Your Security - Our Policy

64th Annual Report 2020

Crescent Star Insurance Ltd.

ESTD: 1957

NATION WIDE BRANCH NETWORK

MOTOR HEALTH FIRE MARINE ENGG TRAVEL LIVESTOCK CROP

CONTENTS

Company Vision

- To serve with excellence.
- Excellence achieved through our corporate mission.
- The brand name of CSI with a vision to expand with prudent approach and provide the Insurance Service to Pakistan Industry on sound footing.

Company Mission

- First and foremost to secure the interest of our policy holders by adopting proper risk management techniques, prudent financial planning and maintaining reinsurance arrangements with world-class reinsurers.
- To ensure profitability to our reinsurers who afford us underwriting capacity.
- To recognize human resources as the key element in progress and to provide our officers and field force due recompense for their efforts in building up the company.
- To generate operational profits and dividend return for our shareholders of the Company.

Values

- Integrity
- Transparency
- Passion
- Team Work
- Corporate Social Responsibility

Company Information

Board of Directors	Mr. Naim Anwar (Chief Executive Officer) Mr. Tanveer Ahmed Mr. Suhail Elahi Mr. Shaikh Waqar Ahmed Mr. Rashid Malik Ms. Naveeda Mahmud* Ms. Asma Kashif* Mr. Sheikh Shiraz Mubashir*
Chief Executive Officer	Mr. Naim Anwar
Management	Mr. Naim Anwar (Chief Executive Officer) Mr. Tanveer Ahmed (Resident Director) Mr. Suhail Elahi (Resident Director) Mr. Malik Mehdi Muhammad (CFO & Company Secretary) Syed Danish Hasan Rizvi (Head of Internal Audit)
Board Audit Committee	Mr. Shaikh Waqar Ahmed (Chairman) Mr. Rashid Malik Mr. Tanveer Ahmed
Board H.R & Remuneration Committee	Mr. Rashid Malik (Chairman) Mr. Naim Anwar Mr. Shaikh Waqar Ahmed
Board Investment Committee	Mr. Naim Anwar (Chairman) Mr. Shaikh Waqar Ahmed Mr. Rashid Malik
Chief Financial Officer & Company Secretary	Mr. Malik Mehdi Muhammad
Auditors	Crowe Hussain Chaudhury & Co. Chartered Accountants
Legal Advisor	Ms. Huma Naz, Soomro Law Associates
Bankers	Habib Bank Limited Faysal Bank Limited United Bank Limited
Share Registrar	F. D. Registrar (SMC-Pvt.) Limited Office No. 1705, 17th Floor, Saima Trade Tower – A I. I. Chundrighar Road, Karachi Tel #: 35478192-93 / 32271906 Fax #: 32621233
Registered & Head Officer	2nd Floor, Nadir House I. I. Chundrigar Road P.O. BOX No. 4616, Karachi

*subject to Sound and prudent approval from the SECP.

CRESCENT STAR INSURANCE LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 64th Annual General Meeting of the shareholders of Crescent Star Insurance Limited will be held on April 30, 2021 at 9.00 a.m. at 2nd Floor, Nadir House I. I. Chundrigar Road, Karachi to transact the following business.

ORDINARY BUSINESS:

1. To confirm and approve the minutes of the 63rd Annual General Meeting held on June 12, 2020.

2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2020 together with the Chairman's review, Directors' and Auditors' reports thereon.

3. To appoint Auditors for the year ending December 31, 2021 and fix their remuneration.

ANY OTHER BUSINESS:

4. To consider any other business with the permission of Chairman.

By order of the Board
Malik Mehdi Muhammad
CFO & Company Secretary

Karachi: March 26, 2021

Notes:

1. In view of the prevailing situation of Pandemic Covid-19 and concerning the well-being of the participants of the AGM, this General Meeting is being conducted as per guidelines circulated by SECP vide it's Circular No. 4 of 2021 dated February 15, 2021. Accordingly, the following arrangements have been made by the Company to facilitate the participation of the shareholders in the AGM through electronic means, either in-person or through appointed proxies.

   The shareholders are requested to please provide below information to our Company Secretary at e-mail address: info@cstarinsurance.com, at least 24 hours before the time of AGM i.e. latest by 9:00 a.m. on April 29, 2021.

   Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and email ID for identification. Upon receipt of the above information from shareholders, the Company will send login details to their email address, which will enable them to join the said AGM through electronic means on April 30, 2021 at 9:00 a.m.

2. The Share Transfer Books of the Company shall remain closed from April 24, 2021 to April 30, 2021 (both days inclusive). Transfers received at our registrar office M/s F. D. Registrar Services (SMC-Pvt.) Limited 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road Karachi by the close of business on April 23, 2021 will be treated in time.

3. A member entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend, speak and vote instead of him/her behalf at the meeting. Proxies, in order to be valid, must be received at the registered office of the Company not later than 48 hours before the meeting. A member shall not be entitled to appoint more than one proxy.

4. Central Depository Company (CDC) shareholders are requested to bring their Computerized National Identity Cards, Account/Sub-Account and Participant's ID Number in the CDC for identification purpose when attending the meeting. In case of corporate entity, the Board's Resolution/Power of Attorney with specimen signature shall be furnished (unless it has been provided earlier) at the time of meeting.

5. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Registrar of the Company are requested to send the same at the earliest.

6. Shareholders are requested to notify to the Company's Share Registrar immediately of any change in their addresses.

7. Members have the option to receive Annual Audited Financial Statements and Notice of General Meeting through email. Members can give their consent in this regard on prescribed format to the Shares Registrar. The Audited Accounts of the Company for the year ended December 31, 2020 are also available on the Company's website: www.cstarinsurance.com.

8. Form of Proxy is enclosed.

Chairman's Review Report

I am pleased to present Chairman's Review report as required under section 192 of the Companies Act, 2017.

A Board of Directors forms the highest level of authority in the governance of a Company whose main purpose is to align the overall Company strategy to protect the rights of all the stakeholders and ensures that the strategies implemented throughout the Company are effective in utilizing the resources in most efficient way in order to achieve its overall objective.

For the financial year ended December 31, 2020, the Board's overall performance and effectiveness has been assessed as satisfactory, it 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; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business. Improvement is an ongoing process leading to action plans.

The Board during the year ended December 31, 2020 played effective role in managing the affairs of the Company in the following manner;

- The Board has ensured that sound system of internal controls are in place and appropriateness and effectiveness of same is considered by internal auditors on regular basis;

- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;

- The meetings of Board have held frequently enough to adequately discharge their responsibilities. The Non-Executive and independent directors are equally involved in important decisions.

Based on aforementioned it can reasonably be argued that Board of CSIL has played active role in ensuring that corporate objectives are achieved in line with the expectation of shareholders and other important stakeholders.

Naim Anwar
Chairman

Karachi: March 26, 2021

چیئرمین کی جائزہ رپورٹ

میں کمپنیز ایکٹ 2017 کی دفعہ 192 کے تحت چیئرمین کی جائزہ رپورٹ پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔

بورڈ آف ڈائریکٹرز کسی کمپنی کی حکمرانی میں اعلیٰ سطح کے اختیارات تشکیل دیتا ہے جس کا بنیادی مقصد تمام اسٹیک ہولڈرز کے حقوق کے تحفظ کے لئے کمپنی کی مجموعی حکمت عملی کو موافق بنانا ہے اور اس بات کو یقینی بنانا ہے کہ کمپنی میں نافذ کردہ حکمت عملی وسائل کو استعمال کرنے اور اپنے مجموعی مقصد کو حاصل کرنے کے لئے سب سے موثر طریقہ ثابت ہو۔

مالیاتی سال مختتمہ 31 دسمبر 2020 میں بورڈ کی کارکردگی اور اثر پذیری کی تشخیص تسلی بخش رہی، اس کی بنیاد مفرد اجزائے ترکیبی، بشمول نصب العین، مشن اور اقدار، حکمت عمل سے بھرپور منصوبہ بندی، پالیسیوں کی تشکیل، ادارے کے مجموعی کاروبار کی نگرانی، مالیاتی وسائل کا انتظام، موثر مالیاتی نگرانی، ملازمین کی استعداد اور ان کے ساتھ یکساں سلوک کے ذریعے بورڈ کے کاموں کی تکمیل کرنا شامل ہے۔ بہتری ایک جاری عمل ہے جس سے منصوبوں پر عمل کرنے میں مدد ملتی ہے۔

سال مختتمہ 31 دسمبر 2020 کے دوران بورڈ نے کمپنی کے معاملات موثر انداز میں چلانے کے لئے اپنا کردار مندرجہ ذیل طریقے سے ادا کیا:

- ☆ بورڈ نے اندرونی گرفت کے نظام کو یقینی بنایا ہے اور اس کی افادیت اور اثر پذیری پر اندرونی آڈیٹرز باقاعدگی سے غور وخوص کرتے ہیں۔
- ☆ پورے سال تمام اہم معاملات کو بورڈ یا اس کی کمیٹیوں کے روبرو پیش کیا گیا جس سے ادارتی فیصلہ سازی کا عمل مضبوط اور باضابطہ ہوا اور خاص طور پر ملحقہ پارٹیوں کے تمام سودوں کی منظوری بورڈ نے آڈٹ کمیٹی کی سفارش پر دی۔
- ☆ بورڈ کے مناسب تعداد میں اجلاس ہوئے جس سے وہ اپنی ذمہ داریوں سے احسن انداز میں عہدہ برآں ہو سکا۔ نان ایگزیکٹو اور خودمختار ڈائریکٹران یکساں طور پر اہم فیصلوں میں ملوث رہے۔

مندرجہ بالا کو مدنظر رکھتے ہوئے اس بات کی تائید کی جاسکتی ہے کہ CSIL کے بورڈ نے ادارتی اہداف کو یقینی بنانے کے لئے اپنا محرکانہ کردار ادا کیا جس کی توقع حصص یافتگان اور دیگر اہم مستفیدان کر رہے تھے۔

نعیم انور
مینیجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر
کراچی: 26 مارچ 2021

UNCONSOLIDATED

Financial Statements
for the Year Ended
December 31, 2020

Directors' Report to the Members on Unconsolidated Financial Statements

The Directors of your Company are pleased to present the 64th Annual Report and the Audited Unconsolidated Financial Statements for the year ended December 31, 2020.

Business Performance Highlights

The Company has been making smooth progress and maintaining its stable results through prudent underwriting policies. The Company has been continuously highlighting the major issue facing the Insurance Industry where Banks and departments have been violating the law through controlling the panel of approved Insurance Companies. Irrespective of the fact that it is a pure violation of Competition Act and insurance Ordinance denying the fundamental right of doing business, however it is disappointing that the concerned Associations, and the respected regulators (SECP/SBP/CC), have not come to the rescue of the smaller sized companies even though they meet the capital and rating requirements including all compliances. While CSIL has been lucky and successful in being stable and maintain its strength through controlled loss ratio, it is strongly felt that the penetration of Insurance in Pakistan is one of the lowest due to the highlighted facts. The Company and management looks forward to across the board realization of the core issue being faced by the industry.

The management is pleased to report one of the best loss ratio is the industry (5%), At the same time the premium has grown 2% while the profit has grown 11%. Due to Covid-19 business conditions have been difficult and slow. Due to Covid the merger of Crescent Star Foods (Private) Limited (CSF) with and into PICIC Insurance Limited pending before the Sindh High Court has been effected due to the Covid circular in place, however efforts have been made through application to the Court for early approval of the matter. The management is hopeful of an early approval in the next few months. The merger will bring a major strength to the financials and strength of your Company.

Active negotiations are in place for the revival of Dost Steels Limited (DSL) and both managements are in discussion for an early resolution. The investment portfolio will benefit as soon as DSL is revived shortly in the next few months.

After a difficult but successful structuring of your Company the management is pleased to see the Company fully compliant and stable operations in the core business of Insurance. CSIL like most businesses has identified area of interest for the regular sales giving a smooth operation to meet the objectives of the Company. The Company maintains its stable outlook and continuation of its rating.

The Insurance penetration in Pakistan is only 0.80% of GDP as opposed to countries having 4% of GDP in the neighboring countries. Health insurance is a foremost need for the people of Pakistan. In most countries health insurance is mandatory. Concerted efforts should be made by the government as well as the industry to increase awareness of the benefits of obtaining insurance.

Financial Highlights

The Company's performance for 2020 remained consistent with last year as we closed the year delivering sound financial results with a premium growth of 2% considering the pandemic situation which arose this year. We continued to follow the strategy of sustainable growth by focusing on further strengthening the risk and compliance management.

Your Company's profit after tax for the year 2020 was Rs. 54.582 million as compared to profit after tax of Rs. 49.133 million from last year with consistent policy and strategies resulted in sustaining overall profitability of the Company. The Company net insurance premium is Rs. 112.642 million which is in line with previous year business of Rs. 110.851 million. Net claims have been reduced by 47% to Rs. 7.447 million from Rs. 13.955 million as the Company is underwriting business which has considerably lower loss ratio. Company was able to reduce commission expense with effective commission related policies as major reduction of 34% is made from Rs. 8.095 million to Rs. 5.317 million this year. No major Investment made during the period.

Operational details of last three years are tabulated below. Further, key financial data for the last ten years is annexed.

Financial Position at a Glance (Amount in Rs)

	2020	**2019**	**2018**
Gross Premium	105,070,822	115,987,585	114,618,225
Net Premium	112,641,848	110,851,129	111,270,066
(Loss) / Profit Before Tax	66,164,924	63,584,784	(49,237,498)
(Loss) / Profit After Tax	54,581,782	49,133,367	(63,097,408)
Paid-up Capital	1,076,950,410	1,076,950,410	1,076,950,410
Total Assets	1,333,070,411	1,254,771,351	1,179,593,086
Break-up Value per Share	9.56	9.04	8.61
(Loss) / Earnings Per Share (EPS)	0.51	0.46	(0.60)

Future Outlook

The Company intends to expand the core business and has taken steps to enter the more developing individual client market. The management expects to make the Investment Portfolio active for earnings after the expected merger of CSF with and into PICIC, which is still pending before the Honorable Sindh High Court for approval of the SCHEME OF ARRANGEMENT, which once approved will benefit your Company in the investment side.

Earnings per Share

The EPS of the Company stands at Rs. 0.51.

Dividend

The Board of Directors does not recommend any Dividend for the year ended December 31, 2020.

Auditors' Report

- Due to non-availability of impairment testing for investment made in subsidiary companies Crescent Star Technologies (Private) Limited and Crescent Star Luxury (Private) Limited (being private limited) the auditors have expressed their reservations in the auditor's report.

- The Company has made an advance of Rs. 354.279 million for issuance of shares to DSL. Prudent management policy and in the interest of the Company, the Company has charged interest amounting to Rs. 206.107 million on the advance amount and demanded the same from DSL. However, due to non-availability of any written agreement between DSL and CSIL for charging of mark-up, the auditors have expressed their reservation in the auditors' report.

- The Company has premium receivable amounting to Rs. 264.754 million out of which Rs. 75.613 have been provided as bad debts representing 29% of the total receivable. This is in line with the Board as well as market policy.

Insurer Financial Strength Rating (IFSR)

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the Company's rating at 'A-' with Outlook 'Stable'.

Corporate Social Responsibility

Crescent Star Insurance Limited is fully committed to play its role as a responsible corporate citizen and fulfills its responsibility through;

Occupational safety & health

There are adequate fire extinguishers installed at various points within the working premises. Further, the Company has a dedicate medical facility which is being supervised by a full time Chief Medical Officer posted at Head Office, to take care of employees and their families' health matters and also advise on preventive health care.

Business ethics & anti-corruption measures

The Board has adopted the Statement of Ethics, Anti Money Laundering and Business Practices. All employees are informed of this and are required to observe these rules of conduct in relation to business and regulations. Statement of Ethics and Business Practices are based on integrity, dignity, culture of excellence and ethical dealing with clients, peers and the public.

Energy Conservation

The Company is well aware with its responsibility towards the energy conservation. The Company has installed energy saving devices in the office premises. The Company also ensures minimum utilization of electricity during lunch breaks and after office hours besides making full use of natural day light.

Industrial Relations

The Company is fully aware with its responsibilities with respect to industrial relations. The Human Resource Department of the Company is responsible to adhere and implement all the applicable laws, regulations, and conventions in order to keep the work place at its higher professional standards.

Human Resource Initiatives

Your Company's management is of the firm belief that complete alignment of the human resource mission and vision with corporate goals is vital for the success of any organization. In today's competitive environment, we realize that it is important to place emphasis on retaining and developing existing staff and implementing effective performance reviews, your Company has been successful in hiring quality professionals in the area of marketing, finance and business development. Our continued focus on creating a meritocratic work environment with equal opportunity for all goes a long way in maintaining a pool of employees with knowledge, experience and skills in their respective fields and employees remain our most valuable asset.

Compliance with the Code of Corporate Governance

The statement of Compliance as at December 31, 2020 is annexed with the report.

Statement of Directors Responsibilities under the Code of Corporate Governance

The directors confirm compliance with the corporate and Financial Reporting Framework of the SECP Code of Governance for the followings:-

a) The financial statements, prepared by the Company, present fairly, its state of affair, the results of its operations, cash flows and changes in equity.

b) The Company has maintained proper books of accounts as required under the Companies Act, 2017 and the Insurance Ordinance, 2000.

c) The Company has followed consistently appropriate accounting policies in preparation of the financial statements, changes were made, have been adequately disclosed and accounting estimates area on the basis of prudent and reasonable judgment.

d) Financial statements have been prepared by the Company in accordance with the International Accounting Standards, as applicable in Pakistan, requirement of

Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017.

e) The system of internal control is sound, effectively implemented and monitored. The process of review will continue to strengthen the system for its effective implementation.

f) There are no significant doubts upon the Company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) Information about taxes and levies is given in the notes to and forming part of financial statements.

The Company has followed the best practices of corporate governance, as laid down by the Securities and Exchange Commission of Pakistan and there has been no material departure.

Board Meetings and Attendance

During the year four meetings of the Board of Directors were held and the number of meetings attended by each director is given hereunder:-

Name of Director	Number of Board Meetings Attended
Mr. Naim Anwar	4
Mr. Tanveer Ahmed	4
Mr. Suhail Elahi	4
Mr. Shaikh Waqar	4
Mr. Rashid Malik	4

Auditors

The present auditors, M/s Crowe Hussain Chaudhury & Co., Chartered Accountants shall retire at the conclusion of the Annual General Meeting, and being eligible, for re-appointment as external auditors for the year ending December 31, 2021.

Audit Committee

The Company has an Audit Committee, and had four meetings during the year 2020. The attendance of the meeting is as follows:

Names of Members		Meetings Attended
Mr. Shaikh Waqar Ahmed	Chairman	4
Mr. Rashid Malik	Member	4
Mr. Tanveer Ahmed	Member	2

Human Resource and Remuneration Committee

The Company has a Human Resource and Remuneration Committee. The committee is responsible for recommending to the board human resource management policies of the Company. The committee had one meeting during the year 2020; the attendance of the meeting is as follows:

Names of Members		Meetings Attended
Mr. Rashid Malik	Chairman	1
Mr. Shaikh Waqar Ahmed	Member	1
Mr. Naim Anwar	Member	1

Investment Committee

The Company has an Investment Committee. The committee had four meetings during the year 2020; the attendance of the meeting is as follows:

Names of Members		Meetings Attended
Mr. Naim Anwar	Chairman	4
Mr. Shaikh Waqar Ahmed	Member	4
Mr. Rashid Malik	Member	4
Mr. Malik Mehdi Muhammad	Member	4

Statement of Ethics and Best Business Practices

The Board has adopted "the Statement of Ethics and Business Practices" and circulated to all the directors and employees for their acknowledgement and acceptance.

Company Reporting

The Company reports to the shareholders 4 times a year with its 1st quarter, half-yearly, 3rd quarter and annual results, along with the director's reports on the operations and future outlook for the Company.

The value of investment in respect of provident fund maintained by the Company based on latest financial statements as at December 31, 2020 is Rs. 18,499,298.

Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2020 is annexed with the report.

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

Directors Training Program

Please refer note 11 of the Statement of Compliance with the Code of Corporate Governance.

Subsidiary Companies

The Company has annexed its consolidated financial statements along with its separate financial statements. Crescent Star Foods (Private) Limited, Crescent Star Luxury (Private) Limited and Crescent Star Technologies (Private) Limited are the subsidiary of the Company.

Subsequent Events

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

Acknowledgment

The Directors of your Company would like to take this opportunity to thank Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange, Insurance Association of Pakistan, State Bank of Pakistan, the Banks and Financial Institutions for their continued support and cooperation.

We also thank the shareholders, and customers / policy holders and all stake holders for their support and confidence in the Company and its management. The Company and its Directors extend special thanks and appreciation to officers and members of the staff and the entire CSIL team for their devotion, dedication and hard work and their contribution to the growth of their Company.

Tanveer Ahmed	**Naim Anwar**
Director	Managing Director & CEO

Karachi: March 26, 2021

ممبران کے لئے غیر اشتمال شدہ مالیاتی گوشواروں پر ڈائریکٹران کی رپورٹ

آپ کی کمپنی کے ڈائریکٹران 64 ویں سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے مختتمہ سال 31 دسمبر 2020 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

کاروباری کارکردگی کی جھلکیاں

ادارہ محتاط انڈررائٹنگ پالیسیوں کے زریعے اپنے نتائج مستحکم رکھتے ہوئے ہموار ترقی کی طرف گامزن ہے۔ کمپنی انشورنس انڈسٹری کو درپیش اہم اور بڑے مسائل کو مستقل بنیادوں پر اجاگر کرتی رہی ہے۔ جہاں بینک اور دیگر محکمے منظور شدہ انشورنس پینل کو قابو کرتے ہوئے مستقل قانون کی خلاف ورزی کر رہے ہیں۔ اس حقیقت کے پیش نظر کہ یہ کاروبار کرنے کی حق تلفی کرتے ہوئے مسابقتی قانون اور انشورنس آرڈیننس کی بھی سراسر خلاف ورزی ہے، تاہم مایوس کن بات یہ ہے کہ متعلقہ ایسوسی ایشن اور ریگولیٹریز (SECP/SBP/CC) چھوٹے حجم کی انشورنس کمپنیوں کو تحفظ دینے نہیں آئی، باوجود اس کے کہ یہ کمپنیاں بھی عائد کردہ سرمایہ کی حد اور درجہ بندی کی حد کو پورا کرتی ہیں جن میں تعمیلات بھی شامل ہیں۔ جبکہ کریسنٹ اسٹار انشورنس لیمیٹڈ (CSIL) خوش قسمتی سے مستحکم اور کامیاب رہی جسکی وجہ یہ ہے کہ CSIL اپنے نقصان کے تناسب کو کنٹرول میں رکھے ہوئے ہے۔ یہ بات شدت سے محسوس کی جارہی ہے بیان کردہ حقائق کی وجہ سے پاکستان میں بیمہ کا دخل سب سے کم ہے۔ کمپنی اور انتظامیہ ان مسائل کے حل کیلئے پوری انڈسٹری کی توجہ کی منتظر ہیں۔

انتظامیہ کو خوشی ہے کہ نقصان کا تناسب منفی 5 فیصد رپورٹ ہوا جو کہ انڈسٹری کا سب سے کم تناسب ہے۔ پریمیم میں 2 فیصد اضافہ اور منافع میں 11 فیصد اضافہ ہوا جبکہ کاروباری حالات Covid-19 کی وجہ سے مشکلات اور سست روی کا شکار رہے۔ عدالت عالیہ سندھ میں چلنے والا کریسنٹ اسٹار فوڈز (پرائیویٹ) لمیٹڈ (CSF) اور پبلک انشورنس لمیٹڈ (PIL) کے الحاق کا کیس بھی التوا کا شکار رہا، تاہم عدالت عالیہ میں درخواست کے ذریعے جلد منظوری کیلئے کوشش کی جارہی ہے جس کی انتظامیہ کو امید ہے کہ جلد منظوری مل جائیگی۔ اس الحاق سے آپکی کمپنی (CSIL) مالیاتی طور پر مستحکم ہوگی جو کمپنی کی بڑی طاقت ہے۔

دوست اسٹیل لمیٹڈ (DSL) کو فعل کرنے کیلئے مزاکرات جاری ہیں اور دونوں انتظامیہ جلد از جلد حل کیلئے بات چیت میں ہیں۔ اگلے چند ماہ میں DSL کی بحالی کیساتھ سرمایہ کاری پورٹ فولیو کو بھی فائدہ ہوگا۔

آپ کی کمپنی کی مشکل مگر کامیاب اسٹرکچرنگ کے بعد انتظامیہ اس پر خوش اور مطمئین ہے کہ کمپنی بنیادی انشورنس کے تقاضے مستحکم طریقے سے ادا کر رہی ہے۔ CSIL نے تمام کاروبار کی طرح معمول کے مفاد کی نشاندہی کی ہے تا کہ آپریشن کی تقاضے پورے ہوسکے۔ کمپنی نے اپنی مستحکم ساکھ اور درجہ بندی کا تسلسل برقرار رکھا ہے۔

پاکستان میں بیمہ کا دخول GDP کا 0.80 فیصد ہے جبکہ دیگر پڑوسی ممالک میں GDP کا 4 فیصد ہے۔ پاکستان کے لوگوں کی ہیلتھ انشورنس ایک انتہائی اہم ضرورت ہے۔ بہت سے ممالک میں ہیلتھ انشورنس لازمی ہے۔ حکومت کے ساتھ ساتھ صنعت کو بیمہ حاصل کرنے کے فوائد سے متعلق آگاہی میں اضافہ کے لئے ٹھوس اقدامات کرنے چاہئیں۔

مالیاتی جھلکیاں

2020 میں کمپنی کی کارکردگی گزشتہ سال کے مطابق رہی، ہم نے 2 فیصد کی پریمیم نمو کے اچھے مالی نتائج کی فراہمی کے ساتھ سال کا اختتام ہوا جبکہ غور طلب یہ کہ پورا سال وبائی صورتحال رہی۔ ہم رسک اور کمپلائنز مینجمنٹ کو مزید موثر کرنے پر توجہ مرکوز کرتے ہوئے پائیدار نمو کی حکمت عملی پر عمل پیرا ہیں۔

آپ کی کمپنی کا سال 2020 میں بعد از ٹیکس منافع 54.582 ملین روپے رہا جبکہ گزشتہ سال بعد از ٹیکس منافع 49.133 ملین روپے تھا جو کہ مستقل پالیسی اور حکمت عملی کے نتیجے میں مجموعی منافع برقرار رہا۔ کمپنی کا خالص بیمہ پریمیم 112.642 ملین روپے رہا جو کہ تقریباً گزشتہ سال 110.851 ملین روپے تھا۔ خالص دعویٰ ادائیگی 47 فیصد کمی کیساتھ 7.447 ملین روپے رہیں جبکہ گزشتہ سال یہ 13.955 ملین روپے تھی چونکہ کمپنی اس کاروبار کو انڈررائٹ کرا جس میں نقصان کا تناسب سب سے کم ہو۔ کمپنی نے کمیشن سے متعلق موثر پالیسیوں کے ذریعے کمیشن اخراجات میں بڑے پیمانے پر یعنی 34 فیصد کمی کی جو کہ گزشتہ سال 8.095 ملین روپے سے کم ہو کر اس سال 5.317 ملین روپے رہ گئے۔

گزشتہ تین سالوں کی کاروباری تفصیلات درج ذیل ہیں۔ مزید گزشتہ دس سالوں کے اہم مالیاتی اعداد و شمار بھی منسلک کئے گئے ہیں۔

مالی حالت ایک نظر میں

(رقم روپے میں)

	2020	2019	2018
خام پریمیم	105,070,822	115,987,585	114,618,225
خالص پریمیم	112,641,848	110,851,129	111,270,066
منافع / (خسارہ) قبل از ٹیکس	66,164,924	63,584,784	(49,237,498)
منافع / (خسارہ) بعد از ٹیکس	54,581,782	49,133,367	(63,097,408)

اداشدہ سرمایہ	1,076,950,410	1,076,950,410	1,076,950,410
کل اثاثے	1,333,070,411	1,254,771,351	1,179,593,086
حصص کی بریک اپ ویلیو	9.56	9.04	8.61
(خسارہ)/منافع فی حصص	0.51	0.46	(0.60)

مستقبل کی پیش بینی

کمپنی کا ارادہ ہے کہ اپنے بنیادی انشورنس کے کاربار میں توسیع کرے اور اسی لئے ایسے اقدامات کر رہی ہے جس سے وہ ترقی پذیر انفرادی کلائنٹ کی مارکیٹ میں داخل ہو جائے۔ کمپنی کو توقع ہے کہ CSF کی PICIC میں اور اس کے ساتھ الحاق سرمایہ کاری کے پورٹ فولیو کی آمدنی کے لئے متحرک بنائے گی جو کہ اہتمامی اسکیم کی عدالت عالیہ سندھ سے منظوری کی وجہ سے زیر التوا ہے جس کے منظور ہوتے ہی سرمایہ کاری کے لحاظ سے کمپنی کو فائدہ ہوگا۔

فی حصص آمدن

کمپنی کی فی حصص آمدنی (EPS) 0.51 روپے رہی۔

منافع منقسمہ

بورڈ آف ڈائریکٹرز نے سال مختتمہ 31 دسمبر 2020 کے لئے کسی منافع منقسمہ کی سفارش نہیں کی۔

آڈیٹرز کی رپورٹ

☆ ذیلی کمپنیوں کریسنٹ اسٹار ٹیکنالوجیز (پرائیویٹ) لمیٹڈ اور کریسنٹ اسٹار لگژری (پرائیویٹ) لمیٹڈ (جو کہ پرائیویٹ لمیٹڈ ہیں) میں سرمایہ کاری کی قدری نقصان کی آزمائش دستیاب نہیں ہے، لہٰذا آڈیٹرز نے اپنی آڈٹ رپورٹ میں تحفظات کا اظہار کیا ہے۔

☆ کمپنی نے دوست اسٹیل ملز کو حصص جاری کر کے 354.279 ملین روپے کا ایڈوانس دیا ہے۔محتاط انتظامی پالیسی اور کمپنی کے مفاد میں کمپنی نے ایڈوانس کی رقم پر 206.107 ملین روپے کا سود لگایا ہے اور DSL سے اس کا مطالبہ کیا ہے۔ تاہم CSIL اور DSL کے درمیان ایڈوانس کی رقم پر سود سے متعلق کوئی تحریری معاہدہ دستیاب نہیں ہے، اس لئے آڈیٹرز نے اپنے تحفظات کا اظہار کیا ہے۔

☆ کمپنی کے 264.754 ملین روپے کے قابل وصول پریمیم ہے جس میں سے 29 فیصد یعنی 75.613 ملین روپے بطور نا قابل وصول قرضوں میں مختص کئے گئے ہیں۔ یہ بورڈ کے ساتھ مارکیٹ کی پالیسی کے عین مطابق ہے۔

بیمہ کار کی مالیاتی استحکام کی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کو '-A' درجہ بندی کے ساتھ 'ریٹنگ واچ ڈیولپمنگ'' کے مستحکم منظر نامے سے نوازا ہے۔

ادارتی سماجی ذمہ داری

کریسنٹ اسٹار انشورنس لمیٹڈ ذمہ دار کاروباری ادارے کی حیثیت سے مکمل طور پر اپنے کردار سے آگاہ ہے اور درج ذیل طریقوں سے اپنی ذمہ داریاں پورا کر رہی ہے:

☆ کام کے دوران حفاظت اور صحت

کام کی جگہ پر مختلف مقامات پر آگ بجھانے والے آلات نصب کئے گئے ہیں۔ مزید کمپنی کے پاس ایک وقف طبی سہولت موجود ہے جس کی نگرانی ہیڈ آفس میں موجود کل وقتی چیف میڈیکل آفیسر کرتا ہے جو کہ ملازمین اور ان کے خاندان کو طبی نگہداشت فراہم کرتا ہے اور انہیں حفاظتی صحت کے نگہداشت کے حوالے سے مشورہ دیتا ہے۔

☆ کاروباری اخلاقیات اور انسداد بدعنوانی کے اقدامات

بورڈ نے اخلاقیات، انسداد منی لانڈرنگ اور کاروباری طور طریقوں سے متعلق بیانیہ کو اختیار ہے۔ تمام ملازمین کو ان سے مطلع کر دیا گیا ہے اور انہیں ہدایت کی گئی ہے کہ کاروباری طرز اخلاق کے قواعد وضوابط کی پیروی کریں۔ اخلاقیات اور کاروباری طور طریقوں کے گوشوارے محنت، دیانت، شاندار کلچر اور اخلاقیات پر مبنی ہیں جن کا تعلق گاہکوں، ساتھیوں اور عام عوام سے ہے۔

☆ توانائی کی بچت

کمپنی توانائی کی بچت سے متعلق اپنی ذمہ داری سے مکمل آ گاہ ہے۔ کمپنی نے دفتری احاطے میں توانائی بچت کے آلات نصب کئے ہیں۔ کمپنی اس بات کو یقینی بناتی ہے کہ لنچ کے وقفے اور دفتری اوقات کے بعد بجلی کم سے کم خرچ ہو اور زیادہ سے زیادہ دن کی قدرتی روشنی سے بھی استفادہ کیا جائے۔

☆صنعتی تعلقات

صنعتی تعلقات سے متعلق کمپنی اپنی ذمہ داریوں سے مکمل طور پر آ گاہ ہے۔ کمپنی کا شعبہ انسانی وسائل تمام لاگو قوانین، ضوابط اور رواج پر عمل اور نفاذ کا ذمہ دار ہے تا کہ کام کی جگہ پر اعلی پیشہ ورانہ معیارات کو برقرار رکھا جا سکے۔

انسانی وسائل کے لئے پیش قدمیاں

آپ کی کمپنی کی انتظامیہ انسانی وسائل کے مشن اور نصب العین پر مضبوط یقین رکھتی ہے جو کہ کسی بھی ادارے کے کاروباری اہداف کی کامیاب حصولی میں معاونت فراہم کرتی ہے۔ آج کے مسابقتی ماحول میں ہم اس بات کو تسلیم کرتے ہیں کہ موجودہ عملہ پر توجہ دیتے ہوئے اس کی ترویج کی جائے اور موثر انداز میں اس کی کارکردگی کا جائزہ لیا جائے۔ آپ کی کمپنی مارکیٹنگ، فنانس اور کاروباری ترقی کے میدان میں معیاری پیشہ ور ماہرین کو بھرتی کرنے میں کامیاب رہی ہے۔ ہماری توجہ تسلسل کے ساتھ میرٹ پر کام کا ماحول فراہم کے ساتھ ہر ملازم کو اس کے متعلقہ شعبہ میں معلومات، تجربہ اور مہارت کے حصول کے یکساں مواقع فراہم کرنا ہے اور ملازمین ہمارا سب سے قابل قدر اثاثہ ہیں۔

ادارتی نظم و نسق کے ضابطے کی پاسداری

سال 31 دسمبر 2020 میں پاسداری سے متعلق بیانیہ اس رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹران کا ادارتی نظم و نسق کے ضابطے کے تحت ذمہ داریوں سے متعلق بیانیہ

ڈائریکٹران ادارتی اور مالیاتی رپورٹنگ کی ساخت سے متعلق ایس ای سی پی کے ادارتی نظم و نسق کے ضابطے کی پاسداری کی توثیق کرتے ہوئے بیان کرتے ہیں کہ

a کمپنی کی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشوارے کمپنی کی حالت کار، اس کی سرگرمیوں، امور کے نتائج، حصص میں تبدیلی اور نقد بہاؤ کو شفاف انداز میں پیش کرتے ہیں۔

b کمپنی کے کھاتوں کی کتابیں کمپنیز ایکٹ 2017 اور انشورنس آرڈیننس 2000 کے تحت مناسب انداز میں رکھی گئی ہیں۔

c کمپنی کے مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ مناسب حساباتی پالیسیاں اختیار کی گئی ہیں۔ جہاں تبدیلیاں ہوئی ہیں ان کو مناسب انداز میں منکشف کیا گیا اور حساباتی تخمینوں کی بنیاد محتاط اور مناسب فیصلوں پر ہے۔

d منظور شدہ رپورٹنگ کے عالمی مالیاتی معیارات جو پاکستان میں نافذ ہیں کمپنیز ایکٹ 2017، انشورنس آرڈیننس 2000، انشورنس رولز 2017 انشورنس اکاؤنٹنگ ریگولیشنز 2017 کی ضروریات کی مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے۔

e اندرونی گرفت کے نظام کو مضبوط طرز پر بنایا گیا ہے اور اس کا موثر طور پر نفاذ کیا گیا ہے اور نگرانی کی جاتی ہے۔ اس کی نظر ثانی کا عمل جاری رہتا ہے تا کہ نظام کو مضبوط کرتے ہوئے موثر انداز میں نافذ کیا جائے۔

f کمپنی کے مسلسل چلتے ہوئے ادارے کی حیثیت میں کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔

g ادارتی نظم و نسق کے بہترین طور طریقے جن کی وضاحت لسٹنگ ریگولیشنز میں کی گئی ہے، ان سے کوئی بڑا انحراف نہیں ہوا۔

h ٹیکسوں اور محصولات کے متعلق معلومات نوٹس میں دی گئی ہیں اور مالیاتی گوشواروں کا حصہ بنایا گیا ہے۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے بتائے گئے ادارتی نظم و نسق کے بہترین طور طریقوں پر کمپنی عمل پیرا ہے اور کسی قسم کا کوئی بڑا انحراف نہیں ہوا۔

بورڈ کے اجلاس اور ان میں حاضری

سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے اور ہر ڈائریکٹر کے حاضری درج ذیل رہی:

ڈائریکٹر کا نام	بورڈ کے حاضر اجلاسوں کی تعداد
جناب نعیم انور	4
جناب تنویر احمد	4

جناب سہیل الٰہی	4
جناب شیخ وقار احمد	4
جناب راشد ملک	4

آڈیٹرز

موجودہ آڈیٹرکرو حسین چوہدری اینڈ کو، چارٹرڈ اکاؤنٹنٹس آنے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہوجائیں گے، تقرری کی اہلیت کے باعث، انہوں نے 31 دسمبر 2021 کوختم ہونے والے سال کے لئے بطور بیرونی آڈیٹرز اپنی دوبارہ تقرری کی پیشکش کی ہے۔

آڈٹ کمیٹی

کمپنی کی اپنی آڈٹ کمیٹی ہے اور سال 2020 کے دوران اس کے چار اجلاس ہوئے۔ حاضری درج ذیل رہی:

ممبر کا نام		حاضر اجلاسوں کی تعداد
جناب شیخ وقار احمد	چیئرمین	4
جناب راشد ملک	ممبر	4
جناب تنویر احمد	ممبر	2

انسانی وسائل اور معاوضہ کمیٹی

کمپنی کی اپنی انسانی وسائل اور معاوضہ کمیٹی ہے۔ اس کمیٹی کی ذمہ داری ہے کہ وہ بورڈ کو کمپنی کی انسانی وسائل کی پالیسیوں کی سفارش کرے۔ سال 2020 کے دوران کمپنی کا ایک اجلاس ہوا، جس میں حاضری درج ذیل رہی:

ممبر کا نام		حاضر اجلاسوں کی تعداد
جناب راشد ملک	چیئرمین	1
جناب شیخ وقار احمد	ممبر	1
جناب نعیم انور	ممبر	1

سرمایہ کاری کمیٹی

کمپنی کی اپنی سرمایہ کاری کمیٹی ہے۔ سال 2020 کے دوران کمیٹی کے چار اجلاس ہوئے جن میں حاضری درج ذیل رہی:

ممبر کا نام		حاضر اجلاسوں کی تعداد
جناب نعیم انور	چیئرمین	4
جناب شیخ وقار احمد	ممبر	4
جناب راشد ملک	ممبر	4
جناب ملک مہدی محمد	ممبر	4

اخلاقیات اور بہترین کاروباری طور طریقوں سے متعلق بیانیہ

بورڈ نے ''اخلاقیات اور بہترین کاروباری طور طریقوں سے متعلق بیانیہ'' کو اختیار کیا ہے اور اسے تمام ڈائریکٹران اور ملازمین میں تقسیم کیا گیا ہے جس کو انہوں نے تسلیم اور قبول کر لیا ہے۔

کمپنی کی رپورٹنگ

کمپنی سال میں چار مرتبہ حصص یافتگان کو رپورٹ کرتی ہے یعنی پہلی سہ ماہی، دوسری ششماہی، تیسری سہ ماہی اور سالانہ نتائج کے ہمراہ کاروباری افعال پر ڈائریکٹران کی رپورٹ اور کمپنی کا مستقبل کا منظر نامہ پیش کرتی ہے۔

کمپنی کے تشکیل دیئے گئے پروویڈنٹ فنڈ میں سرمایہ کاری 18,499,298 روپے رہی جو کہ اس کے حالیہ مالیاتی گوشوارے مختتمہ 31 دسمبر 2020 کے مطابق ہے۔

حصص داری کی ساخت

مختتمہ سال 31 دسمبر 2020 پر کمپنی کی حصص داری کی ساخت اور دیگر معلومات پر مشتمل گوشوارہ اس رپورٹ کے ساتھ منسلک ہے۔

سال کے دوران ڈائریکٹران، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے شریک حیات یا چھوٹے بچوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔

ڈائریکٹران کے لئے تربیتی پروگرام

بحوالہ نوٹ نمبر 11 جس میں ادارتی نظم و نسق کے ضابطے کی پاسداری سے متعلق بیان دیا گیا ہے۔

ذیلی کمپنیاں

کمپنی نے اپنے مجموعی مالیاتی گوشواروں کے ساتھ علیحدہ علیحدہ مالیاتی گوشوارے منسلک کئے ہیں۔ کریسنٹ اسٹار فوڈز (پرائیویٹ) لمیٹڈ، کریسنٹ اسٹار لگژری (پرائیویٹ) لمیٹڈ اور کریسنٹ اسٹار ٹیکنالوجیز (پرائیویٹ) لمیٹڈ کمپنی کی ذیلی کمپنیاں ہیں۔

بعدازاں واقعات

مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے دوران کوئی اہم تبدیلیاں رونما نہیں ہوئیں جن سے کمپنی کی مالیاتی پوزیشن متاثر ہوتی ہو۔

اعتراف

آپ کی کمپنی کے ڈائریکٹران اس موقع پر سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج، انشورنس ایسوسی ایشن آف پاکستان، اسٹیٹ بینک آف پاکستان، بینکوں اور مالیاتی اداروں کے مسلسل تعاون اور مدد پر ان کے مشکور ہیں۔

ہم تمام حصص یافتگان، گاہکوں/ پالیسی ہولڈرز اور تمام مستفیدان کے تعاون اور اعتماد کے بھی شکر گزار ہیں جو انہوں نے کمپنی اور اس کی انتظامیہ پر کیا۔ کمپنی اور اس کے ڈائریکٹران خصوصی طور پر افسران اور عملہ کے ممبران اور CSIL کی پوری ٹیم کو ان کی جدوجہد اور سخت محنت اور کمپنی کی نمو کے لئے ان کے تعاون پر اپنی شکر گزاریاں اور تہنیت پیش کرتے ہیں۔

تنویر احمد
ڈائریکٹر

نعیم انور
مینیجنگ ڈائریکٹر اینڈ سی ای او

کراچی: 26 مارچ 2021

KEY FINANCIAL HIGHLIGHTS

(RUPEES IN MILLION)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Gross Premium	**105.07**	115.99	114.62	113.28	190.29	265.77	237.05	84.93	68.62	81.87
Net Premium	**112.64**	110.85	111.27	109.61	206.35	236.91	136.25	55.77	40.99	60.23
Paid-up Capital	**1,076.95**	1,076.95	1,076.95	826.83	826.83	620.13	620.13	121.00	121.00	121.00
Reserve & Retained Earnings	**152.00**	96.81	49.86	112.43	37.16	13.60	(68.08)	(55.89)	(54.83)	(36.66)
Discount on Issue of Right Shares	**(199.65)**	(199.65)	(199.65)	(199.65)	(199.65)	(199.65)	(199.65)	-	-	-
Investments	**241.78**	167.16	165.58	241.15	188.47	78.06	270.00	14.68	21.97	24.11
Underwriting Provisions	**107.91**	114.61	109.01	123.76	143.20	185.98	159.55	61.31	59.74	71.13
Total Assets	**1,333.07**	1,254.77	1,179.59	1,243.01	1,009.12	838.22	574.84	164.82	176.02	202.38
Profit Before Tax	**66.16**	63.58	(49.24)	40.02	25.62	89.86	(34.47)	2.07	(17.84)	2.22
Profit After Tax	**54.58**	49.13	(63.10)	73.17	23.56	81.68	(35.83)	1.47	(18.16)	1.43
Right shares issued-%	**-**	**-**	-	-	33.33	-	412.50	-	-	-
Return on Total Assets-%	**4.09**	3.92	(5.35)	5.89	2.33	9.74	(6.23)	0.89	(10.32)	0.71
Return on Shareholders' Equity-%	**5.30**	5.04	(6.81)	9.89	3.55	18.82	(10.17)	1.65	(27.45)	1.69
Break-up Value per Share	**9.56**	9.05	8.61	8.94	8.03	8.32	5.68	7.33	5.47	6.97
Earnings per Share in Rupees	**0.51**	0.46	(0.60)	0.88	0.30	1.33	(0.70)	0.10	(1.50)	0.12
Market Value of Share	**2.82**	2.15	1.71	4.09	10.52	12.99	4.69	7.80	4.00	2.00
P/E Ratio	**5.56**	4.67	(2.85)	4.65	35.07	9.77	(6.70)	78.00	(2.67)	16.67

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Crescent Star Insurance Limited

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

We have reviewed the enclosed Statement of Compliance contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Regulations') and the Code of Corporate Governance for Insurers, 2016 (the Code) prepared by the Board of Directors of Crescent Star Insurance Limited (the Company) for the year ended December 31, 2020 in accordance with the requirements of Regulation 36 of the Regulations and provision Ixxvi of the Code.

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

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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm length transaction and transactions which are not executed at arm lengths price and recording proper justification for using such alternative pricing mechanism and also ensure compliance with the requirements of Section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of audit committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

(i) Contrary to the requirements of Regulation 9 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the positions of the Chairman and the Chief Executive Officer are held by one person.

(ii) Contrary to the requirements of Regulation 24 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the positions of the Chief Financial Officer and Secretory are held by one person.

(iii) Contrary to the requirements of Regulation 27(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the composition of the Audit committee consists of executive and independent directors.

Based on our review, except for the above instance(s) of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations and the Code as applicable to the Company for the year ended December 31, 2020.

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Karachi

Date: March 29, 2021

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

CRESCENT STAR INSURANCE LIMITED (“the Company”)
FOR THE YEAR ENDED DECEMBER 31, 2020

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 complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are seven (8), as per the following:
   a) Male: 6
   b) Female: 2

2. 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 Directors	Mr. Shaikh Waqar Ahmed Ms. Naveeda Mahmud* Ms. Asma Kashif*
Executive Directors	Mr. Naim Anwar, CEO/Chairman** Mr. Tanveer Ahmed Mr. Suhail Elahi
Non-Executive Directors	Mr. Rashid Malik Mr. Shaikh Shiraz Mubashir* *Subject to approval of SECP

The independent director meets the criteria of independence as laid down under the Code, Regulations and Companies Act, 2017.

The numbers of Executive Directors are rounded off to 3.

** The post of Chairman comes with a lot of responsibilities and increased public engagement and none of the directors have expressed willingness to be appointed as Chairman of the Board, as such Mr. Naim Anwar continues to occupy the post of Chairman and CEO as well.

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

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

5. Casual vacancies occurring on the Board were filled up in the elections of directors on AGM held on June 12, 2020.

6. 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.

7. 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 by the Company.

8. 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.

9. 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.

10. The Board have a formal policy and transparent procedure for remuneration of directors in accordance with the Act and Regulations.

11. While almost all the directors are professionals and senior executives who possess wide experience of duties of directors, the Company apprises 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, 2020.

12. There was an appointment of Head of Internal Audit and no new appointment of Chief Financial Officer or Company Secretary during the year.

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

14. The Board has formed the following Management Committees:

a) Underwriting, Reinsurance and Co-insurance Committee

Names	Category
Mr. Tanveer Ahmed	Chairman
Mr. Naim Anwar	Member
Ms. Gul Taj	Secretary

b) Claims Settlement Committee

Names	Category
Mr. Naim Anwar	Chairman
Dr. Atif Rais	Member
Mr. Ashraf Dhedhi	Secretary

c) Risk Management & Compliance Committee

Names	Category
Mr. Naim Anwar	Chairman
Mr. Malik Mehdi Muhammad	Member
Mr. Tanveer Ahmed	Member
Mr. Ashraf Dhedhi	Member

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

a) Nomination, Ethics, Human Resource & Remuneration Committee

Names	Category
Mr. Rashid Malik	Chairman
Mr. Shaikh Waqar Ahmed	Member
Mr. Naim Anwar	Member

b) Investment Committee

Names	Category
Mr. Naim Anwar	Chief Executive Officer / Chairman
Mr. Shaikh Waqar Ahmed	Independent Director / Member
Mr. Rashid Malik	Non-Executive Director / Member
Mr. Malik Mehdi Muhammad	Chief Financial Officer

16. The Board has formed an Audit Committee. It presently comprises of three members out of which two are independent directors including the chairman of the committee. The Composition of the audit committee is as follows:

Names	Category
Mr. Shaikh Waqar Ahmed	Independent Director / Chairman
Mr. Rashid Malik	Non-Executive Director
Mr. Tanveer Ahmed	Executive Director*

* The Executive Director is included in the Audit Committee to complete the quorum.

17. 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. The terms of references of the Committees have been formed and advised to the Committees for compliance.

18. 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.

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

20. 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.

21. 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.

22. 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.

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

24. The Board has set up an effective internal audit function and the head of internal audit is conversant with the policies and procedures of the Company.

25. 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):

Names	Designation
Mr. Naim Anwar	Chief Executive Officer
Mr. Malik Mehdi Muhammad	Chief Financial Officer & Company Secretary*
Syed Danish Hasan Rizvi	Head of Internal Audit
Mr. Ashraf Dhedhi	Head of Claims and Compliance Officer
Mr. Tanveer Ahmed	Head of Underwriting & Grievance Department

* As the operations and business of the Company is affected by the pandemic. The Company is looking to cut cost in all related departments. As such the functions of the CFO and Company Secretary is being performed by the same person.

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

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

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

29. The Board ensures that as part of the risk management system, the Company get itself rated from PACRA which is being used by its management function/department and the respective committee as a risk monitoring tool. The rating assigned by the rating agency on January 29, 2021 is A- with Outlook Stable.

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

31. 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.

32. 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.

For and on behalf of the Board of Directors
Crescent Star Insurance Limited

Naim Anwar
Managing Director & CEO

Karachi: March 26, 2021

INDEPENDENT AUDITORS' REPORT
To the Members of Crescent Star Insurance Limited
Report on the Audit of the Un-consolidated Financial Statements

Qualified Opinion

We have audited the annexed financial statements of **Crescent Star Insurance Limited** (the Company), which comprise of the unconsolidated statement of financial position as at December 31, 2020, and the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated 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, except for the effects of the matters described in the Basis of Qualified Opinion section of the report, the unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

a) As stated in note 10.2 to the unconsolidated financial statements, the Company's carrying value of receivables on account of advance against issue of shares amounts to Rs. 77.822 million (2019: Rs.77.524 million). The management has not carried out impairment testing as required by IAS – 36 "Impairment of Assets". No provision for any loss, if any, that may result, has been incorporated in the unconsolidated financial statements.

b) As stated in note 10.1 to the unconsolidated financial statements, the Company has recorded accrued interest amounting to Rs. 206.107 million (2019: Rs. 163.330 million) at a rate of one-year KIBOR plus three percent on the advance against issue of shares to Dost Steels Limited. We have not been provided any documentary evidence to substantiate the Company's claim therefore recoverability of the accrued interest income could not be ascertained. Accordingly, profit for the year and total assets / solvency of the Company are overstated by Rs. 42.777 million (2019: Rs. 56.981 million) and Rs. 206.107 million (2019: Rs. 163.330 million) respectively.

c) As stated in note 11 to the unconsolidated financial statements, the Company has recorded premium receivable amounting to Rs. 264.754 million (2019: Rs. 242.775 million) out of which Rs. 75.613 million (2019: Rs. 75.613 million) have been provided as bad debts. However, in the absence of reconciliation, correspondence with the customer and subsequent clearance we are unable to verify the remaining balance of Rs. 190.398 million. Any adjustment to the amount of the above receivable found to be necessary would affect the Company's profit for the year then ended.

Emphasis of Matter

Without further modifying our opinion, we draw attention to note 19 to the financial statements where management has disclosed the payable balance to the provident fund which has not been deposited within 15 days from the date of collection of liability.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our qualified opinion thereon, we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matter described below to be the key audit matters to be communicated in our report.

S. No	Key Audit Matter	How the matter was addressed in our audit
01	**Revenue Recognition** Refer note 4.15 and 22 to the annexed financial statements The Company revenue primarily based on premiums and investment income from insurance policies which comprises 70 % of total income. We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.	Our audit procedures included the following: • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of premium income; • Assessed the appropriateness of the Company's accounting policy for recording of premiums in line with requirements of applicable accounting and reporting standards; • Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and • Tested the investment income transaction on sample basis and subsequent to year end, and evaluated that these were recorded in the appropriate period.
S.No	**Key Audit Matter**	**How the matter was addressed in our**

		audit
02	**Valuation of claim liabilities** **Refer note 4.4.1 and 'Outstanding claims including IBNR" to the annexed financial statements** The Company's claim liabilities represents 20% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation. The Company maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions. We have identified the valuation of claim liabilities as key audit matter because estimation of claim liabilities involves a significant degree of judgment.	• Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to the claims; • Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations; • Assessed the sufficiency of reserving of claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements; • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; and • Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.

Information Other than the Unconsolidated 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 unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated 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 unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated 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 Unconsolidated Financial Statements

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

In preparing the unconsolidated 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 Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated 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 unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated 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, except for the matter described in the basis for qualified section of report, 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 unconsolidated statement of financial position, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Other Matters

The financial statements of the Company for the year ended December 31, 2019 were audited by another firm of chartered accountants who expressed qualified opinion dated May 21, 2020 for the following reasons:

a) Not carrying out impairment testing on investments in subsidiaries and receivables as required by IAS 36;

b) Inability to ascertain and substantiate the Company's claim against accrued interest on advance against issue of shares to Dost Steels Limited in the financial statements of the Company;

c) Not carrying out impairment testing on advance against issuance of shares to Dost Steels Limited as required by IAS 36;

d) Non verification of the premium receivable balances.

The engagement partner on the audit resulting in this independent auditors' report is Imran Sheikh.

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Place: Karachi
Date: March 29, 2021

CRESCENT STAR INSURANCE LIMITED
UN-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020	2019
		------- RUPEES -------	
ASSETS			
Property and equipment	6	14,866,552	16,291,707
Intangible assets	7	-	106,735
Investments in subsidiaries	8	150,019,600	150,019,600
Investments			
Equity securities	9	91,756,452	17,141,873
Loans and other receivables	10	866,799,951	813,608,971
Insurance / reinsurance receivables	11	190,398,461	168,089,807
Reinsurance recoveries against outstanding claims		2,595,202	2,595,202
Deferred commission expense / acquisition cost		6,569,234	6,986,821
Deferred taxation	12	-	-
Prepayments	13	-	6,043,657
Cash and bank	14	10,064,959	73,886,978
Total assets		1,333,070,411	1,254,771,351
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity holders			
Ordinary share capital	15	1,076,950,410	1,076,950,410
Discount on issue of right shares	16	(199,650,000)	(199,650,000)
Reserves	17	151,997,593	96,811,590
Total equity		1,029,298,003	974,112,000
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR		61,977,955	61,242,125
Unearned premium reserves		45,517,153	53,348,333
Premium deficiency reserves		419,358	14,906
Borrowings	18	2,592,611	5,013,650
Premium received in advance		2,023,233	2,110,755
Other creditors and accruals	19	163,065,071	141,881,158
Provision for taxation	20	28,177,027	17,048,424
Total liabilities		303,772,408	280,659,351
Total equity and liabilities		1,333,070,411	1,254,771,351
Contingencies and commitments	21		

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive / Principal Officer Director Director Director Chief Financial Officer

CRESCENT STAR INSURANCE LIMITED
UN-CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		------- RUPEES -------	
Net insurance premium	22	112,641,848	110,851,129
Net insurance claims	23	(7,447,428)	(13,954,898)
Premium deficiency		(404,452)	(14,906)
Net commission expense and other acquisition costs	24	(5,317,328)	(8,094,546)
Insurance claims and acquisition expenses		(13,169,208)	(22,064,350)
Management expenses	25	(79,608,781)	(86,689,692)
Underwriting results		19,863,859	2,097,087
Investment income	26	2,096,548	3,675,181
Other income	27	48,536,711	62,796,664
Other expenses	28	(3,751,083)	(4,179,063)
Results of operating activities		66,746,035	64,389,869
Finance costs		(581,111)	(805,085)
Profit before tax		66,164,924	63,584,784
Taxation	29	(11,583,142)	(14,451,417)
Profit after tax		54,581,782	49,133,367
Other comprehensive income / (loss)			
Unrealized gain on available for sale investments during the period - net of deferred tax		2,376,529	1,457,546
Reclassification adjustments relating to available for sale investments disposed off - net of deferred tax		(1,772,308)	(3,636,178)
Other comprehensive income / (loss) for the year		604,221	(2,178,632)
Total comprehensive income for the year		55,186,003	46,954,735
Earning per share	30	0.51	0.46

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive / Principal Officer   Director   Director   Director   Chief Financial Officer

CRESCENT STAR INSURANCE LIMITED
UN-CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Operating cash flows	------- RUPEES -------	
(a) Underwriting activities		
Insurance Premium received	83,004,724	102,662,310
Reinsurance premium paid	(590,233)	(1,044,506)
Claims paid	(6,711,597)	(13,393,206)
Commission paid	(4,899,741)	(8,828,629)
Commission received	-	40,500
Management expenses paid	(59,402,827)	(76,534,185)
Net cash inflow from underwriting activities	11,400,326	2,902,284
(b) Other operating activities		
Income tax paid	(454,538)	(543,698)
Other operating payments	1,389,388	523,899
Net cash inflow/(outflow) from other operating activities	934,850	(19,799)
Total cash inflow from all operating activities	12,335,176	2,882,485
Investment activities		
Profit received	23,695	38,667
Dividend received	2,072,853	3,636,514
Proceeds from investments	(74,010,360)	(3,761,513)
Fixed capital expenditure	(1,241,233)	-
Proceeds from sale of property and equipment	-	170,801
Total cash (outflow)/inflow from investing activities	(73,155,045)	84,469
Financing activities		
Finance costs paid	(581,111)	(805,085)
Borrowing under Musharaka arrangements obtained - net	(2,421,039)	(1,413,700)
Total cash outflow from financing activities	(3,002,150)	(2,218,785)
Net cash (outflow)/inflow from all activities	(63,822,019)	748,169
Cash and cash equivalents at beginning of year	73,886,978	73,138,809
Cash and cash equivalents at end of year	10,064,959	73,886,978
Reconciliation to unconsolidated profit or loss account		
Operating cash flows	12,335,176	2,882,485
Depreciation expense	(2,641,388)	(3,053,595)
Amortization expense	(131,736)	(1,465,235)
(Loss) on disposal of property and equipments	-	(265,553)
Dividend income	2,072,853	3,636,514
Other investment and other income	23,695	38,667
Finance costs	(581,111)	(805,085)
Increase in assets other than cash	69,038,390	(13,907,719)
(Decrease) in liabilities other than borrowings	(13,950,955)	(15,729,511)
Provision for taxation	(11,583,142)	77,802,399
Profit after taxation for the year	54,581,782	49,133,367

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive / Principal Officer   Director   Director   Director   Chief Financial Officer

CRESCENT STAR INSURANCE LIMITED
UN-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

Description	Share capital	Discount on issue of right shares	Capital reserves	Revenue reserves		Unappropriated profit	Total equity
			Reserve for exceptional losses	General reserve	Surplus on remeasurement of available for sale investments		
	----- (Rupees) -----						
Balance as at January 01, 2019	1,076,950,410	(199,650,000)	1,767,568	24,497,265	2,629,802	20,962,220	927,157,265
Profit after tax for the period	-	-	-	-	-	49,133,367	49,133,367
Other comprehensive income for the year	-	-	-	-	(2,178,632)	-	(2,178,632)
Balance as at December 31, 2019	1,076,950,410	(199,650,000)	1,767,568	24,497,265	451,170	70,095,587	974,112,000
Balance as at January 01, 2020	1,076,950,410	(199,650,000)	1,767,568	24,497,265	451,170	70,095,587	974,112,000
Profit after tax for the period	-	-	-	-	-	54,581,782	54,581,782
Other comprehensive income for the year	-	-	-	-	604,221	-	604,221
Balance as at December 31, 2020	1,076,950,410	(199,650,000)	1,767,568	24,497,265	1,055,391	124,677,369	1,029,298,003

The annexed notes from 1 to 42 form an integral part of these unconsolidated financial statements.

Chief Executive / Principal Officer | Director | Director | Director | Chief Financial Officer

CRESCENT STAR INSURANCE LIMITED
NOTES TO THE UN-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

Crescent Star Insurance Limited ('the Company') was incorporated in Pakistan as a Public Limited Company in the year 1957 under the Defunct Companies Act, 1913, now the Companies Act, 2017. The Company is listed on the Pakistan Stock Exchange and its registered office is situated at 2nd Floor, Nadir House, I.I. Chundrigar road, Karachi, Pakistan.

The Company is engaged in providing non-life general insurance services mainly in spheres of fire and property damage, marine, aviation and transport, motor, credit and suretyship, accident and health and miscellaneous insurance.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accounts of Pakistan (ICAP), as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017,the Insurance Ordinance, 2000, Insurance Rules 2017 and the Insurance Accounting Regulations, 2017

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, shall prevail.

These unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of cost rather than on the basis of reported results. Consolidated financial statements of the Company are prepared and presented separately.

These unconsolidated financial statements have been prepared as per the prescribed format of presentation of annual financial statements for general insurance companies issued by the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 89(1)/2017 dated February 9, 2017.

2.1 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for certain obligations under employee retirement benefits which are measured at present value, certain financial instruments which are stated at their fair values and provision for incurred but not reported (IBNR) is made on the basis of actuarial valuation.

In these unconsolidated financial statements, except for the unconsolidated statement of cash flows, all the transactions have been accounted for on an accrual basis.

2.2 Functional and presentation currency

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

STANDARDS, AMENDMENTS AND INTERPRETATIONS TO ACCOUNTING AND REPORTING STANDARDS

2.3 Standards, interpretations of and amendments to the existing accounting standards that have become effective during the year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2020 but are considered not to be relevant or do not have any significant effect on the Company's operation and therefore not detailed in these financial statements.

2.3.1 **Impact of IFRS 9 – Financial Instruments**

IFRS-9 'Financial Instruments' and amendments (effective for period ending June 30, 2019) replaces the existing guidance in IAS-39 Financial Instruments: Recognition and measurement.

IFRS-4 provides two alternative options inrelation to application of IFRS-09 for entities issuing contracts within the sope of IFRS-4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS-9. The overlay approach allows an entity applying IFRS-9 from the effective date to remove from the profit or loss account the effects of some of the accounting mismatches that may occur from applying IFRS-9 before IFRS-17 is applied. The Company has adopted for a temporary exemption from application of IFRS 9.

The effective date of the amendments permitting the temporary exemption is for annual periods beginning on or after 01 January 2018. The temporary exemption is available for annual reporting periods beginning before 01 January 2022 and will expire once IFRS 17 becomes effective.

2.3.2 **Impact of IFRS 16 – Leases**

The Company has opted not to recognise right-of-use assets for leases of low value or short term leases, having remaining lease term of less than 12 months as at January 01, 2020. The payments associated with such leases are recognised as an expense.

2.3.3 **Impact of IFRS 3 – Business Combinations**

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

2.3.4 Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

2.4 Standards, interpretations and amendments not effective at year end

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan have not become effective during current year:

Standards, amendments or interpretation		Effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts	January 01, 2022
IFRS 7	Financial Instruments: Disclosures	January 01, 2020

2.5 In addition to the above, the 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, amendments or interpretation		Effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts	January 01, 2022

2.6 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to Company's operations, therefore not disclosed in these financial statements.

3 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. The Company is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, partners, suppliers and stockholders. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below.

4.1 Property and equipment

4.1.1 Owned

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 unconsolidated statement of comprehensive income applying the reducing balance method at the rates specified in note 5 to the unconsolidated financial statements.

Depreciation on additions is charged from the date the assets are available for use. While on disposal, depreciation is charged up to the date on which the assets are disposed off.

Subsequent costs are included in the asset's carrying amount or recognized as separate assets, 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 the unconsolidated statement of comprehensive income.

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

4.1.2 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 lease properties for its operations and 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 the right-of-use asset or end of 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 incremental borrowing rate of the Company. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured 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 recognise right-of-use assets and lease liabilities for short term and low value assets.The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line item as it presents underlying assets for the same nature it owns.

4.1.3 Ijarah contracts

Ijarah rentals (Ijrah) under Ijarah contracts are recognised as an expense in the profit and loss on a straight-line basis over the Ijarah term as per Islamic Financial Accounting Standard issued by SECP S.R.O 431(I)/2007 dated May 22, 2007.

4.2 Intangibles - Computer Software

These are stated at cost less accumulated amortization and impairment loss. Amortization is charged over the estimated useful life of the asset on a systematic basis to unconsolidated statement of comprehensive income applying the straight line method.

Amortization is calculated from the date the assets are available for use. While on disposal, amortization is charged up to the date in which the assets are disposed off.

Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Company.

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.

4.3 Insurance contracts

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

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

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

- Fire and property;
- Marine, aviation and transport;
- Motor;
- Accident and health;
- Credit and suretyship; and
- Miscellaneous

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

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

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

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and liabilities to third parties and passengers arising from their use.

Motor insurance covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

Accident and health insurance contract mainly compensate hospitalization and outpatient medical coverage to the insured. These contracts are generally one year contracts.

Credit and suretyship insurance contracts protects the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. These contracts are generally one year contracts.

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

4.4 Claims

Claims are charged to unconsolidated statement of comprehensive income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes related 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.

These funds are administered by trustees. The pension plan is a career average salary plan and the gratuity plan is a final basic salary plan. The actuarial valuation of both the plans is carried out on a yearly basis using the Projected Unit Credit Method and contributions to the plans are made accordingly.

Actuarial gains and losses are recognized in other comprehensive income in the year in which they arise.

4.4.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the accounting year and measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

i) Claims reported but not settled

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

ii) Claims incurred but not reported

The provision for claims incurred but not reported is made at the reporting date in accordance with SECP circular no. 9 dated March 09, 2016. The Company has changed its method of estimation of IBNR. The Company now takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using 'Chain Ladder' (CL) methodology. The CL method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine cumulative development factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

4.5 Premium deficiency reserve / liability adequacy test

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

The movement in the premium deficiency reserve is recognized as an expense or income in the profit and loss account

The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses, which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The expected ultimate net claim ratios for the unexpired periods of policies in force at financial statement date for each class of business is as follows:

	2020	2019
- Fire and property damage	-24%	9%
- Marine, aviation and transport	47%	43%
- Motor	31%	30%
- Accident & health	25%	48%
- Credit & Suretyship	2%	4%
- Miscellaneous	18%	19%

4.6 Reinsurance contracts

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

Reinsurance premium is recognized as an expense at the time the reinsurance is ceded. Commission on reinsurance cessions are recognized in accordance with the policy of recognizing premium revenue.

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

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

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

4.7 Receivables and payables related to insurance contracts

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

Provision for impairment in premium receivables is estimated on a systematic basis after analyzing the receivables as per their ageing.

4.8 Insurance / Reinsurance receivable

Receivables under insurance contracts are recognized when due at the fair value of consideration receivable less provision for doubtful debts, if any. If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in profit and loss account.

4.9 Prepaid reinsurance expense

Premium for reinsurance contracts operative on a proportional and non-proportional basis is recorded as a liability on attachment of the underlying risks reinsured or on inception of the reinsurance contract respectively. For proportional reinsurance contracts, the reinsurance expense is recognized evenly in the period of indemnity. The portion of reinsurance premium not recognized as an expense is shown as a prepayment.

4.10 Reinsurance recoveries against outstanding claims

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method.

4.11 Deferred commission expense/ Acquisition cost

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method.

4.12 Segment reporting

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

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely Fire and Property Damage, Marine Aviation and Transport, Motor, Crop and Miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the financial statements.

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

4.13 Financial instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise of the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the statement of financial position date include cash and bank deposits, investments, insurance/reinsurance receivables, premium and claim reserves detained by cedants, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, insurance/reinsurance payables, other creditors and accruals and liabilities against assets subject to finance lease.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purpose of unconsolidated cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks.

4.15 Revenue recognition

4.15.1 Premium income earned

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued.

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

4.15.2 Provision for unearned premium

Majority of the insurance contracts entered into by the Company are for a period of twelve months. Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognized as a liability by the Company. This liability is calculated by applying 1/24th method as specified in the Insurance Accounting Regulations, 2017.

- Marine cargo business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies;
- Contracts having tenure of more than twelve months, the Company maintains provision for unearned premium net of reinsurance expense to the unexpired period of coverage at the reporting date.

4.15.3 Commission income

Commission income from reinsurers / co-insurers / others is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and accounted for as revenue in accordance with the pattern of recognition of reinsurance/ co-insurance / other premium to which they relate. Profit commission if any, which the Company may be entitled under the terms of reinsurance is recognized on accrual basis.

4.15.4 Commission income unearned

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the unconsolidated statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premiums.

4.15.5 Investment income

- Return on investments and term deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale. Dividend income is recognized when right to receive such dividend is established.
- Gain / (loss) on sale of investments is charged in unconsolidated statement of comprehensive income.

4.15.6 Dividend income and other income

- Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established. Rental and other income are recognized as and when accrued.
- Return on bank deposits is recognized on a time proportionate basis taking into account the effective yield.

4.16 Investments

4.16.1 Recognition

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

- In subsidiary and associates
- In equity securities
- In debt securities
- In term deposits

4.16.2 Measurement

In subsidiary and associates

Entities in which the Company has significant influence but not control and which are neither its subsidiary nor joint ventures are associates and are accounted for by using the equity method of accounting.

Under equity method of accounting, the investments are initially recognised at cost; thereafter its carrying amount is increased or decreased for the Company's share of post acquisition changes in the net assets of the associate and dividend distributions. Goodwill relating to an associate is included in carrying amount of the investment and is not amortized. The Company's share of the profit and loss of the 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 other comprehensive income of the Company.

After application of equity method, the carrying amount of investment in associate is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit and loss account.

In equity securities - Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity. At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the Statement of Comprehensive Income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period within Statement of Comprehensive Income. Whereas, any reversal in impairment is taken in Statement of Comprehensive Income.

These are reviewed for impairment at each reporting date and any losses arising from impairment in values are charged to the profit and loss account.

In debt security - Held to maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to held to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment. These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the profit and loss account.

In term deposits - Held to maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to held to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method.

The difference between the redemption value and the purchase price of the held to maturity investment is amortized and taken to the profit and loss account over the term of investment.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the profit and loss account.

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

- Held to Maturity investments;
- Available for sale investments;
- Held for Trading investments.

4.16.3 Offsetting of financial assets and liabilities

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

4.16.4 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is an objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available for sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be an objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at Held to Maturity, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in unconsolidated statement of comprehensive income.

When an Available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to unconsolidated statement of comprehensive income.

For financial assets measured at held to maturity, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through unconsolidated profit and loss account to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity securities, impairment losses previously recognized in unconsolidated profit and loss account are not reversed through unconsolidated profit and loss account. Any increase in fair value subsequent to an impairment loss is recognized in unconsolidated other comprehensive income. In respect of available for sale debt securities, impairment losses are subsequently reversed through unconsolidated profit and loss account if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

a) 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 unconsolidated statement of comprehensive income.

b) Unquoted

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

c) Investment in equity instruments of subsidiaries companies

Investment in subsidiaries are accounted for at cost less accumulated impairment losses. Dividend income from these investments is recognized in unconsolidated profit or loss and included in other income when the Company's right to receive payments has been established.

4.16.5 Date of recognition

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

4.17 Dividend declaration

Final dividend distribution to the Company's shareholders is recognized as a liability in the unconsolidated balance sheet in the period in which the dividends are approved, while interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors. However, if these are approved after the reporting period but before the unconsolidated financial statements are authorized for issue, they are disclosed in the notes to the unconsolidated financial statements.

4.18 Dividend distribution

Profit distribution to share holders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Board of Directors.

4.19 Management expenses

Management expenses include expenses incurred for the purpose of business and are recorded in the financial statements as and when accrued.

4.20 Creditors, accruals and provisions

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

Provisions are recognised in the unconsolidated statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

4.21 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange difference, if any, are taken to unconsolidated statement of comprehensive income.

4.22 Earnings per share

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

4.23 Taxation

4.23.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001 for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, relating to prior year which arises from assessments framed/ finalized during the year or required by any other reason.

4.23.2 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.

4.24 Staff retirement benefits

4.24.1 Defined contribution plan

The Company contributes to an approved provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the members to the fund at the rate of 10% of basic salary.

4.24.2 Employees' compensated absences

The Company accounts for accumulated compensated absences on the basis of the un-availed leave balances at the end of the year.

4.25 Impairment

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

If a decline in fair value is significant or prolonged, then there is objective evidence of impairment, regardless of how long management intends to hold the investment. If there has been a significant or prolonged decline in the market price of subsidiary/associate at the reporting date, then the impairment test is performed in accordance with IAS 36.

The carrying amount of non-financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each financial statement date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

4.26 Related party transactions

Party is said to be related, if they are able to influence the operating and financial decisions of the Company and vice versa. The Company in the normal course of business carries out transactions with related parties. Transactions with related parties are priced at comparable uncontrolled market price and are carried out at arm's length prices.

4.27 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat and Ushr Ordinance, 1980.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying value of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are:

	Note
- Provision for outstanding claims (including IBNR)	4.4.1
- Premium deficiency reserve	4.5
- Provision for doubtful receivables	11.1
- Useful lives and residual values of property and equipment	4.1
- Provision for unearned premium	4.15.2
- Premium due but unpaid	11
- Provision for taxation and deferred tax	4.23
- Segment reporting	4.12

	Note	2020	2019
		------- RUPEES -------	
6 PROPERTY AND EQUIPMENT			
Operating assets	6.1	14,866,552	16,291,707
Capital work in progress		-	-
		14,866,552	16,291,707

6.1 PROPERTY AND EQUIPMENT

2020

Description	Cost				Depreciation				Written down as at December 31,	Depreciation rate
	As at January 01,	Additions	(Disposal)	As at December 31,	As at January 01,	For the year	(Disposal)	As at December 31		
	Rupees									
- Furniture and fixtures	8,724,869	-	-	8,724,869	2,618,426	610,645	-	3,229,071	5,495,798	10%
- Office equipment	3,211,737	-	-	3,211,737	1,099,880	211,187	-	1,311,067	1,900,670	10%
- Computers equipment	737,616	-	-	737,616	509,922	68,308	-	578,230	159,386	30%
- Vehicles	22,640,838	1,216,233	-	23,857,071	14,795,125	1,751,248	-	16,546,373	7,310,698	20%
									-	
	35,315,060	1,216,233	-	36,531,293	19,023,353	2,641,388	-	21,664,741	14,866,552	

2019

Description	Cost				Depreciation				Written down value as at December 31,	Depreciation rate
	As at January 01,	Additions	(Disposal)	As at December 31,	As at January 01,	For the year	(Disposal)	As at December 31,		
	Rupees									
- Furniture and fixtures	8,724,869		-	8,724,869	1,939,932	678,494	-	2,618,426	6,106,443	10%
- Office equipment	3,211,737		-	3,211,737	865,229	234,651	-	1,099,880	2,111,857	10%
- Computers equipment	2,947,211		(2,209,595)	737,616	2,104,140	179,023	(1,773,241)	509,922	227,694	30%
- Vehicles	22,640,838			22,640,838	12,833,698	1,961,427	-	14,795,125	7,845,713	20%
	37,524,655	-	(2,209,595)	35,315,060	17,742,999	3,053,595	(1,773,241)	19,023,353	16,291,707	

6.1.1 Disposal of fixed assets

Particulars	Year	Cost	Accumulated depreciation	Written Down Value	Sale Proceeds	Gain/(Loss)	Mode of disposal	Sold to	Status
		---------- Rupees ----------							
		-	-	-	-	-			
Sub- Total	2020	-	-	-	-	-			
Computer equipment	2019	2,209,595	1,773,241	436,354	170,800	(265,554)	Negotiation	Various	Outsider

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

7 INTANGIBLE ASSETS

Description	Year	Cost				Amortisation			Written down as at December 31,	Amortisation rate
		As at January 01,	Additions	(Disposal)	As at December 31,	As at January 01,	Charge for the year	As at December 31,		
		---------- Rupees ----------								
Finite Useful life										
Computer software	2020	4,374,413	25,000	-	4,399,414	4,267,678	131,736	4,399,414	-	33%
Computer software	2019	4,374,413	-	-	4,374,413	2,802,443	1,465,235	4,267,678	106,735	33%

		2020	2019
		------- RUPEES -------	

8 INVESTMENTS IN SUBSIDIARIES

	Holding	Equity held	Investment at cost (2020)	Investment at cost (2019)
Crescent Star Foods (Private) Limited	50%	14,999,966	149,999,660	149,999,660
Crescent Star Technologies (Private) Limited	99%	997	9,970	9,970
Crescent Star luxury (Private) Limited	99%	997	9,970	9,970
		15,001,960	150,019,600	150,019,600

9 INVESTMENTS IN EQUITY SECURITIES

	Note	2020	2019
Available for sale	8.1	91,756,452	17,141,873

9.1 Available for sale

	Note	2020	2019
Listed shares			
Cost		333,424	333,424
Less: unrealized loss on revaluation of investment		(283,653)	(285,334)
Carrying value	9.1.1	49,771	48,090
Mutual funds			
Cost		88,047,818	15,788,980
Add: unrealized gain on revaluation of investment		3,658,863	1,304,803
Carrying value	9.1.2	91,706,681	17,093,783
		91,756,452	17,141,873

9.1.1 Ordinary shares of quoted companies

Number of shares (fully paid up shares of Rs. 10/- each) 2020	2019	Market value per share 2020	2019	Sector and name of investee companies	2020	2019
					------- RUPEES -------	
				Engineering		
7,020	7,020	4.91	5.56	Dost Steel Limited	34,469	33,485
				Power Generation & Distribution		
2,000	2,000	2.21	2.21	Southern Electric Power Company Limited	4,420	4,420
				Textile Weaving		
158	158	14.38	3.94	Service fabrics limited	2,272	403
				Insurance		
200	200	8.46	11.00	Habib Insurance Company limited	1,692	2,176
117	117	4.85	6.90	Premier Insurance limited	567	690
				Investment Bank		
17	17	203.44	201.18	IGI holdings Limited	3,458	3,468
				Commercial Banks		
250	250	9.32	11.97	The Bank of Punjab	2,330	2,833
3	3	187.50	193.57	MCB Bank limited	563	615
9,765	9,765				49,771	48,090

9.1.1.1 Investment in Dost Steels Limited, represents 7,020 shares (2019: 7,020 shares) with 0.0048% (2019: 0.0041%) of total equity of the company.

9.1.2 Mutual fund certificates

2020	2019	2020	Name of the entity	Note	2020	2019
Number of Units		Unit			------- RUPEES -------	
16,000	16,000	4.75	Modaraba Al-Mali		76,000	47,200
3,820	3,820	11.63	HBL Energy Fund		44,419	49,965
4,742	4,467	82.85	First Dawood Mutual Fund		392,824	384,073
1,623,468	289,501	56.17	Pakistan Income Fund	9.1.2.2	91,193,438	16,612,545
					91,706,681	17,093,783

9.1.2.1 Cost of Mutual fund certificates as at December 31, 2020 is Rs. 88,047,818/- (2019: Rs. 15,788,980/-).

9.1.2.2 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.

10 LOANS AND OTHER RECEIVABLES

	Note	2020	2019
		------- RUPEES -------	
Considered good			
Other security deposits		5,219,438	5,644,143
Advance to supplier		260,000	260,000
Loan to employees		54,000	-
Accrued interest on advance against issuance of shares	10.1	206,107,255	163,330,338
Advance against issuance of shares	10.2	636,693,794	633,985,971
Other receivable		18,465,464	10,388,519
		866,799,951	813,608,971

10.1 This represents accrued interest on advance against issue of shares, given to Dost Steels Limited. Movement in advances is as follows:

	2020	2019
	------- RUPEES -------	
Balance as at beginning of the year	163,330,338	106,348,503
Income for the year	42,776,917	56,981,835
Balance as at the end of the year	206,107,255	163,330,338

10.2 This represents advances against issue of shares given to the following parties:

		2020	2019
		------- RUPEES -------	
Name of the Company			
Dost Steels Limited	10.2.1	354,279,066	354,279,066
Crescent Star Foods (Private) Limited - Subsidiary		204,592,294	202,182,957
Crescent Star Luxury (Private) Limited - Subsidiary		71,456,868	71,170,212
Crescent Star Technology (Private) Limited - Subsidiary		6,365,566	6,353,736
		636,693,794	633,985,971

10.2.1 The Company has made an advance against issuance of shares to Dost Steel limited (DSL), of which an aggregate amount of Rs. 247,995,000 /- and Rs. 57,768,000/- has been assigned to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited respectively under an assignment agreement. No consideration has been received either from Dynasty Trading (Private) Limited or Din Corporation (Private) Limited, therefore these balances are still shown in the title of Dost Steel Limited. These balances carry mark-up at the rate of 1 year KIBOR plus 3% per annum (2019: 1 year KIBOR plus 3%).

11 INSURANCE / REINSURANCE RECEIVABLES

	2020	2019
	------- RUPEES -------	
Unsecured and considered good		
Due from insurance contract holders	264,754,448	242,775,872
Less : Provision for impairment of receivables from insurance contract holders	(75,613,988)	(75,613,988)
Due from other insurers / reinsurers	1,258,001	927,923
	190,398,461	168,089,807

11.1 Provision for impairment of receivables from insurance contract holders

	2020	2019
	------- RUPEES -------	
Balance at the beginning of the year	75,613,988	75,613,988
	75,613,988	75,613,988

12 DEFERRED TAXATION

12.1 Deferred tax is recognized in respect of all temporary differences arising from carrying values of assets and liabilities in unconsolidated financial statements and their tax base. The Company has recognised deferred tax asset to the extent of the amount expected to be utilized in foreseeable future in line with the accounting policy and as matter of prudence, further deferred tax asset of Rs. 26,938,370 (2019: Rs. 31,971,671) on account of unused tax losses, adjustable minimum tax and temporary differences have not been recognised.

		2020	2019
		------- RUPEES -------	
13 PREPAYMENTS			
Prepaid reinsurance premium ceded		-	260,153
Prepaid rent		-	202,409
Others		-	5,581,095
		-	6,043,657
14 CASH & BANK			
Cash and cash equivalent			
Cash in hand		82,584	80,036
Policy and revenue stamps		23,460	229,621
Cash with State Bank of Pakistan	14.1	-	72,238,047
		106,044	72,547,704
Cash at bank			
Current accounts		10,269,112	1,639,269
Savings accounts	14.2	12,222	22,424
		10,281,334	1,661,693
Less: provision against dormant accounts		(322,419)	(322,419)
		9,958,915	1,339,274
		10,064,959	73,886,978

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

14.2 These carry mark-up at the rate of 7.5% (2019: 10.75%) per annum.

15 ORDINARY SHARE CAPITAL

15.1 Authorized share capital

31 December 2020	31 December 2019		2020	2019
---- (Number of shares) -----			------- RUPEES -------	
115,000,000	115,000,000		1,150,000,000	1,150,000,000

15.2 Issued, Subscribed and paid-up share capital

December 31, 2020	December 31, 2019		2020	2019
---- (Number of shares) -----			------- RUPEES -------	
104,728,494	104,728,494	Ordinary shares of Rs.10 each fully paid in cash	1,047,284,940	1,047,284,940
2,966,547	2,966,547	Ordinary shares of Rs.10 each issued as fully paid bonus shares	29,665,470	29,665,470
107,695,041	107,695,041		1,076,950,410	1,076,950,410

16 DISCOUNT ON ISSUE OF RIGHT SHARES

	2020	2019
DISCOUNT ON ISSUE OF RIGHT SHARES	199,650,000	199,650,000

The Company had issued right shares in the year 2014 with the approval of Board of Directors, SECP and KSE amounting to Rs. 499.125 million comprising of 49,912,500 ordinary shares of Rs. 10/- each at a discount of Rs. 4/- per share.

17 RESERVES

	2020	2019
	------- RUPEES -------	
Capital reserves		
Reserve for exceptional losses	1,767,568	1,767,568
Revenue reserves		
General reserve	24,497,265	24,497,265
Unappropriated profit	124,677,369	70,095,587
Surplus on remeasurement of available for sale investment	1,055,391	451,170
	151,997,593	96,811,590

		2020	2019
		------- RUPEES -------	

18 BORROWINGS

Borrowings against diminishing musharaka	18.1	2,592,611	5,013,650

18.1 The Company has entered into diminishing musharka agreements with Kasb Modaraba to acquire vehicles. The borrowing is secured by demand promissory note, post dated cheques and personal guarantees of the directors of the Company. The effective mark up rate is 17% to 18% (2019: 17% to 18%) per annum and payable on monthly basis. Taxes, repairs, replacements and insurance costs are borne by the Company.

	2020	2019
	------- RUPEES -------	
The amount payable:		
Current Portion	2,592,611	4,453,575
Non current portion	-	560,075
	2,592,611	5,013,650

19 OTHER CREDITORS AND ACCRUALS

Federal insurance fees	2,650,436	1,678,831
Federal excise duty	49,237,538	37,059,567
Payable to staff provident fund	8,425,198	6,018,538
Withholding tax	61,248,599	56,450,292
Accrued expenses	16,384,137	20,487,819
Unpresented cheques	-	657,382
Unclaimed dividend	418,209	418,209
Others	24,700,954	19,110,520
	163,065,071	141,881,158

20 PROVISION FOR TAXATION

Balance at beginning of the year	17,048,424	3,140,705
Add: charge for the year	11,583,142	14,451,417
Less: paid during the year	(454,539)	(543,698)
Balance at end of the year	28,177,027	17,048,424

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

The Company is defendant in following:

(1) Suit no. 06 of 2007 before the Insurance Tribunal for Sindh Karachi, filed by Allied & Co. for recovery of Rs. 8.290 million (2019: Rs. 8.290 million) against the Company. Appeal against the decision of Insurance Tribunal has been filed by the Company, the proceedings of which are pending before the High court of Sindh, Karachi.

(2) Suit before the Insurance Tribunal for Sindh Karachi filed by Ashfaq Brothers for recovery of Rs. 27.5 million (2019: Rs. 27.5 million) against the Company.

(3) The management believes that the outcome of above lawsuits will be in favour of the Company and accordingly, no provision for the same has been made in these unconsolidated financial statements.

(4) CP no. 8903 of 2018 before the High Court of Sindh at Karachi, filed by the Company against the Commission. Appeal against the direction of Commission dated November 06, 2018 has been filed by the Company, the proceedings of which are pending before the High court of Sindh, Karachi.

		2020	2019
		------- RUPEES -------	
21.2	Commitments		
	Post dated cheques	2,592,611	3,141,289
	Commitments for Ijara rentals		
	Within one year	2,049,175	1,827,938
	Later than one year but not later than five years	543,436	1,313,351
		2,592,611	3,141,289
22	NET INSURANCE PREMIUM		
	Written gross premium	105,070,821	115,987,585
	Add : Unearned premium reserve - opening	53,348,333	48,328,460
	Less: Unearned premium reserve - closing	(45,517,153)	(53,348,333)
	Premium earned	112,902,001	110,967,712
	Less: Reinsurance premium ceded	-	376,736
	Add: prepaid reinsurance premium - opening	260,153	-
	Less: prepaid reinsurance premium - closing	-	(260,153)
	Reinsurance expense	(260,153)	(116,583)
		112,641,848	110,851,129
23	NET INSURANCE CLAIMS EXPENSE		
	Claim paid	6,711,597	13,393,206
	Add : Outstanding claims including IBNR - closing	61,977,955	61,242,125
	Less: Outstanding claims including IBNR - opening	(61,242,124)	(60,680,433)
	Claims expense	7,447,428	13,954,898
	Add: Reinsurance and others recoveries in respect of outstanding claims - closing	2,595,202	2,595,202
	Less: Reinsurance and others recoveries in respect of outstanding claims - opening	(2,595,202)	(2,595,202)
		-	-
	Reinsurance and recoveries revenue	7,447,428	13,954,898

23.1 Claims development

The following table shows the development

Accident year	2015 and prior	2016	2017	2018	2019	2020 including IBNR	Total
	-------------------------------			(Rupees)	-------------------------------		
Estimate of ultimate claims cost:							
At end of accident year	114,072,818	27,768,651	18,853,203	15,195,041	15,195,041	16,562,068	207,646,822
One year later	125,325,753	32,761,923	21,892,751	20,365,623	14,517,506	-	214,863,556
Two year later	112,118,245	31,436,779	27,494,598	20,904,664	-	-	191,954,286
Three year later	111,775,869	31,920,923	27,764,317	-	-	-	171,461,109
Four year later	102,969,805	32,048,704	-	-	-	-	135,018,509
Five year later	105,202,963	-	-	-	-	-	105,202,963
Current estimate of cumulative claims	105,202,963	32,048,704	27,764,317	20,904,664	14,517,506	16,562,068	217,000,222
Cumulative payments to date	(85,261,138)	(23,065,952)	(18,141,032)	(15,913,530)	(11,402,037)	(1,238,578)	(155,022,267)
Liability recognised in the balance sheet	19,941,825	8,982,752	9,623,285	4,991,134	3,115,469	15,323,490	61,977,955

		2020	2019
		------- RUPEES -------	
24	NET COMMISSION EXPENSE AND OTHER ACQUISITION COSTS		
	Commission paid or payable	4,899,741	8,828,629
	Add: Deferred commission expense opening	6,986,821	6,293,238
	Less: Deferred commission expense closing	(6,569,234)	(6,986,821)
		5,317,328	8,135,046
	Less: Commission received or recoverable	-	(40,500)
	Commission from reinsurers	-	(40,500)
	Net commission expense	5,317,328	8,094,546
25	MANAGEMENT EXPENSES		
	Employee benefit cost	57,883,716	55,054,169
	Travelling expense	5,089,481	6,717,043
	Advertisement and sales promotion	121,270	248,840
	Printing and stationery	871,395	855,499
	Depreciation expenses	2,641,388	3,053,595
	Amortisation	131,736	1,465,235
	Rent, rates and taxes	4,117,238	5,600,617
	Legal and professional fee - business related	1,157,335	1,813,508
	Electricity, gas and water	1,154,120	1,675,422
	Entertainment	489,579	687,889
	Vehicle running expenses	543,637	673,944
	Repairs and maintenance	442,473	1,482,189
	Bank charges	64,894	152,845
	Postages, telegrams and telephone	1,702,230	1,661,367
	Annual supervision fee of SECP	229,236	226,586
	Bad and doubtful debts	-	90,695
	Insurance	42,213	-
	Miscellaneous	2,926,840	5,230,249
		79,608,781	86,689,692

25.1 This includes contribution to provident fund amounting to Rs. 1.313 million (2019: Rs.1.757 million).

		2020	2019
		------- RUPEES -------	
25.1.1	Employee benefit cost		
	Salaries, allowance and other benefits.	55,591,699	52,650,577
	Charges for post employment benefits	2,292,017	2,403,592
		57,883,716	55,054,169
26	INVESTMENT INCOME		
	Income from equity securities		
	Available for sale financial assets:		
	Dividend income	2,072,853	3,636,514
		2,072,853	3,636,514
	Income from Term Deposit Certificates (TDR)		
	Held to maturity		
	Return on TDR	23,695	38,667
	Total investment income	2,096,548	3,675,181
		2,096,548	3,675,181

		Note	2020	2019
			------- RUPEES -------	
27	OTHER INCOME			
	(Loss) on sale of property and equipments		-	(265,553)
	Markup on other receivables		42,776,918	56,981,835
	Other income		5,759,793	6,080,382
			48,536,711	62,796,664
28	OTHER EXPENSES			
	Auditors' remuneration	28.1	1,204,000	1,487,000
	Subscription and fee		67,032	227,925
	Registration fee		2,480,051	2,464,138
			3,751,083	4,179,063
28.1	**Auditors' remuneration**			
	Annual audit fee		650,000	650,000
	Consolidation		125,000	250,000
	Review of code of corporate governance		125,000	125,000
	Half yearly review		154,000	147,000
	Out of pocket expenses		90,000	90,000
	Certification charges		60,000	225,000
			1,204,000	1,487,000
29	TAXATION			
	For the year			
	Current		19,364,393	14,451,417
	Prior year tax		(7,781,251)	-
			11,583,142	14,451,417

29.1 The income tax returns of the Company have been filed up to Tax Year 2018 and the same are deemed to be assessed under the provisions of the Income Tax Ordinance, 2001.

29.2 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and the applicable tax rate for the year 2019 and 2018 has not been presented in these unconsolidated financial statements, as the total income of the Company falls under section 113 of the Income Tax Ordinance, 2001.

		2020	2019
		------- RUPEES -------	
30	EARNING PER SHARE		
	Profit for the year	54,581,782	49,133,367
	Weighted average number of ordinary shares	107,695,041	107,695,041
	Earnings per share basic and diluted	0.51	0.46

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

31 COMPENSATION OF DIRECTORS AND EXECUTIVES

Description	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	---- (Rupees) ----					
Managerial remuneration	5,760,000	5,760,000	2,340,000	1,872,000	5,940,000	2,484,000
Retirement benefits	-	528,000	126,000	93,600	428,400	248,400
House rent	2,592,000	2,592,000	1,560,000	1,248,000	3,960,000	1,656,000
Utilities/Other	3,048,000	3,048,000	480,000	480,000	1,560,000	600,000
Total	11,400,000	11,928,000	4,506,000	3,693,600	11,888,400	4,988,400
Number of persons	1	1	2	2	3	1

31.1 Non-Executive Directors were paid Rs. 0.04 million (2019: Rs. 0.07 million) for attending Board of Directors meetings during the year. In addition, Chief Executive Officer was also provided with free use of the Company maintained cars in accordance with his entitlements. Chief executive, directors and executives are also provided provident fund facility in which contribution of both employer and employee is at a rate of 10%.

32 RELATED PARTY RELATIONSHIPS

Name of related parties

Crescent Star Foods (Private) Limited
Crescent Star Luxury (Private) Limited
Crescent Star Technology (Private) Limited

33 RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, directors and their close family members its staff retirement funds, key management personnel and major shareholders of the Company. The associated companies are associated either based on its holding in 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.

Balances, including subsidiaries, are disclosed in relevant notes to these unconsolidated financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements, are as follows:

		2020	2019
		------- RUPEES -------	
33.1	Subsidiary companies		
	Crescent Star Foods (Private) Limited		
	Advance against issuance of shares	2,409,337	1,343,794
	Crescent Star Luxury (Private) Limited		
	Advance against issuance of shares	286,656	1,037,329
	Crescent Star Technology (Private) Limited		
	Advance against issuance of shares	11,830	22,000
33.2	Remuneration to key management personnel		
	Remuneration paid to Chief Executive, Executive Director and Executives of the Company (note 31)	27,794,400	20,610,000
	Staff retirement benefits		
	Provident fund contribution	1,313,700	1,757,034
	Markup on outstanding balance of provident fund	978,317	646,558

34 SEGMENT INFORMATION

The operator has six primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, accident & health, credit and suretyship & miscellaneous.

Description	For the year ended December 31, 2020						
	Fire and property damage	Marine, aviation and transport	Motor	Accident & health	Credit and suretyship	Miscellaneous	Total
	-- (Rupees) --						
Gross written premium (inclusive of administrative surcharges)	816,671	4,651,290	17,814,800	-	78,272,881	3,515,179	105,070,821
Gross direct premium	782,886	4,429,267	17,624,393	-	75,998,572	3,310,753	102,145,871
Facultative inward premium	-	-	-	-	-	-	-
Administrative surcharge	33,785	222,023	190,407	-	2,274,309	204,426	2,924,950
Insurance premium earned	1,733,403	4,302,776	31,449,256	710,371	70,536,179	4,170,016	112,902,001
Insurance premium ceded to reinsurers	(25,399)	-	(234,754)	-	-	-	(260,153)
Net insurance premium	1,708,004	4,302,776	31,214,502	710,371	70,536,179	4,170,016	112,641,848
Commission income	-	-	-	-	-	-	-
Net underwriting income	1,708,004	4,302,776	31,214,502	710,371	70,536,179	4,170,016	112,641,848
Insurance claims	720,737	(3,866,616)	(3,289,826)	(338,257)	(500,000)	(173,466)	(7,447,428)
Insurance claims recovered from reinsurers	-	-	-	-	-	-	-
Commission expense	(342,165)	(1,541,895)	(2,679,143)	(35,519)	(355,971)	(362,635)	(5,317,328)
Management expense	(610,154)	(3,452,010)	(13,735,811)	-	(59,230,525)	(2,580,281)	(79,608,781)
Premium deficiency (expense)	-	(93,537)	(310,915)	-	-	-	(404,452)
Net insurance claims and expenses	(231,582)	(8,954,058)	(20,015,695)	(373,776)	(60,086,496)	(3,116,382)	(92,777,989)
Underwriting results	1,476,422	(4,651,282)	11,198,807	336,595	10,449,683	1,053,634	19,863,859
Net investment income							2,096,548
Other income							48,536,711
Other expenses							(3,751,083)
Result of operating activities							66,746,035
Finance costs							(581,111)
Profit before tax for the year							66,164,924
Segment assets	3,251,425	8,190,933	59,421,151	1,352,290	134,275,443	7,938,206	214,429,449
Unallocated corporate assets	-	-	-	-	-	-	1,118,640,962
Total assets	3,251,425	8,190,933	59,421,151	1,352,290	134,275,443	7,938,206	1,333,070,411
Segment liabilities	2,423,108	6,104,251	44,283,306	1,007,787	100,068,081	5,915,907	159,802,440
Unallocated corporate liabilities	-	-	-	-	-	-	143,969,968
Total liabilities	2,423,108	6,104,251	44,283,306	1,007,787	100,068,081	5,915,907	303,772,408

Description	Fire and property damage	Marine, aviation and transport	Motor	Accident & health	Credit and suretyship	Miscellaneous	Total
	For the year ended December 31, 2019						
	(Rupees)						
Gross written premium (inclusive of administrative surcharges)	3,222,260	4,480,338	42,377,617	1,136,594	60,045,223	4,725,553	115,987,585
Gross direct premium	3,158,740	4,334,279	42,049,932	1,136,594	57,385,891	4,524,923	112,590,359
Facultative inward premium	-	-	-	-	-	-	-
Administrative surcharge	63,520	146,059	327,685	-	2,659,332	200,630	3,397,226
Insurance premium earned	5,093,640	7,467,954	44,813,088	1,189,724	46,548,459	5,854,847	110,967,712
Insurance premium ceded to reinsurers	(69,301)	(12,036)	(35,245)	-	-	-	(116,583)
Net insurance premium	5,024,339	7,455,918	44,777,843	1,189,724	46,548,459	5,854,847	110,851,129
Commission income	-	-	40,500	-	-	-	40,500
Net underwriting income	5,024,339	7,455,918	44,818,343	1,189,724	46,548,459	5,854,847	110,891,629
Insurance claims	(451,692)	(141,026)	(7,199,837)	108,040	(2,608,856)	(3,661,527)	(13,954,898)
Insurance claims recovered from reinsurers	-	-	-	-	-	-	-
Commission expense	(802,220)	(1,615,280)	(4,051,417)	(2,656)	(1,190,109)	(473,364)	(8,135,046)
Management expense	(2,432,093)	(3,337,207)	(32,376,623)	(875,128)	(44,184,646)	(3,483,994)	(86,689,691)
Premium deficiency (expense)	-	(14,906)	-	-	-	-	(14,906)
Net insurance claims and expenses	(3,686,005)	(5,108,419)	(43,627,877)	(769,744)	(47,983,611)	(7,618,885)	(108,794,541)
Underwriting results	1,338,334	2,347,499	1,190,466	419,980	(1,435,152)	(1,764,038)	2,097,089
Net investment income							3,675,181
Other income							62,796,664
Other expenses							(4,179,063)
Result of operating activities							64,389,871
Finance costs							(805,085)
Profit before tax for the year							63,584,786
Segment assets	9,180,730	13,460,172	80,770,702	2,144,348	83,898,519	10,552,723	200,007,194
Unallocated corporate assets	-	-	-	-	-	-	1,054,764,157
Total assets	9,180,730	13,460,172	80,770,702	2,144,348	83,898,519	10,552,723	1,254,771,351
Segment liabilities	7,038,785	10,319,796	61,926,189	1,644,053	64,324,259	8,090,680	153,343,762
Unallocated corporate liabilities	-	-	-	-	-	-	127,315,589
Total liabilities	7,038,785	10,319,796	61,926,189	1,644,053	64,324,259	8,090,680	280,659,351

35 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

Insurance Risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased where necessary to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital.

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policy holder, within a geographical location or to types of commercial business. The Company minimizes its exposure by prudent underwriting and reinsuring policies where necessary.

Frequency and severity of claims

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

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

	Maximum Gross Risk Exposure	
	2020	2019
	------- RUPEES (000) -------	
Class		
Fire and property damage	711,412	3,581,200
Marine, aviation and transport	2,669,736	3,433,365
Motor	1,589,300	1,929,030
Accident and health	6,535	1,150
Credit and suretyship	156,655,562	111,920,030
Miscellaneous	11,796,618	14,541,695
	173,429,163	135,406,470

Uncertainty in the estimation of future claims payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims IBNR, the Company follows the recommendation of actuary.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company 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. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other then exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and 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 for example. 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.

At the year end, 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 except for health which is made on a quarterly basis. The methods used, and the estimates made, are reviewed regularly.

The Company determines adequacy of liability of premium deficiency reserves 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 but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

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

Class	Assumed net loss ratio	
	2020	2019
	------- Percentage (%) -------	
Fire and property	-24%	9%
Marine, aviation and transport	47%	43%
Motor	31%	30%
Accident and health	25%	48%
Credit and suretyship	2%	4%
Miscellaneous	18%	19%

Sensitivities

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:

Particulars	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
		----------------------- (RUPEES) -----------------------			
Average claim costs					
2020	+ 10%	744,743	744,743	744,743	528,767
2019	+ 10%	1,395,490	1,395,490	1,395,490	990,798

Statement of age-wise breakup of unclaimed insurance benefits

Particulars	Age-wise Breakup				
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	----------------------- (RUPEES) -----------------------				
Claims not encashed	-	-	-	-	-

35.1 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives and policies

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk (including interest / mark up rate risk and price risk)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these unconsolidated financial statements.

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

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

The Company's Board 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.

35.2 Credit risk and concentration of credit risk

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

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

The Company is exposed to credit risk from its operating activities primarily for premiums due but unpaid, amount due from other insurers/reinsurers, reinsurance recoveries against outstanding claims and other financial assets.

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

	Category of financial assets	2020	2019
		------- RUPEES -------	
Bank deposits	Loans and receivables	9,958,915	1,339,274
Investments:			
Government securities	Held to maturity	-	-
Equity & other securities	Available for sale	91,756,452	17,141,873
Premiums due but unpaid	Loans and receivables	189,140,460	167,161,884
Accrued investment income	Loans and receivables	-	-
Amount due from other insurers / reinsurers	Loans and receivables	1,258,001	927,923
Reinsurance recoveries against outstanding claims	Loans and receivables	2,595,202	2,595,202
Loans and other receivables	Loans and receivables	866,799,951	813,608,971
		1,161,508,981	1,002,775,127

Geographically there is no concentration of credit risk.

The Company does not held collateral as security. There is no single significant customer in the receivables of the Company.

General provision is made for premium due but unpaid against doubtful receivables as disclosed in note 11 to these unconsolidated financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

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

2020	Carrying Amount	Upto 1 year	From 1 to 2 years	More than 2 years
	---------- RUPEES ----------			
Financial assets				
Premiums due but unpaid	189,140,460	31,763,594	20,872,361	136,504,505
Amounts due from other insurers/ reinsurers	1,258,001	927,923	69,961,189	(69,631,111)
Accrued investment income	-	-	-	-
Reinsurance recoveries against outstanding claims	2,595,202	-	-	2,595,202
Loans and other receivables	813,608,971	173,337,087	5,163,657	635,108,227
	1,006,602,634	206,028,604	95,997,207	704,576,823

2019	Carrying Amount	Upto 1 year	From 1 to 2 years	More than 2 years
	---------- RUPEES ----------			
Financial assets				
Premiums due but unpaid	167,161,884	31,763,594	20,872,361	114,525,929
Amounts due from other insurers/ reinsurers	927,923	927,923	69,961,189	(69,961,189)
Accrued investment income	-	-	-	-
Reinsurance recoveries against outstanding claims	2,595,202	-	-	2,595,202
Loans and other receivables	813,608,971	173,337,087	5,163,657	635,108,227
	984,293,980	206,028,604	95,997,207	682,268,169

b) The credit quality of Company's bank balances (gross) can be assessed with reference to external credit ratings as follows:

	Rating	Agency	2020	2019
			------- RUPEES -------	
Faysal Bank Limited	AA	PACRA/JCR-VIS	1,623,334	804,496
Habib Bank Limited	AAA	JCR-VIS	8,306,172	543,501
Allied Bank Limited	AA+	PACRA	182,676	182,676
NIB Bank Limited	AA-	PACRA	38,132	-
Soneri Bank Limited	AA-	PACRA	53,743	53,743
The Bank of Punjab	AA	PACRA	43,257	43,257
Meezan Bank Limited	AA	JCR-VIS	22,482	22,482
SILK Bank Limited	A-	JCR-VIS	4,819	4,819
National Bank of Pakistan	AAA	PACRA/JCR-VIS	4,127	4,127
Bank Alfalah Limited	AA	PACRA	2,327	2,327
MCB Bank Limited	AAA	PACRA	265	265
			10,281,334	1,661,693

c) The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

Particulars	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2020	2019
	-----	-----	Rupees	-----	-----
A or above	51,562,964	2,595,202	-	54,158,166	54,158,166
BBB	12,308,239	-	-	12,308,239	12,308,239
Others	7,075,080	-	-	7,075,080	7,075,080
Total	70,946,283	2,595,202	-	73,541,485	73,541,485

35.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company is financing its operations mainly through equity, working capital and musharaka to minimize risk.

The followings are the contractual maturities of financial liabilities, including estimated markup payments on an undiscounted cash flow basis:

Particulars	2020			
	Carrying amount	Contractual cash flows	Up to 1 year	Greater than 1 year
	-----	----- RUPEES	-----	-----
Financial liabilities measured at Held to Maturity:				
Provision for outstanding claims	61,242,125	61,242,125	61,242,125	-
Amounts due to other insurers	-	-	-	-
Other creditors	24,700,954	24,700,954	24,700,954	-
Obligation under musharaka	2,592,611	2,592,611	2,592,611	-
Unpresented dividend warrants	418,209	418,209	-	418,209
	88,953,899	88,953,899	88,535,690	418,209

Particulars	2019			
	Carrying amount	Contractual cash flows	Up to 1 year	Greater than 1 year
	-----	----- RUPEES	-----	-----
Financial liabilities measured at amortised cost:				
Provision for outstanding claims	61,242,125	61,242,125	61,242,125	-
Amounts due to other insurers	-	-	-	-
Other creditors	19,110,520	19,110,520	19,110,520	-
Obligation under musharaka	5,013,650	5,013,650	4,453,575	560,075
Unpresented dividend warrants	418,209	418,209	-	418,209
	85,784,504	85,784,504	84,806,220	978,284

35.4 Market risk

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

(a) Interest rate risk exposure

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

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

Particulars	2020					
	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
	Effective rate % per anum	Maturity upto one year	Maturity over one year	Sub-total		
	---------- Rupees ----------					
Financial assets						
Investments	-	-	-	-	91,756,452	91,756,452
Equity securities	-	-	-	-	-	-
Loans and other receivables	12.07%	354,279,066	-	354,279,066	512,520,885	866,799,951
Insurance / reinsurance receivables						
Premium due but unpaid	-	-	-	-	189,140,460	189,140,460
Amounts due from other insurers / reinsurers	-	-	-	-	1,258,001	1,258,001
Reinsurance recoveries against outstanding claims	-	-	-	-	2,595,202	2,595,202
Cash and bank	-	-	-	-	10,064,959	10,064,959
		354,279,066	-	354,279,066	807,335,959	1,161,615,025
Financial liabilities						
Outstanding claims including IBNR	-	-	-	-	61,977,955	61,977,955
Insurance / reinsurance payables	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	33,126,152	33,126,152
Borrowings	15% to 18%	2,592,611	-	2,592,611	-	2,592,611
Unclaimed dividend	-	-	-	-	418,209	418,209
		2,592,611	-	2,592,611	95,522,316	98,114,927
On balance sheet gap		351,686,455	-	351,686,455	711,813,643	1,063,500,098

Particulars	2019					
	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
	Effective rate % per anum	Maturity upto one year	Maturity over one year	Sub-total		
	----------- Rupees -----------					
Financial assets						
Investments	-	-	-	-	17,141,873	17,141,873
Equity securities	-	-	-	-	-	-
Debt securities	16%	-	-	-	-	-
Loans and other receivables		354,279,066	-	354,279,066	459,069,905	813,348,971
Insurance / reinsurance receivables	-					
Premium due but unpaid	-	-	-	-	167,161,884	167,161,884
Amounts due from other insurers / reinsurers	-	-	-	-	927,923	927,923
Reinsurance recoveries against outstanding claims	-	-	-	-	2,595,202	2,595,202
Cash and bank	-	-	-	-	73,886,978	73,886,978
		354,279,066	-	354,279,066	720,783,765	1,075,062,831
Financial liabilities						
Outstanding claims including IBNR	-	-	-	-	61,242,125	61,242,125
Insurance / reinsurance payables	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	25,129,058	25,129,058
Borrowings	15% to 18%	4,453,575	560,075	5,013,650	-	5,013,650
Unclaimed dividend	-	-	-	-	418,209	418,209
	-	4,453,575	560,075	5,013,650	86,789,392	91,803,042
On balance sheet gap	-	349,825,491	(560,075)	349,265,416	633,994,373	983,259,789

35.5 Sensitivity analysis

Change in interest rate will not effect fair value of any financial instrument. The Company is not exposed to significant mark-up rate risk as the Company has not entered into any significant variable rate instruments.

a) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities with fair value of Rs. 91,756,452 (2019: Rs. 17,141,873) at the reporting date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the reporting date.

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 may be affected by the relative quantity of the security being sold. However, the Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarizes Company's equity price risk as on December 31, 2020 and 2019 shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be better or worse in Company's equity investment portfolio because of the nature of equity markets.

The impact of hypothetical change would be as follows:

Particulars	Hypothetical price change	Fair value	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
		----------------------------	Rupees	----------------------------	
December 31, 2020	10% increase	91,756,452	100,932,097	9,175,645	9,175,645
	10% decrease		82,580,807	(9,175,645)	(9,175,645)
December 31, 2019	10% increase	17,141,873	18,856,060	1,714,187	1,714,187
	10% decrease		15,427,686	(1,714,187)	(1,714,187)

Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and 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 unconsolidated statement of financial position is adequate. 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, some results of sensitivity testing are set out below, showing the impact on profit/(loss) before tax net of reinsurance.

Particulars	Impact on pre tax profit/(loss)		Shareholders' equity	
	2020	2019	2020	2019
± 10% variation in profit /(loss)	---------- RUPEES (000) ----------			
Fire and property damage	1,476	1,339	1,019	924
Marine, aviation and transport	(4,651)	2,347	(3,209)	1,620
Motor	11,199	1,190	7,727	821
Accident and health	337	420	232	290
Credit and suretyship	10,450	(1,435)	7,210	(990)
Miscellaneous	1,054	(1,764)	727	(1,217)
	19,864	2,097	13,706	1,448

35.6 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 Insurance Rules, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 89(1)/2017, minimum paid-up capital requirement to be complied with by Insurance as at December 31, 2018 and subsequent year is Rs. 500 million. As at December 31, 2020 the Company's paid-up capital is in excess of the prescribed limit.

35.7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

35.7.1 The management considers the carrying amount of all financial assets and liabilities not measured at fair value at the end of the reporting period to approximate their fair value as at the reporting date.

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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, difference may arise between the carrying values and fair values estimates.

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

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 : Valuation techniques for which the lower level input that is significant to the fair value measurement is either directly or indirectly observable.

Level 3 : Valuation techniques for which the lower level input that is significant to the fair value measurement is either directly or indirectly unobservable.

Particulars	2020								
	Carrying Amount						Fair Value		
	Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet	---------- RUPEES ----------								
Financial assets									
Cash and bank	-	-	-	10,064,959	-	10,064,959	-	-	-
Investments	-	-	91,756,452	-	-	91,756,452	91,756,452	-	-
Premiums due but unpaid	-	-	-	189,140,460	-	189,140,460	-	-	-
Amounts due from other insurers / reinsurers	-	-	-	1,258,001	-	1,258,001	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	2,595,202	-	2,595,202	-	-	-
Loans and other receivables	-	-	-	866,799,951	-	866,799,951	-	-	-
	-	-	91,756,452	1,069,858,573	-	1,161,615,025	91,756,452	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-
Financial liabilities									
Provision for outstanding claims (including IBNR)	-	-	-	-	61,977,955	61,977,955	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	33,126,152	33,126,152	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	2,592,611	2,592,611	-	-	-
Unclaimed dividend	-	-	-	-	418,209	418,209	-	-	-
	-	-	-	-	98,114,927	98,114,927	-	-	-

Particulars	2019								
	Carrying Amount						Fair Value		
	Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet	-- RUPEES --								
Financial assets									
Cash and bank	-	-	-	73,886,978	-	73,886,978	-	-	-
Investments	-	-	17,141,873	-	-	17,141,873	1,143,570	-	-
Premiums due but unpaid	-	-	-	167,161,884	-	167,161,884	-	-	-
Amounts due from other insurers / reinsurers	-	-	-	927,923	-	927,923	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	2,595,202	-	2,595,202	-	-	-
Loans and other receivables	-	-	-	813,348,971	-	813,348,971	-	-	-
	-	-	17,141,873	1,057,920,958	-	1,075,062,831	1,143,570	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-
Financial liabilities									
Provision for outstanding claims (including IBNR)	-	-	-	-	61,242,125	61,242,125	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	25,129,058	25,129,058	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	5,013,650	5,013,650	-	-	-
Unclaimed dividend	-	-	-	-	418,209	418,209	-	-	-
	-	-	-	-	91,803,042	91,803,042	-	-	-

36 STATEMENT OF SOLVENCY

	2020	2019
	------- RUPEES -------	
Assets		
Property and equipment	14,866,552	16,291,707
Intangible assets	-	106,735
Investment in subsidiary and associate (applicable where equity accounting is followed)	150,019,600	150,019,600
Investments		
Equity securities	91,756,452	17,141,873
Loans and other receivables	866,799,951	813,608,971
Insurance / reinsurance receivables	190,398,461	168,089,807
Reinsurance recoveries against outstanding claims	2,595,202	2,595,202
Deferred commission expense	6,569,234	6,986,821
Prepayments	-	6,043,657
Cash and Bank	10,064,959	73,886,978
Total Assets (A)	1,333,070,411	1,254,771,351
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance , 2000		
(d) & (g)	282,468,728	279,706,905
(n) to (t)	137,930,797	141,661,526
(h)	164,161,228	134,235,700
(u)	14,866,552	16,291,707
(i)	-	106,735
Total of in-admissible assets (B)	599,427,305	572,002,573
Total admissible assets (C= A-B)	733,643,106	682,768,778
Liabilities		
Underwriting provisions		
Outstanding claims including IBNR	61,977,955	61,242,125
Unearned premium reserves	45,517,153	53,348,333
Premium deficiency reserves	419,358	14,906
Borrowings	2,592,611	5,013,650
Premium received in advance	2,023,233	2,110,755
Other creditors and accruals	163,065,071	141,881,158
Taxation - provision less payment	28,177,027	17,048,424
Total liabilities (D)	303,772,408	280,659,351
Total Net Admissible Assets (E=C-D)	429,870,698	402,109,427
Minimum solvency requirements (higher of following)	150,000,000	150,000,000

Method A - U/s 36(3)(a)	150,000,000
Method B - U/s 36(3)(b)	22,528,370
Method C U/s 36(3)(c)	20,979,981

	2020	2019
Excess in net admissible assets over minimum requirements	279,870,698	252,109,427

37 PROVIDENT FUND RELATED DISCLOSURE

The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2020	2019
		------- RUPEES -------	
		(Un-audited)	(Audited)
Size of the fund - Total net assets		26,720,428	23,260,910
Cost of investments	37.1	12,099,059	12,099,059
Percentage of investments made		69.23%	73.97%
Fair value of investments		18,499,298	17,206,185

37.1 The break-up cost of investments is as follows:

	Amount 2020	Percentage of total fund	Amount 2019	Percentage of total fund
Mutual funds	8,349,059	69%	8,349,059	69%
Bank account - saving	3,750,000	31%	3,750,000	31%
	12,099,059	100%	12,099,059	100%

38 NUMBER OF EMPLOYEES

	2020	2019
	------- NUMBERS -------	
Number of employees at the December 31,	39	42
Average number of employees during the year	41	47

39 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no significant reclassification have been made.

40 SUBSEQUENT EVENTS - NON ADJUSTING

There are no subsequent adjusting figures which require disclosure.

41 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been approved for issue on March 26, 2021 by the Board of Directors of the Company.

42 GENERAL

The figures in the unconsolidated financial statements have been rounded off to the nearest rupee.

Chief Executive / Principal Officer	Director	Director	Director	Chief Financial Officer

CONSOLIDATED

Financial Statements
for the Year Ended
December 31, 2020

Directors' Report to the Members on Consolidated Financial Statements

On behalf of the Board of Directors, I am pleased to present the consolidated financial statements of Crescent Star Insurance Limited and its subsidiaries, Crescent Star Luxury (Private) Limited (CSL), Crescent Star Foods (Private) Limited (CSF) and Crescent Star Technologies (Private) Limited for year ended December 31, 2020.

The consolidated gross premium recorded this year was Rs. 105.071 million as compared to Rs. 115.988 million in the year 2019. The net premium was Rs. 112.642 million and the profit after tax was Rs. 43.695 million. The consolidated total assets were Rs. 1,136.423 million.

Auditors' Report

- The Company has made an advance of Rs. 354.279 million for issuance of shares to Dost Steels Limited (DSL). Prudent management policy and in the interest of the Company, the Company has charged interest amounting to Rs. 206.107 million on the advance amount and demanded the same from DSL. However, due to non-availability of any written agreement between DSL and CSIL for charging of mark-up, the auditors have expressed their reservation in the auditors' report.

- The Company has premium receivable amounting to Rs.264.754 million out of which Rs. 75.613 have been provided as bad debts representing 29% of the total receivable. This is in line with the Board as well as market policy.

- Keeping in view the projections of its subsidiary CSF impairment of goodwill was not provided.

- The auditors have expressed reservations on the verification of balances as reflected in the CSL unaudited financial statements due to difference in the year end. The balances were however available for verification by the auditors.

The following appropriation of profit has been recommended by the Board of Directors:

	December 31, 2020	December 31, 2019
	-------------------- Rupees --------------------	
Profit / (loss) before tax	53,768,282	32,638,067
Provision for taxation	(10,072,885)	(13,146,147)
Profit / (loss) after tax	43,695,397	19,491,920
Profit / (loss) attributable to non-controlling interest	(5,215,471)	(11,269,440)
Profit / (loss) attributable to ordinary shareholders	48,910,868	30,761,360
Profit / (loss) per share	0.45	0.29

The Directors of your Company would like to take this opportunity to thank all the stakeholders for their continued support and cooperation.

Tanveer Ahmed
Director

Naim Anwar
Managing Director & CEO

Karachi: March 26, 2021

ممبران کے لئے مجموعی مالیاتی گوشواروں پر ڈائریکٹران کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے میں کریسنٹ اسٹار انشورنس لمیٹڈ اور اس کی ذیلی کمپنیوں کریسنٹ اسٹار لگژری (پرائیویٹ) لمیٹڈ (CSL)، کریسنٹ اسٹار فوڈز (پرائیویٹ) لمیٹڈ (CSF) اور کریسنٹ اسٹار ٹیکنالوجیز (پرائیویٹ) لمیٹڈ کے مختتمہ سال 31 دسمبر 2020 کے مجموعی عبوری مالیاتی گوشوارے پیش کرتے ہوئے اظہار مسرت کرتا ہوں۔

مجموعی خام پریمیم 105.071 ملین روپے رہا جبکہ گزشتہ سال 2019 میں 115.988 ملین روپے تھا۔ خالص پریمیم 112.642 ملین روپے رہا، اور بعد از ٹیکس منافع 43.695 ملین روپے رہا۔ مجموعی اثاثہ جات کی مالیت 1,136.423 ملین روپے رہی۔

آڈیٹرز کی رپورٹ

☆ کمپنی نے دوست اسٹیل ملز کو حصص جاری کر کے 354.279 ملین روپے کا ایڈوانس دیا ہے۔ محتاط انتظامی پالیسی اور کمپنی کے مفاد میں کمپنی نے ایڈوانس کی رقم پر 206.107 ملین روپے کا سود لگایا ہے اور DSL سے اس کا مطالبہ کیا ہے۔ تاہم CSIL اور DSL کے درمیان ایڈوانس کی رقم پر سود سے متعلق کوئی تحریری معاہدہ دستیاب نہیں ہے، اس لئے آڈیٹرز نے اپنے تحفظات کا اظہار کیا ہے۔

☆ کمپنی کے 264.754 ملین روپے کے قابل وصول پریمیم ہے، جس میں سے 29 فیصد یعنی 75.613 ملین روپے بطور نا قابل وصول قرضوں میں مختص کئے گئے ہیں۔ یہ بورڈ کے ساتھ مارکیٹ کی پالیسی کے عین مطابق ہے۔

☆ اپنی ذیلی کمپنی CSF کے قوی امکانات کو مدنظر رکھتے ہوئے ساکھ کی فرسودگی مختص نہیں کی گئی۔

☆ آڈیٹرز نے CSL کے غیر آڈٹ شدہ مالیاتی گوشواروں میں ظاہر کئے گئے بقایا جات کی تصدیق پر تحفظات کا اظہار کیا ہے جن میں سال کے اختتام پر فرق ملا ہے۔ تاہم بقایا جات آڈیٹرز کی تصدیق کے لئے دستیاب ہیں۔

بورڈ آف ڈائریکٹرز نے منافع کے مندرجہ ذیل مصارف کی سفارش کی ہے:

	31 دسمبر 2020		31 دسمبر 2019
	....	روپے	....
منافع/(خسارہ) قبل از ٹیکس	53,768,282		32,638,067
ٹیکس کے لئے اختصاص	(10,072,885)		(13,146,147)
منافع/(خسارہ) بعد از ٹیکس	43,695,397		19,491,920
منافع/خسارہ جو کہ نا قابل گرفت سود سے متعلق ہے	(5,215,471)		(11,269,440)
منافع/(خسارہ) جن کا تعلق حصص یافتگان سے ہے	48,910,868		30,761,360
منافع/(خسارہ) فی حصص	0.45		0.29

آپ کی کمپنی کے ڈائریکٹران اس موقع پر تمام مستفیدان کے مسلسل تعاون اور مدد پر ان کے مشکور ہیں۔

تنویر احمد
ڈائریکٹر

نعیم انور
مینیجنگ ڈائریکٹر اینڈ سی ای او

کراچی: 26 مارچ 2021

INDEPENDENT AUDITOR'S REPORT
To the members of Crescent Star Insurance Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Crescent Star Insurance Limited (the Holding Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the matters stated in the basis for qualified opinion paragraph below, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

1) As stated in note 10.1 to the consolidated financial statements, the Group has recorded accrued interest amounting to Rs. 206.107 million (2019: Rs. 163.330 million) at a rate of one year KIBOR plus three percent on the advance against issue of shares to Dost Steels Limited. We have not been provided any documentary evidence to substantiate the Group's claim against accrued interest and under the circumstances the recoverability of the interest income accrued could not be ascertained. Accordingly, profit for the year and total assets/solvency of the Group are overstated by Rs. 42.777 million (2019: Rs. 56.981 million) and Rs. 206.107 million (2019: Rs. 163.330 million) respectively.

2) As stated in Note 11 to the consolidated financial statements, the Group has recorded premium receivable amounting to Rs 264.754 million (2019: Rs 242.775 million) out of which Rs 75.613 million (2019: Rs. 75.613 million) have been provided as bad debts. However, in the absence of reconciliation, correspondence with the customer and subsequent clearance we are unable to verify the remaining balance of Rs 190.398 million, any adjustment to the amount of the above receivable found to be necessary would affect the Group's profit for the year then ended.

3) As stated in note 8 to the consolidated financial statements, the Group has goodwill amounting to Rs. 28.743 million. Management has not carried out any impairment testing as per the requirement of IAS 36 "Impairment of Assets" due to which we are unable to determine the recoverable amount and impairment loss, if any.

4) Assets of the consolidated financial statements include property and equipment amounting to Rs. 12.86 million (2019: Rs. 14.377 million), loans and other receivables amounting to Rs.3.93 million (2019: Rs. 4.012 million), and stock in trade amounting to Rs. 8.183 million (2019: Rs. 8.183 million), Liabilities of the consolidated financial statements include other creditors and accruals amounting to Rs 26.99 million (2019: Rs 28.646 millon), income of the consolidated financial statements include sales amounting to Rs. Nill (2019: Rs. 1.549 million) and Expenses include cost of sales amounting to Rs. Nill (2019: Rs. 2.499 million), general and administration expenses amounting to Rs. 0.125 million (2019: Rs. 6.166 million) are based on unaudited balances in respective financial statements.

Emphasis of Matter

Without further modifying our opinion, we draw attention to note 20 to the financial statements where management has disclosed the payable balance to the provident fund which has not been deposited within 15 days from the date of collection of liability.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matter described below to be the key audit matters to be communicated in our report.

S. No	Key Audit Matter	How the matter was addressed in our audit
01	**Revenue Recognition** Refer note 5.15 and 23 to the annexed financial statements The Company revenue primarily based on	Our audit procedures included the following: • Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of premium income;

	premiums and investment income from insurance policies which comprises 70 % of total income. We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.	• Assessed the appropriateness of the Company's accounting policy for recording of premiums in line with requirements of applicable accounting and reporting standards; • Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and • Tested the investment income transaction on sample basis and subsequent to year end, and evaluated that these were recorded in the appropriate period.
02	**Valuation of claim liabilities** **Refer note 5.4.1 and 'Outstanding claims including IBNR" to the annexed financial statements** The Company's claim liabilities represents 20% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimation. The Company maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions. We have identified the valuation of claim liabilities as key audit matter because estimation of claim liabilities involves a significant degree of judgment.	• Obtained an understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to the claims; • Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations; • Assessed the sufficiency of reserving of

		claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements; • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period; and • Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.

Information Other than the Consolidated 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 consolidated financial statements and our auditor's report thereon

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

Other Matters

Prior Year Financial Statements Audited by Predecessor Auditor

The financial statements of the Company for the year ended December 31, 2019 were audited by another firm of chartered accountants who expressed qualified opinion for the following reasons:

1) Inability to ascertain and substantiate the Group's claim against Accrued interest on advance against issue of shares to Dost Steels Limited (an associated undertaking) in the financial statements of the Company;
2) Not carrying out impairment testing on advance against issuance of shares to Dost Steels Limited as required by IAS 36;
3) Non verification of the premium receivable balances;

4) Not carrying out impairment testing on goodwill as required by IAS 36;

5) Absence of sufficient appropriate audit evidence in verification of the Assets and Liabilities of subsidiary companies reported in the consolidated financial statements;

6) Absence of sufficient appropriate audit evidence in verification of the Income and Expenses of subsidiary companies reported in the consolidated financial statements.

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

Crowe Hussain Chaudhury &
Co. Chartered Accountants

Place: Karachi
Dated: March 29, 2021

CRESCENT STAR INSURANCE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020	2019
		------- RUPEES -------	
ASSETS			
Property and equipment	7	130,713,584	143,333,097
Intangible assets	8	44,596,520	46,053,751
Investments			
Equity securities	9	91,756,452	17,141,873
Loans and other receivables	10	649,201,519	603,281,217
Insurance / reinsurance receivables	11	190,398,461	168,089,807
Reinsurance recoveries against outstanding claims		2,595,202	2,595,202
Deferred commission expense / acquisition cost		6,569,234	6,986,821
Stock-in-trade		10,107,910	10,107,910
Deferred taxation	12	-	-
Prepayments	13	-	6,043,657
Cash and bank	14	10,484,476	74,278,628
Total assets		1,136,423,358	1,077,911,963
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity holders			
Ordinary share capital	15	1,076,950,410	1,076,950,410
Discount on issue of right shares	16	(199,650,000)	(199,650,000)
Reserves	17	(126,159,995)	(175,675,084)
Equity attributable to equity holders of the Parent		751,140,415	701,625,326
Non-controlling interest		(27,881,474)	(22,666,003)
Total shareholders' equity		723,258,941	678,959,323
Liabilities			
Underwriting Provisions			
Outstanding claims including IBNR		61,977,955	61,242,125
Unearned premium reserves		45,517,153	53,348,333
Premium deficiency reserves		419,358	14,906
Deferred taxation	18	2,470,212	3,980,469
Borrowings	19	2,592,611	5,013,650
Premium received in advance		2,023,233	2,110,755
Other creditors and accruals	20	270,923,189	257,130,299
Provision for taxation	21	27,240,706	16,112,103
Total liabilities		413,164,417	398,952,640
Total equity and liabilities		1,136,423,358	1,077,911,963
Contingencies and commitments	22		

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive / Principal Officer   Director   Director   Director   Chief Financial Officer

CRESCENT STAR INSURANCE LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		------- RUPEES -------	
Net insurance premium	23	112,641,848	110,851,129
Net insurance claims	24	(7,447,428)	(13,954,898)
Premium deficiency		(404,452)	(14,906)
Net commission expense and other acquisition costs	25	(5,317,328)	(8,094,546)
Insurance claims and acquisition expenses		(13,169,208)	(22,064,350)
Management expenses	26	(79,608,781)	(86,689,692)
Underwriting results		19,863,859	2,097,087
Sales		-	1,549,000
Cost of sales		-	(2,498,950)
Investment income	27	2,096,548	3,675,181
Other income	28	48,536,710	62,796,664
Other expenses	29	(16,147,724)	(34,175,830)
Results of operating activities		54,349,393	33,443,152
Finance costs		(581,111)	(805,085)
Profit before tax		53,768,282	32,638,067
Taxation	30	(10,072,885)	(13,146,147)
Profit after tax		43,695,397	19,491,920
Attributable to:			
Owners of the Holding Company		48,910,868	30,761,360
Non-controlling interest		(5,215,471)	(11,269,440)
		43,695,397	19,491,920
Other comprehensive income / (loss)			
Unrealized gain on available for sale investments during the period - net of deferred tax		2,376,529	1,457,546
Reclassification adjustments relating to available for sale investments disposed off - net of deferred tax		(1,772,308)	(3,636,178)
Other comprehensive income / (loss) for the year		604,221	(2,178,632)
Total comprehensive income for the year		44,299,618	17,313,288
Earning per share	31	0.45	0.29

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive / Principal Officer   Director   Director   Director   Chief Financial Officer

CRESCENT STAR INSURANCE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
Operating cash flows	------- RUPEES -------	
(a) Underwriting activities		
Insurance Premium received	83,004,724	102,662,310
Reinsurance premium paid	(590,233)	(1,044,506)
Claims paid	(6,711,597)	(13,393,206)
Commission paid	(4,899,741)	(8,828,629)
Commission received	-	40,500
Management expenses paid	(68,735,376)	(97,296,017)
Net cash inflow/(outflow) from underwriting activities	2,067,777	(17,859,548)
(b) Other operating activities		
Proceeds from customers	-	1,549,000
Payments to suppliers	-	1,908,901
Income tax paid	(454,539)	(1,493,181)
Other operating payments	8,660,065	13,607,824
Net cash outflow from other operating activities	8,205,526	15,572,544
Total cash inflow/(outflow) from all operating activities	10,273,303	(2,287,004)
Investment activities		
Profit received	23,695	38,667
Dividend received	2,072,853	3,636,514
Proceeds from investments	(74,010,358)	(3,761,513)
Fixed capital expenditure	848,505	5,303,652
Proceeds from sale of property and equipment	-	170,800
Total cash (outflow)/inflow from investing activities	(71,065,305)	5,388,120
Financing activities		
Finance costs paid	(581,111)	(805,085)
Borrowing under Musharaka arrangements obtained - net	(2,421,039)	(1,413,700)
Total cash from financing activities	(3,002,150)	(2,218,785)
Net cash (outflow)/inflow from all activities	(63,794,152)	882,331
Cash and cash equivalents at beginning of year	74,278,628	73,396,297
Cash and cash equivalents at end of year	10,484,476	74,278,628

Reconciliation to consolidated profit or loss account		
Operating cash flows	10,273,303	(2,287,004)
Depreciation expense	(11,746,008)	(19,160,027)
Amortization expense	(1,482,231)	(4,119,210)
(Loss) on disposal of property and equipments	-	(265,553)
Dividend income	2,072,853	3,636,514
Other investment and other income	23,695	38,667
Finance costs	(581,111)	(805,085)
Increase in assets other than cash	60,711,994	60,310,623
(Decrease) in liabilities other than borrowings	(5,504,213)	(5,764,120)
Provision for taxation	(10,072,885)	(12,092,885)
Profit after taxation for the year	43,695,397	19,491,920

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive / Principal Officer   Director   Director   Director   Chief Financial Officer

CRESCENT STAR INSURANCE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

Description	Issued, subscribed and paid-up share capital	Discount on issue of right shares	Capital reserves	Revenue reserves		Unappropriated profit	Attributable to the owners of the Holding Company	Non-controlling interest	Total equity
			Reserve for exceptional losses	General reserve	Surplus on remeasurement of available for sale investments				
	(Rupees)								
Balance as at January 01, 2019	1,076,950,410	(199,650,000)	1,767,568	24,497,265	2,629,802	(233,152,447)	673,042,598	(11,396,563)	661,646,035
Total comprehensive income for the year	-	-	-	-	(2,178,632)	30,761,360	28,582,728	(11,269,440)	17,313,288
Balance as at December 31, 2019	1,076,950,410	(199,650,000)	1,767,568	24,497,265	451,170	(202,391,087)	701,625,326	(22,666,003)	678,959,323
Balance as at January 01, 2020	1,076,950,410	(199,650,000)	1,767,568	24,497,265	451,170	(202,391,087)	701,625,326	(22,666,003)	678,959,323
Total comprehensive income for the year	-	-	-	-	604,221	48,910,868	49,515,089	(5,215,471)	44,299,618
Balance as at December 31, 2020	1,076,950,410	(199,650,000)	1,767,568	24,497,265	1,055,391	(153,480,219)	751,140,415	(27,881,474)	723,258,941

The annexed notes from 1 to 43 form an integral part of these consolidated financial statements.

Chief Executive / Principal Officer | Director | Director | Director | Chief Financial Officer

CRESCENT STAR INSURANCE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

The Group Consists of:

Name of the Company	Status in the Group	Percentage of shareholding	Acquisition date
Crescent Star Insurance Limited	Holding Company	-	-
Crescent Star Foods (Private) Limited	Subsidiary Company	50%	June 30, 2016
Crescent Star Technologies (Private) Limited	Subsidiary Company	99.7%	February 23, 2016
Crescent Star Luxury (Private) Limited	Subsidiary Company	99.7%	December 15, 2016

1.1 Crescent Star Insurance Limited

Crescent Star Insurance Limited ('the Holding Company') was incorporated in Pakistan as a Public Limited Company in the year 1957 under the Defunct Companies Act, 1913, now the Companies Act, 2017. The Holding Company is listed on the Pakistan Stock Exchange and its registered office is situated at 2nd Floor, Nadir House, I.I. Chundrigar road, Karachi, Pakistan.

The Holding Company is engaged in providing non-life general insurance services mainly in spheres of fire and property damage, marine, aviation and transport, motor, credit and suretyship, accident and health and miscellaneous insurance.

1.2 Crescent Star Foods (Private) Limited

Crescent Star Foods (Private) Limited (the Subsidiary Company) is a private limited company incorporated on February 20, 2015 in Pakistan under the Companies Ordinance, 1984 (now the Companies Act, 2017). The registered office of the company is located at 2nd floor, Nadir House, I.I. Chundrigar Road, Karachi, Pakistan. The Subsidiary Company has the business objective of running the Fast Food Restaurants throughout Pakistan and other ancillary activities.

1.3 Crescent Star Technologies (Private) Limited

Crescent Star Technologies (Private) Limited (the Subsidiary Company) was incorporated in Pakistan as a private limited company on February 23, 2016 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The object of the Subsidiary Company is to carry on business of vehicle tracking, fleet management services including supply and installation/trading of devices based on various technologies such as GPS and GSM. Its registered office is located at 2nd Floor, Nadir House, I.I Chundrigar Road, Karachi.

1.4 Crescent Star Luxury (Private) Limited

Crescent Star Luxury (Private) Limited (the Subsidiary Company) was incorporated in Pakistan as a private limited company on December 15, 2016 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The objective of the Subsidiary Company is to carry on business of beauty, skincare products and fashion accessories as permissible under the law and such other allied business. Its registered office is located at 2nd Floor, Nadir House, I.I Chundrigar Road, Karachi.

2 BASIS OF CONSOLIDATION

The consolidated financial statements includes the financial statements of Holding Company and its subsidiary companies, comprising together 'the Group'. Control is achieved when the Holding Company:

- has a power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Holding Company reassesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary companies begins when the Holding Company obtains control over the subsidiary companies and ceases when the Holding Company loses control of the subsidiary companies. Specifically, income and expenses of a subsidiary companies acquired or disposed-off during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Holding Company gains control until the date when the Holding Company ceases to control the subsidiary companies. These consolidated financial statements include Crescent Star Insurance Limited and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of the subsidiary companies' directors.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Holding Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Holding Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with the Group's accounting policies.

The assets, liabilities, income and expenses of the subsidiary companies have been consolidated on a line by line basis and the carrying value of the investment held by the Holding Company has been eliminated against corresponding Holding in subsidiary companies’ shareholders’ equity in the consolidated financial statements. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control over the subsidiary companies are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Holding Company.

2.2 Loss of control

When the Group losses control of a subsidiary, a gain or loss is recognized in the consolidated profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in the consolidated other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed off the related assets or liabilities of the subsidiary (i.e. reclassified to consolidated profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.3 Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

The Group treat transactions with non-controlling interest as that do not results in loss of control as an equity transaction with owner of the Group. The difference between the fair value of consideration paid and relevant share acquired of the carrying value of net assets of the subsidiary companies is recorded in equity. Gain and loss on disposal to non-controlling interest is recorded directly in equity.

2.4 Discontinued operation

A discontinued operation is a component of the Group’s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

2.5 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated profit or loss account as a bargain purchase gain.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated profit or loss account. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.6 Associates

Associates are all entities over which the Group has significant influence but not control. Investment in associate is accounted for using equity method, whereby the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the associate. The consolidated profit and loss account reflects the Group share of the results of the operations of the associate.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit and loss account where applicable. The gain / loss arising on dilution of interest in an equity accounted investee is recognized in the consolidated profit and loss account.

The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the same in the consolidated profit and loss account.

Crescent Star Insurance Limited ('the Company') was incorporated in Pakistan as a Public Limited Company in the year 1957 under the Defunct Companies Act, 1913, now the Companies Act, 2017. The Company is listed on the Pakistan Stock Exchange and its registered office is situated at 2nd Floor, Nadir House, I.I. Chundrigar road, Karachi, Pakistan.

The Company is engaged in providing non-life general insurance services mainly in spheres of fire and property damage, marine, aviation and transport, motor, credit and suretyship, accident and health and miscellaneous insurance.

3 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accounts of Pakistan (ICAP), as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Companies Act, 2017,the Insurance Ordinance, 2000, Insurance Rules 2017 and the Insurance Accounting Regulations, 2017

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, shall prevail.

These consolidated financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of cost rather than on the basis of reported results. Consolidated financial statements of the Company are prepared and presented separately.

These consolidated financial statements have been prepared as per the prescribed format of presentation of annual financial statements for general insurance companies issued by the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 89(1)/2017 dated February 9, 2017.

3.1 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain obligations under employee retirement benefits which are measured at present value, certain financial instruments which are stated at their fair values and provision for incurred but not reported (IBNR) is made on the basis of actuarial valuation.

In these consolidated financial statements, except for the consolidated statement of cash flows, all the transactions have been accounted for on an accrual basis.

3.2 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the Holding Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded off to nearest Pak Rupee, unless otherwise stated.

STANDARDS, AMENDMENTS AND INTERPRETATIONS TO ACCOUNTING AND REPORTING STANDARDS

3.3 Standards, interpretations of and amendments to the existing accounting standards that have become effective during the year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2020 but are considered not to be relevant or do not have any significant effect on the Company's operation and therefore not detailed in these financial statements.

3.3.1 **Impact of IFRS 9 – Financial Instruments**

IFRS-9 'Financial Instruments' and amendments (effective for period ending June 30, 2019) replaces the existing guidance in IAS-39 Financial Instruments: Recognition and measurement.

IFRS-4 provides two alternative options inrelation to application of IFRS-09 for entities issuing contracts within the sope of IFRS-4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS-9. The overlay approach allows an entity applying IFRS-9 from the effective date to remove from the profit or loss account the effects of some of the accounting mismatches that may occur from applying IFRS-9 before IFRS-17 is applied. The Company has adopted for a temporary exemption from application of IFRS 9.

The effective date of the amendments permitting the temporary exemption is for annual periods beginning on or after 01 January 2018. The temporary exemption is available for annual reporting periods beginning before 01 January 2022 and will expire once IFRS 17 becomes effective.

3.3.2 **Impact of IFRS 16 – Leases**

The Company has opted not to recognise right-of-use assets for leases of low value or short term leases, having remaining lease term of less than 12 months as at January 01, 2020. The payments associated with such leases are recognised as an expense.

3.3.3 **Impact of IFRS 3 – Business Combinations**

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test.

3.3.4 Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

3.4 Standards, interpretations and amendments not effective at year end

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan have not become effective during current year:

Standards, amendments or interpretation		Effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts	January 01, 2022
IFRS 7	Financial Instruments: Disclosures	January 01, 2020

3.5 In addition to the above, the 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, amendments or interpretation		Effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts	January 01, 2022

3.6 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to Company's operations, therefore not disclosed in these financial statements.

4 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. The Company is conducting business with some modifications to employee working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOPs). The Company will continue to actively monitor the situation and may take further actions that alter its business operations as may be required by federal, provincial or local authorities or that are in the best interests of our employees, customers, partners, suppliers and stockholders. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

5.1 Property and equipment

5.1.1 Owned

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 consolidated statement of comprehensive income applying the reducing balance method at the rates specified in note 5 to the consolidated financial statements.

Depreciation on additions is charged from the date the assets are available for use. While on disposal, depreciation is charged up to the date on which the assets are disposed off.

Subsequent costs are included in the asset's carrying amount or recognized as separate assets, 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 the consolidated statement of comprehensive income.

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

5.1.2 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 lease properties for its operations and 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 the right-of-use asset or end of 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 incremental borrowing rate of the Company. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured 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 recognise right-of-use assets and lease liabilities for short term and low value assets.The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line item as it presents underlying assets for the same nature it owns.

5.1.3 Ijarah contracts

Ijarah rentals (Ijrah) under Ijarah contracts are recognised as an expense in the profit and loss on a straight-line basis over the Ijarah term as per Islamic Financial Accounting Standard issued by SECP S.R.O 431(I)/2007 dated May 22, 2007.

5.2 Intangibles - Computer Software

These are stated at cost less accumulated amortization and impairment loss. Amortization is charged over the estimated useful life of the asset on a systematic basis to consolidated statement of comprehensive income applying the straight line method.

Amortization is calculated from the date the assets are available for use. While on disposal, amortization is charged up to the date in which the assets are disposed off.

Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Company.

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.

5.3 Insurance contracts

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

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

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

- Fire and property;
- Marine, aviation and transport;
- Motor;
- Accident and health;
- Credit and suretyship; and
- Miscellaneous

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

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

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

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and liabilities to third parties and passengers arising from their use.

Motor insurance covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

Accident and health insurance contract mainly compensate hospitalization and outpatient medical coverage to the insured. These contracts are generally one year contracts.

Credit and suretyship insurance contracts protects the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. These contracts are generally one year contracts.

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

5.4 Claims

Claims are charged to consolidated statement of comprehensive income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes related 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.

These funds are administered by trustees. The pension plan is a career average salary plan and the gratuity plan is a final basic salary plan. The actuarial valuation of both the plans is carried out on a yearly basis using the Projected Unit Credit Method and contributions to the plans are made accordingly.

Actuarial gains and losses are recognized in other comprehensive income in the year in which they arise.

5.4.1 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the accounting year and measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

i) Claims reported but not settled

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

ii) Claims incurred but not reported

The provision for claims incurred but not reported is made at the reporting date in accordance with SECP circular no. 9 dated March 09, 2016. The Company has changed its method of estimation of IBNR. The Company now takes actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using 'Chain Ladder' (CL) methodology. The CL method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine cumulative development factor (CDF), which represents the extent of future development of claims to reach their ultimate level.

5.5 Premium deficiency reserve / liability adequacy test

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

The movement in the premium deficiency reserve is recognized as an expense or income in the profit and loss account for the year.

The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses, which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable. The expected ultimate net claim ratios for the unexpired periods of policies in force at financial statement date for each class of business is as follows:

	2020	2019
- Fire and property damage	-24%	9%
- Marine, aviation and transport	47%	43%
- Motor	31%	30%
- Accident & health	25%	48%
- Credit & Suretyship	2%	4%
- Miscellaneous	18%	19%

5.6 Reinsurance contracts

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

Reinsurance premium is recognized as an expense at the time the reinsurance is ceded. Commission on reinsurance cessions are recognized in accordance with the policy of recognizing premium revenue.

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

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

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

5.7 Receivables and payables related to insurance contracts

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

Provision for impairment in premium receivables is estimated on a systematic basis after analyzing the receivables as per their ageing.

5.8 Insurance / Reinsurance receivable

Receivables under insurance contracts are recognized when due at the fair value of consideration receivable less provision for doubtful debts, if any. If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in profit and loss account.

5.9 Prepaid reinsurance expense

Premium for reinsurance contracts operative on a proportional and non-proportional basis is recorded as a liability on attachment of the underlying risks reinsured or on inception of the reinsurance contract respectively. For proportional reinsurance contracts, the reinsurance expense is recognized evenly in the period of indemnity. The portion of reinsurance premium not recognized as an expense is shown as a prepayment.

5.10 Reinsurance recoveries against outstanding claims

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method.

5.11 Deferred commission expense/ Acquisition cost

Commission expenses incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method.

5.12 Segment reporting

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

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely Fire and Property Damage, Marine Aviation and Transport, Motor, Crop and Miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the financial statements.

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

5.13 Financial instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise of the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the statement of financial position date include cash and bank deposits, investments, insurance/reinsurance receivables, premium and claim reserves detained by cedants, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, insurance/reinsurance payables, other creditors and accruals and liabilities against assets subject to finance lease.

5.14 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of consolidated cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and deposits with banks.

5.15 Revenue recognition

5.15.1 Premium income earned

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued.

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

5.15.2 Provision for unearned premium

Majority of the insurance contracts entered into by the Company are for a period of twelve months. Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognized as a liability by the Company. This liability is calculated by applying 1/24th method as specified in the Insurance Accounting Regulations, 2017.

- Marine cargo business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies;
- Contracts of twelve months tenure, by applying the twenty-fourths' method as specified in the Insurance Rules, 2017, as majority of the remaining policies are issued for a period of one year; and
- Contracts having tenure of more than twelve months, the Company maintains provision for unearned premium net of reinsurance expense to the unexpired period of coverage at the reporting date.

5.15.3 Commission income

Commission income from reinsurers / co-insurers / others is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and accounted for as revenue in accordance with the pattern of recognition of reinsurance/ co-insurance / other premium to which they relate. Profit commission if any, which the Company may be entitled under the terms of reinsurance is recognized on accrual basis.

5.15.4 Commission income unearned

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the consolidated statement of comprehensive income as revenue in accordance with the pattern of recognition of the reinsurance premiums.

5.15.5 Investment income

- Return on investments and term deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale. Dividend income is recognized when right to receive such dividend is established.
- Gain / (loss) on sale of investments is charged in consolidated statement of comprehensive income.

5.15.6 Dividend income and other income

- Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established. Rental and other income are recognized as and when accrued.
- Return on bank deposits is recognized on a time proportionate basis taking into account the effective yield.

5.16 Investments

5.16.1 Recognition

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

- In subsidiary and associates
- In equity securities
- In debt securities
- In term deposits

5.16.2 Measurement

In subsidiary and associates

Entities in which the Company has significant influence but not control and which are neither its subsidiary nor joint ventures are associates and are accounted for by using the equity method of accounting.

Under equity method of accounting, the investments are initially recognised at cost; thereafter its carrying amount is increased or decreased for the Company's share of post acquisition changes in the net assets of the associate and dividend distributions. Goodwill relating to an associate is included in carrying amount of the investment and is not amortized. The Company's share of the profit and loss of the 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 other comprehensive income of the Company.

After application of equity method, the carrying amount of investment in associate is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit and loss account.

In equity securities - Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity. At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial measurement, these are remeasured at fair value. Surplus / (deficit) on revaluation from one reporting date to other is taken to other comprehensive income in the Statement of Comprehensive Income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period within Statement of Comprehensive Income. Whereas, any reversal in impairment is taken in Statement of Comprehensive Income.

These are reviewed for impairment at each reporting date and any losses arising from impairment in values are charged to the profit and loss account.

In debt security - Held to maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to held to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment. These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the profit and loss account.

In term deposits - Held to maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to held to maturity, are classified as held to maturity.

Subsequently, these are measured at amortized cost less provision for impairment in value, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method.

The difference between the redemption value and the purchase price of the held to maturity investment is amortized and taken to the profit and loss account over the term of investment.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the profit and loss account.

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

- Held to Maturity investments;
- Available for sale investments;
- Held for Trading investments.

5.16.3 Offsetting of financial assets and liabilities

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

5.16.4 Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is an objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For available for sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be an objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at Held to Maturity, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in consolidated statement of comprehensive income.

When an Available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to consolidated statement of comprehensive income.

For financial assets measured at held to maturity, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through consolidated profit and loss account to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available for sale equity securities, impairment losses previously recognized in consolidated profit and loss account are not reversed through consolidated profit and loss account. Any increase in fair value subsequent to an impairment loss is recognized in consolidated other comprehensive income. In respect of available for sale debt securities, impairment losses are subsequently reversed through consolidated profit and loss account if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

a) 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 consolidated statement of comprehensive income.

b) Unquoted

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

c) Investment in equity instruments of subsidiaries companies

Investment in subsidiaries are accounted for at cost less accumulated impairment losses. Dividend income from these investments is recognized in consolidated profit or loss and included in other income when the Company's right to receive payments has been established.

5.16.5 Date of recognition

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

5.17 Dividend declaration

Final dividend distribution to the Company's shareholders is recognized as a liability in the consolidated balance sheet in the period in which the dividends are approved, while interim dividend distributions are recognized in the period in which the dividends are declared by the Board of Directors. However, if these are approved after the reporting period but before the consolidated financial statements are authorized for issue, they are disclosed in the notes to the consolidated financial statements.

5.18 Dividend distribution

Profit distribution to share holders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Board of Directors.

5.19 Management expenses

Management expenses include expenses incurred for the purpose of business and are recorded in the financial statements as and when accrued.

5.20 Creditors, accruals and provisions

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

Provisions are recognised in the consolidated statement of financial position when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

5.21 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Exchange difference, if any, are taken to consolidated statement of comprehensive income.

5.22 Earnings per share

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

5.23 Taxation

5.23.1 Current

Provision of current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001 for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, relating to prior year which arises from assessments framed / finalized during the year or required by any other reason.

5.23.2 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.

5.24 Staff retirement benefits

5.24.1 Defined contribution plan

The Company contributes to an approved provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the members to the fund at the rate of 10% of basic salary.

5.24.2 Employees' compensated absences

The Company accounts for accumulated compensated absences on the basis of the un-availed leave balances at the end of the year.

5.25 Impairment

A financial asset is assessed at each financial statement date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

If a decline in fair value is significant or prolonged, then there is objective evidence of impairment, regardless of how long management intends to hold the investment. If there has been a significant or prolonged decline in the market price of subsidiary/associate at the reporting date, then the impairment test is performed in accordance with IAS 36.

The carrying amount of non-financial assets is reviewed at each financial statement date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the profit and loss account. Provisions for impairment are reviewed at each financial statement date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

5.26 Related party transactions

Party is said to be related, if they are able to influence the operating and financial decisions of the Company and vice versa. The Company in the normal course of business carries out transactions with related parties. Transactions with related parties are priced at comparable uncontrolled market price and are carried out at arm’s length prices.

5.27 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat and Ushr Ordinance, 1980.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying value of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

	Note
- Provision for outstanding claims (including IBNR)	5.4.1
- Premium deficiency reserve	5.5
- Provision for doubtful receivables	11
- Useful lives and residual values of property and equipment	5.1
- Provision for unearned premium	5.15.2
- Premium due but unpaid	11.0.
- Provision for taxation and deferred tax	5.23
- Segment reporting	5.12

7 PROPERTY AND EQUIPMENT

	Note	2020	2019
		------- RUPEES -------	
Operating assets	7.1	130,713,584	143,333,097
Right of use assets		-	-
Capital work in progress		-	-
		130,713,584	143,333,097

7.1 PROPERTY AND EQUIPMENT

2020										
Description	Cost				Depreciation				Written down as at December 31,	Depreciation rate
	As at January 01,	Additions	(Disposal)	As at December 31,	As at January 01,	For the year	(Disposal)	As at December 31		
	------------------------------ Rupees ------------------------------									
- Furniture and fixtures	109,724,672	-	-	109,724,672	30,995,187	6,940,857	-	37,936,044	71,788,628	10%
- Office equipment	11,001,422	-	-	11,001,422	3,491,162	659,045	-	4,150,207	6,851,215	10%
- Computers equipment	11,917,903	-	-	11,917,903	7,736,717	416,396	-	8,153,113	3,764,790	30%
- Leasehold improvements	50,589,180	-	(2,458,581)	48,130,599	6,567,115	1,902,033	(368,843)	8,100,305	40,030,294	5%
- Vehicles	25,640,838	1,216,233	-	26,857,071	16,750,737	1,827,677	-	18,578,414	8,278,657	20%
									-	
	208,874,015	1,216,233	(2,458,581)	207,631,667	65,540,918	11,746,008	(368,843)	76,918,083	130,713,584	

2019										
Description	Cost				Depreciation				Written down value as at December 31,	Depreciation rate
	As at January 01,	Additions	(Disposal)	As at December 31,	As at January 01,	For the year	(Disposal)	As at December 31,		
	------------------------------ Rupees ------------------------------									
- Furniture and fixtures	112,254,219	-	(2,529,547)	109,724,672	21,438,310	10,142,293	(585,416)	30,995,187	78,729,485	10%
- Office equipment	10,981,402	-	20,020	11,001,422	2,049,617	1,013,551	427,994	3,491,162	7,510,260	10%
- Computers equipment	11,618,106	-	299,797	11,917,903	6,334,273	3,018,313	(1,615,869)	7,736,717	4,181,186	30%
- Leasehold improvements	56,565,040	-	(5,975,860)	50,589,180	4,809,966	2,429,443	(672,294)	6,567,115	44,022,065	5%
- Vehicles	25,640,838	-	-	25,640,838	14,194,310	2,556,427	-	16,750,737	8,890,101	20%
	217,059,605	-	(8,185,590)	208,874,015	48,826,476	19,160,027	(2,445,585)	65,540,918	143,333,097	

7.1.1 Disposal of fixed assets

Particulars	Year	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to	Status
		---------- Rupees ----------							
		-	-	-	-	-			
Sub- Total	2020	-	-	-	-	-			
Computer equipment	2019	2,209,595	1,773,241	436,354	170,800	(265,554)	Negotiation	Various	Outsider

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

8 INTANGIBLE ASSETS

	2020	2019
	------- RUPEES -------	
Goodwill at acquisition	28,742,849	28,742,849
Franchise	13,427,371	14,777,866
Computer software	2,426,300	2,533,036
	44,596,520	46,053,751

Description	Year	Cost				Amortisation			Written down as at December 31,	Amortisation rate
		As at January 01,	Additions	(Disposal)	As at December 31,	As at January 01,	Charge for the year	As at December 31,		
		---------- Rupees ----------								
Finite Useful life										
Franchise		23,152,382	-	-	23,152,382	8,374,516	1,350,495	9,725,011	13,427,371	10%
Computer software		6,807,982	25,000	-	6,832,982	4,274,946	131,736	4,406,682	2,426,300	33% & 10%
	2020	29,960,364	25,000	-	29,985,364	12,649,462	1,482,231	14,131,693	15,853,671	
Franchise		23,152,382	-	-	23,152,382	5,727,809	2,646,707	8,374,516	14,777,866	10%
Computer software		6,807,982	-	-	6,807,982	2,802,443	1,472,503	4,274,946	2,533,036	33% & 10%
	2019	29,960,364	-	-	29,960,364	8,530,252	4,119,210	12,649,462	17,310,902	

		Note	2020	2019
			------- RUPEES -------	
9	INVESTMENTS IN EQUITY SECURITIES			
	Available for sale	9.1	91,756,452	17,141,873

9.1 Available for sale

	Note	2020	2019
Listed shares		333,424	333,424
Less: unrealized loss on revaluation of investment		(283,653)	(285,334)
Carrying value	9.1.1	49,771	48,090
Mutual Funds		88,047,818	15,788,980
Add: unrealized gain on revaluation of investment		3,658,863	1,304,803
Carrying value	9.1.2	91,706,681	17,093,783
		91,756,452	17,141,873

9.1.1 Ordinary shares of quoted companies

Number of shares (fully paid up shares of Rs. 10/- each) 2020	2019	Market value per share 2020	2019	Sector and name of investee companies	2020	2019
					------- RUPEES -------	
				Engineering		
7,020	7,020	4.91	5.56	Dost Steel Limited	34,469	33,485
				Power Generation & Distribution		
2,000	2,000	2.21	2.21	Southern Electric Power Company Limited	4,420	4,420
				Textile Weaving		
158	158	14.38	3.94	Service fabrics limited	2,272	403
				Insurance		
200	200	8.46	11.00	Habib Insurance Company limited	1,692	2,176
117	117	4.85	6.90	Premier Insurance limited	567	690
				Investment Bank		
17	17	203.44	201.18	IGI holdings Limited	3,458	3,468
				Commercial Banks		
250	250	9.32	11.97	The Bank of Punjab	2,330	2,833
3	3	187.50	193.57	MCB Bank limited	563	615
9,765	9,765				49,771	48,090

9.1.1.1 Cost of ordinary shares of quoted companies as at December 31, 2020 is Rs. 333,424/- (2019: Rs. 333,424/-).

9.1.1.2 Investment in Dost Steels Limited, represents 7,020 shares (2019: 7,020 shares) with 0.0048% (2019: 0.0041%) of total equity of the Group.

9.1.2 Mutual fund certificates

Number of Units 2020	2019	Unit Price (Rupees) 2020	Name of the entity	Note	2020	2019
					------- RUPEES -------	
16,000	16,000	4.75	Modaraba Al-Mali		76,000	47,200
3,820	3,820	11.63	HBL Energy Fund		44,419	49,965
4,742	4,467	82.85	First Dawood Mutual Fund		392,824	384,073
1,623,468	289,501	56.17	Pakistan Income Fund	9.1.2.2	91,193,438	16,612,545
					91,706,681	17,093,783

9.1.2.1 Cost of Mutual fund certificates as at December 31, 2020 is Rs. 88,047,818/- (2019: Rs. 15,788,980/-).

9.1.2.2 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.

10 LOANS AND OTHER RECEIVABLES

	Note	2020	2019
		------- RUPEES -------	
Considered good			
Other Security deposits		10,159,645	10,584,350
Advance to supplier		53,397,482	53,397,482
Loan to employees		54,000	-
Accrued interest on advance against issuance of shares	10.1	206,107,255	163,330,338
Advance against issuance of shares	10.2	354,279,066	354,279,066
Other receivable		25,204,071	21,689,981
		649,201,519	603,281,217

10.1 This represents accrued interest on advance against issue of shares, given to Dost Steels Limited. Movement in advances is as follows:

	2020	2019
	------- RUPEES -------	
Balance as at beginning of the year	163,330,338	106,348,503
Income for the year	42,776,917	56,981,835
Balance as at the end of the year	206,107,255	163,330,338

10.2 The Holding Company has made an advance against issuance of shares to Dost Steel limited (DSL), of which an aggregate amount of Rs. 247,995,000 /- and Rs. 57,768,000/- has been assigned to Dynasty Trading (Private) Limited and Din Corporation (Private) Limited respectively under an assignment agreement. No consideration has been received either from Dynasty Trading (Private) Limited or Din Corporation (Private) Limited, therefore these balances are still shown in the title of Dost Steel Limited. These balances carry mark-up at the rate of 1 year KIBOR plus 3% per annum (2019: 1 year KIBOR plus 3%).

11 INSURANCE / REINSURANCE RECEIVABLES

	2020	2019
	------- RUPEES -------	
Unsecured and considered good		
Due from insurance contract holders	264,754,448	242,775,872
Less : Provision for impairment of receivables from insurance contract holders	(75,613,988)	(75,613,988)
Due from other insurers / reinsurers	1,258,001	927,923
Less : Provision for impairment of due from other insurers / reinsurers	-	-
	190,398,461	168,089,807

11.1 Provision for impairment of receivables from insurance contract holders

	2020	2019
Balance at the beginning of the year	75,613,988	75,613,988
	75,613,988	75,613,988

12 DEFERRED TAXATION

12.1 Deferred tax is recognized in respect of all temporary differences arising from carrying values of assets and liabilities in consolidated financial statements and their tax base. The Group has recognised deferred tax asset to the extent of the amount expected to be utilized in foreseeable future in line with the accounting policy and as matter of prudence, further deferred tax asset of Rs. 26,938,370 (2019: Rs. 31,971,671) on account of unused tax losses, adjustable minimum tax and temporary differences have not been recognised.

13 PREPAYMENTS

		2020	2019
		------- RUPEES -------	
Prepaid reinsurance premium ceded		-	260,153
Prepaid rent		-	202,409
Others		-	5,581,095
		-	6,043,657

14 CASH & BANK

	Note	2020	2019
Cash and cash equivalent			
Cash in hand		431,593	429,044
Policy and revenue stamps		23,460	229,621
Cash with State Bank of Pakistan	14.1	-	72,238,047
		455,053	72,896,712
Cash at bank			
Current accounts		10,339,620	1,681,911
Savings accounts	14.2	12,222	22,424
		10,351,842	1,704,335
Less: provision against dormant accounts		(322,419)	(322,419)
		10,029,423	1,381,916
		10,484,476	74,278,628

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

14.2 These carry mark-up at the rate of 7.5% (2019: 10.75%) per annum.

15 ORDINARY SHARE CAPITAL

15.1 Authorized share capital

December 31, 2020	December 31, 2019		2020	2019
---- (Number of shares) -----			------- RUPEES -------	
115,000,000	115,000,000		1,150,000,000	1,150,000,000

15.2 Issued, Subscribed and paid-up share capital

December 31, 2020	December 31, 2019		2020	2019
---- (Number of shares) -----			------- RUPEES -------	
104,728,494	104,728,494	Ordinary shares of Rs.10 each fully paid in cash	1,047,284,940	1,047,284,940
2,966,547	2,966,547	Ordinary shares of Rs.10 each issued as fully paid bonus shares	29,665,470	29,665,470
107,695,041	107,695,041		1,076,950,410	1,076,950,410

	2020	2019
16 DISCOUNT ON ISSUE OF RIGHT SHARES	199,650,000	199,650,000

The Holding Company had issued right shares in the year 2014 with the approval of Board of Directors, SECP and KSE amounting to Rs. 499.125 million comprising of 49,912,500 ordinary shares of Rs. 10/- each at a discount of Rs. 4/- per share.

	2020	2019
	------- RUPEES -------	
17 RESERVES		
Capital reserves		
Reserve for exceptional losses	1,767,568	1,767,568
Revenue reserves		
General reserve	24,497,265	24,497,265
Unappropriated profit	(153,480,219)	(202,391,087)
Surplus on remeasurement of available for sale investment	1,055,391	451,170
	(126,159,995)	(175,675,084)
18 DEFERRED TAXATION		
Deferred debits arising in respect of Accelerated tax depreciation	2,470,212	3,980,469
19 BORROWINGS		
Borrowings against diminishing musharaka (19.1)	2,592,611	5,013,650

19.1 The Holding Company has entered into diminishing musharka agreements with Kasb Modaraba to acquire vehicles. The borrowing is secured by demand promissory note, post dated cheques and personal guarantees of the directors of the Holding Company. The effective mark up rate is 17% to 18% (2018: 17% to 18%) per annum and payable on monthly basis. Taxes, repairs, replacements and insurance costs are borne by the Holding company.

	2020	2019
	------- RUPEES -------	
The amount payable:		
Current Portion	2,592,611	4,453,575
Non current portion	-	560,075
	2,592,611	5,013,650

20 OTHER CREDITORS AND ACCRUALS

	2020	2019
Trade and related payables	49,182,674	51,572,527
Federal insurance fees	2,650,436	1,678,831
Federal excise duty	49,237,538	37,059,567
Payable to staff provident fund	8,425,198	6,018,538
Withholding tax	80,227,836	75,429,529
Accrued expenses	53,969,634	63,074,486
Unpresented cheques	-	657,382
Unclaimed dividend	418,209	418,209
Others	26,811,664	21,221,230
	270,923,189	257,130,299

21 PROVISION FOR TAXATION

	2020	2019
Balance at beginning of the year	16,112,103	4,019,218
Add: charge for the year	11,583,142	13,586,066
Less: paid during the year	(454,539)	(1,493,181)
Balance at end of the year	27,240,706	16,112,103

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

The Holding Company is defendant in following:

(1) Suit no. 06 of 2007 before the Insurance Tribunal for Sindh Karachi, filed by Allied & Co. for recovery of Rs. 8.290 million (2019: Rs. 8.290 million) against the Group. Appeal against the decision of Insurance Tribunal has been filed by the Company, the proceedings of which are pending before the High court of Sindh, Karachi.

(2) Suit before the Insurance Tribunal for Sindh Karachi filed by Ashfaq Brothers for recovery of Rs. 27.5 million (2019: Rs. 27.5 million) against the Company.

(3) The management believes that the outcome of above lawsuits will be in favour of the company and accordingly, no provision for the same has been made in these consolidated financial statements.

(4) CP no. 8903 of 2018 before the High Court of Sindh at Karachi, filed by the holding company against the Commission. Appeal against the direction of Commission dated November 06, 2018 has been filed by the company, the proceedings of which are pending before the High court of Sindh, Karachi.

	2020	2019
	------- RUPEES -------	

22.2 Commitments

	2020	2019
Post dated cheques	2,592,611	3,141,289
Commitments for Ijara rentals		
Within one year	2,049,175	1,827,938
Later than one year but not later than five years	543,436	1,313,351
	2,592,611	3,141,289

23 NET INSURANCE PREMIUM

	2020	2019
Written gross premium	105,070,821	115,987,585
Add : Unearned premium reserve - opening	53,348,333	48,328,460
Less: Unearned premium reserve - closing	(45,517,153)	(53,348,333)
Premium earned	112,902,001	110,967,712
Less: Reinsurance premium ceded	-	376,736
Add: prepaid reinsurance premium - opening	260,153	-
Less: prepaid reinsurance premium - closing	-	(260,153)
Reinsurance expense	(260,153)	(116,583)
	112,641,848	110,851,129

24 NET INSURANCE CLAIMS EXPENSE

	2020	2019
Claim paid	6,711,597	13,393,206
Add : Outstanding claims including IBNR - closing	61,977,955	61,242,125
Less: Outstanding claims including IBNR - opening	(61,242,124)	(60,680,433)
Claims expense	7,447,428	13,954,898
Add: Reinsurance and others recoveries in respect of outstanding claims - closing	2,595,202	2,595,202
Less: Reinsurance and others recoveries in respect of outstanding claims - opening	(2,595,202)	(2,595,202)
	-	-
Reinsurance and recoveries revenue	7,447,428	13,954,898

24.1 Claims development

The following table shows the development

Accident year	2015 and prior	2016	2017	2018	2019	2020 including IBNR	Total
	------------------------------- (Rupees) -------------------------------						
Estimate of ultimate claims cost:							
At end of accident year	114,072,818	27,768,651	18,853,203	15,195,041	15,195,041	16,562,068	207,646,822
One year later	125,325,753	32,761,923	21,892,751	20,365,623	14,517,506	-	214,863,556
Two year later	112,118,245	31,436,779	27,494,598	20,904,664	-	-	191,954,286
Three year later	111,775,869	31,920,923	27,764,317	-	-	-	171,461,109
Four year later	102,969,805	32,048,704	-	-	-	-	135,018,509
Five year later	105,202,963	-	-	-	-	-	105,202,963
Current estimate of cumulative claims	105,202,963	32,048,704	27,764,317	20,904,664	14,517,506	16,562,068	217,000,222
Cumulative payments to date	(85,261,138)	(23,065,952)	(18,141,032)	(15,913,530)	(11,402,037)	(1,238,578)	(155,022,267)
Liability recognised in the balance sheet	19,941,825	8,982,752	9,623,285	4,991,134	3,115,469	15,323,490	61,977,955

		2020	2019
		------- RUPEES -------	
25	NET COMMISSION EXPENSE		
	Commission paid or payable	4,899,741	8,828,629
	Add : Deferred commission expense opening	6,986,821	6,293,238
	Less: Deferred commission expense closing	(6,569,234)	(6,986,821)
		5,317,328	8,135,046
	Less: Commission received or recoverable	-	(40,500)
	Commission from reinsurers	-	(40,500)
	Net commission expense	5,317,328	8,094,546
26	MANAGEMENT EXPENSES		
	Employee benefit cost	57,883,716	55,054,169
	Travelling expense	5,089,481	6,717,043
	Advertisement and sales promotion	121,270	248,840
	Printing and stationery	871,395	855,499
	Depreciation expenses	2,641,388	3,053,595
	Amortisation	131,736	1,465,235
	Rent, rates and taxes	4,117,238	5,600,617
	Legal and professional fee - business related	1,157,335	1,813,508
	Electricity, gas and water	1,154,120	1,675,422
	Entertainment	489,579	687,889
	Vehicle running expenses	543,637	673,944
	Repairs and maintenance	442,473	1,482,189
	Bank charges	64,894	152,845
	Postages, telegrams and telephone	1,702,230	1,661,367
	Annual supervision fee of SECP	229,236	226,586
	Bad and doubtful debts	-	90,695
	Insurance	42,213	-
	Miscellaneous	2,926,840	5,230,249
		79,608,781	86,689,692

26.1 This includes contribution to provident fund amounting to Rs. 1.313 million (2019: Rs.1.757 million).

		2020	2019
		------- RUPEES -------	
26.1.1	Employee benefit cost		
	Salaries, allowance and other benefits.	55,591,699	52,650,577
	Charges for post employment benefits	2,292,017	2,403,592
		57,883,716	55,054,169
27	INVESTMENT INCOME		
	Income from equity securities		
	Available for sale financial assets:		
	Dividend income	2,072,853	3,636,514
		2,072,853	3,636,514
	Income from Term Deposit Certificate (TDR)		
	Held to maturity		
	Return on TDR	23,695	38,667
	Total investment income	2,096,548	3,675,181
		2,096,548	3,675,181

		Note	2020	2019
			------- RUPEES -------	
28	OTHER INCOME			
	(Loss) on sale of property and equipments		-	(265,553)
	Markup on other receivables		42,776,917	56,981,835
	Other income		5,759,793	6,080,382
			48,536,710	62,796,664
29	OTHER EXPENSES			
	Employee benefit cost		-	2,061,476
	Printing and stationery		5,480	39,419
	Depreciation		9,104,619	16,106,432
	Amortisation		1,350,495	2,653,975
	Rent, rates and taxes		(1,196,572)	2,680,301
	Legal and professional charges - business related		-	394,300
	Electricity, gas and water		6,793	8,820
	Entertainment		66,080	4,260
	Vehicle running expenses		3,428	91,506
	Repairs and maintenance		1,185	58,410
	Bank charges		2,767	10,062
	Postages, telegrams and telephone		6,793	83,655
	Insurance		-	408,087
	Auditors' remuneration	29.1	1,573,300	1,984,700
	Subscription and fee		92,032	227,925
	Registration fee		2,480,051	2,464,138
	Others		2,651,273	4,898,364
			16,147,724	34,175,830
29.1	**Auditors' remuneration**			
	Annual audit fee of the Holding Group		650,000	650,000
	Annual audit fee of the Subsidiary Companies		369,300	172,000
	Consolidation		125,000	250,000
	Review of code of corporate governance		125,000	125,000
	Half yearly review		154,000	147,000
	Out of pocket expenses		90,000	90,000
	Certification charges		60,000	550,700
			1,573,300	1,984,700
30	TAXATION			
	For the year			
	Current		19,364,393	14,481,154
	Deferred		(1,510,257)	(439,919)
	Prior year tax		(7,781,251)	(895,088)
			10,072,885	13,146,147

30.1 The income tax returns of the Company have been filed up to Tax Year 2018 and the same are deemed to be assessed under the provisions of the Income Tax Ordinance, 2001.

30.2 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and the applicable tax rate for the year 2019 and 2018 has not been presented in these consolidated financial statements, as the total income of the Company falls under section 113 of the Income Tax Ordinance, 2001.

	2020	2019
	------- RUPEES -------	
31 EARNING PER SHARE		
Profit for the year	48,910,868	30,761,360
Weighted average number of ordinary shares	107,695,041	107,695,041
Earnings per share basic and diluted	0.45	0.29

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

32 COMPENSATION OF DIRECTORS AND EXECUTIVES

Description	Chief Executive		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	(Rupees)					
Managerial remuneration	5,760,000	5,760,000	2,340,000	1,872,000	5,940,000	2,484,000
Retirement benefits	-	528,000	126,000	93,600	428,400	248,400
House rent	2,592,000	2,592,000	1,560,000	1,248,000	3,960,000	1,656,000
Utilities/Other	3,048,000	3,048,000	480,000	480,000	1,560,000	600,000
Total	11,400,000	11,928,000	4,506,000	3,693,600	11,888,400	4,988,400
Number of persons	1	1	2	2	3	1

32.1 Non-Executive Directors were paid Rs. 0.04 million (2019: Rs. 0.07 million) for attending Board of Directors meetings during the year. In addition, Chief Executive Officer was also provided with free use of the Group maintained cars in accordance with his entitlements. Chief executive, directors and executives are also provided provident fund facility in which contribution of both employer and employee is at a rate of 10%.

33 RELATED PARTY RELATIONSHIPS

Name of related parties

Crescent Star Foods (Private) Limited
Crescent Star Luxury (Private) Limited
Crescent Star Technology (Private) Limited

34 RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, directors and their close family members its staff retirement funds, key management personnel and major shareholders of the Group. The associated companies are associated either based on its holding in 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.

Balances are disclosed in relevant notes to these financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2020	2019
	RUPEES	
34.1 Remuneration to key management personnel		
Remuneration paid to Chief Executive, Executive Director and Executives of the Group (note 32)	27,794,400	20,610,000
Staff retirement benefits		
Provident fund contribution	1,313,700	1,757,034
Markup on outstanding balance of provident fund	978,317	646,558

35 SEGMENT INFORMATION

The operator has six primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, motor, accident & health, credit and suretyship & miscellaneous.

Description	For the year ended December 31, 2020										
	Fire and property damage	Marine, aviation and transport	Motor	Accident & health	Credit and suretyship	Miscellaneous	Total	Foods	Technologies	Luxury	Total
	(Rupees)										
Gross written premium (inclusive of administrative surcharges)	816,672	4,651,290	17,814,800	-	78,272,881	3,515,179	105,070,822	-	-	-	105,070,822
Gross direct premium	782,887	4,429,267	17,624,393	-	75,998,572	3,310,753	102,145,872	-	-	-	102,145,872
Facultative inward premium	-	-	-	-	-	-	-	-	-	-	-
Administrative surcharge	33,785	222,023	190,407	-	2,274,309	204,426	2,924,950	-	-	-	2,924,950
Insurance premium earned	1,733,404	4,302,776	31,449,256	710,371	70,536,179	4,170,016	112,902,002	-	-	-	112,902,002
Insurance premium ceded to reinsurers	(25,399)	-	(234,755)	-	-	-	(260,154)	-	-	-	(260,154)
Net insurance premium	1,708,005	4,302,776	31,214,501	710,371	70,536,179	4,170,016	112,641,848	-	-	-	112,641,848
Commission income	-	-	-	-	-	-	-	-	-	-	-
Net underwriting income	1,708,005	4,302,776	31,214,501	710,371	70,536,179	4,170,016	112,641,848	-	-	-	112,641,848
Insurance claims	720,737	(3,866,616)	(3,289,826)	(338,257)	(500,000)	(173,466)	(7,447,428)	-	-	-	(7,447,428)
Insurance claims recovered from reinsurers	-	-	-	-	-	-	-	-	-	-	-
Commission expense	(342,165)	(1,541,895)	(2,679,143)	(35,519)	(355,971)	(362,635)	(5,317,328)	-	-	-	(5,317,328)
Management expense	(610,154)	(3,452,010)	(13,735,811)	-	(59,230,525)	(2,580,281)	(79,608,781)	-	-	-	(79,608,781)
Premium deficiency (expense)	-	(93,537)	(310,915)	-	-	-	(404,452)	-	-	-	(404,452)
Net insurance claims and expenses	(231,582)	(8,954,058)	(20,015,695)	(373,776)	(60,086,496)	(3,116,382)	(92,777,989)	-	-	-	(92,777,989)
Underwriting results	1,476,423	(4,651,282)	11,198,806	336,595	10,449,683	1,053,634	19,863,859	-	-	-	19,863,859
Net investment income							-	-	-	-	2,096,548
Other income							-	-	-	-	48,536,710
Other expenses							(3,751,083)	(11,938,449)	(124,999)	(333,193)	(16,147,724)
Result of operating activities											54,349,393
Finance costs							(581,111)	-	-	-	(581,111)
Profit before tax for the year											53,768,282
Segment assets	3,251,425	8,190,933	59,421,151	1,352,290	134,275,443	7,938,206	214,429,449	104,874,077	30,493	12,860,101	332,194,120
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	804,229,238
Total assets	3,251,425	8,190,933	59,421,151	1,352,290	134,275,443	7,938,206	214,429,449	104,874,077	30,493	12,860,101	1,136,423,358
Segment liabilities	2,423,108	6,104,251	44,283,306	1,007,787	100,068,081	5,915,907	159,802,440	-	-	-	159,802,440
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	253,361,977
Total liabilities	2,423,108	6,104,251	44,283,306	1,007,787	100,068,081	5,915,907	159,802,440	-	-	-	413,164,417

Description	For the year ended December 31, 2019										
	Fire and property damage	Marine, aviation and transport	Motor	Accident & health	Credit and suretyship	Miscellaneous	Total	Foods	Technologies	Luxury	Total
	(Rupees)										
Gross written premium (inclusive of administrative surcharges)	3,222,260	4,480,338	42,377,617	1,136,594	60,045,223	4,725,553	115,987,585	-	-	-	115,987,585
Gross direct premium	3,158,740	4,334,279	42,049,932	1,136,594	57,385,891	4,524,923	112,590,359	-	-	-	112,590,359
Facultative inward premium	-	-	-	-	-	-	-	-	-	-	-
Administrative surcharge	63,520	146,059	327,685	-	2,659,332	200,630	3,397,226	-	-	-	3,397,226
Insurance premium earned	5,093,640	7,467,954	44,813,088	1,189,724	46,548,459	5,854,847	110,967,712	-	-	-	110,967,712
Insurance premium ceded to reinsurers	(69,301)	(12,036)	(35,246)	-	-	-	(116,583)	-	-	-	(116,583)
Net insurance premium	5,024,339	7,455,918	44,777,842	1,189,724	46,548,459	5,854,847	110,851,129	-	-	-	110,851,129
Commission income	-	-	40,500	-	-	-	40,500	-	-	-	40,500
Net underwriting income	5,024,339	7,455,918	44,818,342	1,189,724	46,548,459	5,854,847	110,891,629	-	-	-	110,891,629
Insurance claims	(451,692)	(141,026)	(7,199,837)	108,040	(2,608,856)	(3,661,527)	(13,954,898)	-	-	-	(13,954,898)
Insurance claims recovered from reinsurers	-	-	-	-	-	-	-	-	-	-	-
Commission expense	(802,220)	(1,615,280)	(4,051,417)	(2,656)	(1,190,109)	(473,364)	(8,135,046)	-	-	-	(8,135,046)
Management expense	(2,432,093)	(3,337,207)	(32,376,623)	(875,128)	(44,184,647)	(3,483,994)	(86,689,692)	-	-	-	(86,689,692)
Premium deficiency (expense)	-	(14,906)	-	-	-	-	(14,906)	-	-	-	(14,906)
Net insurance claims and expenses	(3,686,005)	(5,108,419)	(43,627,877)	(769,744)	(47,983,612)	(7,618,885)	(108,794,542)	-	-	-	(108,794,542)
Underwriting results	1,338,334	2,347,499	1,190,465	419,980	(1,435,153)	(1,764,038)	2,097,087	-	-	-	2,097,087
Sales							-	-	-	1,549,000	1,549,000
Cost of sales							-	-	-	(2,498,950)	(2,498,950)
Net investment income							-	-	-	-	3,675,181
Other income							-	-	-	-	62,796,664
Other expenses							(4,179,063)	(23,831,014)	(80,582)	(6,085,171)	(34,175,830)
Result of operating activities											33,443,152
Finance costs							-	-	-	-	(805,085)
Profit before tax for the year											32,638,067
Segment assets	9,180,730	13,460,172	80,770,702	2,144,348	83,898,519	10,552,723	200,007,194	112,664,674	43,562	14,333,154	327,048,584
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-	750,863,379
Total assets	9,180,730	13,460,172	80,770,702	2,144,348	83,898,519	10,552,723	200,007,194	112,664,674	43,562	14,333,154	1,077,911,963
Segment liabilities	7,038,785	10,319,796	61,926,189	1,644,053	64,324,259	8,090,680	153,343,762	-	-	-	153,343,762
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-	245,608,878
Total liabilities	7,038,785	10,319,796	61,926,189	1,644,053	64,324,259	8,090,680	153,343,762	-	-	-	398,952,640

36 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

Insurance Risk

The Group accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Group is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Group manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased where necessary to mitigate the effect of potential loss to the Group from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital.

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policy holder, within a geographical location or to types of commercial business. The Group minimizes its exposure by prudent underwriting and reinsuring policies where necessary.

Frequency and severity of claims

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

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

	Maximum Gross Risk Exposure	
	2020	2019
	------- RUPEES (000) -------	
Class		
Fire and property damage	711,412	3,581,200
Marine, aviation and transport	2,669,736	3,433,365
Motor	1,589,300	1,929,030
Accident and health	6,535	1,150
Credit and suretyship	156,655,562	111,920,030
Miscellaneous	11,796,618	14,541,695
	173,429,163	135,406,470

Uncertainty in the estimation of future claims payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Group is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Group. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims IBNR, the Group follows the recommendation of actuary.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Group 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. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other then exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and premium deficiency reserves is that the Group'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 for example. 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.

At the year end, 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 except for health which is made on a quarterly basis. The methods used, and the estimates made, are reviewed regularly.

The Group determines adequacy of liability of premium deficiency reserves 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 but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

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

Class	Assumed net loss ratio	
	2020	2019
	------- Percentage (%) -------	
Fire and property	-24%	9%
Marine, aviation and transport	47%	43%
Motor	31%	30%
Accident and health	25%	48%
Credit and suretyship	2%	4%
Miscellaneous	18%	19%

Sensitivities

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:

Particulars	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
	------------------------ (RUPEES) ------------------------				
Average claim costs					
2020	+ 10%	744,743	744,743	744,743	528,767
2019	+ 10%	1,395,490	1,395,490	1,395,490	990,798

Statement of age-wise breakup of unclaimed insurance benefits

Particulars	Age-wise Breakup				
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
	------------------------ (RUPEES) ------------------------				
Claims not encashed	-	-	-	-	-

36.1 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Financial risk management objectives and policies

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

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

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors (the Board) has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board reviews and agrees policies for managing each of these risks.

The Group's Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

36.2 Credit risk and concentration of credit risk

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

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

The Group is exposed to credit risk from its operating activities primarily for premiums due but unpaid, amount due from other insurers/reinsurers, reinsurance recoveries against outstanding claims and other financial assets.

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

	Category of financial assets	2020	2019
		------- RUPEES -------	
Bank deposits	Loans and receivables	10,029,423	1,381,916
Investments:			
Government securities	Held to maturity	-	-
Equity & other securities	Available for sale	91,756,452	17,141,873
Premiums due but unpaid	Loans and receivables	189,140,460	167,161,884
Accrued investment income	Loans and receivables	-	-
Amount due from other insurers / reinsurers	Loans and receivables	1,258,001	927,923
Reinsurance recoveries against outstanding claims	Loans and receivables	2,595,202	2,595,202
Loans and other receivables	Loans and receivables	649,201,519	603,281,217
		943,981,057	792,490,015

Geographically there is no concentration of credit risk.

The Group does not held collateral as security. There is no single significant customer in the receivables of the Group.

General provision is made for premium due but unpaid against doubtful receivables as disclosed in note 11 to these consolidated financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

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

2020	Carrying Amount	Upto 1 year	From 1 to 2 years	More than 2 years
	---------------------- RUPEES ----------------------			
Financial assets				
Premiums due but unpaid	189,140,460	31,763,594	20,872,361	136,504,505
Amounts due from other insurers/ reinsurers	1,258,001	927,923	69,961,189	(69,631,111)
Accrued investment income	-	-	-	-
Reinsurance recoveries against outstanding claims	2,595,202	-	-	2,595,202
Loans and other receivables	649,201,519	173,337,087	5,163,657	470,700,775
	842,195,182	206,028,604	95,997,207	540,169,371

2019	Carrying Amount	Upto 1 year	From 1 to 2 years	More than 2 years
	---------------------- RUPEES ----------------------			
Financial assets				
Premiums due but unpaid	167,161,884	31,763,594	20,872,361	114,525,929
Amounts due from other insurers/ reinsurers	927,923	927,923	69,961,189	(69,961,189)
Accrued investment income	-	-	-	-
Reinsurance recoveries against outstanding claims	2,595,202	-	-	2,595,202
Loans and other receivables	603,281,217	173,337,087	5,163,657	424,780,473
	773,966,226	206,028,604	95,997,207	471,940,415

b) The credit quality of Group's bank balances (gross) can be assessed with reference to external credit ratings as follows:

	Rating	Agency	2020	2019
			------- RUPEES -------	
Faysal Bank Limited	AA	PACRA/JCR-VIS	1,623,334	804,496
Habib Bank Limited	AAA	JCR-VIS	8,306,172	543,501
Allied Bank Limited	AA+	PACRA	182,676	182,676
NIB Bank Limited	AA-	PACRA	38,132	-
Soneri Bank Limited	AA-	PACRA	53,743	53,743
The Bank of Punjab	AA	PACRA	43,257	43,257
Meezan Bank Limited	AA	JCR-VIS	22,482	22,482
SILK Bank Limited	A-	JCR-VIS	4,819	4,819
National Bank of Pakistan	AAA	PACRA/JCR-VIS	4,127	4,127
Bank Alfalah Limited	AA	PACRA	2,327	2,327
MCB Bank Limited	AAA	PACRA	265	265
			10,281,334	1,661,693

c) The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit ratings as follows:

Particulars	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2020	2019
	----- Rupees -----				
A or above	51,562,964	2,595,202	-	54,158,166	54,158,166
BBB	12,308,239	-	-	12,308,239	12,308,239
Others	7,075,080	-	-	7,075,080	7,075,080
Total	70,946,283	2,595,202	-	73,541,485	73,541,485

36.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Group is financing its operations mainly through equity, working capital and musharaka to minimize risk.

The followings are the contractual maturities of financial liabilities, including estimated markup payments on an undiscounted cash flow basis:

Particulars	2020			
	Carrying amount	Contractual cash flows	Up to 1 year	Greater than 1 year
	----- RUPEES -----			
Financial liabilities measured at Held to Maturity:				
Provision for outstanding claims	61,977,955	61,977,955	61,977,955	-
Amounts due to other insurers	-	-	-	-
Other creditors	26,811,664	26,811,664	26,811,664	-
Obligation under musharaka	2,592,611	2,592,611	2,592,611	-
Unpresented dividend warrants	418,209	418,209	-	418,209
	91,800,439	91,800,439	91,382,230	418,209

Particulars	2019			
	Carrying amount	Contractual cash flows	Up to 1 year	Greater than 1 year
	----- RUPEES -----			
Financial liabilities measured at amortised cost:				
Provision for outstanding claims	61,242,125	61,242,125	61,242,125	-
Amounts due to other insurers	-	-	-	-
Other creditors	21,221,230	19,110,520	19,110,520	-
Obligation under musharaka	5,013,650	5,013,650	4,453,575	560,075
Unpresented dividend warrants	418,209	418,209	-	418,209
	87,895,214	85,784,504	84,806,220	978,284

36.4 Market risk

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

(a) Interest rate risk exposure

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

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

Particulars	2020					
	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
	Effective rate % per anum	Maturity upto one year	Maturity over one year	Sub-total		
	--- Rupees				---	
Financial assets						
Investments						
Equity securities	-	-	-	-	91,756,452	91,756,452
Loans and other receivables	12.07%	354,279,066	-	354,279,066	294,922,453	649,201,519
Insurance / reinsurance receivables						
Premium due but unpaid	-	-	-	-	189,140,460	189,140,460
Amounts due from other insurers / reinsurers	-	-	-	-	1,258,001	1,258,001
Reinsurance recoveries against outstanding claims	-	-	-	-	2,595,202	2,595,202
Cash and bank	-	-	-	-	10,484,476	10,484,476
		354,279,066	-	354,279,066	590,157,044	944,436,110
Financial liabilities						
Outstanding claims including IBNR	-	-	-	-	61,977,955	61,977,955
Insurance / reinsurance payables	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	35,236,862	35,236,862
Borrowings	15% to 18%	2,592,611	-	2,592,611	-	2,592,611
Unclaimed dividend	-	-	-	-	418,209	418,209
		2,592,611	-	2,592,611	97,633,026	100,225,637
On balance sheet gap		351,686,455	-	351,686,455	492,524,018	844,210,473

Particulars	2019					
	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
	Effective rate % per anum	Maturity upto one year	Maturity over one year	Sub-total		
	---------- Rupees ----------					
Financial assets						
Investments						
Equity securities	-	-	-	-	17,141,873	17,141,873
Debt securities	16%	-	-	-	-	-
Loans and other receivables		354,279,066	-	354,279,066	249,002,151	603,281,217
Insurance / reinsurance receivables	-					
Premium due but unpaid	-	-	-	-	167,161,884	167,161,884
Amounts due from other insurers / reinsurers	-	-	-	-	927,923	927,923
Reinsurance recoveries against outstanding claims	-	-	-	-	2,595,202	2,595,202
Cash and bank	-	-	-	-	74,278,628	74,278,628
		354,279,066	-	354,279,066	511,107,661	865,386,727
Financial liabilities						
Outstanding claims including IBNR	-	-	-	-	61,242,125	61,242,125
Insurance / reinsurance payables	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	27,239,768	27,239,768
Borrowings	15% to 18%	4,453,575	560,075	5,013,650	-	5,013,650
Unclaimed dividend	-	-	-	-	418,209	418,209
	-	4,453,575	560,075	5,013,650	88,900,102	93,913,752
On balance sheet gap	-	349,825,491	(560,075)	349,265,416	422,207,559	771,472,975

36.5 Sensitivity analysis

Change in interest rate will not effect fair value of any financial instrument. The Group is not exposed to significant mark-up rate risk as the Group has not entered into any significant variable rate instruments.

a) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Group is exposed to equity price risk since it has investments in quoted equity securities with fair value of Rs. 91,756,452 (2019: Rs. 17,141,873) at the reporting date.

The Group's strategy is to hold its strategic equity investments for long period of time. Thus, Group's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. The Group manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the reporting date.

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 may be affected by the relative quantity of the security being sold. However, the Group has no significant concentration of price risk.

Sensitivity analysis

The table below summarizes Group's equity price risk as on December 31, 2020 and 2019 shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be better or worse in Group's equity investment portfolio because of the nature of equity markets.

The impact of hypothetical change would be as follows:

Particulars	Hypothetical price change	Fair value	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase / (decrease) in profit / (loss) before tax
		----------------------------- Rupees -----------------------------			
December 31, 2020	10% increase	91,756,452	100,932,097	9,175,645	9,175,645
	10% decrease		82,580,807	(9,175,645)	(9,175,645)
December 31, 2019	10% increase	17,141,873	18,856,060	1,714,187	1,714,187
	10% decrease		15,427,686	(1,714,187)	(1,714,187)

Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Group makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Group considers that the liability for insurance claims recognised in the consolidated statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the Group enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit/(loss) before tax net of reinsurance.

Particulars	Impact on pre tax profit/(loss)		Shareholders' equity	
	2020	2019	2020	2019
± 10% variation in profit /(loss)	---------- RUPEES (000) ----------			
Fire and property damage	1,476	1,339	1,019	924
Marine, aviation and transport	(4,651)	2,347	(3,209)	1,620
Motor	11,199	1,190	7,727	821
Accident and health	337	420	232	290
Credit and suretyship	10,450	(1,435)	7,210	(990)
Miscellaneous	1,054	(1,764)	727	(1,217)
	19,864	2,097	13,706	1,448

36.6 CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the Group'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 Group 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 Insurance Rules, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 89(1)/2017, minimum paid-up capital requirement to be complied with by Insurance as at December 31, 2018 and subsequent year is Rs. 500 million. As at December 31, 2019 the Group's paid-up capital is in excess of the prescribed limit.

36.7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

36.7.1 The management considers the carrying amount of all financial assets and liabilities not measured at fair value at the end of the reporting period to approximate their fair value as at the reporting date.

IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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, difference may arise between the carrying values and fair values estimates.

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

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : Valuation techniques for which the lower level input that is significant to the fair value measurement is either directly or indirectly observable.

Level 3 : Valuation techniques for which the lower level input that is significant to the fair value measurement is either directly or indirectly unobservable.

Particulars	2020								
	Carrying Amount						Fair Value		
	Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet	-- RUPEES --								
Financial assets									
Cash and bank	-	-	-	10,484,476	-	10,484,476	-	-	-
Investments	-	-	91,756,452	-	-	91,756,452	91,756,452	-	-
Premiums due but unpaid	-	-	-	189,140,460	-	189,140,460	-	-	-
Amounts due from other insurers / reinsurers	-	-	-	1,258,001	-	1,258,001	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	2,595,202	-	2,595,202	-	-	-
Loans and other receivables	-	-	-	649,201,519	-	649,201,519	-	-	-
	-	-	91,756,452	852,679,658	-	944,436,110	91,756,452	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-
Financial liabilities									
Provision for outstanding claims (including IBNR)	-	-	-	-	61,977,955	61,977,955	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	35,236,862	35,236,862	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	2,592,611	2,592,611	-	-	-
Unclaimed dividend	-	-	-	-	418,209	418,209	-	-	-
	-	-	-	-	100,225,637	100,225,637	-	-	-

Particulars	2019								
	Carrying Amount						Fair Value		
	Held to maturity	Fair value through profit and loss	Available for sale	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3
On-balance sheet				RUPEES					
Financial assets									
Cash and bank	-	-	-	74,278,628	-	74,278,628	-	-	-
Investments	-	-	17,141,873	-	-	17,141,873	1,143,570	-	-
Premiums due but unpaid	-	-	-	167,161,884	-	167,161,884	-	-	-
Amounts due from other insurers / reinsurers	-	-	-	927,923	-	927,923	-	-	-
Reinsurance recoveries against outstanding claims	-	-	-	2,595,202	-	2,595,202	-	-	-
Loans and other receivables	-	-	-	603,281,217	-	603,281,217	-	-	-
	-	-	17,141,873	848,244,854	-	865,386,727	1,143,570	-	-
Financial liabilities measured at fair value	-	-	-	-	-	-	-	-	-
Financial liabilities									
Provision for outstanding claims (including IBNR)	-	-	-	-	61,242,125	61,242,125	-	-	-
Amounts due to others insurers / reinsurers	-	-	-	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	27,239,768	27,239,768	-	-	-
Borrowing under musharaka arrangements	-	-	-	-	5,013,650	5,013,650	-	-	-
Unclaimed dividend	-	-	-	-	418,209	418,209	-	-	-
	-	-	-	-	93,913,752	93,913,752	-	-	-

37 STATEMENT OF SOLVENCY

	2020	2019
	------- RUPEES -------	
Assets		
Property and equipment	14,866,552	16,291,707
Intangible assets	-	106,735
Investment in subsidiary and associate (applicable where equity accounting is followed)	150,019,600	150,019,600
Investments		
Equity securities	91,756,452	17,141,873
Loans and other receivables	866,799,951	813,608,971
Insurance / reinsurance receivables	190,398,461	168,089,807
Reinsurance recoveries against outstanding claims	2,595,202	2,595,202
Deferred commission expense	6,569,234	6,986,821
Prepayments	-	6,043,657
Cash and Bank	10,064,959	73,886,978
Total Assets (A)	1,333,070,411	1,254,771,351
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance , 2000		
(d) & (g)	282,468,728	279,706,905
(n) to (t)	137,930,797	141,661,526
(h)	164,161,228	134,235,700
(u)	14,866,552	16,291,707
(i)	-	106,735
Total of in-admissible assets (B)	599,427,305	572,002,573
Total admissible assets (C= A-B)	733,643,106	682,768,778
Liabilities		
Underwriting provisions		
Outstanding claims including IBNR	61,977,955	61,242,125
Unearned premium reserves	45,517,153	53,348,333
Premium deficiency reserves	419,358	14,906
Borrowings	2,592,611	5,013,650
Premium received in advance	2,023,233	2,110,755
Other creditors and accruals	163,065,071	141,881,158
Taxation - provision less payment	28,177,027	17,048,424
Total liabilities (D)	303,772,408	280,659,351
Total Net Admissible Assets (E=C-D)	429,870,698	402,109,427
Minimum solvency requirements (higher of following)	150,000,000	150,000,000
Method A - U/s 36(3)(a) 150,000,000		
Method B - U/s 36(3)(b) 22,528,370		
Method C U/s 36(3)(c) 20,979,981		
Excess in net admissible assets over minimum requirements	279,870,698	252,109,427

38 PROVIDENT FUND RELATED DISCLOSURE

The Group has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	2020	2019
		------- RUPEES -------	
		(Un-audited)	(Audited)
Size of the fund - Total net assets		26,720,428	23,260,910
Cost of investments	38.1	12,099,059	12,099,059
Percentage of investments made		69.23%	73.97%
Fair value of investments		18,499,298	17,206,185

38.1 The break-up cost of investments is as follows:

	Amount 2020	Percentage of total fund	Amount 2019	Percentage of total fund
Mutual funds	8,349,059	69%	8,349,059	69%
Bank account - saving	3,750,000	31%	3,750,000	31%
	12,099,059	100%	12,099,059	100%

39 NUMBER OF EMPLOYEES

	2020	2019
	------- NUMBERS -------	
Number of employees at the December 31,	39	42
Average number of employees during the year	41	47

40 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, for the purpose of comparison and better presentation. However, no significant reclassification have been made.

41 SUBSEQUENT EVENTS - NON ADJUSTING

There are no subsequent adjusting figures which require disclosure.

42 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been approved for issue on March 26, 2021 by the Board of Directors of the Group.

43 GENERAL

The figures in the consolidated financial statements have been rounded off to the nearest rupee.

Chief Executive / Principal Officer	Director	Director	Director	Chief Financial Officer

CRESCENT STAR INSURANCE LIMITED

PATTERN OF SHAREHOLDINGS AS AT DECEMBER 31, 2020

Number of Sharehoders	Shareholding From	Shareholding To	Number of Shares Held
178	1	100	2,970
195	101	500	78,662
214	501	1000	202,180
537	1001	5000	1,683,019
230	5001	10000	1,885,210
129	10001	15000	1,700,967
91	15001	20000	1,712,480
70	20001	25000	1,656,392
38	25001	30000	1,085,666
39	30001	35000	1,304,251
28	35001	40000	1,080,187
25	40001	45000	1,076,854
46	45001	50000	2,263,128
14	50001	55000	739,500
20	55001	60000	1,157,157
11	60001	65000	696,166
8	65001	70000	552,450
9	70001	75000	670,000
7	75001	80000	549,000
7	80001	85000	583,745
8	85001	90000	711,000
7	90001	95000	651,500
28	95001	100000	2,793,000
9	100001	105000	923,482
8	105001	110000	873,000
7	110001	115000	793,001
6	115001	120000	715,500
8	120001	125000	983,780
4	125001	130000	516,000
4	130001	135000	532,285
1	135001	140000	140,000
1	140001	145000	143,500
6	145001	150000	899,697
1	150001	155000	154,000
1	155001	160000	160,000
3	160001	165000	485,500
3	165001	170000	508,000
1	170001	175000	173,937
2	175001	180000	358,501
14	195001	200000	2,796,000
4	200001	205000	811,500
1	210001	215000	215,000
1	215001	220000	220,000
2	220001	225000	450,000
2	225001	230000	459,500
5	235001	240000	1,192,000
2	245001	250000	500,000
1	280001	285000	280,500
5	295001	300000	1,495,004
1	300001	305000	304,491
2	305001	310000	614,500
1	315001	320000	317,500
1	325001	330000	326,222
1	335001	340000	338,500
2	340001	345000	688,500
1	345001	350000	345,166
2	355001	360000	716,500
2	365001	370000	734,000
1	380001	385000	384,000
1	385001	390000	390,000
2	395001	400000	800,000
1	420001	425000	423,000
1	425001	430000	430,000
1	435001	440000	440,000
1	440001	445000	442,500
1	455001	460000	460,000
1	460001	465000	462,000
2	475001	480000	957,000
2	480001	485000	966,000
1	485001	490000	486,500
5	495001	500000	2,500,000
1	500001	505000	504,000
2	580001	585000	1,162,500
1	595001	600000	600,000
1	655001	660000	656,000
1	695001	700000	700,000
1	735001	740000	740,000
2	745001	750000	1,493,332
1	835001	840000	835,500
1	850001	855000	850,500
3	995001	1000000	3,000,000
1	1095001	1100000	1,100,000
1	1105001	1110000	1,110,000
1	1110001	1115000	1,112,000
1	1165001	1170000	1,169,866
1	1260001	1265000	1,263,000
1	1290001	1295000	1,295,000
2	1295001	1300000	2,600,000
1	1370001	1375000	1,372,500
1	1680001	1685000	1,681,500
1	1950001	2000000	2,000,000
1	2085001	2090000	2,090,000
1	2360001	2365000	2,364,500
1	2495001	2500000	2,500,000
1	2575001	2580000	2,579,000
1	2595001	2600000	2,600,000
1	2600001	2605000	2,600,500
1	2770001	2775000	2,771,000
1	2795001	2800000	2,797,500
1	3250001	3255000	3,252,293
1	3750001	3755000	3,753,000
2109			**107,695,041**

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors & Spouses & Executives			
Mr. Shaikh Waqar Ahmed	1	2,000	0.00%
Mr. Tanveer Ahmed	1	2,000	0.00%
Mr. Rashid Malik	1	2,000	0.00%
Mr. Suhail Elahi	1	2,000	0.00%
Ms. Naveeda Mahmud	1	2,000	0.00%
Chief Executive Officer			
Mr. Naim Anwar	1	390,000	0.36%
Associate Companies, Undertakings & Related Parties	-	-	0.00%
NIT and ICP	-	-	0.00%
Banks, DFIs and NBFIs	-	-	0.00%
Public Sector Companies and Corporations	-	-	0.00%
Insurance Companies			
Pakistan Reinsurance Company Limited (PRCL)	1	304,491	0.28%
Excel Insurance Company Limited	1	9,224	0.01%
Modaraba	-	-	0.00%
Mutual Funds	-	-	0.00%
General Public			
Local (Individuals)	2,073	99,920,964	92.78%
Foreign Companies / Organizations / Individuals	-	-	0.00%
Others			
Joint Stock Companies	24	6,959,504.00	6.46%
Pension Fund, Provident Fund, Trusts	4	100,858	0.09%
	2,109	**107,695,041**	**100.00%**

Shareholders Holding 5% or More Voting Interest

Nil

CATEGORIES OF SHAREHOLDERS

Particulars	No. of Shares	No. of Shareholders	Percentage
Individual	2,079	100,320,964	93.15%
Insurance Companies	2	313,715	0.29%
Joint Stock Companies	24	6,959,504	6.46%
Others	4	100,858	0.09%
	2,109	**107,695,041**	**100%**

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HEAD OFFICE

2ND FLOOR, NADIR HOUSE, I.I. CHUNDRIGR ROAD, KARACHI P.O. BOX NO. 4616 KARACHI, PAKISTAN
PHONES: 32415471-3 FAX (92-21) 32415474

BRANCH NAME	ADDRESS	CONTACT NO
NADIR HOUSE	3RD FLOOR, NADIR HOUSE, I. I. CHUNDRIGR ROAD, KARACHI.	(021) 32415471-3
CENTRAL CORPORATE	3RD FLOOR, NADIR HOUSE, I. I. CHUNDRIGR ROAD, KARACHI.	(021) 32415471-3
LAHORE MAIN	OFFICE # 9, 4TH FLOOR, AL-HAFEEZ TOWER, M. M. ALAM ROAD, GULBERG III, LAHORE.	042-35785337-38
ISLAMABAD	OFFICE NO.05, 2ND FLOOR, HAQ CENTER, D- BLOCK, 5TH ROAD, SATLLITE TOWN, RAWALPINDI.	0312-5595674
MULTAN	OFFICE NO 16-A FIRST FLOOR ALI ARKEED NEAR CHOCK KATACHERY MULTAN.	0300-7303037
SIALKOT	OFFICE # 309-310, SECOND FLOOR, TARIQ SQUARE, KASHMIR ROAD, SIALKOT.	0300-6150051
GUJRANWALA BRANCH	NEAR SUI GAS GRID STATION, SHAHRA-E-QAID E AZAM, GUJRANWALA CANTT.	0308-7387788

Proxy Form

I/We ____

of ____(full address) _____

being a member of Crescent Star Insurance hereby appoint ____________________________________

of ____

____(full address) ____

or failing him/her ____

of ____ (full address) ___

as my / our Proxy to attend and voice for me / us and on my / our behalf at the 64th Annual General Meeting of the Company to be held on 30th April, 2021 and at any adjournment thereof.

Signed this _________________________ of __________________________ 2021.
(day) (date, month)

Signature of Member: ________________________

Revenue Stamp

Folio Number: _______________________________

Number of share held: ________________________

Witnesses:

1. ____________________________________

2. ____________________________________

Signature and Company Seal

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a Proxy to attend and vote instead of him / her.

2. The instrument appointing a Proxy shall be in writing under the hand of the appointer or of his / her attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized. A Proxy need not be a Member of the Company.

3. The instrument appointing a Proxy, together with the Power of Attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Main Office of the Company at 2nd Floor, Nadir House, I.I. Chundrigar Road Karachi not later than 48 hours before the time of holding meeting, falling which, Proxy form will not be treated valid.

4. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his / her National Identity Card with him / her as proof of his / her identity, and in case of Proxy, must enclose an attested copy of his / her National Identity Card. Representative of corporate entity, shall submit Board of Directors resolutions / power of attorney with specimen signature (unless it has been provided earlier) along with proxy form of the Company.

اختیاراتی فارم

میں/ہم ______________________________

واقع (مکمل پتہ) ______________________________

کریسنٹ اسٹار انشورنس کے ممبر کی حیثیت سے جناب ______________________________

واقع (مکمل پتہ) ______________________________

اور انکی غیر موجودگی میں جناب ______________________________

واقع (مکمل پتہ) ______________________________

کو ہمارے نائب کی حیثیت سے اختیار دیتے ہیں کہ وہ میرے/ہماری جانب سے کمپنی کی 30 اپریل 2021ء کو منعقد ہونے والی 64ویں سالانہ جنرل میٹنگ میں شرکت کریں۔

دستخط کردہ: بروز ______________ مورخہ ______________ 2021

ممبر کے دستخط: ______________

فولیو نمبر: ______________

شیئرز کی تعداد: ______________

ریوینو اسٹیمپ

(دستخط اور کمپنی کی مہر)

گواہان:

۱۔ ______________

۲۔ ______________

۱۔ ممبر کو اختیار ہے کہ وہ جنرل میٹنگ میں شرکت کر کے ووٹ دے اس کے علاوہ کسی اور کو نائب کے طور پر میٹنگ میں شرکت کیلئے تقرر کرے۔

۲۔ تقرر کرنے کے دستاویز کو تحریر میں لایا جائے گا جس پر تعین کرنے والا اور نائب اپنے دستخط کریں گے۔ اگر تقرر کرنے والا کارپوریشن ہے تو وہ اپنی مہر ثابت کرے گا اور آفیسر یا آٹارنی دستخط کرے گا۔ نائب کیلئے یہ ضروری نہیں کہ وہ کمپنی کا ممبر ہو۔

۳۔ نائب کی تقرری کے دستاویز، پاور آف آٹارنی اگر کوئی ہو تو اس پر دستخط کر کے یا اس کی مصدقہ کاپی کو نوٹری سے تصدیق کروا کر کمپنی کے مین مرکزی آفس واقع دوسری منزل، نادر ہاؤس، آئی آئی چندریگر روڈ کراچی میں میٹنگ کے وقت سے 48 گھنٹے قبل جمع کروانا ہوگا۔ 48 گھنٹے کے بعد اختیاراتی فارم قبول نہیں کیا جائیگا۔

۴۔ کوئی بھی انفرادی مالک برائے سینٹرل ڈیپازٹری کمپنی کو یہ حق حاصل ہے کہ وہ اس میٹنگ میں ووٹ دے لیکن اپنی شناخت کیلئے اپنے ساتھ شناختی کارڈ لائے اور نائب کی صورت میں اس کی شناختی کارڈ کی کاپی منسلک کرے۔ کسی اداوے کے نمائندے کی صورت میں قرارداد/پاور آف اٹارنی، دستخط کے نمونے کے ساتھ بورڈ آف ڈائرکٹران کے پاس جمع کرائے جس کے ساتھ کمپنی کا اختیاراتی فارم بھی منسلک کیا جائے گا۔

Your Security - Our Policy

Crescent Star Insurance Limited

ESTD: 1957

Head Office:
2nd Floor, Nadir House, I.I Chundrigar Road, Karachi, Pakistan

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