



General Insurance Company

National Assets Insurance Limited

Financial Statements with
Accompanying Information

==== Annual Report ====
==== 31 December 2014 ====



National Assets Insurance Ltd.

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National Assets Insurance Ltd.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shahid Anwar Khan	(Chairman)
Mr. Tariq Jamali	(Director)
Mr. Nadeem A. Ilyas	(Director)
Mr. Muhammad Umair Bhaur	(Chief Executive Officer)

DEPARTMENTAL HEADS

Syed Iqbal Hussain	(Operations)
Mr. Mushtaq Ahmed Qureshi	(Marketing)
Mr. Muhammad Umair Bhaur	(CFO & Company Secretary)

Auditors	Grant Thornton Anjum Rahman 1st & 3rd Floor, Modern Motors House Beaumont Road, Karachi
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Registered Office	69/2, Abid Majeed Road, Lahore Cantt. Lahore
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Head Office	3rd Floor, 78/C, Main Khayaban-e-Jami, Phase VII, DHA, Karachi
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Bankers	National Bank of Pakistan
Registrar &	THK Associates (Pvt) Ltd.
Share Transfer Office	Ground Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road Karachi

Legal Advisors	Ahmed & Qazi (Advocates & Legal Consultants) 403-404, Clifton Centre, Clifton, Karachi
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National Assets Insurance Ltd.

NOTICE OF THE 6TH ANNUAL GENERAL MEETING

Notice is hereby given that the 6th Annual General Meeting of **National Assets Insurance Limited** will be held at 78/C, Khayaban-e-Jami, Phase-VII, D.H.A, Karachi, on 30 April 2015 at 11:00 a.m., to transact the following business:

1. To consider and approve the minutes of the 5th Annual General Meeting of the company held at 78/C, Khayaban-e-Jami, Phase-VII, D.H.A, Karachi, on 30 April, 2014 at 11:00 a.m..
2. To approve and adopt the Audited Financial Statements of the company for the year ended 31 December 2014 along with all the policies as mentioned in the Financial Statements.
3. To appoint statutory auditors of the company for the year ended 31 December 2015 and to fix their audit fee for the same period.
4. To transact any other business with the permission of the chair.

Date: April 01, 2015

MUHAMMAD UMAIR BHOUR
(CFO & Company Secretary)

Notes:

1. The share transfer books of the company will remain close from April 20, 2015 to April 30, 2015 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy and vote on his/her behalf. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. The financial statements are available on website



National Assets Insurance Ltd.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your Company feel pleasure in presenting the annual report together with audited financial statements for the year ended 31 December 2014.

1. Financial Results

The Company made a Pre-tax profit of Rs. 37.68 million for the year under consideration (31 December 2013, 28.33 million) after charging costs, expenses and provisions for the year.

	For the year ended 31 December 2014 Rupees	For the year ended 31 December 2013 Rupees
Pre Tax Profit	37,676,753	28,326,396
Taxation	12,178,987	9,325,577
Profit after taxation	<u>25,497,766</u>	<u>19,000,819</u>

2. Review of financial Affairs and Future Prospects

The company had raised its paid up capital up to Rs. 500 million after 1st half of the year 2011.

During 2012, 2013 and 2014 the Company kept the available funds either in National Income Daily Account (NIDA) or in Treasury Bills. During these years the Company continued its efforts to obtain Insurance License from SECP. The main reason of increase in profit during the year 2014 as compared to 2013 is that more funds were kept in T Bills and less funds were kept in NIDA account. Despite reduced Policy Rate of State Bank of Pakistan the Company earned better revenue as compared to last year.

The financial health of the company is still strong and its total equity has reached Rs. 576.6 million during the current year.

The company has completed all the formalities of the insurance license including the compliance with the minimum paid up capital requirement and doing its best efforts to obtain the License. It is expected that the company will start business operations during the next year after obtaining Insurance License and Business Commencement Certificate from Securities and Exchange Commission of Pakistan.

The board is confident that after starting operations, the company will start making operating profits as well.

3. Auditors

The present auditors M/S. Anjum, Asim, Shahid, Rahman (Chartered Accountants) and offer themselves for re-appointment. The matter of their re-appointment shall be finalized in the next Annual General Meeting.

4. Pattern of Shareholding

The statement of pattern of shareholding of the company as at December 31, 2014 is annexed.

5. Profit and break up value per share

The profit per share for the year is Rs. 0.51/- (31 December 2013, Rs. 0.38/-) and breakup value per share is Rs. 11.53 (31 December 2013, Rs. 11.02).

For and on behalf of the Board of Directors

CHIEF EXECUTIVE OFFICER

Karachi
March 26, 2015



**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NATIONAL ASSETS INSURANCE LIMITED**

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of comprehensive income;
- (iv) statement of changes in equity;
- (v) statement of cash flows;
- (vi) statement of investment income

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of **National Assets Insurance Limited** (the Company) as at December 31, 2014 together with the notes forming part thereof for the year then ended.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;

Chartered Accountants
Member of Grant Thornton International Ltd
Offices in Islamabad & Lahore



- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2014 and of its profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Emphasis of Matter

We draw attention to note 1.2 to the financial statements which inter alia states that the Company has applied for certificate for registration to carry on insurance activities (the certificate) as required by Insurance Ordinance, 2000 (the Ordinance); however, its application is pending for approval by the Securities and Exchange Commission of Pakistan, and therefore the Company is not allowed to undertake insurance activities. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, we have been informed by the management that the Company has completed the formalities under the Ordinance and it expects that it would be able to obtain the certificate subsequent to the year-end. The management therefore has concluded that the going concern assumption is appropriate.

Our opinion is not qualified in respect of this matters.

Other Matter

The financial statements of the Company for the year ended December 31, 2013 were audited by another firm of Chartered Accountants, who through their report dated March 18, 2014 expressed an unmodified opinion thereon.

Karachi
Date: 27 MAR 2015

Grant Thornton Anjum Rahman
Grant Thornton Anjum Rahman
Chartered Accountants
Muhammad Shaukat Naseeb



National Assets Insurance Ltd.

BALANCE SHEET AS AT DECEMBER 31, 2014

	Note	2014	2013
----- Rupees -----			
SHARE CAPITAL AND RESERVES			
EQUITY			
Authorised share capital	6.1	1,250,000,000	1,000,000,000
Issued, subscribed and paid-up share capital	6.2	500,000,000	500,000,000
Retained earnings		76,655,669	50,877,269
Total equity		576,655,669	550,877,269
Deferred liabilities			
Staff retirement benefits	7	796,360	1,049,402
Creditors and accruals			
Creditors and accruals	8	2,711,612	1,677,694
Taxation - net		71,171	2,260,366
Total liabilities		3,579,143	4,987,462
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	9	580,234,812	555,864,731
ASSETS			
Cash and bank deposits	10	114,086,205	384,308,964
Investments	11	454,341,562	149,926,488
Deferred tax asset	12	1,000,234	1,063,322
Current assets - others			
Accrued investment income		3,092,102	15,692,311
Prepayments		11,171	37,484
Security deposit		257,000	257,000
Other receivable		-	16,785
		3,360,273	16,003,580
Fixed Assets			
<i>Tangible</i>			
Computer & related accessories		108,407	154,868
Vehicles		2,950,616	771,109
Furniture and fittings		249,964	312,455
Office equipment		327,551	363,915
	13	3,636,538	1,602,377
<i>Intangible</i>			
Capital work in progress	14	3,810,000	2,960,000
TOTAL ASSETS		580,234,812	555,864,731

The annexed notes from 1 to 23 form an integral part of these financial statements.


Shahid Anwar Khan
Chairman


Tariq Jamali
Director


Nadeem A. Ilyas
Director


Muhammad Umair Bhaur
Chief Executive Officer



National Assets Insurance Ltd.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 ----- Rupees -----	2013
Revenue account			
Underwriting results		-	-
Investment income		41,260,574	10,854,532
Profit on bank deposits		9,944,707	31,931,402
		<u>51,205,281</u>	<u>42,785,934</u>
General and administration expenses	15	(13,527,078)	(14,458,480)
Bank charges		(1,450)	(1,058)
		<u>37,676,753</u>	<u>28,326,396</u>
Profit before taxation			
Taxation			
<i>Current</i>		(12,254,123)	(10,151,181)
<i>Prior year</i>		-	-
<i>Deferred</i>		75,135	825,604
	16	<u>(12,178,987)</u>	<u>(9,325,577)</u>
Profit for the year		<u>25,497,766</u>	<u>19,000,819</u>
Profit and loss appropriation account			
Balance at commencement of the year		50,877,269	32,026,430
Profit for the year		25,497,766	19,000,819
Other comprehensive income		280,634	(149,980)
Balance unappropriated profit at the end of the year		<u>76,655,669</u>	<u>50,877,269</u>
Earnings per share - basic and diluted	17	<u>0.51</u>	<u>0.58</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.


Shahid Anwar Khan
Chairman


Tariq Jamali
Director


Nadeem A. Ilyas
Director


Muhammad Umair Bhaur
Chief Executive Officer



National Assets Insurance Ltd.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
Note	----- Rupees -----	
Profit for the year	25,497,766	19,000,819
Other comprehensive income/ (loss)		
Items that will never be reclassified to profit and loss account		
Remeasurement of defined benefit obligation - net of deferred tax	7.5 280,634	(149,980)
Items that may subsequently be reclassified to profit and loss account	-	-
	<u>280,634</u>	<u>(149,980)</u>
Total comprehensive income for the year	<u>25,778,400</u>	<u>18,850,839</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.


Shahid Anwar Khan
Chairman


Tariq Jamali
Director


Nadeem A. Ilyas
Director


Muhammad Umair Bhaur
Chief Executive Officer



National Assets Insurance Ltd.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

	Issued, subscribed and paid-up share capital	Retained earnings	Total
	----- Rupees -----		
Balance as at December 31, 2012	500,000,000	32,026,430	532,026,430
Transactions with other than owners:			
<i>Comprehensive income for the year ended December 31, 2013</i>			
Profit for the year	-	19,000,819	19,000,819
Other comprehensive loss	-	(149,980)	(149,980)
Total comprehensive income for the year	-	18,850,839	18,850,839
Balance as at December 31, 2013	500,000,000	50,877,269	550,877,269
Transactions with other than owners:			
<i>Comprehensive income for the year ended December 31, 2014</i>			
Profit for the year	-	25,497,766	25,497,766
Other comprehensive income	-	280,634	280,634
Total comprehensive income for the year	-	25,778,400	25,778,400
Balance as at December 31, 2014	500,000,000	76,655,669	576,655,669

The annexed notes from 1 to 23 form an integral part of these financial statements.


Shahid Anwar Khan
Chairman


Tariq Jamali
Director


Nadeem A. Ilyas
Director


Muhammad Umair Bhaur
Chief Executive Officer



National Assets Insurance Ltd.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	----- Rupees -----	
Operating Cash Flows		
a) Underwriting activities		
Premiums received	-	-
Reinsurance premiums paid	-	-
Claims paid	-	-
Surrenders paid	-	-
Reinsurance and other recoveries received	-	-
Commissions paid	-	-
Commissions received	-	-
Other underwriting payments	-	-
Net cash flow from underwriting activities	-	-
b) Other operating activities		
Income tax paid	(14,443,318)	(18,894,377)
Security deposit received	-	255,000
General and other expenses paid	(10,893,650)	(11,892,952)
Staff retirement benefit paid	(525,000)	(18,000)
Other receipts	22,544,916	26,986,243
Net cash used in other operating activities	(3,317,052)	(3,564,086)
Total cash used in all operating activities	(3,317,052)	(3,564,086)
Investment activities		
Investment matured	1,013,000,000	409,180,000
Investments purchased	(1,276,154,500)	(401,449,758)
Capital work in progress - intangible	(850,000)	(680,000)
Fixed capital expenditure - tangible assets	(3,613,000)	-
Proceeds from disposal of fixed assets	711,793	-
Total cash flow from investing activities	(266,905,707)	7,050,242
Financing activities		
Proceeds from issue of ordinary shares	-	-
Total cash flow from financing activities	-	-
Net cash flow from all activities	(270,222,759)	3,486,156
Cash at the beginning of the year	384,308,964	380,822,808
Cash at the end of the year	114,086,205	384,308,964



National Assets Insurance Ltd.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	----- Rupees -----	
Reconciliation to Profit and Loss Account		
Operating cash flows	(3,317,052)	(3,564,086)
Depreciation	(867,046)	(896,717)
Provision for workers' welfare fund	(777,556)	(597,128)
Charge for staff retirement benefits	(700,817)	(455,517)
Investment income	41,260,574	10,851,532
(decrease) / increase in assets other than cash	(12,643,308)	1,229,653
(Increase) in liabilities other than running finance	(256,362)	(156,718)
	22,698,433	9,111,019
Others		
Profit on sale of investments	-	-
Staff retirement benefits paid	535,002	18,000
Income tax paid	14,443,318	18,894,377
	14,978,320	18,912,377
Profit before taxation	37,676,753	28,326,396
Definition of cash:		
Cash comprises of cash in hand, bank balances.		
Cash for the purpose of the Statement of Cash Flows consists of:		
Current and other accounts	114,086,205	384,308,964
Total cash and cash equivalents	114,086,205	384,308,964

The annexed notes from 1 to 23 form an integral part of these financial statements.


Shahid Anwar Khan
Chairman


Tariq Jamali
Director


Nadeem A. Ilyas
Director


Muhammad Umair Bhaur
Chief Executive Officer



National Assets Insurance Ltd.

STATEMENT OF INVESTMENT INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	----- Rupees -----	
Income from non-trading investments		
Held to maturity		
Return on treasury bills	41,260,574	10,854,532
Net investment income	<u>41,260,574</u>	<u>10,854,532</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.


Shahid Anwar Khan
Chairman


Tariq Jamali
Director


Nadeem A. Ilyas
Director


Muhammad Umair Bhaur
Chief Executive Officer



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

1 THE COMPANY AND ITS OPERATIONS

"National Assets Insurance Limited" ("the Company") was incorporated on 26 June 2009 as a Public Limited Company in Pakistan under the Companies Ordinance, 1984. The registered office of the Company is situated at 69-2 Abid Majeed Road, Lahore Cantt, Lahore.

- 1.1 The principal activity of the Company will be to carry on any or all classes of non-life insurance business specified in the "Insurance Ordinance, 2000" (as amended, modified and/or re-enacted from time to time) (the "Insurance Ordinance") including re-insurance of any or all classes of business.
- 1.2 The Company has not started its underwriting operations so far as the Insurance License is still awaited from Securities and Exchange Commission of Pakistan (SECP). After obtaining the License, the Company shall apply for the Certificate of Commencement of Business from SECP in order to start its operations.

The Company has completed all the formalities of the Insurance License including the compliance with the minimum paid up capital requirement. The management of the Company is perusing the matter of obtaining License proactively with the SECP and expects that it would be able to obtain the Insurance License and Business Commencement Certificate during the next year.

Since the Company has already met the minimum paid up capital requirement and carries a very healthy financial position, the management of the Company and its directors strongly believe that the Company is a going concern and would be able to undertake insurance and related activities during the next financial year after obtaining the Certificate of registration to carry on insurance business under the section 6 of the Insurance Ordinance, 2000.

2 BASIS OF PREPARATION

These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002] vide S.R.O. 938 dated December 12, 2002.

The financial statements are prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

The SECP has allowed insurance companies to defer the application of International Accounting Standard - 39 (IAS 39) 'Financial Instruments: Recognition and Measurement' in respect of "investments available-for-sale" until suitable amendments have been made in the laws. Accordingly, the requirements of IAS-39, to the extent allowed by SECP, are not followed in the preparation of these financial statements. However, the Company did not hold any "available-for-sale investments" as at the reporting date.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

b) Basis of presentation

These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated December 12, 2002. The operations of the Company have not yet been started and the Company is at pre-commencement of business stage. Resultantly there is no underwriting activities of the Company. Hence, the following statements as required under Insurance Ordinance 2000 have no data, therefore, not prepared:

- statement of premiums
- statement of claims
- statement of expenses

c) Accounting convention

These financial statements have been prepared under the historical cost convention. Accrual basis of accounting has been used in preparation of these financial statements except for the cash flow information which is prepared on cash basis.

d) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

3 Standards, amendments and interpretations to the published standards that are not yet

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

Standard or Interpretation	Effective date (annual periods beginning)
Amendments to IFRS 10, IFRS 12 and IAS 27 Exception from consolidation for 'investment entities'	01 January 2014
-Amendments to IAS 32 'Financial instruments: Presentation, offsetting financial assets and financial liabilities	01 January 2014
-Amendments to IAS 36, Impairment of assets, recoverable amount disclosures for non-financial assets	01 January 2014
-Amendments to IAS 39 'Financial instruments: Recognition and measurement of derivatives and continuation of hedge accounting	01 January 2014
-IFRIC 21, 'Levies'	01 January 2014

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

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:



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Standard	IASB Effective date (annual periods)
-Amendments to IAS 19 'Employee benefits on defined benefit plans'	01 July 2014
-Amendments to IFRS 2, 'Share based payments'	01 July 2014
-Annual improvements to IAS/IFRS	
IFRS 3, 'Business combinations'	01 July 2014
IFRS 8, 'Operating segments'	01 July 2014
IAS 16, 'property plant and equipment and IAS 38, 'Intangible assets''	01 July 2014
IFRS 3, 'Business combinations'	01 July 2014
IFRS 13, 'Fair value measurement'	01 July 2014
IAS 40, 'Investment property'	01 July 2014
IAS 24, 'Related party disclosures'	01 July 2014

In November 2012, the SECP vide its notifications SRO No. 1383/2012 and SRO No 1384 / 2012 published revised draft of insurance accounting regulations and draft amendments in SFC (Insurance) Rules, 2002 respectively. While these regulations and amendments are not yet effective.

4 USE OF ESTIMATES AND JUDGMENTS

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

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements or judgments were exercised in application of accounting policies are as follows:

4.1 Useful lives, patterns of economic benefits and impairments - Fixed assets

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of fixed assets, with a corresponding effect on the depreciation charge and impairment.

4.2 Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of the appellate authorities on certain issues in the past.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Creditors, accruals and provisions

Provisions including accrued expenses are recognized when the Company 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 balance sheet date and adjusted to reflect the current best estimate.

5.2 Cash and bank deposits

Cash and bank deposits are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank deposits.

5.3 Investments

Recognition

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

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

Measurement

(a) Investment at fair value through profit or loss - held for trading.

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

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

After initial recognition, the above investments are remeasured at fair value determined with reference to the rates prevailing in the stock exchange, where applicable. Gains or losses on investments on remeasurement of these investments are recognized in profit and loss account.

(b) Held-to-maturity

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

Subsequent to initial recognition, these investments are measured at amortized cost, less provision for impairment in value, if any. Amortized cost is calculated taking into account any discount or premium on acquisition by using effective interest method.

(c) Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Quoted

Subsequent to initial recognition, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the SECP in December 2002. Moreover, section 16(a) of the Securities and Exchange (Insurance) Rules, 2002 for available for sale - fixed income investments redeemable at a given date and where the cost is different from the redemption value, require such difference to be amortised uniformly between the date of acquisition and the date of maturity. The Company uses stock exchange quotations at the balance sheet date to determine the market value.

International Accounting Standard 39 dealing with the recognition and measurements of financial instruments requires that these instruments should be measured at fair value.

Unquoted

Unquoted investments are recorded at cost less impairment (if any).

Date of recognition

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

5.4 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any.

Deferred

Deferred tax is accounted for by using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in these financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets 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 utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the case that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

5.5 Fixed assets

Fixed assets are stated at cost signifying historical cost less accumulated depreciation and any accumulated impairment loss. The useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciation is charged to income applying reducing balance method except for vehicles which are depreciated using the straight line method at the rates specified for calculation of depreciation in note no. 13



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account as and when incurred.

Depreciation on additions is charged from the month the assets are available for use while on disposals, depreciation is charged up to the month in which the assets are disposed off.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets disposed off. These are included in the profit and loss account currently.

5.6 Intangibles

Intangibles are stated initially at cost. After initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment loss.

Amortisation is based on its useful life. The Company assesses whether the useful life of the intangible asset is finite or infinite. In case of finite life, amortisation is charged to income on a systematic basis over its useful life.

Amortisation shall begin when the asset is available for use. Amortisation shall cease at the earlier of the date asset is classified as Held for Sale and the date the asset is derecognised.

Method for amortisation shall reflect the pattern in which asset's future economic benefits are expected to be consumed. If pattern is not determinable, then straight line method is used.

Intangible asset arising from development phase are recognised separately. Moreover, expenditure on research phase are recognised as expense when it is incurred.

5.7 Investment income

-Return on fixed income investments

Return on fixed income securities classified as held to maturity is recognized on a time proportion basis.

-Dividend

Dividend income is recognized when the Company's right to receive the dividend is established.

-Return on bank deposits

Return on bank deposits is recognized on a time proportion basis.

5.8 Foreign currencies

Transactions in foreign currencies are accounted for in Pak Rupees at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange differences are taken to the profit and loss account currently.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

5.9 Financial instruments

Financial instruments carried on the statement of financial position include cash and balances deposits, investments, accrued income, security deposit, other receivables. Financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise 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 the de-recognition of the financial assets and liabilities is included in the profit and loss account currently. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

5.10 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

5.11 Off setting

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.12 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds the recoverable amount.

Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If there is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognized for the assets in prior year. Such reversal is recognized in profit and loss account.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

5.13 Staff retirement benefits plan

Actuarial gains and losses are recognized in Other Comprehensive Income (OCI) in the periods in which they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognized directly in Other Comprehensive Income with no subsequent recycling through the profit and loss account.

5.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the board of directors) who is responsible for allocating resources and assessing performance of the operating segments.

Since the Company has not yet started underwriting operations, the segment reporting cannot be presented in these financial statements.

5.15 Share Capital

Ordinary shares are classified as equity.

5.16 General

Figures have been rounded off to the nearest of rupee unless otherwise stated.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

6 SHARE CAPITAL.

6.1 Authorized share capital

2014	2013		2014	2013
(Number of shares)			----- Rupees -----	
		Ordinary shares of Rupees		
		10 each		
<u>125,000,000</u>	<u>100,000,000</u>		<u>1,250,000,000</u>	<u>1,000,000,000</u>

6.2 Issued, subscribed and paid-up share capital

2014	2013		2014	2013
(Number of shares)			----- Rupees -----	
		Ordinary shares of Rupees		
		10 each fully paid in cash		
<u>50,000,000</u>	<u>50,000,000</u>		<u>500,000,000</u>	<u>500,000,000</u>

6.3 Name of Shareholder

	2014	2013
	(Number of shares)	
National Bank of Pakistan	4,481,500	4,481,500
NBP Staff Welfare Foundation	9,000,000	9,000,000
NBP Employees Benevolent Fund	5,000,000	5,000,000
NBP Employees Pension Fund	16,000,000	16,000,000

6.4 Capital risk management policies and procedures

The Company's objective when managing the capital are:

- to safeguard its ability to continue as a going concern so that it can continue to provide return to shareholders and benefits to 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 to maintain optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to shareholders, issue new shares and adopt other means commensurate to the circumstances.

7 STAFF RETIREMENT BENEFITS

The Company operates an unfunded gratuity scheme, a defined benefit scheme, for its employees. The latest valuation was carried out as at 31 December 2014 by an independent actuary - M/S Akhtar & Hassan (Private) Limited.

The Company operates an unfunded gratuity scheme covering all its employees under the age of 60 years. The employees who have completed one year of their service with the Company are eligible for the scheme. Provision is made in these financial statements on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method.

The defined benefit plans expose the Authority to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk.

a) *Interest rate risk*

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and is denominated in Pak Rupees.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

A decrease in market yield on high quality corporate bonds will increase the authority's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of the plan assets, in case of funded plans.

b) **Investment risk**

This is the risk of the investment underperforming and not being sufficient to meet the liabilities. The plan assets at June 30, 2014 are predominantly equity and debt instruments. This risk is mitigated by closely monitoring the performance of the investments.

c) **Longevity risk**

The Authority is required to provide benefits for life for the members of the defined benefit liability. Increase in the life expectancy of the members, particularly in case of pension where the pension/gratuity payments are linked to pay scales defined by the Government, will increase the defined benefit liability.

d) **Inflation risk**

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Authority's liability. This risk is mitigated by closely monitoring the performance of the investments.

		2014	2013
		----- Rupees -----	
7.1 Balance sheet date position			
Present value of defined benefit obligation	7.2	796,360	1,049,402
Fair value of plan assets		-	-
Net liability		<u>796,360</u>	<u>1,049,402</u>
7.2 Movement in net liability			
Opening balance		1,049,402	381,147
Charge for the year	7.4	700,817	455,517
Remeasurements recognized in Other Comprehensive Income		(418,857)	230,738
Benefits to outgoing employee		(535,002)	(18,000)
Closing balance:		<u>796,360</u>	<u>1,049,402</u>
7.3 Movement in present value of defined benefit obligation			
Present value as at January 01		1,049,402	381,147
Current service cost		535,388	363,547
Interest cost		165,429	91,970
Benefit paid		(525,000)	-
Benefit payable		(10,002)	(18,000)
		(535,002)	(18,000)
Actuarial (gain)/ loss:			
- due to change in financial assumption		(22,687)	1,164
- due to change in demographic assumptions		-	
- due to change in experience adjustments		(396,170)	229,574
	7.5	(418,857)	230,738
Present value as at December 31		<u>796,360</u>	<u>1,049,402</u>



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 ----- Rupees -----	2013
7.4 The amounts charged in profit and loss are as follows:			
Current service cost		535,388	363,547
Interest cost		165,429	91,970
Expense for the year		<u>700,817</u>	<u>455,517</u>
7.5 The amount charged in other comprehensive income is as follows:			
Actuarial (gain)/ loss on obligation	7.3	(418,857)	230,738
Related deferred tax		138,223	(80,758)
		<u>(280,634)</u>	<u>149,980</u>

7.6 Following significant assumptions have been used for valuation of this scheme:

Significant actuarial valuation assumptions

Financial assumptions

- Discount rate percentage	11.25%	12.75%
- First year salary increase rate percentage	13.00%	17.00%
- Long term salary increase rate percentage	11.25%	12.75%

Demographic assumptions

- Mortality rate (for death in service)	SLIC(2001-05)	SLIC(2001-05)
- Rate of employee turnover	Moderate	Moderate

7.7 Sensitivity analysis of assumptions

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts as under:

	Original assumption	Increased assumption	Decreased assumption	Amount at original assumption	Amount at increased assumption	Amount at decreased assumption
----- Rupees -----						
Discount rate						
Present value of obligation for all benefit obligation				796,360	711,241	895,071
Financial impact on present value of obligation	11.25%	12.25%	10.25%		(85,119)	99,311
First year salary increase rate						
Present value of obligation for gratuity				796,360	890,721	713,741
Financial impact on present value of obligation	13.00%	14.00%	12.00%		94,361	(82,619)



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		----- Rupees -----	
7.8 Maturity analysis of undiscounted payments for future years			
For the first year after year-end		45,540	47,785
For the second year after year-end		60,907	74,195
For the third year after year end		77,591	104,798
For the fourth year after year-end		95,451	138,879
For the fifth year after year end		115,012	177,186
For the period from sixth to tenth year after year-end		948,744	1,649,609
For the period from eleventh to fifteenth year after year-end		1,016,868	2,299,526
For the period from sixteenth to twentieth year after year-end		26,471,615	56,310,946

8 CREDITORS AND ACCRUALS

Accrued expenses

Rent payable		281,445	62,718
Bills payable		13,355	14,000
Retirement benefit payable to employee		28,002	18,000
Worker's welfare fund payable	8.1	2,203,532	1,425,976
Audit fee payable		115,000	135,000
Other Payable		70,278	22,000
		<u>2,711,612</u>	<u>1,677,694</u>

8.1 The Finance Act, 2008 introduced amendments to the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance). As a result of the amendments, all entities to which The West Pakistan Shops and Establishment Ordinance, 1969 applies were brought in the purview of the WWF Ordinance. Therefore, all insurance companies were required to pay WWF to the extent and in the manner required by the WWF Ordinance.

On certain other amendments introduced by the Finance Acts, 2006 and 2008, various other companies filed constitutional petitions in the Sindh High Court (SHC) and the Lahore High Court (LHC) on the grounds that the amendments made to the WWF Ordinance are unlawful and unconstitutional. During 2011, the LHC struck down the amendments made to the WWF Ordinance. However, in 2013, the SHC decided that the amendments made through Finance Acts 2006 and 2008 do not suffer from any constitutional or legal infirmity.

Subsequently, certain stakeholders have filed petition in Honorable Supreme Court of Pakistan challenging the decision of SHC, which is pending adjudication. Management believes that amendments to WWF Ordinance vide Finance Act 2008 are unconstitutional as these were not introduced in the manner required by the Constitution. Accordingly no payment has been made in this regard. However proper provision has been recognized in the financial statements.

9 CONTINGENCIES AND COMMITMENTS

Contingencies

There were no contingencies at the balance sheet date (2013:Nil).



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Commitments

There were no commitments at the balance sheet date (2013: Nil).

		2014	2013
		----- Rupees -----	
10 CASH AND BANK BALANCES			
Current		10,000	10,000
National income daily account	10.1	114,076,205	384,298,964
		<u>114,086,205</u>	<u>384,308,964</u>

- 10.1 This bank account is maintained with National Bank of Pakistan (a related party). The nature of account is income account and is called NIDA i.e. National Income Daily Account. As reflected from its name, the markup is calculated on daily basis on the previous day's account balance @6.5% to 8.20% and credited on a semi-annual basis.

11 INVESTMENTS

Classified as held to maturity

				2014	2013
				----- Rupees -----	
Treasury bills				<u>454,341,562</u>	<u>149,926,488</u>
11.1	Tenure in Days	Maturity	Coupon Percentage	Amortised cost	
				2014	2013
				----- Rupees -----	
	84	20-Feb-14	9.82%	-	98,684,524
	183	15-May-14	9.46%	-	51,241,964
	183	6-Feb-15	9.97%	74,297,708	-
	182	5-Mar-15	9.98%	142,620,907	-
	182	30-Apr-15	9.96%	237,422,947	-
				<u>454,341,562</u>	<u>149,926,488</u>

- 11.2 Treasury bills having face value of Rupees 55 million (2013 : 53.5 million) are pledged with State Bank of Pakistan as statutory deposit under section 29(1) of the Insurance Ordinance, 2000.

12 DEFERRED TAXATION

Deferred tax liabilities/(assets) arising in respect of:

- accelerated depreciation on fixed assets	10,270	196,940
- provision for workers' welfare fund due but not paid	727,166	499,092
- provision for retirement benefit due but not paid	262,798	367,291
	<u>1,000,234</u>	<u>1,063,322</u>
12.1	Balance at beginning of the year	1,063,322
	Charge to profit and loss during the year	75,135
	Charge to other comprehensive income during the year	(138,223)
		<u>(63,088)</u>
	Balance at end of the year	1 000 234
		1 063 322



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

13 FIXED ASSETS - TANGIBLE

	2014				
	Computer & related accessories	Vehicle	Furniture and fittings	Office equipment	Total
	Rupees				
As at January 01, 2014					
Cost	374,635	2,837,186	486,950	447,200	4,145,971
Accumulated depreciation	(219,767)	(2,066,077)	(174,495)	(83,255)	(2,543,594)
Net book value	154,868	771,109	312,455	363,945	1,602,377
For the year ended 31 December 2014					
Opening net book value	154,868	771,109	312,455	363,945	1,602,377
Additions	-	3,613,000	-	-	3,613,000
Disposals					
Cost	-	(2,837,186)	-	-	(2,837,186)
Depreciation	-	2,125,393	-	-	2,125,393
	-	(711,793)	-	-	(711,793)
Depreciation charge for the year	(46,461)	(721,700)	(62,491)	(36,394)	(867,046)
Closing net book value	108,407	4,374,202	249,964	327,551	5,060,124
As at December 31, 2014					
Cost	374,635	3,613,000	486,950	447,200	4,921,785
Accumulated depreciation	(266,228)	(662,384)	(236,986)	(119,649)	(1,285,247)
Net book value	108,407	2,950,616	249,964	327,551	3,636,538
Depreciation rate per annum:	30%	20%	20%	10%	
	2013				
	Computer & related accessories	Vehicle	Furniture and fittings	Office equipment	Total
	Rupees				
As at January 01, 2013					
Cost	374,635	2,837,186	486,950	447,200	4,145,971
Accumulated depreciation	(153,395)	(1,354,284)	(96,381)	(42,817)	(1,646,877)
Net book value	221,240	1,482,902	390,569	404,383	2,499,094
For the year ended 31 December 2013					
Opening net book value	221,240	1,482,902	390,569	404,383	2,499,094
Additions					
Disposals					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
Depreciation charge for the year	(66,372)	(711,793)	(78,114)	(40,438)	(896,717)
Closing net book value	154,868	771,109	312,455	363,945	1,602,377
As at December 31, 2013					
Cost	374,635	2,837,186	486,950	447,200	4,145,971
Accumulated depreciation	(219,767)	(2,066,077)	(174,495)	(83,255)	(2,543,594)
Net book value	154,868	771,109	312,455	363,945	1,602,377
Depreciation rate per annum:	30%	20% - 48%	20%	10%	



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

13.1 Disposal of operating fixed assets, under the term of employment

Particulars of the assets	Cost	Written down value	Sale proceeds	Gain/(Loss) on sale	Buyer
-----Rupees-----					
MOTOR VEHICLES					
Toyota Corolla ATL 169	1,476,323	376,380	376,380	-	Mr. Muzammil Faisal Siddiqui (Tax-CFO)
Toyota Corolla ATLD-375	1,360,853	341,415	341,415	-	Mr. Muzammil Umar Bazar (CEO)
Total	2,837,186	711,793	711,793	-	

2014 2013
----- Rupees -----

14 CAPITAL WORK IN PROGRESS

3,810,000 **2,960,000**

14.1 The Company had entered into an agreement with Data Corporation (Private) Limited (the vendor), for development of an ERP system, at a cost of Rupees 3.8 million. Entire payment for the development has been made and most of the modules have been developed and installed. However, due to non-operation of company, the same has not yet been user acceptance tested. The Company has obtained insurance guarantee from the vendor for any problem, that may occur during implementation and user acceptance testing of the ERP.

15 GENERAL AND ADMINISTRATION EXPENSES

Note

Legal and professional charges	885,998	170,040
Advertisement	8,799	75,430
Salaries and benefits (Note 15.1, 15.3 & 15.4)	7,139,638	8,991,489
Auditors' remuneration	15.2 120,250	135,000
Depreciation	13 867,046	896,717
Insurance	177,314	134,892
Rent, rates & taxes	1,335,399	2,358,220
Printing & stationery	469,774	39,883
Utilities	519,759	535,425
Repair and maintenance	27,621	23,400
Entertainment	83,669	69,312
Postage and periodicals	213,984	19,895
Travelling expense	94,865	30,370
Provision for workers' welfare fund	777,556	597,128
Vehicle and professional tax	552,812	114,950
Miscellaneous	252,594	266,329
	13,527,078	14,458,480

15.1 Salaries and benefits include Rupees. 700,817 (2013: Rs. 453,517) in respect of staff retirement benefits.

15.2 Auditors' remuneration

Annual audit fee	105,000	105,000
Out of pocket expenses	15,250	30,000
	120,250	135,000



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

15.3 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES	2014	2013
	----- Rupees -----	
Chief Executive Officer		
Managerial remuneration and other benefits	3,545,048	3,288,002
Number of persons	2	1
Executives		
Managerial remuneration and other benefits	2,231,502	1,763,621
Number of persons	2	3
15.4 No amount in respect of meeting fee has been paid to directors during the year (2013: Nil).		
16 TAXATION		
Current	12,254,123	10,151,181
Deferred tax income	(75,135)	(825,604)
	<u>12,178,987</u>	<u>9,325,577</u>
16.1 The relationship between accounting profit and tax expense is as follows		
Profit before taxation	37,676,753	28,326,396
Tax at the applicable rate	12,433,328	9,630,975
Tax effect of:		
Change in rate adjustment	60,761	-
Accelerated depreciation	(318,402)	(4,954)
Staff retirement benefits	3,301	(4,375)
Provision for workers' welfare fund	-	(296,069)
	<u>12,178,988</u>	<u>9,325,577</u>
17 EARNINGS PER SHARE - basic and diluted		
Profit after tax for the year - Rupees	25,497,766	19,000,819
Weighted average number of ordinary shares	50,000,000	50,000,000
Earnings per share - Rupees	<u>0.51</u>	<u>0.38</u>

No figure for diluted earnings per share has been presented as the Company has not issued any instrument which when exercised would have an impact on earnings per share, i.e. there were no convertible dilutive potential shares outstanding on December 31, 2014.



National Assets Insurance Ltd.

General Insurance Company

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(ii) interest rate risk

The company invests in securities and has deposits that are subject to interest / mark up rate risk. Interest / mark-up rate risk to the company is the risk of changes in market interest / mark-up rates reducing the overall return on its interest bearing securities. The company limits interest / mark up rate risk by monitoring changes in interest / mark up rates in the currencies in which its cash and investments are denominated. The following table provides information about the exposure of the company to interest / mark-up rate risk at the balance sheet date based on contractual re-pricing or maturity dates which ever is earlier:

Effective rate per annum (percentage)	2013				Non-interest / mark-up bearing financial instruments	Total
	Interest / mark-up bearing financial instruments					
	Maturity up to one year	Maturity over one year to five years	Maturity more than five years	Sub total		
-----Rupees-----						
Financial assets						
Cash and bank deposits	6.5 to 9.5	381,308,964	-	-	381,308,964	381,308,964
Investment	9.46 to 9.98	149,926,488	-	-	149,926,488	149,926,488
Accrued investment income	-	15,692,311	-	-	15,692,311	15,692,311
Prepayments	-	-	-	-	37,484	37,484
Security deposits	-	-	-	-	257,000	257,000
Other receivable	-	-	-	-	16,785	16,785
Total		549,927,763			549,927,763	549,927,763
Financial liabilities						
Deferred liability - employee benefits					1,049,492	1,049,492
Taxation net					2,269,366	2,269,366
Accrued expenses					1,677,694	1,677,694
Total					4,987,462	4,987,462
Interest risk sensitivity gap		549,927,763			549,927,763	
-----Rupees-----						
2014						
Effective rate per annum (percentage)	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
	Maturity up to one year	Maturity over one year to five years	Maturity more than five years	Sub total		
-----Rupees-----						
Financial assets						
Cash and bank deposits	6.5 to 8.2	114,086,205	-	-	114,086,205	114,086,205
Investment	9.46 to 9.98	454,341,562	-	-	454,341,562	454,341,562
Accrued investment income	-	3,092,102	-	-	3,092,102	3,092,102
Prepayments	-	-	-	-	11,171	11,171
Security deposits	-	-	-	-	257,000	257,000
Other receivable	-	-	-	-	-	-
Total		571,519,869			571,519,869	571,788,040
Financial liabilities						
Deferred liability - employee benefits					796,360	796,360
Taxation net					71,171	71,171
Accrued expenses					2,711,612	2,711,612
Total					3,579,143	3,579,143
Interest risk sensitivity gap		571,519,869			571,519,869	
Cumulative interest risk sensitivity gap		571,519,869	571,519,869	571,519,869		



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(iii) other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by the factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to other price risk.

(b) Credit risk and concentration of 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.

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

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

	2014	2013
	----- Rupees -----	
Bank deposits	114,076,205	384,298,964
Investments	454,341,562	149,926,488
Accrued investment income	3,092,102	15,692,311
	<u>571,509,869</u>	<u>549,917,763</u>

The Company did not hold any collateral against the above during the year. The impairment provision is written off when the company expects that it cannot recover the balance due.

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

	Rating				
	Short term	Long term	Rating agency		
National Bank of Pakistan	A1+	AAA	JCR-VIS	<u>114,086,205</u>	<u>384,308,964</u>

19.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient funds to meet its liabilities when due without incurring un-acceptable



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

losses. The Company is not subject to significant liquidity risk as it has sufficient cash and bank balances to meet its working capital requirements.

Fair values of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. There were no financial instruments under this category as at the reporting date.

Insurance risk

Insurance risk signifies the risk which the Company may face under insurance contracts because the actual claims and benefit payments or the timing thereof may differ from expectations. This is typically influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of claims etc. Since the Company has not started insurance activities, it has not taken any exposure against insurance contracts till the year-end. Therefore, the Company is not subject to insurance risk.

20 TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationships with its major shareholders, associates, key management personnel and other parties.

There are no transactions with key management personnel other than as per their terms of employment. These transactions are disclosed in note 15.3 to these financial statements. Transactions with related parties not elsewhere disclosed are summarised as follows:

	2014	2013
	----- Rupees -----	
Profit on bank deposits	9,944,707	31,931,402
Bank charges	1,450	1,058
Rent expense -Lahore Office	66,858	-

21 NUMBER OF EMPLOYEES

The number of employees as at / average during the year are as follows:

At year end	4	5
Average	4	5

22 AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorized for issue by the board of directors of the Company in their meeting dated 27 March, 2015.

23 SUBSEQUENT EVENTS

There is no subsequent event.


Shahid Anwar Khan
Chairman


Tariq Jamali
Director


Nadeem A. Ilyas
Director


Muhammad Umair Bhaur
Chief Executive Officer



National Assets Insurance Ltd.

PATTERN OF SHAREHOLDING

<u>No. of shareholders</u>	<u>From</u>	<u>To</u>	<u>Total Shares Held</u>	<u>% of Capital</u>
15485	1	1000	15,485,000	30.97%
3	1001	2000	33,500	0.07%
1	2001	4500000	4,481,500	8.96%
1	4500001	5000000	5,000,000	10.00%
1	5000001	9000000	9,000,000	18.00%
1	9000001	16000000	16,000,000	32.00%
			<u>50,000,000</u>	<u>100%</u>

Categories of Shareholders

<u>Description</u>	<u>No. of Shareholders</u>	<u>Shares Held</u>	<u>% of Capital</u>
Individuals	15,488	15,518,500	31.04%
NBP	1	4,481,500	8.96%
NBP Staff Welfare Foundation	1	9,000,000	18.00%
NBP Employees Benevolent Fund	1	5,000,000	10.00%
NBP Employees Pension Fund	1	16,000,000	32.00%
	<u>15,492</u>	<u>50,000,000</u>	<u>100%</u>



National Assets Insurance Ltd.

Proxy Form

I/We, _____ of _____ being member of "National Assets Insurance Limited" and holder of _____ ordinary shares as per Share Register Folio No. _____ hereby appoint _____ of _____ at my/our proxy to attend, speak and vote for me/us and on my/our behalf at the 5th Annual General Meeting of the Company to be held at 78/C, Khayaban-e-Jami, Phase-VII, D.H.A, Karachi, on 30 April 2015 at 11:00 a.m., to transact the business as mentioned in the notice of this AGM on page no. 4.

Signed this _____ day of _____, 2015.

Witness:

1. Signature _____
Name _____
Address _____
CNIC No. _____

Signature
on Revenue
Stamp of Rs.5/-

2. Signature _____
Name _____
Address _____
CNIC No. _____

Notes:

1. The proxy form in order to be valid must be signed across five rupees revenue stamp and should be deposited with the company not later than 48 hours before the time of holding the meeting.
2. The proxy must be a member of the company.
3. Signature should agree with the specimen signature, registered with the company.

BOOK POST

If undelivered, please return to:

NATIONAL ASSETS INSURANCE LIMITED

Plot # 78-C, 3rd Floor, Main Khayaban-e-Jami,

Phase-VII, D.H.A. Karachi

Tel: (92-21) 3531 4286, Fax: (92-21) 3531 4288

E-mail: jehanzaib@nail.com.pk Web: www.nail.com.pk

CORPORATE