

# Meghna Insurance Company Limited

## Statement of Financial Position

As at June 30, 2021

Particulars	Notes	Amount in Taka	
		30.06.21	31.12.20
<b>Shareholder's equity &amp; liabilities</b>			
<b>Share capital</b>			
Authorized share capital	4.00	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up-capital	4.00	240,000,000	79,350,000
<b>Reserve, surplus or contingency account</b>			
Reserve for exceptional losses	5.00	148,757,849	127,286,806
Reserve for unrealized gain	5.01	120,734,663	114,734,663
Profit or Loss Appropriation Account	5.02	2,146,448	1,895,674
		25,876,738	10,656,469
<b>Total shareholders' equity</b>		<u>388,757,849</u>	<u>206,636,806</u>
<b>Balances of fund &amp; accounts</b>			
Fire insurance business	6.00	24,154,728	176,133,377
Marine insurance business (Cargo)		3,313,300	52,557,990
Marine insurance business (Hull)		13,106,886	44,587,061
Motor insurance business		145,908	590,268
Miscellaneous insurance business		6,851,049	53,922,242
		737,584	24,475,816
<b>Liabilities and provisions</b>			
Estimated liability in respect of outstanding claims whether due or intimated	7.00	630,262,315	551,791,077
Amount due to other persons or bodies carrying on insurance business	8.00	200,836,339	141,604,092
Long term loan	9.00	183,568,470	155,432,323
Short term loan	10.00	-	33,532,603
Lease Liability	11.00	-	17,441,247
Premium deposit	12.00	12,615,319	14,384,190
Sundry creditors	13.00	89,686,447	50,484,267
Provision for income tax	14.01	68,965,719	81,406,747
Provision for deferred tax	14.03	72,621,374	55,340,774
		1,968,647	2,164,834
<b>Total liabilities, fund &amp; provisions</b>		<u>654,417,043</u>	<u>727,924,454</u>
<b>Total shareholders' equity &amp; liabilities</b>		<u>1,043,174,892</u>	<u>934,561,261</u>
<b>Assets and properties</b>			
<b>Non-current assets</b>			
Property, plant & equipments	15.00	269,523,706	269,715,352
Intangible Assets	16.00	244,387,356	244,564,272
Investments in treasury bond	17.00	136,349	151,079
		25,000,000	25,000,000
<b>Right-of-use asset</b>	18.00	15,556,190	16,621,263
<b>Current assets</b>			
Stock of printing, stationery & stamps	19.00	758,094,996	648,224,646
Amount due from other persons or bodies carrying on insurance business	20.00	3,496,296	2,719,142
Advance, deposit & prepayments	21.00	117,716,652	111,275,061
Interest and dividend receivable	22.00	133,460,103	125,057,055
Short term investment	23.00	3,829,062	5,964,680
Cash and cash equivalents	24.00	398,645,511	258,871,484
		100,947,372	144,337,223
<b>Total assets and properties</b>		<u>1,043,174,892</u>	<u>934,561,261</u>
Net asset value per share	29.00	16.20	26.04

The accompanying notes 1 to 42 and Annexure A,B,C form an integral part of these financial statements.

  
Company Secretary

  
Chief Financial Officer

  
Chief Executive Officer

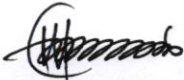
  
Director

  
Director

**Meghna Insurance Company Limited**  
**Profit or Loss Appropriation Account**  
For the period from 1st April to 30 June 2021

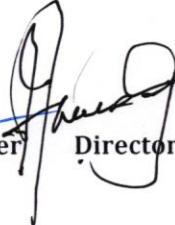
Particulars	Notes	Amount in Taka	
		April-June 21	April-June 20
Net profit after tax for the year brought down		-5,441,715	57,896,298
Balance brought forward from last year		34,318,453	62,476,765
<b>TOTAL</b>		<b>28,876,738</b>	<b>120,373,063</b>
Reserve for exceptional losses		3,000,000	2,000,000
Stock Dividend			-
Prior year's adjustment			-
Balance transferred to statement of financial position		25,876,738	118,373,063
<b>TOTAL</b>		<b>28,876,738</b>	<b>120,373,063</b>

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Company Secretary

  
Chief Financial Officer

  
Chief Executive Officer

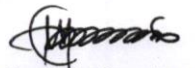
  
Director

  
Director

**Meghna Insurance Company Limited**  
**Statement of Profit or Loss and Other Comprehensive income**  
For the period from 1st April to 30 June 2021

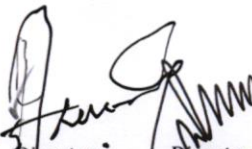
Particulars	Notes	Amount in Taka		Amount in Taka	
		Jan-June 21	Jan-June 20	April-June 21	April-June 20
<b>Operating profit/(loss) transferred from:</b>		<b>53,441,757</b>	<b>208,116,716</b>	<b>-1,528,770</b>	<b>111,197,681</b>
Fire insurance revenue account		-47,674,565	93,064,818	2,157,872	102,037,951
Marine cargo insurance revenue account		42,537,260	44,054,409	10,042,187	7,333,244
Marine hull insurance revenue account		494,358	142,061	293,954	234,531
Motor insurance revenue account		50,072,711	44,993,644	-2,709,302	6,204,301
Miscellaneous insurance revenue account		8,011,993	25,861,784	-11,313,480	-4,612,346
<b>Non-operating income</b>					
Interest /profit	27.00	9,444,522	7,460,339	6,054,394	4,002,747
Dividend income	27.00	-	-	-	-
Miscellaneous income	27.00	-	180,228	-	-
Profit / (Loss) on sale of share	27.00	21,720	-103,043	21,720	-
Profit / (Loss) on sale of assets	27.00	-925	437	-	-
<b>Total Income</b>		<b>62,907,074</b>	<b>215,654,677</b>	<b>4,547,344</b>	<b>115,200,428</b>
Less: Management Expenses					
<b>Expenses of Management (not applicable to any particular fund or account)</b>	25.00	19,775,300	16,269,323	9,094,249	9,555,956
<b>Finance Cost</b>	26.00	2,911,858	4,498,967	1,434,677	2,839,756
<b>Net Profit/(Loss) before tax and WPPF</b>		<b>40,219,916</b>	<b>194,886,387</b>	<b>-5,981,582</b>	<b>102,804,716</b>
<b>Workers' Profit participation fund</b>	13.01	1,915,234	9,280,304	-	4,895,463
<b>Net Profit after WPPF</b>		<b>38,304,682</b>	<b>185,606,082</b>	<b>-5,981,582</b>	<b>97,909,253</b>
<b>Provision for taxation:</b>		<b>17,084,413</b>	<b>75,343,976</b>	<b>-255,030</b>	<b>40,012,955</b>
Current tax	14.02	17,280,600	74,195,333	-	40,316,601
Deferred tax	14.03	-196,187	1,148,643	-255,030	-303,646
<b>Profit after tax transferred to profit &amp; loss appropriation account</b>		<b>21,220,269</b>	<b>110,262,106</b>	<b>-5,726,552</b>	<b>57,896,298</b>
<b>Other comprehensive income</b>					
Changes in fair value of shares	23.02	250,774	-266,359	460,947	215,344
<b>Total comprehensive income</b>		<b>21,471,043</b>	<b>109,995,747</b>	<b>-5,265,605</b>	<b>58,111,642</b>
<b>Earning Per Share (EPS)</b>	28.00	<b>1.10</b>	<b>7.30</b>		

The accompanying notes 1 to 42 and Annexure A,B,C form an integral part of these financial statements.

  
Company Secretary

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

**Meghna Insurance Company Limited**  
**Consolidated Revenue Account**  
For the period from 1st April to 30 June 2021

Particulars	Notes	Fire	Marine Cargo	Marine Hull	Motor	Miscellaneous	Total 30.06.21	Total 30.06.20
<b>CLAIMS UNDER POLICIES LESS RE-INSURANCE :</b>								
Paid during the period:	34.00	23,831,909	1,613,743	-	2,629,067	134,534	28,209,253	-82,886,890
Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated.		180,700,710	12,386,498	-	7,749,131	-	200,836,339	99,708,597
		<b>204,532,619</b>	<b>14,000,241</b>	-	<b>10,378,198</b>	<b>134,534</b>	<b>229,045,592</b>	<b>16,821,707</b>
Less: Outstanding claims at the end of the Previous year		199,879,110	4,807,242	-	3,123,011	-	207,809,363	103,958,086
<b>Total Claims under Policies less Reinsurances:</b>		<b>4,653,509</b>	<b>9,192,999</b>	-	<b>7,255,187</b>	<b>134,534</b>	<b>21,236,229</b>	<b>-87,136,379</b>
Agency Commission	35.00	-	-	-	-	-	-	9,427,217
Management Expenses		39,909,898	41,470,936	130,829	16,410,549	15,224,085	113,146,297	54,162,020
<b>Profit/(Loss) transferred to Statement of Profit or Loss and Other Comprehensive income</b>		2,157,872	10,042,187	293,954	-2,709,302	-11,313,480	-1,528,770	111,197,681
Reserve for Unexpired Risks transferred to Balance of Funds and Account at the end of the year in the Statement of Financial Position	6.00	-	-	-	-	-	-	-
		3,313,300	13,106,886	145,908	6,851,049	737,584	24,154,728	12,841,036
<b>Total :</b>		<b>50,034,579</b>	<b>73,813,008</b>	<b>570,691</b>	<b>27,807,483</b>	<b>4,782,723</b>	<b>157,008,484</b>	<b>100,491,575</b>

Reserve for Unexpired Risks in the Balance of Funds and Account at the beginning of the year :		21,932,623	37,377,886	388,614	10,648,783	244,957	70,592,863	49,109,237
Premium Less Re-insurance	33.00	8,283,251	32,767,215	145,908	17,127,623	1,843,961	60,167,958	32,670,486
Commission on Re-insurance ceded		19,818,705	3,667,907	36,169	31,077	2,693,805	26,247,663	18,711,852
<b>Total :</b>		<b>50,034,579</b>	<b>73,813,008</b>	<b>570,691</b>	<b>27,807,483</b>	<b>4,782,723</b>	<b>157,008,484</b>	<b>100,491,575</b>

The accompanying notes 1 to 42 and Annexure A,B,C form an integral part of these financial statements.

  
Company Secretary

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

# Meghna Insurance Company Limited

## Fire Insurance Revenue Account

For the period from 1st April to 30 June 2021


Particulars	Notes	Amount in Taka	
		30.06.21	30.06.20
Balance of account at the beginning of the period		21,932,623	18,156,010
Reserve for unexpired risk			
Premium less re-insurance	33.00	8,283,251	-5,375,345
Commission on re-insurance ceded		19,818,705	14,721,300
<b>Total</b>		<b>50,034,579</b>	<b>27,501,965</b>
Claims under policies less re-insurance			
Paid during the period:		23,831,909	-83,537,049
Add: Total estimated liability in respect of outstanding claims at the end of the period whether due or intimated.		180,700,710	90,102,246
		204,532,619	6,565,197
Less: Outstanding claims at the end of the Previous period (if any)		199,879,110	96,789,246
<b>Total Claims under Policies less Reinsurances:</b>	34.00	<b>4,653,509</b>	<b>-90,224,049</b>
Agent commission		-	3,068,879
Expenses of management	35.00	39,909,898	14,769,322
Profit/(loss) transferred to profit or loss account		2,157,872	102,037,951
Balance of accounts at the end of the period			
Reserve for unexpired risk	6.00	3,313,300	-2,150,138
<b>Total</b>		<b>50,034,579</b>	<b>27,501,965</b>

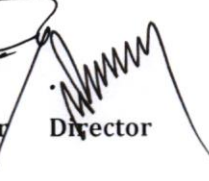
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Chief Executive Officer

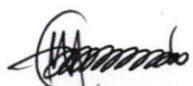
  
Director

  
Director

**Meghna Insurance Company Limited**  
**Marine Cargo Insurance Revenue Account**  
For the period from 1st April to 30 June 2021

Particulars	Notes	Amount in Taka	
		30.06.21	30.06.20
Balance of account at the beginning of the period			
Reserve for unexpired risk		37,377,886	20,657,634
Premium less re-insurance	33.00	32,767,215	23,685,502
Commission on re-insurance ceded		3,667,907	3,080,509
<b>Total</b>		<b>73,813,008</b>	<b>47,423,645</b>
Claims under policies less re-insurance Paid during the period:		1,613,743	-395,452
Add: Total estimated liability in respect of outstanding claims at the end of the period whether due or intimated.		12,386,498	5,156,920
		14,000,241	4,761,468
<b>Less:</b> Outstanding claims at the end of the Previous period (if any)		4,807,242	2,380,476
<b>Total Claims under Policies less Reinsurances:</b>	34.00	<b>9,192,999</b>	<b>2,380,992</b>
Agent commission		-	4,329,581
Expenses of management	35.00	41,470,936	23,905,627
Profit/(loss) transferred to profit or loss account		10,042,187	7,333,244
Balance of accounts at the end of the period			
Reserve for unexpired risk	6.00	13,106,886	9,474,201
<b>Total</b>		<b>73,813,008</b>	<b>47,423,645</b>


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Company Secretary

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

**Meghna Insurance Company Limited**  
**Marine Hull Insurance Revenue Account**  
For the period from 1st July to 30 September 2021

Particulars	Notes	Amount in Taka	
		30.06.21	30.06.20
Balance of account at the beginning of the period			
Reserve for unexpired risk		388,614	217,152
Premium less re-insurance	33.00	145,908	-378,598
Commission on re-insurance ceded		36,169	21,138
<b>Total</b>		<b>570,691</b>	<b>-140,308</b>
Claims under policies less re-insurance			
Paid during the period:		-	-
Add: Total estimated liability in respect of outstanding claims at the end of the period whether due or intimated.		-	-
<b>Less: Outstanding claims at the end of the Previous period (if any)</b>		<b>-</b>	<b>-</b>
<b>Total Claims under Policies less Reinsurances:</b>	34.00	<b>-</b>	<b>-</b>
Agent commission		-	-
Expenses of management	35.00	130,829	3,759
Profit/(loss) transferred to profit or loss account		293,954	234,531
Balance of accounts at the end of the period			
Reserve for unexpired risk	6.00	145,908	-378,598
<b>Total</b>		<b>570,691</b>	<b>-140,308</b>

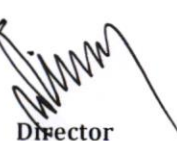
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Company Secretary

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

## Meghna Insurance Company Limited

### Motor Insurance Revenue Account

For the period from 1st April to 30 June 2021


Particulars	Notes	Amount in Taka	
		30.06.21	30.06.20
Balance of account at the beginning of the period			
Reserve for unexpired risk		10,648,783	9,729,955
Premium less re-insurance	33.00	17,127,623	14,584,134
Commission on re-insurance ceded		31,077	-
<b>Total</b>		<b>27,807,483</b>	<b>24,314,089</b>
Claims under policies less re-insurance Paid during the period:		2,629,067	1,040,231
Add: Total estimated liability in respect of outstanding claims at the end of the period whether due or intimated.		7,749,131	1,281,791
		<b>10,378,198</b>	<b>2,322,022</b>
<b>Less: Outstanding claims at the end of the Previous year (if any)</b>		3,123,011	1,620,724
<b>Total Claims under Policies less Reinsurances:</b>	34.00	<b>7,255,187</b>	<b>701,298</b>
Agent commission		-	2,027,257
Expenses of management	35.00	16,410,549	9,547,579
Profit/(loss) transferred to profit or loss account		-2,709,302	6,204,301
Balance of accounts at the end of the period			
Reserve for unexpired risk	6.00	6,851,049	5,833,654
<b>Total</b>		<b>27,807,483</b>	<b>24,314,089</b>


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Company Secretary

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director



**Meghna Insurance Company Limited**  
**Miscellaneous Insurance Revenue Account**  
For the period from 1st April to 30 June 2021


Particulars	Notes	Amount in Taka	
		30.06.21	30.06.20
Balance of account at the beginning of the period			
Reserve for unexpired risk		244,957	348,486
Premium less re-insurance	33.00	1,843,961	154,793
Commission on re-insurance ceded		2,693,805	888,905
<b>Total</b>		<b>4,782,723</b>	<b>1,392,184</b>
Claims under policies less re-insurance			
Paid during the period:		134,534	5,380
Add: Total estimated liability in respect of outstanding claims at the end of the period whether due or intimated.		-	3,167,640
		<b>134,534</b>	<b>3,173,020</b>
Less: Outstanding claims at the end of the Previous year (if any)		-	3,167,640
<b>Total Claims under Policies less Reinsurances:</b>	34.00	<b>134,534</b>	<b>5,380</b>
Agent commission		-	1,500
Expenses of management	35.00	15,224,085	5,935,733
Profit/(loss) transferred to profit or loss account		-11,313,480	-4,612,346
Balance of accounts at the end of the period			
Reserve for unexpired risk	6.00	737,584	61,917
<b>Total</b>		<b>4,782,723</b>	<b>1,392,184</b>

The accompanying notes 1 to 42 and Annexure A,B,C form an integral part of these financial statements.

  
Company Secretary

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

## Meghna Insurance Company Limited

### Statement of Change in Equity

For the period from 1st April to 30 June 2021

(Amount in Taka)

Particulars	Share Capital	Reserve for Exception Losses	Reserve for unrealized gain/(loss)	Profit or Loss Appropriation	Total
Balance as on April 01, 2021	240,000,000	117,734,663	1,685,501	34,318,452	393,738,616
Reserve for exceptional losses for the period	-	3,000,000		(3,000,000)	-
Prior year adjustment	-			-	-
Right Share issued	-			-	-
Unrealized gain/ (loss) for Investment in share	-		460,947	-	460,947
Adjustment on sale of share	-			-	-
Profit for the year	-			(5,441,715)	(5,441,715)
<b>Balance as on June 30, 2021</b>	<b>240,000,000</b>	<b>120,734,663</b>	<b>2,146,448</b>	<b>25,876,737</b>	<b>388,757,848</b>
Balance as on April 01, 2020	79,350,000	107,734,663	-943,924	62,476,764	248,617,503
Reserve for exceptional losses for the year	-	2,000,000		(2,000,000)	-
Prior year adjustment	-			-	-
Stock dividend	-			-	-
Unrealized gain/ (loss) for Investment in share	-		215,344	-	215,344
Adjustment on sale of share	-			-	-
Profit for the year	-			57,896,298	57,896,298
<b>Balance as on June 30, 2020</b>	<b>79,350,000</b>	<b>109,734,663</b>	<b>-728,580</b>	<b>118,373,062</b>	<b>306,729,145</b>

  
Company Secretary

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

# Meghna Insurance Company Limited

## Statement of Cash Flows


For the period from 1st April to 30 June 2021


Particulars	Notes	Amount in Taka	
		30.06.21	30.06.20
<b>Cash flows from operating activities :</b>			
Collections of premium and other income		141,507,791	5,245,435
Payments for management expense, re-insurance and claims		(161,704,003)	21,499,378
Income tax paid		(7,615,560)	(1,000,790)
<b>Net Cash from operating activities</b>		<b>(27,811,773)</b>	<b>25,744,023</b>
<b>Cash flows from Investing activities :</b>			
Acquisition of property, plant & equipment		(623,054)	(148,200)
Disposal of property, plant & equipment		-	-
Investment & others income		7,936,284	4,723,731
Other advance paid		(216,021)	(2,299,613)
Investment in share		(134,060)	-
Sales of Investment		134,480	-
Short term investment		(136,000,000)	(2,000,000)
<b>Net Cash used in Investing activities</b>		<b>(128,902,371)</b>	<b>275,918</b>
<b>Cash flows from Financing activities :</b>			
Proceeds from issuing of share		-	-
Receipt of Long Term Loan		-	-
Repayment of Long Term Loan		(21,853,584)	(3,926,362)
Receipt of Short Term Loan		288,562	1,060,127
Repayment of Short Term Loan		(14,165,179)	(1,182,000)
Lease Liability		(3,932,740)	(2,223,126)
Interest Expense		(1,434,677)	(2,839,756)
Cash dividend paid		-	-
<b>Net cash from financial activities</b>		<b>(41,097,618)</b>	<b>(9,111,117)</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents during the</b>		<b>(197,811,762)</b>	<b>16,908,824</b>
<b>Cash and cash equivalents at the beginning of the period/year</b>		<b>298,759,133</b>	<b>124,436,678</b>
<b>Cash and cash equivalents at the end of the year/period</b>		<b>100,947,372</b>	<b>141,345,502</b>
<b>Net Operating Cash Flows per Share (NOCFS)</b>		<b>-1.44</b>	<b>0.69</b>

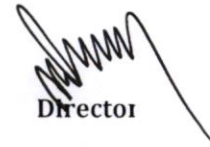
The accompanying notes 1 to 42 and Annexure A,B,C form an integral part of these financial statements.

  
Company Secretary

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

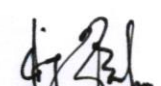
## Meghna Insurance Company Limited

### Classified Summary of Assets Form "AA"


For the period from 1st April to 30 June 2021

Class of assets	30.06.21	30.06.20	Remarks
Investments in treasury bond			
i) Bangladesh Treasury Bond.	<b>25,000,000</b>	<b>25,000,000</b>	At Cost
(10 years Investment Bond @ 12.10% Interest)	16,000,000	16,000,000	
(15 years Investment Bond @ 7.79% Interest)	9,000,000	9,000,000	
iii) Amount due from other persons or bodies	<b>117,716,652</b>	<b>107,182,489</b>	Book Value
Cash, cash equivalent & short term investment:	<b>499,592,883</b>	<b>385,204,370</b>	
i) Short term investment	398,645,511	243,858,868	Book Value
ii) Cash at Bank	84,659,305	119,357,350	Book Value
iii) Cash in hand	16,288,067	21,988,152	Book Value
Interest and dividend receivable	3,829,062	1,729,081	Book Value
Advance, deposit & prepayments	133,460,103	127,046,751	Book Value
Property, plant & equipments	244,387,356	211,339,047	Written down value
Intangible Assets	136,349	170,437	Written down value
Right-of-use asset	15,556,190	16,384,206	Written down value
Stock of printing, stationery & stamps	3,496,296	2,531,693	Book Value
	<b>1,043,174,892</b>	<b>876,588,074</b>	

  
Company Secretary

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

# Meghna Insurance Company Limited

## Notes to the Financial Statements

For the period ended 30<sup>th</sup> June 2021

### 1. The company and its activities

#### 1.1 Legal form of the company

Meghna Insurance Company Limited was incorporated with Registrar of Joint Stock Companies & Firms, Bangladesh as a public company limited by shares bearing certificate of incorporation number C- 30434(1650)/96 March 18, 1996 under the Companies Act (XVIII)1994.

#### 1.2 Registered office of the company

The registered office of the company is located at, Pritom Zaman Tower, 37/2 Purana Palton Dhaka-1000.

#### 1.3 Principal activities and nature of the business.

The principal activities of the company are to carry on all kinds of insurance, guarantee and indemnity business other than life insurance business.

### 2. Basis of preparation and presentation of financial statements

#### 2.1 a) Statement of compliance

Half yearly Financial Statements have been prepared based on International Accounting Standard (IAS) "Interim Financial Reporting" (IAS-34) and in accordance with other International Accounting Standards (IAS) and International Financial Reporting Standard (IFRS), the Companies Act 1994, the Insurance Act 2010, Securities and Exchange Rules 1987, BSEC notification no. BSEC/CMRRCD/2006-158/208/Admin/81. Dated 20 June 2018 and other applicable laws and regulations applicable in Bangladesh. The policies, wherever appropriate, are explained in the succeeding notes.

#### b) Compliance of International Accounting Standards (IASs) And International Financial Reporting Standards (IFRS)

In preparing and presenting financial statements, considering relevant for the significant accounting issues of the company, following IASs & IFRS have been implemented by the company, which were issued by the Institute of Chartered Accountants (ICAB) formulated in the light of the IASs & IFRS issued by the International Accounting Standards Board and the conditions and practices prevailing in Bangladesh, and valid as on the balance sheet date:

SI No.	Name of IAS	No of IAS / IFRS		Status
1	Presentation of Financial Statements	IAS	1	Complied
2	Statements of Cash Flows	IAS	7	Complied
3	Accounting Policies, Changes in Accounting Estimates and Errors	IAS	8	Complied
4	Events after the Reporting Period	IAS	10	Complied
5	Income Tax	IAS	12	Complied
6	Property, plant and equipment	IAS	16	Complied
7	Insurance Contracts	IFRS	4	Complied
8	Financial Instruments: Disclosures	IFRS	7	Complied



9	Financial Instruments	IFRS	9	Complied
10	Fair Value Measurement	IFRS	13	Complied
11	Leases	IFRS	16	Complied
12	Related party transaction	IAS	24	Complied
13	Financial instruments' presentation	IAS	32	Complied
14	Earnings per share	IAS	33	Complied
15	Interim Financial Reporting	IAS	34	Complied
16	Impairment of Assets	IAS	36	Complied
17	Provision, Contingent Liabilities and Contingent Assets	IAS	37	Complied
18	Intangible Assets	IAS	38	Complied

### Interim Financial Reporting:

Interim period is a financial reporting period shorter than a full financial period. Interim financial report means a financial report containing either a complete set of financial statements (as described in IAS 1 Presentation of Financial Statements) or a set of condensed financial statements for an interim period

IAS 34 requires that condensed Interim Financial Statements contain at a minimum:

- a condensed statement of financial position;
- a condensed statement or condensed statements of profit or loss and other comprehensive income;
- a condensed statement of changes in equity;
- a condensed statement of cash flows; and
- selected explanatory notes.

These Interim Financial Statements present selected explanatory notes that are intended to assist users in understanding the results of the operations of the company for the current interim period.

## 2.2 Other regulatory compliance

The company also required to comply with the following laws and regulations in addition to the above-mentioned compliances:

- i) The Income Tax Ordinance, 1984
- ii) The Income Tax Rules, 1984
- iii) The Value Added Tax Act, 1991
- iv) The Value Added Tax Rules, 1991
- v) Stamp Act, 1899

## 2.3 Implication of Covid-19 on our business:

The outbreak of the pandemic caused by the novel coronavirus (COVID -19) in 2020, has triggered an immense change in terms of lifestyle, economical drift and the behavior of customer across the world. The grievous impact of the pandemic had hit hard the global economy including global share markets, job market, travels, health care industries, insurance industry, different service industries and had many economies plunge into recession in 2020. The International Monetary Fund estimated that the



global economy has shrunk by 4.4% in 2020 and claimed that it the worst since Great Depression of the 1930s is a clear indication where the global economy is heading.

Due to the outbreak of pandemic the real GDP growth of Bangladesh has decelerated 5.2% in FY 2019-2020 only for the sharp fall in RMG sector's revenue, decrease private investments and business interruption. The insurance industry of Bangladesh has always been struck with many pullbacks, even without the pandemics. Yet only 6% of the population of the country is protected by a range of insurance products. In the year 2019, the insurance penetration of the country was around only 0.6% whereas the global average is 2.8%. Though the insurance penetration was consistently low over the years, the industry has observed a gradual growth over the last few years starting from 2011 till 2019 in terms of premium income and claim payment as well.

The insurance gap, which indicates assets at risk that are not covered by insurance, stands at \$5.5 billion, or 2.1% of the GDP. The high economic development of Bangladesh seems to have no relation with the insurance sector, a puzzle that needs to be solved to take the country towards a path of sustainable growth. In a recent analysis, research firm Light Castle Partners found that Bangladesh is the most underinsured country in the non-life insurance category, despite standing to lose as much as 0.8% of its GDP to natural disasters a year. Data by Swiss Re Institute, a leading global re-insurer, also shows overall insurance penetration in Bangladesh stood at a meagre 0.57% in 2018 – the lowest among emerging Asian countries. Penetration rate is measured as the ratio of premium underwritten in a particular year to the GDP.

Insurance penetration was 5.27% in Thailand in 2018, followed by 4.77% in Malaysia, 4.22% in China, 3.70% in India, 2.42% in Vietnam, 1.95% in Indonesia, 1.82% in the Philippines and 1.15% in Sri Lanka. Taiwan has the highest penetration rate with 18%.

Main impact of Covid-19 on MICL relates to decline commission income in 2020. Lockdown resulted to deferral in policy renewals and auto renewal of motor policies were renewed later post lockdown. Management expenses has been increased due to nonperformance of several branches. However, 6.60% growth was achieved in overall all class wise business.

Business continuity activity to move to home working has been put in place with a focus on maintaining acceptable levels of service for claims and existing customer renewals without material customer detriment. The Company continues to work closely with its suppliers to understand and manage the impact of COVID-19 on our supply chain. The COVID-19 development has led to significant reductions in market values in the early part of 2020 and heightened volatility. Management are regularly assessing the impact on the financial, liquidity and solvency position with actions in place to respond where appropriate. The impact of COVID-19 is continuing to evolve at a fast pace, and therefore it is not practicable to quantify the potential financial impact on the Company at the time of writing.

#### **2.4. Going Concern**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements does not include any adjustments should the Meghna Insurance Company Limited be unable to continue as a going concern. Financial Statements are normally prepared on the assumption that an enterprise is a going concern and will continue in operation for the foreseeable future. Hence, it is assumed that the enterprise has neither the intention nor the need to liquidate or curtail materially the scale of its operations; if such an intention or need exists, the financial statement may have to be prepared on a different basis and, if so, the basis used is disclosed.



## 2.5 Accrual Basis:

The Company prepares its financial statements, except for cash flow information, using the accrual basis of accounting. Since the accrual basis of accounting is used, the Company recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when it satisfies the definitions and recognition criteria for those elements in the Framework

## 2.6 Basis of preparation

The financial statements of the Company have been prepared under historical cost convention in a going concern concept and on accrual basis in accordance with Generally Accepted Accounting Principles and practice in Bangladesh except property, plant & equipment. Disclosure of financial information as required by Insurance Act 2010 have been complied with while preparing statement of financial position, statement of comprehensive income and revenue accounts for specific classes of insurance business in the form set forth in the first, second and third schedule of the Insurance Act and also in compliance with the Companies Act 1994. In addition, International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

## 2.7 Branch accounting

The company has 47 branch offices with no overseas branch as on 30<sup>th</sup> June 2021. Accounts of the branches are maintained at the head office.

## 2.8 SEGMENT-WISE PERFORMANCE

### Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business. The performance of segments is evaluated on the basis of underwriting results of each segment. The Company has four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous

In line with the general practices, the underwriting business of the company covers fire insurance, marine insurance, motor insurance and miscellaneous insurance businesses. Out of total premium earned, it is found that major contribution is made by the fire insurance, followed by marine insurance and miscellaneous insurance. Over-all and segment-wise performance of your company is shown in tables below:

### Gross Premium Income

Year	Gross premium (in Million Taka)	Growth (%)
2020	619.40	6.60%
2019	581.04	25.79%
2018	461.91	12.02%
2017	412.34	-12.54%
2016	471.47	12.30%

During the period from January 01, 2021 to 30<sup>th</sup> June 2021 Gross Premium Income was 345.32 million in Taka.





**Business Segment-wise Gross Premium Income (in Million Taka)**

Business Segments	2020	2019	Growth (%)
Fire Insurance	242.35	213.64	13.44%
Marine Insurance	156.01	148.01	5.15%
Motor Insurance	136.72	121.42	12.60%
Miscellaneous Insurance	84.33	97.61	-13.61%

During the period from January 01, 2021 to 30<sup>th</sup> June 2021 Business Segment-wise Gross Premium Income (in Million Taka)

Business Segments	June 2021
Fire Insurance	117.07
Marine Insurance	148.56
Motor Insurance	44.92
Miscellaneous Insurance	31.87

**Segregation of Net Premium**

Business Segments	2020		2019		Growth (%)
	Amount (in Million Taka)	Business Mix of Net Premium (%)	Amount (in Million Taka)	% of Total Net Premium	
Fire Insurance	131.17	29.94%	110.55	28.27%	18.65%
Marine Insurance	110.80	25.29%	105.67	27.02%	4.85%
Motor Insurance	134.41	30.68%	117.47	30.04%	14.42%
Miscellaneous Insurance	61.66	14.08%	57.39	14.67%	7.45%
<b>Total</b>	<b>438.04</b>	<b>100.00%</b>	<b>391.08</b>	<b>100.00%</b>	<b>12.01%</b>

During the period from January 01, 2021 to 30<sup>th</sup> June 2021 Business Segment-wise Net Premium Income (in Million Taka)

Business Segments	June 2021
Fire Insurance	63.11
Marine Insurance	126.74
Motor Insurance	43.75
Miscellaneous Insurance	2.76

**2.8 Responsibility for preparation and presentation of financial statements**

The Management is responsible for the preparation and presentation of financial statements under section 183 of the Companies Act, 1994 and as per the provisions of the framework for the "Presentation of Financial Statements" of International Accounting Standard (IAS)-1.

**2.9 Reporting period**

Generally, the accounting period of the company is from January to December of every Gregorian calendar year. Here, the financial statements of the company have been prepared for the period ended 30<sup>th</sup> June 2021.

