

## **AUDITOR'S REPORT & NOTES TO THE FINANCIAL STATEMENTS**

## INDEPENDENT AUDITOR'S REPORT

### To the shareholders of Progressive Life Insurance Company Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Progressive Life Insurance Company Limited ("PLICL"), which comprise the balance sheet as at December 31, 2017, and life revenue account, statement of changes in shareholders' equity, 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

The management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs); the Companies Act, 1994; the Insurance Act, 1938 (as amended in 2010); the Insurance Rules, 1958; the Securities and Exchange Ordinance, 1969; the Securities and Exchange Rules, 1987; and other applicable laws and regulations 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Basis for Qualified Opinion:

1. As explained in note 14.03 of the financial statements, PLICL has 51% shareholding in its subsidiary company namely Galaxy Capital Ltd. and the investment in shares of this company was Taka 30,855,000. According to IFRS 10, para 04: "Consolidated Financial Statements", the subsidiary should have been consolidated because it is controlled by PLICL. PLICL has not consolidated the financial statements of subsidiary (Galaxy Capital Ltd.) resulting in violation of that particular IFRS. If Galaxy Capital Ltd. had been consolidated, elements in the accompanying financial statements would have been materially affected. In its Emergency Board Meeting no. 148, dated January 24, 2019, the board of PLICL has decided to withdraw its investment of BDT 30,855,000 from Galaxy Capital Ltd. Subsequently in 2019, PLICL has collected its entire investment of BDT 30,855,000 from Galaxy Capital Ltd.;
2. PLICL has incurred an excess of 41.74% management expenses in the year 2017 from allowable limit mentioned in Section 62 of the Insurance Act, 2010 and Rule 39 of The Insurance Rules, 1958;
3. Proper source documents substantiating the acquisition of certain disposed items of property, plant, and equipment, i.e. Car, Air Condition and Furniture, sold at BDT 2,867,912, BDT 42,000 and BDT 25,000 respectively were not found. No disposal adjustment has been made on the fixed assets schedule (note 20) at the time of de-recognition of such assets. As a result, actual gain/loss arising from the de-recognition of above mentioned assets and carrying amount of Property, Plant and Equipment as at December 31, 2017 cannot be ascertained;
4. Petty cash balance of BDT 5,959,293 from 25 closed service cells have been shown in the consolidated petty cash balance of BDT 48,408,111. As per management of PLICL, the above mentioned 25 service cells have been closed between 2011 to 2017 and these petty cash balances of BDT 5,959,293 are lying with the respective agents of closed service cells, which they are trying to recover. According to IAS 37, para 14, no provision has been maintained against BDT 5,959,293 in the audited

financial statements; and

5. According to the 153th Board meeting, dated July 25, 2019 and 16th AGM, dated September 12, 2019, PLICL has declared and approved 10% dividend (i.e. 5% stock and 5% cash) for the year 2015 amounting to BDT 12,865,776 to its shareholders. But PLICL did not recognize this approved dividend in the financial statements for the year ended December 31, 2017 as per para 14 of IAS 37. Also, as per para 8 of IAS 10, PLICL shall adjust the amounts recognized in the financial statements to reflect adjusting events after the reporting period.

### Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the financial position of PLICL as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs); the Companies Act, 1994; the Insurance Act, 1938 (as amended in 2010); the Insurance Rules 1958; the Securities Exchange Rules, 1987 and other applicable laws and regulations.

### Emphasis of Matter

Without further modifying our opinion we draw attention to following notes to the financial statements:

- a) In Annexure A of note 14 of the financial statements, management has disclosed that, the flat in Chattogram, address # Zahura Tower, 1401 Sheikh Mujib Road, Agrabad C/A, Chattogram purchased at a price of Tk. 34,689,801 for which legal proceeding about ownership is under process in the Joint 2nd District Judge, Chattogram vide case no. 62/12;
- b) As disclosed in note 19.01 to the financial statements that, PLICL has an investment amount in BDT 15,000,000 in People's Leasing and Financial Service as at December 31, 2017. Subsequently, PLICL has collected BDT 5,000,000 on 25 January 2018. It has come to PLICL's knowledge that, the Honorable High Court has directed Bangladesh Bank to appoint a liquidator to liquidate the People's Leasing and Financial Service. PLICL has communicated with the liquidator and confirmed that, there is a high possibility to recover the rest of the amount of BDT 10,000,000 from the People's Leasing and Financial Service;
- c) In note 3.13.1(b) of the financial statements which describes, a legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of PLICL's affairs which are yet to be resolved. Due to this reason, PLICL has not filed any return of income for any of the assessment years after the assessment year (AY) 2013-14. But PLICL is in process to file the income tax returns for the AY 2014-15, 2015-16 and 2016-17;
- d) According to note 4.05 of the financial statements, a legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of PLICL's affairs which are yet to be resolved. Due to this reason, PLICL could not submit "Quarterly Financial Statements" to the Exchange and the Commission in accordance with the Regulation 17 of Dhaka Stock Exchange (Listing) Regulations, 2015. PLICL has submitted its all un-audited Quarterly Financial Statements up to the 1st Quarter of 2018 to the BSEC on 25 July 2018;
- e) As disclosed in note 4.06 to the financial statements that, a legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of PLICL's affairs which are yet to be resolved. Due to this reason, Annual Financial Statements of PLICL could be not audited within 120 days from the date on which it's financial year ends and a copy of such Audited Financial Statements could not be submitted to the Commission and the Stock Exchange within 14 days according to Regulation 18 of Dhaka Stock Exchange (Listing) Regulations, 2015;
- f) According to note 4.07 of the financial statements, legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of PLICL's affairs which are yet to be resolved. Due to this reason, PLICL could not hold any general meeting as its annual general meeting since 2013 in accordance with Section 81 of the Companies Act, 1994. With the approval of the Court, PLICL has held its 14th, 15th and 16th AGMs for the years 2013, 2014 and 2015 respectively on 12 September 2019;
- g) As disclosed in note 4.08 to the financial statements that, a legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of PLICL's affairs which are yet to be resolved. So that, PLICL has not filed Schedule-X: "annual list of members and summary" to the Registrar in each year since 2013 according to Section 36 of the Companies Act, 1994;
- h) As disclosed in Note 4.09 to the financial statements, PLICL does not make actuarial valuation and investigate its financial status of the life insurance business by an actuary according to the regulatory procedure and in a prescribed manner for the years 2016 and 2017 in accordance with Section 30 of the Insurance Act, 2010, because, legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of PLICL's affairs which are yet to be resolved. On October 02, 2019 PLICL has appointed Dr. Mohammad Sohrab Uddin, Ph.D, AIA, Consulting Actuary, to Complete Actuarial valuation of the policy liabilities as at 31 December 2016, 2017 and 2018 respectively;
- i) As legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of PLICL's affairs which are yet to be resolved. Due to this reason, PLICL could not provide the financial statements and auditor's certified copy on details of deposited money and assets of the "Life Insurance Fund" within 6 months from the end of year 2017 to the


authority in accordance with Section 32 and Section 26(3) respectively of the Insurance Act, 2010, which disclosed in Note 4.10 to the financial statements;

- (j) In note 14.4.2 of the financial statements, PLICL stated the reason for not following the rule mentioned in the Insurance Rules, 1958, rule 10A(1)(e)(i). According to Rule 10A(1)(e)(i) of the Insurance Rules, 1958, investment of balance assets in any other investment including capital market shall be made in ordinary shares of such company, where dividends of not less than 10% including bonus have been paid on such shares for the past three years immediately preceding the date of investment or for at least four out of past seven years immediately preceding the date of investment. During the year 2018, PLICL has invested BDT 14,932,444 beyond the aforementioned provision because PLICL prudently thinks that said investment would be profitable in future; and
- (k) In note 18 of the financial statements, PLICL disclosed that PLICL recognizes outstanding premium as revenue according to IFRS 9. Outstanding premium as at December 31, 2017 has been collected subsequently.

#### Report on Other Legal and Regulatory Requirements

- (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, records and other statutory books as required by law have been kept by PLICL so far as it appeared from our examinations of those books and proper returns adequate for the purpose of our audit have been received from branches not visited by us;
- (c) The balance sheet, life revenue accounts and statement of changes in shareholders' equity, and statements of cash flow of PLICL dealt with by the report are in agreement with the books of account;
- (d) The expenditure incurred were for the purpose of PLICL's business;
- (e) As per Section 62 (2) of the Insurance Act 2010, in our opinion, 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 PLICL transacted in Bangladesh during the year under report have been duly debited to the related revenue accounts of PLICL; and
- (f) 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, PLICL during the year under report has not paid any person any commission in any form outside Bangladesh in respect of any of its business re-insured abroad.

Date: 02 December, 2019



Hussain Farhad & Co.  
Chartered Accountants

**Progressive Life Insurance Co. Ltd.**

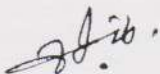
**BALANCE SHEET**

As at 31 December 2017

Amount (In Taka)

CAPITAL AND LIABILITIES	Notes	31-12-2017	31-12-2016
<b>Authorized share capital</b>	5.01	<b><u>750,000,000</u></b>	<b><u>750,000,000</u></b>
Authorized 75,000,000 ordinary shares of Taka 10 each			
<b>Issued, subscribed and paid-up capital</b>	5.02	128,657,760	128,657,760
12,865,776 ordinary shares of Taka 10 each called and paid-up in full			
<b>Balance of funds and accounts</b>			
Life insurance fund	6.00	2,707,174,754	2,709,459,316
<b>Fair value change account</b>	7.00	(1,807,396)	(1,298,136)
<b>Amount due to other persons or bodies carrying on insurance business</b>	8.00	19,638,383	19,250,273
<b>Liabilities and provisions</b>		<b><u>472,241,077</u></b>	<b><u>446,165,646</u></b>
Estimated liabilities in respect of outstanding claims whether due or intimated	9.00	387,445,421	315,981,311
Sundry creditors	10.00	80,347,726	125,737,448
Premium deposits	11.00	-	261,242
Other deposits	12.00	4,447,930	4,185,645
		<b><u>3,325,904,578</u></b>	<b><u>3,302,234,859</u></b>

These financial statements should be read in conjunction with the annexed notes from 1 to 30.



**Johir Uddin**

Company Secretary (Incharge)



**Bipul Chandra Nath FCA**

Chief Financial Officer



**Dipen Kumar Saha Roy FCA**

Chief Executive Officer

Place: Dhaka


Date: 2 December, 2019

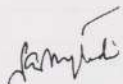
## BALANCE SHEET

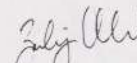
As at 31 December 2016

Property and Assets	Notes	Amount (In Taka)	
		31-12-2017	31-12-2016
Loans on insurer's policies within their surrender value	13	31,422,970	30,500,177
<b>Investments</b>	14	<b>2,136,210,092</b>	<b>2,163,526,089</b>
Statutory deposit with Bangladesh Bank		15,000,000	15,000,000
Investment in government securities		1,475,855,131	1,507,356,652
Investment in equity shares of the companies		36,566,810	36,566,810
Investment in shares and others		90,347,214	83,149,999
Land and building (at cost less accumulated depreciation) [Annexure - A]		518,440,937	521,452,628
Interest, dividends and rents accruing but not due	15	149,290,234	170,842,662
Amounts due from other persons or bodies carrying on insurance business		329,042	329,042
Advances and deposits	16	63,005,860	104,068,956
Sundry debtors	17	1,995,759	1,630,754
Outstanding premium	18	91,482,560	49,187,192
Cash and cash equivalents	19	830,117,607	761,170,702
Fixed assets (at cost less accumulated depreciation)	20	19,005,563	17,165,547
Stamps, printing and stationaries in hand	21	3,044,892	3,813,739
		<b>3,325,904,578</b>	<b>3,302,234,859</b>


These financial statements should be read in conjunction with the annexed notes from 1 to 30.


  
 Nazim Tasik Chowdhury  
 Director


  
 Syed Abdul Muqtadir  
 Director


  
 Zakariya Ahad  
 Chairman

As per our report of same date


  
 Hussain Farhad & Co.  
 Chartered Accountants

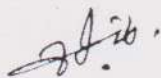
**Progressive Life Insurance Co. Ltd.**  
**Life Revenue Account**

For the year ended 31 December 2017

**DEBIT**

Amount (In Taka)

Particulars	Notes	31-12-2017	31-12-2016
<b>Claim under policies (including provision for claims due or intimated), less re-insurance</b>			
By death		11,944,393	12,661,680
By maturity		425,301,061	400,302,175
By surrender		16,357,922	20,094,579
By survival benefit		172,407,135	174,905,261
By group claim		4,422,000	6,491,600
By hospitalization		2,745,037	3,227,769
		<b>633,177,548</b>	<b>617,683,064</b>
By profit commission		2,978,019	3,441,067
		<b>636,155,567</b>	<b>621,124,131</b>
<b>Expenses of management [Annexure - B]</b>		<b>341,049,932</b>	<b>380,068,150</b>
<b>Other expenses</b>			
Depreciation on fixed assets		7,379,181	7,671,972
Depreciation on building		3,171,256	698,958
Realized loss on investments		-	3,531,817
Dividend		-	-
Income tax expenses		14,632,430	10,000,000
		<b>25,182,867</b>	<b>21,902,747</b>
<b>Balance of fund at the end of the year as shown in the Balance Sheet</b>		<b>2,707,174,754</b>	<b>2,709,459,316</b>
		<b>3,709,563,121</b>	<b>3,732,554,343</b>



**Johir Uddin**  
Company Secretary (Incharge)



**Bipul Chandra Nath FCA**  
Chief Financial Officer



**Dipen Kumar Saha Roy FCA**  
Chief Executive Officer

Place: Dhaka

Date: 2 December, 2019

## Life Revenue Account

For the year ended 31 December 2017

### CREDIT


Amount (In Taka)

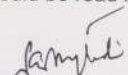
Particulars	Notes	31-12-2017	31-12-2016
Balance of life fund at the beginning of the year		2,709,459,316	2,700,668,840
Premium less re-insurance	22		
First year premium (Individual Life)		145,904,555	136,949,843
First year premium (Sujon Bima)		33,173,926	28,531,800
First year premium (Islami Bima Takaful)		5,540,709	6,066,328
First year premium (Surrud Bima)		3,192,814	11,644,362
First year premium (Darussalam Bima)		28,129	942,590
		<b>187,840,133</b>	<b>184,134,923</b>
Renewal premium (ILP)		452,991,168	501,347,302
Renewal premium (Sujon Bima)		52,598,432	60,691,713
Renewal premium (Islami Bima Takaful)		11,910,774	11,486,961
Renewal premium (Surrud Bima)		7,701,932	9,644,168
Renewal premium (Darussalam Bima)		1,147,306	3,711,843
		<b>526,349,612</b>	<b>586,881,987</b>
Group life and health insurance premium		31,930,963	34,518,333
Total gross premium		<b>746,120,708</b>	<b>805,535,243</b>
Less: Re-insurance premium		4,166,599	7,697,055
Net premium		<b>741,954,110</b>	<b>797,838,188</b>
Interest, dividends and rents	23	253,841,112	233,785,545
Other income	24	3,896,932	261,770
		<b>257,738,044</b>	<b>234,047,315</b>
Prior year adjustment	25	411,651	-
		<b>3,709,563,121</b>	<b>3,732,554,343</b>

First year premium, where, the maximum premiums Paying period is:

Single	16,525,942	10,344,999
Two Years	-	-
Three Years	-	-
Four Years	-	-
Five Years	-	36,080
Six years	-	21,023
Seven Years	-	21,987
Eight Years	-	42,939
Nine Years	279,404	291,682
Ten Years	322,767	347,073
Eleven Years	339,365	4,158,211
Twelve Years & Above	170,372,655	168,870,929
Total:	<b>187,840,133</b>	<b>184,134,923</b>


These financial statements should be read in conjunction with the annexed notes from 1 to 30

  
Nazim Tasik Chowdhury  
Director

  
Syed Abdul Muqtadir  
Director

  
Zakariya Ahad  
Chairman

As per our report of same date

  
Hussain Farhad & Co.  
Chartered Accountants

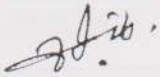


**Progressive Life Insurance Co. Ltd.**  
**Statement of Changes in Shareholders' Equity**  
For the year ended 31 December 2017

Amount (In Taka)

Particulars	Share capital	Bonus share	General reserve	Reserve for exceptional losses	Retained earnings	Total
Equity as at 01 January 2016	109,032,000	19,625,760	-	-	-	128,657,760
Addition during the year	-	-	-	-	-	-
<b>Equity as at 31 December 2016</b>	<b>109,032,000</b>	<b>19,625,760</b>	-	-	-	<b>128,657,760</b>
Equity as at 01 January 2017	109,032,000	19,625,760	-	-	-	128,657,760
Addition during the year	-	-	-	-	-	-
<b>Equity as at 31 December 2017</b>	<b>109,032,000</b>	<b>19,625,760</b>	-	-	-	<b>128,657,760</b>

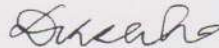
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**Johir Uddin**  
Company Secretary (Incharge)



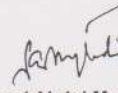
**Bipul Chandra Nath FCA**  
Chief Financial Officer



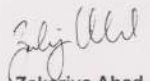
**Dipen Kumar Saha Roy FCA**  
Chief Executive Officer



**Nazim Tazik Chowdhury**  
Director



**Syed Abdul Muqtadir**  
Director



**Zakariya Ahad**  
Chairman

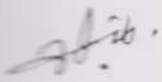
**Progressive Life Insurance Co. Ltd.**  
**Statement of Cash Flows**

For the year ended 31 December 2017

Amount (In Taka)

Particulars	31-12-2017	31-12-2016
<b>Cash flows from operating activities</b>		
Collection from premium	703,564,098	803,362,920
Other income received	3,896,932	261,770
Payment for claims	(564,691,457)	(540,199,702)
Payment for management expenses, commissions, re-insurance and other expenses	(351,184,765)	(366,579,598)
Prior year adjustment	411,651	-
<b>Cash generated from operations</b>	<b>(208,003,541)</b>	<b>(103,154,610)</b>
Tax paid during the year	(11,936,586)	(4,938,598)
<b>Net cash used in operating activities</b>	<b>(219,940,127)</b>	<b>(108,093,208)</b>
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets	(9,219,197)	(3,032,731)
Loans on insurer's policies within their surrender value	(4,596,626)	(6,021,216)
Collection of loans on insurer's policies within their surrender value	3,673,833	2,994,503
Investment in shares and government securities	17,795,046	6,114,042
Investment in equity shares of companies	-	2,000,000
Loan to Alpha Capital Management Limited and Galaxy Capital Limited	6,000,000	1,484,326
Investment in land and building	(159,565)	(38,443,878)
Interest, dividends and rents received	275,393,541	202,224,190
<b>Net cash flows from/(used in) investing activities</b>	<b>288,887,031</b>	<b>167,319,236</b>
<b>Cash flows from financing activities</b>	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>68,946,904</b>	<b>59,226,029</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>761,170,702</b>	<b>701,944,673</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>830,117,607</b>	<b>761,170,702</b>

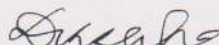
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Johir Uddin  
 Company Secretary (Incharge)



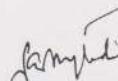
Bipul Chandra Nath FCA  
 Chief Financial Officer



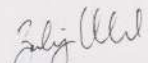
Dipen Kumar Saha Roy FCA  
 Chief Executive Officer



Nazim Tazik Chowdhury  
 Director



Syed Abdul Muqtadir  
 Director



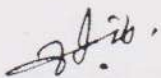
Zakariya Ahad  
 Chairman

**Progressive Life Insurance Co. Ltd.**  
**Statement of Life Insurance Fund**

As at 31 December 2017

Amount (In Taka)

Particulars	31-12-2017	31-12-2016
<b>A) Property and Assets</b>		
Loans on insurer's policies within their surrender value	31,422,970	30,500,177
Statutory deposit with Bangladesh Bank	15,000,000	15,000,000
Investment in government securities	1,475,855,131	1,507,356,652
Investment in equity shares of the companies	36,566,810	36,566,810
Investment in shares and others	90,347,214	83,149,999
Land and building (at cost less accumulated depreciation)	518,440,937	521,452,628
Interest, dividends and rents accruing but not due	149,290,234	170,842,662
Amounts due from other persons or bodies carrying on insurance business	329,042	329,042
Advances and deposits	63,005,860	104,068,956
Sundry debtors	1,995,759	1,630,754
Outstanding premium	91,482,560	49,187,192
Fixed deposits with banks	650,000,000	517,935,479
Current accounts and STD accounts with banks	131,592,854	198,724,274
Cash in hand - Head Office	116,642	234,847
Branch petty cash	48,408,111	44,276,102
Stamps, printing and stationaries in hand	3,044,892	3,813,739
Fixed assets (at cost less accumulated depreciation)	19,005,563	17,165,547
	<b>3,325,904,578</b>	<b>3,302,234,859</b>
<b>B) Liabilities and provisions</b>		
Amounts due to other persons or bodies carrying on insurance business	19,638,383	19,250,273
Estimated liabilities in respect of outstanding claims whether due or intimated	387,445,421	315,981,311
Sundry creditors	80,347,726	125,737,448
Premium deposits	-	261,242
Other deposits	4,447,930	4,185,645
Fair value change account	(1,807,396)	(1,298,136)
	490,072,064	464,117,784
<b>Gross fund (A-B)</b>	<b>2,835,832,514</b>	<b>2,838,117,075</b>
Less: Issued, subscribed and paid-up capital	128,657,760	128,657,760
	<b>2,707,174,754</b>	<b>2,709,459,316</b>



Johir Uddin

Company Secretary (Incharge)



Bipul Chandra Nath FCA

Chief Financial Officer



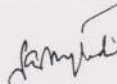
Dipen Kumar Saha Roy FCA

Chief Executive Officer



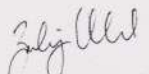
Nazim Tazik Chowdhury

Director



Syed Abdul Muqtadir

Director



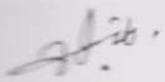
Zakariya Ahad

Chairman

**Progressive Life Insurance Co. Ltd.**
**Form - AA**

 Classified Summary of the Assets in Bangladesh  
 As at 31 December 2017

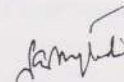
Class of assets	Book Value Taka	Market Value Taka	Remarks
<b>Loans</b>	31,422,970	31,422,970	
On insurer's policies within their surrender value	31,422,970	31,422,970	Realizable value
<b>Investments</b>	2,136,210,092	2,136,210,092	
Statutory deposit with Bangladesh Bank	15,000,000	15,000,000	At Cost
Investment in government securities	1,475,855,131	1,475,855,131	At Cost
Investment in equity shares of the companies	36,566,810	36,566,810	Realizable value
Investment in shares and others	90,347,214	90,347,214	Market Value
Land and building (at cost less accumulated depreciation)	518,440,937	518,440,937	Carrying amount
<b>Cash and cash equivalents</b>	830,117,607	830,117,607	
Fixed deposits with banks	650,000,000	650,000,000	Realizable value
Current accounts and STD accounts with banks	131,592,854	131,592,854	Realizable value
Cash in hand - Head Office	116,642	116,642	Realizable value
Branch petty cash	48,408,111	48,408,111	Realizable value
<b>Interest, dividends and rents accruing but not due</b>	149,290,234	149,290,234	Realizable value
<b>Amounts due from other persons or bodies carrying on insurance business</b>	329,042	329,042	Book Value
<b>Other assets</b>	178,534,634	178,534,634	
Advances and deposits	63,005,860	63,005,860	Book Value
Sundry debtors	1,995,759	1,995,759	Book Value
Outstanding premium	91,482,560	91,482,560	Book Value
Stamps, printing and stationaries in hand	3,044,892	3,044,892	At Cost
Fixed assets (at cost less accumulated depreciation)	19,005,563	19,005,563	Carrying amount
<b>Total assets</b>	<b>3,325,904,578</b>	<b>3,325,904,578</b>	

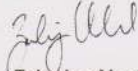

  
 Jahir Uddin  
 Company Secretary (Incharge)


  
 Bipul Chandra Nath FCA  
 Chief Financial Officer


  
 Dipen Kumar Saha Roy FCA  
 Chief Executive Officer


  
 Nazim Tazik Chowdhury  
 Director


  
 Syed Abdul Muqtadir  
 Director


  
 Zakariya Ahad  
 Chairman

# Progressive Life Insurance Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 1.00 Legal Status and nature of business

#### 1.01 Establishment and status of the Company

"Progressive Life Insurance Company Limited (hereinafter referred to as ""the Company""") was incorporated as a public limited Company in Bangladesh on 06 January 2000 under the Companies Act, 1994 and commenced its operation after obtaining the then registration certificate from the Chief Controller of Insurance, Government of the People's Republic of Bangladesh on 27 February 2000. The Company is listed in both Dhaka and Chittagong Stock Exchanges as a publicly traded Company. The Registered office of the Company is located at National Scout Bhaban, 70/1 Inner Circular Road, Kakrail, Dhaka-1000, Bangladesh.

#### 1.02 Nature of business

Progressive Life Insurance Company Limited is engaged in all kinds of the life insurance business whether individual or group including pension, health, etc. It also operates micro life insurance business under name of Sujan Bima, Surrid Bima, Darussalam Bima, Progressive Deposit Pension Scheme (DPS) and Progressive Islami Bima Prakalpa (Takaful) etc.

### 2.00 Basis of presentation and statement of compliance

#### 2.01 Basis of presentation

- (a) "These financial statements have been prepared on the format of financial statements prescribed in the Insurance Act, 2010, Insurance Rules 1958, International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs) and relevant schedules of the Companies Act, 1994, the Securities and Exchange Rules, 1987 as amended and relevant circular and directives of Securities and Exchange Commission following Generally Accepted Accounting Principles (GAAP) applicable in Bangladesh.

Where the requirements of the companies Act, 1994, the Insurance Act, 2010, the Securities and Exchange Rules, 1987 differ with the requirements of these standards, the requirements of the Companies Act, 1994, the Insurance Act, 2010, and the Securities and Exchange Rules, 1987 take precedence;"

The elements of financial statements have been measured on "Historical Cost" basis, which provided in the "Framework for the preparation and presentation of financial statements" issued by the International Accounting Standards Board (IASB) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

- (b) The Balance Sheet has been 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 life insurance business has been prepared in accordance with the regulations as contained in Part I of the Third Schedule and as per Form 'D' as set forth in Part II of that schedule of the Insurance Act, 1938 as amended the Insurance Act, 2010.

#### 2.02 Statement of compliance

The following underlying assumptions, measurement base, laws, rules, regulations and accounting pronouncement have been considered in preparing and presenting the accompanying financial statements:

- Going Concern;
- Accrual unless stated otherwise except for Cash Flow Statement;
- Historical cost convention;
- The Insurance Act, 2010;
- The Insurance Rules, 1958;
- Provisions of the Companies Act, 1994;
- The Securities and Exchange Commission (SEC) Rules, 1987;
- Dhaka Stock Exchanges (listing) Regulations, 2015;
- The Income Tax Ordinance, 1984;
- The International Financial Reporting Standards (IFRS) Which have been adopted by the Institute of Chartered Accountants of Bangladesh (ICAB);
- Where the requirement of the companies Act 1994, The Insurance Act 2010, The Securities and Exchange Rules 1987 differ with the requirement of these standards, the requirements of the Companies Act 1994, The Insurance Act 2010 and The SEC Rules 1987 take precedence.
- Any other applicable laws, regulations, covenants, conventions and practices prevailing with the Insurance Industry in Bangladesh.

### **Application of International Financial Reporting Standards (IFRS)**

The Accounting and Financial Reporting Standards that are applicable for the financial statements for the year under review, include the following:

IAS 1	Presentation of Financial Statements
IAS 2	Inventories
IAS 7	Statement of Cash Flows
IAS 8	Accounting policies, Changing in Accounting Estimates and Errors
IAS 10	Events after the Reporting Period
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 19	Employee Benefits
IAS 24	Related Party Disclosures
IAS 27	Consolidated and Separate Financial Statements
IAS 32	Financial Instruments: Presentation
IAS 34	Interim Financial Reporting
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 38	Intangible Assets
IAS 40	Investment Property
IFRS 4	Insurance Contracts
IFRS 7	Financial Instruments Disclosures
IFRS 9	Financial Instruments
IFRS 13	Fair Value Measurement
IFRS 15	Revenue from Contracts with Customers

### **2.03 Responsibility for preparation and presentation of financial statements**

The management is responsible for the preparation and presentation of financial statements under section 183 of The Companies Act, 1994 and as per the provision of International Accounting Standard (IASs) and International Financial Reporting Standard (IFRSs) the "Framework for the preparation and presentation of financial statements" issued by the International Accounting Standards Board (IASB) as adopted in Bangladesh.

#### 2.04 The functional and presentation currency

The financial statements are presented in Bangladeshi Taka, which is the company's functional and presentation currency.

#### 2.05 Use of critical accounting estimates and judgments

The presentation of financial statements in conformity with the generally accepted accounting principles and standards require that the Company's management make estimates and assumptions that affect the reported amounts of income and expenses for the year and reported balances of assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances on the date of financial statements. Actual results could differ from the estimates. Any revision to the accounting estimate is recognized prospectively.

#### 2.06 Reported period

The financial statements of the Company cover one financial year from 01 January to 31 December of the calendar year.

#### 2.07 Components of financial statements

The financial statements includes the following components:

- (a) Balance Sheet as at 31 December 2017;
- (b) Life Revenue Account for the year ended 31 December 2017;
- (c) Statements of Changes in Equity for the year ended 31 December 2017;
- (d) Statement of Cash Flows for the year ended 31 December 2017;
- (e) Statement of Life Insurance Fund as at 31 December 2017;
- (f) Classified Summary of the Assets (Form "AA") in Bangladesh as at 31 December 2017;
- (g) Accounting policies and notes to the financial statements for the year ended 31 December 2017.

#### 2.08 Statement of cash flows

Cash flows statement is prepared in accordance with BAS-7 and Cash Flows from operating activities have been presented under direct method as outlined in the Part III of Securities and Exchange Rules, 1987 as amended which was added by the notification no SEC/Section 7/SER/03/132 dated on 29 December 1997 of Bangladesh Securities and Exchange Commission (BSEC).

#### 2.09 Going Concern

The Company has adequate resources to continue its operation for foreseeable future. As per management assessment there is no material uncertainty related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. For this reason the financial statements have been prepared on going concern basis.

### 3.00 Summary of significant accounting policies

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the company's financial statements for the year ended 31 December 2016.

The significant accounting policies adopted in the preparation of these Financial Statements are set out below.

#### 3.01 Revenue recognition

Revenue is recognized after satisfying all the conditions for revenue recognition as provided IAS-18: "Revenue" in compliance with IFRS-4 "Insurance Contract." The income from premium is comprised of the total amount of premium earned on various classes of life insurance business during the year, the gross amount of premium earned against various policies, 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. While preparing the final statement 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 have been given effect to the accounts at the end of the year.

### 3.1.1 Individual life policies

Individual life first year, renewal and single premiums are recognized once the related policies are issued/renewed against receipt and realization of premium.

First year premium against individual life business of 2017 collected within 31 December of the year 2017 has been recognized as First Year Premium income (individual life) as per directives of the IDRA.

Renewal Premium outstanding as at 31 December 2017, for which, the grace period has not been expired and collected subsequently by 31 March 2017 are also recognized as revenue.

Uncollected premium from lapsed policies is not recognized as income until such policies are revived.

### 3.1.2 Group life and health policies

The premiums of group policies are recorded after receipt of the premiums and in certain circumstances premiums falling due under the policies within the financial period are also recognized if this premiums are subsequently received.

### 3.02 Interest, dividends and rents

#### Investment income

Interest incomes on investments are recognized on accrual basis for the number of days held taking into account effective yield on the instruments.

- i) Loans against the security of life insurance policies are allowed to the policy holders to the extent of 90% of surrender value of the respective policy provided the policy has been enforced for not less than two years;
- ii) Interest on policy loans is accounted on cash realized basis;
- iii) Dividend income is accounted for when the dividend is received;
- iv) Profit/(loss) arising on the sale of listed equity shares is recognized on the basis of the settlement date;
- v) Rental income is recognized on accrual basis, except the cases that are under litigation.

### 3.03 Premium deposit

Premium deposit represents premium received but risk has not yet been accepted because of pending underwriting decision as at 31 December 2017.

### 3.04 Re-insurance

This represent provisional amount payable to the re-insurer for the 12 (twelve) months ended on 31 December 2017. Provision has been made on the basis of best available information.

### 3.05 Claims costs

Claims costs consist of the policy benefit amount and claim settlement costs, where applicable.

Death claims are accounted for on receipt of information up to the end of the period are considered for accounting of such claims.

Maturity claims include amounts payable on lapsed policies which are accounted for on the date of maturity of policies.



Amount recoverable from re-insurers are accounted for in the same period as the related claim and are reduced from claims.

### 3.06 Fixed assets and depreciation

Fixed assets are reported at cost less accumulated depreciation and impairment, if any. Cost includes the purchase price and any cost directly attributable to bring the asset to its working condition for its intended use. Fixed assets of small value are fully charged to the revenue account in the year of its purchases. Subsequent expenditures incurred on existing fixed assets are expensed out except where such expenditure increases the future economic benefits from the existing assets.

#### Depreciation

Depreciation is calculated on straight line method to write off the assets over their expected useful lives. Depreciation on addition made during the year is charged from the month of purchase and up to the previous month of sale. Methods and rates of computing depreciation are consistently applied. The annual depreciation rates are as follows:

Category of fixed assets	Rate (%)
Furniture and fixtures	15
Electrical equipment	20
Office renovation	20
Computer and computer accessories	20
Office equipment	20
Motor vehicles	20
Accounting Software	20
Rack Server	20
Buildings	2.5

### 3.07 Impairment of assets

The carrying amount of its assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, impairment loss is recognized wherever carrying amount of an asset exceeds its recoverable amounts. Impairment loss is recorded on judgmental balance sheet is, for which provision may differ in the future years based on the actual experience. There is no impairment in 2017.

#### 3.08 Intangible assets

Expenditure incurred on major application software and their customization or further development is recognized as an intangible asset. Intangible assets are reported as acquisition value with deductions for impairment losses, if any. Intangible asset comprises system software which is stated at cost of acquisition, including any cost attributable for bringing the same to its working condition less accumulated amortization. Software are amortized using the straight line method over their useful lives (five years). Any expenses on software for support and maintenance payable annually are charged to Life Revenue Account.

### 3.09 Stamps, printing and stationeries in hand

Stock of stamps, printing and stationeries in hand etc. are valued at cost determined on FIFO basis as at 31 December 2017.

### 3.10 Investments

#### Classification of investments

Investment with fixed or determinable payments and fixed maturity, where the Company has positive intent and ability to hold up to its maturity are classified as Held-to-Maturity. Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or change in mark-up/interest rates are classified as available for sale.

## Valuation of investments

### i) Debt securities

Debt Securities with fixed income (Bangladesh Government Treasury Bond), private and public bonds and debentures are categorized by class and are accounted for "held to maturity" and have been valued at cost. The discount in respect of the debt securities which is the difference between the purchase price and the redemption amount is amortized and recognized in the Revenue Account on straight line basis over the remaining period to maturity of these securities. For fair presentation, premium, if any, premium on acquisition of those bonds and debentures are however charged to Life Revenue Account over the period of investment.

### ii) Investment in shares

"The valuation method of investment in shares is accounted for available for sale. Available for sale investment are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loan and receivables (b) held-to-maturity (c) financial assets at fair value through profit or loss. Listed shares are measured at fair value on the balance sheet date and the change in the carrying amount of shares is taken at "Fair Value Change Account".

### "iii) Loan

Loans in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable value.

### iv) Other investment

All other investments are recognized as per Rule 7(b) of Part I of the First Schedule of the Insurance Act, 1938.

## 3.11 Employee benefits

The Company offers a number of benefit plans, which includes contributory provident fund and gratuity which have been accounted for in accordance with the provision of International Accounting Standard-19, "Employee Benefits." Bases of enumerating the above benefits schemes operated by the company are outlined below.

### Contributory provident fund

The Company operates a contributory provident fund @ 10% for its permanent employees. The fund is administered separately by a Board of Trustees and is funded by equal contribution from the Company and the employees.

### Gratuity

Employees of the Company, who served the Company for ten years or above is entitled to get gratuity benefit from 01 July 2006 at rates determined by the Service Rules of the fund. The provision has been made in respect of all eligible employees and reflected in these financial statements. Presently gratuity is being paid at the time of the final settlement of the respective employees.

## 3.12 Management expenses, commissions and claims

### Management expenses

Management expenses inclusive of commissions, salaries, office rent and training expenses, etc. have been charged to life revenue account.

### Commissions

#### (i) Agent commissions

Commissions to insurance agents (less re-insurance) represent first year commission, renewal commission, progressive deposit pension scheme commission and group commission.

## **(ii) Allowances and commissions (other than commission)**

Allowance and commissions (other than commissions to insurance agents less re-insurance) represent employer of agents and supervisor officers salaries and allowances including various incentives and expenses. Claims

Claims under policies by death, survival, surrender, maturity etc. are considered to be incurred when intimation is received. Provision for outstanding claims has been made based on the intimation of claim received during the year.

### **3.13 Taxation**

#### **3.13.1 Current Tax**

a) Provision for Taxation is based on taxable income determined under the Fourth Schedule of the Income Tax Ordinance 1984 and best judgment of the management. Provision of Income Tax is based on the best judgment of the management. Charge for the current tax is calculated according to the provision of Fourth Schedule of the Income Tax Ordinance, 1984 and using tax rate enacted at the Balance Sheet date.

b) A legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh on the name of the Company's affairs which are yet to be resolved. Due to this reason, the Company does not file any return of income for any of the assessment years after the assessment year (AY) 2013-14. But the Company is in process to file the Income Tax return for the AY 2014-15, 2015-16 and 2016-17.

#### **3.13.2 Deferred Tax**

The Company does not provide for deferred taxation as current tax has been calculated on the profits and gains based on the actuarial valuation which is computed in accordance with the provision in the Fourth Schedule of the income Tax Ordinance, 1984 and not under different heads of income. There is no effect of tax base assets and liabilities. So the management feels it is not necessary to estimate of deferred tax assets/liabilities at this stage as per the provision of IAS-12.

### **3.14 Risk minimization strategies**

#### **3.14.1 Individual life product**

Insurance underwriting risk is the risk that the company will suffer losses due to economic situation or the rate of occurrence of an incident contrary to the forecast made at the time of setting up the premium rate.

"The underwriting risk arises from death and sometimes due to permanent disability and critical illness. The company may get exposed to poor risk due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims or poor persistency. The Company may also face the risk of poor investment return and inflation of business expenses. The Company faces the risk of under pricing particularly due to nature of long term contract. In addition to this, due to poor persistency, the Company would be unable to recover expense of policy acquisition. The Company manages this risk through its underwriting, re-insurance, claims handling policy and other related internal control mechanisms. The Company has a well-defined policy and avoids selling policies to high risk individuals. Underwriting procedures and rules are structured to enable the Company to strike a balance between mitigating risk, ensuring control and providing better service. This puts a check on anti-selection.

The Company seeks to reduce its risk exposure by reinsuring certain levels of risk with renowned re-insurance SCOR GLOBAL LIFE SE, SINGAPORE BRANCH.

The Company also provides quality service to the policyholders and checks to minimizing fake sale and avoids poor persistency. A regular monitoring of lapse rate is conducted. The Company has procedures in place to ensure avoidance of payment of fraudulent claim. The claim committee reviews high sum assured and early claims for verification and detailed investigation of all doubtful and early claims are conducted. The Company

maintains adequate liquidity to cater for potentially sudden and high cash requirement. "

#### 3.14.2 Group life insurance

"The major risk underwritten by the Company is death which depends on mortality. Other risk underwritten includes disability and major diseases.

Risk increase as a result of business procurement without following underwriting guidelines, business procurement at low premium rate due to tough market competition and fraudulent claims. Non receipt of premium in due time is an additional factor.

The Company manages these risks through proper underwriting, re-insurance, effective claims handling and other claim control mechanism. The Company also avoids underwriting group business with employees exposed to hazardous profession pricing is done in line with actuarial guideline, experience and the mortality exposure the concerned group facts. Moreover, premium rates of existing groups are also reviewed from time to time on the basis of claim experience, re-insurance arrangement are made by the Company with renowned reinsurer to limit the risk at affordable level. Besides, the company avoids payment of fraudulent claims through claim investigation strict monitoring is in place to keep the outstanding balance of premium at a minimum."

#### 3.14.3 Group health insurance

"The major risk underwritten by the Company is death which depends on mortality. Other risk underwritten includes disability and major diseases.

Risks increase as a result of increasing incidences of fatal diseases, accident and catastrophic events, fraudulent practices, health over consciousness of insured etc. Consistent increase in charges of various hospital services, lack of adequate claim control mechanism and business procurement at low price in the competitive market are additional factors.

The Company manages these risks through proper underwriting and other related claim control mechanism, premium rate review on claim experience and hospital agreements with discount facility etc.

The Company has a well-defined medical underwriting policy to avoid underwriting Group Health business with potentially high health risk. Any pre-existing conditions are also screened at this stage. Health plans are designed and terms conditions are set in such a way that abuses of benefit utilization are minimized. Pricing is done in consultation with actuarial department on the basis of actual claim experience. Company has also pre-determined charges for certain illness and investigations with its panel hospitals. Those are treated as "Standard Rate" which is applied to restrict settlement of inflated bills. The Company avoids settlement of any fraudulent claims through claims investigations which is managed by experienced technical staff.

#### 3.14.4 Liquidity risk

Liquidity risk means the Company is unable to meet funding requirements. Company has diversified funding sources to mitigate the risk and assets are managed considering balance of cash and cash equivalents and readily marketable securities.

#### 3.14.5 Interest rate risk

The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company invests in securities and deposits considering change of interest rate in the market, minimize risks by monitoring changes in interest rates and diversifying investment.

#### 3.14.6 Credit risk

Credit risk represents the financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The management monitors credit risk by review of credit exposure and assessment of credit worthiness.

### **3.14.7 Market risk**

"Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Company is exposed to market risk with respect to its investment.

The Company continues to adopt a prudent policy in respect of investments. The fund of the Company has been invested as per provision of the Insurance Act. The investments are mainly in Government Securities. Fixed Deposit Receipts (FDR) with various commercial banks and financial institution having acceptable performance parameters and rating and equity shares in listed companies having good and positive fundamental and technical attributes.

The Company also limits market risk maintaining a diversified profile and by continuous monitoring of developments in Government Securities (Bonds) equity and term finance certificates market. In addition, the Company actively monitors the key factors that affect the underlying value of these securities."

### **3.14.8 Re-insurance risk**

The Company seeks to reduce its risk exposure by reinsuring certain levels of risk with re-insurer. Re-insurer does not relieve the Company from its obligation to policyholders and as a result, the Company also remains liable for the portion of outstanding claims reinsured to the extent that re-insurer does not meet the obligations ultimately under the reinsurance agreements. In order to minimize the risk the Company has obtained re-insurance cover from renowned re-insurer Score Global-SE, Singapore Branch with proven sound financial health.

### **3.14.9 Foreign currency risk**

As at the balance sheet date there are no financial instruments denominated in foreign currency. Therefore, the Company is not exposed to risk from any foreign currency exchange rate risk fluctuation.

### **3.14.10 Operational risk**

Operational risk arise from error and fraud due to lack of internal control and compliance. Management through internal audit and compliance department controls operational procedures of the Company. Internal audit and compliance department undertakes periodic and special audit of the service cells, agency offices and departments at the head office for review of the operation and compliance of statutory requirements. The audit committee of the board subsequently reviews the reports of the Internal Audit and Compliance Department.

## **4 Additional information on financial statements**

### **4.01 Date of authorization for issue of the financial statements**

On December 02, 2019 the Board of Directors reviewed the financial statements and authorized for issuance of the same.

### **4.02 Directors' responsibility statement**

The Board of Directors' take the responsibility for the preparation and fair presentation of the financial statements.

### **4.03 Segment reporting**

The company operates only life insurance business.

### **4.04 Events after the reporting period**

Dividend

As per IAS-10 "Events after the reporting period", Dividend declared after the reporting period should not be classified as a liability at the reporting period as the proposed does not represents a present obligation under IAS-37 "Provision, contingent liabilities and contingent assets". Hence for the year 2017 has not been charged to the life revenue account and not shown as a liability at the reporting period.

There are no other events identified after the date of the balance sheet which require adjustment or disclosure in the accompanying financial statements.

#### **4.05 Quarterly Financial Statements to the Exchange and the Commission**

"A legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this reason, the Company could not submit "Quarterly Financial Statements" to the Exchange and the Commission in accordance with the Regulation 17 of Dhaka Stock Exchange (Listing) Regulations, 2015.

The Company has submitted its all un-audited Quarterly Financial Statements up to the 1st Quarter of 2018 to the BSEC on 25 July 2018."

#### **4.06 Audit of Annual Financial Statements**

A legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this reason, Annual Financial Statements of the Company could be not audited within 120 days from the date on which it's financial year ends and a copy of such Audited Financial Statements could not be submitted to the Commission and the Stock Exchange within 14 days according to Regulation 18 of Dhaka Stock Exchange (Listing) Regulations, 2015.

#### **4.07 Annual General meeting (AGM)**

A legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this reason, the Company could not hold any general meeting as its annual general meeting since 2013 in accordance with Section 81 of the Companies Act, 1994.

With the approval of the Court, the Company has held its 14th, 15th and 16th AGMs for the years 2013, 2014 and 2015 respectively on 12 September 2019.

#### **4.08 Annual Return to RJSC**

As legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this matter, the Company does not file Schedule-X: "annual list of members and summary" to the Registrar in each year since 2013 according to Section 36 of the Companies Act, 1994.

#### **4.09 Actuarial Valuation and Investigation**

The Company does not make actuarial valuation and investigate its financial status of the life insurance business by an actuary according to the regulatory procedure and in a prescribed manner for the year 2016 and 2017 in accordance with Section 30 of the Insurance Act, 2010, because, legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh on the name of the Company's affairs which are yet to resolve. On October 02, 2019 the Company has been appointed Dr. Mohammad Sohrab Uddin, Ph.D, AIA, Consulting Actuary, to Complete Actuarial valuation of the policy liabilities as at 31 December 2016, 2017 and 2018 respectively.

#### **4.10 Report to the Authority (IDRA)**

As legal proceeding is running in the Honorable High Court division of Supreme Court of Bangladesh in the name of the Company's affairs which are yet to be resolved. Due to this reason, The Company could not provide

the financial statements and auditor's certified copy on details of deposited money and assets of the "Life Insurance Fund" within 6 months from the end of year 2017 to the authority in accordance with Section 32 and Section 26(3) respectively of the Insurance Act, 2010.

#### 4.11 General

"Previous year's figures have been regrouped, rearranged or reclassified wherever considered necessary with conform to current period presentation. Amounts and others disclosures for the preceding year are included as an integral part of the current financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Amount presented have been rounded off to the nearest taka. figures in brackets ( ) indicate deduction/ negative balances."

**5.00 Share capital**

Notes	Amount (In Taka)	
	31-12-2017	31-12-2016

**5.01 Authorized capital**

<u>750,000,000</u>	<u>750,000,000</u>
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The authorized capital of the Company is Taka 750,000,000 divided into 75,000,000 ordinary shares of Taka 10 each.

**5.02 Issued, subscribed and paid up capital**

12,865,776 ordinary shares of Taka 10 each fully paid up.

**Category of shareholders**

	Share holding		
Sponsors	45.28%	58,261,200	58,261,200
General public including institutional investors	54.72%	70,396,560	70,396,560
	<u>100%</u>	<u>128,657,760</u>	<u>128,657,760</u>

**Distribution schedule of paid up capital**

As per listing rule of the Stock Exchanges, a distribution schedule of each class of equity shares and the number of shareholders and percentage as at 31 December 2016 are given below:

Category of share holders	Shareholding range	No. of shares	No. of share holders	Share holdings %
Sponsors	50000-100000	85,771	1	1
	100001-200000	155,252	1	1
	200001-300000	811,453	3	6
	300001-400000	1,481,513	4	12
	400001-500000	2,282,697	5	18
	500001-	1,009,431	1	8
<b>Sub total</b>		<b>5,826,117</b>	<b>15</b>	<b>45</b>
General public including institutional investors	001-50000	2,174,353	1,080	17
	50001-100000	584,902	8	5
	100001-200000	843,787	6	7
	200001-300000	-	-	-
	300001-400000	340,085	1	3
	400001-500000	859,677	2	7
	500001-1000000	741,000	1	6
	1000001-2000000	1,495,855	1	12
<b>Sub total</b>		<b>7,039,659</b>	<b>1,099</b>	<b>55</b>
<b>Grand total</b>		<b>12,865,776</b>	<b>1,114</b>	<b>100</b>

**5.03 Life insurance fund**

Opening balance	2,709,459,316	2,700,668,840
Add: Surplus of Life Revenue Account during the year	(2,284,561)	8,790,476
	<u>2,707,174,754</u>	<u>2,709,459,316</u>

The surplus of Life Revenue Account after adjusting the re-insurance premium, commission and claims thereon and setting of the management expenses has been carried forward to the life fund along with the surplus brought forward from previous year.



Amount (In Taka)

	Notes	31-12-2017	31-12-2016
<b>7.00 Fair value change account</b>			
Market value (quoted market price) of listed shares	14.04.2	66,171,809	38,974,594
Less: Book value of listed shares		67,979,205	40,272,729
		<b>(1,807,396)</b>	<b>(1,298,136)</b>

**8.00 Amounts due to other persons or bodies carrying on insurance business**

Opening balance		19,250,273	14,541,764
Add: Provision made during the year		452,942	4,708,509
		19,703,215	19,250,273
Less: Adjustment made during the year		64,832	-
		<b>19,638,383</b>	<b>19,250,273</b>

The amount represents the balance payable to General Insurance Corporation of India (GIC) and Score Global Life SE, Singapore Branch on account of share of re-insurance premium.

**9.00 Estimated liabilities in respect of outstanding claims whether due or intimated**

Death claim		9,143,921	8,492,483
Survival benefit		44,831,138	24,563,556
Maturity claim		331,798,362	278,280,191
Hospitalization claim		-	531,881
Group claim		1,672,000	4,113,200
		<b>387,445,421</b>	<b>315,981,311</b>

**10.00 Sundry creditors**

Office rent		1,047,686	1,420,436
Auditors' fees		1,440,400	1,170,400
Actuarial fees		2,000,000	1,600,000
Tax deducted at source		6,512,924	2,737,646
Income tax payable	10.01	41,071,149	83,130,631
Provident fund payable		1,071,964	1,455,242
Provident fund loan payable		287,908	727,945
Excess deposits		30,550	102,932
Security deposits		462,439	749,491
VAT payable		766,425	590,655
Gas, water and electricity		-	308,198
Group life endowment scheme payable		1,579,393	1,317,645
Commission payable		6,273,540	2,875,175
Provision for gratuity		16,323,068	16,608,924
Provision for AGM/EGM Expenses		500,000	-
Salary and allowances		47,903	4,009,430
Salary and allowances (development)		932,377	6,356,750
Provision for general charges		-	152,805
Provision for legal expenses		-	423,143
		<b>80,347,726</b>	<b>125,737,448</b>

Amount (In Taka)

Notes	31-12-2017	31-12-2016
<b>10.01 Income tax payable</b>		
Opening Balance	83,130,631	73,130,631
Add: Provision made during the year	11,500,000	10,000,000
	94,630,631	83,130,631
Less: Paid during the year	53,559,482	-
	<b>41,071,149</b>	<b>83,130,631</b>

The company is engaged in life insurance business and its taxation is based on taxable income determined under the Fourth Schedule of the Income Tax Ordinance, 1984. Provision of Income Tax is based on the best judgment of the management. Charge for the current tax is calculated according to the provision of Fourth Schedule of the Income Tax Ordinance, 1984 and using tax rate enacted at the Balance Sheet date.

The Company has been adjusted "income tax payable" with "note 16.02: advance income tax", because, tax assessment has been settled. details are given below.

Financial year	Assessment year	Advance tax adjusted
2010	2011-2012	14,083,650
2011	2012-2013	12,081,501
2012	2013-2014	27,394,331

**11.00 Premium deposits**

Opening balance	261,242	1,333,316
Add: Advance premium received during the year		261,242
	261,242	1,594,558
Less: Adjustment made during the year	261,242	1,333,316
	-	<b>261,242</b>

Premium deposits represent receipts in advance which can not be appropriated towards premium before fulfillment of the underwriting requirements and hence policies were not issued/adjusted within the reporting year. During the year 2017, all requirements of underwriting department regarding premium has been fulfilled and the Company has been issued all premium deposits within 31 December 2017.

**12.00 Other deposits**

Opening balance	4,185,645	3,725,940
Add: Deposit received during the year	262,285	462,705
	4,447,930	4,188,645
Less: Adjustment made during the year	-	3,000
	<b>4,447,930</b>	<b>4,185,645</b>

**13.00 Loans on insurer's policies within their surrender value**

Opening balance	30,500,177	27,473,464
Add: Loan disbursed during the year	4,596,626	6,021,216
	35,096,803	33,494,680
Less: Realized during the year	3,673,833	2,994,503
	<b>31,422,970</b>	<b>30,500,177</b>

**14.00 Investments**

Statutory deposit with Bangladesh Bank	14.01	15,000,000	15,000,000
Investment in government securities	14.02	1,475,855,131	1,507,356,652
Investment in equity shares of the companies	14.03	36,566,810	36,566,810
Investment in shares and others	14.04	90,347,214	83,149,999
Land and building	Annexure -A	518,440,937	521,452,628
		<b>2,136,210,092</b>	<b>2,163,526,089</b>

Amount (In Taka)

Notes	31-12-2017	31-12-2016
<b>14.01 Statutory deposit with Bangladesh Bank</b>	<u>15,000,000</u>	<u>15,000,000</u>
The above amount is invested in 5 years National Investment Bond and deposited with Bangladesh Bank as statutory deposit.		
<b>14.02 Investment in government securities</b>	<u>1,475,855,131</u>	<u>1,507,356,652</u>
The above balance is invested in the form of 10 years Bangladesh Government Treasury Bond (BGTB).		
<b>14.03 Investment in equity shares of the companies</b>		
Central Depository Bangladesh Limited	5,711,810	5,711,810
Equity shares of 51 % of Galaxy Capital Limited (a member of the Chittagong Stock Exchange)	30,855,000	30,855,000
	<u>36,566,810</u>	<u>36,566,810</u>
<b>14.04 Investment in shares and others</b>		
Investment in shares	14.04.1 69,021,809	55,824,594
Loan to Galaxy Capital Limited	21,325,405	27,325,405
	<u>90,347,214</u>	<u>83,149,999</u>
<b>14.04.1 Investment in shares</b>		
a) Investments made in placement shares		
(i) Saif Power Tech	-	14,000,000
(ii) Energy Prima (within the lock in period)	2,850,000	2,850,000
b) Investments in listed shares	14.04.2 66,171,809	38,974,594
	<u>69,021,809</u>	<u>55,824,594</u>

#### 14.04.2 Investment in listed shares (as at 31st December 2017)

Sl. No.	Name of instruments (code names)	No. of shares	Average cost (per unit)	Book value	Market value (quoted price)
1	POPULARLIF	94,358	79.41	7,493,009	6,746,597
2	RUPALILIFE	9,817	100.92	990,751	464,344
3	ARGONDENI	80,684	34.74	2,803,177	2,493,136
4	GHAIL	3,060	38.92	119,099	128,826
5	EMERALDOIL	83,050	37.94	3,150,974	1,778,210
6	SAIFPOWER	651,392	20.57	13,398,366	21,626,214
7	SHASHADNIM	31,348	72.68	2,278,333	1,934,172
8	TOSRIFA	134,091	30.26	4,057,701	3,419,321
9	ACTIVEFINE	50,745	39.10	1,984,003	1,786,224
10	ITC	184,975	47.48	8,783,218	6,566,613
11	ETL	50,600	20.53	1,038,622	829,840
12	CVOPRL	29,820	223.66	6,669,453	6,172,740
13	JAMUNAOIL	250	222.11	55,526	47,425
14	SPCL	27	130.94	3,535	3,135
15	DOREENPWR	11,184	114.35	1,278,911	1,277,213
16	GREENDELTA	1,817	89.33	162,317	111,564
17	PRIMEFIN	15,000	26.43	396,473	183,000
18	GENNEXT	22,000	10.94	240,720	206,800
19	CENTRALPHL	53,331	27.27	1,454,102	997,290
20	NFML	73,610	24.07	1,771,852	1,324,980
21	KEYACOSME	360,000	14.24	5,127,348	4,428,000
	FORTUNE	91,843	51.41	4,721,715	3,646,167
	Total	2,033,002	33.44	67,979,205	66,171,809

According to Rule 10A(1)(e)(i) of the Insurance Rules, 1958, investment of balance assets in any other investment including capital market shall be made in ordinary shares of such company, where dividends of not less than 10% including bonus have been paid on such shares for the past three years immediately preceding the date of investment or for at least four out of past seven years immediately preceding the date of investment.

During the year 2017, the Company has invested BDT 14,932,444 beyond the aforementioned provision because the Company prudently think that said investment would be profitable in future.

	<i>Amount (In Taka)</i>	
	<b>2017</b>	<b>2016</b>
<b>15.00 Interest, dividends and rents accruing but not due</b>	<b>149,290,234</b>	<b>170,842,662</b>
The break-up of the figures are as follows:		
Bangladesh Govt.Treasury Bond (BGTB)	45,515,049	46,201,825
Fixed Deposit with Banks	94,503,149	115,326,449
Rental Income	-	42,352
Interest on policy loan and others loans	9,272,036	9,272,036
	<b>149,290,234</b>	<b>170,842,662</b>

	Notes	Amount (In Taka)	
		31-12-2017	31-12-2016
<b>16.00 Advances and deposits</b>			
Office rent	16.01	5,873,324	5,605,080
Travelling and conveyance		792,028	803,445
Salary and allowances (staff)		429,400	444,000
Advance income tax	16.02	50,791,251	92,414,147
Other advance		1,308,111	2,142,117
LeadSoft Bangladesh Limited		3,500,000	2,100,000
Ledger balance with brokerage house	16.03	143,417	391,837
Security deposit - T & T		168,330	168,330
		<b>63,005,860</b>	<b>104,068,956</b>
<b>16.01 Office rent</b>			
Opening balance		5,605,080	5,477,008
Add: Advance made during the year		1,705,584	2,218,240
		7,310,664	7,695,248
Less: Adjustment made during the year		1,437,340	2,090,168
		<b>5,873,324</b>	<b>5,605,080</b>
<b>16.02 Advance income tax</b>			
Opening balance		92,414,147	87,475,549
Add: Advance income tax paid during the year		11,936,586	4,938,598
		104,350,733	92,414,147
Less: Adjustment made during the year		53,559,482	-
		<b>50,791,251</b>	<b>92,414,147</b>
(please refer note no. 10.01 for adjustment)			
<b>16.03 Ledger balance with brokerage house</b>		<b>143,417</b>	<b>391,837</b>
This amount represents money lying with Parkway Securities Limited, Galaxy Capital Limited and Green Delta Securities Limited as at the end of outline and normal investment activities in shares as at 31 December 2017.			
<b>17.00 Sundry debtors</b>			
Opening balance		1,630,754	1,780,754
Add: Addition during the year		365,005	-
		1,995,759	1,780,754
Less: Realized during the year			150,000
		<b>1,995,759</b>	<b>1,630,754</b>
Following legal proceedings are running regarding above mentioned sundry debtors.			
1. Accused: Mr. Alamgir Hossain, Cases No. 133/17, C.M.M Court No. 15, Dhaka, was on 09.12.2018 for pronounce of newspaper for attendance of accused to the court.			
2. Accused: Mr. Shfiqul Islam Sabuj, cases No. 13818/17, The Environment Sub-Judge Court Dhaka was on 22.11.2018 for witnesses.			
<b>18.00 Outstanding premium</b>			
Opening balance		49,187,192	48,086,943
Add: Accrued during the year		91,482,560	49,187,192
		140,669,752	97,274,135
Less: Realized during the year		49,187,192	48,086,943
		<b>91,482,560</b>	<b>49,187,192</b>

PLICL disclosed that PLICL recognizes outstanding premium as revenue according to IFRS 9. Outstanding premium as at December 31, 2017 has been collected subsequently.

Amount (In Taka)

Notes	31-12-2017	31-12-2016	
<b>19.00 'Cash and cash equivalents</b>			
Fixed deposits with banks	19.01	650,000,000	517,935,479
Current accounts and STD accounts with banks	19.02	131,592,854	198,724,274
Cash in hand - Head Office	19.03	116,642	234,847
Branch petty cash	19.04	48,408,111	44,276,102
		<u>830,117,607</u>	<u>761,170,702</u>

### 19.01 Fixed deposits with banks

650,000,000

517,935,479

The above balance comprises are as under:

Sl. No.	Name of Bank & Other Financial Institutions	31-12-2017	31-12-2016
1	Southeast Bank Ltd.	20,000,000	10,000,000
2	Shahjalal Islami Bank Ltd.	25,000,000	25,000,000
3	AB Bank Ltd.	10,000,000	10,000,000
4	NRB Commercial BL	40,000,000	40,000,000
5	Modhumoti Bank Ltd.	10,000,000	30,000,000
6	One Bank Ltd.	40,000,000	30,000,000
7	First Security Islami Bank	50,000,000	30,000,000
8	Union Bank Ltd.	20,000,000	27,340,000
9	Social Islami Bank	15,000,000	15,000,000
10	Standard Bank Ltd	20,000,000	-
11	Bank Asia Ltd	10,000,000	-
12	Mercantile Bank Ltd	5,000,000	-
13	National Bank Ltd	-	20,000,000
14	The Farmers Bank Ltd	-	20,595,479
15	Union Capital Ltd.	90,000,000	100,000,000
16	People's Leasing and Financial Service	15,000,000	10,000,000
17	BD Finance (BFICL)	15,000,000	15,000,000
18	Prime Finance & Invest.	50,000,000	50,000,000
19	Lanka Bangla Finance	45,000,000	10,000,000
20	Ind. & Infrac. Dev. Finance	30,000,000	70,000,000
21	International Leasing	15,000,000	5,000,000
22	Phoenix Finance & IL	30,000,000	-
23	IPDC	45,000,000	-
24	First Finance Ltd	10,000,000	-
25	Bay Leasing and Investment Ltd	20,000,000	-
26	CAPM Venture CFL	20,000,000	-
		<u>650,000,000</u>	<u>517,935,479</u>

The Company has an investment amount of Tk. 15,000,000 in People's Leasing and Financial Service (PLFS) as at December 31, 2017. Subsequently, the Company has collected Tk. 5,000,000 on 25 January 2018. It is come to our knowledge that, the Honorable High Court has directed Bangladesh Bank to appoint a liquidator to liquidate the People's Leasing and Financial Service. We have communicated with the liquidator and confirmed that, we have higher possibility to recover rest of the amount of Tk. 10,000,000 from the PLFS.

Notes	Amount (In Taka)	
	31-12-2017	31-12-2016
<b>19.02 Current accounts and STD accounts with banks</b>		
The above balance comprises are as under:		
Short Term Deposits with banks	125,288,231	188,158,652
Current accounts with banks	6,304,622	10,565,622
	<b>131,592,854</b>	<b>198,724,274</b>
<b>19.03 Cash in hand - Head Office</b>		
Head office - Corporate	116,437	231,295
Central office - Sujon Bima Division	205	3,552
	<b>116,642</b>	<b>234,847</b>
<b>19.04 Branch petty cash</b>		
Individual Life Product (ILP)	40,116,912	35,882,006
Sujon Bima Division	5,164,532	4,946,483
Islami Bima (Takaful)	2,945,939	3,167,325
Surrid Bima	184,385	277,073
Darussalam Bima	(3,657)	3,215
	<b>48,408,111</b>	<b>44,276,102</b>

20.00 Fixed assets (at cost less accumulated depreciation)

(Amount in Taka)

Sl. No.	Particulars	C O S T			Rate (%)	D E P R E C I A T I O N				Written down value as at 31 December 2016		
		Balance as at 1st January 2017	Addition during the year	Disposal		Balance as at 31st December 2017	Charged during the year	Disposal	Balance as at 31st December 2017		Written down value as at 31st December 2017	
01	Furniture and fixtures	38,766,222	655,240	-	39,421,462	15	36,655,739	468,056	-	37,123,795	2,297,667	2,110,483
02	Electrical equipments	6,997,503	980,330	-	7,977,833	20	5,733,475	540,588	-	6,274,063	1,703,770	1,264,028
03	Office renovation	28,099,242	400,750	-	28,499,992	20	21,810,915	2,379,650	-	24,190,565	4,309,427	6,288,327
04	Computer and computer accessories	14,466,810	881,849	-	15,348,659	20	11,179,312	1,168,939	-	12,348,251	3,000,408	3,287,498
05	Office equipments	14,727,022	141,028	-	14,868,050	20	13,148,878	682,442	-	13,831,320	1,036,730	1,578,144
06	Motor vehicles	110,235,310	2,460,000	-	112,695,310	20	107,650,660	1,721,672	-	109,372,332	3,322,978	2,584,650
07	Accounting software	85,000	-	-	85,000	20	32,583	17,000	-	49,583	35,417	52,417
08	Rack Server	-	3,700,000	-	3,700,000	20	-	400,833	-	400,833	3,299,167	-
	<b>Total (2017)</b>	<b>213,377,109</b>	<b>9,219,197</b>	<b>-</b>	<b>222,596,306</b>		<b>196,211,562</b>	<b>7,379,181</b>	<b>-</b>	<b>203,590,743</b>	<b>19,005,563</b>	<b>17,165,547</b>
	<b>Total (2016)</b>	<b>210,344,378</b>	<b>3,032,731</b>	<b>-</b>	<b>213,377,109</b>		<b>188,539,590</b>	<b>7,671,972</b>	<b>-</b>	<b>196,211,562</b>		



Amount (In Taka)

31-12-2017                      31-12-2016

**21.00 Stamps, printing and stationeries in hand**

Policy and revenue stamps	672,480	692,305
Printing materials and stationeries	2,372,412	3,121,434
	<u>3,044,892</u>	<u>3,813,739</u>

**22.00 Premium less re-insurance**

Types of premium	31-12-2017			31-12-2016
	Gross premium	Re-insurance	Net premium	Net premium
First year premium	187,840,133	103,664	187,736,469	183,873,004
Renewal premium	526,349,612	-	526,349,612	586,729,979
Group premium	31,930,963	4,062,935	27,868,029	27,235,205
	<u>746,120,708</u>	<u>4,166,599</u>	<u>741,954,110</u>	<u>797,838,188</u>

**23.00 Interest, dividends and rents**

Interest on government securities	160,336,703	162,608,263
Interest on fixed deposit receipts (FDR)	67,486,643	63,620,785
Interest on short term deposits	1,936,958	1,724,389
Interest on loan and advances	1,821,386	1,035,393
Rent income from house property	2,232,504	1,939,646
Realized gain on investments	17,477,015	-
Share dividend	2,549,903	2,857,069
	<u>253,841,112</u>	<u>233,785,545</u>

**24.00 Other income**

Alteration fees	111,965	69,737
Duplicate policy documents fees	143,926	137,072
Miscellaneous income	3,619,053	52,789
Late fees	21,988	2,172
	<u>3,896,932</u>	<u>261,770</u>

**25.00 Prior Year adjustment**

Pubali Bank Ltd, Noor Pur SND-143	26,962	-
Pubali Bank Ltd, Kamalgonj SND-13-9	23,539	-
Ultra Bank Ltd, Galachipa SND-40/42	200,000	-
Excess Provision Gratuity Written Back	96,318	-
Adjustment in Re-Insurance Business with Jibon Bima Corporation	64,832	-
	<u>411,651</u>	<u>-</u>

**26.00 Payments/perquisites to directors/officers**

The aggregate amounts paid/provided during the year in respect of directors and officers of the Company as defined in the Securities and Exchange Rule, 1987 are disclosed below:

Directors' Fees	270,250	416,250
Basic salary	47,719,018	34,798,920
House rent	23,547,509	17,399,460
Other allowances and perquisites	14,288,619	41,605,735
	<u>85,825,396</u>	<u>94,220,365</u>

## 27.00 Related party transactions

The Company has entered into transactions with other entities in normal course of business that fall within the definition of related party as per International Accounting Standard-24 "Related Party Disclosures". The terms of related party transactions are not significantly different from those that could have been obtained from third parties. The significant related party transactions are as follows:

Name of the related parties	Nature of transaction	Opening balance as at 01 January 2017	Transaction during the year		Closing balance as at 31st December 2017
			Debit	Credit	
Galaxy Capital Limited	Loan paid	27,325,405		6,000,000	21,325,405
		<u>27,325,405</u>	<u>-</u>	<u>6,000,000</u>	<u>21,325,405</u>

Amount (In Taka)

## 28.00 Disclosure as per requirement of Schedule XI, Part II of the Company Act, 1994

### Employee position for Progressive Life Insurance Company Limited

- (i) Number of employees drawing salary below Taka 3,000 per month  
 (ii) Number of employees drawing salary of Taka 3,000 or above per month

	31-12-2017	31-12-2016
(i)	-	-
(ii)	810	612
	<u>810</u>	<u>612</u>

### Disclosure as per requirement of Schedule XI, Part II, Para 4

There is no payment to directors of the Company, other than meeting attendance fees.

The directors of the Company did not take any benefit from the Company.

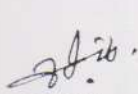
- (a) Expense reimbursed to the managing agent - Nil  
 (b) Commission or other remuneration payable separately to a managing agent or his associate - Nil  
 (c) Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts entered into such concerns with the Company - Nil  
 (d) The money value of the contracts for the sale or purchase of goods and materials or supply of services, entered into by the company with the managing agent or his associate during the financial year - Not applicable  
 (e) Any other perquisites or benefit in cash or in kind stating - Nil  
 (f) Other allowances and commission including guarantee commission - Nil  
 (g) Employees' benefits-  
 (i) Pensions - Nil  
 (ii) Gratuities - Yes  
 (iii) Payment from provident fund - Yes  
 (iv) Compensation for loss of office - Nil  
 (v) Consideration in connection with retirement from office - Nil

## 29.00 Capital expenditure commitment

The Company has entered into a contract with the LeadSoft Bangladesh Limited as on 26 June 2014 for procurement of accounting software. The agreement value is Taka 9,000,000 out of which Taka 3,500,000 was paid and thereby, remaining amount of Taka 5,500,000 will be paid as per terms and conditions of the contract.

## 30.00 Contingent liability

We are acknowledge that there is no such claim against the Company as at 31 December 2017.



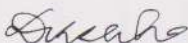
Johir Uddin

Company Secretary (Incharge)



Bipul Chandra Nath FCA

Chief Financial Officer



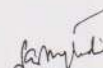
Dipen Kumar Saha Roy FCA

Chief Executive Officer



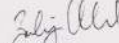
Nazim Tazik Chowdhury

Director



Syed Abdul Muqtadir

Director



Zakariya Ahad

Chairman

**Progressive Life Insurance Company Limited**  
**Schedule of Land and Building**  
 As at 31st December 2017

**Annexure -A**

Sl. No.	Particulars	Area	C O S T			Rate (%)	D E P R E C I A T I O N			Written Down Value as at 31 December 2016	
			Balance as at 01st January 2017	Addition during the year	Balance as at 31st December 2017		Balance as at 01st January 2017	Charged during the year	Balance as at 31st December 2017		Written Down Value as at 31st December 2017
01	Navana Rahim Ardent, 39, Kakrail (1st floor) Dhaka -1000	1690 Sft.	27,958,320	-	27,958,320	2.50%	2,795,832	698,958	3,494,790	24,463,530	25,162,488
02	Eastern Arzoo (P-1), 61, Bijoynagar, Dhaka -1000	2732 Sft.	39,664,349	-	39,664,349	2.50%	-	991,609	991,609	38,672,740	39,664,349
03	Eastern Arzoo (P-2), 61, Bijoynagar, Dhaka -1000	3777 Sft.	59,227,576	-	59,227,576	2.50%	-	1,480,689	1,480,689	57,746,887	59,227,576
04	Zahura Tower, 1401, Sheikh Mujib Road, Agrabad C/A, Chittagong	9500 Sft.	34,689,801	17,615	34,707,416	-	-	-	-	34,707,416	34,689,801
05	Land at Altabnagar, L # 44, Road # 18, Avenue # 12, Sector # 3, Rampura, Dhaka	7.08 Kathas	89,478,761	-	89,478,761	-	-	-	-	89,478,761	89,478,761
06	Land at Altabnagar, M # 39, Road # 18, Avenue # 12, Sector # 3, Rampura, Dhaka	8.54 Kathas	108,450,965	141,950	108,592,915	-	-	-	-	108,592,915	108,450,965
07	Land at Altabnagar, K # 7, Main Road, Sector # 1, Rampura, Dhaka	5 Kathas	62,163,615	-	62,163,615	-	-	-	-	62,163,615	62,163,615
08	Land, Simongal Bus Malik Samity, Moulvibazar	30 Kathas	65,776,475	-	65,776,475	-	-	-	-	65,776,475	65,776,475
09	Building at Moulvibazar, Building floor 1 to 10 th floor (19950 Sft)	19950 sft	26,724,903	-	26,724,903	-	-	-	-	26,724,903	26,724,903
10	Land measuring 5 decimal at Moulvibazar	5 Decimal	10,113,695	-	10,113,695	-	-	-	-	10,113,695	10,113,695
<b>Total (31.12.2017)</b>			<b>524,248,460</b>	<b>159,565</b>	<b>524,408,025</b>	<b>-</b>	<b>2,795,832</b>	<b>3,171,256</b>	<b>5,967,088</b>	<b>518,440,937</b>	<b>521,452,628</b>
<b>Total (31-12-2016)</b>			<b>485,804,582</b>	<b>38,443,878</b>	<b>524,248,460</b>	<b>-</b>	<b>2,795,832</b>	<b>698,958</b>	<b>2,795,832</b>		

Notes:

\* Based on the straight-line method of depreciation and annual rate of 2.5% for the building as per the company policy, management has decided not to charge depreciation of Tk. 12,609,393 on the opening balance on the current year of Building at Moulvibazar (1 to 10 Floor, 19950 sq. ft.) since those were not registered on that period.

\*\* The flat in Chattogram, address# Zahura Tower, 1401 Sheikh Mujib Road, Agrabad C/A, Chattogram at a price of Tk. 34,689,801 for which legal proceeding about ownership is under process in the Joint 2nd District Judge, Chattogram vide case no. 62/12.

**Progressive Life Insurance Company Limited**  
**Schedule of Expenses of Management**

**Annexure - B**

For the year ended 31st December 2017

Particulars	Amount (In Taka)	
	31-12-2017	31-12-2016
<b>Expenses of management</b>		
a) Commission to insurance agents (less that on re-insurance)	113,055,876	105,615,438
b) Allowances and commission [other than commission included in sub-item (a) preceding]	62,833,955	96,019,011
<b>Sub-Total</b>	<b>175,889,831</b>	<b>201,634,449</b>
Salaries [other than to agents and those contained in item (b) above]	85,555,146	87,509,227
Gratuity	-	4,419,306
Festival bonus	7,684,768	6,294,888
Contribution to employees provident fund	3,669,492	4,145,812
Travelling and conveyance	3,634,875	5,290,376
Directors' fees	270,250	416,250
Auditors' fees	270,000	270,000
Actuarial fees	400,000	400,000
Medical fees	215,829	262,014
Legal and professional fees	390,489	1,659,156
Insurance policy stamps	1,732,155	2,094,986
Revenue and non judicial stamps	631,747	994,531
Advertisement and publicity	401,042	531,808
Printing and stationery	2,556,483	2,759,974
Office rent	31,882,057	35,859,702
Fuel, oils and lubricants	1,565,378	1,533,228
Repair and maintenance (car)	4,280,144	4,973,621
Papers, periodicals and books	49,904	81,459
Telephone, fax and internet	1,603,433	1,775,899
Gas, electricity and water	2,386,630	3,232,058
Postage and telegram	573,875	566,174
Recruitment and training expenses	106,590	444,992
Conference and seminars	3,080,171	-
Fees, subscription and donation	1,015,556	1,053,862
Company registration and renewal fee	2,819,349	3,031,599
Entertainment	867,507	1,719,298
Employees' group and hospitalization insurance premium	148,649	181,491
Insurance premium (car)	224,067	408,097
AGM Expenses	500,000	-
Carriage and wages	221,532	152,154
Bank charges	2,429,294	1,772,532
Repairs and maintenance (computer)	632,071	667,948
Prize and award	37,187	18,250
Crockeries and cutleries	3,879	39,762
CDBL charges	18,959	32,252
Repair and maintenance (office)	1,574,932	2,310,394
Development meetings	95,823	247,560
Board Meeting expenses	128,585	163,992
Iftar Mahfil	57,860	42,126
Picnic Expenses	346,597	-
General expenses	1,097,796	1,076,922
<b>Sub-Total</b>	<b>165,160,101</b>	<b>178,433,701</b>
<b>Total</b>	<b>341,049,932</b>	<b>380,068,150</b>

**Progressive Life Insurance Company Limited**  
**SCHEDULE OF ALLOWABLE MANAGEMENT EXPENSES**

**Annexure - C**

For the year ended 31st December 2017

Particular	Allowable Percentage (%)	Gross Premium	Allowable Management Expenses	%	Actual Management Expenses	%	More than allowable expenses	
							Amount	%
<b>Fist Year Premium</b>								
Single	7.50%	16,525,942	1,239,446					
Two Years	15.00%	-	-					
Three Years	22.50%	-	-					
Four Years	30.00%	-	-					
Five Years	37.50%	-	-					
Six Years	45.00%	-	-					
Seven Years	52.50%	-	-					
Eight Years	60.00%	-	-					
Nine Years	67.50%	279,404	188,598					
Ten Years	75%	322,767	242,075					
Eleven Years	83%	339,365	279,976					
Twelve Years & Above	90%	170,372,655	153,335,390					
<b>Total First Year</b>		<b>187,840,133</b>	<b>155,285,484</b>					
<b>Renewal Premium</b>	<b>15%</b>	<b>526,349,612</b>	<b>78,952,442</b>					
<b>Group Premium</b>	<b>20%</b>	<b>31,930,963</b>	<b>6,386,193</b>					
<b>Total (31-12-2017)</b>		<b>746,120,708</b>	<b>240,624,119</b>	<b>32.25</b>	<b>341,049,932</b>	<b>45.71</b>	<b>100,425,813</b>	<b>41.74%</b>
<b>Total (31-12-2016)</b>		<b>805,535,243</b>	<b>251,646,687</b>	<b>31.24</b>	<b>380,068,150</b>	<b>47.18</b>	<b>128,424,463</b>	<b>51.03%</b>