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GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

MINISTRY OF FINANCE

Finance Division

Investment Wing

Section-I

NOTIFICATION

Dhaka, the 28th September, 1987

No. S.R.O. 237-L/87.—In exercise of the powers conferred by section 33 of the Securities and Exchange Ordinance, 1969 (XVII of 1969), and in supersession of all rules and orders made in this behalf, the Government is pleased to make the following rules, namely:—

1. **Short title.**—These rules may be called the Securities and Exchange Rules, 1987.

2. **Definitions.**—In these rules, unless the context otherwise requires,—

- (a) "chartered accountant" means a person who is a chartered accountant within the meaning of the Bangladesh Chartered Accountants Order, 1973 (P.O. No. 2 of 1973);
- (b) "Form" means a Form annexed to these rules;
- (c) "net capital", in relation to a member of a stock exchange, means an amount by which the current assets, namely, cash in hand or in bank, money receivable within a period of twelve months from the date of the balance sheet and such other assets, not being the value of membership card of the stock exchange, as are so classified under generally accepted accounting principle, exceed the current liabilities, namely, money payable within a period of twelve months from the date of the balance sheet and such other liabilities as are so classified under generally accepted accounting principles;

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- (d) "officer" in relation to an issuer includes managing agents, manager, secretary or accountant of the issuer and any other person who by virtue of his office may be in possession of any material information with regard to the affairs of the issuer;
- (e) "Ordinance" means the Securities and Exchange Ordinance, 1969 (XVII of 1969);
- (f) "section" means a section of the Ordinance; and
- (g) "Schedule" means the Schedule to these rules.

3. **Qualification, etc., of members of stock exchange.**—(1) No person shall be eligible to be a member of a stock exchange, if—

- (a) he is less than twenty-one years of age;
- (b) he is not a citizen of Bangladesh;
- (c) he is a lunatic or a person of unsound mind;
- (d) he has been convicted of an offence involving moral turpitude by a competent court;
- (e) he has been adjudicated an insolvent by a competent court;
- (f) unless exempted for any special reasons by regulations of the stock exchange, he has not had experience in the business of securities for a period of not less than two years.

(2) A member of stock exchange shall at all times maintain a net capital balance in the capital account of an amount which is not less than twenty-five thousand taka :

Provided that, in the case of a firm, the amount of the net capital balance to be maintained shall be the amount obtained by multiplying twenty-five thousand taka by the number of such partners of the firm as are members of the stock exchange.

(3) The membership of a member shall stand suspended as soon as the net capital balance falls short of the amount specified in sub-rule (2) and shall remain so suspended until the net capital balance is increased so as not to fall short of that amount.

(4) Every member shall report to the stock exchange monthly that he or the firm of which he is a partner had, at all times during the month to which the report relates, a net capital balance of an amount not less than that specified in sub-rule (2) and shall forthwith inform the stock exchange if, at any time, such balance falls short of that amount.

4. **Manner of transaction of member's business.**—(1) All orders to buy or sell securities which a member may receive shall be entered in the chronological order, in a register to be maintained by him in a form which shows the name and address of the person who placed the order, the name and number of the securities to be bought or sold, the nature of the transaction and the limitation, if any, as to the price of the securities or the period for which the order is to be valid.

(2) A member who has an "at best" order from a customer to buy or sell a security shall not, while such order remains unexecuted, buy or sell the same security on the stock exchange for his own account, or for the account, of the firm of which he is a partner or for the account of any of the partners therein or for any account in which he, such firm or partner, directly or indirectly, has an interest.

(3) A member who has a limit order from a customer to buy or sell a security shall not, while such order remains unexecuted, buy or sell the security at or below the limit price or the stock exchange for his own account or for the account of the firm of which he is a partner or for the account of any of the partners therein or for any account in which he, such firm or partner, directly or indirectly has an interest.

(4) A member who has an order to buy or to sell a security shall not fill such order by selling or buying for his own account or for the account of the firm of which he is a partner or for the account of any of the partners therein or for any account in which he, such firm or partner directly or indirectly has an interest except when—

- (a) the order is a limit order; or
- (b) he sells the security at a price not exceeding the price at which the transaction immediately preceding the receipt of the order by him actually took place; or
- (c) he buys the security at a price which is not less than the price at which the transaction immediately preceding the receipt of the order by him actually took place.

(5) A member executing an order of a customer shall, within twenty four hour of the execution of the order, transmit to the customer a confirmation which shall include the following information, namely:—

- (a) date on which the order is executed;
- (b) name and number of the securities;
- (c) nature of transaction (spot, ready or forward and also whether bought or sold);
- (d) price;
- (e) commission, if the member is acting as a broker;
- (f) whether the order is executed for the members' own account or from the market.

5. **Maintenance of accounts and audit.**—(1) Every member shall prepare once in every year a balance sheet and a statement of income and expenditure.

(2) A member shall have his accounts audited by an auditor who is a chartered accountant appointed by the Government whenever such audit is required by the Government in the public interest.

(3) The auditor shall furnish his report to the Government within such time as the Government may specify.

6. **Application for registration.**—An application for the registration of a stock exchange under section 5 shall be made to the Government in Form I.

7. **Maintenance of books of account and other documents by stock exchange.**—(1) Every stock exchange shall prepare and maintain, as required by sub-section (1) of section 6, such books of account and other documents as will accurately disclose a true and fair picture of the state of affairs of the stock exchange at any point of time.

(2) The books of account and other documents referred to in sub-rule (1) shall include—

- (a) journals (or other comparable record), cash book and any other records of original entry forming the basis of entries into any ledger;
- (b) ledgers (or other comparable record) reflecting assets, liability, reserve capital, income and expense;
- (c) ledgers (or other comparable record) showing the position in respect of each member as on the settlement day of the securities which the member had bought or sold since the last preceding settlement day and which had been transferred through a clearing house maintained by the stock exchange;
- (d) daily record of quotations and transactions on the stock exchange showing the time at which each transaction took place.
- (e) record of transactions with banks;
- (f) record of security deposits;
- (g) register of members;
- (h) register of authorised clerks; and
- (i) minute books of the meetings of members, governing body and any committee of the general body of members or of the governing body.

(3) The books of accounts and documents specified in this rule shall be preserved for a period not less than five years.

8. **Maintenance of books of account, etc. by members.**—(1) Every member shall prepare and maintain, as required by sub-section (1) of section 6, the following books of account and other documents in a manner that will disclose a true, accurate and up to date position of his business, namely:—

- (a) journal (or other comparable record), cash books and any other books of original entry forming the basis of entries into any ledger, the books of record of all orders for purchase or sale of securities, all purchases and sales of securities, all receipts and deliveries of securities and all other debts and credits;

- (b) ledgers (or other comparable records) reflecting asset, liability, reserve capital, income and expense accounts;
- (c) ledgers (or other comparable records) reflecting securities in transfers, securities borrowed and securities loaned and securities bought or sold of which the delivery is delayed;
- (d) record of all balance of all ledger accounts in the form of trial balances to be prepared at least once at the end of the six months of every year of account;
- (e) record of transaction with the banks;
- (f) contract books showing details of all contracts entered into by a member with other members of the exchange or counterfoils or duplicates or memos of confirmation issued to such other members; and
- (g) duplicates or counterfoils of memos of confirmation issued to customers.

(2) The books of accounts and other documents referred to in sub-rule (1) shall be preserved for a period of not less than five years.

9. **Submission of periodical returns by stock exchange.**—The periodical returns relating to the affairs of a stock exchange, as required by sub-section (2) of section 6, shall be submitted to the Government monthly in Form II within fifteen days of the close of the month to which it relates.

10. **Submission of annual report by stock exchange.**—(1) The annual report relating to the affairs of a stock exchange, as required by sub-section (2) of section 6, shall be submitted to the Government not less than fourteen days before the meeting of the shareholders of the stock exchange before which it is to be laid.

(2) Every such report shall be accompanied by a copy of the balance sheet and profit and loss account of such year audited by an auditor who is a chartered accountant.

11. **Listing of a security.**—An application for listing a security on a stock exchange shall be made by the issuer to the stock exchange in Form III.

12. **Submission of annual report by issuers.**—(1) The annual report required by section 11 to be furnished by an issuer of a listed security shall include a balance sheet and profit and loss account.

(2) The balance sheet and profit and loss account included in the annual report shall, except in the case of an issuer which is required to prepare a balance sheet and profit and loss account in a form prescribed by the Banking Companies

Ordinance, 1962 (LVII of 1962), or the Insurance Act, 1938 (IV of 1938), be prepared in accordance with the requirements laid down in the Schedule and the Balance Sheet so prepared shall be in Form 'A' annexed to the Schedule or as near thereto as circumstances may admit.

(3) The balance sheet and profit and loss account shall be audited by an auditor who is a chartered accountant and the report of the auditor shall be in Form 'B' annexed to the Schedule.

(4) Every issuer shall furnish the annual report, together with the balance sheet and the profit and loss account referred to in sub-rule (1) to the shareholders at least fourteen days before the general meeting of the shareholders of the issuer at which the report is to be laid before them and shall simultaneously furnish a copy of such report to the stock exchange or exchanges on which its securities are listed and to the Government.

(5) Notwithstanding anything contained in sub-rule (4), the first annual report to be furnished by an issuer shall be in respect of the year of account of the issuer ending after the commencement of these rules.

(6) An issuer shall, within three months of the general meeting referred to in sub-rule (4), submit to the Government a list of the members of the issuer stating the facts as they stood on the date of that general meeting.

(7) The list required to be submitted under sub-rule (6) shall be the list required by section 32 of the Companies Act, 1913 (VII of 1913), to be submitted to the Registrar of Joint Stock Companies.

13. **Submission of periodical report by issuers.**—Every issuer shall, within one month of the close of the first half of its year of account, prepare and transmit to the stock exchange or exchanges on which its securities are listed and to its security-holders and the Government a profit and loss account for, and a balance sheet as at the end of, that half year, whether audited or otherwise.

14. **Mode of filing or submission of returns/reports, etc.**—Any person required by the Ordinance or any of these rules to furnish any document, statement, return or report to the Government/Stock Exchange and other agencies shall furnish it, either in person or through an agent, or send it by registered post.

FORM I

(See rule 6)

FORM OF APPLICATION FOR REGISTRATION OF A STOCK EXCHANGE UNDER SECTION 5 OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969.

To

The Secretary, Ministry of Finance,
Finance Division,
Government of the People's Republic of Bangladesh,
Dhaka.

DEAR SIR,

I/We hereby apply for registration of
(name of the Stock Exchange)
under section 5 of the Securities and Exchange Ordinance, 1969.

2. Four spare copies of the Memorandum and Articles of Association ofand four copies of the bye-laws of the Stock Exchange are enclosed.

3. Necessary information required in this behalf are furnished *vide* the annex to this Form.

Yours faithfully,

.....
Signature of the Applicant.

Annex to Form I**PART I—General**

1. Name of the applicant Stock Exchange
2. Address
3. Date of establishment
4. Is your exchange a joint stock company registered under the Companies Act, 1913? If so, state whether public or private, if not, the basis of organisation be stated.
5. Give details of your capital structure

PART II—Membership

6. What is the proposed number of members?
7. Is there a ceiling to the maximum number of members that you would take?
8. Give details of the minimum qualifications and/or experience for membership.
9. If you have different classes of members, give details.
10. State the security deposit required from each member, admission fee and the rate of annual subscription.
11. Do you insist on your members or partners of firms who are members to divest themselves of other activities either as principals or as employees?
12. Do your rules permit firms to become members? State the conditions under which new partners can be admitted?
13. If your rules do not permit firms becoming members, do you permit individual members to form a partnership?
14. Do your rules permit members to work in partnership with non-members? If so, give necessary details.

PART III—Governing Body

15. What will be the strength of your governing body? Give details of the constitution, powers of management, elections and tenure of office of the governing body and the manner in which its business is transacted.
16. Are trade or commercial interests represented on the governing body? If so, give details.
17. Do you propose to associate shareholders or investors associations with the management of your Exchange? If so, give details.
18. Have details of any other committee or sub-committee that can be constituted under the bye-laws of your Stock Exchange along with the functions of
19. Give the designations, powers and duties of principal office bearers of your Exchange

PART IV—Trading

20. Give details of the manner in which trading will be carried on
21. State the different kinds of contracts on your Exchange, e.g. spot, ready and forward. Also state the period of delivery and payment in each case
22. Give details of the scale of brokers, commission and other charges, if any prescribed by your Exchange
23. Do your rules prescribe a standard form of contract for the use of your members?
24. Do you classify your members into brokers and jobbers?
25. Do you have any regulations regarding dealings by members on their own account?
26. Do you have regulations regarding extension by members of credit to any person for the purpose of purchasing any security?

27. Do you prescribe the circumstances in which members can borrow on any security or lend on any security carried for the account of a customers?
28. Do you prescribe the circumstances under which a member can hypothecate any security carried for the account of any customer?
29. Do you have a Clearing House for the settlement of contracts? If so, give details of its organisation and management
30. Will you have any arrangement for recording of bargains?
31. Will you have any arrangement for recording and publishing market rates?
32. What are the disciplinary powers available with the governing body to enforce due compliance by members of the regulations of the Stock Exchange and generally to ensure proper standard of business conduct?

PART V—Miscellaneous

33. What will be the conditions subject to which securities can be listed on your Exchange?
34. What are the criteria for admitting any security to forward trading?
35. Under what circumstances do you have right, if any, to circumscribe or suspend dealings in a listed security?
36. What provisions have you made for the levy and recovery of fees, fines and penalties?

FORM I
(See rule 9)

PERIODICAL RETURN UNDER SECTIONS 6(2) OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969 RELATING TO THE AFFAIRS OF M/S. FOR THE MONTH OF

To
The Secretary,
Ministry of Finance, Finance Division,
Government of the People's Republic of Bangladesh,
Dhaka.

DEAR SIR,

I/We hereby submit the following in compliance with the provision of rule 9 of the Securities and Exchange Rules for your information and necessary action:

1. Name of the Stock Exchange
2. (a) Particulars of application for listing received
- (b) Particulars of those admitted to quotation
- (c) Particulars of those refused listing and reasons thereon in each case
3. Particulars of securities delisted and reasons thereof in each case
4. Particulars of member disciplined and nature of offence/violation committed
5. Particulars of members declared defaulters
6. Particulars of members whose net capital balance fell below the prescribed amount
7. Particulars of non-compliance of any regulations of the Stock Exchange by any company whose securities are listed on the stock exchange
8. Trading volume during the month—
 (a) Spot
- (b) Ready
- (c) Forward
9. Particulars of securities which registered a rise/decline of ten per cent or more in value during the month
10. Particulars of securities in which no transactions took place during the month
11. Brief analysis of the stock market trend during the month.

Yours faithfully,

Signature

Designation

Place

Date

FORM III
(See rule 11)

FORM OF APPLICATION UNDER SECTION 9 OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969 FOR LISTING A SECURITY ON A STOCK EXCHANGE.

To

.....
.....

DEAR SIR,

We hereby apply for the listing of your.....
(Name of the Security)
on your stock exchange.

2. The following particulars and documents are annexed herewith name:

- (a) A copy of the Memorandum and Articles of Association/the trust deed;
- (b) Copies of prospectus issued by the company in respect of security already listed on the stock exchange.
- (c) Copies of balance sheets and audited accounts for the last three completed years or such shorter years as the company has been in existence;
- (d) A brief history of the company since incorporation giving details of its activities including any reorganisation, change in its capital structure and borrowings;
- (e) A statement showing—
 - (a) dividends and cash bonuses paid during the last 10 years or such shorter period as the company may have been in existence;
 - (b) dividends on interest in arrears, if any,
- (f) Certified copies of agreements or other documents relating to arrangements with or between—
 - (i) vendors promoters;
 - (ii) underwriters;
 - (iii) brokers,
- (g) Certified copies of agreements with—
 - (i) managing agents;
 - (ii) selling agents;
 - (iii) managing director and technical directors,

- (h) A statement containing particulars relating all materials contracts, agreements (including agreements or technical advice and collaboration), concessions and similar other documents except these entered into in the normal course of the company's business or intended business together with a brief description of the terms of such agreements.
- (i) Certified copies of the agreements with any financial institution.
- (j) Names and addresses of the directors and persons holding ten percent or more or any class of equity security as on the date of application together with the number of shares of debentures held by each.
- (k) Particulars of security for which listing is sought.

3. We undertake that the stock exchange may, either generally by its by-laws or in any particular case, call for such further particulars or documents or undertakings as it deems proper.

Yours faithfully,

SCHEDULE

[See rule 12(2)]

1. **Requirements as to Balance Sheet:** The assets and liabilities shall be classified under the headings appropriate to the company's business, distinguishing as regards assets between fixed assets, long-term prepayments and deferred costs, investments loans and advances and current assets, and as regards liabilities between share capital and reserves, long-term loans and deferred liabilities and current liabilities and provisions.

2. **Fixed assets:**—(A) Fixed assets shall be distinguished between tangible and intangible and shall be classified under appropriate sub-heads, duly itemized, such as :

(i) tangible :

- (a) land (distinguishing between free-hold and leasehold) ;
- (b) buildings (distinguishing between buildings on freehold land and those on leasehold land) ;
- (c) plant and machinery ;
- (d) furniture and fittings ;
- (e) vehicles ;
- (f) capital work in progress including interest paid out of capital, if any ; and
- (g) others.

(ii) intangible :

- (a) goodwill ;
- (b) patents, copyright, trade marks and designs ; and
- (c) others.

(B) Under each sub-head, other than capital work in progress, the original cost, and the additions thereto and deductions therefrom since the date of the previous balance sheet shall be stated and the aggregate amount written off, or provided or retained, up to the date of the balance sheet, by way of provision for depreciation or amortization or diminution in value shall be shown as deduction therefrom.

(C) Where sums have been written off on a reduction of capital or revaluation of assets and where sums have been added by writing up the assets, every balance sheet subsequent to the reduction or revaluation or writing up shall show the original cost, the reduced or increased figures, as the case may be, along with the date of and amount of the reduction or increase made.

(D) In the case of a company which immediately before the commencement of these Rules, was providing for depreciation or amortization or diminution in value by way of lump sum charge to profit or loss account or as appropriation of profit, without allocating the amount so provided to different sub-heads, the amount retained in the books of the company at the commencement of the said Rules as provision or reserve for depreciation or amortization or diminution in value shall be allocated against the respective sub-heads.

(E) In every case where the original cost cannot be ascertained without unreasonable expense or delay, the valuation shown by the books shall be given. Such valuation shall be the net amount at which an asset stood in the books of the company as at the commencement of these rules after deduction of the amounts previously provided or written off for depreciation or amortization or diminution in value.

3. **Long-term prepayments and deferred costs.**—Long-term prepayments and deferred costs shall include prepayments for services or benefits to be received after twelve months from the date of the balance sheet. Any material items shall be stated separately together with the basis on which each item is being amortized or written off, and in respect of each item of deferred costs the reasons for carrying forward such costs shall be stated.

4. **Investments loans and advances.**—(A) There shall be shown under separate sub-heads the aggregate amounts respectively of the company's (i) investments in and loans and advances to subsidiary companies controlled firms and other associated undertakings, (ii) investments in listed companies other than investments in subsidiary companies and other associated undertakings, (iii) investments in un-listed companies other than investments in subsidiary companies, and other associated undertakings, (iv) investments in debentures and bonds issued by a Government, Municipal Committee or other local authority. (v) investments in immovable properties and (vi) other investments, loans and advances.

(B) There shall be stated under sub-head 4(A) (i) the names of the subsidiary companies, controlled firms and other associated undertaking and the nature and extent of the investment made and loans and advances given in each case, showing separately, in the case of each subsidiary company and other associated undertaking, shares of different classes and of different paid-up values, debentures, loans and advances and, in the case of each controlled firm, the amount invested as capital and the amounts of loans and advances. In the case of loans and advances, the nature of collateral security shall be stated. A company whose principal business is lending of money may give such information in consolidated form in the balance sheet and the details about the names and the extent of investments etc. in an annexure to the balance sheet.

(C) There shall be stated under sub-head 4(A) (ii) the names of the bodies corporate (in every case with the name of the managing agent, if any) in whose shares or debentures or bonds, investments have been made and the nature and extent of the investment made in each case, showing separately, shares of different classes and of different paid-up values, nature of the debentures, e.g. whether straight, convertible or redeemable and the rate of interest etc. A company whose principal business is lending of money may give such information in consolidated form in the balance sheet and the details about the names and the extent of investments etc. in an annexure to the balance sheet.

(D) There shall be stated under sub-head 4(A) (iii) the names of the unlisted companies (in every case with the name of the managing agent, if any) in whose shares or debentures or bonds, investments have been made and the nature and extent of the investment made in each case, showing separately, shares of different classes and of different paid-up values, nature of debentures, e.g., whether straight, convertible or redeemable and the rate of interest, etc. A company whose principle business is lending of money may give such information in consolidated form in the balance sheet and the details about the names and the extent of investments etc. in an annexure to the balance sheet.

(E) There shall be stated under sub-head 4(A) (iv) the names of the Governments Municipal Committees and other local authorities in whose debentures or bonds investments have been made and the nature and extent of the investment made in each case.

(F) The mode of valuation of investments, *e.g.* cost or market value, shall be stated separately and, if investments in listed companies are valued otherwise than at market value, the aggregate amount of the market value thereof shall be shown.

(G) Loans and advances due for payment after a period of twelve months from the date of the balance sheet shall be shown under this head.

(H) The following particulars shall be stated separately by way of a note of respect of sub-head 4(A) (vi) :

- (a) aggregate amount due by directors (including the managing director), managing agents, managers and other officers of the company and any of them severally or jointly with any other person; and
- (b) aggregate amount due by associated undertakings.

(I) Provisions, if any, made for diminution in the value of investments and in respect of losses of subsidiary companies shall be shown as deduction from the gross amounts of the respective sub-heads.

5. **Current assets :—**(A) Current assets shall be classified under sub-heads appropriate to the company's affairs, including, where applicable, the following :

- (i) stores, spare parts and loose tools, distinguishing each from the other;
- (ii) stock-in-trade, distinguishing, where practicable, between (a) stock of raw materials and components, (b) work in progress, (c) stock of finished products and (d) other stock;
- (iii) sundry debtors, which shall include amounts due in respect of goods sold or services rendered or in respect of other contractual obligations but shall not include the amounts which are in the nature of loans or advances. Debts considered good and debts considered doubtful or bad shall be separately stated. Debts considered good shall be distinguished between those which are secured and those for which the company holds no security other than the debtor's personal security;
- (iv) loans and advances due for repayment within a period of twelve months from the date of the balance sheet, showing separately the amounts due from subsidiaries, controlled firms and other associated undertakings and also the amounts lent out to employees of the company. Loans and advances considered good and loans and advances considered doubtful or bad shall be separately stated;
- (v) trade deposits and short term prepayments for which services or benefits are to be received within twelve months from the date of the balance sheet and current account balances with statutory authorities;
- (vi) bills receivable;

- (vii) interest accrued or interest outstanding ;
- (viii) balances on current account with the managing agents, managers and directors the maximum amount held by any of them at any time since the date of incorporation or since the date of the previous balance sheet, whichever is the later, being stated by way of a note ;
- (ix) tax refunds due from Government, showing separately excise duties, customs duties, sales tax, income-tax etc. and
- (x) cash and bank balances, distinguishing between (a) amount in hand, (b) amount in transit and (c) balances with banks and agents.

(B) In the case of sub-heads 5(A) (i) and (ii) the respective basis of valuation shall be stated. If the basis such as "cost", "market value" or "cost or market value, whichever is lower" is given, there shall also be given, to the extent practicable a general indication of the method of determining the "cost" or "market value" e.g. "average cost", "first-in, first out", or "last-in, first out".

(C) In respect of each of the sub-heads 5(A) (iii) and (iv) the following particulars shall be stated separately :

- (a) aggregate amount due by directors (including managing director), managing agents, managers and other officers of the company and any of them severally or jointly with any other person ;
- (b) aggregate amount due by associated undertakings ;
- (c) maximum amount of debts, under each of the preceding items (a) and (b) at any time since the date of incorporation or since the date of the previous balance sheet, whichever is the later (by way of a note).

6. Assets in respect of which different methods or bases of valuation or of provision for depreciation or diminution in value are used shall be regarded as assets of different classes.

7. Preliminary expenses, discount allowed on the issue of shares and expenses incurred on the issue of shares or debentures, including any sums paid by way of commission or brokerage on the issue of shares or debentures, to the extent not written off or adjusted, shall be treated as assets and shown separately under each head.

8. Share capital and reserves :—(A) Share capital and reserves shall be classified under the following sub-heads :

- (i) paid up capital, distinguishing between different classes of preference and equity shares and the amount paid up in respect of each class. In the case of forfeited shares, the amount already paid thereon shall be added to the paid-up capital. Calls paid in advance shall also be added to the paid-up capital ; and
- (ii) reserves, distinguishing between capital reserves and revenue reserves. Capital reserves shall include capital redemption reserve, share premium account, surplus on revaluation of fixed assets, profit prior to incorporation or on reissue of forfeited shares or any

reserve not available for distribution by way of dividend (to be specified), while revenue reserves shall include general reserve, dividend equalisation reserve, other reserves created out of profit (to be specified), and unappropriated profit *i.e.* credit balance of profit and loss account after appropriations for the period to the date of balance sheet. Additions to and deductions from each item of reserves shall be shown in the balance sheet under the respective items unless they are disclosed in the profit and loss account or a statement or a report annexed thereto.

(B) There shall be shown in the balance sheet:

- (i) authorised share capital distinguishing between various classes of shares and stating the number and value of each class;
- (ii) issued share capital, distinguishing between various classes of shares and stating the number and value in respect of each class;
- (iii) subscribed share capital, distinguishing between various classes of shares and stating the number and value in respect of each class;
- (iv) called up share capital, distinguishing between various classes of shares and stating the number, value and the amount called up in respect of each class;
- (v) calls unpaid as a deduction from called up share capital, distinguishing calls unpaid by (a) directors (including managing director) (b) managing agents, (c) managers, (d) officers and (e) others;
- (vi) paid up share capital, distinguishing in respect of each class between (a) shares allotted for consideration paid in cash, (b) shares allotted for consideration other than cash and (c) bonus shares and stating the number and value of each class.
- (vii) particulars of any option on unissued shares, such as amount of option, class of shares, issue price, period during which option is exercisable etc.
- (viii) in the case of redeemable preference shares, the terms of redemption or conversion, if any, together with the earliest date on which the company has power to redeem or the company or the holder of the shares has power to convert the shares; and
- (ix) in the case of subsidiary companies, the number of shares class held by the holding company as well as by the ultimate company, if any, and its subsidiaries.

(C) Where circumstances permit, authorised, issued, subscribed, and paid up capital or any two or more of them may be shown as one item.

(D) The word fund, in relation to any 'reserve' shall be used only where such a reserve is represented by specifically earmarked investment or other assets realisable as and when required at not less than the amount of fund.

9. **Long-term loans and deferred liabilities.**—(A) Long-term loans and deferred liabilities shall mean loans and liabilities which become due for payment after twelve months from the date of the balance sheet. Deferred liabilities shall include such other liabilities as are under normal accounting principles appropriately so classified.

B. Long-term loans shall be classified as secured and unsecured, under each class shall be shown separately :

- (i) debentures ;
- (ii) loans from banking companies and other financial institutions ;
- (iii) loans from subsidiary companies, controlled firms and other undertaking ;
- (iv) loans from directors (including managing director), managing agents and managers ; and
- (v) other loans.

(C) Where any of the long-term loans or any other deferred liabilities are secured otherwise than by the operation of law on any assets of the company the fact that the liabilities are so secured shall be stated, together with a statement of the assets upon which they are secured, and, where more than one class of liabilities is so secured, their relative priorities with respect to payment of interest and redemption.

(D) The rate of interest and terms of redemption or conversion if any of the debentures issued shall be stated together with the earliest date on which they may be redeemed or converted into shares and it shall also be stated if any, sinking fund arrangement exists.

(E) There shall be stated, by way of a note or otherwise, particulars of any redeemed debentures which the company has power to reissue.

(F) Where any of the company's debentures are held by a nominee of, or a trustee for, the company, the amount thereof, calculated on the same basis as the total amount standing in the balance sheet in respect of the debentures of that class, shall, unless and until the debentures so held are reissued or cancelled, be shown as deduction from the total by way of a note.

(G) Deferred liabilities shall include items such as (i) deferred liability for taxation, (ii) consumer's deposits with utility companies and (iii) amounts allocated or set aside and retained for Workers' Participation Fund, provident fund, pension, gratuity insurance and other staff benefit schemes. Every material item shall be stated separately.

10. **Current liabilities.**—9(A) Current liabilities shall mean liabilities due and payable (other than liabilities the payment of which may at the company's option, be postponed) within twelve months from the date of the balance sheet, together with such other liabilities as are under normal accounting principles appropriately so classified.

(B) Current liabilities and provisions shall, so far as they are appropriate to the company's business, be classified under the following sub-heads :

- (1) Short-term loans, distinguishing between secured and unsecured and between loans taken from—
 - (a) banking companies, and other financial institutions ;
 - (b) subsidiary companies, controlled firms and other associated undertakings ;

- (c) directors (including managing directors), managing agents and managers ;
- (d) instalments of long-term debt ; and
- (e) others ;
- (2) deposits ;
- (3) creditors ;
- (4) accrued expenses ;
- (5) bills payable ;
- (6) advance payment and unexpired discounts for the portion for which value is still to be given, e.g., in the case of newspapers, clubs and steamship companies ;
- (7) interest accrued on secured loans ;
- (8) interest accrued on unsecured loans ;
- (9) other liabilities if any (to be specified), e.g., unclaimed dividend, unpaid dividend ;
- (10) provision for taxation, showing separately excise duties, customs duties, sales tax, income tax, etc. ;
- (11) proposed dividend ; and
- (12) other provisions, if any (to be specified).

(C) Where any short-term loans of any other liabilities of the company are secured otherwise than by the operation of law on any assets of the Company, the fact that the liabilities are so secured shall be stated, together with a statement of the assets upon which they are secured and where more than one class of liabilities is so secured, their relative priorities with respect to payment of interest and redemption.

11. No liability shall stand in the balance sheet at a value less than the amount at which it is repayable (unless the quantum of repayment is at the option of the company) at the date of the balance sheet or, if it is not then repayable, at the amount at which it will first become so repayable thereafter, less where appropriate, a reasonable deduction for discount until that date.

12. There shall be added a foot-note to the balance sheet, showing separately :—

- (1) claims against the company not acknowledged as debt ;
- (2) uncalled liability on partly shares ;
- (3) arrears of fixed cumulative dividends on preference shares together with the period for which the dividends are in arrears. If there is more than one class of preference shares, the gross amount of dividends in arrears, on each such class, shall be stated separately ;
- (4) the aggregate amount of contracts for capital expenditure remaining to be executed and not provided for ; and

- (5) other sums for which the company is contingently liable. The aggregate amount of any guarantees given by the company on behalf of the directors (including managing director), managing agents managers or other officers of the company or any of them severally or jointly with any other person shall be stated separately, and where practicable, the general nature and amount of each such contingent liability, if material, shall also be specified;
- (6) where determinable, the capacity of the industrial unit actual production and the reasons for shortfall, if any, except in a case where the Authority upon an application agrees that such information need not be disclosed in the public interest.

13. Where there has been any change in the basis of accounting, *e.g.*, change in the mode of valuation of the stock-in-trade, change in the method of charging depreciation, such changes, together with the effects thereof, shall be stated by way of a note.

14. There shall be stated, by way of a note or otherwise—

- (1) the basis on which foreign currencies have been converted into taka; and
- (2) the general nature of any credit facilities available to the company under any contract, other than trade credit available in the ordinary course of business, and not availed of at the date of the balance sheet.

15. If in the opinion of directors, any of the current assets and investments loans and advances do not have, on realization in the ordinary course of business, a value at least equal to the amounts at which they are stated, the fact the directors are of that opinion shall be stated by way of a note.

16. Except for the balance sheet for the year ending after the date of commencement of these rules, every balance sheet shall also give the corresponding amounts at the end of the immediately preceding accounting year for all items shown in the balance sheet. This requirement shall, in the case of companies preparing quarterly or half-yearly accounts relate to the balance sheet as on the last day of the period which ended on the corresponding date of the immediately preceding year.

17. Where any items shown in the balance sheet or included in amounts shown therein cannot be determined with substantial accuracy an estimated amount described as such shall be included in respect of that items together with the description of the item.

18. No provision with respect to the information to be given in the balance sheet shall be deemed to require the amount of any items that is of no material significance to be given separately.

19. Any information required to be given in respect of any of the items in the balance sheet, if it cannot be included in the balance sheet itself, be furnished in a separate schedule or schedules to be attached to, and to form part of, the balance sheet.

PART II

REQUIREMENT AS TO PROFIT AND LOSS ACCOUNT

1. The profit and loss account shall be so made out as to disclose clearly the result of the working of the company during the period covered by the account and shall show, arranged under the most convenient heads, the gross income and the gross expenditure of the company during the period, disclosing every material feature and in particular the following:—

- (A) (1) the turnover, that is, the aggregate amount for which sales are effected by the company, and the gross income derived from rendering giving on supplying services or benefits, and showing as deduction therefrom—
- (a) commission paid to sole selling agents;
 - (b) commission paid to other selling agents; and
 - (c) brokerage and discount on sales, other than the usual trade discount.
- (2) income from investments, showing separately income from each subsidiary company, from each controlled firms, from each associated undertaking and from other investments;
- (3) income by way of interest on loans and advances and other interest;
- (4) income from sale of bonus vouchers;
- (5) profit on sale of investments;
- (6) profit on sale of items of fixed assets;
- (7) profit in respect of transactions, of an exceptional or non-recurring nature, not usually undertaken by the company or not envisaged in the normal course of business; and
- (8) other income, showing separately every material item and the nature of each such items;
- (B) (1) the value of stock-in-trade, including raw materials and components work in progress and finished products, as the commencement and the value as the end of the period;
- (2) purchase of raw materials and components and finished products;
- (C) expenditure on—
- (1) stores and spare parts consumed;
 - (2) fuel and power;
 - (3) salaries and wages (including bonus, contributions to provident and other funds recognised under the Income Tax Ordinance, 1984 and expenses on staff welfare), distinguishing 1984 and expenses on staff welfare), distinguishing between manufacturing salaries and wages, if any, and other salaries and wages and also showing by way of a note the amount included in salaries and wages in respect of persons who are directors (including managing director) of the company;

- (4) rent, municipal rates and local taxes (excluding taxes on income and capital gains) ;
 - (5) insurance ;
 - (6) repairs and maintenance (being repairs to and maintenance of the company's fixed assets) ; and
 - (7) patents, copyrights, trade marks, design, royalties and technical assistance ;
- (D) the aggregate amount of auditors remuneration, whether fees, expenses or otherwise, for services rendered as auditors or in any other capacity showing separately the remuneration for services rendered as auditors and the remuneration for services rendered in any other capacity and stating the nature of such other services ;
- (E) other expenses, showing separately every items of an exceptional or non-recurring nature and every material items ;
- (F) the amount provided for depreciation, renewals or diminution in value of fixed assets. The value of the assets by various groups, the additions or depletions thereto, the rate at which depreciation is charged, the rate (s) at which depreciation, accelerated or for extra-shifts, is charged shall be shown in the form of an annexure. Where such provision is not made by means of a charge for depreciation, the method adopted for making such provision shall be stated. If no provision for depreciation or for extra shift depreciation is made during the period, the fact that no provision has been made and the reasons for not making it shall be stated, and the amount which should have been provided and the quantum of arrears of depreciation, if any, shall be disclosed.
- (G)(1) the amount of interest on borrowings, showings separately the amount of interest on the company's debentures, on other long-term loans and on short term loans, and showing by way of a note the amount of interest on borrowings from the directors (including managing director), the managing agets and the managers ;
- (2) loss on sale of investments ;
 - (3) loss on sale of items of fixed assets ;
 - (4) debts written off as irrecoverable ;
 - (5) provision for doubtful or bad debts ;
 - (6) provision for diminution in value of investments ;
 - (7) provision for losses of subsidiary companies, controlled firms and associated undertakings ; where loss is actually incurred the extent of loss in the case of each subsidiary company, controlled firms and associated undertaking shall be disclosed ;

- (8) remuneration of managing agents ;
 - (9) provision for taxation on income, capital gains and other tax or taxes : showing separately the provision for liability in respect of the profit of the period and the provision for liability deferred due to the difference between the rates of depreciation allowed for purposes of taxation on income and those adopted by the company for the charge to profit and loss account and distinguishing, where applicable, between the provision for Bangladesh taxation and the provision for taxation elsewhere. Where the provision for taxation in respect of the profits of the period is reduced by the writing back of a part or the whole of the provision for deferred liability made in previous periods the amount written back shall be shown as deduction from the gross charge for taxation ; and
 - (10) other provision for meeting specific liabilities, contingencies or comminents :
- (H) (1) the amount set aside or proposed to be set aside as reserves showing separately the respective amounts in respect of each item of reserve ; and
- (2) the amount of the dividend proposed.

2. The profit and the loss arising from 'hedge' and 'forward' contracts, trading in 'futures' and 'badla (contango and backwardation)' and other transactions of a similar nature carried forward or completed by 'meeting the difference' and not resulting in actual purchase or sale of stock-in-trade, shall not be deducted from or added to the cost of item (B) (2) in paragraph 1 of this Part, and shall be shown separately in the profit and loss account.

3. There shall be stated by way of a note the respective amounts included in items (G) (4) and (5) of paragraph 1 of this Part for (a) debts due by the directors (including managing director), managing agents, managers and other officers of the company and any of them severally or jointly with any other person (b) debts due by associated undertakings.

4. The followig shall be stated by way of a note—

- (i) the aggregate amounts paid during the period to or in respect of, or provided during the period for payment to or in respect of, the directors (including managing director), managing agents and officers by the company and its subsidiary companies, controlled firms and other associated undertaking as fees, remuneration, allowances, commission, perquisites or benefits or in any other form or manner and for any services rendered, and shall give full particulars of such aggregate amounts, separately for the directors (including managing director), managing agents and officers, under appropriate heads such as :
 - (a) fees ;
 - (b) managerial remuneration ;
 - (c) remuneration or commission based on net profit or turnover ;
 - (d) reimbursable expenses ;

- (e) pensions ; gratuities ; company's contribution to provident, superannuation and other staff funds (showing by way of a note payments actually made out of such funds, during the period being amounts in excess of members' own subscriptions and interest thereon) ; compensation for loss of office and in connection with retirement from office ;
 - (f) buying commission, showing separately the amount provided for or paid to an associated undertaking of the managing agent or to an associated person of or partner in, or a director or officer of the managing agent or of the company ;
 - (g) selling agency commission, showing separately the amount provided for or paid to an associated undertaking of the managing agent or to an associated person of or partner in, or a director or officer of the managing agent or of the company ;
 - (h) other allowances and commission, including commission for guarantee, specifying the nature of the allowances and commission and the respective amounts ;
 - (i) other prerequisites and benefits in cash or in kind stating their nature and where practicable, their approximate money values ;
 - (j) the amount of commission to the managing agents, to an associated person of the managing agent or to an associated person of a partner or a director or officer of the managing agent or of the company as selling or buying agents of other concerns in respect of contracts entered into by such concerns with the company ;
 - (k) the aggregate amounts of the company's purchases from and sales of goods, material and services to the managing agents, to an associated undertaking of the managing agent or to an associated person of a partner or a director or officer of managing agent or of the company ;
 - (l) the calculation of the commissions payable by way of a percentage of net profits to the directors (including managing director), the managing agents or managers and showing the computation of net profits with relevant particulars ; and
 - (m) the amounts, if material, by which any items shown therein are affected by any change in the basis of accounting.
- (ii) in the case of a sale of an item of fixed assets otherwise than through a regular auction showing particulars of the original cost accumulated depreciation charged thereon the written down value, the sale price,

the mode of disposal (e.g. by tender or negotiation) and the particulars of the purchasers indicating whether such purchaser was a director or officer, managing agent or a shareholder owning 20 percent of the voting shares of the company.

5. A company need not show the amount set aside as provisions other than those relating to depreciation, renewal or diminution in value of assets if, on application made by it, has been allowed by the Authority to do so on being satisfied that the disclosure of such information would be prejudicial to the interests of the company, but shall so frame or mark the heading covering the amount of such provision as to indicate that it has been so allowed by the Authority.

6. The profit and loss account shall be so drawn up as to disclose separately the manufacturing, trading and operation results. In the case of a manufacturing concern the cost of goods manufactured shall also be shown. Where an undertaking has more than one unit of operation or line of business the working results of each such unit or line of business should be separately given.

7.(A) Except for the profit and loss account for the year ending after the date of commencement of these Rules every profit and loss account shall give the corresponding amounts for the immediately preceding accounting year for all items shown in the profit and loss account.

(B) The requirement in sub-paragraph (A) shall, in the case of companies preparing quarterly or half yearly accounts relate to the profit and loss account for the period which ended on the corresponding date of the immediately preceding year.

8. The information required to be given respect of any of the items in the profit and loss account shall, if it can not be included in the profit and loss account itself, be furnished in a separate schedule or schedules to be attached to and to form part of, the profit and loss account.

9. In the case of a company not carrying on business for profit the provisions of this Part shall have effect as if for references therein to profit and loss account references to income and expenditure account had been substituted.

PART III

INTERPRETATION

1. For the purpose of this Schedule unless the context otherwise requires—

(a) the expression “associated undertakings” means any two or more undertakings interconnected with each other in the following manner, namely:—

- (i) if a person who is the owner or a partner, officer or director of an undertaking or who directly or indirectly holds or controls shares carrying not less than twenty percent of the voting power in such undertaking, is also the owner or a partner, officer or director of another undertaking or directly or indirectly, holds or controls shares carrying not less than twenty percent of the voting power in that undertaking; or
- (ii) if the undertakings are under common management or common control or one is the subsidiary of another;

and the shares of an issuer shall be deemed to be owned, held or controlled by a person if they are owned, held or controlled by that person or by the spouse, a brother or sister or any lineal ascendant or descendant of that person and the person who is the owner or a partner officer or director of, or directly or indirectly holds or controls shares carrying not less than twenty percent of the voting power in, an undertaking shall be deemed to be an “associated person” of the person who is the owner or a partner, officer or director of, or directly or indirectly holds or controls shares carrying not less than twenty percent of the voting power in, another undertaking which is an associated undertaking of that undertaking;

- (b) the expression ‘debts’ shall include loans and advances and other receivables where it relates to amounts written off and provision for doubtful and bad debts;
- (c) the expression “liability” shall include all liabilities in respect of expenditure contracted for and all disputed or contingent liabilities;
- (d) the expression “manufacturing salaries and wages” shall mean those direct and administrative salaries and wages which under normal accounting principles are so classified;
- (e) the expression “provision” shall, subject to paragraph 2 of this Part, mean any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets, or retained by way of providing for any known liability of which the amount cannot be determined with substantial accuracy;
- (f) the expression “reserve” shall not, subject as aforesaid, include any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability;
- (g) the expression ‘Rules’ means the Securities and Exchange Rules, 1987.

2. Where, in the case of a company,—

- (a) any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets, not being an amount written off in relation to fixed assets before the commencement of these Rules; or
- (b) any amount retained by way of providing for any known liability, is in excess of the amount which, in the opinion of the directors of the company, is reasonably necessary for the purpose, the excess shall be treated for the purposes of this Schedule as a reserve and not as a provision.

3. A firm shall be deemed to be controlled by a company if the latter controls the firm's management or is entitled to more than fifty percent of its profits or is liable to bear more than fifty percent of its losses.

FORM A

[See rule 12(2)]

Name of the Company
 Balance Sheet as at

Corresponding figures as at the end of the preceding year.	Capital and Liabilities	Figures as at date of Balance Sheet.	Corresponding figures as at the end of the preceding year.	Property and Assets	Figures as at date of Balance Sheet.
1	2	3	4 5 6	7	8 9

Rs.

Rs. Rs. Rs.

Rs.

Rs.

Rs.

CAPITAL AND RESERVES
 (See paragraph 8 of Part-I)

FIXED ASSETS (See Paragraph 2 of Part I).

(Distinguishing between intangible and tangible assets and classifying under appropriate sub-heads, such as, in the case of intangible assets good-will and patents, copy-right, trade marks and designs ; and in the case of tangible assets, free-hold land, lease-hold land buildings on free-hold buildings on leasehold land, plant and machinery, furniture and fittings, vehicles, capital and work in progress ;

Share Capital
 Authorised
 ... shares of Rs. each
 Issued
 Subscribed
 Called up

... ..

respect of each class of paid up shares between shares allotted for consideration in cash shares allotted for consideration other than cash, and bonus shares. Particulars of any option on unissued shares and terms of redemption etc., of redeemable preference shares to be stated).

(Where the company is a subsidiary of another company, the number of shares of each class held by the holding company the ultimate holding company and its subsidiaries shall be stated).

Capital Reserves.....

Revenue Reserves and Unappropriated Profit

(Showing separately each item of reserve under capital reserves and revenue reserves and the addition thereto and deductions therefrom unless the additions and deductions are disclosed in the profit and loss account or a statement or report annexed thereto).

INVESTMENTS—LOANS AND ADVANCES.

(See paragraph 4 of Part D).

(Stating mode of valuation and showing provisions for diminution in value of investments and advances and in respect of losses of subsidiaries, as deduction from the gross amounts of the respective sub-heads)

1	2	3	4	5	6	7	8	9
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Rs.

Provision for Bad and Doubtful debts

Rs. Rs. Rs. Rs.

Investments in and loans and advances to subsidiary companies controlled firms and any other associated undertakings (stating names of subsidiary companies, controlled firms and other associated undertakings and the nature and extent of investment made and loans and advances given in each case.)

LONG-TERM LOANS AND DEFERRED LIABILITIES (See paragraph 9 of Part I)

Loans : (Distinguishing between secured and unsecured loans and stating in the case of secured loans the assets upon which they were secured and their relative priorities, if any).

Debentures (stating rate of interest terms of redemption, etc. particulars of redeemed debentures

Investments in listed companies other than investments in subsidiary companies and other associated undertakings (stating names of the bodies corporate and the nature and extent of investments made in each case. If valued otherwise than at market value stating aggregate market value.)

Investments in unlisted companies other than investments

in subsidiary companies, controlled firms and other associated undertakings (stating names of the bodies corporate or firms or undertakings and the nature and extent of investment made in each case).

Investments in debentures and bonds issued by Government Municipalities or

Other local authorities (stating the names of Government, etc. and the nature and extent of investment made in each case).

Investments in immovable property . . .

Other loans and advances (stating by way of a note the particulars prescribed by sub-paragraph (G) of paragraph 4).

CURRENT ASSETS
(See paragraph 5 of Part I)

Stores, spare-parts and loose tools (stating mode of valuation).

which the company has power to reissue and also the amount of debentures held by a nominee or trustee for the company).

Loans from banking companies and other financial institutions.

Loans from subsidiary companies and controlled firms.

Loans from directors (including managing director), managing agents and managers.

Other loans

Deferred Liabilities (Showing every material item separately).

CURRENT LIABILITIES AND PROVISIONS
(See paragraph 10 of Part I).

1	2	3	4	5	6	7	8	9
Rs.		Rs.	Rs.	Rs.	Rs.		Rs.	Rs.
	Short-term loans: from loaning companies and other financial institution.					Stock-in-trade (distinguishing between stock of raw mate- rials and components and work in progress, stock of finished products and other stock, and stating mode of valuation).		..
	from subsidiary companies, con- trolled firms and associated undertakings.					Sundry debtors (distinguishing between debts considered good and debts considered doubtful or bad. Provision made against the latter should be shown under the liabilities side. The particulars pre- scribed in sub-paragraph (C) of paragraph 5 should be given by way of a note).		..
	from directors (including manag- ing director), managing agents and managers.							
	from others							
	Deposits —					Short-term loans and advances (distinguishing between loans and advances considered good and loans and advances consi- dered doubtful. Provision made against loans considered bad and doubtful should be shown under liabilities side under appropriate sub-heads.		
	Creditors							
	Accrued expenses							
	Bills payable							

<p>Advances payments and unexpired discount.</p> <p>Interest accrued on secured loans ..</p> <p>Interest accrued on unsecured loans ..</p> <p>Other liabilities (to be specified) ..</p> <p>Provision for taxation ..</p> <p>Proposed dividend ..</p> <p>Other provisions (to be specified) ..</p> <p>(Stating where any current liabilities are secured, the fact that they are so secured and stating the assets upon which they are secured and where more than one class of liabilities is so secured their relative priorities).</p>	<p>Particulars prescribed in sub-paragraph (C) of paragraph 5 should be given by way of a note).</p> <p>Short-term prepayments and deferred charges.</p> <p>Bills receivable ..</p> <p>Interest accrued or Interest outstanding.</p> <p>Balances on current account with the managing agents, managers, directors and officers.</p> <p>Cash and bank balances :</p> <p>in hand ..</p> <p>in transit ..</p> <p>in banks ..</p> <p>(in savings, current and fixed deposit account).</p>	<p>Profit and Loss Account—Profit</p> <p>Profit and Loss Account—Loss</p>
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NOTES

- Contingent liabilities (See paragraph 12 of Part I).
- Claims against the company not acknowledged as debts.
- Uncalled liability on partly paid shares.
- Arrears of fixed cumulative dividends on preference shares.

(Stating the period for which the dividends are in arrears and showing separately the amounts due in respect of different classes of preference shares.)

Aggregate amount of contracts for capital expenditure remaining to be executed and not provided for.

Other sums for which the company is a contingently liable (state separately the aggregate amount of any guarantees given by the company on behalf of the directors (including managing director), managing agents, managers or other officers of the company or any of them severally or jointly with any other person and, where practicable, the general nature and amount of each such contingent liability if material).

The capacity of the industrial unit, actual production and reasons for short fall, if any.

Where there has been any change in the basis of accounting e.g. change in the mode of valuation of the stock-in-trade, change in the method of charging depreciation, such changes together with the effects thereof.

The basis on which foreign currencies have been converted into rupees.

The general nature of any credit facilities available to the company under any contract (other than trade credit available in the ordinary course of business) and not taken up at the date of the balance sheet.

FORM E

[See rule 12(3)]

Form of the Auditor's Report

We have examined the annexed Profit and Loss Account for the period from to and also the annexed Balance Sheet of Ltd. as at and we state that we have obtained all the information and explanations which we required and, after due verification thereof, we report that,—

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Act, 1913;
- (b) in our opinion, the Balance Sheet and the Profit and Loss Account have been drawn up—
 - (i) in conformity with the Companies Act, 1913; and
 - (ii) in accordance with the requirements of the Schedule to the Securities and Exchange Rules, 1987;
- (c) in our opinion and to the best of our information and according to the explanations given to us—
 - (i) the Balance Sheet and Profit and Loss Account which are in agreement with the books of account exhibit a true and correct view of the state of the company's affairs; and
 - (ii) the expenditure incurred was for the purpose of the company's business.

Chartered Accountant

By order of the President
DEVWANJAN CHAKRABORTY
Deputy Secretary (Investment)