72nd Annual Report 2023

alpha
Insurance Company Limited.
A subsidiary of State Life Insurance Corporation of Pakistan

In Safe Hands,
ALWAYS

Contents

Company Information

Board of Directors

Mr. Tariq Ikram
Chairman

Mr. Faisal Mumtaz
Director

Dr. Lubna Ayub
Director

Mr. Muhammad Amjad
Director

Syed Shahnawaz Nadir
Director

Ms. Rafat Sultana
Director

Chief Executive Officer

Dr. Syed Arif Hussain

Chief Financial Officer

Mr. Muhammad Irfan

Company Secretary

Mr. Muhammad Irfan

BOARD COMMITTEES

Audit Committee

Ms. Rafat Sultana
Chairperson

Dr. Lubna Ayub
Member

Mr. Faisal Mumtaz
Member

Mr. Muhammad Amjad
Member

Muhammad Shahbaz Khan
Head of Internal Audit
Secretary

Ethics, Human Resource, Remuneration, Nomination And Procurement Committee

Dr. Lubna Ayub
Chairperson

Mr. Tariq Ikram
Member

Mr. Muhammad Amjad
Member

Dr. Syed Arif Hussain - CEO
Member

Mr. Liaqut Ali Qamar -
Head HR & Admin Secretary

Investment Committee

Syed Shahnawaz Nadir
Chairman

Mr. Tariq Ikram
Member

Ms. Rafat Sultana
Member

Dr. Syed Arif Hussain- CEO
Member

Muhammad Irfan - CFO
Member & Secretary

MANAGEMENT COMMITTEES

Underwriting, Re-insurance And Co-insurance Committee

Dr. Lubna Ayub
Chairperson

Syed Shahnawaz Nadir
Member

Ms. Rafat Sultana
Member

Dr. Syed Arif Hussain- CEO
Member

Muhammad Irfan - CFO
Member

Khawaja Baligh - Head of Operation
Member & Secretary

Claims Settlement Committee

Mr. Muhammad Amjad
Chairman

Mr. Tariq Ikram
Member

Dr. Syed Arif Hussain- CEO
Member

Mr. Rana Javed - Head of Claims
Member & Secretary

Risk Management, Compliance And IT Steering Committee

Mr. Faisal Mumtaz
Chairman

Mr. Tariq Ikram
Member

Dr. Lubna Ayub
Member

Dr. Syed Arif Hussain- CEO
Member

Mr. Liaqut Ali Qamar - Head of IT
Member

Mr. Umair Sattar Abro
Head of Compliance, Member
& Secretary

Company Information

Management

Dr. Syed Arif Hussain
Chief Executive Officer

Mr. Muhammad Irfan
Chief Financial Officer
& Company Secretary

Mr. Khwaja Balighuddin
General Manager /
Head of Operations

Mr. Liaqut Ali Qamar
Head of HR / Admn & Legal Affairs

Mr. Rana Jawed
Head of Claims

Mr. Muhammad Adeel Khan
Head of Underwriting and Reinsurance

Mr. Muhammad Shahbaz Khan
Head of Internal Audit

Mr. Umair Sattar Abro
Head of Compliance
& Risk Manager

Muhammad Nadir
Head of Takaful

Auditors

M/S Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisor

Mr. Sajid Basheer
Advocate

Tax Consultants

M/S EY Ford Rhodes
Chartered Accountants

Shariah Advisor

Sajjad Ashraf Usmani
Window Takaful Operator

Marketing

Mr. Muhammad Reyaz Ahmed
Branch Head
Main Branch
Karachi

Mr. Azmat ullah Shaikh
Branch Head
Central Branch
Karachi

Mr. Muhammad Abbass
Branch Head
Karachi South Division Branch
Karachi

Mr. Ali Asghar Vakil
Branch Head
Corporate Branch
Karachi

Mr. Salman Khan
Branch Head
State Life Square Branch
Karachi

Mr. Baber Shehzad
Branch Head
Multan Branch
Multan

Mr. Najam ul Hassan
Branch Head,
Lahore Branch
Lahore

Mr. Abdul Sattar Javed
Branch Head
Faisalabad Branch
Faisalabad

Mr. Abid Jaffery
Branch Head
Islamabad Branch
Islamabad

Mr. Javaid Iqbal Choudhry
Branch Head
Rawalpindi Branch
Rawalpindi

Bankers

United Bank Limited
Allied Bank Limited
JS Bank Limited
MCB Limited
National Bank of Pakistan
Soneri Bank Limited
Meezan Bank Limited
Bank Al Habib Limited

Reinsurers / Retakaful

Pakistan Re-insurance Company Limited
Ocean International Re-insurance Co. Ltd.
Best meridian International
Labuan Re
Saudi Re
Tunis Re
MISR
Pakistan Reinsurance Company Limited
(Window Retakaful Operational)
Kenya Retakaful
Tunis Retakaful

Registered Office

4th Floor, Building # 1-B,
State Life Square,
I. I. Chundrigar Road
Karachi -Pakistan
Tel: 32416041-45
E-mail: info@alphainsurance.com.pk
Web: www.alphainsurance.com.pk

Key Financial Data - Six Years

(Figures in '000)

	2023	2022	2021	2020	2019	2018
Paid Up Capital	500,000	500,000	500,000	500,000	500,000	500,000
Retained Earning	156,413	106,401	120,430	102,581	99,783	96,712
Capital & Revenue Reserves	61,727	81,799	92,611	97,537	105,743	108,890
Total Equity	718,139	688,200	713,041	700,118	705,526	705,602
Underwriting Reserves	339,472	297,263	214,408	258,719	276,064	373,769
Total Reserves	557,611	485,463	427,449	458,837	481,590	579,371
Total Liabilities	552,803	466,485	364,564	382,809	406,449	510,467
Total Assets	1,270,942	1,154,685	1,077,605	1,082,927	1,111,974	1,216,069
Investments, Cash & Bank Balances	779,277	808,354	783,740	801,037	796,174	839,432
Gross Premium	350,778	255,507	174,121	97,043	114,854	83,474
Retained Premium (Net Premium)	246,992	182,580	102,878	70,318	60,197	47,419
Net Claims (Loss)	144,840	116,577	26,270	44,550	2,696	46,024
Management & Other Expenses	126,897	98,016	88,180	92,869	95,974	95,401
Underwritting Profit / (Loss)	(78,895)	(68,100)	(35,717)	(57,895)	(56,046)	(97,527)
Investments and Miscellaneous Income	164,412	61,044	68,303	66,690	68,113	48,139
Finance Cost	391	997	1,582	2,159	2,631	-
Profit before tax from Window Takaful Operations - Operator's Fund	4,061	-	-	-	-	-
Profit / (Loss) Before Tax	85,388	(11,083)	27,763	2,971	5,743	(53,466)
Profit / (Loss) After Tax	49,571	(14,283)	18,256	1,835	3,596	(49,628)

Important Ratios

	2023	2022	2021	2020	2019	2018
Gross premium to total equity - %	49%	37%	24%	14%	16%	12%
Net premium to total equity - %	34%	27%	14%	10%	9%	7%
Net Loss to net premium - %	59%	64%	26%	63%	4%	97%
Expense to net premium - %	51%	54%	86%	132%	159%	201%
Combined ratio - (net loss + expense ratio) to net premium - %	110%	118%	111%	195%	164%	298%
Underwriting Loss to net premium - %	32%	37%	35%	82%	93%	206%
Return on Equity - (before tax) (Rs.)	0.12	(0.02)	0.04	0.00	0.01	(0.08)
Return on Equity - (after tax) (Rs.)	0.07	(0.02)	0.03	0.00	0.01	(0.07)
Return on Total Assets - (before tax) (Rs.)	0.07	(0.01)	0.03	0.00	0.01	(0.04)
Return on Total Assets - (after tax) (Rs.)	0.04	(0.01)	0.02	0.00	0.00	(0.04)
Earning/(loss) per share	0.99	(0.29)	0.37	0.04	0.07	(0.99)
Breakup value per share (Book Value) Rs.	14.36	13.76	14.26	14.00	14.11	14.11

VISION STATEMENT

With help and involvement of all its Stakeholders to make Alpha one of the leading General Insurance Company of the Country with a vibrant marketing force and efficient and responsive office, so as to provide best quality services to its policyholders.

MISSION STATEMENT

To work zealously towards attaining these objectives and be able to compete in the open market by developing a vibrant field force and efficient and responsive office staff.

OUR QUALITY POLICY

We are committed to provide best quality service to our valued policyholders to their satisfaction by assessing their risk need, tailoring product to their requirements and by consistent efforts to reduce time for settlement of claims. We believe that proper assessment of risks of our clients and prompt settlement of claims are the key to our Company's growth.

To comply with and continuously improve the effectiveness of our quality Management System.

Notice of Annual General Meeting

Notice is hereby given that the 72nd Annual General Meeting of Alpha Insurance Company Limited will be held on Wednesday, 15th May 2024 at 3:00 p.m. at the registered office of the Company situated at 4th Floor, Building No. 1-B, State Life Square, I. I. Chundrigar Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Extra Ordinary General Meeting held on Monday, September 25, 2023.

2. To receive, consider, and adopt the Audited Financial Statements of the Company for the year ended 31st December 2023, along with the Directors' Report and Auditor's Report thereon.

3. To receive, consider, and adopt the Audited Financial Statements of the Window Takaful Operation of the Company for the year ended 31st December 2023, along with the Directors' Report and Auditor's Report thereon.

4. To appoint the auditors of the Company, for both Conventional and Window Takaful Operations for the year ending 31 December 2024 and fix their remuneration.

5. Any other matter with the permission of the Chairman.

By Orders of the Board

Muhammad Irfan
Company Secretary

Karachi: April 24, 2024

Notes:

1. The share transfer Books of the Company will remain closed from May 8, 2024, to May 14, 2024 (both days inclusive).

2. A member entitled to attend and vote at the meeting may appoint another member as proxy to attend and vote in the meeting.

3. The instrument appointing a proxy must be received at registered Office of the Company situated at 4th Floor, Building No. 1-B, State Life Square, I. I. Chundrigar Road, Karachi not later than 48 hours before the time of the Meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instrument of proxy are deposited by a member with the Company, all such instruments of proxies shall be rendered invalid.

4. Change of address, if any, should be notified immediately to the Company at 4th Floor, Building No. 1-B, State Life Square, I .I. Chundrigar Road, Karachi.

Report of the Directors to Shareholders
For the year ended December 31st, 2023

Company Performance

Directors of your Company are presenting the 72nd Annual Report together with Audited Financial Statements and Auditors' Report thereon for the year ended December 31st, 2023. The following are key financial result for year ended December 31, 2023.

Business Overview:

The summarized results along with the same period last year's performance figures are as follows:

	2023	2022	Increase/ (Decrease)
	Rupees		%
Gross Written (Conventional) Premium	375,646,902	255,506,811	35.3%
Net premium revenue	246,991,671	182,579,769	35.3%
Net insurance claims	(144,839,791)	(116,576,984)	24.2%
Net Commission/acquisition cost	(53,866,603)	(40,950,738)	31.5%
Management expenses	(123,097,962)	(94,971,947)	29.6%
Underwriting results	(78,894,682)	(68,085,865)	15.9%
Net investment income	136,870,125	48,041,019	184.9%
Other income	27,541,857	12,988,270	112.1%
Profit before tax from Window Takaful Operations - Operator's Fund	4,060,882	-	100.0%
Profit / (loss) before tax	85,387,835	(11,082,771)	870.5%
Taxation	(35,816,848)	(3,200,269)	1019.2%
Profit / (loss) after tax	49,570,987	(14,283,040)	447.1%
Earning/(loss) per share	0.99	(0.29)	447.1%

In the year 2023, there was a 47% increase in gross premiums and a 35% increase in net premiums compared to the same period last year. However, underwriting losses rose slightly by 15%, mainly due to the inflationary increase in the cost of claims, expenses, and business acquisition costs. The company managed underwriting and insurance activities more prudently as compare to last year. The growth in business activities led to a 29% increase in management expenses, primarily due to the recruitment of new marketing staff to grow the business. Investment income increased by 184%, mainly due to the equity market index's boost, and some income was driven by the reversal of previous years' impairment losses.

The Company began operating a Window Takaful at the beginning of the year 2023. During the year company earned a profit after tax of Rs. 49.57 million, a significant improvement from a loss of Rs. 14.3 million in the same period last year. This excellent improvement is the reflection of the company's growth strategy, prudent underwriting, tremendous claim management, and enhanced focus on investment as well as risk management functions.

In its first seven months of Window Takaful Operation, the company achieved a Gross Written Contribution of Rs. 25 million and recorded the operator's fund profit before tax of Rs. 4.0 million in the reporting period ended 31st December 2023.

Credit Rating

VIS has performed its procedures to assign the rating for the year 2023-24. VIS has rated the company for the year 2023-24 "A+" (single A plus) with a stable outlook.

Future Outlook

Looking towards the future, we are confident that your company is in a strong position to take advantage of the growth opportunities within the insurance industry. Our team of dedicated professionals has a proven track record of success and we believe that it will continue to drive our growth. We anticipate consistent revenue and profit growth in the short, medium, and long term as we expand our product offerings and explore new markets. However, we also acknowledge that some risks and uncertainties may affect our performance, including potential changes in consumer demand, competition, and regulatory environments. We are committed to managing these risks and uncertainties and making informed decisions that will help us achieve our objectives.

Your company prioritizes creating and maintaining beneficial and long-lasting partnerships with all stakeholders. We are committed to promoting diversity and tolerance in every city where we operate. Your company follows a comprehensive community strategy, which is guided by the local environment to ensure that we are well-informed about the local communities and demographics that frequently interact with us. We aim to consistently recognize and engage with individuals, organizations, and groups that are interested in our business model or could be impacted by it. At Alpha Insurance, stakeholder engagement is a well-established practice that plays a crucial role in our organization's continuous growth and success. We believe that excellent stakeholder management directly influences our overall organizational performance, and we value the direct relationship between the two.

Reinsurance

Reinsurance arrangements for the year 2024 have already been finalized in the last quarter of 2023. The underwriting capacity of your company is Rs. 1 billion for Fire, Marine, and Engineering classes.

Contingencies and Commitments

The Board has sufficient reasons to believe that the ultimate outcome of contingencies mentioned in note # 21 to the Financial Statements will be in the Company's favor.

Minimum Paid-up Capital

Your company has increased its paid-up capital to Rs. 500 million in 2017 and presently is compliant with the minimum paid-up capital requirements.

Dividend and Appropriations

Due to losses over the periods, while the company is aiming to improve further the underwriting performance, the Directors have decided not to pay dividends for this year.

Earnings Per Share

In the year 2023, the earnings per share have increased to Rs. 0.99 as compared to last year, which had a loss of Rs. 0.29 per share. This reflects a significant improvement in performance, as the earnings per share have increased by Rs. 1.28 during the year ended December 31, 2023.

Auditors

Grant Thornton Anjum Rahman is eligible for reappointment as auditors of the Company, and the Board of Directors proposes to appoint them for 2024 on the recommendation of the Audit Committee.

Statement of Directors' Responsibility

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows, and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, and SEC (Insurance) Rules, 2017. Any departure therefrom has been adequately disclosed.
- The internal control system has been augmented and has provided effective monitoring and controls to the senior management.
- There is no basis to doubt about the Company's ability to continue as a going concern.
- Statement of Compliance with the Code of Corporate Governance is attached to these Financial Statements for the year ended December 31, 2023.

Director's Remuneration

As per the regulations, our company's policy regarding the compensation of non-executive directors, which includes independent directors, is that they shall not receive any remuneration unless they attend board meetings. In such cases, a meeting fee will be paid in accordance with the Company's Article of Association to comply with the regulatory requirements.

Board Meetings

During the year Seven (7) meetings of the Board of Directors were held, attendance details are as follows:

Name of Direcors	Eligible for No. of Meetings	Attended
Mr Tariq Ikram	4	4
Mr. Faisal Mumtaz	6	6
Muhammad Amjad	6	6
Syed Shahnawaz Nadir	2	2
Dr. Lubna Ayub	1	1
Mr. Abdul Shakoor Shaikh	5	5
Mr. Faisal Haroon Zai	5	5
Dr. Ghazala Nafees	5	5
Mr. Mushtaq Ahmed	2	2

During the year, the Board welcomed Mr. Tariq Ikram, Mr. Shahnawaz Nadir, and Dr. Lubna Ayub as newly appointed Directors of the company. The Directors wish to place on record their appreciation of the valuable contributions made by the outgoing Directors Mr. Abdul Shakoor Shaikh, Mr. Faisal Haroon Zai, Ms. Ghazala Nafees, and Mr. Mushtaq Ahmed.

Board Committees' Meetings

Following are the details of the Board Committees' meetings held during the year:

	No. of Meetings held
Ethics, HR, Remuneration, Nomination and Procurement Committee	3
Investment Committee	2
Audit Committee	4

Management Committees' Meetings

Following are the details of Management Committees' meetings held during the year:

	No. of Meetings held
Underwriting, Reinsurance and Coinsurance Committee	2
Claims Settlement	2
Risk Management, Compliance and IT Steering Committee	2

Pattern of Shareholding

Pattern of shareholding is enclosed in this annual report.

Six Years Key Data

Six years key data is enclosed in this annual report.

Acknowledgement

The Directors would like to express their gratitude to our esteemed clients for choosing our Company to manage their risks. We would also like to extend our sincere appreciation to our shareholders, especially the State Life Insurance Corporation of Pakistan, for their continued trust in our Company. Our thanks also go out to the Securities & Exchange Commission of Pakistan, the Insurance Association of Pakistan, State Bank of Pakistan, and all of our foreign correspondents and reinsurers who have provided us with their valuable cooperation, guidance, and advice. We are grateful for their support, which has been instrumental in enabling us to provide exceptional service to our clients.

We appreciate the services rendered by our marketing as well as back office staff throughout the country during the year ended December 31, 2023.

For and on behalf of the Board

Dr. Syed Arif Hussain	**Tariq Ikram**
Chief Executive Officer	Chairman

Karachi: April 23, 2024

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

برائے سال مختتمہ 31 دسمبر 2023

کمپنی کی کارکردگی

آپ کی کمپنی کے ڈائریکٹرز برائے سال مختتمہ 31 دسمبر 2023 کے آڈٹ شدہ مالی گوشواروں اور اس پر آڈیٹرز کی رپورٹ کے ساتھ 72 ویں سالانہ رپورٹ پیش کر رہے ہیں۔

زیر نظر مدت کیلئے اہم مالیاتی نتائج درج ذیل ہیں:

کاروبار کا جائزہ:

پچھلے سال کی اسی مدت کی کارکردگی کے اعداد و شمار کے ساتھ خلاصہ نتائج درج ذیل ہیں:

	2023	2022	%
	------روپے------		(اضافہ/کمی)
مجموعی پریمیم/کنٹریبیوشن	375,646,902	255,506,811	47.02%
نیٹ پریمیم ریونیو	246,991,671	182,579,769	35.3%
نیٹ انشورنس کلیمز	(144,839,791)	(116,576,984)	24.2%
مجموعی کمیشن/حصول لاگت	(53,866,603)	(40,950,738)	31.5%
انتظامی اخراجات	(123,097,962)	(94,971,947)	29.6%
انڈررائٹنگ نتائج	(78,894,682)	(68,085,865)	15.9%
مجموعی سرمایہ آمدنی	136,870,125	48,041,019	184.9%
دیگر آمدنی	27,541,857	12,988,270	112.1%
ونڈو تکافل کا ٹیکس سے پہلے منافع (آپریٹرز فنڈ آپریشنز)	4,060,882	-	100.0%
منافع/(نقصان) قبل از محصول	85,387,835	(11,082,771)	870.5%
محصول	(35,816,848)	(3,200,269)	1019.2%
منافع/(نقصان) بعد از محصول	49,570,987	(14,283,040)	447.1%
آمدنی (نقصان) فی حصہ	0.99	(0.29)	447.1%

سال 2023 میں، مجموعی پریمیم میں 47 فیصد اضافہ ہوا اور گزشتہ سال کی اسی مدت کے مقابلے خالص پریمیم میں 35 فیصد اضافہ ہوا۔ تاہم، انڈررائٹنگ نقصانات میں 15% کا معمولی اضافہ ہوا، جس کی بنیادی وجہ دعووں، اخراجات اور کاروبار کے حصول کے اخراجات کی لاگت میں افراط زر کی وجہ سے اضافہ ہوا ہے۔ کمپنی نے

انڈر رائٹنگ اور بیمہ کی سرگرمیوں کا انتظام گزشتہ سال کے مقابلے میں زیادہ اچھے انداز سے کیا۔ بنیادی طور پر کاروبار کو بڑھانے کیلئے نئے مارکیٹنگ عملے کی بھرتی کی وجہ سے کاروباری سرگرمیوں میں اضافے کی وجہ سے انتظامی اخراجات میں 29 فیصد اضافہ ہوا، اور سرمایہ کاری کی آمدنی میں 184% اضافہ ہوا جو کہ بنیادی طور پر ایکویٹی مارکیٹ انڈیکس کے فروغ کی وجہ سے اور کچھ آمدنی پچھلے سالوں کے خرابی کے نقصانات کے الٹ جانے کی وجہ سے ہوئی۔

کمپنی نے سال 2023 کے آغاز میں ونڈو تکافل کو چلانا شروع کیا۔ رواں سال کے دوران کمپنی نے ٹیکس کے بعد 49.57 ملین روپے کا منافع کمایا جو کہ ایک واضح بہتری کی نشانی ہے کہ کمپنی ک 14.3 ملین روپے نقصان پچھلے سال اسی مدت میں ہوا تھا۔ یہ بہترین بہتری کمپنی کی ترقی کی حکمت عملی سمجھدار انڈر رائٹنگ، زبردست کلیم مینجمنٹ، اور سرمایہ کاری پر بہتر توجہ کے ساتھ ساتھ رسک مینجمنٹ کے افعال کی عکاس ہے۔

31 دسمبر 2023 کی مدت میں ونڈو تکافل آپریشن کے اپنے پہلے سات مہینوں میں کمپنی نے 25.0 ملین روپے کا مجموعی تحریری کنٹر بیوشن حاصل کیا۔ 4.0 ملین روپے ٹیکس سے پہلے آپریٹ کے فنڈ کا منافع ریکارڈ ہوا۔

کریڈٹ ریٹنگ

VIS نئے سال 23-2022 کی ریٹنگ کیلئے کام کیا۔ VIS نے مستحکم آوٹ لک کیساتھ سال 23-2022 +A'' (سنگل A پلس) کیلئے کمپنی کی درجہ بندی کی ہے۔

مستقبل کا آوٹ لک

مستقبل کی طرف دیکھتے ہوئے ہمیں یقین ہے کہ آپ کی کمپنی انشورنس انڈسٹری میں ترقی کے مواقع سے فائدہ اٹھانے کیلئے مضبوط پوزیشن میں ہے۔ ہماری پُرعزم پیشہ ور افراد کی ٹیم کا کامیابی کا ثابت شدہ ٹریک ریکارڈ ہے اور ہمیں یقین ہے کہ یہ ہماری ترقی کو آگے بڑھاتا رہے گا۔ ہم اپنی مصنوعات کی پیشکشوں کو وسعت دینے اور نئی منڈیوں کی تلاش کے دوران مختصر، درمیانی اور طویل مدت میں مسلسل آمدنی اور منافع میں اضافے کی توقع کرتے ہیں۔ تاہم، ہم یہ بھی تسلیم کرتے ہیں کہ کچھ خطرات اور غیر یقینی صورتحال ہماری کارکردگی کو متاثر کرسکتی ہے، بشمول صارفین کی طلب، مسابقت، اور ریگولیٹری ماحول میں ممکنہ تبدیلیاں ہم ان خطرات اور غیر یقینی صورتحال کو سنبھالنے اور باخبر فیصلے کرنے کے لیے پرعزم ہیں جو ہمارے مقاصد کو حاصل کرنے میں ہماری مدد کریں گے۔ آپ کی کمپنی تمام اسٹیک ہولڈرز کے ساتھ فائدہ منداور دیرپا شراکتیں بنانے اور برقرار رکھنے کو ترجیح دیتی ہے۔ ہم ہر اس شہر میں جہاں ہم کام کرتے ہیں تنوع اور رواداری کو فروغ دینے کے لیے پرعزم ہیں۔ آپ کی کمپنی ایک جامع کمیونٹی حکمت عملی کی پیروی کرتی ہے، جس کی رہنمائی مقامی ماحول سے ہوتی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ ہم مقامی کمیونٹیز اور آبادی کے بارے میں اچھی طرح سے باخبر ہیں جو اکثر ہمارے ساتھ بات چیت کرتے ہیں۔ ہمارا مقصد ان افراد، تنظیموں اور گروہوں کو مسلسل پہچاننا اور ان کے ساتھ مشغول رہنا ہے جو ہمارے کاروباری ماڈل میں دلچسپی رکھتے ہیں یا اس سے متاثر ہوسکتے ہیں۔ الفا انشورنس میں اسٹیک ہولڈرز کی مصروفیت ایک اچھی طرح سے قائم کردہ مشتق ہے جو ہماری تنظیم کی مسلسل ترقی اور کامیابی میں اہم کردار ادا کرتی ہے۔ ہم سمجھتے ہیں کہ بہترین اسٹیک ہولڈرز مینجمنٹ ہماری مجموعی تنظیمی کارکردگی کو براہ راست متاثر کرتی ہے، اور ہم دونوں کے درمیان براہ راست تعلق کو اہمیت دیتے ہیں۔

ری انشورنس

سال 2024 کیلئے ری انشورنس کے انتظامات کو سال 2023 کی آخری سہ ماہی میں پہلے ہی حتمی شکل دے دی گئی ہے۔ فائر، میرین اور انجینئرنگ کلاسز کیلئے آپ کی کمپنی کی انڈر رائٹنگ کی صلاحیت 1 بلین روپے کردی گئی ہے۔

امکانات اور وعدے

بورڈ کے پاس یقین کرنے کی کافی وجوہات ہیں کہ مالیاتی گوشواروں کے نوٹ نمبر 21 میں درج معاملات کا نتیجہ کمپنی کے حق میں ہوگا۔

اداشدہ سرمائے میں اضافہ

سال 2017 میں آپ کی کمپنی پہلے ہی اپنا اداشدہ سرمایہ 500 ملین روپے کر چکی ہے اور فی الحال اداشدہ سرمایہ قانونی تقاضوں کے عین مطابق ہے۔

ڈیویڈنڈ اور اختصاص

گزشتہ سالوں میں ہونے والے نقصانات کے باوجود کمپنی انڈر رائٹنگ کی کارکردگی کو مزید بہتر بنانے کا ارادہ رکھتی ہے، ڈائریکٹرز نے اس سال کیلئے ڈیویڈنڈ ادا نہ کرنے کا فیصلہ کیا ہے۔

فی حصہ آمدنی

سال 2023 میں فی حصہ آمدنی بڑھ کر 0.99 روپے ہوگئی جبکہ گزشتہ سال 0.29 فی حصہ کا نقصان ہوا تھا۔ یہ کارکردگی میں نمایاں بہتری کی عکاسی کرتا ہے، کیونکہ 31 دسمبر 2023 کو ختم ہونے والے سال کے دوران 1.28 روپے کا فی حصہ آمدنی میں اضافہ ہوا ہے۔

آڈیٹرز

میسرز گرانٹ تھارٹن انجم رحمان کمپنی چارٹرڈ اکاؤنٹنٹ کے آڈیٹرز کے طور پر دوبارہ تقرری کے اہل ہیں اور بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارش پر 2024 کے لیے ان کی تقرری کی تجویز پیش کی ہے۔

ڈائریکٹرز کی ذمہ داری کا اسٹیٹمنٹ

- مالیاتی گوشوارے جو کمپنی کی انتظامیہ نے تیار کئے ہیں ان کے کاروباری معاملات، ان کے آپریشنز کے نتائج، کیش فلوز اور ایکیوٹی میں تبدیلیوں کو منصفانہ طریقہ سے پیش کیا گیا ہے۔
- کمپنی کے حسابی کھاتوں کو باقاعدہ طور پر تیار کیا گیا ہے۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تواتر کے ساتھ استعمال کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات مناسب اور محتاط اندازوں پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ پر عملدرآمد کیا گیا۔ منظور شدہ اکاؤنٹنگ اسٹینڈرڈز ایسے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) پر مبنی ہیں جو انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈ بورڈ نے جاری کئے اور جو کمپنیز ایکٹ 2017 و مندرجات اور ہدایات جاری شدہ ماتحت کمپنیز ایکٹ 2017، انشورنس آرڈیننس 2000 اور انشورنس رولز 2017 کے تحت ہیں اور اگر کہیں انحراف کرنا پڑا تو وہ معقول طور پر شائع کیا گیا ہے۔
- اندرونی کنٹرول سسٹم کی توسیع کر دی گئی ہے اور اس نے سینئر مینجمنٹ کو موثر مانیٹرنگ اور کنٹرولر فراہم کیا ہے۔
- گوئنگ کنسرن کے طور پر جاری رکھنے کیلئے کمپنی کی صلاحیت پر شک کرنے کی کوئی بنیاد نہیں۔
- اسٹیٹمنٹ آف کمپلائنس ود کوڈ آف کارپوریٹ گورنس برائے پبلک سیکٹر کمپنیز اور انشورران مالیاتی گوشواروں کے ساتھ منسلک ہے۔

ڈائریکٹر کا معاوضہ

ضوابط کے مطابق، نان ایگزیکٹو ڈائریکٹرز کے معاوضے سے متعلق ہماری کمپنی کی پالیسی، جس میں آزاد ڈائریکٹرز بھی شامل ہیں، یہ ہے کہ جب تک وہ بورڈ میٹنگز میں شرکت نہیں کرتے، انہیں کوئی معاوضہ نہیں ملے گا۔ ایسے معاملات میں، ریگولیٹری تقاضوں کی تعمیل کرنے کیلئے کمپنی کے آرٹیکل آف ایسوسی ایشن کے مطابق میٹنگ فیس ادا کی جائے گی۔

بورڈ کے اجلاس

سال کے دوران بورڈ آف ڈائریکٹرز کے سات (7) اجلاس منعقد ہوئے جن کی حاضری کی تفصیلات مندرجہ ذیل ہے:۔

	اجلاس کی تعداد کیلئے اہل	حاضر ہوئے
طارق اکرام	4	4
فیصل ممتاز	6	6
محمد امجد	6	6
سید شاہ نواز نادر	2	2
ڈاکٹر لبنی ایوب	1	1
عبدالشکور شیخ	5	5
فیصل ہارون زئی	5	5
ڈاکٹر غزالہ نفیس	5	5
مشتاق احمد	2	2

سال کے دوران، بورڈ نے جناب طارق اکرام، جناب شاہ نواز نادر اور ڈاکٹر لبنیٰ ایوب کو کمپنی کے نئے مقرر کردہ ڈائریکٹرز کے طور پر خوش آمدید کہا۔ ہم ڈائریکٹرز میں سبکدوش ہونے والے ڈائریکٹرز جناب عبدالشکور شیخ، جناب فیصل ہارون زئی محترمہ عزالہ نفیس اور جناب مشتاق احمد کی گرانقدر خدمات پر خراج تحسین پیش کرتے ہیں۔

بورڈ کمیٹیوں کے اجلاس

بورڈ کمیٹیوں کے اجلاس کی تفصیلات مندرجہ ذیل ہیں جو سال کے دوران منعقد ہوئے:۔

	منعقدہ اجلاس کی تعداد
ایتھکس، ہیومن ریسورس، نومینیشن اینڈ پروکیورمیٹ کمیٹی	3
انوسٹمنٹ کمیٹی	2
آڈٹ کمیٹی	4

مینجمنٹ کمیٹیوں کے اجلاس

مینجمنٹ کمیٹیوں کے اجلاس کی تفصیلات مندرجہ ذیل ہیں جو سال کے دوران منعقد ہوئے:۔

	منعقدہ اجلاس کی تعداد
انڈر رائٹنگ، ری انشورنس اینڈ کوانشورنس کمیٹی	2
کلیم سیٹلمنٹ کمیٹی	2
رسک مینجمنٹ، کمپلائنس اینڈ آئی ٹی اسٹیرنگ کمیٹی	2

پیٹرن آف شیئر ہولڈنگ

پیٹرن آف شیئر ہولڈنگ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

چھ سالہ کلیدی ڈیٹا

چھ سالہ کلیدی ڈیٹا اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

اظہار تشکر

ڈائریکٹرز اپنے معزز کلائنٹس کے شکر گزار ہیں کہ انہوں نے اپنے خطرات سے نمٹنے کیلئے ہماری کمپنی کا انتخاب کیا۔ ہم اپنے شیئر ہولڈرز، خاص طور پر اسٹیٹ لائف انشورنس کارپوریشن آف پاکستان کیلئے جس نے ہماری کمپنی پر مسلسل اعتماد کیا۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، انشورنس ایسوسی ایشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور ہمارے تمام غیر ملکی نمائندوں اور ری بیمہ کنندگان کا بھی شکریہ ادا کرتے ہیں جنھوں نے ہمیں اپنا قیمتی تعاون، رہنمائی اور مشورہ فراہم کیا۔ ہم ان کے تعاون کے شکر گزار ہیں، جنھوں نے ہمیں اپنے کلائنٹس کو غیر معمولی خدمات فراہم کرنے کے قابل بنانے میں اہم کردار ادا کیا ہے۔

ہم 31 دسمبر 2023 کو ختم ہونے والے سال کے دوران ملک بھر میں اپنی مارکیٹنگ کے ساتھ ساتھ بیک آفس کے عملے کی طرف سے فراہم کردہ خدمات کے بھی شکر گزار ہیں۔

برائے اور منجانب بورڈ

Tariq Ikram	
طارق اکرام	ڈاکٹر سید عارف حسین
چیئرمین	چیف ایگزیکٹیو آفیسر

کراچی ۲۳ اپریل ۲۰۲۴

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 and Code of Corporate Governance for Insurers, 2016.

Name of company: **Alpha Insurance Comapny Limited**

For the year ended: **31 December 2023**

i. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules (the Rules), 2013 and the Code of Corporate Governance for Insurers, 2016 (CCG Insurers, 2016) (both herein referred to as 'Codes') issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance. In case where there is inconsistency with the CCG Insurers, 2016, the provisions of Public Sector Companies (Corporate Governance) Rules, 2013 ("Rules") shall prevail.

ii. The Company has complied with the provisions of the Rules in the following manner:

<table>
<tr><th rowspan="2">S. No.</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule no.</th><th>Y</th><th>N</th></tr>
<tr><th colspan="2">Tick the relevent box</th></tr>
<tr><td>1.</td><td>The independent directors meet the criteria of independence, as defined under the Rules.</td><td>2(d)</td><td>✓</td><td></td></tr>
<tr><td>2.</td><td>The Board has the requisite percentage of independent directors.
At present, the Board includes:*
<table>
<tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr>
<tr><td>Independent Directors**</td><td>Mr. Tariq Ikram
Mrs. Rafat Sultana
Dr. Muhammad Amir Malik</td><td>September 25, 2023</td></tr>
<tr><td>Executive Director</td><td>-</td><td>-</td></tr>
<tr><td>Non Executive Directors</td><td>Mr. Faisal Mumtaz
Muhammad Amjad
Dr. Lubna Ayub
Syed Shahnawaz Nadir Shah</td><td></td></tr>
</table>
*During the year, shareholders in their Extra Ordinary General Meeting held on 25th September 2023 appointed seven directors through election of directors on expiry of three years term 2020-23.

** Shareholder also appointed three independent directors in the aforesaid EOGM. However, subsequently, approvals of only five directors except for Ms. Rafat Sultana and Mr. Muhammad Amir Malik have been granted by the SECP. After year-end approval of Ms. Rafat Sultana has also been granted by the commission. However, approval of Mr. Muhammad Amir Malik is under process as SECP requires a few documents and a nomination from the State Life Insurance Corporation of Pakistan.</td><td>3(2)</td><td>✓</td><td></td></tr>
<tr><td>3.</td><td>The directors have confirmed that none of them is serving as director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.</td><td>3(5)</td><td>✓</td><td></td></tr>
<tr><td>4.</td><td>The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as board members under the provisions of the Act.</td><td>3(7)</td><td>✓</td><td></td></tr>
<tr><td>5.</td><td>The chairman of the board is working separately from the chief executive of the Company.</td><td>4(1)</td><td>✓</td><td></td></tr>
<tr><td>6.</td><td>The chairman has been elected by the Board of Directors except where Chairman of the Board has been appointed by the Government.</td><td>4(4)</td><td>✓</td><td></td></tr>
<tr><td>7.</td><td>The Board has evaluated the candidates for the position of chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.</td><td>5(2)</td><td>✓</td><td></td></tr>
</table>

S. No.	Provision of the Rules	Rule no.	Y	N
			Tick the relevent box	
8.	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (**www.alphainsurance.com.pk**) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓ ✓	
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5) (b) (ii)	✓	
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Company.	5(5) (b) (vi)	✓	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5) (c) (ii)	✓	
13.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5) (c) (iii)	✓	
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✓	
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓	
16.	The board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and have submitted its request for appropriate compensation to the Government for consideration.	5(8)	✓	
17.	The Board has ensured compliance with policy direction requirements received from the Government.	5(11)	✓	
18.	(a) The board has met at least four times during the year. (b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓ ✓	
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8(2)	✓	
20.	The board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓	
21.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end.	10	✓	

<table>
<tr><th rowspan="2">S. No.</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule no.</th><th>Y</th><th>N</th></tr>
<tr><th colspan="2">Tick the relevent box</th></tr>
<tr><td></td><td>(b) The Board has placed the annual financial statements on the company's website.</td><td>10</td><td>✓</td><td></td></tr>
<tr><td>22.</td><td>All the board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.</td><td>11</td><td>✓</td><td></td></tr>
<tr><td>23.</td><td>(a) The board has formed the requisite committees, as specified in the Rules.
(b) The committees were provided with written term of reference defining their duties, authority and composition.
(c) The minutes of the meetings of the committees were circulated to all the board members.
(d) The committees were chaired by the following non-executive directors:
<table>
<tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr>
<tr><td>Audit Committee</td><td>Three</td><td>Dr. Lubna Ayub</td></tr>
<tr><td>Risk Management Committee</td><td>Six</td><td>Mr. Faisal Mumtaz</td></tr>
<tr><td>Human Resources Committee</td><td>Three</td><td>Dr. Lubna Ayub</td></tr>
<tr><td>Procurement Committee</td><td>Three</td><td>Dr. Lubna Ayub</td></tr>
<tr><td>Nomination Committee</td><td>Three</td><td>Dr. Lubna Ayub</td></tr>
</table></td><td>12</td><td>✓
✓
✓</td><td></td></tr>
<tr><td>24.</td><td>The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor with their remuneration and terms and conditions of employment.</td><td>13</td><td>✓</td><td></td></tr>
<tr><td>25.</td><td>The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.</td><td>14</td><td>✓</td><td></td></tr>
<tr><td>26.</td><td>The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.</td><td>16</td><td>✓</td><td></td></tr>
<tr><td>27.</td><td>The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.</td><td>17</td><td>✓</td><td></td></tr>
<tr><td>28.</td><td>The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.</td><td>18</td><td>✓</td><td></td></tr>
<tr><td>29.</td><td>(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.
(b) The annual report of the company contains criteria and details of remuneration of each director.</td><td>19</td><td>✓
✓</td><td></td></tr>
<tr><td>30.</td><td>The financial statements of the Company were duly endorsed by the chief executive and chief financial officer, before consideration and approval of the audit committee and the Board.</td><td>20</td><td>✓</td><td></td></tr>
<tr><td>31.</td><td>The Board has formed an audit committee, with defined and written terms of reference, and having the following members:</td><td>21 (1) and 21(2)</td><td>✓</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">S. No.</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule no.</th><th>Y</th><th>N</th></tr>
<tr><th colspan="2">Tick the relevent box</th></tr>
<tr><td></td><td>
<table>
<tr><th>Name of Member</th><th>Category</th><th>Professional Background</th></tr>
<tr><td>Dr. Lubna Ayub</td><td>Non-Executive Director</td><td>Ph.D. Sociology, Southern Illinois University, Carbondale IL. Dissertation Title: "Religion and Women's Status Attainment: A Comparative and Hierarchical Analysis."</td></tr>
<tr><td>Mr. Faisal Mumtaz</td><td>Non-Executive Director</td><td>M.A (Economics), Fellow of Society of Actuaries USA</td></tr>
<tr><td>Mr. Muhammad Amjad</td><td>Non-Executive Director</td><td>Fellow member of the ICMA International</td></tr>
</table>
The chief executive and chairman of the Board are not members of the audit committee.</td><td>21(1) and 21(2)</td><td>✓</td><td></td></tr>
<tr><td>32.</td><td>(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.
(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.
(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.</td><td>21(3)</td><td>✓
✓
✓</td><td></td></tr>
<tr><td>33.</td><td>(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.
(b) The Chief Internal Auditor has five years of relevant Audit experience.
(c) The internal audit reports have been provided to the external auditors for their review.</td><td>22</td><td>✓
✓
✓</td><td></td></tr>
<tr><td>34.</td><td>The company has appointed its external auditors in line with the requirements envisaged under the Rules.</td><td>23</td><td>✓</td><td></td></tr>
<tr><td>35.</td><td>The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.</td><td>23(4)</td><td>✓</td><td></td></tr>
<tr><td>36.</td><td>The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.</td><td>23(5)</td><td>✓</td><td></td></tr>
</table>

Further disclosures as required under Code of Corporate Governance for Insurers, 2016:

Clause 2(5) of the Public Sector Companies (Corporate Governance Compliance) Guidelines, 2013 issued by the commission requires that any disclosure required under any other director, code, regulation or rules shall also be made in the statement of compliance, notwithstanding anything contained in the statement. Accordingly, below are the requirements of the Code of Corporate Governance for Insurers, 2016 (CCG Insurers, 2016);

1. The insurer ensures representation of independent non-executive directors and facilitates directors representing minority interests on its Board of Directors. At present, the Board includes:

Category	Names
Female Director	Dr. Lubna Ayub

All independent directors meet the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016.

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

3. All casual vacancies that occurred during the year on the Board were filled up by the directors within ninety days thereof.

4. The insurer has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.

5. The Board has reformed the following management committees after the Board of Directors election held on 25th September 2023:

Underwritig, Re-Insurance & Co-Insurance Committee:

Name of the member	Category
Dr. Lubna Ayub	Chairperson
Syed Shahnawaz Nadir	Member
Dr. Syed Arif Hussain- CEO	Member
Mr. Muhammad Irfan - CFO	Member
Khawaja Baleegh - Head of Operation	Member & Secretary

Claims Settlement Committee:

Name of the member	Category
Mr. Muhammad Amjad	Chairman
Mr. Tariq Ikram	Member
Dr. Syed Arif Hussain- CEO	Member
Mr. Rana Javed - Head of Claims	Member & Secretary

Risk Management, Compliance and IT Steering Committee

Name of the member	Category
Mr. Faisal Mumtaz	Chairman
Mr. Tariq Ikram	Member
Dr. Syed Arif Hussain- CEO	Member
Mr. Liaqut Ali Qamar - Head of IT	Member
Head of Risk Management	Member
Mr. Umair - Head of Compliance	Member & Secretary

The Board has reformed the following Board Committees under CCG Insurers, 2016 after the Board of Directors election held on 25th September 2023:

Ethics, Human Resource, Remuneration, Nomination and Procurement Committee:

Name of the member	Category
Dr. Lubna Ayub	Chairperson
Mr. Tariq Ikram	Member
Mr. Muhammad Amjad	Member
Dr. Syed Arif Hussain - CEO	Member
Mr. Liaqut Ali Qamar - Head HR & Admin	Secretary

Investment Committee:

Name of the member	Category
Syed Shahnawaz Nadir	Chairman
Mr. Tariq Ikram	Member
Dr. Syed Arif Hussain- CEO	Member
Chief Financial Officer	Member & Secretary

The Board has formed an Audit committee. It comprises of three members, of whom one is an independent director and two are non-executive directors. The chairperson of the Committee is an independent director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of the member	Category
Dr. Lubna Ayub	Chairperson
Mr. Faisal Mumtaz	Member
Mr. Muhammad Amjad	Member
Head of Internal Audit	Secretary

6. The terms of reference of the Committees have been formed and advised to the Committees for compliance. The frequency of meetings of the Committees were as follows:

Committee	Frequency
Ethics, Human Resource, Remuneration, Nomination and Procurement Committee	Twice a year
Investment Committee	Twice a year
Audit Committee	Quarterly
Underwriting Committee	Twice a year
Claim Settlement Committee	Twice a year
Risk Management & Compliance Committee	Twice a year

7. The Board has set up an effective internal audit function through competent personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the insurer and they are involved in the internal audit function on a regular basis.

8. The Chief Executive officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under CCG Insurers, 2016.The Appointed Actuary of the insurer (if any) also meets the conditions as laid down in the said Code. Moreover, the persons heading the underwriting, claim, and reinsurance departments, 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 Person	Designation
Dr. Syed Arif Hussain	Chief Executive Officer
Mr. Muhammad Irfan	Chief Financial Officer
Mr. Muhammad Irfan	Company Secretary
Mr. Liaqut Ali Qamar	Head of IT
Mr. Muhammad Shahbaz Khan	Head of Internal Audit
Mr. Khawaja Balighuddin	Head Operation
Mr. Muhammad Adeel Khan	Head of Re-insurance
Mr. Muhammad Adeel Khan	Head of Underwriting
Mr. Rana Javed	Head of Claims
Mr. Muhammad Nadir	Head of Takaful
Mr. Liaqut Ali Qamar	Head of HR & Admin and Legal
Mr. Akhtar Hussain	Actuary
Mr. Umair Sattar Abro	Head of Compliance

Following changes in the appointments were made during the reporting period

Name of outgoing employee	Name of incoming employee	Designation	Reason of change in appointment
Mr. Faraz Ahmed	Mr. Muhammad Irfan	CFO & Company Secretary	New appointment

8. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

9. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

10. The Board ensures that the investment policy of the insurer is drawn up in accordance with the provisions of the CCG Insurers, 2016.

11. The Board ensures that the risk management function of the company is in place as per the requirements of the CCG Insurers, 2016.

12. The insurer has set up a risk management function, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.

13. The Board ensures that as part of the risk management system, the insurer gets itself rated from VIS - Pakistan (credit rating agency) duly licensed by the Commission, which is being used by its risk management function/department and the respective Committee as a risk monitoring tool. The rating reaffirmed by the said rating agency on February 1, 2024, is "A+" with a "Stable" outlook.

14. The Board has set up a grievance department/function, which fully complies with the requirements of the CCG Insurers, 2016.

    (During the year, shareholders in their Extra Ordinary General Meeting held on 25th September 2023 appointed seven directors through election of directors on expiry of three years term 2020-23. However, subsequently, approvals of only five directors except for Ms. Rafat Sultana and Mr. Muhammad Amir Malik have been granted by the SECP. After year-end approval of Ms. Rafat Sultana has also been granted by the commission. However, approval of Mr. Muhammad Amir Malik is under process as SECP requires a few documents and a nomination from the State Life Insurance Corporation of Pakistan)

Tariq Ikram.

CHIEF EXECUTIVE OFFICER | CHAIRMAN

Grant Thornton

Grant Thornton Anjum Rahman
1st & 3rd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530

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Review Report to the Members on the Statement of Compliance with The Code of Corporate Governance for Insurers, 2016 and The Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for Insurers, 2016 and the Public Sector Companies (Corporate Governance) Rules, 2013 (combined called 'the Codes') prepared by the Board of Directors of Alpha Insurance Company Limited ("the Company") for the year ended December 31, 2023.

The responsibility for compliance with the Codes 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 of Compliance reflects the status of the Company's compliance with the provisions of the Codes and report if it does not and to highlight any non-compliance with the requirements of the Codes. 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 Codes.

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

The Codes require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended December 31, 2023.

Chartered Accountants

Karachi
Date: May 08, 2024
UDIN: CR202310154cbRCHFYXA

Grant Thornton Anjum Rahman
1st & 3rd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530
T +92 21 35672951-56

Independent Auditor's Report
To the Members of Alpha Insurance Company Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Alpha Insurance Company Limited** (the Company), which comprise the statement of financial position as at December 31, 2023, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit and total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and 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.

Boards 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.

Grant Thornton

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 byy the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);

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

c) investments made, expenditures 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 **Muhammad Khalid Aziz**.

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants

UDIN: AR202310154HJjAC9sek
Karachi
Date: May 08, 2024

Statement of Financial Position

As at December 31, 2023

	Note	2023	2022
		--------------- Rupees ---------------	
Assets			
Property and equipment	6	17,610,267	7,141,565
Intangible assets	7	315,773	496,897
Investments			
Equity securities	8	165,355,174	191,652,115
Debt securities	9	298,554,200	491,256,311
Loans and other receivables	10	17,192,556	8,290,145
Insurance / Reinsurance receivables	11	137,546,331	107,122,177
Reinsurance recoveries against outstanding claims		101,275,592	91,694,443
Salvage recoveries accrued		-	862,020
Deferred Commission Expense / Acquisition cost	24	24,951,808	15,115,328
Deferred taxation	13	1,059,927	10,157,887
Taxation - payment less provisions	14	79,230,407	77,932,083
Prepayments	15	47,285,919	27,517,611
Cash and bank	16	315,367,626	125,445,975
		1,205,745,580	1,154,684,557
Total Assets of Window Takaful Operations - Operator's Fund		65,196,853	-
Total Assets		1,270,942,433	1,154,684,557
Equity and Liabilities			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	17	500,000,000	500,000,000
Reserves	18	61,726,567	81,798,987
Unappropriated profit		156,412,774	106,400,660
Total Equity		718,139,341	688,199,647
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	23	216,793,824	210,329,362
Unearned premium reserves	22	116,171,934	85,324,267
Premium deficiency reserves		5,215,362	1,133,365
Unearned Reinsurance Commission	24	1,291,035	475,937
Retirement benefit	12	-	29,850
Premium received in advance		13,577,864	7,875,788
Insurance / Reinsurance Payables	19	92,049,713	68,893,641
Other Creditors and Accruals	20	95,389,734	92,422,700
		540,489,466	466,484,910
Total Liabilities of Window Takaful Operations - Operator's Fund		12,313,626	-
Total Liabilities		552,803,092	466,484,910
Total Equity and Liabilities		1,270,942,433	1,154,684,557
Contingencies and commitments	21		

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

Chief Executive Officer   Chairman   Director   Director

Profit and Loss Account
for the year ended December 31, 2023

	Note	2023	2022
		Rupees	
Net insurance premium	22	246,991,671	182,579,769
Net insurance claims	23	(144,839,791)	(116,576,984)
Premium deficiency		(4,081,997)	1,834,035
Net commission and other acquisition costs	24	(53,866,603)	(40,950,738)
Insurance claims and acquisition expense		(202,788,391)	(155,693,687)
Management Expenses	25	(123,097,962)	(94,986,197)
Underwriting results		(78,894,682)	(68,100,115)
Investment income	26	136,870,125	48,055,269
Other income	27	27,541,857	12,988,270
Other expenses	28	(3,798,938)	(3,029,449)
		160,613,044	58,014,090
Results of operating activities		81,718,362	(10,086,025)
Finance costs	29	(391,409)	(996,746)
Profit before tax from Window Takaful Operations - Operator's Fund	30	4,060,882	-
Profit / (Loss) before tax		85,387,835	(11,082,771)
Income tax expense	31	(35,816,848)	(3,200,269)
Profit / (Loss) after tax		49,570,987	(14,283,040)
Earnings / (Loss) after tax per share - Basic and Diluted	32	0.99	(0.29)

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

Chief Executive Officer | Chairman | Director | Director

Statement of Comprehensive Income
for the year ended December 31, 2023

	2023	2022
	Rupees	
Profit / (Loss) after tax	49,570,987	(14,283,040)
Other comprehensive income / (loss)		
Items that will be reclassified to profit and loss subsequently		
Unrealized gain/ (loss) on available-for-sale investments	21,743,251	(10,812,473)
Net gain transferred to Profit and loss on disposal of Investment	(50,750,474)	-
Related deferred tax	8,934,803	-
Total change in fair value on available-for-sale investments	(20,072,420)	(10,812,473)
Items not to be reclassified to profit and loss subsequently		
Actuarial benefit on defined benefit plans	621,306	357,803
Related deferred tax	(180,179)	(103,763)
	441,127	254,040
Other comprehensive loss for the year	(19,631,293)	(10,558,433)
Total comprehensive income / (loss) for the year	29,939,694	(24,841,473)

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

Chief Executive Officer	Chairman	Director	Director

Cash flow Statement

for the year ended December 31, 2023

	Note	2023	2022
		---Rupees---	
Operating Cash flows			
a) Underwriting activities			
Insurance premiums received		321,850,008	257,432,990
Reinsurance premium paid		(69,994,299)	(94,651,776)
Claims paid	23	(197,631,335)	(66,508,484)
Reinsurance and other recoveries received		49,674,857	8,732,414
Commission paid		(66,894,605)	(35,722,088)
Commission received		2,259,080	1,026,093
Management expenses paid		(122,182,972)	(89,302,210)
Net cash flow used in underwriting activities		(82,919,266)	(18,993,061)
b) Other operating activities			
Income tax paid		(19,262,588)	(7,812,415)
Other operating paymnents		(3,798,938)	6,817,960
Other operating receipts		9,954,669	54,497
Payment of retirement benefits		-	-
Other Insurance receipts		862,020	-
Net payment to Window Takaful Operation		(51,989,015)	-
Loans advanced		645,935	899,735
Net cash flow used in other operating activities		(63,587,917)	(40,223)
Total cash flow used in all operating activities		(146,507,183)	(19,033,284)
Investment activities			
Profit / return received		119,715,062	61,367,716
Dividend received		8,333,901	8,498,733
Payment for investments	36	(554,633,636)	(260,721,118)
Proceeds from investments		769,070,180	220,232,488
Fixed capital expenditure		(1,279,450)	(1,231,617)
Proceeds from sale of property and equipment		-	1,609,785
Total cash flow generated from investing activities		341,206,057	29,755,987
Financing activities			
Lease payments		(4,777,223)	(4,760,234)
Total cash flow used in financing activities		(4,777,223)	(4,760,234)
Net cashflow from all activities		189,921,651	5,962,469
Cash and cash equivalents at the beginning of the year	16	125,445,975	119,483,506
Cash and cash equivalents at the end of the year	16	315,367,626	125,445,975

Cash flow Statement

for the year ended December 31, 2023

	2023	2022
	------Rupees------	
Reconciliation to Profit and Loss Account		
Operating cash flows	(146,507,183)	(19,033,284)
Depreciation expense	(4,954,300)	(4,866,083)
Profit on disposal of property and equipment	-	1,645,239
Amortisation	(181,124)	(106,850)
Finance costs	(391,409)	(996,746)
Dividend income	8,333,901	8,498,733
Other Investment Income	128,536,224	39,556,536
Other income	15,577,694	11,343,031
Increase / (decrease) in assets other than cash	126,338,935	55,559,241
(Increase) / decrease in liabilities other than borrowing	(77,181,751)	(105,882,857)
Profit / (Loss) after taxation	49,570,987	(14,283,040)

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

Chief Executive Officer

Tariq Ikram.
Chairman

Director

Director

Statement of Changes in Equity
for the year ended December 31, 2023

	Attributable to equity holders of the Company						
	Share Capital	Capital reserve	Revenue reserve		Subtotal Reserves	Unappropriated profit	Total
		Reserve for exceptional losses	General reserve	Unrealized Gain on Revaluation of AFS Investment - net			
	(Rupees)						
Balance as at January 01, 2022	500,000,000	3,355,000	6,820,000	82,436,460	92,611,460	120,429,660	713,041,120
Total comprehensive loss for the year:							
Loss for the year	-	-	-	-	-	(14,283,040)	(14,283,040)
Other comprehensive (loss)	-	-	-	(10,812,473)	(10,812,473)	254,040	(10,558,433)
	-	-	-	(10,812,473)	(10,812,473)	(14,029,000)	(24,841,473)
Balance as at December 31, 2022	**500,000,000**	**3,355,000**	**6,820,000**	**71,623,987**	**81,798,987**	**106,400,660**	**688,199,647**
Balance as at January 01, 2022	**500,000,000**	**3,355,000**	**6,820,000**	**71,623,987**	**81,798,987**	**106,400,660**	**688,199,647**
Total comprehensive income for the year:							
Profit for the year	-	-	-	-	-	49,570,987	49,570,987
Other comprehensive Loss	-	-	-	(20,072,420)	(20,072,420)	441,127	(19,631,293)
	-	-	-	(20,072,420)	(20,072,420)	50,012,114	29,939,694
Balance as at December 31, 2023	500,000,000	3,355,000	6,820,000	51,551,567	61,726,567	156,412,774	718,139,341

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

Tariq Imran.

Chief Executive Officer	Chairman	Director	Director

Notes to and forming part of the Financial Statements
for the year ended December 31, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

Alpha Insurance Company Limited ("the Company") was incorporated in Pakistan on 24 December 1951 under the Indian Companies Act VII of 1913 as a public limited company and registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The Company is engaged in providing non-life insurance business comprising fire and property, marine, motor, health, credit and suretyship and miscellaneous. The Company commenced its commercial operations on January 23, 1952.

The registered office of the Company is situated at 4th Floor, Building # 1-B, State Life Square, I. I. Chundrigar Road, Karachi. The Company has 09 (December 31, 2022: 09) branches in Pakistan. The parent entity of the Company is State Life Insurance Corporation of Pakistan holding 95.15% (December 31, 2022: 95.15%) shares of the Company.

The Company was granted authorisation on November 21, 2022 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations (WTO) in respect of General Takaful products by the Securities and Exchange Commission of Pakistan (SECP) and the Company during the year commenced Window Takaful Operations on 11 January 2023.

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

During the year the Company has started Window Takaful Operations for which separate financial statements has been prepared.

3 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with 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 Standard Board (IASB) as are notified under Companies Act, 2017; and

- Provision of and directive issued under the Companies Act, 2017 and Insurance Ordinance, 2000,Insurance Rules, 2017 and Insurance Accounting Regulations, 2017, General Takaful Accounting Regulations, 2019 and Takaful Rules 2012.

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

3.1 Basis of measurement

These financial statements have been prepared under the historical cost basis except for the available-for-sale investments that have been measured at fair value, the obligations under employee benefits that have been measured at fair value of plan assets less the present value of defined benefit obligation and right of use assets and corresponding lease liabilities have been measured on their present value.

3.2 Functional and presentation currency

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

3.3 Standards, interpretations and amendments effective during the current year

The Company has adopted following accounting standards, interpretations and amendments of IFRSs and the improvements to accounting standards which became effective for the current year.

Amendments to approved accounting standards

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

Definition of Accounting Estimates - IAS 8
Disclosure of Accounting Policies - IAS 1 and IFRS Practice Statement 2
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - IAS 12
International Tax Reform-Pillar Two Model Rules - IAS 12

These amendments had no or material impact on the Company's financial statements.

3.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Amendments	Effective Date (Annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Non-current Liabilities with Covenants - Amendments to IAS 1	01-January-2024
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	01-January-2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	01-January-2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application, except for IFRS 17.

SECP vide its SRO 1715 dated 21 November 2023 directed the application of IFRS 17 for the period commencing from 1 January 2026.

-IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023, however it is yet to be notified by the Securities and Exchange Commission of Pakistan. In addition, the Company has opted for the 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. Further details relating to the temporary exemption from the application of IFRS 9 are given in the notes below.

The management is in the process of assessing the impacts of these standards and amendments on the financial statements of the Company.

Temporary Exemption from the Application of IFRS 9 (Financial Instruments)

As an insurance company, the management has opted for the 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 as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are as follows:

	31 December 2023				
	Fail the SPPI test		Pass the SPPI test		
	Fair value	Change in unrealized gain / (loss) during the year	Carrying value	Cost less Impairment	Change in unrealized gain / (loss) during the year
	(Rupees)				
Financial assets					
Cash and bank*	37,621,147	-	277,746,479	-	-
Investments in equity securities					-
- available for sale	165,355,174	(20,072,420)	-	-	
Investments in debt securities -					
- held to maturity	-	-	298,554,200	298,554,200	-
Loans and other receivables*	17,192,556	-	-	-	-
Total	220,168,877	(20,072,420)	576,300,679	298,554,200	-

	31 December 2023				
	Gross carrying amounts of debt instruments that pass the SPPI test				
	AAA	AA+	AA	A	Unrated
	(Rupees)				
Investments in debt securities -					
held to maturity	-	-	-	-	298,554,200
Loans and other receivables*	-	-	-	-	-
Total	-	-	-	-	298,554,200

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below:

4.1 Property and Equipment

4.1.1 Operating assets

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

Depreciation is charged to the profit and loss account using the straight line method whereby the depreciable amount of an asset is written off over the estimated useful life in accordance with the rates specified in note 6 to the financial statements. The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the month of acquisition and on disposals up to the month of disposal.

An item of operating assets is derecognised upon disposal and when no economic benefits are expected from its use or disposal. Gains or losses on disposal of tangible assets are taken to the profit and loss account in the period in which disposals are made.

4.1.2 Right of use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability, 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 basis over the lease term. The right-of-use assets is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

The profit or loss on disposal or termination of an asset represented by the difference between the remaining lease liability and the carrying amount of the asset is recognized as other operating income or expense. Refer note 4.21 for impairment of non financial asset.

4.2 Intangible assets

Intangible assets having finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. These are amortised using the straight line method over their estimated useful lives. The useful lives and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Gains or losses on disposal of intangible assets are taken to the profit and loss account in the period in which disposals are made.

4.3 Insurance contracts

Insurance contracts are those contracts where the Company has accepted significant insurance risk from the insurance contract holders by agreeing to compensate the insurance contract holder on the occurrence of a specified uncertain future event (the insured event) that adversely affects the insurance contract holder under the terms and conditions of the contract. Insurance contracts issued by the Company are generally classified in four basic categories i.e. fire and property damage, marine, aviation and transport, motor and miscellaneous.

Contracts are issued to multiple types of clients with business in engineering, automobiles, cement, power, textile, paper, agriculture, services and trading sectors etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and varies accordingly. Nonetheless, once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

The classification of an insurance contract / policy into the aforementioned categories is based on management's judgment regarding the incident / cause of loss effecting the majority of asset(s) insured under the insurance contract. The Company performs its segment reporting activities based on the classifications of insurance contracts made, as disclosed in note 34 to these financial statements.

a) Fire and property damage;

i) Insurance risks and events insured

Insurance is provided to the insurance contract holders against damages caused by fire, earthquake, riot and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact and burglary etc. and loss of profit followed by the incident of fire. These insurance contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Premium income including administrative surcharge is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct insurance business, premium is recognized evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

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 .

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Administrative surcharge represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 2,000 per policy.

iii) Claims recognition

Claim liability against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

b) Marine, aviation and transport;

i) Insurance risks and events insured

Insurance is provided to the insurance contract holders against loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils including loss of or damage to carrying vessel etc. This product is normally provided to commercial organizations. These insurance contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii) Revenue recognition policy

Premium income including administrative surcharge is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct insurance business, premium is recognized evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

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 .

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Administrative surcharge represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 2,000 per policy.

iii) Claims recognition

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

c) Motor;

i) Insurance risks and events insured

Insurance is provided to the assets of the insurance contract holders against accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage. This product is normally provided to individual customers. These insurance contracts are normally availed by commercial organizations, however are available to both commercial organizations and individuals.

ii)Revenue recognition policy

Premium income including administrative surcharge is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct insurance business, premium is recognized evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

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 .

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Administrative surcharge represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 2,000 per policy.

iii) Claims recognition

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

d) Miscellaneous

i) Insurance risks and events insured

Insurance is provided to the assets of insurance contract holders against damage / loss occurring due to burglary, loss of cash in safe, cash in transit and cash on counter, health, travel and crop etc. As per guidance of Insurance Accounting Regulations, 2017 amounts constituting less than 10% of the gross premium revenue are clubbed together under this class of insurance contract. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of loss of cash in safe, cash in transit and cash on counter and health are provided to commercial organizations.

ii) Revenue recognition policy

Premium income including administrative surcharge is recognized over the period of insurance from the date of the issue of the policy / cover note to which it relates, to its expiry. For direct insurance business, premium is recognized evenly over the period of the policy and for proportional reinsurance business, evenly over the period of underlying insurance policies. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy. The gross premium underwritten is adjusted against the unearned premium reserves / liabilities existing at each reporting date to determine the net premium underwritten during the year.

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 .

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. Premium recognized against coinsurance policies is limited to the share of the Company only. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Administrative surcharge represents documentation and other charges recovered by the Company from insurance contract holder in respect of policies issued, at the rate of 5% of the gross premium written restricted to a maximum of Rs. 2,000 per policy.

iii) Claims recognition

Claim against losses incurred are recognized at the time of the incident giving rise to the claim, except otherwise expressly indicated in the insurance contract. A claim generally includes the loss resulting from the incident, along with claim handling costs that are directly related to the processing / settling the claims, net of any salvage recoveries and any adjustments to claims outstanding from previous years. In addition to reported claims, the liability also includes provisions made under IBNR and expected claims settlement costs.

Detailed accounting policies for recording and measurement of reinsurance contracts held, receivables / payables related to insurance contracts and provision for outstanding claims including Incurred But Not Reported (IBNR) are mentioned in note 4.8, 4.9 and 4.17, respectively.

4.4 Commission

4.4.1 Deferred commission expense / Acquisition Cost

Commission expense and costs incurred in obtaining and recording policies are deferred and recognised as an asset and are recognised in the profit and loss account as expenses in accordance with the pattern of recognition of premium income.

4.4.2 Unearned Commission income

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates.

4.5 Premium

Premium received / receivables under a policy is recognised as written from the date of attachment of the policy to which it relates. Premium income under a policy for direct businesses is recognised over the period of insurance from inception to expiry evenly over the period of the policy.

Premium income also includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 2,000 per policy. Administrative surcharge is recognised as premium at the time the policies are written.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognises that impairment loss in the profit and loss account.

4.6 Unearned premium reserve

Unearned premium reserve represents the portion of premium written relating to the unexpired period of coverage and is recognised as a liability by the Company. This liability is calculated by determining the ratio of the unexpired period of the policy as specified in the Insurance Rules, 2017.

4.7 Premium deficiency reserve

The cumulative unearned premium reserve for any classes of business is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of policies in that class of business in force at the reporting date, a premium deficiency reserve is recognised as a liability to meet the deficit. The movement in premium deficiency reserve is recorded as an expense / income in the profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claims development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. Further, actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of all class of business.

4.8 Reinsurance contracts held

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums is accounted for in the same periodas the related premium for the direct business being reinsured. Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepaid reinsurance premium ceded.

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

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against income or expenses from related insurance contracts.

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

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

4.9 Receivables and payables related to insurance contracts

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

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

4.10 Creditors, accruals and provisions

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

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

4.11 Reinsurance recoveries against outstanding claims

Claims recoveries against outstanding claims from the reinsurer and salvage are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

4.12 Salvage recoveries accrued

Salvage recoveries are recognized as an asset and measured at the amount expected to be received.

4.13 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The Company presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and Insurance Rules, 2017 as the primary reporting format.

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

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

Assets and liabilities are allocated to particular segments on the basis of gross premium written during the year. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

4.14 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, policy and revenue stamps, bond papers and bank balances in current and saving accounts.

4.15 Revenue Recognition

(a) Premium income under a policy is recognised over the period of insurance contract from the date of inception of the policy to which it relates till the expiry in case of marine cargo business whereas, for all other cases of premium, income is recognised as a difference between total premium written and provision for unearned premium.

(b) Commission income is taken to the profit and loss account on a time proportionate basis in accordance with the pattern of recognition of reinsurance premium to which it relates.

(c) Administrative surcharge recovered by the Company from policy holders is included in income.

(d) Income from held-to-maturity investments is recognised on time proportion basis taking into account the effective yield on the investment. The difference between redemption and purchase price of the held-to-maturity investment is amortised and recognised in the profit and loss account over the term of investment.

(e) Dividend income is recognised when the right to receive such dividend is established.

(f) Gain / (loss) on sale of investments is included in the profit and loss account in the period of sale.

(g) Return on bank balances is recognised on a time proportion basis taking into account the effective yield.

(h) Reinsurance premium is recognized as expense after taking into account the proportion of prepaid reinsurance premium which is recognized as a proportion of the gross reinsurance premium of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day.

4.16 Investments

4.16.1 Classification

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

a) In equity securities

Surplus / (deficit) arising on revaluation of quoted securities which are classified as available for sale investments is taken to other comprehensive income in the Statement of Comprehensive Income. On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period within Statement of Comprehensive Income whereas any reversal in impairment is taken in Statement of Comprehensive Income.

Provision for diminution in the values of securities is made after considering impairment, if any, in their value and is taken to profit and loss account. Impairment is booked when there is an objective evidence of significant or prolonged decline in the value of such securities.

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

b) In debt securities

These are investments with fixed or determinable payments and fixed maturities which the Company has the intention and ability to hold till maturity.

Provision for impairment against debt securities is made in accordance with the requirements of the law. In case of unquoted debt securities, the breakup value of· the security should be considered to determine impairment amount.

Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

4.17 Offsetting of financial assets and liabilities

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

4.18 Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and 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. However, provisions are reviewed at each reporting date and adjusted to management's best estimate.

4.19 Provision for outstanding claims (including IBNR)

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

Outstanding claims

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

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

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

Incurred But Not Reported (IBNR) Claims

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

The provision for claims incurred but not reported (IBNR) is made at the financial statement date. 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.

4.20 Taxation

Income tax expense comprises of 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 other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current tax

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

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

Deferred tax

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

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

4.21 Staff retirement benefits

4.21.1 Defined benefit plan - Gratuity Scheme

The Company operates an approved and funded gratuity scheme for employees whose period of service with the Company is five years or more. The liability / (asset) recognized in the balance sheet is the present value of defined benefit obligation at the reporting date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in profit and loss account and actuarial gains / (losses) are recognised in other comprehensive income as they occur and are not reclassified to profit or loss in subsequent periods. The last actuarial valuation of the Company's defined benefit plan was carried on as of December 31, 2023.

4.21.2 Defined contribution plan

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary.

4.21.3 Employees' compensated absences

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

4.22 Leases

Lessee accounting

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.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses the recent third party financing received by the Company as a starting point, adjusted to reflect the changes in financing conditions since third party financing was received;

- uses expected terms of third party financing based on correspondence with the third party financial institutions, where third party financing was not received recently; and
- makes adjustments specific to the lease e.g. terms and security.

Lease payments include fixed payments, variable lease payment 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.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods covered by termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). While making this assessment, the Company considers significant penalties to terminate (or not extend) as well as the significant cost of business disruption.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is premeasured 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-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

In determining the lease term termination options are considered as are included in a number of property leases by the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of termination options held are exercisable by both the Company and the respective lessors. Further refer note 4.21 for impairment of non financial assets.

4.23 Impairment of assets

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 recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

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

4.24 Dividend distribution

Dividend to shareholders is recognized as liability in the period in which it is approved. Dividends, if any, declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the year in which such dividends are declared and transfers are made.

4.25 Management Expense

Expenses of management have been allocated to various revenue accounts on equitable basis.

4.26 Commission from reinsurers

The revenue recognition policy for commission from reinsurer is given under note 4.4.2.

4.27 Foreign currencies

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. All exchange differences are routed through the profit and loss account.

4.28 Financial instruments

Financial instruments include cash and bank, loans to employees, investments, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, other claim liabilities amount due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits and other payables and unclaimed dividends.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company 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. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income directly.

4.29 Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of 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.

4.30 Contingent liabilities

Contingent liability is disclosed when:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or

b) a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

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

		Note
a)	Useful lives of property and equipment	4.1
b)	Intangible assets	4.2
c)	Unearned Premium reserve	4.6
d)	Premium deficiency reserve	4.7
e)	Receivables and payables related to insurance contracts	4.9
f)	Provision for outstanding claim (including IBNR)	4.19
g)	Taxation	4.20
h)	Staff retirement benefits	4.21
i)	Leases	4.22
j)	Impairment of assets	4.23
k)	Contingent liabilities	4.30

6. PROPERTY AND EQUIPMENT

	Note	2023	2022
		---------------Rupees	---------------
Operating assets	6.1	3,466,715	3,793,603
Right-of-use assets	6.2	14,143,552	3,347,962
		17,610,267	7,141,565

6.1 Operating Assets

	2023							
	Cost			Depreciation			Written down value as at 31 December 2023	Depreciation rate %
	As at 1 January 2023	Additions / (disposals)	As at 31 December 2023	As at 1 January 2023	For the year / (on disposals)	As at 31 December 2023		
	-------------------------	-------------------------	-------------------------	Rupees	-------------------------	-------------------------	-------------------------	
Furniture and fixtures	14,812,986	-	14,812,986	14,222,690	224,232	14,446,922	366,064	10
Office equipment	5,193,856	-	5,193,856	5,179,977	10,722	5,190,699	3,157	10 & 20
Computer and accessories	10,249,688	383,050	10,632,738	9,465,313	298,786	9,764,099	868,639	20
Motor vehicles	19,103,315	-	19,103,315	18,199,591	609,169	18,808,760	294,555	20
Electrical Installations	7,068,810	896,400	7,965,210	5,567,481	463,429	6,030,910	1,934,300	15
	56,428,655	1,279,450	57,708,105	52,635,052	1,606,338	54,241,390	3,466,715	
		-			-			

	2022							
	Cost			Depreciation			Written down value as at 31 December 2022	Depreciation rate %
	As at 1 January 2022	Additions / (disposals)	As at 31 December 2022	As at 1 January 2022	For the year / (on disposals)	As at 31 December 2022		
	Rupees							
Furniture and fixtures	14,812,986	-	14,812,986	13,977,332	245,358	14,222,690	590,296	10
		-			-			
Office equipment	5,193,856	-	5,193,856	5,164,258	15,719	5,179,977	13,879	10 & 20
		-			-			
Computer and accessories	9,797,818	451,870	10,249,688	9,224,016	241,297	9,465,313	784,375	20
		-			-			
Motor vehicles	20,677,315	-	19,103,315	19,164,420	609,168	18,199,591	903,724	20
		(1,574,000)			(1,573,997)			
Electrical Installations	6,892,810	176,000	7,068,810	5,160,977	406,504	5,567,481	1,501,329	15
		-			-			
	57,374,785	627,870	56,428,655	52,691,003	1,518,046	52,635,052	3,793,603	
		(1,574,000)			(1,573,997)			

6.2 Right-of-use assets

	Note	2023	2022
		Rupees	
Balance at 1st January		3,347,962	6,859,402
Depreciation charge for the period		(3,347,962)	(3,348,036)
Add:Addition during the year		14,143,552	-
Less: Disposal during the year - WDV		-	(163,404)
Balance at 31st December		14,143,552	3,347,962

	2023							
	Cost			Depreciation			Written down value as at 31 December 2023	Depreciation rate %
	As at 1 January 2023	Additions / (disposals)	As at 31 December 2023	As at 1 January 2023	For the year / (on disposals)	As at 31 December 2023		
	Rupees							
Right-of-use assets	17,225,481	14,143,552	14,143,552	13,877,519	3,347,962	14,143,552	14,143,552	20 & 33
		(17,225,481)			(17,225,481)			
	17,225,481	14,143,552	14,143,552	13,877,519	3,347,962	14,143,552	14,143,552	
		(17,225,481)			(17,225,481)			

	2022							
	Cost			Depreciation			Written down value as at 31 December 2022	Depreciation rate %
	As at 1 January 2022	Additions / (disposals)	As at 31 December 2022	As at 1 January 2022	For the year / (on disposals)	As at 31 December 2022		
Right-of-use assets	17,633,973	-	17,225,481	10,774,571	3,348,036	13,877,519	3,347,962	20 & 33
		(408,492)			(245,088)			
	17,633,973	-	17,225,481	10,774,571	3,348,036	13,877,519	3,347,962	
		(408,492)			(245,088)			

7. INTANGIBLE ASSETS

	Cost			Amortisation			Written down value as at 31 December	Amortization rate %
	As at 1 January	Additions / (disposals)	As at 31 December	As at 1 January	For the year	As at 31 December		
	Rupees							
2023								
Computer Software	3,015,659	-	3,015,659	2,518,762	181,124	2,699,886	315,773	30%
2022								
Computer Software	2,411,912	603,747	3,015,659	2,411,912	106,850	2,518,762	496,897	30%

7.1 Cost and accumulated amortisation in respect of fully amortised GIS software and operating software licence which was purchased in 2009 still in use at the end of the year amounted to Rs. 2.41 million (2022: Rs. 2.41 million).

8. INVESTMENTS IN EQUITY SECURITIES

	Note	2023 Cost	2023 Impairment / provision for the year	2023 Carrying value	2022 Cost	2022 Impairment / provision for the year	2022 Carrying value
		Rupees					
Available for sale							
Related parties							
Listed shares	8.1.1	3,003	-	3,003	3,003	-	3,003
Unrealized gain on investment		-	-	4,098,312	-	-	3,655,648
		3,003	-	4,101,315	3,003	-	3,658,651
Others							
Listed shares	8.1.2	111,303,044	(18,558,706)	92,744,338	129,652,100	(39,618,050)	90,034,050
Unrealized gain on investment		-	-	68,509,521	-	-	97,959,414
		111,303,044	(18,558,706)	161,253,859	129,652,100	(39,618,050)	187,993,464
		111,306,047	(18,558,706)	165,355,174	129,655,103	(39,618,050)	191,652,115

8.1 Investments - Available for sale

	Number of Shares 2023	Number of Shares 2022	Cost (Rupees) 2023	Cost (Rupees) 2022	Fair value (Rupees) 2023	Fair value (Rupees) 2022
Listed shares						
8.1.1 Related parties						
Non Life Insurance						
Pakistan Reinsurance Company Limited	533,331	533,331	3,003	3,003	4,101,315	3,658,651
	533,331	533,331	3,003	3,003	4,101,315	3,658,651
8.1.2 Others						
Oil & Gas						
Oil and Gas Development Company Limited	13,800	13,800	2,746,003	2,746,003	1,551,810	1,099,308
Pakistan Oil Fields Limited	6,000	6,000	2,169,519	2,169,519	2,531,640	2,357,100
Pakistan Petroleum Limited	126,960	126,960	18,868,530	18,868,530	14,604,209	8,651,054
Pakistan State Oil Company Limited	45,120	45,120	10,051,767	10,051,767	7,973,155	6,496,829
Shell (Pakistan) Limited	-	70,126	-	4,571,699	-	7,534,337
Fertilizer						
Engro Fertilizer Limited	108,500	108,500	6,825,543	6,825,543	12,176,955	8,342,565
Fauji Fertilizer Company Limited	79,627	79,627	5,892,283	5,892,283	9,012,980	7,859,981
Engro Corporation Limited	1,100	1,100	297,488	297,488	324,401	288,211
Forestry (Paper and Board)						
Pakistan Paper Product Limited	159,333	159,333	149,375	149,375	8,682,055	9,013,468
Packages Limited.	3,500	3,500	1,285,160	1,285,160	1,855,316	1,295,560

	Number of Shares 2023	Number of Shares 2022	Cost 2023	Cost 2022	Fair value 2023	Fair value 2022
	------ Number of Shares -------		---------- Rupees ----------		---------- Rupees ----------	
Leasing						
OLP Financial services Pakistan limited (Formerly Orix Leasing Pakistan Limited)	31,500	31,500	1,192,990	1,192,990	708,750	614,250
Tobacco						
Pakistan Tobacco Company Limited	23,367	23,367	78,710	78,710	26,418,263	22,523,919
Pharmaceuticals						
GlaxoSmithKline Pakistan Limited	83,383	83,383	5,976,082	5,976,082	6,919,955	7,318,526
GlaxoSmithKline Consumer Healthcare Pakistan Limited	22,644	22,644	1,622,899	1,622,899	3,827,062	3,711,352
Highnoon Laboratories Limited	48,175	38,084	11,823,800	11,823,800	24,307,178	20,571,073
Travel and Leisure						
Pakistan Service Limited	15	28,815	107	199,116	15,165	48,011,842
Commercial Banks						
Allied Bank Limited	121,000	121,000	14,470,321	14,470,321	10,043,000	7,740,370
Askari Bank Limited	1,055,125	917,500	21,987,565	21,987,565	26,082,690	18,441,750
Non Life Insurance						
Habib Insurance Company Limited	19,831	19,831	95,830	95,830	122,952	118,986
Adamjee Insurance Company Limited	28,500	28,500	1,667,228	1,667,228	973,845	802,845
Food & Personal Care Products						
Treet Corporation Limited	-	221,190	-	13,578,348	-	3,587,702
Cement						
D. G. Khan Cement Company Limited.	21,000	21,000	2,683,784	2,683,784	1,625,400	1,084,440
Fauji Cement Company Limited	11,250	11,250	298,324	298,324	212,850	135,225
Automobile Assemblers						
Pak Suzuki Motor Company Limited.	2,300	2,300	1,119,736	1,119,736	1,284,228	392,771
	2,012,030	2,184,430	111,303,044	129,652,100	161,253,859	187,993,464

8.2 Listed shares

	Note	2023	2022
		--------------- Rupees	---------------
Cost		111,306,047	129,655,103
Provision for impairment	8.2.1	(18,558,706)	(39,618,050)
		92,747,341	90,037,053

8.2.1 Provision for impairment

	2023	2022
Opening provision	39,618,050	25,574,619
Charge for the year	-	14,043,431
Reversal	(11,068,698)	-
Elimination on disposal of Securities	(9,990,646)	-
Closing provision	18,558,706	39,618,050

9. INVESTMENTS IN DEBT SECURITIES

	Note	2023 Cost	2023 Impairment / provision for the year	2023 Carrying value	2022 Cost	2022 Impairment / provision for the year	2022 Carrying value
		Rupees					
Others							
Government securities							
Held to maturity							
Pakistan Investment Bonds	9.1.1	221,790,180	-	233,920,564	221,790,180	-	230,535,193
Treasury Bills	9.1.2	58,332,170	-	64,633,636	238,452,780	-	260,721,118
		280,122,350	-	298,554,200	460,242,960	-	491,256,311

9.1. Government securities - held to maturity

9.1.1 Pakistan Investment Bonds

Face value (Rupees)	Profit rate %	Coupon payment	Type of Securities	Maturity date	2023 Cost	2023 Carrying value	2022 Cost	2022 Carrying value
					Rupees			
100,000,000	9.5%	Semi-annually	PIB - 5 years	19-09-2024	89,509,800	98,099,195	89,509,800	95,688,356
50,000,000	10.0%	Semi-annually	PIB - 10 years	19-09-2029	47,189,900	48,045,838	47,189,900	47,810,367
40,000,000	9.5%	Semi-annually	PIB - 5 years	19-09-2024	37,709,080	39,594,738	37,709,080	39,075,387
50,000,000	10.0%	Semi-annually	PIB - 10 years	19-09-2029	47,381,400	48,180,793	47,381,400	47,961,083
					221,790,180	233,920,564	221,790,180	230,535,193

9.1.1.1 Pakistan investment bonds have face value of Rs. 221.79 million (market value of Rs. 233.920 million) [2022: face value of Rs. 221.79 million (market value of Rs. 230.535 million)]. These carry mark-up ranging from 9.5% to 10% (2022: 9.5% to 10%) per annum and will mature between 2024 and 2029.

9.1.1.2 Pakistan Investment Bonds with face value of Rs. 60 million (2022: Rs. 60 million) are placed with State Bank of Pakistan under Section 29 of the Insurance Ordinance, 2000.

9.1.2 Treasury Bills

Face value (Rupees)	Yield rate %	Profit payment	Type of Security	Maturity date	2023 Cost	2023 Carrying value	2022 Cost	2022 Carrying value
					Rupees			
150,000,000	13.16%	On maturity	Treasury Bills	06-04-2023	-	-	132,602,550	145,459,457
75,000,000	12.46%	On maturity	Treasury Bills	24-03-2023	-	-	66,688,800	73,132,826
45,000,000	14.95%	On maturity	Treasury Bills	29-06-2023	-	-	39,161,430	42,128,835
65,000,000	22.92%	On maturity	Treasury Bills	11-01-2024	58,332,170	64,633,636	-	-
					58,332,170	64,633,636	238,452,780	260,721,118

9.1.2.1 Market treasury bills have face value of Rs.58.332 million (market value of Rs. 64.633 million) [2022: face value of Rs. 238.45 million (market value of Rs. 260.118 million)]. These carry mark-up at 20.80% to 22.92% (2022: 8.06% to 14.95%) per annum and will mature in 2024.

	Note	2023	2022
		Rupees	
10. LOANS AND OTHER RECEIVABLES			
- Considered good			
Receivables from Window Takaful Operation	10.1	3,166,670	-
Accrued investment income		6,648,067	6,693,926
Security deposit		305,120	305,120
Advance to Supplier		5,983,835	-
Agent commission receivable		22,855	72,854
Loans to employees	10.2	408,605	1,004,541
Federal insurance fee		264,963	-
Other receivables		392,441	213,704
		17,192,556	8,290,145

10.1 This represents receivables from window takaful operations OFP and PTF for expenses incurred on their behalf amounting to Rs.1.584 million (2022: Rs. Nil) and 1.925 million (2022: Rs. Nil) respectively.

10.2 This represents interest free short term loan to employees as per the Company policy.

	2023	2022
11. INSURANCE / REINSURANCE RECEIVABLES		
- Unsecured and considered good		
Due from insurance contract holders	52,294,157	93,812,062
Less : provision for impairment of receivables from insurance contract holders	(25,320,531)	(86,799,589)
Due from other insurers / reinsurers	141,851,233	131,868,119
Less : provision for impairment of due from other insurers / re-insurers	(31,278,528)	(31,758,415)
	137,546,331	107,122,177

12. RETIREMENT BENEFIT

12.1 Balance Sheet Reconciliation

	2023	2022
Fair value of plan assets	8,015,382	8,018,900
Present value of defined benefit obligation	(7,810,885)	(8,048,750)
Funded status	204,497	(29,850)
Recognised net actuarial gain	(204,497)	-
Recognised asset/(liability)	-	(29,850)

12.2 Movement in fair value of plan assets

	2023	2022
Fair value of plan assets as at 1st January	8,018,900	8,233,194
Expected return on plan assets	1,122,646	823,319
Actuarial gain	115,108	366,210
Benefits paid	(1,241,272)	(1,403,823)
Fair value as at 31st December	8,015,382	8,018,900

	2023	2022
	----- Rupees -----	
12.3 Movement in the defined benefit obligations		
Obligation as at 1st January	8,048,750	8,052,536
Service cost	587,278	586,377
Interest cost	1,126,825	805,253
Actuarial (gain)/ loss	(710,695)	8,407
Benefits paid	(1,241,272)	(1,403,823)
Obligation as at 31st December	7,810,886	8,048,750
12.4 Cost		
Current service cost	587,278	586,377
Interest cost	1,126,825	805,253
Expected return on plan assets	(1,122,646)	(823,319)
Expense	591,457	568,311
Actual return on plan assets	1,237,754	1,189,529
Charge for the year recognized in the statement of profit and Loss		
Current Service Cost	587,278	586,377
Net Interest Expense/(Income)	4,179	(18,066)
	591,457	568,311
Actuarial (Gain)/Loss recognised in the Other Comprehensive Income	(825,803)	(357,803)
Add:Reversal due to asset Ceiling	204,497	-
Net Actuarial (Gain)/Loss recognised in the Other Comprehensive Income	(621,306)	(357,803)

12.5 The actuarial valuations are carried out annually using Projected Unit Credit (PUC) actuarial cost method and contributions are made accordingly. Following are the significant assumptions used for valuation of the plan:

	2023	2022
Discount rate and expected return on plan assets	15%	14%
Future salary increases	15%	14%
Mortality rates	60 years	60 years
Rates of Employee turnover	SLIC (2001-05) - 1 Light	SLIC (2001-05) - 1 Light

12.6 Comparision for five years

	2023	2022	2021	2020	2019
	----- Rupees -----				
Fair value of plan assets	8,015,382	8,018,900	8,233,194	8,233,194	6,699,609
Defined benefit obligations	(7,810,885)	(8,048,750)	(8,052,536)	(7,052,757)	(6,377,971)
Surplus / (Defecit)	204,497	(29,850)	180,658	1,180,437	321,638
Experience adjustments					
Gain / (Loss) on plan assets (as percentage of plan assets)	1.44%	4.57%	-7.46%	-5.80%	-3.52%
(Gain) / Loss on obligations (as percentage of plan obligations)	9.10%	-0.10%	0.51%	-12.47%	15.31%

12.7 **Comparision of fair value of plan assets**

	2023		2022	
	(Rupees)	%	(Rupees)	%
Debt	-	-	-	-
Equity	-	-	-	-
Cash and cash equivalent	8,015,382	100%	8,018,900	100%
Total	8,015,382	100%	8,018,900	100%

12.8 **Sensitivity analysis on significant actuarial assumptions defined benefit obligation**

	2023		2022	
	%	(Rupees)	%	(Rupees)
Discount rate +1.00%	-4.10%	(319,849)	-5.60%	(450,773)
Discount rate -1.00%	4.6%	363,111	6.40%	515,142
Future salary increase +1.00%	4.90%	385,460	6.80%	544,172
Future salary increase -1.00%	-4.40%	(345,311)	-6.00%	(484,233)

The weighted average duration of the defined benefit obligation is 5 years (2022: 6.50 years).

Projected payments

Expected maturity analysis of undiscounted defined benefit obligation for the gratuity fund is as follows:

Payment of benefits:	2023	2022
	Rupees	
2023	2,417,668	2,416,292
2024	1,267,114	186,946
2025	181,523	1,174,861
2026	2,813,661	216,491
2027	503,872	2,550,076
2028 onwards	22,803,939	27,100,982

12.9 The gratuity has been discontinued for future appointments since 2015.

13. DEFERRED TAXATION - NET

	2023	2022
Deferred debits arising in respect of:		
Accelerated tax depreciation on fixed assets	881,309	1,309,603
Lease liabilities	4,101,630	2,420,966
Provision against premium due but unpaid	7,342,954	22,958,792
Provision for diminution in value of investment	5,382,025	7,416,640
Provision against amount due from other insurers/reinsurers	9,070,773	8,412,872
Deferred credits arising due to:		
Right-of-use assets	(4,101,630)	(1,989,227)
Provision for employees' benefits plan	(560,862)	(380,684)
Unrealized loss on revaluation of AFS	(21,056,272)	(29,991,075)
	1,059,927	10,157,887

	Note	2023	2022
		--------------- Rupees ---------------	
13.1 Movement in net deferred tax asset / (liability) is as follows:			
Opening deferred tax asset / (liability)		10,157,887	10,261,651
(Charge to) / reversal of the profit and loss account			
Accelerated tax depreciation on fixed assets		(428,294)	-
Lease liabilities		1,680,665	-
Provision against premium due but unpaid		(15,615,838)	-
Provision for diminution in value of investment		(2,034,615)	-
Provision against amount due from other insurers/reinsurers		657,901	-
Right-of-use assets		(2,112,404)	-
		(17,852,585)	-
(Charge to) / reversal of other comprehensive income			
Provision for employees' benefits plan		(180,179)	(103,764)
Unrealized loss on revaluation of AFS		8,934,803	-
		8,754,624	(103,764)
Closing deferred tax		1,059,926	10,157,887

14. TAXATION - PAYMENT LESS PROVISIONS

	Note	2023	2022
Advance tax - opening		77,932,083	73,319,937
Add: Advance tax paid during the period		19,262,588	7,812,415
Less: Provision for the year		(17,964,264)	(3,200,269)
		79,230,407	77,932,083

15. PREPAYMENTS

	Note	2023	2022
Prepaid reinsurance premium ceded	22	47,285,919	27,073,841
Prepaid rent		-	234,891
Prepaid miscellaneous expenses		-	208,879
		47,285,919	27,517,611

16. CASH AND BANK

	Note	2023	2022
Cash and cash equivalent			
- Policy and Revenue stamps, Bond papers		253,717	207,080
Cash at bank			
- Current accounts		37,367,430	5,390,622
- Savings accounts	16.1	277,746,479	67,241,666
- Window takaful operations	16.2	-	52,606,607
		315,367,626	125,445,975

16.1 The rate of return on profit and loss savings account maintained at various banks range from 14.00% to 20.00% per annum (2022: 8.25% to 14.50% per annum).

16.2 This represents amount deposited in separate savings bank accounts of Rs. Nil (2022: Rs. 52.606 million) for window takaful operations. It further includes bank account opened for Participant Takaful Fund amounting to Rs. Nil (2022: Rs.10,000). During the year the Company has transferred these accounts t window takaful operations as reflect in the financial statements of Wndow Takaful Operations as at December, 21 2023.

17. SHARE CAPITAL

17.1 Authorized capital

2023	2022		2023	2022
Number of shares			Rupees	
51,000,000	51,000,000	Ordinary shares of Rs. 10 each	510,000,000	510,000,000

17.2 Issued, subscribed and paid-up share capital

2023	2022		2023	2022
Number of shares			Rupees	
		Ordinary shares of Rs.10 each issued		
1,162,000	1,162,000	- as fully paid in cash	11,620,000	11,620,000
19,640,000	19,640,000	- issued as right share	196,400,000	196,400,000
29,198,000	29,198,000	- issued as fully paid bonus shares	291,980,000	291,980,000
50,000,000	50,000,000		500,000,000	500,000,000

18. RESERVES

	Note	2023	2022
		Rupees	
Capital reserve			
Reserve for exceptional losses	18.1	3,355,000	3,355,000
Revenue reserves			
General reserve		6,820,000	6,820,000
Unrealised appreciation on 'available for sale' investments		51,551,567	71,23,987
		61,726,567	81,798,987

18.1 The reserve for exceptional losses represents amounts set aside till 31 December 1978 to avail deduction thereof in computing taxable income, as allowed previously under the old Income Tax Act of 1922. After the introduction of the repealed Income Tax Ordinance, 1979, which did not permit the said deduction, hence the Company discontinued the setting aside of amounts as reserve for exceptional losses.

19. INSURANCE/ REINSURANCE PAYABLES

	Note	2023	2022
Due to other insurers / reinsurers	19.1	53,907,998	47,503,741
Cash margins against performance bonds		38,141,715	21,389,900
		92,049,713	68,893,641

19.1 This includes payable to related party amounting to Rs. 12.86 million (2022: Rs. 14.53 million).

	Note	2023	2022
		Rupees	
20. OTHER CREDITORS AND ACCRUALS			
Agent commission payable		53,151,821	54,899,361
Federal Excise Duty / Sales tax		11,948,097	17,642,107
Federal Insurance Fee		-	77,329
Lease Liability	20.1	14,143,552	4,385,814
Sindh Workers' Welfare Fund	20.2	2,197,746	2,197,746
Salaries & wages payable		372,052	1,245,548
Accrued expenses		2,604,325	2,936,947
Compensated absences		3,542,498	2,613,382
Income tax liabilities		145,335	245,432
Other tax payables		67,797	96,696
Unpaid and unclaimed dividend		3,001,450	3,001,450
Accounts payable for goods & services		906,255	466,523
Other creditors & accruals	20.3	3,308,806	2,614,365
		95,389,734	92,422,700

20.1 Lease Liability

	2023	2022
Current	1,838,099	3,482,487
Non - Current	12,305,453	903,327
	14,143,552	4,385,814

20.2 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment was extended. The amendments were challenged at various levels and conflicting judgments were rendered by the Lahore High Court, Sindh High Court and Peshawar High Court.

The Honourable Supreme Court of Pakistan vide its judgment dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act, 2008 are ultra-vires to the Constitution.

The Federal Board of Revenue has filed Civil Review Petitions in respect of above judgment with the prayer that the judgment dated 10 November 2016 passed in the Civil Appeal may kindly be reviewed in the interest of justice.

In view of the above, on prudent basis the management has decided not to reverse charge for WWF recorded for the years up to 2015 amounting to Rs. 2.198 million.

20.3 This includes outstanding claims in respect of which cheques have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the aging as required by SECP circular No. 11 dated 19 May 2014:

	2023	2022
	Rupees	
- More than 6 months	768,053	869,599

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 Various claims amounting to Rs. 74.575 million (2022: Rs. 60.48 million) has been lodged by various parties against the Company. The Company has not acknowledge these claims as the management considers that the Company is not liable to settle the amount.

21.1.2 The deemed assessment under section 120 of Income Tax Ordinance, 2001 of the Company have been finalised up to tax year 2023. Matters of disagreement exist between the Company and the tax authorities for the tax year 2009, 2011, 2012, 2013, 2014, 2015 and 2016. In prior years, the Commissioner has passed amended assessment orders for the these tax years under section 122(5A), wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, certain disallowances were made in respect of provision for IBNR claims, non-withholding of tax on commission expenses and payment of certain expenses in cash. The management is contesting these matters with the tax authorities and has filed appeals with the Appellate Tribunal Inland Revenue (ATIR), the Honourable High Court of Sindh (the Court) and with the Commissioner Inland Revenue Appeals (CIRA) and is confident that these matters will be decided in favour of the Company. Consequently, no provision has been made in these financial statements in respect of the above matters.

For tax years 2009, 2011, 2012 and 2013, the ACIR has passed amended assessment order under section 122(5A) of the Income Tax Ordinance, 2001 wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Company under Fourth Schedule to the Ordinance. As a result of the amended assessment order for the tax year 2009, demand of Rs. 4.63 million was created, for the tax years 2011 and 2012, demand of Rs. 18.58 million was created against which the Company has paid Rs. 9.74 million and for the tax year 2013, demand of Rs. 1.79 million. The Company has filed appeals before CIRA and if the appeal is decided against the Company, a tax liability of Rs. 15.26 million would arise, however the Tax advisor believes that the case will be decided in favour of the Company.

During 2017, the ACIR issued notice dated 16 May 2017, under section 122(5A) for passing an amended order on certain issues for the tax year 2011. However, the Company has filed a writ petition before the Honourable High Court of Sindh challenging the validity of the notice being barred by limitation of time. The Court has granted an order and the said order is operating. Based on tax advisor opinion the management is confident of favourable outcome of the said appeal. accordingly, no tax provision has been recorded in these financial statements.

For tax years 2015 and 2016, the ACIR passed an amended assessment order under section 122(5A), wherein tax on dividend income has been charged at corporate tax rate by treating such income as business income of the Company under Fourth Schedule to the Ordinance. Further, certain disallowances were made in respect of non-withholding of tax on commission expenses and payment of certain expenses in cash. Consequently, tax demand of Rs. 2.30 million and Rs. 6.83 million was created respectively. Against the amended assessment order, an appeal was filed before the CIRA, who vide combined appellate order dated 21 November 2017 allowed relief in respect chargeability of dividend at corporate tax rates and levy of Worker's Welfare Fund whereas additions on account of non-withholding of tax commission expense and cash expenses made by the Company were confirmed.

The Company has filed a further appeal before the ATIR on the issues confirmed by the CIRA. Moreover, the department has also filed appeal before the ATIR challenging the relief granted by the CIRA. If the appeal is decided against the Company, a tax liability of Rs. 9.12 million would arise, however the tax advisor believes that the case will be decided in favour of the Company.

Moreover, the Deputy Commissioner Inland Revenue (DCIR), Enforcement & Collection Unit-3, Range-B, Zone III, Large tax payers Unit, Karachi finalized the monitoring proceedings 161/205 of the Income Tax Ordinance, 2001 in 2017. The DCIR, while passing the order, levied tax on account of rent, insurance commission, re-insurance premium, insurance claims and payment of various expenses aggregating to Rs.16.64 million including default surcharge and penalty. Against the order, the Company filed an appeal before the CIR(A), wherein the CIR(A) deleted the tax demand against rent payments, remanded back the issues of insurance commission, insurance claims and payment of various expenses. Further, the CIR(A) confirmed the levy of tax in respect of re-insurance premium. Moreover, against the order of CIR(A), the Company filed an appeal before the ATIR which is pending adjudication.

21.1.3 Show-cause notice dated 19 December 2018 was instituted after the Company's audit for the tax periods from January 2016 to December 2016 was carried out under Section 28(2) of the Sindh Sales Tax on Services Act, 2011. The instant notice called upon the Company to show cause as to why not the Sindh sales tax amounting to Rs. 152.26 million may not be assessed as short payment of Sindh sales tax. The Company submitted various arguments, evidence and reconciliations. The Assistant Commissioner SRB vide Order-in-Original dated 13 November 2019 held that the Company has received re-insurance services from foreign re-insurance companies and is, therefore, liable to deposit the Sindh sales tax amount of Rs. 7.56 million along with penalty of Rs. 0.38 million. The Company being aggrieved preferred an appeal before the Commissioner Appeals – SRB. Various hearings have been conducted; however, the case is pending adjudication. The tax advisor is very confident with regard to the merits of the issue involved and suggest favorable outcome for instant case.

21.1.4 During the year 2019, the Assistant Commissioner, Sindh Revenue Board ("ACSRB") had issued a show cause notice No. SRB-COM-I/Unit- 10/SNC/11/2018/000492 ("SCN") dated 22th June 2019, to the Company on various issues specified in the SCN including short payment of Sindh sales tax amount of Rs. 7.44 million. These issues pertain to the tax period 2011. In response to the aforesaid notice, the Company through its legal advisor filed a Constitutional Petition # D-4743 of 2019 in the High Court of Sindh (HCS) challenging the aforesaid notice and obtained interim stay order and case was decided in favor of SRB.

Subsequently the ACSRB fixed the date of hearing on similar SCN on which the Company has decided to challenge the decision of Sindh High Court in the Honorable Supreme Court of Pakistan. Meanwhile, the Company has also requested the ACSRB to extend the date of compliance for instant case. However, the ACSRB passed an Order in Original No. 309 of 2021 dated 01 July 2021 in urgency and whimsical manner which created a demand of Rs. 7.82 million inclusive of penalty. In this regard, the Company decided to file an appeal before the Commissioner Appeals, Sindh Revenue Board. The tax advisor cannot predict about its outcome with certainty, but strong believe that the merits of the issue involved suggest favorable outcome for instant case.

21.1.5 During the year 2022, the Sindh Revenue Board through a show cause order No. SRB-COM-I/AC-10/Ins./Alpha/2014-15/2022/27/74688 dated 18th January 2022 ("SCN"), was issued against the Company whereby it was observed that during scrutiny of the financial statements for the calendar years 2014 and 2015 the Company has ceded reinsurance premiums and also received commission from reinsurers. Accordingly, it was alleged that the Company has short paid Sindh Sales Tax of amounting to Rs. 48.39 million under section 23 (1) and (2) of the Sindh Sales Tax on Services Act, 2011.

The Company, being aggrieved by the aforesaid SCN, preferred filing petition before the Honorable High Court of Sindh. The Honorable High Court after hearing the submissions, granted stay against the show cause proceedings and directed SRB not to pass any final adverse order. The interim stay order vide C.P No. D-804 of 2022 dated 14 February 2022 was granted. Although, the tax advisor cannot predict about its outcome with certainty, but believe that the merits of the issue involved suggest favorable outcome for instant case.

21.1.6 During the year 2022, the Sindh Revenue Board through a show cause order No. SRB-COM-I/AC-10/Ins./AIC/2014-15/2022/81757 dated 27th January 2022, ("SCN") was issued against the Company whereby it was observed during scrutiny of the financial statements of the Company that the Company has written insurance premium worth Rs. 179.99 million which is taxable wherein Sindh Sales Tax (SST) amounting to Rs. 26.10 million for the tax periods from January 2015 to December 2015 is involved. It was further mentioned that the Company has written insurance premium worth Rs. 219.65 million wherein Sindh Sales Tax (SST) amount involved is Rs. 34.05 million for the tax periods from January 2014 to December 2014. The assessing officer alleged that the Company has failed to deposit the Sindh Sales Tax (SST) recoverable against cited taxable services and has also failed to declare the same in the Sindh Sales Tax (SST) returns. Further, it was alleged that the Company has claimed illegal/unlawful input tax adjustment amounting to Rs. 1.32 million on account of certain purchases which are inadmissible according to Section 15 and 15A of the Sindh Sales Tax (SST) on Services Act, 2011 ("the SSTSA, 2011"). Accordingly, the Company was required to show cause as to why Sindh Sales Tax (SST) amounting to Rs. 61.46 million may not be assessed under Section 23(1) and 23(2) of the SSTSA, 2011.

In this regard, the Company, being aggrieved by this SCN, filed petition before Honorable Sindh High Court (SHC) bearing CP No. 1166 of 2022. Sindh High Court (SHC) has suspended operation of impugned order till next date of hearing.The Tax advisor is having a strong believe that the merits of the issue involved suggest favorable outcome for instant case.

21.1.7 Subsequent to year-end, the Company has received notice No. SRB/SWWF/SHOPS/A-G/2023-24/323999 dated. January 23, 2024, in which the authority advised the Company to deposit the due amount of Sindh Welfare Fund for the tax year 2023 as being industrial Establishment, as per section 2(g)(vi-a) of the Sindh Workers Welfare Fund Act, 2014. The company is required to pay SWWF amounts to the government. Furthermore, the management of the company is viewed as is owned and controlled by the Federal Government having offices all over Pakistan, and as such is not liable for the subject contribution which would be paid to the Federal government.

21.2 Commitments

There are no commitments as at December 31, 2023 (2022: Nil).

22. NET INSURANCE PREMIUM

	Note	2023	2022
		Rupees	
Written Gross Premium		350,777,631	255,506,811
Add: Unearned premium reserve opening		85,324,267	72,254,843
Less: Unearned premium reserve closing		116,171,934	85,324,267
Premium earned		319,929,964	242,437,387
Less: Reinsurance premium ceded		93,150,371	54,517,771
Add: Prepaid reinsurance premium opening		27,073,841	32,413,688
Less: Prepaid reinsurance premium closing		47,285,919	27,073,841
Reinsurance expense		72,938,293	59,857,618
		246,991,671	182,579,769

23. NET INSURANCE CLAIMS EXPENSE

	2023	2022
Claims paid	197,631,335	66,508,484
Add: Outstanding claims including IBNR closing	216,793,824	210,329,362
Less: Outstanding claims including IBNR opening	(210,329,362)	(138,206,245)
Claims expense	204,095,797	138,631,601
Less:		
Reinsurance and other recoveries received	(49,674,857)	(8,732,414)
Add: Reinsurance and other recoveries received in respect of outstanding claims opening	91,694,443	78,372,240
Less: Reinsurance and other recoveries received in respect of outstanding claims closing	(101,275,592)	(91,694,443)
Reinsurance and other recoveries revenue	(59,256,006)	(22,054,617)
	144,839,791	116,576,984

23.1 Claim development

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

Accident year	2019	2020	2021	2022	2023 (including IBNR)
Estimate of ultimate claims cost:					
- At end of accident	32,613,102	42,733,136	60,565,479	164,709,367	187,279,059
- One years later	33,844,063	41,499,658	43,011,638	174,741,885	-
- Two years later	30,145,201	35,360,271	39,367,208	-	-
- Three years later	30,341,669	35,248,963	-	-	-
- Four years later	29,140,014	-	-	-	-
Current estimate of cumulative claims	29,140,014	35,248,963	39,367,208	174,741,885	187,279,059
Cumulative payment to date	(28,938,234)	(33,647,498)	(38,152,490)	(119,370,268)	(123,776,150)
Liability recognised in statement of financial position	201,780	1,601,465	1,214,718	55,371,617	63,502,909

23.2 The provision for IBNR on the basis of actuarial valuation carried out as at December 31, 2023 amounting to Rs. 27.78 million (2022: Rs. 30.32 million).

24. NET COMMISSION EXPENSE / ACQUISITION COSTS

	Note	2023	2022
		--- Rupees ---	
Commission paid or payable		65,147,065	45,016,983
Add: Deferred commission expense opening		15,115,328	12,578,983
Less: Deferred commission expense closing		24,951,808	15,115,328
Net Commission		55,310,585	42,480,638
Less: Commission received or recoverable		2,259,080	1,026,093
Add: Unearned Reinsurance commission opening		475,937	979,744
Less: Unearned Reinsurance commission closing		1,291,035	475,937
Commission from reinsurers		1,443,982	1,529,900
		53,866,603	40,950,738

25.1 MANAGEMENT EXPENSES

	Note	2023	2022
Employee benefit cost	25.1	70,010,556	55,252,305
Traveling expenses		1,076,318	1,123,439
Advertisements & sales promotion		639,450	260,850
Printing and stationery		2,667,384	1,273,280
Depreciation		4,954,300	4,866,083
Amortisation		181,124	106,850
Rent, Rates and taxes		3,160,262	740,691
Legal and professional charges - business related		5,271,287	6,108,819
Electricity, gas and water		3,795,690	2,992,678
Entertainment		1,862,546	750,543
Vehicle running expenses		19,557,720	12,218,948
Office repairs and maintenance		2,795,256	1,636,959
Bank charges		379,343	368,303
Postages, telegrams and telephone		1,817,292	1,630,263
Provison for bad and doubtful debts - net	25.2	-	1,369,816
Miscellaneous		4,929,434	4,286,370
		123,097,962	94,986,197

	Note	2023	2022
		------- Rupees -------	
25.1 Employee benefit cost			
Salaries, allowance and other benefits		68,027,129	53,317,811
Charges for post employment benefits	25.1.1	1,983,427	1,934,494
		70,010,556	55,252,305

25.1.1 This represents Rs. 1,351,979 (2022: Rs. 1,366,183) being contribution for employees' provident fund and Rs. 591,457 (2022: Rs. 568,311) in respect of defined benefit plan.

	Note	2023	2022
		------- Rupees -------	
25.2 Provision for impairment of receivables			
Opening provision		118,558,004	117,188,188
Charge for the year		-	10,504,020
Reversal for the year		1,830,757	(9,134,204)
		(1,830,757)	1,369,816
		116,727,247	118,558,004

26. INVESTMENT INCOME

	2023	2022
Available for sale		
Income from equity securities		
Dividend Income	8,333,901	8,498,733
Realized gains on:		
Equity securities	37,399,650	-
Realized losses on:		
Equity securities	(8,861,066)	-
	28,538,584	-
Held to maturity		
Income from debt securities		
Return on government securities	75,552,925	50,581,054
Amortization of discount on government securities	3,385,371	3,018,913
	78,938,296	53,599,967
Total investment income	115,810,781	62,098,700
Add: Reversal /(provision) of impairment in value of available for sale equity securities	21,059,344	(14,043,431)
	136,870,125	48,055,269

		Note	2023	2022
			------- Rupees	-------
27.	**OTHER INCOME**			
	Return on bank balances		15,577,694	11,031,864
	Gain on sale of property and equipment		-	1,645,239
	Exchange gain		-	54,497
	Scrap sales income		-	256,670
	Reversal of bad and doubtful debts- net -	25.2	1,830,757	-
	Liabilities no longer payable		10,133,406	-
			27,541,857	12,988,270
28.	**OTHER EXPENSES**			
	Auditors' remuneration	28.1	1,107,800	942,303
	Directors' Fees		1,940,000	1,740,000
	Fees & Subscription		751,138	347,146
			3,798,938	3,029,449
28.1	**Auditors' remuneration**			
	Audit fee		882,800	735,666
	Out-of-pocket expenses		225,000	206,637
			1,107,800	942,303
29.	**FINANCE COSTS**			
	Mark up on leases		391,409	996,746
30.	**PROFIT FROM WINDOW TAKAFUL OPERATIONS - OPERATOR'S FUND**			
	Wakala fee		3,218,875	-
	Mudarib Fee		116,504	-
	Commission expense		(1,340,792)	-
	General administrative and management expense		(4,078,757)	-
	Investment income		3,759,392	-
	Other income		3,558,607	-
	Ceded Money Expense		(500,000)	-
	Other expenses		(672,947)	-
	Profit before tax		4,060,882	
31.	**TAXATION**			
	For current year			
	- Current		17,964,264	3,200,269
	- Deferred		17,852,585	-
			35,816,849	3,200,269

	2023	2022
	--------------- Rupees ---------------	
31.1 Relationship between tax expense and accounting profit		
Operating profit before taxation	85,387,835	(11,082,771)
Tax at the applicable rate of 29% (2022: 29%)	24,762,472	-
Tax Effect of:		
Minimum tax	-	(3,200,269)
Depreciation and amortisation	998,299	-
Bad and doubtful debts	(530,920)	-
Provision for impairment of investment	(6,107,210)	-
Lease liability	(1,158,377)	-
Deferred tax	17,852,585	-
	35,816,849	(3,200,269)

32. Earnings / (Loss) after tax per share - Basic and Diluted

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of shares as at the year end as follows:

	2023	2022
Profit/ (Loss) after tax for the year	49,570,987	(14,283,040)
	(Number of shares)	
Weighted average number of ordinary shares	50,000,000	50,000,000
	------------- (Rupees) ------------	
Earnings / (Loss) per share	0.99	(0.29)

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

33. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees							
Fees	-	-	1,940,000	1,740,000	-	-	1,940,000	1,740,000
Managerial remuneration	2,812,160	1,889,726	-	-	9,187,809	8,897,370	11,999,969	10,787,096
Leave encashment	-	-	-	-	327,304	-	327,304	-
Bonus	-	-	-	-	-	-	-	-
Ex-gratia allowance	100,000	-	-	-	664,024	120,000	764,024	120,000
Charge for defined contribution plan	-	-	-	-	-	-	-	-
Rent and house maintenance	1,687,296	-	-	-	4,051,387	4,287,669	5,738,683	4,287,669
Utilities	281,216	-	-	-	674,295	713,116	955,511	713,116
Medical	-	-	-	-	-	-	-	-
Conveyance	-	-	-	-	108,273	94,592	108,273	94,592
Entertainment Allowance	-	-	-	-	-	-	-	-
Others	580,438	-	-	-	978,562	680,778	1,559,000	680,778
	5,461,110	1,889,726	1,940,000	1,740,000	15,991,654	14,793,525	23,392,764	18,423,251
Number of persons	1	1	9	9	10	10	20	20

33.1 The Non-Executive Directors were paid Directors meeting fee of Rs. 1.94 million (2022 : 1.74 million). No other remuneration was paid to Non-Executive Directors.

34. RELATED PARTY TRANSACTIONS

Related parties comprises State Life Insurance Corporation of Pakistan being the parent company, associated entities having directors in common, other subsidiaries of parent company, directors, key management personnel, gratuity fund and provident fund. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. The transactions and balances with related parties during the year other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2023	2022
	---------------- Rupees	----------------
- Transactions and balances with related parties		
Parent Company - State Life Insurance Corporation of Pakistan- 95.15%		
Rent paid	6,016,052	3,768,882
Group Insurance	1,651,523	202,605
Pakistan Reinsurance Company Limited - Associate of parent (Common Directorship)		
Reinsurance - Net	2,296,203	17,086,423
Employees' funds		
Contribution to provident fund	1,795,177	1,366,183
Others		
Remuneration to key management personnel	21,452,764	16,683,251
Directors' remuneration	1,940,000	1,740,000
Actuary Fee to M/s Akhtar & Hassan (Private) Limited.	500,000	350,000
Insurance stamps - PTF	21,810	-
- Balances as at 31 December		
Pakistan Reinsurance Company Limited - Associate of parent (Common Directorship)		
Payable from Pakistan Reinsurance Company Limited	(12,858,715)	(14,535,336)
Others		
Payable to from gratuity fund	-	(29,850)
Payable to M/s Akhtar & Hassan (Private) Limited.	(500,000)	(350,000)

35. SEGMENT INFORMATION

Following segment information prepared in accordance with the requirements of Insurance Ordinance, 2000 and the Insurance Rules, 2017 for Class of business wise revenues, results, assets and liabilities:

The class wise revenues and results are as follows:

2023	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Bond	Miscellaneous	Total
	Rupees						
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	199,435,760	59,069,734	64,990,020	27,992,910	2,242,374	26,833,801	380,564,599
Less: Federal Excise Duty	11,219,791	4,646,083	7,087,000	-	257,192	2,131,842	25,341,908
Federal Insurance Fee	786,087	471,732	505,361	216,799	18,851	149,885	2,148,715
Others	13,985	2,237,090	23,490	350	6,400	15,030	2,296,345
Gross written premium (inclusive of administrative surcharge)	**187,415,897**	**51,714,829**	**57,374,169**	**27,775,761**	**1,959,931**	**24,537,044**	**350,777,631**
Gross direct premium	77,113,539	45,341,166	49,245,671	38,995,199	1,851,629	14,689,540	227,236,744
Facultative inward premium	108,986,566	5,018,792	6,973,039	(11,233,438)	75,175	9,554,863	119,374,997
Administrative surcharge	1,315,792	1,354,871	1,155,459	14,000	33,127	292,641	4,165,890
	187,415,897	**51,714,829**	**57,374,169**	**27,775,761**	**1,959,931**	**24,537,044**	**350,777,631**
Insurance premium earned	171,948,935	52,027,699	52,356,024	17,587,363	2,509,245	23,500,698	319,929,964
Insurance premium ceded to reinsurers	(28,784,685)	(20,020,431)	(7,255,722)	-	(1,968,206)	(14,909,249)	(72,938,293)
Net insurance premium	143,164,250	32,007,268	45,100,302	17,587,363	541,039	8,591,449	246,991,671
Commission income	620,046	178,715	450,745	-	59,516	134,960	1,443,982
Net underwriting income	**143,784,296**	**32,185,983**	**45,551,047**	**17,587,363**	**600,555**	**8,726,409**	**248,435,653**
Insurance claims	(115,829,910)	(19,750,268)	(14,686,530)	(34,898,170)	-	(18,930,919)	(204,095,797)
Insurance claims recovered from reinsurer	41,613,430	4,838,331	4,231,493	-	-	8,572,752	59,256,006
Net claims	(74,216,480)	(14,911,937)	(10,455,037)	(34,898,170)	-	(10,358,167)	(144,839,791)
Commission expense	(34,985,923)	(10,587,924)	(5,643,492)	(651,480)	(231,357)	(3,210,409)	(55,310,585)
Management expense	(64,319,551)	(17,748,092)	(19,690,330)	(9,532,406)	(672,632)	(11,134,951)	(123,097,962)
Premium deficiency expense	664,960	27,158	-	(5,092,321)	-	318,206	(4,081,997)
Net insurance claims and expenses	**(172,856,994)**	**(43,220,795)**	**(35,788,858)**	**(50,174,377)**	**(903,989)**	**(24,385,321)**	**(327,330,335)**
Underwriting result	**(29,072,698)**	**(11,034,812)**	**9,762,189**	**(32,587,014)**	**(303,434)**	**(15,658,912)**	**(78,894,682)**
Net investment income							136,870,125
Other income							27,541,857
Other expenses							(3,798,938)
Finance cost							(391,409)
Profit before tax from Window Takaful Operations - Operator's Fund							4,060,882
Profit before tax							**85,387,835**
Segment assets	**91,426,940**	**25,228,002**	**27,988,793**	**13,549,826**	**956,112**	**11,969,886**	**171,119,559**
Unallocated assets							**1,099,822,874**
							1,270,942,433
Segment liabilities	**142,500,452**	**39,321,032**	**43,624,074**	**21,119,118**	**1,490,221**	**18,656,581**	**266,711,478**
Unallocated liabilities							**286,091,614**
	142,500,452	**39,321,032**	**43,624,074**	**21,119,118**	**1,490,221**	**18,656,581**	**552,803,092**

There are the no major customers of the Company that represents 10% or more of the business.

2022	Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Bond	Miscellaneous	Total
	---- Rupees ----						
Premium receivable (inclusive of Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	121,093,612	45,462,671	53,094,087	26,710,114	2,028,933	28,348,051	**276,737,468**
Less: Federal Excise Duty	6,120,994	4,240,327	5,876,011	-	258,588	1,871,403	**18,367,323**
Federal Insurance Fee	431,662	362,181	415,413	2,315	17,494	127,690	**1,356,755**
Others	14,675	1,453,464	24,740	-	3,900	9,800	**1,506,579**
Gross written premium (inclusive of administrative surcharge)	**114,526,281**	**39,406,699**	**46,777,923**	**26,707,799**	**1,748,951**	**26,339,158**	**255,506,811**
Gross direct premium	42,294,311	35,097,433	40,421,069	12,643,299	-	12,553,935	**143,010,047**
Facultative inward premium	71,399,449	3,203,147	5,261,393	14,062,500	-	13,571,541	**107,498,030**
Administrative surcharge	832,521	1,106,119	1,095,461	2,000	-	213,682	**3,249,783**
	114,526,281	**39,406,699**	**46,777,923**	**26,707,799**	-	**26,339,158**	**253,757,860**
Insurance premium earned	103,685,632	38,846,609	41,311,480	26,129,640	263,348	32,200,678	**242,437,387**
Insurance premium ceded to reinsurers	(25,727,387)	(10,284,808)	(5,993,642)	-	(986,180)	(16,865,601)	**(59,857,618)**
Net insurance premium	**77,958,245**	**28,561,801**	**35,317,838**	**26,129,640**	**(722,832)**	**15,335,077**	**182,579,769**
Commission income	426,738	88,943	370,981	-	3,872	639,366	**1,529,900**
Net underwriting income	**78,384,983**	**28,650,744**	**35,688,819**	**26,129,640**	**(718,960)**	**15,974,443**	**184,109,669**
Insurance claims	(88,225,175)	(14,211,825)	(15,584,418)	(11,064,989)	-	(9,545,194)	**(138,631,601)**
Insurance claims recovered from reinsurer	16,181,205	5,033,311	787,787	-	-	52,314	**22,054,617**
Net claims	**(72,043,970)**	**(9,178,514)**	**(14,796,631)**	**(11,064,989)**	-	**(9,492,880)**	**(116,576,984)**
Commission expense	(21,124,578)	(8,834,205)	(4,675,144)	(2,009,508)	(23,844)	(5,813,359)	**(42,480,638)**
Management expense	(42,184,111)	(14,514,892)	(17,229,976)	(9,837,434)	(644,201)	(10,575,583)	**(94,986,197)**
Premium deficiency expense	(664,960)	(150,199)	-	570,602	-	2,078,592	**1,834,035**
Net insurance claims and expenses	**(136,017,619)**	**(32,677,810)**	**(36,701,751)**	**(22,341,329)**	**(668,045)**	**(23,803,230)**	**(252,209,784)**
Underwriting result	**(57,632,636)**	**(4,027,066)**	**(1,012,932)**	**3,788,311**	**(1,387,005)**	**(7,828,787)**	**(68,100,115)**
Net investment income							**48,055,269**
Other income							**12,988,270**
Other expenses							**(3,029,449)**
Finance cost							**(996,746)**
(Loss) before tax							**(11,082,771)**
Segment assets	78,802,436	45,227,965	59,949,676	16,217,030	2,352,641	39,394,576	**241,944,324**
Unallocated assets							**912,740,233**
	78,802,436	**45,227,965**	**59,949,676**	**16,217,030**	**2,352,641**	**39,394,576**	**1,154,684,557**
Segment liabilities	229,749,963	29,840,334	52,127,848	22,393,273	6,094,402	32,643,993	**372,849,813**
Unallocated liabilities							**93,635,097**
	229,749,963	**29,840,334**	**52,127,848**	**22,393,273**	**6,094,402**	**32,643,993**	**466,484,910**

36. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Total
	Rupees		
At beginning of previous year	447,748,768	216,508,019	664,256,787
Additions	260,721,118	-	260,721,118
Disposals (redemptions)	(220,232,488)	-	(220,232,488)
Fair value net gains (Excluding net realised gains)	-	(10,812,473)	(10,812,473)
Classified as held for trading	-	-	-
Amortisation of discount	3,018,913	-	3,018,913
Impairment losses	-	(14,043,431)	(14,043,431)
At beginning of current year	**491,256,311**	**191,652,115**	**682,908,426**
Additions	554,633,636	-	554,633,636
Disposals	(750,721,118)	(18,349,065)	(769,070,184)
Fair value net gains (Excluding	-	(29,007,219)	(29,007,219)
net realised gains)	-	-	-
Classified as held for trading	-	-	-
Amortisation of discount	3,385,371	-	3,385,371
Impairment losses - net of reversal	-	21,059,344	21,059,344
At end of current year	**298,554,200**	**165,355,174**	**463,909,374**

37. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

37.1 Insurance Risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of 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, earthquakes, transit, theft, third party liabilities 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 and regular detailed review of claim handling procedures.

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

Concentration of risk

To optimise benefits form 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 risk 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 process, storage, utilities, etc. are extracted form 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 specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within a 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.

The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardising Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils.

For marine risks, complete underwriting details such as sums insured, mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum insured on a single voyage etc. are taken into consideration.

A number of proportional and non-proportional reinsurance arrangements are in place to protect the net account. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

The insurers monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business at reporting date:

	2023			
Class	Gross claim liabilites	Net claim liabilites	Gross premium liabilites	Net premium liabilites
Fire and property	81.1%	69.3%	48.9%	44.7%
Marine, aviation and transport	8.2%	13.5%	2.9%	0.0%
Motor	4.2%	6.6%	24.7%	32.3%
Health	3.0%	5.7%	14.2%	23.9%
Credit and suretyship	0.0%	0.0%	0.8%	-0.1%
Miscellaneous	3.4%	4.8%	8.6%	-0.9%
	100.0%	100.0%	100.0%	100.0%

	2022			
Class	Gross claim liabilites	Net claim liabilites	Gross premium liabilites	Net premium liabilites
Fire and property	81.7%	69.1%	48.4%	50.9%
Marine, aviation and transport	6.7%	10.6%	4.3%	1.9%
Motor	5.9%	10.4%	27.7%	34.9%
Health	0.5%	1.0%	7.4%	10.8%
Credit and suretyship	0.0%	0.0%	1.7%	-0.2%
Miscellaneous	5.2%	8.9%	10.5%	1.7%
	100.0%	100.0%	100.0%	100.0%

The Company minimises its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below.

	Gross sum insured		Reinsurance		Net	
	2023	2022	2023	2022	2023	2022
Fire and property	843,000,000	693,000,000	823,000,000	678,000,000	20,000,000	15,000,000
Marine, aviation and transport	522,522,000	756,429,731	502,522,000	741,429,731	20,000,000	15,000,000
Motor	45,000,000	46,000,000	44,100,000	45,200,000	900,000	800,000
Health	11,885,362	14,062,500	-	-	11,885,362	14,062,500
Credit and suretyship	50,000,000	94,745,091	30,000,000	79,745,091	20,000,000	15,000,000
Miscelleneous	1,939,447,238	1,939,447,238	1,919,447,238	1,924,447,238	20,000,000	15,000,000
	3,411,854,600	3,543,684,560	3,319,069,238	3,468,822,060	92,785,362	74,862,500

b) Sources of uncertainty in the estimation of future claim payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events as per terms and condition of the insurance contract.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is recorded based on the advice of the actuary.

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 recognised amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other than exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amounts estimated.

c) Process used to decide on assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

d) Changes in assumptions

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

e) Sensitivity analysis

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of 10% increase / decrease in incidence of insured events on gross claim liabilities, underwriting results, net claim liabilities, profit before tax and shareholder's equity is as follows:

Average claim cost	Underwriting results		Shareholder's equity	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	Rupees			
Fire and property	(7,421,648)	(5,763,264)	(11,730,206)	(4,091,917)
Marine and transport	(1,491,194)	(402,707)	(2,356,890)	(285,922)
Motor	(1,045,504)	(101,293)	(1,652,460)	(71,918)
Health Insurance	(3,489,817)	378,831	(5,515,792)	268,970
Bond	-	(138,701)	-	(98,477)
Miscellaneous	(1,035,817)	(782,879)	(1,637,149)	(555,844)
	(14,483,980)	(6,810,013)	(22,892,497)	(4,835,108)

Financial risk management

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

- Financial risk
- Credit risk
- Liquidity risk
- Market risk

37.2 Financial risk

Maturity profile of financial assets and liabilities:

	31 December 2023						
	Interest / mark-up bearing			Non Interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	Rupees						
Financial assets							
Cash	277,746,479	-	277,746,479	37,621,147	-	37,621,147	315,367,626
Investments	64,633,636	233,920,564	298,554,200	165,355,174	-	165,355,174	463,909,374
Loans and other receivables	-	-	-	10,535,153	-	10,535,153	10,535,153
Insurance / reinsurance receivables	-	-	-	137,546,331	-	137,546,331	137,546,331
Reinsurance recoveries against outstanding claims	-	-	-	101,275,592	-	101,275,592	101,275,592
Salvage recoveries accrued	-	-	-	-	-	-	-
	342,380,115	233,920,564	576,300,679	452,333,397	-	452,333,397	1,028,634,076
Financial liabilities							
Underwriting Provision for outstanding claims including IBNR	-	-	-	(216,793,824)	-	(216,793,824)	(216,793,824)
Insurance / reinsurance payables	-	-	-	(92,049,713)	-	(92,049,713)	(92,049,713)
Other creditors and accruals	-	-	-	(77,488,261)	-	(77,488,261)	(77,488,261)
	-	-	-	(386,331,798)	-	(386,331,798)	(386,331,798)
Interest rate risk sensitivity gap	342,380,115	233,920,564	576,300,679				
Cumulative interest rate risk sensitivity gap	342,380,115	576,300,679					

	31 December 2022						
	Interest / mark-up bearing			Non Interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
	Rupees						
Financial assets							
Cash	119,848,273	-	119,848,273	5,597,702	-	5,597,702	125,445,975
Investments	260,721,118	230,535,193	491,256,311	191,652,115	-	191,652,115	682,908,426
Loans and other receivables	-	-	-	7,285,604	-	7,285,604	7,285,604
Insurance / reinsurance receivables	-	-	-	225,680,181	-	225,680,181	225,680,181
Reinsurance recoveries against outstanding claims	-	-	-	91,694,443	-	91,694,443	91,694,443
Salvage recoveries accrued	-	-	-	862,020	-	862,020	862,020
	380,569,391	230,535,193	611,104,584	404,214,061	-	404,214,061	1,015,318,645
Financial liabilities							
Underwriting Provision for outstanding claims including IBNR	-	-	-	(210,329,362)	-	(210,329,362)	(210,329,362)
Insurance / reinsurance payables	-	-	-	(68,893,641)	-	(68,893,641)	(68,893,641)
Other creditors and accruals	-	-	-	(69,550,008)	-	(69,550,008)	(69,550,008)
	-	-	-	(348,773,011)	-	(348,773,011)	(348,773,011)
Interest rate risk sensitivity gap	380,569,391	230,535,193	611,104,584				
Cumulative interest rate risk sensitivity gap	380,569,391	611,104,584					

a) Sensitivity analysis - interest rate risk

a.1) Fair value sensitivity analysis for fixed rate instruments

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

a.2) Cash flow sensitivity analysis for variable rate instruments

The Company is exposed to cash flow interest rate risk in respect of its balances with saving account with banks . A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the Company.

b) Sensitivity analysis - equity risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of PSX-100 Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities and units of mutual funds. This arises from investments held by the Company for which prices in the future are uncertain. The Company policy is to manage price risk through diversification and selection of securities within specified limits set by the management.

The management monitors the fluctuations of prices of equity securities on regular basis. The Company also has necessary skills for monitoring and managing the equity portfolio in line with fluctuations of the market.

Market prices are subject to fluctuation and consequently the amount realised in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

37.3 Credit risk

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

37.3.1 Exposure to credit risk

Credit risk of the Company arises principally from the balances with banks, loans to employees, investments (except for investment in government securities, units of mutual funds and listed equity shares), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance and other recoveries against outstanding claims and sundry receivable. To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as follows:

		31 December 2023		31 December 2022	
	Note	Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
		Rupees			
Cash at bank	16	315,113,909	315,113,909	125,238,895	125,238,895
Investments	8 & 9	463,909,374	463,909,374	682,908,426	682,908,426
Loans and other receivables	10	10,535,153	10,535,153	7,285,604	7,285,604
Insurance / reinsurance receivables	11	137,546,331	137,546,331	107,122,177	107,122,177
Reinsurance recoveries against outstanding claims		101,275,592	101,275,592	91,694,443	- 91,694,443
Salvage recoveries accrued		-	-	862,020	862,020
		1,028,380,359	1,028,380,359	1,015,111,565	1,015,111,565

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

	Rating		Rating Agency	2023	2022
	Short term	Long term		Rupees	
National Bank of Pakistan Limited	A1+	AAA	VIS	70,525	70,167
Allied Bank Limited	A1+	AAA	PACRA	129,069	129,069
MCB Bank Limited	A1+	AAA	PACRA	37,553	39,433
Soneri Bank Limited	A1+	AA-	PACRA	92,054	92,054
United Bank Limited	A1+	AAA	VIS	310,066,259	71,099,903
JS Bank Limited	A1+	AA-	PACRA	4,718,449	1,201,662
Meezan Bank Limited	A1+	AAA	VIS	-	52,606,607
				315,113,909	125,238,895

Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

The Company enters into re-insurance / co-insurance arrangements with re-insurers / other insurers having sound credit ratings accorded by reputed credit rating agencies. Further, the Company is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all reinsurance assets recognised by the rating of the entity from which it is due is as follows:

	Amount due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	Prepaid reinsurance premium ceded	2023	2022
A or above (including PRCL)	127,765,451	33,943,838	1,182,148	162,891,437	148,736,544
A -	11,960,656	22,578,428	37,828,735	72,367,819	61,541,947
BBB	-	-	-	-	-
Others	2,125,126	44,753,326	8,275,036	55,153,488	40,357,912
	141,851,233	101,275,592	47,285,919	290,412,744	250,636,403

37.3.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting its financial obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The following are the contractual maturities of financial liabilities:

	2023		
	Carrying Amount	Upto one year	Greater than one year
	------------------- Rupees	----------------------	
Non-Derivative Financial Liabilities			
Outstanding claims including IBNR	216,793,824	216,793,824	-
Insurance / reinsurance payables	92,049,713	92,049,713	-
Other creditors and accruals	77,488,261	77,488,261	-
	386,331,798	386,331,798	-

	2022		
	Carrying Amount	Upto one year	Greater than one year
	------------------- Rupees	----------------------	
Non-Derivative Financial Liabilities			
Outstanding claims including IBNR	210,329,362	210,329,362	-
Insurance / reinsurance payables	68,893,641	68,893,641	-
Other creditors and accruals	69,550,008	69,550,008	-
	348,773,011	348,773,011	-

37.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices may affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to currency risk. However, the Company is exposed to interest rate risk and other price risk.

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

The Company is exposed to cash flow interest rate risk in respect of its balances with profit and loss sharing account with banks and term finance certificates. A change of 100 basis points in interest rates at the year end would not have material impact on profit for the year and equity of the Company.

37.3.4 Foreign Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in exchange rates. The Company, at present is not materially exposed to currency risk as all of the transactions are carried out in Pakistani Rupees.

Fair value of financial instruments

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

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	31 December 2023					
	Held-for-trading	Available -for sale	Held to maturity	Loans and receivables	Other financial liabilities	Total
	Rupees					
Financial assets measured at fair value						
Investments						
- Investment in equity securities	-	165,355,174	-	-	-	165,355,174
Financial assets not measured at fair value						
Cash and bank*	-	-	-	315,367,626	-	315,367,626
Investments						
- Debts securities	-	-	298,554,200	-	-	298,554,200
Insurance / reinsurance receivables*	-	-	-	137,546,331	-	137,546,331
Reinsurance recoveries against outstanding claims*	-	-	-	101,275,592	-	101,275,592
Salvage recoveries accrued	-	-	-	-	-	-
Loans and other receivables*	-	-	-	10,535,153	-	10,535,153
Financial liabilities not measured at fair value						
Outstanding claims (including IBNR)*	-	-	-	-	(216,793,824)	(216,793,824)
Insurance/Reinsurance Payables	-	-	-	-	(92,049,713)	(92,049,713)
Other creditors and accruals*	-	-	-	-	(77,488,261)	(77,488,261)
	-	**165,355,174**	**298,554,200**	**564,724,702**	**(386,331,798)**	**642,302,278**

	31 December 2022					
	Held-for-trading	Available -for sale	Held to maturity	Loans and receivables	Other financial liabilities	Total
	Rupees					
Financial assets measured at fair value						
Investments						
- Investment in equity securities	-	191,652,115	-	-	-	191,652,115
Financial assets not measured at fair value						
Cash and bank*	-	-	-	125,445,975	-	125,445,975
Investments						
- Debts securities	-	-	491,256,311	-	-	491,256,311
Insurance / Reinsurance receivables*	-	-	-	107,122,177	-	107,122,177
Reinsurance recoveries against outstanding claims*	-	-	-	91,694,443	-	91,694,443
Salvage recoveries accrued	-	-	-	862,020	-	862,020
Loans and other receivables*	-	-	-	7,285,604	-	7,285,604
Financial liabilities not measured at fair						
Outstanding claims (including IBNR)	-	-	-	-	(210,329,362)	(210,329,362)
Insurance/Reinsurance Payables	-	-	-	-	(68,893,641)	(68,893,641)
Other creditors and accruals*	-	-	-	-	(69,550,008)	(69,550,008)
	-	**191,652,115**	**491,256,311**	**332,410,219**	**(348,773,011)**	**666,545,634**

	As at December 31, 2023	Level 1	Level 2	Level 3	As at December 31, 2022	Level 1	Level 2	Level 3
	Rupees							
Financial assets measured at fair value								
Available-for-sale								
- Listed equity securities	165,355,174	165,355,174	-	-	191,652,115	191,652,115	-	-
Financial assets not measured at fair value								
Held-to-maturity								
- Government securities	298,554,200	-	298,554,200	-	491,256,311	-	491,256,311	-
	463,909,374	165,355,174	298,554,200	-	682,908,426	191,652,115	491,256,311	-

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

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

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

Level 1

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

Level 2

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

Level 3

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

39. CAPITAL MANAGEMENT

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

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

The Company currently meets the minimum paid-up capital requirement i.e. Rs.500 million as required by the Securities and Exchange Commission of Pakistan.

40. CORRESPONDING FIGURES

Previous year figures have been rearranged and/or recalssified, whenever necessary for better presentation.

41. NUMBER OF EMPLOYEES

	2023	2022
	-----------Number-----------	
Number of employees as at year end	76	56
Average Number of employees during the year	71	58

42. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on April 23, 2024.

43. GENERAL

Figures in the financial statements are rounded off to the nearest rupee.

Chief Executive Officer	Chairman	Director	Director

Financial Statement of

alpha

Window Takaful Operations

Management Statement Of Compliance With Shariah Rules And Principles

The financial arrangements, contracts, and transactions entered into by Alpha Insurance Company Limited (Window Takaful Operation) referred to as 'Operator' herein after for the year ended 31st December 2023 comply with Takaful Rules, 2012.

Further, we confirm that:

1. The Window Takaful Operation (WTO) comply within a Shariah governance framework where all product offerings are approved by a dedicated Shariah Advisor who ensure strict shariah compliance at the granular level.

2. The transactions entered into, by the WTO and the Waqf, as the case may be for the year Ended 31st December 2023, are in compliance with the requirements of the Shariah guidelines as prescribed by the Shariah Advisor and the Takaful Rules. 2012

3. The WTO has imparted trainings / orientations and ensured availability of all manuals approved by the Shariah Advisor and the Board Of Directors to maintain an adequate level of awareness, capacity and sensitization of the staff and management

4. The WTO offers a diversified range of Shariah-Compliant product offerings to its participants. All products have been approved by the Shariah Advisor and the financial arrangements including investments, investment policies, contracts and transactions performed by the company are in accordance with the guidelines and policies approved by the Shariah Advisor.

5. The assets and liabilities of Takaful Operations (Participants Takaful Fund) are segregated from the companys other assets and liabilities of WTO at all times in accordance with the provisions of Takaful Rules, 2012

I hereby confirm the statement of compliance with Shariah Rules and principles for the year ended 31st December 2023 by the management of Alpha Insurance Company Limited (Window Takaful Operation).

Muhammad Irfan
Chief Financial Officer
& Company Secretary

Date: May 7, 2024

Grant Thornton

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

Scope

We were engaged by the Board of Directors of Alpha 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 the management for the period from January 11, 2023 to December 31, 2023, with the Takaful Rules, 2012, in the form of an independent limited assurance conclusion about whether the annexed statement reflects the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholars.

Applicable Criteria

The criteria for the assurance engagement against which the annexed statement has been assessed comprises of the Takaful Rules, 2012, issued by the Securities and Exchange Commission of Pakistan (SECP).

Management's Responsibility for Shariah Compliance

The management is responsible for preparation and 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 the Takaful Operations with the Takaful Rules, 2012.

The management is 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 Operator's compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

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 Standards 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 examine 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 reflects 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 control relevant to the Operator' 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 Corporation'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 procedure performed included:

- Evaluate the systems, procedures and practices in place with respect to the Takaful Operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;

- Evaluating the guidelines 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 the Operator to ensure that these are carried out in accordance with the laid procedures and practices including the regulations relating to the 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 period from January 11, 2023 to December 31, 2023 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 period from January 11, 2023 to December 31, 2023, presents fairly the status of compliance of the Operations with the Takaful Rules, 2012, in all material respects.

Grant Thornton Anjum Rahman

Chartered Accountants

Karachi
Date: May 08, 2024

Shariah Advisor Report to the Board of Directors

For the year ended 31 December 2023

الحمدالله رب العلمين والصلاة والسلام على سيدالانبيا ء والمرسلين محمد النبى الامى وعلى اله وصحبه اجمعين وبعد۔

We have reviewed the accompanying financial statements of Alpha Insurance Company Limited Window Takaful Operation (hereafter referred as "The Operator") for the year ended 31 December 2023.

We acknowledge that as a Shariah Advisor of the Operator, it is Shariah Department's responsibility to ensure that the financial arrangements, contracts and transactions under taken by the Operator with its participants and stakeholders are compliant with the requirements of Shariah rules and principles.

As per the charter of the Operator it is mandatory on the management and employees to ensure application of Shariah guidelines issued by the Shariah Advisor and to ensure Shariah compliance in all actives of the Company. The prime responsibility for ensuring Shariah compliance of the Operator's operations thus lies with the managements.

To form our opinion as expressed in this report, we have reviewed all types of business transactions of the Operator during the year 2023. Based on above, we are of the view that under Takaful Rule 2012.

I. The financial arrangements products and transactions entered into by the Operator and the Waqf, as the case may be for the year ended December 31, 2023 are incompliance with the requirements of the Shariah rules and guidelines as prescribed by the Shariah Advisor.

II. The Operator strived to identify new investment avenues and opted different available options that delivered excellent results. During the year management continuously consulted with the Shariah advisor on the matters and market practices relating to investment activities. The investment avenues and locations selected by the investment manager were periodically reviewed by the Shariah Department and are found Shariah compliant and in conformity with the Shariah guidelines issued by the Shariah Advisor.

III. Few minor cases which had some irregularities from the Shariah perspective were discussed with the management and duly resolved. Furthermore, the management of the Takaful Operator has been advised to strictly follows Shariah compliance in future.

IV. The Shariah Department has provided Basic Takaful training to the staff of the window Takaful operations. Meanwhile, the mandatory training on Takaful Concept and practices was also organized for executive level & sales staff as well.

V. The Operator should more focus towards enhancing the skills and knowledge for the all staff of Window Takaful related to the Shariah structure of the company and on Takaful Concept and practices. The Operator should organize the more sessions for executive level & sales staff as well around the country.

VI. Consequently, we have found that the company is in accordance with the Shariah principals with respect to all transactions.

May Allah bless us with the best Tawfeeq to achieve this precious tasks and bestow us with success in this world and in the world hereafter and forgive us for our mistakes. A'ameen.

Mufti Sajjad Ashraf Usmani
Shariah Advisor

Date: May 7, 2024

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Independent Auditor's Report to the Members of Alpha Insurance Company Limited - Window Takaful Operations
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Alpha Insurance Company Limited - Window Takaful Operations** (the Operator), which comprise the statement of financial position as at December 31, 2023, the profit and loss account, the statement of comprehensive income, the statement of changes in funds, the statement of cash flow statement for the period from January 11, 2023 to December 31, 2023 then ended, and notes to the financial statements, including material accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), 2017, in the manner so required and respectively give a true and fair view of the state of the Operator's affairs as at December 31, 2023, and of the profit, total comprehensive income, the changes in funds and its cash flows for the period then ended.

Basis for Opinion

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

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of 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 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.

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 statement of profit or loss, the statement of comprehensive income, the statement of changes in funds 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 (XIX of 2017) are in agreement with the books of account and returns;

c) investments made, expenditures incurred and guarantees extended during the period 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 **Muhammad Khalid Aziz**.

Chartered Accountants
Karachi

Dated: May 08, 2024
UDIN:AR202310154se65p8Y0I

Statement of Financial Position

As at December 31, 2023

	Note	Operator's Fund December 31, 2023	Participants' Takaful Fund December 31, 2023
		---Rupees---	
Assets			
Investments	5	25,000,000	-
Takaful / Retakaful receivables	6	-	9,428,336
Deferred wakala fee	18	-	5,406,246
Deferred commission expense	19	2,823,772	-
Receivable from PTF	7	10,709,827	-
Taxation - payment less provision		22,018	58,252
Other receivables	8	1,095,865	-
Prepayments	9	-	10,630,110
Cash and bank	10	25,545,371	9,533,696
Total Assets		65,196,853	35,056,640
FUNDS AND LIABILITIES			
Reserve attributable to:			
Operator's Fund (OPF)			
Statutory fund		50,000,000	-
Accumulated Surplus		2,883,227	-
Balance of Operator's Fund		52,883,227	-
Participants' Takaful Fund (PTF)			
Ceded Money		-	500,000
Accumulated deficit / Surplus		-	(2,474,275)
Balance of Participant's Takaful Fund		-	(1,974,275)
Liabilities			
PTF Underwriting provisions			
Outstanding claims including IBNR	16	-	490,482
Unearned contribution reserve	14	-	15,584,797
Reserve for unearned retakaful rebate	15	-	372,110
Unearned wakala fees	18	5,406,246	-
Takaful / Retakaful payables	11	-	4,649,812
Payable to OPF	7	-	10,709,827
Contribution received in advance		-	376,317
Other creditors and accruals	12	6,907,380	4,847,570
Total Liabilities		12,313,626	37,030,915
Total Fund and Liabilities		65,196,853	35,056,640
Contingencies and commitments	13		

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive Officer	Chairman	Director	Director

Profit and Loss Account

For the period ended from January 11, 2023 To December 31, 2023

	Note	January 11, 2023 To December 31, 2023
		----- Rupees -----
Participants' Takaful Fund		
Contributions earned	14	6,065,599
Less: Contributions ceded to retakaful	14	(6,207,918)
Net contributions revenue		(142,319)
Retakaful rebate earned	15	65,172
Net underwriting income		(77,147)
Net claims - reported / settled - IBNR	16	(591,346)
Other direct expenses		(2,077,624)
Deficit before investment income		(2,668,970)
		(2,746,117)
Other income	17	388,346
Less: Modarib's share of investment income		(116,504)
Deficit transferred to accumulated surplus		(2,474,275)
Operator's Fund		
Wakala fee	18	3,218,875
Commission expense	19	(1,340,792)
General, administrative and management expenses	20	(4,078,757)
		(2,200,674)
Modarib's share of PTF investment income		116,504
Investment Income	21	3,759,392
Other Income	22	3,558,607
Cede Money Expens		(500,000)
Other expense	23	(672,947)
Profit before taxation		4,060,882
Taxation	25	(1,177,655)
Profit after taxation		2,883,227

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive Officer	Chairman	Director	Director

Statement of Comprehensive Income

For the period ended from January 11, 2023 To December 31, 2023

	Note	January 11, 2023 To December 31, 2023
		----- Rupees -----
Participants' Takaful Fund		
Deficit for the period		(2,474,275)
Other comprehensive income for the period		-
Total comprehensive loss for the period		(2,474,275)
Operator's Fund		
Profit after tax for the period		2,883,227
Other comprehensive income for the period		-
Total comprehensive income for the period		2,883,227

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive Officer	Chairman	Director	Director

Statement of Changes in Funds

For the period ended from January 11, 2023 To December 31, 2023

	Operator's Fund		
	Statutory Fund	Accumulated Deficit	Total
	---------------Rupees---------------		
Balance as at January 01, 2023	-	-	-
Contribution to the operator funds	50,000,000	-	50,000,000
Profit for the period	-	2,883,227	2,883,227
Other comprehensive income	-	-	-
Balance as at December 31, 2023	50,000,000	2,883,227	52,883,227

	Participants' Takaful Fund		
	Ceded Money	Accumulated Deficit	Total
Balance as at January 01, 2023	-	-	-
Addition during the year	500,000	-	500,000
Deficit for the period	-	(2,474,275)	(2,474,275)
Other comprehensive income	-	-	-
Balance as at December 31, 2023	500,000	(2,474,275)	(1,974,275)

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive Officer | Chairman | Director | Director

Statement of Cash Flows

For the period ended from January 11, 2023 To December 31, 2023

	Note	January 11, 2023 To December 31, 2023 Operator's Fund	January 11, 2023 To December 31, 2023 Participants' Takaful Fund
		---Rupees---	
Operating activities			
a) **Takaful activities**			
Contributions received		-	15,817,253
Retakaful contributions paid		-	(12,188,217)
Claims paid		-	(100,864)
Retakaful rebate received		-	437,282
Total cash generated takaful activities		-	3,965,454
b) **Other operating activities**			
Taxation paid		(1,199,673)	(58,252)
Commission paid		(1,500,410)	-
Ceded Money paid		(500,000)	-
Other operating payments / received		(2,476,680)	4,738,148
Total cash used in other operating activities		(5,676,763)	4,679,896
Total cash (used in) / generated from all operating activities		(5,676,763)	8,645,350
Investment Activities			
Profit / return received		6,222,134	388,346
Payments made against purchase of investment		(25,000,000)	-
Total cash (used in) / generated from investing activities		(18,777,866)	388,346
FINANCING ACTIVITIES			
Contribution to the OPF/PTF		50,000,000	500,000
Total cash generated from financing activities		50,000,000	500,000
Total cash generated from all activities		25,545,371	9,533,696
Cash and cash equivalents at beginning of the period		-	-
Cash and cash equivalents at the end of the period		25,545,371	9,533,696

	Note	January 11, 2023 To December 31, 2023 Operator's Fund	Participants' Takaful Fund
		---------------Rupees---------------	
Reconciliation to profit and loss account			
Operating cash flows		(5,676,763)	8,645,350
Investment income		3,759,392	-
Other income		3,558,607	388,346
Increase/(decrease) in assets other than cash		13,555,617	25,522,944
(Increase)/Decrease in liabilities		(12,313,626)	(37,030,915)
Income / (loss) for the period		2,883,227	(2,474,275)
Attributed to			
Operator's Fund		2,883,227	-
Participants' Takaful Fund		-	(2,474,275)
		2,883,227	(2,474,275)

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive Officer   Chairman   Director   Director

Notes to the Financial Statements

For the period ended from January 11, 2023 To December 31, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

Alpha Insurance Company Limited (the Operator) has been authorized to undertake Window Takaful Operations (WTO) on November 21, 2022 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. The registered office of the Company is situated at 4th Floor, Building # 1-B, State Life Square, I. I. Chundrigar Road, Karachi.

For the purpose of carrying on the Takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF) on January 11, 2023 under the Waqf Deed with a Seed 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 Waqf 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 Waqf and the Operator are shown separately. These financial statements is being prepared for the first time, hence do not contians comparative information.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Takaful Rules, 2012 and the General Takaful Accounting Regulations, 2019.

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

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

2.1 Basis of measurement

These financial statements have been prepared under the historical cost basis except for available for sale investments that are measured at fair value.

2.2 Functional And Presentation Currency

These financial statements are presented in Pak Rupees which is also the WTO's functional currency. All financial information presented in Pak Rupees has been rounded to nearest thousand Rupees, unless otherwise stated.

2.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Amendments	Effective Date (Annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1 '	
Non-current Liabilities with Covenants - Amendments to IAS 1	01-January-2024

Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	01-January-2024
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	01-January-2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized

The Operator expects that such improvements to the standards will not have any material impact on the Operators's financial statements in the period of initial application, except for IFRS 17.

SECP vide its SRO 1715 dated November 21, 2023 directed the application of IFRS 17 for the period commencing from January 01, 2026.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023, however it is yet to be notified by the Securities and Exchange Commission of Pakistan. In addition, the Company has opted for the 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. Further details relating to the temporary exemption from the application of IFRS 9 are given in the notes below.

The management is in the process of assessing the impacts of these standards and amendments on the Operators' financial statements.

Temporary Exemption from the Application of IFRS 9 (Financial Instruments)

As an insurance entity, the management has opted for the 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 as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the entity doesn't engage in significant activities unconnected with insurance based on historical available information.

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

Amendments	**Effective Date (Annual periods beginning on or)**
IFRS 1- First time Adoption of International Financial Reporting Standards	01-January-2024

3. MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these financial statements are in conformity with approved accounting standards which requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator's accounting polices. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

4.1 Takaful contracts

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

A separate Participants Takaful Fund (PTF) has been created in which all contribution received under general takaful contribution net off any government levies and administrative surcharge are credited. The role of takaful operator is cf the management of the PTF. At the initial stage of the setup of the PTF, the takaful operator makes an initial donation to the PTF. The terms of the takaful contracts are in accordance with the generally accepted principles and norms of insurance business suitably modified with guidance by the Shariah Advisor of the Takaful operator.

These contracts are entered with group companies, corporate clients, and individuals residing or located in Pakistan.

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

Takaful contracts are classified into following main categories:

4.1.1 Fire and property

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

4.1.2 Marine and transport

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

4.1.3 Motor

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

4.1.4 Other classes

Other classes includes mainly bond, liability, engineering, etc.

4.2 Commission

4.2.1 Deferred Commission expense

Commission incurred in obtaining and recording takaful are deferred and recognised as an asset. These costs are charged to the profit and loss acocunt based on the pattern of recognition of contribution revenue.

4.2.2 Rebate income

Rebate income from retakaful is recognized on the date of the commencement of the underlying itakaful contract. These are deferred and recognized in the profit and loss account as revenue in accordance with the pattern of recoginition of the retakaful contributions.

4.3 Unearned Contribution

Contribution under a policy is recongnised on the time of commencement of the takaful contract. The unearned contribution reserve is the unexpired portion of the contribution including administrative surcharge. Unearned premiums have been calculated by applying 1/24th / 1/6th method as applicable and specified in the Insurance Rules, 2017. Remaining portion is recognized in the Statement of Comprehensive Income.

4.4 Contribution deficiency reserve

The WTO is required as per Insurance Rules, 2017, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the unexpired takaful contract in that class of business at the balance sheet date. The movement in the contribution deficiency reserve is recorded as an expense in the Statement of profit and loss and the same is recognized as a liability.

The WTO determines adequacy of liability of contribution deficiency by carrying out analysis of expired periods. For this purpose actuarial valuation has been carried out to determine the amount of contribution deficiency reserve as required by under Insurance Rules, 2017 issued by the Securities and Exchange Commission of Pakistan on January 09, 2012. However, the management, including on the basis of this actuarial valuation as of December 31, 2023, consider that no contribution deficiency reserve is required to the maintained.

4.5 Retakaful contracts held

Takaful contracts entered into by the WTO (for PTF) with retakaful operator for compensation of losses suffered on takaful contracts issued are retakaful contracts. These retakaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The WTO recognizes the entitled benefits under the contract as retakaful assets. Outward retakaful contribution are accounted for in the same period as the related contribution for the direct or accepted retakaful business being covered under the retakaful arrangement.

Retakaful liabilities represent balances due to retakaful entities. Amounts payable are estimated in a manner consistent with the related retakaful contract.

Retakaful assets represent balances due from retakaful companies. Amounts recoverable from retakaful operator are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the retakaful contract and are in accordance with the related retakaful contract. Retakaful assets are not offset against related retakaful liabilities. Income or expenses from retakaful contracts are not offset against expenses or income from related retakaful assets / liabilities.

The deferred portion of retakaful contribution ceded is recognized as a prepayment which is calculated in accordance with the pattern of recognition of revenue.

The WTO assesses its retakaful assets for impairment on financial statement date. If there is an objective evidence that the retakaful asset is impaired, the WTO reduces the carrying amount of the retakaful asset to its recoverable amount and recognises that impairment loss in the Statement of profit or loss.

4.6 Receivables and payables

4.6.1 Receivables related to Takaful contract

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

Provision for impairment on contribution receivables is estimated on a systematic basis after analyzing the receivables as per their aging.

4.6.2 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 future for the goods and / or services received, whether or not billed to the WTO.

Provisions are recognised when the WTO has a present legal or constructive obligation as a result of past events and 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 financial statement date and adjusted to reflect the current estimate.

4.7 **Reinsurance recoveries against ourstading claims**

Claim recoveries against outstanding claims from the reinsurer and salvage are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be recevied.

4.8 **Segment reporting**

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

The WTO presents segment reporting of operating results using the classes of business as specified under the Insurance Rules, 2017 and General Takalful Accounting Regulation, 2019. The reported operating segments are also consistent with the internal reporting provided to the Board of Directors who assess the performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

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

The WTO has four primary business segments for reporting purposes, namely fire and property, marine and transport, motor and other classes. The nature and business activities of these segments are disclosed in note no. 4.1. Income and expenses directly attribute to a particular segment is so allocated. Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Expenses not attributable to the underwriting business are charged as other expenses.

4.9 **Cash and cash equivalents**

Cash and cash equivalents are carried in the financial statement at cost. For the purpose of cash flow statement, cash and cash equivalents consists of cash in hand, stamps in hand and current and saving accounts with banks.

4.9.1 **Revenue recognition**

4.9.1.1 **Contribution**

The revenue recognition policy for Contribution is given under note 4.3.

4.9.1.2 **Retakaful rebate income**

The revenue recognition policy for rebate from retakaful opertaors is given under note 4.2.

4.9.1.3 **Dividend income**

dividend income is recognized when the right to receive the dividend is established.

4.9.1.4 **Gain / (loss) on sale / redemption of investments**

Gain / (loss) on sale / redemption of investments is taken to profit or (loss) account in the year of sale / redemption.

4.9.1.5 **Income on debt securities and bank balances**

Income on debt securities and bank balances is recognized on a time propotionate basis taking account the effectiveness yield on the investment / bank balances.

4.10 Wakala fees

The Takaful operator manages the general takaful operations for the Participants. The wakala fee for January 2023 was 35% (2022: Nil) of the gross contribution on all classes of business as per approval of Shariah Advisory Board . Wakala fee is recognized on the same basis on which the related revenue is recognized. Unexpired portion of wakala fee is recognized as liability of OPF and asset of PTF.

The Takaful operator also manages the participants' investment as Mudarib and charges 30% of the investment / deposit income earned by the Participants' Takaful Fund as Mudarib's share (2022: Nil).

4.11 Investments

These comprises of the following:

- In debt securities

4.11.1 All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs except for held for trading investments in which case transaction costs are charged to the Statement of profit or loss. All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the company commits to purchase or sell the investments. These are recognised and classified as follows:

4.11.2 Measurement

4.11.2.1 Held-to-maturity

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

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

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.

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

4.12 Offsetting of financial assets and liabilities

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

4.13 Taxation

Current - OPF

Provision for current taxation is based on taxable income of the operator for the year determined in accordance with the tax rates enacted on substantially enacted as at the year end. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years / relating to the operators fund operated.

Deferred - OPF

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

4.14 Impairment of assets

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 an objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset. If a decline in fair value is significant or prolonged, than there is an objective evidence, of impairment regardless of how long management intends to hold the investment.

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 group of assets. If such indication exist, 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 cost of sell. An impairment loss is recognised when the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognised in the Statement of profit or loss. Provision for impairment are reviewed at each financial statement date and are adjusted to reflect the current best estimates. Change in the provisions are recognised as an income or expense.

4.15 Foreign currency transalations

Transactions in foreign currencies are accounted for in rupees at the rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the financial statement date. Exchange differences are taken to the profit and loss account.

4.16 Salvage recoveries

Salvage recoveries are recognized as an asset and measured at the amount expected to be received.

4.17 Provision

4.17.1 Claims

Takaful claims include all claims incurred 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.

4.17.2 Outstanding claims

The WTO recognizes liability in respect of all claims incurred up to the financial statement 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 estimates (comprising of reports by the surveyors).

4.17.3 Claims incurred but not reported

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 WTO 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.

4.18 Financial instruments

Financial assets and financial liabilities within the scope of IAS-39 are recognized at the time when the WTO becomes a party to the contractual provisions of the instrument and are derecognized when the WTO 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 derecognition of the financial assets and financial liabilities is included in the Statment of Comprehensive Income. Fair value of financial assets at discounted interest rates are determined initially and the difference carried forward as a prepayment (staff bonus), which then is expensed out over the period in which the services are rendered.

4.19 Takaful Surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after adjustment of claims paid to them during the period.

4.20 Management expense

Expenses allocated to the takaful business represent directly attributable expenses. Expenses not directly allocable to takaful business are charged to OPF and allocated on the basis of gross contribution written during the period.

5. INVESTMENTS

- held to maturity	Note	Cost	Impairment / provisions	Carrying Value
		-------------------	Rupees	-------------------
OPF				
Sukkuk	5.1	25,000,000	-	25,000,000
		25,000,000	-	25,000,000

5.1 The face value of sukuk certificate is Rs. 25 million and this carry profit 21.25% per annum and wil mature in April 2024.

	Note	Operator's Fund December 31, 2023	Participants' Takaful Fund December 31, 2023
		---------------Rupees	---------------
6. TAKAFUL / RETAKAFUL RECEIVABLES - Unsecured and considered good			
Due from takaful participants' holder		-	4,608,601
Amounts due from other takaful /retakaful operators		-	4,819,735
		-	9,428,336
7. RECEIVABLE FROM PTF			
Wakala fee		8,625,121	-
Mudarib		116,504	-
Inter fund receivable		1,968,202	-
		10,709,827	-

	Note	Operator's Fund December 31, 2023	Participants' Takaful Fund December 31, 2023
		---------------Rupees---------------	
8. OTHER RECEIVABLES			
Accrued mark-up	8.1	1,095,865	-
		1,095,865	-

8.1 This amount represents the interest accrued on the on the Sukuk held by the Operator as at December 31, 2023 at 21.25% (2022: Nil).

	Note	Operator's Fund	Participants' Takaful Fund
9. PREPAYMENTS			
Prepaid retakaful contribution ceded	14	-	10,630,110
		-	10,630,110
10. CASH AND BANK			
Cash at bank			
Profit and loss+ sharing (PLS) account	10.1	25,545,371	9,533,696
		25,545,371	9,533,696

10.1 This represents the amounts deposited in the saving accounts. The rate of interest on December 31, 2023 were 11.01% to 15.75% (2022: Nil).

	Note	Operator's Fund	Participants' Takaful Fund
11. TAKAFUL / RETAKAFUL PAYABLES			
Due to takaful particpants/ retakaful payables		-	4,649,812
12. OTHER CREDITORS AND ACCRUALS			
Agent commission payable		2,664,154	-
Payable to Alpha Insurance Company Limited		3,166,670	-
Federal takaful fee		-	219,971
Sales tax on services		-	2,653,293
Withholding tax payable		566,956	-
Accrued expenses		509,600	1,974,306
		6,907,380	4,847,570

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There are no contingencies outstanding as at December 31, 2023

13.2 Commitments

There are no commitments as at December 31, 2023

	Note	January 11, 2023 To December 31, 2023 ----- Rupees -----
14. NET CONTRIBUTION - PTF		
Written gross contribution	28	24,869,271
Less: Wakala fee	18	(3,218,875)
Contribution Net of Wakala Fee		21,650,396
Add: Unearned contribution reserve opening		-
Less: Unearned contribution reserve closing		(15,584,797)
		(15,584,797)
Contributions earned		6,065,599
Retakaful contribution ceded		16,838,029
Add: Prepaid retakaful contribution opening		-
Less: Prepaid retakaful contribution closing		(10,630,111)
Retakaful expense		6,207,918
Net contribution		(142,319)
15. RE-TAKAFUL REBATE		
Retakaful rebate received or recoverable		437,282
Add: Unearned retakaful rebate opening		-
Less: Unearned retakaful rebate closing		(372,110)
Retakaful rebate		65,172
16. TAKAFUL BENEFITS / (CLAIMS) EXPENSE		
Claims paid		(100,864)
Less: Outstanding claims including IBNR opening		-
Add: Outstanding claims including IBNR closing		(490,482)
Claims expense		(591,346)
Net claim expense		(591,346)
17. OTHER INCOME - PTF		
Return on bank balances	17.1	388,346
		388,346

17.1 This represents the mark-up earned by the company on the amounts deposited in the saving accounts. The rate of interest for the period from January 11, 2023 to December 31, 2023 is 7.5% to 15.75% (2022: Nil).

	Note	January 11, 2023 To December 31, 2023
		----- Rupees -----
18. DEFERRED WAKALA FEE		
Gross wakala fee		8,625,121
Add: Deferred wakala opening		-
Less: Deferred wakala closing		(5,406,246)
Wakala fee for the year		3,218,875
19. COMMISSION EXPENSE		
Commission paid or payable		4,164,564
Add: Deferred commission opening		-
Less: Deferred commission closing		(2,823,772)
Commission expense		1,340,792
20. GENERAL, ADMINISTRATIVE AND MANAGEMENT EXPENSES - OPF		
Employee benefit cost		1,054,434
Legal and professional charges		988,200
Professional Charges - IT Related		2,036,123
		4,078,757
21. INVESTMENT INCOME		
Profit on sukkus	21.1	3,759,392
		3,759,392

21.1 This represents the income earned by the Company on the government securities during the period from January 11, 2023 to December 31, 2023 refer note 5.

	Note	January 11, 2023 To December 31, 2023
22. OTHER INCOME - OPF		
Profit on bank deposits	22.1	3,558,607
		3,558,607

22.1 This represents the mark-up earned by the company on the amounts deposited in the saving accounts. The rate of interest for the period from January 11, 2023 to December 31, 2023 is 7.5% to 17% (2022: Nil).

	Note	January 11, 2023 To December 31, 2023
23. OTHER EXPENSE - OPF		
Auditors' remuneration	23.1	650,000
Printing & Stationery\		15,800
Bank Charges - OTF		7,147
		672,947

	Note	January 11, 2023 To December 31, 2023
		----- Rupees -----
23.1 Auditors' remuneration		
Audit fee		350,000
Shariah Audit Fee		150,000
Out of pocket expenses		150,000
		650,000

24. CLAIM DEVELOPMENT - PTF

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

Accident period

Estimate of ultimate claims cost:

At end of accident period	591,346
Cumulative payments to date	(100,864)
Liability recognised in statement of financial position	490,482

25. TAXATION

	Note	
For the period		
- Current	25.1	1,177,655

25.1 Relationship between tax expense and accounting profit

Profit before taxation	4,060,882
Tax at the applicable rate of 29%	1,177,656

26. RELATED PARTY TRANSACTIONS

The Operator has related party relations with the Alpha Insurrnace company Limited. The operator in the normal course of business carries at the transactions with the Alpha Insurance Company Limited.

Name of related party	Relationship and percentage of share holding	Transactions during the period	January 11, 2023 to December 31, 2023 ------(Rupees)------
Alpha Insurance Company Limited	Parent Company	Statutory fund received - OPF	50,000,000
		Insurance stamps - PTF	21,810

Name of related party	Relationship and percentage of share holding	Balance	December 31, 2023 ------(Rupees)------
Alpha Insurance Company Limited	Parent Company	Payble to AICL - OPF	3,166,170

27. MANAGEMENT OF TAKAFUL AND MANAGEMENT RISK

The Operator issue contracts that transfer takaful risk or financial risk or both. This section summarises the takaful risks and the way the Operator manages them.

27.1 Takaful risk management

27.1.1 Takaful risk

The risk under any takaful contract is the possibility that the insured event occurs and the uncertainty of the amount of compensation to the participant. Generally most takaful contracts carry the takaful risk for a period of one year, although in case of marine contract, it may be of lesser period.

The Operator'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 retakaful is arranged to mitigate the effect of the potential loss to the PTF from individual to large or catastrophic insured events. Further, the Operator adopts strict claim review policies including active management and prompt pursuing of the claims and regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the takaful risk.

27.1.2 Frequency and severity of claims

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

The retakaful arrangements against major risk exposure include excess of loss, quota share, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on PTF's net retentions.

27.1.3 Uncertainity in the estimation of future claim payments

Claims on takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contracts respectively, including the event reported after the expiry of the takaful contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Operator. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR claims is determined based on actuary advice and is 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.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Operator 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 recognised amount. Outstanding claims are reviewed on a periodic basis.

27.1.4 Key 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 income. 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 to case basis with due regard to the claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Core estimates are reviewed regularly and are updated as and when new information is available.

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the PTF's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

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. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

27.1.5 Sensitivity analysis

The Takaful claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of 10% increase / decrease in incidence of insured events on gross claim liabilities, underwriting results, net claim liabilities, profit before tax and shareholder's equity is as follows:

	December 31, 2023	December 31, 2023
	Underwriting results	Shareholder's equity
Average claim cost	----------Rupees----------	
Fire and property	(7,983)	(5,668)
Motor	(51,152)	(36,318)
	(59,135)	(41,986)

27.1.6 Concentration of risk

To optimise benefits form 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 risk 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 process, storage, utilities, etc. are extracted form the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/ re-takaful personnel for their evaluation. Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors, physical separation between the building within a 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.

The ability to manage catastrophic risk is tied managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardising Target Accumulations) codes with reference to the accumulation of sum insured in force at any particular location against natural perils.

For marine risks, complete underwriting details such as sums insured, mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum insured on a single voyage etc. are taken into consideration.

A number of proportional and non-proportional re-takaful arrangements are in place to protect the net account. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

The insurers monitors concentration of Takaful risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business at reporting date:

	December 31, 2023			
	Gross claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities
Fire and property	16.3%	16.3%	31.7%	27.4%
Marine, aviation and transport	0.0%	0.0%	9.3%	-9.5%
Motor	83.7%	83.7%	55.7%	112.8%
Miscellaneous	0.0%	0.0%	3.3%	-30.7%
	100.0%	100.0%	100.0%	100.0%

The Company minimises its exposure to significant losses by obtaining re-takaful from a number of reinsurers, who are dispersed over several geographical regions.

The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below.

	December 31, 2023		
	Gross sum insured	Re-Takaful	Net
	---------- Rupees ----------		
Fire and property	424,383,898	414,383,898	10,000,000
Marine, aviation and transport	256,540,500	246,540,500	10,000,000
Motor	40,000,000	38,000,000	2,000,000
Miscelleneous	5,000,000	-	5,000,000
	725,924,398	698,924,398	27,000,000

27.1.6.1 Sources of uncertainty in the estimation of future claim payments

Claims on general Takaful contracts are payable on a claim occurrence basis. The Company is liable for all insured events as per terms and condition of the Takaful contract.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR is recorded based on the advice of the actuary.

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 recognised amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other than exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amounts estimated.

27.1.6.2 Process used to decide on assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Operators's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

28. SEGMENT INFORMATION

28.1 Participants' Takaful Fund

	January 11, 2023 to December 31, 2023				
	Fire and property	Marine, aviation and transport	Motor	Other classes	Total
	-------Rupees-------				
Contribution receivable (inclusive of Federal Excise duty and administrative surcharge)	9,398,425	2,123,280	15,913,200	650,570	28,085,475
Less : Federal excise duty	(1,008,098)	(220,491)	(1,587,903)	(72,465)	(2,888,957)
Federal insurance fee	(75,197)	(17,806)	(121,394)	(5,574)	(219,971)
Others	(200)	(103,426)	(3,550)	(100)	(107,276)
Gross written contribution (inclusive of administrative surcharge)	8,314,930	1,781,557	14,200,353	572,431	24,869,271
Wakala fees	(1,170,535)	(112,144)	(1,916,537)	(19,659)	(3,218,875)
Takaful contribution earned	3,372,577	334,272	5,520,701	56,924	9,284,474
Takaful contirbution ceded to retakaful	(2,400,404)	(1,312,624)	(1,040,885)	(1,454,005)	(6,207,918)
Net takaful contribution	(198,362)	(1,090,496)	2,563,279	(1,416,740)	(142,319)
Retakaful rebate	38,304	548	26,320	-	65,172
Net underwriting income	(160,058)	(1,089,948)	2,589,599	(1,416,740)	(77,147)
Takaful claims	(79,826)	-	(511,520)	-	(591,346)
Takaful claims recovered from retakaful	-	-	-	-	-
Net claims	(79,826)	-	(511,520)	-	(591,346)
Direct expense	(694,644)	(148,835)	(1,186,323)	(47,822)	(2,077,624)
Net takaful claims & expenses	(774,470)	(148,835)	(1,697,843)	(47,822)	(2,668,970)
Underwriting results	(934,528)	(1,238,783)	891,756	(1,464,562)	(2,746,117)
Other income	129,955	29,359	220,036	8,996	388,346
Less: Mudarib fee	(38,986)	(8,808)	(66,011)	(2,699)	(116,504)
	90,969	20,551	154,025	6,297	271,842
Deficit transferred to balance of PTF					(2,474,275)
Corporate Segment Assets	8,707,323	2,728,079	11,792,556	2,236,733	25,464,691
Corporate Unallocated Assets					9,591,949
Total assets	8,707,323	2,728,079	11,792,556	2,236,733	35,056,640
Corporate Segment liabilities	6,726,099	1,609,766	12,061,018	526,109	20,922,992
Corporate Unallocated liabilities					16,107,923
Total liabilities	6,726,099	1,609,766	12,061,018	526,109	37,030,915

28.2 Operator's Fund

	January 11, 2023 to December 31, 2023				
	Fire and property	Marine, aviation and transport	Motor	Miscellaneous	Total
	Rupees				
Wakala Fee	1,170,535	112,144	1,916,537	19,659	3,218,875
Commission Expense	(613,576)	(63,768)	(656,458)	(6,990)	(1,340,792)
Management Expenses	(1,363,714)	(292,190)	(2,328,970)	(93,883)	(4,078,757)
	(806,755)	(243,814)	(1,068,891)	(81,214)	(2,200,674)
Investment income					3,759,392
Mudarab Share					116,504
Other income					3,558,607
Ceded Money Expense					(500,000)
Other Expense					(672,947)
					6,261,556
Taxation					(1,177,655)
Profit / (loss) after taxation					2,883,227
Corporate Segment Assets	1,211,481	317,921	1,219,534	74,836	2,823,772
Corporate Unallocated Assets					62,373,081
Total assets	1,211,481	317,921	1,219,534	74,836	65,196,853
Corporate Segment liabilities	1,728,101	494,693	3,004,659	178,793	5,406,246
Corporate Unallocated liabilities					6,907,380
Total liabilities	1,728,101	494,693	3,004,659	178,793	12,313,626

29. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

Insurance and financial risk management objectives and policies are consistent with those disclosed in financial statements for the period ended December 31, 2023.

29.1. Credit risk

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

29.1.1 Management of credit risk

The Operator's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors. Credit risk is managed and controlled by the management of the Operator in the following manner:

- Credit rating and / or Credit worthiness of the counter party is taken into account along with the financial background so as to minimize the risk of default. Collaterals are obtained wherever appropriate / relevant.

- The risk of counterparty exposure due to failed agreements causing a loss to the Operator is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, etc. on a regular basis and makes provision against those balances considered doubtful of recovery.

- Loans given to employees are deductible from the salary of the employees.

- Cash is held with reputable banks only.

To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers/reinsurers and makes provision against those balances considered doubtful of recovery.

29.1.2 Exposure to credit risk

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk for the period ended December 31, 2023 is as follows:

	31 December 2023			
	Operators' Fund		Participants' Takaful Fund	
	Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
	---------- Rupees ----------			
Other receivables	1,095,865	1,095,865	-	-
Takaful / retakaful receivables	-	-	9,428,336	9,428,336
Receivables from PTF	10,709,827	10,709,827	-	-
Investments	25,000,000	25,000,000	-	-
Cash and bank	25,545,371	25,545,371	9,533,696	9,533,696
	62,351,063	62,351,063	18,962,032	18,962,032

29.1.3 Impaired asset

Age analysis of the contribution due from takaful participants' holder:

	December 31, 2023	
	Gross	Impairment
	---- Rupees ----	
Upto 1 year	4,608,601	-
	4,608,601	-

Age analysis of amount due from other takaful / retakaful Operators at the reporting date was:

	December 31, 2023	
	Gross	Impairment
	---- Rupees ----	
Upto 1 year	4,819,735	-
	4,819,735	-

Age analysis of other recoveries against outstandings claims at the reporting date was:

	December 31, 2023	
	Gross	Impairment
	---- Rupees ----	
Upto 1 year	-	-
	-	-

29.1.4 Credit rating and collateral

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

	Short term Rating	Long term Rating	Rating Agency	December 31, 2023 Operators' Fund	Participants' Takaful Fund
Bank Al Habib Limited	A1+	AAA	PACRA	19,225,780	2,996,170
Meezan Bank Limited	A1+	AAA	PACRA	6,319,591	5,712,459
UBL Bank Limited	A1+	AAA	JCR VIS	-	825,067
				25,545,371	9,533,696

The Operator enters into re-takaful / co-takaful arrangements with re-takaful / other takaful operators having sound credit ratings accorded by reputed credit rating agencies. The Operator is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of re-takaful assets relating to outward treaty cessions recognised by the rating of the entity from which it is relates is as follows:

	Amount due from other takaful / retakaful	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	December 31, 2023
A or above (including PRCL)	4,819,735	-	6,170,370	10,990,105
Other	-	-	4,459,740	4,459,740
	4,819,735	-	10,630,110	15,449,845

29.1.5 Concentration of credit risk

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The company manages concentration of credit risk through diversification of activities among individuals, groups and industry segments.

Sector-wise analysis of contribution due but unpaid at the reporting date was:

	Participant Takaful Fund December 31, 2023 Rupees	%
Textile and composite	24,528	0.26
Cable, engineering and steel	38,460	0.41
Others	9,360,020	99.33
	9,423,008	100.00

29.1.6 Settlement risk

The Operator's activities may give rise to the risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed on sale.

This risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

29.2. Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Operator could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due under normal circumstances. To guard against the risk, the Operator has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The following are the contractual maturities of financial liabilities:

	December 31, 2023		
	Gross sum insured	Re-Takaful	Net
	------------------- Rupees -------------------		
Non-Derivative Financial Liabilities			
Outstanding claims including IBNR	490,482	490,482	-
Takaful / re-takaful payables	4,649,812	4,649,812	-
Other creditors and accruals - PTF & OPF	11,754,950	11,754,950	-
	16,895,244	16,895,244	-

29.2.1 Management of liquidity risk

The Operator's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Operator's reputation. Due to nature of the business, the Operator maintains flexibility in funding by maintaining committed credit lines available. The Operator's liquidity management invloves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

29.2.2 Maturity profile for financial assets and liabilities

The table below analyses the Operator's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amount in the table are gross nominal undiscounted casf flows (including interest paymets). The information given below is based on the contractural repricing on the maturity dates, which ever is earlier.

	December 31, 2023		
	Interest/ mark-up bearing	Non-interest/ Non-mark-up bearing	Total
	Maturity upto one year	Maturity upto one year	
OPERATOR'S FUND			
Financial Asset			
Receivable from PTF	-	10,709,827	10,709,827
Investments	25,000,000	-	25,000,000
Other receivables	-	1,095,865	1,095,865
Cash and bank	25,545,371	-	25,545,371
As on December 31, 2023	50,545,371	11,805,692	62,351,063

	December 31, 2023		
	Interest/ mark-up bearing	Non-interest/ Non-mark-up bearing	Total
	Maturity upto one year	Maturity upto one year	
Financial Liabilities			
Other creditors and accruals	-	6,907,380	6,907,380
As on December 31, 2023	-	6,907,380	6,907,380
Net	50,545,371	4,898,312	55,443,683
PARTICIPANTS' TAKAFUL FUND			
Financial assets			
Takaful / retakaful receivables	-	9,428,336	9,428,336
cash and bank	9,533,696	-	9,533,696
As on December 31, 2023	9,533,696	9,428,336	18,962,032
Financial liabilities			
Outstanding claims including IBNR	-	490,482	490,482
Takaful / retakaful payables	-	4,649,812	4,649,812
Payable to OPF	-	10,709,827	10,709,827
Other creditors and accrual	-	4,847,570	4,847,570
As on December 31, 2023	-	20,697,691	20,697,691

29.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will effect the Operator's income or the value of its holding of financial instruments. the objectve of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Operator is exposed to interest rate risk, currency risk and other price risk.

29.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from balances held in profit and loss sharing accounts with reputable banks and government securities. The Operator limits interest rate risk by monitoring changes in interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.

Refer note 29.2.2 for the details of maturity analysis of financial instruments.

29.3.1.1 Senstivity analysis

At the balance sheet date the interest rate profile of the Operator's interest-bearing financial instrument are as follows:

	Operator's Fund	
	December 31, 2023	
	Effective interest rate %	Rupees
Financial asset		
Assets subjective to variable rate		
-Bank balances	7.5% to 17.5%	25,545,371

	Participants' Takaful Fund	
	December 31, 2023	
	Effective interest rate %	Rupees
Financial asset		
Assets subjective to variable rate		
-Bank balances	7.5% to 15.75%	9,533,696

Fair value senstivity analysis for fixed rate instrument

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

Cash flow senstivity analysis for variable rate instruments

The Operator is exposed to cash flow interest rate risk in respect of its balances with profit and loss sharing account with banks. A hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	December 31, 2023	
	Operator's Fund	
	Mark-up 100bps	
	Increase	Decrease
	----------- (Rupees) ------------	
Cash flow senstivity	2,554,537	(2,554,537)
	Participants' Takaful Fund	
Cash flow senstivity	953,370	(953,370)

29.3.1.2 **Price risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market.

The WTO's strategy is to hold its strategic investments for long period of time. Thus, WTO's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. WTO strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equityprice volatility. WTO manages price risk by monitoring exposure in these securities and implementing the strict discipline in internal risk management and investment policies.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The WTO has no significant concentration of price risk.

29.3.1.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The WTO, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

29.4 Fund management

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

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

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 (i.e. an exit price).

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the statement of assets and liabilities date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analysed between those whose fair value is based on:

Level 1: quoted prices in the active market for identical assets or liabilities;

Level 2: those involving inputs other than quoted prices include in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

PARTICIPANTS' TAKAFUL FUND

	As on December 31, 2023							
						Fair value measurement using		
	Held to maturity	Loans & receiables	Other financial assets	Financial liabilities	Total	Level 1	Level 2	Level 3
	---------------------------- Rupees ----------------------------							
Financial assets measured at fair value								
Takaful / retakaful recoveries	-	9,448,336	-	-	9,448,336	-	-	-
Cash and bank balances	-	-	9,533,696	-	9,533,696	-	-	-
Takaful / retakaful recoveries	-	9,448,336	9,533,696	-	18,962,032	-	-	-
Financial liabilites not measured at fair value								
Payble to OPF	-	-	-	10,709,827	10,709,827	-	-	-
Outstanding claims including IBNR	-	-	-	490,482	490,482	-	-	-
Takaful / retakaful paybles	-	-	-	4,649,812	4,649,812	-	-	-
Other creditors and accruals	-	-	-	4,847,570	4,847,570	-	-	-
	-	-	-	20,697,691	20,697,691	-	-	-

OPERATORS' FUND

	As on December 31, 2023							
						Fair value measurement using		
	Held to maturity	Loans & receiables	Other financial assets	Financial liabilities	Total	Level 1	Level 2	Level 3
	---------------------------- Rupees ----------------------------							
Financial assets measured at fair value								
Investments	25,000,000	-	-	-	25,000,000	-	25,000,000	-
Other receivables	-	1,095,865	-	-	1,095,865	-	-	-
Receivable from PTF	-	10,709,827	-	-	10,709,827	-	-	-
Cash and bank balances	-	-	25,545,371	-	25,545,371	-	-	-
	25,000,000	11,805,692	25,545,371	-	62,351,063	-	25,000,000	-
Financial liabilities not measured at fair vlaue								
Other creditors and accruals	-	-	-	6,907,380	6907380	-	-	-
	-	-	-	6,907,380	6,907,380	-	-	-

The carrying value of remaining financia assets and financial liabilities reflected in these financial statements approximate to their value, as there are mostly short term in mature or repriced frequently.

	December 31, 2023
31. NUMBER OF EMPLOYEES	
Number of employees at the end of the year	1
Average number of employees during the period	1

32. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on April 23, 2024 by the Board of Directors of the Company.

33. GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive Officer | Chairman | Director | Director

Pattern of Shareholding

As at December 31, 2023

Number of Shareholders	Shareholding From		Shareholding To	Total Share Held
3	1	to	100	193
3	101	to	500	888
15	501	to	1,000	12,284
17	1,001	to	5,000	48,037
20	5,001	to	10,000	132,923
22	10,001	to	25,000	299,255
5	25,001	to	50,000	147,746
7	50,001	to	75,000	431,325
3	75,001	to	100,000	234,036
1	100,001	to	150,000	101,615
4	150,001	to	205,000	809,600
1	205,001	to	300,000	207,255
1	300,001	to	47,574,843	47,574,843
102		Total		50,000,000

Number of Shareholders	Category of Shareholders	Total Share Held	Percentage %
1	State Life Insurance Corportion of Pakistan	47,574,843	95.15%
1	Ex-Director - Mr. Maudood Ahmed Lodhi	12,631	0.03%
100	Individuals	2,412,526	4.83%
102	Total	50,000,000	100.00%

Branch Network

MAIN BRANCH, KARACHI
Branch Address: 406, 4th Floor,
Business & Finance Centre,
Opp: State Bank of Pakistan,
I.I. Chundrigar Road,
Karachi.
Office Nos. 021-32429151 & 021-32425547
Fax No. 021-32435142
reyaz@alphainsurance.com.pk

KARACHI SOUTH DIVISION BRANCH
Branch Address: 4th Floor, Building # 1-B,
State Life Square,
Off: I.I. Chundrigar Road,
Karachi - 74000.
PABX: 021-32426041-5
Fax No. 021-32419968, 32422478
m.abbas@alphainsurance.com.pk

STATE LIFE SQUARE BRANCH, KARACHI
Branch Address: 4th Floor, Building # 1-B,
State Life Square,
Off: I.I. Chundrigar Road,
Karachi - 74000.
PABX: 021-32426041-5
Fax No. 021-32419968, 32422478
centralbranch@alphainsurance.com.pk

CORPORATE BRANCH, KARACHI
Branch Address: 4th Floor, Building # 1-B,
State Life Square,
Off: I.I. Chundrigar Road,
Karachi - 74000.
PABX: 021-32426041-5
Fax No. 021-32419968, 32422478
centralbranch@alphainsurance.com.pk

CENTRAL BRANCH, KARACHI
Branch Address: 4th Floor, Building # 1-B,
State Life Square,
Off: I.I. Chundrigar Road,
Karachi - 74000.
PABX: 021-32426041-5
Fax No. 021-32419968, 32422478
centralbranch@alphainsurance.com.pk

LAHORE BRANCH
Branch Address: 4 Bank Square,
Shahrah-e-Quaid-e-Azam,
P.O.Box No.125,
Lahore.
Office Nos. 042-37322518 & 042-37311618
Fax No. 042-37324628
ilyas@alphainsurance.com.pk

FAISALABAD BRANCH
Branch Address: 6th Floor,
State Life Building, Liaquat Road,
Faisalabad.
Office No. 041-2640383
Fax No. 041-2640384
salahuddin@alphainsurance.com.pk

MULTAN BRANCH
Branch Address: Room Nos. 1 & 2,
1st floor, Hajvairee Arcade Center,
Kutchery Road,
Multan.
Office No. 061-4510694
Fax No. 061-4541649
babarshahzad401@alphainsurance.com.pk

ISLAMABAD BRANCH
Branch Address: Ground Floor,
State Life Building - 5,
China Chowk, Jinnah Avenue,
Blue Area,
Islamabad.
Office Nos. 051-2274032-34
Fax No. 051-2274964
raza@alphainsurance.com.pk

RAWALPINDI BRANCH
Branch Address: Ground Floor,
State Life Building - 5,
China Chowk, Jinnah Avenue,
Blue Area,
Islamabad.
Office Nos. 051-5568349, 051-5562249
Fax No. 051-5519201
javed@alphainsurance.com.pk

alpha
Insurance Company Limited.
A subsidiary of State Life Insurance Corporation of Pakistan

Proxy Form
Annual General Meeting

I/We....................................of...................................Being a member of Alpha Insurance Company Limited hereby appoint Mr... of... of failing him Mr.. of...as my/our Proxy to vote for me/us and on my/our behalf at the 72nd Annual General Meeting of the Company to be held on 15th day of May, 2024 at 3:00 p.m. at Company's Head Office, 4th Floor, Building No. 1-B, State Life Square, I.I. Chundrigar Road, Karachi and at any adjournment thereof.

Signed this... day of 2023

1. **Witness:**

Signature...
Name...
Address...
....
CNIC...

Revenue Stamp

2.

Signature...
Name...
Address...
....
CNIC...

Signature..................................
Holder of ....Ordinary Shares
Share Register Folio No....................

Notes:

1. A proxy must be member of the Company.
2. Proxies must be received at the registered office of the Company not less than 48 hours before the time appointed for the Meeting.

   This signature of the instrument of proxy must confirm to the specimen signature recorded with the Company.

alpha
Insurance Company Limited.
A subsidiary of State Life Insurance Corporation of Pakistan

State Life Building # 1-B, I.I. Chundrigar Road, Karachi - Pakistan
Web: www.alphainsurance.com.pk