

Income from bank deposit	2,525,893	2,047,254	1,017,764
Foreign exchange gain/(loss)	2,805,077	2,435,176	403,307
Miscellaneous income	332,955	46,665	803
<b>PROFIT FOR THE YEAR BEFORE TAX</b>	<b>24,901,901</b>	<b>30,159,876</b>	<b>31,089,526</b>
PROVISION FOR TAXATION	18	0	0
<b>NET PROFIT FOR THE PERIOD</b>	<b>24,901,901</b>	<b>30,159,876</b>	<b>29,589,526</b>
PROFIT/LOSS BROUGHT FORWARD FROM PREVIOUS YEAR	10,627	4,849	224,225
TRANSFER FROM GENERAL RESERVE	6,740,821	2,600,000	0
<b>NET PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>31,653,349</b>	<b>32,764,725</b>	<b>29,813,751</b>
APPROPRIATIONS	31,648,500	32,540,500	10,000,000
General reserve	2,600,000	12,500,000	0
Non-distributable Special reserve	19	298,500	40,500
Proposed dividend - Cash	3,750,000	7,500,000	0
- Bonus share	25,000,000	12,500,000	0
Interim Dividend	0	0	10,000,000
<b>RETAINED EARNINGS</b>	<b>4,849</b>	<b>224,225</b>	<b>19,813,751</b>

We also report u/s 98(1-A) of the Companies Act, 1913 that the Company had declared dividend for the years 1990 and 1991 at the rate of 15% each and issued bonus shares in 1990 @ 1:1 out of the distributable profits of the company. The Company has also declared & Paid interim dividend @ 20% in 1992.

Notes: 1) Figures for the period ended 31 October 1992 are unaudited.  
2) Annexed notes relating to 1990 and 1991 from part of these accounts.

Thanking you,

Yours truly,

Rahman Rahman Huq  
Chartered Accountants

**Statement of changes in Financial Position for the year ended 31 December 1991**

	1990	1991
	Taka	Taka
<b>SOURCES OF FUND</b>		
From business operation:		
Net Profit before tax	24,901,901	30,159,876
Add: Items not involving movement of funds:		
Depreciation on lease assets	68,879,517	110,459,579
Depreciation on fixed assets	1,553,141	1,650,832
Provision for doubtful leases (Profit)/Loss on disposal of fixed assets	6,344,390	6,865,850
	(331,667)	(45,000)
	101,347,282	149,091,137
From other sources:		
Long term loan received	70,000,000	80,000,000
Lease rental deposit received	14,575,590	15,947,152
Security deposit received	65,522	0
Disposal of fixed assets	381,333	45,000
	85,022,445	95,992,152
<b>TOTAL SOURCES OF FUND</b>	<b>186,369,727</b>	<b>245,083,289</b>
<b>APPLICATIONS OF FUND</b>		
Purchase of lease assets	180,571,481	137,317,003
Advance for leases	10,946,431	22,595,583
Purchase of fixed assets	4,338,355	1,549,336
Repayment of long term loan	27,950,942	40,357,416
Refund of security deposit	29,478	251,574
Refund of lease deposit	258,090	1,113,420
Payment of dividend	3,618,750	3,618,750
<b>TOTAL APPLICATIONS OF FUND</b>	<b>227,713,527</b>	<b>206,803,082</b>
<b>INCREASE / (DECREASE) IN WORKING CAPITAL</b>	<b>(41,343,800)</b>	<b>38,280,207</b>
<b>MOVEMENT IN WORKING CAPITAL</b>		
Increase / (Decrease) in accounts receivable and advances	10,654,975	18,736,154
(Increase) / decrease in accrued expenses and payables	(60,346,049)	16,681,314
Increase / (decrease) in cash and bank deposits	8,347,274	2,862,739
<b>INCREASE / (DECREASE) IN WORKING CAPITAL</b>	<b>(41,343,800)</b>	<b>38,280,207</b>

**Notes to the Accounts for the year ended 31 December 1991**

**1.00 THE COMPANY**

Industrial Development Leasing Company of Bangladesh Limited (IDLC) is an equipment leasing company incorporated in Bangladesh on 23 May 1985 as a public limited company under the Companies Act 1913. The company extends lease financing for all types of machineries and equipments including vehicles for industrial and commercial purposes. The Company established its first branch in Chittagong which went into operation in October 1990.

**2.00 SIGNIFICANT ACCOUNTING POLICIES**

**2.01 Basis of Accounting:**

The accounts are prepared under historical cost convention on generally accepted accounting principles.

**2.02 Accounting for Leases:**

The company maintains its books of accounts based on the operating method of accounting according to generally accepted accounting standards and provisions of acts and regulations of Bangladesh. Lease equipment which are under the possession of the lessees are accounted as lease assets of the company. Lease rentals receivable on monthly basis are recognised as operational revenue while depreciation on lease assets as well as financial expenses incurred on loan fund are accounted as operational expenses.

**2.03 Depreciation:**

**a) Depreciation on fixed assets**

Depreciation on fixed assets for company's own use is charged on straight line method at rates varying from 12.5% to 33.3% considering the estimated useful lives of the assets.

**b) Depreciation on lease assets**

Total acquisition cost of the lease equipment are depreciated over the lease term leaving no residual value.

**2.04 Foreign Exchange:**

Foreign currency transactions are translated into taka at rates ruling at the transaction dates and the balances at the end of the year (except IFC loans which are covered under Exchange Rate Fluctuation Burden Absorption Scheme) at the rates prevailing on the balance sheet date.

**2.05 Provision for doubtful leases:**

General Provision has been created at an aggregate rate on lease executed against unforeseen losses from leases based on management estimate and analysis of portfolios of the leases.

**3.00 CASH AND EQUIVALENT**

This comprises of the following:

	1990	1991
	Taka	Taka
Cash in hand	5,613	6,848
Cash at bank:		
Current deposit- Local currency	24,428	(6,369,369)*
Term deposit- Local currency	98,998	5,062,518
Foreign currency (US\$ 879,303.61)	29,749,160	34,040,941
	29,878,199	32,740,938

\*The unfavorable balance in the current deposit has arisen due to the issuance of cheques at the close of the year against payments relating to the FY 1991 although there was a favorable balance with bank account.

**4.00 ACCOUNTS RECEIVABLE AND ADVANCES**

This comprises of the following:

	1990	1991
	Taka	Taka
Receivable from lessees		
Lease rentals	10,781,480	27,250,510
Advances, deposits and prepayments	4,912,089	1,929,595
Accrued income	268,828	142,569
Other receivables	7,989,608	13,365,485
	23,952,005	42,688,159

**5.00 LEASE ASSETS**

**5.01 Lease Equipment:**

This represents the total acquisition cost of equipment including capitalised interest for leases executed. Details are as under:

<b>Cost</b>		
Balance on January 1, 1991	432,783,791	137,317,003
Addition during the year	570,100,794	
Less: Disposals during the year	13,880,274	
Balance on December 31, 1991	556,220,520	
<b>Accumulated depreciation</b>		
Balance on January 1, 1991	109,972,276	110,459,579
Addition during the year	220,431,855	
Less: Disposals during the year	13,084,672	
Balance on December 31, 1991	207,347,183	
<b>Net lease assets on December 31, 1991</b>	<b>348,873,337</b>	
	FY 1990	322,811,515

The lease term of the above assets varies from 24 months to 60 months depending on the estimated economic life of the equipment.

**5.02 Provision for doubtful leases:**

The company creates general provision for doubtful leases applying prudent judgement on the lease portfolio of the Company.

**5.03 Advance for lease assets:**

This represents amount disbursed for procurements of lease equipment as well as interest capitalised Tk. 3,323,895 for the period from the date respective disbursements to the balance sheet date. On execution of leases, these advances will be transferred to lease equipment.

**6.00 FIXED ASSETS**

Fixed assets under own use of the company are summarised below:

PARTICULARS	COST				DEPRECIATION					
	Balance at 1 January 1991	Acquisition in 1991	Disposal/ write off	Balance at 31 December 1991	Annual rate (%)	Balance at 1 January 1991	Charged in 1991	Adjustment in 1991	Balance at 31 December 1991	Written Down value as of 31 December 1991
Furniture and fixtures	963,524	208,325		1,171,849	13	893,273	125,644		518,917	652,932
Electrical equipment	1,300,027	129,100	37,500	1,391,627	20	643,446	192,316	37,500	798,262	593,365
Curtain and carpet	244,500	27,421		271,921	33	165,172	39,512		204,684	67,237
Office equipment	994,233	738,240	153,000	1,579,473	20	499,506	178,059	153,000	484,565	1,094,908
Office decoration	1,313,391			1,313,391	20	701,534	143,666		845,200	467,91
Telephone and telex	682,625	11,250		693,875	20	194,088	137,135		331,223	362,652
Motor vehicles	2,939,250	435,000		3,374,250	25	928,455	834,500		1,762,955	1,611,295
	Tk. 8,437,550	1,549,336	190,500	9,796,386		3,485,474	1,650,832	190,500	4,945,806	4,850,580
1990	Tk. 5,243,675	4,338,355	1,144,480	8,437,550		3,027,147	1,553,141	1,094,814	3,485,474	4,952,076

**7.00 LONG-TERM LOANS-SECURED**

The company has entered into loan agreements with The City Bank Limited (CBL) and International Finance Corporation (IFC) and debenture loan agreement with Shadharan Bima Corporation (SBC) for Tk. 200.00 million, Sfr. 4.25 million and Tk. 100.00 million respectively. The foreign currency loan from IFC is covered by the Exchange Rate Fluctuation Burden Absorption Scheme under which the company is protected from foreign exchange rate fluctuation risk against payment of fixed premium. All the loans are secured by first equitable mortgage of all present and future immovable properties and floating charges on movable assets of the company ranking pari-passu among the three lenders. Loans repayable within one year has been reflected under current liabilities. Details of these loans are as under:

Lenders	Outstanding as at 1 January 1991		Outstanding as at 31 December 1991		Repayment Terms
	1991	During 1991	1991	During 1991	
CBL	95,576,000	70,000,000	28,889,000	1,36,687,000	By nine bi-annual equal instalments with one year grace period.
SBC	80,000,000	10,000,000		90,000,000	At 5th anniversary of respective disbursement.
IFC	63,076,561		11,468,466	51,608,095	By fifteen bi-annual equal instalments.
	238,652,561	80,000,000	40,357,466	278,295,095	
Less: Transferred to current liabilities being current maturity			IFC 11,468,466		
			CBL 17,773,000		
			SBC 20,000,000		
				49,241,466	
				229,053,629	

**8.00 ACCRUED EXPENSES AND PAYABLES**

These include temporary loans of Tk. 45.2 million obtained from banks repayable at short notice and deferred liability of Tk. 0.57 million on account of gratuity to employees payable at time of retirement.

**9.00 LEASE RENTAL DEPOSITS**

As per policy, company takes rental deposits from the lessees on signing of lease agreement which are refundable at expiry of the lease term without any interest thereon. Analysis of this deposit in terms of maturity is as under:

	1990	1991
	Taka	Taka
Total lease rental deposits	42,785,680	56,955,110
Less: Transferred to current liabilities being current maturity	970,400	8,919,620
	41,815,280	48,035,490

**10.00 SHARE CAPITAL**

The authorised capital of the company is Tk. 100.00 million divided into 1.00 million ordinary shares of Tk. 100 each. 250,000 shares were issued at par value and fully paid in FY 1985 while 250,000 shares have been capitalised at par value by issuing bonus shares during the FY 1991. Present status of the shareholdings are as follows:

<b>Domestic:</b>	Shares	Amount	%
Industrial Promotion and Development Company of Bangladesh Limited (IPDC)	125,000	12,500,000	25
The City Bank Limited (CBL)	100,000	10,000,000	20
Sadharan Bima Corporation (SBC)	50,000	5,000,000	10
<b>Foreign:</b>			
Korea Development Leasing Corporation (KDLC)	100,000	10,000,000	20
Korea Long Term Credit Bank (KLTB)	50,000	5,000,000	10
International Finance Corporation (IFC)	50,000	5,000,000	10
Aga Khan Fund for Economic Development (AKFED)	12,500	1,250,000	2.5
German Investment and Development Company (DEG)	12,500	1,250,000	2.5
	500,000	50,000,000	100

**11.00 SHARE MONEY DEPOSIT**

As against share money of Tk. 17,500,000 for 175,000 shares of Tk. 100 each against 2nd tranche share capital of existing shareholders, Tk. 14,375,000 has been received by October 31, 1992 while Tk. 625,000 from Aga Khan Fund for Economic Development (AKFED) and Tk. 2,500,000 from International Finance Corporation (IFC) received subsequently. Accordingly allotment of shares has been made to existing shareholders raising the paid in share capital to Tk. 67.5 million within November 1992.

**12.00 GENERAL RESERVE**

This includes exchange gain amounting to Tk. 6,886,766 which has arisen from the foreign currency transactions of the company since inception upto the balance sheet date. Bangladesh Bank advised the company to transfer it to non-distributable Special reserve account against which the company has applied for waiver of this provision and the decision is still awaited.

**13.00 LEASE RENTAL**

Rental due during the year are recognised as operating revenue and accounted for under this head.

**14.00 OTHER OPERATIONAL REVENUE**

This comprises of the following:

	1990	1991
	Taka	Taka
Service charges	642,095	692,114
Commitment fees	365,617	294,231
Realisation of interest accrued upto lease execution	602,125	882,793
Delinquent charges & other	247,317	2,908,148
	1,857,154	4,777,286

**15.00 RENEWAL AND PROCEEDS**

This represents amount received on transfer of ownership of lease equipment at the expiry of lease period.

**16.00 FINANCIAL EXPENSES**

This comprises of the following:

	1990	1991
	Taka	Taka
Interest of loans and debentures	37,691,153	40,947,842
EFAS premium to Bangladesh Bank	1,802,596	1,408,815
	39,493,749	42,356,657
Less: Interest capitalised	7,096,910	5,754,505
	32,396,839	36,602,152

**17.00 GENERAL AND ADMINISTRATIVE EXPENSES**

	1990	1991
	Taka	Taka
Salary and allowance	4,619,759	5,689,552
Medical and welfare	141,398	451,762
Director's remuneration	11,200	9,200
House expenses	822,866	915,273
Training and education	42,377	235,270
Professional fees	225,500	257,000
Travel and conveyance	240,656	831,580
Office maintenance	794,488	940,505
Motor Vehicle expenses	278,075	345,221
Printing and stationery	156,633	191,245
Books and periodicals	33,351	39,795
Communication	388,089	542,766
Tax and levies	73,202	95,060

Advertisement and publicity	225,763	413,313
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