

**BANK OF COMMERCE AND DEVELOPMENT**  
**(L.J.S.C)**  
**BOARD OF DIRECTORS**



**THE 1ST ANNUAL REPORT OF  
THE BOARD OF DIRECTORS  
31 / 12 / 1997**

Bank of Commerce & Development - Head office - Burj Al Mukhtar - Sh. Jamal Abdunnaser

P.O.Box 9045 - 9160 - Benghazi - Libya - Tel : 9097220 - 9097115 - Fax : 9097300

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

(ولكل درجات مما عملوا وما ربك بغافل عما يعملون)

بِسْمِ اللَّهِ  
الرَّحْمَنِ الرَّحِيمِ



## BANK OF COMMERCE & DEVELOPMENT ( L.J.S.C ) LIBYAN STOCK COMPANY

Incorporated according to Law No. (1) Year 1993 as amended for Banks, Monetary and advances as follows.

1. Secretary, Peoples' Committee of the Planning and Financial Decision No. (234) for Year 1423 M.
2. Secretary, Peoples' Committee of the Planning, Economics and Commerce No- (529) for the Year 1424 M.
3. Commercial Regulation under No. (9515) dated 09/11/95.

The Bank officially inaugurated on 09/06/96.

Joined as a member of Union of Arab Banks on 01/05/96.

\* Capital:

<b>Authorised</b>	(LYD 9,000,000)	Libyan Dinars Nine Million
<b>Paid</b>	(LYD 4,500,000)	Libyan Dinars Four Million Five Hundred
Thousand		

\* Shareholders:

1430	Natural Persons
34	Juridical Persons (Public and Private)

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## **BANK OF COMMERCE & DEVELOPMENT**

### **HEAD OFFICE**

BURJ AL MUKHTAR 2<sup>ND</sup> FLOOR

SH. JAMAL ABDUNNASAR

BENGHAZI

P O BOX 5045

TEL: 9097220 - 9097115

Fax: 9097300

### **BRANCHES**

1. **BENGHAZI MAIN BRANCH INAUGURATED ON 09/06/96**

BURJ AL MUKHTAR 1<sup>ST</sup> FLOOR

SH. JAMAL ABDUNNASAR

BENGHAZI

P O BOX 9160

TEL: 9097361

Fax: 9080444

2. **TRIPOLI MAIN BRANCH INAUGURATED ON 06/09/97**

TOWER NO, (1) DAT EL IMAD BUILDINGS

TRIPOLI

P O Box 91210

TEL: 3350424-3350423-3350422

FAX: 3350528 - 3350421

### **BRANCHES & AGENCIES OPENING SOON**

- \* MISURATA MAIN BRANCH
- \* STEEL MANUFACTURING COMPLEX AGENCY - MISURATA
- \* THE GARDEN AREA AGENCY - BENGHAZI
- \* AL FOWAYHAT SOUTH AGENCY - BENGHAZI
- \* AL BALADI AREA AGENCY - BENGHAZI

## BOARD OF DIRECTORS

JAMAL T. ABDULMALEK	<i>Chairman &amp; General Manager</i>
HASSAN OMRAN HAROUN	<i>Vice Chairman &amp; Deputy General Manager</i>
DR. MOHAMED R. BUZAKUK	<i>Member</i>
MUBARAK ABDULLAH AL SHAREEF	<i>Member</i>
YOUSEF AWAD AL HASADY	<i>Member</i>
ABDUIL KABIR IMHEMED SALIM	<i>Member</i>
FAWZIA SALIM KABLAN	<i>Member</i>
MOHD. MOHD. HUWAIDI	<i>Member (on behalf of Islamic Call Society)</i>
FADAL ALLAH FARAJ FANOOSH	<i>Member (on behalf of Libyan Insurance Co)</i>
OMAR FARAJ AL LAHIEWEL	<i>Secretary to the Board</i>

## EXIECUTIVE COMMITTEE

JAMAL T. ABDULMALEK	<i>Chairman</i>
HASSAN OMRAN HAROUN	<i>Member</i>
YOUSEF AWAD AL HASADY	<i>Member</i>
OMAR FARAJ AL LAHIEWEL	<i>Secretary to the Executive Committee</i>

## GENERAL MANAGEMENT

<b>JAMAL T. ABDULMALEK</b>	<i>Chairman &amp; General Manager</i>
<b>HASSAN OMRAN HAROUN</b>	<i>Vice Chairman &amp; Deputy General Manager</i>
<b>ABDEL FATEH AHMAD AL FAGI</b>	<i>Manager Accounts Department</i>
<b>KHALID H. AL-MUSRATI</b>	<i>Head of Computer Section</i>
<b>ALI RAJAB AL- RUTAB</b>	<i>Head of Public Relations</i>
<b>ALI MOHD JAWDA</b>	<i>Head of Administration &amp; Personnel</i>
<b>WAIL MOHD BASHEER</b>	<i>head of Information &amp; Communications</i>

## BRANCH MANAGERS

<b>SALEH S. MABSUT</b>	<i>Acting Manager, Benghazi Main Branch</i>
<b>YOUSEF S. TURKMAN</b>	<i>Manager, Tripoli, Branch</i>

***Statement of the Chairman & General Manager to the Shareholders of Bank of Commerce & Development regarding the activities for the Financial Year ended 31/12/1997.***

***Dear Shareholders,***

We are pleased to address your goodselves on the occasion of the First Annual General Assembly of our Bank for the period ending 31 " December 1997.

On 12<sup>th</sup> November 1995 our Bank acquired its legal entity status as all formalities were completed towards registering the Bank in the "Commercial Register". We have also completed the setting-up of the Bank's owned premises for Benghazi, Head Office and Main Branch after being. Suitably equipped with all the necessary furniture and fittings as well as the Computer network.

The Bank was inaugurated on 9<sup>th</sup> June 1996 and since then, our advanced services, including the opening of account procedures, cheque book printing, for which a specially designed machine was imported from abroad, as well as introducing for the first time to the country the "Children's' Savings Accounts" which differ from the Adults Savings Accounts, are highly regarded by our clientele. On 6<sup>h</sup> September 1997 our fully equipped Tripoli Main Branch started operations after obtaining the necessary Central Bank of Libya's approval, who also approved the opening of a new Branch in Misurata, which is under establishment at present. We also obtained the. required approvals for opening our Agency in the Steel Manufacturing Complex in Misurata upon their request In acknowledgement of our remarkable products and services.

We are pleased to report that our bank's Balance Sheet, although newly established, has shown a net profit of LYD 415,000, which is a landmark, taking into account, that all new industrial. commercial and/or service projects do not attain profitability before two/three years of operation. In spite of the economical and other difficulties faced and imposed on our country, inland and abroad, which are current for more than seven years, our bank has recorded a number of achievements set hereinafter:-

***The first Bank in the Jamahiriya to:***

- \* Introduce the moderm automatic cheques printing system
- \* Introduce special children's saving account books which differ from the adults savings accounts
- \* Introduce the customers specimen signatures an the scanner system
- \* Adopt fast Inter-alia remittance system between Benghazi and Tripoli Branches
- \* Avail customers with the necessary Foreign Exchange documents and payment of travelling allowance to Libyan Nationals through Benghazi and Tripoli Branches
- \* Incorporate the Bank's :authorised signatures in CDs and supply all banks hi the Jamahiriya with those CDs
- \* Introduce the Credit Cards (AMAN) in the country which are used by our customers and accepted in most of the Hotels, Commercial Centres and Companies etc.
- \* Adopt the Phone Banking System to provide customers with all their required information on their accounts
- \* Introduce to domestic, Libyan Dinar Traveller's Cheque upon special delegation from the Central Bank of Libya

Finally, I would like to pledge appreciation aid thankfulness to our shareholders, our clients and the Central Bank of Libya for their esteemed support and assistance. I also acknowledge with appreciation the efforts of the Management and Staff of the Bank which ieed to such achievements,

**JAMAL T. ABDUL MALEK**  
**Chairman & General Manager**

## **BOARD OF DIRECTORS REPORT**

*To: Members of the General Assembly*

In Compliance with Article 35 of the Articles of Association we are pleased to submit First Annual Report for the period ending, 31<sup>st</sup> December 1997.,

### **1. HEAD OFFICE, BRANCHES & AGENCIES**

- (a) The Bank Head office in Benghazi was inaugurated, on 9<sup>th</sup> June 1996 and Benghazi Main Branch started operations on 15<sup>th</sup> June 1996 after being adequately equipped with Modern Computer Network and furniture.
- (b) After obtaining the Central Bank of Libya's approval, Tripoli Branch was opened on 60 September 1997 in Dat El Imad Complex, Tower No. 1. All required modern computer network, stationery, furniture and fittings have been properly averted and the branch is now in full operation,
- (c) The Central Bank approved the opening of three agencies in Benghazi under the control of the Main Branch in Al-Baladi Market, The Gardens Area and Al Fowayhat South. We are, now looking for the suitable premises.
- (d) We have applied for the Central Bank approval for establishing, three agencies in Tripoli under the control of Tripoli Main Branch in "Ghout At Shaal,, Souk AJ Jumma and Ain Zara".
- (e) We have obtained the Central Bank approval for a new Branch in Misurata located in property of the Steel Manufacturing Complex which, we hope, will be in operation in the near future.
- (f) The management of the Steel Manufacturing Complex approached us for opening an Agency in the complex area which, we, hope, will enable the Bank to attract good business in the LC5, Current Accounts, Deposits etc.

### **2. THE STAFF'S STRUCTURE**

The total number of the Bank staff in the Head Office, Benghazi Main Branch and Tripoli Main Branch is 43, stationed as follows:-

#### **(a) Head Office, Benghazi**

No. of staff 12, three of them namely, the Chairman & General Manager, the Vice Chairman & Deputy General Manager and the Manager of the Accounts Department have long banking services and experience. The other nine employees are University Graduates in Accountancy, Business Administration and Computer.

#### **(b) Benghazi Main Branch**

No. of staff: 14, with the exception of the Branch Manager who is a long-experienced banker, all the others are recent University Graduates in Accountancy and Business Administration.

#### **(c) Tripoli Main Branch**

No. of staff: 17, apart from the Branch Manager, Deputy Branch Manager and Head of Accounts Department, who are long experienced Bankers, all the remaining staff are University Graduates in Accountancy, Computer and Business Administration.

It is worth mentioning that the Bank Management was apparently conservative in respect of manpower recruitment with a view to minimise the general expenditure and thus retain higher revenue for the benefit of the shareholders.

### 3. BALANCE SHEET

Balance sheet footings as at 31/12/1997 LYD 51,781,738.970 (Libyan Dinars Fifty One Million Seven Hundred Eighty One Thousand Seven Hundred Fifty Eight and 970 Dirhams) detailed as follows:-

#### 1. Assets

- A) Cash in hand amounted to LYD 685,074.347, Balance with Central Bank of Libya LYD 9,736,609.565, Balance due from Local Banks LYD 2,748.369,631.
- B) Current Account Overdraft amounted to LYD 5,717,345.458 as at 31/12/1997 which represent credit facilities given to Group and Stock companies, Public Companies and individuals.
- C) Cash in hand in Foreign Currency as at 31/12/1997 equal to LYD 509,451.471,
- D) Due from Banks Abroad amounted to LYD 1,087,540.937.
- E) Fixed Deposits with Central Bank of Libya as at 31/12/1997 LYD 2 Million while our deposits with local commercial banks reached LYD 27 Million as at 31/12/1997.
- F) Total of Fixed Assets LYD 2,016,359.616 which represents properties owned by the Bank (part of ground floor and two floors) and equipment, office machinery, furniture, fittings and motor vehicles.

Accumulated depreciation for fixed assets as at 31/12/1997 LYD 176,060.443 and net book value of the fixed assets was LYD 1,840,299.173.

- G) Total investments as at 31/12/1997 LYD 552.500.000 which represents bank's participation in the capital of the following two stock companies,
  - All Tariq Computer. Service Co.
  - (10% of their capital LYD 52,500.000)
  - Al Safa Development Co,
  - (10 % of their Capital LYD 500,000,000)

Bank expects a good return on the above participation.

#### 2. Liabilities

- A) Balance of current accounts for individuals, public, private, stock companies LYD 30,901,296.245 distributed as follows:

	LYD
* Current Accounts for Individuals	17,091,188.951
* Current Accounts for Private Companies	8,250,469,107
* Current Accounts for Public Companies & Establishments	5,169,913.647

- B) Total Savings Accounts as at 31/12/1997 were LYD 2,432,631.002.

- C) Total Time, Deposits for other as at 31/12/1997 LYD 2,800,000.000, which represents deposits from public and private companies.
- D) Cash Margin against documentary credits *and as at* 31/12/1997 LYD 1,767,942.527 of which LYD 1,733,304.000 cash margin against documentary credits.
- E) Current Accounts in foreign currencies LYD 981,723.973 as at 31/12/1997.
- F) Clearing cheques as at 31/12/1997 were LYD 2,007,066,712.

### 3. Share Capital

Capital of the Bank, according to the Articles of Association amounted to LYD 9,000,000.000 (Libyan Dinars Nine Million) divided into 900000 shares which represents authorised capital of the bank, 50% paid up amounting to LYD 4,5000.000 (Libyan Dinars four Million Five Hundred Thousand), Shares owned by 1464 natural persons and public and private juridical persons.

The movement of shares under release or sale from part of shareholder during the Period of the report and details of old and new shareholder register, authenticated by special court endorsed by Taxation Department in accordance with the Commercial Law.

### 4. Profit and Loss Accounts (Income Statement)

Statement of Profit and Loss as at 31/12/1997 distributed as follows..-

- a) **General Expenses**  
The Balance of the accounts were LYD 593,221.004 mainly salaries and wages and other administration expenses for the same period.
- b) **Interest Expenses**  
Interest Expense on deposits and savings accounts LYD 609,557,499
- c) **Depreciation**  
Total depreciation as at 31/12/1997 LYD 176.060,443.
- d) **Depreciation of Establishment Expenses**  
Depreciation of establishment expenses and other LYD 285,346.294 - period calculated for 19 months.
- e) **Income**  
Balance as at 31/12/1997 amounted to LYD 464,076,861 represents commission, charges, other banking services to the customers and gain on exchange.
- f) **Interest Income (Credit Interest)**  
Balance of interest received as at 31/12/1997 LYD 1,674,892.040, which represents interest received from our deposits and our balance from banks abroad.

Therefore, Net Profit gained before taxation as at 31/12/1997 LYD 414,783,661 to be applied for taxation as per Tax Law No. 64 for the Year 1973 as amended.

**BOARD OF DIRECTORS**

**BANK OF COMMERCE. & DEVELOPMENT (L.J.S.C.)**  
**BALANCE SHEET AS AT 31 DECEMBER 1997**

	NOTE	31/12/1997 LYD
<b>ASSETS</b>		
Cash & Balances with Central Bank	1	11,258,856.604
Deposits & Other Balances due from Banks	2	30,835,909.568
Investments	3	552,500.000
Loans and Advances	4	5,722,897.452
Other Assets	5	1,571,296.173
fixed Assets	6	<u>1,840,299.113</u>
Total Assets		<u>51,781,758.970</u>
<b>LIABILITIES &amp; SHAREHOLDERS EQUITY</b>		
<b>LIABILITIES</b>		
Customers' Current Accounts	7	31,883,020.218
Customers' Fixed Deposits	8	2,800,000.000
Saving Deposits	9	2,482,631.002
Cash Margin	10	1,767,942.327
Other Liabilities	11	<u>8,163,343.106</u>
Total Liabilities		<u>47,096,936.853</u>
<b>SHAREHOLDERS EQUITY</b>		
Share Capital	12	4,500,000.000
Statutory Reserve		92,411.058
General Reserve		23,102.764
Retained Profit	13	<u>69,308.295</u>
Total Shareholders' Equity		<u>4,684,822.117</u>
Total Liabilities and Shareholders Equity		<u>51,781,758.970</u>
<b>CONTRA ACCOUNTS &amp; OTHER COMMITMENTS 14</b>		
Letters of Credit		970,723.000
Letters of Guarantee		138,554.111
Travellers Cheques in stock		<u>63,735.000</u>
Total Contra Accounts		<u>1,173,012.111</u>
<b>GRAND TOTAL</b>		<u>52,954,771.081</u>

(ABDUL FATTaH AHMED EIL FAGI)  
Manager  
Accounts Department

(HASSAN OMRAN HAROUN)  
Vice Chairman &  
Deputy General Manager

(JAMAL T ABDULMALEK)  
Chairman &-General  
Manager

*Accompanying Notes I to 19*

**INCOME STATEMENT  
YEAR ENDED 31.12.1997**

	NOTE	LYD
<b>INCOME</b>		
Interest Income	15	1,674,892.040
Interest Expense	16	<u>609,557.499</u>
<b>Net Interest Income</b>		1,065,334.541
Commission & Other Income	17	464,076.861
		<u>1,529,411.402</u>
<b>EXPENSES</b>		
Administration & General	18	593,221.004
Depreciation & Other Expenses	19	<u>521,406.137</u>
		<u>1,114,627.741</u>
Operating Profit before Provisions		414,783.661
Provisions		<u>229,961.544</u>
<b>Net profit available for appropriation</b>		<u>184,822.117</u>
<b>Proposed Appropriations</b>		
Transfer to Statutory Reserve		92,411.058
Transfer to General Reserve		23,102.764
Retained Profit at end of the year		<u>69,308.295</u>
		<u>184,822.117</u>

## BALANCE SHEET

Balance Sheet footings for the 1<sup>st</sup> year ended 31/12/1997 LYD 51,781,758.970. This is due to our effective banking activities, this led to increase in customers deposits.

### FIRST: ASSETS

#### Note No. 1

Cash in hand and balance with Central Bank of Libya amounted to LYD 11,258,856.604 including the following

	LYD
* Cash in Hand in Local Currency	685,074.457
* Cash in Hand in Foreign Currency	509,451.471
* Balance with Central Bank of Libya	9,736,609.565
* Cheques under collection	327,721.111

#### Note No. 2

Deposits with Central Bank of Libya and Local & Banks Abroad amounted to LYD 30,835,910.568 as follows.

	LYD
* Due from Local Banks	2,748,369.631
* Time Deposits with Central Bank of Libya (Matured after one month and within six months)	27,000,000.000
* Due from Banks Abroad	1,087,540.937

#### Note No. 3

Local Investments amounted to LYD 552,500.000 representing Bank's participation in the Capital of the following companies:

	LYD
* AI Tariq Computer Services CO (10% of their capital)	52,500.000
* AI Safa Development CO. (10% of their capital)	500,000.000

#### Note No. 4

Total Loans and Advances amounted to LYD 5,722,897.452 including overdraft. Current Accounts amounted to LYD 5,717,345.458 covered with guarantees accepted by Bank's Management. Loans to Customers and Employees amounted to LYD 5,551.994 which shows good results appeared on Interest Income.

#### Note No. 5

Total of Other Assets amount to LYD 1,571,296.173, which represents:

	LYD
* Sundry Debtors (General)	4,766.373
* Impersonal Accounts (Tangible)	28,613.000
* Impersonal Accounts under settlement	739,020.898
* Branches Accounts with H.O	798,895.902

#### Note No. 6

Balance of Fixed Assets Include Bank premises, furniture, office machinery and equipment, partitions and motor vehicles which amounted to LYD 1,840,299.173 After deducting the depreciation which computed on a straight line basis using the following fixed ratios according to the Executive Circular of the Tax Law No. 64 for the Year 1973:

Buildings	3% yearly
Equipment & Office Machinery	10% yearly
Furniture and Partitions	10% yearly
Motor Vehicles	20% yearly

#### SECOND: LIABILITIES

#### Note No. 7

Customer deposits including current accounts in local and foreign currencies from individuals, Public and Private Stock companies total LYD 31,883,020.218, distributed as follows:

	LYD
* Current Accounts for Individuals	17,091,188.951
* Current Accounts for Public & Private Companies	13,420,382.754
* Accounts for Stock Companies under Establishments	389,724.540
* Current Accounts in Foreign Currencies	981,723.973

#### Note No. 8

Customer deposits amounted to LYD 2,800,000.000 with annual interest rate 3.5% for public companies.

#### Note No. 9

Total of Savings Accounts for minors and adults amounted to LYD 2,482,631.002 increasing, due to the excellent services offered to encourage and establish children's saving bank.

#### Note No. 10

Total balance of cash margin for the confirmed documentary credits and local letters of Guarantee for the industrial and shipping sectors amounted to LYD 1,767,942.527, detailed as follows:

	LYD
* Cash Margin against Documentary " Credits	1,733,304.000
* Cash Margin against Letters of Guarantee	34,638.527

#### Note No. 11

Total of Other Liabilities amounted to LYD 8,424,382.402, which represents:

	LYD
Sundry, Creditors (General)	2,932,605.621
Impersonal Accounts under settlement	2,007,066.712
Impersonal Accounts (other assets)	2,943,709.229
Provision for Taxation on Profit of Companies	229,961.544

#### Note No. 12

Total Shareholders Equity, amounted to LYD 4,684,822.117, which represents:

- A) Capital of the Bank, according to the Articles of Association, amounted to LYD 9,000,000.000 (Libyan Dinars Nine Million), divided into 900000 shares which represents authorised capital of the bank 50% paid up amounting to LYD 4,500,000 (Libyan Dinars Four Million Five Hundred Thousand). Shares owned by (1464) natural persons and public and private juridical persons. The movement of shares under release or sale from part of shareholders during the period of the report are as follows:-
- 1) The number of shareholders who attended the General Assembly dated 18/10/95 was 1415 from natural and juridical persons as follows:  
  
1381 Shares related to Natural Persons and 54 for Juridical. Persons
  - 2) Number of shareholders as at 29/03/98 are as follows-,  
  
1430 shares for natural persons and 34 for juridical persons. Therefore, actual shareholders wore 1464. Details of the old and new shareholders register, authenticated by Special Court endorsed by Taxation Department in accordance with the, Commercial Law; the register (3 parts) are kept at Head office.
- B) Statutory Reserve amounted to LYD 92,411.058 as per clause no. 57 of Law No1 for the year 1993 as amended. I
- C) General Reserve amounted to LYD 23,102.764. which Presents 25% from the 50% of the remaining profit after deducting statutory reserve.
- D) Retained Profit amounted to LYD 69,308.295, which represents the remaining 75% after above distribution.

### THIRD: INCOME STATEMENT

operating profit before deducting provision amounted to LYD 414,783.661 after deducting provision for taxable on the profit for the year. After Jihad Taxation and stamps totalling LYD 229,961.544 the remaining profit available for distribution was LYD 184,822.117.

Depreciation as at 31/12/97 was TYD 521,406.737, detailed as follows:

	LYD
* Buildings	56,185.508
* Equipment & Office Machinery	53,671.464
* Furniture & Fittings	55,334.002
* Motor Vehicles	10,869.469
* Establishment Expenses	285,346.294
* Printing and Stationery Expenses	60,000.000

### FOURTH: PROPOSED DISTRIBUTION OF NET PROFIT

#### Note No. 13

Total Net Operating Profit proposed for distribution LYD 184,822.117, as per Law No. 1 for the Year 1993 as amended (Clause No. 57) and as per Articles of Association of the Bank, 50% of the net profit for each year is transferred to the Statutory Reserve, therefore LYD 92,411.058, subject to approval. 25% from the remaining profit to be transferred to the General Reserve and 75% to Retained Profit.

### FIFTH: CONTRA ACCOUNTS AND OTHER COMMITMENTS

#### Note No. 14

Outstanding Total Documentary Credits and Letters of Guarantee amounted to LYD 1,109,277.111 and Travellers Cheques in stock amounted to LYD 63,735.000. Documentary credits for import and export on behalf of public and private companies were issued and confirmed,

#### Note No. 15

Interest Income amounted to LYD 1,674,992.040, detailed as follows:

	LYD
* On Overdraft	484,415.107
* On Deposit with Central Bank of Libya and Local Banks	667,246.693
* On Our A/C with Banks Abroad (Foreign Currency) and Branches	523,230.240

**Note No. 16**

**Interest Expenses** amounted to LYD 609,557.499, detailed as follows:

	LYD
* On Deposits	125,297.780
* On Savings Accounts	70,374.359
* Others	7,881.453
* Branches Accounts	406,003.907

**Note No. 17**

**Commission and Other Income** amounted to LYD 464,076.861, detailed as follows:

	LYD
* Commission Received	132,772.521
* Exchange Gain	96,217.501
* Other Income	235,086.839

**Note No. 18**

**Administration and General Expense** amounted to LYD 593,221.004. detailed as follows:

	LYD
* Staff Expenses (Salaries &: Wages, Bonus atc).	452,980.663
* Other Administration Expenses	128,240,341
* Auditors Fees	12,000.000

**Note No. 19**

**Depreciation and Other Expenses (Provision)** totalling LYD 521,406.737, detailed as follows:

	LYD
* Buildings	56,185,508
* Office Machinery & Equipment	53,671,464
* Furniture & Fittings	55,334,002
* Motor Vehicles	10,869,469
* Establishment Expenses	285,346,294
* Printing and Stationery Expense	60.000,000

## **SIXTH: SIGNIFICANT ACCOUNTING POLICIES**

### **a) Foreign Currencies**

Foreign Currency Transactions arising from operations are expressed In Libyan Dinars at rates of exchange prevailing and circulated by Central Bank of Libya at the date of transaction. Assets and liabilities in foreign currencies are expressed In Libyan Dinars at rates of exchange ruling at the balance sheet date. Resulting, gains and losses together with those arising from normal trading activities are taken to income.

### **b) Depreciation**

The cost of Fixed Assets is expressed by equal annual instalments as per executive Circular of the Tax Law no, 64 for the Year 1973.

### **c) Investments**

Investments stated at cost value and informatively the maturity of investments are less than one year.

### **d) Bad and Doubtful Debts**

No provision allocated as Loans and Advances are fully secured by guarantees over the value of debt.

### **e) Interest Received and Paid**

Interest income and expense are recognised on a time proportion basis. Commission receivable and payable Included in the income account at maturity,

### **f) Depreciation of Establishment Expenses**

Establishment expenses calculated during three years.

## AUDITORS REPORT

1 April 1998

*Dear Members of the General Assembly of the bank of Commerce and Development,*

We have audited the balance sheet and Income Accounts for the Bank of Commerce and Development as at 31/12/97 along with all notes and attachments considered being part of the financial statement. These have been prepared by the Board of Directors and presented to us with further Information including details and explanations. Which we required.

We conducted our audit with international standards on auditing, considering the provisions of laws and effective decisions in this respect. The standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We confirm evaluating assets and liabilities of the above according to the standards approved by laws and organised decisions for the banking activities In Libyan Jamahiriya.

We also confirm that, in our opinion the Bank has kept proper books of account as per the related laws and Articles of Association. Contents of the balance sheet and income account are in agreement with the Books of Account.

In our opinion, the balance sheet, incomes account. And related notes present a true and fair view of the financial position of the *Bank as* of 31/12/97 and of the results of its operations for the year, then ended in conformity with basis of presentation and accounting policies, According to the standards approved by laws and organised decisions for the barking activities In Libyan Jamahiriya.

AUDITORS:

(Mohammed Bashir Al Barghati)  
*Chartered Accountant*

(Mohammed Ali Tarkhan)  
*Chartered Accountant*

Copy to: The Governor, Central Bank of Libya