



PROGRESSIVE INSSURANCE COMPANY

ANNUAL REPORT 2019



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VISION STATEMENT

To grow as a professional and trusted business entity with the objective to play a leading role in progress of insurance industry and safeguard interest of the policy holders, shareholders, re-insurance, business associate's partners as a whole.

MISSION STATEMENT

- ❖ To strengthen the roots of the company, lifting it way past other Companies to stand out and emerge as one of the leading Insurance Companies of Pakistan.
- ❖ To restore trust among shareholders and policyholders.
- ❖ To increase wealth of shareholders by procuring quality business and introducing new products with competitive edge over others.
- ❖ To Progress through good governance, recognized corporate and insurance practices and highly skilled marketing and office staff.

QUALITY POLICY

Progressive Insurance Company Limited believes in providing high quality solutions to risk exposures to the satisfaction of its, customers through:

- ❖ Developing and maintaining the best quality culture;
- ❖ Developing capabilities of employees of the Company;
- ❖ Continuous improvement and teamwork spirit;
- ❖ Updating business knowledge and techniques for betterment of each concern;
- ❖ Efficient utilization of resources and manpower of the Company; and
- ❖ Introducing high standards of professionalism globally.



PROGRESSIVE INSURANCE COMPANY LTD.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Nasir Munir Ahmed	Chairman
Mr. Syed Sabur Rehman	Director / CEO
Mr. Barrister Rashid Munir Ahmed	Director
Mr. Kifayat Hussain Kaifi	Director
Mr. Abdul Haleem	Director
Mr. Syed Ali Sarwar	Director
Mr. Aamir Pervaiz	Director

CHIEF EXECUTIVE COMPANY SECRETARY

Syed Sabur Rehman
Abdul Wahab

REGISTERED OFFICE

Office No.502-, 5th Floor
Park Avenue Building Block-6 PECHS
Shahrah-e-Faisal, Karachi.
Tel: 021-34551045.

HEAD OFFICE

Office No.502-, 5th Floor
Park Avenue Building Block-6 PECHS
Shahrah-e-Faisal, Karachi.
Tel: 021-34551045.

AUDIT COMMITTEE

Name of Person	Designation
Nasir Munir Ahmed	Chairman (Non-Executive Director)
Barister Rashid Munir	Member (Non-Executive Director)
Abdul Haleem	Member (Non-Executive Director)

BANKERS

The Bank of Khyber

AUDITORS

M/s. Junaidy Shoaib Asad
Chartered Accountants

LEGAL ADVISOR

Mr. A. Wahab Baloch,
Advocate

STOCK EXCHANGE LISTING

Progressive Insurance Company Limited is
on the Pakistan Stock Exchange Ltd.

PUBLIC INFORMATION

Financial analysts, stock brokers and media desiring
Information about the company and all types of general
Insurance should contact Mr. Abdul Wahab & Chief Executive Officer,
Progressive Insurance Company Limited, at Company's Head Office, Karachi.

SHAREHOLDER INFORMATION

Inquiries concerning lost share
certificates, dividend payment, change
of address, verification of transfer deeds
and share transfer should be directed to
contact our registered office 502, 5th
floor, Park Avenue Building Block-6
PECHS, Shahrah-e-faisal. Karachi. Tel:
021-34551045

ANNUAL GENERAL MEETING

Annual General Meeting of Progressive
Insurance Company Limited will be
held at
18th July, 2020, on Saturday at 9:30 am



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Third Annual General Meetings of Progressive Insurance Company Limited will be held at 09:30 a.m. at Office No. 502, 5th floor, Japan Plaza, M.A. Jinnah Road, Karachi on July 18, 2020 to transact the following business:

(Due to Covid 19 Virus if anybody does not want to attend physically they can attend by Video Link/Skype ID is given as under)

muhammad.haroon32

- 1 To confirm the Minutes of the last Annual General Meeting of the Company held on June 15, 2019.
- 2 To receive, consider and adopt the Audited Accounts for the years ended December 31, 2019 together with the Directors' and Auditors' reports thereon.
- 3 To appoint Auditors and fix their remuneration for the year ended December 31, 2020
- 4 To transact any other business with the permission of the Chair.

Special Business

To consider and if thought fit, increase the Authorized Capital of the Company be and is hereby increased from 200,000,000/- (Rupees two hundred million) to Rs. 500,000,000/- (Rupees Five Hundred Million) divided into 50,000,000 Ordinary shares of Rupees 10/- each and to passed the following Special Resolution with and Without modification.

SPECIAL RESOLUTION;

Statement under Section 134(3) of the Companies Act 2017.

This statement sets out material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on July 18, 2020.

“RESOLVED that the Authorized Shares Capital of the Company be and is hereby increased from Rs. 200,000,000/- (Rupees Two Hundred Million) to Rs. 500,000,000/- (Rupees Five hundred Million) divided into 50,000,000 Ordinary shares of Rs.10/- each.

FURTHER RESOLVED that Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company be and are hereby amended to be read as under:

Clause.

The Capital of the Company is Rupees Five Hundred Million (Rs. 500,000,000/-) divided into Fifty Million (50,000,000) Ordinary shares of Rupees Ten (Rs.10/-) each with the rights, privileges and conditions attaching thereto as are provided by regulations of the banking company for the time being with powers to increase or reduce the capital and to sub- divide the shares in the capital for the time being into several classes, however, various

classes of ordinary shares, if any, as to profit, and other benefits shall be strictly proportionate to the paid up value of shares.



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Article

The Authorized Capital of the Company is Rs. 500,000,000/- divided into 50,000,000 Ordinary shares of Rs. 10/- each.

FURTHER RESOLVED that the Chief Executive and/or Secretary of the Company be and is hereby authorized to take all the necessary steps and fulfill the legal, corporate and procedural formalities in connection therewith.

There being no other business the Meeting ended with a vote of thanks of the Chair.

Karachi:

Dated: June 27, 2020

By Order of the Board

Syed Sabur Rehman
Chief Executive Officer

NOTES:

- 1 The Share Transfer Book of the Company closed from July 11, 2020 to July 18, 2020 (both days inclusive).
- 2 A member entitled to attend and vote at this meeting may appoint another member as his/her Proxies in order to be received at the Registered Office of the Company not less the 48 hours before the time of Meetings.
- 3 For attending the meetings and appointing proxies CDC Account holders will further have to follow the guidelines as laid in circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
- 4 Shareholders are required to inform the Company of any change in their address immediately.



DIRECTORS' REPORT

The Directors of Progressive Insurance Company Limited take pleasure in presenting the thirty third Annual Report of the Company, together with the audited financial statements for the year ended 31st, December 2019 and Auditors' Report thereon.

Operating Review

The business activities of company remain suspended during the financial year ended 2019, due to suspension of license. However, company has resolved almost all pending issues.

Net Loss

Operating net loss by company is Rs. 1,782,613/- during the year 2019.

Loan from director/sponsor

An amounts of Rs. 2,156,139/- has been obtained by the company during the year from the director to meet the regularly misc. expenditures of the company, the sponsor/directors of the company are continuously giving loan, as interest free, and payable to the directors as and when available with the company.

Re-Insurance

Negotiations/arrangements with many national/international re-insurers are under way.

Observation of External Auditor

Sponsor and directors of the company have decided to issue right shares to meet the capital requirement and correspondence with SECP for approval to raise the company's paid up capital is under way. After issue of right shares minimum capital requirement will be met. The directors of company have given to SECP plans and forecast for revival of the company.

Keeping in view of the facts, the company has the ability to continue as a going concern because of the equity position of company is still positive and the sponsor due to are willing to finance the expenses.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial Statements is prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- The International Financial Reporting Standards (IFRS) as Applicable in Pakistan have been followed in preparation of financial statement and any departure from there has been adequately disclosed.



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- The board is establishing a system of sound internal control, which will be effectively implemented at all levels within the insurer.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as defined in our statement of CCG.
- The key operating and financial data for the last six years is annexed.
- The statement of the pattern of shareholding of the Company as at 31 December, 2019 is included in the Report.
- During the year one board of directors meeting was held and attendance of each director was as follows:

Board of Directors	Nos. of Meeting Attended
Nasir Munir Ahmed	3
Syed Sabur Rehman	3
Barriester Rashid Muneer Ahmed	3
Kifayat Hussain Kaifi	2
Syed Ali Sarwar	3
Abdul Haleem	3
Amir Pervaiz	1

Pattern of Shareholding

The pattern of shareholding of the Company is annexed to this report.

Segmental Results

As the company was almost dormant during the year, the management is not in a position to reflect the segmental results of its' operation. Underwriting, Claims settlement. Re-Insurance and Co-Insurance Committee is being established subsequently as there was no such committee effectively in operation during the year under review, due to nominal business operation.



PROGRESSIVE INSURANCE COMPANY LTD.

KEY OPERATING AND FINANCIAL DATA

Following is the summary of key operating and financial data for the last 6 years:-

	2019	2018	2017	2016	2015	2014
Reserves and Retained Earnings	(46.73)	(44.67)	(43.51)	(42.18)	(44.73)	(37.50)
Investment Income	0.30	0.45	0.0028	0.0029	0.23	0.33
Direct Premium	-	-	-	-	-	-
Retained Premium	-	-	-	-	-	-
Net Claims Paid & Outstanding	-	-	-	-	-	-
Profit after Tax	(0.178)	(0.81)	(0.67)	(0.15)	(7.23)	(1.32)
Divided declared – Cash						

Future Outlook

The Directors and the management of the company are quite confident for a quick and better growth of the company. It has been agreed that the major business of the Associated Companies would be transacted through our Company.

The future outlook is also dependent on improved political situation and Corona Virus in the region, besides the continuation of economic and fiscal policies of the Government. All economic indicators are, however, positive and expect to lead a higher growth during the next year.

At present, company has 161.5 (million) paid up capital, and more efforts is being made to meet and fulfil requirement of minimum capital as required under the Insurance Ordinance 2000. The management has taken up the task afresh to launch the Company to new heights.

New areas of business are being explored and a network of viable productive branches is being planned.

Thanks and Appreciation

We are grateful to the Securities and Exchange Commission of Pakistan; peculiarly (Insurance Division) of SECP, and their staff/officer/officials of the SECP, for their guidance and support and co-operation extended for the growth and progress of the Company.

Karachi:
Date: 18th June 2020

For and on behalf of the
Board of Directors

Syed Sabur Rehman
Chief Executive Officer



PATTERN OF SHARE HOLDING AS AT 31-12-2019

NUMBER OF SHARE HOLDER	SHARE HOLDINGS		TOTAL SHARE HELD
151	1	100	13,572
200	101	500	87,900
158	501	1000	155,895
249	1001	5000	745,800
69	5001	10000	558,250
29	10001	15000	364,883
14	15001	20000	261,000
10	20001	25000	244,000
5	25001	30000	138,800
3	30001	35000	99,500
7	35001	40000	269,500
1	40001	45000	42,000
1	55001	60000	57,000
1	60001	65000	64,500
2	65001	70000	132,700
1	95001	100000	100,000
1	120001	125000	125,000
1	135001	140000	140,000
1	145001	150000	150,000
1	165001	170000	166,400
1	180001	185000	185,000
1	500001	505000	505,000
1	975001	980000	978,000
1	2900001	2905000	2,902,000
1	7660001	7665000	7,663,300
910			16,150,000



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CATEGORIES OF CERTIFICATE HOLDING AS ON 31-12-2019

	NO OF SHARE	NO OF SHARE HOLDERS	PERCENTAGE %
<u>Associated Companies Undertaking & Related Parties</u>	1	978,000	6.06
Pakistan Industrial & Commercial Leasing Ltd.			
<u>DIRECTORS, C.E.O THEIR SPOUSE AND MINOR CHILDREN</u>	7	10,568,300	65.44
Nasir Munir Ahmed	500		
Barrister Rashid Munir Ahmed	500		
Kifayat Hussain Kaifi	500		
Abdul Haleem	500		
Syed Ali Sarwer	500		
Amir Pervaiz	500		
<u>DIRECTOR/CHIEF EXECUTIVE OFFICER</u>			
Syed Sabur Rehman	10,565,300		
<u>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS NON BANKING FINANCIAL INSTITUTION, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS</u>	3	29,500	0.18
Bank Al-Falah Ltd	6,500		
First Dawood Investment Bank Ltd.	3,000		
Escort Investment Bank Ltd	20,000		
<u>SHAREHOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANIES.</u>			
Syed Sabur Rehman			
<u>INDIVIDUAL</u>	875	3,361,700	20.82
<u>OTHER CORPORATE SHAREHOLDERS</u>	24	1,212,500	7.5
	910	16,150,000	100



Junaidy Shoaib Asad
Chartered Accountants



To the members of Progressive Insurance Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Progressive Insurance Company Limited** ("the Company") which comprise the statement of financial position as at **31 December 2019**, and the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies and other explanatory information for the year then ended 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, the statement of financial position, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 **31 December 2019** and of the loss, the total comprehensive loss, the cash flows and the changes in equity for the year then ended.

Basis for Opinion

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 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 opinion.

Material Uncertainty relating to Going Concern

We draw attention to the note 2 to the financial statements, which states that, the insurance license of the Company has been suspended as the Company does not meet the minimum paid-up capital requirement of Rs. 500 million as required under Section 11 of the Insurance Rules 2017. Further, the trading in the shares of the Company has also been ceased as the Company has been placed in default counter list of the Pakistan Stock Exchange Limited due to non-compliances. The Company has not generated any revenue due to the suspension of insurance license and during the year ended 31 December 2019, the Company reported net loss after taxation of Rs. 1.78 million (2018: Rs. 0.81 million).

However, the management of the Company has complied with all of the defaults notified by the Pakistan Stock Exchange & is actively pursuing the relevant regulatory authorities to obtain necessary approvals to be put on Active Trading List so that the trading in shares of the Company can be restored and the process of issue of right shares could be initiated to meet the minimum paid-up capital requirement. The Directors of the Company have also assured to provide full financial support in shape of equity contributions and loans as and when needed. Keeping in view these facts, the financial statements have been prepared on going concern basis. Our opinion is not modified in respect of this matter.



Junaidy Shoaib Asad
Chartered Accountants



Key audit matters

Except for the matter described in *Material Uncertainty related to Going Concern* section of our report, we have determined that there are no other key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditors' 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 auditors' 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 the 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.

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, 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are 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 the aggregate, they could reasonably be expected to influence the economic decisions of 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:

1. 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.



Junaidy Shoaib Asad
Chartered Accountants



as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. 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.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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.
5. 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.

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 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 describe these matters in our auditor's report unless law or regulation precludes public disclosure 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) proper books of account 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 comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Insurance Ordinance 2000, the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;



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Junaidy Shoaib Asad
Chartered Accountants



Morison KSi
Independent member

- c) investments made, expenditure incurred and guarantees extended during the period were for the purpose of the Company's business; and
- d) no zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is *Farrukh V. Junaidy*.

Junaidy Shoaib Asad
Chartered Accountants

Karachi

Date: **18 JUN 2020**



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 & LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of Insurer: Progressive Insurance Company Limited

Year Ended: 31st December 2019

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (CCG 2016) and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations 2019) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in CCG 2016 and the Regulations in the following manner:

- 1 The total numbers of Directors are Seven as per following:

A: Male: Seven

B: Female: None

- 2 The Insurer encourages representation of independent non-executive directors and directors representing minority interest on its board of directors. At present the Board includes:

Category	Names
Independent Directors	-
Executive Directors	-
Non-Executive Directors	Mr. Nasir Munir Ahmed Mr. Syed Sabur Rehman Barrister Rashid Munir Ahmed Mr. Kifayat Hussain Kiafi Mr. Abdul Haleem Mr. Syed Ali Sarwar Mr. Aamir Pervaiz

- 3 The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.
- 4 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 development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
- 5 No casual vacancy occurred on the Board of Directors during the year.



- 6 The Company is in process of preparing a Code of Conduct.
- 7 The Board has developed a vision/mission statement & overall corporate strategy and Company is in the process of developing significant policies that will be approved by the Board. A complete record of particulars of significant policies along with the dates on which they are approved or amended will be maintained.
- 8 All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and the Regulations 2019.
- 9 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. The Board has complied with the requirements of Act and the Regulations 2019 with respect to frequency, recording and circulating minutes of meeting of Board.
- 10 The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and CCG 2019.
- 11 The Board is establishing a system of sound internal control, which will be effectively implemented at all levels within the insurer. The insurer has adopted and complied with all the necessary aspects of internal controls given in the Code.
- 12 The Board has not arranged training programs for its directors during the year, but the directors are well aware of the prevailing laws, rules and regulations.
- 13 The appointment of Company Secretary was approved by the Board whereas there was no change in the Chief Financial Officer and Head of Internal Audit during the year. The appointment, remuneration and terms and conditions of employment of the Chief Financial Officer, Company Secretary and Head of Internal Audit have been approved by the Board of Directors.
- 14 The Directors' report for this year has been prepared in compliance with the requirements of the CCG 2016 and the Regulations 2019 and fully describes the salient matters required to be disclosed.
- 15 The financial statements of the insurer were duly endorsed by CEO and CFO before approval of the board.
- 16 The Directors, CEO and other executives do not hold any interest in the shares of the insurer other than disclosed in the pattern of shareholding.
- 17 The Company has complied with all the corporate and financial reporting requirements of CCG 2016 and the Regulations 2019.
- 18 The Board is in the process of underwriting committee, claim settlement committee, reinsurance and coinsurance committee, remuneration committee, nomination committee, ethics committee and risk management committee as required under the CCG 2016.
- 19 The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors. The chairman of the Committee is a non-executive director. The composition of the Audit Committee is as follows:
Audit Committee



PROGRESSIVE INSURANCE COMPANY LTD.

Name of Person	Designation
Nasir Munir Ahmed	Chairman (Non-Executive Director)
Barister Rashid Munir	Member (Non-Executive Director)
Abdul Haleem	Member (Non-Executive Director)

- 20 The Chief Executive Officer, Chief Financial Officer and Company Secretary possesses such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016.

Name of Person	Designation
Syed Sabur Rehman	Chief Executive Officer
Syed Ali Sarwar	Chief Financial Officer
Abdul Wahab	Company Secretary

- 21 The statutory auditors of the Insurer 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 (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Insurer and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 22 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.
- 23 The Board is in the process of establishing a system of sound internal control, which will be effectively implemented at all levels within the Company.
- 24 The Board is in the process of appointing an actuary of the Company and will ensure that the appointment of actuary will be as per the requirement of the CCG 2016.
- 25 The Board is in the process of preparing investment policy in accordance of provisions of the Code.
- 26 The Board is in the process of setting up a risk management function/department as required the CCG 2016.
- 27 After the formation of risk management system, the Company will get itself rated from credit rating agency.
- 28 The Board is in the process of setting up a grievance department/function.
- 29 The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of any of the requirements of the Code.



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- 30 We confirm that all other material principles enshrined in CCG 2016 and all requirements of the Regulations 2019 have been complied except those as defined above due to ceasing of business operation, toward which reasonable progress has been made by the Company to seek compliance by the end of next accounting year.

For and on behalf of the Board of Directors

CHIEF EXECUTIVE OFFICER

Karachi

Date: 18th June 2020



Junaidy Shoaib Asad
Chartered Accountants



Morison KSi
Independent member

Independent Auditor's Review Report

To the members of Progressive Insurance Company Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Progressive Insurance Company Limited for the year ended 31 December 2019 in accordance with the requirements of regulation 36 of the Regulations.

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.

Based on our review, 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 requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2019.

Further, we highlight instances of non-compliance with the requirements of the Regulations as reflected in the note/paragraph reference where these are stated in the Statement of Compliance. These non-compliances are primarily due to the fact that the Company is not in operation due to suspension of license by the Pakistan Stock Exchange:



Junaidy Shoaib Asad
Chartered Accountants



Morison KSi
Independent member

<u>Reference</u>	<u>Description</u>
6	The Company has not prepared a code of conduct as required by the regulation xi(a) of the Code.
10	The Company has not established a sound system of internal control as required by the regulation xi(d) of the Code.
18	The Company has not established underwriting committee, claim settlement committee, reinsurance and coinsurance committee, remuneration committee nomination committee, ethics committee, risk management committee, The meetings of the audit committee have not been held as per the requirement (liv) of the Code.
23	The Company has not established an effective internal audit function as per the requirement (lviii) of the Code.
24	The Company has not appointed an actuary as per the requirement (lxxiii) of the Code.
25	The Company has not prepared an investment policy as per the requirement of the Code.
26	The Company has not established a risk management department as per the requirement of the Code.
28	The Company has not set up a grievance department as per the requirement of the Code.

Junaidy Shoaib Asad.
Chartered Accountants

Place: Karachi

Date: 18 June 2020



PROGRESSIVE INSURANCE COMPANY LTD.

PROGRESSIVE INSURANCE COMPANY LIMITED Statement of Financial Position As at December 31, 2019

	Notes	2019 ----- (Rupees) -----	2018
ASSETS			
Fixed assets	6	363,736	413,958
Investment property	7	111,500,000	111,500,000
Investments			
- Equity securities	8	2,394,927	2,297,292
- Term deposits	9	1,250,000	1,250,000
Insurance and reinsurance receivable		-	-
Taxation - net		515,815	505,245
Deposit with State Bank of Pakistan		1,000,000	1,000,000
Sundry receivables	10	5,365,563	5,274,800
Cash and bank balances	11	21,126	42,720
TOTAL ASSETS		122,411,167	122,284,015
Capital and reserves attributable to Company's equity holders			
Issued, subscribed and paid - up capital	12	161,500,000	161,500,000
Reserves		(46,735,525)	(44,673,271)
Total Equity		114,764,475	116,826,729
Liabilities			
Provision for outstanding claims (including IBNR)		-	-
Loan from Director	13	6,780,125	4,623,986
Unclaimed dividend		300,755	300,755
Accrued expenses		187,439	154,172
Other creditors and accruals		378,373	378,373
Total liabilities		7,646,692	5,457,286
Contingencies and commitments	14		
TOTAL EQUITY AND LIABILITIES		122,411,167	122,284,015

The annexed notes from 1 to 24 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer



PROGRESSIVE INSURANCE COMPANY LTD.

PROGRESSIVE INSURANCE COMPANY LIMITED Statement of Comprehensive Income For the year ended December 31, 2019

	Notes	2019 ----- (Rupees) -----	2018 ----- (Rupees) -----
Premium revenue		-	-
Premium ceded to reinsurers		-	-
Net premium revenue		-	-
Investment income	15	306,638	458,439
Management expenses		-	-
Rental income		-	-
Other income		-	-
		306,638	458,439
Net income		306,638	458,439
General and administrative expenses	16	2,086,930	1,272,985
Other expenses		2,322	148
Total expenses		(2,089,252)	(1,273,133)
Finance costs		-	-
Loss before tax from operations		(1,782,614)	(814,694)
Taxation	17	-	-
Loss after taxation		(1,782,614)	(814,694)
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit and loss account:</i>			
Unrealized loss on remeasurement of available-for-sale investments		(279,641)	(339,821)
Total comprehensive loss for the year		<u>(2,062,255)</u>	<u>(1,154,515)</u>
Loss per share	18	<u>(0.11)</u>	<u>(0.05)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer



PROGRESSIVE INSURANCE COMPANY LTD.

PROGRESSIVE INSURANCE COMPANY LIMITED

Statement of Cash flows

For the year ended December 31, 2019

OPERATING CASH FLOWS

Notes

2019
----- (Rupees) -----
2018

a) Underwriting activities

Insurance premium received	-	-
Reinsurance premiums paid	-	-
Claims paid	-	-
Reinsurance and other received	-	-
Commission paid	-	-
Commission received	-	-
Marketing and administrative expenses paid	-	-
Other underwriting payments.	-	-
Other underwriting receipts.	-	-
Net cash flow from underwriting activities	-	-

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

b) Other operating activities

Income tax paid	(10,570)	(5,880)
General management expenses paid	(2,005,762)	(1,152,491)
Other operating payment	-	-
Loans advanced	-	-
Other payments on operating assets	-	-
Other receipts in respect of operating assets	-	-
Total cash flow utilized in operating activities	(2,016,332)	(1,158,371)

(10,570)	(5,880)
(2,005,762)	(1,152,491)
-	-
-	-
-	-
-	-
-	-
(2,016,332)	(1,158,371)

INVESTING ACTIVITIES

Investment income	256,100	110,485
Dividend received	4,932	344,793
Proceed from sale of shares	2,380,231	70,711
Purchase of shares	(2,802,665)	(145,217)
Total cash flow (utilized in) / generated from investment activities	(161,402)	380,772

256,100	110,485
4,932	344,793
2,380,231	70,711
(2,802,665)	(145,217)
(161,402)	380,772

FINANCING ACTIVITIES

Loans received	2,156,139	664,038
Loans repaid	-	-
Total cash flow generated from financing activities	2,156,139	664,038
Net cash (used in) / generated from all activities	(21,595)	(113,561)
Cash and cash equivalents at the beginning of the year	42,720	156,281
Cash and cash equivalents at the end of the year	21,125	42,720

2,156,139	664,038
-	-
2,156,139	664,038
(21,595)	(113,561)
42,720	156,281
21,125	42,720

The annexed notes from 1 to 24 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer



PROGRESSIVE INSURANCE COMPANY LTD.

2019 2018
----- (Rupees) -----

RECONCILIATION TO PROFIT AND LOSS ACCOUNT

Operating cash flows	(2,016,332)	(1,158,371)
Depreciation expense	(50,222)	(45,995)
Gain on disposal of shares	(45,606)	(974)
Increase / (decrease) in assets other than cash	101,781	7,828
Decrease / (increase) in liabilities other than running finance	(33,267)	(74,647)
Income realized from provision reversal	-	-
Provision against sundry receivables	-	-
Other Adjustments		
Markup on deposits	256,100	110,485
Dividend income	4,932	346,980
	261,032	457,465
Loss after taxation	(1,782,613)	(814,694)

The annexed notes from 1 to 24 form an integral part of these financial statements.


Chief Executive


Director


Chief Financial Officer



Issued, subscribed and paid-up capital	Reserves		Total reserves	Total
	Accumulated losses	Available-for- sale investment revaluation reserve (Rupees)		
161,500,000	(45,562,789)	2,044,033	(43,518,756)	117,981,244
-	(814,694)	-	(814,694)	(814,694)
-	-	(339,821)	(339,821)	(339,821)
161,500,000	(46,377,483)	1,704,212	(44,673,271)	116,826,729
-	(1,782,614)	-	(1,782,614)	(1,782,614)
-	-	(279,641)	(279,641)	(279,641)
161,500,000	(48,160,096)	1,424,571	(46,735,525)	114,764,475


Chief Executive

Alay
Director


Chief Financial Officer



PROGRESSIVE INSURANCE COMPANY LTD.

PROGRESSIVE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

For the year ended December 31, 2019

1. THE COMPANY AND IT'S OPERATIONS

The Company was incorporated as a Public Limited Company in 1987 under Companies Ordinance, 1984 (now repealed after the enactment of Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The company is engaged in providing general insurance services in shape of fire, marine, motor and miscellaneous. The registered office of the company is situated at Room # 505-507, 5th floor, Jinnah Plaza, M.A Jinnah Road, Karachi.

2. GOING CONCERN ISSUE

The Company cannot undertake any new insurance business as the Company does not meet the minimum paid-up capital required of Rs. 500 million net off any discount offered on issue of shares as required under Section 11 of the Insurance Rules 2017. As a result, the insurance license of the Company has been suspended.

Further, the trading in shares of the Company have been suspended and the Company has been placed on default counter list of Pakistan Stock Exchange ("PSX") regulations due to non-compliances i.e. non-holding of AGM, non-submission of annual audited accounts and non-payment of dues of the Pakistan Stock Exchange.

The Company has not generated any revenue and is reporting recurring losses and loss for the year ended 31 December 2019 amounted to Rs. 1,782,614 (2018: 814,694).

The above stated conditions indicate existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the management of the Company has complied with all of the PSX regulations and is actively pursuing to obtain necessary approvals from relevant authorities requirements for removal from default counter list of PSX so that the process of issuance of right shares could be initiated to meet the paid-up capital requirement. The Company has submitted business plan in order to obtain approval from PSX to be put on active trading list. PSX vide letter no. C-655-4532 dated September 13, 2019 has communicated to the Company that the initial suspension of trading in shares of the Company was carried out as per the directives of the Securities & Exchange Commission of Pakistan ("SECP"). Therefore, the suspension can be removed once the directive from the SECP for the same has been received. In this regard, approval from SECP is still pending. The Company has filed petition in November 2019 in the High Court of Sindh against SECP to issue directive to put the Company on Active Trading List so that the process of issue of right shares could be initiated. The Directors of the Company have also agreed to provide interest free funds to finance the working capital requirements of the Company as and when needed. Keeping in view these facts, these financial statements have been prepared on going concern basis.

3. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

3.1 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 International Accounting Standard Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017.

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



The Securities and Exchange Commission of Pakistan ("SECP") vide its S.R.O. 89(1)/2017 dated 9 February 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP.

3.2 Basis of measurement

The financial statements have been under the historical cost convention except for certain investments that have been measured at fair value. Accrual basis of accounting has been used except for cash flow information.

3.3 Functional and presentation currency

These financial statements are presented in Pakistani rupees which is the Company's functional currency and presentation currency. All financial information presented in Pakistan rupees are rounded off to nearest rupees in thousand, unless otherwise stated.

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and/or various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the 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 an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following accounting estimates and judgments which are significant to the financial statements:

- i) Useful life of depreciable assets
- ii) Provision for taxation
- iii) Impairment

3.5 Standards, amendments or interpretations to accounting and reporting standards as applicable in

The following new standards, amendments or interpretations to accounting and reporting standards became effective during the year however, they have not been adopted as the Company has opted for temporary exemption as permitted or the adoption did not have any significant impact on the financial statements of the Company.

3.5.1 IFRS 15 - Revenue from contracts with customers

IFRS 15 "Revenue from Contracts with Customers" replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. IFRS 15 addresses revenue recognition for contracts with customers as well as treatment of incremental costs incurred in acquiring a contract with a customer. IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a five step approach to revenue recognition:

Step 1 Identify the contract(s) with a customer.

Step 2 Identify the performance obligations in the contract

Step 3 Determine the transaction price.

Step 4 Allocate the transaction price to the performance obligations in the contract.

Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. IFRS 15 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach, which means that the cumulative impact of the adoption, if any, is recognized in unappropriated profit as of 01 January 2019 and comparatives are not restated. However, the adoption of IFRS 15 did not have any material impact on the Company's financial statements.

3.5.2 IFRS 9 - Financial instruments

IFRS 9 "Financial Instruments" addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an expected credit losses (ECL) approach rather than the incurred credit losses approach as currently followed. The Company has used an optional temporary exemption from applying IFRS 9 as given in IFRS 4 before adoption of IFRS 17 Insurance Contracts. Accordingly, IFRS 9 is not incorporated in these financial statements.

3.5.3 IFRS 16 - Leases

IFRS 16 "Leases" introduced a single, on-balance sheet accounting model for lessees. Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. However, the adoption of IFRS 16 does not have any impact on the Company's financial statements as the Company has no leased assets or lease liabilities in its financial statements as on the reporting date.

3.6 Standards, interpretations and amendments effective during the current year

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

Amendment to IFRS 3 "Business Combinations" – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.



On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term ‘interest rate benchmark reform’ refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB’s recommendations set out in its July 2014 report ‘Reforming Major Interest Rate Benchmarks’ (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A Company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term ‘regulatory deferral account balance’ has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Company’s financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this financial statements are set out below:

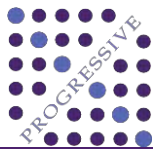
4.1 Provision for outstanding claims

The liability in respect of outstanding claims is based on certified returns of the branches and represents the estimates of the claims intimated or assessed before the end of the accounting year less anticipated recoveries, if any.

As the business of the Company is ceased since long and no claim is expected to be raised therefore, the Company has recorded no provision for claims incurred but not reported (IBNR). The management has provided no provision on this account.

4.2 Amount due to the other insurers / reinsurers and sundry creditors

Liabilities for other insurers /reinsurers and sundry creditors are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and services.



4.3 Taxation

4.3.1 Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account rebates and tax credits available, if any.

4.3.2 Deferred

Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or subsequently enacted at the reporting date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the amount can be utilized. Deferred tax asset on un-utilized tax losses has not been recognised as there is no probability of sufficient future taxable profits against which these assets can be utilized and temporary differences on accelerated depreciation has not been calculated as the effect is insignificant. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Net deferred tax asset as of 31 December 2019 amounted to Rs. 0.59 million has not been recognised as the company does not expect sufficient taxable profits to be available against which the asset may be utilized. The unused tax losses amounting to Rs. 3.49 million will expire up till 2024.

4.4 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and balance with banks.

4.5 Investments

4.5.1 Classification

The classification of financial assets is determined at initial recognition and depends on the purpose for which the financial assets were acquired. Currently the financial assets of the Company are classified into the following categories:

a) Equity securities

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available-for-sale investments is taken to a separate account which is shown in the statement of financial position as revaluation surplus. The surplus / (deficit) arising on these securities is taken to the statement of comprehensive income when actually realized upon disposal or in case of impairment of securities. The unrealized surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to statement of comprehensive income. Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to statement of comprehensive income. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities. Unquoted investments are recorded at cost less accumulated impairment losses, if any.

b) Term deposits

These are investments with fixed or determinable payments and fixed (short term) maturities which the company has the intention and ability to hold till maturity.

4.6 Management Expenses

Management expenses are allocated to all classes of business in proportion to the pre-determined rate



4.7 Deferred commission expense

Commission cost incurred in obtaining and recording policies of insurance and reinsurance are being deferred and recognized as an asset on acquisition of the related policies. Accordingly, these are charged to the statement of comprehensive income as an expense based on the pattern of recognition of related premium revenue.

4.8 Investment property

The investments in properties are accounted for under the cost model as per IAS 40, "Investment property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan.

Subsequent capital expenditures on existing properties and gains or losses on disposal are accounted for in the same manner as tangible fixed assets.

4.9 Receivables and payables related to insurance contracts

Receivables and payables relating to insurance contracts are recognized when due. These include premiums due but unpaid, premiums received in advance, premium due and claims payable to insurance contract holders. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in statement of comprehensive income.

4.10 Tangible fixed assets

Owned

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charge to income using the reducing balance method where by the cost of an asset is written off over its estimated useful life at the rates mentioned in respective note.

Full depreciation is charged in the month of acquisition and no depreciation is charged in the month of disposals.

The carrying amount of fixed assets are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amounts.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain or losses on disposals of fixed assets are taken to the profit and loss account.

Leased

The Company accounts for assets acquired under finance lease by recording the assets and related liabilities at fair value. Depreciation is charged on these assets in the same manner as use for owned fixed asset. Financial charges under the lease agreements are allocated to periods during the lease term so as to produce a constant periodic rate of financial cost on the remaining balance of principal liabilities for each period.

4.11 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Claims and reinsurance and other interrelated insurance liabilities and assets are not being set off against each other.



4.12 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's chief operating decision maker 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 segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Company's business segments operate in Pakistan only.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely fire, marine, motor and miscellaneous.

Assets and liabilities are allocated to particular segments on the basis of premium earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortization are allocated to a particular segment on the basis of net premium earned.

4.13 Revenue recognition

4.13.1 Premium income

Premium received / receivable under a policy is recognized as written from the date of attachment of the policy to which it relates. Premium income under a policy is recognized over the period of insurance from inception to expiry evenly over the period of the policy using twenty-fourths methods.

4.13.2 Profit on deposits

Profit on deposits is recognized on the time proportion basis that takes into account effective yield on the assets.

4.13.3 Dividend Income and Bonus shares

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established. Profit / loss on sale of investments is taken to the profit and loss account in the year of sale as per settlement date.

4.13.4 Income on Held to Maturity Investments

Income on held to maturity investments are recognized on a time proportion basis taking into account of the relevant maturity dates and the applicable mark-up in respect thereof.

4.13.5 Commission income

Commission income is taken to statement of comprehensive income on a time proportioned basis in accordance with the pattern of reinsurance premium to which they relate.

4.14 Premium Deficiency Reserves

The Company is required as per Insurance Rules, 2017, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability for claims and other expenses expected to be incurred after the reporting date in respect of unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense / income in statement of comprehensive income for the year.

For this purpose, loss ratios for each class are estimated on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims.



PROGRESSIVE INSURANCE COMPANY LTD.

4.15 Transactions with related parties

Transactions with related parties are made at arms length transaction price, except otherwise with the approval of the Board of Directors of the Company.

4.16 Foreign currency transactions

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transaction. Exchange differences on foreign currency transactions are included in income currently.

5. USE OF ESTIMATES AND JUDGMENTS

The preparation of these financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and assumptions are reviewed on frequent basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods, the areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to these financial statements or judgment was exercised in application of accounting policies, are as follows:

- Provision for taxation including the amount relating to tax contingency.
- Provision for doubtful receivables.
- Useful lives, pattern of economic benefits and impairments - Fixed assets.
- Classification of investments.

6. FIXED ASSETS

	2019							
	Cost			Rate	Depreciation			Written down value as at 31 December 2019
	As at 01 January 2019	Additions / (disposals)	As at 31 December 2019		As at 01 January 2019	For the year 2019	As at 31 December 2019	
	(Rupees)			(Rupees)				
				%				
Office Equipment	1,272,371	-	1,272,371	10	1,100,701	17,167	1,117,868	154,503
Furniture & fixtures	1,497,096	-	1,497,096	10	1,318,136	17,896	1,336,032	161,061
Air Conditioner	324,860	-	324,860	10	305,663	1,920	307,583	17,277
Vehicles	2,642,053	-	2,642,053	30	2,597,922	13,239	2,611,161	30,892
	5,736,380	-	5,736,380		5,322,422	50,222	5,372,644	363,733
	2018							
	Cost			Rate	Depreciation			Written down value as at 31 December 2018
	As at 01 January 2018	Additions / (disposals)	As at 31 December 2018		As at 01 January 2018	For the year 2018	As at 31 December 2018	
	(Rupees)			(Rupees)				
				%				
Office Equipment	1,272,371	-	1,272,371	10	1,081,627	19,074	1,100,701	171,670
Furniture & fixtures	1,497,096	-	1,497,096	10	1,298,251	19,885	1,318,136	178,960
Air Conditioner	324,860	-	324,860	10	303,530	2,133	305,663	19,197
Vehicles	2,642,053	-	2,642,053	30	2,593,019	4,903	2,597,922	44,131
	5,736,380	-	5,736,380		5,276,427	45,995	5,322,422	413,958



PROGRESSIVE INSURANCE COMPANY LTD.

		2019	2018
		-----Rupees-----	
7. INVESTMENT PROPERTY	<i>Notes</i>		
Building - Lahore	7.1	365,000	365,000
Held for capital appreciation			
- Land		35,000,000	35,000,000
- Land		76,500,000	76,500,000
Less: provision for impairment		(365,000)	(365,000)
		<u>111,500,000</u>	<u>111,500,000</u>

7.1 The Property is not in possession of the company. The Company has filed a suite against the tenant for recovery and vacation of the property.

8. INVESTMENT IN EQUITY SECURITIES

Available for sale

Quoted - Others	8.1	<u>2,394,927</u>	<u>2,297,292</u>
-----------------	-----	------------------	------------------

8.1 Available-for-sale investments

Number of Shares / Unit		Investee name	Market value	
2019	2018		2019	2018
			----- Rupees -----	
297	297	Sui Southern Gas Company Limited	6,391	6,861
74	74	SAMBA Bank Ltd	592	595
6,700	1,700	Bank of Punjab Limited	75,911	20,349
10,477	477	Karachi Electricity Supply Corporation	45,784	2,833
14	13	Suraj Cotton Limited	2,084	1,760
359	359	Orix Modaraba	6,017	-
500	500	HBL growth fund - Class A	5,720	14,175
500	500	HBL growth fund - Class B segment	9,539	-
375	375	DG Khan Cement Limited	27,851	30,056
2,000	2,000	Nirala MSR Foods Limited	-	-
5,298	298	Silk Bank Limited	4,980	373
-	2,000	Summit Bank Limited	-	1,640
500	-	Ghandhara Nissan Limited	38,085	-
100	-	HASCOL Petroleum Limited	2,690	-
2,000	-	Fauji Cement Company Limited	31,120	-
	-	Pakistan Telecommunication Company Limited	93,600	-
10,000	-	Shaheen Insurance Company Limited	21,725	-
5,500	-	Pakistan PVC Limited	4,425	-
1,500	-	Ghani Global Holdings Limited	30,020	-
2,000	-	Pace (Pakistan) Limited	12,870	-
5,500	-	SME Leasing Limited	54,795	-
19,500	-	General Tyre and Rubber Company Limited	16,728	-
300	-			
Mutual funds				
35,000	35,000	NIT Units	1,904,000	2,218,650
<u>108,494</u>	<u>43,593</u>		<u>2,394,927</u>	<u>2,297,292</u>



PROGRESSIVE INSURANCE COMPANY LTD.

		2019	2018
		-----Rupees-----	
9. INVESTMENT IN TERM DEPOSITS			
Bank of Khyber		250,000	250,000
United Bank Limited		1,000,000	1,000,000
		<u>1,250,000</u>	<u>1,250,000</u>
9.1	The term deposits carry markup at the rates ranging from 5% - 8% (31 December 2018: 4% to 6%).		
10. SUNDRY RECEIVABLE - Unsecured			
Considered good	10.1	5,365,563	5,274,800
Considered doubtful		-	-
		<u>5,365,563</u>	<u>5,274,800</u>
Provision for doubtful receivables		-	-
		<u>5,365,563</u>	<u>5,274,800</u>
10.1	The amount considered good comprises of advance given for purchase of property however the transaction is not yet accomplished and the amount is not yet returned.		
11. CASH AND BANK BALANCES			
Cash in hand		-	310
Cash at bank - Current account		21,126	42,410
		<u>21,126</u>	<u>42,720</u>
12. SHARE CAPITAL			
12.1 Authorized Capital			
20,000,000 ordinary shares of Rs. 10 each		<u>200,000,000</u>	<u>200,000,000</u>
12.2 Issued, subscribed and paid-up capital			
5,000,000 Ordinary shares of Rs. 10 each fully paid in cash		50,000,000	50,000,000
11,150,000 Ordinary shares of Rs. 10 each fully paid in kind		111,500,000	111,500,000
		<u>161,500,000</u>	<u>161,500,000</u>
13. LOAN FROM DIRECTOR			
Unsecured and interest free	13.1	<u>6,780,125</u>	<u>4,623,986</u>
13.1	This represents interest free loan and no repayment term has been agreed however presently it is repayable at the discretion of the Company.		
14. CONTINGENCIES AND COMMITMENT			
Except as disclosed in note 2 to the financial statements, there were no other contingencies and commitments as at December 31, 2019 (31 December 2018: Nil).			
15. INVESTMENT INCOME			
Dividend income on securities available-for-sale investments		4,932	346,980
		<u>4,932</u>	<u>346,980</u>
Profit on deposits		256,100	110,485
Capital gain on sale of securities		45,606	974
		<u>306,638</u>	<u>458,439</u>



PROGRESSIVE INSURANCE COMPANY LTD.

		2019	2018
		-----Rupees-----	
16. GENERAL AND ADMINISTRATIVE EXPENSES	<i>Notes</i>		
Salaries		177,500	25,000
Travelling		234,785	10,120
Legal and professional		995,637	1,054,250
Fees and subscriptions		320,000	-
Auditors' remuneration	16.1	183,270	75,000
Electricity		3,936	3,639
Depreciation	6	50,222	45,995
Advertisement		24,957	15,957
Printing		16,370	15,070
Brokerage		3,355	2,954
Repair & maintenance		12,778	-
Entertainment		59,049	-
Miscellaneous		5,071	25,000
		<u>2,086,930</u>	<u>1,272,985</u>

16.1 Auditors' remuneration

Annual audit fee	125,000	68,000
Interim review fee	41,000	-
Out-of-pocket expenses	3,694	1,444
Sindh sales tax @ 8%	13,576	5,556
	<u>183,270</u>	<u>75,000</u>


17. TAXATION

No provision for current tax has been made as the company has not generated any revenue and/or profits during the year.

18. LOSS PER SHARE - BASIC AND DILUTED

Loss after taxation for the year	<i>Rupees</i>	<u>(1,782,614)</u>	<u>(814,694)</u>
Weighted average number of shares outstanding during the year	<i>No. of shares</i>	<u>16,150,000</u>	<u>16,150,000</u>
Loss per share - basic and diluted	<i>Rupees</i>	<u>(0.11)</u>	<u>(0.05)</u>

19. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & OTHER EXECUTIVES

The Directors and the Chief Executive have performed voluntary services and no remuneration has been paid to them. 



PROGRESSIVE INSURANCE COMPANY LTD.

20. SEGMENT INFORMATION

For the year ended 31 December 2019					
	Fire and Property damage	Marine, Aviation and Transport	Motor	Miscellaneous	Aggregate
	(Rupees)				
Gross written premium (inclusive of surcharges)	-	-	-	-	-
Insurance premium earned	-	-	-	-	-
Insurance premium ceded to reinsurers	-	-	-	-	-
Net insurance premium	-	-	-	-	-
Commission income	-	-	-	-	-
Net underwriting income	-	-	-	-	-
Insurance claim	-	-	-	-	-
Insurance claim recovered from reinsurers	-	-	-	-	-
Net claims	-	-	-	-	-
Commission expense	-	-	-	-	-
Management expense	-	-	-	-	-
Net insurance claims and expenses	-	-	-	-	-
Underwriting results	-	-	-	-	-
Net investment income					306,638
General and administrative expenses					(2,089,252)
Result of operating activities					(1,782,614)
Finance costs					-
Loss before tax					(1,782,614)

For the year ended 31 December 2018					
	Fire and Property damage	Marine, Aviation and Transport	Motor	Miscellaneous	Aggregate
	(Rupees)				
Gross written premium (inclusive of surcharges)	-	-	-	-	-
Insurance premium earned	-	-	-	-	-
Insurance premium ceded to reinsurers	-	-	-	-	-
Net insurance premium	-	-	-	-	-
Commission income	-	-	-	-	-
Net underwriting income	-	-	-	-	-
Insurance claim	-	-	-	-	-
Insurance claim recovered from reinsurers	-	-	-	-	-
Net claims	-	-	-	-	-
Commission expense	-	-	-	-	-
Management expense	-	-	-	-	-
Net insurance claims and expenses	-	-	-	-	-
Underwriting results	-	-	-	-	-
Net investment income					458,439
General and administrative expenses					(1,273,133)
Result of operating activities					(814,694)
Finance costs					-
Loss before tax					(814,694)



PROGRESSIVE INSURANCE COMPANY LTD.

20.1 Other information - Status of assets and liabilities

	For the year ended 31 December 2019				
	Fire and Property damage	Marine, Aviation and Transport	Motor	Miscellaneous	Total
	(Rupees)				
Segment assets	-	-	-	-	-
Unallocated assets	-	-	-	-	122,411,167
Consolidated total assets	-	-	-	-	122,411,167
Segment liabilities	-	-	-	-	-
Unallocated liabilities	-	-	-	-	7,646,692
Consolidated total liabilities	-	-	-	-	7,646,692

	For the year ended 31 December 2018				
	Fire and Property damage	Marine, Aviation and Transport	Motor	Miscellaneous	Total
	(Rupees)				
Segment assets	-	-	-	-	-
Unallocated assets	-	-	-	-	122,284,015
Consolidated total assets	-	-	-	-	122,284,015
Segment liabilities	-	-	-	-	-
Unallocated liabilities	-	-	-	-	5,457,286
Consolidated total liabilities	-	-	-	-	5,457,286

21. RELATED PARTY TRANSACTIONS

The related parties comprise principal shareholders and their affiliates, directors, executives, etc. Transactions with other related parties are entered into, at the rates negotiated with them.

Details of transactions and balances at year end with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Notes	2019	2018
	-----Rupees-----	
Directors		
Loan obtained	2,176,449	664,038
Loan repaid	20,310	-
Balances with related parties		
Directors		
Loan payable	6,780,125	4,623,986

The number of employees as at 31 December 2018 were 3 (31 December 2018: 1) where as average number of employees during the year were 2 (31 December 2018: 1).

22. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / markup rate risk, price risk and currency risk). However as the Company is not carrying its operation since long therefore these risk does not arise. The Company's overall risk management programme focuses on the only relevant financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

22.1 Credit risk management

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposure by undertaking transactions with a large number of counterparties in various sectors and by continually assessing the credit worthiness of counterparties.



PROGRESSIVE INSURANCE COMPANY LTD.

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 affect their ability to meet contractual obligations in a similar manner. The Company's credit risk exposure is not significantly different from that reflected in these financial statements. The management monitors and limits the Company's exposure and makes 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.

Notes	2019	2018
	-----Rupees-----	
Term deposits	1,250,000	1,250,000
Deposits with State Bank of Pakistan	1,000,000	1,000,000
Investments	2,394,927	2,297,292
Amount due from other insurers / reinsurers	-	-
Taxation - net	515,815	505,245
Sundry receivables	5,365,563	5,274,800
Bank balances	21,126	42,410
	10,547,431	10,369,747

Provision for impairment is made for doubtful receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due. The movement in the provision for doubtful debt account is shown in notes.

The credit quality of Company's bank balance can be assessed with reference to external credit rating as follows:

Short term rating			
Faysal Bank Limited	A-1+	18,000	18,000
Bank of Khyber	A-1	3,126	24,410
		21,126	42,410

22.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management follows an effective cash management.

Interest / mark - up rate risk

Yield /mark-up rate is the risk that value of the financial instrument will fluctuate due to changes in the market yield / mark-up rates. Sensitively to yield mark-up rate risk arise from mismatches of financial assets and liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The company is exposed to yield / mark-up rate risk in respect of the following.

On-balance sheet financial instruments	Effective yeild/mark up rate %	Rupees							2019 Total	2018 Total
		Mark up Bearing		Sub total	Non Mark up Bearing		Sub total			
		Maturity within one year	Maturity after one year		Maturity within one year	Maturity after one year				
Assets										
Term deposits	5% - 8%	2,250,000	-	2,250,000	-	-	-	2,250,000	2,250,000	
Bank balances	-	-	-	-	21,126	-	21,126	21,126	42,410	
Amount due from insurer/reinsurer	-	-	-	-	-	-	-	-	-	
Advance tax	-	-	-	-	515,815	-	515,815	515,815	505,245	
Sundry receivables	-	-	-	-	5,365,563	-	5,365,563	5,365,563	5,274,800	
2019		2,250,000	-	2,250,000	5,902,504	-	5,902,504	8,152,504	8,072,454	
2018		2,250,000	-	2,250,000	5,822,454	-	5,822,454			
Liabilities										
Provision for outstanding claims	-	-	-	-	-	-	-	-	-	
Amount due to other insurers / reinsurers	-	-	-	-	-	-	-	-	-	
Accrued expenses	-	-	-	-	187,439	-	187,439	187,439	154,172	
Other creditors and accruals	-	-	-	-	378,373	-	378,373	378,373	378,373	
Loan from Director	-	-	-	-	6,780,125	-	6,780,125	6,780,125	4,623,986	
Unclaimed dividend	-	-	-	-	300,755	-	300,755	300,755	300,755	
2019		-	-	-	7,646,692	-	7,646,692	7,646,692	5,457,286	
2018		-	-	-	5,457,286	-	5,457,286	5,457,286		



22.3 Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect the fair value of any financial instruments. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variation in market interest rates could produce significant changes at the time of early repayments. However as business of the Company is ceased and no payments and receipts are expected as result of assets and liabilities in the normal course of business therefore sensitive analysis is not required to be carried.

	Profit or loss	
	100 bp Increase	100 bp Decrease
	(Rupees)	
31 December 2019		
Variable rate financial instruments	22,500	(22,500)
31 December 2018		
Variable rate financial instruments	22,500	(22,500)

22.4 Price risk

Price risk represents the risk that the fair value of financial instruments 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 instrument traded in the market. The Company is exposed to equity price risk that arises as a result of changes in the levels of PSX - Index and the value of individual shares. The equity price risk arises from the Company's investment in equity securities for which the prices in the future are uncertain. The Company policy is to manage price risk through selection of blue chip securities.

22.5 Insurance risk

The principal risk that the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof may differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. However as the Company is not carrying any insurance business since long and no claims are further made till now therefore there is no need to ascertain and manage insurance risk as they do not exists.

22.6 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The investment in equity securities have been measured at fair value as per level 1 category. All other financial assets have been classified and measured as per level 3 category.

23. GENERAL

Figures have been rounded off to the nearest rupee.

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue in the Board of Directors meeting held on

17 JUN 2020


Chief Executive


Director


Chief Financial Officer



PROGRESSIVE INSURANCE COMPANY LTD.

FORM OF PROXY

I/We _____
Of _____ Being
a shareholder of Progressive Insurance Company Limited do hereby appoint
_____ of _____ also a share
holder of the said Company, to be my proxy and to vote for me at the Annual General
Meeting of the Company to be held on the June 15, 2019 and at any adjournment thereof in
the same manner as I/We myself/ourselves would vote if personally present at such
meeting.

As witness my/our hand this _____ day of _____ 2020.

Signature _____

CNIC No: _____

Number of shares held _____

Folio No/ Id No: _____

Witness: _____

Name: _____

Address: _____

Important Note:

- 1 This form of Proxy, duly completed, must be deposited with registered office 502, Park Avenue Block-6, PECHS, Main Shahrah-e-Faisal, Karachi
- 2 CDC Shareholders and their Proxies are each requested to attach attested photocopy of their National Identity Card or Passport with this proxy from before submission to the Company.
- 3 No person shall act as proxy unless he/she is a member of the Company.
- 4 CDC Shareholders or their Proxies are requested to bring with them their original National Identity Card or Passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

ڈائریکٹرز رپورٹ

پروگریسیو انشورنس کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ اپنی کمپنی کے 31 دسمبر 2019ء کو اختتام پزیر ہونے والی 33 ویں سالانہ آڈٹ شدہ مالیاتی گوشوارہ جمع آڈیٹر رپورٹ پیش کر رہے ہیں۔

کارکردگی کا جائزہ:

کمپنی کی کاروباری سرگرمیاں 2019ء کے مالی سال میں لائسنس کی معطلی کی وجہ سے بند رہی اور کمپنی اپنے تمام زیر التواء مسائل کو حل کرنے کی کوشش کر رہی ہے۔

خالص نقصان:

کمپنی 2019ء کے داران آپریٹنگ خالص نقصان -/1,782,613 روپے ہیں۔

ڈائریکٹرز اسپانسر سے قرض:

-/2,156,139 کی رقم ڈائریکٹرز اسپانسر سے روزمرہ کے اخراجات کو پورا کرنے کے لئے حاصل کی گئی ہیں اور کمپنی ڈائریکٹرز اسپانسر مسلسل کمپنی کو فنڈ دے رہے جو کہ Interest فری ہے اور اس وقت ادا کیا جائے گا جب کمپنی اس قابل ہو سکے گی۔

دہر ایبیم:

دہر ایبیم کے لئے کئی قومی و بین الاقوامی اداروں کے ساتھ مذاکرات، انتظامات جاری ہیں۔

بیرونی آڈیٹر کا مشاہدہ:

ڈائریکٹرز اسپانسر نے سرمائے کی کم سے کم حد کو پورا کرنے کے لئے (Right Shares) جاری کرنے کا فیصلہ کر لیا ہے اور اس سلسلے میں سیکیورٹیز اینڈ ایکسچینج کمیشن پاکستان اجازت کے لئے خط و کتابت کی جا رہی ہے۔ (Right Shares) کے اجراء کے بعد سرمائے کی کم از کم حد پوری ہو جائے گی۔ ڈائریکٹرز نے اینڈ سیکیورٹیز اینڈ ایکسچینج کمیشن پاکستان کو کمپنی کی بحالی کے منصوبوں سے متعلق آگاہ کر چکے ہیں۔ اس تمام صورت حال کو دیکھتے ہوئے کمپنی میں جاری رہنے کی صلاحیت ہے کیونکہ کمپنی کی ایکٹیوٹی ابھی مثبت ہے۔

کارپوریٹ اور فائینانشل رپورٹنگ فریم ورک:

(اے) کمپنی کی انتظامہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمیٹ کی تمام معلومات کو صاف شفاف انداز میں واضح کرنے کے ساتھ اس کی کارکردگی کے نتائج، نقد کی آمد و رفت اور ایکٹیوٹی میں تبدیلیاں شامل ہیں۔

(بی) اکاؤنٹس کی کتابیں کمپنی کی جانب سے قوائد و ضوابط کے مطابق تیار کی گئی ہیں۔

(سی) موزوں اکاؤنٹنگ پالیسیز مالیاتی اسٹیٹمیٹ اور اکاؤنٹنگ تخمینہ جات کی تیاری کے لئے مستقل اپنائی جاتی ہیں جو موزوں اور محتاط اندازوں پر منحصر ہوتی ہیں۔

(ڈی) انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS)، جو کہ پاکستان میں نافذ العمل ہے کے مطابق مالیاتی اسٹیٹمیٹ کی تیاری کی جاتی ہیں اور کہیں اس سے انحراف کیا گیا ہو تو اس کو واضح طور پر ظاہر کر دیا جاتا ہے۔

(ای) داخلی کنٹرول کا مستحکم نظام ترتیب دیا جا رہا ہے اور جس کو موثر طور پر عملدرآمد کیا جائے گا۔

(ایف) کمپنی کی اس صلاحیت پر کسی قسم کے شکوک و شبہات نہیں کہ یہ چلتے رہنے والا ادارہ ہے۔

(جی) کارپوریٹ گورننس کے بہترین طریقہ کار سے جیسا کہ لسٹنگ ریگولیشنز میں درج ہے کوئی قابل اثر انحراف نہیں کیا گیا۔

(ایچ) گزشتہ چھ سال کے لئے نمایاں آپریٹنگ اور فنانشل اعداد و شمار منسلک ہیں۔

(آئی) کمپنی میں 31 دسمبر 2019ء کو شیئرز ہولڈنگز کی جو صورتحال تھی اس کا اسٹیٹمیٹ رپورٹ میں شامل ہے۔

بورڈ آف ڈائریکٹرز	منعہ ہونے والے اجلاسوں کی تعداد
ناصر منیر احمد	3
سید صبور الرحمان	3
برسٹر راشد منیر احمد	3
کفایت حسین کیفی	2
سید علی سرور	3
عبدالعلیم	3
عامر پرویز	1

جزوی نتائج:

جیسا کہ کمپنی سال کے داران تقریباً غیر فعال تھی۔ انتظامیہ اس آپریشن کے جزوی نتائج کی عکاسی کرنے کے حیثیت میں نہیں ہے لکھاؤ، دعویٰ کا تصفیہ، دوبارہ انشورنس اور شریک انشورنس کمیٹی قائم نہیں کی گئی ہے۔ اس کے علاوہ ناممکن کاروباری آپریشن کی وجہ سے سال کے دوران آپریشن کا جائزہ موثر طریقے لینے کے لئے ایسی کمیٹی نہیں بنائی گئی۔

اہم آپریٹنگ اور مالیاتی اعداد و شمار

گزشتہ بھ سالوں کے اہم آپریٹنگ اور مالیاتی اعداد و شمار درج ذیل ہیں۔

	2019	2018	2017	2016	2015	2014
Reserves and Retained Earnings	(46.73)	(44.67)	(43.51)	(42.18)	(44.73)	(37.50)
Investment Income	0.30	0.45	0.0028	0.0029	0.23	0.33
Direct Premium	-	-	-	-	-	-
Retained Premium	-	-	-	-	-	-
Net Claims Paid & Outstanding	-	-	-	-	-	-
Profit after Tax	(0.178)	(0.81)	(0.67)	(0.15)	(7.23)	(1.32)
Divided declared – Cash						

مستقبل کا نقطہ نظر:

کمپنی کے ڈائریکٹرز اور انتظامیہ کمپنی کی فوری اور بہتر ترقی کے لئے پُر اعتماد ہیں۔ اس بات پر اتفاق کیا گیا ہے کہ منسلک کمپنیوں کا بڑا کاروبار ہماری کمپنی کے ذریعے منتقل ہوگا۔ مستقبل کے نقطہ نظر، علاقے کے بہتر سیاست پر بھی اور کورونا وائرس پر منحصر ہے۔ حکومت کی اقتصادی اور مالی پالیسیوں کے تسلسل کے علاوہ تاہم تمام معاشی اشاری اگلے سال کے دوران اعلیٰ ترقی کی مثبت متوقع ہیں۔

اس وقت کمپنی کا موجودہ اداس شدہ سرمایہ 161.5 ملین ہے اور انشورنس آرڈیننس 2000 کے تحت لازمی طور پر کم از کم سرمایہ کی ضرورت کو پوری کرنے کی کوشش کی جا رہی ہے۔ انتظامیہ نے کمپنی کو نئی بلندیوں تک لے جانے کے لئے اس کام کو نئے سرے سے شروع کیا ہے اور اس لئے نئے کاروباری علاقوں کو دریافت کیا جا رہا ہے اور قابل عمل پیداواری شاخوں کے نیٹ ورک کی منصوبہ بندی کی جا رہی ہے۔

تعریف اور تسلیم

سیکیورٹیز اینڈ ایکسچینج کمیشن پاکستان کے انشورنس ڈویژن کے افسروان اور عملے کے تعاون اور پیشہ وارانہ حمایت کے لئے ان کے شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



سید صبور رحمان
چیف ایگزیکٹو

کراچی:

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