrued but not received	1,000,000	
Sundry Debtors, Advance & Deposits	7,003,862	
Stock of Printing Materials in hand (at cost)	260,169	
Land (Freehold) at cost	101,269,100	
Fixed Assets (at cost)	* 28,217,522	
	Tk. 457,679,625	

- * The cost of Fixed Assets is inclusive of Tk. 8,515,556 on account of Furniture & Fixtures. Accumulated depreciation on Fixed Assets amounting to Tk., 15,548,742 has been shown under Depreciation Fund Account and not deducted from the cost of fixed assets shown above.

A.K.M. Rafiqul Islam Managing Director	Mohammed A. Awwal Director	Prof. Md. Jahangir Chowdhury Director	Abdul Monem Chairman	A. WAHAB & CO. Chartered Accountants
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Directors' Certificate

As per Regulations contained in the First Schedule of the Insurance Act, 1938 as amended as per Section 40-C of the said Act, we certify that:

1. The value of investments in shares and debentures have been taken at cost and the quoted value thereof mentioned wherever available.
2. The values of all assets as shown in the Balance Sheet and as classified on Form "AA" annexed have been duly reviewed as at 31st December, 1994 and in our belief, the said assets have been set forth in the Balance Sheet at amounts not exceeding their realisable or market values under the several headings as enumerated in the annexed form.
3. All expenses of management, wherever incurred and whether incurred directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous Insurance Business have been duly debited to the related Revenue Accounts and Profit & Loss Account.

A.K.M. Rafiqul Islam
Managing Director

Mohammed A. Awwal
Director

Prof. Md. Jahangir Chowdhury
Director

Abdul Monem
Chairman



Branch Offices

<u>S/</u>	<u>Address</u>	<u>Officer-in Charge</u>	<u>Telephone</u>
1.	Dilkusha Branch 76, Dilkusha C/A., Dhaka	Mr. Mahboob Uddin Ahmed Senior Vice President	247861 247985
2.	Imamgonj Branch 85-A, Chawk Mughultuly, Dhaka	Mr. Manjurul Hoque Manager	239818
3.	Sadarghat Branch 51/12, Johnson Road, Dhaka	Mr. Quazi Safiullah Vice Presiden.	233066
4.	Tejgaon Branch 59, Kazi Nazrul Islam Avenue West Testori Bazar, Tejgaon, Dhaka.	Mr. Md. Zakir Hossain Manager	326956
5.	Bangshal Branch Mazed Court Bhaban (2nd Floor) 16/1, Siddique Bazar North South Road, Dhaka.	Mr. Abdul Alim Khan Branch Manager	249165
6.	Elephant Road Branch Rajdhani Complex 237/2, New Elephant Road, Dhaka.	Mr. Sharif Mustaba Manager	866023
7.	Motijheel Branch Senakalyan Bhaban (13th Floor) Room No. 1306, 195, Motijheel C/A Dhaka.	Mr. B. Ahmed Vice President	867606
8.	VIP Road Branch 30, VIP Road, Kakrail, Dhaka.	Mr. Abdul Momen Manager	836354 841796
9.	Narayanganj Branch 150, B. B. Sarak Narayanganj.	Mr. Farid Ahmed Manager	72646
10.	Khatunganj Branch 410/411, Khatunganj C/A Chittagong	Mr. Mohammad Ali Khan Vice President	226121 227051 624316
11.	Agrabad Branch 75/A, Agrabad, Chittagong	Mr. Ratan Kumar Chowdhury Asstt. Vice President	503834 505355
12.	Jubilee Road Branch 200/B, Jubilee Road, Chittagong	Mr. Nazrul Islam Manager	617844 616847
13.	Khulna Branch 118, Sir Iqbal Road, Khulna	Mr. S. M. Mosharraf Hossain Vice President	20056 23724
14.	Bogra Branch Borogola Bogra.	Mr. Anisul Hoque Khan Branch Manager	6189
15.	Rangpur Branch Baitus Syed Super Market Central Road, Rangpur.	Mr. Shushanta Chandra Bhowmic Branch Manager	3933



<u>S/</u>	<u>Address</u>	<u>Officer-in Charge</u>	<u>Telephone</u>
16.	Chandpur Branch Stadium Road (Baby Stand) Chandpur.	Mr. Gopal Chandra Pal Regional Manager	3290
17.	Jessore Branch Banga Bazar Netajee Subash Chandra Road Jessore.	Mr. G.M. Saidur Rahman Branch Manager	6993
18.	Sylhet Branch Laldighir Par, Sylhet.	Mr. Ahmed Tazdiquil Mowla Manager	5008
19.	Rajshahi Branch Shaheb Bazar, Ghoramara Rajshahi.	Mr. Touhidur Rahman Branch Manager	5926
20.	Barisal Branch 18, Hemayet Uddin Road Barisal	Mr. Md. Amjad Hossain Talukder Branch Manager	3186
21.	Feni Branch Sultan Mansion Trunk Road, Feni.	Mr. Md. Liaquat Ali Khan Branch Manager	4313
22.	Comilla Branch Comilla Co-operative Super Market (2nd Floor), Kandirpar, Main Road Comilla.	Mr. M. Muzammel Hoque Branch Manager	6977
23.	Sirajgonj Branch Sirajgonj Branch Jubilee Road, Sirajgonj	Mr. A.S.M. Helal Uddin Branch Manager	2460
24.	Narsingdi Branch No. 3, C&B Road (1st Floor) Narsingdi.	Mr. Ismail Ahmed Bhuiyan Branch Manager	
25.	Faridpur Branch 169, Mujib Sarak Faridpur.	Mr. Khandoker Zakir Hossain Branch Manager	2691
26.	Pabna Branch Aourangajeb Road Pabna.	Mr. Anisuzzaman Branch Manager	6541
27.	Chowmuhan Branch Golam Rahman Building (4th Floor) Feni Road, Chowmuhan, Noakhali.	Mr. Md. Belayet Hossain Branch Manager	4030
28.	Cox's Bazar Branch Ahmadia Mansion Cox's Bazar.	Mr. Abdul Hannan Chowdhury Branch Manager	4101
29.	Tongi Branch Jalil Market (2nd Floor) Tongi, Gazipur	Mr. K.M. Mohsin Branch Manager	