



Century Insurance Company Limited  
A Lakson Group Company

# Your Trust Our Assurance



Annual Report 2021



## Century Insurance at a Glance

- Century Insurance is a Lakson Group Company.
- Operating since 1989, dealing in all areas of general insurance and takaful business.
- One of the premier general insurance companies of Pakistan.
- Rated "AA-" with a stable outlook by VIS Credit Rating Co. Limited, signifying a 'very high capacity to meet policyholders' and contractual obligations'.
- Total equity in excess of Rs. 2.2 billion.
- Twice awarded 'Top 25 Companies Award' by the Karachi Stock Exchange.
- Very strong reinsurance treaty arrangements with highly rated international reinsurers.
- Broad client base consisting of individuals as well as some of the most prestigious local and multinational companies.



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## Our Vision

To be an organization known for integrity and ethical behavior and fully dedicated to its Clients, Business Partners, Shareholders and Employees, providing exceptional quality service and committed to achieving excellence in all areas of its operations.

## Our Mission

- To become a company of choice for its valued Clients, Stockholders and Employees.
- To ensure continued growth of the financial strength and resilience of the company so that it may be able to withstand any unexpected shocks or cyclical economic downturns.
- The Company culture to be known for Integrity and Ethical behavior.
- The Company to be known as one of the best insurance companies of the country.

## Corporate Information

### Board of Directors

Mr. Iqbal Ali Lakhani - Chairman  
Mr. Amin Mohammed Lakhani  
Ms. Anushka Lakhani  
Mr. Aftab Ahmad  
Mr. Sadrudin Ismail Mohamed  
Mr. Akber Dawood Vazir  
Mr. Mohammad Hussain Hirji - Chief Executive Officer

### Advisor

Mr. Sultan Ali Lakhani

### Chief Financial Officer

Mr. Sabza Ali Pirani

### Company Secretary

Mr. Mansoor Ahmed

### Audit Committee

Mr. Sadrudin Ismail Mohamed - Chairman  
Mr. Amin Mohammed Lakhani  
Mr. Aftab Ahmad

### Investment Committee

Mr. Iqbal Ali Lakhani - Chairman  
Mr. Aftab Ahmad  
Mr. Mohammad Hussain Hirji  
Mr. Sabza Ali Pirani

### Ethics, Human Resource & Remuneration Committee

Mr. Sadrudin Ismail Mohamed - Chairman  
Mr. Amin Mohammed Lakhani  
Mr. Akbar Dawood Vazir  
Mr. Mohammad Hussain Hirji

### External Auditors

M/s. EY Ford Rhodes  
Chartered Accountants

### Shares Registrar

M/s. FAMCO Associates (Pvt.) Ltd.  
8-F, Near to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S., Shakra-e-Faisal,  
Karachi.  
Tel: (021) 34380101-2  
Fax: (021) 34380106  
Email: info.shares@famco.com.pk  
Website: www.famco.com.pk

### Bankers

Al Baraka Bank (Pakistan) Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
JS Bank Limited  
MCB Islamic Bank Limited  
Meezan Bank Limited  
NRSP Microfinance Bank Limited  
Silkbank Limited  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Telenor Microfinance Bank Limited  
U Microfinance Bank Limited  
United Bank Limited

### Registered & Corporate Office

Lakson Square, Building No. 2,  
Sarwar Shaheed Road, Karachi-74200.

### Head Office

11th Floor, Lakson Square, Building No. 3,  
Sarwar Shaheed Road, Karachi-74200.

Website: www.cicl.com.pk

UAN: 111-111-717

NTN: 0710008-6



# Products & Services





## Fire Insurance

Your corporate offices, factories and facilities are the primary sources of your income and revenue. Century Insurance understands the importance and value of your business property and operations. So we will work with you to help you prevent losses, protect what matters and help you stay in business. Property insurance solutions include:

- Fire and Allied Perils
- Property All Risk
- Terrorism Insurance (Property insurance policies in Pakistan now exclude Terrorism including any Riot & Strikes resulting from a terrorist act. These are now covered under a separate Terrorism policy).
- Consequential Loss
- Comprehensive Machinery Insurance



## Marine Insurance

We offer our clients tailored solutions for their international and domestic marine exposures. The two standard product lines are:

- Marine Cargo including Inland Transit
- Marine Hull

Marine cargo insurance covers the risks of physical loss or damage to goods and merchandise while in transit by any method of conveyance anywhere in the world. Inland Transit policies cover transit by road and/or rail within the country.

Marine hull provides coverage for all types of vessels and their machinery while navigating anywhere in the world. In addition we can cover ship beaching risks for the ship breaking industry as well as Fire and Allied Perils for the beached vessel.

Losses occurring anywhere in the world are promptly investigated and equitably settled through our international claims settling agents.



## Motor Insurance

### Private Car Insurance

People love their cars, but insuring them can be a chore. At Century Insurance, with fast, fair and convenient services and cover you can depend on, we'll be there for you when it matters. We settle bills with a very wide network of repairers directly – so no waiting for that check in the mail. And because we don't force you to use any particular repairer you are free to take your car to the workshop of your choice. You may opt for comprehensive coverage including own damage, theft and third party legal liability or just third party legal liability coverage to meet the requirements of law.

If you would like to have the added assurance of a good vehicle tracking service, substantial discounts are available on the premium you pay. Or if you would like us to arrange the tracking service for you we can do that too as a complimentary service at economical rates.

### Commercial Vehicle Insurance

Whatever your business, if you have your own commercial vehicles we know how important these vehicles are to your business. No matter how many commercial vehicles you have, we've got a plan to suit you. From fleets of trucks to just one or two pickups, we can tailor the right insurance package for you. If you are insuring many vehicles, our fleet policy can cover them all in a single policy.

## Engineering Insurance

Our qualified engineers can cater to all of your engineering insurance needs. At Century Insurance, we can help by sharing insights, insurance solutions and risk engineering services. From construction related insurances to erection of machinery to electronic equipment, we have the right solution for you. With us, you'll work with specialized underwriting, risk engineering and claims professionals who understand the challenges you face and can deliver quality service when you need it.

### Engineering insurance solutions include:

- Contractor's All Risk (CAR) insurance offers comprehensive protection for contract works, construction plant and equipment as well as for Third Party claims.
- Contractor's Plant & Equipment (CP&E).
- Erection All Risk (EAR) for plant and machinery in the course of erection.
- Machinery Breakdown covers sudden and unforeseen loss or damage to machinery.
- Advance Loss of Profits (ALOP) also known as Delayed Startup to cover loss of gross profits arising from a CAR or EAR loss.
- Electronic Equipment Insurance for computers and other electronic equipments.
- Deterioration of stock.
- Boiler and Pressure Vessels.





## Travel Insurance

Whether you are travelling for business or pleasure, unfortunate surprises can occur either before or during your trip. Medical emergencies or accidents can result in costly trip cancellations or medical bills leaving the traveler stranded in an unfamiliar country. Children may be left unattended with perhaps no one to accompany them on their return back home. Loss of baggage or mere flight delay may also result in unexpected and unbudgeted expenses. Our 24 hour, 7 days of the week hotline will be available to assist you no matter where you are or what language you are comfortable communicating in.

Century Insurance provides the best available travel insurance plans for you and your family, to suit every budget and need. We also have special plans available for senior citizens no matter where in the world they may be planning to travel to. Claims can be paid directly to hospitals in most instances, anywhere in the world. So the next time you travel, give up your worries and get the best travel insurance solution from Century Insurance.



## Miscellaneous Insurance

This is a broad category and includes any insurance product or service that does not fall into any of the above categories. The most important of these include the following:

- General or Public Liability to protect you and or your business against liability to third parties for accidental bodily injury or property damage, such as when they come upon your business premises.
- Professional Indemnity to protect you and/or your business against liability that may be incurred in the course of discharging your professional duties, whether you are a doctor, lawyer or architect or in any other profession.
- Product Liability to protect you and/or your business against any liability for injury or damage that may arise from the use of a defective product that your company may have provided.
- Employer's Liability provides protection to you and/or your business against liability to your employees for bodily injury or property damage occurring in the course of their employment.
- Workmen's Compensation provides protection for accidents to workmen in your employ resulting in death or disablement that may occur in the course of their employment.
- Cash on Premises indemnifies you and/or your business for cash belonging to the business that may be stolen from the business premises consequent upon forcible entry or under the threat of force.
- Cash in Transit indemnifies you and/or your business for loss of cash stolen forcibly during transit between specific points during normal business hours.
- Fidelity Guarantee indemnifies you and/or your business for loss sustained on account of fraud or theft conducted by your employees.

## Accident & health Insurance

In today's competitive marketplace, employers know that their true competitive advantage frequently lies in their human capital. A good employer will therefore always try to take care of its employees. One of the key variables in an employee's benefit structure is the health insurance provided by the employer.

Century Insurance provides the best possible corporate health insurance packages available in the market. We care for your employees and make every effort to ensure that they receive the best possible care based on the benefits chosen for them by their employer. Whether they need expert advice and guidance related to medical admissions and treatment or whether they just want a better understanding of the benefits available under their policy, we provide service with a smile and a caring attitude. We liaise closely with the hospitals to ensure that your employees receive the care and treatment that they need in the most timely and efficient manner possible.

We also work closely with the Human Resource department of our clients to make sure that they are fully informed of developments involving major hospitalizations of their employees or of the dependents of their employees. We also pay extra attention to ensure that all paperwork, health cards, payments, etc are made correctly and on time. With all of the topmost hospitals on our panel we ensure a smooth and cashless service for your employees so that they are not made to fret and worry about these matters during the difficult time they may be facing on account of either their own hospitalization or that of a loved one.

Personal Accident provides 24/7 worldwide cover for accidental bodily injury to the insured person resulting in death or permanent disablement.







## Claim Service

For us, every customer claim is an opportunity to deliver when it matters and to differentiate the Century Insurance customer experience. As soon as you report a claim, our team will come into action, delivering swift and transparent claims assistance wherever you need it. Our team consists of experienced claims professionals dedicated to fairness and transparency in the handling of all claims.

Combining international experience and local knowledge, we will partner with you to give you the assistance you need while helping you to reduce your overall claim costs over time.

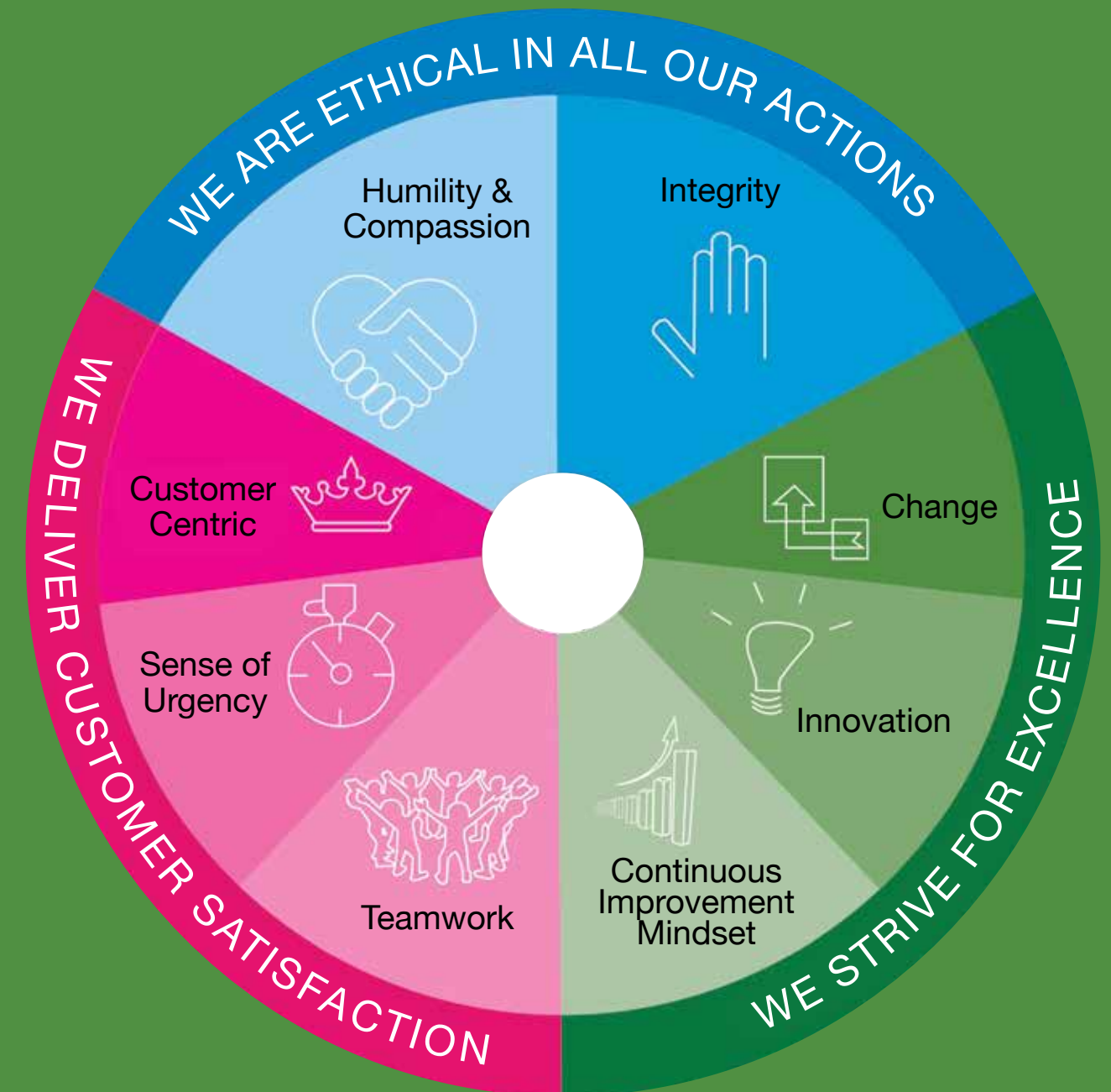
## Risk Management

Working closely with you, our underwriters and risk engineers can identify and control risk in a broad range of environments, both in the manufacturing and service sectors. With Century Insurance's specialized underwriting knowledge, experienced risk assessments and excellent claims handling, we'll be there to support you should a claim occur.

Our Risk Engineers identify, assess and guide you to improve risks helping you reduce losses and the overall risk to your business.



## Core Values



# Code of Conduct

## 1. RELATIONSHIP WITH EMPLOYEES

- Century Insurance Company Limited (CICL) takes pride in the strong personal commitment of its people towards the progress and success of the Company. CICL's policy is to treat individuals in all aspects of employment solely on the basis of merit irrespective of race, religion, color, age, gender, and marital status. CICL believes in individual's respect and their rights.

The Company is committed to the growth of its employees. This is achieved through building a culture of mutual trust, learning and motivation.

- CICL's vision is based on inspiring and developing individuals as their success depends on their ability to make meaningful contributions to the progress of the Company.

## 2. RELATIONSHIP WITH COMPANY

- The employees of the Company strive to adhere to its guidelines and objectives and to give their best efforts to improve its performance. They recognize the trust placed by the Company in them and act with integrity and honesty in all situations - to preserve that trust and confidence. They avoid conflicts of interest and other situations that are potentially harmful to the progress of the Company.
- The employees of the Company use its assets, facilities and services only for lawful, proper and authorized purposes. They intend to make best use of the Company's equipment, systems and technology in order to have fast and reliable communication and a strong MIS system to further the aims and objectives of the Company.

## 3. RELATIONSHIP WITH BUSINESS COMMUNITY

- Each employee is responsible for how he or she is perceived by clients and other business partners; it is essential that they maintain the Company's reputation for honesty and fair dealing with these people and organizations.
- It is CICL's policy to respect the trade secrets and proprietary information of others. This is particularly pertinent if one has knowledge of trade secrets and proprietary information of a former employer.

## 4. RELATIONSHIP WITH CLIENTS

- CICL's reputation has been built upon the trust and quality service it is providing. Our commitment to excellence in quality of service and building strong client relationships is essential to the continued growth and success of the Company. Also, vital for success is to meet the challenges of the highly competitive market with our expertise, innovative and creative marketing.

*CICL's motto: "Customer satisfaction is management's top priority"*

## 5. RELATIONSHIP WITH GOVERNMENT AND THE LAW

- CICL supports free enterprise and a competitive market system. The Company's policy is to comply fully with all applicable laws irrespective to the extent to which they are enforced. The Company cooperates fully with all government and regulatory bodies and is committed to high standards of corporate governance. Penalties for non-compliance can be severe and can involve criminal proceedings.

- CICL's financial policies for conducting business are based on trust, transparency, integrity, and following the principles of accounting and finance as approved by regulations and applicable accounting codes. Any unsupportive or false entry, infringement of accounts for individual or Company gain is contrary to our business codes and ethics.

## 6. RELATIONSHIP WITH SOCIETY

- CICL strives to operate as a responsible corporate citizen within both the local and global communities.
- CICL is an equal opportunity employer for all levels of employees irrespective of color, race, gender, age, ethnicity or religious beliefs.
- CICL provides a safe and healthy workplace, protecting human health and the environment.
- CICL pays its employees a remuneration that enables them to meet at least their basic needs, and provides employees the opportunity to improve their skills and capabilities.
- CICL respects employees' freedom of association.
- CICL works with governments and the communities in which we do business to improve the educational, cultural, economic and social wellbeing of those communities.

## 7. RELATIONSHIP WITH THE ENVIRONMENT

- Protecting the world in which we live is a vital concern and a continuing commitment. CICL is dedicated to contributing to the overall quality of life. We recognize and constantly reaffirm the value of a healthy and clean environment.

## 8. RELATIONSHIP WITH THE SHAREHOLDERS

- CICL strives to serve the best interests of its shareholders to provide consistent growth and a fair rate of return on their investment and to maintain its position and reputation as one of the leading insurance companies, dedicated to protecting shareholders' investments and providing full and timely information. By conducting our business in accordance with the principles of fairness, decency and integrity set forth here we help to build shareholders' value.

## 9. RESPONSIBILITY FOR COMPLIANCE

- In accepting employment with the Company, each of us becomes accountable for compliance with these standards of conduct and with all laws and regulations. Managers are responsible for communicating these standards to employees to ensure that they understand and abide by them, and for creating a climate where employees can discuss ethical and legal issues freely.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 36th Annual General Meeting of Century Insurance Company Limited will be held on Thursday, April 28, 2022 at 03:00 p.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

Please note that due to the continuing Covid 19 pandemic and to ensure the safety and health of members, physical attendance will be limited, and shareholders are encouraged to attend the meeting through video conference facility managed by the Company (please see the notes section for details).

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2021 together with the Directors' and Auditors' reports thereon.
2. To declare final dividend in cash @ 22.50% i.e. Rs. 2.25 per share of Rs.10.00 each and by way of issue of fully paid bonus shares @ 10% in the proportion of one share for every ten shares of Rs.10.00 each held by the members as recommended by the Board of Directors.
3. To appoint Auditors and fix their remuneration.

## SPECIAL BUSINESS

### Ordinary Resolution

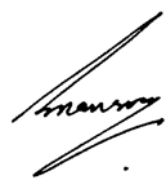
4. To consider, subject to declaration of the final dividend as above, to capitalize a sum of Rs. 50,296,810 by way of issue of 5,029,681 fully paid bonus shares of Rs.10.00 each and if thought fit to pass an ordinary resolution in the matter.

### Special Resolutions

5. To consider, and if thought fit, to pass with or without modification the following resolutions as Special Resolution:
  - a) **"RESOLVED** that the transactions carried out in normal course of business with associated companies/ related parties as disclosed in Note No.34 of the audited financial statements for the year ended December 31, 2021 be and are hereby ratified and approved."
  - b) **"FURTHER RESOLVED** that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies/related parties during the ensuing year ending December 31, 2022 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement under Section 134 of the Companies Act, 2017 in the above matters mentioned in item Nos. 4 & 5 is annexed.

By Order of the Board



(MANSOOR AHMED)  
Company Secretary

Karachi: March 28, 2022

## Notes:

1. The share transfer books of the Company will remain closed from April 22, 2022 to April 28, 2022 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi up to the close of business on April 21, 2022 will be treated in time for entitlement of the dividend and bonus shares.
2. Participation in the AGM proceedings via physical presence or through video conferencing facility:

Due to the continuing Covid 19 pandemic and to ensure the safety and health of members, physical attendance at the AGM will be limited. Hence, members are encouraged to attend the AGM proceeding via video-conferencing facility, which shall be made available by the Company.

The special arrangement for attending the AGM through electronic means will be as under:

1. To facilitate our members who want to attend AGM through zoom application - a video link facility.
2. Shareholders interested in attending the AGM either physically or through Zoom application are hereby requested to get themselves registered with the Company Secretary office by providing the following details at the earliest but not later than 48 hours before the time of AGM (i.e. before 3.00 p.m. on April 26, 2022) through following means:
  - a) Mobile/WhatsApp: 0315 5008228
  - b) E-mail: mansoor@lakson.com.pk

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification.

Member wishing to attend in person must also provide a copy of their vaccination certificates at the above e-mail address.

Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail address. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone/computer devices.

In view of the above, the Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM by using the aforesaid means.

The Company reserves the right to refuse entry to any member who has not pre-registered for physical attendance or is not carrying their vaccination card with them. These measures are necessary to ensure the safety and the health of all present

3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. A proxy must be a member of the Company. A corporate entity, being a member, may appoint any person, regardless whether they are a member or not, as its proxy. In case of corporate entities, a resolution of the Board of Directors/ Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted to the Company along with a completed proxy form. The proxy holders are requested to produce their national CNICs or original passports at the time of the meeting.
4. Forms of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting excluding holidays.
5. Members holding shares in physical form are requested to promptly notify Shares Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.

6. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the shares registrar of the Company M/s. FAMCO Associates (Private) Limited, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC account or physical folio of the shareholder

7. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, the Securities and Exchange Commission of Pakistan has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. [www.cicl.com.pk](http://www.cicl.com.pk). Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Shares Registrar of any change in the registered e-mail address.
8. The rates of deduction of Income Tax from dividend payments under section 150 of the income tax Ordinance, 2001 shall be as follows:

1. Shareholders appearing in Active Taxpayers List (ATL): 15%
2. Shareholders not appearing in Active Taxpayers List (ATL): 30%

- (i) To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.
- (ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to FAMCO Associates (Private) Limited, by the first day of Book Closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Shares Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Shares Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

- (iv) For any query/problem/information, the investors may contact the Company Secretary at phone: 3840 0000 and email address: [mansoor@lakson.com.pk](mailto:mansoor@lakson.com.pk) and/or FAMCO Associates (Private) Limited at phone: 3438 0101-5 and email address: [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk).

- (v) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers. Without the NTN company would not be in a position to check filer status on the ATL and hence higher tax of 30% may be applied in such cases.

9. Non-resident individual shareholders shall submit declaration or undertaking with copy of valid passport under definition contained in Section 82 of the Income Tax Ordinance, 2001 for determination of residential status for the purposes of tax deduction on dividend to the Shares Registrar M/s. FAMCO Associates (Private) Limited at 8-F, near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi or email at [info.shares@famco.com.pk](mailto:info.shares@famco.com.pk) at the latest by April 21, 2022. The copy of declaration form can be downloaded at Shares Registrar website: <https://famco.com.pk/share-registration-services/>.
10. To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on NJSP of Rs. 50.00 to the Shares Registrar, before the first day of book closure.
11. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulation, 2018.
12. An updated list for unclaimed dividend/shares of the Company is available on the Company's website [www.cicl.com.pk](http://www.cicl.com.pk). These are unclaimed dividend / shares which have remained unclaimed or unpaid for a period of three years from the date these have become due and payable.

Claims can be lodged by shareholders on Claim Forms as are available on the Company's website. Claim Forms must be submitted to the Company's Shares Registrar for receipt of dividend/shares.

13. The Securities and Exchange Commission of Pakistan has issued a letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 addressed to all listed companies drawing attention towards the provision of Section 72 of the Companies Act, 2017 (Act) which requires all companies to replace shares issued by them in physical form with shares to be issued in the Book-Entry-form within a period not exceeding four years from the date of the promulgation of the Act.

In order to ensure full compliance with the provisions of the aforesaid Section 72 and to benefit from the facility of holding shares in the Book-Entry-Form, the shareholders who still hold shares in physical form are requested to convert their shares in the Book-Entry-Form.

14. Form of Proxy is enclosed.

#### STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning Special Business, given in agenda item Nos. 4 & 5 of the Notice which will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Business.

#### 1 - Agenda Item No.4 of the Notice – issue of Bonus Shares to be passed as an Ordinary Resolution.

The Board of Directors has recommended to the members of the Company to declare final dividend in cash @ 22.50% and by way of issue of fully paid bonus shares @ 10% for the year ended December 31, 2021. Subject to approval of the Board of Directors' recommendation as above, the resolution as under will be considered to be passed by the members as an ordinary resolution.

#### "RESOLVED THAT:

- i) a sum of Rs.50,296,810 out of the profit for the year ended December 31, 2021 be capitalized and applied in making payment in full of 5,029,681 ordinary shares of Rs.10.00 each and that the said shares be allotted as fully paid up bonus shares to those members of the Company whose names appear in the register of members on April 21, 2022 @ 10% i.e. in the proportion of

one share for every ten existing shares held by the members and that such new shares shall rank pari passu in all respects with the existing ordinary shares of the Company. However, they will not qualify for the final cash dividend declared for the year ended December 31, 2021;

- ii) in the event of any member holding less than ten shares or a number of shares which is not an exact multiple of ten, the fractional entitlements of shares of such members shall be consolidated into whole new shares and the Directors of the Company be and are hereby authorized to arrange sale of the shares constituted thereby in such manner as they may think fit and to pay the proceeds of the sale to such of the members according to their entitlement;
- iii) for the purpose of giving effect to the above, the Directors be and are hereby authorized to take all necessary steps in the matter and to settle any question or difficulties that may arise in regard to the distribution of the said new shares as they think fit."

**2 - Agenda Item No.5(a) of the Notice – Transactions carried out with associated companies/related parties during the year ended December 31, 2021 to be passed as a Special Resolution.**

The transactions carried out in normal course of business with associated companies/related parties were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

During the Board Meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies/related parties, the quorum of directors seemingly could not be formed for approval some of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions conducted during the financial year ended December 31, 2021 with associated companies/related parties shown in Note No.34 of the audited financial statements are being placed before the shareholders for their consideration and approval/ratification.

**3 - Agenda Item No.5(b) of the Notice – Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies/related parties during the ensuing year ending December 31, 2022 to be passed as a Special Resolution.**

The Company would be conducting transactions with associated companies/related parties in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies/related parties. Therefore, such transactions with associated companies/related parties have to be approved by the shareholders.

The shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies/related parties during the ensuing year December 31, 2022.

The Directors are interested in the above items to the extent of their common directorships and shareholding in the associated companies/related parties and the privileges attached thereto only.

## Corporate Calendar

24

February 24, 2021

Audit Committee meeting to consider accounts of the Company for the year ended December 31, 2020

26

February 26, 2021

Board of Directors' meeting to consider accounts of the Company for the year ended December 31, 2020

27

April 27, 2021

Audit Committee meeting to consider accounts of the Company for the quarter ended March 31, 2021

28

April 28, 2021

Board of Directors' meeting to consider accounts of the Company for the quarter ended March 31, 2021

29

April 29, 2021

Annual General Meeting of shareholders to consider accounts of the Company for the year ended December 31, 2020

24

August 24, 2021

Audit Committee meeting to consider accounts of the Company for the half year ended June 30, 2021

26

August 26, 2021

Board of Directors' meeting to consider accounts of the Company for the half year ended June 30, 2021

26

October 26, 2021

Audit Committee meeting to consider accounts of the Company for the quarter ended September 30, 2021

27

October 27, 2021

Board of Directors' meeting to consider accounts of the Company for the quarter ended September 30, 2021

# Access to Reports and Enquiries

## Annual Report

Annual report 2021 may be downloaded from the Company's website: [www.cicl.com.pk](http://www.cicl.com.pk) or printed copies obtained by writing to:

The Company Secretary  
 Century Insurance Company Limited  
 Registered & Corporate Office  
 Lakson Square Building No. 2, Sarwar Shaheed  
 Road, Karachi 74200, Pakistan.

## Quarterly Reports

The Company publishes interim reports at the end of first, second and third quarters of the financial year. The interim reports for the year 2021 can be accessed from Century Insurance website: [www.cicl.com.pk](http://www.cicl.com.pk) or printed copies can be obtained by writing to the Company Secretary.

## Shareholders' Enquiries

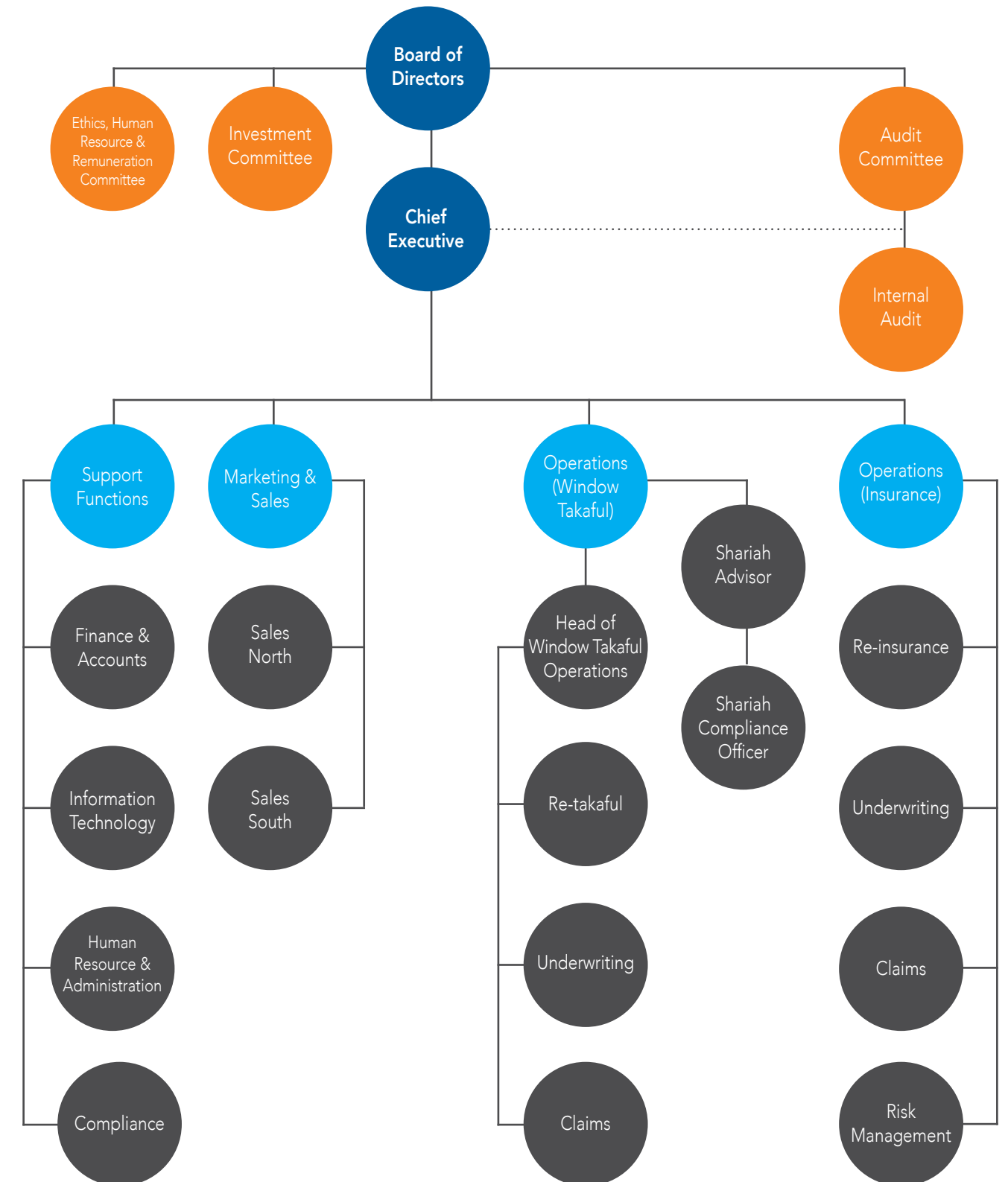
Shareholders' enquiries about their holding, dividends or share certificates should be directed either to Company's registered office or shares registrar at the following address:

M/s. FAMCO Associates (Private) Limited  
 8-F, Near Hotel Faran, Nursery, Block-6,  
 P.E.C.H.S., Shakra-e-Faisal, Karachi.

## Stock Exchange Listing

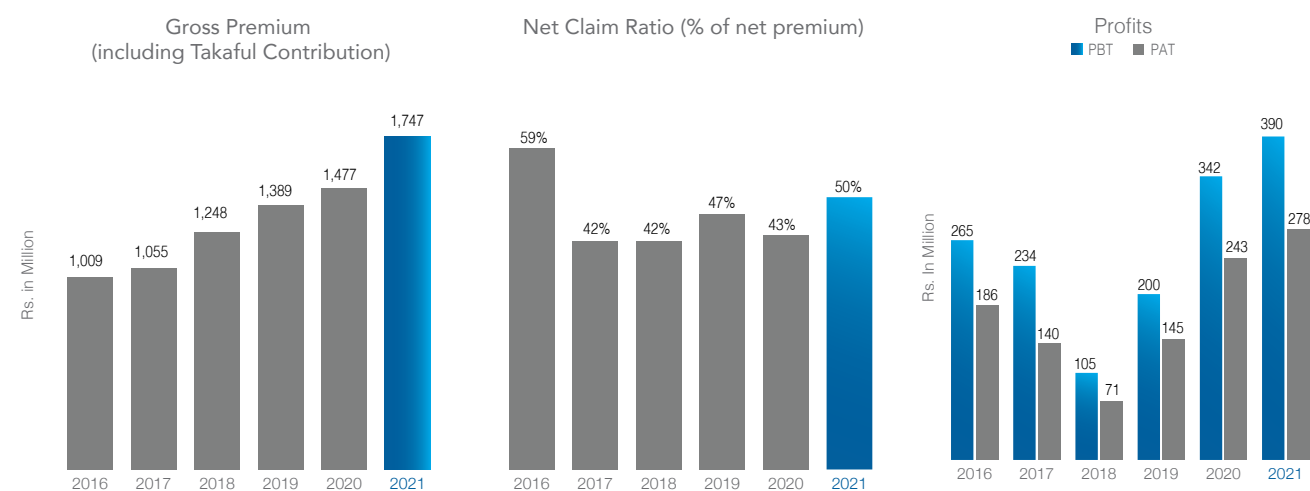
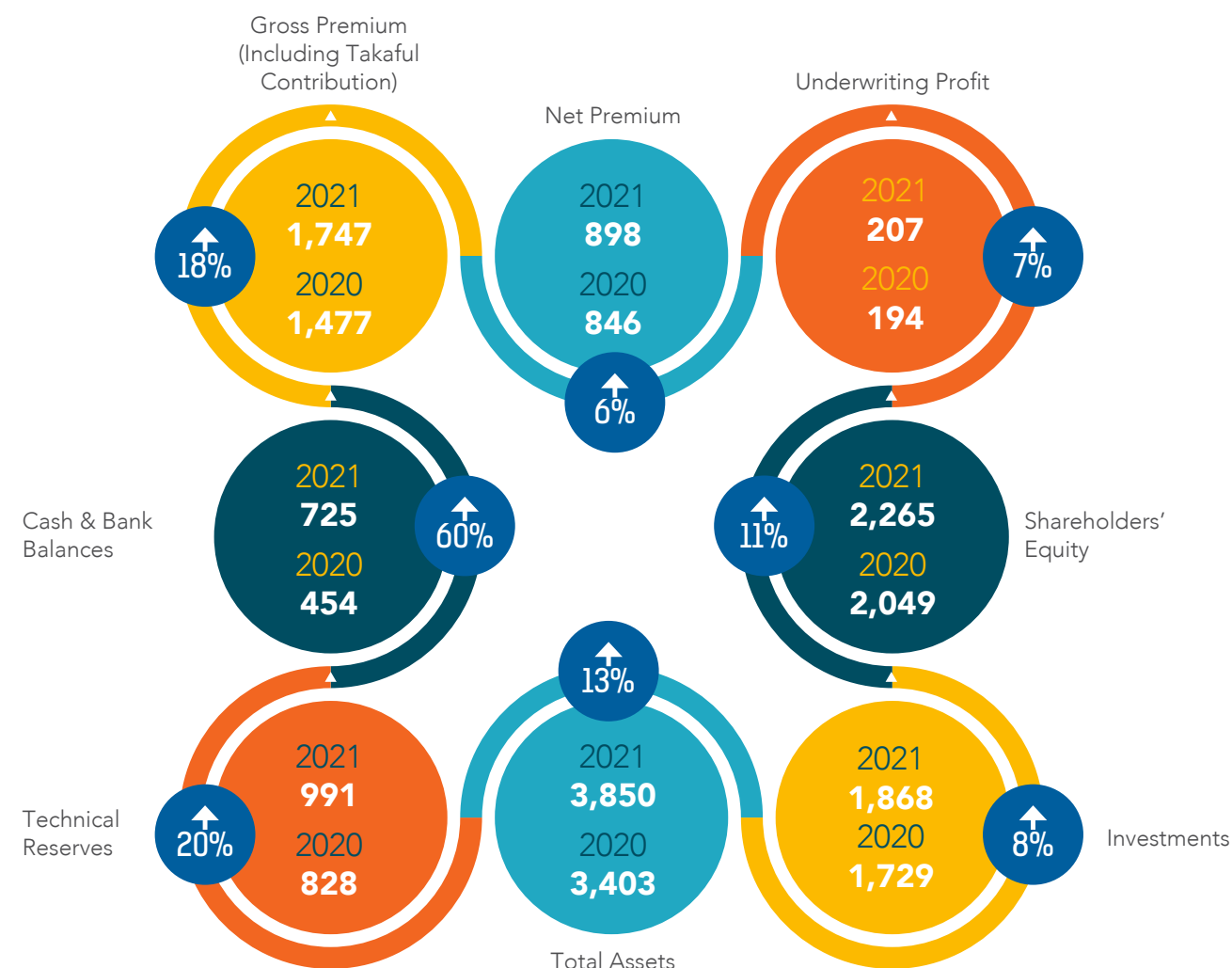
Shares of Century Insurance Company Limited are listed on Pakistan Stock Exchange Limited. The symbol code for dealing in shares of the Company is **CENI**.

# Organisation Chart



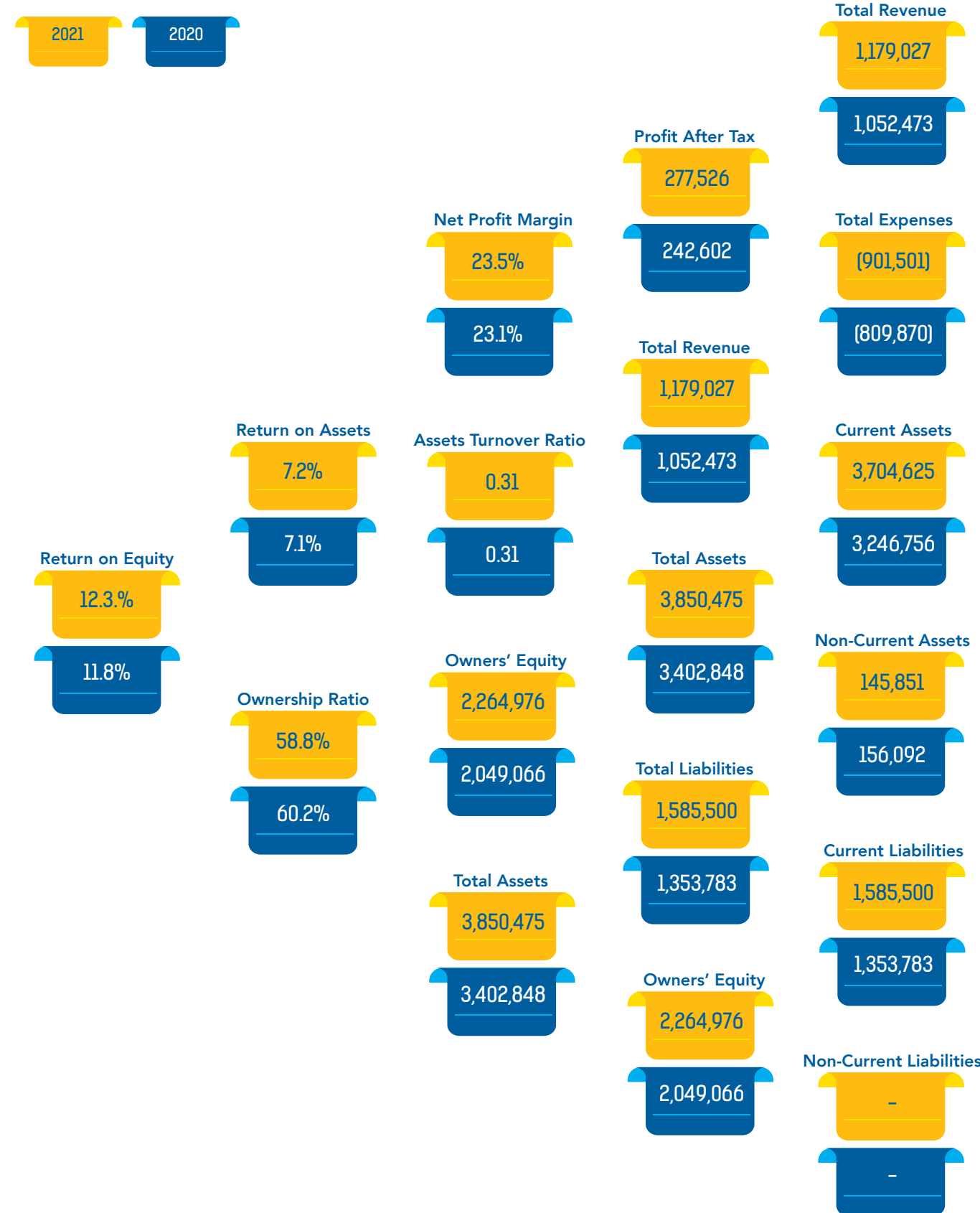
# Performance Highlights

(Rupees in million)



# DuPont Analysis

Rs. in '000







## Share Price & Volume Analysis

The Company's Share Prices & Volume on the PSX in the year 2021.

Month	Highest --- (Rupees per Share) ---	Lowest	Average of Volume -- No of Shares --
January	24.50	22.20	3,056
February	23.90	21.79	2,719
March	22.95	21.50	5,423
April	21.88	18.06	3,350
May	20.00	18.05	4,286
June	19.50	18.52	3,091
July	19.60	18.21	6,364
August	21.20	18.90	1,813
September	20.19	18.01	8,875
October	19.10	18.90	13,583
November	20.00	17.12	6,708
December	19.00	17.10	4,300

### Share Price Sensitivity Analysis

The Company's share price is sensitive to the following factors:

- Country's economic conditions.
- Political scenario.
- Stock market sentiments.
- Company's performance.
- Dividend announcements.
- Change in government policies and regulations relating to insurance business.
- Company's Financial Strength Rating.

### Market Capitalization

Particulars	Years					
	2021	2020	2019	2018	2017	2016
Number of Shares outstanding (in million)	50	50	50	50	50	46
Market closing price of share as on December 31, (PSX) (Rs.)	19.00	22.75	20.00	23.10	27.30	29.80
Market Share Capitalisation (Rs. in million)	950	1,138	1,000	1,155	1,365	1,371

## Chairman's Review

On behalf of the Board of Directors, it is my pleasure to present to you, the Annual Report and performance review of the Company for the year ended December 31, 2021.

### Review of the Economy

At this time last year, the economic situation in Pakistan looked a bit grim with the State Bank of Pakistan projecting GDP growth of between 1.5 and 2.5 percent, primarily on account of the uncertainty surrounding the effects of the Covid pandemic. However, the economy made an excellent recovery in FY21, growing by an impressive 3.9 percent. This was due to a multitude of factors including the transition to smart lockdowns, the rollout of an effective vaccination program, strong remittance inflows, an accommodative monetary policy, targeted fiscal support and packages for the agricultural sector.

The overall growth in FY21 of 3.9 percent was contributed to in large measure by significant improvements in the industrial and service sectors whereas the agriculture sector's growth slowed during the period. Industrial activity grew by an estimated 3.6 percent due to an increase in demand for textile exports, construction-allied material, petroleum products and automobiles. The services sector also performed well, growing by 4.4 percent in FY21, on account of a turnaround in wholesale and retail trade. However, growth in the agriculture sector slowed to 2.2 percent, mainly due to a decline of 30 percent in cotton production as the crop was hit by pest attacks and exceptionally heavy monsoon rains. The World Bank expects output growth to ease in FY22 but strengthen thereafter in FY23.

To support the recovery amid uncertainties posed by the pandemic, the Monetary Policy Committee (MPC) decided to keep the policy rate unchanged at 7 percent during FY21. As a result, economic activity indicators started to show signs of recovery while consumer and business confidence improved. Both headline and core inflation moderated in FY21. However, inflation started to increase in the first half of FY22 and in response, the State Bank of Pakistan raised the policy rate by 275-basis points. Inflation is likely to further increase in FY22 due to domestic energy tariff hikes and higher oil and commodity prices, before moderating in FY23. Monetary tightening can be expected going forward and the space for continued expansionary monetary policy is limited.

On the fiscal side, there was a notable reduction in the fiscal deficit to 7.1 percent of GDP in FY21 from 8.1 percent in FY20. This improvement was due to a large increase in tax collection and a slowdown in non-interest current spending. Moreover, a greater than target provincial surplus of 0.7 percent of GDP further supported this outcome. By containing federal non-interest current expenditures, the government was able to create fiscal space for undertaking spending on social safety nets, Economic Stimulus Package (ESP) and provision of targeted support to various sectors of the economy to mitigate the recessionary impact of the pandemic.

Pakistan's public debt profile improved considerably in FY21, with the public debt-to-GDP ratio reducing to 83.5 percent from 87.6 percent in FY20. The reduction in the debt burden as a percentage of GDP was the result of an improvement in both the budget and current account deficits and the revaluation due to the appreciation of the PKR against the US Dollar.

Pakistan's external account improved significantly during FY21 with the current account deficit falling to a 10-year low of US\$ 1.9 billion, mainly on account of rising remittances and export proceeds. The G-20's Debt Service Suspension Initiative and the reduction in global interest rates helped reduce the interest payments on external debt. Pakistan's FX reserves increased by US\$ 5.5 billion during FY21 to US\$ 24.4 billion, and the PKR appreciated 6.7 percent against the US Dollar. However, the World Bank expects the current account deficit to widen in FY22 as imports expand with higher economic growth and oil prices.

### Company Performance Highlights

2021 has been another good year for Century Insurance Company Limited. All insurance classes of business showed growth and there was an increase in underwriting income. Investment & Other Income also increased as compared to last year on account of a prudent balance between equity and fixed income investments.

The comparative financial highlights for the years 2021 and 2020 are presented as follows:

Rs. In Millions (except as otherwise stated)

Description	2021	2020	Increase / (Decrease)	
			Amount	%
Gross Written Premium (including Takaful Contribution)	1,747	1,477	270	18
Net Premium	898	846	52	6
Underwriting results	207	194	13	7
Investment & other income	182	155	27	17
Profit from Window Takaful Operations	19	11	8	73
Profit before tax	390	342	48	14
Profit after tax	278	243	35	14
Earnings per share (Rs.)	5.52	4.82	0.70	15
Total assets	3,850	3,403	447	13
Paid-up capital	503	503	-	-
Total equity	2,265	2,049	216	11

During the year under review, gross premium (including Takaful Contribution) increased by 18 percent from Rs. 1,477.4 million in 2020 to Rs. 1,746.6 million in 2021. Net premium increased by 6 percent from Rs. 846.1 million last year to Rs. 897.6 million in 2021 whereas net claims increased by 25 percent from Rs. 360.2 million last year to Rs. 449.8 million in 2021. The Underwriting result increased by 7 percent from Rs. 193.9 million in 2020 to Rs. 207.3 million in 2021.

#### Window Takaful Operations

The overall Takaful performance was satisfactory.

#### Participant Takaful Fund (PTF)

The Gross Written Contribution for FY2021 was Rs. 145.3 million as compared to Rs. 106.2 million last year. Net contribution revenue was Rs. 37.0 million as compared to Rs. 25.5 million last year and surplus for FY2021 was Rs. 8.5 million as compared to Rs. 4.4 million in the previous year.

#### Operator's Fund (OPF)

Gross Wakala Fee for FY2021 was Rs. 53.0 million whereas Net Wakala Fee was Rs. 48.8 million. Profit before tax was Rs. 18.6 million.

#### Segments at a Glance

All classes of business produced satisfactory results as given below:

#### Fire & Property Damage

Fire & Property Damage class of business accounted for 27 percent of the total premium portfolio. Gross premium underwritten (including Takaful contribution)

during the year was Rs. 470.1 million as compared to Rs. 437.4 million in 2020, an increase of 7 percent. Net premium stood at Rs. 37.5 million as against Rs. 55.4 million in 2020, decreasing by 32 percent. Net claim to net premium ratio for the year under review was 18 percent.

#### Marine, Aviation and Transport

Marine, Aviation & Transport class of business accounted for 21 percent of the total premium portfolio. Gross premium underwritten (including Takaful contribution) during the year was Rs. 369.1 million as compared to Rs. 283.8 million in 2020, an increase of 30 percent. Net premium stood at Rs. 196.5 million as against Rs. 172.9 million in 2020, an increase of 14 percent. The net claim to net premium ratio for the year under review was 11 percent.

#### Motor

Motor class of business accounted for 27 percent of the total premium portfolio. Gross premium underwritten (including Takaful contribution) during the year was Rs. 478.8 million as compared to Rs. 409.0 million in 2020, an increase of 17 percent. Net premium stood at Rs. 346.5 million as against Rs. 305.5 million in 2020, an increase of 13 percent. The net claim to net premium ratio for the year under review was 46 percent.

#### Accident and Health

Accident and Health class of business accounted for 20 percent of the total premium portfolio. Gross premium underwritten (including Takaful contribution) during the year was Rs. 353.8 million as compared to Rs. 279.5 million in 2020, an increase of 27 percent. Net premium stood at Rs. 301.3 million as against Rs. 293.7 million in 2020, an increase of 3 percent. The net

claim to net premium ratio for the year under review was 85 percent.

#### Miscellaneous

Miscellaneous class of business accounted for 4 percent of the total premium portfolio. Gross premium underwritten (including Takaful contribution) during the year was Rs. 74.8 million as compared to Rs. 67.8 million in 2020, an increase of 10 percent. Net premium stood at Rs. 15.8 million as against Rs. 18.7 million in 2020, decreasing by 15 percent. The net claim to net premium ratio for the year under review was 30 percent.

#### Investment & Other Income

The overall Investment and Other Income for the year under review was Rs. 181.8 million as against Rs. 155.4 million in 2020, an increase of 17 percent.

The realized gain from sale of shares, mutual funds and debt securities was Rs. 32.0 million, dividend income from shares was Rs. 32.6 million and returns earned on government & fixed income securities was Rs. 65.6 million. Other income, including interest on bank deposits was Rs. 52.8 million.

Management's policy is to make diversified and secure investments while ensuring safety and a sound balance between risk and return.

#### Claim Settlement

Prompt settlement of claims and customer satisfaction is the company's highest priority as it helps build the trust of its valued clients and earns their goodwill.

#### Board Performance Evaluation

For the Financial year ended December 31, 2021, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvements are an ongoing process leading to action plans. The overall assessment is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitoring financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's responsibility.

#### Reinsurance

The company has strong reinsurance arrangements with some of the best and most highly rated reinsurers in the international market who have full faith and confidence in its underwriting practices. We are

thankful to all our reinsurers for their unwavering support and continued cooperation.

#### Insurer Financial Strength Rating (IFSR)

VIS Credit Rating Company Limited (formerly JCR-VIS Credit Rating Company) has maintained the company's rating at 'AA-' (minus) with a Stable outlook, signifying very high capacity to meet contractual obligations.

#### Human Resource Initiatives

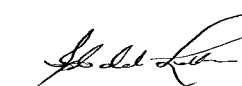
The management is of the firm belief that complete alignment of the human resource strategy with overall corporate goals is vital for the success and growth of any organization. In today's competitive environment, we realize that it is important to place emphasis on recruiting new talent while retaining and developing existing staff and implementing effective performance reviews. During the year under review, your company has been successful in hiring quality professionals particularly in the area of business development. Our continued focus on creating a meritocratic work environment with equal opportunity for all and a clear career path help in maintaining a pool of knowledgeable, experienced and motivated employees who remain our most valuable asset.

#### COVID – 19

The COVID-19 pandemic outbreak has posed lots of challenges at a global level. The company has formed a steering committee in order to ensure compliance with all government directives and SOPs for the safety and health of employees and to ensure uninterrupted services to clients.

#### Acknowledgments

On behalf of the directors of the company, we wish to place on record our appreciation of the efforts of all the employees of the company in enabling its growth and success. We are also grateful to our clients for their patronage, to the Securities & Exchange Commission of Pakistan (SECP) for its guidance as regulator of the insurance industry and to our reinsurers and shareholders for their trust and confidence in the company.



Iqbal Ali Lakhani  
Chairman

Karachi: February 28, 2022

Note: To read urdu translation of the above Chairman's review please refer page 35 to 32

## شعبہ جات پر ایک نظر

کاروبار کے تمام شعبوں نے بہترین کارکردگی پیش کی جو کہ مندرجہ ذیل ہے۔

### آتش زنی اور املاک کو نقصان / فائر اور پراپرٹی

آتش زنی اور املاک کے نقصان کا شعبہ کل پریمیئم پورٹ فولیو کا 27 فیصد رہا۔ سال بھر میں کل بیمہ پریمیئم (بشمول تکافل حصہ) 2020ء کے 437.4 ملین روپے کے مقابلے میں 470.1 ملین روپے رہا، جو 7 فیصد اضافہ ہے۔ خالص پریمیئم 2020ء کے 55.4 ملین روپے کے مقابلے میں 32 فیصد کمی کے ساتھ 37.5 ملین روپے رہا۔ جائزے کے سال کے لیے خالص پریمیئم پر خالص کلیم کا تناسب 18 فیصد تھا۔

### بحری، ہوا بازی اور نقل و حمل

بحری، ہوا بازی اور نقل و حمل کاروباری شعبے کے کل پریمیئم پورٹ فولیو 21 فیصد حصہ رہا۔ کل بیمہ پریمیئم (بشمول تکافل حصہ) 2020ء کے 283.8 ملین روپے کے مقابلے میں سال بھر میں 369.1 ملین روپے رہا، جو 30 فیصد اضافہ ہے۔ خالص پریمیئم 2020ء کے 172.9 ملین روپے کے مقابلے میں 196.5 ملین روپے رہا جو 14 فیصد اضافہ ہے۔ جائزے کے سال کے لیے خالص پریمیئم پر خالص کلیم کا تناسب 11 فیصد تھا۔

### موٹر

موٹر کاروبار کا شعبہ کل پریمیئم پورٹ فولیو کا 27 فیصد ہے۔ کل بیمہ پریمیئم (بشمول تکافل حصہ) 2020ء کے 409.0 ملین روپے کے مقابلے میں سال بھر میں 478.8 ملین روپے رہا، جو 17 فیصد اضافہ ہے۔ خالص پریمیئم 13 فیصد اضافہ کے ساتھ 2020ء کے 305.5 ملین روپے کے مقابلے میں 346.5 ملین روپے رہا۔ جائزے کے سال میں خالص پریمیئم پر خالص کلیم کا تناسب 46 فیصد تھا۔

### حادثات اور صحت

کاروبار کا حادثات و صحت شعبہ کل پریمیئم پورٹ فولیو کے 20 فیصد پر مشتمل ہے۔ کل بیمہ پریمیئم (بشمول تکافل حصہ) سال بھر میں 353.8 ملین روپے رہا جو 2020ء میں 279.5 ملین روپے تھا یعنی 27 فیصد اضافہ ہوا۔ خالص پریمیئم 2020ء کے 293.7 ملین روپے کے مقابلے میں 301.3 ملین روپے رہا یعنی 3 فیصد اضافہ ہے۔ جائزے کے سال میں خالص پریمیئم پر خالص کلیم تناسب 85 فیصد تھا۔

### متفرق

کاروبار کا متفرق حصہ کل پریمیئم پورٹ فولیو کے 4 فیصد پر مشتمل ہے۔ سال بھر میں کل بیمہ پریمیئم (بشمول تکافل حصہ) 2020 میں 67.8 ملین روپے کے مقابلے میں 10 فیصد اضافہ کے ساتھ 74.8 ملین روپے تھا۔ خالص پریمیئم 15 فیصد کمی کے ساتھ 2020ء کے 18.7 ملین روپے کے مقابلے میں 15.8 ملین روپے رہا۔ جائزے کے سال کے لیے خالص پریمیئم پر خالص کلیم

تناسب 30 فیصد تھا۔

### سرمایہ کاری و دیگر آمدنی

زیر غور سال کے لئے مجموعی طور پر سرمایہ کاری اور دیگر آمدنی میں 181.8 ملین روپے کا منافع ہوا تھا۔ جبکہ 2020ء میں 155.4 ملین روپے رہا تھا۔ جو کہ 17 فیصد کا اضافہ ہے۔

حصص اور میمورنڈم فنڈز کی فروخت سے نفع 32.0 ملین روپے تھا، حصص سے ڈیویڈنڈ آمدنی 32.6 ملین روپے تھی اور سرکاری و طے شدہ انکم سکیورٹیز پر حاصل کردہ آمدنی 65.6 ملین روپے تھی۔ دیگر آمدنیاں، بشمول بینک ڈپازٹس پر سود، 52.8 ملین روپے رہیں۔

انتظامیہ کی پالیسی ہے کہ خطرات اور منافع جات میں محفوظ اور مستحکم توازن یقینی بناتے ہوئے متنوع اور محفوظ انویسٹمنٹس کی جائیں۔

### کلیم ادائیگی

کلیمز کی فوری ادائیگی اور صارف کا اطمینان ادارے کی اولین ترجیح ہے کیونکہ یہ صارفین کا اعتماد اور ان کی خوشنودی حاصل کرنے میں مدد دیتا ہے۔

### بورڈ کارکردگی کا جائزہ

مالی سال برائے 31 دسمبر 2021ء کے لیے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی ہے۔ بہتری ایک مستقل جاری رہنے والا عمل ہے جس کی مدد سے عملی منصوبہ بندیوں کو ممکن بنایا جاتا ہے۔ مجموعی جائزہ ضروری اجزاء کے انفرادی جائزے پر منحصر ہے جن میں دور اندیشی، نصب العین اور اقدار، حکمت عملی کے بنانے میں کردار، پالیسیز کی تشکیل، کمپنی میں جاری کاروبار ی سرگرمیوں کی نگرانی، مالیاتی وسائل کے انتظام کی، موثرٹی نگرانی، بورڈ کے کاروبار کو پورا کرنے میں ملازمین کے ساتھ منصفانہ سلوک اور بورڈ کی ذمہ داریوں کو کرنا شامل ہے۔

### ری انشورنس

کمپنی چند بہترین اور بین الاقوامی مارکیٹ میں عمدہ ساکھ رکھنے والے ری انشوررز کے ساتھ مضبوط ری انشورنس انتظامات رکھتی ہے۔ جنکا بیمہ کاری کے عمل پر مکمل یقین اور اعتماد ہے۔ ہم مستقل مدد اور مسلسل تعاون پر تمام ری انشوررز کے شکر گزار ہیں۔

### انشورر فائنانشل اسٹریٹج ریٹنگ (IFSR)

VIS کریڈٹ ریٹنگ ایجنسی لمیٹڈ (سابقہ JCR-VIS کریڈٹ ریٹنگ کمپنی) نے ادارے کی درجہ بندی کو "AA" پر برقرار رکھا ہے، جس میں استحکام ہے، جو معاہدے کے تحت اپنی ذمہ داریوں کو پورا کرنے کی بہترین گنجائش کو ظاہر کرتا ہے۔

## افراد کی وسائل کے منصوبے

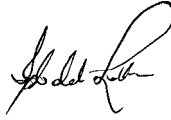
ادارے کی انتظامیہ یقیناً کامل رکھتی ہے کہ کسی بھی ادارے کے مجموعی اہداف کے کامیابی سے حصول کے لیے انفرادی وسائل کی حکمت عملی سے مکمل ہم آہنگی ضروری ہے۔ آج کے مسابقتی ماحول میں ہم سمجھتے ہیں کہ موجودہ عملے کو برقرار رکھنا اور ترقی و کارکردگی کے مؤثر جائزے پیش کرنا اہم ہے۔ مذکورہ سال میں آپ کے ادارے نے بالخصوص بزنس ڈیولپمنٹ کے شعبے میں معیاری ماہرین کو کامیابی سے حاصل کیا۔ ہماری مسلسل توجہ اہلیت پر مبنی کام کا ماحول تخلیق کرنے پر مرکوز ہے کہ جہاں سب کے لیے یکساں مواقع ہوں اور زیرک، تجربہ کار اور ماہر ملازمین کے مجموعے کو برقرار رکھنے کے لیے کیریئر کا واضح راستہ ہو کیونکہ وہ ہمارا سب سے قابل قدر اثاثہ ہیں۔

### کووڈ-19 (COVID-19)

کووڈ 19 کے مرض کی وبا کے باعث دنیا کو بے شمار نئے چیلینجز کا سامنا ہوا ہے۔ کمپنی نے ایک اعلیٰ رینگ کمیٹی تشکیل دی ہے، تاکہ ملازمین کی حفاظت اور صحت کے حوالے سے تمام متعلقہ اقدامات اور ایس او پیز اختیار کرے اور کلائنٹ تک بلا تعطل خدمات کو یقینی بنایا جاسکے۔

## اعتراف

میں ادارے کی ترقی اور کامیابی کو ممکن بنانے کے لیے تمام ملازمین کی کوششوں پر انہیں کمپنی ڈائریکٹرز کی جانب سے سراہنا چاہتا ہوں۔ ہم اپنے شانہ بشانہ رہنے پر تمام کلائنٹس، انشورنس انڈسٹری میں ریگولیٹر کی حیثیت سے رہنمائی کرنے پر سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور کمپنی پر بھروسہ و اعتماد کرنے پر اپنے شیئرز ہولڈرز کے بھی شکر گزار ہیں۔



اقبال علی لاکھانی  
چیئرمین

کراچی: 28 فروری 2022ء

## چیسر مین کا جائزہ

31 دسمبر 2021ء کو ختم ہونے والے سال کے لیے بورڈ آف ڈائریکٹرز کی جانب سے سالانہ رپورٹ اور ادارے کی کارکردگی کا جائزہ پیش کرنا میرے لیے خوشی کا باعث ہے۔

### معیشت کا جائزہ

گزشتہ سال کے انہی ایام میں پاکستان کی معاشی صورت حال ذرا گھبر نظر آتی تھی کیونکہ کووڈ وبا سے پھیلی بے یقینی کی وجہ سے بینک دولت پاکستان نے معیشت میں 1.5 سے 2.5 فیصد نمو کی پیش گوئی کی تھی۔ البتہ مالی سال 2021ء میں معیشت نے زبردست بحالی کی اور 3.9 فیصد کی متاثر کن نمو ظاہر کی۔ ایسا مختلف عوامل کی بنا پر ہوا جن میں اسمارٹ لاک ڈاؤنز اختیار کرنا، مؤثر ویکسینیشن پروگرام پیش کرنا، ترسیلات زر کی بھرپور آمد، ایک ہمدرد مالیاتی پالیسی، ہدف بناتے ہوئے کی گئی مالی مدد اور زرعی شعبے کے لیے پیکیجز شامل ہیں۔

مالی سال 2021ء کی 3.9 فیصد کی مجموعی نمو میں صنعت اور خدمات کے شعبوں میں آنے والی نمایاں بہتری کا بڑا کردار رہا جبکہ اس عرصے میں زرعی شعبے کی نمو سست رہی۔ صنعتی سرگرمی میں ٹیکسٹائل برآمدات، تعمیراتی مواد، پیٹرولیم مصنوعات اور گاڑیوں کی طلب بڑھنے کی وجہ سے 3.6 فیصد کا اضافہ ہوا۔ سروسز یعنی خدمات کے شعبے نے بھی تھوک اور خوردہ فروش شعبوں میں بحالی کی بدولت اچھی کارکردگی دکھائی اور مالی سال 2021ء میں 4.4 فیصد کا اضافہ دیکھا۔ البتہ زرعی شعبے کی نمو 2.2 فیصد کے ساتھ سست رہی، جس کی بڑی وجہ کپاس کی پیداوار میں 30 فیصد کی کمی تھی جو فصلی کیڑوں کے حملوں اور مون سون کی غیر معمولی بارشوں کی وجہ سے متاثر ہوئی۔ ورلڈ بینک توقع کرتا ہے کہ مالی سال 2022ء میں پیداوار سست رہے گی البتہ مالی سال 2023ء میں بہتری آئے گی۔

وبا سے پیدا ہونے والی غیر یقینی صورت حال سے بحالی میں مدد کے لیے مالیاتی پالیسی کمیٹی (ایم پی سی) نے مالی سال 2021ء کے دوران پالیسی شرح میں تبدیلی کیے بغیر اسے 7 فیصد پر ہی برقرار رکھنے کا فیصلہ کیا۔ نتیجتاً معاشی سرگرمی کے اشاریوں میں بحالی کی علامات ظاہر کرنا شروع ہو گئیں جبکہ صارفین اور کاروباری اداروں کا اعتماد بہتر ہوا۔ ہیڈ لائن اور کور دونوں قسم کا افراط زر مالی سال 2021ء میں درمیانے درجے کا رہا۔ البتہ مالی سال 2022ء کی پہلی ششماہی میں افراط زر میں اضافہ شروع ہو گیا۔ جس پر رد عمل دکھاتے ہوئے بینک دولت پاکستان نے پالیسی شرح میں 275- بیسیس پوائنٹس کا اضافہ کر دیا۔ مقامی طور پر بجلی و گیس کے نرخوں میں اضافے اور پٹرول اور دیگر اشیاء کی قیمتیں بڑھنے سے مالی سال 2022ء میں افراط زر بدستور بڑھنے کا امکان ہے، جس کے بعد مالی سال 2023ء میں یہ دھیما ہو جائے گا۔ آگے بڑھتے ہوئے مالی تنگی کی توقع کی جاسکتی ہے اور مستقل توسیعی مالیاتی پالیسی کے لیے گنجائش محدود ہے۔

2021ء اور 2020ء کے سالوں کے لیے مسابقتی مالیاتی جھلکیاں مندرجہ ذیل ہیں

(روپے ملین میں علاوہ دیگر بیانیہ)

بیان	2021ء	2020ء	رقم اضافہ/(کمی) فیصد
تحریر شدہ مجموعی پریمیم (بشمول تکافل حصہ)	1,747	1,477	270
خالص پریمیم	898	846	52
انڈر رائٹنگ نتائج	207	194	13
سرمایہ کاری و دیگر آمدنی	182	155	27
ونڈو تکافل آپریشن سے منافع	19	11	8
منافع قبل از ٹیکس	390	342	48
منافع بعد از ٹیکس	278	243	35
آمدنی فی حصص (روپے)	5.52	4.82	0.70
کل اثاثہ جات	3,850	3,403	447
ادا شدہ سرمایہ	503	503	-
کل لیکویٹی	2,265	2,049	216

جائزے کے سال میں مجموعی پریمیم (بشمول تکافل حصہ) 2020ء میں 1,477.4 ملین روپے سے بڑھ کر 1,746.6 ملین روپے ہوا، جو 18 فیصد اضافہ ہے۔ خالص پریمیم 2020ء میں 846.1 ملین روپے کے مقابلے میں 6 فیصد اضافے کے ساتھ 897.6 ملین روپے ہو گیا۔ جبکہ خالص ٹیکسز 2020ء میں 360.2 ملین روپے کے مقابلے میں 2021 میں 449.8 ملین روپے کا اضافہ ہوا، جو کہ 25 فیصد ہے۔ انڈر رائٹنگ نتیجہ 7 فیصد بہتری کے ساتھ 2020ء کے 193.9 ملین روپے کے مقابلے میں سال 2021 کے اختتام پر 207.3 ملین روپے تک پہنچا۔

### ونڈو تکافل آپریشن

مجموعی تکافل کارکردگی کافی اطمینان بخش تھی۔

### پارٹیسپنٹ تکافل فنڈ (PTF)

مالی سال 2021ء کے لیے مجموعی تحریر شدہ حصہ داری گزشتہ سال میں 106.2 ملین روپے کے مقابلے میں 145.3 ملین روپے تھی۔ خالص حصہ داری آمدنی گزشتہ سال 25.5 ملین روپے کے مقابلے میں 37.0 ملین روپے تھی اور مالی سال 2021ء کے لیے گزشتہ سال میں سرپلس 4.4 ملین کے مقابلے میں 8.5 ملین روپے تھا۔

### آپریٹرز فنڈ (OPF)

مالی سال 2021ء کے لیے کل وکالہ فیس 53.0 ملین روپے اور خالص وکالہ فیس 48.8 ملین روپے تھی۔ منافع قبل از ٹیکس 18.6 ملین روپے تھا۔

# Directors' Report

The directors of Century Insurance Company Limited (the Company) take pleasure in presenting their report together with the annual audited financial statements and auditors' report thereon for the year ended December 31, 2021.

## Appropriation of Profit

Profits for the year ended December 31, 2021 has been appropriated as follows:

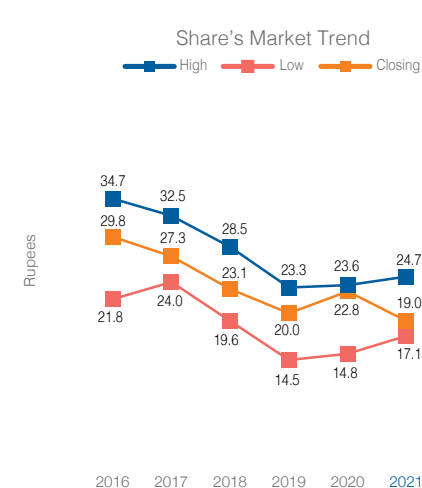
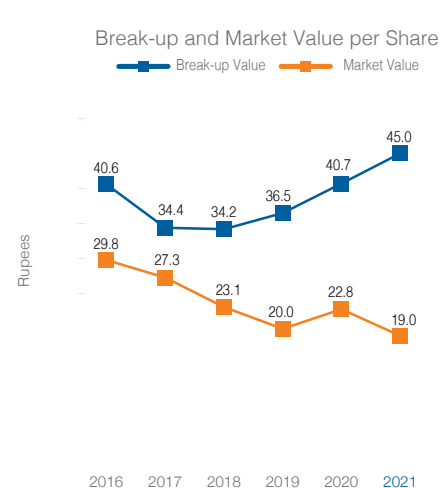
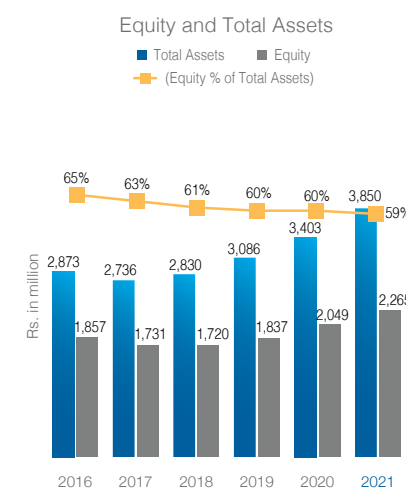
	(Rupees)
Balance brought forward from previous years	1,009,639,409
Total comprehensive income for year	273,110,391
Amount available for appropriations	1,282,749,800
Appropriations:	
Proposed final cash dividend @ 22.50% i.e. Rs. 2.25 per share (2020: @ 20.00% i.e. Rs. 2.00 per share)	(113,167,807)
Proposed bonus share @ 10% i.e. 1 share for every 10 share held	(50,296,810)
Un-appropriated amount carried forward	1,119,285,183

## Earnings per Share

Your Company has earned a profit after tax of Rs. 277.5 million which translates into earnings per share of Rs. 5.52 as compared to Rs. 4.82 for the previous year.

## Paid-up Capital

Your Company has a strong financial base with a paid-up capital of Rs. 503.0 million. Factoring in retained earnings and reserves, the total equity as at December 31, 2021 stood at Rs. 2,265.0 million. The larger equity base will enhance the financial strength and underwriting capabilities of the Company.



## Auditors

M/s EY Ford Rhodes, Chartered Accountants has audited the financial statements of the Company for the year ended December 31, 2021. Being eligible, they have offered themselves for reappointment for the next financial year ending December 31, 2022. Upon recommendation of the Audit Committee, the Board recommends appointing M/s EY Ford Rhodes Chartered Accountants as the statutory auditors of the Company for the year ending December 31, 2022, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

The audit firm has confirmed that it has been awarded a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the guidelines of the International Federation of Accountants (IFAC) on the code of ethics, as adopted by the ICAP.

## Corporate Social Responsibility

Your Company believes in regulating its own behavior to ensure that it stays at all times within both the letter and spirit of the law and adheres to the highest ethical standards and norms within the insurance industry, at both a national and an international level. Moreover, your company strives to make an actual social contribution whenever possible by supporting institutions working for the betterment of underprivileged sections of society in the areas of health, education and culture.

Further, your company has also committed to cover all COVID-19 treatment cost for employees and their immediate family members.

Your Company is also active in promoting insurance awareness and understanding in the country by participating in activities and projects undertaken by the Insurance Association of Pakistan.

## Internal Financial Controls

The directors are aware of their responsibility with respect to internal financial controls. Through discussions with the management and auditors (both internal and external), they confirm that adequate controls have been implemented by the Company.

## Contribution to National Exchequer

Your Company has contributed an amount of Rs. 383.96 million to the Government Treasury on account of taxes, levies and federal excise duty.

## Principle Risks and Uncertainties

The Company is exposed to certain risks and uncertainties. However, we consider the following as key areas of consideration:

- Political and economic uncertainties
- New channels of distribution
- Not keeping pace with advancement in information technology
- Underwriting and credit risk
- Equity market and interest rate risk
- Cybersecurity risk
- Liquidity and cash flow risk

The Company works with internal and external entities to address the above.

## Compliance with the Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed with the report.

## Composition of the Board

The board consists of 6 male directors and 1 female director with following composition:

Independent Directors	2
Non-executive Directors	4
Executive Director	1
<b>Total number of Directors</b>	<b>7</b>

## Remuneration Policy of Directors

In order to comply with companies Act, 2017, Listed Companies (Code of Corporate Governance 0 Regulation 2019 and Articles of Association of the Company, the company has policy with respect to the remuneration of Chief Executive, Non-executive, Executive and Independent Directors.

The fees payable to the non-executive and independent directors for attending the Board and Committee meetings of the Company are determined by the Board from time to time.

The detail of the remuneration paid to the directors and Chief Executive of the company is as follows:

Rs. in Millions

Directors	Meeting Fees	Managerial Remuneration	Bonus	Medical Expense	Total
Mr. Mohammad Hussain Hirji (Chief Executive Officer)	-	16.83	2.90	1.17	20.90
Mr. Sadrudin Ismail Mohamed	0.39	-	-	-	0.39
Mr. Akbar Dawood Vazir	0.19	-	-	-	0.19

## Board of Directors' Meetings

Four board meetings were held during the year. The number of meetings attended by each director is given hereunder:

Name of Directors	No. of Meetings Attended
Mr. Iqbal Ali Lakhani (Chairman)	4
Mr. Amin Mohammed Lakhani	4
Ms. Anushka Lakhani	4
Mr. Sadrudin Ismail Mohamed	4
Mr. Akbar Dawood Vazir	4
Mr. Aftab Ahmad	4
Mr. Mohammad Hussain Hirji (Chief Executive Officer)	4

## Chief Executive Officer (CEO) Performance Review

The Ethics, Human Resource & Remuneration Committee of the Board sets operational, financial and strategic objectives to evaluate the performance of the Chief Executive Officer of the Company and to review and monitor it on an annual basis.

## Board Committees

During the year, four (04) meetings each of the Board Audit Committee and Investment Committee were held and one (01) meeting was held of Ethics, Human Resource & Remuneration Committee. The names of the members of the board committees and their terms of reference are given in the annexure to this report. The Chairman of the board Audit Committee and Ethics, Human Resource & Remuneration Committee is an independent director.

## Management Committees

The Company has three management committees, which cover the core areas of business. The Committees' names, number of meetings, names of members and terms of references are given in the annexure to this report.

## Code of Conduct

The Board has adopted a code of conduct for all employees, who have in turn been informed of this code. All employees understand that they are required to observe these rules of conduct at all times.

## Statement of Directors' Responsibilities

The Directors are pleased to state that the Company is compliant with the financial reporting framework of the Code of Corporate Governance as required by the Securities & Exchange Commission of Pakistan (SECP)

Following are the statements on Corporate and Financial Reporting Framework:

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Insurance Ordinance, 2000 and Companies Act, 2017. These Statements present fairly the Company's state of affairs, the results 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 the preparation of financial statements except those as disclosed in the financial statements, if applicable. Accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, International Financial Reporting Standards and any other regulation or law as applicable in Pakistan, have been followed in the preparation of these financial statements.
- The system of internal control is sound in design. The system is being continuously monitored by an internal audit function and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring in improvements in the system.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance.
- The key operating and financial data for the last six years is annexed.
- Information about taxes and levies is given in the notes to and forming part of financial statements.
- The majority of Directors has either completed the Director's Certification from authorized institutions

or has the prescribed qualification and experience pursuant to Regulation 19 of the CCG.

- The value of investments in respect of retirement benefit funds based on their respective accounts as on December 31, 2021 are as follows:

Provident Fund: Rs. 75.68 million

Gratuity Fund: Rs. 55.17 million

## Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2021 is annexed with the report.

The Board has determined the threshold under clause xvi (l) of CCG-2012 in respect of trading of Company's shares by executives and employees at an annual basic salary of Rs. 2 million or above.

There have been no transactions carried out by the Directors, Chief Executive, CFO, Company Secretary and/or their spouses and minor children in the shares of the Company during the year.

## Subsequent Events

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

## Future Outlook

We are optimistic about the future outlook of Century Insurance Company Limited. We aim to grow in terms of premium income and also in terms of market share. We will look to develop a full range of insurance products to cater to the commercial and retail segments and also develop micro-insurance and digital/internet based products.

Your company will continue to grow and train its field force, especially with respect to serving the corporate sector. Moreover, it will focus on developing new channels of digital distribution so as to effectively penetrate the retail and micro-insurance markets. It will also explore coordinating with banks and other entities to develop new and cost-effective distribution channels.

Your Company will monitor the equity markets so as to take advantage of attractive market returns but will always stress on research to maintain stability, diversification and security of the investment portfolio.

## مستقبل کا منظر نامہ

آپ کا ادارہ سنچری انشورنس کمپنی لمیٹڈ کے مستقبل کے منظر نامے کے بارے میں پُر امید ہے۔ ہمارا ہدف پُر بنیم آمدنی کے علاوہ پارکیٹ شیئر کے اعتبار سے بھی آگے بڑھنا ہے۔ ہماری نظریں کمرشل اور ریٹیل شعبوں کی ضروریات پوری کرنے کے لیے انشورنس مصنوعات کی مکمل رینج تیار کرنے پر ہوں گی اور معاشرے کے کم آمدنی والے طبقات کے لیے مائیکرو-انشورنس مصنوعات بھی تیار کریں گے۔

آپ کا ادارہ اپنی فیلڈ فورس کی تربیت اور صلاحیتوں میں اضافہ جاری رکھے گا، بالخصوص کارپوریٹ شعبے کی خدمات کے حوالے سے۔ مزید برآں، ہماری توجہ ڈیجیٹل تقسیم کے نئے چینل تیار کرنے پر ہوگی تاکہ ریٹیل اور مائیکرو انشورنس مارکیٹوں میں مؤثر انداز میں داخل ہو سکیں۔ ہم نئے اور مؤثر تقسیم کاری چینلوں کی تیاری کے لیے بینکوں اور دیگر اداروں کے ساتھ مل کر بھی امکانات تلاش کریں گے۔

آپ کا ادارہ لیکوٹی مارکیٹوں کی نگرانی بھی کرے گا تاکہ پرکشش مارکیٹ منافع کا فائدہ اٹھا سکیں لیکن پورٹ فولیو کی استحکام اور تنوع کو برقرار رکھنے کے لئے تحقیق پر زور دینگے۔

بورڈ نے ایسے ایگزیکٹو اور ملازمین پر جو سالانہ 02 ملین روپے یا اس سے زیادہ بنیادی تنخواہ وصول کر رہے ہیں، ادارے کے شیئرز کی خرید و فروخت کی حد مقرر کر رکھی ہے۔

ڈائریکٹرز، چیف ایگزیکٹو، CFO، کمپنی سیکریٹری اور/یا ان کے شریک حیات اور چھوٹے بچوں کی جانب سے اس سال کے دوران ادارے کے حصص کی صورت میں کوئی لین دین نہیں کیا گیا۔

## بعد ازاں رونما ہوئے واقعات

مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے دوران کوئی ایسی اہم تبدیلیاں اور معاہدات نہیں ہوئے جو ادارے کی مالیاتی حالت پر اثر انداز ہو سکیں۔

Mohammad Hussain Hirji

جناب محمد حسین بہرجی  
ڈائریکٹر و چیف ایگزیکٹو

Sh. Iqbal Ali

جناب اقبال علی لاکھانی  
چیئر مین

کراچی: 28 فروری 2022ء

Sh. Iqbal Ali

Mr. Iqbal Ali Lakhani  
Chairman  
Karachi: February 28, 2022

Mohammad Hussain Hirji

Mr. Mohammad Hussain Hirji  
Director & Chief Executive

Note: To read urdu translation of the above Directors' Report please refer page 42 to 39

## کارپوریٹ سماجی ذمہ داری

آپ کا ادارہ اپنے رویے کو خود درست رکھنے پر یقین رکھتا ہے تاکہ قانون کی لفظی و معنوی تعمیل اور اعلیٰ ترین اخلاقی معیارات اور انشورنس صنعت کے قواعد دونوں کو یقینی بنایا جائے۔ مزید برآں، آپ کا ادارہ صحت، تعلیم اور ثقافت کے شعبوں میں پسماندہ معاشرے کی بہتری کے لئے کام کرنے والے اداروں کی مدد کر کے جب بھی ممکن ہو حقیقی سماجی حصہ داری کی جدوجہد کرتا ہے۔

اسکے ساتھ، آپ کی کمپنی نے ملازمین اور ان کے قریبی اہل خانہ کے لئے کوویڈ 19 کے علاج کے اخراجات کو پورا کرنے کا عہد کیا ہے۔

آپ کا ادارہ انشورنس ایسوسی ایشن آف پاکستان کی سرگرمیوں اور منصوبوں میں حصہ لے کر انشورنس کے حوالے سے شعور اور فہم اجاگر کرتا ہے۔

## اندرونی مالیاتی کنٹرول

ڈائریکٹرز اندرونی مالیاتی کنٹرول سلسلے میں اپنی ذمہ داری سے بخوبی واقف ہیں۔ انتظامیہ اور آڈیٹرز (انٹرنل اور ایکسٹرنل دونوں) کے ساتھ بات چیت کے ذریعے، وہ اس بات کی تصدیق کرتے ہیں کہ کمپنی کی طرف سے مناسب کنٹرول نافذ کیے گئے ہیں۔

## قومی خزانے میں حصہ داری

آپ کا ادارہ ٹیکس، لیویز اور فیڈرل ایکسائز ڈیوٹی کی مد میں سرکاری خزانے میں 383.96 ملین روپے ادا کر چکا ہے۔

## بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو کچھ ان بہرنت رسک اور غیر یقینی صورتحال کا سامنا ہے۔ تاہم، ہم مندرجہ ذیل کو غیر یقینی صورتحال کے طور پر غور کرتے ہیں:

- سیاسی اور معاشی غیر یقینی صورتحال
- تقسیم کے نئے چینلز
- انفارمیشن ٹیکنالوجی میں ترقی
- انڈورمانٹنگ اور کریڈٹ رسک
- ایکویٹی مارکیٹ اور انہیرنٹ ریٹ کا خطرہ
- سائبر سیکیورٹی رسک
- لیکویڈیٹی اور کیش فلو

مذکورہ بالا کو حل کرنے کے لئے کمپنی اندرونی اور بیرونی اداروں کے ساتھ مل کر کام کرتی ہے۔

## کارپوریٹ گورننس کے ضابطے کی تعمیل

کارپوریٹ گورننس کے ضابطے کی تعمیل کا گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

## بورڈ کی تشکیل

بورڈ درج ذیل تشکیل کے ساتھ 6 حضرات اور 1 خاتون پر مشتمل ہے:

خود مختار ڈائریکٹر	2
دیگر نان ایگزیکٹو ڈائریکٹرز	4
ایگزیکٹو ڈائریکٹر	1
ڈائریکٹرز کی مجموعی تعداد	7

## ڈائریکٹرز کے لئے معاوضہ کی پالیسی

کمپنی ایکٹ 2017 پر عملدرآمد کے تحت اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق کمپنی نے چیئرمین، چیف ایگزیکٹو، نان ایگزیکٹو، ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کے معاوضے کے سلسلے میں پالیسی وضع کر رکھی ہے۔

ادارہ کے بورڈ اور کمیٹی ممبران میں شرکت کے لئے نان ایگزیکٹو ڈائریکٹرز خود مختار ڈائریکٹرز کے مشاہرے کا تعین بورڈ کی طرف سے وقتاً فوقتاً کیا جاتا ہے۔

کمپنی کے ڈائریکٹرز اور چیف ایگزیکٹو کو ادا کیے جانے والے معاوضے کی تفصیلات مجموعی مالیاتی حسابات میں درج ذیل ہیں۔

(روپے ملین میں)

ڈائریکٹرز کے نام	اجلاس کا معاوضہ	منجریل معاوضہ	یوٹیلیٹی	میدیکل اخراجات	کل رقم
جناب محمد حسین ہیرجی (چیف ایگزیکٹو آفیسر)	-	16.83	2.90	1.17	20.90
جناب صدر الدین اسمعیل محمد	0.39	-	-	-	0.39
جناب اکبر داود وزیر	0.19	-	-	-	0.19

## بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ کے چار (04) اجلاس ہوئے۔ ہر ڈائریکٹر کی اجلاسوں میں حاضری کچھ یوں رہی:

ڈائریکٹرز کے نام	شرکت کردہ اجلاسوں کی تعداد
جناب اقبال علی لاکھانی (چیئرمین)	4
جناب امین محمد لاکھانی	4
محترمہ انوشکا لاکھانی	4
جناب صدر الدین اسمعیل محمد	4
جناب اکبر داود وزیر	4
جناب آفتاب احمد	4
جناب محمد حسین ہیرجی (چیف ایگزیکٹو آفیسر)	4

## چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ

بورڈ کی ایٹھس، ہیومن ریسورس اینڈ ریونیویشن کمیٹی نے چیف ایگزیکٹو آفیسر کی کارکردگی کو جانچنے کے لیے عملی، مالیاتی اور حکمت عملی پر مبنی مقاصد کا تعین کیا ہے تاکہ سالانہ بنیاد پر اس کا جائزہ لیا جاسکے اور اسے مانیٹر کیا جاسکے۔

## بورڈ کمیٹیاں

سال کے دوران بورڈ آڈٹ کمیٹی اور انوسٹمنٹ کمیٹی کے (04) اور دی ایٹھس، ہیومن ریسورس اینڈ ریونیویشن کمیٹی کے (01) اجلاس منعقد ہوئے۔ بورڈ کمیٹی کے اراکین کے نام اور ان کے ٹرمز آف ریفرنس رپورٹ کے ضمیمے میں دیے گئے ہیں۔ بورڈ آڈٹ اور ہیومن ریسورس اینڈ ریونیویشن کمیٹیوں کے چیئرمین ایک انڈیپنڈنٹ ڈائریکٹر ہیں۔

## مینجمنٹ کمیٹیاں

ادارہ تین انتظامی کمیٹیاں رکھتا ہے جو کاروبار کے مرکزی شعبوں کا احاطہ کرتی ہیں۔ ان کمیٹیوں کے نام، اجلاسوں کی تعداد، اراکین کے نام اور ٹرمز آف ریفرنس اس رپورٹ کے ضمیمے میں دیے گئے ہیں۔

## ضابطہ اخلاق

بورڈ نے تمام ملازمین کے لیے ایک ضابطہ اخلاق اختیار کر رکھا ہے کہ جن کو اس ضابطے سے مطلع رکھا جاتا ہے۔ تمام ملازمین کا سمجھنا ہے کہ انہیں ہمہ وقت اس ضابطہ اخلاق کی پیروی کرنے کی ضرورت ہے۔

## ڈائریکٹر کی ذمہ داریوں کا بیان

ڈائریکٹرز بخوشی بیان کرتے ہیں کہ ادارہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے تقاضوں کے مطابق کارپوریٹ گورننس کے ضابطے کے مالیاتی رپورٹنگ ڈھانچے کی پیروی کرتا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ ڈھانچے پر بیانات مندرجہ ذیل ہیں:

- مالیاتی گوشوارے اور ان پر موجود انتظامیہ کے حاشیے انشورنس آرڈیننس 2000ء اور کمپنیز ایکٹ 2017ء کے مطابق ہیں۔ یہ گوشوارے ادارے کے امور کی کیفیت، سرگرمیوں کے نتائج، کیش فلو اور لیکوئٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔
- ادارہ اپنے اکاؤنٹس کھاتے مناسب انداز میں برقرار رکھتا ہے۔
- ادارے نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی موزوں پالیسیوں کی پیروی کی سوائے اسکے جن کا مالیاتی گوشواروں میں اظہار ہے اگر قابل اطلاق ہو۔ اور اس کے اکاؤنٹنگ اندازے معقول اور محتاط اندازوں پر مبنی ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ، بین الاقوامی رپورٹنگ کے معیارات اور دیگر ریگولیشن / قانون کی پیروی کی گئی ہے۔

انٹرنل کنٹرول کا نظام اپنی ساخت میں مستحکم ہے۔ انٹرنل آڈٹ عمل اور نگرانی کے دیگر طریقے ہائے کار کے ذریعے اس نظام کی مستقل نگرانی کی جاتی ہے۔ انٹرنل کنٹرولز کی نگرانی کا عمل ایک مسلسل عمل کے طور پر جاری رہے گا کہ جس کا مقصد کنٹرولز کو مزید مستحکم کرنا اور نظام میں بہتریاں لانا ہے۔

- ادارے کو رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔
- سٹنگ کے ضوابط میں تفصیل سے موجود کارپوریٹ گورننس کی بہترین روایات سے کوئی پہلو نہیں کی گئی۔
- گزشتہ چھ سال کا اہم کاروباری و مالیاتی ڈیٹامنٹک ہے۔
- ٹیکس اور محصولات کی معلومات حاشیوں میں دی گئی ہے اور مالیاتی گوشواروں کا بھی حصہ ہے۔
- لسٹڈ کمپنیز (CCG) ریگولیشن، 19 میں طے شدہ معیارات کے مطابق ادارے کے ڈائریکٹرز کی اکثریت نے مجاز اداروں سے ڈائریکٹرز ٹریننگ پروگرام مکمل کر لیا ہے اور ادارے کے باقی ڈائریکٹرز اسکے مطابق مقررہ اہلیت اور تجربہ رکھتے ہیں۔
- اپنے کھاتوں کے حساب سے ریٹائرمنٹ بینیفٹ فنڈ میں ان کی سرمایہ کاری کی قدر 31 دسمبر 2021ء کو کچھ یوں ہے:

پروویڈنٹ فنڈ: 75.68 ملین روپے  
گربھویٹی فنڈ: 55.17 ملین روپے

## شینئر ہولڈنگ کا نمونہ

31 دسمبر 2021ء کے مطابق شینئر ہولڈنگ کے نمونے اور اضافی معلومات کی نشاندہی کرنے والا ایک گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

# ڈائریکٹرز کی رپورٹ

## آمدنی فی حصص

آپ کے ادارے نے 277.5 ملین روپے کا بعد از ٹیکس منافع حاصل کیا جو گزشتہ سال کے 4.82 روپے کے مقابلے میں اس سال 5.52 روپے فی حصص آمدنی بنتی ہے۔

## ادا شدہ سرمایہ

آپ کا ادارہ 503.0 ملین روپے کے ادا شدہ سرمائے کے ساتھ مضبوط مالی بنیاد رکھتا ہے۔ برقرار رکھی گئی اور محفوظ آمدنی کو ملا کر 31 دسمبر 2021ء کو کل لیکوئٹی 2,265.0 ملین روپے تھی۔ لیکوئٹی کی وسیع ترین مالیاتی استحکام اور ادارے کی بیمہ کاری کی صلاحیتوں کو بڑھانے کی۔

## آڈیٹرز

میسرز EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس نے 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کے مالیاتی گوشواروں کا آڈٹ کیا ہے۔ اہل ہونے کی وجہ سے، انہوں نے 31 دسمبر 2022 کو ختم ہونے والے اگلے مالی سال کے لیے دوبارہ تقرری کے لیے خود کو پیش کیا۔ آڈٹ کمیٹی کی تجویز پر بورڈ نے میسرز EY Ford Rhodes چارٹرڈ اکاؤنٹنٹس کو 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز کے طور پر مقرر کرنے کی تجویز دی ہے، جو کمپنی کے آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کی منظوری سے مشروط ہے۔

آڈٹ فرم نے تصدیق کی ہے کہ اسے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت ایک تسلی بخش درجہ بندی دے چکا ہے اور ادارہ ICAP کے قبول کردہ ضابطہ اخلاق پر انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے رہنما ہدایت کو پوری طرح قبول کرنے والا ہے

سنجری انشورنس کمپنی لمیٹڈ (ادارے) کے ڈائریکٹرز 31 دسمبر 2021ء کو مکمل ہونے والے سال کے لیے سالانہ آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

## منافع کی تخصیص

31 دسمبر 2021ء کو ختم ہونے والے سال کے لیے منافع کی تخصیص کچھ یوں ہے:

روپے	گزشتہ سالوں سے آگے منتقل ہونے والی رقم
1,009,639,409	273,110,391
1,282,749,800	113,167,807
(50,296,810)	1,119,285,183

کل مجموعی آمدنی برائے سال  
تخصیص کے لیے دستیاب رقم  
تخصیص

مجوزہ حتمی کیش ڈیویڈنڈ @ 22.50% جو کہ 2.25 روپے فی حصص (2020: 20.00% جو کہ 2.00 روپے فی حصص) مجوزہ بونس حصص @ 10% جو کہ 10% حصص پر 1 حصص ہے آگے منتقل کی گئی غیر تخصیص شدہ رقم

# Board Committees

## AUDIT COMMITTEE

### Terms of Reference:

- Determination of appropriate measure to safeguard the company's assets;
- Review of preliminary announcements of results prior to external communication and publication;
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - Major judgmental areas;
  - Areas of major concerns;
  - Significant adjustments resulting from the audit;
  - Going-concern assumption;
  - Any changes in accounting policies and practices;
  - Compliance with listing regulations, other statutory and regulatory requirements;
  - compliance with applicable accounting standards;
  - compliance with these Regulations and other statutory and regulatory requirements; and
  - All related party transactions.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audit and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by external auditor and management's response thereto;
- Ensuring coordination between the internal and external auditor of the Company;
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- Ascertaining that the internal control systems including financial and operational controls,

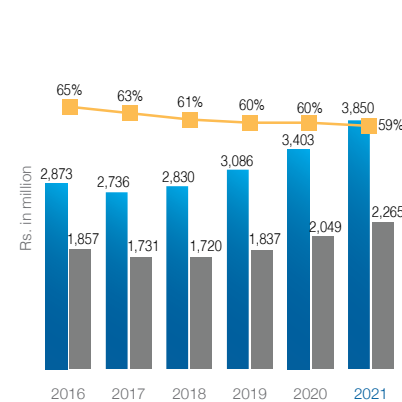
accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

- Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with the best practices of corporate governance, listing regulations and identification of significant violations thereof;
- Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- Recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
- Consideration of any other issue or matter as may be assigned by the Board.

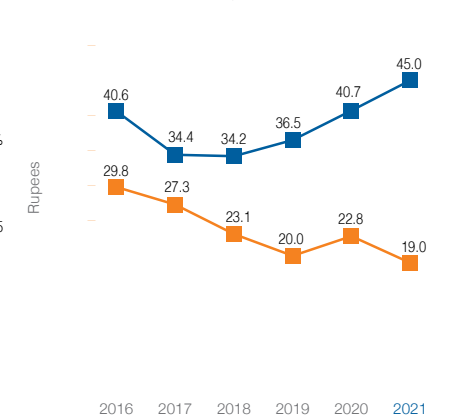
The Committee comprises of three members, including chairman of committee, two of them are non-executive directors and one is an independent director. Chairman of the committee is an independent director. During the year four meeting of this committee were held and the attendance of meeting is as follows:

Name of Members	Meeting attended
Mr. Sadrudin Ismail Mohamed - Chairman	4
Mr. Amin Mohammed Lakhani	4
Mr. Aftab Ahmad	4

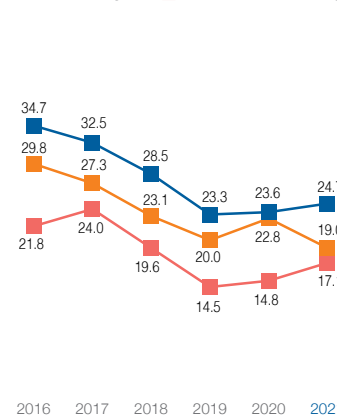
Equity and Total Assets



Break-up and Market Value per Share



Share's Market Trend





## ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

### Terms of Reference:

1. Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the Chief Executive Officer level;
2. Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging an external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing the consultant's name, qualifications and major terms of appointment;
3. Recommending Human Resource Management policies to the board.
4. Recommending to the Board the selection evaluation and development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit;
5. Consideration and approval on recommendations of the Chief Executive Officer related to key management positions who report directly to Chief Executive Officer or Chief Operating Officer;
6. Proposing a remuneration framework that takes into account performance evaluations, market considerations and compensation structure.
7. This framework will be reviewed and approved on an annual basis prior to the convening of the annual general meeting for the immediate preceding year.
8. Reviewing and making recommendations to the Board of Directors regarding the specific remuneration of the Board members, the Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit.
9. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company; and
10. Any additional responsibility may be assigned to the Committee by the Board.

The Committee comprises of four members, including chairman of committee. Two members are non-executive directors and one is an independent director. Chairman of Committee is an independent director. During the year one meeting of this committee was held and the attendance of meeting is as follows:

Name of Members	Meeting attended
Mr. Sadrudin Ismail Mohamed - Chairman	1
Mr. Amin Mohammed Lakhani	1
Mr. Akber Dawood Vazir	1
Mr. Mohammad Hussain Hirji	1

## INVESTMENT COMMITTEE

### Terms of Reference:

1. Review the investment policies and strategies of the Company to ensure they are consistent with the goals and objectives of the Company.
2. Determine that investment constraints are consistently followed and that procedures are in place to ensure that the investment portfolio is managed in compliance with the investment policy.
3. Review the performance of the investment portfolios of the Company and make periodic reports to the Board.
4. Review and approve the annual investment plan and budget.
5. Annually review and reassess the overall investment policy and recommend any proposed changes to the Board for approval.

The Committee comprises of four members, including chairman of committee. Two members including chairman are non-executive directors. During the year four meetings of this committee was held and the attendance of meeting is as follows:

Name of Members	Meeting attended
Mr. Iqbal Ali Lakhani - Chairman	4
Mr. Aftab Ahmad	4
Mr. Mohammad Hussain Hirji	4
Mr. Sabza Ali Pirani	4

## Management Committees

### UNDERWRITING, REINSURANCE & COINSURANCE COMMITTEE

#### Terms of Reference:

1. To review the rates and profitability of the various business sectors for each class of underwriting;
2. To review the reinsurance structure and arrangements for each class of business to ensure that the company's net exposure is within agreed limits for individual risks and also on a cumulative basis in the event of a catastrophic occurrence;
3. To review and approve underwriting proposals for high risk and complex covers;
4. To review policy terms and rating for new insurance products.

The Committee comprises of four members, including the Chairman of this committee who is an executive director.

#### Name of Members

Mr. Mohammad Hussain Hirji - Chairman
Mr. Aseem Ahmed
Ms. Madiha Khalid
Mr. Ali Asghar

### CLAIM SETTLEMENT COMMITTEE

#### Terms of Reference:

1. To review and approve claim settling policy of the company;
2. To review and approve the adequacy of claim reserves;
3. To assist in resolution of disputed claims of material amount and recommend settlement strategy;
4. To oversee the implementation of the measures for combating fraudulent claims.

The Committee comprises of three members, including the Chairman of this committee who is an executive director.

#### Name of Members

Mr. Mohammad Hussain Hirji - Chairman
Mr. Mir Mehmood Ali
Mr. Sabza Ali Pirani

### RISK MANAGEMENT & COMPLIANCE COMMITTEE

#### Terms of Reference:

1. The Committee shall review and identify all possible risks faced by the Company under various categories such as; operational, financial, IT systems, physical or catastrophic, etc. and make appropriate recommendations for the mitigation of these risks to the Board;
2. To identify the risks faced by the company in respect of compliance with the laws applicable to it and to setup adequate controls to mitigate the identified risks;
3. To supervise and monitor matters reported using Company's whistle-blowing or other confidential mechanisms for employees and other to report compliance concerns, potential breaches, violations or fraud; and
4. Appropriate extent of disclosure of company's risk framework and internal control system in Directors report.

The Committee comprises of five members, including the Chairman of this committee who is an executive director

#### Name of Members

Mr. Mohammad Hussain Hirji - Chairman
Mr. Ali Asghar
Mr. Sabza Ali Pirani
Mr. Asif Mehmood
Mr. Abdul Rasheed

# Pattern of Shareholding

As at December 31, 2021

Incorporation No.K-192/8927 1985-86  
CUIN Registration No.0013587

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
381	1	100	6,100
169	101	500	49,213
141	501	1,000	98,536
260	1,001	5,000	615,904
92	5,001	10,000	639,969
33	10,001	15,000	394,910
19	15,001	20,000	342,809
9	20,001	25,000	200,150
10	25,001	30,000	277,553
7	30,001	35,000	227,636
3	35,001	40,000	118,864
2	40,001	45,000	89,911
3	45,001	50,000	145,474
3	50,001	55,000	161,898
3	55,001	60,000	168,667
2	60,001	65,000	124,992
2	65,001	70,000	134,627
3	70,001	75,000	213,692
1	80,001	85,000	80,512
1	85,001	90,000	86,912
1	95,001	100,000	95,150
1	105,001	110,000	109,900
1	125,001	130,000	128,191
1	130,001	135,000	134,137
1	155,001	160,000	160,000
1	170,001	175,000	174,433
1	240,001	245,000	241,500
1	300,001	305,000	301,000
1	420,001	425,000	423,559
1	635,001	640,000	639,257
1	1,120,001	1,125,000	1,120,619
1	1,260,001	1,265,000	1,262,250
1	2,760,001	2,765,000	2,761,000
1	4,990,001	4,995,000	4,993,103
1	7,155,001	7,160,000	7,157,361
1	11,850,001	11,855,000	11,852,141
1	14,560,001	14,565,000	14,564,873
<b>1,161</b>	<b>Total</b>		<b>50,296,803</b>

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive, their spouse and minor children	8,011	0.02
Associated Companies, undertakings and related parties	38,573,058	76.69
NIT and ICP	-	-
Banks, Development Financial Institutions, Non-Banking Financial Institutions	1,262,250	2.51
Insurance Companies	-	-
Modaraba & Mutual Funds	423,559	0.84
Shareholders holding 10% or more	33,574,375	66.75
General Public	6,387,426	12.70
Others	3,642,499	7.24

NOTE: Some of the shareholders are reflected in more than one category.

# Details of pattern of shareholding

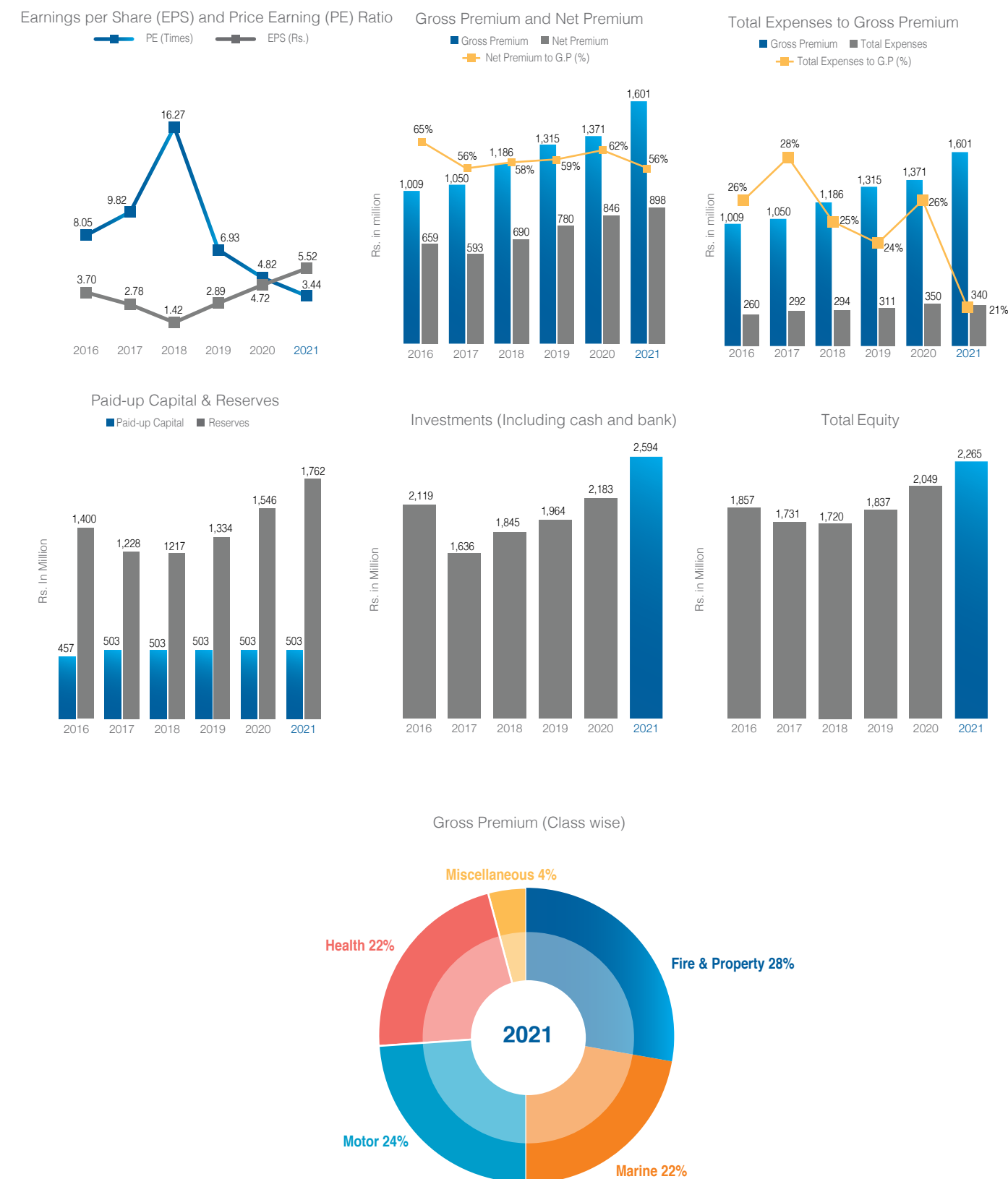
As per requirement of code of corporate governance as at December 31, 2021

Categories of Shareholders	No. of Shares held	
<b>i) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>		
1. M/s. SIZA (Pvt.) Limited	7,157,361	
2. M/s. SIZA Services (Pvt.) Limited	11,852,141	
3. M/s. SIZA Commodities (Pvt.) Limited	4,993,103	
4. M/s. Premier Fashions (Pvt.) Limited	14,564,873	
5. Mr. Sultan Ali Lakhani	594	
6. Mrs. Shaista Sultan Ali Lakhani	396	
7. Mrs. Fatima Lakhani	198	
8. Mr. Babar Ali Lakhani	1,716	
9. Mr. Bilal Ali Lakhani	561	
10. Mr. Danish Ali Lakhani	1,453	
11. Ms. Anika Amin Lakhani	662	
<b>ii) MUTUAL FUND</b>		
1. Golden Arrow Selected Stocks Fund Limited	423,559	
<b>iii) DIRECTORS, CHIEF EXECUTIVE, THEIR SPOUSE AND MINOR CHILDREN</b>		
1. Mr. Iqbal Ali Lakhani	Chairman/Director	1,837
2. Mr. Amin Mohammed Lakhani	Director	1,765
3. Ms. Anushka Lakhani	Director	1,612
4. Mr. Aftab Ahmad	Director	500
5. Mr. Mohammad Hussain Hirji	Director/Chief Executive Officer	550
6. Mr. Sadrudin Ismail Mohamed	Director	550
7. Mr. Akber Dawood Vazir	Director	500
8. Mrs. Ronak Iqbal Lakhani		
W/o. Mr. Iqbal Ali Lakhani		396
9. Mrs. Saira Amin Lakhani		
W/o. Mr. Amin Mohammed Lakhani		301
<b>iv) EXECUTIVES</b>	22,550	
<b>v) PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>	24,365	
<b>vi) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS</b>	1,262,250	
<b>vii) SHAREHOLDERS HOLDING 5% OR MORE</b>		
Khadija & Kassamali Investments (Pvt) Limited (Other than those reported at (i) (1, 2, 3 & 4))	2,761,000	
<b>viii) INDIVIDUAL AND OTHER THAN THOSE MENTIONED ABOVE</b>	7,222,010	
	<b>50,296,803</b>	

# Key Operating and Financial Data

	2021	2020	2019	2018	2017	2016	2015
(Rupees in million)							
<b>FINANCIAL DATA</b>							
Ordinary share capital	503.0	503.0	503.0	503.0	503.0	457.2	457.2
Share premium	254.0	254.0	254.0	254.0	254.0	254.0	254.0
Reserves & Unappropriated profit	1,508.0	1,292.1	1,079.7	963.4	973.6	1,146.0	1,042.6
Equity	2,265.0	2,049.1	1,836.7	1,720.4	1,730.6	1,857.2	1,753.8
Property & equipment	125.6	121.2	130.0	72.3	65.6	71.1	54.5
Intangible assets	-	-	0.01	0.03	0.47	1.04	1.66
Underwriting Provisions	990.6	828.2	740.8	671.2	587.1	545.0	585.9
Investments	1,868.5	1,728.8	1,696.8	1,404.2	1,519.1	2,010.5	1,732.9
Cash and bank deposits	725.5	454.4	267.0	440.4	116.8	108.6	173.5
Total Assets	3,850.5	3,402.8	3,086.2	2,829.7	2,735.6	2,660.7	2,660.4
<b>OPERATING DATA</b>							
Gross Premium	1,601.3	1,371.2	1,314.6	1,185.6	1,049.7	1,008.6	1,034.8
Net insurance premium	897.6	846.1	779.7	690.3	593.1	659.3	515.0
Net insurance claims	449.7	360.2	362.7	288.2	247.0	390.5	299.8
Underwriting Profit	207.3	193.9	135.2	129.7	85.5	39.1	20.8
Investment & Other Income	181.8	155.4	70.9	(21.7)	157.9	234.1	636.9
Profit Before Tax (PBT)	389.6	342.4	199.7	105.0	233.6	264.7	649.2
Income tax expense	112.1	99.8	54.5	33.7	93.6	78.8	10.9
Profit After Tax (PAT)	277.5	242.6	145.2	71.3	140.0	185.9	638.3
<b>CASH FLOW SUMMARY</b>							
Operating Activities	300.8	139.9	88.0	108.9	(69.3)	19.6	10.1
Investing Activities	89.0	151.0	(198.3)	302.0	157.1	442.8	(13.8)
Financing Activities	(118.7)	(103.8)	(63.0)	(87.3)	(79.6)	(227.3)	(68.1)
Cash & Cash Equivalents at the year end	724.5	453.4	266.2	439.6	116.0	407.8	172.8
<b>FINANCIAL RATIOS</b>							
<b>Profitability</b>							
Profit Before Tax / Net Insurance Premium (%)	43.4	40.5	25.6	15.2	39.4	40.1	126.1
Profit After Tax / Net Insurance Premium (%)	30.9	28.7	18.6	10.3	23.6	28.2	123.9
Underwriting Results / Net Insurance Premium (%)	23.1	22.9	17.3	18.8	14.4	5.9	4.0
Total Expenses / Gross Premium (%)	21.2	25.5	23.6	24.8	27.9	25.8	22.0
Total Expenses / Net Insurance Premium (%)	37.8	41.4	39.8	42.6	49.3	39.5	44.3
Net Claims / Net Insurance Premium (%)	50.1	42.6	46.5	41.7	41.6	59.2	58.2
Combined Ratio (%)	77.6	78.6	84.3	82.0	87.4	95.4	97.6
<b>Return to Shareholders</b>							
Return on Equity (%)	12.3	11.8	7.9	4.1	8.1	10.0	36.4
Return on Assets (%)	7.2	7.1	4.7	2.5	5.1	7.0	24.0
Return on Investment (%)	7.6	7.5	3.7	(1.2)	8.4	11.6	39.2
Earnings per Share (Rs.)	5.52	4.82	2.89	1.42	2.78	3.70	12.69
Dividend (%)	22.5	20.0	17.5	12.5	17.5	17.5	50.0
Dividend Yield (%)	11.8	8.8	8.8	5.4	6.4	5.9	19.8
Dividend Payout (%)	40.8	41.5	60.6	88.0	62.9	47.3	39.4
Bonus Share (%)	10.0	-	-	-	-	10.0	-
Price Earning Ratio (Times)	3.4	4.7	6.9	16.3	9.8	8.0	2.0
Market Price per Share (at Dec 31) (Rs.)	19.00	22.75	20.00	23.10	27.30	29.78	25.20
<b>Liquidity / Leverage</b>							
Break-up Value per Share (Rs.)	45.0	40.7	36.5	34.2	34.4	40.6	38.4
Current Ratio (Times)	3.4	3.5	3.6	4.0	4.3	4.2	5.1
Total Assets Turnover Ratio (Times)	0.42	0.40	0.43	0.42	0.38	0.38	0.39
Total Liabilities / Equity (Times)	0.70	0.66	0.68	0.64	0.58	0.43	0.52
Paid-up Capital / Total Assets (%)	13.1	14.8	16.3	17.8	18.4	17.2	17.2
Equity / Total Assets (%)	58.8	60.2	59.5	60.8	63.3	69.8	65.9

# Graphical Presentation



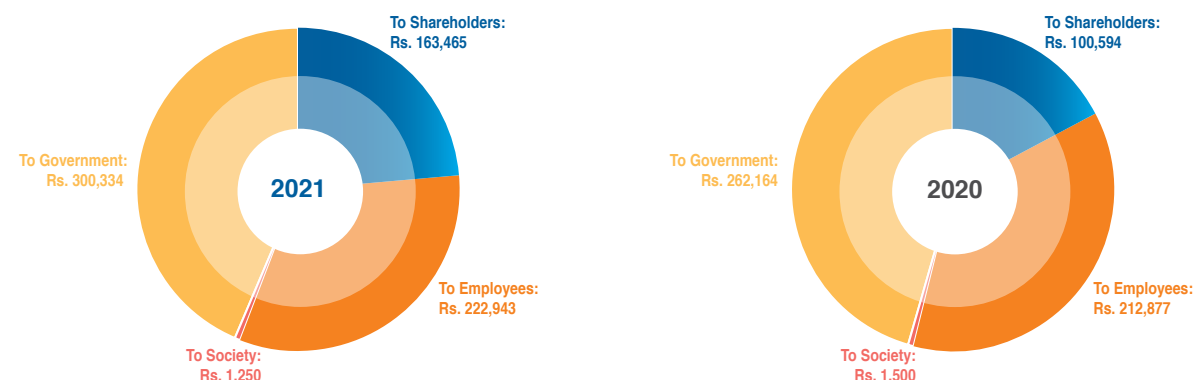
## Statement of Value Addition

(Rupees in '000)

	2021	2020
<b>WEALTH GENERATED</b>		
Net premium (including FED & FIF)	1,085,814	1,008,449
Commission income	81,025	40,467
Investment income	116,009	79,514
Other income	65,796	75,924
	<b>1,348,645</b>	<b>1,204,354</b>
Less: Claims and expenses (excluding employee remuneration, depreciation and donation)	(537,465)	(467,798)
Profit from Window Takaful Operations (Operator's fund)	18,614	10,469
	<b>829,794</b>	<b>747,024</b>
<b>WEALTH DISTRIBUTED</b>		
<b>To Employees</b>	<b>222,943</b>	212,877
<b>To Government:</b>		
Company taxation	112,103	99,814
Levies (including FED & FIF)	188,232	162,350
	<b>300,334</b>	262,164
<b>To Society:</b>		
Donation	1,250	1,500
	<b>1,250</b>	1,500
<b>To Shareholders:</b>		
Cash dividend *	113,168	100,594
Stock dividend *	50,297	-
	<b>163,465</b>	100,594
<b>Retained in Business:</b>		
Depreciation and amortisation	27,741	27,880
Net earnings	114,061	142,009
	<b>141,802</b>	169,889
	<b>829,794</b>	<b>747,024</b>

\* Includes cash dividend amounting to Rs. 113.168 million (2020: Rs. 100.594 million) and bonus shares of Rs. 50.297 million (2020: NIL) proposed by the Board of Directors subsequent to the year end.

Distribution of Wealth



## Statement of Compliance with the Code of Corporate Governance

for Insurers, 2016 & Listed Companies (Code Of Corporate Governance) Regulations, 2019

Name of Insurer: Century Insurance Company Limited ("the Company")

Year Ended: December 31, 2021

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

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

- The total number of directors are seven (7), as per the following:
  - Male: 6
  - Female: 1
- The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the Board includes:
 

Category	Names
Independent Director	Mr. Sadrudin Ismail Mohamed Mr. Akber Dawood Vazir
Executive Director	Mr. Mohammad Hussain Hirji
Non-Executive Directors	Mr. Iqbal Ali Lakhani Mr. Amin Mohammed Lakhani Ms. Anushka Lakhani Mr. Aftab Ahmad

The independent director meets the criteria of independence as laid down under the Code, Regulations and Companies Act, 2017.
- The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
- 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.

- No casual vacancy occurred on the Board during the year.
- The Company has prepared a "Code of Conduct" which has been disseminated among all directors and employees of Company along with its supporting policies and procedures.
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of significant policies along with the dates on which they were approved or amended has been maintained.
- All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board. Decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
- The meetings of the Board were presided over by the Chairman and, in absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- The Board have a formal policy and transparent procedure for remuneration of directors in accordance with the Act and these Regulations.
- The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company includes all the necessary aspects of internal control given in the Code.

12. While almost all the directors are professionals and senior executives who possess wide experience of duties of directors, the Company appraises its directors of new laws and regulations and amendments in the existing ones. The Board has not arranged any Directors' training program during the year ended December 31, 2021 as four directors have already attended the Directors' training course in previous years. Two directors possess the minimum qualification and experience criteria for exemption of Directors' Training Program as stipulated in the Code of Corporate Governance (the Code).

13. There was no new appointment of Chief Financial Officer (CFO) or Company Secretary or Head of Internal Audit during the year. The Board has however, approved the remuneration of CFO and the Head of Internal Audit on the recommendation of Ethics, Human Resource & Remuneration Committee as determined by Chief Executive Officer. Mr. Mansoor Ahmed was assigned the responsibilities of the Company Secretary of Century Insurance Company Limited in addition to his responsibilities in other Group Companies.

14. The Directors' report for this year has been prepared in compliance with the requirements of the Code and the Regulations and fully describes the salient matters required to be disclosed.

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

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

17. The Company has complied with all the corporate and financial reporting requirements of the Code.

18. The Board has formed the following Management Committees:

a) Underwriting, Reinsurance and Co-insurance Committee

Name of Member	Category
Mr. Mohammad Hussain Hirji	Chairman - Executive Director
Mr. Aseem Ahmed	Member
Ms. Madiha Khalid	Member
Mr. Ali Asghar	Member

b) Claim Settlement Committee

Name of Member	Category
Mr. Mohammad Hussain Hirji	Chairman - Executive Director
Mr. Mir Mehmood Ali	Member
Mr. Sabza Ali Pirani	Member

c) Risk Management & Compliance Committee

Name of Member	Category
Mr. Mohammad Hussain Hirji	Chairman - Executive Director
Mr. Ali Asghar	Member
Mr. Sabza Ali Pirani	Member
Mr. Asif Mehmood	Member
Mr. Abdul Rasheed	Member

19. The Board has formed the following Board Committees comprising of members given below;

a) Ethics, Human Resource & Remuneration Committee

Name of Member	Category
Mr. Sadrudin Ismail Mohamed	Chairman - Independent Director
Mr. Amin Mohammed Lakhani	Member - Non Executive Director
Mr. Akber Dawood Vazir	Member - Independent Director
Mr. Mohammad Hussain Hirji	Member - Executive Director

b) Investment Committee

Name of Member	Category
Mr. Iqbal Ali Lakhani	Chairman - Non Executive Director
Mr. Mohammad Hussain Hirji	Member - Executive Director
Mr. Aftab Ahmad	Member - Non Executive Director
Mr. Sabza Ali Pirani	Member

The functions of the Nomination committee are being performed by the board.

20. The Board has formed an Audit Committee. It comprises of three members, of whom one is independent Director and two are non-executive Directors. The Chairman of the Committee is an independent Director. The Composition of the Audit Committee is as follows:

Name of Member	Category
Mr. Sadrudin Ismail Mohamed	Chairman - Independent Director
Mr. Amin Mohammed Lakhani	Member - Non Executive Director
Mr. Aftab Ahmad	Member - Non Executive Director

21. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of references of the Committees have been formed, documented and advised to the Committees for compliance.

22. The Board has set up an effective internal audit function comprising of personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under this Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance functions possess qualification and experience of direct relevance to their functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of person	Designation
Mr. Mohammad Hussain Hirji	Chief Executive Officer
Mr. Sabza Ali Pirani	Chief Financial Officer
Mr. Asif Mehmood	Compliance Officer
Mr. Mansoor Ahmed	Company Secretary
Mr. Muhammad Rao Shahid Mobeen	Head of Internal Audit
Mr. Aseem Ahmed	Head of Marketing & Sales
Mr. Abdul Rehman	Head of Window Takaful Operations
Mr. Rehan Fasih	Head of Marine Underwriting
Mr. Ali Asghar	Head of Fire Underwriting (Incl. Risk Management)
Mr. Abid Raza Isphani	Head of Accident and Health Underwriting
Mr. Mir Mehmood Ali	Head of Claims (Incl. Grievance)
Ms. Madiha Khalid	Head of Reinsurance

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000).

25. 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 and registered with Audit Oversight Board 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 and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company.

  
Iqbal Ali Lakhani  
Chairman

Karachi: February 28, 2022

26. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulation, or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

27. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provision of the Code.

28. The Board ensure that the risk management system of the Company is in place as per Code.

29. The Company has set up a risk management function, which carries out its tasks as covered under the Code.

30. The Board ensures that as part of the risk management system, the Company gets itself rated from VIS Credit Rating Company Limited which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on December 29, 2021 is AA- with stable outlook.

31. The Board has set up a grievance department function, which fully complies with the requirements of the Code.

32. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan (SECP) in respect of the requirements of the Code.

33. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulation and all material requirement of Code have been complied with.

Regulation 6: The Board of the Company comprises of seven elected Directors and one-third works out to be 2.33. Presently, two (2) independent directors were elected by the shareholders in terms of Section 166 of the Companies Act, 2017, which have requisite competencies, skills, knowledge, and experience to discharge and execute their duties competently as per laws and regulations to fulfill the requirements therefore not warrant the appointment of a third independent director.

  
Mohammad Hussain Hirji  
Director & Chief Executive

## Independent Auditor's Review Report

To the members of Century Insurance Company Limited (the Company)

Review Report on the Statement of compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance prepared by the Board of Directors of **Century Insurance Company Limited** for the year ended **31 December 2021** in accordance with the requirements of Code of Corporate Governance for Insurers, 2016 (the Code) and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulation).

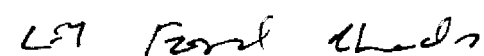
The responsibility for compliance with the Code and Regulation is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance that reflects the status of the Company's compliance with the provisions of the Code and Regulation, and report if it does not and to highlight any non-compliance with the requirements of the Code and Regulation. 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 Code and Regulation.

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. 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.

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 Code and Regulation as applicable to the Company for the year ended 31 December 2021.



Chartered Accountants

Place: Karachi

Date: 22 March 2022

UDIN Number: CR2021100769dAopyVIT

## Shariah Review Report to the Board of Directors

for the year ended December 31, 2021

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء والمرسلين محمد النبي الامي  
وعلى آله وصحبه اجمعين، وبعد

I have reviewed the principles, policies, contract and accompanying financial statements of **Century Insurance Company Limited - Window Takaful Operations** (hereafter referred to as "Takaful Operator") for the year ended December 31, 2021 to form an opinion as to whether the company has complied with the Shariah principles and with the Shariah rulings, decisions and guidelines issued by the undersigned.

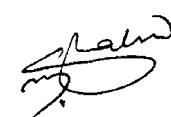
The management of the **Century Insurance Company Limited - Window Takaful Operations** is responsible to ensure that the institute conducts its business in accordance with Shariah Principles, rules, and guidelines. It is Shariah Advisor's responsibility to form an independent opinion based on his review of the operations of **Century Insurance Company Limited - Window Takaful Operations** and report to the board of directors of the company.

I further have assessed the review carried out by the Shariah compliance officer which included examination, on sampling basis, each type of transaction performed by different business functions, the relevant documentation and procedure adopted by each said function.

Moreover, I have reviewed all types of business concerns of the Takaful Operator and in my opinion, and to the best of my understanding based on the provided information and explanations:

- i. Financial transactions and relevant documentations & procedures, undertaken by the Company for the year ended December 31, 2021 were in accordance with the issued Shariah guidelines, as well as the requirements of Takaful Rules 2012.
- ii. Shariah Screening Criteria has been fulfilled properly in all kind of investment & financial transactions.
- iii. No amount has been realized as non Shariah Compliant income which has to be credited to the relevant charity account.
- iv. Consequently, I have found that the Window Takaful Operation is not against the Shariah principles with respect to all transactions.
- v. The Takaful Operator performed its duties to its level best by following Shariah guidelines. Few cases which were required to be consulted in accordance with the Shariah rules and market practice have been discussed and duly resolved.

"And Allah Knows Best"



**Mufti Muhammad Shakir Siddiqui**  
Shariah Advisor

Dated: February 25, 2022

# Statement of Compliance with the Shariah Principles

The financial arrangements, contracts and transactions, entered into by Century Insurance Company Limited - Window Takaful Operations ('the Company') for the year ended December 31, 2021 are in compliance with the Takaful Rules, 2012.

Further we confirmed that:

- The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have implemented;
- The Company has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the polices approved by Shariah Advisor; and
- The assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shariah Advisor of the Company.



**Mohammad Hussain Hirji**  
(Director & Chief Executive)

Dated: February 28, 2022



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

UAN: +9221 111 11 39 37 (EYFR)  
Tel: +9221 3565 0007-11  
Fax: +9221 3568 1965  
ey.khi@pk.ey.com  
ey.com/pk

## Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shariah Principles

We have been engaged by Century Insurance Company Limited (the Operator) to perform a 'reasonable assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the management's assessment of compliance of the Window Takaful Operations (Takaful Operations) of the Operator, as set out in the annexed Statement of Compliance (the Statement) prepared by the management for the year ended 31 December 2021 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express an opinion on this information.

### Criteria applied by the management

In preparing the Subject Matter, the management applied the criteria in accordance with the Takaful Rules, 2012 (Criteria).

### The Management's responsibilities

The management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### EY's responsibilities

Our responsibility is to express an opinion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with the Operator on 11 June 2021. Those standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

### Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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#### Description of procedures performed

- We checked that all the products and policies have been approved by Shariah Advisor and observed that the Operator has developed and implemented all the policies and procedures in accordance with The Takaful Rules, 2012 and Shariah Rules and Principles as determined by Shariah Advisor.
- We checked that the assets and liabilities of Window Takaful Operations (Participants' Takaful Fund and Operator's fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.
- We reviewed training certificates and attendance sheets to evaluate that the Operator has imparted necessary trainings and orientations to maintain the adequate level of awareness, capacity, and sensitization of the staff and management.
- We have designed and performed following verification procedures (including but not limited to) on various financial arrangements, based on judgmental and systematic samples with regard to the compliance with Takaful Rules, 2012 and Shariah Rules and Principles:
  - We obtained details of investments made and checked that all investments made in Shariah Compliant stocks as determined by Shariah Advisor.
  - We inquired regarding other investments like fixed deposits to confirm that all such contracts are executed with Islamic Financial Institutions.
  - We reviewed re-takaful and co-takaful parties along with arrangements/contracts entered into by Window Takaful Operations to assess compliance with Shariah Advisor guidelines and Takaful Rules, 2012.
  - We re-calculated Operator's profit share and Wakalah fee income to confirm that approved percentage are applied on income from investments and contribution respectively.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the, risks of the Operator's material non-compliance with the Takaful Rules 2012, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Operator's compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances but not for the purpose of expressing a conclusion as to the effectiveness of the Operator's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with the Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with the Takaful Rules, 2012 will be met. Further, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

In performing our audit procedures necessary guidance on Shari'ah matters was provided by the internal Shari'ah experts.

#### Opinion

In our opinion, the Statement of Compliance of the Takaful Operations of the Operator as of 31 December 2021 is presented, in all material respects, in accordance with Takaful Rules, 2012.

*LF1 Farid Khuda*  
Chartered Accountants

Date: 24 March 2022

Karachi

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# Financial Statements





# Independent Auditor's Report

## To the members of Century Insurance Company Limited Report on the Audit of the Financial Statements for the year ended 31 December 2021

### Opinion

We have audited the annexed financial statements of **Century Insurance Company Limited** (the Company), which comprise the statement of financial position as at **31 December 2021**, and the profit and loss account, the statement of comprehensive income, the cash flow statement 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 and 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 cash flow statement 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 Company's affairs as at 31 December 2021 and of the profit, total comprehensive income, the changes in equity and its cash flows 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 (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 opinion.

### Key Audit Matters

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

15/12

Following are the key audit matters:

S. No.	Key audit matter(s)	How our audit addressed the key audit matter
1.	<p><b>Revenue Recognition – Premium Earned</b></p> <p>Refer notes 3.12 and 24 to the financial statements relating to revenue recognition policy and net insurance premium respectively.</p> <p>The Company earns revenue primarily from premium income, which amounts to Rs. 898 million (2020: 846 million). This income stream comprises of five segments: (i) Fire and property damage, (ii) Marine, aviation and transport, (iii) Motor, (iv) Health and (v) Miscellaneous.</p> <p>We have identified revenue recognition from premium income as a key audit matter as it is one of the key performance indicators of the Company and hence due to risk over occurrence, revenue may not be appropriately recorded.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of, evaluated the design and tested the controls over the process of policy-writing, processing and recording of premium;</li> <li>• Assessed the appropriateness of the Company's accounting policy for recording of premium and in line with the requirements of applicable law, accounting and reporting standards;</li> <li>• Traced the premium recorded on sample basis from the underlying policies issued to insurance contract holders;</li> <li>• Tested the policies on sample basis where policies were written close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period;</li> <li>• Recalculated the unearned portion of premium income and ensured that appropriate amount has been recorded as provision for unearned premium in liabilities; and</li> <li>• Assessed the appropriateness of disclosures in the financial statements in relation to premium income.</li> </ul>
2.	<p><b>Outstanding claims including IBNR</b></p> <p>As disclosed in notes 3.16 and 25 to the annexed financial statements, the Company's liability relating to outstanding claims including Incurred but not reported (IBNR) aggregating to Rs. 295 million represents a material balance of its total liabilities at the reporting date.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding and tested relevant controls over the process of capturing, processing and recording of information related to the claims, and recoveries from reinsurance arrangements;</li> </ul>

15/12

S. No.	Key audit matter(s)	How our audit addressed the key audit matter
	<p>Valuation of these claim liabilities involves management judgement regarding uncertainty in the estimation of claim payments, and assessment of frequency and severity of claims. Claims liabilities are recognized on intimation of the insured event based on management judgement and estimation based on the advice of an independent surveyor.</p> <p>Furthermore, the Company also maintains a provision for claims including IBNR based on the advice of an independent actuary. The actuarial valuation process involves significant judgement and the use of actuarial assumptions.</p> <p>Due to the high level of judgment and estimation required to determine the obligations relating to outstanding claims including IBNR, we consider it to be a Key Audit Matter.</p>	<ul style="list-style-type: none"> <li>Assessed the appropriateness of the Company's accounting policy for recording of claims in line with the requirements of applicable accounting and reporting standards;</li> <li>Obtained an understanding of the work performed by the management for determining provision for claims Incurred But Not Reported and tested underlying data used;</li> <li>Tested, on sample basis, claims transactions with the underlying documentation to evaluate whether the claims reported are recorded in accordance with the Company's policy and applicable insurance regulations, and assessed the sufficiency of reserving claim liabilities;</li> <li>Inspected significant arrangements with reinsurers to obtain an understanding of contracts terms and tested on sample basis the recoveries from reinsurers based on their respective arrangements;</li> <li>Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and</li> <li>Examined the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.</li> </ul>

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S. No.	Key audit matter(s)	How our audit addressed the key audit matter
3.	<p><b>Existence and valuation of investments</b></p> <p>As disclosed in notes 7, 8 and 9 to the accompanying financial statements, the Company has investments in associates, investments in quoted and unquoted equity securities and units of mutual funds and investments in debt securities amounting to Rs. 61 million, Rs. 1,225 million and Rs. 583 million respectively, which comprise of 49% of total assets of the Company.</p> <p>In view of the significance of the investments, we have identified the existence and valuation of Company's investments as a key audit matter.</p>	<p>Our key procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>assessed the design and operating effectiveness of the financial reporting controls over acquisition (including board approvals), disposals and periodic valuation including model approval process;</li> <li>in relation to investments in quoted and unquoted equity instruments, we performed substantive audit procedures on year-end balance of portfolio including review of custodian's statement together with related reconciliations (where applicable) and re-performance of investment valuations based on quoted market prices at the Pakistan Stock Exchange for quoted equity securities and available net asset value for unquoted investment as at 31 December 2021;</li> <li>in relation to investment in government securities, we obtained purchase documents to trace key inputs including acquisition cost, face value, issue date and settlement date driving computation of amortized cost recognized as of the reporting date;</li> <li>in relation to investments in units of mutual funds, we assessed whether investments were valued at fair value based on the last quoted market price by Mutual Fund Association of Pakistan (MUFAP) along with obtaining direct confirmations from investment managers regarding the units and net asset value of such investments; and</li> <li>assessed the adequacy and appropriateness of disclosures for compliance with the requirements of applicable financial reporting framework.</li> </ul>

#### 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.

1312

### Responsibilities of Management and Board of Directors for the Financial Statements

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

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

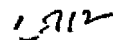
### Auditor's Responsibilities for the Audit of the Financial Statements

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:

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

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



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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We 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

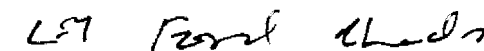
Based on our audit, we further report that in our opinion:

- 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 profit and loss account, the statement of comprehensive income, the cash flow statement 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;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

### Other Matter

The financial statements of the Company for the year ended 31 December 2020 were audited by another firm of Chartered Accountants, whose audit report dated 18 March 2021, expressed an unmodified opinion, on the aforementioned financial statements.

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



**Chartered Accountants**

**Place:** Karachi

**Date:** 22 March 2022

**UDIN Number:** AR202110076AMejqtnBN

# Statement of Financial Position

As at December 31, 2021

	Note	December 31, 2021 (Rupees)	December 31, 2020 (Rupees)
<b>Assets</b>			
Property and equipment	6	125,567,780	121,150,269
Investment in associates	7	60,681,713	49,959,574
Investments			
Equity securities	8	1,224,868,654	958,721,992
Debt securities	9	582,932,797	524,693,346
Term deposit	10	-	195,400,000
Loan and other receivable	11	42,277,283	42,262,996
Insurance / reinsurance receivable	12	541,142,145	554,679,355
Reinsurance recoveries against outstanding claims	25	123,311,654	125,342,540
Salvage recoveries accrued		7,985,000	2,775,000
Deferred commission expense	26	28,909,708	25,643,610
Deferred taxation	17	20,282,884	34,941,495
Prepayments	14	236,618,982	209,416,425
Cash and bank	15	725,474,690	454,365,700
Total assets of Window Takaful Operations - Operator's fund	16	130,422,076	103,495,918
<b>Total Assets</b>		<b>3,850,475,366</b>	<b>3,402,848,220</b>
<b>Equity and Liabilities</b>			
Authorized share capital (70,000,000 Ordinary shares of Rs.10 each)		700,000,000	700,000,000
<b>Capital and reserves attributable to Company's equity holders</b>			
Ordinary share capital	18	502,968,030	502,968,030
Share premium		254,024,260	254,024,260
Reserves	19	225,233,575	181,840,187
Unappropriated profit		1,282,749,800	1,110,233,075
<b>Total Equity</b>		<b>2,264,975,665</b>	<b>2,049,065,552</b>
<b>Liabilities</b>			
<b>Underwriting Provisions</b>			
Outstanding claims including IBNR	25	294,800,833	260,105,733
Unearned premium reserve	24	641,585,269	521,370,886
Unearned reinsurance commission	26	54,234,596	46,716,196
Retirement benefit obligations	13	9,672,912	4,519,519
Premiums received in advance		2,982,677	1,891,673
Insurance / reinsurance payables	20	305,654,671	234,715,482
Other creditors and accruals	21	156,238,398	152,676,442
Taxation - provision less payments	22	71,686,314	96,880,283
<b>Total Liabilities</b>		<b>1,536,855,670</b>	<b>1,318,876,214</b>
Total liabilities of Window Takaful Operations - Operator's fund	16	48,644,031	34,906,454
<b>Total Equity and Liabilities</b>		<b>3,850,475,366</b>	<b>3,402,848,220</b>
<b>Contingencies and commitments</b>			
	23		

The annexed notes from 1 to 45 form an integral part of these financial statements.

 Iqbal Ali Lakhani  
Chairman  
 Amin Mohammed Lakhani  
Director  
 Aftab Ahmad  
Director  
 Mohammad Hussain Hirji  
Director & Chief Executive  
 Sabza Ali Pirani  
Chief Financial Officer

# Profit and Loss Account

For the year ended December 31, 2021

	Note	December 31, 2021 (Rupees)	December 31, 2020 (Rupees)
Net insurance premium	24	897,582,289	846,099,290
Net insurance claims	25	(449,747,549)	(360,165,103)
Net commission and other acquisition costs	26	81,025,464	40,466,589
Insurance claims and acquisition expenses		(368,722,085)	(319,698,514)
Management expenses	27	(321,553,976)	(332,547,935)
<b>Underwriting results</b>		<b>207,306,228</b>	<b>193,852,841</b>
Investment income	28	116,008,967	79,513,925
Other income	29	52,809,245	63,515,340
Other expenses	30	(12,463,122)	(11,102,156)
<b>Results of operating activities</b>		<b>363,661,318</b>	<b>325,779,950</b>
Finance costs - lease liabilities		(5,634,194)	(6,240,748)
Share of profit of associates	7	12,986,965	12,408,460
Profit from Window Takaful Operations - Operator's fund	16	18,614,324	10,469,119
<b>Profit before tax</b>		<b>389,628,413</b>	<b>342,416,781</b>
Income tax expense	31	(112,102,655)	(99,814,471)
<b>Profit after tax</b>		<b>277,525,758</b>	<b>242,602,310</b>
<b>Earnings (after tax) per share of Rs. 10 each - basic</b>	32	<b>5.52</b>	<b>4.82</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

 Iqbal Ali Lakhani  
Chairman  
 Amin Mohammed Lakhani  
Director  
 Aftab Ahmad  
Director  
 Mohammad Hussain Hirji  
Director & Chief Executive  
 Sabza Ali Pirani  
Chief Financial Officer

# Statement of Comprehensive Income

For the year ended December 31, 2021

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
Profit after tax	277,525,758	242,602,310
<b>Other comprehensive income</b>		
<b>Item that will never be reclassified to profit and loss account in subsequent year</b>		
Remeasurement of post retirement benefits obligation	(4,424,450)	425,924
<b>Item to be reclassified to profit and loss account in subsequent year:</b>		
Unrealised appreciation 'available for sale' investments - net of tax	60,621,567	58,404,923
Reclassification adjustment for net gain on available for sale investments included in profit and loss account - net of tax	(17,200,590)	(1,205,445)
	43,420,977	57,199,478
- Share in other comprehensive income of associates - net of tax	9,083	64,746
Unrealised appreciation on 'available for sale' investments of Window Takaful Operations - net of tax	6,456	34,045
Reclassification adjustment for net (gain) / loss on available for sale investments included in profit and loss account of Window Takaful Operations - net of tax	(34,045)	60,730
	(27,589)	94,775
<b>Total comprehensive income for the year</b>	<b>316,503,779</b>	<b>300,387,233</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

  
Iqbal Ali Lakhani  
Chairman

  
Amin Mohammed Lakhani  
Director

  
Aftab Ahmad  
Director

  
Mohammad Hussain Hirji  
Director & Chief Executive

  
Sabza Ali Pirani  
Chief Financial Officer

# Statement of Changes In Equity

For the year ended December 31, 2021

	Attributable to equity holders of the Company					Total
	Share capital Issued, subscribed and paid-up	Capital reserves Share premium	Revenue reserves General reserve	Unrealised (diminution) / appreciation 'available for sale' investments	Retained earnings	
	----- (Rupees) -----					
<b>Balance as at January 01, 2020</b>	502,968,030	254,024,260	119,000,000	5,545,934	955,159,703	1,836,697,927
<b>Total comprehensive income for the year</b>						
Profit after tax for the year	-	-	-	-	242,602,310	242,602,310
<b>Other comprehensive income</b>						
Share in other comprehensive income of associates	-	-	-	-	64,746	64,746
Remeasurement of post retirement benefits obligation	-	-	-	-	425,924	425,924
Net unrealised gain arising during the year on revaluation of available for sale investments net of tax (including WTO) net of tax	-	-	-	58,438,968	-	58,438,968
Reclassification adjustment for net gain on available for sale investments included in profit and loss account (including WTO) net of tax	-	-	-	(1,144,715)	-	(1,144,715)
<b>Total comprehensive income for the year</b>	-	-	-	57,294,253	243,092,980	300,387,233
<b>Transactions with owners recorded directly in equity</b>						
Final cash dividend of Rs.1.75 (17.5%) per share for the year ended December 31, 2019	-	-	-	-	(88,019,608)	(88,019,608)
<b>Balance as at December 31, 2020</b>	502,968,030	254,024,260	119,000,000	62,840,187	1,110,233,075	2,049,065,552
<b>Total comprehensive income for the year</b>						
Profit after tax for the year	-	-	-	-	277,525,758	277,525,758
<b>Other comprehensive income</b>						
Share in other comprehensive income of associates	-	-	-	-	9,083	9,083
Remeasurement of post retirement benefits obligation	-	-	-	-	(4,424,450)	(4,424,450)
Net unrealised loss arising during the year on revaluation of available for sale investments (including WTO) net of tax	-	-	-	60,628,023	-	60,628,023
Reclassification adjustment for net gain on available for sale investments included in profit and loss account (Including WTO) net of tax	-	-	-	(17,234,635)	-	(17,234,635)
<b>Total comprehensive income for the year</b>	-	-	-	43,393,388	273,110,391	316,503,779
<b>Transactions with owners recorded directly in equity</b>						
Final cash dividend of Rs. 2 (20%) per share for the year ended December 31, 2020	-	-	-	-	(100,593,666)	(100,593,666)
<b>Balance as at December 31, 2021</b>	<b>502,968,030</b>	<b>254,024,260</b>	<b>119,000,000</b>	<b>106,233,575</b>	<b>1,282,749,800</b>	<b>2,264,975,665</b>

The annexed notes from 1 to 45 form an integral part of these financial statements.

  
Iqbal Ali Lakhani  
Chairman

  
Amin Mohammed Lakhani  
Director

  
Aftab Ahmad  
Director

  
Mohammad Hussain Hirji  
Director & Chief Executive

  
Sabza Ali Pirani  
Chief Financial Officer

# Cash Flow Statement

For the year ended December 31, 2021

	December 31, 2021	December 31, 2020
Note	----- (Rupees) -----	
<b>Operating cash flows</b>		
<b>(a) Underwriting activities</b>		
Insurance premium received	1,564,900,531	1,334,984,485
Reinsurance premium paid	(512,899,411)	(530,285,565)
Claims paid	(606,769,253)	(612,771,683)
Reinsurance and other recoveries received	273,781,311	212,714,236
Commission paid	(71,263,108)	(83,789,188)
Commission received	109,183,482	164,140,647
Management expenses paid	(320,948,590)	(298,583,077)
Net cash inflow from underwriting activities	435,984,962	186,409,855
<b>(b) Other operating activities</b>		
Income tax paid	(134,975,188)	(57,817,641)
Other operating receipt / (payments)	(215,825)	11,340,073
Net cash outflow from other operating activities	(135,191,013)	(46,477,568)
<b>Total cash inflow from operating activities</b>	<b>300,793,949</b>	<b>139,932,287</b>
<b>Investment activities</b>		
Profit / return received	118,107,451	82,112,773
Dividends received	33,726,773	13,876,468
Payments for investments	(1,259,940,457)	(1,574,992,616)
Proceeds from disposal of investments	1,221,059,839	1,646,092,969
Fixed capital expenditure	(27,741,038)	(18,496,852)
Proceeds from sale of property and equipment	3,790,651	2,427,122
<b>Total cash inflow from investing activities</b>	<b>89,003,219</b>	<b>151,019,864</b>
<b>Financing activities</b>		
Dividends paid	(100,177,007)	(87,578,131)
Lease rentals paid	(18,511,171)	(16,232,864)
<b>Total cash outflow from financing activities</b>	<b>(118,688,178)</b>	<b>(103,810,995)</b>
<b>Net cash inflow from all activities</b>	<b>271,108,990</b>	<b>187,141,156</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>453,365,700</b>	<b>266,224,544</b>
<b>Cash and cash equivalents at end of the year</b>	<b>724,474,690</b>	<b>453,365,700</b>
15.3		
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	300,793,949	139,932,287
Depreciation / amortization expense	(27,741,249)	(28,503,649)
Profit on disposal of property and equipment	647,876	628,074
Profit on disposal of investments	32,011,001	901,426
Dividend income	32,637,288	13,465,915
Other investment income	111,805,206	95,716,166
Share of profit of associates	12,986,965	12,408,460
Increase in assets other than cash	38,099,010	118,078,710
Increase in liabilities other than running finance	(236,930,458)	(117,458,153)
Profit from Window Takaful Operations	13,216,170	7,433,074
Profit after tax	277,525,758	242,602,310

The annexed notes from 1 to 46 form an integral part of these financial statements.



Iqbal Ali Lakhani  
Chairman



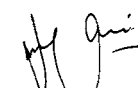
Amin Mohammed Lakhani  
Director



Aftab Ahmad  
Director



Mohammad Hussain Hirji  
Director & Chief Executive



Sabza Ali Pirani  
Chief Financial Officer

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on October 10, 1985 under the Companies Act 2017. The Company is listed on the Pakistan Stock Exchange Limited and is engaged in general insurance business. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi.

The Company was granted authorization on August 07, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations by Securities and Exchange Commission of Pakistan (SECP) and under Takaful Rules, 2012 to carry on general takaful operations in Pakistan. The Company has formed a Waqf for Participants' Fund ("PTF") by executing the Waqf deed dated August 17, 2017. The Company commenced its activities of Window Takaful Operations on August 18, 2017.

## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under Companies Act, 2017; and
- Provision of and directive issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019 and Takaful Rules, 2012.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, The General Takaful Accounting Regulation, 2019 and Takaful Rules, 2012, shall prevail.

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 89(1)/2017 dated February 09, 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.

Total assets, total liabilities and profit of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements in accordance with the requirements of SRO 1416(1)/2019 dated November 20, 2019.

A separate set of financial statements of the Windows Takaful operations has been annexed to these financial statements as per the requirements of the Takaful Rules 2012.

### 2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for certain investments which are stated at their fair values and staff gratuity which is stated at present value.

### 2.3 Functional and presentation currency

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

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 2.4 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan 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)
IFRS 3 Revised Conceptual Framework (Amendments)	January 01, 2022
IAS 16 – Property, Plant and Equipments: proceeds before intended use	January 01, 2022
IAS 37 - Onerous Contracts: cost of fulfilling a contract	January 01, 2022
IAS 1 - Classification of Liabilities as Current or Noncurrent (Amendments)	January 01, 2023
IAS 1 - Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8 - Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12 - Deferred Tax Related to Assets & Liabilities Arising from Single Transaction (Amendments)	January 01, 2023

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

### Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
IFRS 16 Leases - Partial Amendments to Illustrative Example 13	January 01, 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

### Standards

IFRS 1 – First time adoption of IFRSs  
 IFRS 17 – Insurance Contracts  
 IFRS 14 – Regulatory Deferral Accounts

## 2.5 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 14 – Regulatory Deferral Accounts

IFRS 16 - COVID 19 Related Rent Concessions (Amendments)

Amendment to IFRS 3 'Business Combinations' – Definition of a Business

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented .

### 3.1 Property and Equipment

#### 3.1.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 6.1 to the financial statements, after taking into account residual value.

Depreciation on additions is charged from the month in which the asset is put to use whereas no depreciation is charged from the month the asset is disposed off.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is possible 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 profit and loss account currently.

An item of tangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

Depreciation methods, useful lives and residual values that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

#### 3.1.2 Capital work-in-progress

Capital work-in-progress including advances made for capital expenditure is stated at cost less impairment, if any.

### 3.2 Intangibles

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset.

## Indefinite Intangible

These are stated at cost less impairment, if any.

## Definite Intangible

- a) These are stated at cost less accumulated amortisation and impairment, if any.
- b) Intangible assets are amortised on straight line basis over its estimated useful life(s).
- c) Amortisation on additions is charged from month in which the asset is put to use, whereas no amortisation is charged from the month the assets is disposed off.

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

## 3.3 Leases

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. The Company mainly leases properties for its operations. The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognize right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognized as an expenses on a straight line basis over the lease term. The right-of-use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

## 3.4 Insurance contracts

Insurance contracts represent contracts with policy holders and reinsurers.

Those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders are insurance policy contracts. The Company enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, money, engineering losses and other insurance contracts with group companies, corporate clients and individuals residing or located in Pakistan.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters in to reinsurance contracts with both foreign and local reinsurers.

These reinsurance contracts includes both treaty and facultative arrangements and are classified in same categories of insurance contracts for the purpose of these financial statements. 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 reinsurance business being reinsured.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

## 3.5 Deferred Commission expense / Acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of premium revenue by applying the twenty-fourths method.

## 3.6 Unearned premium

The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Company. The unearned premium is calculated by applying the twenty-fourths method as specified in the Insurance Accounting Regulations, 2017.

## 3.7 Premium deficiency

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, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense and the same shall be recognised as a liability.

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

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date. The liability of premium deficiency in relation to all classes of business is calculated in accordance with the advice of the actuary. Hence, no provision for the same has been made in these financial statements.

## 3.8 Reinsurance contracts held

Reinsurance liabilities represent balances due to reinsurance companies. Balances 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.



# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets as required by Insurance Ordinance, 2000. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired.

The Company assesses its reinsurance assets for impairment on reporting 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 it as impairment loss.

## 3.9 Receivables and payables related to insurance contracts

Receivables including premium due but unpaid, relating to insurance contracts are recognised when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Premium received in advance is recognised as liability till the time of issuance of insurance contract thereagainst.

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.

## 3.10 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 Rule, 2017. The reported operating segments are also consistent with the internal reporting provided to Board of Directors which are responsible 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.

The Company has five primary business segments for reporting purposes namely fire, marine, motor, accident & health and miscellaneous.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

Marine insurance provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive car coverage and indemnity against third party loss.

Accident and health insurance provides cover to compensate personal accident, hospitalisation and outpatient medical coverage to the insured.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, travel, money, engineering losses and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Management expenses are allocated to a particular segment on the basis of premium written.

## 3.11 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, policy stamps, bank balances and the term deposit receipts having a maturity of not more than twelve months and are subject to insignificant risk of change in value.

## 3.12 Revenue Recognition

### a) Premiums

Premiums under a policy are recognised as revenue at the time of issuance of insurance policy / cover note. Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of the incidence of risk. Administrative surcharge is recognised as revenue at the time of issuance of insurance policy.

### b) Commission Income

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit / commission, if any, under the terms of reinsurance arrangements, is recognised when the Company's right to receive the same is established.

### c) Investment income

- Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.
- Dividend income from investments, other than those which are accounted for under the equity method is recognised when the Company's right to receive the payment is established.
- Gain or loss on sale of investment is included in income currently.
- Return on bank deposits is recognised on a time proportionate basis taking into account the effective yield.
- Return on fixed income securities is recognised on a time proportion basis taking into account the effective yield on the investments.

## 3.13 Investments

### 3.13.1 Classification and Recognition

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs, except for held for trading in which case transaction costs are charged to the profit and loss account. These are recognized and classified as follows:

- Investment at fair value through profit or loss
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 3.13.2 Measurement

### 3.13.2.1 Investment at fair value through profit or loss

Investments which are acquired principally for the purposes of generating profit from short-term fluctuation in market price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments which are designated at fair value through profit or loss upon initial recognition.

Subsequent to initial recognition, these investments are remeasured at fair market value. Gains or losses on investments on remeasurement of these investments are recognised in profit and loss account.

### 3.13.2.2 Held to maturity

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective yield.

### 3.13.2.3 Available-for-sale

Investments which are not eligible to be classified as "fair value through profit or loss" or "held to maturity" are classified as "available-for-sale". These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

#### Quoted

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognised in statement of comprehensive income.

#### Unquoted

Unquoted investments are recorded at cost less accumulated impairment losses except for Investment in Private Equity fund which is valued at Net assets value of the Fund.

### 3.13.2.4 Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from MUFAP page (PKRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

### 3.13.2.5 Investment in associates - equity method

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost, thereafter the Company's share of the changes in the net assets of the associates are accounted for at the end of each reporting period less impairment loss, if any. Share of profit and loss of associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which has not been recognised in the associates profit and loss account, are recognised directly in equity of the Company. The goodwill relating to an associate arising on the acquisition of the investment is included in the carrying value of the investments.

After the application of equity method including recognising the associates losses, the Company determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in associate by comparing the entire carrying amount including goodwill with its recoverable amount i.e. the higher of value in use or fair market price less cost to sell. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the profit and loss account.

### 3.13.2.6 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

## 3.14 Offsetting of financial assets and liabilities

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

## 3.15 Creditors, accruals and provisions

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

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, 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 reviewed at each reporting date and adjusted to reflect the current best estimate.

## 3.16 Claims expense and Provision for outstanding claims including Incurred But Not Reported (IBNR)

Insurance claims include all claims occurred, whether reported or not. Internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

### Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

## **Incurred But Not Reported (IBNR) Claims**

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Company by that end of reporting year, or if reported, complete details are not available to the Company, so as to ascertain the amount of loss for that claim as claims outstanding.

The Company is required, as per SECP circular no. 9 of 2016 dated March 09, 2016 "Guidelines for Estimation of Incurred but not reported claims reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at December 31, 2021 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

## **3.17 Taxation**

Income tax expense comprises current and deferred tax including window takaful operations. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

### **Current**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability, as applicable, after taking into account tax credits and tax rebates available, if any.

### **Deferred**

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## **3.18 Staff Retirement benefits**

### **3.18.1 Defined benefit plan**

The Company operates an approved and funded gratuity scheme for all permanent employees who attain the minimum qualification period for entitlement to gratuity. The liability / asset recognized in the balance sheet is the present value of defined benefit obligation at the reporting date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in profit and loss account and actuarial gains / loss are recognised in other comprehensive income as they occur and are not reclassified to profit or loss in subsequent periods.

The last actuarial valuation of the Company's defined benefit plan was carried on as of December 31, 2021.

### **3.18.2 Defined contribution plan**

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 10 percent of basic salary plus cost of living allowance.

### **3.18.3 Employees' compensated absences**

The Company accounts for the liability in respect of eligible employees' compensated absences in the period in which they are earned.

## **3.19 Impairment of assets**

The carrying amount of assets other than deferred tax asset are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised. Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. However, in case of equity securities classified as available for sale the decrease in impairment loss is not reversed.

## **3.20 Dividend distribution and reserve appropriation**

Dividend distribution and reserve appropriations are recognized when approved.

## **3.21 Management expenses**

These are allocated to various classes of business in proportion to the respective gross premium written during the year. Expenses not allocable to the underwriting business are charged as other expenses.

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 3.22 Foreign currency translation

Foreign currency transactions during the period are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the reporting date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

## 3.23 Financial instruments

Financial instruments carried on the reporting date include cash and bank, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, amount due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits and other payables and unclaimed dividends.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income currently.

## 3.24 Transaction with related parties

All the transaction involving related parties arising in the normal course of business are conducted at agreed / commercial terms and condition.

## 3.25 Window Takaful Operations

The accounting policies followed by Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended December 31, 2021.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

### 4.1 Use of estimates and judgements

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

- residual values and useful lives of fixed assets (note 3.1);
- provision for unearned premium (note 3.6);
- premium deficiency reserve (note 3.7);
- provision for premium due but unpaid and amount due from other insurers / reinsurers (note 3.9);
- segment reporting (note 3.10);
- classification of investments (note 3.13.1);
- provision for outstanding claims (including IBNR) and reinsurance recoveries there against (note 3.16);
- taxation (note 3.17);
- staff retirement benefits (note 3.18);
- impairment (note 3.19); and
- allocation of management expenses (note 3.21).

## 5. DISCLOSURES RELATED TO TEMPORARY EXEMPTION FROM IFRS 9

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement consideration for the time value of money and credit risk are typically the most significant elements of interest. IFRS 9 defines the terms principal as being the fair value of the financial asset at initial recognition and the interest as being compensation for (i) the time value of money and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The debt instruments accounted for fair value through other comprehensive income under IAS 39 are potentially eligible to SPPI test whereas it is not applicable for the debt instruments accounted for fair value through profit or loss.

The tables below set out the fair values on gross basis as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately.

- financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- all other financial assets.

	December 31, 2021			
	Fail the SPPI Test		Pass the SPPI Test	
	Fair value	Change in unrealized gain or (loss) during the year	Carrying Value	Cost less impairment
				Change in unrealized gain or (loss) during the year
	----- (Rupees) -----			
<b>Financial assets</b>				
Investment in associate	129,679,073	-	-	-
Investments				
- Equity securities - Available for Sale	1,126,661,275	154,616,226	-	-
- Equity securities - Held for trading	98,207,379	(6,225,961)	-	-
- Debt securities - Held for trading	-	-	88,077,711	(2,093,235)
- Debt securities - available for sale	-	-	440,221,952	(5,000,564)
- Debt securities - held to maturity	-	-	54,633,134	-
Loan and other receivables*	42,277,283	-	-	-
Cash and Bank	725,474,690	-	-	-
<b>TOTAL</b>	<b>2,122,299,700</b>	<b>148,390,265</b>	<b>582,932,797</b>	<b>(7,093,799)</b>

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

	Gross Carrying amount of debt instruments that pass the SPPI test						
	AA+	AA-	A+	A	A-	Unrated	Total
	----- (Rupees) -----						
<b>Investment in debt securities</b>							
Held for trading	-	-	-	-	-	88,077,711	88,077,711
Available for sale	56,980,292	25,000,000	153,000,000	20,000,000	15,000,000	170,241,660	440,221,952
Held to Maturity	-	-	-	-	-	54,633,134	54,633,134
	<b>56,980,292</b>	<b>25,000,000</b>	<b>153,000,000</b>	<b>20,000,000</b>	<b>15,000,000</b>	<b>312,952,505</b>	<b>582,932,797</b>

\* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of the fair values.

## 6. PROPERTY AND EQUIPMENT

	Note	December 31, 2021	December 31, 2020
		----- (Rupees) -----	
Operating assets	6.1	<b>83,355,554</b>	70,599,800
Right to use assets	6.2	<b>35,303,605</b>	38,925,248
Capital work in progress	6.3	<b>6,908,621</b>	11,625,221
		<b>125,567,780</b>	121,150,269

### 6.1 Operating assets

	December 31, 2021									
	Cost			Depreciation				Written down value as at December 31, 2021	Depreciation rate %	
	As at January 01, 2021	Additions	Disposals	As at December 31, 2021	As at January 01, 2021	For the year	Disposals			As at December 31, 2021
	----- (Rupees) -----									
Office improvement	19,763,414	1,385,019	2,031,327	19,117,106	16,026,412	967,507	2,031,300	14,962,619	4,154,487	10
Furniture and fixtures	16,775,543	2,030,600	603,882	18,202,261	11,403,005	1,260,738	603,826	12,059,917	6,142,344	10
Office equipment	15,118,602	3,930,224	737,577	18,311,249	11,904,008	1,769,093	684,059	12,989,042	5,322,207	10 - 33
Computer and related accessories	9,556,021	1,548,240	29,436	11,074,825	7,833,922	948,178	28,724	8,753,376	2,321,449	33
Motor vehicles	98,697,765	23,563,555	9,411,355	112,849,965	42,144,198	11,612,358	6,321,658	47,434,898	65,415,067	20
	<b>159,911,345</b>	<b>32,457,638</b>	<b>12,813,577</b>	<b>179,555,406</b>	<b>89,311,545</b>	<b>16,557,874</b>	<b>9,669,567</b>	<b>96,199,852</b>	<b>83,355,554</b>	

	December 31, 2020									
	Cost			Depreciation				Written down value as at December 31, 2020	Depreciation rate %	
	As at January 01, 2020	Additions	Disposals	As at December 31, 2020	As at January 01, 2020	For the year	Disposals			As at December 31, 2020
	----- (Rupees) -----									
Office improvement	19,763,414	-	-	19,763,414	15,138,303	888,109	-	16,026,412	3,737,002	10
Furniture and fixtures	16,723,543	52,000	-	16,775,543	10,245,636	1,157,369	-	11,403,005	5,372,538	10
Office equipment	14,950,159	870,152	701,709	15,118,602	10,812,894	1,732,314	641,200	11,904,008	3,214,594	10 - 33
Computer and related accessories	8,325,826	1,799,800	569,605	9,556,021	7,627,274	731,419	524,771	7,833,922	1,722,099	33
Motor vehicles	95,157,458	8,082,900	4,542,593	98,697,765	33,923,912	11,067,040	2,846,754	42,144,198	56,553,567	20
	<b>154,920,400</b>	<b>10,804,852</b>	<b>5,813,907</b>	<b>159,911,345</b>	<b>77,748,019</b>	<b>15,576,251</b>	<b>4,012,725</b>	<b>89,311,545</b>	<b>70,599,800</b>	

6.1.1 During the year ended December 31, 2021, an aggregate amount of Rs. 0.993 million out of depreciation for the year Rs. 16.558 million has been allocated to window takafal operations.

### 6.1.2 Disposal of tangible

	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain / (loss) (note 29)	Mode of disposal	Sold to
Office improvement	2,031,327	2,031,300	27	49,500	49,473	Negotiation	Liaquat Bhatti
Furniture and fixtures	97,524	97,510	14	25,000	24,986	Negotiation	Liaquat Bhatti
Furniture and fixtures	506,358	506,316	42	37,900	37,858	Negotiation	Liaquat Bhatti
Office equipment	188,699	188,693	6	18,900	18,894	Negotiation	Various
Office equipment	54,500	51,998	7,502	18,900	11,398	Insurance Claim	EFU General Insurance
Office equipment	294,137	243,132	49,005	36,000	(9,005)	Negotiation	Al-Rehman Traders
Office equipment	200,241	200,235	6	12,000	11,994	Negotiation	Liaquat Bhatti
Computer and related accessories	17,000	16,526	474	500	26	Negotiation	Star Com
Computer and related accessories	12,436	12,434	2	2,000	1,998	Negotiation	A.A. Enterprises
Motor vehicles	683,000	409,800	273,200	683,000	409,800	As per company policy	Mr. Haider Ali (Executive)
Motor vehicles	688,000	431,719	256,281	256,281	-	As per company policy	Mr. Hassan Siddiqui (Executive)
Motor vehicles	1,952,500	1,312,705	639,795	639,795	-	As per company policy	Mr. Mir Mehmood Ali (Ex. executive)
Motor vehicles	1,678,000	1,139,786	538,214	538,214	-	As per company policy	Mr. Abid Raza Isfahani (Executive)
Motor vehicles	1,099,000	738,880	360,120	360,120	-	As per company policy	Mr. Asif Mehmood (Executive)
Motor vehicles	1,997,500	1,342,959	654,541	654,541	-	As per company policy	Mr. Abdul Rehman (Executive)
Motor vehicles	101,400	86,400	15,000	18,000	3,000	Negotiation	Mr. Masood Ahsan (Ex. Employee)
Motor vehicles	109,900	94,900	15,000	25,000	10,000	As per company policy	Mr. Omer Abdullah
Motor vehicles	114,000	99,000	15,000	30,000	15,000	As per company policy	Mr. Salman Baqar
Motor vehicles	114,000	99,000	15,000	30,000	15,000	As per company policy	Mr. Kashif Ozair Khan
Motor vehicles	114,000	99,000	15,000	30,000	15,000	As per company policy	Mr. Arsalan Iqbal
Motor vehicles	119,000	104,000	15,000	30,000	15,000	As per company policy	Mr. Asif Aziz
Motor vehicles	45,000	35,000	10,000	10,000	-	Negotiation	Mr. Karamdad Jakhro
Motor vehicles	47,448	37,448	10,000	10,000	-	Negotiation	Mr. Shahid
Motor vehicles	108,500	15,583	92,917	100,000	7,083	Insurance Claim	EFU General Insurance
Motor vehicles	108,500	12,986	95,514	100,000	4,486	Insurance Claim	EFU General Insurance
Motor vehicles	114,000	99,000	15,000	30,000	15,000	As per company policy	Mr. Cassian Johnson Peter
Motor vehicles	124,607	94,993	29,614	30,000	386	As per company policy	Mr. Chandr Sen
Motor vehicles	41,000	26,499	14,501	5,000	(9,501)	Negotiation	Mr. Muhammad Nadeem
Motor vehicles	52,000	42,000	10,000	10,000	-	Negotiation	Mr. Abdul Hameed
	<b>12,813,577</b>	<b>9,669,802</b>	<b>3,146,775</b>	<b>3,790,651</b>	<b>647,876</b>		

### 6.2 Right to use assets

	December 31, 2021									
	Cost			Depreciation				Written down value as at December 31, 2021	Depreciation rate %	
	As at January 01, 2021	Additions	(Disposals / written off)	As at December 31, 2021	As at January 01, 2021	For the year	(Disposals / written off)			As at December 31, 2021
	----- (Rupees) -----									
Property lease	64,064,763	8,555,204	-	72,619,967	25,139,515	12,176,847	-	37,316,362	35,303,605	20

### 6.3 Capital work in progress

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
Advance against purchase of vehicles	<b>6,428,621</b>	11,625,221
Advance against reversion of branch	<b>480,000</b>	-
	<b>6,908,621</b>	11,625,221

## 7. INVESTMENT IN ASSOCIATES

The Company has 0.037% and 0.428% interest in Colgate Palmolive (Pakistan) Limited (CPPL) and Century Paper & Board Mills Limited (CPBML). The Company's interest in CPPL and CPBML is accounted for using the equity method in these financial statements on the basis of significant influence which is demonstrated by common representation of directors of the Company on Board of Director's of CPPL and CPBML.

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## INVESTMENT IN ASSOCIATES

2021	2020	Face value per share (Rupees)	Quoted	Note	December 31, 2021	December 31, 2020
---(Number of shares)---					----- (Rupees) -----	-----
26,774	23,282	10	Colgate Palmolive (Pakistan) Limited (CPPL) (Incorporated in Pakistan)	7.1	12,981,554	11,967,904
868,703	755,394	10	Century Paper & Board Mills Limited (CPBML) (Incorporated in Pakistan)	7.1	47,700,159	37,991,670
					<b>60,681,713</b>	49,959,574

### 7.1 Movement of investment in equity accounted investees is as follows:

	December 31, 2021		
	Colgate Palmolive (Pakistan) Limited	Century Paper & Board Mills Limited	Total
	----- (Rupees) -----		
Opening balance as at January 01, 2021	11,967,904	37,991,670	49,959,574
Share of profit	2,147,276	10,839,689	12,986,965
Share of equity	7,192	1,891	9,083
Dividend received	(1,140,818)	(1,133,091)	(2,273,909)
Closing balance as at December 31, 2021	12,981,554	47,700,159	60,681,713
	December 31, 2020		
	Colgate Palmolive (Pakistan) Limited	Century Paper & Board Mills Limited	Total
	----- (Rupees) -----		
Opening balance as at January 01, 2020	10,992,804	28,411,443	39,404,247
Share of profit	1,963,571	10,444,889	12,408,460
Share of equity	(14,835)	79,581	64,746
Dividend received	(973,636)	(944,243)	(1,917,879)
Closing balance as at December 31, 2020	11,967,904	37,991,670	49,959,574

### 7.2 Market value of investments in associates is as follows:

Quoted	December 31, 2021	December 31, 2020
	----- (Rupees) -----	-----
Colgate Palmolive (Pakistan) Limited	60,964,666	67,517,800
Century Paper & Board Mills Limited	68,714,407	94,537,559
	<b>129,679,073</b>	162,055,359

### 7.3 Percentage of holding of equity in associates is as follows:

	December 31, 2021	December 31, 2020
	-----(Percentage of holding)----	
Colgate Palmolive (Pakistan) Limited	0.037%	0.037%
Century Paper & Board Mills Limited	0.428%	0.428%

### 7.4 The following is summarized financial information of CPPL and CPBML as at and for the twelve month period ended December 31, 2021. Based on their respective unaudited condensed interim financial information and quarterly financial information prepared in modified for fair value and other adjustments and differences in the Company's accounting policies:

	Colgate Palmolive (Pakistan) Limited	Century Paper & Board Mills Limited
	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
<b>For the period ended</b>		
Revenues	54,756,595,000	47,502,223,000
Profit after tax	5,838,208,000	5,338,674,000
Other comprehensive income / (loss)	19,553,000	(40,333,000)
Total comprehensive income	5,857,761,000	5,298,341,000
<b>At period end</b>		
Non current assets	7,533,938,000	5,960,436,000
Current assets	22,959,348,000	19,367,532,000
Non current liabilities	(1,804,590,000)	(1,367,787,000)
Current liabilities	(7,259,736,000)	(5,287,257,000)
Net assets	21,428,960,000	18,672,924,000
Group's interest in net assets of investee at end of the year	7,881,766	6,868,071
Fair value and other adjustments at acquisition	5,099,833	5,099,833
<b>Carrying amount of interest in equity accounted investees at end of the year</b>	<b>12,981,599</b>	<b>11,967,904</b>

## 8. INVESTMENTS IN EQUITY SECURITIES

	December 31, 2021				December 31, 2020			
	Cost	Impairment on AFS	Unrealised gain / (loss) on revaluation	Carrying value	Cost	Impairment on AFS	Unrealised gain on revaluation	Carrying value
Note	----- (Rupees) -----							
Available for sale	972,045,049	-	154,616,226	1,126,661,275	805,836,834	(23,594,686)	74,899,257	857,141,405
Held for trading	104,433,344	-	(6,225,965)	98,207,379	95,181,884	-	6,398,703	101,580,587
	<b>1,076,478,393</b>	-	<b>148,390,261</b>	<b>1,224,868,654</b>	901,018,718	(23,594,686)	81,297,960	958,721,992
<b>Available for sale</b>								
<b>Related parties</b>								
Mutual funds	459,015,352	-	125,975,547	584,990,899	413,678,396	-	32,820,801	446,499,197
<b>Others</b>								
Listed shares	64,819,749	-	4,184,720	69,004,469	40,991,667	(4,860,437)	10,886,773	47,018,003
Unlisted shares	75,283	-	-	75,283	75,283	-	-	75,283
Mutual funds	448,134,665	-	24,455,959	472,590,624	351,091,488	(18,734,249)	31,191,683	363,548,922
	513,029,697	-	28,640,679	541,670,376	392,158,438	(23,594,686)	42,078,456	410,642,208
	<b>972,045,049</b>	-	<b>154,616,226</b>	<b>1,126,661,275</b>	805,836,834	(23,594,686)	74,899,257	857,141,405
<b>Investment at fair value through profit and Loss</b>								
Listed shares	104,433,344	-	(6,225,965)	98,207,379	95,181,884	-	6,398,703	101,580,587
	<b>1,076,478,393</b>	-	<b>148,390,261</b>	<b>1,224,868,654</b>	901,018,718	(23,594,686)	81,297,960	958,721,992

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 8.1 Related parties

2021 ----- (Number of units) -----	2020	Face value per unit (Rupees)	Name of entity	December 31, 2021				December 31, 2020			
				Cost	Impairment on AFS	Unrealised gain / (loss) on revaluation	Carrying value	Cost	Impairment on AFS	Unrealised gain on revaluation	Carrying value
(Rupees)											
<b>Open-end mutual funds</b>											
1,374,642	1,416,940	100	Lakson Equity Fund	145,406,224	-	(996,949)	144,409,275	150,000,000	-	3,489,216	153,489,216
444,538	614,359	100	Lakson Tactical Fund	45,246,085	-	(1,436,587)	43,809,498	62,467,854	-	384,408	62,852,262
423,135	12,029	100	Lakson Money Market Fund	42,627,519	-	166,933	42,794,452	1,210,542	-	-	1,212,543
247,537	-	100	Lakson Income Fund	25,735,524	-	404,353	26,139,877	-	-	-	-
<b>Closed-end fund</b>											
200	200	1,000,000	Lakson Private Equity Fund	200,000,000	-	127,837,797	327,837,797	200,000,000	-	28,945,176	228,945,176
				<b>459,015,352</b>	<b>-</b>	<b>125,975,547</b>	<b>584,990,899</b>	<b>413,678,396</b>	<b>-</b>	<b>32,818,800</b>	<b>446,499,197</b>

## 9. INVESTMENTS IN DEBT SECURITIES

Note	December 31, 2021			December 31, 2020			
	Cost	Unrealised gain / (loss) on revaluation	Carrying value	Cost	Unrealised gain on revaluation	Carrying value	
(Rupees)							
<b>Held for trading</b>							
Government securities	9.1.1	90,170,946	(2,093,235)	88,077,711	86,596,010	393,967	86,989,977
<b>Held to maturity</b>							
Government securities	9.1.2 & 9.1.3	54,633,134	-	54,633,134	127,627,411	-	127,627,411
<b>Available for sale</b>							
Sukuk	9.1.4	25,000,000	-	25,000,000	35,000,000	(53,023)	34,946,977
Term finance certificate	9.1.5	242,934,000	2,046,292	244,980,292	44,980,000	(713,169)	44,266,831
Government securities	9.1.6	177,288,516	(7,046,856)	170,241,660	223,777,326	7,084,824	230,862,150
		<b>445,222,516</b>	<b>(5,000,564)</b>	<b>440,221,952</b>	<b>303,757,326</b>	<b>6,318,632</b>	<b>310,075,958</b>
		<b>590,026,596</b>	<b>(7,093,799)</b>	<b>582,932,797</b>	<b>517,980,747</b>	<b>6,712,599</b>	<b>524,693,346</b>

### 9.1 Particulars of debt securities are as follow

#### 9.1.1 Pakistan Investment Bonds / Treasury Bill

Face value	Type of security	Profit payment	Profit rate %	Maturity date	Carring Value	
					2021	2020
-- (Rupees) --						
29,500,000	Pakistan Investment Bond - 3 years	Semi Annually	9.00	September 19, 2022	29,031,569	30,012,946
25,000,000	Pakistan Investment Bond - 5 years	Semi Annually	9.50	September 19, 2024	23,908,475	25,495,975
35,000,000	Pakistan Investment Bond - 10 years	Semi Annually	8.27	August 22, 2029	35,137,667	-
32,000,000	Treasury Bills - 1 Year	On Maturity	7.10	March 25, 2021	-	31,481,056
					<b>88,077,711</b>	<b>86,989,977</b>

#### 9.1.2 Pakistan Investment Bonds / Treasury Bill

Face value	Type of security	Profit payment	Profit rate %	Maturity date	Carring Value	
					2021	2020
-- (Rupees) --						
25,000,000	Pakistan Investment Bond - 10 years	Semi Annually	12.00	September 19, 2022	24,883,950	24,689,167
30,000,000	Pakistan Investment Bond - 10 years	Semi Annually	10.68	May 31, 2028	29,749,184	29,710,093
75,000,000	Treasury Bills - 1 Year	On Maturity	7.115	April 08, 2021	-	73,228,151
					<b>54,633,134</b>	<b>127,627,411</b>

The market value of held to maturity debt securities is Rs. 54.882 million (2020: Rs. 129.772 million).

9.1.3 These securities are placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

#### 9.1.4 Sukuk

No. of certificates 2021	2020	Face value	Company's name	Effective Rate rate	Maturity date	Carring Value	
						2021	2020
(Rupees)							
5,000	5,000	5,000,000	Dubai Islamic Bak Pkistan Ltd	Kibor plus 1.75 %	Perpetual	25,000,000	24,827,575
-	100	100,000	Dawood Hercules Company Limited	3 months Kibor plus 1%	February 28, 2021	-	10,119,402
						<b>25,000,000</b>	<b>34,946,977</b>

#### 9.1.5 Term finance certificate

No. of certificates 2021	2020	Face value	Company's name	Effective Rate rate	Maturity date	Carring Value	
						2021	2020
(Rupees)							
11,000	5,000	4,994	Banl Al Habib Limited	6 months Kibor plus 1%	December 06, 2028	56,980,292	24,266,831
20	20	1,000,000	Soneri Bank Limited	6 months Kibor plus 2%	December 06, 2028	20,000,000	20,000,000
1,530	-	100,000	JS Bank Limited	6 months Kibor plus 2.25%	December 31, 2048	153,000,000	-
150	-	100,000	NSRP Microfinance Bank Limited	3 months Kibor plus 3%	July 09, 2028	15,000,000	-
						<b>244,980,292</b>	<b>44,266,831</b>

#### 9.1.6 Pakistan Investment Bonds

Face value	Type of security	Profit payment	Profit rate %	Maturity date	Carring Value	
					2021	2020
(Rupees)						
30,000,000	Pakistan Investment Bond - 5 years	Semi Annually	8.00	July 12, 2023	28,614,060	29,864,250
50,000,000	Pakistan Investment Bond - 5 years	Semi Annually	8.00	July 12, 2023	47,690,100	49,773,750
50,000,000	Pakistan Investment Bond - 5 years	Semi Annually	9.50	September 19, 2024	47,816,950	50,991,950
50,000,000	Pakistan Investment Bond - 10 years	Semi Annually	10.00	September 19, 2029	46,120,550	50,218,050
50,000,000	Pakistan Investment Bond - 3 years	Semi Annually	7.25	July 12, 2021	-	50,014,150
					<b>170,241,660</b>	<b>230,862,150</b>

## 10. INVESTMENT IN TERM DEPOSIT

Deposit maturing within 12 months

December 31, 2021	December 31, 2020
(Rupees)	
-	195,400,000
<b>-</b>	<b>195,400,000</b>

## 11. LOAN AND OTHER RECEIVABLE

Accrued investment income	17,683,925	26,231,956
Security deposits	6,889,003	6,529,043
Advance to employees	3,769,693	3,856,474
Advance against expenses	1,199,409	1,104,909
Receivable against sales of shares	418,208	-
Advance against purchase of shares	-	686
Window Takaful Operations	10,314,183	3,392,738
Others	2,002,862	1,147,190
	<b>42,277,283</b>	<b>42,262,996</b>

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 12. INSURANCE / RE-INSURANCE RECEIVABLE

	Note	December 31, 2021 ----- (Rupees) -----	December 31, 2020 -----
Due from insurance contract holders	12.1	433,862,590	395,106,061
Amounts due from other insurers / reinsurers	12.4	54,983,991	45,758,485
Reinsurance recoveries due but unpaid		52,295,564	113,814,809
		<u>541,142,145</u>	<u>554,679,355</u>

### 12.1 Due from insurance contract holders

#### Unsecured

Considered good	12.2	433,862,590	395,106,061
Considered doubtful		24,044,806	26,920,482
		<u>457,907,396</u>	<u>422,026,543</u>

Provision for doubtful balances	12.3	(24,044,806)	(26,920,482)
		<u>433,862,590</u>	<u>395,106,061</u>

12.2 This includes a sum of Rs. 297.285 million (December 31, 2020: Rs. 289.716 million) due from related parties.

### 12.3 Provision for doubtful balances

	December 31, 2021 ----- (Rupees) -----	December 31, 2020 -----
Balance as at January 01	26,920,482	11,511,332
Provision made during the year	1,255,549	15,772,035
Recoveries during the year	(4,131,225)	(362,885)
	<u>(2,875,676)</u>	<u>15,409,150</u>
Balance as at December 31	<u>24,044,806</u>	<u>26,920,482</u>

### 12.4 Amounts due from other insurers / reinsurers

#### Unsecured

#### Considered good

Foreign reinsurers	-	168,437
Local reinsurers	50,316,097	51,924,539
Co-insurers	50,680,376	39,677,991
	<u>100,996,473</u>	<u>91,770,967</u>
Provision for doubtful balances	(46,012,482)	(46,012,482)
	<u>54,983,991</u>	<u>45,758,485</u>

## 13. STAFF RETIREMENT BENEFITS

Defined benefit plan - gratuity scheme

The actuarial valuations are carried out annually and contributions are made accordingly. Following were the significant assumptions used for valuation of the scheme:

- Discount rate 12.25% (December 31, 2020: 10.25%) per annum.
- Expected rate of increase in the salaries of the employees 12.25% (December 31, 2020: 10.25%) per annum.

- Expected interest rate on plan assets of the scheme 12.25% (December 31, 2020: 10.25%) per annum.
- Average length of service of the employees 9.37 years (December 31, 2020: 8.68 years).

### 13.1 Liability in statement of financial position

	December 31, 2021 ----- (Rupees) -----	December 31, 2020 -----
Present value of defined benefit obligations	64,845,800	55,264,597
Fair value of plan assets	(55,172,888)	(50,745,078)
	<u>9,672,912</u>	<u>4,519,519</u>

### 13.2 Movement in liability during the year

Balance as at January 01	4,519,519	5,141,096
Charge to profit and loss account	5,248,463	4,945,443
Charged to other comprehensive income	4,424,450	(425,924)
Contributions to the fund during the year	(4,519,520)	(5,141,096)
Balance as at December 31	<u>9,672,912</u>	<u>4,519,519</u>

### 13.3 Reconciliation of the present value of defined benefit obligations

Present value of obligations as at January 01	55,264,597	44,767,110
Current service cost	5,016,837	4,643,404
Interest cost	5,643,258	5,257,374
Benefits paid	(416,849)	(46,995)
Actuarial loss / (gain)	(662,043)	643,704
Present value of obligations as at December 31	<u>64,845,800</u>	<u>55,264,597</u>

### 13.4 Reconciliation of the fair value of plan assets

Fair value of plan assets as at January 01	50,745,078	39,626,014
Expected return on plan assets	5,411,632	4,955,335
Contribution to the fund	4,519,520	5,141,096
Benefits paid	(416,849)	(46,995)
Actuarial gain / (loss)	(5,086,493)	1,069,628
Fair value of plan assets as at December 31	<u>55,172,888</u>	<u>50,745,078</u>

### 13.5 Charge to profit and loss account

Current service cost	5,016,837	4,643,404
Interest cost	5,643,258	5,257,374
Expected return on plan assets	(5,411,632)	(4,955,335)
	<u>5,248,463</u>	<u>4,945,443</u>

### 13.6 Remeasurements recognized in other comprehensive income, (expense) / income during the year

Actuarial gains / (loss) on obligations	662,043	(643,704)
Actuarial gains / (loss) on assets	(5,086,492)	1,069,628
	<u>(4,424,450)</u>	<u>425,924</u>

### 13.7 Expected return on plan assets

Expected return on assets	<u>5,411,632</u>	<u>4,955,335</u>
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# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 13.8 Composition of fair value of plan assets

	2021		2020	
	Fair value -- (Rupees) --	Percentage ---- (%) ----	Fair value -- (Rupees) --	Percentage ---- (%) ----
Funds - related party	29,843,456	54	23,753,837	47
Government securities	23,461,648	43	2,002,818	4
Term deposit certificate	-	-	21,725,000	43
Cash and bank balances	1,867,784	3	3,263,423	6
Fair value of plan assets	<b>55,172,888</b>	<b>100</b>	<b>50,745,078</b>	<b>100</b>

## 13.9 Historical data of the fund

	2021	2020	2019	2018	2017
	----- (Rupees) -----				
Present value of defined benefit obligations	64,845,800	55,264,597	44,767,110	39,361,601	34,104,296
Fair value of plan assets	(55,172,888)	(50,745,078)	(39,626,014)	(34,199,542)	(28,932,839)
Deficit	<b>9,672,912</b>	<b>4,519,519</b>	<b>5,141,096</b>	<b>5,162,059</b>	<b>5,171,457</b>
Experience adjustments					
Actuarial (gain) / loss on obligation	(662,043)	643,704	(497,129)	(396,736)	321,331
Actuarial (loss) / gain on assets	(5,086,493)	1,069,628	(1,430,484)	(1,450,731)	(1,220,868)

13.10 The estimated contribution to the fund for the year ended December 31, 2022 is Rs. 6.05 million.

## 13.11 Sensitivity analysis

	Change in assumption	Impact on Defined Benefit Obligation	
		2021	2020
		----- (Rupees) -----	
Discount rate	+1	59,550,975	48,532,391
Discount rate	-1	70,944,253	63,323,615
Long term salary increase	+1	70,886,471	63,774,232
Long term salary increase	-1	59,506,630	48,070,113

## 14. PREPAYMENTS

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
Prepaid reinsurance premium ceded	232,526,948	203,828,710
Others	4,092,034	5,587,715
	<b>236,618,982</b>	<b>209,416,425</b>

## 15. CASH AND BANK

### Cash and cash equivalents

Cash in hand	341,287	276,760
Policy stamps and bond papers in hand	2,689,689	1,614,728
Deposit with SBP	5,153,258	5,153,258
	<b>8,184,234</b>	<b>7,044,746</b>

### Current and other accounts

Current accounts	15.2	13,160,935	25,555,017
Saving accounts		704,129,521	421,765,937
		<b>717,290,456</b>	<b>447,320,954</b>
		<b>725,474,690</b>	<b>454,365,700</b>

15.1 The securities matured and cash is deposit with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

15.2 This includes lien on a local currency account, amounting to Rs.1 million (December 31, 2020: Rs.1 million) in respect of letters of credit arranged through a bank claims arising outside Pakistan.

15.3 Cash includes the following for the purposes of the Statement of Cash Flows:

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
Cash and Balance	725,474,690	454,365,700
Less: local currency account with a lien	1,000,000	1,000,000
	<b>724,474,690</b>	<b>453,365,700</b>

## 16. WINDOW TAKAFUL OPERATIONS

### Assets

Investments	105,036,455	6,968,219
Cash and bank deposits	5,539,413	82,593,412
Current assets - others	19,846,208	13,934,287
<b>Total assets</b>	<b>130,422,076</b>	<b>103,495,918</b>

### Total liabilities - current

	<b>48,644,031</b>	<b>34,906,454</b>
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### Profit before tax for the year

	<b>18,614,324</b>	<b>10,469,119</b>
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Details of assets and liabilities and segment disclosures of Window Takaful Operations are stated in annexed financial statements for the year ended December 31, 2021.

## 17. DEFERRED TAXATION - NET

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
Deferred debit arising in respect of		
Accelerated depreciation on operating fixed assets	278,103	900,864
Net liability of IFRS 16	950,471	1,406,576
Provision for claims incurred but not reported (IBNR)	9,795,581	3,926,025
Provision for compensated absences	2,763,344	2,503,827
Provision against receivables	20,316,614	21,150,560
Provision for impairment on available for sale investments	36,157,241	36,157,239
Share in associates' reserves	105,312	105,312
	<b>70,366,666</b>	<b>66,150,403</b>
Deferred credit arising in respect of		
Unrealised gain on remeasurement of securities at fair value through profit or loss - net	-	(1,969,875)
Share of profit from associates	(6,695,240)	(3,585,820)
Unrealised appreciation 'available for sale' investments	(43,388,542)	(25,653,213)
	<b>(50,083,782)</b>	<b>(31,208,908)</b>
	<b>20,282,884</b>	<b>34,941,495</b>

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 18. SHARE CAPITAL

### 18.1 Authorized capital

December 31, 2021	December 31, 2020		December 31, 2021	December 31, 2020
----- (Number of shares) -----			----- (Rupees) -----	
<b>70,000,000</b>	70,000,000	Ordinary shares of Rs. 10 each	<b>700,000,000</b>	700,000,000

### 18.2 Issued, subscribed and paid-up

<b>13,981,213</b>	13,981,213	Ordinary shares of Rs. 10 each issued as fully paid in cash	<b>139,812,130</b>	139,812,130
<b>36,315,590</b>	36,315,590	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	<b>363,155,900</b>	363,155,900
<b>50,296,803</b>	50,296,803		<b>502,968,030</b>	502,968,030

### 18.3 Ordinary shares of the Company held by associated companies / persons are as follows:

	December 31, 2021	December 31, 2020
	----- (Number of Shares) -----	
Siza (Private) Limited	<b>7,157,361</b>	7,157,361
Siza Services (Private) Limited	<b>11,852,141</b>	11,852,141
Siza Commodities (Private) Limited	<b>4,993,103</b>	4,993,103
Premier Fashions (Private) Limited	<b>14,564,873</b>	14,564,873
Directors and their spouses	<b>8,011</b>	8,011
Related parties - individuals	<b>5,580</b>	5,580
	<b>38,581,069</b>	38,581,069

## 19. RESERVES

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
<b>Revenue reserves</b>		
General reserve	<b>119,000,000</b>	119,000,000
Unrealised appreciation on 'available for sale' investments - net of tax	<b>106,233,575</b>	62,840,187
	<b>225,233,575</b>	181,840,187

## 20. INSURANCE / REINSURANCE PAYABLES

Due to other insurers / reinsurers	<b>305,654,671</b>	234,715,482
	<b>305,654,671</b>	234,715,482

## 21. OTHER CREDITORS AND ACCRUALS

	Note	December 31, 2021	December 31, 2020
		----- (Rupees) -----	
Agent commission payable	21.1	<b>48,643,721</b>	46,717,880
Federal excise duty		<b>17,408,943</b>	13,482,688
Federal insurance fees		<b>1,950,270</b>	1,423,681
Creditors	21.2	<b>4,373,767</b>	3,961,772
Retention money		<b>141,073</b>	141,073
Margin deposits	21.3	<b>4,979,812</b>	5,029,833
Payable against purchase of shares		<b>1,247</b>	-
Withholding tax payable		-	206,656
Accrued expenses	21.4	<b>14,791,628</b>	15,833,604
Deposits from employees against car scheme	21.5	<b>16,742,200</b>	13,908,530
Unclaimed dividend		<b>5,443,770</b>	5,027,111
Lease liability	21.6	<b>38,581,093</b>	43,775,508
Others		<b>3,180,874</b>	3,168,106
		<b>156,238,398</b>	152,676,442

**21.1** This includes a sum of Rs. 25.232 million (December 31, 2020: Rs. 25.124 million) due to related parties.

**21.2** This includes outstanding claims in respect of which cheques aggregating to Rs. 3.00 million (2020: Rs. 2.71 million) have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the aging as required by SECP's circular 11 of 2014 dated May 19, 2014:

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
1 to 6 months	<b>53,610</b>	18,819
More than 6 months	<b>2,946,538</b>	2,689,903
	<b>3,000,148</b>	2,708,722

Claims not encashed	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
	----- Rupees -----					
<b>2021</b>	<b>53,610</b>	<b>293,669</b>	<b>628,503</b>	<b>637,056</b>	<b>1,387,310</b>	<b>3,000,148</b>
2020	18,819	616,900	686,748	228,378	1,157,877	2,708,722

**21.3** This represents margin deposit on account of performance bond policies issued by the Company.

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
<b>21.4 Accrued expenses</b>		
Auditors' remuneration	<b>945,000</b>	649,996
Professional services fee	<b>742,442</b>	200,000
Provision for compensated absences	<b>9,528,773</b>	8,633,885
Utilities and others	<b>3,575,413</b>	6,349,723
	<b>14,791,628</b>	15,833,604

**21.5** This represents amount withheld from employees' salary against motor vehicle installments.

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
<b>21.6 Lease liability</b>		
Opening balance	43,775,508	49,457,416
Add : Addition	8,555,204	2,955,472
Less : Payment made	19,383,813	14,878,128
Add : Finance cost	5,634,194	6,240,748
Closing balance	<u>38,581,093</u>	<u>43,775,508</u>
<b>22. TAXATION - PROVISION LESS PAYMENTS</b>		
Provision for taxation	394,002,705	345,156,197
Advance tax including tax deducted at source	<u>(322,316,391)</u>	<u>(248,275,914)</u>
	<u>71,686,314</u>	<u>96,880,283</u>

## 23. CONTINGENCIES AND COMMITMENTS

### 23.1 Contingencies

During the preceding years, the Company received orders under section 122(5A) passed by the Additional Commissioner Inland Revenue for the Tax Years 2016 on issue of treating dividend income as single basket income and to be taxed @ 35% instead of fixed rate of 10% and issue of super tax resulting aggregate demand of Rs. 20.889 million. We have filed appeal against the said orders to CIT (Appeals) where the issue of treating dividend income have been decided in company's favor and issue of super tax against the company. Further, the demand after taking appeal effect has been paid by the company amounting to Rs. 17.265 million. The company has filed appeal with Appellate Tribunal Inland Revenue on the issue of charging super tax.

During the year 2016, the Company received orders under section 122(5A) passed by the Additional Commissioner Inland Revenue for the Tax Years 2015 on issue of treating dividend income as single basket income and to be taxed @ 35% instead of fixed rate of 10% resulting aggregate demand of Rs. 0.936 million which has been paid by the company under protest. We have filed appeal against the said orders to CIT (Appeals) which is pending adjudication. It is further submitted that Appeal on similar issue in respect of Tax Year 2014 have been decided in company's favor by the CIT (Appeals).

The Company, based on the opinion of its tax advisor, is confident that the ultimate outcome of the appeals will be in its favor. Hence, no provision for the said demands has been made in these financial statements.

## 24. NET INSURANCE PREMIUM

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
Written Gross premium	1,601,304,374	1,371,195,947
Add : Unearned premium reserve opening	521,370,886	494,320,532
Less: Unearned premium reserve closing	641,585,269	521,370,886
Premium earned	<u>1,481,089,991</u>	<u>1,344,145,593</u>
Less: Reinsurance premium ceded	612,205,940	521,968,752
Add: Prepaid reinsurance premium opening	203,828,710	179,906,261
Less: Prepaid reinsurance premium closing	232,526,948	203,828,710
Reinsurance expense	<u>583,507,702</u>	<u>498,046,303</u>
	<u>897,582,289</u>	<u>846,099,290</u>

## 25. NET INSURANCE CLAIMS EXPENSE

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
Claim paid	606,769,253	612,771,683
Add : Outstanding claims including IBNR closing	294,800,833	260,105,733
Less: Outstanding claims including IBNR opening	260,105,733	206,337,532
Claims expense	<u>641,464,353</u>	<u>666,539,884</u>
Less: Reinsurance and others recoveries received	193,747,690	278,614,080
Add: Reinsurance and others recoveries in respect of outstanding claims closing	123,311,654	125,342,540
Less: Reinsurance and others recoveries in respect of outstanding claims opening	125,342,540	97,581,839
Reinsurance and other recoveries revenue	<u>191,716,804</u>	<u>306,374,781</u>
	<u>449,747,549</u>	<u>360,165,103</u>

### 25.1 Claim development table

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

Accident year	2016 and prior	2017	2018	2019	2020	2021 (including IBNR)	Total
	----- (Rupees) -----						
Gross estimate of ultimate claims cost:							
- At end of accident	486,675,130	361,911,977	463,812,210	515,439,091	629,502,400	600,060,540	
- One year later	483,264,735	377,155,134	457,137,965	546,114,902	678,949,779	-	-
- Two year later	482,602,976	377,930,518	456,131,630	550,168,142	-	-	-
- Three year later	488,037,411	377,970,005	454,463,422	-	-	-	-
- Four year later	488,654,699	378,310,594	-	-	-	-	-
- Five year later	491,423,528	-	-	-	-	-	-
Current estimate of cumulative claims	491,423,528	378,310,594	454,463,422	550,168,142	678,949,779	600,060,540	3,153,376,005
Cumulative payment to date	(456,290,791)	(373,230,555)	(450,039,854)	(536,609,624)	(639,563,609)	(402,840,739)	(2,858,575,172)
Liability recognised in statement of financial position	35,132,737	5,080,039	4,423,568	13,558,518	39,386,170	197,219,801	294,800,833

The net provision for IBNR on the basis of the actuarial valuation carried out as at December 31, 2021 amounted to Rs. 33.778million (December 2020: Rs. 13.538 million)

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

26. NET COMMISSION EXPENSE AND ACQUISITION COST	December 31, 2021	December 31, 2020
Note	----- (Rupees) -----	----- (Rupees) -----
Commission paid or payable	76,117,940	78,278,040
Add : Deferred commission expense opening	25,643,610	35,271,269
Less: Deferred commission expense closing	28,909,708	25,643,610
Net commission	<u>72,851,842</u>	<u>87,905,699</u>
Less: Commission received or recoverable	161,395,706	134,949,387
Add: Unearned Reinsurance commission opening	46,716,196	40,139,097
Less: Unearned Reinsurance commission closing	54,234,596	46,716,196
Commission from reinsurers	153,877,306	128,372,288
	<u>(81,025,464)</u>	<u>(40,466,589)</u>

## 27. MANAGEMENT EXPENSES

27.1 Employee benefit cost	2021	2020
Employee benefit cost	222,942,549	212,877,483
Rent, rates and taxes	1,220,897	1,453,478
Communications	10,656,932	8,855,566
Printing and stationery	5,415,999	9,968,135
Travelling and entertainment	5,477,362	4,335,940
Repairs and maintenance	6,337,409	5,718,337
Advertisement and sales promotion	1,639,532	997,023
Rental for tracking devices	18,364,804	22,528,442
Depreciation	27,741,249	27,870,858
Amortisation	-	9,352
Legal and professional charges	1,201,705	1,693,519
Electricity, gas and water	7,851,456	5,634,326
Insurance	4,080,716	2,993,579
Bank charges	876,580	842,101
Annual Supervision fee SECP	2,103,338	2,099,477
Vehicle running expense	3,246,572	3,044,664
(Reversal) / Provision against premium due but unpaid - net	(2,875,676)	15,409,150
Provision for amount due from insurance & reinsurance	-	1,521,865
Service charges	2,732,334	2,744,521
Other expenses	2,540,218	1,950,119
	<u>321,553,976</u>	<u>332,547,935</u>

### 27.1 Employee benefit cost

Salaries, wages and benefits	209,899,648	200,517,495
Post employment benefits	13,042,901	12,359,988
	<u>222,942,549</u>	<u>212,877,483</u>

27.1.1 These include Rs. 8.109 million (2020: Rs. 6.85 million) being contribution for employees' provident fund and Rs. 4.934 million (2020: Rs. 4.039 million) in respect of defined benefit plan.

28. INVESTMENT INCOME	December 31, 2021	December 31, 2020
Note	----- (Rupees) -----	----- (Rupees) -----
<b>Income from equity securities Available-for-sale</b>		
- Dividend income	25,694,568	10,061,186
<b>Fair value through profit or loss</b>		
- Dividend income	6,942,720	3,404,729
<b>Income from debt securities Held to maturity</b>		
- Return on government securities	7,428,796	14,249,255
- Return on other fixed income securities and deposits	-	2,802,730
	<u>7,428,796</u>	<u>17,051,985</u>
<b>Available-for-sale</b>		
- Return on government securities	21,537,975	21,159,446
- Return on other fixed income securities and deposits	11,779,414	9,557,846
	<u>33,317,389</u>	<u>30,717,292</u>
<b>Fair value through profit or loss</b>		
- Return on government securities	7,352,673	22,370,006
<b>Income from term deposits</b>		
- Return on term deposits	17,486,991	21,899,154
	<u>98,223,137</u>	<u>105,504,352</u>
<b>Net realised gains on investments Available for sale</b>		
- Gain on sale of equity securities	32,713,123	5,306,132
<b>Fair value through profit or loss</b>		
- Loss on sale of equity securities	(496,433)	(5,585,675)
- (Loss) / gain on sale of debt securities	(205,689)	1,180,969
	<u>(702,122)</u>	<u>(4,404,706)</u>
<b>Net unrealised (loss) / gain on investments at fair value through profit and loss</b>		
- Equity securities	(6,225,961)	6,398,704
- Debt securities	(2,093,235)	393,967
	<u>(8,319,196)</u>	<u>6,792,671</u>
<b>Total investment income</b>	<u>121,914,942</u>	<u>113,198,449</u>
Less: Impairment in value of available for sale securities	-	(30,836,151)
Less: Investment related expenses	(5,905,975)	(2,848,373)
<b>Investment income</b>	<u>116,008,967</u>	<u>79,513,925</u>

## 29. OTHER INCOME

Return on bank balances	52,445,318	28,115,176
Gain on sale of fixed assets	647,876	628,074
Exchange (loss) / gain	(283,949)	88,819
Liabilities not longer to pay	-	34,683,271
	<u>52,809,245</u>	<u>63,515,340</u>

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

30. OTHER EXPENSES		December 31, 2021	December 31, 2020
	Note	----- (Rupees) -----	-----
Rate and taxes		807,845	542,786
Fees and subscription		2,802,600	3,930,900
Legal and professional charges		3,681,787	941,154
Auditors' remuneration	30.1	1,861,488	1,281,624
Donation	30.2	1,250,000	1,500,000
Security charges		1,569,262	1,943,535
Other expenses		440,140	862,157
Penalty		50,000	100,000
		<b>12,463,122</b>	11,102,156

## 30.1 Auditors' remuneration

Statutory audit fee		475,000	340,000
Half year review		290,000	218,300
Review of code of corporate governance		130,000	120,000
Special reports and other certifications		690,000	311,900
		<b>1,585,000</b>	990,200
Sindh sales tax		116,036	109,624
Out of pocket expenses		160,452	181,800
		<b>1,861,488</b>	1,281,624

## 30.2 Donations include the following in which certain directors are interested:

		December 31, 2021	December 31, 2020
		----- (Rupees) -----	-----
<b>Name of Director</b>	<b>Interest in donee</b>	<b>Name of donee</b>	
Mr. Iqbal Ali Lakhani	Trustee	Layton Rematullah Benevolent Trust	500,000
Mr. Iqbal Ali Lakhani and Mr. Amin Mohammad Lakhani	Trustee	Hassanali and Gulbanoo Lakhani Foundation	500,000

## 31. TAXATION - NET

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	-----
Current	115,179,373	115,677,361
Deferred	(3,076,718)	(15,862,890)
	<b>112,102,655</b>	99,814,471

31.1 The Company has filed returns upto tax year 2021. The returns filed for tax years upto 2020 has been finalized.

31.2 Relationship between tax expense and accounting profit	December 31, 2021	December 31, 2020
	----- (Rupees) -----	-----
Profit for the year before taxation	389,628,413	342,416,781
Tax at the applicable rate of 29% (December 31, 2020: 29%)	112,992,240	99,300,867
Others	(889,585)	513,604
	<b>112,102,655</b>	99,814,471

## 32. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after tax for the year	277,525,758	242,602,310
	----- (Rupees) -----	-----
Weighted average number of ordinary shares	50,296,803	50,296,803
	----- (Numbers) -----	-----
Earnings per share - basic and diluted	5.52	4.82
	----- (Rupees) -----	-----

32.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

## 33. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Executives		Total	
	2021	2020	2021	2020	2021	2020
	----- (Rupees) -----					
Managerial remuneration	11,606,904	10,561,740	38,511,734	33,021,309	50,118,638	43,583,049
Bonus	2,902,201	2,560,265	9,110,499	7,725,262	12,012,700	10,285,527
Retirement benefits	1,161,264	1,056,749	3,016,025	2,432,411	4,177,289	3,489,160
House rent	5,223,108	4,752,792	17,330,212	14,859,622	22,553,320	19,612,414
Vehicle fuel, repair and maintenance	356,842	343,984	6,219,265	4,554,743	6,576,107	4,898,727
Others	1,169,988	1,065,468	7,812,691	5,499,089	8,982,679	6,564,557
	<b>22,420,307</b>	20,340,998	<b>82,000,426</b>	68,092,436	<b>104,420,733</b>	88,433,434
Number of persons	1	1	20	16	21	17

33.1 Aggregate amount charged in these financial statements in respect of Director's fee for attending Board, Audit Committee and Ethic, Human Resource and Remuneration Committee meetings amounted to Rs. 320,000 (December 31, 2020: Rs. 290,000), Rs. 200,000 (December 31,2020: Rs. 230,000) and Rs. 50,000 (December 31,2020: Rs. 50,000) respectively.

33.2 The Chief Executive and certain executives are also provided with cars for business and personal use in accordance with the Company car scheme.

## 34. RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, window takaful operations, directors and their close family members, staff retirement funds, key management personnel and major shareholders of the Company. The associated companies are associated either based on equity or due to the same management and / or common directors. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes.

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

Balances and transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of related party	Basis of Relationship	Insurance Premium receivable	Premiums written	Commission paid and due	Claims paid	Investment in mutual funds	Sale of shares / units of mutual funds (Rupees)	Dividend received	Bonus share received	Dividend paid	Donation paid	Expenses	Retirement Fund
<b>Associated companies / undertaking</b>													
Accuracy Surgical Limited	Common Director	1,079,580	1,876,815	-	1,861,027	-	-	-	-	-	-	-	-
Alan (Private) Limited	Common Director	-	145,375	-	-	-	-	-	-	-	-	-	-
Anchor Commodities (Private) Limited	Common Director	291,000	3,877,859	-	887,427	-	-	-	-	-	-	-	-
Baluchistan Polyproducts (Private) Limited	Common Director	-	405,840	-	-	-	-	-	-	-	-	-	-
Caraway (Private) Limited	Common Director	41,521	143,261	-	-	-	-	-	-	-	-	-	-
Century Paper & Board Mills Limited	Common Director	53,338,368	168,380,058	-	18,472,354	-	1,133,091	113,309	-	-	-	697,296	-
Colgate Palmolive (Pakistan) Limited	Common Director	76,136,654	276,861,880	-	36,956,736	-	1,140,818	3,492	-	-	-	-	-
Concave Ventures (Private) Limited	Common Director	571,749	663,049	-	104,591	-	-	-	-	-	-	-	-
Cyber Internet Services (Private) Limited	Common Director	30,122,325	88,626,681	-	31,807,853	-	-	-	-	-	-	787,423	-
GAM Corporation (Private) Limited	Common Director	31,002,840	42,450,052	-	8,119,568	-	-	-	-	500,000	-	891,899	-
Hasanali and Gulbaroo Lakhani Foundation	Trustee	923,616	1,788,526	-	786,090	-	10,304	-	-	-	-	-	-
ICE Animations (Private) Limited	Common Director	880,628	1,088,520	-	1,161,709	-	2,135,664	-	-	-	-	2,824,452	-
Lakson Business Solution Limited	Common Director	648,184	1,337,612	-	2,327,753	-	2,531,726	-	-	-	-	4,885,368	-
Lakson Investments Limited	Common Director	-	4,624,049	-	4,478,502	-	-	-	-	-	-	-	-
Lakson Income Fund	Common Director	-	-	-	-	-	-	-	-	-	-	-	-
Lakson Tactical Fund	Common Director	-	-	-	-	-	-	-	-	-	-	-	-
Lakson Equity Fund	Common Director	-	-	-	-	-	-	-	-	-	-	-	-
Lakson Money Market Fund	Common Director	-	-	-	-	-	-	-	-	-	-	-	-
Layton Rehmatullah Benevolent Trust (LRBT)	Trustee	-	-	-	-	-	-	-	-	500,000	-	-	-
Ment Packaging Limited	Common Director	7,184,428	17,919,760	-	31,814,906	-	-	-	-	-	-	-	-
Naya Pay (Pvt) Ltd.	Common Director	65,403	1,569,645	-	822,480	-	-	-	-	-	-	-	-
Orthopaedic And Medical Institute (Pvt) Ltd.	Common Director	9,137	4,431,561	-	679,281	-	-	-	-	-	-	-	-
Premier Fashions (Private) Limited	Common Director and 28.96% shares held	-	25,027	-	-	-	-	-	-	29,129,746	-	215,885	-
Princeton Travels (Private) Limited	Common Director and 14.23% shares held	135,602	191,130	-	114,365	-	-	-	-	14,314,722	-	3,250,375	-
Siza (Private) Limited	Common Director and 9.93% shares held	86,152	1,377,366	-	151,947	-	-	-	-	9,986,206	-	-	-
Siza Commodities (Private) Limited	Common Director	-	197,491	-	63,370	-	-	-	-	-	-	-	-
Siza Foods (Private) Limited	Common Director and 23.56% shares held	32,401,423	39,183,886	-	9,385,053	-	-	-	-	-	-	-	-
Siza Services (Private) Limited	Common Director	1,527	4,350,421	-	2,462,618	-	-	-	-	23,704,282	-	9,804,635	-
Sybird (Private) Limited	Common Director	8,195,287	17,213,328	-	10,288,923	-	-	-	-	-	-	251,050	-
<b>Others</b>													
Ajinomoto Lakson Pakistan (Private) Ltd	Common Management	-	1,965,073	-	1,039,624	-	-	-	-	-	-	-	-
Express Publication (Private) Limited	Common Management	23,544,014	31,318,045	-	13,989,828	-	-	-	-	-	-	263,220	-
Express Digital (Private) Limited	Common Management	1,979,331	2,567,999	-	3,605,355	-	-	-	-	-	-	-	-
Matrix Press (Private) Limited	Common Management	6,735,933	6,819,658	-	3,052,473	-	-	-	-	-	-	-	-
Misha Fashion (Private) Limited	Common Management	-	192,449	-	-	-	-	-	-	-	-	-	-
Printek (Private) Limited	Common Management	-	467,024	-	-	-	-	-	-	-	-	-	-
Quantum Chemical Limited	Common Management	-	160,400	-	-	-	-	-	-	-	-	-	-
Reliance Chemicals (Pvt) Limited	Common Management	21,905,040	85,446	-	20,510,355	-	-	-	-	-	-	-	-
Television Media Network (Private) Limited	Common Management	-	39,262,393	-	-	-	-	-	-	-	-	-	-
Century Insurance Window Takaful Operations	Common Management	-	-	-	-	-	-	-	-	24,190	-	5,339,210	-
<b>Director, Chief Executive, their spouses and related</b>													
<b>Key management personnel</b>													
<b>Retirement benefit plans</b>													
Contribution to staff provident fund		-	-	-	-	-	-	-	-	-	-	-	8,626,965
Contribution to staff gratuity fund		-	-	-	-	-	-	-	-	-	-	-	5,248,462
<b>December 31, 2021</b>		<b>297,281,742</b>	<b>762,756,393</b>	<b>- 205,284,678</b>	<b>305,009,576</b>	<b>285,527,740</b>	<b>10,549,763</b>	<b>116,801</b>	<b>77,204,246</b>	<b>1,000,000</b>	<b>29,210,803</b>	<b>13,875,427</b>	<b>13,875,427</b>
December 31, 2020		289,716,315	674,373,673	9,192,721	251,191,890	66,530,445	1,600,000	1,917,879	-	67,514,923	500,000	24,243,874	12,874,988

## 35. SEGMENT INFORMATION

Segment information is prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the Insurance Rules, 2017 for class wise revenues, results, assets and liabilities.

	December 31, 2021					
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Total
	(Rupees)					
Premium received / receivable (inclusive of Sales tax / Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	494,918,670	422,034,000	440,193,623	361,705,778	77,126,889	<b>1,795,978,960</b>
Less: - Federal Excise Duty / Sales Tax	59,446,148	45,839,626	52,334,993	5,021,052	9,346,548	<b>171,988,367</b>
- Federal Insurance Fee	4,323,678	3,512,683	3,850,030	3,886,350	670,664	<b>16,243,405</b>
- Others	72,850	21,437,044	361,359	11,400	40,850	<b>21,923,503</b>
Facultative inward premium	11,095,242	57,505	3,849,104	-	478,838	<b>15,480,689</b>
Gross written premium (inclusive of Administrative Surcharge)	442,171,236	351,302,152	387,496,345	352,786,976	67,547,665	<b>1,601,304,374</b>
- Gross direct premium	429,438,478	342,700,321	374,242,769	352,475,735	66,405,657	<b>1,565,262,960</b>
- Facultative inward premium	11,095,242	57,505	3,849,104	-	478,838	<b>15,480,689</b>
- Administrative surcharge	1,637,516	8,544,326	9,404,472	311,241	663,170	<b>20,560,725</b>
	442,171,236	351,302,152	387,496,345	352,786,976	67,547,665	<b>1,601,304,374</b>
Insurance premium earned	421,584,937	342,386,340	355,330,587	301,999,715	59,788,412	<b>1,481,089,991</b>
Insurance premium ceded to reinsurers	(384,088,942)	(145,925,300)	(8,796,336)	(689,943)	(44,007,181)	<b>(583,507,702)</b>
Net Insurance premium	37,495,995	196,461,040	346,534,251	301,309,772	15,781,231	<b>897,582,289</b>
Commission income	81,219,224	58,909,307	297,778	200,084	13,250,913	<b>153,877,306</b>
<b>Net underwriting income</b>	<b>118,715,219</b>	<b>255,370,347</b>	<b>346,832,029</b>	<b>301,509,856</b>	<b>29,032,144</b>	<b>1,051,459,595</b>
Insurance claims	(89,975,542)	(56,826,237)	(214,999,513)	(257,396,512)	(22,266,549)	<b>(641,464,353)</b>
Insurance claims recovered from reinsurers	83,187,260	34,564,637	56,384,547	200,000	17,380,360	<b>191,716,804</b>
Net claims	(6,788,282)	(22,261,600)	(158,614,966)	(257,196,512)	(4,886,189)	<b>(449,747,549)</b>
Commission expense	(23,676,664)	(22,895,362)	(19,851,701)	(3,294,222)	(3,133,893)	<b>(72,851,842)</b>
Management expense	(88,791,314)	(70,544,117)	(77,812,184)	(70,842,281)	(13,564,080)	<b>(321,553,976)</b>
<b>Net insurance claims and expenses</b>	<b>(119,256,260)</b>	<b>(115,701,079)</b>	<b>(256,278,851)</b>	<b>(331,333,015)</b>	<b>(21,584,162)</b>	<b>(844,153,367)</b>
<b>Underwriting results</b>	<b>(541,041)</b>	<b>139,669,268</b>	<b>90,553,178</b>	<b>(29,823,159)</b>	<b>7,447,982</b>	<b>207,306,228</b>
Investment income						<b>116,008,967</b>
Other income						<b>52,809,245</b>
Other expense						<b>(12,463,122)</b>
Finance costs - Lease liabilities						<b>(5,634,194)</b>
Share of profit of associates						<b>12,986,965</b>
Profit from Window Takaful Operations						<b>18,614,324</b>
<b>Profit before tax for the year</b>						<b>389,628,413</b>
<b>Segment assets</b>	<b>421,524,928</b>	<b>155,382,764</b>	<b>151,189,087</b>	<b>121,460,473</b>	<b>84,318,203</b>	<b>933,875,455</b>
Unallocated corporate assets						<b>2,786,177,835</b>
Unallocated assets of Window Takaful Operation - Operator's Fund						<b>130,422,076</b>
<b>Total assets</b>						<b>3,850,475,366</b>
<b>Segment liabilities</b>	<b>409,071,450</b>	<b>145,580,886</b>	<b>339,138,927</b>	<b>303,502,201</b>	<b>101,964,583</b>	<b>1,299,258,047</b>
Unallocated corporate liabilities						<b>237,597,623</b>
Unallocated liabilities of Window Takaful Operation - Operator's Fund						<b>48,644,031</b>
<b>Total liabilities</b>						<b>1,585,499,701</b>

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

	December 31, 2020					
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Aggregate
Premium received / receivable (inclusive of Sales tax / Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	476,989,818	327,920,981	388,426,969	282,683,133	70,732,152	1,546,753,053
Less: - Federal Excise Duty / Sales Tax	57,689,924	35,806,196	46,002,266	339,591	8,665,873	148,503,850
- Federal Insurance Fee	4,166,764	2,752,557	3,401,315	2,911,647	613,807	13,846,090
- Others	68,500	14,329,624	413,240	11,570	72,400	14,895,334
Facultative inward premium	856,125	-	324,131	-	507,912	1,688,168
Gross written premium (inclusive of Administrative Surcharge)	415,920,755	275,032,604	338,934,279	279,420,325	61,887,984	1,371,195,947
- Gross direct premium	413,337,920	268,446,875	321,227,592	279,114,235	60,699,065	1,342,825,687
- Facultative inward premium	856,125	-	324,131	-	507,912	1,688,168
- Administrative surcharge	1,726,710	6,585,729	17,382,556	306,090	681,007	26,682,092
	415,920,755	275,032,604	338,934,279	279,420,325	61,887,984	1,371,195,947
Insurance premium earned	402,644,426	271,200,003	311,773,332	294,287,738	64,240,094	1,344,145,593
Insurance premium ceded to reinsurers	(347,239,231)	(98,263,739)	(6,322,034)	(626,917)	(45,594,382)	(498,046,303)
Net Insurance premium	55,405,195	172,936,264	305,451,298	293,660,821	18,645,712	846,099,290
Commission income	75,630,441	39,589,039	134,762	182,057	12,835,989	128,372,288
<b>Net underwriting income</b>	131,035,636	212,525,303	305,586,060	293,842,878	31,481,701	974,471,578
Insurance claims	(212,727,905)	(34,544,340)	(120,157,730)	(218,076,270)	(81,033,639)	(666,539,884)
Insurance claims recovered from reinsurers	201,465,704	16,313,125	22,149,649	-	66,446,303	306,374,781
Net claims	(11,262,201)	(18,231,215)	(98,008,081)	(218,076,270)	(14,587,336)	(360,165,103)
Commission expense	(40,093,068)	(19,138,999)	(21,467,461)	(4,911,973)	(2,294,198)	(87,905,699)
Management expense	(100,870,768)	(66,702,009)	(82,199,699)	(67,766,137)	(15,009,322)	(332,547,935)
<b>Net insurance claims and expenses</b>	(152,226,037)	(104,072,223)	(201,675,241)	(290,754,380)	(31,890,856)	(780,618,737)
<b>Underwriting results</b>	(21,190,401)	108,453,080	103,910,819	3,088,498	(409,155)	193,852,841
Investment income						79,513,925
Other income						63,515,340
Other expense						(11,102,156)
Finance costs - Lease liabilities						(6,240,748)
Share of profit of associates						12,408,460
Profit from Window Takaful Operations						10,469,119
<b>Profit before tax for the year</b>						342,416,781
<b>Segment assets</b>	435,184,308	133,595,354	152,439,484	116,574,215	83,592,416	921,385,777
Unallocated corporate assets						2,377,966,525
Unallocated assets of Window Takaful Operation - Operator's Fund						103,495,918
Total assets						3,402,848,220
<b>Segment liabilities</b>	385,382,699	93,571,378	265,445,583	228,048,628	92,351,682	1,064,799,970
Unallocated corporate liabilities						254,076,244
Unallocated liabilities of Window Takaful Operation - Operator's Fund						34,906,454
<b>Total liabilities</b>						1,353,782,668

## 36. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through profit and loss	Total
	(Rupees)			
<b>At beginning of previous year</b>	654,317,365	912,132,116	90,990,067	1,657,439,548
Additions	291,342,659	353,388,619	932,433,436	1,577,164,714
Disposals (sales and redemptions)	(633,505,000)	(174,166,096)	(838,421,873)	(1,646,092,969)
Fair value net / gains (Excluding net realised gains)	-	92,186,184	3,568,934	95,775,118
Amortisation of premium	10,872,387	7,271,226	-	18,143,613
Impairment losses	-	(23,594,686)	-	(23,594,686)
<b>At beginning of current year</b>	323,027,411	1,167,217,363	188,570,564	1,678,815,338
Additions	-	1,066,190,297	193,605,630	1,259,795,927
Disposals (sales and redemptions)	(270,400,000)	(752,973,186)	(187,160,924)	(1,210,534,110)
Fair value net gains / (losses) (Excluding net realised gains)	-	82,937,562	(9,021,322)	73,916,240
Amortisation of premium	2,005,723	3,511,191	291,142	5,808,056
	<b>54,633,134</b>	<b>1,566,883,227</b>	<b>186,285,090</b>	<b>1,807,801,451</b>

## 37. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

### 37.1 Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

The Company generally deals in short tail insurance contracts (maximum for one year). Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health insurance contracts, significant risks arise from epidemics.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## (a) Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example, subsidence claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which is divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, accident and health and miscellaneous. The insurance risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Company underwrites insurance contract in Pakistan. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

- The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claims payments are limited to the extent of sum insured on occurrence of the insured event.

- The Company has entered into reinsurance cover / arrangements, with local and foreign reinsurers having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe. The effect of such reinsurance arrangements is that the Company recovers the share of claims from reinsurers thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional reinsurance arrangements, any loss over and above the said limit would be recovered under non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance of the regulatory requirement, the reinsurance agreements are duly approved by Securities and Exchange Commission of Pakistan (SECP) on an annual basis.

- The Company has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually at least semi-annually and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

## (b) Sources of uncertainty in the estimation of future claims payments

Claims reported and otherwise are analysed separately. The development of large losses / catastrophes is analysed separately. The shorter settlement period for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, reinsurance and other recoveries. The Company takes all reasonable steps uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting period.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated costs of unpaid claims (both reported and non reported), the Company estimation technique is based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the costs of reported claims not yet paid, the Company considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous periods. Claims are assessed on a case-by-case basis separately.

## (c) Process used to decide on assumptions

The principal assumption underlying the liability estimation of IBNR end Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

During the year actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all class of business. The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business. The methods used, and the estimates made, are reviewed regularly.

The actuary determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

The assumed net of reinsurance loss for each class of business estimation of premium deficiency reserve is as follows:

	2021	2020
	-----	-----
Class	%	
Fire and property damage	18	20
Marine, aviation and transport	11	11
Motor	46	32
Accident and health	84	74
Miscellaneous	30	78

## (d) Changes in assumptions

The Company did not change its assumptions as disclosed in (b) and (c) above .



# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## (e) Sensitivity Analysis

The analysis of exposure described in paragraph (c) above is also used to test the sensitivity of the selected assumptions to changes in the key underlying factors. Assumptions of different levels have been used to assess the relative severity of subsidence claims given past experience. The key material factor in the Company's exposure to subsidence claims is the risk of more permanent changes in geographical location in which Company is exposed.

The risks associated with the insurance contracts are complex and subject to a number of variables techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the balance sheet is adequate as the Company generally deals in short tail insurance contracts. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, results of sensitivity testing assuming 10% change in the claim incidence net of recoveries showing effect on underwriting results and shareholders' equity is set out below.

	Underwriting results		Shareholders' equity	
	2021	2020	2021	2020
	----- (Rupees) -----			
<b>Impact of change in claim liability by +10%</b>				
Fire and property damage	(678,828)	(1,126,220)	(481,968)	(799,616)
Marine, aviation and transport	(2,226,160)	(1,823,122)	(1,580,574)	(1,294,416)
Motor	(15,861,497)	(9,800,808)	(11,261,663)	(6,958,574)
Accident and health	(25,719,651)	(21,807,627)	(18,260,952)	(15,483,415)
Miscellaneous	(488,619)	(1,458,734)	(346,919)	(1,035,701)
	<b>(44,974,755)</b>	<b>(36,016,511)</b>	<b>(31,932,076)</b>	<b>(25,571,722)</b>
<b>Impact of change in claim liability by -10%</b>				
Fire and property damage	678,828	1,126,220	481,968	799,616
Marine, aviation and transport	2,226,160	1,823,122	1,580,574	1,294,416
Motor	15,861,497	9,800,808	11,261,663	6,958,574
Accident and health	25,719,651	21,807,627	18,260,952	15,483,415
Miscellaneous	488,619	1,458,734	346,919	1,035,701
	<b>44,974,755</b>	<b>36,016,511</b>	<b>31,932,076</b>	<b>25,571,722</b>

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

Average claim costs	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
		----- (Rupees) -----			
2021	± 10%	64,146,435	44,974,755	44,974,755	31,932,076
2020	± 10%	66,653,988	36,016,510	36,016,510	25,571,722

## (f) Concentration of insurance risk

A concentration of risk may also arise from a single insurance contract issued to a particular type of policyholder, within a geographical location or to types of commercial business. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers who are dispersed over several geographical regions.

To optimise benefits from the principle of average and the law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

The Company's class wise major risk exposure is as follows:

Class	Maximum Gross Risk Exposure	
	2021	2020
	----- (Rupees in 000) -----	
Fire and property damage	17,545,754	15,495,642
Marine, aviation and transport	853,451	770,522
Motor	50,000	28,000
Accident and health	1,000	140,000
Miscellaneous	4,088,845	3,922,679

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements, stop loss and catastrophic coverage.

The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions. As the major reinsurance arrangements are on excess of loss basis, therefore the reinsurance coverage against Company's risk exposures is not quantifiable.

## (g) Reinsurance Risk

Reinsurance ceded does not relieve the Company from its obligation towards policy holders and, as a result, the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance rating from a number of reinsurers, who are dispersed over several geographical regions.

An analysis of all reinsurance assets recognised by the rating of the entity from which it is due is as follows:

Rating	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	2021	2020
			----- (Rupees) -----	
A or above including Pakistan Reinsurance Company Limited	-	93,953,355	93,953,355	99,449,722
BBB	-	30,000	30,000	30,000
	<b>-</b>	<b>93,983,355</b>	<b>93,983,355</b>	<b>99,479,722</b>

## 37.2 Financial risk management objectives and policies

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

## 37.2.1 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, equity prices and units prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to currency risk. However, the Company is exposed to interest rate risk and equity / units price risk. The Company manages the market risk exposure by following internal risk management policies.

### 37.2.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market Interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

The information about Company's exposure to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

	2021						Total
	Effective rate % per annum	Interest / mark-up bearing financial instruments			Sub total	Non-interest / mark-up bearing financial instruments	
	Maturity upto one year	Maturity over one year to five years	Maturity more than five years				
----- (Rupees) -----							
<b>Financial assets</b>							
Investments in associates	-	-	-	-	60,681,713	60,681,713	
<b>Investments</b>							
Equity securities / Mutual funds	-	-	-	-	1,224,868,654	1,224,868,654	
Debt securities	8.00 - 13.51	53,915,520	148,029,585	380,987,692	582,932,797	582,932,797	
Loans and other receivables	-	-	-	-	37,308,181	37,308,181	
Insurance / reinsurance receivables	-	-	-	-	541,142,145	541,142,145	
Reinsurance recoveries against outstanding claims	-	-	-	-	123,311,654	123,311,654	
Cash and bank	5.50 - 12.00	704,129,521	-	-	704,129,521	725,474,690	
Total assets of Window Takaful Operations - Operator's Fund		5,529,413	-	-	5,529,413	125,550,089	
		763,574,454	148,029,585	380,987,692	1,292,591,731	3,421,269,923	
<b>Financial liabilities</b>							
Outstanding claims including IBNR	-	-	-	-	294,800,833	294,800,833	
Insurance / reinsurance payables	-	-	-	-	305,654,671	305,654,671	
Other creditors and accruals	-	-	-	-	120,136,985	120,136,985	
Total liabilities of Window Takaful Operations - Operator's Fund	-	-	-	-	21,924,911	21,924,911	
		-	-	-	742,517,400	742,517,400	
<b>Interest risk sensitivity gap</b>		<b>763,574,454</b>	<b>148,029,585</b>	<b>380,987,692</b>	<b>1,292,591,731</b>	<b>1,386,160,792</b>	
<b>Cumulative interest risk sensitivity gap</b>		<b>763,574,454</b>	<b>911,604,039</b>	<b>1,292,591,731</b>		<b>2,678,752,523</b>	

	Effective rate % per annum	2020			Sub total	Non-interest / mark-up bearing financial instruments	Total
		Interest / mark-up bearing financial instruments					
		Maturity upto one year	Maturity over one year to five years	Maturity more than five years			
----- (Rupees) -----							
<b>Financial assets</b>							
Investments in associates	-	-	-	-	-	49,959,574	49,959,574
<b>Investments</b>							
Equity securities	-	-	-	-	-	958,721,992	958,721,992
Debt securities	8.25 - 12.00	184,433,450	265,214,271	75,045,625	524,693,346	-	524,693,346
Term deposits	11.90 - 14.25	195,400,000	-	-	195,400,000	-	195,400,000
Loans and other receivables	-	-	-	-	-	37,301,613	37,301,613
Insurance / reinsurance receivables	-	-	-	-	-	554,679,355	554,679,355
Reinsurance recoveries against outstanding claims	-	-	-	-	-	125,342,540	125,342,540
Cash and bank	5.50 - 12.00	421,765,937	-	-	421,765,937	32,599,763	454,365,700
Total assets of Window Takaful Operations - Operator's Fund		6,968,219	-	-	6,968,219	92,735,167	99,703,386
		808,567,606	265,214,271	75,045,625	1,148,827,502	1,851,340,004	3,000,167,506
<b>Financial liabilities</b>							
Outstanding claims including IBNR	-	-	-	-	-	260,105,733	260,105,733
Insurance / reinsurance payables	-	-	-	-	-	234,715,482	234,715,482
Other creditors and accruals	-	-	-	-	-	123,654,887	123,654,887
Total liabilities of Window Takaful Operations - Operator's Fund	-	-	-	-	-	15,374,105	15,374,105
		-	-	-	-	633,850,207	633,850,207
<b>Interest risk sensitivity gap</b>		<b>808,567,606</b>	<b>265,214,271</b>	<b>75,045,625</b>	<b>1,148,827,502</b>	<b>1,217,489,797</b>	<b>2,366,317,299</b>
<b>Cumulative interest risk sensitivity gap</b>		<b>808,567,606</b>	<b>1,073,781,877</b>	<b>1,148,827,502</b>			

### Cash flow sensitivity analysis of variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax and equity based upon average balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax (Rupees)	Effect on equity (Rupees)
<b>December 31, 2021</b>	<b>100</b>	<b>12,958,775</b>	<b>9,200,730</b>
	<b>-100</b>	<b>(12,958,775)</b>	<b>(9,200,730)</b>
December 31, 2020	100	11,208,938	7,958,346
	-100	(11,208,938)	(7,958,346)

### Fair value sensitivity analysis for fixed rate instruments

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

### Price risk

Price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The price risk exposure arises from the Company's investments in equity securities and units of mutual funds. This arises from investments held by the Company for which prices in the future are uncertain. The Company policy is to manage price risk through diversification and selection of securities and investment in different categories of mutual funds within specified limits set by internal risk management guidelines. A summary analysis of investments is disclosed in note 8 to these financial statements.

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

The management monitors the fluctuations of prices on regular basis. The Company also has necessary skills for monitoring and managing the equity portfolio in line with fluctuations of the market and also monitor fluctuation in unit prices through a related party as disclosed in note 34. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security / units may be affected by the relative quantity of the security / units being sold.

The following table summarizes the Company's other price risk as at December 31, 2021 and as at December 31, 2020. It shows the effects of an estimated increase of 10% in the market prices as on those dates. A decrease of 10% in the fair values of the quoted securities would affect it in a similar and opposite manner:

	Fair value ---- (Rupees) ----	Price change	Effect on fair value --- (Rupees) ---
<b>December 31, 2021</b>	<b>1,224,793,371</b>	<b>+10%</b>	<b>122,479,337</b>
	<b>(1,224,793,371)</b>	<b>-10%</b>	<b>(122,479,337)</b>
December 31, 2020	958,646,709	+10%	95,864,671
	(958,646,709)	-10%	(95,864,671)

## 38.2.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. At present, the Company, is not exposed to foreign currency risk.

## 38.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational requirements. The Company also manages this risk by investing in deposit accounts that can be readily encashed.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

	2021			Total
	Within one year	Over one year to five years	Over five years	
	----- (Rupees) -----			
<b>Financial liabilities</b>				
Outstanding claims including IBNR Insurance / reinsurance payables	294,800,833	-	-	294,800,833
Other creditors and accruals	305,654,671	-	-	305,654,671
Total liabilities of Window Takaful Operations - Operator's Fund	120,136,985	-	-	120,136,985
	<b>21,924,911</b>	<b>-</b>	<b>-</b>	<b>21,924,911</b>
	<b>742,517,400</b>	<b>-</b>	<b>-</b>	<b>742,517,400</b>

	2020			Total
	Within one year	Over one year to five years	Over five years	
	----- (Rupees) -----			
<b>Financial liabilities</b>				
Outstanding claims including IBNR Insurance / reinsurance payables	260,105,733	-	-	260,105,733
Other creditors and accruals	234,715,482	-	-	234,715,482
Total liabilities of Window Takaful Operations - Operator's Fund	123,654,887	-	-	123,654,887
	15,374,105	-	-	15,374,105
	<b>633,850,207</b>	<b>-</b>	<b>-</b>	<b>633,850,207</b>

## 38.2.3 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. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

### 38.2.3.1 Concentration of credit risk and credit exposure of the financial instruments

Credit risk of the Company arises principally from the bank balances, investments (except for investment in associates and government securities), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance recoveries. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its policyholders and other insurers / reinsurers. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. The balance is written off when the Company expects it cannot recover the balance due. The movement in the provision for doubtful debt is shown in note 12.3 and 12.4 to these financial statements.

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

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
Cash and bank	722,443,714	452,474,212
Investments	1,327,637,098	1,084,737,210
Insurance / reinsurance receivable	541,142,145	554,679,355
Reinsurance recoveries against outstanding claims	123,311,654	125,342,540
Loans and receivables	37,308,181	37,301,613
Total assets of Window Takaful Operations - Operator's Fund	125,560,089	31,479,507
	<b>2,877,402,881</b>	<b>2,286,014,437</b>

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

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

Bank	Long term rating	Rating agency	December 31, 2021	December 31, 2020
			----- (Rupees) -----	
State Bank of Pakistan	Not available	Not available	5,153,258	5,153,258
Standard Chartered Bank (Pakistan) Limited	AAA	PACRA	5,334,737	11,777,794
Habib Bank Limited	AAA	VIS	10,458,445	19,605,853
United Bank Limited	AAA	VIS	6,844,178	5,720,713
Askari Bank Limited	AA+	PACRA	1,736,428	1,596,975
Bank Alfalah Limited	AA+	PACRA	169,797	1,320,543
Habib Metropolitan Bank Limited	AA+	PACRA	98,584,536	61,750,847
Soneri Bank Limited	AA-	PACRA	103,476,273	69,177,934
Telenor Microfinance Bank	A+	PACRA	109,204	106,706
MCB Islamic Bank Limited	A	PACRA	1,394	1,345
NRSP Microfinance Bank Limited	A	PACRA	314,733,173	108,092,429
U Microfinance Bank Limited	A	VIS	156,650,844	155,201,645
Silk Bank Limited	A-	VIS	19,191,447	12,968,169
			<b>722,443,714</b>	<b>452,474,211</b>

The credit quality of Company's investment in term finance certificate can be assessed with reference to external credit ratings as follows:

Bank	Long term rating	Rating agency	December 31, 2021	December 31, 2020
			----- (Rupees) -----	
Dubai Islamic Bank Pakistan Limited	AA-	VIS	25,000,000	24,827,575
Dawood Hercules Company Limited	AA	PACRA	-	10,119,402
Bank Al Habib Limited	AA+	PACRA	56,980,292	24,266,831
Soneri Bank Limited	A	PACRA	20,000,000	20,000,000
JS Bank Limited	A+	PACRA	153,000,000	-
NSRP Microfinance Bank Limited	A-	VIS	15,000,000	-
			<b>269,980,292</b>	<b>79,213,808</b>

## 38. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

In accordance with SECP Circular no. 225 of 2015 of Securities and Exchange Commission of Pakistan (SECP), minimum paid-up capital requirement to be complied with by Insurance /Takaful companies as at December 31, 2017 and subsequent year is Rs. 500 million. As at December 31, 2021 the Company's paid-up capital is in excess of the prescribed limit.

## 39. STATEMENT OF SOLVENCY

### Assets

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
Property and equipment	125,567,780	121,150,269
Investment in associates	60,681,713	49,959,574
<b>Investments</b>		
Equity securities	1,224,868,654	958,721,992
Debt securities	582,932,797	524,693,346
Term deposits	-	195,400,000
Loan and other receivable	42,277,283	42,262,996
Insurance / reinsurance receivable	541,142,145	554,679,355
Reinsurance recoveries against outstanding claims	123,311,654	125,342,540
Salvage recoveries accrued	7,985,000	2,775,000
Deferred commission expense	28,909,708	25,643,610
Deferred taxation	20,282,884	34,941,495
Prepayments	236,618,982	209,416,425
Cash and bank	725,474,690	454,365,700
Total assets of Window Takaful Operations - Operator's fund	130,422,076	103,495,918
<b>Total assets (A)</b>	<b>3,850,475,366</b>	<b>3,402,848,220</b>

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

Property and equipment	125,567,780	121,150,269
Investments	663,445,926	496,458,770
Loan and other receivable	4,969,102	3,856,474
Insurance / reinsurance receivable	339,656,784	343,978,774
Security deposits against bond insurance	5,979,812	6,029,833
Deferred taxation	20,282,884	34,941,495
<b>Total of In-admissible assets</b>	<b>1,159,902,288</b>	<b>1,006,415,615</b>

### Liabilities

Underwriting Provisions		
Outstanding claims including IBNR	294,800,833	260,105,733
Unearned premium reserve	641,585,269	521,370,886
Unearned reinsurance commission	54,234,596	46,716,196
Retirement benefit obligations	9,672,912	4,519,519
Premiums received in advance	2,982,677	1,891,673
Insurance / reinsurance payables	305,654,671	234,715,482
Other creditors and accruals	156,238,398	152,676,442
Taxation - provision less payments	71,686,314	96,880,283
Total liabilities of Window Takaful Operations - Operator's Fund	48,644,031	34,906,454
<b>Total liabilities</b>	<b>1,585,499,701</b>	<b>1,353,782,668</b>

### Total Net Admissible Assets

1,105,073,377

### Minimum solvency requirement (higher of following)

196,678,847

- Method A - U/s 36(3)(a)	150,000,000
- Method B - U/s 36(3)(b)	196,678,847
- Method C - U/s 36(3)(c)	127,869,891

### Excess in Net Admissible Assets over minimum requirement

908,394,530

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

39.1 The law is silent with regard to the inadmissibility of the “Prepaid reinsurance premium ceded” and “Deferred commission expense” in Section 32(2) of the Insurance Ordinance, 2000 and, hence, these have been treated as admissible assets for the purpose of this statement.

## 40. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy:

	December 31, 2021										
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associate	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees)											
<b>Financial assets measured at fair value</b>											
Investments											
- Equity securities	98,207,379	1,126,585,992	-	-	-	-	1,224,793,371	167,211,848	729,743,726	327,837,797	1,224,793,371
- Debt securities	88,077,711	440,221,952	-	-	-	-	528,299,663	-	397,065,935	-	397,065,935
Assets of Window Takaful											
Operations - Operator's fund	-	105,036,455	-	-	-	-	105,036,455	-	105,036,455	-	105,036,455
<b>Financial assets not measured at fair value</b>											
Cash and bank*											
-	-	-	-	725,474,690	-	-	725,474,690	-	-	-	-
Investments											
- In associates	-	-	-	-	60,681,713	-	60,681,713	129,679,073	-	-	129,679,073
- Debt securities	-	-	54,633,134	-	-	-	54,633,134	-	54,882,400	-	54,882,400
- Unquoted equity shares*	-	75,283	-	-	-	-	75,283	-	-	75,283	75,283
Insurance / reinsurance receivable*	-	-	-	541,142,145	-	-	541,142,145	-	-	-	-
Loan and other receivable*	-	-	-	37,308,181	-	-	37,308,181	-	-	-	-
Reinsurance recoveries against outstanding claims*											
-	-	-	-	92,735,167	-	-	92,735,167	-	-	-	-
Assets of Window Takaful											
Operations - Operator's fund*	-	-	-	20,523,634	-	-	20,523,634	-	-	-	-
<b>Financial liabilities not measured at fair value</b>											
Outstanding claims including IBNR*											
-	-	-	-	-	(294,800,833)	(294,800,833)	-	-	-	-	-
Insurance / reinsurance payables*											
-	-	-	-	-	(305,654,671)	(305,654,671)	-	-	-	-	-
Other creditors and accruals*											
-	-	-	-	-	(120,136,985)	(120,136,985)	-	-	-	-	-
Total liabilities of Window Takaful											
Operations - Operator's fund*	-	-	-	-	(21,924,911)	(21,924,911)	-	-	-	-	-
	186,285,090	1,671,919,682	54,633,134	1,417,183,817	60,681,713	(742,517,400)	2,648,186,036	296,890,921	1,286,728,516	327,913,080	1,911,532,517

	December 31, 2020										
	Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associate	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees)											
<b>Financial assets measured at fair value</b>											
Investments											
- Equity securities	101,580,587	628,120,946	-	-	-	-	729,701,533	101,580,587	628,120,946	-	729,701,533
- Debt securities	86,989,977	310,075,958	-	-	-	-	397,065,935	-	397,065,935	-	397,065,935
Assets of Window Takaful											
Operations - Operator's fund	-	6,968,219	-	-	-	-	6,968,219	-	6,968,219	-	6,968,219
<b>Financial assets not measured at fair value</b>											
Cash and bank*											
-	-	-	-	454,365,700	-	-	454,365,700	-	-	-	-
Investments											
- In associates	-	-	-	-	49,959,574	-	49,959,574	162,055,359	-	-	162,055,359
- Debt securities	-	-	127,627,411	-	-	-	127,627,411	-	229,020,459	-	229,020,459
- Unquoted equity shares*	-	229,020,459	-	-	-	-	229,020,459	-	-	229,020,459	229,020,459
- Term Deposits	-	-	195,400,000	-	-	-	195,400,000	-	-	-	-
Insurance / reinsurance receivable*	-	-	-	554,679,355	-	-	554,679,355	-	-	-	-
Loan and other receivables	-	-	-	37,301,613	-	-	37,301,613	-	-	-	-
Reinsurance recoveries against outstanding claims*											
-	-	-	-	125,342,540	-	-	125,342,540	-	-	-	-
Total assets of Window Takaful											
Operations	-	-	-	92,735,167	-	-	92,735,167	-	-	-	-
<b>Financial liabilities not measured at fair value</b>											
Outstanding claims including IBNR											
-	-	-	-	-	(260,105,733)	(260,105,733)	-	-	-	-	-
Insurance / reinsurance payables*											
-	-	-	-	-	(234,715,482)	(234,715,482)	-	-	-	-	-
Other creditors and accruals*											
-	-	-	-	-	(162,605,998)	(162,605,998)	-	-	-	-	-
Total liabilities of Window Takaful											
Operations - Operator's fund	-	-	-	-	(15,938,074)	(15,938,074)	-	-	-	-	-
	188,570,564	1,174,185,582	323,027,411	1,264,424,375	49,959,574	(673,365,287)	2,326,802,219	263,635,946	1,261,175,559	229,020,459	1,753,831,964

\* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

40.1 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. Consequently, differences may arise between the carrying values and the fair values estimates.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or Indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable Inputs).

During the year ended December 31, 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## Valuation techniques used in determination of fair values within level 2 and level 3:

Level 2: Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV and PKFRV rates as announced by Mutual Funds Association of Pakistan (MUFAP).

Level 3: Fair value of Private equity fund is based on the net assets value of the fund.

## 41. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, to facilitate comparisons.

## 42. SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors in its meeting held on February 28, 2022 has recommended cash dividend of 22.5% i.e. Rs. 2.25 per share in respect of the year ended December 31, 2021 (December 31, 2020: 20% (Rs. 2 per share) and propose bonus share of 10% i.e 1 share for every 10 share issued. These financial statements for the year ended December 31, 2021 do not include the effect of this appropriation which will be accounted for when approved.

## 43. NUMBER OF EMPLOYEES

As at December 31,

Average Number of employees during the year

December 31, 2021	December 31, 2020
----- (Number) -----	----- (Number) -----
<u>158</u>	<u>149</u>
<u>153</u>	<u>157</u>

## 44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on February 28, 2022.

## 45. GENERAL

Figures in these financial statements have been rounded off to the nearest rupees, unless otherwise stated.

  
Iqbal Ali Lakhani  
Chairman

  
Amin Mohammed Lakhani  
Director

  
Aftab Ahmad  
Director

  
Mohammad Hussain Hirji  
Director & Chief Executive

  
Sabza Ali Pirani  
Chief Financial Officer



# Window Takaful Operation Financial Statements

# Independent Auditor's Report

## To the members of Century Insurance Company Limited – Window Takaful Operations Report on the Audit of the Financial Statements for the year ended 31 December 2021

### Opinion

We have audited the annexed financial statements of **Century Insurance Company Limited – Window Takaful Operations** (the Operator), which comprise the statement of financial position as at **31 December 2021**, and the profit and loss account, the statement of comprehensive income, the statement of changes in fund and the cash flow statement 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 and to the best of our information and according to the explanations given to us, the statement of financial position, the statements of comprehensive income, the statements of changes in fund and the cash flow statement 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 Operator's affairs as at 31 December 2021 and the results of its takaful operations for the year then ended.

### Basis for Opinion

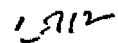
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Operator 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 opinion.

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

In preparing the financial statements, management is responsible for assessing the Operator'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 Operator or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Operator'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:

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



# Statement of Financial Position

As at December 31, 2021

- 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.

## Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the profit and loss account, the statement of comprehensive income, the cash flow statement 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and
- no zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

## Other Matter

The financial statements for the year ended 31 December 2020 were audited by another firm of Chartered Accountants whose report dated 18 March 2021 expressed an unmodified opinion.

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



**Chartered Accountants**

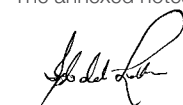
**Place:** Karachi

**Date:** 22 March 2022

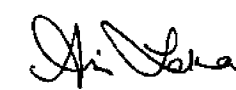
**UDIN Number:** AR2021100769Ty8RenXW

	Note	Operator's Fund		Participants' Takaful Fund	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
(Rupees)					
<b>Assets</b>					
Investments					
Equity securities / mutual funds	6	105,036,455	6,968,219	20,506,970	-
Debt securities	7	-	-	500,000	500,000
Loans and other receivables	8	26,451	44,550	886,051	533,901
Takaful / retakaful receivables	9	-	-	42,025,098	45,421,012
Retakaful recoveries against outstanding claims	18	-	-	11,853,077	15,778,359
Deferred commission expense / acquisition cost	21	4,861,987	3,792,532	-	-
Receivable from PTF	13	14,957,770	10,097,205	-	-
Deferred wakala fee	20	-	-	21,817,515	17,669,203
Prepaid retakaful contribution ceded	17	-	-	16,967,476	11,947,160
Cash and bank	11	5,539,413	82,593,412	58,154,524	45,227,837
<b>Total Assets</b>		<b>130,422,076</b>	<b>103,495,918</b>	<b>172,710,711</b>	<b>137,077,472</b>
<b>Funds and Liabilities</b>					
<b>Funds attributable to:</b>					
<b>Operator's Fund</b>					
Statutory fund		50,000,000	50,000,000	-	-
Reserves		6,456	34,045	-	-
Accumulated gain		31,771,589	18,555,419	-	-
<b>Participants' Takaful Fund</b>					
Ceded money		-	-	500,000	500,000
Accumulated surplus		-	-	22,256,364	13,723,262
<b>Total Funds</b>		<b>81,778,045</b>	<b>68,589,464</b>	<b>22,756,364</b>	<b>14,223,262</b>
<b>Liabilities</b>					
<b>PTF underwriting provisions</b>					
Outstanding claims including IBNR	18	-	-	35,843,954	36,298,886
Unearned contribution reserves	17	-	-	58,557,387	44,501,222
Unearned re-takaful rebate	19	-	-	3,055,853	1,751,801
		-	-	97,457,194	82,551,909
Unearned wakala fee	20	21,817,515	17,669,203	-	-
Payable to OPF	13	-	-	14,957,770	10,097,205
Deferred taxation	14	2,637	13,906	-	-
Contribution received in advance		-	-	1,119,255	1,387,347
Takaful / Re-takaful payables	12	-	-	34,272,044	27,412,918
Other creditors and accruals	15	21,924,911	15,968,201	2,148,084	1,404,831
Taxation - provision less payment	10	4,898,968	1,255,144	-	-
		48,644,031	34,906,454	52,497,153	40,302,301
<b>Total Liabilities</b>		<b>48,644,031</b>	<b>34,906,454</b>	<b>149,954,347</b>	<b>122,854,210</b>
<b>Total Funds and Liabilities</b>		<b>130,422,076</b>	<b>103,495,918</b>	<b>172,710,711</b>	<b>137,077,472</b>
<b>Contingency and Commitment</b>					
	16				

The annexed notes 1 to 37 form an integral part of these financial statements.



Iqbal Ali Lakhani  
Chairman



Amin Mohammed Lakhani  
Director



Aftab Ahmad  
Director



Mohammad Hussain Hirji  
Director & Chief Executive



Sabza Ali Pirani  
Chief Financial Officer



# Profit and Loss Account

For the year ended December 31, 2021

	Note	December 31, 2021	December 31, 2020
		(Rupees)	(Rupees)
<b>Participants' Takaful Fund - (PTF) Revenue account</b>			
Contribution earned	17	82,432,464	57,345,787
Less: Contribution ceded to retakaful		(45,451,720)	(31,854,548)
Net contribution revenue		36,980,744	25,491,239
Retakaful rebate earned	19	7,717,493	4,548,171
Net underwriting income		44,698,237	30,039,410
Net claims - reported / settled	18	(37,655,787)	(26,813,570)
Direct expenses	23	(1,914,320)	(1,275,915)
Surplus before investment income		5,128,130	1,949,925
Investment income	24	1,703,275	1,132,617
Other income	25	2,551,486	1,952,953
Less: Mudarib's share of investment income	26	(850,952)	(617,114)
<b>Surplus for the year</b>		<b>8,531,939</b>	<b>4,418,381</b>
<b>Operator's Fund - (OPF) Revenue account</b>			
Wakala fee	20	48,831,201	34,572,468
Commission expense	21	(10,707,671)	(8,993,498)
General, administration and management expenses	22	(25,216,016)	(20,633,562)
		12,907,514	4,945,408
Mudarib's share of PTF investment income	26	850,952	617,114
Investment income	24	5,794,569	5,142,669
Other income	25	237,964	286,042
Other expenses	27	(1,176,675)	(522,114)
<b>Profit before tax</b>		<b>18,614,324</b>	<b>10,469,119</b>
Income tax expense	28	(5,398,154)	(3,036,045)
<b>Profit after tax</b>		<b>13,216,170</b>	<b>7,433,074</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

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Director  
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Chief Financial Officer

# Statement of Comprehensive Income

For the year ended December 31, 2021

	December 31, 2021	December 31, 2020
	(Rupees)	(Rupees)
<b>Participants' Takaful Fund - (PTF) Revenue account</b>		
Surplus for the year	8,531,939	4,418,381
<b>Other Comprehensive Income for the year</b>		
- Unrealized gain on available for sale investments	1,163	-
<b>Total comprehensive income for the year</b>	<b>8,533,102</b>	<b>4,418,381</b>
<b>Operator's Fund - (OPF) Revenue account</b>		
Profit after tax	13,216,170	7,433,074
<b>Other comprehensive income for the year</b>		
<b>Items that will be reclassified to profit and loss account</b>		
- Unrealized gain on available for sale investments - net of tax	6,456	34,045
- Reclassification adjustment for net (gain) / loss on available for sale investments included in profit and loss account - net of tax	(34,045)	60,730
<b>Other comprehensive (loss) / income for the year</b>	<b>(27,589)</b>	<b>94,775</b>
<b>Total comprehensive income for the year</b>	<b>13,188,581</b>	<b>7,527,849</b>

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# Statement of Changes In Funds

For the year ended December 31, 2021

	Operator's Fund			
	Statutory fund	Revenue reserve Available for sale Investment revaluation reserve	Accumulated surplus	Total
	----- (Rupees) -----			
<b>Balance as at January 01, 2020</b>	50,000,000	(60,730)	11,122,345	61,061,615
<b>Total comprehensive income</b>				
Profit after tax for the year	-	-	7,433,074	7,433,074
<b>Other comprehensive income</b>				
Unrealised gain on available for sale investments - net of tax	-	34,045	-	34,045
Realised loss on available for sale investments - net of tax	-	60,730	-	60,730
	-	94,775	7,433,074	7,527,849
<b>Balance as at December 31, 2020</b>	50,000,000	34,045	18,555,419	68,589,464
<b>Total comprehensive income</b>				
Profit after tax for the year	-	-	13,216,170	13,216,170
<b>Other comprehensive income / (loss)</b>				
Unrealised gain on available for sale investments - net of tax	-	6,456	-	6,456
Realised gain on available for sale investments - net of tax	-	(34,045)	-	(34,045)
	-	(27,589)	13,216,170	13,188,581
<b>Balance as at December 31, 2021</b>	<b>50,000,000</b>	<b>6,456</b>	<b>31,771,589</b>	<b>81,778,045</b>

	Participants' Takaful Fund		
	Ceded money	Accumulated surplus	Total
	----- (Rupees) -----		
<b>Balance as at January 01, 2020</b>	500,000	9,304,881	9,804,881
Surplus for the year ended	-	4,418,381	4,418,381
<b>Other comprehensive income</b>			
Unrealised gain on available for sale investments	-	-	-
	-	4,418,381	4,418,381
<b>Balance as at December 31, 2020</b>	500,000	13,723,262	14,223,262
Surplus for the year ended	-	8,531,939	8,531,939
<b>Other comprehensive income</b>			
Unrealised gain on available for sale investments	-	1,163	1,163
	-	8,533,102	8,533,102
<b>Balance as at December 31, 2021</b>	<b>500,000</b>	<b>22,256,364</b>	<b>22,756,364</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

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# Cash Flow Statement

For the year ended December 31, 2021

	Operator's Fund		Participants' Takaful Fund	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Rupees) -----			
<b>Operating Cashflows</b>				
<b>(a) Takaful activities</b>				
Contribution received	-	-	152,204,564	96,198,495
Retakaful contributions paid	-	-	(43,755,054)	(24,475,474)
Claims paid	-	-	(47,581,414)	(150,254,173)
Retakaful and other recoveries received	-	-	12,466,551	128,459,680
Commission paid	(9,884,553)	(5,323,440)	-	-
Retakaful rebate received	-	-	6,336,204	3,732,984
Wakala fee received / paid	48,969,900	54,549,962	(48,969,900)	(54,549,962)
Direct expenses paid	-	-	(1,914,320)	(1,275,915)
Net cash inflows / (outflows) from takaful activities	39,085,347	49,226,522	28,786,631	(2,164,365)
<b>(b) Other operating activities</b>				
Income tax paid	(1,754,330)	(3,862,051)	(189,099)	(71,634)
General, administration and management expenses paid	(22,298,397)	(24,815,160)	-	-
Other operating receipts / payments - net	(30,157)	25,543	705,927	570,668
Net cash (outflows) / inflows from takaful activities	(24,082,884)	(28,651,668)	516,828	499,034
<b>Total cash inflows / (outflows) from all operating activities</b>	<b>15,002,463</b>	<b>20,574,854</b>	<b>29,303,459</b>	<b>(1,665,331)</b>
<b>Investment activities</b>				
Profit / return received	256,063	302,399	2,451,547	1,976,811
Dividend received	3,078,955	1,897,087	994,306	555,497
Payment for investments	(210,118,178)	(131,487,511)	(51,845,728)	(54,373,396)
Proceeds from investments	114,726,698	189,979,837	32,023,103	54,917,202
<b>Total cash (outflows) / inflows from investing activities</b>	<b>(92,056,462)</b>	<b>60,691,812</b>	<b>(16,376,772)</b>	<b>3,076,114</b>
<b>Net cash (outflows) / inflows from all activities</b>	<b>(77,053,999)</b>	<b>81,266,666</b>	<b>12,926,687</b>	<b>1,410,783</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>82,593,412</b>	<b>1,326,746</b>	<b>45,227,837</b>	<b>43,817,054</b>
<b>Cash and cash equivalents at end of the year</b>	<b>5,539,413</b>	<b>82,593,412</b>	<b>58,154,524</b>	<b>45,227,837</b>
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	15,002,463	20,574,854	29,303,459	(1,665,331)
Profit on disposal of investments	2,715,614	3,245,582	683,182	543,806
Profit / returns received	256,063	302,399	2,451,547	1,976,811
Dividend income	3,078,955	1,897,087	994,306	555,497
Increase / (decrease) in assets other than cash	5,911,921	(12,464,617)	2,199,582	34,523,788
Increase in liabilities other than borrowings	(13,748,846)	(6,122,231)	(27,100,137)	(31,516,190)
<b>Profit after tax / surplus for the year</b>	<b>13,216,170</b>	<b>7,433,074</b>	<b>8,531,939</b>	<b>4,418,381</b>

The annexed notes 1 to 37 form an integral part of these financial statements.

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Chief Financial Officer

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited ("the Operator") is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act 2017) on October 10, 1985. The Operator is listed on Pakistan Stock Exchange and is engaged in general insurance business. The registered office of the Operator is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi.

The Operator was granted authorisation on August 07, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations ("the Operations") by Securities and Exchange Commission of Pakistan ("SECP") under Takaful Rules, 2012, General Takaful accounting regulation 2019 to carry on general takaful operations in Pakistan.

The Operator transferred statutory fund of Rs. 50 million in a separate bank account for the Operations as per the requirement of circular 8 of 2014. Thereafter, the Operator has formed a Waqf for Participants' Fund ("PTF") by executing the Waqf deed dated August 17, 2017 by investing a ceded money of Rs. 0.5 million. The ceded money is required to be invested in shariah compliant investments and any profit thereon can be utilized only to pay benefits to Participants' or defray PTF expenses. Waqf Deed governs the relationship of Operator and participants for management of takaful operations, investments of participants' funds and investments of the Operator's funds approved by the shariah advisor of the Operator. The Operator commenced activities of the Operations on August 18, 2017.

## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

### 2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under Companies Act, 2017; and
- Provision of and directive issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulation 2019.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017, Takaful Rules, 2012 and General Takaful Accounting Regulation 2019 shall prevail.

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 1416(I)/2019 dated November 20, 2019 has prescribed format of the presentation of annual financial statements for general takaful operators. These financial statements have been prepared in accordance with the format prescribed by the SECP.

These financial statements reflect the financial position and results of operations of both the Operator's Fund and Participants' Takaful Fund in a manner that the assets, liabilities, income and expenses of the Operator's Fund and PTF remain separately identifiable.

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments which are stated at their fair values.

### 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Operations' functional currency.

## 2.4 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan 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)
IFRS 3 Revised Conceptual Framework (Amendments)	January 01, 2022
IAS 16 - Property, Plant and Equipments: proceeds before intended use	January 01, 2022
IAS 37 - Onerous Contracts: cost of fulfilling a contract	January 01, 2022
IAS 1 - Classification of Liabilities as Current or Noncurrent (Amendments)	January 01, 2023
IAS 1 - Disclosure of Accounting Policies (Amendments)	January 01, 2023
IAS 8 - Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS 12 - Deferred Tax Related to Assets & Liabilities Arising from Single Transaction (Amendments)	January 01, 2023

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

### Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
IFRS 16 Leases - Partial Amendments to Illustrative Example 13	January 01, 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

### Standards

- IFRS 1 – First time adoption of IFRSs
- IFRS 17 – Insurance Contracts
- IFRS 14 – Regulatory Deferral Accounts

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 2.5 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 14 – Regulatory Deferral Accounts

IFRS 16 - COVID 19 Related Rent Concessions (Amendments)

Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all periods presented. A number of other new standards are effective from January 01, 2021 but they do not have a material effect on the Operations’s financial statements.

### 3.1 Takaful contracts

The takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Operations underwrites non-life takaful contracts that can be categorised into following main categories:

#### a) Fire and property

Fire and property takaful contracts mainly compensate the Participants’ for damage suffered to their properties or for the value of property lost. Participants’ 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. These contracts are generally one year contracts except some contracts that are of three months period.

#### b) Marine, aviation and transport

Marine takaful 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. These contracts are generally for three months period.

#### c) Motor

Motor takaful provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

#### d) Accident and health

Accident and health takaful contract mainly compensate hospitalisation and outpatient medical coverage to the participant. These contracts are generally one year contracts.

#### e) Miscellaneous

All other various types of takaful contracts are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, workmen compensation, travel and products of financial institutions etc. These contracts are normally one year takaful contracts except some engineering takaful contracts that are of more than one year period, whereas, normally travel takaful contracts expire within one month time.

These takaful contracts are provided to all types of customers based on assessment of takaful risk by the Operator. Normally personal takaful contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, takaful contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

### 3.2 Deferred Commission expense / Acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognised in Operator’s Fund as an expense in accordance with pattern of recognition of contribution revenue.

### 3.3 Unearned contribution

The unearned portion of contribution is calculated by applying twenty-fourths method, as prescribed by General Takaful Accounting Regulation 2019.

### 3.4 Contribution deficiency

The Operations is required as per General Takaful Accounting Regulation 2019 to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after re-takaful, from claims and other expenses, including re-takaful expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of policies in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense and the same shall be recognised as a liability.

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

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned contribution reserve for all classes of business as at the year end is adequate to meet the expected future liability after re-takaful, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date and therefore no provision for the same has been made in these financial statements.

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 3.5 Re-takaful contracts held

These are contracts entered into by the Operation with re-takaful operators for compensation of losses suffered on takaful contracts issued. These re-takaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The PTF recognise the entitled benefits under the contracts as various retakaful assets. Re-takaful contribution is recognised as an expense when retakaful is ceded. Re-takaful assets and liabilities are derecognised when contractual right are extinguished or expired.

The deferred portion of re-takaful contribution is recognized as a prepayment in PTF. The deferred portion of re-takaful contribution ceded is calculated by using twenty-fourths method.

## 3.6 Receivables and payables related to takaful contracts

Receivables including contribution due but unpaid relating to takaful contracts are recognized when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Contribution received in advance is recognised as liability till the time of issuance of takaful contract there against.

If there is an objective evidence that any contribution due but unpaid is impaired, the Operations reduces the carrying amount of that contribution receivable and recognizes the loss in profit and loss account.

## 3.7 Segment reporting

An operating segment is a component of the Operations 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 Operator's other components. All operating segments' results are reviewed regularly by the Operator'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 Operator presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and General Takaful Accounting Regulation 2019. The reported operating segments are also consistent with the internal reporting process of the Operator 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 Operator's business segments operate in Pakistan only.

Based on its classification of takaful contracts issued, the Operations has four primary business segments for reporting purposes namely fire, marine, motor, and miscellaneous. The nature and business activities of these segments are disclosed in note 3.1.

Assets and liabilities are allocated to particular segments on the basis of contribution 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. Management expenses are allocated to a particular segment on the basis of contribution written.

## 3.8 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, policy stamps, bank balances and the term deposit receipts having maturity of not more than twelve months and are subject to insignificant risk of change in value.

## 3.9 Revenue recognition

### a) Contribution

Contribution under a policy are recognised as revenue at the time of issuance of takaful policy / cover note. Where the pattern of incidence of risk varies over the period of the policy / cover note, contribution is recognised as revenue in accordance with the pattern of the incidence of risk. The portion of contribution written relating to the unexpired period of coverage is recognised as unearned contribution by the Operator. The unearned contribution is calculated by applying twenty-fourths method as specified in the General Takaful Accounting Regulation 2019. Administrative surcharge are recognised as revenue at the time of issuance of takaful policy / cover note.

Re-takaful ceded is recognised as expense after taking into account the proportion of deferred re-takaful contribution expense which is calculated using twenty-fourths method. The deferred portion of re-takaful contribution expense is recognised as a prepayment.

### b) Re-takaful rebate

Rebate and other forms of revenue (apart from recoveries) from re-takaful operators are deferred and recognised as liability and recognised in the profit and loss account as revenue of PTF in accordance with the pattern of recognition of the re-takaful contributions.

### c) Investment income

- Profit on bank deposits is recognised on a time proportion basis taking into account the effective yield.
- Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.
- Dividend income is recognised when the Operations' right to receive the payment is established.
- Return on fixed income securities classified as available for sale is recognised on a time proportion basis taking into account the effective yield on the investments.
- Gain / loss on sale of investments is included in income currently.

## 3.10 Investments

### 3.10.1 Classification and recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment held for trading in which case transaction costs are charged to the profit and loss account. These are recognized and classified as follows:

- Held for trading
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 3.10.2 Measurement

### 3.10.2.1 Held for trading

- Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.
- Investments which are designated as held for trading upon initial recognition.

Subsequent to initial recognition, these investments are premeasured at fair value. Gains or losses on remeasurement of these investments are recognised in profit and loss account.

### 3.10.2.2 Held to maturity

Investments with fixed determinable payments and fixed maturity, where Operations has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any.

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortised over the period to maturity of investment using the effective yield.

### 3.10.2.3 Available-for-sale

Investments which are not eligible to be classified as "held for trading" or "held to maturity" are classified as 'available-for-sale'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on remeasurement of these investments are recognised in other comprehensive income.

### 3.10.2.4 Fair / market value measurements

For investments in quoted mutual funds, fair / market value is determined by reference to rates quoted by Mutual Fund Association of Pakistan (MUFAP).

### 3.10.2.5 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Operator commits to purchase or sell the investment.

## 3.11 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Operator intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 3.12 Provisions

Provisions are recognized when the Operations has a present legal or constructive obligation as a result of past events, 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 reviewed at each reporting date and adjusted to reflect the current best estimate.

## 3.13 Provision for outstanding claims including Incurred But Not Reported (IBNR)

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

### Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Operation's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Retakaful recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

### Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Operator by that end of reporting year, or if reported, complete details are not available to the Operator, so as to ascertain the amount of loss for that claim as claims outstanding.

The Operations is required, as per SECP circular no. 9 of 2016 dated March 09, 2016 "Guidelines for Estimation of Incurred but not reported claims reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at December 31, 2021 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

## 3.14 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Operator's profit and loss account in accordance with Rule 12 of Takaful Rule 2012, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Operator, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

### Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year of the Operator's Fund, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable if any in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Operator's Fund under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability, as applicable, after taking into account tax credits and tax rebates available, if any.

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## Deferred tax

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Operator recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The taxation of the Operator's Fund is calculated by including in the Operation's results as a whole and accordingly taxation has been recorded.

## 3.15 Impairment of assets

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. However, in case of equity securities classified as available for sale the decrease in impairment loss is not reversed.

## 3.16 Management expenses

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

## 3.17 Financial instruments

Financial instruments carried on the reporting date include cash and bank, contribution due but unpaid, amount due from other takaful / re-takaful operators, accrued investment income, retakaful recoveries against outstanding claims, amount due to other takaful / re-takaful operators, other creditors and accruals.

All the financial assets and financial liabilities are recognised at the time when the Operations becomes a party to the contractual provisions of the instrument and derecognized when the Operations loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to profit and loss account of the period in which financial instrument is derecognised.

## 3.18 Takaful surplus

Takaful surplus attributable to the Participants' is calculated after charging all direct cost and setting aside various reserves. Allocation to Participants', if applicable, is made after adjustment of claims paid to them during the period.

## 3.19 Wakala fee

The Operator manages the general takaful operations for the Participants' and charges wakala fee to PTF on gross contributions recognized for each class of business to meet the general and administrative expenses of the Operator including commissions to agents at following rates:

Class	Percentage ----- (%) -----
Fire and property damage	30
Marine, aviation and transport	30
Motor	40
Health	20
Miscellaneous	35

Wakala fee is recognised as income in Operator's Fund on the same basis on which the related contribution revenue is recognized. Unearned portion of wakala fee is recognised as a liability of Operator's Fund and an asset of Participants' Fund.

## 3.20 Mudarib's fee

The Operator also manages the participants' investment as Mudarib and charges 20 percent of the investment income and profits on bank deposits earned by the PTF as Mudarib's fee. It is recognized on the same basis on which related revenue is recognised.

## 3.21 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's Fund to PTF in case of deficit or to fulfil cash flow requirements.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

### 4.1 Use of estimates and judgements

In preparing these financial statement, management has made judgement, estimates and assumptions that affect the application of the Operations' accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

- provision for unearned contribution (note 3.3);
- contribution deficiency reserve (note 3.4);
- provision for contribution due but unpaid and amount due from other takaful / re-takaful operators; (note 3.6)
- segment reporting (note 3.7);
- classification of investments (note 3.10);
- provision for outstanding claims including IBNR and re-takaful recoveries there against (note 3.13);
- taxation (note 3.14);
- impairment (note 3.15)
- allocation of management expenses (note 3.16); and
- provision for unearned wakala fee (note 3.19).

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 5. DISCLOSURES RELATED TO TEMPORARY EXEMPTION FROM IFRS 9

To determine the appropriate classification of financial assets under IFRS 9, an entity would need to assess the contractual cash flows characteristics of any financial asset. Indeed, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI) i.e. cash flows that are consistent with a basic lending arrangement. In a basic lending arrangement consideration for the time value of money and credit risk are typically the most significant elements of interest. IFRS 9 defines the terms principal as being the fair value of the financial asset at initial recognition and the interest as being compensation for (i) the time value of money and (ii) the credit risk associated with the principal amount outstanding during a particular period of time.

The debt instruments accounted for fair value through other comprehensive income under IAS 39 are potentially eligible to SPPI test whereas it is not applicable for the debt instruments accounted for fair value through profit or loss.

The tables below set out the fair values on gross basis as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately.

- a) financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis, and
- b) all other financial assets.

### Operator's Fund

Financial assets	December 31, 2021				
	Fail the SPPI Test		Pass the SPPI Test		Change in Unrealized gain or (loss) during the year
	Fair value	Change in Unrealized gain during the year	Carrying Value	Cost less impairment	
					(Rupees)
Investments					
- Equity securities - Available for Sale	105,036,455	9,093	-	-	-

### Participants' Takaful Fund

Financial assets	December 31, 2021				
	Fail the SPPI Test		Pass the SPPI Test		Change in Unrealized gain or (loss) during the year
	Fair value	Change in Unrealized gain or (loss) during the year	Carrying Value	Cost less impairment	
					(Rupees)
Investments					
- Debt securities - held to maturity	20,506,970	1,163	500,000	-	-

## Investment in debt securities

Held to Maturity

Gross Carrying amount of debt instruments that pass the SPPI test

AA+

---- (Rupees) ----  
500,000

\* The carrying amount of these financial assets measured applying IAS 39 are a reasonable approximation of the fair values.

## 6. INVESTMENTS IN EQUITY SECURITIES - Available for sale

	Note	December 31, 2021		December 31, 2020	
		Cost	Carrying value	Cost	Carrying value
----- (Rupees) -----					
<b>Operator's Fund</b>					
Mutual funds	6.1	105,027,362	105,036,455	6,920,268	6,968,219
<b>Participants' Fund</b>					
Mutual funds	6.2	20,505,807	20,506,970	-	-

### 6.1 Mutual Funds - OPF

	Number of units		December 31, 2021		December 31, 2020	
	2021	2020	Cost	Carrying value	Cost	Carrying value
----- (Rupees) -----						
<b>Other than related parties</b>						
<b>Open - end mutual funds</b>						
NBP Islamic Income Fund	3,367,619	-	35,000,000	35,009,093	-	-
Faysal Islamic Cash Fund	250,072	-	25,007,150	25,007,150	-	-
ABL Islamic Cash Fund	2,000,476	-	20,004,760	20,004,760	-	-
Al Habib Islamic Cash Fund	250,155	-	25,015,452	25,015,452	-	-
First Habib Islamic Income Fund	-	69,107	-	-	6,920,268	6,968,219
	5,868,321	69,107	105,027,362	105,036,455	6,920,268	6,968,219

### 6.2 Mutual Funds - PTF

Other than related parties

Open - end mutual funds

NBP Islamic Income Fund	288,653	-	2,999,995	3,000,779	-	-
NBP Islamic Daily Dividend Fund	100,048	-	1,000,476	1,000,476	-	-
HBL Islamic Money Market Fund	29,659	-	3,000,726	3,000,726	-	-
Faysal Islamic Cash Fund	30,009	-	3,000,858	3,000,858	-	-
Meezan Rozana Amdani Fund	60,031	-	3,001,566	3,001,566	-	-
Al Ameen Islamic Cash Fund	14,793	-	1,500,000	1,500,379	-	-
Al Ameen Islamic Cash Plan I	30,008	-	3,000,758	3,000,758	-	-
ABL Islamic Cash Fund	300,143	-	3,001,428	3,001,428	-	-
	853,344	-	20,505,807	20,506,970	-	-



# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 7. INVESTMENTS IN DEBT SECURITIES - Held to Maturity

	Note	December 31, 2021		December 31, 2020	
		Cost	Carrying value	Cost	Carrying value
----- (Rupees) -----					
<b>Other than related parties</b>					
<b>Participants' Fund</b>					
Certificate of Islamic Investment	7.1	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

7.1 This represents Certificate of Islamic Investment carrying expected profit rate ranging from 5.27% to 6.11% in 2021 (2020: 5.42% to 10.25%).

## 8. LOANS AND OTHER RECEIVABLES - Considered good

	Operator's Fund		Participants' Takaful Fund	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- (Rupees) -----				
Accrued investment income	26,451	44,550	332,416	206,690
Receivable against sale of investments	-	-	37,325	-
Advance tax	-	-	516,310	327,211
	<u>26,451</u>	<u>44,550</u>	<u>886,051</u>	<u>533,901</u>

## 9. TAKAFUL / RE-TAKAFUL RECEIVABLES - PTF - Unsecured and considered good

	Note	December 31, 2021	December 31, 2020
		----- (Rupees) -----	
Due from Takaful contract holders		17,578,378	11,525,617
Due from other Takaful / Re-takaful operators	9.1 & 9.2	20,957,486	28,997,046
Re-takaful recoveries due but unpaid		3,489,234	4,898,349
		<u>42,025,098</u>	<u>45,421,012</u>

9.1 This includes Rs. 0.1 million (2020: Rs. 0.1 million) receivable from operator. The amount is not over due / impaired as at December 31, 2021.

9.2 The maximum aggregate amount due from operator at end of any month during the year was Rs. 1.2 million (2020: Rs. 0.1 million).

## 10. TAXATION - PROVISION LESS PAYMENTS

	December 31, 2021	December 31, 2020
----- (Rupees) -----		
Provision for taxation	5,398,154	1,236,045
Less: Taxes paid / deducted at source	(499,186)	19,099
	<u>4,898,968</u>	<u>1,255,144</u>

## 11. CASH AND BANK

	Note	Operator's Fund		Participants' Takaful Fund	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- (Rupees) -----					
<b>Cash and cash equivalent</b>					
Cash in hand		10,000	10,000	-	-
<b>Cash at bank</b>					
Savings accounts	11.1	<u>5,529,413</u>	82,583,412	<u>58,154,524</u>	45,227,837
		<u>5,539,413</u>	<u>82,593,412</u>	<u>58,154,524</u>	<u>45,227,837</u>

11.1 Savings accounts carry expected profit rates ranging from 2.75% to 5.5% (2020: 2.75% to 6.00%) per annum.

	Note	December 31, 2021	December 31, 2020
		----- (Rupees) -----	
<b>12. TAKAFUL / RE-TAKAFUL PAYABLES - PTF</b>			
Due to other takaful / re-takaful operators	12.1	<u>34,272,044</u>	<u>27,412,918</u>

12.1 This includes Rs. Nil (2020: Rs. Nil) payable to operator. The amount is not over due / impaired as at December 31, 2021.

## 13. RECEIVABLE / PAYABLE (Between OPF and PTF)

	Operator's Fund		Participants' Takaful Fund	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- (Rupees) -----				
Wakala fee	14,614,018	9,912,365	14,614,018	9,912,365
Modaraba fee	343,752	184,840	343,752	184,840
	<u>14,957,770</u>	<u>10,097,205</u>	<u>14,957,770</u>	<u>10,097,205</u>

## 14. DEFERRED TAXATION

	Operator's Fund	
	December 31, 2021	December 31, 2020
----- (Rupees) -----		
<b>Deferred credit arising in respect of</b>		
Unrealized gain on available for sale investments	<u>2,637</u>	<u>13,906</u>

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 15. OTHER CREDITORS AND ACCRUALS

	Operator's Fund		Participants' Takaful Fund	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Rupees) -----			
Agents' Commission payable	10,762,879	8,870,306	-	-
Federal excise duty / sales tax	-	-	1,820,477	1,254,515
Federal takaful fee	-	-	168,231	109,145
Accrued expenses	10,672,032	6,792,738	-	-
Audit fee payable	490,000	275,000	-	-
Creditors	-	-	129,340	-
Tax deducted at source	-	30,157	30,036	41,171
	<u>21,924,911</u>	<u>15,968,201</u>	<u>2,148,084</u>	<u>1,404,831</u>

## 16. CONTINGENCY AND COMMITMENT

There is no contingency and commitment as at December 31, 2021 (December 31, 2020: Nil).

## 17. NET TAKAFUL CONTRIBUTION - PTF

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
Written Gross contribution	145,319,830	106,216,653
Less: Wakala Fee	(48,831,201)	(34,572,468)
Contribution Net of Wakala Fee	<u>96,488,629</u>	<u>71,644,185</u>
Add: Unearned contribution reserve opening	44,501,222	30,202,824
Less: Unearned contribution reserve closing	(58,557,387)	(44,501,222)
Contribution earned	<u>82,432,464</u>	<u>57,345,787</u>
<b>Less:</b>		
Re-takaful Contribution ceded	50,472,036	35,697,415
Add: Prepaid re-takaful contribution ceded opening	11,947,160	8,104,293
Less: Prepaid re-takaful contribution ceded closing	(16,967,476)	(11,947,160)
Re-takaful expense	<u>45,451,720</u>	<u>31,854,548</u>
	<u>36,980,744</u>	<u>25,491,239</u>

## 18. NET TAKAFUL CLAIMS EXPENSE - PTF

	December 31, 2021	December 31, 2020
Claim paid	47,581,414	150,254,173
Add: Outstanding claims including IBNR closing	35,843,954	36,298,886
Less: Outstanding claims including IBNR opening	(36,298,886)	(19,802,329)
Claims expense	<u>47,126,482</u>	<u>166,750,730</u>
Less: Re-takaful and others recoveries received	13,395,977	129,894,534
Add: Re-takaful and others recoveries in respect of outstanding claims closing	11,853,077	15,778,359
Less: Re-takaful and others recoveries in respect of outstanding claims opening	(15,778,359)	(5,735,733)
Re-takaful and other recoveries revenue	<u>9,470,695</u>	<u>139,937,160</u>
	<u>37,655,787</u>	<u>26,813,570</u>

## 18.1 Claims development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

Accident year	2018	2019	2020	2021	Total
	----- (Rupees) -----				
Gross estimate of ultimate claims cost:					
- At end of accident	22,806,636	21,456,392	159,074,256	51,286,861	
- One year later	18,116,684	27,162,235	159,875,537	-	
- Two year later	17,764,775	26,515,692	-	-	
- Three year later	17,612,783	-	-	-	
- Four year later	-	-	-	-	
- Five year later	-	-	-	-	
Current estimate of cumulative claims	<u>17,612,783</u>	<u>26,515,692</u>	<u>159,875,537</u>	<u>51,286,861</u>	<u>255,290,873</u>
Cumulative payment to date	(16,776,976)	(25,490,732)	(147,829,358)	(29,349,853)	(219,446,919)
Liability recognised in statement of financial position	<u>835,807</u>	<u>1,024,960</u>	<u>12,046,179</u>	<u>21,937,008</u>	<u>35,843,954</u>

18.2 The takaful operations has commenced its activities from August 17, 2017. Therefore, claim development table has shown results of four years instead of five years.

## 19. REBATE ON RE-TAKAFUL - PTF

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
Re-takaful rebate received or recoverable	9,021,545	5,165,628
Add: Unearned re-takaful rebate - opening	1,751,801	1,134,344
Less: Unearned re-takaful rebate - closing	(3,055,853)	(1,751,801)
	<u>7,717,493</u>	<u>4,548,171</u>

## 20. WAKALA FEE

	December 31, 2021	December 31, 2020
Gross Wakala fee	52,979,513	40,931,223
Add: Unearned Wakala fee income - opening	17,669,203	11,310,448
Less: Unearned Wakala fee income - closing	(21,817,515)	(17,669,203)
	<u>48,831,201</u>	<u>34,572,468</u>

## 21. COMMISSION EXPENSE / ACQUISITION COST - OPF

	December 31, 2021	December 31, 2020
Commission paid or payable	11,777,126	9,546,863
Add: Deferred commission expense - opening	3,792,532	3,239,167
Less: Deferred commission expense - closing	(4,861,987)	(3,792,532)
	<u>10,707,671</u>	<u>8,993,498</u>

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 22. GENERAL, ADMINISTRATION AND MANAGEMENT EXPENSES - OPF

	Note	December 31, 2021	December 31, 2020
		----- (Rupees) -----	-----
Employee benefit cost	22.1	17,918,735	12,855,401
Shariah Advisor Fees		1,440,000	1,080,000
Rent		1,197,058	700,162
Depreciation		993,473	623,440
Motor Vehicle Fuel		966,609	575,068
Printing and stationery		660,032	310,360
Communications		438,391	-
Postage, telegram & telephone		163,496	99,534
Electricity, gas & water		501,157	234,763
Insurance		385,019	-
Motor Vehicle Repair & Maintenance		205,447	126,243
Legal & professional charges		127,102	88,899
Annual Supervision Fees SECP		119,560	124,821
Business Development Expense		-	3,772,600
Miscellaneous		99,937	42,271
		<u>25,216,016</u>	<u>20,633,562</u>

### 22.1 Employee benefit cost

	Note	December 31, 2021	December 31, 2020
		----- (Rupees) -----	-----
Salaries, allowance and other benefits		16,881,081	12,150,753
Charges for post employment benefits	22.1.1	1,037,654	704,648
		<u>17,918,735</u>	<u>12,855,401</u>

22.1.1 This represents contribution to employee's provident fund managed by the Operator.

## 23. DIRECT EXPENSES - PTF

		December 31, 2021	December 31, 2020
		----- (Rupees) -----	-----
Co-takaful service charges		203,697	877,010
Bank charges		68,066	57,031
Tracker Charges		1,642,557	341,874
		<u>1,914,320</u>	<u>1,275,915</u>

## 24. INVESTMENT INCOME

### Participants' Takaful Fund

#### Income from equity securities - Available for sale

Realised gain on sale of equity securities	683,182	543,806
Dividend income	994,306	555,497

#### Income from debt securities - Held to maturity

Return on Certificate of Islamic Investment	25,787	33,314
	<u>1,703,275</u>	<u>1,132,617</u>

### Operator's Fund

#### Income from equity securities - Available for sale

Dividend income	3,078,955	1,897,087
Realised gain on sale of equity securities	2,715,614	3,245,582
	<u>5,794,569</u>	<u>5,142,669</u>

## 25. OTHER INCOME

### Participants' Takaful Fund

Profit on bank balances	2,551,486	1,952,953
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### Operator's Fund

Profit on bank balances	237,964	286,042
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## 26. MUDARIB'S FEE

Mudarib's share of PTF investment income	850,952	617,114
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## 27. OTHER EXPENSES - OPF

	Note	December 31, 2021	December 31, 2020
		----- (Rupees) -----	-----
Auditors' remuneration	27.1	897,373	511,639
Others		279,302	10,475
		<u>1,176,675</u>	<u>522,114</u>

### 27.1 Auditors' remuneration

Audit fee	200,000	250,000
Interim review fee	100,000	82,500
Shariah Compliance audit	100,000	100,000
Special reports and other certifications	380,000	-
Out of pocket expenses including government levy	117,373	79,139
	<u>897,373</u>	<u>511,639</u>

## 28. TAXATION - NET

The current tax charge for the year is Rs. 5.40 million at the tax rate of 29 percent (2020: Rs. 3.04 million at the tax rate of 29 percent) and the same has been recorded in these financial statements hence no tax reconciliation has been presented. Deferred tax on unrealised gain / (loss) on investments has been stated separately.

## 29. REMUNERATION OF HEAD OF WINDOW TAKAFUL OPERATIONS

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	-----
Managerial remuneration	2,045,628	1,890,780
Bonus	498,978	447,364
Contribution to defined contribution plan	205,128	189,648
Rent and house maintenance	920,520	850,848
Conveyance	353,174	308,654
Others	357,852	342,372
	<u>4,381,280</u>	<u>4,029,666</u>

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 30. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the Operator, associated companies, companies under common control, companies with common directors, major shareholders, employees' retirement benefit plans, directors and key management personnel of the Operator. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions and on an arm's length basis. The transactions and balances with related parties / associated companies, other than those which have been disclosed elsewhere in these financial information, are as follows:

Name of related party	Takaful Contribution Written	Contribution Outstanding	Claim Paid	Expenses	Reimbursement of Expenses	Retirement Fund
	Participants' Takaful Fund			Operator's Fund		
Note	(Rupees)					
<b>Associated companies / undertaking</b>						
Cyber Internet Services (Pvt.) Ltd.	6,843,428	700,566	108,434	-	-	-
Merit Packaging Ltd.	199,150	-	-	-	-	-
Orthopaedic And Medical Institute (Pvt) Ltd.	342,830	-	14,150	-	-	-
Siza Foods (Private) Limited	1,690,299	-	343,384	-	-	-
GAM Corporation (Private) Limited	1,700,208	-	179,880	-	-	-
<b>Others</b>						
Express Publication (Private) Limited	2,744,658	-	163,575	-	-	-
Century Insurance Company Limited 30.1	-	-	-	5,134,082	-	-
Century Insurance Company Limited 30.2	-	-	-	-	17,037,125	-
<b>Retirement benefit plans</b>						
Contribution to staff provident fund	-	-	-	-	-	722,746
Contribution to staff gratuity fund	-	-	-	-	-	314,908
<b>December 31, 2021</b>	<b>13,520,573</b>	<b>700,566</b>	<b>809,423</b>	<b>5,134,082</b>	<b>17,037,125</b>	<b>1,037,654</b>
December 31, 2020	10,381,475	-	7,843,474	4,770,743	10,347,749	704,648

30.1 This represents remuneration of Head of Window Takaful Operations and Shariah Compliance Officer paid to the Operator.

30.2 These pertain to sharing of common expenses shared by the Operator.

## 31. SEGMENT INFORMATION

Segment information prepared in accordance with the requirement of Insurance Ordinance, 2000 and General Takaful Accounting Regulation 2019 for class of business wise revenues, results, assets and liabilities.

	December 31, 2021				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Aggregate
	(Rupees)				
<b>Participant's Takaful Fund</b>					
Contribution received or receivable (inclusive of Federal Excise Duty / sales tax, Federal takaful fee and Administrative Surcharge)	31,421,376	22,432,553	101,941,334	8,434,340	164,229,603
Less: - Federal Excise Duty / Sales Tax	3,849,722	2,444,651	11,882,825	986,691	19,163,889
- Federal Insurance Fee	273,263	178,121	894,633	74,226	1,420,243
- Others	9,000	2,037,698	77,400	250	2,124,348
Facultative inward contribution	651,278	70,000	2,165,184	912,245	3,798,707
<b>Gross written Contribution (inclusive of Administrative Surcharge)</b>	<b>27,940,669</b>	<b>17,842,083</b>	<b>91,251,660</b>	<b>8,285,418</b>	<b>145,319,830</b>
- Gross direct Contribution	27,089,949	17,166,962	86,447,344	7,348,090	138,052,345
- Facultative inward contribution	651,278	70,000	2,165,184	912,245	3,798,707
- Administrative surcharge	199,442	605,121	2,639,132	25,083	3,468,778
	27,940,669	17,842,083	91,251,660	8,285,418	145,319,830
Wakala fee	(7,130,348)	(5,042,258)	(34,066,755)	(2,591,840)	(48,831,201)
Takaful contribution earned	23,767,827	16,807,525	82,856,886	7,831,427	131,263,665
Takaful contribution ceded to re-takaful operators	(22,545,505)	(13,012,150)	(4,282,662)	(5,611,403)	(45,451,720)
Net Takaful contribution	(5,908,026)	(1,246,883)	44,507,469	(371,816)	36,980,744
Re-takaful rebate	3,884,289	2,545,489	114,191	1,173,524	7,717,493
<b>Net revenue</b>	<b>(2,023,737)</b>	<b>1,298,606</b>	<b>44,621,660</b>	<b>801,708</b>	<b>44,698,237</b>
Takaful claims	(8,701,849)	(1,223,532)	(37,348,630)	147,529	(47,126,482)
Takaful claims recovered from re-takaful operators	8,330,853	1,166,396	210,512	(237,066)	9,470,695
Net claims	(370,996)	(57,136)	(37,138,118)	(89,537)	(37,655,787)
Direct expenses	(368,067)	(235,036)	(1,202,072)	(109,145)	(1,914,320)
<b>(Deficit) / surplus before investment income</b>	<b>(2,762,800)</b>	<b>1,006,434</b>	<b>6,281,470</b>	<b>603,026</b>	<b>5,128,130</b>
Investment income					1,703,275
Profit on bank balances					2,551,486
Mudarib fee					(850,952)
<b>Surplus for the year</b>					<b>8,531,939</b>
<b>Operator's Fund</b>					
Wakala fee income	7,130,348	5,042,258	34,066,755	2,591,840	48,831,201
Commission expense	(2,360,473)	(1,429,697)	(6,347,196)	(570,305)	(10,707,671)
Management expense	(4,848,288)	(3,095,973)	(15,834,063)	(1,437,692)	(25,216,016)
	<b>(78,413)</b>	<b>516,588</b>	<b>11,885,496</b>	<b>583,843</b>	<b>12,907,514</b>
Mudarib share of PTF investment income					850,952
Investment income					5,794,569
Other income					237,964
Other expenses					(1,176,675)
<b>Profit before tax</b>					<b>18,614,324</b>

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## SEGMENT INFORMATION

Segment information prepared in accordance with the requirement of Insurance Ordinance, 2000 and General Takaful Accounting Regulation 2019 for class of business wise revenues, results, assets and liabilities.

	December 31, 2020				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Aggregate
	(Rupees)				
<b>Participant's Takaful Fund</b>					
Contribution received or receivable (inclusive of Federal Excise Duty / sales tax, Federal takaful fee and Administrative Surcharge)	24,494,894	10,731,365	80,354,803	6,776,331	122,357,393
Less: - Federal Excise Duty / Sales Tax	2,949,129	1,110,085	9,599,415	812,115	14,470,744
- Federal Insurance Fee	213,372	87,153	701,369	59,066	1,060,960
- Others	8,250	830,494	68,550	250	907,544
Facultative inward contribution	183,837	28,000	86,671	-	298,508
<b>Gross written Contribution (inclusive of Administrative Surcharge)</b>	<b>21,507,980</b>	<b>8,731,633</b>	<b>70,072,140</b>	<b>5,904,900</b>	<b>106,216,653</b>
- Gross direct Contribution	21,131,365	8,334,300	68,013,651	5,868,480	103,347,796
- Facultative inward contribution	183,837	28,000	86,671	-	298,508
- Administrative surcharge	192,778	369,333	1,971,818	36,420	2,570,349
	<b>21,507,980</b>	<b>8,731,633</b>	<b>70,072,140</b>	<b>5,904,900</b>	<b>106,216,653</b>
Wakala fee	(5,696,787)	(2,595,046)	(24,438,330)	(1,842,305)	(34,572,468)
Takaful contribution earned	18,989,288	8,650,153	58,999,931	5,278,883	91,918,255
Takaful contribution ceded to re-takaful operators	(15,947,199)	(6,311,941)	(5,404,565)	(4,190,843)	(31,854,548)
Net Takaful contribution	(2,654,698)	(256,834)	29,157,036	(754,265)	25,491,239
Re-takaful rebate	2,559,510	1,100,420	61,244	826,997	4,548,171
<b>Net revenue</b>	<b>(95,188)</b>	<b>843,586</b>	<b>29,218,280</b>	<b>72,732</b>	<b>30,039,410</b>
Takaful claims	(136,352,955)	(347,839)	(24,544,698)	(5,505,238)	(166,750,730)
Takaful claims recovered from re-takaful operators	133,841,515	117,029	1,686,906	4,291,710	139,937,160
Net claims	(2,511,440)	(230,810)	(22,857,792)	(1,213,528)	(26,813,570)
Direct expenses	(258,362)	(104,888)	(841,733)	(70,932)	(1,275,915)
<b>(Deficit) / surplus before investment income</b>	<b>(2,864,990)</b>	<b>507,888</b>	<b>5,518,755</b>	<b>(1,211,728)</b>	<b>1,949,925</b>
Investment income					1,132,617
Other income					1,952,953
Mudarib fee					(617,114)
<b>Surplus for the period</b>					<b>4,418,381</b>
<b>Operator's Fund</b>					
Wakala fee income	5,696,787	2,595,046	24,438,330	1,842,305	34,572,468
Commission expense	(2,069,665)	(837,536)	(5,587,444)	(498,853)	(8,993,498)
Management expense	(4,178,123)	(1,696,200)	(13,612,158)	(1,147,081)	(20,633,562)
	<b>(551,001)</b>	<b>61,310</b>	<b>5,238,728</b>	<b>196,371</b>	<b>4,945,408</b>
Mudarib share of PTF investment income					617,114
Investment income					5,142,669
Other income					286,042
Other expenses					(522,114)
<b>Profit before tax</b>					<b>10,469,119</b>

The classwise assets and liabilities are as follows:

	December 31, 2021				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	(Rupees)				
<b>Segment assets</b>	<b>35,235,737</b>	<b>7,960,525</b>	<b>43,588,580</b>	<b>5,878,324</b>	<b>92,663,166</b>
Unallocated assets					
Participants' Takaful Fund					80,047,545
Operator's Fund					130,422,076
<b>Total assets</b>					<b>303,132,787</b>
<b>Segment liabilities</b>	<b>36,175,126</b>	<b>10,095,441</b>	<b>97,177,484</b>	<b>6,132,508</b>	<b>149,580,559</b>
Unallocated liabilities - Operator's Fund					
Participants' Takaful Fund					373,788
Operator's Fund					48,644,031
<b>Total liabilities</b>					<b>198,598,378</b>
	December 31, 2020				
	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Total
	(Rupees)				
<b>Segment assets</b>	<b>35,359,196</b>	<b>4,171,199</b>	<b>43,711,713</b>	<b>7,573,627</b>	<b>90,815,735</b>
Unallocated assets					
Participants' Takaful Fund					46,261,737
Operator's Fund					103,495,918
<b>Total assets</b>					<b>240,573,390</b>
<b>Segment liabilities</b>	<b>33,181,357</b>	<b>4,048,133</b>	<b>78,497,615</b>	<b>6,901,094</b>	<b>122,628,199</b>
Unallocated liabilities - Operator's Fund					
Participants' Takaful Fund					226,011
Operator's Fund					34,906,454
<b>Total liabilities</b>					<b>157,760,664</b>
<b>32. MOVEMENT IN INVESTMENTS - OPF</b>					<b>Available for sale</b>
					---- (Rupees) ----
<b>Balance as at January 01, 2020</b>					62,081,477
Additions					131,487,511
Disposals					(186,648,720)
Fair value net gains (excluding net realized gains / losses as at December 31, 2020)					47,951
<b>Balance as at January 01, 2021</b>					<b>6,968,219</b>
Additions					210,118,178
Disposals					(112,059,035)
Fair value net gains (excluding net realized gains / losses as at December 31, 2021)					9,093
<b>Balance as at December 31, 2021</b>					<b>105,036,455</b>

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## 33. MOVEMENT IN INVESTMENTS - PTF

	Available for sale	Held to maturity	Total
	----- (Rupees) -----		
<b>Balance as at January 01, 2020</b>	-	500,000	500,000
Additions	53,873,396	500,000	54,373,396
Disposals	(53,873,396)	(500,000)	(54,373,396)
Fair value net gains / (loss) (excluding net realized gains as at December 31, 2020)	-	-	-
<b>Balance as at January 01, 2021</b>	-	500,000	500,000
Additions	51,345,728	500,000	51,845,728
Disposals	(30,839,921)	(500,000)	(31,339,921)
Fair value net gains (excluding net realized gains as at December 31, 2021)	1,163	-	1,163
<b>Balance as at December 31, 2021</b>	<b>20,506,970</b>	<b>500,000</b>	<b>21,006,970</b>

## 34. MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

### 34.1 TAKAFUL RISK

The risk under any takaful contract is the possibility that the covered event occurs and the uncertainty in the amount of compensation to the participant. Generally, most takaful contracts carry the takaful risk for a period of one year (refer note 3.1).

The Operations accepts takaful through issuance of general takaful contracts. For these general takaful contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health takaful contracts, significant risks arise from epidemics.

#### a) Frequency and severity of claims

Risk associated with general takaful contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the takaful events. This has been managed by having in place underwriting strategy, re-takaful arrangements and proactive claim handling procedures. The re-takaful arrangements against major risk exposure include excess of loss, quota arrangements, facultative arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions.

The operation's class wise major risk exposure is as follows:

Class	Maximum gross risk exposure	
	2021	2020
	----- (Rupees) -----	
Fire and property	<b>656,595,000</b>	717,150,000
Marine, aviation and transport	<b>240,112,000</b>	339,854,000
Motor	<b>52,500,000</b>	37,500,000
Miscellaneous	<b>240,764,000</b>	172,191,000

The re-takaful arrangements against major risk exposure include excess of loss, quota arrangements, facultative arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions. As the major re-takaful arrangements are on excess of loss basis, therefore the re-takaful coverage against PTF's risk exposures is not quantifiable. In compliance of regulatory, re-takaful agreement are duly approved by Securities and Exchange Commission of Pakistan (SECP) on an annual basis.

#### b) Sources of Uncertainty in the estimation of future claims payments

Claims on general takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contract including the event reported after the expiry of the takaful contract term.

An estimated amount of the claim is recorded immediately on the intimation to the operations. The estimation of the amount is based on operator's judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The operations takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount.

#### c) Process used to decide on assumptions

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the Operation's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

During the year actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all class of business. The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business. The methods used, and the estimates made, are reviewed regularly.

The actuary determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last four years inclusive of claim settlement cost are taken into consideration to determine ultimate loss ratio to be applied on unearned contribution.

The loss ratios estimated on these basis for the unexpired portion are as follows:

	2021	2020
	----- (%) -----	
Fire and property damage	<b>30</b>	83
Marine, aviation and transport	<b>2</b>	10
Motor	<b>47</b>	43
Miscellaneous	<b>4</b>	112

#### d) Changes in assumptions

The Operator did not change its assumptions as disclosed in (b) and (c) above .

#### e) Sensitivity Analysis

The takaful claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

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	Underwriting results		Accumulated Surplus	
	2021	2020	2021	2020
	(Rupees)			
<b>Impact of change in claim liability by +10%</b>				
Fire and property damage	(37,100)	(251,144)	(37,100)	(251,144)
Marine, aviation and transport	(5,713)	(23,081)	(5,713)	(23,081)
Motor	(3,713,812)	(2,285,779)	(3,713,812)	(2,285,779)
Miscellaneous	(8,954)	(121,353)	(8,954)	(121,353)
	<b>(3,765,579)</b>	<b>(2,681,357)</b>	<b>(3,765,579)</b>	<b>(2,681,357)</b>

	Underwriting results		Accumulated Surplus	
	2021	2020	2021	2020
<b>Impact of change in claim liability by -10%</b>				
Fire and property damage	37,100	251,144	37,100	251,144
Marine, aviation and transport	5,713	23,081	5,713	23,081
Motor	3,713,812	2,285,779	3,713,812	2,285,779
Miscellaneous	8,954	121,353	8,954	121,353
	<b>3,765,579</b>	<b>2,681,357</b>	<b>3,765,579</b>	<b>2,681,357</b>

Average claim costs	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on surplus / deficit	Impact on Fund
		(Rupees)			
<b>2021</b>	<b>± 10%</b>	<b>4,712,648</b>	<b>3,765,579</b>	<b>3,765,579</b>	<b>3,765,579</b>
2020	± 10%	16,675,073	2,681,357	2,681,357	2,681,357

## Statement of Age-wise Breakup of Unclaimed Takaful Benefits

Statement of age-wise breakup of unclaimed takaful benefits is not presented as there are no unclaimed takaful benefits.

## Re-takaful risk

Re-takaful ceded does not relieve the PTF from its obligation towards participants and, as a result, the PTF remains liable for the portion of outstanding claims covered through re-takaful to the extent that re-takaful operators fails to meet the obligation under the re-takaful agreements.

To minimise its exposure to significant losses from re-takaful operators' insolvencies, the operations obtain re-takaful rating from a number of re-takaful operators, who are dispersed over several geographical regions.

An analysis of all retakaful assets recognised by the rating of the entity from which it is due is as follows:

	Amount due from other takaful / re-takaful holders	Re-takaful recoveries against outstanding claims	December 31, 2021	December 31, 2020
	(Rupees)			
<b>Rating</b>				
A or above including Pakistan Reinsurance Company Limited	20,957,486	10,501,500	<b>31,458,986</b>	44,012,861
B or Above	-	1,351,577	<b>1,351,577</b>	762,544
	<b>20,957,486</b>	<b>11,853,077</b>	<b>32,810,563</b>	<b>44,775,405</b>

## 34.2 Financial risk management objectives and policies

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

- Market risk
- Liquidity risk
- Credit risk

### 34.2.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, foreign currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

#### 34.2.1.1 Interest Rate Risk

	2021			
	Effective rate % per annum	Profit bearing financial instruments Maturity upto one year	Non-profit bearing financial instruments	Total
		(Rupees)		

#### Financial assets

Investments				
Equity securities / Mutual funds		-	125,543,425	<b>125,543,425</b>
Debt securities	5.27 - 6.11	500,000	-	<b>500,000</b>
Loans and other receivables		-	912,502	<b>912,502</b>
Takaful / retakaful receivables		-	42,025,098	<b>42,025,098</b>
Receivable from PTF		-	14,957,770	<b>14,957,770</b>
Retakaful recoveries against outstanding claims		-	11,853,077	<b>11,853,077</b>
Cash and bank	2.75 - 5.50	63,683,937	-	<b>63,683,937</b>
		<b>64,183,937</b>	<b>195,291,872</b>	<b>259,475,809</b>

#### Financial liabilities

Outstanding claims including IBNR	-	35,843,954	<b>35,843,954</b>
Payable to OPF	-	14,957,770	<b>14,957,770</b>
Takaful / Re-takaful payables	-	34,272,044	<b>34,272,044</b>
Other creditors and accruals	-	22,054,251	<b>22,054,251</b>
	-	<b>107,128,019</b>	<b>107,128,019</b>

#### Interest risk sensitivity gap

#### Cumulative interest risk sensitivity gap

	<b>64,183,937</b>	<b>88,163,853</b>	<b>152,347,790</b>
	<b>64,183,937</b>		

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

	2020			
	Effective rate % per annum	Profit bearing financial instruments Maturity upto one year	Non-profit bearing financial instruments	Total
<b>Financial assets</b>				
Investments				
Equity securities / Mutual funds		-	6,968,219	6,968,219
Debt securities	5.42 - 10.25	500,000	-	500,000
Loans and other receivables		-	578,451	578,451
Takaful / retakaful receivables		-	45,421,012	45,421,012
Receivable from PTF		-	10,097,205	10,097,205
Retakaful recoveries against outstanding claims		-	15,778,359	15,778,359
Cash and bank	2.75 - 6.00	127,811,249	-	127,811,249
		<u>128,311,249</u>	<u>78,843,246</u>	<u>207,154,495</u>
<b>Financial liabilities</b>				
Outstanding claims including IBNR		-	36,298,886	36,298,886
Payable to OPF		-	10,097,205	10,097,205
Takaful / Re-takaful payables		-	27,412,918	27,412,918
Other creditors and accruals		-	15,938,044	15,938,044
		-	89,747,053	89,747,053
<b>Interest risk sensitivity gap</b>		<u>128,311,249</u>	<u>(10,903,807)</u>	<u>117,407,442</u>
<b>Cumulative interest risk sensitivity gap</b>		<u>128,311,249</u>		

## 34.2.1.2 Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to change in the market profit rate.

The information about the Operation's exposure to profit rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

All financial assets of the operations are non profit bearing except for cash and bank deposits ranging profit from 2.75% to 5.50% (2020: 2.75% to 6.00%) and certificate of islamic investment ranging from 5.27% to 6.11% (2020: 5.42% to 10.25%).

## 34.2.1.3 Foreign Currency risk

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

## 34.2.1.4 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Operations at present, is not materially exposed to other price risk.

Sensitivity analysis of investments as at the reporting date is as follows:

For available-for-sale investments in case of 10% increase / decrease in prices at the reporting date, the profit and loss account and Operator's Fund would have been higher / lower by Rs. 10.50 million.

For available-for-sale investments in case of 10% increase / decrease in prices at the reporting date, the surplus / (deficit) and Participant's Fund would have been higher / lower by Rs. 2.05 million.

## 34.2.2 Liquidity risk

Liquidity risk is the risk that the Operations will not be able to meet its financial obligations as they fall due. The Operations approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the operation's reputation. The following are the contractual maturities of financial liabilities based on the remaining period at the reporting date to maturity date.

The table below summaries the maturity profile of the financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

## Participants' Fund

	2021			Total
	With in one year	Over one year to five year	Over five year	
(Rupees)				
<b>Financial liabilities</b>				
Provision for outstanding claims (including IBNR)	35,843,954	-	-	35,843,954
Takaful / re-takaful payables	34,272,044	-	-	34,272,044
Payable to OPF	14,957,770	-	-	14,957,770
Other creditors and accruals	129,340	-	-	129,340
	<u>85,203,108</u>	<u>-</u>	<u>-</u>	<u>85,203,108</u>

	2020			Total
	With in one year	Over one year to five year	Over five year	
(Rupees)				
<b>Financial liabilities</b>				
Provision for outstanding claims (including IBNR)	36,298,886	-	-	36,298,886
Takaful / re-takaful payables	27,412,918	-	-	27,412,918
Payable to OPF	10,097,205	-	-	10,097,205
Other creditors and accruals	-	-	-	-
	<u>73,809,009</u>	<u>-</u>	<u>-</u>	<u>73,809,009</u>



# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

## Operator's Fund

	2021			Total
	With in one year	Over one year to five year	Over five year	
	----- (Rupees) -----			
<b>Financial liabilities</b>				
Other creditors and accruals	<b>21,924,911</b>	-	-	<b>21,924,911</b>
	2020			Total
	With in one year	Over one year to five year	Over five year	
	----- (Rupees) -----			
<b>Financial liabilities</b>				
Other creditors and accruals	15,938,044	-	-	15,938,044

### 34.2.3 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. The operations attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

#### 34.2.3.1 Concentration of credit risk and credit exposure of the financial instruments

Credit risk of the Operator arises principally from the bank balances, investments and due from takaful contract holders. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its participants. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

#### Bank Balances

The bank balances and deposits represents low credit risk as they are placed with reputed financial institutions with strong credit ratings. The credit quality of bank balances can be assessed with reference to external credit ratings as follows:

Bank	Long Term Rating	Rating Agency	December 31, 2021	December 31, 2020
			----- (Rupees) -----	
Meezan Bank Limited	AAA	VIS	<b>32,944,785</b>	111,544,224
Al Baraka Bank (Pakistan) Limited	A+	VIS	<b>75,080</b>	9,626
Bank Islami Pakistan Limited	A+	PACRA	<b>29,224,580</b>	16,245,484
Dubai Islamic Bank (Pakistan) Limited	AA	VIS	<b>1,439,492</b>	11,915
			<b>63,683,937</b>	127,811,249

#### Investments

The Operator's investments are in open end mutual funds which can be liquidate by encashment of units at the counter of mutual funds.

The credit quality of all the mutual funds is A or above.

## Due from takaful contract holders

Concentration of credit risk arises when a number of counter parties 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 Operator manages concentration of credit risk through diversification of activities among individuals, groups and industry segment.

The management monitors exposure to credit risk in contribution receivable from group companies and corporate clients through regular review of credit exposure and prudent estimates of provision for doubtful balances. The age analysis of due from takaful contract holders at the reporting date is as follows:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	----- (Rupees) -----			
Upto 1 year	<b>17,362,259</b>	-	11,525,617	-
1-2 years	<b>216,119</b>	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
	<b>17,578,378</b>	-	11,525,617	-

## 35. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	December 31, 2021								
	Carrying amount				Fair value				
	Available-for-sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----								
<b>Financial assets measured at fair value</b>									
Investments in mutual funds	125,543,425	-	-	-	125,543,425	-	125,543,425	-	125,543,425
<b>Financial assets not measured at fair value</b>									
Investments in debt securities	-	500,000	-	-	500,000	-	-	-	-
Loans and receivables*	-	-	358,867	-	358,867	-	-	-	-
Takaful / Re-takaful receivables*	-	-	42,025,098	-	42,025,098	-	-	-	-
Re-takaful recoveries against outstanding claims*	-	-	11,853,077	-	11,853,077	-	-	-	-
Receivable from PTF*	-	-	14,957,770	-	14,957,770	-	-	-	-
Cash and bank*	-	-	63,693,937	-	63,693,937	-	-	-	-
	125,543,425	500,000	132,888,749	-	258,932,174	-	125,543,425	-	125,543,425
<b>Financial liabilities not measured at fair value</b>									
Provision for outstanding claims (including IBNR)*	-	-	-	(35,843,954)	(35,843,954)	-	-	-	-
Payable to OPF*	-	-	-	(14,957,770)	(14,957,770)	-	-	-	-
Takaful / Retakaful payables*	-	-	-	(34,272,044)	(34,272,044)	-	-	-	-
Other creditors and accruals*	-	-	-	(22,054,251)	(22,054,251)	-	-	-	-
	-	-	-	(107,128,019)	(107,128,019)	-	-	-	-

# Notes to and Forming part of the Financial Statements

For the year ended December 31, 2021

	December 31, 2020				Fair value			
	Carrying amount							
Available-for-sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees)								
<b>Financial assets measured at fair value</b>								
Investments in mutual funds	6,968,219	-	-	6,968,219	-	6,968,219	-	6,968,219
<b>Financial assets not measured at fair value</b>								
Investments in debt securities	-	500,000	-	500,000	-	-	-	-
Loans and receivables*	-	-	251,240	251,240	-	-	-	-
Takaful / Re-takaful receivables*	-	-	45,421,012	45,421,012	-	-	-	-
Re-takaful recoveries against outstanding claims*	-	-	15,778,359	15,778,359	-	-	-	-
Receivable from PTF*	-	-	10,097,205	10,097,205	-	-	-	-
Cash and bank*	-	-	127,821,249	127,821,249	-	-	-	-
	6,968,219	500,000	199,369,065	206,837,284	-	6,968,219	-	6,968,219
<b>Financial liabilities not measured at fair value</b>								
Provision for outstanding claims (including IBNR)*	-	-	(36,298,886)	(36,298,886)	-	-	-	-
Payable to OPF*	-	-	(10,097,205)	(10,097,205)	-	-	-	-
Takaful / Retakaful payables*	-	-	(27,412,918)	(27,412,918)	-	-	-	-
Other creditors and accruals*	-	-	(15,938,044)	(15,938,044)	-	-	-	-
	-	-	(89,747,053)	(89,747,053)	-	-	-	-

\* The operations has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

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. Consequently, differences may arise between the carrying values and the fair values estimates.

The operations measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

During the year ended December 31, 2021, there were no transfers between level 1 and level 2 fair value measurements, and no transfer into and out of level 3 fair value measurements.

#### Valuation techniques used in determination of fair values within level 2 and level 3:

Level 2: Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV and PKFRV rates as announced by Mutual Funds Association of Pakistan (MUFAP).

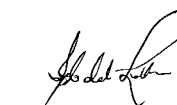
#### 36. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on February 28, 2022.

#### 37. GENERAL

37.1 Corresponding figures have been rearranged and reclassified wherever necessary.

37.2 Figures in these financial statements have been rounded off to the nearest rupee, unless otherwise stated.



Iqbal Ali Lakhani  
Chairman



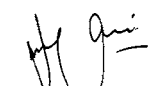
Amin Mohammed Lakhani  
Director



Aftab Ahmad  
Director



Mohammad Hussain Hirji  
Director & Chief Executive



Sabza Ali Pirani  
Chief Financial Officer



## مختار نامہ (پراکسی فارم)

میں / ہم \_\_\_\_\_ ساکن  
\_\_\_\_\_ ساکن  
بجائیت رکن (ممبر) سینچری انشورنس کمپنی لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسما / مسماة \_\_\_\_\_ ساکن  
\_\_\_\_\_ ساکن  
کو یا ان کی غیر حاضری میں مسما / مسماة \_\_\_\_\_ ساکن  
\_\_\_\_\_ ساکن

کو جو خود بھی سینچری انشورنس کمپنی لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار (پراکسی) سینچری انشورنس کمپنی لمیٹڈ کے سالانہ اجلاس عام جو ۲۸ اپریل ۲۰۲۲ کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ اپریل \_\_\_\_\_ ۲۰۲۲ کو میرے / ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

گواہ نمبر ۱ \_\_\_\_\_ دستخط  
گواہ نمبر ۲ \_\_\_\_\_ دستخط  
نام \_\_\_\_\_ نام  
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر \_\_\_\_\_ کمپیوٹرائزڈ قومی شناختی کارڈ نمبر  
پتہ \_\_\_\_\_ پتہ

### ہدایات:

۱۔ مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔

۲۔ ممبر (رکن) کے دستخط، نمونہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔

۳۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔

۴۔ مختار نامہ (پراکسی فارم) مکمل پر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرنا ضروری ہے، علاوہ چھٹیوں کے۔

## Network

### Head Office

11<sup>th</sup> Floor, Lakson Square, Building # 3,  
Sarwar Shaheed Road, Karachi-74200.  
UAN: (021) 111-111-717 Fax: (021) 35671665  
Email: info@cicl.com.pk

### Karachi Clifton Office

Office # 504-505, 5<sup>th</sup> Floor, Marine Point,  
DC 1, Block-9, Clifton, Karachi.  
Tel: (021) 35309234-36 Fax: (021) 35309237

### Islamabad Office

Office # 6, Kashmir Plaza, Jinnah Avenue,  
Blue Area, Islamabad.  
UAN: (051) 111-111-717 Fax: (051) 2870228

### Faisalabad Office

2<sup>nd</sup> Floor, Legacy Tower, Kohinoor City,  
Faisalabad.  
UAN: (041) 111-111-717 Fax: (041) 8554453

### Sialkot Office

Al Khalil Centre, 1<sup>st</sup> Floor, Office No. 215-216,  
Kashmir Road, Near China Chowk, Sialkot.  
Tel: (052) 3241703-7

### Gujranwala Office

2<sup>nd</sup> Floor, Gujranwala Business Centre,  
Opp. Gujranwala Chamber of Commercial &  
Industry Trust Plaza, Gujranwala.  
Tel: (055) 3840034-35

Website: www.cicl.com.pk

### Registered and Corporate Office

Lakson Square, Building # 2, Sarwar Shaheed Road,  
Karachi-74200.  
Tel: (021) 38400000 Fax: (021) 35683410

### Karachi Lakson Square Office

10<sup>th</sup> Floor, Lakson Square, Building # 3,  
Sarwar Shaheed Road, Karachi-74200.  
Tel: (021) 111-111-717 Fax: (021) 35689518

### Shahrah e Faisal Office:

Ebrahim Estates, 2<sup>nd</sup> Floor,  
D/1 Union Commercial Area,  
Block 7 & 8, Shahrah e Faisal, Karachi.  
Tel: (021) 34529155-7, 34310723-4  
Fax: (021) 34310725

### Lahore Regional Office

1<sup>st</sup> Floor, 14 Ali Block, New Garden Town, Lahore.  
UAN: (042) 111-111-717 Fax: (042) 35911176

### Lahore Gulberg Office

Office # 803-B, 8<sup>th</sup> Floor, City Towers  
Main Boulevard, Gulberg-2, Lahore.  
Tel: (042) 36400050-51

### Multan Office

Office # 55-57, 1<sup>st</sup> Floor, Business City Plaza,  
Bosan Road, Multan.  
Tel: (061) 6211241-43 Fax: (061) 6211244



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A Lakson Group Company

UAN: 111-111-717  
Website: [www.cicl.com.pk](http://www.cicl.com.pk)