

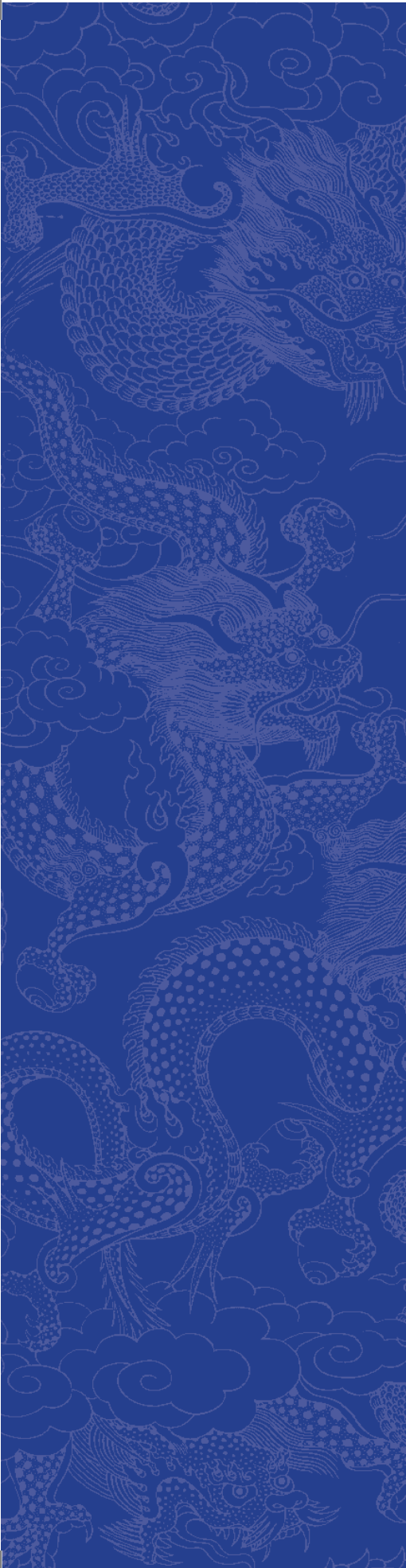


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10<sup>th</sup> Annual Report  
2018



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# Directors' Report



**Toll free# 201**

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**Bhutan Insurance Limited**

*Providing Security, Building Confidence*

Post Box# 779, Chorten Lam, Thimphu.

[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

Dear Shareholders,

On behalf of the Board Directors and on my own behalf, I extend a cordial welcome to all the shareholders of Bhutan Insurance Ltd. to the 10<sup>th</sup> Annual General Meeting of the Company & I am pleased to present to you the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> December 2018.

### 1. Business Performance

In the year 2018, our company has written a gross premium of Nu.391.92 million.

The loan assets as on 31<sup>st</sup> December 2018 has increased from Nu. 1.55 to Nu. 1.720 Billion. Similarly, the gratuity fund has increased to Nu. 717.152 million from Nu. 599 million in 2017. The Private Provident Fund has increased to Nu. 242.822 million from Nu. 172.77 million in the year 2017.

The total asset of the company has reached to Nu. 2.222 billion from Nu. 1.97 billion in 2017.

The company has earned a profit after tax of Nu. 43.56 million only for the year as compared to Nu.115.50 million in the year 2017. There has been a decrease of profit after tax of Nu. 71.95 million. The decrease in the profit is mainly due to increase in the provisions. There has been substantial increase in Non-performing loans (NPL) from Nu. 56.71 million in 2017 to Nu. 299.71 million in 2018. Consequently, NPL provision has also increased from Nu. 33.514 million in 2017 to Nu. 120.68 million in 2018. However, in reality this amount of loss is not fully incurred loss, creation of provision is compulsorily required with reference to the rules prescribed in RMA prudential norms, 2017 wherein loans are classified on the basis of magnitude of probable impairment in loan assets. Such classification is linked with number of days default in repayment of monthly loan installment inclusive of interest and principle (EMI).

Reversal of loan impairment provision is always possible on recovery of loan instalment from the delinquent constituents, invocation of securities by selling mortgaged/hypothecated property. Consequently, profitability will grow again, once the quality of loan asset is improved.

## 2. Financial & Operational Review:

### A. Financial Profitability (Figures in Millions)

Operating Profit	2018	2017
General Insurance Department (Revenue A/c)	104.524	108.567
Financing & Investment Department (Revenue A/c)	(42.967)	49.660
Profit Before Tax	61.557	158.232
Profit After Tax	43.553	115.509

## 3. Branch/Extension Offices

The management continues to explore opportunities in the market both within and outside the country. This includes developing and redesigning insurance products based on customer needs.

BIL opened an extension office at Dagapela, Dagana Dzongkhag on 1<sup>st</sup> March, 2018. The efficiency of service delivery system and performance of branch offices have been improved by building capacity and enhancing infrastructures in all the branch offices.

## 4. Human Resources

BIL has recruited 9 more employees in the year 2018, which takes the total number to 104. The Management has given its unwavering support to efforts to strengthen Human Resource Development (HRD) through professional and other relevant training by allocating sufficient budget for Human Resource Development. Such new initiatives have enabled the company to maintain a progressive growth line.

## 5. Co-curricular Activities

BIL not only focuses on procuring business but also strongly believes in health and fitness of its employees and has continued its tradition of organizing an in-house inter departmental basketball tournament organized at Kabesa. Team Finance were crowned the champions of the said tournament in 2018.

Prizes and medals were awarded to the winning and runner-up teams. All the participants were also awarded the certificate of participation by the chief guest.

### List of Winners

Champions: Team Finance  
Runner-up: Team Insurance B  
Fair play award: Team CSPD

In other sports activities, BIL also organized an interdepartmental badminton competition. Mr. Jigme Yonten, DM, Finance Department bagged the first prize in the male category and Mrs. Leki Wangmo, Investment Department, was awarded the first prize in the Women's category.

BIL also organized a marathon competition among the office employees, in which Mr. Jigme Yonten, Finance Department and Ms. Dorji Yangzom, claim section, stood first position in male and female category respectively.

In international competitions, Mr. Tandin Dorji, Assistant Manager, Investment Department represented Bhutan in ISPS Handa Cup held in Japan and also in the Asian Games 2018 held in Indonesia. Mr. Jigme Yonten, Deputy Manager, Finance Department also represented Bhutan at the pre-qualifiers for SABA zone, a basketball tournament held at Dhaka, Bangladesh.

It was indeed a proud moment for BIL that two of our employees continue to represent our nation in such international competitions.

## Acknowledgment

It gives me immense pleasure to be sitting here among the distinguished shareholders. Thank you for being here, you are the reason for our existence, and your continued support has brought us this far. I have no doubt in my mind that we will grow from strength to strength with your unwavering guidance and support. Please continue to support us as you always have done in the past.

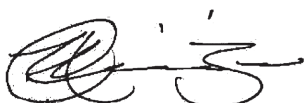
On behalf of the Board of Directors, I would like to thank the other shareholders who could not attend the AGM today but have been supporting the institution continuously.

May I also take the opportunity to thank all our business partners and valued clients, whose enduring confidence and faith reposed in the Company has made possible the results achieved during the year. The Board also places on record its deep appreciation to the Royal Government and its various agencies for continued support and cooperation provided to Bhutan Insurance Limited (BIL). In particular, I would like to thank the Royal Monetary Authority of Bhutan, the Registrar of Companies and the Department of Revenue and Customs for their patronage and continued support.

The Directors are also pleased to convey their sincere appreciation to all our Referrals & agents, reinsurance partners and surveyors in India without whose support it would have been difficult to achieve the plans and goals of the Company.

I would also like to thank the Management and staff of BIL for their dedicated service and extend my good wishes for a very successful 2019.

Tashi Delek



(Ugyen Rinzin)  
Chairman



## 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	00975-02- 339892/93/94 Toll Free # 201	02-339895

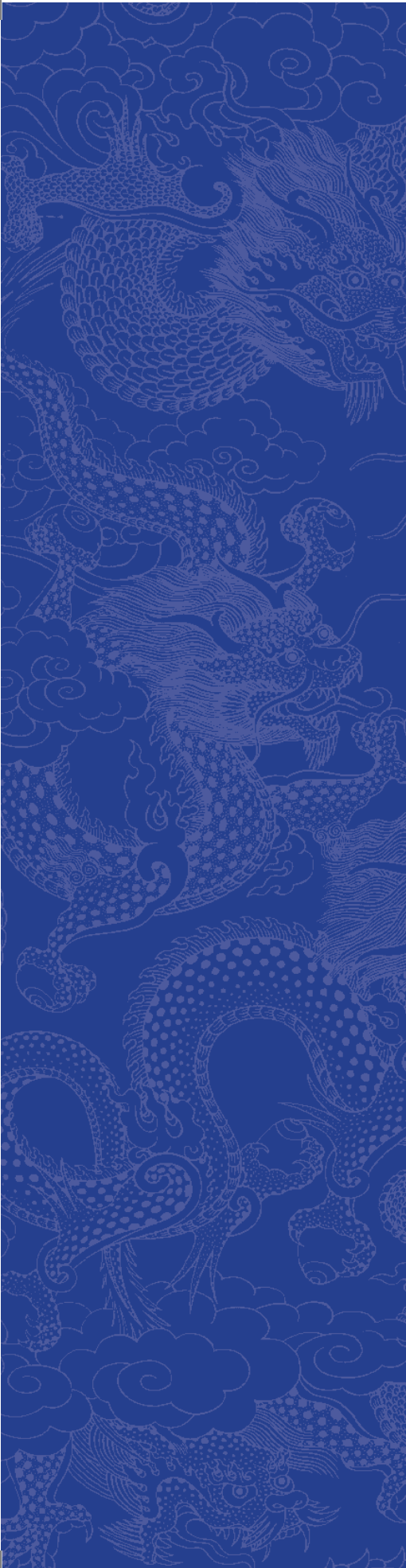
### BIL Branch Offices

Establishments	Address	Telephone No.	Fax No.
Phuentsholing	1st floor, Bhutan Post Building	05-252894/95	05-252893
Wangdue	1st floor, Jamtsho Building, opposite BDBL office, Bajo Town	02-481663/335	02-481495
Paro	2nd floor, BNBL office	08-272985/86	08-272984
Gelephu	1st floor, Oli Building, below NPPF office	06- 252273/251198	06-251199

### BIL Extension Offices

Establishments	Address	Telephone No.	Fax No.
Samdrup Jongkhar	1st floor, Bhutan Post office building	07-251384	07-251387
Bumthang	Opposite Home Collection Shop, Chamkhar town	03-631565	03-631271
Mongar	1st Floor, near BNBL office	04-641407	04-641408
Tsirang	Dina Nath building, near Tashi Cell office	06-471426	06-471427
Tashigang	near T-Bank office	04-521343/344	04-521342
Trongsa	Ground floor, near TashiCell office	03-521541	03-521583
Samtse	above Drodul Chorten, Lichibari, Samtse town	05-365568	05-365568

Establishments	Address	Telephone No.	Fax No.
Zhemgang	Top floor, KD building, Zhemgang town	03-741165	03-741173
Nganglam	near BNBL office, Nganglam town	07-481008	07-481009
Khuruthang	behind BNBL office, Khuruthang town	02-584348	02-584351
Gedu	Ground floor, BDBL office, Lapsakha	05-282230	05-282231
Haa	Ground floor, Kiba Tshongkhang, Lower Market	08-375220	08-375332
Tashiyangtse	Near RSTA office	04-781251/5	
Dagapela	Near BOBL Branch Office	06-483134	06-483137



# Company Profile



## COMPANY PROFILE

Bhutan Insurance Limited (BIL) provides non-life insurance products for Individuals, Corporate Bodies, Small & Medium sized Enterprises throughout Bhutan. The Company started operations on 20th August 2009, and today has a country wide network connected through the latest technology for quick communication and response in over 18 Dzongkhags.

We have expanded our service network progressively with our Head Office in Thimphu, Branch Offices in Phuentsholing, Paro, Wangduephodrang and Gelephu, and Extension Offices in Samdrup Jongkhar, Bumthang, Mongar, Tsirang, Haa, Tashigang, Trongsa, Gedu, Samtse, Khuruthang, Zhemgang, Nganglam and Tashi Yangtse, Dagapela 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 100 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).



## Branch & Extension Office Establishment

- 01.10.2009 - Extension office at Bumthang
- 18.10.2009 - Branch office at Phuentsholing
- 01.11.2009 - Branch office at Wangdue Phodrang
- 05.11.2009 - Branch office at Paro
- 06.01.2010 - Branch office at Gelephu
- 10.06.2010 - Extension 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
- 09.09.2014 - Extension office at Samtse
- 09.04.2015 - Extension office at Zhemgang
- 11.12.2015 - Extension office at Nganglam
- 14.01.2016 - Extension office at Khuruthang
- 17.01.2016 - Extension office at Gedu
- 05.08.2016 - Extension office at Haa
- 26.04.2017 - Extension office at Tashiyangtse
- 01.03.2018 - Extension office at Dagapela

## Re-Insurance

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

- GIC-Bhutan Re, Thimphu, Bhutan
- ZEP-RE (PTA Reinsurance Company), Nairobi, Kenya
- Kenya Re, Nairobi, Kenya
- Allianz Global Corporate & specialist, France
- XL Insurance Co., Singapore
- MISR Re- Egypt
- GIC-India Re, Mumbai, India
- National Insurance Co., India
- CICA-Re, Nairobi, Kenya or Tongo
- Swiss Re- Zurich, Switzerland
- New India Assurance, India
- Nepal-Re, Nepal
- East African Re, Kenya
- Asian Re, Bangkok, Thailand
- Starr International Insurance Pte Ltd. - Singapore

## 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. Student Care Insurance

Loan Protection Insurance (LPI)  
Enhanced Rural Fire Policy

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

- Commercial Establishment Loan
- Government/Corporate/Private Employee Loan
- Housing Loan
- Industrial Loan
- Loan against Shares
- Loan against PPF
- Overdraft
- Personal Loan
- Venture Loan
- Vehicle Loan

- (C) And other service provided includes issuing of Bank Guarantees and management of Private Provident Fund (PPF) and Gratuity Fund (GF).

## Customer Service

We differentiate ourselves through our employees, referrals, agents and our total commitment to customer service.

The company has an Independent Grievance cell in place to facilitate the walk-in and online customer grievances.

## Distribution Channels

The company has multilayer distribution channels established with a mandate to educate the mass and assist them in choosing the right insurance products

- Direct field underwriters providing door to door service
- Insurance on Wheels
- Referrals & Agents
- Interactive website facilitating online downloads
- BIL Facebook Page.
- Bank assurance

## Board of Directors

1. Mr. Ugyen Rinzin (Chairman)  
M/s Yangphel Private Limited, Thimphu
2. Mr. Karma Tsetop Rinchhen (Director)  
M/s A Middle Path to Bhutan, Thimphu
3. Mr. Kunzang Namgyel (Independent Director)  
Building no.31, above NPPF Colony, Thimphu
4. Mr. Sangay Wangdi (Director)  
CEO, BBPL
5. Mr. Tshering Dorji (Independent Director)  
Former CEO, T-Bank
6. Mr. Tshering Gyaltshen (CEO/Member Secretary)  
Bhutan Insurance Limited, P.O.Box #779, Chorten  
Lam, Thimphu

## Company Secretary

Ms. Sonam Wangmo  
Bhutan Insurance Limited, P. O. Box # 779, Chorten  
Lam, Thimphu  
Phone: 17456393  
Email: somohm@gmail.com

## Auditors

M/s. Mookherjee Biswas & Pathak Chartered Accountants  
5 & 6 Fancy Lane, 5th Floor  
Kolkata-700001, India  
Phone: 0091-33-22481733/22318869/22438542/22421789  
Fax: 0091-33-22480080  
Email: abhijit@mbpkol.com/aryabir@mbpkol.com

## Risk Based Internal Audit Committee Members

1. Mr. Tshering Dorji (Chairperson)  
Former CEO, T-Bank
2. Mr. Sangay Wangdi  
CEO, BBPL
3. Mr. Pema Loday  
Internal Audit Department, BIL, Thimphu

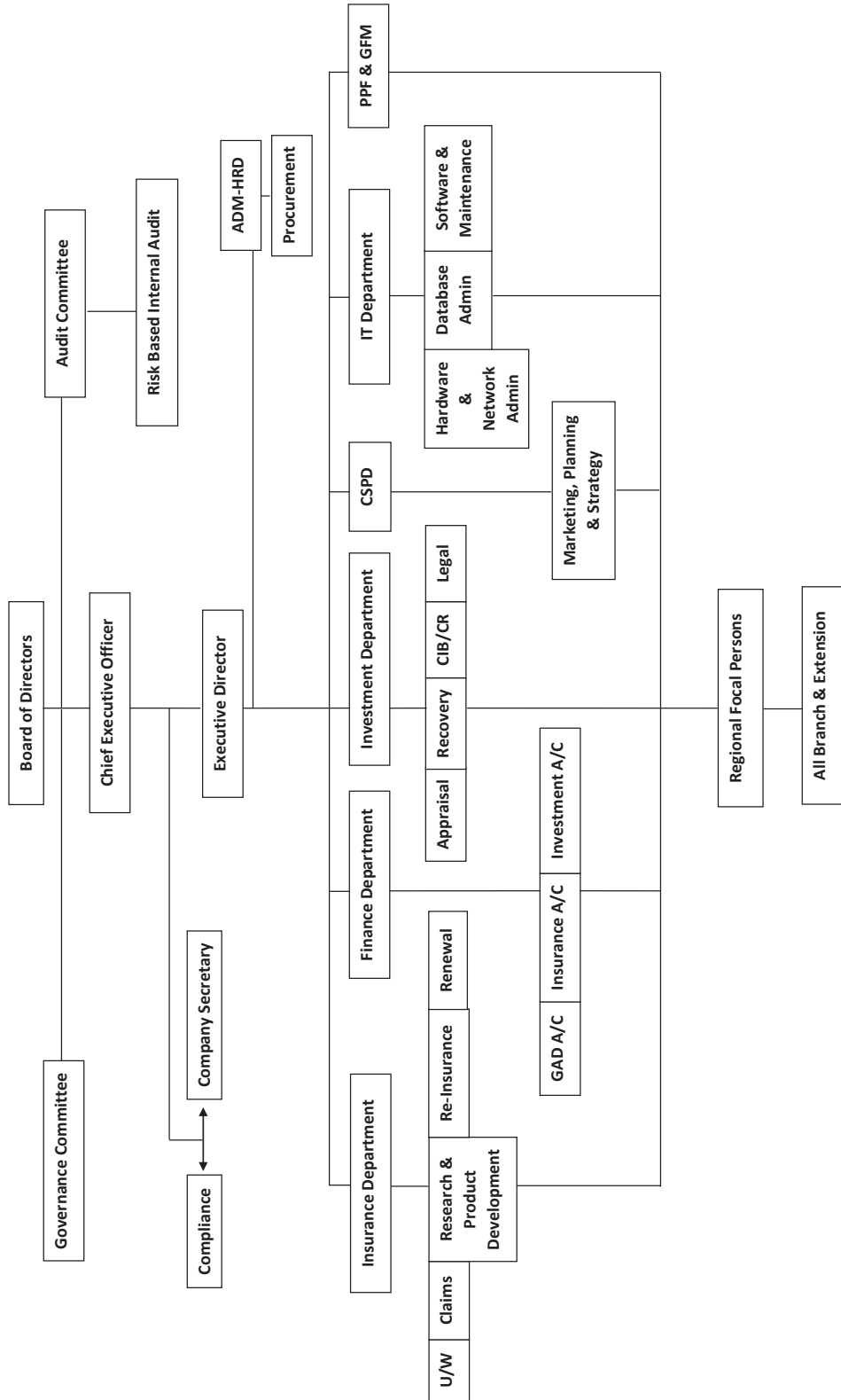
## Corporate Governance Committee Members

1. Mr. Karma Tsetop Rinchhen (Director)  
M/s A Middle Path to Bhutan, Thimphu
2. Mr. Kunzang Namgyel (Independent Director)  
Building no.31, above NPPF Colony, Thimphu
3. Mr. Kalyan Humagai  
General Manager  
Investment Department, BIL, Thimphu

## Principal Bankers

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







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**Bhutan Insurance Limited**  
*Providing Security, Building Confidence*

## OUR PRODUCTS

### Insurance Products



MOTORS INSURANCE



FIRE INSURANCE



MISCELLANEOUS INSURANCE



LOAN PROTECTION



AVIATION INSURANCE



MARINE INSURANCE



PRIVATE PROVIDENT FUND  
& GRATUITY FUND



WORKMEN COMPENSATION

### Loan Products



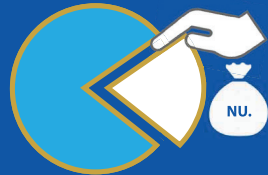
VENTURE TERM LOAN



HOUSING COMMERCIAL/  
HOUSING NON-COMMERCIAL



INDUSTRIAL LOAN



LOAN AGAINST SHARES



VEHICLE LOAN



PERSONAL LOAN



LOAN AGAINST PRIVATE  
PROVIDENT FUND (PPF)



SECURED OVERDRAFT

[www.bhutaninsurance.com.bt](http://www.bhutaninsurance.com.bt)

Post Box: 779, Chorten Lam, Thimphu, Bhutan, Toll Free: 201, Fix Line: 00975-2-339892/93/94,

Fax: 339895, Email: [bhutaninsurancelimited@gmail.com](mailto:bhutaninsurancelimited@gmail.com)



# Auditors' Report & Financial Statement



**Mookherjee Biswas & Pathak****INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS  
BHUTAN INSURANCE LIMITED****Report on the Audit of the Financial Statements****1. Opinion**

We have audited the financial statements of "Bhutan Insurance Limited" (The Insurance Company), which comprise the Statement of Financial Position as at December 31, 2018 along with the separate statements of financial positions of departments (namely General Insurance, Financing & Investment, Private Provident Fund and Gratuity Fund Management Department), and the Statement of Comprehensive Income along with revenue accounts of departments (namely General Insurance, Financing & Investment, Private Provident Fund and Gratuity Fund Management Department), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements, in all material respects, give a true and fair view of the financial position of the Company as at December 31, 2018, and (of) its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles (GAAP) followed in Bhutan except otherwise mentioned in this report.

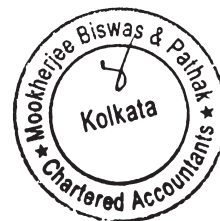
**2. Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as prescribed in section 266 of the Companies' Act of Bhutan 2016. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we have determined the matters described below to be the key audit matters to be communicated in our report.

- (i) There has been substantial increase in Non-Performing Loans from Nu. 56,709,177 (2017) to 299,705,837 (2018). Consequently, NPL Provision has also increased from Nu. 33,514,374 (2017) to Nu. 120,679,268 (2018).





## Mookherjee Biswas & Pathak

As explained by the management large numbers of performing loans have migrated to banks for availing lower rate of interest

- (ii) Unclaimed Dividend amounting to Nu. 16,451,689 is outstanding as on 31<sup>st</sup> December 2018.
- (iii) Unexpired Risk Reserve has been created 50% of unearned premium whereas the Rules & Regulations 2018 issued by RMA advocates for creating unearned premium reserves for each policy of the fund determined on a basis not less accurate than the 1/24th method. However, the Company is in the process of implementing the method of calculation as stipulated in the Regulation.

#### 4. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Companies Act of Bhutan, 2016 and Generally Accepted Accounting Principles (GAAP) followed in Bhutan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### 5. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

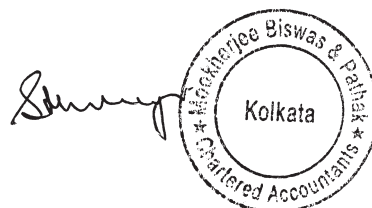


**Mookherjee Biswas & Pathak**

6. As required by Section 266 of the Companies' Act of the Kingdom of Bhutan 2016, with respect to 'The Minimum Audit Examination and Reporting Requirements', we enclose in the "Annexure A" a statement on the matters specified therein to the extent applicable to the Company.
7. **Further, as required by section 265 of the ACT, we report that:**
- a) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Statement of Financial Position along with the separate statements of financial position of departments (namely General Insurance, Financing & Investment, Private Provident Fund and Gratuity Fund Management Department), and the Statement of Comprehensive Income along with revenue account of departments (namely General Insurance, Financing & Investment, Private Provident Fund and Gratuity Fund Management Department), Statement of Changes in Equity and Statement of Cash Flows dealt with by this report are in agreement with the books of accounts.
  - c) The Company has complied with other legal and regulatory requirements.
8. We have submitted separate report on BAS compliant financial statement.

**For Mookherjee Biswas & Pathak**  
**Chartered Accountants**  
**FRN: 301138E**

**Place: Thimphu**  
**Date: 26/3/2019**



**Sudersan Mukherjee**  
**(Partner)**  
**Membership Number: 059159**

**Mookherjee Biswas & Pathak****ANNEXURE A**

**(Minimun Audit Examination Report as per section 266 of Companies Act of Bhutan 2016 and referred to in paragraph 6 of our Report of even date)**

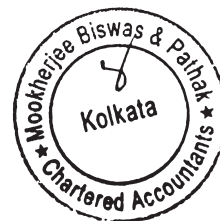
1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets with mark of codification. As per the management, physical verification of fixed assets was conducted during the year, but the linking up of the physically verified fixed assets with book records is still in process. Discrepancies if any, could not be identified and commented upon.
2. None of the fixed assets have been revalued during the year.
3. The company has not taken any loan from Companies under the same management. Therefore, terms of which whether prejudicial to the interest of the Company does not arise.
4. 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. Therefore, terms of which whether prejudicial to the interest of the Company does not arise.
5. The Company has given Staff Advance in normal course of business, recovery whereof are made as per stipulation. The parties to whom the loans or advances have been given by the Company are generally repaying the principal amounts, as stipulated and are also generally regular in payment of interest, except for certain cases, the outstanding loan balances comprising of principal and interests, are considered as non-performing assets as per Prudential Regulations 2016 of the 'Royal Monetary Authority of Bhutan' and for which accrued interest as recognized have been reversed and provisioning for principal amounts have been done as per the said Regulations.
6. No excessive/frequent advances are generally granted and accumulation of large advances against particular individual is generally avoided.
7. 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.



**Mookherjee Biswas & Pathak**

It has been observed that the company did not carry out any system audit since its inception. The Management may initiate appropriate system audit for better control.

8. (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.
- (b) The terms & conditions attached to the transactions with the related parties as disclosed in Note No. 52 are not prejudicial to the interest of the other shareholders & the Company.
9. According to the records, the Company in general is regular in depositing its provident fund, salary tax, health Contribution, TDS, Bhutan sales Tax, and other statutory dues with the appropriate authorities.
10. No undisputed amounts payable in respect of rates, taxes, duties, provident funds and other statutory dues were outstanding at the year end.
11. 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 Statement of Comprehensive Income, nor we have been informed about such cases by the Management.
12. The company is having authorized policy of recruitment of commission agents, and as informed by the management they are screened to fit the specific criteria before being recruited.
13. In our opinion there has been, in general, a reasonable system for continuous follow-up of receivable recovery of its outstanding amounts from the parties but the same offers further scope for improvement. The Company keeps the records of overdue analysis of the parties as per Prudential Regulations 2016 of the 'Royal Monetary Authority of Bhutan'.
14. 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 no excessive amounts are lying idle in non- interest-bearing accounts.
15. 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.



**Mookherjee Biswas & Pathak**

16. 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.
17. The Company has established effective budgetary control system.
18. 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.48(a) and 48(b). 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.
19. According to the information and explanations given to us, the directives of the Board have generally been complied with.
20. 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.
21. Since the Company is operating as Insurance Company and Financial Institution the clause 3 to clause 6, Clauses 14 to 17, clauses 21 to 27, clause 34 of the reporting requirements are not applicable to it.

**Reporting Requirements specific to Finance & Investment Company**

22. 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.
23. 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.
24. In our opinion and on the basis of examination of books and records, the Corporation follows the accounting policy of making provisions for diminution, other than temporary, if any, in the value of investment in shares.
25. The requirements relating to provisioning for the non-performing assets including loans and advances in terms of Prudential Regulations of RMA has been complied with.





## Mookherjee Biswas & Pathak

26. Recognition of interest income in respect of non-performing asset has been deferred in terms of Prudential Regulations of RMA.
27. 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.
28. 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.
29. The Company, in general, has the system for carrying out proper analysis before permitting re-phasing/ rescheduling of. On the basis of examination carried out in accordance with the generally accepted auditing procedures and based on the information and explanations provided by the management to us, re-phasing has generally not been permitted in respect of non-performing loans.
30. Additional loan are not granted to those who have defaulted payment of previous advances.

### Computerized Accounting Environment

- a. The company has developed a customized software system for maintenance of accounts.
- b. According to information and explanations provided to us, back-up is stored in Server which is located at a place separate from the Head Office. The back-up, and other safeguard measures appear to be adequate.
- c. The operational controls are found adequate to ensure correctness and validity of input data and output information.
- d. 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.

### 31. 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 going concern concept is applicable.

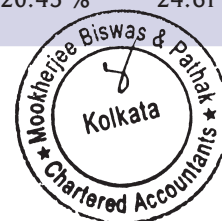
The company, in our opinion shall continue and maintain its operation in the foreseeable near future.



**Mookherjee Biswas & Pathak****B. Ratio Analysis:**

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

Sl. No.	Performance ratio	Ratio/Percentage Formula	2018	2017
1	Capital adequacy	Tier1+ Tier2 Capital/ Total risk weighted assets	24.96%	36.04 %
2	Core capital	Tier1 Capital/ Total risk weighted assets	17.08%	21.06 %
3	Statutory liquidity ratio	Quick Assets/ total liabilities excluding capital fund and RMA liabilities	23.30%	20.02%
4	Leverage ratio	Tier 1 + Tier 2Capital/Total Exposure excluding specific provision and margin money	25.21 %	25.40 %
5	Annulized gross premium to shareholders' fund	Gross premium/average capital employed	0.838	0.884
6	Net retention	Net Premium/Gross Premium	0.544	0.501
7	Commission to net premium	Commission net of Re-insurance/Net Premium	15.76%	18.83 %
8	Management expense to gross premium	Management Expense/Gross Premium	15.74%	14.24 %
9	Combined ratio	(Net Claim + Operating Expenses) *100/Earned Premium	79.81%	78.94 %
10	Technical reserve to net premium	Technical Reserve/Net Premium	0.693	0.698
11	Operating profit	(Underwriting profit + Investment Income)/Net Premium	28.85 %	79.14 %
12	Net earning ratio	PAT/Net Premium*100	20.41 %	57.77 %
13	Annualized return on net worth	PAT/Net worth	9.59 %	23.99 %
14	Book value per share	(Share Capital + Free Reserve)/ No. of Shares	15.14	24.08
15	Earning per share	PAT/No. of Shares	1.45	5.78
16	Net worth of the company	Share Capital + Free Reserve	454,054,604	481,501,438
17	Return on equity	PAT/Average Capital Employed	9.31 %	25.60 %
18	Net worth to total Liabilities	Net Worth/Total Liabilities	20.43 %	24.61 %



**Mookherjee Biswas & Pathak**

Sl. No.	Performance ratio	Ratio/Percentage Formula	2018	2017
19	Gross npl ratio	Total NPL O/s. balance/Total Loan O/s. balance	17.42 %	3.66 %
20	Net npl ratio	Net NPL Loan/ Net Total Loan	7.55 %	0.77 %
21	Solvency ratio	Total Available Solvency Margin/ Total Required Solvency Margin	6.93	10.74
22	Underwriting balance ratio	Underwriting profit/Net Premium		
		Fire	23.18 %	19.38 %
		Marine	1.59 %	2.88 %
		Others	24.21 %	31.60 %

32. In accordance with RMA Prudential regulations 2016 capital conservation buffer is maintained at ratio over and above the prescribe rate of 2.5% of total risk weighted assets.

**33. Compliance with the Companies Act of the kingdom of Bhutan**

The Company has complied with the requirements of Company's Act of Bhutan 2016.

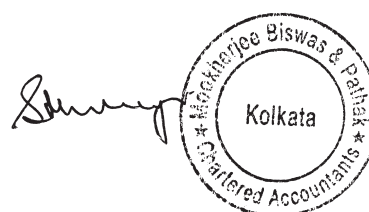
**34. Adherence to Laws, Rules and Regulation**

Audit of the Company is governed by the Companies Act of Bhutan, 2016 and the scope of the audit is limited to examination and review of the financial statements as produced to us by the management.

During 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 Bhutan, 2016 and Financial Services Act of Bhutan 2011, the Income Tax Act of Kingdom of Bhutan, 2001) rules and regulations, system procedures and practices. The company is in the process of complying with the Corporate Governance Rules and Regulations 2018.

**For Mookherjee Biswas & Pathak**  
Chartered Accountants  
FRN: 301138E

**Place: Thimphu**  
**Date: 26/3/2019**



**Sudersan Mukherjee**  
**(Partner)**  
**Membership Number: 059159**

## 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 Generally Accepted Accounting Principles (GAAP) followed in Bhutan and comply with the requirements of Companies Act of Bhutan 2016 and Financial Service Act, 2011. Financial statements as per the requirements of BAS is separately prepared and audited.

#### 2.2. Date of Authorization of Issue

The Financial Statements of Bhutan Insurance Ltd., for the year ended 31<sup>st</sup>. December 2018 were authorized for issue in accordance with the 42<sup>nd</sup> resolution of the Board of Directors held on 26<sup>th</sup> March, 2019.

#### 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 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 :

The format in these Financial Statements has been stated in line with Bhutanese Accounting Standards (BAS) as issued by the Accounting and Auditing standards board of Bhutan.

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 stated at 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.

(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 face value of investments in listed Companies is disclosed in Note 32. 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.

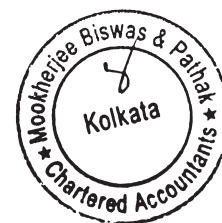
**3.1.4.1. Trade and Other Receivables**

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 derecognizes 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 payables.





### 3.2. Reinsurance

The Company cedes insurance risk in the normal course of business to recognized reinsurers through formal reinsurance arrangements. Reinsurance assets represent balances due from all 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 Statement of Financial Position unless a right to offset exists. Premiums and claims are presented on a gross basis for ceded reinsurance. Reinsurance assets are derecognized when the contractual rights are extinguished or expire or when the contract is transferred to another party.

#### 3.2.1 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 carrying cost.

### 3.5. Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

### 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 unexpired 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 derecognized 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.

### 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.

## 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 91 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 Statement of Comprehensive Information 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 the relevant 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. The Company issued Bonus Shares amounting to Nu. 100,000,000 (10,000,000 shares @ FV 10 each) during the year as approved by the Board and RMA vide letter No. RMA/DFRS/22/2018-2019/1726 dated 5<sup>th</sup> October, 2018.

### 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.

### 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 Note 26 to 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 42<sup>nd</sup> resolution of the Board of Directors on 26<sup>th</sup> March, 2019 has not declared dividend for the year 2018 in line with bonus share approval letter from RMA and was endorsed in the 10<sup>th</sup> AGM on the same date. The dividend of 35% on paid up capital amounting to Nu. 70 Million was distributed among the shareholders for the year 2017.

### 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 counterparty 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.



**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 we rerecorded 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 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
- 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.



**32. Long Term and Short Term Investment as on 31st December 2018:**

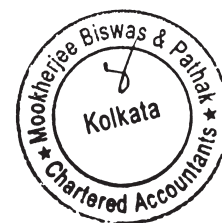
Sl. No.	Name of Organization	No. of Shares/ Bonds	Rate (Nu)	Amount (Nu.)	Remarks
1.	Bhutan Development Bank Ltd.	N.A	NA	65,000,000	FD, fresh in current year
2.	Central Information Bureau	175000	10	1,750,000	Till Previous Year
3.	Dungsam Cement Corporation Limited	30000	1000	30,000,000	-do-
4.	Royal Insurance Corporation Of Bhutan Ltd	30000	1000	30,000,000	-do-
5.	Bhutan national Bank Ltd	385670	27	10,413,090	-do-
6.	FIs Training Institute	600000	10	6,000,000	-do-

33. The company has issued bonds Nu.120,000,000 at a coupon rate of 6% p.a. under Economic Stimulus Plan as formulated by Royal Government of Bhutan.
34. Property Plant and Equipment has been depreciated considering the depreciation rates of the assets as provided in Income Tax Act of Bhutan.
35. Resources of Insurance Department, Provident Fund, Gratuity Fund and Fund obtained through borrowing are centrally managed through Finance & Investment Department.
36. Contingent liabilities as at the Balance Sheet date is guarantee issued by the Company amounting to Nu. 9,467,408 remain unexpired as on 31<sup>st</sup> December, 2018.
37. Interest income on loans of Nu.173,989,869.00 is net of suspended interest of Nu.19,639,322.00 which is charged to the statement of comprehensive income during year as conforms to the Prudential Regulation, 2016 by Royal Monetary Authority of Bhutan.
38. Interest of Nu. 19,639,322 and late fee of Nu. 2,125,915.00 has not been recognized as income & kept under Interest in suspense and Late fee suspense account respectively.
39. Interest and late fee of Nu.33,485,131.04 and Nu. 2,163,715.71 was not collected but included in total loan outstanding as on 31.12.2018.





40. Provision against non-performing loans of Nu.178,258,698.00 has been computed as per the RMA Prudential Guidelines. An additional provision of Nu.120,679,268.00 has been created during the year to consider probable loss which may arise out of potential non-performing loans.
41. 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.217,782,708.00 (previous year Nu.163,713,029.00) & Nu.13,357,066 .00 (previous year Nu.9,054,307.00) as interest accrued thereon.
42. 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.666,674,078.00 (previous year Nu.565,705,548.00) & Nu.45,575,696.00 (previous year Nu.33,814,333.00) as interest accrued thereon.
43. Reserves for un-expired risks amounting to Nu.113,856,633.00 (previous year Nu.99,532,887.00) created in the Revenue Accounts in respect of General Insurance Business at 50% (Previous year 50%) of the net premium income during the year.
44. Company has valued their Gratuity Liability as per their HR policy and an amount of Nu.1,164,026.00 have been provided in the accounts towards gratuity on the presumption that all employees ceases to be employed with the Company as on 31.12.2018.
45. Provision for bonus payable to employees has neither been ascertained nor been provided for in these accounts.
46. The assets of the Company in Bhutan are free from all encumbrances.
47. 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.



## 48. Management expenses include:-

	2017	2018
a) Managerial Remuneration paid to the Chief Executive Officer :-		
- Remuneration:	Nu. 1,233,696.00	Nu. 1,216,848.00
- Other Benefits:	Nu. 673,272.00	Nu. 648,000.00
<b>Total:</b>	<b>Nu. 1,906,968.00</b>	<b>Nu. 1,864,848.00</b>
b) Directors sitting fees:	Nu. 430,350.00	Nu. 412,500.00

## 49. The Audit Fees and Expenses

a) Audit fee:-	Nu. 85,000.00	Nu.75,000.00
b) Audit expenses:	Nu. 140,000.00	Nu.125,000.00


50. 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.

51. In the opinion of management, there is no impairment of fixed assets of the Company, which may require any adjustment to be made.

52. Other Current liabilities (Schedule 16) includes unclaimed dividend of Nu.16,451,689.00 (previous year Nu.9,054,307.00).


53. Previous year's figures have been adjusted/rearranged/ regrouped wherever necessary to make them comparable with the current year's figure.



**For Mookerjee Biswas & Pathak  
Chartered Accountants  
FRN: 301138E**


**(Sudersan Mukherjee)  
Partner  
Membership No. 059159  
Place: Thimphu  
Date:26/3/2019**

**On behalf of The Board of Directors**

  
**CEO**

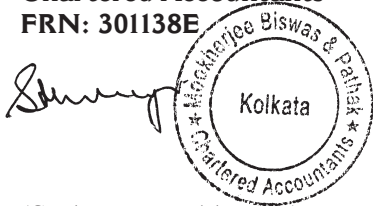
  
  
**Chairman**

**Consolidated Statement of Financial Position as on 31st December 2018**

Particulars	Note	2018 Nu.	2017 Nu.
<b>Assets</b>			
<b>Non Current Assets</b>			
Intangible Assets (Net block)	4	1,803,990	3,189,621
Property, Plant & Equipment (Net block)	5	3,724,654	4,525,578
Long Term Investment	6	67,750,000	67,750,000
Term Loan	7	1,388,962,185	1,232,247,726
<b>Total Non current Assets:-</b>		<b>1,462,240,829</b>	<b>1,307,712,925</b>
<b>Current Assets</b>			
Cash & cash equivalents	8	297,833,465	191,761,788
Short term Investment	9	75,413,090	75,413,090
Loans & Overdraft	10	331,997,873	317,195,513
Advance & other assets	11	54,753,964	64,574,029
<b>Total current Assets:-</b>		<b>759,998,392</b>	<b>648,944,421</b>
<b>Total Assets:-</b>		<b>2,222,239,222</b>	<b>1,956,657,346</b>
<b>Liabilities</b>			
<b>Shareholders' Equity</b>			
Issue, Subscribed & Paid-up capital	12	300,000,000	200,000,000
General Reserves	13	138,422,188	195,869,022
Retained Earnings	13a	15,632,416	85,632,416
CAT Reserves	13b	10,803,938	9,803,938
<b>Total Shareholders' Equity:-</b>		<b>464,858,542</b>	<b>491,305,376</b>
<b>Non Current Liabilities</b>			
ESP Bond	14	120,000,000	120,000,000
<b>Total Non current Liabilities</b>		<b>120,000,000</b>	<b>120,000,000</b>
<b>Current Liabilities</b>			
Borrowings & Funds	15	1,196,166,676	1,026,406,952
Other Liabilities	16	132,478,202	119,109,863
Provisions	17	308,735,803	199,835,153
<b>Total current Liabilities:-</b>		<b>1,637,380,681</b>	<b>1,345,351,968</b>
<b>Total Liabilities:-</b>		<b>2,222,239,222</b>	<b>1,956,657,346</b>
<b>Note</b>			
Contingent Liabilities (Off balance sheet)		94,679,408	62,105,056

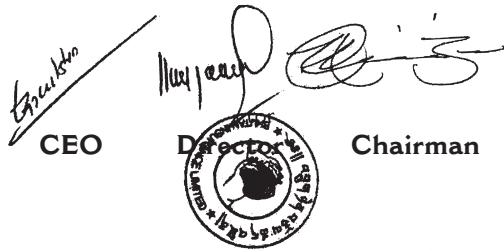
The schedules referred to above form an integral part of this Consolidated Statement of Financial Position.  
This is the Consolidated Statement of Financial Position of all departments referred to in our report of even date.

**For Mookerjee Biswas & Pathak  
Chartered Accountants  
FRN: 301138E**



**(Sudersan Mukherjee)  
Partner  
Membership No. 059159  
Place: Thimphu  
Date: 26/3/2019**

**On behalf of The Board of Directors**



**CEO**



**Chairman**

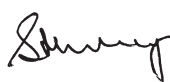

### Statement of Financial Position for General Insurance Department as on 31st December 2018

Particulars	Note	2018 Nu.	2017 Nu.
<b>Assets</b>			
<b>Non Current Assets</b>			
Intangible Assets (Net block)	4	1,803,990	3,189,621
Property, Plant & Equipment (Net block)	5	3,724,654	4,525,578
Long Term Investments	6a	67,750,000	67,750,000
<b>Total Non current Assets:-</b>		<b>73,278,644</b>	<b>75,465,199</b>
<b>Current Assets</b>			
Cash & cash equivalents	8a	81,368,820	69,364,733
Short term Investment	9a	356,794,496	370,965,016
Advance & other assets	11a	298,402,120	258,581,007
<b>Total current Assets:-</b>		<b>736,565,436</b>	<b>698,910,757</b>
<b>Total Assets:-</b>		<b>809,844,080</b>	<b>774,375,956</b>
<b>Liabilities</b>			
<b>Shareholders' Equity</b>			
Issue,Subscribed & Paid-up capital	12	300,000,000	200,000,000
General Reserves	13c	224,446,170	284,361,560
<b>Total Shareholders' Equity:-</b>		<b>524,446,170</b>	<b>484,361,560</b>
<b>Non Current Liabilities</b>			
ESP bond	14	120,000,000	120,000,000
<b>Total Non Current Liabilities</b>		<b>120,000,000</b>	<b>120,000,000</b>
<b>Current Liabilities</b>			
Other Liabilities	16a	51,541,277	70,481,508
Provisions	17a	113,856,633	99,532,887
<b>Total current Liabilities:-</b>		<b>165,397,910</b>	<b>170,014,396</b>
<b>Total Liabilities:-</b>		<b>809,844,080</b>	<b>774,375,956</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.

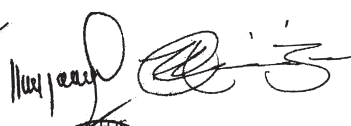
**For Mookerjee Biswas & Pathak**  
Chartered Accountants  
FRN: 301138E


  


(Sudersan Mukherjee)  
Partner  
Membership No. 059159  
Place: Thimphu  
Date: 26/3/2019

On behalf of The Board of Directors

  
CEO

  
Chairman



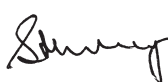
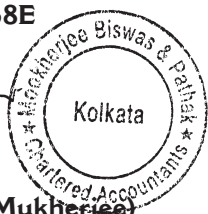
**Statement of Financial Position for Financing & Investment Department as on  
31st December 2018**

Particulars	Note	2018 Nu.	2017 Nu.
<b>Assets</b>			
<b>Non current Assets</b>			
Term Loans	7	1,388,962,185	1,232,247,726
<b>Total Non current Assets</b>		<b>1,388,962,185</b>	<b>1,232,247,726</b>
<b>Current Assets</b>			
Cash & cash equivalents	8b	199,879,381	122,397,055
Short term Investment	9b	65,000,000	35,000,000
Loans & Overdraft	10	331,997,873	317,195,513
Other assets	11b	18,927,627	1,845,531
<b>Total Current Assets</b>		<b>615,804,882</b>	<b>476,438,099</b>
<b>Total Assets:-</b>		<b>2,004,767,068</b>	<b>1,708,685,825</b>
<b>Liabilities</b>			
<b>Non current Liabilities</b>			
General Reserves	13d	174,488,545	217,455,701
<b>Total Non Current Liabilities</b>		<b>174,488,545</b>	<b>217,455,701</b>
<b>Current Liabilities</b>			
Borrowings & Funds	15a	1,542,548,082	1,356,958,879
Other Liabilities	16b	109,471,743	76,691,817
Provisions	17b	178,258,698	57,579,430
<b>Total Current Liabilities</b>		<b>1,830,278,523</b>	<b>1,491,230,125</b>
<b>Total Liabilities:-</b>		<b>2,004,767,068</b>	<b>1,708,685,825</b>

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

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


**For Mookerjee Biswas & Pathak  
Chartered Accountants  
FRN: 301138E**

**(Sudersan Mukherjee)  
Partner  
Membership No. 059159  
Place: Thimphu  
Date: 26/3/2019**

**On behalf of The Board of Directors**

  
**CEO**

  
  
**Chairman**

**Consolidated Statement of Comprehensive Income as on 31st December 2018**

Particulars	Note	2018 Nu.	2017 Nu.
<b>Operating Profit transferred from Revenue A/c.</b>			
General Insurance Department	Revenue A/c.	104,524,461	108,566,072
Financing & Investment Department	Revenue A/c.	(42,967,156)	49,666,652
<b>Profit before Taxation</b>		<b>61,557,305</b>	<b>158,232,724</b>
Provision for taxation		(16,620,472)	(42,722,835)
<b>Profit after taxation</b>		<b>44,936,833</b>	<b>115,509,888</b>
Prior period adjustment (Differential tax)	30	(1,383,667)	-
<b>Profit available for Appropriations</b>		<b>43,553,166</b>	<b>115,509,888</b>
<b>Appropriations</b>			
Transfer to General Reserve	13	42,553,166	28,877,472
Transfer to Retained Earnings	13a	-	85,632,416
Transfer to Catastrophe Reserve	13b	1,000,000	1,000,000
<b>Total Appropriations</b>		<b>43,553,166</b>	<b>115,509,888</b>
Earnings per share (Nu.)	31	1.45	5.78



The schedules referred to above form an integral part of this Consolidated Statement of Comprehensive Income.

This is the Statement of Consolidated Comprehensive Income of all departments referred to in our report of even date.

Note:-


30% tax provision on Gross profit	18,467,192
Less:- Tax Rebate 10% for business employing 100% bhutanese national (section 12) chapter 2, section 9 of Rules on the Fiscal Incentives Act of Bhutan 2017	1,846,719
Net Tax	16,620,472



**For Mookerjee Biswas & Pathak  
Chartered Accountants  
FRN: 301138E**

**(Sudersan Mukherjee)  
Partner  
Membership No. 059159  
Place: Thimphu  
Date: 26/3/2019**

**On behalf of The Board of Directors**

  
**CEO**

  
  
**Chairman**




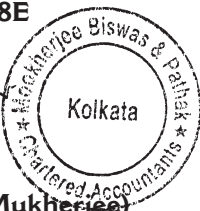
**Revenue Account for General Insurance Department as of 31st December 2018**

Particular	Note	2018 Nu.	2017 Nu.
Gross written Premium	18a+18b	391,916,779	398,985,732
Premium ceded to reinsurers	18c	(164,203,511)	(199,919,956)
<b>Net written premium</b>		<b>227,713,268</b>	<b>199,065,776</b>
Net change in reserve for unearned premium	18d	(14,323,746)	878,007
<b>Net Earned Premium</b>	<b>18</b>	<b>213,389,522</b>	<b>199,943,783</b>
Commission income (Reinsurers ceded)	19	38,815,051	42,262,885
Income from investments	20	29,567,473	32,083,091
Other income	21	5,440,774	3,908,940
<b>Net Income</b>		<b>287,212,819</b>	<b>278,198,700</b>
Gross claims	22	(200,423,929)	(174,007,925)
Reinsures recoveries	23	91,807,235	72,974,018
Net policyholder claims & benefits paid		(108,616,694)	(101,033,907)
Commission expenses (Referral fees & RI Accepted)	24	(5,175,827)	(4,609,326)
Operating & administration expenses	25	(61,695,838)	(56,809,170)
Other Expenses (ESP bond)	25b	(7,200,000)	(7,180,224)
<b>Operating Profit transfer to consolidated Profit/Loss A/c.</b>		<b>104,524,461</b>	<b>108,566,072</b>
Less: Prior Period adjustment (Differential tax)	30	(1,383,667)	-
<b>Net balance transfer to Reserve A/c.</b>	<b>13c</b>	<b>103,140,794</b>	<b>108,566,072</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 Mookerjee Biswas & Pathak  
Chartered Accountants  
FRN: 301138E**

**(Sudersan Mukherjee)**  
Partner  
Membership No. 059159  
Place: Thimphu  
Date: 26/3/2019

**On behalf of The Board of Directors**

  
CEO

  
Director

  
Chairman




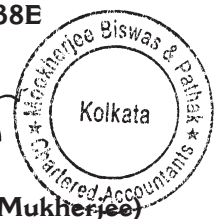
### Revenue Account for Financing & Investment Department as of 31st December 2018

Particulars	Schedule	2018 Nu.	2017 Nu.
<b>Income</b>			
Interest on Loan	26	173,989,869	156,069,930
Other Income	27	9,796,647	7,885,442
<b>Total Income:-</b>		<b>183,786,516</b>	<b>163,955,372</b>
<b>Expenses</b>			
Interest Expenses	28	(100,798,718)	(77,084,835)
Management Expenses	29	(5,275,686)	(3,689,512)
Provision against Loans	17c	(120,679,268)	(33,514,374)
<b>Operating Profit transfer to consolidated Profit/Loss A/c.</b>		<b>(42,967,156)</b>	<b>49,666,652</b>
<b>Net balance transferred to reserve</b>	<b>13d</b>	<b>(42,967,156)</b>	<b>49,666,652</b>

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

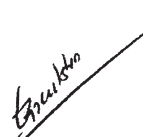

This is Finance & Investment Revenue Account referred to in our report of even date

**For Mookerjee Biswas & Pathak  
Chartered Accountants  
FRN: 301138E**





**(Sudersan Mukherjee)**  
Partner  
Membership No. 059159  
Place: Thimphu  
Date: 26/3/2019

**On behalf of The Board of Directors**

**CEO**      **Chairman**



## Notes to the Financial Statements continued

All amounts are stated in Nu.  
unless otherwise indicated

	2018 Nu.	2017 Nu.
<b>4 Intangible Assets</b>		
Acquisition cost		
Balance as at 1st January	9,287,320	9,287,320
Additions	8,785	-
<b>Balance as at 31st December</b>	<b>9,296,105</b>	<b>9,287,320</b>
Amortisation		
Balance as at 1st January	6,097,699	4,704,601
Amortisation charge for the year	1,394,416	1,393,098
<b>Balance as at 31st December</b>	<b>7,492,115</b>	<b>6,097,699</b>
<b>Net carrying amount as at 31st December</b>	<b>1,803,990</b>	<b>3,189,621</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.



<b>5 Property, Plant &amp; Equipment</b>						
Cost	Office Equipment	Furniture & Fittings	Computers & Printers	Motor Vehicles	Total	
Balance as at 1st January	2,709,230	3,184,292	7,517,775	7,337,841	20,749,138	
Additions during the year	1,410,227	878,116	302,640	-	2,590,984	
Disposals during the year	-	-	-	-	-	
<b>Balance as at 31st December</b>	<b>4,119,457</b>	<b>4,062,408</b>	<b>7,820,415</b>	<b>7,337,841</b>	<b>23,340,122</b>	
<b>Depreciation</b>						
Balance as at 1st January	1,849,677	2,314,008	5,713,599	6,346,275	16,223,560	
Depreciation charge for the year	617,919	609,361	1,173,062	991,566	3,391,908	
<b>Balance as at 31st December</b>	<b>2,467,596</b>	<b>2,923,369</b>	<b>6,886,661</b>	<b>7,337,841</b>	<b>19,615,468</b>	
<b>Carrying Amount</b>						
<b>Balance as at 31st December 2018</b>	<b>1,651,862</b>	<b>1,139,039</b>	<b>933,754</b>	<b>-</b>	<b>3,724,654</b>	
<b>Balance as at 31st December 2017</b>	<b>859,552</b>	<b>870,284</b>	<b>1,804,176</b>	<b>991,566</b>	<b>4,525,578</b>	



	2018 Nu.	2017 Nu.
<b>6 Long Term Investment</b>		
Captial contribution to FIs training Institute	6,000,000	6,000,000
Investment in Bond (RICB & Dungsam Cement)	60,000,000	60,000,000
Investment in CIB Share Capital Equity	1,750,000	1,750,000
<b>Total:-</b>	<b>67,750,000</b>	<b>67,750,000</b>
<b>6a. General Insurance Department</b>		
Captial contribution to FIs training Institute	6,000,000	6,000,000
Investment in CIB Share capital equity	1,750,000	1,750,000
Investment in Dungsam Cement bond	30,000,000	30,000,000
Investment in RICB bond	30,000,000	30,000,000
<b>Total:-</b>	<b>67,750,000</b>	<b>67,750,000</b>
<b>7 Term Load Dues &gt; 1 Year</b>		
Manufacturing/Industry Sector Loan	131,288,899	136,101,965
Service Sector Loan	16,594,599	53,422,815
Trade/Commerce Sector Loan	60,115,283	68,093,529
Housing Sector Loan	341,988,287	360,166,232
Transport Sector Loan	731,209,152	502,222,248
Loans to Purchase Securities	37,994,480	48,142,823
Personal Loan	29,609,352	18,959,363
Staff Loan	27,513,794	32,886,177
Agriculture loan	3,117,799	3,266,705
Consumer Loan	9,530,540	8,985,870
<b>Total:-</b>	<b>1,388,962,185</b>	<b>1,232,247,726</b>
<b>8 Cash &amp; Cash Equivalent</b>		
Cash on hand & balances with banks (8a+8b+8c)	297,833,465	191,761,788
<b>Total:-</b>	<b>297,833,465</b>	<b>191,761,788</b>
<b>8a. General Insurance Dept</b>		
Cash on hand & balance with banks	81,368,820	69,364,733
<b>Total:-</b>	<b>81,368,820</b>	<b>69,364,733</b>



	2018 Nu.	2017 Nu.
<b>8b. Financing &amp; Investment Department</b>		
Cash & Bank Balance	199,879,381	122,397,055
<b>Total:-</b>	<b>199,879,381</b>	<b>122,397,055</b>
<b>8c. PPF/GFM Department</b>		
Cash & Bank Balance (PPF)	11,682,255	-
Cash & Bank Balance (GFM)	4,903,009	-
<b>Total:-</b>	<b>16,585,264</b>	<b>-</b>
<b>9 Short Term Investment</b>		
Fixed Deposit (Maturing > 3 < or = 6 months)	65,000,000	65,000,000
Equity Investment (BNBL)	10,413,090	10,413,090
	<b>75,413,090</b>	<b>75,413,090</b>
<b>9a. Short term Investment (Gen. Ins.)</b>		
Fixed Deposit (Maturing > 3 < or = 6 months)	-	30,000,000
Equity Investment (BNBL)	10,413,090	10,413,090
Investment with FID	346,381,406	330,551,926
	<b>356,794,496</b>	<b>370,965,016</b>
<b>9b. Short term Investment(FID)</b>		
Fixed Deposit (Maturing > 3 < or = 6 months)	65,000,000	35,000,000
	<b>65,000,000</b>	<b>35,000,000</b>
<b>10 Loans &amp; Overdraft Dues &lt; or = 1 Year</b>		
Trade/Commerce Sector Loan	202,275,065	128,946,320
Service & Tourism sector loan	51,061,121	53,845,153
Manufacturing/Industry Sector Loan	30,628,309	30,663,044
Transport Sector Loan	-	5,761,582
Personal Loan	44,926,648	96,475,956
Agriculture loan	943,015	927,140
Late fees	2,163,716	576,318
<b>Total:-</b>	<b>331,997,873</b>	<b>317,195,513</b>

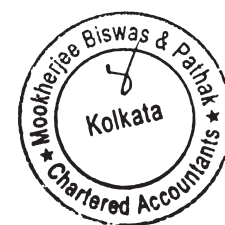




	2018 Nu.	2017 Nu.
<b>II Advance &amp; Other Assets</b>		
RMA Reserve A/c.	30,000	30,000
Security deposit for office space	75,000	134,000
Interest on Fixed Deposit receivable	2,209,795	2,223,613
Interest receivable on Bond	1,662,500	1,662,500
Aviation insurance premium receivable	16,737,890	44,105,046
RI receivable	13,068,135	-
Advance CIT & TDS paid to RRCO	19,165,885	15,939,174
RMA Penalty Deposit A/c.	100,000	100,000
Salvage amount receivable	523,769	126,019
Other advance	1,180,990	253,677
<b>Total:-</b>	<b>54,753,964</b>	<b>64,574,029</b>
<b>IIa. General Insurance Department</b>		
RMA Reserve A/c.	30,000	30,000
Security deposit for office space	75,000	134,000
Interest on Fixed Deposit receivable	-	378,082
Interest on Investment fund Receivable (FID)	23,261,251	24,419,206
Interest receivable on Bond	1,662,500	1,662,500
Insurance premium receivable	16,737,890	44,105,046
RI receivable	13,068,135	-
Advance CIT & TDS paid to RRCO	19,033,317	15,939,174
RMA Penalty Deposit A/c.	100,000	100,000
Salvage amount receivable	523,769	126,019
FID Expenses receivable	5,273,569	3,644,255
Other advance	1,180,990	253,677
Counter entry of FID last year Reserve	217,455,699	167,789,048
<b>Total:-</b>	<b>298,402,120</b>	<b>258,581,007</b>
<b>IIb. Financing &amp; Investment Department</b>		
Interest receivable on Fixed deposit	2,209,795	1,731,781
TDS on Fixed Deposit paid to RRCO	132,568	113,750
PPF&GFM control A/c.	16,585,264	-
<b>Total:-</b>	<b>18,927,627</b>	<b>1,845,531</b>



	2018 Nu.	2017 Nu.
<b>12 Capital Fund</b>		
Authorised capital	500,000,000	500,000,000
(50,000,000 Equity share of Nu 10 each)	<b>500,000,000</b>	<b>500,000,000</b>
Issued, Subscribed and Paid-up	300,000,000	200,000,000
(20,000,000 Equity share of Nu 10 each)	<b>300,000,000</b>	<b>200,000,000</b>
<b>13 General Reserves</b>		
General Reserve balance as at 1st January	195,869,022	166,991,550
Adjusted with bonus share during the year	(100,000,000)	
General Reserve transferred during the year	42,553,166	28,877,472
<b>Balance as at 31st December</b>	<b>138,422,188</b>	<b>195,869,022</b>
<b>13a. Retained Earning</b>		
Retained Earnings as at 1st January	85,632,416	54,000,000
Dividend paid for previous year	(70,000,000)	(54,000,000)
Retained Earnings transferred during the year	-	85,632,416
<b>Balance as at 31st December</b>	<b>15,632,416</b>	<b>85,632,416</b>
<b>13b. CAT Reserves</b>		
CAT Reserve as at 1st January	9,803,938	8,803,938
CAT Reserve for the year	1,000,000	1,000,000
<b>Balance as at 31st December</b>	<b>10,803,938</b>	<b>9,803,938</b>
<b>13c. General Insurance Department</b>		
General Reserve balance as at 1st January	121,305,376	175,795,488
Profit for the year	103,140,794	108,566,072
<b>Balance as at 31st December</b>	<b>224,446,170</b>	<b>284,361,560</b>
<b>13d. Financing &amp; Investment Department</b>		
General Reserve as at 1st January	217,455,701	167,789,048
Profit for the year	(42,967,156)	49,666,652
<b>Balance as at 31st December</b>	<b>174,488,545</b>	<b>217,455,701</b>



	2018 Nu.	2017 Nu.
<b>14 ESP bond Liabilities</b>		
ESP bond	120,000,000	120,000,000
<b>15 Borrowings &amp; Funds</b>		
Borrowings from BNBL & GIC Bhutan Re.	260,500,000	80,500,000
Borrowings from Druk PNBL	50,000,000	215,000,000
Funds from PPF Division	217,782,708	163,713,029
Funds from SWF	1,209,889	1,488,376
Funds from Staff Gratuity	666,674,078	565,705,548
<b>Total:-</b>	<b>1,196,166,676</b>	<b>1,026,406,952</b>
<b>15a. Financing &amp; Investment Department</b>		
Borrowings from GIC Bhutan Re.	260,500,000	80,500,000
Borrowings from Druk PNBL	50,000,000	215,000,000
Funds from General Insurance Dept.	346,381,406	330,551,926
Funds from PPF Division	217,782,708	163,713,029
Funds from SWF	1,209,889	1,488,376
Funds from Staff Gratuity	666,674,078	565,705,548
<b>Total:-</b>	<b>1,542,548,082</b>	<b>1,356,958,879</b>
<b>16 Other Liabilities</b>		
Outstanding expenses	697,756	583,105
Outstanding claim	23,203,064	30,140,302
Referral fees payable	4,190,103	3,355,370
Gratuity fund payable	1,164,026	1,531,686
Stale cheques	517,567	493,872
Unclaim Dividend	16,451,689	7,143,361
Differential Assessed tax liability	77,590	242,363
TDS payable to RRCO	15,993	5,057
RI ceded payable	-	21,739,208
Interest payable to Druk PNBL	81,808	1,266,904
Interest payable to PPF Division	13,357,066	9,054,307
Interest payable to SWF	105,253	83,704
Interest in suspense A/c.	19,639,322	3,845,537



	2018 Nu.	2017 Nu.
Late fee suspense A/c.	2,125,915	543,905
Interest payable to Staff Gratuity A/c.	45,575,696	33,814,333
Interest payable to ESP fund	5,266,850	5,266,849
CIB & CRST charges payable	8,500	-
<b>Total:-</b>	<b>132,478,202</b>	<b>119,109,863</b>

**16a. General Insurance Department**

Outstanding expenses	697,756	583,105
Outstanding claim	23,203,064	30,140,302
Referral fees payable	4,190,103	3,355,370
Gratuity fund payable	1,164,026	1,531,686
Stale cheques	474,207	474,207
Unclaim Dividend	16,451,689	7,143,361
Differential Assessed tax liability	77,590	242,363
TDS payable to RRCO	15,993	5,057
RI ceded payable	-	21,739,208
Interest payable to ESP Fund	5,266,850	5,266,849
<b>Total:-</b>	<b>51,541,277</b>	<b>70,481,508</b>

**16b. Financing & Investment Department**

Interest payable to Druk PNBL	81,808	1,266,904
Interest payable to General Insurance Dept.	23,261,256	24,419,206
Interest payable to PPF Division	13,357,066	9,054,307
Interest payable to SWF	105,253	83,704
Mgt. Expenses payable to GAD	5,273,569	3,644,255
Interest in suspense A/c.	19,639,322	3,845,537
Late fee suspense A/c.	2,125,915	543,905
Interest payable to Gratuity Fund A/c.	45,575,696	33,814,333
CIB & CRST charges payable	8,500	-
Stale cheque	43,360	19,666
<b>Total:-</b>	<b>109,471,743</b>	<b>76,691,817</b>

**17 Provisions**

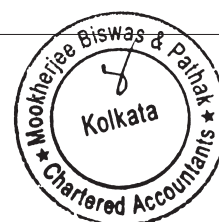
Provision for unexpired risk (17a)	113,856,633	99,532,887
Provision for Loan (17b)	178,258,698	57,579,430



	2018 Nu.	2017 Nu.
Provision for taxation	16,620,472	42,722,835
<b>Total:-</b>	<b>308,735,803</b>	<b>199,835,153</b>
<b>17a. General Insurance Department</b>		
Provision for un expired risk as per last Account	99,532,887	100,410,894
Add: Provision for unexpired risk current year	14,323,746	(878,007)
<b>Total:-</b>	<b>113,856,633</b>	<b>99,532,887</b>
<b>17b. Financing &amp; Investment Department</b>		
i) Provision for standard Loan as per last year A/c.	10,895,562	7,759,990
Add:- Additional Provision for current year	(1,393,140)	3,135,572
<b>Total:-</b>	<b>9,502,422</b>	<b>10,895,562</b>
ii) Provision for Watch Loan as per last year A/c.	5,881,243	2,566,057
Add:- Additional Provision for current year	975,624	3,315,186
<b>Total:-</b>	<b>6,856,867</b>	<b>5,881,243</b>
iii) Provision for Sub standard Loan & above as per last year A/c.	40,802,625	13,739,009
Add:- Additional Provision for current year	121,096,784	27,063,616
<b>Total:-</b>	<b>161,899,409</b>	<b>40,802,625</b>
<b>Total ( i + ii + iii ):-</b>	<b>178,258,698</b>	<b>57,579,430</b>
<b>17c. Provision against loan charged for the year</b>		
i) Provision for standard Loan for the year	(1,393,140)	3,135,572
ii) Provision for Watch Loan for the last year	975,624	3,315,186
iii) Provision for Sub standard Loan for the year	121,096,784	27,063,616
<b>Total:-</b>	<b>120,679,268</b>	<b>33,514,374</b>

Provison 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 31st. December 2012 and further amendment as per the Prudential Regulation 2017.

Category	Days	% rate
1. Standard	Upto 30	1%
2. Watch	31 - 90	1.5%
3. Substandard	91 - 180	20% and 30% for highest exposure except Agriculture sector
4. Doubtful	181 - 365	50% and 60% for highest exposure except Agriculture sector
5. Loss	> 366	100%
6. Term expired	-	100%



	2018 Nu.	2017 Nu.
<b>18 Net Earned Premium (Direct + Accepted)</b>		
Fire	128,392,611	106,988,365
Marine	13,940,153	11,093,927
Motor	175,418,641	157,248,956
Misc.	74,165,373	123,654,484
<b>Gross written premium (18a + 18b)</b>	<b>391,916,779</b>	<b>398,985,732</b>
Premium ceded to reinsurers (18c)	(164,203,511)	(199,919,956)
<b>Net written premium</b>	<b>227,713,268</b>	<b>199,065,776</b>
Net change in reserve for unearned premium (18d)	(14,323,746)	878,007
<b>Net earned premium</b>	<b>213,389,522</b>	<b>199,943,783</b>
<b>18a. Premium Direct</b>		
Fire	120,702,954	94,193,830
Marine	13,940,153	11,093,927
Motor	175,418,641	157,248,956
Misc	70,346,717	77,986,782
<b>Total:-</b>	<b>380,408,465</b>	<b>340,523,495</b>
<b>18b. Premium Accepted</b>		
Fire	7,689,657	12,794,536
Misc & Aviation	3,818,657	45,667,702
<b>Total:-</b>	<b>11,508,313</b>	<b>58,462,237</b>
<b>18c. Premium Ceded to reinsurers</b>		
Fire	49,533,171	48,551,447
Marine	8,705,793	7,024,946
Motor	14,179,509	10,575,666
Misc	91,785,038	133,767,897
<b>Total:-</b>	<b>164,203,511</b>	<b>199,919,956</b>
<b>18d. Net change in reserve for unearned premium</b>		
Opening balance as per last account	99,532,887	100,410,894
Add/Less: Increase/(decrease) during the year	14,323,746	(878,007)
<b>Total:-</b>	<b>113,856,633</b>	<b>99,532,887</b>

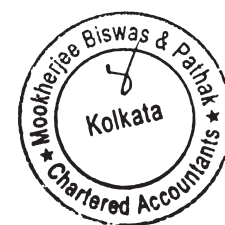




	2018 Nu.	2017 Nu.
<b>19 Commission Income (Reinsurers ceded)</b>		
Fire	15,687,432	14,657,544
Marine	2,670,422	2,152,703
Motor	1,802,161	1,063,771
Misc.	18,655,035	24,388,866
<b>Total:-</b>	<b>38,815,051</b>	<b>42,262,885</b>
<b>20 Income from Investment</b>		
Fixed Deposit	373,973	1,948,767
Dividend income	682,249	465,118
Interest from Bond (RICB & Dungsam Cement)	5,250,000	5,250,000
Interest Received from FID (Gen. Insurance Fund)	23,261,251	24,419,206
<b>Total:-</b>	<b>29,567,473</b>	<b>32,083,091</b>
<b>21 Other Income</b>		
Sale of Scraps	5,134,704	3,827,670
Misc. Income	110,012	12,442
Exchange gain/(loss)	196,059	68,829
<b>Total:-</b>	<b>5,440,774</b>	<b>3,908,940</b>
<b>22 Gross Claims</b>		
Claims paid (Including advance) (22a)	207,361,167	182,308,807
Add: Outstanding claims (excluding advance) (22b)	23,203,064	30,140,302
Less: O/s. Claims at the beginning of the year (22c)	(30,140,302)	(38,441,184)
<b>Total:-</b>	<b>200,423,929</b>	<b>174,007,925</b>
<b>22a. Total Gross claims</b>		
Claims paid (Including advance):-		
Fire	32,600,873	22,352,589
Marine	3,079,674	134,850
Motor	140,147,163	115,526,607
Misc.	31,533,458	44,294,761
<b>Total:-</b>	<b>207,361,167</b>	<b>182,308,807</b>



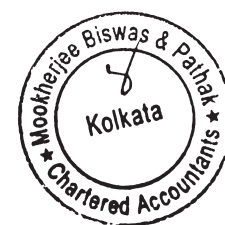
	2018 Nu.	2017 Nu.
<b>22b. Outstanding claims (Excluding advance)</b>		
Fire	4,339,260	7,407,677
Marine	871,569	633,950
Motor	16,258,819	17,121,310
Misc.	1,733,416	4,977,365
<b>Total :-</b>	<b>23,203,064</b>	<b>30,140,302</b>
<b>22c. Outstanding claims at the beginning of the year</b>		
Fire	7,407,677	2,299,980
Marine	633,950	965,895
Motor	17,121,310	26,795,809
Misc.	4,977,365	8,379,500
<b>Total:-</b>	<b>30,140,302</b>	<b>38,441,184</b>
<b>23 Re-insurers Recoveries on Claims</b>		
Fire	9,376,487	10,162,354
Marine	1,285,472	9,440
Motor	57,121,005	33,910,835
Misc.	24,024,271	28,891,390
<b>Total:-</b>	<b>91,807,235</b>	<b>72,974,018</b>
<b>24 COMMISSION EXPENSES (24a + 24b)</b>		
Fire	1,695,601	1,227,024
Marine	184,259	144,617
Motor	2,316,700	2,048,589
Misc.	979,266	1,189,097
<b>Total:-</b>	<b>5,175,827</b>	<b>4,609,326</b>
<b>24a. Commission Expenses (Referral fees)</b>		
Fire	1,695,601	1,227,024
Marine	184,259	144,617
Motor	2,316,700	2,048,589
Misc.	979,266	1,015,866
<b>Total:-</b>	<b>5,175,827</b>	<b>4,436,095</b>



	2018 Nu.	2017 Nu.
<b>24b. Commission/Brokerage Expenses (RI Accepted)</b>		
Fire	-	-
Misc.	-	173,231
<b>Total:-</b>	<b>-</b>	<b>173,231</b>
<b>25 Operating Expenses</b>		
Employees remuneration and welfare benefit (25a)	39,780,451	35,258,513
Communication expenses	3,734,726	4,350,741
Training expenses	3,979,186	1,839,403
Rental charges	2,764,252	2,833,352
Repairs & Maintenance	504,484	666,533
Printing and stationary	1,323,795	1,040,897
Legal and Professional Charges	2,559,103	4,163,197
Advertisement and publicity	1,502,520	1,488,237
Other Misc. expenses	760,998	662,829
Depreciation & Amortization (4 & 5)	4,786,324	4,505,469
<b>Total:-</b>	<b>61,695,838</b>	<b>56,809,170</b>
<b>Expenses Allocation:</b>		
Fire Insurance	20,211,557	15,713,417
Marine Insurance	2,196,372	1,851,979
Motor Insurance	27,615,057	26,234,475
Miscellaneous Insurance	11,672,853	13,009,300
<b>Total Expenses allocation</b>	<b>61,695,838</b>	<b>56,809,170</b>
<b>25a. Employee remuneration &amp; welfare benefits</b>		
Salaries to staff	19,617,762	17,788,883
PF (BIL Share)	1,827,706	1,660,038
Communication allowance	390,954	247,594
Fuel allowance	603,025	455,540
Cash handling allowance	92,755	88,500
Corporate allowance	5,224,761	4,599,064
Housing allowance	3,129,742	2,665,892
Contract allowance	625,272	600,000
Leave Encashment amount	1,409,685	920,676



	2018 Nu.	2017 Nu.
Staff Insurance premium	102,500	87,500
Staff Canteen & refreshment expenses	406,929	483,762
LTC	1,072,334	943,575
Gratuity expenses	578,440	570,098
Staff incentive expenses	4,698,587	4,147,391
<b>Total:-</b>	<b>39,780,451</b>	<b>35,258,513</b>
<b>25b. Other Expenses on ESP bond &amp; Equity</b>		
Interest paid on ESP bond	7,200,000	7,180,224
<b>Total:-</b>	<b>7,200,000</b>	<b>7,180,224</b>
<b>26 Interest Income (Net of Suspense)</b>		
Commercial vehicle Loan	93,701,569	54,717,604
Commercial Establishment Loan	469,660	682,005
Industrial Manufacturing Loan	13,555,489	20,084,535
Services & Tourism	3,891,848	10,161,183
Housing Loan	30,120,073	27,687,717
Personal Loan	35,230,047	13,154,827
Staff Loan	1,630,382	3,164,555
Venture Loan	6,639,156	21,570,320
PPF Loan	287,243	388,824
GE/PE Loan	-	3,341
Agriculture Loan	256,699	532,218
Loan against shares	4,001,488	6,122,510
<b>Total:-</b>	<b>189,783,654</b>	<b>158,269,638</b>
Add/Less: Interest in suspense provision	(15,793,785)	(2,199,708)
<b>Net interest received</b>	<b>173,989,869</b>	<b>156,069,930</b>
<b>27 Other Income</b>		
Guarantee Commission	3,744,766	3,724,286
Administration & other Charges	172,228	147,950
Interest from Fixed Deposit	3,129,384	2,664,800
Late fees Income (Net of Suspense)	2,750,269	1,348,406
<b>Total:-</b>	<b>9,796,647</b>	<b>7,885,442</b>



	2018 Nu.	2017 Nu.
<b>28 Interest Expenses</b>		
Interest on borrowing Funds ( GIC Re Bhutan)	10,067,369	3,934,936
Interest on borrowing Funds (DPNB)	8,432,080	5,121,656
Interest on borrowing fund (BNBL)	-	656,692
Interest on General Insurance Fund	23,261,255	24,419,206
Interest on PPF Fund	13,357,066	9,054,307
Interest on SWF	105,253	83,704
Interest on Staff Gratuity A/c.	45,575,696	33,814,333
<b>Total :-</b>	<b>100,798,718</b>	<b>77,084,835</b>
<b>29 Operating Expenses (Financing &amp; Inv. Dept)</b>		
Salary, wages, allowance & PF	2,465,272	2,424,372
Leave Encashment benefit	108,235	22,187
LTC	90,785	92,967
Travelling Expenses	190,384	23,114
Printing & Stationary expenses	290,694	340,662
Postage & telegram expenses	21,400	-
Staff training expenses	186,841	-
Legal Charges	-	6,695
Telephone & Fax expenses	113,107	79,709
Canteen Expenses	91,247	101,676
Internet expenses	146,415	98,673
Electricity Charges	57,395	50,641
Gratuity expenses	118,501	135,792
Staff incentives	319,935	-
Rent expenses	471,730	-
Business promotion & entertainment expenses	166,373	-
CIB & CRS charges	-	37,500
Advertisement expenses	435,257	268,014
Bank charges	2,117	7,511
<b>Total:-</b>	<b>5,275,686</b>	<b>3,689,512</b>



	2018 Nu.	2017 Nu.
<b>30 Prior Period Adjustment</b>		
Differ tax & penalty of previous year	1,383,667	-
<b>Total:-</b>	<b>1,383,667</b>	<b>-</b>
<b>31 Earnings per Share</b>		
Profit attributable to ordinary shareholders	43,553,166	115,509,888
Weighted average No. of ordinary shares	30,000,000	20,000,000
Earnings per share (Nu.)	1.45	5.78


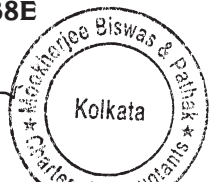


## Statement of Cash Flow as of 31st December 2018

	2018 Nu.	2017 Nu.
<b>1. Cash flow from Operating Activities</b>		
Profit before tax	61,557,305	158,232,724
Add: Depreciation	3,391,908	3,112,371
Add: Amortisation	1,394,416	1,393,098
Add/Less: Increase/(Decrease) in Current Liabilities	13,368,339	4,717,330
Add/Less: Increase/(Decrease) in Provision	135,003,014	32,636,367
Add/Less: Decrease/(Increase) in Current Assets	9,820,065	7,167,434
Less: Tax & Dividend Paid for last year profit	(112,722,835)	(96,313,057)
Less: Prior period taxes, penalties paid & others	(1,383,667)	-
<b>Net Cash flow from operating activities ( A )</b>	<b>110,428,545</b>	<b>110,946,267</b>
<b>2. Cash flow from Investing Activities</b>		
Add/Less: Decrease/(Increase) in Investment	-	-
Less: Purchase of Property Plant & Equipment	(2,599,769)	(1,767,652)
<b>Net Cash flow from Investing activities ( B )</b>	<b>(2,599,769)</b>	<b>(1,767,652)</b>
<b>3. Cash flow from Financing Activities</b>		
Add/Less: Increase/(Decrease) in borrowings	169,759,721	520,756,820
Add/Less: Decrease/(Increase) in Loans	(171,516,819)	(547,504,041)
<b>Net Cash flow from Financing activities ( C )</b>	<b>(1,757,099)</b>	<b>(26,747,221)</b>
<b>Net Increase/(Decrease) in cash and cash equivalent (A+B+C)</b>	<b>106,071,677</b>	<b>82,431,395</b>
<b>Change in Cash &amp; Cash Equivalents</b>		
Closing Cash & Cash equivalent	297,833,465	191,761,788
Less: Opening Cash & Cash equivalent	191,761,788	109,330,393
<b>Net changes in Cash &amp; cash equivalent</b>	<b>106,071,677</b>	<b>82,431,395</b>


This is the Cash Flow Statement referred to in our report of even date.



**For Mookerjee Biswas & Pathak**  
**Chartered Accountants**  
**FRN: 301138E**

**(Sudersan Mukherjee)**  
**Partner**  
**Membership No. 059159**  
**Place: Thimphu**  
**Date: 26/3/2019**

**On behalf of The Board of Directors**

  
**CEO**

  
  
**Chairman**



(Amount in Nu.)

Item	Share Capital	Reserve & Contingency	Proposed Cash Dividend	Profit & Loss Appropriation A/c.	Total
Opening Balance as on 1st January 2018	200,000,000	417,645,376	(126,340,000)	-	491,305,376
Cash Dividend Distributed during the year	-	-	(70,000,000)	-	(70,000,000)
Bonus Share issued during the year	100,000,000	(100,000,000)	-	-	-
Profit After Taxation	-	-	-	43,553,166	43,553,166
Appropriation made during the year	-	43,553,166	-	(43,553,166)	-
<b>Closing Balance as on 31st December 2018</b>	<b>300,000,000</b>	<b>361,198,542</b>	<b>(196,340,000)</b>	<b>-</b>	<b>464,858,542</b>
<b>Closing Balance as on 31st December 2017</b>	<b>200,000,000</b>	<b>417,645,376</b>	<b>(126,340,000)</b>	<b>-</b>	<b>491,305,376</b>

This is the Statement in Changes in Equity referred to in our report of even date.

**For Mookerjee Biswas & Pathak**  
Chartered Accountants

FRN: 301138E



*Sudersan Mukherjee*

**(Sudersan Mukherjee)**  
Partner  
Membership No. 059159  
Place: Thimphu  
Date: 26/3/2019

**On behalf of The Board of Directors**

*Prakash*  
CEO

**Chairman**



**Director**

**CEO**

**Chairman**

**Director**

**CEO**

**Chairman**



**Sub Revenue Account as of 31st December 2018**

Particular	Schedule	32%		26%		2%		2%	
		Fire insurance		Marine insurance					
		2018	2017	2018	2017				
Premium Earned (Net)	18	68,648,179	52,665,393	4,651,670	4,795,900				
Commission (Net)	19 & 24	13,991,831	13,430,521	2,486,162	2,008,087				
Profit on sale/redemption of investment	20	9,511,963	8,450,718	644,540	769,553				
Exchange gain	21	-	-	-	-				
<b>Total (A)</b>		<b>92,151,973</b>	<b>74,546,632</b>	<b>7,782,373</b>	<b>7,573,539</b>				
Claims incurred (Net)	22a, 22b, 22c & 23	20,155,969	17,297,932	2,031,821	(206,535)				
Operating Expenses	25	20,211,557	15,713,417	2,196,372	1,851,979				
Investment expenses	25b	2,316,266	1,891,278	156,953	172,227				
Exchange Loss	21	-	-	-	-				
<b>Total (B)</b>		<b>42,683,791</b>	<b>34,902,626</b>	<b>4,385,145</b>	<b>1,817,671</b>				
Prior period adjustment (Deferred Tax)	30								
<b>Operating Profit (A - B)</b>		<b>49,468,182</b>	<b>39,644,006</b>	<b>3,397,228</b>	<b>5,755,868</b>				

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

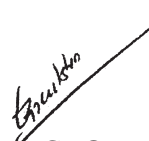
This is the General Insurance Sub-Revenue Account referred to in our report of even date.



**For Mookerjee Biswas & Pathak**  
**Chartered Accountants**  
**FRN: 301138E**

**(Sudersan Mukherjee)**  
**Partner**  
**Membership No. 059159**  
**Place: Thimphu**  
**Date: 26/3/2019**

**On behalf of The Board of Directors**

  
**CEO**

  
  
**Chairman**

72%		67%		-6%		4%		100%		100%	
Motor Insurance				Miscellaneous Insurance				Total			
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
153,956,211	134,735,424	(13,866,539)	7,747,066	213,389,522	199,943,783						
(514,539)	(984,818)	17,675,769	23,199,769	33,639,224	37,653,559						
26,577,047	25,459,833	(1,921,362)	1,243,099	34,812,188	35,923,203						
		196,059	68,829	196,059	68,829						
<b>180,018,720</b>	<b>159,210,440</b>	<b>2,083,927</b>	<b>32,258,763</b>	<b>282,036,993</b>	<b>273,589,374</b>						
82,163,666	71,941,274	4,265,237	12,001,236	108,616,694	101,033,907						
27,615,057	26,234,475	11,672,853	13,009,300	61,695,838	56,809,170						
5,194,654	4,838,513	(467,872)	278,207	7,200,000	7,180,224						
		-	-	-	-						
<b>114,973,377</b>	<b>103,014,261</b>	<b>15,470,218</b>	<b>25,288,743</b>	<b>177,512,532</b>	<b>165,023,301</b>						
				1,383,667	-						
<b>65,045,343</b>	<b>56,196,179</b>	<b>(13,386,291)</b>	<b>6,970,020</b>	<b>103,140,794</b>	<b>108,566,072</b>						


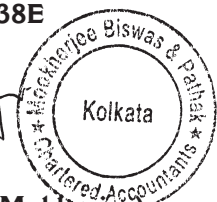
### Statement of Financial Position for Private Provident Fund as on 31st December 2018

Particulars	Schedule	Nu. 2018	Nu. 2017
<b>Liabilities</b>			
Employees' & Employers' Contribution (Net)	1	196,279,364	147,861,556
Interest Credited to Members' Accounts (Net)	2	34,860,415	24,907,232
Investment Dept. control A/c.	3	11,682,255	-
		<b>242,822,034</b>	<b>172,768,788</b>
<b>Assets</b>			
Fund Deposited with BIL	4	217,782,711	163,714,480
Cash & bank balance	5	11,682,255	-
Other Assets	6	13,357,066	9,054,307
		<b>242,822,034</b>	<b>172,768,788</b>

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


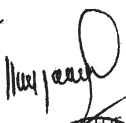
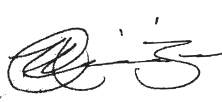
This is the Statement of Financial Position of Private Provident Fund referred to in our report of even date.

**For Mookerjee Biswas & Pathak  
Chartered Accountants  
FRN: 301138E**





**(Sudersan Mukherjee)**  
Partner  
Membership No. 059159  
Place: Thimphu  
Date: 26/3/2019

**On behalf of The Board of Directors**

**CEO**      **Director**      **Chairman**




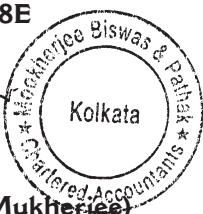
**Revenue Account for Private Provident Fund as on 31st December 2018**

Particulars	Schedule	Nu. 2018	Nu. 2017
<b>Income</b>			
Return on deposit with BIL		13,357,066	9,054,307
<b>Total (A):-</b>		<b>13,357,066</b>	<b>9,054,307</b>
<b>Expenses</b>			
Return on employees' contribution		6,678,533	4,527,154
Return on employers' contribution		6,678,533	4,527,154
<b>Total(B) :-</b>		<b>13,357,066</b>	<b>9,054,307</b>

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



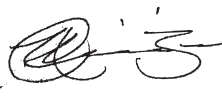
This is the Revenue Account of Private Provident Fund referred to in our report of even date

**For Mookerjee Biswas & Pathak  
Chartered Accountants  
FRN: 301138E**





**(Sudersan Mukherjee)**  
Partner  
Membership No. 059159  
Place: Thimphu  
Date: 26/3/2019

**On behalf of The Board of Directors**

**CEO**      **Director**      **Chairman**



## Schedules attached to &amp; forming part of the accounts as on 31st December

Particular	2018		2017		Total Contribution
	Employees' Contribution	Employers' Contribution	Employees' Contribution	Employers' Contribution	
<b>1. Employees' &amp; Employers' Contribution</b>					
As per last Account (Net of refund)	73,923,809	73,937,744	56,671,218	56,656,760	113,327,981
Add:- contribution during the year	34,886,895	34,866,770	24,418,262	24,446,655	48,864,917
	<b>108,810,704</b>	<b>108,804,514</b>	<b>81,089,480</b>	<b>81,103,415</b>	<b>162,192,898</b>
Less: Refund during the year	(10,667,927)	(10,667,930)	(7,165,671)	(7,165,671)	(14,331,342)
<b>Total:-</b>	<b>98,142,777</b>	<b>98,136,584</b>	<b>73,923,809</b>	<b>73,937,744</b>	<b>147,861,556</b>
<b>2. Interest on Employees' &amp; Employers' Contribution</b>					
As per last Account (Net of refund)	12,344,324	12,562,909	8,901,161	9,082,715	17,983,875
Add:- contribution during the year	6,680,156	6,676,910	4,508,636	4,545,670	9,054,307
	<b>19,024,480</b>	<b>19,239,819</b>	<b>13,409,797</b>	<b>13,628,385</b>	<b>27,038,182</b>
Less: Refund during the year	(1,701,942)	(1,701,942)	(1,065,473)	(1,065,476)	(2,130,950)
<b>Total:-</b>	<b>17,322,538</b>	<b>17,537,877</b>	<b>12,344,324</b>	<b>12,562,909</b>	<b>24,907,233</b>



	2018	2017
<b>3 Other Liabilities</b>		
Investment Dept. control A/c.	11,682,254.67	-
<b>4 Investment with BIL</b>		
As per last Account	163,714,480	124,003,768
Add:- Deposited during the year	54,068,231	39,710,712
<b>Total:-</b>	<b>217,782,711</b>	<b>163,714,480</b>
<b>5 Cash &amp; bank balance</b>		
Cash & bank balance	11,682,255	-
<b>Total:-</b>	<b>11,682,255</b>	<b>-</b>
<b>6 Other Assets</b>		
Receivable from BIL (Interest Accrued)	13,357,066	9,054,307
<b>Total:-</b>	<b>13,357,066</b>	<b>9,054,307</b>







**Statement of Financial Position for Gratuity Fund Management as on 31st.  
December 2018**

Particulars	Schedule	Nu. 2018	Nu. 2017
<b>Liabilities</b>			
Contribution (Net)	1	601,414,824	533,503,097
Interest Credited to Members' Accounts (Net)	2	110,834,959	66,016,793
Investment Dept. control A/c.	3	4,903,009	-
		<b>717,152,794</b>	<b>599,519,892</b>
<b>Assets</b>			
Fund Deposited with BIL	4	666,674,090	565,705,559
Cash & bank balance	5	4,903,009	-
Other Assets	6	45,575,695	33,814,333
		<b>717,152,794</b>	<b>599,519,892</b>

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

This is the Statement of Financial Position of Gratuity Fund Management referred to in our report of even date.

**For Mookerjee Biswas & Pathak  
Chartered Accountants  
FRN: 301138E**

**(Sudersan Mukherjee)  
Partner  
Membership No. 059159  
Place: Thimphu  
Date: 26/3/2019**

**On behalf of The Board of Directors**

  
**CEO**

  
  
**Director**

  
**Chairman**



**Revenue Account for Gratuity Fund Management as on 31st December 2018**

Particulars	Schedule	Nu. 2018	Nu. 2017
<b>Income</b>			
Return on deposit with BIL		45,575,695	33,814,333
<b>Total (A):-</b>		<b>45,575,695</b>	<b>33,814,333</b>
<b>Expenses</b>			
Return on contribution		45,575,695	33,814,333
<b>Total(B) :-</b>		<b>45,575,695</b>	<b>33,814,333</b>

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


This is the Revenue Account of Gratuity Fund Management referred to in our report of even date



**For Mookerjee Biswas & Pathak  
Chartered Accountants  
FRN: 301138E**

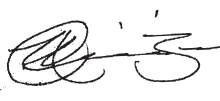
  


**(Sudersan Mukherjee)  
Partner  
Membership No. 059159  
Place: Thimphu  
Date: 26/3/2019**

**On behalf of The Board of Directors**

  
**CEO**

  
  
**Director**

  
**Chairman**

**Schedules attached to and forming part of the Accounts as on 31st.  
December 2018**

Particular	2018 Contribution	2017 Contribution
<b>1. Contribution</b>		
As per last Account (Net of refund)	533,503,097	309,081,395
Add:- contribution during the year	111,372,995	236,997,659
	<b>644,876,092</b>	<b>546,079,054</b>
Less: Refund during the year	(43,461,269)	(12,575,957)
<b>Total:-</b>	<b>601,414,824</b>	<b>533,503,097</b>
<b>2. Interest on Contribution</b>		
As per last Account (Net of refund)	66,016,793	32,238,489
Add:- contribution during the year	45,575,695	33,814,333
	<b>111,592,488</b>	<b>66,052,822</b>
Less: Refund during the year	(757,529)	(36,029)
<b>Total:-</b>	<b>110,834,959</b>	<b>66,016,793</b>
<b>3. Other Liabilities</b>		
Investment Dept. control A/c.	4,903,009.41	-
<b>4. Investment with BIL</b>		
As per last Account	565,705,559	319,528,404
Add:- Deposited during the year	100,968,531	246,177,155
<b>Total:-</b>	<b>666,674,090</b>	<b>565,705,559</b>
<b>5. Cash &amp; bank balance</b>		
Cash & bank balance	4,903,009	-
<b>Total:-</b>	<b>4,903,009</b>	<b>-</b>
<b>6. Other Assets</b>		
Receivable from BIL (Interest Accrued)	45,575,695	33,814,333
<b>Total:-</b>	<b>45,575,695</b>	<b>33,814,333</b>

