

Welcome students

Semester 4 students of S.Y. B.Com shall learn the paper accounting for service organization - Unit 2 accounting for general insurance companies, module - Final accounts to be prepared as per I RDA and shall comply with the requirement of Schedule B Part 2.

Outline of the topic.

- Preparation of balance sheet of general insurance companies and
- Schedules forming part of balance sheet from schedule number 5 to schedule 15.

Learning outcomes

At the end of the module, the student will be able to

- List various schedules to be prepared as part of balance sheet.
- Explain the schedules which form part of balance sheet and make use of information in preparing financial statements of general insurance companies.

Introduction Financial statement

- ✓ Financial statements of General insurance companies are prepared as per Insurance Regulatory and Development Authority of India Act 1999 (IRDA Regulation 3)
- ✓ Every company carrying Business of General Insurance must comply with requirements of Schedule B
- ✓ Schedule B, PART V give details about preparation of financial Statements
 - i) Revenue Account in Form B- RA
 - ii) Profit and Loss Account in Form B – PL
 - iii) Balance Sheet in Form B- BS
- ✓ Preparation of Balance Sheet of General Insurance Companies and schedules forming part of Balance Sheet
 - Schedule Number 5- Share Capital
 - Schedule Number 6- Reserves and Surplus
 - Schedule Number 7-Borrowings
 - Schedule Number 8- Investments
 - Schedule Number 9 – Loans
 - Schedule Number 10- Fixed Assets
 - Schedule Number 11- Cash and bank balances
 - Schedule Number 12- Advances and other assets
 - Schedule Number 13-Current liabilities
 - Schedule Number 14- Provisions
 - Schedule Number 15- Miscellaneous Expenditure

FORMAT OF BALANCE SHEET

FORM B – BS

Name of the Insurer:

Registration Number and date of registration with the IRDA:

Balance Sheet as on 31st March

Particulars	Schedule No	Current year (Amt)	Previous year(Amt)
Sources of funds:	5	xx	
Share capital	6	xx	
Reserve and surplus	7	xx	
Borrowings			
Fair value change account			
TOTAL		xxx	
Application of funds:			
Investments	8	xx	
Loans	9	xx	
Fixed assets	10	xx	
Current assets			
Cash and bank balances	11	xx	
Advances and other assets	12	xx	
Sub Total (A)			
Current liabilities	13	xx	
Provisions	14	xx	
Sub Total (B)			
Net current assets (C) = (A – B)		xxx	
Miscellaneous expenditure (to the extent not written off or adjusted)	15	Xx	
Debit balance in profit and loss account		Xx	
TOTAL		xxx	

SCHEDULE 5- SHARE CAPITAL

	As on 31.3..... (Current year)	As on 31.3..... (Previous year)
Authorised Capital	XX	
Equity shares of Rs. each	XX	
Issued Capital	XX	
Equity shares of Rs. each	XX	
Subscribed Capital	XX	
Equity shares of Rs. each	XX	
Called up capital	XX	
Equity shares of Rs. each		
Less: Calls unpaid		
Add: Equity Shares Forfeited		
Less: preliminary expenses		
TOTAL	XXX	

Explanation to Schedule 5- Share Capital

It shows share capital of General insurance Company as authorised capital, issued capital subscribed capital called up capital less calls unpaid and preliminary expenses and by adding shares forfeited.

SCHEDULE 6- RESERVES AND SURPLUS

	As on 31.3..... (Current year)	As on 31.3..... (Previous year)
1. Capital reserve		
2. Capital redemption reserve		
3. Share premium		
4. General reserve		
5. Less : Debit Balance in Profit and loss account		
6. Less: Amount utilised for buyback		
7. Catastrophe reserve		
8. other Reserve (to be specified)		
9. Balance of profit in profit and loss Account		
TOTAL		

Explanation to Schedule 6- Reserves and Surplus

Under this schedule various reserves created by insurance companies are shown

SCHEDULE 7- BORROWINGS

Particulars	As on 31.3..... (Current year)	As on 31.3..... (Previous year)
1. Debentures/ Bonds	xx	
2. Fixed Deposits	xx	
3. Banks	xx	
4. Financial institutions	xx	
5. Other entities carrying on insurance business	xx	
6. Others (to be specified)	xx	
TOTAL	xxx	

Explanation to Schedule 7- Borrowings

All the borrowings by the General Insurance Company under various headings are disclosed.

SCHEDULE 8 - INVESTMENTS

	As on 31.3..... (Current year)	As on 31.3..... (Previous year)
Long term investments		
1. Government Securities and Government guaranteed bonds including treasury bills	Xx	
2. Other investments		
a) Shares	xx	
i) Equity	xx	
ii) preference	xx	
b) Mutual funds	xx	
c) Derivative instrument	xx	
d) Debentures and Bonds	xx	
e) other securities (to be specified)	xx	
f) subsidiaries/joint ventures	xx	
g) Investment properties – real estate	xx	
Short term investments		
1. Government Securities and Government guaranteed bonds including treasury bills	Xx	
2. Other investments		
a) Shares		
i) Equity		
ii) preference	xx	
b) Mutual funds	xx	
c) Derivative instrument	xx	
d) Debentures and Bonds	xx	
e) other securities (to be specified)	xx	
f) subsidiaries/joint ventures	xx	
g) Investment properties – real estate	xx	

	xx
TOTAL	xxx
Investments	
In India	xx
Outside India	xx
TOTAL	xxx

Explanation to Schedule 8 - Investments

Here long term and short term investments are shown separately

SCHEDULE 9- LOANS

PARTICULARS	As on 31.3..... (Current year)	As on 31.3..... (Previous year)
1.SECURITY WISE CLASSIFICATION	xx	
SECURED :	xx	
a) On mortgage of property	xx	
in India	xx	
Outside India		
b) On shares, Bonds, Government Securities		
c) Others (to be specified)		
UNSECURED :		
TOTAL	xxx	
2. BORROWER WISE CLASSIFICATION	xx	
a)Central and State Government	xx	
b) Banks and financial institutions	xx	
c) Subsidiaries	xx	
d) Industrial undertaking	xx	
e) Others (to be specified)		
TOTAL	xxx	
3. PERFORMANCE WISE CLASSIFICATION	xx	
a) Loans classified as standard	xx	
i) In India	xx	
ii) outside India	xx	
b) Non performing loans less provisions		
i) In India		
ii) outside India		
TOTAL	xxx	
4.MATURITY WISE CLASSIFICATION	xx	
a) Short Term	xx	
b) Long Term		
TOTAL	xxx	

Explanation to Schedule 9- Loans

Categorywise loans are disclosed

SCHEDULE 10 – FIXED ASSETS

Cost/Gross		Depreciation				Net block				
part	opg	Add	ded	clg	Upto Last yr	For yr	On sale	To date	As at year	Pres year
GW										
land										
leasepr operty										
bldg										
furn										

Explanation to Schedule 10 – Fixed Assets

All fixed assets with opening balances , additions made during the year, deductions if any are shown to arrive at gross block. Depreciation needs to be computed to date. Net Block of asset have to be disclosed in the schedule

SCHEDULE 11 - CASH AND BANK BALANCES

	As on 31.3..... (Current year)	As on 31.3.... (Previous year)
Cash (including cheque, draft and stamps)	XX	
Bank Balances	XX	
a) Deposit accounts	XX	
i) short term (due within 12 months)	XX	
ii) others	XX	
b) Current account	XX	
c) others to be specified	XX	
3. Money at call and short notice	XX	
a) with banks	XX	
b) with other institutions		
4. Others (to be specified)		
TOTAL	XXX	
Balances with Non Scheduled banks included in 2 and 3 above	XX XX	
Cash and bank balances		
1. In India		
2. Outside India		
TOTAL	XXX	

Explanation to Schedule 11- Cash and Bank Balances

Cash balances in different forms in India are to be shown.

SCHEDULE 12 – ADVANCES AND OTHER ASSETS

	As on 31.3..... (Current year)	As on 31.3..... (Previous year)
Advances		
1. Reserve deposits with cedins companies		
2. Advances to ceding companies		
3. Application money for investment		
4. Prepayments		
5. Advances to officers/Directors		
6. Advance tax paid and taxes deducted at source		
7. Others (to be specified)		
TOTAL (A)		
Other Assets		
1. Income accrued on investment		
2. Outstanding premiums		
3. Agents Balances		
4. Foreign Agencies balance		
5. Due from other insurance entities		
6. Due from subsidiaries/holding		
7. Reinsurance claims/ balances receivable		
8. Deposit with Reserve Bank of India(Pursuant to section 7 of Insurance Act , 1938)		
9. Others (to be specified)		
TOTAL (B)		
TOTAL (A+B)		

Explanation to Schedule 12– Advances and Other Assets

Other assets like Outstanding premiums, Agents Balances , reinsurance claims are shown.

SCHEDULE 13 – CURRENT LIABILITIES

	As on 31.3..... (Current year)	As on 31.3..... (Previous year)
1. Reserve for unearned premium	XX	
2. Agents balances	XX	
3. Balances due to other insurance companies	XX	
4. Advances from treaty companies	XX	
5. Deposits held on reinsurance ceded	XX	
6. Premium received in advance	XX	
7. Sundry creditors	XX	
8. Due to subsidiaries	XX	
9. Claims outstanding	XX	
10. Due to officers / directors	XX	
11. Others (to be specified)		
TOTAL	XXX	

SCHEDULE 14 – PROVISIONS

	As on 31.3..... (Current year)	As on 31.3..... (Previous year)
1. Reserve for unexpired risk	XX	
2. For taxation(Less: advance tax paid and taxes deducted at source)	XX	
3. For proposed dividend	XX	
4. For dividend distribution tax	XX	
5. Other (to be specified)	XX	
TOTAL	XXX	

SCHEDULE 15– MISCELLANEOUS EXPENDITURE

	As on 31.3..... (Current year)	As on 31.3..... (Previous year)
1. Discount allowed in issue of shares and Debentures	XX	
2. Others to be specified	XX	
TOTAL I AND II	XXX	

Conclusion:

In conclusion, all Schedules forming part of Balance Sheet are discussed , they are as follows:

- Schedule Number 5- Share Capital
- Schedule Number 6- Reserves and Surplus
- Schedule Number 7-Borrowings
- Schedule Number 8- Investments
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References for the topic are provided in power point presentation

Thank you