



General Insurance Company

# **National Assets Insurance Limited**

FINANCIAL STATEMENTS  
WITH  
ACCOMPANYING INFORMATION

**ANNUAL REPORT**  
**31 December 2020**



## National Assets Insurance Ltd.

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## National Assets Insurance Ltd.

### COMPANY INFORMATION

#### BOARD OF DIRECTORS

Mr. Tariq Jamali	(Chairman)
Mr. Usman Shahid	(Director)
Mr. Muhammad Umair Bhaur	(Acting Chief Executive Officer)

#### DEPARTMENTAL HEADS

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

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<b>Auditors</b>	<b>Riaz Ahmad &amp; Co. Chartered Accountants</b> Office # 5, 20th Floor, Bahria Town Tower, Block-2, P.E.C.H.S., Karachi.
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<b>Registered Office</b>	69/2, Abid Majeed Road, Lahore Cantt. Lahore
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<b>Head Office</b>	3rd Floor, 78/C, Main Khayaban-e-Jami, Phase VII, DHA Karachi
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<b>Bankers</b>	National Bank of Pakistan
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<b>Registrar &amp; Share Transfer Office</b>	THK Associates (Pvt.) Ltd. Plot # 32-C, Jami Commercial Street II, D.H.A., Ph-VII, Karachi.
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<b>Legal Advisors</b>	Lex-Firma (Advocates, Barristers & Legal Consultants) 418, Continental Trade Centre, Clifton, Karachi
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## National Assets Insurance Ltd.

### NOTICE OF THE 12TH ANNUAL GENERAL MEETING

Notice is hereby given that the 12th Annual General Meeting of **National Assets Insurance Limited** will be held at 78/C, Khayaban-e-Jami, Phase-VII, D.H.A, Karachi, on 14 April 2021 at 11:00 a.m., to transact the following business:

1. To consider and approve the minutes of the 11th Annual General Meeting of the company held at 78/C, Khayaban-e-Jami, Phase-VII, D.H.A, Karachi, on 14 May, 2020 at 11:00 a.m.
2. To approve and adopt the Audited Financial Statements of the company for the year ended 31 December 2020 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 2021 and to fix their audit fee for the same period.
4. To transact any other business with the permission of the chair.

Date: March 13, 2021

**MUHAMMAD UMAIR BHAUR**  
(CFO & Company Secretary)

#### Notes:

1. The Register of members will remain closed from 07 April 2021 to 14 April 2021 (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 2020.

#### 1. Financial Results

The Company made a Pre-tax profit of Rs. 33.8 million for the year under consideration (31 December 2019, 41.20 million) after charging costs, expenses and provisions for the year.

	<b>For the year ended 31 December 2020</b> Rupees	<b>For the year ended 31 December 2019</b> Rupees
Pre Tax Profit	<b>33,812,718</b>	41,201,712
Taxation	<b>10,984,226</b>	11,762,800
Profit after taxation	<b><u>22,828,492</u></b>	<u>29,438,912</u>

All the accumulated profits are kept in "Un-appropriated Profit".

#### 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 and thus has met the minimum capital requirement.

During the year 2020, the Company kept most of the available funds in Treasury Bills and the remaining in National Income Daily Account (NIDA).

During the current year, the Company continued its efforts to convince the regulators. Although the efforts have not yet been proven to be fruitful, the break through is expected during 2021. The basic observation of SECP that has caused delay was on the basis of State Bank of Pakistan's (SBP's) reservations regarding presumed control of National Bank of Pakistan (NBP) over the Company.

The renowned Corporate Lawyer Mohsin Tayebaly & Co. possesses strong opinion that the company is not a subsidiary of NBP, neither directly nor indirectly. (Please refer to Note 1.3 to these financial statements that reflect that how this matter has been taken up).

Once the above referred changes would have been made, the reservations of regulators are hoped to be duly addressed and license is expected to be obtained.

The company has completed all other formalities of the insurance license.

It is expected that the company will start business operations during the next year after obtaining Insurance License from Securities and Exchange Commission of Pakistan.

The main reason of decrease in profit during the year 2020 as compared to 2019 is decrease in policy rate of SBP.



## National Assets Insurance Ltd.

### DIRECTORS' REPORT TO THE SHAREHOLDERS

The financial health of the company is getting stronger and its total equity has reached Rs. 682.07 million during the current year (Rs. 659.65 million 2019).

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

#### 3. Auditors

The present auditors M/s. Riaz Ahmad & Company (Chartered Accountants) offer themselves for re-appointment for 2nd time. They have sent their consent to become the auditors of the Company for the year ended 31 December 2021. The matter of appointment of auditors shall be finalized in the coming Annual General Meeting.

#### 4. Pattern of Shareholding

The statement of pattern of shareholding of the company as at December 31, 2020 is annexed.

#### 5. Profit and break-up value per share

The profit per share for the year is Rs. 0.46/- (31 December 2019, Rs. 0.59/-) and breakup value per share is Rs. 13.64/- (31 December 2019, Rs. 13.19).

#### 6. Board members during the year

S. No.	Board Members	Designation	Office tenure
1	Mr. Tariq Jamali	Chairman	Complete year
2	Mr. Usman Shahid	Director	Complete year
3	Mr. Wajahat A. Baqai	Director	From 01 January 2020 to 21 September 2020
4	Mr. Javed Muslim	CEO	From 01 January 2020 to 24 November 2020
5	Mr. Muhammad Umair Bhaur	Acting CEO	From 24 November 2020 to 31 December 2020

7. The company observes adequate internal controls over the accounting systems and other matters.

For and on behalf of the Board of Directors

Acting CEO

Karachi  
March 12, 2021

**INDEPENDENT AUDITOR'S REPORT**

**To the members of National Assets Insurance Limited**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of National Assets Insurance Limited (the Company), which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of the profit, the other comprehensive loss, 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 *Auditors' 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 of the Company is responsible for the other information. The other information comprises the information included in the Annual Report or other document, but does not include the financial statements and our auditor's report thereon.

## Riaz Ahmad & Company

Chartered Accountants

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 for 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 material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Material Uncertainty relating to Going Concern**

We draw attention to Note 1.3 to the financial statements which 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, the Securities and Exchange Commission of Pakistan has regretted the Company's application for insurance license, based on the reservation as stipulated in the above mentioned note. The Company has obtained legal opinion based on which the Company might be able to obtain the license once such discrepancies have been resolved. This indicates the existence of a material uncertainty that may cast significant doubt the Company's ability to continue as a going concern.

Our opinion is not qualified in respect of this matter.

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

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

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

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



## Riaz Ahmad & Company

Chartered Accountants

### **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.

**Riaz Ahmad & Company**  
Chartered Accountants

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**

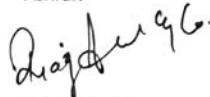
Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**Other Matter**

The financial statements of the Company for the year ended 31 December 2019 were audited by another firm of Chartered accountants, who had expressed an unmodified opinion thereon vide their report dated 17 March 2020.

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



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

**KARACHI**

**Date: 12 March 2021**



## National Assets Insurance Ltd.

### STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

	Note	2020	2019
		----- Rupees -----	
<b>ASSETS</b>			
Operating fixed assets	6	1,568,259	2,069,116
Intangible asset	7	1,530,048	2,074,334
Investments - debt securities	8	651,934,281	629,951,339
Loans and other receivables	9	6,459,666	7,318,013
Deferred taxation	10	2,473,253	3,781,332
Prepayments	11	110,852	152,795
Taxation - payment less provisions		2,539,376	-
Bank balances	12	23,272,292	22,693,683
<b>TOTAL ASSETS</b>		<b>689,888,027</b>	<b>668,040,612</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves attributable to Company's equity holders</b>			
Share capital	13	500,000,000	500,000,000
Unappropriated profit		182,075,309	159,648,641
<b>TOTAL EQUITY</b>		<b>682,075,309</b>	<b>659,648,641</b>
<b>LIABILITIES</b>			
Retirement benefit obligations	14	4,511,276	5,594,478
Other creditors and accruals	15	3,301,442	2,705,684
Taxation - provisions less payment		-	91,809
<b>TOTAL LIABILITIES</b>		<b>7,812,718</b>	<b>8,391,971</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>689,888,027</b>	<b>668,040,612</b>
<b>Contingencies and commitment</b>	16		

The annexed notes from 01 to 27 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Chief Financial Officer

Director

Director



## National Assets Insurance Ltd.

### STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		----- Rupees -----	
Underwriting results		-	-
Return on debt securities - market treasury bills		<b>61,892,327</b>	70,250,943
Profit on bank deposits		<b>1,855,279</b>	3,367,408
Other income	17	<b>757,182</b>	1,656,288
		<b>64,504,788</b>	75,274,639
General and administration expenses	18	<b>(30,692,070)</b>	(29,832,591)
<b>Results of operating activities</b>		<b>33,812,718</b>	45,442,048
Finance cost	19	-	(4,240,336)
<b>Profit before tax</b>		<b>33,812,718</b>	41,201,712
Taxation	20	<b>(10,984,226)</b>	(11,762,800)
<b>Profit for the year</b>		<b>22,828,492</b>	29,438,912
<b>Earnings per share</b>	21	<b>0.457</b>	0.589

The annexed notes from 01 to 27 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Chief Financial Officer

Director

Director








## National Assets Insurance Ltd.

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		----- Rupees -----	
<b>Profit after tax</b>		<b>22,828,492</b>	29,438,912
<b>Other comprehensive (loss) / income</b>			
<b>Items that will not be reclassified to profit and loss account:</b>			
Remeasurement (loss) / gain of defined benefit obligation - net of deferred tax	14.4	(401,824)	240,968
<b>Items that may be reclassified to profit and loss account</b>		-	-
		<b>(401,824)</b>	240,968
<b>Total comprehensive income for the year</b>		<b>22,426,668</b>	<b>29,679,880</b>

The annexed notes from 01 to 27 form an integral part of these financial statements.

  
 Chief Executive Officer

 Chairman     
  Chief Financial Officer     
  Director     
  Director



## National Assets Insurance Ltd.

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

	Attributable to equity holders of the Company		
	Issued, subscribed and paid up capital	Unappropriated profit	Total
	----- Rupees -----		
<b>Balance as at 31 December 2018</b>	<b>500,000,000</b>	<b>129,968,761</b>	<b>629,968,761</b>
<b>Comprehensive income for the year ended 31 December 2019</b>			
Profit for the year	-	29,438,912	29,438,912
Other comprehensive income	-	240,968	240,968
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>29,679,880</b>	<b>29,679,880</b>
<b>Balance as at 31 December 2019</b>	<b>500,000,000</b>	<b>159,648,641</b>	<b>659,648,641</b>
<b>Comprehensive income for the year ended 31 December 2020</b>			
Profit for the year	-	22,828,492	22,828,492
Other comprehensive loss	-	(401,824)	(401,824)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>22,426,668</b>	<b>22,426,668</b>
<b>Balance as at 31 December 2020</b>	<b>500,000,000</b>	<b>182,075,309</b>	<b>682,075,309</b>

The annexed notes from 01 to 27 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Chief Financial Officer

Director

Director



## National Assets Insurance Ltd.

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		----- Rupees -----	
<b>Operating cash flows</b>			
<b>a) Underwriting activities</b>			
Insurance premium received		-	-
Reinsurance premium paid		-	-
Claims paid		-	-
Reinsurance and other recoveries received		-	-
Commission paid		-	-
Commission received		-	-
Management expenses paid		-	-
<b>Net cash flow from underwriting activities</b>		<b>-</b>	<b>-</b>
<b>b) Other operating activities</b>			
Income tax paid		<b>(12,143,206)</b>	(9,378,440)
General and administration expenses paid		<b>(26,942,715)</b>	(29,848,961)
Gratuity paid		<b>(3,657,427)</b>	-
Other receipts		<b>2,494,788</b>	4,071,665
Loan to employee - net		<b>958,020</b>	(5,676,657)
<b>Net cash used in other operating activities</b>		<b>(39,290,540)</b>	(40,832,393)
<b>Total cash used in all operating activities</b>		<b>(39,290,540)</b>	(40,832,393)
<b>Investment activities</b>			
Proceeds from investment		<b>2,560,000,000</b>	2,689,965,000
Payments for investment		<b>(2,520,090,615)</b>	(2,655,354,152)
Fixed capital expenditure		<b>(40,236)</b>	(441,178)
Proceeds from disposal of property and equipment		-	1,340,000
<b>Total cash generated from investing activities</b>		<b>39,869,149</b>	35,509,670
<b>Financing activities</b>		-	-
<b>Net cash flow from / (used in) all activities</b>		<b>578,609</b>	(5,322,723)
Cash and cash equivalent at the beginning of the year		<b>22,693,683</b>	28,016,406
<b>Cash and cash equivalent at the end of the year</b>	12	<b>23,272,292</b>	22,693,683



## National Assets Insurance Ltd.

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	----- Rupees -----	
<b>Reconciliation to Profit and Loss Account:</b>		
Operating cash flows	(39,290,540)	(40,832,393)
Depreciation expense	(541,093)	(582,827)
Amortization expense	(544,286)	(544,286)
Charge for staff retirement benefits	(2,008,275)	(1,911,773)
Gain on disposal of property and equipment	-	1,340,000
Investment income	61,892,327	70,250,943
Decrease / increase in assets other than bank balance	(900,290)	5,299,219
Increase / (decrease) in liabilities	3,061,669	(1,057,051)
Impairment of office equipment	-	(138,560)
Income tax	12,143,206	9,378,440
<b>Profit before taxation</b>	<b>33,812,718</b>	<b>41,201,712</b>
<b>Cash for the purpose of the statement of cash flows consists of:</b>		
Current account	10,000	10,000
National Income Daily Account (NIDA)	23,262,292	22,683,683
<b>Total cash and cash equivalents</b>	<b>23,272,292</b>	<b>22,693,683</b>

The annexed notes from 01 to 27 form an integral part of these financial statements.

Chief Executive Officer

Chairman

Chief Financial Officer

Director

Director





## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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#### 1. LEGAL STATUS NATURE OF BUSINESS

- 1.1 National Assets Insurance Limited ("the Company") was incorporated on June 26, 2009 as a public limited company in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 69-2 Abid Majeed Road, Lahore Cantt, Lahore.
- 1.2 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) including re-insurance of any or all classes of business.
- 1.3 The Company has not yet started its underwriting operations because despite ongoing efforts it could not so far obtain insurance license from Securities and Exchange Commission of Pakistan (SECP). In the year 2018, SECP issued letter No. SECP/ID/PRDD/7/2018/NAIL/V/13441 dated 29 January 2018 to the Company, based on its communications with State Bank of Pakistan (SBP), stating that the Company appears to be a subsidiary of National Bank of Pakistan (NBP) under Section 2(1)(68) of the Companies Act, 2017 whereas a banking company cannot establish a subsidiary to carry out insurance business. As per letter, majority of directors on the Company's board are NBP's executives and powers are also vested with NBP through NBP's directors on the boards of other shareholders of the Company i.e. NBP Employees Pension Fund, NBP Employees Benevolent Fund and NBP Staff Welfare Foundation. SECP, therefore, regretted the Company's application for insurance license.

In view of the above letter received from SECP, the Company initiated legal consultation process. The Company's legal advisers are of the opinion that NBP does not have a control over the Company. NBP employee funds are separate entities from NBP, and their shareholding in the Company does not create NBP's indirect control over the Company resulting in a parent-subsidiary relationship. However, besides providing this opinion, the Company's legal advisers have also advised the management a roadmap for repositioning the Company's shareholding and governance structure to resolve the regulatory objections regarding NBP's presumed control over the Company. In the light of this consultation, the Company is now contemplating to change its shareholding structure by seeking approval from shareholders through divestment by NBP employee funds to a strategic equity investor (that is being located), and to reduce the number of directors from NBP's executives below 50% of total directorship on the Company's board, thereby reducing NBP's shareholding and directors in the Company. Once the Company makes these proposed changes, NBP's executives who are on the board of the Company will reduce, and its direct and indirect shareholding will fall well below the threshold of providing any control under Section 2(68) of the Companies Act, 2017 that has been presumed by the regulators.

The management has started working proactively on the legal advice. Management, directors and shareholders of the Company strongly believe that with a revised shareholding and governance structure, the Company will be able to obtain its insurance license successfully. Apart from pending regulatory approvals, the Company enjoys a strong net assets and liquidity position and has been profitable through its investing activities.



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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Should the Company be unable to achieve its plan, there is a material uncertainty which may cast significant doubt as to whether the Company will continue as a going concern and, therefore, whether it will realize its assets and extinguish its liabilities in the normal course of business and at the amounts stated in these financial statements. However, based on the aforementioned plans which management strongly believes is workable, it has prepared these financial statements on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the ordinary course of business.

**1.4 There were no significant transactions and events affecting the Company's financial position and performance.**

**2. BASIS OF PREPARATION**

These financial statements have been prepared on the format prescribed in Insurance Accounting Regulations, 2017 issued by the SECP vide its S.R.O 89(1)/2017 dated February 09, 2017.

**2.1 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 Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 (the Insurance Ordinance), Insurance Rules, 2017 (the Rules) and Insurance Accounting Regulations 2017 (the Regulations). In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, the Rules and the Regulations shall prevail.

**2.2 Basis of measurement**

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.

**2.3 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 APPROVED ACCOUNTING STANDARDS**

**3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Company**



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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Following standards, interpretations and amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 January 2020:

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits-this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing change in the short term. The revised Framework be used in future standard-setting decisions, but no changes are made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 1 January 2020 for preparers that develop an accounting policy based on the Framework.

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

The application of the above amendments and interpretation does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

#### **3.2 Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Company**

There are other amendments to published standards that are mandatory for accounting periods beginning on or after 01 January 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

#### **3.3 Amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following standards, interpretations and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2021 or later periods:



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

IFRS 9 'Financial Instruments' - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

The above amendments and improvements do not have a material impact on the financial statements.



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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**a) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company**

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

**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:

- Useful lives, patterns of economic benefits and impairments - property and equipment and intangibles	5.1 & 5.2
- Provision	5.4
- Staff retirement benefits	5.8
- Impairment of financial assets and non-financial assets	5.12
- Taxation	5.13

**5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**5.1 Property and equipment**

Property and equipment 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 statement of financial position 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 6 to these financial statements.

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.



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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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 property and equipment 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.

#### 5.2 Intangibles

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

Amortization 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, amortization is charged to income on a systematic basis over its useful life. Amortization shall begin when the asset is available for use. Amortization shall cease at the earlier of the date asset is classified as held for sale and the date the asset is derecognized. Method for amortization 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 recognized separately. Moreover, expenditure on research phase are recognized as expense when it is incurred.

Amortization is charged to income applying straight line method with the useful life of seven years.

#### 5.3 Investments

##### Classification and recognition

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

These are recognised and classified as follows:

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

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



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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#### Measurement

##### a) At fair value through profit or loss

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking.

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

##### b) Held to maturity

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

Subsequently, these are measured at amortised cost using the effective yield less provision for impairment losses, if any.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of investment using the effective yield.

##### c) Available for sale

Investments which are not eligible to be classified as "at fair value through profit or loss" or "held to maturity" are classified as 'available-for-sale'.

#### Quoted

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

#### Unquoted

Unquoted investments are recognised at fair value less accumulated impairment losses, if any.

#### Fair value measurements

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

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



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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#### **Investment in associates - equity method**

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost and the carrying amount is adjusted to recognize the investor's share of the profit or loss, distribution received and change in the comprehensive income and equity of the investee at the end of each reporting period.

The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount exceeds its recoverable amount and is charged to the profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognised. A reversal of impairment loss is recognised in the profit and loss account.

#### **Date of recognition**

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

#### **Offsetting of financial assets and financial liabilities**

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

#### **5.4 Provisions**

Provisions are recognised in the statement of financial position 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.

#### **5.5 Financial instruments**

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and are derecognised 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. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account in the period in which financial instrument is derecognised.





## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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#### 5.6 Cash and cash equivalents

Cash and cash equivalents for the purposes of statement of cash flows includes cash deposited in Company's bank accounts.

#### 5.7 Share capital

Ordinary shares are classified as equity and recognised at their face value.

#### 5.8 Staff retirement benefits

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.

#### 5.9 Creditors and accrued liabilities

Accrued liabilities and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

#### 5.10 Leases

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less. Lease payments on these assets are charged to the statement of profit or loss as incurred.

#### 5.11 Revenue

##### a) Return on fixed income investments

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

##### b) Dividend

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

##### c) Return on bank deposits

Return on bank deposits is recognized on accrual basis in accordance with the contractual terms.



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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#### 5.12 Impairment of assets

##### Financial assets

The Company recognizes loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost and FVTOCI at an amount equal to life time ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case twelve months' ECL is recorded. The following were either determined to have low or there was no credit risk since initial recognition and at the reporting date:

- bank balances;
- employee receivable; and
- other receivables.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve months ECLs are portion of ECL that result from default events that are possible within twelve months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash short falls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in entirety or a portion thereof.

##### Non - financial assets

The carrying amounts of the Company's assets are reviewed at each statement of financial position 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 this 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 amortization, 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, 2020

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#### 5.13 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 statement of financial position 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 statement of financial position 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.

#### 5.14 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 statement of financial position date. Exchange differences are taken to the profit and loss account currently.

#### 5.15 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.

#### 5.16 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.



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### 5.17 Transaction with related parties

All transactions involving related parties arising in the normal course of business are conducted at agreed or commercial terms and conditions.

#### 6. OPERATING FIXED ASSETS

Description	2020				Total
	Computer equipment	Motor vehicles	Furniture and fittings	Office equipment	
	.....Rupees.....				
<b>As at 01 January 2020</b>					
Cost	638,015	2,203,500	486,950	749,818	4,078,283
Accumulated depreciation	(508,604)	(828,449)	(405,041)	(267,073)	(2,009,167)
Net book value	<u>129,411</u>	<u>1,375,051</u>	<u>81,909</u>	<u>482,745</u>	<u>2,069,116</u>
<b>Year ended 31 December 2020</b>					
Opening net book value	129,411	1,375,051	81,909	482,745	2,069,116
Additions - at cost	40,236	-	-	-	40,236
Disposal:					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
	-	-	-	-	-
Depreciation charge	(40,836)	(435,600)	(16,382)	(48,275)	(541,093)
Closing net book value	<u>128,811</u>	<u>939,451</u>	<u>65,527</u>	<u>434,470</u>	<u>1,568,259</u>
<b>As at 31 December 2020</b>					
Cost	678,251	2,203,500	486,950	749,818	4,118,519
Accumulated depreciation	(549,440)	(1,264,049)	(421,423)	(315,348)	(2,550,260)
Closing net book value	<u>128,811</u>	<u>939,451</u>	<u>65,527</u>	<u>434,470</u>	<u>1,568,259</u>
<b>Depreciation rate (%)</b>	30%	20%	20%	10%	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Description	2019				Total
	Computer equipment	Motor vehicles	Furniture and fittings	Office equipment	
	.....Rupees.....				
<b>As at 01 January 2019</b>					
Cost	638,015	4,088,000	486,950	447,200	5,660,165
Accumulated depreciation	(453,141)	(2,240,841)	(384,564)	(232,294)	(3,310,840)
Net book value	<u>184,874</u>	<u>1,847,159</u>	<u>102,386</u>	<u>214,906</u>	<u>2,349,325</u>
<b>Year ended 31 December 2019</b>					
Opening net book value	184,874	1,847,159	102,386	214,906	2,349,325
Additions - at cost	-	-	-	441,178	441,178
Disposal:					
Cost	-	(1,884,500)	-	-	(1,884,500)
Accumulated depreciation	-	1,884,500	-	-	1,884,500
Impairment charge	-	-	-	(138,560)	(138,560)
Depreciation charge	(55,463)	(472,108)	(20,477)	(34,779)	(582,827)
Closing net book value	<u>129,411</u>	<u>1,375,051</u>	<u>81,909</u>	<u>482,745</u>	<u>2,069,116</u>
<b>Year ended 31 December 2019</b>					
Cost	638,015	2,203,500	486,950	749,818	4,078,283
Accumulated depreciation	(508,604)	(828,449)	(405,041)	(267,073)	(2,009,167)
Closing net book value	<u>129,411</u>	<u>1,375,051</u>	<u>81,909</u>	<u>482,745</u>	<u>2,069,116</u>
<b>Depreciation rate (%)</b>	<b>30%</b>	<b>20%</b>	<b>20%</b>	<b>10%</b>	

7. INTANGIBLE ASSET - SOFTWARE	Note	2020	2019
		----- Rupees -----	
Cost		<b>3,810,000</b>	3,810,000
Less: Accumulated amortization			
Balance as 01 January		<b>(1,735,666)</b>	(1,191,380)
Charge for the year		<b>(544,286)</b>	(544,286)
Balance as 31 December		<b>(2,279,952)</b>	(1,735,666)
Net book value as at 31 December		<b>1,530,048</b>	2,074,334



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		----- Rupees -----	----- Rupees -----
<b>8. INVESTMENTS IN DEBT SECURITIES</b>			
At amortized cost			
Market Treasury Bills - MTBs	8.1	<u>651,934,281</u>	<u>629,951,339</u>

#### 8.1 Amortized cost

2020					
Face value Rupees	Tenure (days)	Maturity	Profit rate	Amortized cost	
-	84	16-Jan-20	13.25%	-	248,590,857
-	84	13-Feb-20	13.46%	-	137,796,553
-	84	12-Mar-20	13.45%	-	243,563,929
100,000,000	365	02-Jul-21	6.85%	96,785,768	-
15,000,000	182	28-Jan-21	7.01%	14,922,025	-
125,000,000	84	14-Jan-21	7.16%	124,662,375	-
250,000,000	84	11-Feb-21	7.14%	247,979,125	-
20,000,000	84	25-Feb-21	7.13%	19,784,640	-
75,000,000	84	11-Mar-21	7.11%	73,993,250	-
75,000,000	84	25-Mar-21	7.11%	73,807,098	-
<u>660,000,000</u>				<u>651,934,281</u>	<u>629,951,339</u>

8.2 The market value of these market treasury bills as at 31 December 2020 is Rupees 651,657,474 (2019: Rupees 636,589,696).

	Note	2020	2019
		----- Rupees -----	----- Rupees -----
<b>9. LOANS AND OTHER RECEIVABLES</b>			
Profit accrued on bank deposits		746,847	1,386,356
Security deposit		255,000	255,000
House loan to employee - at amortized cost	9.1	<u>5,457,819</u>	<u>5,676,657</u>
		<u>6,459,666</u>	<u>7,318,013</u>



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		----- Rupees -----	
<b>9.1 Movement in house loan to employee:</b>			
Balance as at 01 January		5,676,657	-
Add: Loan disbursed during the year		-	10,000,000
Less: Fair value adjustment on initial recognition		-	(4,240,336)
Add: Amortization of loan		464,330	193,164
Less: Principal repayment		(683,168)	(276,171)
Balance as at 31 December		<u>5,457,819</u>	<u>5,676,657</u>

**9.1.2** This represents house loan of Rupees 10 million to Chief Financial Officer @ 3% per annum which is secured against 1% (of loan amount) equitable registered mortgage. The market rate of interest at the time of disbursement was estimated to 13.25% per annum which was used as discount rate for present value adjustment. Loan to be adjusted from monthly salary in 145 equal installments. The principal amount of loan at 31 December 2020 is Rupees 9.041 (2019: Rupees 9.724) million.

	Note	2020	2019
		----- Rupees -----	
<b>10. DEFERRED TAXATION</b>			
Deferred tax assets arising in respect of:			
- accelerated depreciation on property and equipment		90,808	183,887
- amortization on intangible assets		208,177	39,285
- fair value loss on house loan to employee		-	1,229,697
- provision for impairment		-	40,182
- provision for Sindh Workers Welfare Fund due but not paid		865,998	665,882
- provision for retirement benefit due but not paid		1,308,270	1,622,399
		<u>2,473,253</u>	<u>3,781,332</u>

#### 10.1 Movement in deferred tax asset during the year

Balance as at 01 January	3,781,332	1,864,891
Charge to profit and loss account during the year	(1,472,205)	2,014,864
Charge to other comprehensive income during the year	164,126	(98,423)
	<u>(1,308,079)</u>	1,916,441
Balance as at 31 December	<u>2,473,253</u>	<u>3,781,332</u>



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		----- Rupees -----	
<b>11. PREPAYMENTS</b>			
Prepaid rent		18,102	45,795
Prepaid professional tax		92,750	107,000
		<u>110,852</u>	<u>152,795</u>
<b>12. BANK BALANCES</b>			
Current account		10,000	10,000
National Income Daily Account (NIDA)		23,262,292	22,683,683
	12.1	<u>23,272,292</u>	<u>22,693,683</u>

**12.1** These bank accounts are maintained with National Bank of Pakistan (a related party). The mark-up on NIDA is calculated on daily basis on the previous day's account balance at the rate ranging from 5.5% to 11.25% (2019: 8% to 11.5%) and credited on a semi-annual basis.

### 13 AUTHORIZED SHARE CAPITAL

2020	2019	2020	2019
(Number of shares)		----- Rupees -----	
<u>125,000,000</u>	<u>125,000,000</u>	<u>1,250,000,000</u>	<u>1,250,000,000</u>
	Ordinary shares of Rupees 10 each fully paid in cash		

#### 13.2 Issued, subscribed and paidup capital

<u>50,000,000</u>	<u>50,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
	Ordinary shares of Rupees 10 each fully paid in cash (Note 13.2.1)		

**13.2.1** As at 31 December, the shareholding structure of the Company is as under:

	2020	2019	
		----- Number -----	
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	
Others	<u>15,518,500</u>	<u>15,518,500</u>	
	<u>50,000,000</u>	<u>50,000,000</u>	





## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### 13.3 Capital risk management policies and procedures

The Company's objective when managing the capital are:

- to be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. Minimum paid-up capital requirement for non-life insurers as at 31 December 2020 is Rupees 500 million. The Company's current paid-up capital meet the limit as prescribed by the SECP;
- 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 commensuration to the circumstances.

#### 14. RETIREMENT BENEFIT OBLIGATIONS

The Company operates an unfunded gratuity scheme, a defined benefit scheme, for all employees up to the age of 60 years. The latest valuation was carried out as at 31 December 2020 by an independent actuary - M/S Akhtar & Hassan (Private) Limited.

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 various risks including actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk.

	Note	2020	2019
		----- Rupees -----	-----
Present value of defined benefit obligation	14.2	<u>4,511,276</u>	<u>5,594,478</u>



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		----- Rupees -----	
<b>14.1 Movement in net liability</b>			
Balance as at 01 January		5,594,478	4,022,096
Charge for the year	14.3	2,008,275	1,911,773
Benefits paid to outgoing members		(3,657,427)	-
Remeasurement loss / (gain) recognized in other comprehensive income	14.4	565,950	(339,391)
Balance as at 31 December		<u>4,511,276</u>	<u>5,594,478</u>
<b>14.2 Movement in present value of defined benefit obligation</b>			
Present value as at 01 January		5,594,478	4,022,096
Current service cost		898,659	1,306,761
Past service cost		601,504	-
		1,500,163	1,306,761
Interest cost		508,112	605,012
Benefits paid to outgoing members		(3,657,427)	-
Actuarial loss / (gain):			
- due to change in financial assumption		(30,724)	(50,062)
- due to change in experience adjustments		596,674	(289,329)
		565,950	(339,391)
Present value as at 31 December		<u>4,511,276</u>	<u>5,594,478</u>
<b>14.3 Amounts charged in profit and loss account are as follows:</b>			
Current service cost		898,659	1,306,761
Past service cost		601,504	-
Interest cost		508,112	605,012
Expense for the year		<u>2,008,275</u>	<u>1,911,773</u>
<b>14.4 Amounts charged in other comprehensive income is as follows:</b>			
Actuarial loss / (gain) on obligation		565,950	(339,391)
Related deferred tax		(164,126)	98,423
		<u>401,824</u>	<u>(240,968)</u>



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	-----	-----
	Rupees	
<b>14.5 Significant actuarial valuation assumptions:</b>		
<b>Financial assumptions</b>		
- Discount rate percentage	9.75%	11.25%
- Long term salary increase rate percentage	9.75%	11.25%
<b>Demographic assumptions</b>		
- Mortality rate (for death in service)	SLIC(2001-05)-1	SLIC(2001-05)-1
- Rate of employee turnover	Moderate	Moderate
<b>14.6 Sensitivity analysis of assumptions</b>		
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:		
	Note	2020
	-----	-----
	Rupees	
<b>14.7 Maturity analysis of undiscounted payments for future years:</b>		
For the first year after year-end	187,419	3,113,531
For the second year after year-end	214,598	162,828
For the third year after year-end	243,900	188,995
For the fourth year after year-end	276,558	217,761
For the fifth year after year-end	312,855	249,938
For the period from sixth to tenth year after year-end	1,104,784	1,067,905
<b>15. OTHER CREDITORS AND ACCRUALS</b>		
Bills payable	20,143	17,367
Retirement benefit payable to employee	10,002	28,002
Provision for Sindh Workers Welfare Fund	15.1 2,986,199	2,296,144
Accrued liabilities	222,109	196,297
Other payable	62,989	167,874
	<u>3,301,442</u>	<u>2,705,684</u>



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

**15.1** As per 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers Welfare Fund Act, 2014 (the Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rupees 0.50 million, is required to pay Sindh Workers Welfare Fund in respect of that year a sum equal to two percent of such income.

The Management is of the view that the Company does not actually fall under the scope of the Act and neither has been registered under the Insurance Ordinance, 2000 nor has commenced business. However, the management has obtained an opinion in 2017 with this respect from a well reputed Lawyer, and for the sake of prudence it has kept the provision and further provided for the current year under the Act.

#### 16. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at the reporting date (2019: Nil).

	Note	2020	2019
		----- Rupees -----	
<b>17. OTHER INCOME</b>			
Interest income on house loan	9.1.2	<b>739,182</b>	316,168
Gain on disposal of vehicle		-	1,340,000
Liabilities written back		<b>18,000</b>	-
Other income		-	120
		<u><b>757,182</b></u>	<u>1,656,288</u>

#### 18. GENERAL AND ADMINISTRATION EXPENSES

Salaries, allowances and other benefits		<b>21,388,497</b>	20,683,500
Charges for post employment benefit		<b>2,008,275</b>	1,911,773
Legal and professional charges		<b>691,676</b>	672,051
Advertisement		-	24,891
Auditors' remuneration	18.1	<b>222,109</b>	222,109
Depreciation	6	<b>541,093</b>	582,827
Amortization	7	<b>544,286</b>	544,286
Insurance		<b>179,954</b>	114,655
Rent, rates and taxes		<b>2,152,385</b>	1,987,629
Printing & stationery		<b>593,953</b>	556,197
Utilities		<b>694,193</b>	630,148
Repair and maintenance		<b>57,000</b>	85,264
Entertainment		<b>43,855</b>	75,321
Postage and periodicals		<b>457,852</b>	212,350
Travelling expense		<b>89,605</b>	86,759
Sindh Workers Welfare Fund		<b>690,055</b>	946,125
Vehicle running expense		<b>48,102</b>	36,930
Impairment of office equipment		-	138,560
Miscellaneous		<b>288,918</b>	319,991
Bank charges		<b>262</b>	1,225
		<u><b>30,692,070</b></u>	<u>29,832,591</u>



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	----- Rupees -----	-----
<b>18.1 Auditors' remuneration</b>		
Annual audit fee	160,719	160,719
Out of pocket expenses including government levy	<u>61,390</u>	<u>61,390</u>
	<u><b>222,109</b></u>	<u><b>222,109</b></u>
<b>19. FINANCE COST</b>		
Fair value adjustment on re-measurement of loan to employee	<u>-</u>	<u>4,240,336</u>
<b>20. TAXATION</b>		
Current tax	9,493,130	13,718,817
Prior year tax	<u>18,891</u>	<u>58,847</u>
	9,512,021	13,777,664
Deferred tax	<u>1,472,205</u>	<u>(2,014,864)</u>
21.1	<u><b>10,984,226</b></u>	<u><b>11,762,800</b></u>
<b>20.1 The relationship between accounting profit and tax expense is as follows:</b>		
Profit before taxation	<u><b>33,812,718</b></u>	<u>41,201,712</u>
Tax at the applicable rate at 29% (2019: 29%)	<b>9,805,688</b>	11,948,496
Tax effect of:		
Effect of prior year tax	18,891	58,847
Other computational adjustments	<u>1,159,647</u>	<u>(244,543)</u>
	<u><b>10,984,226</b></u>	<u><b>11,762,800</b></u>
<b>21. EARNINGS PER SHARE</b>		
There is no dilutive effect on basic earnings per share which is based on:		
Profit after tax - Rupees	<u><b>22,828,492</b></u>	<u>29,438,912</u>
Weighted average number of ordinary shares - Numbers	<u><b>50,000,000</b></u>	<u>50,000,000</u>
Earnings per share - Rupees	<u><b>0.457</b></u>	<u>0.589</u>



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		----- Rupees -----	
<b>22. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND OTHER EXECUTIVE</b>			
<b>Chief Executive Officer</b>			
Managerial remuneration		5,143,727	5,622,744
Allowances and other benefits		5,633,498	6,999,249
Gratuity paid		3,657,427	-
		<u>14,434,652</u>	<u>12,621,993</u>
Number of person		<u>1</u>	<u>1</u>
<b>Director</b>			
Meeting fee		<u>75,000</u>	<u>150,000</u>
Number of person		<u>1</u>	<u>1</u>
<b>Executive</b>			
Managerial remuneration		2,264,133	2,215,944
Allowances and other benefits		2,285,550	5,945,032
		<u>4,549,683</u>	<u>8,160,976</u>
Number of person		<u>1</u>	<u>1</u>

**22.1** In addition to above, one of the executives is provided a company maintained car.

### **23. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise of directors and their close family members, key management personnel and major shareholders of the Company. The associated companies are associated either based on holding in equity or due to the same management and / or common directors. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Balances, including investments in associates, are disclosed in relevant notes to these financial statements. Details of transactions with related parties during the year, other than remuneration paid to chief executive officer, director and other executives as disclosed in Note 22 to the financial statements, are as follows:



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020	2019
		----- Rupees -----	
<b>National Bank of Pakistan - associated company</b>			
<b>Transactions</b>			
Profit on bank deposits		<u>1,855,279</u>	<u>3,367,408</u>
Investment income		<u>61,892,327</u>	<u>3,367,408</u>
Bank charges		<u>(262)</u>	<u>(1,225)</u>
Rent expense - Lahore office		<u>(118,606)</u>	<u>(103,180)</u>
<b>Balances</b>			
Receivable against bank deposits		<u>746,847</u>	<u>1,386,356</u>
Bank balances		<u>23,272,292</u>	<u>22,693,683</u>
Investment in debt securities		<u>651,934,281</u>	<u>629,951,339</u>
Prepaid rent		<u>18,102</u>	<u>45,795</u>

## 24. FINANCIAL RISK MANAGEMENT

### 24.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the board of directors (the board). The board provides principles for the overall risk management, as well as policies covering specific areas such as price risk, interest rate risk, credit risk and liquidity risk.

#### (a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, foreign currency risk and other price risk. The Company manages the market risk exposures by following internal risk:



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company believes that it is not exposed to foreign exchange risk as all contractual assets and contractual liabilities are in Pak Rupees.

**(ii) Other price risk**

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), 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.

**(iii) 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 reporting date based on contractual re-pricing or maturity dates which ever is earlier:



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020						Total
	Interest / mark up bearing financial instruments			Non - Interest / mark up bearing financial instruments			
	Effective interest per annum	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	
%	-----Rupees -----						
<b>Financial assets</b>							
Investments	6.85 - 13.46	651,934,281	-	651,934,281	-	-	651,934,281
Loans and other receivables	13.25	-	5,457,819	5,457,819	746,847	255,000	6,459,666
Bank balances	5.5 - 11.25	23,262,292	-	23,262,292	10,000	-	23,272,292
		<u>675,196,573</u>	<u>5,457,819</u>	<u>680,654,392</u>	<u>756,847</u>	<u>255,000</u>	<u>681,666,239</u>
<b>Financial liabilities</b>							
Other creditors and accruals	-	-	-	-	305,241	-	305,241
		<u>675,196,573</u>	<u>5,457,819</u>	<u>680,654,392</u>	<u>1,062,088</u>	<u>255,000</u>	<u>681,971,480</u>

	2019						Total
	Interest / mark up bearing financial instruments			Non - Interest / mark up bearing financial instruments			
	Effective interest per annum	Maturity up to one year	Maturity after one year	Subtotal	Maturity up to one year	Maturity after one year	
%	-----Rupees -----						
<b>Financial assets</b>							
Investments	13.25 - 13.45	629,951,339	-	629,951,339	-	-	629,951,339
Loans and other receivables	13.25	-	5,676,657	5,676,657	1,386,356	255,000	7,318,013
Bank balances	8 - 11.5	22,683,683	-	22,683,683	10,000	-	22,693,683
		<u>652,635,022</u>	<u>5,676,657</u>	<u>658,311,679</u>	<u>1,396,356</u>	<u>255,000</u>	<u>659,963,035</u>
<b>Financial liabilities</b>							
Other creditors and accruals	-	-	-	-	381,538	-	381,538
		<u>652,635,022</u>	<u>5,676,657</u>	<u>658,311,679</u>	<u>1,777,894</u>	<u>255,000</u>	<u>660,344,573</u>



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### (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, covering various industrial sectors and backed by government of Pakistan.

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

	Note	2020	2019
----- Rupees -----			
Investments		<b>651,934,281</b>	629,951,339
Loans and other receivables		<b>6,459,666</b>	7,318,013
Bank balances		<b>23,272,292</b>	22,693,683
		<u><b>681,666,239</b></u>	<u>659,963,035</u>

The Company did not hold any collateral against the above except collateral on loan to employee as disclosed in Note 9.1.2. General provision is made for receivables according to the Company's policy. 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			2020	2019
	Short term	Long term	Rating agency		
National Bank of Pakistan	A1+	AAA	PACRA	<u><b>23,272,292</b></u>	<u><b>22,693,683</b></u>



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

#### c) Liquidity risk

Liquidity risk is the risk that an entity 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 unacceptable losses. The Company is not subject to significant liquidity risk as it has sufficient bank balances to meet its working capital requirements. At 31 December 2020, the Company had bank balances of Rupees 23.272 million (2019: Rupees 22.694 million).

Following are the contractual maturities of financial liabilities. The amount disclosed in the table are undiscounted cash flows:

	Note	Other creditors and accruals	
		2020	2019
		----- Rupees -----	
Carrying amount		<u>305,241</u>	<u>381,538</u>
Contractual cash flows:			
6 month or less		305,241	381,538
6 months to 12 months		-	-
More than 1 year		-	-
		<u>305,241</u>	<u>381,538</u>

#### d) Recognized fair value measurements - Financial Assets

##### (i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels:

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available for sale securities) is based on quoted market prices at the end of the reporting year. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There were no financial asset and financial liability to be reported under above levels as the carrying amounts of all financial assets and financial liabilities presented in these financial statements are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value.

#### (e) Recognized fair value measurements - Non-Financial Assets

The carrying value of all non-financial assets reflected in these financial statements are approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

#### 24.2 Financial instruments by categories

	Note	Amortised cost	
		2020	2019
		----- Rupees -----	
<b>As per statement of financial position</b>			
<b>Financial assets</b>			
Investments		651,934,281	629,951,339
Loans and other receivables		6,459,666	7,318,013
Bank balances		23,272,292	22,693,683
		<u>681,666,239</u>	<u>659,963,035</u>
<b>Financial liabilities</b>			
Other creditors and accruals		<u>305,241</u>	<u>381,538</u>

#### 24.3 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.



## National Assets Insurance Ltd.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
	----- Employees -----	
<b>25. NUMBER OF EMPLOYEES</b>		
At year end	<u>5</u>	<u>6</u>
Average	<u>6</u>	<u>6</u>

### 26. 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 12 March, 2021.

### 27. GENERAL

- Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made during the year in these financial statements except for as follows:

From	To	Reason	Rupees
<b>Finance cost</b>	<b>General and administration expenses</b>		
Bank charges	Bank charges	For better presentation	<u>1,225</u>

- Figures have been rounded off to the nearest Rupee.

Chief Executive Officer

Chairman

Chief Financial Officer

Director

Director



## National Assets Insurance Ltd.

### PATTERN OF SHAREHOLDING

No. of shareholders	From	To	Total Shares Held	% of Capital
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%
			<b><u>50,000,000</u></b>	<b><u>100%</u></b>

#### Categories of Shareholders

Description	No. of Shareholders	Shares Held	% of Capital
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%
	<b><u>15,492</u></b>	<b><u>50,000,000</u></b>	<b><u>100%</u></b>



## **National Assets Insurance Ltd.**

### **NOTICE UNDER SECTION 244(1)(B) OF THE COMPANIES ACT 2017**

Notice is hereby given that the shares issued by the Company, the details of which are available on [www.nail.com.pk](http://www.nail.com.pk) could not reach the owners even after exhaustive efforts and have been returned to the Company.

This notice is being sent on the last known addresses of the shareholders by registered post acknowledgement due so that the shareholders could submit their claims within three months to the Company.

The Company hereby invites claims from the shareholders to be lodged within 90 days to our Head Office or Share Registrar at following addresses.

The shares against which claims will not be received within the given period, shall be treated by the Company as per the requirements of subject section of the Companies Act 2017.

#### **SHARE REGISTRAR**

THK Associates (Pvt.) Ltd.  
Share Transfer Office  
Plot # 32-C, Jami Commercial Street II,  
D.H.A., Ph-VII, Karachi.

#### **HEAD OFFICE**

National Assets Insurance Limited  
3rd floor, Plot # 78-C  
Khayaban-e-Jami, Phase VII  
Karachi

**M. UMAIR BHAUR**  
Company Secretary



## 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 12th Annual General Meeting of the Company to be held at 78/C, Khayaban-e-Jami, Phase-VII, D.H.A, Karachi, on 14 April 2021 at 11:00 a.m., to transact the business as mentioned in the notice of this AGM on page no. 3.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

#### **Witness:**

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC No. \_\_\_\_\_
  
2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC No. \_\_\_\_\_

Signature  
on Revenue  
Stamp of Rs.5/-

#### **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.
4. The Register of members will remain closed from 07 April 2021 to 14 April 2021 (both days inclusive).





**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

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