MUSHTAQ & CO.
CHARTERED ACCOUNTANTS
Head Office: 407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 021-32638521-3
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Independent auditor's report to the members of The Pakistan General Insurance Company

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **The Pakistan General Insurance Company Limited** (the Company), which comprise the statement of financial position as at December 31, 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in Basis for Qualified Opinion section of our report, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

a) The company has not complied with the requirements of section 28 & 29 of the Insurance Ordinance, 2000 (Ordinance).

b) The Company has not complied with the requirements of section 149 and section 153 of Income Tax Ordinance, 2001. We are unable to quantify the effect of this non compliance.

c) The company has not complied with the requirements of section 232(1) & 244 of the Companies Act, 2017.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty relating to Going Concern

We draw attention of the members to Note 2.3 in the financial statements, which indicates that the Company's accumulated loss up to June 30, 2023 amounted to Rs. 25.28 million, its current liabilities exceeded its current assets by 11.39 million and the cash outflow from operating activities amounted to Rs. 18.05 million. These conditions, along with other matters as set forth in Note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the enclosed financial statements have been prepared on going concern basis for the reasons and mitigating factors mentioned in the aforesaid note. Our opinion is not modified in respect of this matter.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereof, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S.No.	Key audit matters	How the matter was addressed in our audit
1	**Revaluation/ Fair value gain of Property** Refer to Note 4 & 5 to the financial statements. The company has a policy of carrying property at revalued amounts/ fair value. We identified the revaluation/ fair value gain of property as a key audit matter due to following factors: • A revaluation exercise conducted at year end resulted in revaluation surplus and fair value gain of Rs. 59.71 million and Rs. 117.81 million respectively. • Significance of the revaluation surplus balance and fair value gain to the financial statements; and • Significant judgements and inherent estimation uncertainty associated with determining the revalued amounts.	Our audit procedures to evaluate the revaluation of land and buildings, amongst others, included the following: • Assessing competence, capability, and objectivity of expert. • Evaluating the completeness and description of land and buildings record provided to the valuation expert. • Evaluating the appropriateness of related disclosures in the financial statements as per applicable accounting and reporting standards as applicable in Pakistan.

Information Other than the Financial Statements and the Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intense to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) Except for the effects of the matters discussed in the 'Basis for Qualified Opinion' paragraph proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of accounts;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

d) the apportionment of the assets, liabilities, revenue and expenses between two or more funds have been performed in accordance with the advice of the appointed actuary; and

e) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter Paragraph

The financial statements of the Company for the year ended December 31, 2022 were audited by another firm of Chartered Accountants who expressed adverse opinion on those financial statements as on April 05, 2023.

The engagement partner on the audit resulting in this independent auditor's report is **Nouman Arshad, ACA.**

Mushtaq & Co.

MUSHTAQ & CO
Chartered Accountants

Mushtaq & Co. Chartered Accountants

Lahore.
Dated: 07-May-2024
UDIN: AR202310724YPWinzxcp

The Pakistan General Insurance Company Limited
Statement of Financial Position
As at December 31, 2023

	Note	31 December 2023	31 December 2022
		——— Rupees ———	
ASSETS			
Property and equipment	4	164,924,451	104,988,503
Investment property	5	370,714,200	259,700,000
Investments			
- Equity securities	6	148,197	676,929
- Debt securities	7	45,594,602	45,483,241
Loans and other receivables	8	1,446,901	6,792,958
Insurance / reinsurance receivables	9	-	58,518,191
Deferred taxation	10	-	-
Taxation - Payment less provisions	11	2,407,174	1,733,503
Cash and bank	12	463,652	523,207
Total Assets		585,699,177	478,416,532
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	13	464,014,500	464,014,500
Reserves	14	50,941,688	51,391,110
Accumulated Profit/(Loss)		(25,283,732)	(95,962,817)
Total equity		489,672,456	419,442,793
Surplus on revaluation of fixed assets	15	80,165,694	23,426,202
Liabilities			
Outstanding claims including IBNR		-	-
Loan from Director	16	11,331,652	-
Insurance / Reinsurance payables	17	-	29,246,553
Other creditors and accruals	18	4,529,375	6,300,984
		15,861,027	35,547,537
Total equity and liabilities		585,699,177	478,416,532
Contingencies and commitments	19		

The annexed notes form an integral part of these financial statements.

Chairman Director Director Chief Executive Officer Chief Accountant

The Pakistan General Insurance Company Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2023

	Note	31 December 2023	31 December 2022
		------- Rupees ------	
Net insurance premium		-	-
Net insurance claims		-	-
Net commission and other acquisition costs		-	-
Insurance claims and acquisition expenses		-	-
Management expenses	20	(41,635,621)	(21,014,228)
Underwriting results		(41,635,621)	(21,014,228)
Investment income	21	4,731,968	3,165,280
Rental income		1,645,000	2,564,100
Other income	22	117,932,439	1,904,578
Other expenses	23	(14,840,045)	(16,279,431)
		109,469,362	(8,645,473)
Results of operating activities		67,833,741	(29,659,701)
Finance cost	24	(49,720)	(36,362)
Profit / (loss) before taxation		67,784,021	(29,696,063)
Income tax expense	25	2,672,515	904,450
Profit / (loss) for the year		70,456,536	(28,791,613)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Unrealized (loss) / gain on available-for-sale investments		(528,732)	(156,998)
Less: Related deferred tax impact		79,310	23,550
		(449,422)	(133,448)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation surplus on property, plant and equipment		59,715,833	3,200,000
Less: Related deferred tax impact		(2,753,792)	(928,000)
		56,962,041	2,272,000
Other comprehensive income / (loss) for the year		56,512,619	2,138,552
Total comprehensive income / (loss) for the year		126,969,155	(26,653,061)
Earnings / (Loss) per share - Rupees	26	1.52	(0.62)

The annexed notes form an integral part of these financial statements.

Chairman   Director   Director   Chief Executive Officer   Chief Accountant

The Pakistan General Insurance Company Limited
Statement of Changes in Equity
For the year ended 31 December 2023

	Attributable to equity holders of the Company					
	Share Capital	Revenue reserves		Capital Reserve		
	Issued, subscribed and paid up	General reserves	Accumulated Profit /(loss)	Unrealized gains / (losses) on revaluation of available for sale investments - net	Surplus on revaluation of fixed assets	Total
	Rupees					
Balance as at January 01, 2022	464,014,500	50,985,500	(68,284,583)	539,058	22,267,581	469,522,056
Income/(loss) for the year	-	-	(28,791,613)	-		(28,791,613)
Other comprehensive income/(loss) for the year	-	-	-	(133,448)	2,272,000	2,138,552
Total comprehensive loss for the year	-	-	(28,791,613)	(133,448)	2,272,000	(26,653,061)
Transfer from surplus on revaluation of property (net of deferred taxation)	-	-	1,113,379	-	(1,113,379)	-
	-	-	1,113,379		(1,113,379)	-
Balance as at December 31, 2022	464,014,500	50,985,500	(95,962,817)	405,610	23,426,202	442,868,995
Income/(loss) for the year	-	-	70,456,536	-		70,456,536
Other comprehensive income/(loss) for the year	-	-		(449,422)	56,962,041	56,512,619
Total comprehensive income for the year	-	-	70,456,536	(449,422)	56,962,041	126,969,155
Transfer from surplus on revaluation of property (net of deferred taxation)	-	-	222,549	-	(222,549)	-
	-	-	222,549	-	(222,549)	-
Balance as at December 31, 2023	464,014,500	50,985,500	(25,283,732)	(43,812)	80,165,694	569,838,150

The annexed notes form an integral part of these financial statements.

Chairman Director Director Chief Executive Officer Chief Accountant

Decrease / (increase) in liabilities other than borrowings

The Pakistan General Insurance Company Limited
Statement of Cash Flows
For the year ended 31 December 2023

	Note	31 December 2023	31 December 2022
		---------- Rupees --------	
Operating cash flows			
a) Underwriting activities			
Insurance premiums received		3,889,327	1,985,623
General and management expenses paid		(26,927,302)	(20,836,726)
Net cash flow from underwriting activities		(23,037,975)	(18,851,103)
b) Other operating activities			
Income tax paid		(675,639)	(925,703)
Loan repayments received		78,000	(58,800)
Other operating payments		5,588,390	37,806
Net cash flow from other operating activities		4,990,751	(946,697)
Total cash in / (out) flow from all operating activities		(18,047,224)	(19,797,800)
Investing activities			
Profit / return received		4,505,356	2,908,595
Dividends received		13,112	-
Rentals received		1,645,000	2,564,100
(Payment) for / proceeds from investments		(111,361)	(5,492,846)
Fixed capital expenditure		(29,521,370)	(225,000)
Proceeds from sale of property and equipment		175,000	12,825,000
Proceeds from sale of investment properties		30,000,000	-
Total cash in / (out) flow from investing activities		6,705,737	12,579,849
Financing activities			
Finance cost paid		(49,720)	(36,362)
Loan Received		11,331,652	-
Total cash in / (out) flow from financing activities		11,281,932	(36,362)
Net cash flow from all activities		(59,555)	(7,254,313)
Cash and cash equivalents at beginning of year		523,207	7,777,520
Cash and cash equivalents at end of year	12	463,652	523,207
Reconciliation to profit or loss account			
Operating cash flows		(18,047,224)	(19,797,800)
Depreciation expense		(6,044,494)	(6,570,874)
Finance cost		(49,720)	(36,362)
Investment income		4,731,968	3,165,280
Rental income		1,645,000	2,564,100
Other income		-	2,325,784
Profit on disposal of investment properties and assets		114,109	1,878,794
Fair value adjustments		117,818,330	(2,300,000)
Decrease in assets other than cash		(60,729,595)	(10,622,760)
Decrease / (Increase) in liabilities other than borrowings		31,018,162	602,225
Income / (Loss) after taxation		70,456,536	(28,791,613)

The annexed notes form an integral part of these financial statements.

Chairman Director Director Chief Executive Officer Chief Accountant

1 Legal status and nature of business

The Pakistan General Insurance Company Limited ("the Company") was incorporated in Pakistan as a public limited company on July 26, 1947 under the Companies Act, 1913 (now the Companies Act, 2017) and the shares of the Company are quoted on the Pakistan Stock Exchange Limited. The registered office and principal place of the Company is located at PGI House, 5A Bank Square, The Mall, Lahore.

The Company is engaged in providing general insurance services in spheres of Fire and property damage; Marine, aviation and transport, Motor and Miscellaneous.

2 Basis of preparation and statement of compliance

2.1 Statement of compliance

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017.

In case requirements differ, provisions and directives issued under Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017, shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention, except for:

(a) certain property and equipment which are measured at revalued amount/Fair Value; and
(b) certain financial instruments at fair value

2.3 Going concern assumption

Under going concern assumption, an entity is viewed as continuing in business for the foreseeable future and the financial statements are prepared on going concern basis unless management is going to liquidate the entity or to cease operation or has no realistic alternative but to do so.

During the current year the financial position and performance of the company was as follows:

- Current Liabilities exceeded the current assets by Rs. 11.39 million (2022: Current assets exceeded current liabilities by Rs. 32.69 million)
- Accumulated losses amounted to Rs. 25.28 million (2022: Rs. 95.96 million)
- Cash outflow from operating activities amounted to Rs. 18.05 million (2022: Rs. 19.79 million)

The above conditions indicate existence of material uncertainty which may cast significant doubt about company that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However the following factors are relevant to the company for this purpose and therefore has been considered by management in their assessment of company as going concern:

Securities and Exchange Commission of Pakistan (SECP) vide its letter Ref ID/PRDD/024-RA/2024/3145 dated March 29 2024, having being satisfied on compliance made by the company with the conditions imposed on the Company vide letters ID/Enf/PGICL/2018/15345 dated June 13, 2018 and letter no. ID/OSM/PGI/2020/1062 dated October 21, 2020, has revoked the direction issued under section 63(1) of the Ordinance, conditionally and therefore the Company will be allowed to underwrite new insurance business upon satisfactory compliance of the conditions. These conditions are mainly to meet various statuary and regulatory requirements necessary for start of operations. The Company is actively taking all necessary steps and plans to comply with conditions within Four months.

The new professional management of the Company is fully committed to revive the Company in line with Business Revival Plan submitted to SECP. The Company is being rehabilitated with the appointment of professional management, and resource mobilization. The Board of Directors in its meeting on August 25, 2023 has already approved the increase in the authorized capital from 500 to 600 Million. Increase of Paid up capital through issue of Right Shares is also in process. Furthermore, the Company has future plans to increase the Authorized and Paid-up Capital to upto PKR 750 million by the year 2028. The additional funding shall be utilized to hire a highly qualified workforce and to improve and upgrade infrastructure, enabling the Company to revive its operating activities.

The Company's is planning to offer general insurance solutions in all lines which includes Fire and Property Insurance, Motor Insurance, Marine Insurance, and Miscellaneous Insurance.

Based on the abovementioned factors, the management believes that the company is a going concern and accordingly the financial statements are prepared under going concern assumption

2.4 Significant estimates and judgements

The preparation of financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting polices.

The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if revision affects only that period, or in the period of the revision and future periods, if revision affects both current and future periods. The management, in process of applying accounting policies, has made following estimates and judgments which are significant to the financial statements:

- Provision for outstanding claims	- note 3.10
- Provision for unearned premium	- note 3.6
- Provision for doubtful receivables	- note 3.9
- Provision for taxation and deferred tax	- note 3.15
- Useful lives of investment properties	- note 3.3
- Useful lives and residual values of property and equipment	- note 3.1
- Provision for premium deficiency reserve	- note 3.7
- Classification of investments	- note 3.16
- Classification of impairment	- note 3.22

2.5 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional and presentation currency. All information presented in Pakistani Rupee has been rounded to the nearest rupee unless otherwise stated elsewhere in the financial statements.

2.6 Initial application of an accounting standard, amendment or an Interpretation to an existing standard and forthcoming requirements

a) Standards, interpretations and amendments to accounting and reporting standards that are effective in current year

The following standards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures

Standards or Interpretations

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies

Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimate

Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction

Amendments to IAS 12 ' Income taxes' - International Tax Reform — Pillar Two Model Rules

b) Standards, interpretations and amendments to published accounting and reporting standards and interpretations not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations are effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Standards or Interpretations	Effective from annual period beginning on or after:
Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with Covenants along with Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan.

- IFRS 1 – First Time Adoption of International Financial Reporting Standards

The SECP vide SRO 1715 (I) / 2023 dated November 21, 2023 has directed the companies engaged in insurance/takaful and re-insurance/re-takaful to follow IFRS 17 from January 01, 2026.

3 Material accounting policy information

3.1 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any, except for free hold land and building on free hold land, which are stated at re-valued amount less impairment loss. Assets' residual values and their useful lives are reviewed and adjusted, if appropriate, at each reporting date. When parts of an item of property and equipment have different useful lives, they are recognized as separate items of property and equipment.

Depreciation is charged to profit or loss account by applying the reducing balance method at the rates specified in note 4 to the financial statements. Depreciation on addition to property and equipment is charged from the month in which the asset is available for use while no depreciation is charge for the month in which the asset is disposed off. The useful lives and depreciation methods are reviewed on periodic intervals to ensure that the methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of property and equipment.

Subsequent costs are recognized as part of asset only when it is probable that future economic benefits associated with the item will flow to the Company and cost of an item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the year in which they are incurred. 'Gains or losses on disposal of assets, if any, are included in profit or loss account for the year.

3.2 Surplus on revaluation of property and equipment

Surplus arising on revaluation is credited to surplus on revaluation of fixed assets. The surplus on revaluation of fixed assets to the extent of incremental depreciation is transferred by the Company to its accumulated profit/ loss.

3.3 Investment properties

Investment property is measured at purchase cost on initial recognition including directly attributable to the acquisition of the investment property and subsequently at fair value with any change therein recognized in profit and loss account. Subsequent costs are included in the carrying amount of the investment property, only when it is probable that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. Other repair and maintenance cost are charged to profit and loss account as and when incurred.

3.4 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders.

The Company underwrites non-life insurance contracts that can be categorized into fire and property damage, marine, aviation and transport, motor and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year.

These contracts are entered with group companies, corporate clients, and individual residing or located in Pakistan. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

3.5 Commissions

a) Commission income

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy. These are deferred and recognised as liability and recognised in the profit or loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums.

Profit commission, if any, under the terms of reinsurance arrangements, is recognised on accrual basis.

b) Commission expense

Commission expense incurred in obtaining and recording policies is deferred and recognised in profit or loss account as an expense in accordance with the pattern of recognition of premium revenue.

3.6 Premium

a) Premium

For all insurance contracts, premiums including administrative surcharge received / receivable under a policy are recognized as written at the time of issuance of policy. Where premiums for a policy are payable in instalments, full premium for duration of the policy is recognized as written at the inception of the policy and related assets set up for premiums receivable at a later date. Premiums are stated at gross of commission payable to intermediaries and exclusive of taxes and duties levied on premiums.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued at a rate of 5% of the premium restricted to a maximum of Rs. 2,000 per policy.

b) Unearned premium reserve

The unearned premium reserve is the unexpired portion of the premium including administrative surcharge, which relates to business in force at the reporting date. Unearned premiums have been calculated by applying 1/24th method as specified in the Insurance Rules, 2017.

3.7 Premium deficiency reserve (liability adequacy test)

At each reporting date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned premium liability for that class. It is performed by comparing the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after financial statement date in respect of policies in force at reporting date with the carrying amount of unearned premium liability. Any deficiency is recognized by establishing a provision (premium deficiency reserve) to meet the deficit.

The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for the significant individual losses, which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The movement in the premium deficiency reserve is recognized as an expense or income in the statement of profit or loss for the year.

3.8 Re-insurance contracts

Contracts entered into by the Company with reinsurers under which the Company cedes insurance risks assumed during normal course of its business and according to which the Company is compensated for losses on insurance contracts issued by the Company are classified as reinsurance contracts held.

Reinsurance premium is recognized as an expense at the time the reinsurance is ceded. Commission on reinsurance cessions are recognized in accordance with the policy of recognizing premium revenue. Reinsurance assets represent balances due from reinsurance companies and reinsurance recoveries against outstanding claims.

Reinsurance recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Reinsurance liabilities represent balances due to reinsurance companies and are primarily premiums payable for reinsurance contracts and are recognized at the same time when reinsurance premiums are recognized as an expense. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

An impairment review of reinsurance assets is performed at each financial statement date. If there is objective evidence that the asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit or loss.

3.9 Receivables and payables

a) Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is objective evidence that the insurance receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the profit or loss. Provision for impairment in premium receivables is estimated on a systematic basis after analysing the receivables as per their ageing.

b) Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether billed or not billed to the Company.

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

3.10 Claims

a) Claim expenses

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

b) Provision for outstanding claims

A liability for outstanding claims is recognized in respect of all claims incurred up to the financial statement date, which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs. Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

c) Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the financial statement date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

d) Claims incurred but not reported (IBNR)

The provision for claims incurred but not reported (IBNR) at balance sheet date is based on an analysis of the past claims reporting pattern experienced by the Company. The provision for IBNR has been accounted for on the basis whereby all claims incurred before preceding year but reported up to current year were aggregated and the ratio of such claims to outstanding claims at preceding year has been applied to outstanding claims except exceptional losses at current year to arrive at liability for IBNR. The analysis is carried out separately for each class of business.

3.11 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segment reporting of operating results using the classes of business as specified under Insurance Ordinance, 2000 and Insurance Rules, 2017 as the primary reporting format. The Company has four primary business segments for reporting purposes namely, fire and property damage, marine, motor and miscellaneous. The nature and business activities of these segments are:

Fire and property damage	damages caused by fire, riot, explosion, flood and other coverage.
Marine, aviation and transport	coverage against cargo risk, war risk and in inland transit.
Motor	car coverage and indemnity against third party loss.
Others	Other classes includes mainly crops, live stocks, engineering etc.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities, which cannot be allocated to a particular segment on reasonable basis are reported as unallocated corporate assets and liabilities.

3.12 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks in current and saving accounts.

3.13 Revenue recognition

a) Premium income

The revenue recognition policy for premiums is given under note 3.6 to the financial statements.

b) Commission income

The revenue recognition policy for commission income is given under note 3.5 to the financial statements.

c) Return on investments and dividend income

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments. Gain or loss on sale of available for sale investments and investments at fair value through OCI and held for trading are recognized in profit or loss as per the relevant provisions of IFRS 09.

Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established.

d) Rental income

Rental income on investment properties is recognized over the term of lease.

e) Miscellaneous income

Other revenues are recognized on accrual basis.

f) Dividend Income

Dividend income is recognized when received.

3.14 Employees' retirement benefits

The Company operates a defined contribution plan a funded provident fund scheme for all its permanent employees. Monthly contribution is made by the Company at the rate of 10% of basic salary and the same is charged to profit or loss.

3.15 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit or loss, deferred tax is charged to profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or in equity, in which case it is recognized in other comprehensive income or in equity.

a) Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted rates of taxation after taking into account tax credits and rebates available if any. Charge for current taxation also includes adjustments relating to prior years which arise from assessments finalized during a year or required by any other reason.

b) Deferred

Deferred tax is recognized using the balance sheet liability method for all temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities using effective tax rates enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.16 Investments

a) Initial measurement

These are initially measured at fair value plus transaction costs that are directly attributable to its acquisition. The Company classifies its financial assets as (a) at fair value through profit or loss (b) at fair value through comprehensive income and (c) measured at amortized cost.

b) Subsequent measurement

i)	Financial assets at fair value through profit or loss	Subsequently measured at fair value. Net gains and losses, interest or dividend income, are recognized in profit or loss.
ii)	Financial assets measured at amortized cost	Subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.
iii)	Debt investments at fair value through other comprehensive income	These are subsequently measured at fair value. Interest / Mark-up income calculated using effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
iv)	Equity investments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

c) De-recognition

These are derecognised when rights to receive cash flows from assets have expired or transferred and the Company has transferred substantially all risks and rewards of ownership. Assets or liabilities that are not contractual in nature and are created as a result of statutory requirements imposed by government are not financial instruments.

3.17 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are set off and only net amount is reported in statement of financial position when there is a legally enforceable right to set off recognized amount and the Company intends to either settle on a net basis, or to realize asset and settle the liability simultaneously.

3.18 Foreign currencies

Revenue transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions. Income and expense amounts relating to foreign branches have been translated at the applicable exchange rates. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing on reporting date. Exchange gains or losses are taken into profit or loss.

3.19 Management expenses

Expenses of management allocated to underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium revenue. Expenses not allocable to underwriting business are charged as administrative expenses.

3.20 Dividends, bonus shares and reserve appropriation

Dividend to shareholders is recognized as liability in the period in which it is approved. Similarly, reserve for issue of bonus shares is recognized in the year in which such issue is approved.

3.21 Financial instruments

Financial instruments include cash and bank balances, loans to employees, investments, premiums due but unpaid, amount due from / to other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, accrued expenses, agents' balances, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognized at the time when the Company becomes a party to contractual provisions of instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged. Any gain or losses on de-recognition are taken to income directly.

3.22 Impairment

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset. If a decline in fair value is significant or prolonged, then there is objective evidence of impairment, regardless of how long management intends to hold the investment.

The carrying amount of non-financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. All impairment losses are recognized in the profit or loss. Provisions for impairment are reviewed at each reporting date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

3.23 Related party transactions

Transactions with related parties are priced on arm's length basis other than that stated elsewhere in the financial statements. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

3.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4 Property and equipment

	Note	31 December 2023	31 December 2022
Operating assets	4.1	164,924,451	104,988,503
		164,924,451	104,988,503

4.1 Operating assets - Owned

2023

	Cost / Revaluation: As at January 01, 2023	Cost / Revaluation: Addition/(deficit) due to surplus revaluation/ Adjustments	Cost / Revaluation: Additions / (disposals)	Cost / Revaluation: As at December 31, 2023	Depreciation: As at January 01, 2023	Depreciation: Disposals	Depreciation: Charge for the year	Depreciation: Addition/(deficit) due to surplus revaluation/ Adjustments	Depreciation: As at December 31, 2023	Written down value: As at December 31, 2023	Depreciation Rate
	-----	-----	-----	-----	Rupees	-----	-----	-----	-----	-----	%
Land and buildings											
- cost	109,967,839	(109,967,839)	-	-	50,462,490	-	-	(50,462,490)	-	-	
- revaluation	43,641,362	(43,641,362)	-	-	10,646,711	-	-	(10,646,711)	-	-	
Land	-	74,925,000	-	74,925,000	-	-	-	(50,220,000)	(50,220,000)	125,145,000	
Buildings	-	29,185,748	6,200,000	35,385,748	11,610,748	-	4,650,833	(9,495,833)	6,765,748	28,620,000	5
	153,609,201	(49,498,453)	6,200,000	110,310,748	72,719,949	-	4,650,833	(120,825,034)	(43,454,252)	153,765,000	
Furniture and fixtures	14,172,679	-	-	14,172,679	12,059,096	-	211,358	-	12,270,454	1,902,225	10
Office equipment	11,117,673	-	125,500	11,243,173	6,907,124	-	428,376	-	7,335,500	3,907,673	10
Arms and ammunition	28,229	-	-	28,229	26,484	-	175	-	26,659	1,570	10
Bicycles	145,176	-	-	145,176	131,921	-	1,326	-	133,247	11,929	10
Motor vehicles	65,525,201	-	(600,000)	64,925,201	59,375,830	(539,109)	752,426	-	59,589,147	5,336,054	15
	244,598,159	(49,498,453)	(474,500) 6,200,000	200,825,206	151,220,404	(539,109)	6,044,494	(120,825,034)	35,900,755	164,924,451	

2022

	Cost / Revaluation: As at January 01, 2022	Cost / Revaluation: Revaluation for the year	Cost / Revaluation: Additions / (disposals)	Cost / Revaluation: As at December 31, 2022	Depreciation: As at January 01, 2022	Depreciation: Disposals	Depreciation: Charge for the year	Depreciation: Addition due to surplus revaluation	Depreciation: As at December 31, 2022	Written down value: As at December 31, 2022	Depreciation Rate
	-----	-----	-----	-----	Rupees	-----	-----	-----	-----	-----	%
Land and buildings											
- cost	109,967,839	-	-	109,967,839	47,330,630	-	3,131,860	-	50,462,490	59,505,349	5
- revaluation	40,441,362	3,200,000	-	43,641,362	9,078,571	-	1,568,140	-	10,646,711	32,994,651	5
	150,409,201	3,200,000	-	153,609,201	56,409,201	-	4,700,000	-	61,109,201	92,500,000	
Furniture and fixtures	14,172,679	-	-	14,172,679	11,824,253	-	234,843	-	12,059,096	2,113,583	10
Office equipment	10,892,673	-	225,000	11,117,673	6,439,285	-	467,839	-	6,907,124	4,210,549	10
Arms and ammunition	28,229	-	-	28,229	26,290	-	194	-	26,484	1,745	10
Bicycles	145,176	-	-	145,176	130,448	-	1,473	-	131,921	13,255	10
Motor vehicles	83,705,961	-	(18,180,760)	65,525,201	65,443,859	(7,234,554)	1,166,525	-	59,375,830	6,149,371	15
	259,353,919	3,200,000	225,000 (18,180,760)	244,598,159	140,273,336	(7,234,554)	6,570,874	-	139,609,656	104,988,503	

4.1.1 Constructed buildings with land were purchased in the past and value relating to components, building and land were not separable hence these were being disclosed together since acquisition till year 2022. During financial year 2023 it was identified that while revaluing land and building the amounts can be segregated. The valuer segregated the fair value of land and building separately enabling to rectify the previous error of charging depreciation on land. However, information related to prior years (separate values for land and building) is not available which makes it impracticable to incorporate the effect retrospectively as per IAS 8. Keeping in view the impracticability, the effect has been incorporated prospectively as allowed by IAS 8 para 43.

4.1.2 Details of property and equipment disposed off during the year, having book value exceeding Rs. 50,000, are as follows:

Particular of asset	Cost	Accumulated Depreciation	Written down value	Sale Proceeds	Gain / (Loss) on disposals	Mode of disposal	Particulars of Purchaser	Status
			Rupees					
Motor vehicles								
LZC-04-1478 Suzuki Cultus	600,000	539,109	60,891	175,000	114,109	- Negotiations -	Mr. Abdul Rasheed	Employee
	600,000	539,109	60,891	175,000	114,109			

4.1.3 Particulars of immovable property (i.e. land and building) in the name of Company are as follows

Location	Usage of immovable property	Total Area
B-21-5S/10 Aurangzeb Market, Sialkot	Branch Office	240 sq. ft
58-C Trust plaza, Gujranwala	Branch Office	308 sq. ft
Office no. 11 Kokab Centre, Faisalabad	Branch Office	1 marla and 215 sq. ft
11 imperial bank square Lahore	Head office	6 marla and 198 sq. ft.
Room no. 13 hill view plaza, Islamabad	Branch Office	566 sq. ft

4.1.4 There are no assets held by third parties and assets with zero values.

4.1.5 Forced sale value of freehold land, buildings on freehold land of the company as per revaluation report is as follows:

Land	106,373,250
Building	24,327,000
	130,700,250

4.1.6 Book value without revaluation surplus

Had there been no revaluation, the cost, accumulated depreciation, and book value of revalued property (land and buildings) at year end would have been as follows:

	31 December 2023	31 December 2022
	Rupees	
Cost	116,167,839	109,967,839
Accumulated depreciation	(51,053,624)	(50,462,490)
Book Value	65,114,215	59,505,349

4.1.7 Market value of land & buildings amounts to Rs. 153.765 million based on a valuation carried out by independent valuer, as at December 31, 2023.

4.1.8 Valuation techniques

The valuation of land and building was determined by external independent property valuers Al-Hadi Financial & Legal Consultants having appropriate recognized professional qualifications and experience. The valuation of land and building has been categorized as a Level 3 fair value (based on the inputs to the valuation techniques used). The valuers have arranged enquiries and verification from various estate agents, brokers and dealers, the location and condition of the property, size, utilization and current trends in price of real estate including assumptions that ready buyers are available in the current scenario and analysed through detailed market surveys to determine the better estimates of the fair value.

5 Investment property

	31 December 2023	31 December 2022
	——— Rupees ———	
Land and building	-	259,700,000
Land	202,860,834	-
Building	50,035,036	-
Fair value adjustment	117,818,330	-
	370,714,200	259,700,000

5.1 Investment property as at December 31, 2023 consists of the following:
- Property situated at New challi Karachi with an area of 779 Sq. ft.
- Property situated at Johar town, Lahore with an area of 1 kanal
- Property situated at Muhafiz Town Lahore with an area of 17 marla and 175 sq. ft.
- Property situated at Block Y, Phase 3C, DHA lahore with an area of 4 Marla
- Property situated at Block Z, Phase 3 DHA Lahore with an area of 10 marla

5.2 Constructed buildings with land were purchased in the past and value relating to components, building and land were not separable hence these were being disclosed together since acquisition till year 2022. During financial year 2023 it was identified while determining fair values of land and buildings that the amounts can be segregated. The valuer segregated the fair value of land and building separately enabling us to classify accordingly.

5.3 Market value of these investment properties amounts to Rs. 370.714 million based on a valuation carried out by independent valuer, as at December 31, 2023.

5.4 The company has measured its investment properties at fair value since 2021 in accordance IAS-40. Previously, investment properties were measured at cost model.

5.5 The valuation of land and building was determined by external independent property valuers Al-Hadi Financial & Legal Consultants having appropriate recognized professional qualifications and experience. The valuation of land and building has been categorized as a Level 3 fair value (based on the inputs to the valuation techniques used). The valuers have arranged enquiries and verification from various estate agents, brokers and dealers, the location and condition of the property, size, utilization and current trends in price of real estate including assumptions that ready buyers are available in the current scenario and analyzed through detailed market surveys to determine the better estimates of the fair value.

5.6 Forced sale value of freehold land, buildings on freehold land of the company as per revaluation report is as follows:

Land	252,263,650
Building	62,343,420
	314,607,070

5.7 Details of investment property disposed off during the year, having book value exceeding Rs. 50,000, are as follows:

Particular of property	Cost	Accumulated Depreciation	Written down value	Sale Proceeds	Gain / (Loss) on disposals	Mode of disposal	Particulars of Purchaser	Status
			——— Rupees ———					
Land and Building Plot no 150, Block B M.A Johar Town Lahore	30,000,000	-	30,000,000	30,000,000	-	- Negotiations -	Ch Mazhar zahoor	Employee
	30,000,000	-	30,000,000	30,000,000	-			

6 Investments - Equity securities

Available for sale - Investment in quoted equities

	31 December 2023				
	Face value per share	Number of shares	Cost of shares	Accumulated Unrealized gain / (loss) on re-measurement	Carrying value
	Rupees	Number	Rupees	Rupees	Rupees
Bank Al-Falah Limited	10	5	109	134	243
Silk Bank Limited	10	7,398	15,233	(7,169)	8,064
Soneri Bank Limited	10	1,872	19,822	(166)	19,656
Summit Bank Limited	10	450	1,050	(24)	1,026
Bank of Khyber	10	199	231	2,191	2,422
IGI Holding	10	36	4,950	(977)	3,973
JS Bank Limited	10	5,000	20,874	24,326	45,200
MCB Bank limited	10	106	57,799	(39,509)	18,290
Meezan Bank Limited	10	46	1,168	6,255	7,423
Zeal Pak Cement Limited	10	10,000	4,400	(4,400)	-
Shabbir Tiles & Ceramics	5	210	4,226	(1,233)	2,993
Modaraba Al-Mali	10	26	52	66	118
SNGP Limited	10	172	4,735	7,910	12,645
Best Way Cement Limited	10	100	28,000	(9,194)	18,806
Pakistan Telecommunication ltd	10	600	37,092	(29,754)	7,338
		26,220	199,741	(51,544)	148,197

	31 December 2022				
	Face value per share	Number of shares	Cost of shares	Accumulated Unrealized gain / (loss) on re-measurement	Carrying value
	Rupees	Number	Rupees	Rupees	Rupees
Bank Al-Falah Limited	10	5	109	42	151
Silk Bank Limited	10	7,398	15,233	(8,057)	7,176
Soneri Bank Limited	10	1,872	19,822	(1,102)	18,720
Summit Bank Limited	10	450	1,050	(285)	765
Bank of Khyber	10	199	231	2,356	2,587
IGI Holding	10	36	4,950	(1,530)	3,420
JS Bank Limited	10	5,000	20,874	2,576	23,450
MCB Bank limited	10	106	57,799	(45,486)	12,313
Meezan Bank Limited	10	46	1,168	3,411	4,579
Zeal Pak Cement Limited	10	10,000	4,400	-	4,400
Shabbir Tiles & Ceramics	5	210	4,226	(2,420)	1,806
Modaraba Al-Mali	10	26	52	78	130
SNGP Limited	10	172	4,735	1,724	6,459
Best Way Cement Limited	10	100	28,000	(15,199)	12,801
Pakistan Tobacco Limited	10	600	37,092	541,080	578,172
		26,220	199,741	477,188	676,929

6.1 The investments were erroneously stated at Rs. 676,929 at the year end December 31,2022, which was due to valuation of Shares as of Pakistan Tobacco instead of Pakistan Telecommunication Limited. Due to this error, the said investment was valued wrongly resulting in an overstatement of Rs.574,512. During the current period, the said error has been rectified resulting in the above stated amount. Rectification of the said immaterial amount has been incorporated prospectively.

		Note	31 December 2023	31 December 2022
			------- Rupees ------	
7	Investments - Debt securities			
	Held to maturity | Government debt securities	7.1	45,594,602	45,483,241

7.1	Government debt securities	Maturity Year	Effective yield % age per annum	31 December 2023	31 December 2022
				------- Rupees ------	
	Pakistan Investment Bonds	2030	12.55%	14,512,057	14,200,423
	Pakistan Investment Bonds	2025	9.75%	2,205,968	2,214,515
	Pakistan Investment Bonds	2026	9.75%	1,008,689	998,586
	Pakistan Investment Bonds	2026	9.75%	5,958,587	5,906,474
	Pakistan Investment Bonds	2026	8.75%	21,909,301	22,163,243
				45,594,602	45,483,241

7.1.1 Statutory deposits

Company has deposited following securities with State Bank of Pakistan pursuant to the requirements of clause (a) of sub - section 2 of section 29 of Insurance Ordinance, 2000:

	Note	31 December 2023	31 December 2022
		------- Rupees ------	
Pakistan Investment Bonds - face value		52,800,000	52,800,000
Cash deposit (included in cash with banks)	12	92,920	92,920
		52,892,920	52,892,920

		Note	31 December 2023	31 December 2022
8	Loans and other receivables			
	Considered good			
	Loan to employees		46,900	124,900
	Security deposits		-	5,477,649
	Accrued interest on investment income		1,400,000	1,186,500
	Sundry receivables		-	3,909
			1,446,901	6,792,958
9	Insurance / reinsurance receivables			
	Unsecured but considered good			
	Due from insurance contract holders	9.1	-	58,518,191

9.1 Bad debts amounting to Rs. 54,628,864 has been written off during the year (2022: 10,526,090).

		Note	31 December 2023	31 December 2022
			------- Rupees ------	
10	Deferred taxation			
	Deferred tax credits arising in respect of:			
	Tax depreciation allowance		(5,313,149)	(8,477,968)
	Accrued interest income		(406,000)	(344,085)
	Unrealized gain on available-for-sale investments		14,948	(71,578)
	Deferred tax debits arising in respect of:			
	Tax losses		76,997,986	67,154,871
			71,293,785	58,261,240

10.1 During the year, Deferred Tax Asset amounting to Rs. 71.29 million (2022: Rs. 58.26 million) has not been recognized as the company do not foresee taxable temporary difference or taxable profits in near future.

10.2 Movement in deferred tax due to taxable / (deductible) temporary differences -

	Opening balance	Profit or loss	Other comprehensive (loss) / income for the year	Closing balance
		Rupees		
As at 31 December 2023				
Tax depreciation allowance	(8,477,968)	5,918,611	(2,753,792)	(5,313,149)
Accrued interest income	(344,085)	(61,915)	-	(406,000)
Unrealized gain on investments	(71,578)	7,216	79,310	14,948
Tax losses	67,154,871	9,843,115	-	76,997,986
	58,261,240	15,707,027	(2,674,482)	71,293,785
As at 31 December 2022				
Tax depreciation allowance	(8,974,905)	1,424,937	(928,000)	(8,477,968)
Accrued interest income	(269,646)	(74,439)	-	(344,085)
Unrealized gain on investments	(95,128)	-	23,550	(71,578)
Tax losses	55,858,138	11,296,733	-	67,154,871
	46,518,459	12,647,231	(904,450)	58,261,240

	Note	31 December 2023	31 December 2022
		Rupees	
11 Taxation - Payment less provisions			
Balance at beginning of the year		1,733,503	807,800
Add: Paid / Deducted during the year		675,638	925,703
Less: Provision for taxation	25	(1,967)	-
Balance at end of the year		2,407,174	1,733,503
12 Cash and bank			
Cash and cash equivalents	12.1	55,762	165,906
Cash at bank	12.2	407,890	357,301
		463,652	523,207
12.1 Cash and cash equivalents			
Cash in hand		55,762	42,606
Policy and revenue stamps, bond papers		-	123,300
		55,762	165,906

	Note	31 December 2023	31 December 2022
		Rupees	
12.2 Cash at bank			
Current accounts		308,501	258,864
Saving accounts	12.2.1	6,469	5,517
Cash with State Bank of Pakistan	12.2.2	92,920	92,920
		407,890	357,301

12.2.1 Cash at bank - on saving accounts

Mark up in respect of savings accounts ranges between 14.50 % to 20.55% (2022: 2.50% to 5.25%) per annum.

12.2.2 Cash with State Bank of Pakistan

This represents deposit with State Bank of Pakistan pursuant to the requirements of clause (a) of sub - section 2 of section 29 of Insurance Ordinance, 2000.

		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		--- Number of shares ---		------ Rupees ------	
13	**Share capital**				
	Authorized share capital				
	Ordinary shares of Rs. 10 each	50,000,000	50,000,000	500,000,000	500,000,000
	Issued, subscribed and paid up capital				
	Ordinary shares of Rs. 10 each				
	- Fully paid in cash	20,000,000	20,000,000	200,000,000	200,000,000
	- Fully paid as bonus shares	26,401,450	26,401,450	264,014,500	264,014,500
		46,401,450	46,401,450	464,014,500	464,014,500

13.1 The Company has only one class of ordinary shares. The holder of ordinary shares are entitled to receive dividend as declared and are entitled to vote at meetings of the Company.

13.2 The Company has no reserved shares for issue under option and sales contracts.

		Note	31 December 2023	31 December 2022
			------ Rupees ------	
14	**Reserves**			
	Revenue reserves			
	General reserve	14.1	50,985,500	50,985,500
	Capital reserves			
	Revaluation reserve for unrealized (loss) / gain on available-for-sale investments - net		(43,812)	405,610
			50,941,688	51,391,110

14.1 This represents distributable profits utilizable at the discretion of the board of directors, in accordance with the relevant provisions of the Companies Act, 2017.

		Note	31 December 2023	31 December 2022
			------ Rupees ------	
15	**Surplus on revaluation of fixed assets**			
	At beginning of the year		23,426,202	22,267,581
	Add: Surplus recognized during the year - net of tax		56,962,041	2,272,000
	Less: Realization of surplus on disposal - net of tax		-	-
	Less: Incremental depreciation for the year - net of tax		(222,549)	(1,113,379)
	At end of the year		80,165,694	23,426,202

		Note	31 December 2023	31 December 2022
			------ Rupees ------	
16	**Loan from Director**			
	Loan from Director	16.1	11,331,652	-

16.1 During the year the Company has obtained interest free loan from director to meet the day to day working capital requirements of the Company. The loan is repayable at director's discretion.

		Note	31 December 2023	31 December 2022
17	Insurance / Reinsurance payables			
	Due to other insurers / reinsurers	17.1	-	29,246,553

17.1 This represents Rs. Nil (2022: Rs. 29.24 million) payable to Pakistan Reinsurance Company Limited.

		31 December 2023	31 December 2022
18	Other creditors and accruals		
	Federal excise duty / sales tax	-	-
	Federal insurance fee	-	2,518,832
	Accrued expenses	3,132,075	2,491,684
	Withholding tax payable	304,612	93,303
	Payable to employees' provident fund	12,032	209,543
	Unpaid and unclaimed dividend	657,622	657,622
	Others	423,034	330,000
		4,529,375	6,300,984

19 Contingencies and commitments

19.1 Securities & Exchange Commission of Pakistan (SECP) passed orders dated May 05, 2023 and September 04, 2023 against the Company under the relevant jurisdiction of the SECP by penalizing the Company with certain amounts in the respective orders distinctively. Though, The Company, based on reasonable grounds and advice of legal counsel expects that the ultimate outcome of the case will be in the favour of the company and accordingly the appeals against the both said orders have been filed with the Appellate Bench Tribunal of SECP within the due time as specified under the passed orders. The appeals in both cases have been registered by SECP and the Company is awaiting the hearing of the registered appeals. Further, the Company has certain belief on the reasonable grounds that the same will be dismissed.

19.2 SECP had issued show cause notice ref. no. ID/Enf/PGI/2022/2385 dated January 16, 2023. Subsequently, SECP imposed penalty vide order no. ID/Enf/PGI/2022/3134 dated May 26, 2023 of Rs. 600,000/- under section 156 and 158 of the Insurance Ordinance, 2000. This penalty was imposed on account of the established defaults of Section 11(1)(a) read with Section 28 of Insurance Ordinance, 2000 and Rule 11 of the Insurance Rules, 2017 and; Section 11(1)(c) read with Section 36 of the Insurance Ordinance, 2000 and Rule 15 of the Insurance Rules, 2017. The company has filed appeal against the said order.

19.3 There are certain cases pending for adjudication against the Company before Civil/Session/ Insurance Tribunal/ Lahore High Court and Supreme Court of Pakistan amounting to Rs. 71.24 million (2022: Rs. 77.99 million). The Company also filed counter suits against parties which are pending adjudication amounting to Rs. 41 million (2022: 41 million).No provision has been made in these financial statements in respect of the aforementioned matters/amounts, as the management is confident that the ultimate outcome of cases will be in favour of the Company. The legal advisor is of the considered opinion that the cases will be settled in Favor of company and the said matters are being pursed vigoursly.

		Note	31 December 2023	31 December 2022
			------- Rupees -------	
20	Management expenses			
	Salaries, wages and benefits	20.1	4,583,864	4,245,159
	Entertainment		216,206	380,107
	Rent, rates and taxes		2,466,520	1,419,784
	Electricity, gas and water		645,886	532,600
	Travelling and conveyance		208,988	144,528
	Computer expenses		32,000	43,200
	Communication		248,112	308,095
	Registration, subscription and association		4,769,617	3,414,665
	Bad dets written off		28,464,428	10,526,090
			41,635,621	21,014,228

20.1 Salaries, wages and benefits

These include contribution to provident fund amounting to Rs. Nil (2022: Rs. 22,534).

		Note	31 December 2023	31 December 2022
			---------- Rupees -------	
21	Investment income			
	Income from equity securities			
	Available for sale investments			
	Dividend income		13,112	-
	Income from debt securities			
	Held to maturity investments			
	Return on government debt securities		4,718,856	4,921,021
			4,718,856	4,921,021
	Net realized gains / (losses) on investments		-	-
	Total investment income		4,731,968	4,921,021
	Less: Investment related expenses-amortisation of PIBs		-	(1,755,741)
			4,731,968	3,165,280
22	Other income			
	On financial assets			
	Return on bank balances			
	Gain on sale of investments		-	-
	Liabilities no more payable		-	2,325,784
	On non-financial assets			
	Gain on sale of fixed asset		114,109	1,878,794
	Gain on disposal of investment properties	5.2	-	-
	FV (loss) / gain on remeasurement of investment properties		117,818,330	(2,300,000)
	Others		-	-
			-	-
			117,932,439	1,904,578

		Note	31 December 2023	31 December 2022
			------- Rupees ------	
23	Other expenses			
	Legal and professional fee		1,571,532	1,370,000
	Salaries and allowances	23.1	2,932,252	3,473,312
	Auditors' remuneration	23.2	500,000	500,000
	Motor vehicle expenses		1,966,148	1,569,988
	Books and periodicals		-	900
	Printing and stationery		481,061	488,650
	Depreciation	4.5	6,044,494	6,570,874
	Office cleaning and maintenance		1,181,258	1,747,340
	Advertisement		163,300	558,367
			14,840,045	16,279,431

23.1 Salaries and allowances

These include contribution to provident fund amounting to Rs. Nil (2022: Rs. 18,437).

		31 December 2023	31 December 2022
		---- Rupees ----	
23.2	Auditors' remuneration		
	Audit fee	250,000	250,000
	Review of Code of Corporate Governance	50,000	50,000
	Fee for interim review	150,000	150,000
	Special certifications and sundry advisory services	45,000	45,000
	Out of pocket expenses including government levy	5,000	5,000
		500,000	500,000

24 Finance cost

Bank charges and commissions		49,720	36,362

25 Income tax expense

	Note		
Current Tax	25.1	1,967	-
Deferred tax		(2,674,482)	(904,450)
		(2,672,515)	(904,450)

25.1 Current provision for taxation

Current year's provision has been made in accordance with relevant provisions of Income tax Ordinance, 2001.

25.2 Prior periods' taxation

Income tax assessments of the Company have been finalized up to tax year 2022 in accordance with the deeming provisions under section 120 (1) of the Ordinance.

25.3 Relationship between tax expense and accounting profit

Accounting profit / (loss) for the year	67,784,021	(29,696,063)
Tax effect of admissible amounts for tax purposes	(67,782,054)	29,696,063
Tax effect of timing difference	(2,674,482)	(904,450)
	(2,672,515)	(904,450)

25.4 The provision for current taxation represents the final tax liability under section 169 of the Income Tax Ordinance, 2001 respectively. Accordingly, tax charge reconciliation has not been prepared and presented.

26 Earnings / (Loss) per share - Rupees

Income / (loss) after tax	Rupees	70,456,536	(28,791,613)
Weighted average number of ordinary shares	Number	46,401,450	46,401,450
Income / (loss) per share-basic and diluted	Rupees	1.52	(0.62)

27 Transactions with related parties

Related parties comprise of directors of the company, key management personnel and post employment benefit plans. Remuneration of directors, chief executive and other executives are disclosed in note 28. All transactions with related parties are carried out on mutually agreed terms and conditions. The transactions are as follows:
Transactions with related parties has been duly authorized by BOD.

	31 December 2023	31 December 2022
	---- Rupees ----	
Remuneration paid to directors, chief executive officer and executives	6,445,800	3,033,964
Loan obtained from related parties (note 16)	11,331,652	5,198,400
Loan paid to related parties (note 16)	-	(5,198,400)
Contribution paid to provident fund	-	40,971

28 Remuneration of chief executive, directors and executives

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive, directors and other executives of the Company is as follows:

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	--- Number ---		------- Rupees -------	
Chief executive officer	1	1	2,280,000	1,311,426
Directors	1	1	280,800	1,722,538
Executives	2	-	3,885,000	-
	4	2	6,445,800	3,033,964

One executive falls under the definition of executive as laid down in the Companies Act, 2017. Moreover, managerial remuneration includes basic salary, house rent allowance and utility allowance.

The Chief Executive and directors of the Company are entitled to medical reimbursement up to a prescribed limit as per Company's policy. Remuneration to the above key management personnel are in accordance with the terms of their employment. Contribution to the provident fund is in accordance with the Company's staff services rules and other transactions with the related parties are in accordance with the agreed terms.
In addition to above the chief executive and the directors are provided with free use of Company's maintained cars and residential telephone and utility bills.

29 Number of employees

	31 December 2023	31 December 2022
Number of employees as at the end of year	8	17
Average number of employees during the year	13	22

30 Provident fund disclosure

The following information is based on the un-audited financial statements of the fund:

	Unaudited 31 December 2023	Audited 31 December 2022
	------- Rupees -------	
Size of the fund - total assets	-	515,596
Cost of Investments made	-	272,692
Percentage of investments made	-	52.89%
Fair Value of investments	-	272,692

The break-up of cost of investments is:

	31 December 2023	Dec. 31 / 2022	31 December 2023	Dec. 31 / 2022
	------- % age -------		------- Rupees -------	
With bank (saving account)	0%	8.32%	-	22,692
Investments	0%	91.68%	-	250,000
		100.00%	-	272,692

The investments out of provident fund by the trust have been made in accordance with section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

31 Segment information

As the Company is under direction from SECP to not enter into new insurance contracts, therefore the Company had not written any premium during the year. In view of the same, segment wise analysis is not reported in these financial statements as per the relevant requirements of IFRS 08.

32 Movement in investments

	Available for sale	Held to maturity	Total
	---------- Rupees ----------		
As at Jan. 01, 2022	833,927	39,990,395	40,824,322
Additions	-	14,748,587	14,748,587
Disposal (sales and redemptions)	-	(7,500,000)	(7,500,000)
Fair value net gains (excluding net realized gain)	(156,998)	-	(156,998)
Unwinding of discount on debt securities		(1,755,741)	(1,755,741)
As at Dec. 31, 2022	676,929	45,483,241	46,160,170
Additions	-	-	-
Disposal (sales and redemptions)	-	-	-
Fair value net gains (excluding net realized gain)	(528,732)	-	(528,732)
Unwinding of discount on debt securities	-	111,361	111,361
As at Dec. 31, 2023	148,197	45,594,602	45,742,799

33 Statement of solvency

	31 December 2023
	Rupees
Assets	
Property and equipment	164,924,451
Investment properties	370,714,200
Capital work in process	-
Investments - Equity securities	148,197
Investments - Government debt securities	45,594,602
Loans and other receivables	1,446,901
Insurance / reinsurance receivables	-
Taxation - provision less payment	2,407,174
Cash and bank	463,652
Total assets (A)	585,699,177
In-admissible assets as per section 32 (2) of the Insurance Ordinance, 2000	
Property and equipment	364,432,956
Immovable property	46,900
Loans and other receivables	-
Insurance / reinsurance receivables	
Total of in-admissible assets (B)	364,479,856
Total admissible assets (C=A-B)	221,219,321
Total liabilities	
Loan from Director	11,331,652
Insurers / reinsurers payables	-
Other creditors	4,529,375
Total liabilities (D)	15,861,027
Total net admissible assets (E=C-D)	205,358,294
Minimum solvency requirement (higher of following)	150,000,000
- Method A - U/s 36(3)(a)	-
- Method B - U/s 36(3)(b)	-
- Method C - U/s 36(3)(c)	
Excess (Deficit) in net admissible assets over minimum requirements (E-F)	55,358,294

34 Capital management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for share holders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Company's overall strategy remains unchanged from 2011.

In accordance with Insurance Rules 2017, minimum paid up capital requirement to be complied with by Insurance Companies at the end of the year is Rs. 500 million. The Company is non-compliant with the aforementioned requirement, however, the management is taking steps for right issue of shares and believe that the above requirement will be fulfilled before December 31, 2024.

35 Insurance risk management

The Company issue contracts that creates insurance risk or financial risk or both. This section summarizes the insurance risks and the way the Company manages them.

35.1 Insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for the period of one year and this risk is random and therefore unpredictable.

As the Company is under direction from SECP to cease entering into new contracts of insurance since July 2017 therefore there are no insurance risk is being envisaged by the management of the Company till the revocation of stated direction by the SECP.

35.2 Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

As the Company is under direction from SECP to cease entering into new contracts of insurance since July 2017 therefore there are no probable future claims being envisaged by the management of the Company. Moreover, no further analysis vis-à-vis 'uncertainty in estimation of future claims', 'sensitivity analysis' and 'key assumptions' in drawing the same are presented in these financial statements.

35.3 Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey. Once against, as the Company is under direction from SECP to cease entering into new contracts of insurance since July 2017 therefore there is no concentration of credit risk.

36 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including interest / mark up rate risk and price risk)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Board is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management control and procedures, the results of which are reported to the Audit Committee.

36.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

Accounts	Category of financial assets	31 December 2023	31 December 2022
		---------- Rupees -------	
Investments:			
- Equity securities	Available for sale	148,197	676,929
- Debt securities	Held to maturity	45,594,602	45,483,241
Loans and other receivables	Loans and receivables	1,446,901	6,792,958
Insurance/reinsurance receivables	Loans and receivables	-	58,518,191
Balances with banks	Loans and receivables	407,890	357,301
		47,597,590	111,828,620

36.1.1 Geographical concentration of credit risk

Geographically there is no concentration of credit risk.

36.1.2 Securities and provisions against receivables

The Company does not hold collateral as security. There is no single significant customer in the receivables of the Company. General provision is made for the impairment of due from insurance contract holders as disclosed in note 10.1 to these financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default.

36.1.3 Age analysis of financial assets at the reporting date is as below:

	Carrying Amount	Up to One year	From 1 to 2 years	More than 2 years
		Rupees		
Year ended: December 31, 2023				
Loans and other receivables	1,446,901	1,446,901	-	-
Insurance/reinsurance receivables	-	-	-	-
Cash and bank	463,652	463,652	-	-
	1,910,553	1,910,553	-	-
Year ended: December 31, 2022				
Loans and other receivables	6,792,958	1,315,309	-	5,477,649
Insurance/reinsurance receivables	58,518,191	-	-	58,518,191
Cash and bank	523,207	523,207	-	-
	65,834,356	1,838,516	-	63,995,840

36.1.4 The credit quality of Company's bank balances with reference to external credit ratings is:

	Rating	Agency	31 December 2023	31 December 2022
			Rupees	
National Bank of Pakistan	AAA	PACRA	6,912	12,599
Habib Bank Limited	AAA	JCR - VIS	81,245	68,133
Allied Bank Limited	AAA	PACRA	9,894	10,880
MCB Bank Limited	AAA	PACRA	24,358	27,106
The Bank of Punjab	AA+	PACRA	110,427	51,960
United Bank Limited	AAA	JCR - VIS	17,116	25,407
Soneri Bank Limited	AA-	PACRA	326	726
The Bank of Khyber	A+	PACRA	11,093	11,093
Faysal Bank Limited	AA	PACRA	-	25
First Women Bank Limited	A-	PACRA	7,952	7,952
SILK Bank Limited	A-	JCR - VIS	-	3,756
Zarai Taraqiati Bank Limited	AAA	JCR - VIS	10,599	9,697
Bank Al-Falah Limited	AA+	PACRA	1,328	1,328
Habib Metropolitan Bank Limited	AA+	PACRA	10,388	10,388
Bank Al-Habib Limited	AAA	PACRA	5,512	5,512
Cash with State Bank of Pakistan			92,920	92,920
Unrated			17,820	17,820
			407,890	357,302

36.1.5 Sector wise analysis of amount due from insurance contract holders is as under:

	31 December 2023		31 December 2022	
	Rupees	% age	Rupees	% age
Cables and rubber			1,520,930	2.60%
Engineering			14,727,475	25.17%
Construction			4,713,882	8.06%
Services			5,959,289	10.18%
Textile and composites			15,002,937	25.64%
Agriculture			7,411,062	12.66%
Other manufacturing			3,338,771	5.71%
Miscellaneous			5,843,845	9.99%
	-	0.0%	58,518,191	100.0%

36.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

36.2.1 Management of liquidity risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

36.2.2 Maturity analysis of financial assets and liabilities

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows.

	December 31, 2023		
	Carrying amount	Up to one year	More than one year
		Rupees	
Financial assets			
Investments			
- Equity securities	148,197	148,197	-
- Debt securities	45,594,602	-	45,594,602
Loans and other receivables	1,446,901	1,446,901	-
Insurance / reinsurance receivables	-	-	-
Cash and bank	463,652	463,652	-
	47,653,352	2,058,750	45,594,602
Financial liabilities			
Insurance / Reinsurance payables	-	-	-
Other creditors and accruals	4,224,763	4,224,763	-
	4,224,763	4,224,763	-

	December 31, 2022		
	Carrying amount	Up to one year	More than one year
		Rupees	
Financial assets			
Investments			
- Equity securities	676,929	676,929	-
- Debt securities	45,483,241	-	45,483,241
Loans and other receivables	6,792,958	6,792,958	-
Insurance / reinsurance receivables	58,518,191	-	58,518,191
Cash and bank	523,207	523,207	-
	111,994,526	7,993,094	104,001,432
Financial liabilities			
Insurance / Reinsurance payables	29,246,553	29,246,553	-
Other creditors and accruals	6,207,681	6,207,681	-
	35,454,234	35,454,234	-

36.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk. The Company is not exposed to material currency risk.

36.3.1 Interest / mark up rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from balances held in saving accounts with reputable banks and government securities. The Company limits interest rate risk by monitoring changes in interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.

36.3.2 Sensitivity analysis

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments were as follows:

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Effective interest rate (%)		Rupees	
Fixed rates				
Government debt securities	8.75% to 12.55%	8.75% to 12.55%	45,594,602	45,483,241
Variable rates				
Investment in term deposits	-	-	-	-
Balance with banks	14.50 % to 20.55%	2.50 % to 5.25%	6,469	5,517

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect statement of comprehensive income and equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) loss for the year by amounts shown below. It is assumed that changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in interest rates could produce significant changes at time of early repayments. For these reasons, actual results might differ from those reflected in details specified below. Analysis assumes that all other variables remain constant.

	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Increase of 100 bps mark-up		Decrease of 100 bps mark-up	
	Rupees		Rupees	
Cash flow sensitivity - Variable rate financial assets	65	55	(65)	(55)

36.3.3 Exposure to interest rate risk

A summary of the Company's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

31 December 2023	Mark-up / Return	Less than 1 Year	1 Year to 5 Year	More than 5 Years	Total
	% age	Rupees			
Assets					
Debt securities	8.75% to 12.55%	-	31,082,545	14,512,057	45,594,602
Bank balances	14.50 % to 20.55%	6,469	-	-	6,469
		6,469	31,082,545	14,512,057	45,601,071

31 December 2022	Mark-up / Return	Less than 1 Year	1 Year to 5 Year	More than 5 Years	Total
	% age	Rupees			
Assets					
Debt securities	8.75% to 12.55%	-	30,734,654	14,748,587	45,483,241
Bank balances	2.50% to 5.25%	5,517	-	-	5,517
		5,517	30,734,654	14,748,587	45,468,758

36.4 Price risk

Price risk represents risk that fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities and units of mutual funds at the reporting date.

The Company's strategy is to hold its equity investments for long time. Thus, Company's management is not concerned with short term price fluctuations with respect to its investments provided that underlying business and economic characteristics of investee remain favourable. It strives to maintain above levels of shareholders' capital to provide margin of safety against short term equity price volatility. It manages price risk by monitoring exposure in equity securities and implementing strict discipline in internal risk management and investment policies. Market prices are subject to fluctuation and consequently amount realized in subsequent sale of investment may significantly differ from market value. Furthermore, amount realized in sale of a security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

36.4.1 Sensitivity analysis

The table below summarizes Company's equity price risk as of balance sheet date and shows the effects of a change of 10% increase / (decrease) in market prices at year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	31 December 2023	31 December 2022
	Rupees	
The impact of hypothetical change would be as follows:		
Fair value	148,197	676,929
Hypothetical price change	± 10%	± 10%
Estimated fair value after hypothetical change in prices	14,820	67,693
Hypothetical variance in shareholders' equity	± 10,522	± 48,062
Hypothetical variance in loss before tax	± 10,522	± 48,062

36.5 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

36.6 Fair value of financial instruments

Fair value is amount for which asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for equity and debt instruments whose fair values have been disclosed in their respective notes to these financial statements. Fair value is determined on the basis of objective evidence at each reporting date. The Company measures fair values using following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in active market for identical instrument.
Level 2: Valuation techniques based on observable inputs either directly or indirectly
Level 3: Valuation techniques using significant unobservable inputs.

Investments	Level 1	Level 2	Level 3	31 December 2023	31 December 2022
		Rupees			
Available for sale	148,197	-	-	148,197	676,929
Held to maturity					
- Debt securities	-	45,594,602	-	45,594,602	45,843,241
	148,197	45,594,602	-	45,742,799	46,520,170

37 Corresponding figures

The corresponding and comparative figures have been rearranged and reclassified for purpose of comparison and better presentation however there has been no significant reclassification, effecting the financial results.

38 Date of authorization for issue

These financial statements have been approved by the Board of Directors of the Company and are authorized for issue on

Chairman	Director	Director	Chief Executive Officer	Chief Accountant

Independent Auditor's Review Report

*To the members of **The Pakistan General Insurance Company Limited** on the Statement of Compliance with the Code of Corporate Governance*

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (both herein referred to as 'the Regulations') prepared by the Board of Directors (the Board) of The Pakistan General Insurance Company Limited (the Company for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and provision LXXVI of Code of Corporate Governance for Insurers, 2016.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Further, below are the instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

	Paragraph Reference	***Description***
i.	Para 11	Directors' training program/Orientation course
ii.	Para 12	Appointment of the Chief Financial Officer and Head of Internal Audit
iii.	Para 29	Rating from credit rating agency
Iv	Para 10	System of internal control
v	Para 26	Devising significant policies
vi	Para 30	Setting up Grievance function
vii	N/A	The Board of Directors has not established an effective internal audit function;

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Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended December 31, 2023.

Place: Lahore
Dated:07-May-2024

UDIN: CR202310724LqxacSgln

MUSHTAQ & CO.
Chartered Accountants

Engagement Partner:

Nouman Arshad, ACA

The Pakistan General Insurance Company Limited
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Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019, and Code of Corporate Governance for Insurers, 2016

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) and the Listed Companies (Code of Corporate Governance) Regulation, 2019 (the Regulation) for the purpose of establishing a framework of good governance, whereby The Pakistan General Insurance Company Limited (the insurer) is managed in compliance with the best practices of corporate governance.

The Insurer has applied the principles contained in the Codes in the following manner:

1. The Insurer encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors (the Board). At present, the Board includes 7 directors:

I. 6 Male
II. 1 Female

Category	*Names*
Independent Directors	Nasira Raees Muhammad Asad Jaweed Abrar Ahmed Cheema
Executive Directors	Abdul Haseeb Fakih Ali Shahzad
Non-Executive Directors	Muhammad Naeem Aftab Ahmad

All independent directors meet the criteria of independence as laid down under the Codes.

The independent directors are appointed in terms of Section 166 (3) of the Companies Act, 2017 (the "Act") through the process of election prescribed under Section 159 of the Act.
The Board has fixed the number of directors to be elected as seven (7) which included two (2) as independent directors which were duly elected and appointed by the shareholders in their annual general meeting held on 27 May 2022. Following the election of directors, the Board of Directors appointed a chief executive who is a deemed director in terms of Section 188 of the Act.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this, Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFI or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.

4. Six casual vacancies occurred on the Board during the year 2023 which was duly filled and approved under fit and proper criteria of insurance companies (Sound and Prudent Management) Regulations, 2012 was granted by SECP. (Add date)

5. The Company has prepared a statement of ethics and business practices and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

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6. The Board has developed a vision / mission statement, overall corporate strategy, and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the Powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, and the key officers, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.

10. The Board has not established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has not adopted and complied with all the necessary aspects of internal controls given in the Code.

11. The Board has not arranged an orientation course(s)/training program after the election of directors for its directors to apprise them of their duties and responsibilities.

12. There was a change in company secretary during the year. Details of the non-appointment of Head of Internal Audit and Chief Financial Officer are fully disclosed in note 32.

13. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance for Insurers, 2016 and fully describes the salient matters required to be disclosed.

14. The financial statements of the Company were duly endorsed by the Chief Executive Officer and Acting Chief Financial Officer before approval of the Board.

15. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.

16. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.

17. The Board has formed the following Management Committees:

Underwriting Committee:

Name of Member	*Category*
Mr. Abdul Haseeb Fakih	Chief Executive Officer/ Chair
Mr. Muhammad Asad Jaweed	Independent Director
Mr. Muhammad Naeem	Non-Executive Director

Claim Settlement Committee:

Name of member	*Category*
Mr. Abdul Haseeb Fakih	Chief Executive Officer/ Chair
Mr. Abrar Ahmed Cheema	Independent Director
Mr. Ali Shahzad	Executive Director

Risk Management & Compliance Committee:

Name of member	*Category*
Mr. Abdul Haseeb Fakih	Chief Executive Officer/ Chair
Mr. Aftab Ahmad	Non-Executive Director
Mr. Abrar Ahmed Cheema	Independent Director

Reinsurance & Coinsurance Committee:

Name of member	*Category*
Mr. Abdul Haseeb Fakih	Chief Executive Officer/ Chair
Mr. Muhammad Asad Jaweed	Independent Director
Mr. Muhammad Naeem	Non-Executive Director

18. The Board has formed the following Board Committees:

Ethics, Human Resources and Remuneration Committee:

Name of member	*Category*
Mr. Abrar Ahmed Cheema	Independent Director/ Chair
Mr. Muhammad Naeem	Non-Executive Director
Mr. Abdul Haseeb Fakih	Chief Executive Officer
Mr. Syed Ali Naqi	Secretary

Investment Committee:

Name of member	*Category*
Mr. Abdul Haseeb Fakih	Chief Executive Officer/ Chair
Mr. Aftab Ahmad	Non- Executive Director
Mr. Muhammad Naeem	Non-Executive Director
Mr. Syed Ali Naqi	Acting Chief Financial Officer

19. The Board has formed an Audit Committee. It comprises of four members, of whom one is an independent director and 3 are non-executive directors. The chairman of the Committee is an independent / non-executive director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of member	*Category*
Mr. Abrar Ahmed Cheema	Independent Director/ Chair
Mr. Muhammad Naeem	Non-Executive Director
Mr. Muhammad Asad Jaweed	Independent Director
Mr. Syed Ali Naqi	Secretary

20. The terms of references of the Committees have been formed, documented, and advised to the Committees for compliance.

21. The frequency of meetings of the committees were as per following:

a) Audit Committee: quarterly meetings;
b) Ethics, Human Resource and Remuneration Committee: Twice a year;
c) Investment Committee: quarterly meetings
d) Management Committees: quarterly meetings

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of Section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan, that they and the partners of the firm involved in the audit is not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

24. The Board ensures that the appointed actuary complies with the requirements set out for him in the Code of Corporate Governance for Insurers, 2016.

25. The Chief Executive Officer and Compliance Officer possess such qualifications and experience as required under the Code of Corporate Governance for Insurers, 2016. The Appointed Actuary of the Company also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required under Section 12 of the Insurance Ordinance, 2000 (Ordinance No XXXIX of 2000):

Name	*Designation*
Abdul Haseeb Fakih	Chief Executive Officer
Syed Ali Naqi	Company secretory
Abrar Ahmad Cheema	Head of Human Resource and remuneration committee

26. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurers, 2016.

27. The Board ensures that the risk management system of the Company is in place as per the requirement of the Code of Corporate Governance for Insurers, 2016.

28. The Company has set up a risk management function / department, which carries out its task as covered under the Code of Corporate Governance for Insurers, 2016.

29. The Board ensures that as part of the Risk Management System, the Company gets itself rated from the Pakistan Credit Rating Agency which is being used by its Risk Management Function and the respective Committee as a risk monitoring tool. However, due to cessation of underwriting operations by the Securities and Exchange Commission of Pakistan (SECP) the PACRA has suspended the rating of the Company.

30. The Board has not set up a grievance function, which fully complies with the requirements of the Code of Corporate Governance for Insurers, 2016.

31. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 and all the requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with.

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32. Explanation for non-compliance with requirements, are below:

S. No.	Mandatory Requirements	Regulation No.	Explanation
1	Head of internal Auditor	20	The company is in the process of revival of its operation under the guidance of securities and exchange commission of Pakistan and accordingly all the appointments will be complied with under the relevant laws and regulations
2	Chief financial officer	20	The company is in the process of revival of its operation under the guidance of securities and exchange commission of Pakistan and accordingly all the appointments will be complied with under the relevant laws and regulations
3	Training program of directors	19	The Board of Directors of the Company consist of seven directors, out of which one Director falls under the Director's Training Program. The management is conscious of its responsibilities and is hopeful that the training of all directors shall be completed before December 31, 2024.
4	Orientation Program	18	No orientation program was carried during the year for the directors of the Company

By Order of the Board

The Pakistan General Insurance Co. Ltd. H.O. LAHORE.

Nasira Raees
Chairman

Date: March 26, 2024

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