

Financial Statements for the Year ended March 31, 2003

AUDIT CERTIFICATE

I have examined the Receipt and Payment Account, Income and Expenditure Account for the year ended 31st March 2003 and the Balance Sheet as on 31st March 2003 of Insurance Regulatory and Development Authority. I have obtained all the information and explanations that I have required and subject to the observations to the appended Audit Report which, inter alia, contains the following major audit observations:-

- (i) The receipts of the Authority amounting to Rs. 57.93 crore were held in bank accounts in violation of the directions of the Ministry of Finance for keeping the same in Public Account of India. (Para 1.2)
- (ii) The proceeds of FDRs totalling Rs. 2.05 crore were accounted for by the Authority during 2002-03 though the credit was actually afforded by the bank during 2003-2004. This resulting in misclassification of Rs. 2.05 crore in the accounts. (Para 2.1.2)
- (iii) Amount of Rs. 10 crore contributed as capital in a joint venture company was incorrectly charged in the Income and Expenditure account. This resulted in understatement of investment and overstatement of expenditure. (Para 2.2.1)
- (iv) Misclassification of an advance of Rs. 7.12 crore given to Prasar Bharathi as expenditure resulted in overstatement of expenditure. (Para 2.2.2)

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 the Insurance Regulatory and Development Authority according to the best of information and explanations given to me and as shown by the books of the council.

Place : New Delhi
Dated : 03.11.2004

Director General of Audit
Central Revenues

AUDITOR'S REPORT

Audit Report on the accounts of Insurance Regulatory and Development Authority for 2002-03

Introduction

The Insurance Regulatory and Development Authority (Authority) was established on 19 April 2000 under Insurance Regulatory and Development Authority Act, 1999 with its headquarters at New Delhi, which was shifted to Hyderabad in August 2002. The Audit of the accounts of the Authority has been entrusted under Section 19(2) of the Comptroller & Audit General (Duties, Power & Conditions of Services) Act, 1971. The Authority is headed by a Chairman, who is assisted by five full time members and Four Part-time Members. On the date of the conclusion of audit, besides the Chairman, there were three full time and four part time Members. There is an Insurance Advisory Committee, which assists the Authority in making Rules and Regulations. The main functions of the Authority inter-alia are to:

Protect the interest of and secure fair treatment to policy-holders;

Bring about speedy and orderly growth of the insurance industry (including annuity and superannuating payments), for the benefit of the common man, and to provide long term funds for accelerating growth of the economy;

Set, promote, monitor and enforce high standards of integrity, financial soundness, fair dealing and competence of those it regulates;

Ensure that insurance customers receive precise, clear and correct information about products and services and make them aware of their responsibilities and duties in this regard;

Ensure speedy settlement of genuine claims, to prevent insurance frauds and other malpractices and put in place effective grievance redressal machinery;

Promote fairness, transparency and orderly conduct in financial markets dealing with insurance and build a reliable management information system to enforce high standards of financial soundness amongst market players; and

Take action where such standards are inadequate or ineffectively enforced.

1.1 Sources of Receipts

During the year 2002-03, the Authority's receipts were Rs: 39.18 crore. The receipts consisted mainly of fees received from various insurance companies/agents, on account of

registration and renewal charges.

1.2 Funds

The receipts of the Authority are being held in bank accounts despite directions of the Ministry of Finance for keeping the funds in Public Account of India in non-interest bearing accounts. As of 31 March 2003, funds amounting to Rs.57.93 crore were kept in interest bearing deposits with scheduled banks.

2. Comments on account

2.1 Balance Sheet

Liabilities

2.1.1 IRDA Fund – Rs. 8.93 lakh

As per section 16 of IRDA Act, 1999 all the Government grants, fees and charges received by the Authority are to be credited to IRDA fund after meeting day to day expenses. The Authority had, however, credited the IRDA fund only to the extent of Rs. 8.93 lakh which amount represented the value of assets transferred by Interim Regulatory Authority during the year 2000-01. The surplus balance of funds after meeting the expenditure was instead kept in accounts under the head 'Surplus and Funds'. The balance of surplus funds as on 31 March 2003 was Rs. 3400.90 lakh, which should have been transferred to IRDA fund.

The Authority stated (July 2004) that the Balance Sheet had been prepared as per 'Form A' which was duly approved by the competent authority. However, it was observed in audit that 'Form A' also provided for receipts during the year under IRDA fund. Moreover, as per Section 16 of IRDA Act, 1999 all the Government grants, fees and charges received by Authority were to be credited to the IRDA Fund after meeting day-to-day expenses. Thus, IRDA Fund should include fees received on accounts of registration, renewal etc.

Assets

2.1.2 Misclassification of Rs. 2.05 crore

The Authority sent four FDRs totalling Rs. 2.05 crore to the concerned banks on 31 March 2003 for premature redemption. The proceeds including interest were credited by banks on 3 April 2003. However, the Authority credited the receipt of Rs. 2.05 crore in the accounts for 2002-03 (RV No. 445 & 446), though credit was actually received in the following year i.e. 2003-04. The amount of interest was rightly taken as accrued income in the year 2002-03. The action of the Authority to account for Rs. 2.05 crore as receipt on the ground that the FDRs were sent on 31 March 2003 was incorrect as the proceeds were credited on 3 April 2003. Thus, the

investment under fixed deposits was understated by Rs. 2.05 crore and bank balance overstated by the corresponding amount.

The Authority replied (July 2004) that necessary accounting entries had been made on 31 March 2003 since it had instructed the respective banks to redeem the same on the same date. The reply is not tenable in view of the fact that the FDR can only be treated as bank balance when it is actually credited to the respective bank account and not merely on the basis of instruction to the bank. The fact remains that these fixed deposits were redeemed and credited to the bank account on 3 April 2003.

2.2 Income and Expenditure Account

Expenditure

2.2.1 Incorrect classification of development expenditure

Rs. 10 crore had been booked under the head 'development expenditure' in the Income and Expenditure account. Scrutiny of records revealed that the above payment was made to Institute of Insurance and Risk Management (IIRM), a joint venture company promoted by the Authority in collaboration with Government of Andhra Pradesh to carry out research in insurance and risk management. The Authority had contributed Rs. 10 crore (Rs. 8 crore for creation of IRDA endowment fund and Rs. 2 crore for building) for capital fund of IIRM for promoting and availing the benefits of research. This amount should have been depicted as asset in the Balance Sheet under 'investment-others (Capital)'. Incorrect classification of the transaction resulted in overstatement by Rs. 10 crore in the Income and Expenditure account and understatement of assets by the corresponding amount.

The Authority stated (July 2004) that the IRDA (Form of Annual Statement of Accounts and Records) Rules, 2001 notified by Government of India specifically provides a head "Development expenditure" under Income and expenditure account and that any expenditure incurred by the Authority for the development of insurance market was to be accounted for under the head "Development expenditure". It was further mentioned that transfer of funds was without recourse of refund and as such could not be considered as an asset.

The reply of the Authority is not tenable as Rs. 10 crore was given to IIRM as its share of capital and should have been shown as investments under a specific head.

2.2.2 Promotional expenditure

An amount of Rs. 7.12 crore was deposited as advance with the 'Prasar Bharati' on 13 January 2003 on account of Telecast

and Production fees for publicity services to be rendered upto 31 March 2003. As the envisaged services were not rendered by the 'Prasar Bharti' as per schedule, the same was continued in the next financial year. Adjustment bills for the advance paid were awaited as of April 2004. The advance of Rs. 7.12 crore should have been depicted in the accounts on assets side under 'Deposits' pending receipt of adjustment accounts. Instead, the Authority booked this amount as expenditure in the Income & Expenditure account. The expenditure was, thus, overstated by Rs. 7.12 crore and assets understated by the corresponding amount.

The Authority stated (July 2004) that this was noted for adherence in future.

3. General

3.1 Transfer of Rs. 10 crore to IIRM

Test check revealed that on 8 November 2002, one out of two authorised signatories for operating bank accounts instructed the Indian Overseas Bank, Parliament Street, New Delhi, referring to the telephonic instruction of the Chairman, that Rs. 10 crore be transferred in favour of IIRM from Authority's account no. CA-3000. Accordingly, the bank prepared two pay orders (nos. 608903 & 608904 dated 8.11.2002) of Rs. 5 crore each on the same day in favour of IIRM which is separate company registered under companies Act 1956. Thus, Rs. 10 crore was transferred on the basis of letter signed by only one signatory, which is highly irregular. Moreover, Rs. 10 crore should have been first credited to bank account of the Authority and then the pay orders of the above said amount should have been issued.

On the matter being pointed out, the Authority stated (July 2004) that the transfer of Rs. 10 crore was only an act of execution of the decision of the Authority, which the single signatory did as a 'designated officer' of the Authority. The reply is not tenable, as under the banking arrangements entered into by the Authority, the funds could have been transferred only under instructions of both the authorised cheque drawing signatories. The Authority has, however, noted audit observation for adherence in future.

3.2 Accounting Policies and Notes on accounts

3.2.1 Codification of accounts

Though the Authority maintained the accounts in computer environment, the account needs were not digitally codified. It is suggested that necessary codification of account heads should be carried out for better results and control.

In response the Authority stated (July 2004) that it did not find any necessity to use accounting code system as codification is very useful where the total number of accounting head used

by the organisation is too many and in IRDA the total number of accounting head is very small. Moreover, the Authority is using accounting package "Tally" which is user friendly and is known for its quality.

The reply is not tenable as the audit observed misclassification of renewal fee (Para 3.1), which could have been avoided, had the Authority adopted codification of accounts. Authority has to ensure that misclassifications are avoided irrespective of the kind of software used.

3.2.2 Verification of Fixed assets

The Authority had fixed assets valuing Rs. 97.95 lakh as per balance sheet as on 31 March 2003. It was, however,

observed that physical verification of fixed assets for the year 2002-03 had not been conducted and obsolete, unusable, irreparable, condemned or lost assets if any, were also not identified and excluded from the fixed assets account.

In the absence of the physical verification of assets, the correctness of the value of the same shown in the Balance Sheet could not be verified in audit.

4. Net impact

The net impact of the audit comments given in the preceding paras is that the assets of the Authority as on 31 March 2003 were understated by Rs. 17.12 crore and expenditure was overstated by corresponding amount.

Place : New Delhi

Dated : 03.11.2004

Director General of Audit
Central Revenues

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
BALANCE SHEET AS AT MARCH 31, 2003

FORM A

FIGURES FOR THE PREVIOUS YEAR (Rs.)	LIABILITIES	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	ASSETS	FIGURES FOR THE CURRENT YEAR (Rs.)
	<u>GENERAL FUND</u>			<u>FIXED ASSETS (See Note 1)</u>	
	i) IRDA Fund [See Note 4]		4,642,112.68	-Gross Block	14,005,986.68
893,243.68	-At beginning of the year	893,243.68	1,808,601.62	-Less: Depreciation	4,212,069.62
-	-Receipts in the year	-	2,833,511.06	-Net Block	9,793,917.06
893,243.68	-Balance at end of the year	893,243.68	-	-Capital Work-in-Progress	
	ii) Capital Fund			<u>INVESTMENTS [See Note 2]</u>	
-	-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		574,227,907.78	iii) Fixed Deposits with scheduled Bank	579,253,209.78
12,478,206.44	-Balance as per last Balance Sheet	349,394,774.31	-	iv) Others	-
336,916,567.87	Add: Excess of Income Over Expenditure as per Income and Expenditure Account - Annexed	-			
-	Less: Excess of Expenditure Over Income as per Income and Expenditure Account - Annexed	9,304,316.57	57,840.00		
349,394,774.31	- Balance at the end of the year	340,090,457.74	2,021,953.88	<u>CURRENT ASSETS, LOANS AND ADVANCES [See Note 3]</u>	
	iv) Gift and Donations	-	573,298.00	i) Deposits	582,910.00
	v) Other Balances	-	20,031,959.00	ii) Loans & Advances to Staff	4,778,194.88
				iii) Amount Due from Insurance Companies & Others	187,192.00
				iv) Other Current Assets	31,946,140.48
				v) Cash & Bank Balances	
			18,998.00	a) Cash in Hand	19,870.00
			5,558,629.27	b) Bank Balances	4,722,114.57
	<u>LOANS</u>				
	i) Secured (stating the security offered for the purpose)	-			
	ii) Unsecured	-			
	iii) Loan from Government of India	-			
	iv) Other Loans	-			

FIGURES FOR THE PREVIOUS YEAR (Rs.)	LIABILITIES	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	ASSETS	FIGURES FOR THE CURRENT YEAR (Rs.)
	<u>CURRENT LIABILITIES AND PROVISIONS</u>				
	[See Note 5]				
	i) SUNDRY CREDITORS:				
-	-For Capital Items	-			
97,281,638.00					
	-For Other Items-[Includes amount refundable Rs. 89,351,763 for change in renewal fees and book overdraft -Rs 8,267,339.45]	103,853,769.45			
	ii) PROVISIONS:				
229,485.00	-Provision for doubtful debts and advances	187,192.00			
-	-Provision for depletion in value of investment	-			
	iii) OTHER LIABILITIES:				
-	1. Unspent Grants	-			
-	2. Interest payable to Government/Other Loans	-			
	3. Provident, Retirement & Other Welfare Funds:				
764,552.00	(a) Provident Fund	295,569.00			
-	(b) Other Welfare Funds	-			
924,319.00	(c) Retirement Benefit Fund and Staff Benefit Fund:	1,400,067.00			
	4. Others (Specify)				
1,292,305.00	-Other Liabilities (TDS)	1,309,305.00			
154,543,780.00	-Registration Renewal fee received in Advance	183,249,504.90			
-	-Soft Furnishing Recovery	4,440.00			
605,324,096.99		631,283,548.77		605,324,096.99	631,283,548.77

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

Notes

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

N.Rangachary
Chairman

-Sd-

R.C. Sharma
Member

-Sd-

P.A. Balasubramanian
Member

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2003

FORM B

FIGURES FOR THE PREVIOUS YEAR (Rs.)	EXPENDITURE	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	INCOME	FIGURES FOR THE CURRENT YEAR (Rs.)
2,385,908.00	Payment to Chairperson and Members	1,984,536.00		Grants in Aid	
6,036,219.00	Payment to and Provision for members of Staff [See Note 1]	15,316,110.00	-	Received	-
21,574,845.77	Establishment Expenses [See Note 2]	31,103,638.05	-	Receivable	-
8,673,118.00	Rent	6,837,332.00	-	Less: Transferred to Capital Fund	-
-	Research & Consultation Fees	-		Registration Fees	
-	Seminars, Conference, Publications, etc.[See Contra]	2,512,886.00	110,756,681.50	Agents	258,941,963.00
-	Interest [See Note 3]	-	-	Surveyors and Insurance intermediaries	-
1,111,270.00	Depreciation	2,576,292.00	-	Brokers	2,425,000.00
-	Capital Assets Written Off	-	520,000.00	Third Party Administrators	120,000.00
-	Loss on Sale of/Write Off of Asset	6,544.00	300,000.00	Insurance Companies	250,000.00
229,485.00	Provision for doubtful debts and advances	37,900.00		Renewal Fees	
-	Development Expenditure	100,000,000.00	234,561,500.00	Insurance Companies	63,665,278.00
-	Promotional Expenditure	131,833,504.00	717,487.00	Surveyors and Insurance intermediaries	935,587.00
40,390.00	Other Expenses	961,268.00	420,000.00	Third Party Administrators	270,000.00
336,916,567.87	Excess of Income Over Expenditure for the year carried down	80,047,446.43	-	Others	-
			-	Penalties, Fines etc.	-
			29,452,612.14	Seminar, Conferences and Publications etc.[See Contra]	2,574,750.00
			-	Income on Investments - Interest on deposits with Scheduled Banks	43,447,792.48
				Interest on Deposits	-
				Interest on advances	
			16,578.00	i) granted to members of staff for housing purposes	147,460.00
			2,562.00	ii) granted to members of staff for other purposes	39,726.00
			-	iii) Others	-
			220,383.00	Miscellaneous Income	399,900.00
376,967,803.64		373,217,456.48	376,967,803.64		373,217,456.48
				Excess of income over expenditure for the year brought down	80,047,446.43
	- Fee refundable for the year 2000-01 on levy reduction (Note 5)	89,351,763.00		Excess of Expenditure over income carried to Balance sheet	9,304,316.57
		89,351,763.00			89,351,763.00

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

Notes

1. The information relating to payment to and provision for employees is given in Annexure VI.
2. The information relating to establishment expenses is given in Annexure VII.
3. The information relating to interest amount is 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-
N.Rangachary
Chairman

-Sd-
R.C. Sharma
Member

-Sd-
P.A. Balasubramanian
Member

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2003**

FORM C

SI.No.	RECEIPTS	AMOUNT (Rs.)	SI.No.	PAYMENTS	AMOUNT (Rs.)
1	To Balance brought forward		1	By Research and Consultation Fees	-
	i) Cash at Bank	5,558,629.27	2	By Seminars, Conference, Publications etc.	2,512,886.00
	ii) Cash in hand	18,998.00	3	By Rent Payments	10,448,965.00
	iii) Cheques on hand	-	4	By Development Expenditure	100,000,000.00
	iv) Cash / Cheques in transit	-	5	By Promotional Expenditure [Rs 130,991,004.00 less book overdraft Rs 8,267,339.45)	122,723,664.55
2	To Registration Fees		6	By Payment to Chairperson and Members	
	-Insurance Companies	250,000.00	(i) Pay and Allowances	1,943,976.00	
	- Third Party Administrators	120,000.00	(ii) Other Benefits	195,574.00	
	-Brokers	2,425,000.00	(iii) Travelling Expenses	7,438,713.00	
	-Insurance Agents	-	7	By Establishment Expenses	
	-Others	-	(i) Pay and Allowances	10,772,531.00	
3	To Registration Renewal Fees		(ii) Other Benefits	774,801.00	
	-Insurance Companies	87,498,002.90	(iii) Travelling Expenses	8,579,101.60	
	-Third Party Administrators	270,000.00	(iv) Retirement Benefits	2,624,344.00	
	-Insurance Surveyors	935,587.00	8	By Office Expenses	14,592,094.45
	-Insurance Agents	264,120,876.00	9	By Interest on	
	-Others	-	(i) Government Loans	-	
4	To Penalties, Fines from insurers and intermediaries	-	(ii) Other Loans	-	
5	To Seminar, Conferences etc.	2,574,750.00	10	By Purchase of Assets	9,202,193.00
6	To Income from Investments	-	11	By Capital Work-in-Progress	-
7	To Sale of Investments	279,057,121.00	12	By Advances to staff and others	4,544,012.00
8	To Grants		13	By Investments	284,752,551.00
	i) Central Government / State Govt/ Others	-	14	By Repayment of Government Loans/ fees [refer no 5]	89,641,595.00
	ii) Gift and Donations	-	15	By Repayment of Other Loans	-
9	To Loans	-	16	By Other Expenses	941,168.00
10	To Sales of Publication etc.	-	By Balance carried forward		
11	To Sale of Assets	40,000.00	i) Cash at Bank	4,722,114.57	
12	To interest received on		ii) Cash in hand	19,870.00	
	- Deposits	31,516,540.00	iii) Cheques in hand	-	
	- Advances	-	iv) Cash/ Cheques in Transit	-	
	- Others	-			
13	To Recoveries from Employees				
	(a) Loans and Advances	1,619,363.00			
	(b) Interest on Loans and Advances	30,256.00			
	(c) Miscellaneous	-			
14	To Other Receipts	395,031.00			
		676,430,154.17			676,430,154.17

-Sd-
R.K. Sharma
Chief Accounts Officer

-Sd-
N.Rangachary
Chairman

-Sd-
R.C. Sharma
Member

-Sd-
P.A. Balasubramanian
Member

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2003

FIXED ASSETS SCHEDULE

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 1.04.2002	Additions During the Year	Sold/Disposed Off During the Year	As on 31.03.2003	As on 1.04.2002	For the Year	Adjustments	Up to 31.03.2003	As at 31.03.2003	As on 31.03.2002
Office Premises										
(a) Land	-	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-	-
Residential Flats										
(a) Land	-	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-	-
Vehicles	194,343.68	480,256.00	97,345.00	577,254.68	87,604.58	105,196.00	50,801.00	141,999.58	435,255.10	106,739.10
Equipments	1,419,293.05	1,020,644.00	277,866.00	2,162,071.05	321,536.20	286,302.00	112,089.00	495,749.20	1,666,321.85	1,097,756.85
Furniture and Fixtures	351,911.95	3,015,232.00	34,960.00	3,332,183.95	151,763.98	547,544.00	9,934.00	689,373.98	2,642,809.97	200,147.97
Computers	2,676,564.00	5,257,913.00	-	7,934,477.00	1,247,696.86	1,637,250.00	-	2,884,946.86	5,049,530.14	1,428,867.14
Total	4,642,112.68	9,774,045.00	410,171.00	14,005,986.68	1,808,601.62	2,576,292.00	172,824.00	4,212,069.62	9,793,917.06	2,833,511.06

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2003
INVESTMENTS

Sl.No. Particulars			Figures for the Current Year Rs	Figures for the Previous Year Rs			
1 Fixed Deposits with Scheduled Banks *			<u>579,253,209.78</u>	<u>574,227,907.78</u>			
* Fixed Deposit with Scheduled Banks							
Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Received	Interest Accrued
Indian Overseas Bank, New Delhi	3-Oct-02	110,209,779.00	7.50%	179	3-Oct-05		4,160,072.75
	7-Dec-01	300,000.00	8.25%	479	7-Dec-04		33,950.06
	26-Dec-01	50,000,000.00	8.50%	460	26-Dec-04		5,591,949.45
	27-Dec-01	44,000,000.00	8.50%	459	27-Dec-04		4,909,536.22
	1-Jan-02	50,000,000.00	8.50%	454	1-Jan-05		5,514,628.82
	1-Jan-02	50,000.00	8.25%	454	1-Jan-05		5,345.78
	29-Dec-01	42,357,557.00	8.50%	457	29-Dec-04		4,704,362.78
	9-Jan-02	326,807.00	8.25%	446	9-Jan-05	-	34,299.56
	24-Jan-02	325,260.00	8.25%	431	24-Jan-05		32,940.16
		<u>297,569,403.00</u>					<u>24,987,085.57</u>
Indian Overseas Bank, Hyderabad	3-Sep-02	1,000,000.00	7.50%	209	3-Sep-05		43,506.97
	3-Sep-02	1,000,000.00	7.50%	209	3-Sep-05		43,506.97
	3-Sep-02	1,000,000.00	7.50%	209	3-Sep-05		43,506.97
	3-Sep-02	1,000,000.00	7.50%	209	3-Sep-05		43,506.97
	17-Sep-02	5,000,000.00	7.50%	195	17-Sep-05		202,611.37
	22-Aug-02	1,000,000.00	7.50%	221	22-Aug-05		46,058.49
	22-Aug-02	1,000,000.00	7.50%	221	22-Aug-05		46,058.49
	22-Aug-02	1,000,000.00	7.50%	221	22-Aug-05		46,058.49
	22-Aug-02	1,000,000.00	7.50%	221	22-Aug-05		46,058.49
	14-Aug-02	1,000,000.00	7.50%	229	13-Aug-05		45,845.17
	14-Aug-02	1,000,000.00	7.50%	229	13-Aug-05		45,845.17
	14-Aug-02	1,000,000.00	7.50%	229	13-Aug-05		45,845.17
	14-Aug-02	1,000,000.00	7.50%	229	13-Aug-05		45,845.17
	25-Oct-02	5,000,000.00	7.25%	157	25-Oct-05		157,104.33
	25-Oct-02	1,975,000.00	7.00%	157	25-Oct-03		59,900.83
	28-Oct-02	3,000,000.00	6.50%	154	28-Oct-05		82,816.65
	10-Dec-02	7,500,000.00	6.50%	111	9-Dec-05		148,702.96
	13-Mar-03	2,500,000.00	6.25%	18	12-Mar-04		7,705.48
	15-Jan-03	7,500,000.00			3-Apr-03		63,500.00
		<u>46,475,000.00</u>					<u>1,353,549.58</u>
HDFC Bank	19-Dec-02	27,423,608.67	6.25%	102	19-Jan-04		479,842.39
	1-Dec-02	4,466,291.84	6.25%	120	2-Jun-03		92,903.26
	11-Dec-02	1,674,859.42	6.50%	110	11-Jan-04		32,904.50
	16-Dec-02	1,116,572.95	6.50%	105	16-Jan-04		20,926.19
	30-Dec-02	1,116,816.17	6.25%	91	31-Jan-04		17,599.57
	5-Dec-02	1,102,750.80	6.50%	116	5-Jan-04		22,861.95
	8-Dec-02	1,102,750.80	6.50%	113	8-Jan-04		22,263.36
	10-Dec-02	1,102,750.80	6.50%	111	10-Jan-04		22,063.84
	22-Dec-02	1,102,750.80	6.25%	99	22-Jan-04		18,911.82
	3-Mar-03	1,340,974.34	5.75%	28	4-Sep-03		5,703.73
	3-Mar-03	1,331,232.62	5.75%	28	4-Sep-03		5,872.01
	4-Nov-02	378,076.24	6.75%	147	5-May-03		10,414.51
	27-Oct-02	10,883,883.19	6.00%	155	28-Apr-03		279,011.18
	9-Nov-02	54,010.90	6.25%	142	10-May-03		1,320.56
	15-Nov-02	5,793,549.95	6.25%	136	16-May-03		136,613.60
	29-Nov-02	54,010.92	6.25%	122	30-May-03		1,142.08
	6-Dec-02	864,185.75	6.00%	115	7-Jun-03		16,389.20
	1-Dec-02	5,414,555.60	6.25%	120	2-Jun-03		111,686.64
	16-Dec-02	540,116.00	6.00%	105	17-Jun-03		9,342.25

Cont'd....

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Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Received	Interest Accrued
	17-Dec-02	5,414,533.17	6.00%	104	18-Jun-03		92,750.62
	21-Dec-02	324,069.64	6.00%	100	22-Jun-03		5,335.05
	28-Dec-02	54,011.61	7.50%	93	29-Jun-03		826.11
	14-Jan-03	432,087.16	6.00%	76	15-Jul-03		5,398.13
	17-Jan-03	540,108.95	6.00%	73	18-Jul-03		6,481.31
	26-Jan-03	135,027.25	5.75%	64	27-Jul-03		1,361.37
	1-Feb-03	5,387,662.98	5.75%	58	2-Aug-03		50,075.74
	8-Feb-03	269,383.13	5.75%	51	9-Aug-03		2,164.29
	10-Feb-03	323,259.75	5.75%	49	11-Aug-03		2,495.30
	16-Feb-03	269,383.13	5.75%	43	17-Aug-03		1,824.79
	20-Feb-03	5,394,250.70	5.75%	39	21-Aug-03		41,639.18
	3-Mar-03	5,388,089.66	5.75%	28	4-Sep-03		23,766.64
	2-Mar-03	215,523.61	5.75%	29	3-Sep-03		950.67
	15-Mar-03	5,381,489.01	5.75%	16	16-Sep-03		13,564.30
	13-Mar-03	591,964.87	5.75%	18	14-Sep-03		1,678.58
	15-Oct-02	2,081,479.66	6.75%	167	15-Apr-03		65,166.17
	16-Oct-02	624,443.90	6.75%	166	17-Apr-03		19,314.96
	20-Oct-02	5,203,699.15	6.75%	162	20-Apr-03		157,043.22
	30-Oct-02	570,993.22	6.75%	152	1-May-03		16,158.18
	5-Jan-03	5,253,300.61	6.00%	85	6-Jul-03		73,402.28
	7-Jan-03	155,756.84	6.00%	83	8-Jul-03		2,125.12
	13-Jan-03	934,541.02	6.00%	77	14-Jul-03		11,828.98
	12-Sep-02	550,000.00	7.25%	200	13-Sep-03		22,102.33
		112,358,806.78					1,925,225.98
ICICI Bank	14-Dec-02	2,450,000.00	7.00%	107	14-Dec-05		50,413.21
	20-Dec-02	3,600,000.00	6.50%	101	21-Dec-05		64,863.71
	26-Dec-02	1,500,000.00	6.50%	95	24-Dec-05		25,398.12
	31-Dec-02	24,500,000.00	7.00%	90	1-Jan-06		427,656.50
	18-Jan-03	6,500,000.00	6.50%	72	19-Jan-06		83,342.47
	30-Jan-03	7,000,000.00	6.25%	60	31-Jan-06		71,917.81
	19-Feb-03	4,000,000.00	6.25%	40	20-Feb-06		26,712.33
		49,550,000.00					750,304.15
Bank of India	4-Apr-02	5,000,000.00	8.00%	361	4-Apr-05		409,833.90
	5-Jul-02	1,000,000.00	7.50%	269	5-Jul-03		56,297.93
	5-Jul-02	1,000,000.00	7.50%	269	5-Jul-03		56,297.93
	5-Jul-02	1,000,000.00	7.50%	269	5-Jul-03		56,297.93
	14-Sep-02	300,000.00	7.00%	198	14-Sep-03		11,516.40
	25-Jul-02	5,000,000.00	8.00%	249	25-Jul-03		277,811.42
	31-Oct-02	4,000,000.00	6.50%	151	31-Oct-03		108,250.20
	27-Nov-02	1,000,000.00	6.50%	124	27-Nov-05		22,175.56
	26-Dec-02	8,000,000.00	6.25%	95	27-Dec-05		130,242.54
		26,300,000.00					1,128,723.80
Canara Bank	11-Oct-02	2,500,000.00	7.75%	171	11-Oct-05		91,589.72
	11-Oct-02	2,500,000.00	7.75%	171	11-Oct-05		91,590.00
	15-Nov-02	2,000,000.00	7.00%	136	15-Nov-05		52,462.15
	15-Nov-02	1,500,000.00	7.00%	136	15-Nov-05		39,346.62
	15-Nov-02	1,500,000.00	7.00%	136	15-Nov-05		39,346.62
	18-Dec-02	6,000,000.00	6.75%	103	18-Dec-05		114,527.75
	30-Dec-02	5,000,000.00	6.75%	91	30-Dec-05		85,099.27
	15-Jan-03	26,000,000.00	6.50%	75	14-Jan-06		347,260.27
		47,000,000.00					861,222.40

2 Others

- (a) Quoted- Cost and Market Value
(b) Unquoted

Nil

Nil

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2003
CURRENT ASSETS, LOANS AND ADVANCES**

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
DEPOSITS		
-For Premises	525,750.00	22,500.00
-with Others - MTNL	33,760.00	35,340.00
-with Electricity	19,400.00	-
-For Fuel	4,000.00	-
TOTAL	582,910.00	57,840.00
LOANS & ADVANCES TO STAFF		
-Housing Loan to Staff	2,654,400.00	1,209,600.00
-Loans to Staff for other purposes	1,622,057.88	756,092.88
-Other Advances - Festival	141,283.00	56,261.00
-Others - Advance for Travel	75,732.00	-
-Interest Recoverable	176,070.00	-
-Advance - others	108,652.00	-
TOTAL	4,778,194.88	2,021,953.88
AMOUNTS DUE FROM INSURANCE COMPANIES & OTHERS		
-Insurance Companies-[Indicates the amount due from State Insurance Companies]	149,292.00	229,485.00
-Agents - [Indicates the amount of expired cheques in hand received from agents earlier]	37,900.00	343,813.00
TOTAL	187,192.00	573,298.00
OTHER CURRENT ASSETS		
-Expense Recoverable	230.00	425.00
-Prepaid Expenses	236,732.00	346,195.00
-Interest Accrued but not due - Bank deposits	31,006,111.48	19,100,399.00
-Interest Accrued but not due - Staff Loans	-	19,140.00
-Advances on Capital Account - [For software development]	525,000.00	565,800.00
-Advance to M/s Tarriff Advisory Committee	178,067.00	-
TOTAL	31,946,140.48	20,031,959.00
CASH AND BANK BALANCES		
-Cash in hand	19,870.00	18,998.00
-Cheques in hand	-	-
-Cash/ Cheque in transit	-	-
-Balances with Scheduled Banks		
(a) In Current Account	4,722,114.57	5,558,629.27
(b) on Deposit Account	-	-
TOTAL	4,741,984.57	5,577,627.27
-Balance with Non Scheduled Bank		
(a) In Current Account	-	-
(b) In Deposit Account	-	-
TOTAL	-	-

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2003**

Particulars	Current Year Rs.	Previous Year Rs.
Grant from Government of India	-	-
	-	-

ANNEXURE V

**ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2003
CONTINGENT LIABILITIES**

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
	-	-
	-	-

ANNEXURE VI

**ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2003
PAYMENT TO AND PROVISION FOR EMPLOYEES**

Particulars	Current Year Rs.	Previous Year Rs.
i) Salaries, Allowances, Wages and Bonus	10,906,438.00	4,833,336.00
ii) Bonus	-	-
iii) Contribution to Provident Fund, etc [including contribution to superannuation fund of Rs 1,567,777.00]	2,805,280.00	298,737.00
iv) Gratuity	267,070.00	210,148.00
v) Staff Welfare Expenses	240,460.00	142,197.00
vi) Others		
-Book Grant	-	-
-Leave Travel Concession	113,710.00	14,045.00
-Insurance	-	-
-Canteen Expenses	-	-
-Monetary Award - Studies	-	-
-Contribution to Group Insurance Scheme	66,555.00	21,770.00
-Reimbursement of expenses incurred by Staff	366,720.00	169,426.00
-Leave Salary	549,877.00	346,560.00
TOTAL	15,316,110.00	6,036,219.00

ANNEXURE VII

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF INCOME AND
EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2003
ESTABLISHMENT EXPENSES**

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
Repairs & Maintenance of Buildings & Premises	1,691,225.00	2,267,704.00
House Keeping - Office Maintenance	1,280,620.00	825,542.00
Repairs & Maintenance of Equipments	-	-
Repairs and Maintenance - Others	179,319.00	23,075.00
Electricity & water Expenses	687,314.00	803,258.00
Insurance Expenses	81,030.00	15,300.00
Rates and Taxes	-	-
Printing and Stationery	1,642,539.00	690,481.00
Books/Journals etc.	99,644.00	37,076.00
Postage, Telegraphs, Telephones, etc.	1,755,004.45	1,210,860.27
Travelling and Conveyance Inland	8,354,827.60	4,945,309.00
Travel - Foreign	6,594,150.00	5,367,184.00
Legal and Professional charges	3,797,364.00	1,440,279.00
Education/Training/R&D/Grievances Redressal Expenses	-	-
Audit Fees	89,450.00	99,520.00
Software	-	-
Publicity & Advertisement	1,295,406.00	2,062,541.00
Recruitment	-	-
Expenses of Meetings of Authority & Advisory Committee & Other meeting expenses including daily allowances paid to the members of the Committee	880,528.00	195,685.00
Membership and Subscription	1,069,338.00	415,835.50
Security Services	381,790.00	225,879.00
Web Portal Development Expenses	509,508.00	564,300.00
Canteen Expenses	320,825.00	143,523.00
Car Repair and Maintenance Expenses	91,916.00	52,560.00
Other Expenses	301,840.00	188,934.00
TOTAL	31,103,638.05	21,574,845.77

ANNEXURE VIII

**ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2003**

INTEREST

Particulars	Figures for the Current Year Rs
Government	-
Banks	-
Others	-
TOTAL	-

**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- Insurance Regulatory & Development Authority Act, 1999 (Act)- and was constituted on April 19,2000 by a notification issued in the Gazettee of India. The authority was established with a view to protecting 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, 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 Authority, in terms of section 13 of the 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 Fund shall constitute of all Government grants, fees and charges received by the Authority, all sums received by the Authority from such other source as may be decided upon by the Central Government and the percentage of prescribed premium income received from the insurer. The Fund shall be applied for meeting the salaries, allowances and other remuneration of the members, officers and other employees of the Authority and the other expenses of the Authority in connection with discharge of its functions and for the purposes of the Act.

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 5,000 have been depreciated 100% in the year of purchase unless the assets constitutes more than 10% of the respective block, in which

case the assets is depreciated at the rates specified in the said Schedule XIV.

b) Investments

Investments of the nature of fixed deposits with banks are stated at cost.

c) Revenues

i) Registration Fees

a) Received from insurer seeking for the first time, registration for carrying on any class of insurance business in India, are treated as income of the year of receipt.

b) Received in advance from existing insurers for renewal of registration already granted are treated as income of the year to which they relate.

ii) Licence Fees

Licence fees received from insurance agents, surveyors, brokers and other insurance intermediaries are treated as income of the year in which it is received. Licence issued to insurance agents, surveyors, brokers and other insurance intermediaries 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 Licence fees over the years to which they relate.

iii) Grant from Ministry of Finance, government of India

Initial Grant received has been treated as income of the year in which it is received.

d) Foreign Currency transaction

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 Portable 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

Retirement benefits to employees comprise contribution to provident fund, gratuity fund, Superannuation fund and provision of leave encashment, which are provided in accordance with the Regulations made under the Act.

Leave encashment is provided for at the current encashable salary for the entire unavailed leave balances.

The Authority contributes to IRDA Employees Fund and IRDA Superannuation Fund trust.

The liability for gratuity is determined based on actuarial valuation, in accordance with gratuity scheme framed by the Authority.

3. 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.

4. EMPLOYEES PROVIDENT FUND AND SUPERANNUATION FUND

The Authority during the year established two trusts with effect from April 19, 2000 styled as "IRDA Employees Provident Fund" and "IRDA Superannuation Fund" for the benefit of its officers and other employees. The aggregate contribution by the Authority and the employees towards Provident Fund including the differential amount at enhanced rate of 12% [1, 75,092], lying inter-alia as earmarked fixed deposits has been remitted to the trust. In addition, the Authority contributed a sum of 1,673,413 towards Superannuation liability for the period April 19, 2000 till March 31, 2003 [including 642,279 for the period April 19, 2000 till March 31, 2002]

5. REGISTRATION / RENEWAL FEES

- A) In pursuance of Authority's decision to scale down the levy of renewal fees for registration on the insurers to 0.1% of the gross premium from 0.2% of the gross premium, retrospectively for the financial years with effect from April 01, 2001, the income for the year has been accordingly accounted for. Also, an amount of 89,351,763 earlier accounted for as income in the year 2001-02 has been provided and shown as deduction from the excess of income over expenditure for the year and the resulting excess of expenditure over income carried to Balance Sheet.
- B) The renewal fees from State Insurance agencies have not been accounted for in the absence of information of gross insurance premium
- C) In the absence of agent wise accounting of licence fee, the amount deposited in excess of the recoverable licence fee of 135,850 [based on licenses issued during the year] has been treated as licence fee income.

6. DEPOSIT OF FUNDS OF THE AUTHORITY INTO PUBLIC ACCOUNT OF INDIA

The Authority has received a letter from Ministry of Finance, Department of Economic Affairs dated July 17, 2002 directing the Authority to deposit the moneys so far collected by the Authority in the Public Account of India as non-interest bearing account and allowing the Authority to withdraw a specified amount in the beginning of each year from the said Public Account for meeting its expenditure. The Authority is seeking review of the direction received, as in its view the funds raised by it from the insurers and the intermediaries do not have the character of Government Revenue and cannot form part of the Public Fund of India, which position is in accord with the legal opinion obtained by the Authority. The Authority is pursuing the issue with the Government of India and the matter is pending resolution.

7. HEADQUARTERS OF THE AUTHORITY

The Authority, in pursuance of the decision taken by the Government of India in November 2001 to shift the Headquarters of the Authority from New Delhi to Hyderabad, shifted the actuarial department in April 2002 and the other departments in August 2002. The office of the Authority is located in Parisrama Bhavanam where a portion of the third floor has been given to it free of rent by Andhra Pradesh Industrial Development Corporation Limited [APIDC]

The government of Andhra Pradesh through A.P. Industrial Infrastructure Corporation Limited [APIDC] has allotted a plot of five acre land in the financial district at Nanakramguda Village, Serilingampally Mandal, RR District, Hyderabad free of cost, possession whereof is yet to be taken.

8. PROMOTIONAL EXPENDITURE

The Authority caused through government media a special campaign for the promotion of insurance awareness, education and for the general development at a cost of 120,115,000.

9. CONTRIBUTION TO INSTITUTE OF INSURANCE AND RISK MANAGEMENT

The authority has jointly promoted the setting up of the Institute of Insurance and Risk Management [the Institute], which will carry out research on insurance and risk management with the Government of Andhra Pradesh, with the latter contributing by provision of the land for the Institute. The Institute will function as a research arm of the Authority. The Authority during the year contributed a sum of 10,000,000 for meeting the recurring costs for conducting seminars etc and included under promotional expenditure. The Authority has also contributed 100,000,000 in November 2002 to constitute an endowment for 80,000,000 and the balance to meet for construction of building and infrastructure of the Institute's premises and charged as Development Expenditure. An endowment deed

has since been signed between the parties and the trustees to the endowment deed have been nominated.

10. OPERATING LEASES

There are no non-cancelable lease arrangements. The lease payments are made in accordance with lease agreements.

The Authority is in occupation of premises at Hyderabad at free of rent but is obliged to hand over the premises on a "as is where is basis" to Andhra Pradesh Industrial Development Corporation Limited upon vacation. The lease payments in respect of other premises recognized in the income and expenditure account is 6,837,332 [Previous year 8,673,118]

11. ADVANCE FOR SOFTWARE DEVELOPMENT

The Authority during the year 2001-02 paid a sum of 525,000 being 30% of agreed sum of 1,750,000 for developing a computerized system. Pending, the complete development of compatible computerized system for the monitoring of insurers, neither adjustment of above advance nor any further provision during the year has been made.

12. PRIOR YEAR COMPARATIVES

Previous year figures have been regrouped, wherever considered necessary to make them comparable with the current year's figures.

**Unaudited Financial Statements
for the Year ended March 31, 2004**

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
BALANCE SHEET AS AT MARCH 31, 2004

FIGURES FOR THE PREVIOUS YEAR (Rs.)	LIABILITIES	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	ASSETS	FIGURES FOR THE CURRENT YEAR (Rs.)
	<u>GENERAL FUND</u>			<u>FIXED ASSETS [See Note 1]</u>	
	i) IRDA Fund [See Note 4]		14,005,987	-Gross Block	16,648,826
893,244	-At beginning of the year	893,244	4,212,070	-Less: Depreciation	7,960,717
-	-Receipts in the year	-	9,793,917	-Net Block	8,688,109
893,244	-Balance at end of the year	893,244	-	-Capital Work-in-Progress	-
	ii) Capital Fund			<u>INVESTMENTS [See Note 2]</u>	
-	-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		579,253,210	iii) Fixed Deposits with scheduled Bank	667,647,316
349,394,775	-Balance as per last Balance Sheet	340,090,458		iv) Others	-
-	Add: Excess of Income over Expenditure as per Income and Expenditure Account - Annexed	177,429,938			
-	Less: Excess of Expenditure over Income as per Income and Expenditure Account - Annexed	-	582,910	<u>CURRENT ASSETS, LOANS AND ADVANCES [See Note 3]</u>	
9,304,317	- Balance at the end of the year	517,520,396	4,778,195	i) Deposits	762,933
340,090,458			187,192	ii) Loans & Advances to Staff	6,694,044
	iv) Gift and Donations		31,946,140	iii) Amount Due from Insurance Companies & O	186,942
	v) Other Balances			iv) Other Current Assets	202,920,191
			19,870	v) Cash & Bank Balances	
			4,722,115	a) Cash in Hand	12,186
				b) Bank Balances	15,031,847
	<u>LOANS</u>				
	i) Secured (stating the security offered for the purpose)	-			
	ii) Unsecured	-			
	iii) Loan from Government of India	-			
	iv) Other Loans	-			
	<u>CURRENT LIABILITIES AND PROVISIONS</u>				
	[See Note 5]				
	i) SUNDRY CREDITORS:				
568,283	-for Capital Items	377,122			
103,285,486	-for Other Items	153,871,771			

Cont'd....

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
BALANCE SHEET AS AT MARCH 31, 2004

FIGURES FOR THE PREVIOUS YEAR (Rs.)	LIABILITIES	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	ASSETS	FIGURES FOR THE CURRENT YEAR (Rs.)
	ii) PROVISIONS:				
187,192	-Provision for doubtful debts and advances	106,750			
-	-Provision for depletion in value of investment	-			
	iii) OTHER LIABILITIES:				
-	1. Unspent Grants	-			
-	2. Interest payable to Government/Other Loans	-			
	3. Provident, Retirement & Other Welfare Funds:				
295,569	(a) Provident Fund	848			
-	(b) Other Welfare Funds	-			
1,400,067	(c) Retirement Benefit Fund and Staff Benefit Fund:	2,215,551			
	4 Others (Specify)				
1,309,305	-other Liabilities (Tax Deducted at Source)	968,435			
183,249,505	-Registration Renewal fee received in Advance	225,974,826			
4,440	-Soft Furnishing Recovery	14,625			
631,283,549		901,943,568	631,283,549		901,943,568

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

Notes

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

-Sd-
R.K. Sharma
Chief Accounts Officer

-Sd-
P.A. Balasubramanian
Member

-Sd-
T.K. Banerjee
Member

-Sd-
C.S. Rao
Chairman

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2004

FIGURES FOR THE PREVIOUS YEAR (Rs.)	EXPENDITURE	FIGURES FOR THE CURRENT YEAR (Rs.)	FIGURES FOR THE PREVIOUS YEAR (Rs.)	INCOME	FIGURES FOR THE CURRENT YEAR (Rs.)
2,046,111	Payment to Chairperson and Members	2,286,370		Grants in Aid	
16,086,150	Payment to and Provision for members of Staff [See Note 1]	20,293,652	-	Received	-
30,272,023	Establishment Expenses [See Note 2]	27,376,436	-	Receivable	-
6,837,332	Rent	6,430,147	-	Less: Transferred to Capital Fund	-
-	Research & Consultation Fees	-		Registration Fees	
2,512,886	Seminars, Conference, Publications, etc.[See Contra]	189,475	169,590,200	Agents	170,248,516
-	Interest [See Note 3]	-	-	Surveyors and Insurance intermediaries	2,463,025
2,576,292	Depreciation	4,008,647	2,425,000	Brokers	3,800,000
-	Capital Assets Written Off	-	120,000	Third Party Administrators	70,000
6,544	Loss on Write Off of Asset	-	250,000	Insurance Companies	100,000
37,900	Provision for doubtful debts and advances	-		Renewal Fees	
100,000,000	Development Expenditure	600,000	153,017,041	Insurance Companies	178,418,353
131,833,504	Promotional Expenditure	159,987,648	935,587	Brokers	2,334,968
961,268	Other Expenses	287,473	-	Surveyors and Insurance intermediaries	-
80,047,446	Excess of Income Over Expenditure for the year carried down	177,429,938	270,000	Third Party Administrators	-
			-	Others	-
			-	Penalties, Fines etc.	-
			2,574,750	Seminar, Conferences and Publications etc.	120,504
			43,447,792	Income on Investments - Interest on deposits with Scheduled Banks	40,850,896
			-	Interest on Deposits	-
			-	Interest on advances	-
			147,460	i) granted to members of staff for housing purposes	137,187
			39,726	ii) granted to members of staff for other purposes	84,024
			-	iii) Others	-
			399,900	Miscellaneous Income	262,313
373,217,456		398,889,786	373,217,456		398,889,786
89,351,763	Fee refundable for the year 2000-01 on levy reduction	-	80,047,446	Excess of Income over Expenditure for the year brought down	177,429,938
-	Excess of Income over expenditure carried to Balance Sheet	177,429,938	9,304,317	Excess of Expenditure over income carried to Balance sheet	-
89,351,763		177,429,938	89,351,763		177,429,938

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

Notes

- The information relating to payment to and provision for employees is given in Annexure VI.
- The information relating to establishment expenses is given in Annexure VII.
- The information relating to interest amount is given in Annexure VIII.
- 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-
P.A. Balasubramanian
 Member

-Sd-
T.K. Banerjee
 Member

-Sd-
C.S. Rao
 Chairman

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004

SI.No.	RECEIPTS	AMOUNT (Rs.)	SI.No	PAYMENTS	AMOUNT (Rs.)
1	To Balance brought forward		1	By Research and Consultation Fees	-
	i) Cash at Bank	4,722,115	2	By Seminars, Conference, Publications etc.	189,475
	ii) Cash in hand	19,870	3	By Rent Payments	7,791,866
	iii) Cheques on hand	-	4	By Development Expenditure	600,000
	iv) Cash / Cheques in transit	-			
2	To Registration Fees		5	By Promotional Expenditure	152,597,834
	-Insurance Companies	100,000	6	By Payment to Chairperson and Members	
	-Third Party Administrators	70,000	(i) Pay and Allowances	1,883,572	
	-Brokers	3,800,000	(ii) Other Benefits	359,203	
	-Insurance Agents	-	(iii) Travelling Expenses	3,849,879	
	-Others (Surveyor)	2,463,025	7	By Establishment Expenses	
3	To Registration Renewal Fees		(i) Pay and Allowances	13,404,506	
	-Insurance Companies	129,196,624	(ii) Other Benefits	1,567,884	
	-Third Party Administrators	-	(iii) Travelling Expenses	7,909,282	
	-Insurance Surveyors	-	(iv) Retirement Benefits	3,034,142	
	-Insurance Agents	172,844,053	8	By Office Expenses	15,851,475
	-Others (Brokers)	2,334,968	9	By Interest on	
4	To Penalties, Fines from insurers and intermediaries	-	(i) Government Loans	-	
5	To Seminar, Conferences etc.	120,504	(ii) Other Loans	-	
6	To Income from Investments	-	10	By Purchase of Assets	3,094,000
7	To Sale of Investments	31,006,112	11	By Capital Work-in-Progress	-
8	To Grants		12	By Advances to staff and others including travel advance	6,719,241
	i) Central Government / State Govt/ Others	-	13	By Investments	119,400,218
	ii) Gift and Donations	-	14	By Repayment of Government Loans/ fees [refer note 5]	-
9	To Loans	-	15	By Repayment of Other Loans	-
10	To Sales of Publication etc.	-	16	By Other Expenses	287,473
11	To Sale of Assets	-		By Balance carried forward	
12	To interest received on		i) Cash at Bank	15,031,847	
	- Deposits	5,508,713	ii) Cash in hand	12,186	
	- Advances	-	iii) Cheques in hand	-	
	- Others	-	iv) Cash/ Cheques in Transit	-	
13	To Recoveries from Employees				
	(a) Loans and Advances	1,216,228			
	(b) Interest on Loans and Advances	-			
	(c) Miscellaneous	-			
14	To Other Receipts	181,871			
		<u>353,584,083</u>			<u>353,584,083</u>
					-

-Sd-
R.K. Sharma
Chief Accounts Officer

-Sd-
P.A. Balasubramanian
Member

-Sd-
T.K. Banerjee
Member

-Sd-
C.S. Rao
Chairman

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2004
FIXED ASSETS SCHEDULE

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 1.04.2003	Additions During the Year	Sold/Disposed Off During the Year	As on 31.03.2004	As on 1.04.2003	For the Year	Adjustments	Up to 31.03.2004	As at 31.03.2004	As on 31.03.2003
Office Premises										
(a) Land	-	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-	-
Residential Flats										
(a) Land	-	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-	-
Vehicles	577,255	-	-	577,255	142,000	112,688	-	254,688	322,567	435,255
Equipments	2,162,071	908,667	-	3,070,738	495,749	383,545	-	879,294	2,191,444	1,666,322
Furniture and Fixtures	3,332,184	385,784	260,000	3,457,968	689,374	758,784	260,000	1,188,158	2,269,810	2,642,810
Computers	7,934,477	1,608,388	-	9,542,865	2,884,947	2,753,630	-	5,638,577	3,904,288	5,049,530
Total	14,005,987	2,902,839	260,000	16,648,826	4,212,070	4,008,647	260,000	7,960,717	8,688,109	9,793,917

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2004
INVESTMENTS

Sl.No.	Particulars	Figures for the						
		Current Year	Previous Year					
		Rs.	Rs.					
		667,647,316	579,253,210					
1	Fixed Deposits with Scheduled Banks							
	Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Received	Interest Accrued
	Indian Overseas Bank, New Delhi	7-Dec-01	300,000	8.25%	845	7-Dec-04		62,634
		26-Dec-01	50,000,000	8.50%	826	26-Dec-04		10,501,577
		27-Dec-01	44,000,000	8.50%	825	27-Dec-04		9,228,972
		1-Jan-02	50,000,000	8.50%	820	1-Jan-05		10,416,927
		1-Jan-02	50,000	8.25%	820	1-Jan-05		10,085
		29-Dec-01	42,357,557	8.50%	823	29-Dec-04		8,860,567
		9-Jan-02	326,807	8.25%	812	9-Jan-05	-	65,306
		24-Jan-02	325,260	8.25%	797	24-Jan-05		63,696
		3-Oct-02	110,209,779	7.50%	545	3-Oct-05		12,992,256
			297,569,403					52,202,020
	Indian Overseas Bank, Hyderabad	3-Sep-02	1,000,000	7.50%	575	3-Sep-05		124,587
		3-Sep-02	1,000,000	7.50%	575	3-Sep-05		124,587
		25-Jun-03	2,000,000	6.00%	280	25-Jun-06		93,770
		1-Oct-03	2,500,000	5.50%	182	1-Oct-06		69,223
		4-Dec-03	5,000,000	5.50%	118	4-Dec-06		89,428
		24-Dec-03	50,000,000	5.50%	98	24-Dec-04		741,112
		16-Feb-04	5,000,000	5.75%	44	16-Feb-05		34,753
		28-Feb-04	2,625,000	5.75%	32	28-Feb-05		13,269
		12-Mar-04	2,659,950	5.25%	19	12-Mar-05		7,289
		18-Mar-04	5,000,000	5.75%	13	18-Mar-05		10,268
			76,784,950					1,308,286
	HDFC, New Delhi	13-Sep-03	591,090	5.50%	200	14-Sep-04		18,019
		3-Dec-03	4,735,971	5.75%	119	4-Jun-04		89,328
		5-Jan-04	1,182,686	5.25%	86	5-Feb-05		14,670
		8-Jan-04	1,182,685	5.25%	83	8-Feb-05		14,158
		10-Jan-04	1,182,683	5.25%	81	10-Feb-05		13,817
		11-Jan-04	1,796,261	5.25%	80	11-Feb-05		20,726
		16-Jan-04	1,197,504	5.25%	75	16-Feb-05		12,954
		22-Jan-04	1,179,522	5.25%	69	22-Feb-05		11,738
		31-Jan-04	1,194,561	5.25%	60	28-Feb-05		10,338
			14,242,963					205,748
	ICICI Bank, Hyderabad	14-Dec-02	2,450,000	7.00%	473	15-Dec-05		231,260
		20-Dec-02	3,600,000	6.50%	467	21-Dec-05		310,524
		26-Dec-02	1,500,000	6.50%	463	24-Dec-05		127,933
		31-Dec-02	24,500,000	7.00%	456	1-Jan-06		2,220,106
		18-Jan-03	6,500,000	6.50%	438	19-Jan-06		524,524
		30-Jan-03	7,000,000	6.25%	426	31-Jan-06		527,148
		19-Feb-03	4,000,000	6.25%	406	20-Feb-06		286,612

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Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Received	Interest Accrued
	19-Jun-03	4,000,000	6.00%	286	19-Jun-06		191,676
	26-Jun-03	3,000,000	6.00%	279	27-Jun-06		140,138
	14-Jul-03	5,000,000	6.00%	261	14-Jul-06		218,203
	17-Sep-03	5,000,000	5.75%	196	18-Sep-06		156,161
	19-Nov-03	5,000,000	5.50%	133	20-Nov-06		100,917
	9-Jan-04	30,000,000	5.75%	82	9-Apr-05		388,599
	21-Jan-04	5,000,000	5.50%	70	22-Jan-07		52,885
	3-Mar-04	5,000,000	5.50%	28	3-Apr-07		21,154
	9-Mar-04	5,000,000	5.25%	22	9-Apr-05		15,865
		116,550,000					5,513,705
Bank of India, New Delhi	4-Apr-02	5,000,000	8.00%	727	4-Apr-05		857,035
		5,000,000					857,035
Bank of India, Hyderabad	10-Jun-03	2,500,000	5.00%	295	10-Jun-04		102,412
	24-Jun-03	5,000,000	6.00%	281	24-Jun-08		234,425
	30-Jun-03	5,000,000	6.00%	275	27-Jun-08		229,254
	21-Aug-03	5,000,000	5.25%	223	21-Aug-06		160,979
	7-Nov-03	4,000,000	5.25%	145	7-Nov-06		82,894
	16-Jan-04	10,000,000	5.50%	75	16-Jan-07		113,324
	20-Jan-04	5,000,000	5.50%	71	20-Jan-07		53,640
	23-Jan-04	5,000,000	5.50%	68	23-Jan-07		51,374
	17-Mar-04	5,000,000	5.25%	68	17-Mar-07		10,096
	15-Mar-04	5,000,000	5.25%	16	15-Mar-07		11,538
		51,500,000					1,049,936
Canara Bank, Hyderabad	11-Oct-02	2,500,000	7.75%	537	11-Oct-05		299,798
	11-Oct-02	2,500,000	7.75%	537	11-Oct-05		299,798
	15-Nov-02	2,000,000	7.00%	502	15-Nov-05		200,948
	15-Nov-02	1,500,000	7.00%	502	15-Nov-05		150,711
	15-Nov-02	1,500,000	7.00%	502	15-Nov-05		150,711
	18-Dec-02	6,000,000	6.75%	469	18-Dec-05		540,563
	30-Dec-02	5,000,000	6.75%	457	30-Dec-05		437,364
	15-Jan-03	26,000,000	6.50%	441	15-Jan-06		2,112,952
	13-Jun-03	3,000,000	6.00%	292	13-Jun-06		146,860
	12-Aug-03	1,500,000	6.00%	232	12-Aug-06		58,074
	30-Aug-03	5,000,000	6.00%	214	30-Aug-06		178,296
	31-Dec-03	27,500,000	6.00%	91	30-Dec-06		412,500
	5-Feb-04	5,000,000	5.60%	55	5-Feb-07		42,308
	11-Mar-04	1,000,000	5.50%	20	11-Mar-07		3,022
	24-Mar-04	2,500,000	5.50%	7	24-Mar-07		2,644
		92,500,000					5,036,549
State Bank of Hyderabad, Hyderabad	24-Mar-04	2,500,000	5.50%	7	24-Mar-07		2,644
		649,147,316					65,316,244
		2,500,000					2,644
Andhra Bank, Hyderabad	25-Sep-03	1,000,000	5.50%				28,620
	31-Dec-03	1,450,000	5.75%				20,844
	31-Dec-03	1,450,000	5.75%				20,844
	31-Dec-03	1,450,000	5.75%				20,844
	31-Dec-03	1,450,000	5.75%				20,844
	31-Dec-03	1,450,000	5.75%				20,844
	31-Dec-03	1,450,000	5.75%				20,844
	31-Dec-03	1,300,000	5.75%				18,687
		11,000,000					172,371
2 Others							
(a) Quoted- Cost and Market Value						Nil	Nil
(b) Unquoted						Nil	Nil

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2004
CURRENT ASSETS, LOANS AND ADVANCES

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
DEPOSITS		
-For Premises	599,050	525,750
-with Others - MTNL	39,760	33,760
-with Electricity	120,123	19,400
-For Fuel	4,000	4,000
	762,933	582,910
LOANS & ADVANCES TO STAFF		
-Housing Loan to Staff	2,903,200	2,654,400
-Loans to Staff for other purposes	2,992,865	1,622,058
-Other Advances - Festival	145,433	141,283
-Others - Advance for Travel	200,850	75,732
-Interest Recoverable	397,281	176,070
-Advance - others	54,415	108,652
TOTAL	6,694,044	4,778,195
AMOUNTS DUE FROM INSURANCE COMPANIES & OTHERS		
-Insurance Companies-[Indicates the amount due from State Insurance Companies]	149,292	149,292
-Agents - [Indicates the amount of expired cheques in hand received from agents earlier]	37,650	37,900
TOTAL	186,942	187,192
OTHER CURRENT ASSETS		
-Expense Recoverable	230	230
-Prepaid Expenses	457,977	236,732
-Interest Accrued but not due - Bank deposits	66,348,294	31,006,111
-Interest Accrued but not due - Staff Loans	-	-
-Advances on Capital Account - [For software development]	525,000	525,000
-Advance to Institute of Insurance and Risk Management	3,687,133	178,067
- Advance to PFRDA	12,100	-
-Advance to IRDA Superannuation Trust	47,219	-
-Advance to Prasar Bharti	131,842,238	-
TOTAL	202,920,191	31,946,140
CASH AND BANK BALANCES		
-Cash in hand	12,186	19,870
-Cheques in hand	-	-
-Cash/ Cheque in transit	-	-
-Balances with Scheduled Banks		
(a) In Current Account	12,350,633	4,722,115
(b) on Deposit Account	-	-
(c) on savings bank Account	2,681,214	-
TOTAL	15,044,033	4,741,985
-Balance with Non Scheduled Bank		
(a) In Current Account	-	-
(b) In Deposit Account	-	-
TOTAL	-	-

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2004**

Particulars	Current Year Rs.	Previous Year Rs.
Grant from Government of India	-	-
	-	-

**ATTACHED TO AND FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2004
CONTINGENT LIABILITIES**

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
	-	-
	-	-

**ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2004
PAYMENT TO AND PROVISION FOR EMPLOYEES**

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
i) Salaries, Allowances, Wages and Bonus	15,212,681.00	11,738,053.00
ii) Bonus	-	-
iii) Contribution to Provident Fund, etc [including contribution to superannuation fund of Rs. 1,361,481]	2,408,731.00	2,805,280.00
iv) Gratuity	451,524.00	267,070.00
v) Staff Welfare Expenses	36,457.00	213,029.00
vi) Others		
-Book Grant	-	-
-Leave Travel Concession	526,255.00	79,566.00
-Insurance	-	-
-Canteen Expenses	-	-
-Monetary Award - Studies	-	-
-Contribution to Group Insurance Scheme	397,992.00	66,555.00
-Reimbursement of expenses incurred by Staff	675,569.00	366,720.00
-Leave Salary	584,443.00	549,877.00
TOTAL	20,293,652.00	16,086,150.00

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2004
ESTABLISHMENT EXPENSES

ANNEXURE VII

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
Repairs & Maintenance of Buildings & Premises	673,620	1,691,225
House Keeping - Office Maintenance	632,833	1,280,620
Repairs & Maintenance of Equipments	-	-
Repairs and Maintenance - Others	-	179,319
Electricity & water Expenses	715,739	687,314
Insurance expenses	115,698	81,030
Rates and Taxes	-	-
Printing and Stationery	651,120	1,642,539
Books/Journals etc.	67,697	99,644
Postage, Telegraphs, Telephones, etc.	2,067,620	1,755,004
Travelling and Conveyance Inland	8,206,805	7,523,213
Travel - Foreign	3,195,243	6,594,150
Legal and Professional charges	7,810,977	3,797,364
Education/Training/R&D/Grievances Redressal Expenses	-	-
Audit Fees	-	89,450
Software	-	-
Publicity & Advertisement	82,805	1,295,406
Recruitment	-	-
Expenses of Meetings of Authority & Advisory Committee & Other meeting expenses including daily allowances paid to the members of the Committee	1,020,502	880,528
Membership and Subscription	770,295	1,069,338
Security Services	358,721	381,790
Web Portal Development Expenses	200,000	509,508
Canteen Expenses	373,611	320,825
Car Repair and Maintenance Expenses	41,480	91,916
Other Expenses	391,670	301,840
TOTAL	<u>27,376,436</u>	<u>30,272,023</u>

ANNEXURE VIII

ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2004
INTEREST

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
Government	-	-
Banks	-	-
Others	-	-
TOTAL	<u>-</u>	<u>-</u>

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 – Insurance Regulatory & Development Authority Act, 1999 [Act] - and was constituted on April 19, 2000 by a notification issued in the Gazette of India. The Authority was established with a view to protecting 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, 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 Authority, in terms of section 13 of the 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 Fund shall constitute of all Government grants, fees and charges received by the Authority, all sums received by the Authority from such other source as may be decided upon by the Central Government and the percentage of prescribed premium income received from the insurer. The Fund shall be applied for meeting the salaries, allowances and other remuneration of the members, officers and other employees of the Authority and the other expenses of the Authority in connection with discharge of its functions and for the purposes of the Act.

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 5,000 have been depreciated 100% in the year of purchase unless the assets

constitute more than 10% of the respective block, in which case the asset is depreciated at the rates specified in the said Schedule XIV.

b) Investments

Investments of the nature of fixed deposits with banks are stated at cost.

c) Revenues

i) Registration Fees

a) Received from insurer seeking for the first time, registration for carrying on any class of insurance business in India, are treated as income of the year of receipt.

b) Received in advance from existing insurers for renewal of registration already granted are treated as income of the year to which they relate.

ii) Licence Fees

Licence fees received from insurance agents, surveyors, brokers and other insurance intermediaries are treated as income of the year in which it is received. Licences issued to insurance agents, surveyors, brokers and other insurance intermediaries 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 Licence fees over the years to which they relate.

ii) Grant from Ministry of Finance, Government of India Initial Grant received has been treated as income of the year in which it is received.

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**

Retirement benefits to employees comprise contribution to provident fund, gratuity fund, Superannuation fund and provision of leave encashment, which are provided in accordance with the Regulations made under the Act. Leave encashment is provided for at the current encashable salary for the entire unavailed leave balances. The Authority contributes to IRDA Employees Fund and IRDA Superannuation Fund trust. The liability for gratuity is determined based on actuarial valuation, in accordance with gratuity scheme framed by the Authority.

3. **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.

4. **REGISTRATION / RENEWAL FEES**

- a) In pursuance of Authority's decision to scale down the levy of renewal fees for registration on the insurers to 0.1% of the gross premium from 0.2% of the gross premium, retrospectively for the financial years with effect from April 01, 2001, the income for the year has been accordingly accounted for.
- (b) The renewal fees from some of the State Insurance agencies have not been accounted for in the absence of information of gross insurance premium.

5. **DEPOSIT OF FUNDS OF THE AUTHORITY INTO PUBLIC ACCOUNT OF INDIA**

The Authority, in the previous year received a letter from Ministry of Finance, Department of Economic Affairs dated July 17, 2002 directing the Authority to deposit the moneys so far collected by the Authority in the Public Account of India as non-interest bearing account and allowing the Authority to withdraw a specified amount in the beginning of each year from the said Public Account for meeting its expenditure. The Authority based on a legal opinion obtained requested for review of the direction received, in its view the funds raised by it from the insurers and the intermediaries do not have the character of Government Revenue and cannot form part of the Public Fund of India, is pending.

6. **HEADQUARTERS OF THE AUTHORITY**

The Authority, in pursuance of the decision taken by the Government of India in November 2001 to shift the Headquarters of the Authority from New Delhi to Hyderabad, shifted the actuarial department in April 2002 and the other departments in August 2002. The office of the Authority is located in Parisrama Bhavanam where a portion of the third floor has been given to it free of rent by Andhra Pradesh Industrial Development Corporation Limited [APIDC]. The Government of Andhra Pradesh through A. P. Industrial Infrastructure Corporation Limited [APIIC] has allotted a plot of five acre land in the financial district at Nanakramguda Village, Serilingampally Mandal, RR District, Hyderabad free of cost, possession whereof is yet to be taken.

7. **PROMOTIONAL EXPENDITURE**

The Authority caused through Government media, based on a Memorandum of Understanding reached between the Authority and the Government Media, a special campaign for the promotion of insurance awareness, education and for the general development at a cost of 157,464,950 [Previous Year 120,115,000], though invoices are yet to be received.

8. **CONTRIBUTION TO INSTITUTE OF INSURANCE AND RISK MANAGEMENT**

The Authority has jointly promoted the setting up of the Institute of Insurance and Risk Management [the Institute], which will carry out research on insurance and risk management with the Government of Andhra Pradesh, with the latter contributing by provision of the land for the Institute. The Institute will function as a research arm of the Authority. The Authority during the year ended March 31, 2003 contributed a sum of 10,000,000 for meeting the recurring costs for conducting seminars etc, besides transferring a sum of 100,000,000 in November 2002 to constitute an endowment for 80,000,000 and the balance to meet for the construction of building and infrastructure of the Institute's premises. During the year ended March 31, 2004, the Authority advanced a sum of 3,500,000 as short term interest free advance, which is pending repayment.

9. **OPERATING LEASES**

There are no non-cancellable lease arrangements. The lease payments are made in accordance with the lease agreements. The Authority is in occupation of portion of premises at Hyderabad at free of rent but is obliged to hand over the premises on a "as is where is basis" to Andhra Pradesh Industrial Development Corporation Limited upon vacation. The lease payments in respect of other premises recognized in the income and expenditure account is 6,430,147 [Previous year 6,837,332].

10. **ADVANCE FOR SOFTWARE DEVELOPMENT**

The Authority during the year 2001-02 paid a sum of 525,000, being 30% of the agreed sum of 1,750,000 for developing a computerized system. Pending the complete development of compatible computerized system for the monitoring of insurers, neither adjustment of above advance nor any further provision during the year has been made.

11. **PRIOR YEAR COMPARATIVES**

Previous year figures have been regrouped, wherever considered necessary to make them comparable with the current year's figures

-Sd-	-Sd-
P.A. Balasubramanian	C.S. Rao
Member	Chairman
-Sd-	-Sd-
R.K. Sharma	T.K. Banerjee
Chief Accounts Officer	Member