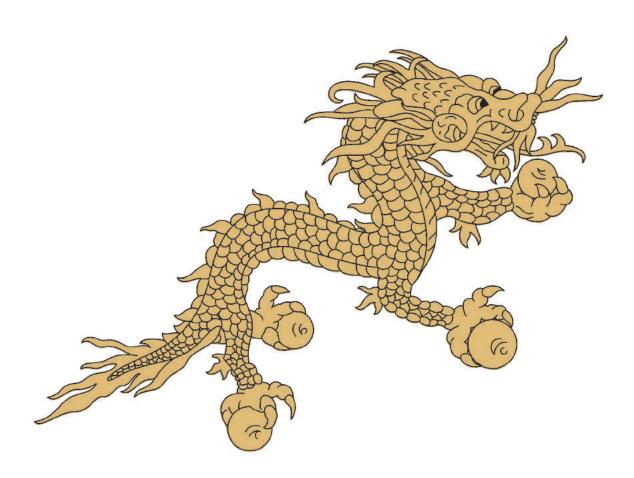


# ३ हे जाते की त्रुवा क्षूर पर्डेल र्कंट तहें वा GIC - Bhutan Reinsurance Co. Ltd.

Reinsurance with Professionalism, Trust & Reliability







# **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)



Reinsurance with Professionalism, Trust & Reliability



■ 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







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# Director's Report -

The year 2014 is the first year of full-fledged business operating year for GIC-Bhutan Re Ltd although it was formally established on 5th September 2013.

The management has agressively yet cautiously been penetrating the market, necessary for better spread of risks, both in Domestic and Internatinal markets. I, on behalf of the Board Members, am pleased to announce that as of now GIC-Bhutan Re Ltd has reached its operations as far as Asia and Europe. We will still venture to explore into other continents around the world.

#### Investment and Retail Lending Scenario:

Besides the core business of reinsurance, we have been pursuing to venture into retail lending which has a higher rate of income as compared to other forms of investments. Unfortunately, this venture could not be materialized in 2016 due to unforeseen circumstances. Entering into this line of business involves copious amount of work and expenditure which needs careful scrutiny to eliminate foreseeable loopholes. Talks are still underway with RMA towards alternate lending methods.

We are optimistic that the investment department shall be up and running by mid 2017. The investment business is expected to contribute substantially to the overall performance of the company.

# Initial Public Offering:

The Authorized Capital for GIC-Bhutan Re Ltd is 500 million. The Local Promoters along with its Joint venture partner, GIC of India has injected 300 million. The balance 200 million was floated as Initial Public Offering in June 2014.

#### **Bhutan Insurance Market:**

The need for insurance within the country was envisioned by our four king, His Majesty Jigme Singye Wangchuck and hence the Royal Insurance Corporation of Bhutan (RICBL) was established n 7th January 1975 under the Royal Charter to cater the needs of life as well as Non-life insrurance of the people. To increase the insurance penetration in the country and also with increased number of insurance requirements, the Regulators felt the need of another insurance company to offer better product and services and also competitive rates. Therefore other insurance company "Bhutan Insurance Limited" was established on 20th Augurst 2009.

Bhutan market premium for the year 2016 is NU 1.38 Bln vis-a-vis Nu 1.25 Bln in 2015. Growth rate was moderate i.e. 10.54% due to the correction in rate and stiff competition.

# **Obligatory Session:**

The Royal Monetary Authority has, in its Regulations for setting up Reinsurance companies in Bhutan,





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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 Moentary 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 Moentary 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 discussino 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 shae is expected to grow further in 2017 with talks underway with Vietnam, and Cambodia in the pipeline.

# Financial Highlights: (Figures in Nu)

0 0	,		
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
<b>Earned Premium</b>	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%
<b>Commission Ratio</b>	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

M

(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 summery of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explations givento us, the financial statements of GIC give the information required by the Companies Act of Bhutan, 2016 in the manner so rquired 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 rfelevant 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.



# **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 do not provide a seperate opinion on these matters.

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

Management is reponsible for the preparation and fair presentation of these financial statements in accordance with the Bhutanese Accounting Standard as notified by the Accounting and Auditing Standards Board of Bhutan ("AASBB") read with the Companies Act of Bhutan, 2016 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.

#### Auditor's Responsibilites for the Audit of the Financial Statements:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we compny with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



# 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

S.C.J. KOLKATA CONTROL OF THE PROPERTY OF THE

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

Ca. Sumantra Guh

(Ca. Sumantra Guha) Membership No: 055753





# Annexure reffered 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 discrepance 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 for 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 opioion 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 tha 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 predudicial 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 informtion 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 bookds 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 explanatins given to us, the Directives of the Board have been comlied 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 operatinal 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 Seperately)

# 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

Enanta alla

Membership No: 055753



# **COMPUTATION OF CORPORATE INCOME TAX FOR THE YEAR 2016**

ParticularsAmount Nu.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:		20331013.04
Decpreciation 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)
iax neiuliuable	=	(0010/49.5

For, S. Guha & Associates **Chartered Accountants** 

F.R.N.: 322493E

(Ca. Sumantra Guha)

Enayla alla

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	Amo	unt in Nu.
Particulars	Note	As on 31-12-2016	As on 31-12-2015
Assets:			
Property, Plants & Equipments	1	336900.85	3753959.55
Trade & Other Receibables	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
<b>Current Assets</b>	-	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

(Ca. Sumantra Guha)

Layla alla

Partner

Membership No: 055753

For and on behalf of the Board of Directors

Chairman

CEO

Plate: Thimphu, Bhutan

Date: 16-03-2017



# STATEMENT OF COMPREHENSIVE INCOME

Particulars	Note	Amo	unt in Nu.
raiticulais	Note	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
<b>Profit from Continuing Operations</b>		23354791.33	15105237.96
Discounting Operations :			
Profit / (Loss) from Discontinuing Operations	-	-	
Taxes on Discontinuing Operations	19	-	-
Profit/(Loss) from Discontinuing Operations (N	let of Tax	x)	-
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 (No	et of Tax)		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	AR -	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 Financia	l Stateme	ents.	

In terms of our Report of even date -

For, S. Guha & Associates Chartered Accountants

F.R.N.: 322493E

(Ca. Sumantra Guha)

Enanta alla

Partner

Membership No: 055753

For and on behalf of the Board of Directors

Chairman

CEO

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



# STATEMENT OF CHANGES IN EQUITY

		Attributable to th	e Owners of the	Total Equity
Particulars I	Note	Share Capital	Ratained Earning	(Nu.)
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 Comprehesive Income		-	-	-
Total Comprehensive Income of 2015 -			15105237.96	15105237.96
Contribution by and Distribution to the Owners of the Com	pany			
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 Com	pany :			
Total -		-	-	-
BALANCE AS AT 31-12-2015 -		50000000.00	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)

Enanta alla

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		unt in Nu.
	Note	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 Receibables		(140564046.90)	(647437793.30)
- Trade & Other Payables		262656012.67	150362371.55
- Empoyee Benefits (Excluding Acturial Gain	/ Loss)	169540.00	70000.00
<b>Cash Generated from Operating Activities -</b>		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 Prop	erties	(168534532.00)	(67249999.96(
Proceeds from Sale of Property, Plant and Ed	Juipment	-	-
Addtiones of Fixed Assets	1	(67796.00)	(165099.60)
Net CAsh from / (used) in Investing Activities	es -	(168602326.00)	(67415099.56)
Cash Flows from Financing Activities:			
Proceeds from Issue of Shae Capital		-	-
Dividend Paid		<u> </u>	
Net Cash from/(used) in Financing Activities	s -		
Net Increase/(Decrease) in Cash & Cash Equ	ivalent -	(21927865.42)	31204456.98
Opening Balance of Cash & Cash Equivalent		39915197.84	8710740.86
CLOSING BALANCE OF CASH & CASH EQUIV		14987332.42	39915197.84
Notes 1 to 31 from integral part of the Finan	cial Stateme	ents.	

In terms of our Report of even date -

For, S. Guha & Associates Chartered Accountants

F.R.N.: 322493E

(Ca. Sumantra Guha)

Enanta ala

Partner

Membership No: 055753

For and on behalf of the Board of Directors

Chairman

CEO

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





	Gross	Gross Carrying Amount (in Nu.)	ount (in Nu.)		Depre	Depreciation/Amortisation (in Nu.)	tion (in N	lu.)	Net Carrying Amount (in Nu.)	nount (in Nu.)
Particulars	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	В	С	D=A+B-C	Е	F	9	H=E+F-G	I =D-H	J = A-E
1. Property, Plants & Equipments										
i) Comptuer Equipments	421149.60	58974.00	1	480123.60	118782.55	73198.18		191980.73	288142.87	302367.05
ii) Office Equipments	7670.00	8820.00	1	84890.00	25449.46	12195.88		37645.34	47244.636	50620.54
iii) Furniture & Fixtures	318892.00	1	1	318892.00	66184.50	30294.74		96479.24	222412.76	252707.50
iv) Mother Vehicles	3559620.00	1	1	3559620.00	411355.54	338163.90		749519.44	2810100.56	3148264.46
2. Intangible Assets	30000.00	1	1	30000.00	30000.00	1		30000.00		1
A. Total Fixes Assets -	4405731.60	67794.00	-	4473525.60	651772.05	453852.70		1105624.75	3367900.85	3753959.55
Capital Work-in-Progress	1	1	-	1	1	•		1	1	1
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	165099.60	1	4405731.60	205204.23	446567.82	ı	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 impariment of the Fixed Assets of the Company, which may require any adjustments.

For and on behalf of the Board of Directors



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



(Ca. Sumantra Guha) Lumba alua

In terms of our Report of even date -

For, S. Guha & Associates

**Chartered Accountants** 

F.R.N.: 322493E

Membership No: 055753 Partner



Reinsurance with Professionalism, Trust & Reliability

Particulars	Amo	unt in Nu.
raiticulais	As on 31-12-2016	As on 31-12-2015
2. Trae & Other Receivables :		
Security Deposits (House Rent)	60000.00	60000.00
A. Total Non-Current Assets -	60000.00	60000.00
Trade Receivables (Subject to Confirmation)		
- Cosidered 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. Investories :		-
TOTAL -		
6. Deferred Tax Assets / (Liabilities):		
Deferred Tax Assets / (Liabilities) [Noe-23)		
- On Temperory Timing Difference of Fixed Assets	(143311.00)	(80664.00)
- ON Temporary Timing Difference of Preoperative Exp.	-	236000.00
- On Allowance of Impairmen Loss	<del>_</del>	486514.00
CLOSING BALANCE -	(143311.00)	641850.00
7. Current Tax Assets/(Liabilites):		
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 - OpeningBalance	-	-
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	-	



Particulars	Amo	unt in Nu.
- Liculais	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





Particulars	Amo	unt in Nu.
Particulars	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 vet been deposited into a separate account with other financial institution as per the provision of fthe Kingdom of Bhutan 2001.



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Particulars	Amo	unt in Nu.
Particulars	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	4) -	-
TOTAL -	59442.00	403746.00
17. Finance Incomes :		
TOTAL -	<del></del> -	
18. Finance Costs:	<del></del> -	
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	A & ASSO	
TOTAL -	4542371.82 KOLKATA	(423895.00)



Particulars	Amo	unt in Nu.
Particulars	As on 31-12-2016	As on 31-12-2015
20. Other Comprehensive Imcomes :		
Actual Gain / (Loss) on Net Defined Plan (Note – 25)	-	-
TOTAL -		
21. Earning Per Share:		
A. Absolute No. of Shares	50000000	50000000
B. Diluted No. of Shares	50000000	50000000
C. Comprehsnesive 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-	-12-2016
Particulars	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 -	5000000	500000000.00	5000000	500000000.00

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

SI.	N (6) 11.11	No. of Sha	ares
SI. No.	Name of Share Holders	As on 31-12-2016	As on 31-12-2015
1.	Bhutanese (74%)	37000000	37000000
2.	Foreigner (26%)	13000000	13000000
TOTA	۱L -	5000000	5000000

#### 23. Calculation of Deferred Tax:

a. Details calculation for Deferred Tax are as follows:

Partic	culars	As per BAS	As per IT	Λct	nperory ing Diff.	Deferred Tax Liabilities
As or	31.12.2015 :-					
1.	WDV of Fixed Assets	3753	3959.55	3485080.16	(268879.39)	(80664.00)
2.	Preoperative Expenses	i	-	786665.00	786665.00	236000.00
3.	2. Exchange Loss (Not	(1583	520.77)	39193.53	1621714.30	486514.00
	taken in GAAP on exch	ange loss FC)				
A.	Deferred Tax Assets /	(Liabilities) –				641850.00
As or	31.12.2016 :					
1.	WDV of Fixed Assets	3367	7900.85	2890197.73	(477703.13)	(143311.00)
B.	Deferred Tax Assets (L	iabilities) -				(143311.00)
C.	(Increase)/Decrease in	DTL [B-A]				(785161.00)



# 24. Impairment Loss on Trade Receivables:

As per accounting policy of the Company an amount of Nu. NIL has been provided as Impairment Loss on Trade Receivables.

# 25. Employee Benefits:

Particulars	Amount in Nu.			
Particulars	As on 31-12-2016	As on 31-12-2015		
Opening Balance	239748.70	-		
Interests Income on Fund Assets	34114.76	13248.70		
Paid into Gratuity Fund by Company	296500.00	226500.00		
A. Gratuity Fund Assets at the Year end -	570363.46	239748.70		
Opening Balance	536248.70	226500.00		
Service Cost	466040.00	296500.00		
Interest Cost of Obligation	34114.76	13248.70		
B. Defined Benefit Obligation at the Year end -	1036403.46	536248.70		
Net Employee Benefit Assets/(Liabiliies) [A-B] -	(466040.00)	296500.00)		

# 26. Segment Reporting:

# a. Identification of Reportable Segments:-

The operational segments are identified by the Management based on the nature of activities. Financial information about each of the operating activities segments is sent to the Board.

h	<b>Primary Segment</b>	Informations (Business Segment):-	
υ.	Fillial v Segillelli	IIIIOI IIIauoiis (busilless segilleliu	

Figures in Nu.

Particulars	2016	2015
Gross Premium	396762713.96	179945764.67
Retro Premium	44780998.86	17462216.20
Net Premium	351981715.09	162483548.47
Change in UPR	13077736.89	8875495.76
Earned Premium	338903978.20	153608052.71
Bank Interest Recd. on Investments	40661145.52	44330054.05
Net Incurred Claims	253954589.22	120855838.85
Net Commission	83277860.49	50350287.55
Operating Expenses	14393953.86	10468116.63
Exchange Gain/Loss	-41557.01	-1582520.77
Underwriting Result	27897163.14	14681342.96



# 27. Related Party Disclosure:

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

SI. 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 Direc	tor			
а	RICBL	ED	Fixed Deposits	268536690.16	261002158.16
b	Nubri Capital PVt. Ltd.	CEO	Fixed Deposits	-	100000000.00
2	Key Managerial Person			Paid in 2016	Paid in 2015
а	Chief Executive Officer		Remuneration	1375000.00	1224000.00
			Sitting Fees	45000.00	60000.00
b	Other Directors / Managers		Sitting Fees	345000.00	420000.00
a) b)	Letter of Credit Other Guarantees  Management Expenses:		Tota	Nu. - - - al -	
	nagement expenses include :				
a)	Managerial remuneration paid	d or payable to the	Chief Executive C	Officer :	
	Particulars	2016 (Am	t. in Nu.) 2	2015 (Amt. in Nu.)	)
	Remuneration	137	5000.00	1224000.00	
	Directors sitting fees	4	5000.00	60000.00	
b)	Audit Related :				
	Particulars	2016 (Amt	:. in Nu.) 2	2015 (Amt. in Nu.)	)
	Audit Fees and expenses	10	00000.00	100000.00	









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

		Gross Block (	Block (in Nu.)		Depre	Depreciation/Amortisation (in Nu.)	tion (in N	Ju.)	Net Block (in Nu.)	< (in Nu.)
Particulars	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	В	O	D=A+B-C	Е	ч	9	H=E+F-G	H-Q=1	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	1	84890.00	24110.01	11553.99		35664.00	49226.00	51959.99
Furniture and Fixture	318892.00	1	1	318892.00	104501.85	47833.80	,	152335.65	166556.35	214390.15
Motor Vehicles	3559620.00	1	1	3559620.00	649508.75	533943.00	,	1183451.75	2376168.25	2910111.25
Intangibal Assets	30000.00	1	1	30000.00	30000.00	ı		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	1	1	1	1	1	ı		1	1	1
B. Total CWIP -	•	-	-	-	-	ı		•	-	-
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	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	0.41
2. Current Ratio	(Current Assets/Current Liabilities)	3.75	4.79
3. Acid Test Ratio / Quick Ratio	(Current Assets other than Inventories/Current Liabilities)	3.75	4.79
4. Inventory Turnover Ratio	(Sales/Average Inventory)	Not Applicable	Not Applicable
5. Fixed Assets Turnover Ratio	(Sales/Fixed Asset)	112.0	52.73
6. Debtors Turnover Ratio	(Gross Debtors / Sales) x 365	268 Days	281 Days
B. Ratios for Assessing Profitability:			
1. Return on Investments	(Profit after Tax / Capital Employed)	4.59%	3.11%
2. Net Profit Ratio	(Net Profit/Sales) x 100	7.35%	7.42%
3. Operating Expense Ratio	(All Expenses excluding Finance Cost) / Sales X 100	92.52%	91.56%



# 30. Significant Accounting Policies:

# A. Reporting Entity:-

The principal activities of GIC Bhutan Re Limited (the "Company" or "GIC") cover all significant operations that have taken place within Bhutan.

The Company is a limited liability company incorporated and domiciled in Bhutan. The address of its principal place of business is Thimphu, Bhutan.

The Company was incorporated on  $16^{th}$  May 2013 vide registration no. U20130516THI0406, where the foreign investors hold 26% shareholding of the Company. The Company has taken following the Trade License No.

License No. Nature of Activity

1029965 General Reinsurance Business

These financial statements relate to the year ended 31<sup>st</sup> December, 2016

# B. Basis of Preperation: -

The financial statements of the Company have been prepared in accordance with Bhutanese Accounting Standards. The statements have been prepared under the actual, historical cost and going concern conventions.

The preparation of financial statements in conformity with BAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- a) **Fixed Assets :** ciritical judgments are expected period of use, condition of the asset, technological advances, regulations, and residual values.
- b) Actuarial Valuation of Employee Benefits: expected uptake of the gratuities used in the valuation.

The functional currency of preparation is the Bhutanese Ngultrum.

# C. Application of Bhutanese Accounting Standards:-

The Financial Statements have been prepared in line with Bhutanese Accounting Standards. The



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) Depreciatin 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 currenty 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



appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Depreciation on other acquired assets during the year is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives (evaluated by the management) as follows:

Plant and machinery and other equipment 6 years
Furniture and fixtures 10 years
Computers and office equipments 6 years
Vehicles 10 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Comprehensive Income/(Loss)' as the case may be, in the income statement.

# G. Intangible Assets: -

**Computer Software & Logo etc.** – Acquired computer software license are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are aanourised over their estimated useful lives of 3 to 6 years or others as per estimates made by the management.

Costs associated with maintaining computer software programmes are recognized as an expense as incurred.

# H. Research and Development Costs:-

Research costs are recognized as an expense in the year in which they are incurred. Development costs are only capitalized if a potentially profitable product has been found and management has given approval to further develop the product.

If the company decides to procedd and market the product, development costs will be amortised over the expected profitable period of marketing the product, not exceeding 5 years. Other



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. Thee 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



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, ontemporary 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 probablre 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 seperate 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 accured 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,



except Bonus which is accounted for on Cash Basis.

#### P. Revenue Recognition: -

Revenue is measured at the fair value of the considereation received or receivable, and represents amounts receivable for net of discounts, returns and taxes. The Compan 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 warrenty 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 asper terms of the policy and calcuated on the basis of premium received for different types of Insurance.

#### R. Outstanding Loss Receive:

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

#### S. Reinsurance Ceded:

Re Insurance Cession are accounted for on actual or estimated whereever actual are not available.

# T. Events After Balenced Date:

The Board of Directors ha sproposed a divident for the financial yera 2016 of Nu. NIL, which is subject



to approvel 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:

Service Rendered Gross Income (Nu.)
Reinsurance Service 396762713.95

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

#### Inflows:

Insurance Premium Received	USD	583754.39	Received
Brokerage Received	USD	1916.69	Received
Outflows:			
Insurance Premium Paid	USD	136515.23	Paid
Brokarage 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 repsiective 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

Enanta ala

(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



Reinsurance with Professionalism, Trust & Reliability





Vikrant Parate Chief Executive Officer ceo@gicbhutanre.com



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**GIC-Bhutan Re Family** 

