

STANDARD INSURANCE COMPANY LIMITED



FIFTY TWO ANNUAL REPORT - 2019

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STANDARD INSURANCE COMPANY LIMITED

COMPANY INFORMATION

Board of Directors	Mr. Shamim ur Rahman (Chairman) Mr. Azizuddin Ahmed Suharwardy Mr. Anwar ur Rehman Mrs. Rukhsana Mansoor Munir Ahmed Mrs. Farzana Ismail Ahmed Mrs. Farhana Sayeed Mr. Saeed ur Rehman (Managing Director & Chief Executive)
Managing Director/CEO	Mr. Saeed ur Rehman
Board Audit Committee	Mr. Shamim ur Rahman (Chairman) Mr. Azizuddin Ahmed Suharwardy Mr. Anwar ur Rehman
Board Human Resources & Remuneration Committee Board of Directors	Mr. Shamim ur Rahman (Chairman) Mr. Azizuddin Ahmed Suharwardy Mrs. Rukhsana Mansoor Munir Ahmed
CFO & Company Secretary	Mr. Muhammad Ishtiq Khan
Compliance Officer	Mr. Muhammad Ishtiaq Khan
Auditors	Crowe Hussain Chaudhury & Co. Chartered Accountants
Legal Advisor	Rais & Co., (Advocates)
Bankers	National Bank of Pakistan
Registered & Head Office	2nd Floor, Standard Insurance House I.I. Chundrigar Road, Karachi.



STANDARD INSURANCE COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 52nd Annual General Meeting of Shareholders of the Company will be held at the Head Office of the Company at 2nd floor, Standard Insurance House, 1. I. Chundrigar Road, Karachi, on Tuesday 29th October 2020 at 11 A.M. to transact the following business on Agenda:

ORDINARY BUSINESS

1. To confirm the Minutes of the Fifty One Annual General Meeting.
2. To received and adopt the Audited Accounts for the year ended 31st December, 2019 and report of Directors and Auditors thereon.
3. To appoint Auditors for the year 2020 and to fix their remuneration.
4. To elect Directors in accordance with the Companies Act 2017 for the period of three years.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass the following resolutions with or without modifications as special resolutions:

RESOLVED THAT "the revocation of Insurance license of the company is under process. After the revocation of license the company will establish new business other than Insurance with a new name."

FURTHER RESOLVED THAT "Mr. Mohammad Ishtiaq Khan, Company Secretary and M/s. S. M. Suhail & Company, Authorised to complete the license revocation formalities with SECP."

6. To consider and if thought fit to pass the following resolutions with or without modifications as special resolutions:

RESOLVED THAT the Company is under process of exploring voluntary Delisting from Karachi Stock Exchange (Guarantee) Ltd."

FURTHER RESOLVED THAT "Mr. Mohammad Ishtiaq Khan, Company Secretary is authorized to deal with Karachi Stock Exchange regarding delisting matters of the Company."

7. To consider and if thought fit to pass the following resolutions with or without modifications:



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RESOLVED THAT "the majority shareholders / sponsors intend to purchase all the shares available in the market from minority shareholders".

8. To transact any other matter with permission of the chair.

A statement under Section 134(3) of the Companies Act 2017 setting forth all ' material facts concerning the resolution Items No. 5, 6 and 7 of the notice which will be considered at the meeting, will be annexed to this notice of meeting being sent to members.

**By Order of the Board
(Muhammad Ishtiaq Khan)
Secretary**

Karachi 8th October, 2020

NOTE:

1. The Share Transfer Book of the Company will remain closed from 23rd October 2020 to 4th November 2020 (both days inclusive).
2. A Member entitled to attend and vote at this meeting may appoint another Member as his/her proxy to attend and vote instead of him/her. The Company must receive instrument of proxy, in order to be effective not later than 72 hours before the Meeting.
3. The proxy shall produce his CNIC original or original passport at the time of meeting.
4. Shareholders are requested to immediately notify any change of address with photocop , of CNIC.
5. The Member is also requested to maintain Coronavirus SOPs according to the laws of the Government of Pakistan.



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CODE OF CONDUCT

1. It is the responsibility of all directors, officers and employees of the company to carry out their assigned duties in compliance with all applicable legal requirements and company policies. Beyond compliance with strictly legal aspects involved, all directors, officers and employees are expected to conduct themselves with honesty, integrity and professionalism in the discharge of their assigned responsibilities. Except as otherwise permitted by company policies, all assets of the company shall be used for legitimate business purposes. All directors, officers and employees shall protect the company assets and ensure their efficient use.
Each director, officer and employee of the company must avoid any activities that could involve, or lead to involvement in any unlawful practice, as well as any actions that may jeopardize or impair the confidence in which the company is held by their customers, regulators and the general public. All directors, officers and employees must comply completely with all applicable law, rules, and regulations.
2. The company policy statement regarding conflicts of interest requires all directors, officers and employees to avoid situations in which their personal interests conflict with the interests of the company. Prior to engaging in any conduct or activity that may result in a conflict of interest, the facts and circumstances of the proposed conduct or activity must be disclosed to the company.
3. Directors, officers, and employees shall not take for themselves personal opportunities that are discovered through the use of the corporate property, information, or position, shall not use corporate property, information or position for personal gain; and shall not compete with company. All directors, officers, and employees owe a duty to the company to advance the legitimate business interests of the company.
4. Directors, officers, and employees shall endeavor to deal fairly with the company customers, suppliers, competitors, and employees. No one should take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.
5. Directors, officers, and employees frequently have access to confidential information concerning the company, business and the businesses of customers, agents, policyholders and other employees. Safeguarding confidential information is absolutely essential. Confidential information includes, but is not limited to all non-public information that might be of use to competitors, or harmful to the company or its customers, if disclosed. Directors, officers, and employees shall not disclose confidential information except when disclosure is authorized or legally mandated. Directors, officers, and employees shall not access, or use, confidential information unless it is relevant to the performance of their job and they have proper authorization. Except for information routinely provided to industry bureaus and agencies, vendors or other representatives of the Company, in accordance with the Company policies and procedures, no director, officer, or employee may disclose confidential information of any type to anyone, except person within the company who has a clear business need to know.
6. Accuracy and reliability in the preparation and maintenance of all books and records is not only mandated by law, it is of critical importance to the company decision making process and to the proper discharge of the company legal, financial and reporting obligations. All business records, expenses accounts, vouchers, bills, payroll and services records and other reports must be prepared with care and honesty, and maintained in accordance with the company policy.
7. The company is an equal opportunity employer, and does not discriminate against employees or applicants for employment on the basis of race, color, religion, sex, sexual orientation, national origin, age, physical or mental disability. The company complies with all applicable laws and regulations in the hiring, treatment and termination of all employees, and endeavors to maintain a working environment that is conducive to professional growth, accomplishment and satisfaction and free from any type of hostility or harassment.

The Directors of your company are pleased to present the annual report together with the audited financial statements for the year ended December 31, 2019.

Place: Karachi
Date: 28-09-2020

Mr. Saeed ur Rehman
Managing Director
& Chief Executive



STANDARD INSURANCE COMPANY LIMITED

DIRECTORS REPORT

1. The Directors of the Company present 52nd Annual Report to the members of the Company and inform you that our Insurance activities have remained suspended but we continue to meet our financial and statutory obligations under the law.
2. Our efforts to increase revenue have gained fruit and we have been successful in realizing rental income from our tenants by actively pursuing cases against them. As a result we have obtained back rent from existing tenants as per orders of Sindh High Court Karachi.
3. Due to the above situation the company earning per share of Rupees 0.327.
4. The process for revocation of our Insurance license was initiated in 2013 and documents required by SECP were submitted. In order to avoid delay in October 2017 the management acquired the services of a reputable Chartered Accountants Company M/s. S. M. Suhail & Company, who took up the matter with SECP and are following it up.
5. As soon as SECP issues certificate for formal cancellation of our Insurance license, we can diversify and start new business for this purpose. The Management intends to present to the members a business plan to carry out non Insurance related business and for this purpose it may be necessary to change the name and amend the Memorandum and Articles of Association of the Company.

We are grateful to SECP and its Insurance Department SECP and for their continued support and cooperation.

Let us all pray to Almighty Allah for bestowing His blessings, give us the strength for successfully facing the challenges ahead.

For Board of Directors

Chairman



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STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Regulation No. 5.19 of Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code of Corporate Governance in the following manner:

1. The company encourages representation of independent non-executive directors and director representing minority interests on its Board of Directors. At present the Board includes:

Category	Name of Directors
Independent Director	Mr. Aziz uddin Ahmed Suharwady
Executive Director	Mr. Saeed ur Rehmat (CEO)
Non-Executive Directors	Mr. Shamin ur Rehman (Chairman) Mr. Anwar ur Rehman Mrs. Rukhsana Manmor Muni r Ahmed Mrs. Fazana Ismai I A hmed Mrs. Farhana Sayeed

2. The Directors have confirmed that none of them is serving as a director on more that seven lister companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulter in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred on the Board and was duly filled within 90 days.
5. The Company has prepared "Code of Conduct: and has ensured that appropriate steps have been take to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the board meetings along with the agenda and working papers were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. The Company arranged briefings for its Director to apprise them of their duties and responsibilities certification on "Role of Independent Director" Mr. Azizuddin Ahmed Suharwady.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.



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11. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interring and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource Committee. It comprises of four members, of whom three are non-executive directors, and one is an executive director.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Rule book of Pakistan Stock Exchange Limited and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The closed period, prior to the announcement of interim/final results, and business decision, which may materially affect the market price of the company's securities, was determined and intimated to directors employees and stock exchanges.
21. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
22. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with. Managing Director & Chief Executive Mr. Saeed ur Rehman Date: 25.5.2019. Place: Karachi 6

Managing Director & Chief Executive

Mr. Saeed ur Rehman

Date: 28-09-2020

Place: Karachi



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INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT

To the members of Standard Insurance Company Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Code of Corporate Governance for Insurers, 2016 (both herein referred to as 'Regulations') prepared by the Board of Directors of Standard Insurance Company Limited (the Company) for the year ended December 31, 2019 in accordance with the requirements of regulation 36 the Listed Companies (Code of Corporate Governance) Regulations, 2017 and provisions of Code of Corporate Governance for Insurers, 2016

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

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

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

Following instances of non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:

- i. The Board has not made arrangements to carry out orientation courses on the Code of Corporate Governance for its directors. Furthermore, the directors (excluding exempted directors) have not acquired the mandatory certification of directors training program from the Institutes specified by the Securities and Exchange Commission of Pakistan (SECP).



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- ii. The board has not setup an effective internal audit function throughout the year.
- iii. The Company has not complied with all the corporate and financial reporting requirement of the Code of Corporate Governance.
- iv. The members of Claim committee other than CEO are the same members of the underwriting committee or Reinsurance committee as per the Code of Corporate Governance for the insurer, 2016.
- v. The board has not devised investment policy of the Company as per the requirement of the Code of Corporate Governance for the Insurer, 2016.
- vi. The board has not setup risk management system as per the requirements of the Code of Corporate Governance for insurer 2016.
- vii. The board has not setup Grievance function in compliance with the requirement of the Code of Corporate Governance for the insurer, 2016.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended December 31, 2019.

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Karachi
Date: 28-09-2020



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INDEPENDENT AUDITOR'S REPORT

To the members of Standard Insurance Company Limited Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of Standard Insurance Company Limited (the Company), which comprise the statement of financial position as at December 31, 2019, and the profit and loss account and the statement of comprehensive income, the statement of cash flow and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion because of the significance for the matters stated in the basis for adverse opinion paragraph below, to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, does not conform with the accounting and reporting standards as applicable in Pakistan and does not give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017, in the manner so required and respectively do not give a true and fair view of the state of Company's affairs as at December 31, 2019 and of the loss, total comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- 1) The insurance license has been suspended since the year 2002 and the Company has been placed in defaulter segment of the Pakistan Stock Exchange. The Company has applied for surrendering of license and also for de listing which is still pending. Also, as at the reporting date the Company has accumulated loss of Rs. 28.4 million (2018: Rs. 26.68 million) which has eroded its equity to Rs. 18.43 million (2018: 16.68 million).

These circumstances, along with the inability of the Company to meet the minimum solvency requirement and sizeable decline in business activities, indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the financial statements have been prepared on a going concern basis. In our opinion, mManagement's use of the going concern assumption in the financial statements is inappropriate.

- 2) As disclosed under head 'Insurance/Re-insurance payable' to the financial statements, the Company has recorded a liability of Rs. 4.4 million which are isoutstanding for a number of years. As part of our audit procedure, we had sent confirmations to the parties but have not received responses. In the absence of any other alternate audit procedures, we were unable to determine whether any adjustments might have been



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found necessary in respect of the related disclosure and balances in the financial statement.

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

Key Audit Matter

Except for the matter described in the Basis for Adverse Opinion section, we have determined that there are no other key audit matters to communicate in our report.

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

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

In connection with our audit of the financial statements, our responsibility is to read 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 accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either 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.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is 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:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the regulatory returns or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the regulatory returns, including the disclosures, and whether the regulatory returns 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.



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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We 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 changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account

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

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

The engagement partner on the audit resulting in this independent auditor's report is Imran Shaikh.

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Karachi

Date: 28-09-2020



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STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		2019	2018
	Note	Rupees	
ASSETS			
Property and equipment	7	101,339	112,599
Investment property	8	15,263,824	16,067,183
Investments in equity securities	9	-	-
Loans and other receivables	10	10,240,442	10,489,942
Insurance and reinsurance receivable	11	-	-
Taxation		807,523	807,523
Prepayments	12	-	-
Cash and bank	12	233,386	731,485
Total Assets		<u>26,646,514</u>	<u>28,208,732</u>
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	13	10,000,000	10,000,000
Accumulated loss		(28,430,504)	(26,680,469)
Total Equity		<u>(18,430,504)</u>	<u>(16,680,469)</u>
Liabilities			
Provision for outstanding claims including IBNR		-	-
Borrowings - Director		38,633,356	38,977,394
Retirement benefits obligation		605,635	605,635
Insurance / reinsurance payables		4,417,738	4,417,738
Other creditors and accruals	14	1,323,214	813,214
Provision for taxation		97,075	75,220
Total Liabilities		<u>45,077,018</u>	<u>44,889,201</u>
Total Equity and Liabilities		<u>26,646,514</u>	<u>28,208,732</u>
Contingencies and commitments	15		

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer



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STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019

		2019	2018
	Note	Rupees	
Management expenses	16	(3,346,616)	(2,569,727)
Underwriting results		(3,346,616)	(2,569,727)
Rental income		1,748,436	3,329,250
Other income	17	-	2,632,966
Other expenses	18	(130,000)	(120,000)
Results of operating activities		(1,728,180)	3,272,489
(Loss)/profit before taxation		(1,728,180)	3,272,489
Taxation	19	(21,855)	(41,616)
(Loss)/profit after taxation		(1,750,035)	3,230,873
Other comprehensive income:			
Unrealised gains / (losses) on available-for-sale investments		-	-
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		(1,750,035)	3,230,873
(Loss)/earning per share - basic and diluted	20	(1.75)	3.23

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer



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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
	----- Rupees -----	
Operating cash flows		
(a) Underwriting activities		
Management expenses paid	(2,116,535)	(1,901,072)
Net cash (outflow) / inflow from underwriting activities	(2,116,535)	(1,901,072)
(b) Other operating activities		
General management expenses paid	(130,000)	(75,000)
Net cash (outflow) from other operating activities	(130,000)	(75,000)
Total cash (outflow) from operating activities	(2,246,535)	(1,976,072)
Investment activities		
Rental income	1,748,436	2,018,730
Total cash inflow from investing activities	1,748,436	2,018,730
Net cash (outflow) / inflow from all activities	(498,099)	42,658
Cash and cash equivalents at beginning of the year	731,485	688,827
Cash and cash equivalents at end of the year	233,386	731,485
Reconciliation to profit and loss account		
Operating cash flows	(2,246,535)	(1,976,072)
Depreciation / amortisation expense	(814,619)	(12,511)
Rental income	1,748,436	3,329,250
Decrease / (increase) in assets other than cash	(249,500)	1,580,038
(Decrease) / increase in liabilities other than borrowings	(187,817)	310,169
(Loss)/profit after taxation	(1,750,035)	3,230,873

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer



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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

Share capital	Revenue reserves	Total shareholders' equity
Issued, subscribed and paid-up share capital	Accumulated loss	
----- Rupees -----		
10,000,000	(29,911,342)	(19,911,342)
-	3,230,873	3,230,873
10,000,000	(26,680,469)	(16,680,469)
10,000,000	(26,680,469)	(16,680,469)
-	(1,750,035)	(1,750,035)
10,000,000	(28,430,504)	(18,430,504)

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer



STANDARD INSURANCE COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

1. STATUS AND NATURE OF BUSINESS

- 1.1. Standard Insurance Limited (the Company) was incorporated on December 19, 1967 as a public limited Company under the repealed Companies Act, 1913 (repealed by Companies Ordinance, 1984 and further repealed by Companies Act 2017) and registered as a non-life Insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The registered office of the Company is situated at 2nd Floor, Standard Insurance House, I.I. Chundrigar Road, Karachi.
- 1.2. In accordance with the requirements of the Insurance Ordinance, 2000 and as mentioned in the Insurance Rules, 2017, the minimum solvency requirement (i.e excess of admissible assets over liabilities) is Rs 150 million. The Company is not meeting the minimum solvency requirement as at December 31, 2019.
- 1.3. The license of the Company has been suspended since the year 2000 due to various non compliances. Furthermore, the Company is listed on the Pakistan Stock Exchange Limited and it is currently placed in the defaulter segment.
- 1.4. In previous year, the Company in its annual general meeting held on May 30, 2018 has resolved to surrender the insurance license and has applied to Securities and Exchange Commission of Pakistan (the 'Commission') for the same. It was also approved in the meeting that the Company will apply for the de-listing from Pakistan Stock Exchange and the same has been applied also. Once these matters are resolved, the Company shall seek new lines of business which includes renting out the building owned by Company after making structural improvements.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1. Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act 2017 and Insurance Accounting Regulations, 2017 provisions of and directives issued under the Companies Act 2017, the Insurance Ordinance, 2000 and Insurance Rules, 2017. In case requirements differ, the provisions or directives of the Companies Act 2017, Insurance Ordinance, 2000, Insurance Accounting Regulations 2017 and Insurance Rules, 2017 shall prevail.

2.2. Accounting Standards, IFRIC Interpretations and amendments which became effective during the year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2019 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements



STANDARD INSURANCE COMPANY LIMITED

2.2.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Amendment to IFRS 3 'Business Combination'	January 1, 2020
IFRS 9 - Financial Instruments, Recognition and Measurement	January 30, 2020
IAS 1/IAS 8 - Definition of Material (Amendments to IAS 1 and IAS 8)	January 1, 2020

The management anticipates that, except as stated above, adoption of the new standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than presentation and disclosures.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under historical cost convention except for certain investments which are stated at their fair values. Accrual basis of accounting has been used except for cash flow information.

4. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all period presented in these financial statements except for format for preparation of these financial statements as disclosed in note 5.

5.1 Property and Equipment

These are stated at cost less accumulated depreciation and accumulated impairment losses if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the profit and loss account during the financial period in which they are incurred.



STANDARD INSURANCE COMPANY LIMITED

Depreciation is calculated on a diminishing balance basis over the estimated useful life of the asset. The useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the date the asset is available for use and depreciation on disposals is charged till the date of disposal.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal, if any, of assets are included in profit and loss account.

5.2 Investment property

Investment property consist of building on lease hold land and it is accounted under the cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property". Depreciation is charges at 5 % per anum at reducing balance method.

Subsequent cost are included in the carrying amount of the property only when it is probable that the future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to consolidated profit and loss account.

5.3 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holders (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affect the insured. Once the contract has been classified as an insurance contract, it remains an insurance contract for the reminder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property;
- Marine, aviation & transport;
- Motor; and
- Miscellaneous

These contracts are normally one year insurance contracts except Marine and some contracts of Fire and property, and miscellaneous class. Normally all Marine insurance contracts and some Fire and property contracts are of three months period.

These contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle are provided to individual customers, whereas, insurance contracts of fire and property, marine and transport, accident and other commercial line products are provided to commercial organization.



STANDARD INSURANCE COMPANY LIMITED

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the Insured properties in their business activities.

Marine Insurance covers the loss or damage of vessels, cargo, terminals and any transport or property by which cargo is transferred, acquired or held between the points of origin and final destination.

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Other types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions and crop insurance e.t.c.

5.4 Deferred commission expense / Acquisition costs

Commission incurred in obtaining and recording policies of insurance and re-insurance are deferred and recognised as an asset on acquisition of the related policies. Accordingly, these costs are charged to the profit and loss account as an expense based on the pattern of recognition of related premium revenue.

5.5 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognised as a liability by the Company. This liability is calculated as follows:

- For marine cargo business, as a ratio of unexpired period to the total period of policy applied on the gross premium of the individual policies; and
- For other classes / line of business, by applying 1/24th method as allowed by the Insurance Rules,

5.6 Premium deficiency reserve

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 balance sheet date in respect of unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in profit and loss account 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. Further, actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of accident and health insurance.

5.7 Reinsurance contracts held

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted insurance business being reinsured.



STANDARD INSURANCE COMPANY LIMITED

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire.

The Company assesses its reinsurance assets for impairment on the balance sheet date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account.

5.8 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, premiums 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 profit and loss account.

5.9 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, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 5.4.

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 amortisation are allocated to a particular segment on the basis of net premium earned.



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5.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand and deposits with banks.

5.11 Revenue recognition

- Premium income under a policy is recognised over the period of insurance from the date of inception of the policy to which it relates till its expiry in case of marine cargo business whereas for all other cases of premium income is recognised as a difference between total premium written and provision for unearned premium using 1/24th method as mentioned in note 5.6 to these financial statements.
- Commission income is being taken to the profit and loss account, on a time proportionate basis, in accordance with the pattern of recognition of reinsurance premium to which they relate.
- Administrative surcharge recovered by the Company from policy holders is included in income
- Return on bank balances and government securities is recognised on an accrual basis.
- Dividend income is recognised when the right to receive the dividend is established.
- Gain / loss on sale / redemption of investments is included in the profit and loss account in the period of sale / redemption.
- Income from held to maturity investment is recognised on time proportion basis taking into account the effective yield on the investment. The difference between the redemption and the purchase price of the held to maturity investment is amortised and taken to the profit and loss account over the term of the investment.

5.12 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and includes transaction costs except for investments designated at fair value through profit and loss.

Held to maturity

Investments with fixed or determinable payments and fixed maturity, where the Company has positive intent and ability to hold to maturity, are classified as Held-to-Maturity. Subsequently, these are measured at amortized cost using the effective interest method and taking any discount or premium on acquisition.

Investments at fair value through profit and loss account

Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price are classified as held-for-trading. Subsequent to initial recognition, these are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognized in profit and loss account.



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5.13 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off and the Company intends either to settle the assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

5.14 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are regularly reviewed and adjusted to reflect the current estimate.

5.15 Taxation

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.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that the taxable profits will be available against which these can be utilised.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

5.16 Impairment of assets

The carrying values of the Company's fixed assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account.

5.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are approved.

5.18 Management expenses

Expenses of management have been allocated to various classes of business as deemed equitable by management. Expenses not allocable to the underwriting business are charged under other expenses.



STANDARD INSURANCE COMPANY LIMITED

5.19 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognised in the profit and loss account of the current period.

5.20 Foreign currencies transactions

Foreign currency transactions are translated into Pakistani Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

5.21 Earnings / loss per share

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

6. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of its accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

	Note
Useful life of depreciable assets	5.1
Taxation	5.15
Impairment of assets	5.16



STANDARD INSURANCE COMPANY LIMITED

7 PROPERTY AND EQUIPMENT

Description	2019								
	Cost			Accumulated depreciation / amortisation				Written down value	Rate
	As at January 01, 2019	Additions	Disposals	As at December 31, 2019	As at January 01, 2019	Charge for the year	Disposals	As at December 31, 2019	
	Rupees								%
Tangible - Owned									
Furniture and fixtures	34,206	-	-	34,206	6,499	2,771	-	9,270	24,936 10
Office equipment	85,995	-	-	85,995	16,339	6,966	-	23,305	62,690 10
Motor vehicles	18,810	-	-	18,810	3,574	1,524	-	5,098	13,712 10
	139,011	-	-	139,011	26,412	11,260	-	37,672	101,339

Description	2018								
	Cost			Accumulated depreciation / amortisation				Written down value	Rate
	As at January 01, 2018	Additions	Disposals	As at December 31, 2018	As at January 01, 2018	Charge for the year	Disposals	As at December 31, 2018	
	Rupees								%
Tangible - Owned									
Furniture and fixtures	34,206	-	-	34,206	3,421	3,079	-	6,499	27,707 10
Office equipment	85,995	-	-	85,995	8,600	7,740	-	16,339	69,656 10
Motor vehicles	18,810	-	-	18,810	1,881	1,693	-	3,574	15,236 10
	139,011	-	-	139,011	13,902	12,511	-	26,412	112,599

8 INVESTMENT PROPERTY

Opening value

Charged for the year

Closing value

The market value of the investment properties as per is Rs. 400 million (2018: Rs. 400 million).

	2019	2018
Note	Rupees	Rupees
	16,067,183	16,912,824
	(803,359)	(845,641)
	15,263,824	16,067,183

valuations carried out by professional valuers

9 INVESTMENTS IN EQUITY SECURITIES

At fair value through profit or loss

Suraj Ghee Industries

Sadiqabad Textile Mills Limited

Provision for impairment

	2019	2018
Note	Rupees	Rupees
	78,080	78,080
	24,360	24,360
	102,440	102,440
9.1	(102,440)	(102,440)
	-	-



STANDARD INSURANCE COMPANY LIMITED

- 9.1** In prior years, the Company has made an investment in equity shares of these companies listed on Pakistan Stock Exchange (PSX). The trading in these shares has been suspended by the exchange so the Company has fully provided for the said investments.

		2019	2018
	Note	Rupees	Rupees
10 LOANS AND OTHER RECEIVABLES			
Rent receivable	10.1	8,909,652	9,209,652
Accrued investment income		-	-
Deposit	10.2	1,141,000	1,090,500
Loans to employees		189,790	189,790
		<u>10,240,442</u>	<u>10,489,942</u>

- 10.1** The Company has filed an appeal for the fixation and increment of rent per square feet in the court of District Judge Karachi South against the order (No. 1366,1368/2001. dated 21.10.2010) passed by VII-Rent Controller Karachi South. After hearing the appeal, the court in its judgment has ordered to increase the rent at the rate of Rs. 4 per square feet from August 31, 2001 with an annual increment of 10% after every three years. This amount represents the balance receivable from the tenants upto December 31 2019.

- 10.2** The Civil Court in suit No. 508/2004 filed by the Pakistan Re-Insurance Limited against the Company passed a decree for the payment of sum amounting to Rs. 1,195,533. The Company has filed an appeal against the said order and paid Rs. 1,141,000 under protest. The management is confident for the recovery of said amount.

11 INSURANCE AND REINSURANCE RECEIVABLES

Due from insurers / reinsurers	2,308,189	2,308,189
Provision for impairment of due from insurers / reinsurers	<u>(2,308,189)</u>	<u>(2,308,189)</u>
	-	-

		2019	2018
	Note	Rupees	Rupees
12 CASH AND BANK			
Cash and other equivalents			
Cash with State Bank of Pakistan		300	300
Cash in hand		<u>7,677</u>	<u>708,677</u>
		7,977	708,977
Cash at banks			
Current accounts		225,409	22,508
		<u>233,386</u>	<u>731,485</u>



STANDARD INSURANCE COMPANY LIMITED

13 SHARE CAPITAL

13.1 AUTHORISED SHARE CAPITAL

2019	2018
(Number of shares)	
<u>1,000,000</u>	<u>1,000,000</u>

2019	2018
Rupees	
<u>10,000,000</u>	<u>10,000,000</u>

13.2 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2019	2018
(Number of shares)	
<u>1,000,000</u>	<u>1,000,000</u>

2018	2018
Rupees	
<u>10,000,000</u>	<u>10,000,000</u>

The Company is not meeting with the minimum capital requirement for insurers which is Rs. 450 million as per the Insurance Rules 2017

14 OTHER CREDITORS AND ACCRUALS

Unclaimed dividend
Others

693,214	693,214
<u>630,000</u>	<u>120,000</u>
<u>1,323,214</u>	<u>813,214</u>

15 CONTINGENCIES AND COMMITMENTS

15.1 There were no outstanding contingencies & commitments as at December 31, 2019 (2018: Nil).

16 MANAGEMENT EXPENSES

Salaries, allowances and other benefits
Advertisement
Printing and stationery
Depreciation on fixed assets
Depreciation on investment property
Legal and professional charges
Office repairs and maintenance
Bank charges
Postage, telegram and telephone
Miscellaneous

2019	2018
Note-----	Rupees -----
1,334,800	1,137,200
17,500	52,000
75,500	146,704
11,260	12,511
803,359	845,641
944,079	122,324
14,000	10,700
8,108	5,385
28,000	19,079
<u>110,010</u>	<u>218,183</u>
<u>3,346,616</u>	<u>2,569,727</u>



STANDARD INSURANCE COMPANY LIMITED

		2019	2018
		Rupees	
17 OTHER INCOME			
Liabilities written back		-	2,632,966
		-	2,632,966
18 OTHER EXPENSES			
Auditors' remuneration	21	130,000	120,000
18.1 Auditors' remuneration			
Audit fee		90,000	85,000
Half yearly review		25,000	20,000
CCG		10,000	10,000
Out of pocket expenses		5,000	5,000
		130,000	120,000
19 TAXATION			
- Current	22	21,855	41,616
19.1	Since the Company has discontinued its business since year 2000, it is not filing its income tax returns since then. However the Company has made necessary provisions as per the Income Tax Ordinance 2001.		
19.2	The Company has not recognised the deferred tax asset as the Company does not foresee future taxable profits.		
		2019	2018
	Note	Rupees	
20 (LOSS)/EARNING PER SHARE - BASIC AND DILUTED			
(Loss)/profit after tax for the year		(1,750,035)	3,230,873
Weighted average number of ordinary shares		1,000,000	1,000,000
(Loss)/earning per share - basic and diluted		(1.75)	3.23
20.1	No figure for diluted loss per share has been presented as the Company has not issued any instrument which would have an impact on earning per share when exercised.		
21 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES			
No remuneration was paid to Chief executive officer, Directors and Executives.			



STANDARD INSURANCE COMPANY LIMITED

22 SEGMENT INFORMATION

	For the year ended December 31, 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 claims	-	-	-	-	-
Insurance claims recovered from reinsurers	-	-	-	-	-
Net claims	-	-	-	-	-
Commission expense	-	-	-	-	-
Management expense	-	-	-	-	(3,346,616)
Net insurance claims and expenses	-	-	-	-	(3,346,616)
Underwriting results	-	-	-	-	(3,346,616)
Rental income					1,748,436
Other income					
Other expenses					(130,000)
Result of operating activities					(1,728,180)
Finance costs					-
Loss before tax					(1,728,180)

	For the year ended December 31, 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 claims	-	-	-	-	-
Insurance claims recovered from reinsurers	-	-	-	-	-
Net claims	-	-	-	-	-
Commission expense	-	-	-	-	-
Management expense	-	-	-	-	(2,569,727)
Net insurance claims and expenses	-	-	-	-	(2,569,727)
Underwriting results	-	-	-	-	(2,569,727)
Rental income					3,329,250
Other income					2,632,966
Other expenses					(120,000)
Result of operating activities					3,272,489
Finance costs					-
Loss before tax					3,272,489



STANDARD INSURANCE COMPANY LIMITED

22.1 Other information - Statement Of Assets and Liabilities

-----2 0 1 9-----				
Fire and property	Marine, aviation and transport	Motor	Miscellaneous	Total
-----Rupees-----				
Segment assets	-	-	-	-
Unallocated assets	-	-	-	26,646,514
Consolidated total assets	-	-	-	<u>26,646,514</u>
Segment liabilities	-	-	-	-
Unallocated liabilities	-	-	-	45,077,018
Consolidated total liabilities	-	-	-	<u>45,077,018</u>

-----2 0 1 8-----				
Fire and property	Marine, aviation and transport	Motor	Miscellaneous	Total
-----Rupees-----				
Segment assets	-	-	-	-
Unallocated assets	-	-	-	28,208,732
Consolidated total assets	-	-	-	<u>28,208,732</u>
Segment liabilities	-	-	-	-
Unallocated liabilities	-	-	-	44,889,201
Consolidated total liabilities	-	-	-	<u>44,889,201</u>



STANDARD INSURANCE COMPANY LIMITED

2019

2018

Rupees

23 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and financial liabilities

Financial assets

Loans and receivables

Loans and other receivables

10,240,442

10,489,942

Cash and bank deposits

Cash and other equivalents

7,977

708,977

Current and other accounts

225,409

22,508

233,386

731,485

10,473,828

11,221,427

Financial Liabilities

Amortised cost

Borrowings

38,633,356

38,977,394

Retirement benefits obligation

605,635

605,635

Insurance / Reinsurance Payables

4,417,738

4,417,738

Other creditors and accruals

1,323,214

813,214

44,979,943

44,813,981

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The carrying values of all financial assets and financial liabilities reflected in the financial statements approximate their fair values.

The different level by valuation method of financial instruments have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).



STANDARD INSURANCE COMPANY LIMITED

25. RISK MANAGEMENT

25.1 Financial risk

(i) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest / mark-up rate risk in respect of the following:

Financial assets

Cash and bank deposits
Loans and other receivables

Financial liabilities

Borrowings
Retirement benefits obligation
Insurance / Reinsurance Payables
Other creditors and accruals

2019		
Non Interest / mark-up bearing		
Maturity upto one year	Maturity after one year	Total
Rupees		

233,386	-	233,386
10,240,442	-	10,240,442
10,473,828	-	10,473,828

-	38,633,356	38,633,356
-	605,635	605,635
-	4,417,738	4,417,738
1,323,214	-	1,323,214
1,323,214	43,656,729	44,979,943

Financial assets

Cash and bank deposits
Loans and other receivables

Financial liabilities

Borrowings
Retirement benefits obligation
Insurance / Reinsurance Payables
Other creditors and accruals

2018		
Non Interest / mark-up bearing		
Maturity upto one year	Maturity after one year	Total
Rupees		

731,485	-	731,485
10,489,942	-	10,489,942
11,221,427	-	11,221,427

-	38,977,394	38,977,394
-	605,635	605,635
-	4,417,738	4,417,738
813,214	-	813,214
813,214	44,000,767	44,813,981



STANDARD INSURANCE COMPANY LIMITED

(b) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company manages its exposure to such risks by maintaining a diversified portfolio of investments.

(c) Claims development tables

The following table shows the development of claims of all classes over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments.

	2019	2018	2017 and prior years
Analysis on gross basis Accident year			
Estimate of ultimate claims cost:			
At end of accident year	-	-	-
One year later	-	-	-
Two year later	-	-	-
Current estimate of cumulative claims	-	-	-
Cumulative payments to date	-	-	-
Liability recognised in the balance sheet			

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Company maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained. All financial liabilities of the Company are short term in nature.

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

(iii) Credit risk

Credit risk is the risk which 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. Credit risk also arises in respect of reinsurance contracts as reinsurance ceded does not relieve the Company from its obligation to policy holders and as a result the Company remains liable for the portion of outstanding claims ceded to the extent that the reinsurance operator fails to meet the obligation under the reinsurance arrangements. The Company attempts to control credit risk by monitoring credit exposures and continually assessing the credit worthiness of counterparties. The table below analyses the Company's maximum exposure to credit risk:



STANDARD INSURANCE COMPANY LIMITED

	2019	2018
	----- Rupees -----	----- Rupees -----
- Bank deposits	225,409	22,508

The credit quality of Company's bank deposits and accrued interest can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency	2019	2018
	Short Term	Long Term		----- Rupees -----	----- Rupees -----
Bank deposits					
National Bank of Pakistan	A1+	AAA	PACRA	225,409	22,508
National Bank of Pakistan	A1+	AAA	JCR VIS		

25.2 Capital management

Capital requirements applicable to the Company are set and regulated by the SECP. These requirements are put in place to ensure sufficient paid up capital and solvency margins. Currently, the Company has a paid-up capital of Rs 10 million against the minimum required paid-up capital of Rs 300 million set by the SECP for non-life insurance companies through issue of Circular No. 3 dated April 10, 2007 for the year ended December 31, 2019.

In accordance with the requirements of the Insurance Ordinance, 2000 and as mentioned in the Insurance Rules, 2017 (SECP vide SRO 89(1)/2017 dated February 09, 2017), the minimum solvency requirement (i.e excess of admissible assets over liabilities) is Rs 150 million. The Company is not meeting the minimum solvency requirement as at December 31, 2019.



STANDARD INSURANCE COMPANY LIMITED

26. STATEMENT OF SOLVENCY

2019

--- Rupees ---

ASSETS

Property and equipment	101,339
Investment property	15,263,824
Loans and other receivables	10,240,442
Taxation - payments less provision	807,523
Cash and bank	233,386
Total Assets (A)	26,646,514

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

Vehicles, furnitures and fixtures and office equipment	101,339
Loans to employees	189,790
Total of In-admissible assets (B)	291,129
Total Admissible Assets (C=A-B)	26,355,385

2019

--- Rupees ---

Total Liabilities

Retirement benefits obligation	605,635
Insurance / Reinsurance Payables	4,417,738
Other creditors and accruals	1,323,214
Total Liabilities (D)	6,346,587
Total Net Admissible Assets (E=C-D)	20,008,798

Minimum Solvency Requirement (higher of following)

Method A - U/s 36(3)(a)	150,000,000
Method B - U/s 36(3)(b)	-
Method C - U/s 36(3)(c)	-

Excess in Net Admissible Assets over Minimum Requirements

(129,991,202)

27. SUBSEQUENT EVENTS

There is no subsequent event effecting the financial statements for the year ended December 31, 2019.



STANDARD INSURANCE COMPANY LIMITED

28. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at December 31, 2019 and 2018 respectively are as follows:

	2019	2018
	(Number of employees)	
Average number of employees during the year	8	8
Number of employees as at December 31,	8	8

29. GENERAL

Figures have been rounded off to the nearest rupees.

30. AUTHORISATION FOR ISSUANCE

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

Chairman

Director

Director

Chief Executive Officer

Chief Financial Officer



STANDARD INSURANCE COMPANY LIMITED

PATTERN OF SHAREHOLDING

As at 31 December, 2019

No. of Shareholders	Share holdings			Total Shares Held
108	1	To	100	5,650
43	101	To	500	9,595
1	501	To	1000	700
5	1001	To	5000	15,000
3	5001	To	10000	22,750
1	10001	To	20000	20,000
6	60001	To	90000	534,174
2	150000	To	250000	392,131
169				1,000,000

Categories of Shareholders	Numbers	Share Held	Percentage
Individuals	161	954,105	95.41
Investment Companies	--	--	--
Insurance Companies	--	--	--
Joint Stock Companies	3	32,500	3.25
Financial Institutions	--	--	--
ICP 200 KIT-200	2	400	0.04
Modaraba Companies	--	--	--
Abandoned Properties	1	5,000	0.5
Other	--	--	--
Riaz-o-Khalid Ltd.	1	7,600	0.76
Riaz-o-Khalid Fisheries	1	395	0.04
	169	1,000,000	100.00

SAEED UR REHMAN

Managing Director
& Chief Executive

Dated : 28-09-2020

Place : Karachi.

Director

Director



STANDARD INSURANCE COMPANY LIMITED

PROXY FORM:

Annual General Meeting

I/We _____
of _____ being a member of Standard Insurance Company Limited and holder of _____
Ordinary Shares, as per:

Share Register Folio No. _____
hereby appoint Mr./Ms. _____ of

_____, another member of the Company * (or failing him Mr./Ms.
Of _____, another member of the Company *) as my/our proxy to attend, speak and vote for me/us
and on my/ our behalf, at the Fifty Two Annual General Meeting of the Company to be held
on Thursday 29th October, 2020 at 2nd Floor Standard Insurance House, I.I. Chundrigar Road, Karachi.

Signed this _____ day of _____ 2020
WITNESSES:

1. Signature: _____
Name: _____
Address: _____

CNIC No. or
Passport No. _____

Signature on
Revenue Stamps
of Rupees Five

Signature should agree with the
specimen signature with the company

2. Signature: _____
Name: _____
Address: _____

CNIC No. or
Passport No. _____

***Proxy representing a corporation may or may not himself be a member of the Company.**

IMPORTANT:

1. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, not less than seventy two hours before the meeting.
2. Shareholders and their proxies are each requested to attach an attested photocopy of their computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.
3. All proxies attending the AGM are requested to bring their original CNIC/Passport for identification.

Standard Insurance Company Limited



2019

1348064

November 02, 2020

The Deputy Director,
Securities & Exchange Commission of Pakistan,
State Life Building No. 2,
Wallace Road,
Karachi

04 NOV 2020

Subject: FILING OF FORM-A, FORM 29 & ANNUAL ACCOUNTS FOR THE YEAR 2020 -
M/S STANDARD INSURANCE CO. LIMITED

Dear Sir,

We enclose herewith the above-mentioned documents of M/s. Standard Insurance Co. Limited, along with Power of Attorney and original Challans, deposited in MCB Bank Ltd., Uni Tower, I. I. Chundrigar Road, Karachi.

1. Resolution for authorization (Power of Authority)
2. Form 'A' along with Challan for Rs.1,625/= (No. M.2020-209295, dated 02.11.2020)
3. Form '29' along with Challan for Rs.1,625/= (No. M.2020-209295, dated 02.11.2020)
4. Annual Accounts Challan for Rs.825/= (No. M.2020-211369, dated 02.11.2020)

Please acknowledge the receipt.

Yours faithfully,

Muhammad Ishtiaq Khan
Secretary

