



General Insurance Company

National Assets Insurance Limited

FINANCIAL STATEMENTS
WITH
ACCOMPANYING INFORMATION

ANNUAL REPORT
31 December 2021



National Assets Insurance Ltd.

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National Assets Insurance Ltd.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Faisal Ahmed	(Chairman)
Mr. Shahzad Ahmed Karimi	(Director)
Mr. Tariq Zafar Iqbal	(Director)
Mr. Muhammad Umair Bhaur	(Acting Chief Executive Officer)

DEPARTMENTAL HEADS

Syed Iqbal Hussain	(Operations)
Mr. Muhammad Umair Bhaur	(CFO & Company Secretary)

Auditors

Riaz Ahmad & Co. Chartered Accountants
Office # 5, 20th Floor, Bahria Town Tower,
Block-2, P.E.C.H.S., Karachi.

Registered Office

69/2, Abid Majeed Road, Lahore Cantt. Lahore

Head Office

3rd Floor, 78/C, Main Khayaban-e-Jami,
Phase VII, DHA
Karachi

Bankers

National Bank of Pakistan

Share Registrar & Share Transfer Office

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

Legal Advisors

Lex-Firma
(Advocates, Barristers & Legal Consultants)
418, Continental Trade Centre, Clifton, Karachi



National Assets Insurance Ltd.

NOTICE OF THE 13TH ANNUAL GENERAL MEETING

Notice is hereby given that the 13th Annual General Meeting of National Assets Insurance Limited will be held at 78/C, Khayaban-e-Jami, Phase-VII, D.H.A, Karachi, on 29 March 2022 at 11:00 a.m., to transact the following business:

1. To consider and approve the minutes of the 12th Annual General Meeting of the company held at 78/C, Khayaban-e-Jami, Phase-VII, D.H.A, Karachi, on 14 April, 2021 at 11:00 a.m.
2. To approve and adopt the Audited Financial Statements of the company for the year ended 31 December 2021 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 2022 and to fix their audit fee for the same period.
4. To elect directors of the company for a period of three years commencing from 1 April 2022 to 31 March 2025 in terms of section 159 of the Companies Act 2017.
 - a) The number of directors has been fixed at three (3)
 - b) The retiring directors are
 - Mr. Faisal Ahmed
 - Mr. Shahzad Karimi
 - Mr. Tariq Zafar Iqbal
5. To approve the voluntary winding up of the Company through special resolution
6. To appoint the liquidator for winding up of the Company and fix his fee
7. To ratify the appointment of consultant to the liquidator
8. To transact any other business with the permission of the chair.

Date: 28 February 2022


MUHAMMAD UMAIR BHAUR
(Company Secretary)

Notes:

1. The share transfer books of the company will remain close from March 21, 2022 to March 29, 2022 (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 2021.

1. Financial Results

The Company made a Pre-tax profit of Rs. 31.8 million for the year under consideration (31 December 2020, Rs. 33.8 million) after charging costs, expenses and provisions for the year.

	For the year ended 31 December 2021	For the year ended 31 December 2020
	Rupees	Rupees
Pre Tax Profit	31,877,467	33,812,718
Taxation	12,462,318	10,984,226
Profit after taxation	<u>19,415,149</u>	<u>22,828,492</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 2021, the Company kept most of the available funds in Treasury Bills for most of the year but near the end of the year the Company adopted the policy of keeping all maturities of Treasury Bills in the National Income Daily Account (NIDA).

During the current year, the Company received indications from some of the major shareholders that since the Company could not obtain the Insurance License to start its underwriting operations even after years of efforts, it may be wound up voluntarily under the Companies Act 2017.

The Company understands that the objections raised by the regulators for refusal of issuing of the said license are not maintainable as per law. Further an opinion of a renowned Corporate Lawyer Mohsin Tayebaly & Co. supports the above referred understanding of the Company.

However, since the Company has received indication from the major shareholders for winding it up, these financial statements have been prepared on the basis of non going concern and the format of financial statements of Insurance Companies has not been adopted.

The Board intends to call a General Meeting for the appointment of a liquidator by the members in such meeting.

The consultants to the liquidator have been shortlisted after complying with the due procedure.

As far as the figures are concerned, the main reason of decrease in profit during the year 2021 as compared to 2020 is decrease in policy rate of SBP.



National Assets Insurance Ltd.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The financial health of the company is still strong and its total equity has reached Rs. 701.56 million during the current year (Rs. 682.07 million 2020).

3. Auditors

The present auditors M/s. Riaz Ahmad & Company (Chartered Accountants) offer themselves for re-appointment for 3rd time. They have sent their consent to become the auditors of the Company for the year ended 31 December 2022. 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, 2021 is annexed.
5. Profit and break-up value per share
The profit per share for the year is Rs. 0.388/- (31 December 2020, Rs. 0.457/-) and breakup value per share is Rs. 14.03/- (31 December 2020, Rs. 13.64).

6. Board members during the year

S. No.	Board Members	Designation	Office tenure
1	Mr. Tariq Jamali	Chairman	From 01 January 2021 to 05 May 2021
2	Mr. Faisal Ahmed	Chairman	From 05 May 2021 till end of year
3	Mr. Usman Shahid	Director	From 01 January 2021 to 10 June 2021
4	Mr. Shahzad Ahmed Karimi	Director	From 12 July 2021 till end of year
5	Mr. Tariq Zafar Iqbal	Director	From 05 May 2021 till end of year
6	Mr. Muhammad Umair Bhaur	CEO	Complete year

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

For and on behalf of the Board of Directors

CEO

Karachi
28 February 2022

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 2021, 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 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 2021 and of the profit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *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.

Emphasis of Matter

We draw attention to note 1.3 to the financial statements, which states that the Company is no longer a going concern, therefore, these financial statements have been prepared on the basis of estimated realisable / settlement values of assets and liabilities respectively.

Our opinion is not qualified in respect of this matter.

Riaz Ahmad & Company

Chartered Accountants

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.

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.

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 Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Riaz Ahmad & Company

Chartered Accountants

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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 Companies Act, 2017 (XIX of 2017);

Riaz Ahmad & Company
Chartered Accountants

- 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 Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



RIAZ AHMAD & COMPANY
Chartered Accountants

Place: Karachi
Date: 28 February 2022



National Assets Insurance Ltd.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2021

	Note	2021	2020
		----- Rupees -----	
ASSETS			
NON-CURRENT ASSETS			
Operating fixed assets	4	1,092,976	1,568,259
Intangible asset	5	985,762	1,530,048
Long term loan	6	4,250,138	4,499,799
		<u>6,328,876</u>	<u>7,598,106</u>
CURRENT ASSETS			
Investments	7	374,262,323	651,934,281
Accrued profit on bank deposits		2,190,395	746,847
Advance, deposit and other receivable	8	1,235,020	1,213,020
Deferred taxation	9	-	2,473,253
Prepayments		-	110,852
Advance tax - net		272,535	2,539,376
Bank balances	10	327,485,494	23,272,292
		<u>705,445,767</u>	<u>682,289,921</u>
TOTAL ASSETS		<u>711,774,643</u>	<u>689,888,027</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorised share capital			
125,000,000 (2020: 125,000,000)			
ordinary shares of Rupees 10 each		<u>1,250,000,000</u>	<u>1,250,000,000</u>
Issued, subscribed and paid-up capital	11	500,000,000	500,000,000
Unappropriated profit		<u>201,560,382</u>	<u>182,075,309</u>
TOTAL EQUITY		<u>701,560,382</u>	<u>682,075,309</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Retirement benefit obligations	12	6,206,472	4,511,276
CURRENT LIABILITY			
Other creditors and accruals	13	4,007,789	3,301,442
CONTINGENCIES AND COMMITMENTS			
	14	-	-
TOTAL EQUITY AND LIABILITIES		<u>711,774,643</u>	<u>689,888,027</u>

The annexed notes from 01 to 25 form an integral part of these financial statements.


Director


Chief Executive Officer



National Assets Insurance Ltd.

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- Rupees -----	
Return on debt securities - market treasury bills		47,585,498	61,892,327
Profit on bank deposits		2,705,112	1,855,279
Other income	15	708,360	757,182
		50,998,970	64,504,788
General and administration expenses	16	(19,121,503)	(30,692,070)
Profit before tax		31,877,467	33,812,718
Taxation	17	(12,462,318)	(10,984,226)
Profit for the year		19,415,149	22,828,492
Earnings per share	18	0.388	0.457

The annexed notes from 01 to 25 form an integral part of these financial statements.



Director



Chief Executive Officer



National Assets Insurance Ltd.

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

	Note	2021	2020
		----- Rupees -----	
Profit after tax		19,415,149	22,828,492
Other comprehensive income / (loss)			
Items that will not be reclassified to profit and loss account:			
Remeasurement gain / (loss) of defined benefit obligation - net of deferred tax	12.3	69,924	(401,825)
Items that may be reclassified to profit and loss account		-	-
		69,924	(401,825)
Total comprehensive income for the year		<u>19,485,073</u>	<u>22,426,668</u>

The annexed notes from 01 to 25 form an integral part of these financial statements.



Director



Chief Executive Officer



National Assets Insurance Ltd.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

	Issued, subscribed and paidup capital	Unappropriated profit	Total
	----- Rupees -----		
Balance as at 31 December 2019	500,000,000	159,648,641	659,648,641
Comprehensive income for the year ended 31 December 2020			
Profit for the year	-	22,828,492	22,828,492
Other comprehensive loss	-	(401,825)	(401,825)
Total comprehensive income for the year	-	22,426,668	22,426,668
Balance as at 31 December 2020	500,000,000	182,075,309	682,075,309
Comprehensive income for the year ended 31 December 2021			
Profit for the year	-	19,415,149	19,415,149
Other comprehensive income	-	69,924	69,924
Total comprehensive income for the year	-	19,485,073	19,485,073
Balance as at 31 December 2021	<u>500,000,000</u>	<u>201,560,382</u>	<u>701,560,382</u>

The annexed notes from 01 to 25 form an integral part of these financial statements.


Director


Chief Executive Officer



National Assets Insurance Ltd.

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

	Note	2021	2020
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Income tax paid		(7,722,223)	(12,143,206)
General and administration expenses paid		(15,457,617)	(26,942,715)
Gratuity paid		-	(3,657,427)
Other receipts		1,261,564	2,494,788
Loan to employee - net		936,022	958,020
Net cash used in other operating activities		(20,982,254)	(39,290,540)
Total cash used in all operating activities		(20,982,254)	(39,290,540)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property and equipment		(62,000)	(40,236)
Purchase of investment		(2,405,742,543)	(2,520,090,615)
Proceeds of disposal of investments		2,730,999,999	2,560,000,000
Net cash flow generated from investing activities		325,195,456	39,869,149
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net cash flow from all activities		304,213,202	578,609
Cash and cash equivalents at the beginning of the year		23,272,292	22,693,683
Cash and cash equivalents at the end of the year		327,485,494	23,272,292

The annexed notes from 01 to 25 form an integral part of these financial statements.


Director


Chief Executive Officer



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

1. LEGAL STATUS AND 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 is 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 NON-GOING CONCERN BASIS OF ACCOUNTING

The Company could not start its underwriting operations because despite ongoing efforts it could not obtain insurance license from Securities and Exchange Commission of Pakistan (SECP) since its incorporation. 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 were of the opinion that NBP does not have a control over the Company. NBP employees' 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-subsiidiary relationship. However, besides providing this opinion, the Company's legal advisers 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 was contemplating to change its shareholding structure by seeking approval from shareholders through divestment by NBP employee funds to a strategic equity investor, 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.

During the year, majority shareholders have shown their intention for winding up of the Company which has been discussed in Board meetings in detail and the process for hiring of liquidator has started. An advertisement in this regard has also been published in daily newspaper dated 10 October 2021 seeking the services of interested parties to act as consultant to the liquidator for voluntary winding up of the Company.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

In view of the aforesaid reasons, the Company is not considered to be a going concern. Hence, these financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Until the preceding year, the Company was complying with the Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 while preparing its financial statements on basis of legal advice due to the reason that it was contemplating to obtain insurance license and to start insurance activities. However, during the year, the majority of shareholders of the Company have communicated their intention to the management that they are going to initiate the winding up process and do not want the Company to put further effort to obtain insurance license any more. The Company has started winding up process as disclosed in note 1.3 to the financial statement. Accordingly, the compliance with Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 now appears to be unwarranted and foregone. There is no impact of this change on the financial position, financial performance and cash flows of the Company.

b) 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.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

c) Accounting convention

These financial statements have been prepared using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively. In realizable / settlement value basis, assets are carried at amount of cash and cash equivalents that could currently be obtained by selling the assets in an orderly disposal. Liabilities are carried at their settlement values, that is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

d) Critical accounting 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:

- Realizable/settlement value of assets and liabilities respectively
- Useful lives, patterns of economic benefits and impairments -
property and equipment and intangibles 2.1 & 2.2
- Provision 2.13
- Staff retirement benefits 2.11
- Impairment of financial assets and non-financial assets 2.6
- Taxation 2.16

Estimate realizable/settlement values of assets and liabilities respectively

The Company started preparing its financial statements using the non-going concern basis of accounting on the basis of estimated realizable / settlement values of the assets and liabilities respectively from the year ended 31 December 2021 and recorded adjustments to the account for differences between the Company's recognized assets and the measurements of its assets and liabilities (including measurement changes resulting from changes in assumption).

Analysis of upside not recognized in the statement of profit or loss of the Company on the assets is disclosed in the Note 6.1.2 and Note 7.2 in these financial statements.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

e) Amendments and interpretation to published accounting and reporting standards which became effective during the current year.

There were certain amendments and interpretations to accounting and reporting standards which became effective for the Company's annual financial statements for the current year. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

f) New standard and amendments to published accounting and reporting standards that are not yet effective.

The following amendments with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

	Effective date (Annual reporting periods beginning on or after)
IAS 1 Presentation of financial statements (Amendments)	January 1, 2023
IAS 8 Accounting policies, changes in estimates and error (Amendments)	January 1, 2023
IAS 12 Income taxes (Amendments)	January 1, 2023
IAS 16 Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 9 Financial Instruments (Amendments)	January 1, 2022
IFRS 7 Financial Instruments: Disclosures (Amendments)	January 1, 2021

The management anticipates that application of above amendments in future periods, will have no material impact on the financial statements other than in presentation / disclosures

g) Standard and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 January 2022 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.

2.2 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 4 to these financial statements.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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 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.

2.3 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 is recognized as expense when it is incurred.

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

2.4 Financial assets

a) Classification

- The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), if any, and
 - those to be measured at amortized cost



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments, if any:

a) Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

b) Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

c) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments, if any, at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

a) Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments, if any, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

b) Fair value through profit or loss

Changes in the fair value of equity investments, if any, at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments will continue to be recognised in statement of profit or loss as other income when the Company's right to receive payments is established.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

2.5 Financial liabilities

Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss. Any gain or loss on de-recognition is also included in statement of profit or loss.

2.6 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.7 De-recognition of financial assets and financial liabilities

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.8 Offsetting of financial instruments

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



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

2.9 Cash and cash equivalents

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

2.10 Share capital

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

2.11 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.

2.12 Creditors and accrued liabilities

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

2.13 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.

2.14 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.

2.15 Revenue recognitions

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The details are as follows:

a) Return on fixed income investments

Income on Market Treasury Bills, is accrued using the effective interest rate method.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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.

2.16 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.

2.17 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.

2.18 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.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

2.19 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.

4. OPERATING FIXED ASSETS

Description	2021				
	Computer equipment	Motor vehicles	Furniture and fittings	Office equipment	Total
Rupees.....				
As at 01 January 2021					
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)
Net book value	<u>128,811</u>	<u>939,451</u>	<u>65,527</u>	<u>434,470</u>	<u>1,568,259</u>
Year ended 31 December 2021					
Opening net book value	128,811	939,451	65,527	434,470	1,568,259
Additions - at cost		62,000	-	-	62,000
Disposal:					
Cost	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
	-	-	-	-	-
Depreciation charge	(38,644)	(442,087)	(13,105)	(43,447)	(537,283)
Closing net book value	<u>90,167</u>	<u>559,364</u>	<u>52,422</u>	<u>391,023</u>	<u>1,092,976</u>
As at 31 December 2021					
Cost	678,251	2,265,500	486,950	749,818	4,180,519
Accumulated depreciation	(588,084)	(1,706,136)	(434,528)	(358,795)	(3,087,543)
Closing net book value	<u>90,167</u>	<u>559,364</u>	<u>52,422</u>	<u>391,023</u>	<u>1,092,976</u>
Depreciation rate (%)	30%	20%	20%	10%	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Description	2020				
	Computer equipment	Motor vehicles	Furniture and fittings	Office equipment	Total
Rupees.....				
As at 01 January 2020					
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>
Year ended 31 December 2020					
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	-	-	-	-	-
Impairment charge	-	-	-	-	-
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>
Year ended 31 December 2020					
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>
Depreciation rate (%)	30%	20%	20%	10%	

	Note	2021	2020
	 Rupees	
5. INTANGIBLE ASSET - SOFTWARE			
Cost		3,810,000	3,810,000
Less: Accumulated amortization			
Balance as 01 January		(2,279,952)	(1,735,666)
Charge for the year		(544,286)	(544,286)
Balance as 31 December		(2,824,238)	(2,279,952)
Net book value as at 31 December		<u>985,762</u>	<u>1,530,048</u>



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- Rupees -----	
6. LONG TERM LOAN			
Considered good - secured			
- Employee - house loan	6.1	5,208,158	5,457,819
- Less: current portion of long term loan		(958,020)	(958,020)
		<u>4,250,138</u>	<u>4,499,799</u>
6.1 Movement in house loan to employee:			
Balance as at 01 January		5,457,819	5,676,657
Add: Amortization/adjustment of loan		462,249	464,330
Less: Principal repayment		(711,909)	(683,168)
Balance as at 31 December		<u>5,208,159</u>	<u>5,457,819</u>
6.1.2 This represents house loan of Rupees 10 million to Company Secretary @ 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. Upside against loan as at reporting date is Rupees 7.684 million (2020: Rupees 8.642 million). This is not recognised in the financial statements.			
7. INVESTMENTS			
At amortized cost			
Market Treasury Bills - MTBs			
Opening balance		651,934,281	629,951,339
Add: Purchased during the year		2,405,742,543	2,520,090,615
Add: Amortization of discount for the year		47,585,499	61,892,327
Less: Matured during the year		(2,731,000,000)	(2,560,000,000)
Closing balance		<u>374,262,323</u>	<u>651,934,281</u>
7.1 These treasury bills carry yield ranging from 6.85% to 8.5% (2020: 13.25% to 7.11%) and have maturity up to 10 February 2022			
7.2 Upside fair value of these market treasury bills as at 31 December 2021 is Rupees 373.859 million (2020: 651.657 million). This was not recognised in the financial statements.			
8. ADVANCE, DEPOSIT AND OTHER RECEIVABLE			
Advance to employee		22,000	-
Security deposit		255,000	255,000
Current portion of long term loan		958,020	958,020
		<u>1,235,020</u>	<u>1,213,020</u>



National Assets Insurance Ltd.

General Insurance Company

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- Rupees -----	
9. DEFERRED TAXATION			
Deferred tax assets arising in respect of:			
- accelerated depreciation on property and equipment		155,281	90,808
- amortization on intangible assets		661,186	208,177
- fair value on loan to employee		718,222	-
- provision for Sindh Workers Welfare Fund		1,062,230	865,998
- provision for retirement benefits		1,799,877	1,308,270
		<u>4,396,797</u>	<u>2,473,253</u>
Unrecognized deferred income tax asset		<u>(4,396,797)</u>	-
		<u>-</u>	<u>2,473,253</u>

9.1 Deferred tax asset has not been recognized in these financial statements as same are on non going concern basis, more fully disclosed in note 1.3 of these financial statements.

10. BANK BALANCES

Current account		10,000	10,000
National Income Daily Account (NIDA)		327,475,494	23,262,292
	10.1	<u>327,485,494</u>	<u>23,272,292</u>

10.1 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 5.8% to 10% (2020: 5.5% to 11.25%) and credited on a semi-annual basis.

11 AUTHORIZED SHARE CAPITAL

2021	2020		2021	2020
(Number of shares)			----- Rupees -----	
<u>125,000,000</u>	<u>125,000,000</u>	Ordinary shares of Rupees 10 each fully paid in cash	<u>1,250,000,000</u>	<u>1,250,000,000</u>

11.2 Issued, subscribed and paidup capital

<u>50,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rupees 10 each fully paid in cash (Note 11.2.1)	<u>500,000,000</u>	<u>500,000,000</u>
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National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

	2021	2020
	----- 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	15,518,500	15,518,500
	<u>50,000,000</u>	<u>50,000,000</u>

12. 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 2021 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	2021	2020
		----- Rupees -----	
Present value of defined benefit obligation	12.1	6,206,472	4,511,276

12.1 Net recognised liability

Net liability at beginning of the year		4,511,276	5,594,478
Expense recognised in the profit or loss	12.2	972,245	2,008,275
Benefits paid during the year		-	(3,657,427)
Remeasurement (gain) / loss recognized in other comprehensive income	12.3	<u>(69,924)</u>	<u>565,950</u>
		5,413,597	4,511,276
Adjustment for the remeasurement due to non going concern recognized in profit or loss		<u>792,875</u>	-
Net liability at end of the year		<u>6,206,472</u>	<u>4,511,276</u>



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- Rupees -----	
12.2 Expense recognised in the profit or loss			
Current service cost		516,716	898,659
Past service cost		-	601,504
Interest cost		455,529	508,112
Expense for the year		<u>972,245</u>	<u>2,008,275</u>
12.3 Remeasurement (gain) / loss recognized in other comprehensive income			
Remeasurement due to change in demographic assumptions:			
- due to change in financial assumption		48,663	(30,724)
- due to change in experience adjustments		(118,587)	596,674
Recognised in other comprehensive income		<u>(69,924)</u>	<u>565,950</u>
12.5 Significant actuarial valuation assumptions:			
Financial assumptions			
- Discount rate percentage		11.75%	9.75%
- Long term salary increase rate percentage		11.75%	9.75%
Demographic assumptions			
- Mortality rate (for death in service)	SLIC(2001-05)-1	SLIC(2001-05)-1	
- Rate of employee turnover	Moderate	Moderate	
12.6 Sensitivity analysis for actuarial assumptions			
The impact of one percent movement in the assumptions used in determining retirement benefit obligations would have had the following effects on the December 31, 2021 actuarial valuation:			
		2021	2020
		----- Rupees -----	
Discount rate +1%		4,989,172	4,128,526
Discount rate -1%		5,887,478	4,942,444
Long term salary increase +1%		5,909,301	4,960,760
Long term salary increase -1%		4,963,189	4,106,374



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- Rupees -----	
12.7 Maturity profile of the Defined Benefit Obligation		
Distribution of timing of benefit of payments		
For the first year after year-end	221,447	187,419
For the second year after year-end	256,252	214,598
For the third year after year-end	295,839	243,900
For the fourth year after year-end	340,750	276,558
For the fifth year after year-end	278,332	312,855
For the period from sixth to tenth year after year-end	21,777,406	1,104,784

13. OTHER CREDITORS AND ACCRUALS

Bills payable		9,850	20,143
Retirement benefit payable to employee		-	10,002
Provision for Sindh Workers Welfare Fund	13.1	3,662,863	2,986,199
Accrued liabilities		239,467	222,109
Other payable		95,609	62,989
		<u>4,007,789</u>	<u>3,301,442</u>

13.1 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.

14. CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at the reporting date (2020: Nil).

15. OTHER INCOME

Interest income on house loan	6.1.2	708,360	739,182
Liabilities written back		-	18,000
		<u>708,360</u>	<u>757,182</u>



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
----- Rupees -----			
16. GENERAL AND ADMINISTRATION EXPENSES			
Salaries, allowances and other benefits		9,851,297	21,388,497
Charges for post employment benefit	16.1	1,765,120	2,008,275
Legal and professional charges		745,373	691,676
Advertisement		93,000	-
Auditors' remuneration	16.2	239,467	222,109
Depreciation	4	537,283	541,093
Amortization	5	544,286	544,286
Insurance		84,763	179,954
Rent, rates and taxes		2,334,571	2,152,385
Printing & stationery		700,200	593,953
Utilities		555,988	694,193
Repair and maintenance		66,240	57,000
Entertainment		41,673	43,855
Postage and periodicals		267,835	457,852
Travelling expense		162,440	89,605
Sindh Workers Welfare Fund		676,664	690,055
Vehicle running expense		139,028	48,102
Miscellaneous		311,812	288,918
Bank charges		4,463	262
		<u>19,121,503</u>	<u>30,692,070</u>

16.1 This includes adjustment for the remeasurement due to non going concern amounting to Rupees 0.793 million (2020: Nil)

16.2 Auditors' remuneration

Annual audit fee	176,791	160,719
Out of pocket expenses	44,938	44,938
Sindh sales tax	17,738	16,453
	<u>239,467</u>	<u>222,110</u>

17. TAXATION

Current tax	9,811,632	9,493,130
Prior year tax	177,432	18,891
	<u>9,989,064</u>	<u>9,512,021</u>
Deferred tax	2,473,254	1,472,205
	<u>12,462,318</u>	<u>10,984,226</u>



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- Rupees -----	
18. EARNINGS PER SHARE			
There is no dilutive effect on basic earnings per share which is based on:			
Profit after tax - Rupees		<u>19,415,149</u>	<u>22,828,492</u>
Weighted average number of ordinary shares - Numbers		<u>50,000,000</u>	<u>50,000,000</u>
Earnings per share - Rupees		<u>0.388</u>	<u>0.457</u>

19. 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 20 to the financial statements, are as follows:

	2021	2020
	----- Rupees -----	
National Bank of Pakistan - associated company		
Transactions		
Profit on bank deposits	<u>2,705,112</u>	<u>1,855,279</u>
Investment income	<u>47,585,498</u>	<u>1,855,279</u>
Bank charges	<u>(4,463)</u>	<u>(262)</u>
Rent expense - Lahore office	<u>(131,636)</u>	<u>(103,180)</u>
Balances		
Receivable against bank deposits	<u>2,190,395</u>	<u>746,847</u>
Bank balances	<u>327,485,494</u>	<u>23,272,292</u>
Investment in debt securities	<u>-</u>	<u>-</u>
(Rent payable)/Prepaid rent	<u>(48,550)</u>	<u>18,102</u>



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- Rupees -----	
20. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTOR AND OTHER EXECUTIVE		
Chief Executive Officer		
Managerial remuneration	2,452,668	5,143,727
Allowances and other benefits	2,006,724	5,633,498
Gratuity paid	-	3,657,427
	<u>4,459,392</u>	<u>14,434,652</u>
Number of person	<u>1</u>	<u>1</u>
Director		
Meeting fee	-	75,000
Number of person	-	1
Executive		
Managerial remuneration	1,300,524	2,264,133
Allowances and other benefits	1,064,064	2,285,550
	<u>2,364,588</u>	<u>4,549,683</u>
Number of person	<u>1</u>	<u>1</u>

20.1 Chief financial officer is provided a company car for both personal and official use.

	2021	2020
	----- Number -----	
21. NUMBER OF EMPLOYEES		
At year end	<u>4</u>	<u>5</u>
Average	<u>5</u>	<u>6</u>



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

22. FINANCIAL RISK MANAGEMENT

22.1 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 management policies:

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.

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.

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.



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- Rupees -----	
Fixed rate of financial instruments		
Financial assets		
investment - Treasury Bills	374,262,323	651,934,281
Loans and other receivables	5,208,158	5,457,819
Floating rate of financial instruments		
Bank balance		
National Income Daily Account (NIDA)	327,475,494	23,262,292
Financial liability	-	-

Fair value sensitivity analysis for fixed rate instruments:

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

(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:



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- Rupees -----	
Investments	374,262,323	651,934,281
Long term loan	4,250,138	4,499,799
Advance, deposit and other receivable	1,213,020	1,213,020
Bank balances	327,485,494	23,272,292
	<u>707,210,975</u>	<u>680,919,392</u>

The Company did not hold any collateral against the above except collateral on loan to employee as disclosed in Note 6.1.2. 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			2021	2020
	Short term	Long term	Rating agency		
National Bank of Pakistan	A1+	AAA	PACRA	<u>327,485,494</u>	<u>23,272,292</u>

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 2021, the Company had bank balances of Rupees 327.485 million (2020: Rupees 23.272 million).

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

	Other creditors and accruals	
	2021	2020
	----- Rupees -----	
Carrying amount	<u>344,926</u>	<u>305,241</u>
Contractual cash flows:		
6 month or less	344,926	305,241
6 months to 12 months	-	-
More than 1 year"	-	-
	<u>344,926</u>	<u>305,241</u>



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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.

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.

22.2 Financial instruments by categories

	<u>Amortised cost</u>	
	2021	2020
	----- Rupees -----	
As per statement of financial position		
Financial assets		
Investments	374,262,323	651,934,281
Loans and other receivables	1,235,020	1,213,020
Bank balances	<u>327,485,494</u>	<u>23,272,292</u>
	<u>702,982,837</u>	<u>676,419,593</u>
Financial liabilities		
Other creditors and accruals	<u>344,926</u>	<u>305,241</u>



National Assets Insurance Ltd.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

23. Capital risk management policies and procedures

The Company's objective when managing the capital are:

- to safeguard its ability 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.

24. 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 28 February, 2022.

25. CORRESPONDING FIGURES

- Corresponding figures have been re-arranged and / or re-classified for the purpose of more appropriate presentation and comparison. Following major re-classifications have been made during the year for better presentation:

From	To	Amount
Advance, deposit and other receivable (presented on face of financial position)	Long term loan	4,499,799
Advance, deposit and other receivable	Accrued profit on bank deposits (presented on face of financial position)	746,847



Director



Chief Executive Officer



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%
			50,000,000	100%

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%
		50,000,000	100%



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 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 13th Annual General Meeting of the Company to be held at 78/C, Khayaban-e-Jami, Phase-VII, D.H.A, Karachi, on 29 March 2022 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 _____, 2022.

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.
4. The Register of members will remain closed from 21 March 2022 to 29 March 2022 (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

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

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