



ལོ་བསྐྱར་སྒྲན་ལུ་ ༡༢ པ།

12th Annual Report

2020



Contents

Company's Vision and Mission.....	1
Director's Report.....	2
Company Profile.....	6
Organogram.....	14
Auditor's Report and Financial Statement.....	16
Statement of Financial Position as on 31 st December 2020.....	40
Statement of Comprehensive Income as on 31 st December 2020.....	44
Statement of Financial Position for PPF and GFM Department as on 31 st December 2020 (Old Fund).....	48
Statement of Financial Position for PPF and GFM Department as on 31 st December 2020 (New Fund).....	49
Schedules.....	52



Toll free # 2011

ལྷོ། འབྲུག་ཉེན་བཅོལ་ཚད་འཛིན།

Bhutan Insurance Limited

Providing Security, Building Confidence

Post Box# 779, Chorten Lam, Thimphu.

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

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 12th Annual General Meeting of the company and I am pleased to present to you the Audited Financial Statements of the Company for the year ended 31st December 2020.

Although 2020 was remarkably difficult year because of the pandemic domestically and internationally. BIL team has worked hard to achieve its goal.

1. Business Performance Highlights

	Fiscal year 2020 (figures in million)
Total assets	2,641.584
Gross written premium	319.465
Operating profit Insurance Department	128.904
Investment Department	(0.149)
Profit after tax for the year	89.770

Significant Ratios indicating the financial health and profitability of the company.

Performance Ratio	2020
Capital Adequacy	32.03 %
Core capital	23.79 %
Statutory liquidity ratio	18.07 %
Combined Ratio	78.17 %
Operating profit	73.98%
Book value per share	19.73
Return on equity	15.71%
Net NPL Ratio	11.91%

2. Branch/Extension Offices

Bhutan Insurance Limited has its branch and extension offices in all the Dzongkhags except for Gasa and Lhuentse Dzongkhag to facilitate our clients with better services.

The efficiency of service delivery system and performance of BIL offices have been improved by building capacity and enhancing infrastructures in all the branch and extension offices.

3. Corporate Governance

Bhutan Insurance limited (BIL) has established the best practices in corporate governance. The corporate governance code of BIL is an important part of company's initiatives in setting high corporate governance standards. The code consists of corporate governance principles, the Board Bylaws, code of conduct for the directors & senior managers, Governance committees Term of Reference and Risk Based Audit committee Term of Reference.

3.1. The principles of corporate governance.

The principles of corporate governance are built on four core values - fairness, responsibility, transparency and accountability.

3.2. Whistle blower policy.

To promote the highest ethical standards, BIL maintains a workplace that facilitates the reporting of potential violations of Company Policies and applicable laws.

Employees are encouraged to raise concerns regarding any violations easily and free of any fear of retaliation.

3.3. Code of conduct and ethics.

The code of conduct and ethics approved by the board aims at consistent standard of conduct and ethical practices across the company. Any employee of the company violating the code of conduct and ethic are dealt with as per the HRSR of the company.

3.4. Board Directors and Board Committees.

BIL has a board constituted in compliance with the regulatory & statutory guidelines and laws in accordance with best practices in corporate governance. The board has constituted two board committees, viz., Board Governance Committee and Board Risk Based Audit Committee.

Composition of Board Committees.

The Board Governance Committee (GC) comprise of two directors and committee secretary. The GC is chaired by Mr. Kinzang Dorji, an independent director.

The Board Risk Based Audit Committee (RBAC) comprise of two directors and committee secretary. The RBAC is chaired by Mr. Tshering Dorji, an independent director.

Acknowledgement

On behalf of the BIL Board and management, I would like to thank the Royal Government of Bhutan, RMA and other statutory bodies for their continued corporation, support and advices. I also would like to thank Referrals & agents, Reinsurance partners and surveyors without whose support it would have been difficult to achieve the plans and goals of the Company.

I am grateful to the shareholders, policy holders and clients for their continued patronage and express my deep sense of appreciation to all the employees, whose outstanding professionalism, commitment and initiative have made the organizations growth and success possible and continue to drive its progress.

Tashi Delek!



Karma Lotey
(Chairman)



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, Babesa, Norzin Lam - Thimphu 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 116 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 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).

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 # 2011	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	Opposite BoBL Office, Thruempang, Trongsa	03-521541	03-521583
Samtse	Above Drodul Chorten, Lichibari, Samtse town	05-365568	05-365568
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, Laptsakha	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
Babesa	Near BOBL Extension Office, Babesa	02-350948/7	
City Office	Norzin Lam, Main Town, Thimphu	02-332310	

Branch & Extension Office Establishments:

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
15.08.2019	-	Extension office at Babesa
07.07.2020	-	City office at Norzin Lam, Thimphu

Re-Insurance

In order to enhance our underwriting capacity and have global spread of local risk, BIL have strong reinsurance tie up with well-established companies with high financial ratings and long histories of standing by their insured's when loss occur.

- GIC-Bhutan Reinsurance Co. Ltd. Thimphu, Bhutan
- Kenya Re, Nairobi, Kenya
- East Africa Re, Nairobi, Africa
- New India, Gujarat, India
- Asian Re, Bangkok, Thailand
- Nepal Re, Kathmandu, Nepal
- MISR Insurance Company, Egypt
- CICA Re, Lome, Togo, Africa
- ZEP Re (PTA Reinsurance Company), Nairobi, North Kenya
- GIC Re, Mumbai, India
- Oman Re, Muscat, Oman
- Taiping Re, united center, Hong Kong, China
- Swiss Re, Singapore
- Aveni Re, Abidjan, Cote d'Ivoire, West Africa.
- Klaption, Luton, UK

- NIC.India, Kolkata, India
- PT Tugu Pratama, Indonesia
- Waica Re, Freetown, Sierra Leone, Africa
- XL Insurance SE, Hongkong

Services Offered

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

Motor Insurance

- i. Comprehensive
- ii. Third Party

Fire Insurance Policy

- i. Standard Fire Policy
- ii. Special Allied Perils Policy
- iii. Industrial All Risk Policy
- iv. Enhanced Rural Fire Policy

Engineering Insurance

- i. Contractors All Risk Policy
- ii. Erection All Risk Policy
- iii. Contractors Plant and Machinery Policy

Miscellaneous Insurance

- i. Personal Accident Insurance
- ii. Liability Policy
- iii. Burglary Policy
- iv. Money Insurance Policy
- v. Fidelity Guarantee Policy
- vi. Workmen Compensation Policy
- vii. Student Care Insurance
- viii. Loan Protection Insurance (LPI)

Marine Insurance Policy

- i. Basic Road Risk
- ii. All Risk (by air, sea, rail/road)

Aviation Insurance

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

- i. Housing Loan
- ii. Industrial Loan
- iii. Loan against Shares

- iv. Loan against PPF
- v. Overdraft
- vi. Personal Loan
- vii. Venture Loan
- viii. Vehicle Loan

(C) And other service provided includes issuing of Bank Guarantees and managing 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

- Referrals & Agents
- Direct field underwriters providing door to door service
- Interactive website facilitating online downloads and BIL Facebook Page and Instagram.
- Banc-Assurance

Board Directors

1. Mr. Karma Lotey
M/s Yangphel Private Limited, Thimphu
Email: karma@yangphel.com
2. Mr. Karma Dorjee (Director)
MD Perfect TMT, Bhutan
Email: karma@karma.bt
3. Mr. Kinzang Dorji (Independent Director)
Dzongdhag, Haa Dzongkhag
kdorji@haa.gov.bt
4. Mr. Sangay Wangdi (Director)
CEO, BBPL
Email: sangaywangdi357@gmail.com
5. Mr. Tshering Dorji (Independent Director)
Former CEO, T-Bank
Email: td1711118@gmail.com
6. Mr. Damdi Dorji (CEO/Director - Executive)
Bhutan Insurance Limited, P.O.Box #779, Chorten
Lam, Thimphu
Phone: 02-339892/93/94
Fax: 02-339895
Email: dmdorji@gmail.com

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 Audit Committee Members

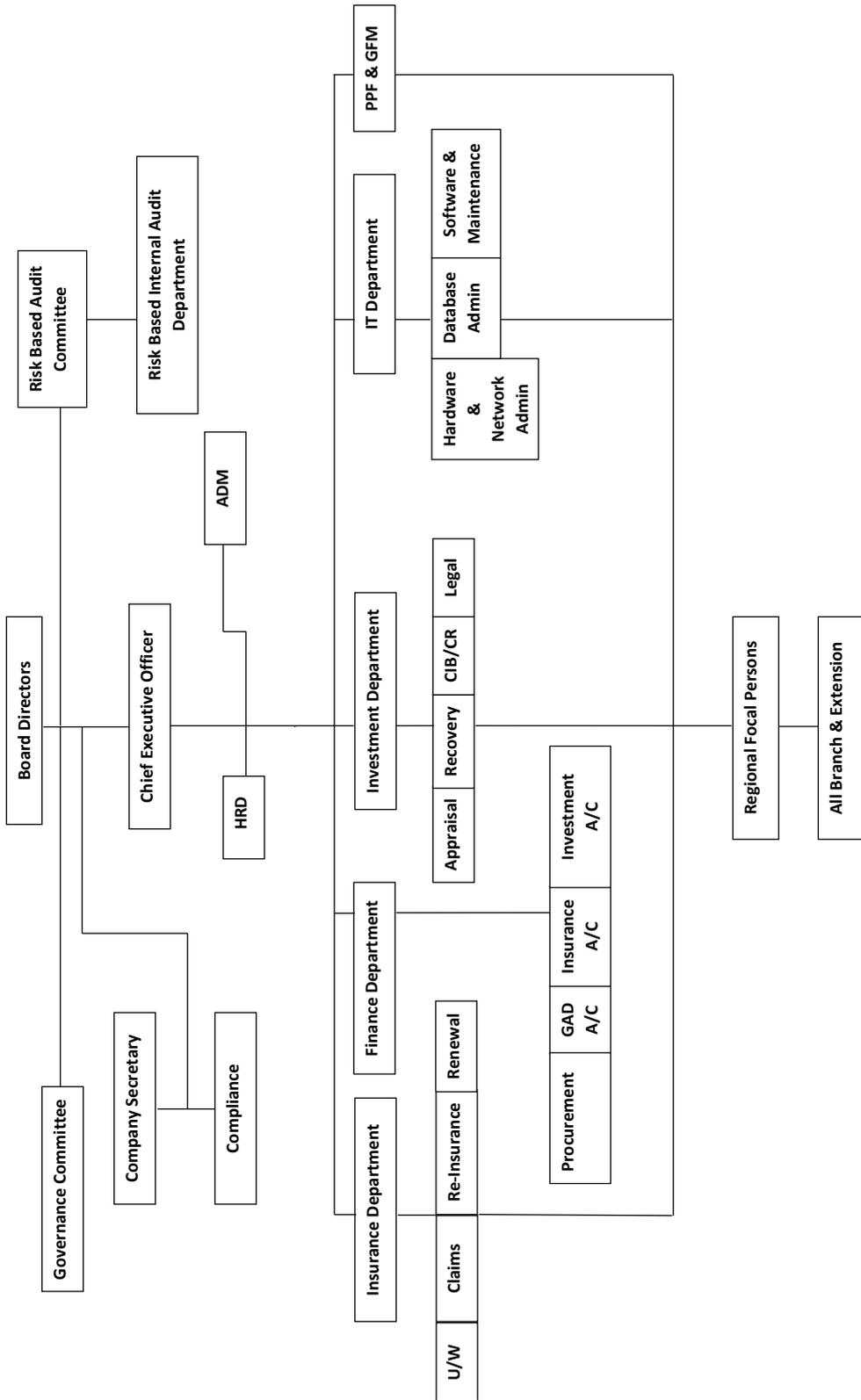
1. Mr. Tshering Dorji (Chairperson)
Former CEO, T-Bank
Email: td17111118@gmail.com
2. Mr. Sangay Wangdi (Director)
CEO, BBPL
Email: sangaywangdi357@gmail.com
3. Mr. Pema Loday (Committee Secretary)
Internal Audit Department, BIL, Thimphu
Phone No: 02-339893/339894/ 17886580
Email: pema_loday@yahoo.com

Corporate Governance Committee Members

1. Mr. Kinzang Dorji (Chairperson)
Dzongdhag, Haa Dzongkhag
kdorji@haa.gov.bt
2. Mr. Sangay Wangdi (Director)
CEO, BBPL
sangaywangdi357@gmail.com
3. Ms. Sonam Wangmo (Committee Secretary)
Company Secretary, BIL, Thimphu
Phone No: 17456393
Fax No: 02-339895
Email: somohm@gmail.com

Principal Bankers

1. Bhutan National Bank Limited
2. Druk PNB Limited





Auditors' Report & Financial Statement

Mookherjee Biswas & Pathak
Chartered Accountants

5 & 6, Fancy Lane, Kolkata – 700001
Phone : 2248 1733, 2231 8869, 2243 8542, 2242 1789
Fax: (033) 2248 0080
Website : www.mbpkol.com
E-mail :mbpkol@gmail.com

INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF 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, 2020 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, 2020, 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.

In view of the Government imposed lockdown due to Covid-19, we could not physically visit the offices of the Company and hence were not been able to examine the original books of account and supporting documents. The management has provided us with the scanned copies of the relevant documents for the purpose our audit which we asked for on test check basis. We have relied on the scanned evidences provided by the management in the absence of alternative means.

3. Emphasis of Matters

- a) We draw our attention to note no 3B(XXIII)w.r.t calculation of unexpired risk reserve and its impact.

- b) We draw our attention to note no 3B(XXIV) regarding monetary measures taken by the Company as per RMA guidelines which includes details of deferment of loans in phases, relief on interest etc.

Our opinion is not modified in respect of these matters.

4. Other Matters

- a) The opinion expressed in the present report is based on the limited information, facts and inputs made available to us through electronic means by the management. We wish to highlight that due to the COVID 19 induced restrictions on physical movement, we could not visit the offices of the Company physically, for undertaking the required audit procedures as prescribed under Standards on Auditing, However, scanned copies of documents were provided to us on the basis of our test check selection:
- b) We have submitted separate report on BAS compliant financial statement.

5. 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 following matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditor's Response
Provision for Non-performing loans as per RMA regulations. The provision has gone up in comparison to earlier year	We have verified the Non-performing loans by analyzing the party wise loan accounts, their classification as per prudential norms of RMA.

6. 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.

7. 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 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.

A further description of the auditor's responsibilities for the audit of the financial is given in *Annexure I*.

8. 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.
9. 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.
 - d) The Company has complied with other legal and regulatory requirements.

For Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E



Sudersan Mukherjee
(Partner)
Membership Number: 059159
UDIN:

Place: Kolkata
Date: 18.03.2021

ANNEXURE I

TO THE INDEPENDENT AUDITOR'S REPORT (Referred to in our report of even date)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ANNEXURE A**(MINIMUM 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 advances in normal course of business; recovery whereof is 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, where 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.
It was 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. 3B(XIX) 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, income tax deductions, 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. The Company has adjusted 10% tax rebate for business, employing 100% Bhutanese National (section 12) chapter 2, section 9 of Rules on the Fiscal Incentives Act of Bhutan 2017. [Refer Note no 3(XXII)]
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.



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.3B(XV). 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 Company 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.



26. Recognition of interest income in respect of non-performing asset has been deferred in terms of Prudential Regulations of RMA.
27. Assets hypothecated against loan and advances have been generally physically verified, properly valued and mortgage deed executed and ensured that the assets are free of any prior lien or charges. In this regard we have relied on the information available from the management.
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 loans are not granted to those who have defaulted payment of previous advances.

COMPUTERISED 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.



B. RATIO ANALYSIS:

Significant Ratios indicating the financial Health and profitability of the Company are as follows:-

S1. No.	PERFORMANCE RATIO	RATIO/PERCENTAGE FORMULA	2020	2019
1	Capital Adequacy As Per Prudential Regulation	Tier1+ Tier2 Capital/ Total risk weighted assets	32.03%	33.25%
2	Core Capital	Tier1 Capital/ Total risk weighted assets	23.79%	22.15%
3	Statutory Liquidity Ratio	Quick Assets/ total liabilities excluding capital fund and RMA liabilities	18.07%	18.90%
4	Leverage Ratio	Tier 1 + Tier 2Capital/Total Exposure excluding specific provision and margin money	28.74%	24.87%
5	Annulized Gross Premium To Shareholders' Fund	Gross premium/average capital employed	0.559	0.642
6	Net Retention	Net Premium/Gross Premium	0.542	0.666
7	Commission To Net Premium	Commission net of Re-insurance/Net Premium	16.76%	14.30%
8	Management Expense To Gross Premium	Management Expense/Gross Premium	12.06%	10.69%
9	Combined Ratio	(Net Claim + Operating Expenses) *100/Earned Premium	78.17%	93.46%
10	Technical Reserve To Net Premium	Technical Reserve/Net Premium	0.791	0.557
11	Operating Profit	(Underwriting profit + Investment Income)/Net Premium	73.98%	63.45%
12	Net Earning Ratio	PAT/Net Premium*100	51.83%	45.67%
13	Annualized Return On Net Worth	PAT/Net worth	15.16%	17.81%
14	Book Value Per Share	(Share Capital + Free Reserve)/ No. of Shares	19.73	18.37
15	Earnings Per Share	PAT/No. of Shares	2.99	3.27
16	Net Worth Of The Company	Share Capital + Free Reserve	591,966,632	551,196,405
17	Return On Equity	PAT/Average Capital Employed	15.71%	19.53%
18	Net Worth To Total Liabilities	Net Worth/Total Liabilities	22.41%	22.58%
19	Gross Npl Ratio	Total NPL O/s. balance/Total Loan O/s. balance	22.02%	12.00%

Sl. No.	PERFORMANCE RATIO	RATIO/PERCENTAGE FORMULA	2020	2019
20	Net Npl Ratio	Net NPL Loan/ Net Total Loan	11.91%	2.77%
21	Solvency Ratio As Per Insurance Regulation	Net Financial Resources/ Total Risk Requirement	371%	332%
22	Car As Per Insurance Regulation	Total Financial Resources/ Total Risk Requirement	449.93%	435.62%
23	Underwriting Balance Ratio	Underwriting profit/Net Premium	50.61%	41.76%
		FIRE	2.27%	2.89%
		MARINE	19.63%	0.24%
		OTHER		

32. In accordance with RMA Prudential regulations 2017 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

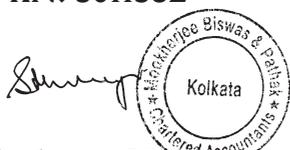
The Company has complied with the requirements of Company's Act of Bhutan 2016.

34. ADHERENCE TO LAWS, RULES AND REGULATIONS:

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 (3rd Edition) 2020.

For Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E



Sudersan Mukherjee
(Partner)
Membership Number: 059159
UDIN:
Place: Kolkata
Date: 18.03.2021

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 20th August 2009 and commenced Non- Life insurance business on same date.

1.1. 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 31st December 2020 were authorized for issue in accordance with the 50th resolution of the Board of Directors held on 18th March, 2021.

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 Generally Accepted Accounting Principles (GAAP) followed in Bhutan 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.

3. A. SIGNIFICANT ACCOUNTING POLICIES:

The format in these Financial Statements has been stated in line with Generally Accepted Accounting Principles followed in Bhutan.

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

I. 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 as per the provision contained in the Income Tax Act of Bhutan, 2001.

II. 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 is initially measured at its cost. Cost includes expenditure that is directly attrib



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.

III. 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.

IV. 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.

V. 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.

The investment in shares and bonds of listed companies are stated at market value wherever applicable.

VI. 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.

VII. Reinsurance Commissions

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

VIII. Premiums Receivable

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

IX. Other Receivables

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

X. Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances.

XI. 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.

XII. 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.

XIII. 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.



XIV. Revenue Recognition

- 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 reinsurers.
- 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.

XV. Other Income

Other income is recognized on an accrual basis.

XVI. Claims

Claims include all claims occurring during the year, whether reported or not, related internal and external claims handling cost that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Further, the IBNR for the year has been allocated with the increase of 39.39% on the bases of previous year claim experiences.

XVII. Reinsurance Claims

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

XVIII. 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.

XIX. 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.

XX. 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.

XXI. Share Capital

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

XXII. 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.

XXIII. 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.

XXIV. 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 3B(III) to the Financial Statements.

XXV. Proposed Dividends

Dividend proposed/declared by the Board of Directors after the reporting date is not recognized as a liability. The 50th resolution of the Board of Directors held on 18th March, 2021 has decided not to declare the dividend for the year 2020 in the view of the uncertainty posed by the COVID-19 pandemic, Company should conserve capital and strengthen balance sheet to absorb future losses and support lending to the economy which is in line with RMA directive letter no. RMA/DFRS/34/2020-2021/2647 dated 24th February 2021. The same has been endorsed in 12th AGM on 26th April 2021. For the year 2019, the dividend of 16% on the paid up capital amounting Nu.48 million was distributed among the shareholders.

XXVI. 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.



XXVII. 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 summaries the maturity profile of the financial assets of the Company based on their market value. The Company maintains portfolio of highly marketable securities that can be



easily liquidated in the event of an unforeseen interruption of cash flow. Some of the specifications by the Company to mitigate the liquidity risk are shown below;

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

Market Risk

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

- a. Interest rate risk
- b. Currency risk

(a) Interest Rate Risk

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

(b) Currency Risk

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

Operational Risk

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

3.B. Notes to Accounts:

I. Long Term and Short-Term Investment as on 31st December 2020:

Name of Organization	No. of Shares/Bonds	Rate (Nu)	Amount (Nu.)	Remarks
Bhutan Development Bank Ltd.	N.A	NA	125,000,000	FD, fresh in current year
Credit Information Bureau	175000	10	1,750,000	Till Previous Year
Dungsam Cement Corporation Limited	30000	1000	30,000,000	-do-
Royal Insurance Corporation of Bhutan Ltd	30000	1000	30,000,000	-do-
Bhutan National Bank Ltd	462804	31.65	14,647,746	-do-
FIs Training Institute	600000	10	6,000,000	-do-

II. Resources of Insurance Department, Provident Fund, Gratuity Fund and Fund obtained through borrowing are centrally managed through Finance & Investment Department. The Company has decided to share the management expenses cost between the three departments like Insurance department, Investment department and PF/GF department in the ratio of 50:25:25 respectively. However, PF/GF department management expenses are further shared on fund base with Investment department.

III. Contingent liabilities as at the Balance Sheet date is guarantee issued by the Company amounting to Nu.92,099,387.00 remain unexpired as on 31st December,2020.

IV. Interest income on loans of Nu.101,249,358.00 is net of suspended interest of Nu.16,549,192.00 which is charged to the statement of comprehensive income during year as conforms to the Prudential Regulation, 2017 by Royal Monetary Authority of Bhutan.



- V.** Interest of Nu. 42,386,344.00 and late fee of Nu.2,462,851.00 has not been recognized as income & kept under Interest in suspense and Late fee suspense account respectively.
- VI.** Interest and late fee of Nu.81,282,926.10 and Nu.2,462,850.75 was not collected but included in total loan outstanding as on 31.12.2019.
- VII.** Provision against non-performing loans of Nu.272,043,581.00 has been computed as per the RMA Prudential Guidelines. An additional provision of Nu.55,613,823.00 including dynamic provision for the current year Nu.24,791,209.00 has been created during the year to consider probable loss which may arise out of potential non-performing loans.
- VIII.** 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.308,157,486.00 (previous year Nu.288,779,260.00) & Nu.21,903,123.00 (previous year Nu.15,134,380.00) as interest accrued thereon.
- IX.** 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.668,052,644.00 (previous year Nu.764,909,061) & Nu.47,635,593.00 (previous year Nu.51,529,676.00) as interest accrued thereon.
- X.** Reserves for un-expired risks amounting to Nu.77,873,633.00 (previous year Nu.73,935,003.00) created in the Revenue Accounts in respect of General Insurance Business at 1/24th method.
- XI.** Company has valued their Gratuity Liability as per their HR policy and an amount of Nu.2,364,044.00 have been provided in the accounts towards gratuity on the presumption that all employees cease to be employed with the Company as on 31.12.2020.
- XII.** The assets of the Company in Bhutan are free from all encumbrances.
- XIII.** During the year BIL has purchased 13,807sqft. of land at Chang Ganay, Thimphu, for corporate office building construction in future, amounting to Nu.105,105,787.50 which is inclusive of 50% sale tax as per the land transaction agreement (Cost of Land Nu.103,552,500.00 and 50% sale tax @ 3% of land cost Nu.1,553,287.50).
- XIV.** BIL has purchased an new apartment located behind RIGGS building, Phuntsholing for office purpose at the price of Nu.8,000,000.00 during the year. Since it is under construction, BIL has made an advance payment of Nu.4,500,000.00 during the year and the balance payment of Nu.3,500,000.00 will be paid on completion of construction and handing over of the same as per the agreement.



XV. Management expenses include:-

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

	2020	2019
-Remuneration:	Nu.1,899,000.00	Nu. 1,878,226.00
-Other Benefits:	Nu. 150,000.00	Nu.280,196.00
Total:	Nu. 2,049,000.00	Nu. 2,158,422.00

b) Directors sitting fees: Nu.482,500.00 Nu.590,000.00

XVI. The Audit Fees and Expenses

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

XVII. 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.

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

XIX. Particulars of the transactions with the Directors and their relatives and Companies in which Directors are interested, as per provisions of the Companies Act of the of Bhutan 2016 :-

Name of the party	Nature of transaction	Outstanding amount as on 31.12.2020 (Nu.)	Outstanding amount as on 31.12.2019 (Nu.)
Mr. Karma Lotey	Commercial Establishment, Housing & Personal loan	3,756,938.10	3,818,620.76
Dasho Kinzang Dorji	NIL	NIL	NIL
Mr. Sangay Wangdi	Overdraft	39,911.45	39,623.78
Mr. Tshering Dorji	NIL	NIL	NIL
Mr. Karma Dorji	Housing loan & Overdraft	29,883,417.75	9,470,485.01
Mr. Damdi Dorji	Staff Establishment & personal guarantee	1,642,547.87	1,624,824.46

XX. Other Current liabilities (Schedule 16) includes unclaimed dividend of Nu.13,137,444.00 (previous year Nu.13,903,504.00).

XXI. The rate of income tax for companies has been revised to 25% of the net profit from 30% as per the notification dated 14th May 2020 issued by Ministry of Finance, Royal Government of Bhutan which has been incorporated accordingly.

XXII. The 10% tax rebate for business, employing 100% Bhutanese National (section 12)

chapter 2, section 9 of Rules on the Fiscal Incentives Act of Bhutan 2017 has been adjusted during the year.

XXIII. The unexpired risk reserve in align with RMA Regulation as earlier year calculated at 1/24th bases of the unearned premium has resulted in increase of unexpired risk reserve by Nu.3,938,630.00

XXIV. As the entire Nation is gearing towards combating Covid19, it has not only affected human life but also let to a disruption in the entire chain of business across the country. RMA has issued a monetary measure in response to Covid19 which are aimed at providing short term monetary relief to sectors facing such financial distress in addition to assisting business and local production. The interventions are guided by His Majesty's wisdom to ensure that relief measures are adequate and inclusive.

Following are the two phases of monetary measures issued by RMA:-

1. Phase 1 (April 2020 – June 2020) :-

- a) All loans, both performing and non- performing has been deferred for the period of three months excluding loans to FIs, Govt. and staff incentive loans.
- b) 100% of Interest for all the loans excluding loans to FIs, Govt. and staff incentives loans has been shared equally between the Govt. and the company.
- c) Term base soft working capital facilities for tourism related business has been provided at concessional interest rate of 5% per annum to meet operational expenses.

2. Phase 2 (July 2020 – June 2021):-

- a) All loan accounts as on 30th June 2020 has been given the option to defer their loan repayment by one year i.e. till 30th June 2021.
- b) 100% relief of the interest payment has been granted as the Druk Gyalpo's relief Kidu from the National resilience fund for a period of three months i.e. 1st July – 30th September 2020.
- c) 50% relief of the interest payment has been granted as the Druk Gyalpo's relief Kidu from the National resilience fund for a period of six months i.e. 1st Oct. 2020 – 31st March 2021. The remaining 50% shall be paid by the borrowers.
- d) The company shall offer 1% interest rate reduction to borrowers who repay their EMIs regularly and fully as per the agreed repayment schedule during the entire deferment period which will be adjusted at the end of deferment period.
- e) Soft term loan to businesses (Bridging loans) has been provided at concessional

interest rate of 5% per annum for a period of one year which is treated as gestation period. At the end of gestation period the interest accrued shall be capitalized and the amount shall be amortized/ repaid over the period of four years.

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

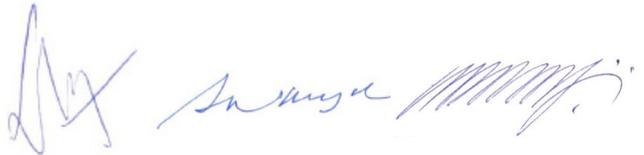
**For Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E**



**(Sudersan Mukherjee)
Partner
Membership No. 059159**

**Place: Kolkata
Date: 18.03.2021**

On behalf of The Board of Directors



CEO

Director

Chairman

**Place: Thimphu
Date: 18.03.2021**



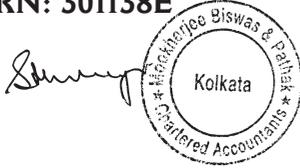
Statement of Financial Position as at 31st December 2020

Amount in Nu.

Particulars	Note No.	2020	2019
ASSETS			
Non Current Assets			
Intangible Assets (Net Block)	4	851,872	420,157
Property, Plant & Equipment (Net Block)	5	107,749,981	4,354,271
Long Term Investment	6	67,750,000	67,750,000
Term Loan	7 & 7a	1,777,049,129	1,611,666,693
Total Non Current Assets		1,953,400,982	1,684,191,121
Current Assets			
Cash & Cash Equivalents	8	188,457,770	190,641,987
Short Term Investment	9	135,413,090	138,691,285
Loans & Overdraft	10	285,277,240	340,314,166
Advances & Other Assets	11	79,035,316	87,362,705
Total Current Assets		688,183,415	757,010,143
TOTAL ASSETS		2,641,584,398	2,441,201,264
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share Capital	12	300,000,000	300,000,000
General Reserves	13	209,935,646	187,493,089
Retained Earnings	13a	82,030,986	63,703,316
CAT Reserves	13b	12,803,938	11,803,938
Total Shareholders' Equity		604,770,570	563,000,343
Non Current Liabilities			
ESP Bond	14	120,000,000	120,000,000
Total Non Current Liabilities		120,000,000	120,000,000
Current Liabilities			
Borrowings & Funds	15	1,329,846,847	1,254,453,463
Other Liabilities	16	209,668,893	176,787,395
Provisions	17	377,298,088	326,960,063
Total Current Liabilities		1,916,813,828	1,758,200,921
TOTAL LIABILITIES		2,641,584,398	2,441,201,264
Significant Accounting Policies & Notes to Accounts		1-3	
Note			
Contingent Liabilities (Off balance sheet)		92,099,387	58,650,581

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

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



**(Sudersan Mukherjee)
Partner
Membership No. 059159**

**Place: Kolkata
Date: 18.03.2021**

On behalf of The Board of Directors



CEO Director Chairman

**Place: Thimphu
Date: 18.03.2021**



Statement of Financial Position for General Insurance Department as on 31st December 2020

Amount in Nu.

Particulars	Note No.	2020	2019
ASSETS			
Non Current Assets			
Intangible Assets (Net Block)	4	851,872	420,157
Property, Plant & Equipment (Net Block)	5	107,749,981	4,354,271
Long Term Investments	6	67,750,000	67,750,000
Total Non Current Assets		176,351,853	72,524,428
Current Assets			
Cash & Cash Equivalents	8a	80,478,444	53,473,206
Short Term Investment	9a	329,905,056	395,404,905
Advance & Other Assets	11a	347,860,987	314,693,649
Total Current Assets		758,244,487	763,571,760
TOTAL ASSETS		934,596,340	836,096,188
EQUITY AND LIABILITIES			
Shareholders' Equity			
Share Capital	12	300,000,000	300,000,000
General Reserves	13c	340,581,812	261,138,193
Total Shareholders' Equity		640,581,812	561,138,193
Non Current Liabilities			
ESP bond	14	120,000,000	120,000,000
Total Non Current Liabilities		120,000,000	120,000,000
Current Liabilities			
Other Liabilities	16a	95,970,638	80,852,736
Provisions	17a & 17f	78,043,890	74,105,260
Total Current Liabilities		174,014,528	154,957,996
TOTAL LIABILITIES		934,596,340	836,096,188

Significant Accounting Policies & Notes to Accounts 1-3

The notes 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 Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E

On behalf of The Board of Directors


(Sudersan Mukherjee)
Partner
Membership No. 059159



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

Place: Kolkata
Date: 18.03.2021

Place: Thimphu
Date: 18.03.2021



Statement of Financial Position for Financing & Investment Department as on 31st December 2020
Amount in Nu.

Particulars	Note No.	2020	2019
ASSETS			
Non current Assets			
Term Loans	7	1,768,510,682	1,610,857,942
Total Non current Assets		1,768,510,682	1,610,857,942
Current Assets			
Cash & Cash Equivalents	8b	77,136,570	118,617,654
Short term Investment	9b	125,000,000	125,000,000
Loans & Overdraft	10	285,277,240	340,314,166
Other Assets	11b	5,023,537	5,576,887
Total Current Assets		492,437,347	589,508,707
TOTAL ASSETS		2,260,948,029	2,200,366,649

EQUITY AND LIABILITIES**Non current Liabilities**

General Reserves	13d	213,605,292	214,387,100
Total Non Current Liabilities		213,605,292	214,387,100

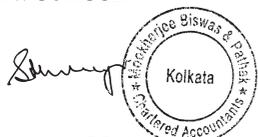
Current Liabilities

Borrowings & Funds	15a	1,608,999,281	1,616,830,947
Other Liabilities	16b	166,390,242	152,718,844
Provisions	17b	271,953,214	216,429,757
Total Current Liabilities		2,047,342,737	1,985,979,548
TOTAL LIABILITIES		2,260,948,029	2,200,366,649

Significant Accounting Policies & Notes to Accounts 1-3

The notes 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 Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E



(Sudersan Mukherjee)
Partner
Membership No. 059159

Place: Kolkata
Date: 18.03.2021

On behalf of The Board of Directors

CEO

Director

Chairman

Place: Thimphu
Date: 18.03.2021



Statement of Comprehensive Income as on 31st December 2020

Amount in Nu.

Particulars	Note No.	2020	2019
Operating Profit transferred from Revenue A/c.			
General Insurance Department	Revenue A/c.	128,904,664	96,465,943
Financing & Investment Department	Revenue A/c.	(149,772)	39,998,555
PPF & GFM Department (New Fund)	Revenue A/c.	(7,818,817)	(1,631,494)
Profit before Taxation		120,936,075	134,833,004
Provision for Taxation		(27,210,617)	(36,404,911)
Profit after taxation		93,725,458	98,428,093
Prior Period Adjustment	30	(3,955,231)	(286,292)
Profits available for Appropriation		89,770,227	98,141,801
APPROPRIATIONS			
Transferred to General Reserve	13	22,442,557	49,070,901
Transferred to Retained Earnings	13a	66,327,670	48,070,900
Transferred to Catastrophe Reserve	13b	1,000,000	1,000,000
TOTAL APPROPRIATIONS		89,770,227	98,141,801
Earnings per share (Nu.)			
	31	2.99	3.27

Significant Accounting Policies & Notes to Accounts 1-3

The notes referred to above form an integral part of this Statement of Comprehensive Income. This is the Statement of Comprehensive Income of all departments taken together referred to in our report of even date.

25% tax provision on Operating profit	30,234,019
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	3,023,402
Net Tax	27,210,617

For Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E



(Sudersan Mukherjee)
Partner
Membership No. 059159

Place: Kolkata
Date: 18.03.2021

On behalf of The Board of Directors

CEO

Director

Chairman

Place: Thimphu
Date: 18.03.2021



Revenue Account for General Insurance Department as of 31st December 2020

Amount in Nu.

Particulars	Note No.	2020	2019
Gross Written Premium	18a+18b	319,465,931	322,526,791
Premium Ceded to Reinsurers	18c	(142,332,842)	(147,543,222)
Net Written Premium		177,133,089	174,983,569
Net Change in Reserve for Unearned Premium	18d	(3,938,630)	39,921,630
Net Earned Premium	18	173,194,459	214,905,199
Commission Income (Reinsurers Ceded)	19	33,976,749	35,914,221
Income from Investments	20	30,058,331	35,716,874
Other Income	21	39,202,404	23,341,172
Total Income		276,431,943	309,877,465
Gross Claims	22	(157,713,191)	(284,610,755)
Reinsurers Recoveries	23	60,860,044	118,220,638
Net Policyholder Claims & Benefits Paid		(96,853,147)	(166,390,117)
Commission & Brokerage Expenses	24	(4,944,231)	(5,188,167)
Operating & Administration Expenses	25	(38,529,901)	(34,462,981)
Other Expenses (ESP Bond)	25b	(7,200,000)	(7,200,000)
Provision for Doubtful Assets	17f	-	(170,257)
Total Expenses		(147,527,279)	(213,411,522)
Operating Profit transferred to Comprehensive Income		128,904,664	96,465,943
Less: Prior Period Adjustment	30	(3,323,195)	(186,292)
Net Balance transferred to General Reserve A/c. of General Insurance Department	13c	125,581,469	96,279,651

Significant Accounting Policies & Notes to Accounts 1-3

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

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

For Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E




(Sudersan Mukherjee)
Partner
Membership No. 059159

Place: Kolkata
Date: 18.03.2021

On behalf of The Board of Directors





CEO

Director

Chairman

Place: Thimphu
Date: 18.03.2021



Sub Revenue Account as of 31st December 2020

Amount in Nu.

PARTICULARS	Note No.	FIRE INSURANCE		MARINE INSURANCE		MOTOR INSURANCE		MISCELLANEOUS INSURANCE		TOTAL	
		2020	2019	2020	2019	2020	2019	2020	2019		
Premium Earned (Net)	18	70,542,204	72,327,485	3,090,881	5,128,595	91,314,003	142,551,361	8,247,372	(5,102,241)	173,194,460	214,905,200
Commission (Net)	19 & 24	17,005,462	16,551,448	562,342	930,542	4,569,104	4,785,997	6,895,610	8,458,066	29,032,518	30,726,053
Income from Investment	20	12,242,776	12,020,703	536,430	852,364	15,847,773	23,691,790	1,431,352	(847,984)	30,058,331	35,716,874
Other Income	21	15,967,162	7,855,595	699,618	557,024	20,668,839	15,482,714	1,866,785	(554,162)	39,202,404	23,341,172
Total (A)		115,757,604	108,755,231	4,889,271	7,468,525	132,399,719	186,511,862	18,441,119	1,953,679	271,487,713	304,689,298
Claims Incurred (Net)	22a - 22e	6,458,651	3,065,117	147,124	376,857	83,343,790	161,154,181	6,903,583	1,793,962	96,853,147	166,390,117
Operating Expenses	25	17,357,720	13,464,687	628,037	703,045	14,467,978	14,967,273	6,076,165	5,327,977	38,529,901	34,462,981
Investment Expenses	25b	2,932,564	2,423,198	128,493	171,824	3,796,085	4,775,919	342,858	(170,941)	7,200,000	7,200,000
Provision for Doubtful Assets		-	57,301	-	4,063	-	112,935	-	(4,042)	-	170,257
Total (B)		26,748,935	19,010,303	903,654	1,255,789	101,607,853	181,010,308	13,322,606	6,946,956	142,583,048	208,223,356
Prior Period Adjustment		1,353,539		59,307		1,752,101		158,248		3,323,195	186,292
Operating Profit (A - B)		87,655,129	89,744,928	3,926,311	6,212,736	29,039,764	5,501,554	4,960,265	(4,993,277)	125,581,469	96,279,651

Revenue Account for Financing & Investment Department as of 31st December 2020

Amount in Nu.

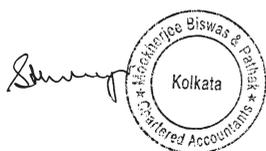
Particulars	Note No.	2020	2019
INCOME			
Interest on Loan	26	101,249,357	206,388,392
Other Income	27	91,040,066	11,092,035
Total Income		192,289,423	217,480,427
EXPENSES			
Interest Expenses	28	(102,994,570)	(107,861,468)
Management Expenses	29	(19,186,663)	(17,130,713)
Management Expenses (PF&GFM- Old Fund)	29ai	(14,734,505)	(14,318,630)
Provision Against Loans	17c	(55,523,457)	(38,171,060)
Total Expenses		(192,439,195)	(177,481,872)
Operating Profit transferred to Comprehensive Income		(149,772)	39,998,555
"Less: Prior Period Adjustment (Penalty Payment)"		(632,036)	(100,000)
Net Balance transferred to General Reserve A/c. of Financing & Investment Department	13d	(781,808)	39,898,555

Significant Accounting Policies & Notes to Accounts 1-3

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

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

For Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E



(Sudersan Mukherjee)
Partner
Membership No. 059159

Place: Kolkata
Date: 18.03.2021

On behalf of The Board of Directors

CEO

Director

Chairman

Place: Thimphu
Date: 18.03.2021



**Statement of Financial Position for PPF & GFM Department as on 31st December 2020
(Old Fund)**

Amount in Nu.

Particulars	Note No.	2020	2019
ASSETS			
Current Assets			
Short Term Investment	9c	918,185,239	1,034,352,186
Other Assets	11c	61,458,253	65,312,290
Total Current Assets		979,643,492	1,099,664,475
TOTAL ASSETS		979,643,492	1,099,664,475

EQUITY AND LIABILITIES
Non Current Liabilities

Member's Contribution Funds	15b	918,185,239	1,034,352,186
-----------------------------	-----	-------------	---------------

Total Non Current Liabilities		918,185,239	1,034,352,186
--------------------------------------	--	--------------------	----------------------

Current Liabilities

Other Liabilities	16c	61,458,253	65,312,290
-------------------	-----	------------	------------

Total Current Liabilities		61,458,253	65,312,290
----------------------------------	--	-------------------	-------------------

TOTAL LIABILITIES		979,643,492	1,099,664,475
--------------------------	--	--------------------	----------------------

Significant Accounting Policies & Notes to Accounts 1-3

The notes referred to above form an integral part of this Statement of Financial Position. This is the Statement of Financial Position for PPF & GFM Department (Old Fund) referred to in our report of even date.

For Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E




(Sudersan Mukherjee)
Partner
Membership No. 059159

Place: Kolkata
Date: 18.03.2021

On behalf of The Board of Directors



CEO



Director

Chairman



Place: Thimphu
Date: 18.03.2021

Statement of Financial Position for PPF & GFM Department as on 31st December 2020
(New Fund)

Amount in Nu.

Particulars	Note No.	2020	2019
ASSETS			
Non current Assets			
Term Loans	7a	8,538,447	808,751
Total Non current Assets		8,538,447	808,751
Current Assets			
Cash & Cash Equivalents	8c	30,842,756	18,551,127
Short term investment	9d	17,685,365	-
Other asset	11d	608,710	-
Total Current Assets		49,136,831	18,551,127
TOTAL ASSETS		57,675,278	19,359,878

EQUITY AND LIABILITIES**Non current Liabilities**

Member's Contribution Funds	15c	58,024,898	19,336,136
Reserve-[Debit balance of Revenue Account]	13e	(9,450,311)	(1,631,494)
Total Non Current Liabilities		48,574,587	17,704,642

Current Liabilities

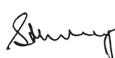
Other Liabilities	16d	9,010,324	1,635,101
Provisions	17d	90,367	20,135
Total Current Liabilities		9,100,691	1,655,236

TOTAL LIABILITIES **57,675,278** **19,359,878**

Significant Accounting Policies & Notes to Accounts 1-3

The notes referred to above form an integral part of this Statement of Financial Position. This is the Statement of Financial Position for PPF & GFM Department (New Fund) referred to in our report of even date.

For Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E




(Sudersan Mukherjee)
Partner
Membership No. 059159
Place: Kolkata
Date: 18.03.2021

On behalf of The Board of Directors



CEO




Director

Chairman

Place: Thimphu
Date: 18.03.2021



Revenue Account for PPF & GFM Department as of 31st December 2020 (Old Fund)

Amount in Nu.

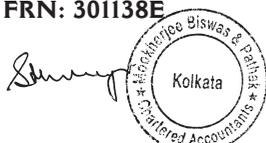
Particulars	Note No.	2020	2019
INCOME			
Interest Income	27a	61,458,253	65,312,290
Total Income		61,458,253	65,312,290
EXPENSES			
Interest Expenses	28a	(61,458,253)	(65,312,290)
Total Expenses		(61,458,253)	(65,312,290)
Operating Profit /(Loss) transferred to Comprehensive Income		-	-

Significant Accounting Policies & Notes to Accounts 1-3

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

This is PPF & GFM Department (Old Fund) Revenue Account referred to in our report of even date

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



**(Sudersan Mukherjee)
Partner
Membership No. 059159**

**Place: Kolkata
Date: 18.03.2021**

On behalf of The Board of Directors

CEO

Director

Chairman

**Place: Thimphu
Date: 18.03.2021**



Revenue Account for PPF & GFM Department as of 31st December 2020 (New Fund)

Amount in Nu.

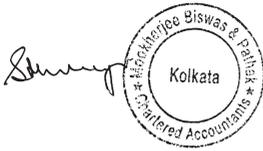
Particulars	Note No	2020	2019
INCOME			
Interest on Loan	26a	547,776	23,685
Other Income	27b	714,603	-
Total Income		1,262,379	23,685
EXPENSES			
Interest Expenses	28b	(8,080,463)	(1,351,767)
Management Expenses	29a(ii)	(930,501)	(283,277)
Provision against Loans	17e	(70,232)	(20,135)
Total Expenses		(9,081,196)	(1,655,179)
Operating Loss transferred to Comprehensive Income		(7,818,817)	(1,631,494)
Net Balance transferred to Reserve of PPF & GFM Department (New Fund)	13e	(7,818,817)	(1,631,494)

Significant Accounting Policies & Notes to Accounts 1-3

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

This is PPF & GFM(New Fund) Revenue Account referred to in our report of even date.

For Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E



(Sudersan Mukherjee)
Partner
Membership No. 059159

Place: Kolkata
Date: 18.03.2021

On behalf of The Board of Directors

CEO

Director

Chairman

Place: Thimphu
Date: 18.03.2021



Notes to the Financial Statements

All amounts are stated in Nu. unless otherwise indicated

4. INTANGIBLE ASSETS	2020	2019
Acquisition cost		
Balance as at 1st January	9,308,555	9,296,105
Additions during the year	520,500	12,450
Balance as at 31st December	9,829,055	9,308,555
Amortisation		
Balance as at 1st January	8,888,398	7,492,115
Amortisation charged during the year	88,785	1,396,283
Balance as at 31st December	8,977,183	8,888,398
Net carrying amount as at 31st December	851,872	420,157

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, a Loan Management System (Nu. 0.5 million) from DPS, Kolkata, India in year 2012 and quick heal antivirus server in year 2019. The assets have been amortized during the period as per the Income Tax Act of Bhutan 2001.

5. PROPERTY, PLANT & EQUIPMENT	Office Equipment	Furniture & Fittings	Computers, Printers & Others	Motor Vehicles	Land	Total
Cost						
Balance as at 1st January	4,166,983	4,615,261	10,113,859	7,881,656	-	26,777,760
Additions during the year	36,650	162,575	1,080,290	-	105,105,788	106,385,303
Disposals during the year	-	-	-	1,148,348	-	1,148,348
Balance as at 31st December	4,203,633	4,777,836	11,194,149	6,733,308	105,105,788	132,014,714
Depreciation						
Balance as at 1st January	3,092,643	3,615,658	8,325,943	7,389,243	-	22,423,488
Depreciation charged for the year	630,545	716,675	1,560,801	81,572	-	2,989,593
Accumulation depreciation adjusted during the year				1,148,348		1,148,348
Balance as at 31st December	3,723,188	4,332,333	9,886,744	6,322,467	-	24,264,733
Carrying Amount						
Balance as at 31st Dec 2020	480,445	445,503	1,307,405	410,841	105,105,788	107,749,981
Balance as at 31st Dec 2019	1,074,340	999,603	1,787,916	492,413	-	4,354,271

6. LONG TERM INVESTMENT	2020	2019
Capital 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
Total	67,750,000	67,750,000
6a. General Insurance Department	2020	2019
Capital 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
Total	67,750,000	67,750,000
7. TERM LOANS DUES > 1 YEAR	2020	2019
Manufacturing/Industry Sector Loan	155,622,515	154,358,245
Service Sector Loan	31,312,756	15,157,833
Trade/Commerce Sector Loan	101,779,710	101,163,462
Housing Sector Loan	806,549,592	627,871,318
Transport Sector Loan	586,398,035	608,482,539
Loans to Purchase Securities	29,122,492	37,117,335
Personal Loan	31,661,970	33,767,845
Staff Loan	22,332,433	24,357,063
Agriculture Loan	178,636	2,312,454
Consumer Loan	3,552,543	6,269,848
Total	1,768,510,682	1,610,857,942
7a. Term Loans Dues > 1 Year For Ppf Dept. (New Fund)	2020	2019
Consumer Loan (Loan against PPF)	2,799,747	808,751
Transport Sector loan	4,358,951	-
Personal loan	1,379,749	-
Total	8,538,447	808,751
8. CASH & CASH EQUIVALENTS	2020	2019
Cash in Hand & Balances with Banks (8a+8b+8c)	188,457,770	190,641,987
Total	188,457,770	190,641,987
8a. General Insurance Department	2020	2019
Cash in Hand & Balances with Banks	80,478,444	53,473,206
Total	80,478,444	53,473,206
8b. Financing & Investment Department	2020	2019
Cash in Hand & Balances with Banks	77,136,570	118,617,654
Total	77,136,570	118,617,654

8c. Private Provident & Gratuity Fund Dept.	2020	2019
"Cash in Hand & Balances with Banks (New Fund)"	30,842,756	18,551,127
Total	30,842,756	18,551,127
9. SHORT TERM INVESTMENT	2020	2019
Fixed Deposit (Maturing > 3 < or = 6 months)	125,000,000	125,000,000
Equity Investment (BNBL)	10,413,090	13,691,285
Total	135,413,090	138,691,285
9a. Short Term Investment (Gen. Ins.)	2020	2019
Equity Investment (BNBL)	10,413,090	13,691,285
Investment with FID	319,491,966	381,713,620
Total	329,905,056	395,404,905
9b. Short Term Investment (FID)	2019	2018
Fixed Deposit (Maturing > 3 < or = 6 months)	125,000,000	125,000,000
Total	125,000,000	125,000,000
9c. Short Term Investment (PPF & GFM Dept.)	2020	2019
"PPF Investment fund with Inv. Dept. (Old fund)"	280,098,498	281,211,325
"GFM Investment fund with Inv. Dept. (Old fund)"	638,086,741	753,140,861
Total	918,185,239	1,034,352,186
9d. Short term Investment(PPF & GFM Dept.)	2020	2019
Investment fund with FID (New fund)	17,685,365	-
Total	17,685,365	-
10. LOANS & OVERDRAFT DUES < or = 1 YEAR	2020	2019
Trade/Commerce Sector Loan	154,793,554	200,476,151
Service & Tourism Sector Loan	22,742,099	59,919,753
Manufacturing/Industry Sector Loan	31,280,810	31,338,295
Consumer Loan	72,863,384	44,145,481
Agriculture Loan	1,134,543	1,074,683
Late Fees	2,462,851	3,359,802
Total	285,277,240	340,314,166
11. ADVANCE & OTHER ASSETS	2020	2019
RMA Reserve A/c.	30,000	30,000
Security Deposit for Office Space & Others	265,358	208,578
Interest on Fixed Deposit Receivable	4,651,844	5,441,233
Interest Receivable on Bond	1,662,500	1,662,500
Insurance Premium Receivable	5,500,741	4,081,037
RI Receivable	51,776,545	64,419,954
Advance CIT & TDS paid to RRCO	1,166,045	316,721
RMA Penalty Deposit A/c.	100,000	100,000
Salvage Amount Receivable	213,019	306,769

BIL Employees Gratuity Fund Investment (RICBL)	5,068,562	5,000,000
Interest receivable on Gratuity fund investment (RICBL)	329,457	68,562
Vehicle Scrap Purchase Advance Payment	961,815	550,000
P/ling Apartment Purchase Advance Payment	4,500,000	2,500,000
Tax Refund Receivable from RRCO	2,478,975	2,478,975
Other Advances	330,457	198,376
Total	79,035,316	87,362,705
11a. General Insurance Department	2020	2019
RMA Reserve A/c.	30,000	30,000
Security Deposit for Office Space & Others	265,358	208,578
Interest on Investment Fund Receivable (FID)	24,776,398	26,803,009
Interest Receivable on Bond	1,662,500	1,662,500
Insurance Premium Receivable	5,500,741	4,081,037
RI Receivable	51,776,545	64,419,954
Advance CIT & TDS paid to RRCO	794,352	181,067
RMA Penalty Deposit A/c.	100,000	100,000
Salvage Amount Receivable	213,019	306,769
FID and PPF & GFM (old fund) Mgt. expenses Receivable	33,755,847	31,333,100
PPF & GFM (New fund) Mgt. expenses Receivable	929,861	283,177
"BIL Employees Gratuity Fund Investment (RICBL)"	5,068,562	5,000,000
Interest receivable on Gratuity fund investment (RICBL)	329,457	68,562
Vehicle Scrap Purchase Advance Payment	961,815	550,000
P/ling Apartment Purchase Advance Payment	4,500,000	2,500,000
Tax Refund Receivable from RRCO	2,478,975	2,478,975
Other Advances	330,457	198,377
Counter entry of FID last year Reserve	214,387,100	174,488,545
Total	347,860,987	314,693,649
11b. Financing & Investment Department	2020	2019
Interest Receivable on Fixed deposit	4,651,844	5,441,233
TDS on Fixed Deposit paid to RRCO	371,693	135,654
Total	5,023,537	5,576,887
11c. Private Provident & Gratuity Fund Dept. (Old fund)	2020	2019
PPF Interest Receivable on Investment from Inv. Dept	18,559,085	14,045,776
GFM Interest Receivable on Investment from Inv. Dept.	42,899,168	51,266,513
Total	61,458,253	65,312,290

11d. Private Provident & Gratuity Fund Department	2020	2019
Interest receivable on investment with FID (New fund)	608,710	-
Total:-	608,710	-
12. CAPITAL FUND	2020	2019
Authorised capital	500,000,000	500,000,000
(50,000,000 Equity share of Nu. 10 each)	500,000,000	500,000,000
Issued, Subscribed and Paid-up	300,000,000	300,000,000
(30,000,000 Equity share of Nu. 10 each)	300,000,000	300,000,000
13. GENERAL RESERVES	2020	2019
Balance as at 1st January	187,493,089	138,422,188
Appropriations transferred during the year	22,442,557	49,070,901
Balance as at 31st December	209,935,646	187,493,089
13a. RETAINED EARNINGS	2020	2019
Balance as at 1st January	63,703,316	15,632,416
Dividend paid for Previous Year	(48,000,000)	-
Appropriations transferred during the year	66,327,670	48,070,900
Balance as at 31st December	82,030,986	63,703,316
13b. CAT RESERVES	2020	2019
Balance as at 1st January	11,803,938	10,803,938
Appropriations transferred during the year	1,000,000	1,000,000
Balance as at 31st December	12,803,938	11,803,938
13c. General Reserve (GID)	2020	2019
General Reserve as at 1st January	215,000,343	164,858,542
Profit for the year	125,581,469	96,279,651
General Reserve as at 31st December	340,581,812	261,138,193
13d. General Reserve (FID)	2020	2019
General Reserve as at 1st January	214,387,100	174,488,545
Profit for the year	(781,808)	39,898,555
General Reserve as at 31st December	213,605,292	214,387,100
13e. General Reserve [(PPF & GFM Department (New Fund))]	2020	2019
General Reserve as at 1st January	(1,631,494)	-
Profit/ (Loss) for the year	(7,818,817)	(1,631,494)
General Reserve as at 31st December	(9,450,311)	(1,631,494)
14. ESP bond Liabilities	2020	2019
ESP Bond	120,000,000	120,000,000
15. BORROWING & FUNDS	2020	2019
Borrowings from BNBL & GIC Bhutan Re.	330,000,000	200,000,000
Borrowings from BNBL	21,581,066	-

Funds from PPF A/c. (old fund)	280,098,491	281,211,324
Funds from SWF	2,055,652	765,142
Funds from Gratuity Fund A/c. (Old Fund)	638,086,741	753,140,861
Fund from PPF Ac. (New fund)	28,058,995	7,567,936
Fund from Gratuity Ac. (New fund)	29,965,903	11,768,200
Total	1,329,846,847	1,254,453,463
15a. Financing & Investment Department	2020	2019
Borrowings from GIC Bhutan Re.	330,000,000	200,000,000
Borrowings from BNBL	21,581,066	-
Funds from General Insurance Dept.	319,491,966	381,713,620
Funds from PPF A/c. (Old Fund)	280,098,491	281,211,324
Funds from SWF	2,055,652	765,142
Funds from Gratuity Fund (Old Fund)	638,086,741	753,140,861
Fund from PF/GF Dept. (New fund)	17,685,365	-
Total	1,608,999,281	1,616,830,947
15b. Members Contribution Fund less refund (Old fund)	2020	2019
Private Provident Fund	280,098,498	281,211,325
Gratuity fund	638,086,741	753,140,861
Total	918,185,239	1,034,352,186
15c. Members Contribution Fund less refund (New fund)	2020	2019
Private Provident Fund	28,058,995	7,567,936
Gratuity Fund	29,965,903	11,768,200
Total	58,024,898	19,336,136
16. OTHER LIABILITIES	2020	2019
Outstanding Expenses	1,338,394	268,500
Outstanding Claim	46,373,498	33,955,291
Claims- IBNR	810,000	581,100
Referral Fees Payable	3,680,076	2,988,031
BIL Employee Gratuity Payable to PF/GF dept.	2,364,044	1,360,960
Stale Cheques	2,166,862	1,370,906
Unclaim Dividend	13,137,444	13,903,504
Differential Assessed Tax Liability	1,538	77,590
TDS Payable to RRCO	3,625	11,877
Interest Payable to Druk PNBL	-	3,330
Interest payable to BNBL	1,769	-
Interest Payable to PPF A/c. (Old Fund)	18,559,085	14,045,776
Interest Payable to SWF	75,016	78,319
Interest in Suspense A/c.	42,386,344	25,837,261

Late fee Suspense A/c.	2,462,851	3,306,633
Interest Payable to Gratuity A/c. (Old Fund)	42,899,168	51,266,513
Interest Payable to ESP Fund	5,266,849	5,266,850
BIL Employees Gratuity Liabilities	5,398,018	5,068,562
Interest Payable to PPF A/c. (New fund)	3,344,038	1,088,604
Interest Payable to Gratuity Fund A/c. (New fund)	4,736,425	263,163
Unearned Insurance Charges	13,505,492	15,489,775
Other Payables	1,158,356	554,849
Total	209,668,893	176,787,395
16a. General Insurance Department	2020	2019
Outstanding Expenses	1,338,394	268,500
Outstanding Claim	46,373,498	33,955,291
Claims- IBNR	810,000	581,100
Referral Fees Payable	3,680,076	2,988,031
BIL Employee Gratuity Payable to PF/GF dept.	2,364,044	1,360,960
Stale Cheques	2,015,642	1,325,846
Unclaim Dividend	13,137,444	13,903,504
Differential Assessed Tax Liability	1,538	77,590
TDS Payable to RRCO	3,625	11,877
Interest Payable to ESP Fund	5,266,849	5,266,850
BIL Employees Gratuity Liabilities	5,398,018	5,068,562
Unearned Insurance Charges	13,505,492	15,489,775
Other Payables	444,523	554,849
Counter entry of PF&GFM last year Reserve (New fund)	1,631,494	-
Total	95,970,638	80,852,736
16b. Financing & Investment Department	2020	2019
Interest Payable to Druk PNBL	-	3,330
Interest payable to BNBL	1,769	-
Interest Payable to General Insurance Dept.	24,776,398	26,803,009
Interest Payable to PPF A/c. (Old fund)	18,559,085	14,045,776
Interest Payable to SWF	75,016	78,319
Mgt. Expenses Payable to GAD	33,755,847	31,333,100
Interest in Suspense A/c.	42,386,344	25,837,152
Late fee Suspense A/c.	2,462,851	3,306,585
Interest Payable to Gratuity Fund A/c. (Old fund)	42,899,168	51,266,513
Interest payable to PF/GF dept. (New fund)	608,710	-
Other payables	713,833	-
Stale Cheques	151,220	45,060
Total	166,390,242	152,718,844

16c. Private Provident & Gratuity Fund Dept. (Old fund)	2020	2019
PPF Interest Payable to Members Contribution	18,559,085	14,045,776
GFM Interest Payable to Members Contribution	42,899,168	51,266,513
Total	61,458,253	65,312,290
16d. Private Provident & Gratuity Fund Dept. (New fund)	2020	2019
PPF Interest Payable to Members Contribution	3,344,038	1,088,604
GFM Interest Payable to Members Contribution	4,736,425	263,163
Management Expenses Payable to GAD	929,861	283,177
Interest in Suspense A/c.	-	109
Late fee Suspense A/c.	-	48
Total	9,010,324	1,635,101
17. PROVISIONS	2020	2019
Provision for Unexpired Risk (17a)	77,873,633	73,935,003
Provision for Loan (17b + 17d)	272,043,581	216,449,892
Provision for other Doubtful Assets (17f)	170,257	170,257
Provision for Taxation	27,210,617	36,404,911
Total	377,298,088	326,960,063
17a. General Insurance Department	2020	2019
Provision for Unexpired Risk as per Last Account	73,935,003	113,856,633
Add: Provision for Unexpired Risk Current Year	3,938,630	(39,921,630)
Total	77,873,633	73,935,003
17b. Financing & Investment Department	2020	2019
i) Provision for Standard Loan as per Last Year A/c.	12,011,333	9,502,422
Add:- Additional Provision for Current Year	(129,927)	2,508,911
Total	11,881,406	12,011,333
ii) Provision for Watch Loan as per Last Year A/c.	10,486,966	6,856,867
Add:- Additional Provision for Current Year	(4,897,583)	3,630,100
Total	5,589,383	10,486,966
iii) Provision for Sub standard Loan as per Last Year A/c.	4,531,842	27,827,643
Add:- Additional Provision for Current Year	41,016,422	(23,295,801)
Total	45,548,264	4,531,842
iv) Provision for Doubtful Loan as per Last Year A/c.	31,801,388	62,578,593
Add:- Additional Provision for Current Year	17,401,194	(30,777,205)
Total	49,202,582	31,801,388
v) Provision for Loss exposure Loan as per Last Year A/c.	77,687,360	38,457,954
Add:- Additional Provision for Current Year	(23,476,914)	39,229,406
Total	54,210,446	77,687,360
vi) Provision for Term expired Loan as per Last Year A/c.	42,096,383	33,035,219

Add:- Additional Provision for Current Year	819,056	9,061,164
Total	42,915,439	42,096,383
vii) Dynamic Provision as per last year A/c.	37,814,485	-
Add:- Additional Provision for Current Year	24,791,209	37,814,485
Total	62,605,694	37,814,485
Total (i + ii + iii + iv + v + vi+vii)	271,953,214	216,429,757
17c. Provision Against Loan Charged for the Year	2020	2019
i) Provision for Standard Loan for the Year	(129,927)	2,508,911
ii) Provision for Watch Loan for the Last Year	(4,897,583)	3,630,100
iii) Provision for Sub-standard Loan for the Year	41,016,422	(23,295,801)
iv) Provision for Doubtful Loan for the Year	17,401,194	(30,777,205)
v) Provision for Loss Exposure Loan for the Year	(23,476,914)	39,229,406
vi) Provision for Term Expired Loan for the Year	819,056	9,061,164
vii) Dynamic Provision for Current Year	24,791,209	37,814,485
Total	55,523,457	38,171,060
17d. PPF & GFM Department (New Fund Loan)	2020	2019
i) Provision for Standard Loan as per Last Year A/c.	6,178	-
Add:- Additional Provision for Current Year	59,327	6,178
Total	65,505	6,178
ii) Provision for Watch Loan as per Last Year A/c.	2,566	-
Add:- Additional Provision for Current Year	22,296	2,566
Total	24,862	2,566
iii) Provision for Term Expired Loan as per Last Year A/c.	11,391	-
Add:- Additional Provision for Current Year	(11,391)	11,391
Total	-	11,391
Total (i+ii+iii)	90,367	20,135
17e. Provision Against Loan Charged for the Year	2020	2019
i) Provision for Standard Loan for the Year	59,327	6,178
ii) Provision for Watch Loan for the Last Year	22,296	2,566
iii) Provision for Term Expired for the Year	(11,391)	11,391
Total	70,232	20,135

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

17f. Provision for Other Doubtful Assets	2020	2019
Provision as per last year account	170,257	-
Add:- Additional Provision for Current Year	-	170,257
Total	170,257	170,257
18. "NET EARNED PREMIUM (Direct + Accepted)"	2020	2019
Fire	150,224,142	126,001,303
Marine	5,291,681	6,573,985
Motor	122,258,610	140,073,227
Misc.	41,691,498	49,878,276
Gross Written Premium (18a + 18b)	319,465,931	322,526,791
Premium Ceded to Reinsurers (18c)	(142,332,842)	(147,543,222)
Net Written Premium	177,133,089	174,983,569
Net Change in Reserve for Unearned Premium (18d)	(3,938,630)	39,921,630
Net Earned Premium	173,194,459	214,905,200
18a. Premium Direct	2020	2019
Fire	138,638,555	120,825,476
Marine	5,291,681	6,573,985
Motor	122,258,610	140,073,227
Misc	41,691,498	49,878,276
Total	307,880,344	317,350,964
18b. Premium Accepted	2020	2019
Fire	11,585,588	5,175,827
Total	11,585,588	5,175,827
18.c Premium Ceded to Reinsurers	2020	2019
Fire	73,457,778	66,176,244
Marine	2,096,973	3,546,706
Motor	33,255,859	38,145,191

Misc	33,522,232	39,675,080
Total	142,332,842	147,543,222
18d. Net Change in Reserve for Unearned Premium	2020	2019
Opening Balance as per Last Account	73,935,003	113,856,633
Add/(Less): Increase/(decrease) during the year	3,938,630	(39,921,630)
Total	77,873,633	73,935,003
19. COMMISSION INCOME (Reinsurers Ceded)	2020	2019
Fire	19,232,839	18,578,465
Marine	642,932	1,036,381
Motor	6,425,663	7,039,218
Misc.	7,675,315	9,260,157
Total	33,976,749	35,914,221
20. INCOME FROM INVESTMENT	2020	2019
Dividend Income	31,933	385,670
Profit on Revaluation of BNBL Equity	-	3,278,195
Interest from Bond (RICB & Dungsam Cement)	5,250,000	5,250,000
Interest Received from FID (Gen. Insurance Fund)	24,776,398	26,803,009
Total	30,058,331	35,716,874
21. OTHER INCOME	2020	2019
Sale of Scraps	6,641,423	5,331,541
Earned Insurance Charges	32,704,174	17,728,700
Misc. Income	69,828	391,949
Sale of old vehicle (old IOW)	160,000	-
Exchange Gain/(Loss)	(373,021)	(111,018)
Total	39,202,404	23,341,172
22. GROSS CLAIMS	2020	2019
Claims Paid (Including Advance) (22a)	145,066,084	273,277,428
Add: Outstanding Claims (Excluding Advance) (22b)	46,373,498	33,955,291
Add: IBNR Claims (22c)	810,000	581,100
Less: O/s. Claims at the Beginning of the Year (22d)	(33,955,291)	(23,203,064)
Less: IBNR Claims at the Beginning of the Year (22e)	(581,100)	-
Total	157,713,191	284,610,755
22a. Total Gross Claims	2020	2019
Claims Paid (Including Advance):-		
Fire	11,993,191	16,690,112
Marine	65,167	359,939
Motor	124,806,817	239,295,915
Misc.	8,200,909	16,931,462
Total	145,066,084	273,277,428

22b. Outstanding Claims (Excluding Advance)	2020	2019
Fire	439,000	634,250
Marine	1,316,900	1,233,400
Motor	40,432,104	31,179,891
Misc.	4,185,494	907,750
Total	46,373,498	33,955,291
22c. IBNR claim for the year	2020	2019
Fire	200,000	-
Motor	200,000	551,000
Misc.	410,000	30,100
Total	810,000	581,100
22d. Outstanding Claims at the Beginning of the Year	2020	2019
Fire	634,250	4,339,260
Marine	1,233,400	871,569
Motor	31,179,891	16,258,819
Misc.	907,750	1,733,416
Total	33,955,291	23,203,064
22e. IBNR Claim at the beginning of the year	2020	2019
Motor	551,000	-
Misc.	30,100	-
Total	581,100	-
23. REINSURERS RECOVERIES ON CLAIMS	2020	2019
Fire	4,988,290	9,919,985
Marine	1,543	344,913
Motor	50,915,240	93,613,806
Misc.	4,954,971	14,341,934
Total	60,860,044	118,220,638
24. "COMMISSION & BROKERAGE EXPENSES (24a + 24b)"	2020	2019
Fire	2,227,376	2,027,017
Marine	80,591	105,839
Motor	1,856,559	2,253,221
Misc.	779,705	802,091
Total	4,944,231	5,188,167
24a. Commission Expenses (Referral Fees)	2020	2019
Fire	2,030,478	1,843,108
Marine	73,467	96,236
Motor	1,692,440	2,048,788
Misc.	710,780	729,318
Total	4,507,165	4,717,449

24b. Brokerage Expenses (Broker)	2020	2019
Fire	196,898	183,909
Marine	7,124	9,603
Motor	164,118	204,433
Misc.	68,925	72,773
Total	437,065	470,718
25. OPERATING EXPENSES	2020	2019
Employees Remuneration and Welfare Benefits (25a)	29,176,206	22,107,983
Communication Expenses	1,836,135	2,457,236
Training Expenses	256,442	1,529,465
Rental Charges	2,130,124	1,809,953
Repairs & Maintenance	162,897	379,574
Printing and Stationary	468,523	758,630
Legal and Professional Charges	1,228,536	1,480,524
Advertisement and Publicity	1,183,710	1,377,162
Other Misc. Expenses	548,139	460,302
Depreciation & Amortization (4 & 5)	1,539,189	2,102,152
Total	38,529,901	34,462,981
Expenses Allocation:		
Fire Insurance	17,357,720	13,464,687
Marine Insurance	628,037	703,045
Motor Insurance	14,467,978	14,967,272
Miscellaneous Insurance	6,076,165	5,327,977
Total Expenses Allocation	38,529,901	34,462,981
25a. Employee Remuneration & Welfare Benefits	2020	2019
Salaries to Staff	14,843,498	12,186,232
PF (BIL Share)	1,426,862	1,053,187
Communication Allowance	194,326	179,193
Fuel Allowance	392,165	409,701
Cash Handling Allowance	48,795	46,800
Corporate Allowance	4,007,505	3,158,218
Housing Allowance	2,674,247	1,894,296
Contract Allowance	642,558	437,636
Leave Encashment	876,717	725,024
Staff Insurance Premium	60,000	96,300
Staff Canteen & Refreshment Expenses	336,559	291,554
LTC	866,642	677,263
Gratuity Expenses	1,182,022	680,480
Staff Incentive Expenses	1,624,310	272,100

Total	29,176,206	22,107,983
25b. Other Expenses on ESP Bond & Equity	2020	2019
Interest Paid on ESP bond	7,200,000	7,200,000
Total	7,200,000	7,200,000
26. INTEREST INCOME (Net of Suspense)	2020	2019
Manufacturing/Industry Sector Loan	9,658,762	19,299,395
Service Sector Loan	3,903,628	8,484,015
Trade/Commerce Sector Loan	18,781,656	36,765,276
Housing Sector Loan	39,645,081	48,888,319
Transport Sector Loan	34,780,009	81,115,286
Loans to Purchase Securities	1,934,789	4,703,403
Personal Loan	6,825,985	9,956,209
Staff Loan	1,906,777	2,090,894
Agriculture Loan	76,943	436,863
Consumer Loan	284,919	846,563
Total	117,798,549	212,586,222
Add/Less: Interest in Suspense Provision	(16,549,192)	(6,197,830)
Net Interest Received	101,249,357	206,388,392
26a. Interest Income for PPF New Fund	2020	2019
Consumer Loan (Loan against PPF)	132,363	23,842
Transport Sector loan	327,807	-
Personal loan	87,449	-
Total	547,619	23,842
Add/Less: Interest in Suspense Provision	157	(157)
Net interest received	547,776	23,685
27. OTHER INCOME	2020	2019
Guarantee Commission	1,626,049	1,660,518
Administration & Other Charges	85,306	171,402
Interest from Fixed Deposit	6,644,467	5,944,521
50% Interest on loan from Govt. (Covid 19)	80,768,810	-
Late Fees Income (Net of Suspense)	1,915,434	3,315,593
Total	91,040,066	11,092,035
27a. Interest Income PPF & GFM Department (Old Fund)	2020	2019
PPF Interest Income from Investment Dept.	18,559,085	14,045,776
GFM Interest Income from Investment Dept.	42,899,168	51,266,513
Total	61,458,253	65,312,290

27b. Interest income PF/GF Department (New fund)	2020	2019
50% Interest on loan from Govt. (Covid 19)	105,770	-
Interest on investment fund	608,710	-
Late fees income (net of suspenses) & other income	123	-
Total:-	714,603	-
28. INTEREST EXPENSES	2020	2019
Interest on Borrowing Funds (GIC Re Bhutan)	13,926,029	15,421,521
Interest on Borrowing Funds (DPNB)	-	246,330
Interest on General Insurance Fund	24,776,398	26,803,009
Interest on PPF Fund (old fund)	18,559,085	14,045,776
Interest on SWF	75,016	78,319
Interest on loan from BNBL	883,648	-
Interest on loan from BDBL	1,266,516	-
Interest on PF/GF (New fund)	608,710	-
Interest on Staff Gratuity A/c.(old fund)	42,899,168	51,266,513
Total	102,994,570	107,861,468
28a. "Interest Expenses of PPF & GFM Dept. (Old fund)"	2020	2019
PPF Interest to Member's Contribution Fund	18,559,085	14,045,776
GFM Interest to Member's Contribution Fund	42,899,168	51,266,513
Total	61,458,253	65,312,290
28b. "Interest Expenses of PPF & GFM Dept. (New Fund)"	2020	2019
PPF Interest to Member's Contribution Fund	3,344,038	1,088,604
GFM Interest to Member's Contribution Fund	4,736,425	263,163
Total	8,080,463	1,351,767
29. "OPERATING EXPENSES (Financing & Inv. Dept)"	2020	2019
Employees Remuneration and Welfare Benefits	14,492,078	11,064,670
Communication Expenses	837,497	1,047,313
Training Expenses	120,721	741,722
Rental Charges	1,065,062	904,977
Repairs & Maintenance	81,449	172,414
Printing and Stationary	234,261	379,315
Legal and Professional Charges	559,835	804,701
Advertisement and Publicity	652,458	764,257
Other Misc. Expenses	373,708	200,268
Depreciation & Amortization (4 & 5)	769,594	1,051,076
Total	19,186,663	17,130,713

29a. "OPERATING EXPENSES (PPF & GFM Department)"	2020	2019
Employees Remuneration and Welfare Benefit	11,128,209	8,937,196
Communication Expenses	844,919	1,056,648
Training Expenses	120,721	487,949
Rental Charges	1,065,062	904,977
Repairs & Maintainance	81,449	172,414
Printing and Stationary	234,261	379,315
Legal and Professional Charges	569,549	731,841
Advertisement and Publicity	591,855	724,957
Other Misc. Expenses	259,387	155,535
Depreciation & Amortization (4 & 5)	769,594	1,051,076
Total	15,665,006	14,601,907
Expenses Allocation:-		
29ai. PPF & GFM Expenses for old Fund Charged in Inv. dept.	14,734,505	14,318,630
29aii. PPF & GFM Expenses for New Fund	930,501	283,277
Total:-	15,665,006	14,601,907
30. PRIOR PERIOD ADJUSTMENT	2020	2019
Differential Tax & Penalty (General Deptt)	45,000	186,292
Revaluation of BNBL Equity of previous year (Gen. dept.)	3,278,195	-
Penalty interest Paid to BDBL (Investment Deptt)	632,036	100,000
Total	3,955,231	286,292
31. EARNINGS PER SHARE	2020	2019
Profit Attributable to Ordinary Shareholders	89,770,227	98,141,801
Weighted Average No. of Ordinary Shares	30,000,000	30,000,000
Earnings per Share (Nu.)	2.99	3.27

Statement of Cash Flow as of 31st December 2020

Amount in Nu.

Particulars	2020	2019
1. Cash Flow from Operating Activities		
Profit before tax	120,936,075	134,833,004
Add: Depreciation	2,989,593	2,808,020
Add: Amortisation	88,785	1,396,283
Add/Less: Accumulated depreciation adjusted	(1,148,348)	-
Add/Less: Increase/(Decrease) in Current Liabilities	32,881,498	44,309,193
Add/Less: Increase/(Decrease) in Provision	59,532,317	(1,560,179)
Add/Less: Decrease/(Increase) in Current Assets	8,327,390	(32,608,741)
Less: Tax & Dividend Paid for last year profit	(84,404,911)	(16,620,472)
Less: Prior Period Taxes, Penalties Paid & Others	(3,955,231)	(286,292)
Net Cash Flow from Operating Activities (A)	135,247,168	132,270,818
2. Cash Flow from Investing Activities		
Decrease/(Increase) in Investment	3,278,195	(63,278,195)
Decrease/(Increase) in Loans	(110,345,511)	(231,020,800)
Purchase of Property Plant & Equipment	(105,757,454)	(3,450,088)
Net Cash Flow from Investing Activities (B)	(212,824,770)	(297,749,083)
3. Cash flow from Financing Activities		
Increase/(Decrease) in borrowings	75,393,385	58,286,787
Net Cash Flow from Financing Activities (C)	75,393,385	58,286,787
Net Increase/(Decrease) in Cash and Cash Equivalent (A+B+C)	(2,184,217)	(107,191,478)
Change in Cash & Cash Equivalents		
Closing Cash & Cash equivalent	188,457,770	190,641,987
Less: Opening Cash & Cash equivalent	190,641,987	297,833,465
Net changes in Cash & cash equivalent	(2,184,217)	(107,191,478)

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

For Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E




(Sudersan Mukherjee)
Partner
Membership No. 059159

Place: Kolkata
Date: 18.03.2021

On behalf of The Board of Directors



CEO




Director

Chairman



Place: Thimphu
Date: 18.03.2021

Statement of Changes in Equity as of 31st December 2020

Amount in Nu.

Item	Share Capital	Reserve & Contingency	Proposed Cash Dividend	Profit & Loss Appropriation A/c.	Total
Opening Balance as on 1st January 2020	300,000,000	459,340,343	(196,340,000)	-	563,000,344
Cash Dividend Distributed during the year			(48,000,000)		(48,000,000)
Profit After Taxation	-	-	-	89,770,227	89,770,227
Appropriation made during the year	-	89,770,227	-	(89,770,227)	-
Closing Balance as on 31st December 2020	300,000,000	549,110,570	(244,340,000)	-	604,770,571
Closing Balance as on 31st December 2019	300,000,000	459,340,343	(196,340,000)	-	563,000,344

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

For Mookherjee Biswas & Pathak
Chartered Accountants
FRN: 301138E




(Sudersan Mukherjee)
Partner
Membership No. 059159

Place: Kolkata
Date: 18.03.2021

On behalf of The Board of Directors



CEO



Director



Chairman

Place: Thimphu
Date: 18.03.2021





Bhutan Insurance Limited

Providing Security. Building Confidence

*Your Insurer
of Choice*



STUDENT CARE INSURANCE

This policy can be bought by the parent/guardian for their school & college going children (including other educational or vocational institutes) which can serve as backup for the student to continue their education.

COVER UNDER THIS POLICY

In the event of demise of the parent/guardian due to accident, an annual education allowance to tune of Sum Ensured shall be paid over a period of 4 years.

DETAILS OF RISK COVER

This policy covers two perils for both the student and parent

1. Accidental demise, and
2. Permanent total disability due to accident

WHO CAN BUY?

1. Parent or guardian up to the age of 65 for their school or college children
2. Students aged 18 years of age and above
3. Schools & Institutions

CATEGORIES OF THE STUDENT CARE INSURANCE

1. School Students (age 3 and above - between KG to class 12)
2. College students (up to age 25)

2011 (Toll Free)

Chorten Lam, Post Box: 779, EPABX:00975-02-339893/339894, Fax 00975-02-339895,
Email us at: bhutaninsurancelimited@gmail.com. website: <http://www.bhutaninsurance.com.bt>