

MetLife Alico

American Life Insurance Company (ALICO)

Tenth Year

Audited Financial Statement

Fiscal Year 2010/011 (2067/068)

American Life Insurance Company (ALICO)
Balance Sheet as on 16 July, 2011 (2068 Ashad end)

Amount in NPR.

SN	Particular	Anx.	This Year	Last Year
<u>SOURCES</u>				
1	Paid-up Capital	16	-	-
2	Reserve and Surplus	17	109,034,609	73,500,425
3	Life Insurance Fund	11	5,686,541,725	4,789,305,960
4	Catastrophe Fund	18	-	-
5	Long Term Debt and Loan Payable	19	-	-
	Total Sources		5,795,576,334	4,862,806,385
<u>USES</u>				
6	Fixed Assets (Net)	20	9,275,329	14,377,820
7	Long Term Investment	21	3,218,194,999	1,642,500,000
8	Policy Loan	3	364,464,218	270,261,978
9	Other Long Term Loan	23	385,640	809,447
	Current Assets Loan and Advance			
10	Cash & Bank Balance	22	111,220,414	12,250,548
11	Short Term Investment	21	2,294,610,422	3,079,534,741
12	Other Short Term Loan	23	-	-
13	Other Assets	24	205,702,576	170,120,767
	Total (A) (10+11+12+13)		2,611,533,412	3,261,906,056
	Current Liabilities and Provisions:			
14	Current Liabilities	25	136,839,172	114,520,161
15	Provision for Unexpired Risks	26	44,525,822	62,134,230
16	Claim Payable	9	196,705,117	149,729,667
17	Other Provision	26A	94,495,358	64,068,305
	Total (B) (14+15+16+17)		472,565,469	390,452,363
18	Net Current Assets (C)= A-B		2,138,967,943	2,871,453,693
19	Misc Written off/Adjusted Expense	27	64,288,205	63,403,447
20	Loss Transferred from P&L Account			
	Total Uses (6+7+8+9+18+19+20)		5,795,576,334	4,862,806,385
Contingent liabilities and annexe 3, 9, 11 and 16 to 29 are integral part of this.				
Contingent Liabilities				
SN	Particular		This Year	Last Year
1	Investment remaining for settlement			
2	Guaranteed issued			
3	Claim other than insurance business not accepted by the company			
4	Guarantee issued by insured or on behalf of insured.			
5	Other			
	Total		-	-

As per our report of even date.

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 Poshak Raj Paudel
 Chief Accountant

.....
 S. H. Karim
 General Manager

.....
 CA. Gyanendra B. Bhari
 Partner
 BRS Neupane & Co.
 Chartered Accountants

American Life Insurance Company (ALICO)
Profit & Loss Account for the Fiscal Year 2010/011 (2067/068)

Amount in NPR.

SN	Particular	Anx.	This Year	Last Year
INCOME				
1	Transferred from Revenue A/c	10	54,944,404	45,078,526
2	Transferred from Life Fund	11	-	-
3	Income from Investment, Loan and Others	2	242,080	-
4	Written Back Provision	12	-	-
5	Other Income			
Total Income (A)			55,186,484	45,078,526
EXPENSE				
6	Management Expense	7	10,407,483	9,678,135
7	Written off Expense	13	-	-
8	Share Issue Expense	13a		
9	Other Expense	14	-	-
10	Provision for Loss	15	-	-
11	Provision for Housing Fund	26a	2,238,950	1,770,020
12	Provision for Staff Bonus	26a	3,867,277	3,057,306
13	Adjusted Income Tax (A) = (B) - (C)	8		
14	B) Income tax		-	-
15	C) Deferred Tax Assets / (Liabilities)		1,144,490	25,298,188
16	Transfer to Life Fund	11	-	-
Total Expense (B)			17,658,200	39,803,649
17	Net Profit / (Loss) (C) = A-B		37,528,284	5,274,877
18	Expenses Related with Last Years		-	
19	Profit/(Loss) Transferred from Last Year			
Amount for Allocation			37,528,284	5,274,877
20	A) Deferred Tax Reserve	17	(1,144,490)	(25,298,188)
	B) Capital Reserve	17		
	C) Special Reserve	17		
	D) Other Reserve - Contingency Reserve	17		5,000,000
	E) Proposed Dividend			
	a) Bonus Share	17		
	b) Cash Dividend	26 A		25,573,065
F) Catastrophe Reserve	18			
21	Profit/(Loss) Transferred to Balance Sheet	17	38,672,774	-

Annexure 2,7,8 & 10 to 15, 17 & 18 are integral part of this.

As per our report of even date.

.....
 Poshak Raj Paudel
 Chief Accountant

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American Life Insurance Company (ALICO)

Consolidated Revenue Account for the Fiscal Year 2010/011 (2067/068)

Amount in NPR.

SN	Particular	Anx.	This Year	Last Year
REVENUE				
1	Premium (Net)	1	1,412,061,606	1,438,587,602
2	Re-insurance Commission Income		6,631,524	6,641,034
3	Investment, Loan and Other Income	2	437,654,126	277,674,011
4	Income from Policy Loan	3	42,069,980	31,934,287
5	Other Direct Income		5,404,687	4,675,569
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		149,729,667	123,933,290
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		62,134,230	55,225,684
Total Income (A)			2,115,685,820	1,938,671,477
EXPENDITURE				
8	Claim Payment (Net)	4	645,913,694	551,601,486
9	Agent Commission	5	99,320,774	103,242,588
10	Medical Examination Fee		597,055	294,749
11	Re-insurance Commission Expenses		-	-
12	Service Fee (Net)	6	14,334,544	14,654,584
13	Other Direct Expenses		-	-
14	Management Expenses	7	93,667,347	87,103,215
15	Income Tax	8	68,441,298	19,130,984
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	196,705,117	149,729,667
17	Provision for Unexpired Risks at the End of the Fiscal Year		44,525,822	62,134,230
Total Expenditure(B)			1,163,505,651	987,891,503
18	Surplus Transferred to Life Insurance Fund		897,235,765	905,701,448
19	Surplus (Loss) Transferred to Profit & Loss A/c		54,944,404	45,078,526

Annexure 1-9 are integral part of this.

As per our report of even date.

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Poshak Raj Paudel
Chief Accountant

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American Life Insurance Company (ALICO)

Revenue Account of Three Payment Plan Insurance for the Fiscal Year 2010/011 (2067/068)

Amount in NPR.

SN	Particular	Anx	This Year	Last Year
REVENUE				
1	Premium (Net)	1	709,806,680	729,712,900
2	Re-insurance Commission Income		3,702,045	5,146,517
3	Investment, Loan and Other Income	2	199,329,631	138,557,044
4	Income from Policy Loan	3	21,848,427	11,955,340
5	Other Direct Income		3,026,283	2,588,816
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		100,438,111	77,655,610
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		-	-
Total Income (A)			1,038,151,177	965,616,227
EXPENDITURE				
8	Claim Payment (Net)	4	548,225,715	474,586,054
9	Agent Commission	5	51,046,044	52,762,824.00
10	Medical Examination Fee		277,609	156,217
11	Re-insurance Commission Expense			
12	Service Fee (Net)	6	7,168,083	7,373,843
13	Other Direct Expense			
14	Management Expense	7	46,743,506	43,775,755
15	Income Tax	8	30,359,284	9,514,885
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	136,100,363	100,438,111
17	Provision for Unexpired Risks at the End of the Fiscal Year			
Total Expenditure(B)			819,920,604	688,607,689
18	Surplus Transferred to Life Insurance Fund		218,230,573	277,008,538
19	Surplus (Loss) Transferred to Profit & Loss A/c		-	-

Annexure 1-9 are integral part of this.

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American Life Insurance Company (ALICO)

Revenue Account of Endowment Insurance for the Fiscal Year 2010/011 (2067/068)

Amount in NPR.

SN	Particular	Anx	This Year	Last Year
REVENUE				
1	Premium (Net)	1	638,533,918	644,942,579
2	Re-insurance Commission Income		1,412,653	776,199
3	Investment, Loan and Other Income	2	228,690,614	131,833,589
4	Income from Policy Loan	3	20,221,553	19,978,947
5	Other Direct Income		2,376,223	2,086,753
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		32,868,817	23,221,569
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		-	-
Total Income (A)			924,103,778	822,839,636
EXPENDITURE				
8	Claim Payment (Net)	4	76,520,191	61,356,877
9	Agent Commission	5	43,450,867	45,095,679
10	Medical Examination Fee		319,446	138,532
11	Re-insurance Commission Expense			
12	Service Fee (Net)	6	6,448,324	6,523,202
13	Other Direct Expense			
14	Management Expense	7	42,218,485	38,826,879
15	Income Tax	8	37,101,410	9,336,740
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	39,039,863	32,868,817
17	Provision for Unexpired Risks at the End of the Fiscal Year		-	-
Total Expenditure(B)			245,098,586	194,146,726
18	Surplus Transferred to Life Insurance Fund		679,005,192	628,692,910
19	Surplus (Loss) Transferred to Profit & Loss A/c		-	-

Annexure 1-9 are integral part of this.

As per our report of even date.

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American Life Insurance Company (ALICO)

Revenue Account of Term (Non Par) Insurance for the Fiscal Year 2010/011 (2067/068)

Amount in NPR.

SN	Particular	Anx	This Year	Last Year
	REVENUE			
1	Premium (Net)	1	63,721,008	63,932,123
2	Re-insurance Commission Income		1,516,826	718,318
3	Investment, Loan and Other Income	2	9,633,881	7,283,378
4	Income from Policy Loan	3	-	-
5	Other Direct Income		2,181	-
6	Provision for Outstanding Claim at the Beginning of the Fiscal Year		16,422,739	23,056,111
7	Provision for Unexpired Risks at the Beginning of the Fiscal Year		62,134,230	55,225,684
	Total Income (A)		153,430,865	150,215,614
	EXPENDITURE			
8	Claim Payment (Net)	4	21,167,788	15,658,555
9	Agent Commission	5	4,823,863	5,384,085
10	Medical Examination Fee			
11	Re-insurance Commission Expense			
12	Service Fee (Net)	6	718,137	757,539
13	Other Direct Expense			
14	Management Expense	7	4,705,356	4,500,581
15	Income Tax	8	980,604	279,359
16	Provision for Outstanding Claim at the End of the Fiscal Year	9	21,564,891	16,422,739
17	Provision for Unexpired Risks at the End of the Fiscal Year		44,525,822	62,134,230
	Total Expenditure(B)		98,486,461	105,137,088
18	Surplus Transferred to Life Insurance Fund		-	-
19	Surplus (Loss) Transferred to Profit & Loss A/c		54,944,404	45,078,526

Annexure 1-9 are integral part of this.

As per our report of even date.

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American Life Insurance Company (ALICO)
Cash Flow Statement for the Period of 17 July, 2010 to 16 July, 2011

Amount in NPR.

SN	Particular	This Year	Last Year
A	<u>Cash Flow from Operating Activities</u>		
	Premium Income	1,433,454,398	1,465,458,330
	Late Fee Income	5,404,687	4,675,569
	Reinsurance Premium Income	-	-
	Reinsurance Commission Income	6,631,524	6,641,034
	Other Direct Income	-	-
	Claim Recovered from Re-insurance	12,286,844	11,887,000
	Re-insurance Premium Payment	(64,306,150)	(26,870,728)
	Re-insurance Commission Payments	-	-
	Agent Commission Payment	(92,817,454)	(103,242,588)
	Medical Exam Fee Payments	(597,055)	(294,749)
	Claim Paid	(49,460,397)	(41,173,225)
	Maturity Claim paid	-	-
	Partial Maturity Claim Paid	(460,387,482)	(379,672,045)
	Surrender Claim Paid	(147,574,875)	(142,050,664)
	Other Claim Paid	(777,784)	(592,552)
	Service Fee Paid	(14,334,544)	(14,654,584)
	Other Direct Expenses		
	Management Expenses Paid	(104,074,830)	(96,781,350)
	Employee Bonus Payment	(3,057,306)	(4,827,326)
	Income Tax Paid	-	-
	Current Assets (increase)/ Decrease	679,756,723	(599,568,576)
	Current Liabilities Increase / (Decrease)	109,686,145	34,635,106
	Net Cash Flow from Operating Activities (A)	1,309,832,444	113,568,652
B	<u>Cash flow from Investment Activities</u>		
	Decrease (Increase) in Fixed Assets	5,102,491	6,677,246
	Decrease (Increase) in Government Securities	(1,575,694,999)	(486,425,000)
	Decrease (Increase) in FD of Bank & Financial Institutions	-	-
	Decrease (Increase) in Other Deposit of Bank & Financial institutions	-	-
	Decrease (Increase) in Equity Share Investment	-	-
	Decrease (Increase) in Preference Share(debenture)	-	-
	Decrease (Increase) in Other Investment		
	Decrease (Increase) in Policy Loan	(94,202,240)	(149,150,231)
	Decrease (Increase) in Advance & Other Loans	423,807	(216,847)
	Interest Received (Investment)	437,896,206	277,674,011
	Dividend Received	-	-
	Rent Income	-	-
	Interest Received (Loan)	42,069,980	31,934,287
	Other Indirect Income/Expenses	(884,758)	63,071
	Net Cash Flow from Investment Activities (B)	(1,185,289,513)	(319,443,463)
C	<u>Cash Flow from Financial Activities</u>		
	Amount Received from Share	-	-
	Decrease/(Increase) in payable of lending	-	-
	Decrease/(Increase) in Short Term Loan	-	-
	Interest paid on Loan	-	-
	Dividend Paid	(25,573,065)	(44,659,570)
	Net Cash Flow from Financial activities (C)	(25,573,065)	(44,659,570)
	Net Cash Flow from the All Activities = A+B+C	98,969,866	(250,534,381)
	Opening Cash & Bank Balance	12,250,548	262,784,930
	Closing Cash & Bank Balance	111,220,414	12,250,549

As per our report of even date.

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American Life Insurance Company (ALICO)

Statement of Changes in Equity for the Fiscal Year 2010/011 (2067/068)

Amount in NPR.

Particular	Share Capital	Accumulated profit/loss	Proposed Bonus Share	Capital Reserve Fund	Share Premium	Special Reserve Fund	Other Reserve & Fund	Catastrophe Reserve	Total Amount
Opening Balance	-	-	-	-	-	15,000,000	58,500,425	-	73,500,425
Profit of This Year		38,672,774							38,672,774
Proposed Cash Dividend									-
Deferred Tax Adjustment							(1,144,490)		(1,144,490)
Foreign Exchange Revaluation							(1,994,100)		(1,994,100)
Closing Balance	-	38,672,774	-	-	-	15,000,000	55,361,835	-	109,034,609

Integral Parts of the Financial Statement are:

A. Insurance Premium (Net)

Annexure- 1

Amount in NPR.

SN	Type of Insurance	Gross Insurance Premium		RI Premium Paid (Ceded)		Insurance Premium (net)	
		This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Three Payment Plan	716,808,229	737,384,252	7,001,549	7,671,352	709,806,680	729,712,900
2	Endowment	644,832,430	652,320,195	6,298,512	7,377,616	638,533,918	644,942,579
3	Term Insurance (Non-par Insurance)	71,813,739	75,753,883	8,092,731	11,821,760	63,721,008	63,932,123
Total		1,433,454,398	1,465,458,330	21,392,792	26,870,728	1,412,061,606	1,438,587,602

B. Gross Insurance Premium

SN	Type of Insurance	Direct Insurance Premium		Received Re-insurance Premium (Accepted)		Gross Insurance Premium	
		This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Three Payment Plan	716,808,229	737,384,252	-	-	716,808,229	737,384,252
2	Endowment	644,832,430	652,320,195	-	-	644,832,430	652,320,195
3	Term Insurance	71,813,739	75,753,883	-	-	71,813,739	75,753,883
Total		1,433,454,398	1,465,458,330	-	-	1,433,454,398	1,465,458,330

C. Direct Insurance Premium

SN	Type of Insurance	First Year Insurance Premium		Renewal Insurance Premium		Single Insurance Premium		Total Direct Insurance Premium	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Three Payment Plan	44,473,998	46,019,529	672,334,231	691,364,723	-	-	716,808,229	737,384,252
2	Endowment	51,176,531	44,588,318	593,655,899	607,731,877	-	-	644,832,430	652,320,195
3	Term Insurance	16,049,775	10,359,869	15,232,501	15,321,559	40,531,463	50,072,455	71,813,739	75,753,883
Total		111,700,304	100,967,716	1,281,222,631	1,314,418,159	40,531,463	50,072,455	1,433,454,398	1,465,458,330

Income from Investment, Loan & Other Sources

Annexure - 2

Amount in NPR.

SN	Particular	This Year	Last Year
1	Income from Government & Secured Government securities	286,351,594	226,916,112
2	Income from Commercial Bank's Fixed Deposit (FD)	154,656,724	53,632,108
3	Income from Development Bank's Fixed Deposit (FD)		
4	Income from Citizen Investment Trust Scheme		
5	Income from Financial Institutions' Fixed Deposit (FD)		
6	Dividend from Housing Development Company's Equity Share		
7	Dividend from Other Public Company's Equity Share		
8	Dividend from Bank & Financial Institution's Preference Share		
9	Income from Bank & Financial Institution's Debenture		
10	Other Income		
	a. Foreign Currency Exchange Revaluation Gain/Loss	(209,890)	(149,883)
	b. Policy Charges & Misc.	169,451	13,789
11	Income from Loan		
12	Income from Other Deposit (Except FD)	7,141,384	5,539,163
13	Profit on Sales of Investment Less: Loss on Sale of Investment		
14	Profit on (Purchase) Investment. Less: Loss on (Purchase) Investment.	(10,631,669)	(8,307,586)
15	Profit on Sales of Fixed Assets Less: Loss on Sales of Fixed Assets	418,612	30,308
16	Account Written Off		
17	Income Related to Last year		
18	Other Income		
Total		437,896,206	277,674,011

Appropriation of Income from Investment, Loan & Other Source

1	Transfer to Profit & Loss Accounts	242,080	-
2	Transfer to Three Payment Plan Revenue Account	199,329,631	138,557,044
3	Transfer to Endowment Revenue Account	228,690,614	131,833,589
4	Transfer to Term Insurance Revenue Account	9,633,881	7,283,378
Total		437,896,206	277,674,011

Policy Loan and Interest Income

Annexure - 3

Amount in NPR.

SN	Type of Insurance	Policy Loan		Interest Income on Policy Loan	
		This Year	Last Year	This Year	Last Year
1	Three Payment Plan	193,854,642	109,071,500	21,848,427	11,955,340
2	Endowment	170,609,576	161,190,478	20,221,553	19,978,947
3	Term Insurance		-	-	-
Total		364,464,218	270,261,978	42,069,980	31,934,287

Claim Paid

Annexure - 4

Amount in NPR.

S N	Type of Insurance	Death Claim Paid		Maturity Claim Paid		Partial Maturity Claim Paid		Surrender value payments		Other Claim paid		Total Claim Paid		RI Portion in Claim Paid		Claim Paid (net)	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Three Payment Plan	14,519,531	9,799,197	-	-	460,387,482	379,672,045	74,256,248	89,014,812	-	-	549,163,261	478,486,054	937,546	3,900,000	548,225,715	474,586,054
2	Endowment	3,995,862	8,821,025	-	-	-	-	73,318,627	53,035,852	-	-	77,314,489	61,856,877	794,298	500,000	76,520,191	61,356,877
3	Term Insurance	30,945,004	22,553,003	-	-	-	-	-	-	777,784	592,552	31,722,788	23,145,555	10,555,000	7,487,000	21,167,788	15,658,555
Total		49,460,397	41,173,225	-	-	460,387,482	379,672,045	147,574,875	142,050,664	777,784	592,552	658,200,538	563,488,486	12,286,844	11,887,000	645,913,694	551,601,486

Agent Commission

Annexure - 5

Amount in NPR.

SN	Types of Insurance	Agent Commission on First Year Premium		Agent Commission on Renewal Premium		Agent Commission on Single Premium		Total Agent Commission	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Three Payment Plan	10,964,578	10,702,965	40,081,466	42,059,859	-	-	51,046,044	52,762,824
2	Endowment	11,215,645	10,534,153	32,235,222	34,561,526	-	-	43,450,867	45,095,679
3	Term Insurance	1,256,753	1,039,495	375,361	762,914	3,191,749	3,581,676	4,823,863	5,384,085
Total		23,436,976	22,276,613	72,692,049	77,384,299	3,191,749	3,581,676	99,320,774	103,242,588

Service Fee (Net)

Annexure - 6

Amount in NPR.

SN	Types of Insurance	Gross Service Fee		Reinsurance Portion in Gross Service Fee		Service Fee (Net)	
		This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Three Payment Plan	7,168,083	7,373,843			7,168,083	7,373,843
2	Endowment	6,448,324	6,523,202			6,448,324	6,523,202
3	Term Insurance	718,137	757,539			718,137	757,539
Total		14,334,544	14,654,584	-	-	14,334,544	14,654,584

Management Expenses

Annexure - 7

Amount in NPR.

SN	Particular	This Year	Last Year
1	Employee Expenses (Anx 7.1)	41,577,131	36,825,667
2	Building Rent	11,679,536	11,610,294
3	Water & Electricity	1,979,072	1,682,042
4	Repair & Maintenance	-	-
	A. Building	-	-
	B. Motor Vehicle	-	-
	C. Office Equipment	1,814,486	1,849,657
	D. Others	50,000	25,000
5	Communication	1,428,952	2,189,703
6	Printing & Stationary	3,649,305	2,641,081
7	Non Capital Office Items	1,318,386	614,627
8	Transportation	1,960,154	2,114,346
9	Travel Expenses (Including Allowance)		
	A. Internal	1,138,655	1,429,224
	B. International	1,182,192	1,426,818
10	Agents Training	1,274,459	566,164
11	Agents Other	19,129,907	17,418,015
12	Insurance Premium	347,191	255,421
13	Security Expenses	4,036,699	3,792,983
14	Legal & Advisory Fees	192,778	406,921
15	Books & Periodicals	-	-
16	Advertisement & Promotion	-	-
17	Business Promotion	154,108	156,581
18	Guest Entertainments	646,903	558,658
19	Donation & Awards	-	-
20	Board Committee Expenses		
	A. Meeting Allowance	-	-
	B. Others	-	-
21	Other Committee/Sub-Committee Expenses		
	A. Meeting Allowance	-	-
	B. Others	-	-
22	General Meeting Related Expenses	-	-
23	A. Actuarial Service Fee		
	B. Actuarial Expenses		
24	Audit Related Expense		
	A. Audit Fee	196,398	161,650
	B. Tax Audit Fee	48,000	48,000
	C. Long Form Audit Report Fee	22,000	22,000
	D. Other Fee		
	E. Internal Audit Fee	-	-
	F. Other Expense	-	-
25	Interest	-	-
26	Bank Charge	1,252,365	1,190,126
27	Fee & Charges	55,000	70,000
28	Depreciation	8,129,691	9,411,687
29	Postal Stamps	242,225	270,000
30	Integration and Separation	-	-
31	Other	569,237	44,685
Total for Appropriation		104,074,830	96,781,350

1	Transfer to P&L A/c	10,407,483	9,678,135
2	Transfer to Three Payment Plan Revenue A/c	46,743,506	43,775,755
3	Transfer to Endowment Revenue A/c	42,218,485	38,826,879
4	Transfer to Term Insurance Revenue A/c	4,705,356	4,500,581
Total		104,074,830	96,781,350

Employee Expense**Annexure - 7.1**

SN	Particular	This Year	Last Year
1	Salary	29,457,044	27,320,223
2	Allowance - OT	1,026,063	764,410
3	Dashain Expense	2,013,206	1,898,006
4	Providend Fund Contribution	1,123,348	1,249,339
5	Training Expense	402,895	890,440
6	Dress Allowance		
7	Medical Expense	226,246	182,717
8	Insurance	1,048,098	973,091
9	Provision for Pension/Gratuity	4,706,862	2,344,514
10	Expenses & Provision for Leave Encashment		
11	Provision for Other Facilities (Detail)		
12	Relocation Expense	-	103,954
13	Recruting Expense	27,120	50,375
14	Employee Benefit Misc.	1,546,249	1,048,598
Total		41,577,131	36,825,667

Income Tax**Annexure - 8**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Income Tax of This Year	68,441,297	19,130,984
2	Income Tax of Last Year	-	-
3	Total Income Tax for Allocation	68,441,297	19,130,984
4	Deferred Income Tax	1,144,490	25,298,188
Allocation			
	Transfer to Profit & Loss Accounts C= A+B	1,144,490	25,298,188
	A) Income Tax from Allocation	-	-
	B) Deferred Tax for This Year	1,144,490	25,298,188
	Transfer to Three Payment Plan Revenue A/c	30,359,284	9,514,885
	Transfer to Endowment Revenue A/c	37,101,410	9,336,740
	Transfer to Term Insurance Revenue A/c	980,604	279,359
Total		69,585,788	19,130,984

Provision for Outstanding Claim at the end of the Fiscal Year

Annexure - 9

Amount in NPR.

S N	Type of Insurance	Outstanding Death Claim		Outstanding Maturity Claim		Outstanding Partial Maturity Claim		Outstanding Surrender Claim		Outstanding Other Claim		Claim Incurred but not Reported (Estimated)		Total Outstanding Claim		RI Portion in O/s Claim		Provision for Outstanding Claim	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Three Payment Plan	8,774,250	8,918,520	-	-	109,611,492	79,201,576	-	-	-	-	-	-	118,385,742	88,120,096	43,241	900,000	136,100,363	100,438,111
2	Endowment	34,295,533	28,929,406	-	-	-	-	-	-	-	-	-	-	34,295,533	28,929,406	400,000	400,000	39,039,863	32,868,817
3	Term Insurace	18,229,722	12,354,654	-	-	-	-	-	-	1,089,450	-	3,172,037	4,708,597	22,491,210	17,063,251	4,300,000	3,200,000	21,564,891	16,422,739
	Total	61,299,505	50,202,580	-	-	109,611,492	79,201,576	-	-	1,089,450	0	3,172,037	4,708,597	175,172,484	134,112,754	4,743,241	4,500,000	196,705,117	149,729,667

Amount Transferred from Revenue Accounts to P&L Account

Annexure - 10

Amount in NPR.

SN	Particular	This Year	Last Year
1	Transferred from Three Payment Plan Revenue Account	-	-
2	Transferred from Endowment Revenue Account	-	-
3	Transferred from Term Insurance Revenue Account Account	54,944,404	45,078,526
Total		54,944,404	45,078,526

Annexure -11

Life Insurance Fund

Amount in NPR.

SN	Types of Insurance	Life Insurance Fund before Adjustment (Beginning of the Year)		Transferred from Revenue Accounts		Transferred from P&L A/c		Transferred from Reserve A/c		Transferred to Reserve A/c (Anx-17 - Deferred tax adj)		Life Insurance Fund before Adjustment (End of the Year)	
		This Year	Last Year	This Year	Last Year	This Year	Last	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Three Payment Plan	2,395,012,649	2,130,901,294	218,230,573	277,008,539			-			12,897,184	2,613,243,222	2,395,012,649
2	Endowment	2,394,293,311	1,785,138,230	679,005,192	628,692,910			-			19,537,829	3,073,298,503	2,394,293,311
3	Term Insurance					-	-	-	-	-	-	-	-
Total		4,789,305,960	3,916,039,524	897,235,765	905,701,449	-	-	-	-	-	32,435,013	5,686,541,725	4,789,305,960

Adjustment in Life Insurance Fund

Amount in NPR.

SN	Types of Insurance	Life insurance Fund before Adjustment (End of the Year)		Transfer to P&L Account		Liabilities for Policies		Provision for Bonus		Provision for Solvency Margin		Unallocated Amount		Life Insurance Fund at the End of Year	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Three Payment Plan	2,613,243,222	2,395,012,649											2,613,243,222	2,395,012,649
2	Endowment	3,073,298,503	2,394,293,311											3,073,298,503	2,394,293,311
3	Term Insurance	-	-											-	-
Total		5,686,541,725	4,789,305,960	-	-	-	-	-	-	-	-	-	-	5,686,541,725	4,789,305,960

Reversal of Provision**Annexure - 12**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Reversal of Provision for Loss on Investment	-	-
2	Reversal of Loan loss Provision		
3	Reversal of Provision for Doubtful Debt		
4	Reversal Other Provision		
Total		-	-

Expense Written Off**Annexure - 13**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Preliminary Expense	-	-
2	Pre-operating Expense	-	-
3	Deferred Expenditure	-	-
4	Investment Written off	-	-
5	Loan Written off	-	-
6	Debtors Written off	-	-
7	Other Written off	-	-
Total		-	-

Share Expense**Annexure- 13A**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Share Issue Expense	-	-
2	Share Registration Expense	-	-
3	Share Publication Expense	-	-
4	Dividend Distribution Expense	-	-
5	Other Expense	-	-
Total		-	-

Others Expense**Annexure - 14**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Fine and Penalty	-	-
2	Late Fee and Fine		
3	Others	-	-
Total		-	-

Provision for Loss**Annexure - 15**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Provision for Loss on Investment	-	-
2	Loan Loss Provision	-	-
3	Provision for Doubtful Debt		
4	Other Provision	-	-
Total		-	-

A. Share Capital

Annexure - 16

Amount in NPR.

SN	Particular	This Year	Last Year
1	Authorized Capital		
	A.Equity Shares Worth Rs Each		
	B.Non Redeemable Preferred Worth Rs Each		
	C.Redeemable Preferred Worth Rs Each		
2	Issued Capital		
	A.Equity Shares Worth Rs Each		
	B.Non Redeemable Preferred Worth Rs Each		
	C.Redeemable Rreferred Worth Rs Each		
3	Paid-up Capital		
	A.Equity Shares Worth Rs Each		
	Less: Receivable Paid up Shares worth		
	B.Non Redeemable Preferred Worth Rs Each		
	C.Redeemable Rreferred Worth Rs Each		
Total		-	-

B. Ownership Structure of Share

Shareholders	This Year		Last Year	
	No. of Equity Share	Ownership %	No. of Equity Share	No. of Equity Share
Promoters	Nepali Organizations			
	Nepali Citizens			
	Foreign			
Total				
Public				
Other (Details)				
Total				

Details of one or more Percentage of Share Owner

SN	Particular	This Year		Last Year	
		Ownership %	Amount	Ownership %	Amount

Reserve & Surplus

Annexure - 17

Amount in NPR.

SN	Particular	This Year	Last Year
1	Reserve for Deferred Tax	5,992,335	7,136,825
2	Capital Reserve	-	-
3	Special Reserve	-	-
4	Other Reserve		
	HO Fund	49,369,500	51,363,600
	Contingency Reserve	15,000,000	15,000,000
5	Share Premium	-	-
6	Proposed Bonus Share	-	-
7	Remaining Bonus Share for Capitalization		
8	Profit Transferred from P&L A/c	38,672,774	
Total		109,034,609	73,500,425

Catastrophe Reserve

Annexure - 18

Amount in NPR.

Catastrophe Reserve at the Beginning of the Year		Transferred from P&L A/c		Catastrophe Reserve at the end of the Year	
This Year	Last Year	This Year	Last Year	This Year	Last Year
				-	-
				-	-
				-	-
				-	-
Total				-	-

Long Term Loan Payable

Annexure - 19

Amount in NPR.

SN	Particular	This Year	Last Year
1	Debenture / Bond		-
2	Bank	-	-
3	Financial Institutions	-	-
4	Others		
Total		-	-

Fixed Assets

Annexure -20

Amount in NPR.

Particular	Cost				Depreciation Deduction				Net Price	
	Opening Balance	This Year Addition	This Year Less	Total	Up to Last Year	This Year	Sales /Adj.	Total	Up to This Year	Up to Last Year
Land	-	-	-	-	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-
Furniture & Fixture	14,981,486	116,938		15,098,424	13,335,638	746,419		14,082,057	1,016,367	1,645,848
Office Equipments	3,674,727	862,502	422,400	4,114,829	3,153,156	301,176	422,400	3,031,932	1,082,897	521,571
Computer and EDP	35,499,949	397,760		35,897,709	28,891,614	4,969,149		33,860,763	2,036,946	6,608,335
Intangible Assets	1,085,347		-	1,085,347	947,786	50,284	-	998,070	87,277	137,561
Auto Mobiles	14,001,665	1,650,000	1,448,350	14,203,315	8,798,350	1,978,812	1,448,350	9,328,812	4,874,503	5,203,315
Lease Hold Assets	3,021,860		-	3,021,860	3,021,860	-	-	3,021,860	-	-
Others	335,405		-	335,405	74,215	83,851		158,066	177,339	261,190
Total	72,600,439	3,027,200	1,870,750	73,756,889	58,222,619	8,129,691	1,870,750	64,481,560	9,275,329	14,377,820
Capital Expenditure -WIP	-	-	-	-	-	-	-	-	-	-
Grand Total	72,600,439	3,027,200	1,870,750	73,756,889	58,222,619	8,129,691	1,870,750	64,481,560	9,275,329	14,377,820
Last Year	71,940,879	4,685,538	(6,502,900)	70,123,517	43,069,528	11,870,943	(5,872,020)	49,068,451	21,055,066	

Investment

Annexure -21

Amount in NPR.

SN	Particular	This Year	Last Year
a.	<u>Long Term Investment :</u>		
1	Government Securities	3,028,194,999	1,642,500,000
2	Fixed Deposit with Commercial Bank	190,000,000	-
3	Fixed Deposit with Development Bank	-	-
4	Citizen Investment Plan	-	-
5	Fixed deposit with Financial Institution	-	-
6	Equity Share of Housing Company	-	-
7	Equity Share of other Company	-	-
8	Debenture & Preference Share of Bank and Financial Institution	-	-
9	Other	-	-
	Total	3,218,194,999	1,642,500,000
b.	<u>Short Term Investment</u>		
1	Government Security	1,219,617,841	1,645,967,114
2	Fixed Deposit with Commercial Bank	1,074,992,581	1,433,567,627
3	Fixed Deposit with Development Bank	-	-
4	Citizen Investment Plan	-	-
5	Fixed deposit with Financial Institute	-	-
6	Debenture/Pref. Share of Banks & Financial Institute	-	-
7	Interest Earning other Deposit with Commercial Bank	-	-
8	Interest Earning other Deposit with Development Bank	-	-
9	Interest Earning other Deposit with Financial Institute	-	-
10	Other Interest Earning Investments	-	-
	Total	2,294,610,422	3,079,534,741
	G. Total	5,512,805,421	4,722,034,741

Share Investment

Annexure - 21.1

SN	Company	Net Value	Par Value	Cost Price	Market Value
1 Companies no of Share @....			-	
				-	
	Total	-	-	-	-

Cash & Bank Balance

Annexure - 22

Amount in NPR.

SN	Particular	This Year	Last Year
1	Cash Balance		
	Cash	100,530	57,000
	Total	100,530	57,000
2	Bank Balance		
	Commercial Banks Balance	111,119,884	12,193,548
	Development Banks Balance	-	-
	Finance Companies Balance	-	-
	Other	-	-
	Total	111,119,884	12,193,548
	G. Total	111,220,414	12,250,548

Other Loan

Annexure -23

Amount in NPR.

SN	Particular	This Year	Last Year
A.	Long Term Loan		
1	Agent Loan	385,640	809,447
2	Employee Loan	-	-
3	Other	-	-
	Total	385,640	809,447
B.	Short Term Loan		
1	Agent Loan	-	-
2	Employee Loan	-	-
3	Other	-	-
	Total	-	-

Other Assets

Annexure - 24

Amount in NPR.

SN	Particular	This Year	Last Year
1	Receivable income from Investment	79,965,793	79,964,764
2	Receivable Interest from Policy Loan	17,831,135	14,418,217
3	Receivable Interest from other Loan (except Policy Loan)	-	-
4	Receivable from other Insurer	-	-
5	Receivable from Re-insurer	12,073,248	19,438,532
6	Sundry Debtors	-	-
7	Pre-payments	1,020,630	1,249,072
8	Staff Advance	4,986,404	3,484,037
9	Other Advance	-	-
10	Deposit	-	-
11	Receivable Insurance Premium	-	-
	Less: Suspense Receivable Insurance Premium	-	-
12	Other - a. Gratuity Deposit at CIT office	10,971,236	7,384,436
	b. Advance Tax Deposited	72,861,795	37,044,884
	C. Deferred Tax	5,992,335	7,136,825
	Total	205,702,576	170,120,767

Current Liabilities**Annexure - 25**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Payable to Agents	6,617,420	8,838,050
2	Payable to other Insurer		
3	Payable to Re-insurer	11,140,239	47,472,487
4	Short Term Lending		
5	Premium Deposit	400,000	300,000
6	Premium Deposit without Full Details	1,861,517	4,799,610
7	Sundry Creditors	848,800	3,204,782
8	Payable to Holding/Subsidiary Companies	-	
9	Payable Withholding Tax	831,390	909,767
10	Payable VAT		
11	Payable Service Fee	14,334,544	14,654,584
12	Payable to Staff	2,344,547	2,206,314
13	Payable to Management		
14	Dividend Payable		
15	Other		
	a. Outstanding Cheques	98,460,715	32,134,567
Total		136,839,172	114,520,161

Provision for Unexpired Risk**Annexure - 26**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Unexpired Risk Reserve for Three Payment Plan Insurance	-	
2	Unexpired Risk Reserve for Endowment Insurance	-	
3	Unexpired Risk Reserve for Term Insurance	44,525,822	62,134,230
Total		44,525,822	62,134,230

Other Provision

Annexure - 26 A

Amount in NPR.

SN	Particular	Opening Provision		Additional Provision during the Fiscal Year		Written Off / Payment during the Fiscal Year		Adjustment of Provision during the Fiscal Year		Provision at the End of This Year	
		This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year	This Year	Last Year
1	Provision for Dividend	25,573,065	44,659,570	-	25,573,065	25,573,065	44,659,570			-	25,573,065
2	Provision for Income Tax	19,130,984	-	68,441,297	19,130,984	19,130,984				68,441,297	19,130,984
3	Provision for Loss on Investment									-	-
4	Provision for Loss on Debt									-	-
5	Provision for Doubtful Debtor									-	-
6	Provision for Other Loss									-	-
7	Provision for Staffs									-	-
	Provision for Gratuity & Pension	7,599,751	5,446,374	4,706,862	2,344,514	1,335,377	191,137			10,971,236	7,599,751
	Provision for Leave Encashment	1,590,397	1,590,397	556,215		93,990				2,052,622	1,590,397
	Provision for Housing & Others	6,923,976	5,153,956	2,238,950	1,770,020					9,162,926	6,923,976
	Provision for Staff Bonus	3,250,132	6,850,626	3,867,277	3,057,306	3,250,132	6,657,800			3,867,277	3,250,132
	Others									-	
8	Other Provision									-	
Total		64,068,305	63,700,923	79,810,601	51,875,889	49,383,548	51,508,507	-	-	94,495,358	64,068,305

Other Expenses Balance for Written off / Adjustment**Annxure- 27**

Amount in NPR.

SN	Particular	This Year	Last Year
1	Balance Preliminary Expenses for Written off		
2	Balance Pre-operating Expenses for Written off		
3	Balance Investment Premium for Written off	64,288,205	63,403,447
4	Balance Deferred Expenses for Written off		
5	Others		
Total		64,288,205.00	63,403,447

Annexure – 28

Significant Accounting Policies on Financial statement

The Nepal branch of American Life Insurance Company (ALICO) is incorporated under the laws of the United States of America. The company commenced life insurance business in Nepal from the year 2002 under the license granted by the Insurance Board. The Nepal branch was registered as a branch of foreign company in 2006 under the Company Ordinance, 2006.

1. Basis of financial statement presentation

Basis of Preparation

The financial statements are prepared in accordance with generally accepted accounting practices in Nepal, the Insurance Act, 2049, the Insurance Regulations 2049 and guidelines issued by the Insurance Board and unless otherwise stated, is based on historical cost convention and accrual basis of accounting. It includes transactions of Nepal branch only.

Use of Estimates

The preparation of the financial statements in conformity with Nepal accounting standard requires to management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of balance sheets. Actual amount could differ from those estimates. Any differences from those estimates are recorded in the period in which they are identified.

Comparative Information

The accounting policies have been consistently applied by the company and are consistent with those used in the previous year, except otherwise stated. Previous year figures in some headings have been regrouped or rearranged wherever necessary to facilitate comparison only.

2. Fixed Assets Accounting policy

Fixed assets are stated on historical cost less accumulated depreciation. Original cost includes all expenses incurred up to commissioning/putting the assets in use.

3. Depreciation accounting policy

Fixed assets are depreciated using straight line method at the rates prescribed by schedule 2, Income Tax Act, 2058.

4. Accounting policy for non capital items

Non consumable items normally having life less than one year and/or costing less than Rs. 5,000 is expenses off during the year of purchase.

5. Provision for Income tax & its appropriation policy

a. Current Tax

Provisions for taxes have been made in accordance with Income Tax Act 2058 and amendments thereto.

b. Deferred Tax

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax bases using the asset and liability method.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred tax assets and liabilities is recognized as income in the period that includes the enactment date.

Deferred tax assets arising from the temporary differences and unused tax losses are recognized to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax related to temporary differences in opening balances is adjusted directly with Life Insurance Fund on and subsequent year differences are recognized in the Income statement and Revenue Accounts the basis of weightage as prescribed by the Insurance Board.

Provisions for taxes have been apportioned to revenue accounts in accordance with the directive of Insurance Board.

6. Accounting of Investment policy

All investments are made within guideline of investment directive and valued as per financial directive issued by Insurance Board as follows:

Investment made in government securities, development bonds and debentures secured by Nepal governments are valued for accounting based on cost or face value whichever is less. Government securities are purchased in premium, excess amount on face value of securities have been amortized as "Deferred Expenditure" over the period of their maturity on pro-rata basis. Government securities are purchased in discount, difference amount on face value of securities have been amortized as "Income on investment" over the period of their maturity on pro-rata basis.

7. Accounting policy on foreign exchange fluctuation

Assets and liabilities in foreign currency at the end of fiscal year has been converted using selling rate in to Nepali currency. Foreign currency transactions are accounted for at the exchange rates prevailing on the date of the transactions taking place. The amount of sales made in foreign currency is accounted at the rate prevailing on the date of transaction. Receivable or payable at the end of fiscal year is computed on the basis of foreign exchange revaluation difference is shown in profit & loss accounts.

8. Accounting policy on premium income

- a. Gross premium income is recognized on cash basis in accordance with the Insurance Regulations & financial directives that is not consistent with Nepal Accounting Standard which requires revenue to be recognized on an accrual basis. Cash received in advance is recognized as premium income during the period to which they relate.
- b. Entire single premium income is recognized on cash basis and unexpired reserved is booked as per financial directive issued by Insurance Board.

9. Accounting policy on re-insurance commission

Re-insurance commission income is recognized on accrual basis in accordance with the re-insurance agreements.

10. Accounting & allocation policy for other revenue

All other revenues except late fees on overdue premium are recognized on accrual basis as per Nepal Accounting standard and allocated as per financial directive issued by Insurance Board.

11. Accounting policy on Policy Loan

Policy loans are valued at cost plus capitalized interest at the time of anniversary of the policy.

12. Management expenses appropriation policy

Management expenses are allocated as per financial directive issued by Insurance Board. 10% of the management expenses is directly charged to Income Statement and balance expenses is appropriated in to the respective revenue accounts as per directives.

13. Accounting policy for the payment of insurance Claim expenses

Claim expenses are accounted for the payable amount to the policy holder in accordance with the insurance policy along with the expenses directly attributable thereon for claim settlement. However, claim expenses related with the company's representative or staffs is not included under this.

14. Provision for outstanding insurance claim on accounting policy

As per Insurance Act 2049 section 15 (d) 115% provision made on total of outstanding claim. IBNR claims have been booked on actual basis of claim intimated till balance sheet date in accordance with the directive of Insurance Board and Nepal Accounting Standards 05 on "Events after the Balance Sheet Date" plus as per company practice.

15. Allocation policy of surplus on Insurance business

Surplus arising from insurance businesses is allocated as follows in accordance with the directives of Insurance Board:

- a. All the surplus arising from participating insurance business revenue accounts is transferred to life fund for actuarial valuation.
- b. All the surplus arising from non-participating insurance business revenue account is transferred to Profit & Loss Account.

16. Provision for employee gratuity, leave and other facility accounting policy

Provision for gratuity, leave encashment and other benefits payable to employees as per the employee service rule of the Company is accounted for on accrual basis in accordance with the Nepal Accounting Standards.

17. Policy for Doubtful debt provision:

Company's management is applying appropriate policy for doubtful debt provision.

18. Policy for amortization.

Expenses incurred on improvement of leasehold property are amortized over the life of the lease or within 5 years of improvement whichever is shorter on straight line basis. Investment purchased in premium amount is amortised as per IB financial directive over the period of investment

19. Other policies

-

Annexure – 29

Notes to Accounts on financial statements

1. Contingent Liabilities

- a. Outstanding for settlement of investment : None
- b. Underwriting Commitments: None
- c. Not accepted/denied non insurance litigation/claim to the company: None
- d. Guarantees issued by insurer or on behalf of insurer: None
- e. Other Liabilities (Give details): None

2. Basis taken by actuary for insurer's liabilities valuation.

The recent most actuarial valuation of Par Life Fund was carried out for 2005-08 which was based on 1980 CSO Mortality Table (unless otherwise mentioned) at 3.5% discount rate. For non-par fund, reserve is based on Unearned premium Reserve. Reserve is kept for Incurred But Not Reported claims (IBNR) as well.

3. The Company does not have any limitation & disputes on its assets.

4. The Company does not have any commitments on Loan, Investment & Fixed Assets.

5. Value of investment pursuant to sales / purchase agreements:

- a. Ownership not obtained for purchased Assets: None
- b. Payment not received for sale of assets: None

6. Details of investment, sales/refund received of investment during the year with name of organization, date, quantity and amount:

Investment Details					Sales/refund Details				
SN	Org.	Pur Date	Qty	Amount	SN	Org.	Pur Date	Qty	Amount
1	Nepal Rastra	26-10-10	1	180,000,000	1	Nepal Rastra Bank	9-14-10	1	78,750,000
2	Nepal Rastra	26-10-10	1	75,000,000	2	Nepal Rastra Bank	9-21-10	1	70,000,000
3	Nepal Rastra	23-11-10	1	110,000,000	3	Nepal Rastra Bank	11-9-10	1	75,000,000
4	Nepal Rastra	23-11-10	1	75,000,000	4	Nepal Rastra Bank	11-16-10	1	60,000,000
5	Nepal Rastra	30-11-10	1	75,000,000	5	Nepal Rastra Bank	11-23-10	1	75,000,000
6	Nepal Rastra	30-11-10	1	220,000,000	6	Nepal Rastra Bank	11-23-10	1	180,000,000
7	Nepal Rastra	14-12-10	1	45,000,000	7	Nepal Rastra Bank	12-7-10	1	16,500,000
8	Nepal Rastra	22-12-10	1	170,000,000	8	Nepal Rastra Bank	12-14-10	1	150,000,000
9	Nepal Rastra	08-02-11	1	75,000,000	9	Nepal Rastra Bank	12-21-10	1	200,000,000
10	Nepal Rastra	15-02-11	1	170,000,000	10	Nepal Rastra Bank	12-21-10	1	110,000,000
11	Nepal Rastra	01-03-11	1	50,000,000	11	Nepal Rastra Bank	12-28-10	1	243,750,000
12	Nepal Rastra	09-03-11	1	235,000,000	12	Nepal Rastra Bank	12-28-10	1	75,000,000
13	Nepal Rastra	15-03-11	1	85,000,000	13	Nepal Rastra Bank	1-4-11	1	70,000,000
14	Nepal Rastra	22-03-11	1	55,000,000	14	Nepal Rastra Bank	1-11-11	1	95,000,000
15	Nepal Rastra	22-03-11	1	75,000,000	15	Nepal Rastra Bank	1-11-11	1	45,000,000
16	Nepal Rastra	22-03-11	1	150,000,000	16	Nepal Rastra Bank	1-18-11	1	75,000,000
17	Nepal Rastra	29-03-11	1	190,000,000	17	Nepal Rastra Bank	1-25-11	1	75,000,000
18	Nepal Rastra	05-04-11	1	165,000,000	18	Nepal Rastra Bank	3-1-11	1	220,000,000
19	Nepal Rastra	13-04-11	1	116,000,000	19	Nepal Rastra Bank	3-8-11	1	75,000,000
20	Nepal Rastra	13-04-11	1	54,000,000	20	Nepal Rastra Bank	3-15-11	1	170,000,000
21	Nepal Rastra	19-04-11	1	75,000,000	21	Nepal Rastra Bank	3-15-11	1	105,000,000
22	Nepal Rastra	26-04-11	1	55,000,000	22	Nepal Rastra Bank	3-22-11	1	150,000,000
23	Nepal Rastra	14-06-11	1	192,800,000	23	Nepal Rastra Bank	3-29-11	1	140,000,000
24	Nepal Rastra	21-06-11	1	110,000,000	24	Nepal Rastra Bank	4-5-11	1	150,000,000
25	Nepal Rastra	31-12-10	1	453,600,000	25	Nepal Rastra Bank	4-12-11	1	85,000,000
26	Nepal Rastra	20-01-11	1	320,000,000	26	Nepal Rastra Bank	5-31-11	1	50,000,000
27	Nepal Rastra	20-01-11	1	139,045,000	27	Nepal Rastra Bank	6-7-11	1	235,000,000
28	Nepal Rastra	02-06-11	1	343,050,000	28	Nepal Rastra Bank	6-21-11	1	55,000,000
29	Nepal Rastra	10-07-11	1	80,000,000	29	Nepal Rastra Bank	7-12-11	1	116,000,000
30	Nepal Rastra	10-07-11	1	50,000,000	30	Nabil Bank Limited	9-24-10	1	77,000,000
31	Nabil Bank Limited	9-24-10	1	77,000,000	31	Nabil Bank Limited	11-19-10	1	38,060,000
32	Nabil Bank Limited	11-19-10	1	38,060,000	32	Nabil Bank Limited	6-20-11	1	45,000,000
33	Nabil Bank Limited	6-20-11	1	45,000,000	33	Nabil Bank Limited	7-14-11	1	25,000,000
34	Nabil Bank Limited	7-14-11	1	25,000,000	34	Nepal Investment Bank Limited	9-24-10	1	192,900,000
35	Nabil Bank Limited	8-22-10	1	27,000,000	35	Nepal Investment Bank Limited	6-20-11	1	20,000,000
36	Nepal Investment Bank Limited	9-24-10	1	192,900,000	36	Nepal Investment Bank Limited	7-14-11	1	10,000,000
37	Nepal Investment Bank Limited	11-19-10	1	38,060,000	37	Nepal Investment Bank Limited	11-19-10	1	38,060,000
38	Nepal Investment Bank Limited	7-14-11	1	10,000,000	38	Nepal Industrial & Commercial Bank Limited	10-5-10	1	23,000,000
39	Nepal Industrial & Commercial Bank Limited	7-27-10	1	12,000,000	39	Nepal Industrial & Commercial Bank Limited	10-13-10	1	10,000,000
40	Nepal Industrial & Commercial Bank Limited	10-5-10	1	23,000,000	40	Nepal Industrial & Commercial Bank Limited	11-19-10	1	19,030,000
41	Nepal Industrial & Commercial Bank Limited	10-13-10	1	10,000,000	41	Nepal Industrial & Commercial Bank Limited	6-7-11	1	15,000,000
42	Nepal Industrial & Commercial Bank Limited	11-19-10	1	19,030,000	42	Everest Bank Limited	11-1-10	1	75,000,000
43	Nepal Industrial & Commercial Bank Limited	6-7-11	1	15,000,000	43	Everest Bank Limited	6-20-11	1	17,500,000
44	Nepal Industrial & Commercial Bank Limited	6-20-11	1	15,000,000	44	Himalayan Bank Limited	11-1-10	1	112,500,000
45	Nepal Industrial & Commercial Bank Limited	7-20-10	1	10,000,000	45	Himalayan Bank Limited	6-20-11	1	25,000,000
46	Nepal Industrial & Commercial Bank Limited	7-26-10	1	5,000,000	46	Siddhartha Bank Limited	11-17-10	1	37,390,000
47	Everest Bank Limited	11-1-10	1	75,000,000	47	Siddhartha Bank Limited	7-14-10	1	2,500,000
48	Everest Bank Limited	6-7-11	1	24,400,000	48	Standard Chartered Bank	4-21-11	1	100,000,000
49	Everest Bank Limited	6-20-11	1	17,500,000	49	Standard Chartered Bank	4-28-11	1	90,000,000
50	Everest Bank Limited	7-19-10	1	10,000,000	50	Standard Chartered Bank	5-13-11	1	35,000,000
51	Everest Bank Limited	7-27-10	1	11,000,000	51	Standard Chartered Bank	5-19-11	1	200,000,000
52	Himalayan Bank Limited	11-1-10	1	112,500,000	52	Standard Chartered Bank	5-26-11	1	80,000,000
53	Himalayan Bank Limited	6-20-11	1	25,000,000	53	Standard Chartered Bank	4-30-11	1	742,271
54	Himalayan Bank Limited	7-20-10	1	10,000,000	54	Nepal SBI Bank Limited	6-20-11	1	50,000,000
55	Himalayan Bank Limited	7-27-10	1	12,000,000	55	Nepal SBI Bank Limited	7-14-11	1	10,000,000
56	Laxmi Bank	11-16-10	1	26,173,000	56	Laxmi Bank	11-16-10	1	26,173,000
57	Laxmi Bank	7-14-11	1	4,200,000	57	Laxmi Bank	7-14-11	1	4,200,000
58	Siddhartha Bank	11-17-10	1	37,390,000					
59	Siddhartha Bank	7-14-10	1	2,500,000					
60	Standard Chartered Bank	5-20-11	1	190,000,000					
61	Standard Chartered Bank	4-30-11	1	746,046					
62	Nepal SBI Bank	7-27-10	1	16,000,000					
63	Nepal SBI Bank	6-5-11	1	15,900,000					
64	Nepal SBI Bank	6-20-11	1	50,000,000					
65	Nepal SBI Bank	7-14-11	1	10,000,000					

7. All the bank balances have been reconciled with the balance confirmation certificates obtained from them.
8. All the re-insurer balances have been reconciled with the balance confirmation certificates obtained from them.
9. All the investments made by the insurer are in line with Insurance Act, Rules & Regulation as specified by the Insurance board.
10. The Company does not have any transactions with the Board of Directors or their related person or organization of the Board of Directors or their related person
11. The Company has not obtained loan against the mortgage of its property.
12. The Company has filed self tax assessment return to the Large Tax Payer's Office (LTPO) since the fiscal year 2058/59 to fiscal year 2066/067. Company has filed an appeal to the Revenue Tribunal Office against the final tax assessment made by LTPO and Department of Tax for FY 2061/062 for disallowing the management expenses NPR. 25,852,799 claimed by us. Similarly, company has filed for same expenses case of NPR.27,958,933 and for foreign exchange valuation income of NPR.15,36,100 for FY 2062/063 and disallowed management expenses of NPR.741,277 for the FY 2063/64. The company's final tax assessment from LTPO for fiscal years 2064/065 to fiscal year 2066/067 is pending as on the Balance Sheet date. The company has not received the tax clearance certificate for any of the fiscal years from Inland Revenue Department.
13. **Premiums refunded**

During the year, the company refunded premium of Rs. 191,112 collected due to not having of valid Agent license, not acceptable age, Non submission of requirements/medical reports etc.
14. **Declared & interim bonus rate**

The Company has declared bonus rate for fiscal year 2002-05 is 50 per thousand and 25 per thousand for fiscal year 2005-08 based on actuarial valuation of the same period.
15. The company has adopted the Standard rate of 12% for fees and interest on late payment of insurance premium and policy loan which is subject to vary during the reinstatement campaign.
16. The Company has deferred investment expenditure for NPR. 64,288,205 representing premium paid at the time purchase of investments which will be written off over the term of respective investments.
17. Details of paid in advance in share capital, Call in arrears and ceased but not re-issued shares-None.
18. Leasehold Assets – None.
19. Total transaction of off-balance sheet items in a year. - None.
20. There are no prior period expenses or incomes accounted in this fiscal year.
- 21.1 Solvency margin & catastrophe reserve has not been computed due to lack of related computational guidelines from the Insurance Board.
- 21.2 **Related Parties Transactions**

There is no related party transaction in this year.

21.3 Deferred Taxes

Deferred tax is calculated on temporary differences using effective tax rate of 25% (previous year: 25%). There was not separate place to put deferred tax reserve figure last year, this year it has been separately disclosed in axn-17.

The items attributable to deferred tax assets and liabilities and their movement are as follows:

Particular	Balance of 16 July 2010	Movement During the Year	Balance of 16 July 2011
Deferred Tax Assets			
Accelerated Dep. in Financial Statements	3,106,526	81,953	3,188,479
Provision for Gratuity	1,899,937	(1,899,938)	-
Provision for Employee Housing	1,732,761	557,938	2,290,700
Provision for Leave Encashment	397,599	115,557	513,156
Total Deferred Tax Assets			
Deferred Income Tax Liabilities	7,136,825	(1,144,490)	5,992,335
Net Deferred Tax Asset	7,136,825	(1,144,490)	5,992,335

21.4 Fund received from HO as working capital is shown under the other reserve. In addition to other reserve company maintained accumulated contingency reserve of NPR.15,000,000.

21.5 Full commission expenses charged in the non participating revenue account during the year of payment for single premium (expat business) which is not in line with Nepal accounting standard.

21.6 This audited financial has been revised as per instruction of the Insurance Board that they finally conveyed by their letter bearing No. Bi.Bi Sha 518 (068/069) Cha No. 4267 dated 2069/01/20 (2 May 2012). Accordingly NPR.38,672,774 previously shown under Cash Dividend has been moved under the heading Profit (Loss) Transferred to Balance Sheet pending Board's revised decision on the cash dividend issue of the insurers operating as branch in Nepal.

Directors Reports

A. General Information about Insurer:

1. Date of Incorporation: 2058/04/18 (August 02, 2001)
2. Date of receiving insurer registration certificate: 2058/04/18 (August 02, 2001)
3. Type & category of insurance license received by the insurer: Life Insurance
4. Date of starting business: 2058/10/17 (30 January 2002)
5. Other information, as insurer finds important: ALICO is registered as a branch of foreign company with Office of the Company Registrar on 2062/02/23 (June 05, 2005).

B. Insurer's Board of Director Reports.

1. Company license is properly renewed vide Insurance Board's letter no. Ni. Sa. 249/067/68 Cha. no. 4117 dated 2068/01/05 (18 April, 2011) & is valid for doing insurance business till the end of Chaitra 2068 (13 April 2012).
2. Service fee NPR. 14,334,544 payable to Insurance Board, withholding tax of NPR. 831,390 at the Balance Sheet date are being paid on respective due dates.
3. MetLife, inc. acquired American Life Insurance Company from American International Group (AIG) effective November 1, 2010.
4. Company has not made any provision regarding solvency margin. There is no any legal requirement to maintain solvency margin.
5. A. Value of assets included in the insurer's financial statement on the date of balance sheet is not above the realizable/market value of the assets.
B. Investments are valued as per method given in financial directives of Insurance Board.
6. Company has made all its investment within the provisions of the existing laws.
7. Company has adequate re-insurance arrangement for insurance risks, and other situational risks are being closely monitored. Required actions are being taken in consultation with RO/HO.

8. American Life Insurance Company, Nepal is an independent branch and it does not have to share any part of risk arising from the business operated in other territories. HO/RO and offices operates in different countries are as under:

ALICO - HO	Bulgaria	Japan	Qatar
Wilmington, USA	Cayman Islands	Jordan	Romania
	Chile	Kuwait	Russia
ALICO- Regional office	Colombia	Latvia	Saudi Arabia
Dubai - UAE	Cyprus	Lebanon	Slovak Republic
	Czech Republic	Liechtenstein	St. Kitts, Nevis
	Dominica	Lithuania	St. Lucia
Foreign operations of	Dubai	Mexico	St. Vincent
ALICO	France	Nepal	Switzerland
Antigua	Germany	Netherlands Antilles	Taiwan
Argentina	Greece	Oman	Trinidad & Tobago
Aruba	Grenada	Pakistan	Turkey
Bahrain	Hungary	Palestine National Authority	Ukraine
Bangladesh	Ireland	Panama	United Arab Emirates
Barbados	Isle of Man	Peru	United Kingdom
Bermuda	Israel	Poland	Uruguay
Brazil	Italy	Portugal	Venezuela

9. Total number of paid claim is 410. Detail of total outstanding claims number is as follows.

Fiscal Year	2062.63	2063.64	2064.65	2065.66	2066.67	2067.68
Par Product	3	4	5	15	64	75
Term Product	1	6	11	61	102	102

10. The financial statement has been prepared in accordance with Insurance Act 2049, Insurance Regulation 2049, circular/guidelines issued by Insurance Board, Company Act 2063 and other applicable laws, accounting standards and generally accepted accounting practices which are in practice except as indicated in annexure -28 & 29 of the financials.
11. a. In preparing the financial statements the appropriate financial policies are applied and uniformity is maintained which has been tested and appropriateness is found.
b. The financial statement gives true & fair picture of all the financial conditions of the Company including profit and loss as of balance sheet date.
12. It is declared that the control mechanism and processes are in place which is sufficient and effective to safeguard the Company's assets and to control the fraud and misappropriations.
13. Financial statements are prepared in accordance with 'going concern basis'.
14. Company has strong, effective, reliable and independent internal audit unit at Local and HO level which is conducting internal audit periodically on regular basis. It has been found quite effective as a controlling mechanism for normal operation of the business activities.
15. Company has not done business with any person, firm, company, and with its director or institution having interest of the directors which is against the existing Insurance Act, 2049, Company Act, 2063 and regulations, orders and directives under it.
16. There is no late fee imposed to us by the Insurance Board during this fiscal year.
17. Other things viewed important to mention by management.
- 17.1 Company is compliant with Anti money laundering Act 2064 and its directive, rules, by-laws and policies.

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BRS Neupane & Co.

Independent Correspondent Firm to Deloitte Touche Tohmatsu

Date 2069.01.31

The General Manager
American Life Insurance Company (ALICO)
Narayani Complex, Pulchowk
Lalitpur, Nepal

We had audited the Financial Statements of American Life Insurance Company for the year ended on 2068.03.32(July 16, 2011) and issued our Independent Audit Opinion for the same on 2068.09.28 (Jan. 12, 2012). After our issuance of the Independent Audit Report, Beema Samiti instructed to transfer profit (cash dividend) amounting to NRs. 38,672,774 to Reserve and Surplus. Accordingly the schedules have been adjusted. There is no any other effect to the Profit and Loss Account and Cash Flow Statement due to the adjustment so made. However, the Assets (net current asset) and Liabilities (Reserve and Surplus) have been increased by the same amount in the Balance Sheet.

Changes in the financial position due to the above mentioned adjustment do not have any impact on true and fair position of the Financial Statement of American Life Insurance Company as on 2068.03.32(July 16, 2011) and not requiring any change on our Independent Audit Opinion provided earlier.



CA. Gyanendra B. Bhattarai
Partner
BRS Neupane & Co.
Chartered Accountants

