

The UAE-Bangladesh Investment Company Limited

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The UAE-Bangladesh Investment Company Limited
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2020

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Chartered Accountants

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Independent Auditor's Report
To the Shareholders of
The UAE-Bangladesh Investment Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **The UAE-Bangladesh Investment Company Limited** (the "Company"), which comprise the balance sheet as at 31 December 2020 and the profit and loss account, statement of changes in equity and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements of **The UAE-Bangladesh Investment Company Limited** give a true and fair view of the financial position of the Company as at 31 December 2020, financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), Bangladesh Securities and Exchange Commission (BSEC) and Bangladesh Bank, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Company for the year ended 31 December 2019 was audited by Aziz Halim Khair Choudhury, Chartered Accountants who expressed an unmodified opinion on those financial statements on 12 July 2020.

Other Information

Management is responsible for the other information. The other information comprises all of the information in the Annual Report other than the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with IFRSs as explained in note- 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Financial Institutions Act, 1993 and the Bangladesh Bank guidelines require the management to ensure effective internal audit, internal control and risk management functions of the Company. The management is also required to make a self-assessment on the effectiveness of anti-fraud internal controls and report to Bangladesh Bank on instances of fraud and forgeries.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994, the Financial Institutions Act, 1993 and the rules and regulations issued by Bangladesh Bank, we also report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- (ii) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books;
- (iii) the balance sheet and profit and loss account together with the annexed notes dealt with by the report are in agreement with the books of account and returns;
- (iv) the expenditures incurred were for the purpose of the Company's business for the year;
- (v) the financial statements of the Company have been drawn up in conformity with the Financial Institutions Act, 1993 and in accordance with the accounting rules and regulations which were issued by Bangladesh Bank to the extent applicable to the Company;
- (vi) adequate provisions have been made for loans, advances, leases, investment and other assets which are, in our opinion, doubtful of recovery and Bangladesh Bank's instructions in this regard have been followed properly;
- (vii) the financial statements of the Company conform to the prescribed standards set in the accounting regulations which were issued by Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- (viii) the records and statements which were submitted by the Company have been properly maintained and recorded in the financial statements;
- (ix) statements sent to Bangladesh Bank have been checked on sample basis and no inaccuracy has come to our attention;
- (x) taxes and other duties were collected and deposited in the Government treasury by the Company as per Government instructions found satisfactory based on test checking;
- (xi) nothing has come to our attention that the Company has adopted any unethical means i.e. 'window dressing' to inflate the profit and mismatch between the maturity of assets and liabilities;
- (xii) proper measures have been taken to eliminate the irregularities mentioned in the inspection report of Bangladesh Bank and the instructions which were issued by Bangladesh Bank and other regulatory authorities have been complied properly as disclosed to us by management;
- (xiii) based on our work as mentioned above under the auditor's responsibility section, the internal control and the compliance of the Company is satisfactory, and effective measures have been taken to prevent possible material fraud, forgery and internal policies are being followed appropriately;



- (xiv) the Company has complied with relevant laws pertaining to capital, reserve and net worth, cash and liquid assets and procedure for sanctioning and disbursing loans/leases found satisfactory;
- (xv) we have reviewed over 80% of the risk weighted assets of the Company and we have spent around 840 person hours for the audit of the books and accounts of the Company;
- (xvi) the Company has complied with relevant instructions which were issued by Bangladesh Bank relevant to classification, provisioning and calculation of interest suspense;
- (xvii) the Company has complied with the 'First Schedule' of Financial Institutions Act, 1993 in preparing these financial statements; and
- (xviii) all other issues which in our opinion are important for the stakeholders of the Company have been adequately disclosed in the audit report.

Place: Dhaka
Date: 10 August 2021

Md. Farhad Husain Suman FCA
Partner (Enrollment no. - 1635)
K. M. HASAN & CO.
Chartered Accountants
DVC - 2108261635AS819235



The UAE-Bangladesh Investment Company Limited
Balance Sheet
As at 31 December 2020

	<u>Notes</u>	<u>2020</u> <u>Taka</u>	<u>2019</u> <u>Taka</u>
PROPERTY & ASSETS			
Cash	3	26,528	41,054
Cash in hand (including foreign currency)		4,548	18,634
Balance with Bangladesh Bank and its agents (including foreign currency)		21,980	22,420
Balance with other banks and financial institutions	4	1,370,609,841	867,024,580
Inside Bangladesh		1,370,609,841	867,024,580
Outside Bangladesh		-	-
Money at call and short notice		-	-
Investments		-	-
Government securities		-	-
Other investments		-	-
Loans and advances	5	535,710,367	942,743,040
Loans and advances		535,710,367	942,743,040
Bills purchased and discounted		-	-
Fixed assets including motor vehicles, office equipment	6	3,594,861	1,111,437
Other assets	7	16,476,835	23,633,668
Non-banking assets		-	-
Total Property & Assets		<u>1,926,418,431</u>	<u>1,834,553,779</u>
LIABILITIES AND CAPITAL			
Liabilities		195,487,083	167,027,200
Borrowing from other banks, Financial Institutions and agents		-	-
Deposit and other accounts		-	-
Other liabilities	8	195,487,083	167,027,200
Capital/Shareholders' equity		1,730,931,348	1,667,526,579
Paid-up capital	9	1,000,000,000	1,000,000,000
Statutory reserve	10	260,892,216	248,211,262
Special reserve	11	157,862,221	145,181,267
Retained earnings	12	312,176,911	274,134,050
Total liabilities and shareholders' equity		<u>1,926,418,431</u>	<u>1,834,553,779</u>



Off-Balance Sheet Items

Contingent liabilities

Acceptances and endorsements
Letters of guarantee
Irrevocable letters of credit
Bills for collection
Other contingent liabilities

-	-
-	-
-	-
-	-
-	-
-	-

Other commitments

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

-	-
-	-
-	-
-	-

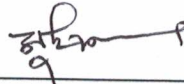
Total

-	-
-	-

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



Dr. S. M. Akbar
Managing Director

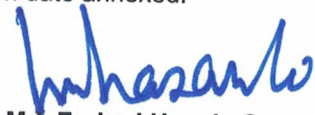


Director



Khalil Fadhel Almansoori
Chairman

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



Md. Farhad Husain Suman FCA
Partner (Enrollment no. - 1635)
K. M. HASAN & CO.
Chartered Accountants
DVC - 2108261635AS819235

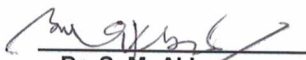
Place: Dhaka
Date: 10 August 2021



The UAE-Bangladesh Investment Company Limited
Profit and Loss Account
For the year ended 31 December 2020

	<u>Notes</u>	<u>2020 Taka</u>	<u>2019 Taka</u>
Interest income	13	69,949,944	73,345,845
Less: Interest paid on deposits & borrowings		-	-
Net interest income		69,949,944	73,345,845
Investment income	14	236,957	225,000
Commission, exchange and brokerage		-	-
Other operating income	15	65,560,032	78,221,796
Total operating income		135,746,933	151,792,641
Salaries & allowances		17,214,250	15,146,493
Rent, taxes, insurances, electricity, etc.		2,824,846	2,575,871
Legal and professional fees		1,399,675	2,116,741
Postage, stamp, telecommunication, etc.		519,138	574,949
Director's fee		192,000	176,000
Stationery, printing, advertisement		859,437	1,027,996
Managing director's salary & benefits		12,437,800	11,567,538
Auditor's fee		230,000	230,000
Charges on loan losses		-	-
Depreciation and repairs of Company's assets		3,541,800	2,750,185
Other expenses	16	4,745,254	11,975,094
Total operating expenses		(43,964,200)	(48,140,867)
Profit before provision		91,782,732	103,651,775
Provision for loans, investment & other assets			
Specific provision		-	-
General provision		(5,711,804)	(2,817,381)
Special provision		34,000,000	21,000,000
Provision for diminution in value of investment		-	-
General provision for other assets		89,767	97,000
Total provision		28,377,963	18,279,619
Profit before taxes		63,404,769	85,372,156
Provision for taxes		-	-
Current taxes		-	-
Deferred taxes		-	-
Profit/(loss) after taxes		63,404,769	85,372,156
Appropriation to:			
Statutory reserve		12,680,954	17,074,431
Special reserve		12,680,954	17,074,431
Dividend		-	8,537,216
Retained surplus		25,361,908	42,686,078
Earnings Per Share (EPS)	17	4,158	5,598

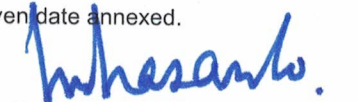
The annexed notes form an integral part of these financial statements.


Dr. S. M. Akbar
 Managing Director


 Director


Khalil Fadhel Almansoori
 Chairman

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


Md. Farhad Husain Suman FCA
 Partner (Enrollment no. - 1635)
K. M. HASAN & CO.
 Chartered Accountants
 DVC - 2108261635AS819235

Place: Dhaka
 Date: 10 August 2021



The UAE-Bangladesh Investment Company Limited
Statement of Changes in Equity
For the year ended 31 December 2020

Particulars	(Amount in Taka)				
	Share capital	Statutory reserve	Special reserve	Retained earnings	Total equity
Balance as at 01 January 2020	1,000,000,000	248,211,262	145,181,267	274,134,050	1,667,526,579
Changes during the year :					
Net profit for the year 2020	-	-	-	63,404,769	63,404,769
Appropriation to special reserve	-	12,680,954	-	(12,680,954)	-
Appropriation to statutory reserve	-	-	12,680,954	(12,680,954)	-
Proposed dividend for 2020	-	-	-	-	-
Balance as at 31 December 2020	1,000,000,000	260,892,216	157,862,221	312,176,911	1,730,931,348
Balance as at 01 January 2019	1,000,000,000	231,136,831	128,106,836	231,447,972	1,590,691,640
Changes during the year :					
Net profit for the year 2019	-	-	-	85,372,156	85,372,156
Appropriation to special reserve	-	17,074,431	-	(17,074,431)	-
Appropriation to statutory reserve	-	-	17,074,431	(17,074,431)	-
Proposed dividend for 2019	-	-	-	(8,537,216)	(8,537,216)
Balance as at 31 December 2019	1,000,000,000	248,211,262	145,181,267	274,134,050	1,667,526,579


Dr. S. M. Akbar
Managing Director



Director


Khalil Fadhel Almansoori
Chairman

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

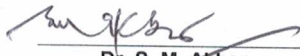
Dhaka,
Date: 10 August 2021





Md. Farhad Husain Suman FCA
Partner (Enrollment no. - 1635)
K. M. HASAN & CO.
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The UAE-Bangladesh Investment Company Limited
Cash Flows Statement
For the year ended 31 December 2020

	2020 Taka	2019 Taka
a. Cash flows from operating activities:		
Interest received	144,400,235	143,838,056
Interest paid	-	-
Dividend received	-	-
Interest received in sale of Equity Share	-	-
Recovery of loans previously written off	-	-
Cash paid to employees	(27,501,415)	(23,099,588)
Cash paid to suppliers	(536,037)	(574,949)
Received from other operating activities	236,957	225,000
Payments for other operating activities	(11,636,723)	(19,770,132)
Cash generated from operating activities before changes in operating assets and liabilities	104,963,017	100,618,387
Decrease/(increase) in operating assets and liabilities		
Loans, advances and leases to customers	412,385,453	(66,424,086)
Investments	-	-
Other assets	(1,733,427)	455,132
Other liabilities	27,597	40,728
Net cash flow from operating activities	410,679,623	(65,928,227)
	515,642,640	34,690,161
b. Cash flows from investing activities		
Net cash received from sales of securities	-	-
Net cash paid for purchase of securities	-	-
Net cash received from sales of fixed assets	-	-
Net cash paid for purchase of fixed assets	(3,534,690)	(285,500)
Net cash used in investing activities	(3,534,690)	(285,500)
c. Cash flows from financing activities		
Cash received from loan and debt security	-	-
Cash paid against loan and debt security	-	-
Received against issuance of share	-	-
Received against investment equalization fund	-	-
Dividend paid	(8,537,216)	(21,948,392)
Net cash used in financing activities	(8,537,216)	(21,948,392)
Net increase/(decrease) in cash and cash equivalents	503,570,734	12,456,269
Cash and cash equivalents at beginning of the year	867,065,635	854,609,366
Cash and cash equivalents at end of the year*	1,370,636,369	867,065,635
*Cash and cash equivalents at end of the year		
Cash in hand	4,548	18,634
Balance with Bangladesh Bank	21,980	22,420
Balance with other banks and financial institutions	1,370,609,841	867,024,580
	1,370,636,369	867,065,635


Dr. S. M. Akbar
Managing Director



Director


Khalil Fadhel Almansoori
Chairman

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

Dhaka,
Date: 10 August 2021




Md. Farhad Husain Suman FCA
Partner (Enrollment no. - 1635)
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The UAE-Bangladesh Investment Company Limited
Liquidity Statement (Assets and Liability maturity analysis)
As at 31 December 2020

Particulars	On demand	Amount in Taka											
		Period up to 1 month	Period for 1-2 months	Period for 2-3 months	Period for 3-6 months	Period for 6-12 months	Period for 1-3 years	Period for 3-5 years	Over 5 years	Total			
Assets:													
Cash in hand	4,548	-	-	-	-	-	-	-	-	-	-	-	4,548
Balance with banks & financial institutions	-	102,809,172	186,890,889	846,460,735	234,471,025	-	-	-	-	-	-	-	1,370,631,821
Money at call and on short notice	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan, advances and lease	-	15,429,566	29,185,235	31,470,073	74,377,738	157,736,970	226,924,359	235,512	350,914	-	-	-	535,710,367
Fixed assets	-	-	-	-	-	-	-	-	-	3,594,861	-	-	3,594,861
Other assets	-	4,869,591	4,365,062	4,617,063	219,702	1,344,004	559,996	403,418	98,000	-	-	-	16,476,835
Non-banking assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets (A)	4,548	123,108,328	220,441,186	882,547,871	309,068,465	159,080,974	227,484,355	4,233,791	448,914	1,926,418,431			
Liabilities :													
Borrowing from other banks, financial institutions and agents	-	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	55,125	-	33,143,704	8,258,439	55,000,000	23,649,978	7,098,006	68,281,831	-	-	-	195,487,083
Total liabilities (B)	-	55,125	-	33,143,704	8,258,439	55,000,000	23,649,978	7,098,006	68,281,831	195,487,083			
Net liquidity gap	4,548	123,053,203	220,441,186	849,404,167	300,810,026	104,080,974	203,834,377	(2,864,215)	(67,832,917)	1,730,931,348			

Place: Dhaka

Date: 10 August 2021



The UAE-Bangladesh Investment Company Limited
Notes to the Financial Statements
As at and for the year ended 31 December 2020

1. The Company and its activities

The UAE-Bangladesh Investment Company Limited, a non-banking financial institution having its registered office at Dhaka, Bangladesh, was incorporated on 11 June 1987 as a private limited company under the Companies Act 1913. The Company obtained license from Bangladesh Bank under the Financial Institutions Act 1993 on 18 December 1995.

The principal objective of the Company for which it was established is to make investments in the form of equity, term loan, lease finance, etc. in financially viable projects in Bangladesh on commercial basis in all sectors of the economy.

2. Significant accounting policies

2.1 Statement of compliance

The financial statements of the UAE-Bangladesh Investment Company Limited have been prepared on a going concern basis following accrual basis of accounting except for statement of cash flows as per DFIM circular No # 11 dated 23 December 2009 issued by Department of Financial Institutions and Market of Bangladesh Bank with reference to the provisions of Financial Institutions Act 1993 and Bangladesh Bank's other circulars and guidelines or directives and in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Rules 1987.

In several cases, the laws, circulars, guidelines or directives of Bangladesh Bank differ from those of financial reporting standards as promulgated by International Accounting Standards Board (IASB) and as adopted by national standard setter, i.e., Institute of Chartered Accountants of Bangladesh (ICAB), the requirements of Bangladesh Bank prevails and these financial statements have been prepared by departing from those requirements of IFRS with a view to comply with the regulatory requirements.

The requirements of accounting standards as per IFRS that have been departed to comply with Bangladesh Bank requirements have been disclosed in detail in **Note - 2.27**.

However, this departure with IFRS has been made by following all of the relevant provisions of IAS 1 and the details disclosures are given in **Note - 2.27** by following the provision of Para 20 of IAS 1 (Presentation of Financial Statements).

2.2 Presentation of financial statements

The presentation of financial statements has been made as per the requirements of DFIM Circular No: 11, dated 23 December 2009 issued by the Department of Financial Institutions and Market of Bangladesh Bank. The activities and accounting heads mentioned in the prescribed form, which are not applicable for the financial institutions, have been excluded in preparing the financial statements.

2.3 Components of the financial statements

The financial statements comprise of (As per DFIM Circular-11, Dated 23 December 2009 and as per the para 10 of IAS 1: Presentation of Financial Statements):

- a) Balance Sheet
- b) Profit and Loss Account;
- c) Statement of Cash Flows;
- d) Statement of Changes in Equity;
- e) Liquidity Statement;
- f) Notes to the Financial Statements.

2.4 Going concern

The Company has adequate resources to continue in operation for foreseeable future. For this reason, the directors continue to adopt going concern basis in preparing the accounts. The current credit facilities and resources of the Company provide sufficient funds to meet the present requirements of its existing businesses and operations.

2.5 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and presentation of these financial statements.



2.6 Accounting for term loan

This represents short-term and long-term finance made by the Company. These term loans are recorded and reported based on the accrual basis of accounting. Outstanding loans, along with the accrued interest thereon, are accounted for as direct finance assets of the Company.

2.7 Other assets

Any assets which do not appear as separate line item in the face of the balance sheet of the Company are categorized as other assets as per DFIM circular No # 11 dated 23 December 2009 issued by Department of Financial Institutions and Market of Bangladesh Bank.

Other assets include advance office rent, payment of advance income tax and all other financial assets, fees and other unrealized income receivable and advance for operation etc.

2.8 Provision for liabilities

A provision is recognized in the statement of profit and loss account when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligations, in accordance with the IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

2.9 BASEL II and its implementation

To cope with the international best practices and to make the capital more risks sensitive as well as more shock resilient, guidelines on 'Basel Accord for Financial Institutions (BAFI)' were introduced on 01 January 2011 on test basis by the Bangladesh Bank. At the end of test run period, Basel Accord regime started and the guidelines namely 'Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CAMD)' came fully into force from 01 January 2012 with its subsequent supplements/revisions. Instructions regarding Minimum Capital Requirement (MCR), Adequate Capital, and Disclosure requirement as stated in these guidelines have to be followed by all financial institutions for the purpose of statutory compliance. As per CAMD guidelines, Financial Institutions should maintain a Capital Adequacy Ratio (CAR) of Minimum 10%.

In line with Bangladesh Bank requirement, the Company has already formed BASEL Implementation Unit (BIU) to ensure timely implementation of BASEL II accord.

2.10 Revenue recognition

Revenue is recognized only when it is measurable and probable that the economic benefits associated with the transaction will flow to the Company and in accordance with International Financial Reporting Standard (IFRS) 15 "Revenue" unless otherwise mentioned or otherwise guided by the separate IAS/IFRS. Interest income from loans and other sources is recognized on an accrual basis of accounting on effective interest method.

2.11 Cash flows statement

Cash flows statement has been prepared in accordance with the template provided with DFIM circular no.-11, Date-23 December 2009 which is a mixture of direct and indirect method of IAS 7 "Statement of Cash Flows".

2.12 Conversion of foreign currency transactions

Foreign currency transactions are translated into Taka at rates prevailing at the respective dates of transactions, while foreign currency monetary assets at the end of the year are reported at the rates prevailing on the balance sheet date. Exchange gains or losses arising out of the said conversions are recognized as income or expense for the year after netting off.

2.13 Provision for doubtful accounts and future losses

Provision has been made at estimated rates on outstanding exposures, based on aging and continuous review of the receivables, as per the Bangladesh Bank Provisioning policy. A general provision has been made by the Company to cover unforeseen losses on all leases, loans and investments excluding those for which a specific provision has been made. The provision is considered adequate to meet any probable future losses.



2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, term deposits and investment in call loan that are readily convertible to a known amount of cash (with less than three months maturity) and that are subject to an insignificant risk of change in value.

2.15 Events after the balance sheet date

All material events occurring after the balance sheet date has been considered and where necessary adjusted or disclosed.

2.16 Liquidity statement

The liquidity statement has been prepared in accordance with remaining maturity grouping of Assets and Liabilities as of the close of the year as per following bases:

- a) Balances with other banks and financial institutions are on the basis of their maturity term.
- b) Investments are on the basis of their residual maturity term.
- c) Loans and advances are on the basis of their repayment/maturity schedule
- d) Fixed assets are on the basis of their useful lives.
- e) Other assets are on the basis of their adjustment terms.
- f) Other liabilities are on the basis of their settlement terms

2.17 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged using straight-line method at the rates varying from 10% to 25% considering the estimated useful lives of the assets. Full year's depreciation is charged on assets acquired within the first half of the year whereas half year's depreciation is charged for those assets which are acquired in the second half of the year. Depreciation is charged on a proportionate time basis for the disposal of assets in the second half of the year. However, no depreciation is charged on assets disposed in the first half of the year. Maintenance and repairing costs are charged to revenue as and when incurred.

Rate(s) of depreciation on non current assets considering their useful lives are as follows:

<u>Name of Assets</u>	<u>Rate of Depreciation</u>
Motor vehicles	20%
Office equipment	15%
Computer &	25%
Furniture	10%
Other furnishing	15%
Leasehold improvement	25%

2.18 Share capital

Share capital of the Company is stated in Bangladesh Taka in these accounts although this is denominated in US Dollars in the share scrip and share register and also stated in the Memorandum and Articles of Association of the Company. The share money contribution in US Dollars has been translated into Bangladesh Taka at the rates ruling on the dates of receipt of such money.

2.19 Foreign currency transactions

Foreign currency transactions are translated into Bangladesh Taka at the mid buying and selling rates prevailing on the dates of transactions. Assets and liabilities in foreign currency at 31 December 2020 were translated into Taka at the year end mid exchange rate.



2.20 Provision for loans, leases and advances

Generally, provision against classified loans and advances is made on quarterly basis as per instructions contained in Bangladesh Bank's FID Circular no. 8 dated 03 August 2002 and DFIM Circular letter no. 03 dated 29 April 2013. The provisions rates are given below:

Particulars	Rates
General provision on:	
Unclassified of leases, loans and advances except SME	1%
Unclassified of Small and Medium Enterprise(SME)	0.25%
Special Mention Account of leases, loans and advances	5%
Specific Provision On:	
Sub-standard of leases, loans and advances	20%
Doubtful of leases, loans and advances	50%
Bad/loss of leases, loans and advances	100%

2.21 Statutory reserve

As per Financial Institutions Act 1993, every Non-Banking Financial Institution (NBF) is required to transfer at least 20% of its current year's profit to the fund until such reserve fund and share premium (if any) equal to its paid-up share capital. In conformity with the above requirement, UBICO transfers 20% of net profit to statutory reserve.

2.22 Post employment benefit

The Company has recognized its gratuity obligation by creating a gratuity fund in order to comply with the requirements of IAS 19 and Employees' Service Rules.

2.23 Taxation

The Company enjoyed tax exemption facility for a period of 10 years which expired in 2007. The Company has also obtained further tax exemption facility for an unlimited period with effect from 01-07-2012 as per SRO No. 313-AIN/2012 dated 11-09-2012. However, as per a bi-lateral agreement dated 08-06-1987 between the Governments of Bangladesh and UAE, the Company has applied to concerned authorities for allowing tax exemption with retrospective effect from 01-01-2008.

2.24 Earnings per share

The Company calculates Earning Per Share (EPS) in accordance with IAS 33 Earning Per Share, which has been shown at the bottom of the Statement of Comprehensive Income and the computation of EPS is stated

2.25 Comparative figures

Comparative information has been disclosed in respect of the year ended 31 December 2020 for all numerical data in the financial statements and also the narrative and descriptive information when it is relevant for better understanding of the current year's financial statements.

2.26 General

Figures have been rounded off to the nearest Taka.



2.27 Disclosure of departure from few requirements of IFRS due to mandatory compliance of Bangladesh Bank's requirements

Bangladesh Bank is the ultimate regulatory body for Non-Banking Financial Institutions (NBFI) in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of IFRS. As such the Company has departed from those contradictory requirements of IFRS in order to comply with the rules and regulations of Bangladesh Bank which are disclosed below along with financial impact where applicable:

Sl.	Nature of Departure	Title of IFRS	Treatment of IFRS	Treatment Adopted as per Bangladesh Bank	Financial or Presentation Effect of the Departure
1.	Measurement of provision for leases, loans and advances (financial assets measured at amortized cost)	IFRS 9 "Financial Instruments"	An entity shall assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets measured at amortized cost is impaired. If any such evidence exists, the entity shall measure the amount of the loss as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced either directly or through use of an allowance	As per FID circular No. 08 dated 03 August 2002, FID circular No. 03, dated 03 May 2006 and DFIM circular No. 03, dated 29 April 2013, a general provision at 0.25% to 5% under different categories of unclassified loans (good/standard loans) has to be maintained irrespective of objective evidence of impairment on lease, loans and advances. Also provision for sub-standard investments, doubtful investments and bad losses has to be provided at 20%, 50% and 100% respectively for investments depending on the duration of overdue.	Financial Statements, provision has been kept for 2020 as per Bangladesh Bank guidelines. As at 31 December 2020 accumulated provision for leases, loans and advances amounts at BDT 32.08 million.
2	Valuation of Investments in quoted and unquoted shares	IFRS 9 "Financial Instruments"	Investment in shares falls either under "at fair value through statement of comprehensive income" or under "available for sale" where any change in the fair value (as measured as per IFRS 13 "Fair Value") at the year-end is taken to statement of comprehensive income or revaluation reserve respectively.	As per FID circular No. 08 dated 03 August 2002, investment 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; however in case of any unrealized gain, no such gain can be recognized and investments are recognized at cost only.	There is no investment in quoted and unquoted shares for the year 2020.
3	Recognition of interest income for SMA and classified lease, loans and advances	IFRS 9 "Financial Instruments"	Income from financial assets measured at amortized cost is recognized through effective interest rate method over the term of the investment. Once a financial asset is impaired, loss account on the same basis based on revised carrying amount.	As per FID circular No. 03, dated 03 May 2006, once an investment on leases, loans and advances is termed as "Special Mention Account (SMA)" or Classified as Sub-standard (SS), Doubtful (DF) and Bad Loss (BL), interest income from such investments are not allowed to be recognized as income, rather the respective amount needs to be credited as a liability account like: Interest Suspense Account.	At the year ending Financial Statements interest suspense account has increased to Tk 8,258,439.00 from Tk 2,653,207.00 resulting increase of BDT 5,605,232.00 of interest suspense. This amount has been shown in other liabilities in note # 8.



4	Presentation of cash and cash equivalent	IAS 7 "Statement of Cash Flows"	<p>Cash equivalent are short term, highly liquid investments that are readily convertible to known amounts of cash and only include those investments which are for a short tenure like: 3 months or less period.</p> <p>In the light of above, balance with Bangladesh Bank and fixed term deposits should be treated as investment asset rather than cash equivalent as it is illiquid asset and not available for use in day to day operations.</p>	<p>Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFIs.</p> <p>The templates of financial statements provided detail of presentation of statement cash flows.</p>	<p>Presentation of financial statements is not fully aligned with the requirements of IAS. Thus items which should be presented as "investment activities" as per IAS is shown as cash & cash equivalent.</p>
5	Presentation and disclosure of Financial Statements and Financial Instruments	IAS 1 "Presentation of Financial Statements" IFRS 9 "Financial Instruments" & IFRS 7 "Financial Instruments Disclosure"	<p>Other Comprehensive Income (OCI) is a component of financial statements or the elements of OCI are to be included in a single Other Comprehensive Income statement.</p> <p>IAS 1 requires separate line item for intangible assets on the face of statement of financial position.</p> <p>IFRS 9 and IFRS 7 require specific presentation and disclosure relating to all financial instruments.</p>	<p>Bangladesh Bank has issued templates for financial statements vide DFIM Circular# 11 dated December 23, 2009 which will strictly be followed by all banks and NBFIs.</p> <p>The templates of financial statements issued by Bangladesh Bank do not include Other Comprehensive Income (OCI) nor are the elements of Other Comprehensive Income allowed to include in a Single Comprehensive Income Statement.</p> <p>Intangibles assets are not separately presented on the face of statement of financial position; rather it is presented along with the line item of fixed assets.</p>	<p>Financial Statements for 2020 and corresponding year 2019 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.</p>
6	Preparation of "Statement of Cash Flows"	IAS 7 "Statement of Cash Flows"	<p>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.</p>	<p>As per DFIM Circular-11, Dated-23 December 2009, Cash flow statement has been guided by the Bangladesh Bank which is the mixture of direct and indirect method.</p>	<p>Financial Statements for 2020 and corresponding year 2019 have been prepared as per guideline (DFIM Circular No. 11, dated 23 December 2009) of Bangladesh Bank.</p>
7	Current/Non-current distinction	IAS 1 "Presentation of Financial Statement"	<p>As per Para 60 of IAS 1 "Presentation of Financial statement" an entity shall present current and non-current assets and current and non-current liabilities as separate classification in its statement of financial position.</p>	<p>As per DFIM Circular-11, Date-23 December 2009, Bangladesh Bank has issued templates for financial statements which is applicable for all the Financial Institutions. In this templates there is no current and non-current segmentation of assets and liabilities</p>	<p>Presentation of financial statements is not fully aligned with all requirements of the IAS. Moreover, the liquidity statement shows the current/non-current portion of assets and liabilities in this regards.</p>



8	Off-balance sheet items	IAS 1 "Presentation of Financial Statement"	There is no concept of off-balance sheet items in any IFRS; hence there is no requirement for disclosure of off-balance sheet items on the face of the balance sheet.	As per DFIM Circular-11, dated 23 December 2009, off balance sheet items (e.g. letter of credit, letter of guarantee etc.) must be disclosed separately on the face of the balance sheet.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.
9	Complete set of financial statements	IAS 1 "Presentation of Financial Statements"	As per IAS 1 "Presentation of Financial Statements" complete set of financial statements are i) statement of financial position, ii) statement of profit or loss and other comprehensive income, iii) statement of changes in equity, iv) statement of cash flows, v) notes, comprising significant accounting policies and other explanatory information and vi) statement of financial position at the beginning of preceding period for retrospective restatement.	As per DFIM Circular-11, dated 23 December 2009, complete set of financial statements are i) balance sheet, ii) profit and loss account, iii) statement of cash flows, iv) statement of changes in equity, v) statement of liquidity, vi) notes, comprising significant accounting policies and other explanatory information.	Presentation of financial statements is not aligned with requirements of the IAS 1. There is no financial impact for this departure in the financial statements.



	2020 <u>Taka</u>	2019 <u>Taka</u>
3. Cash		
Cash in hand	4,548	18,634
Balance with Bangladesh Bank and its agent (including foreign currency)	21,980	22,420
	<u>26,528</u>	<u>41,054</u>
4. Balance with other banks and financial institutions		
Local currency (Note : 4.1)	1,367,102,700	863,513,154
Foreign currency	3,507,141	3,511,427
	<u>1,370,609,841</u>	<u>867,024,580</u>
4.1 Local currency		
Fixed deposit account	1,364,203,142	861,554,952
Savings bank deposit account	2,382,469	1,495,125
Short term deposit account	517,090	463,077
	<u>1,367,102,700</u>	<u>863,513,154</u>
5.0 Loans and advances		
Loans and advances (Note : 5.1)	534,143,135	938,230,512
House Building Loan to Employee (Note : 5.2)	1,567,232	4,512,528
	<u>535,710,367</u>	<u>942,743,040</u>
5.1 Loans and advances		
Term loan (Note : 5.1.1)	<u>534,143,135</u>	<u>938,230,512</u>
5.1.1 Term loan		
Opening balance	938,230,512	862,187,178
Add: Disbursed during the year	200,000,000	450,000,000
Interest Receivable capitalized	5,352,780	5,573,952
	<u>1,143,583,292</u>	<u>1,317,761,130</u>
Less: Realized during the year	609,440,157	379,530,618
	<u>534,143,135</u>	<u>938,230,512</u>
5.1.1.1 Term loan - current portion		
Opening balance	621,352,632	459,968,480
Add: Addition during the year	349,925,219	540,914,770
	<u>971,277,851</u>	<u>1,000,883,250</u>
Less : Realized during the year	609,440,157	379,530,618
	<u>361,837,694</u>	<u>621,352,632</u>
5.2 House Building Loan to Employee		
Opening balance	4,512,528	8,557,824
Add: Disbursed during the year	-	-
	<u>4,512,528</u>	<u>8,557,824</u>
Less: Realized during the year	2,945,296	4,045,296
	<u>1,567,232</u>	<u>4,512,528</u>
6 Fixed assets including motor vehicles, office equipment		
A. Cost		
Opening balance	12,647,183	12,361,683
Add: Addition during the year	3,534,690	285,500
	<u>16,181,873</u>	<u>12,647,183</u>
Less: Disposal during the year	-	-
	<u>16,181,873</u>	<u>12,647,183</u>
B. Accumulated depreciation		
Opening balance	11,535,747	10,453,992
Add: Charged during the year	1,051,266	1,081,755
	<u>12,587,013</u>	<u>11,535,747</u>
Less: Adjustment for disposal during the year	-	-
	<u>12,587,013</u>	<u>11,535,747</u>
C. Written down value (A-B)	<u>3,594,861</u>	<u>1,111,437</u>

A schedule of fixed assets including motor vehicles, office equipment is given in **Annexure- A**.



	2020 Taka	2019 Taka
7 Other assets		
Advance, deposits and prepayments (Note : 7.1)	2,945,585	1,212,158
Income receivables (Note : 7.2)	13,531,250	22,421,510
	<u>16,476,835</u>	<u>23,633,668</u>
7.1 Advance, deposits and prepayments (Note : 7.1.1)		
Opening balance	1,212,158	1,667,290
Add: Addition during the year	6,879,183	3,709,375
	8,091,341	5,376,665
Less: Adjusted during the year	5,145,756	4,164,507
	<u>2,945,585</u>	<u>1,212,158</u>
7.1.1 Advance, deposits and prepayments		
Advance rent	79,640	72,400
Advance against salary	1,097,655	379,996
Prepaid Insurance	278,523	259,995
Advance Tax	186,767	186,767
Other receivable and advance	1,200,000	210,000
BO Account	5,000	5,000
Security deposits:		
ISD telephones (3 nos.)	42,000	42,000
Fax	10,000	10,000
Post paid Mobile for connection (8 nos.)	36,000	36,000
Gulshan Service Station	10,000	10,000
	<u>2,945,585</u>	<u>1,212,153</u>
7.2 Income receivables (Note : 7.2.1)		
Opening balance	22,421,510	20,265,876
Add: Addition during the year	54,934,872	67,396,147
	77,356,381	87,662,024
Less: Realized during the year	63,825,131	65,240,514
	<u>13,531,250</u>	<u>22,421,510</u>
7.2.1 Income receivables		
FDR	8,907,018	14,558,929
Term loan	4,624,232	7,862,581
	<u>13,531,250</u>	<u>22,421,510</u>
8 Other liabilities		
Provision for Loans, Investment & Other Assets (Note : 8.1)	32,078,032	37,700,069
Special Provision for Loans and Advances	55,000,000	21,000,000
Gratuity Fund (Note : 8.2)	30,747,984	28,597,349
Liabilities for Expenses	835,672	-
Liabilities for Audit Fee	230,000	230,000
Provision for Income Tax	68,281,831	68,281,831
Privileged Creditors	55,125	27,528
Proposed Dividend	-	8,537,216
Interest Suspense	8,258,439	2,653,207
	<u>195,487,083</u>	<u>167,027,200</u>
a) UBICO is pursuing to get the tax waiver for the time duration gap from 2008 to June 2012. The decision from High Court is still pending. Therefore, as per IAS 37 Provision, Contingencies and Liabilities the tax amount for such period is maintained as Provision for Income Tax.		
b) UBICO has maintained a Special Provision for Loans and Advances against irregular loans considering the prevailing global pandemic situation in accordance with IAS 10.		
8.1 Provision for loans, investment & other assets		
Term loan (Note : 8.1.1)	31,731,265	37,443,069
Other assets	346,767	257,000
	<u>32,078,032</u>	<u>37,700,069</u>



	2020	2019
	Taka	Taka
8.1.1 Provision for term loans		
Opening balance	37,443,069	40,260,450
Add: Provision made during the year	-	-
	<u>37,443,069</u>	<u>40,260,450</u>
Less: Written back during the year	5,711,804	2,817,381
	<u>31,731,265</u>	<u>37,443,069</u>

Provisions for loans and investments have been made as per FID circular no. 08 dated 03/08/2002 and DFIM circular letter no. 03 dated 29/04/2013 issued by the Department of Financial Institutions & Market (DFIM) of Bangladesh Bank.

8.2 Gratuity fund

Opening balance	28,597,349	24,982,906
Add: Provision made during the year	2,150,635	3,745,455
	<u>30,747,984</u>	<u>28,728,361</u>
Less: Settlement made during the year	-	131,012
	<u>30,747,984</u>	<u>28,597,349</u>

As required by the Employees' Service Rules of the Company, employees are entitled to get gratuity at specified rates as stated therein. Accordingly, the Board of Directors has decided and approved to create a gratuity fund in its 29th meeting held on 11th October 2009 in order to comply with the said requirement as well as with the requirements of IAS 19.



9 Share capital

Authorized

15,250 ordinary shares of US\$ 1,000 each.

Name of shareholders	% of holding	Number of shares	Amount in US\$	FEX Rate		
Abu Dhabi Fund for Development (ADF)	60%	9,150	9,150,000	65.57	600,000,000	600,000,000
Government of Bangladesh (GOB)	40%	6,100	6,100,000	65.57	400,000,000	400,000,000
	100%	15,250	15,250,000		1,000,000,000	1,000,000,000

The amount of authorized capital in US Dollars has been translated into Bangladesh Taka.

Issued, subscribed and paid-up

15,250 ordinary shares of US\$ 1,000 each fully paid.

The contributions by the sponsors towards share capital was as below:

Name of shareholders	% of holding	Number of shares	Amount in US\$	FEX Rate		
A. Initial Contribution:						
Abu Dhabi Fund for Development (ADF)	60%	3,000	3,000,000	32.27	96,810,000	96,810,000
Government of Bangladesh (GOB)	40%	2,000	2,000,000	30.50	61,000,000	61,000,000
	100%	5,000	5,000,000		157,810,000	157,810,000
B. Bonus share issued:						
Abu Dhabi Fund for Development (ADF)	60%	2,400	2,400,000	84.66	203,190,000	203,190,000
Government of Bangladesh (GOB)	40%	1,600	1,600,000	86.88	139,000,000	139,000,000
	100%	4,000	4,000,000		342,190,000	342,190,000
C. New ordinary share issued:						
Abu Dhabi Fund for Development (ADF)	60%	3,750	3,750,000	80.00	300,000,000	300,000,000
Government of Bangladesh (GOB)	40%	2,500	2,500,000	80.00	200,000,000	200,000,000
	100%	6,250	6,250,000		500,000,000	500,000,000
D. Total Paid-up Capital (A+B+C):						
Abu Dhabi Fund for Development (ADF)	60%	9,150	9,150,000		600,000,000	600,000,000
Government of Bangladesh (GOB)	40%	6,100	6,100,000		400,000,000	400,000,000
	100%	15,250	15,250,000		1,000,000,000	1,000,000,000

The amount of paid-up capital in US Dollars has been translated into Bangladesh Taka at different rates at respective prevailing dates.

10 Statutory reserve

Opening balance	248,211,262	231,136,831
Add: Transferred during the year	12,680,954	17,074,431
	260,892,216	248,211,262

This was created by transfer of post-tax profit in terms of clause 6 of the Financial Institution Regulation 1994.

11 Special reserve

Opening balance	145,181,267	128,106,836
Add: Transferred during the year	12,680,954	17,074,431
	157,862,221	145,181,267

This reserve is created as per requirement of clause 71 of Articles of Association of the Company to be maintained up to 20% of Paid-up capital from post tax profit @ minimum 10% of net profit.

12 Retained earnings

Opening balance	274,134,050	231,447,972
Add: Unappropriated profit for the year transferred from profit & loss account	63,404,769	85,372,156
	337,538,819	316,820,128
Less: Amount transfer to statutory reserve	12,680,954	17,074,431
Amount transfer to Special reserve	12,680,954	17,074,431
Amount transfer to proposed dividend	-	8,537,216
	25,361,908	42,686,078
	312,176,911	274,134,050



	2020 <u>Taka</u>	2019 <u>Taka</u>
13 Interest income		
Term loan	69,949,944	73,345,845
Lease and other advances	-	-
	<u>69,949,944</u>	<u>73,345,845</u>
14 Investment income		
Other Investment Income:		
Documentation charges	236,957	225,000
	<u>236,957</u>	<u>225,000</u>
15 Other operating income		
Interest on deposit with banks (Note : 15.1)	65,564,168	78,180,435
Profit/(loss) on sale of fixed assets	-	-
Gain/(loss) on exchange rate fluctuation	(4,136)	41,361
	<u>65,560,032</u>	<u>78,221,796</u>
15.1 Interest on deposit with banks		
Fixed deposit account	63,820,874	76,455,668
Short term deposit account	102,957	70,863
Savings account	1,640,337	1,653,904
	<u>65,564,168</u>	<u>78,180,435</u>
16 Other expenses		
Books	13,310	-
Bank charges	23,876	39,132
Business development expenditure	196,583	976,276
Hajj Pilgrim Expense	-	1,026,000
Entertainment- office	352,702	342,622
Entertainment- business	32,872	117,424
Hotel expenses	-	582,642
Local conveyance	685,255	115,910
Motor vehicles - POL	792,106	1,285,320
Motor vehicles - other expenses	184,340	118,210
Office supplies	81,192	35,543
Subscription - newspaper & periodicals	51,378	60,960
Traveling - foreign	432,500	5,028,658
Traveling - inland	-	58,838
Training - officer & staff	-	65,500
Uniform	46,349	39,520
VAT & duty	637,050	556,550
Wages to casual workers	-	78,000
Miscellaneous expenses	145,741	82,600
CSR Expenses	1,070,000	1,365,389
	<u>4,745,254</u>	<u>11,975,094</u>
17 Earnings Per Share (EPS)		
Net profit after tax	63,404,769	85,372,156
Weighted Average Number of ordinary shares outstanding	15,250	15,250
Earning Per Share (EPS)	<u>4,158</u>	<u>5,598</u>



18 Others

18.1 Board meeting and Directors' remuneration

Directors' fee is paid to a Director of the Company as attendance fee for attending a meeting of the Board of Directors as per Bangladesh Bank Guideline. No other remuneration was made to the Directors for attending board meetings or otherwise during the year 2020. Nothing is due from any Director of the Company as on the date of closing the accounts. During the year under audit four Board of Directors' meetings were held.

18.2 Employees' details

	<u>Year-2020</u>	<u>Year-2019</u>
Employees engaged for the whole year who received a total annual remuneration of Taka 36,000 and above	15	14

18.3 Workers participation fund and welfare fund

SRO-336-AIN/2010 dated 5-10-2010, issued by Ministry of Labour and Employment and published in Bangladesh gazette on 7-10-2010, declared the status of business of certain institutions and companies (like mobile operating companies, mobile network service providing companies, all government and non-government money lending companies, all insurance companies etc.) as "Industrial Undertakings" for the purpose of Chapter-XV of the Bangladesh Labor Act, 2006 which deals with the workers participation in Company's profit by way of Workers Participation Fund and Welfare Fund (WPF&WF). The Bangladesh Labor Act, 2006 requires the "Industrial Undertakings" to maintain provision for workers profit participation fund @ 5% on net profit. However, we have obtained legal opinion from legal advisor in this regard where it has been stated that The UAE-Bangladesh Investment Company Limited does not fall under this category. Therefore, no provision in this regard has been made in the financial statements during the year under audit.

18.4 Capital expenditure commitment

There was no capital expenditure commitment or contract at 31 December 2020. There was no material capital expenditure authorized by the Board but not contracted for at 31 December 2020.

18.5 Directors' interest in contracts with the Company

There was no transaction resulting in Directors' interest with the Company and no leasing facilities have been made available to the Directors.

18.6 Foreign remittances

No remittances was made in foreign currency on account of royalty, technical experts, professional advisor fees, interest, etc.

18.7 Contingent liabilities

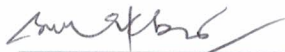
Provision for Income Tax of the Company as referred to note # 8 for the period from January 01, 2008 to June 30, 2012 is pending. Except this, there was no reportable material contracts, capital commitments, events or contingent liabilities subsequent to the statement of financial position date.

18.8 Events after the Reporting Period


A) The board of directors in its 75th board meeting held on 10 August, 2021 has approved the financial statements and authorized the same for issue.

B) The board of directors in its 75th Meeting held on 10 August, 2021, no dividend was recommended based on financial performance for the year ended 31 December 2020. Accordingly, no dividend was declared by the shareholders at the 33th Annual General Meeting (AGM) held on August 17, 2021.

C) No other adjusting event had been occurred till date of signing the financial statements which recognize adjustment under IAS -10 "Events the after Reporting Period".


Dr. S. M. Akbar
Managing Director


Director


Khalil Fadhel Almansoori
Chairman

Place: Dhaka
Date: 10 August 2021



The UAE-Bangladesh Investment Company Limited
Schedule of Fixed Assets
As at 31 December 2020

Particulars	COST			Rate %	DEPRECIATION				Written down value as at 31.12.2020
	Balance as at 01.01.2020	Addition during the year	Disposal during the year		Balance as at 31.12.2020	Charged during the year	Adjustment during the year	Balance as at 31.12.2020	
Motor vehicles	7,053,724	-	-	20	6,617,701	436,020	-	7,053,720.85	3
Office equipment	1,724,583	54,990	-	15	1,286,657	137,160	-	1,423,816.76	355,756
Computer & accessories	2,210,240	610,814	-	25	2,087,712	110,903	-	2,198,614.76	622,439
Furniture	655,325	159,638	-	10	540,380	28,528	-	568,907.94	246,055
Other furnishing	62,680	-	-	15	62,666	-	-	62,666.00	14
Leasehold improvement	940,632	2,709,248	-	25	940,631	338,656	-	1,279,286.61	2,370,593
Total 31 December 2020	12,647,183	3,534,690	-		11,535,747	1,051,266	-	12,587,013	3,594,861
Total 31 December 2019	12,361,683	285,500	-		10,453,992	1,081,755	-	11,535,747	1,111,437



The UAE-Bangladesh Investment Company Limited
 Minimum Capital Requirement and Risk-Weighted Assets as defined by
 Prudential Guidelines on Capital Adequacy and Market Discipline for Financial Institutions (CAMD)
 For the year ended 31 December 2020

	2020 Taka	2019 Taka
I. Minimum Capital Requirement (MCR)		
A. Eligible Capital:		
1. Core Capital (Tier-I)		
a Paid up capital	1,000,000,000	1,000,000,000
b Special reserve	157,862,221	145,181,267
c Statutory reserve	260,892,216	248,211,262
d Retained earnings	312,176,911	274,134,050
	1,730,931,348	1,667,526,579
Less: Capital charge (50% from Tier-I) for exceeding the approved limit	-	-
	<u>1,730,931,348</u>	<u>1,667,526,579</u>
2. Supplementary Capital (Tier - II)		
a General Provision	5,007,279	10,719,084
Less: Capital charge (50% from Tier-I) for exceeding the approved limit	-	-
	<u>5,007,279</u>	<u>10,719,084</u>
3. Total Eligible Capital (1+2) :	<u><u>1,735,938,627</u></u>	<u><u>1,678,245,664</u></u>
B. Risk Weighted Assets (RWA)		
1. Credit risk	-	-
a Balance sheet exposure	1,124,861,482	1,187,298,555
b Off-balance sheet exposure	-	-
2. Market risk	-	-
3. Operational risk	220,033,134	221,026,997
Total Risk Weighted Assets (RWA)	<u><u>1,344,894,616</u></u>	<u><u>1,408,325,552</u></u>
C. Required Capital on Risk Weighted Assets (10% on Total Risk Weighted Assets under Basel II)		
	<u><u>134,489,462</u></u>	<u><u>140,832,555</u></u>
D. Capital Surplus/(Shortfall) [A-C]		
	<u><u>1,601,449,166</u></u>	<u><u>1,537,413,108</u></u>
Capital Adequacy Ratio (CAR) (A3 / B) * 100	129.08%	119.17%
Core Capital to RWA (A1 / B) * 100	128.70%	118.40%
Supplementary Capital to RWA (A2 / B) * 100	0.37%	0.76%

Capital Adequacy Ratio (CAR) has been calculated as per DFIM Circular No. 14 dated 28-12-2011 on 'Prudential guidelines on capital adequacy and market discipline for Financial Institutions (CAMD)' issued by Department of Financial Institutions and Markets of Bangladesh Bank.

