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**MARINE CARGO INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994**

Note	1994 Taka	1993 Taka	1992 Taka	1991 Taka	1990 Taka
Balance of account at beginning of the year:					
Reserve for unexpired risks	5,797,220	5,373,317	7,878,625	6,267,388	8,391,961
Premium less re-insurance	40,641,519	21,215,229	28,108,501	19,156,394	10,445,646
Commission on re-insurance ceded	3,225,511	3,826,998	3,415,381	1,356,050	906,628
Adjustment of accounts in respect of public sector business		5,449,995			
Loss transferred to profit & loss account				1,411,906	
	<b>49,664,250</b>	<b>35,865,539</b>	<b>39,402,507</b>	<b>28,191,738</b>	<b>19,744,235</b>

**MARINE HULL INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994**

Note	1994 Taka	1993 Taka	1992 Taka	1991 Taka	1990 Taka
Balance of account at beginning of the year:					
Reserve for unexpired risks	163,318	1,320,237	275,133	358,951	558,767
Premium less re-insurance	197,683	163,319	1,259,614	35,147	358,952
Commission on re-insurance ceded	16,773	13,652	8,333	154,675	265,244
Adjustment of accounts in respect of public sector business		968,048			
Loss transferred to profit & loss account			579,828	321,301	130,346
	<b>377,774</b>	<b>2,465,256</b>	<b>2,122,908</b>	<b>870,074</b>	<b>1,313,309</b>

**MOTOR INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994**

Note	1994 Taka	1993 Taka	1992 Taka	1991 Taka	1990 Taka
Balance of account at beginning of the year:					
Reserve for unexpired risks	1,586,673	1,125,536	1,017,484	946,492	741,566
Premium less re-insurance	4,959,852	3,966,682	3,067,453	2,782,379	1,892,983
Commission on re-insurance ceded	66,381	50,256	25,948	4,650	
Adjustment of accounts in respect of public sector business		704,864			
Loss transferred to profit & loss account		328,751		201,879	856,349
	<b>6,612,906</b>	<b>6,176,089</b>	<b>4,110,885</b>	<b>3,935,400</b>	<b>3,490,898</b>

**MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994**

Note	1994 Taka	1993 Taka	1992 Taka	1991 Taka	1990 Taka
Balance of account at beginning of the year:					
Reserve for unexpired risks	859,490	1,041,459	1,426,885	3,193,229	1,284,782
Premium less re-insurance	1,488,418	2,014,349	2,542,552	2,946,658	5,322,048
Commission on re-insurance ceded	936,266	1,266,602	1,022,109	1,073,990	1,117,759
Adjustment of accounts in respect of public sector business		1,770,630			
Loss transferred to profit & loss account			400,835		176,904
	<b>3,284,174</b>	<b>6,093,040</b>	<b>5,392,381</b>	<b>7,213,877</b>	<b>7,901,493</b>

**Notes to the Accounts  
For the year ended 31 December 1994**

**1. Significant accounting policies**

**(a) Basis of accounts :**

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

**(b) Depreciation on fixed assets :**

- i) Depreciation on fixed assets has been charged on reducing balance method at rates varying from 10% to 20% depending on the type of assets. Full year depreciation has been charged for the additions made during first half of the year.
- ii) No depreciation has been charged for additions made during the second half of the year.
- iii) Full year's depreciation was charged on all additions in the previous year.

**(c) Valuation of assets :**

The value of all assets at 31 December, 1994 as shown in the Balance Sheet and in the classified summary of Assets on Form 'AA' annexed have been reviewed by the Directors and the said assets have been set forth in the Balance Sheet at amounts not exceeding their realizable or market value as per the review.

**(d) Public Sector Business :**

As per Government decision, public sector insurance business so long underwritten solely by Sadharan Bima Corporation (SBC) are being underwritten as from 1 April 1990 jointly by SBC and 16 private sector insurance companies on co-insurance basis - 50% being underwritten by SBC and the balance equally by 16 private sector insurance companies. Company's share of public sector business are accounted for in the year in which the statement of accounts from the SBC are received.

**(e) Effects of re-insurance (Annexure - A) :**

Gross amount of premium earned and paid, commission paid and earned, claims paid and recovered have been duly accounted for in the books of accounts of the company maintained for various classes of business and while preparing the final statement of accounts the effect of re-insurance accepted and ceded with regard to premium, commission, claim etc. have duly been reflected so as to arrive at the net underwriting result of each class of business.

**(f) Provision for income tax :**

Provision for income tax has been made in these accounts on profit remaining after making reserve for exceptional losses.

**(g) Figures have been rounded off to the nearest Taka.**

**(h) Last year's figures have been rearranged, where ever necessary to conform to this year's presentation.**

**2. Shareholders' capital**

- i) As per provisions of the Articles of Association and as per terms and conditions of the consent order of the Controller of Capital Issues the 50% of the required initial paid up capital of Tk. 6,00,00,000 has been contributed by the sponsors/promoters and the remaining 50% is required to be offered to public (including Investment Corporation of Bangladesh for whom 20% of the said 50% is required to be kept reserved) within 3 years from the date of registration of the company under the Insurance Act 1938.
- ii) The said consent order of the Controller of Capital Issues with regard to the public issue was extended up to 30 September 1994 and accordingly a draft prospectus along with the audited accounts of 1993 was submitted to Securities and Exchange Commission (SEC) for approval. As per section 138 (1) of Companies Act 1994 audited accounts covering a period not earlier than 6 months from the date of issuing prospectus are required to be submitted to the said commission for approval of such draft prospectus. The Securities and Exchange Commission (SEC) has directed the company to submit the audited accounts of 1994 for approval of draft prospectus for public issue vide its letter dated 7 February 1995.

**3. Reserve for exceptional losses**

This represents appropriation of net profit as per paragraph 6 of the Fourth Schedule of Income Tax Ordinance, 1984 as summarized below :

	1994 Taka	1993 Taka
Opening balance	11,897,370	8,589,039
Add: Provided during the year	4,700,000	3,308,331
Closing balance	<b>16,597,370</b>	<b>11,897,370</b>

**4. Balance of funds and accounts**

This represents reserve for unexpired risk provided from net premium income of the year at rates varying 40% to 100% depending on different classes of business including public sector business as shown below:

Class	Percentage	1994 Taka	1993 Taka
Fire	40%	7,127,661	7,960,917
Marine Cargo	40%	10,831,709	5,797,220
Marine Hull	100%	134,724	163,318
Motor	40%	1,865,346	1,586,673
Miscellaneous	40% / 100%	596,798	859,490
<b>TOTAL</b>		<b>20,556,238</b>	<b>16,367,618</b>

**5. Estimated liability for outstanding claims whether due or intimated**

The break-up of the above is as follows :

	1994		1993	
	Private Sector Taka	Public Sector Taka	Total Taka	Total Taka
Fire	1,216,277	237,846	1,454,123	2,412,454
Marine Cargo	2,458,759	910,422	3,369,181	6,708,174
Marine Hull	33,854	88,957	122,812	490,522
Motor	524,491	391,730	916,221	1,942,818
Miscellaneous	1,278,891	80,003	1,358,894	2,202,707
<b>TOTAL</b>	<b>5,512,272</b>	<b>*1,708,958</b>	<b>7,221,231</b>	<b>13,756,675</b>

\* Estimated liability in respect of public sector outstanding claims have been provided for @ 45% of net premium income earned on account of various insurance business from the said sector.

The subsequent payment of the above liability up to 31 March 1995 in respect of private sector only is as under:

	Amount Taka
Fire	46,798
Marine Cargo	96,983
Motor	121,600
<b>TOTAL</b>	<b>265,381</b>

**6. Amount due to other persons or bodies carrying on insurance business**

This represents balance of accounts with Sadharan Bima Corporation (SBC) in respect of re-insurance transactions and amounts payable to co-insurers as follows:

	1994 Taka	1993 Taka
Sadharan Bima Corporation	36,799,264	39,194,401
Co-insurers	383,102	71,020
<b>TOTAL</b>	<b>37,182,366</b>	<b>39,265,421</b>

Ceding business with SBC as per statement of accounts up to fourth quarter and acceptance business up to third quarter of the year under report have not been reconciled.

**Sundry Creditors (including provision for expenses and taxes)**

This is made up as follows:

	1994 Taka	1993 Taka
Provident Fund (employees contribution)*	53,221	-
Employees income tax	66,322	61,896
5% premium tax payable	4,592,572	4,311,349
Liabilities for management expenses	1,513,860	3,110,440
Liabilities for tax deducted at source	-	8,215
Audit fees	79,800	90,000
Liability for Income Tax deducted at source against payment of agents' commission	1,782,240	-
Liability for insurance stamp	4,469,295	1,006,997
Premium refundable	1,273,245	1,355,464
Provision for taxation	11,794,895	6,352,895
Excess and short collection	50,326	24,941
Value added tax	3,182,543	-
<b>TOTAL</b>	<b>28,858,319</b>	<b>16,322,197</b>

Amount has not been deposited into provident fund account within 31 December 1994. The company has subsequently paid off/adjusted Tk 4,126,364 summarized as under:

	Amount Taka
Payment against management expenses	1,513,860
Liabilities for insurance stamp	1,100,000
Premium refundable	237,277
VAT	1,275,227
<b>TOTAL</b>	<b>4,126,364</b>

**8. Statutory deposit**

This represents the value of 8 years Pratrakha Sanchaya Patra at cost held with Bangladesh Bank according to the provision of section 7 (i) of Insurance Act (Act IV of 1938) and 7th schedule item 2 (f) of the said Act (section 17 of the Insurance (Amendment) Ordinance, 1984) as detailed below :

	1994 Taka	1993 Taka
90 Nos. 8 years Pratrakha Sanchaya Patra at a face value of Tk 50,000 each:	4,500,000	4,500,000

Confirmation from Bangladesh Bank however has not been received.

**9. 17% Debenture**

This represents investment in participative 17% debentures (redeemable at par by 11 October 1998) of Bangladesh Export Import Company Ltd. as shown below :

	1994 Taka	1993 Taka
1200 debentures (at cost) @ Tk 1331 each	1,597,200	1,998,000

The balance is made up as follows :

Opening balance on 1 January 1994	1,998,000
Less : redeemed during the year	400,800
	<b>1,597,200</b>

**10. Share with Eastern Bank Ltd.**

The company has obtained a total 16,920 number of ordinary shares of Tk 100 each in Eastern Bank Limited against its deposited amount with former BCCI (O) limited in the year 1993.

**11. Agents balance**

This represents agency commission paid in advance as detailed below :

	1994 Taka	1993 Taka
Balance as on 1 January, 1994	1,707,500	124,584
Add : Advance Payment	17,799,875	10,383,488
	19,507,375	10,508,072
Less : Recovery / Adjustment	13,230,452	8,800,572
<b>TOTAL</b>	<b>6,276,923</b>	<b>1,707,500</b>

Class wise Break up of above is as follows :

	1994 Taka	1993 Taka
Marine Cargo	5,898,774	1,605,604
Fire	376,883	91,749
Miscellaneous	1,266	10,147
<b>TOTAL</b>	<b>6,276,923</b>	<b>1,707,500</b>

Individual accounts of the agents are yet to be reconciled and therefore remain unconfirmed.

**12. Outstanding Premium**

The aging of the outstanding premium is detailed below :

CLASS	Up to 1991			1992			1994			TOTAL Taka		
	Premium Taka	G/Tax Taka	S/Duty Taka	Total Taka	Premium Taka	VAT Taka	G/Tax Taka	Total Taka	Premium Taka		VAT Taka	Total Taka
Fire	594,567	29,784	-	624,351	43,300	4,099	1,007	671,757	190,095	31,340	221,435	893,192
Marine Cargo	483,220	25,870	24,812	533,902	-	-	-	533,902	-	-	-	533,902
Marine Hull	12,031	-	-	12,031	-	-	-	12,031	-	-	-	12,031
Motor	111,781	5,652	-	117,433	10,630	28	479	118,130	36,295	14,651	110,216	228,346
Misc.	1,021,250	50,891	-	1,072,141	120,000	-	6,000	1,198,141	111,206	16,773	128,979	1,327,120
<b>TOTAL</b>	<b>2,323,849</b>	<b>56,545</b>	<b>24,812</b>	<b>2,405,107</b>	<b>173,930</b>	<b>4,226</b>	<b>7,486</b>	<b>2,583,543</b>	<b>338,191</b>	<b>62,566</b>	<b>400,757</b>	<b>3,022,861</b>

**Note :**

- i) There was no outstanding business during the year 1993.
- ii) An amount of Tk. 69,840 has subsequently been realized till 28 February 1995.
- iii) Outstanding Premium of Tk. 2,476,858 up to 1991 and Tk. 185,701 for 1992 seem to be doubtful of recovery.

**13. Interest accrued but not due**

This is made up as follows :

	1994 Taka	1993 Taka
Interest on FDR	1,654,377	1,842,415
Interest on PSP	6,256,419	4,998,699
Interest on debenture	61,000	76,307
<b>TOTAL</b>	<b>7,971,796</b>	<b>6,917,421</b>

Interest on debenture due on 11 October 1994 has been accounted gross and received subsequently.

**14. Amount due from other persons or bodies carrying on insurance business**

The break-up is as follows :

	1994 Taka	1993 Taka
Sadharan Bima Corporation (Public Sector)	25,966,738	21,404,122
Pragati Insurance Ltd.	-	204,799
Reliance Insurance Ltd.	62,347	334,971
Central Insurance Co. Ltd.	-	26,399
Eastern Insurance Co. Ltd.	-	18,956
Janata Insurance Co. Ltd.	111,587	37,177
Rupali Insurance Co. Ltd.	49,822	43,138
Bangladesh General Insurance Co. Ltd.	179,648	41,856
Peoples Insurance Co. Ltd.	34,876	93,822
United Insurance Co. Ltd.		