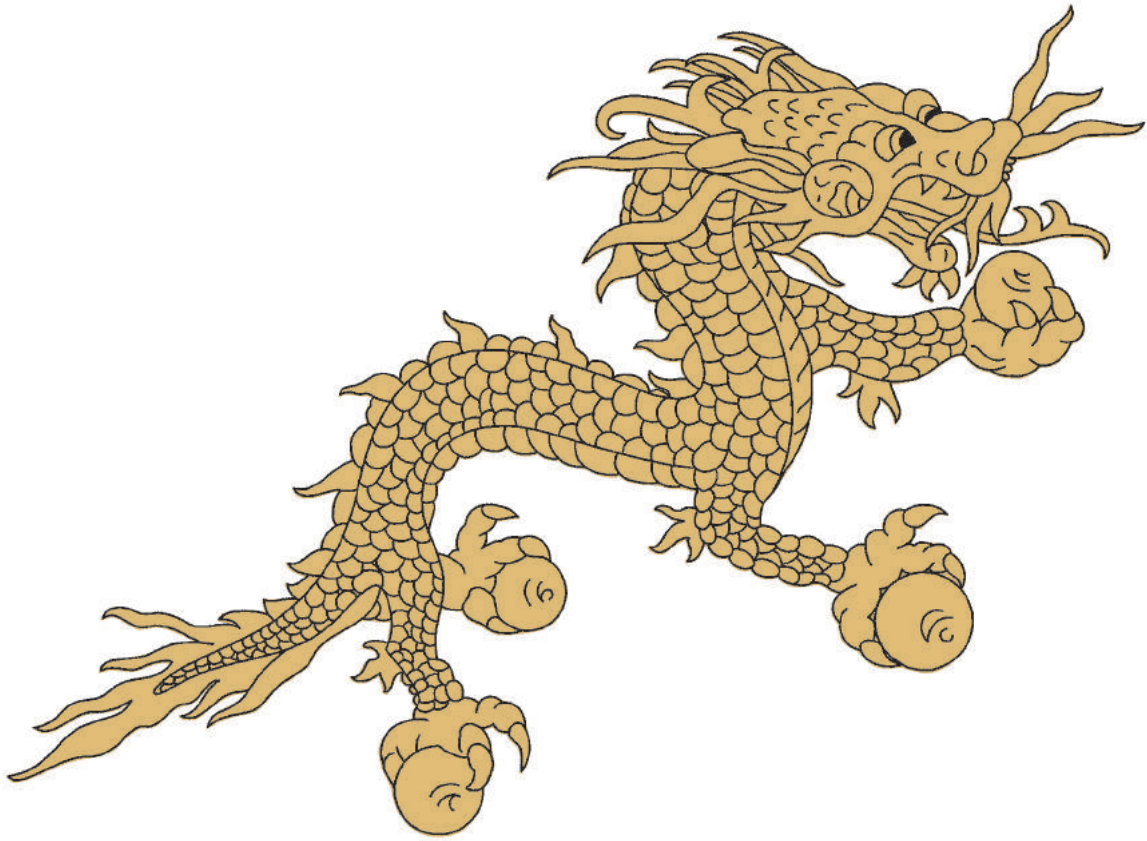




༣ ཇི་ཨའི་སི་འབྲུག་སྐྱེར་བཅོལ་ཚད་འཛིན།
GIC - Bhutan Reinsurance Co. Ltd.
Reinsurance with Professionalism, Trust & Reliability



4th

ANNUAL REPORT

2016



Board of Directors



Pema Tenzin
Chairman



Mr. G. C. Gaylong
Director (GIC Re)



Smt. Usha Ramaswamy
Director (GIC Re)



Aum Sangay Om
Director (Promoter)



Dasho Thinlay Wangchuk Dorji
Director (Public)



- To be the Specialized Reinsurance Solution Provider



- To be One of Leading Reinsurance Company in the Region
- To Create Value and Make a Difference Through Professional Attitude and Specialized Underwriting
- Build Confidence in Our Partners and Clients
- Contribute Towards Economic Growth



Contents

1. Directors' Report	.....	01
2. Auditors' Report	.....	03
3. Computation of Corporate Income	.....	10
4. Statement of Financial Position	.....	11
5. Statement of Comprehensive Income	.....	12
6. Statement of Changes in Equity	.....	13
7. Statement of Cash Flow	.....	14
8. Schedule of Property	.....	23



has mentioned about all Domestic Insurance Companies to cede 20% of its total business written to Domestic Reinsurance Companies. This has not fully been enforced due to certain ambiguity in its interpretation. The matter is being continually discussed with the two Insurance companies in consultation with the Royal Monetary Authority.

ance Companies to cede 20% of its total business written to Domestic Reinsurance Companies. This has not fully been enforced due to certain ambiguity in its interpretation. The matter is being continually discussed with the two Insurance companies in consultation with the Royal Monetary Authority.

We are, however, pleased to announce that as of 2016, both companies have agreed to cede 7% of their business across the board. The percentage share shall be gradually increased after further discussion and mutual agreement.

Market Exposure :

As of 2016, we are pleased to announce that the company has market penetration in more than 28 countries. Apart from Bhutan, the Major share market still remains India followed by Nepal, Bangladesh, Singapore, Philippines etc.

This market share is expected to grow further in 2017 with talks underway with Vietnam, and Cambodia in the pipeline.

Financial Highlights : (Figures in Nu)

Particulars	2014	2015	2016
Gross Premium	125,044,232.20	179,945,765	396,762,714
Retro Premium	20,381,095.76	17,462,216	44,780,999
Net Premium	104,663,136.44	162,483,548	351,981,715
Earned Premium	50,484,251.89	153,608,053	338,903,978
Net Incurred Claims	58,936,807.41	120,855,839	253,954,589
Net Commission	23,172,654.01	50,350,288	83,277,860
Operating Expenses	7,593,817.19	11,463,511	14,393,954
Exchange Gain/Loss		39,194	(41,557)
Underwriting Result	(39,219,027)	(29,022,392)	(12,763,982)
Investment Income	12,240,771.35	44,330,054	40,661,146
Total Investments	513,752,158.16	581,002,158	749,536,690
Profit Before Tax	(26,978,255)	15,307,663	27,897,163
Claims Ratio	116.74%	78.68%	74.93%
Commission Ratio	45.90%	32.78%	24.57%
Management Exp. Ratio	15.04%	7.46%	4.25%
Total Expense Ratio	60.94%	40.24%	28.82%
Combined Ratio	177.69%	118.92%	103.75%
Total Assets	612.5	778.07	1067.05
Net Worth	467.17	485.74	505.75
Solvency	20.69	9.09	4.88



(Pema Tenzin)
Chairperson



INDEPENDENT AUDITORS' REPORT

To The Members of
GIC BHUTAN RE LIMITED
THIMPU, BHUTAN

Report on the Audit of the Financial Statements

Opinion :

We have audited the accompanying financial statements of GIC Bhutan Re Limited (GIC), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements of GIC give the information required by the Companies Act of Bhutan, 2016 in the manner so required and give a true and fair view in conformity with the Bhutanese Accounting Standard as notified by the Accounting and Auditing Standards Boards of Bhutan ("AASBB")

- a) in the case of the statement of financial position, of the state of affairs of the Company as at 31st December, 2016.
- b) in the case of the statement of comprehensive income, of the financial performance for the year ended on that date;
- c) in the case of the statement of changes in equity, of the changes in equity for the year ended on that date; and
- d) in the case of the consolidated statement of cash flows, of the cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Report on Other Legal and Regualtor Requirements :

As required by the Companies Act of Bhutan, 2016 (The Minimum Audit Examination and Reporting Requirements) issued by the Royal Audit Authority and on the basis of such checks as we considered appropriate and according to information and explation given to us, we enclose in the Annexure, a statement on the matters specified therein to the extent applicable to the Corporation.

As required by the Act, we report that :

- a) we have obtained all the information and explanations which to best of our knowledge and belief were necessary for the purpose of our audit.
- b) in our opinion, proper books of accounts as required by law as stated in the Companies Act of Bhutan, 2016, have been kept by the Company so far as it appears from our examination of those books.
- c) the statement of Financial Position, Statement of Comprehensive INcome, Statement of Changes in Equity and Statement of Cash Flow with by this report are n agreement with the books of account;
- d) in our opinion, the Statement of Financial Position, Statement of Comprehansive Income, Statement of Changes in Equity and Statement of Cash Flow, comply with the Bhutanese Accounting Standards and provisions of the Companies Act of Bhutan, 2016.

Place : Thimpu Bhutan
Date : 16th March 2017



For, S. Guha & Associates
Chartered Accountants
F.R.N. : 322493E

(Ca. Sumantra Guha)
Membership No: 055753



Annexure referred to our audit report of even date

MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENTS

1. The Company has maintained proper records to show the full particulars including quantitative details and situation of fixed assets. As stated, the management during the year has physically verified the fixed assets of the Company and no material discrepancies between the physical inventory and book records were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The Company has not taken any loans, secured or unsecured from Companies, firms or other parties. The rate of interest and other terms and conditions are not applicable to the Company during the year. The Company has not taken any loan from any company under the same management.
4. The Company has not granted any loans, secured or unsecured to other companies, firms or other parties, and / or to the companies under the same Management.
5. Employees, to whom interest free advances have been given by the Company, are regular in repaying the principal amounts as stipulated.
6. In our opinion and according to the information and explanation given to us during the course of the audit the Company has established adequate system of internal controls to ensure completeness, accuracy and reliability of accounting records, carrying out the records, carrying out the business in an orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the rules / regulations and systems and procedures.
7. As informed, Company has a system of getting the best proposals & bids for the purchases and sales of goods & services and assets (wherever is applicable).
 - a. In our opinion, the transactions of purchase and sales of goods and services made in pursuance of contracts or arrangements entered into with the directors or their relatives, companies or firms in which the directors are directly or indirectly interested have been made at prices, at which the transactions for similar goods or services have been made with other parties. Such transactions have been adequately disclosed in the financial statements.





- b. The above transactions are not prejudicial to the interest of the shareholders & the Company.
8. According to the records, the Company is generally regular in depositing rates and taxes, duties, royalties and other statutory dues with the appropriate authorities and there were no arrears during the year.
9. According to the best of our knowledge and information and explanations given to us, no undisputed amounts payable in respect of rates, taxes, duties and other statutory deductions were outstanding on the last date of the financial year concerned.
10. On the basis of information and explanation given and as per test checks, personal expenses (other than those payable under contractual and/or as per customary business practices) were not charged to the Company's account.
11. The Company has not appointed any commission agent.
12. There has been a reasonable system for continuous follow-up of outstanding premiums of the policies and age wise analysis if any.
13. In our opinion and on the basis of information and explanations given to us, the management of liquid resources particularly Cash / Bank etc. is adequate and that excessive amounts are not generally lying idle in non-interest bearing accounts. The Company has not withdrawn any amount leading to avoidable interest burden on the Company.
14. According to the information and explanations given to us, and on the basis of examination of books and records on test check basis, the activities carried out by the Company are in our opinion lawful. We have not come across any cases where the Company ultra virus the Articles of Incorporation of the Company.
15. In our opinion and according to the information and explanations given to us, the Company has a system of approval of the Board for all capital investment decisions.
16. In our opinion, the budgetary control system in the Company is require further strengthening considering the size of the Company.
- 17, The details of remuneration / sitting fees paid to the Chairman and Director are disclosed in Notes to Accounts.





18. According to the information and explanations given to us, the Directives of the Board have been complied with.
19. As reported & observed, officials of the Company are refrained from transmitting any unauthorized price sensitive information which are not publicly available to their relatives / friends / associates or close persons, which would directly or indirectly benefit themselves.
20. As reported proper agreements are executed and that the terms and conditions of loans and advances are reasonable and the same are applied on them.
21. Items specified in the Minimum Audit and Reporting Requirements for Manufacturing, Mining, or Processing companies are not applicable as, the Company is a financial institution and is not engaged in any manufacture and production activity / sale of goods.
22. The Corporation has generally complied with the requirements of Financial Institution Act, 1992 and other applicable laws, rules and regulations and guidelines issued by the appropriate Authorities.

COMPUTERISED ACCOUNTING ENVIRONMENT

1. The Company is maintaining its accounts and other records on computerized system. In our opinion, the organizational and other internal controls are adequate relating to the size and nature of the computer installations.
2. The Company has adequate safeguard measures and back up facilities.
3. Measures taken by the Company to prevent unauthorized access over the computer installation and files are generally appears to be adequate.

GENERAL :

1. GOING CONCERN

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

The Company, in our opinion, prima facie seems to be in a position to carry on its business and is not likely to become a sick entity in the foreseeable near future.



2. Ratio Analysis - (Attached Separately)

3. Compliance with the Companies Act of Bhutan, 2016

We did not come across any instance of apparent violation of the provisions of the Companies Act of Bhutan, 2016 during the course of the audit except clause no. 14 as above.

4. Adherence to Laws, Rules and Regulations :

The audit of the Company is governed by the Companies Act of Bhutan, 2016, Financial Institution Act, 1992. The scope of audit is limited to examination and review of the financial statements as produced to us by the management.

The Company has generally complied with the applicable laws, rules and regulations, systems, procedures and practices as informed and explained to us.

Place : Thimpu Bhutan
Date : 16th March 2017



For, S. Guha & Associates
Chartered Accountants
F.R.N. : 322493E

(Ca. Sumantra Guha)
Partner

Membership No: 055753



COMPUTATION OF CORPORATE INCOME TAX FOR THE YEAR 2016

Particulars	Amount Nu.	Amount Nu.	Amount Nu.
Profit before tax as per P/L Account (BAS)			27,897,163.14
Add :			
Book Depreciation (BAS)		453852.70	
			453852.70
			28351015.84
Less :			
Depreciation as per income Tax Act		662676.43	
			662676.43
Taxable Profit as per Income Tax Act			27688339.41
Less: Last Year's Losses Carried Forward (IT Act)			(15164303.35)
Net Profit after sett off of last year's losse			12524036.06
		Tax on Above	3757210.82
Less : Taxes Paid earlier			
Tax Deducted at Source (2014)		661353.81	
Advance Tax Paid (2014)		571599.42	
Tax Deducted at Source (2015)		2030369.80	
Advance Tax Paid (2015)		166576.69	
Tax Deducted at Source (2016)		872847.48	
Advance Tax Paid (2016)		6065213.55	
			10367960.75
Tax Refundable			(6610749.93)

For, S. Guha & Associates
Chartered Accountants
F.R.N. : 322493E

(Ca. Sumantra Guha)
Partner
Membership No: 055753



For GIC Bhutan RE Ltd.

CEO
Vikrant Parate
Chief Executive Officer
(Officiating)
GIC-Bhutan Re Ltd.



STATEMENT OF FINANCIL POSITION

Particulars	Note	Amount in Nu.	
		As on 31-12-2016	As on 31-12-2015
Assets :			
Property, Plants & Equipments	1	336900.85	3753959.55
Trade & Other Receivables	2	60000.00	60000.00
Investment Property	3	375536690.16	273002158.16
Financial Assets	4	-	-
Deferred Tax Assets / (Liabilities)	6	-	641850.00
Non -Current Assets -		378964591.01	277457967.71
Inventories	5	-	-
Trade & Other Receivables	2	293262437.12	152698390.22
Investment Property	3	374000000.00	308000000.00
Current Tax Assets	7	10367960.75	3429899.72
Cash & Cash Equivalents	8	14987332.39	39915197.85
Current Assets	-	692617730.26	504043487.79
TOTAL ASSETS		1071582321.27	781501455.50
Equity:			
Share Capital	22	500000000.00	500000000.00
Reserves		-	-Retained
Earnings		9101217.37	(14253573.96)
Total Equities-		509101217.37	485746426.04
Liabilities:			
Deferred Tax Liabilities	6	143311.00	-
Employee Benefit Liabilities	9	466040.00	296500.00
Trade & Other Payables	10	377346186.49	190282335.02
Non-Current Liabilities-		377955537.49	190578855.02
Bank Overdrafts	8	-	-
Current Tax Liabilities	7	3757210.82	-
Trade & Other Payables	10	180768355.63	105176194.44
Current Liabilities-		184525566.45	105176194.44
Total Liabilities-		562481103.94	295755029.45
TOTAL EQUITY AND LIABILITIES		1071582321.27	781501455.50

Notes 1 to 31 from integral part of the Financial Statements

In terms of our Report of even date -
 For, S. Guha & Associates
 Chartered Accountants
 F.R.N. : 322493E

Sumantra Guha

(Ca. Sumantra Guha)
 Partner
 Membership No: 055753



For and on behalf of the Board of Directors

[Signature]

Chairman

[Signature]

CEO

Plate : Thimphu, Bhutan
 Date : 16-03-2017



STATEMENT OF COMPREHENSIVE INCOME

Particulars	Note	Amount in Nu.	
		As on 31-12-2016	As on 31-12-2015
Continuing Operatins:			
Revenue	11	379565123.72	197938106.76
Direct Expenses	12	(337232449.71)	(171206126.40)
Gross Profit -		42332674.01	26731980.36
Other INcomes	13	(41557.01)	(1582520.77)
Employee Benefits Expenses	14	(6544853.80)	(5082756.00)
Adminsitrative Expenses	15	(7335805.36)	(4535046.81)
Other Expenses	16	(59442.00)	(403746.00)
Depreciation on Property, Plant & Equipments		(453852.70)	(436567.82)
Amortisation of Intangible Assets	-	(10000.00)	
Results from Operating Activities -		27897163.14	14681342.96
Finance Income	17	-	-
Finance Cost	18	-	-
Net Finance Costs -		-	-
Profit Before Tax -		27897163.14	14681342.96
Tax Expenses	19	(4542371.82)	423895.00
Profit from Continuing Operations		23354791.33	15105237.96
Discounting Operations :			
Profit / (Loss) from Discontinuing Operations	-	-	-
Taxes on Discontinuing Operations	19	-	-
Profit/(Loss) from Discontinuing Operations (Net of Tax) -		-	-
Profit for the Year -		23354791.33	15105237.96
Other Comprehensive Income :			
Other Comprehensive Incomes	20	-	-
Taxes on Other Comprehensive Incomes	19	-	-
Other Comprehensive Income For the Year (Net of Tax)		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR -		23354791.33	15105237.96
Earning per Share :			
Basic Earning per Share -	21	0.47	0.30
Diluted Earning per Share -	21	0.47	0.30
Earning per Share - Continuing Operations :			
Basic Earning Per Share -	21	0.47	0.30
Diluted Erning per Share -	21	0.47	0.30

Notes 1 to 31 form integral part of the Financial Statements.

In terms of our Report of even date -
 For, S. Guha & Associates
 Chartered Accountants
 F.R.N. : 322493E

Sumantra Guha

(Ca. Sumantra Guha)
 Partner
 Membership No: 055753



For and on behalf of the Board of Directors

[Signature]

Chairman

[Signature]

CEO

Plate : Thimphu, Bhutan
 Date : 16-03-2017



STATEMENT OF CHANGES IN EQUITY

Particulars	Note	Attributable to the Owners of the		Total Equity (Nu.)
		Share Capital	Retained Earning	
Balance as on 01-01-2015 as BAS (Restated)		500000000.00	(29358811.92)	470641188.08
Total Comprehensive Income of 2015 :				
Profit/(Loss) for the year		-	15105237.96	15105237.96
Other Comprehensive Income		-	-	-
Total Comprehensive Income of 2015 -		-	15105237.96	15105237.96
Contribution by and Distribution to the Owners of the Company				
Total -		-	-	-
BALANCE OF 01.01.2016 as BAS (Restated)		500000000.00	(14253573.96)	485746426.04
Total Comprehensive Income of 2016 :				
Profit / (Loss) for the year		-	23354791.33	23354791.33
Other Comprehensive Incomes		-	-	-
Total Comprehensive Income of 2016 -		-	23354791.33	23354791.33
Contribution by and Distribution to the Owners of the Company :				
Total -		-	-	-
BALANCE AS AT 31-12-2015 -		500000000.00	9101217.37	509101217.37

Notes 1 to 31 form integral part of the Financial Statements

In terms of our Report of even date -
 For, S. Guha & Associates
 Chartered Accountants
 F.R.N. : 322493E

(Ca. Sumantra Guha)
 Partner
 Membership No: 055753



For and on behalf of the Board of Directors

Chairman

CEO

Plate : Thimphu, Bhutan
 Date : 16-03-2017



STATEMENT OF CASH FLOW

Particulars	Note	Amount in Nu.	
		for the Year 2016	for the Year 2015
Cash Flows from Operating Activities :			
Profit for the Year		23354791.33	15105237.96
Adjustment for :			
- Depreciation	1	453852.70	446567.82
- Impairment Loss on Trade Receivables	24	-	-
- Net Finance Costs		-	-
- Tax Expenses	20	4542371.82	(423895.00)
		28351015.84	15127910.78
Changes in :			
- Inventories		-	-
- Trade & Other Receivables		(140564046.90)	(647437793.30)
- Trade & Other Payables		262656012.67	150362371.55
- Employee Benefits (Excluding Actuarial Gain / Loss)		169540.00	70000.00
Cash Generated from Operating Activities -		150612521.61	100816503.03
Interest Paid		-	-
Corporate Tax Paid	7	(6938061.03)	(2196946.49)
Net Cash from Operating Activities -		143674460.58	98619556.54
Cash Flows from Investing Activities :			
Interest Received		-	-
(Purchase) / Redemption of Investment Properties		(168534532.00)	(67249999.96)
Proceeds from Sale of Property, Plant and Equipment		-	-
Additions of Fixed Assets	1	(67796.00)	(165099.60)
Net Cash from / (used) in Investing Activities -		(168602326.00)	(67415099.56)
Cash Flows from Financing Activities :			
Proceeds from Issue of Share Capital		-	-
Dividend Paid		-	-
Net Cash from/(used) in Financing Activities -		-	-
Net Increase/(Decrease) in Cash & Cash Equivalent -		(21927865.42)	31204456.98
Opening Balance of Cash & Cash Equivalent		39915197.84	8710740.86
CLOSING BALANCE OF CASH & CASH EQUIVALENT		14987332.42	39915197.84

Notes 1 to 31 from integral part of the Financial Statements.

In terms of our Report of even date -
For, S. Guha & Associates
Chartered Accountants
F.R.N. : 322493E

(Ca. Sumantra Guha)
Partner
Membership No: 055753



For and on behalf of the Board of Directors

Chairman

CEO

Plate : Thimphu, Bhutan
Date : 16-03-2017



Particulars	Gross Carrying Amount (in Nu.)				Depreciation/Amortisation (in Nu.)				Net Carrying Amount (in Nu.)	
	As on 31-12-2015	Additions in the year	Deletions in the year	As on 31-12-2016	As on 31-12-2015	Depreciation for the Year	Adjust. in the Year	As on 31-12-2016	As on 31-12-2016	As on 31-12-2015
	A	B	C	D=A+B-C	E	F	G	H=E+F-G	I =D-H	J = A-E
1. Property, Plants & Equipments										
i) Comptuer Equipments	421149.60	58974.00	-	480123.60	118782.55	73198.18	-	191980.73	288142.87	302367.05
ii) Office Equipments	7670.00	8820.00	-	84890.00	25449.46	12195.88	-	37645.34	47244.636	50620.54
iii) Furniture & Fixtures	318892.00	-	-	318892.00	66184.50	30294.74	-	96479.24	222412.76	252707.50
iv) Mother Vehicles	3559620.00	-	-	3559620.00	411355.54	338163.90	-	749519.44	2810100.56	3148264.46
2. Intangible Assets										
A. Total Fixes Assets -	4405731.60	67794.00	-	4473525.60	651772.05	453852.70	-	1105624.75	3367900.85	3753959.55
Capital Work-in-Progress	-	-	-	-	-	-	-	-	-	-
B. Total CWIP	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B) -	4405731.60	67794.00	-	4473525.60	651772.05	453852.70	-	1105624.75	3367900.85	3753959.55
PREVIOUS YEAR -	4240632.00	165099.60	-	4405731.60	205204.23	446567.82	-	651772.05	3753959.55	4035427.77

a. Depreciation has been computed on Straight Line Method based on Useful Life of the Assets

c. In the opinion of the Management, there is no impairment of the Fixed Assets of the Company, which may require any adjustments.

In terms of our Report of even date -
 For, S. Guha & Associates
 Chartered Accountants
 F.R.N. : 322493E

Sumantra Guha

(Ca. Sumantra Guha)
 Partner

Membership No: 055753

For and on behalf of the Board of Directors

[Signature]

Chairman

CEO

Plate : Thimphu, Bhutan

Date : 16-03-2017





NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Particulars	Amount in Nu.	
	As on 31-12-2016	As on 31-12-2015
2. Trade & Other Receivables :		
Security Deposits (House Rent)	60000.00	60000.00
A. Total Non-Current Assets -	60000.00	60000.00
Trade Receivables (Subject to Confirmation)		
- Considered Good (Insurers)	278218392.78	152542316.72
Total Debts Considered Good -	278218392.78	152542316.72
Unearned Premium (Retro)	14773457.49	-
Deposits for POL	25820.34	8149.99
Misc. Advances	240244.00	1000.00
Temporary Advance	4522.51	146923.51
B. Total Current Assets -	293262437.12	152698390.22
GRAND TOTAL (A+B) -	293322437.12	152758390.22
3. Investment Properties :		
A. Long Term Investments		
Shareholder's Fund	322763458.04	220228926.04
Policyholder's Fund	52773232.12	52773232.12
A. Total Non-Current Assets -	375536690.16	273002158.16
B. Short Term Investments		
Shareholder's Fund	314461439.56	248461439.56
Policyholder's Fund	59538560.44	59538560.44
B. Total Current Assets -	374000000.00	308000000.00
TOTAL - (A+B)	749536690.16	581002158.16
4. Financial Assets :	-	-
TOTAL -	-	-
5. Inventories :	-	-
TOTAL -	-	-
6. Deferred Tax Assets / (Liabilities) :		
Deferred Tax Assets / (Liabilities) [Noe-23]		
- On Temporary Timing Difference of Fixed Assets	(143311.00)	(80664.00)
- ON Temporary Timing Difference of Preoperative Exp.	-	236000.00
- On Allowance of Impairment Loss	-	486514.00
CLOSING BALANCE -	(143311.00)	641850.00
7. Current Tax Assets/(Liabilities) :		
Advance Tax - Opening Balance		
- TDS Credit	2691723.61	661353.81
- Advance Corporate Tax	738176.11	571599.42
	3429899.72	1232953.23
Add : TDS Credit during the Year	872847.48	2030369.80
" Advance Tax Paid during the Year	6065213.55	166576.69
A. Closing Balance of Advance Tax -	10367960.75	3429899.72
Provision for Corporate Tax - Opening Balance	-	-
Add : Provision made during the Year	3757210.82	-
B. Closing Balance of Provision -	3757210.82	-
NET CURRENT ASSETS/(LIABILITIES) [A-B] -	6610749.93	3429899.72
TOTAL	-	-





NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Particulars	Amount in Nu.	
	As on 31-12-2016	As on 31-12-2015
8. Cash & Cash Equivalents :		
Balances with Banks in		
- Current Accounts (USD)	2652808.19	5005539.17
- Current Accounts (INR)	10696828.62	33516971.64
- Current Accounts (Nu)	1608581.08	1353118.04
	14958217.89	39875628.85
Cash in Hand	29114.50	39569.00
A. Total Cash & Cash Equivalents -	14987332.39	39915197.85
Bank Overdraft used for Cash Management Purposes (Secured by Hypothecation of Stocks and book debts and charge on all the assets of the Company)	-	-
B. Total Bank Overdrafts -	-	-
CASH & CASH EQUIVALENTS AS PER CASH FLOW (A+B) -	14987332.39	39915197.85
9. Employee Benefits :		
Defined Benefit Obligation – Gratuity Liability (Note-25)	1036403.46	536248.70
Less : Fair Value of Plan Assets – Gratuity Fund (Note-25)	570363.46	239748.70
NET EMPLOYEE BENEFIT (ASSETS)/LIABILITIES -	466040.00	296500.00
10. Trade & Other Payables :		
Liabilities for Expenses (Claim Outstanding)	307641011.42	148316204.49
Balance Due to Other Insurance Companies	69705175.07	41966130.53
A. Total Non-Current Liabilities -	377346186.49	190282335.02
Balance Due to Other Insurance Companies	95854629.27	41966130.53
Un-Earned Income	84676333.54	63054380.31
Liability for Audit Fees	100000.00	100000.00
Suspense Account	49401.96	79215.00
Other Liability	30000.00	-
Health Contribution	4660.00	-
GSLI Liability	-	2300.00
TDS Payable	53330.86	4168.60
B. Total Current Liabilities -	180768355.63	105176194.44
GRAND TOTAL (A+B) -	558114542.12	295458529.45





NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Particulars	Amount in Nu.	
	As on 31-12-2016	As on 31-12-2015
11. Revenue		
Gross RE-Insurance Premium Accepted	396762713.95	179945764.67
Less : Premium on Re-Insurance Ceded	(44780998.86)	(17462216.20)
Less : Adjustments for change in Reserve for Unexpired Risk	(13177736.89)	(8875495.76)
Net Revenue (A)	338903978.20	153608052.71
Revenue – Others		
Bank Interest (on Investments)	40661145.52	44330054.05
Revenue Others (B)	40661.145.52	44330054.05
TOTAL (A-B)	379565123.72	197938106.76
12. Direct Expenses :		
Insurance Premium Paid (net)	94629782.29	31476441.77
Insurance Premium (Claims Outstanding) (net)	159324806.93	89379397.08
Brokerage (net)	83277860.49	50350287.55
TOTAL -	337232449.71	171206126.40
13. Other Incomes :		
Exchange Gain / (Loss)	(41557.01)	(1582520.77)
TOTAL -	(41557.01)	(1582520.77)
14. Employee Benefit Expenses :		
Salary & Wages (Basic)	4383560.00	3366190.00
Employers Contribution to Provident Fund	357596.80	272120.00
Wages	30313.00	33552.00
Communication Allowance	64000.00	44000.00
House Rent	360000.00	360000.00
Arrear Salary	103660.00	35000.00
Leave Encashment	189000.00	164000.00
Sitting Fees	390000.00	480000.00
Staff Welfare- Group Personal Accident Insurance	18003.00	9178.00
Staff Welfare – Gratuity (Note 26)	466040.00	296500.00
Seed Fund to SWF	150000.00	-
Staff Welfare – Misc.	32681.00	22216.00
TOTAL -	6544853.80	5082756.00

14.1. Provision for Bonus payable to employees has neither been ascertained nor been provided in this account.

14.2. Gratuity of Nu. 466040.00 have been provided in these account on the assumption that all the employees ceases to be employed with effect from 01/01/2017. The accumulated provision (as on 31/12/2016) Nu. 466040.00 have not yet been deposited into a separate account with other financial institution as per the provision of the Kingdom of Bhutan 2001.





NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Particulars	Amount in Nu.	
	As on 31-12-2016	As on 31-12-2015
15. Administrative Expenses :		
Advertisement & Publicity Expenses :	244079.80	147484.30
Rent, Rates and Taxes	180000.00	180000.00
Fee, Charges & Subscripton	2101982.52	530903.83
Electricity Charges	3672.00	6121.00
Entertainment Expenses	435981.84	177717.92
Repairs & Maintenance	198053.00	27073.00
Audit Fees	100000.00	100000.00
Meeting Expenses	56556.00	128179.02
Communication Expenses (Tele, Fax & Internet)	256250.40	155712.14
Postage & Telegraph	2480.00	2825.00
Donation and Subscription	155000.00	600000.00
Gifts & Presents	101620.00	102892.00
General Expenses	19924.00	11486.00
Anniversary Expenses	261657.00	222002.40
Insurance of Fixed Assets	4561.00	5256.00
Bank Charges	662338.32	214592.88
Water & Sewerage Charges	478.00	932.00
Printing and Stationery	133235.00	125883.00
Recruitment and Training Expenses	11000.00	18000.00
Vehicle Expenses (Fuel, Repairing & Others)	397800.40	259381.32
Traveling Expenses	2009136.08	1518605.00
TOTAL -	7335805.36	4535046.81
16. Other Expenses :		
Rating Expenses	59442.00	403746.00
Impairment Loss on Trade Receivables (Note – 24)	-	-
TOTAL -	59442.00	403746.00
17. Finance Incomes :	-	-
TOTAL -	-	-
18. Finance Costs :	-	-
TOTAL -	-	-
19. Tax Expenses :		
Current Tax Expenses	3757210.82	-
Deffered Tax Expenses (Note-23)	785161.00	(423895.00)
Earlier Year's Tax Adjustments	-	-
Tax Expenses on Continuing Operatins -	4542371.82	(423895.00)
Taxes on Discontinuing Operations	-	-
Taxes on Other Comprehensive Incomes	-	-
TOTAL -	4542371.82	(423895.00)





NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Particulars	Amount in Nu.	
	As on 31-12-2016	As on 31-12-2015
20. Other Comprehensive Incomes :		
Actual Gain / (Loss)_ on Net Defined Plan (Note – 25)	-	-
TOTAL -	<u>-</u>	<u>-</u>
21. Earning Per Share :		
A. Absolute No. of Shares	50000000	50000000
B. Diluted No. of Shares	50000000	50000000
C. Comprehensive Income for the Year	23354791.33	15105237.96
D. Income from Continuing Operation for the Year	23354791.33	15105237.96
Basic Earning per Share (C/A)	0.47	0.30
Diluted earning Per Share (C/B)	0.47	0.30
Basic Continuing Earning per Share (D/A)	0.47	0.30
Diluted Continuing Earning per Share (D/B) -	0.47	0.30

22. Share Capital :

a. The Company had only one class of shares to as equity shares having a par value Nu. 10.00 holder of equity shares is entitled to one vote per share. Details are as follows.

Particulars	As on 31-12-2016		As on 31-12-2015	
	No. of Shares	Amount in Nu.	No. of Shares	Amount in Nu.
Authorised Share Capital				
Equity Shares	50000000	500000000.00	50000000	500000000.00
Issued, Subscribed and Paid				
Fully paid up Equity Shares	50000000	500000000.00	50000000	500000000.00
TOTAL -	<u>50000000</u>	<u>500000000.00</u>	<u>50000000</u>	<u>500000000.00</u>

b. List of shares in the Company held by its associates are as follows.

Sl. No.	Name of Share Holders	No. of Shares	
		As on 31-12-2016	As on 31-12-2015
1.	Bhutanese (74%)	37000000	37000000
2.	Foreigner (26%)	13000000	13000000
TOTAL -		<u>50000000</u>	<u>50000000</u>

23. Calculation of Deferred Tax :

a. Details calculation for Deferred Tax are as follows :

Particulars	As per BAS	As per IT Act	Temporery Timing Diff.	Deferred Tax Liabilities
As on 31.12.2015 :-				
1. WDV of Fixed Assets	3753959.55	3485080.16	(268879.39)	(80664.00)
2. Preoperative Expenses	-	786665.00	786665.00	236000.00
3. 2. Exchange Loss (Not taken in GAAP on exchange loss FC)	(1583520.77)	39193.53	1621714.30	486514.00
A. Deferred Tax Assets / (Liabilities) –				<u>641850.00</u>
As on 31.12.2016 :				
1. WDV of Fixed Assets	3367900.85	2890197.73	(477703.13)	(143311.00)
B. Deferred Tax Assets (Liabilities) -				<u>(143311.00)</u>
C. (Increase)/Decrease in DTL [B-A]				<u>(785161.00)</u>



NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

27. Related Party Disclosure :

Particulars of the transactions with the Directors and their relatives as per provisions of the Companies Act of Bhutan 2016 :

Sl. No.	Name	Nature of Relationship	Nature of Transaction/ Loan Facility	Outstanding as on 31-12-2016	Outstanding as on 31-12-2015
Director / Associates					
1. Relative / Associates of the Director					
a	RICBL	ED	Fixed Deposits	268536690.16	261002158.16
b	Nubri Capital Pvt. Ltd.	CEO	Fixed Deposits	-	100000000.00
2 Key Managerial Person					
a	Chief Executive Officer		Remuneration	1375000.00	1224000.00
			Sitting Fees	45000.00	60000.00
b	Other Directors / Managers		Sitting Fees	345000.00	420000.00

28. Contingent Liability

Contingent liabilities as at the Balance Sheet date are as follows :

	Nu.
a) Letter of Credit	-
b) Other Guarantees	-
Total	-

29. Management Expenses :

Management expenses include :

a) Managerial remuneration paid or payable to the Chief Executive Officer :

Particulars	2016 (Amt. in Nu.)	2015 (Amt. in Nu.)
Remuneration	1375000.00	1224000.00
Directors sitting fees	45000.00	60000.00

b) Audit Related :

Particulars	2016 (Amt. in Nu.)	2015 (Amt. in Nu.)
Audit Fees and expenses	100000.00	100000.00





SCHEDULES OF PROPERTY, PLANTS & EQUIPMENTS AS PER INCOME TAX ACT

Particulars	Gross Block (in Nu.)				Depreciation/Amortisation (in Nu.)				Net Block (in Nu.)	
	As on 31-12-2015	Additions in the year	Deletions in the year	As on 31-12-2016	As on 31-12-2015	Depreciation for the Year	Adjust. in the Year	As on 31-12-2016	As on 31-12-2016	As on 31-12-2015
	A	B	C	D=A+B-C	E	F	G	H=E+F-G	I=D-H	J = A-E
Computer Equipments	421149.60	58974.00	-	480123.60	112530.84	69345.64	-	181876.48	298247.12	308618.76
Office Equipments	76070.00	8820.00	-	84890.00	24110.01	11553.99	-	35664.00	49226.00	51959.99
Furniture and Fixture	318892.00	-	-	318892.00	104501.85	47833.80	-	152335.65	166556.35	214390.15
Motor Vehicles	3559620.00	-	-	3559620.00	649508.75	533943.00	-	1183451.75	2376168.25	2910111.25
Intangible Assets	30000.00	-	-	30000.00	30000.00	-	-	30000.00	-	-
A. Total Fixed Assets -	4405731.60	67794.00	-	4473525.60	920651.44	662676.43	-	1583327.87	2890197.73	3485080.16
Capital Work-in-Progress	-	-	-	-	-	-	-	-	-	-
B. Total CWIP -	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B) -	4405731.60	67794.00	-	4473525.60	920651.44	662676.43	-	1583327.87	2890197.73	3486080.16
PREVIOUS YEAR -	4240632.00	165099.60	-	4405731.60	265353.88	655279.56	-	920651.44	3485080.16	3975278.12

RATIO ANALISYS

Particulars	Details of Calculations	
	Year 2016	Year 2015
A Ratios for Assessing inancial Health :		
1. Capital Turnover Ratio	(Sales/Capital Employed)	0.75
2. Current Ratio	(Current Assets/Current Liabilities)	3.75
3. Acid Test Ratio / Quick Ratio	(Current Assets other than Inventories/Current Liabilities)	3.75
4. Inventory Turnover Ratio	(Sales/Average Inventory)	Not Applicable
5. Fixed Assets Turnover Ratio	(Sales/Fixed Asset)	112.0
6. Debtors Turnover Ratio	(Gross Debtors / Sales) x 365	268 Days
B. Ratios for Assessing Profitability :		
1. Return on Investments	(Profit after Tax / Capital Employed)	4.59%
2. Net Profit Ratio	(Net Profit/Sales) x 100	7.35%
3. Operating Expense Ratio	(All Expenses excluding Finance Cost) / Sales X 100	92.52%



NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

summarized impact of the introduction of BAS is :

- a) The Company has presented Statements of Comprehensive Income and Changes in Equity as required by BAS 1. These statements show information that was previously disclosed in the schedules to the financial statements.
- b) Depreciation has been calculated using the useful life of fixed assets, rather than using rates applicable for Income Tax Purposes. The impact of this in 2016 is increase of the Net profit before tax by Nu. 208823.74 (Nu. 268879.39 in 2015)

D. Segment Reporting :-

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

E. Foreign Currency Translations: -

- a) Foreign currency transactions that are completed within the accounting period are translated into Bhutan Ngultrum using the exchange rates prevailing at the date of settlement. Monetary assets and liabilities in foreign currencies at balance date are translated at the rates of exchange ruling at balance date.
- b) Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Income.

F. Property, Plant and Equipment:-

All property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Cost includes purchase price, taxes and duties, labour cost, direct financial costs, direct overheads for self constructed assets, borrowing costs, other direct costs incurred up to the date the asset is ready for its intended use including initial estimate of dismantling and site restoration cost. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as



NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

development costs are expensed immediately if the decision is made not to proceed to market the product.

I. Receivables and Advances :-

Receivables and Advances 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. They are classified as non-current assets. The group's Receivables and Advances comprise "Trade & Other Receivables", "Financial Assets", and "Cash & Cash Equivalents" in the Statement of Financial Position (Note-2,4 and 8).

J. Inventories :-

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method.

K. Trade & 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.

L. Cash & Cash Equivalents:-

In the Statement of Cash Flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts

M. Trade & Other Payables :-

Trade and other payables are initially recognised at the fair value of the amounts to be paid. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

N. Current and Deferred Income Tax :-

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income



NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

statement, except to the extent that it relates to items recognised in Other Comprehensive INcome. In this case, the tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted at the Statement of Financial Position date in Bhutan.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

O. Employee Benefits :-

a) Retirement Benefits

Defined Contribution Scheme - Employees belong to a defined contribution Benefit plan managed by a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Defined Benefit Scheme - The Company makes retirement payments based on the final salary and years of service.

The Gratuity is accrued on the basis of valuation done by the management itself presuming that all employees cease to be employed as of the year end. The scheme is not funded by the Bank.

b) Other Benefits

Other benefits such as leave encashment etc. are accrued at year end without actuarial valuation,



NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

except Bonus which is accounted for on Cash Basis.

P. Revenue Recognition : -

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for net of discounts, returns and taxes. The Company recognises revenue when the amount of revenue can be reliably measured and when it is probable that future economic benefits will flow to the Company.

Various provisions have been made based on industry policy of Reinsurance business.

Other Reinsurance Business : As per terms of the Reinsurance Contract.

Premium received / receivable for succeeding accounting period have been recognised as Unread Premium on the basis of time apportionment

Premium Receivable represents the amount of receivable as per term of premium payments warranty contracts with brokers

Any subsequent revision to or cancellation of premium are recognised in the year in which they occur.

Q. Brokerage & Commission:

Brokerage & Commission has been taken as expenditure as per terms of the policy and calculated on the basis of premium received for different types of Insurance.

R. Outstanding Loss Reserve:

Outstanding Loss Reserve represents the provision of liabilities in respect of claims lodged with the Company. The provision for the amount of loss has been taken on the basis of intimation for claim received by the Company up to the date of finalisation of accounts. This reserve will be appropriately adjusted whenever the claim is finally settled.

S. Reinsurance Ceded:

Reinsurance Cession are accounted for on actual or estimated wherever actual are not available.

T. Events After Balanced Date:

The Board of Directors has proposed a dividend for the financial year 2016 of Nu. NIL, which is subject



NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

to approval of the members in the forthcoming Annual General Meeting.

U. Comparative Information: -

Where necessary certain comparative information has been reclassified in order to provide a more appropriate basis for comparison. 2015 comparative information has been updated to comply with the introduction of Bhutanese Accounting Standards.

31. Notes on Accounts :

a. Quantitative information in respect of service sector companies as under :

<u>Service Rendered</u>	<u>Gross Income (Nu.)</u>
Reinsurance Service	396762713.95

b. The Company has received / paid following foreign currency during the year under different heads :

Inflows :

Insurance Premium Received	USD	583754.39	Received
Brokerage Received	USD	1916.69	Received

Outflows :

Insurance Premium Paid	USD	136515.23	Paid
Brokerage paid	USD	31327.51	Paid
Travelling Expenses	USD	8000.00	Paid
Bank Charges	USD	2490.06	Paid
Fees Charges & Subscription	USD	4378.00	Paid

c. Confirmation from the respective parties relating to Accounts receivables, Accounts Payables being not available, these are stated at their respective book balance.

In terms of our Report of even date -
For, S. Guha & Associates
Chartered Accountants
F.R.N. : 322493E

(Ca. Sumantra Guha)
Partner
Membership No: 055753



For and on behalf of the Board of Directors

Chairman

CEO

Plate : Thimphu, Bhutan
Date : 16-03-2017



Vikrant Parate
Chief Executive Officer
ceo@gicbhutanre.com



Jigmi Nidup
Head Finance, Accountns & Investment
Jigmi@gicbhutanre.com



Tempa Gyeltshen
Head Reinsurance
t.gyeltshen@gicbhutanre.com



Manoj Adhikari
Head Information Technology
manoj.adhikari@gicbhutanre.com



GIC-Bhutan Re Family



ལྷ་མིའི་སི་འབྲུག་གླུ་ར་བཅོལ་ཚད་འཛིན།
GIC - Bhutan Reinsurance Co. Ltd.
Reinsurance with Professionalism, Trust & Reliability