

**ANNUAL STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH,
2001**

ANNEX – XI

**ACCOUNTS OF THE AUTHORITY FOR THE PERIOD
ENDED 31ST MARCH, 2001**

AUDIT CERTIFICATE

I have examined the Receipts and Payments Account, Income and Expenditure Account for the year ended 31st March 2001 and Balance Sheet as on 31st March 2001 of Insurance Regulatory and Development Authority, New Delhi. I have obtained all the information and explanations that I have required and subject to the observations in the appended Audit Report, I certify as a result of my audit that in my opinion, these accounts and Balance Sheet are properly drawn-up so as to exhibit a true and fair view of the state of affairs of Insurance Regulatory and Development Authority, New Delhi according to the best of my information and explanations given to me and as shown by the books of organisation.

-Sd-

Director General of Audit
Central Revenues

Place: New Delhi

Date 25th July, 2002



APPENDIX

AUDIT REPORT ON THE ACCOUNTS OF INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FOR 2000-2001

1. Introduction

The Insurance Regulatory and Development Authority (Authority) was established on 19 April, 2000 under the Insurance Regulatory and Development Authority Act, 1999. The main powers and functions of the Authority are to:

- protect the interests of holders of Insurance policies;
- regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental there to;
- issue to the applicant a certificate of registration, renew, modify, withdraw, suspend or cancel registration, and
- levy fees and other charges for carrying out the purposes of the Act.

The audit of the accounts of the Authority has been entrusted under Section – 19 (2) of the Comptroller and Auditor General (Duties, Powers and Conditions of Service) Act, 1971

2. Sources of Receipts

During the year 2000-01, the Authority received Rs. 1.50 crores from the Government of India, Ministry of Finance (Department of Economic Affairs) as a grant for meeting day to day expenses. The total receipts of the Authority (others than the sum of Rs. 1.50 crores received from the Ministry of Finance) were Rs. 21.86 crores. The total expenditure was Rs. 1.67 crores.

3. Comments on Accounts

3.1 Physical Verification of Assets

In terms of the provisions contained in Rule 112 (iii) of the General Financial Rules, Fixed Assets need to be verified at least once a year and results of the verification recorded on the inventory. The Authority has Fixed Assets valued at Rs. 22,69,754.68 as per the Balance Sheet as on 31st March 2001. However, no physical verification of the fixed assets was carried out. On this omission being pointed out by Audit, the authority stated (January 2002) that it would adopt the procedure of physical verification of fixed assets, from now onwards.

3.2 Receipt of Registration Fees of Rs. 2,75,21,432.50 not routed through Cash Book

Scrutiny of the Current Account maintained in HDFC Bank Ltd., revealed that an amount of Rs. 2,75,21,532.50 was received during the year as Registration Fees from Agents. These receipts had not been entered in the Cash Book. The Authority stated (February 2002) that the procedure had been changed with effect from 4th December 2001. Compilation of a separate account of the past period in respect of Registration Fees is to be maintained and compliance of the same will be verified in the next audit.

3.3 Revision of accounts at the instance of audit

The accounts for 2000-01 were revised by the Authority at the instance of audit in following cases:

- The Authority was not showing the financial assistance amounting to Rs. 150,01,000 received from the Ministry of Finance in its Income and Expenditure Accounts as income. At the instance of audit it was shown as income. As a result revision, "excess of expenditure over income" changed to "excess of income over expenditure".
- Earlier amount of Contributory Provident Fund (C.P.F.) Employees' contribution (including interest thereon) was kept out of accounts. On being pointed out in audit, the Authority revised the Balance Sheet. An amount of Rs. 91,062/- was shown as liability under the head "Provident Fund Trust" and corresponding amount was shown in the assets side under the head "Fixed Deposits with Banks".

-Sd-
Director General of Audit
Central Revenues
New Delhi

Place: New Delhi
Date: 25th July, 2002

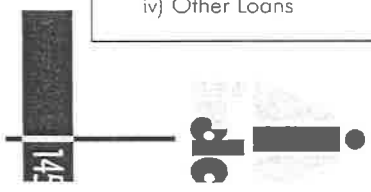
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, NEW DELHI
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT

Form A

BALANCE SHEET AS AT MARCH 31, 2001

| LIABILITIES | FIGURES FOR THE CURRENT YEAR (Rs.) | ASSETS | FIGURES FOR THE CURRENT YEAR (Rs.) |
|---|---------------------------------------|---|---------------------------------------|
| GENERAL FUND | | FIXED ASSETS [See Note 1] | |
| i) IRDA Fund [See Note 4] | | – Gross Block | 2,269,754.68 |
| – At beginning of the year | – | – Less: Depreciation | (697,331.62) |
| – Receipts in the year | 893,243.68 | – Net Block | 1,572,423.06 |
| – Balance at end of the year | 893,243.68 | – Capital Work-in-Progress | – |
| ii) Capital Fund | | INVESTMENTS [See Note 2] | |
| – Capital Grants | – | (Method of Valuation – at Cost) | |
| – Balance at the beginning of the year | – | i) Securities of Central and State Government | – |
| Add: Value of Fixed Assets received as grants during the year | – | ii) Units | – |
| iii) Surplus and Funds | | iii) Fixed Deposits with banks | 204,766,622.00 |
| – Balance as per last Balance Sheet | – | (Including moneys belonging to the Employees Provident Fund Trust to be formed) | – |
| Add: Excess of Income Over Expenditure as per Income and Expenditure Account – Annexed | 12,478,206.44 | iv) Others | |
| Less: Excess of Expenditure Over Income as per Income and Expenditure Account – Annexed | – | CURRENT ASSETS [See Note 3] | |
| – Balance at the end of the year | 13,371,450.12 | | 31,500.00 |
| iv) Gift and Donations | – | i) Deposits with Agencies | |
| v) Other Balances | – | ii) Advances recoverable in cash or kind or for value to be received | 1,335,759.50 266,192.88 |
| LOANS | | iii) Other Current Assets | |
| i) Secured (stating the security offered for the purpose) | – | iv) Cash & Bank Balances | 15,000.00 |
| ii) Unsecured | – | a. Cash in Hand | 12,190,515.18 |
| iii) Loan from Government of India | – | b. Bank Balance | 6,321,977.50 |
| iv) Other Loans | – | v) Sundry Debtors | |

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THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, NEW DELHI
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
BALANCE SHEET AS AT MARCH 31, 2001

| LIABILITIES | FIGURES FOR THE CURRENT YEAR (Rs.) | ASSETS | FIGURES FOR THE CURRENT YEAR (Rs.) |
|---|---------------------------------------|---------------|---------------------------------------|
| CURRENT LIABILITIES AND PROVISIONS (See Note 6) | | | |
| i) SUNDRY CREDITORS: | | | |
| – for Capital Items | – | | |
| – for Other Items | 18,962,541.00 | | |
| ii) PROVISIONS: | | | |
| – Provision for doubtful debts and advances | – | | |
| – Provision for depletion in value of investment | – | | |
| iii) OTHER LIABILITIES: | | | |
| – Unspent Grants | – | | |
| – Interest payable to Government/Other Loans | – | | |
| – Provident, Retirement & Other Welfare Funds: | | | |
| (a) Provident Fund Trust | 91,062.00 | | |
| (b) Other Welfare Funds | – | | |
| (c) Retirement Benefit Fund and Staff Benefit Fund: | – | | |
| v) Others | – | | |
| a. Other Liabilities | 4,987,536.00 | | |
| b. Registration Renewal fees received in advance | 189,087,401.00 | | |
| | 226,499,990.12 | | 226,499,990.12 |

Significant Accounting Policies and Notes Forming Part of Accounts – Annexure IX

Notes

1. The information relating to Fixed Assets is to be given in Annexure I.
2. The information relating to Investments is to be given in Annexure II.
3. The information relating to Current Assets, Loans and Advances is to be given in Annexure III.
4. Details of IRDA Fund is to be given in Annexure IV (Fund should include grants received from Central Government, other organisations and bodies in terms of Section 16 of the Act).
5. Details of Contingent Liabilities is to be given in Annexure V.
6. All information relating to significant accounting policies and notes forming part of accounts is to be given in Annexure IX.
7. All annexes to Statement of Affairs and notes/information relating to accounting policy forming part of Accounts.

-Sd-
R.K. Sharma
Chief Accounts Officer

-Sd-
TK Viswanathan
Member

-Sd-
H.O. Sonig
Member

-Sd-
N. Rangachary
Chairman

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, NEW DELHI
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
INCOME AND EXPENDITURE FOR THE PERIOD ENDED MARCH 31, 2001

Form B

| EXPENDITURE | FIGURES FOR THE CURRENT YEAR (Rs.) | INCOME | FIGURES FOR THE CURRENT YEAR (Rs.) |
|---|---------------------------------------|--|---------------------------------------|
| Payment to Chairperson and Members | 4,502,236.00 | Grants in Aid | |
| Payment to and Provision for members of Staff [See Note 1] | 728,403.30 | Received | 15,001,000.00 |
| Establishment Expenses [See Note 2] | 10,213,460.50 | Receivable | - |
| Rent | 24,300,031.60 | Less: Transferred to Capital Fund | - |
| Research & Consultation Fees | - | Registration Fees | |
| Seminars, Conference, Publications, etc. [See Contra] | - | Agents | 33,743,663.00 |
| Interest [See Note 3] | - | Surveyors and Insurance intermediaries | 552,565.00 |
| Depreciation | 697,331.62 | Insurance Companies | 650,000.00 |
| Capital Assets Written Off | - | Renewal Fees | - |
| Loss on Write Off of Asset | - | Others | - |
| Provision for doubtful debts and advances | - | Penalties, Fines etc. | - |
| Development Expenditure | - | Seminar, Conferences and Publications etc. | |
| Promotional Expenditure | - | Income from Investments – Interest on deposits with Scheduled Banks | 2,959,252.00 |
| Other Expenses | - | Interest on Deposits | - |
| Excess of Income Over Expenditure carried to Balance Sheet | 12,478,206.44 | Interest on Advances | |
| | | i) granted to members of staff for housing purposes | - |
| | | granted to members of staff for other purposes | - |
| | | ii) Others | - |
| | | Miscellaneous Income | 13,189.46 |
| | | Excess of Expenditure over income carried to Balance Sheet | - |
| | <u>52,919,669.46</u> | | <u>52,919,669.46</u> |

Significant Accounting Policies and Notes Forming Part of Accounts – Annexure IX

Notes

- 6 Details of Reserve & Funds to be given in Annexure V.
- 7 All information relating to significant accounting policies and notes forming part of accounts is to be given in Annexure X
- 8 All Annexures to 6A and notes/information relating to accounting policy forming part of accounts.
- 1 The information relating to payment to and provision for employees is to be given in Annexure VI.
- 2 The information relating to establishment expenses is to be given in Annexure VII.
- 3 The information relating to interest amount is to be given in Annexure VIII.
- 4 All Annexures to Income and Expenditure Account and Notes/Information relating to Significant Accounting Policies form part of accounts.

-Sd-
R.K Sharma
Chief Accounts Officer

-Sd-
TK Viswanathan
Member

-Sd-
H.O. Sonig
Member

-Sd-
N. Rangachary
Chairman

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, NEW DELHI
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2001

| S.No. | RECEIPTS | AMOUNT (Rs.) | S.No. | PAYMENTS | AMOUNT (Rs.) |
|-------|--|----------------|-------|--|----------------|
| 1 | To Balance brought forward | | 1 | By Research and Consultation Fees | - |
| | i) Cash at Bank | - | 2 | By Seminars, Conference, Publications etc. | - |
| | ii) Cash in hand | - | 3 | By Rent Payments | 1,812,126.60 |
| | iii) Cheques on hand | - | 4 | By Development Expenditure | - |
| | iv) Cash/Cheques in transit | - | 5 | By Promotional Expenditure | - |
| 2 | To Registration Fees | | 6 | By Payment to Chairperson and Members | |
| | - Insurance Companies | 650,000.00 | | (i) Pay and Allowances | 1,179,067.00 |
| | - Insurance Brokers | - | | (ii) Other Benefits | 247,616.00 |
| | - Insurance Surveyors | 552,565.00 | | (iii) Travelling Expenses | 3,042,715.00 |
| | - Insurance Agents | 27,521,532.50 | 7 | By Establishment Expenses | |
| | - Others | - | | (i) Pay and Allowances | 728,403.30 |
| 3 | To Registration Renewal Fees | | | (ii) Other Benefits | - |
| | - Insurance Companies | 188,026,302.00 | | (iii) Travelling Expenses | 1,528,397.00 |
| | - Insurance Brokers | - | | (iv) Retirement Benefits | - |
| | - Insurance Surveyors | - | 8 | By Office Expenses | 6,529,637.00 |
| | - Insurance Agents | - | 9 | By Interest on | |
| | - Others | - | | (i) Government Loans | - |
| 4 | To Penalties, Fines from insurers and intermediaries | - | | (ii) Other Loans | - |
| 5 | To Seminar, Conferences etc. | - | 10 | By Purchase of Assets | 1,376,494.00 |
| 6 | To Income from Investments | - | 11 | By Capital Work-in-Progress | - |
| 7 | To Sale of Investments | - | 12 | By Advances to staff and others | 296,440.87 |
| 8 | To Grants | | | including travel advance | |
| | i) Initial Grant from Government of India | 15,001,000.00 | 13 | By Investments - [Includes FD made on behalf | 204,676,378.00 |
| | ii) Gift and Donations | - | | of PF Trust to be made] | |
| 9 | To Loans - | - | | | |
| 10 | To Sales of Publication etc. | - | | | |

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, NEW DELHI
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2001

| S.No. | RECEIPTS | AMOUNT (Rs.) | S.No. | PAYMENTS | AMOUNT (Rs.) |
|-------|--------------------------------|-----------------------|-------|----------------------------------|-----------------------|
| 11 | To Sale of Assets | - | 14 | By Repayment of Government Loans | - |
| 12 | To interest received on | | 15 | By Repayment of Other Loans | - |
| | - Deposits | 1,858,200.99 | 16 | By Other Expenses | - |
| | - Advances | - | | By Balance carried forward | |
| | - Others | - | i) | Cash at Bank | 12,190,515.18 |
| 13 | To Recoveries from Employees | | ii) | Cash in hand | 15,000.00 |
| (a) | Loans and Advances | - | iii) | Cheques in hand | - |
| (b) | Interest on Loans and Advances | - | iv) | Cash/Cheques in Transit | - |
| (c) | Misc. | - | | | |
| 14 | To Other Receipts | 13,189,46 | | | |
| | | <u>233,622,789.95</u> | | | <u>233,622,789.95</u> |

-Sd-
R.K Sharma
Chief Accounts Officer

-Sd-
TK Viswanathan
Member

-Sd-
H.O. Sonig
Member

-Sd-
N. Rangachary
Chairman



ANNEXURE I

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2001
FIXED ASSETS SCHEDULE**

| Particulars | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | |
|------------------------|---------------------|----------------------------|---------------------|----------------|-------------------|-------------------|---------------------|-----------------|
| | Cost as on 1.4.2000 | Additions During the Year* | As on 31.3.2001 | As on 1.4.2000 | For the Year | Up to 31.3.2001 | As at 31.3.2001 | As at 31.3.2000 |
| Vehicles | - | 194,343.68 | 194,343.68 | - | 50,315.58 | 50,315.58 | 144,028.10 | - |
| Equipments | - | 710,081.05 | 710,081.05 | - | 216,345.59 | 216,345.59 | 493,735.46 | - |
| Furniture and Fixtures | - | 340,782.95 | 340,782.95 | - | 97,439.40 | 97,439.40 | 243,343.55 | - |
| Computers | - | 1,024,547.00 | 1,024,547.00 | - | 333,231.05 | 333,231.05 | 691,315.95 | - |
| Total | - | 2,269,754.68 | 2,269,754.68 | - | 697,331.62 | 697,331.62 | 1,572,423.06 | - |

*Includes assets taken over from erstwhile Insurance Regulatory Authority and Life Insurance Corporation of India and Industrial Finance Corporation of India Limited as under:

| | |
|------------------------|-------------------|
| Vehicles | 194,343.68 |
| Equipments | 224,675.05 |
| Furniture and Fixtures | 68,975.95 |
| Computers | 405,266.00 |
| | <u>893,260.68</u> |

ANNEXURE II

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2001
INVESTMENTS**

| PARTICULARS | | | | | | | Figures for the Current Year (Rs.) | |
|--|-----------|--------------------|------------------|----------|------------------|-------------------|--|--|
| Fixed Deposits with Scheduled Banks | | | | | | | 204,856,866.00 | |
| Name of Bank | Date | Amount | Rate of Interest | Period | Date of Maturity | Interest Received | Interest Accrued | |
| Indian Overseas Bank | 4-Mar-01 | 185,676,378 | 6.25% | 31 days | 3-Apr-01 | - | 890,229 | |
| HDFC Bank | 15-Feb-01 | 19,000,000 | 9% | 46 days | 1-Apr-01 | - | 210,822 | |
| Total (A) | | 204,676,378 | | | | | 1,101,051 | |
| The Following Fixed Deposit have been kept made on behalf of Provident Fund Trust | | | | | | | | |
| Indian Overseas Bank | 6-Dec-00 | 10748 | 7.00% | 6 Months | 6-Jun-01 | - | 241 | |
| Indian Overseas Bank | 5-Jan-01 | 16248 | 7.00% | 6 Months | 5-Jul-01 | - | 270 | |
| Indian Overseas Bank | 5-Feb-01 | 20780 | 7.50% | 6 Months | 5-Aug-01 | - | 213 | |
| Indian Overseas Bank | 9-Mar-01 | 21234 | 7.00% | 6 Months | 9-Sep-01 | - | 94 | |
| Indian Overseas Bank | 31-Mar-01 | 21234 | 7.00% | 6 Months | 30-Sep-01 | - | - | |
| Total (B) | | 90244 | | | | | 818 | |
| Grand Total (A+B) | | 204,766,622 | | | | | 1,101,869 | |
| Others | | | | | | | | |
| (a) Quoted – Cost and Market Value | | | | | | | | |
| (b) Unquoted | | | | | | | | |

**ANNEXURE III****THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET
AS AT MARCH 31, 2001****CURRENT ASSETS, LOANS AND ADVANCES**

| PARTICULARS | Figures for the Current Year Rs |
|---|---------------------------------------|
| DEPOSITS | |
| – With Agents | 31,500.00 |
| ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED | |
| – Prepaid Expenses | 233,890.50 |
| – Interest Accrued but not due – Bank deposits | 1,101,051.00 |
| – Interest Accrued but not due – Bank deposits held on behalf on Provident Fund Trust | 818.00 |
| TOTAL | 1,335,759.50 |
| OTHER CURRENT ASSETS | |
| – Loans to Staff for various purposes | 215,325.88 |
| – Others – Advance Travel | 50,867.00 |
| TOTAL | 266,192.88 |
| CASH AND BANK BALANCES | |
| – Cash in hand | 15,000.00 |
| – Balances with Scheduled Banks In Current Account | 12,190,515.18 |
| TOTAL | 12,205,515.18 |
| SUNDRY DEBTORS | |
| [Unsecured – Considered Good] | |
| (Outstanding for a period of less than 6 months) | |
| Agents | 5,260,878.50 |
| Insurance Companies | 1,061,099.00 |
| TOTAL | 6,321,977.50 |

ANNEXURE IV

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET
AS AT MARCH 31, 2001**

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND

| PARTICULARS | Figures for the Current Year Rs |
|--------------------------------|---------------------------------------|
| Grant from Government of India | <hr/> <hr/> - |

ANNEXURE V

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET
AS AT MARCH 31, 2001**

CONTINGENT LIABILITIES

| PARTICULARS | Figures for the Current Year Rs |
|-------------|---------------------------------------|
| | <hr/> <hr/> - |





ANNEXURE VI

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT
FOR THE PERIOD ENDED MARCH 31, 2001**

PAYMENT TO AND PROVISION FOR EMPLOYEES

| PARTICULARS | Figures for the Current Year Rs |
|---|---------------------------------------|
| Salaries, Allowances, Wages and Bonus | 670,489.90 |
| Bonus | - |
| Contribution to Provident Fund, etc. | 45,913.40 |
| Gratuity | 2,183.00 |
| Staff Welfare Expenses | - |
| Others | 3,805.00 |
| Book Grant | - |
| Leave Travel Concession | - |
| Insurance | 1,693.00 |
| Canteen Expenses | 3,903.00 |
| Monetary Award – Studies | - |
| Contribution to Group Insurance Scheme | - |
| Reimbursement of expenses incurred by Staff | - |
| Leave Salary | 416.00 |
| Total | <u>728,403.30</u> |

ANNEXURE VII

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE
ACCOUNT FOR THE PERIOD ENDED AS AT MARCH 31, 2001**

ESTABLISHMENT EXPENSES

| PARTICULARS | Figures for the Current Year Rs |
|---|---------------------------------------|
| Repairs & Maintenance of Buildings (Rs.693693 Payable to LIC) | 787,324.00 |
| House Keeping – Office Maintenance | 159,179.00 |
| Repairs & Maintenance of Equipments | 44,425.00 |
| Repairs and Maintenance – Others (Rs.1350000 Payable to LIC) | 1,356,290.00 |
| Electricity (Payable to LIC) | 200,000.00 |
| Insurance – Vehicle | 6,524.00 |
| Rates and Taxes | – |
| Printing and Stationery | 2,050,100.00 |
| Books/Journals etc. | 91,186.00 |
| Postage, Telegraphs, Telephones, etc. (Provision of Rs.55000 for Exp) | 721,662.00 |
| Travelling and Conveyance – Inland | 1,381,304.00 |
| Travel – Foreign | 147,093.00 |
| Legal and Professional Charges | 285,716.00 |
| Education/Training/R&D/Grievances Redressal Expenses | – |
| Audit Fees | – |
| Software | 150,000.00 |
| Publicity & Advertisement | 572,574.00 |
| Recruitment | – |
| Expenses of Meetings of Authority & Advisory Committee & Other meeting expenses including daily allowances paid to the members of the Committee | 767,758.00 |
| Membership and Subscription | 244,664.50 |
| Security Services | 167,369.00 |
| Web Portal Development Expenses (Rs.75000 payable to Maruthi IT.Com) | 900,000.00 |
| Other Expenses | 180,292.00 |
| TOTAL | 10,213,460.50 |



ANNEXURE VIII

**ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE
ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2001**

INTEREST

| PARTICULARS | Figures for the Current Year Rs |
|--------------|---------------------------------------|
| Government | — |
| Banks | — |
| Others | — |
| Total | <u>—</u> |

ANNEXURE IX**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT****NOTES TO THE FINANCIAL STATEMENTS**

(Unless otherwise specified, all amounts are in rupees)

1. BACKGROUND

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (The Authority) was established by an Act of Parliament and was constituted on April 19, 2000 by a notification issued in the Gazette of India. The Authority was established with a view to protect the interests of the holders of insurance policies, to regulate, promote and ensure orderly growth of the insurance industry and for matters connected therewith or incidental thereto. The Authority, in terms of Section 13 of Insurance Regulatory and Development Authority Act, 1999 [Act], has been vested with the assets and liabilities of the Interim Insurance Regulatory Authority as are available on the appointed day i.e. April 19, 2000. In terms of Section 16 of the Act a fund shall be constituted namely 'The Insurance Regulatory and Development Authority Fund' [Fund]. The accounts of the Fund have been accordingly drawn and are for the period April 19, 2000 to March 31, 2001.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting save for revenue recognition on cash basis as explained hereunder, and in accordance with the applicable standards on accounting issued by the Institute of Chartered Accountants of India. The significant accounting policies are as follows:

(a) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation on fixed assets is provided pro-rata to the period of use on reducing balance method using rates determined based on the rates specified in Schedule XIV to the Companies Act, 1956. Assets costing less than Rs 5,000 have been depreciated 100% in the year of purchase.

(b) Investments

Investments are stated at cost.

(c) Revenues**(i) Registration Fees**

(a) received from Companies seeking for the first time, registration as insurance companies are treated as income of the year of receipt

(b) received from existing insurers in advance for renewal registrations already granted are treated as income of the year to which they relate

(ii) License Fees

License Fees received from insurance agents, surveyors and other insurance intermediaries are treated as income of the year in which it is received. Agents and surveyors licenses are current for those years from date of issue and subject to renewal at the end of their currency. It is not practicable to distribute the License Fees over the years to which they relate.

(iii) Grant from Ministry of Finance, Government of India

Initial Grant received is considered as part of 'The Insurance Regulatory and Development Authority Fund'.

(d) Foreign currency transactions

Non-monetary foreign currency transactions are recorded at rates of exchange prevailing on the dates of the transactions. Monetary foreign currency assets and liabilities are translated into rupees at the rates of exchange prevailing on the balance sheet date. The differences in translation of foreign currency liabilities related to the acquisition of fixed assets are adjusted in the carrying value of fixed assets. Other translation differences are reflected in the Income and Expenditure Account.

(e) Web Portal Development and Maintenance

Expenses incurred on Web Portal Development and Maintenance is charged to the Income and Expenditure Account in the year of incurrence.

(f) Retirement benefits

(i) Appropriate contribution is made to recognised provident fund.

(ii) Leave encashment is accounted for in the year of payment.

(iii) Necessary provision is made in the accounts for gratuity liability.

3. Fixed assets include Rs 8,93,260,68 taken over by the Authority from the erstwhile Interim Insurance Regulatory Authority in terms of section 13 of the Act. In addition, some of the assets belonging to Life Insurance Corporation of India Limited and Industrial Finance Corporation of India limited have been taken over at Re 1 each.

4. INCOME-TAX

No income tax provision has been made in view of income of the authority being exempt under Section 10 (23BBE) of the Income-tax Act, 1961 effective assessment year 2001-2002.

5. PRIOR YEAR COMPARATIVES

This being the first account, there are no comparative prior period figures.