



6<sup>th</sup> Annual Report  
**2014**



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# Directors' Report



# འབྲུག་ཉེན་བཅོལ་ཚད་འཛིན། Bhutan Insurance Limited

*Providing Security, Building Confidence*

Post Box# 779, Chorten Lam, Thimphu.

**Toll free# 201** [www.bhutaninsurance.com.bt](http://www.bhutaninsurance.com.bt) PABX 339892/93/94 Fax#339895

Your insurer of  
CHOICE

## VISION

To become the insurer of choice by providing quality service that exceed customer expectations and by constantly finding ways for improvement.

## MISSION

Our mission begins and ends with our clients for whom we exist to serve to the best of our ability. With dedicated service to our clients we aspire to contribute to the social and economic objectives of the nation, providing security to its growing assets through reliable insurance services and increasing retention of finance within the country.



## Directors' Report

To the members and shareholders

The year 2014 was the fifth full operational year of our company and the overall performance of the Company is satisfactory. Although the government has lifted the ban on construction & import of vehicles lately, the financial sector including insurance companies are still confronted with lot of challenges in terms of business growth due to the general economic activities losing its momentum in the early 2012 in the country. However, we still have the comfort of knowing that the actual profit increased by 6.73%.

### Functional Achievement of Insurance department & FID:

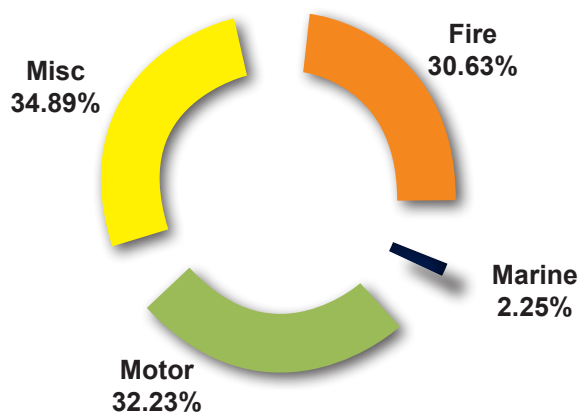
#### 1. Business Performance

In the year 2014, our company has written a gross premium of Nu.274.661 million, in which Fire insurance constitutes 30.63%, constitutes Motor insurance accounted for 32.23% the Marine portfolio comprising a total of 2.25% and the misc. constitutes 34.89% of the overall premium collection.

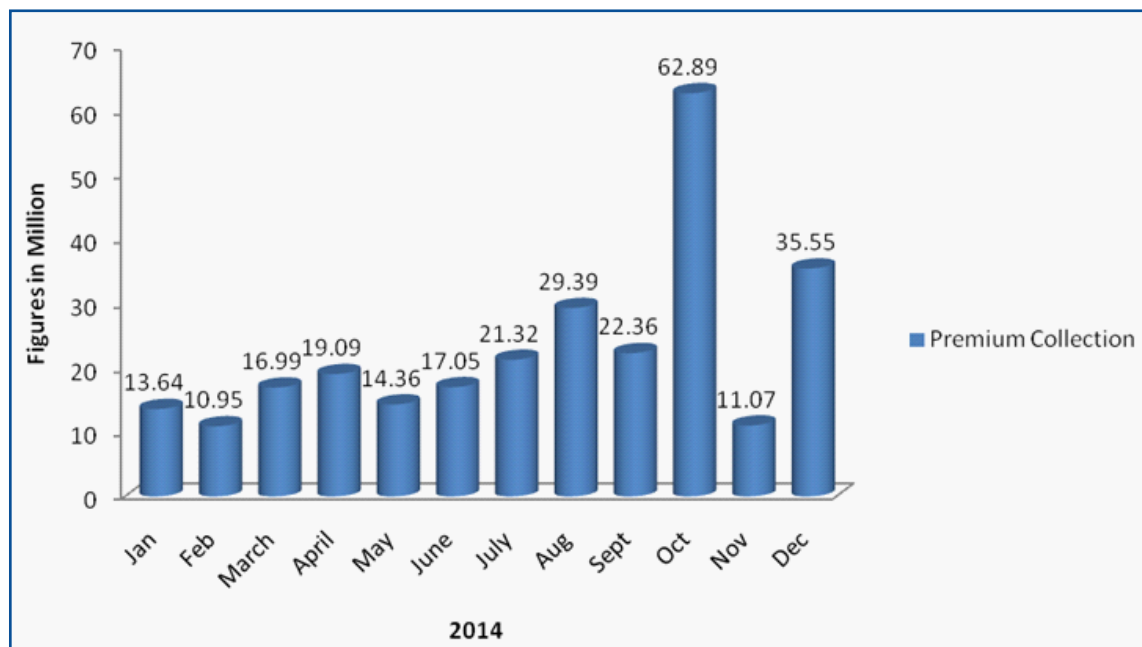
### Statement showing Insurance Premium & Claims Incurred:

Segments	Premium Collection			Claims Incurred		
	Gross Premium	Re-insurance	Net Premium	Gross Claim	Re-insurance	Net-Claim
Fire	84,119,999	58,761,393	25,358,606	3,953,604	3,423,574	530,030
Marine	6,189,466	4,733,056	1,456,410	1,662,395	2,254,210	(591,815)
Motor	88,509,313	10,602,490	77,906,823	88,046,135	24,473,290	63,572,845
Miscellaneous	95,842,988	92,436,693	3,406,295	28,284,164	19,386,203	8,897,961
<b>Total</b>	<b>274,661,766</b>	<b>166,533,632</b>	<b>108,128,134</b>	<b>121,946,298</b>	<b>49,537,277</b>	<b>72,409,021</b>

Gross claims for the year amounted to Nu.121.946 million and the total net claim paid is Nu.72.409 million. The overall net claim ratio achieved was 65.22%, which signifies the strength of the company's underwriting process as well as its reinsurance program.



The month-wise premium collection for the year 2014 is depicted in the chart given below:



## 2. Profit

The company has earned a pre-tax profit of Nu.67.386 million for the year and profit available for appropriation is Nu.47.087 million, which has gone up by 6.73% in 2014 in comparison to Nu.44.12 million in 2013.

Particulars	Nu.	Nu.
<b>Gross Income:</b>		
Insurance-	308,937,40	
Investment (Interest & Others)	<u>79,144,758</u>	
<b>Total</b>	<b><u>388,082,163</u></b>	
<b>Operating Profit:</b>		
Insurance-	45,758,560	
Investment-	<u>21,627,525</u>	
<b>Gross Profit</b>	<b><u>67,386,085</u></b>	
<b>Net Profit After Tax:</b>		
(Profit Available for Appropriations)		<b><u>47,087,111</u></b>
Approved Dividend (9.42%)		18,840,000
Transfer to Nat/Cat Reserve:		1,000,000
Transfer to General Reserve:		27,247,111
<b>Earnings per Share</b>		<b>23.54</b>
<b>Book Value per Share</b>		<b>154.74</b>

### 3. Capital & Reserve:

In order to develop the capital fund and to maintain a sound Capital Adequacy ratio, we have ploughed back adequate amount from the Net profit to the General Reserve. The Reserve & Surplus registered a growth of 30.37% in 2014 over the previous year prior to disbursement of dividend which further strengthened the capital structure of the Company.

### 4. Corporate Governance:

BIL is committed in achieving high standard in the area of Corporate Governance and is in the process of putting in place the best practices in terms of operations, which in turn enables the company to maintain high level of business ethics and to optimize the value of all its stakeholders.

The Board and the Audit Committee met four times during the year complying with the requirements of the Companies Act of the Kingdom of Bhutan 2000 and RMA Prudential Regulations, 2002. The quorum of these meetings was duly maintained.

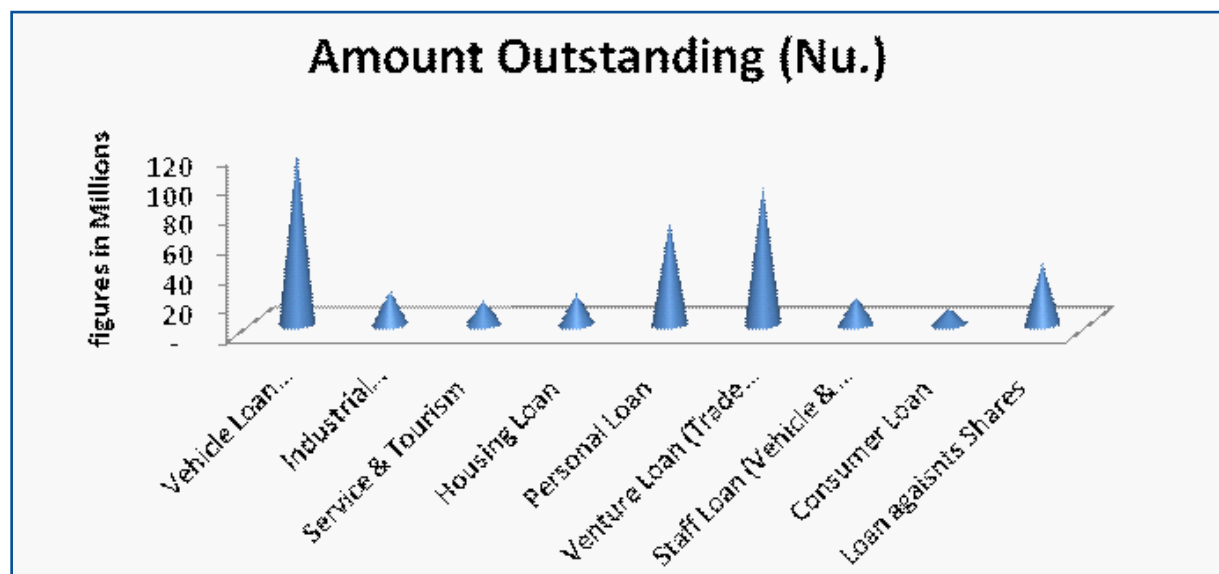
### 5. Investment Portfolio

It is significant to note that Investment Department contribution to gross profit amounts to 32.10% registering a total profit of Nu.21.628 million in the year 2014. The investment profit has escalated by 54.98 % as compared to the previous year.

In line with the growth of the business income and subsequent allocation of profit to the capital fund, the earnings per share during the year has increased to Nu.23.54 vis-à-vis Nu.22.06, in the previous year. The net worth of the company as on 31<sup>st</sup> December, 2014 stood at Nu.309.486 million as against Nu.283.399 in 2013 prior to disbursement of dividend and the book value per share translate of Nu.154.74 compared to Nu.141.70 during the previous year.

#### Statement showing position of Investment Portfolios:

Loans & Overdraft	Amount Outstanding (Nu.)
Vehicle Loan (Commercial & Non-commercial)	116,934,590.00
Industrial Manufacturing Loan	23,367,716.00
Service & Tourism	16,802,429.00
Housing Loan	20,885,784.00
Personal Loan	69,795,005.00
Venture Loan (Trade & Commerce)	93,393,074.00
Staff Loan (Vehicle & Establishment)	18,754,250.00
Consumer Loan	10,709,005.00
Loan against Shares	41,917,925.00
<b>Total</b>	<b>412,559,778.00</b>



## Financial & Operational Review:

### A. Financial Results

#### SUMMARISED FINANCIAL RESULTS AS ON 31<sup>st</sup> DECEMBER, 2014

Figures in Million (Nu.)

Particulars		Fire	Marine	Misc.	Total
<b>Gross Direct Premium Income</b>	<b>CY</b>	<b>84.12</b>	<b>6.19</b>	<b>184.35</b>	<b>274.66</b>
	PY	65.03	4.14	130.62	199.79
(% Growth)		29.36%	49.52%	41.13%	37.47
<b>Net Premium</b>	<b>CY</b>	<b>25.36</b>	<b>1.46</b>	<b>81.31</b>	<b>108.13</b>
	PY	17.20	1.03	95.17	113.40
(% Growth)		47.44%	41.75%	-14.56%	-4.65%
(% to Gross Premium)	<b>CY</b>	<b>30.15%</b>	<b>23.59%</b>	<b>44.11%</b>	<b>39.37%</b>
	PY	26.45%	24.88%	72.86%	56.70%
<b>Addition/Reduction in Un-expired Risk Reserve</b>	<b>CY</b>	<b>4.49</b>	<b>0.24</b>	<b>-7.62</b>	<b>-2.99</b>
	PY	0.88	-0.38	-17.09	-16.59
(% to Net Premium)	<b>CY</b>	<b>17.71%</b>	<b>16.44%</b>	<b>-9.37%</b>	<b>-2.77%</b>
	PY	5.12	36.89	-17.96	-14.63
<b>Earned Premium*</b>	<b>CY</b>	<b>20.87</b>	<b>1.22</b>	<b>88.94</b>	<b>111.03</b>
	PY	16.32	1.41	112.27	129.99
<b>Incurred Claims Net</b>	<b>CY</b>	<b>0.53</b>	<b>-0.59</b>	<b>72.47</b>	<b>72.41</b>
	PY	1.17	-0.79	88.43	88.81
(% to Earned Premium)	<b>CY</b>	<b>2.54%</b>	<b>-48.36%</b>	<b>81.48%</b>	<b>65.22%</b>
	PY	7.17%	-56.03%	78.77%	68.32
<b>Commission Net</b>	<b>CY</b>	<b>16.00</b>	<b>1.15</b>	<b>11.34</b>	<b>28.49</b>
	PY	13.61	0.74	6.05	20.4



Particulars		Fire	Marine	Misc.	Total
<b>Gross Direct Premium Income</b>	<b>CY</b>	<b>84.12</b>	<b>6.19</b>	<b>184.35</b>	<b>274.66</b>
	PY	12.40	0.79	24.91	38.09
(% to Earned Premium)	CY	58.74%	76.23%	31.00%	36.71%
	PY	75.98%	56.03%	22.19%	29.30%
Other Income from Insurance	CY				3.69
	PY				7.29
Underwriting Results	CY	24.19	2.04	3.81	30.04
	PY	16.35	2.16	12.25	30.77
(% to Earned Premium)	CY	115.91%	167.21%	4.28%	27.06%
	PY	100.18%	153.19%	10.91%	23.67%
Total Investment Income (Gross)	CY				47.13
	PY				44.24
Provision for Doubtful Debts	CY				5.53
	PY				8.75
Other Income from Investment	CY				28.27
	PY				20.14
CONSOLIDATED PROFITABILITY:	(Figures in Millions)				
Profit Before Tax	CY				67.39
	PY				62.34
Provision for Tax	CY				20.22
	PY				18.70
Profit After Tax	CY				47.09
	PY				44.12
Proposed Dividend	CY				18.84
	PY				20.00
Transfer to General Reserve/Contingency Reserve	CY				28.25
	PY				24.12
*Net Premium less Unexpired Reserve					
<b>CY: Current Year</b>					
<b>PY: Previous Year</b>					

### Branch/Extension Offices

Considering the importance of service delivery and to enhance our reach, Bhutan Insurance Limited has increased its network by opening one new Extensions office in Samtse in the year 2014, which will also cover the clients of Gomtu region. Through expansion of such services, BIL intends to make insurance service more accessible and less costly for the less privileged populace and we will be opening two more offices in 2015.

With the one new establishment, BIL has now five Branch offices & six Extension offices.

### 1. Human Resource Management

Human resources are the valuable assets in any organization and have robust role to play in the success of the organization.

Acknowledging the importance of the employees as the critical factor for growth & overall development of the organization, BIL emphasizes in enriching the efficiency, skills and knowledge of the employees through training, seminars and workshops.

During the year 2014, our Company was able to send 24 employees for short term trainings, seminars & workshops on different courses to places like Singapore, Taiwan, Thailand & India from the available internal fund.

The company during these five years has grown significantly and in order to meet the business demand, more staff were recruited in 2014. The staff strength now stands more than 80 people.

### 2. Pioneering Initiatives

To address the changing market needs, BIL has designed a new scheme viz; Student Care Insurance for the school and college going children which can serve as a backup for the student to continue their education even when their parents/guardian are not around.

Further, the RMA has authorised BIL to engage in the business of Gratuity Fund Management on 13<sup>th</sup> August, 2014 and most of the FI's and many Organizations Gratuity Fund are managed by us.

### 3. Acknowledgement

On behalf of the distinguished board members of BIL and on my own behalf, I would like to place on record our appreciation and express sincere gratitude to all our valued shareholders, the Royal Government and its various Ministries and Departments, and also to the notable individuals in organizations such as the RMA and RSEBL for their continuous assistance, co-operation and guidance extended to the Company.

To our reinsurance partners and surveyors in India, we would like to thank them for the profound technical support and friendship that they provide. We look forward to their continued support in the future.

With my very best wishes,



(Ugyen Rinzin)  
Chairman

Bhutan Insurance Limited (BIL) provides non-life insurance products for individuals, corporate bodies and all size enterprise throughout Bhutan. The Company started operations on 20<sup>th</sup> August 2009, and today has a country wide network connected through the latest technology for quick communication and response in over 13 dzongkhags.

We have expanded our service network progressively with our Head Office in Thimphu, Branch Offices in Phuentsholing, Paro, Wangduephodrang, Gelephu and Samdrup Jongkhar, and Extension Offices in Bumthang, Mongar, Tsirang, Tashigang, Trongsa, Samtse and Zhemgang, and all these were only made possible through the continued support of our clients and employees throughout the years. The Company today employs more than 80 people.

BIL is incorporated in 2009 under the Companies Act of the Kingdom of Bhutan – 2000, and is licensed to engage in the business of General Insurance by the Royal Monetary Authority of Bhutan in pursuant to part II of the Financial Institutions Act of Bhutan – 1992, and is also listed with the Royal Securities Exchange of Bhutan Limited (RSEBL) since 2009.

BIL is also authorized by the RMA to provide Financing & Investment services and manage Private Provident Fund (PPF) and Gratuity Fund (GF).

### **BIL Milestones**

- 24.12.2008 - Got in-principle approval from the RMA to establish the company
- 24.07.2009 - Got incorporated under the Companies Act of the Kingdom of Bhutan 2000
- 14.08.2009 - RMA granted license to engage in business of General Insurance
- 20.08.2009 - Started business operations in Thimphu
- 20.08.2009 - Initial Public Offer (IPO) of 60% of the companies share.
- 19.04.2010 - RMA granted approval to operate Financing & Investment Department
- 24.05.2010 - Introduction of Private Provident Fund Scheme
- 15.05.2013 - Launched Workmen's Compensation Insurance
- 04.08.2014 - Launched Insurance on wheels
- 13.08.2014 - RMA granted approval to manage Gratuity Fund
- 17.02.2014 - Launched Student Care Policy

### **Branch Establishments:**

- 01.10.2009: Extension office at Bumthang
- 18.10.2009: Branch office at Phuentsholing
- 01.11.2009: Branch office at Wangduephodrang
- 05.11.2009: Branch office at Paro
- 06.01.2010: Branch office at Gelephu
- 10.06.2010: Branch office at Samdrup Jongkhar
- 12.07.2010: Extension office at Mongar
- 09.04.2012: Extension office at Tsirang
- 03.05.2012: Extension office at Tashigang
- 01.01.2013: Extension office at Trongsa
- 09.04.2015: Extension office at Zhemgang

## Re-Insurance

In order to enhance our underwriting capacity and have global spread of local risk, our office have strong reinsurance backup from well established companies like:

1. GIC-Bhutan Re, Thimphu, Bhutan
2. ZEP-RE (PTA Reinsurance Company), Nairobi, Kenya
3. Kenya Reinsurance Corporation Ltd., Nairobi, Kenya
4. National Insurance Company Ltd., Kolkata, India
5. Oriental Insurance Company Ltd., Delhi, India
6. GIC-Re, Mumbai, India
7. Asian Reinsurance Corporation Ltd., Bangkok, Thailand
8. CICA-Re, Tonga
9. Senegal-Re, Senegal
10. Sava-Re, Ljubljana, Solvenia

## Services Offered

(A) BIL offers all type of Non-Life Insurance services such as:

- Personal Insurance
  - I. Personal Accident Insurance
  - II. Auto Insurance Policy
  - III. Money Insurance Policy
  - IV. Fire Insurance Policy
- Commercial Insurance
  - I. Marine Cargo Policy
  - II. Fidelity Guarantee Policy
  - III. Aviation Policy
- Industrial Insurance
  - I. Fire Policy
  - II. Burglary Policy
  - III. Machinery Breakdown Policy
  - IV. Contractors Plant and Machinery Policy
  - V. Construction Project Insurance
  - VI. Fire Loss of Profit Policy
- Liability Insurance
  - I. Motor Vehicle Third Party
  - II. Workmen Compensation Policy
  - III. Comercial General Liability
- Loan Protection Insurance (LPI)
- Enhanced Rural Fire Policy



(B) In additional to Non-Life Insurance services, we also offer the following services:

- Vehicle loans
- Venture loans
- Housing loans
- Secured Overdraft
- Industrial Loan
- Loan against Private Provident Fund

(C) And other service provided includes:

- Issuing of Bank Guarantees
- Management of Private Provident Fund (PPF)
- Gratuity Fund Management (GFM).

## General Information

Establishments	Address	Telephone No.	Fax No.
Head Office, Thimphu	Post Box: 779, Chorten Lam Email: info@bhutaninsurance.com.bt Website: www.bhutaninsurance.com.bt	02-339892/93/94 Toll Free # 201	02-339895

## BIL BRANCH OFFICES

Establishments	Address	Telephone No.	Fax No.
Phuentsholing	1st Floor, Bhutan Post Building	05-252894/95	05-252893
Wangdue	1st Floor, Jamtsho Building, Bajo Town	02-481663/335	02-481495
Paro	2nd Floor, BNBL Office	08-272985/86	08-272984
Gelephu	1st Floor, Oli Building, Opposite BDBL, G/phu Town	06-252273	06-251199
Samdrup Jongkhar	1st Floor, Below BNBL Office	07-251384	07-251387

## BIL EXTENSION OFFICES

Establishments	Address	Telephone No.	Fax No.
Bumthang	Opposite Home Collection Shop, Chamkhar Town	03-631565	03-631271
Mongar	1st Floor, near BNBL Office	04-641407	04-641408
Tsirang	Near Taxi Parking, 1st Floor, Hasty Tasty Building	06-471426	06-471427
Tashigang	2nd Floor, RSTA Building	04-521343/344	04-521342
Trongsa	Ground Floor, Near Tashi Cell Office	03-521541	03-521583
Samtse	Above Drodul Chorten, Lichibari, Samtse Town	05-365568	05-365568

**BOARD OF DIRECTORS**

- I. Mr. Ugyen Rinzin (Chairman)**  
Yangphel Private Limited, Thimphu  
Phone no: 02-323293  
Email: [ugyen@zhiwaling.com](mailto:ugyen@zhiwaling.com)  
[urinzin@bhutaninsurance.com.bt](mailto:urinzin@bhutaninsurance.com.bt)
- II. Dasho Ugen Tsechup Dorji (Director)**  
Singye Group of Company Pvt. Ltd, Thimphu  
Phone no: 02-322183  
Email: [ugentsechup@gmail.com](mailto:ugentsechup@gmail.com)  
Fax # 02-324152
- III. Mr. Karma Tsetop Rinchen (Director)**  
A Middle Path to Bhutan, Thimphu  
Phone no: 02-336474  
Email: [tse\\_rin@yahoo.co.uk](mailto:tse_rin@yahoo.co.uk)  
Fax No: 02-336475
- IV. Mr. Sashadhar Majumder (Independent Director)**  
Salt Lake City, Kolkata-700106, India  
Phone no: 033-2321 5766  
Email: [s\\_majumder\\_44@yahoo.co.in/s.majumder@hotmail.com](mailto:s_majumder_44@yahoo.co.in/s.majumder@hotmail.com)
- V. Mr. Tshering Gyaltshen (CEO/Member Secretary)**  
Bhutan Insurance Limited, P.O.Box #779, Chorten Lam, Thimphu  
Phone no: 02-339892/93/94  
Email: [tgyaltshenbil@gmail.com](mailto:tgyaltshenbil@gmail.com)  
Fax # 02-339895

**AUDITORS**

M/S Dutta Sarkar & Company  
7A, Kiron Sankar Roy Road, 2nd Floor,  
Kolkata – 700 001  
Phone No: +91-33-2248-1760  
Fax No: +91-033-2210-3885  
Email: [infor@duttasarkar.com](mailto:infor@duttasarkar.com),  
[Dusac.2009@rediffmail.com](mailto:Dusac.2009@rediffmail.com)  
Website: [www.duttasarkar.com](http://www.duttasarkar.com)

**AUDIT COMMITTEE MEMBERS**

- I. Mr. Sashadhar Majumder (Director)**  
Salt Lake City, Kolkata-700106, India  
Phone no: 033-2321 5766  
Email: [s\\_majumder\\_44@yahoo.co.in/s.majumder@hotmail.com](mailto:s_majumder_44@yahoo.co.in/s.majumder@hotmail.com)

- II. Mr. Kinley Rabgay**  
Internal Auditor &- Asset Declaration  
Administrator  
P.O. Box # 779, Thimphu  
Phone No: 02-339893/339894/17635946  
Email: [keanleyrabgay@hotmail.com](mailto:keanleyrabgay@hotmail.com)  
Fax No: 02-339895
- III. Mrs. Sonam Wangmo**  
Internal Audit Dept.  
P.O.Box # 779, Thimphu  
Phone No: 02-339893/339894/17456393  
Email: [somohm@gmail.com](mailto:somohm@gmail.com)  
Fax No: 02-339895

**CORPORATE GOVERNANCE COMMITTEE MEMBERS**

- I. Mr. Karma Tsetop Rinchen (Director)**  
A Middle Path to Bhutan, Thimphu  
Phone no: 02-336474  
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- II. Mr. Kalyan Humagai**  
Assistant General Manager  
CSPD, Thimphu  
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Fax No: 02-339895
- III. Mr. Singye Dorji**  
Compliance Officer  
Phone No: 17393376  
Email: [singye@bhutaninsurance.com.bt](mailto:singye@bhutaninsurance.com.bt)  
Fax No: 02-339895

**Distribution Channel**

- Door to Door Service
- Banc-assurance
- Referrals
- Direct Underwriting
- Social Media (Facebook and website)

**PRINCIPAL BANKERS**

1. Bhutan National Bank Limited
2. Druk PNB Bank Limited

## Capital Structure

- Issued and paid up capital – Nu.200 million

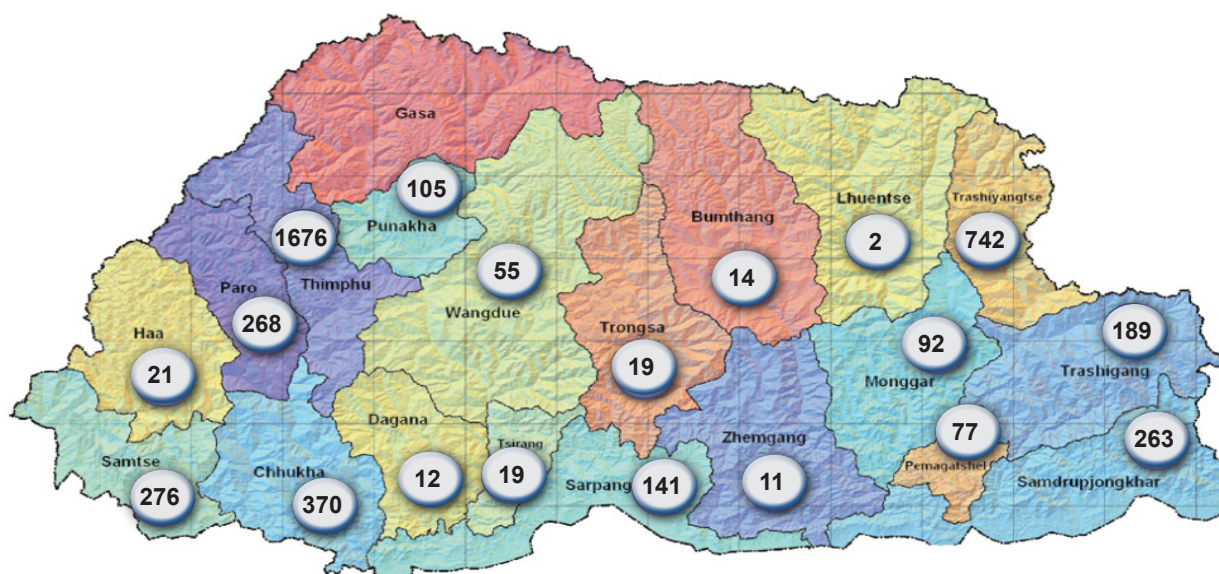
### Shareholding:

- Total numbers of shareholders – 4,352/-
- Promoters holding : 36%
- Public holding: 64%

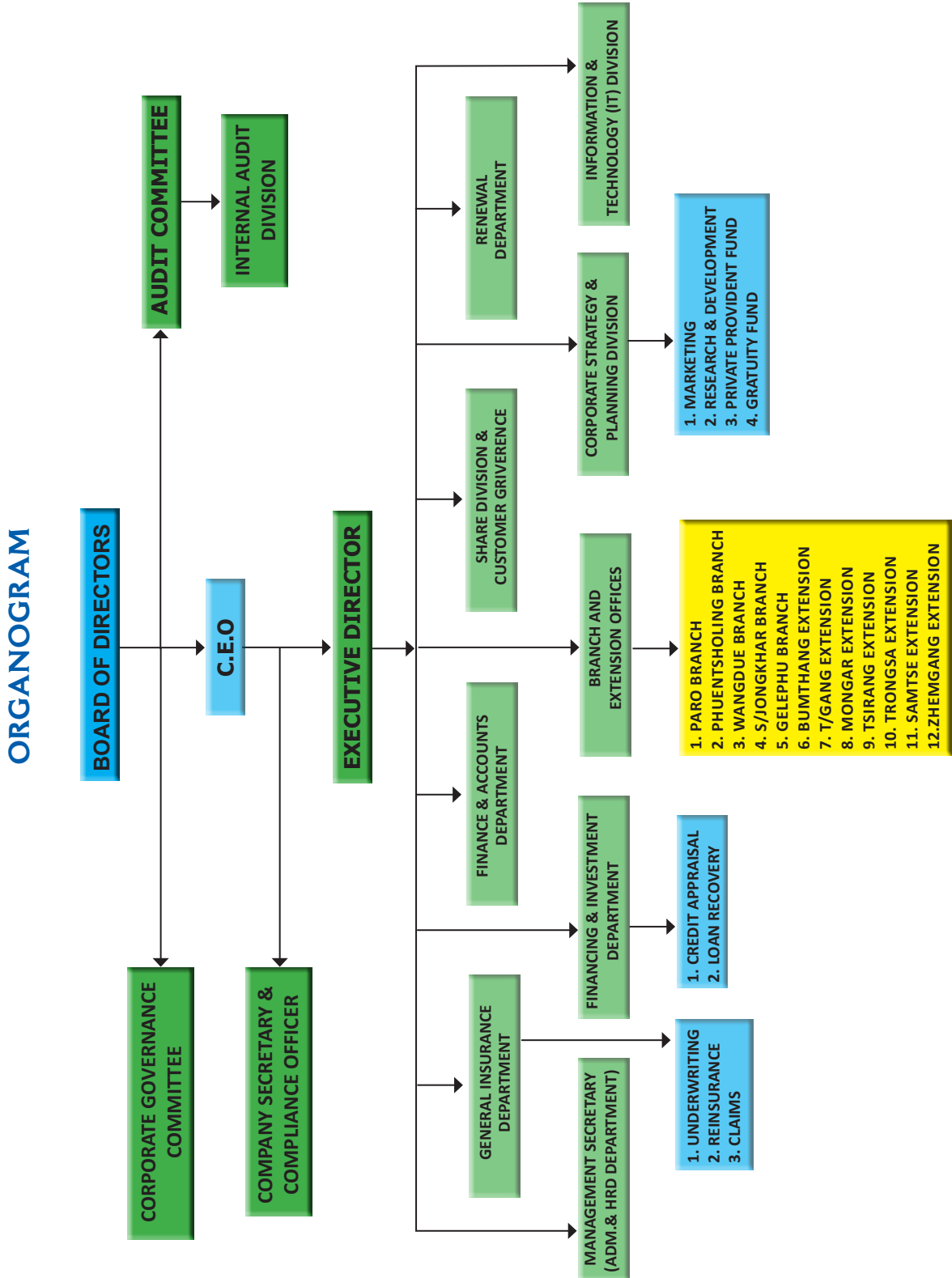
### Promoters

- Mr. Ugyen Rinzin – 16%
- Mr. Tshering Gyaltshen – 20%

## DISTRICT WISE SHARE HOLDING as on 31.12.2014







## WORKMEN'S COMPENSATION INSURANCE



This Insurance Policy has been designed to cover the Employer's Liability under statute. (As stipulated in workers Compensation Regulation, 2009 & Labour & Employment Act 2007))

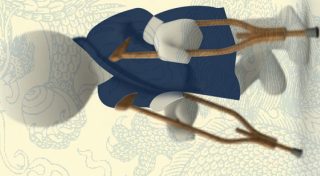
This policy provides compensation to the employees for loss of their earning capacity as a result of injury, diseases or death related to their work and work situation.



This policy is available to workers of all enterprises irrespective of size, location or nature of products and services produced within Bhutan.



Worker- means an employee who is not a managerial or supervisory employee at a workplace (As defined in the Labour & Employment Act of Bhutan 2007)



Cover(s)	Compensation
1. Death	1080 days of national minimum wage and 70% of 1 month's wage for 1 year.
2. Disability	Loss of earning: 70% of employee's one month's earning until S/he returns to work (or) up to a maximum of 5 years
	After 5 years, a lump sum amount equivalent to 365 days wage @ Nu. 100 per day.
	Rehabilitation & Retraining cost aimed at enabling the disabled employee.
	Cost of assistive device.
	Cost of adaption to work place or work station.
	Support Service expenses.
	Emergency care, medical care and surgery expense.

**Note:** The Company shall indemnify the insured against all sums for which the insured shall be so liable, subject to the term, conditions and exemptions contained in our Policy document.

### Reporting an injury or death

- The employee or representatives of the employee should notify the employer of an injury or death.
- The employer should notify the Chief Labour Administrator in writing within 2 days of that death or injury.
- In the event of death of an employee the employer should notify the nearest police station of the event as provided in section 155 of the Labour and Employment Act, 2007.
- If the employee has been insured the employer as the insured party should lodge a claim with their Insurer for injury, disease or death as soon as possible after being notified of that injury, disease or death, and in any case no later than 14 calendar days after receiving the notification.

### Term of Insurance:

Generally the policies are issued on annual basis however, we may issue policies for a period in excess of 12 months where additional odd period is required (or) for period less than 12 months in cases of specific contracts to suit the requirements of the Insured.

### Note:

These are the summary of the policy and do not contain the full terms and conditions of the cover which can be found in our policy documents.

**“INSURANCE ON WHEELS”**  
to meet your insurance needs

**The**  
**FIRST** of its kind  
**SERVICE** in **Bhutan** by **BIL**



This initiative is our **EARNEST EFFORT** to take our **SERVICE** to the unreached and serve our **CLIENTS**





# **Auditors' Report & Financial Statement**



Dutta Sarkar & Company  
Chartered Accounts

Office: 7A, K iron Sankar Roy Road  
Kolkata: 700001  
Phone: 0091-33-22481760  
E.Mail: info@duttasarkar.com

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BHUTAN INSURANCE LIMITED**

### **1. Report on the Financial Statements**

We have audited the accompanying financial statements of **Bhutan Insurance Limited** ("the Institution"), which comprise the Balance Sheet as at 31<sup>st</sup> December, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory notes.

### **2. Management Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that gives true and fair view of the financial position, financial performance and the cash flow of Company in accordance with the generally accepted accounting principles and practices followed by the Non-Life insurance Company in Bhutan and those in accordance with allied provisions of The Companies' Act of Kingdom of Bhutan, RMA Prudential Regulations 2002 and Financial Services Act of Bhutan 2011 and also in accordance with Bhutan Accounting Standard promulgated by Accounting and Auditing Standards Board of Bhutan to be implemented from January 2013 till end of 2015.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company and are free from material misstatement, whether due to fraud or error.

### **3. Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the provision of schedule XIV under section 75 of Companies' Act of Kingdom of Bhutan and applicable provisions of RMA Prudential Regulations 2002 and Financial Services Act of Bhutan 2011. These require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion



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#### 4. Opinion

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report have been prepared on the basis of generally accepted accounting principles and practices and as per the provisions of Laws and Regulations, these Financial Statements are in agreement with the books of account;
- iv) In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described elsewhere in this report, the financial statements give the information required by the applicable Acts and Regulations in the manner so required and give a true and fair view :
  - 1. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> December, 2014;
  - 2. In the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
  - 3. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### 5. Other Matter

1) Confirmation of outstanding balances of Loan Accounts, Claims recoverable various advances, Deposits, and Other Liabilities by the respective parties were not available for our verification. The Company contended that such confirmation is not feasible, but the amount of outstanding balance is material in relation to the overall financial position of the Company.

Our opinion is not qualified in respect of above matters.



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6. As required by Section 75 of the Companies Act of the Kingdom of Bhutan 2000 read with Section II of Schedule XIV thereto (The Minimum Audit Examination and Reporting Requirements) we enclose in the ANNEXURE a statement on the matters specified therein to the extent applicable to the Company.

**For DUTTA SARKAR & COMPANY**  
**CHARTERED ACCOUNTANTS**

Firm's Registration No. 303114E

Date: 16 APR 2015

Place: KOLKATA



**( P. S. DE )**  
Partner  
(M. No.16727)

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**(REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)**  
**(TO THE EXTENT APPLICABLE)**

**ANNEXURE**

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets but codification of fixed asset should be initiated by the management in order to maintain a proper internal control. No physical verification of fixed assets was conducted during the year.
2. The company has not taken any loan from Companies under the same management terms of which are prejudicial to the interest of the Company.
3. The Company has not granted any loan, secured or unsecured to other companies, firms or other parties and/or to companies under the same management terms of which are prejudicial to the interest of the Company.
4. The Company has not given any Loans other than Staff Advance in normal course of business, recovery whereof are made per stipulation.
5. No excessive/frequent advances are generally granted and accumulation of large advances against particular individual is generally avoided.
6. In our opinion and according to the information and explanations given to us during the course of the audit, the Company has established an adequate system of internal control to ensure completeness, accuracy and reliability of accounting records, to carry out the business in an orderly and efficient manner especially in case of branches, to safeguard the assets of the Company as well as to ensure adherence to the applicable rules/regulations and systems and procedures.
7. (a) As explained to us transactions in pursuance of contracts or arrangement entered into with company or Firm in which director(s) are directly or indirectly interested have been made as per similar terms & conditions applied for transactions with other parties.



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7. (b) The terms & conditions attached to the transactions with the related parties as disclosed in note No.3.24 are not prejudicial to the interest of the other shareholders & the company.
8. According to the records, the Company in general is regular in depositing its provident fund, salary tax and health tax, Bhutan sales Tax and other statutory dues with the appropriate authorities.
9. No undisputed amounts payable in respect of rates, taxes, duties, provident funds and other statutory dues were outstanding at the year end.
10. During the course of our examination of books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses (other than those payable under contractual obligation/service rules) which have been charged to the Profit and Loss Account nor we have been informed about such cases by the Management.
11. The company is having authorized policy distribution / commission agents, and as informed by the management they are screened to fit the specific criteria before being recruited.
12. In our opinion, and on the basis of information and explanations given to us, the management of liquid resources, particularly Cash/Bank and short terms deposit etc are reasonably adequate and excessive amounts are lying idle in non interest-bearing accounts.
13. According to the information and explanations given to us, and on the basis of examination of books and records on test check basis, we are of the opinion that the financial activities carried out by the Company during the year are prima facie lawful and intra-vires to the Articles of Incorporation of the Company.
14. Capital investment decisions are made with prior approval of the Board and investments in new projects are made only after ascertaining the techno-economic feasibility of such new ventures.
15. The Company has established effective budgetary control system.



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16. The details of remuneration paid and payable to the Chief Executive Officer and honorarium and sitting fees paid to other directors are disclosed in Note No.3.20(a). As there is no separate register being maintained for recording disclosure of interest of Director, our checking is restricted to Board minutes and Management representations while checking the said document(s), we have not come across any cases of disclosure of interest where payments have been made in cash or in kind to any of the director's relatives (including spouse(s) and child/children) by the Company directly or indirectly.
17. According to the information and explanations given to us, the directives of the Board have generally been complied with.
18. We are given to understand by the management that the officials of the Company are refrained from transmitting any price sensitive information which are not publicly available and unauthorized, to their relatives/friends/associates or close persons which will directly or indirectly benefit themselves.
19. The company is in the process of maintaining adequate documents and records where it has granted loans and advances for which agreement have been drawn up and timely entries have been made therein.
20. The company has generally adhered to the requirements of Financial Services Act, 2011 and other applicable laws, rules, regulations and guidelines issued by the appropriate authorities , except for the following:-
  - a) Section 92(b) of the Financial Service Act of Bhutan, 2011 provides for maintenance of adequate & appropriate Disaster Recovery & Business continuity plan indicating the procedures to ensure the resumption of its record & provide for the continuance of its operation in emergency circumstances.
21. The requirements relating to provisioning for the non performing assets including loans and advances had been complied with.
22. Recognition of interest income in respect of non-performing asset has been complied with.





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23. Except for few cases assets hypothecated against loan and advances have been physically verified, properly valued and mortgage deed executed and ensured that the assets are free of any prior lien or charges.
24. The company has a system of monitoring of projects for which loans have been provided to ensure that loan amounts are used for the specified purposes and project activities are progressing satisfactorily.
25. Additional loan are not granted to those who have defaulted payment of previous advances.
- 26. Non-Compliance of Laws/ Regulations**
- a. The company has complied with the requirements of companies act of Kingdom of Bhutan 2000.

**COMPUTERISED ACCOUNTING ENVIRONMENT**

- a. The company has developed a customized software system by software developer for maintenance of accounts.
- b. The company needs to provide further adequate safeguard measures and backup facilities.
- c. As per the information and explanations given to us, the Company needs to improve its backup facilities and disaster recovery measures.
- d. The operational controls are found adequate to ensure correctness and validity of input data and out put information.
- e. As explained to us, the measures taken by the company to prevent unauthorized access over the computer installation and files are being upgraded to be considered adequate.



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## **27. GENERAL**

### **A. GOING CONCERN CONCEPT:**

The company's present operational and financial data indicate that the company is healthy and the accounts are prepared on the assumption that the company is a going concern.

The company, in our opinion is in a position to carry on its business and is not likely to become a sick in the foreseeable near future.

### **B. RATIO ANALYSIS:**

Significant Ratios indicating the financial Health and profitability of the company is as follows:-

Sl. No.	PERFORMANCE RATIO	RATIO/PERCENTAGE FORMULA	2014	2013
1	CAPITAL ADEQUACY	Tier1+ Tier2 Capital/ Total risk weighted assets	56.32%	37.86%
2	CORE CAPITAL	Tier1 Capital/ Total risk weighted assets	34.67%	31.06%
3	STATUTORY LIQUIDITY RATIO	Quick Assets/ total liabilities excluding capital fund and RMA liabilities	56.34%	34.04%
4	ANNULIZED GROSS PREMIUM TO SHAREHOLDERS' FUND	Gross premium/average capital employed	0.926	0.761
5	NET RETENTION	Net Premium/Gross Premium	0.404	0.568
6	COMMISSION TO NET PREMIUM	Commission net of Re-insurance/Net Premium	5.21%	3.45%
7	MANAGEMENT EXPENSE TO GROSS PREMIUM	Management Expense/Gross Premium	14.87%	19.07%
8	COMBINED RATIO	(Net Claim + Operating Expenses) *100/ Earned Premium	102.01%	97.63%
9	TECHNICAL RESERVE* TO NET PREMIUM	Technical Reserve/Net Premium	0.719	0.783
10	OPERATING PROFIT	(Underwriting profit + Investment Income)/ Net Premium	60.76%	54.97%
11	NET EARNING RATIO	PAT/Net Premium*100	42.46%	38.91%



Sl. No.	PERFORMANCE RATIO	RATIO/PERCENTAGE FORMULA	2014	2013
12	ANNUALIZED RETURN ON NET WORTH	PAT/Net worth	15.23%	15.40%
13	BOOK VALUE PER SHARE	(Share Capital + Free Reserve)/ No. of Shares	154.74	141.70
14	EARNING PER SHARE	PAT/No. of Shares	23.54	22.06
15	NET WORTH OF THE COMPANY	Share Capital + Free Reserve	309,486,226	283,399,115
16	RETURN ON EQUITY	PAT/Share Capital	23.54%	22.06%
17	NET WORTH TO TOTAL LIABILITIES	Net Worth/Total Liabilities	43.95%	54.84%
18	GROSS NPL RATIO	Total NPL O/s. balance/Total Loan O/s. balance	9.01%	8.09%
19	SOLVENCY RATIO	Total Available Solvency Margin/ Total Required Solvency Margin	5.60%	4.96%
20	UNDERWRITTING BALANCE RATIO	Underwriting profit/Net Premium		
		FIRE	22.60%	14.42%
		MARINE	1.41%	1.91%
		OTHERS	5.63%	10.81%

## **28. ADHERENCE TO LAWS, RULES AND REGULATIONS:**

Audit of the Company is governed by the Companies Act of Kingdom of Bhutan, 2000 and the scope of the audit is limited to examination and review of the financial statements as produced to us by the management.

In the course of audit, we have considered the compliance of provisions of the said Companies Act and its Articles of Incorporation and we are unable to state that the company has been complying with other applicable laws (other than Companies Act of Kingdom of Bhutan, 2000 and Financial Institutions Act of Bhutan, 1992) rules and regulations, system procedures and practices.

Place: Thimphu, Bhutan  
Dated: 16 APR 2015  
M.No.16727  
FRN: 303114E

**for Dutta Sarkar & Company**  
**Chartered Accountants**

(P.S. DE)  
Partner



## Notes to the Financial Statements

### 1. CORPORATE INFORMATION

#### 1.1. Reporting Entity

Bhutan Insurance Limited is a limited liability Company incorporated and domiciled in Bhutan. The registered office of the Company and the principal place of business are located at Chorten Lam, Post Box # 779, Thimphu, Bhutan. The Company was incorporated on 20<sup>th</sup> August 2009 and commenced Non- Life insurance business on same date.

#### 1.2. Principal Activity

The Company is engaged in the business of underwriting Non- Life Insurance. BIL is also authorized by RMA to provide Financing & Investment Services, Manage Private Provident Fund (PPF) and Gratuity Fund Management (GFM).

### 2. BASIS OF PREPARATION

#### 2.1. Basis of Measurement

The Financial Statements of the Company which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and Notes thereto have been prepared in accordance with the Bhutan Accounting Standards (BAS) laid down by the Accounting and Auditing Standards Board of Bhutan (AASBB) and comply with the requirements of Companies Act Kingdom of Bhutan 2000 and Financial Service Act, 2011.

#### 2.2. Date of Authorization of Issue

The Financial Statements of Bhutan Insurance Ltd., for the year ended 31<sup>st</sup> December 2014 were authorized for issue in accordance with the resolution of the Board of Directors on 17<sup>th</sup> March' 2015.

#### 2.3. Functional and Presentation Currency

The Financial Statements are presented in Bhutanese Ngultrum (Nu.), which is the Company's functional currency as stated.

#### 2.4. Use of Estimates and Judgments

The preparation of Financial Statements in conformity with BFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liability Income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are included in the following notes.

#### Critical Accounting Disclosure Reference

Estimate/Judgment		Note
Unearned premium	18d	
Provision for gross outstanding claims	22b	
Employee benefits	25a	

#### 2.5. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

#### 2.6. Foreign Currency Transactions

All foreign exchange transactions are converted to the functional currency at the rates of exchange prevailing at the time the transactions were affected. Insurance contracts which were underwritten in foreign currency are converted to the functional currency at the rates of exchange prevailing at the time of underwriting, and revenues recognized accordingly. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the exchange rate at that date. Non- monetary assets and liabilities denominated in foreign currencies that are measured at fair



## Notes to the Financial Statements (Contd.)

value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in the Statement of Comprehensive Income.

### 3. SIGNIFICANT ACCOUNTING POLICIES:

#### *Application of Bhutanese Accounting Standards*

The format and disclosures in these Financial Statements has been stated in line with Bhutanese Accounting Standards. The summarized impacts of the introduction of BAS are:

The Profit and Loss Account has been re-titled the Statement of Comprehensive Income. It may include some items that were previously shown as transactions through Retained Earnings. A new Statement of Changes in Equity is now included in the financial statements. This discloses all movements in the various components of Shareholder Funds in a single location. Expenses in the Statement of Comprehensive Income are classified by nature as the Company has no major economic activity and accordingly classification by functions is not required and impracticable.

Dividends are not accounted for until they have been due and meet the recognition criteria. This means all profits for the year are included in Retained Earnings and there is no appropriation of dividend in the Statement of Comprehensive Income. The dividend figure in the Statement of Changes in Equity is the dividend declared from the previous year's trading. This is a change in accounting policy that has required the restatement of previous years' financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements unless otherwise indicated.

#### 3.1. Assets and Liabilities and Basis of their Valuation

##### 3.1.1. Intangible Assets (Software)

###### (a) Basis of Recognition

An Intangible Asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Software acquired by the Company is state dat cost less accumulated amortization and accumulated impairment losses.

###### (b) Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the Statement of Comprehensive Income as incurred.

###### (c) Amortization

Amortization is recognized in the Statement of Comprehensive Income on straight line basis over the estimated useful life of the software from the date that it is available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years. Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted as appropriate.

##### 3.1.2. Property Plant and Equipment

###### (a) Basis of Recognition

Property, plant and equipment are tangible items that are held for servicing, or for administrative purposes, and are expected to be used during more than one year. Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably.



## Notes to the Financial Statements (Contd.)

### (b) Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and cost incurred subsequently to add to or replace a part of it.

Purchased software that is integral to the functionality of the related equipment is capitalized as a part of computer equipment.

### (c) Gains and losses on disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income/other expenses" in the Statement of Comprehensive Income.

### (d) Depreciation

Depreciation is calculated as per the applicable provisions of Income Tax Act of Bhutan 2001, as amended to –date on straight-line basis at the prevailing rates and in the manner as prescribed.

### (e) De-recognition

The carrying amount of an item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from it. The gain or loss arising on de-recognition of an item of Property, Plant and Equipment are included in the Statement of Comprehensive Income when the item is de-recognized.

### 3.1.3. Investments

Investments in Subsidiaries, Associates and other companies are shown at cost. The market value of investments in listed companies is disclosed in Note 9a. The value of investments is tested for impairment as and when there is an indicator of the same.

### 3.1.4. Financial Assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

#### 3.1.4.1. Trade and Other Receivables

Trade and other receivables are initially recognized at the fair value of the amounts to be received. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are reviewed regularly for impairment.

### 3.1.5. Non-derivative Financial Liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company de recognizes a financial liability when its contractual obligations are discharged or cancelled or expires. Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when and only when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non derivative financial liabilities: bank overdrafts, and trade and other payable. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

### 3.2. Reinsurance

The Company cedes insurance risk in the normal course of business to recognized reinsurers through formal reinsurance arrangements.





## Notes to the Financial Statements (Contd.)

Reinsurance assets represent balances due from both insurance and reinsurance companies for paid and unpaid losses and loss adjustment expenses. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Reinsurance receivables are recorded gross in the balance sheet unless a right to offset exists. Premiums and claims are presented on a gross basis for ceded reinsurance. Reinsurance assets are de recognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

### Reinsurance Commissions

Commissions receivable on outward reinsurance contracts are deferred and amortized over the period in which the related written premiums are earned.

### 3.3. Premiums Receivable

Premiums receivable are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable.

### 3.4. Other Receivables

Other receivables and dues from Related Parties are recognized at cost.

### 3.5. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

### 3.6. Liabilities and Provisions

#### 3.6.1 Insurance Contract Liabilities

##### 3.6.1.1 Non- Life Insurance Contract Liabilities

Non- life insurance contract liabilities are recognized when contracts are entered into and premiums are charged. These liabilities known as the Policy Liability provisions include the premium and claim liabilities.

The premium liabilities relate to policies for which the premium has been received but the exposure has not fully expired, while the claim liabilities relate to claims that have been incurred but not yet settled.

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally the reserve is released over the term of the contract and is recognized as premium income. At each reporting date the Company reviews its un expired risk.

The claim liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the Balance Sheet date. The liabilities are de recognized when the contract expires, is discharged or is cancelled.

#### 3.6.2 Employee Benefit Obligation

- i) Contribution to Provident fund and other funds are accounted for, as and when accrued.
- ii) Gratuity is provided on accrual basis, as per the Company's Service rule read with the guidelines framed by the Royal Civil Service Commission of Bhutan, presuming that all employees cease to work as of the year end.

#### 3.6.3 Provisions

A provision is recognized if, as a result of past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.



## Notes to the Financial Statements (Contd.)

### 3.7. Revenue Recognition

- 3.7.1. i) Items of income and expenditure are accounted for on accrual basis, except for Guarantee commission which is considered on cash basis.
- ii) Premiums are recognized as income, as and when due on assumption of risk.
- iii) Reinsurance premium ceded is accounted at the time of recognition of premium income in accordance with the treaty or in-principle arrangement with the re-insurers.
- iv) Interest on fixed deposits is accounted for on accrual basis.
- v) Interest, Rent etc., are accounted at gross value before deduction of tax.
- vi) Interest income on loans is recognized on accrual basis except for non- performing loans with default over 90 days, in respect of which the interest income as per the guidelines issued by the Royal Monetary Authorities of Bhutan, is shown under the head. "Interest Suspense" which is taken to Profit & Loss Account on actual realization only.

### 3.7.2. Other Income

Other income is recognized on an accrual basis.

### 3.8. Reinsurance Claims

Reinsurance claims are recognized when the related gross insurance claim is recognized according to the terms of there levant contract.

### 3.9. Expenditure Recognition

Expenses are recognized in the Statement of Income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Income in arriving at the profit for the year.

### 3.10. Taxation

#### 3.10.1. Current Taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustments to tax payable in respect of previous years.

### 3.11. Share Capital

The Company's share capital comprises of ordinary shares which are classified as equity.

### 3.12. Earnings Per Share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

### 3.13. Cash Flow Statement

The Cash Flow Statement has been prepared using the indirect method. Interest received, interest paid and dividend received are classified as operating cash flows while dividends paid is classified as financing cash flow. For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.



## Notes to the Financial Statements (Contd.)

### 3.14. Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be concerned only with the occurrence or non-occurrence of uncertain future event, which are beyond the Company's control. Contingent liabilities are disclosed in the Financial Statements.

### 3.15. Proposed Dividends

Dividend proposed / declared by the Board of Directors after the reporting date is not recognized as a liability. The resolution of the Board of Directors on 17<sup>th</sup> March 2015 has approved the dividend for the year 2014 at 11.5% amounting Nu.23 million which was endorsed by AGM on the same date. However, RMA has approved 9.42% of the paid up capital as per Macro Prudential regulation vide letter No. RMA/FRSD/22/2014-2015/3797 dated 1<sup>st</sup> April 2015 and it is disclosed as a note to the Financial Statements.

### 3.16. Comparative Information

The comparative information is re-classified wherever necessary to conform with the current year's classification in order to provide a better presentation.

### 3.17. Financial Risk Management

#### Overview

The Company has exposure to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk
- Operational risk.

This note presents information about the Company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these Financial Statements.

#### Risk Management Framework

The management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### Credit Risk

Credit risk is counter-party default risk, and includes the risk of failure of financial institutions with which the Company has placed deposits/investments to meet obligations and the failure of reinsurers to meet claims when they fall due. It also includes the risk of default by policyholders on premium receivable, default by loan clients and failure of employees to meet loans provided by the Company. In addition to strict limits on single counter party exposure, the Company follows a prudent credit policy which limits its investments to high-grade corporate credit in line with the BIL credit manual, and above the regulatory minimum criteria. Single counter-party exposure is monitored on a monthly basis by the CRO, and any deviations require special approval. The Company's investment approach is also guided and monitored by BIL Management as per BIL policies on investment.

Credit risk to external reinsurers appears when insurance risk exposures are transferred by the Company to external reinsurance companies to mitigate insurance risk. Potential losses can arise either due to non-recoverability of reinsurance receivables already present or default on benefits that are under reinsurance treaties in force. The Company's exposure to reinsurance risk is minimal as the majority of reinsurance is placed with Allianz Re, and with reinsurers with strong credit ratings approved by the Group.



## Notes to the Financial Statements (Contd.)

### Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. The table below summarizes the maturity profile of the financial assets of the Company based on their market value. The Company maintains portfolio of highly marketable securities that can be easily liquidated in the event of an unforeseen interruption of cash flow. Some of the specifications by the Company to mitigate the liquidity risk are shown below;

- Cash outflows identified in advance are matched through short term deposits.
- The Company maintains a foreign currency deposit which can be liquidated in the event of unexpected cash outflows.

### Market Risk

Market risk refers to the risk of possible adverse movements in the values of assets due to changes in market factors including interest rates, foreign exchange rates and equity prices. The current uncertainties in the local and international markets and investment climate have increased the degree of impact of market risk to the Company. Market risk is an aggregation of;

- a. Interest rate risk
- b. Currency risk

#### (a) Interest Rate Risk

Interest rate risk is the risk of interest rate volatility adversely affecting the market value of the investment portfolio. In an increasing interest rate environment, there will be a drop in the value of Treasury bills and bonds when they are marked-to-market. The Company monitors its interest rate risk on a monthly basis by analyzing the movement in the interest rate sensitive asset duration, the allocation to interest rate sensitive assets, and the sensitivity of interest rate movements on the solvency margin. The report is reviewed by the local CRO and the BIL Risk Team.

#### (b) Currency Risk

The risk of fluctuation of fair values or future cash flows of a financial instrument due to change in exchange rates is referred to as currency risk. The Company's principal transactions are carried out in Bhutanese Ngultrum and hence, its exposure to foreign exchange risk arises primarily with respect to the US Dollar and Euro denominated assets maintained in order to honor liabilities of foreign currency denominated insurance policies sold in the ordinary course of business. However, no material liabilities were recorded on foreign currency denominated policies as at the reporting date.

### Operational Risk

This is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational failures could result in indirect consequences such as producing misleading financial information, loss of return, financial penalties from regulators or damage to the reputation of the Company. Operational risks arise from all operations of the Company. While it is acknowledged that the Company cannot eliminate all operational risks, it is in a position to manage such risks by initiating a rigorous control framework and by monitoring and responding to potential risks. The Company's Risk Management Team assesses all foreseeable risk involved in its operation and they develop and implementation plans to control those identified operational risk. These action plans recommended by the team are to manage the operational risk in the following areas:

- Requirements for having appropriate segregation of duties including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified



**Notes to the Financial Statements (Contd.)**

- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation including insurance where this is cost effective.

**3.18. Notes to the Financial Statements:**

1. During the year the company has made investment of nu 10,413,090 to BNBL for 385,670 no of shares @Nu 27 per share
2. The has issued bonds Nu. 120,000,000 at a coupon rate of 6% p.a. under Economic Stimulus Plan.
3. BAS 18, i.e. on Revenue Recognition read with BAS 39, i.e. Financial Instrument- Recognition and measurement says the application of "Effective Interest Rate" method. This clause has not been by the company while compiling with the application of BAS.
4. Property Plant and Equipment has not been depreciated considering the useful life of the assets and also not tested for impairment as on 31.12.2014 as required as per the BAS 16 on Property Plant and Equipment.
5. Depreciation has been calculated as per the Income Tax Act. Deferred tax is not provided due to non-existence of temporary timing difference as per BAS 12.
6. Resources of Insurance Department, Provident Fund, Gratuity Fund and Fund obtained through borrowing are centrally managed through Finance & Investment Department.
7. Contingent liabilities as at the Balance Sheet date (as certified by the management)
  - i) Guarantee issued by the company amounting to Nu. 29,127,193.00 remain unexpired as on 31<sup>st</sup> December, 2014
8. Interest income on loans of Nu. 47,125,511.00 is net of suspended interest of Nu.1,687,087.00 which conforms to the Prudential Regulation, 2002 by Royal Monetary Authority of Bhutan.
9. Interest of Nu. 3,470,866.00 has not been recognized as income & kept under Interest in suspense account.
10. Interest and late fee of Nu. 6,352,138.84 and Nu.329,702.06 respectively was not collected but included in total loan outstanding as on 31.12.2014.
11. Provision against non-performing loans of Nu.21,181,349.00 has been computed as per the RMA Prudential Guidelines. Additional nonspecific provision of Nu.4,077,396.00 has been created to consider probable loss which may arise out of potential non-performing loans.
12. Current liabilities include aggregate provident Fund contribution received from various organization for which BIL has been acting as 'Manager to Provident Fund' amounting to Nu. 67,987,911.00 (previous year Nu.48,655,959.00) & Nu. 4,036,430.00 (previous year Nu. 2,754,189.00) as interest accrued thereon.
13. Current liabilities include aggregate Gratuity Fund contribution received from various organization for which BIL has been acting as 'Manager to Gratuity Fund' amounting to Nu. 52,632,709.00 (previous year Nu.2,650,645.00) & Nu.328,342.00 (previous year Nu.144,013.00) as interest accrued thereon.



**Notes to the Financial Statements (Contd.)**

14. Reserves of un-expired risks amounting to Nu. 59,470,474.00 (previous year Nu. 62,369,172.00) created in the Revenue Accounts in respect of General Insurance Business at 55% of the net premium income during the year which have been duly reflected as General Insurance Funds in the Balance Sheet.
15. No actuarial valuation has been adopted by the Company for the purpose of determining the amount of gratuity liability. However, an amount of Nu. 1,331,079.00 have been provided in the accounts towards gratuity on the presumption that all employees ceases to be employed with the Company as on 31.12.2014.
16. Provision for bonus payable to employees has neither been ascertained nor been provided for in these accounts.
17. The assets of the Company in Bhutan are free from all encumbrances.
18. Premium in respect of policies on General Insurance extended for more than one year is recognized as income in the year of service being rendered.
19. Re-insurance:
  - I. The balances outstanding, both debits and credits, as at the Balance Sheet date to re-insurers are pending final reconciliation process/ confirmation and acceptance of the re-insurance and consequently any further adjustments thereof are not ascertainable at this stage, are netted off at Nu.6,065,602.00 in Schedule 16.
20. Management expenses include-

## a) Managerial Remuneration paid to the Chief Executive Officer :-

	<u>2014</u>	<u>2013</u>
-Remuneration:	Nu. 1,529,634.00	Nu.1,398,250.00
-Other Benefits:	Nu. 242,560.00	Nu.193,053.00
<b>Total:</b>	<b>Nu.1,539,217.00</b>	<b>Nu.1,591,303.00</b>
b)Directors sitting fees:	Nu. 290,000.00	Nu.360,000.00

## 21. The Audit Fees and Expenses

a) Audit fee:	Nu. 75,000.00	Nu.75,000.00
b) Audit expenses:	Nu. 125,000.00	Nu.125,000.00

22. Premium Deficiency has not been credited since, in the opinion of the management, the expected claim costs along with the related expenses and maintenance cost of the insurance products in force would not exceed the related reserve for unexpired risk.





**Consolidated Statement of Financial Position as on 31st December 2014**

Particulars	Note	2014 Nu.	2013 Nu.
<b>ASSETS</b>			
<b><u>Non Current Assets</u></b>			
Intangible Assets (Net block)	4	6,515,723	7,371,401
Property, Plant & Equipment (Net block)	5	8,635,949	10,268,443
Long Investment	6	6,000,000	6,000,000
Term Loan	7	329,337,425	314,500,112
<b>Total Non current Assets:-</b>		<b>350,489,097</b>	<b>338,139,956</b>
<b><u>Current Assets</u></b>			
Cash & cash equivalents	8	116,449,313	47,829,429
Short term Investment	9	95,413,090	30,000,000
Loans & Overdraft	10	83,222,354	60,322,011
Advance & other assets	11	58,614,913	40,531,607
<b>Total current Assets:-</b>		<b>353,699,670</b>	<b>178,683,047</b>
<b>TOTAL ASSETS:-</b>		<b>704,188,767</b>	<b>516,823,005</b>
<b>LIABILITIES</b>			
<b><u>Shareholders' Equity</u></b>			
Issue,Subscribed & Paid-up capital	12	200,000,000	200,000,000
General Reserves	13	109,486,226	83,399,115
CAT Reserves	13a	6,803,938	5,803,938
<b>Total Shareholders' Equity:-</b>		<b>316,290,164</b>	<b>289,203,053</b>
<b><u>Non Current Liabilities</u></b>			
ESP Bond	14	120,000,000	-
<b>Total Non current Liabilities</b>		<b>120,000,000</b>	<b>-</b>
<b><u>Current Liabilities</u></b>			
Borrowings & Funds	15	121,381,823	86,943,589
Other Liabilities	16	41,571,736	39,873,071
Provisions	17	104,945,045	100,803,291
<b>Total current Liabilities:-</b>		<b>267,898,604</b>	<b>227,619,951</b>
<b>TOTAL LIABILITIES:-</b>		<b>704,188,767</b>	<b>516,823,005</b>

Note:-

Contingent Liabilities (Off balance sheet)	<b>29,127,193</b>	<b>83,423,974</b>
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The schedules referred to above form an integral part of this consolidated Statement of Financial Position.  
This is the Consolidated Statement of Financial Position referred to in our report of even date.

For Dutta Sarkar & Co.  
Chartered Accountants  
7A, Kiron Sankar Roy Road  
2nd Floor  
Kolkata - 700001

P.S.De  
Partner  
Membership Number: 16727  
Place: Kolkata  
Date: 16 APR 2015



On Behalf of The Board of Directors

CEO

Director Chairman



## Statement of Financial Position for General Insurance Department as on 31st December 2014

Particulars	Note	2014 Nu.	2013 Nu.
<b>ASSETS</b>			
<b><u>Non Current Assets</u></b>			
Intangible Assets (Net block)	4	6,515,723	7,371,401
Property, Plant & Equipment (Net block)	5	8,635,949	10,268,443
Long Investments	6	6,000,000	6,000,000
<b>Total Non current Assets:-</b>		<b>21,151,672</b>	<b>23,639,844</b>
<b><u>Current Assets</u></b>			
Cash & cash equivalents	8a	13,953,141	13,566,458
Short term Investment	9a	378,514,823	271,659,326
Advance & other assets	11a	114,184,332	82,215,937
<b>Total current Assets:-</b>		<b>506,652,296</b>	<b>367,441,721</b>
<b>TOTAL ASSETS:-</b>		<b>527,803,968</b>	<b>391,081,565</b>
<b>LIABILITIES</b>			
<b><u>Shareholders' Equity</u></b>			
Issue, Subscribed & Paid-up capital	12	200,000,000	200,000,000
General Reserves	13b	114,961,614	93,948,973
<b>Total Shareholders' Equity:-</b>		<b>314,961,614</b>	<b>293,948,973</b>
<b><u>Non Current Liabilities</u></b>			
ESP bond	14	120,000,000	-
<b>Total Non Current Liabilities</b>		<b>120,000,000</b>	<b>-</b>
<b><u>Current Liabilities</u></b>			
Other Liabilities	16a	33,371,881	34,763,420
Provisions	17a	59,470,474	62,369,172
<b>Total current Liabilities:-</b>		<b>92,842,355</b>	<b>97,132,592</b>
<b>TOTAL LIABILITIES:-</b>		<b>527,803,968</b>	<b>391,081,565</b>

The schedules referred to above form an integral part of this Statement of Financial Position.

This is the Statement of Financial Position for General Insurance Department referred to in our report of even date.

For Dutta Sarkar & Co.  
Chartered Accountants  
7A, Kiron Sankar Roy Road  
2nd Floor  
Kolkata - 700001

P.S.De  
Partner  
Membership Number: 16727  
Place: Kolkata  
Date: 16 APR 2015



On Behalf of The Board of Directors

*G. G. G.*

CEO

*V. K. S.*

Director

*R. S. S.*

Chairman



## Statement of Financial Position for Financing &amp; Investment Department as on 31st December 2014

Particulars	Note	2014 Nu.	2013 Nu.
<b>ASSETS</b>			
<b>Non current Assets</b>			
Term Loans	7	329,337,425	314,500,112
<b>Total Non current Assets</b>		<b>329,337,425</b>	<b>314,500,112</b>
<b>Current Assets</b>			
Cash & cash equivalents	8b	102,496,172	34,262,971
Short term Investment	9b	55,000,000	-
Loans & Over datft	10	83,222,354	60,322,011
Other assets	11b	4,022,113	9,167
<b>Total Current Assets</b>		<b>244,740,640</b>	<b>94,594,149</b>
<b>TOTAL ASSETS:-</b>		<b>574,078,065</b>	<b>409,094,261</b>
<b>LIABILITIES</b>			
<b>Non current Liabilities</b>			
General Reserves	13c	60,007,849	38,463,473
<b>Total Non Current Liabilities</b>		<b>60,007,849</b>	<b>38,463,473</b>
<b>Current Liabilities</b>			
Borrowings & Funds	15a	459,483,555	328,602,915
Other Liabilities	16b	29,327,915	22,294,375
Provisions	17b	25,258,745	19,733,499
<b>Total Current Liabilities</b>		<b>514,070,216</b>	<b>370,630,789</b>
<b>TOTAL LIABILITIES:-</b>		<b>574,078,065</b>	<b>409,094,261</b>

The schedules referred to above form an integral part of this Statement of Financial Position.

This is the Statement of Financial Position for Fianacing & Investment Department referred to in our report of even date.

For Dutta Sarkar & Co.

Chartered Accountants  
7A, Kiron Sankar Roy Road  
2nd Floor  
Kolkata - 700001

P.S.De  
Partner  
Membership Number: 16727  
Place: Kolkata  
Date: 16 APR 2015



On Behalf of The Board of Directors

*Graulston*

CEO

*Vinay*

Director

*Prakash*

Chairman



**Consolidated Statement of Comprehensive Income as on 31st December 2014**

Particulars	Note	2014 Nu.	2013 Nu.
<b><u>Operating Profit transferred from Revenue A/c.</u></b>			
General Insurance Department	Revenue A/c.	45,758,560	48,380,700
Financing & Investment Department	Revenue A/c.	21,627,525	13,954,700
<b>Profit before Taxation</b>		<b>67,386,086</b>	<b>62,335,400</b>
Provision for taxation		(20,215,826)	(18,700,620)
<b>Profit after taxation</b>		<b>47,170,260</b>	<b>43,634,780</b>
Prior period adjustment	30	(83,149)	488,484
Profit available for Appropriations		<b>47,087,111</b>	<b>44,123,264</b>
<b><u>APPROPRIATIONS</u></b>			
Transfer to Catastrophe Reserve		1,000,000	1,061,632
Transfer to General Reserve		46,087,111	43,061,632
<b>TOTAL APPROPRIATIONS</b>		<b>47,087,111</b>	<b>44,123,264</b>
<b>Earnings per share (Nu.)</b>	<b>31</b>	<b>23.54</b>	<b>22.06</b>

The schedules referred to above form an integral part of this Consolidated Statement of Comprehensive Income. This is the Consolidated Statement of Comprehensive Income Account referred to in our report of even date.

For Dutta Sarkar & Co.  
Chartered Accountants  
7A, Kiron Sankar Roy Road  
2nd Floor  
Kolkata - 700001

P.S.De  
Partner  
Membership Number: 16727  
Place: Kolkata  
Date: 16 APR 2015



On Behalf of The Board of Directors

*G. Paulston*

CEO

*V. M. S.*

Director

*R. S. J.*

Chairman



## Revenue Account for General Insurance Department as of 31st December 2014

Particular	Note	2014 Nu.	2013 Nu.
Gross written Premium	18a+18b	274,661,767	199,794,187
Premium ceded to reinsurers	18c	(166,533,632)	(86,395,691)
<b>Net written premium</b>		<b>108,128,135</b>	<b>113,398,496</b>
Net change in reserve for unearned premium	18d	2,898,698	16,588,568
<b>Net Earned Premium</b>	18	<b>111,026,833</b>	<b>129,987,064</b>
Commission income (Reinsurers ceded)	19	34,275,638	24,309,929
Income from investments	20	21,370,774	17,604,314
Other income	21	3,685,968	7,291,458
<b>Net Income</b>		<b>170,359,213</b>	<b>179,192,765</b>
Gross claims paid	22	(121,946,297)	(124,724,958)
Reinsured recoveries	23	49,537,276	35,913,521
<b>Net policyholder claims &amp; benefits paid</b>		<b>(72,409,021)</b>	<b>(88,811,437)</b>
Commission expenses (Referral fees & RI Accepted)	24	(5,783,667)	(3,907,909)
Operating & administration expenses	25	(40,760,467)	(38,092,719)
Other Expenses (ESP bond & Equity investment)	25b	(5,647,497)	-
<b>Operating Profit transfer to consolidated Profit/Loss A/c.</b>		<b>45,758,560</b>	<b>48,380,700</b>
Prior period adjustment	30	-	488,484
<b>Net balance transfer to Reserve A/c.</b>	13b	<b>45,758,560</b>	<b>48,869,184</b>

The schedules referred to above form an integral part of this Revenue Account.

This is the General Insurance Revenue Account referred to in our report of even date.

For Dutta Sarkar & Co.  
Chartered Accountants  
7A, Kiron Sankar Roy Road  
2nd Floor  
Kolkata - 700001

P.S.De  
Partner  
Membership Number: 16727  
Place: Kolkata  
Date: 16 APR 2015



On Behalf of The Board of Directors

*Graulston*

CEO

*[Signature]*

Director

*[Signature]*

Chairman



## Revenue Account for Financing &amp; Investment Department as of 31st December 2014

Particulars	Schedule	2014 Nu.	2013 Nu.
<b>INCOME</b>			
Interest on Loan	26	47,125,511	44,235,420
Other Income	27	6,962,505	2,531,355
<b>Total Income:-</b>		<b>54,088,016</b>	<b>46,766,775</b>
<b>EXPENSES</b>			
Interest Expenses	28	(24,964,615)	(21,903,843)
Management Expenses	29	(1,970,630)	(2,153,639)
Provision against Loans	17c	(5,525,246)	(8,754,594)
<b>Operating Profit transfer to consolidated Profit/Loss A/c.</b>		<b>21,627,525</b>	<b>13,954,700</b>
<b>Less: Prior period adjustment</b>	<b>30</b>	<b>(83,149)</b>	<b>-</b>
<b>Net balance transferred to reserve</b>	<b>13c</b>	<b>21,544,376</b>	<b>13,954,700</b>

The schedules referred to above form an integral part of this Revenue Account  
This is Finance & Investment Revenue Account referred to in our report of even date

For Dutta Sarkar & Co.  
Chartered Accountants  
7A, Kiron Sankar Roy Road  
2nd Floor  
Kolkata - 700001

P.S.De  
Partner  
Membership Number: 16727  
Place: Kolkata  
Date: 16 APR 2015



On Behalf of The Board of Directors

*Graulston*

CEO

*[Signature]*

Director

*[Signature]*

Chairman





## Statement of Cash Flow as of 31st December 2014

<b>1. Cash flow from Operating Activities</b>		<b>2014 Nu.</b>	<b>2013 Nu.</b>
Profit before tax		67,386,086	62,335,400
Add: Depreciation	2,428,864		
Add: Amortisation	1,265,119	3,693,983	2,911,260
Add/Less: Increase/(Decrease) in Current Liabilities		1,698,665	(36,099,580)
Add/Less: Increase/(Decrease) in Provision		2,626,548	(7,833,974)
Add/Less: Decrease/(Increase) in Current Assets		(18,083,306)	28,560,146
Less: Tax & Dividend Paid for last year profit		(38,700,620)	(36,405,038)
Less: Prior period taxes, penalties paid & others		(83,149)	-
<b>Net Cash flow from operating activities</b>	<b>( A )</b>	<b>18,538,207</b>	<b>13,468,214</b>
<b>2. Cash flow from Investing Activities</b>			
Less: Investment to FD & BNBL Equity share	(95,413,090)		
Less: Purchase of Fixed Assets	(1,205,811)		
<b>Net Cash flow from Investing activities</b>	<b>( B )</b>	<b>(96,618,901)</b>	<b>(14,145,053)</b>
<b>3. Cash flow from Financing Activities</b>			
Add: ESP bond	120,000,000		
Add/Less: Increase/(Decrease) in borrowings	34,438,234		
Add/Less: Decrease/(Increase) in Loans	(37,737,656)		
<b>Net Cash flow from Financing activities</b>	<b>( C )</b>	<b>116,700,578</b>	<b>5,811,473</b>
<b>Net Increase/(Decrease) in cash and cash equivalent</b>	<b>(A+B+C)</b>	<b>38,619,884</b>	<b>5,134,636</b>

**Change in Cash & Cash Equivalents**

Closing Cash & Cash equivalent	116,449,313	77,829,429
Less: Opening Cash & Cash equivalent	77,829,429	72,694,793
<b>Net changes in Cash &amp; cash equivalent</b>	<b>38,619,884</b>	<b>5,134,636</b>

The schedules referred to above form an integral part of this Cash Flow Statement.  
This is the Cash Flow Statement referred to in our report of even date.

For Dutta Sarkar & Co.  
Chartered Accountants  
7A, Kiron Sankar Roy Road  
2nd Floor  
Kolkata - 700001

P.S.De  
Partner  
Membership Number: 16727  
Place: Kolkata  
Date: 16 APR 2015



On Behalf of The Board of Directors

*Graulshin*  
CEO

*[Signature]*  
Director

*[Signature]*  
Chairman



**Statement of Changes in Equity as of 31st December 2014**

Item	Share Capital	Reserve & Contingency	Proposed Cash Dividend	Profit & Loss Appropriation A/c.	Total
Opening Balance as on 1st January 2014	200,000,000	89,203,053	-	-	289,203,053
Cash Dividend Distributed during the year	-	-	(20,000,000)	-	(20,000,000)
Right Issue Share	-	-	-	-	-
Profit After Taxation	-	-	-	47,087,111	47,087,111
Appropriation made during the year	-	47,087,111	-	(47,087,111)	-
<b>Closing Balance as on 31st December 2014</b>	<b>200,000,000</b>	<b>136,290,164</b>	<b>(20,000,000)</b>	<b>-</b>	<b>316,290,164</b>
<b>Closing Balance as on 31st December 2013</b>	<b>200,000,000</b>	<b>89,203,053</b>	<b>-</b>	<b>-</b>	<b>289,203,053</b>

The schedules referred to above form an integral part of this Statement of Changes in Equity.  
This is the Statement in Changes in Equity referred to in our report of even date.

For Dutta Sarkar & Co.  
Chartered Accountants  
7A, Kiron Sankar Roy Road  
2nd Floor  
Kolkata - 700001



P.S. De  
Partner  
Membership Number: 16727  
Place: Kolkata  
Date: 16 APR 2015

On Behalf of The Board of Directors

*G. Sankar*  
CEO

*[Signature]*  
Director

*[Signature]*  
Chairman



## Notes to the Financial Statements continued

All amounts are stated in Nu. unless otherwise indicated

4		2014 Nu.	2013 Nu.
	<b>Intangible Assets</b>		
	<b>Acquisition cost</b>		
	Balance as at 1st January	8,024,687	500,000
	Additions	409,441	7,524,687
	<b>Balance as at 31st December</b>	<b>8,434,128</b>	<b>8,024,687</b>
	<b>Amortisation</b>		
	Balance as at 1st January	653,286	51,434
	Amortisation charge for the year	1,265,119	601,852
	<b>Balance as at 31st December</b>	<b>1,918,405</b>	<b>653,286</b>
	<b>Net carrying amount as at 31st December</b>	<b>6,515,723</b>	<b>7,371,401</b>
	Intangible assets represent the cost of acquisition (Nu. 7,524 million) of an Insurance Management System from M/s. Nest Innovative, Kolkata, India in year 2013 and a Loan Management System (Nu.0.5 million) from DPS, Kolkata, India in year 2012. The assets have been amortized during the period as per the Income Tax Act of Bhutan 2001. An insurance Management system has been amortized with prorata basis for the period of six months in 2013 from the date of acquisition.		

5	<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	Office Equipment	Furniture & Fittings	Computers & Printers	Motor Vehicles	Total
	<b>Cost</b>					
	Balance as at 1st January 2014	1,590,897	1,900,487	4,566,829	7,337,841	15,396,054
	Additions during the year	82,687	181,623	532,060	-	796,370
	Disposals during the year	-	-	-	-	-
	<b>Balance as at 31st December 2014</b>	<b>1,673,584</b>	<b>2,082,110</b>	<b>5,098,889</b>	<b>7,337,841</b>	<b>16,192,424</b>
	<b>Depreciation</b>					
	Balance as at 1st January 2014	536,252	737,695	1,910,093	1,943,571	5,127,611
	Depreciation charge for the year	251,038	312,317	764,833	1,100,676	2,428,864
	<b>Balance as at 31st December 2014</b>	<b>787,290</b>	<b>1,050,012</b>	<b>2,674,926</b>	<b>3,044,247</b>	<b>7,556,475</b>
	<b>Carrying Amount</b>					
	Balance as at 31st December 2014	886,294	1,032,099	2,423,963	4,293,594	8,635,949
	<b>Balance as at 31st December 2013</b>	<b>1,054,645</b>	<b>1,162,792</b>	<b>2,656,736</b>	<b>5,394,270</b>	<b>10,268,443</b>



6	<b>LONG INVESTMENT</b>	
	Capital contribution to FIs training Institute	6,000,000
	<b>Total:-</b>	<b>6,000,000</b>

	2014 Nu.	2013 Nu.
<b>7 TERM LOANS DUES &gt; 1 YEAR</b>		
Manufacturing/Industry Sector Loan	23,367,716	30,807,988
Service Sector Loan	16,802,429	12,831,911
Trade/Commerce Sector Loan	17,885,759	6,950,673
Housing Sector Loan	20,885,784	4,755,632
Transport Sector Loan	116,761,342	156,167,079
Loans to Purchase Securities	41,917,925	7,268,639
Personal Loan	62,582,917	62,183,454
Staff Loan	18,754,250	21,731,347
Consumer Loan	10,379,303	11,803,389
<b>Total:-</b>	<b>329,337,425</b>	<b>314,500,112</b>
<b>8 CASH &amp; CASH EQUIVALENTS</b>		
Cash on hand & balances with banks (8a+8b)	81,449,313	47,829,429
Fixed Deposit (Maturing >=3 months) (8a+8b)	35,000,000	-
<b>Total:-</b>	<b>116,449,313</b>	<b>47,829,429</b>
<b>8a. General Insurance Dept</b>		
Cash on hand & balance with banks	13,953,141	13,566,458
<b>Total:-</b>	<b>13,953,141</b>	<b>13,566,458</b>
<b>8b. Financing &amp; Investment Department</b>		
Cash & Bank Balance	67,496,172	34,262,971
Fixed Deposit (maturing >= 3months)	35,000,000	-
<b>Total:-</b>	<b>102,496,172</b>	<b>34,262,971</b>
<b>9 SHORT TERM INVESTMENT</b>		
Fixed Deposit (Maturing > 3 months but < or = 1 year)	85,000,000	30,000,000
Equity Investment	10,413,090	-
<b>Total:-</b>	<b>95,413,090</b>	<b>30,000,000</b>
<b>9a. Short term Investment (Gen. Ins.)</b>		
Fixed Deposit (Maturing > 3 months but < or = 1 year)	30,000,000	30,000,000
Equity Investment (BNBL)	10,413,090	-
Investment with FID	338,101,733	241,659,326
<b>Total:-</b>	<b>378,514,823</b>	<b>271,659,326</b>
<b>9b. Short term Investment(FID)</b>		
Fixed Deposit (Maturing > 3 months but < or = 1 year)	55,000,000	-
<b>Total:-</b>	<b>55,000,000</b>	<b>-</b>
<b>10 LOANS &amp; OVERDRAFT DUES &lt; or = 1 YEAR</b>		
Trade/Commerce Sector Loan	75,507,315	58,267,038
Transport Sector Loan	173,248	-
Personal Loan	7,212,088	1,996,904
Late fees	329,702	58,067
<b>Total:-</b>	<b>83,222,354</b>	<b>60,322,011</b>
<b>11 ADVANCE &amp; OTHER ASSETS</b>		
RMA Reserve A/c.	30,000	30,000
Security deposit for office space	130,000	121,000



Interest on Fixed Deposit receivable	4,352,990	388,893
Aviation insurance premium receivable	41,376,825	5,044,568
Pre paid insuranse	48,686	29,664
Advance CIT & TDS paid to RRCO	9,698,569	4,687,693
RMA Penalty Deposit A/c.	100,000	100,000
Re-Insurer (receivable )	-	29,607,479
Other advance	628,232	522,310
Avaition RI commission receivable	2,249,610	-
<b>Total:-</b>	<b>58,614,913</b>	<b>40,531,607</b>

**11a. General Insurance Department**

RMA Reserve A/c.	30,000	30,000
Security deposit for office space	130,000	121,000
Interest on Fixed Deposit receivable	352,603	379,726
Interest on Investment fund Receivable (FID)	19,597,898	15,567,602
Avaiton/Engg. insurance premium receivable	41,376,825	5,044,568
Pre paid insuranse	48,686	29,664
Advance CIT & TDS paid to RRCO	9,676,843	4,687,693
RMA Penalty Deposit A/c.	100,000	100,000
Re-Insurer (receivable )	-	29,607,479
FID Expenses receivable	1,530,162	1,617,122
Other advance	628,232	522,310
Avaitaion RI commission receivable	2,249,610	-
Counter entry of FID last year Reserve	38,463,473	24,508,773
<b>Total:-</b>	<b>114,184,332</b>	<b>82,215,937</b>

**11b. Finanicing & Investment Department**

Interest receivable on Fixed deposit	4,000,387	-
TDS on Fixed Deposit paid to RRCO	21,726	9,167
	<b>4,022,113</b>	<b>9,167</b>

**12 CAPITAL FUND**

Authorised capital	500,000,000	500,000,000
(5000000 Equity share of Nu 100 each)	<b>500,000,000</b>	<b>500,000,000</b>
Issued, Subscribed and Paid-up	200,000,000	200,000,000
(2000000 Equity share of Nu 100 each)	<b>200,000,000</b>	<b>200,000,000</b>

**13 GENERAL RESERVES**

General Reserve balance as at 1st January	83,399,115	59,337,483
Profit for the year	47,087,111	44,123,264
Dividend Paid for previous year	(20,000,000)	(19,000,000)
CAT Reserve for the year (13a)	(1,000,000)	(1,061,632)
<b>Balance as at 31st December</b>	<b>109,486,226</b>	<b>83,399,115</b>

**13a. CAT RESERVES**

CAT Reserve as at 1st January	5,803,938	4,742,306
CAT Reserve for the year	1,000,000	1,061,632
<b>Balance as at 31st December</b>	<b>6,803,938</b>	<b>5,803,938</b>

**13b. General Insurance Department**

General Reserve balance as at 1st January	69,203,054	45,079,789
Profit for the year	45,758,560	48,869,184
<b>Balance as at 31st December</b>	<b>114,961,614</b>	<b>93,948,973</b>



**13c. Financing & Investment Department**

General Reserve as at 1st January	38,463,473	24,508,773
Profit for the year	21,544,376	13,954,700
<b>Balance as at 31st December</b>	<b>60,007,849</b>	<b>38,463,473</b>

**14 ESP bond Liabilities**

ESP bond	<b>120,000,000</b>	-
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**15 BORROWING & FUNDS**

Borrowings from Druk PNB	-	35,000,000
Funds from PPF Division	67,987,913	48,655,958
Funds from SWF	761,201	636,986
Funds from Staff Gratuity A/c.	52,632,709	2,650,645
<b>Total:-</b>	<b>121,381,823</b>	<b>86,943,589</b>

**15a. Financing & Investment Department**

Borrowings from Druk PNB	-	35,000,000
Funds from General Insurance Dept.	338,101,733	241,659,326
Funds from PPF Division	67,987,913	48,655,958
Funds from SWF	761,201	636,986
Funds from Staff Gratuity A/c.	52,632,709	2,650,645
<b>Total:-</b>	<b>459,483,555</b>	<b>328,602,915</b>

**16 OTHER LIABILITIES**

Outstanding expenses	686,542	289,602
Outstanding claim	13,503,530	21,716,902
Referral fees payable	2,202,623	3,036,950
Gratuity fund payable	1,331,079	1,206,901
Stale cheques	344,778	836,321
Unclaim Dividend	3,867,368	2,668,167
RI ceded for avation payable	-	4,770,257
Advance received of insurance premium for 3 years	104,842	186,586
Excess provision for taxation in previous year adjustable	-	2,350
RI ceded payable	6,065,602	-
Excess premium refundable	-	49,474
Interest payable to Druk PNB	-	297,339
Interest payable to PPF Division	4,036,430	2,754,189
Interest payable to SWF	52,387	34,215
Interest in suspense A/c.	3,470,866	1,783,779
Late fee suspense A/c.	310,448	96,026
Interest payable to Staff Gratuity A/c.	328,342	144,013
Interest payable to ESP fund	5,266,899	-
<b>Total:-</b>	<b>41,571,736</b>	<b>39,873,071</b>

**16a. General Insurance Department**

Outstanding expenses	686,542	289,602
Outstanding claim	13,503,530	21,716,902
Referral fees payable	2,202,623	3,036,950
Gratuity fund payable	1,331,079	1,206,901
Stale cheques	343,395	836,231
Unclaim Dividend	3,867,368	2,668,167
RI ceded for avation payable	-	4,770,257
Advance received of insurance premium for 3 years	104,842	186,586
Rent security TDS deducted & payable to RRCO	-	2,350
RI ceded payable	6,065,602	-





Interest payable to ESP Fund	5,266,899	-
Excess premium refundable	-	49,474
<b>Total:-</b>	<b>33,371,881</b>	<b>34,763,420</b>

**16b. Financing & Investment Department**

Interest payable to Druk PNB	-	297,339
Interest payable to General Insurance Dept.	19,597,898	15,567,602
Interest payable to PPF Division	4,036,430	2,754,189
Interest payable to SWF	52,387	34,215
Mgt. Expenses payable to Gen. Insurance	1,530,162	1,617,122
Interest in suspense A/c.	3,470,866	1,783,779
Late fee suspense A/c.	310,448	96,026
Interest payable to Staff Gratuity A/c.	328,342	144,013
Stale cheque	1,383	90
<b>Total:-</b>	<b>29,327,915</b>	<b>22,294,375</b>

**17 PROVISIONS**

Provision for unexpired risk (17a)	59,470,474	62,369,172
Provision for Loan (17b)	25,258,745	19,733,499
Provision for taxation	20,215,826	18,700,620
<b>Total:-</b>	<b>104,945,045</b>	<b>100,803,291</b>

**17a. General Insurance Department**

Provision for unexpired risk as per last Account	62,369,172	78,957,740
Add: Provision for unexpired risk current year	(2,898,698)	(16,588,568)
<b>Total:-</b>	<b>59,470,474</b>	<b>62,369,172</b>

**17b. Financing & Investment Department**

i) Provision for standard Loan as per last year A/c.	2,805,536	2,700,456
Add:- Additional Provision for current year	214,479	105,080
<b>Total:-</b>	<b>3,020,015</b>	<b>2,805,536</b>
ii) Provision for Watch Loan as per last year A/c.	933,669	1,155,786
Add:- Additional Provision for current year	123,712	(222,117)
<b>Total:-</b>	<b>1,057,381</b>	<b>933,669</b>
iii) Provision for Sub standard Loan as per last year A/c.	15,994,294	5,682,016
Add:- Additional Provision for current year	5,187,055	10,312,278
<b>Total:-</b>	<b>21,181,349</b>	<b>15,994,294</b>
iv) Dynamic Provision as per last year A/c.	-	1,440,647
Add:- Additional provision for current year	-	(1,440,647)
<b>Total:-</b>	<b>-</b>	<b>-</b>
<b>Total ( i + ii + iii + iv ):-</b>	<b>25,258,745</b>	<b>19,733,499</b>

**17c. Provision against loan charged for the year**

i) Provision for standard Loan for the year	214,479	105,080
ii) Provision for Watch Loan for the last year	123,712	(222,117)
iii) Provision for Sub standard Loan for the year	5,187,055	10,312,278
iv) Dynamic provision	-	(1,440,647)
<b>Total:-</b>	<b>5,525,246</b>	<b>8,754,594</b>



Provision on Loan outstanding Principal amount for the Non-Performing Loans is made as per the guidelines issued by Royal Monetary Authority of Bhutan at the following rate revised with effect from 31th. December 2012.

<b>Category</b>	<b>Days</b>	<b>% rate</b>
1. Standard	Upto 30	1%
2. Watch	31 - 90	1.5%
3. Substandard	91 - 180	15% and 30% for highest exposure
4. Doubtful	181 - 18 months	50% and 60% for highest exposure
5. Loss	> 18 months	100%

<b>18</b>	<b>NET EARNED PREMIUM (Direct + Accepted)</b>		
	Fire	84,119,999	65,026,107
	Marine	6,189,466	4,143,864
	Motor	88,509,313	99,421,928
	Misc.	95,842,988	31,202,288
	<b>Gross written premium (18a + 18b)</b>	<b>274,661,767</b>	<b>199,794,187</b>
	Premium ceded to reinsurers (18c)	(166,533,632)	(86,395,691)
	<b>Net written premium</b>	<b>108,128,135</b>	<b>113,398,496</b>
	<b>Net change in reserve for unearned premium (18d)</b>	<b>2,898,698</b>	<b>16,588,568</b>
	<b>Net earned premium</b>	<b>111,026,833</b>	<b>129,987,064</b>
	<b><u>18a. Premium Direct</u></b>		
	Fire	74,763,283	65,026,107
	Marine	6,189,466	4,143,864
	Motor	88,509,313	99,421,928
	Misc	45,596,688	31,202,288
	<b>Total:-</b>	<b>215,058,750</b>	<b>199,794,187</b>
	<b><u>18b. Premium Accepted</u></b>		
	Fire	9,356,717	-
	Misc	50,246,300	-
	<b>Total:-</b>	<b>59,603,017</b>	<b>-</b>
	<b><u>18c. Premium Ceded to reinsurers</u></b>		
	Fire	58,761,393	47,827,679
	Marine	4,733,056	3,115,809
	Motor	10,602,490	1,637,311
	Misc	92,436,693	33,814,892
	<b>Total:-</b>	<b>166,533,632</b>	<b>86,395,691</b>
	<b><u>18d. Net change in reserve for unearned premium</u></b>		
	Opening balance as per last account	62,369,172	78,957,740
	Add/Less: Increase/(decrease) during the year	(2,898,698)	(16,588,568)
	<b>Total:-</b>	<b>59,470,474</b>	<b>62,369,172</b>
<b>19</b>	<b>COMMISSION INCOME (Reinsurers ceded)</b>		
	Fire	19,242,089	14,879,821
	Marine	1,228,251	824,264
	Misc.	13,805,299	8,605,844
	<b>Total:-</b>	<b>34,275,638</b>	<b>24,309,929</b>
<b>20</b>	<b>INCOME FROM INVESTMENT</b>		
	Fixed Deposit	1,772,877	2,036,712
	Interest Received from FID (Gen. Insurance Fund)	19,597,898	15,567,602
	<b>Total:-</b>	<b>21,370,774</b>	<b>17,604,314</b>
<b>21</b>	<b>OTHER INCOME</b>		
	Sale of Scraps	3,329,561	7,284,258
	Exchange gain/(loss)	356,407	-
	Mic. Income	-	7,200
	<b>Total:-</b>	<b>3,685,968</b>	<b>7,291,458</b>



**22 GROSS CLAIMS**

Claims paid (Including advance) (22a)	130,159,669	140,751,667
Add: Outstanding claims (excluding advance) (22b)	13,503,530	21,716,902
Less: Outstanding claims at the beginning of the year (22c)	21,716,902	37,743,611

**Total:-** **121,946,297** **124,724,958**

**22a. Total Gross claims**

Claims paid (Including advance):-		
Fire	4,515,454	6,819,630
Marine	2,287,155	145,868
Motor	97,983,029	123,139,860
Misc.	25,374,031	10,646,309

**Total:-** **130,159,669** **140,751,667**

**22b. Outstanding calims (Excluding advance)**

Fire	13,150	575,000
Marine	45,000	669,760
Motor	9,921,248	19,858,142
Misc.	3,524,133	614,000

**Total :-** **13,503,530** **21,716,902**

**22c. Outstanding calims at the beginning of the year**

Fire	575,000	778,628
Marine	669,760	1,494,900
Motor	19,858,142	33,789,845
Misc.	614,000	1,680,238

**Total:-** **21,716,902** **37,743,611**

**23 REINSURERS RECOVERIES ON CLAIMS**

Fire	3,423,574	5,446,337
Marine	2,254,210	109,401
Motor	24,473,290	25,613,090
Misc.	19,386,203	4,744,693

**Total:-** **49,537,276** **35,913,521**

**24 COMMISSION EXPENSES (24a + 24b)**

Fire	3,237,944	1,272,024
Marine	80,677	80,894
Motor	1,155,288	1,944,604
Misc.	1,309,758	610,387

**Total:-** **5,783,667** **3,907,909**

**24a. Commission Expenses (Referral fees)**

Fire	1,098,277	1,272,024
Marine	80,677	80,894
Motor	1,155,288	1,944,604
Misc.	1,251,382	610,387

**Total:-** **3,585,624** **3,907,909**

**24b. Commission Expenses (RI Accepted)**

Fire	2,139,667	-
Misc.	58,376	-

**Total:-** **2,198,043** **-**



**25 OPERATING EXPENSES**

Employees remuneration and welfare benefit (25a)	24,687,188	23,588,976
Communication expenses	4,117,895	2,044,663
Training expenses	1,230,893	3,003,075
Rental charges	2,089,520	1,927,485
Repairs & Maintenance	501,000	788,702
Printing and stationary	417,089	661,260
Legal and Professional Charges	2,032,790	1,376,697
Advertisement and publicity	1,624,125	1,350,540
Other Misc. expenses	365,985	440,060
Depreciation & Amortization (4 & 5)	3,693,983	2,911,260
<b>Total:-</b>	<b>40,760,467</b>	<b>38,092,718</b>

## Expenses Allocation:

Fire Insurance	12,264,825	12,399,180
Marine Insurance	925,263	788,519
Motor Insurance	13,234,924	18,955,211
Miscellaneous Insurance	14,335,456	5,949,809
<b>Total Expenses allocation</b>	<b>40,760,467</b>	<b>38,092,719</b>

**25a. Employee remuneration & welfare benefits**

Salaries to staff	14,920,194	14,303,830
PF (BIL Share)	1,404,721	1,275,870
Communication allowance	308,396	318,158
Fuel allowance	435,344	439,068
Cash handling allowance	63,774	71,242
Corporate allowance	4,222,519	3,854,992
Leave Encashment amount	779,919	886,015
Staff Insurance premium	29,753	149,740
Staff Canteen & refreshment expenses	209,679	246,971
LTC	823,814	751,030
Gratuity expenses contribution	1,283,361	1,162,568
Staff incentive expenses	205,714	129,492
<b>Total:-</b>	<b>24,687,188</b>	<b>23,588,976</b>

**25b. Other Expenses on ESP bond & Equity Investment**

Interest paid on ESP bond	5,266,899	-
Listing Fees of ESP bond	302,500	-
Brokerage charges on BNBL equity investment	78,098	-
<b>Total:-</b>	<b>5,647,497</b>	<b>-</b>

**26 INTEREST INCOME (Net of Suspense)**

Commercial vehicle Loan	15,345,326	19,726,898
Commercial Establishment Loan	1,129,078	773,092
Industrial Manufacturing Loan	3,074,618	2,992,119
Services & Tourism	1,836,625	1,907,901
Housing Loan	2,035,037	738,587
Personal Loan	9,546,697	9,519,728
Staff Loan	1,396,138	1,325,414
Venture Loan	10,307,057	6,965,827
PPF Loan	152,837	90,486
GE/PE Loan	91,499	110,295
Loan against shares	3,897,686	1,314,385
<b>Total:-</b>	<b>48,812,598</b>	<b>45,464,732</b>
Less: Interest in suspense provision	(1,687,087)	(1,229,312)
<b>Net interest received</b>	<b>47,125,511</b>	<b>44,235,420</b>



<b>27</b>	<b>OTHER INCOME</b>		
	Guarantee Commission	1,658,684	1,992,398
	Administration & other Charges	69,527	43,000
	Interest from FD	4,434,908	142,648
	Late fees Income (Net of Suspense)	799,386	353,308
	<b>Total:-</b>	<b>6,962,505</b>	<b>2,531,355</b>
<b>28</b>	<b>INTEREST EXPENSES</b>		
	Interest on borrowing Funds (PNB)	949,559	3,403,823
	Interest on General Insurance Fund	19,597,898	15,567,602
	Interest on PPF Fund	4,036,430	2,754,189
	Interest on SWF	52,387	34,215
	Interest on Staff Gratuity A/c.	328,342	144,013
	<b>Total :-</b>	<b>24,964,615</b>	<b>21,903,843</b>
<b>29</b>	<b>OPERATING EXPENSES (Financing &amp; Inv. Dept)</b>		
	Salary,wages,allowance & PF	818,557	937,741
	Leave Encashment benefit	28,423	10,297
	LTC	41,067	55,537
	Travelling Expenses	18,052	97,777
	Printing & Stationary expenses	198,585	111,329
	Training Expenses	-	220,351
	Postage & Telegram expenses	10,794	3,184
	Legal Charges	392,500	1,890
	Telephone & Fax expenses	144,331	50,311
	Canteen Expenses	84,541	25,322
	Internet expenses	99,403	46,923
	Electricity Charges	34,911	12,127
	Gratuity expenses	47,718	44,333
	CIB annual Membership fees	-	500,000
	Advertisement expenses	51,070	35,312
	Bank charges	678	1,205
	<b>Total:-</b>	<b>1,970,630</b>	<b>2,153,639</b>
<b>30</b>	<b>PRIOR PERIOD ADJUSTMENT</b>		
	Short/Excess of taxation for earlier year	-	488,484
	Short provision of loan loss in previous year	83,149	-
	<b>Total:-</b>	<b>83,149</b>	<b>488,484</b>
<b>31</b>	<b>EARNINGS PER SHARE</b>		
	Profit attributable to ordinary shareholders	47,087,111	44,123,264
	Weighted average No. of ordinary shares	2,000,000	2,000,000
	<b>Earnings per share (Nu.)</b>	<b>23.54</b>	<b>22.06</b>



**Statement of Financial Position for Private Provident Fund as on 31/12/2014**

Particulars	Schedule	Nu.	2014	Nu.	2013
<b>LIABILITIES</b>					
Employees' & Employers' Contribution (Net)	1		63,651,907		46,434,659
Interest Credited to Members' Accounts (Net)	2		8,372,434		4,975,489
<b>Total :-</b>			<b>72,024,341</b>		<b>51,410,148</b>
<b>ASSETS</b>					
Fund Deposited with BIL	3		67,987,911		48,655,959
Other Assets	4		4,036,430		2,754,189
<b>Total :-</b>			<b>72,024,341</b>		<b>51,410,148</b>

The schedules referred to above form an integral part of this Balance Sheet.

This is the Private Provident Fund Balance Sheet referred to in our report of even date.

For Dutta Sarkar & Co.  
Chartered Accountants  
7A, Kiron Sankar Roy Road  
2nd Floor  
Kolkata - 700001



P.S.De  
Partner  
Membership Number: 16727  
Place: Kolkata  
Date: 16 APR 2015

On Behalf of The Board of Directors

*Graulstio*

CEO

*KMS*

Director Chairman

*[Signature]*





**Revenue Account of Private Provident Fund as on 31/12/2014**

Particulars	Schedule	Nu. 2014	Nu. 2013
<b><u>INCOME</u></b>			
Return on deposit with BIL		4,036,430	2,754,189
<b>Total :-</b>		<b>4,036,430</b>	<b>2,754,189</b>
<b><u>EXPENSES</u></b>			
Return on employees' contribution		2,018,215	1,377,095
Return on employers' contribution		2,018,215	1,377,095
<b>Total :-</b>		<b>4,036,430</b>	<b>2,754,189</b>

The schedules referred to above form an integral part of this Revenue Account

This is the Private Provident Fund Revenue Account referred to in our report of even date

For Dutta Sarkar & Co.  
Chartered Accountants  
7A, Kiron Sankar Roy Road  
2nd Floor  
Kolkata - 700001

P.S.De  
Partner  
Membership Number: 16727  
Place: Kolkata  
Date: 16 APR 2015



On Behalf of The Board of Directors

*Graulsko*

CEO

*WMS*

Director Chairman

*Q. S.*



## Schedules attached to and forming part of the Accounts for Private Provident Fund as on 31/12/2014

1	Employees' & Employers' Contribution Particular	2014			2013		
		Employees' Contribution	Employers' Contribution	Total Contribution	Employees' Contribution	Employers' Contribution	Total Contribution
	As per last Account (Net of refund)	23,216,809	23,217,848	46,434,659	16,659,924	16,660,962	33,320,886
	Add:- contribution during the year	11,505,288	11,505,290	23,010,578	8,574,919	8,575,100	17,150,019
		<b>34,722,097</b>	<b>34,723,138</b>	<b>69,445,237</b>	<b>25,234,843</b>	<b>25,236,062</b>	<b>50,470,905</b>
	Less: Refund during the year	(2,898,401)	(2,894,929)	(5,793,331)	(2,018,034)	(2,018,214)	(4,036,248)
	<b>Total:-</b>	<b>31,823,696</b>	<b>31,828,209</b>	<b>63,651,907</b>	<b>23,216,809</b>	<b>23,217,848</b>	<b>46,434,659</b>
2	Interest on Employees' & Employers' Contribution Particular	2014			2013		
		Employees' Contribution Interest	Employers' Contribution Interest	Total Interest	Employees' Contribution Interest	Employers' Contribution Interest	Total Interest
	As per last Account (Net of refund)	2,487,547	2,487,942	4,975,489	1,289,564	1,289,605	2,579,169
	Add:- contribution during the year	2,017,928	2,018,502	4,036,430	1,376,912	1,377,277	2,754,189
		<b>4,505,475</b>	<b>4,506,444</b>	<b>9,011,919</b>	<b>2,666,476</b>	<b>2,666,882</b>	<b>5,333,358</b>
	Less: Refund during the year	(319,745)	(319,740)	(639,485)	(178,929)	(178,940)	(357,869)
	<b>Total:-</b>	<b>4,185,729</b>	<b>4,186,705</b>	<b>8,372,434</b>	<b>2,487,547</b>	<b>2,487,942</b>	<b>4,975,489</b>
3	Investment with BIL	2014			2013		
	As per last Account	48,655,959		34,215,563			
	Add:- Deposited during the year	19,331,952		14,440,396			
	<b>Total:-</b>	<b>67,987,911</b>		<b>48,655,959</b>			
4	Other Assets	2014			2013		
	Receivable from BIL (Interest Accrued)	4,036,430		2,754,189			



**Statement of Financial Position for Gratuity Fund Management as on 31/12/2014**

Particulars	Schedule	Nu.	2014
<b>LIABILITIES</b>			
Contribution (Net)	1		52,632,709
Interest Credited to Members' Accounts (Net)	2		328,342
<b>Total :-</b>			<b>52,961,051</b>
<b>ASSETS</b>			
Fund Deposited with BIL	3		52,632,709
Other Assets	4		328,342
<b>Total :-</b>			<b>52,961,051</b>

The schedules referred to above form an integral part of this Balance Sheet.  
This is the Gratuity Fund Management Balance Sheet referred to in our report of even date.

For Dutta Sarkar & Co.  
Chartered Accountants  
7A, Kiron Sankar Roy Road  
2nd Floor  
Kolkata - 700001

P.S.De  
Partner  
Membership Number: 16727  
Place: Kolkata  
Date: 16 APR 2015



On Behalf of The Board of Directors

*Graulsho*

CEO

*WMS*

Director Chairman

*[Signature]*



**Revenue Account for Gratuity Fund Management as on 31/12/2014**

Particulars	Schedule	Nu.	2014
<b><u>INCOME</u></b>			
Return on deposit with BIL			328,342
<b>Total :-</b>			<b>328,342</b>
<b><u>EXPENSES</u></b>			
Return on contribution			328,342
<b>Total:-</b>			<b>328,342</b>

The schedules referred to above form an integral part of this Revenue Account  
This is the Gratuity Fund Management Revenue Account referred to in our report of even date

For Dutta Sarkar & Co.  
Chartered Accountants  
7A, Kiron Sankar Roy Road  
2nd Floor  
Kolkata - 700001

P.S.De  
Partner  
Membership Number: 16727  
Place: Kolkata  
Date: 16 APR 2015



On Behalf of The Board of Directors

*G. G. G. G.*

CEO

*V. M. S.*

Director Chairman

*Q. S. S.*



**Schedules attached to and forming part of the Accounts for Gratuity Fund Management as on 31/12/2014**

<b>1</b>	<b>Contribution</b>	<b><u>2014</u></b>
	<b>Particular</b>	<b>Contribution</b>
	As per last Account (Net of refund)	-
	Add:- contribution during the year	52,632,709
		<b>52,632,709</b>
	Less: Refund during the year	-
	<b>Total:-</b>	<b>52,632,709</b>
<b>2</b>	<b>Interest on Contribution</b>	
	<b>Particular</b>	<b>Interest on Contribution</b>
	As per last Account (Net of refund)	-
	Add:- contribution during the year	328,342
		<b>328,342</b>
	Less: Refund during the year	-
	<b>Total:-</b>	<b>328,342</b>
<b>3</b>	<b>Investment with BIL</b>	
	As per last Account	-
	Add:- Deposited during the year	52,632,709
	<b>Total:-</b>	<b>52,632,709</b>
<b>4</b>	<b>Other Assets</b>	
	Receivable from BIL (Interest Accrued)	<b>328,342</b>





# འབྲུག་ཉེན་བཅོལ་ཚད་འཛིན། Bhutan Insurance Limited

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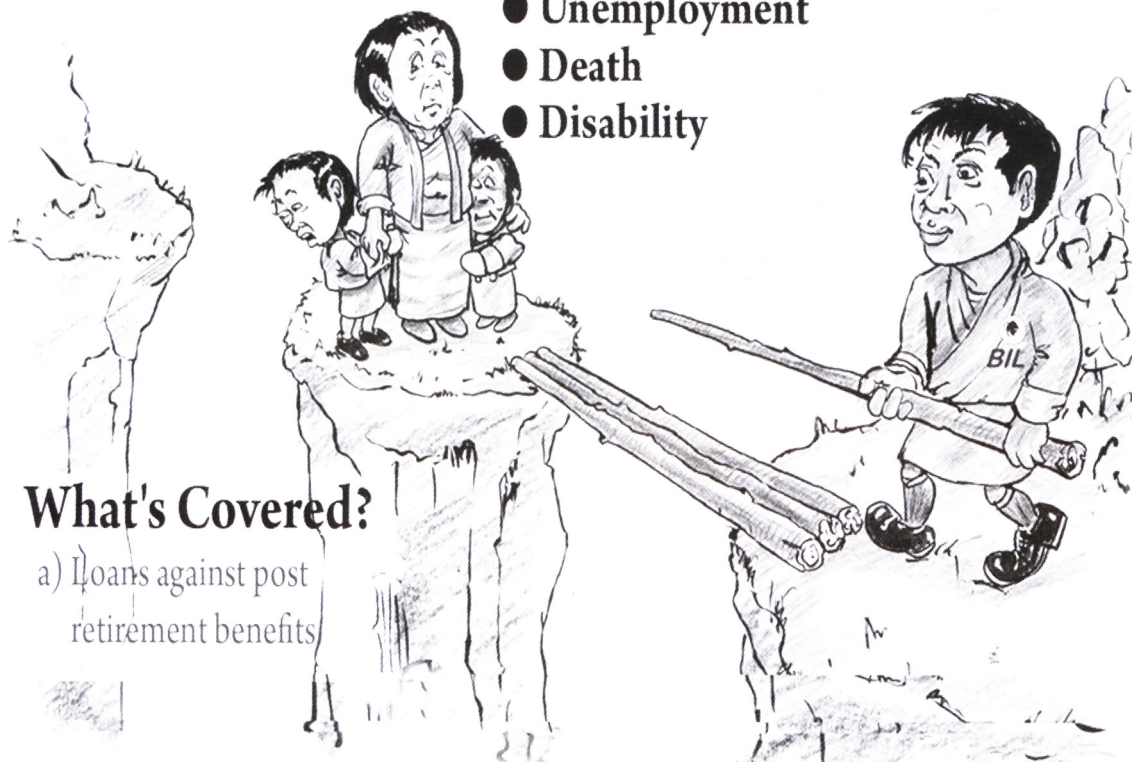
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