

## REPORT OF AUDIT COMMITTEE



**Md. Aftab Uddin Shah**

The Audit committee of Global Insurance Limited consists of 12 (Twelve) Directors nominated by the Board. Including one Independent Directors in the committee; who is the Chairman of the Committee. The objectives of the committee are to ensure that proper internal controls are enforced to facilitate the smooth functioning of the company's operation. The committee has to convey the report to the Board of Directors directly. During the year under review 4 (Four) meetings of the Audit Committee were held to accomplish the under mentioned jobs:-

1. Review the financial and other system and its reporting procedure.
2. Evaluate whether Management is setting the appropriate compliance culture by communicating the importance of internal control and the Management of Risk and ensure that all employees of the company have understood their roles and responsibilities.
3. Review whether Internal Control strategies recommended by the Board of Directors have been implemented by the Management.
4. Comprehensive inspection program of the Internal Audit & Inspection for the year 2018.
5. Oversee the work of External Auditors, including matter of disagreement between the Management & External Auditors regarding financial reporting.
6. Comprehensive Inspection Reports of different branches conducted by the Internal Audit & Inspection Team from time to time and the status of compliance thereof.
7. Review the Management Audit of Accounts of different branches conducted by Internal Audit Department.
8. Monitor choice of accounting policies and principles and also monitor internal control risk management process.
9. Review along with the management, the quarterly and half yearly and annual financial statements before submission to the board for approval.
10. Review along with the management, review the adequacy of internal audit function, also review statement of significant related party transactions submitted by the management.
11. Review Management Letters/letter of Internal Control weakness issued by statutory auditors.
12. Review reports of litigation and regulatory compliance matters.
13. Identify suspected fraud or irregularity in the internal control system.

During the meeting held on 21st May, 2019 the Audit Committee reviewed and examined the external draft audit reports including the financial statements for the year 2018 and placed the audited accounts with recommendation for the year 2018 before the Board of Directors for their consideration and approval. The Audit Committee is of the opinion that the external audit control and measures are quite enough to present a true and fair picture of performances and financial status of the Company.

**Md. Aftab Uddin Shah**  
Chairman, Audit Committee

# Independent Auditors Report to the Shareholders of Global Insurance Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Global Insurance Limited which comprise the Balance Sheet as at 31 December 2018, the Profit or Loss Account, the Profit and Loss Appropriation Account, the Consolidated Business Revenue Account, the related Revenue Accounts, the Statement of Changes in Equity and the 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, the accompanying financial statements give a true and fair view, in all material respects the Balance Sheet of the Company as at December 31, 2018, and of its financial performance and its Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958 (as applicable), the Insurance Rules as prescribed by Insurance Development and Regulatory Authority, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgments, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not express an opinion on these matters. **Please see Annexure 1**

### Going Concern

The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operation, or has no realistic alternative but to do so. As part of our audit of the financial statements, we have conducted that management's use of the going concern basis of accounting in the preparation of the Company's financial statements is appropriate.



Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements. Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the Company's ability to continue as a going concern.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the all the information in the Annual report other than the financial statements and our auditors' 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 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. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958 (as applicable), 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 the Company'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 the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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 judgement 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.
- 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 the Company'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 the Company 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 auditor's 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.

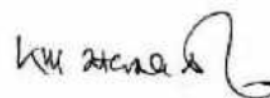


## Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, the Insurance Act 2010, the insurance Rules 1958 (as applicable), 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 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 account, records and other statutory books as required by law have been kept by the Company so far as it appeared from our examinations of those books;
- c) The Company management has followed relevant provisions of laws and rules in managing the affairs of the Company and proper books of account, records and other statutory books have been properly maintained (where applicable) proper returns adequate for the purpose of our audit have been received from branches not visited by us.
- d) As per section 63(2) of the Insurance Act 2010, in our opinion to the best of our knowledge and belief an 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 the Company transacted in Bangladesh during the year under report have been duly debited to the related Revenue Account of the Company as expense;
- e) We report that to the best of our information and as shown by its books, the company during the year under report has not paid any commission in any form, outside Bangladesh in respect of any its business re-insured abroad;
- f) The Balance Sheet, the profit and Loss Account, the Profit and Loss Appropriation Account, the Consolidated Business Revenue Account, the Related Revenue Accounts, the Statement of Changed in Equity and the Statement of Cash Flows of the Company together with the annexed notes dealt with by the report are in agreement with the account and returns; and
- g) The expenditures was incurred for the purpose of the Company's business.

Dated, Dhaka  
27 May 2019



**K.M. Hasan & Co.**  
Chartered Accountants

## Annexure-1

The following key audit matters is for illustrative purposes. This is not an exhaustive list; each individual matter may not be relevant to every engagement. The selection of matters as a key audit matter and the responses to such matters and the risks they pose is a matter of professional judgments by the audit engagement team.

Risk	Our response to the risk
<b>Premium Income</b>	
<p>Gross premium income comprises the total premium received for the whole period of cover provided by contracts entered into 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>With respect to Premium income in respect of various types of insurance we carried out the following procedures:</p> <ul style="list-style-type: none"> <li>▶ 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.</li> <li>▶ Carried out cut-off testing 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 account.</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 re-insurance was done and whether that re-insurance was deducted from the gross premium.</li> <li>▶ Applying specialist judgments ensured if there is any impairment of the reinsurer.</li> <li>▶ Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards, Insurance Act 2010 Insurance Rules, 1958 (as applicable) and other applicable rules and regulations and regulatory guidelines.</li> </ul>

See Consolidated Revenue Account to the financial statements



**Risk****Investment in shares**

Global Insurance Limited made a number of investments in the listed companies. Income generated from the investments (realized gain and dividend received) is credited to the Profit & Loss Account. Unrealized capital gain or loss, if any, is recognised in profit and loss account for the period in which it arises as per the policy of the company.

This item has significant impact on the earnings performance of the company 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 the company.

See note no. 4 to the financial statements

**Our response to the risk**

We tested the design and operating effectiveness of key controls around monitoring, valuation and updating of prices of the positions held by the company from trusted sources. Additionally, we performed the following:

- ▶ Obtained year-end share holding positions from the company and through directional testing assessed the completeness of the report.
- ▶ Ascertained the valuation of the holding.
- ▶ Reviewed the assumptions used for the valuation models for any unquoted securities.
- ▶ Recalculated unrealized gain or loss at the year end.
- ▶ Carried out cut-off testing to ensure unrealized gain or loss was recognized in correct period.
- ▶ Obtained the CDBL report and share portfolio and cross checked against each other to confirm unrealized gain or loss.
- ▶ Check the subsequent positioning of this unrealized amount after the year end.
- ▶ Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards, Insurance Act 2010, Insurance Rules, 1958 (as applicable) and other applicable rules and regulations and regulatory guidelines.

Risk	Our response to the risk
<p><b>Estimated liability in respect of outstanding claims whether due or intimated and claim payment</b></p>	<p>We tested the design and operating effectiveness of controls around the due and intimated claim recording process.</p> <ul style="list-style-type: none"> <li>▶ We additionally carried out the following substantive testing's around this item:</li> <li>▶ Obtained the claim register and tested for completeness of claims recorded in the register on a sample basis.</li> <li>▶ Obtained a sample of claimed policy copy and cross check it with claim .</li> <li>▶ Obtained a sample of survey reports cross checked those against respective ledger balances and in case of discrepancy carried out further investigation.</li> <li>▶ Obtained and discussed with management about their basis for estimation and challenged their assumptions where appropriate.</li> <li>▶ Reviewed the claim committee meeting minutes about decision about impending claims.</li> <li>▶ Tested a sample of claims payments with intimation letter, survey report, bank statement, claim payment register and general ledger.</li> <li>▶ Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards Insurance Act 2010, Insurance Rules, 1958 (as applicable) and other applicable rules and regulations and regulatory guidelines.</li> </ul>

See note no. 15 to the financial statements



**GLOBAL INSURANCE LIMITED**  
Balance Sheet  
As at December 31, 2018

Capital & Liabilities	Notes	2018 Taka	2017 Taka	Property & Assets	Notes	2018 Taka	2017 Taka
<b>Share Capital</b>							
Authorised Capital							
100,000,000 ordinary shares of Tk.10 each		1,000,000,000	1,000,000,000				
Issued, Subscribed & Paid up Capital							
36,781,845 Ordinary Shares of Tk.10 each	11	367,816,450	350,301,380	National Investment Bond	3	25,000,000	25,000,000
				Investments in Shares	4	38,206,382	38,206,382
				Interest receivable	5	270,988	1,391,962
<b>Reserve or Contingency Accounts:</b>							
Reserve for Exceptional Losses		45,135,412	45,135,412	Amounts due from other Persons or-			
General Reserve		4,000,000	4,000,000	Bodies carrying on insurance business	6	148,861,767	113,419,916
Retained Earnings	12	18,345,975	16,113,498				
		67,481,387	65,248,910				
<b>Balances of Funds and Accounts:</b>							
Fire		12,610,800	7,690,209	Sundry Debtors	7	248,784,313	234,336,709
Marine (Cargo)		48,164,272	26,296,589				
Marine (Hull)		271,760	127,785	Advance against Floor purchase	8	15,739,500	15,739,500
Motor		9,762,382	5,669,290	<b>Cash and Bank Balances</b>	9		
Miscellaneous		8,598,074	4,261,717	Cash in hand		9,490,891	6,314,721
		79,407,289	44,045,590	Balance with Banks		25,022,113	16,507,847
Premium Deposit	13	2,221,035	1,300,657	Fixed Deposit with Banks		221,250,000	206,550,000
Loans & Overdraft	14	107,217,275	89,184,641			255,763,004	229,372,558
Deferred Tax Liability	15	2,169,913	1,889,062				
<b>Liabilities and Provisions:</b>				Other Accounts:			
Estimated Liability in respect of outstanding				Fixed Assets (At cost less accum. Depreciation)	10	74,649,310	56,026,154
claims, whether due or intimated	16	47,768,679	46,172,432	Stock of Stationery		827,110	1,088,866
Amounts due to other Persons or Bodies	17	97,875,470	90,784,606	Stamp in Hand		914,700	853,996
carrying on Insurance Business	18	37,059,576	26,508,775			76,391,120	57,969,016
Sundry Creditors		182,703,725	163,465,813				
		809,017,075	715,436,053			809,017,075	715,436,053

The annexed notes 1 to 31 form an integral part of these financial statements.



**Chief Executive Officer**



**Director**



**Director**

Signed in terms of our separate report of even date annexed.



**K. M. Hasan & Co.**  
Chartered Accountants



**Chairman**

Dated, Dhaka  
27 May 2019

# GLOBAL INSURANCE LIMITED

## Profit and Loss Account

For the year ended December 31, 2018

Particulars	Notes	2018	2017	Particulars	Notes	2018 Taka	2017 Taka
Expenses of Management (Not applicable to any particular Fund or Account)				Interest Income (Not applicable to any particular Fund or Account)			
Advertisement & Publicity		590,184	614,937	Dividend Income	22.	14,880,865	15,662,295
Donation & Subscription		194,360	320,000	Provision for Investment in Shares written back		971,955	1,032,481
Audit Fees		516,750	143,750	Office rent Income		829,440	3,636,573
Legal & Professional Fees		690,000	71,250	Profit on Sale of Assets		138,024	1,843,200
Depreciation		5,875,255	2,831,131			<b>16,820,284</b>	<b>23,803,250</b>
Interest on Loan		9,575,380	5,858,749				
Registration Fees		1,635,812	1,221,332	Profit transferred from :			
Directors Fee	21.	1,031,000	990,000	Fire Insurance Revenue Account		(5,317,201)	(5,564,018)
Meeting, Conference & AGM expenses		1,752,807	2,157,688	Marine Insurance Revenue Account		33,962,771	20,597,177
Provision for Investment in Shares		2,386,252	-	Motor Insurance Revenue Account		6,940,115	625,222
Subscription		-	100,000	Misc. Insurance Revenue Account		5,185,785	729,355
		<b>24,229,801</b>	<b>14,308,837</b>			<b>40,771,470</b>	<b>16,387,736</b>
Provision for WPPF and Welfare Fund	25.	1,588,664	1,232,483				
Balance for the period carried to Profit & Loss Appropriation Account		<b>31,773,289</b>	<b>24,649,666</b>			<b>57,591,754</b>	<b>40,190,986</b>
		<b>57,591,754</b>	<b>40,190,986</b>				

The annexed notes 1 to 31 form an integral part of these financial statements.



Chief Executive Officer



Director



Director



Chairman

Signed in terms of our separate report of even date annexed.



K. M. Hasan & Co.  
Chartered Accountants

Dated, Dhaka  
27 May 2019



## GLOBAL INSURANCE LIMITED

### Profit and Loss Appropriation Account For the year ended December 31, 2018

Particulars	Notes	2018 Taka	2017 Taka	Particulars	Notes	2018 Taka	2017 Taka
Provision for Income Tax	24.	11,744,891	9,653,370	Balance brought forward from last year	12.1	(1,401,572)	3,006,264
Deferred Tax expense	15	280,851	1,889,062	Net Profit for the year brought down		31,773,289	24,649,666
Reserve for exceptional Loss		-	-			<u>30,371,717</u>	<u>27,655,930</u>
Balance transferred to the Balance sheet		18,345,975	16,113,498				
		<u>30,371,717</u>	<u>27,655,930</u>				
Earning per share( 2017 Restated)	23.	0.54	0.36				

The annexed notes 1 to 31 form an integral part of these financial statements.



Chief Executive Officer



Director



Director



Chairman

Signed in terms of our separate report of even date annexed.

Dated, Dhaka  
27 May 2019



K. M. Hasan & Co.  
Chartered Accountants

**GLOBAL INSURANCE LIMITED**  
**Consolidated Business Revenue Account**  
For the year ended December 31, 2018

Particulars	Notes	2018 Taka	2017 Taka	Particulars	Notes	2018 Taka	2017 Taka
<b>Claims under policies less Re-insurances</b>				<b>Balance of account at the beginning of the year</b>		44,045,590	43,295,829
Paid during the year		8,880,044	10,024,848	Premium less Re-insurances	19.	198,110,583	109,922,297
Add : Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		47,768,679	46,172,432	Commission on Re-insurances		22,234,313	14,840,490
Less: Claims outstanding at the end of the previous year		56,648,723	56,197,280				
		46,172,432	41,012,941				
		<b>10,476,291</b>	<b>15,184,339</b>			<b>264,390,486</b>	<b>168,058,616</b>
Expenses of Management	20.	83,794,846	64,669,271				
Agent Commission		49,940,590	27,771,680				
Profit transferred to profit & loss account		40,771,470	16,387,736				
<b>Balance of account at the end of the year as shown in the balance sheet:</b>							
Reserve for unexpired risks being 100% for Marine Hull & 40% for other net premium income of the year		79,407,289	44,045,590				
		<b>264,390,486</b>	<b>168,058,616</b>				

The annexed notes 1 to 31 form an integral part of these financial statements.



**Chief Executive Officer**



**Director**



**Director**



**Chairman**

Signed in terms of our separate report of even date annexed.



**K. M. Hasan & Co.**  
Chartered Accountants

Dated, Dhaka  
27 May 2019



**GLOBAL INSURANCE LIMITED**  
**Fire Insurance Revenue Account**  
For the year ended December 31, 2018

Particulars	Notes	2018 Taka	2017 Taka	Particulars	Notes	2018 Taka	2017 Taka
<b>Claims under policies less Re-insurances</b>				<b>Balance of account at the beginning of the year</b>		7,690,209	5,589,314
Paid during the year		1,990,616	1,286,048	<b>Premium less Re-insurances</b>	19.	31,527,001	19,225,522
Add : Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		25,318,713	28,660,275	<b>Commission on Re-insurances</b>		11,313,150	5,653,065
Less: Claims outstanding at the end of the previous year		27,309,329	29,946,323				
		28,660,275	29,762,929				
		(1,350,946)	183,394				
Agent Commission		17,879,040	9,463,897				
Expenses of management	20.	26,708,667	18,694,419				
Profit transferred to profit & loss account		(5,317,201)	(5,564,018)				
<b>Balance of account at the end of the year as shown in the balance sheet:</b>							
Reserve for unexpired risks being 40% of net premium income of the year		12,610,800	7,690,209				
		<b>50,530,360</b>	<b>30,467,901</b>			<b>50,530,360</b>	<b>30,467,901</b>

The annexed notes 1 to 31 form an integral part of these financial statements.



**Chief Executive Officer**



**Director**



**Director**



**Chairman**

Signed in terms of our separate report of even date annexed.



**K. M. Hasan & Co.**  
Chartered Accountants

Dated, Dhaka  
27 May 2019

**GLOBAL INSURANCE LIMITED**  
**Marine Insurance Revenue Account**  
For the year ended December 31, 2018

Particulars	Notes	2018 Taka	2017 Taka	Particulars	Notes	2018 Taka	2017 Taka
<b>Claims under policies less Re-insurances</b>							
Paid during the year				Balance of account at the beginning of the year		26,424,374	28,162,522
Add : Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		2,496,095	6,845,277	Premium less Re-insurances	19.	120,682,441	65,869,257
		18,731,430	11,743,157	Commission on Re-insurances		4,528,146	4,675,306
Less: Claims outstanding at the end of the previous year		21,227,525	18,588,434				
		11,743,157	8,413,178				
		<b>9,484,368</b>	<b>10,175,256</b>				
Agent Commission		23,745,021	13,048,987				
Expenses of management	20.	36,006,768	28,461,292				
Profit transferred to profit & loss account		33,962,771	20,597,177				
<b>Balance of account at the end of the year as shown in the balance sheet:</b>							
Reserve for unexpired risks being 40% of net premium income on marine cargo and 100% of net premium income on marine hull of the year:							
Cargo		48,164,272	26,296,589				
Hull		271,760	127,785				
		48,436,032	26,424,374				
		<b>151,634,961</b>	<b>98,707,085</b>			<b>151,634,961</b>	<b>98,707,085</b>

The annexed notes 1 to 31 form an integral part of these financial statements.



**Chief Executive Officer**



**Director**



**Director**



**Chairman**

Signed in terms of our separate report of even date annexed.



**K. M. Hasan & Co.**  
Chartered Accountants

Dated, Dhaka  
27 May 2019



**GLOBAL INSURANCE LIMITED**  
**Miscellaneous Insurance Revenue Account**  
**For the year ended December 31, 2018**

Particulars	Notes	2018 Taka		2017 Taka	
		Motor	Misc	Total	Total
<b>Claims under policies less Re-insurances</b>					
Paid during the year		3,956,720	436,613	4,393,333	1,893,523
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated		3,498,536	220,000	3,718,536	5,769,000
Less: Claims outstanding at the end of the previous year		7,455,256	656,613	8,111,869	7,662,523
		5,652,000	117,000	5,769,000	2,836,834
Agent Commission		1,803,256	539,613	2,342,869	4,825,689
Expenses of management		4,512,949	3,803,580	8,316,529	5,258,797
Profit transferred to profit & loss account	20.	7,399,344	13,680,066	21,079,410	17,513,560
		6,940,115	5,185,785	12,125,901	1,354,577
<b>Balance of account at the end of the year as shown in the balance sheet:</b>					
Reserve for unexpired risks being 40% of net premium income of the year		9,762,382	8,598,074	18,360,456	9,931,007
		30,418,047	31,807,118	62,225,165	38,883,630

The annexed notes 1 to 31 form an integral part of these financial statements.



Chief Executive Officer



Director



Director



Chairman

Dated, Dhaka  
27 May 2019

  
K. M. Hasan & Co.  
Chartered Accountants

**GLOBAL INSURANCE LIMITED**  
**Statement of Changes in Equity**  
For the year ended December 31, 2018

Amount in Taka

Particulars	Share Capital	Reserve for Exceptional Losses	General Reserve	Retained Earnings	Total
<b>Balance as at 01.01.2018</b>	<b>350,301,380</b>	<b>45,135,412</b>	<b>4,000,000</b>	<b>16,113,498</b>	<b>415,550,290</b>
Stock Dividend for 2017	17,515,070	-	-	(17,515,070)	-
Net Profit after tax	-	-	-	19,747,547	19,747,547
Reserve for Exceptional Loss	-	-	-	-	-
<b>Balance as at 31.12.2018</b>	<b>367,816,450</b>	<b>45,135,412</b>	<b>4,000,000</b>	<b>18,345,974</b>	<b>435,297,837</b>
<b>Balance as at 01.01.2017</b>	<b>327,384,464</b>	<b>45,135,412</b>	<b>4,000,000</b>	<b>25,923,180</b>	<b>402,443,056</b>
Stock Dividend for 2016	22,916,916	-	-	(22,916,916)	-
Net Profit after tax	-	-	-	13,107,234 *	13,107,234
Reserve for Exceptional Loss	-	-	-	-	-
<b>Balance as at 31.12.2017</b>	<b>350,301,380</b>	<b>45,135,412</b>	<b>4,000,000</b>	<b>16,113,498</b>	<b>415,550,290</b>

\* See note no. 12.2



Chief Executive Officer



Director



Director



Chairman

Signed in terms of our separate report of even date annexed.

Dated, Dhaka  
27 May 2019

  
**K. M. Hasan & Co.**  
Chartered Accountants



## GLOBAL INSURANCE LIMITED

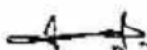
## Statement of Cash Flows

For the year ended 31st December, 2018

	2018 <u>Taka</u>	2017 <u>Taka</u>
<b>A) Cash flow from operating activities</b>		
Premium Collection & other Receipts	389,934,398	240,977,542
Payments of Magt. Exp., Commission, Ri-Ins & Claim .	(339,761,009)	(218,467,711)
Income tax paid and deducted at source	(7,879,819)	(34,758,899)
<b>Net Cash used in operating activities</b>	<b>42,293,570</b>	<b>(12,249,068)</b>
<b>B) Cash flow from investing activities:</b>		
Acquisition of fixed assets	(24,883,324)	(607,711)
Disposal of fixed assets	522,936	4,125,231
<b>Net Cash Provided from Investing activities</b>	<b>(24,360,388)</b>	<b>3,517,520</b>
<b>C) Cash flow from financing activities:</b>		
SOD loan	9,034,847	(22,825,058)
IDLC Loan	6,900,920	-
Margin loan	2,096,868	(593,167)
Interest on SOD Loan	(9,575,380)	(5,858,749)
<b>Net Cash (used in)/ Financing activities</b>	<b>8,457,254</b>	<b>(29,276,974)</b>
<b>D) Net increase/(Decrease) in Cash &amp; Bank balances for the year :( A+B+C )</b>	<b>26,390,436</b>	<b>(38,008,522)</b>
<b>E) Opening Cash and Bank balances</b>	<b>229,372,568</b>	<b>267,381,090</b>
<b>F) Closing Cash and Bank balances ( D+E)</b>	<b>255,763,004</b>	<b>229,372,568</b>



Chief Executive Officer



Director



Director



Chairman

Dated, Dhaka  
27 May 2019

**GLOBAL INSURANCE LIMITED****Notes to the Financial Statements**As at & for the year ended December 31, 2018**1. INTRODUCTION:****1.01 Legal Status:**

**GLOBAL INSURANCE LIMITED** was incorporated as a public limited company in Bangladesh on April 23, 2000 under the Companies Act, 1994 and commenced its operation as per insurance Act, 2010. The certificate of commencement of business was obtained from the Registrar of Joint Stock Companies, Bangladesh. The Company is listed in Dhaka Stock Exchange as a Publicly Traded Company.

**1.02 Address of Registered Office and Principal Place of Business :**

The registered office of the Company is situated in Bangladesh. Its principal business office is located at Al-Razi Complex (12th Floor), 166-167, Shahid Syed Nazrul Islam Sarani, Purana Paltan, Dhaka-1000, Bangladesh. The operation of the Company is being carried out through its 45 branches located in Bangladesh.

**1.03 Principal Activities of the Company:**

The Principal object of the company is to carry out all kinds of insurance, guarantee and indemnity business other than life insurance business.

**2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER RELEVANT INFORMATION:**

**2.01** The Company has adopted relevant International Accounting Standards (IASs) as were adopted in Bangladesh under the title International Accounting Standard (IAS) with reference to disclosures of accounting policies and notes to the financial statements.

**2.02 Basis of Accounting:**

The Financial Statements have been prepared on the basis of going-concern concept under historical cost convention in accordance with International Financial Reporting Standards (IFRSs).

**2.03 Basis of Presentation:**

The balance sheet has been prepared in accordance with the regulations as contained in part of the First Schedule and as per Form 'A' as set forth in part II of that Schedule and the revenue account of each class of general insurance business has been prepared in accordance with the regulations as contained in part I of the Third Schedule and as per Form 'F' as set forth in part II of that Schedule of the Insurance Act, 2010. The Classified summary of the assets is prepared in accordance with Form "AA" of part II of the First Schedule of the said act

**2.04 Going Concern:**

The financial statements of the entity have been prepared by the management considering the entity as a going concern and the entity is optimistic to continue its business operation for the foreseeable future.

**2.05 Branch Accounting:**

The Company has 45 branches without having any overseas branch up to the year end December 31, 2018. The financial statements of branches are maintained at the Head office level. Only Petty cash books are maintained at the branch for meeting day to day expenses. During 2018 through the operation of 46 offices (Including Head Office) the gross premium income earned by the Company was to Tk. 399,786,306 including Public Sector business of Tk 66,849,038 after ceding for re-insurance premium, the net premium for the year amounted to Tk 198,110,583 and after charging direct expenses there from the net underwriting profit stood at Tk 40,771,470.



**2.06 Statement of Cash Flows:**

Statement of Cash Flows is prepared in accordance with IAS 7 'Statement of Cash Flows', the Statement of Cash Flows shows the structure of and changes in cash and cash equivalents during the financial year. Cash and Cash equivalents include notes and coins on hand, unrestricted balance held with the commercial banks. It is broken down into operating activities, investing activities and financing activities. The direct method is used to show the operating activities. According to IAS 7 'Statement of Cash Flows', Cash comprises cash in hand and cash equivalents are short term, highly liquid investment that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Considering the provisions of IAS 7 and IAS 1, cash in hand, fixed deposits and bank balances have been considered as cash and cash equivalents.

**2.07 Fixed Assets:**

Fixed Assets are stated at cost less accumulated depreciation as per IAS-16 'Property, Plant & Equipment', the cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use inclusive of inward freight, duties, interest and non refundable taxes.

**2.08 Depreciation on Fixed Assets:**

Depreciation on Tangible Fixed Assets are charged on diminishing balance method at rates varying from 2.5% to 30% depending on the estimated useful life of the Assets. Depreciation on additions to Fixed Assets are charged from the date of acquisition and no depreciation is charged in the year of disposal of assets. Gain or loss arising on the disposal or the retirement of asset is determined as the difference between the sale proceeds and the carrying amount of the asset and recognised in the profit and loss account.

**2.09 Impairment of Assets:**

As required by IAS-36 'Impairment of Assets' the company carried out an impairment test at the end of reporting period to ascertain impairment loss relating to an asset to recognise and disclose the same in the financial statements. But no impairment loss has been arisen in such test to recognise in the financial statements.

**2.10 Public Sector Business:**

The Company's share of Public Sector business for 4 quarters for the period from 1st July, 2017 to 30th June, 2018 received from Sadharan Bima Corporation and other insurance companies has been incorporated in the Company's account for the year ended 31st December, 2018. This system of accounting of public sector business is being followed consistently.

**2.11 Statement of Changes in Equity:**

The statement of changes in equity is prepared in accordance with IAS 1 'Presentation of Financial Statements'.

**2.12 Revenue Recognition:**

The revenue is recognized after satisfying the relevant condition for revenue recognition as provided in IFRS 15 'Revenue from contracts with customers' in compliance with IFRS 4 'Insurance Contracts'. Detailed income wise policy for revenue recognition is given as under:

**a) Premium Income:**

The total amount of premium earned on various classes of insurance business underwritten during the year, the gross amount of premium earned against various policies, the amount of re-insurance premium due to Sadharan Bima Corporation, the amount of re-insurance commission earned and 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 and while preparing the final statements of accounts, the effect of re-insurance accepted and re-insurance ceded as well as the effect of total estimated liabilities in respect of outstanding claims at the end of the year whether due or intimated have also been duly reflected in the accounts in order to arrive at the net underwriting profit for the year.

**b) Interest on Statutory and other Investments:**

Interest accrued on statutory investment of Tk.250 lac lying with Bangladesh Bank in the form of National Investment Bond (NIB) and interest received from banks on STD and FDR accounts have been duly credited to the Profit and Loss Account.

**c) Gain or Loss on sale of Shares**

Gain or Loss on sale of shares and dividend income during the year have been shown in the Profit and Loss Account and the tax relief as well as the concession rate of tax as availed under the existing income tax law have been given effect in the financial statements.

**2.13 Management Expenses:**

Management expenses as charged to Revenue Accounts amount of Tk. 83,794,846 is approximately 20.95% of gross premium of Tk. 399,786,306. The expenses have been apportioned 32.03% to Fire, 43.58% to Marine, 8.15% to Motor and 16.24% to Miscellaneous business as per management decision.

**2.14 Risk Analysis:**

Risk analysis for insurance business is difficult to estimate the uncertainty in taking and managing the risk by chronological identification of unascertained risk, mitigating approach of risk and continuing efforts to equate the risk at reasonable level. This, inter alia, includes :

**a) Insurance Product Risk:**

In non-life insurance business, the product selection is one of the important factors for the company. Product with less uncertainty with lower cost can facilitate to secure more risk coverage. Accordingly, high risk is more relate to the capital strength and credit rating of the company. Necessary provision for un-expired risk @ 40% of net premium income on all business except marine Hull Insurance for which provision have been made @ 100% on net premium income.

**b) Operational Risk:**

This is in association of all departmental effort within the company to ensure the sufficient coverage for the uncertainty of particular policy selection. It varies in accordance with the nature of products offered to the insured. Guideline for selection of offered product and monitoring the same are effective when fencing the risk at the level of estimate.

**c) Strategic Market Risk:**

This indicates to identify and quantify the inherent risk of the products for the insured in competitive market. Product with low risk should be encouraged to minimize risk.

**d) Underwriting Risk:**

This is involved in loss events coverable under contract or agreement with the insured and the volume or size of the coverable loss. It relates to selection, pricing, monitoring and technical provision. However, risk with excessive volume is jointly share by two or more insurers. In such circumstances, non-life insurance business with different products has been carried out with approved guideline.

**e) Reinsurance Risk:**

Reinsurance has an influence basing the capital strength and rating aspects. Treaty limit is outline by the amount of risk, which can be ceded to other re-insurance. It depends on the nature of risk to be taken by the company. As such, technical provision has been estimated by way of covering the reasonable and probable obligations with respect to claims for known or un-known uncertainty.

**f) Investment Risk:**

This relates to market, credit and liquidity of the company and as such, investments consist of assets covering the technical provisions and shareholders' equity. Accordingly, investment plan has been designed in such manner to accommodate inherent risk.



**(g) Liquidity Risk:**

This indicates to pay the claim on demand and the company needs to liquidate or convert assets to meet the obligation as and when arise.

**(h) Credit Risk:**

The company follows IDRA instructions with respect to issuing of policies, that is, policies were not issued on credit.

**(i) Default Risk:**

This indicates default in paying off the claims on demand when third party involved in such approach. At the time, the company needs to have sufficient liquidity to pay off the claims on demand and to fulfil the contractual obligation.

**(j) Legal and Regulatory Risk:**

There is legal and regulatory obligation to follow and abide by the restricted rules and regulation in carrying out the business, which do not conform to the competitive market for procuring business. As such, non-compliance to rules and regulation may invite risk to the employment of the company.

**2.15 Provision for Unexpired Risks:**

Before arriving at the surplus of each class of business necessary provision for un-expired risk have been created at the rate of 40% on all business except on Marine Hull business for which the provision was made @ 100% of the total net premium for the year 2018.

**2.16 Provision for Income Tax:**

Provision for Income Tax have been made as per Income Tax Ordinance 1984 on taxable income of the company.

**2.17 Deferred Tax**

The company has recognised deferred tax as per IAS-12 'Income Taxes'. Accordingly, deferred tax liability/assets is accounted for all temporary differences arising between the tax base of the assets and liabilities and their carrying value for financial reporting purpose. Deferred tax is computed at the applicable tax rate on the company.

**2.18 Reserve for Exceptional Loss:**

There was no provision taken for Reserve for Exceptional Losses during this year.

**2.19 General Reserve:**

The Company creates a general reserve from the year 2007 for an amount of Tk. 4,000,000 on profit to meet future contingency.

**2.20 Employees Benefit:**

The Company operates a contributory provident fund for its permanent employees from the year 2008 which is approved by the National Board of Revenue. The fund is administered by a board of trustees and funded by equal contribution from the company and the employees. The fund is invested separately from the company's assets.

**2.21 Earning per Share (EPS):**

The company has calculated earning per share (EPS) in accordance with IAS-33 as adopted by ICAB 'Earning per Share' which has been shown on the face of the Profit and Loss Account and the computation of EPS is stated in Note no. 22.

**a) Basic Earnings:**

This represents earnings for the year attributable to ordinary shareholders. As there was no preference dividend, minority interest or extra ordinary items, the net profit after tax for the year has been considered as fully attributable to the ordinary shareholders.

**b) Basic Earnings per Share:**

This has been calculated by dividing the basic earning by the weighted average number of ordinary shares outstanding during the year.

**2.22 Outstanding Premium:**

The outstanding premium appearing in the accounts represents only the amount which relates to the accounting period in the form of cash and cheques in hand and in line with the system followed by the company.

**2.23 Going Concern:**

The financial statements of the entity have been prepared by the management considering the entity as a going concern and the entity is optimistic to continue its business operation for the foreseeable future.

**2.24 Use of Estimate:**

Preparation of financial statements in conformity with International Accounting Standards (IASs) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities if any at the date of the financial statements, and revenues and expenses during the year reported. Actual result could differ from those estimates. Estimates are used in accounting for certain items such as depreciation, outstanding claims, taxes, reserves etc.

**2.25 Basis of Recognition of Income in Respect of Premium Deposits:**

Amounts received against Cover notes, which have not been converted into policy are recognised as Income before the Cover notes and are converted into policy on expiry of period not exceeding six months in accordance with the Controller of Insurance Circular.

**2.26 Investment in Shares:**

Investment in shares is measured at fair value and any change in the fair value is recognised in the profit and loss account for the period in which it arises.

**2.27 Components of the Financial Statements:**

Following the IAS-1 'Presentation of Financial Statements', the company's complete set of

- a) Statement of Financial position (Balance Sheet) as at December 31, 2018.
- b) Profit and Loss Account for the year ended December 31, 2018.
- c) Profit and Loss Appropriation Account for the year ended December 31, 2018.
- d) Statement of Comprehensive Income for the year ended December 31, 2018.
- e) Revenue Accounts for specific class of business for the year December 31, 2018.
- f) Statement of Changes in Equity for the year ended December 31, 2018.
- g) Statement of Cash Flows for the year ended December 31, 2018.
- h) Notes to the financial statements and significant accounting policies as at & for the year ended December 31, 2018.

**2.28 General:**

- a) Financial Statements of the Company cover from January 01, 2018 to December 31, 2018.
- b) Figures in the financial statements are presented in Bangladeshi Taka which is the companies functional and presentational currency.
- c) Figures have been rounded off to the nearest Taka.
- d) Previous year's figures have been rearranged whenever considered necessary to ensure comparability with the current year.
- e) No assets has been set off against any liability except Advance Income Tax



## 3. NATIONAL INVESTMENT BOND:

Durations	Issue date	Maturity date	Bank name	Rate (%)	2018 Taka	2017 Taka
10 Years	16.07.2014	16.07.2024	Prime Bank Ltd.	11.59	9,000,000	9,000,000
10 Years	13.03.2013	13.03.2023	Mercantile Bank Ltd.	12.10	16,000,000	16,000,000
					<u>25,000,000</u>	<u>25,000,000</u>

The amount represents investment in National Investment Bond against statutory deposit under Insurance Act.

## 4. INVESTMENTS IN SHARES

				2018 Taka	2017 Taka
				<u>38,206,382</u>	<u>38,206,382</u>
Name of the Company	No of Share	Average Cost Price per share	Total Cost	Market Price per share as on 31.12.2018	Total Market value as at 31.12.2018
Fareast life Insurance Ltd	71,368	79.72	5,689,175	63.20	4,510,458
Green Delta Mutual Fund	500,000	10.00	5,000,000	7.50	3,750,000
MBL 1st mutual fund	250,000	10.00	2,500,000	7.20	1,800,000
Meghna life Insurance Ltd	22,411	179.79	4,029,276	77.90	1,745,817
Padma Oil Ltd	11,200	341.42	3,823,925	225.20	2,522,240
Pubali Bank Ltd.	68,315	55.40	3,784,520	26.00	1,776,190
S Alam Steel Ltd.	108,900	77.11	8,396,956	28.20	3,070,980
Shinepukur Ceramics Ltd	40,807	66.01	2,693,784	14.00	571,298
Summit Power Ltd.	48,760	46.94	2,288,748	39.40	1,921,144
	<u>1,121,761</u>		<u>38,206,382</u>		<u>21,668,127</u>

## 5. INTEREST RECEIVABLE

Opening Balance	1,391,962	1,080,772
Add: Interest income during the year	14,880,865	15,662,295
	<u>16,272,827</u>	<u>16,743,067</u>
Less: Interest received during the year	16,001,839	15,351,105
Closing balance	<u>270,988</u>	<u>1,391,962</u>

## 6. AMOUNTS DUE FROM OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS

These represent the amount receivable from insurance companies on account of co-insurance premium and claim as at December 31, 2018.

Amount due from Shadharon Bima Corporation & other Insurance Companies:

Opening Balance	113,419,916	86,534,419
Add: Receivable from SBC against PSB	11,528,237	9,950,394
Add: Receivable from SBC against Claim	30,400,701	16,935,103
	<u>155,348,854</u>	<u>113,419,916</u>
Less: Adjustment with SBC Account	6,487,087	-
Closing Balance	<u>148,861,767</u>	<u>113,419,916</u>



**7. SUNDRY DEBTORS**

	<b>2018</b>	<b>2017</b>
	<b>Taka</b>	<b>Taka</b>
Advance against office rent	4,867,872	2,109,856
Advance against other parties	1,109,500	110,000
Deposit clearing A/C	42,029,820	19,719,354
Advance against salary	342,750	894,398
Collection control A/C (Note-7.1)	197,902,001	209,281,771
Advance for automation	1,933,330	1,933,330
Rent receivable	599,040	288,000
	<b>248,784,313</b>	<b>234,336,709</b>

All Sundry debtors are considered good and realisable.

**7.1 Collection control A/C**

Opening balance	209,281,771	209,808,657
Add: Addition during the year	-	-
	209,281,771	209,808,657
Less: Transferred to deposit clearing account	11,379,770	526,886
Closing balance	<b>197,902,001</b>	<b>209,281,771</b>

**8. ADVANCE AGAINST FLOOR PURCHASE**

3,939 sft at Central Plaza (7th floor), Mirpur	<b>15,739,500</b>	<b>15,739,500</b>
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Global Insurance Limited executed a Deed of Agreement with Hasan Holdings Ltd.(3rd floor) 52/1, New Eskaton Road, Dhaka-1000 on 14.12.2009 for the purchase of 3,939 sft. Floor Space 7th floor at the Central Plaza at Mirpur, at total price of tk 15,739,500, the entire amount has been paid up to 31.12.2010. The registration of the above floor purchase is under process and the amount will be capitalised on completion of registration.

**9. CASH & BANK BALANCES**

Cash in hand:

Head office	2,115,976	302,141
Branch offices	7,374,915	6,012,580
	9,490,891	6,314,721

Cash at Bank:

In short term deposit account	25,019,406	16,504,218
In Current deposit	2,707	3,629
	25,022,113	16,507,847
Fixed Deposit with Banks (Note-9.1)	221,250,000	206,550,000
	246,272,113	223,057,847
	<b>255,763,004</b>	<b>229,372,568</b>

**9.1** The total amount of Fixed Deposit with banks (Note-14) included FDR's amounting to TK 99,150,000 pledged as collateral for obtaining SOD loan from banks.

## 10. FIXED ASSETS

Amount in Taka

Particulars	Cost			Rate (%)	Depreciation			Written Down Value as at 31.12.2018
	Balance as at 01.01.2018	Addition during the year	Adjustment during the year		Balance as at 01.01.2018	Charged during the year	Adjustment during the year	
Office Space	50,327,720	-	-	2.5	8,169,285	1,053,961	-	41,104,474
Furniture & Fixture	4,759,981	1,158,889	-	10	3,065,930	220,495	-	2,632,445
Motor Vehicles	28,135,088	20,023,135	1,477,557	20	20,914,123	3,189,603	1,092,645	23,669,585
Office Decoration	12,448,100	507,629	-	20	9,710,591	604,042	-	2,641,096
Computer	4,111,586	1,380,279	-	30	3,702,939	395,873	-	1,393,053
Air Conditioner	1,913,906	557,264	-	15	1,421,433	134,407	-	915,330
Office Equipment	4,559,282	1,256,128	-	15	3,245,208	276,875	-	2,293,327
<b>Total as at 31-12-2018</b>	<b>106,255,663</b>	<b>24,883,324</b>	<b>1,477,557</b>		<b>50,229,509</b>	<b>5,875,255</b>	<b>1,092,645</b>	<b>74,649,310</b>
<b>Total as at 31-12-2017</b>	<b>113,319,165</b>	<b>607,711</b>	<b>7,671,213</b>		<b>52,573,063</b>	<b>2,831,131</b>	<b>5,174,683</b>	<b>56,026,154</b>

**11. SHARE CAPITAL**

Authorised capital:

100,000,000 Ordinary shares of Tk. 10 each

2018 Taka	2017 Taka
<b>1,000,000,000</b>	<b>1,000,000,000</b>

Issued, subscribed and paid-up capital

36,781,645 Ordinary shares of Tk. 10 each

<b>367,816,450</b>	<b>350,301,380</b>
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The Category-wise share holding position as on 31 December, 2018 is as under:

Category of Shareholders	No. of Shares	(%) of Holding	Amount in Taka
Sponsor & Director (Group-A)	10,544,401	28.67	105,444,010
Financial & Other Institution (Group-B)	12,285,193	33.41	122,851,930
General Public (Group-B)	13,952,051	37.93	139,520,510
<b>Total</b>	<b>36,781,645</b>	<b>100</b>	<b>367,816,450</b>

Classification of Shareholders as per share holdings:

**Group-A**

S/N	Class Interval	No. of Shares	No. of Shareholders	Share Holdings (%)	(%) of Total Paid up Capital
1	01-500	-	-	-	-
2	501-5,000	-	-	-	-
3	5,001-10,000	7,766	1	0.07	0.02%
4	10,001-20,000	-	-	-	-
5	20,001-30,000	-	-	-	-
6	30,001-40,000	-	-	-	-
7	40,001-50,000	-	-	-	-
8	50,001-100,000	-	-	-	-
9	100,001-1,000,000	8,195,990	11	77.73	22.28%
10	1,000,001-Over	2,340,645	2	22.20	6.36%
	<b>Total</b>	<b>10,544,401</b>	<b>14</b>	<b>100</b>	<b>28.67%</b>

Classification of Shareholders as per share holdings:

**Group-B**

S/N	Class Interval	No. of Shares	No. of Shareholders	Share Holdings (%)	(%) of Total paid up capital
1	01-500	177,588	1231	0.68	0.48%
2	501-5,000	2,481,548	1483	9.46	6.75%
3	5,001-10,000	1,379,088	193	5.26	3.75%
4	10,001-20,000	1,397,243	99	5.33	3.80%
5	20,001-30,000	789,070	32	3.01	2.15%
6	30,001-40,000	314,104	9	1.20	0.85%
7	40,001-50,000	369,617	8	1.00	1.00%
8	50,001-100,000	1,753,192	23	6.68	4.77%
9	100,001-1,000,000	8,245,667	22	31.43	22.42%
10	1,000,001-Over	9,330,127	3	35.56	25.37%
	<b>Total</b>	<b>26,237,244</b>	<b>3103</b>	<b>100.00</b>	<b>71.33%</b>
	<b>GRAND-Total</b>	<b>36,781,645</b>	<b>3117</b>		<b>100.00%</b>

**12. RETAINED EARNINGS**

Balance brought forward from last year (Note 12.1)

(1,401,572) 3,006,264

Add: Net profit after tax during the year (Note 12.2)

19,747,547 13,107,234

18,345,975 16,113,498

Less: Reserve for exceptional losses

- -

**18,345,975 16,113,498**



**12.1 BALANCE BROUGHT FORWARD FROM LAST YEAR**

	2018	2017
Net profit before dividend	16,113,498	25,923,180
Less: Dividend paid	17,515,070	22,916,916
	<b>(1,401,572)</b>	<b>3,006,264</b>

**12.2 NET PROFIT AFTER TAX**

Reported net profit after tax		14,996,296
Less: Adjustment for deferred tax expense		1,889,062
Restated Net Profit after tax		<b>13,107,234</b>
	<b>2,221,035</b>	<b>1,300,657</b>

**13. PREMIUM DEPOSIT**

The amount represents the un-adjusted balance of premium as received against cover notes over the years for which policies have not been issued within December 31, 2018.

**14. LOANS AND OVERDRAFT**

SOD Loan from Banks (Note 14.1)	79,779,213	70,744,367
IDLC Loan	6,900,920	-
Margin Loan from Mercantile Bank Securities Ltd.	20,537,142	18,440,274
	<b>107,217,275</b>	<b>89,184,641</b>

**14.1 SOD Loan (UCBL, Bijoy Nagar Branch),(EXIM Bank, Paltan Branch) and (MBL, Bijoy Nagar Branch)**

United Commercial Bank Ltd, A/c no-107174800037	9,725,944	6,775,371
United Commercial Bank Ltd, A/c no-107174800028	24,968,261	21,427,488
United Commercial Bank Ltd, A/c no-107174800039	23,066,494	22,845,575
SOD Loan(Exim Bank, Paltan Branch) A/C 1000635876	1,939,034	-
Mercantile Bank Limited, A/c no-11337150448835	20,079,480	19,695,933
	<b>79,779,213</b>	<b>70,744,367</b>

Above loan facilities have been obtained from UCBL, EXIM and MBL with the following terms and conditions:

- SOD loan account no-107174800000037:-** SOD Limit of Tk. 100.00 Lac have been obtained from United Commercial Bank Ltd.(UCBL) Bijoy Nagar Branch against security of lien FDR valuing Tk.115 lac. Rate of Interest 2% of above FDR .
- SOD loan account no-1071748000000028:-** SOD Limit of Tk. 250.00 Lac have been obtained from United Commercial Bank Ltd.(UCBL) Bijoy Nagar Branch against security of lien FDR valuing Tk.312.50 lac. Rate of Interest 2% of above FDR .
- SOD loan account no-1071748000000039:-** SOD Limit of Tk. 230.00 Lac have been obtained from United Commercial Bank Ltd.(UCBL) Bijoy Nagar Branch against security of lien FDR valuing Tk.289.00 lac. Rate of Interest 2% of above FDR .
- SOD loan account no-1000635876:-** SOD Limit of Tk. 19.00 Lac have been obtained from EXIM Bank Ltd. Paltan Branch against security of lien FDR valuing Tk. 22.00 lac. Rate of Interest 1.75% of above
- SOD loan account no-113371504458835:-** SOD Limit of Tk. 200.00 Lac have been obtained from Mercantile Bank Ltd.(MBL) Bijoy Nagar Branch against security of lien FDR valuing Tk.253.00 lac. Rate of Interest 2% of above FDR .

**15. DEFERRED TAX LIABILITY**

Opening Balance as on 1st January	1,889,062	-
Add: Provision made during the year	280,851	1,889,062
	<b>2,169,913</b>	<b>1,889,062</b>
Less: Adjustment during the year	-	-
Closing Balance as on 31 December	<b>2,169,913</b>	<b>1,889,062</b>

**16. ESTIMATED LIABILITY IN RESPECT OF OUTSTANDING CLAIMS WHETHER DUE OR INTIMATED**

	<b>2018</b>	<b>2017</b>
Fire	25,318,713	28,660,275
Marine (Cargo)	18,731,430	11,743,157
Miscellaneous (Motor)	3,498,536	5,652,000
Miscellaneous	220,000	117,000
	<b>47,768,679</b>	<b>46,172,432</b>

**17. AMOUNTS DUE TO OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS**

Shadharan Bima Corporation and other Insurance Companies (Note-17.1)	<b>97,875,470</b>	<b>90,784,606</b>
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**17.1 SHADHARAN BIMA CORPORATION AND OTHER COMPANIES**

Opening balance	90,784,606	74,006,121
Add: Ceded in this year	42,074,433	39,726,031
	132,859,039	113,732,152
Less: Paid in this year	28,496,481	22,947,546
Less: Adjustment with PSB	6,487,087	-
Closing Balance	<b>97,875,470</b>	<b>90,784,606</b>

**18. SUNDRY CREDITORS**

Provision for office rent	98,666	58,260
Provision for audit fee	516,750	143,750
Provision for Utility and Telephone Bills	122,446	58,008
VAT deducted at source	121,696	138,464
Salary income tax payable	40,000	16,900
Income tax deduction (Office rent)	29,830	20,843
Security deposit against office rent	800,536	800,536
I.T. deduction at source	239,260	119,233
GIL foundation	5,000	5,000
Share application money refundable	815,242	799,674
Provision on investment in shares (Note-18.1)	16,538,256	14,150,004
Provision for employees Contribution( P.F)	3,748,624	3,398,105
Provision for Salary & Allowance	156,607	-
Provision for WPPF and welfare fund (Note-25)	4,406,058	2,817,394
VAT payable	2,976,512	1,398,911
Provision for company's Contribution( P.F)	156,607	161,279
Provision for Income tax (Note-23)	6,287,486	2,422,414
	<b>37,059,576</b>	<b>26,508,775</b>

**18.1 PROVISION FOR INVESTMENT IN SHARE**

Opening Balance	14,150,004	17,786,577
Less : Provision Written back (due to rise in market prices)	-	3,636,573
	14,150,004	14,150,004
Add, Provision made during the year	2,388,251	-
Closing Balance	<b>16,538,255</b>	<b>14,150,004</b>

**19. PREMIUM INCOME LESS RE-INSURANCE**

Business	Gross Premium		Total	Re-Insurance ceded	Net Premium	Net Premium
	Private	Public				
Fire	119,193,597	8,851,532	128,045,129	96,518,128	31,527,001	19,225,522
Marine	158,300,143	15,941,249	174,241,392	53,558,951	120,682,441	65,869,257
Motor	30,086,327	2,502,032	32,588,359	8,182,403	24,405,956	14,173,225
Miscellaneous	25,357,201	39,554,225	64,911,426	43,416,241	21,495,185	10,654,293
Total	<b>332,937,268</b>	<b>66,849,038</b>	<b>399,786,306</b>	<b>201,675,723</b>	<b>198,110,583</b>	<b>109,922,297</b>



## 20. EXPENSES OF MANAGEMENT

The expenses have been charged to Revenue Accounts on product basis of Gross Premium earned or direct business as under:

Department	%	Allocate of expenses	Stamp expenses	2018	2017
				Total amount	Total amount
Fire	32.03%	26,460,367	248,300	26,708,667	18,694,419
Marine	43.58%	36,006,768	-	36,006,768	28,461,292
Motor	8.15%	6,734,344	665,000	7,399,344	6,060,680
Miscellaneous	16.24%	13,413,866	266,200	13,680,066	11,452,880
	100%	82,615,346	1,179,500	83,794,846	64,669,271

## 21 MANAGEMENT EXPENSES SUMMARY

Sl. No	Head of Accounts	2018 Taka	2017 Taka
1	Bank charges	453,600	332,794
2	Books, papers & periodicals	99,510	30,084
3	Brokerage commission	500	-
4	Car Allowance	860,700	660,000
5	Car fuel	457,240	426,935
6	Car maintenance	1,131,679	1,503,721
7	Conveyance	415,994	290,400
9	Electricity & WASA expenses	926,470	812,420
10	Entertainment	680,028	231,777
11	Fee and Charges	677,580	479,949
12	Festival & Incentive	4,278,404	3,329,196
13	Group Insurance Premium	500,000	274,285
14	Insurance premium Car	768,696	367,023
15	Internet Bill	882,360	524,900
16	Office maintenance	2,676,668	2,187,499
17	Office rent, rates & taxes	7,952,599	4,888,942
18	New Year celebration	212,293	176,012
19	PF Contribution	2,071,683	1,886,927
20	Postage, revenue stamps & telegram	503,612	88,360
21	Printing & stationery	2,213,281	992,670
22	Rent Vat	1,179,134	722,645
23	Salary & allowances	46,474,195	38,818,493
24	SBC expenses on PSB	5,066,524	3,712,497
25	Office Service charges	648,575	202,400
26	Surveyor Fees	717,361	259,569
27	Telephone & telex	516,917	346,323
28	Training Fee	37,201	7,000
29	Traveling	198,372	-
30	Uniform	14,170	-
	Sub-Total	82,615,346	63,552,821
	<b>Insurance Stamp Expenses</b>		
1	Fire	248,300	157,900
2	Marine	-	-
3	Motor	665,000	952,700
4	Miscellaneous	266,200	5,850
	Sub-Total	1,179,500	1,116,450
	<b>Grand-Total</b>	<b>83,794,846</b>	<b>64,669,271</b>

	2018 Taka	2017 Taka
<b>22. DIRECTORS FEE</b>	<b>1,031,000</b>	<b>990,000</b>

During the year under review an amount of Tk.1,031,000 was paid to the Directors of the company as Board and committee meeting attendance fee.

### 23. INTEREST INCOME

Interest on National Investment Bond	2,979,100	2,979,100
Interest on Fixed Deposit	11,872,225	12,647,248
Interest on Short Term Deposit	29,540	35,947
	<b>14,880,865</b>	<b>15,662,295</b>

### 24. EARNING PER SHARE (EPS)

The earning per share of the company is as follows:

Earning attributable to ordinary share holders (Profit after tax and WPPF and Welfare fund)	19,747,547	13,107,234
Weighted average number of ordinary shares outstanding during the year	36,781,645	36,781,645
<b>Earning Per Share (2017 Restated)</b>	<b>0.54</b>	<b>0.36</b>

**\*\* Earnings attributable to ordinary shareholders .**

Reported Earnings attributable to ordinary shareholders	14,996,296
Less: Adjustment for deferred tax expense	1,889,062
<b>Re-stated Earnings attributable to ordinary shareholders</b>	<b>13,107,234</b>

### 25. PROVISION FOR INCOME TAX

Opening Balance as on 1st January	2,422,414	27,527,943
Add: Provision made during the year	11,744,891	9,653,370
	14,167,305	37,181,313
Less: Payment paid during the year	5,899,889	32,940,542
Less: Tax deducted at source	1,979,930	1,818,357
<b>Closing Balance as on 31 December</b>	<b>6,287,486</b>	<b>2,422,414</b>

### 26. PROVISION FOR WORKER'S PROFIT PARTICIPATION & WELFARE FUND

Opening Balance as on 1st January	2,817,394	3,383,773
Add: Provision made during the year	1,588,664	1,232,483
	4,406,058	4,616,256
Less: Payment made during the year	-	1,798,862
<b>Closing Balance as on 31 December</b>	<b>4,406,058</b>	<b>2,817,394</b>



	2018 Taka	2017 Taka
<b>26. Cashflow from Operating Activities- Under Indirect Method</b>		
Net profit before tax	31,773,289	24,649,666
<b>Add: Adjustment for non-cash item</b>		
Depreciation	5,875,255	2,831,131
	<u>37,648,544</u>	<u>27,480,797</u>
<b>Changes in Working Capital :</b>		
Increase / (Decrease) of interest receivable	1,120,974	(311,190)
Increase / (Decrease) Amounts due from other Persons or-Bodies carrying on insurance business	(35,441,851)	(26,885,504)
Increase /( Decrease) of Sundry Debtors	(14,447,604)	(2,959,059)
Increase /(Decrease) of stationery	261,756	(163,838)
Increase /( Decrease) of stamp in hand	(60,704)	(374,561)
Increase /( Decrease) of Balance of fund and accounts	35,361,700	749,761
Increase / (Decrease) of premium deposit	920,378	(755,307)
(Increase) / Decrease of Estimated Liability in respect of outstanding claims, where due or	1,596,247	5,159,491
(Increase) / Decrease amounts due to other Persons or-Bodies carrying on insurance business	7,090,864	16,778,485
(Increase) / Decrease of Sundry Creditor and others	6,685,728	(439,292)
	<u>3,087,488</u>	<u>(9,201,014)</u>
Tax paid during the year	(7,879,819)	(34,758,899)
Interest expense	9,575,380	5,858,749
Profit on sale of assets	(138,024)	(1,628,701)
	<u><b>42,293,570</b></u>	<u><b>(12,249,068)</b></u>

## 27. CONTINGENT LIABILITIES

### Income Tax:

The Income Tax Authority has claimed Tk. 143,890,446 for the assessment year 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 & 2017-18 in excess of income tax paid for the respective years. However, the company filed a writ with the Honourable High Court for the assessment year 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 and appeal to appellate tribunal for the assessment years 2016-17 and appeal to appellate for the year 2017-18. Honourable High Court Division has given verdict in favour of the company but the NBR again filed appeal to the Appellate Division. The ultimate outcome of the matters cannot be accurately determined and no provision for any liability that may arise has been made in the financial statements.

## 28. BOARD MEETING

During the year 2018 the Company had 17 members Board of Directors and held 06 Board meetings. Board of Directors of the Company has formed other Committees like Executive Committee, Claims Committee and Audit Committee. Regular meetings of those Committees were also held during the current year.

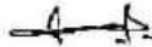
## 29. EMPLOYEES

Total number of employees of the company is 469 None of them received salary below Tk. 5,000. per month.

30. There was no credit facility available to the company under any contract availed of as at 31st December, 2018 other than trade credit available in the ordinary course of business.

**31. EVENTS AFTER THE REPORTING PERIOD :**

- i) The Board of Directors in its meeting held 27 May 2019 approved the financial statements for the year ended December 31, 2018 and authorised the same for issue. The Board of Directors has also recommended stock dividend @ the rate of 05% on paid up capital out of the surplus available for distribution at the end of the year 2018, which is subject to the approval of shareholders in the forthcoming Annual General Meeting of the company.
- ii) There was no significant event that has occurred between the balance sheet date and the date when the financial statements are authorized for issue by the Board of Directors.

**Chief Executive Officer****Director****Director****Chairman**

Dated, Dhaka  
27 May 2019



## Annexure-A

### GLOBAL INSURANCE LIMITED

#### Form AA

#### Classified Summary of Assets As at December 31, 2018

Particulars	Book value as per balances sheet	Market value	Remarks
Deposit with Prime Bank Ltd. (10 years NIB @ 11.59% Interest)	9,000,000	9,000,000	At cost
Deposit with Mercantile Bank Ltd. (10 years NIB @ 12.10% Interest)	16,000,000	16,000,000	At cost
Investment in Shares	38,206,382	21,668,127	At market value
Amount due from other persons or bodies carrying on insurance business	148,861,767	148,861,767	Realizable Value
FDR	221,250,000	221,250,000	Realizable Value
CD & STD	25,022,113	25,022,113	Realizable Value
Cash in Hand	9,490,891	9,490,891	Realizable Value
Interest accrued but not due	270,988	270,988	Realizable Value
Sundry debtors, advance, deposits and prepayments	248,784,313	248,784,313	All considered good and realisable
Fixed Assets (At cost less depreciation)	74,649,310	74,649,310	At written down value
Advance against floor purchase	15,739,500	15,739,500	At cost
Stamp in hand	914,700	914,700	At cost
Stock of Printing and Stationery	827,110	827,110	At cost
	<b>809,017,075</b>	<b>792,478,819</b>	



Chief Executive Officer



Director



Director



Chairman

Dated. Dhaka  
27 May 2019

## Annexure-B

### Directors' Certificate

As per regulations contained in the first schedule of the Insurance Act, 2010 as amended and as per section 40 of the said Act we certify that :-

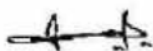
The value of investment in shares and debentures have been taken at cost and the quoted value thereof mentioned wherever available.

The value of all assets as shown in the Balance Sheet and as classified on Form AA annexed have been duly reviewed as at 31st December, 2018 and in our belief, the said assets have been set forth in the Balance Sheet at amount not exceeding their realisable or market value under the several headings as enumerated in the annexed form.

All expenses of management, wherever incurred and whether incurred directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous Insurance Business have been duly debited to the related Revenue Accounts and Profit & Loss Account.



Chief Executive Officer



Director



Director



Chairman