

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

**INDEPENDENT AUDITOR'S REPORT**  
**To the shareholders of**  
**Progressive Life Insurance Company Limited**

**Report on the Audit of the Financial Statements**

**Qualified Opinion**

We have audited the financial statements of Progressive Life Insurance Company Limited (hereinafter "PLICL"), which comprise the balance sheets as at December 31, 2018, and life revenue account, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of PLICL as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

**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 BDT 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 67.43% management expenses in the year 2018 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. 6 (six) Cars, 12 (twelve) Air Conditions and computer accessories sold at BDT 23,21,633, BDT 1,05,000 and BDT 29,000 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, 2018 cannot be ascertained;
4. Petty cash balance of BDT 5,796,247 from 25 closed service cells have been shown in the consolidated petty cash balance of BDT 31,040,344. 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 5,796,247 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 5,796,247 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.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of PLICL in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### 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 10,000,000 in People's Leasing and Financial Service as at December 31, 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 whole 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 2015-16, 2016-17, 2017-18 and 218-19;
- 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 6,965,061 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, 2018 has been collected subsequently.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

For each matter below, our description of how our audit addressed the matter is provided in that context.

Risk	Our Response to the Risk
<b>Premium Income</b>	
<p>Net premium comprises the gross premium received including group insurance less reinsurance premium during the accounting period.</p> <p>Given the important nature, connections to other items to the financial statements and sensitivity of the item we believe this area pose high level of risk.</p> <p>At year end the 2018, PLICL reported total gross premium income of BDT 652,024,083 (2017: BDT 746,120,708).</p>	<p>With respect to Premium income in respect of various types of life insurance we carried out the following procedures:</p> <ul style="list-style-type: none"> <li>• Used professional judgments to calculate the premiums on sample basis and we considered the age, sex, weight &amp; height, medical history, marital status, dependents, occupation, income, debts etc. of policy holders;</li> <li>• Checked the design and operating effectiveness of key controls around premium income recognition process;</li> <li>• Carried out analytical procedures and recalculated premium income for the period on sample basis;</li> <li>• Carried out cut - off testing (set by regulatory authority) to ensure unearned premium income has not been included in the premium income;</li> <li>• On a sample basis reviewed policy to ensure appropriate policy stamp was affixed to the contract and the same has been reflected in the premium register;</li> <li>• Ensured on a sample basis that the premium income was being deposited in the designated bank accounts;</li> <li>• Tested on a sample basis to see that appropriate VAT was being collected and deposited to bank through Treasury Challan;</li> <li>• For a sample of insurance contracts tested to see if appropriate level of reinsurance was done and whether that re-insurance premium was properly calculated and it has been deducted from the gross premium; and</li> <li>• Finally, assessed the appropriateness and presentation of disclosures against relevant accounting standards, the Insurance Act, 1938 (as amended in 2010), the Insurance Rules, 1958 and other applicable rules and regulations and regulatory guidelines.</li> </ul>
See note no 22.00 to the financial statements	
<b>Valuation of Life Fund</b>	
<p>Valuation of life fund involves complex and subjective judgments about future events, both internal and external to the business, for which small changes in assumptions can result in material impacts to the valuation of these liabilities.</p> <p>At 31 December 2018, PLICL reported total balance under the head of Life Insurance Fund of BDT 2,756,011,175 (2017: BDT 2,707,174,754).</p>	<p>The work to address the valuation of life fund included the following procedures:</p> <ul style="list-style-type: none"> <li>• We understood the governance process in place to determine the life fund, including testing the associated financial reporting control framework;</li> <li>• We tested the design and operating effectiveness of controls over the accuracy and completeness of data used;</li> <li>• Tested key judgment and controls over the liability, including the preparation of the manually calculated components. We focused on the consistency in treatment and methodology period-on-period.</li> </ul>

	Based on the work performed and the evidence obtained, we consider the assumption used to be appropriate.
See note no. 6.00 to the financial statements	
<b>Fair Value Change Account</b>	
<p>Insurance company makes a number of investments in the listed capital market with required regulatory permission. Income generated from the investments (realized gain and dividend received) is credited to the Life Revenue Account. Unrealized gain or loss if any is transferred to the Fair Value Change Account.</p> <p>This item has significant impact on the earnings performance of PLICL and return to the shareholders and might be prone to misreporting as large unreported fall in the value of any holding may wipe out the value of the portfolio and hamper the distribution capability of PLICL.</p> <p>At 31 December 2018, PLICL reported total balance under the head of Fair Value Change Account of BDT (15,621,713) [2017: BDT (1,807,396)].</p>	<p>We tested the design and operating effectiveness of key controls around monitoring, valuation and updating of prices of the positions held by PLICL from trusted sources. Additionally, we performed the following:</p> <ul style="list-style-type: none"> <li>• Obtained year-end share holding positions from PLICL and through substantive testing assessed the completeness of the report;</li> <li>• Ascertained the valuation of the holding as per IFRS 13;</li> <li>• Recalculated unrealized gain or loss at the year end;</li> <li>• Carried out cut-off testing to ensure unrealized gain or loss was recognized in correct period;</li> <li>• Obtained the CDBL report and share portfolio and cross checked against each other to confirm unrealized gain or loss;</li> <li>• Checked the subsequent position of this unrealized amount; and</li> </ul> <p>Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards, the Companies Act, 1994, the Insurance Act, 2010 and other applicable rules and regulations and regulatory guidelines.</p>
See note no. 7.00 to the financial statements	
<b>Provision for Income Tax</b>	
<p>Provision for income tax requires the consideration of incomes from both 'actuarial surplus' and 'gross external incomings' in accordance with the 4th schedule of the Income Tax Ordinance, 1984 (ITO 1984). For this purpose after the year-end, the appointed Actuary of PLICL provides a summary and valuation of the policies as per 'Form H' as stated in the Insurance Act 1938. Valuation amount in access of the 'Life Fund as reported in the Financial Statements' is referred to as 'actuarial surplus'. Also the income from 'gross external incomings less management expense' is derived. As per the ITO 1984, tax has to be calculated on the higher base comparing between the incomes from 'actuarial surplus' and 'gross external incomings' at the rate applicable considering the allowable deductions as per the 4th Schedule of the said Ordinance.</p>	<p>We reviewed the tax calculation work flows and related details. To be specific, our substantive testing procedures included the following:</p> <ul style="list-style-type: none"> <li>• We made sure that tax was calculated on the higher base comparing between the incomes from 'actuarial surplus' and 'gross external incomings';</li> <li>• Actuarial surplus was derived properly taking into consideration the approved Form H by the appointed Actuary;</li> <li>• Incomes from 'gross external incomings' were derived properly; and</li> <li>• Deductions as allowable by the 4th Schedule of ITO 1984 were applied duly.</li> </ul>
See note no. 10.01 to the financial statements	

#### Other Information

Management is responsible for the other information. The other information comprises all of the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

if, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the carrying amount of PLICL's property, plant and equipment as at December 31, 2018. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act, 1994, the Insurance Act, 1938 (as amended in 2010), 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.

In preparing the financial statements, management is responsible for assessing PLICL's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate PLICL or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing PLICL's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 PLICL's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on PLICL's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause PLICL to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

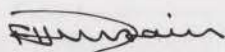
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act, 1994, the Insurance Act, 1938 (as amended in 2010), the Securities and Exchange Rules, 1987 and relevant notifications issued by Bangladesh Securities and Exchange Commission, we also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts, 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) as per section 62(2) of the Insurance Act, 1938 (as amended in 2010), in our opinion, to the best of our knowledge and belief and according to the information and explanation given to us all expenses of management wherever incurred and whether incurred directly or indirectly, in respect of insurance business of PLICL transacted in Bangladesh during the year under report have been duly debited to Revenue Accounts of PLICL;
- d) except for matter no. 3 described in Basis for Qualified Opinion section, the information and explanations required by us have been received and found satisfactory;
- e) as per regulation 11 of part 1 of the third schedule of the Insurance Act, 1938 (amended in 2010), in our opinion, to the best of our information and as shown by its books, PLICL during the year under report has not paid any persons any commission in any form outside Bangladesh in respect of any its business re-insured abroad;
- f) the statement of financial position, life revenue account and statement of changes in share shareholders' equity and statement of cash flows of PLICL dealt with by the report are in agreement with the books of account and returns;
- g) the expenditure was incurred for the purpose of PLICL's business; and
- h) PLICL has complied with relevant laws and regulations pertaining to reserves.

Date: 02 December, 2019

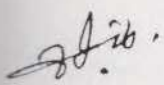
  
Hussain Farhad & Co.  
Chartered Accountants

**Progressive Life Insurance Co. Ltd.**
**BALANCE SHEET**

As at 31 December 2018

Capital and liabilities	Notes	Amount (In Taka)	
		31-12-2018	31-12-2017
<b>Authorized share capital</b>	5.01	<b>750,000,000</b>	<b>750,000,000</b>
Authorized 75,000,000 ordinary shares of Taka 10 each			
<b>Issued, subscribed and paid-up capital</b>			
12,865,776 ordinary shares of Taka 10 each called and paid-up in full	5.02	128,657,760	128,657,760
<b>Balance of funds and accounts</b>			
Life insurance fund	6.00	2,756,011,175	2,707,174,754
<b>Fair value change account</b>	7.00	(15,621,713)	(1,807,396)
<b>Amount due to other persons or bodies carrying on insurance business</b>	8.00	22,378,146	19,638,383
<b>Liabilities and provisions</b>		<b>444,450,091</b>	<b>472,241,077</b>
Estimated liabilities in respect of outstanding claims whether due or intimated	9.00	335,937,242	387,445,421
Sundry creditors	10.00	102,922,792	80,347,726
Premium deposits	11.00	966,980	-
Other deposits	12.00	4,623,077	4,447,930
		<b>3,335,875,459</b>	<b>3,325,904,578</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



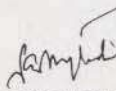
## BALANCE SHEET

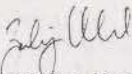
As at 31 December 2018

Property and Assets	Notes	Amount (In Taka)	
		31-12-2018	31-12-2017
Loans on insurer's policies within their surrender value	13	31,450,858	31,422,970
<b>Investments</b>	14	<b>1,942,016,866</b>	<b>2,136,210,092</b>
Statutory deposit with Bangladesh Bank		15,000,000	15,000,000
Investment in government securities		1,294,184,244	1,475,855,131
Investment in equity shares of the companies		36,566,810	36,566,810
Investment in shares and others		80,991,436	90,347,214
Land and building (at cost less accumulated depreciation)		515,274,376	518,440,937
<b>Interest, dividends and rents accruing but not due</b>	15	191,037,308	149,290,234
<b>Amounts due from other persons or bodies carrying on insurance business</b>		329,042	329,042
Advances and deposits	16	67,850,059	63,005,860
Sundry debtors	17	2,005,759	1,995,759
Outstanding premium	18	76,669,720	91,482,560
Cash and cash equivalents	19	1,005,864,878	830,117,607
Fixed assets (at cost less accumulated depreciation)	20	14,589,329	19,005,563
Stamps, printing and stationaries in hand	21	4,061,639	3,044,892
		<b>3,335,875,459</b>	<b>3,325,904,578</b>


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

  
Nazim Tazik Chowdhury  
Director

  
Syed Abdul Muqtadir  
Director

  
Zakariya Ahad  
Chairman

As per our report of same date

  
Hussain Farhad & Co.  
Chartered Accountants

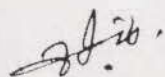
**Progressive Life Insurance Co. Ltd.**  
**Life Revenue Account**

For the year ended 31 December 2018

**DEBIT**

Particulars	Notes	Amount (In Taka)	
		31-12-2018	31-12-2017
<b>Claim under policies (including provision for claims due or intimated), less re-insurance</b>			
By death		12,652,593	11,944,393
By maturity		363,663,956	425,301,061
By surrender		10,095,144	16,357,922
By survival benefit		137,183,353	172,407,135
By group claim		2,275,572	4,422,000
By hospitalization		1,930,244	2,745,037
		<b>527,800,862</b>	<b>633,177,548</b>
By profit commission		185,284	2,978,019
		<b>527,986,146</b>	<b>636,155,567</b>
<b>Expenses of management [Annexure - B]</b>		<b>299,712,584</b>	<b>341,049,932</b>
<b>Other expenses</b>			
Depreciation on fixed assets		7,626,960	7,379,181
Depreciation on building		3,171,256	3,171,256
Realized loss on investments		-	-
Income tax		11,500,000	14,632,430
		<b>22,298,216</b>	<b>25,182,867</b>
<b>Balance of fund at the end of the year as shown in the Balance Sheet</b>		<b>2,756,011,175</b>	<b>2,707,174,754</b>
		<b>3,606,008,121</b>	<b>3,709,563,121</b>

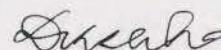
These financial statements should be read in conjunction with the annexed notes from 1 to 30



**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

## Life Revenue Account

For the year ended 31 December 2018

### CREDIT

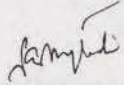
Particulars	Notes	Amount (In Taka)	
		31-12-2018	31-12-2017
<b>Balance of life fund at the beginning of the year</b>		<b>2,707,174,754</b>	<b>2,709,459,316</b>
<b>Premium less re-insurance</b>	22		
First year premium (Individual Life)		99,170,618	145,904,555
First year premium (Sujon Bima)		23,880,754	33,173,926
First year premium (Islami Bima Takaful)		3,404,950	5,540,709
First year premium (Surrid Bima)		1,212,214	3,192,814
First year premium (Darussalam Bima)		-	28,129
		<b>127,668,536</b>	<b>187,840,133</b>
Renewal premium (ILP)		428,794,709	452,991,168
Renewal premium (Sujon Bima)		50,919,934	52,598,432
Renewal premium (Islami Bima Takaful)		11,178,964	11,910,774
Renewal premium (Surrid Bima)		6,361,241	7,701,932
Renewal premium (Darussalam Bima)		819,641	1,147,306
		<b>498,074,489</b>	<b>526,349,612</b>
Group life and health insurance premium		26,281,058	31,930,963
<b>Total gross premium</b>		<b>652,024,083</b>	<b>746,120,708</b>
Less: Re-insurance premium		4,242,429	4,166,599
<b>Net premium</b>		<b>647,781,654</b>	<b>741,954,110</b>
Interest, dividends and rents	23	248,384,902	253,841,112
Other income	24	2,687,630	3,896,932
		<b>251,072,532</b>	<b>257,738,044</b>
Prior year adjustment	25	(20,820)	411,651
		<b>3,606,008,121</b>	<b>3,709,563,121</b>

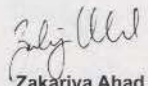
First year premium, where, the maximum premiums Paying period is:

Single	16,461,518	16,525,942
Two Years	-	-
Three Years	-	-
Four Years	-	-
Five Years	1,444,756	-
Six years	-	-
Seven Years	2,910,061	-
Eight Years	25,499	-
Nine Years	1,145,603	279,404
Ten Years	377,377	322,767
Eleven Years	1,424,785	339,365
Twelve Years & Above	103,878,937	170,372,655
<b>Total:</b>	<b>127,668,536</b>	<b>187,840,133</b>


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

  
Nazim Tazik Chowdhury  
Director

  
Syed Abdul Muqtadir  
Director

  
Zakariya Ahad  
Chairman

As per our report of same date

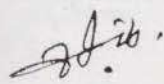
  
Hussain Farhad & Co.  
Chartered Accountants

**Progressive Life Insurance Co. Ltd.**  
**Statement of Changes in Shareholders' Equity**  
 For the year ended 31 December 2018

Amount (In Taka)

Particulars	Share capital	Bonus share	General reserve	Reserve for exceptional losses	Retained earnings	Total
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>-</b>	<b>-</b>	<b>-</b>	<b>128,657,760</b>
Equity as at 01 January 2018	109,032,000	19,625,760	-	-	-	128,657,760
Addition during the year	-	-	-	-	-	-
<b>Equity as at 31 December 2018</b>	<b>109,032,000</b>	<b>19,625,760</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>128,657,760</b>


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



**Johir Uddin**  
Company Secretary (Incharge)



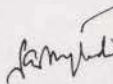
**Bipul Chandra Nath FCA**  
Chief Financial Officer



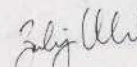
**Dipen Kumar Saha Roy FCA**  
Chief Executive Officer



**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 2018

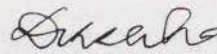
Particulars	Amount (In Taka)	
	31-12-2018	31-12-2017
<b>Cash flows from operating activities</b>		
Collection from premium	667,803,903	703,564,098
Other income received	2,687,630	3,896,932
Payment for claims	(579,494,325)	(564,691,457)
Payment for management expenses, commissions, re-insurance and other expenses	(290,501,551)	(351,184,765)
Perior year adjustment	(20,820)	411,651
<b>Cash generated from operations</b>	<b>(199,525,163)</b>	<b>(208,003,541)</b>
Tax paid during the year	(5,334,432)	(11,936,586)
<b>Net cash used in operating activities</b>	<b>(204,859,596)</b>	<b>(219,940,127)</b>
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets	(3,210,726)	(9,219,197)
Loans on insurer's policies within their surrender value	(3,633,320)	(4,596,626)
Collection of loans on insurer's policies within their surrender value	3,605,432	3,673,833
Investment in shares and government securities	177,212,347	17,795,046
Loan to Alpha Capital Management Limited and Galaxy Capital Limited	-	6,000,000
Investment in land and building	(4,695)	(159,565)
Interest, dividends and rents received	206,637,828	275,393,541
<b>Net cash flows from/(used in) investing activities</b>	<b>380,606,866</b>	<b>288,887,032</b>
<b>Cash flows from financing activities</b>		
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>175,747,270</b>	<b>68,946,905</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>830,117,607</b>	<b>761,170,702</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,005,864,878</b>	<b>830,117,607</b>



Johir Uddin  
Company Secretary (Incharge)



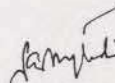
Bipul Chandra Nath FCA  
Chief Financial Officer



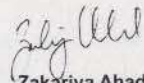
Dipen Kumar Saha Roy FCA  
Chief Executive Officer



Nazim Tazik Chowdhury  
Director



Syed Abdul Muqtadir  
Director

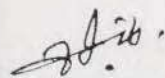


Zakariya Ahad  
Chairman

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

For the year ended 31 December 2018

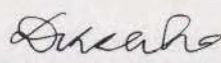
Particulars	Amount (In Taka)	
	31-12-2018	31-12-2017
<b>A) Property and Assets</b>		
Loans on insurer's policies within their surrender value	31,450,858	31,422,970
Statutory deposit with Bangladesh Bank	15,000,000	15,000,000
Investment in government securities	1,294,184,244	1,475,855,131
Investment in equity shares of the companies	36,566,810	36,566,810
Investment in shares and others	80,991,436	90,347,214
Land and building (at cost less accumulated depreciation)	515,274,376	518,440,937
Interest, dividends and rents accruing but not due	191,037,308	149,290,234
Amounts due from other persons or bodies carrying on insurance business	329,042	329,042
Advances and deposits	67,850,059	63,005,860
Sundry debtors	2,005,759	1,995,759
Outstanding premium	76,669,720	91,482,560
Fixed deposits with banks	860,000,000	650,000,000
Current accounts and STD accounts with banks	114,709,165	131,592,854
Cash in hand - Head Office	115,369	116,642
Branch petty cash	31,040,344	48,408,111
Stamps, printing and stationaries in hand	4,061,639	3,044,892
Fixed assets (at cost less accumulated depreciation)	14,589,329	19,005,563
	<b>3,335,875,459</b>	<b>3,325,904,578</b>
<b>B) Liabilities and provisions</b>		
Amounts due to other persons or bodies carrying on insurance business	22,378,146	19,638,383
Estimated liabilities in respect of outstanding claims whether due or intimated	335,937,242	387,445,421
Sundry creditors	102,922,792	80,347,726
Premium deposits	966,980	-
Other deposits	4,623,077	4,447,930
Fair value change account	(15,621,713)	(1,807,396)
	<b>451,206,524</b>	<b>490,072,064</b>
<b>Gross fund (A-B)</b>	<b>2,884,668,935</b>	<b>2,835,832,514</b>
Less: Issued, subscribed and paid-up capital	128,657,760	128,657,760
	<b>2,756,011,175</b>	<b>2,707,174,754</b>



**Johir Uddin**  
Company Secretary (Incharge)



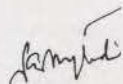
**Bipul Chandra Nath FCA**  
Chief Financial Officer



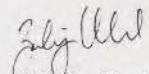
**Dipen Kumar Saha Roy FCA**  
Chief Executive Officer



**Nazim Tazik Chowdhury**  
Director



**Syed Abdul Muqtadir**  
Director




**Zakariya Ahad**  
Chairman

## Progressive Life Insurance Co. Ltd.

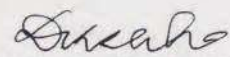
### Form - AA

Classified Summary of the Assets in Bangladesh  
As at 31 December 2018

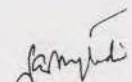
Class of assets	Book Value	Market Value	Remarks
<b>Loans</b>	31,450,858	31,450,858	
Loans on insurer's policies within their surrender value	31,450,858	31,450,858	Realizable value
<b>Investments</b>	1,942,016,866	1,942,016,866	
Statutory deposit with Bangladesh Bank	15,000,000	15,000,000	At Cost
Investment in government securities	1,294,184,244	1,294,184,244	At Cost
Investment in equity shares of the companies	36,566,810	36,566,810	Realizable value
Investment in shares and others	80,991,436	80,991,436	Market Value
Land and building (at cost less accumulated depreciation)	515,274,376	515,274,376	Carrying amount
<b>Cash and cash equivalents</b>	1,005,864,878	1,005,864,878	
Fixed deposits with banks	860,000,000	860,000,000	Realizable value
Current accounts and STD accounts with banks	114,709,165	114,709,165	Realizable value
Cash in hand - Head Office	115,369	115,369	Realizable value
Branch petty cash	31,040,344	31,040,344	Realizable value
<b>Interest, dividends and rents accruing but not due</b>	191,037,308	191,037,308	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>	165,176,506	165,176,506	
Advances and deposits	67,850,059	67,850,059	Book Value
Sundry debtors	2,005,759	2,005,759	Book Value
Outstanding premium	76,669,720	76,669,720	Book Value
Stamps, printing and stationaries in hand	4,061,639	4,061,639	At Cost
Fixed assets (at cost less accumulated depreciation)	14,589,329	14,589,329	Carrying amount
<b>Total assets</b>	<b>3,335,875,459</b>	<b>3,335,875,459</b>	

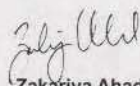
  
Johir Uddin  
Company Secretary (Incharge)

  
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 Company Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

### 1 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 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 requirement of the companies Act, 1994, the Insurance Act, 2010, the Securities and Exchange Rules, 1987 differ with the requirement of these standards, the requirement 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 2018;
- (b) Life Revenue Account for the year ended 31 December 2018;
- (c) Statements of Changes in Equity for the year ended 31 December 2018;
- (d) Statement of Cash Flows for the year ended 31 December 2018;
- (e) Statement of Life Insurance Fund as at 31 December 2018;
- (f) Classified Summary of the Assets (Form "AA") in Bangladesh as at 31 December 2018;
- (g) Accounting policies and notes to the financial statements for the year ended 31 December 2018.

### 2.08 Statement of cash flows

Cash flows statement is prepared in accordance with IAS-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 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 2017.

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 2018 collected within 31 December of the year 2018 has been recognized as First Year Premium income (individual life) as per directives of the IDRA.

Renewal Premium outstanding as at 31 December 2018, for which, the grace period has not been expired and collected subsequently by 31 March 2019 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 2018.

### 3.04 Re-insurance

This represent provisional amount payable to the re-insurer for the 12 (twelve) months ended on 31 December 2018. 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 also 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 2018.

### 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 2018.

### 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 Bangladesh 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 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) 2014-15. But the Company is in process to file the Income Tax returns for the AY 2015-16, 2016-17, 2017-18,2018-2019 and 2019-2020.

**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 02 December, 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 2018 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 2018 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."

Amount (In Taka)

Notes 31-12-2018 31-12-2017

## 5.00 Share capital

### 5.01 Authorized capital

750,000,000 750,000,000

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 2018 are given below:

Category of share holders	Shareholding range	No. of shares	No. of share holders	Share holdings %
Sponsors	50000-100000	85,771	1	0.67
	100001-200000	155,252	1	1.21
	200001-300000	811,453	3	6.31
	300001-400000	1,481,513	4	11.52
	400001-500000	2,282,697	5	17.74
	500001-	1,009,431	1	7.85
<b>Sub total</b>		<b>5,826,117</b>	<b>15</b>	<b>45.28</b>
General public including institutional investors	001-50000	2,174,353	1080	16.90
	50001-100000	584,902	8	4.55
	100001-200000	843,787	6	6.56
	200001-300000	-	-	-
	300001-400000	340,085	1	2.64
	400001-500000	859,677	2	6.68
	500001-1000000	741,000	1	5.76
	1000001-2000000	1,495,855	1	11.63
<b>Sub total</b>		<b>7,039,659</b>	<b>1099</b>	<b>54.72</b>
<b>Grand total</b>		<b>12,865,776</b>	<b>1114</b>	<b>100</b>

## 6.00 Life insurance fund

Opening balance	2,707,174,754	2,709,459,316
Add: Surplus of Life Revenue Account during the year	48,836,421	(2,284,561)
	<u>2,756,011,175</u>	<u>2,707,174,754</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.

	Notes	Amount (In Taka)	
		31-12-2018	31-12-2017
<b>7.00 Fair value change account</b>			
Market value (quoted market price) of listed shares	14.04.2	56,816,031	66,171,809
Less: Book value of listed shares		72,437,744	67,979,205
		<u>(15,621,713)</u>	<u>(1,807,396)</u>
<b>8.00 Amounts due to other persons or bodies carrying on insurance business</b>			
Opening balance		19,638,383	19,250,273
Add: Provision made during the year		2,739,763	452,942
		<u>22,378,146</u>	<u>19,703,215</u>
Less: Payment made during the year		-	64,832
		<u>22,378,146</u>	<u>19,638,383</u>

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		13,151,142	9,143,921
Survival benefit		21,854,771	44,831,138
Maturity claim		299,337,329	331,798,362
Group claim		1,594,000	1,672,000
		<u>335,937,242</u>	<u>387,445,421</u>

**10.00 Sundry creditors**

Office rent		963,083	1,047,686
Auditors' fees		960,400	1,440,400
Actuarial fees		2,700,000	2,000,000
Tax deducted at source		6,628,486	6,512,924
Income tax payable	10.01	52,571,149	41,071,149
Provident fund payable		1,350,746	1,071,964
Provident fund loan payable		721,334	287,908
Excess deposits		130,343	30,550
Security deposits		181,207	462,439
VAT payable		332,504	766,425
Gas, Electricity & Water		291,830	-
Group life endowment scheme payable		1,594,688	1,579,393
Commission payable		4,756,457	6,273,540
Provision for gratuity		21,734,543	16,323,068
Provision for AGM expenses		1,000,000	500,000
Salary and allowances		3,893,076	47,903
Salary and allowances (development)		3,112,946	932,377
		<u>102,922,792</u>	<u>80,347,726</u>

Amount (In Taka)

Notes	31-12-2018	31-12-2017
<b>10.01 Income tax payable</b>		
Opening Balance	41,071,149	83,130,631
Add: Provision made during the year	11,500,000	11,500,000
	52,571,149	94,630,631
Less: Paid during the year	-	53,559,482
	<b>52,571,149</b>	<b>41,071,149</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.

#### 11.00 Premium deposits

The figures has been arrived at as under:

Individual Life -Renewal	341,493	-
Sujon Bima-Renewal	532,300	-
Islami Bima Takaful-Renewal	80,600	-
Surrid Bima-Renewal	6,587	-
Darussalam Bima-Renewal	6,000	-
	<b>966,980</b>	<b>-</b>

Premium deposits represent receipts in advance against renewal premium which can not be appropriated towards premium before the premium due period.

#### 12.00 Other deposits

Opening balance	4,447,930	4,185,645
Add: Deposit received during the year	175,147	262,285
	4,623,077	4,447,930
Less: Adjustment made during the year	-	-
	<b>4,623,077</b>	<b>4,447,930</b>

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

Opening balance	31,422,970	30,500,177
Add: Loan disbursed during the year	3,633,320	4,596,626
	35,056,290	35,096,803
Less: Realized during the year	3,605,432	3,673,833
	<b>31,450,858</b>	<b>31,422,970</b>

#### 14.00 Investments

Statutory deposit with Bangladesh Bank	14.01	15,000,000	15,000,000
Investment in government securities	14.02	1,294,184,244	1,475,855,131
Investment in equity shares of the companies	14.03	36,566,810	36,566,810
Investment in shares and others	14.04	80,991,436	90,347,214
Land and building	Annexure -A	515,274,376	518,440,937
		<b>1,942,016,866</b>	<b>2,136,210,092</b>

	Notes	Amount (In Taka)	
		31-12-2018	31-12-2017
<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>1,294,184,244</u>	<u>1,475,855,131</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	59,666,031	69,021,809
Loan to Galaxy Capital Limited		21,325,405	21,325,405
		<u>80,991,436</u>	<u>90,347,214</u>
<b>14.04.1 Investment in shares</b>			
a) Investments made in placement shares			
(ii) Energy Prima (within the lock in period)	14.04.2	2,850,000	2,850,000
b) Investments in listed shares		56,816,031	66,171,809
		<u>59,666,031</u>	<u>69,021,809</u>

#### 14.04.2 Investment in listed shares (as at 31st December 2018)

Sl. No.	Name of instruments (code names)	No. of shares	Average cost (per unit)	Book value	Market value (quoted price)
1	CENTRALPHL	119,522	20.11	2,403,476.03	1,661,355.80
2	NFML	77,290	22.92	1,771,852.25	857,919.00
3	GHAIL	1,991	34.39	68,478.08	58,336.30
4	GENNEXT	22,000	10.94	240,720.00	138,600.00
5	TOSRIFA	159,915	27.78	4,442,891.79	3,262,266.00
6	RUPALILIFE	9,817	100.92	990,750.53	879,603.20
7	SAIFPOWER	582,543	19.89	11,588,863.52	12,233,403.00
8	KEYACOSMET	401,500	12.87	5,168,974.64	2,649,900.00
9	ARGONDENIM	127,823	33.47	4,278,608.96	3,361,744.90
10	EMERALDOIL	62,050	38.84	2,410,258.46	936,955.00
11	ITC	1,850	42.86	79,293.35	84,360.00
12	PDL	256,810	17.04	4,376,482.27	4,160,322.00
13	DOREENPWR	155,467	100.37	15,604,989.71	12,421,813.30
14	ACTIVEFINE	24,000	36.94	886,490.70	676,800.00
15	FORTUNE	147,273	39.93	5,880,671.01	4,565,463.00
16	BBSCABLES	23,543	109.95	2,588,579.47	2,267,190.90
17	ETL	62,100	19.70	1,223,380.98	794,880.00
18	CVOPRL	35,562	219.76	7,815,131.25	5,494,329.00
19	JAMUNAOIL	250	222.11	55,526.25	47,625.00
20	SPCL	27	130.94	3,535.32	2,559.60
21	GREENDELTA	1,817	89.33	162,317.14	118,105.00
22	PRIMEFIN	15,000	26.43	396,472.50	142,500.00
	<b>Total</b>	<b>2,288,150</b>	<b>31.66</b>	<b>72,437,744.21</b>	<b>56,816,031.00</b>

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, the Company has invested BDT 6,965,061 beyond the aforementioned provision because the Company prudently thinks that said investment would be profitable in future.

#### 15.00 Interest, dividends and rents accruing but not due

The break-up of the figures are as follows:

	<i>Amount (In Taka)</i>	
	<b>31-12-2018</b>	<b>31-12-2017</b>
Bangladesh Govt. Treasury Bond (BGTB)	41,470,328	45,515,049
Fixed Deposit with Banks	140,203,928	94,503,149
Rental Income	91,016	-
Interest on policy loan and others loans	9,272,036	9,272,036
	<b>191,037,308</b>	<b>149,290,234</b>

	Notes	Amount (In Taka)	
		31-12-2018	31-12-2017
<b>16.00 Advances and deposits</b>			
Office rent	16.01	4,770,933	5,873,324
Travelling and conveyance		714,499	792,028
Salary and allowances (staff)		677,650	429,400
Advance income tax	16.02	56,125,684	50,791,251
Other advance		1,069,355	1,308,111
LeadSoft Bangladesh Limited		3,500,000	3,500,000
Ledger balance with brokerage house	16.03	823,608	143,417
Security deposit - T & T		168,330	168,330
		<b>67,850,059</b>	<b>63,005,860</b>

**16.01 Office rent**

Opening balance	5,873,324	5,605,080
Add: Advance made during the year	721,700	1,705,584
	6,595,024	7,310,664
Less: Adjustment made during the year	1,824,091	1,437,340
	<b>4,770,933</b>	<b>5,873,324</b>

**16.02 Advance income tax**

Opening balance	50,791,251	92,414,147
Add: Advance income tax paid during the year	5,334,432	11,936,586
	56,125,684	104,350,733
Less: Adjustment made during the year	-	53,559,482
	<b>56,125,684</b>	<b>50,791,251</b>

**16.03 Ledger balance with brokerage house**

**823,608**                      **143,417**

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 2018.

**17.00 Sundry debtors**

Opening balance	1,995,759	1,630,754
Add: Addition during the year	11,766	365,005
	2,007,525	1,995,759
Less: Realized during the year	1,766	-
	<b>2,005,759</b>	<b>1,995,759</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 pronouncement 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.

**18.00 Outstanding premium**

Opening balance	91,482,560	49,187,192
Add: Accrued during the year	76,669,720	91,482,560
	168,152,280	140,669,752
Less: Realized during the year	91,482,560	49,187,192
	<b>76,669,720</b>	<b>91,482,560</b>

The Company disclosed that PLICL recognizes outstanding premium as revenue according to IFRS 9. Outstanding premium as at December 31, 2018 has been collected subsequently.



Notes	Amount (In Taka)	
	31-12-2018	31-12-2017

### 19.00 'Cash and cash equivalents

Fixed deposits with banks	19.01	860,000,000	650,000,000
Current accounts and STD accounts with banks	19.02	114,709,165	131,592,854
Cash in hand - Head Office	19.03	115,369	116,642
Branch petty cash	19.04	31,040,344	48,408,111
		<b>1,005,864,878</b>	<b>830,117,607</b>

### 19.01 Fixed deposits with banks

**860,000,000**      **650,000,000**

The above balance comprises are as under:

Sl. No.	Name of Bank & Other Financial Institutions	31-12-2018	31-12-2017
1	Southeast Bank Ltd.	30,000,000	20,000,000
2	Shahjalal Islami Bank Ltd.	45,000,000	25,000,000
3	AB Bank Ltd.	-	10,000,000
4	NRB Commercial BL	40,000,000	40,000,000
5	Modhumoti Bank Ltd.	10,000,000	10,000,000
6	One Bank Ltd.	50,000,000	40,000,000
7	First Security Islami Bank	20,000,000	50,000,000
8	Union Bank Ltd.	20,000,000	20,000,000
9	Social Islami Bank	15,000,000	15,000,000
10	Standard Bank Ltd	20,000,000	20,000,000
11	Bank Asia Ltd	10,000,000	10,000,000
12	Al-Arafah IBL	10,000,000	-
13	EXIM Bank	40,000,000	-
14	Mercantile Bank Ltd	5,000,000	5,000,000
15	BRAC Bank Ltd	10,000,000	-
16	Union Capital Ltd.	90,000,000	90,000,000
17	People's Leasing and Financial Service	10,000,000	15,000,000
18	BD Finance (BFICL)	15,000,000	15,000,000
19	Prime Finance & Invest.	85,000,000	50,000,000
20	Lanka Bangla Finance	45,000,000	45,000,000
21	Ind. & Infrast. Dev. Finance	35,000,000	30,000,000
22	International Leasing	15,000,000	15,000,000
23	Phoenix Finance & IL	40,000,000	30,000,000
24	IPDC	55,000,000	45,000,000
25	First Finance Ltd	10,000,000	10,000,000
26	Bay Leasing and Invest.Ltd	20,000,000	20,000,000
27	CAPM Venture CFL	20,000,000	20,000,000
28	IDLC Finance Ltd	45,000,000	-
29	United Finance Ltd	50,000,000	-
		<b>860,000,000</b>	<b>650,000,000</b>

The Company has an investment amount of Tk. 10,000,000 in People's Leasing and Financial Service (PLFS) as at 31 December 2018. We are already known 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 the whole amount of Tk. 10,000,000 from the PLFS.

Notes	Amount (In Taka)	
	31-12-2018	31-12-2017
<b>19.02 Current accounts and STD accounts with banks</b>		
The above balance comprises are as under:		
Short Term Deposits with banks	97,462,809	125,288,231
Current accounts with banks	17,246,357	6,304,622
	<b>114,709,165</b>	<b>131,592,854</b>
<b>19.03 Cash in hand - Head Office</b>		
Head office - Corporate	115,164	116,437
Central office - Sujon Bima Division	205	205
	<b>115,369</b>	<b>116,642</b>
<b>19.04 Branch petty cash</b>		
Individual Life Product (ILP)	21,127,777	40,116,912
Sujon Bima Division	7,136,997	5,164,532
Islami Bima (Takaful)	2,588,827	2,945,939
Surrud Bima	190,431	184,385
Darussalam Bima	(3,688)	(3,657)
	<b>31,040,344</b>	<b>48,408,111</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 31st December 2017	
		Balance as at 1st January 2018	Addition during the year	Disposal		Balance as at 31st December 2018	Charged during the year	Disposal	Balance as at 31st December 2018		Written down value as at 31st December 2018
01	Furniture and fixtures	39,421,462	215,575	-	15	39,637,037	535,610	-	37,659,405	1,977,632	2,297,667
02	Electrical equipments	7,977,833	1,331,514	-	20	9,309,347	741,338	-	7,015,401	2,293,946	1,703,770
03	Office renovation	28,499,992	-	-	20	28,499,992	2,118,277	-	26,308,842	2,191,150	4,309,427
04	Computer and computer accessories	15,348,659	1,275,671	-	20	16,624,330	1,403,445	-	13,751,696	2,872,634	3,000,408
05	Office equipments	14,868,050	329,466	-	20	15,197,516	671,227	-	14,502,547	694,969	1,036,730
06	Motor vehicles	112,695,310	58,500	-	20	112,753,810	1,400,063	-	110,772,395	1,981,415	3,322,978
07	Accounting software	85,000	-	-	20	85,000	17,000	-	66,583	18,417	35,417
08	Rack Server	3,700,000	-	-	20	3,700,000	740,000	-	1,140,833	2,559,167	3,299,167
	<b>Total (31-12-2018)</b>	<b>222,596,306</b>	<b>3,210,726</b>	<b>-</b>		<b>225,807,032</b>	<b>7,626,960</b>	<b>-</b>	<b>211,217,703</b>	<b>14,589,329</b>	<b>19,005,563</b>
	<b>Total (31-12-2017)</b>	<b>213,377,109</b>	<b>9,219,197</b>	<b>-</b>		<b>222,596,306</b>	<b>7,379,181</b>	<b>-</b>	<b>203,590,743</b>		

Amount (In Taka)

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

	31-12-2018	31-12-2017
Policy and revenue stamps	1,210,895	672,480
Printing materials and stationeries	2,850,744	2,372,412
	<b>4,061,639</b>	<b>3,044,892</b>

**22.00 Premium less re-insurance**

Types of premium	31-12-2018			31-12-2017
	Gross premium	Re-insurance	Net premium	Net premium
First year premium	127,668,536	156,773	127,511,763	187,736,469
Renewal premium	498,074,489	52,641	498,021,848	526,349,612
Group premium	26,281,058	4,033,015	22,248,043	27,868,029
	<b>652,024,083</b>	<b>4,242,429</b>	<b>647,781,654</b>	<b>741,954,110</b>

**23.00 Interest, dividends and rents**

Interest on government securities	152,960,700	160,336,703
Interest on fixed deposit receipts (FDR)	82,093,586	67,486,643
Interest on short term deposits	1,859,029	1,936,958
Interest on loan and advances	1,836,692	1,821,386
Rent income from house property	2,251,874	2,232,504
Realized gain on investments	5,146,256	17,477,015
Share dividend	2,236,765	2,549,903
	<b>248,384,902</b>	<b>253,841,112</b>

**24.00 Other income**

Alteration fees	95,754	111,965
Duplicate policy documents fees	96,337	143,926
Miscellaneous income	2,491,052	3,619,053
Late fees	4,487	21,988
	<b>2,687,630</b>	<b>3,896,932</b>

**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
Pubali Bank Ltd, Mohila College SND-29	(20,820)	-
	<b>(20,820)</b>	<b>411,651</b>

**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	251,400	270,250
Basic salary	48,413,019	47,719,018
House rent	23,896,689	23,547,509
Other allowances and perquisites	11,860,623	14,288,619
	<b>84,421,731</b>	<b>85,825,396</b>

### 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 2018	Transaction during the year		Closing balance as at 31st December 2018
			Debit	Credit	
Galaxy Capital Limited	Loan paid	21,325,405			21,325,405
		<u>21,325,405</u>	<u>-</u>	<u>-</u>	<u>21,325,405</u>

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

#### Employee position for Progressive Life Insurance Company Limited

	Amount (In Taka)	
	31-12-2018	31-12-2017
(i) Number of employees drawing salary below Taka 3,000 per month	0	0
(ii) Number of employees drawing salary of Taka 3,000 or above per month	733	810
	<u>733</u>	<u>810</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.

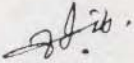
- (a) Expense reimbursed to the managing agent - Nil
- (b) Commission or other remuneration payable separately to a managing agent or his associate - Nil
- (c) Commission received or receivable by the managing agent or his associate as selling or buying agent of other concerns in respect of contracts 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

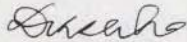
The Company has entered into a contract with the Lead Soft Bangladesh Limited as on 26 June 2014 for procurement of accounting software. The agreement value is Taka 9,000,000 out of which Taka 3,500,000 was paid and thereby, remaining amount of Taka 5,500,000 will be paid as per terms and conditions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


### 30.00 Contingent liability

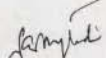
We are acknowledge that there is no such claim against the Company as at 31 December 2018.

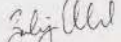
  
**Johir Uddin**  
 Company Secretary (Incharge)

  
**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 2018

#### 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 31st December 2017	
			Balance as at 01st January 2018	Addition during the year	Balance as at 31st December 2018		Balance as at 01st January 2018	Charged during the year	Balance as at 31st December 2018		
01	Navana Rahim Ardent, 39, Kakrail (1st floor) Dhaka -1000	1690 Sft.	27,958,320	-	27,958,320	2.5%	3,494,790	698,958	4,193,748	23,764,572	24,463,530
02	Eastern Arzoo (F-1), 61, Bijoynagar, Dhaka - 1000	2732 Sft.	39,664,349	-	39,664,349	2.5%	991,609	991,609	1,983,218	37,681,131	38,672,740
03	Eastern Arzoo (F-2), 61, Bijoynagar, Dhaka -1000	3777 Sft.	59,227,576	-	59,227,576	2.5%	1,480,689	1,480,689	2,961,378	56,266,198	57,746,887
04	Zahura Tower, 1401, Sheikh Mujib Road, Agrabad C/A, Chittagong	9500 Sft.	34,707,416	-	34,707,416	-	-	-	-	34,707,416	34,707,416
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	108,592,915	-	108,592,915	-	-	-	-	108,592,915	108,592,915
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 at Srimongal Bus Matik 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	4,695	10,118,390	-	-	-	-	10,118,390	10,113,695
<b>Total (31-12-2018)</b>			<b>524,408,025</b>	<b>4,695</b>	<b>524,412,720</b>	<b>-</b>	<b>5,967,088</b>	<b>3,171,256</b>	<b>9,138,344</b>	<b>515,274,376</b>	<b>518,440,937</b>
<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>		

**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. 1,33,6245 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 2018

Amount (In Taka)

Particulars	31-12-2018	31-12-2017
<b>Expenses of management</b>		
a) Commission to insurance agents (less that on re-insurance)	83,615,472	113,055,876
b) Allowances and commission [other than commission included in sub-item (a) preceding]	50,960,683	62,833,955
<b>Sub-total</b>	<b>134,576,155</b>	<b>175,889,831</b>
Salaries [other than to agents and those contained in item (b) above]	84,013,107	85,555,146
Gratuity	6,209,491	-
Festival bonus	7,976,808	7,684,768
Contribution to employees provident fund	4,284,040	3,669,492
Travelling and conveyance	3,187,940	3,634,875
Directors' fees	251,400	270,250
Auditors' fees	440,000	270,000
Actuarial fees	700,000	400,000
Medical fees	156,246	215,829
Legal and professional fees	531,105	390,489
Insurance policy stamps	1,484,760	1,732,155
Revenue and non judicial stamps	731,935	631,747
Advertisement and publicity	414,758	401,042
Printing and stationery	1,700,817	2,556,483
Office rent	30,292,033	31,882,057
Fuel, oils and lubricants	1,441,602	1,565,378
Repair and maintenance (car)	3,779,018	4,280,144
Papers, periodicals and books	181,244	49,904
Telephone, fax and internet	1,458,642	1,603,433
Gas, electricity and water	3,008,934	2,386,630
Postage and telegram	510,652	573,875
Recruitment and training expenses	41,040	106,590
Conference and seminars	3,486,161	3,080,171
Fees, subscription and donation	574,288	1,015,556
Company registration and renewal fee	1,735,681	2,819,349
Entertainment	740,435	867,507
Employees' group and hospitalization insurance premium	105,748	148,649
Insurance premium (car)	114,516	224,067
AGM Expenses	500,000	500,000
Carriage and wages	83,778	221,532
Bank charges	1,798,449	2,429,294
Repairs and maintenance (computer)	511,097	632,071
Prize and award	382,100	37,187
Crockeries and cutleries	10,712	3,879
CDBL charges	7,526	18,959
Repair and maintenance (office)	1,763,169	1,574,932
Development meetings	69,674	95,823
Meeting expenses	112,390	128,585
Holding Tax	82,563	-
Iftar Mahfil	93,288	57,860
Bima Mela	90,444	-
Picnic Expenses	7,124	346,597
General expenses	71,714	1,097,796
<b>Sub-total</b>	<b>165,136,429</b>	<b>165,160,101</b>
	<b>299,712,584</b>	<b>341,049,932</b>

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

**Annexure - C**

For the year ended 31st December 2018

Particular	Allowable Percentage (%)	Gross Premium	Allowable Management Expenses	%	Actual Management Expenses	%	More than allowable expenses	
							Amount	%
<b>Fist Year Premium</b>								
Single	7.50%	16,461,518	1,234,614					
Two Years	15.00%	-	-					
Three Years	22.50%	-	-					
Four Years	30.00%	-	-					
Five Years	37.50%	1,444,756	541,784					
Six Years	45.00%	-	-					
Seven Years	52.50%	2,910,061	1,527,782					
Eight Years	60.00%	25,499	15,299					
Nine Years	67.50%	1,145,603	773,282					
Ten Years	75%	377,377	283,033					
Eleven Years	83%	1,424,785	1,175,448					
Twelve Years & Above	90%	103,878,937	93,491,043					
<b>Total First Year</b>		<b>127,668,536</b>	<b>99,042,284</b>					
<b>Renewal Premium</b>	<b>15%</b>	<b>498,074,489</b>	<b>74,711,173</b>					
<b>Group Premium</b>	<b>20%</b>	<b>26,281,058</b>	<b>5,256,212</b>					
<b>Total (31-12-2018)</b>		<b>652,024,083</b>	<b>179,009,669</b>	<b>27.45</b>	<b>299,712,584</b>	<b>45.97</b>	<b>120,702,915</b>	<b>67.43%</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>