ANNUAL REPORT 2021

SIGN OF PROTECTION

SHAHEEN INSURANCE COMPANY LIMITED
GROUP COMPANY OF
SHAHEEN FOUNDATION
PAKISTAN AIR FORCE

تکافل
SHAHEEN
WINDOW TAKAFUL OPERATIONS

SHAHEEN INSURANCE COMPANY LIMITED

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COMPANY INFORMATION

RATED A+
(Outlook Positive)
By PACRA

BOARD OF DIRECTORS

CHAIRMAN

Air Marshal Muhammad Arif Pervaiz (Retd.)

DIRECTORS

Air Vice Marshal Salman Ahsan Bokhari (Retd.)
Air Commodore Tausif Sadiq (Retd.)
Air Commodore Wasim Ahmed Khan (Retd.)
Mr. Adeel Ali
Mr. Khalid Saeed Mirza
Ms. Farrah Azeem Khan

CHIEF EXECUTIVE OFFICER

Mr. Rizwan Akhtar

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Nisar Ahmed Almani

AUDIT COMMITTEE

Ms. Farrah Azeem Khan	Chairperson
Air Commodore Wasim Ahmed Khan (Retd.)	Member
Mr. Adeel Ali	Member
Mr. Sayyam Maqsood	Secretary

INVESTMENT COMMITTEE

Air Marshal Muhammad Arif Perviaz (Retd.)	Chairman
Air Vice Marshal Salman Ahsan Bokhari (Retd.)	Member
Mr. Adeel Ali	Member
Mr. Khalid Saeed Mirza	Member
Mr. Rizwan Akhtar	Chief Executive Officer
Mr. Nisar Ahmed Almani	Chief Financial Officer
Mr. Nasir Jamal	Secretary

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Farrah Azeem Khan	Chairperson
Mr. Adeel Ali	Member
Mr. Khalid Saeed Mirza	Member
Mr. Rizwan Akhtar	Member
Mr. Nisar Ahmed Almani	Secretary

RATED A+
(Outlook Positive)
By PACRA

BANKS CONVENTIONAL

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Al Habib Limited

Bank of Punjab

Faysal Bank Limited

JS Bank Limited

MCB Bank Limited

Soneri Bank Limited

Summit Bank Limited

BANKS TAKAFUL

Bank Islami Limited

Meezan Bank Limited

LEGAL ADVISOR
Iftikhar Hussain Law Associates

AUDITORS
Yousuf Adil
Chartered Accountants

SHARIAH ADVISOR
Mufti Bilal Ahmed Qazi

COMPLIANCE OFFICER
Mr. Aneel Tahir

SHARIAH COMPLIANCE OFFICER
Mr. Zafar Husnain

HEAD OF INTERNAL AUDIT (COORDINATOR)
Mr. Sayyam Maqsood

INTERNAL AUDITOR
Rizwan Ahmed & Company
Chartered Accountants

REGISTERED OFFICE
10th Floor, Shaheen Complex, M.R Kayani Road, Karachi.

HEAD OFFICE
10th Floor, Shaheen Complex, M.R Kayani Road, Karachi.

SHARE REGISTRAR
M/s. Corplink (Pvt.) Ltd.
Wings Arcade, 1-K, Commercial, Model Town, Lahore.

COMPANY PROFILE

Shaheen Insurance Company Ltd. (SICL) is a group company of Shaheen Foundation, PAF, who owns major shareholding of the Company. Shaheen Insurance was incorporated as a public limited Company in 1995. The company is listed with Pakistan Stock Exchange and also registered with the Central Depository Company of Pakistan Ltd. (CDC).

Shaheen Insurance is one of the most reputable and brightest names in the insurance sector since it started operations. Its sustained growth over the years has secured a permanent place among the reputed Insurers of Pakistan. SICL is catering to all insurance needs of business community and its branch network spread all major cities of Pakistan employing full time workforce of over 100 persons. SICL is fully equipped with technical and managerial skills supported by reinsurance arrangements to cater for all classes of traditional and specialized insurance covers.

Shaheen Insurance is also providing Shariah Compliance Islamic covers under the license of Securities and Exchange Commission of Pakistan (SECP) since April 2018 through its Window Takaful Operations. In order to give more strength to its Operations, the company has formed Shariah Board comprising of trustworthy scholars, having vast experience and knowledge about Islamic Banking & Takaful, who are duly authorized to issues fatawas (guidelines) on commercial and financial transactions. A wide range of Shariah compliant Takaful Products are offered through Window Takaful Operations, serving customers from all walks of life, on a much larger scale.

The Company's financial results are consistently improving and yielding profits. Authorized Capital of the Company is Rs.1 billion while Paid-Up Capital is Rs.600 million. Shareholder's Equity as at December 31, 2021 rose to Rs. 687.23 million.

Since its establishment the Company has progressed smoothly and steadily. Its gross premiums stood to Rs.243 million (including Takaful) for the FY21 and the technical reserves stood at Rs.185.71 million. The Company is on a sound footings and intends to continue enhancing its capital base in coming years. The operations of the Company are run by a team of professionals.

SICL, with its strong backing of sponsors, capital base, prudent underwriting and financial management, has been rated "A+" with Positive Outlook by PACRA which denotes "Good credit quality, Protection factors are strong, Risk is modest but may vary with possible changes in the economy. A high capacity to meet policyholder and contract obligations."

Shaheen Insurance has excellent reinsurance & retakaful treaty arrangements with financially sound foreign reinsurers of world repute. Besides treaty arrangements, the Company has back to back arrangements with foreign & domestic "A" rated Insurers & reinsurers for placements of specialized & large risks on facultative basis.

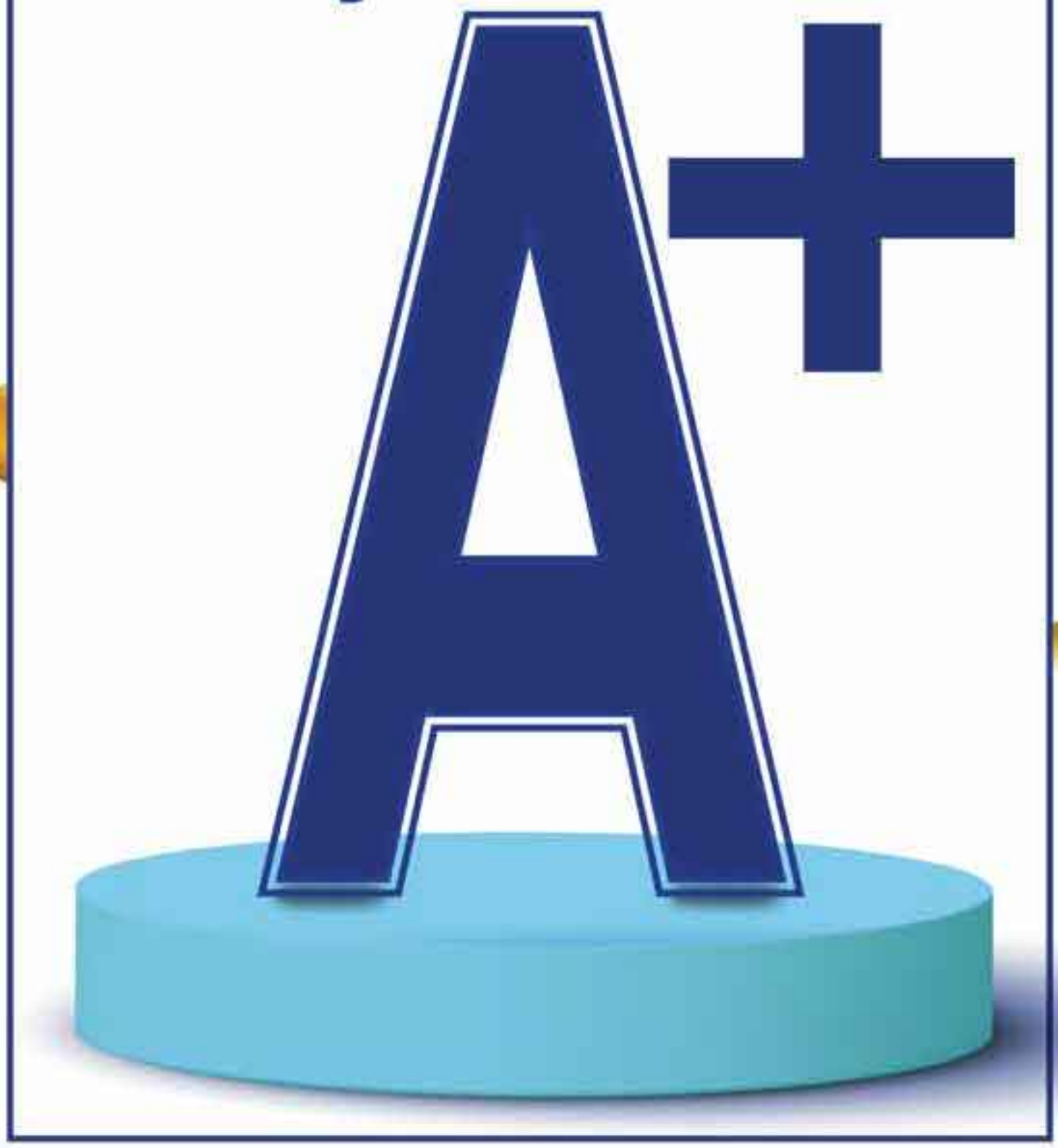
SHAHEEN INSURANCE COMPANY LTD

SHAHEEN FOUNDATION
PAKISTAN AIR FORCE

PAKISTAN CREDIT RATING AGENCY
(PACRA)

SHAHEEN
WINDOW TAKAFUL OPERATIONS

Outlook Positive By PACRA



PACRA Harmonizes IFS rating of
Shaheen Insurance Company Limited to A+ with Positive Outlook.
We bow Almighty ALLAH for his blessing & rewards.

VISION

To deliver general insurance at its best and to contribute positively and proactively for the welfare of our society at large as well as for the preservation of our environment, culture and ethics

MISSION STATEMENT

Our mission is to continuously improve ourselves to become a leading, profitable Company, meeting the needs of our customers and enhancing the value of our shareholder's investment.

We will accomplish this by using the strengths of our people and the application of innovative science for the development of new insurance products and services that are high in quality and competitive in price.

DIRECTORS PROFILE

Air Marshal Muhammad Arif Pervaiz (Retd.) Chairman



Air Marshal M Arif Pervaiz (Retd) got commissioned in Pakistan Air Force in GD (P) branch on 15 April 1972. He has served the PAF for 35 years and has held various Command and Staff appointments. Basically, a Fighter Pilot with a rich flying experience on Management and Administrative knowledge.

He qualified B Sc from PAF Academy, Risalpur and M Sc (War Studies) from French Inter Services War College, France. In recognition of his commendable services, the Government of Pakistan awarded him with Hilal-i-Imtiaz (Military) and Tamgha-i-Basalat. He got retirement from Pakistan Air Force on 15 April, 2007 after serving a meritorious service. During his illustrious career, he has held the various Senior Command & Staff and administrative appointments: -

a. Deputy Chief of Air Staff (Admin) AHQ, Islamabad.
b. Air Officer Commanding, Southern Air Command.
c. Member Board of Defence Housing Authority.
d. Director General Defence Procurement, Mod.
e. Member Committee of Administration, Fauji Foundation.
f. Member Committee of Administration, Shaheen Foundation, PAF.

Owning to his rich administrative experience, he held following corporate appointments after his retirement from PAF:-

a. Managing Director, Shaheen Foundation, PAF (Mar, 13 to Mar, 16).
b. Chairman Board of Directors, M/s Shaheen Insurance Company Limited (Mar 13 to Mar 16).
c. Chairman Board of Directors M/s Air Eagle (Private) Limited (Mar 13 to Mar 16).

Keeping in view his illustrious career and achievements in the past, he has assumed the office of Managing Director, Shaheen Foundation, PAF for the second time with effect from 17 February, 2020.

Air Vice Marshal Salman Ahsan Bokahri (Retd.)



Air Vice Marshal Salman Ahsan Bokhari HI (M) (Retd.), is currently serving as Deputy Managing Director of Shaheen Foundation, PAF. He has spent almost 39 years in the PAF. During his vast stay in the PAF he held various international, Command and Staff appointment including managing flying operation, Policy making, administration management and organization development. He is basically a Fighter Pilot with over 4600 hours. The officer is a recipient of Tamgha-i-Imtiaz (Military), Sitara-i-Imtiaz (Military) & Hilal-i-Imtiaz (Military).

The Air Officer is a graduate of PAF Air War College and National Defence University Islamabad, where he did MSc in Military Art Science and MS in Strategic Studies from Maxwell, Alabama USA. He has also served as an Air Attached (Beijing), Air Officer Commanding Southern Air Command, Director General Security and Director General Military Procurement.

In the Air Marshal; there is a fine blend of military and civilian traits. He applies the military experience in the corporate world. A pleasant personality, excellent intra-personal skills and a par excellence international reputed officer, make him a highly respected human being.

DIRECTORS PROFILE

Air Commodore Tausif Sadiq (Retd.)



Air Commodore Tausif Sadiq (Retd.) is currently serving as Director Admin, HR and Welfare at Shaheen Foundation PAF. He possesses over 32 years of professional managerial and flying experience, with 15 years exclusively in Project Management. He successfully initiated and completed multiple complex projects worth 50 million US Dollars to over one billion Us Dollars, with different European and Chinese multi-national companies.

His work experience includes Portfolio management, contract management, project management, negotiation skills, supply chain management, procurement of spares / technical material and related infrastructure development, capacity building, training and decision making in complex situations.

Holding Masters degree in National Security Management and War Studies he also have first-hand experience in supervision and maintenance of aircraft and electronic systems and logistic support. In recognition of his meritorious services he was awarded Sitara-i-Imtiaz (Military) and "03" Chief of Air Staff Commendation Certificates.

Air Commodore Wasim Ahmed Khan (Retd.)



Air Commodore Wasim Ahmed Khan (Retd.) is currently working as Director Projects at Shaheen Foundation PAF. He holds M. Phil degree in Public Policy & Strategic Security Management with extensive experience in Program/Project Management, Human Resource Management, Supply Chain Management, Security & Emergency Relief OperationsManagement Public Schools Administration & Management.

He has been associated with PAF for 30 years in various positions. He attended various staff and Command courses.

Mr. Adeel Ali



Mr. Adeel Ali is a seasoned Chartered Accountant possessing more than 19 years of experience in all aspects of finance function. He carries strong analytical and leadership skills necessary for business development, processes improvements, cost reduction, revenue enhancement and strategic planning for optimizing values and minimizing risks. He is currently associated with Shaheen Foundation PAF in the capacity of Director Finance. Prior to joining Shaheen Foundation, he has been working with Bank of Punjab, TPL Group, Shaheen Air International, Honda Atlas Cars Pakistan and A.F. Ferguson & Co. (PWC).

DIRECTORS PROFILE

Mr. Khalid Saeed Mirza



Mr. Khalid Saeed Mirza is currently working as Additional Director Finance at Shaheen Foundation PAF. He has 21 years of experience in Finance and Accounts (Including Director level 7 year Experience and 14 year GM level Experience).

Basically a finance graduate, he has good expertise in Budgeting & Financial Analysis, Audit / Compliance, Taxation matters, Finance and Accounts.

During his illustrious carrier, he held the following appointments: -

(a) Additional Director Finance, PAF
(b) Director Finance & Accounts Baha Uddin Zakariya University Lahore Sub Campus
(c) Project Director Finance Stmea (FZE) Sharjah, UAE
(d) GM Operations (Mr. Denim (pvt) Ltd Lahore Pakistan)
(e) GM Finance & Accounts (Mr. Denim (pvt) Ltd Lahore Pakistan)

Ms. Farrah Azeem Khan



Ms. Farrah Azeem Khan is currently associated with Shaheen Insurance Company Limited as an Independent Director. She holds MSC in Environment and Development Education, from South Bank University, London.

Ms. Farrah Azeem Khan has spearheaded fundraising efforts for national and international multimillion-dollar organizations and maintained strategic focus while supervising large and complex programmes funded by multiple donors. She possesses sharp organizational, planning, management, and administrative skills.

She has worked at various senior level positions that include;

a) Director of Women's Empowerment Programmes 2018 to 2020.
The Asia Foundation, Afghanistan.
b) Senior Key Judicial and Legal Affairs Communications Expert, Punjab Access to Justice Project (PA2JP), 2014 to 2017.
Galway Development Services International Limited (GDSI) – EU.
c) Executive Director, 1998 - 2013
Citizens' Commission for Human Development (CCHD), Pakistan.
d) Strategy Expert - Midterm Evaluation of Plan International Country Program Strategy III, 2013.HTSPE Limited, Pakistan.
e) Political Strand Manager - National Educational Campaign - Alif Alan,2012.
HTSPE Limited, Pakistan.

CODE OF CONDUCT AND ETHICS

The Code of Conduct and Ethics (Code) establishes the standards that govern the way we deal with each other, our customers, shareholders, governments, suppliers, competitors and the public at large. Complying with the Code is a part of the terms and conditions of employment with Shaheen Insurance Company Limited.

ANTI FRAUD PROGRAM & WHISTLE BLOWING POLICY

The assessment of a Company's internal control over financial reporting must be based on procedures sufficient both the evaluate its design and to test its operating effectiveness. Control subject to such assessment include.... Controls related to the prevention, identification, and detection of fraud.

This Whistle Blowing Policy is a part of Company's effort to further improve governance and service quality.



Our Services

Shaheen Insurance underwrites all classes of General Insurance and enjoys excellent reputation. Apart from Conventional Insurance Shaheen Insurance has also commenced its Takaful operations in 2018.

General Insurance (Conventional)

Shaheen Insurance commenced its general insurance business in 1995 and it underwrites in all classes of traditional and non-traditional lines.

Shaheen Insurance offering a wide range of covers such as Fire & Property, Marine Cargo, Motor Vehicles (Commercial & Private), Personal Accident, Money Insurance, Burglary & Liability (Public & Product) and Workmen Compensation while non-traditional covers such as Engineering Risks (MBD, CAR, EAR), Aviation Insurance, Terrorism and Bonds are also being offered.

General Takaful (Islamic)

Takaful is an Islamic subsititute of Insurance and is growing steadily. Shaheen Insurance commenced its Window Takaful Operations in April 2018 under the guidance of renowned, qualified and certified Sharia Board.

Shaheen Takaful is offering a wide range of Sharia Compliant Takaful Products such as Fire & Property Takaful, Marine Cargo Takaful, Motor Takaful (Private / Commercial Vehicles), Engineering Takaful, Terrorism & Political Violence Takaful and Miscellaneous Accident Takaful.

FIRE & PROPERTY INSURANCE



Fire & Allied Perils Insurance

Shaheen Insurance provides comprehensive Fire insurance coverage at most competitive rates. The standard Fire policy covers loss and/or damage to the property caused by Fire & Lightning. The basic Fire policy can be extended to cover a number of additional risks known as 'special perils' or 'allied perils'. These includes: Riot and Strike Damage, Malicious Damage, Explosion, Atmospheric Disturbance (including Flood), Earthquake Fire and Shock, Impact Damage, Aircraft Damage, Burglary and Sabotage including Political Violence Risks.

The property insured normally includes Buildings, Plant & Machinery of all kind (industrial, commercial, residential, offices, factory & warehouse / godowns), fixtures & fittings, stocks in godowns, raw materials, work-in-process and finished goods.

Consequential Loss Due to Fire

SICL also provides this coverage in conjunction with Fire Policy. It provides protection against Loss of Profit incurred as a result of business interruption or interference in Business caused by an event indemnifiable under Fire Policy.



MARINE CARGO INSURANCE

Shaheen Insurance provides most comprehensive Marine Cargo insurance. Marine Cargo insurance provides protection to Imports & Exports of goods by any mode of transport viz by Sea, by Air or by Road/Rail. Cargo is usually insured on a warehouse (of departure) to warehouse (of arrival) basis and usually covering all transit risks as per Institute Cargo Clauses 'A'. For lesser risks Cargo clauses 'B' & 'C' are available; even cover on TLO (Total Loss only, due to total loss of vessel / aircraft) basis is also available. Marine Inland Transit insurance policy provides adequate cover to protect goods in transit by any mode of transport i.e., by Air or by Road/Rail within the territory of Pakistan.

MOTOR INSURANCE



Shaheen Insurance provides most comprehensive coverage against accidental damage to the motor cars, motorcycles, trucks and other vehicles. Following are major types of Motor insurance:

Comprehensive Motor Policy (Private Vehicles)
Our Motor Insurance provides protection against losses incurred as a result of theft, accidents, riots, malicious damage and against liability that could be incurred in an accident. This policy can be extended to include accidental personal injuries and death of Driver and Passengers.

Commercial Vehicles
We also insure Motor vehicles used for trade / commercial purposes and classified as Commercial Vehicles such as Trucks, Trailers, Buses, Ambulances, Wagons / Vans etc. and providing protection against losses incurred as a result of theft, accidents, riots, malicious damage and against liability that could be incurred in an accident.

Third Party Liabilities Insurance
To meet requirement by law under Motor Vehicle Act 1939 is in respect of legal liability to pay damages arising out of bodily injury caused to any third party person, the following policies are also available under the legal section

Act Liability Only: it provides coverage in respect of liability incurred through death or injury to a third party person. This is minimum legal cover available under the law.

Third Party Liability Only: it provides coverage as above plus damage to third party property.



AVIATION INSURANCE

Shaheen Insurance offer aviation insurance to the commercial airlines as well as private jets. Our comprehensive aviation insurance plan protects the insured from probable risks of Aircraft Hull & Spares All Risks, Aviation Legal Liabilities, War & Allied Perils, Loss of License to Pilots, Aircraft's Ferry Flight Insurance, Crew Legal Liabilities, Airport Operations Insurance.

ENGINEERING INSURANCE



Engineering policies mainly cover operational loss of plant & machinery and projects of various kinds. It covers damage or breakdown of plant & machinery or its specific items. It indemnifies the cost of repair of plant & machinery own damage and legal liability for damage to the property of third party.

Cover for loss of profits and standing charges following machinery breakdown is also available. Engineering risk usually provides coverage for Contractor's All Risks Insurance, Contractor's Plant & Machinery Insurance, Plant & Machinery Erection All Risks Insurance, Machinery Break-Down Insurance and Comprehensive Machinery Insurance.



BONDS & SURETY INSURANCE

Contractor undertaking the construction of public works like buildings, roads, bridges, dams, civil works etc are usually required to furnish guarantees / bonds guaranteeing the fulfillment of their contractual obligations to the principals.

Traditionally Bid Bonds, Advance Payment / Mobilization Bonds, Performance Bonds, Maintenance Bonds and Customs & Excise Bonds are available.

MISCELLANEOUS & OTHERS

A wide range of products available under Miscellaneous & Others insurance which includes, but not limited to, Products Liability Insurance, Professional Indemnity Insurance, Group / Personal Accident Insurance, Employer's Legal Liability Insurance, Workmen Compensation Insurance, Fidelity Guarantee Insurance, Public Liability Insurance, Third Party Liability Insurance, Directors & Officers Liability Insurance, Product Liability Insurance, Travel Insurance, All Risks Insurance, House-breaking & Burglary Insurance, Money Insurance (Cash in Safe & Cash in transit), Group Health Insurance, Plate Glass Insurance and Baggage Insurance etc.



CHAIRMAN'S REVIEW

I am pleased to present the 27th Annual Report and Performance Review of your Company on behalf of the Board of Directors for the year ended 31st December 2021.

Although the Covid-19 pandemic aftermath continues and repeating waves cause unprecedented challenge all over the globe including Pakistan and affecting economic & business activities but the economic activities has now gained momentum and heading on the path of gradual recovery. The rise in global commodity prices and increased cost of energy, elimination of subsidies and tariff/tax adjustments under the IMF program impacted the domestic economy, with an uptick in inflation and ballooning Current Account Deficit. The robust remittance inflows offset a wider trade deficit is likely to continue contracting in future on expectation of further compression in import bill, while home remittances substantially increased have greatly impacted on our foreign exchange reserves.

Amid emerging macroeconomic challenges, the Central Bank increased the Policy Rate to 9.75% to anchor inflationary pressures and to ensure sustainable growth. It is expected that investment income of the Company would grow in the upcoming year.

Despite challenging economic situation continues to prevail during most of the year 2021 besides stiff competition your company performed reasonably well. Despite decrease in premiums your company posted profit after tax at Rs.31.01 million during the year 2021 as compared to Rs.35.6 million reported in the last year. Investment income remains a major contributory in the profitability of the Company. Your company yielding EPS of Rs.0.52 for the year 2021 while all financial indicators are on improving trends.

I am confident that going forward the Company will perform well and will capitalize the opportunities to excel its performance during the year 2022.

I would like to place on record my gratitude to the members of the Board of Directors for their commitment and supporting the management and to the shareholder for their confidence and support to the Company during these challenging times.

I would also like to thank our valued customers for their continued patronage, unflinching trust and to our Reinsurers for their continued backing & confidence and to the regulators i.e., SECP for their continued guidance and support during these testing times.

I would also like to express my appreciation to the employees & team Shaheen Insurance for their hard work, commitment and dedication with the Company

Air Marshal Muhammad Arif Pervaiz (Retd)
Chairman

Karachi, March 31, 2022

چیئرمین کی جائزہ رپورٹ

مجھے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کی 27ویں سالانہ رپورٹ اور کارکردگی کا جائزہ پیش کرتے ہوئے خوشی ہو رہی ہے۔

اگرچہ کووڈ 19 کی عالمی وبا کے بعد کے اثرات جاری ہیں اور بار بار لہریں پاکستان سمیت پوری دنیا میں بے مثال چیلنج کا باعث بن رہی ہیں اور معاشی اور کاروباری سرگرمیاں متاثر کر رہی ہیں لیکن معاشی سرگرمیاں اب زور پکڑ چکی ہیں اور بتدریج بحالی کی راہ پر گامزن ہیں۔ عالمی اجناس کی قیمتوں میں اضافہ اور آئی ایم ایف پروگرام کے تحت توانائی کے ٹیرف/ٹیکس ایڈجسٹمنٹ، سبسڈی کے خاتمے نے ملکی معشیت کو بھی متاثر کیا جس کی وجہ سے افراط زر اور کرنٹ اکاؤنٹ میں اضافہ ہوا۔ ترسیلات زر کی بھرپور آمد سے وسیع تر تجارتی خسارے کو پورا کرنے سے ممکن ہے کہ مستقبل میں درآمدی بل میں مزید کمی کی توقع کی جاسکتی ہے ، جبکہ ملکی ترسیلات میں خاطر خواہ اضافہ نے ہمارے زرمبادلہ کے ذخائر پر بہت زیادہ اثر ڈالا ہے۔

ابھرتے ہوئے معاشی چیلنجوں کے درمیان، مرکزی بینک نے افراط زر کے دباؤ کو ختم کرنے اور پائیدار ترقی کو یقینی بنانے کے لیے پالیسی ریٹ کو بڑھا کر 9.75% کر دیا۔ امید ہے کہ کمپنی کی سرمایہ کاری کی آمدنی آئندہ سال میں مزید بڑھے گی۔

مشکل ترین معاشی صورتحال کے باوجود سال 2021 کے بیشتر حصے میں آپ کی کمپنی نے معقول کارکردگی کا مظاہرہ کرنے کے ساتھ ساتھ سخت مقابلہ بھی جاری رکھا۔ پریمیم میں کمی کے باوجود آپ کی کمپنی نے سال 2021 کے دوران 31.01 ملین روپے کا بعد از ٹیکس منافع کمایا جب کہ پچھلے سال کی 35.6 ملین روپے کی آمدن رپورٹ کی گئی تھی۔ سرمایہ کاری کی آمدنی کمپنی کے منافع میں ایک اہم حصہ بنی ہوئی ہے۔ آپ کی کمپنی سال 2021 کے لیے 0.52 روپے کی EPSحاصل کر رہی ہے جبکہ تمام مالیاتی اشارے بہتر ہو رہے ہیں۔

مجھے یقین ہے کہ آگے کمپنی اچھی کارکردگی کا مظاہرہ کرے گی اور سال 2022 کے دوران اپنی کارکردگی کو بہتر بنانے کے مواقع سے فائدہ اٹھائے گی۔

میں بورڈ آف ڈائریکٹرز کے ممبران کا ان کے عزم اور انتظامیہ کی حمایت کے لیے اور شیئر ہولڈر کا اس مشکل وقت میں کمپنی پر اعتماد اور تعاون کے لیے شکریہ ادا کرنا چاہتا ہوں۔

میں اپنے قابل قدر صارفین کا ان کی مسلسل سرپرستی، غیر متزلزل اعتماد اور اپنے ری انشورر کا ان کی مسلسل حمایت اور اعتماد کے لیے اور ریگولیٹرز یعنی ایس ای سی پی کا ان آزمائشی لمحات میں مسلسل رہنمائی اور تعاون کے لیے شکریہ ادا کرنا چاہوں گا۔

میں ملازمین اور ٹیم شاہین انشورنس کی کمپنی کے ساتھ ان کی محنت، عزم اور لگن کے لیے بھی ان کو سراہنا چاہوں گا۔

ائیر مارشل (ر) محمد عارف پرویز
چیئرمین

کراچی، 31 مارچ، 2022

DIRECTORS' REPORT

The Directors of the Company are pleased to present the Annual Report together with the Audited Financial Statements and Auditors Report thereon for Year ended December 31, 2021.

GENERAL ECONOMIC REVIEW

The year 2021 saw a revival as a result of supportive moves by policymakers leading to ease in lockdowns and reopening of economies. However, this drive towards normalization and quick demand pickup created inflationary pressures that were mainly led by supply bottlenecks and labor shortages. In addition, rapid spread of Covid new variants posed uncertainty to the global economic outlook

On the domestic front, reopening of the economy led to fiscal and monetary push to counter COVID shocks as GDP growth recovered to 3.9% in FY21 after - 0.5% in FY20. The quick recovery was primarily on the back of acceleration in economic activity, and various stimulus packages provided by the Government. However, rise in global commodity prices and tariff / tax adjustments under the IMF program impacted the domestic economy, with an uptick in inflation and ballooning Current Account Deficit. Amid emerging macroeconomic challenges, the State Bank increased the Policy Rate to 9.75% to anchor inflationary pressures and to ensure sustainable growth.

Business development in the testing times is quite challenging. Inflation is likely to remain high in the coming years mainly due to rising of fuel & food prices, energy tariff hikes, and potential geo political worsening situation of our country and the region.

Heading to the year 2022, a continued vaccination drive is necessary to keep the virus in check, especially at a time when new variants are emerging, as it determines the outlook of both health and the economy. Further, reversal in commodity prices would help, but continued fiscal discipline and efforts to keep aggregate demand in check are important for macroeconomic stability. The world economy is getting stable and Pakistan economy is responding and the general economic environment of the country also emerging to be positive.

Conditions in the insurance industry continued to be challenging due to lower than expected GDP growth in 2021. Ongoing pandemic and stiff competition amongst the big market players continue to push premium rates downward, thus marginalizing the other players.

COMPANY'S PERFORMANCE – OPERATIONAL RESULTS FOR THE YEAR 2021

Year 2021 proved to be a challenging year for the Company. Despite testing times your Company produced the following results. Financial highlights of your Company for the year ended December 31, 2021 are as under:-

	December 2021	December 2020
	Rupees in million	
Gross Premium (including window takaful operations)	**243**	254
Net Insurance Premium(including window takaful operations)	**185**	232
Net insurance claims expense (including IBNR)	**43**	66
Management Expenses	**140**	147
Underwriting results	**(38)**	(38)
Investment Income	**48**	57
Profit before tax	**28**	49
Profit after tax	**31**	36
Earnings per share (EPS)	**0.52**	0.59

During the year 2021, your Company underwrote gross premium of Rs.243 Million inclusive of Takaful Contribution of Rs.12 million as against Rs. 254 million including Takaful Contribution of Rs.10 million during the year 2020 showing a decrease of 4.33% i.e., Rs.11 million. The net insurance premium inclusive of Takaful for the year under review also reduced to Rs.185 million against Rs.232 million during corresponding year. The reduction in net premium was mainly on account of low business activities due to swayed policy of the banks favoring large companies without merits over the others and due to slowed-down economic activities in the wake of Covid-19 variants and fall of personal lines financings by the Banks / financial institutions. Lower levels of premiums along with recording of provision against doubtful debts / write-offs resulted in decrease in profits of the Company.

Claims incurred during the year were Rs. 73 million against Rs 117 Million during last year, showing a decrease of 37% i.e., Rs. 44 million.

Net profit after tax stood at Rs. 31 Million against Rs. 36 million in the last year.

Investment Income of the company also registered a decrease mainly due to steep decline in the interest rate by the State Bank of Pakistan to counter Covid-19 related exigencies. Management and other expenses for the 2021 (excluding the impact of provisions for doubtful debts and write offs) increased slightly by 1% compared with 2020 mainly due to inflation.

Company commenced its Window Takaful Operations in April 2018. Due to initial years of operations, this business segment is progressing slowly. However, going forward Company is confident to expand its takaful operations by procuring new business in coming years.

As you are aware that Pakistan is a developing economy and due to low insurance penetration in the society in the backdrop of poor socio-economic conditions of public at large; thus a vast majority of the insurance business is procured by the insurers from banks / FIs / DFIs financings. The fixing of so called 'Bank Limits' and Delisting and Non-Listings by some Banks and Financial Institutions (FIs) /DFIs is not providing level playing field to all the market players. This inequitable policy of the banks & financial institutions favoring only big insurers, while rest of the players remain deprived. This discriminatory scenario needs to be addressed immediately by the relevant quarters in the larger and best interest of the insurance industry. The hidden oversight of this policy is that the exposure of banks & FIs is increasing with few insurers, rather than spreading among various insurers which is the original spirit & crux of the insurance.

INVESTMENTS

The overall investment policy of your Company by and large remains unchanged focusing on placements in risk free highest returns. Your company also generates a significant portion of its investment income from sustainable sources such as mark-up. Investment portfolio including Term Deposits for Rs. 560 Million as at 31st December 2021. Cash & Bank deposits accounts stood at Rs. 73 million.

CLAIMS

The Company recognizes liability in respect of all claims incurred up to the Statement of Financial Position date which is measured at the undiscounted value of the expected future payments.

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date. In compliance with SECP Circular No.9 of 2016, the Company takes Actuarial advice for the determination of IBNR claims. IBNR claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (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.

REINSURANCE

Your Company successfully concluded reinsurance arrangements for the year 2022. Trust Re, on behalf of Best Meridian Insurance Co (BMI), the world's most renowned Reinsurer continues to be the leader of Company reinsurance program, while our treaty partners includes Labuan Re, Saudi Re, Tunis Re, PRCL, SCR and Arab Re. Underwriting capacity for certain lines of business has improved further in 2022, thus your Company would be able to underwrite larger risks.

WINDOW TAKAFUL OPERATIONS

Shaheen commenced its takaful operations in April 2018 under the guidance of renowned qualified and certified Sharia Scholars & Sharia Board. Shaheen Takaful is offering a wide range of Sharia Compliant General Takaful products such as Fire and Property Takaful, Marine Cargo, Private / Commercial Vehicles Takaful, Engineering Takaful and Miscellaneous and Accident Takaful.

Your Company underwrote Takaful Contribution for Rs.11.77 million compared to previous year contribution for Rs.10.11 million showing increase of Rs.1.66 million. Though the company's takaful operations are not yielding profits as yet however, we are confident that the Company will grow substantially in the years to come because of the positive economic activities and as it is taking necessary steps towards increasing its market share. Takaful operations will also grow and will provide new avenues and situation will turnaround in the coming years.

PAID-UP CAPITAL & GENERAL RESERVES

Currently, Paid-Up Capital of your Company is Rs.600 million and general reserves stood at Rs. 32.60 million while total equity grown to Rs. 687.23 million. Your Company is thoroughly capitalized and is well in excess of the requisite Minimum Capital requirement of Rs. 500 Million prescribed by the SECP for non-life insurance companies. Increased capital will greatly assist the Company in taking on future business challenges and growth prospects.

BOARD OF DIRECTORS

Board of Directors' of the company consists of eight directors having knowledge, experience and skills required to provide oversight and strategic guidelines to the Company. The total number of Directors is eight as per the following distribution:

(a) Male 07
(b) Female 01

Composition of the board is as follows: -

- Independent Director (1)
- Non-Executive Directors (6)
- CEO – Deemed to be Executive Director (1)

** Directors would like to apprise the members about a change in Chief Executive Officer of the Company. Mr. Syed Rizwan Akhtar, a seasoned insurance professional has joined the Company w.e.f. October 25, 2021 as CEO. Being the CEO of the Company he is deemed to be a director.

During the year, Board is actively involved in performing its duties in accordance with various relevant Laws and Memorandum and Articles of Association of the Company, with the ultimate objectives of self-guarding the interest of the Shareholders, increase in profitability of the Company and promoting market confidence.

All of the following directors of the company are non-executive directors;

1.	Air Marshal Muhammad Arif Pervaiz (Retd.)	Chairman & Non - Executive Director
2.	Air Vice Marshal Salman Ahsan Bokhari (Retd.)	Non-Executive Director
3.	Air Commodore Tausif Sadiq (Retd.) *	Non-Executive Director
4.	Air Commodore Wasim Ahmed Khan (Retd.) *	Non-Executive Director
5.	Mr. Adeel Ali *	Non-Executive Director
6.	Ms. Farrah Azeem Khan *	Non-Executive Independent Director
7.	Mr. Khalid Saeed Mirza	Non-Executive Director

* Air Commodore Wasim Ahmed Khan (Retd.) and Ms. Farrah Azeem Khan were appointed in February 2021, while Mr. Adeel Ali and Air Commodore Tausif Sadiq (Retd.) were appointed in April 2021 and December 2021, respectively to fill casual vacancies on the Board.

Air Commodore Ahsan Muhammad Khan (Retd.), Air Commodore Jamshed Iqbal (Retd.), Air Commodore Mahmood Ahmad (Retd.) and Group Captain Javed Akhtar Khan (Retd.) resigned from the Board during the year. Board wishes them best of luck in their future endeavors

No remuneration is paid to the directors of the Company as all the directors are non-executives, and nominees of Shaheen Foundation except for one Independent Director.

BOARD MEETINGS

Board of Directors held 5 meetings in 2021. Attendance of directors is indicated below;

Name of Director	No. of meetings attended
Air Marshal Muhammad Arif Pervaiz (Retd.)	4
Air Vice Marshal Salman Ahsan Bokhari (Retd.)	5
Air Commodore Tausif Sadiq (Retd.) (Appointed in December 2021)	Nil
Air Commodore Mahmood Ahmad (Retd.) (Resigned in September 2021)	4
Air Commodore Ahsan Muhammad Khan (Retd.) (Resigned in January 2021)	Nil
Air Commodore Jamshed Iqbal (Retd.) (Resigned in January 2021)	Nil
Mr. Adeel Ali (Appointed in April 2021)	1
Ms. Farrah Azeem Khan (Appointed in February 2021)	3
Group Captain Javed Akhtar Khan (Retd.) (Resigned in April 2021)	1
Mr. Khalid Saeed Mirza	4

Leave of absence was granted in case the directors could not attend some of the meetings.

DIVIDEND AND APPROPRIATIONS OF PROFIT

The profit after tax of Rs 31 Million was earned during the year ended December 31, 2021. In order to take on future business challenges, the Directors have not recommended any dividend / payout for the year.

EARNINGS PER SHARE

Basic and Diluted Earnings per Share of the Company for the year ended December 31, 2021 is Rs 0.52 per share (December 31, 2020 Rs 0.59 per share).

CONTRIBUTORY PROVIDENT FUND

The value of investment including accrued income of provident fund on the basis of unaudited accounts as on December 31, 2021 is as follows;

Value of investments Rs.18 Million

STATUTORY PAYMENTS ON ACCOUNT OF TAXES, DUTIES

There are no statutory payments on account of taxes, duties, levies, and charges which are outstanding except in the ordinary course of business and as disclosed in the Financial Statements.

Tabulated below are the financial data for the last six years against the head of accounts;

Head of Account	Rupees in Millions					
	2021	2020	2019	2018	2017	2016
Written Gross Premium including gross written contribution	**243**	254	357	417	343	340
Investment Income	**48**	57	61	33	29	17
Claims Expense	**43**	66	100	85	80	74
Net commission and other acquisition cost	**35**	53	61	100	62	48
Management and other expenses	**140**	153	139	133	126	137
Profit after tax	**31**	36	60	79	63	40
Share Holders Equity	**687**	656	621	574	495	406
Claim Outstanding	**86**	127	128	116	114	110
Insurance / Reinsurance receivables	**142**	178	252	272	181	107
Investment	**606**	650	611	552	453	489
Investment Properties	**155**	135	130	31	32	21

INFORMATION TECHNOLOGY

The role of IT in the present scenario cannot be ignored; this has become quite essential as availability of uninterrupted IT services have attained a dynamic role in core business operations.

Your Company is constantly investing to expand & upgrade its technological platform. General Insurance Software 'IGIAS'; is running successfully at branch level. IGIAS has also been implemented for Takaful operations of the Company at branch user level to meet short and long term day to day needs. Due to implementation of above module operational capabilities at department level improved, and these developments supported the improvement of internal controls and effective management information system. The quality of 'IGIAS' is that it is integrated software with all its modules i.e., Underwriting, Claim, Accounts and Reinsurance. It is (JSP) Java scripted online web-based software with Oracle data base and its data management is hassle-free and highly secure in its modesty & safety.

Securities and Exchange Commission of Pakistan (SECP) is pleased to issue the SECP Guidelines on Cyber Security framework for the Insurance sector which will also help to align Cyber Security Framework with overall risk management framework and achieving ISO 27001 which significantly minimizes the risk against internal human error or offence.

The IT strategy of the Company is fully aligned with its operational requirements in order to provide swift services to our customers for their highest level of satisfaction.

CREDIT RATING

With strong backing of sponsors, capital base, prudent underwriting and financial management the Pakistan Credit Rating Agency (PACRA) has harmonized the Insurer Financial Strength (IFS) rating of your Company to "A+" **(A Plus),** with outlook continue to be **'Positive'**. The assigned rating denotes good credit quality, protection factors are strong, risk is modest but may vary with possible changes in the economy, a high capacity to meet policyholder and contract obligations

RELATED PARTY TRANSACTIONS

All related party transactions are put up periodically before the Audit Committee and the Board for their review and approval. These transactions have been reviewed / recommended by Audit Committee and approved by the Board of Directors in their respective meetings. All transactions executed with related parties are on arm's length basis.

LIQUIDITY MANAGEMENT

The company prudently manages liquidity to ensure its ability to meet contractual obligation more efficiently through the cash flow generated from its core business as well as investments and other income. Your company meets the solvency requirements; maintain strong cash flow to meet any unforeseen exigencies. The company's solvency as at December 31, 2021 was Rs. 595 million as against required solvency of Rs.150 million i.e. excess of Rs. 445 million over minimum required solvency.

ANTI-MONEY LAUNDERING AND COUNTERING FINANCING TERRORISM

SECP being regulator have issued the guidelines / regulations on anti-money laundering policies and procedures. SECP has also issued various circulars for the implementation of Know Your Customer (KYC) Guidelines applicable on insurance companies. Recently, SECP has issued Anti Money Laundering and Countering Financing of Terrorism Regulations 2020 through SRO 921(1)/2020 dated 28th September, 2020 which are very comprehensive guidelines for AML and KYC. Your Company has implemented these guidelines to an extent in order to cater the relevant risk and exposure.

ROLE OF COMPLIANCE

Role of Compliance function is imperative to evaluate the efficiency and effectiveness of internal controls, without which the company cannot achvieveresistance against risks and threats, particularly with respect to regulatory compliance. The Compliance Officer is responsible to improve the control environment and ensure compliance of various applicable laws, regulatory requirements, internal policies and procedures with specific emphasis on compliance with SECP's Regulations.

DIRECTORS TRAINING PROGAM

Following directors have already completed Directors Training Program (DTP) of the Institute of Chartered Accountants of Pakistan/ Institute of Cost and Management Accountants of Pakistan;

1. Group Captain Javed Akhtar Khan (Retd.) – Director (Resigned in April, 2021)
2. Mr. Sohel Najam Kidwai – Ex Chief Executive (Resigned in October, 2021)

CORPORATE BRIEFING

Corporate Briefing session was held for Shareholders and Analysts on Friday 24th December, 2021 via video link, as per requirement of the Pakistan Stock Exchange. Senior Management, Analysts and shareholders attended the session.

DIRECTOR'S REMUNARATION

In line with the requirement of Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019 and Articles of Association of the Company, the policy of remuneration of non-executive directors including Independent directors, the Company do not pay any remuneration to its non-executive directors (including independent directors).

ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CHAIRMAN - BOARD OF DIRECTORS

Managing Director of Shaheen Foundation is the Chairman of the Board of Directors of the Company. Chairman of the Board is responsible to ensure that the Board is working properly and all the matters relevant to the governance of the company are considered in the Board Meetings. The Chairman presides and conducts the Board meetings and is responsible to lead the Board and ensure its effective functioning and continuous development. The Chairman has no involvement in day-to-day operations of the Company.

CHIEF EXECUTIVE OFFICER - CEO

Board of Directors appoints Chief Executive Officer (CEO) of the Company for the tenure of three years. Chief Executive Officer is responsible for the operations of the Company and conduct of its business in accordance with all statutory obligations and subject to the direction of the Board and power vested in him by law. His responsibilities include implementation of strategies and policies of the Board. He is responsible for exercising the overall control, direction, administration and supervision for sound and efficient management and conduct of business of the Company. Chairman and CEO meet regularly to discuss / review issues, opportunities and problems.

CEO's PERFORMANCE REVIEW

The performance of the CEO is evaluated by the Board on annual basis based on the business activities performed during the year.

BOARD COMMITTEES

All the directors represent rich exposure of diverse field of business and professions and possess requisite skills and understanding to deal with the various business and corporate issues and have the ability to review, analyze and challenge the management performance. They have contributed immensely in terms of their experience and practical advice.

The Board has constituted Audit, Investment and Ethics, Human Resources & Remuneration Committees comprising of the following;

AUDIT COMMITTEE

Following are members of audit committee;

1. Mr. Adeel Ali	Chairman (Non-Executive Director)
2. Mr. Air Commodore Wasim Ahmed Khan	Member (Non-Executive Director)
3. Mr. Khalid Saeed Mirza	Member (Non-Executive Director)

The terms of reference of the Audit Committee include the following;

- Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations. The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
- Determination of appropriate measures to safeguard the listed company's assets;
- Review of preliminary announcements of results prior to external communication and publication;
- Review of annual and interim financial statements of the company, prior to their approval by the Board, focusing on;
  a) major judgmental areas;
  b) significant adjustments resulting from the audit;
  c) going concern assumption;
  d) any changes in accounting policies and practices;
  e) compliance with applicable accounting standards;
  f) compliance with these Regulations and other statutory and regulatory requirements; and
  g) all related party transactions;

- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by external auditors and management's response thereto;
- Ensuring coordination between the internal and external auditors of the listed company;
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- Review of the company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with these Regulations (2019 Code) and identification of significant violations thereof;
- Consideration of any other issue or matter as may be assigned by the Board of Directors.
- Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

INVESTMENT COMMITTEE
Investment Committee consists of five members including Chief Executive Officer.

Air Marshal Muhammad Arif Pervaiz (Retd.)	Chairman (Non-Executive Director)
Air Vice Marshal Salman Ahsan Bokhari (Retd.)	Member (Non-Executive Director)
Mr. Adeel Ali	Member (Non-Executive Director)
Mr. Khalid Saeed Mirza	Member (Non-Executive Director)
** Mr. Sohel Najam Kidwai	Chief Executive Officer
Mr. Nisar Ahmed Almani	Chief Financial Officer

All the investments / placements during the year have been approved by this Committee.

ETHICS, HUMAN RESOURCES & REMUNERATION COMMITTEE
The committee comprises of three members including Chairman of this committee.

Air Vice Marshal Salman Ahsan Bokhari (Retd.)	Chairman (Non-Executive Director)
Farah Azeem Khan	Member (Independent Director)
Mr. Sohel Najam Kidwai – CEO	Member (Executive Director)

MANAGEMENT COMMITTEES
The Board has also constituted three Management Committees – namely Underwriting, Reinsurance & Co-insurance,Claims Settlement and Compliance & Risk Management Committee.

UNDERWRITING COMMITTEE:
The functions of the Underwriting Committee include:

- The Underwriting Committee formulates and review the implementation of the underwriting policy of the Company.
- It sets out the criteria for assessing various types of insurance risks (risk assessment) and determines the premium policy of all classes of insurance.
- It regularly reviews the underwriting and premium policies of the Company with due regards to relevant factors such as the business portfolio and the market scenario.

Committee consists of the following members:-

1.	** Mr. Sohel Najam Kidwai	Chairman
2.	Zia Mehdi	Member
3.	Mr. Naveed Yunus Butt	Member
4.	Mr. Zia ur Rahim	Secretary

REINSURANCE & CO-INSURANCE COMMITTEE
The functions of the Re-Insurance & Co-Insurance Committee includes:-

- This committee ensures that adequate re-insurance arrangements are made for company's business.
- The Committee pursues the proposed re-insurance arrangements prior to their execution.
- The committee review the re-insurance arrangements from time to time and subject to the consent of the participating re-insurers, suggest appropriate adjustments from time to time.
- The Committee also assesses the effectiveness of the re-insurance programmer for future reference.

The Committee consists of the following members:-

1.	** Mr. Sohel Najam Kidwai	Chairman
2.	Zia Mehdi	Member
3.	Mr. Naveed Yunus Butt	Member
4.	Mr. Kamran Azeem	Secretary

CLAIMS SETTLEMENT COMMITTEE

The functions of the Committee includes:-

- The Committee formulate the claim settlement policy and regularly reviews the implementation of policy. It also reviews the status of paid claims, incurred claims and outstanding claims regularly (quarterly basis).
- The Committee reviews the class wise aging of outstanding claims.
- The Committee determines the circumstances under which claims disputes shall be brought to its attention and decide how to deal with such claims disputes.
- The Committee shall review matters relating to management of claims. It oversees the claim position of the company and ensures the adequate claims reserves are made.
- The Committee pays attention to large claims cases or event which gives rise to a series of claims and oversees the implementation of the measures for combating fraudulent claims.

The Committee consists of the following members:-

1.	** Mr. Sohel Najam Kidwai	Chairman
2.	Mr. Nisar Ahmed Almani	Member
3.	Mr. Aamir Ghazali	Member
4.	Mr. Rizwan Idrees	Member
5.	Mr. Kashif Ilyas	Secretary

COMPLIANCE & RISK MANAGEMENT COMMITTEE

The functions of the Committee includes:-

- The committee shall oversee the activities of the risk management function / department of an insurer, and shall make appropriate recommendations to the board and shall assist the board in implementation of the decisions taken by the board to mitigate probable risk falling within the purview of the risk management function / department.
- The committee shall also be responsible for monitoring the compliance function and the insurer's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedures (excluding the insurer's Code of Conduct).
- The committee shall also require reports detailing the insurer's risk profile and the compliance activities undertaken proactively aiming at determination of the insurer's ability to meet its legal and ethical obligations, as well as reports on identified weaknesses, lapses, breaches or violations and the controls and other measures in place to help detect and address the same.
- The committee shall supervise and monitor matters reported using the insurer's whistleblowing or other confidential mechanisms for employees and others to report compliance concerns or potential breaches, violations or frauds.
- The committee shall, from time to time, advise the board on the effect of the above on the insurer's conduct of business and shall assist the board in setting up adequate controls or take such measures so as to mitigate any risk relating to compliance and / or potential breaches, violations or frauds.

The Committee consists of the following members:-

1.	** Mr. Sohel Najam Kidwai	Chairman
2.	Mr. Nisar Ahmed Almani	Member
3.	Zia Mehdi	Member
4.	Mr. Rizwan Idrees	Secretary

STAFF TRAINING PROGRAM

Staff training is carried on continuous bases throughout the year. During the year staff and senior officers were nominated to attend various Seminars and training courses including Takaful trainings.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The corporate laws, rules and regulations framed here under spelled out the overall functions of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities as envisaged under the Code of Corporate Governance, prescribed by the Securities and Exchange Commission of Pakistan and is pleased to certify that;

1) The financial statements, prepared by the Company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2) The Company has maintained proper books of accounts.
3) The Company has consistently followed appropriate accounting policies in preparation of the financial statements and accounting estimates are on the basis of prudent and reasonable judgment.
4) International Accounting Standards as applicable in Pakistan have been followed in the preparation of Financial Statements. Accounting Standards and such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017 the Insurance Ordinance 2017, provisions and directives issued under the Companies Act 2017, the Insurance Ordinance 2017, SEC (Insurance) Rules 2017 and Takaful Rules 2012. Any departure there from has been adequately disclosed.
5) The Board has established a system of internal control, which is implemented at all levels within the Company. The Company is making efforts and arrangements to include all necessary aspects of internal control given in the Code of Corporate Governance for Insurers, 2016 (the code) and Listed Companies Code of Corporate Governance Regulations 2019 (the Regulations).
6) The fundamentals of the Company are strong and there is no doubt about its ability to continue as a going concern.
7) The Company has followed the best practices of Corporate Governance as laid down in the Listing Regulations of the except for the matters highlighted by the auditors in the CCG report.

PATTERN OF SHARE HOLDING

A statement of pattern of shareholding is separately shown in the report.

TRADING IN COMPANY'S SHARES

No trading in the shares of the Company was carried out by the directors, CEO, CFO and Company Secretary, their spouses or minor children. Only 500 nominee shares were transferred to the newly inducted directors Air Commodore Wasim Ahmed Khan (Retd.), Ms. Farrah Azeem Khan and Mr. Adeel Ali.

AUDITORS

M/s. Yousuf Adil & Co, Chartered Accountants have completed their assignment for the year 2021 and retire at the conclusion of the upcoming Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board Audit Committee recommends that they be reappointed as the statutory auditors for a further term of one year. The Board has endorsed the recommendation for the appointment of M/s. Yousuf Adil & Co, Chartered Accountants as auditors for the year ending 31st December 2022.

FUTURE OUTLOOK OF THE COMPANY

Business development in current scenario is quite challenging. Inflation is likely to remain high in the coming years mainly due to rising of fuel & food prices, energy tariff hikes, and potential geo political worsening situation of our country and the region. The world economy is getting momentum and Pakistan economy is also responding in many folds.

We are optimistic about the future business prospects and strongly feel that the Company will grow substantially in the years to come because of the positive economic climate and also taking necessary steps towards increasing its market share. The general economic environment of the country appears to be stable. It is expected that it will generate greater economic activities, providing opportunities to the insurance industry as well to seek appropriate growth in its premium earning.

The future outlook for the short and medium term is dependent on geo political situation in the region, besides the continuation of economic and fiscal policies by the Government. Our main strategic goal is to balance the portfolio by doing more business in all classes with controlled reduction in motor class. Progress is put in improving the overall risk architecture and focus is on safe and sustainable growth with stable underwriting results. Contributions from investment activities also anticipated.We expect stability in policy rate by the SBP with favorable impact on our economy. The Company expects to get its due share in years to come.

Your Company will focus on long-term profitable growth through consolidation, improvement in systems and quality management information systems facilitating prudent and real time decisions. Takaful operations will also grow and will provide new avenues and opportunities to enhance your company's business. We are and will definitely watch & safeguard Company's interest; it will be slow process but will definitely the difference by the year end.

We are fully aware of the changes taking place in the insurance market and are fully equipped to benefit from all such environment. We look forward with confidence in meeting the challenges and opportunities in the coming years.

ACKNOWLEDGMENTS

We would like to thank our valued customers for their continued patronage and support. We also avail this opportunity to thank all our Reinsurers including Pakistan Reinsurance Company Limited (PRCL) and Brokers for extending their guidance and valuable support.

We are also thankful for the continued co-operation and assistance extended by the Securities & Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP), PACRA and Pakistan Stock Exchange for their professional guidance, assistance and support over the years.

The Directors also wish to record their appreciation for the untiring efforts put in by officers, field force and staff for their dedication, sincerity and hard work for their contribution to the growth of the Company. Your Directors are also grateful to the shareholders for the confidence, support and understanding.

For and on behalf of Board

Syed Rizwan Akhtar
Chief Executive Officer

Air Marshal Muhammad Arif Pervaiz (Retd.)
Chairman

March 31, 2022

تکافل آپریشنز بھی بڑھیں گے اور آپ کی کمپنی کے کاروبار کو بڑھانے کے لیے نئی راہیں اور مواقع فراہم کریں گے۔ ہم مسلسل عمل پیرا ہیں اور یقینی طور پر کمپنی کے مفاد پر نظر رکھیں گے اور اس کی حفاظت کریں گے۔ یہ عمل کچھ سست ہوگا لیکن یقینی طور پر سال کے آخر تک فرق آئے گا۔

ہم انشورنس مارکیٹ میں ہونے والی تبدیلیوں سے پوری طرح واقف ہیں اور ایسے تمام ماحول سے فائدہ اٹھانے کے لیے پوری طرح لیس ہیں۔ ہم آنے والے سالوں میں چیلنجوں اور مواقع کا مقابلہ کرنے کے لیے اعتماد کے ساتھ منتظر ہیں۔

اعترافات

ہم اپنے قابل قدر صارفین کی مسلسل سرپرستی اور حمایت کے لیے ان کا شکریہ ادا کرنا چاہیں گے۔ ہماس موقع سے فائدہ اٹھاتے ہوئے پاکستان ری انشورنس کمپنی لمیٹڈ (PRCL) اور بروکرز سمیت اپنے تمام ری انشورررز کا شکریہ ادا کرتے ہیں جنہوں نے ہمیں رہنمائی اور قابل قدر تعاون فراہم کیا۔

ہم سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور اسٹیٹ بینک آف پاکستان (SBP)، PACRA اور پاکستان اسٹاک ایکسچینج کی طرف سے ان کی پیشہ ورانہ رہنمائی، مدد اور معاونت کے سلسلے میں مسلسل تعاون کے لئے بھی شکر گزار ہیں۔

ڈائریکٹرز افسران، فیلڈ فورس اور عملے کی جانب سے کمپنی کی ترقی میں لگن، خلوص اور محنت کے ساتھ ان کے تعاون اور کی جانے والی انتھک کوششوں کو بھی سراہنا چاہتے ہیں۔ آپ کے ڈائریکٹرز بھی شیئر ہولڈرز کے اعتماد، تعاون اور سمجھ بوجھ کے شکر گزار ہیں۔

بورڈ کے لئے اور اس کی جانب سے

ایئر مارشل (ریٹائرڈ) محمد عارف پرویز
چیئرمین

رضوان اختر
چیف ایگزیکٹو آفیسر

31 مارچ، 2022

کارپوریٹ گورننس کی ذیل میں احاطہ کیا گیا ہے، جو کہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ذریعہ تجویز کیا گیا ہے اور ادارہ اس بات کی تصدیق کرتے ہوئے خوشی محسوس کر رہا ہے کہ؛

1) کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے، اس کی حالت، اس کے کاموں کے نتائج، کیش فلو اور ایکویٹی میں ہونے والی تبدیلیوں کو کافی حد تک پیش کر دیا گیا ہے۔

2) کمپنی نے اکاؤنٹس کی پروپر بکس [دستاویز] برقرار رکھی ہیں۔

3) کمپنی نے مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کی مسلسل پیروی کی ہے اور اکاؤنٹنگ کے تخمینے دانشمندانہ اور معقول فیصلے کی بنیاد پر ہیں۔

4) مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے۔ اکاؤنٹنگ اسٹینڈرڈز اور ایسے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) جو انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز بورڈ کے ذریعہ جاری کیے گئے ہیں جو کہ کمپنیز ایکٹ 2017 کے تحت مطلع کیے گئے ہیں، انشورنس آرڈیننس 2017 کمپنیز ایکٹ 2017 کے تحت جاری کردہ دفعات اور ہدایات، انشورنس آرڈیننس 2017، SEC (انشورنس)) رولز 2017 اور تکافل رولز 2012 ان سے کسی بھی انحراف کو مناسب طور پر ظاہر کر دیا گیا ہے۔

5) بورڈ نے اندرونی کنٹرول کا ایک نظام قائم کیا ہے، جو کمپنی کے اندر تمام سطحوں پر لاگو ہوتا ہے۔ کمپنی کوڈ آف کارپوریٹ گورننس برائے بیمہ کنندگان 2016 (کوڈ) اور لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 (ریگولیشنز) میں دیے گئے اندرونی کنٹرول کے تمام ضروری پہلوؤں کو شامل کرنے کی کوششیں اور انتظامات کر رہی ہے۔

6) کمپنی کے بنیادی اصول مضبوط ہیں اور اس کے تسلسل کی قابلیت کے بارے میں کوئی شک نہیں ہے۔

7) کمپنی نے کارپوریٹ گورننس کے بہترین طور طریقوں کی پیروی کی ہے سوائے ان معاملات کے جن کو CCG رپورٹ میں آڈٹرز نے اجاگر کیا جیسا کہ فہرست سازی کے ضوابط میں بیان کیا گیا ہے۔

شیئر ہولڈنگ کا پیٹرن

شیئر ہولڈنگ کے پیٹرن کا بیان الگ سے رپورٹ میں دکھایا گیا ہے۔

کمپنی کے حصص میں تجارت

ڈائریکٹرز، سی ای او، سی ایف او اور کمپنی سیکرٹری، ان کی شریک حیات یا نابالغ بچوں کے ذریعے کمپنی کے شیئرز میں کوئی تجارت نہیں کی گئی۔ نئے شامل کیے گئے ڈائریکٹرز ایئر کموڈور (ریٹائرڈ) وسیم احمد خان، محترمہ فرح عظیم خان اور مسٹر عدیل علی کو صرف 500 نامزد حصص منتقل کیے گئے۔

آڈٹرز

میسرز یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے سال 2021 کے لیے اپنی اسائنمنٹ مکمل کر لی ہے اور آئندہ سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کی وجہ سے انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ آڈٹ کمیٹی سفارش کرتی ہے کہ انہیں ایک سال کی مزید مدت کے لیے قانونی آڈٹرز کے طور پر دوبارہ تعینات کیا جائے۔ بورڈ نے میسرز یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے بطور آڈٹرز تقرری کی سفارش کی توثیق کر دی ہے۔

کمپنی کی مستقبل کیلئے توقعات

موجودہ حالات میں کاروبار کی ترقی کافی چیلنجنگ ہے۔ ایندھن اور خوراک کی قیمتوں میں اضافے، توانائی کے نرخوں میں اضافے، اور ہمارے ملک اور خطے کی ممکنہ جغرافیائی سیاسی بگڑتی ہوئی صورتحال کی وجہ سے آنے والے سالوں میں افراط زر کے بلند رہنے کا امکانات ہیں۔ عالمی معیشت میں تیزی آ رہی ہے اور پاکستان کی معیشت بھی کئی گنا بڑھ رہی ہے۔

ہم مستقبل کے کاروباری امکانات کے بارے میں پرامید ہیں اور پختہ طور پر محسوس کرتے ہیں کہ مثبت اقتصادی ماحول کی وجہ سے کمپنی آنے والے سالوں میں خاطر خواہ ترقی کرے گی اور اس کے لئے اپنے مارکیٹ شیئر کو بڑھانے کے لیے ضروری اقدامات کر رہی ہے۔ ملک کا عمومی معاشی ماحول مستحکم دکھائی دیتا ہے۔ امید کی جاتی ہے کہ انشورنس انڈسٹری کو مواقع فراہم کرنے کے ساتھ ساتھ اس کی پریمیم کمائی میں مناسب ترقی حاصل کرنے کے لیے اس سے کہیں زیادہ معاشی سرگرمیاں پیدا ہوں گی۔

حکومت کی طرف سے اقتصادی اور مالیاتی پالیسیوں کے تسلسل کے علاوہ مختصر اور درمیانی مدت کے لیے مستقبل کی توقعات خطے کی جغرافیائی سیاسی صورتحال پر منحصر ہے۔ ہمارا بنیادی اسٹریٹجک مقصد موٹر کلاس میں کنٹرول شدہ کمی کے ساتھ تمام کلاسوں میں زیادہ کاروبار کر کے پورٹ فولیو کو متوازن کرنا ہے۔ مجموعی خطرے کے ڈھانچے کو بہتر بنانے میں پیشرفت کی گئی ہے اور انڈر رائٹنگ کے مستحکم نتائج کے ساتھ محفوظ اور پائیدار ترقی پر توجہ مرکوز کی گئی ہے۔ سرمایہ کاری کی سرگرمیوں سے تعاون بھی متوقع ہے۔ ہم اپنی معیشت پر سازگار اثرات کے ساتھ اسٹیٹ بینک کی طرف سے پالیسی ریٹ میں استحکام کی توقع کرتے ہیں۔ کمپنی آنے والے سالوں میں اپنا واجب الادا حصہ حاصل کرنے کی توقع رکھتی ہے۔

آپ کی کمپنی مضبوطی، نظام میں بہتری اور کوالٹی مینجمنٹ انفارمیشن سسٹم کے ذریعے طویل مدتی منافع بخش ترقی و نمو پر توجہ مرکوز کرے گی جس سے ذہین اور حقیقی وقت میں فیصلوں کی سہولت فراہم کی جائے گی۔

- کمیٹی دعوے کے تصفیے کی پالیسی مرتب کرتی ہے اور پالیسی کے نفاذ کا باقاعدگی سے جائزہ لیتی ہے۔ یہ بامعاوضہ دعووں، خرچ شدہ دعووں اور بقایا دعووں کی حالت کا بھی باقاعدگی سے (سہ ماہی بنیادوں پر) جائزہ لیتا ہے۔
- کمیٹی بقایا دعووں کی درجہ بدرجہ جائزہ لیتی ہے۔
- کمیٹی ان حالات کا تعین کرتی ہے جن کے تحت دعووں کے تنازعات کو اس کی توجہ میں لایا جائے گا اور فیصلہ کیا جائیگا کہ اس طرح کے دعووں کے تنازعات سے کیسے نمٹا جائے۔
- کمیٹی دعووں کے انتظام سے متعلق معاملات کا جائزہ لے گی۔ یہ کمپنی کے دعوے کی پوزیشن کی نگرانی کرتا ہے اور اس بات کو یقینی بناتی ہے کہ دعووں کے مناسب ذخائر بنائے گئے ہیں۔
- کمیٹی بڑے دعووں کے مقدمات یا واقعات پر توجہ دیتی ہے جو دعووں کے ایک سلسلے کو جنم دیتی ہے اور دھوکہ دہی کے دعووں سے نمٹنے کے لیے اقدامات کے نفاذ کی نگرانی کرتی ہے۔

کمیٹی مندرجہ ذیل اراکین پر مشتمل ہے:

1. جناب سہیل نجم قدوائی	چیئرمین
2. جناب نثار احمد المانی	ممبر
3. جناب عامر غزالی	ممبر
4. جناب رضوان ادریس	ممبر
5. جناب کاشف الیاس	سیکرٹری

تعمیل اور رسک مینجمنٹ کمیٹی

کمیٹی کے کاموں میں شامل ہیں:

- کمیٹی ایک انشورر کے رسک مینجمنٹ فنکشن/ ڈپارٹمنٹ کی سرگرمیوں کی نگرانی کرے گی، اور بورڈ کو مناسب سفارشات پیش کرے گی اور بورڈ کے دائرہ کار میں آنے والے ممکنہ خطرے کو کم کرنے کے لیے بورڈ کے ذریعے لیے گئے رسک مینجمنٹ فنکشن/ ڈپارٹمنٹ کے فیصلوں پر عمل درآمد کرنے میں بورڈ کی مدد کرے گی۔
- کمیٹی تعمیل کے فنکشن اور انشورر کے رسک پروفائل کی نگرانی کے لیے بھی ذمہ دار ہوگی جو اس پر لاگو ہونے والے قوانین کے ساتھ ساتھ داخلی پالیسیوں اور طریقہ کار (انشورر کے ضابطہ اخلاق کو چھوڑ کر) کی تعمیل کے سلسلے میں ہوگی۔
- کمیٹی کو ان رپورٹوں کی بھی ضرورت ہوگی جس میں انشورر کے رسک پروفائل اور تعمیل کی سرگرمیوں کی تفصیل ہوگی جس کا مقصد انشورر کی قانونی اور اخلاقی ذمہ داریوں کو پورا کرنے کی صلاحیت کا تعین کرنا ہے، نیز شناخت شدہ کمزوریوں، کوتاہیوں، خلاف ورزیوں یا خلاف ورزیوں اور کنٹرول اور اس کا پتہ لگانے اور ان سے نمٹنے میں مدد کے لیے دیگر اقدامات۔
- کمیٹی ان معاملات کی نگرانی اور نگرانی کرے گی جن کی اطلاع بیمہ کنندہ کی سیٹی بلوئنگ یا دیگر خفیہ طریقہ کار کا استعمال کرتے ہوئے ملازمین اور دیگر کے لیے تعمیل کے خدشات یا ممکنہ خلاف ورزیوں، خلاف ورزیوں یا دھوکہ دہی کی اطلاع دینے کے لیے کی جائے گی۔

کمیٹی، وقتاً فوقتاً، بیمہ کنندہ کے کاروبار کے طرز عمل پر مذکورہ بالا اثرات کے بارے میں بورڈ کو مشورہ دے گی اور مناسب کنٹرول قائم کرنے میں بورڈ کی مدد کرے گی یا ایسے اقدامات کرے گی تاکہ تعمیل سے متعلق کسی بھی یا ممکنہ خلاف ورزی، خلاف ورزیوں یا دھوکہ دہی کے خطرے کو کم کیا جا سکے۔۔

کمیٹی مندرجہ ذیل ارکان پر مشتمل ہے:

1. جناب سہیل نجم قدوائی	چیئرمین
2. جناب نثار احمد المانی	ممبر
3. جناب ضیا مہدی	ممبر
4. جناب رضوان ادریس	سیکرٹری

اسٹاف ٹریننگ پروگرام

عملے کی تربیت سال بھر مسلسل بنیادوں پر کی جاتی ہے۔ اس سال کے دوران، عملے اور سینئر افسران کو تکافل کی تربیت سمیت مختلف سیمینارز اور تربیتی کورسز میں شرکت کے لیے نامزد کیا گیا۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا گوشوارہ:

اس کے تحت وضع کئے کارپوریٹ قوانین، قواعد وضوابط کمپنی کے بورڈ آف ڈائریکٹرز کے مجموعی افعال کو بیان کیا گیا ہے۔ بورڈ اپنی کارپوریٹ ذمہ داریوں سے پوری طرح واقف ہے جیسا کہ کوڈ آف

کاروباری اخلاقیات، انسانی وسائل اور معاوضہ کمیٹی:

یہ کمیٹی اس کمیٹی کے چیئرمین سمیت تین ارکان پر مشتمل ہے:

ایئر وائس مارشل (ریٹائرڈ) سلمان احسن بخاری	چیئرمین (نان ایگزیکٹو ڈائریکٹر)
محترمہ فرح عظیم خان	نان-ایگزیکٹو آزاد ڈائریکٹر
مسٹر سہیل نجم قدوائی-سی ای او	ممبر (ایگزیکٹو ڈائریکٹر)

انتظامی کمیٹیاں:

بورڈ نے تین انتظامی کمیٹیاں بھی تشکیل دی ہیں-یعنی انڈر رائٹنگ، ری انشورنس اور کو-انشورنس، کلیمز سیٹلمنٹ اور کمپلائنس اینڈ رسک مینجمنٹ کمیٹی۔

انڈر رائٹنگ کمیٹی:

انڈر رائٹنگ کمیٹی کے افعال میں شامل ہیں:

- انڈر رائٹنگ کمیٹی کمپنی کی انڈر رائٹنگ پالیسی کے نفاذ کا جائزہ لیتی ہے۔
- یہ مختلف قسم کے بیمہ کے خطرات (رسک اسیسمنٹ) کا اندازہ لگانے کے لیے معیار طے کرتی ہے اور بیمہ کے تمام طبقوں کی پریمیم پالیسی کا تعین کرتی ہے۔
- یہ کاروباری پورٹ فولیو اور مارکیٹ کے منظرنامے جیسے متعلقہ عوامل کے حوالے سے کمپنی کی انڈر رائٹنگ اور پریمیم پالیسیوں کا باقاعدگی سے جائزہ لیتی ہے۔

کمیٹی مندرجہ ذیل ارکان پر مشتمل ہے:-

1. جناب سہیل نجم قدوائی	چیئرمین
2. جناب ضیا مہدی	ممبر
3. جناب نوید یونس بٹ	ممبر
4. جناب ضیاء الرحیم	سیکرٹری

ری انشورنس اور کو-انشورنس کمیٹی:

ری-انشورنس اور کو-انشورنس کمیٹی کے کاموں میں شامل ہیں:

- یہ کمیٹی اس بات کو یقینی بناتی ہے کہ کمپنی کے کاروبار کے لیے دوبارہ بیمہ کے مناسب انتظامات کیے جائیں۔
- کمیٹی ری انشورنس کے مجوزہ انتظامات پر عمل درآمد سے پہلے عمل کرتی ہے۔
- کمیٹی وقتاً فوقتاً ری انشورنس کے انتظامات کا جائزہ لیتی ہے اور حصہ لینے والیری-انشورز کی رضامندی سے مشروط ہے، وقتاً فوقتاً مناسب ایڈجسٹمنٹ تجویز کرتی ہے۔
- کمیٹی مستقبل کے حوالے کے لیے ری انشورنس پروگرامر کی تاثیر کا بھی جائزہ لیتی ہے۔

کمیٹی مندرجہ ذیل اراکین پر مشتمل ہے:

1. جناب سہیل نجم قدوائی	چیئرمین
2. جناب ضیا مہدی	ممبر
3. جناب نوید یونس بٹ	ممبر
4. جناب کامران عظیم	سیکرٹری

کلیمز سیٹلمنٹ کمیٹی

کمیٹی کے کاموں میں درج ذیل امور شامل ہیں:

الف) اہم فیصلوں کے شعبہ جات؛

ب) آڈٹ کے نتیجے میں اہم ایڈجسٹمنٹ؛

ج) تشویش کا مفروضہ جانا؛

د) اکاؤنٹنگ کی پالیسیوں اور طریقوں میں کوئی تبدیلی؛

ہ) قابل اطلاق اکاؤنٹنگ معیارات کے ساتھ تعمیل؛

و) ان ضوابط اور دیگر قانونی اور ریگولیٹری تقاضوں کی تعمیل؛ اور

ز) تمام متعلقہ فریق کے لین دین؛

v. عبوری اور حتمی آڈٹ سے پیدا ہونے والے بڑے مشاہدات کے بیرونی آڈٹرز کے ساتھ بیرونی آڈٹ اور بات چیت کی سہولت فراہم کرنا اور کوئی بھی معاملہ جسے آڈیٹرز اجاگر کرنا چاہیں (انتظامیہ کی غیر موجودگی میں، جہاں ضروری ہو)؛

vi بیرونی آڈٹرز کی طرف سے جاری کردہ انتظامی خط کا جائزہ اور اس پر انتظامیہ کے جواب؛

vii درج کمپنی کے اندرونی اور بیرونی آڈیٹرز کے درمیان ہم آہنگی کو یقینی بنانا؛

viii اندرونی آڈٹ، آڈٹ پلان، رپورٹنگ کے فریم ورک اور طریقہ کار کے دائرہ کار اور وسعت کا جائزہ لینا اور اس بات کو یقینی بنانا کہ اندرونی آڈٹ فنکشن کے پاس مناسب وسائل ہیں اور کمپنی کے اندر مناسب طریقے سے رکھا گیا ہے

ix دھوکہ دہی، بدعنوانی اور اختیارات کے ناجائز استعمال اور اس پر انتظامیہ کے ردعمل سے متعلق سرگرمیوں کی اندرونی تحقیقات کے اہم نتائج پر غور؛

x. اس بات کی تصدیق کرتے ہوئے کہ داخلی کنٹرول کے نظام بشمول مالیاتی اور آپریشنل کنٹرول، خرید و فروخت کی بروقت اور مناسب ریکارڈنگ کے لیے اکاؤنٹنگ سسٹم، رسیدیں اور ادائیگیاں، اثاثے اور واجبات اور رپورٹنگ کا ڈھانچہ کافی اور موثر ہے

xi بورڈ اور اندرونی آڈٹ رپورٹس کی توثیق سے پہلے اندرونی کنٹرول کے نظام پر کمپنی کے بیان کا جائزہ؛

xii بورڈ آف ڈائریکٹرز کی طرف سے بیان کردہ کسی بھی معاملے پر خصوصی پروجیکٹس، ویلیو فارمی اسٹڈیز یا دیگر تحقیقات کا قیام، چیف ایگزیکٹو کی مشاورت سے اور کسی بھی معاملے کو بیرونی آڈیٹرز یا کسی دوسرے بیرونی ادارے کو بھیجنے پر غور کرنا؛

xiii متعلقہ قانونی تقاضوں کی تعمیل کا تعین؛

xiv ان ضابطوں (2019 کوڈ) کی تعمیل کی نگرانی اور ان کی اہم خلاف ورزیوں کی نشاندہی؛

xv بورڈ آف ڈائریکٹرز کے ذریعہ تفویض کردہ کسی دوسرے مسئلے یا معاملے پر غور کرنا۔

xvi مالیاتی اور دیگر معاملات میں حقیقی یا ممکنہ ناانصافیوں کے بارے میں آڈٹ کمیٹی کو اعتماد، خدشات، اگر کوئی ہیں تو رپورٹ کرنے کے لیے عملے اور انتظامیہ کے انتظامات کا جائزہ لینا اور تدارک اور تخفیف کے اقدامات شروع کرنے کی سفارش کرنا؛

سرمایہ کاری کمیٹی

سرمایہ کاری کمیٹی چیف ایگزیکٹو آفیسر سمیت پانچ ارکان پر مشتمل ہے۔

ائیر مارشل (ریٹائرڈ) محمد عارف پرویز	چیئرمین (نان ایگزیکٹو ڈائریکٹر)
ائیر وائس مارشل (ریٹائرڈ) سلمان احسن بخاری	ممبر (نان ایگزیکٹو ڈائریکٹر)
جناب عدیل علی	ممبر (نان ایگزیکٹو ڈائریکٹر)
جناب خالد سعید مرزا	ممبر (نان ایگزیکٹو ڈائریکٹر)
جناب سہیل نجم قدوائی	چیف ایگزیکٹو آفیسر
جناب نثار احمد المانی	چیف فنانشل آفیسر

سال کے دوران کی گئی تمام سرمایہ کاری/تقرریوں کو اس کمیٹی نے منظوری دے دی ہے۔

چیئرمین اور چیف ایگزیکٹو آفیسر چیئرمین کا کردار-بورڈ آف ڈائریکٹرز

شاہین فاؤنڈیشن کے نیجنگ ڈائریکٹر کمپنی کے بورڈ آف ڈائریکٹرز کے چیئرمین ہیں۔ بورڈ کے چیئرمین کی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ بورڈ صحیح طریقے سے کام کر رہا ہے اور کمپنی کے نظم ونسق سے متعلقہ تمام امور بورڈ کے اجلاسوں میں زیرغور رہتے ہیں۔ چیئرمین بورڈ کے مختلف اجلاس کی صدارت اور ان کا انعقاد کرتا ہے اور بورڈ کی قیادت کرنے اور اس کے موثر کام اور مسلسل ترقی کو یقینی بنانے کا ذمہ دار ہے۔ چیئرمین کا کمپنی کے روزمرہ کے کاموں میں کوئی دخل نہیں ہے۔

چیف ایگزیکٹو آفیسر-سی ای او

بورڈ آف ڈائریکٹرز کمپنی کے چیف ایگزیکٹو آفیسر (CEO) کو تین سال کی مدت کے لیے مقرر کرتا ہے۔ چیف ایگزیکٹو آفیسر تمام قانونی ذمہ داریوں کے مطابق کمپنی کے کاموں اور اس کے کاروبار کے انعقاد کے لیے ذمہ دار ہے اور بورڈ کی ہدایت اور قانون کے ذریعے اس کے اختیار میں ہے۔ اس کی ذمہ داریوں میں بورڈ کی حکمت عملیوں اور پالیسیوں کو نافذ کرنا شامل ہے۔ وہ کمپنی کے کاروبار کے صحیح اور موثر انتظام اور طرز عمل کے لیے مجموعی کنٹرول، سمت، انتظامیہ اور نگرانی کو استعمال کرنے کا ذمہ دار ہے۔ چیئرمین اور سی ای او مسائل، مواقع اور مسائل پر تبادلہ خیال/ جائزہ لینے کے لیے باقاعدگی سے ملاقات کرتے رہتے ہیں۔

سی ای او کی کارکردگی کا جائزہ

سی ای او کی کارکردگی کا بورڈ سالانہ بنیادوں پر سال کے دوران کی گئی کاروباری سرگرمیوں کی بنیاد پر جائزہ لیتا ہے۔

بورڈ کمیٹیاں

تمام ڈائریکٹرز کاروبار اور پیشوں کے متنوع شعبوں کی بھرپور نمائش کی نمائندگی کرتے ہیں اور مختلف کاروباری اور کارپوریٹ مسائل سے نمٹنے کے لیے مطلوبہ مہارت اور سمجھ رکھتے ہیں اور انتظامی کارکردگی کا جائزہ لینے، تجزیہ کرنے اور چیلنج کرنے کی صلاحیت رکھتے ہیں۔ انہوں نے اپنے تجربے اور عملی مشورے کے لحاظ سے بہت زیادہ تعاون کیا ہے۔

بورڈ نے آڈٹ، سرمایہ کاری اور اخلاقیات، انسانی وسائل اور معاوضے کی کمیٹیاں تشکیل دی ہیں جن میں درج ذیل شامل ہیں:

آڈٹ کمیٹی

آڈٹ کمیٹی کے ممبران درج ذیل ہیں:

.1 جناب عدیل علی	چیئرمین (نان ایگزیکٹو ڈائریکٹر)
.2 ایئر کموڈور وسیم احمد خان	ممبر (نان ایگزیکٹو ڈائریکٹر)
.3 جناب خالد سعید مرزا	ممبر (نان ایگزیکٹو ڈائریکٹر)

آڈٹ کمیٹی کے ٹرمز آف ریفرنس میں درج ذیل شامل ہیں:

i. بورڈ کیلئے بیرونی آڈٹرز کی تقرری، ان کی برطرفی، آڈٹ فیس، بیرونی آڈٹرز کے ذریعے کمپنی کو فراہم کی جانے والی کسی بھی خدمت کی فراہمی کے علاوہ اس کے مالیاتی گوشواروں کے آڈٹ، ازالے کے لیے اقدامات اور عدم تعمیل کی اصلاح کی سفارش کرنا۔ بورڈ آڈٹ کمیٹی کی سفارشات پر ضوابط کے مطابق مناسب غور کرے گا اور جہاں کہیں وہ کام کرے گا بصورت دیگر وہ اس کی وجوہات کو ریکارڈ کرے گا۔

ii لسٹڈ کمپنی کے اثاثوں کی حفاظت کے لیے مناسب اقدامات کا تعین؛

iii بیرونی خط وکتابت ورابطوں اور کسی اشاعت سے پہلے نتائج کے ابتدائی اعلانات کا جائزہ؛

iv بورڈ کی طرف سے ان کی منظوری سے پہلے، توجہ مرکوز کرتے ہوئے، کمپنی کے سالانہ اور عبوری مالیاتی گوشواروں کا جائزہ؛

کریڈٹ ریٹنگ

اسپانسرز کی مضبوط حمایت، کیپٹل پیس، پروڈنٹ انڈر رائٹنگ اور مالیاتی انتظام کے ساتھ پاکستان کریڈٹ رینٹنگ ایجنسی (PACRA) نے آپ کی کمپنی کی بیمہ کنندہ کی مالیاتی طاقت (IFS) کی درجہ بندی کو' مثبت' آؤٹ لک کے تسلسل ساتھ (+A) کر دیا ہے۔ ہم آہنگ کردہ درجہ بندی اچھے کریڈٹ کوالٹی کی نشاندہی کرتی ہے، تحفظ کے عوامل مضبوط ہیں، خطرہ معمولی ہے لیکن معیشت میں ممکنہ تبدیلیوں، پالیسی ہولڈر اور معاہدہ کی ذمہ داریوں کو پورا کرنے کی اعلیٰ صلاحیت کے ساتھ مختلف ہوسکتا ہے۔

متعلقہ پارٹی لین دین

تمام متعلقہ فریق کے لین دین کو وقتاً فوقتاً آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لیے پیش کیا جاتا ہے۔ ان ٹرانزیکشنز کا جائزہ/سفارش آڈٹ کمیٹی نے کی ہے اور بورڈ آف ڈائریکٹرز نے اپنے متعلقہ اجلاسوں میں اس کی منظوری دی ہے۔ متعلقہ فریقوں کے ساتھ کیے گئے تمام لین دین بازو کی لمبائی کی بنیاد پر ہوتے ہیں۔

لیکویڈیٹی مینجمنٹ

کمپنی اپنے بنیادی کاروبار کے ساتھ ساتھ سرمایہ کاری اور دیگر آمدنی سے پیدا ہونے والے کیش فلو کے ذریعے معاہدے کی ذمہ داریوں کو زیادہ مؤثر طریقے سے پورا کرنے کی اپنی صلاحیت کو یقینی بنانے کے لیے لیکویڈیٹی کا انتظام کرتی ہے۔ آپ کی کمپنی سالوینسی کی ضروریات کو پورا کرنے کے لیے مضبوط نقد بہاؤ کو برقرار رکھتی ہے تاکہ کسی بھی غیر متوقع اہم ضروریات کی تکمیل کر لے۔ 31 دسمبر 2021 تک کمپنی کی سالوینسی 150 ملین کی مطلوبہ سالوینسی کے مقابلے میں 621 ملین روپے تھی یعنی کم از کم درکار سالوینسی سے 471 ملین روپے سے زیادہ۔

منی لانڈرنگ کی روک تھام اور دہشت گردی کی مالی معاونت کا انسداد

ریگولیٹر ہونے کے ناطے ایس ای سی پی نے اینٹی منی لانڈرنگ پالیسیوں اور طریقہ کار سے متعلق گائیڈ لائنز جاری کر دیے ہیں۔ ایس ای سی پی نے انشورنس کمپنیوں پر لاگو اپنے 'صارف کو جانیں (کے وائی سی)' گائیڈ لائنز پر عمل درآمد کے لیے مختلف سرکلر بھی جاری کیے ہیں۔ حال ہی میں، ایس ای سی پی نے 28 ستمبر 2020 کو ایس آر او 921(1)/2020 کے ذریعے انسداد منی لانڈرنگ اینڈ کاؤنٹرنگ فنانسنگ آف ٹیررازم ریگولیشنز 2020 جاری کیا ہے جو AML اور KYC کے لیے بہت جامع گائیڈ لائنز ہیں۔ آپ کی کمپنی نے متعلقہ خطرے اور ایکسپوزر کو پورا کرنے کے لیے ان ہدایات کو ایک حد تک لاگو کیا ہے۔

تعمیل یا پاسداری کا کردار

تعمیل فنکشن کا کردار اندرونی کنٹرولز کی کارکردگی اور تاثیر کا جائزہ لینے کے لیے ضروری ہے، جس کے بغیر کمپنی خطرات اور خطرات کے خلاف مزاحمت حاصل نہیں کر سکتی، خاص طور پر ریگولیٹری تعمیل کے حوالے سے۔ کمپلائنس آفیسر کنٹرول ماحول کو بہتر بنانے اور SECP کے ضوابط کی تعمیل پر خاص زور دینے کے ساتھ مختلف قابل اطلاق قوانین، ریگولیٹری تقاضوں، داخلی پالیسیوں اور طریقہ کار کی تعمیل کو یقینی بنانے کا ذمہ دار ہے۔

ڈائریکٹرز کا تربیتی پروگرام

مندرجہ ذیل ڈائریکٹرز پہلے ہی انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان/انسٹی ٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹنٹس آف پاکستان کا ڈائریکٹرز ٹریننگ پروگرام (DTP) مکمل کر چکے ہیں۔

1. گروپ کیپٹن (ریٹائرڈ) جاوید اختر خان – ڈائریکٹر (اپریل 2021 میں مستعفی ہوئے)
2. جناب سہیل نجم قدوائی – سابق چیف ایگزیکٹو (اکتوبر 2021 میں مستعفی ہوئے)

کارپوریٹ بریفنگ

پاکستان اسٹاک ایکسچینج کی شرط کے مطابق 24 دسمبر 2021 بروز جمعہ حصص یافتگان اور تجزیہ کاروں کے لیے ویڈیو لنک کے ذریعے کارپوریٹ بریفنگ سیشن کا انعقاد کیا گیا۔ سیشن میں سینئر مینجمنٹ، تجزیہ کار اور شیئر ہولڈرز نے شرکت کی۔

ڈائریکٹر کا معاوضہ

کمپنیز ایکٹ، 2017، اسٹ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 اور کمپنی کی ایسوسی ایشن کے آرٹیکلز، انڈیپنڈنٹ ڈائریکٹرز سمیت نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی پالیسی کے مطابق، کمپنی اس کے نان ایگزیکٹو ڈائریکٹرز (بشمول آزاد ڈائریکٹرز) کو کوئی معاوضہ ادا نہیں کرتی ہے۔۔

فی شیئر کمائی

31 دسمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کی فی شیئر بنیادی اور تخفیف کردہ آمدنی 0.52 روپے فی شیئر ہے (31 دسمبر 2021 روپے 0.59 فی شیئر تھی)۔

کنٹریبیوٹری پروویڈنٹ فنڈ

31 دسمبر 2021 کو غیر آڈٹ شدہ کھاتوں کی بنیاد پر پروویڈنٹ فنڈ کی جمع شدہ آمدنی سمیت سرمایہ کاری کی قیمت درج ذیل ہے:

سرمایہ کاری کی مالیت 18 ملین روپے

ٹیکسز، ڈیوٹیز کے حساب سے قانونی ادائیگیاں

ٹیکس، ڈیوٹی، لیویز، اور چارجز کے حساب سے سوائے کاروبار کے عمومی حساب اور جیسا کہ مالیاتی گوشواروں میں ظاہر کیا گیا ہے کوئی قانونی ادائیگیاں نہیں ہیں جو بقایا ہیں۔

اکاؤنٹس کے عنوانات	ملین روپے					
	2021	2020	2019	2018	2017	2016
تحریری مجموعی پریمیم بشمول مجموعی تحریری اقساط] کنٹریبیوشن	243	254	357	417	343	340
سرمایہ کاری کی آمدنی	48	57	61	33	29	17
دائر کردہ دعوے کے اخراجات	43	66	100	85	80	74
نیٹ کمیشن اور دیگر حصول کی لاگت	35	53	61	100	62	48
انتظام اور دیگر اخراجات	140	153	139	133	126	137
منافع بعد از ٹیکس	31	36	60	79	63	40
شیئر ہولڈرز ایکویٹی	687	656	621	574	495	406
بقایا کا دعویٰ	86	127	128	116	114	110
انشورنس/ری انشورنس وصولی	142	178	252	272	181	107
سرمایہ کاری	606	650	611	552	453	489
انوسٹمنٹ پراپرٹیز	155	135	130	31	32	21

انفارمیشن ٹیکنالوجی

موجودہ حالات میں آئی ٹی کے کردار کو نظر انداز نہیں کیا جا سکتا۔ یہ بہت ضروری ہو گیا ہے کیونکہ بلا تعطل آئی ٹی خدمات کی دستیابی نے بنیادی کاروباری کارروائیوں میں ایک متحرک کردار حاصل کر لیا ہے۔

آپ کی کمپنی اپنے تکنیکی پلیٹ فارم کو بڑھانے اور اپ گریڈ کرنے کے لیے مسلسل سرمایہ کاری کر رہی ہے۔ جنرل انشورنس سافٹ ویئر 'IGIAS' برانچ کی سطح پر کامیابی سے چل رہا ہے۔ IGIAS کو کمپنی کے تکافل آپریشنز کے لیے برانچ صارف کی سطح پر بھی لاگو کیا گیا ہے تا کہ روزمرہ کی مختصر اور طویل مدتی ضروریات کو پورا کیا جا سکے۔ مندرجہ بالا ماڈیول کے نفاذ کی وجہ سے محکمہ کی سطح پر آپریشنل صلاحیتوں میں بہتری آئی، اور ان پیش رفتوں نے اندرونی کنٹرول اور موثر مینجمنٹ انفارمیشن سسٹم کی بہتری میں مدد کی۔ 'IGIAS' کی خوبی یہ ہے کہ یہ اپنے تمام ماڈیولز یعنی انڈر رائٹنگ، کلیم، اکاؤنٹس اور ری انشورنس کے ساتھ مربوط سافٹ ویئر ہے۔ یہ (JSP) جاوا اسکرپٹڈ آن لائن ویب پر مبنی سافٹ ویئر ہے جس میں اوریکل ڈیٹا بیس ہے اور اس کا ڈیٹا مینجمنٹ کسی بھی زحمت سے پاک ہے اور اس کی نفاست اور حفاظت میں انتہائی محفوظ ہے۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) انشورنس سیکٹر کے لیے سائبر سیکیورٹی فریم ورک کے بارے میں SECP کی گائیڈ لائنز جاری کرنے پر خوش ہے جو سائبر سیکیورٹی فریم ورک کو مجموعی رسک مینجمنٹ فریم ورک کے ساتھ ہم آہنگ کرنے اور ISO27001 کو حاصل کرنے میں بھی مدد کرے گا جو داخلی انسانی غلطیوں یا جرائم کے خلاف خطرے کو نمایاں طور پر کم کرتا ہے۔

کمپنی کی آئی ٹی حکمت عملی اس کی آپریشنل ضروریات کے ساتھ پوری طرح ہم آہنگ ہے تا کہ ہمارے صارفین کو ان کے اعلیٰ درجے کے اطمینان کے لیے تیز رفتار خدمات فراہم کی جا سکیں۔

7. جناب خالد سعید مرزا نان ایگزیکٹیو ڈائریکٹر

*ایئر کموڈور وسیم احمد خان (ریٹائرڈ) اور محترمہ فرح عظیم خان کو فروری 2021 میں تعینات کیا گیا تھا، جب کہ مسٹر عدیل علی اور ایئر کموڈور توصیف صادق (ریٹائرڈ) کو بالترتیب اپریل 2021 اور دسمبر 2021 میں سادہ اسامیوں کو پر کرنے کے لیے تعینات کیا گیا تھا۔ بورڈ،

ایئر کموڈور احسن محمد خان (ریٹائرڈ)، ایئر کموڈور جمشید اقبال (ریٹائرڈ)، ایئر کموڈور محمود احمد (ریٹائرڈ) اور گروپ کیپٹن جاوید اختر خان (ریٹائرڈ) نے سال کے دوران بورڈ سے استعفیٰ دے دیا۔ بورڈ ان کی مستقبل کی کوششوں میں نیک خواہشات کا اظہار کرتا ہے۔

کمپنی کے ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کیا جاتا کیونکہ تمام ڈائریکٹرز اور شاہین فاؤنڈیشن کے نامزد افراد سوائے ایک آزاد ڈائریکٹر کے نان ایگزیکٹیو ہیں۔

بورڈ میٹنگز

بورڈ آف ڈائریکٹرز نے 2021 میں 5 میٹنگیں کیں۔ ڈائریکٹرز کی حاضری ذیل میں دی گئی ہے:

ڈائریکٹر کا نام	اجلاس میں شرکت
ایئر مارشل (ریٹائرڈ) محمد عارف پرویز	4
ایئر وائس مارشل (ریٹائرڈ) سلمان احسن بخاری	5
ایئر کموڈور (ریٹائرڈ) توصیف صادق (دسمبر 2021 میں تقرری عمل میں آئی)	صفر
ایئر کموڈور (ریٹائرڈ) محمود احمد (ستمبر 2021 میں استعفیٰ دیا)	4
ایئر کموڈور (ریٹائرڈ) احسن محمد خان (جنوری 2021 میں استعفیٰ دیا)	صفر
ایئر کموڈور (ریٹائرڈ) جمشید اقبال (جنوری 2021 میں استعفیٰ دیا)	صفر
عدیل علی صاحب (اپریل 2021 میں تقرری عمل میں آئی)	1
محترمہ فرح عظیم خان (فروری 2021 میں تقرری عمل میں آئی)	3
گروپ کیپٹن (ریٹائرڈ) جاوید اختر خان (اپریل 2021 میں استعفیٰ دیا)	1
جناب خالد سعید مرزا	4

کچھ اجلاسوں میں ڈائریکٹرز کی جانب سے شرکت نہ کرنے کی صورت میں غیر حاضری کی رخصت دی گئی۔

منافع منقسمہ اور تخصیصات_ نفع

31 دسمبر 2021 کو ختم ہونے والے سال کے دوران بعد از ٹیکس منافع 31 ملین روپے کا نفع کمایا گیا۔ مستقبل کے کاروباری چیلنجوں سے نمٹنے کے لئے، ڈائریکٹرز نے سال کے لیے کسی ڈیویڈنڈ/ پے آؤٹ کی سفارش نہیں کی۔

ونڈو تکافل آپریشنز

شاہین تکافل نے اپریل 2018 میں اپنے تکافل آپریشنز کا آغاز معروف اہل اور سند یافتہ شریعہ سکالرز اور شریعہ بورڈ کی رہنمائی میں کیا۔ شاہین تکافل شریعہ کمپلائنٹ جنرل تکافل پروڈکٹس کی وسیع رینج پیش کر رہا ہے جیسے فائر اینڈ پراپرٹی تکافل، میرین کارگو، پرائیویٹ/کمرشل وہیکلز تکافل، انجینئرنگ تکافل اور متفرق اور حادثاتی تکافل۔

آپ کی کمپنی نے تکافل کنٹریبیوشن جو پچھلے سال کے 10.11 ملین روپے کے کنٹریبیوشن کے مقابلے میں 11.77 ملین روپے ہے، 1.66 ملین روپے کی زائد ضمانت ظاہر کرتا ہے۔ اگرچہ کمپنی کے تکافل آپریشنز ابھی تک منافع نہیں دے رہے ہیں، تاہم ہمیں یقین ہے کہ کمپنی آنے والے سالوں میں مثبت معاشی سرگرمیوں کی وجہ سے کافی ترقی کرے گی اور کیونکہ یہ اپنے مارکیٹ شیئر کو بڑھانے کے لیے ضروری اقدامات کر رہی ہے، اس لئے تکافل آپریشنز بھی بڑھیں گے اور نئی راہیں فراہم کریں گے اور آنے والے سالوں میں صورتحال بدل جائے گی۔

ادا شدہ کیپٹل اور جنرل ریزرو

فی الحال آپ کی کمپنی کا ادا شدہ سرمایہ 600 ملین روپے ہے اور عمومی ذخائر 32.6 ملین روپے ہیں جبکہ کل ایکویٹی بڑھ کر 683.23 ملین روپے ہوگئی۔ آپ کی کمپنی پوری طرح سے کیپٹلائزڈ ہے اور مطلوبہ کم از کم کیپٹل کی ضرورت سے 500 ملین روپے زیادہ ہے۔ SECP کی طرف سے نان لائف انشورنس کمپنیوں کے لیے تجویز کردہ سرمایہ میں اضافہ مستقبل کے کاروباری چیلنجوں اور ترقی کے امکانات کا مقابلہ کرنے میں کمپنی کی بہت مدد کرے گا۔

بورڈ آف ڈائریکٹرز

کمپنی کا بورڈ آف ڈائریکٹرز آٹھ ڈائریکٹرز پر مشتمل ہے جن کے پاس کمپنی کو نگرانی اور اسٹریٹجک گائیڈ لائنز فراہم کرنے کے لیے ضروری علم، تجربہ اور مہارتیں موجود ہیں۔ مندرجہ ذیل تقسیم کے مطابق ڈائریکٹرز کی کل تعداد آٹھ ہے۔

(a) مرد	07
(b) خواتین	01

بورڈ کی تشکیل حسب ذیل ہے:

• آزاد ڈائریکٹر	(1)
• نان ایگزیکٹو ڈائریکٹرز	(6)
• CEO-ایگزیکٹو ڈائریکٹر سمجھا جاتا ہے	(1)

ڈائریکٹرز ممبران کو کمپنی کے چیف ایگزیکٹو آفیسر میں تبدیلی کے بارے میں آگاہ کرنا چاہیں گے۔ جناب سید رضوان اختر، ایک تجربہ کار انشورنس پروفیشنل نے کمپنی میں مورخہ 25 اکتوبر 2021 سے بطور سی ای او۔ کمپنی میں شمولیت اختیار کی ہے۔ سی ای او ہونے کے ناطے وہ ایک ڈائریکٹر بھی سمجھے جائینگے۔

سال کے دوران، بورڈ کمپنی کے مختلف متعلقہ قوانین اور میمورنڈم اور ایسوسی ایشن کے آرٹیکلز کے مطابق اپنے فرائض کی انجام دہی میں سرگرم عمل ہے، جس کے حتمی مقاصد شیئر ہولڈرز کے مفادات کی حفاظت، کمپنی کے منافع میں اضافہ اور مارکیٹ کے اعتماد کو فروغ دینا ہیں۔

کمپنی کے مندرجہ ذیل تمام ڈائریکٹرز نان ایگزیکٹو ڈائریکٹرز ہیں:

.1 ایئر مارشل محمد عارف پرویز (ریٹائرڈ)	چیئرمین اور نان ایگزیکٹو ڈائریکٹر
.2 ایئر وائس مارشل سلمان احسن بخاری (ریٹائرڈ)	نان ایگزیکٹو ڈائریکٹر
.3 ایئر کموڈور توصیف صادق (ریٹائرڈ)*	نان ایگزیکٹو ڈائریکٹر
.4 ایئر کموڈور وسیم احمد خان (ریٹائرڈ)*	نان ایگزیکٹو ڈائریکٹر
.5 جناب عدیل علی*	نان ایگزیکٹو ڈائریکٹر
.6 محترمہ فرح عظیم خان*	نان-ایگزیکٹو آزاد ڈائریکٹر

آپ کی کمپنی نے سال 2020 کے دوران 254 ملین روپے جس میں 12 ملین روپے کی اقساطتکافل شامل ہیں کے مقابلے میں سال 2021 کے دوران 243 ملین روپے کی مجموعی پریمیم کی ضمانتیں دی ہیں، جس میں 10 ملین روپے کی اقساطتکافل کی شمولیت کے ساتھ 4.33 فیصد یعنی 11 ملین روپے کی کمی کو ظاہر کیا گیا ہے۔ تکافل کا خالص انشورنس پریمیم بشمول زیر جائزہ سال کے لیے بھی تقابلی سال کے دوران 232 ملین روپے کے مقابلے میں 185 ملین روپے تک کم ہو گیا۔ خالص پریمیم میں کمی بنیادی طور پر کم کاروباری سرگرمیوں کی وجہ سے ہوئی جس کا سبب بینکوں کی جانب سے بڑی کمپنیوں کو دوسروں پر ترجیح دینے کی پالیسی اور کووڈ19 کی مختلف شکلوں کے نتیجے میں سست معاشی سرگرمیوں اور ذاتی خطوط پر فراہمی قرضہ میں کمی ہے۔ بینکوں/ مالیاتی اداروں کے ذریعہ پریمیم کی نچلی سطح کے ساتھ ساتھ مشتبہ قرضوں/ رائٹ آف کے خلاف پرووژن کی اندراج کے نتیجے میں کمپنی کے منافع میں کمی واقع ہوئی۔

سال کے دوران وائز کیے گئے دعوے پچھلے سال کے دوران 117 ملین روپے کے مقابلے میں 73 ملین روپے تھے، جو کہ 37 فیصد یعنی 44 ملین روپے کی کمی کو ظاہر کرتے ہیں۔

خالص منافع بعد از ٹیکس پچھلے سال میں 36 ملین روپے کے مقابلے میں 31 ملین روپے رہا۔

کمپنی کی سرمایہ کاری کی آمدنی میں بھی بنیادی طور پر اسٹیٹ بینک آف پاکستان کی جانب سے کووڈ19 سے متعلق ہنگامی حالات کا مقابلہ کرنے کے لیے شرح سود میں زبردست کمی کی وجہ سے کمی درج کی گئی۔
2021 کے لیے انتظامی اور دیگر اخراجات (مشکوک قرضوں اور رائٹ آف کی دفعات کے اثرات کو چھوڑ کر) 2020 کے مقابلے میں 1% کا معمولی سا اضافہ ہوا جس کی بنیادی وجہ افراط زر ہے۔

کمپنی نے اپنا ونڈو تکافل آپریشنز اپریل 2018 میں شروع کیا۔ ابتدائی سالوں کے آپریشنز کی وجہ سے، یہ کاروباری طبقہ آہستہ آہستہ ترقی کر رہا ہے۔ تاہم، آگے بڑھتے ہوئے کمپنی آنے والے سالوں میں نئے کاروبار کی خریداری کے ذریعے اپنے تکافل آپریشنز کو بڑھانے کے لیے پراعتماد ہے۔

جیسا کہ آپ جانتے ہیں کہ پاکستان ایک ترقی پذیر معیشت ہے اور بڑے پیمانے پر عوام کی خراب سماجی و اقتصادی حالت کے پس منظر میں معاشرے میں انشورنس کی کم رسائی کی وجہ سے، اس لئے انشورررز بیمہ کے کاروبار کی ایک بڑی اکثریت بینکوں/ FIs / DFIs کی مالی اعانت سے حاصل کرتے ہیں۔ کچھ بینکوں اور مالیاتی اداروں (FIs)/ DFIs کی طرف سے نام نہاد 'بینک کی حدود' کی فلسنگ اور ڈی لسنگ اور نان لسنگ مارکیٹ کے نام پر تمام کھلاڑیوں کو برابری کا میدان فراہم نہیں کیا جا رہا ہے۔ بینکوں اور مالیاتی اداروں کی یہ غیر منصفانہ پالیسی صرف بڑے انشورررز کے حق میں ہے، جبکہ باقی کھلاڑی محروم ہیں۔ انشورنس انڈسٹری کے وسیع تر اور بہترین مفاد میں متعلقہ حلقوں کو اس امتیازی منظر نامے پر فوری توجہ دینے کی ضرورت ہے۔ اس پالیسی کی پوشیدہ نگرانی یہ ہے کہ بینکوں اور FIs کا مقابلہ مختلف انشورررز کے درمیان پھیلنے کے بجائے چند انشورررز کے ساتھ بڑھ رہی ہے جو کہ بیمہ کی اصل روح ہے۔

سرمایہ کاری

آپ کی کمپنی کی مجموعی سرمایہ کاری کی پالیسی بغیر کسی خطرے کے سب سے زیادہ ریٹرن والی جگہوں پر توجہ مرکوز کرتے ہوئے بدستور برقرار ہے۔ آپ کی کمپنی اپنی سرمایہ کاری کی آمدنی کا ایک اہم حصہ پائیدار ذرائع جیسے مارک اپ سے بھی پیدا کرتی ہے۔ سرمایہ کاری کا پورٹ فولیو بشمول ٹرم ڈپازٹس روپے کے 31 دسمبر 2021 تک 560 ملین۔ کیش اینڈ بینک ڈپازٹ اکاؤنٹس 73 ملین روپے تھے۔

دعویٰ

کمپنی مالیاتی پوزیشن کی تاریخ کے بیان تک ہونے والے تمام دعووں کے سلسلے میں ذمہ داری کو تسلیم کرتی ہے جو متوقع مستقبل کی ادائیگیوں کی غیر رعایتی قیمت پر ناپا جاتا ہے۔

دعووں جو وائز تو کیے گئے لیکن رپورٹ نہیں کیے گئے (IBNR) بیلنس شیٹ کی تاریخ پر کیے گئے ہیں۔ 2016 کے SECP سرکلر نمبر 9 کی تعمیل میں، کمپنی IBNR دعووں کے تعین کے لیے ایکچوریل مشورہ لیتی ہے۔ IBNR دعووں کا تخمینہ Chain Ladder (CL) طریقہ کار سے لگایا گیا ہے۔ چین لاڈر (CL) طریقہ میں ہر مدت کے لیے ترقی کے عوامل یا ربط کے تناسب کا تعین شامل ہے۔ اس کے بعد ان کو مجموعی ترقیاتی عنصر (CDF) کا تعین کرنے کے لیے جوڑ دیا جاتا ہے جو دعووں کی مستقبل کی ترقی کی حد تک ان کی حتمی سطح تک پہنچنے کی نمائندگی کرتا ہے۔

ری انشورنس

آپ کی کمپنی نے سال 2022 کے لیے ری انشورنس کے انتظامات کامیابی کے ساتھ مکمل کر لئے ہیں۔ ٹرسٹ ری، Best Meridian Insurance Co (BMI) کی جانب سے، دنیا کی سب سے مشہور ری انشورر، کمپنی کے ری انشورنس پروگرام کے رہنما کے طور پر کام کرتے رہیں گے، جب کہ ہمارے معاہدے کے شراکت داروں میں Labuan Re، تیونس ری، پی آر ای ایل، ایس ای آر، عرب ری اور سعودی ری شامل ہیں۔ 2022 میں کاروبار کی مخصوص خطوط کے لیے انڈر رائٹنگ کی صلاحیت میں مزید بہتری آئی ہے، اس طرح آپ کی کمپنی بڑے خطرات کو کم کرنے کے قابل ہو جائے گی۔

ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشواروں اور اس پر آڈیٹرز کی رپورٹ کے ساتھ سالانہ رپورٹ پیش کرتے ہوئے خوش ہیں۔

عمومی معاشی جائزہ

سال 2021 میں پالیسی سازوں کے معاون اقدامات کے نتیجے میں معیشت کی بحالی کا مشاہدہ کیا گیا جس کے نتیجے میں لاک ڈاؤن میں آسانی ہوئی اور معیشتیں دوبارہ کھل گئیں۔ تاہم، یہ اقدام معمولات کی واپسی آنے اور فوری مانگ میں اضافے کے افراطِ زر کے دباؤ کی طرف ہے جو بنیادی طور پر سپلائی کی رکاوٹوں اور مزدوروں کی کمی کی وجہ سے ہوگی۔ اس کے علاوہ COVID-19 کی نئی اقسام کے تیزی سے پھیلاؤ نے عالمی معاشی توقعات کے لیے ایک بار پھر غیر یقینی صورتحال پیدا کر دی ہے۔

ملکی محاذ پر، معیشت کے دوبارہ کھلنے سے کووڈ کے صدموں کا مقابلہ کرنے کے لیے مالی اور مالیاتی دباؤ کا باعث بنا کیونکہ مالی سال 20 میں 0.5 فیصد کے بعد مالی سال 21 میں جی ڈی پی کی شرح نمو 3.9 فیصد ہوگئی۔ فوری بحالی بنیادی طور پر معاشی سرگرمیوں میں تیزی اور حکومت کی طرف سے فراہم کردہ مختلف ترغیبی پیکیجوں کی وجہ سے تھی۔ تاہم، عالمی اجناس کی قیمتوں میں اضافے اور IMF پروگرام کے تحت ٹیرف/ٹیکس ایڈجسٹمنٹ نے ملکی معیشت کو متاثر کیا، افراطِ زر میں اضافہ اور کرنٹ اکاؤنٹ خسارے میں اضافہ ہوا۔ ابھرتے ہوئے میکرو اکنامک چیلنجز کے درمیان، اسٹیٹ بینک نے پالیسی ریٹ کو 9.75 فیصد تک بڑھانا مہنگائی کے مزید دباؤ کا باعث بن سکتا ہے۔

آزمائشی حالات میں کاروبار کی ترقی کافی مشکل ہے۔ ایندھن اور خوراک کی قیمتوں میں اضافے، توانائی کے نرخوں میں اضافے، اور ہمارے ملک اور خطے کی ممکنہ جغرافیائی سیاسی بگڑتی ہوئی صورتحال کی وجہ سے آنے والے سالوں میں افراطِ زر کے بلند رہنے کا امکان ہے۔

سال 2022 کی طرف بڑھتے ہوئے، وائرس کو قابو میں رکھنے کے لیے ایک مسلسل ویکسینیشن مہم ضروری ہے، خاص طور پر ایسے وقت میں جب نئی شکلیں سامنے آ رہی ہیں، کیونکہ یہ صحت اور معیشت دونوں کے نکتہ ہائے نظر کا تعین کرتی ہے۔ مزید برآں، اشیاء کی قیمتوں میں ردوبدل میں مدد ملے گی، لیکن مسلسل مالیاتی نظم وضبط اور مجموعی طلب کو کنٹرول میں رکھنے کی کوششیں میکرو اکنامک استحکام کے لیے اہم ہیں۔ عالمی معیشت مستحکم ہو رہی ہے اور پاکستان کی معیشت بھی بحال ہو رہی ہے اور ملک کا عمومی معاشی ماحول بھی مثبت ہو رہا ہے۔

2021 میں متوقع جی ڈی پی کی شرح نمو سے کم تر ہونے کی وجہ سے انشورنس انڈسٹری میں حالات بدستور چیلنجنگ رہے۔ بڑی مارکیٹ کے کھلاڑیوں کے درمیان جاری وبائی بیماری اور سخت مقابلہ پریمیم کی شرح کو نیچے کی طرف دھکیلنا جاری رکھتا ہے، اس طرح دوسرے کھلاڑیوں کو مرجینلائز ڈ کر دیا جاتا ہے۔

کمپنی کی کارکردگی - سال 2021 کے عملی نتائج

سال 2021 کمپنی کے لیے ایک چیلنجنگ سال ثابت ہوا۔ نامساعد حالات کے باوجود آپ کی کمپنی نے درج ذیل نتائج پیش کیے۔ 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کی مالی جھلکیاں حسب ذیل ہیں:

	دسمبر 2021 [ملین روپے میں]	دسمبر 2020 [ملین روپے میں]
مجموعی پریمیم (بشمول ونڈو تکافل آپریشنز)	243	254
نیٹ انشورنس پریمیم (بشمول ونڈو تکافل آپریشنز)	185	232
خالص بیمہ دعوے کے اخراجات (بشمول IBNR)	43	66
انتظامی اخراجات	140	147
اکتوریل ریزرو کے نتائج	(38)	(38)
سرمایہ کاری کی آمدنی	48	57
ٹیکس سے پہلے منافع	28	49
ٹیکس کے بعد منافع	31	36
فی شیئر آمدنی (EPS)	0.52	0.59

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting (AGM) of Shaheen Insurance Company Limited (SICL) will be held on Wednesday, April 27, 2022 at 09:30 a.m at the head office of Shaheen Airport Services (SAPS) situated at SAPS Complex, Malir Avenue, Jinnah International Airport, Karachi, through video link facility to transact the following business;

Ordinary Business

1. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended December 31, 2021 together with the Directors' and Auditor's Reports thereon.

2. To appoint Auditors of the Company for the year ending December 31, 2022 and fix their remuneration. The present auditors Ms. Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.

Special Business

3. Revision in Meeting Fee of the Directors:

   To consider and if deemed fit, to pass the following resolutions as special resolutions for alternation in the Articles of Association of the Company, with or without modification(s), addition(s) or deletion(s), as recommended by the Board of Directors:

   ***"Resolved That** the fee for attending the Quarterly Board of Directors' meeting only be and is hereby approved to be paid upto Rs. 10,000/- per meeting for nominee director and upto Rs 20,000/- per meeting for independent director.*

   ***Further Resolved That** the following proviso in Article 83 of Articles of Association be and is hereby deleted;*

   Provided that any change in the fee of a Director shall be subject to the prior approval of the Controller of Capital Issues.

   ***Further Resolved That** pursuant to Section 38 and all other applicable provisions of the Companies Act, 2017 the Article 83 of the Articles of Association of the Company be altered accordingly."*

   ***Resolved Further That** the Chief Executive Officer and / or Company Secretary be and are hereby authorized to comply with the legal formalities in this regard."*

By Order of the Board

Nisar Ahmed Almani
Company Secretary

Karachi: April 06, 2022

Notes:

1. The Securities & Exchange Commission of Pakistan (SECP) through its Circular No. 6 of 2021 dated March 3, 2021, has directed that in case, listed companies are facing difficulties in holding Annual General Meeting physically, they may opt to hold such meeting through electronic mode; however, the Company shall provide necessary reasoning in the notice of Annual General Meeting, for not holding the meeting physically. This direction has been issued to safeguard the shareholders against the continuing threat posed by the COVID-19 pandemic and to protect their wellbeing. In view of SECP's aforementioned circular, and the continuing threat posed by COVID-19, travel restrictions in place and considering the safety and wellbeing of all esteemed shareholders, directors and management, the AGM is being held electronically through video link facility. The Company continues to monitor the impact of COVID-19 and any relevant updates regarding the AGM will be announced on the Company's website. To attend the AGM through video link, members are requested to register their following particulars by sending an e-mail at zain.khan@shaheeninsurance.com

Folio / CDC Account No.	No. of shares held	Name	CNIC No.	CNIC No.	Email address

The video link and login credentials will be shared with shareholders whose e-mails, containing all the requested particulars, are received at the given e-mail address by or before the close of business hours (5:00 p.m.) on April 25, 2022. The shareholders are also encouraged to send their comments / suggestion related to the agenda items of the AGM on the above mentioned e-mail address or Whats App Number 0321-2685861, by the close of the business hours (5:00 p.m.) April 25, 2022. For any query, the members may please contact at aforesaid email or WhatsApp Number.

2. In accordance with the provisions of section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to the shareholders only through electronic mode i.e. directly into the bank account designated by the entitled shareholders. Please note that if Bank account details (IBAN) as per prescribed format have not been provided by the shareholders to the Share Registrar, their Broker (participant) or CDC, the company would be constrained to act in accordance with the provisions of the law and withhold the cash dividend.

3. The share transfer books of the Company shall remain closed from April 21, 2022 to April 27, 2022 (both days inclusive). Transfers received at M/s. Corplink (Pvt.) Ltd., Wings Arcade, 1-K, Commercial Model Town, Lahore, the Registrar and Share Registrar Office of the Company, by the close of business on April 20, 2022 will be considered in time for the purpose of Annual General Meeting.

4. The Proxy Form duly completed and signed along with attested copies of CNIC/Passport of the member, Proxy Holder and the witnesses must be deposited at the Registered Office of the Company or emailed at cfo@shaheeninsurance.com not later than 48 hours before the time of holding of the meeting. Original CNIC/Passport will be produced by the Proxy holder at the time of the meeting.

5. No persons shall be appointed as a Proxy unless he/she is a member of the company.

6. In case of corporate entity, the Board of Director's Resolution / Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form to the Company.

7. CDC account holders and their proxies must attach attested photocopy of their CNIC / Passport with the Proxy Form.

8. Members may exercise their right to vote by means of postal ballot i.e. by post or through electronic mode subject to the requirements of section 143-145 of the Companies Act 2017 and applicable clauses of Companies (Postal Ballot) Regulations 2018.

Circulation of Annual Audited Financial Statements and Notice of AGM to the Members through email:

9. Pursuant to section 223 of the Companies Act, 2017 together with the SECP's Notification No SRO. 787(1)/2014, dated September 08, 2014 members desirous of having company's financial statements / Notice of Meeting through email are requested to provide their written consent and e-mail addresses to the Share Registrar at the below mentioned address.

   Ms. Corplink (Pvt.) Ltd. Wings Arcade, 1-K, Commercial Model Town, Lahore Phone No. 042-35916714 – 042-35916719 Fax No. 042-35869037

Statement of Material Facts Under Section 134(3) of the Companies Act, 2017, concerning the Special Business:

Pursuant to Article No. 83 of the Company's Articles of Association the Directors are currently eligible to receive a fee amounting to Rs. 500/- per meeting in consideration for attending each meeting plus the actual traveling expenses incurred by him. Section 181(2) (e) of Companies Act 2017 restricts that non-executive director cannot draw any remuneration from the company except the meeting fee. Board of Directors has recommended revision in this fee up to Rs.10,000/- per meeting for each nominee director and Rs 20,000 per meeting for each independent director for quarterly Board of Directors Meeting only through amendment in Article No. 83 of the Company's Articles of Association. Further, Article 83 specifies that any change in the fee of a Director shall be subject to the prior approval of the Controller of Capital Issues. Currently, Controller of Capital Issues do not exist. Directors, therefore propose that this requirement be deleted. To this effect Special Resolutions as mentioned in the Notice of Annual General Meeting are proposed to be approved in the forthcoming Annual General Meeting. The directors of the Company have no interest, directly or indirectly, in the proposed special resolution, save to the extent of their meeting fee to be paid to them for attending quarterly meetings of the board. The directors of the Company confirm that the proposed alterations to the Articles of Association are in line with the applicable provisions of the law and regulatory framework.

Existing Article 83	Proposed Article 83
Unless otherwise determined by the company in General Meeting the remuneration of each Director shall be Rs 500/- for each meeting he attends plus the actual travelling expenses incurred by him. Provided that any change in the fee of a Director shall be subject to the prior approval of the Controller of Capital Issues.	Unless otherwise determined by the company in General Meeting the remuneration of each nominee director shall be upto Rs 10,000/- and Rs 20,000 for each independent director for each quarterly Board of Directors meeting he attends plus the actual travelling expenses incurred by him.

HORIZONTAL ANALYSIS
STATEMENT OF FINANCIAL POSITION & PROFIT & LOSS ACCOUNT

% Increase / (Decrease) over preceeding year

STATEMENT OF FINANCIAL POSITION	2021	2020	2019	2018	2021	2020	2019	2018
Property and equipment	**40**	22	82	11	**0.81**	(0.73)	6.44	(0.09)
Investment properties	**155**	135	130	110	**0.14**	0.04	0.19	0.08
Investments								
Equity securities	**67**	63	58	53	**0.07**	0.09	0.10	0.05
Debt securities	**169**	167	78	17	**0.01**	1.14	3.64	(0.66)
Term deposits	**324**	373	428	437	**(0.13)**	(0.13)	(0.02)	0.24
Loans and other receivables	**15**	33	17	15	**(0.56)**	1.00	0.12	0.25
Insurance / re-insurance receivables	**142**	178	253	272	**(0.20)**	(0.29)	(0.07)	0.50
Re-insurance recoveries against outstanding claims	**14**	15	13	6	**(0.04)**	0.14	1.29	0.52
Salvage recoveries accrued	**2**	2	4	1	**(0.27)**	(0.51)	3.59	0.50
Deferred commission expense	**16**	15	26	30	**0.00**	(0.41)	(0.11)	(0.04)
Taxation-payment less provision	**15**	3	1	-	**3.96**	1.83	-	(1.00)
Prepayments	**6**	14	5	20	**(0.54)**	1.74	(0.76)	0.07
Cash and bank	**73**	15	23	21	**3.94**	(0.37)	0.10	(0.75)
Total assets of window takaful operations - Operator's Fund	**57**	56	55	52	**0.01**	0.02	0.07	-
Total Assets	**1,094**	1,092	1,174	1,043	**0.00**	(0.07)	0.13	0.14
Share capital	**600**	600	600	600	**-**	-	-	-
Reserves	**33**	32	33	31	**0.01**	(0.03)	0.06	0.01
Unappropriated profit	**55**	24	(12)	(57)	**1.31**	(2.97)	(0.79)	(0.58)
Total Equity	**687**	656	621	574	**0.05**	0.06	0.08	0.16
Outstanding claims including IBNR	**86**	127	128	116	**(0.33)**	(0.01)	0.10	0.01
Unearned premium reserves	**98**	93	133	147	**0.06**	(0.30)	(0.09)	0.02
Premium deficiency reserves	**0**	1	0	0	**(0.37)**	1.32	29.13	(0.82)
Unearned reinsurance commission	**1**	2	1	1	**(0.43)**	1.26	(0.07)	(0.00)
Lease liabilities	**26**	17	78	-	**0.54**	(0.78)	-	(1.00)
Premium received in advance	**-**	2	-	-	**(1.00)**	-	-	(1.00)
Insurance / re-insurance payables	**65**	76	62	69	**(0.15)**	0.24	(0.10)	0.53
Other creditors and accruals	**122**	112	146	132	**0.09**	(0.23)	0.11	0.17
Unclaimed dividend	**2**	2	2	0	**-**	(0.04)	3.79	-
Taxation - provision less payments	**-**	-	-	1	**-**	-	(1.00)	-
Total liabilities of window takaful operations - Operator's Fund	**5**	4	3	2	**0.31**	0.57	0.08	-
Total Equity and Liabilities	**1,094**	1,092	1,174	1,043	**0.00**	(0.07)	0.13	0.14
PROFIT AND LOSS ACCOUNT								
Net insurance premium	**180**	229	295	367	**(0.21)**	(0.22)	(0.20)	0.23
Net insurance claims	**(43)**	(66)	(100)	(85)	**(0.35)**	(0.34)	0.17	0.06
Premium deficiency - net	**0**	(0)	(0)	0	**(1.65)**	0.36	(7.33)	(0.99)
Net commission expense / acquisition cost	**(35)**	(53)	(61)	(100)	**(0.34)**	(0.13)	(0.39)	0.62
Management expenses	**(140)**	(147)	(134)	(123)	**(0.05)**	0.10	0.09	0.04
Underwriting results	**(38)**	(38)	67	110	**0.01**	(1.56)	(0.39)	0.15
Investment income	**48**	57	61	33	**(0.16)**	(0.07)	0.85	0.13
Unrealised gain on investment properties	**20**	5	21	9	**2.94**	(0.76)	1.44	-
Rental income	**4**	3	4	3	**0.19**	(0.03)	0.04	0.04
Other income	**1**	29	6	3	**(0.95)**	3.54	1.39	(0.64)
Other expenses	**(6)**	(7)	(5)	(9)	**(0.15)**	0.48	(0.52)	0.15
Finance charges against lease liabilities	**(2)**	(3)	(10)	-	**(0.31)**	(0.70)	-	-
Loss after tax from window takaful operations - OPF	**(1)**	(1)	3	(0)	**0.39**	(1.16)	(15.20)	-
Profit /(Loss) before tax	**26**	46	80	99	**(0.44)**	(0.43)	(0.19)	0.33
Provision for taxation - net	**5**	(10)	(20)	(20)	**(1.49)**	(0.49)	0.01	0.91
Profit /(Loss) after tax	**31**	36	60	79	**(0.13)**	(0.41)	(0.24)	0.24

VERTICAL ANALYSIS
STATEMENT OF FINANCIAL POSITION & PROFIT & LOSS ACCOUNT

	2021		2020		2019		2018	
STATEMENT OF FINANCIAL POSITION	**Rupees**	**%**	**Rupees**	**%**	**Rupees**	**%**	**Rupees**	**%**
Property and equipment	**40**	**3.65**	22	2.02	82	7.01	11	1.06
Investment properties	**155**	**14.17**	135	12.40	130	11.11	110	10.51
Investments	**-**		-		-		-	
Equity securities	**67**	**6.13**	63	5.77	58	4.93	53	5.05
Debt securities	**169**	**15.42**	167	15.32	78	6.66	17	1.62
Term deposits	**324**	**29.63**	373	34.12	428	36.41	437	41.85
Loans and other receivables	**15**	**1.34**	33	3.06	17	1.43	15	1.44
Insurance / re-insurance receivables	**142**	**13.00**	178	16.31	253	21.51	272	26.04
Re-insurance recoveries against outstanding claims	**14**	**1.27**	15	1.33	13	1.09	6	0.53
Salvage recoveries accrued	**2**	**0.15**	2	0.20	4	0.38	1	0.09
Deferred commission expense	**16**	**1.42**	15	1.42	26	2.25	30	2.83
Taxation-payment less provision	**15**	**1.41**	3	0.28	1	0.09	-	-
Prepayments	**6**	**0.58**	14	1.25	5	0.42	20	1.95
Cash and bank	**73**	**6.64**	15	1.34	23	1.99	21	2.04
Total assets of window takaful operations - Operator's Fund	**57**	**5.20**	56	5.17	55	4.73	52	4.99
Total Assets	**1,094**	**100**	**1,092**	**100**	**1,174**	**100**	**1,043**	**100**
Share capital	**600**	**54.86**	600	54.95	600	51.10	600	57.53
Reserves	**33**	**2.98**	32	2.95	33	2.82	31	3.01
Unappropriated profit	**55**	**4.99**	24	2.16	(12)	(1.02)	(57)	(5.46)
Total Equity	**687**	**62.83**	656	60.06	621	52.90	574	55.07
			-		-		-	
Outstanding claims including IBNR	**86**	**7.85**	127	11.66	128	10.92	116	11.13
Unearned premium reserves	**98**	**8.97**	93	8.48	133	11.34	147	14.10
Premium deficiency reserves	**0**	**0.03**	1	0.05	0	0.02	0	0.00
Unearned reinsurance commission	**1**	**0.12**	2	0.22	1	0.09	1	0.11
Lease liabilities	**26**	**2.42**	17	1.57	78	6.64	-	-
Premium received in advance	**-**	**-**	2	0.15	-	-	-	-
Insurance / re-insurance payables	**65**	**5.94**	76	7.00	62	5.27	69	6.62
Other creditors and accruals	**122**	**11.19**	112	10.28	146	12.45	132	12.67
Unclaimed dividend	**2**	**0.17**	2	0.17	2	0.16	0	0.04
Taxation - provision less payments	**-**	**-**	-	-	-	-	1	0.05
Total liabilities of window takaful operations - Operator's Fund	**5**	**0.47**	4	0.36	3	0.21	2	0.22
Total Equity and Liabilities	**1,094**	**100**	**1,092**	**100**	**1,174**	**100**	**1,043**	**100**
PROFIT AND LOSS ACCOUNT								
Net insurance premium	**180**	**100**	229	100	295	100	367	100
Net insurance claims	**(43)**	**5**	(66)	(29)	(100)	(34)	(85)	(23)
Premium deficiency - net	**0**	**9**	(0)	(0)	(0)	(0)	0	0
Net commission expense / acquisition cost	**(35)**	**115**	(53)	(23)	(61)	(21)	(100)	(27)
Management expenses	**(140)**	**-**	(147)	(64)	134	46	123	34
Underwriting results	**(38)**	**14**	(38)	(17)	67	23	110	30
Investment income	**48**	**16**	57	25	61	21	33	9
Unrealised gain on investment properties	**20**	**0**	5	2	21	7	9	2
Rental income	**4**	**0**	3	2	4	1	3	1
Other income	**1**	**4**	29	13	6	2	3	1
Other expenses	**(6)**	**-**	(7)	(3)	5	2	9	3
Finance charges against lease liabilities	**(2)**	**11**	(3)	(1)	(10)	(4)	-	-
Loss after tax from window takaful operations - OPF	**(1)**	**20**	(1)	(0)	3	1	(0)	(0)
Profit /(Loss) before tax	**26**	**0**	46	20	80	27	99	27
Provision for taxation - net	**5**	**-**	(10)	(5)	(20)	(7)	(20)	(5)
Profit /(Loss) after tax	**31**	**1**	36	16	60	20	79	21

OPERATIONAL RESULT AND FINANCIAL STRENGTHS FROM 2011 TO 2021

		Rupees in '000										
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
1	Gross Direct Premium	231,254	244,386	350,295	416,938	342,923	339,503	308,988	284,182	343,566	562,845	664,326
	Increase %	(5.37)	(30.23)	(15.98)	21.58	1.01	9.88	8.73	(17.28)	(38.96)	(15.28)	20.11
2	Net Premium	179,988	229,055	295,190	366,913	299,586	264,558	225,225	229,620	331,124	508,120	482,963
	Increase %	(21.42)	(22.40)	(19.55)	22.47	13.24	17.46	(1.91)	(30.65)	(34.83)	5.21	15.71
	% to 11	30.00	38.18	49.20	61.15	49.93	58.79	50.05	51.03	110.37	169.37	193.19
3	Claim Insured	42,706	66,080	99,575	84,888	80,411	74,311	100,355	73,395	235,003	303,949	247,643
	% to 2	23.73	28.85	33.73	23.14	26.84	28.09	44.56	31.96	70.97	59.82	51.28
4	Commision	35,161	53,193	60,903	99,568	61,530	48,202	38,979	39,783	56,515	70,163	64,419
	% to 2	19.54	23.22	20.63	27.14	20.54	18.22	17.31	17.33	17.07	13.81	13.34
5	Management Expenses	140,496	147,301	138,893	132,804	126,552	136,767	104,607	148,596	155,732	170,886	165,455
	% to 1	60.75	60.27	19.19	17.37	18.98	15.56	14.67	17.04	24.40	16.05	13.15
	% to 2	78.06	64.31	22.77	19.74	21.72	19.97	20.13	21.08	25.31	17.78	18.08
6	Investment Income/(Loss)	47,558	56,538	61,065	33,037	28,710	17,157	16,305	15,897	9,310	8,629	11,654
	% to 22	7.52	9.16	10.40	6.27	5.32	3.43	3.58	3.39	3.09	2.53	14.92
7	Other Income	5,468	32,561	9,977	6,123	7,692	21,017	6,795	37,882	5,473	3,715	6,004
8	Provision for Taxation	5,108	10,324	20,256	19,980	10,458	2,645	20,461	2,320	3,466	2,846	5,954
9	Profit/(Loss) before Tax	25,904	45,933	80,256	98,638	73,948	42,781	5,723	11,817	(102,786)	29,245	25,199
10	Profit/(Loss) after Tax	31,013	35,609	60,000	78,658	63,116	40,135	26,184	12,962	(106,252)	(32,092)	19,245
	% to 2	17.23	15.55	20.33	21.44	21.07	15.17	11.63	5.64	(32.09)	(6.32)	3.98
11	Paid-up Capital	600,000	600,000	600,000	600,000	600,000	450,000	450,000	450,000	300,000	300,000	250,000
12	General Reserves	32,200	32,200	33,102	31,367	31,042	20,000	20,000	20,000	20,000	20,000	20,000
13	Reserves for Unexpired Risks	98,158	92,606	133,134	147,009	144,520	149,407	145,921	89,867	103,507	174,492	225,848
14	Unappropriate Profit/(Loss)	54,622	23,618	(11,991)	56,991	(135,649)	(63,596)	(103,731)	(129,916)	(142,879)	(36,627)	(4,535)
15	Capital Available for Shares	687,277	655,809	621,112	547,376	495,394	406,403	366,268	340,132	177,120	283,373	265,465
16	Total Net Outstanding Claims	85,650	127,306	128,203	116,033	114,520	104,234	121,436	198,615	253,250	187,789	123,688
	% to 2	47.70	55.58	43.43	31.62	38.23	39.40	53.92	86.50	76.48	36.96	25.61
17	Other Laibilities	126,321	112,272	146,205	132,177	113,076	59,479	101,872	87,733	188,111	133,560	125,882
18	Total Equity & Laibilities	1,093,744	1,091,971	1,174,208	1,042,963	916,359	770,634	780,904	786,756	864,392	879,077	832,521
19	Land & Properties	154,950	135,385	130,423	109,653	101,133	55,275	57,115	58,955	60,373	62,213	169,893
	% to 2	86.09	59.11	44.18	29.89	33.76	20.89	25.36	25.68	18.23	12.24	35.18
20	Cash & Bank Balances	72,588	14,686	23,319	21,238	86,080	218,256	174,423	230,399	71,531	48,490	26,324
	% to 2	40.33	6.41	7.90	5.79	28.73	82.50	77.44	100.34	21.60	9.54	5.45
21	Investment	559,765	602,874	563,708	506,011	453,722	281,301	280,449	238,653	229,970	240,948	51,782
22	Total Cash & Investment	632353	617,560	587,027	527,249	539,802	499,557	454,872	469,053	301,502	289,439	78,106
23	O/S Premium	83,682	107,410	166,262	188,414	147,256	77,253	87,575	127,690	219,085	262,200	305,080
	% to 2	46.49	46.89	56.32	51.35	49.15	29.20	38.88	55.61	66.16	46.58	45.92
24	Fixed Assets	39,929	22,017	82,318	11,064	12,215	11,564	13,907	11,206	25,295	38,050	43,721
	% to 2	22.18	9.61	27.89	3.02	4.08	4.37	6.17	4.88	7.64	7.49	9.05
25	Total Assets	1,093,744	1,091,971	1,174,208	1,042,963	916,359	770,634	780,904	786,756	864,392	879,077	832,521
26	Break-up Value Per Share	11.45	10.93	9.66	10.45	5.40	5.21	6.90	7.56	5.91	9.45	10.62
27	Earning Per Share	0.52	0.59	1.00	1.31	1.14	0.89	0.58	0.31	(3.54)	(1.15)	(0.79)

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Shaheen Insurance Company Limited
Review Report on the Statement of Compliance contained in Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2019

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

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 Director's 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 Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for the below instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended December 31, 2021.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the note/paragraph reference where these are stated in the Statement of Compliance:

Independent Corespondent Firm to
Deloitte Touche Tohmatsu Limited

YOUSUF ADIL

Yousuf Adil
Chartered Accountants

Following instances of non-compliance with the requirements of the Regulations were observed as reflected in the note/paragraph referred below where these are stated in the annexed Statement of Compliance:

S.No	Paragraph Reference	Description
1	2	As per regulation 6(1) it is mandatory that each listed company shall have at least two or one-third members of the board, whichever is higher, as independent director(s). However, we have noticed that there is only one independent director on the board.
2	18	As per regulations 28(1) and (2), the chairman of the Human resource and remuneration committee shall be an Independent Director. However, we have noticed that current human resource and remuneration committee does not have an independent director.
3	19	As per regulation 27(1)(i), the chairman of the audit committee shall be an Independent Director. Whereas we have noticed that the audit committee does not have an independent director.
4	23	As stated in regulation 24, which is a non-mandatory requirement, same person shall not simultaneously hold office of the chief financial officer and company secretary of a listed company. However, we have noticed that chief financial officer is also performing functions of company secretary.
5	33	As per regulation 10(3)(v) which is a non-mandatory requirement, the board of directors shall ensure that formal and effective mechanism is put in place for an annual evaluation of the board's own performance, members of the board and its sub-committees. However, we did not find any such formal and effective mechanism regarding evaluation of the performance of the board, its members and sub-committees.

Chartered Accountants

Engagement Partner:
Hena Sadiq

Place: Karachi
Date: April 06, 2022
UDIN: CR202110057TN2a86ICP

Independent Corespondent Firm to Deloitte Touche Tohmatsu Limited

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

Year ended December 31, 2021

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

The Company has complied with the requirements of the Code and Regulations in the following manner:

1. The total number of directors are eight as per the following;
   a) Male: 7
   b) Female: 1

2. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors ("the Board"). At present all the non-executive directors on the Board except Independent Directors are from Shaheen Foundation. The Board includes:

Category	Names
Independent director	Ms. Farrah Azeem Khan *
Executive director	Mr. Syed Rizwan Akhter**
Non-executive directors	Air Marshal Muhammad Arif Pervaiz (Retd.)
	Air Vice Marshal Salman Ahsan Bokhari (Retd.)
	Air Commodore Tausif Sadiq (Retd.)
	Air Commodore Wasim Ahmed Khan (Retd.)
	Mr. Adeel Ali Bokhari
	Mr. Khalid Saeed Mirza

* The independent director meets the criteria in independence as laid down under the Code of Corporate Governance for Insurers, 2016. The number of independent directors will be increased shortly to meet the requirement of the Code and the Regulations.

** Mr. Sohel Najam Kidwai resigned from the position of Chief Executive Officer (CEO) on October 25, 2021 and in his place Mr. Syed Rizwan Akhter was appointed as the new CEO on the same date.

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies excluding of listed subsidiaries, including this Company.

4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.

5. Five casual vacancies occurring on the Board, two in January 2021, one in April 2021 one in September 2021 and one in October 2021 were filled up by the directors within 90 days thereof.

6. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the 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. However, these policies and procedures are being further refined and strengthened gradually. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

8. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act 2017, the Code and the Regulations.

9. The meetings of the Board were presided by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.

10. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code and the Regulations.

11. All the Directors have either attended the orientation course or have been provided appropriate guidelines in this regard and as such they are fully aware of their duties and responsibilities. Following Directors' have completed Director's Training Program;

Directors
Sohel Najam Kidwai – Ex Chief Executive Officer (Resigned in October 2021)
Group Captain Javed Akhter Khan (Retd.) - Director (Resigned in April 2021)

12. There were no new appointments of Chief Financial Officer (CFO), Company Secretary or Head of Internal Audit during the year.

13. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations. The Company does not pay any remuneration to the directors.

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

15. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

16. The directors, CEO and other executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

18. The Board has formed the following Board Committees:

Ethics, Human Resource and Remuneration Committee:

Name of the Member	Category
Air Vice Marshal Salman Ahsan Bokhari (Retd.)	Chairman – Non Executive Director
Farrah Azeem Khan	Independent – Non Executive Director
Sohel Najam Kidwai*	Member –Executive Director

The chairman of the Ethics, Human Resource and Remuneration Committee is not an Independent Director and the Company will fulfill the requirement in due course after the completion of the secretarial compliances.

Investment Committee

Name of the Member	Category
Air Marshal Muhammad Arif Pervaiz (Retd.)	Chairman – Non Executive Director
Air Vice Marshal Salman Ahsan Bokhari (Retd.)	Member – Non Executive Director
Mr. Adeel Ali	Member – Non Executive Director
Mr. Khalid Saeed Mirza	Member – Non Executive Director
Sohel Najam Kidwai *	Chief Executive Officer and Executive Director
Nisar Ahmed Almani	Chief Financial Officer

*Mr. Sohel Najam Kidwai resigned from the position of Chief Executive Officer (CEO) on October 25, 2021 and in his place Mr. Syed Rizwan Akhter was appointed as the new CEO on the same date. He is now the member of Ethics, Human Resource and Remuneration Committee and the Investment Committee however, no meeting of the Committees were held after his appointment.

19. The Board has formed an Audit Committee. It comprises of three members and all are non-executive and Chairman of Audit Committee is not an independent director. The Composition of the audit committee is as follows:

Audit Committee:

Name of the Member	Category
Mr. Adeel Ali	Chairman
Air Commodore Wasim Ahmed Khan (Retd.)	Member
Mr. Khalid Saeed Mirza	Member

20. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Designation	Category
Mr. Sohel Najam Kidwai	Chief Executive Officer	Chairman
Mr. Zia Mehdi	Head of Operations	Member
Mr. Naveed Yunus Butt	Country Head Business	Member
Mr. Zia Ur Rahim	Deputy Manager Underwriting	Member and Secretary

Claim Settlement Committee:

Name of the Member	Designation	Category
Mr. Sohel Najam Kidwai	Chief Executive Officer	Chairman
Mr. Nisar Ahmed Almani	Chief Financial Officer	Member
Mr. Aamir Ghazali	Senior Manager	Member
Mr. Rizwan Idrees	Assistant General Manager	Member
Mr. Kashif Ilyas	Assistant General Manager	Member and Secretary

Reinsurance & Co-Insurance Committee:

Name of the Member	Designation	Category
Mr. Sohel Najam Kidwai	Chief Executive Officer	Chairman
Mr. Zia Mehdi	Head of Operations	Member
Mr. Naveed Y. Butt	Country Head Business	Member
Mr. Kamran Azeem	Deputy Manager	Member and Secretary

Risk Management & Compliance Committee:

Name of the Member	Designation	Category
Mr. Sohel Najam Kidwai	Chief Executive Officer	Chairman
Mr. Nisar Ahmed Almani	Chief Financial Officer	Member
Mr. Zia Mehdi	Head of Operations	Member
Mr. Rizwan Muhammad Idrees	Assistant General Manager	Member and Secretary

*Mr. Sohel Najam Kidwai resigned from the position of Chief Executive Officer (CEO) on October 25, 2021 and in his place Mr. Syed Rizwan Akhter was appointed as the new CEO on the same date. He is now the member of the management Committees. However, no meeting of the Committees was held after his appointment.

The Functions of the Nominations Committee are being performed by the Board.

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

22. The board has outsourced the internal audit function to Rizwan & Co. Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a regular basis.

23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. The Appointed Actuary of the Company also meets the conditions as laid down in the Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance functions possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

Name of the Member	Category
Mr. Rizwan Akhter *	Chief Executive Officer (CEO)
Mr. Nisar Ahmed Almani	Chief Financial Officer and Company Secretary
Mr. Sayyam Maqsood	Head of Internal Audit (Coordinator)
Mr. Zia Mehdi	Head of Operations, Underwriting, Claims and Reinsurance
Mr. Kashif Ilyas	Head of Grievance Function
Ms. Aneel Tahir	Compliance Officer

* Mr. Sohel Najam Kidwai resigned from the position of CEO in October 2021 and Syed Rizwan Akhtar was appointed in his place.

Due to size of operations of the Company, multiple functions are being performed by single staff. Accordingly, functions of the Company Secretary are being performed by the Chief Financial Officer.

24. The statutory auditors of the insurer have been appointed from the panel of auditors approved by the commission in terms of section 48 of the insurance ordinance, 2000.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 and all their 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 or any of the partners of the firm and their spouses and minor children do not hold shares of the Company and no partners of the firm involved in the audit is 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;

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

26. The actuary appointed by the Company has confirmed that neither he nor his spouse and minor children hold shares of the Company.

27. The Board ensures that the Appointed Actuary complies with the requirements set out for him in the Code.

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

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

30. The Company has set up a Risk Management function which carries out its tasks as covered under the code.

31. The Board ensures that as part of the risk management system, the Company gets itself rated from Pakistan Credit Rating Agency (PACRA) which is being used by its risk management function/department and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on August 26, 2021 is A (Single A) with positive outlook.

32. The Board has set up a grievance function in compliance with the requirement of the Code.

33. The Board is in process to develop and approve the criteria for annual evaluation of its own performance as per the requirement of the Code.

34. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the code

35. We confirm that all mandatory requirements except 6 and 27 of the Regulations have been complied with.

36. We confirm that all material principles contained in the Code have been complied with except for certain matters disclosed above along with reasons in clause 2, 23 and 33 toward which reasonable progress is being made by the Company to seek compliance.

Syed Rizwan Akhtar
Chief Executive Officer

Air Marshal Muhammad Arif Pervaiz (Retd.)
Chairman

March 31, 2022



YOUSUF ADIL

Yousuf Adil
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Shaheen Insurance Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Shaheen Insurance Company Limited** (the Company), which comprise the statement of financial position as at December 31, 2021, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including 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 purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2021 and of the profits , the changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key Audit Matters	How the matters were addressed in our audit
1.	**Valuation of Investments** Refer note 3.6 and 9, 10 & 11 of the annexed financial statements. The investment of Rs. 559.765 million as at December 31, 2021 of the company constitute a significant component of total assets of the company. We identified the valuation and existence as key audit matter because investments constitute 51% of total assets.	**Our audit procedures included the following:** • Obtained an understanding of controls around recognition and measurement of investments to ensure that it is appropriately designed to ensure appropriate valuation of the investment; • Checked that gain / loss on disposal of investments have been recorded in accordance with the accounting and reporting standard as applicable in Pakistan; • Checked that net unrealised gain / loss arising on subsequent measurement of investments are appropriately are accounted for in the financial statements; • Verified existence of investments by obtaining external statements as at December 31, 2021 and traced securities in such statements with the books and records of the company; • Evaluated the valuation of securities by comparing the quoted prices of Exchange; and • Assessing the relevant presentation and disclosures made in the financial statements to ascertain whether these are complied with accounting and reporting standards as applicable in Pakistan.
2.	**Valuation of Claim Liabilities** Refer note 3.1.3 and 23 of the annexed financia statements. The claim liabilities represent 21% of the Company's total liabilities. Valuation of these claim liabilities involves significant management judgment due to 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	**Our audit procedures included the following:** • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Evaluated the completeness, accuracy and reliability of the underlying data utlised by the management to support the actuarial valuation; • Tested claims transactions on sample basis with underlying documentations to evaluate that

S. No.	Key Audit Matters	How the matters were addressed in our audit
	estimation. The Company also maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. Since, the actuarial valuation process involves significant judgement and the use of actuarial assumptions therefore we have identified valuation of claim liabilities as key audit matter.	whether the claims reported and paid 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; • Assessed on sample basis the reinsurers share of claims against the term of the reinsurance contract and the related recorded liabilities; • Involved an independent actuarial expert to test the assumptions and assess the reaso ableness of assumptions used therein; and • Assessed the adequacy of Company's discl sures as per the relevant accounting and reporting standards.
3.	**Revenue recognition risk** Refer note 3.11 and 22 of the annexed financial statements relating to revenue recognition. The Company generates its income primarily from two main sources namely; premiums and investments income. Premiums from insurance policies comprise of 79% of the total income. We identified revenue recognition from premium income as a key audit matter because being the key performance indicator of the Company and because of the significant risk that revenue transactions may not be recognised in the accounting period.	**Our audit procedures included the following:** • Obtain understanding and evaluated the design over the process of capturing, processing and recording of premiums; • Assessed the appropriateness of the Company's accounting policy for recording of premiums and ensured that it is in line with the requirements of applicable law, accounting and reporting standards; • On sampling basis tested accuracy of premium earned from the underlying policies issued to insurance contract holders; • Tested the policies on sample basis, and evaluated that these were recorded in the appropriate accounting period; and • Recalculated unearned portion of premium income to ensure that appropriate amount has been recorded as provision for unearned premium written liabilities.

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have not been provided with this information and therefore we do not report in this regard.

Responsibility of Management and Board of Directors for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

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

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

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

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

Chartered Accountants

Date: April 06, 2022
Place: Karachi
UDIN: AR202110057ZSwLRn5lo

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	December 31, 2021	December 31, 2020 (Restated)
		(Rupees)	
ASSETS			
Property and equipment	6	**39,929,171**	22,016,984
Intangible assets	7	**-**	-
Investment properties	8	**154,950,569**	135,385,104
Investments			
Equity securities	9	**67,083,272**	62,967,878
Debt securities	10	**168,642,696**	167,285,802
Term deposits	11	**324,039,478**	372,619,866
Loans and other receivables	12	**14,676,314**	33,467,662
Insurance / re-insurance receivables	13	**142,195,994**	178,150,469
Reinsurance recoveries against outstanding claims		**13,936,448**	14,562,758
Salvage recoveries accrued		**1,600,000**	2,185,000
Deferred commission expense	24	**15,505,767**	15,494,786
Taxation-payment less provision		**15,383,662**	3,103,815
Prepayments	14	**6,316,945**	13,642,832
Cash and bank	15	**72,588,456**	14,685,842
Total assets of window takaful operations - Operator's Fund		**56,895,930**	56,402,768
Total Assets		**1,093,744,702**	1,091,971,566
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company`s equity holders			
Share capital	16	**600,000,000**	600,000,000
Reserves	17	**32,604,759**	32,200,104
Unappropriated profit		**54,622,464**	23,609,091
Total Equity		**687,227,223**	655,809,195
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	23	**85,850,667**	127,305,856
Unearned premium reserves	22	**98,158,900**	92,605,542
Premium deficiency reserves	25	**337,245**	536,451
Unearned reinsurance commission	24	**1,365,356**	2,374,551
Lease liabilities	18	**26,459,898**	17,164,141
Premium received in advance		**-**	1,671,626
Insurance / re-insurance payables	19	**64,974,861**	76,467,277
Other creditors and accruals	20	**122,391,892**	112,271,565
Unclaimed dividend		**1,840,186**	1,840,186
Total liabilities of window takaful operations - Operator's Fund		**5,138,474**	3,925,176
Total Liabilities		**406,517,479**	436,162,371
Total Equity and Liabilities		**1,093,744,702**	1,091,971,566
Contingencies and commitments	21		

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

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman	**Air Vice Marshal Salman Ahsan Bokhari (Retd) -** Director	**Adeel Ali** Director	**Rizwan Akhtar** Chief Executive Officer	**Nisar Ahmed Almani** Chief Financial Officer

STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	December 31, 2021	December 31, 2020 (Restated)
		(Rupees)	
Net insurance premium	22	**179,988,148**	229,055,333
Net insurance claims	23	**(42,706,140)**	(66,079,543)
Premium deficiency - net	25	**199,206**	(304,917)
Net commission expense / acquisition cost	24	**(35,161,805)**	(53,192,857)
Insurance claims and acquisition expenses		**(77,668,739)**	(119,577,317)
Management expenses	26	**(140,496,760)**	(147,301,262)
Underwriting results		**(38,177,351)**	(37,823,246)
Investment income	27	**47,558,863**	56,538,377
Unrealised gain on investment properties	8	**19,565,465**	4,962,104
Rental income	28	**4,098,243**	3,455,701
Other income	29	**1,370,062**	29,104,581
Other expenses	30	**(5,627,673)**	(6,655,330)
Loss after tax from window takaful operations - OPF	31	**(720,136)**	(517,172)
Results of operating activities		**28,067,473**	49,065,015
Finance charges against lease liabilities	18.1	**(2,162,609)**	(3,140,608)
Profit before tax		**25,904,864**	45,924,407
Provision for taxation - net	32	**5,108,509**	(10,324,238)
Profit after tax		**31,013,373**	35,600,169
Earnings per share - basic and diluted	33	**0.52**	0.59

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

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman	**Air Vice Marshal Salman Ahsan Bokhari (Retd) -** Director	**Adeel Ali** Director	**Rizwan Akhtar** Chief Executive Officer	**Nisar Ahmed Almani** Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	December 31, 2021	December 31, 2020 (Restated)
	(Rupees)	
Profit after tax	**31,013,373**	35,600,169
Other comprehensive income:		
Items that may be subsequently classified to profit and loss account		
Unrealised gain / (loss) on available for sale investments	**404,655**	(902,674)
Total comprehensive income for the year	**31,418,028**	34,697,495

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

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman	**Air Vice Marshal Salman Ahsan Bokhari (Retd) -** Director	**Adeel Ali** Director	**Rizwan Akhtar** Chief Executive Officer	**Nisar Ahmed Almani** Chief Financial Officer

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	December 31, 2021	December 31, 2020
		(Rupees)	
OPERATING CASHFLOW			
a) Underwriting activities			
Insurance premiums received		**232,310,576**	280,005,464
Reinsurance premiums paid		**(41,652,750)**	(43,966,881)
Claims paid		**(114,506,033)**	(117,600,041)
Reinsurance and other recoveries received		**31,556,014**	51,041,246
Commissions paid		**(37,634,152)**	(64,607,490)
Commissions received		**2,860,762**	4,898,158
Net cash flows generated from underwriting activities		**72,934,417**	109,770,456
b) Other operating activities			
Income tax paid		**(8,391,285)**	(11,688,615)
Management and administration expenses paid		**(75,263,113)**	(112,488,246)
Net cash flow from other operating activities		**(83,654,398)**	(124,176,861)
Total cash used in from operating activities	**A**	**(10,719,981)**	(14,406,405)
INVESTMENT ACTIVITIES			
Investment income received		**42,773,581**	49,782,437
Rentals received		**4,190,673**	3,533,306
Payments for investments - net		**(714,909)**	(88,008,094)
Fixed capital expenditure		**(8,189,833)**	(5,087,168)
Proceeds from disposal of property and equipment		**550,000**	4,470,000
Total cash generated from / (used in) investing activities	**B**	**38,609,512**	(35,309,519)
FINANCING ACTIVITIES			
Principal repayment of lease liabilities against right-of-use-assets		**(18,567,305)**	(13,867,665)
Total cash used in financing activities	**C**	**(18,567,305)**	(13,867,665)
Net cash generated from / (used in) all activities	**A+B+C**	**9,322,226**	(63,583,589)
Cash and cash equivalents at the beginning of year		**387,305,708**	450,889,297
Cash and cash equivalents at end of the year		**396,627,934**	387,305,708

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2021

	December 31, 2021	December 31, 2020 (Restated)
	(Rupees)	
Reconciliation to statement of profit and loss account		
Operating cash flows	**(10,719,981)**	(14,406,405)
Depreciation	**(15,978,100)**	(14,987,149)
Finance charges against lease liabilities	**(2,162,609)**	(3,140,608)
Gain on disposal of operating fixed assets	**550,000**	4,137,000
Unrealised gain on investment properties	**19,565,465**	4,962,104
Rental income	**4,098,243**	3,455,701
Decrease in assets other than cash	**(50,985,435)**	(63,413,634)
Increase in liabilities	**39,221,722**	38,121,287
Investment and other income	**48,144,204**	81,389,045
Loss from window takaful operations - OPF	**(720,136)**	(517,172)
Profit after tax	**31,013,373**	35,600,169

Definition of cash

Cash comprises of cash in hand, policy stamps, cheques in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

Cash for the purpose of the cash flow statement consists of:

	December 31, 2021	December 31, 2020
	(Rupees)	
Cash and other equivalents		
- Cash in hand	**31,670**	14,710
- Policy stamps in hand	**93,768**	179,192
	125,438	193,902
Current and saving accounts		
- Current accounts	**15,676,307**	9,825,294
- Savings accounts	**56,786,711**	4,666,646
	72,463,018	14,491,940
Deposits having original maturing within 3 months		
Term deposits - local currency	**324,039,478**	372,619,866
	396,627,934	387,305,708

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

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman	**Air Vice Marshal Salman Ahsan Bokhari (Retd) -** Director	**Adeel Ali** Director	**Rizwan Akhtar** Chief Executive Officer	**Nisar Ahmed Almani** Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

	Attributable to equity holders of the Company				
	Share capital	Revenue reserves	Unrealised (loss) / gain on available-for-sale investments	Unappropriated (loss) / profit	Total Equity
	(Rupees)				
Balance as at January 1, 2020	600,000,000	20,000,000	13,102,778	(11,991,078)	621,111,700
Profit for the year ended December 31, 2020	-	-	-	35,600,169	35,600,169
Other comprehensive loss	-	-	(902,674)	-	(902,674)
Total comprehensive income for the year	-	-	(902,674)	35,600,169	34,697,495
Balance as at December 31, 2020	600,000,000	20,000,000	12,200,104	23,609,091	655,809,195
Balance as at January 1, 2021	**600,000,000**	**20,000,000**	**12,200,104**	**23,609,091**	**655,809,195**
Profit for the year ended December 31, 2021	**-**	**-**	**-**	**31,013,373**	**31,013,373**
Other comprehensive income	**-**	**-**	**404,655**	**-**	**404,655**
Total comprehensive income for the year	**-**	**-**	**404,655**	**31,013,373**	**31,418,028**
Balance as at December 31, 2021	**600,000,000**	**20,000,000**	**12,604,759**	**54,622,464**	**687,227,223**

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

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman	**Air Vice Marshal Salman Ahsan Bokhari (Retd) -** Director	**Adeel Ali** Director	**Rizwan Akhtar** Chief Executive Officer	**Nisar Ahmed Almani** Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the Company) was incorporated in March 1995 in Pakistan. The Company is a Public Company listed on the Pakistan Stock Exchange and obtained the certificate for commencement of business in July 1995. It was registered with the Controller of Insurance in November 1995 to carry out non-life insurance business comprising fire, marine, motor, aviation, engineering, transportation, health, etc. On March 14, 2018 the Company was awarded license to commence Window Takaful Operations. The Company is listed on Pakistan Stock Exchange Limited. Its registered office is located at 10th Floor, Shaheen Commercial Complex, Karachi. The company operates only in Pakistan through its 13 Branches. Shaheen Foundation (the parent company) holds approximately 69.28% (2020: 69.28%) shares in the Company.

Following are the geographical location and address of all the business units of the Company:

Head office - Registered Office

10th Floor, Shaheen Complex, M.R. Kiyani Road, Karachi, Province of Sindh, Pakistan.

Branches

- Office 1001 & 1014, Block B 10th Floor Saima Tower ,I.I Chundrigar Road, Karachi
- Upper 2nd floor, House # 75, Soldier Bazar, Hyderabad, Sindh, Pakistan.
- Office 4, 6th Floor, Shaheen Complex, Opp. PTV Station 38, Abbott Road, Lahore, Punjab, Pakistan.
- Office 6, 6th Floor, Shaheen Complex, Opp. PTV Station 38, Abbott Road, Lahore, Punjab, Pakistan.
- Office 4, 1st Floor, Zaki Centre, I-8 Markaz, Islamabad Capital Territory, Pakistan.
- Office 2, 4th Floor, Ahmed Plaza, Bilal Road, Civil Lines, Faisalabad, Punjab, Pakistan.
- Office 21 , 1st Floor Anali Archade Near Chowk Kachary LMQ Road, Multan , Pakistan.
- Office C3, Jasmine Arcade Fakhr-e-Alam Road Peshawar Cantt, Khyber Pakhtunkhwa, Pakistan.
- Office 210, Karim Plaza, Defence Road, Near Allama Iqbal Town, Sialkot, Punjab, Pakistan.
- Office 63, 1st Floor, Advance Book Shop, Rehman Complex, Ibne Seena Hospital Market, Kanchi More, Sarghoda, Punjab, Pakistan.
- Office 9, 1st Floor, Silk Plaza Supply Manshara Road, Abbottabad, Khyber Pakhtunkhwa, Pakistan.
- Ghousia Sultania Town, Sakhi Sarwar Colony, Rahim Yar Khan, Punjab, Pakistan.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved 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;

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

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

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company (referred to as the Operator's Fund) have been presented in these financial statements in accordance with the requirements of the General Takaful Accounting Regulations, 2019.

The Securities and Exchange Commission of Pakistan (SECP) wide the Insurance Rules, 2017 dated February 9, 2017 has prescribed the format of presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP.

A separate set of financial statements of the Window Takaful Operations has been annexed to these financial statements as per the requirements of the Takaful Rules, 2012.

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that 'held to maturity' investments are stated at amortised cost, investment classified at 'fair value through profit or loss- held for trading' and 'available for sale' and investment properties are stated at fair value.

2.2 Functional and presentation currency

These financial statements have been prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2021

There are certain new and amended standards, interpretations and amendments that are mandatory for the Operator's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Operator's operation and therefore not detailed in these financial statements.

2.4 New accounting standards, amendments and IFRS interpretations that are not yet effective

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

	Effective from accounting period beginning on or after:
- Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021.	April 01, 2021
- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
- Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
- Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
- Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
- Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Certain annual improvements have also been made to a number of IFRSs.

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

2.4.1 IFRS 9 'Financial Instruments' and amendment replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It has also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope 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 statement of comprehensive income the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption which allows the Operator to defer the application of IFRS 9 until December 31, 2021.

For the companies adopting the temporary exemption, the IFRS 4 requires certain disclosures which have been disclosed as follows:

2.4.2 Temporary exemption from application of IFRS 9

As an insurance company, the management has opted for temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. This deferment is in line with the transition of IFRS 17.

Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 given below:

	December 31, 2021				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealised gain	Carrying value	Fair value	Change in unrealised gain
	---------- (Rupees) ----------				
Cash and bank balance	15,801,745	-	-	56,786,711	-
Equity Securities	299,821	-	-	-	-
Debt Securities	-	-	-	168,642,696	-
Term Deposit	-	-	-	324,039,478	-
Mutual Funds	66,783,451	404,655	-	-	-
Loans and other receivables	-	-	14,676,314	-	-
	82,885,017	404,655	14,676,314	549,468,885	-

3. SIGNIFICANT ACCOUNTING POLICIES AND COMPUTATION METHODS

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented unless otherwise stated.

3.1 Insurance contracts

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

These contracts are normally one year insurance contracts except marine and some contracts of fire and property and miscellaneous class, where the coverage period varies. Normally all marine insurance contracts and some fire and property contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts is of one month time.

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

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

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

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

Accident and health insurance covers unforeseen cash flows and financial hardships arising due to ailments, accidents and other natural causes necessitating hospitalisation.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, worker compensation, and travel insurances, etc.

3.1.1 Premium income and provision for unearned premiums

Premium under a policy is recognised at the time of the issuance of insurance policy.

Revenue from premiums is recognised after taking into account the unearned portion of premium which is calculated using the 1/24th method except for premium revenue relating to marine which is calculated using the 1/6th method and Afghan transit policies on the basis of pattern of risk coverage.

The unearned portion of premium income is recognised as a liability. Under this method, the liability for above unearned premium is equal to 1/24 of the premiums relating to policies commencing in the first month of financial year, 3/24 of the premiums relating to policies commencing in the second month of the financial year, and so on.

3.1.2 Reinsurance contracts held

These are contracts entered into by the Company with re-insurers for compensation of losses suffered on insurance contracts issued. These re-insurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognises the entitled benefits under the contracts as various reinsurance assets and liabilities. Re-insurance assets and liabilities are derecognised when contractual rights are extinguished or expired.

The deferred portion of reinsurance premium is recognised as a prepayment. The deferred portion of reinsurance premium ceded is calculated by using 1/24th method.

3.1.3 Provision for outstanding claims including incurred but not reported (IBNR)

A liability for outstanding claims is recognised 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 are measured at the undiscounted value of expected future payments.

The actuary uses statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The method used is the chain-ladder method which involves the analysis of historic claims development factors and the selection of estimated development factors based on the historic pattern. The selected development factors are then applied to cumulative claims data for each accident year. Study of claim lag pattern is conducted annually to account for any changes in experience. The development factors are based on these studies and are updated accordingly. Adequate margins are also built in to compensate for any adverse deviations in claims experience.

The actuary recommends that month wise factor based on an analysis of the past claims reporting pattern be applied to estimation of provision for IBNR. The historic chain-ladder method is used for determination of month wise factor for each class of business. Accordingly, provision has been made based on IBNR factors applied on incurred claims recommended by the actuary.

3.1.4 Reinsurance recoveries against outstanding claims

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

3.1.5 Commission expense and deferred commission expense

Commission incurred in obtaining and recording policies is recognised as expense after taking into account the proportion of deferred commission expense which is calculated using 1/24th method.

3.1.6 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, 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 the previous years.

The Company recognises liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the actuarial valuation which takes in to account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the reporting date.

3.1.7 Administrative surcharge

Administrative surcharge is included in the statement of profit and loss account (as premium revenue) at the time the policies are issued.

3.1.8 Expenses of management

All expenses of management have been allocated between business of Company and window takaful operations - Operators' Fund to the various revenue accounts on equitable basis.

3.1.9 Receivables and payables related to insurance contracts

Receivables and payables relating to insurance contracts are recognised when due. The claim provision is recorded when intimation is recorded. These include premiums due but unpaid, premiums received in advance and claims payable to insurance contract holders. These are recognised at cost, which is the fair value of the consideration given less provision for impairment, if any. Premium received in advance is recorded as liability till the time of issuance of insurance contract there against.

If there is an objective evidence that any premiums due but unpaid are impaired, the Company reduces the carrying amount of the insurance receivable and recognises the loss in the profit and loss account.

3.1.10 Reinsurance expense and prepaid reinsurance premium ceded

Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using 1/24th method. The deferred portion of premium expense is recognised as a prepayment.

3.1.11 Commission income and unearned commission income

Commission from re-insurers is recognised as income after taking into account the unearned portion of commission which is calculated using the 1/24 method (in accordance with the pattern of recognition of reinsurance premium). The unearned portion of commission is recognised as liability.

3.1.12 Premium deficiency reserve

The Company is required under the Insurance Rules, 2017 to maintain a provision in respect of premium deficiency for the individual class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve (PDR) is recognised in the profit and loss account for the year.

The requirement for additional provision for unexpired risks is determined on the basis of an actuarial valuation. The actuary determines adequacy of liability of premium deficiency after working out 'Loss Ratio', 'Expense Ratio' and 'Combined Ratio'.

3.1.13 Claim and salvage recoveries

Claims recoveries receivable from the reinsurers are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised and are measured at the amount expected to be received. Claims expenses are reported net-off reinsurance in the profit and loss account.

Salvage value recoverable is recognised only if a firm and irrevocable contract and price thereon have been agreed with the buyer.

3.2 Creditors, accruals and provisions

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

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

3.3 Property and equipment

3.3.1 Operating fixed assets

Owned

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to workable condition.

Depreciation is charged proportionally from the month when the asset is available for use to profit and loss account applying straight line method at rates stated in note 6. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each reporting date.

Gains and losses on disposal of fixed assets are taken to statement of profit and loss account.

Expenditure incurred subsequent to the initial recognition of asset is capitalised only when it increases the future economic benefits embodied in the items of operating fixed assets. All other expenditure is recognised in the profit and loss account as an expense.

Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting date.

3.3.2 Right-of-use assets and related lease liability

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the date on which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit and loss account if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right of use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3.3.3 Capital work in progress

Capital work in progress is stated at cost less any impairment in value. Advances given to supplier / vendor are classified within capital work in progress.

3.4 Intangible assets

Material computer software licenses acquired are capitalised on the basis of cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years using the straight-line method. Impairment losses, if any, are deducted from the carrying amount of the intangible assets.

Amortisation on additions to intangibles is charged from the month in which an asset is available for use, while no amortisation is charged for the month in which the asset is disposed off.

Cost associated with maintaining computer software is recognised as an expense when incurred.

The assets' residual values, useful lives and method for amortization are reviewed at each financial year end and adjusted if impact on amortisation is significant.

3.5 Investment properties

Investment properties are properties held to earn rentals.

The investment properties are initially recognised at cost and subsequently at fair value model as per IAS 40 "Investment Property", with any changes therein to be recognised in profit and loss account.

3.6 Investments

3.6.1 Classification and recognition

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs except for 'investments at fair value through profit or loss' - held for trading investments in which case the transaction costs are charged to the profit and loss account.

These are recognised and classified as follows:

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

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

3.6.2 Measurement

3.6.2.1 Investment at fair value through profit or loss

Investments which are acquired principally for the purpose of generating profit from short-term fluctuations in price or are part of the portfolio in which there is a recent actual pattern of short-term profit taking.

Subsequent to initial recognition these are re-measured at fair value by reference to quoted market prices with the resulting gain or loss being included in profit and loss account of the period in which it arises.

3.6.2.2 Held to maturity

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

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

Profit on held to maturity instruments is recognised on a time proportion basis taking into account the effective yield on the investments.

These are reviewed for impairment at each reporting period and losses arising, if any, are charged to the statement of profit and loss account of the period in which they arise.

3.6.2.3 Available for sale

Investments which are not eligible to be classified as at fair value through profit or loss or held to maturity are classified as available for sale for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates or equity prices are classified as available for sale. These are valued as follows:

Quoted

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

Unquoted

Unquoted investments are recognised at fair value of the consideration paid less accumulated impairment losses, if any.

3.6.2.4 Fair value measurements

The fair value of investments in listed equity securities is determined by reference to the stock exchange's quoted market prices at the close of period end.

The fair value of investments in Government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Mutual Funds Association of Pakistan's website.

3.6.2.5 Date of recognition

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

3.6.2.6 Recognition / de-recognition of investments

Investments are recognised / de-recognised by the Company on the date it commits to purchase / sell the investments.

3.7 Other receivables

These are stated at cost less impairment losses, if any. Full provision is made against the impaired amounts.

3.8 Retirement benefits

Defined Contribution Plan (Provident Fund)

The Company contributes to a provident fund scheme for its permanent employees. Contribution to the fund is made by the employees and the Company at the rate of 10% of their basic salaries.

Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity or in the statement of comprehensive income, in which case it is recognised in equity or in the statement of comprehensive income respectively.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law 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 include adjustments where considered necessary to provision for tax made in previous years arising from assessment finalised during the current period for such years.

Deferred

Deferred tax is recognised using the statement of financial position liability method on all temporary differences between the amounts used for financial reporting purpose and amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

3.10 Financial instruments

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

3.11 Revenue recognition

i) Premium

Premium including administrative surcharge under all types of insurance contracts is recognised as written from the date of issuance of policy / cover note (i.e. the date of attachment of risk).

Revenue from premium is determined after taking into account the unearned portion of premium. The unearned portion of premium income is recognised as a liability.

Reinsurance premium is recognised as an expense after taking into account the proportion of deferred premium expense which is calculated using twenty fourths' method. The deferred portion of premium expense is recognised as a prepayment.

ii) Commission income

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums.

iii) Rental income

Rental income from investment properties is recognised as a revenue on a straight line basis over the period of the lease agreement.

iv) Investment income

Profit on held-to-maturity instruments is recognised on a time proportion basis taking into account the effective yield on the instruments. The difference between the redemption value and the purchase price of the held-to-maturity investments is amortised and taken to the profit and loss account over the term of the investment.

Dividend income is recognised when the right to receive the same is established.

Interest / mark-up on bank balances, term deposits and government securities is recognised on an accrual basis using the effective interest method.

Gains / losses on sale of investments are recognised in the profit and loss account at the time of sale.

v) Return on bank accounts, term deposits

Return on bank accounts, term finance certificates and certificates of investments are accounted for on accrual basis.

vi) Other income

Gain or loss on sale of property and equipment, intangible assets and investment properties is recognised when the asset is derecognised.

3.12 Off setting of financial assets and liabilities

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

3.13 Impairment

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount and taken to profit and loss account. In addition impairment on available for sale investments and reinsurance assets are recognised as follows:

The Company determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financial cash flows.

The Company determines the impairment of the reinsurance assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, which indicates that the Company may not be able to recover amount due from reinsurer under the terms of reinsurance contract. In addition, the Company also monitors the financial ratings of its reinsurers on each reporting date.

3.14 Foreign currency translations

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

3.15 Segment reporting

An operating segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other segments. All operating segments results are reviewed regularly by the Company to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company accounts for segments reporting of operating results using the classes of business as specified under the Insurance Rules 2017. The performance of segment is evaluated on the basis of underwriting results of each segment. All the company's business segments operate in Pakistan only.

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

Fire insurance segment provides insurance covers against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

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

Motor aviation and transport insurance provides comprehensive vehicle coverage and indemnity against third party loss.

Accident and health insurance provides cover against loss due to accidental injury or sickness.

Miscellaneous insurance provides cover against loss of cash in safe and cash in transit, money, engineering losses and others coverage.

Assets and liabilities that are directly attributable to segments have been assigned to them while the assets and liabilities pertaining to two or more segments have been allocated to segments on a premium written. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the basis of premium written.

3.16 Cash and cash equivalents

Cash and cash equivalents include cash, cheques and policy stamps in hand and balance with banks in current, saving and deposit accounts.

3.17 Amount due to other insurers / reinsurers

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

3.18 Premiums due but unpaid

These are recognised at cost, which is the fair value of the consideration to be received less provision for impairment, if any.

3.19 Amount due from other insurers / re-insurers

Amount due from other insurers / re-insurers are carried at cost less provision for impairment, if any. Cost represents the fair value of consideration to be received in future under re-insurance contracts.

3.20 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

3.21 Earnings per share

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

3.22 Related parties transactions

All transactions with related parties are carried out by the Company at mutually agreed terms .

3.23 Window Takaful Operations

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant areas where assumptions and estimates were exercised in application of accounting policies are as follows:

		Note
-	Provision for unearned premium.	3.1.1
-	Provision for outstanding claims (including IBNR).	3.1.3
-	Reinsurance recoveries against outstanding claims.	3.1.4
-	Provision for premium deficiency reserves.	3.1.12
-	Operating fixed assets and depreciation.	3.3
-	Residual life of property and equipment	3.3
-	Classification of investments.	3.6
-	Investment properties	3.5
-	Taxation.	3.9
-	Provision against premium due but unpaid.	3.18
-	Impairment.	3.13
-	Right of use assets and lease liability	3.3.2

5. PRIOR PERIOD ADJUSTMENTS

During the year, management identified a prior year adjustment relating to Window Takaful Operations(WTO) financial statements. In the Financial statements of December 31, 2020 WTO the income related to PTF was charged to OPF which resulted in misstatements of respective statements. During the year, the management has made the adjustments and consequently restated the prior balances as per the requirements of IAS 8 - International accounting standards Changes in accounting estimates and errors. The impact of restatements on the both the statements amounts to Rs. 8,449. Although the amount is not material but readjustment was considered necessary as to ensure compliance with Takaful Regulations, 2019.

	Note	December 31, 2021	December 31, 2020
		(Rupees)	
6. PROPERTY AND EQUIPMENT			
Operating fixed assets	6.1	**13,076,112**	10,894,894
Right-of-use assets	6.5	**24,653,059**	11,122,090
Capital work-in-progress	6.6	**2,200,000**	-
		39,929,171	22,016,984

6.1 Operating fixed assets

	December 31, 2021									
	Cost				Accumulated Depreciation				Written down value as at December 31	Depreciation rate
Particulars	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation for the year	Disposals	Closing balance		
	(Rupees)									(%)
Furniture and fixtures	14,373,745	2,543,479	-	16,917,224	12,992,259	518,367	-	13,510,626	3,406,598	10
Office and electrical equipment	12,058,457	260,015	-	12,318,472	11,181,283	361,530	-	11,542,813	775,659	15 - 20
Computer equipment	16,763,806	532,750	-	17,296,556	16,321,536	311,879	-	16,633,415	663,141	33.3
Motor vehicles	37,773,484	2,653,589	(594,000)	39,833,073	29,579,520	2,616,840	(594,000)	31,602,360	8,230,713	20
	80,969,492	5,989,833	(594,000)	86,365,325	70,074,598	3,808,616	(594,000)	73,289,214	13,076,111	

6.2 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Net book value	Sales Value	Mode of disposal	Particulars of buyers along with relationship
Motor vehicles	549,000	549,000	-	550,000	Negotiated	Muhammad Ali Mehboob - Third party
Motor vehicles	45,000	45,000	-	-	-	Theft
	594,000	549,000	-	550,000		

Prior Year

	December 31, 2020									
	Cost				Accumulated Depreciation					
Particulars	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation for the year	Depreciation on disposals	Closing balance	Written down value as at December 31	Depreciation rate
	(Rupees)									(%)
Furniture and fixtures	14,266,000	107,745	-	14,373,745	12,394,531	597,728	-	12,992,259	1,381,486	10
Office and electrical equipment	12,157,789	139,568	(238,900)	12,058,457	10,975,919	444,264	(238,900)	11,181,283	877,174	15 - 20
Computer equipment	16,468,706	295,100	-	16,763,806	16,018,537	302,999	-	16,321,536	442,270	33.3
Motor vehicles	38,020,729	4,544,755	(4,792,000)	37,773,484	31,518,452	2,520,068	(4,459,000)	29,579,520	8,193,964	20
	80,913,224	5,087,168	(5,030,900)	80,969,492	70,907,439	3,865,059	(4,697,900)	70,074,598	10,894,894	

Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Net book value	Sales Value	Mode of disposal	Particulars of buyers along with relationship
Motor vehicles	900,000	(689,500)	210,500	95,000	Negotiated	Shah Faisal Anwar - Third Party
Motor vehicles	150,000	(27,500)	122,500	87,500	Negotiated	Muhammad Faisal Khan - Third Party
	1,050,000	(717,000)	333,000	182,500		

6.3 Fixed assets include fully depreciated items having cost of Rs. 64.79 million ((December 31, 2020: Rs. 58.16 million).

	Note	**December 31, 2021**	December 31, 2020
		(Rupees)	
6.4 Right-of-use assets			
Buildings			
Opening balance		**11,122,090**	72,312,631
Increase / (decrease) in during the year		**25,700,453**	(50,068,450)
Depreciation expense		**(12,169,484)**	(11,122,091)
Closing balance		**24,653,059**	11,122,090

6.4.1 Lease assets comprises of branches with a lease term of 3 to 5 years.

6.5 Capital work-in-progress			
Advances to suppliers	6.6.1	**2,200,000**	-

6.5.1 This amount pertains to advance payment to supplier against purchase of vehicle.

7. INTANGIBLE ASSETS

December 31, 2021

Particulars	Cost				Accumulated Depreciation				Written down value as at December 31	Depreciation rate
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Amortisation for the year	Amortisation on disposals	Closing balance		
	(Rupees)									(%)
Computer software	**10,178,944**	**-**	**-**	**10,178,944**	**10,178,944**	**-**	**-**	**10,178,944**	**-**	**33.3**
	10,178,944	**-**	**-**	**10,178,944**	**10,178,944**	**-**	**-**	**10,178,944**	**-**	

December 31, 2020

Particulars	Cost				Accumulated Depreciation				Written down value as at December 31	Depreciation rate
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Amortisation for the year	Amortisation on disposals	Closing balance		
	(Rupees)									(%)
Prior Year										
Computer software	10,178,944	-	-	10,178,944	10,178,944	-	-	10,178,944	-	33.3
	10,178,944	-	-	10,178,944	10,178,944	-	-	10,178,944	-	

	Note	December 31, 2021	December 31, 2020
		(Rupees)	
8. INVESTMENT PROPERTIES			
Opening balance - Net book value		**135,385,104**	130,423,000
Unrealised fair value gain	8.1	**19,565,465**	4,962,104
Closing Balance - Net book value		**154,950,569**	135,385,104

8.1 Investment properties consists of the following:

Particulars	Location	Fair Value as at December 31, 2020	Unrealised Gain for December 31, 2020	Fair value as at December 31, 2021	Forced Sale value as at December 31, 2021	Unrealised gain for December 31, 2021
			(Rupees)			
Freehold Land	Islamabad	15,000,000	-	**19,150,000**	**15,320,000**	**4,150,000**
Shop Premises	Lahore	78,923,000	1,500,000	**86,519,150**	**69,215,320**	**7,596,150**
Office Premises	Karachi	41,462,104	3,462,104	**49,281,419**	**39,425,135**	**7,819,315**
		135,385,104	4,962,104	**154,950,569**	**123,960,455**	**19,565,465**

8.2 The fair value of the land, shop premises and office premises was determined by Anderson Consulting (Private) Limited, which is external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

8.3 Valuation technique

The fair value measurement for all of the investment properties has been categorised as a level 3 fair value based on the inputs to the valuation techniques used. The inputs used to the valuation techniques are average rental growth rate, yield on property, current market rates, occupancy rate and rent free period of the properties.

The valuer has arranged enquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilisation, and current trends in prices of real estate including assumptions that ready buyers are available in the current scenario and analysed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the best estimates of the fair value.

8.4 The Company earned rental income from the above mentioned properties amounting to Rs. 4.09 million (2020: Rs. 3.45 million).

8.5 The covered area of the freehold land, shops and office premises is 5400 sq. ft., 2,187 sq. ft. and 1,676 sq. ft. respectively.

8.6 The cost of freehold land, shop premises and office premises amount to Rs. 14.02 million ((December 31, 2020: Rs. 14.02 million), Rs. 33.95 million ((December 31, 2020: Rs. 33.95 million) and Rs. 2.85 million (December 31, 2020: Rs. 2.85 million) respectively.

9. INVESTMENT IN EQUITY SECURITIES

	Note	December 31, 2021			December 31, 2020		
		Cost	Impairment	Carrying value	Cost	Impairment	Carrying value
		---------- (Rupees) ----------			---------- (Rupees) ----------		
Available for sale							
Listed shares							
- First Capital Equities Limited	9.1	**188,000,000**	**-**	**-**	188,000,000	-	-
Unlisted shares							
Mutual funds	9.2	**53,841,556**	**-**	**66,783,451**	50,203,203	-	62,740,888
		241,841,556	**-**	**66,783,451**	238,203,203	-	62,740,888
Investment at fair value through profit or loss							
Listed shares							
- Summit Bank Limited		**226,990**	**-**	**299,821**	140,807	-	226,990
		242,068,546	**-**	**67,083,272**	238,344,010	-	62,967,878

9.1 On November 29, 2012, the Company through an agreement settled balance of 'reverse repo' and 'premium due but unpaid' amounting to Rs. 99.89 million (reverse repo and associated mark-up) and Rs. 88.859 million of FCSC Group and Pace (Pakistan) Limited respectively, against Rs. 4.7 million shares of First Capital Equities Limited (FCEL) calculated at Rs. 40 per share against the market value of Rs. 69 per share as at that date. The agreement was subsequently amended on March 07, 2013 to make the clause of restriction on holding period and swap against property null and void.

The Company has filed a civil suit in Civil Court Lahore in April 2015 against First Capital Equities Limited and five others for recovery of Rs.188 million and cancellation of documents. The case is under adjudication and next hearing of the case is scheduled for April 07, 2022. Company is aggressively following up the case, and regular hearings are taking place. Further, management strongly believe that the company has irrefutable evidences / arguments to win this litigation, and is deploying every possible resource for expeditious disposal of the case. However, being prudent an impairment provision equal to the carrying value is included in these financial statements.

9.2 Name of Fund

	Units		December 31, 2021		December 31, 2020	
	December 31, 2021	December 31, 2020	Cost	Carrying Value	Cost	Carrying Value
	------- (Number) -------		---------- (Rupees) ----------			
Pakistan Cash Management Fund	**8,913**	8,137	**379,156**	**449,818**	340,041	421,906
Faysal Saving Growth Fund	**9,533**	9,060	**788,125**	**1,019,174**	739,456	959,974
ABL Income Fund	**166,520**	155,915	**1,344,236**	**1,691,607**	1,218,380	1,598,890
HBL Cash Fund	**27,611**	25,916	**2,370,084**	**1,137,022**	2,198,625	2,633,611
Lakson Money Market Fund	**6,673**	6,261	**569,616**	**674,844**	538,534	631,149
HBL Money Market Fund	**10,614**	10,051	**869,801**	**2,816,097**	812,136	1,063,115
Al Hamra Islamic Stock Fund	**168,213**	168,213	**835,524**	**1,772,960**	835,524	1,821,742
Pakistan Income Fund	**1,002,338**	944,519	**46,219,918**	**56,630,583**	43,083,617	53,055,546
Atlas Islamic Income Fund	**1,124**	1,069	**465,096**	**591,346**	436,890	554,955
			53,841,556	**66,783,451**	50,203,203	62,740,888

10. INVESTMENTS IN DEBT SECURITIES

		December 31, 2021			December 31, 2020		
		Cost	Provision	Carrying Value	Cost	Provision	Carrying Value
	Note	---------- (Rupees) ----------					
Held to maturity							
Government securities							
Pakistan Investment Bonds						-	
- Pledged	10.1	**60,587,150**	**-**	**62,532,386**	60,587,150	-	61,624,443
		16,868,540	**-**	**18,929,924**	16,868,540	-	18,228,708
- Non Pledged		**87,865,302**	**-**	**87,180,386**	87,865,302	-	87,432,651
		165,320,992	**-**	**168,642,696**	165,320,992	-	167,285,802

Pakistan Investment Bond

						December 31, 2021		December 31, 2020	
Name of investment	Face value	Number of certificates	Profit rate	Profit payment	Maturity date	Cost	Carrying Value	Cost	Carrying Value
(Rupees)	(Rupees)		(%)			---------- (Rupees) ----------			
5 Years Pakistan Investment Bonds	65,000,000	650,000	9.5	Semi annually	September 19, 2024	**60,587,150**	**62,532,386**	60,587,150	61,624,443
5 Years Pakistan Investment Bonds	20,000,000	200,000	8	Semi annually	July 12, 2023	**16,868,540**	**18,929,924**	16,868,540	18,228,708
3 Years Pakistan Investment Bonds	87,000,000	870,000	9	Semi annually	September 19, 2022	**87,865,302**	**87,180,386**	87,865,302	87,432,651
	172,000,000	1,720,000				**165,320,992**	**168,642,696**	165,320,992	167,285,802

10.1 The rate of return of PIBs is between 8% to 9.5% (2020: 8% to 9.5%) per annum. They are pledged with the State Bank of Pakistan under the provisions of Insurance Rules 2017.

		Note	December 31, 2021	December 31, 2020
			(Rupees)	
11.	**INVESTMENTS IN TERM DEPOSITS**			
	Held to maturity			
	Deposits maturing within three months	11.1	**324,039,478**	372,619,866

11.1 The balance includes term deposits with various commercial banks having maturities within 3 months (i.e. upto March 30, 2022). The rate of return on these term deposits range between 5.55% to 11% (2020: 6.92% to 13.25%) per annum.

		Note	December 31, 2021	December 31, 2020
			(Rupees)	
12.	**LOANS AND OTHER RECEIVABLES**			
	unsecured, considered good			
	Accrued investment income		**4,899,603**	4,467,046
	Other receivables	12.1 & 12.2	**1,029,387**	3,232,425
	Security deposits	12.3 & 12.4	**8,512,141**	25,751,008
	Advances		**235,183**	17,183
			14,676,314	33,467,662

12.1 This balance included receivable from Pace (Pakistan) Limited amounting to Rs. 0.54 million (2020: Rs. 0.54 million) in respect of sale of property located at 1-D, first floor of Pace Tower, 27-H, College Road, Gulberg II, Lahore. During the year, the company through mutual agreement netted off this balance against maintenance charges payable to Pace Pakistan Limited.

12.2 This includes balance receivable from Window takaful operations against common expenses amounting to Rs. 0.73 million (December 31, 2020: 0.75 million).

12.3 This includes Rs. 3.33 million (2020: Rs. 3.32 million) in respect of security deposits paid against rental arrangements to Shaheen Foundation (Parent company).

12.4 This includes a sum of Rs 2.53 Million deposited with the district and session Judge, Multan as security deposit, in respect of an Insurance Appeal filed by the Company in the Lahore High Court Multan Bench.

		Note	December 31, 2021	December 31, 2020
			(Rupees)	
13.	**INSURANCE / RE-INSURANCE RECEIVABLES**			
	unsecured, considered good			
	Due from insurance contract holders	13.1 & 13.4	**89,182,637**	112,910,455
	Less: Provision for impairment of receivable from insurance contract holders	13.2	**5,500,000**	5,500,000
			83,682,637	107,410,455
	Due from other insurers / reinsurers		**62,513,357**	80,285,505
	Less: Provision / written off during the year from other insurers / reinsurers	13.3	**4,000,000**	9,545,491
			58,513,357	70,740,014
			142,195,994	178,150,469

13.1 This includes premium due but unpaid from Shaheen Foundation (Parent Company) of Rs. 6.86 million (2020: Rs. 5.202 million).

		December 31, 2021	December 31, 2020
		(Rupees)	
13.2	Reconciliation of provision against doubtful receivables from insurance contract holders		
	Opening balance	**5,500,000**	44,962,495
	Charge for the year	**21,000,000**	24,903,510
	Balance written off during the year	**(21,000,000)**	(64,366,005)
	Closing balance	**5,500,000**	5,500,000

13.3 Reconciliation of provision against doubtful receivables from other insurers / reinsurers

	December 31, 2021	December 31, 2020
	(Rupees)	
Opening balance	**-**	-
Charge for the year	**4,000,000**	(9,545,491)
Balance written off during the year	**-**	9,545,491
Closing balance	**4,000,000**	-

13.4 The maximum amount outstanding at the end of any month during the year from Shaheen foundation (Parent Company) aggregated to Rs. 27.01 million (December 31, 2020: Rs. 25.15 million).

		Note	December 31, 2021	December 31, 2020
			(Rupees)	
14.	**PREPAYMENTS**			
	Prepaid reinsurance premium ceded		**6,316,945**	13,642,832
15.	**CASH AND BANK**			
	Cash and cash equivalents			
	- Cash in hand		**31,670**	14,710
	- Policy stamps and bond papers in hand		**93,768**	179,192
			125,438	193,902
	Cash at bank			
	- Current accounts		**15,676,307**	9,825,294
	- Savings accounts	15.1	**56,786,711**	4,666,646
			72,463,018	14,491,940
			72,588,456	14,685,842

15.1 These carry mark-up at rates ranging between 3% to 5.5% (2020: 3% to 5%) per annum.

16. SHARE CAPITAL

16.1 Authorised share capital

December 31, 2021	December 31, 2020		**December 31, 2021**	December 31, 2020
(Numbers)			(Rupees)	
100,000,000	100,000,000	Ordinary shares of Rs. 10 each	**1,000,000,000**	1,000,000,000

16.2 Issued, subscribed and paid - up share capital

December 31, 2021	December 31, 2020		**December 31, 2021**	December 31, 2020
(Numbers)			(Rupees)	
8,000,000	8,000,000	Ordinary shares of Rs. 10 each, fully paid in cash	**80,000,000**	80,000,000
12,000,000	12,000,000	Ordinary shares of Rs. 10 each, issued as bonus shares	**120,000,000**	120,000,000
25,000,000	25,000,000	Ordinary shares of Rs. 10 each, issued as right shares fully paid in cash	**250,000,000**	250,000,000
15,000,000	15,000,000	Ordinary shares of Rs. 10 each, issued otherwise than right issue	**150,000,000**	150,000,000
60,000,000	60,000,000		**600,000,000**	600,000,000

16.3 As at December 31, 2021, details of shares held by the related parties undertaking are as follows:

Related party name	**Basis of relationship**	**Percentage**	**December 31, 2021**	December 31, 2020
		(%)	(Numbers)	
Shaheen foundation	Parent company	69.28%	**41,565,473**	41,565,973
Central non public fund	Associate	4.17%	**2,500,000**	2,500,000
			44,065,473	44,065,973
Percentage of shareholding held by related parties.			**73.44%**	73.44%

16.4 The Company has only one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

		Note	December 31, 2021	December 31, 2020
			(Rupees)	
17.	**RESERVES**			
	Reserves		**20,000,000**	20,000,000
	Unrealised gain on available-for-sale investments		**12,604,759**	12,200,104
			32,604,759	32,200,104
18.	**LEASE LIABILITIES**			
	Lease Liability - Buildings	18.1	**26,459,898**	17,164,141
18.1	Opening balance		**17,164,141**	77,959,648
	Increase / (decrease) in lease liability		**25,700,453**	(50,068,450)
	Repayments		**(18,567,305)**	(13,867,665)
	Interest expense		**2,162,609**	3,140,608
	Closing balance		**26,459,898**	17,164,141
18.2	**Tenure analysis**			
	Current period		**6,814,184**	17,164,141
	Non-current period		**19,645,714**	-
			26,459,898	17,164,141

18.3 The future minimum lease payments to which the Company is committed under the lease agreements and the periods in which they will become due are as follows:

	December 31, 2021		December 31, 2020	
	Lease payments of right of use assets	**Present value of lease payments of right of use assets**	Lease payments of right of use assets	Present value of lease payments of right of use assets
	(Rupees)			
Upto one year	**9,051,920**	**6,814,184**	17,900,688	17,164,141
After one year	**22,538,754**	**19,645,714**	-	-
Total lease liability	**31,590,674**	**26,459,898**	17,900,688	17,164,141
Financial charges allocable to future periods	**(5,130,776)**	**-**	(736,547)	-
Total lease liability	**26,459,898**	**26,459,898**	17,164,141	17,164,141
Current portion	**(6,814,184)**	**(6,814,184)**	(17,164,141)	(17,164,141)
Non- current portion	**19,645,714**	**19,645,714**	-	-

		Note	December 31, 2021	December 31, 2020
			(Rupees)	
19.	**INSURANCE / RE-INSURANCE PAYABLES**			
	Due to other insurers / re-insurers		**64,974,861**	85,679,741
	Liabilities written back		**-**	(9,212,464)
			64,974,861	76,467,277
20.	**OTHER CREDITORS AND ACCRUALS**			
	Agent commission payable		**27,684,225**	26,275,634
	Provincial service taxes		**46,606,749**	48,104,593
	Federal insurance fee payable		**4,950,671**	3,654,408
	Workers' welfare fund payable		**6,653,646**	6,135,125
	Accrued expenses		**13,645,788**	11,260,214
	Withholding tax payable		**4,363,242**	6,879,453
	Unearned rental income		**940,335**	847,905
	Payable to provident fund		**401,553**	33,600
	Security deposit against bond issuance	20.1	**15,807,111**	8,106,750
	Others		**1,338,572**	973,883
			122,391,892	112,271,565

20.1 As required by the Companies Act, 2017 these are held by the Company in a seperately maintained bank account.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 M/s. New Lal Enterprise (Private) Limited and M/s. Zahid Enterprises (Private) Limited have filed four suits against the Company in the Insurance Tribunal, Karachi. Three suits pertain to claim of damages on delayed claims settlement, while one suit relates to recovery of marine claim. Total amount involved is approximately Rs. 28 million. Another suit bearing No.11 of 2013 for recovery of Rs. 1.086 million has been filed against the Company. The management based on its legal advisor opinion, is confident of a favourable outcome.

21.1.2 The income tax assessments of the Company have been finalised up to and including the assessment year 2020-21 (financial year ended December 31, 2020), unless amended. However, assessments for tax years 2004, 2006 and 2007 had been amended by the taxation officer, against which the Company had preferred an appeal before the Commissioner Inland Revenue (Appeal) (CIR(A)). Subsequently, CIR(A) maintained the order of taxation officer, against which the Company preferred to file an appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favor of the Company. Case was decided in favor of the Company in High Court as well, through the order dated 5 September 2013. However, taxation officer filed civil petition against the order with the Supreme Court of Pakistan; the decision of which is pending. The demand raised was of Rs. 2.045 million for the tax year 2004, Rs. 8.220 million for the tax year 2006, and Rs. 9.689 million for tax year 2007 against apportionment of expenditure. As it is expected that the matter will be decided in favor of the Company, therefore no provision has been made in these financial statements. Further, the Company has received notice to amend assessments for the tax years 2015 and 2016 under section 122 (9) read with 122(5A) of the Income Tax Ordinance 2001 creating a demand of Rs. 1.490 million and Rs. 2.700 million respectively. The Company filed appeals against these orders with CIR (A), who vacated the order of taxation officer. Taxation Officer filed appeal with the ATIR against decision of CIR(A). Proceedings in this regard have not started yet.

21.1.3 The Company has also received show cause notice to amend assessments for the tax years 2012, 2013 and 2014 under section 122(5A) of the Income Tax Ordinance 2001. The case is in hearing / compliance stage.

21.1.4 The Company received a notice for further amending the assessment for the tax year 2011 under section 122 (9) read with section 122(5A) of the Income Tax Ordinance 2011 against which a Constitutional Petition was filed in the High Court of Sindh. High Court through its order dated January 27, 2020 disposed off the same with directions to the respondent to examine the contention of the company in accordance with the law.

21.1.5 As the department has not yet started any proceedings for the years 2011, 2012, 2013 and 2014, Company believes that the same stands time barred as per the Income Tax Ordinance 2001.

		Note	December 31, 2021	December 31, 2020
			(Rupees)	
22.	**NET INSURANCE PREMIUM**			
	Written gross premium		**231,254,384**	244,385,829
	Add: Unearned premium reserve opening		**92,605,542**	133,134,440
	Less: Unearned premium reserve closing		**98,158,900**	92,605,542
	Premium earned		**225,701,026**	284,914,727
	Less: Reinsurance premium ceded		**38,386,991**	64,520,556
	Add: Prepaid reinsurance premium opening		**13,642,832**	4,981,670
	Less: Prepaid reinsurance premium closing		**6,316,945**	13,642,832
	Reinsurance expense		**45,712,878**	55,859,394
			179,988,148	229,055,333
23.	**NET INSURANCE CLAIMS**			
	Claims paid		**114,506,033**	117,600,041
	Add: Outstanding claims including IBNR closing		**127,305,856**	128,202,751
	Less: Outstanding claims including IBNR opening	23.1 & 23.3	**85,850,667**	127,305,856
	Claims expense		**73,050,844**	116,703,146
	Less: Reinsurance and other recoveries received		**31,556,014**	51,041,246
	Less: Reinsurance and other recoveries receivable in respect of outstanding claims opening		**16,747,758**	17,165,401
	Add: Reinsurance and other recoveries receivable in respect of outstanding claims closing		**15,536,448**	16,747,758
	Re-insurance and other recoveries revenue	23.2	**30,344,704**	50,623,603
	Net claims expense		**42,706,140**	66,079,543

23.1 Outstanding claims include amounts in relation to unpaid reported claims, provision for claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for IBNR to account for the cost of settling claims incurred but not reported as at reporting date on the basis of actuarial valuation amounts to Rs.11.96 million (2020: Rs. 17.128 million). The latest valuation was carried out as of December 31, 2021.

23.2 This includes accrued salvage recoveries amounting to Rs. 1.6 million (2020: Rs. 2.185 million).

23.3 Claim development

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

Accident year	2017 & Prior	2018	2019	2020	**2021**
			(Rupees)		
Outstanding	7,688,161	930,914	33,659,323	77,718,454	73,050,844
At end of accident year					-
One year later	23,138,877	42,669,623	106,853,217	78,832,482	-
Two years later	291,191,449	69,846,098	6,851,902	-	-
Three years later	598,009,505	5,732,185	-	-	-
Four years later	35,889,288	-	-	-	-
Current estimate of cumulative claims	35,889,288	5,732,185	6,851,902	78,832,482	73,050,844
Cumulative payments to date	3,083,901	1,425,438	2,240,993	50,869,057	56,886,645
Liability recognised in financials statements	32,805,387	4,306,747	4,610,909	27,963,425	16,164,199

	Note	**December 31, 2021**	December 31, 2020
		(Rupees)	
24. NET COMMISSION EXPENSE / ACQUISITION COST			
Commission paid or payable		**39,042,743**	45,869,282
Add: Deferred commission expense opening		**15,494,786**	26,394,193
Less: Deferred commission expense closing		**15,505,767**	15,494,786
Net Commission		**39,031,762**	56,768,689
		2,860,762	4,898,158
Less: Commission received or recoverable		**2,374,551**	1,052,225
Add: Unearned reinsurance commission opening		**1,365,356**	2,374,551
Less: Unearned reinsurance commission closing		**3,869,957**	3,575,832
Commission from reinsurers		**35,161,805**	53,192,857
25. PREMIUM DEFICIENCY - NET			
Premium deficiency reserve - opening		**536,451**	231,534
Premium deficiency reserve - closing		**337,245**	536,451
Premium deficiency reserve	25.1	**199,206**	(304,917)

25.1 The independent actuary has determined the closing premium deficiency reserve of Rs. 0.34 million as at December 31, 2021 (2020 : Rs. 0.54 million). Consequently, the Company has reversed an amount of Rs. 0.19 million during the year.

		Note	December 31, 2021	December 31, 2020 (Restated)
			(Rupees)	
26.	**MANAGEMENT EXPENSES**			
	Employee benefit cost	26.1	**75,207,610**	76,770,310
	Travelling and entertainment		**4,045,097**	4,235,611
	Advertisement and sales promotion		**1,331,840**	1,449,292
	Printing and stationery		**4,861,680**	2,526,462
	Depreciation	26.2	**15,978,100**	14,987,149
	Legal and professional charges		**2,583,535**	1,009,822
	Utilities		**5,227,480**	5,936,787
	Repair and maintenance		**2,950,726**	696,626
	Bank charges		**6,677**	16,857
	Annual supervision fees SECP		**500,000**	834,283
	Newspaper and periodicals		**1,860**	32,659
	Insurance expense		**1,041,172**	1,409,065
	Provision for doubtful debts against insurers / reinsurers	13.3	**4,000,000**	9,545,491
	Due from insurance contract holders written off	13.2	**21,000,000**	24,903,510
	Software maintenance		**802,013**	-
	Miscellaneous		**958,970**	2,947,338
			140,496,760	147,301,262

26.1 This amount includes Rs. 1.775 million (2020: Rs. 2.103 million) of provident fund contribution.

26.2 This includes depreciation on operating fixed assets and right of use assets amounting to Rs. 3.809 and Rs. 12.169 million (2020 : Rs. 3.864 million and Rs. 11.121 million) respectively.

		Note	December 31, 2021	December 31, 2020
			(Rupees)	
27.	**INVESTMENT INCOME**			
	Income from equity securities			
	- Held for trading			
	Dividend income on securities		**4,279,893**	6,924,578
	Income from debt securities securities			
	- Held to maturity			
	Income from term deposits		**26,267,113**	35,553,694
	Return on Pakistan Investment Bonds and T-bills		**16,939,026**	13,973,922
			43,206,139	49,527,616
	Unrealised gain on revaluation of FVTPL		**72,831**	86,183
			47,558,863	56,538,377

		Note	December 31, 2021	December 31, 2020 (Restated)
			(Rupees)	
28.	**RENTAL INCOME**			
	Rental income		**4,098,243**	3,455,701
29.	**OTHER INCOME**			
	Return on bank balances		**585,341**	1,606,390
	Gain on sale of operating fixed assets		**550,000**	4,137,000
	Exchange gain		**21,371**	34,188
	Liabilities written back	29.1	**-**	23,244,278
	Miscellaneous		**213,350**	82,725
			1,370,062	29,104,581
29.1	**LIABILITIES WRITTEN BACK**			
	Shaheen Foundation (Parent Company)		**-**	14,031,814
	Other than related party	19	**-**	9,212,464
			-	23,244,278
30.	**OTHER EXPENSES**			
	Fee and subscription		**3,639,246**	4,306,947
	Auditors' remuneration	30.1	**1,469,906**	1,350,000
	Workers' welfare fund		**518,521**	998,383
			5,627,673	6,655,330

		Note	December 31, 2021	December 31, 2020
			(Rupees)	
30.1	**AUDITORS' REMUNERATION**			
	Annual audit fee		**719,906**	600,000
	Interim review fee		**175,000**	175,000
	"Certification fees and review of statement of compliance with the Code of Corporate Governance"		**225,000**	225,000
	Other professional services		**100,000**	100,000
	Out of pocket expenses		**250,000**	250,000
			1,469,906	1,350,000

		Note	December 31, 2021	December 31, 2020
			(Rupees)	
31.	**LOSS AFTER TAX FROM WINDOW TAKAFUL OPERATIONS - OPF**			
	Wakala fee		**3,527,807**	3,541,759
	Investment Income		**1,973,750**	3,018,842
	Other income		**115,810**	161,843
	Management expenses		**(2,996,024)**	(3,994,964)
	Commission expenses		**(1,764,034)**	(1,884,997)
	Direct expenses		**(2,088,878)**	(1,619,629)
	Modarib's fee		**576,325**	314,610
	Tax expense		**(64,892)**	(54,636)
	Loss for the year		**(720,136)**	(517,172)
32.	**PROVISION FOR TAXATION - NET**			
	For the current year			
	Current		**(3,477,066)**	(10,324,238)
	Deferred	32.1	**-**	-
	Prior years tax		**8,585,575**	-
			5,108,509	(10,324,238)

32.1 Deferred tax asset on deductible temporary differences amounting to Rs.73.16 million (2020: Rs. 64.87 million) has not been recognised in view of the uncertainty about its realisation.

32.2 Relationship between tax expense and accounting profit:

	December 31, 2021	December 31, 2020
	(Rupees)	
Profit before taxation	**25,904,864**	45,924,407
Tax at the applicable rate	**7,512,411**	13,318,078
Prior years tax	**8,585,575**	-
Tax effect of others	**(10,989,477)**	(23,642,316)
	5,108,509	(10,324,238)

33. EARNINGS PER SHARE - BASIC AND DILUTED

	December 31, 2021	December 31, 2020
	(Rupees)	
Profit after tax (Rupees)	**31,013,373**	35,600,169
Weighted average number of ordinary shares (Numbers)	**60,000,000**	60,000,000
Basic earnings per share (Rupees)	**0.52**	0.59

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

34. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2021	2020	**2021**	2020	**2021**	2020
	(Rupees)					
Fees	**-**	-	**-**	-	**-**	-
Managerial remuneration	**2,100,000**	1,848,000	**-**	-	**4,935,756**	5,361,676
Leave encashment	**-**	-	**-**	-	**-**	-
Commission / bonus	**-**	-	**-**	-	**-**	-
Ex-gratia allowance	**-**	-	**-**	-	**-**	-
Rent and house maintenance	**630,000**	555,400	**-**	-	**3,377,064**	3,504,840
Reimbursable expenses	**-**	-	**-**	-	**-**	-
Utilities	**-**	-	**-**	-	**-**	-
Medical	**210,000**	184,800	**-**	-	**493,572**	535,840
Conveyance	**357,492**	244,740	**-**	-	**1,143,444**	913,272
Special allowance	**1,755,600**	2,032,800	**-**	-	**3,533,004**	4,001,516
Defined contribution plan	**210,000**	184,800	**-**	-	**493,572**	557,784
Others	**-**	-	**-**	-	**960,000**	804,000
	5,263,092	5,050,540	**-**	-	**14,936,412**	15,678,928
	(Numbers)					
Persons	**1**	1	**7**	7	**5**	5

The Chief Executive Officer (CEO) and executives have been provided with the Company maintained vehicles.

35. RELATED PARTY TRANSACTIONS

Related parties comprise major shareholders, key management personnel, employees' provident funds and companies with common directors. The transactions and balances with related parties, other than those disclosed elsewhere, are summarised as follows:

Name	Relationship	Nature of transactions	December 31, 2021	December 31, 2020
			(Rupees)	
Shaheen Foundation	Parent Undertaking	Premium written	**28,702,098**	29,528,135
Shaheen Foundation	Parent Undertaking	Claim expense	**11,446,801**	7,295,385
Shaheen Foundation	Parent Undertaking	Premium due but unpaid	**6,859,740**	5,202,858
Shaheen Foundation	Parent Undertaking	Premium receivable written off	**-**	11,403,510
Shaheen Foundation	Parent Undertaking	Outstanding claims	**1,543,685**	1,493,453
Shaheen Foundation	Parent Undertaking	Commission no more payable	**-**	14,031,814
Shaheen Foundation	Parent Undertaking	Security deposits	**3,317,246**	3,317,246
Shaheen Foundation	Parent Undertaking	Rent of premises	**8,959,055**	11,708,206
Shaheen Foundation	Parent Undertaking	Advertisement expenses	**1,411,250**	398,950
Air Eagle (Private) Limited	Associated company	Premium written	**1,059,409**	1,059,409
Air Eagle (Private) Limited	Associated company	Premium due but unpaid	**-**	(4,095)
Contribution to provident fund	Others	Contribution	**1,775,015**	2,105,506

35.1 Insurance and claim related transactions with related parties have been carried in normal course of business.

36. SEGMENT INFORMATION

36.1 Segment profit and loss account

Current year

			December 31, 2021					
			Fire and property damages	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Total
			(Rupees)					
	Premium receivable / received (inclusive of Federal excise duty, Federal insurance fee and administrative surcharge)		**45,787,764**	**19,434,859**	**146,800,084**	**8,073,805**	**71,661,021**	**291,757,533**
	Less: Federal excise duty		(5,835,509)	(2,064,634)	(18,816,832)	-	(26,578,330)	(53,295,305)
	Less: Federal insurance fee		(409,947)	(478,351)	(1,421,200)	(80,027)	(4,818,319)	(7,207,844)
	Gross written premium (inclusive of administrative Surcharge)		**39,542,308**	**16,891,874**	**126,562,052**	**7,993,778**	**40,264,372**	**231,254,384**
	Gross direct premium		39,073,836	16,399,608	122,451,249	7,973,778	38,911,317	224,809,788
	Administrative surcharge		468,472	492,266	4,110,803	20,000	1,352,737	6,444,278
	Insurance premium earned		34,775,733	15,490,844	123,235,393	10,181,936	42,017,120	225,701,026
Less:	Insurance premium ceded to reinsurers		18,574,301	2,578,111	14,982,816	-	9,577,650	45,712,878
	Net insurance premium		**16,201,432**	**12,912,733**	**108,252,577**	**10,181,936**	**32,439,470**	**179,988,148**
Add:	Commission income		1,065,142	-	2,497,171	-	307,644	3,869,957
	Net underwriting income	**(A)**	**17,266,574**	**12,912,733**	**110,749,748**	**10,181,936**	**32,747,114**	**183,858,105**
	Insurance claims		(1,703,080)	4,286,979	61,157,591	5,249,504	4,059,850	73,050,844
Less:	Insurance claims recovered from reinsurance		4,548,564	211,090	25,740,931	-	(155,881)	30,344,704
	Net claim		**(6,251,644)**	**4,075,889**	**35,416,660**	**5,249,504**	**4,215,731**	**42,706,140**
	Commission expense		9,242,237	3,688,861	17,186,708	1,278,704	7,635,252	39,031,762
	Management expenses		21,647,569	9,642,904	76,712,868	6,338,159	26,155,260	140,496,760
	Premium deficiency expense		-	-	-	(199,206)	-	(199,206)
								-
	Net insurance claims and expenses	**(B)**	**24,638,162**	**17,407,654**	**129,316,236**	**12,667,161**	**38,006,243**	**222,035,456**
	Underwriting result	**C=A-B**	(7,371,588)	(4,494,921)	(18,566,488)	(2,485,225)	(5,259,129)	(38,177,351)

	December 31, 2021
	--- (Rupees) ---
Net investment income	**47,558,863**
Rental income	**4,098,243**
Other income	**1,370,062**
Other expenses	**(5,627,673)**
Unrealised gain on investment properties	**19,565,465**
Finance charges on right-of-use assets	**(2,162,609)**
Loss after tax from window takaful operations - OPF	**(720,136)**
Profit before tax	**25,904,864**

36.2 Net insurance premium comprise from underwriting business activities in Pakistan.

Prior year

		December 31, 2021					
		Fire and property damages	Marine, aviation & transport	Motor	Accident and health	Miscellaneous	Total (Restated)
		(Rupees)					
	Premium receivable / received (inclusive of Federal excise duty, Federal insurance fee and administrative surcharge)	43,570,950	17,907,757	163,430,303	9,028,539	71,092,503	305,030,052
	Less: Federal excise duty	(5,599,062)	(1,896,333)	(21,043,119)	-	(25,481,406)	(54,019,920)
	Less: Federal insurance fee	(416,263)	(462,893)	(1,623,929)	(89,284)	(4,031,934)	(6,624,303)
	Gross written premium (inclusive of administrative Surcharge)	37,555,625	15,548,531	140,763,255	8,939,255	41,579,163	244,385,829
	Gross direct premium	36,937,622	15,069,714	136,550,817	8,919,030	40,114,620	237,591,803
	Administrative surcharge	618,003	478,817	4,212,438	20,005	1,464,760	6,794,023
	Insurance premium earned	46,490,782	16,173,672	168,353,875	6,915,251	46,981,147	284,914,727
Less:	Insurance premium ceded to reinsurers	19,522,602	5,497,308	15,983,425	-	14,856,059	55,859,394
	Net insurance premium	26,968,180	10,676,364	152,370,450	6,915,251	32,125,088	229,055,333
Add:	Commission income	1,465,620	-	1,702,787	-	407,425	3,575,832
	Net underwriting income (A)	28,433,800	10,676,364	154,073,237	6,915,251	32,532,513	232,631,165
	Insurance claims	2,603,821	1,854,722	93,346,075	3,590,760	15,307,768	116,703,146
Less:	Insurance claims recovered from reinsurance	(421,653)	(241,114)	51,362,172	-	(75,802)	50,623,603
	Net claim	3,025,474	2,095,836	41,983,903	3,590,760	15,383,570	66,079,543
	Commission expense	15,848,288	5,124,184	26,136,186	233,341	9,426,690	56,768,689
	Management expenses	24,035,791	8,361,808	87,039,160	3,575,193	24,289,309	147,301,262
	Premium deficiency expense	-	195,481	-	(231,534)	340,970	304,917
	Net insurance claims and expenses (B)	42,909,553	15,777,309	155,159,249	7,167,760	49,440,539	270,454,411
	Underwriting result C=A-B	(14,475,753)	(5,100,945)	(1,086,012)	(252,509)	(16,908,026)	(37,823,246)

	December 31, 2020
	--- (Rupees) ---
Net investment income	56,538,377
Rental income	3,455,701
Other income	29,104,581
Other expenses	(6,655,330)
Unrealised gain on investment properties	4,962,104
Finance charges on right-of-use assets	(3,140,608)
Profit after tax from window takaful operations - OPF	(517,172)
Taxation	(10,324,238)
Profit after tax	35,600,169

36.3 Segment Assets & Liabilities

	December 31, 2021					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
	(Rupees)					
SEGMENT ASSETS						
Segment assets	**30,702,229**	**13,115,526**	**98,267,840**	**6,206,689**	**31,262,868**	**179,555,152**
Segment assets - Takaful OPF	**336,233**	**192,107**	**2,076,809**	**-**	**13,412**	**2,618,561**
Unallocated assets - Takaful OPF						**54,277,369**
Unallocated corporate assets						**857,293,620**
Total assets						**1,093,744,702**
SEGMENT LIABILITIES						
Segment liabilities	**42,807,440**	**18,286,689**	**137,012,678**	**8,653,849**	**43,589,128**	**250,349,784**
Segment liabilities - Takaful OPF	**294,223**	**168,105**	**1,817,332**	**-**	**11,738**	**2,291,398**
Unallocated liabilities - Takaful OPF						**2,847,076**
Unallocated corporate liabilities						**151,029,221**
Total liabilities						**406,517,479**

	December 31, 2021					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Accident and Health	Miscellaneous	Total
	(Rupees)					
SEGMENT ASSETS						
Segment assets	35,895,260	14,861,118	134,540,001	8,543,833	39,741,124	233,581,336
Segment assets - Takaful OPF	377,232	402,046	2,178,221	-	71,967	3,029,466
Unallocated assets - Takaful OPF						53,373,302
Unallocated corporate assets						801,987,462
Total assets						1,091,971,566
SEGMENT LIABILITIES						
Segment liabilities	45,910,454	19,007,542	172,078,214	10,927,661	50,829,355	298,753,226
Segment liabilities - Takaful OPF	185,920	198,150	1,073,545	-	35,470	1,493,085
Unallocated liabilities - Takaful OPF						2,432,091
Unallocated corporate liabilities						133,483,969
Total liabilities						436,162,371

37. PROVIDENT FUND RELATED DISCLOSURE

The Company operates contributory provident fund scheme for its permanent employees. All investment are made in accordance with section 218 of Companies Act 2017. Breakup value of the fund is as follows:

	(Un-audited) December 31, 2021	(Audited) December 31, 2020
Size of the fund - Net assets (Rupee)	**18,442,140**	15,096,686
Cost of the investment made (Rupee)	**18,442,140**	15,096,686
Percentage of the investment made (%)	**100.00%**	100.00%
Fair value of the investment made (Rupee)	**18,442,140**	15,096,686

The breakup of fair value of the investment is:

	December 31, 2021		December 31, 2020	
	(Rupees)	**(%)**	(Rupees)	(%)
Bank balances	**18,442,140**	100	15,096,686	100
	18,442,140	100	15,096,686	100

38. MOVEMENT IN INVESTMENTS

	Held to maturity	**Available for sale**	**Fair value through P&L**	**Total**
	(Rupees)			
At beginning of previous year	505,810,180	57,757,109	140,807	563,708,096
Additions / re-investment - net	87,432,651	5,886,453	-	93,319,104
Disposals (sale and redemptions)	(54,950,731)	-	-	(54,950,731)
Amortisation of premium / discount	1,613,568	-	-	1,613,568
Fair value gains - net of loss	-	(902,674)	86,183	(816,491)
At beginning of current year	**539,905,668**	**62,740,888**	**226,990**	**602,873,546**
Opening				
Additions / re-investment - net	**-**	**3,637,908**	**-**	**3,637,908**
Disposals (sale and redemptions)	**(48,580,388)**	**-**	**-**	**(48,580,388)**
Amortisation of premium / discount	**1,356,894**	**-**	**-**	**1,356,894**
Fair value gains - net	**-**	**404,655**	**72,831**	**477,486**
At end of current year	**492,682,174**	**66,783,451**	**299,821**	**559,765,446**

39. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

39.1 INSURANCE RISK

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

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

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

a) Geographical concentration of insurance risk

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by Insurance Association of Pakistan (IAP). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is entered into the IT system / application through which a number of MIS reports can be generated to assess the concentration of risk.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualise the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are entered into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the non-proportional treaty agreement.

Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

b) Frequency and severity of claims

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

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

c) Uncertainty in the estimation of future claims payment

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 incurred but not reported (IBNR), the Company follows the recommendation of actuary to apply month wise factor based on analysis of the past claim reporting pattern. For this purpose, the claim chain-ladder method is used for each class of business. The month wise factor is applied on claims incurred to determine the amount of IBNR.

There are several variable factors which affect the amount and timing of recognised 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 different from initial recognized amount. Similarly, the provision for IBNR is based on historic reporting pattern of the claims, hence actual amount of IBNR may differ from the amount estimated.

Key assumptions

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

The assumed net off reinsurance loss ratios taken on the basis of current year analysis for each class of business are as follows:

Class	**December 31, 2021**		December 31, 2020	
	Assumed net loss ratio			
	(%)			
Fire and property		**(38.59)**		11.22
Marine, aviation and transport	**31.56**	**31.56**	19.63	19.63
Motor	**32.72**	**32.72**	27.55	27.55
Accident and health	**51.56**	**51.56**	51.93	51.93
Miscellaneous	**13.00**	**13.00**	47.89	47.89

Change in assumption:

The company did not change its assumptions for the insurance contracts.

Sensitivity analysis

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, if the claims had (decreased) / increased by 10% with all other variables held constant, as at December 31, 2021 it would have increased / (decreased) the equity and profit or loss by Rs. 4.271 million (2020: Rs. 4.34 million).

39.2 REINSURANCE RISK

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

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

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Salvage recoveries accrued	Prepaid reinsurance premium ceded	December 31, 2021	December 31, 2020
	(Rupees)					
Rating						
A- or above including Pakistan Reinsurance Company Limited	57,482,488	-	-	6,316,945	63,799,433	77,306,172
BBB	3,601,804	13,936,448	1,600,000	-	19,138,252	20,494,292
Others	2,907,419	-	-	-	2,907,419	3,330,140
	63,991,711	13,936,448	1,600,000	6,316,945	85,845,104	101,130,604

39.3 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

39.3.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to any single customer.

Credit risk of the Company arises principally from deposits, insurance/reinsurance receivables, loans and other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	December 31, 2021	December 31, 2020
	(Rupees)	
Loans and other receivables	**14,441,131**	35,473,037
Insurance/ re-insurance receivables	**151,695,994**	193,195,960
Equity securities	**67,083,272**	62,967,878
Term deposits	**324,039,478**	372,619,866
Reinsurance recoveries against outstanding claims	**13,936,448**	14,562,758
Salvage recoveries accrued	**1,600,000**	2,185,000
Bank balances	**72,463,018**	14,491,940
	645,259,341	695,496,439

The Company did not hold any collateral against the above during the year.

The credit quality of loans, advances and other receivables can be assessed with reference to the historical performance and there are no defaults in recent history. General provision is made for receivables according to the Company's policies. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / re-insurers for whom there is no history of default.

The age analysis of insurance receivables (Gross) from other than related parties is as follows:

	December 31, 2021	December 31, 2020
	(Rupees)	
Upto 1 year	**37,156,991**	44,919,123
1 - 2 years	**6,558,255**	13,364,439
2 - 3 years	**14,773,614**	15,873,994
Over 3 years	**23,268,213**	35,150,626
	81,757,073	109,308,182

The age analysis of receivables / Payable (Gross) from related parties is as follows:

	December 31, 2021	December 31, 2020
	(Rupees)	
Upto 1 year	**7,091,670**	4,182,608
1 - 2 years	**-**	(237,366)
2 - 3 years	**333,894**	(342,969)
	7,425,564	3,602,273

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

	December 31, 2021			**December 31, 2021**	December 31, 2020
Bank	**Rating agency**	**Short term**	**Long term**	**(Rupees)**	
JS Bank Limited	PACRA	A-1+	AA-	**4,433,056**	4,610,062
Bank Alfalah Limited	PACRA	A-1+	AA+	**14,926,796**	8,106,796
Bank Al Habib Limited	PACRA	A-1+	AAA	**47,662**	47,662
MCB Bank Limited	PACRA	A-1+	AAA	**559,284**	444,742
Allied Bank Limited	PACRA	A-1+	AAA	**196,462**	188,864
Soneri Bank Limited	PACRA	A-1+	AA-	**610,415**	511,110
Bank of Punjab	PACRA	A-1+	AA+	**2,964**	3,563
Faysal Bank Limited	PACRA	A-1+	AA	**125,798**	501,960
Askari Bank Limited	PACRA	A-1+	AA+	**50,001,397**	-
Summit Bank Limited	VIS	A-3	BBB-	**80,829**	77,181

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables as disclosed in note 13.

The credit quality of amount due from insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed from external rating disclosed in note 39.2

39.3.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

	December 31, 2021			
	Within one year	**One year to five years**	**Over five years**	**Total**
	---------- (Rupees) ----------			
Financial liabilities				
Outstanding claims including IBNR	**85,850,667**	**-**	**-**	**85,850,667**
Insurance/ reinsurance payables	**64,974,861**	**-**	**-**	**64,974,861**
Lease liabilities	**6,814,184**	**19,645,714**	**-**	**26,459,898**
Other creditors and accruals	**58,877,249**	**-**	**-**	**58,877,249**
Unclaimed dividend	**1,840,186**	**-**	**-**	**1,840,186**
Total liabilities of window takaful operations - Operator's Fund	**5,138,474**	**-**	**-**	**5,138,474**
	223,495,621	**19,645,714**	**-**	**243,141,335**

	December 31, 2020			
	Within one year	One year to five years	Over five years	Total
	---------- (Rupees) ----------			
Financial liabilities				
Outstanding claims including IBNR	127,305,856	-	-	127,305,856
Insurance/ reinsurance payables	76,467,277	-	-	76,467,277
Lease liabilities	17,164,141	-		17,164,141
Other creditors and accruals	47,497,986	-	-	47,497,986
Unclaimed dividend	1,840,186	-		1,840,186
	270,275,446	-	-	270,275,446

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and term deposit receipts.

39.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns. The company manages the market risk exposures by following internal risk policies.

39.3.3.1 Interest rate risk

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

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

	Interest / Markup bearing			Non- interest / Non - markup bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
	(Rupees)						
FINANCIAL ASSETS							
Investments	**492,682,174**	**-**	**492,682,174**	**67,083,272**	**-**	**67,083,272**	**559,765,446**
Loans and other receivables	**-**	**-**	**-**	**14,676,314**	**-**	**14,676,314**	**14,676,314**
Insurance/ reinsurance receivables	**-**	**-**	**-**	**142,195,994**	**-**	**142,195,994**	**142,195,994**
Reinsurance recoveries against outstanding claims	**-**	**-**	**-**	**13,936,448**	**-**	**13,936,448**	**13,936,448**
Salvage recoveries accrued	**-**	**-**	**-**	**1,600,000**	**-**	**1,600,000**	**1,600,000**
Cash and bank balances	**56,786,711**	**-**	**56,786,711**	**15,801,745**	**-**	**15,801,745**	**72,588,456**
December 31, 2021	**549,468,885**	**-**	**549,468,885**	**255,293,773**	**-**	**255,293,773**	**804,762,658**
FINANCIAL LIABILITIES							
Outstanding claims including IBNR	**-**	**-**	**-**	**85,850,667**	**-**	**85,850,667**	**85,850,667**
Lease liabilities	**6,814,184**	**19,645,714**	**26,459,898**	**-**	**-**	**-**	**26,459,898**
Insurance/ reinsurance payables	**-**	**-**	**-**	**64,974,861**	**-**	**64,974,861**	**64,974,861**
Other creditors and accruals	**-**	**-**	**-**	**58,877,249**	**-**	**58,877,249**	**58,877,249**
Unclaimed dividend	**-**	**-**	**-**	**1,840,186**	**-**	**1,840,186**	**1,840,186**
December 31, 2021	**6,814,184**	**19,645,714**	**26,459,898**	**211,542,963**	**-**	**211,542,963**	**238,002,861**
Interest risk sensitivity gap	**542,654,701**	**(19,645,714)**	**523,008,987**	**43,750,810**	**-**	**43,750,810**	**566,759,797**

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
		(Rupees)	
	100	3,808,262	2,703,866
December 31, 2021	(100)	(3,808,262)	(2,703,866)

39.3.3.2 Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

39.3.3.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's listed securities and mutual funds are susceptible to market price risk arising from uncertainties about the future value of investment securities and units. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity and mutual funds. In addition, the Company actively monitors the key factors that affect stock market.

The following table summarises the Company's other price risk as of December 31, 2021 and 2020. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Price change	Fair value	Effect on fair value
	%	(Rupees)	
December 31, 2021	**5%**	**67,083,272**	**3,354,164**
December 31, 2020	5%	62,967,878	3,148,394

40. CAPITAL RISK MANAGEMENT

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

The Company's 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 the requirements of the Insurance Rules, 2017 issued by the SECP, minimum paid up capital requirement to be complied with insurance/ takaful companies as at December 31, 2017 and for subsequent years is Rs. 500 million. As at December 31, 2021 the company's paid up capital is in excess of the prescribed limit.

41. FAIR VALUE OF FINANCIAL AND NON-FINANCIAL ASSETS

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

Fair value hierarchy

The following table provides an analysis of financial and non-financial assets or liabilities that are carried at fair value. The different levels are defined as below:

- **Level 1:** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Following are the assets where fair value is only disclosed and is different from their carrying value:

	Carrying value						Fair value measurement		
	Available for-sale	Held-to maturity	Loan and other receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
	(Rupees)								
Financial assets measured Fair value									
Investments									
Equity securities	66,783,451	-	-	299,821	-	67,083,272	67,083,272	-	-
Debt securities	-	168,642,696	-	-	-	168,642,696	-	-	-
Term deposits	-	324,039,478	-	-	-	324,039,478	-	-	-
Loans and other receivables*	-	-	14,676,314	-	-	14,676,314	-	-	-
Insurance / re-insurance receivables*	-	-	142,195,994	-	-	142,195,994	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	13,936,448	-	-	13,936,448	-	-	-
Cash and bank	-	-	-	72,588,456	-	72,588,456	-	-	-
	66,783,451	492,682,174	170,808,756	72,888,277	-	803,162,658	67,083,272	-	-
Outstanding claims including IBNR*	-	-	-	-	(85,850,667)	(85,850,667)	-	-	-
Insurance / re-insurance payables*	-	-	-	-	(64,974,861)	(64,974,861)	-	-	-
Other creditors and accruals*	-	-	-	-	(122,391,892)	(122,391,892)	-	-	-
	-	-	-	-	(273,217,420)	(273,217,420)	-	-	-

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

Valuation techniques used in determination of fair values within Level 2

Items	Valuation technique
Units of mutual funds	The fair values of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements:

Description	Fair value	Unobserved-able inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment properties	154,950,569	yield	5% to 6%	The higher the terminal yield, the higher the fair value
		Expected rent growth rate	10%	The higher the rental growth rate, the higher the fair value
		Occupancy rate	90% to 95%	The higher the occupancy rate, the higher the fair value
		Rent free period	1 year on new leases	The higher the rent free period, the lower the fair value

The Company engages external, independent and qualified valuers to determine the fair value of the investment properties at the end of every financial year. As at 31 December 2021, the fair values of the investment properties have been determined by Anderson Consulting (Pvt.) Ltd .The latest independent valuation exercise of these land and buildings has been undertaken as at December 31, 2021.

Available for sale investments are stated at market value in accordance with the requirements of the Insurance Rules, 2017 as disclosed in note 3.6.2.3 to these financial statements. Fair value through profit or loss investments are stated at quoted market prices as disclosed in notes 3.6.2.4 Further, investment properties are stated at market value as disclosed in note 3.5 to these financial statements.

		December 31, 2021	December 31, 2020
		(Rupees)	
42.	**STATEMENT OF SOLVENCY**		
	Assets		
	Property and equipment	**15,276,112**	10,894,894
	Investment properties	**154,950,569**	135,385,104
	Investments		
	Equity securities	**67,083,272**	62,967,878
	Debt securities	**168,642,696**	167,285,802
	Term deposits	**324,039,478**	372,619,866
	Loans and other receivables	**14,676,314**	33,467,662
	Insurance / Reinsurance receivables	**142,195,994**	178,150,469
	Reinsurance Recoveries against O/S claims	**13,936,448**	14,562,758
	Salvage recoveries accrued	**1,600,000**	2,185,000
	Deferred Commission Expense	**15,505,767**	15,494,786
	Taxation-payment less provision	**15,383,662**	3,103,815
	Prepayments	**6,316,945**	13,642,832
	Cash & Bank	**72,588,456**	14,685,842
	Total assets of takaful operations - operator's fund	**56,895,930**	56,402,768
	Total Assets (A)	**1,069,091,643**	1,080,849,476

		December 31, 2021	December 31, 2020
		(Rupees)	
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000			
(h)	Insurance/ reinsurance receivables	**70,369,734**	94,290,098
(k)	Security deposits & other receivables	**8,512,141**	25,751,008
(U)-(i)	Vehicles	**8,230,713**	8,193,964
(U)-(ii)	Office Equipments	**775,659**	877,174
(U)-(iii)	Furniture and fixture which are not immovable property	**3,406,598**	1,381,486
Advance to Suppliers		**2,200,000**	-
(U)-(iv)	Computer equipment	**663,141**	442,270
Window Takaful		**-**	804,290
Total of In-admissible assets (B)		**94,157,986**	131,740,290
Total Admissible Assets (C=A-B)		**974,933,657**	949,109,186

Total Liabilities

	December 31, 2021	December 31, 2020
	(Rupees)	
Underwriting Provisions		
Outstanding claims including IBNR	**85,850,667**	127,305,856
Unearned premium reserves	**98,158,900**	92,605,542
Premium deficiency reserves	**337,245**	536,451
Unearned commission income	**1,365,356**	2,374,551
Premium received in advance	**-**	1,671,626
Insurance / Reinsurance Payables	**64,974,861**	76,467,277
Other Creditors and Accruals	**122,391,892**	112,271,565
Unclaimed dividend	**1,840,186**	1,840,186
Total liabilities of takaful operations - operator's fund	**5,138,474**	3,925,176
Total Liabilities (D)	**380,057,581**	418,998,230
Total Net Admissible Assets (E=C-D)	**594,876,076**	530,110,956
Minimum Solvency Requirement (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)	35,997,630
Method C - U/s 36(3)(c)	40,722,273

Excess in Net Admissible Assets over Minimum Requirements	**444,876,076**	380,110,956

		December 31, 2021	December 31, 2020
		(Rupees)	
43.	**NUMBER OF EMPLOYEES**		
	At the year end	**104**	109
	Average during the year	**107**	117

44. ROUNDING OFF

The figures have been rounded off to the nearest rupee.

45. CORRESPONDING FIGURES

Corresponding figures and balances have been reclassified, wherever considered necessary, for the purpose of comparison.

46. GENERAL

46.1 These financial statements have been approved and authorised for issue in the Board of Directors meeting held on March 31, 2022.



Window Takaful Operations Financial Statements



WINDOW TAKAFUL OPERATIONS

Shaheen Insurance commenced its Window Takaful Operations which has been widely appreciated by the business fraternity, Islamic banks and financial institutions.

"Shaheen Takaful" is operating under the guidance of Shariah Board. Shariah Board consist of Mufti Bilal & Mufti Zahid - renowned, qualified and certified Sharia Scholars. Our Takaful model is WAQF based; the concept of brotherhood and mutual solidarity in Islam and its operations are being managed by a team of well experienced, dedicated & competent professionals.

Shaheen Takaful is offering a wide range of Shariah Compliant General Takaful Products such as Fire & Property Takaful, Marine Cargo Takaful, Private / Commercial Vehicles Takaful, Engineering Takaful, Terrorism & Political Violence Takaful and Miscellaneous Accident Takaful. A short brief of major takaful products is as under:-

Fire Takaful provides loss or damage to the property caused by Fire &/or duly extended allied perils. The basic Fire takaful extendable to cover allied / special perils such as Riots & Strikes Damage, Malicious Damage, Atmospheric Damage, Earthquake Fire & Shock, Explosions, Aircraft Damages and Impact Damages etc.

Marine Takaful covers losses to cargo during transit as per Institute Caro Clauses 'A', 'B' or 'C' by all means of transport like by Sea, by Air or by Road/Rail. Usually marine cargo takaful provides coverage of goods from warehouse (of departure) to warehouse (of arrival) but can also be from port of departure to port of arrival.

Motor Takaful provides coverage against any loss / damage to motor vehicles (private & commercial) due to road accidents, Theft & Burglary, Snatching by violent means, Riot & Strike damage, Loss or damage due to natural calamities and Third party liability (Bodily Injury and property damage). This cover can be extended to include accidental injuries and death of Driver and Passenger(s).

Engineering Takaful mainly covers plant & machinery and projects and provides coverage for Contractor's All Risks, Contractor's Plant & Machinery, Erection All Risks, Machinery Breakdown Insurance and Comprehensive Machinery Insurance etc.

Miscellaneous & Others: A wide range of products available under Miscellaneous Takaful which includes, but not limited to, Products Liability, Professional Indemnity, Group / Personal Accident, Employer's Legal Liability, Workmen Compensation, Public Liability, Third Party Liability, Directors & Officers Liability, Travel, All Risks Takaful, House-breaking & Burglary, Money (Cash in Safe & Cash in transit), Plate Glass takaful and Baggage takaful etc.

STATEMENT OF COMPLIANCE WITH THE SHAHRIAH PRINCIPLES

For the Year ended December 31, 2021

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

Further we confirm that:

- The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful Rules, 2012 in their overall operations with zero tolerance.` Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit committee / Shari'ah Advisor and the Board of Directors have been implemented;

- The Company has imparted a day long trainings / orientations session to majority of its employees. Efforts are being made to arrange a minimum 20 hours training session to all of its employees including new employees which are yet to receive any training /orientation to comply with the requirements of Takaful Rule, 2012. The Company has ensured availability of all manuals / agreements approved by Shariah Advisor / Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;

- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transaction, entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisor.

- The assets and liabilities of Window Takaful Operations (Participant Takaful Fund and Operator's Sub Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shari'ah Advisor of the Company.

Rizwan Akhter
Chief Executive Officer

March 31, 2022

YOUSUF ADIL

Yousuf Adil
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INDEPENDENT REASONABLE ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF THE COMPANY ON THE STATEMENT OF MANAGEMENT'S ASSESSMENT OF COMPLIANCE WITH THE SHARIAH PRINCIPLES - FOR THE YEAR ENDED DECEMBER 31, 2021

We were engaged by the Board of Directors of Shaheen Insurance Company Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by management for the year ended December 31, 2021, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Operations with the Takaful Rules, 2012, in all material respects. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholar.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules 2012, issued by the Securities and Exchange Commission of Pakistan (SECP).

Responsibilities of Management and Board of Director for Assessment of Shari'ah Compliance

The management of the Company is responsible for preparation of the annexed statement that is free from material misstatement

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Independent Corespondent Firm to
Deloitte Touche Tohmatsu Limited

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Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

Our responsibility and summary of the work performed

Our responsibility is to independently verify the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the Takaful Operations' compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures performed included:

- Evaluating the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah Advisor's guidelines;

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- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/ Shariah Advisor and the Board of Directors;

- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and

- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended December 31, 2021, with the Takaful Rules, 2012.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended December 31, 2021, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Chartered Accountants,

Place: Karachi
Dated: April 06, 2022

Independent Corespondent Firm to
Deloitte Touche Tohmatsu Limited

SHARIAH BOARD REPORT TO THE BOARD OF DIRECTORS

For the Year ended December 31, 2021

In the name of Allah, the Beneficent, the Merciful

During the year under review, Shariah Advisory Board reviewed General Takaful products including all ancillary documents. Furthermore, we have reviewed the Participant Takaful Fund, Investment Policy, Re-takaful arrangements and all related transactions of Shaheen Insurance Company Limited - Window Takaful Operations in compliance with the Takaful Rules 2012 and Shariah Guidelines (hereafter referred to as "Company/Window Takaful Operator") for the year ended 31 December 2021.

The core objective of this report is to express the Company's compliance with the Takaful Rules 2012 along with Shariah Guidelines. Furthermore, it also includes the basis of the appropriate evidence of transactions undertaken by the Company for the year 2021.

As Shariah Advisory Board, our responsibility is to ensure that the financial arrangements, contracts and transactions undertaken by the Window Takaful Operator with its participants and stakeholders should be compliant in accordance with the requirements of the Takaful Rules 2012 and Shariah rules & principles. However, it is the responsibility of the Shariah Advisory Board to express its opinion on its transactions with reference to Shariah Compliance.

It is the responsibility of the Window Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisory Board are complied with, and that all the policies and services being offered by the Window Takaful Operator are duly approved by its Shariah Advisory Board.

During the year, Shariah Advisory Board provided Shariah assistance to the Company on regular basis and to the best of our understanding based on the provided information and explanations, we are of the view that:

- Financial transactions and relevant documentations & procedures, undertaken by the Company for the year ended 31 December 2021 were in accordance with guidelines issued by the Shariah Advisory Board as well as Takaful Rules 2012.

- The Shariah Screening Criteria in the Investment Guidelines were properly followed in all kind of investment & financial transactions of Window Takaful Operator Fund as well as Participant Takaful Fund (PTF).

- During the year, no amount had been realized as non-Shariah Compliant income to be credited to the charity account being maintained for the said purpose.

- It is advised that regular training sessions should be conducted for distribution force as well as for back office staff to ensure that the Takaful learning graph remains upward.

- It is necessary to report that the management has performed their duties by following Takaful Rules 2012 and Shariah Guidelines issued by the Shariah Advisory Board.

- Consequently, we have found the Company is in accordance with the Takaful Rules 2012 and Shariah rules & principles with respect to relevant transactions.

"And Allah knows best "

"اللهم أرنا الحق حقا وارزقنا اتباعه وأرنا الباطل باطلا وارزقنا اجتنابه"



Mufti Bilal Ahmed Qazi
Shariah Advisor & Shariah Board Member
Shaheen Insurance Company Ltd.
Window Takaful Operations



Mufti Muhammad Zahid
Shariah Board Member
Shaheen Insurance Company Ltd.
Window Takaful Operations

INDEPENDENT AUDITOR'S REPORT

To the members of Shaheen Insurance Company Limited – Window Takaful Operations

Report on the Audit of Financial Statements

We have audited the annexed financial statements of **Shaheen Insurance Company Limited** - Window Takaful Operations (the "Operator"), which comprise the statement of financial position as at December 31, 2021, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at December 31, 2021 and of the profit and loss account, the changes in fund and its cash flows for the year then ended.

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

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

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other Information, we are required to report that fact. We have not been provided with this information and therefore we do not report in this regard.

Responsibility of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Operator's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Operator or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Operator's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the profit and loss account, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Act, 2017 (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 operator's business; and

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

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

Chartered Accountants

Date: April 06, 2022
Place: Karachi

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
		December 31, 2021	(Restated) December 31, 2020	December 31, 2021	(Restated) December 31, 2020
		(Rupees)			
ASSETS					
Qard-e-Hasna to Participants' Takaful Fund	5	**22,827,311**	21,000,000	**-**	-
Equipment - OPF	6				
Intangible assets - OPF	7	**-**	3,474	**-**	-
Investments in term deposits	8	**-**	27,795	**-**	-
Other receivables	9	**27,000,000**	27,000,000	**20,000,000**	20,000,000
Takaful / re-takaful receivables	10	**457,627**	78,514	**240,316**	107,389
Re-takaful recoveries against outstanding benefits	20	**-**	-	**2,124,217**	1,636,441
Receivable from PTF	11	**-**	-	**8,094**	-
Deferred wakala fee		**1,587,478**	2,285,032	**-**	-
Deferred commission expense		**-**		**2,291,398**	1,493,084
Advance tax		**1,031,083**	744,434	**-**	-
Prepayments	12	**1,631,930**	1,343,722	**370,947**	156,565
Bank balances	13	**-**	-	**181,283**	453,449
		2,360,501	3,919,797	**1,135,234**	713,560
		34,068,619	35,402,768	**26,351,489**	24,560,488
TOTAL ASSETS		**56,895,930**	56,402,768	**26,351,489**	24,560,488
FUNDS AND LIABILITIES					
Operator's fund					
Statutory fund		**50,000,000**	50,000,000	**-**	-
Accumulated profit		**1,757,456**	2,477,592	**-**	-
Total Operator's fund		**51,757,456**	52,477,592	**-**	-
Participants' takaful fund					
Cede money		**-**	-	**500,000**	500,000
Accumulated deficit		**-**	-	**(13,866,978)**	(12,072,824)
		-	-	**(13,366,978)**	(11,572,824)
Qard-e-Hasna from Operator's fund	5	**-**	-	**22,827,311**	21,000,000
LIABILITIES					
Underwriting provisions					
Outstanding benefits including IBNR		**-**	-	**2,736,126**	2,174,370
Unearned contribution reserve		**-**	-	**6,133,249**	4,088,524
Unearned commission income		**-**	-	**19,712**	32,104
Unearned wakala fees		**2,291,398**	1,493,084	**-**	-
Contribution received in advance		**-**	-	**33,019**	117,630
Takaful / re-takaful payables	14	**-**	-	**5,600,678**	5,728,702
Payable to OPF	15	**-**	-	**1,587,478**	2,285,032
Other creditors and accruals	16	**2,727,548**	2,377,456	**780,894**	706,950
Provision for taxation		**119,528**	54,636	**-**	-
Total liabilities		**5,138,474**	3,925,176	**16,891,156**	15,133,312
TOTAL FUND AND LIABILITIES		**56,895,930**	56,402,768	**26,351,489**	24,560,488
Contingencies and commitments	17				

The annexed notes from 1 to 40 form an integral part of these financial statements.

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman	**Air Vice Marshal Salman Ahsan Bokhari (Retd) -** Director	**Adeel Ali** Director	**Rizwan Akhtar** Chief Executive Officer	**Nisar Ahmed Almani** Chief Financial Officer

STATEMENT OF PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	December 31, 2021	(Restated) December 31, 2020
		(Rupees)	
PTF revenue account			
Contribution earned		**6,193,330**	6,374,359
Re-takaful contribution ceded		**(5,008,430)**	(6,494,701)
Net contributions revenue	18	**1,184,900**	(120,342)
Re-takaful rebate earned	19	**34,700**	8,449
Net underwriting income		**1,219,600**	(111,893)
Net claims reported / settled - IBNR	20	**(3,961,589)**	(3,216,964)
Other direct expenses		**(33,488)**	(1,933)
Deficit before investment income		**(2,775,477)**	(3,330,790)
	22	**1,440,811**	824,065
Investment Income	23	**116,837**	278,876
Other income		**(576,325)**	(314,610)
Modarib's share of investment income		**(1,794,154)**	(2,542,459)
Deficit transferred to accumulated deficit		**-**	-
Other comprehensive income			
Total comprehensive income for the year		**(1,794,154)**	(2,542,459)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman	**Air Vice Marshal Salman Ahsan Bokhari (Retd) -** Director	**Adeel Ali** Director	**Rizwan Akhtar** Chief Executive Officer	**Nisar Ahmed Almani** Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	December 31, 2021	(Restated) December 31, 2020
		(Rupees)	
Operator's Fund	24	**3,527,807**	3,541,759
	25	**(1,764,034)**	(1,884,997)
Wakala fee	26	**(2,996,024)**	(3,994,964)
Commission expenses		**(1,232,251)**	(2,338,202)
Management expenses			
Modarib's share of PTF's investment income		**576,325**	314,610
Investment income	22	**1,973,750**	3,018,842
Direct expenses	27	**(2,088,878)**	(1,619,629)
Other income	23	**115,810**	161,843
Loss before taxation		**(655,244)**	(462,536)
Provison for taxation	28	**(64,892)**	(54,636)
Loss after taxation		**(720,136)**	(517,172)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(720,136)**	(517,172)

The annexed notes from 1 to 39 form an integral part of these financial statements.

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman	**Air Vice Marshal Salman Ahsan Bokhari (Retd) -** Director	**Adeel Ali** Director	**Rizwan Akhtar** Chief Executive Officer	**Nisar Ahmed Almani** Chief Financial Officer

STATEMENT OF CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

		Operator's Fund (OPF)		Participants' Takaful Fund (PTF)	
		December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
		(Rupees)			
OPERATING CASHFLOWS					
a) Takaful activities					
Contributions received		**-**	-	**11,193,475**	9,527,818
Re-takaful contributions paid		**-**	-	**(4,864,288)**	(9,117,403)
Claims / benefits paid		**-**	-	**(5,087,927)**	(3,556,261)
Commissions paid		**(1,779,410)**	(1,388,461)	**-**	-
Re-takaful rebate / commissions received		**-**	-	**22,308**	-
Re-takaful and other recoveries received		**-**	-	**1,680,000**	-
Wakala fees received		**5,100,000**	2,017,941	**-**	-
Modarib share received		**500,000**	-	**-**	-
Modarib share paid		**-**	-	**(500,000)**	-
Wakala fees paid		**-**	-	**(5,100,000)**	(2,017,941)
Net cash generated from / (used in) takaful activities		**3,820,590**	629,480	**(2,656,432)**	(5,163,787)
b) Other operating activities					
Taxes paid		**(499,136)**	(279,359)	**(99,341)**	(67,018)
Management and other expenses paid		**(4,974,814)**	(4,212,915)	**(82,931)**	-
Net cash used in other operating activities		**(5,473,950)**	(4,492,274)	**(182,272)**	(67,018)
Total cash used in all operating activities	**A**	**(1,653,360)**	(3,862,794)	**(2,838,704)**	(5,230,805)
INVESTMENT ACTIVITIES					
Profit / return received		**1,921,375**	3,872,199	**1,433,067**	1,065,401
Total cash generated from investing activities	**B**	**1,921,375**	3,872,199	**1,433,067**	1,065,401
FINANCING ACTIVITIES					
Qard-e-Hasna (paid) / received		**(1,827,311)**	(21,000,000)	**1,827,311**	21,000,000
Total cash (used in) / generated from financing activities	**C**	**(1,827,311)**	(21,000,000)	**1,827,311**	21,000,000
Net cash (used in) / generated from all activities	**A+B+C**	**(1,559,296)**	(20,990,595)	**421,674**	16,834,596
Cash and cash equivalents at the beginning of year		**30,919,797**	51,910,392	**20,713,560**	3,878,964
Cash and cash equivalents at the end of year		**29,360,501**	30,919,797	**21,135,234**	20,713,560
Reconciliation to Statement of comprehensive income					
Operating cash flows		**(1,653,360)**	(3,862,794)	**(2,838,704)**	(5,230,805)
Depreciation / amortisation expense		**(31,269)**	(74,993)	**-**	-
Investment and other income - net		**2,089,560**	3,180,686	**1,557,648**	1,102,941
Increase in assets other than cash		**88,231**	1,662,037	**1,244,746**	1,444,130
(Increase) / decrease in liabilities		**(1,213,298)**	(1,422,108)	**(1,757,844)**	141,275
Loss after tax / deficit for the year		**(720,136)**	(517,172)	**(1,794,154)**	(2,542,459)

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman	**Air Vice Marshal Salman Ahsan Bokhari (Retd) -** Director	**Adeel Ali** Director	**Rizwan Akhtar** Chief Executive Officer	**Nisar Ahmed Almani** Chief Financial Officer

STATEMENT OF CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

Definition of cash

Cash comprises of cash in hand, policy stamps, cheques in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

Cash for the purpose of the cash flow statement consists of:

	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
	(Rupees)			
Current and saving accounts				
- Saving Accounts	**2,360,501**	3,919,797	**1,135,234**	713,560
Deposits having original maturing within 3 months				
Term deposits - local currency	**27,000,000**	27,000,000	**20,000,000**	20,000,000
	29,360,501	30,919,797	**21,135,234**	20,713,560

The annexed notes from 1 to 39 form an integral part of these financial statements.

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman	**Air Vice Marshal Salman Ahsan Bokhari (Retd) -** Director	**Adeel Ali** Director	**Rizwan Akhtar** Chief Executive Officer	**Nisar Ahmed Almani** Chief Financial Officer

STATEMENT OF CHANGES IN FUND

FOR THE YEAR ENDED DECEMBER 31, 2021

	Operator's Fund		
	Statutory fund	**Accumulated profit**	**Total**
	(Rupees)		
Balance as at December 31, 2019	50,000,000	2,994,764	52,994,764
Loss for the year	-	(2,514,098)	(2,514,098)
Balance as at December 31, 2020 - as previously reported	50,000,000	480,666	50,480,666
Effect of prior year adjustments (refer note 4)	-	1,996,926	1,996,926
Balance as at December 31, 2020 - restated	50,000,000	2,477,592	52,477,592
Loss for the year	-	(720,136)	(720,136)
Balance as at December 31, 2021	**50,000,000**	**1,757,456**	**51,757,456**

	Participants' Takaful Fund		
	Cede Money	**Accumulated deficit**	**Total**
	(Rupees)		
Balance as at December 31, 2019	500,000	(9,530,365)	(9,030,365)
Deficit for the year	-	(2,550,908)	(2,550,908)
Balance as at December 31, 2020 - as previously reported	500,000	(12,081,273)	(11,581,273)
Effect of prior year adjustments (refer note 4)	-	8,449	8,449
Balance as at December 31, 2020 - restated	500,000	(12,072,824)	(11,572,824)
Deficit for the year	-	(1,794,154)	(1,794,154)
Balance as at December 31, 2021	**500,000**	**(13,866,978)**	**(13,366,978)**

The annexed notes from 1 to 39 form an integral part of these financial statements.

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman	**Air Vice Marshal Salman Ahsan Bokhari (Retd) -** Director	**Adeel Ali** Director	**Rizwan Akhtar** Chief Executive Officer	**Nisar Ahmed Almani** Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the Operator) has been authorised to undertake Window Takaful Operations (WTO) on March 14, 2018 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on March 20, 2018 under the Waqf Deed with a Cede money of Rs. 500,000. The Waqf Deed and PTF Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of PTF remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of PTF and the Operator are shown separately.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

- Provision of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Takaful Rules, 2012, Insurance Accounting Regulations, 2017 and General Takaful Accounting Regulations, 2019.

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

2.1 Basis of measurement

These financial statements have been prepared on historical cost convention.

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Operator's functional and presentational currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest rupees, unless otherwise stated.

2.3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2021

There are certain new and amended standards, interpretations and amendments that are mandatory for the Operator's accounting periods beginning on or after January, 01 2021 but are considered not to be relevant or do not have any significant effect on the Operator's operation and therefore not detailed in these financial statements.

2.4 New accounting standards, amendments and IFRS interpretations that are not yet effective

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

	Effective from accounting period beginning on or after:
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
"Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction."	January 01, 2023
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely

Certain annual improvements have also been made to a number of IFRSs.

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

2.4.1 IFRS 9 ‘Financial Instruments’ and amendment replaces the existing guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It has also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Further, IFRS 4 provides two alternative options in relation to application of IFRS 9 for entities issuing contracts within the scope 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 statement of comprehensive income the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Operator has adopted the temporary exemption which allows the Operator to defer the application of IFRS 9 until December 31, 2023.

For the companies adopting the temporary exemption, IFRS 4 requires certain disclosures which have been disclosed as follows:

2.4.2 Temporary exemption from application of IFRS 9

As an insurance Operator, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance.

Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9.

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

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

b) all other financial assets:

	December 31, 2021				
	Operator's Fund (OPF)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealised gain or (loss) during the year	Carrying value	Fair value	Change in unrealised gain or (loss) during the year
	(Rupees)				
Investments in term deposits	-	-	27,000,000	-	-
Other receivables	246,699	-	-	-	-
Receivable from PTF	1,587,478	-	-	-	-
Bank balances	-	-	3,495,735	-	-
	1,834,177	-	30,495,735	-	-

	December 31, 2021				
	Participants' Takaful Fund (PTF)				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealised gain or (loss) during the year	Carrying value	Fair value	Change in unrealised gain or (loss) during the year
	(Rupees)				
Investments in term deposits	-	-	20,000,000	-	-
Other receivables	182,739	-	-	-	-
Bank balances	1,135,234	-	-	-	-
	1,317,973	-	20,000,000	-	-

	Gross carrying amounts of debt instrument that pass the SPPI test	
	Rating	(Rupees)
Investments in term deposits - OPF	A+	27,000,000
Investments in term deposits - PTF	A+	20,000,000

2.5 Use of estimates and judgments

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

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements or judgments were exercised in application of accounting policies, are as follows:

	Note
- Estimation of technical reserves and underlying actuarial assumption	3.24
- Provision for claims	3.7
- Impairment of assets	3.20
- Equipments - useful lives and salvage value	3.21

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented unless otherwise stated.

3.1 Takaful contracts

Takaful model is based on the principles of Wakala and Waqf. Takaful contracts are centered around the concepts of Ta'awun (mutual cooperation) and Tabarru (donation) with the overall objective of compensating losses on mutual cooperation basis. For achieving the above objectives, a separate Waqf is formed which owns Participants Takaful Fund (PTF) whereby Participants' contributions, net of government taxes (if any) received from its members (participants/policyholders) are credited. The Operator donates the cede money for the formation of Waqf in its separate capacity and acts as a Wakeel (Agent) against wakala fees for the services rendered. By virtue of being PTF members, the policyholders are provided membership benefits if a specified uncertain future event related to the covered benefits occurs which adversely affect the policyholders.

The Operator underwrites non-life takaful membership benefits that can be categorised into fire and property damage, marine, aviation and transport, motor, accident and health and miscellaneous contracts as per Waqf Deed and Rules. PTF membership tenure may be agreed for a fixed term of one year, or less than one year. However, most of the membership tenures are for twelve months duration.

Fire takaful provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damages occurred in between the points of origin and final destination and other related perils.

Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.

Health takaful provides basic hospital care and major medical care including maternity care and outpatient care.

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

These membership contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the member.

3.2 Membership contribution

Members contribute in the form of donation to PTF. Once donated to PTF, members cannot claim the amount contributed. In order to determine the performance of PTF for a given time period, contribution is recognised on accrual basis (i.e. over the policy period).

Membership contribution net of Wakala fee under a policy is recognised over the period of Takaful coverage from the date of inception of the membership policy to which it relates to its expiry evenly over the period of the policy.

Administrative surcharge is recognised as contribution over the policy / period to which it relates and agreed with the members in schedules. Contribution due but unpaid represents the amount due from participants on account of PTF membership. Contribution are stated on gross basis and exclusive of taxes and duties levied on contributions.

3.3 Unearned contribution reserve

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

Wakala fee on the portion of membership contribution relating to the unexpired period of takaful coverage is recognised as unearned Wakala fee by the Operator. This liability of the Operator is calculated by applying the aforesaid 1/24th method.

The related deferred portion of re-takaful contribution is recognised as a prepayment calculated by using the aforesaid 1/24th method.

3.4 Receivables and payables related to takaful contribution

Receivables and payables relating to takaful contribution are recognised when due. These include contribution due but unpaid and claims payable to PTF members/policyholders. If there is objective evidence that any contribution due but unpaid is impaired, the Operator reduces the carrying amount of that membership contribution receivable in PTF statement and reduces equivalent Wakala fee from the statement of comprehensive income (PTF).

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

3.5 Re-takaful contracts

The Operator, on behalf of PTF, enters into re-takaful arrangements in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward re-takaful contribution is accounted for in the same period as the related contribution for the direct or accepted re-takaful business being ceded to re-takaful operator.

Re-takaful coverage is recognised as per respective re-takaful arrangement in the period of coverage. The unexpired portion of re-takaful contribution is shown as prepayment in PTF accounts which is calculated in the same manner as of unearned contribution.

Re-takaful liabilities represent balances due to re-takaful companies. Amounts payable are calculated in a manner consistent with the related re-takaful arrangement. Re-takaful assets represent balances due from re-takaful companies in PTF accounts. Amounts recoverable from re-takaful operators are calculated in a manner consistent with the provision for outstanding claims or settled claims associated with the re-takaful policies and are in accordance with the related re-takaful arrangements.

Amount due from other takaful/re-takaful are carried at cost less provision for impairment, if any. If there is objective evidence that the amount due from re-takaful is impaired, the Operator reduces the carrying amount of the re-takaful receivable to its recoverable amount and recognises that impairment loss in the statement of comprehensive income (PTF).

3.6 Provision for outstanding claims including incurred but not reported (IBNR)

A liability for outstanding claims is recognised 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 are measured at the undiscounted value of expected future payments.

The actuary uses statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The method used is the chain-ladder method which involves the analysis of historic claims development factors and the selection of estimated development factors based on the historic pattern. The selected development factors are then applied to cumulative claims data for each accident year. Study of claim lag pattern is conducted annually to account for any changes in experience. The development factors are based on these studies and are updated accordingly. Adequate margins are also built in to compensate for any adverse deviations in claims experience.

The actuary recommends that month wise factor based on an analysis of the past claims reporting pattern be applied to estimation of provision for IBNR. The historic chain-ladder method is used for determination of month wise factor for each class of business. Accordingly, provision has been made based on IBNR factors applied on incurred claims recommended by the actuary.

3.7 Claims

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

A liability for outstanding claims is recognised in respect of all claims incurred up to the financial statement date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs.

Re-takaful recoveries against outstanding claims are recognised as an asset and measured at the amount expected to be received.

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

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. In accordance with SECP circular no. 9 of 2016, the Operator has changed its method of estimation of IBNR. The Operator now takes actuarial advice for the determination of IBNR claims. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (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.

3.8 Re-takaful recoveries against outstanding claims

Claims recoveries receivable from re-takaful operators are recognised as an asset in PTF accounts at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

3.9 Commissions

Commission expense and other acquisition costs are charged to the statement of comprehensive income (OPF) over the policy to which it relates. Commission income from re-takaful operators is recognised over policy period. These are deferred and brought to account as income in accordance with the pattern of recognition of the contribution to which they relate.

3.10 Wakala & Mudarib fees

The shareholders of the Operator manage the general takaful operations for the participants and charge 30% for fire, 30% for marine, 40% for motor, 20% for health and 35% for miscellaneous of the gross contribution written as wakala fee against the services.

The Operator manages the PTF operations for the participants and charges a percentage of gross membership contribution including administrative surcharge as wakala fee against the services. Wakala fee is recognised on the same basis on which the related contribution is recognised. Unexpired portion of wakala fee is recognised as a liability of the Operator and an asset of PTF.

The shareholders of the Operator manage the participants' investments as a Mudarib and charge 40% as Mudarib's share of PTF investment income.

3.11 Management expenses

Expenses allocated to the PTF represent directly attributable expenses and these are allocated to various revenue accounts on equitable basis.

3.12 Segment information

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

The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, Takaful Rules, 2012 and the Insurance Rules, 2017, General Takaful Accounting Regulations, 2019 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely, fire and property damage, marine, aviation and transport, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 4.1.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned accordingly while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on premium written 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.

3.13 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 goods and services received, whether or not billed to the Operator.

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

3.14 Takaful surplus

PTF surplus, if any, is attributable to the participants, after settlement of all claims and liabilities, is calculated after charging all direct cost and setting aside various reserves.

3.15 Qard-e-Hasna

Qard-e-Hasna is provided by Operator to the PTF in case of deficit to keep it solvent. Operator would recover this Qard amount without any additional profit from the PTF once PTF recovers and is in surplus.

3.16 Revenue recognition

i) Underwriting result - PTF

The earned contribution less reinsurance, claims, commission and other acquisition cost and allocable expenses of management are reflected in the statement of comprehensive income (PTF) as the underwriting result for each class of takaful business undertaken.

ii) Rebate from re-takaful

Rebate from re-takaful operators is deferred and recognised as revenue in accordance with the pattern of recognition of the re-takaful contribution to which it relates.

iii) Investment income

Profit on investments, profit on profit and loss sharing accounts and bank deposits are recognised on accrual basis.

3.17 Cash and cash equivalents

Cash and cash equivalents consist of cash, cheques and stamp in hand, balances with bank and short term deposits maturing within twelve months of the year end that are convertible to known amount of cash and are subject to insignificant risk of change in value.

3.18 Financial instruments

Financial instruments include cash and bank balances, investments, contributions due but unpaid, amount due from other takaful operators / re-takaful operators, accrued profit on bank deposits, re-takaful recoveries against outstanding claims, outstanding claim liabilities, amount due to other takaful operators / re-takaful operators, accrued expenses, agents balances and other creditors.

All the financial assets and liabilities are recognised at the time when the Operator or PTF becomes a party to the contractual provisions of the instrument and de-recognised when the Operator or PTF loses control of contractual rights that comprise 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 de-recognition of financial assets and financial liabilities is taken to income directly.

3.19 Investments

3.19.1 Recognition

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs, except for investment at fair value through profit or loss in which case transaction costs are charged to the statement of comprehensive income. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Operator commits to purchase or sell the investment

3.19.2 Measurement

3.19.2.1 At fair value through profit or loss - held for trading

These are classified as 'at fair value through profit or loss' if (a) acquired or incurred principally for the purpose of selling or re-purchasing in the near term; (b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking; or (c) a derivative (except for a derivative that is a designated and effective hedging instrument).

Upon initial recognition these are designated by the Operator as 'at fair value through profit or loss' except for equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. At subsequent reporting dates, these investments are measured at fair value and any gains, and losses arising from the changes in fair value are included in the statement of comprehensive income for the period in which they arise.

3.19.2.2 Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Operator has the positive intent and ability to hold to maturity other than at fair value through profit or loss, available for sale and loans and receivables.

Held to maturity investments are subsequently measured at amortised cost less provision for impairment in value if any using the effective interest method.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the statement of comprehensive income.

3.19.2.3 Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not (a) loans and receivables, (b) held to maturity investments, or (c) financial assets at fair value through profit or loss.

Quoted investments are initially recognised at cost inclusive of transaction costs. Unquoted investments are recorded at cost less impairment, if any.

Changes in the fair value of financial instruments classified as available-for-sale are recognised in other comprehensive income until derecognised or impaired, when the accumulated adjustments recognised in profit or loss are included in the statement of comprehensive income.

Unquoted investments are carried at cost less impairment in value, if any. Investments other than shares are stated at their principal amounts less provision for amounts considered doubtful.

These are reviewed for impairment at each reporting date and any losses arising from impairment in values are charged to the statement of comprehensive income.

3.19.2.4 De-recognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Operator has transferred substantially all risks and rewards of ownership.

3.20 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.

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 recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognised in the statement of comprehensive income. Provisions for impairment are reviewed at each financial statement and are adjusted to reflect the current best estimates. Changes in the provisions are recognised as income or expense.

3.21 Equipment

3.21.1 These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying straight line method. Depreciation is charged from the month the asset is available for intended use while, no depreciation is charged from the month of disposal of the asset.

Rates of depreciation:	(%)
• Computer equipment	33.3

Normal repairs and maintenance are charged to the statement of comprehensive income (OPF) as and when incurred; major renewals and replacements are capitalised.

Gain or loss on disposal of equipment is taken to the statement of comprehensive income (OPF).

3.22 Intangibles

These are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 7 to the financial statements.

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

3.23 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognised amount and the Operator intends either to settle on a net basis or realize the assets and settle the liabilities simultaneously.

3.24 Contribution deficiency reserve

According to the requirements of the Insurance Rules, 2017, a contribution deficiency reserve needs to be created where the unearned contribution for any class of business is not sufficient to cover the liability after re-takaful from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the policies in that class of business. Any movement in the reserve is to be charged to the statement of comprehensive income (PTF).

For this purpose, loss ratios for each class, excluding health are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined. The liability of contribution deficiency in relation to Health and Personal accident takaful is calculated in accordance with the advice of actuary.

As at year end, a provision is created in respect of contribution deficiency reserve for those classes of business where it is estimated that the unearned contribution for that class will not be sufficient to provide for the expected losses and expenses attributable to the unexpired periods of policies in force at the reporting date.

No provision has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

3.25 Unearned contribution reserves

Reserve for unearned contribution is calculated by applying 1/24th method, except marine takaful for which unearned contribution is calculated by applying 1/6th method as specified in the Insurance Rules, 2017.

3.26 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law 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 current tax also includes adjustment where considered necessary relating to prior years which arise from assessments framed / finalised during the year or required by any other reason.

Deferred

Deferred tax is recognised using the liability method on all temporary differences between the amounts used for financial reporting purpose and amounts used for taxation purposes.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

3.27 Deferred commission expense

Commission expense incurred in obtaining and recording takaful policies are deferred and recognised as an asset. These costs are charged to the statement of comprehensive income on the pattern of recognition of contribution revenue.

4. PRIOR PERIOD ADJUSTMENTS

During the year management identified some accounting adjustments which related to the year ended December 31, 2020, therefore management has restated the financial statements to reflect such adjustments in accordance with the requirements of IAS 8 - ' Accounting policies, changes In accounting estimates and Errors'. The effects of restatement are as follows:

	December 31, 2020 (Rupees)
Statement of financial position - PTF	
Unearned commission - previously reported	-
Effect of prior period adjustment	32,104
Unearned commission - restated	32,104
Other receivables - previously reported	66,836
Effect of prior period adjustment	40,553
Other receivables - restated	107,389
Statement of financial position - OPF	
Creditors and accruals - previously reported	4,396,914
Effect of prior period adjustments	
Amount reclassified	(54,636)
Payable against common expenses - Conventional	(2,005,375)
Others	40,553
Creditors and accruals - restated	2,377,456
Unearned commission - previously reported	32,104
Effect of prior period adjustment	(32,104)
Unearned commission - restated	-
Statement of comprehensive income - PTF	
Loss after tax - reported previously	(2,550,908)
Effect of prior year adjustments	
Impact of re-takaful rebate	8,449
Loss after tax - restated	(2,542,459)
Statement of comprehensive income - OPF	
Loss after tax - reported previously	(2,514,098)
Effect of prior year adjustments	
Impact of expenses allocated to takaful from conventional	(2,005,375)
Impact of commission expense	(8,449)
Loss after tax - restated	(517,172)

		December 31, 2021	December 31, 2020
		---------- **(Rupees)** ----------	
5.	**QARD-E-HASNA TO PARTICIPANTS' TAKAFUL FUND**		
	Opening balance of Qard-e-Hasna	**21,000,000**	-
	Qard-e-Hasna transferred from OPF during the year	**1,827,311**	21,000,000
	Closing balance of Qard-e-Hasna	**22,827,311**	21,000,000

6. EQUIPMENT - OPF

December 31, 2021								
	Cost			Depreciation				
Particulars	Opening balance	Addition	Closing balance	Opening balance	Depreciation for the year	Closing balance	Written down value	Depreciation rate
	(Rupees)							%
Computer hardware	25,000	-	25,000	21,526	3,474	25,000	-	33.33

December 31, 2020								
	Cost			Depreciation				
Particulars	Opening balance	Addition	Closing balance	Opening balance	Depreciation for the year	Closing balance	Written down value	Depreciation rate
	(Rupees)							%
Computer hardware	25,000	-	25,000	13,193	8,333	21,526	3,474	33.33

7. INTANGIBLE ASSETS - OPF

December 31, 2021								
	Cost			Depreciation				
Particulars	Opening balance	Addition	Closing balance	Opening balance	Amortisation for the year	Closing balance	Written down value	Amortisation rate
	(Rupees)							%
Computer software	200,000	-	200,000	172,205	27,795	200,000	-	33.33

December 31, 2020								
	Cost			Depreciation				
Particulars	Opening balance	Addition	Closing balance	Opening balance	Amortisation for the year	Closing balance	Written down value	Amortisation rate
	(Rupees)							%
Computer software	200,000	-	200,000	105,545	66,660	172,205	27,795	33.33

		OPF		PTF	
		December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
	Note	----------	**(Rupees)**	----------	
8. INVESTMENTS IN TERM DEPOSITS					
Held to maturity					
Deposits maturing within 3 months	8.1	**27,000,000**	27,000,000	**20,000,000**	20,000,000

8.1 This includes term deposits with an Islamic Bank having maturity within 3 months (i.e. upto Feburary 14, 2022). The rate of return on these term deposits is 7.25% (December 31, 2020: 11.92%) per annum.

	OPF		PTF	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
	----------	**(Rupees)**	----------	
9. OTHER RECEIVABLES				
Sindh sales tax receivable	**210,928**	-	**-**	-
Accrued profit on bank deposits	**246,699**	78,514	**182,739**	58,158
GST receivable claims	**-**	-	**17,024**	8,678
Others	**-**	-	**40,553**	40,553
	457,627	78,514	**240,316**	107,389
10. TAKAFUL / RE-TAKAFUL RECEIVABLES - Unsecured and considered good				
Due from takaful participants holders	-	-	**789,237**	754,467
Due from other takaful / re-takaful operators	-	-	**1,334,980**	881,974
	-	-	**2,124,217**	1,636,441
11. RECEIVABLE FROM PTF				
Wakala fee	**1,148,977**	1,922,856	**-**	-
Mudarib fee	**438,501**	362,176	**-**	-
	1,587,478	2,285,032	**-**	-
12. PREPAYMENTS				
Prepaid re-takaful contribution ceded			**181,283**	453,449
13. BANK BALANCES				
Cash at bank - saving account	13.1	**2,360,501**	3,919,797	**1,135,234**	713,560

13.1 These carry mark-up at rates ranging between 3% to 5% (December 31, 2020: 3% to 5%) per annum.

		December 31, 2021	December 31, 2020
		(Rupees)	
14.	**TAKAFUL / RE-TAKAFUL PAYABLES**		
	Due to re-takaful operators	**5,600,678**	5,728,702
15.	**PAYABLE TO OPF**		
	Wakala fee	**1,148,977**	1,922,856
	Mudarib fee	**438,501**	362,176
		1,587,478	2,285,032

		OPF		PTF	
		December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
	Note	(Rupees)			
16.	**OTHER CREDITORS AND ACCRUALS**				
	Federal Insurance Fee payable	**-**	-	**31,850**	23,788
	FED payable	**-**	-	**425,777**	307,443
	Sales tax on services	**59,791**	-	**-**	3,009
	Agent commission payable	**1,010,969**	739,696	**-**	-
	Auditors' fee	**741,368**	403,650	**-**	-
	Other creditors	**187,633**	568,541	**323,267**	372,710
	Payable against common expenses - conventional	**727,787**	665,569	**-**	-
		2,727,548	2,377,456	**780,894**	706,950

17. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2021 and December 31, 2020.

			PTF	
			December 31, 2021	December 31, 2020
		Note	(Rupees)	
18.	**CONTRIBUTION EARNED**			
	Written gross contribution		**11,765,862**	10,112,408
	Wakala fee	24	**(3,527,807)**	(3,541,759)
	Contribution net of wakala fee		**8,238,055**	6,570,649
	Unearned contribution reserve opening balance		**4,088,524**	3,892,234
	Unearned contribution reserve closing balance		**(6,133,249)**	(4,088,524)
	Contribution earned		**6,193,330**	6,374,359
	Re-takaful contribution ceded		**4,736,264**	6,041,252
	Prepaid re-takaful contribution opening balance		**453,449**	-
	Prepaid re-takaful contribution closing balance		**181,283**	453,449
	Re-takaful expense		**5,008,430**	6,494,701
	Net contribution		**1,184,900**	(120,342)

		PTF	
		December 31, 2021	December 31, 2020
	Note	**(Rupees)**	
19. RE-TAKAFUL REBATE EARNED			
Re-takaful rebate / commission received		**22,308**	40,553
Unearned re-takaful rebate opening balance		**32,104**	-
Unearned re-takaful rebate closing balance		**(19,712)**	(32,104)
		34,700	8,449
20. NET CLAIMS REPORTED / SETTLED - IBNR			
Claims paid		**5,087,927**	3,556,261
Outstanding benefits including IBNR opening balance		**(2,174,370)**	(2,513,667)
Outstanding benefits including IBNR closing balance		**2,736,126**	2,174,370
Claims expense		**5,649,683**	3,216,964
Re-takaful and other recoveries received		**1,680,000**	-
Re-takaful and other recoveries in respect of outstanding claims - opening balance		**-**	-
Re-takaful and other recoveries in respect of outstanding claims - closing balance		**8,094**	-
Re-takaful and other recoveries revenue	20.1	**(1,688,094)**	-
Net claims expense		**3,961,589**	3,216,964

20.1 This includes salvage recoveries amounting to Rs. 1.69 million (December 31, 2020 : Nil)

		PTF	
		December 31, 2021	December 31, 2020
	Note	**(Rupees)**	
21. OTHER DIRECT EXPENSES			
Coinsurance surcharge	21.1	**16,660**	1,933
Others		**16,828**	-
		33,488	1,933

21.1 This is the service charges deducted by coinsurers at 2.5% of gross premium revenue on policies in which the Operator is a coinsurer.

		OPF		PTF	
		December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
	Note	**(Rupees)**			
22. INVESTMENT INCOME					
Return on term deposits		**1,973,750**	3,018,842	**1,440,811**	824,065
23. OTHER INCOME					
Return on saving accounts	13	**115,810**	159,972	**112,984**	273,963
Others		**-**	1,871	**3,853**	4,913
		115,810	161,843	**116,837**	278,876

		Note	OPF December 31, 2021	OPF December 31, 2020
			(Rupees)	
24.	**WAKALA EXPENSE**			
	Gross wakala fee		**4,326,121**	3,642,387
	Deferred wakala opening balance		**1,493,084**	1,392,456
	Deferred wakala closing balance		**(2,291,398)**	(1,493,084)
			3,527,807	3,541,759
25.	**COMMISSION EXPENSES**			
	Commission paid or payable		**2,050,683**	1,858,620
	Deferred commission expense opening balance		**744,434**	770,811
	Deferred commission expense closing balance		**(1,031,083)**	(744,434)
			1,764,034	1,884,997
26.	**MANAGEMENT EXPENSES**			
	Salaries, wages and benefits		**1,027,534**	947,000
	Depreciation / amortisation	6 & 7	**31,269**	74,993
	Shariah advisory fee		**1,133,340**	1,133,340
	Software maintenance		**770,000**	1,735,800
	Others		**33,881**	103,831
			2,996,024	3,994,964
27.	**DIRECT EXPENSES**			
	Auditor's remuneration	27.1	**419,483**	403,650
	Printing and stationery		**13,527**	23,350
	Sharia audit fee		**308,650**	165,000
	Others		**585,000**	362,060
	Common expenses - Conventional	27.2	**762,218**	665,569
			2,088,878	1,619,629

		OPF December 31, 2021	OPF December 31, 2020
		(Rupees)	
27.1	**AUDITOR'S REMUNERATION**		
	Annual audit fee	**214,000**	200,000
	Interim review fee	**89,100**	75,000
	Certification fees	**50,000**	50,000
	Out of pocket expenses	**35,310**	48,750
	Sales Tax @ 8%	**31,073**	29,900
		419,483	403,650

27.2 These expenses pertain to common back office operations jointly shared with Shaheen Insurance Company Limited (an associated company) and an allocation of management expenses.

28. PROVISON FOR TAXATION

	OPF December 31, 2021	OPF December 31, 2020
	(Rupees)	
Current tax for the year	**64,892**	54,636

28.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the the provision for taxation has been recorded under section 113 of the Income Tax Ordinance, 2001.

29. BENEFIT / CLAIM DEVELOPMENT

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

	December 31, 2018	December 31, 2019	December 31, 2020	**December 31, 2021**	**Total**
	----------	----------	**(Rupees)**	----------	----------
Accident year					
Estimate of ultimate claims cost:					
- At end of accident Year	-	-	-	**5,649,683**	
- One year later	-	1,201,878	2,897,383	**-**	
- Two years later	1,540,161	3,501,639	1,390,939	**-**	
- Three Year later	1,620,681	334,910			
- Four year later	448,521				
Current estimate of cumulative claims	448,521	334,910	1,390,939	**5,649,683**	**7,824,053**
Cumulative payments to date		(1,289,125)	(496,350)	**(3,302,452)**	**(5,087,927)**
"liability recognised in the statement of financial position"	448,521	(954,215)	894,589	**2,347,231**	**2,736,126**

29.1 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2021 amounted to Rs. 0.83 million (December 31, 2020: Rs. 0.84 million).

30. COMPENSATION OF HEAD OF WINDOW TAKAFUL

	Head of Window takaful operations	
	December 31, 2021	December 31, 2020
	---------- **(Rupees)** ----------	
Managerial remuneration	**369,400**	369,600
Fees	**-**	-
Leave encashment	**-**	-
Bonus	**-**	-
Ex-gratia allowance	**-**	-
Rent and house maintenance	**517,440**	517,440
Medical	**36,960**	36,960
Retirement benefits	**-**	-
Conveyance	**18,000**	-
Utilities	**-**	-
Defined benefit plan and others	**85,734**	23,000
	1,027,534	947,000

31. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit scheme.

The Operator has not incurred any transactions with related parties during the year.

32. SEGMENT INFORMATION

	December 31, 2021				
	Fire and property damages	Marine, aviation & transport	Motor	Miscellaneous	Total
	(Rupees)				
Participants' Takaful Fund					
Written gross contribution (inclusive of federal excise duty, federal insurance fee, and administrative surcharge)	1,767,557	1,009,739	10,865,996	70,618	13,713,910
Federal excise duty	(241,259)	(118,406)	(1,437,077)	(9,643)	(1,806,385)
Federal insurance fee	(15,521)	(28,148)	(97,290)	(704)	(141,663)
Gross written contribution (inclusive of administrative surcharges)	1,510,777	863,185	9,331,629	60,271	11,765,862
Gross contribution direct	1,481,742	822,293	9,036,985	57,401	11,398,421
Admin surcharge	29,035	40,892	294,644	2,870	367,441
Written gross contribution	1,510,777	863,185	9,331,629	60,271	11,765,862
Takaful contribution earned	1,283,312	1,063,879	7,295,443	78,503	9,721,137
Wakala fees	(376,202)	(304,041)	(2,821,306)	(26,258)	(3,527,807)
	907,110	759,838	4,474,137	52,245	6,193,330
Re-takaful contribution ceded	(1,900,700)	(1,239,857)	(1,271,500)	(596,373)	(5,008,430)
Net takaful contribution	(993,590)	(480,019)	3,202,637	(544,128)	1,184,900
Re-takaful rebate earned	2,083	-	32,617	-	34,700
Net underwriting income	(991,507)	(480,019)	3,235,254	(544,128)	1,219,600
Net claims reported / settled - IBNR	(176,445)	10,008	(3,802,466)	7,314	(3,961,589)
Other direct expenses	(33,488)	-	-	-	(33,488)
Deficit before investment income	(1,201,440)	(470,011)	(567,212)	(536,814)	(2,775,477)
Investment Income					1,440,811
Other income					116,837
Modarib's share of investment income					(576,325)
Deficit for the year					(1,794,154)
The following presents segments assets and liabilities of PTF as at December 31, 2021:					
Segment assets	566,980	323,946	3,502,071	22,619	4,415,616
Unallocated assets					21,935,873
					26,351,489
Segment liabilities	1,672,608	654,879	10,899,337	94,581	13,321,405
Unallocated liabilities					3,569,751
					16,891,156
Operator's Fund					
Wakala fee	376,202	304,041	2,821,306	26,258	3,527,807
Commission expenses	(419,861)	(285,768)	(1,043,403)	(15,002)	(1,764,034)
Management expenses	(395,513)	(327,884)	(2,248,433)	(24,194)	(2,996,024)
					(1,232,251)
Modarib's share of PTF's Investement income					576,325
Investment income					1,973,750
Direct expenses					(2,088,878)
Other income					115,810
Loss before taxation					(655,244)
Provison for taxation					(64,892)
Loss after taxation					(720,136)
The following presents segments assets and liabilities of OPF as at December 31, 2021:					
Segment assets	336,233	192,107	2,076,809	13,412	2,618,561
Unallocated assets					54,277,369
					56,895,930
Segment liabilities	294,223	168,105	1,817,332	11,738	2,291,398
Unallocated liabilities					2,847,076
					5,138,474

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	December 31, 2020				
	Fire and property damages	Marine, aviation & transport	Motor	Miscellaneous	Total
	(Rupees)				
Participants' Takaful Fund					
Written gross contribution (inclusive of federal excise duty, federal insurance fee, and administrative surcharge)	1,463,117	1,567,943	8,469,514	281,231	11,781,805
Federal excise duty	(190,332)	(198,493)	(1,122,685)	(38,436)	(1,549,946)
Federal insurance fee	(13,580)	(27,415)	(75,891)	(2,565)	(119,451)
Gross written contribution (inclusive of administrative surcharges)	1,259,205	1,342,035	7,270,938	240,230	10,112,408
Gross contribution direct	1,219,545	1,278,133	7,027,190	234,800	9,759,668
Admin surcharge	39,660	63,902	243,748	5,430	352,740
Written gross contribution	1,259,205	1,342,035	7,270,938	240,230	10,112,408
Takaful contribution earned	1,526,134	1,213,452	7,024,892	151,640	9,916,118
Wakala fees	223,681	(326,041)	(2,062,047)	(1,377,352)	(3,541,759)
Net takaful contribution	1,749,815	887,411	4,962,845	(1,225,712)	6,374,359
Re-takaful contribution ceded	(2,794,050)	(1,596,600)	(1,505,329)	(598,722)	(6,494,701)
Net takaful contribution	(1,044,235)	(709,189)	3,457,516	(1,824,434)	(120,342)
Re-takaful rebate earned	-	-	8,449	-	8,449
Net underwriting income	(1,044,235)	(709,189)	3,465,965	(1,824,434)	(111,893)
Net claims reported / settled - IBNR	8,506	(85,155)	(3,125,151)	(15,164)	(3,216,964)
Other direct expense	(1,933)	-	-	-	(1,933)
Deficit before investment income	(1,037,662)	(794,344)	340,814	(1,839,598)	(3,330,790)
Investment Income					824,065
Other income					278,876
Modarib's share of investment income					(314,610)
Deficit for the year					(2,542,459)
The following presents segments assets and liabilities of OPF as at December 31, 2020:					
Segment assets					3,129,526
Unallocated assets	389,691	415,325	2,250,165	74,345	21,430,962
					24,560,488
Segment liabilities	1,506,983	1,606,112	8,701,663	287,500	12,102,258
Unallocated liabilities					3,031,054
					15,133,312
Operator's Fund					
Wakala fee	(223,681)	326,041	2,062,047	1,377,352	3,541,759
Commission expenses	(754,473)	(195,761)	(672,507)	(262,255)	(1,884,997)
Management expenses	(614,842)	(488,870)	(2,830,159)	(61,092)	(3,994,964)
					(2,338,202)
Modarib's share of PTF's investment income					314,610
Investment income					3,018,842
Direct expenses					(1,619,629)
Other Income					161,843
Loss before taxation					(462,536)
Provison for taxation					(54,636)
Loss after taxation					(517,172)
The following presents segments assets and liabilities of OPF as at December 31, 2020:					
Segment assets	377,232	402,046	2,178,221	71,967	3,029,466
Unallocated assets					53,373,302
					56,402,768
Segment liabilities	185,920	198,150	1,073,545	35,470	1,493,085
Unallocated liabilities					2,432,091
					3,925,176

		Operator's Fund (OPF)	Participants' Takaful Fund (PTF)
33.	**MOVEMENT IN INVESTMENTS**	---------- (Rupees) ----------	
	Held to Maturity		
	At beginning of previous year	47,000,000	-
	Transfer from OPF to PTF	(20,000,000)	20,000,000
	Additions	-	-
	Disposals	-	-
	At beginning of current year	27,000,000	20,000,000
	Transfer from OPF to PTF	-	-
	Additions	-	-
	Disposals	-	-
	Closing balance	**27,000,000**	**20,000,000**

34. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

34.1 Takaful risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

The Operator manages these risks through its underwriting strategy, adequate re-takaful arrangements and proactive claims handling. The underwriting strategy aims to minimise takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Operator underwrites mainly fire & property, motor, marine cargo and transportation, health and other miscellaneous business. These classes of takaful are generally regarded as short term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limit are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Re-takaful arrangements in place include treaty and facultative arrangements, on non-proportional basis and also include catastrophe cover. The effect of such re-takaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator's arrangement of re-takaful is diversified such that it is neither dependent on a single re-takaful operator nor the operations of the Operator are substantially dependent upon any single re-takaful contract. The Operator obtains re-takaful cover only from companies with sound financial health.

34.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of re-takaful arrangements.

The Operator monitors concentration of takaful risks primarily by class of business. The table below sets out the concentration of claims and contribution liabilities (in percentage terms) by class of business at the reporting date.

Class	December 31, 2021			
	Gross claim liabilities	**Net claim liabilities**	**Gross contribution liabilities**	**Net contribution liabilities**
	(Percentage)			
Fire and property damage	**5%**	**12%**	**12%**	**12%**
Marine, aviation and transport	**4%**	**11%**	**2%**	**2%**
Motor	**77%**	**41%**	**85%**	**85%**
Miscellaneous	**14%**	**36%**	**1%**	**1%**

Class	December 31, 2020			
	Gross claim liabilities	Net claim liabilities	Gross contribution liabilities	Net contribution liabilities
	(Percentage)			
Fire and property damage	7%	7%	13%	13%
Marine, aviation and transport	6%	6%	8%	8%
Motor	69%	69%	77%	77%
Miscellaneous	18%	18%	2%	2%

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its re-takaful policy to reduce such exposures to levels acceptable to the Operator.

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

	December 31, 2021	December 31, 2020
	(Rupees)	
Class		
Fire and property damage	**460,000,000**	181,889,965
Marine, aviation and transport	**326,821,000**	368,016,000
Motor	**31,500,000**	31,500,000
Miscellaneous	**1,000,000**	17,500,000

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

34.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the reporting date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to contract holders arising from claims made under takaful contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the reporting date. The details of estimation of outstanding claims (including IBNR) are given under note 3.6.

34.1.3 Process used to decide on assumptions

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Operator, in which case information about the claim event is available. The Operator has taken actuarial advice for the determination of IBNR claims which has been estimated using Chain Ladder (CL) methodology. The Chain Ladder (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.

The contribution liabilities have been determined such that the total contribution liability provisions (unearned contribution reserve and contribution deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

34.1.4 Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the period end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of re-takaful is analysed below. The sensitivity to changes in claim liabilities net of re-takaful is determined separately for each class of business while keeping all other assumptions constant.

	December 31, 2021 Revenue	December 31, 2020 Revenue	**December 31, 2021 Equity**	December 31, 2020 Equity
	---------- (Rupees) ----------			
Impact of change in net claim liabilities by + 10%				
Fire and property damage	**(12,833)**	(15,261)	**(12,833)**	(15,261)
Marine, aviation and transport	**(11,891)**	(12,892)	**(11,891)**	(12,892)
Motor	**(211,902)**	(150,757)	**(211,902)**	(150,757)
Miscellaneous	**(37,795)**	(38,527)	**(37,795)**	(38,527)
	(274,421)	(217,437)	**(274,421)**	(217,437)
Impact of change in net claim liabilities by - 10%				
Fire and property damage	**12,833**	15,261	**12,833**	15,261
Marine, aviation and transport	**11,891**	12,892	**11,891**	12,892
Motor	**211,902**	150,757	**211,902**	150,757
Miscellaneous	**37,795**	38,527	**37,795**	38,527
	274,421	217,437	**274,421**	217,437

34.2 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, profit rate risk and other price risk). The Operator's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Operator's financial performance.

The Board of Directors has overall responsibility for establishment and over sight of the Operator's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

34.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

The carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

	OPF		PTF	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
	(Rupees)			
Financial assets:				
Investments in TDRs	**27,000,000**	27,000,000	**20,000,000**	20,000,000
Other receivables	**457,627**	78,514	**240,316**	107,389
Takaful / re-takaful receivables	**-**	-	**2,124,217**	1,636,441
Bank balances	**2,360,501**	3,919,797	**1,135,234**	713,560
	29,818,128	30,998,311	**23,499,767**	22,457,390

The credit quality of Operator's bank balances and deposits can be assessed with reference to external credit ratings.

		December 31, 2021	
		Short term	Long term
Bank	**Rating**		
Meezan Bank Limited	PACRA	A-1+	AAA
Bank Islami Pakistan Limited	PACRA	A1	A+

The credit quality of claim recoveries from takaful / re-takaful operators can be assessed with reference to external credit ratings as follows:

	OPF		PTF	
	December 31, 2021	December 31, 2020	**December 31, 2021**	December 31, 2020
	(Rupees)			
Takaful / re-takaful receivables				
A or above	**-**	-	**1,334,980**	881,974

As at December 31, 2021, the amount due from takaful / re-takaful operator includes amount receivable within one year and above one year amounting to Rs. 1.33 million (December 31, 2020: Rs. 0.88 million)

34.2.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market profit rates. The Operator has securities and deposits that are subject to profit rate risk. The Operator limits profit rate risk by monitoring changes in profit rates in the currencies in which its financial assets are denominated.

The table below provides the maturity analysis of the Operator's liabilities as at reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

		Mark-up bearing			Non mark-up bearing			
December 31, 2021 - OPF	**Effective yield / mark-up rate %**	**Maturity upto one year**	**Maturity after one year**	**Sub total**	**Maturity upto one year**	**Maturity after one year**	**Sub total**	**Total**
		(Rupees)						
Financial assets								
Qard-e-Hasna to Participants' Takaful Fund		-	-	-	22,827,311	-	22,827,311	22,827,311
Investments in TDRs	11.9	27,000,000	-	27,000,000	-	-	-	27,000,000
Other receivables		-	-	-	246,699	-	246,699	246,699
Receivable from PTF		-	-	-	1,587,478	-	1,587,478	1,587,478
Bank balances	3 - 5	2,360,501		2,360,501	-		-	2,360,501
		29,360,501	-	29,360,501	24,661,488	-	24,661,488	54,021,989
Financial liabilities								
Other creditors and accruals		-	-	-	2,727,548	-	2,727,548	2,727,548
		-	-	-	2,727,548	-	2,727,548	2,727,548
Total yield / mark-up rate risk sensitivity gap		29,360,501	-	29,360,501	21,933,940	-	21,933,940	51,294,441

		Mark-up bearing			Non mark-up bearing			
December 31, 2021 - PTF	**Effective yield / mark-up rate %**	**Maturity upto one year**	**Maturity after one year**	**Sub total**	**Maturity upto one year**	**Maturity after one year**	**Sub total**	**Total**
		(Rupees)						
Financial assets								
Investments in TDRs		20,000,000	-	20,000,000	-	-	-	20,000,000
Takaful / re-takaful receivables	11.9	-	-	-	2,124,217	-	2,124,217	2,124,217
Other receivables		-	-	-	182,739	-	-	-
Bank balances		1,135,234	-	1,135,234	-	-	-	1,135,234
	3 - 5	21,135,234	-	21,135,234	2,306,956	-	2,124,217	23,259,451
Financial liabilities								
Qard-e-hasna from Operator's fund		-	-	-	22,827,311	-	22,827,311	22,827,311
Provision for outstanding claims (including IBNR)		-	-	-	2,736,126	-	2,736,126	2,736,126
Takaful / re-takaful payables		-	-	-	5,600,678	-	5,600,678	5,600,678
Payable to OPF		-	-	-	1,587,478	-	1,587,478	1,587,478
Other creditors and accruals		-	-	-	780,894	-	780,894	780,894
		-	-	-	33,532,487	-	33,532,487	33,532,487
Total yield / mark-up rate risk sensitivity gap		21,135,234	-	21,135,234	(31,225,531)	-	(31,408,270)	(10,273,036)

34.2.3 Profit rate risk (Prior year)

The table below provides the maturity analysis of the Operator's liabilities as at reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

	Mark-up bearing				Non mark-up bearing			
December 31, 2020 - OPF	Effective yield / mark-up rate %	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	---------- (Rupees) ----------							
Financial assets								
Qard-e-Hasna to Participants' Takaful Fund		-	-	-	21,000,000	-	21,000,000	21,000,000
Investments in TDRs	11.9	27,000,000	-	27,000,000	-	-	-	27,000,000
Other receivables		-	-	-	78,514	-	78,514	78,514
Receivable from PTF		-	-	-	2,285,032	-	2,285,032	2,285,032
Bank balances	3 - 5	3,919,797		3,919,797	-		-	3,919,797
		30,919,797	-	30,919,797	23,363,546	-	23,363,546	54,283,343
Financial liabilities								
Other creditors and accruals		-	-	-	4,396,914	-	4,396,914	4,396,914
		-	-	-	4,396,914	-	4,396,914	4,396,914
Total yield / mark-up rate risk sensitivity gap		30,919,797	-	30,919,797	18,966,632	-	18,966,632	49,886,429

	Mark-up bearing				Non mark-up bearing			
December 31, 2020 - PTF	Effective yield / mark-up rate %	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	---------- (Rupees) ----------							
Financial assets								
Investments in TDRs		20,000,000	-	20,000,000	-	-	-	20,000,000
Takaful / re-takaful receivables	11.9	-	-	-	1,636,441	-	1,636,441	1,636,441
Other receivables		-	-	-	58,158	-	58,158	58,158
Bank balances		713,560	-	713,560	-	-	-	713,560
	3 - 5	20,713,560	-	20,713,560	1,694,599	-	1,694,599	22,408,159
Financial liabilities								
Qard-e-hasna from Operator's fund		-	-	-	21,000,000	-	21,000,000	21,000,000
Provision for outstanding claims (including IBNR)		-	-	-	2,174,370	-	2,174,370	2,174,370
Takaful / re-takaful payables		-	-	-	5,728,702	-	5,728,702	5,728,702
Payable to OPF		-	-	-	2,285,032	-	2,285,032	2,285,032
Other creditors and accruals		-	-	-	706,950	-	706,950	706,950
		-	-	-	31,895,054	-	31,895,054	31,895,054
Total yield / mark-up rate risk sensitivity gap		20,713,560	-	20,713,560	(30,200,455)	-	(30,200,455)	(9,486,895)

Sensitivity analysis

As on December 31, 2021, the Company had no financial instruments valued at fair value through profit or loss. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	OPF			PTF		
	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
	--- (Rate) ---	--------- (Rupees) ----------		--- (Rate) ---	--------- (Rupees) ----------	
December 31, 2021	**100**	**293,605**	**293,605**	**100**	**211,352**	**150,060**
	(100)	**(293,605)**	**(293,605)**	**(100)**	**(211,352)**	**(150,060)**

Sensitivity analysis

As on December 31, 2020, the Window Takaful Operations had no financial instruments valued at fair value through profit or loss nor any variable rate instrument. It is therefore the Window Takaful Operations is not exposed to profit rate risk.

	PTF			OPF		
	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity	Change in basis points	Effect on profit and loss before tax	Effect on shareholders' equity
	--- (Rate) ---	--------- (Rupees) ----------		--- (Rate) ---	--------- (Rupees) ----------	
December 31, 2020	100	7,136	5,066	100	39,198	27,831
	(100)	(7,136)	(5,066)	(100)	(39,198)	(27,831)

34.2.4 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities, In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected re-takaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operator's liabilities as at the reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

	December 31, 2021					
	OPF			PTF		
	Carrying amount	Upto one year	Greater than one year	Carrying amount	Upto one year	Greater than one year
	(Rupees)					
Financial liabilities						
Outstanding benefits including IBNR	-	-	-	2,736,126	2,736,126	-
Takaful / re-takaful payables	-	-	-	5,600,678	5,600,678	-
Payable to OPF	-	-	-	1,587,478	1,587,478	-
Other creditors and accruals	2,667,757	2,667,757	-	323,267	323,267	-
	2,667,757	2,667,757	-	10,247,549	10,247,549	-

	December 31, 2020					
	OPF			PTF		
	Carrying amount	Upto one year	Greater than one year	Carrying amount	Upto one year	Greater than one year
	(Rupees)					
Financial liabilities						
Outstanding benefits including IBNR	-	-	-	2,174,370	2,174,370	-
Takaful / re-takaful payables	-	-	-	5,728,702	5,728,702	-
Payable to OPF	-	-	-	2,285,032	2,285,032	-
Other creditors and accruals	2,377,456	2,377,456	-	372,710	372,710	-
	2,377,456	2,377,456	-	10,560,814	10,560,814	-

34.2.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as profit rates, foreign exchange rates and equity prices. The Operator limits market risk by investing only in term deposit receipts.

34.2.6 Foreign currency risk

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

34.3 Fair value of financial instruments

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements and disclosures about fair value measurement where such measurements are required as permitted by other IFRSs. It defines fair value as 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 (i.e. an exit price).

The fair values of all the financial instruments are estimated to be not significantly different from their carrying values.

The Operator's accounting policy on fair value measurements of its investments is discussed in note 4.19 to these financial statements.

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

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

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

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

As at December 31, 2021 and 2020 there were no financial assets or liabilities which can be classified under the above levels. The carrying value of financial instruments approximate their fair values.

34.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Operator's operations either internally within the Operator or externally at the Operator's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Operator's activities.

The Operator's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

The primary responsibility for the development and implementation of controls over operational risk rests with the board of directors. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

Senior management ensures that the Operator's staff have adequate training and experience and fosters effective communication related to operational risk management.

		December 31, 2021 (Rupees)
35.	**STATEMENT OF SOLVENCY**	
	Assets	
	Equipment - OPF	-
	Intangible assets - OPF	-
	Investments in term deposits	**20,000,000**
	Other receivables	**240,316**
	Takaful / re-takaful receivables	**2,124,217**
	re-takaful recoveries against outstanding benefits	**8,094**
	Receivable from PTF	-
	Deferred wakala fee	**2,291,398**
	Deferred commission expense	-
	Advance tax	**370,947**
	Prepayments	**181,283**
	Bank balances	**1,135,234**
	Total Assets (A)	**26,351,489**
	In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
	Contribution due for more then 3 months	**772,393**
	GST receivable claims	**17,024**
	Advance Tax	**370,947**
	Total of In-admissible assets (B)	**1,160,364**
	Total Admissible Assets (C=A-B)	**25,191,125**
	Total Liabilities	
	Outstanding benefits including IBNR	**2,736,126**
	Unearned contribution reserve	**6,133,249**
	Unearned commission income	**19,712**
	Unearned wakala fees	-
	Contribution received in advance	**33,019**
	Takaful / re-takaful payables	**5,600,678**
	Payable to OPF	**1,587,478**
	Other creditors and accruals	**780,894**
	Total Liabilities (D)	**16,891,156**
	Total Net Admissible Assets (E=C-D)	**8,299,969**
	Excess of Net Admissible Assets over Liabilities	**8,299,969**

		December 31, 2021	December 31, 2020
		(Number)	
36.	**NUMBER OF EMPLOYEES**		
	Total employees of Operator at year end	**2**	2
	Average employees of Operator during the year	**2**	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

37. DATE OF AUTHORISATION OF ISSUE

These financial statements have been authorised for issue on March 31, 2022 by the Board of Directors of the Operator.

38. CORRESPONDING FIGURES

38.1 Corresponding figures and balances have been reclassified, wherever considered necessary, for the purpose of comparison.

39. GENERAL

39.1 All amount have been rounded off to the nearest rupees.

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman	**Air Vice Marshal Salman Ahsan Bokhari (Retd) -** Director	**Adeel Ali** Director	**Rizwan Akhtar** Chief Executive Officer	**Nisar Ahmed Almani** Chief Financial Officer

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PATTERN OF SHARE HOLDING HELD BY THE SHARE HOLDERS

AS AT DECEMBER 31, 2021

4. No. of Shareholders	From	To	Total Shares Held
185	1	100	2,683
103	101	500	36,517
74	501	1,000	62,180
182	1,001	5,000	431,799
37	5,001	10,000	289,842
27	10,001	15,000	351,664
15	15,001	20,000	273,160
8	20,001	25,000	187,000
6	25,001	30,000	165,423
3	30,001	35,000	97,000
2	35,001	40,000	74,500
3	45,001	50,000	147,500
3	50,001	55,000	158,500
3	55,001	60,000	171,500
3	60,001	65,000	190,000
2	70,001	75,000	146,500
1	80,001	85,000	81,500
1	85,001	90,000	85,500
2	95,001	100,000	200,000
2	100,001	105,000	208,000
1	110,001	115,000	110,500
1	120,001	125,000	120,500
1	125,001	130,000	126,000
1	145,001	150,000	145,500
1	205,001	210,000	210,000
1	210,001	215,000	212,500
1	220,001	225,000	225,000
1	305,001	310,000	307,500
2	395,001	400,000	800,000
1	830,001	835,000	834,000
1	2,495,001	2,500,000	2,500,000
1	3,135,001	3,140,000	3,136,963
1	6,345,001	6,350,000	6,345,296
1	41,565,001	41,570,000	41,565,473
677			60,000,000

CATEGORIES OF SHARE HOLDERS AS REQUIRED UNDER (CCG)

AS ON DECEMBER 31, 2021

Name	Holding	% AGE
Directors, Chief Executive Officer, and their spouse and minor children	3,000	0.0050%
Associated Companies, undertakings and related parties. (Parent Company)	44,065,473	73.4425%
NIT and ICP	0	0.0000%
Banks Development Financial Institutions, Non Banking Financial Institutions.	0	0.0000%
Insurance Companies	0	0.0000%
Modarabas and Mutual Funds	0	0.0000%
Shareholders holding 10% or more	47,910,769	79.8513%
General Public		
a. Local	5,096,959	8.4949%
b. Foreign	0	0.0000%
Others (to be specified)		
Foreign Companies	6,345,296	10.5755%
Joint Stock Companies	4,489,272	7.4821%

NAME OF SHAREHOLDERS 10% OR MORE OF TOTAL CAPITAL

AS ON DECEMBER 31, 2021

Name	Holding	% AGE
SHAHEEN FOUNDATION PAF	41,565,473	69.2758%
THE HOLLARD COMPANY LIMITED (CDC)	6,345,296	10.5755%
	47,910,769	79.8513%

INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERANCE CATEGORIES OF SHAREHOLDER AS AT DECEMBER 31, 2021

Name	Holding	% AGE
DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN		
AIR MARSHAL MOHAMMAD ARIF PERVAIZ (RETD)	500	0.0008%
AIR VICE MARSHAL SALMAN AHSAN BOKHARI (RETD)	500	0.0008%
AIR COMMODORE WASEEM AHMED KHAN (RETD.)	500	0.0008%
MR. ADEEL ALI	500	0.0008%
MR. KHALID SAEED MIRZA	500	0.0008%
MS. FARAH AZEEM KHAN	500	0.0008%
	3,000	0.0050%
ASSOCIATED COMPANIES, UNDERTAKING & RELATED PARTIES:		
SHAHEEN FOUNDATION PAF	41,565,473	69.2758%
CENTRAL NON PUBLIC FUND PAF	2,500,000	4.1667%
	44,065,473	73.4425%

PROXY FORM

I/We _____ of _____

being member of Shaheen Insurance Company Limited and holder of _____ ordinary shares as per Share Register Folio No_____ and/or CDC Participant ID No._____-_____and Account/Sub-Account No._____-_____

hereby appoint _____ of_____ as my /our proxy to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on Wednesday, April 27, 2022 at 9:30 a.m. at the Head Office of Shaheen Airport Services (SAPS) situated at SAPS Complex, Malir Avenue, JIAP, Karachi and at any adjournment thereof.

Signed this_____ day of,_____2022.

Witness: 1

Signature_____
Name_____
CNIC No._____
Address_____

Signature on
Revenue
Stamp of Rs. 5/-

Witness: 2

Signature_____
Name_____
CNIC No._____
Address_____

Notes:

1. The Proxy Form duly completed and signed along with attested copies of CNIC/Passport of the member, Proxy holder and the witnesses must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding of the meeting. Original CNIC/Passport will be produced by the Proxy holder at the time of the meeting.
2. No persons shall be appointed as a Proxy unless he/she is a member of the company.
3. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form to the Company.
4. CDC account holders and their proxies must attach attested photocopy of their CNIC/Passport with the Proxy Form.

مختار نامہ

میں /ہم ---------- کا/کے ----------

بحیثیت رکن شاہین انشورنس کمپنی لمیٹڈ اور حامل حصص، ---------- بمطابق شیئرز رجسٹر ڈفولیو نمبر ---------- اور/یا سی ڈی سی پارٹیسپنٹ (شرکت) آئی ڈی نمبر ---------- اور اکاؤنٹ (کھاتہ) سب اکاؤنٹ (ذیلی کھاتہ) نمبر ----------

محترم/محترمہ ---------- کا/کے ----------

کو اپنے/ہمارے ایماء پر بروز بدھ مورخہ 27 اپریل، 2022، بوقت صبح 9:30 بجے کو بمقام ہیڈ آفس شاہین ایئر پورٹ سروسز (سپس) واقع سپس کمپلیکس ملیر ایونیو، جناح انٹرنیشنل ایئر پورٹ، کراچی پر منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے یا کسی بھی التوا کی صورت میں اپنا /ہمارا مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز ---------- بتاریخ ---------- 2022 دستخط کیے گئے۔

گواہان

۱۔ دستخط: ----------

نام: ----------

پتہ: ----------

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: ----------

پانچ روپے مالیت کے رسیدی ٹکٹ پر دستخط

دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں

۲۔ دستخط: ----------

نام: ----------

پتہ: ----------

کمپیوٹرائزڈ شناختی کارڈ یا پاسپورٹ نمبر: ----------

نوٹ

۱۔ اس فارم کو پُر اور دستخط کر کے ممبر، پراکسی (مختار) اور گواہان کے کمپیوٹرائزڈ قومی شناختی کارڈ/پاسپورٹ کی مصدقہ نقول کے ہمراہ اجلاس شروع ہونے سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ پتے پر جمع کرایا جائے۔ مختار (پراکسی فارم) کو اصل شناختی کارڈ/پاسپورٹ اجلاس کے وقت پیش کرنا ہوگا۔

۲۔ کسی بھی شخص کو مختار (پراکسی) مقرر نہیں کیا جا سکتا الا یہ کہ وہ کمپنی کا رکن ہو۔

۳۔ کارپوریٹ ادارہ ہونے کی صورت میں مختار نامہ (پراکسی فارم) کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ اور نمائندے کے دستخط کے نمونہ بھی جمع کرائے جائیں گے۔

۴۔ سی ڈی سی اکاؤنٹ ہولڈر اور ان کے مختار کیلئے ضروری ہے کہ مختار نامہ (پراکسی فارم) کے ہمراہ اپنے کمپیوٹرائزڈ شناختی کارڈ/پاسپورٹ کی مصدقہ نقول بھی جمع کرائیں۔

SHAHEEN INSURANCE COMPANY LTD

GROUP COMPANY OF

SHAHEEN FOUNDATION
PAKISTAN AIR FORCE

تکافل
SHAHEEN
WINDOW TAKAFUL OPERATIONS

10th Floor, Shaheen Complex
M.R. Kayani Road, Karachi-74200

Tel: (9221) 3263 0370-75 (06 Lines)
(9221) 32213950-51 (02 Lines)

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