



**ANNUAL REPORT 2014**



# **Annual Report 2014**



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## NOTICE OF THE TWENTY SIXTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Sixth Annual General Meeting of the shareholders of United Finance Limited will be held at the Dhaka Ladies Club, 36, Eskaton Garden Road, Ramna, Dhaka on April 23, 2015 at 10:00 a.m. to transact the following business:

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended December 31, 2014.
2. To declare Dividend for 2014.
3. To elect Directors as per Articles of Association of the Company.
4. To consider the appointment of Auditors for 2015 and fix their remuneration.

By order of the Board

Sharmi Noor Nahar  
Company Secretary

Dated: Dhaka  
08 March, 2015

### Notes :

1. A Shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his/her stead. The proxy form must be affixed with a revenue stamp of Tk 20.00 and submitted to the Registered Office of the Company no later than 48 hours before the day of the Annual General Meeting.
2. March 18, 2015 is the Record Date.
3. Members are requested to update their respective BO Accounts with 12 digits Taxpayer's Identification Number (e-TIN) through Depository Participant (DP) latest by March 16, 2015, failing which Income Tax at source will be deducted from payable Dividend @ 15% (fifteen percent) instead of @ 10% (ten percent) as per amended IT Ordinance-1984 under section 54.
4. Shareholders are requested to submit their queries on the Directors' Report and Audited Accounts, if any, at the Registered Office of the Company by Monday April 20, 2015.
5. Shareholders and proxies are requested to record their entry in the Annual General Meeting well in time.

**N.B: In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013, no Gift/Gift Coupon/Food Box shall be distributed at the 26th AGM.**



## CHAIRMAN'S STATEMENT

### Dear Shareholders:

I welcome you on behalf of the Board of Directors to the 26th Annual General Meeting of United Finance Limited. I take this opportunity to brief you on the economy, the financial services sector and the performance of your Company during the year.

2014 was the silver jubilee year of your Company. During the past 25 years your Company has grown from being a leasing company to a diversified, multi-product financial service provider. To aptly reflect the broad spectrum of activities now covered, the name of your Company was changed to 'United Finance Limited'.

### Economy

During the fiscal year 2013-14, the country achieved a GDP growth of 6.1%. Services grew by 5.8%, up from the previous year (5.5%). Low investor confidence and subdued consumption demand cut industry growth from 9.6% to 8.4%. Agriculture grew by 3.3%, from previous year's 2.17%, aided by good weather and continued government support.

Inflation rate came down to 6.11% by December, 2014 from 7.35% in December, 2013 because of Central Bank's tight monetary policy and also slow growth of the economy.

### Financial Services Sector

Bangladesh Bank adopted a monetary stance to preserve external sector stability, build up reserves and avoid excessive volatility of the exchange rate, ensure credit growth in productive sectors to attain targeted real GDP growth with a careful consideration to managing inflation. Banking sector repayment and profitability indicators have shown mixed performance throughout the year.

The banking sector faced a few scams of enormous proportions which became widely publicised in the media. This, along with low consumer demand that resulted in less business volume overall, increased the non-performing loans (NPL) at the end of the year and also left the financial sector very fragile. Gross NPL went up from 8.9% to 10.5%. Bangladesh Bank has strengthened its monitoring to reduce such vulnerability in future.

The capital market performance in 2014 was moderate with continued lack of investor's trust and confidence.

Although foreign reserve was above \$22 Billion at the end of the year, our current account was in deficit of more than billion dollars. This is because export growth was almost nil and import grew by about 10%.

### Company Performance

I am pleased to inform you that your Company has successfully faced all these challenges and has registered 12.88% growth in operating revenue and 21.53% growth in net profit over the previous year.

Earnings Per Share (EPS) on the basis of current number of shares, increased by 21.58% (from Taka 1.90 in 2013 to Taka 2.31). Net Asset Value (NAV), on the basis of current number of share, increased by 11.98% (from Taka 15.44 in 2013 to Taka 17.29).

### Business

Deposit portfolio grew by 5.72% to Tk. 6.15 Billion. The deposit product offerings are quite diversified and appeals to a wide range of customers. Like previous years, deposit collection was sufficient to support the financing activities of your Company.

Long term portfolio, consisting of mostly lease financing, affordable home loan and some term loans, is almost 80% of your Company's asset portfolio. Long term portfolio grew at 6.48% and stood at Tk. 8.58 Billion. Your Company now operates affordable home loans through our offices in Rangpur, Bogra, Belkuchi, Rajshahi, Dinajpur, Barisal, Khulna, Jessore, Chuadanga, Kushtia, Mymensingh, Begumganj, and Sylhet.

Working capital solutions offered by your Company has been well accepted by the clients and now constitutes around 20% of the portfolio. Distributor Financing, which provides working capital support to small and large distributors to procure goods from suppliers, has become very popular in the smaller cities and is the main contributor to this growth. The client acceptance of each of our working capital financing product is high. Physical service elements built into these products are appreciated as it helps the clients outsource some of their activities to your Company. As a result, short term portfolio grew 20.36% and stood at Tk. 2.15 Billion.

Our charter document signed in 1989, stated that the main objective behind the establishment of this Company was "to contribute to the development of the economy by assisting the development of productive private enterprises by extending financing for industrial, agricultural, transport and commercial purposes with emphasis on the small and medium industry sector." I am pleased to announce that your Company has finally fulfilled the last of its charter objective by introducing agricultural financing. In 2014 your Company introduced seasonal cash flow based agricultural financing



after a successful pilot of 3 years. It now offers agricultural financing ranging from cultivation of crops to cattle rearing. The financing model has been jointly developed with iDE, a development organisation. Agricultural financing of your Company now operates in a total of 14 upazillas of Noakhali, Bhola, Rangpur, Barisal, Rangamati and Bogra. Although the portfolio is modest, your Company has been able to improve livelihood of more than 7,500 farmers. Our financing has also helped employment creation of 58,500 seasonal agricultural labors and 30 agricultural input businesses. The financing model is being promoted by iDE in the international development arena and has received international recognition. Many donor and development agencies have shown interest in the model and your Company is exploring opportunities to work with them. In 2014, United Finance opened two branches in Cox's Bazar and Dinajpur. With these additions, your Company now serves all the 64 districts of the Country through our 19 offices.

### Cost Administration

Liquidity during most of last year continually drove down the deposit rates. The deposits were collected at a rate comparatively lower than the market. Though the deposit portfolio grew by more than 5%, the financial cost of your Company in 2014 was less than the cost in 2013.

Major cost increase was related to the name change of your Company, during which advertisement in newspapers and bill boards, legal and regulatory expenses and various business promotion expenses were undertaken, as a result of which "Other expenses" increased by 40.04% and postage, stamp, telecommunication etc. increased by 23.47%.

Office expenses increased by 42.15% and salaries and allowances increased by 20.83%, both due to new additions in 2014 and full year's impact of human resources, rent on branch and office spaces added during 2013. Other costs increased to accommodate the needs of growing business volume and impact of inflation. In all, total operating costs increased by 20.49%.

### Risk Management

The developments and activities of Company's three risk management components during 2014 were as follows:

#### Pre-emptive Risk Management

Operational Risk Management has been restructured and strengthened to proactively create new processes and review existing processes to manage risk associated with processes, systems and people to bring efficiency and meet the challenges associated with expanding diversified products and services.

Knowledge Center successfully spearheaded the transition of the name change and branding during the silver jubilee celebration. Despite its engagements, it provided value added reports to the Credit-Sale Financing clients. Customer satisfaction surveys were done to better understand customer expectations to improve our services.

Human resource department successfully met the challenges of staffing as and when they were needed. Efforts to increase the per person productivity assessed by a quantitative evaluation system for all field level officers continued during 2014. Trainings were arranged as an ongoing effort to strengthen the understanding of our employees and thereby improve efficiency. During the year the Company provided a total of 229 man-days of training to 221 employees.

#### Contemporaneous Risk Management

Operations department continued to maintain your Company's risk mitigating features with high efficiency. The collection, recovery and litigation teams were effective in keeping collection rate high and their recovery efforts yielded tangible results and non performing loan ratio were maintained at below 3.53%.

#### Post-facto Risk Management

Branch Dashboard was created to summarise the activities of the branches in terms of performances to help monitor branch performances efficiently and take early remedial measures. Management Information Systems department further improved its existing reporting to facilitate the actions of the senior management team to better direct the operations of the Company. The reports also aided mid level managers to efficiently and effectively supervise resources.

To achieve better checks and balances and provide equal focus on both issues of compliance and audit, separate Compliance and Internal Audit departments have been formed. Audit and compliance reports were regularly placed to the Audit Committee of the Board for its review and recommendations.

### Sustainability and Efficiency Initiatives

Your Company gives importance to environmental sustainability, which is reflected in both its financing and own activities. A separate Green Financing Unit has been established to find out ways to improve sustainability and efficiency of both the Company and the clients we serve.

**Company initiatives:** The Company took initiatives to reduce its carbon footprint. To reduce paper consumption it has established paperless internal processes and created 'green' desks where no print outs can be taken. Traditional lighting system is being converted into more environment friendly LED lighting systems.



**Financing initiatives:** Quantitative data of the impact of your Company's financing on the economic environment as well as on the physical environment is captured and measured.

Data of our efforts is presented in the Sustainability and Efficiency Statement separately.

### Post Balance Sheet Date Events

Subsequent to the balance sheet date, the Directors recommended 1 share for every 10 shares held and cash dividend of Tk. 0.50 per share. There were no circumstances in the Company in which non-disclosure affected the ability of the users of the financial statements to make proper evaluation and decisions.

### Outlook

The challenges of 2015 would be to ensure economic growth. GDP growth in 2015 is projected at 6.0% and private consumption is expected to remain stable and contribute to GDP growth. Exports are expected to perform better in the second half of the year. The Government is stepping up project implementation to improve public investment in infrastructure. Several downside risks could, however, affect the GDP growth projection. Political unrest could reduce investor confidence and slow down economic activity.

Bangladesh Bank is expected to continue to focus on keeping inflation low while providing sufficient scope to encourage investments. The financial services sector will be under strict scrutiny of the central bank as it would continue to take measures to reduce irregularities.

Your Company is well prepared to take on the challenges in 2015. Competition will intensify as the overall liquidity in the market might instigate price competition. Achieving growth, while maintaining the portfolio quality, would be the major challenge. Your Company will focus on various financing opportunities and it is expected that service quality, coupled with cost advantage, would help your Company to expand its client base and portfolio across its product range. Emphasis will be on trainings to increase productivity to achieve better efficiency.

### Acknowledgement

We wish to thank our valued customers, shareholders, regulators, lenders and the international agencies for their continuous support and cooperation. I would especially like to thank IDE for their continuing support and sharing their vast knowledge on the agricultural sector.

I take the privilege of thanking my colleagues in the Board of Directors of the Company for their contribution towards development of the Company and the support rendered to me during the year in conducting the meetings of the Board of Directors.

Last but not the least, I express my gratitude to all the employees of the Company for their sincere and dedicated services to the growth of the Company.

Sincerely,

Imran Ahmed  
Chairman of the Board



## BOARD OF DIRECTORS' REPORT

### Dear Shareholders:

We are pleased to submit herewith the 26<sup>th</sup> annual report of the Company together with the audited financial statements for the year ended December 31, 2014 and the auditors' report thereon.

### Principal activities

The principal activities of the Company are:

- Mid to long term financing in the form of lease, affordable home loan and term loan.
- Working capital finance in the form of credit-sale financing, distributor financing, short term revolving loan, work- order and agriculture financing.
- Investment products in the form of deposits.

There was no significant change in the nature of these activities during the year 2014.

### Financial results

The Company's before and after tax profit for the year 2014 were Tk 538 million and Tk 324 million compared to Tk 449 million and Tk 266 million respectively in the previous year.

The financial results are summarised below:

	<b>2014 Taka</b>	<b>2013 Taka</b>
Operating Income	943,868,517	836,190,833
Operating expenses and provision	(406,080,794)	(386,775,427)
Profit before tax	537,787,723	449,415,406
Provision for taxation	(214,000,000)	(183,000,000)
Profit after tax	323,787,723	266,415,406
Retained earning brought forward	4,234,772	3,087,366
Available profit	328,022,495	269,502,772
Proposed transfer from General Reserve	-	-
Profit available for appropriation	328,022,495	269,502,772
Appropriation:		
Profit transferred to Statutory Reserve	65,000,000	54,000,000
Profit transferred to General Reserve	50,000,000	20,000,000
Proposed cash dividend	70,131,600	63,756,000
Proposed bonus share	140,263,200	127,512,000
Un-appropriated profit carried forward	2,627,695	4,234,772
	<b>328,022,495</b>	<b>269,502,772</b>

### Dividend

The Board of Directors of the Company is pleased to recommend the distribution of one bonus share for every ten shares held on record date March 18, 2015 amounting to Taka 140.26 million.

The Board also recommended cash dividend of Taka 0.50 per ordinary share amounting to Taka 70.13 million for 140.26 million ordinary shares held on record date March 18, 2015 for the year ended December 31, 2014.

### Plan for utilisation of undistributed profit

The undistributed profit will be utilised to invest in financing assets and meet contingencies under section 100 of the Schedule 1 of the Companies Act 1994.

### Directors

As per Articles 154, 155 and 156 the Articles of Association of the Company, Mr. Imran Ahmed representing Lawrie Group PLC, Mr. L.H. Khan and Mr. A.F.M. Misfaqus Samad Choudhury representing United Insurance Company Limited will retire by rotation from the office and are eligible for re-election.





## Auditors

The auditors of the Company, M/S M. J. Abedin & Co. retire and being eligible, offer themselves for reappointment.

## Statement of Directors on Financial Reports

- a) The financial statements together with the notes thereon have been drawn up in conformity with the Companies Act, 1994 and Securities and Exchange Rules, 1987. These statements present fairly the Company's statement of affairs, the result of its operation, cash flow, and statement of changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate Accounting Policies have been consistently applied in preparation of the financial statements except those referred to in the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) The presentation of Financial Statements has been made in accordance with the Bangladesh Bank DFIM circular no.11 dated December 23, 2009.
- e) IAS/IFRS/BAS/BFRS, as applicable in Bangladesh, have been followed in preparation of the financial statements.
- f) Internal Control System is sound in design and has been effectively implemented and monitored.
- g) There are no significant doubts about the ability of the Company to continue as going concern.
- h) There is no significant deviation from the operating result of the last year.

## Board Meeting and Attendance

During the year, five (5) Board Meetings were held. The attendance of the Directors is shown in annexure -1.

## Shareholding Pattern

The shareholding pattern as per clause 1.5 (xxi) of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated August 7, 2012 is shown in annexure -2.

## Key Operating and Financial Data

Summarised key operating and financial data of the Company for last five years is shown in annexure-3.

## Segment-wise performance

The segment wise performance of the Company as per clause 1.5 (ii) of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated August 7, 2012 is shown in annexure -4.

## Brief resume of the directors who will seek re appointment in the AGM

Brief resume of the directors as per clause 1.5 (xxii) of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin/44 dated August 7, 2012 is shown in annexure- 5.

## Report on the Activities of Audit Committee

Pursuant to the clause 3.5 of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin /44 dated August 7, 2012 we attach the Company's compliance status as annexure - 6.

## Certification on Compliance of Corporate Governance

Certificate from auditor on compliance with the conditions as per clause 7(i) of Corporate Governance guidelines is shown in annexure -7.

## Corporate Governance Compliance Report

Pursuant to the clause 7(ii) of the SEC Notification No. SEC/CMRRCD/2006-158/134/admin /44 dated August 7, 2012 we attach the Company's compliance status as annexure - 8.

## Report on Activities of Green Financing Committee and Sustainability & Efficiency Statement

Pursuant to the Bangladesh Bank Circular no. GBCSRD 4 dated August 11, 2013 is shown in annexure 9 & 10.

For and on behalf of the Board of Directors.

Imran Ahmed  
Chairman of the Board

05 March, 2015



## Annexure-1

**Board meeting and attendance**

Name of Directors	Meetings attended
Mr. Imran Ahmed	5
Mr. Peter John Field	1
Mr. A. Rouf	5
Mr. M. A. Wahed	5
Mr. Daud Khan Panni	4
Mr. L. H. Khan	4
Ms. Shama Rukh Alam	4
Mr. M. Nurul Alam	4
Mr. A.F.M. M Samad Choudhury	5
Mr. Syed Ehsan Quadir	5

Leave of absence was granted in all cases of non-attendance

## Annexure-2

**Shareholding pattern as at 31 December, 2014****Shareholdings of Parent/Subsidiary/Associated companies and other related parties**

Sl. No	Name of shareholders	Number of shares	% of holdings
1	United Insurance Co. Ltd.	28,947,606	20.64
2	Lawrie Group Plc, U.K.	28,052,640	20.00
3	Surmah Valley Tea Co. Ltd.	11,604,912	8.27
4	Duncan Brothers (Bd) Ltd.	1,402,632	1.00
5	Macalms Bangladesh Trust	1,352,310	0.96
6	Octavius Steel & Co. of BD Ltd.	1,001,864	0.71
7	The Lunqla (Sylhet) Tea Co. Ltd.	813,572	0.58
8	Camellia Duncan Foundation	160,391	0.11
9	The Chandpore Tea Co. Ltd.	98,077	0.07
10	Amo Tea Co. Ltd.	86,070	0.06
11	Chittagong Warehouses Ltd.	83,519	0.06
12	The Allynugger Tea Co. Ltd.	83,414	0.06
13	The Mazdehee Tea Co. Ltd.	83,352	0.06
14	Duncan Products Ltd.	83,307	0.06

**Shareholdings of the Directors', Chief Executive Officer, Chief Financial Officer, Company Secretary, Head of Internal Audit and their Spouses and Minor Children**

Name	Status	Number of shares	% of holdings
Mr. A. Rouf	Director	10,000	0.0071
Ms. Shama Rukh Alam	Director	10,054	0.0071
Ms. Khurshid Ara Rouf	Wife of Mr. A. Rouf, Director	13,644	0.0097
Mr. Syed Ehsan Quadir	Chief Executive Officer	43,000	0.0300
Mr. Zafar Ullah Khan	Chief Financial Officer	-	-
Ms. Sharmi Noor Nahar	Company Secretary	-	-
Ms. Kazi Munmun Ahmed	Head of Internal Audit	-	-

**Shareholdings of top five executives other than directors**

Name	Status	Number of shares	% of holdings
Mr. M. A. Azim	Deputy Managing Director	42,368	0.0300
Mr. Jamal Mahmud Choudhury	General Manager	-	-
Mr. Mohiuddin Rasti Morshed	General Manager	220	0.00015
Mr. Quazi Nizam Ahmed	General Manager	-	-
Ms. Eva Rahman	Deputy General Manager	-	-

**10% and above shareholdings of the Company**

Name	Status	Number of shares	% of holdings
United Insurance Co. Ltd.	Sponsor	28,947,606	20.64
Lawrie Group Plc, U.K.	Sponsor	28,052,640	20.00



## Key Operating and Financial Data

		2014	2013	2012	2011	2010
<b>Operating Result</b>						
Net Operating Income	MBDT	944	836	646	633	590
Non Operating income	MBDT	-	-	-	-	212
Profit before tax	MBDT	538	449	349	369	578
Provision for tax	MBDT	214	183	120	156	200
Profit after tax	MBDT	324	266	229	213	378
<b>Balance Sheet</b>						
Total investment portfolio	MBDT	10,727	9,841	9,014	7,867	7,596
Total assets	MBDT	15,847	13,929	11,817	10,305	9,260
Financial liabilities	MBDT	11,103	9,658	7,935	6,626	5,872
Total Liabilities	MBDT	13,421	11,764	9,862	8,510	7,639
Shareholders' equity	MBDT	2,425	2,165	1,954	1,795	1,621
Shares outstanding	MNos	140.26	127.51	110.88	92.40	52.80
<b>Financial ratios</b>						
Debt-equity ratio <sup>1</sup>	Times	5.5	5.4	5.0	4.7	4.7
Return on equity <sup>2</sup>	%	14.1	12.9	12.2	12.5	26.2
Financial expenses coverage <sup>3</sup>	Times	1.53	1.44	1.41	1.60	1.62
Provision on Doubtful Assets to total lease, loan and advances	%	4.7	4.8	5.2	6.6	6.4
Net asset value per share(NAV)	BDT	17.29	16.98	17.63	19.00	30.70
Earning per share (EPS)	BDT	2.31	2.09	2.07	2.31	7.16
Cash dividend (per share) <sup>4</sup>	%	5.0	5.0	5.0	7.5	7.5
Stock dividend (bonus share)		10:1	10:1	20:3	5:1	4:3
<b>Number of offices</b>	<b>Nos.</b>	<b>19</b>	<b>17</b>	<b>16</b>	<b>13</b>	<b>10</b>
<b>Number of employees</b>	<b>Nos.</b>	<b>315</b>	<b>281</b>	<b>209</b>	<b>196</b>	<b>175</b>
<b>Restatements <sup>5</sup> :</b>						
<b>EPS</b>	<b>BDT</b>	<b>2.31</b>	<b>1.90</b>	<b>1.63</b>	<b>1.52</b>	<b>2.69</b>
<b>NAV</b>	<b>BDT</b>	<b>17.29</b>	<b>15.44</b>	<b>13.93</b>	<b>12.80</b>	<b>11.56</b>

MBDT= Bangladeshi Taka in Million, BDT= Bangladeshi Taka, Mnos= Number in Million

1. Debt-equity ratio is the ratio between total debt and total equity.
2. Return on equity is the ratio between net profit and average equity.
3. Financial expenses coverage is the ratio between profit before interest & tax and interest expenses.
4. Restatements have been calculated based on shares outstanding at the end of the year 2014 and accordingly restated for the previous years.
5. Share outstanding rearranged on the basis of Tk. 10 each share.

## Income segments

Segments	2014	2013	Growth
Net Interest income from Long term activities	735,938,316	677,240,325	9%
Net interest income from Short term activities	196,903,549	150,112,618	31%
Investment income	11,026,652	8,837,890	25%



## **Brief resume of the directors who are going to retire and seek re-appointment at the Annual General Meeting**

### **Imran Ahmed**

Mr. Imran Ahmed is the CEO & Managing Director of Duncan Brothers (Bangladesh) Limited and Chairman of Board of Directors of United Finance Limited. He has vast experience in tea and financial services sectors. He represents Lawrie Group Plc in the Board of United Finance Limited. He had been associated with Bangladesh Tea Association. Mr. Ahmed graduated from the University of Dhaka.

### **Lutful Hakim Khan**

Mr. Lutful Hakim Khan is Chairman of National Brokers Limited. He has nearly 50 years' experience in tea broking. He joined National Brokers in 1965, became its Managing Director in 2006 and has been Chairman since 2010. He represents United Insurance Company Limited on the Board of Directors of United Finance Limited and is a member of Audit Committee. He has been associated with various social activities. He is also actively involved in Bhatyari Golf and Country Club. Mr. Khan is a graduate from the University of Dhaka.

### **A.F.M. Misfaqus Samad Choudhury**

Mr. A.F.M.M. Samad Choudhury is a Mechanical Engineer, graduated in 1976 with advanced training on transport in Germany. In his early professional life, he has worked in private sector and then in Bangladesh Railway. Mr. Samad is involved in procurement and operation in Duncan Group. He joined Duncan Brothers group of companies in 1991. Mr. Choudhury is a Fellow of Institution of Engineers, Bangladesh and is an Executive Committee Member of Bangladesh Tea Association.



## Report on the Activities of Audit Committee


During 2014, the Audit Committee discharged the following responsibilities:

- Reviewed the Company's draft financial statements for the year ended on December 31, 2013 and recommended that the same be placed before the Board for approval.
- Recommended that the report of the Committee be adopted by the Board for publishing in the Annual Report 2013.
- Advised the Board on appointment of new external auditors for the year 2014 and their audit fee.
- Reviewed the quarterly reports on Internal Compliance prepared by the Compliance department.
- Reviewed the report on pending legal cases.
- Reviewed the quarterly financial statements and recommended that the same be placed to the Board for approval.
- Reviewed the Management Report of the external auditors for the year 2013 along with the management responses on the Company's internal control.
- Reviewed the quarterly report on written-off cases.
- Revised the Compliance Calendar-2014.
- Reviewed and approved the Compliance Calendar for 2015.
- Reviewed Bangladesh Bank Inspection Report on the inspection along with Company's reply and recommended its placement before the Board meeting for approval and onward submission to Bangladesh Bank.

The Audit Committee comprised of:

Sl.	Name	Status in the Company	Status with Committee	Educational qualification
1	M. Abdul Wahed	Independent Director	Chairman	B.Sc. (Pharm.)
2	Daud Khan Panni	Independent Director	Member	Graduate
3	L. H. Khan	Director	Member	B.A.
4	Shama Rukh Alam	Director	Member	Chartered Accountant
5	M. Nurul Alam	Director	Member	M.Sc.
6	Sharmi Noor Nahar	Company Secretary	Secretary	Chartered Secretary

The Audit Committee held four meetings during the year 2014. On invitation, Managing Director of the Company, Chief Financial Officer (CFO) and Head of Compliance attended the meeting to meet the queries of the Audit Committee and take directives for improvement.

  
M. Abdul Wahed  
Chairman  
Audit Committee



**ANNEXURE-7**

**CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE GUIDELINES TO THE SHAREHOLDERS OF UNITED FINANCE LIMITED.**


[Issued under Condition No.7 (i) of Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC) vide Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 issued under Section 2CC of the Securities and Exchange Ordinance 1969 and as amended by the BSEC Notification and published in the gazette on July 21, 2014 and August 20, 2014 respectively.]

We have reviewed the accompanying Status of Compliance with conditions of Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission (BSEC) by United Finance Limited (the Company) for the year ended December 31, 2014. Such compliance is the responsibilities of the Company as stipulated in the above-mentioned notification issued by Bangladesh Securities and Exchange Commission (BSEC).

We have conducted our review in a manner that has provided us a reasonable basis for expressing our opinion on compliance conditions. The review has been limited to the measures so far adopted by the Company to ensure such compliances and this has not encompassed any opinion on the financial statements of the Company.

According to the information and explanations provided by the Company, we hereby certify that in our opinion, the management of the Company has complied with the necessary conditions of Corporate Governance Guidelines issued by Bangladesh Securities and Exchange Commission (BSEC).

Place: Dhaka  
Date: 18 March, 2015

  
Chowdhury Hossain Rashid & Co.  
Chartered Accountants



**Status on compliance of Corporate Governance**

Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
1.1	Board's Size	Yes		
<b>1.2</b>	<b>Independent Director:</b>			
1.2 (i)	One fifth (1/5) of the total number of directors	Yes		
1.2 (ii) a)	Does not hold any share or holds less than 1% share of the total paid-up shares.	Yes		
1.2 (ii) b)	Not connected with any sponsor/director/shareholder who holds 1% or more shares of the total paid-up shares on the basis of family relationship.	Yes		
1.2 (ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies	Yes		
1.2 (ii) d)	Not a member, director or officer of any stock exchange	Yes		
1.2 (ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market	Yes		
1.2 (ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3 (three) years of any statutory audit firm.	Yes		
1.2 (ii) g)	Not be an independent director in more than 3 (three) listed companies;	Yes		
1.2 (ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFI	Yes		
1.2 (ii) i)	Not been convicted for a criminal offence involving moral turpitude	Yes		
1.2 (iii)	Nominated by board of directors and approved by the shareholders in the AGM	Yes		
1.2 (iv)	Not remain vacant for more than 90 (ninety) days.	Yes		
1.2 (v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be recorded.	Yes		
1.2 (vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.	Yes		
<b>1.3</b>	<b>Qualification of Independent Director (ID):</b>			
1.3 (i)	Knowledge of Independent Directors	Yes		
1.3 (ii)	Background of Independent Directors	Yes		
1.3 (iii)	Special cases for qualifications			N/A
<b>1.4</b>	<b>Individual Chairman of the Board &amp; CEO</b>	Yes		
<b>1.5</b>	<b>The Directors' Report to Shareholders:</b>			
1.5 (i)	Industry outlook and possible future developments in the industry	Yes		
1.5 (ii)	Segment-wise or product-wise performance	Yes		
1.5 (iii)	Risks and concerns	Yes		
1.5 (iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin	Yes		
1.5 (v)	Discussion on continuity of any Extra-Ordinary gain or loss	Yes		
1.5 (vi)	Basis for related party transactions	Yes		
1.5 (vii)	Utilization of proceeds from public issues, rights issues and/or through any others			N/A
1.5 (viii)	Explanation if the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing			N/A
1.5 (ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements			N/A
1.5 (x)	Remuneration to directors including independent directors	Yes		
1.5 (xi)	Fairness of Financial Statements	Yes		



Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
<b>1.5 (xii)</b>	<b>Proper books of accounts maintained</b>	Yes		
1.5 (xiii)	Adoption of appropriate accounting policies and estimates	Yes		
1.5 (xiv)	Followed IAS/BAS/IFRS and BFRS in preparation financial statements	Yes		
1.5 (xv)	The system of internal control sound in design & effectively implemented & monitored	Yes		
1.5 (xvi)	No significant doubt upon its ability to continue as a going concern	Yes		
1.5 (xvii)	Reporting of significant deviations from the last year's in operating results	Yes		
1.5 (xviii)	Key operating and financial data of at least preceding 5 (five) years	Yes		
1.5 (xix)	Dividend declared	Yes		
1.5 (xx)	Number of board meeting held & attendance reporting	Yes		
1.5 (xxi)	Pattern of shareholding:			
1.5 (xxi) a)	Parent/Subsidiary/Associated Companies and other related parties			
1.5 (xxi) b)	Directors, CEO, CS, CFO, HIA and their spouses and minor children	Yes		
1.5 (xxi) c)	Executives	Yes		
1.5 (xxi) d)	10% or more voting interest	Yes		
1.5 (xxii)	Appointment/re-appointment of director:			
1.5 (xxii) a)	Resume of the director	Yes		
1.5 (xxii) b)	Expertise in specific functional areas	Yes		
1.5 (xxii) c)	Holding of directorship and membership of committees of the board other than this company.	Yes		
<b>2.1</b>	<b>Appointment of CFO, HIA &amp; CS:</b>			
2.2	Attendance of CFO and CS at the meeting of the Board of Directors	Yes		
<b>3</b>	<b>Audit Committee:</b>			
3 (i)	Constitution of Audit Committee	Yes		
3 (ii)	Assistance of the Audit Committee to Board of Directors	Yes		
3 (iii)	Responsibility of the Audit Committee	Yes		
<b>3.1</b>	<b>Composition of Audit Committee:</b>			
3.1 (i)	At least 3 (three) members	Yes		
3.1 (ii)	Appointment of members of the Audit Committee	Yes		
3.1 (iii)	Qualification of Audit Committee members	Yes		
3.1 (iv)	Term of service of Audit Committee members	Yes		
3.1 (v)	Secretary of the Audit Committee	Yes		
3.1 (vi)	Quorum of the Audit Committee	Yes		
<b>3.2</b>	<b>Chairman of Audit Committee:</b>			
3.2 (i)	Board of Directors shall select the Chairman	Yes		
3.2 (ii)	Chairman of the Audit Committee shall remain present in the AGM	Yes		
<b>3.3</b>	<b>Role of the Audit Committee:</b>			
3.3 (i)	Oversee the financial reporting process	Yes		
3.3 (ii)	Monitor choice of accounting policies and principles	Yes		
3.3 (iii)	Monitor Internal Control Risk management process	Yes		
3.3 (iv)	Oversee hiring and performance of external auditors	Yes		
3.3 (v)	Review the annual financial statements before submission to the Board for approval	Yes		





Condition No.	Title	Compliance Status		Remarks
		Complied	Not Complied	
3.3 (vi)	Review the quarterly and half yearly financial statements before submission to the Board for approval	Yes		
3.3 (vii)	Review the adequacy of internal audit function	Yes		
3.3 (viii)	Review statement of significant related party transactions	Yes		
3.3 (ix)	Review Management Letters/ Letter of Internal Control weakness issued by statutory auditors	Yes		
3.3 (x)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue			N/A
<b>3.4</b>	<b>Reporting of the Audit Committee:</b>			
3.4.1	Reporting to the Board of Directors:	Yes		
3.4.1 (i)	Activities of Audit Committee	Yes		
3.4.1 (ii) a)	Conflicts of interest	N/A		No such event occurred
3.4.1 (ii) b)	Material defect in the internal control system	N/A		
3.4.1 (ii) c)	Infringement of laws, rules and regulations	N/A		
3.4.1 (ii) d)	Any other matter	N/A		
3.4.2	Reporting to the Authorities	Yes		
3.5	Reporting to the Shareholders & General Investors	Yes		
<b>4</b>	<b>Engagement of External/Statutory Auditors:</b>			
4 (i)	Appraisal or valuation services or fairness opinions	Yes		
4 (ii)	Financial information systems design and implementation	Yes		
4 (iii)	Book-keeping	Yes		
4 (iv)	Broker-dealer services	Yes		
4 (v)	Actuarial services	Yes		
4 (vi)	Internal audit services	Yes		
4 (vii)	Services that the Audit Committee determines	Yes		
4 (viii)	Audit firms shall not hold any share of the company they audit.	Yes		
4 (ix)	Audit firm shall not certify on compliance of corporate governance	Yes		
<b>5</b>	<b>Subsidiary Company:</b>			
5 (i)	Composition of the Board of Directors			N/A
5 (ii)	At least 1 (one) independent director to the subsidiary company			N/A
5 (iii)	Submission of Minutes to the holding company			N/A
5 (iv)	Review of Minutes by the holding company			N/A
5 (v)	Review of Financial Statement by the holding company			N/A
<b>6</b>	<b>Duties of Chief Executive Officer and Chief Financial Officer:</b>			
6 (i) a)	Reviewed the truthfulness of the financial statement and certified to the Board	Yes		
6 (i) b)	Reviewed compliance of the accounting standard	Yes		
6 (ii)	Reviewed the absence of fraudulent or illegal transactions or violation of the company's code of conduct	Yes		
<b>7</b>	<b>Reporting and Compliance of Corporate Governance:</b>			
7 (i)	Obtain certificate regarding compliance of conditions of Corporate Governance Guidelines	Yes		
7 (ii)	Annexure attached, in the directors' report	Yes		

**ANNEXURE-9****Report on the Activities of Green Financing Committee**

During 2014, the Green Financing Committee discharged the following responsibilities:

- Reviewed and approved the Green Office Guidelines.
- Reviewed the quarterly Sustainability Impact Report.
- Reviewed and recommended the Green Financing Policy Statement and Guidelines.
- Reviewed and approved Green Financing unit Terms of Reference (TOR).

**ANNEXURE-10****Sustainability & Efficiency Statement****Initiatives:****Company's own activities:**

1. Paperless recruitment system has been implemented.
2. Video conferencing is encouraged for both official meetings and branch recruitment interviews.
3. Printing access has been restricted based on requirement and desks without printing access have been declared as 'green desk'. Moreover, individual printing history is being monitored to reduce unnecessary printing.
4. Internal documents are sent electronically to other locations.
5. Started procurement of only energy efficient lights (i.e. LED) for new requirement or replacement.
6. All old furnitures and fixtures are refurbished and repaired for reuse.
7. Offices of the company are regularly monitored by own electrician; who fix immediate malfunctioning.
8. Formalised the grievance handling mechanism so that any stakeholder (customer, employee, job applicant etc.) can raise complaint.

**Company's financing activities:**

United Finance has approved and disbursed BDT 3.80 million to 11 (eleven) new projects of Biogas plant in different areas of Bangladesh in 2014. The funds have been utilised to set up biogas plants totalling capacity of 42.20 cubic meters. These finances will reduce hydro-carbon fuel consumption for household uses.

**Impact of Initiatives:**

The following data has been captured to reflect the impact of our initiatives on ourself and on our financing activities for the period from January 01, 2014 to December 31, 2014. The activities have been divided into three broad categories: Economic, Environmental and Social.

**a. Economic:**

<b>Impact from Company's Financing Initiatives</b>	<b>2014</b>	<b>2013</b>
<b>Access to Finance</b>		
Financial Inclusion- First Time Institutional Borrowers (no. of enterprises) <sup>1</sup>	735	422
Geographical Access (no. of districts) <sup>2</sup>	63	60
Inclusion in Formal Banking System (no. of accounts) <sup>3</sup>	4,250	
Enterprise Development (no. of enterprises) <sup>4</sup>	20	10
Financial Assistance Received from Government (BDT in millions) <sup>5</sup>	154.03	467.7
<b>Employment Generation</b>		
Regular Employment Generation (in person) <sup>6</sup>	1,355	1,487
Seasonal Employment Generation (in person) <sup>7</sup>	38,025	20,475
<b>Work Efficiency</b>		
Increased Productivity/Month (BDT in millions) <sup>8</sup>	1,393	357
Reduced Outsourcing Cost (BDT in millions) <sup>9</sup>	62.55	57.01



1. Measured as how many enterprises/concerns are financed by United Finance who never took any loan/lease from any Non-banking Financial Institution or Bank prior to our financing.
2. Measured by number of districts under financing coverage.
3. Measured by the summation of the number of bank accounts and number of mobile banking accounts opened for the clients who never had any account in any bank.
4. Measured as how many enterprises were developed as a result of agricultural finance to supply agricultural inputs.
5. Measured as how much refinancing have been received from Bangladesh Bank from BB, ADB, Women, Green Finance and JICA's refinance scheme.
6. Measured as how many employments are created from the financing activities.
7. Measured as how many temporary employments are created from the agricultural financing activities.
8. Increased productivity is calculated when the leased equipment/loan amount increase production capacity by a significant amount. The additional production units are multiplied by its selling price and thus given into the report.
9. Reduced outsourcing cost is calculated as the gap between outsourcing cost and cost incurring from the financing activities.

**b. Environmental:**

<b>Impact from Company's Own Initiatives</b>	<b>2014</b>	<b>2013</b>
Energy Consumption within the Organization (BDT in millions) <sup>10</sup>	10.34	7.21
CO <sub>2</sub> Emission Saved from Office Vehicles (in gmCO <sub>2</sub> e/km) <sup>11</sup>	3,487,351	1,019,951
Reduced Cost for Using Electronic Process (BDT in millions) <sup>12</sup>	0.07	0.04

10. Measured as the amount of bill paid for electricity, water, gas and fuel consumption to run the day to day business operations within the company.
11. Calculated when the office pool vehicle is CNG converted, which reduces CO<sub>2</sub> emission by 16.50% than a regular combustion engine. (Source: Environmental Protection Agency Report – 2011, USA)
12. Calculated as the amount of paper and operation cost that have been reduced by implementing green desk, SMS disbursement, electronic approval, online interview, paperless recruitment process within the company.

<b>Impact from Company's Financing Initiatives</b>	<b>2014</b>	<b>2013</b>
Noise Reduction (Decibels) <sup>13</sup>	-	82.68
CO <sub>2</sub> Emission Saved (in gmCO <sub>2</sub> e/km) <sup>14</sup>	331.00	2,680.32
Electricity Load Reduction (in KW) <sup>15</sup>	-	79.035

13. Calculated when financed asset use noise reduction or noise cancellation methods. In general canopy or mufflers are used to reduce noise generated from generators which reduce noise by 14% and 6% respectively.
14. Calculated when the financed vehicle is CNG converted, which reduces CO<sub>2</sub> emission by 16.50% than a regular combustion engine. (Source: Environmental Protection Agency Report – 2011, USA)
15. Calculated as financed equipment replaced the old equipment which will save the electricity load.

**c. Social:**

<b>Impact from Company's Own Initiatives<sup>16</sup></b>	<b>2014</b>	<b>2013</b>
Employee Ratio (Male : Female)	3:1	3.5:1
Total no. of Employment Generation (no. of employee)	113	91
Total no. of Employees Trained for Skill Management (no. of employee trained)	99	72
Percentage of Women Employee Retention after Maternal Leave (in percentage)	100%	100%
No. of Grievance Handled from Stakeholders (no. of complaint addressed)	2	21

16. Social aspects in terms of equality, fair play and development have been identified in this segment of report.



<b>Impact from Company's Financing Initiatives</b>	<b>2014</b>	<b>2013</b>
<b>Customer Feedback</b>		
No. of Survey Conducted to Measure Customer Feedback (no. of survey) <sup>17</sup>	5	0
<b>Literacy</b>		
Financial Capacity Building (in person) <sup>18</sup>	2,340	1,260
Awareness Creation- Responsible Borrowing & Technical Booklet for Construction (No. of Booklet Circulated) <sup>19</sup>	252	-
Awareness Creation- Reduction of Child Labor in Business Enterprises (no. of undertakings) <sup>20</sup>	-	3
Awareness Creation- Improvement of Hygiene in Food Industry in Business Enterprises (no. of undertakings) <sup>21</sup>	-	1
<b>Empowerment</b>		
Breakout from Traditional Financing (%) <sup>22</sup>	76%	63%
Women Entrepreneurship Financed (in person) <sup>23</sup>	339	260
Women Farmers Financed in Agricultural Financing (in person) <sup>24</sup>	422	227
Landless Farmers Financed in Agricultural Financing (in person) <sup>25</sup>	362	195

17. Surveys have been conducted on market identification and customer satisfaction on specific products and region.
18. Measured as number of person trained to keep record of their own business and financial transactions.
19. Measured as number of booklet circulated to create awareness of responsible borrowers of affordable home loans and technical knowhow of construction.
20. Awareness calculated as no. of business entities identified and addressed by issuing undertakings as having significant child labor or unhygienic environment in business operations.
21. Awareness calculated as number of business entities identified and addressed by issuing undertakings as having unhygienic environment in food industry in business operations.
22. Measured as number of person transferred from traditional financing (Mohajon) to formal financing (Bank/FI)
23. Measured as number of enterprise financed which are controlled/owned by women.
24. Measured as number of women entrepreneurs financed under agricultural financing.
25. Measured as number of landless farmers financed under agricultural financing.



# Financial Statements



## AUDITORS' REPORT TO THE SHAREHOLDERS OF UNITED FINANCE LIMITED

We have audited the accompanying Financial Statements of United Finance Limited, which comprises the Balance Sheet as at 31 December 2014 and the Profit and Loss Account, Statement of Changes in Equity and Cash Flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements of the company (United Finance Limited) that give a true and fair view in accordance with Bangladesh Financial Reporting Standards as explained in note 2.01 and for such internal control as management determines is necessary to enable the preparation of financial statements of the company 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 (BSAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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.

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 present fairly, in all material respects the balance sheet of the company as at 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs) as explained in note 2.01.

### Other Matter

The Financial Statements of the company for the year ended 31 December 2013 were audited by Hoda Vasi Chowdhury & Co. Chartered Accountants, who through their report dated 05 March 2014 expressed an unqualified opinion on those statements.

### Report on other legal and regulatory requirements

In accordance with the Company's Act 1994, Securities and Exchange Rules 1987, Financial Institutions Act 1993 and Rules and Regulations issued by Bangladesh Bank, we also report the following:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- ii) in our opinion, proper books of accounts as required by law have been kept by United Finance Limited so far as it appeared from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- iii) United Finance Limited's Statement of Financial Position and Statement of Comprehensive Income



together with the annexed notes dealt with by the report are in agreement with the books of account and returns;

- iv) the financial statements have been prepared in accordance with generally accepted accounting principles in Bangladesh;
- v) the expenditure incurred and payment made were for the purpose of the United Finance Limited's business;
- vi) the financial statements have been drawn up in conformity with prevailing rules, regulations and accounting standards as well as with related guidance issued by the Bangladesh Bank;
- vii) adequate provisions have been made for lease, advances and other assets which are, in our opinion, doubtful of recovery;
- viii) United Finance Limited has followed the instructions issued by Bangladesh Bank in matters of loan/ advance classification, provisioning and suspension of interest;
- ix) the information and explanations required by us have been received and found satisfactory; and
- x) United Finance Limited has complied with the relevant laws pertaining to maintenance of capital adequacy, reserves and maintenance of liquid assets.

Dated; Dhaka  
05 March, 2015

  
M. J. Abedin & Co.  
Chartered Accountants


**BALANCE SHEET** as at 31 December, 2014

	Notes	2014 Taka	2013 Taka
<b>PROPERTY AND ASSETS</b>			
<b>Cash</b>			
	3		
In hand		87,000	83,000
Balance with Bangladesh Bank and its agent bank(s)		178,514,497	203,337,330
		<b>178,601,497</b>	<b>203,420,330</b>
<b>Balance with banks and other financial institutions</b>			
	4		
In Bangladesh		3,534,815,789	2,977,145,588
Outside Bangladesh		-	-
		<b>3,534,815,789</b>	<b>2,977,145,588</b>
<b>Money at call and short notice</b>			
	5	-	-
<b>Investments</b>			
	6		
Government		-	-
Others		300,690,980	58,381,964
		<b>300,690,980</b>	<b>58,381,964</b>
<b>Lease, loans and advances</b>			
	7		
Lease receivable		5,941,562,480	6,015,852,474
Loans, cash credits, overdrafts, etc.		4,785,463,075	3,825,391,083
		<b>10,727,025,555</b>	<b>9,841,243,557</b>
<b>Fixed assets including furniture and fixtures</b>			
	8	67,422,010	66,940,688
<b>Other assets</b>			
	9	1,038,012,213	781,885,664
<b>Non - financial institutional assets</b>			
		-	-
<b>Total assets</b>		<b>15,846,568,044</b>	<b>13,929,017,791</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>Liabilities</b>			
<b>Borrowing from banks, other financial institutions and agents</b>			
	10	2,566,042,557	2,268,168,025
<b>Deposits and other accounts</b>			
	11		
Current deposits		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		8,102,274,879	6,969,222,146
Bearer certificates of deposit		-	-
Other deposits		434,377,844	420,822,565
		<b>8,536,652,723</b>	<b>7,390,044,711</b>
<b>Other liabilities</b>	12	2,318,468,269	2,105,432,283
<b>Total liabilities</b>		<b>13,421,163,549</b>	<b>11,763,645,019</b>
<b>Capital / Shareholders' equity</b>			
	13	1,402,632,000	1,275,120,000
Paid-up capital			
Statutory reserve	14	591,000,000	526,000,000
Share premium	15	3,750,000	3,750,000
General reserve	16	215,000,000	165,000,000
Retained earnings	17	213,022,495	195,502,772
<b>Total Shareholders' equity</b>		<b>2,425,404,495</b>	<b>2,165,372,772</b>
<b>Total liabilities and Shareholders' equity</b>		<b>15,846,568,044</b>	<b>13,929,017,791</b>
<b>Net asset value per share (NAV)</b>	18	<b>17.29</b>	<b>16.98</b>



**BALANCE SHEET** as at 31 December, 2014

	Notes	2014 Taka	2013 Taka
<b>OFF-BALANCE SHEET ITEMS</b>			
<b>Contingent liabilities</b>			
	19		
Acceptances and endorsements		-	-
Letters of guarantee		20,000,000	7,840,800
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		<b>20,000,000</b>	<b>7,840,800</b>
<b>Other commitments</b>			
Documentary credits and short term trade-related transactions		-	-
Forward assets purchased and forward deposits placed		-	-
Undrawn note issuance and revolving underwriting facilities		-	-
Undrawn formal standby facilities , credit lines and other commitments		-	-
		-	-
		-	-
		<b>20,000,000</b>	<b>7,840,800</b>
<b>Total Off-Balance Sheet items including contingent liabilities</b>		<b>20,000,000</b>	<b>7,840,800</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

**Syed Ehsan Quadir**  
Managing Director

**A. Rouf**  
Director

**L. H. Khan**  
Director

**A.F.M.M. Samad Choudhury**  
Director

See annexed auditors' report to the Shareholders of same date.

Dated; Dhaka  
05 March, 2015

**M. J. Abedin & Co.**  
Chartered Accountants

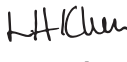
**PROFIT AND LOSS ACCOUNT** for the year ended 31 December, 2014


	Notes	2014 Taka	2013 Taka
<b>OPERATING INCOME</b>			
Interest income	21	1,856,154,710	1,776,485,792
Interest paid on deposits, borrowings, etc.	22	(1,023,895,424)	(1,025,840,244)
<b>Net interest income</b>		<b>832,259,286</b>	<b>750,645,548</b>
Investment income	23	22,893,190	8,837,890
Commission, exchange and brokerage		-	-
Other operating income	24	88,716,041	76,707,395
<b>Total operating income (A)</b>		<b>943,868,517</b>	<b>836,190,833</b>
<b>OPERATING EXPENSES</b>			
Salaries and allowances	25	201,436,694	166,705,464
Rent, taxes, insurance, electricity, etc.	26	41,211,884	34,722,772
Legal expenses	27	11,749,425	9,848,279
Postage, stamp, telecommunication, etc.	28	10,792,423	8,740,613
Stationery, printing, advertisements, etc.	29	7,426,221	6,874,586
Managing Director's salary and benefits	30	7,764,800	7,417,073
Directors' fees	31	264,500	258,750
Auditors' fees	32	143,750	138,000
Charges on loan losses		-	-
Depreciation and repair of assets	33	31,890,201	30,158,105
Other expenses	34	46,199,777	32,989,240
<b>Total operating expenses (B)</b>		<b>358,879,676</b>	<b>297,852,882</b>
<b>Profit before provision C=(A-B)</b>		<b>584,988,841</b>	<b>538,337,951</b>
Provision for lease, loans and advances	35	47,201,118	88,922,545
Provision for diminution in value of investments		-	-
Other provisions		-	-
<b>Total provision (D)</b>		<b>47,201,118</b>	<b>88,922,545</b>
<b>Operating profit before taxes E=(C-D)</b>		<b>537,787,723</b>	<b>449,415,406</b>
<b>PROVISION FOR TAXATION</b>			
Current Tax	36	218,050,691	184,945,661
Deferred Tax	36	(4,050,691)	(1,945,661)
<b>Total provision for taxation (F)</b>		<b>214,000,000</b>	<b>183,000,000</b>
<b>Net profit after taxation (E-F)</b>		<b>323,787,723</b>	<b>266,415,406</b>
<b>Appropriations</b>			
Statutory reserve	14	65,000,000	54,000,000
General reserve	16	50,000,000	20,000,000
Dividends, etc.		-	-
		115,000,000	74,000,000
<b>Retained surplus</b>		<b>208,787,723</b>	<b>192,415,406</b>
<b>Earnings per share (EPS) (Restated)</b>	37	<b>2.31</b>	<b>1.90</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

  
**Syed Ehsan Quadir**  
Managing Director

  
**A. Rouf**  
Director

  
**L. H. Khan**  
Director

  
**A.F.M.M. Samad Choudhury**  
Director

See annexed auditors' report to the Shareholders of same date.

Dated; Dhaka  
05 March, 2015

  
**M. J. Abedin & Co.**  
Chartered Accountants

**CASH FLOW STATEMENT** for the year ended 31 December, 2014


	Notes	2014 Taka	2013 Taka
<b>A) Cash flows from operating activities</b>			
Interest receipts in cash		1,858,916,469	1,719,236,559
Interest payments		(1,040,983,259)	(948,831,195)
Dividend receipts		8,429,360	8,891,790
Amount realised from written off client		7,557,978	160,000
Payments to employees		(207,546,880)	(174,122,537)
Payments to suppliers		(72,293,249)	(36,114,040)
Income taxes paid		(200,570,557)	(115,897,533)
Receipts from other operating activities	38	88,716,041	76,707,395
Payments for other operating activities	39	(51,892,003)	(42,144,345)
<b>Cash generated from operating activities before changes in operating assets and liabilities</b>		<b>390,333,900</b>	<b>487,886,095</b>
<b>Increase / (decrease) in operating assets and liabilities</b>			
Lease, loans and advances to customers		(873,437,099)	(814,500,910)
Other assets		(56,198,820)	(34,097,738)
Term and other deposits		1,146,608,012	986,994,817
Accrued expenses and payables		(46,500,111)	7,595,227
Interest suspense		9,697,568	1,108,089
Deferred liability-employee gratuity		3,346,994	2,529,650
Other liabilities		289,073,334	98,672,819
		<u>472,589,878</u>	<u>248,301,954</u>
<b>Net cash from operating activities</b>		<b>862,923,778</b>	<b>736,188,049</b>
<b>B) Cash flows from investing activities</b>			
Investment in shares		(63,309,016)	16,690,984
Investment in Commercial Bond		(179,000,000)	-
Purchase of fixed assets		(24,008,983)	(15,071,637)
Proceeds from sale of fixed assets		1,018,417	251,250
<b>Net cash from investing activities</b>		<b>(265,299,582)</b>	<b>1,870,597</b>
<b>C) Cash flows from financing activities</b>			
Receipts of long term loan		235,976,000	475,648,339
Repayment of long term loan		(397,643,534)	(254,154,083)
Net draw down/(payment) of short term loan		159,479,780	283,096,513
Dividend paid		(62,585,074)	(55,133,261)
<b>Net Cash from financing activities</b>		<b>(64,772,828)</b>	<b>449,457,507</b>
D) Net increase in cash and cash equivalents (A+B+C)		532,851,368	1,187,516,153
E) Effects of exchange rate changes on cash and cash equivalents		-	-
F) Cash and cash equivalents at beginning of the year		3,180,565,918	1,993,049,765
<b>G) Cash and cash equivalents at end of the year (D+E+F)</b>		<b>3,713,417,286</b>	<b>3,180,565,918</b>
<b>Cash and cash equivalents at end of the year</b>			
Cash in hand		87,000	83,000
Balance with Bangladesh Bank and its agent bank(s)		178,514,497	203,337,330
Balance with banks and other financial institutions	4	3,534,815,789	2,977,145,588
Money at call and short notice		-	-
Prise bond		-	-
		<u>3,713,417,286</u>	<u>3,180,565,918</u>
<b>Net operating cash flow per share</b>		<b>6.15</b>	<b>5.77</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

  
**Syed Ehsan Quadir**  
 Managing Director

  
**A. Rouf**  
 Director

  
**L. H. Khan**  
 Director

  
**A.F.M.M. Samad Choudhury**  
 Director

Dated; Dhaka  
 05 March, 2015

  
**M. J. Abedin & Co.**  
 Chartered Accountants



**STATEMENT OF CHANGES IN EQUITY** for the year ended 31 December, 2014

(Amount in Taka)


Particulars	Paid-up capital	Statutory reserve	Share premium	General reserve	Retained earnings	Total
<b>Balance as at 01 January, 2013</b>	<b>1,108,800,000</b>	<b>472,000,000</b>	<b>3,750,000</b>	<b>145,000,000</b>	<b>224,847,366</b>	<b>1,954,397,366</b>
Cash dividend paid for the year 2012	-	-	-	-	(55,440,000)	(55,440,000)
Issuance of bonus share for the year 2012	166,320,000	-	-	-	(166,320,000)	-
Net profit for the year 2013 after tax	-	-	-	-	266,415,406	266,415,406
Movement of general reserve	-	-	-	20,000,000	(20,000,000)	-
Appropriation made during the year	-	54,000,000	-	-	(54,000,000)	-
<b>Balance as at 31 December, 2013</b>	<b>1,275,120,000</b>	<b>526,000,000</b>	<b>3,750,000</b>	<b>165,000,000</b>	<b>195,502,772</b>	<b>2,165,372,772</b>
Surplus / deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus / deficit on account of revaluation of investments	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-
Issuance of bonus share for the year 2013	127,512,000	-	-	-	(127,512,000)	-
Cash dividend for 2013	-	-	-	-	(63,756,000)	(63,756,000)
Net profit after taxation for the year	-	-	-	-	323,787,723	323,787,723
Movement of general reserve	-	-	-	50,000,000	(50,000,000)	-
Appropriation made during the year	-	65,000,000	-	-	(65,000,000)	-
<b>Balance as at 31 December, 2014</b>	<b>1,402,632,000</b>	<b>591,000,000</b>	<b>3,750,000</b>	<b>215,000,000</b>	<b>213,022,495</b>	<b>2,425,404,495</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

  
**Syed Ehsan Quadir**  
 Managing Director

  
**A. Rouf**  
 Director

  
**L. H. Khan**  
 Director

  
**A.F.M.M. Samad Choudhury**  
 Director

  
**M. J. Abedin & Co.**  
 Chartered Accountants

Dated; Dhaka  
 05 March, 2015



**LIQUIDITY STATEMENT** as at 31 December, 2014  
(Analysis of maturity of assets and liabilities)

(Amount in Taka)

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Assets:</b>						
Cash in hand	87,000	-	-	-	-	87,000
Balance with Bangladesh Bank and its agent(s)	178,514,497	-	-	-	-	178,514,497
Balance with banks and other financial institutions	796,108,289	2,125,000,000	613,707,500	-	-	3,534,815,789
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	16,690,980	173,250,000	110,750,000	300,690,980
Leases, loans and advances	860,471,258	944,805,587	4,250,608,002	4,343,368,293	327,772,415	10,727,025,555
Fixed assets including furniture and fixtures	-	-	3,110	50,266,191	17,152,709	67,422,010
Other assets	18,029,974	54,887,388	131,407,142	269,676,292	564,011,417	1,038,012,213
<b>Total assets (A):</b>	<b>1,853,211,018</b>	<b>3,124,692,975</b>	<b>5,012,416,734</b>	<b>4,836,560,776</b>	<b>1,019,686,541</b>	<b>15,846,568,044</b>
<b>Liabilities:</b>						
Borrowings from Bangladesh Bank, other banks, financial institutions and agents	931,818,811	427,557,475	766,940,081	325,787,209	113,938,981	2,566,042,557
Term deposits	850,935,191	2,268,539,774	3,788,185,125	1,147,878,565	46,736,225	8,102,274,879
Other deposits	27,592,629	39,414,120	177,749,314	186,440,232	3,181,549	434,377,844
Other liabilities	16,698,813	126,396,363	116,238,385	1,523,825,423	535,309,285	2,318,468,269
<b>Total liabilities (B):</b>	<b>1,827,045,444</b>	<b>2,861,907,732</b>	<b>4,849,112,905</b>	<b>3,183,931,429</b>	<b>699,166,040</b>	<b>13,421,163,549</b>
<b>Net liquidity gap (A - B):</b>	<b>26,165,575</b>	<b>262,785,242</b>	<b>163,303,829</b>	<b>1,652,629,347</b>	<b>320,520,501</b>	<b>2,425,404,495</b>

The annexed notes 1 to 47 form an integral part of these financial statements.

**Syed Ehsan Quadir**  
Managing Director

**A. Rouf**  
Director

**L. H. Khan**  
Director

**A.F.M.M. Samad Choudhury**  
Director



## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December, 2014

### 1 General Information

#### 1.1 Domicile and legal form

United Leasing Company Limited was incorporated on 27 April, 1989 as a public limited company under the Companies Act 1913 (currently 1994). Whereas the name of "United Leasing Company Limited" has been changed to "United Finance Limited" (the "Company") and the Registrar of Joint Stock Companies & Firm (RJSC) vide letter no. C-18484 dated April 27, 2014 duly approved the change of name of the company.

The Company is domiciled in Bangladesh. It was granted license under the Financial Institutions Act, 1993. The shares of the Company are quoted on the Dhaka Stock Exchange Limited since 1994 and are transacted in dematerialised form through Central Depository Bangladesh Limited since 14 October, 2004. The Company has its registered office at Camellia House, 22 Kazi Nazrul Islam Avenue, Dhaka.

#### 1.2 Nature of operations and principal activities

The Company provides financial services which includes lease finance for acquiring assets for industrial and commercial use, term loans for meeting long term funding requirement, short-term working capital solutions and home loans to cater the needs of its diverse client base. The Company offers various deposit investment opportunities of predefined tenure ranging from three months to ten years.

### 2 Summary of significant Accounting Policies and basis of preparation of the financial statements:

#### 2.1 Statement of compliance

The financial statements of the Financial Institution are prepared in accordance with Bangladesh Financial Reporting Standards (BFRSs) and the requirements of the Financial Institutions Act 1993, the rules and regulations issued by Bangladesh Bank, the Companies Act 1994. In case of any requirement of the Financial Institutions Act 1993, provisions and circulars issued by Bangladesh Bank differ with those of BFRSs, the requirements of the Financial Institutions Act 1993, provisions and circulars issued by Bangladesh Bank shall prevail differences are as follows:

##### i) Investment in shares and securities

BFRS: As per requirements of BAS 39 investment in shares and securities generally falls either under "at fair value through profit and loss account" or under "available for sale" where any change in the fair value (as measured in accordance with BFRS 13) at the year-end is taken to profit and loss account or revaluation reserve respectively.

Bangladesh Bank: As per FID circular 08 dated 03 August 2002 investments in quoted shares and unquoted shares are revalued at the year end at market price and as per book value of last audited balance sheet respectively. Provision should be made for any loss arising from diminution in value of investment; otherwise investments are recognised at cost.

##### ii) Provision for lease, loans and advances

BFRS: As per BAS 39 an entity should start the impairment assessment by considering whether objective evidence of impairment exists for financial assets that are individually significant. For financial assets that are not individually significant, the assessment can be performed on an individual or collective (portfolio) basis.

Bangladesh Bank: As per FID circular No. 8 dated 3 August 2002 and FID circular No. 3 dated 3 May 2006 a general provision at 1% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained regardless of objective evidence of impairment. Also provision for sub-standard loans, doubtful loans and bad losses has to be provided at 20%, 50% and 100% respectively for lease, loans and advances depending on the duration of overdue.

##### iii) Recognition of interest in suspense

BFRS: Loans and advances to customers are generally classified as 'loans and receivables' as per BAS 39 and interest income is recognised through effective interest rate method over the term of the loan. Once a loan is impaired, interest income is recognised in profit and loss account on the same basis based on revised carrying amount.



Bangladesh Bank: As per FID circular No. 8 dated 3 August 2002, once a loan is classified, interest on such loans are not allowed to be recognised as income, rather the corresponding amount needs to be credited to an interest suspense account, which is presented as liability in the balance sheet.

iv) Other comprehensive income

BFRS: As per BAS 1 Other Comprehensive Income (OCI) to be presented in 'Statement of Profit or Loss and Other Comprehensive Income' or to be included separately in 'Other Comprehensive Income Statement' by following 'Statement of Profit or Loss'.

Bangladesh Bank: As per Template provided by Bangladesh Bank, Elements of Other Comprehensive Income (OCI) has shown in the 'Statement of Changes in Equity'.

v) Financial instruments – presentation and disclosure

In several cases Bangladesh Bank guidelines categories, recognise, measure and present financial instruments differently from those prescribed in BAS 39. In all those cases, disclosure and presentation have been made as per Bangladesh Bank's requirements.

vi) Cash flow statement

BFRS: The Cash flow statement can be prepared using either the direct method or the indirect method. The presentation is selected to present these cash flows in a manner that is most appropriate for the business or industry. The method selected is applied consistently

Bangladesh Bank: As per DFIM Circular 11 dated 23 December 2009, cash flow is the combination of direct and indirect methods.

vii) Balance with Bangladesh Bank: (Cash Reserve Requirement)

BFRS: Balance with Bangladesh Bank should be treated as other asset as it is not available for use in day to day operations as per BAS 7.

Bangladesh Bank: Balance with Bangladesh Bank is treated as cash and cash equivalents.

## 2.2 Basis of preparation of the financial statements

The financial statements and notes thereon have been prepared in accordance with Bangladesh Bank DFIM circular no. 11 dated 23 December 2009 on a going concern concept under historical cost convention and basically on accrual basis of accounting in accordance with generally accepted accounting principles and after due compliance with International Accounting Standards/International Financial Reporting Standards so far adopted in Bangladesh as Bangladesh Accounting Standards/ Bangladesh Financial Reporting Standards by the Institute of Chartered Accountants of Bangladesh, the Financial Institution Act 1993, the Companies Act 1994, the Securities and Exchange Commission rules 1987, the regulations and guidelines from Bangladesh Bank and the Listing Regulation of Dhaka Stock Exchange.

## 2.3 Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities as at the date of the financial statements. Management believes that these estimates and assumptions are reasonable and prudent. However, the actual results could differ from estimates.

## 2.4 Reporting currency and level of exactitude

The figures in the financial statements have been stated in Bangladesh Taka which is the Company's functional currency and have been rounded off to the nearest integer.

## 2.5 Comparative information

Last year's figures and account titles have been rearranged to conform current year's presentation in accordance with the Bangladesh Bank DFIM Circular no. 11 dated December 23, 2009.

## 2.6 Authorisation for Issue of the Financial Statements

The Board of Directors of the Company has authorised these financial statements for issue on March 5, 2015.



## 2.7 Materiality of financial statements

Each material item, as considered by management significant, has been presented separately in the financial statements wherever applicable.

## 2.8 Cash flow statement

Cash flow statement is prepared in accordance with BAS - 7 "Cash Flow Statement" and Bangladesh Bank DFIM Circular No - 11 dated December 23, 2009 under the direct method for the period, classified by operating, investing and financing activities in cash and cash equivalents during the financial year.

## 2.9 Statement of changes in equity

Statement of changes in equity is prepared in accordance with BFRS - 1 "Presentation of Financial Statements" and Bangladesh Bank DFIM Circular No - 11 dated December 23, 2009 which reflects the increase and decrease in net assets or wealth.

## 2.10 Liquidity statement (asset and liability maturity analysis)

Liquidity statement is prepared in accordance with Bangladesh Bank DFIM Circular No - 11 dated December 23, 2009 on residual maturity term of assets and liabilities as on the reporting date based on the following assumptions:

- i) Balance with other Banks and financial institutions, money at call and short notice, etc. are on the basis of their maturity term
- ii) Investments are on the basis of their respective maturity
- iii) Lease, Loans and advances are on the basis of their repayment schedule
- iv) Fixed assets are on the basis of their useful lives
- v) Other assets are on the basis of their realisation / amortisation
- vi) Borrowing from other Banks, financial institutions and agents, etc are as per their maturity / repayment terms
- vii) Deposits and other accounts are on the basis of their maturity term and past trend of withdrawal.
- viii) Provisions and other liabilities are on the basis of their payment / adjustments schedule.

## 2.11 Assets and basis of their valuation

### 2.11.1 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances and deposits held at call with banks and financial institutions and short term liquid investments that are readily convertible to known amount of cash which are unlikely to be affected by any insignificant risk of change in value.

### 2.11.2 Accounting for leases

Following Bangladesh Accounting Standards (BAS) 17 "Leases", accounting for lease transactions have been recorded under finance lease method since all the risks and rewards incidental to ownership are substantially transferred to the lessee as per agreement. Accordingly the aggregate lease receivables excluding un-guaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of net lease receivables over the total acquisition cost constitutes the unearned lease income. The unearned lease income is amortised to revenue over the primary lease term yielding a constant rate of return over the period. Initial direct costs, if any, are charged in the year in which such costs are incurred.

### 2.11.3 Accounting for loans

Receivables against term loans including short term loan and home loan comprise of principal amounts due from customers against these loans. Accrued interests thereon are accounted for on accrual basis and shown separately.

### 2.11.4 Accounting for investment

Investments are carried at the lower of cost or market value on an individual basis in accordance with the instruction of Bangladesh Bank.





### 2.11.5 Fixed assets and depreciation

#### *Recognition*

All Furniture & Fixture, Office Equipment, Electrical Equipment, Motor Vehicle are initially stated at cost and depreciated over their expected useful lives. The cost of acquisition of an asset is comprised of its purchase price and any directly attributable cost of bringing the asset to the location and condition for its intended use inclusive of duties and non-refundable taxes.

Fixed asset acquired under finance lease is accounted for at the lower of present value of minimum lease payments under the lease agreements and the fair value of the asset. The related obligation under the lease is accounted for as liability. Finance charges are allocated to accounting period in a manner so as to provide a constant rate of charge on the outstanding liability.

Subsequent cost related to Furniture & Fixture, Office Equipment, Electrical Equipment, Motor Vehicle is capitalised only when it increases the future economic benefit from the asset. All other expenditures are recognised as expenses as and when they are incurred.

#### *Depreciation*

Items of Furniture & Fixture, Office Equipment, Electrical Equipment and Motor Vehicle are depreciated based on straight-line method throughout the estimated span of useful life ranging from five to eight years. For addition to fixed assets, depreciation is charged from the month of purchase irrespective of date up to the month immediately preceding the month of disposal. Depreciation is calculated on the cost of fixed asset in order to write off such amount over the estimated useful lives of such assets. The rates of depreciation used are as follows:

Furniture & Fixture	12.50%
Office Equipment	15.00%
Electrical Equipment	20.00%
Motor Vehicle	20.00%

#### *Derecognition*

An item of Furniture & Fixture, Office Equipment, Electrical Equipment, Motor Vehicle is de-recognised on its disposal. The gain or loss arising from de-recognition of an asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 2.11.6 Account receivable

Account receivable at the balance sheet date is stated at amounts which are considered realisable. Specific allowance is made for receivables considered to be doubtful for recovery.

## 2.12 Liabilities and basis of their valuation

### 2.12.1 Provision for doubtful assets

Provisions, specific and general, are made on the basis of year end review by the management as per policy of the Company and guidelines contained in Bangladesh Bank's FID circulars. Specific provisions are made where the repayment of identified leases / loans are in doubt and reflect an estimate of the amount of loss anticipated and the general provision is made for the inherent risk of losses. Provisions are applied to write off leases / loans, in part or in whole, when they are considered wholly or partly irrecoverable.

An appropriate general and specific provision for un-classified and classified leases, loans and advances at varying rates depending on the degree of risk associated with the certainty of collection has been provided as per Company policy in excess of regulatory requirement.

### 2.12.2 Income taxes

#### *Current tax*

Current tax expense is provided on estimated taxable profit for the year at the tax rate applicable for the year.

#### *Deferred tax*

Deferred taxation is provided in full for all temporary differences arising between tax bases of assets and carrying amount of assets in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Tax rate prevailing at the Balance Sheet date is used to determine deferred tax.



### 2.12.3 Provision for accrued expenses

Provisions have been recognised in the balance sheet as follows:

- a. when the Company has a present obligation, legal or constructive as a result of a past event,
- b. when it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation; and
- c. when a reliable estimate can be made of the amount of the obligation.

### 2.12.4 Employee benefits

#### Provident fund

A contributory Provident Fund is operated by the Company on equal participation from both parties, the Company and the employee. The Fund is recognised by the National Board of Revenue and is administered by a Board of Trustees.

#### Gratuity fund

A separate funded gratuity scheme is maintained by the Company to motivate its employees for long term retention. Gratuity scheme is applicable for all its permanent employees who have completed their length of service at least for five years without any break. Provision for gratuity is made annually considering all its eligible employees available at the end of the year.

#### Other long term benefits

The Company operates a group life insurance scheme for all of its permanent employees. It maintains a health insurance scheme for all of its permanent employees, their spouse and children.

### 2.12.5 Contingent liabilities and contingent assets

The contingent liability and contingent asset are not reflected in the balance sheet but the existence of contingent liability is disclosed in the financial statements. A contingent liability is a probable obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events not within the control of the Company or a present obligation that is not recognised because outflow of resources is not likely or obligation cannot be measured reliably.

### 2.12.6 Proposed dividend

Dividend proposed by the Board of Directors for the year shall be recognised and is accounted for after approval by the shareholders at the Annual General Meeting.

## 2.13 Revenue recognition

### 2.13.1 Interest income

Interest income comprises of interest income from lease, loans and advances and interest on placement of fund with banks and other financial institutions. Interest due is recognised on accrual basis using the effective interest method. Interest due over ninety days is not recognised as revenue rather it is recognised as interest suspense. Suspended interest is recognised as income on cash basis when it is received.

### 2.13.2 Lease income

The excess of gross lease rentals receivable over the cost of the leased asset represents the total unearned income at the time of execution of lease. The unearned income is allocated over the period of lease in a pattern reflecting a constant return on the net investment.

### 2.13.3 Income from long term and short term finance

Income from long and short term finance is recognised as revenue when the interest is due. Interest due over ninety days is not recognised as revenue rather it is recognised as interest suspense. Suspended interest is recognised as income on cash basis when it is received.

### 2.13.4 Income from dividend

Dividend income from investment in equity shares is recognised when the right to receive the payment is established. Dividend income from preference shares is recognised on accrual basis considering the establishment of right to receive the same.



#### 2.13.5 Income from deposits (maintaining with Bank and NBF)

Interests from short term deposits and fixed deposits are recognised on accrual basis taking into account the principal outstanding and the effective interest rate.

#### 2.13.6 Fee based income

Fee based income is recognised as revenue when it is received.

#### 2.13.7 Interest paid on deposits, borrowing, etc.

Interest paid comprises of the interest payable on external borrowing, individual and institutional deposits and direct deposit expenses and are recognised as they accrue.

#### 2.13.8 Impairment of assets

The carrying amounts of the property, plant and equipment and intangible assets are reviewed at each balance sheet date or whenever there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. Impairment losses, if any, are recognised in the profit and loss account.

#### 2.14 Related party disclosure

The Company carried out transaction in the ordinary course of business on an arm length basis at commercial rate with its related parties. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions have been disclosed in note 41.

#### 2.15 Earning per share

Earning per share has been calculated in accordance with BAS-33 "Earning Per Share" and shown on the face of Profit and Loss Account. Basic earning per share is calculated by dividing the net profit attributable to shareholders by the average number of ordinary shares during the financial year. In calculating the adjusted EPS of 2013, the total number of shares including the subsequent bonus issued in 2014 has been considered as the Weighted Average number of shares outstanding during the year 2013.

#### 2.16 Events after the reporting period

The financial statements were authorized for issue on 05 March 2015 by Board of Directors who has the power to amend the financial statements after issue. There is no other significant event that has occurred between the Financial Position date and the date when the Financial Statements were authorised for issue by the Board of Directors of the Company.

Subsequent to the Balance Sheet date, the Board of Directors recommended Tk. 0.50 per share cash dividend, 10% stock dividend in its Board meeting held on 05 March 2015. The dividend proposal is subject to shareholders' approval at the forthcoming AGM. Except the fact as stated above, no circumstances have arisen since the statement of financial position date which would require adjustments, or disclosure in the Financial Statements.

#### 2.17 Financial risk management policies and objectives

The Board of Directors of the Company sets the overall risk appetite and philosophy; the risk and capital framework underpins delivery of the Board's strategy.

It is the Company's policy to optimise return to shareholders while maintaining a strong capital base and credit rating to support business growth and meet regulatory capital requirements at all times.

The main financial risks facing the Company and its management are as follows:

##### 2.17.1 Credit risk

Credit risk is the risk arising from the possibility that the Company will incur losses from the failure of customers to meet their obligations.

The Company has segregated duties for the officers involved in credit related activities. Credit evaluation, credit



administration and credit monitoring and recovery functions are segregated and delegated to credit evaluation department, operations department, collection and special assets management department respectively.

Risk Review department is entrusted with the task of managing the internal risk rating model. This Internal Rating Based (IRB) approach, recommended by the Basel-II committee and also by the Bangladesh Bank in its Supervisory Review Process, coupled with the data integrity management process of monthly credit audit, helps manage asset quality and establishing a prudent credit culture within the Company that is efficient and transparent.

#### 2.17.2 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due. The Company's liquidity policy is designed to ensure that it can at all times meet its obligations as they fall due. Liquidity management focuses on overall balance sheet structure and the control, within prudent limits, of risk arising from exposure to the mismatch of maturities across the balance sheet and from undrawn commitments and other contingent obligations. The management of liquidity risk is carried out by Treasury department under approved policy guidelines. Compliance is monitored and coordinated by Treasury both in respect of internal policy and the regulatory requirements. The liquidity management is monitored by Asset Liability Committee (ALCO) on a regular basis. A contingency plan is in place for managing extreme situation. The risk of short term mismatch can be met by the undrawn commitment and expected renewal of deposits.

#### 2.17.3 Market risk

Market risk is defined as the risk of loss resulting from adverse changes in risk factors such as interest rates, and equity prices together with related factors such as market volatilities. The Company is exposed to market risk because of positions held in its trading portfolios and its non-trading businesses.

Interest rate risk arises from the Company's treasury activities and lending businesses due to mismatches between the future yield and funding cost is managed daily by the Treasury department and monthly reviewed by Asset Liability Committee to monitor the interest rate movement and devise a number of alternative options to mitigate possible interest rate risks.

Equity positions can result in changes in the Company's non-trading income and reserves arising from changes in equity prices/income. Such exposure may take the form of listed and unlisted equity. The type, nature and amount of equity exposure held by the Company are not significant. The market value of the equity assets held by the Company at the balance sheet date is much higher than cost price.

#### 2.17.4 Operational risk

Operational risk arises from inadequate process, misuse of process, from human or system error or from external factors.

The Operation Risk Management Committee is responsible for identifying operational risks and take steps to mitigate such risks. The Committee Comprises of the Head of Development, Head of Human Resources and the Head of Information, Communication and Services. The Committee reviews operational processes and evaluates the process in terms of efficiency and adequacy of the process to ensure adequate control. Processes are re-engineered to improve efficiency without diluting the control/risk. The re-engineered process is documented and imparted among the stakeholders of the process to ensure the process delivers as expected. To prevent misuse, 'maker and checker' concept is implemented in every step of operational processes. Also appropriate trainings are arranged regularly to reduce human errors. New products are also designed with internal risk mitigating features.

#### 2.17.5 Prevention of Money Laundering & Combating of Terrorist Financing

Money Laundering & Terrorist Financing risk is defined as the loss of reputation and expenses incurred as penalty for being negligent in prevention of money laundering & combating of terrorist financing. In order to manage the risk, the Company has set up an effective Program in line with Anti-Money Laundering & Combating of Terrorist Finance Act and Bangladesh Bank guidelines. The Company employed Chief Anti-money Laundering Compliance Officer - CAMLCO at Head Office and Branch Anti-money Laundering Compliance Officers- BAMLCO at branches who independently review the transactions of the accounts to verify suspicious transactions. The Company developed Guidelines for prevention of money laundering & terrorist financing to comply with the requirements of the Act. Continuous training is being imparted to all categories of Officers and Executives to enhance expertise for identifying suspicious activities and transactions.



**3 Cash**

Cash in hand (note-3.1)  
Balance with Bangladesh Bank and its agent bank(s) (note-3.2)

	<b>2014 Taka</b>	<b>2013 Taka</b>
Cash in hand (note-3.1)	87,000	83,000
Balance with Bangladesh Bank and its agent bank(s) (note-3.2)	178,514,497	203,337,330
	<b>178,601,497</b>	<b>203,420,330</b>

**3.1 Cash in hand**

In local currency  
In foreign currency

In local currency	87,000	83,000
In foreign currency	-	-
	<b>87,000</b>	<b>83,000</b>

**3.2 Balance with Bangladesh Bank and its agent bank(s)**

In local currency (with Bangladesh Bank)  
Sonali Bank as agent of Bangladesh Bank (local currency)

In local currency (with Bangladesh Bank)	178,514,497	203,337,330
Sonali Bank as agent of Bangladesh Bank (local currency)	-	-
	<b>178,514,497</b>	<b>203,337,330</b>

**3.3 Statutory deposits**

**Cash Reserve Requirement (CRR) and Statutory Liquidity Reserve (SLR)**

Cash Reserve Requirement and Statutory Liquidity Reserve have been calculated and maintained in accordance with section 19 of the Financial Institutions Act 1993, regulation 5 of the Financial Institution Regulations 1994 and FID circular no.6 dated November 06, 2003 & FID circular no. 02 dated November 10, 2004.

The Cash Reserve Requirement on the Company's term deposits received from public at the rate of 2.5% has been calculated and maintained with Bangladesh Bank in current account and 5% Statutory Liquidity Reserve, including CRR, on the total liabilities has been maintained in the form of balance with banks and the Company's call money deposit. Both the reserves maintained by the Company are in excess of the statutory requirements, as shown below:

**a) Cash Reserve Requirement (CRR)**

Required reserve (2.5% on deposit)  
Actual reserve maintained (note-3.2)  
Surplus

Required reserve (2.5% on deposit)	162,187,364	156,544,651
Actual reserve maintained (note-3.2)	178,514,497	203,337,330
Surplus	<b>16,327,133</b>	<b>46,792,679</b>

Surplus reserve is maintained for Bangladesh Bank refinance installment payment.

**b) Statutory Liquidity Reserve (SLR)**

Required reserve (5% on total liabilities)  
Actual reserve maintained including CRR (note-3.4)  
Surplus

Required reserve (5% on total liabilities)	416,221,041	395,499,823
Actual reserve maintained including CRR (note-3.4)	3,713,417,286	3,180,565,918
Surplus	<b>3,297,196,245</b>	<b>2,785,066,095</b>

The surplus for SLR mostly comprises of interest earnings deposits are maintained as FDR (Lien) Tk. 1,420 million against SOD and STL, Tk. 1,877 million as short term investment are maintained with different Banks and Financial Institutions.

**3.4 Actual reserve maintained (including CRR)**

Cash in hand  
Balance with Bangladesh Bank and its agent bank(s)  
Balance with banks and other financial institutions (note-4)

Cash in hand	87,000	83,000
Balance with Bangladesh Bank and its agent bank(s)	178,514,497	203,337,330
Balance with banks and other financial institutions (note-4)	3,534,815,789	2,977,145,588
	<b>3,713,417,286</b>	<b>3,180,565,918</b>

**4 Balance with banks and other financial institutions**

In Bangladesh (note-4.1)  
Outside Bangladesh

In Bangladesh (note-4.1)	3,534,815,789	2,977,145,588
Outside Bangladesh	-	-
	<b>3,534,815,789</b>	<b>2,977,145,588</b>



4.1 In Bangladesh

**Current deposits**

Nationalised Commercial Bank  
Private Commercial Bank  
Foreign Commercial Bank

**Short-term deposit**

Private Commercial Bank  
Foreign Commercial Bank

**Fixed deposits**

Private Commercial Bank  
Foreign Commercial Bank  
Financial Institutions

	<b>2014 Taka</b>	<b>2013 Taka</b>
	62,567,774	37,517
	74,295,588	50,109,494
	38,753,955	297,809
	<b>175,617,317</b>	<b>50,444,820</b>
	129,309,087	92,826,224
	6,181,885	10,167,044
	<b>135,490,972</b>	<b>102,993,268</b>
	2,070,000,000	1,370,000,000
	100,000,000	300,000,000
	1,053,707,500	1,153,707,500
	<b>3,223,707,500</b>	<b>2,823,707,500</b>
	<b>3,534,815,789</b>	<b>2,977,145,588</b>

4.2 Maturity grouping of balance with banks and other financial institutions

On demand  
Up to 1 month  
Over 1 month but not more than 3 months  
Over 3 months but not more than 6 months  
Over 6 months but not more than 1 year  
Over 1 year but not more than 5 years  
Over 5 years

	325,617,317	150,444,820
	470,490,972	337,993,268
	2,125,000,000	1,750,000,000
	613,707,500	738,707,500
	-	-
	-	-
	-	-
	<b>3,534,815,789</b>	<b>2,977,145,588</b>
	-	-

5 Money at call and short notice

6 Investments

Investment classified as per nature

**a) Government securities:**

National investment bonds  
Bangladesh Bank bills  
Government bonds  
Prize bonds

**b) Other investment:**

Investment in ordinary shares (Notes 6.1)  
Investment in preference shares (Notes 6.2)  
Investment in bonds (Notes 6.3)

	-	-
	-	-
	-	-
	-	-
	-	-
	15,000,000	15,000,000
	106,690,980	43,381,964
	179,000,000	-
	300,690,980	58,381,964
	<b>300,690,980</b>	<b>58,381,964</b>

6.1 Investment in ordinary shares

United Insurance Company Limited

	15,000,000	15,000,000
	<b>15,000,000</b>	<b>15,000,000</b>



**United Insurance Company Limited**

The Company purchased 600,000 ordinary shares of United Insurance Company Limited, a listed public limited company, @ Tk 25 per share in 2001. Subsequently the Company received bonus shares in 2007, 2008, 2009, 2010, 2011, 2012 and 2013.

The total number of ordinary shares of United Insurance Company Limited now held by the Company is as follows:

	<b>Nos.</b>
Original purchase in 2001	600,000
Bonus share received in 2007	180,000
Bonus share received in 2008	220,000
Bonus share received in 2009	1,500,000
Bonus share received in 2010	500,000
Bonus share received in 2011	300,000
Bonus share received in 2012	330,000
Bonus share received in 2013	370,000
	<b><u>4,000,000</u></b> Shares

As on 31 December, 2014 the market value @ Tk. 33.90 (closing market price) of the above shares was Tk.135,600,000 against cost price of 600,000 shares (@ Tk. 25) at Tk.15,000,000.

**6.2 Investment in preference shares**

10% preference share in Summit Purbanchol Power Co. Ltd.  
 10% preference share in Summit Uttaranchol Power Co. Ltd.  
 12.75% preference share of Energypac Confidence Power Venture Limited  
 13% Preference share of Regent Energy and Power Ltd.

	<b>2014 Taka</b>	<b>2013 Taka</b>
	12,500,000	20,000,000
	12,500,000	20,000,000
	1,690,980	3,381,964
	80,000,000	-
	<b><u>106,690,980</u></b>	<b><u>43,381,964</u></b>

**6.3 Investment in bonds**

Subordinate Bond-Mercantile Bank Ltd.  
 Subordinate Bond-The City Bank Ltd.

	100,000,000	-
	79,000,000	-
	<b><u>179,000,000</u></b>	<b><u>-</u></b>

**6.4 Maturity grouping of investments**

On demand  
 Up to 1 month  
 Over 1 month but not more than 3 months  
 Over 3 months but not more than 6 months  
 Over 6 months but not more than 1 year  
 Over 1 year but not more than 5 years  
 Over 5 years

	-	-
	-	-
	-	-
	845,492	845,491
	15,845,488	15,845,491
	173,250,000	26,690,982
	110,750,000	15,000,000
	<b><u>300,690,980</u></b>	<b><u>58,381,964</u></b>

**7 Lease, loans and advances**

**7.1 Broad category-wise break up**

**Inside Bangladesh**

Lease receivable (note-7.2)  
 Loans (note-7.3)

	5,941,562,480	6,015,852,474
	4,785,463,075	3,825,391,083
	<b><u>10,727,025,555</u></b>	<b><u>9,841,243,557</u></b>

**Outside Bangladesh**

	-	-
	<b><u>10,727,025,555</u></b>	<b><u>9,841,243,557</u></b>



	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>7.2 Lease receivable</b>		
Net lease receivable (note-7.2.1)	5,880,233,621	5,891,483,110
Advances for leases (note-7.2.3)	15,300,000	72,701,152
Interest receivable	46,028,859	51,668,211
	<b><u>5,941,562,480</u></b>	<b><u>6,015,852,474</u></b>
<b>7.2.1 Net lease receivable</b>		
Gross lease receivable	7,107,007,788	7,235,486,387
Less: Unearned finance income	1,226,774,167	1,344,003,276
	<b><u>5,880,233,621</u></b>	<b><u>5,891,483,110</u></b>
<b>7.2.2 Movement of net lease receivables</b>		
Balance at January 01	5,891,483,110	5,971,456,947
Addition during the year	2,894,860,200	2,975,979,947
Realisation during the year	(2,906,109,689)	(3,055,953,784)
	<b><u>5,880,233,621</u></b>	<b><u>5,891,483,110</u></b>
<b>7.2.3 Advance for leases</b>		
<p>These represent disbursements made to clients for procuring assets under lease and quarterly capitalised interests on disbursements. On execution, advances are transferred to lease finance.</p>		
<b>7.3 Loans</b>		
Term loan	2,323,685,096	1,856,543,378
Home loan	304,539,170	175,417,478
Short term loan and factoring advances	2,106,674,939	1,760,850,608
Interest receivable	50,563,870	32,579,619
	<b><u>4,785,463,075</u></b>	<b><u>3,825,391,083</u></b>
<b>7.4 Maturity grouping of lease, loans and advances</b>		
On demand	-	-
Up to 1 month	860,471,258	698,232,044
Over 1 month but not more than 3 months	944,805,587	814,389,692
Over 3 months but not more than 1 year	4,250,608,002	3,829,562,121
Over 1 year but not more than 5 years	4,343,368,293	4,311,359,259
Over 5 years	327,772,415	187,700,441
	<b><u>10,727,025,555</u></b>	<b><u>9,841,243,557</u></b>
<b>7.5 Lease, loans and advances on the basis of significant concentration</b>		
a) Lease, loans and advances to companies or firms in which the Directors of the Company have interests	410,294	2,269,058
b) Lease, loans and advances to Chief Executive and other Senior Executives	1,175,950	2,387,101





	2014 Taka	2013 Taka
c) Number of clients with outstanding amount and classified lease, loans and advances exceeding 15% of total capital of the Company is as follows:		
Total capital of the Company	2,425,404,495	2,165,372,772
Number of clients	Nil	Nil
Amount of outstanding advances	Nil	Nil
Amount of classified advances	Nil	Nil
Measures taken for recovery	Not applicable	Not applicable
d) Industry-wise distribution of lease, loans and advances:		
1. Agricultural sector	598,509,596	538,010,139
2. Industrial sector:		
a) Service industry	1,013,916,846	756,862,003
b) Food production/processing industry	1,062,149,848	1,232,562,289
c) Chemical & Pharmaceutical	734,854,936	412,624,086
d) Plastic industry	547,996,145	400,893,213
e) Garments	420,778,958	375,110,540
f) Textile	444,127,823	497,824,215
g) Paper, Printing and packaging industry	871,261,363	835,403,122
h) Iron, Steel & Engineering industry	605,583,683	622,104,887
i) Leather & leather products	3,521,112	12,305,533
j) Electronics and electrical industry	27,530,499	194,086,903
k) Telecommunication/information Technology	30,419,819	24,218,094
l) Jute and jute products	232,549,511	158,477,400
m) Cement/Concrete and allied industry	366,175,671	295,803,774
n) Glass and ceramic industry	83,815,054	52,715,140
o) Ship Manufacturing Industry	76,006,045	123,690,875
3. Power, Gas, Water and sanitary service	459,177,986	371,457,718
4. Transport & Communication	418,514,390	497,013,068
5. Real Estate & Housing	329,137,362	247,817,925
6. Trade and Commerce	2,256,050,352	1,919,418,438
7. Others	144,948,557	272,844,194
	<b>10,727,025,555</b>	<b>9,841,243,557</b>
e) Geographical location-wise lease, loans and advances		
<b>Inside Bangladesh</b>		
<b>Urban</b>		
Dhaka Division	6,936,407,332	6,373,900,624
Chittagong Division	2,251,148,953	2,133,766,644
Khulna Division	626,692,164	528,286,550
Rajshahi Division	334,284,491	387,135,367
Rangpur Division	364,694,244	241,663,659
Barisal Division	150,979,714	109,272,854
Sylhet Division	62,818,657	67,217,859
	10,727,025,555	9,841,243,557
<b>Rural</b>	-	-
	10,727,025,555	9,841,243,557
<b>Outside Bangladesh</b>	-	-
	<b>10,727,025,555</b>	<b>9,841,243,557</b>
7.6 Sector-wise lease, loans and advances		
Public sector	-	-
Co-operative sector	-	-
Private sector	10,727,025,555	9,841,243,557
	<b>10,727,025,555</b>	<b>9,841,243,557</b>



7.7 Particulars of lease, loans and advances

	<b>2014 Taka</b>	<b>2013 Taka</b>
i) Leases, loans and advances considered good in respect of which the Company is fully secured	733,113,580	860,658,802
ii) Leases, loans and advances considered good in respect of which the Company is partially secured	5,657,160,902	5,681,406,066
iii) Leases, loans and advances considered good against which the Company holds no security other than the debtors' personal guarantee	-	-
iv) Leases, loans and advances considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	4,336,751,073	3,299,178,689
v) Classified Leases, loans and advances against which no provision has been made	-	-
	<u>10,727,025,555</u>	<u>9,841,243,557</u>
vi) Leases, loans and advances due by Directors, Officers of the Company or any of them either separately or jointly with any other persons	<u>1,175,950</u>	<u>2,387,101</u>
vii) Leases, loans and advances due from Companies or firms in which the Directors have interest as Directors, Partners or managing agents Companies, as members.	<u>410,294</u>	<u>2,269,058</u>
viii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Company or any of them either separately or jointly with any other person.	<u>-</u>	<u>-</u>
ix) Maximum total amount of advances, including temporary advances granted during the year to the Companies or firms in which the Directors have interest as Directors, Partners or Managing agents or in the case of private Companies, as members.	<u>-</u>	<u>-</u>
x) Due from banking Companies and other financial institutions	<u>13,945,151</u>	<u>26,735,483</u>
xi) Classified lease, loans and advances		
a) Classified lease, loans and advances on which interest has not been charged	11,902,250	42,162,064
b) Increase/(decrease) of specific provision	(15,877,308)	(25,796,047)
c) Amount of loan written off (note-12.4)	31,303,190	80,845,285
d) Amount realised against loan previously written off	7,557,978	160,000
e) Provision kept against loans classified as bad/loss on the date of preparing the balance sheet (note-7.8)	264,367,083	129,009,164
f) Interest credited to Interest Suspense account (note-12.2)	54,380,077	44,682,509
xii) Written off lease, loans and advances		
Opening Balance	303,711,514	222,866,229
During the year	31,303,190	80,845,285
Cumulative to-date	<u>335,014,704</u>	<u>303,711,514</u>
The amount of written-off leases, loans and advances for which law suits have been filed	335,014,704	303,711,514



## 7.8 Classification of lease, loans and advances

**Unclassified**

 Standard  
 Special mention account (SMA)

**Classified**

 Sub-standard  
 Doubtful  
 Bad/Loss

	2014 Taka	2013 Taka
Standard	10,128,218,978	9,295,315,528
Special mention account (SMA)	270,968,897	198,558,965
	<b>10,399,187,875</b>	<b>9,493,874,493</b>
Sub-standard	47,272,614	174,808,793
Doubtful	16,197,983	43,551,107
Bad/Loss	264,367,083	129,009,164
	327,837,680	347,369,064
	<b>10,727,025,555</b>	<b>9,841,243,557</b>

**8 Fixed assets including furniture and fixtures**
**Cost**

 Furniture and fixtures  
 Office equipment  
 Electrical equipment  
 Vehicles

Less: Accumulated depreciation

**Net book value at the end of the year** (Annexure - A)

Furniture and fixtures	90,459,737	79,921,525
Office equipment	474,691	305,947
Electrical equipment	67,026,432	58,338,604
Vehicles	43,496,063	41,573,364
	<b>201,456,923</b>	<b>180,139,440</b>
Less: Accumulated depreciation	134,034,913	113,198,752
<b>Net book value at the end of the year</b> (Annexure - A)	<b>67,422,010</b>	<b>66,940,688</b>

**9 Other assets**
**Inside Bangladesh**
**Income generating:**

Income receivable (note-9.1)

**Non-income generating:**

Deferred tax assets (note-9.2)

Advance, deposit and prepaid expenses

Other receivables

Advance corporate tax (note-9.3)

**Outside Bangladesh**

Income receivable (note-9.1)	85,525,364	86,168,192
Deferred tax assets (note-9.2)	15,196,744	11,146,053
Advance, deposit and prepaid expenses	116,158,152	44,645,427
Other receivables	5,306,919	24,671,515
Advance corporate tax (note-9.3)	815,825,034	615,254,477
	<b>1,038,012,213</b>	<b>781,885,664</b>
Outside Bangladesh	-	-
	<b>1,038,012,213</b>	<b>781,885,664</b>

9.1 Income receivable amount represents interest receivable on other investment and fixed deposits.

## 9.2 Deferred tax asset

Deferred tax has been calculated based on deductible/taxable temporary difference arising due to difference in the carrying amount of the assets and its tax base in accordance with the provision of Bangladesh Accounting Standard (BAS) 12 "Income Taxes" and under the guidelines of Bangladesh Bank DFIM Circular no. 07 dated 31 July 2011.

	Carrying amount at balance sheet	Tax base	Deductible temporary difference
Fixed assets at book value	67,422,010	98,346,245	30,924,235
Liability to employee gratuity	4,832,811	-	4,832,811
	<b>72,254,821</b>	<b>98,346,245</b>	<b>35,757,046</b>

Applicable tax rate

Deferred tax asset as on 31 December 2014

Deferred tax asset as on 31 December 2013

Deferred tax asset during the year 2014 - Note 36

42.5%

15,196,744

11,146,053

4,050,691



	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>9.3 Advance corporate tax</b>		
Balance as on January 01	615,254,477	582,519,539
Paid during the year	200,570,557	115,897,532
Settlement of previous years' tax liabilities	-	(83,162,594)
	<b>815,825,034</b>	<b>615,254,477</b>
<b>10 Borrowing from banks, other financial institutions and agents</b>		
In Bangladesh (note-10.1)	2,566,042,557	2,268,168,025
Outside Bangladesh	-	-
	<b>2,566,042,557</b>	<b>2,268,168,025</b>
<b>10.1 In Bangladesh</b>		
<b>Bank overdraft</b>		
Nationalised Commercial Bank	155,291,465	150,894,078
Private Commercial Bank	369,523,949	209,162,520
Foreign Commercial Bank	114,287,650	237,921,641
	<b>639,103,064</b>	<b>597,978,239</b>
<b>Short term loan</b>		
Foreign Commercial Bank	485,000,000	370,000,000
	<b>485,000,000</b>	<b>370,000,000</b>
<b>Call borrowing</b>		
Nationalised Commercial Bank	200,000,000	250,000,000
Private Commercial Bank	450,000,000	100,000,000
	<b>650,000,000</b>	<b>350,000,000</b>
<b>Long term loan</b>		
Bangladesh Bank (SERP)	693,620,276	838,038,030
Kreditanstalt Für Wiederaufbau (KfW)	98,319,217	112,151,756
	<b>791,939,493</b>	<b>950,189,786</b>
	<b>2,566,042,557</b>	<b>2,268,168,025</b>
<b>10.2 Analysis by security against borrowing from banks, other financial institutions and agents</b>		
Secured (FDR pledged as security)	1,124,103,064	967,978,239
Secured (Corporate guarantee)	-	-
Unsecured	1,441,939,493	1,300,189,786
	<b>2,566,042,557</b>	<b>2,268,168,025</b>
<b>10.3 Maturity grouping of borrowing from banks, other financial institutions and agents</b>		
On demand	650,000,000	-
Up to 1 month	281,818,811	755,620,805
Over 1 month but within 3 months	427,557,475	650,508,081
Over 3 months but within 1 year	766,940,081	296,427,900
Over 1 year but within 5 years	325,787,209	491,454,514
Over 5 years	113,938,981	74,156,725
	<b>2,566,042,557</b>	<b>2,268,168,025</b>



**11 Deposits and other accounts**

	<b>2014 Taka</b>	<b>2013 Taka</b>
Current deposits	-	-
Bills payable	-	-
Savings bank deposits	-	-
Term deposits (note -11.1)	8,102,274,879	6,969,222,146
Bearer certificates of deposit	-	-
Other deposits (note-11.2)	434,377,844	420,822,565
	<b>8,536,652,723</b>	<b>7,390,044,711</b>

**11.1 Term deposits**

Deposits from banks and financial institutions	1,950,000,000	1,150,000,000
Deposits from other than banks and financial institutions	6,152,274,879	5,819,222,146
	<b>8,102,274,879</b>	<b>6,969,222,146</b>

These represent deposits from individuals and institutions under the Company's term deposit schemes for a period of not less than three months.

**11.1.1 Sector-wise break-up of term deposits**

Government	-	-
Banks and financial institutions	1,950,000,000	1,150,000,000
Other public	-	-
Foreign currency	-	-
Private	6,152,274,879	5,819,222,146
	<b>8,102,274,879</b>	<b>6,969,222,146</b>

**11.1.2 Maturity analysis of term deposits**

**a) Maturity analysis of deposits from banks & financial institutions**

Payable on demand	-	-
Up to 1 month	300,000,000	-
Over 1 month but within 3 months	1,650,000,000	200,000,000
Over 3 months but within 1 year	-	950,000,000
Over 1 year but within 5 years	-	-
Over 5 years but within 10 years	-	-
Over 10 years	-	-
	<b>1,950,000,000</b>	<b>1,150,000,000</b>

**b) Maturity analysis of deposits from other than banks & financial institutions**

Payable on demand	-	-
Up to 1 month	550,935,191	313,777,608
Over 1 month but within 3 months	618,539,774	456,494,896
Over 3 months but within 1 year	3,788,185,125	3,204,357,072
Over 1 year but within 5 years	1,147,878,565	1,789,819,535
Over 5 years but within 10 years	46,736,225	54,773,035
Over 10 years	-	-
	<b>6,152,274,879</b>	<b>5,819,222,146</b>
	<b>8,102,274,879</b>	<b>6,969,222,146</b>



2014 Taka	2013 Taka
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### 11.2 Other deposits

This represents deposits against financing which is advance rental and security deposits received from clients at the inception of allowing any lease/loan facility to the clients adjustable or refundable at the expiry of the facility.

Non-interest bearing deposit	359,981,891	345,119,046
Interest bearing deposit	74,395,953	75,703,519
	<b>434,377,844</b>	<b>420,822,565</b>

#### 11.2.1 Maturity analysis of other deposits

Payable on demand	-	-
Up to 1 month	27,592,629	34,296,550
Over 1 month but within 3 months	39,414,120	34,705,827
Over 3 months but within 1 year	177,749,314	163,199,664
Over 1 year but within 5 years	186,440,232	186,215,087
Over 5 years but within 10 years	3,181,549	2,405,437
Over 10 years	-	-
	<b>434,377,844</b>	<b>420,822,565</b>

### 12 Other liabilities

Provision for gratuity	4,832,811	1,485,817
Unclaimed dividend	8,763,492	7,592,566
KfW interest differential fund (note-12.1)	45,098,689	28,835,142
Interest suspense account (note-12.2)	54,380,077	44,682,509
Accrued expenses and payables (note-12.3)	562,818,925	621,768,572
Provision for lease, loans and advances (note-12.4)	498,826,937	475,371,031
Provision for income tax (note-12.5)	1,143,747,338	925,696,647
	<b>2,318,468,269</b>	<b>2,105,432,283</b>

#### 12.1 KfW interest differential fund

This represents the difference between interest on loan from KfW @9.5% per annum and the Bangladesh Bank rate. This interest differential fund is being used for the financing of training of personnel or for other activities for the promotion or development of small enterprises in Bangladesh.

Balance as on January 01	28,835,142	32,808,234
Addition during the year	4,683,725	5,046,829
	33,518,867	37,855,063
Adjusted against training programme	(2,876,812)	(688,343)
Transfer from/(to) Product Development account	14,456,634	(8,331,578)
Balance as on December 31	<b>45,098,689</b>	<b>28,835,142</b>

#### 12.2 Interest suspense account

This represents interest receivable on lease, term finance and short term finance due over ninety days as per Bangladesh Bank guidelines.

Balance as on January 01	44,682,509	43,887,975
Add: Amount transferred to "interest suspense" account during the year	156,957,579	174,332,319
Less: Amount recovered from "interest suspense" account during the year	(129,704,645)	(134,624,779)
Less: Written off during the year	(17,555,366)	(38,913,006)
Balance as on December 31	<b>54,380,077</b>	<b>44,682,509</b>



12.3 Accrued expenses and payables

Liabilities for expenses  
Liabilities other than expenses

	<b>2014 Taka</b>	<b>2013 Taka</b>
	461,337,743	501,792,108
	101,481,182	119,976,464
	<b>562,818,925</b>	<b>621,768,572</b>

Liabilities for expenses represent interest accrued but not paid on borrowing and deposits as well as administrative expenses.

Liabilities other than expenses represent income tax deducted at source from depositors, suppliers, employees, VAT payables, collection against leases/loans in advance etc.

12.4 Provision for lease, loans and advances

General provision on lease, loans and advances

Balance at January 01  
Provision made for the year (note-35)

	88,771,567	81,706,438
	7,437,143	7,065,129
	<b>96,208,710</b>	<b>88,771,567</b>

Specific Provision on unclassified lease, loans and advances

Balance at January 01  
Provision made for the year (note-35)

	85,617,939	58,649,760
	31,896,071	26,968,179
	<b>117,514,010</b>	<b>85,617,939</b>

Specific provision on classified lease, loans and advances

Balance at January 01  
Fully provided debts written off during the year  
Amount realised from written off clients  
Provision made for the year (note-35)

	300,981,525	326,777,573
	(31,303,190)	(80,845,285)
	7,557,978	160,000
	7,867,904	54,889,237
	<b>285,104,217</b>	<b>300,981,525</b>
	<b>498,826,937</b>	<b>475,371,031</b>

**Provision surplus/(shortage):**

	<b>2014</b>		<b>2013</b>	
	Required	Maintained	Required	Maintained
General provision on lease, loans and advances	71,197,974	96,208,710	60,021,885	88,771,567
Specific Provision on unclassified lease, loans and advances	13,157,511	117,514,010	9,589,112	85,617,939
Specific provision on classified lease, loans and advances	212,718,037	285,104,217	145,398,773	300,981,525
	297,073,522	498,826,937	215,009,770	475,371,031
<b>Total surplus</b>		<b>201,753,415</b>		<b>260,361,261</b>

12.5 Provision for income tax

Balance as on January 01  
Add: Corporate tax for the year (note-36)  
  
Less: Settlement of previous years' tax liabilities

	925,696,647	823,913,580
	218,050,691	184,945,661
	1,143,747,338	1,008,859,241
	-	(83,162,594)
	<b>1,143,747,338</b>	<b>925,696,647</b>



	2014 Taka	2013 Taka
<b>13 Paid-up capital</b>		
<b>13.1 Authorized capital</b>		
300,000,000 ordinary shares of Taka 10 each	<b>3,000,000,000</b>	<b>3,000,000,000</b>
<b>13.2 Issued, subscribed and fully paid-up capital</b>		
7,000,000 ordinary shares of Taka 10 each issued for cash	70,000,000	70,000,000
133,263,200 ordinary shares of Taka 10 each issued as bonus shares	1,332,632,000	1,205,120,000
	<b>1,402,632,000</b>	<b>1,275,120,000</b>
<b>13.3 Capital adequacy ratio</b>		

As per Basel Accord guideline incorporated by Bangladesh Bank vide DFIM Circular no.08 dated 02 August 2010 all Financial Institution should calculated capital adequacy ratio based on solo basis as well as consolidated basis.

A Eligible Capital :		
Tier-1 Capital	2,425,404,495	2,165,372,772
Tier-2 Capital	137,123,703	121,719,109
Total Eligible Capital (1+2) :	<u>2,562,528,198</u>	<u>2,287,091,881</u>
B Total Risk Weighted Assets (RWA):	12,186,988,881	10,795,467,765
C Capital Adequacy Ratio (CAR) (A <sub>3</sub> / B)*100	21.03%	21.19%
D Core Capital to RWA (A <sub>1</sub> / B)*100	19.90%	20.06%
E Supplementary Capital to RWA (A <sub>2</sub> / B)*100	1.13%	1.13%
F Minimum Capital Requirement (MCR)	1,218,698,888	1,079,546,777
<b>Surplus</b>	<b>1,343,829,310</b>	<b>1,207,545,104</b>
<b>Core capital (Tier-I)</b>		
Paid up capital (note-13.2)	1,402,632,000	1,275,120,000
Statutory reserve (note-14)	591,000,000	526,000,000
Share premium (note-15)	3,750,000	3,750,000
General reserve (note-16)	215,000,000	165,000,000
Retained earnings (note-17)	213,022,495	195,502,772
	<u>2,425,404,495</u>	<u>2,165,372,772</u>
<b>Eligible supplementary capital (Tier-II)</b>		
General provision maintained against unclassified loan	137,123,703	121,719,109
Assets Revaluation Reserves up to 50%	-	-
Revaluation Reserve for Securities up to 50%	-	-
All other preference shares	-	-
Other (if any item approved by Bangladesh Bank)	-	-
	<b>137,123,703</b>	<b>121,719,109</b>
General provision (Unclassified+SMA+Off balance sheet exposure)	213,922,720	174,467,914
Limit up to 1.25% of RWA for Credit Risk would be eligible as Tier-II capital	137,123,703	121,719,109
Risk Weighted Assets (RWA)		
A Credit Risk	10,969,896,216	9,737,528,694
On- Balance sheet	10,944,896,216	9,727,727,694
Off-Balance sheet	25,000,000	9,801,000
B. Market Risk	-	-
C. Operational Risk	1,217,092,664	1,057,939,071
<b>Total: RWA (A+B+C)</b>	<b>12,186,988,881</b>	<b>10,795,467,765</b>





	No. of Shares		Percentage		
	2014	2013	2014	2013	
<b>13.4 Percentage of shareholding at the closing date</b>					
(i) Sponsors -	Foreign	28,052,640	25,502,400	20.00	20.00
	Domestic	33,956,959	30,869,964	24.21	24.21
		62,009,599	56,372,364	44.21	44.21
(ii) Financial Institutions and Companies	Foreign	12,769,397	11,608,544	9.10	9.10
	Domestic	26,230,416	22,211,622	18.70	17.42
		38,999,813	33,820,166	27.80	26.52
(iii) General public – Domestic		39,253,788	37,319,470	27.99	29.27
		<b>140,263,200</b>	<b>127,512,000</b>	<b>100.00</b>	<b>100.00</b>

**13.5 Shareholding range on the basis of shareholding as at 31 December 2014**

No. of shares	Number of Shareholders	Total number of shares	Percentage of total holdings
1 Less than 500	5,637	808,415	0.58
2 500 to 5,000	5,885	10,324,761	7.36
3 5,001 to 10,000	753	5,337,850	3.81
4 10,001 to 20,000	431	6,039,512	4.31
5 20,001 to 30,000	138	3,403,880	2.43
6 30,001 to 40,000	66	2,282,916	1.63
7 40,001 to 50,000	48	2,172,711	1.55
8 50,001 to 100,000	65	4,725,104	3.37
9 100,001 to 1,000,000	55	14,038,928	10.01
10 Above 1,000,000	11	91,129,123	64.97
	<b>13,089</b>	<b>140,263,200</b>	<b>100.00</b>

**14 Statutory reserve**

Balance as at January 01  
Addition during the year

	2014 Taka	2013 Taka
	526,000,000	472,000,000
	65,000,000	54,000,000
	<b>591,000,000</b>	<b>526,000,000</b>

As per section 9 of the Financial Institutions Act, 1993 and regulation 6 of the Financial Institutions Regulations 1994, every Non Banking Financial Institution (NBFI) is required to transfer at least 20% of its current year profit to the fund until such reserve fund equal to its paid up share capital and share premium (if any). Accordingly during the year the Company has transferred Tk. 65,000,000 to the Statutory Reserve Fund.

**15 Share premium**

This represents a premium of 50% over the par value of share received against the issue of 750,000 shares in 1994 amounting to Tk. 3,750,000.

**16 General reserve**

Balance at January 01  
Appropriation from current year's profit

	165,000,000	145,000,000
	50,000,000	20,000,000
	<b>215,000,000</b>	<b>165,000,000</b>



	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>17 Retained earnings</b>		
Balance at January 01	195,502,772	224,847,366
Cash dividend for last year	(63,756,000)	(55,440,000)
Issue of bonus shares for last year	(127,512,000)	(166,320,000)
	<u>(191,268,000)</u>	<u>(221,760,000)</u>
	4,234,772	3,087,366
Addition during the year		
Net profit after taxation	323,787,723	266,415,406
Transfer to statutory reserve	(65,000,000)	(54,000,000)
Transfer to general reserve	(50,000,000)	(20,000,000)
	<u>208,787,723</u>	<u>192,415,406</u>
Transfer from general reserve	-	-
	<b><u>213,022,495</u></b>	<b><u>195,502,772</u></b>
<b>18 Net asset value per share (NAV)</b>		
Total asset	15,846,568,044	13,929,017,791
Total liabilities	13,421,163,549	11,763,645,019
Net asset	<u>2,425,404,495</u>	<u>2,165,372,772</u>
Number of share outstanding (current year's)	140,263,200	127,512,000
Net asset value per share	<b><u>17.29</u></b>	<b><u>16.98</u></b>
<b>Restated of NAV:</b>		
Net asset	2,425,404,495	2,165,372,772
Number of ordinary shares as on 31 December 2014 is 140,263,200		
Restated NAV	<b><u>17.29</u></b>	<b><u>15.44</u></b>
<b>19 Contingent liabilities</b>		
<b>19.1 Letters of guarantee</b>		
Letters of guarantee (Local)	20,000,000	7,840,800
Letters of guarantee (Foreign)	-	-
Foreign counter guarantees	-	-
	<b><u>20,000,000</u></b>	<b><u>7,840,800</u></b>

**Guarantees**

The Company gives guarantees on behalf of customers. A financial guarantee represents an irrevocable undertaking that the Company will pay to third parties and it converts into lease or loan on the basis of an agreement with the customers. The maximum amount that the Company could be required to pay under a guarantee is its principal amount.



	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>20 Profit and loss account</b>		
<b>Income:</b>		
Interest, discount and similar income (note-20.1)	1,864,602,279	1,776,485,792
Dividend income	14,445,621	8,837,890
Other operating income	88,716,041	76,707,395
	<u>1,967,763,941</u>	<u>1,862,031,077</u>
<b>Expenses:</b>		
Interest, fee and commission etc.	1,023,895,424	1,025,840,244
Administrative expenses (note-20.2)	290,170,655	241,578,613
Other operating expenses	46,199,777	32,989,240
Depreciation on Company's fixed assets	22,509,244	23,285,029
	<u>1,382,775,100</u>	<u>1,323,693,126</u>
	<b><u>584,988,841</u></b>	<b><u>538,337,951</u></b>
<b>20.1 Interest, discount and similar income</b>		
Interest on loan, advances and leases	1,856,154,710	1,776,485,792
Interest on bonds	8,447,569	-
Discount income	-	-
Interest on debentures	-	-
	<u>1,864,602,279</u>	<u>1,776,485,792</u>
<b>20.2 Administrative expenses</b>		
Salary and allowances	201,436,694	166,705,464
Rent, taxes, insurance, electricity etc.	41,211,884	34,722,772
Legal expenses	11,749,425	9,848,279
Postage, stamp, telecommunication etc.	10,792,423	8,740,613
Stationery, printing, advertisement etc.	7,426,221	6,874,586
Managing Director's salary and benefits	7,764,800	7,417,073
Directors' fees	264,500	258,750
Auditors' fees	143,750	138,000
Repairs and maintenance of the Company's assets	9,380,957	6,873,076
	<u>290,170,655</u>	<u>241,578,613</u>
<b>21 Interest income</b>		
Lease	899,261,477	991,292,534
Term loan and home loan	310,599,728	250,728,618
Short term financing	301,118,776	236,180,831
<b>Total interest income</b>	<b><u>1,510,979,981</u></b>	<b><u>1,478,201,983</u></b>
Interest on deposit/balance with banks and other financial institutions	198,698,649	114,959,899
Interest on deposits under lien for Bank Overdraft	146,476,080	183,323,910
	<u>1,856,154,710</u>	<u>1,776,485,792</u>



	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>22 Interest paid on deposits, borrowing etc.</b>		
<b>a) Interest paid on deposits</b>		
Deposits from other than banks and financial institutions	708,427,403	812,031,842
Deposits from banks and financial institutions	143,909,861	52,567,075
Direct deposit expenses	27,817,715	23,956,236
Interest bearing security deposits	8,810,940	8,091,312
	<b>888,965,919</b>	<b>896,646,465</b>
<b>b) Interest paid for borrowing</b>		
Bank loans	12,547,570	18,730,625
Bangladesh Bank refinance	48,573,139	49,373,325
Call loan	52,396,458	39,788,125
Overdraft	21,412,338	21,301,704
Finance charge on capital lease	-	-
	134,929,505	129,193,779
	<b>1,023,895,424</b>	<b>1,025,840,244</b>
<b>23 Investment income</b>		
Interest on bonds	8,447,569	-
Dividend on shares	14,445,621	8,837,890
	<b>22,893,190</b>	<b>8,837,890</b>
<b>24 Other operating income</b>		
Reimbursement - invoice processing and collection costs	19,334,594	15,184,333
Early repayment premium	6,904,500	5,596,984
Reimbursement-documentation costs	40,841,134	21,015,563
Late Payment Charges	19,185,174	32,885,742
Profit on sale of fixed assets	455,333	169,000
Miscellaneous earnings	1,995,306	1,855,773
	<b>88,716,041</b>	<b>76,707,395</b>
<b>25 Salaries and allowances</b>		
Basic salary, provident fund contribution and all other allowances	175,806,829	143,112,220
Festival and incentive bonus	25,629,865	23,593,244
	<b>201,436,694</b>	<b>166,705,464</b>
<b>26 Rent, taxes, insurance, electricity etc.</b>		
Rent, rate and taxes	26,872,091	23,307,210
Insurance	5,821,005	5,337,580
Electricity, gas and water	8,518,787	6,077,982
	<b>41,211,884</b>	<b>34,722,772</b>



	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>27 Legal expenses</b>		
Legal expenses	11,749,425	9,848,279
	<b>11,749,425</b>	<b>9,848,279</b>
<b>28 Postage, stamp, telecommunication, etc.</b>		
Postage, stamp and Internet	4,869,410	3,451,665
Telephone - Mobile and T & T	5,923,013	5,288,948
	<b>10,792,423</b>	<b>8,740,613</b>
<b>29 Stationery, printing and advertisements, etc.</b>		
Printing and stationery	2,392,844	2,778,678
Publicity and advertisement	5,033,377	4,095,908
	<b>7,426,221</b>	<b>6,874,586</b>
<b>30 Managing Director's salary and benefits</b>		
Remuneration	4,683,541	4,473,800
Other benefits	3,081,259	2,943,273
	<b>7,764,800</b>	<b>7,417,073</b>
<b>31 Directors' fees</b>		
Directors' fees	264,500	258,750
	<b>264,500</b>	<b>258,750</b>
Directors' fee include fees for attending the meeting by the non-executive Directors. Each Director was paid @Tk. 5,000 per meeting as attendance fee including VAT.		
<b>32 Auditors' fees</b>		
Statutory audit fee (including VAT)	143,750	138,000
	<b>143,750</b>	<b>138,000</b>
<b>33 Depreciation and repair of assets</b>		
<b>Depreciation</b> - (Annexure-A)		
Furniture and fixture	9,499,243	9,824,818
Electrical equipment	7,287,840	7,288,763
Motor vehicle	5,693,746	6,144,960
Office equipment	28,415	26,488
	<b>22,509,244</b>	<b>23,285,029</b>
<b>Repairs</b>		
Equipment	394,385	317,349
Maintenance of other assets	7,114,472	5,721,596
Vehicles	1,872,100	834,130
	<b>9,380,957</b>	<b>6,873,075</b>
	<b>31,890,201</b>	<b>30,158,105</b>



	<b>2014 Taka</b>	<b>2013 Taka</b>
<b>34 Other expenses</b>		
Training expenses	105,853	36,140
Books, magazines and newspapers, etc.	193,803	155,621
Staff and uniforms	165,675	188,300
Medical expenses	320,346	423,425
Fees and subscription	1,348,365	1,269,647
Bank charges paid	1,896,994	1,223,985
Excise duty Expenses	574,520	552,320
CNG, petrol, oil and lubricant	11,023,382	8,712,477
Entertainment	2,031,614	1,524,935
Office expenses	3,389,333	2,384,317
Security Services	5,836,230	5,102,596
Business promotion expenses	5,644,571	3,490,207
Annual General Meeting/Shareholder expenses	3,601,337	3,857,279
Travelling and conveyance expenses	4,245,511	4,067,991
Re branding expenses	5,250,653	-
Product Development Expense	571,590	-
	<b>46,199,777</b>	<b>32,989,240</b>
<b>35 Provision for lease, loans and advances</b>		
General provision on lease, loans and advances (note-12.4)	7,437,143	7,065,129
Specific Provision on unclassified lease, loans and advances (note-12.4)	31,896,071	26,968,179
Specific provision on classified lease, loans and advances (note-12.4)	7,867,904	54,889,237
	<b>47,201,118</b>	<b>88,922,545</b>
<b>36 Provision for taxation</b>		
<u>Current tax</u>		
Corporate tax for the year on operating profit	224,416,117	184,945,661
Less: Adjustment with previous years excess provision	(6,365,426)	-
	218,050,691	184,945,661
<u>Deferred tax</u>		
Deferred tax (note- 9.2)	(4,050,691)	(1,945,661)
	(4,050,691)	(1,945,661)
	<b>214,000,000</b>	<b>183,000,000</b>


**37 Earnings per share (EPS)**

Net profit after tax  
 Number of ordinary shares outstanding  
**Earnings per share (EPS)**

**Restatements of EPS:**

Net profit after tax  
 Number of ordinary shares as on 31 December 2014 is 140,263,200  
**Restated EPS:**

	<b>2014 Taka</b>	<b>2013 Taka</b>
	323,787,723	266,415,406
	140,263,200	127,512,000
	<b>2.31</b>	<b>2.09</b>
	323,787,723	266,415,406
	<b>2.31</b>	<b>1.90</b>

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of December 31, 2014 as per Bangladesh Accounting Standard (BAS) -33. According to BAS 33, EPS for 2013 has been restated for the issues of bonus share in 2014.

**38 Receipts from other operating activities**

Reimbursement - invoice processing and collection costs  
 Early repayment premium  
 Reimbursement-documentation costs  
 Late Payment Charges  
 Profit on sale of fixed assets  
 Miscellaneous earnings

	19,334,594	15,184,333
	6,904,500	5,596,984
	40,841,134	21,015,563
	19,185,174	32,885,742
	455,333	169,000
	1,995,306	1,855,773
	<b>88,716,041</b>	<b>76,707,395</b>

**39 Payments for other operating activities**

Rent, taxes, insurance, electricity, etc.  
 Repairs and maintenance  
 Travelling and conveyance expenses  
 Annual General Meeting/Shareholder expenses  
 Entertainment  
 Bank charges paid  
 Fees and subscription  
 Medical expenses  
 Directors' fees  
 Books, magazines and newspapers, etc.  
 Training expenses  
 Office expenses  
 Security Services  
 Depreciation charged -Note-33

	41,211,884	34,722,772
	9,380,957	9,849,596
	4,245,511	4,067,992
	3,601,337	3,857,279
	2,031,614	1,524,935
	2,471,514	1,776,305
	1,348,365	1,269,647
	320,346	423,425
	264,500	258,750
	193,803	155,621
	105,853	36,140
	3,389,333	2,384,316
	5,836,230	5,102,596
	(22,509,244)	(23,285,029)
	<b>51,892,003</b>	<b>42,144,345</b>

**40 Number of employees**

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk. 36,000 p.a were 331 (2013:283). The number of employees at the end of the year was 315 (2013:281)

**41 Related Party Disclosures**

## 41.1 Particulars of Directors of the Company as on 31 December, 2014

Sl no.	Name of Directors	Designation	Shareholding status
1.	Imran Ahmed	Chairman	Nominated by Lawrie group Plc.,UK having share of 20%
2.	Peter J. Field	Director	
3.	A. Rouf	Director	Nominated by United Insurance Co. Ltd. having share of 20.64%
4.	L. H. Khan	Director	
5.	A. F. M. M. Samad Choudhury	Director	
6.	Shama Rukh Alam	Director	Nominated by Surmah Valley Tea Co. Ltd. having share of 8.27%
7.	M. Nurul Alam	Director	
8.	M. Abdul Wahed	Independent Director	Not applicable; no shareholdings.
9.	Daud Khan Panni	Independent Director	Not applicable; no shareholdings.
10.	Syed Ehsan Quadir	Managing Director	Not applicable, Ex-officio capacity





## 41.2 Name of Directors and their interest in different entities as on 31 December, 2014

Sl no.	Name of Directors	Status with United Finance Ltd.	Entities where they have interest
1.	Imran Ahmed	Chairman	<b>Director</b> 1. Eastland Camellia Ltd. 2. Duncan Properties Ltd. 3. Octavius Steel & Co. of BD Ltd. 4. Duncan Brothers (BD) Ltd. 5. Duncan Products Ltd. 6. Chittagong Ware-House Ltd. 7. Surmah Valley Tea Co. Ltd. 8. The Lungla (Sylhet) Tea Co. Ltd. 9. The Allynugger Tea Co. Ltd. 10. Amo Tea Co. Ltd. 11. The Chandpore Tea Co. Ltd. 12. The Mazdehee Tea Co. Ltd.
2.	A. Rouf	Director	<b>Director</b> 1. The Lungla (Sylhet) Tea Co. Ltd. 2. The Allynugger Tea Co. Ltd. 3. Amo Tea Co. Ltd. 4. The Chandpore Tea Co. Ltd. 5. The Mazdehee Tea Co. Ltd. 6. Octavius Steel & Co. of BD Ltd. 7. Duncan Brothers (BD) Ltd. 8. Duncan Products Ltd. 9. Chittagong Warehouse Ltd. 10. Eastland Camellia Ltd. 11. Duncan Properties Ltd.
3.	Peter J. Field	Director	<b>Director</b> 1. The Lungla (Sylhet) Tea Co. Ltd. 2. The Allynugger Tea Co. Ltd. 3. Amo Tea Co. Ltd. 4. The Chandpore Tea Co. Ltd. 5. The Mazdehee Tea Co. Ltd. 6. Eastland Camellia Ltd. 7. Surmah Valley Tea Co. Ltd. 8. Duncan Properties Ltd.
4.	L. H. Khan	Director	<b>Chairman</b> National Brokers Ltd.
5.	Shama Rukh Alam	Director	<b>Director</b> 1. Duncan Brothers (BD) Ltd. 2. Octavius Steel & Co. of BD Ltd. 3. Duncan Products Ltd. 4. Chittagong Warehouse Ltd. 5. Eastland Camellia Ltd. 6. Duncan Properties Ltd.
6.	M. Nurul Alam	Director	—
7.	A. F. M. M. Samad Choudhury	Director	—
8.	M. Abdul Wahed	Independent Director	—
9.	Daud Khan Panni	Independent Director	—
10.	Syed Ehsan Quadir	Managing Director	—



**41.3 Transactions with Directors and their related entities**

<b>Name of the Party</b>	<b>Name of Directors</b>	<b>Related by</b>	<b>Nature of transaction</b>	<b>Amount in Taka</b>	<b>Status of loan and advances</b>
The Lungla (Sylhet) Tea Co. Ltd.	Imran Ahmed	Common Director	Lease financing	410,294	Regular
	Peter J. Field	-Do-	Term Deposit	25,460,000	
	A. Rouf	-Do-			
Duncan Properties Ltd.	Imran Ahmed	-Do-	Term deposit	34,852,291	
	Peter J. Field	-Do-	Office rent paid	117,197	
	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			
Macalms Bangladesh Trust	Imran Ahmed	-Do-	Term Deposit	16,343,341	
	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			
National Brokers Limited	L. H. Khan	-Do-	Term Deposit	14,939,847	
Duncan Brothers (BD) Ltd.	Imran Ahmed	-Do-	Office rent paid	3,945,451	
	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			
Eastland Camellia Ltd.	Imran Ahmed	-Do-	Term Deposit	44,597,500	
	Peter J. Field	-Do-			
	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			
United Insurance Co. Ltd.	A. Rouf	-Do-	Term Deposit	50,000,000	
	L. H. Khan	-Do-	Insurance premium paid	5,026,385	
	A.F.M.M. Samad Choudhury	-Do-	Office rent paid	214,538	
Duncan Products Ltd.	Imran Ahmed	-Do-	Drinking Water Bill	261,530	
	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			



#### **42 Commitment**

##### **Capital expenditure**

The Company had Taka 7.1 million capital expenditure commitment contracted at 31 December, 2014. (2013: 5.14 million).

##### **Commitment to lend**

Under a lease/loan commitment the Company agrees to make funds available to customers in the future. Lease/loan commitments, which are usually for a specified term may be unconditionally cancellable or may persist, provided all conditions in the lease/loan facility are satisfied or waived. At the end of the year 2014, the Company had Taka 1,153,482,919 commitment with customers (2013:Taka 1,051,460,516).

#### **43 Claim against Company not acknowledged as debt**

There were no such claims against the Company which required to be acknowledged as debt at December 31, 2014.

#### **44 Proposal of dividend**

The Board of Directors has recommended a cash dividend of Tk. 0.50 per ordinary share (2013: @ Tk. 0.50 per ordinary share) i.e. a total of Tk. 70.132 million for 140.263 million ordinary shares and 1 bonus share for every 10 shares (2013: 1 bonus share for every 10 shares) held for the year ended 31 December 2014.

#### **45 Dividend Remitted to non-resident shareholders**

An amount of Tk.11,387,357.58 equivalent to GBP 84,831.51 (2012:Tk 9,587,093.89 equivalent to GBP 77,731.01) was remitted to non-resident shareholder as dividend for the year 2013.

#### **46 Foreign currency transactions**

There were no foreign currency monetary transactions during the reporting year that would give rise to gains or losses in the profit and loss account.

**47. Highlights on the overall activities**

Sl no.	Particulars		2014	2013
1	Paid-up capital (note-13.2)	MBDT	1,402.63	1,275.12
2	Total Eligible capital (note-13.3)	MBDT	2,562.53	2,287.09
3	Capital surplus (note-13.3)	MBDT	1,343.83	1,207.55
4	Total assets	MBDT	15,846.57	13,929.02
5	Total Term deposits (note-11.1)	MBDT	8,102.27	6,969.22
6	Total lease, loans and advances (note-7.1)	MBDT	10,727.03	9,841.24
7	Total contingent liabilities and commitments (note-19)	MBDT	20.00	7.84
8	Loan to deposit ratio (note-7.1/note-11.1)		1.32	1.41
9	Percentage of classified lease, loans and advances against total leases, loans and advances (note-7.8)	(%)	3.06	3.53
10	Profit after tax and provision	MBDT	323.79	266.42
11	Amount of loans classified during the year	MBDT	117.21	178.86
12	Provisions kept against classified loans (note-12.4)	MBDT	285.10	300.98
13	Provision surplus (note-12.4)	MBDT	201.75	260.36
14	Cost of fund	(%)	11.15	12.56
15	Interest earning assets	MBDT	14,550.63	12,912.39
16	Non-interest earning assets	MBDT	1,295.94	1,016.63
17	Return on Equity i	(%)	14.11	12.93
18	Net Return to total earning assets	(%)	2.23	2.06
19	Return on total assets ii	(%)	2.17	2.07
20	Income from investment in shares (note-23)	MBDT	22.89	8.84
21	Earnings per share iii	BDT	2.31	1.90
22	Net income per share iv	BDT	2.31	1.90
23	Price earning ratio v	Times	12.87	15.89

MBDT= Bangladeshi Taka in Million, BDT= Bangladeshi Taka

- Return on equity is calculated based on average equity.
- Return on assets is calculated based on average assets.
- Restated EPS
- Since United Finance Ltd. does not have any minority interest, EPS and net income per share remain same.
- Based on December 31 market price of the respective year (2014 Tk. 29.7 and 2013 Tk. 33.2).

**Syed Ehsan Quadir**  
Managing Director

**A. Rouf**  
Director

**L. H. Khan**  
Director

**A.F.M.M. Samad Choudhury**  
Director

**Annexure - A**  
(From note - 8)**Fixed assets including furniture and fixture**

	<b>Amount in Taka</b>				
	<b>Furniture &amp; Fixture</b>	<b>Office equipment</b>	<b>Electrical equipment</b>	<b>Motor Vehicle</b>	<b>Total</b>
<b>Cost</b>					
Balance at 1 January, 2014	79,921,525	305,947	58,338,604	41,573,364	180,139,440
Addition during the year	10,618,212	168,744	8,899,328	4,322,699	24,008,983
Disposal/adjustment	(80,000)	-	(211,500)	(2,400,000)	(2,691,500)
<b>Balance at 31 December, 2014</b>	<b>90,459,737</b>	<b>474,691</b>	<b>67,026,432</b>	<b>43,496,063</b>	<b>201,456,923</b>
<b>Accumulated depreciation</b>					
Balance at 1 January, 2014	43,439,635	221,794	41,876,066	27,661,258	113,198,753
Charge for the year	9,499,243	28,415	7,287,840	5,693,746	22,509,244
Disposal /adjustment	(22,084)	-	(131,000)	(1,520,000)	(1,673,084)
<b>Balance at 31 December, 2014</b>	<b>52,916,795</b>	<b>250,209</b>	<b>49,032,906</b>	<b>31,835,004</b>	<b>134,034,913</b>
<b>WDV at 31 December, 2014</b>	<b>37,542,942</b>	<b>224,482</b>	<b>17,993,526</b>	<b>11,661,059</b>	<b>67,422,010</b>
<b>WDV at 31 December, 2013</b>	<b>36,481,890</b>	<b>84,153</b>	<b>16,462,538</b>	<b>13,912,107</b>	<b>66,940,688</b>



## Annexure - B

Corporate Tax Status as on 31 December, 2014

Income year	Assessment year	Tax Provision as per Accounts (Taka)	Tax assessed by DCT (Taka)	Excess/(Short) Provision (Taka)	Present Status
2005	2006-2007	11,854,373	9,246,714	2,607,659	The file was reopened u/s 120 and not yet finalized
2006	2007-2008	-	-	-	Tax Liability settled and Tax Clearance Certificate received
2007	2008-2009	-	-	-	Tax Liability settled and Tax Clearance Certificate received
2008	2009-2010	152,661,018	143,882,192	8,778,826	3 <sup>rd</sup> appeal made in the supreme court of Bangladesh (High Court Division) and not yet settled
2009	2010-2011	-	-	-	TAX Liability settled and Tax Clearance Certificate received
2010	2011-2012	200,990,166	-	-	Return submitted and assessment is under process at DCT level
2011	2012-2013	158,668,751	196,701,637	(38,032,886)	1 <sup>st</sup> appeal made on 04 February, 2015
2012	2013-2014	124,458,107	-	-	Return submitted and assessment is under Tax Audit.
2013	2014-2015	184,945,661	-	-	Return submitted and waiting for assessment at DCT level
2014	2015-2016	218,050,691	-	-	Return not yet due for submission



## **Stakeholders' Segment**



## COMPANY INFORMATION

### Board of Directors

#### Chairman

Imran Ahmed

#### Nominated by

: Lawrie Group Plc of the U.K.

#### Directors

Peter J. Field

: Lawrie Group Plc of the U.K.

A. Rouf

: United Insurance Company Limited

L. H. Khan

: United Insurance Company Limited

Shama Rukh Alam

: Surmah Valley Tea Company Limited

M. Nurul Alam

: Surmah Valley Tea Company Limited

A. F. M. Misfaqus Samad Choudhury

: United Insurance Company Limited

#### Independent Directors

M. Abdul Wahed

Daud Khan Panni

#### Ex- officio Director

Syed Ehsan Quadir, Managing Director

#### Chief Financial Officer

Zafar Ullah Khan

#### Company Secretary

Sharmi Noor Nahar

#### Registered Office:

Camellia House, 22 Kazi Nazrul Islam Avenue, Dhaka - 1000

PABX: (880-2) 9669006, Fax: (880-2) 9662596

Website: [www.unitedfinance.com.bd](http://www.unitedfinance.com.bd)

E-mail: [webmail@unitedfinance.com.bd](mailto:webmail@unitedfinance.com.bd)





## MILESTONES

Incorporation and commenced operation	1989
Public issue and trading of shares on Dhaka Stock Exchange	1994
Commenced credit-sale financing operation	2005
Commenced public deposit mobilisation	2005
Commenced home loan operation	2007
Increased authorised capital	2011
Changed name from United Leasing Company Limited to United Finance Limited	2014

## Offices opened

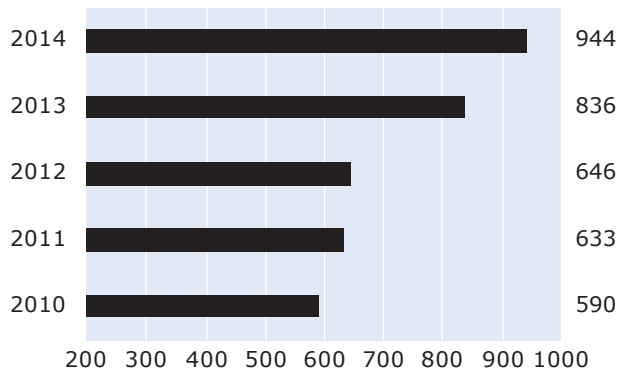
Chittagong, Agrabad	1994
Jessore, R.N. Road	2005
Gazipur, Joydevpur Chowrasta	2006
Bogra, Jhawtola	2006
Sylhet, East Dargah Gate	2009
Belkuchi, Makundagati Bazar, Sirajgonj	2010
Rangpur, Station Road	2010
Chuadanga, Barabazar	2010
Bongshal, Shahid Syed Nazrul Islam Soroni	2010
Begumgonj, Feni Road, Noakhali	2011
Barisal, Sadar Road	2011
Farmgate, Bir Uttam Ziaur Rahman Road	2011
Rangamati, Banarupa	2012
Rajshahi, Saheb Bazar	2012
Khulna, Gagan Babu Road	2012
Mymensingh, Chotto Bazar	2013
Cox's Bazar, Main Road	2014
Dinajpur, South Munshipara	2014



## PERFORMANCE INDICATORS

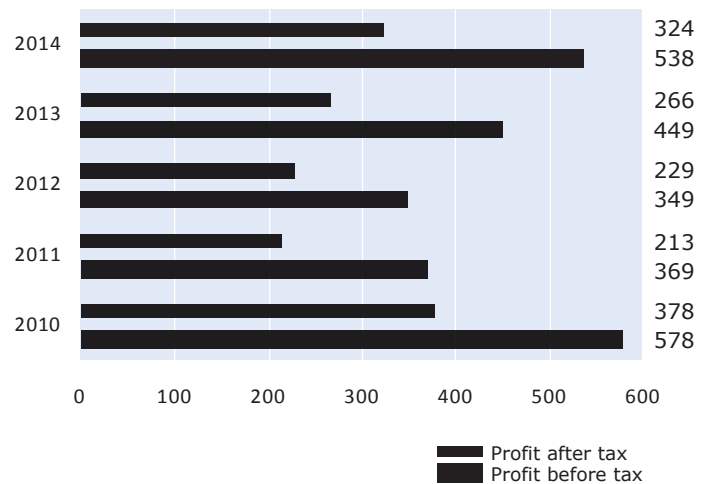
### Operating income

Taka in million



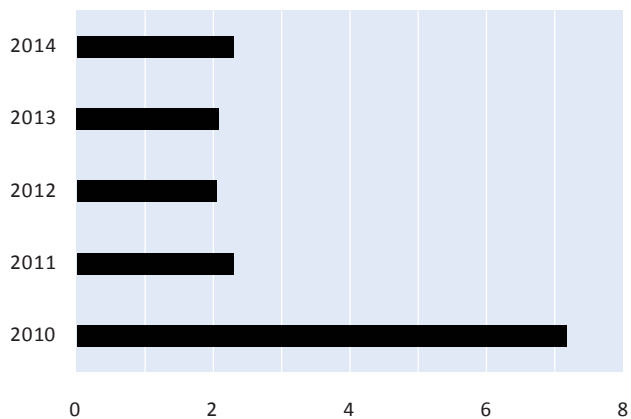
### Profit before & after tax

Taka in million



### Earning per Share (EPS)

Amount in Taka

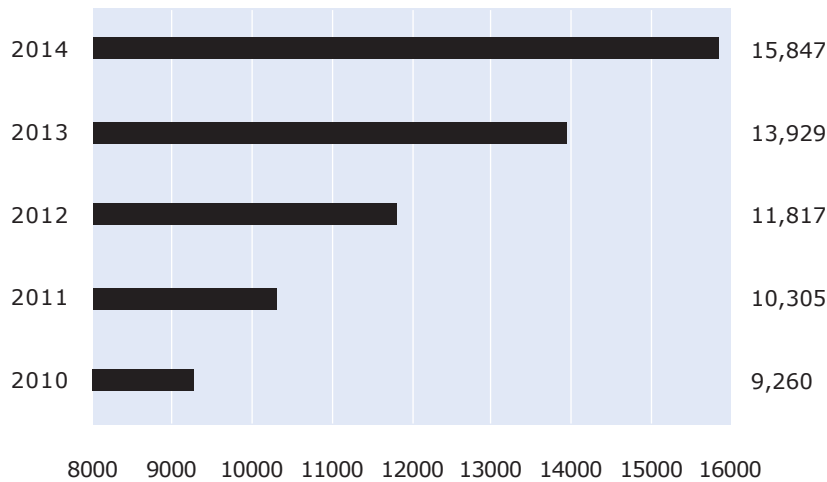




## PERFORMANCE INDICATORS

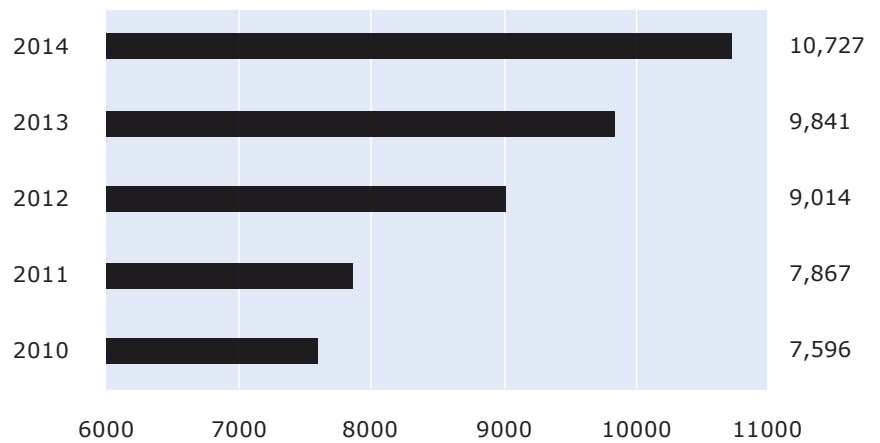
### Total asset

Taka in million



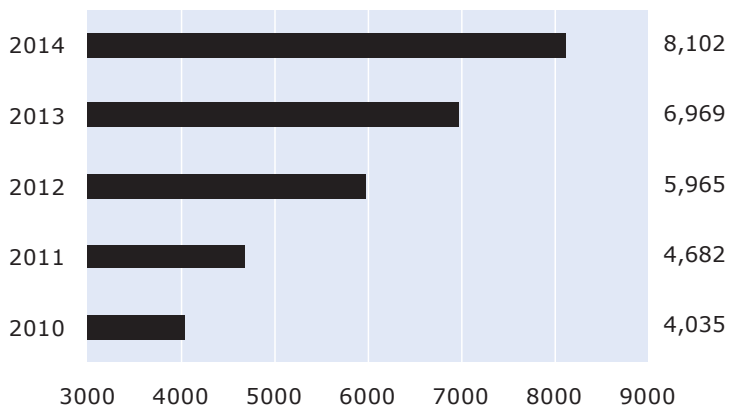
### Lease, loans and advances

Taka in million



### Term deposit

Taka in million

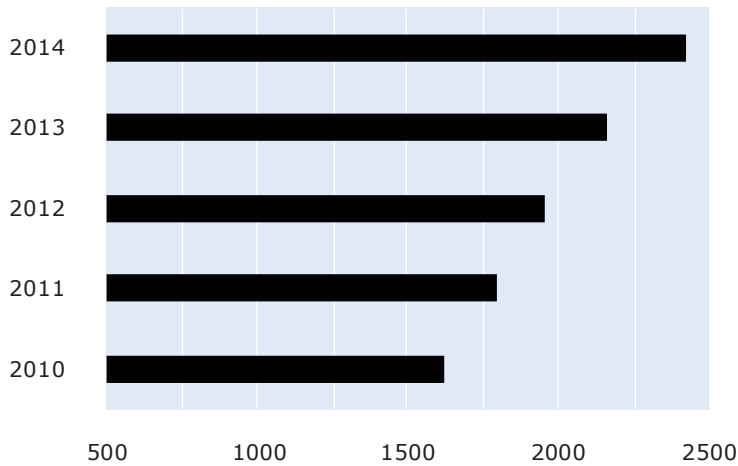




## PERFORMANCE INDICATORS

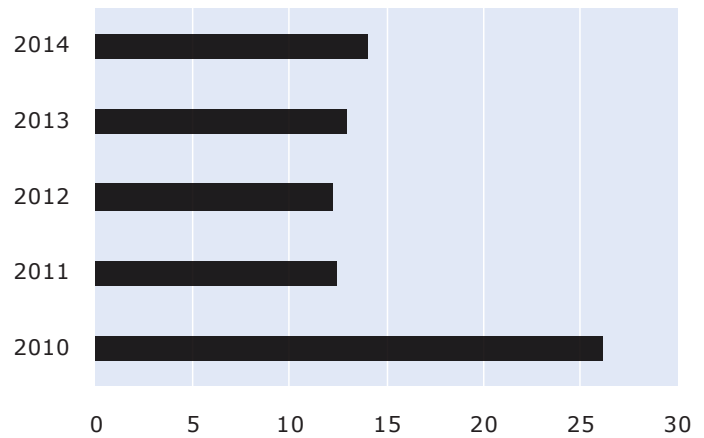
### Shareholder's equity

Taka in million



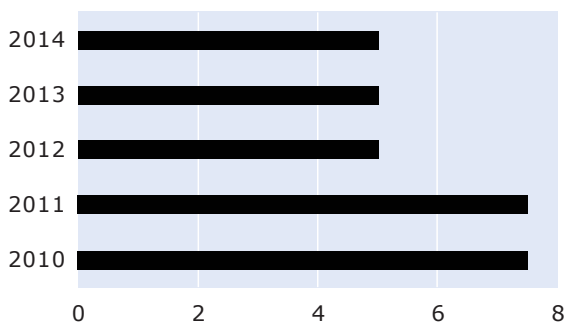
### Return on equity

In percentage



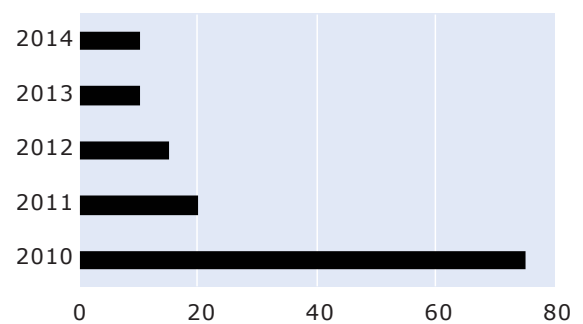
### Cash dividend

In percentage



### Stock Dividend

In percentage





**UNITED FINANCE LIMITED**Camellia House  
22 Kazi Nazrul Islam Avenue, Dhaka-1000**PROXY FORM**

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of United Finance Limited do hereby appoint

Mr. /Ms. \_\_\_\_\_

of \_\_\_\_\_

or (failing him/her) Mr. / Ms \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy, to vote for me/us and on my/our behalf at the Twenty Sixth Annual General Meeting of the Company to be held on April 23, 2015 at 10:00 a.m. and at any adjournment thereof or at any ballot to be taken in consequence thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Revenue Stamp TK 20/-
-----------------------------

Signature of Shareholder \_\_\_\_\_

Folio/BO ID No \_\_\_\_\_

No. of Shares \_\_\_\_\_

\_\_\_\_\_  
Signature of Proxy**N.B: IMPORTANT**

- (1) This Form of Proxy, duly completed, must be deposited at least 48 hours before the meeting at the Company's registered Office. Proxy is invalid if not signed and stamped as explained above.
- (2) Signature of the Shareholder should agree with the specimen Signature registered with the Company and depository register.

**UNITED FINANCE LIMITED**Camellia House  
22 Kazi Nazrul Islam Avenue, Dhaka-1000**ATTENDANCE SLIP**

I hereby record my attendance at the Twenty Sixth Annual General Meeting of the Company being held on Thursday, April 23, 2015 at 10:00 a.m. at the Dhaka Ladies Club, 36, Eskaton Garden Road, Ramna, Dhaka-1000.

Name of Member/Proxy \_\_\_\_\_ Signature \_\_\_\_\_

Folio/BO ID No. \_\_\_\_\_ Date \_\_\_\_\_

N.B: i) Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and deposit the same at the entrance of the meeting hall.

ii) Shareholders and proxies are requested to record their entry in the Annual General Meeting well in time.

**In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013, no Gift/Gift Coupon/Food Box shall be distributed at the 26th AGM**





**Note**

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**Note**

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