

# *Auditors' Report and Financial Statements*



## Independent Auditors' Report to the Shareholders of Fareast Islami Life Insurance Co. Ltd and its Subsidiaries

We have audited the accompanying consolidated financial statements of **Fareast Islami Life Insurance Co. Ltd** which comprise the consolidated and the separate Balance Sheet as at 31 December 2014 and the Life Revenue Account, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Bangladesh Financial Reporting Standards along with Rules & Regulation Issued by the Insurance Development & Regulatory Authority (IDRA), Insurance Act 2010, Insurance Rules 1958, Bangladesh Securities and Exchange Commission rules 1987, Companies Act 1994 and other applicable laws & regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements of the company based on our audit. The assets and liabilities as at 31 December 2014 and revenue and expenses for the year ended 31 December 2014 of the company's two subsidiaries namely Fareast Islami Securities Limited and Fareast Islami Properties Limited have been consolidated and accounted for in the consolidated financial statements. The financial statements of the subsidiaries are audited by other auditors whose reports have been furnished to us and our opinion is as so far as it relates to the amounts included in respect of the company's subsidiaries based on the reports. In addition, we have performed our audit procedure for consolidated purpose, based on which the financial statements of the subsidiaries have been consolidated. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements of the company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements of the company. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements of the company, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements of the company in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements of the company.

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

## Opinion

In our opinion, the financial statements prepared in accordance with the Bangladesh Financial Reporting Standards (BFRS), give a true and fair view of the Balance Sheet of Fareast Islami Life Insurance Company Limited as at 31 December 2014, Life Revenue Account and its Cash Flows for the year ended 31 December 2014 and comply with the Insurance Act 2010, Insurance Rules 1958, Companies Act 1994, the Bangladesh Securities and Exchange Rules 1987 and other applicable Rules & Regulations.

### Report on Other Legal and Regulatory Requirements

We also report that ;

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion proper books of accounts as required by law have been kept by the company so far as it appeared from our examination of those books;
- c) the company's balance sheet, life revenue account and statement of cash flows dealt with by the report are in agreement with the books of account;
- d) the balance sheet of the company as at 31 December 2014 and the revenue account for the year then ended have been properly reflected in the Financial Statements, and the Financial Statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as applicable in Bangladesh.
- e) the expenditure incurred and payments made were for the purposes of the company's business for the year ;
- f) As per section 62(2) of the Insurance Act 2010, we certify that to the best of our knowledge and belief and according to the information and explanation given to us, all expenses of management wherever incurred and whether incurred directly or indirectly, in respect of insurance business of the company transacted in Bangladesh during the year under audit have been duly debited to the related revenue account of the company; and
- g) As per regulation 11 of part 1 of the third schedule of the Insurance Act, 1938 as amended 2010, we certify that to the best of our knowledge and information given to us and as shown by its books, the company during the year under audit has not paid any person any commission in any form, outside Bangladesh in respect of its re-insurance business abroad;

04 July 2015  
Dhaka

  
**Ahmed Zaker & Co.**  
Chartered Accountants

# *Consolidated Financial Statements*



## Consolidated Balance Sheet

As at 31 December 2014

	Notes	Amount in Taka	
		2014	2013
<b>CAPITAL AND LIABILITIES</b>			
<b>SHAREHOLDERS' CAPITAL</b>	4.00		
<b>Authorised</b>			
10,00,00,000 Ordinary Shares of Tk.10 each		1,000,000,000	1,000,000,000
<b>Issued, Subscribed and Paid-up Capital</b>			
5,66,23,297 Ordinary Shares of Tk.10 each		566,232,970	566,232,970
<b>BALANCE OF FUND &amp; ACCOUNTS</b>		<b>32,208,618,616</b>	<b>28,590,332,429</b>
Revaluation Reserve	5.00	3,330,392,262	3,330,392,262
Life Insurance Fund	6.A	28,863,064,231	25,248,026,181
Welfare Fund	7.00	15,162,123	11,913,986
Non-Controlling Interest	6.B	45,588,633	-
<b>LIABILITIES &amp; PROVISIONS</b>		<b>5,884,040,496</b>	<b>3,107,608,614</b>
Amount due to other persons or bodies carrying on Insurance business	8.00	39,336,556	31,937,547
Estimated liabilities in respect of outstanding claims whether due or intimated	9.00	247,490,382	311,615,592
Loans & Advances	10.00	2,894,002,136	541,936,000
Sundry Creditors	11.A	1,865,073,635	1,452,772,069
Provision for Share Value Fluctuation Account		660,973,577	626,610,994
Premium Deposits	12.00	177,164,210	142,736,412
		<b>38,704,480,715</b>	<b>32,264,174,013</b>

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



Md. Hemayet Ullah  
Managing Director



Ms. Nazneen Hossain  
Director



Al-Haj Md. Helal Miah  
Director



Md. Nazrul Islam  
Chairman

Signed as per annexed report on even date

04 July 2015  
Dhaka



**Ahmed Zaker & Co.**  
Chartered Accountants



## Consolidated Balance Sheet

As at 31 December 2014

PROPERTY AND ASSETS	Notes	Amount in Taka	
		2014	2013
<b>LOANS</b>			
On Insurer's Policies within their surrender value	14.00	592,101,691	516,216,931
<b>INVESTMENT(AT COST)</b>	15.A	<b>2,518,093,349</b>	<b>2,515,897,757</b>
Shares & Bonds		2,034,223,899	2,001,828,307
Equity Shares in CDBL		2,569,450	2,569,450
Treasury Bond with Bangladesh Bank		15,000,000	15,000,000
Fareast Islami Securities Ltd (Subsidiary)		-	496,500,000
Investment in DSE Membership		466,300,000	-
Outstanding Premium	16.00	877,916,193	179,154,780
Profit, Dividend & Rent Accrued but not Due	17.00	789,384,781	836,397,384
Advances, Deposits and Prepayments	18.A	1,724,287,882	1,444,952,549
Sundry Debtors	19.A	31,827,305	45,561,707
<b>CASH, BANK &amp; OTHER BALANCES</b>		<b>23,134,373,520</b>	<b>20,523,047,559</b>
Fixed Deposit with Banks	20.A	18,085,859,008	16,440,763,841
SND & CD Account with Banks	21.A	4,872,409,877	1,180,298,286
Collection in Hand	22.00	175,981,443	2,901,854,511
Cash in Hand		123,192	130,921
<b>OTHER ACCOUNTS</b>			
Stamps in Hand		3,586,047	1,761,450
Printing & Stationery in Hand		5,060,548	5,858,613
Fixed Assets (At cost less depreciation)	23.A	9,024,890,351	6,195,325,283
Other Assets		2,959,048	-
		<b>38,704,480,715</b>	<b>32,264,174,013</b>

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

  
Md. Hemayet Ullah  
Managing Director

  
Ms. Nazneen Hossain  
Director

  
Al-Haj Md. Helal Miah  
Director

  
Md. Nazrul Islam  
Chairman

Signed as per annexed report on even date

04 July 2015  
Dhaka

  
**Ahmed Zaker & Co.**  
Chartered Accountants

## Consolidated Life Revenue Account

For the year ended 31 December 2014

	Notes	Amount in Taka	
		2014	2013
<b>BALANCE OF FUND AT THE BEGINNING OF THE YEAR</b>		<b>25,248,026,181</b>	<b>20,804,224,073</b>
Reclassification adjustment of Share Value		-	21,378,691
<b>PREMIUM LESS RE-INSURANCE</b>	24.00		
First year premium (Individual Life)		1,362,701,998	1,104,471,608
First year premium (Sharbojonin Bima)		527,502,584	311,743,145
		<b>1,890,204,582</b>	<b>1,416,214,753</b>
Renewal premium (Individual Life)		4,890,468,397	4,779,478,694
Renewal premium (Sharbojonin Bima)		876,194,786	895,361,080
		<b>5,766,663,183</b>	<b>5,674,839,774</b>
Group Insurance premium		14,437,924	10,714,896
<b>Gross premium</b>		<b>7,671,305,689</b>	<b>7,101,769,423</b>
Less: Re-Insurance premium		10,662,492	17,219,323
<b>Net premium</b>		<b>7,660,643,197</b>	<b>7,084,550,100</b>
<b>Profit, Dividend and Rent</b>	25.A	1,890,257,329	2,149,025,033
<b>Other Income</b>	26.00	1,463,541	1,501,349
		<b>34,800,390,248</b>	<b>30,060,679,246</b>

First year premiums, where, the maximum premiums paying period is		
Single	366,594,936	281,615,495
Two years	-	-
Three years	-	-
Four years	-	-
Five years	3,138,163	-
Six years	368,582	131,404
Seven years	68,218	305,795
Eight years	67,412	212,980
Nine years	143,254	15,194
Ten years	683,555,921	658,455,244
Eleven years	877,117	403,293
Twelve years or over	835,390,979	475,075,348
(Including throughout life)	<b>1,890,204,582</b>	<b>1,416,214,753</b>

## Consolidated Life Revenue Account

For the year ended 31 December 2014

	Notes	Amount in Taka	
		2014	2013
<b>CLAIMS UNDER POLICIES (INCLUDING PROVISION FOR CLAIMS DUE OR INTIMATED) LESS RE-INSURANCE</b>			
By Death		71,590,965	58,494,056
By Maturity		1,508,957,643	882,836,158
By Survival		801,204,663	787,738,148
By Surrender		257,985,749	271,694,230
		<b>2,639,739,020</b>	<b>2,000,762,592</b>
<b>EXPENSES OF MANAGEMENT</b>			
<b>Commission</b>			
(a) Commission to Insurance Agents (less that on Re-Insurance)		1,014,785,464	850,322,871
(b) Allowances and Commission			
(other than commission including in Sub-Item (a) above)		322,486,577	280,529,763
		<b>1,337,272,041</b>	<b>1,130,852,634</b>
Salaries etc. (other than to agents and those contained in the allowances and commission)		719,462,812	630,143,513
Travelling & Conveyance		30,826,291	30,547,137
Shariah Meeting Fees		205,273	327,275
Meeting Fees		4,470,588	4,410,124
Auditor's Fees		242,256	175,000
Actuarial Fees		2,359,118	1,100,000
Honorarium of Adviser		173,203	201,680
Medical Consultant Fees		1,511,459	1,364,484
Medical Expenses		1,186,653	1,000,177
Professional Fees & Legal Expenses		3,230,344	2,717,395
Registration & Renewal Fees		26,849,570	24,956,193
Advertisement & Publicity		8,432,710	37,187,483
Printing & Stationery	27.A	15,813,080	25,107,635
Policy Stamp		12,849,097	4,446,920
Revenue Stamp		4,328,839	4,536,230
Postage & Courier Bills		4,163,866	3,616,712
Telephone & Fax		6,723,212	4,109,609
Training & Recruitment Expenses		2,653,050	4,463,802
Meeting Expenses		558,844	669,517
Development Expenses		181,342,847	171,624,850
Welfare Expenses		2,694,923	1,496,950
Office Rent		90,613,095	84,309,992
Office Expenses		9,163,301	7,039,226
Repairs & Maintenance		14,521,747	5,796,658



## Consolidated Life Revenue Account

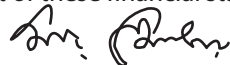
For the year ended 31 December 2014

	Notes	Amount in Taka	
		2014	2013
Gas, Water & Electricity Charges		13,677,154	8,923,661
Electric Expenses		622,215	143,438
Car Fuel		34,139,671	25,846,570
Car Registration & Renewal Fees		2,108,736	3,797,265
Bank Charges		8,484,658	9,393,152
Car Repairs & Maintenance		17,078,119	10,785,482
Car Insurance Expenses		4,339,950	3,884,498
Newspaper & Periodicals		424,960	120,354
Entertainment		5,168,537	4,846,524
AGM Expenses		495,535	6,936,844
Mobile Telephone Bills		8,213,970	7,538,962
Fees, Subscription and Donation	28.00	1,303,117	9,094,046
Shifting Expenses		1,162,035	1,611,225
Duty & Taxes		2,803,721	3,646,554
Refreshment & Recreation Expenses		7,411,814	6,969,867
Trade Licence		462,692	179,068
Cleaning & Washing		447,790	-
Insurance Premium		7,629,657	7,240,147
Software Expenses		-	44,000
Miscellaneous Expenses		1,580,903	17,679
		<b>1,261,931,412</b>	<b>1,162,367,898</b>
<b>OTHER EXPENSES</b>			
Share Value Fluctuation Account		34,362,583	-
Depreciation on Fixed Assets		128,263,269	103,469,254
Income Tax		309,175,870	242,868,917
		<b>471,801,722</b>	<b>346,338,171</b>
		<b>3,071,005,175</b>	<b>2,639,558,703</b>
<b>DIVIDEND</b>			
Cash Dividend		226,493,188	98,475,300
Bonus Share		-	73,856,470
		<b>226,493,188</b>	<b>172,331,770</b>
		<b>3,297,498,363</b>	<b>2,811,890,473</b>
<b>BALANCE OF FUND AT THE END OF THE YEAR</b>		<b>28,863,152,864</b>	<b>25,248,026,181</b>
		<b>34,800,390,248</b>	<b>30,060,679,246</b>
<b>Attributable to</b>			
Balance of Fund at the end of the year as shown in the Balance Sheet		28,863,064,231	25,248,026,181
Non-controlling interest		88,633	-
		<b>28,863,152,864</b>	<b>25,248,026,181</b>

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

  
Md. Hemayet Ullah  
Managing Director

  
Ms. Nazneen Hossain  
Director

  
Al-Haj Md. Helal Miah  
Director

  
Md. Nazrul Islam  
Chairman

04 July 2015  
Dhaka

Signed as per annexed report on even date

  
**Ahmed Zaker & Co.**  
Chartered Accountants

# Consolidated Statement of Life Insurance Fund

As at 31 December 2014

		Amount in Taka	
	Notes	2014	2013
<b>A. ASSETS</b>			
Loans on Insurer's policies within their surrender value	14.00	592,101,691	516,216,931
Investment	15.A	2,518,093,349	2,515,897,757
Outstanding premium	16.00	877,916,193	179,154,780
Profit, Dividend & Rent accrued but not Due	17.00	789,384,781	836,397,384
Advances, Deposits & Prepayments	18.A	1,724,287,882	1,444,952,549
Sundry Debtors	19.A	31,827,305	45,561,707
Cash & Bank Balances		23,134,373,520	20,523,047,559
Stamp in Hand		3,586,047	1,761,450
Printing & Stationery in Hand		5,060,548	5,858,613
Other Assets		2,959,048	-
Fixed Assets (at cost less depreciation)	23.A	9,024,890,351	6,195,325,283
		<b>38,704,480,715</b>	<b>32,264,174,013</b>
<b>B. LIABILITIES</b>			
Revaluation Reserve	5.00	3,330,392,262	3,330,392,262
Welfare Fund	7.00	15,162,123	11,913,986
Amount due to other persons or bodies carrying on insurance business	8.00	39,336,556	31,937,547
Estimated Liabilities in respect of outstanding claims whether due or intimated	9.00	247,490,382	311,615,592
Loans & Advances	10.00	2,894,002,136	541,936,000
Sundry Creditors	11.A	1,865,073,635	1,452,772,069
Provision for Share Value Fluctuation Account		660,973,577	626,610,994
Premium Deposits	12.00	177,164,210	142,736,412
		<b>9,229,594,881</b>	<b>6,449,914,862</b>
<b>C. Gross Fund (A - B)</b>		<b>29,474,885,834</b>	<b>25,814,259,151</b>
<b>D. Shareholders' Capital (Paid-up Capital)</b>		<b>566,232,970</b>	<b>566,232,970</b>
Non-Controlling Interest		45,588,633	-
<b>E. Life Insurance Fund as at 31 December 2014 (C - D)</b>		<b>28,863,064,231</b>	<b>25,248,026,181</b>

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



Md. Hemayet Ullah  
Managing Director



Ms. Nazneen Hossain  
Director



Al-Haj Md. Helal Miah  
Director

Signed as per annexed report on even date



Md. Nazrul Islam  
Chairman



**Ahmed Zaker & Co.**  
Chartered Accountants

04 July 2015  
Dhaka

## Consolidated Form- AA Classified Summary of the Assets in Bangladesh

As at 31 December 2014

Sl. No.	Class of Assets	Book Value	Market Value	Remarks
		Taka	Taka	
1	Bangladesh Government Securities (Pratirakkha Sanchaya Patra-PSP)			
2	National Investment Bond (NIB)			
3	Treasury Bond with Bangladesh Bank	15,000,000	15,000,000	At Cost
4	Other Ordinary Shares of Concerns in Bangladesh	2,569,450	2,569,450	At Cost
5	Loans on the Company's Policies effected in Bangladesh within their surrender value	592,101,691	592,101,691	Realisable Value
6	Shares & Bonds Listed on Stock Exchanges	2,034,223,899	1,373,250,322	At Cost
7	Investment In DSE Membership	466,300,000	466,300,000	At Cost
8	Loans on Personal Security			
9	(domiciled & resident in Bangladesh)			
10	Other Loans granted in Bangladesh			
11	(Land & House Property in Bangladesh)			
12	Cash on Fixed Deposit in Bank	18,085,859,008	18,085,859,008	Realisable Value
13	Cash in Hand and on Current & STD. A/C. in Banks	4,872,533,069	4,872,533,069	Realisable Value
14	Collection in Hand	175,981,443	175,981,443	Realisable Value
15	<b>Other Assets</b>			
	a. Agents Balances			
	b. Outstanding Premium	877,916,193	877,916,193	Realisable Value
	c. Profit, dividend and rent either outstanding or accrued but not due	789,384,781	789,384,781	Realisable Value
	d. Advances, Deposits & Prepayments	1,724,287,882	1,724,287,882	Realisable Value
	e. Stamps, Forms and Stationery in hand	8,646,595	8,646,595	At Cost
	f. Sundry Debtors	31,827,305	31,827,305	Realisable Value
	g. Other Assets	2,959,048	2,959,048	At Cost
	h. Fixed Assets ( At cost less depreciation )	9,024,890,351	9,024,890,351	Written Down Value
		<b>38,704,480,715</b>	<b>38,043,507,138</b>	

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

  
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Managing Director

  
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Director

  
Al-Haj Md. Helal Miah  
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Md. Nazrul Islam  
Chairman

Signed as per annexed report on even date

04 July 2015  
Dhaka

  
**Ahmed Zaker & Co.**  
Chartered Accountants

## Consolidated Cash Flow Statement

For the year ended 31 December 2014

	Amount in Taka	
	2014	2013
<b>A. Cash Flows from operating Activities</b>		
Collection from premium	6,996,309,582	7,154,236,810
Payment for Claims	(2,703,864,230)	(1,927,528,621)
Payment for Management Expenses and Others	(424,965,181)	(3,729,065,994)
<b>Net Cash Flows from Operating Activities</b>	<b>3,867,480,171</b>	<b>1,497,642,195</b>
<b>B. Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	(2,936,411,355)	(217,648,000)
Disposal of Fixed Assets	1,218,670	-
Investment and Other income received	1,938,112,015	1,814,489,770
Investment made during the year	(78,080,352)	(718,045,257)
<b>Net Cash Used In Investing Activities</b>	<b>(1,075,161,022)</b>	<b>878,796,513</b>
<b>C. Cash Flows from Financing Activities</b>		
Share Capital	45,500,000	-
Dividend Paid	(226,493,188)	(98,475,300)
<b>Net Cash Used In Financing Activities</b>	<b>(180,993,188)</b>	<b>(98,475,300)</b>
<b>D. Net Increase/Decrease in cash and cash equivalents (A+B+C)</b>	<b>2,611,325,961</b>	<b>2,277,963,408</b>
<b>E. Cash and Cash Equivalents at the beginning of the year</b>	<b>20,523,047,559</b>	<b>18,245,084,151</b>
<b>F. Cash and Cash Equivalents at the end of the year</b>	<b>23,134,373,520</b>	<b>20,523,047,559</b>

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



Md. Hemayet Ullah  
Managing Director



Ms. Nazneen Hossain  
Director



Al-Haj Md. Helal Miah  
Director



Md. Nazrul Islam  
Chairman

Signed as per annexed report on even date

04 July 2015  
Dhaka

  
**Ahmed Zaker & Co.**  
Chartered Accountants

## Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2014

Particular	Share Capital	Share Premium	General Reserve	Reserve For Exceptional Losses	Retained Earnings	Non Controlling Interest	Total
Equity as on 01 January 2014	566,232,970	-	-	-	-	-	566,232,970
Addition during the year	-	-	-	-	-	45,588,633	45,588,633
<b>Equity as on 31 December 2014</b>	<b>566,232,970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,588,633</b>	<b>611,821,603</b>

Equity as on 01 January 2013	492,376,500	-	-	-	-	-	492,376,500
Addition during the year (Bonus share)	73,856,470	-	-	-	-	-	73,856,470
<b>Equity as on 31 December 2013</b>	<b>566,232,970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>566,232,970</b>

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



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04 July 2015  
Dhaka



**Ahmed Zaker & Co.**  
Chartered Accountants

*Financial Statements  
of  
Fareast Islami Life Insurance Co. Ltd*





## Balance Sheet

As at 31 December 2014

CAPITAL AND LIABILITIES	Notes	Amount in Taka	
		2014	2013
<b>SHAREHOLDERS' CAPITAL</b>	4.00		
<b>Authorised Capital</b>			
10,00,00,000 Ordinary Shares of Tk.10 each		1,000,000,000	1,000,000,000
<b>Issued, Subscribed and Paid-up Capital</b>			
5,66,23,297 Ordinary Shares of Tk.10 each		566,232,970	566,232,970
<b>BALANCE OF FUND &amp; ACCOUNTS</b>		<b>32,208,366,072</b>	<b>28,590,332,429</b>
Revaluation Reserve	5.00	3,330,392,262	3,330,392,262
Life Insurance Fund	6.00	28,862,811,687	25,248,026,181
Welfare Fund	7.00	15,162,123	11,913,986
<b>LIABILITIES &amp; PROVISIONS</b>		<b>5,881,633,358</b>	<b>3,107,608,614</b>
Amount due to other persons or bodies carrying on Insurance business	8.00	39,336,556	31,937,547
Estimated liabilities in respect of outstanding claims whether due or intimated	9.00	247,490,382	311,615,592
Loans & Advances	10.00	2,894,002,136	541,936,000
Sundry Creditors	11.00	1,862,666,497	1,452,772,069
Provision for Share Value Fluctuation Account		660,973,577	626,610,994
Premium Deposits	12.00	177,164,210	142,736,412
		<b>38,656,232,400</b>	<b>32,264,174,013</b>

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



Md. Hemayet Ullah  
Managing Director



Ms. Nazneen Hossain  
Director



Al-Haj Md. Helal Miah  
Director



Md. Nazrul Islam  
Chairman

Signed as per annexed report on even date

04 July 2015  
Dhaka



**Ahmed Zaker & Co.**  
Chartered Accountants

## Balance Sheet

As at 31 December 2014

PROPERTY AND ASSETS	Notes	Amount in Taka	
		2014	2013
<b>LOANS</b>			
On Insurer's Policies within their surrender value	14.00	592,101,691	516,216,931
<b>INVESTMENT(AT COST)</b>	15.00	<b>2,606,293,349</b>	<b>2,515,897,757</b>
Shares & Bonds		2,034,223,899	2,001,828,307
Equity Shares in CDBL		2,569,450	2,569,450
Treasury Bond with Bangladesh Bank		15,000,000	15,000,000
Fareast Islami Securities Ltd (Subsidiary)		496,500,000	496,500,000
Fareast Islami Properties Ltd (Subsidiary)		58,000,000	-
Outstanding Premium	16.00	877,916,193	179,154,780
Profit, Dividend & Rent Accrued but not Due	17.00	789,384,781	836,397,384
Advances, Deposits and Prepayments	18.00	1,723,370,052	1,444,952,549
Sundry Debtors	19.00	39,948,734	45,561,707
<b>CASH, BANK &amp; OTHER BALANCES</b>		<b>23,000,399,736</b>	<b>20,523,047,559</b>
Fixed Deposit with Banks	20.00	17,987,859,008	16,440,763,841
SND & CD Account with Banks	21.00	4,836,437,011	1,180,298,286
Collection in Hand	22.00	175,981,443	2,901,854,511
Cash in Hand		122,274	130,921
<b>OTHER ACCOUNTS</b>			
Stamps in Hand		3,586,047	1,761,450
Printing & Stationery in Hand		5,060,548	5,858,613
Fixed Assets (At cost less depreciation)	23.00	9,018,171,269	6,195,325,283
		<b>38,656,232,400</b>	<b>32,264,174,013</b>

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



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Chartered Accountants

## Life Revenue Account

For the year ended 31 December 2014

	Notes	Amount in Taka	
		2014	2013
<b>BALANCE OF FUND AT THE BEGINNING OF THE YEAR</b>		<b>25,248,026,181</b>	<b>20,804,224,073</b>
Reclassification adjustment of Share Value		-	21,378,691
<b>PREMIUM LESS RE-INSURANCE</b>	24.00		
First year premium (Individual Life)		1,362,701,998	1,104,471,608
First year premium (Sharbojonin Bima)		527,502,584	311,743,145
		<b>1,890,204,582</b>	<b>1,416,214,753</b>
Renewal premium (Individual Life)		4,890,468,397	4,779,478,694
Renewal premium (Sharbojonin Bima)		876,194,786	895,361,080
		<b>5,766,663,183</b>	<b>5,674,839,774</b>
Group Insurance premium		14,437,924	10,714,896
<b>Gross premium</b>		<b>7,671,305,689</b>	<b>7,101,769,423</b>
Less: Re-Insurance premium		10,662,492	17,219,323
<b>Net premium</b>		<b>7,660,643,197</b>	<b>7,084,550,100</b>
<b>Profit, Dividend and Rent</b>	25.00	1,883,962,254	2,149,025,033
<b>Other Income</b>	26.00	1,463,541	1,501,349
		<b>34,794,095,173</b>	<b>30,060,679,246</b>

First year premiums, where, the maximum premiums paying period is		
Single	366,594,936	281,615,495
Two years	-	-
Three years	-	-
Four years	-	-
Five years	3,138,163	-
Six years	368,582	131,404
Seven years	68,218	305,795
Eight years	67,412	212,980
Nine years	143,254	15,194
Ten years	683,555,921	658,455,244
Eleven years	877,117	403,293
Twelve years or over (Including throughout life)	835,390,979	475,075,348
	<b>1,890,204,582</b>	<b>1,416,214,753</b>

## Life Revenue Account

For the year ended 31 December 2014

	Notes	Amount in Taka	
		2014	2013
<b>CLAIMS UNDER POLICIES (INCLUDING PROVISION FOR CLAIMS DUE OR INTIMATED) LESS RE-INSURANCE</b>			
By Death		71,590,965	58,494,056
By Maturity		1,508,957,643	882,836,158
By Survival		801,204,663	787,738,148
By Surrender		257,985,749	271,694,230
		<b>2,639,739,020</b>	<b>2,000,762,592</b>
<b>EXPENSES OF MANAGEMENT</b>			
<b>Commission</b>			
(a) Commission to Insurance Agents (less that on Re-Insurance)		1,014,785,464	850,322,871
(b) Allowances and Commission (other than commission including in Sub-Item (a) above)		322,486,577	280,529,763
		<b>1,337,272,041</b>	<b>1,130,852,634</b>
Salaries etc. (other than to agents and those contained in the allowances and commission)		717,680,771	630,143,513
Travelling & Conveyance		30,795,456	30,547,137
Shariah Meeting Fees		205,273	327,275
Meeting Fees		4,470,588	4,410,124
Auditor's Fees		242,256	175,000
Actuarial Fees		2,359,118	1,100,000
Honorarium of Adviser		173,203	201,680
Medical Consultant Fees		1,511,459	1,364,484
Medical Expenses		1,186,653	1,000,177
Professional Fees & Legal Expenses		2,937,844	2,717,395
Registration & Renewal Fees		26,849,570	24,956,193
Advertisement & Publicity		8,317,710	37,187,483
Printing & Stationery	27.00	15,770,952	25,107,635
Policy Stamp		12,849,097	4,446,920
Revenue Stamp		4,328,839	4,536,230
Postage & Courier Bills		4,151,936	3,616,712
Telephone & Fax		6,682,209	4,109,609
Training & Recruitment Expenses		2,653,050	4,463,802
Meeting Expenses		558,844	669,517
Development Expenses		181,342,847	171,624,850
Welfare Expenses		2,694,923	1,496,950
Office Rent		89,729,384	84,309,992
Office Expenses		8,176,383	7,039,226
Repairs & Maintenance		14,521,747	5,796,658

## Life Revenue Account

For the year ended 31 December 2014

	Notes	Amount in Taka	
		2014	2013
Gas, Water & Electricity Charges		13,582,519	8,923,661
Electric Expenses		622,215	143,438
Car Fuel		34,139,671	25,846,570
Car Registration & Renewal Fees		2,108,736	3,797,265
Bank Charges		8,484,658	9,393,152
Car Repairs & Maintenance		17,078,119	10,785,482
Car Insurance Expenses		4,339,950	3,884,498
Newspaper & Periodicals		423,580	120,354
Entertainment		5,168,537	4,846,524
AGM Expenses		495,535	6,936,844
Mobile Telephone Bills		8,213,970	7,538,962
Fees, Subscription and Donation	28.00	1,303,117	9,094,046
Shifting Expenses		1,162,035	1,611,225
Duty & Taxes		2,803,721	3,646,554
Refreshment & Recreation Expenses		7,411,814	6,969,867
Trade Licence		462,692	179,068
Cleaning & Washing		447,790	-
Insurance Premium		7,629,657	7,240,147
Software Expenses		-	44,000
Miscellaneous Expenses		708,056	17,679
		<b>1,256,776,484</b>	<b>1,162,367,898</b>
<b>OTHER EXPENSES</b>			
Share Value Fluctuation Account		34,362,583	-
Depreciation on Fixed Assets		128,263,269	103,469,254
Income Tax		308,376,900	242,868,917
		<b>471,002,752</b>	<b>346,338,171</b>
		<b>3,065,051,277</b>	<b>2,639,558,703</b>
<b>DIVIDEND</b>			
Cash Dividend		226,493,188	98,475,300
Bonus Share		-	73,856,470
		<b>226,493,188</b>	<b>172,331,770</b>
		<b>3,291,544,465</b>	<b>2,811,890,473</b>
<b>BALANCE OF FUND AT THE END OF THE YEAR AS SHOWN IN THE BALANCE SHEET</b>		<b>28,862,811,687</b>	<b>25,248,026,181</b>
		<b>34,794,095,173</b>	<b>30,060,679,246</b>

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



Md. Hemayet Ullah  
Managing Director



Ms. Nazneen Hossain  
Director



Al-Haj Md. Helal Miah  
Director



Md. Nazrul Islam  
Chairman

Signed as per annexed report on even date

04 July 2015  
Dhaka



**Ahmed Zaker & Co.**  
Chartered Accountants

## Statement of Life Insurance Fund

As at 31 December 2014

		Amount in Taka	
	Notes	2014	2013
<b>A. ASSETS</b>			
Loans on Insurer's policies within their surrender value	14.00	592,101,691	516,216,931
Investment	15.00	2,606,293,349	2,515,897,757
Outstanding premium	16.00	877,916,193	179,154,780
Profit, Dividend & Rent accrued but not Due	17.00	789,384,781	836,397,384
Advances, Deposits & Prepayments	18.00	1,723,370,052	1,444,952,549
Sundry Debtors	19.00	39,948,734	45,561,707
Cash & Bank Balances		23,000,399,736	20,523,047,559
Stamp in Hand		3,586,047	1,761,450
Printing & Stationery in Hand		5,060,548	5,858,613
Fixed Assets (at cost less depreciation)	23.00	9,018,171,269	6,195,325,283
		<b>38,656,232,400</b>	<b>32,264,174,013</b>
<b>B. LIABILITIES</b>			
Revaluation Reserve	5.00	3,330,392,262	3,330,392,262
Welfare Fund	7.00	15,162,123	11,913,986
Amount due to other persons or bodies carrying on insurance business	8.00	39,336,556	31,937,547
Estimated Liabilities in respect of outstanding claims whether due or intimated	9.00	247,490,382	311,615,592
Loan & Advance	10.00	2,894,002,136	541,936,000
Sundry Creditors	11.00	1,862,666,497	1,452,772,069
Provision for Share Value Fluctuation Account		660,973,577	626,610,994
Premium Deposits	12.00	177,164,210	142,736,412
		<b>9,227,187,743</b>	<b>6,449,914,862</b>
<b>C. Gross Fund (A - B)</b>		<b>29,429,044,657</b>	<b>25,814,259,151</b>
<b>D. Shareholders' Capital (Paid-up Capital)</b>		<b>566,232,970</b>	<b>566,232,970</b>
<b>E. Life Insurance Fund as at 31 December 2014 (C - D)</b>		<b>28,862,811,687</b>	<b>25,248,026,181</b>

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



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Managing Director



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Dhaka

  
**Ahmed Zaker & Co.**  
Chartered Accountants




## Form- AA Classified Summary of the Assets in Bangladesh

As at 31 December 2014

Sl. No.	Class of Assets	Book Value	Market Value	Remarks
		Taka	Taka	
1	Bangladesh Government Securities (Pratirakkha Sanchaya Patra-PSP)			
2	National Investment Bond (NIB)			
3	Treasury Bond with Bangladesh Bank	15,000,000	15,000,000	At Cost
4	Other Ordinary Shares of Concerns in Bangladesh	2,569,450	2,569,450	At Cost
5	Loans on the Company's Policies effected in Bangladesh within their surrender value	592,101,691	592,101,691	Realisable Value
6	Shares & Bonds Listed on Stock Exchanges	2,034,223,899	1,373,250,322	At Cost
7	Membership of Stock Exchange (DSE)	496,500,000	496,500,000	At Cost
8	Loans on mortgage of Property in Bangladesh	58,000,000	58,000,000	
9	Loans on Personal Security (domiciled & resident in Bangladesh)			
10	Other Loans granted in Bangladesh (Land & House Property in Bangladesh)			
11	Cash on Fixed Deposit in Bank	17,987,859,008	17,987,859,008	Realisable Value
12	Cash in Hand and on Current & STD. A/C. in Banks	4,836,559,285	4,836,559,285	Realisable Value
13	Collection in Hand	175,981,443	175,981,443	Realisable Value
14	<b>Other Assets</b>			
	a. Agents Balances			
	b. Outstanding Premium	877,916,193	877,916,193	Realisable Value
	c. Profit, dividend and rent either outstanding or accrued but not due	789,384,781	789,384,781	Realisable Value
	d. Advances, Deposits & Prepayments	1,723,370,052	1,723,370,052	Realisable Value
	e. Stamps, Forms and Stationery in hand	8,646,595	8,646,595	At Cost
	f. Sundry Debtors	39,948,734	39,948,734	Realisable Value
	g. Fixed Assets ( At cost less depreciation )	9,018,171,269	9,018,171,269	Written Down Value
		<b>38,656,232,400</b>	<b>37,995,258,823</b>	

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

  
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Chartered Accountants


## Cash Flow Statement

For the year ended 31 December 2014

		Amount in Taka	
		2014	2013
<b>A. Cash Flows from operating Activities</b>			
Collection from premium	6,996,309,582	7,154,236,810	
Payment for Claims	(2,703,864,230)	(1,927,528,621)	
Payment for Management Expenses and Others	(426,240,672)	(3,729,065,994)	
<b>Net Cash Flows from Operating Activities</b>	<b>3,866,204,680</b>	<b>1,497,642,195</b>	
<b>B. Cash Flows from Investing Activities</b>			
Purchase of Fixed Assets	(2,929,692,273)	(217,648,000)	
Disposal of Fixed Assets	1,218,670	-	
Investment and Other income received	1,932,394,640	1,814,489,770	
Investment made during the year	(166,280,352)	(718,045,257)	
<b>Net Cash Used In Investing Activities</b>	<b>(1,162,359,315)</b>	<b>878,796,513</b>	
<b>C. Cash Flows from Financing Activities</b>			
Share Capital	-	-	
Dividend Paid	(226,493,188)	(98,475,300)	
<b>Net Cash Used In Financing Activities</b>	<b>(226,493,188)</b>	<b>(98,475,300)</b>	
<b>D. Net Increase/Decrease in cash and cash equivalents (A+B+C)</b>	<b>2,477,352,177</b>	<b>2,277,963,408</b>	
<b>E. Cash and Cash Equivalents at the beginning of the year</b>	<b>20,523,047,559</b>	<b>18,245,084,151</b>	
<b>F. Cash and Cash Equivalents at the end of the year</b>	<b>23,000,399,736</b>	<b>20,523,047,559</b>	

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

  
Md. Hemayet Ullah  
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## Statement of Changes in Shareholders' Equity

For the year ended 31 December 2014

Particular	Share Capital	Share Premium	General Reserve	Reserve For Exceptional Losses	Retained Earnings	Total
Equity as on 01 January 2014	566,232,970	-	-	-	-	566,232,970
Addition during the year (Bonus share)	-	-	-	-	-	-
<b>Equity as on 31 December 2014</b>	<b>566,232,970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>566,232,970</b>

Equity as on 01 January 2013	492,376,500	-	-	-	-	492,376,500
Addition during the year (Bonus share)	73,856,470	-	-	-	-	73,856,470
<b>Equity as on 31 December 2013</b>	<b>566,232,970</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>566,232,970</b>

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



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04 July 2015  
Dhaka



**Ahmed Zaker & Co.**  
Chartered Accountants

# *Notes to the Financial Statements*



## Notes to the Financial Statements

For the year ended 31 December 2014

### 1.00 LEGAL FORM AND STATUS OF THE COMPANY

Fareast Islami Life Insurance Company Limited established on 29 May 2000 and registered with the Registrar of Joint Stock Companies and Firms with the issuance of a incorporation Certificate no. C- 40381(2349)/2000 dated 29 May 2000 as a Public Limited Company under the Companies Act 1994 and registered with the Department of Insurance on 30 May 2000 under Insurance Act 1938 as amended 2010. The company started issuance of shares to the public in 2005 and got listed in both Dhaka Stock Exchange Ltd. and Chittagong Stock Exchange Ltd.

### 2.00 NATURE OF BUSINESS

Fareast Islami Life Insurance Co. Ltd. is engaged in Ekok Bima, Group Insurance (GI) and non-traditional Micro Insurance business under the name of Sharbojonin Bima. The Company is a Publicly Traded Company and its shares are listed with the Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited.

#### Address of registered office and place of business of the company

The registered office of the Company is situated at Fareast Tower, 35 Topkhana Road, Dhaka-1000.

#### Subsidiary Companies

Fareast Islami Life Insurance Company Limited is a parent company of two subsidiary companies namely Fareast Islami Securities Limited and Fareast Islami Properties Limited details of which are given below

#### Fareast Islami Securities Ltd

In pursuant to the permission from IDRA, the company (Parent) formed a wholly owned (99.30%) public limited company. The main objective of the company is to act as a member of Stock Exchanges, and to carry on business of brokers, stocks, shares, securities and provide margin loan to the investors under the present rules and regulations.

#### Fareast Islami Properties Ltd

In pursuant to the permission from IDRA, the company (Parent) formed a wholly owned (51.00%) public limited company. The main objective of the company is to acquire by purchase, lease, and settlement or otherwise any land from any person and to develop the same for the residential, industrial, commercial and housing person.

### 3.00 SIGNIFICANT ACCOUNTING POLICIES

#### 3.01 Basis of Consolidation

The financial statements of the company and its subsidiary have been consolidated in accordance with Bangladesh Financial Reporting Standard (BFRS) 10: 'Consolidated Financial Statements'. The consolidation of the financial statements has been prepared by using uniform accounting policies and after eliminating all material intra group balances, income and expenses arising from intra-group transactions. The total revenue of the company and its subsidiary are shown in the consolidated Life Revenue Account with the proportion of Fund after taxation pertaining to minority shareholders being deducted as 'Non-controlling Interest'. All assets and liabilities of the company and of its

subsidiary are shown in the consolidated balance sheet. The interest of minority shareholders of the subsidiary are shown separately in the consolidated balance sheet under the heading 'Non-controlling Interest'.

### **3.02 Components of the Financial Statements**

The Financial Statements include the following components

- i) Balance Sheet
- ii) Life Revenue Account
- iii) Statement of Cash Flows
- iv) Statement of Changes in Shareholders' Equity
- v) Statement of Life insurance Fund
- vi) Classification of the Assets (Form AA) and
- vii) Accounting Policies and Explanatory Notes

### **3.03 Basis of Presentation and Statement of Compliance**

The following underlying assumptions, measurement base, laws, rules, regulations and accounting pronouncements have been considered in preparing and presenting the Financial Statements

- Accrual unless stated otherwise
- Historical cost convention
- The Insurance Act 2010
- The Insurance Act 1938
- The Insurance Rule 1958
- The Companies Act 1994
- The Bangladesh Securities and Exchange Rules 1987
- The Income Tax Ordinance 1984
- The Listing Regulations of Dhaka and Chittagong Stock Exchanges
- The Bangladesh Accounting Standards (BAS)
- Any other applicable legislation

Where the requirements of the Companies Act 1994, the Insurance Act 1938 & 2010 and the Bangladesh Securities and Exchange Rules 1987 differ with the requirements of these standards, the requirements of the Companies Act 1994, the Insurance Act 1938 & 2010 and the Bangladesh Securities and Exchange rules 1987 take precedence.

### **3.04 Revenue recognition**

The revenue is recognized after satisfying all the conditions for revenue recognition as provided BAS 18: "Revenue" in compliance with BFRS 4 "Insurance Contract". Detailed income wise policy for revenue recognition is as given under

#### **a) Premium Income**

The income from premium is comprised of the total amount of premium earned on various classes of life insurance business during the year, the gross amount of premium earned against various policies, the amount of claims less re-insurance settled during the year have all been duly accounted for in the books of account of the Company. While preparing the final statement of accounts, the effect of re-insurance accepted and re-insurance ceded as well as the effect of total estimated liabilities in respect of outstanding claims have been given effect to the accounts at the end of the year.



#### **b) Investment**

Profit on different investments is recognized on accrual basis as per BAS-18 "Revenue". Portfolio gain on investments in shares is recognized as income and credited to investment income in the life revenue account as per BAS- 39 "Financial Instrument: Recognition". Capital gain is recognized when it is realized and recognized as income and credited to investment income in the life revenue account as per BAS-39 " Financial Instrument: Recognition ".

#### **c) Dividend Income**

Dividend income has been accounted for only when the right to receive the dividend is established.

### **3.05 Investment**

i. Investment in stocks, shares and other securities are recognized in the financial statements at cost considering long term investment and these are revalued at regular interval. Increases or decreases in the value of investment are recognized in the financial statement as per IAS-39 "Financial instruments". Increases or decreases in the value of investment in listed shares are recognized in the financial statement considering the average movement of market price as the capital market of Bangladesh. Decreases in the market value on stocks and shares are recognized in the Life Revenue Account as per IAS-39 "Financial Instruments".

ii. According to sub-section 2 of section 27 Insurance Act 1938 as amended 2010, the company shall be made investment to the Government Securities 30% of its available investment fund which is Tk.7,491,448,838 but the company has invested Tk. 15,000,000 total book value of investment in the government securities including deposit under section 7 of 98 of the Insurance Act mainly due to the earning from the treasury bond presently ranging from 8% to 10% and in Islami bond the rate of earnings ranging rate from 3% to 3.5% only which is quite low in comparison to Treasury Bond rate.

The company has appealed to the Government authorities through Bangladesh Insurance Association and Insurance Development & Regulatory Authority to lower the prescribed investment amount in treasury bond due to varying earning rate of interest from Govt. treasury bond and for profit on Islami bond and the matter is under consideration by the government to raise the profit rate for Islami bond to pave the way for all three Islami life Insurance Companies operating in the business market In the interest of the policy holders of the insurance.

### **3.06 Fixed Assets**

#### **a) Valuation of Fixed Assets**

All fixed assets are stated at cost less accumulated depreciation as per BAS 16: "Property, Plant and Equipment". The cost of acquisition of an asset comprise of 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 and non- refundable taxes.

#### **b) Recognition of Fixed Assets**

The company recognizes in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the company and the cost of the items can be measured reliably. Normal expenditure incurred after the assets have been put into operation such as repairs and maintenance other than major replacements, renewals and or

betterment of the assets are charged off as revenue expenditure in the period in which it is incurred.

#### c) Depreciation on Fixed Assets

Depreciation is charged on Fixed assets has been calculated on all assets using diminishing balance method in accordance with BAS-16 "Property, Plant and Equipment" at varying rates depending on the class of assets. Depreciation is charged in additions of fixed assets when it is available for use. Methods and Rates of depreciation are consistently applied in relation to previous year and depreciation rates are as follows

Category of Assets	Rate of Depreciation
Furniture & Fixtures	10%
Office Decoration	10%
Office Equipment	15%
Vehicles	20%
Electric Installation	15%
Telephone Installation	15%
Software & Software Development	25%
Electric Sub-Station	15%
Generator	20%
Building	5%
Air Conditioner	15%
Lift	15%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and recognized in the Life Revenue Account.

#### d) Impairment of Assets

In each year the management assess whether there is any indication that the assets may be impaired in accordance with BAS 36: "Impairment of Assets" considering the current economic situations. Management concludes that there is no such indication existense.

### 3.07 Taxation

BAS 12: "Income Taxes" and Income Tax ordinance 1984 have been used for the calculation of deferred tax and current tax expense respectively.

#### Current tax expense

The tax currently payable is based on taxable surplus for the year. Taxable surplus differs from surplus as reported in the life revenue account because it excludes items of income or expense that are taxable or deductible in succeeding years and it further excludes items that are nevntaxable or deductible. The company's liability for current tax has been calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Refund has been created/assessed in the following Income Years

Income Year	Refund Assessed
2002	3,02,149
2004	34,39,263
2005	61,19,358

Assessment of Income Tax for the Income Years 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013 has not yet been finalized. Above refund amount are subject to adjustment with the finally assessed tax amount, if any, for the Income Year 2014 and coming years.

### **Deferred tax**

Income Tax assessment of the company is made as per 4th schedule of Income Tax Ordinance 1984. As per 4th schedule of the Income Tax Ordinance Deputy Commissioner of Taxes considered Actuarial Valuation Report for making assessment. In the past records of assessment order Tax Authority has not allowed depreciation as per 3rd schedule of the Income Tax Ordinance 1984. As such there arises no temporary difference of taxable fixed assets. In the absence of temporary difference no financial effect has been given in the Financial Statements for the year 2014 for deferred tax provision.

## **3.08 Financial Instruments**

### **Derivative**

According to BFRS 7: "Financial Instruments: Disclosures", the company was not a party to any derivative contract (financial instruments) at the Balance Sheet date, such as forward exchange contracts, currency swap agreement or contract to hedge currency exposure related to import of capital machinery to be leased to lessees in future.

### **Non-Derivative**

Non-derivative financial instruments comprise of accounts and other receivable, borrowings and other payables and are shown at transaction cost as per BAS 39 "Financial Instruments: Recognition and Measurement".

## **3.09 Commission**

Commission to Insurance Agents (Less that received on Re-insurance) represents First Year Commission, Renewal Commission and Group Commission. Allowance and Commission (Other than Commission to Insurance Agents less that on Re-insurance) represent Field Officers Salary and Allowances including Incentive Bonus.

## **3.10 Statement of Cash Flows**

Cash Flow Statement is prepared in accordance with BAS-7 and Cash Flow from operating activities have been presented under direct method as outlined in the Bangladesh Securities and Exchange Rules 1987.

Cash in hand and Cash at bank have been considered as the Cash and Cash equivalents for the preparation of the Statement, which were held and available for use by the Company without any restriction.

## **3.11 Employees' Benefit**

Fareast Islami Life Insurance Co. Ltd. offers a number of benefit plans, which includes Contributory Provident Fund, Gratuity and also Festival Bonus which have been accounted for in accordance with the provision of Bangladesh Accounting Standard -19, "Employees' Benefit." Bases of enumerating the above benefits schemes operated by the company are outlined below

### **Contributory Provident Fund**

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

### **Gratuity**

Employees of the company, who served the company for three years or above is entitled to get gratuity benefit at rates determined by the Service rules of the fund. Presently the Gratuity is being paid at the time of the final settlement of the respective employees.

### **3.12 Provision for liabilities**

According to BAS 37: "Provision, Contingent Liabilities and Contingent Assets" the company recognizes the provision in the balance sheet when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligations.

### **3.13 Related Party Transactions**

The related party is the party who has the significant power in the management process and cast significant power in the company's affairs and the management duly identified the party is related to the company and discloses the transactions of the related party as per BAS 24: "Related party Disclosures". The company did not make any transaction with the related party.

### **3.14 Risk and uncertainties for use of estimates in preparation of Financial Statements**

Preparation of Financial Statements in conformity with the Bangladesh Accounting Standards requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expense during the period reported. Actual result could differ from those estimates. Estimates are used for accounting of certain items such as long-term contracts, depreciation and amortization, employees benefit plans, taxes, reserves and contingencies.

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

The Board of Directors and Management is responsible for the preparation and presentation of Financial Statement under section 183 of the Companies Act, 1994, BSEC guidelines and as per the provision of "The Framework for the preparation and presentation of Financial Statements" issued by the International Accounting Standards Committee (IASC) as adopted by the Institute of the Chartered Accountants of Bangladesh (ICAB).

### **3.16 Claims**

Survival Benefit claims and Annuities are accounted for when due for payment. Death claims and all other claims are accounted for when intimated. Provision for outstanding death claims has been made based on the intimation of the death claims received up to 31 December 2014.

### **3.17 Reporting period**

Financial Statements of the Company cover one financial year from 01 January 2014 to 31 December 2014.

### **3.18 Reporting currency**

The figures in the Financial Statement represent Bangladesh Currency (Taka). Figures have been rounded off to the nearest Taka.

### **3.19 Date of Authorization**

The Board of Directors of Fareast Islami Life Insurance Co. Ltd. approved this Financial Statements on 04 July 2015.

		Amount in Taka	
		2014	2013
<b>4.00 SHAREHOLDERS' CAPITAL</b>			
<b>Authorised Capital</b>			
10,00,00,000 Ordinary Shares of Tk. 10 each		1,000,000,000	1,000,000,000
<b>Issued, Subscribed and Paid-up Capital</b>			
5,66,23,297 ordinary share of Tk. 10 each fully paid up.		566,232,970	566,232,970
<b>Category of Shareholders</b>	<b>Share holding(%)</b>		
Sponsor	34.00	194,151,760	194,151,760
General Public	66.00	372,081,210	372,081,210
		<b>566,232,970</b>	<b>566,232,970</b>

#### 4.01 Distribution Schedule of Paid-up Capital

As per listing rules of the Stock Exchange, a distribution schedule of each class of equity shares and the number of shareholders and percentage as on 31 December 2014 is given below

A	Category of Share Holders	No. of Share Holders	Quantity of Shares	Share Holding %
	Sponsors & Shareholders	26	19,254,214	34.00
	General Public	14,636	18,165,786	32.09
	Institutions	272	18,686,731	33.00
	All Investors A/C	18	516,566	0.91
	<b>Total</b>	<b>14,952</b>	<b>56,623,297</b>	<b>100.00</b>
B	Share Holding Range	No. of Share Holders	Quantity of Shares	Share Holding %
	001 - 500	10,697	1,399,279	2.47
	501 - 5000	3,599	5,633,409	9.95
	5001 - 10000	264	1,852,820	3.27
	10001 - 20000	144	1,972,789	3.48
	20001 - 30000	77	1,815,856	3.21
	30001 - 40000	25	840,522	1.48
	40001 - 50000	20	897,815	1.59
	50001 - 100000	45	3,521,697	6.22
	100001 - 1000000	64	17,388,244	30.71
	1000001 and above	17	21,300,866	37.62
	<b>Total</b>	<b>14,952</b>	<b>56,623,297</b>	<b>100.00</b>

#### 5.00 REVALUATION RESERVE

<b>3,330,392,262</b>	<b>3,330,392,262</b>
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The above amount represents the balance of Revaluation Reserve which has been created with the increased amount of revaluation of Asset.

#### 6.00 LIFE INSURANCE FUND

This consists of the accumulated balance of revenue surplus upto 31 December 2014.

Balance as on 01.01.2014	25,248,026,181	20,804,224,073
Add: Increase in Life Revenue Account during the year	3,614,785,507	4,443,802,108
	<b>28,862,811,687</b>	<b>25,248,026,181</b>

		Amount in Taka	
		2014	2013
<b>6.A LIFE INSURANCE FUND</b>			
Fareast Islami Life Insurance Co. Ltd	28,862,811,687		
Fareast Islami Securities Ltd	131,424		
Fareast Islami Properties Ltd	121,120		
	<b>28,863,064,231</b>		
<b>6.B LIFE INSURANCE FUND</b>			
Fareast Islami Securities Ltd	3,500,926		
Fareast Islami Properties Ltd	42,087,707		
	<b>45,588,633</b>		
<b>7.00 WELFARE FUND</b>	<b>15,162,123</b>	<b>11,913,986</b>	
As an Islami Shariah based Company the Bank Interest has not been included with the Revenue Income. Thus the Interest is recognized in a separate account as an Welfare Fund.			
<b>8.00 AMOUNT DUE TO OTHER PERSONS OR BODIES CARRYING ON INSURANCE BUSINESS</b>	<b>39,336,556</b>	<b>31,937,547</b>	
The amount represents the balance due to Takaful Re-Ltd. Dubai on account of share of re-insurance commission and share of claim after adjustment of re-insurance premium due to them. The balance of Takaful Re- Ltd. Dubai has been accounted for the year ended 31 December 2014.			
Opening Balance as on 01.01.2014	31,937,547	23,949,277	
Add: Provision for premium on Re-insurance ceded	10,662,492	17,219,323	
	<b>42,600,039</b>	<b>41,168,600</b>	
Less: Received against Re-Insurance Commission	2,163,483	2,355,815	
	<b>40,436,556</b>	<b>38,812,785</b>	
Less: Re-Insurance Premium Paid	-	4,734,238	
	<b>40,436,556</b>	<b>34,078,547</b>	
Less: Adjustment against Re-Insurance Claim Received	1,100,000	2,141,000	
	<b>39,336,556</b>	<b>31,937,547</b>	
<b>9.00 ESTIMATED LIABILITY IN RESPECT OF OUTSTANDING CLAIMS WHETHER DUE OR INTIMATED</b>	<b>247,490,382</b>	<b>311,615,592</b>	
<b>a) Death Claim</b>	<b>20,841,883</b>	<b>18,689,656</b>	
Opening Balance as on 01.01.14	18,689,656	19,371,468	
Add: Claim intimated during the year	79,607,475	59,797,734	
	<b>98,297,131</b>	<b>79,169,202</b>	
Less: Paid during the year	77,455,248	60,479,546	
	<b>20,841,883</b>	<b>18,689,656</b>	
Less: Re-insurance claim received	-	-	
	<b>20,841,883</b>	<b>18,689,656</b>	
<b>b) Surrender Claim</b>	<b>5,148,508</b>	<b>2,900,278</b>	
Opening Balance as on 01.01.14	2,900,278	11,165,585	
Add: Intimated during the year	23,449,073	26,799,502	
	<b>26,349,351</b>	<b>37,965,087</b>	
Less: Paid during the year	21,200,843	35,064,809	
	<b>5,148,508</b>	<b>2,900,278</b>	



		Amount in Taka	
		2014	2013
<b>c) Maturity Claim</b>		<b>187,866,191</b>	<b>241,878,058</b>
Opening Balance as on 01.01.14		241,878,058	195,665,568
Add: Intimated during the year		1,550,681,259	884,011,497
		<b>1,792,559,317</b>	<b>1,079,677,065</b>
Less: Paid during the year		1,604,693,126	837,799,007
		<b>187,866,191</b>	<b>241,878,058</b>
<b>d) Survival Benefit</b>		<b>33,633,800</b>	<b>48,147,600</b>
<b>Total (a+b+c+d)</b>		<b>247,490,382</b>	<b>311,615,592</b>
<b>10.00 LOANS &amp; ADVANCES</b>		<b>2,894,002,136</b>	<b>541,936,000</b>
The make up of the above amount is given here under			
<b>10.01 Banks (Quard)</b>			
Islami Bank Bangladesh Ltd	1,485,000,000	456,000,000	
Al-Arafah Islami Bank Ltd	813,066,136	-	
Union Bank Ltd	510,000,000	-	
	<b>2,808,066,136</b>	<b>456,000,000</b>	
<b>10.02 Others</b>			
FILIC Employee's Providend Fund Trustee Board	85,936,000	85,936,000	
	<b>85,936,000</b>	<b>85,936,000</b>	
<b>11.00 SUNDRY CREDITORS</b>		<b>1,862,666,497</b>	<b>1,452,772,069</b>
Printing Bills	1,943,200	625,928	
Office Rent	1,202,230	4,341,451	
Telephone Bills	440,683	432,690	
Commission (Sub Note-11.01)	260,155,020	437,581,964	
Electric Bills	1,205,691	1,202,795	
Audit Fees	303,750	305,000	
Salary (Desk)	76,615,674	72,285,005	
Car Fuel	4,622,658	2,462,853	
Advertisement & Publicity	61,200	11,331	
Tax at Source	77,736,641	53,744,702	
VAT at Source	15,515,337	7,741,280	
Car Repairs & Maintenance	768,112	467,298	
Company's Registration & Renewal Fees	26,849,660	24,856,282	
Entertainment	190,452	120,648	
Certificate & Licence Fees	110,229,850	108,134,054	
Mobile Telephone Bills	140,733	150,103	
Repairs & Maintenance	2,659,211	1,545,407	
Actuarial Fees	1,200,000	2,100,000	
Security Deposit (Sub Note-11.02)	272,209,676	20,256,189	
Wasa Bills	39,480	15,955	
Gas Bills	9,746	2,695	
Postage & Courier Bills	486,269	320,408	
Travelling & Conveyance	3,266,542	1,606,241	
Unclaimed Dividend (Sub note 11.03)	776,028	776,028	

	Amount in Taka	
	2014	2013
Development Expenses	43,440,305	59,194,583
Medical Expenses	217,400	100,601
Revenue Stamp	31,030	31,030
Provident Fund	42,488	41,878
Trade Licence	14,400	34,768
Fareast Welfare Foundation (Sub Note-11.04)	496,288	496,288
Refreshment & Recreation Expenses	85,054	294,900
Newspaper & Periodicals	5,762	2,860
Provision for Income Tax	959,493,398	651,116,498
Car Insurance	-	159,827
Others	212,529	212,529
	<b>1,862,666,497</b>	<b>1,452,772,069</b>

#### 11.01 Commission Payable

	<b>260,155,020</b>	<b>437,581,964</b>
Agent Commission	145,562,201	231,995,335
OR Commission	30,204,696	87,203,901
SOR Commission	84,388,123	118,382,728
	<b>260,155,020</b>	<b>437,581,964</b>

The Commission expenses of the closing month i.e. December 2014 had been paid in the following months i.e. January 2015 and onward. Commission is directly related with the business and it is common phenomena that December closing has had a hapy business procurement to achieve some prizes in the contest and to qualify for some fringe benefits allowable as per Insurance Act, 2010. Because of this business earning along with commission in the month of December is in increasing year to year. That is why provision in the head of commission has increased.

**OR Commission and SOR Commission** - OR Commission and SOR Commission represent Over-riding Commission and Senior-employee's Over-ridding Commission. OR Comissions are usually paid among the employer of agents such as Unit Manager (UM) and Branch Manager (BM). SOR Commissions are usually paid among the Branch Co-ordinator (BC) and above ranked employer of agents. These are being done in line with the provision of the Insurance Act, 2010.

#### 11.02 Security Deposit

<b>272,209,676</b>	<b>20,256,189</b>
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Security Deposit has been increased due to amount deducted from the construction bills, amount received from the suppliers and amount received from the newly recruited employees.

#### 11.03 Unclaimed Dividend

<b>776,028</b>	<b>776,028</b>
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This represents dividend warrant issued against dividend for the year 2005-2008 which were not encashed within 31 December 2014.

The break-up of the amount is as follows

Amount in Taka		
	2014	2013
Year	2014	2013
2005	49,953	49,953
2006	363,154	363,154
2008	362,921	362,921
<b>Total</b>	<b>776,028</b>	<b>776,028</b>

#### 11.04 Fareast Welfare Foundation

<b>496,288</b>	<b>496,288</b>
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Fareast Welfare Foundation has been established in the year 2007 with some benevolent mission and vision to extend help to poor, victimized, affected and have-nots class of people of the society which is a compliance of Corporate Social Responsibility (CSR) of the Company.

#### 11.A SUNDRY CREDITORS

Fareast Islami Life Insurance Co. Ltd  
Fareast Islami Securities Ltd  
Fareast Islami Properties Ltd

<b>1,865,073,635</b>
1,862,666,497
10,765,027
841,870
<b>1,874,273,394</b>
9,199,759
<b>1,865,073,635</b>

Less: Inter company transaction

#### 12.00 PREMIUM DEPOSITS

First Year Premium  
Renewal Premium

<b>177,164,210</b>	<b>142,736,412</b>
115,510,778	10,220,490
61,653,432	132,515,922
<b>177,164,210</b>	<b>142,736,412</b>

This has been projected on the basis of premium collection less amount recognized as premium (Revenue) income in 2014.

#### 13.00 SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE - DIVIDEND

Under BAS 10: Events after the Balance Sheet Date, dividend declared after the Balance Sheet date should not be classified as a liability at the Balance Sheet date as the proposed dividend does not represent a present obligation under BAS 37: Provisions, Contingent Liabilities and Contingent Assets. Hence subsequent to the Statement of Financial position date, the Board of Directors in their meeting held on 04 July 2015 recommended 10% stock dividend and 35% cash dividend (Total dividend of Tk. 2,548.05 lakh) existing share held at record date for the year 31 December 2014. The dividend proposal is subject to shareholders' approval at the forthcoming Annual General Meeting.

#### 14.00 LOAN ON POLICY

<b>592,101,691</b>	<b>516,216,931</b>
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This balance represents the amount sanctioned to policy holders against policies within their surrender value as per provision of the Insurance Act, 2010.

		Amount in Taka	
		2014	2013
<b>15.00 INVESTMENT (AT COST)</b>		<b>2,606,293,349</b>	<b>2,515,897,757</b>
<b>15.01 Shares &amp; Bonds</b>			
Shares & Bonds of various Company		<b>2,034,223,899</b>	<b>2,001,828,307</b>
<b>15.02 Equity Shares in CDBL</b>		<b>2,569,450</b>	<b>2,569,450</b>
The amount is invested in Central Depository of Bangladesh Ltd. as Equity Shares.			
<b>15.03 Treasury Bond with Bangladesh Bank</b>		<b>15,000,000</b>	<b>15,000,000</b>
The Company has invested the amount in accordance with section 41 of Insurance Act 2010 with Bangladesh Bank.			
<b>15.04 Fareast Islami Securities Ltd</b>		<b>496,500,000</b>	<b>496,500,000</b>
Fareast Islami Life Insurance Co. Ltd. Holds 49,650,000 shares (99.30% out of 50,000,000 shares) @ Tk. 10 each against the paid-up capital of the subsidiary company.			
<b>15.05 Fareast Islami Properties Ltd</b>		<b>58,000,000</b>	<b>-</b>
Fareast Islami Life Insurance Co. Ltd. Holds 5,100,000 shares (51% out of 10,000,000 shares) @ Tk. 10 each against the paid-up capital of the subsidiary company. During the year Fareast Islami Life Insurance Co. Ltd. took over 7,00,000 shares in 7% from sponsor of Mr. Waheed Murad Jamil by way of transfer through duly executed Transfer Form -117 which is yet to be passed with Registrar of Joint Stock Companies and Firms.			
<b>15.A INVESTMENT (AT COST)</b>		<b>2,518,093,349</b>	
Fareast Islami Life Insurance Co. Ltd		2,606,293,349	
Fareast Islami Securities Ltd		466,300,000	
		<b>3,072,593,349</b>	
Less: Inter company transaction		554,500,000	
		<b>2,518,093,349</b>	
<b>16.00 OUTSTANDING PREMIUM</b>		<b>877,916,193</b>	<b>179,154,780</b>
Balance as on 01.01.2014		179,154,780	264,282,023
Less : Realised & adjusted during the year		179,154,780	264,282,023
		-	-
Add : Outstanding premium for the year 2014.		877,916,193	179,154,780
<b>Balance as on 31.12.2014</b>		<b>877,916,193</b>	<b>179,154,780</b>
Break down of the above is as under			
First year premium		-	-
Renewal premium		877,916,193	179,154,780
		<b>877,916,193</b>	<b>179,154,780</b>

Amount in Taka

**17.00 ACCRUED PROFIT**

Prime Bank Ltd	851,547	982,174
Islami Bank Bangladesh Ltd	5,447,079	15,454,534
Shahjalal Islami Bank Ltd	-	3,691,381
ICB Islamic Bank	1,207,979	1,207,979
Exim Bank of Bangladesh Ltd	29,314,692	5,506,548
Social Islami Bank Ltd	156,812,279	186,783,894
Al-Arafah Islami Bank Ltd	5,625,157	7,625,724
Southeast Bank Ltd	885,342	-
Dhaka Bank Ltd	734,867	2,503,750
The Premier Bank Ltd	287,671	-
First Security Islami Bank Ltd	124,879,590	123,490,550
Union Bank Ltd	145,222,773	49,326,467
Leasing & Finance Companies	318,115,805	439,824,383
	<b>789,384,781</b>	<b>836,397,384</b>

**18.00 ADVANCES, DEPOSITS AND PREPAYMENTS**

Advance for Office Rent	32,254,252	34,303,058
Advance for TA/DA	2,441,593	1,465,093
Advance to Employees	33,381,627	24,923,889
Branch Revolving Fund	28,937,474	27,797,509
Other Advances	64,325,528	71,188,235
Advance Income Tax	888,346,764	697,619,501
Advance against Furniture	306,456	306,456
Advance for Land Purchase	29,110,990	28,894,964
Security Deposit	57,380	57,380
Mobilization advance for Building project	33,916,909	34,231,909
Advance for Constuction	67,347,746	89,840,666
Fareast Securities Ltd	8,485,334	2,065,049
Fareast Properties Ltd	714,425	300,000
FILIC Employee Cooperative Society Ltd	533,743,574	431,958,840
	1,723,370,052	1,444,952,549

**18.A ADVANCES, DEPOSITS AND PREPAYMENTS**

	1,724,287,882
Fareast Islami Life Insurance Co. Ltd	1,723,370,052
Fareast Islami Securities Ltd	584,090
Fareast Islami Properties Ltd	333,740
	1,724,287,882

**19.00 SUNDRY DEBTORS**

Advance Against Mobile Telephone	50,991	50,991
Advance Against Motor Cycle	442,586	490,402
Receivables against Calender	103,465	103,465
Other Receivables	30,362,440	36,335,044
Branch Conrol Accounts	8,989,252	8,581,805
	<b>39,948,734</b>	<b>45,561,707</b>

		Amount in Taka	
		2014	2013
<b>19.A SUNDRY DEBTORS</b>		<b>31,827,305</b>	
Fareast Islami Life Insurance Co. Ltd		39,948,734	
Fareast Islami Securities Ltd		1,078,330	
		<b>41,027,064</b>	
Less: Inter company transaction		9,199,759	
		<b>31,827,305</b>	
<b>20.00 FIXED DEPOSIT WITH BANK</b>		<b>17,987,859,008</b>	<b>16,440,763,841</b>
<b>a) MTDR against General Fund</b>			
Prime Bank Ltd	17,685,042	16,148,365	
Islami Bank Bangladesh Ltd	1,904,396,532	659,305,307	
Exim Bank of Bangladesh Ltd	867,395,875	407,195,875	
Shahjalal Islami Bank Ltd	-	230,777,968	
ICB Islamic Bank	12,585,032	12,589,032	
The Premier Bank Ltd	50,000,000	-	
Southeast Bank Ltd	20,000,000	-	
Dhaka Bank Ltd	97,000,000	153,005,179	
Social Islami Bank Ltd	3,910,123,011	3,720,678,488	
Al-Arafah Islami Bank Ltd	1,040,528,669	1,036,459,376	
First Security Islami Bank Ltd	2,105,731,312	1,882,625,000	
Union Bank Ltd	4,329,680,980	1,705,500,000	
Leasing & Finance Companies	3,044,063,082	6,035,198,140	
	<b>17,399,189,535</b>	<b>15,859,482,730</b>	
<b>b) MTDR against Tabarru Fund</b>			
Islami Bank Bangladesh Ltd	816,841	798,650	
The Premier Bank Ltd	166,859,461	152,313,961	
ICB Islamic Bank	8,167,500	8,168,500	
Shahjalal Islami Bank Ltd	-	50,000,000	
First Security Islami Bank Ltd	239,127,500	215,000,000	
Union Bank Ltd	173,698,171	155,000,000	
	<b>588,669,473</b>	<b>581,281,111</b>	
<b>Total (a+b)</b>	<b>17,987,859,008</b>	<b>16,440,763,841</b>	
<b>20.A FIXED DEPOSIT WITH BANK</b>		<b>18,085,859,008</b>	
Fareast Islami Life Insurance Co. Ltd	17,987,859,008		
Fareast Islami Properties Ltd	98,000,000		
	<b>18,085,859,008</b>		
<b>21.00 SND &amp; CD ACCOUNTS WITH BANKS</b>		<b>4,836,437,011</b>	<b>1,180,298,286</b>
The said bank balance consisting of 680 number of SND and 295 number of CD Bank Accounts maintained with different banks throughout the country which were duly reconciled.			
<b>21.A SND &amp; CD ACCOUNTS WITH BANKS</b>		<b>4,872,409,877</b>	
Fareast Islami Life Insurance Co. Ltd	4,836,437,011		
Fareast Islami Securities Ltd	33,669,679		
Fareast Islami Properties Ltd	2,303,187		
	<b>4,872,409,877</b>		

Amount in Taka

**22.00 COLLECTION IN HAND**

**175,981,443**

**2,901,854,511**

Collection in hand represents the premium collection within the accounting year 2014. The said amount was deposited in the Company's various Bank Accounts throughout the country after 31 December 2014.

**23.00 FIXED ASSETS**

**9,018,171,269**

**6,195,325,283**

**Schedule of Fixed Assets as at 31 December 2014**

Sl. No.	Name of Assets	C o s t				%
		Opening	Addition during the Year	Adjustment	Total	
1	Land & Land Development	1,864,182,445	2,223,102,831	-	4,087,285,276	-
2	Furniture & Fixture	96,743,159	159,824,145	-	256,567,304	10%
3	Office Decoration	15,161,814	250,608,899	-	265,770,713	10%
4	Office Equipment	75,376,934	8,522,033	-	83,898,967	15%
5	Motor Vehicles	351,714,654	31,258,918	1,190,789	381,782,783	20%
6	Electric Installation	10,947,601	298,484	-	11,246,085	15%
7	Telephone Installation	18,382,326	276,192	-	18,658,518	15%
8	Software	509,055	11,450	-	520,505	25%
9	Electric Sub Station	49,566,427	38,506,032	-	88,072,459	15%
10	Generator	12,627,715	13,958,325	-	26,586,040	20%
11	Building	3,951,359,113	110,190,417	-	4,061,549,530	5%
12	Air Conditioner	118,718,169	37,902,534	-	156,620,703	15%
13	Lift	8,537,267	77,823,907	-	86,361,174	15%
	<b>Total - 2014</b>	<b>6,573,826,679</b>	<b>2,952,284,167</b>	<b>1,190,789</b>	<b>9,524,920,057</b>	
	<b>Total - 2013</b>	<b>6,414,893,213</b>	<b>158,933,466</b>	<b>-</b>	<b>6,573,826,679</b>	

Sl. No.	Name of Assets	D e p r e c i a t i o n				Written Down Value
		Opening	Addition during the Year	Adjustment	Total	
1	Land & Land Development	-	-	-	-	4,087,285,276
2	Furniture & Fixture	36,667,685	15,364,108	-	52,031,793	204,535,513
3	Office Decoration	5,513,463	9,765,195	-	15,278,658	250,492,055
4	Office Equipment	37,565,562	6,185,215	-	43,750,777	40,148,190
5	Motor Vehicles	187,963,766	33,626,397	15,877	221,574,287	160,208,496
6	Electric Installation	4,660,471	956,102	-	5,616,574	5,629,511
7	Telephone Installation	7,274,963	1,684,455	-	8,959,419	9,699,099
8	Software	402,877	27,976	-	430,852	89,653
9	Electric Sub Station	9,738,721	9,099,287	-	18,838,008	69,234,451
10	Generator	4,807,244	1,829,200	-	6,636,444	19,949,596
11	Building	55,502,705	29,712,092	-	85,214,797	3,976,334,733
12	Air Conditioner	26,050,787	18,112,824	-	44,163,611	112,457,092
13	Lift	2,353,154	1,900,416	-	4,253,570	82,107,604
	<b>Total - 2014</b>	<b>378,501,397</b>	<b>128,263,269</b>	<b>15,877</b>	<b>506,748,790</b>	<b>9,018,171,269</b>
	<b>Total - 2013</b>	<b>275,032,143</b>	<b>103,469,253</b>	<b>-</b>	<b>378,501,396</b>	<b>6,195,325,283</b>



		Amount in Taka	
		2014	2013
<b>23.A FIXED ASSETS</b>		<b>9,024,890,351</b>	
Fareast Islami Life Insurance Co.Ltd		9,018,171,269	
Fareast Islami Securities Ltd		6,719,082	
		<b>9,024,890,351</b>	
<b>24.00 PREMIUM INCOME</b>		<b>7,660,643,197</b>	<b>7,084,550,100</b>

Class of Premium	Gross Premium	R/I Premium	Net Premium
First year premium (Individual Life)	1,362,701,998	10,662,492	1,352,039,506
First year premium (Sharbojonin Bima)	527,502,584	-	527,502,584
Renewal premium (Individual Life)	4,890,468,397	-	4,890,468,397
Renewal premium (Sharbojonin Bima)	876,194,786	-	876,194,786
Group Insurance Premium	14,437,924	-	14,437,924
<b>Total 2014</b>	<b>7,671,305,689</b>	<b>10,662,492</b>	<b>7,660,643,197</b>
<b>Total 2013</b>	<b>7,101,769,423</b>	<b>17,219,323</b>	<b>7,084,550,100</b>

<b>25.00 PROFIT, DIVIDEND AND RENT</b>	<b>1,883,962,254</b>	<b>2,149,025,033</b>
Profit on MTDR	1,791,217,133	2,080,561,269
Bank Profit	7,298,148	10,918,495
Profit on Shares	30,817,309	12,954,388
Dividend	6,806,157	10,881,927
Profit on Motor Cycle Investment	8,848	37,994
Profit on Policy Investment	43,865,502	33,670,960
Rental Income	3,949,157	-
	<b>1,883,962,254</b>	<b>2,149,025,033</b>

<b>25.A PROFIT, DIVIDEND AND RENT</b>	<b>1,890,257,329</b>
Fareast Islami Life Insurance	1,883,962,254
Fareast Islami Securities Ltd.	5,957,672
Fareast Islami Properties Ltd.	337,403
	<b>1,890,257,329</b>

<b>26.00 OTHER INCOME</b>	<b>1,463,541</b>	<b>1,501,349</b>
Miscellaneous Income	1,416,183	1,501,349
Profit on sale of old car	43,758	-
Penalty Charge	3,600	-
	<b>1,463,541</b>	<b>1,501,349</b>

<b>27.00 PRINTING &amp; STATIONERY</b>	<b>15,770,952</b>	<b>25,107,635</b>
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Printing & Stationery expenses had been incurred due to business expansion and introduction of some new products in the year 2014. Some other printing items, which were printed for a long time use, were stock out in this year and printed again for a long period.

		Amount in Taka	
		2014	2013
<b>27.A PRINTING &amp; STATIONERY</b>		<b>15,813,080</b>	
Fareast Islami Life Insurance Co. Ltd		15,770,952	
Fareast Islami Securities Ltd		42,128	
		<b>15,813,080</b>	
<b>28.00 FEES, SUBSCRIPTION AND DONATION</b>		<b>1,303,117</b>	<b>9,094,046</b>

Fees, Subscription and Donation expenses have been increased substantially due to some Social Welfare expenditure such as relief distribution among the flood victims which were major and unique types of donation due to disaster in the year 2014.

### 29.00 IMPACT OF INFLATION AND CHANGING PRICES

Financial Institutions are affected differently by inflation than are industrial ventures. While industrial and manufacturing companies generally have significant investments in inventories and fixed assets, financial institutions ordinarily do not have such investment. As a result, financial institutions are generally in a better position than industrial ventures to respond to inflationary trends by monitoring income yields through adjustments of maturities and profit rates of assets and liabilities.

Financial Statements presented herein have been prepared in accordance with International Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB), which required the measurement of the financial position and operating results in terms of historical costs without considering the changes in the relative purchasing power of money over the time due to inflation.

### 30.00 COMPARATIVE FIGURES

Comparative information has been disclosed in respect of the year 2013 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current year's financial statements.

Figures of the year 2013 have been restated and rearranged whenever considered necessary to ensure comparability with the current period.

### 31.00 PUBLICATION OF THE QUARTERLY & HALF YEARLY FINANCIAL STATEMENTS

Quarterly and Half-yearly Financial Statements are being published by the Fareast Islami Life Insurance Company Limited according to the Bangladesh Security and Exchanges Commission's instruction.

### 32.00 CAPITAL EXPENDITURE COMMITMENT

There is no capital expenditure contract that has been executed during the year except the amount paid as advance for land purchase, Mobilization advance for building project, Construction work shown in the Note # 18.

### 33.00 CONTINGENT LIABILITY

Contingent Liabilities are those which arise due to the past event which shall be settled in the future on the occurrence or non occurrence of some uncertain event, cost of which can be measured reliably as per BAS-37 "Provision and Contingent Assets and Liabilities". In the year under review there is no such contingent liabilities as well as no commitment is made, to be settled in the future.

### 34.00 COMPANIES ACT 1994, SCHEDULE XI PART-II [NOTE 3(P) (VI) 5]

- i) Number of employees drawing salary above Tk. 3,000 per month
- ii) Number of employees drawing salary below Tk. 3,000 per month

2014	2013
3,907	4,547
Nil	Nil

### 35.00 PAYMENTS/PERQUISITES TO DIRECTORS/OFFICERS

**35.01** The aggregate amounts paid/provided during the year in respect of Directors and Officers of the Company as defined in the Bangladesh Securities and Exchange Rules, 1987 are disclosed below

	Amount in Taka		Amount in Taka	
	2014		2013	
	Directors	Officers	Directors	Officers
Board Meeting Fee	9,24,412	-	6,57,648	-
Basic Salary	-	34,02,84,478	-	28,88,55,840
Provident Fund Contribution	-	2,86,98,945	-	2,55,19,750
House Rent	-	18,68,89,612	-	16,61,29,398
Other Allowances	-	16,18,07,736	-	14,96,38,525
	<b>9,24,412</b>	<b>71,76,80,771</b>	<b>6,57,648</b>	<b>63,01,43,513</b>

**35.02** Money was not spent by the Company for compensating any member of the Board for special services rendered except as stated above.

## Compliance of Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS)

Name of the BAS	BAS No.	Status
Presentation of Financial Statements	1	Applied
Inventories	2	Applied
Cash Flow Statements	7	Applied
Accounting Policies, changes in Accounting Estimates and Errors	8	Applied
Events after the Balance Date	10	Applied
Construction Contracts	11	N/A
Income Taxes	12	Applied
Property, Plant and Equipment	16	Applied
Leases	17	N/A
Revenue	18	Applied
Employee Benefits	19	Applied
Accounting for Government Grants and Disclosure of Government Assistance	20	N/A
The Effects of Changes in Foreign Exchange Rates	21	Applied
Borrowing Costs	23	N/A
Related Party Disclosures	24	N/A
Accounting and Reporting by Retirement Benefit Plans	26	Applied
Consolidated and Separate Financial Statements	27	N/A
Investment in Associates	28	N/A
Interests in Joint Ventures	31	N/A
Financial Instruments : Presentation	32	Applied
Earnings per Shares	33	N/A
Interim Financial Reporting	34	N/A
Impairment of Assets	36	N/A
Provisions, Contingent Liabilities and Contingent Assets	37	Applied
Intangible Assets	38	N/A
Financial Instruments : Recognition and Measurement	39	Applied
Investment Property	40	Applied
Agriculture	41	N/A
Name of the BFRS	BFRS no.	Status
First Time Adaption of BFRS	1	N/A
Share Based Payment	2	N/A
Business Combinations	3	N/A
Insurance Contracts	4	Applied
Non-current Assets Held for Sale and Discontinued Operations	5	N/A
Exploration for and Evaluation of Mineral Resources	6	N/A
Financial Instruments : Disclosure	7	Applied
Operating Segments	8	N/A
Financial Instruments	9	Applied
Consolidated Financial Statements	10	Applied
Joint Arrangements	11	N/A
Disclosure of Interest in other Entities	12	N/A
Fair Value Measurement	13	Applied


# *Directors' Certificate*

## *Under The Insurance Act 1938*

As per Regulations contained in the First Schedule of the Insurance Act, 1938, as amended and section 40-B of the said Act, we certify that

1. The value of investment in shares and debentures has been taken at cost.
2. The value of all assets as shown in the Balance Sheet and as classified on Form "AA" annexed have duly reviewed as at 31 December 2014 and in our belief, the said assets have been set forth in the balance Sheet at amounts not exceeding their realizable or market values under the several headings as enumerated.
3. All expenses of management in respect of Life Insurance Business transacted by the Company in Bangladesh has been fully charged to the Life Revenue Account as expenses.

  
Md. Hemayet Ullah  
Managing Director

  
Ms. Nazneen Hossain  
Director

  
Al-Haj Md. Helal Miah  
Director

  
Md. Nazrul Islam  
Chairman

04 July 2015  
Dhaka

# *Auditors' Report and Financial Statements of Subsidiary Companies*



## Independent Auditors' Report to the Shareholders of Fareast Islami Securities Ltd

We have audited the accompanying financial statements of **Fareast Islami Securities Ltd** which comprises statement of Financial Position as at 31 December 2014 and the Statement of Comprehensive Income, statement of cash flows and statement of changes in equity for the year then ended together with notes no. 1 to 20 annexed thereto.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS)/ Bangladesh Accounting Standards, the companies Act 1994, 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

### Basis of Opinion

We have conducted the audit in accordance with Bangladesh Standards on Auditing (BSA) and accordingly we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statement prepared in accordance with Bangladesh Accounting Standards (BAS ) and Bangladesh Financial Reporting Standards (BFRS) exhibits a true and fair view of the state of affairs of the company as at 31 December 2014 and the result of its operation for the year then ended and comply with Companies Act 1994, Securities and Exchange Rules 1987, Dhaka Stock Exchange Rules 1954 and other applicable laws and regulations.

## We further report that;

- i) we have obtained all the information and explanations which were Considered necessary for the purposes of our audit;
- ii) The Company maintained proper books of account so far as it appeared from our examination; and
- iii) the Financial statements are in agreement with the books of accounts maintained by the company and examined by us; and
- iv) the expenditure incurred was for the purpose of the company's business.

08 February 2015  
Dhaka

  
**MAHFEL HUQ & Co.**  
Chartered Accountants

## Statement of Financial Position

As at 31 December 2014

<b>Shareholders' Equity and Liabilities</b>	Notes	Amount in Taka
		2014
<b>Shareholders equity</b>		<b>500,132,350</b>
Share Capital	3	500,000,000
Accumulated Net Income/Loss		132,350
<b>Current Liabilities</b>		<b>10,765,027</b>
Current A/C with FILIC	4	8,485,334
Liabilities and Provisions	5	1,923,438
Provision for Tax	6	356,255
		<b>510,897,377</b>
<b>Assets and Investments</b>		
<b>Non Current Assets</b>		<b>475,564,360</b>
Property Plant & Equipment	7	6,719,082
Investment in DSE Member Ship	8	466,300,000
Preliminary Expenses	9	2,428,982
Pre-Operating Expenses		116,296
<b>Current Assets</b>		<b>35,333,017</b>
Advance Tax	10	584,090
Receivable Renewal Fee	11	562,600
Loan against Share Account	12	515,730
Cash & Cash Equivalent	13	33,670,597
		<b>510,897,377</b>

Annexed notes form an integral part of these financial statements.



Md. Nazrul Islam  
Chairman



Dr. Md. Monowar Hosssain  
Director

Signed as per annexed report on even date

08 February 2015  
Dhaka



**MAHFEL HUQ & Co.**  
Chartered Accountants

## Statement of Comprehensive Income

As at 31 December 2014

Particulars	Notes	Amount in Taka
		2014
<b>A. Income</b>		
Bank Interest	14	4,720,764
BO Income	15	774,500,
Member Subscription		4,700
Brokerage Commission		457,708
		<b>5,957,672</b>
<b>B. Administrative Expenses</b>		
CDBL & DSC Expenses	16	315,598
Management & Admin Expenses	17	4,787,043
Financial Expenses	18	36,156
		<b>5,138,797</b>
<b>C. Net Income before Tax</b>		<b>818,875</b>
<b>D. Provision for Tax</b>		<b>686,525</b>
<b>E. Net Income after Tax</b>		<b>132,350</b>
Earnings Per Share		0.003

Annexed notes form an integral part of these financial statements.

  
Md. Nazrul Islam  
Chairman

  
Dr. Md. Monowar Hossain  
Director

Signed as per annexed report on even date

08 February 2015  
Dhaka

  
**MAHFEL HUQ & Co.**  
Chartered Accountants

## Statement of Changes in Shareholders' Equity

As at 31 December 2014

Particulars	Share Capital	Retained Earnings	Total
Share Capital on Incorporation of the company	500,000,000	-	500,000,000
Net profit/(loss) of the year	-	132,350	132,350
<b>As on 31 December 2014</b>	<b>500,000,000</b>	<b>132,350</b>	<b>500,132,350</b>

Annexed notes form an integral part of these financial statements.



Md. Nazrul Islam  
Chairman



Dr. Md. Monowar Hossain  
Director

Signed as per annexed report on even date

08 February 2015  
Dhaka



**MAHFEL HUQ & Co.**  
Chartered Accountants


## Statement of Cash Flow

As at 31 December 2014

PARTICULARS	Amount in Taka
	2014
<b>A. Operating activities</b>	
Profit on Bank Deposit	4,720,764
BO Account Renewal Fee	140,000
BO A/C Opening fee	39,500
Brokerage Commission	457,708
BO Annual Charge	22,000
Preliminary Expences	(2,428,982)
Management Expences	(4,162,555)
AIT paid	(584,090)
<b>Net cash out flow from operating activities</b>	<b>(1,795,655)</b>
<b>B. Investing Activities</b>	
Fixed Assets Aquisition	(6,719,082)
Investment in Stock Exchange for Membership	(466,300,000)
<b>Net cash out flow from investing Activities</b>	<b>(473,019,082)</b>
<b>C. Financing activities</b>	
Share capital	50,000,000
Loan from Fareast Islami Life Insurance Co. Ltd	8,485,334
<b>Net cash in flow from financing activities</b>	<b>508,485,334</b>
<b>Net increase/decrease in cash and cash equivalents(A+B+C)</b>	<b>33,670,597</b>
<b>Cash &amp; Bank Balance at the Beginning of the year</b>	<b>-</b>
<b>Cash and cash equivalents for the period ended</b>	<b>33,670,597</b>

Annexed notes form an integral part of these financial statements.

  
Md. Nazrul Islam  
Chairman

  
Dr. Md. Monowar Hosssain  
Director

Signed as per annexed report on even date

08 February 2015  
Dhaka

  
**MAHFEL HUQ & Co.**  
Chartered Accountants

## Notes to the Financial Statements of Fareast Islami Securities Ltd

For the year ended 31 December 2014

(Forming an integral part of financial statements)

### 1. Significant Accounting Policies and other Material information

#### 1.1 Domicile, legal form, country of incorporation and status of the company

Fareast Islami Securities Limited ("the company") was incorporated in Bangladesh as a public company limited by shares on 06 March 2012 under the Companies Act, 1994 vide incorporation no. C-99900/12 dated 06 March 2012.

#### 1.2 Address of registered office and place of business of the company

The registered office of the company is at Fareast Tower, 35 Topkhana Road, Purana Palton, Dhaka-1000, Bangladesh. Company's principal office is also situated at the same address and at present, the company has no branch office in Bangladesh or abroad.

#### 1.3 Objective of the company

The main objective of the company is to act as a security company under the license from Securities & Exchange Commission. Besides, the company shall provide margin loan to the investors under the present rules and regulations.

#### 1.4 Principal activities of the company

The company is assigned primarily to cater to the service to the institutions and investors for trading of securities with the stock exchange of Bangladesh under the securities & Exchange Commission (stock dealer stock broker & authorized representative) Rules 2000.

### 2. Significant Accounting Policy for Presentation of Financial Statements

The specific accounting policies selected and applied by the company for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements" in preparation and presentation of financial statements have been consistently applied throughout the period.

#### 2.1 Corporate Financial Statements

This comprises of the following

- a. Statement of Financial Position as at 31 December, 2014
- b. Statement of Comprehensive Income for the year ended 31 December 2014
- c. Statement of Cash Flow for the year ended 31 December, 2014
- d. Statement of Changes in Shareholders' Equity for the year ended 31 December, 2014
- e. Notes to the Financial Statements

These financial statements have been prepared under historical cost convention and in accordance with requirements of the Companies Act 1994 and the Bangladesh Accounting Standards (BASs) and disclosures recommended by those standards as applicable to this company. The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approve and authorize for issue of this financial statements. The preparation of these financial statements in conformity with the

Bangladesh Accounting Standards requires Board of Directors to make estimates assumptions that affect the reported amount of revenues and expenses, assets and liabilities at the date of reporting period.

Due to the inherent uncertainty involved in making estimates actual results could differ from those estimates.

## **2.2 Fundamental Accounting Concepts / Assumption**

The financial statements have been prepared under historical cost convention on going concern concept and as per Bangladesh Accounting Standards under accrual basis and other conventions as required by BAS 1 and BFRS for fair presentation of financial statements.

## **2.3 Compliance with BAS**

The following BAS has been complied with by the management of the company for presentation of the Financial Statements

- BAS -1 Presentation of Financial Statements
- BAS -7 Cash Flow Statements
- BAS -10 Events after Balance sheet date
- BAS -12 Income Taxes
- BAS -18 Revenue Recognition
- BAS -24 Related Party Disclosure
- BAS -25 Investment
- BAS -33 Earnings per share
- BAS -37 Provisions, Contingent Liabilities and Contingent Assets

The related BFRS have also been complied preparation of these financial statements.

## **2.4 Compliance with local Laws and Rules**

The Financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other relevant local Laws and Rules.

## **2.5 Cash and cash equivalents**

According to Bangladesh Accounting Standard-7 "Cash Flow Statements" cash comprises cash in hand and demand deposits and cash equivalents which are short term, highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changer in value. Bangladesh Accounting Standard-1 "Presentation of Financial Statements" provides that the cash and cash equivalents are not restricted in use. Considering the provisions of Bangladesh Accounting Standard-7 and Bangladesh Accounting Standard-1, cash in hand, fixed deposits and bank balances have been considered as cash and cash equivalents.



## 2.6 Taxation

### Current Tax

Provision for income tax has been made according to the Income Tax Ordinance 1984.

### Deferred Tax

The company did not recognized deferred tax as the income tax assessment has not been completed yet.

## 2.7 Earnings per share

The company calculates earnings per share in accordance with Bangladesh Accounting Standard-33 "Earnings per share" to be shown on the face of the profit and loss account.

## 2.8 Cash flow statement

Cash flow statement is prepared principally in accordance with Bangladesh Accounting Standard-7 "Cash flow Statements" and the cash flow from the operating activities have been presented under direct method as prescribed by the Bangladesh Securities and Exchange Rules 1987 and by considering the provision of Paragraph-19 of Bangladesh Accounting Standard-7 which provides that "Enterprises are encouraged to report cash flows from operating activities using the direct method".

## 2.9 Reporting currency and level of precision

The Figures in the financial statements represent Bangladesh currency (Taka), which have been rounded off to the nearest taka.

## 2.10 Reporting Period

Financial statements of the company cover the period from 01 January 2013 to 31 December 2014.

## 3. Share capital

**3.1** The Authorized share capital of the company is Tk. 125,00,00,000 only divided by 12,50,00,000 ordinary shares of Tk. 10 each.

**3.2** Issued, subscribed and paid up capital is Tk. 50,00,00,000 only divided by 5,00,00,000 ordinary shares of Tk. 10 each.

### Composition of shareholders by Shares holding

During the year Fareast Islami Life Insurance Co Ltd took over 1,71,50,000 shares from sponsors by way of transfer through duly executed Transfer Form -117 which is yet to be executed with Registrar of Joint Stock Companies and Firms.

Holding of Shares	Number of holders	Number of holding	Total holding (%)
1,00,001 to 10,00,000	7	3,50,000	0.70
10,00,001 to 5,00,00,000	1	4,96,50,000	99.30
<b>Total</b>	<b>8</b>	<b>5,00,00,000</b>	<b>100</b>

## 4. Current A/C with FILIC

**8,485,334**

This represents Amount taken from Fareast Islami Life Insurance Company Ltd. for meeting the pre-operative expenses of the company.

## 5 Liabilities and Provision

	<b>1,923,438</b>
Office rent payable	55,263
Utility Bill	10,283
AIT	35,160
Salary payable	242,410
Audit fee	27,500
Bo A/C Opening Charge payable	11,200
CDBL Charge payable	157,979
BO Account Maintenance Exp. payable	282,000
Other Accrued Expenses	90
Clients Payable	928,174
Investor protective fund payable	131
Payable To DSE	20,629
Vat on Office Rent	4,456
Transmission payable	148,163
	<b>1,923,438</b>

## 6. Provision for Tax

	<b>356,255</b>
Tax Provision during the year	686,525
less. Paid during the year	330,270
	<b>356,255</b>

## 7. Property, Plant & Equipment

	<b>6,719,082</b>
Air Conditioner	556,000
Computer hardware	579,090
DP Registration Certificate	212,500
Furniture & Fixture	572,750
Office equipment	223,168
Renovation	2,689,574
Software	1,886,000
	<b>6,719,082</b>

## 8. Investment in DSC Membership

**466,300,000**

The account represents the cost of membership of Dhaka Stock Exchange Ltd Including transfer Fee and cost of transfer Stamp.

## 9. Preliminary Expenses

**2,428,982**

This Represents the Following Expenses incurred in connection with incorporation of the company and other incidental expenses as follows

RJCS registration fee	577,685
Stamp charges	10,600
BSEC fees	256,000
DSC membership fee	500,000
DSC fee	1,000,000
Trade Licence Fee	40,000
Stock Broker Dealer licence	40,000
Others	4,697
	<b>2,428,982</b>

## 10. Advance Tax

**584,090**

The amount was deducted by the entity's banks from interest income as TDS and by DSE on Commission arising from trade of shares.

TDS on Interest Income	518,734
TDS on Commission	65,356
	<b>584,090</b>

## 11. Receivable Renewal fee

**595,600**

Fees for the year	692,400
Received during the year	(129,800)
	<b>562,600</b>

## 12. Loans Against Share A/C

**515,730**

During the year the amount has been given to its clients as loan against shares held by them.

## 13. Cash & Cash Equivalent

**33,670,597**

Al-Arafa Islami Bank Ltd	1,112,507
First Security Islami Bank Ltd	162,640
Prime Bank Ltd	32,394,532
Cash in Hand	918
	<b>33,670,597</b>

**14. Bank Interest****4,720,764**

This amount was received interest from Prime Bank, Al-Arafha Islami Bank and First security Islami Bank Ltd.

**15. BO Income****774,500**

BO Annual Charge

735,000

BO Opening Fee

39,500

**774,500****16. CDBL & DSC Expenses****315,598**

CDBL Expenses

133,255

DSE Expenses

182,343

**315,598****16.1 CDBL Expenses**

129,255

CDBL Charges

4,000

CDBL Licence Renewal

**133,255****16.2 DSE Expenses**

DSE Settlement Expences

20,629

Laga DSE

26,458

Training Fee

70,600

Howla DSE

3,456

BO A/C Opening Charges

11,200

TREC Licence Renual Fee

50,000

**182,343****17. Management And Admin Expenses****4,787,043**

Telephone and Internet Bill

41,003

Office Stationary

42,128

Electric bill and goods

68,124

Legal &amp; Professional Fees

277,500

Office Rent

883,711

Utility Bill

26,511

Advertisement

115,000

Salary &amp; Allowance

1,700,691

Newspaper

1,380

Festival Bonus

81,350

Postage &amp; Stamps

11,930

Miscellaneous

826,560

Rates &amp; Taxes

9,000

Convayence

30,835

Maintainance

49,731

BO Account maintainance Charge

588,000

Entairtainment

33,589

**4,787,043**

## 18. Financial Expenses

Excise Duty  
Bank Charges and Commission

<b>36,156</b>
25,120
11,036
<b>36,156</b>

## 19. Events after the reporting period

There was no adjustable post Balance Sheet event of such importance, non-disclosure of which may affect the ability of the users of the financial statements to make proper evaluations and decisions.

## 20. Earnings per share

This has been calculated in compliance with the requirements of BAS 33 "Earning Per share" dividing basic earning by average number of shares outstanding at the end of the period.

## Independent Auditors' Report On the financial statements of Fareast Islami Properties Ltd

We have audited the accompanying Statement of Financial Position of **Fareast Islami Properties Ltd** as at 31 December 2014 and the statement of Profit or Loss and other Comprehensive Income, Statement of Changes in Equity and statement of Cash Flows for the year then ended. The preparation of these financial statements is the responsibility of the entity's management. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement. Our responsibility is to express an independent opinion on these financial statements based on our audit.

### Basis of Opinion

We have conducted the audit in accordance with Bangladesh Standards on Auditing (BSA) and accordingly we have obtained reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall presentation of the financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statement prepared in accordance with Bangladesh Accounting Standards and Bangladesh Financial Reporting Standards exhibits a true and fair view of the state of affairs of the entity as at 31 December 2014 and the result of its operation and Cash Flows for the year then ended and comply with applicable laws and regulations.

### We also report that;

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) The entity maintained proper books of account as required by law so far as it appeared from our examination of those books; and
- c) The Financial Statements dealt with by the report are in agreement with the books of account and returns.
- d) The expenditure incurred was for the purpose of the company's business.

02 January 2015  
Dhaka

  
**MAHFEL HUQ & Co.**  
Chartered Accountants

## Statement of Financial Position

As at 31 December 2014

		Amount in Taka
		2014
<b>Shareholders' Equity and Liabilities</b>		
<b>Shareholders' Equity</b>		<b>100,208,827</b>
Share Capital	3	100,000,000
Retained Earnings		208,827
<b>Current Liabilities</b>		<b>841,870</b>
Current A/C with FILIC	4	714,425
Provision for Expenses	5	127,445
		<b>101,050,697</b>
<b>Assets and Investments</b>		
<b>Non Current Assets</b>		<b>413,770</b>
Preliminary Expenses	6	413,770
<b>Current Assets</b>		<b>100,636,927</b>
Advance Tax	7	33,740
Advances, Deposits & Prepayments	8	300,000
Fixed deposit with Banks (Midland Bank )	9	98,000,000
Cash & Cash Equivalent	10	2,303,187
		<b>101,050,697</b>

Annexed notes form an integral part of these financial statements.

  
Md. Nazrul Islam  
Chairman

  
Sarwat Khaled  
Director

Signed as per annexed report on even date

02 January 2015  
Dhaka

  
**MAHFEL HUQ & Co.**  
Chartered Accountants



## Statement of Changes in Shareholders' Equity

As at 31 December 2014

Particular	Share Capital	Retained Earnings	Total
Share capital on Incorporation of the Company	100,000,000	-	100,000,000
Net profit/(loss) of the year	-	208,827	208,827
<b>As on 31 December 2014</b>	<b>100,000,000</b>	<b>208,827</b>	<b>100,208,827</b>

Annexed notes form an integral part of these financial statements.

  
Md. Nazrul Islam  
Chairman

  
Sarwat Khaled  
Director

Signed as per annexed report on even date

02 January 2015  
Dhaka

  
**MAHFEL HUQ & Co.**  
Chartered Accountants

## Statement of Cash Flow

As at 31 December 2014

PARTICULARS	Amount in Taka
	2014
<b>A. Operating activities</b>	
Profit on Bank Deposit	337,403
Preliminary Expenses	(413,770)
Financial Expenses	(1,131)
AIT paid	(33,740)
Advances, Deposits & Prepayments	(300,000)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(411,238)</b>
<b>B. Investing Activities</b>	
Acquisition of Property, Plant & Equipment	-
<b>Net cash Inflow/(outflow) from investing Activities</b>	<b>-</b>
<b>C. Financing activities</b>	
Share capital	100,000,000
FDR A/C	(98,000,000)
Loan from Fareast Islami Life Insurance Co. Ltd	714,425
<b>Net cash inflow/(outflow) from financing activities</b>	<b>2,714,425</b>
<b>Net increase/(decrease) in cash and cash equivalents(A+B+C)</b>	<b>2,303,187</b>
<b>Cash &amp; cash equivalent at the beginning of the year</b>	<b>-</b>
<b>Cash and cash equivalent at the end of the period</b>	<b>2,303,187</b>

Annexed notes form an integral part of these financial statements.

  
Md. Nazrul Islam  
Chairman

  
Sarwat Khaled  
Director

Signed as per annexed report on even date

02 January 2015  
Dhaka

  
**MAHFEL HUQ & Co.**  
Chartered Accountants

# Notes to the Financial Statements of Fareast Islami Properties Ltd

For the year ended 31 December 2014

## 1. About the entity

### 1.1 Domicile, legal form, country of incorporation and status of the company

Fareast Islami Securities Limited ("the company") was incorporated in Bangladesh as a public company limited by shares on 24 June 2014 under the Companies Act, 1994 vide incorporation no. C-116756/14 dated 24 June 2014.

### 1.2 Address of registered office and place of business of the company

The registered office of the company is at Fareast Tower, 35 Topkhana Road, Purana Palton, Dhaka-1000, Bangladesh. Company's principal office is also situated at the same address and at present, the company has no branch office in Bangladesh or abroad.

### 1.3 Objective of the company

The main objective of the company is to acquire by purchase, lease, settlement or otherwise any land from any person and to develop the same for the residential, industrial, commercial and housing purposes.

### 1.4 Principal activities of the company

The company is primarily assigned to construction of building on any land acquired by it and to sale of the constructed building for residential, industrial, commercial and housing purposes.

## 2. Significant Accounting Policy for Presentation of Financial Statements

The specific accounting policies selected and applied by the company for significant transactions and events that have material effect within the framework of BAS-1 "Presentation of Financial Statements" in preparation and presentation of financial statements have been consistently applied through out the period.

### 2.1 Corporate Financial Statements

- a. Statement of Financial Position as at 31 December 2014
- b. Statement of Comprehensive Income for the year ended 31 December 2014
- c. Statement of Cash Flow for the year ended 31 December 2014
- d. Statement of Changes in Shareholders' Equity for the year ended 31 December 2014
- e. Notes to the Financial Statements

These financial statements have been prepared under historical cost convention and in accordance with requirements of the Companies Act 1994 and the Bangladesh Accounting Standards (BASs) and disclosures recommended by those standards as applicable to this company. The Board of Directors are responsible for preparing and presenting the financial statements including adequate disclosures, who approve and authorize for issue of this financial statements. The preparation of these financial statements in conformity with the

Bangladesh Accounting Standards requires Board of Directors to make estimates assumptions that affect the reported amount of revenues and expenses, assets and liabilities at the date of reporting period.

Due to the inherent uncertainty involved in making estimates actual results could differ from those estimates.

## **2.2 Fundamental Accounting Concepts / Assumption**

The financial statements have been prepared under historical cost convention on going concern concept and as per Bangladesh Accounting Standards under accrual basis and other conventions as required by BAS 1 and BFRS for fair presentation of financial statements.

## **2.3 Compliance with BAS**

The following BAS has been complied with by the management of the company for presentation of the Financial Statements

- BAS -1 Presentation of Financial Statements
- BAS -7 Cash Flow Statements
- BAS -10 Events after Balance sheet date
- BAS -12 Income Taxes
- BAS -18 Revenue Recognition
- BAS -24 Related Party Disclosure
- BAS -25 Investment
- BAS -33 Earnings per share
- BAS -37 Provisions, Contingent Liabilities and Contingent Assets

The related BFRS have also been complied preparation of these financial statements.

## **2.4 Compliance with local Laws and Rules**

The Financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, the Securities and Exchange Rules, 1987 and other relevant local Laws and Regulations.

## **2.5 Cash and cash equivalents**

According to Bangladesh Accounting Standard-7 "Cash Flow Statements" cash comprises cash in hand and demand deposits and cash equivalents which are short term, highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changer in value. Bangladesh Accounting Standard-1 "Presentation of Financial Statements" provides that the cash and cash equivalents are not restricted in use. Considering the provisions of Bangladesh Accounting Standard-7 and Bangladesh Accounting Standard-1, cash in hand, fixed deposits and bank balances have been considered as cash and cash equivalents.

## 2.6 Taxation

### Current Tax

Provision for income tax has been made according to the Income Tax Ordinance 1984.

### Deferred Tax

The company did not recognized deferred tax as the income tax assessment has not been completed yet.

## 2.7 Earnings per share

The company calculates earnings per share in accordance with Bangladesh Accounting Standard-33 "Earnings per share" to be shown on the face of the profit and loss account.

## 2.8 Cash flow statement

Statement of Cash Flow has been prepared principally in accordance with BAS-7 "Statement of Cash Flows" and the cash flows from the operating activities have been presented under direct method.

## 2.9 Reporting currency and level of precision

The Figures in the financial statements represent Bangladesh currency (Taka), which have been rounded off to the nearest taka.

## 2.10 Reporting Period

Financial statements of the company cover the period from 24 June 2014 to 31 December 2014.

## 3. Share capital

**3.1** The Authorized share capital of the company is Tk. 50,00,00,000 only divided by 5,00,00,000 ordinary shares of Tk. 10 each.

**3.2** Issued, subscribed and paid up Capital is Tk. 10,00,00,000 only divided by 1,00,00,000 ordinary shares of Tk. 10 each.

### Composition of shareholders by Shares holding

During the year Fareast Islami Life Insurance Co Ltd took over 7,00,000 shares from sponsors by way of transfer through duly executed Transfer Form -117 which is yet to be executed with Registrar of Joint Stock Companies and Firms.

Range of share holdings			% of Share holdings	Nos of Shareholders
00,00,001	to	51,00,000	51%	1
51,00,001	to	58,00,000	07%	1
58,00,001	to	65,00,000	07%	1
65,00,001	to	72,00,000	07%	1
72,00,001	to	79,00,000	07%	1
79,00,001	to	86,00,000	07%	1
86,00,001	to	93,00,000	07%	1
93,00,001	to	100,00,000	07%	1
Total			100%	8

#### 4. Current A/C with FILIC

**714,425**

This represents Amount taken from Fareast Islami Life Insurance Company Ltd. for meeting the pre-operative expenses of the company.

#### 5. Provision for Expenses

**127,445**

Tax Provision

112,445

Audit Fee

15,000

**127,445**

#### 6. Preliminary Expenses

**413,770**

This represents the following expenses incurred in connection with incorporation of the company and other incidental expenses as follows

RJCS registration fee

260,925

Stamp charges

12,000

BSEC fees

70,000

TIN Certificate

500

Trade Licence Fee

13,100

Others

57,245

**413,770**

#### 7. Advance Tax

**33,740**

The amount was deducted by the entity's banks from interest income as TDS.

TDS on Interest Income

33,740

**33,740**

#### 8. Advances, Deposits & Prepayments

**300,000**

This amount has been paid to Mr. Abdul Khaleq as advance for the purpose of formation of the company.

#### 9. Fixed deposit A/C

This is made-up as follows

**98,000,000**

Midland bank.Banani Branch FDR # '0001255

24,500,000

Midland bank.Banani Branch FDR # '0001256

24,500,000

Midland bank.Dilkhusha corporate Branch FDR # '0000495

24,500,000

Midland bank.Dilkhusha corporate Branch FDR # '0000494

24,500,000

**98,000,000**

The above FDR has been created with Midland Bank on 4/12/2014. The interest rate of FDR is 9.5% and interest due date is 04/03/2015.

#### 10. Cash & Cash Equivalent

Prime Bank Ltd. ( Comp A/C: 10831080035027)

**2,303,187**

2,303,187

**2,303,187**

#### 11. Events after the reporting period

There was no adjustable post Balance Sheet event of such importance, non-disclosure of which may affect the ability of the users of the financial statements to make proper evaluations and decisions.

#### 12. Earnings per share

This has been calculated in compliance with the requirements of BAS 33 "Earning Per share" dividing basic earning by average number of shares outstanding at the end of the period.

#### 13. Bank Interest

This amount was received as interest from Prime Bank Ltd.

**337,403**