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**Royal Insurance Corporation
of
Bhutan Limited**



ལོ་བསྟར་སྟན་ལྗོངས།

37TH ANNUAL REPORT 2011

GENERAL INFORMATION

HEAD OFFICE

THIMPHU

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REGIONAL OFFICE

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Post Box no.: 77

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RICB BRANCH OFFICES

	Telephone	Fax
SAMTSE	05-365235	05-365591
GEDU	05-282330	05-282564
PARO	08-271281, 272853	08-272019
KHURUTHANG	02-584310, 584346	02-584309
TRASHIGANG	04-521156, 521324	04-521298
GELEPHU	06-251070	06-251782
SAMDRUP JONGKHAR	07-251095, 251491	07-251492
TSIRANG	06-471420	06-471421
BUMTHANG	03-631101	03-631333
MONGAR	04-641116, 641104	04-641446
NGANGLAM	07-481221	07-481222

MICRO OFFICES OF RICB

	Telephone	Fax
HAA	08-375351	08-375301
T/YANGTSE	04-781270	04-781270
LHUNTSE	04-545176	04-545176
P/GATSHEL	07-471290	07-471291
TRONGSA	03-521444	03-521403
ZHEMGANG	03-741291	03-741292
BAJO	02-481927	02-481928
DAGANA	06-481289	06-481290
GOMTU	05-371255	05-371256
JOMOTSHANGKHA	07-264032	07-264031

BANKERS

BANK OF BHUTAN

H.O. PHUENTSHOLING, BHUTAN

BHUTAN NATIONAL BANK

H.O. THIMPHU, BHUTAN

DRUK PNB BANK

H.O. THIMPHU, BHUTAN

T- BANK

H.O. THIMPHU, BHUTAN

BARCLAYS BANK PLC

54, LOMBARD STREET

Post Box No. 554. LONDON – EC3v 9Ex

HDFC BANK LTD.

INDIA

AUDITORS

S.N MUKHERJI & CO.

CHARTERED ACCOUNTANTS

1B, OLD POST OFFICE STREET, KOLKATA – 700 001



VISION

The vision of the RICB is to be the Premier Financial Service provider in the country and beyond, securing the ever evolving aspirations of society

MISSION

We offer premier insurance, credit, and other social security services, delivering personalized services at affordable cost by professional employees through comprehensive network. We strive to enhance mutually beneficial relationship to satisfy our stakeholders

CORE VALUES

T ransparency	:	Openness is our name
A ccountability	:	Honouring our responsibility
C ommitment	:	Delivering our promises
T eam Work	:	United we stand
I ntegrity	:	Playing by the rules
C reativity	:	New day, new ideas
S pecialization	:	Pursuing greater heights

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ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED

Directors' Report for the Year 2011

To the Members:

On behalf of the Board of Directors and on my own behalf, I am pleased to present the 37th Annual Report together with the Audited Financial Statements of the Company for the year ended 31st December 2011.

Operational & Performance Highlights

Financial Year 2011 was yet another year of impressive growth with record profit before tax of Nu. 450.94 million (Nu. 300.19 million profit before tax in the previous year). The total direct business posted to Nu. 1,519.86 million with the growth of 35.85% compared to Nu. 1,118.71 million in the previous year. The Investment Business contributed Nu. 644.45 million followed by General Insurance Business by Nu. 618.79 million, and the remaining contribution of Nu. 256.62 million registered from Life Insurance and GIS business.

The total business achieved from the insurance sector (General, Life & Group Insurance) is Nu. 875.41 million and the net premium after affecting the re-insurance premiums posted Nu. 577.13 million. Correspondingly, the gross claims amounted to Nu. 482.58 million and the net claims after considering reinsurance recoveries posted Nu 189.44 million. The overall net claim ratio during the financial year 2011 stands at 32.82 % compared to 43.21% in the previous year.

The overall underwriting insurance net revenue posted Nu.191.97 million compared to Nu.150.24 million during the last financial year, which is transferred to the Profit and Loss Account of the Corporation. The investment business continues to contribute substantially to the overall performance of the company. The gross interest earned for the year posted to Nu 644.45 million with the growth of 39.14 % and the net interest earned after suspending the interest in line with the RMA prudential regulation 2002 posted to Nu.623.96 million.

Business Income for the Period ended 31.12.2011

Figures in (Nu. Million)		Premium			Claims		
Particulars		Gross Premium	Reinsurance	Net Premium	Gross Claim	Reinsurance	Net Claim
Fire		234.45	136.92	97.52	160.54	123.73	36.81
Miscellaneous		370.07	149.51	220.56	278.06	166.12	111.93
Marine		14.26	11.14	3.13	1.91	3.28	1.37
A General Insurance		618.79	297.57	321.22	440.51	293.14	147.37
B Life Insurance		222.89	0.71	222.18	27.17	-	27.17
C GIS & GISL		33.73	-	33.73	14.90	-	14.90
Total = (A+B+C)		875.41	298.28	577.13	482.58	293.14	189.44
D Investment		Gross Interest Earned	Interest Suspense	Net - Interest Earned	Interest Expenses	Interest Differential	Further Provs.
		644.45	20.49	623.96	369.15	305.41	10.98
(A+B+C+D)		Total Business		1,519.86			

Financial Performance for the year 2010-2011

Particulars	2011 (Nu. Million)	2010 (Nu. Million)	Variance '11 & '10 %
Income			
General Insurance	186.19	150.24	23.93
Investment (Net)	291.34	175.76	65.76
Life (Surplus)	2.78	-	100.00
Other	6.62	6.23	6.43
Total: (I)	486.93	290.12	46.57
Expenses			
Deprecation	13.54	11.45	8.63
Contribution to Gratuity Fund	3.57	3.92	(52.49)
Other Expenses	18.89	16.66	65.28
Total: (II)	36.00	32.04	10.98
Profit Before Tax (I) - (II)	450.93	300.19	50.22
Profit After Tax	315.57	210.13	50.22
Earning Per Share	131.52	87.56	50.20
Book Value Per Share	509.38	406.01	25.46
Net-worth of the Company	1,222.52	974.42	25.46
Return on Core Equity	131.52%	87.56%	-

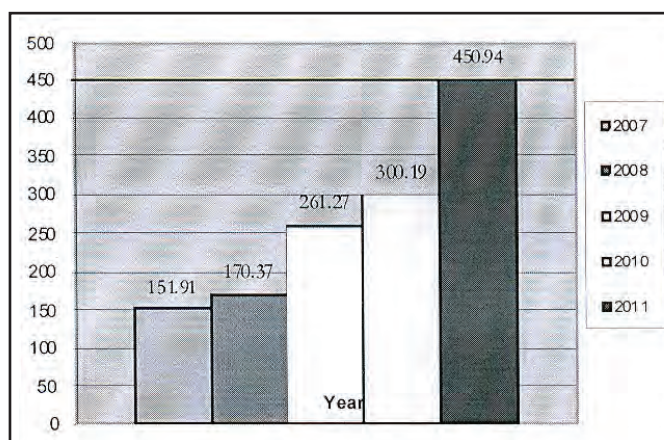
It is significant to note that the Investment Department continues to contribute substantially to the revenue of the corporation with Nu. 291.34 million (59.83%), followed by the General Insurance Department with Nu.186.19 million (38.24%), the remaining contribution is from other miscellaneous sources.

The earnings per share of the Company during the year have posted to Nu.131.52 vis-à-vis Nu. 87.56, in the last financial year. The net worth of the company as on 31.12.2011 posted at Nu. 1,222.52 million compared to Nu. 974.42 million in the last financial year and the book value per share translate to Nu.509.38 compared to Nu. 406.01 during the last financial year. The return to core equity posted 131.52% compared to 87.56% during the last financial year.

Based on the profitability and considering the fund position, the Board has recommended a dividend to the Shareholders at 30% of the face value of share (Nu.30 per share) vis-à-vis 25% (Nu. 25 per share) in the previous year.

Performance Highlights (Gross Profit) from 2007 - 2011

Year	Nu. in Million	%
2007	151.91	15.94%
2008	170.37	12.15%
2009	261.27	53.35%
2010	300.19	14.90%
2011	450.94	50.22%



The company continues to perform consistently y-o-y with the average growth of profit (before tax) at 29.16 % in the last five years.

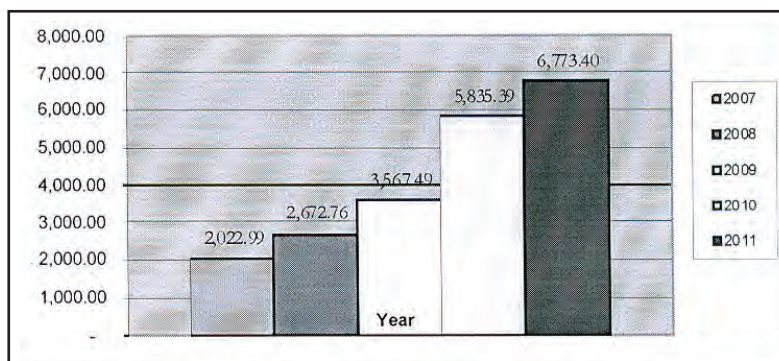
Financial Position of the Company

The total asset of the company has increased by 16.07 % to Nu. 6.77 billion during the year compared to Nu. 5.84 billion in the previous financial year. It is significant to note that for the first time, RICB's net worth has surpassed a billion ngultrum to Nu. 1.22 billion, an increase by about 25.46% from the previous year of Nu. 0.97 billion.

The net fund balance has increased to Nu.4.97 billion from Nu. 4.35 billion in the previous year. The Corporation is expected to contribute about Nu.135.28 million, to the national exchequer in the form of Corporate Income Tax during financial year 2011.

Growth in Balance sheet size is presented below

Year	Nu. in Million	%
2007	2,022.99	5.96%
2008	2,672.76	32.12%
2009	3,567.49	33.48%
2010	5,835.39	63.57%
2011	6,773.40	16.07%



Statutory Compliances

Royal Monetary Authority

Most of the RMA prudential norms have been complied with. Comparative analysis of Recovery rate, Statutory Liquidity Ratio, and the ratio of NPL for the last five years are given below:

Year	Recovery Rate	Statutory Liquidity Ratio	Ratio of NPL
2007	91.32 %	7.11 %	18.43 %
2008	92.30 %	19.75 %	12.32 %
2009	92.30 %	12.53 %	8.27 %
2010	94.77 %	15.06 %	6.75 %
2011	95.69 %	17.65 %	3.86 %

Royal Audit Authority

The Royal Audit Authority has inspected and audited the operations and performance of the company up to financial year 2009. The company is in the process of resolving the issues raised by RAA.

Statutory Auditors

S.N. Mukherji & Co. Chartered Accountants was appointed as the Statutory Auditors of RICB for the financial year 2011 in the 36th Annual General Meeting of the shareholders.

Company Registrar

The Company Registrar has inspected the company's compliances to the Companies Act of the Kingdom of Bhutan 2000 up to the financial year 2009, and no adverse comments were noted.

Acknowledgement

On behalf of the Board of Directors, and on my own behalf, 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 possible the result achieved during the year. The Board also places on record its deep appreciation to the Royal Government and its various agencies for continued support and co-operation provided to the Royal Insurance Corporation of Bhutan Limited (RICBL). In particular, I would like to thank Royal Monetary Authority of Bhutan, the Royal Audit Authority of Bhutan, the Department of Revenue and Customs for their patronage and continued support.

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

I would also like to congratulate the management and the staff of RICB for their dedicated service, which has resulted in yet another year of commendable performance of the Corporation. I extend my good wishes to them for the success of the corporation in the years ahead.

Tashi Delek

Sd/
(Tobgyal Dorji)
CHAIRMAN

*1B, Old Post Office Street
Calcutta - 700 001*

AUDITORS' REPORT

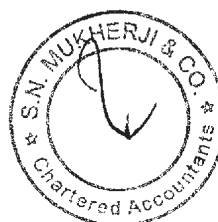
TO THE MEMBERS OF

ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED

We have audited the attached Balance Sheet of the **Royal Insurance Corporation of Bhutan Limited (Corporation)** for the year ended 31 December 2011, for the Life Insurance Business, Group Insurance Savings Scheme (Group Insurance), General Insurance and Credit & Investment and the related Profit and Loss Account and Revenue Accounts for Life Insurance, Group Insurance, Fire Insurance, Marine Insurance, Miscellaneous Insurance, Credit & Investment and Cash Flow Statement for the year ended on that date (hereinafter referred to as "financial statements"), all of which we have signed under the reference to this report, in which are incorporated the accounts/returns of un-audited eleven branches and nine Micro offices not visited by us. 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 audit.

We report as under -

1. We conducted our audit in accordance with the generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements.

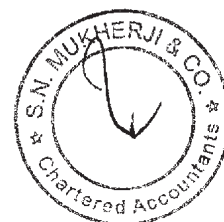


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An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

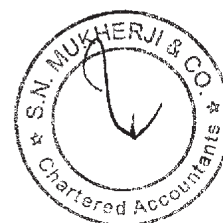
We wish to further state that the actuarial valuation of liabilities for the Life / Group Insurance business is the responsibility of the Corporation's appointed actuary in accordance with the policies adopted by the Corporation. The said valuation has been certified by the Actuary, on which we have relied upon to express an opinion on these financial statements of the Corporation.

2. As required by section 75 of The Companies Act of the Kingdom of Bhutan, 2000 read with part II of Schedule XIV thereto (Minimum Audit Examination and Reporting requirements), we enclose in the annexure a statement on the matters specified therein to the extent applicable.
3. Further, to our comments in the annexure as referred above, we report that:
 - (a) Our examination was made in accordance with the generally accepted auditing standards and accordingly included such tests of accounting records and such other auditing procedures, as we considered appropriate for the purpose of our audit.
 - (b) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (c) In our opinion, proper books of account as required by the law have been kept by the Corporation, so far as it appears from our examination of those books.



(d) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with in this report are in agreement with the books of account and have been compiled on the basis of generally accepted accounting principles.

4. We draw attention in respect of the following notes on **Schedule 21** / observations:
- (a) Note No.12 regarding fraud / embezzlement of funds at different offices;
 - (b) Note No.15 regarding non-provision of bonus payable to employees;
 - (c) Note No.16 regarding non-reconciliation of unadjusted deposits of Nu.1.79 million;
 - (d) Note No. 17(e) regarding under-provision of depreciation of earlier years amounting to Nu.15.56 million;
 - (e) Note No. 21 regarding non-ascertainment of surplus and bonus payable to policy holders based on the accounts of 2011;
 - (f) Note No. 22 regarding extent of further adjustments as required to be made in these accounts that are not ascertainable at this stage, in respect of the balances of the re-insurers for non-life policies, in view of the pending completion of the reconciliation processes / confirmation and acceptance of ceding of reinsurance companies;
 - (g) Note No. 25(a) regarding managerial remuneration awaiting shareholders' approval;
 - (h) Note No. 28 regarding non-creation of liability for premium deficiency in the books which cannot be quantified and commented upon by us;



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- (i) Note No. 31 regarding non-reconciliation of current account maintained with RICB Securities Ltd which may affect the financial statement of the corporation;
- (j) The Corporation has paid Leave Encashment benefit on cash basis as per Significant Accounting Policy No. 2(vii) but not on accrual basis, which is against the generally accepted accounting principle.

The impact of our observations mentioned in the above paragraphs on the financial state of affairs and operational results of the Corporation is not ascertainable at this stage.

Without further qualifying our opinion we would like to state that loan appraisal processing, claim settlement, loan management and internal control, specially in view of the fact that fraud / embezzlement of funds are taking place at regular intervals, certain perpetrated irregularities may remain undetected in the books.

5. In our opinion and to the best of our information and according to the explanations given to us, subject to para 4 of above, the said accounts 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:

- i) In the case of Balance Sheet, of the state of affairs of the Corporation as at 31st December 2011.
- ii) In the case of Profit & Loss account, of the profit of the Corporation for the year ended on that date; and



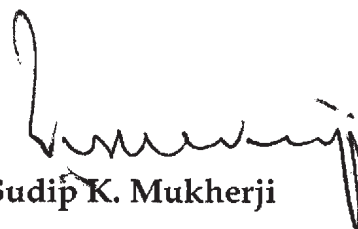
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Chartered Accountants

- iii) In the case of Revenue Accounts, of the surplus in respect of the Life Business, Group Insurance Business, Fire Business, Marine Business, Miscellaneous Business and Credit & Investment;
- iv) In the case of Cash Flow Statement, of the cash flows during the year ended on that date.

For & S. N. Mukherji & Co.

Chartered Accountants

Firm's Registration No-301079E



Sudip K. Mukherji

Partner

Membership No. 13321

THIMPHU
Place: 06/07/2012

Date:



S. N. Mukherji & Co.
Chartered Accountants

MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENT (Part-II of schedule XIV to The Companies Act of the Kingdom of Bhutan, 2000)

ANNEXURE

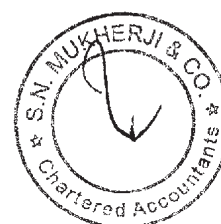
(REFERRED TO IN PARAGRAPH 2 OF THE AUDITORS' REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 OF ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED)

1. (a) Maintenance of Fixed Assets Records showing full particulars including quantitative details and situation of fixed assets require improvement.
- (b) Physical verification of Fixed Assets have been partially carried out during the year (refer Note 17 (a) Schedule 21). The identification numbers and locational details are in the process of updation (refer Note 17(b) Schedule 21).
- (c) Pending reconciliation between the book records and physical inventory as indicated in Note 17 (a) of Schedule 21, any discrepancy which may arise is not ascertainable at this stage.
2. None of the Fixed Assets was revalued during the year.
3. The Corporation has borrowed money from various organizations and the terms and conditions of such loans are *prima facie*, not prejudicial to the interest of the Corporation.
4. (a). The Corporation, in normal course of its operation, has granted loans to other companies, firms or other parties wherein the rate of interest and other terms and conditions are not, *prima facie*, prejudicial to the interest



of the Corporation. According to the information and explanations provided to us, the Corporation has granted loans to companies under the same management and the terms of the same are not, *prima facie*, not prejudicial to the interest of the Corporation.

- (b) The parties to whom the loans or advances have been given by the Corporation are generally repaying the principal amounts, as stipulated and are also generally regular in payment of interest, except for certain parties in which cases, the outstanding loan balances comprising of principal and interests, are considered as non-performing assets as per Prudential Regulations 2002 of the Royal Monetary Authority of Bhutan and for which accrued interest as recognized have been reversed and provisioning for principal amounts have been done as per the said Regulations and as considered prudent and appropriate by the management.
5. The advances to officers / staff are generally granted in keeping with the applicable provisions of service rules and no excessive / frequent advances are generally granted and accumulation of large advances against particular individual is generally avoided.
6. The Corporation has, in general, an established system of internal controls to ensure completeness, accuracy and reliability of accounting records, carrying out the business in an orderly and efficient manner, to safeguard the assets of the Corporation as well as to ensure adherence to the rules/regulations and system and procedures. However in our opinion *Internal Control / Risk Management needs improvement to prevent fraud.*
7. There is a system of competitive bidding, commensurate with the size of the Corporation and the nature of its business, for the purchase of goods and



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services including equipment and other assets and for the services *but the same offers further scope for improvement*. Since the Corporation is a financial institution, it is not engaged in the purchase of stores and raw materials and sale of goods.

8. According to the information and explanations provided to us, there has been no transactions for purchase and sale of goods and services made in pursuance of contracts or arrangements entered into with the director /(s) or any other party/(ies) related to the director /(s) or with the Companies or firms in which the directors are directly or indirectly interested, except for certain loans to directors which were sanctioned at the prevailing market rate of interest. However, Card loans to directors were sanctioned, as complimentary, without taking any security for such loan.
9. According to the information and explanations provided to us, there are transactions entered into by the Corporation wherein the directors are directly or indirectly interested. The examination of records in accordance with the generally accepted auditing practices do not reveal any transactions that are prejudicial to the interest of the other shareholders and the Corporation. Records under Section 97 of the Companies Act of Kingdom of Bhutan, 2000 is maintained but not in a required format.
10. The Corporation has generally been regular in depositing the rates and taxes, duties, provident funds, and other statutory dues with the appropriate authorities. Provision for corporate tax is made @ 30% of book profit as disclosed in **Accounting Policies No. 14 of Schedule No 20**. However necessary adjustments have not been made to calculate the income tax liability as required under the Income Tax Act of The Kingdom of Bhutan,2001.



11. According to the information and explanations provided to us, as at the Balance Sheet date, there are no undisputed amounts payable in respect of rates, taxes, duties, royalties, provident funds and other statutory deductions.
12. During our examination of the books of account we have not come across any instances of personal expenses, which have been charged to the Corporation's accounts, other than those payable under contractual obligations or in accordance with generally accepted business practices nor we have been reported of any such instance by the management.
13. The Corporation is engaged in insurance business and its system of screening commission agents is generally adequate, although the Corporation is yet to formulate a structured documented procedures to this effect. The agency commission structure is in keeping with the industry norms / market conditions, as we have been given to understand by the management. As informed to us, the Corporation has, in general, a system of evaluating performance of each agent on a periodic. However necessary documents in this regard were not produced to us for our verification. In our opinion, such systems offer further scope for improvement.
14. There has been, in general, a reasonable system for continuous follow-up of receivables for recovery of its outstanding amounts but the same offers further scope for improvement. Also, age-wise analysis of outstanding amounts is generally carried out by management for information and follow-up actions, if required.
15. The management of liquid resources particularly cash / bank and short term deposits, etc., are generally adequate and as such no excessive amounts are lying idle in non-interest bearing accounts. Withdrawals of loan amounts are made after assessing the requirements of funds from time to time and no



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excess amount is withdrawn leading to avoidable interest burden on the Corporation has been made during the year under review.

16. On the basis of examination of the books of account and according to the information and explanations provided to us, the activities carried out by the Corporation are lawful and *intra-vires* to the Articles of Incorporation of the Corporation.
17. Based on the information and explanations / representations given to us and on the basis of the examination of the books of account we state that the activities / investments are made, subject to prior approval of the Board and investments in new projects are generally made only after ascertaining the technical and economic feasibility of such new ventures.
18. According to the information and explanations given to us, there has been an effective budgetary control system for the Corporation, as a whole.
19. The details of remuneration paid to the directors of the Corporation have been disclosed in **Note 25 (a) and (b) of Schedule 21.**
20. The directives of the Board have generally been complied with, by the management of the Corporation during the year.
21. According to the information and explanations provided to us, we have not come across any instance of price sensitive information transmitted by the officials of the Corporation which are not made publicly available, unauthorized to their relatives/friends/associates or close persons which would directly or indirectly benefit themselves, nor have we been informed of any such case by the management.
22. Adequate documents and records are generally maintained in respect of loans and advances and agreements have been drawn up and timely entries have been made therein. *However there is scope for improvement in record maintenance*



for loans and advances as stated in our Audit Report to the Management. The settlement of claims in regard to General Insurance business also requires improvement.

23. The Corporation has investment in equity shares in companies, however it is not engaged in dealing or trading in shares, securities and other investments.
24. Reasonable records are generally maintained for funds collected from depositors and for interest payment.
25. The Corporation follows the accounting policy of making provisions for permanent diminution, if any, in the value of investment in shares.
26. The Corporation has generally complied with the requirements of Financial Institutions Act, 1992 and other applicable laws, rules and regulations and guidelines issued by the appropriate Authorities. The Financial Services Act 2011 has come into effect during the year and the Corporation should ensure compliance of the applicable provisions of the Act as early as possible.
27. Recognition of interest income in respect of non-performing assets have been deferred in terms of Prudential Regulations, 2002.
28. For the assets hypothecated against loans and advances, the Corporation, in general, has a system of performing physical verification, proper valuation and execution of mortgage deeds at the disbursement stage and the Corporation also ensured that at that stage, such assets are free of any prior lien or charges. *However there is scope for improvement in record maintenance for loans and advances as stated in our Audit Report to the Management.*
29. We have been given to understand that the Corporation has, in general, a system of monitoring of projects for which loans have been provided to ensure that loan amounts are used for the specified purposes and project activities are progressing satisfactorily.



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Chartered Accountants

30. According to the information and explanations given, the Corporation, in general, has a system of disposing assets taken over through open auction/sealed bids.
31. The Corporation, in general, has the system for carrying out proper analysis before permitting re-phasing/rescheduling of loans (including non-performing loans). On the basis of examination carried out in accordance with the generally accepted auditing procedures and based on the information and explanations provided to us by the management, rephrasing has not generally been permitted in respect of non-performing loans.
32. The Corporation, in general, has the system to ensure that additional loans are not granted to those who have defaulted payments of previous advances. *However, in some cases new loans were sanctioned, despite default in payment by the borrowers.*
33. Items 3 to 6, 14 to 17, 21 to 27 and 34 of the matters specified in the Minimum Audit and Reporting Requirements are for Manufacturing, Mining, or Processing Companies, are not applicable, as the Corporation is a financial institution and is not engaged in any manufacture and production activity / sale of goods and has no inventory of finished goods, stores, spare parts and raw materials except for stock of stationery items and consumables. It was noted that there are certain old stationeries lying in the books, that should be written off/sale as scrap.



Reporting requirements on computerized accounting environment

34. According to the information and explanations provided to us, the organizational and system development controls and other internal controls are generally adequate commensurate with size and nature of computer installations.
35. According to information and explanations provided to us, adequate safeguard measures and back-up facilities measures generally exist including maintenance of local stand-by servers at Head Office and Phuentsholing Regional Office for the database of their respective locations, *except absence of documented policies regarding back-ups.*
36. According to information and explanations provided to us, the operational controls are generally adequate to ensure correctness and validity of input data and output information.
37. According to information and explanations provided to us, the measures to prevent unauthorized access over the computers installations and files are generally adequate accept proper structured documented systems and procedures relating to access controls, including polices and its implantations regarding changing of passwords at periodical intervals and invalidations thereof, in cases of circumstances.

General:**1. Going concern problems**

In view of the financial position, the Corporation is not likely to face going concern problems in the foreseeable future.



S. N. Mukherji & Co.
Chartered Accountants

2. Ratio Analysis

The significant ratios indicating the financial health and profitability of the Corporation are given in the annexed Appendix.

3. Compliance with the Companies Act of Kingdom of Bhutan

The Company has complied with the Requirement of The Companies Act of the Kingdom of Bhutan, 2000 *except with the following:*

Maintaining records viz., (a) Register of Directors and (b) Register of directors' shareholding and Register of charges incorporating the details as required in prescribed format under Section 97 of The Companies Act of the Kingdom of Bhutan, 2000.

4. Adherence to Laws, Rules and Regulations

Audit of the Corporation is governed by The Companies Act of the Kingdom of Bhutan, 2000 and the scope of audit is limited to examination and reviews of the financial statement as produced to us by the management. In the course of audit, we have considered the compliance of provision of the said Companies Act and its Article of Incorporation. The Company does not have a comprehensive Compliance Reporting and Recording System as regards adherence to all laws, rules and regulations, systems, procedures and practices. Under the circumstances we are unable to comment on the compliance of the same by the Company during the year 2011.

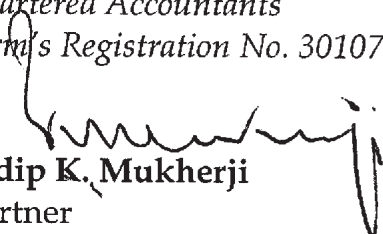
Place: Thimphu

Date: 06/07/2012



For **S. N. Mukherji & Co.**
Chartered Accountants

Firm's Registration No. 301079E


Sudip K. Mukherji
Partner

Membership No.13321

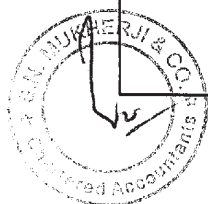
APPENDIX

(REFERRED TO IN THE RATIO ANALYSIS OF OUR OBSERVATIONS UNDER MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENT (Part-II of schedule XIV to The Companies Act of the Kingdom of Bhutan, 200) FOR THE YEAR ENDED 31ST DECEMBER, 2011 OF ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED

STATEMENT OF SIGNIFICANT RATIOS

FINANCIAL RATIOS:			2011	2010
A	STABILITY RATIOS:			
1	Capital Adequacy Ratio	(%)	17.20	18.33
2	Solvency Ratio (General Insurance)	(%)	5.47	5.24
3	Non-Performance Loan Ratio	(%)	3.86	6.75
4	Net Worth to Total Liabilities	(%)	18.05	16.70
5	Equity Investments to (Net Worth + Insurance Fund)	(%)	3.19	2.46
B	PROFITABILITY RATIOS:			
1	Combined Ratios (Gross Expenses to Net Premium)			
a	Life Insurance	(%)	35.83	35.52
b	Group Insurance Scheme	(%)	194.17	202.10
c	General Insurance	(%)	63.08	90.00
d	Credit & Investment (Interest Differential)	(%)	57.28	57.46
2	Claim Ratio (Net)			
a	Life Insurance	(%)	12.23	14.84
b	Group Insurance Scheme	(%)	44.18	53.15
c	General Insurance	(%)	45.88	64.80
d	Recovery Rate (Credit & Investment)	(%)	95.69	94.77
3a	Mgt. Expenses to Gross Premium - (Life Insurance)	(%)	99.04	13.03
b	Mgt. Expenses to Gross Premium - (Group Insurance)	(%)	45.89	47.62
c	Mgt. Expenses to Gross Premium - (General Insurance)	(%)	8.52	9.58
d	Mgt. Expenses to Gross Interest -(Credit & Investment)	(%)	5.98	7.19
4	Operating Income to Net worth -Net	(%)	36.89	30.81
5	Operating Income to Total Assets	(%)	6.66	5.14
6	Net Profit (After Tax) to Net Worth	(%)	25.82	21.57
7	Net Profit (After Tax) to Total Assets	(%)	4.66	3.60
8	Return on Core Equity (Profit After Tax)	(%)	131.52	87.56
C	STRUCTURAL RATIOS :			
1	Debt/Core Equity Ratio		14.79	13.62
2	Long Term Debt to Net Worth		2.90	3.36
3	Net Fixed Assets to Long Term Debt		0.03	0.04
4	Net Fixed Assets to Net Worth		0.10	0.12

Financial Data		2011	2010
Face Value of share	(Nu.)	100.00	100.00
Earning per Share	(Nu.)	131.52	87.56
Book Value per Share	(Nu.)	509.38	406.01
Market price per Share	(Nu.)	450.00	350.00
Dividend per share	(Nu.)	30.00	25.00
No. of Shareholders		1,556.00	1,556.00
Shareholding pattern: No of shares		2,400,000	2,400,000
His Majesty's Secretariat	(%)	20.83	20.83
Druk Holding & Investment	(%)	18.41	18.41
Private & Public Holders	(%)	60.76	60.76



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED

BALANCE SHEET AT 31ST DECEMBER, 2011

LIABILITIES	Schedule	2011 Nu.	2010 Nu.
Capital Fund			
Shareholders' Fund			
Authorised Capital	12	1,000,000,000	1,000,000,000
Issued, Subscribed and Paid up Capital	12	240,000,000	240,000,000
Reserves and Surplus	13	982,515,475	734,419,811
		1,222,515,475	974,419,811
Other Funds & Borrowings			
Insurance Funds	14	1,419,964,520	1,084,402,796
Investment and Borrowing Funds	15	5,278,363,895	4,621,200,431
		6,698,328,415	5,705,603,227
Less: Insurance Funds Investments		1,727,828,371	1,351,958,882
		4,970,500,044	4,353,644,345
Other Liabilities			
Reinsurance Reserves		1,561,433	738,803
Sundry Creditors	16	358,926,844	314,170,419
Due on Reinsurance and Insurance Business	17	3,049,239	854,900
Outstanding Claims less Reinsurance	18	9,566,977	41,501,533
Corporate Tax payable		135,279,779	90,057,833
Dividend Payable		72,000,000	60,000,000
		580,384,272	507,323,487
		6,773,399,791	5,835,387,643
ASSETS			
Cash and Bank Balances	5	978,129,133	730,095,396
Foreign Currency Balance with a Bank outside Bhutan		1,393,790	1,760,805
		979,522,923	731,856,201
Loans and Investments			
Equity Investment	6	84,415,300	50,665,300
Treasury Bills		-	-
Loans and Advances	7	5,382,610,606	4,802,068,162
Assets acquired against Loans		57,066,871	56,075,790
		5,524,092,777	4,908,809,252
Less: Provisions			
For Diminution in value of Investment		434,478	434,478
For Diminution in Value of Assets		57,066,871	56,075,790
For Loans and Advances		109,451,983	108,476,740
For Interest Suspense		20,487,779	23,644,371
		187,441,111	188,631,379
		5,336,651,666	4,720,177,873
Fixed Assets			
Gross Block- at cost	8	219,299,526	188,456,065
Less: Accumulated Depreciation		99,784,365	70,674,887
Net Block		119,515,161	117,781,178
Capital Work in Progress		11,957,927	4,122,816
		131,473,088	121,903,994
Other Assets			
Interest, Rent and Other Receivables	9	175,394,087	176,364,857
Due from Reinsurance & Insurance Business	10	62,313,729	23,756,782
Advances, Deposits and Prepaid Expenses	11	88,044,299	61,327,937
		325,752,115	261,449,576
		6,773,399,791	5,835,387,643
Significant Accounting Policies	20		
Notes to Accounts	21		

The schedules referred to above form an integral part of this Balance sheet.

We certify that the values of all assets have been reviewed as at 31st December, 2011 and that the assets set forth in the Balance sheet are This is the Balance Sheet referred to in our report of even date.

On behalf of the Board of Directors

For S. N. Mukherji & Co.

Chartered Accountants

Firm's registration no. 301079E

(Sudip K. Mukherji)
Partner

Membership Number: 13321

Place: Thimphu

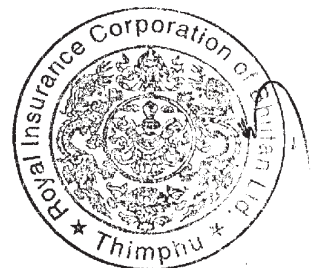
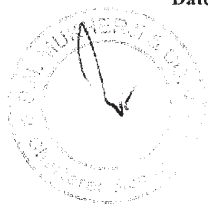
Date: 06/07/2012

General Manager
(R & A Dept.)

Chief Executive
Officer

Chairman

Director



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
LIFE INSURANCE BALANCE SHEET AS AT 31ST DECEMBER, 2011

LIABILITIES	Schedule	2011	2010
Funds		Nu.	Nu.
Life Insurance Fund	14A	654,272,648	472,445,540
Other Liabilities			
Sundry Creditors [Note 16(a) on Schedule 21]	16A	34,835,230	22,160,813
Due on Reinsurance and Insurance Business	17A	-	-
Outstanding Claims less Reinsurance	18A	2,914,163	2,725,943
		37,749,393	24,886,756
		<u>692,022,041</u>	<u>497,332,296</u>
ASSETS			
Cash and Deposits			
Cash and Bank Balance	5A	8,911,498	23,506,376
Loans			
Policy Loans		320,529	504,702
Investment Fund			
Life Investment Fund	15AA	643,379,999	444,356,677
Other Assets			
Interest, Rent and other Receivables	9A	38,732,157	28,183,791
Due from Reinsurance and Insurance Business		677,858	780,750
Advances, Deposits and Prepaid Expenses	11B	-	-
		39,410,015	28,964,541
		<u>692,022,041</u>	<u>497,332,296</u>
Significant Accounting Policies	20		
Notes to Accounts	21		

The schedules referred to above and attached thereto form an integral part of this Balance sheet. We certify that the values of all assets have been reviewed as at 31st December, 2011 and that the assets set forth in the Balance sheet are shown in the aggregate at amounts not exceeding their realisable or market values.

This is the Life Insurance Balance Sheet referred to in our report of even date.

On behalf of the Board of Directors

For S. N. Mukherji & Co
Chartered Accountants

Sudip K. Mukherji)
Partner
Membership Number: 13321
Place: Thimphu
Date: 06/07/2012

General Manager
(F&A Dept.)

Chief Executive
Officer

Chairman Director



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
GROUP INSURANCE SAVING BALANCE SHEET AS AT 31ST DECEMBER, 2011

LIABILITIES	Schedule	2011	2010
Funds		Nu.	Nu.
GIS Savings Liability		298,887,243	258,315,699
GIS Interest Liability		230,606,519	204,401,389
GIS Fund		43,467,381	35,718,204
	14B	572,961,143	498,435,292
Other Liabilities			
Sundry Creditors	16B	594,190	395,802
Outstanding Claims	18B	900,000	2,100,000
		1,494,190	2,495,802
		574,455,333	500,931,094
ASSETS			
Cash and Deposits			
Cash and Bank Balance	5B	6,791,353	14,447,596
Investment Fund			
Group Investment Fund	15AB	524,759,893	448,046,496
Other Assets			
Interest, Rent and other Receivables	9B	39,282,686	35,292,801
Advances, Deposits and Prepaid Expenses	11A	3,621,401	3,144,200
		42,904,087	38,437,001
		574,455,333	500,931,093
Significant Accounting Policies	20		
Notes to Accounts	21		

The schedules referred to above and attached thereto form an integral part of this Balance sheet.
We certify that the values of all assets have been reviewed as at 31st December, 2011 and that the assets set forth in the Balance sheet are shown in the aggregate at amounts not exceeding their realisable or market values.

This is the Group Insurance Scheme Balance Sheet referred to in our report of even date.

On behalf of the Board of Directors

For S. N. Mukherji & Co.

Chartered Accountants

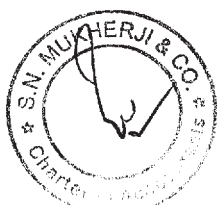
(Sudip K. Mukherji)
Partner
Membership Number: 13321
Place: Thimphu
Date: 06/07/2012

General Manager
(I&A Dept.)

Chief Executive
Officer

Chairman

Director



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
GENERAL INSURANCE BALANCE SHEET AS AT 31ST DECEMBER, 2011

LIABILITIES	Schedule	2011 Nu.	2010 Nu.
Reserve and Surplus	13B	705,776,087	565,439,811
Funds			
Insurance Funds	14C	192,730,729	113,521,964
Other Liabilities			
Reinsurance Reserves		1,561,433	738,803
Sundry Creditors	16C	51,262,756	20,737,140
Due on Reinsurance and Insurance Business	17B	3,049,239	854,900
Outstanding Claims less Reinsurance ceded	18C	5,752,814	36,675,590
Corporate Tax payable		55,858,403	45,072,217
		<u>117,484,645</u>	<u>104,078,650</u>
		<u>1,015,991,460</u>	<u>783,040,425</u>
ASSETS			
Cash and Bank Balances	5C	47,857,659	40,370,702
Foreign Currency balance held with a Bank outside Bhutan		1,349,161	1,716,176
		<u>49,206,820</u>	<u>42,086,878</u>
Investments			
Investment Fund	15AC	852,069,448	622,220,732
Other Assets			
Interest, Rent and other Receivables	9C	52,370,221	95,326,784
Due from Reinsurance and Insurance Business		61,635,871	22,976,032
Advances, Deposits and Prepaid Expenses	11C	709,100	430,000
		<u>114,715,192</u>	<u>118,732,816</u>
		<u>1,015,991,460</u>	<u>783,040,425</u>
Significant Accounting Policies	20		
Notes to Accounts	21		

The schedules referred to above and attached thereto form an integral part of this Balance sheet.

We certify that the values of all assets have been reviewed as at 31st December, 2011 and that the assets set forth in the Balance sheet are shown in the aggregate at amounts not exceeding their realisable or market values.

This is the General Insurance Balance Sheet referred to in our report of even date.

On behalf of Board of Directors

For S. N. Mukherji & Co.

Chartered Accountants

(Sudip K. Mukherji)
Partner

Membership Number: 13321

Place: Thimphu

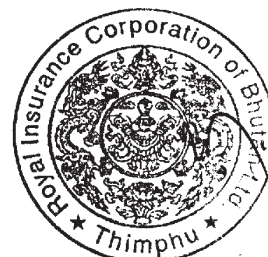
Date: 06/07/2012

General Manager
(I & A Dept.)

Chief Executive
Officer

Chairman

Director



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
CREDIT & INVESTMENT BALANCE SHEET AS AT 31ST DECEMBER, 2011

LIABILITIES	Schedule	2011 Nu.	2010 Nu.
Reserves and Surplus	13C	696,521,560 696,521,560	482,578,503 482,578,503
Funds			
Borrowing Funds	15	5,278,363,895 5,278,363,895	4,621,200,431 4,621,200,431
Other Liabilities			
Sundry creditors	16D	258,851,979	258,610,855
Corporate Tax payable		87,400,619 346,252,598	52,727,264 311,338,119
		<u>6,321,138,053</u>	<u>5,415,117,053</u>
ASSETS			
Cash and Bank Balances	5	913,862,240	652,741,823
Investments			
Equity Investment	6	84,415,300	50,665,300
Treasury Bills		-	-
Loans and Advances (Net of Credit)	7	5,382,290,077	4,801,563,460
Assets acquired against Loans		57,066,871 5,523,772,248	56,075,790 4,908,304,550
Less: Provisions			
For Diminution in value of Investment		434,478	434,478
For Diminution in Value of Assets		57,066,871	56,075,790
For Loans and Advances		109,451,983	108,476,740
For Interest Suspense		20,487,779 187,441,111	23,644,371 188,631,379
		5,336,331,137	4,719,673,171
Other Assets			
Interest, Rent and other Receivables	9D	43,398,599	16,659,295
Advances, Deposits and Prepaid Expenses	11D	27,546,076 70,944,675	26,042,764 42,702,059
		<u>6,321,138,053</u>	<u>5,415,117,053</u>
Significant Accounting Policies	20		
Notes to Accounts	21		

The schedules referred to above and attached thereto form an integral part of this Balance sheet.

We certify that the values of all assets have been reviewed as at 31st December, 2011 and that the assets set forth in the Balance sheet are shown in the aggregate at amounts not exceeding their realisable or market values.

This is the Credit & Investment Balance Sheet referred to in our report of even date.

For S. N. Mukherji & Co.

Chartered Accountants

On behalf of Board of Directors

(Sudip K. Mukherji)
Partner

Membership Number: 13321

Place: Thimphu

Date: 06/07/2012

General Manager
(P&A Dept.)

Chief Executive
Officer

Chairman

Director



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Schedule	2011 Nu.	2010 Nu.
OPERATING INCOME			
Surplus transferred from -			
Miscellaneous Insurance Revenue Account		102,404,479	71,597,500
Marine Insurance Revenue Account		7,872,543	4,313,896
Fire Insurance Revenue Account		75,917,655	74,329,324
		186,194,677	150,240,720
Life Insurance Revenue Account		2,784,607	-
Investment Revenue Account		291,335,396	175,757,548
		<u>480,314,680</u>	<u>325,998,268</u>
OTHER INCOME			
Rental Income		6,385,615	5,299,277
Miscellaneous Income		236,880	930,312
		<u>6,622,494</u>	<u>6,229,589</u>
TOTAL INCOME		<u>486,937,174</u>	<u>332,227,857</u>
OPERATING EXPENSES.			
Repairs and Maintenance		2,673,103	1,524,874
Contribution to Gratuity Fund (Note 14 on Schedule 21)		3,569,267	3,917,985
Depreciation		13,544,048	11,447,631
Other Expenses		16,218,159	15,144,589
		<u>36,004,577</u>	<u>32,035,080</u>
Profit Before Taxation		<u>450,932,597</u>	<u>300,192,777</u>
Taxation (Note 9 on Schedule 21)		135,279,779	90,057,833
Short provision for previous years (Depreciation)		15,565,430	-
Profit available for Appropriations		<u>300,087,388</u>	<u>210,134,944</u>
APPROPRIATIONS			
Proposed Dividend		72,000,000	60,000,000
Transfer to Catastrophe Fund (Note 11 on Schedule 21)		5,000,000	5,000,000
Transfer to General Reserve		223,087,388	145,134,944
		<u>300,087,388</u>	<u>210,134,944</u>
Significant Accounting Policies	20		
Notes to Accounts	21		

The Schedules referred to above form an integral part of this Profit and Loss Account.
This is the Profit and Loss Account
referred to in our report of even date.

On behalf of Board of Directors

For S. N. Mukherji & Co.

Chartered Accountants

Firm's registration no. 301079E

(Sudip K. Mukherji)
Partner

General Manager
(F&A Dept.)

Chief Executive
Officer

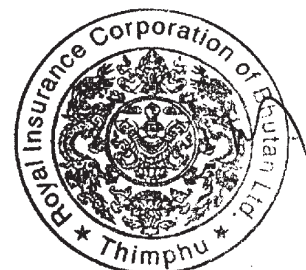
Chairman

Director

Membership Number: 13321

Place: Thimphu

Date: 06/07/2012



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
LIFE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

REVENUE	Schedule	2011 Nu.	2010 Nu.
Premium Less Reinsurance			
Other Policies	1	222,184,110	154,577,133
Interest on Investment Fund of Life Fund		38,734,357	28,183,791
Interest on Policy Loan		87,792	55,939
Commission on reinsurance ceded		240,922	-
Prior Period Adjustment		-	982,969
Other revenue		192,820	1,253,520
TOTAL	(I)	261,440,001	185,053,352
EXPENSES			
Claims Paid And Outstanding Net of Reinsurance By Death/Maturity/Surrender			
Other Policies	2	27,167,832	22,945,725
Life Policies Bonus [Notes 21 on Schedule 21] [Inclusive of Interim Bonus Nu. 65,322.93]		11,203,752	1,634,983
Commission & Others		15,498,536	10,170,604
Prior Period Adjustment		280,651	
Surplus Allocated to Shareholders - Per Actuarial Report		2,784,607	
		56,935,378	34,751,312
MANAGEMENT EXPENSES			
Other Policies	19	22,677,597	20,150,658
TOTAL	(II)	79,612,975	54,901,970
Net Fund During the Year	III (I - II)	181,827,026	130,151,382
Life Fund Brought Forward from Previous Year	(IV)	472,445,622	342,294,240
LIFE FUND CARRIED FORWARD	(III + IV)	654,272,648	472,445,622

Significant Accounting Policies

20

Notes to Accounts

21

The Schedules referred to above and attached thereto form an integral part of this Revenue Account.

This is the Life Revenue Account
referred to in our report of even date.

On behalf of Board of Directors

For S. N. Mukherji & Co

Chartered Accountants

(Sudip K. Mukherji)
Partner

Membership Number: 13321

Place: Thimphu

Date: 06/07/2012

General Manager
(F&A Dept.)

Chief Executive
Officer

Chairman

Director



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
GROUP SAVINGS - CUM INSURANCE SCHEME
REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

REVENUE	Schedule	2010 Nu.	2010 Nu.
Premium			
Group Saving Linked Insurance Policies		2,139,424	1,337,264
Group Insurance Cum Savings Policies		31,585,712	28,768,936
		33,725,136	30,106,200
Interest On Investment Of GIS Fund		39,282,686	35,292,801
Other Revenue		224,282	185,677
TOTAL	(I)	73,232,104	65,584,678
EXPENSES			
Claims Paid and Outstanding			
Group Saving Linked Insurance Policies (Death)	2	600,000	200,000
Group Insurance Cum Savings Policies (Death)	2	14,300,000	15,800,000
		14,900,000	16,000,000
Interest On Group Insurance Cum Savings		34,472,320	30,030,321
Group Saving Linked Insurance Policies		634,622	477,512
Others (Medical Expenses)			
		50,006,942	46,507,833
Management Expenses			
Group Saving Linked Insurance Policies		695,804	644,531
Civil Employees		11,427,670	10,585,573
Armed Forces		3,352,510	3,105,466
	19	15,475,984	14,335,570
TOTAL	(II)	65,482,926	60,843,403
Net Fund During the Year	III (I - II)	7,749,178	4,741,275
GIS Fund Brought Forward From Previous Year	(IV)	35,718,203	30,976,928
Group Fund Carried Forward	(III + IV)	43,467,381	35,718,203
Significant Accounting Policies	20		
Notes to Accounts	21		

The Schedules referred to above and attached thereto form an integral part of this Revenue Account.
This is the GIS Revenue Account referred to in our report of even date.

On behalf of Board of Directors

For S . N. Mukherji & Co
Chartered Accountants

(Sudip K. Mukherji)
Partner

Membership Number: 13321
Place: Thimphu

Date: 06/07/2012

General Manager
(F&A Dept.)

Chief Executive
Officer

Chairman

Director



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
GENERAL INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

	MISCELLANEOUS			MARINE			FIRE			TOTAL	
	2011	2010	Nu.	2011	2010	Nu.	2011	2010	Nu.	2011	2010
INCOME											
Premium less Re-Insurance	220,564,335	135,876,063		3,126,109	2,584,778		97,527,437	50,742,432		321,217,881	189,203,273
Commission on Re-Insurance	42,128,181	32,538,548		3,542,168	2,389,642		43,922,451	46,157,081		89,592,800	81,085,271
On re-insurance ceded				-	-		2,874,270	2,893,383		2,874,270	2,893,383
Less: on re-insurance accepted.	42,128,181	32,538,548		3,542,168	2,389,642		41,048,181	43,263,698		86,718,530	78,191,888
Interest on Investment	31,320,547	23,989,037		1,207,250	900,824		19,842,425	18,757,507		52,370,222	43,647,368
Miscellaneous Income	4,618,083	274,018		178,080	10,290		2,925,070	223,419		7,721,233	507,727
Change in Fund Balance											
Brought forward from previous year	81,525,638	88,873,252		1,550,867	1,188,497		30,445,459	32,436,995		113,521,964	122,498,744
At the end of the year	132,338,601	81,525,638		1,875,666	1,550,867		58,516,462	30,445,459		192,730,729	113,521,964
	(50,812,963)	7,347,614		(324,799)	(362,370)		(28,071,003)	1,991,536		(79,208,765)	8,976,780
TOTAL (I)	247,818,183	200,025,280		7,728,808	5,523,164		133,272,110	114,978,592		388,819,101	320,527,036
EXPENSES											
Claims Paid/ Outstanding (Net of Reinsurance)	111,934,343	101,824,941		(1,370,102)	252,560		36,809,480	20,528,464		147,373,721	122,605,965
Commission to Agent	1,662,839	913,383		-	-		388,333	169,349		2,051,172	1,082,732
Management Expenses	31,538,165	24,797,409		1,215,638	931,180		19,980,292	19,389,589		52,734,095	45,118,178
Miscellaneous Expenses	278,357	892,047		10,729	25,528		176,350	561,866		465,436	1,479,441
TOTAL (II)	145,413,704	128,427,780		(143,735)	1,209,268		57,354,455	40,649,268		202,624,424	170,286,316
Transfer to Profit and Loss Account (I - II)	102,404,479	71,597,500		7,872,543	4,313,896		75,917,655	74,329,324		186,194,677	150,240,720

Significant Accounting Policies 20
Notes to Accounts 21

The Schedules referred to above and attached thereto form an integral part of this Revenue Account.

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

For S. N. Mukherji & Co.

Chartered Accountants

(Sudip Mukherji)

Partner

Membership Number 3321

Place: Thimphu

Date: 06/07/2012

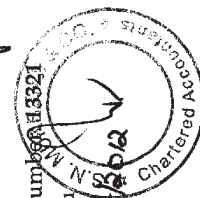
On behalf of Board of Directors

Chairman

Chief Executive Officer

General Manager (F&A Dept.)

Director



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED

CREDIT & INVESTMENT REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2011

		2011 Nu.	2010 Nu.
INTEREST INCOME			
Interest on Loans (net of suspense)		646,723,537	470,204,542
Interest on Fixed Deposit - Gross		27,834,863	14,465,565
	A	674,558,400	484,670,107
LESS:- INTEREST EXPENSES			
Interest on Life Fund		38,734,357	28,183,791
Interest on GIS Fund		39,282,686	35,292,801
Interest on General Fund		52,370,221	43,647,368
Interest on PPF Fund		22,166,754	17,393,012
Interest on Borrowings		79,689,880	48,510,048
Interest on Bonds		136,901,747	93,102,179
	B	369,145,645	266,129,199
NET INTEREST DIFFERENTIAL	(A - B) = (C)	305,412,755	218,540,908
ADD: OTHER INCOME			
Guarantee Commission		21,478,497	11,367,748
Dividends - Gross		15,028,360	8,342,450
Provision Written Back		-	27,232,354
Miscellaneous Income		1,194,154	1,159,947
	D	37,701,011	48,102,499
TOTAL OPERATING INCOME	(C + D) = (E)	343,113,766	266,643,407
LESS: OPERATING EXPENSES.			
Bad Debts/Other Assets Written Off			27,124,524
Miscellaneous Expenses		2,230,197	952,155
Provisions		10,983,523	29,527,807
TOTAL OPERATING EXPENSES	(F)	13,213,720	57,604,486
OPERATING PROFIT	(E - F) = (G)	329,900,046	209,038,921
Less: Management Expenses	H	38,564,650	33,281,373
Transfer to Profit & Loss Account	(G - H)	291,335,396	175,757,548
Significant Accounting Policies	20		
Notes to Accounts	21		

The Schedules referred to above and attached thereto form an integral part of this Revenue Account.

This is the Credit & Investment Revenue Account referred to in our report of even date.

For S. N. Mukherji & Co.

Chartered Accountants

(Sudip K. Mukherji)

Partner

General Manager
(F&A Dept.)

Membership Number: 13321

Place: Thimphu

Date: 06/07/2012

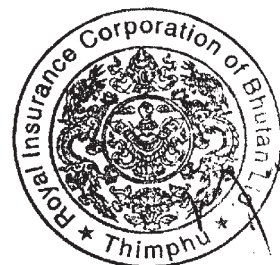


On behalf of Board of Directors

Chief Executive
Officer

Chairman

Director



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2011

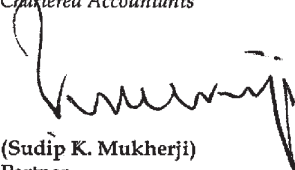
	<u>2011</u> <u>Nu.</u>	<u>2010</u> <u>Nu.</u>
NET CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX- As per Profit and Loss Account	450,932,597	300192777
ADD:- Depreciation (Net of adjustment)	13,544,048	11,447,631
	<u>464,476,646</u>	<u>311,640,409</u>
Less:- Profit on sale of Assets	-	-
	<u>464,476,646</u>	<u>311,640,409</u>
Add/(Less):Increase/(Decrease) in Other Liabilities	73,060,784	55,258,719
Add/(Less):Increase/(Decrease) in Other Assets	(64,302,539)	61,240,966
Add/(Less):Increase/(Decrease) in Loans and Investments	(615,283,525)	(1,888,181,621)
Add/(Less):Increase/(Decrease) in Provisions	7,066,555	(31,225,154)
NET CASH FLOW FROM OPERATING ACTIVITIES -	(A)	(134,982,078)
Taxation	(B)	(135,279,779)
NET CASH FLOW FROM RETURN ON INVESTMENTS AND SERVICING OF FINANCE		
Dividend paid	(C)	(60,000,000)
NET CASH FLOW FROM CAPITAL EXPENDITURE		
Sale of Fixed assets	3,087,588	4,400
Purchase of Fixed Assets	<u>(42,014,707)</u>	<u>(23,814,912)</u>
NET CASH FLOW FROM INVESTMENT ACTIVITIES- FINANCING ACTIVITIES:	(D)	(23,810,512)
BORROWINGS ACCEPTED (NET)/(REPAYMENTS-NET)	281,293,974	1,852,174,060
INVESTMENT FUNDS MANAGEMENT	375,869,490	97,543,232
INSURANCE FUNDS MANAGEMENT	<u>(40,307,765)</u>	<u>88,335,554</u>
NET CASH FLOW FROM FINANCING ACTIVITIES- INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS ((A) + (B)+ (C)+ (D)+ (E))	(E)	2,038,052,846
	<u>247,666,722</u>	<u>388,122,533</u>
OPENING BLANCE OF CASH AND CASH EQUIVALENTS- CASH AND BANK BALANCES	731,856,201	343,733,668
CLOSING BLANCE OF CASH AND CASH EQUIVALENTS-CASH AND BANK BALANCES	979,522,923	731,856,201
	<u>247,666,722</u>	<u>388,122,533</u>

1. This Schedules referred to above form an intregal part of this Cash Flow Statement.
 2. This Cash Flow Statement is prepared under "Indirect Method" as reallocation required for the proper arrangement as made by the Corporation.
 3. Figures in parentheies is indicated Out Flows.
 4. Previous year figures have been regrouped/rearranged wherever necessary.
- This is the Cash Flow Statement referred to in our report of even date.

On behalf of Board of Directors

For S. N. Mukherji & Co.

Chartered Accountants


(Sudip K. Mukherji)
Partner

Membership Number: 13321

Place: Thimphu

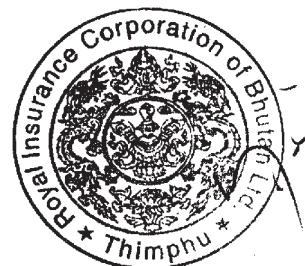
Date: 06/07/2012


General Manager
(F&A Dept.)


Chief Executive
Officer

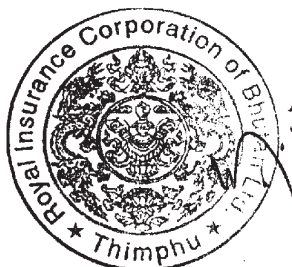

Chairman

Director



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST
DECEMBER, 2011

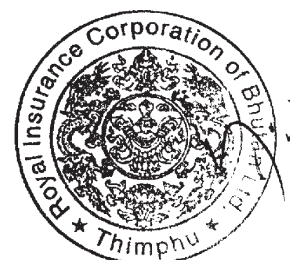
	2011 Nu.	2010 Nu.
1 PREMIUM LESS REINSURANCE		
LIFE POLICES		
FIRST YEAR PREMIUM (A)	81,819,733	57,191,655
RENEWAL PREMIUM (B)	141,077,991	97,397,858
(A+B)	<u>222,897,724</u>	<u>154,589,513</u>
Less: Reinsurance	713,614	12,380
	<u>222,184,110</u>	<u>154,577,133</u>
2 CLAIMS PAID AND OUTSTANDING		
(A) Group Saving Linked Insurance-GSLI (by Death)		
Paid during the year	600,000	200,000
Add: Total estimated liability in respect of outstanding claims at the end of the year.	-	-
	<u>600,000</u>	<u>200,000</u>
Less: outstanding at the end of the previous year	-	-
TOTAL CLAIMS PAID	<u>600,000</u>	<u>200,000</u>
(B) Group Saving Scheme Insurance (By Death)		
Paid during the year	14,300,000	15,800,000
Add: Total estimated liability in respect of outstanding claims at the end of the year.	-	-
	<u>14,300,000</u>	<u>15,800,000</u>
Less:- Outstanding at the end of the previous year	-	-
TOTAL CLAIMS PAID/PAYABLE	<u>14,900,000</u>	<u>16,000,000</u>
CLAIMS PAID AND OUTSTANDING NET OF REINSURANCE		
Life Insurance		
(C) Other Policies (By Death/Maturity/Survival Benefits/Surrender)		
Paid during the year	27,523,922	23,578,361
Add: Total estimated liability in respect of outstanding claims at the end of the year .	-	-
	<u>27,523,922</u>	<u>23,578,361</u>
Less: Outstanding at the end of the previous year.	356,090	-
	<u>27,167,832</u>	<u>23,578,361</u>
Less: Re-Insurance	-	632,637
Net Claims	<u>27,167,832</u>	<u>22,945,725</u>
3 PREMIUM LESS REINSURANCE		
<u>1) Fire Insurance Policies</u>		
Rural Insurance Policies	7,624,881	7,462,750
Other Insurance Policies	226,827,933	199,195,306
	<u>234,452,814</u>	<u>206,658,056</u>
LESS: Reinsurance	136,925,377	155,915,624
NET PREMIUM	<u>97,527,437</u>	<u>50,742,432</u>
<u>2) Miscellaneous Insurance Policies</u>		
Motor Insurance Policies	235,649,336	182,513,392
Other Insurance Policies	103,119,838	37,727,655
Aviation Insurance Policies	31,306,076	34,055,297
	<u>370,075,250</u>	<u>254,296,344</u>
LESS: Reinsurance	149,510,913	118,420,281
NET PREMIUM	<u>220,564,335</u>	<u>135,876,063</u>
<u>3) Marine Insurance Policies</u>		
Premium	14,264,539	9,924,697
LESS: Reinsurance	11,138,430	7,339,919
NET PREMIUM	<u>3,126,109</u>	<u>2,584,778</u>



	2011 Nu.	2010 Nu.
4 CLAIMS PAID AND OUTSTANDING NET OF REINSURANCE		
1) Fire Insurance Policies		
<u>Paid during the year</u>		
Rural Insurance Policies	7,609,881	7,462,750
Other Insurance Policies	152,935,251	39,598,062
	160,545,132	47,060,812
Add: Total estimated liability in respect of outstanding claims at the end of the year - Intimated		
	160,545,132	47,060,812
LESS: Reinsurance	123,735,652	26,532,348
NET CLAIMS	36,809,480	20,528,464
2) Miscellaneous Insurance Policies		
<u>Paid during the year</u>		
Motor Insurance Policies	166,309,555	74,589,875
Other Insurance Policies	36,048,224	10,808,003
Aviation Insurance Policies	-	-
Add: Total estimated liability in respect of outstanding claims at the end of the year - Intimated only.		
Motor Insurance Policies	38,662,209	61,111,980
Other Insurance Policies	37,038,527	16,466,681
Aviation Insurance Policies	-	-
	278,058,515	162,976,539
LESS: Reinsurance	92,812,659	37,587,905
Motor Insurance Policies	73,311,513	23,563,693
Other Insurance Policies	-	-
Aviation Insurance Policies	-	-
	166,124,172	61,151,598
NET CLAIMS	111,934,343	101,824,941
3) Marine Insurance Policies		
Claims Paid during the year	1,906,674	(51,308)
Add: Total estimated liability in respect of outstanding claims at the end of the year - Intimated only.	-	2,360,000
	1,906,674	2,308,692
LESS: Reinsurance	3,276,776	2,056,132
NET CLAIMS	(1,370,102)	252,560
5 CASH (including cheques) AND BANK BALANCE		
Cash in Hand		
General Insurance Department	-	2,030,741
BANK BALANCES		
In Current Accounts in Bhutan		
A Life Insurance Department (LID)	8,911,498	23,506,376
B Group Insurance Schemes Department (GIS)	6,791,353	14,447,596
C General Insurance Department (GID)	49,206,820	40,056,137
D General Administration Department GAD)	751,012	(926,472)
	65,660,683	79,114,378
CREDIT & INVESTMENT DEPARTMENT		
Cash in Hand - As Certified by Management		
BANK BALANCES		
In Current Accounts in Bhutan	19,893,003	11,948,420
In Current Accounts outside Bhutan	138,924,608	240,748,774
Fixed Deposit	44,629	44,629
	755,000,000	400,000,000
	913,862,240	652,741,823
TOTAL	979,522,923	731,856,201



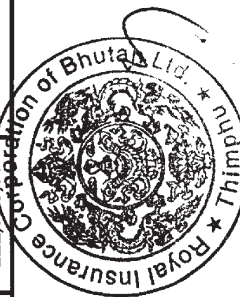
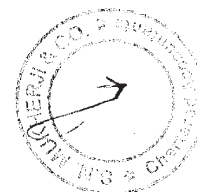
	2011 Nu.	2010 Nu.
6 EQUITY INVESTMENT AT COST - LONG TERM		
Credit & Investment Department		
In Quoted Equity Shares*		
Bhutan Carbide & Chemicals Ltd.	24,311,650	24,311,650
(181370 Nos Share, Face Value Nu. 100/-)		
Bhutan Ferro Alloys Ltd.	8,100,000	8,100,000
(80000 Nos Share, Face Value Nu. 100/-)		
Penden Cement Authority Ltd.	3,169,400	3,169,400
(18315 Nos Shares, Face Value Nu. 100/-)		
Bhutan National Bank	43,125,000	9,375,000
(150000 Nos Shares, Face Value Nu. 100/-)		
State Trading Corporation of Bhutan Ltd.	980,000	980,000
(19600 Nos Shares, Face Value Nu. 100/-)		
Bhutan Board Products Ltd.	1,229,250	1,229,250
(11830 Nos shares, Face value Nu. 100/-)		
TOTAL QUOTED EQUITY INVESTMENTS (A)	80,915,300	47,165,300
IN UNQUOTED EQUITY SHARES		
Bhutan Development Finance Corpn.	3,000,000	3,000,000
(3000 Nos Shares, Face Value Nu. 1000/-)		
RICB Securities Ltd.	500,000	500,000
(5000 Nos Shares, Face Value Nu. 100/-)		
TOTAL UNQUOTED EQUITY INVESTMENTS (B)	3,500,000	3,500,000
TOTAL INVESTMENTS [(A)+(B)]	84,415,300	50,665,300
*Note: Aggregate Marked values of Quoted shares as on 31st December 2011 Nu. 276,039,250 (2010 Nu. 269,099,450/-)		
7 LOANS AND ADVANCES		
A Life Insurance Department Against Life Policies	I 320,529	504,702
B CREDIT & INVESTMENT DEPARTMENT		
Against Mortatgage/Hypothecation of Properties/Fixed Assets in Bhutan		
(A) Secured		
Housing Loans	1,800,769,566	1,544,877,787
Transport Loans	764,992,465	698,586,152
Industrial Loans	689,918,558	577,515,606
Staff Loans	17,928,889	15,520,634
Business Loans	619,119,910	612,809,372
Shares Loans	25,491,452	54,428,010
Personal Loans	458,117,681	415,181,830
RICB Card Loans	575,238,190	474,719,111
Preferential Loans	186,962,127	187,930,186
Contractor Loans(CRC Scheme)	226,905,006	198,231,739
Private Provident Fund Loan	9,406,987	7,906,204
	II 5,374,850,831	4,787,706,629
(B) Unsecured		
Housing Loans	805,280	955,499
Transport Loans	-	486,556
Industrial Loans	-	8,264
Business Loans	5,958,391	6,229,976
Shares Loans	-	-
Personal Loans	56,573	854,735
RICB Card Loans	619,002	4,430,289
Preferential Loans	-	485,657
Contractor Loans(CRC Scheme)	-	405,853
Private Provident Fund Loan	-	-
	III 7,439,245	13,856,829
	(II+III) 5,382,290,077	4,801,563,459
(C) Less: Credit Balance	-	-
Total Loans & Advances	5,382,610,606	4,802,068,162



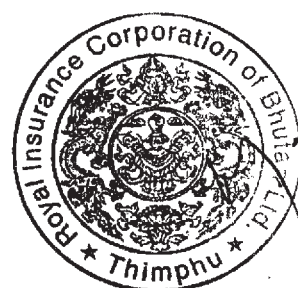
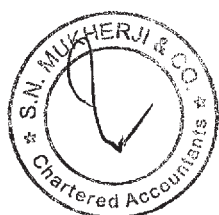
Schedule 8

Statement of Fixed Assets as on 31st December 2011

Particulars	GROSS BLOCK - AT COST				DEPRECIATION				NET BLOCK	
	As at 1st January 2011	Additions during the year	Sales Adjustmt.	As at 31st December 2011	As at 1st January 2011	For the Year	Adj of dep'n during the Year	Adj't. of Dep. For previous years	As at 31st December 2011	As at 31st December 2010
Land [Note 17(c) on Schedule 23]	19,584,375	13,978,593	-	33,562,968	-	-	-	-	33,562,968	19,584,375
Buildings [Notes 17(d) on Schedule. 23]	66,543,473	1,939,156	-	68,482,629	17,302,301	2,113,501	-	-	49,066,827	49,490,449
Furniture and Fixtures	10,389,882	2,240,135	1,000	12,629,017	7,343,765	834,613	-	-	4,450,638	3,045,386
Electric Installations [Note 17 (e) on Schedule. 23]	27,358,683	-	-	27,358,683	8,043,737	3,749,515	-	15,565,430	1	19,314,945
Office Equipment	7,857,482	3,511,916	-	11,369,398	5,298,815	761,112	-	-	5,309,471	2,558,668
Vehicles	3,769,650	-	-	3,769,650	2,132,119	564,906	-	-	1,072,625	1,637,531
Computer Equipments	52,703,972	9,423,210	-	62,127,182	30,554,150	5,520,401	-	-	26,052,632	22,149,822
Total	188,207,518	31,093,009	1,000	219,299,526	70,674,887	13,544,048	-	15,565,430	119,515,161	117,781,178
Capital Work in Progress	4,122,816	10,921,698	3,086,588	11,957,927	-	-	-	-	11,957,927	4,122,816
Total	192,330,334	42,014,707	3,087,588	231,257,453	70,674,887	13,544,048	-	15,565,430	131,473,088	121,903,994
Previous Year	172,218,639	23,814,912	3,454,670	192,578,881	59,227,257	11,447,631	-	-	121,903,993	



	2011 Nu.	2010 Nu.
9 INTEREST, RENT AND OTHER RECEIVABLES		
A Life Insurance Department	38,732,157	28,183,791
Internal Department adjustment	-	-
	38,732,157	28,183,791
B Group Insurance Department	39,282,686	35,292,801
C General Insurance Department	52,370,221	95,326,784
Internal Department adjustment	-	-
	52,370,221	95,326,784
D Credit & Investment Department	43,398,599	16,659,295
Internal Department adjustment	-	-
	43,398,599	16,659,295
E General Administration Department		
Interest Receivable from CID	-	-
Stock in hand	958,844	441,201
Others	651,580	460,985
	1,610,424	902,186
Internal Department adjustment	-	-
	1,610,424	902,186
	175,394,087	176,364,857
10 DUE FROM OTHER ON REINSURANCE AND INSURANCE BUSINESS		
A General Insurance Department	61,635,871	22,976,032
B Life Insurance Department	677,858	780,750
	62,313,729	23,756,782
11 ADVANCES, DEPOSITS AND PRE-PAID EXPENSES.		
A Group Insurance Department	3,621,401	3,144,200
Internal Department adjustment	-	-
	3,621,401	3,144,200
B Life Insurance Department	-	-
C General Insurance Department	709,100	430,000
D Credit & Investment Department	27,546,076	26,042,764
Internal Department adjustment	-	-
	27,546,076	26,042,764
E General Administration Department		
Advance Corporate Tax	45,744,757	27,366,215
Advance to staff	247,487	63,139
Others	10,175,478	4,281,620
	56,167,722	31,710,973
	88,044,299	61,327,937



12 SHAREHOLDERS' CAPITAL

Authorised Capital 10,000,000 Equity Shares of Nu. 100/- each
Issued, Subscribed and Paid up:-
2,400,000 Equity Shares of Nu. 100/-each fully paid up.

2011 Nu.	2010 Nu.
1,000,000,000	1,000,000,000
240,000,000	240,000,000
240,000,000	240,000,000

13 RESERVES AND SURPLUS

A General Administration

As per last Account
Less: provision for dividend
Less: Adjustment of previous year depreciation
Less: Adjustment of Revenue during the year for General Administration
Add: Prior Period Adjustment on Land Transaction

(313,598,505)	(238,289,100)
(72,000,000)	(60,000,000)
(15,565,430)	-
(18,618,233)	(18,063,844)
-	2,754,439
(419,782,168)	(313,598,505)

TOTAL RESERVES AND SURPLUS FOR GENERAL ADMINISTRATION

B General Insurance

Catastrophe Fund

As per Last Account
Add: Transfer from Profit and Loss Account during the year

75,000,000	70,000,000
5,000,000	5,000,000
80,000,000	75,000,000

General Reserve

As per Last Account
Add: Transfer from Revenue Account

454,506,082	354,337,577
125,336,273	100,168,505
579,842,355	454,506,082

Technical Reserve

As per Last Account
Add: During the year

35,933,729	26,933,729
10,000,000	9,000,000
45,933,729	35,933,729

TOTAL RESERVES AND SURPLUS FOR GENERAL INSURANCE

705,776,083	565,439,811
-------------	-------------

C Credit & Investment Department

As per last Account
Add:- Transfer from Revenue Account

416,518,423	293,488,140
203,934,777	123,030,283
620,453,201	416,518,423

General Provision

76,068,359	66,060,079
------------	------------

TOTAL RESERVES AND SURPLUS FOR CID

696,521,560	482,578,503
-------------	-------------

A General Administration

B General Insurance Department

C Credit & Investment Department

TOTAL OF RESERVES AND SURPLUS

(419,782,168)	(313,598,505)
705,776,083	565,439,811
696,521,560	482,578,503
982,515,475	734,419,811

14 INSURANCE FUNDS

A Life Insurance Business Account

654,272,648	472,445,540
-------------	-------------

B Group Insurance Business Account

Group Savings Insurance Business Account

43,467,381	35,718,204
529,493,762	462,717,088
572,961,143	498,435,292

C Fire Insurance Business Account

Miscellaneous Insurance Business Account
Marine Insurance Business Account

58,516,462	30,445,459
132,338,601	81,525,638
1,875,666	1,550,867
192,730,729	113,521,964
1,419,964,520	1,084,402,796



	2011 Nu.	2010 Nu.
15A INVESTMENT AND BORROWING FUNDS		
INVESTMENT FUNDS		
A Life Insurance Fund	643,379,999	444,356,677
B Group saving Insurance Fund	524,759,893	448,046,496
C General Insurance Fund	852,069,448	622,220,732
D General Administration Fund	(292,380,968)	(162,665,023)
	<u>1,727,828,372</u>	<u>1,351,958,882</u>
15B BORROWING FUNDS		
A Private Provident Fund	412,565,523	308,261,549
B National Pension & Provident Fund	638,000,000	661,000,000
C Bond Series I & II	1,999,970,000	1,999,980,000
D Short Term Borrowings	500,000,000	300,000,000
TOTAL (15A+15B+15C)	<u>3,550,535,523</u>	<u>3,269,241,549</u>
	<u>5,278,363,895</u>	<u>4,621,200,431</u>
16 SUNDRY CREDITORS		
A Life Insurance Department		
Bonus Payable	19,394,539	11,389,572
Provision on policy Loans	-	-
Agent Liability	6,440,425	3,329,063
Others	5,407,226	4,799,444
Deposit	3,593,040	2,642,734
	<u>34,835,230</u>	<u>22,160,813</u>
Internal Department Adjustment	-	-
	<u>34,835,230</u>	<u>22,160,813</u>
B Group Insurance Department		
Deposit	594,190	395,802
Internal Department Adjustment	-	-
	<u>594,190</u>	<u>395,802</u>
C General Insurance Department		
Rural claim payable	-	-
Agent Liability	633,485	368,954
Others	38,235,771	10,784,388
Deposit	12,393,500	9,583,798
	<u>51,262,756</u>	<u>20,737,140</u>
Internal Department Adjustment	-	-
	<u>51,262,756</u>	<u>20,737,140</u>
D Credit & Investment Department		
Interest on Investment Fund payable	152,554,017	124,516,973
Interest payable on Bond Series-I & II	67,056,967	64,037,141
Others	39,240,995	70,056,741
	<u>258,851,979</u>	<u>258,610,855</u>
Internal Department Adjustment	-	-
	<u>258,851,979</u>	<u>258,610,855</u>
E General Administration Department		
Tax Payable	-	-
Others	13,382,689	12,265,809
Internal Department Adjustment	-	-
	<u>13,382,689</u>	<u>12,265,809</u>
	<u>358,926,844</u>	<u>314,170,419</u>
17 DUE ON REINSURANCE AND INSURANCE BUSINESS.		
A Life Insurance Department (Note 23(b) (i) on Schedule 21)	-	-
B General Insurance Department	3,049,239	854,900
	<u>3,049,239</u>	<u>854,900</u>
18 OUTSTANDING CLAIMS LESS REINSURANCE		
A Life Insurance Department	2,914,163	2,725,943
B Group Insurance Department	900,000	2,100,000
C General Insurance Department	5,752,814	36,675,590
	<u>9,566,977</u>	<u>41,501,533</u>



	2011 Nu.	2010 Nu.
19 MANAGEMENT EXPENSES		
Staff Cost	89,502,212	74,962,751
Occupancy Cost	4,924,696	3,890,393
Travelling & Transfer Cost	7,372,786	7,337,409
Communication Cost	6,206,931	7,775,475
Operating Cost	7,310,577	8,031,916
Advertising & Public Relation Cost	9,995,609	7,708,646
Statutory & Consultant Cost	4,139,515	3,179,189
Management Expenses allocated to the respective Department (A)	129,452,326	112,885,779
Life Insurance Department	22,677,597	20,150,658
Group Insurance & Saving Schemes	15,475,984	14,335,570
General Insurance Department	52,734,095	45,118,178
Credit & Investment Department	38,564,650	33,281,373
Total	129,452,326	112,885,779
Human Resource Development Expenses	16,218,159	15,144,589
Deprecation	13,544,048	11,447,631
Contribution to the Employee Gratuity	3,569,267	3,917,985
Repair & Maintenance	2,673,103	1,524,874
Loss on sale of Assets	-	-
Total (B)	36,004,577	32,035,080
Total Management Expenses (A+B)	165,456,903	144,920,858



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED**SCHEDULE - 20****SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER 2011****1. Basis of Accounting**

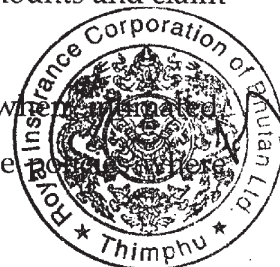
The financial statements are prepared under the historical cost convention, on the accrual basis of accounting excepting in few cases and in accordance with Generally Accepted Accounting Principles.

2. Revenue Recognition

- (i) Items of income and expenditure are accounted on accrual basis, unless otherwise stated.
- (ii) Premiums are recognized as income, as and when due / received on assumption of risk.
- (iii) Reinsurance premium ceded is accounted at the time of recognition of premium income in accordance with the treaty or in-principle arrangement with the re-insurers.
- (iv) Interest income from Loans and Advances are recognized as per the Prudential Regulations of Royal Monetary Authority of Bhutan.
- (v) Dividend and Rental income are recognized, as and when received.
- (vi) Interest on policy loan is accounted for on accrual basis.
- (vii) Bonus to employees and Leave Encashment benefit is accounted for on payment basis.
- (viii) Acquisition Cost, Product Development and Launching Expenses etc are accounted on Cash basis.

3. Benefits Paid (including claims)

- (i) Benefits Paid/Claims costs consist of the policy benefit amounts and claim settlement costs, where ever applicable.
- (ii) Surrender, Death and Other claims are recognized, when incurred. Provision for outstanding death claims is made for those



the intimation of death has been received up to 31st December. Additional provisions are also made as considered necessary by the management.

- (iii) Repudiated claims disputed before judicial authorities are provided based on management prudence, considering the facts and evidences available in respect of such claims.
- (iv) Salvage recoveries are accounted for on realization basis.
- (v) Reinsurance Recoveries, when applicable, are accounted in the same period.

4. Investments

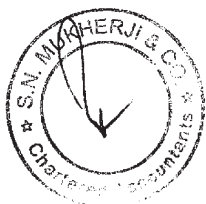
Investments are stated at cost. Provision is made for diminution, other than temporary, in the value of investments at amounts, as considered appropriate by the management. Year-end market values based on last traded price of quoted equity investments are also disclosed.

5. Fixed Assets

- (i) Fixed Assets are stated at cost less depreciation.
- (ii) Depreciation is calculated as per the applicable provisions of Income Tax Act of Bhutan 2001, as amended to-date on straight-line basis at the prevailing rates and in the manner as prescribed. The written down values as on 1st January 1992 are considered as cost for application of straight-line method.

6. Retirement/Employee Benefits

- (i) Gratuity is administered through trust. Liability for gratuity to employees is provided on accrual basis, as determined upon actuarial valuation at the year-end.
- (ii) Contributions to Provident Fund and other funds are accounted for, as an when accrued.



7. Risk Reserves

Reserves for un-expired risks are created in Revenue Accounts in respect of General Insurance Business at 60% of the net premium income for the year. Reinsurance reserves are created on the basis of respective treaty arrangements with various agencies outside Bhutan.

8. Liability for Life policies

The policyholders' liabilities are determined by the Corporation's appointed actuary pursuant to his annual investigation of the Corporation's Life and Group Insurance business of the immediate previous year. The insurer's appointed actuary has adopted appropriate valuation assumptions after taking into consideration the various relevant factors like interest, mortality, morbidity, expenses, inflation, commission, lapses and future bonuses.

9. Foreign Currency Transaction

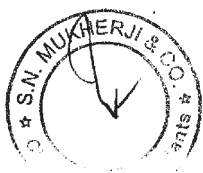
All Assets and Liabilities in foreign currencies are converted at the rate of exchange prevailing as on the Balance Sheet date. The exchange gain /loss arising there from are transferred to the relevant Revenue Account.

10. Loan Asset Classification and Provisioning for Non- performing Assets

- (i) Loans are stated at historical cost, subject to provisions.
- (ii) Loans are classified based on record of recovery as standard, watch, sub-standard, doubtful and loss assets, as per the guidelines issued by Royal Monetary Authority of Bhutan.
- (iii) Provisions against loans are made as per the guidelines issued by Royal Monetary Authority of Bhutan.

11. Returns from Foreign Treaty Companies

Returns to the extent received up to 31st December from various foreign treaty companies are considered for incorporation in the accounts.



12. General

Premium rates on policies under the Life Insurance are charged at Corporation's table of rates based on actuarial calculations and on the General Insurance Business at Corporation's tariff based on the rates on the approval accorded by the Board of Directors.

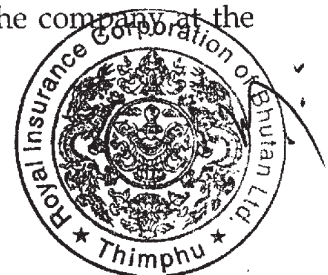
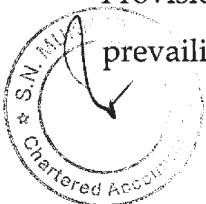
- (ii) Total expenses of branches and common allocable management expenses are allocated and charged on the basis as decided by the management.
- (iii) Management expenses and interest earned from investment related to General Insurance business are apportioned among the various types of business on the basis of respective gross premium.
- (iv) Interest on saving portion of General Insurance Scheme 1987 is credited to individual member's account @ 7.5% p.a. on accrual basis.
- (v) Transfers to Catastrophe Fund are made as per the amount decided by the management from time to time.

13. Use of Estimates

The preparation of the financial statements in conformity with generally accepted principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Example of the estimates include future obligation under employee benefits plans, wherever applicable, useful lives of fixed assets and valuation in respect of life policies. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from those estimates. Any revisions to accounting estimates are recognized accordingly in current and future periods.

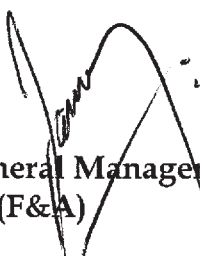
14. Provision for Income Tax.

Provision for income tax is accounted for on book profit of the company at the prevailing rate as per Income Tax Act 2001.



15. Provisions and Contingencies.

The Company creates a provision for litigation, assessment, fines, penalties, claims, including insurance claims, etc., when there is present obligation as a result of the past events that probably requires an outflow of resources and a reliable estimates can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources, considering the circumstances existing as on the date of the financial statements. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. However, contingent assets are not recognized in the accounts.

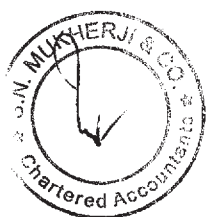

General Manager
(F&A)


Chief Executive Officer


Chairman


Director

Place: Thimphu
Date: 06/07/2012



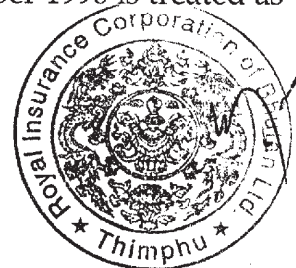
ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED**SCHEDULE - 21****NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011**

1. Royal Insurance Corporation of Bhutan Limited (RICBL), hereinafter referred to as "Corporation", erstwhile Royal Insurance Corporation of Bhutan (RICB) originally incorporated under the Royal Charter in 1975, was subsequently registered in the year 1991 under the Companies Act of the Kingdom of Bhutan 1989. The Royal Government has since enacted Financial Institutions Act in 1992 and pursuant to Part II of the said Act; Corporation was licensed as a Financial Institution by the Royal Monetary Authority of Bhutan in the year 1994 specifying the areas of its activities. The Corporation has changed its name from RICB to RICBL, by virtue of amendments made in its Articles of incorporation duly endorsed by the Registrar of Companies with effect from the year 2004.
2. The financial statements for the year have been drawn up in accordance with the prescribed formats of Royal Monetary Authority of Bhutan and the Companies Act of the Kingdom of Bhutan 2000, as far as practicable. Consolidations of Balance Sheets of General Insurance, Life Insurance, Group Insurance Scheme and Credit & Investment Business have been done after netting the inter - departmental investments.
3. For the purpose of compliance of Prudential Regulations of Royal Monetary Authority of Bhutan effective from the year 2002, un-recovered portion of interest aggregating Nu. 20.49 million (Previous Year Nu. 23.64 million) on account of advances on amounting to Nu. 207.84 million (Previous Year Nu. 324.32 million), which are classified as non-performing assets, has not reckoned as income.
4. Provision for possible loss against loans and advances aggregating to Nu. 185.52 million (Previous Year Nu. 174.54 million) has been retained in these accounts in



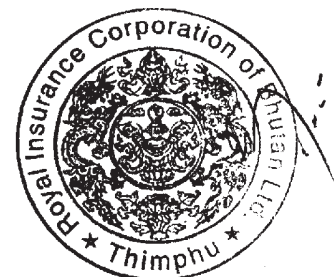
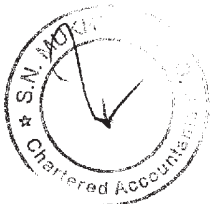
accordance with the Prudential Regulations of the Royal Monetary Authority of Bhutan, 2002 on the basis of such considerations which management considered to be prudent and appropriate. The said provisions both Specific and General are net of adjustments on account of write back in respect of Specific Provision amounting to Nu. Nil (Previous Year Nu. 27.23 million), which has been duly reflected in the Investment Revenue Account.

5. (a) The overall Capital Adequacy Ratio as at 31st December, 2011 is 17.20% (Previous Year 16.44%) and the Core Capital adequacy Ratio as on that date comes to 16.13% (Previous Year 15.32%) against at least 8% and 4% respectively, as laid down in the Prudential Regulations of Royal Monetary Authority of Bhutan.
- (b) The total exposure to a single borrower as at 31st December, 2011 amounted to 9.65% (Previous Year 18.6%) of Capital Funds, as compared to 30% limit prescribed by Prudential Regulations of Royal Monetary Authority of Bhutan.
- (c) The total ten large advances extended as at 31st December, 2011 aggregated to 11.16% (Previous Year 12.07%) of total advances as against 30% maximum limit laid down in the Prudential Regulation of Royal Monetary Authority of Bhutan.
- (d) The liquidity ratio as at 31st December 2011 is 17.65% (Previous Year 15.06%) as against 10% minimum, as prescribed in Prudential Regulations of Royal Monetary Authority of Bhutan.
- (e) The ratio of total large loans to capital fund comes to 308.62% as on 31st December 2011 (Previous Year 161.19%) as against maximum 800% limit laid down in Prudential Regulation of Royal Monetary Authority of Bhutan.
6. The mode of calculation of interest on loans was revised as per Royal Monetary Authority of Bhutan Circular Nos. FISD/03/96/648 & 649 of September 1996. Accordingly, the total outstanding amount as at 30th September 1996 is treated as



opening principal balance as at 1st October 1996 for calculation of interest on simple daily product method. Interest is charged on the principal balance outstanding at the rates declared by the Board of Directors from time to time.

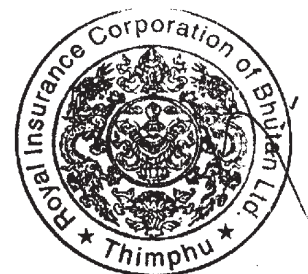
7. The Corporation centrally manages through its Credit & Investment Department, the investible/borrowed funds comprising of Banking and Non-Banking borrowings, Private Sector Provident Fund, Group Insurance-cum-Savings Fund and Insurance Funds. Interests/returns on such funds are credited to the respective entities/departments at the rates decided by the management from time to time /contractual obligation.
8. Contingent liabilities not provided for (as certified by the management) :
 - (a) Certain claims in respect of General Insurance business (including third party claims on motor car accidents) Nu.5.7 million (Previous Year Nu. 36.67 million)
 - (b) Outstanding Guarantees given on behalf of various parties - Nu. 979.41million (Previous Year Nu 612.53 million)
 - (c) Commitments :
The estimated amount of contracts remaining to be executed on Capital accounts (net of advances) is Nu.18.73 million (Previous Year Nu. 5.31 million).
9. Provision @ 30% on book profit is made in these accounts towards Corporate Income Tax for the year 2011 amounting to Nu. 135.28 million (Previous Year Nu.90.06 million). Advance Income Tax paid during the year is Nu. 31 million (Previous year Nu 25 million).
10. Reserves for un-expired risks amounting to Nu.192.73 million (Previous Year Nu. 113.52 million) created in the Revenue Accounts in respect of General Insurance business at 60% (Previous Year 60%) of the net premium income during the year which have been duly reflected as General Insurance Funds in the Balance sheet.



11. During the year, Nu. 5.00 million (Previous Year Nu. 5.00 million) has been appropriated from the Profit and Loss Account towards Catastrophe Fund.
12. (a) In 2007 a fraud amounting to Nu 14.47 million has been reported at Gelephu Branch Office in the Credit & Investment Department. The matter is lying before appropriate Court of Law. Necessary provisions have been made in the accounts in this respect.
- (b) In 2009, a fraud amount of Nu. 11.26 million has been reported at Thimphu Regional Bank Account No. 292 The matter is lying before appropriate Court of Law. Necessary provisions have been made in the accounts in this respect.
- (c) In 2009, there was a burglary case at Paro Branch office and the office safe has been stolen containing the Cash Nu. 0.30 million, blank cheque books and digital camera. The case is still pending with the Royal Bhutan Police as no one could be held responsible. Accordingly, in reference to this case amount aggregated to the extent of Nu. 0.30 million had been already provided in the accounts.
- (d) In 2011 a fraud amounting to Nu 1.61 million has been reported at Head Office Thimphu, in the General Insurance Department. The matter is investigated by the police authorities. Appropriate provisions will be created in due course of time.
13. Certain Assets are acquired in satisfaction of loans including interest due thereon amounting to Nu. 57.07 million (Previous Year Nu. 56.08 million) consequent to decrees obtained and surrender of properties by the borrowers, which has been reckoned in these accounts.
14. Year-end gratuity liability as on 31st December, 2011 as been ascertained as per actuarial valuation was Nu. 20.76million, which has been provided (Previous Year Nu. 24.49 million).



15. Provision for bonus payable to employees for the current year has neither been ascertained nor been provided for in these accounts. An amount of Nu. 14.65 million paid for the year 2010 (Previous Year 10.56 million).
16. Sundry Creditors include -
 - (a) Provision for bonus payable to Life policyholders has been ascertained as per Actuarial Valuation amounting to Nu.11.13 million (Previous Year Nu. Nil).
 - (b) Unadjusted deposits in respect of General and Life/Group Insurance policies aggregating to Nu. Nil (Previous Year Nu. Nil) and Nu.1.79 million (Previous Year Nu. 1.29 million) respectively are outstanding on account of reconciliation process, against which eventual adjustments thereof are not ascertainable at this stage.
17. Fixed Assets (Schedule 11) -
 - (a) Physical verification of the fixed assets has been partially carried out by the management during the year. This will be done in a phased manner.
 - (b) Codification of moveable fixed assets and incorporation of locational details in the Fixed Asset Register of the Corporation has been initiated by the management in order to maintain a proper Fixed Assets Register.
 - (c) Land represents freehold land.
 - (d) Building represents freehold permanent structures and depreciated as per the applicable rates provided by the Income Tax Act.
 - (e) Depreciation was underprovided on Electrical Installations up to 2008 amounting to Nu.20.65 million. During the year Nu. 15.56 million has been provided being the residual value of the asset under this category.
18. Capital Work-in-Progress includes expenses incurred in connection with the software development amounting to Nu. 10.35 million (Previous Year Nu. 1.24 million).
19. The assets of the Corporation in Bhutan are free from all encumbrances, except otherwise stated. The Corporation does not have any assets outside Bhutan



except maintenance of certain bank accounts with the banks located outside Bhutan.

20. There are no loan assets, (Standard, Watch, Sub-standard, Doubtful and Loss), which are subject to restructuring/re-scheduling as at the Balance Sheet date.

21. Actuarial Valuation of Life and Group Insurance

- (a) The Corporation's appointed Actuary has carried out the annual actuarial valuation of the Life and Group Insurance policies, on the basis of the final audited accounts for the year 2010. The valuation assumptions (interest factor, mortality, morbidity, expenses, commission, bonus etc.) conform with the professional guidance notes issued by the Actuarial Society of India (ASI) and accordingly vested bonus amounting to Nu. 11.13 million (Previous Year Nu. Nil) has been accounted for. An amount of Nu.3.05 million (Previous year Nu. 1.68 million) has been paid to the policy holders whose policies matured during the year.

- (b) Valuation surplus and bonus payable to the policy holders based on the current year's accounts have neither been actuarially ascertained, nor been accounted for.

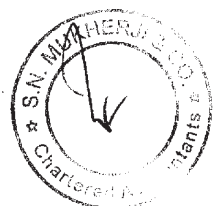
22. Re-insurance:

- (a) Life Policies

The ceding of the re-insurance in respect of certain policies (for both new and renewal) are outstanding for the year 2011 estimated to Nu. 0.69 million (Previous year Nu. Nil)

- (b) Non-Life Policies

- (i) The balances outstanding, both debits and credits, as at the Balance Sheet date to/from various re-insurers aggregating to Nu. 61.63 (Previous Year Nu. 22.98 million and Nu 3.04 million (Previous Year Nu. 0.85 million) respectively are pending final reconciliation process/confirmation and acceptance of the re-insurance. Any further adjustments thereof are not ascertainable at this stage.



- (ii) The balances due to and from of reinsurers have been netted off from accounts.

23. Interest on borrowed funds of Credit & Investment Department is charged to Investment Revenue account during the year at the following rates on simple daily product method on the outstanding balances:-

a) Internal funds:-

Life Insurance Fund	:	7.00% p.a
General Insurance Fund	:	7.00% p.a
GAD Investment Fund	:	7.00% p.a
Group Insurance Fund	:	8.00% p.a

b) External funds / borrowings:-

Bank of Bhutan Limited	:	4.00% p.a
Bank of Bhutan Limited	:	7.00% p.a
Private Provident Fund	:	6.00% p.a
National Pension & Provident Fund	:	8.50% p.a
National Pension & Provident Fund	:	7.75% p.a
National Pension & Provident Fund	:	6.50% p.a
Bond Series I	:	7.00% p.a
Bond Series II	:	6.70% p.a

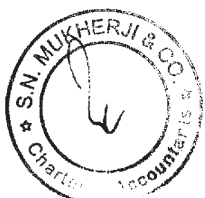
24. The common management expenses are allocated to different Revenue accounts during the year in the following proportion as decided by the management:-

Life Insurance Revenue	:	20%
GIS Insurance Revenue	:	15%
General Insurance Revenue	:	35%
Investment Revenue	:	30%

25. Management expenses include -

- (a) Managerial Remuneration paid/payable to the Managing Directors (Chief Executive Officers) :

- Remuneration: Nu. 1.28 million (Previous Year Nu. 1.22 million)



- Other Benefits: Nu. 0.67 million (Previous Year Nu. 0.68 million)
 - (b) Directors' Sitting fees: Nu. 0.55 million (Previous Year Nu. 0.40 million)
 - (c) Audit fee payable: Nu. 0.13 million (Previous Year Nu. 0.13 million)
and provision for audit expenses Nu. 0.57 million (Previous Year Nu. 0.48 million)
26. Security details of the borrowings-
- (a) National Pension and Provident Fund: Secured by fixed assets, both movable and non-movables and pledge of equity investments.
 - (b) Bank of Bhutan Limited: Secured by fixed assets, both movable and non-movables and Book debts.
 - (c) Bond Series I & II: Secured by only Book Debts.
27. The Corporation has absorbed the emoluments paid/payable to the brokers amounting to Nu. 0.30 million (Previous Year Nu. 0.27 million), being the proportion of expenses attributable to RICB Securities Ltd., the wholly owned subsidiary of the Corporation, in view of the liquidity crisis forced by them.
28. Premium Deficiency has not been created since, in the opinion of the management, the expected claim costs along with the related expenses and maintenance cost of the insurance products in force would not exceed the related Reserve for Unexpired Risks. Further, during the year Nu.10.00 million (Previous year Nu. 9.00 million) has been transferred to the technical reserves to meet any unforeseen events refer Schedule 13 (b).
29. In the opinion of the management, acquisition costs for the new and renewal long duration insurance and reinsurance contracts have been expensed out, as and when incurred and not deferred, since the same do not vary materially in a constant relationship to premium or insurance in force or are level or recurring in nature.
30. In the opinion of management, there is no impairment of fixed assets of the Corporation, which may require any adjustment to be made.



31. Difference in current account maintained between RICB Securities Ltd and RICBL amounting to Nu.1.74 million (Previous Year Nu. 2.35) is in the process of reconciliation. Any effect in these accounts can be ascertained only upon completion of reconciliation.
32. Figures of financial statements of previous year have been regrouped / rearranged wherever necessary.

Signatures to Schedules 1 to 32



General Manager
(F&A)



Chief Executive Officer



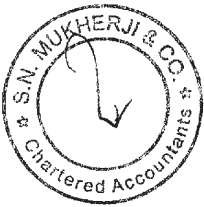
Chairman



Director

Place: Thimphu

Date: 06/07/2012.

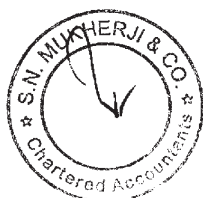


*1-B, Old Post Office Street
Calcutta - 700 001*

AUDITORS' REPORT

The Board of Directors.
Royal Insurance Corporation of Bhutan Limited
Thimphu
Bhutan

1. We have audited the attached Balance Sheet of **PRIVATE PROVIDENT FUND** (Fund), as at 31st December 2011 and the related Revenue Account of the Fund 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 audit.
2. We conducted our audit in accordance with the generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.
3. Further, to our comments in the annexure as referred above, we report that:
 - (a) Our examination was made in accordance with the generally accepted auditing standards and accordingly included such tests of accounting records and such other auditing procedures, as we considered appropriate for the purpose of our audit.
 - (b) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (c) In our opinion, proper books of account as required by the law have been kept by the Fund, so far as it appears from our examination of those books.



S. N. Mukherji & Co.
Chartered Accountants

- (d) The Balance Sheet and Revenue Account dealt with in this report are in agreement with the books of account and have been compiled on the basis of generally accepted accounting principles.
4. Nu. 2.00 million accepted by the Fund from a Company in earlier years, which is beyond the object of the Fund, continues to remain in the books and has not been refunded. (Refer Note no.4 of schedule 9)
5. In our opinion and to the best of our information and according to the explanations given to us, subject to para 4 above, the said accounts give a true and fair view;
- i) In the case of Balance Sheet, of the state of affairs of the Fund as at 31st December 2011 and
 - ii) In the case of Revenue account, of the Income and Expenditure of the Fund for the year ended on that date.

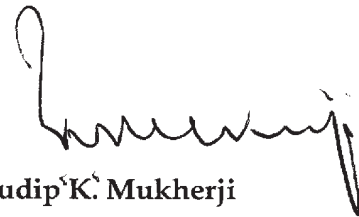
Place: Thimphu

Date: 06/07/2012

For **S. N. Mukherji & Co.**

Chartered Accountants

Firm's Registration No. 301079E



Sudip K. Mukherji

Partner

Membership No.13321



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
PRIVATE PROVIDENT FUND
THIMPHU BHUTAN

BALANCE SHEET AS AT 31st DECEMBER 2011

	Schedule	As at 31st December, 2011 Nu.	As at 31st December, 2010 Nu.
<u>LIABILITIES</u>			
Employees' & Employers' Contribution	1	371,051,269	274,023,053
Interest Credited to Employees' Account	2	68,011,236	53,121,981
General Reserve	3	260,289	260,289
Other Liabilities	4	37,716	34,890
TOTAL		439,360,511	327,440,213
<u>ASSETS</u>			
Deposit with RICBL	5	412,565,523	308,261,549
Cash and Bank Balances	6	4,628,234	1,785,652
Other Assets	7	22,166,754	17,393,012
TOTAL		439,360,511	327,440,213
Significant Accounting Policies	8		
Notes on Accounts	9		

The schedules referred to herein above form an integral part of the Balance Sheet.
This is the Balance Sheet referred
to in our report of even date.

On behalf of Private Provident Fund.

For S.N Mukherji & Co. General Manager
Chartered Accountants (Finance & Accounts)
Firm's Registration No. 301079E

Chief Executive Officer Chairman Director

(Sudip K. Mukherji)
Partner

Membership No. 13321

Place : Thimphu

Date : 06/07/2012



**ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED (RICBL)
PRIVATE PROVIDENT FUND
THIMPHU BHUTAN**

REVENUE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 2011

Schedule	For the Year ended 31st December, 2011	For the Year ended 31st December, 2010
	Nu.	Nu.
<u>INCOME</u>		
Return on Deposits	22,166,754	17,393,012
	<u>22,166,754</u>	<u>17,393,012</u>
<u>EXPENSES</u>		
Return on Employees' Contribution	11,124,052	8,723,399
Return on Employers' Contribution	11,042,702	8,669,613
	<u>22,166,754</u>	<u>17,393,012</u>

Significant Accounting Policies 8
Notes on Accounts 9

The schedules referred to herein above form an integral part of the Revenue Account.
This is the Revenue Account
referred to in our report of even date.

On behalf of Private Provident Fund.

For S.N. Mukherji & Co.
Chartered Accountants
Firm Registration No. 301079E

General Manager
(Finance & Accounts)

Chief Executive
Officer

Chairman Director

(Sudip K. Mukherji)

Partner

Membership No. 13321

Place : Thimphu

Date : 06/07/2012



ROYAL INSURANCE CORPORATION OF BHUTAN LTD
PRIVATE PROVIDENT FUND
THIMPHU BHUTAN

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

EMPOLYEEES' AND EMPLOYERS' CONTRIBUTION

SCHEDULE 1

	EMPLOYEES' CONTRIBUTION 31st December, 2011	EMPLOYERS' CONTRIBUTION 31st December, 2011	EMPLOYEES' CONTRIBUTION 31st December, 2010	EMPLOYERS' CONTRIBUTION 31st December, 2010
	NU	NU	NU	NU
As per last Account	137,625,417	136,397,636	110,565,131	110,557,933
Add: Contribution during the year	71,301,670	71,085,670	45,867,853	44,641,941
	<u>208,927,087</u>	<u>207,483,306</u>	<u>156,432,984</u>	<u>155,199,874</u>
Less: Refund during the year	22,799,437	22,559,687	18,807,567	18,802,238
TOTAL	<u>186,127,650</u>	<u>184,923,619</u>	<u>137,625,417</u>	<u>136,397,636</u>
 GRAND TOTAL	 <u><u>371,051,269</u></u>		 <u><u>274,023,053</u></u>	



ROYAL INSURANCE CORPORATION OF BHUTAN LTD
PRIVATE PROVIDENT FUND
THIMPHU BHUTAN

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE 2

INTEREST ON EMPOLYEES' AND EMPLOYERS' CONTRIBUTION

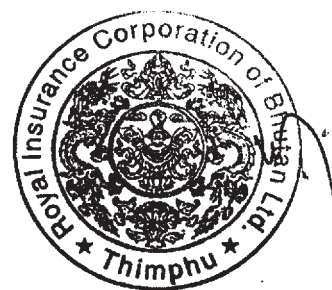
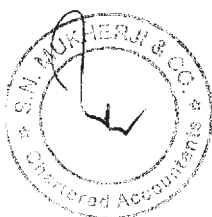
	EMPLOYEES' CONTRIBUTION 31st December, 2011	EMPLOYERS' CONTRIBUTION 31st December, 2011	EMPLOYEES' CONTRIBUTION 31st December, 2010	EMPLOYERS' CONTRIBUTION 31st December, 2010
	NU	NU	NU	NU
As per last Account	26,592,712	26,529,268	21,969,250	21,958,984
Add: contribution during the year	11,124,052	11,042,702	8,723,399	8,669,613
	<u>37,716,764</u>	<u>37,571,970</u>	<u>30,692,649</u>	<u>30,628,597</u>
Less: Refund during the year	3,642,038	3,635,460	4,099,937	4,099,328
TOTAL	<u>34,074,726</u>	<u>33,936,510</u>	<u>26,592,712</u>	<u>26,529,269</u>
 GRAND TOTAL	 <u><u>68,011,236</u></u>		 <u><u>53,121,981</u></u>	



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
PRIVATE PROVIDENT FUND
THIMPHU BHUTAN

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at 31st December, 2011 Nu.	As at 31st December, 2010 Nu.
SCHEDULE - 3		
<u>GENERAL RESERVE</u>		
As per last Account	260,289	260,289
TOTAL	260,289	260,289
SCHEDULE - 4		
<u>OTHER LIABILITIES</u>		
Stale Cheques	18,325	18,325
Excess Contribution Refundable	19,391	16,565
TOTAL	37,716	34,890



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
PRIVATE PROVIDENT FUND
THIMPHU BHUTAN

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at 31st December, 2011 Nu.	As at 31st December, 2010 Nu.
SCHEDULE - 5		
<u>DEPOSIT WITH RICBL</u>		
As per last Account	308,261,549	233,067,489
Add: Addition during the Year (Net)	104,303,974	75,194,060
TOTAL	<u><u>412,565,523</u></u>	<u><u>308,261,549</u></u>

SCHEDULE - 6
BANK BALANCES

Bank Balances	4,628,234	1,785,652
In current Accounts (Bank of Bhutan)		
TOTAL	<u><u>4,628,234</u></u>	<u><u>1,785,652</u></u>

SCHEDULE - 7
OTHER ASSETS

Receivable from RICBL (Interest Accrued)	22,166,754	17,393,012
TOTAL	<u><u>22,166,754</u></u>	<u><u>17,393,012</u></u>



ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED
PRIVATE PROVIDENT FUND
THIMPHU BHUTAN

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE - 8

SIGNIFICANT ACCOUNTING POLICIES:

1. The Accounts have been prepared in accordance with the provisions laid down in the Private Provident Fund Scheme 1976 (PPFS) as amended/revised to-date and on the basis of the individual Memorandum of Understanding drawn up between RICBL and the various private companies and Non-Government Organizations.
2. Accounts are prepared on accrual basis except otherwise stated elsewhere.
3. Interest is credited to individual member's accounts on the basis of fixed rate of returns mutually agreed between the private companies and Non Government Organization and RICBL.
4. Employer's contributions have been accounted for in the accounts on the basis of actual remittance received as per the 'recovery schedule' obtained up to 31st December 2011, from various Private Companies and Non Government Organizations and refunds are made as per the intimation record from them.

SCHEDULE - 9

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011:

1. Consequent upon delinking of Government Employees Provident Fund with effect from 30 June, 2000, Provident Fund Management for Private Companies and Non Government Organizations remained with Royal Insurance Corporation of Bhutan Limited (RICBL) as per the Government Directives, vide Letter No. MOF/Pension/4841 dated 30th March 2000 and the letter dated 23rd June 2000 from the Ministry of Finance, Royal Government of Bhutan.
2. Management expenses for the current year are entirely borne by the RICBL.
3. Interest on Employees' Contribution and the Employers' contribution for the year ended 31st December, 2010 have been accounted for @ 6% per annum on daily product basis.
4. Contribution includes Nu.2, 000,000(Net) as special contribution made by the Bhutan Board Products Limited (Not Member of PPF) which is refundable to them.
5. Previous year's figures have been regrouped / rearranged wherever necessary.

Signatures to Schedules 1 to 9

General Manager
(Finance & Accounts)

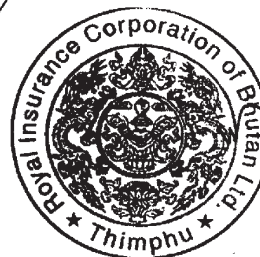
Chief Executive Officer

Chairman

Director

Place: Thimphu

Date: 06/07/2012.



RICB SECURITIES LIMITED
(A wholly owned subsidiary Company of RICBL)
 Directors' Report of the year 2011

On behalf of the Board of Directors of Royal Securities Ltd, I have the pleasure in presenting the 19th Annual report together with Audited Accounts for the year ended 31st December, 2011.

Business Information

RICB Securities Ltd. (a wholly owned subsidiary Company of RICBL) was established and registered on 1st May, 1993 under the Companies Act of the Kingdom of Bhutan to carry on the business of a security Broker. The Company was established as per Government directives, to promote securities trading in the country.

The performance of the company for the last five years is presented below:

	2011	2010	2009	2008	2007
Profit/ (loss) before tax	590,780	966,462	1,407,124	69,462	13,136

Performance Highlights

This year, in the secondary market, 8 listed companies securities were traded with the largest being BNB followed by T Bank, DPNB, BIL, PCAL, RICB, DWAL, & EBCC. In the primary Market bonus share issue were executed related to JMCL, Druk Punjab National Bank bond Series-1 and RGOB Treasury Bill on behalf of DPNB.

The details of the transactions are presented below:

Primary Market Transaction						
SL no.	Code	Items	Qty (Buy)	Qty (Sell)	Nu. (Buy)	Nu. (Sell)
1	JMCL	Bonus Share	142,831	142,831	14,613,1001	14,613,100
2	DPNB	Govt. T/Bill	20,000	-	199,005,000	-
3	DPNB	Bond Series - 1	144,000	144,000	144,000,000	144,000,000
	Total		306,831	286,831	357,618,100	158,613,100

Secondary Market Transaction					
Sl. No	Company	Buy (Qty)	Sell (Qty)	Buy (Nu.)	Sell (Nu.)
1	BIL	7,465	10,134	1,603,475	2,234,900
2	BNB	97,521	98,811	46,353,430	46,970,530
3	DPNB	20,212	19,679	6,981,635	6,802,690
4	DWAL	600	600	355,000	355,00
5	EBCC	486	-	145,800	-
6	PCAL	4,830	3,625	4,012,500	3,002,750
7	RICB	1,700	2,100	695,500	875,500
8	TBL	47,699	49,795	12,443,175	12,957,025
	TOTAL	180,513	184,744	72,590,515	73,198,395

Unlike in the previous year, transaction in primary capital market during the current financial year declined. Except for IPO of T-Bank, Bonus share issue of JMCL & STCBL, & DPNB Bond series-1, there was no activity at all. Some of the transactions were executed by BOB Securities and BNB Securities. Despite slow down in primary market business, the year has recorded highest amount of trade in secondary market (weekly traded stocks) for the company with 180,513 stocks being bought and 184,744

stocks sold contributing to over 80% of the income earned during the year. Amongst other factors, the achievement is also attributed to extensive marketing carried out by the employees this year. Clients particularly appreciated door-step services offered by our brokers and staff.

In terms of the volume of the transaction in the securities market, RICB Securities Limited has carried out 60.7% of the weekly stock trading while sharing only 5.51% of primary market business. BOB Securities has 86.77% of primary market share as they have executed the only IPO of the year, i.e. T Bank Ltd. Comparative analysis of the transaction among the securities Brokerage presented below:

Primary Market

Nu. In Million				
Broker	Bought	Sold	Total	%
RICB	0.14	0.143	0.29	5.51
BOB	2.25	2.25	4.50	86.77
Drook	0	0.00	0.00	0.00
BNB	0.20	0.20	0.40	7.71

Secondary Market

Nu. In Million				
Broker	Bought	Sold	Total	%
RICB	72.60	73.21	145.81	60.70
BOB	1.63	3.30	4.93	2.05
Drook	3.14	2.19	5.33	2.22
BNB	42.49	41.64	84.13	35.02

It is important to note that the manifold increase in the volume of secondary transactions over the previous year indicating a positive growth in securities business. Unlike primary market stocks whose

availability in the market is chiefly determined by factors such as policy and regulations governing the capital market, secondary stock trading is purely based on market forces of demand and supply, and solvency and purchasing power of investors which has seen an upward trend since 2011 being an exceptionally significant year. Further, another merit of secondary stock trading is that it can be used as a milestone for setting future business targets/projections because not only does it measures market potential for the period but it also highlights scope and possibilities for growth in the coming years. The same cannot be said for business from primary market as IPOs and additional capital gearing by listed companies varies from year to year and it's completely inconsistent.

The Board envisages that the Capital Market in Bhutan would become more active in future with the government policy of private sector development in the country and changes taking place in the financial sector. With more industries coming up in the country, the Initial Public Offers (IPO) is expected to increase, offering more business opportunities to the brokerage firms in the country.

Conclusion

On behalf o the Board and the management i wish to express my sincere thanks to all our clients and staff who contributed in the growth of this Company.

On behalf of the Board of Directors.

Sd/

(Namgyal Lhendup)
Chairman

Sd/

(Pema Tshering)
Chief Executive Officer

S.N. Mukherji & Co.
CHARTERED ACCOUNTANTS

PHONE : 2248-1726, 2230-7281
FAX : 91-33-2230 7281
CABLE : BESTADVICE
E-mail : snmukherji@vsnl.net
snm_calcutta@hotmail.com

*1-B, Old Post Office Street
Calcutta - 700 001*

AUDITORS' REPORT

To
The Members of **RICB SECURITIES LIMITED.**
Thimphu
Bhutan

1. We have audited the attached Balance Sheet of **RICB Securities Limited** (the Company), as at 31st December 2011 and the Profit & Loss account and the Cash Flow Statement 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 audit.
2. We conducted our audit in accordance with the generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.
3. As required by section 75 of The Companies Act of the Kingdom of Bhutan, 2000 read with part II of Schedule XIV thereto (Minimum Audit Examination and Reporting requirements), we enclose in the annexure a statement on the matters specified therein to the extent applicable.
4. Further, to our comments in the annexure as referred above, we report that:
 - (a) Our examination was made in accordance with the generally accepted auditing standards and accordingly included such tests of accounting records and such other auditing procedures, as we considered appropriate for the purpose of our audit.

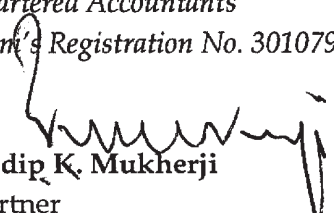


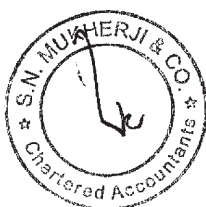
- (b) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (c) In our opinion, proper books of account as required by the law have been kept by the Company, so far as it appears from our examination of those books.
- (d) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with in this report are in agreement with the books of account and have been compiled on the basis of generally accepted accounting principles.
5. We draw your attention to the following;
- (a) - *Trading Fees have been accounted for on Cash basis instead of accrual basis.*
(Refer note: 3 of Schedule 8)
- (b)- *Difference in Current Account with RICBL is Nu. 1,746,150, the effect of which may only be ascertained after reconciliation. (Refer note : 4 of Schedule 8)*
6. In our opinion and to the best of our information and according to the explanations given to us and subject to para 5 of above, the said accounts give the information required by The Companies Act of the Kingdom of Bhutan, 2000, in the manner so required and give a true and fair view:
- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st December 2011.
- ii) In the case of Profit & Loss account, of the profit of the Company for the year ended on that date; and
- iii) In the case of Cash Flow Statement, of the cash flows during the year ended on that date.

Place: Thimphu

Date: 06/07/2012

For S. N. Mukherji & Co.
Chartered Accountants
Firm's Registration No. 301079E


Sudip K. Mukherji
Partner
Membership No.13321



MINIMUM AUDIT EXAMINATION AND REPORTING REQUIREMENT (Part-II of schedule XIV to The Companies Act of the Kingdom of Bhutan, 2000)

ANNEXURE

[Referred to in paragraph 3 of our report of even date]

1. The Company is maintaining records showing full particulars including quantitative details of fixed assets. Situation of fixed assets and descriptions thereof are maintained by Accounts department. As informed to us, no material discrepancies were noticed on the physical verification.
2. None of the Fixed Assets have been revalued during the year.
3. In our opinion, the internal control procedures of the Company to ensure completeness, accuracy and reliability of accounting records, in carrying out the business in orderly and efficient manner, to safeguard the assets of the Company as well as to ensure adherence to the systems and procedures are adequate.
4. The Company is regular in depositing rates and taxes and other statutory dues with the appropriate authority.
5. There are no undisputed amounts payable in respect of rates and taxes and statutory dues outstanding at the year-end.
6. During the course of our examination in accordance with the generally accepted auditing principles we have not come across any personal expenses have been debited to the Profit and Loss Account other than those payable under contractual obligations/service rules of the Company.
7. The management of liquid resources particularly cash and bank needs close monitoring considering the nature and size of the business since fund is lying idle in non-interest bearing current account.



8. 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 and intravires to the Articles of Incorporation of the Company.
9. According to the information and explanation given to us the directives of the Board have generally been complied with.
10. According to the information and explanations given to us, the officials of the Company have not transmitted any price sensitive information, which is not made publicly available to their relatives/ friends/associates, or close persons, which would directly or indirectly benefit themselves.
11. Proper records of the transactions and contracts have been maintained and timely entries have been made therein for dealing and trading in shares, securities and other investments.

Computerised accounting environment

1. The Company has a Computerized accounting system and the internal control system seems to be adequate taking into account the size and nature of its computer installations.
2. According to information and explanations provided to us, adequate safeguard measures and back up facilities exist.
3. *There is no system of off-site storage of files.*
4. According to information and explanations provided to us, the operational controls are adequate to ensure correctness and validity of input data and output information.
5. According to information and explanations provided to us, the measures to prevent unauthorized access over the computer installations and files are adequate.



General

1. Going concern problems

Based on the Company's financial statements for the year ended 31stDecember 2011 audited by us, the Company has earned sufficient profit during the year under audit and we have no reason to believe that the Company is not a going concern.

2. Ratio Analysis

The significant ratios indicating the financial health and profitability of the Company are given below: -

Ratios	2011	2010	Remarks
$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$	1.43	1.23	Liquidity position has improved.
$\text{Profit on Capital Employed} = \frac{\text{Net profit after Tax}}{\text{Capital employed}}$	0.27	0.22	Reflects improvement in profitability.
$\text{Profit on Turnover} = \frac{\text{Net profit/(loss)after Tax}}{\text{Total Turnover}}$	0.80	0.26	Reflects improvement in profitability.

3. Compliance with The Companies Act of The Kingdom of Bhutan

The Company has generally complied with the Requirement of The Companies Act of the Kingdom of Bhutan, 2000. However requirements under various provisions of The Financial Services Act of Bhutan 2011 are not yet complied.

4. Adherence of Laws Rules & Regulations

Audit of the Corporation is governed by The Companies Act of the Kingdom of Bhutan, 2000 and the scope of audit is limited to examination and reviews of the financial statement as produced to us by the management. In the course



of audit, we have considered the compliance of provision of the said Companies Act and its Article of Incorporation. *The Company does not have a comprehensive Compliance Reporting and Recording System as regards adherence to all laws, rules and regulations, systems, procedures and practices. Under the circumstances we are unable to comment on the compliance of the same by the Company during the year 2011.*

Place: Thimphu

Date: 06/07/2012



For **S. N. Mukherji & Co.**
Chartered Accountants.
Firm's Registration No. 301079E

A handwritten signature in black ink, appearing to read "Sudip K. Mukherji".

Sudip K. Mukherji
Partner

Membership No.13321

RICB SECURITIES LIMITED

[(A Wholly Owned Subsidiary of Royal Insurance Corporation of Bhutan Limited (RICBL)]

BALANCE SHEET AS AT 31ST DECEMBER 2011

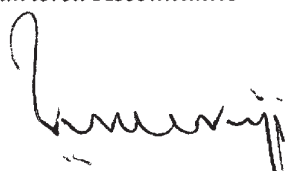
	Schedule	2011 Nu.	2010 Nu.
SOURCES OF FUND			
Share Capital	1	500,000	500,000
Profit & Loss Account		1,950,798	1,282,234
		<u>2,450,798</u>	<u>1,782,234</u>
APPLICATIONS OF FUND			
Fixed Assets (Net Block)	2	17,945	22,115
Investment(At Cost)-Unquoted 5000 Equity shares of 100/- each Of Royal Securities Exchange of Bhutan Limited		500,000	500,000
Current Assets	3	6,400,657	6,851,147
Less:Current Liabilities and Provisions	4	4,467,805	5,591,028
Net Current Assets/(Liabilities)		1,932,853	1,260,119
TOTAL		<u>2,450,798</u>	<u>1,782,234</u>
Significant Accounting Policies	7		
Notes on Accounts	8		

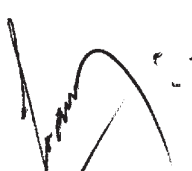
The Schedules referred above form an integral part of the Balance Sheet.

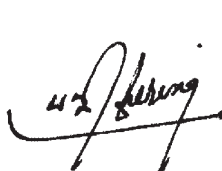
This is the Balance Sheet
referred to in our report of
even date.

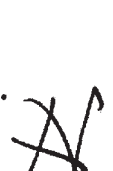
For S.N. Mukherji & Co.
Chartered Accountants


On behalf of the Board of Directors


 (Sudip K. Mukherji)
 Partner


 General Manager
 (F&A)


 Chief Executive
 Officer


 Chairman


 Directors

Membership No. 13321
 Place : Thimphu
 Date : 06/07/2012



RICB SECURITIES LIMITED
(A Wholly Owned Subsidiary of RICBL)
PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st DECEMBER 2011.

	Schedule	2011 Nu.	2010 Nu.
<u>INCOME</u>			
Commission		695,534	272,448
Fees		117,000	1,225,000
Interest Income		19,006	335,866
Miscellaneous Income		6,054	63,211
TOTAL	A	837,594	1,896,525
<u>EXPENSES</u>			
Management Expenses	5	181,644	306,678
Sitting Fees for Directors & Invitees		61,000	78,000
Depreciation	6	4,170	4,170
Interest Paid		-	541,215
TOTAL	B	246,814	930,063
Profit/(Loss) before Tax	(A-B)	590,780	966,462
Provision for Tax for Current Year		177,234	549,657
Excess Provision of Prior Period Written Back		255,018	20,711
Profit/(Loss) after Tax		668,564	396,094
Balance brought forward		1,282,234	886,140
Balance Carried over to Balance Sheet		1,950,798	1,282,234

Significant Accounting Policies	7
Notes on Accounts	8

The Schedules referred above form an integral part of the Profit and Loss Account.

This is the Profit and Loss Account
referred to in our report of even date.

For S.N. Mukherji & Co.
Chartered Accountants

(Sudip K. Mukherji)
Partner

General Manager
(R&A)

Chief Executive
Officer

Chairman

Directors

On behalf of the Board of Directors

Membership No. 13321

Place : Thimphu

Date : 06/07/2012



RICB SECURITIES LIMITED
(A Wholly Owned Subsidiary of Royal Insurance Corporation of Bhutan Limited)

Cash Flow Statement for the year ended 31st December 2011

	2011 Nu.	2010 Nu.
Net Cash flow from Operating Activities		
Balanced transferred to Reserves & Surplus	1,950,798	1,282,234
Balance Brought Forward	(1,282,234)	(886,140)
Depreciation charges	4,170	4,170
(Increase)/Decrease in Other Assets	16,383	(11,683)
Increase/(Decrease) in Other Liabilities	(1,123,224)	(1,111,547)
Increase/(Decrease) in cash and cash equivalent	<u>(434,107)</u>	<u>(722,966)</u>
 Opening Cash and Cash Equivalents - Bank balances	 <u>6,834,764</u>	 <u>7,557,730</u>
Closing Cash and Cash Equivalents - Bank balances	<u>6,400,657</u>	<u>6,834,764</u>

The Schedules referred to above form an integral part of the cash Cash Flow Statement

This is the Cash flow statement referred in our report
of even date

For S.N. Mukherji & Co.
Chartered Accountants

On behalf of the Board of Directors

(Sudip K. Mukherji)
Partner

General Manager
(F&A)

Chief Executive
Officer

Chairman

Directors

Membership No. 13321

Place : Thimphu

Date : 06/07/2012



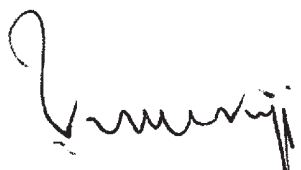
RICB Securities Limited
(A Wholly Owned Subsidiary of Royal Insurance Corporation of Bhutan Limited)

Notes to Cash flow Statement for the year ended 31.12.2011

	2011 Nu.	2010 Nu.
1. Net Cash flow from Operating Activities		
Balance transferred to Reserves & Surplus	1,950,798	1,282,234
Balance Brought Forward	(1,282,234)	(886,140)
Depreciation charges	4,170	4,170
(Increase)/Decrease in Other Assets	16,383	(11,683)
Increase/(Decrease) in Other Liabilities	(1,123,224)	(1,111,547)
Net cash flow from operating activities	<u>(434,107)</u>	<u>(722,966)</u>

For S.N. Mukherji & Co.

Chartered Accountants



(Sudip K. Mukherji) General Manager
Partner (F&A)

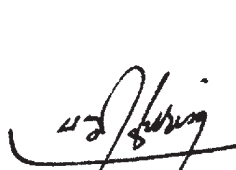


Membership No. 13321

Place : Thimphu

Date : 06/07/2012



On behalf of the Board of Directors

Chief/Executive Officer Chairman Directors



RICB SECURITIES LIMITED
(A Wholly Owned Subsidiary of RICBL)

**SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2011**

	2011 Nu.	2010 Nu.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised -		
50,000 Equity Shares on Nu. 1,000/-each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, Subscribed and paid up		
5000 Equity Shares of Nu. 100/-each fully paid	<u>500,000</u>	<u>500,000</u>
(All the shares are held by Royal Insurance Corporation of Bhutan Limited, the Holding Corporation)		
SCHEDULE - 2		
FIXED ASSETS - At cost		
Electrical Installation & Computers		
Gross Block - As per last Account	212,042	212,042
Add: For the year	<u>212,042</u>	<u>212,042</u>
Less: Depreciation		
As per Last Account	189,927	185,757
Add: For the year	<u>4,170</u>	<u>4,170</u>
	<u>194,097</u>	<u>189,927</u>
Net Block	<u><u>17,945</u></u>	<u><u>22,115</u></u>
SCHEDULE - 3		
CURRENT ASSETS		
Cash at Bank		
In Current Accounts	5,301,418	5,834,764
Interest Receivable	17,742	-
Advance Tax Paid	80,234	
Fixed Deposit	<u>1,001,264</u>	<u>1,000,000</u>
	<u>6,400,657</u>	<u>6,834,764</u>
OTHERS		
Tax Deducted at Source	-	16,383
- Refundable	<u>-</u>	<u>16,383</u>
Total	<u><u>6,400,657</u></u>	<u><u>6,851,147</u></u>



RICB SECURITIES LIMITED
(A Wholly Owned Subsidiary of RICBL)
SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2011

	2011 Nu.	2010 Nu.
SCHEDULE - 4		
CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Temporary Overdraft	-	50
Client Account	8,300	1,750,163
Corporate Tax Payable	-	300
Payable to RICBL	4,183,271	3,290,858
Stale Cheque	99,000	-
B. Provision for Income Tax	177,234	549,657
	<u>4,467,805</u>	<u>5,591,028</u>

SCHEDULE- 5**MANAGEMENT EXPENSES**

Licence Fees/Rates & Taxes	4,100	4,000
Bank Charges	540	4,515
Printing & Stationery	-	4,450
Membership Fees	75,000	78,000
Miscellaneous Expenses	-	57,074
Trading Fees	102,004	115,642
Advertisement Expenses	-	42,998
	<u>181,644</u>	<u>306,679</u>



RICB SECURITIES LIMITED
(A Wholly Owned Subsidiary of RICBL)

SCHEDULE-6

STATEMENT OF DEPRECIATION FOR THE YEAR ENDED 31ST DECEMBER 2011

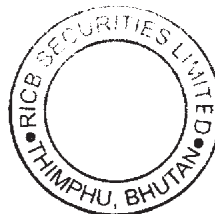
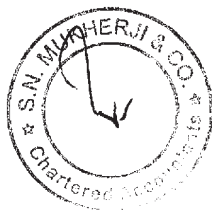
Sl. No.	Qty	Particulars	Date of Purchase	Original Cost as on 1.1.2011 (Nu.)	Addition during the year (Nu.)	Original cost as on 31.12.2011 (Nu.)	Rate of Depreciation	Depreciation during the period (Nu.)	Total Depreciation as on 31.12.2011 (Nu.)	Net Block as on 31.12.2011 (Nu.)	Net Block as on 31.12.2010 (Nu.)
1	1	PCAT COMPUTER WITH PRINTER & UPS	01.10.1997	93,852.00	-	93,852.00	15%	-	93,851.00	1.00	1.00
2	1	ACER POWER COMPUTER	23.12.1999	76,890.00	-	76,890.00	15%	-	76,889.00	1.00	1.00
3	1	ACP UPS	23.12.1999	10,500.00	-	10,500.00	15%	-	10,499.00	1.00	1.00
4	1	STABILISER	03.09.2002	3,000.00	-	3,000.00	15%	-	2,999.00	1.00	1.00
5	1	DELL COMPUTER	20.08.2009	27,800.00	-	27,800.00	15%	4,170	9,859.00	17,941.00	22,111.00
				212,042.00	-	212,042.00		4,170	194,097.00	17,945.00	22,115.00
		Previous Years		212,042.00		212,042.00	15%	4,170.00	189,927.00	22,115.00	



RICB SECURITIES LIMITED
(A Wholly Owned Subsidiary of RICBL)

STATEMENT OF ASSET AS ON 31ST DECEMBER 2011

Sl. No.	Qty	Particulars	Date of Purchase	Original Cost as on 1.1.2011 (Nu.)	Addition during the year (Nu.)	Original cost as on 31.12.2011 (Nu.)	Rate of Deprecia - tion
1	1	PCAT COMPUTER WITH					
		PRINTER & UPS	01.10.1997	93,852.00	-	93,852.00	15%
2	1	ACER POWER COMPUTER	23.12.1999	76,890.00	-	76,890.00	15%
3	1	ACP UPS	23.12.1999	10,500.00	-	10,500.00	15%
4	1	STABILISER	03.09.2002	3,000.00	-	3,000.00	15%
5	1	DELL COMPUTER	20.08.2009	27,800.00	-	27,800.00	15%
				212,042.00	-	212,042.00	



RICB SECURITIES LIMITED
(A Wholly Owned Subsidiary of RICBL)

**SCHEDULES ATTACHED TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2011**

SCHEDULE - 7

SIGNIFICANT ACCOUNTING POLICIES


- 1 **Basis of preparation:** The accounts have been prepared on historical cost convention, accrual concept and in accordance with the generally accepted accounting principles.
- 2 **Revenue Recognition :** The Income and expenses are considered in the accounts on accrual basis unless otherwise stated.
- 3 **Investment :** Investment made by the Company are stated at cost. Any permanent diminution in the value of investment are provided for.
- 4 **Fixed Assets:** Fixed Assets have been accounted for on the basis of historical cost or capital grant wherever applicable for distinct assets. Depreciation is provided on straight line method at the rates and manner prescribed by the Income Tax Act of the Kingdom of Bhutan, 2001.
- 5 Provision for income tax is accounted for on book profit of the Company at the prevailing rate as per Income Tax Act of the Kingdom of Bhutan, 2001.

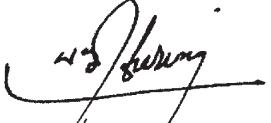
SCHEDULE - 8

NOTES FORMING THE PART OF ACCOUNTS

- 1 Royal Insurance Corporation of Bhutan Limited (the Holding Corporation), has not charged the entire Brokers' salaries and others emoluments amounting to Nu. 301,187/- (previous year Nu. 265,966/- incurred on behalf of the Company and has been borne by them entirely.
- 2 Figures of the previous year have been regrouped /rearranged wherever necessary.
- 3 Trading Fees accounted for on Cash basis
- 4 There is a difference of Nu.1,746,150/- in Current Accounts maintained by Royal Insurance Corporation of Bhutan Limited on behalf of RICB Securities Limited. This is under process of reconciliation. Any effect in this account may be ascertained only after reconciliation.

Signatures to Schedules 1 to 8


General Manager
(F&A)


Chief Executive Officer


Chairman


Directors

Place: Thimphu

Date: 06/07/2012

