

AUDITORS' REPORT

**TO THE MEMBERS OF
INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS**

1. We have audited the attached Balance Sheet of Indian Institute of Insurance Surveyors and Loss Assessors as at March 31, 2006 which we have signed under reference to this report. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial reports based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 is not applicable to the company, as it is a company licensed to operate under section 25 of the Companies Act, 1956.
4. We further report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet dealt with by this report is in agreement with the books of account;
 - d) In our opinion, the Balance Sheet dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - e) On the basis of written representations received from the Directors as on March 31, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2006 from being appointed as a director in terms of clause (g) of sub-section 274 of the Act;



Satyanarayana & Co.

CHARTERED ACCOUNTANTS

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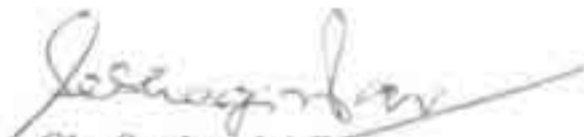
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- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereto and Statement of Significant Accounting Policies give in the prescribed manner the information required by the Companies Act 1956, and also give, a true and fair view in conformity with the accounting principles generally accepted in India in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2006.

For Satyanarayana & Co.,
Chartered Accountants



Ch. Seshagiri Rao

Partner

Membership No. 18523

Place : Hyderabad

Date : 7th September, 2006



A. SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention

These accounts have been prepared under historical cost convention and on the accounting principles of going concern. Accounting Policies not specifically referred to otherwise are consistent and in accordance with generally accepted accounting principles.

2. Revenue Recognition

The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

3. Fixed Assets and Depreciation Accounting

Fixed Assets are stated at cost less depreciation. Depreciation on fixed assets is normally provided on straight-line method as per the classification and on the basis of schedule XIV of the Companies Act, 1956. The company is not holding any Fixed Assets as on the date of Balance Sheet.

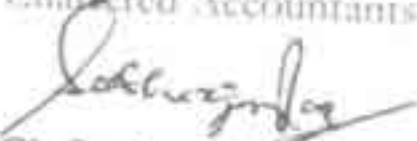
B. NOTES FORMING PART OF THE ACCOUNTS FOR NINE MONTHS ENDED MARCH 31st, 2006

1. The Indian Institute of Insurance Surveyors and Loss Assessors (Institute) is incorporated on 04.10.05 under section 25 of the Companies Act, 1956 and this being first year after incorporation, no previous years figures are reported.
2. The Institute has not commenced any operations as on 31st March, 2006 and therefore no Income and Expenditure Account is prepared for the period.
3. The Institute is incorporated to regulate the profession of Surveyors and Loss Assessors through education and training and to facilitate introduction of best practices amongst its members and to disseminate technical information amongst its members to upgrade their skills and knowledge.
4. The Insurance Regulatory and Development Authority (IRDA) has been mandated by the Ministry of Finance & Company Affairs, Department of Economic Affairs, Insurance Division vide letter F.No. 23/6/2002-Ins.IV dated 13.10.2003 to promote Indian Institute of Insurance Surveyors and Loss Assessors as a self-financing and self-regulated institute.



5. IRDA has agreed to bear and absorb the expenditure incurred up to the formation of first elected Council and hence the expenses of incorporation and subsequent pre-operative expenses are borne by IRDA and not reported in the financial statements.
6. The Institute has collected an amount of Rs. 320,91,228 as on 31.03.2006 from the prospective members on application towards one-time entry fees and annual membership fees. After admission of the members by the Council, the amounts collected towards one-time entry fees will be transferred to Corpus Fund. Similarly, after such admission of members, the amounts collected towards annual membership fees shall be adjusted as membership fees for financial year 2006-07.
7. Schedules, Notes to accounts and Statement on Accounting Policies form an integral part of the Balance Sheet.

For Satyanarayana & Co.,
Chartered Accountants


Ch Seshagiri Rao

Partner
Membership No. 18523

Place : Hyderabad
Date : 2/9/07



FOR AND ON BEHALF OF THE BOARD


Director


Director

INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS
BALANCE SHEET AS AT 31.03.2006

	SCHEDULE	AS AT	AS AT
		31.03.06	31.03.05
		Rs	Rs
A SOURCES OF FUNDS			
1. Corpus Fund		-	-
2. Current Liabilities and Provisions	1	32,231,528	-
Total 'A'		32,231,528	-
B APPLICATION OF FUNDS			
1. Fixed Assets		-	-
2. <u>Current Assets, Loans and Advances</u> Cash and bank balances	2	32,129,407	-
3. Miscellaneous Expenditure (To the extent not written-off or adjusted)	3	102,121	-
Total 'B'		32,231,528	-
Notes to Accounts	4		

Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet. This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board of Directors

For SATYANARAYANA & CO
Chartered Accountants

CH SESHAGIRIRAO
CH SESHAGIRIRAO
Partner
Membership No. 18523

Hyderabad, dated 2/9/06

Director *Udeleem*

Director *Y. Prasad*



INDIAN INSTITUTE OF INSURANCE SURVEYORS AND LOSS ASSESSORS
SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH'2006

	AS AT 31.03.06 Rs	AS AT 31.03.05 Rs
SCHEDULE 1		
CURRENT LIABILITIES AND PROVISIONS		
a. Current Liabilities:		
Advance towards Entry and Membership Fees	32,091,228	-
Audit Fees Payable	56,120	-
Professional Charges Payable	84,180	-
	32,231,528	-
b. Provisions:		
Income tax	-	-
SCHEDULE 2		
CASH AND BANK BALANCES		
a. Cash on hand		
b. Balances with scheduled banks-in savings accounts	22,526,879	-
c. Cheques on hand	9,602,528	-
	32,129,407	-
SCHEDULE 3		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
a. Preliminary Expenses		
Preliminary & Preoperataive Expenses	-	-
Less. Written-off during the year	-	-
b. Pre-operative Expenses		
Audit Fees	56,120	-
Professional Charges	84,180	-
Bank Charges	210	-
	140,510	-
Less: Interest earned	38,389	-
	102,121	-
Less. Written-off during the year	-	-
	102,121	-

