

**ANNUAL STATEMENT OF ACCOUNTS FOR THE YEAR ENDED  
MARCH 31, 2006**



## AUDIT CERTIFICATE

I have audited the attached Balance Sheet of Insurance Regulatory and Development Authority, Hyderabad as on 31<sup>st</sup> March 2006 and the Income and Expenditure Account and Receipts and Payments Account for the year ending on 31<sup>st</sup> March 2006. Preparation of these financial statements is the responsibility of the Insurance Regulatory and Development Authority. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with applicable rules and the auditing standards generally accepted in India. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. I believe that my audit provides a reasonable basis for my opinion.

Based on our audit, I report that:

1. I have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. Subject to the major observations given below and detailed observations in the Separate Audit Report annexed herewith, I report that the Balance Sheet and the Income and Expenditure Account/Receipt and Payment Account dealt with by this report are properly drawn up and are in agreement with the books of accounts.
  - The investments of Rs. 160.60 crore were made in the bank deposits in violation of the direction of the Ministry of Finance for keeping these funds in the Public Account of India **(Paragraph 1.2)**;
  - The surplus funds of Rs. 129.51 crore were not credited to IRDA funds **(Paragraph 2.1.1)**.
3. in my opinion and to the best of my information and according to the explanations given to me:
  - (i) the accounts give the information required under the prescribed format of accounts:
  - (ii) the said Balance Sheet, Income and Expenditure Account/Receipts and Payments Account read together with the Accounting Policies and Notes thereon, and subject to the significant matters stated above and other matters mentioned in the Separate Audit Report annexed herewith give a true and fair view.
    - a. In so far as it relates to the Balance Sheet of the state of affairs of the Insurance Regulatory and Development Authority as at 31<sup>st</sup> March 2006 and
    - b. In so far as it relates to the Income and Expenditure Account of the surplus for the year ended on that date.

Place: New Delhi

Director General of Audit

Dated:

Central Revenues

## AUDITOR'S REPORT

### AUDIT REPORT ON THE ACCOUNTS OF INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD FOR 2005-06

#### 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, Powers and Conditions of Service) Act, 1971 read with Section 17 of the IRDA Act, 1999.

#### 1.1 Sources of receipts and expenditure

During the year 2005-06, the Authority's receipts were Rs. 67.04 crore, mainly from fees received from various insurance companies/agents on account of registration, renewal charges and income from investments etc. The expenditure of the Authority was Rs. 12.09 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 2006, funds amounting to Rs. 160.60 crore were kept in interest bearing deposits with scheduled banks.

### 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 2006 was Rs. 129.51 crore, which should have been transferred to IRDA fund.

Though this matter was pointed out during the years 2002-03 to 2004-05, the Authority has not credited the surplus to the IRDA fund.

The Authority stated (September 2006) that the Balance Sheet had been prepared as per form "A" which was approved by the competent authority. Any deviation in this exhibition will be a violation in the rules made by the Government of India in consultation with the Comptroller and Auditor General of India.

The reply of the Authority is not tenable as the heading IRDA fund is clearly depicted on the liability side of the Balance Sheet in the format of accounts and surplus fund can be transferred to this head without any change in the format of accounts.

#### Assets

##### 2.1.2 Fixed Assets

The Authority depicted Rs. 2.36 lakh as addition under the head 'Books' in Annexure-1 "Schedule of fixed assets" annexed to the Balance Sheet. This included books costing Rs. 1.94 lakh purchased during the year 2005-06 on which hundred *per cent* depreciation was charged. As each book costs more than Rs. 5,000/- and the utilities of these books spread over a number of years, charging hundred *per cent* depreciation is against the accounting policy. This resulted in understatement of fixed assets and overstatement of expenditure by Rs. 1.94 lakh.

The Authority stated (September 2006) that all books, except Technical Documentation books were normally depreciated fully in the year of purchase as per the practice consistently followed in IRDA.

The reply of the Authority is not tenable as cost of each book is substantial The Authority is required to review the utility of these books and depict them in the accounts accordingly.

### 2.1.3 Understatement of Current Assets

#### 2.1.3.1 Expenditure on behalf of PFRDA

Expenditure of Rs. 2.19 crore was incurred by the Authority on behalf of PFRDA upto 31-03-2006 out of which Rs. 1 crore was reimbursed during the year 2005-06. Thus, balance amount of Rs. 1.19 crore was to be depicted as advance to PFRDA (Pension Fund Regulatory and Development Authority) under the head current assets against which Rs. 64.50 lakh only was shown as advance.

The actual position needs to be reviewed and reconciled.

#### 2.1.3.2 Advance to Prasar Bharti

Against advance of Rs. 13.18 crore given to Prasar Bharti for advertisement during the year 2002-03 and 2003-04, adjustment accounts for Rs. 12.99 crore only were rendered during the year 2005-06. Unadjusted advance of Rs. 0.19 crore was not accounted for under the head current assets, which resulted in understatement of advance by Rs. 0.19 crore.

The Authority stated (September 2006) that against the figure of Rs. 13.18 crore shown outstanding on 31 March 2006, the net advance outstanding worked out to

Rs. 12.99 crore which had been adjusted. The variation of Rs. 0.19 crore represented the credits given to Prasar Bharti account.

The reply of the Authority is not tenable as details of the credits of Rs. 0.19 crore given to Prasar Bharti had not been depicted in the accounts. In the trial balance, the opening balance had been shown as Rs. 12.99 crore against the closing balance of Rs. 13.18 crore as on 31 March 2005.

### 3. General

**3.1** The Authority has not carried out physical verification of fixed assets during the year 2005-06 in respect of assets other than computers. The discrepancies between physical balance and book balances were still to be identified, reconciled and adjusted in the Books of Accounts. Therefore, the authenticity of figures shown in the Balance Sheet could not be verified. The Authority stated (September 2006) that a Committee was appointed on 27.4.2006 for conducting physical verification of all the assets of the Authority and that it had submitted its report on Computers.

**3.2** The Authority had not established any internal audit wing of its own and the internal audit assignment had been outsourced to Chartered Accountants.

### 4. Net impact of audit comments

The net effect of the audit comments given in the preceding paras is that the assets were understated by Rs. 20.94 lakh as on 31 March 2006 and expenditure was overstated by Rs. 1.94 lakh.

Place : New Delhi

Date :

Director General of Audit  
Central Revenues

FORM - A

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
**Balance Sheet as at 31 st March 2006**

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.)
	<b>GENERAL FUND</b>			<b>FIXED ASSETS [See Note 1]</b>	
893,244	i) <b>IRDA Fund [See Note 4]</b>	893,244	19,821,464	-Gross Block	24,006,503
-	-At beginning of the year	893,244	11,447,979	-Less:Depreciation	14,146,334
-	-Receipts in the year	-	8,373,485	-Net Block	9,860,168
893,244	-Balance at end of the year	893,244	525,000	-Capital Work-in-Progress	0
-	ii) <b>Capital Fund</b>	-	-	<b>INVESTMENTS [See Note 2]</b>	
-	-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	-
-		-	1,032,626,388	iii) Fixed Deposits with scheduled Bank	1,606,001,000
517,520,396	iii) <b>Surplus and Funds</b>	857,913,846	-	iv) Others	-
-	-Balance as per last Balance Sheet	857,913,846	-	<b>CURRENT ASSETS, LOANS AND ADVANCES [See Note 3]</b>	
340,393,450	Add: Excess of Income over expenditure as per Income and Expenditure Account - Annexed	437,220,027	690,253	i) Deposits	981,038
-	Less: Excess of Expenditure Over Income as per Income and Expenditure Account - Annexed	1,295,133,873	11,778,393	ii) Loans & Advances to Staff	15,071,029
857,913,846	- Balance at the end of the year	-	106,500	iii) Amount Due from Insurance Companies & Other	69,100
-	iv) <b>Gift and Donations</b>	-	203,047,314	iv) Other Current Assets	48,892,921
-	v) <b>Other Balances</b>	-	17,037	Cash & Bank Balances	
				a) Cash in Hand	12,291
				b) Cash in Transit	32,709
				c) Bank Balances	8,444,945
	<b>LOANS</b>		32,003,690		
-	i) Secured (stating the security offered for the purpose)	-	-		
-	ii) Unsecured	-	-		
-	iii) Loan from Government of India	-	-		
-	iv) Other Loans	-	-		

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
**Balance Sheet as at 31 st March 2006**

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.)
<b>CURRENT LIABILITIES AND PROVISIONS</b>					
[See Note 5]					
	i) SUNDRY CREDITORS:				
154,461	-for Capital Items	51,336			
158,216,711	-for Other Items	47,843,910			
	ii) PROVISIONS:				
106,500	-Provision for doubtful debts and advances	106,500			
-	-Provision for depletion in value of investment	-			
	iii) OTHER LIABILITIES:				
-	1. Unspent Grants	-			
-	2. Interest payable to Government/Other Loans	-			
337,415	3. Provident, Retirement & Other Welfare Funds:	361,040			
-	(a) Provident Fund	-			
-	(b) Other Welfare Funds	-			
3,068,071	(c) Retirement Benefit Fund and Staff Benefit Fund:	5,900,382			
	4. Others (Specify)				
1,530,689	-other Liabilities (Tax deducted at source)	1,488,905			
266,906,061	-Registration Renewal fee received in Advance	337,519,414			
41,062	-Soft Furnishing Recovery	66,597			
<b>1,289,168,060</b>		<b>1,689,365,201</b>	<b>1,289,168,060</b>		<b>1,689,365,201</b>

**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.

**(K. Jagan Mohan Rao)**  
Chief Accounts Officer

**(K.K.Srinivasan)**  
Member

**(C. R. Muralidharan)**  
Member

**(C.S.Rao)**  
Chairman

FORM - B

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

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.)
2,150,785	Payment to Chairperson and Members	2,640,363		Grants in Aid	
21,861,127	Payment to and Provision for members of Staff [See Note 1]	37,864,418		Received	-
64,502,726	Establishment Expenses [See Note 2]	69,785,045		Receivable	-
1,940,978	Rent	1,832,703		Less: Transferred to Capital Fund	-
-	Research & Consultation Fees	-		Registration Fees	
-	Seminars, Conference, Publications, etc. [See Contra]	-		Agents	
-	Interest [See Note 3]	-	1,841,330	Surveyors and Insurance intermediaries	1,622,480
3,659,394	Depreciation	2,698,356	1,575,000	Brokers	425,000
-	Capital Assets Written Off	-	110,000	Third Party Administrators	80,000
12,113	Loss on Write Off of Asset	-	-	Insurance Companies	100,000
-	Provision for doubtful debts and advances	-		Renewal Fees	
-	Development Expenditure	154,700	215,394,170	Insurance Companies	252,995,804
1,922,640	Promotional Expenditure	2,357,195	8,247,536	Brokers	13,593,968
68,390	Other Expenses	370,644	151,878,484	Agents	220,241,800
	Fringe Benefit Tax	3,176,328		Surveyors and Insurance intermediaries	
340,393,450	Excess of Income Over Expenditure for the year carried down	437,220,027	390,000	Third Party Administrators	290,200
				Others	
			297,756	Penalties, Fines etc.	-
			-	Seminar, Conferences and Publications etc.	-
			56,204,670	Income on Investments - Interest on deposits with Scheduled Banks	67,978,541
			-	Interest on Deposits	
				Interest on advances	
			238,890	i) granted to members of staff for housing purposes	378,762
			149,313	ii) granted to members of staff for other purposes	200,876
			-	iii) Others	
			184,454	Miscellaneous Income	192,348
<b>436,511,603</b>		<b>558,099,779</b>	<b>436,511,603</b>		<b>558,099,779</b>

## 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.

(K.Jagan Mohan Rao)

Chief Accounts Officer

(K.K.Srinivasan)

Member

(C. R. Muralidharan)

Member

(C.S.Rao)

Chairman

FORM - C

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD  
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2006**

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	32,003,690	2	By Seminars, Conference, Publications etc.	-
	ii) Cash in hand	17,037	3	By Rent Payments	4,493,813
	iii) Cheques on hand		4	By Development Expenditure	154,700
	iv) Cash / Cheques in transit		5	By Promotional Expenditure	2,362,641
2	To Registration Fees		6	By Payment to Chairperson and Members	
	- Insurance Companies	100,000	(i)	Pay and Allowances	2,115,628
	- Third Party Administrators	80,000	(ii)	Other Benefits	537,539
	- Insurance Brokers	1,000,000	(iii)	Travelling Expenses	7,134,249
	- Insurance Agents		7	By Establishment Expenses	
	- Insurance Surveyor	1,622,480	(i)	Pay and Allowances	22,478,330
	- Others		(ii)	Other Benefits	2,206,331
3	To Registration Renewal Fees		(iii)	Travelling Expenses	11,731,312
	- Insurance Companies	320,516,957	(iv)	Retirement Benefits	3,507,112
	- Third Party Administrators	290,200	8	By Office Expenses	33,528,353
	- Insurance Surveyors		9	By Interest on	
	- Insurance Agents	223,334,000	(i)	Government Loans	-
	- Insurance Brokers	13,593,968	(ii)	Other Loans	-
	- Others		10	By Purchase of Assets	4,339,393
4	To Penalties, Fines from insurers and intermediaries		11	By Capital Work-in-Progress	
5	To Seminar, Conferences etc.		12	By Advances to staff and others including travel advance	5,951,847
6	To Income from Investments		13	By Investments	2,292,231,925
7	To Sale of Investments	1,718,857,313	14	By Repayment of Government Loans/ fees	
8	To Grants		15	By Repayment of Other Loans	
	i) Central Government / State Govt/ Others		16	By Other Expenses	16,736,133
	ii) Gift and Donations		17	By Payments to IIRMA	78,617
9	To Loans		18	By PFRDA	3,176,328
10	To Sales of Publication etc.		19	By Fringe Benefit Tax	
11	To Sale of Assets				
12	To interest received on				
	- Deposits	106,633,139			
	- Advances				
	- Others				
13	To Recoveries from Employees				
	(a) Loans and Advances	2,945,714			
	(b) Interest on Loans and Advances	-			
	(c) Misc. Recoveries	144,955			
14	To Other Receipts				
	(a) Miscellaneous Income	47,393			
	(b) Security deposit from Contractors	65,000			
	(c) Security deposit received back	2,350			
		<b>2,421,254,195</b>			<b>2,421,254,195</b>

(K.Jagan Mohan Rao)  
Chief Accounts Officer

(K.K.Srinivasan)  
Member

(C. R. Muralidharan)  
Member

(C. S. Rao)  
Chairman

## ANNEXURE I

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**

Schedule of Fixed Assets annexured to and forming part of Balance Sheet as on 31st March 2006

Particulars	Gross block			Depreciation			Net block		
	Cost as on 1.04.2005	Additions During the Year	Sold/Disposed Off During the Year	Total as on 31.03.2006	As on 1.04.2005	For the Year	Adjustments	As on 31.03.2006	As on 31.03.2005
Office Premises									
(a) Land	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-
Residential Flats									
(a) Land	-	-	-	-	-	-	-	-	-
(b) Building	-	-	-	-	-	-	-	-	-
Vehicles	577,255	(0)	-	577,255	338,201	61,891	-	400,092	239,054
Equipments	3,654,661	1,001,720	-	4,656,381	1,324,025	488,265	-	1,812,290	2,844,091
Furniture and Fixtures	4,009,952	705,635	-	4,715,587	1,697,644	552,421	-	2,250,065	2,312,308
Computers	11,488,784	2,241,432	-	13,730,216	7,997,297	1,359,526	-	9,356,823	3,491,487
Books	90,812	236,252	-	327,064	90,812	236,252	-	327,064	-
<b>Total</b>	<b>19,821,464</b>	<b>4,185,039</b>	<b>-</b>	<b>24,006,503</b>	<b>11,447,979</b>	<b>2,698,355</b>	<b>-</b>	<b>14,146,334</b>	<b>8,373,485</b>

(K.Jagan Mohan Rao)  
Chief Accounts Officer(K.K.Srinivasan)  
Member(C. R. Muralidharan)  
Member(C.S.Rao)  
Chairman

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
Attached to and forming part of Balance Sheet as at 31 March 2006

**INVESTMENTS**

Name of Bank	Date	Amount (Rs.)	Rate of interest	Period	Date of Maturity	Interest Received	Interest accrued but not due
Andhra Bank Hyderabad	2-Sep-05	13,000,000	6.75%	155	2-Sep-06		520,586
	25-Sep-03	1,000,000	5.50%	178	25-Sep-06		149,655
	3-Oct-05	10,000,000	6.80%	186	3-Oct-06		342,890
	31-Dec-03	1,450,000	5.75%	275	31-Dec-06		201,910
	31-Dec-03	1,450,000	5.75%	275	31-Dec-06		201,910
	31-Dec-03	1,450,000	5.75%	275	31-Dec-06		201,910
	31-Dec-03	1,450,000	5.75%	275	31-Dec-06		201,910
	31-Dec-03	1,450,000	5.75%	275	31-Dec-06		201,910
	31-Dec-03	1,450,000	5.75%	275	31-Dec-06		201,910
	31-Dec-03	1,300,000	5.75%	275	31-Dec-06		181,023
	30-Jun-05	50,000,000	6.50%	822	30-Jun-08		2,524,699
			<b>84,000,000</b>				
Bank of India Hyderabad	7-Nov-03	4,000,000	5.25%	221	7-Nov-06		541,375
	16-Jan-04	10,000,000	5.50%	291	16-Jan-07		1,300,975
	20-Jan-04	5,000,000	5.50%	295	20-Jan-07		647,079
	23-Jan-04	5,000,000	5.50%	298	23-Jan-07		644,523
	24-Jun-03	5,000,000	6.00%	816	24-Jun-08		911,340
	30-Jun-03	5,000,000	6.00%	819	27-Jun-08		905,451
		<b>34,000,000</b>					<b>4,950,743</b>
Canara Bank Hyderabad	13-Jun-03	3,000,000	6.00%	74	13-Jun-06		553,283
	12-Aug-03	1,500,000	6.00%	134	12-Aug-06		259,090
	30-Aug-03	5,000,000	6.00%	151	29-Aug-06		846,224
	11-Mar-04	1,000,000	5.50%	345	11-Mar-07		120,725
	31-Mar-06	300,000,000	8.91%	365	31-Mar-07		74,250
		<b>310,500,000</b>					<b>1,853,572</b>
ICICI Bank Hyderabad Hyderabad	19-Jun-03	4,000,000	6.00%	80	19-Jun-06		732,999
	26-Jun-03	3,000,000	6.00%	88	27-Jun-06		545,626
	14-Jul-03	5,000,000	6.00%	105	14-Jul-06		891,708
	19-Aug-05	10,001,000	6.80%	144	22-Aug-06		430,848
	17-Sep-03	5,000,000	5.75%	171	18-Sep-06		791,943
	20-Nov-03	5,000,000	5.50%	173	20-Sep-06		699,677
	29-Mar-06	300,000,000	9.35%	730	30-Mar-08		233,750
	31-Mar-06	100,000,000	9.25%	364	30-Mar-07		25,694
		<b>432,001,000</b>					<b>4,352,245</b>

Contd.

**ANNUAL REPORT 2005-06**

Name of Bank	Date	Amount (Rs.)	Rate of interest	Period	Date of Maturity	Interest Received	Interest accrued but not due
<b>Indian Overseas Bank, Hyderabad</b>	25-Jun-03	2,000,000	6.00%	86	25-Jun-06		364,144
	10-Oct-03	2,500,000	5.50%	193	10-Oct-06		367,570
	4-Dec-03	5,000,000	5.50%	248	4-Dec-06		687,584
	2-Apr-05	30,000,000	7.00%	368	3-Apr-07		2,180,781
		<b>39,500,000</b>					<b>3,600,079</b>
<b>IndusInd Bank Hyderabad</b>	17-Jan-06	30,000,000	7.30%	108	17-Jul-06		450,167
		<b>30,000,000</b>					<b>450,167</b>
<b>Lakshmi Vilas Bank, Hyderabad</b>	19-Jan-06	16,000,000	7.40%	110	19-Jul-06		236,800
	31-Jan-06	17,500,000	7.40%	122	31-Jul-06		215,833
	2-Mar-06	15,000,000	8.15%	336	2-Mar-07		101,875
		<b>48,500,000</b>					<b>554,508</b>
<b>Oriental Bank of Commerce</b>	31-Mar-06	100,000,000	9.05%	365	31-Mar-07		25,139
		<b>100,000,000</b>					<b>25,139</b>
<b>State Bank of Hyderabad</b>	8-Mar-06	20,000,000	8.50%	342	8-Mar-07		113,333
	24-Mar-04	2,500,000	5.50%	358	24-Mar-07		296,273
	31-Mar-06	40,000,000	8.91%	365	31-Mar-07		9,900
	31-Mar-06	300,000,000	8.91%	365	31-Mar-07		74,250
		<b>362,500,000</b>					<b>493,756</b>
<b>State Bank of India, Hyderabad</b>	23-Dec-05	50,000,000	7.25%	267	23-Dec-06		998,518
	26-Dec-05	50,000,000	7.25%	270	26-Dec-06		967,762
	2-Apr-05	15,000,000	6.75%	2	2-Apr-06		1,050,447
	5-Jan-06	50,000,000	7.10%	280	5-Jan-07		848,056
		<b>165,000,000</b>					<b>3,864,783</b>
Grand Total		1,606,001,000					25,075,305

**2. Others**

(a) Quoted-Cost and Market value	Nil	Nil
(b) Unquoted	Nil	Nil

**(K.Jagan Mohan Rao)**  
Chief Accounts Officer

**(K.K.Srinivasan)**  
Member

**(C.R.Muralidharan)**  
Member

**(C.S.Rao)**  
Chairman

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
Attached to and forming part of balance sheet as at 31st March 2006

**CURRENT ASSETS, LOANS AND ADVANCES**

PARTICULARS	Figures for the Current Year Rs	Figures for the Previous Year Rs
<b>DEPOSITS</b>		
-For Premises	817,185	524,050
-with Others - MTNL	31,730	34,080
-with Electricity 128,123	128,123	
-For Fuel	4,000	4,000
TOTAL	<b>981,038</b>	<b>690,253</b>
<b>LOANS &amp; ADVANCES TO STAFF</b>		
-Housing Loan to Staff	8,278,661	6,279,275
-Loans to Staff for other purposes	4,805,161	4,486,189
-Other Advances - Festival	243,620	155,926
-Interest Recoverable	1,325,515	745,877
-Advance - others	418,072	111,126
TOTAL	<b>15,071,029</b>	<b>11,778,393</b>
<b>AMOUNTS DUE FROM INSURANCE COMPANIES &amp; OTHERS</b>		
-Insurance Companies' - [Indicates the amount due from State Insurance Companies]	69,100	69,100
-Agents - [Indicates the amount of expired cheques in hand received from agents earlier]	-	37,400
TOTAL	<b>69,100</b>	<b>106,500</b>
<b>OTHER CURRENT ASSETS</b>		
-Expense Recoverable	-	-
-Prepaid Expenses	213,528	576,856
-Interest Accrued but not due - Bank deposits	25,075,306	63,729,904
-Amount recoverable- others	245,338	99,390
-Advances on Capital Account - [For software development]	-	104,208
-Advance to Institute of Insurance and Risk Management	16,736,133	-
- Advance to PFRDA	6,450,299	6,651,283
-Other -Advance for Travel	172,317	43,435
-Advance to IRDA Superannuation Trust	-	-
-Advance to Prasar Bharti	0	131,842,238
TOTAL	<b>48,892,921</b>	<b>203,047,314</b>
<b>CASH AND BANK BALANCES</b>		
-Cash in hand	12,291	17,037
-Cheques in hand	-	-
-Cash/ Cheque in transit	32,709	-
-Balances with Scheduled Banks		
(a) In Current Account	5,987,280	31,351,401
(b) on Deposit Account	-	-
(c) on savings bank Account	2,457,665	652,289
TOTAL	<b>8,444,945</b>	<b>32,003,690</b>
<b>-Balance with Non Scheduled Bank</b>		
(a) In Current Account	-	-
(b) In Deposit Account	-	-
TOTAL	-	-

(K.Jagan Mohan Rao)  
Chief Accounts Officer

(K.K.Srinivasan)  
Member

(C. R. Muralidharan)  
Member

(C.S.Rao)  
Chairman

## ANNEXURE IV

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
**Attached to and forming part of balance-sheet as on 31st March 2006**

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

(K.Jagan Mohan Rao)  
Chief Accounts Officer

(K.K.Srinivasan)  
Member

(C. R. Muralidharan)  
Member

(C.S.Rao)  
Chairman

## ANNEXURE V

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
**Attached to and forming part of balance-sheet as on 31st March 2006**

## CONTINGENT LIABILITIES

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

(K.Jagan Mohan Rao)  
Chief Accounts Officer

(K.K.Srinivasan)  
Member

(C. R. Muralidharan)  
Member

(C.S.Rao)  
Chairman

**THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
**Attached to and forming part of Income and Expenditure Account to the year ended 31st March 2006**

**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	29,378,246	16,348,801
ii) Contribution to Provident Fund, etc [including contribution to superannuation fund of Rs 14,05,288/-]	3,259,240	2,552,116
iii) Gratuity	1,408,716	411,991
iv) Staff Welfare Expenses	165,909	473,276
v) Others		
-Book Grant	-	-
-Leave Travel Concession	682,870	713,200
-Insurance	-	-
-Canteen Expenses	-	-
-Monetary Award - Studies	-	-
-Contribution to Group Insurance Scheme	446,039	111,830
-Reimbursement of expenses incurred by Staff	842,714	744,647
-Leave Salary	1,680,684	505,266
<b>TOTAL</b>	<b>37,864,418</b>	<b>21,861,127</b>

(K.Jagan Mohan Rao)  
Chief Accounts Officer

(K.K.Srinivasan)  
Member

(C. R. Muralidharan)  
Member

(C.S.Rao)  
Chairman

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
**Attached to and forming part of Income and Expenditure Account for the year ended 31st March 2006**

**ESTABLISHMENT EXPENSES**

Particulars	Figures for the Current Year Rs.	Figures for the Previous Year Rs.
Repairs & Maintenance of Buildings & Premises	1,353,748	2,770,115
House Keeping - Office Maintenance	904,667	787,092
Repairs & Maintenance of Equipments	-	-
Repairs and Maintenance - Others	-	-
Electricity & water Exp	1,783,699	911,080
Insurance exp	261,793	7,641
Rates and Taxes	2,500	-
Printing and Stationery	974,381	444,009
Books/Journals etc.	84,708	144,673
Postage, Telegraphs, Telephones, etc.	3,219,035	2,253,867
Travelling and Conveyance Inland	12,966,184	6,950,898
Travel - Foreign	6,169,262	5,657,570
Legal and Professional charges	7,938,902	5,786,267
Education/Training/R&D/Grievances Redressal Expenses	-	-
Audit Fees	251,920	359,705
Software	-	-
Publicity & Advertisement	27,764,163	35,633,255
Recruitment	-	-
Expenses of Meetings of Authority & Advisory Committee & Others meeting expenses including daily allowances paid to the members of the Committee	1,377,480	834,189
Membership and Subscription	2,879,353	801,639
Security Services	180,026	102,968
Web Portal Development Expenses	527,500	169,250
Canteen Exp	811,068	539,370
Car Repair and Maintenance Expenses	56,729	45,599
Other Expenses	277,927	303,539
<b>TOTAL</b>	<b>69,785,045</b>	<b>64,502,726</b>

(K.Jagan Mohan Rao)  
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Member

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Chairman

**INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY, HYDERABAD**  
**Attached to and forming part of Income and Expenditure Account for the year ended 31st March 2006**

**INTEREST**

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

(K.Jagan Mohan Rao)  
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(C.S.Rao)  
Chairman

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

#### (c) Revenues

##### (i) Registration Fee

- (a) Received from insurer seeking for the first time, registration for carrying on any class of insurance business in India is treated as income of the year of receipt.
- (b) Received in advance from insurers for renewal of registration is treated as income of the year to which it relates.

##### (ii) Licence Fee

Licence fee received from insurance agents, surveyors, brokers and other insurance intermediaries is treated as income of the year of receipt. 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 fee 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 and July 9, 2005 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, other departments in August 2002 and the Surveyors Department in October 2005. The office of the Authority is located in Parisrama Bhavan 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, the legal title of which is yet to be transferred.

**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 Rs.18,32,702/- [Previous year Rs.19,40,978/-].

**8. PRIOR YEAR COMPARATIVES**

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

Sd/-  
(K.Jagan Mohan Rao)  
Chief Accounts Officer

Sd/-  
(K.K.Srinivasan)  
Member

Sd/-  
(C. R. Muralidharan)  
Member

Sd/-  
(C.S.Rao)  
Chairman