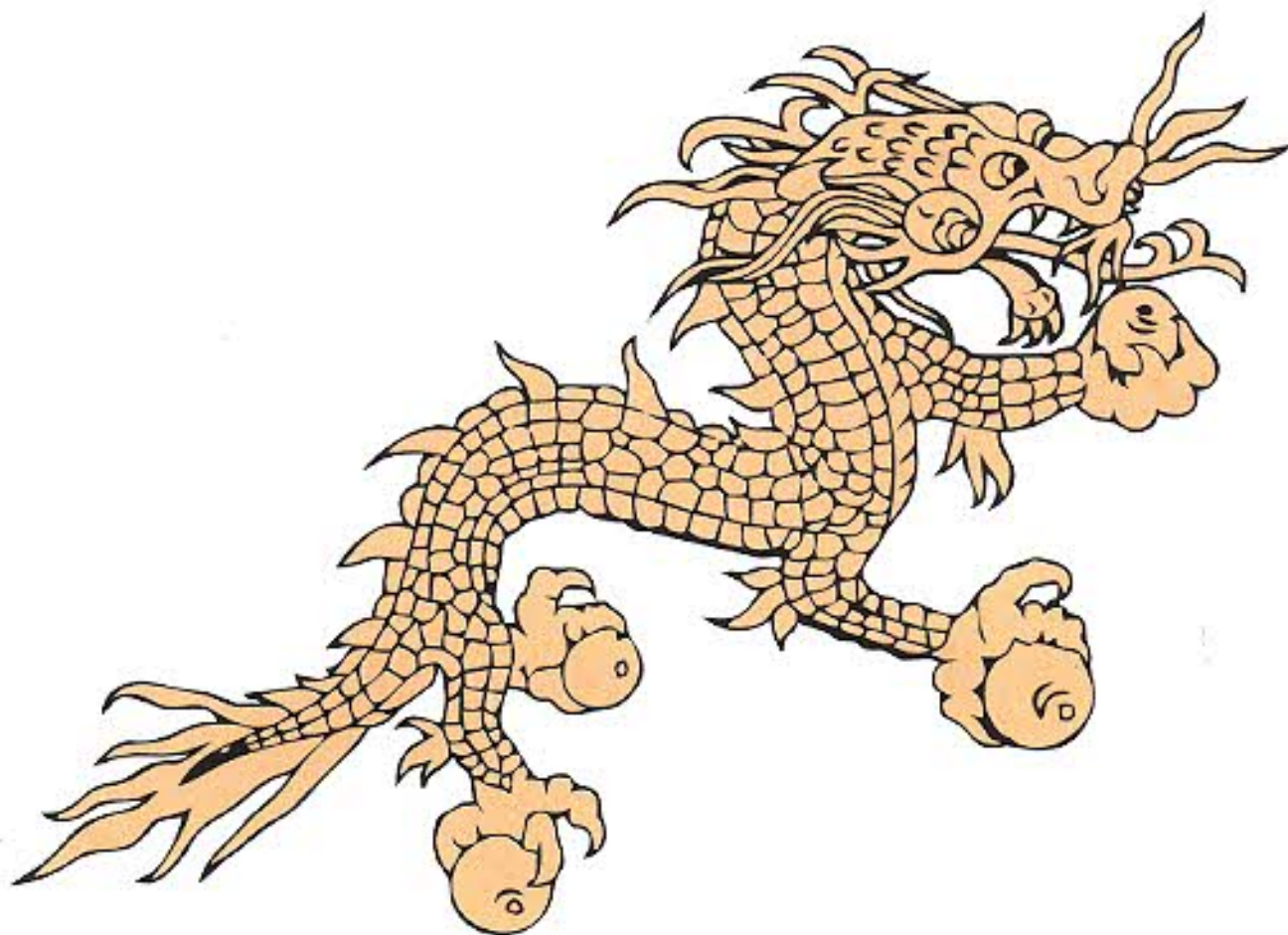




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GIC - Bhutan Re Ltd.

Reinsurance with Professionalism, Trust & Reliability



**3rd ANNUAL REPORT
2015**



Board of Directors



Mr. Pema Tenzin
Chair Person



Mrs. Usha Ramaswamy
Director (GIC Re)



Mr. G. C Gaylong
Director (GIC Re)



Aum Sangay Om
Director



Dasho Thinlay Wangchuk Dorji
Director (Public)



Mr. Sonam Tobgay
Director (Independent)



Mr. Sonam Dorji
Director (Independent)



Vision :

- To be the Specialized Reinsurance Solution Provider



Mission :

- 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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GIC-Bhutan Re Ltd

Director's Report for the Year 2015

To the Members

On behalf of the Board of Directors, I am pleased to present the financial highlights, together with Audited Financial Statements of the Bhutan GIC-Re Ltd for the financial year 2015.

GIC-Bhutan Re Ltd was formally inaugurated by the Honorable Finance Minister of Bhutan and His Excellency, the Indian Ambassador to Bhutan on 5th September 2013 in Taj Tashi Hotel with an authorized share capital of Nu. 500 million

GIC-Bhutan Re is promoted by two local promoters: Dasho Sangay Wangchuk, Chairman of Druk PNB Bank and Aum Damchae Dem, Chairperson of Pelden Group of Companies, each holding 17% share. The General Insurance Corporation of India (GIC India) which is a solely owned company of the Government of India has 26% share. The remaining 40% is owned by the public through initial public offering in 2014.

Operational and Performance Highlights

As of 31st December 2015, the company has underwritten a gross premium of Nu. 179 million from both domestic and international markets. In the investment avenue, the gross income from investment in Fixed Deposits and bonds is at Nu.44 million. Although, underwriting results is negative due to provisioning of unexpired risk and provisioning of outstanding loss reserves, the net profit for the year end is Nu. 10.7 Million.

Significant Financial Indicators (Million Nu)

Indicators	2015	2014
Profit Before Tax	15	(27)
Paid up Capital	500	500
Gross Premium	179	125
Investment Income	44	12



Way Forward

The management will continue to explore opportunities in the market both within and outside the country, at the same time maintaining the existing markets.

Starting 2016, GIC Bhutan Re is receiving 7% compulsory cession from the two domestic insurance companies. This business is expected to increase gradually in the years to come.

Beside the reinsurance business, GIC-Bhutan Re Ltd will also venture into retail lending's. However, for now it has been decided that the company will participate only in consortium financing. To increase the return on fund, GIC-Bhutan Re Ltd will in due course of time consider financing of other portfolios.

Given the importance of Company's rating in doing business, GIC-Bhutan Re Ltd, has initiated the rating from CARE Rating. The management has managed to obtain "A" rating. By the year 2019, to increase the outreach and volume of business GIC will initiate rating from a globally reputed rating agency.

GIC-Bhutan Re Ltd will also explore opportunities for venturing into profitable Life Reinsurance by 2019 and also increase its paid up capital to Nu. 1 billion by 2017.



Acknowledgement

On behalf of the Board of Directors, I would like to take the opportunity to thank all our business partners and valued clients, whose enduring confidence and faith reposed in the Company has made it possible to achieve the results during the year.

The Directors would like to convey our sincere appreciation to all our reinsurance partners, especially the two insurance companies in Bhutan, for agreeing on the compulsory cession.

I would like to congratulate the management and staff of GIC-Bhutan Re Ltd, for their dedicated services. I would like to extend my good wishes to all our business partners, employees of GIC-Bhutan Re Ltd and shareholders for the success of the company in the years to come.

Tashi Delek

(Pema Tenzin)
CHAIRMAN



M. P. SUREKA & CO.
CHARTERED ACCOUNTANTS

32, Ezra Street, Room No. 653
Kolkata- 700 001
Phone: 2235 2116/3740

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Financial Statement of **GIC BHUTAN RE LIMITED, Thimphu, Bhutan**, which comprise the Statement of the Financial Position as at 31 December 2015, the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow of the Company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our report.

We have conducted our audit in accordance with International Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We further state that the Company has ascertained the liability for the GENERAL Insurance Business, if any, on the basis of certificate issued by the Actuarian engaged by the Company.

As required by Section 75 of the Companies Act of the Kingdom of Bhutan 2000 read with Part II of Schedule XIV thereto (the minimum Audit Examination and reporting requirements) we enclose in the ANNEXURE a statement on the matters specified therein to the extent applicable.

Further to our comments in ANNEXURE as referred above, we report that:

1. We have obtained all the information and explanations which to the best our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion herein before proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
3. The Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with in this report have been prepared on the basis of Bhutan Accounting Standards and that the financial statements are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Schedules 1 to 32 give the information required by the Companies Act of the Kingdom of Bhutan, 2000 in the manner so required and the said accounts give a true and fair view in conformity with Bhutan Accounting Standards.





M. P. SUREKA & CO.
CHARTERED ACCOUNTANTS

- (a) In the case of the Statement of Financial Position, of the state of affairs of the Company as at 31 December 2015.
- (b) In the case of the Statement of Comprehensive Income, of the Profit of the Company for the year ended on that date
- (c) In the case of Statement of Changes in Equity, of the movement in equity for the year ended on that date', and
- (d) In the case of the Statement of Cash Flows, of the movement of cash for the year ended on that date.

Date: 15/04/2016
Place: Thimphu, Bhutan



For **M. P. SUREKA & CO.**
CHARTERED ACCOUNTANTS

FRN.: 322097E

(M. P. SUREKA)
Partner
M. No. 050560



M. P. SUREKA & CO.
CHARTERED ACCOUNTANTS

ANNEXURE

GIC BHUTAN RE LIMITED

Thimphu : Bhutan

**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.





M. P. SUREKA & CO.
CHARTERED ACCOUNTANTS

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. Therefore, the paragraph 28 of Part II of Schedule XIV to the Companies Act of the Kingdom of Bhutan, 2000 is not applicable to the Company.
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 has 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.





M. P. SUREKA & CO.
CHARTERED ACCOUNTANTS

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 PROBLEMS

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 the Kingdom of Bhutan

We did not come across any instance of apparent violation of the provisions of the Companies Act of the Kingdom of Bhutan, 2000 during the course of the audit *except clause no. 15 as above*





M. P. SUREKA & CO.
CHARTERED ACCOUNTANTS

4. **Adherence to Laws, Rules and Regulations:**

The audit of the Company is governed by the Companies Act kingdom of Bhutan, 2000, 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.

Date: 15/04/2016
Place: Thimphu, Bhutan



For **M. P. SUREKA & CO.**
CHARTERED ACCOUNTANTS
FRN.: 322097E


(M. P. SUREKA)
Partner
M. No. 050560



GIC - BHUTAN RE LIMITED
Thimphu, Bhutan

COMPUTATION OF CORPORATE INCOME TAX FOR THE YEAR 2015

Particulars	Amount Nu.	Amount Nu.
Profit before tax as per P/L Account (BAS)		14,681,342.96
Add:		
Impairment Loss (BAS)		-
Book Depreciation (BAS)	446,567.82	446,567.82
		15,127,910.78
Less:		
Depreciation as per Income Tax Act	655,297.56	
Pre-operative Expenses Written off (1/3rd) as per IT Act	786,665.00	
		1,441,962.56
Taxable Profit as per Income Tax Act		13,685,948.22
Less: Last Year's Losses Carried Forward (IT Act)		(28,850,251.57)
Net Profit after sett off of last year's losse		-15,164,303.35
		NIL
Tax on Above		
Less: Taxes Paid earlier		
Tax Deducted at Source (2014)	661,353.81	
Advance Tax Paid (2014)	571,599.42	
Tax Deducted at Source (2015)	2,030,369.80	
Advance Tax Paid (2015)	166,576.69	
		3,429,899.72
Tax Refundable		(3,429,899.72)

For GIC Bhutan Re Ltd.


CEO





ལྷ་མོ་མེ་ལྷན་སྐྱོར་བཅོམ་ཚད་འཛིན།

GIC - Bhutan Re Ltd.

Reinsurance with Professionalism, Trust & Reliability

GIC - BHUTAN RE LIMITED
STATEMENT OF FINANCIAL POSITION

Particulars	Note	Amount in Nu.		
		As on 31-12-2015	As on 31-12-2014	As on 01-01-2014
Assets:				
Property, Plants & Equipments	1	3,753,959.55	4,035,427.77	528,519.29
Trade & Other Receivables	2	60,000.00	60,000.00	60,000.00
Investment Property	3	273,002,158.16	408,002,158.20	200,863,013.70
Financial Assets	4	-	-	-
Deferred Tax Assets / (Liabilities)	6	641,850.00	217,955.00	-
Employee Benefit Assets	10	-	-	-
Non-Current Assets -		277,457,967.71	412,315,540.97	201,451,532.99
Inventories	5	-	-	-
Trade & Other Receivables	2	152,698,390.22	87,954,610.92	30,101,110.00
Investment Property	3	308,000,000.00	105,750,000.00	20,123,287.67
Prepayments	8	-	-	-
Cash & Cash Equivalents	9	39,915,197.85	8,710,740.90	47,191,840.80
Current Assets -		500,613,588.07	202,415,351.82	97,416,238.47
TOTAL ASSETS		778,071,555.78	614,730,892.79	298,867,771.46
Equity:				
Share Capital	23	500,000,000.00	500,000,000.00	300,000,000.00
Reserves		-	-	-
Retained Earnings		(14,253,573.96)	(29,358,811.92)	(2,653,746.22)
Total Equities -		485,746,426.04	470,641,188.08	297,346,253.78
Liabilities:				
Employee Benefit Liabilities	10	296,500.00	226,500.00	-
Trade & Other Payables	11	190,282,335.02	74,643,260.22	8,440.16
Non-Current Liabilities -		190,578,835.02	74,869,760.22	8,440.16
Bank Overdrafts	9	-	-	-
Current Tax Liabilities	7	(3,429,899.72)	(1,232,953.23)	-
Trade & Other Payables	11	105,176,194.44	70,452,897.69	1,513,077.52
Current Liabilities -		101,746,294.72	69,219,944.46	1,513,077.52
Total Liabilities -		292,325,129.73	144,089,704.67	1,521,517.68
TOTAL EQUITY AND LIABILITIES		778,071,555.78	614,730,892.79	298,867,771.46

Notes 1 to 32 form integral part of the Financial Statements

In terms of our Report of even date-

For M.P. SUREKA & CO.

Chartered Accountants

FRN - 322097E

M.P. Sureka

M. P. SUREKA

- Partner

Membership No. 050560



Chairman

Place: Kolkata

Date: 15-04-2016

For and on behalf of the Board of Directors

Kamuel Kamuel

Managing Director / CEO





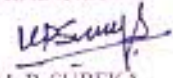
GIC - BHUTAN RE LIMITED
 STATEMENT OF COMPREHENSIVE INCOME

Particulars	Note	Amount in Nu.	
		For the Year 2015	For the Year 2014
Continuing Operations:			
Revenue	12	197,938,106.76	62,725,023.29
Direct Expenses	13	(171,206,126.40)	(82,109,461.42)
Gross Profit -		26,731,980.36	(19,384,438.13)
Other Incomes	14	(1,582,520.77)	0.06
Employee Benefits Expenses	15	(5,082,756.00)	(4,018,443.50)
Administrative Expenses	16	(4,535,046.81)	(2,169,642.61)
Other Expenses	17	(403,746.00)	(1,190,000.00)
Depreciation on Property, Plant & Equipments		(436,567.82)	(150,496.52)
Amortisation of Intangible Assets		(10,000.00)	(10,000.00)
Results from Operating Activities -		14,681,342.96	(26,923,020.70)
Finance Income	18	-	-
Finance Cost	19	-	-
Net Finance Costs -		-	-
Profit Before Tax -		14,681,342.96	(26,923,020.70)
Tax Expenses	20	423,895.00	217,955.00
Profit from Continuing Operations -		15,105,237.96	(26,705,065.70)
Discontinuing Operations:			
Profit/(Loss) from Discontinuing Operations		-	-
Taxes on Discontinuing Operations	20	-	-
Profit/(Loss) from Discontinuing Operations(Net of Tax) -		-	-
Profit For the Year -		15,105,237.96	(26,705,065.70)
Other Comprehensive Income:			
Other Comprehensive Incomes	21	-	-
Taxes on Other Comprehensive Incomes	20	-	-
Other Comprehensive Income For the Year(Net of Tax) -		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR-		15,105,237.96	(26,705,065.70)
Earning per Share:			
Basic Earning per Share -	22	0.30	(0.53)
Diluted Earning per Share -	22	0.30	(0.53)
Earning per Share - Continuing Operations:			
Basic Earning per Share -	22	0.30	(0.53)
Diluted Earning per Share -	22	0.30	(0.53)

Notes 1 to 32 form integral part of the Financial Statements

In terms of our Report of even date-
 For M.P. SUREKA & CO.

Chartered Accountants
 FRN.: 322097E


 M. P. SUREKA
 - Partner
 Membership No. 050560



For and on behalf of the Board of Directors



Chairman
 Place: Kolkata
 Date: 15-04-2016


 Managing Director / CEO



GIC - BHUTAN RE LIMITED
 STATEMENT OF CHANGES IN EQUITY

Particulars	Note	Attributable to the Owners of the		Total Equity (Nu.)
		Share Capital	Retained Earnings	
Balance as at 01-01-2014 as previously reported	25	300,000,000.00	(1,085,331.31)	298,914,668.69
Less: Pre-operative Expenses Written Off			-1,573,330.00	(1,573,330.00)
Less: Depreciation (Changes in useful life of assets)			4,915.09	4,915.09
Balance as at 01-01-2014 as BAS (Restated)		300,000,000.00	(2,653,746.22)	297,346,253.78
Total Comprehensive Income of 2014:				
Profit/(Loss) for the year			(26,705,065.70)	(26,705,065.70)
Other Comprehensive Incomes			-	-
Total Comprehensive Income of 2014 -			(26,705,065.70)	(26,705,065.70)
Contribution by and Distributions to the Owners of the Company:				
Fresh Capital		200,000,000.00		200,000,000.00
Dividends				
Total -		200,000,000.00		200,000,000.00
BALANCE OF 01.01.2015 as BAS (Restated)		500,000,000.00	(29,358,811.92)	470,641,188.08
Total Comprehensive Income of 2015 :				
Profit/(Loss) for the year			15,105,237.96	15,105,237.96
Other Comprehensive Incomes				
Total Comprehensive Income of 2015 -			15,105,237.96	15,105,237.96
Contribution by and Distributions to the Owners of the Company:				
Dividends				
Total -				
BALANCE AS AT 31-12-2015 -		500,000,000.00	(14,253,573.96)	485,746,426.04

Notes 1 to 32 form integral part of the Financial Statements

In terms of our Report of even date-

For M.P. SUREKA & CO.

Chartered Accountants

FRN.: 322097E

M.P. Sureka
 M. P. SUREKA

- Partner

Membership No. 050560

[Signature]

For and on behalf of the Board of Directors

Chairman

Place: Kolkata

Date: 15-04-2016

[Signature]
 Managing Director / CEO





GIC - BHUTAN RE LIMITED
STATEMENT OF CASH FLOW

Particulars	Note	Amount in Nu.	
		For the Year 2015	For the Year 2014
Cash Flows from Operating Activities:			
Profit for the Year		15,105,237.96	(26,705,065.70)
Adjustment for:			
- Depreciation	1	446,567.82	160,496.52
- Impairment Loss on Trade Receivables	25	-	-
- Net Finance Costs		-	-
- Tax Expenses	20	(423,895.00)	(217,955.00)
		15,127,910.78	(26,762,524.18)
Changes in:			
- Inventories		-	-
- Trade & Other Receivables		(64,743,779.30)	(57,853,500.92)
- Prepayments		-	-
- Trade & Other Payables		150,362,371.55	143,574,640.22
- Employee Benefits (Excluding Actuarial Gain/Loss)		70,000.00	226,500.00
Cash Generated from Operating Activities -		100,816,503.03	59,185,115.12
Interest Paid		-	-
Corporate Tax Paid	7	(2,196,946.49)	(1,232,953.23)
Net Cash from Operating Activities -		98,619,556.54	57,952,161.89
Cash Flows from Investing Activities:			
Interest Received		-	-
(Purchase)/Redemption of Investment Properties		(67,249,999.96)	(292,765,856.83)
(Purchase)/Redemption of Financial Assets		-	-
Proceeds from Sale of Property, Plant & Equipment		-	-
Additions of Fixed Assets	1	(165,099.60)	(3,667,405.00)
Net Cash from/(used) in Investing Activities -		(67,415,099.56)	(296,433,261.83)
Cash Flows from Financing Activities:			
Proceeds from Issue of Share Capital		-	200,000,000.00
Dividend Paid		-	-
Net Cash from/(used) in Financing Activities -		-	200,000,000.00
Net Increase/(Decrease) in Cash & Cash Equivalent -		31,204,456.98	(38,481,099.94)
Opening Balance of Cash & Cash Equivalent		8,710,740.86	47,191,840.80
CLOSING BALANCE OF CASH & CASH EQUIVALENT		39,915,197.84	8,710,740.86

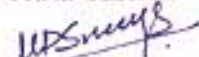
Notes 1 to 32 form integral part of the Financial Statements

In terms of our Report of even date-

For M.P. SUREKA & CO.

Chartered Accountants

FRN:- 322097E



M. P. SUREKA

- Partner

Membership No. 050560'



For and on behalf of the Board of Directors



Chairman

Place: Kolkata

Date: 15-04-2016



Managing Director / CEO



GIC - BHUTAN RE LIMITED
NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Note - 1

Particulars	Gross Carrying Amount (in Nu.)				Depreciation/Amortisation (in Nu.)				Net Carrying Amount (in Nu.)	
	As on 31-12-2014	Additions in the Year	Deletions in the Year	As on 31-12-2015	As on 31-12-2014	Depreciation for the Year	Adjust. in the Year	As on 31-12-2015	As on 31-12-2015	As on 31-12-2014
	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) Computer Equipments	277,820.00	143,329.85	-	421,149.85	61,081.87	57,700.68	-	118,782.55	302,367.66	216,738.13
ii) Office Equipments	73,670.00	2,400.00	-	76,070.00	13,451.72	11,997.74	-	25,449.40	50,620.54	60,218.26
iii) Furniture & Fixtures	299,522.00	19,370.00	-	318,892.00	37,479.00	28,705.59	-	66,184.50	292,707.50	252,043.00
iii) Motor Vehicles	3,559,620.00	-	-	3,559,620.00	73,191.64	338,163.90	-	411,355.54	3,149,264.46	3,480,428.36
2. Intangible Assets										
A. Total Fixed Assets - Capital Work-in-Progress	30,000.00	-	-	30,000.00	20,000.00	10,000.00	-	30,000.00	-	10,000.00
A. Total Fixed Assets -	4,240,632.00	165,099.60	-	4,405,731.60	205,204.23	446,567.82	-	651,772.05	3,753,959.55	4,035,427.77
B. Total CWIP -	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B) - PREVIOUS YEAR -	4,240,632.00	165,099.60	-	4,405,731.60	205,204.23	446,567.82	-	651,772.05	3,753,959.55	4,035,427.77
PREVIOUS YEAR -	573,227.00	3,667,405.00	-	4,240,632.00	44,707.71	160,496.52	-	205,204.23	4,035,427.77	528,519.29

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.





GIC - BHUTAN RE LIMITED
 NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Particulars	Amount in Nu.		
	As on 31-12-2015	As on 31-12-2014	As on 01-01-2014
2. Trade & Other Receivables:			
Security Deposits (House Rent)	60,000.00	60,000.00	60,000.00
Trade Receivables (more than one year) (from other companies carrying on insurance business including	-	-	-
Other Receivables	-	-	-
A. Total Non-Current Assets -	60,000.00	60,000.00	60,000.00
Trade Receivables (Subject to Confirmation)			
Due for more than 6 months			
- Considered Good	152,542,316.72	87,954,545.11	-
- Considered Doubtful	-	-	-
Others - Considered Good	-	-	-
	152,542,316.72	87,954,545.11	-
Less: Allowance of Impairment Loss	-	-	-
Total Debts Considered Good -	152,542,316.72	87,954,545.11	-
Deposits for POL	8,149.99	65.81	-
Misc. Advances	1,000.00	-	-
Temporary Advance	146,923.51	-	100,000.00
Retention Money	-	-	30,000,000.00
Advance Others	-	-	1,110.00
B. Total Current Assets -	152,698,390.22	87,954,610.92	30,101,110.00
GRAND TOTAL (A+B) -	152,758,390.22	88,014,610.92	30,161,110.00
3. Investment Properties:			
A. Long Term Investments			
Shareholder's Fund	220,228,926.04	408,002,158.20	200,863,013.70
Policyholder's Fund	52,773,232.12	-	-
A. Total Non-Current Assets -	273,002,158.16	408,002,158.20	200,863,013.70
B. Short Term Investments			
Shareholder's Fund	248,461,439.56	105,750,000.00	20,123,287.67
Policyholder's Fund	59,538,560.44	-	-
B. Total Current Assets -	308,000,000.00	105,750,000.00	20,123,287.67
TOTAL - (A + B)	581,002,158.16	513,752,158.20	220,986,301.37
4. Financial Assets:			
Balances with Banks in			
- Earmarked Dividend Account	-	-	-
- Fixed Deposit (Maturity more than 12 Months)	-	-	-
- Public Issue Current A/c.	-	-	-
TOTAL -	-	-	-

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GIC - BHUTAN RE LIMITED
 NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Particulars	Amount in Nu.		
	As on 31-12-2015	As on 31-12-2014	As on 01-01-2014
5. Inventories:	-	-	-
TOTAL -	-	-	-
6. Deferred Tax Assets / (Liabilities):			
Deferred Tax Assets / (Liabilities) [Note-26]			
- On Temporary Timing Difference of Fixed Assets	(80,664.00)	(18,045.00)	-
- On Temporary Timing Difference of Preoperative Exp.	236,000.00	236,000.00	-
- On Allowance of Impairment Loss	486,514.00	-	-
- On Employee Benefit Expenses	-	-	-
CLOSING BALANCE -	641,850.00	217,955.00	-
7. Current Tax Assets / (Liabilities):			
Advance Tax - Opening Balance			
- TDS Credit	661,353.81	-	-
- Advance Corporate Tax	571,599.42	-	-
	1,232,953.23	-	-
Add: TDS Credit during the Year	2,030,369.80	661,353.81	-
* Advance Tax Paid during the Year	166,576.69	571,599.42	-
	3,429,899.72	1,232,953.23	-
Less: Adjustments made during the Year	-	-	-
A. Closing Balance of Advance Tax -	3,429,899.72	1,232,953.23	-
Provision for Corporate Tax - Opening Balance	-	-	-
Add: Provision made during the Year	-	-	-
	-	-	-
Less: Tax Paid during the Year	-	-	-
	-	-	-
Less: Adjustments made during the Year	-	-	-
B. Closing Balance of Provision -	-	-	-
NET CURRENT ASSETS / (LIABILITIES) [A-B] -	3,429,899.72	1,232,953.23	-
8. Prepayments:			
Advance against Fixed Assets	-	-	-
Advance to Staffs	-	-	-
TOTAL -	-	-	-
9. Cash & Cash Equivalents:			
Balances with Banks in			
- Current Accounts (USD)	5,005,539.17	332,297.68	-
- Current Accounts (INR)	33,516,971.64	390,479.57	-
- Current Accounts (Nu)	1,353,118.04	7,963,739.15	47,181,881.80
	39,875,628.85	8,686,516.40	47,181,881.80
Cash in Hand	39,569.00	24,224.50	9,959.00
A. Total Cash & Cash Equivalents -	39,915,197.85	8,710,740.90	47,191,840.80
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) -	39,915,197.85	8,710,740.90	47,191,840.80





GIC - BHUTAN RE LIMITED
 NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Particulars	Amount in Nu.		
	As on 31-12-2015	As on 31-12-2014	As on 01-01-2014
10. Employee Benefits:			
Defined Benefit Obligation - Gratuity Liability (Note-26)	536,248.70	226,500.00	-
Less: Fair Value of Plan Assets - Gratuity Fund (Note-26)	239,748.70	-	-
Net Defined Benefit (Assets)/Liabilities -	296,500.00	226,500.00	-
Provision for Leave Encashment	-	-	-
NET EMPLOYEE BENEFIT (ASSETS)/LIABILITIES -	296,500.00	226,500.00	-
11. Trade & Other Payables:			
Liabilities for Expenses (Claim Outstanding)	148,316,204.49	58,469,722.73	8,440.16
Balance Due to Other Insurance Companies (50%)	41,966,130.53	16,173,537.49	-
A. Total Non-Current Liabilities -	190,282,335.02	74,643,260.22	8,440.16
Balance Due to Other Insurance Companies (50%)	41,966,130.53	16,173,537.49	-
Un-Earned Income	63,054,380.31	54,174,909.20	1,436,916.52
Liability for Audit Fees	100,000.00	100,000.00	75,000.00
Suspense Account	49,215.00	-	1,161.00
GSLI Liability	2,300.00	-	-
TDS Payable	4,168.60	4,451.00	-
B. Total Current Liabilities -	105,176,194.44	70,452,897.69	1,513,077.52
GRAND TOTAL (A+B) -	295,458,529.45	145,096,157.90	1,521,517.68

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GIC - BHUTAN RE LIMITED
NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Particulars	Amount in Nu.	
	For the Year 2015	For the Year 2014
12. Revenue:		
Gross Re- Insurance Premium Accepted	179,945,764.67	125,044,232.25
Less: Premium on Re- Insurance Ceded	(17,462,216.20)	(20,381,095.76)
Less: Adjustments for change in Reserve for Unexpired Risk	(8,875,495.76)	(54,178,884.55)
Net Revenue (A)	153,608,052.71	50,484,251.94
Revenue- Others		
Bank Interest (on Investments)	44,330,054.05	12,240,771.35
Revenue Others (B)	44,330,054.05	12,240,771.35
TOTAL (A+B)		62,725,023.29
13. Direct Expenses:		
Insurance Premium Paid (net)	31,476,441.77	-
Insurance Premium (Claims Outstanding) (net)	89,379,397.08	58,936,807.41
Brokerage (net)	50,350,287.55	23,172,654.01
TOTAL -	171,206,126.40	82,109,461.42
14. Other Incomes:		
Miscellaneous Receipt	-	-
Exchange Gain / (Loss)	(1,582,520.77)	0.06
TOTAL -	(1,582,520.77)	0.06
15. Employee Benefit Expenses:		
Salary & Wages (Basic)	3,366,190.00	2,510,952.00
Employers Contribution to Provident Fund	272,120.00	198,500.00
Wages	33,552.00	18,000.00
Communication Allowance	44,000.00	25,027.00
House Rent	360,000.00	390,000.00
Arrear Salary	35,000.00	100,000.00
Leave Encashment	164,000.00	100,000.00
Sitting Fees	480,000.00	420,100.00
Staff Welfare - Group Personal Accident Insurance	9,178.00	7,060.00
Staff Welfare - Gratuity (Note 26)	296,500.00	226,500.00
Staff Welfare - Misc.	22,216.00	22,304.50
TOTAL -	5,082,756.00	4,018,443.50

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

Gratuity of Nu. 296,500.00 have been provided in these account on the assumption that all the employees ceases to be employed with effect from 01/01/2016. The accumulated provision (as on 31/12/2015) Nu. 523,000.00 have not yet been deposited into a separate account with other financial institution as per the provision of the Income Tax Act of the Kingdom of Bhutan 2001.





GIC - BHUTAN RE LIMITED
NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Particulars	Amount in Nu.	
	For the Year 2015	For the Year 2014
16. Administrative Expenses:		
Advertisement & Publicity Expenses	147,484.30	225,170.00
Rent, Rates and Taxes	180,000.00	180,000.00
Fee, Charges & Subscription	530,903.83	18,136.00
Electricity Charges	6,121.00	4,922.03
Entertainment Expenses	177,717.92	121,368.00
Repairs & Maintenance	27,073.00	25,158.00
Audit Fees	100,000.00	100,000.00
Meeting Expenses	128,179.02	204,904.61
Communication Expenses (Tele, Fax & Internet)	155,712.14	121,067.00
Postage & Telegraph	2,825.00	8,460.00
Donation and Subscription	600,000.00	3,000.00
Gifts & Presents	102,892.00	70,202.00
General Expenses	11,486.00	4,134.00
Anniversary Expenses	222,002.40	-
Insurance of Fixed Assets	5,256.00	3,935.00
Bank Charges	214,592.88	51,173.78
Water & Sewerage Charges	932.00	496.00
Printing and Stationery	125,883.00	65,260.00
Recruitment and Training Expenses	18,000.00	20,000.00
Vehicle Expenses (Fuel, Repairing & Others)	259,381.32	140,139.19
Travelling Expenses	1,518,605.00	802,117.00
TOTAL -		2,169,642.61
17. Other Expenses:		
IPO Expenses	-	1,190,000.00
Rating Expenses	403,746.00	-
Impairment Loss on Trade Receivables (Note-25)	-	-
TOTAL -	403,746.00	1,190,000.00
18. Finance Incomes:		
Interest from Loan	-	-
TOTAL -	-	-
19. Finance Costs:		
Interest on Bank OD A/c	-	-
TOTAL -	-	-
20. Tax Expenses:		
Current Tax Expenses	-	-
Deferred Tax Expenses (Note-24)	(423,895.00)	(217,955.00)
Earlier Year's Tax Adjustments	-	-
Tax Expenses on Continuing Operations -	(423,895.00)	(217,955.00)
Taxes on Discontinuing Operations	-	-
Taxes on Other Comprehensive Incomes	-	-
TOTAL -	(423,895.00)	(217,955.00)

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GIC - BHUTAN RE LIMITED
NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Particulars	Amount in Nu.	
	For the Year 2015	For the Year 2014
21. Other Comprehensive Incomes:		
Actuarial Gain/(Loss) on Net Defined Plan (Note-26)	-	-
Profit/(Loss) on disposal of Property, Plants & Equipments	-	-
TOTAL -	-	-
22. Earning Per Share:		
A. Absolute No. of Shares	50,000,000	50,000,000
B. Diluted No. of Shares	50,000,000	50,000,000
C. Comprehensive Income for the Year	15,105,237.96	(26,705,065.70)
D. Income from Continuing Operation for the Year	15,105,237.96	(26,705,065.70)
Basic Earning per Share (C/A) -	0.30	(0.53)
Diluted Earning per Share (C/B) -	0.30	(0.53)
Basic Continuing Earning per Share (D/A) -	0.30	(0.53)
Diluted Continuing Earning per Share (D/B) -	0.30	(0.53)





GIC - BHUTAN RE LIMITED
 NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

23. 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 31-12-2015		As on 31-12-2014	
	No. of Shares	Amount in Nu.	No. of Shares	Amount in Nu.
Authorised Share Capital				
Equity Shares	50,000,000	500,000,000.00	50,000,000	500,000,000.00
Issued, Subscribed and Paid- Fully paid up Equity Shares	50,000,000	500,000,000.00	50,000,000	500,000,000.00
TOTAL -	50,000,000	500,000,000.00	50,000,000	500,000,000.00

- b. List of shares in the Company held by it's associates are as follows,

Sl. No.	Name of the Shareholders	No. of Shares	
		As on 31-12-2015	As on 31-12-2014
1	Bhutanese (74%)	37,000,000	37,000,000
2	Foreigner (26%)	13,000,000	13,000,000
TOTAL -		50,000,000	50,000,000

24. Calculation of Deferred Tax:

- a. Detail calculation for Deferred Tax are as follows:

Particulars	As per BAS	As per IT Act	Temporary Timing Diff.	Deferred Tax Assets
<i>As on 31.12.2014:-</i>				
1 WDV of Fixed Assets	4,035,427.77	3,975,278.12	(60,149.65)	(18,045.00)
2 Preoperative Expenses	-	786,665.00	786,665.00	236,000.00
A. Deferred Tax Assets/(Liabilities) -				217,955.00
<i>As on 31.12.2015:-</i>				
1 WDV of Fixed Assets	3,753,959.55	3,485,080.16	(268,879.39)	(80,664.00)
2 Preoperative Expenses	-	786,665.00	786,665.00	236,000.00
3 Exchange Loss (Not taken in GAAP onexchange loss FC)	(1,582,520.77)	39,193.53	1,621,714.30	486,514.00
B. Deferred Tax Assets/(Liabilities) -				641,850.00
Increase/(Decrease) in DTA [B-A] -				423,895.00





GIC - BHUTAN RE LIMITED
NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

25. Impairment Loss on Trade Receivables:

a. Movements in the Allowance for Impairment Loss were as follows:

Particulars	Amount in Nu.	
	Year 2014	Year 2013
Balance at the beginning of the Year	-	-
Add: Charge for the Year	-	-
Less: Amount written off during the Year	-	-
Balance at the end of the Year -	-	-

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

26. Employee Benefits:

Balance Position at year end in Nu.,

Particulars	As on 31-12-2015	As on 31-12-2014
Opening Balance	-	-
Interest Income on Fund Assets	13,248.70	-
Paid into Gratuity Fund by Company	226,500.00	-
Benefits paid during the year	-	-
A. Gratuity Fund Assets at the Year end -	239,748.70	-
Opening Balance	226,500.00	-
Service Cost	296,500.00	226,500.00
Interest Cost on Obligation	13,248.70	-
Benefits paid directly by the Co. during the year	-	-
Benefits paid from Plan Assets	-	-
B. Defined Benefit Obligation at the Year end -	536,248.70	226,500.00
Net Employee Benefit Assets/(Liabilities) [A-B] -	(296,500.00)	(226,500.00)





GIC - BHUTAN RE LIMITED
 NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

27. 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.

b. Primary Segment Information(Business Segment):-

Figures in Nu.

Particulars	2015	2014
Gross Premium	179,945,764.67	125,044,212.25
Retro Premium	17,462,216.20	20,381,095.76
Net Premium	162,483,548.47	104,663,116.49
Change in UPR	8,875,495.76	54,178,886.55
Earned Premium	153,608,052.71	50,484,251.94
Bank Interest Recd. on Investments	44,330,054.05	12,240,771.35
Net Incurred Claims	120,655,838.85	58,936,807.41
Net Commission	50,350,287.55	23,172,654.01
Operating Expenses	10,468,116.63	7,538,582.63
Exchange Gain/Loss	-1,582,520.77	0.06
Underwriting Result	14,681,342.96	-26,923,020.70

28. Related Party Disclosure:

Particulars of the transactions with the Directors and their relatives as per provisions of the Companies Act of the Kingdom of Bhutan, 2000:

Sl. No.	Name	Nature of Relationship	Nature of Transactions/loan Facility	Outstanding as on 31.12.2015	Outstanding as on 31.12.2014
	Director/ Associates				
	Relative / Associates of the Director				
1	Druk PNB Bank Ltd	Chairman	Fixed Deposits	-	100,000,000.00
2	Nutri Capital Pvt. Ltd	CEO	Fixed Deposits	100,000,000.00	100,000,000.00
	Key Managerial Person				
	Chief Executive Officer				
			Remuneration	1,224,000.00	979,500.00
			Sitting Fees	60,000.00	60,000.00

29. Contingent Liability

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

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

30. Management Expenses:

Management expenses include:

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

Particulars	2015 (Amt. in Nu.)	2014 (Amt. in Nu.)
Remuneration	1,224,000.00	979,500.00
Directors sitting fees	60,000.00	60,000.00

(b) Audit Related

Particulars	2015 (Amt. in Nu.)	2014 (Amt. in Nu.)
Audit fees and expenses	100,000.00	100,000.00

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GIC - BHUTAN RE LIMITED
 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 31-12-2014 A	Additions in the Year B	Deletions in the Year C	As on 31-12-2015 D = A + B - C	As on 31-12-2014 E	Depreciation for the Year F	Adjs in the Year G	As on 31-12-2015 H = E + F - G	As on 31-12-2014 I = A - E
Computer Equipments	277,820.00	143,329.60	-	421,149.60	57,867.03	54,663.80	-	312,530.84	219,952.97
Office Equipments	73,670.00	2,400.00	-	76,070.00	12,743.73	11,366.28	-	24,110.01	60,926.27
Furniture and Fixture	299,522.00	19,370.00	-	318,892.00	39,177.37	45,334.47	-	104,501.85	240,344.63
Motor Vehicles	3,559,620.00	-	-	3,559,620.00	115,565.75	533,943.00	-	649,508.75	3,444,054.25
Intangible Assets	30,000.00	-	-	30,000.00	20,000.00	10,000.00	-	30,000.00	10,000.00
A. Total Fixed Assets -	4,240,632.00	165,099.60	-	4,405,731.60	265,353.88	655,297.56	-	920,651.44	3,485,080.16
Capital Work-in-Progress	-	-	-	-	-	-	-	-	-
B. Total CWIP -	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A+B) -	4,240,632.00	165,099.60	-	4,405,731.60	265,353.88	655,297.56	-	920,651.44	3,485,080.16
PREVIOUS YEAR -	573,227.00	3,667,405.00	-	4,240,632.00	49,622.80	215,731.08	-	265,353.88	3,975,278.12

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GIC - BHUTAN RE LIMITED
RATIO ANALYSIS

Particulars	Year 2015	Year 2014
A. Ratios for Assessing Financial Health:		
1 Capital Turnover Ratio (Sales/Capital Employed)	0.41	0.13
2 Current Ratio (Current Assets/Current Liabilities)	4.92	2.92
3 Acid Test Ratio / Quick Ratio (Current Assets other than Inventories/Current Liabilities)	4.92	2.92
4 Inventory Turnover Ratio (Sales/Average Inventory)	#DIV/0!	#DIV/0!
5 Fixed Assets Turnover Ratio (Sales/Fixed Asset)	52.73	15.54
6 Debtors Turnover Ratio (Gross Debtors/Sales) X 365	281 Days	512 Days
B. Ratios for Assessing Profitability:		
1 Return on Investments (Profit after Tax /Capital Employed)	3.11%	-5.67%
2 Net Profit Ratio (Net Profit/Sales) X 100	7.42%	-42.92%
3 Operating Ratio (All Expenses excluding Finance Cost)/Sales X 100	91.56%	142.67%





The Impact of adopting BAS			
(i) Statement of financial position as at January 01, 2014			
	Previous GAAP (Nu.)	Adjustments under BAS (Nu.)	As at January 01, 2014 (Restated) (Nu.)
Assets			
Property, Plant and Equipment	523,604.20	4,915.09	528,519.29
Preoperative Expenses	1,573,330.00	(1,573,330.00)	-
Equity & Liabilities			
Retained Earnings (Profit and loss a/c)	(1,085,331.31)	(1,568,414.91)	(2,653,746.22)
(ii) Statement of financial position as at December 31, 2014			
	Previous GAAP (Nu.)	Adjustments under BAS (Nu.)	As at January 01, 2015 (Restated) (Nu.)
Assets			
Property, Plant and Equipment	3,975,278.12	60,149.65	4,035,427.77
Deferred tax assets / (Liabilities)	-	(18,045.00)	(18,045.00)
Preoperative Expenses	786,665.00	(786,665.00)	-
Deferred tax assets / (Liabilities)	-	236,000.00	236,000.00
Equity & Liabilities			
Retained Earnings	(28,850,251.57)	(508,560.35)	(29,358,811.92)





GIC BHUTAN RE LIMITED

NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

31. 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 16th May 2013 vide registration no. U20130516THH0406, 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 31st December, 2015.

B. Basis of Preparation:-

The financial statements of the Company have been prepared in accordance with Bhutanese Accounting Standards. The statements have been prepared under the accrual, 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:** critical judgments are expected period of use, condition of the asset, technological advances, regulation, 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 for the first year. The summarised 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 2015 is increase of the Net profit before tax by Nu. 268,879.39 (Nu. 60,149.65 in 2014).





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- c) Pre-operative Expenses written off in the opening of the previous year i.e. as on 01/01/2013 of Nu. 1,573,330.00 as the same is not treated as assets as per BAS but as per Income Tax Act the same has been amortised over 3 years. The impact of this in 2015 is increase of the Net profit before tax of Nu. 786,665.00 (Nu. 786,665.00 in 2014).

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 Translation:-

- 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 recognised 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 financing 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 recognised 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 equipment	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 recognised within 'Comprehensive Income/(Loss)' as the case may be, in the income statement.





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G. Intangible Assets:-

Computer Software & Logo etc.:- Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised 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 recognised as an expense as incurred.

H. Research and Development Costs:-

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

If the company decides to proceed 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. These are classified as non-current assets. The group's Receivables and Advances comprise "Trade & Other Receivables", "Financial Assets", "Prepayments" and "Cash & Cash Equivalents" in the Statement of Financial Position (Note-2, 4, 8 and 9)

J. Inventories:-

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

K. Trade & Other Receivables:-

Trade and other receivables are initially recognised 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.





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NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

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, 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.

P. 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, except Bonus which is accounted for on Cash Basis.

Q. 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





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NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

Premium Income is recognised on assumption of risk and has been taken as base calculation on the basis as under:

- Facultative Business	:	Time Line Premium Income.
- Non Proportionate Treaty Business	:	Gross Estimated Premium Income.
- Proportionate Treaty Business	:	70% of Gross Estimated Premium Income.
- Other Reinsurance Business	:	As per terms of the Reinsurance Contract.

Premium received / receivable for succeeding accounting period have been recognised as Unearned 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.

R. 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.

S. Outstanding Loss Reserve:

Outstanding Loss Reserve represents the provision for 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 upto the date of finalisation of accounts. This reserve will be appropriately adjusted whenever the claim is finally settled.

T. Reinsurance Ceded:

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

U. Events After Balance Date:-

The Board of Directors has proposed a dividend for the financial year 2015 of Nu. NIL, which is subject to approval of the members in the General Meeting to be held on April 25, 2016.

T. Comparative Information:-

Where necessary certain comparative information has been reclassified in order to provide a more appropriate basis for comparison. 2014 comparative information has been updated to comply with the introduction of Bhutanese Accounting Standards.





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NOTES FORMING INTEGRAL PART OF THE FINANCIAL STATEMENTS

32. Notes on Accounts:

- a. Quantitative Information as required under Part II of Schedule XIII A, clause no 3 (ii) (c) (1) of the Companies Act 2000 in respect of service sector companies as under:

<u>Service Rendered</u>	<u>Gross Income (Nu.)</u>
Reinsurance Service	179,945,764.67

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

For **M.P. SUREKA & CO.**

Chartered Accountants

Firm's Registration No.- 322097E

M. P. SUREKA

- Partner

Membership No. 050560



For and on behalf of the Board of Directors

Chairman

Place: Kolkata

Date: 15/04/2016

Managing Director / CEO





Mr. Wangchuk Namgyel
Chief Executive Officer



Mr. Vikrant Parate
Dy CEO & Head Reinsurance



Mr. Jigmi Nidup
Head Finance & Investment



GIC-Bhutan Re Family



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