

**ANNUAL STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2005**

AUDIT CERTIFICATE

I have examined the Receipts and Payments Account and Income and Expenditure Account for the year ended 31 March 2005 and the Balance Sheet as on 31 March 2005 of Insurance Regulatory and Development Authority, Hyderabad. I have obtained all the information and explanations that I have required, and subject to the observations in the appended Audit Report, which inter-alia, contains following major audit observation-

- o The receipts of Rs. 85.79 crore were held in bank accounts in violation of the directions of the Ministry of Finance for keeping these funds in the Public Account of India (Paragraph 2.1.1);

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 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 Organisation.

Place: New Delhi

Dated: 14.12.2005

Director General of Audit

Central Revenues

AUDITOR'S REPORT

AUDIT REPORT ON THE ACCOUNTS OF INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FOR 2004-05

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 is conducted under Section 19(2) of the Comptroller & Auditor General's (Duties, Power and Conditions of Service) Act, 1971 read with Section 17 of the IRDA Act, 1999.

1. Sources of receipts and expenditure

During the year 2004-05, the Authority's receipts were Rs. 52.59 crore, mainly from fees received from various insurance companies/agents on account of registration, renewal charges and income on investments etc. The expenditure of the Authority was Rs. 9.61 crore which was mainly on establishment, tours, rent etc.

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 account. As of 31 March 2005, funds amounting to Rs.103.26 crore were kept in interest bearing deposits with scheduled banks.

The Authority stated (October 2005) that the matter had been taken up with the Ministry of Finance and their response was awaited.

2. Comments on accounts

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 represented the value of assets transferred by Interim Regulatory Authority during the year 2000-01. The surplus funds after meeting

the expenditure were instead kept in accounts under the head 'Surplus Funds'. The balance of surplus funds as on 31 March 2005 was Rs. 85.79 crore, which should have been transferred to IRDA fund.

Though this matter was also pointed out in the audit report of earlier years, the Authority had not credited the surplus to the IRDA fund. The Authority stated (October 2005) that the matter had been taken up with the Ministry of Finance and their reply was awaited.

2.1.2 Understatement of liabilities

Life Insurance Corporation of India, New Delhi (LIC) had demanded (March 2005) from IRDA Rs. 1.14 crore towards arrears of rent for various buildings hired from LIC in New Delhi, for the period 2000-01 to 2004-05. The Authority worked out (July 2005) Rs. 53.30 lakh actually payable against the above demand and paid it in August 2005 on its own without settling the issue with LIC. As the amount is in dispute, contingent liability should have been disclosed in the accounts by way of notes to accounts.

Assets

2.1.3 Current Assets - Rs. 203.05 crore

The current assets included Rs. 66.51 lakh on account of establishment expenditure incurred on behalf of Pension Fund Regulatory Development Authority (PFRDA) and have been treated as an advance recoverable from the PFRDA. The position in this regard could not be verified in audit, as the figures have not been reconciled with the PFRDA as on date.

The current assets also included Rs. 13.18 crore advanced to Prasar Bharati for advertisement purposes during 2002-03 & 2003-04. This amount needs to be adjusted in the accounts since Prasar Bharati had already rendered adjustment bills against the advance during the financial year 2004-05.

2.1.4 Incorrect classification of development expenditure

Rs. 10 crore was booked in the Income and Expenditure Account under the head 'Development expenditure' for the year 2002-03 on account of contribution to the Institute of Insurance and Risk Management (IIRM), a Joint Venture Company promoted by the Authority in

collaboration with Government of Andhra Pradesh. This amount was wrongly booked under the head 'development expenditure' instead of depicting it as asset in the Balance Sheet under "investment – others (Subsidiaries and Joint Ventures)".

Despite a comment in Audit Report 2003-04, the Authority did not take corrective action to depict the amount as assets in the Balance Sheet.

3. General

3.1 Accounting Policies and Notes on accounts

In Para No.3.1 of the Audit Report for the year 2003-04 regarding codification of accounts it was suggested that necessary codification of account heads should be carried out for better results. However, it was noticed that the codification has not been carried out.

3.2 Internal Audit

The Authority has not established any internal audit wing of its own and the internal audit assignment had been outsourced to Chartered Accountants. The Authority is advised to establish its own internal audit wing managed by its own staff.

3.3 Physical verification of fixed assets

The Authority has fixed assets worth Rs. 83.73 lakh as per Balance Sheet as on 31.03.2005. It was, however, observed that physical verification of fixed assets for the year 2004-05 has not been conducted and obsolete, unusable, irreparable, condemned or lost assets if any were not identified and excluded from the fixed assets account there by not giving the correct picture.

3.4 Net impact

The net impact of the audit comments given in the preceding paragraphs is that the liabilities were understated by Rs. 1.14 crore.

Place: New Delhi
Dated: 14.12.2005

Director General of Audit
Central Revenues

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
BALANCE SHEET AS AT MARCH 31, 2005

FORM A

FIGURES FOR THE PREVIOUS YEAR (Rs.)	LIABILITIES	FIGURES FOR THE FIGURES FOR THE		ASSETS	FIGURES FOR THE CURRENT YEAR (Rs.)
		CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)		
	GENERAL FUND			FIXED ASSETS [See Note 1]	
	i) IRDA Fund [See Note 4]			-Gross Block	19,821,464
893,244	-At beginning of the year	893,244	16,648,826	-Less : Depreciation	11,447,979
-	-Receipts in the year	-	8,688,109	-Net Block	8,373,485
893,244	-Balance at end of the year	893,244	-	-Capital Work-in-Progress	525,000
	ii) Capital Fund			INVESTMENTS [See Note 2]	
-	-Capital Grants	-	-	(Method of valuation - at Cost)	
-	-Balance at end of the year	-	-	i) Securities of Central and State Government	-
-	year	-	-	ii) Units	-
	iii) Surplus and Funds			iii) Fixed Deposits with scheduled Bank	1,032,626,388
349,090,458	-Balance as per last Balance Sheet	517,520,396	667,647,316	iv) Others	-
177,429,938	Add: Excess of Income Over Expenditure			CURRENT ASSETS, LOANS AND ADVANCES [See Note 3]	
-	as per Income and Expenditure Account-Annexed	340,393,450		i) Deposits	690,253
-	-Less: Excess of Expenditure Over Income			ii) Loans & Advances to Staff	11,778,393
517,520,396	as per Income and Expenditure Account-Annexed	857,913,846		iii) Amount Due from Insurance Companies &	106,500
	-Balance at the end of the year			iv) Other Current Assets	203,047,314
	iv) Gift and Donations			v) Cash & Bank Balances	
	v) Other Balances			a) Cash in Hand	17,037
	LOANS			b) Bank Balances	32,003,690
	i) Secured (stating the security offered for the purpose)				
	ii) Unsecured				
	iii) Loan from Government of India				
	iv) Other Loans				
	CURRENT LIABILITIES AND PROVISIONS				
	[See Note 5]				
	i) SUNDRY CREDITORS:				
377,122	- for Capital Items	154,461			
153,871,771	- for Other items	158,216,711			

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THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
BALANCE SHEET AS AT MARCH 31, 2005

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.)
106,750	ii) PROVISIONS:	106,750			
-	-Provision for doubtful debts and advances	-			
	-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:				
848	(a) Provident Fund	337,415			
-	(b) Other Welfare Funds	-			
2,215,551	(c) Retirement Benefit Fund and Staff Benefit Fund:	3,068,071			
	Others (Specify)				
968,435	-other Liabilities (TDS)	1,530,689			
225,974,826	-Registration Renewal fee received in Advance	266,906,061			
14,625	-Soft Furnishing Recovery	41,062			
901,943,568		1,289,168,060	901,943,568		1,289,168,060

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 annexures to Statement of Affairs and notes/information relating to accounting policy forming part of Accounts.

(R. K. Sharma)
Assistant Director

(Mathew Verghese)
Member

(C.R. Muralidharan)
Member

(C. S. Rao)
Chairman

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND ACCOUNT
INCOME AND EXPENDITURE AS AT MARCH 31, 2005

FORM B

FIGURES FOR THE PREVIOUS YEAR (Rs.)	EXPENDITURE	FIGURES FOR THE CURRENT YEAR (Rs.)	INCOME	FIGURES FOR THE CURRENT YEAR (Rs.)
2,286,370	Payment to Chairperson and Members	2,150,785	Grants in Aid	-
20,293,652	Payment to and Provision for members of Staff [See Note 1]	21,861,127	Received	-
27,376,436	Establishment Expenses [See Note 2]	29,364,818	Receivable	-
6,430,147	Rent	1,940,978	Less: Transferred to Capital Fund	-
-	Research & Consultation Fees	-	Registration Fees	-
189,475	Seminars, Conference, Publications, etc. [See Contra]	-	Agents	-
-	Interest [See Note 3]	-	Surveyors and Insurance intermediaries	1,841,330
4,008,647	Depreciation	3,659,394	Brokers	1,575,000
-Capital Assets Written Off -			Third Party Administrators	110,000
-Loss on Write Off of Asset		12,113	Insurance Companies	-
-	Provision for doubtful debts and advances	-	Renewal Fees	-
600,000	Development Expenditure	-	Insurance Companies	215,394,170
159,987,648	Promotional Expenditure	37,060,548	Brokers	8,247,536
287,473	Other Expenses	68,390	Agents	151,878,484
177,429,938	Excess of Income Over Expenditure for the year carried down	340,393,450	Surveyors and Insurance intermediaries	-
			Third Party Administrators	390,000
			Others	-
			Penalties, Fines etc.	297,756
			Seminar, Conferences and Publications etc.	-
			Income on Investments - Interest on deposits with Scheduled Banks	56,204,670
			Interest on Deposits	-
			Interest on advances	-
			i) granted to members of staff for housing purposes	238,890
			ii) granted to members of staff for other purposes	149,313
			iii) Others	-
			Miscellaneous Income	184,454
				436,511,603
				398,889,786

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.

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, 2005

FORM C

SL.NO.	RECEIPTS	AMOUNT (Rs.)	SL.NO.	PAYMENTS	AMOUNT (Rs.)
1	To Balance brought forward		1	By Research and Consultation Fees	-
	i) Cash at Bank	15,031,847	2	By Seminars, Conference, Publications etc.	-
	ii) Cash in hand	12,186	3	By Rent Payments	1,391,997
	iii) Cheques on hand	-	4	By Development Expenditure	-
	iv) Cash / Cheques in transit	-	5	By Promotional Expenditure	36,142,548
2	To Registration Fees	-	6	By Payment to Chairperson and Members	-
	-Insurance Companies	-	(i) Pay and Allowances	1,738,779	
	-Third Party Administrators	110,000	(ii) Other Benefits	196,419	
	-Insurance Brokers	1,850,000	(iii) Travelling Expenses	6,235,413	
	-Insurance Agents	-	By Establishment Expenses	-	
	-Insurance Surveyor	1,841,330	(i) Pay and Allowances	17,867,467	
	-Others	-	(ii) Other Benefits	2,009,129	
3	To Registration Renewal Fees	-	(iii) Travelling Expenses	6,309,368	
	-Insurance Companies	253,247,831	(iv) Retirement Benefits	2,315,924	
	-Third Party Administrators	390,000	By Office Expenses	12,388,996	
	-Insurance Surveyors	-	By Interest on	-	
	-Insurance Agents	155,003,134	(i) Government Loans	-	
	-Insurance Brokers	8,247,536	(ii) Other Loans	-	
	-Others	-	By Purchase of Assets	3,603,139	
4	To Penalties, Fines from insurers and intermediaries	297,756	By Capital Work-in-Progress	89,208	
5	To Seminar, Conferences etc.	-	By Advances to staff and others including travel advance	9,589,247	
6	To Income from Investments	-	By Investments	409,023,957	
7	To Sale of Investments	44,044,885	By Repayment of Government Loans/ fees	-	
8	To Grants	-	By Repayment of Other Loans	-	
	i) Central Government / State Govt/ Others	-	By Other Expenses	68,390	
	ii) Gift and Donations	-	By Balance carried forward	-	
9	To Loans	-	i) Cash at Bank	32,003,690	
10	To Sales of Publication etc.	-	ii) Cash in hand	17,037	
11	To Sale of Assets	10,000	iii) Cheques in hand	-	
12	To interest received on	-	iv) Cash/ Cheques in Transit	-	
	- Deposits	58,823,060			
	- Advances	-			
	- Others	-			
13	To Recoveries from Employees	-			
	(a) Loans and Advances	1,757,535			
	(b) Interest on Loans and Advances	39,607			
	(c) Misc.	27,117			
14	To Other Receipts	256,884			
		540,990,708			
				540,990,708	

(R. K. Sharma)
Assistant Director

(Mathew Verghese)
Member

(C. R. Muralidharan)
Member

(C. S. Rao)
Chairman

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
SCHEDULE OF FIXED ASSETS ANNEXED TO AND FORMING PART OF BALANCE SHEET AS ON MARCH 31, 2005**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost as 1.04.2004	Additions During the Year	Sold/Disposed Off During the Year	As on 31.03.2005	For the year	Adjustments	Upto 31.03.2005	As at 31.03.2005	As on 31.03.2004
Office Premises									
(a) Land	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-
Residential Flats									
(a) Land	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-
Vehicles	577,255	-	-	577,255	83,513	-	338,201	239,054	322,567
Equipments	3,070,738	583,923	-	3,654,661	356,183	(88,548)	1,324,025	2,330,636	2,191,444
Furniture and Fixtures	3,457,968	581,984	30,000	4,009,952	512,979	3,493	1,697,644	2,312,308	2,269,810
Computers	9,542,865	2,131,120	185,201	11,488,784	2,600,170	241,450	7,997,297	3,491,487	3,904,288
Books	-	-	90,812	-	-	90,812	-	90,812	-
Total	16,648,826	3,387,839	215,201	19,821,464	3,643,657	156,395	11,447,979	8,373,485	8,688,109

(R.K. Sharma)
Assistant Director

(Mathew Verghese)
Member

(C.R. Muralidharan)
Member

(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, 2005**

INVESTMENTS

Sl.No.	Particulars				Figures for the	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-Jan-05	383,277	5.25%	83	1-Jul-05		4,639
	28-Dec-04	64,369,462	5.25%	93	28-Jun-05		873,380
	27-Dec-04	56,628,836	5.25%	94	27-Jun-05		776,721
	1-Jan-05	64,350,950	5.25%	89	1-Jul-05		835,222
	1-Jan-05	63,880	5.25%	89	1-Jul-05		829
	29-Dec-04	54,514,981	5.25%	92	29-Jun-05		731,618
	9-Jan-05	417,529	5.25%	81	9-Jul-05		4,932
	3-Oct-02	110,209,779	7.50%	910	3-Oct-05		22,774,465
			350,938,694				
Indian Overseas Bank, Hyderabad	3-Sep-02	1,000,000	7.50%	940	3-Sep-05		214,172
	3-Sep-02	1,000,000	7.50%	940	3-Sep-05		214,172
	25-Jun-03	2,000,000	6.00%	645	25-Jun-06		225,239
	10-Oct-03	2,500,000	5.50%	538	10-Jan-06		212,653
	4-Dec-03	5,000,000	5.50%	483	4-Dec-06		380,324
	24-Dec-04	52,807,250	5.75%	97	24-Dec-05		818,994
	27-Dec-04	50,000,000	5.75%	94	27-Dec-05		751,154
	28-Dec-04	40,000,000	6.25%	93	28-Dec-07		646,159
31-Mar-05	30,000,000		Deposits awaited				
		184,307,250					3,462,867
HDFC, New Delhi	14-Sep-04	624,398	5.25%	198	14-Sep-05		18,180
	5-Dec-04	4,978,683	5.00%	116	6-Jun-05		80,437
		5,603,081					98,617
IICICI Bank, Hyderabad	14-Dec-02	2,450,000	7.00%	838	15-Dec-05		429,612
	20-Dec-02	3,600,000	6.50%	832	21-Dec-05		578,585
	26-Dec-02	1,500,000	6.50%	826	24-Dec-05		239,825
	31-Dec-02	24,500,000	7.00%	821	1-Jan-06		4,201,445

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ANNUAL REPORT 2004-05

Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Received	Interest Accrued
	18-Jan-03	6,500,000	6.50%	803	19-Jan-06		1,005,471
	30-Jan-03	7,000,000	6.25%	791	31-Jan-06		1,022,055
	19-Feb-03	4,000,000	6.25%	771	20-Feb-06		568,309
	19-Jun-03	4,000,000	6.00%	651	19-Jun-06		454,917
	26-Jun-03	3,000,000	6.00%	644	27-Jun-06		337,304
	14-Jul-03	5,000,000	6.00%	626	14-Jul-06		545,580
	17-Sep-03	5,000,000	5.75%	561	18-Sep-06		465,319
	20-Nov-03	5,000,000	5.50%	497	20-Nov-06		391,774
	9-Jan-04	30,000,000	5.75%	447	9-Apr-05		2,203,920
	21-Jan-04	5,000,000	5.50%	435	22-Jan-07		341,232
	3-Mar-04	5,000,000	5.50%	393	3-Apr-07		307,348
	9-Mar-04	5,000,000	5.25%	387	9-Apr-05		288,455
	1-Jul-04	5,000,000	5.50%	273	2-Jul-07		211,486
	31-Mar-05	15,050,000	6.90%	0	3-Apr-08		-
	31-Mar-05	15,050,000	6.90%	0	3-Apr-08		-
		151,650,000					13,592,637
Bank of India, New Delhi	4-Apr-02	5,000,000	8.00%	1092	4-Apr-05		1,358,119
		5,000,000					1,358,119
Bank of India, Hyderabad	10-Jun-04	2,627,363	5.00%	294	10-Jun-05		108,853
	24-Jun-03	5,000,000	6.00%	646	24-Jun-08		564,022
	30-Jun-03	5,000,000	6.00%	640	27-Jun-08		558,473
	21-Aug-03	5,000,000	5.25%	588	21-Aug-06		444,747
	7-Nov-03	4,000,000	5.25%	510	7-Nov-06		306,840
	16-Jan-04	10,000,000	5.50%	440	16-Jan-07		690,532
	20-Jan-04	5,000,000	5.50%	436	20-Jan-07		342,039
	23-Jan-04	5,000,000	5.50%	433	23-Jan-07		339,619
	17-Mar-04	5,000,000	5.25%	379	17-Mar-07		282,309
	15-Mar-04	5,000,000	5.25%	381	15-Mar-07		283,846
	15-Jun-04	5,000,000	5.00%	289	15-Jun-05		203,549
	19-Nov-04	2,500,000	5.00%	132	19-May-05		46,016
	18-Jan-05	5,000,000	6.00%	72	18-Jan-08		60,000
		64,127,363					4,230,845
Canara Bank, Hyderabad	11-Oct-02	2,500,000	7.75%	902	11-Oct-05		530,168
	11-Oct-02	2,500,000	7.75%	902	11-Oct-05		530,168
	15-Nov-02	2,000,000	7.00%	867	15-Nov-05		363,887
	15-Nov-02	1,500,000	7.00%	867	15-Nov-05		272,915
	15-Nov-02	1,500,000	7.00%	867	15-Nov-05		272,915
	18-Dec-02	6,000,000	6.75%	834	18-Dec-05		1,006,632
	30-Dec-02	5,000,000	6.75%	822	30-Dec-05		825,782
	15-Jan-03	26,000,000	6.50%	806	15-Jan-06		4,037,904
	13-Jun-03	3,000,000	6.00%	657	13-Jun-06		344,518

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ANNUAL REPORT 2004-05

Name of the Bank	Date	Amount	Rate of Interest	Period	Date of Maturity	Interest Received	Interest Accrued
	12-Aug-03	1,500,000	6.00%	597	12-Aug-06		155,746
	30-Aug-03	5,000,000	6.00%	579	30-Aug-06		502,753
	31-Dec-03	27,500,000	6.00%	456	30-Dec-06		2,154,935
	5-Feb-04	5,000,000	5.60%	420	5-Feb-07		335,270
	11-Mar-04	1,000,000	5.50%	385	11-Mar-07		60,179
	24-Mar-04	2,500,000	5.50%	372	24-Mar-07		145,203
	21-Jul-04	5,000,000	5.50%	253	20-Jul-07		195,753
	13-Sep-04	5,000,000	5.75%	199	13-Sep-07		160,396
	20-Dec-04	30,000,000	6.25%	101	20-Dec-07		526,937
	27-Dec-04	5,000,000	6.25%	94	27-Dec-07		81,651
	30-Dec-04	30,000,000	6.75%	91	30-Dec-07		511,970
	31-Dec-04	30,000,000	6.75%	90	31-Dec-07		506,250
		197,500,000					13,521,932
State Bank of Hyderabad, Hyderabad	24-Mar-04	2,500,000	5.50%	372	24-Mar-07		145,203
	25-May-04	5,000,000	5.50%	310	26-May-05		240,932
	29-Dec-04	15,000,000	6.00%	92	29-Dec-07		230,075
	29-Mar-05	15,000,000	6.75%	2	29-Mar-06		5,625
		37,500,000					621,835
Andhra Bank, Hyderabad	25-Sep-03	1,000,000	5.50%	553	25-Sep-06		87,545
	31-Dec-03	1,450,000	5.75%	456	31-Dec-06		108,751
	31-Dec-03	1,450,000	5.75%	456	31-Dec-06		108,751
	31-Dec-03	1,450,000	5.75%	456	31-Dec-06		108,751
	31-Dec-03	1,450,000	5.75%	456	31-Dec-06		108,751
	31-Dec-03	1,450,000	5.75%	456	31-Dec-06		108,751
	31-Dec-03	1,450,000	5.75%	456	31-Dec-06		108,751
	31-Dec-03	1,300,000	5.75%	456	31-Dec-06		97,501
	29-Mar-05	10,000,000	6.65%	2	27-Jun-05		3,694
		21,000,000					841,246
State Bank of India	31-Mar-05	15,000,000	Deposit awaited				
		15,000,000					
Others							
Quoted- Cost and Market Value					Nil	Nil	
Unquoted					Nil	Nil	

(R.K. Sharma)
Assistant Director

(Mathew Verghese)
Member

(C.R. Muralidharan)
Member

(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, 2005
CURRENT ASSETS, LOANS AND ADVANCES

Particulars	Figures for the Current Year Rs	Figures for the Previous Year Rs
DEPOSITS		
-For Premises	524,050	599,050
-with Others - MTNL	34,080	39,760
-with Electricity	128,123	120,123
-For Fuel	4,000	4,000
TOTAL	690,253	762,933
LOANS & ADVANCES TO STAFF		
-Housing Loan to Staff	6,279,275	2,903,200
-Loans to Staff for other purposes	4,486,189	2,992,865
-Other Advances - Festival	155,926	145,433
-Interest Recoverable	745,877	397,281
-Advance - others	111,126	54,415
TOTAL	11,778,393	6,493,194
AMOUNTS DUE FROM INSURANCE COMPANIES & OTHERS		
-Insurance Companies' - [Indicates the amount due from State Insurance Companies]	69,100	149,292
-Agents - [Indicates the amount of expired cheques in hand received from agents earlier]	37,400	37,650
TOTAL	106,500	186,942
OTHER CURRENT ASSETS		
-Expense Recoverable	-	230
-Prepaid Expenses	576,856	457,977
-Interest Accrued but not due - Bank deposits	63,729,904	66,348,294
-Amount recoverable- others	99,390	-
-Advances on Capital Account - [For software development]	104,208	525,000
-Advance to Institute of Insurance and Risk Management	-	3,687,133
- Advance to PFRDA	6,651,283	12,100
-Other -Advance for Travel	43,435	200,850
-Advance to IRDA Superannuation Trust	-	47,219
-Advance to Prasar Bharti	131,842,238	131,842,238
TOTAL	203,047,314	203,121,041
CASH AND BANK BALANCES		
-Cash in hand	17,037	12,186
-Cheques in hand	-	-
-Cash/ Cheque in transit	-	-
-Balances with Scheduled Banks		
(a) In Current Account	31,351,401	12,350,633
(b) on Deposit Account	-	-
(c) on savings bank Account	652,289	2,681,214
TOTAL	32,020,727	15,044,033
-Balance with Non Scheduled Bank		
(a) In Current Account	-	-
(b) In Deposit Account	-	-
TOTAL	-	-

(R.K. Sharma)
Assistant Director

(Mathew Verghese)
Member

(C.R. Muralidharan)
Member

(C. S. Rao)
Chairman

ANNEXURE IV

**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
INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND**

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

ANNEXURE V

**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**

CONTINGENT LIABILITIES

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

ANNEXURE VI

**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, 2005**

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	16,348,801	15,212,681
iii) Contribution to Provident Fund, etc [including contribution to superannuation fund of Rs 14,05,288]	2,552,116	2,408,731
iv) Gratuity	411,991	451,524
v) Staff Welfare Expenses	473,276	36,457
vi) Others		
-Book Grant	-	-
-Leave Travel Concession	713,200	526,255
-Insurance	-	-
-Canteen Expenses	-	-
-Monetary Award - Studies	-	-
-Contribution to Group Insurance Scheme	111,830	397,992
-Reimbursement of expenses incurred by Staff	744,647	675,569
-Leave Salary	505,266	584,443
TOTAL	21,861,127	20,293,652

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD
THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY FUND
ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE
EXPENDITURE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005
ESTABLISHMENT EXPENSES

Particulars	Figures for the	Figures for the
	Current Year	Previous Year
	Rs.	Rs.
Repairs & Maintenance of Buildings & Premises	2,770,115	673,620
House Keeping - Office Maintenance	787,092	632,833
Repairs & Maintenance of Equipments	-	-
Repairs and Maintenance - Others	-	-
Electricity & water Exp	911,080	715,739
Insurance exp	7,641	115,698
Rates and Taxes	-	-
Printing and Stationery	444,009	651,120
Books/Journals etc.	144,673	67,697
Postage, Telegraphs, Telephones, etc.	2,253,867	2,067,620
Travelling and Conveyance Inland	6,950,898	8,206,805
Travel - Foreign	5,657,570	3,195,243
Legal and Professional charges	5,786,267	7,810,977
Education/Training/R&D/Grievances Redressal Expenses	-	-
Audit Fees	359,705	-
Software	-	-
Publicity & Advertisement	495,347	82,805
Recruitment	-	-
Expenses of Meetings of Authority & Advisory Committee & Others meeting expenses including daily allowances paid to the members of the Committee	834,189	1,020,502
Membership and Subscription	801,639	770,295
Security Services	102,968	358,721
Web Portal Development Expenses	169,250	200,000
Canteen Exp	539,370	373,611
Car Repair and Maintenance Expenses	45,599	41,480
Other Expenses	303,539	391,670
TOTAL	29,364,818	27,376,436

ATTACHED TO AND FORMING PART OF INCOME AND EXPENDITURE ACCOUNT FOR
THE YEAR ENDED MARCH 31, 2005

INTEREST

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

ing 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 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.

(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 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 [APIIC].

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. 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 including the premise occupied at Delhi recognized in the income and expenditure account is 1,940,978 [Previous year 6,430,147].

8. PRIOR YEAR COMPARATIVES

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

-sd-

(R.K. Sharma)
CAO

-sd-

(P. A. Balasubramanian)
Member

-sd-

(T.K. Banerjee)
Member

-sd-

(C. S. Rao)
Chairman