



Annual Report 2013



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NOTICE OF THE TWENTY FIFTH ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Fifth Annual General Meeting of the shareholders of United Leasing Company Limited will be held at the Trust Milonayaton, 545 Old Airport Road, Dhaka Cantonment, Dhaka on April 10, 2014 at 10:00 a.m. to transact the following business:

Special Business:

To change the name of the Company from United Leasing Company Limited to United Finance Limited and replace the name "United Leasing Company Limited", wherever it appears in the Memorandum and Articles of Association of the Company, with "United Finance Limited", subject to approval of concerned regulatory authorities.

Ordinary Business:

1. To receive and adopt the Directors' Report and Audited Accounts for the year ended December 31, 2013.
2. To declare Dividend for 2013.
3. To elect Directors as per Articles of Association of the Company.
4. To consider the appointment of Auditors for 2014 and fix their remuneration.

Dated: Dhaka
March 05, 2014

By order of the Board

Sharmi Noor Nahar
Company Secretary

Notes :

1. A Shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his/her stead. The proxy form must be affixed with a revenue stamp of Tk 20/- and submitted to the Registered Office of the Company no later than 48 hours before the day of the Annual General Meeting.
2. March 18, 2014 is the Record Date.
3. Shareholders are requested to submit their queries on the Directors' Report and Audited Accounts, if any, at the Registered Office of the Company by Monday, April 7, 2014.
4. Shareholders and proxies are requested to record their entry in the Annual General Meeting well in time.

N.B: In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013, no Gift/Gift Coupon/Food Box shall be distributed at the 25th AGM.



CHAIRMAN'S STATEMENT

Dear Shareholders:

I welcome you on behalf of the Board of Directors to the 25th Annual General Meeting of United Leasing Company Limited. It is my immense pleasure that this is the silver jubilee year of your Company and I thank our past and present directors, shareholders, employees and other stake holders for their support during this long journey.

I take this opportunity to brief you on the economy, the financial services sector and the performance of your Company during the year.

Economy

During the fiscal year 2012-2013, Bangladesh achieved a GDP growth of 6.03%, which although respectable as compared with the developed economies, was lower than last year (6.32% in 2011-2012) as well as the last five years average of 6.2%. The decline in growth was due to weaker aggregate demand, as private investment fell and consumption remained subdued, with imports remaining flat and credit growth slowing. The growing political uncertainty ahead of the national elections caused consumers to adopt a more cautious approach to spending and investors to postpone major investment decisions. Industry growth was led mostly by small-scale manufacturing. Agriculture growth in 2013 slowed on the back of unfavourable weather conditions and falling rice prices. Services growth also slowed, due to stagnant imports and frequent strikes which disrupted supply chains and trade and transport services.

Annual average inflation significantly decreased to 7.53% in 2013 from 10.6% in 2012 as a result of monetary program and also partially due to the recent disruptions which caused a slowdown in economic activity and lower consumer demand which resulted into significant decrease of non-food inflation. However, the major contributor to the inflation was the food sector which was led by higher distribution costs due to the frequent nationwide strikes and blockades.

Financial Services Sector

Bangladesh Bank's policy of cautious restriction of monetary supply was aimed at curbing inflation and preserving external stability, was successful in attaining the targeted real GDP growth however at the same time it left its impact on credit growth.

A few major financial scams were unearthed that shook the financial sector to its core and questioned some fundamental principles we take for granted in this sector. As a silver lining, Bangladesh Bank has strengthened its control over the state owned banks and has set a stringent financial improvement plan including differential ceilings on loan growth and regular reporting to Bangladesh Bank on a number of issues including loans beyond a certain limit, single borrower exposure, off-balance sheet items etc. Board accountability has been enhanced.

Bangladesh Bank has launched the Cost of Funds Index for the non banking financial institutions to strengthen the liquidity management capabilities and to create a benchmark for pricing. The index would be based on the weighted average interest rate of all non banking financial institutions of the Country. Bangladesh Bank expects to publish a similar index for the banks shortly.

The focus of the sector remained on lending business as the stock market continued its lack lustre performance.

Company Performance

I am pleased to inform you that your Company has successfully faced the challenges and has registered 29.38% growth in operating revenue and 16.33% growth in net profit over the previous year.

Earnings Per Share (EPS) on the basis of current number of shares, increased by 16.11% (from Taka 1.80 in 2012 to Taka 2.07). Net Asset Value (NAV), on the basis of current number of share, increased by 10.76% (from Taka 15.33 in 2012 to Taka 16.98).

Business

2013 was a challenging year. Despite the many adversities, retail deposit client base grew by 23.26% and portfolio by 13.76% to Tk. 5.12 Billion. On the other hand, loan portfolio had 9.18% growth and reached Tk. 9.84 Billion. Short term portfolio grew at 21.97% and stood at Tk. 1.52 Billion. This is our contribution to the country's initiative to increase financial inclusiveness.

Working capital solutions of your Company has been well accepted by the clients and now constitutes 11.70% of the portfolio. The working capital solutions are interlaced with physical service elements which help the clients to outsource some of their activities to your Company and this allows them to focus more on their business development. Our deposit product offerings are quite diversified and appeals to a wide range of customers.

A new branch has been opened in Mymensingh in 2013 and you would be pleased to know that we now serve clients through 17 offices located all over the country.



Cost Administration

Market remained liquid most of last year, which drove down the deposit rates. Your Company was successful in generating sufficient deposits to support the financing business at a rate comparatively lower than the market.

Legal expenses increased by 47.68%. It includes the full year's impact of doubling of stamp charges and increase of VAT from 4.5% to 15%. Recovery efforts increased relative to increase in number of clients and volume of finances in 2013. Communication expenses increased by 51.61% as more branches came under the Wide Area Network (WAN) and internet connectivity cost of the increased number of branches. Advertisement and printing expenses increased due to bill boards and signage in all the offices and advertisement in local newspapers. Increase in printing costs is due to increase of business volume.

Increase in cost is in general response to increase in cost of doing business due to adjustment of inflation. On the whole, operating costs increased by 13.50%.

You will be pleased to learn that in the face of increasing cost, our cost control supervision has been enhanced and costs are reviewed and variances of all the cost items are analysed on a monthly basis.

Risk Management

The developments and activities of Company's three risk management components during 2013 were as follows:

Pre-emptive Risk Management

Operational Risk Management (ORM) Committee revised many processes to manage risks and bring efficiency to the overall operations of the Company as well as to provide fair and equal treatment in internal operations to all the branches.

Knowledge Center analyzed various industries and prepared sector and sub sector reports to better understand the various business sectors. They also provided value added reports and presentations to the Credit-Sale Financing clients.

Human resource department successfully met the challenges of on time and appropriate staffing as and when they were needed. Your Company has implemented a green HR system that facilitates paperless process starting from electronic job application to the entire recruitment process and beyond. The Company continues its focus on increasing the per person productivity assessed by a quantitative evaluation system for all field level officers. Regular trainings were arranged as an ongoing effort to strengthen the understanding of our employees and thereby improve efficiency. During the year the Company provided a total of 161 man-days of training to 334 employees.

Contemporaneous Risk Management

Operations department improved their efficiency and maintained your Company's risk mitigating features. 2013 was challenging as business environment was not conducive to voluntary repayments because of disruptions created by the hartals and blockades. The collection, recovery and litigation teams were effective in keeping collection rate high and their recovery efforts yielded tangible results and non performing loan ratio were maintained at below 3.6%.

Post-facto Risk Management

The Management Information Systems department improved its reporting to help the senior management team to better direct the operations of the Company and enabled the mid level managers to better supervise their resources. Innovative analytical system has been developed for portfolio risk analysis and a better early warning system.

Internal Compliance Department continued evaluating the performances and effectiveness of the control mechanisms through audits of all departments and branches of the Company. The audit and inspection reports were regularly placed to the Audit Committee of the Board for its review and recommendations.

Sustainability Initiatives

The Company gives importance to environmental sustainability, which is reflected in both its financing and own activities.

Company initiatives: The Company for the last few years is taking initiatives to reduce its carbon footprint and has established paperless internal processes which have substantially reduced paper consumption. 45% of the workstations of your Company have been labeled 'green' where no print out takes place. In 2012, it was 35%. Gradually your Company is converting its traditional lighting systems with more environment friendly LED lighting systems. So far 11% of the lights have been converted.

Financing initiatives: Your Company has been conscious of the impact its financing makes not just on the economic environment but also on the physical environment. This year we have started capturing quantitative data to measure our financing impact. The data is presented in the Sustainability Statement.

Post Balance Sheet Date Events

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



Outlook

The challenges of 2014 would be to ensure economic growth. GDP growth is expected to be lower than 6.0% as businesses remained stagnant for a substantial period. Domestic demand is expected to remain cautious.

Bangladesh Bank will continue to take measures to preserve economic stability and at the same time contain inflation. Intensive monitoring and policy directions to the financial sector by Bangladesh Bank are expected to increase the sector's overall risk management capabilities and ensure transparency in operational processes.

Your Company is well prepared to take on the challenges in 2014. It has a nationwide footprint for both client sourcing and delivering services. Focus in 2014 would be to provide tangible and physical services to its clients which would enable them to achieve better business growth. The competition will obviously intensify. However, by improving service quality it is expected that the Company shall continue to march forward. Service attitude and capabilities would be further improved and your Company will continue to expand its client base and portfolio across all its products.

Acknowledgement

We wish to thank our valued customers, shareholders, regulators, lenders and the international agencies for their continuous support and cooperation.

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

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

Sincerely,

Imran Ahmed
Chairman of the Board



SUSTAINABILITY STATEMENT

Economic

Particulars	Units
Financial Inclusion- First time institutional borrowers (no. of enterprises)	422
Employment generation (in person)	1487

1. Measured as how many enterprise/concerns are financed by ULC who never took any loan/lease from any Non Banking Financial Institution or Bank prior to our financing.
2. Masured as how many jobs were created as a direct result of our financing.

Environmental

Particulars	Units
Noise Reduction (Decibels)	82.68
CO ₂ Emission Saved (in gmCO ₂ e/Km)	2,680.32
Electricity Load Reduction (in KW)	79,035
Increased productivity/month (Tk. in millions)	356.69
Reduced Outsourcing Cost (Tk. in millions)	57.01

3. Noise Reduction is calculated when leased asset is used for noise reduction or noise cancellation of any equipment. Generally, canopy or mufflers are used to reduce noise generated from generators which reduce noise by 14% and 6% respectively.
4. CO₂ Emission is calculated when the leased vehicle is CNG converted, which reduces CO₂ emission by 16.50% than a regular combustion engine. (Source: Environmental Protection Agency Report – 2011, USA)
5. Electricity load reduction is calculated when a leased equipment replaces an old equipment which will reduce electricity consumption.
6. Increased productivity is calculated when the leased equipment/loan amount increase production capacity by a significant amount. The additional production units are multiplied by its selling price and thus given into the report.
7. Reduced outsourcing cost is calculated by the difference between outsourcing cost and cost incurred for the leased equipment/vehicles.



BOARD OF DIRECTORS' REPORT

Dear Shareholders:

We are pleased to submit herewith the 25th annual report of the Company together with the audited financial statements for the year ended December 31, 2013 and the auditors' report thereon.

Principal activities

The principal activities of the Company are:

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

There was no significant change in the nature of these activities during the year 2013.

Financial results

The Company's before and after tax profit for the year 2013 were Tk 449 million and Tk 266 million compared to Tk 349 million and Tk 229 million respectively in the previous year.

The financial results are summarised below:

	2013 Taka	2012 Taka
Operating Income	836,350,833	646,434,496
Operating expenses and provision	(386,935,427)	(297,419,253)
Profit before tax	449,415,406	349,015,243
Provision for taxation	(183,000,000)	(120,000,000)
Profit after tax	266,415,406	229,015,243
Retained earning brought forward	3,087,366	2,832,123
Available profit	269,502,772	231,847,366
Proposed transfer from General Reserve	-	40,000,000
Profit available for appropriation	269,502,772	271,847,366
Appropriation:		
Profit transferred to Statutory Reserve	54,000,000	47,000,000
Profit transferred to General Reserve	20,000,000	-
Proposed cash dividend	63,756,000	55,440,000
Proposed bonus share	127,512,000	166,320,000
Un-appropriated profit carried forward	4,234,772	3,087,366
	269,502,772	271,847,366

Dividend

The Board of Directors of the Company is pleased to recommend the distribution of one bonus share for every ten shares held on record date March 18, 2014 amounting to Taka 127.51 million.

The Board also recommended cash dividend of Taka 0.50 per ordinary share amounting to Taka 63.76 million for 127.51 million ordinary shares held on record date March 18, 2014 for the year ended December 31, 2013.

Plan for utilisation of undistributed profit

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

Directors

As per Articles 154, 155 and 156 the Articles of Association of the Company, Ms. Shama Rukh Alam and Mr. M Nurul Alam representing Surmah Valley Tea Company Limited will retire by rotation from the office and are eligible for re-election.

Managing Director

The Board appointed the existing Managing Director for a further period of three years with effect from January 1, 2014 to December 31, 2016 with Bangladesh Bank approval in accordance with FID circular no. 04 dated July 11, 2007 issued by Bangladesh Bank.



Auditors

M/S Hoda Vasi Chowdhury & Co., Chartered Accountants who have served as Auditors of the Company for three consecutive years retire and are ineligible for re-appointment as per the Rules issued by Bangladesh Bank and Bangladesh Securities and Exchange Commission. A new auditor, therefore, is required to be appointed by the shareholders for the year 2014 in the 25th Annual General Meeting.

Statement of Directors on Financial Reports

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

Board Meeting and Attendance

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

Shareholding Pattern

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

Key Operating and Financial Data

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

Segment-wise performance

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

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

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

Report on the Activities of Audit Committee

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

Corporate Governance Compliance Report

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

Certification on compliance of Corporate Governance

Certificate from auditor on compliance with the conditions as per clause 7(i) of Corporate Governance guidelines is shown in annexure -8.

For and on behalf of the Board of Directors.

Imran Ahmed
Chairman of the Board

March 05, 2014



Annexure-1

Board meeting and attendance

Name of Directors	Meetings attended
Mr. Imran Ahmed	5
Mr. Peter John Field	1
Mr. A. Rouf	5
Mr. M. A. Wahed	5
Mr. Daud Khan Panni	4
Mr. L. H. Khan	3
Ms. Shama Rukh Alam	5
Mr. M. Nurul Alam	5
Mr. A.F.M. M Samad Choudhury	5
Mr. Syed Ehsan Quadir	5

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

Annexure-2

Shareholding pattern as at December 31, 2013

Shareholdings of Parent/Subsidiary/Associated companies and other related parties

Sl. No	Name of shareholders	Number of shares	% of holdings
1	United Insurance Co. Ltd.	26,316,006	20.64
2	Lawrie Group Plc, U.K.	25,502,400	20.00
3	Surmah Valley Tea Co. Ltd.	10,549,920	8.27
4	Duncan Brothers (Bd) Ltd.	1,275,120	1.00
5	Macalms Bangladesh Trust	1,229,373	0.96
6	Octavius Steel & Co. of BD Ltd.	910,786	0.71
7	The Lunqla (Sylhet) Tea Co. Ltd.	739,611	0.58
8	Camellia Duncan Foundation	145,810	0.11
9	The Chandpore Tea Co. Ltd.	89,161	0.07
10	Amo Tea Co. Ltd.	78,246	0.06
11	Chittaqong Warehouses Ltd.	75,927	0.06
12	The Allynugger Tea Co. Ltd.	75,831	0.06
13	The Mazdehee Tea Co. Ltd.	75,775	0.06
14	Duncan Products Ltd.	75,734	0.06

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

Name	Status	Number of shares	% of holdings
Ms. Shama Rukh Alam	Director	4,140	0.0032
Ms. Khurshid Ara Rouf	Wife of Mr. A. Rouf, Director	12,204	0.0009
Mr. Syed Ehsan Quadir	Chief Executive Officer	18,000	0.0140
Mr. Zafar Ullah Khan	Chief Financial Officer	-	-
Ms. Sharmi Noor Nahar	Company Secretary	-	-
Mr. Ishtiaque Mahmud	Head of Internal Audit	-	-

Shareholdings of top five executives other than directors

Name	Status	Number of shares	% of holdings
Mr. M. A. Azim	Deputy Managing Director	29,062	0.02
Mr. Jamal Mahmud Choudhury	General Manager	-	-
Ms. Eva Rahman	Deputy General Manager	-	-
Mr. Mohiuddin Rasti Morshed	Deputy General Manager	200	0.00015
Mr. Quazi Nizam Ahmed	Deputy General Manager	-	-

10% and above shareholdings of the Company

Name	Status	Number of shares	% of holdings
United Insurance Co. Ltd.	Sponsor	26,316,006	20.64
Lawrie Group Plc, U.K.	Sponsor	25,502,400	20.00


Annexure-3
Key operating and financial data
Operating Result

		2013	2012	2011	2010	2009
Net Operating Income	MBDT	836	646	633	590	447
Non Operating income	MBDT		-	-	212	-
Profit before tax	MBDT	449	349	369	578	213
Provision for tax	MBDT	183	120	156	200	50
Profit after tax	MBDT	262	229	213	378	162

Balance Sheet

Total investment portfolio	MBDT	9,841	9,014	7,867	7,596	7,212
Total assets	MBDT	13,929	11,817	10,305	9,260	8,718
Financial liabilities	MBDT	9,658	7,935	6,626	5,872	5,396
Total Liabilities	MBDT	11,764	9,862	8,510	7,639	7,456
Shareholders' equity	MBDT	2,165	1,954	1,795	1,621	1,262
Shares outstanding	MNos	127.51	110.88	92.40	52.80	26.40

Financial ratios

Debt-equity ratio ¹	Times	5.4	5.0	4.7	4.7	5.9
Return on equity ²	%	12.93	12.2	12.5	26.2	13.5
Financial expenses coverage ³	Times	1.44	1.41	1.60	1.62	1.31
Provision on Doubtful Assets to total lease, loan and advances	%	4.8	5.2	6.6	6.4	6.8
Net asset value per share (NAV)	BDT	16.98	18	19	31	48
Earning per share (EPS)	BDT	2.09	2.07	2.31	7.15	6.14
Cash dividend (per share) ⁴	%	5	5	7.5	7.5	7.5
Stock dividend (bonus share)		10:1	20:3	5:1	4:3	1:1

Number of offices	Nos.	17	16	13	10	6
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Number of employees	Nos.	283	209	196	175	127
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Restatements ⁵:

EPS (with non operating income)	BDT	2.09	1.80	1.67	2.96	1.27
EPS (without non operating income)	BDT	2.09	1.80	1.67	1.30	1.27
NAV	BDT	16.98	15.33	14.07	12.71	9.90

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

- Debt-equity ratio is the ratio between total debt and total equity.
- Return on equity is the ratio between net profit and average equity.
- Financial expenses coverage is the ratio between profit before interest & tax and interest expenses.
- Restatements have been calculated based on shares outstanding at the end of the year 2013 and accordingly restated for the previous years.
- Share outstanding rearranged on the basis of Tk. 10 each share.

Annexure-4
Income segments
Segments

	2013	2012	Growth
Net Interest income from Long term activities	677,240,325	548,884,876	23%
Net interest income from Short term activities	150,272,618	86,405,301	74%
Investment income	8,837,890	11,144,319	(21%)



Annexure-5

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

Shama Rukh Alam

Ms. Shama Rukh Alam is a Chartered Accountant and fellow member of Institute of Chartered Accountants of Bangladesh. In 2006, she joined Duncan Brothers group of companies and has been working as a Group Finance Director. In her early professional life she worked in Canada. In Bangladesh she has worked in a pharmaceutical company and multinational tobacco company in senior position before joining Duncan. She represents Surmah Vellay Tea Company Limited on the Board of Directors of United Leasing Company Limited. She had been associated with voluntary organisation working to promote awareness against drug abuse.

M. Nurul Alam

Mr. M. Nurul Alam post graduated in soil and environmental science from the University of Dhaka in 1973 with a diploma in management from United Kingdom. Mr. Alam is involved in tea plantation and represents Surmah Vellay Tea Company Limited on the Board of Directors of United Leasing Company Limited. He is a member of Executive Committee of Bangladesh Tea Association. He joined Duncan Brothers group of companies in 1974.



Annexure-6

Report on the Activities of Audit Committee


During 2013, the Audit Committee discharged the following responsibilities:

- Reviewed the Company's draft financial statements for the year ended on December 31, 2012 and recommended that the same be placed before the Board for approval.
- Recommended that the report of the Committee be adopted by the Board for publishing in the Annual Report 2012.
- Advised the Board on appointment of new external auditors for the year 2013 and their audit fee.
- Reviewed the quarterly reports on Internal Compliance prepared by the Compliance department.
- Reviewed the report on pending legal cases.
- Reviewed the quarterly financial statements and recommended that the same be placed to the Board for approval.
- Reviewed the Management Report of the external auditors for the year 2012 along with the management responses on the Company's internal control.
- Reviewed the quarterly report on written-off cases.
- Revised the Compliance Calendar-2013.
- Reviewed and approved the Compliance Calendar for 2014.
- Reviewed Bangladesh Bank Inspection Report on the inspection along with Company's reply and recommended its placement before the Board meeting for approval and onward submission to Bangladesh Bank.

The Audit Committee comprised of:

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

The Audit Committee held four meetings during the year 2013. On invitation, Managing Director of the Company, Chief Financial Officer (CFO) and Head of Compliance attended the meeting to meet the queries of the Audit Committee and take directives for improvement.


M. Abdul Wahed
Chairman
Audit Committee



Status of compliance of Corporate Governance

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



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



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



ANNEXURE-8

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


[Issued under Condition No.7 (i) of Corporate Governance Guidelines of Bangladesh Securities and Exchange Commission (BSEC) vide Notification No. SEC/CMRRCD/2006-158/134/Admin/44 dated August 07, 2012 issued under Section 2CC of the Securities and Exchange Ordinance 1969 and as amended by the BSEC Notification and published in the gazette on July 21, 2013 and August 20, 2013 respectively.]

We have reviewed the accompanying Status of Compliance with conditions of Corporate Governance Guidelines of the Bangladesh Securities and Exchange Commission (BSEC) by United Leasing Company Limited (the Company) for the year ended December 31, 2013. Such compliance is the responsibilities of the Company as stipulated in the above-mentioned notification issued by Bangladesh Securities and Exchange Commission (BSEC).

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

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

Dated: March 18, 2014


Chowdhury Hossain Rashid & Co.
Chartered Accountants



Financial Statements



AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accompanying financial statements of United Leasing Company Limited (the "Company") which comprise the balance sheet as at 31 December 2013, and the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies, other explanatory notes and annexure.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2, the Financial Institutions Act 1993, the Companies Act 1994, The Securities and Exchange Rules 1987, the rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations, and for such internal control as management determines in necessary to enable the preparation of the financial statements of the Company that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements prepared in accordance with Bangladesh Financial Reporting Standards (BFRS) as explained in note 2, give a true and fair view of the state of the Company's affairs as on 31 December 2013, and of the results of its operations and its cash flow for the year then ended and comply with the Financial Institutions Act 1993, the Companies Act 1994, the Securities and Exchange Rules 1987, the rules and regulations issued by the Bangladesh Bank and other applicable laws and regulations.

Report on other leagal and regulatory matters

We also report that:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) the Company's Balance Sheet and Profit and Loss Account together with the annexed notes 1 to 47 dealt with by the report are in agreement with the books of account;
- d) the financial Statements have been prepared in accordance with generally accepted accounting principles in Bangladesh;



- e) the expenditure incurred and payment made were for the purpose of the Company's business;
- f) the Financial Statements have been drawn up in conformity with the rules and regulations issued by the Bangladesh Bank to the extent applicable to the Company;
- g) adequate provision have been made for lease and advances considered to be doubtful;
- h) the Financial Statements conform to the prescribed standards set in the accounting regulations issued by the Bangladesh Bank after consultation with the professional accounting bodies of Bangladesh;
- i) the records and the statements submitted by the branches have been properly maintained and consolidated in the Financial Statements;
- j) the information and explanations required by us have been received and found satisfactory;
- k) the Company has complied with the relevant laws pertaining to maintenance of capital adequacy, reserves and liquid assets;
- l) the Company has followed the instruction issued by the Bangladesh Bank in the matters of lease/advance classification, provisioning and suspension of interest; and
- m) we have spent approximately 1,125 person hours to audit the financial statements of the Company and covered more than 80% of the risk weighted assets as at 31 December 2013.

Hoda Vasi Chowdhury

Hoda Vasi Chowdhury & Co
Chartered Accountants

Dhaka, March 05, 2014



BALANCE SHEET as at December 31, 2013

	Notes	2013 Taka	2012 Taka
PROPERTY AND ASSETS			
Cash	3		
In hand		83,000	80,000
Balance with Bangladesh Bank and its agent bank(s)		203,337,330	148,011,523
		203,420,330	148,091,523
Balance with banks and other financial institutions	4		
In Bangladesh		3,063,205,980	1,890,608,797
Outside Bangladesh		-	-
		3,063,205,980	1,890,608,797
Money at call and short notice	5	-	-
Investments	6		
Government		-	-
Others		58,381,964	75,072,948
		58,381,964	75,072,948
Lease, loans and advances	7		
Lease receivable		6,015,852,474	6,026,344,040
Loans, cash credits, overdrafts, etc.		3,825,391,083	2,987,822,502
		9,841,243,557	9,014,166,542
Fixed assets including furniture and fixtures	8	66,940,688	75,236,329
Other assets	9	695,825,272	613,437,232
Non - financial institutional assets		-	-
Total assets		13,929,017,791	11,816,613,371
LIABILITIES AND CAPITAL			
Liabilities			
Borrowing from banks, other financial institutions and agents	10	2,268,168,025	1,532,421,475
Deposits and other accounts	11		
Current deposits		-	-
Bills payable		-	-
Savings bank deposits		-	-
Term deposits		6,969,222,146	5,965,191,795
Bearer certificates of deposit		-	-
Other deposits		420,822,565	437,858,099
		7,390,044,711	6,403,049,894
Other liabilities	12	2,105,432,283	1,926,744,636
Total liabilities		11,763,645,019	9,862,216,005
Capital / Shareholders' equity			
Paid-up capital	13.2	1,275,120,000	1,108,800,000
Statutory reserve	14	526,000,000	472,000,000
Share premium	15	3,750,000	3,750,000
General reserve	16	165,000,000	145,000,000
Retained earnings	17	215,502,772	224,847,366
Total Shareholders' equity		2,165,372,772	1,954,397,366
Total liabilities and Shareholders' equity		13,929,017,791	11,816,613,371
Net asset value per share (NAV)	18	16.98	17.63

**BALANCE SHEET** as at December 31, 2013

	Notes	2013 Taka	2012 Taka
Restatement of NAV:			
Net asset		2,165,372,773	1,954,397,366
Number of outstanding shares (current year's)		127,512,000	127,512,000
NAV per share		16.98	15.33
OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
	19		
Acceptances and endorsements		-	-
Letters of guarantee		7,840,800	98,810,698
Irrevocable letters of credit		-	-
Bills for collection		-	-
Other contingent liabilities		-	-
		7,840,800	98,810,698
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		-	-
		7,840,800	98,810,698
Total Off-Balance Sheet items including contingent liabilities		7,840,800	98,810,698

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

Syed Ehsan Quadir
Managing Director

M. Abdul Wahed
Director

Daud Khan Panni
Director

M. Nurul Alam
Director

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

Dhaka, March 05, 2014

Hoda Vasi Chowdhury & Co
Chartered Accountants

**PROFIT AND LOSS ACCOUNT** for the year ended December 31, 2013

	Notes	2013 Taka	2012 Taka
OPERATING INCOME			
Interest income	21	1,776,485,792	1,439,757,246
Interest paid on deposits, borrowings, etc.	22	(1,025,840,244)	(847,342,223)
Net interest income		750,645,548	592,415,023
Investment income	23	8,837,890	11,144,319
Commission, exchange and brokerage		-	-
Other operating income	24 & 38	76,867,395	42,875,154
Total operating income (A)		836,350,833	646,434,496
OPERATING EXPENSES			
Salaries and allowances	25	166,705,464	146,934,455
Rent, taxes, insurance, electricity, etc.	26	34,722,772	29,018,861
Legal expenses	27	9,848,279	6,668,510
Postage, stamp, telecommunication, etc.	28	8,740,613	5,765,193
Stationery, printing, advertisements, etc.	29	6,874,586	4,797,115
Managing Director's salary and benefits	30	7,417,073	7,171,479
Directors' fees	31	258,750	263,250
Auditors' fees	32	138,000	138,000
Charges on loan losses		-	-
Depreciation and repair of assets	33	33,134,625	33,363,428
Other expenses	34	30,012,720	28,298,962
Total operating expenses (B)		297,852,882	262,419,253
Profit before provision C=(A-B)		538,497,951	384,015,243
Provision against lease, loans and advances	35	89,082,545	35,000,000
Provision for diminution in value of investments		-	-
Other provisions		-	-
Total provision (D)		89,082,545	35,000,000
Operating profit before taxes (C-D)		449,415,406	349,015,243
Provision for taxation	36	183,000,000	120,000,000
Net profit after taxation		266,415,406	229,015,243
Appropriations			
Statutory reserve	14	54,000,000	47,000,000
General reserve		20,000,000	-
Dividends, etc.		-	-
		74,000,000	47,000,000
Retained surplus		192,415,406	182,015,243
Earnings per share (EPS)	37	2.09	2.07
Restatements of EPS:			
EPS considering current year's outstanding no. of shares		2.09	1.80

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


Syed Ehsan Quadir
 Managing Director


M. Abdul Wahed
 Director


Daud Khan Panni
 Director


M. Nurul Alam
 Director

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

Dhaka, March 05, 2014

Hoda Vasi Chowdhury & Co
 Chartered Accountants



STATEMENT OF CHANGES IN EQUITY for the year ended December 31, 2013

(Amount in Taka)

Particulars	Paid-up capital	Statutory reserve	Share premium	General reserve	Retained earnings	Total
Balance as at January 01, 2012	924,000,000	425,000,000	3,750,000	185,000,000	256,932,123	1,794,682,123
Cash dividend paid for the year 2011	-	-	-	-	(69,300,000)	(69,300,000)
Issuance of bonus share for the year 2011	184,800,000	-	-	-	(184,800,000)	-
Net profit for the year 2012 after tax	-	-	-	-	229,015,243	229,015,243
Movement of general reserve	-	-	-	(40,000,000)	40,000,000	-
Appropriation made during the year	-	47,000,000	-	-	(47,000,000)	-
Balance as at December 31, 2012	1,108,800,000	472,000,000	3,750,000	145,000,000	224,847,366	1,954,397,366
Surplus / deficit on account of revaluation of properties	-	-	-	-	-	-
Surplus / deficit on account of revaluation of investments	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-
Net gains and losses not recognized in the income statement	-	-	-	-	-	-
Issuance of bonus share for the year 2012	166,320,000	-	-	-	(166,320,000)	-
Cash dividend for 2012	-	-	-	-	(55,440,000)	(55,440,000)
Net profit after taxation for the year	-	-	-	-	266,415,406	266,415,406
Movement of general reserve	-	-	-	20,000,000	(20,000,000)	-
Appropriation made during the year	-	54,000,000	-	-	(54,000,000)	-
Balance as at December 31, 2013	1,275,120,000	526,000,000	3,750,000	165,000,000	195,502,772	2,165,372,772

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


Syed Ehsan Quadir
 Managing Director


M. Abdul Wahed
 Director


Daud Khan Panni
 Director


M. Nurul Alam
 Director



CASH FLOW STATEMENT for the year ended December 31, 2013

	Notes	2013 Taka	2012 Taka
A) Cash flows from operating activities			
Interest receipts in cash		1,759,646,395	1,432,336,490
Interest payments		(948,831,195)	(737,056,351)
Dividend receipts		8,891,790	11,144,319
Payments to employees		(174,122,537)	(154,105,934)
Payments to suppliers		(32,435,533)	(22,795,220)
Income taxes paid		(115,897,533)	(169,076,017)
Receipts from other operating activities	38	76,867,395	42,875,154
Payments for other operating activities	39	(45,822,852)	(62,617,032)
Cash generated from operating activities before changes in operating assets and liabilities		528,295,932	340,705,410
Increase / decrease in operating assets and liabilities			
Lease, loans and advances to customers		(814,500,910)	(1,119,197,419)
Other assets		(34,097,737)	4,912,161
Term and other deposits		986,994,817	1,304,741,365
Accrued expenses and payables		7,595,227	(120,562,594)
Interest suspense		1,108,089	8,153,791
Deferred liability-employee gratuity		2,529,650	2,409,262
Other liabilities		98,672,819	29,177,522
		248,301,956	109,634,087
Net cash from operating activities		776,597,887	450,339,497
B) Cash flows from investing activities			
Investment in shares		16,690,984	16,690,984
Purchase of fixed assets		(15,071,637)	(20,791,348)
Proceeds from sale of fixed assets		251,250	154,000
Net cash from investing activities		1,870,597	(3,946,364)
C) Cash flows from financing activities			
Receipts of long term loan		475,648,339	450,446,887
Repayment of long term loan		(254,154,083)	(207,599,045)
Net draw down/(payment) of short term loan		283,096,513	(286,509,625)
Dividend paid		(55,133,261)	(68,968,082)
Net Cash from financing activities		449,457,507	(112,629,865)
D) Net increase in cash and cash equivalents (A+B+C)		1,227,925,991	333,763,268
E) Effects of exchange rate changes on cash and cash equivalents		-	-
F) Cash and cash equivalents at beginning of the year		2,038,700,320	1,704,937,052
G) Cash and cash equivalents at end of the year (D+E+F)		3,266,626,311	2,038,700,320
Cash and cash equivalents at end of the year			
Cash in hand		83,000	80,000
Balance with Bangladesh Bank and its agent bank(s)		203,337,330	148,011,523
Balance with banks and other financial institutions	4	3,063,205,981	1,890,608,797
Money at call and short notice		-	-
		3,266,626,311	2,038,700,320
Net operating cash flow per share		6.09	4.06

**CASH FLOW STATEMENT** for the year ended December 31, 2013

	Notes	2013 Taka	2012 Taka
Restatement of net operating cash flow per share:			
Net cash from operating activities		776,597,887	450,339,497
Number of outstanding shares (Current year's)		127,512,000	127,512,000
Net operating cash flow per share		6.09	3.53

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

Syed Ehsan Quadir
Managing Director

M. Abdul Wahed
Director

Daud Khan Panni
Director

M. Nurul Alam
Director



LIQUIDITY STATEMENT as at December 31, 2013
(Analysis of maturity of assets and liabilities)

(Amount in Taka)

Particulars	Up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
Assets:						
Cash in hand	83,000	-	-	-	-	83,000
Balance with Bangladesh Bank and its agent(s)	203,337,330	-	-	-	-	203,337,330
Balance with banks and other financial institutions	272,049,372	824,323,890	1,966,832,719	-	-	3,063,205,980
Money at call and short notice	-	-	-	-	-	-
Investments	-	-	16,690,982	26,690,982	15,000,000	58,381,964
Leases, loans and advances	698,232,044	814,389,692	3,829,562,121	4,311,359,259	187,700,441	9,841,243,557
Fixed assets including furniture and fixtures	-	-	-	-	66,940,688	66,940,688
Other assets	-	-	107,800	535,248,918	160,468,554	695,825,272
Total assets (A):	1,173,701,746	1,638,713,582	5,813,193,622	4,873,299,159	430,109,683	13,929,017,791
Liabilities:						
Borrowings from banks, other financial institutions and agents	755,620,805	650,508,081	296,427,900	491,454,514	74,156,725	2,268,168,025
Term deposits	313,777,608	656,494,896	4,154,357,072	1,789,819,535	54,773,034	6,969,222,146
Other deposits	34,296,550	34,705,827	163,199,664	186,215,087	2,405,437	420,822,565
Other liabilities	36,058,602	96,660,387	467,071,847	1,454,936,789	50,704,658	2,105,432,283
Total liabilities (B):	1,139,753,565	1,438,369,191	5,081,056,483	3,922,425,925	182,039,855	11,763,645,019
Net liquidity gap (A - B):	33,948,181	200,344,391	732,137,139	950,873,234	248,069,828	2,165,372,772

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


Syed Ehsan Quadir
Managing Director


M. Abdul Wahed
Director


Daud Khan Panni
Director


M. Nurul Alam
Director

**NOTES TO THE ACCOUNTS** for the year ended December 31, 2013**1. General information****1.1 Domicile and legal form**

United Leasing Company Limited was incorporated on April 27, 1989 as a public limited company under the Companies Act 1913 (currently 1994). The Company is domiciled in Bangladesh. It was granted license under the Financial Institutions Act, 1993. The shares of the Company are quoted on the Dhaka Stock Exchange Limited since 1994 and are transacted in dematerialized form through Central Depository Bangladesh Limited since October 14, 2004. The Company has its registered office at Camellia House, 22 Kazi Nazrul Islam Avenue, Dhaka.

1.2 Nature of operations and principal activities

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

2. Significant accounting policies**2.1 Measurement bases**

The financial statements of the Company have been prepared on historical cost convention in compliance with the Bangladesh Financial Reporting Standards (BFRS).

2.2 Preparation and presentation criteria of financial statements

The financial statements have been prepared on a going concern basis following accrual method of accounting except for the cash flow statement and in conformity with the Bangladesh Financial Reporting Standards(BFRS), the Companies Act 1994, the Financial Institutions Act 1993, the Securities and Exchange Commission Rules 1987, the Regulations and Guidelines from Bangladesh Bank and the Listing Regulation of Dhaka Stock Exchange.

2.3 Use of estimates

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

2.4 Reporting currency and level of exactitude

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

2.5 Comparative information

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

2.6 Authorization for Issue of the Financial Statements

The Board of Directors of the Company has authorized these financial statements for issue on March 05, 2014.

2.7 Materiality of financial statements

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

2.8 Cash flow statement

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



2.9 Statement of changes in equity

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

2.10 Liquidity statement (asset and liability maturity analysis)

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

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

2.11 Assets and bases of their valuation

2.11.1 Cash and cash equivalents

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

2.11.2 Accounting for leases

Following Bangladesh Accounting Standards (BAS) 17 "Leases", accounting for lease transactions have been recorded under finance lease method since all the risks and rewards incidental to ownership are substantially transferred to the lessee as per agreement. Accordingly the aggregate lease receivables excluding un-guaranteed residual value throughout the primary lease term are recorded as gross lease receivables while the excess of net lease receivables over the total acquisition cost constitutes the unearned lease income.

The unearned lease income is amortized to revenue over the primary lease term yielding a constant rate of return over the period. Initial direct costs, if any, are charged in the year in which such costs are incurred.

2.11.3 Accounting for Loans

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

2.11.4 Accounting for investment

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



2.11.5 Fixed assets and depreciation

Recognition

All property, plant and equipment are initially stated at cost and depreciated over their expected useful lives. The cost of acquisition of an asset is comprised of its purchase price and any directly attributable cost of bringing the asset to the location and condition for its intended use inclusive of duties and non-refundable taxes.

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

Subsequent cost related to property, plant and equipment is capitalized only when it increases the future economic benefit from the asset. All other expenditures are recognized as expenses as and when they are incurred.

Depreciation

Items of property, plant and equipment are depreciated based on straight-line method throughout the estimated span of useful life ranging from five to eight years. Additions are depreciated for the full year irrespective of the date of acquisition of assets at the applicable rates while no depreciation is charged on any item in the year of its disposal. Depreciation is calculated on the cost of fixed asset in order to write off such amount over the estimated useful lives of such assets. The rates of depreciation used are as follows:

Furniture & fixture	12.50%
Office equipment	15.00%
Electrical equipment	20.00%
Motor vehicle	20.00%

Derecognition

An item of property, plant and equipment is de-recognized on its disposal. The gain or loss arising from de-recognition of an asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2.11.6 Account receivable

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

2.12 Liabilities and bases of their valuation

2.12.1 Provision for doubtful assets

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

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

2.12.2 Income taxes

Current tax

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

Deferred tax

Deferred taxation is provided in full for all temporary differences arising between tax bases of assets and carrying amount of assets in the financial statements. Deferred tax assets are recognised to the extent that it is



probable that future taxable profit will be available against which the temporary differences can be utilised. Tax rate prevailing at the Balance Sheet date is used to determine deferred tax.

2.12.3 Provision for accrued expenses

Provisions have been recognized in the balance sheet as follows:

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

2.12.4 Employee benefits

Provident fund

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

Gratuity fund

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

Other long term benefits

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

2.12.5 Contingent liabilities and contingent assets

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

2.12.6 Proposed dividend

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

2.13 Revenue recognition

2.13.1 Interest income

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

2.13.2 Lease income

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

2.13.3 Hire purchase income

Finance income against hire purchase arrangement is allocated to the income statement over the hire purchase period to give a constant periodic rate of return on net receivable.

**2.13.4 Income from long term and short term finance**

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

2.13.5 Income from dividend

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

2.13.6 Income from bank deposits

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

2.13.7 Fee based income

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

2.13.8 Interest paid on deposits, borrowing, etc.

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

2.13.9 Impairment of assets

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

2.14 Related party disclosure

The Company transacts with related parties. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions have been disclosed in note 41.

2.15 Earning per share

Earning per share has been calculated in accordance with BAS 33 "Earning Per Share" and shown on the face of Profit and Loss Account. Basic earning per share is calculated by dividing the net profit attributable to shareholders by the average number of ordinary shares during the financial year. Retrospective recognition has been given in previous year's figure for issuance of bonus shares during the financial year.

2.16 Events after the balance sheet date

Events after the balance sheet date are those events that occur between the balance sheet and the date when the financial statements are authorized for issue. All material events occurring after the balance sheet date have been considered in these financial statements.

2.17 Disclosure of deviations from few requirements of BAS/BFRS due to regulatory compliance of Bangladesh Bank's requirements

Bangladesh Bank is the prime regulatory body for banks and financial institutions in Bangladesh. Some requirements of Bangladesh Bank's rules and regulations contradict with those of BAS and BFRS. As such, the Company has, in some cases, complied with the rules and regulations (i.e. valuation of investments, provision for impairment on lease, loan and advance, disclosure, etc.) of Bangladesh Bank.

2.18 Financial risk management policies and objectives

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

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



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

Credit risk

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

The Company has segregated duties for the officers involved in credit related activities. Credit evaluation, credit administration and credit monitoring and recovery functions are segregated and delegated to credit evaluation department, operations department, collection and special assets management department respectively.

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

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations as they fall due.

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

Market risk

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

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

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

Operational risk

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

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



3 Cash

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

2013 Taka	2012 Taka
83,000	80,000
203,337,330	148,011,523
203,420,330	148,091,523

3.1 Cash in hand

In local currency
In foreign currency

83,000	80,000
-	-
83,000	80,000

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

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

203,337,330	148,011,523
-	-
203,337,330	148,011,523

3.3 Statutory deposits

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

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

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

a) Cash Reserve Requirement (CRR)

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

156,544,651	142,292,000
203,337,330	148,011,523
46,792,679	5,719,523

Actual reserve is higher than required reserve due to Bangladesh Bank cheque deposited as on December 31, 2013 which actually cleared on January 01 & 02, 2014 & additional fund kept for Bangladesh Bank refinance payment.

b) Statutory Liquidity Reserve (SLR)

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

395,499,823	362,420,150
3,266,626,311	2,038,700,320
2,871,126,488	1,676,280,170

The surplus for SLR mostly comprises of interest earnings deposits maintained with banks and financial institutions.

3.4 Actual reserve maintained (including CRR)

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

83,000	80,000
203,337,330	148,011,523
3,063,205,981	1,890,608,797
3,266,626,311	2,038,700,320

4 Balance with banks and other financial institutions

In Bangladesh (note-4.1)
Outside Bangladesh

3,063,205,980	1,890,608,797
-	-
3,063,205,980	1,890,608,797



4.1 In Bangladesh

Current deposits

Nationalised Commercial Bank
Private Commercial Bank
Foreign Commercial Bank

Short-term deposit

Nationalised Commercial Bank
Private Commercial Bank
Foreign Commercial Bank

Fixed deposits

Nationalised Commercial Bank
Private Commercial Bank
Foreign Commercial Bank
Financial Institutions

2013 Taka	2012 Taka
37,517	36,517
50,109,494	23,855,844
297,809	1,018,035
50,444,820	24,910,396
-	-
92,826,224	49,578,773
10,167,044	469,073
102,993,268	50,047,846
-	-
1,402,047,604	1,153,306,805
310,008,333	302,259,722
1,197,711,955	360,084,028
2,909,767,892	1,815,650,555
3,063,205,980	1,890,608,797

4.2 Maturity grouping of balance with banks and other financial institutions

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

153,438,088	74,958,242
118,611,284	284,105,556
824,323,890	1,053,770,694
1,966,832,719	477,774,305
-	-
-	-
-	-
3,063,205,980	1,890,608,797

5 Money at call and short notice

-	-
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6 Investments

Investment classified as per nature

a) Government securities:
National investment bonds
Bangladesh Bank bills
Government bonds
Prize bonds

b) Other investment:
Shares (note-6.2)

-	-
-	-
-	-
-	-
-	-
58,381,964	75,072,948
58,381,964	75,072,948
58,381,964	75,072,948



6.1 Maturity grouping of investments

	2013 Taka	2012 Taka
On demand	-	-
Up to 1 month	-	-
Over 1 month but not more than 3 months	-	845,491
Over 3 months but not more than 6 months	845,491	-
Over 6 months but not more than 1 year	15,845,491	15,845,491
Over 1 year but not more than 5 years	26,690,982	43,381,966
Over 5 years	15,000,000	15,000,000
	58,381,964	75,072,948

6.2 Investment in shares

Quoted

United Insurance Company Limited	15,000,000	15,000,000
	15,000,000	15,000,000

Unquoted

10% preference share in Summit Purbanchol Power Co. Ltd.	20,000,000	27,500,000
10% preference share in Summit Uttaranchol Power Co. Ltd.	20,000,000	27,500,000
12.75% preference share of Energypac Confidence Power Venture Limited	3,381,964	5,072,948
	43,381,964	60,072,948
	58,381,964	75,072,948

United Insurance Company Limited

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

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

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

As on December 31, 2013 the market value of the above shares was Tk. 172,000,000 against cost price of 600,000 shares at Tk.15,000,000 reflected in the accounts.

7 Lease, loans and advances

7.1 Broad category-wise break up

Inside Bangladesh

Lease receivable and stock on hire (note-7.2)	6,015,852,474	6,026,344,040
Loans (note-7.3)	3,825,391,083	2,987,822,502
	9,841,243,557	9,014,166,542

Outside Bangladesh

	-	-
	9,841,243,557	9,014,166,542



7.2 Lease receivable and stock on hire

Net lease receivable (note-7.2.1)
Advances for leases (note-7.2.3)
Interest receivable

2013 Taka	2012 Taka
5,891,483,110	5,971,456,947
72,701,152	13,764,000
51,668,211	41,123,093
6,015,852,474	6,026,344,040

7.2.1 Net lease receivable

Gross lease receivable
Less: Unearned finance income
Net lease receivable

7,235,486,387	7,376,993,845
1,344,003,276	1,405,536,898
5,891,483,110	5,971,456,947

7.2.2 Movement of net lease receivables

Balance at January 01
Addition during the year
Realisation during the year
Balance at December 31

5,971,456,947	5,536,306,199
2,975,979,947	3,233,269,316
(3,055,953,784)	(2,798,118,568)
5,891,483,110	5,971,456,947

7.2.3 Advance for leases

These represent disbursements made to clients for procuring assets under lease and quarterly capitalised interests on disbursements. On execution, advances are transferred to lease finance.

7.3 Loans

Term loan
Home loan
Short term loan and factoring advances
Interest receivable

1,856,543,378	1,664,103,070
175,417,478	83,003,410
1,760,850,608	1,210,167,390
32,579,619	30,548,632
3,825,391,083	2,987,822,502

7.4 Maturity grouping of lease, loans and advances

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

-	-
698,232,044	617,530,321
814,389,692	762,933,775
3,829,562,121	3,257,577,891
4,311,359,259	4,164,339,412
187,700,441	211,785,143
9,841,243,557	9,014,166,542

7.5 Lease, loans and advances on the basis of significant concentration

- Lease, loans and advances to companies or firms in which the Directors of the Company have interests
- Lease, loans and advances to Chief Executive and other Senior Executives

2,269,058	4,870,549
2,387,101	3,444,308



	2013 Taka	2012 Taka
c) Number of clients with outstanding amount and classified lease, loans and advances exceeding 15% of total capital of the Company is as follows:		
Total capital of the Company	2,165,372,773	1,954,397,366
Number of clients	Nil	Nil
Amount of outstanding advances	Nil	Nil
Amount of classified advances	Nil	Nil
Measures taken for recovery	Not applicable	Not applicable
d) Industry-wise distribution of lease, loans and advances:		
1. Agricultural sector	538,010,139	445,230,128
2. Industrial sector:		
a) Service industry	1,029,706,196	990,375,213
b) Food production/processing industry	1,232,562,289	1,069,278,599
c) Chemical & Pharmaceutical	412,624,086	566,018,294
d) Plastic industry	400,893,213	520,438,195
e) Garments	375,110,540	464,166,504
f) Textile	497,824,215	359,839,653
g) Paper, Printing and packaging industry	835,403,122	654,490,939
h) Iron, Steel & Engineering industry	622,104,887	571,424,518
i) Leather & leather products	12,305,533	115,661,233
j) Electronics and electrical industry	194,086,903	236,002,819
k) Telecommunication/information Technology	24,218,094	31,789,328
l) Jute and jute products	158,477,400	179,467,203
m) Cement/Concrete and allied industry	295,803,774	342,531,912
n) Glass and ceramic industry	52,715,140	84,666,599
o) Ship Manufacturing Industry	123,690,875	163,845,182
3. Power, Gas, Water and sanitary service	371,457,718	221,755,831
4. Transport & Communication	497,013,068	511,154,991
5. Real Estate & Housing	247,817,925	164,772,159
6. Others	1,919,418,438	1,321,257,242
	9,841,243,557	9,014,166,542
e) Geographical location-wise lease, loans and advances		
Inside Bangladesh		
Urban		
Dhaka Division	6,373,900,624	6,415,376,825
Chittagong Division	2,133,766,644	1,541,584,606
Khulna Division	528,286,550	412,803,820
Rajshahi Division	387,135,367	349,006,387
Rangpur Division	241,663,659	165,813,782
Barisal Division	109,272,854	66,948,559
Sylhet Division	67,217,859	62,632,564
	9,841,243,557	9,014,166,542
Rural	-	-
	9,841,243,557	9,014,166,542
Outside Bangladesh	-	-
	9,841,243,557	9,014,166,542
7.6 Sector-wise lease, loans and advances		
Public sector	-	-
Co-operative sector	-	-
Private sector	9,841,243,557	9,014,166,542
	9,841,243,557	9,014,166,542



7.7 Particulars of lease, loans and advances

	2013 Taka	2012 Taka
i) Leases, loans and advances considered good in respect of which the Company is fully secured	860,658,802	550,493,845
ii) Leases, loans and advances considered good in respect of which the Company is partially secured	5,681,406,066	5,792,315,959
iii) Leases, loans and advances considered good against which the Company holds no security other than the debtors' personal guarantee	-	-
iv) Leases, loans and advances considered good secured by the personal undertaking of one or more parties in addition to the personal guarantee of the debtors	3,299,178,689	2,671,356,738
v) Classified Leases, loans and advances against which no provision has been made	-	-
	-	-
vi) Leases, loans and advances due by Directors, Officers of the Company or any of them either separately or jointly with any other persons	2,387,101	3,444,308
vii) Leases, loans and advances due from Companies or firms in which the Directors have interest as Directors, Partners or managing agents Companies, as members.	2,269,058	4,870,549
viii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Company or any of them either separately or jointly with any other person.	-	-
ix) Maximum total amount of advances, including temporary advances granted during the year to the Companies or firms in which the Directors have interest as Directors, Partners or Managing agents or in the case of private Companies, as members.	-	-
x) Due from banking Companies and other financial institutions	26,735,483	43,195,536
xi) Classified lease, loans and advances		
a) Classified lease, loans and advances on which interest has not been charged	42,162,064	178,689,600
b) Increase/(decrease) of specific provision	(80,845,285)	(84,179,824)
c) Amount of loan written off (note-12.4)	80,845,285	84,179,824
d) Amount realised against loan previously written off	160,000	145,000
e) Provision kept against loans classified as bad/loss on the date of preparing the balance sheet (note-7.8)	129,009,164	178,689,600
f) Interest credited to Interest Suspense account (note-12.2)	44,682,509	43,887,975
xii) Written off lease, loans and advances		
Opening Balance	222,866,229	138,686,405
During the year	80,845,285	84,179,824
Cumulative to-date	303,711,514	222,866,229
The amount of written-off leases, loans and advances for which law suits have been filed	303,711,514	222,866,229



7.8 Classification of lease, loans and advances

Unclassified

Standard
Special mention account (SMA)

Classified

Sub-standard
Doubtful
Bad/Loss

2013 Taka	2012 Taka
9,295,315,528	8,386,717,112
198,558,965	338,058,284
9,493,874,493	8,724,775,396
174,808,793	12,461,208
43,551,107	98,240,338
129,009,164	178,689,600
347,369,064	289,391,146
9,841,243,557	9,014,166,542

8 Fixed assets including furniture and fixtures

Cost

Furniture and fixtures
Office equipment
Electrical equipment
Vehicles

79,921,525	76,738,088
305,947	291,960
58,338,604	51,179,341
41,573,364	37,982,414
180,139,440	166,191,803

Less: Accumulated depreciation

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

113,198,752	90,955,474
66,940,688	75,236,329

9 Other assets

Inside Bangladesh

Income generating:

Income receivable (note-9.1)

107,800	601,326
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Non-income generating:

Deferred tax assets (note-9.2)
Advance, deposit and prepaid expenses
Other receivables
Advance corporate tax (note-9.3)

11,146,053	9,200,392
44,645,427	21,018,730
24,671,515	97,245
615,254,477	582,519,539
695,825,272	613,437,232

Outside Bangladesh

-	-
695,825,272	613,437,232

9.1 Income receivable amount represents interest receivable on other investment and other operating income.

9.2 Deferred tax asset

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

	Carrying amount at balance sheet	Tax base	Deductible temporary difference
Fixed assets at book value	66,940,688	91,680,877	24,740,189
Liability to employee gratuity	1,485,817	-	1,485,817
	68,426,505	91,680,877	26,226,006

Applicable tax rate

42.5%

Deferred tax asset as on 31 December 2013

11,146,053

Deferred tax asset as on 31 December 2012

9,200,392

Deferred tax asset during the year 2013 - Note 36

1,945,661



9.3 Advance corporate tax

Balance as on January 01
Paid during the year
Settlement of previous years' tax liabilities
Balance as on December 31

2013 Taka	2012 Taka
582,519,539	440,672,245
115,897,532	169,076,017
(83,162,594)	(27,228,723)
615,254,477	582,519,539

10 Borrowing from banks, other financial institutions and agents

In Bangladesh (note-10.1)
Outside Bangladesh

2,268,168,025	1,532,421,475
-	-
2,268,168,025	1,532,421,475

10.1 In Bangladesh

Bank overdraft

Nationalised Commercial Bank
Private Commercial Bank
Foreign Commercial Bank

150,894,078	173,126,437
209,162,520	289,176,456
237,921,641	341,144,919
597,978,239	803,447,812

Short term loan

Foreign Commercial Bank

370,000,000	-
370,000,000	-

Call borrowing

Nationalised Commercial Bank
Private Commercial Bank

250,000,000	-
100,000,000	-
350,000,000	-

Long term loan

Bangladesh Bank (SERP)
Kreditanstalt Für Wiederaufbau (KfW)

838,038,031	616,821,907
112,151,756	112,151,756
950,189,786	728,973,663
2,268,168,025	1,532,421,475

10.2 Analysis by security against borrowing from banks, other financial institutions and agents

Secured (FDR pledged as security)
Secured (Corporate guarantee and Pari passu)
Unsecured

967,978,239	803,441,659
-	6,153
1,300,189,786	728,973,663
2,268,168,025	1,532,421,475

10.3 Maturity grouping of borrowing from banks, other financial institutions and agents

On demand
Up to 1 month
Over 1 month but within 3 months
Over 3 months but within 1 year
Over 1 year but within 5 years
Over 5 years

-	-
755,620,805	234,158,589
650,508,081	627,309,439
296,427,900	220,962,135
491,454,514	367,102,202
74,156,725	82,889,110
2,268,168,025	1,532,421,475



11 Deposits and other accounts

	2013 Taka	2012 Taka
Current deposits	-	-
Bills payable	-	-
Savings bank deposits	-	-
Term deposits (note -11.1)	6,969,222,146	5,965,191,795
Bearer certificates of deposit	-	-
Other deposits (note-11.2)	420,822,565	437,858,099
	7,390,044,711	6,403,049,894

11.1 Term deposits

Deposits from banks and financial institutions	1,150,000,000	850,000,000
Deposits from other than banks and financial institutions	5,819,222,146	5,115,191,795
	6,969,222,146	5,965,191,795

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

11.1.1 Sector-wise break-up of term deposits

Government	-	-
Banks and financial institutions	1,150,000,000	850,000,000
Other public	-	-
Foreign currency	-	-
Private	5,819,222,146	5,115,191,795
	6,969,222,146	5,965,191,795

11.1.2 Maturity analysis of term deposits

a) Maturity analysis of deposits from banks & financial institutions

Payable on demand	-	-
Up to 1 month	-	-
Over 1 month but within 3 months	200,000,000	50,000,000
Over 3 months but within 1 year	950,000,000	800,000,000
Over 1 year but within 5 years	-	-
Over 5 years but within 10 years	-	-
Over 10 years	-	-
	1,150,000,000	850,000,000

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

Payable on demand	-	-
Up to 1 month	313,777,608	693,132,871
Over 1 month but within 3 months	456,494,896	642,584,621
Over 3 months but within 1 year	3,204,357,072	1,657,393,295
Over 1 year but within 5 years	1,789,819,535	2,074,848,720
Over 5 years but within 10 years	54,773,034	47,232,288
Over 10 years	-	-
	5,819,222,146	5,115,191,795
	6,969,222,146	5,965,191,795



11.2 Other deposits

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

	2013 Taka	2012 Taka
Non-interest bearing deposit	345,119,046	360,672,580
Interest bearing deposit	75,703,519	77,185,519
	420,822,565	437,858,099

11.2.1 Maturity analysis of other deposits

Payable on demand	-	-
Up to 1 month	34,296,550	26,976,399
Over 1 month but within 3 months	34,705,827	38,673,019
Over 3 months but within 1 year	163,199,664	165,213,203
Over 1 year but within 5 years	186,215,087	205,323,903
Over 5 years but within 10 years	2,405,437	1,671,575
Over 10 years	-	-
	420,822,565	437,858,099

12 Other liabilities

Provision for gratuity	1,485,817	2,956,167
Unclaimed dividend	7,592,566	7,285,827
KfW interest differential fund (note-12.1)	19,760,726	32,808,234
Interest suspense account (note-12.2)	44,682,509	43,887,975
Accrued expenses and payables (note-12.3)	630,842,988	548,759,082
Provision for lease, loans and advances (note-12.4)	475,371,031	467,133,771
Provision for corporate tax (note-12.5)	925,696,647	823,913,580
	2,105,432,283	1,926,744,636

12.1 KfW interest differential fund

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

Balance as on January 01	32,808,234	38,630,712
Addition during the year	5,046,829	5,244,900
Prior Year's adjustment	6,125,056	-
	43,980,119	43,875,612
Adjusted against training programme during the year	-	(11,067,378)
Transfer to Product Development account	(24,219,393)	-
Balance as on December 31	19,760,726	32,808,234

12.2 Interest suspense account

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

Balance as on January 01	43,887,975	35,734,184
Add: Amount transferred to "interest suspense" account during the year	135,419,313	148,189,194
Less: Amount recovered from "interest suspense" account during the year	(134,624,779)	(140,035,403)
Balance as on December 31	44,682,509	43,887,975



12.3 Accrued expenses and payables

	2013 Taka	2012 Taka
Liabilities for expenses	535,085,917	478,798,155
Liabilities other than expenses	95,757,071	69,960,927
	630,842,988	548,759,082

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

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

12.4 Provision for lease, loans and advances

Specific provision on classified lease, loans and advances

Balance at January 01	356,608,075	440,787,899
Fully provided debts written off during the year	(80,845,285)	(84,179,824)
Provision made for the year (note-35)	-	-
Recoveries and provision no longer required	-	-
Total provision on classified lease, loans and advances	275,762,790	356,608,075

General provision on unclassified lease, loans and advances

Balance at January 01	110,525,696	75,525,696
Provision made for the year (note-35)	89,082,545	35,000,000
Total provision on unclassified lease, loans and advances	199,608,241	110,525,696
Total provision on lease, loans and advances	475,371,031	467,133,771

Provision surplus/(shortage):

	2013		2012	
	Required	Maintained	Required	Maintained
On classified lease, loans and advances	145,398,773	275,762,790	190,082,367	356,608,075
On un-classified lease, loans and advances	69,610,996	199,608,241	100,219,002	110,525,696
	<u>215,009,770</u>	<u>475,371,031</u>	<u>290,301,369</u>	<u>467,133,771</u>
Total surplus		260,361,261		176,832,402

12.5 Provision for corporate tax

Balance as on January 01	823,913,580	726,684,095
Add: Current tax		
Corporate tax for the year (note-36)	184,945,661	124,458,107
Corporate tax for prior years	-	-
	<u>1,008,859,241</u>	<u>851,142,202</u>
Less: Settlement of previous years' tax liabilities (Annexure- B)	<u>83,162,594</u>	<u>(27,228,622)</u>
	925,696,647	823,913,580



Risk Weighted Assets (RWA)			
A	Credit Risk	9,737,528,694	9,185,221,639
	On- Balance sheet	9,727,727,694	9,123,021,639
	Off-Balance sheet	9,801,000	62,200,000
B.	Market Risk	-	-
C.	Operational Risk	1,057,939,071	835,200,000
Total: RWA (A+B+C)		10,795,467,765	10,020,421,639



13.4 Percentage of shareholding at the closing date

		No. of Shares		Percentage	
		2013	2012	2013	2012
(i) Sponsors -	Foreign	25,502,400	22,176,000	20.00	20.00
	Domestic	30,869,964	26,843,448	24.21	24.21
		56,372,364	49,019,448	44.21	44.21
(ii) Financial Institutions and Companies	Foreign	11,608,544	10,094,388	9.10	9.10
	Domestic	22,211,622	24,198,996	17.42	21.82
		33,820,166	34,293,384	26.52	30.93
(iii) General public – Domestic		37,319,470	27,567,168	29.27	24.86
		127,512,000	110,880,000	100.00	100.00

13.5 Shareholding range on the basis of shareholding as at 31 December 2013

No. of shares	Number of Shareholders	Total number of shares	Percentage of total holdings
1 Less than 500	6,724	1,273,254	1.00
2 500 to 5,000	5,837	10,873,519	8.53
3 5,001 to 10,000	656	4,722,998	3.70
4 10,001 to 20,000	325	4,488,938	3.52
5 20,001 to 30,000	13	3,213,194	2.52
6 30,001 to 40,000	54	1,873,278	1.47
7 40,001 to 50,000	37	1,671,349	1.31
8 50,001 to 100,000	62	4,313,901	3.38
9 100,001 to 1,000,000	45	13,708,852	10.75
10 Above 1,000,000	10	81,372,717	63.82
	13,763	127,512,000	100.00

14 Statutory reserve

Balance as at January 01
Addition during the year
Balance as at December 31

2013 Taka	2012 Taka
472,000,000	425,000,000
54,000,000	47,000,000
526,000,000	472,000,000

As per section 9 of the Financial Institutions Act, 1993 and regulation 6 of the Financial Institutions Regulations 1994, at least 20% of post-tax profit or Tk.53,283,081 has to be transferred to Statutory Reserve Fund. During the year The Company has transferred Tk. 54,000,000 to the Statutory Reserve Fund.

15 Share premium

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

16 General reserve

Balance at January 01
Appropriation from current year's profit
Transfer to retained surplus
Balance at December 31

145,000,000	185,000,000
20,000,000	-
-	(40,000,000)
165,000,000	145,000,000



17 Retained earnings

	2013 Taka	2012 Taka
Balance at January 01	224,847,366	256,932,123
Cash dividend for last year	(55,440,000)	(69,300,000)
Issue of bonus shares for last year	(166,320,000)	(184,800,000)
	(221,760,000)	(254,100,000)
	3,087,366	2,832,123
Addition during the year		
Net profit after taxation	266,415,406	229,015,243
Transfer to statutory reserve	(54,000,000)	(47,000,000)
Transfer to general reserve	20,000,000	-
	195,502,772	182,015,243
Transfer from general reserve	-	40,000,000
Balance at December 31	195,502,772	224,847,366

18 Net asset value per share (NAV)

Total asset	13,929,017,792	11,816,613,371
Total liabilities	11,763,645,019	9,862,216,005
Net asset	2,165,372,773	1,954,397,366
Number of share outstanding (current year's)	127,512,000	110,880,000
Net asset value per share	16.98	17.63
Restatement of NAV:		
Number of outstanding shares	127,512,000	110,880,000
Net asset	2,165,372,773	1,954,397,366
NAV per share	16.98	17.63

19 Contingent liabilities

19.1 Letters of guarantee

Letters of guarantee (Local)	7,840,800	98,810,698
Letters of guarantee (Foreign)	-	-
Foreign counter guarantees	-	-
	7,840,800	98,810,698

Guarantees

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



20 Profit and loss account

Income:

Interest, discount and similar income (note-20.1)
Dividend income
Other operating income

Expenses:

Interest, fee and commission etc.
Administrative expenses (note-20.2)
Other operating expenses
Depreciation on Company's fixed assets

20.1 Interest, discount and similar income

Interest on loan, advances and leases
Interest on bonds
Discount income
Interest on debentures

20.2 Administrative expenses

Salary and allowances
Rent, taxes, insurance, electricity etc.
Legal expenses
Postage, stamp, telecommunication etc.
Stationery, printing, advertisement etc.
Managing Director's salary and benefits
Directors' fees
Auditors' fees
Repairs and maintenance of the Company's assets

21 Interest income

Lease and hire purchase
Term loan and home loan
Short term financing
Total interest on lease, loans and advances
Interest on deposit/balance with banks and other financial institutions
Interest on call loans
Interest on deposits under lien for Bank Overdraft
Interest on STL Disburse

2013 Taka	2012 Taka
1,776,485,792	1,439,757,246
8,837,890	11,144,319
76,867,395	42,875,154
1,862,191,077	1,493,776,719
1,025,840,244	847,342,223
244,555,133	211,219,223
30,012,720	28,298,962
23,285,029	22,901,068
1,323,693,126	1,109,761,476
538,497,951	384,015,243
1,776,485,792	1,439,757,246
-	-
-	-
-	-
1,776,485,792	1,439,757,246
166,705,464	146,934,455
34,722,772	29,018,861
9,848,279	6,668,510
8,740,613	5,765,193
6,874,586	4,797,115
7,417,073	7,171,479
258,750	263,250
138,000	138,000
9,849,596	10,462,360
244,555,132	211,219,223
991,292,534	867,831,751
250,728,618	217,080,891
236,180,831	170,040,094
1,478,201,982	1,254,952,736
114,739,899	174,601,510
-	10,104,472
183,323,910	98,528
220,000	-
1,776,485,792	1,439,757,246



	2013 Taka	2012 Taka
22 Interest paid on deposits, borrowing etc.		
a) Interest paid on deposits		
Deposits from other than banks and financial institutions	812,031,842	666,571,239
Deposits from banks and financial institutions	52,567,075	4,436,816
Direct deposit expenses	23,956,236	17,709,580
Interest bearing security deposits	8,091,311	8,023,632
	896,646,465	696,741,267
b) Interest paid for borrowing		
Bank loans	18,730,625	39,185,188
Bangladesh Bank refinance	49,373,325	34,863,210
Call loan	39,788,125	14,504,014
Overdraft	21,301,704	62,048,544
Finance charge on capital lease	-	-
	129,193,779	150,600,956
	1,025,840,244	847,342,223
23 Investment income		
Dividend on shares	8,837,890	11,144,319
	8,837,890	11,144,319
24 Other operating income		
Reimbursement - invoice processing and collection costs	15,184,333	13,889,329
Early repayment premium	5,596,984	1,107,782
Reimbursement-documentation costs	21,175,563	9,390,989
Late payment charges	32,885,742	12,712,952
Profit on sale of fixed assets	169,000	14,000
Miscellaneous earnings	1,855,772	5,760,102
	76,867,395	42,875,154
25 Salaries and allowances		
Basic salary, provident fund contribution and all other allowances	143,112,220	118,266,465
Festival and incentive bonus	23,593,244	28,667,990
	166,705,464	146,934,455
26 Rent, taxes, insurance, electricity etc.		
Rent, rate and taxes	23,307,210	19,784,271
Insurance	5,337,580	2,979,158
Electricity, gas and water	6,077,982	6,255,432
	34,722,772	29,018,861



	2013 Taka	2012 Taka
27 Legal expenses		
Legal expenses	9,848,279	6,668,510
	9,848,279	6,668,510
28 Postage, stamp, telecommunication, etc.		
Postage, stamp, Internet	3,451,665	1,895,263
Telephone - Mobile and T & T	5,288,948	3,869,930
	8,740,613	5,765,193
29 Stationery, printing and advertisements, etc.		
Printing and stationery	2,778,678	2,010,624
Publicity and advertisement	4,095,908	2,786,491
	6,874,586	4,797,115
30 Managing Director's salary and benefits		
Remuneration	4,673,800	4,390,000
Other benefits	2,743,273	2,781,479
	7,417,073	7,171,479
31 Directors' fees		
Directors' fees	258,750	263,250
	258,750	263,250
Directors' fee include fees for attending the meeting by the non-executive Directors. Each Director was paid @Tk. 5,000 per meeting as attendance fee including VAT.		
32 Auditors' fees		
Statutory audit fee (including VAT)	138,000	138,000
	138,000	138,000



33 Depreciation and repair of Company's assets

Depreciation - (Annexure-A)

Furniture and fixture	9,824,818	9,461,915
Electrical equipment	7,288,763	7,825,992
Motor vehicle	6,144,960	5,586,771
Office equipment	26,488	26,390
	23,285,029	22,901,068

Repairs

Equipment	317,349	462,138
Maintenance of other assets	5,721,596	6,094,227
Vehicles	3,810,650	3,905,995
	9,849,596	10,462,360
	33,134,625	33,363,428

34 Other expenses

Training expenses	36,140	70,000
Books, magazines and newspapers, etc.	155,621	119,363
Staff and uniforms	188,300	21,000
Medical expenses	423,425	751,388
Fees and subscription	1,269,647	1,682,747
Bank charges and commission paid	1,223,985	1,341,091
Excise duty Expenses	552,320	-
CNG, petrol, oil and lubricant	5,735,957	4,983,554
Entertainment	1,524,935	1,396,845
Office expenses	7,486,913	5,211,335
Business promotion expenses	3,490,207	2,587,059
Annual General Meeting/Shareholder expenses	3,857,279	4,773,143
Travelling and conveyance expenses	4,067,992	5,361,437
	30,012,720	28,298,962

35 Provision against lease, loans and advances

On classified loans (note-12.4)	-	-
On un-classified loans (note-12.4)	89,082,545	35,000,000
	89,082,545	35,000,000

(Please see note-2.12.1)

36 Provision for corporate tax

Current tax

Corporate tax for the year on operating profit (note-12.5)	184,945,661	124,458,107
	184,945,661	124,458,107

Deferred tax

Deferred tax (note-9.2)	(1,945,661)	(4,458,107)
	(1,945,661)	(4,458,107)
	183,000,000	120,000,000



37 Earnings per share (EPS)

	2013 Taka	2012 Taka
Net profit after tax	266,415,406	229,015,243
Number of ordinary shares outstanding	127,512,000	127,512,000
Earnings per share (EPS)	2.09	1.80
Restatements of EPS:		
Number of ordinary shares outstanding (current year's)	127,512,000	110,880,000
Net profit after tax	266,415,406	229,015,243
	2.09	1.80

Earning per share (EPS) has been computed by dividing the basic earnings by the number of ordinary shares outstanding as of December 31, 2013 as per Bangladesh Accounting Standard (BAS) -33. According to BAS 33, EPS for 2012 has been restated for the issues of bonus share in 2013.

38 Receipts from other operating activities

Realised from write-off assets	-	-
Reimbursement - invoice processing and collection costs	15,184,333	13,889,329
Early repayment premium	5,596,984	1,107,782
Reimbursement-documentation costs	21,175,563	9,390,989
Proceeds on title ship transfer	32,885,742	12,712,952
Miscellaneous earnings	1,855,772	5,760,102
Profit on sale of fixed assets	169,000	14,000
	76,867,395	42,875,154

39 Payments for other operating activities

Rent, taxes, insurance, electricity, etc.	34,722,772	29,018,861
Repairs and maintenance	9,849,596	33,363,428
Travelling and conveyance expenses	4,067,992	5,361,437
Business promotion expenses	3,490,207	2,587,059
Annual General Meeting/Shareholder expenses	3,857,279	4,773,143
Entertainment	1,524,935	1,396,845
Bank charges and commission paid	1,776,305	1,341,091
Fees and subscription	1,269,647	1,682,747
Medical expenses	423,425	751,388
Directors' fees	258,750	263,250
Books, magazines and newspapers, etc.	155,621	119,363
Liveries and uniforms	188,300	21,000
Training expenses	36,140	70,000
Office expenses	7,486,913	4,768,488
Depreciation charged -Note-33	(23,285,029)	(22,901,068)
	45,822,852	62,617,032

40 Number of employees

The number of employees engaged for the whole year or part thereof who received a total remuneration of Tk. 36,000 p.a were 283 (2012:236). The number of employees at the end of the year was 281 (2012:209)



41 Related Party Disclosures

41.1 Particulars of Directors of the Company as on December 31, 2013

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



41.2 Name of Directors and their interest in different entities as on December 31, 2013

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



41.3 Transactions with Directors and their related entities

Name of the Party	Name of Directors	Related by	Nature of transaction	Amount in Taka	Status of loan and advances
The Lungla (Sylhet) Tea Co. Ltd.	Imran Ahmed	Common Director	Lease financing	2,269,058	Regular
	Peter J. Field	-Do-	Term Deposit	23,125,000	
	A. Rouf	-Do-			
Duncan Properties Ltd.	Imran Ahmed	-Do-	Term deposit	30,335,418	
	Peter J. Field	-Do-	Office rent paid	117,195	
	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			
Macalms Bangladesh Trust	Imran Ahmed	-Do-	Term Deposit	10,337,666	
	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			
National Brokers Limited	L. H. Khan	-Do-	Term Deposit	13,057,066	
Duncan Brothers (BD) Ltd.	Imran Ahmed	-Do-	Office rent paid	3,945,542	
	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			
Eastland Camellia Ltd.	Imran Ahmed	-Do-	Term Deposit	40,000,000	
	Peter J. Field	-Do-			
	A. Rouf	-Do-			
	Shama Rukh Alam	-Do-			
United Insurance Co. Ltd.	A. Rouf	-Do-	Term Deposit	62,843,100	
	L. H. Khan	-Do-	Insurance premium paid	4,574,762	
	A.F.M.M. Samad Choudhury	-Do-	Office rent paid	232,418	



42 Commitment

Capital expenditure

The Company had Taka 5.14 million capital expenditure commitment contracted at December 31, 2013. (2012: 1.20 million).

Commitment to lend

Under a lease/loan commitment the Company agrees to make funds available to customers in the future. Lease/loan commitments, which are usually for a specified term may be unconditionally cancellable or may persist, provided all conditions in the lease/loan facility are satisfied or waived. At the end of the year 2013, the Company had Taka 1,051,460,516 commitment with customers (2012:Taka 373,619,760).

43 Claim against Company not acknowledged as debt

There were no such claims against the Company which required to be acknowledged as debt at December 31, 2013.

44 Proposal of dividend

The Board of Directors has recommended a cash dividend of Tk 0.50 per ordinary share i.e. a total of Tk 63.756 million for 127.512 million ordinary shares and 1 bonus share for every 10 shares held for the year ended December 31, 2013.

45 Dividend Remitted to non-resident shareholders

An amount of Tk.9,587,093.89 equivalent to GBP 77,731.01 (2011:Tk 12,474,000 equivalent to GBP 96,018) was remitted to non-resident shareholder as dividend for the year 2012.

46 Foreign currency transactions

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

**47. Highlights on the overall activities**

Sl no.	Particulars		2013	2012
1	Paid-up capital (note-13.2)	MBDT	1,275.12	1,108.80
2	Total Eligible capital (note-13.3)	MBDT	2,287.09	2,055.17
3	Capital surplus (note-13.3)	MBDT	1,207.55	1,053.13
4	Total assets	MBDT	13,929.02	11,816.61
5	Total Term deposits (note-11.1)	MBDT	6,969.22	5,965.19
6	Total lease, loans and advances (note-7.1)	MBDT	9,841.24	9,014.17
7	Total contingent liabilities and commitments (note-19)	MBDT	7.84	98.81
8	Loan to deposit ratio (note-7.1/note-11.1)		1.41	1.51
9	Percentage of classified lease, loans and advances against total leases, loans and advances (note-7.8)	(%)	3.53	3.21
10	Profit after tax and provision	MBDT	266.42	229.02
11	Amount of loans classified during the year	MBDT	178.86	146.29
12	Provisions kept against classified loans (note-12.4)	MBDT	275.76	356.61
13	Provision surplus (note-12.4)	MBDT	260.36	176.83
14	Cost of fund	(%)	12.56	12.88
15	Interest earning assets	MBDT	12,912.39	10,954.94
16	Non-interest earning assets	MBDT	1,016.63	861.68
17	Return on Equity	(%)	12.93	12.22
18	Net Return to total earning assets	(%)	2.06	2.09
19	Income from investment in shares	MBDT	8.84	11.14
20	Earnings per share	BDT	2.09	1.80
21	Net income per share*	BDT	2.09	1.80
22	Price earning ratio**	Times	15.89	17.37

MBDT= Bangladeshi Taka in Million, BDT= Bangladeshi Taka

* Since ULC does not have any minority interest, EPS and net income per share remain same.

** Based on December 31 market price of the respective year.


Syed Ehsan Quadir
 Managing Director


M. Abdul Wahed
 Director


Daud Khan Panni
 Director


M. Nurul Alam
 Director



Annexure - A
(From note - 8)

Fixed assets including furniture and fixture

	Amount in Taka				
	Furniture & Fixture	Office equipment	Electrical equipment	Motor Vehicle	Total
<u>Cost</u>					
Balance at January 1, 2013	76,738,088	291,959	51,179,342	37,982,414	166,191,803
Addition during the year	3,237,437	13,988	7,229,262	4,590,950	15,071,637
Disposal/adjustment	(54,000)	-	(70,000)	(1,000,000)	(1,124,000)
Balance at December 31, 2013	79,921,525	305,947	58,338,604	41,573,364	180,139,440
<u>Accumulated depreciation</u>					
Balance at January 1, 2013	33,642,567	195,306	34,601,303	22,516,297	90,955,473
Charge for the year	9,824,818	26,488	7,288,763	6,144,960	23,285,029
Disposal /adjustment	(27,750)	-	(14,000)	(1,000,000)	(1,041,750)
Balance at December 31, 2013	43,439,635	221,794	41,876,066	27,661,257	113,198,752
WDV at December 31, 2013	36,481,890	84,153	16,462,538	13,912,107	66,940,688
WDV at December 31, 2012	43,095,521	96,653	16,578,039	15,466,117	75,236,329



Annexure - B
(From note - 12.5)

Corporate Tax Status as on December 31, 2013

Income year	Assessment year	Tax Provision as per Accounts (Taka)	Tax assessed by DCT (Taka)	Excess/(Short) Provision (Taka)	Present Status
2004	2005-2006	-	-	-	Tax Liability settled and Tax Clearance Certificate received
2005	2006-2007	11,854,373	9,246,714	2,607,659	The file was reopened u/s 120 and not yet finalized
2006	2007-2008	-	-	-	Tax Liability settled and Tax Clearance Certificate received
2007	2008-2009	-	-	-	Tax Liability settled and Tax Clearance Certificate received
2008	2009-2010	152,661,018	143,882,192	8,778,826	Applied for third appeal in the high court and not yet settled
2009	2010-2011	160,777,489	91,278,065	69,499,424	TAX Liability settled and Tax clearance certificate received
2010	2011-2012	200,990,166	-	-	Return submitted and assessment is under process at DCT level
2011	2012-2013	158,668,751	-	-	Return submitted and waiting for assessment at DCT level
2012	2013-2014	124,458,107	-	-	Return submitted and waiting for assessment at DCT level
2013	2014-2015	184,945,661	-	-	Return yet to be submitted



Stakeholders' Segment



COMPANY INFORMATION

Board of Directors

Chairman

Imran Ahmed

Nominated by

: Lawrie Group Plc of the U.K.

Directors

Peter J. Field

: Lawrie Group Plc of the U.K.

A. Rouf

: United Insurance Company Limited

L. H. Khan

: United Insurance Company Limited

Shama Rukh Alam

: Surmah Valley Tea Company Limited

M. Nurul Alam

: Surmah Valley Tea Company Limited

A. F. M. Misfaqus Samad Choudhury

: United Insurance Company Limited

Independent Directors

M. Abdul Wahed

Daud Khan Panni

Ex- officio Director

Syed Ehsan Quadir, Managing Director

Chief Financial Officer

Zafar Ullah Khan

Company Secretary

Sharmi Noor Nahar



COMPANY INFORMATION

Registered Office: Camellia House, 22 Kazi Nazrul Islam Avenue, Dhaka - 1000
PABX: (880-2) 9669006, Fax: (880-2) 9662596
Website: www.ulc.com.bd, E-mail: webmail@ulc.com.bd

Other Offices:

Dhaka

Noor Tower (3rd Floor),
110 B. U. C. R. Dutta Road (Sonargaon Road),
Dhaka-1205. Telephone: (880-2) 9662923

AHN Tower

13 - 15 Biponon C/A (3rd Floor)
Sonargaon Road, Dhaka - 1000.

Farmgate

Northern S.R. Tower (3rd Floor), 49 Bir Uttam Ziaur
Rahman Road (Old Airport Road), Tejgaon, Dhaka.
Telephone: (880-2) 9103002, 9102879

Bongshal

57 Shahid Syed Nazrul Islam Soroni (3rd & 4th Floor),
Bongshal, Dhaka. Telephone: (880-2) 7165955-6
E-mail: bongshal@ulc.com.bd

Barisal

119 Sadar Road (3rd floor), Barisal.
Telephone: (880-0431) 61747, 2177408
E-mail: bari@ulc.com.bd

Belkuchi

Amin Razzak Plaza (2nd Floor),
130 Makundagati Bazar, Belkuchi, Sirajgonj.
Telephone: (880-7522) 56428
E-mail: bel@ulc.com.bd

Bogra

Saha Complex (2nd Floor), Jhawtola,
Kabi Nazrul Islam Road, Bogra.
Telephone: (880-051) 69873,
E-mail: bog@ulc.com.bd

Chittagong

C & F Tower (5th Floor), 1712 Sheikh Mujib Road,
Agrabad Commercial Area, Chittagong.
PABX: (880-31) 714882, 2519948
Fax: (880-31) 2519949, E-mail: ctg@ulc.com.bd

Chowmuhan

GDS Bhaban (3rd floor), Feni Road, Chowmuhan,
Noakhali. Telephone: (880-0321) 51086, 51093
E-mail: noakhali@ulc.com.bd

Chuadanga

941-03 Post Office Para,
Shahid Abul Kashem Sarak, Barabazar,
Chuadanga. Telephone: (880-761) 63995-6
E-mail: chuadanga@ulc.com.bd

Gazipur

Islam Plaza (3rd Floor), Joydevpur Chowrasta,
Chandana, Gazipur. Telephone: (880-2) 9257255,
E-mail: gaz@ulc.com.bd

Jessore

Rashid Center (2nd Floor), 7/A R.N. Road Jessore.
Telephone: (880-421) 68425, 68426
E-mail: jes@ulc.com.bd

Khulna

Hui House (1st Floor), 77 Gagan Babu Road,
Khulna. Mobile : 01730796329

Mymensingh

Holding # 17 & 16/A, Chotto Bazar (2nd Floor),
Mymensingh. Tel: (880-91) 67576,
Mob: 01730316738.

Rangpur

75/76 Station Road (3rd Floor), Rangpur.
Telephone: (880-521) 53397
E-mail: rang@ulc.com.bd

Rajshahi

111th Habib Plaza (2nd Floor),
Saheb Bazar (Zero Point) Ghoramar, Boalia,
Rajshahi. Mobile: 01755538020

Rangamati

H.B. Plaza (2nd Floor), 72/MA Banarupa,
Rangamati. Mobile: 01713185783

Sylhet

Holy Complex (2nd Floor), East Dargah Gate,
Sylhet- 3100. Telephone: (880-821) 2830195,
2830736, E-mail: syl@ulc.com.bd



MILESTONES

Incorporation and commencement of operation	1989
Public issue and trading of shares on Dhaka Stock Exchange	1994
Commencement of credit sale financing operation	2005
Commencement of public deposit mobilisation	2005
Commencement of home loan	2007
Increase of authorised capital	2011

Offices opened

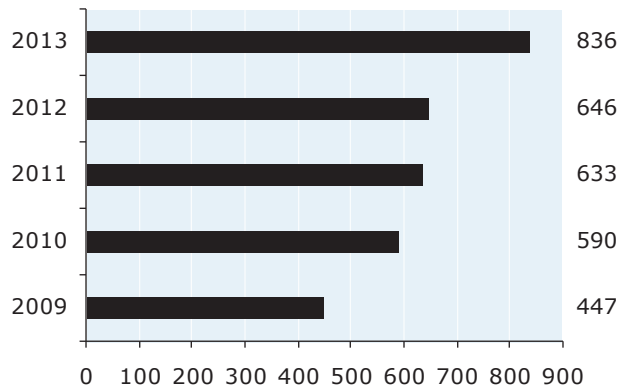
Chittagong, Agrabad	1994
Jessore, R.N. Road	2005
Gazipur, Joydevpur Chowrasta	2006
Bogra, Jhawtola	2006
Sylhet, East Dargah Gate	2009
Belkuchi, Makundagati Bazar, Sirajgonj	2010
Rangpur, Station Road	2010
Chuadanga, Barabazar	2010
Bongshal, Shahid Syed Nazrul Islam Soroni	2010
Chowmuhan, Feni Road, Noakhali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



PERFORMANCE INDICATORS

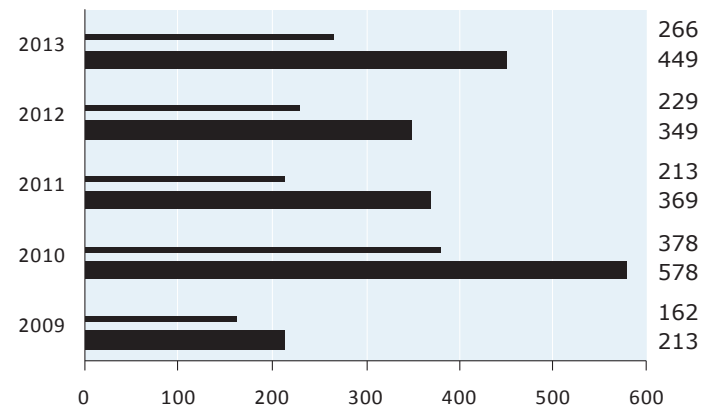
Operating income

Taka in million



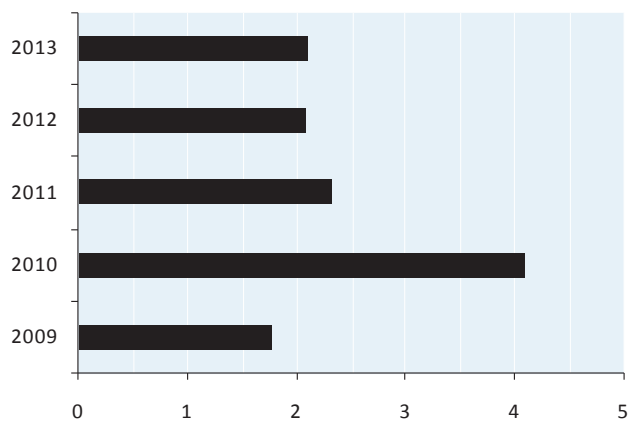
Profit before & after tax

Taka in million



Earning per share (EPS)

Amount in Taka



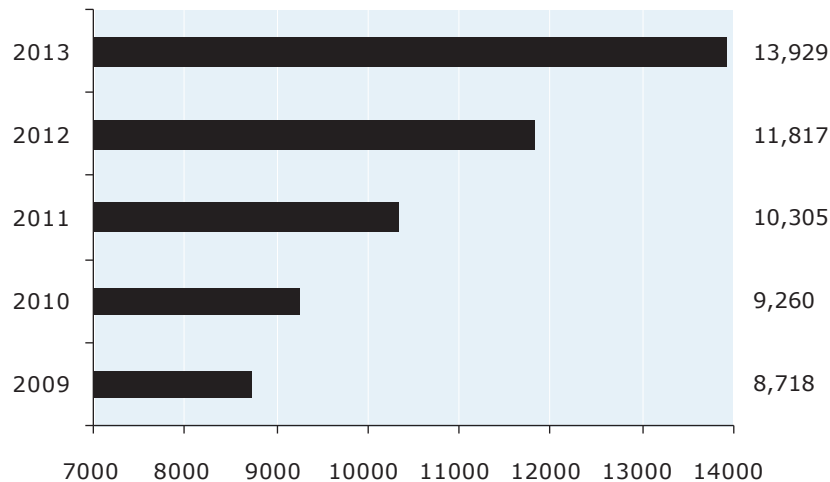
— Profit after tax
■ Profit before tax



PERFORMANCE INDICATORS

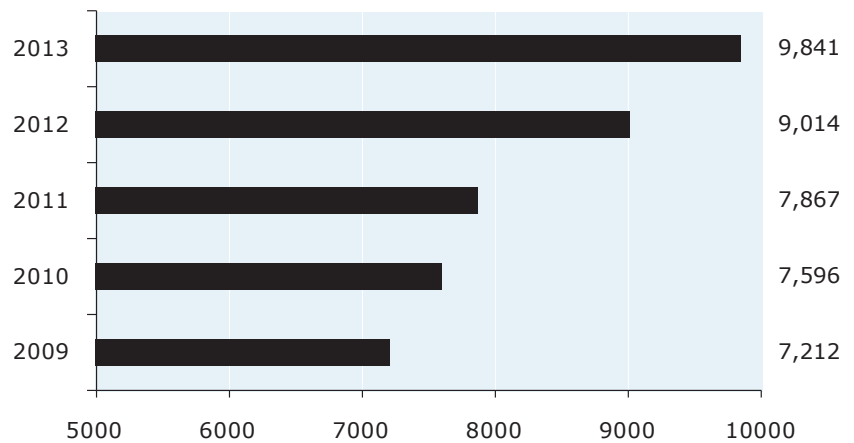
Total asset

Taka in million



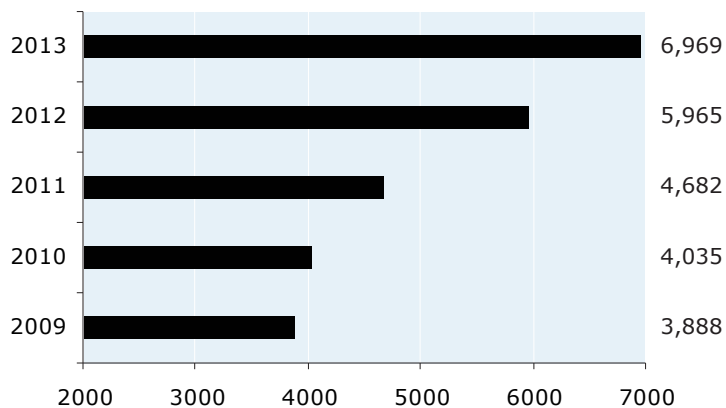
Lease, loans and advances

Taka in million



Term deposit

Taka in million

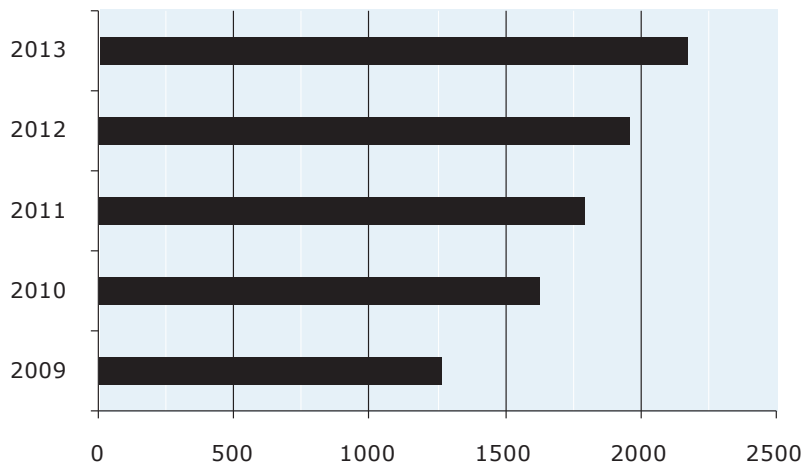




PERFORMANCE INDICATORS

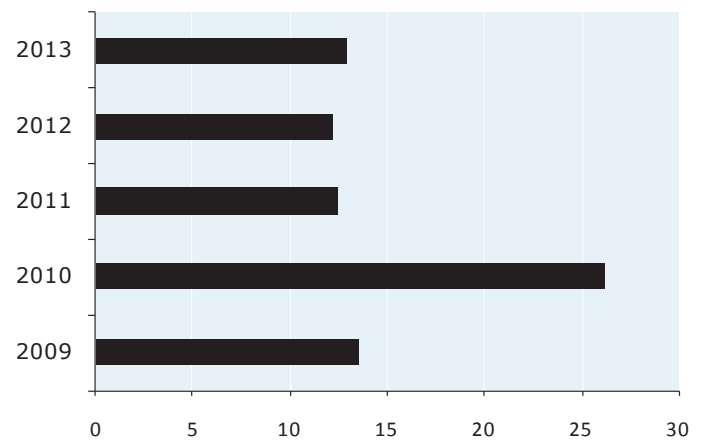
Shareholder's equity

Taka in million



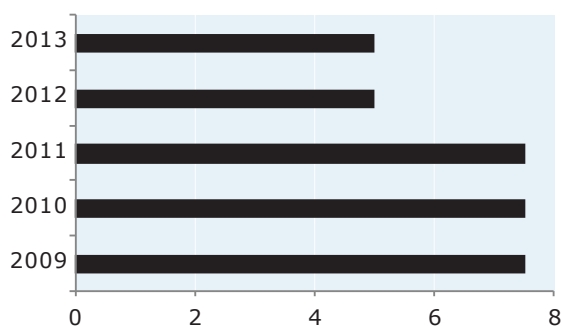
Return on equity

In percentage



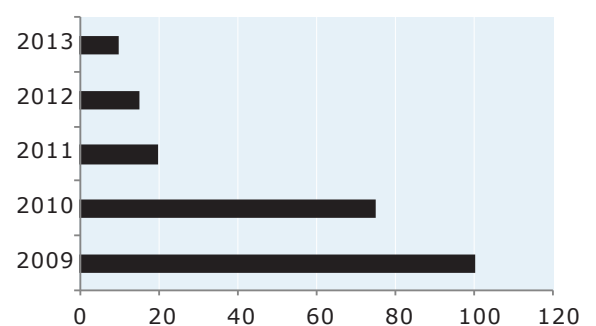
Cash dividend

In percentage



Stock Dividend

In percentage





UNITED LEASING COMPANY LIMITED

Camellia House
22 Kazi Nazrul Islam Avenue, Dhaka-1000

PROXY FORM

I/We _____

of _____

being a member of United Leasing Company Limited do hereby appoint

Mr. /Ms. _____

of _____

or (failing him/her) Mr. / Ms _____

of _____

as my/our proxy, to vote for me/us and on my/our behalf at the Twenty Fifth Annual General Meeting of the Company to be held on April 10, 2014 at 10:00 a.m. and at any adjournment thereof or at any ballot to be taken in consequence thereof.

Signed this _____ day of _____ 2014

Revenue
Stamp
TK 20/-

Signature of Shareholder _____

Folio/BO ID No _____

No. of Shares _____

Signature of Proxy

N.B: IMPORTANT

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

UNITED LEASING COMPANY LIMITED

Camellia House
22 Kazi Nazrul Islam Avenue, Dhaka-1000

ATTENDANCE SLIP

I hereby record my attendance at the Twenty Fifth Annual General Meeting of the Company being held on Thursday, April 10, 2014 at 10:00 a.m. at the Trust Milonayaton, 545 Old Airport Road, Dhaka Cantonment, Dhaka.

Name of Member/Proxy _____ Signature _____

Folio/BO ID No. _____ Date _____

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

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

In compliance with the Bangladesh Securities and Exchange Commission's Circular No. SEC/CMRRCD/2009-193/154 dated October 24, 2013, no Gift/Gift Coupon/Food Box shall be distributed at the 25th AGM

