2015
Annual Report

56th
Year of Continuous Services

THE UNIVERSAL INSURANCE COMPANY LIMITED
SECURITY-SERVICE-PROSPERITY
UIC

BIBOJEE GROUP

ISO 9001
APPROVED

The Universal Insurance Co. Ltd.

UIC

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VISION STATEMENT

We, at Universal Insurance Company Limited recognize the importance of satisfying our customers by consistently providing quality insurance services in accordance with their needs and expectations. We strive to be competent partner of our customers against insured perils.

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MISSION STATEMENT
QUALITY POLICY

We strive to provide our customers cost effective insurance cover by continually increasing the productivity of our employees. To increase productivity, we conduct regular training programs during which employees are assessed and allocated a career path in accordance with their performance.

We diligently follow the applicable laws and ensure strict compliance by conducting regular internal audits and educating our employees about the law.

We try to improve our services by continually assessing our systems and procedures based on customers and team feedback. We strive to maintain a customer focused approach by ensuring that our service is delivered to the customer on time, according to the customer required specifications and with in our stipulated cost.

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CORPORATE INFORMATION

Board of Directors	Mr. Raza Kuli Khan Khattak	(Chairman)
	Lt. GEN (R) Ali Kuli Khan Khattak	
	Mr. Gohar Ayub Khan	(Chief Executive)
	Mrs. Shahnaz Sajjad Ahmed	
	Ch. Sher Mohammad	
	Dr. Shaheen Kuli Khan Khattak	
	Mr. Mushtaq Ahmed Khan F.C.A.	
	Mr. Pervez Iftikhar Ahmed Khan	
	Mr. Muhammad Imran Malik	
	Mr. Amir Raza	(Principal Officer)
Principal Officer	Mr. Amir Raza	
Chief Operating Officer	Mr. Omar Ayub Khan	
Chief Financial Officer	Mr. Ashfaq Ahmed	
Company Secretary	Mr. Liaqat Ali Shaukat	
Internal Auditor	Mr. Abdul Waheed Chaudhry	
Auditors	M/S. Shinewing Hameed Chaudhri & Co. Chartered Accountants	
Legal Advisor	Mr. Abrar Hasan Advocate	
Share Registrar	M/S Hameed Majeed Associates (Pvt) Ltd. H.M House, 7-Bank Square, Lahore Phone # 042-37235081-82 Fax: # 042-37358817	
Registered Office:	Universal Insurance House 63-Shahrah-e-Quaid-e-Azam Lahore, 54000 Pakistan. Ph: 042-37353453-37353458 Fax: 042-37230326 Web: www.uic.com.pk Email: info@uic.com.pk	

BOARD & MANAGEMENT COMMITTEES

1- Directors Executive Board

Lt. Gen (R) Ali Kuli Khan Khattak	Chairman
Mr. Raza Kuli Khan Khattak	Member
Mr. Mushtaq Ahmed Khan F.C.A	Member
Mr. Muhammad Imran Malik	Member

2- Audit Committee

Lt. Gen (R) Ali Kuli Khan Khattak	Chairman
Mr. Mushtaq Ahmed Khan F.C.A.	Member
Mr. Muhammad Imran Malik	Member

3- Investment Committee:-

Mr. Mushtaq Ahmed Khan F.C.A.	Chairman
Dr. Shaheen Kuli Khan Khattak	Member
Mr. Pervez Iftikhar Ahmed Khan	Member
Mr. Muhammad Imran Malik	Member

4- Underwriting Committee:-

Mr. Mushtaq Ahmed Khan F.C.A.	Chairman
Mr. Pervez Iftikhar Ahmed Khan	Member
Mr. Muhammad Imran Malik	Member
Mr. Amir Raza	Member

5- Claims Settlement Committee:-

Mr. Gohar Ayub Khan	Chairman
Mr. Mushtaq Ahmed Khan F.C.A.	Member
Mr. Muhammad Imran Malik	Member
Mr. Amir Raza	Member

6- Re-Insurance & Co-Insurance Committee

Lt. Gen (R) Ali Kuli Khan Khattak	Chairman
Mr. Mushtaq Ahmed Khan F.C.A.	Member
Mr. Amir Raza	Member

7- Human Resource & Remuneration Committee

Lt. Gen (R) Ali Kuli Khan Khattak	Chairman
Mr. Gohar Ayub Khan	Member
Mrs. Shahnaz Sajjad Ahmed	Member
Mr. Mushtaq Ahmed Khan F.C.A.	Member
Mr. Muhammad Imran Malik	Member

8- MANAGEMENT COMMITTEE

Mr. Amir Raza	Chairman
Mr. Abdul Waheed Ch.	Member
Mr. Ashfaq Ahmed	Member
Mr. Aftab Rashid	Member
Mr. Liaqat Ali Shaukat	Member

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 56th Annual General Meeting of the Shareholders of The Universal Insurance Company Limited will be held on Saturday April 30, 2016 at 10:30 A.M. at the registered office of the Company at Universal Insurance House, 63-Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:-

A. ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting held on November 17, 2015 at Lahore.

2. To receive, consider and adopt the audited accounts of the Company for the year ended December 31, 2015 and reports of the directors and auditors thereon.

3. To appoint auditors for the year 2016 and to fix their remuneration. The Board on recommendation of Audit Committee of the company has proposed the appointment of M/s. ShineWing Hameed Chaudhri & Co. Chartered Accountants as external auditor for the year 2016 being eligible, have offered themselves for re-appointment.

B. SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolutions with or without modification(s), addition(s) or deletion(s) as Special resolution to alter the Articles of Association of the Company:

   "Resolved that the Articles of Association of the Company be amended by adding a new Article 10 (Xi) after the existing Article 10(X) in the Articles of Association of the Company as follow:

   Resolved further that the Company shall comply with the mandatory requirements of law from time to time regarding the use of electronic voting by its members at general meetings. Members may be allowed to appoint members as well as non-members as proxies for the purposes of electronic voting (e-voting) pursuant to this article.

   Resolved further that the Company Secretary be and is hereby authorized to complete all the necessary legal and corporate formalities with regard to the above resolution and take such actions as he may consider necessary or expedient to complete the process. Further resolved that in case of any omission or mistake if pointed out by the SECP or any other competent authority in the aforesaid resolutions the Company Secretary be and is hereby authorized to make necessary corrections as permitted under the law in letter & spirit".

C. ANY OTHER BUSINESS

To transact any other business with the permission of the Chair.

By Order of the Board

(Liaqat Ali Shaukat)
Company Secretary

Dated: April 09, 2016

NOTES:

1- The Share Transfer Books of the Company will remain closed from April 25, 2016 to May 02, 2016 (both days inclusive).

2- A member entitled to attend and vote at the meeting may appoint another member as his/ her proxy to attend and vote instead of him/ her. Proxies, in order to be effective, must be received at the Registered Office of the Company duly stamped, signed and witnessed not later than 48 hours before the meeting. A member shall not be entitled to appoint more than one proxy. A proxy must be a member of the Company.

3- CDC shareholders are requested to bring their original CNIC card, Account, Sub account numbers and participant's Number in Central Depository Company (CDC) for identification purpose for attending the meeting. In case of Corporate entity, the Board of Director's resolution/ Power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

4- Shareholders are requested to immediately notify shares registrar of the company promptly of any change in their addresses, if any.

5- Members who have not yet submitted photocopies of their valid computerized national identity cards to the Company are requested to send the same at earliest directly to our share registrar M/s. Hameed Majeed Associates (Pvt) Ltd, 7- Bank Square, Lahore.

6- Form of proxy is appended to the annual report in both English and Urdu languages.

7- The audited financial statements of the company for the year ended December 31, 2015 have been placed on the company website www.uic.com.pk .

8- Members who desire to receive annual financial statements and notice of annual general meeting of the company through email in future are hereby requested to convey their consent to company secretary at email address info@uic.com.pk via email on a standard request form which is available on company website. It is the responsibility of the member to timely update of any change in their registered email address.

9- Consent for Video Conference Facility

Members can also avail video conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard fill the following and submit at the registered address of the Company 10 days before holding the general meeting. If the company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting.

I/We _____ of _____ being a member of The Universal Insurance Co. Ltd., holder of _____ Ordinary Share(s) as per Folio No. _____ hereby opt for video conference facility at _____.

STATEMENT UNDER SECTION 160(1)(B) OF THE COMPANIES' ORDINANCE, 1984

This statement sets out the material facts pertaining to the Special Business, given in Agenda No. 4 of the Notice, to be transacted at the 56th Annual General Meeting of the Company to be held on April 30, 2016 at 10:30 A.M. at registered office of the Company, Universal Insurance House, 63-Shahrah-e-Quaid-e-Azam, Lahore.

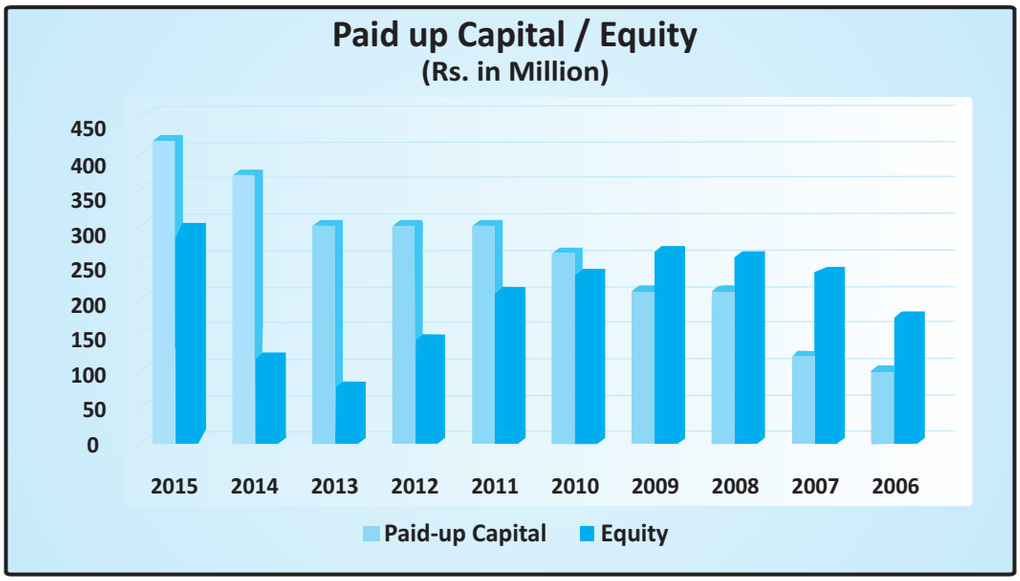
SECP S.R.O 43(1)/2016 dated January 22, 2016 for Companies (E-Voting) Regulation 2016.

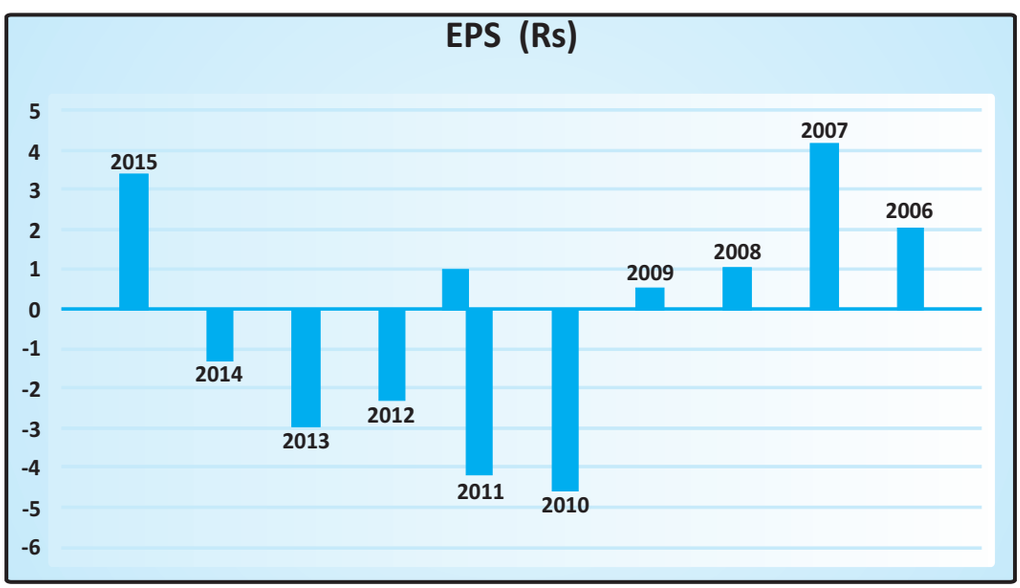
To give effect to the Companies (E-Voting) Regulation 2016, Shareholders' approval is being sought to amend the Article of Association of the Company to enable e-voting right of shareholders. The Board of Directors has recommended alteration in the Article of Association by inserting a new Article 10 (Xi).
No director has direct or indirect interest in the Special business.

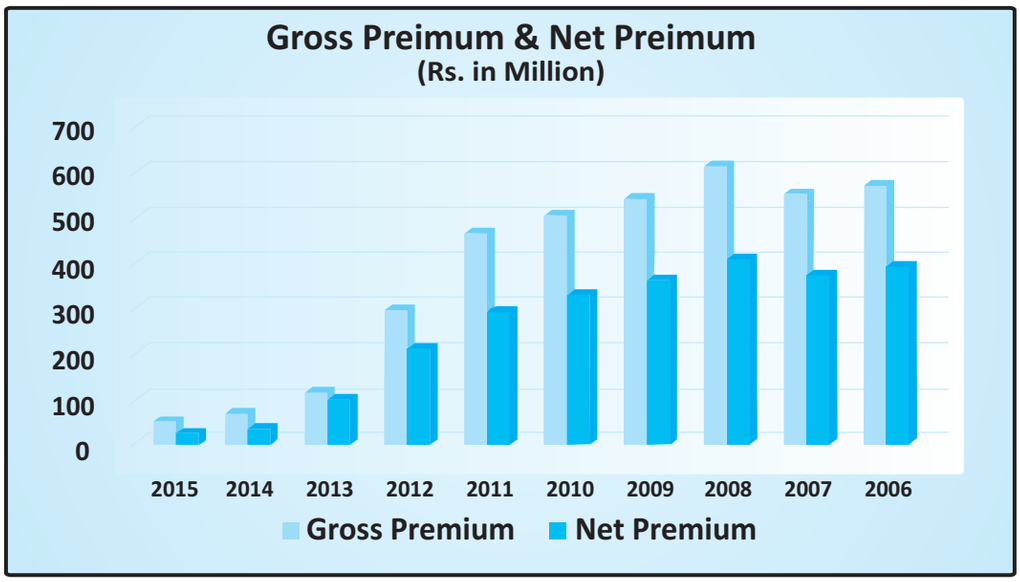
TEN YEARS KEY FINANCIAL DATA

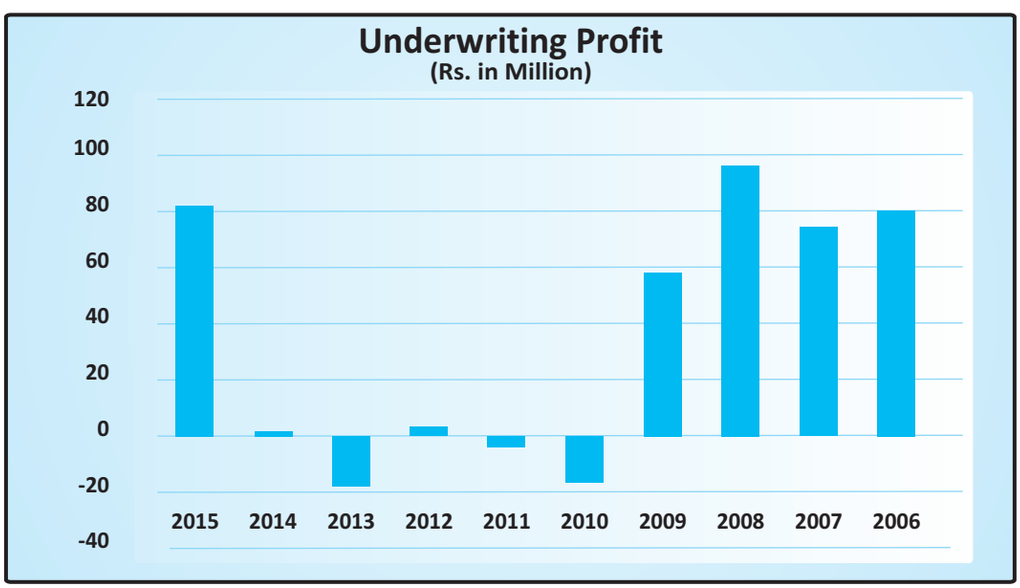
(Rupees in million)

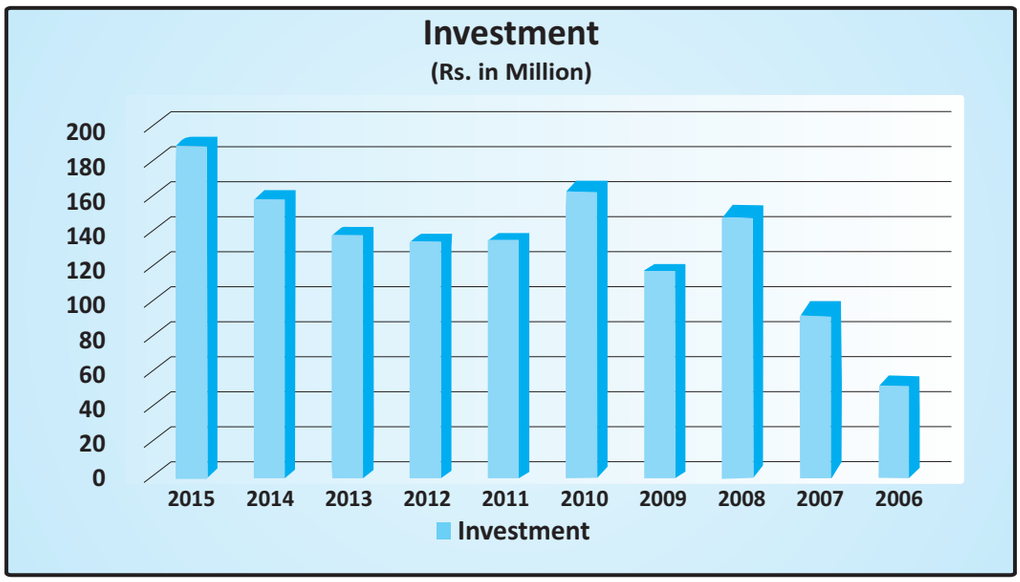
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Gross Premium	**45**	68	115	295	464	503	539	611	550	568
Net Premium	**28**	35	99	211	292	329	361	407	372	391
Net Claim	**(56)**	2	54	102	143	177	182	197	187	203
Investment	**187**	157	138	135	135	160	115	145	89	46
Underwriting Profit / (Loss)	**83**	0.329	(18)	1.4	(2)	(17)	58	96	75	80
Profit / (Loss) Before Tax	**131**	(41)	(87)	(66)	(110)	(103)	11	34	63	35
Profit / (Loss) Profit After Tax	**130**	(46)	(89)	(66)	(65)	(86)	8	21	50	24
Paid-up Capital	**416**	370	300	300	300	262.50	210	210	120	100
Cash and Banks	**108**	122	160	62	130	88	159	152	143	212
Total Property & Assets	**784**	847	935	913	1069	1164	1066	922	788	753
Equity	**311**	118	78	143	208	233	265	257	236	174
EPS (Rs)	**3.50**	(1.34)	(2.97)	(2.21)	(4.20)	(4.58)	0.48	1.00	4.15	2.00

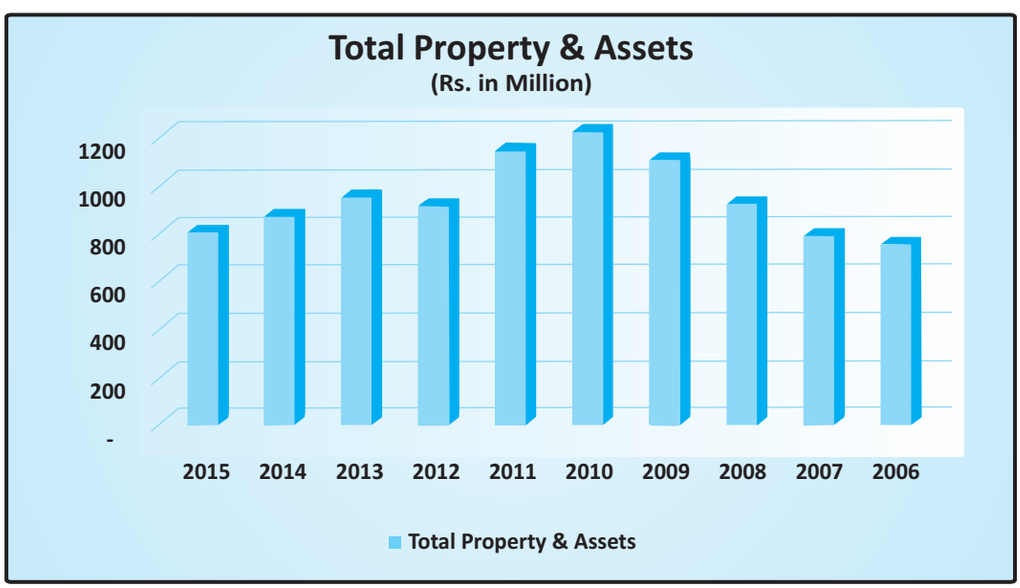

Paid up Capital / Equity
(Rs. in Million)
450
400
350
300
250
200
150
100
50
0
2015
2014
2013
2012
2011
2010
2009
2008
2007
2006
Paid-up Capital
Equity


EPS (Rs)
5
4
3
2
1
0
-1
-2
-3
-4
-5
-6
2015
2014
2013
2012
2011
2010
2009
2008
2007
2006


Gross Preimum & Net Preimum
(Rs. in Million)
700
600
500
400
300
200
100
0
2015
2014
2013
2012
2011
2010
2009
2008
2007
2006
Gross Premium
Net Premium


Underwriting Profit
(Rs. in Million)
120
100
80
60
40
20
0
-20
-40
2015
2014
2013
2012
2011
2010
2009
2008
2007
2006


Investment
(Rs. in Million)
200
180
160
140
120
100
80
60
40
20
0
2015
2014
2013
2012
2011
2010
2009
2008
2007
2006
Investment


Total Property & Assets
(Rs. in Million)
1200
1000
800
600
400
200
-
2015
2014
2013
2012
2011
2010
2009
2008
2007
2006
Total Property & Assets

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, I feel pleasure to present the **56th Annual Report** of the company with audited financial statements for the financial year ended December 31, 2015.

OPERATING RESULTS:

The operating results for the year ended 31 December, 2015 are given below.

	2015	2014
	----------Rupees in '000----------	
Gross premium	44,801	67,977
Net premium	27,991	34,994
Profit from underwriting business	82,724	329
Net claims	(56,152)	2,205
Management / administrative expenses	34,852	108,755
Capital and reserves	310,911	117,635
Profit/(Loss) before taxation	130,739	(41,023)

PROFIT AND LOSS APPROPRIATION ACCOUNT

Balance of accumulated loss at the commencement of the year	(266,854)	(236,603)
Profit/ (Loss) after taxation for the year	129,717	(45,839)
Other comprehensive Profit (loss) for the year	(157)	138
items directly recognized in statement of changes in equity	3,716	15,450
Balance of accumulated loss at the end of the year	(133,578)	(266,854)
Earing/ (Loss) per share	3.50	(1.34)

REVIEW OF OPERATING RESULTS:

The financial results of the company are in positive as compared to negative financials for the last year. The outstanding claims of the company were reviewed thoroughly and most of the claims were settled at negotiated terms where as unsupported & undocumented claims were either reviewed or reversed after detailed verification and by using reasonable Management Judgment. The profit after tax of the company as on December 31, 2015 is Rs. 129.717 million which also included the substantial increase in other income. During the year 2015 the company focused its underwriting strategy on Group Business which was underwritten in the form of Co-Insurance and Facultative business and market business from selected clients were also underwritten during the financial year. This underwriting strategy of the company has resulted into significant profit.

GOING CONCERN ASSUMPTION

The financial position of the company has improved significantly during the Financial Year ended as December 31, 2015 as the result of Business Strategy followed for underwriting the business of Group Companies in the form of Co-Insurance and Facultative business and also prudent underwriting of selected clients whose claim ratio always seems to be minimal. This improvement in financials is very much evident from the reduction of accumulated losses of the company from Rs. 266.854 million to Rs. 133.578 million. Further the company has fulfilled the minimum Solvency Requirement as specified under Section 36 of the Insurance Ordinance 2000 since its admissible assets exceed its admissible liabilities. Thus there is no uncertainty which may cast any doubt about the Company's ability to continue as a Going Concern as the Securities and Exchange Commission of Pakistan had also withdrawn its Show Cause Notice through its Letter No. Ref#ID/Enf/Universal/2016/4145 dated February 24, 2016. Based on our current year financial results we are hopeful the accumulated losses of the company will further reduce during the financial year commencing from January 01, 2016.
Moreover this improvement in financial is also witnessed from our credit rating which has been upgraded from BBB- (Negative) to BBB (Stable).

DIVIDEND

Due to accumulated losses, the directors have recommended no dividend for the year 2015.

IFS Rating

The company IFS rating has upgraded by rating agency from BBB- (Negative) to BBB (Stable) certainly due to the significant improvement in our financials during the year and we are very hopeful that it will further be upgraded during the current financial year 2016.

INFORMATION TECHNOLOGY (IT)

The integration process is in progress and we have planned to generate all the financial statements through integrated system before the end of current financial year. During the year we carried out detailed review on our existing I.T modules and some of them were upgraded in accordance with changes in our requirements.

ISO Certification

The Company received ISO 9001:2008 certification from M/s. Lloyd's Register-EMEA, Karachi since May 17, 2003. M/s. Lloyd's Register-EMEA, Karachi has renewed Company's certification ISO 9001:2008 on October 19, 2015 for next 3 years which exhibits that Company meets the requirement of standard and maintains satisfactory level of implementation of ISO-Quality Management System.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

(a) The financial statements, prepared by the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

(b) The company has maintained proper books of account as required under the companies Ordinance, 1984.

(c) The company has applied consistently appropriate accounting policies in preparation of the financial statements and accounting estimates are on the basis of prudent and reasonable judgment.

(d) Financial statements have been prepared by the company in accordance with the International Financial Reporting Standards (IFRS) as applicable in Pakistan. The departure there from, if any, is disclosed adequately.

(e) The system of internal control is sound in design and has been effectively implemented and monitored.

(f) There are no significant doubts upon Company's ability to continue as a going concern.

(g) The company has followed the best practices of the Corporate Governance as laid down in the Rule book of the stock exchange and there has been no material departure there from except for the matters described in the Auditors' Review Report to the members on statement of compliance with best practices of code of corporate governance.

(h) Key operating and financial data for the last ten years in summarized form is annexed to this annual report.

(i) Information about taxes and duties is given in the corresponding notes in the financial statements.

Related Party Transactions

The related party transactions are approved or ratified by the Board Audit Committee and the Board of Directors.

AUDIT COMMITTEE

The Board of Directors, in compliance with the Code, has constituted an Audit Committee comprising of four members, three of whom are non-executive directors including chairman of the committee and one independent director:

The Audit Committee performs according to the terms of reference determined by the Board of the company and which conforms to the requirements of the code. Four meeting of audit committee were held during the year as per detail given below

		No. of Meetings Attended
- Lt. Gen. (R) Ali Kuli Khan Khattak	Chairman	4
- Mr. Mushtaq Ahmad Khan - F.C.A	Member	2
- Ch. Sher Mohammad	Member	3
- Muhammad Imran Malik	Member	3
- Abdul Waheed Ch.	Secretary	4

HUMAN RESOURCES AND REMUNERATION COMMITTEE

As per requirements of Code of Corporate Governance, the company has constituted Human Resources and Remuneration Committee, as well as determined its term of reference. Composition of Human Resources and Remuneration Committee is as under

- Lt. Gen. (R) Ali Kuli Khan Khattak	Chairman
- Mrs. Shahnaz Sajjad Ahmed	Member
- Mr. Mushtaq Ahmad Khan - F.C.A	Member
- Muhammad Imran Malik	Member

BOARD OF DIRECTOR'S MEETINGS.

During the year, Five (5) Board meetings were held. The number of meetings attended by each Director is given hereunder :

Name of Directors	No. of Meetings Attended
Mr. Raza Kuli Khan Khattak	5
Lt. Gen. (R) Ali Kuli Khan Khattak	5
Begum Zeb Gohar Ayub Khan	4
Mrs. Shahnaz Sajjad Ahmad	5
Dr. Shaheen Kuli Khan Khattak	3
Mr. Mushtaq Ahmad Khan - FCA	3
Ch. Sher Mohammad	3
Pervez Iftikhar Ahmed Khan	3
Muhammad Imran Malik	3
Amir Raza	5

Leave of absence was granted to the Directors who could not attend some of the Board meetings due to their other engagements.
One casual vacancy occurred during the year 2015 due to sad demise of Director & CEO which was duly filled.

The Board welcomes the newly appointed Director & CEO and records its appreciation for the valuable services rendered by the deceased Director & CEO.

Pattern of Shareholding

The pattern of shareholding is separately annexed in the report.

Trading in Company's Shares

No trading in the shares of the Company was carried out by the Directors, CEO and their spouses and minor children during the financial year ended December 31, 2015.

Appointment of Auditors

The Auditors M/s. Shinewing Hameed Chaudhri & Co, Chartered Accountants retire at the conclusion of Annual General Meeting, given their consent for re-appointment for the year ending December 31, 2016.

Future Outlook

The board of directors has decided to continue the strategy of underwriting business on the same line as it was practiced during financial year 2015. However the scope of underwriting may be extended to some more selective clients in view of upgrading of our IFS credit rating. Management has also planned to accept more share of Group Business in the form of Co-insurance and Facultative business which will certainly improve the premium portfolio of the company to some reasonable extent.

Acknowledgement

We would like to thank the Insurance Division - Securities & Exchange Commission of Pakistan, Pakistan Reinsurance Company Ltd., State Bank of Pakistan, Other Reinsures and Co-insurers for their continued cooperation and guidance through-out the year and our valued clients for their continued patronage extended to us.

For & on behalf of the Board of Directors

Date: April 07, 2016
Place: Lahore

Raza Kuli Khan Khattak
Chairman

ABSTRACT OF THE TERMS OF APPOINTMENT OF CHIEF EXECUTIVE OFFICER (CEO) AND INCREASE IN REMUNERATION OF THE PRINCIPAL OFFICER (WHOLE TIME DIRECTOR) AND SECRETARY OF THE COMPANY

To: All Members of the Company

Subject: **Terms of Appointment of Chief Executive Officer and Increase in remuneration of the Principal Officer and Secretary of the Company**

Dear Member

This is to inform you that in terms of Section 218 of the Companies Ordinance, 1984, the Board of Directors of the Company has appointed Mr. Gohar Ayub Khan (director) as Chief Executive Officer (CEO) of the Company against monthly remuneration of Rs. 106,000/- effective from his appointment. Other perquisites will be as per the Company's HR policy.

Further the Board of Directors of the company has increased the monthly remuneration of Mr. Amir Raza – Principal Officer of the Company from Rs. 408,000 to Rs. 469,200 effective from January, 2016. Other perquisites will be as per the Company's HR policy. No other director of the Company has any interest in such variation.

Further the Board of Directors of the company has increased the monthly remuneration of Mr. Liaqat Ali Shaukat – Company Secretary of the Company from Rs. 36,000 to Rs. 41,400 effective from January, 2016. Other perquisites will be as per the Company's HR policy. No other director of the Company has any interest in such variation.

Yours truly,

Liaqat Ali Shaukat
Company Secretary

دی یونیورسل انشورنس کمپنی لمیٹڈ

شیئر ہولڈرز کے لیے ڈائریکٹرز کی رپورٹ (یہ انگریزی رپورٹ کا ترجمہ ہے)

بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کی 56ویں سالانہ رپورٹ مع 31 دسمبر 2015 کو ختم ہونے والے سال کے لیے نظر ثانی شدہ مالیاتی گوشوارے پیش کرتے ہوئے مجھے انتہائی خوشی محسوس ہو رہی ہے۔

آپریٹنگ نتائج (Operating Results)

31 دسمبر 2015 کو اختتام پذیر سال کے آپریٹنگ نتائج مندرجہ ذیل ہیں:۔

	2015	2014
	(روپے '000' میں)	
مجموعی پریمیم	44, 801	67, 977
نیٹ پریمیم	27, 991	34, 994
انڈر رائٹنگ کاروبار سے منافع	82, 724	329
نیٹ کلیمز	(56, 152)	2, 205
انتظامی اخراجات	34, 852	108, 755
سرمایہ اور ذخائر	310, 911	117, 635
قبل از ٹیکس منافع (نقصان)	130, 739	(41, 023)
فائدہ اور نقصان حصول اکاونٹ		
سال کے ابتدا میں مجموعی (نقصان) کا بیلنس	(266,854)	(236, 603)
اس سال کے لیے بعد از ٹیکس منافع (نقصان)	129, 717	(45, 839)
اس سال کے لیے دیگر جامع منافع (نقصان)	(157)	138
ایکویٹی میں تبدیلی کی تحریر میں تسلیم کردہ براہ راست اشیاء	3,716	15,450
سال کے اختتام پر مجموعی (نقصان) کا بیلنس	(133, 578)	(266, 854)
آمدنی (نقصان) فی شیئر	3.50	(1.34)

آپریٹنگ نتائج کا جائزہ (Review of Operating Results)

کمپنی کے مالی نتائج پچھلے سال کے مقابلے میں مثبت آئے ہیں کمپنی کے آوٹ سٹینڈنگ کلیمز کا تفصیلی جائزہ لیا گیا ہے اور ان میں سے بہت سے کلیمز کو گفت وشنید کی شرائط پر طے کیا گیا اور جو ناجائز اور غیر دستاویزی کلیمز تھے اُن کو مفصل تصدیق اور مینجمنٹ کے معقول فیصلے کا استعمال کرتے ہوئے اُن کا جائزہ لیا گیا ہے اور انھیں ختم کیا گیا۔ 31 دسمبر 2015 کو کمپنی کا بعد از ٹیکس منافع 129.717 ملین روپے ہے جس میں دیگر آمدنی میں کافی اضافہ بھی شامل ہے۔ سال 2015 کے دوران کمپنی نے گروپ بزنس پر اپنی انڈرائٹنگ کی حکمت عملی مرکوز کی جو کہ کو انشورنس اور فیکلٹیٹیو کاروبار کی شکل میں انڈرائٹ کیا گیا ۔اور مالی سال کے دوران مارکیٹ سے چند مخصوص کلائینٹس کا کاروبار انڈرائٹ کیا گیا ۔ کمپنی کی اس انڈرائٹنگ کی حکمت عملی کا نتیجہ خاطر خواہ منافع کی شکل میں نکلا ہے۔

تشویش مفروضہ جا (Going Concern Assumption)

31 دسمبر 2015 کو اختتام پذیر مالی سال کے دوران کمپنی کی مالی حالت جو کہ کاروباری حکمت عملی کی پیروی کا نتیجہ ہے جو ہم نے گروپ کمپنیوں کے کاروبار کو کو انشورنس اور فیکلٹیٹیو

کاروبار کی شکل میں انڈرائٹ کرنے اوراس کے علاوہ ان کلائنٹس کی انڈرائٹنگ کرنے جن کے نقصانات کی شرح ہمیشہ کم سے کم رہی ہے۔ مالیاتی گوشواروں میں بہتری اس بات کا واضح ثبوت ہے کہ کمپنی کا مجموعی نقصان 266.854 ملین روپے سے کم ہوکر 133.578 ملین روپے ہوگیا ہے مزید یہ کہ کمپنی نے انشورنس آرڈیننس کی دفعہ 36 کے تحت سالونسی کی کم از کم ضرورت کو پورا کیا ہے اس کے بعد سے قابل قبول اثاثے تجاوز کر گئے ہیں قابل قبول واجبات کے۔ اب کوئی غیر یقینی کی صورتحال نہیں رہی جس سے کمپنی کے چلنے کی صلاحیت بارے میں کوئی شبہ ہو۔ سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنا جاری کردہ شوکاز نوٹس اپنے خط نمبر ID/Enf/Universal/2016/4145 #Ref بتاریخ 24 فروری 2016 کے مطابق واپس لے لیا ہے۔ ہمارے موجودہ مالی سال کے نتائج کی بنیاد پر ہم پُر امید ہیں کہ کمپنی کے مجموعی نقصانات مالی سال جو کہ جنوری 2016 سے شروع ہو رہا ہے اُس میں مزید کم ہو جائیں گے۔ اس کے علاوہ مالی گوشواروں میں بہتری اس بات کا ثبوت ہے کہ ہماری کریڈٹ ریٹنگ BBB(-ve) سے BBB (Stable) اپ گریڈ ہوگئی ہے۔

ڈیویڈنڈ (Dividend)

مجموعی نقصان کی وجہ سے ڈائریکٹرز نے سال 2015 کے لیے ڈیوڈنڈ نہ دینے کی شفارش کی ہے۔

آئی ایف ایس ریٹنگ (IFS Rating)

سال کے دوران ہمارے مالیات میں نمایاں بہتری کی وجہ سے ریٹنگ ایجنسی نے ہماری IFS ریٹنگ BBB(-ve) سے BBB(stable) میں ترقی دے دی ہے۔ اور ہم بہت زیادہ پُر امید ہیں کہ موجودہ مالی سال 2016 کے دوران یہ اور زیادہ بہتر ہوگی۔

انفارمیشن ٹیکنالوجی (I.T)

انٹیگریشن کا عمل ابھی تیاری کے مراحل میں ہے۔ ہمارا یہ منصوبہ ہے کہ موجودہ مالی سال کے اختتام سے پہلے تمام مالیاتی گوشوارے اس انٹیگریٹڈ سسٹم سے مرتب ہوں۔ اس سال کے دوران ہم نے اپنے موجودہ آئی ٹی ماڈیولز کا تفصیلی جائزہ لیا ہے ان میں سے کچھ ماڈیولز میں اپنی ضروریات کے مطابق تبدیلیاں کی گئیں ہیں۔

آئی ایس او سرٹیفکیشن (ISO Certification)

17 مئی 2003 سے کمپنی نے میسرز لائڈر جسٹر۔ ای ایم ای اے۔ کراچی سے ISO 9001:2008 کی سرٹیفکیشن حاصل کی۔ میسرز لائڈر جسٹر۔ ای ایم ای اے۔ کراچی نے 19 اکتوبر 2015 کو اگلے تین سال کے لیے ISO9001:2008 کو دوبارہ جاری کیا۔ اس سے صاف ظاہر ہے کہ کمپنی ISO کوالٹی مینجمنٹ سسٹم کے معیار پر پورا اُترتی ہے اور کمپنی نے ISO کوالٹی مینجمنٹ سسٹم کے عمل درآمد کے معیار کو یقینی بنایا ہے۔

کارپوریٹ اینڈ فنانشل رپورٹنگ فریم ورک (Corporate and Financial Reporting Framework)

کمپنی کے بورڈ آف ڈائریکٹرز کے کارہائے نمایاں کو سرانجام دینے کے لیے کاروباری قوانین، اصول وضوابط موجود ہیں۔ بورڈ اپنے کاروباری فرائض سے بخوبی آگاہ ہے۔ جو کہ کارپوریٹ گورننس کے ضابطہ کے مطابق ہے اور سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کا مقرر کردہ ہے۔ اور اس کی گواہی دیتا ہے کہ

(اے) کمپنی کی جانب سے تیار کردہ مالیاتی اسٹیٹمنٹ اس کی تمام معلومات کو صاف و شفاف انداز میں واضح کرنے کے ساتھ اس کے اپریشنز کے نتائج، نقد کی آمدورفت اور ایکٹویٹی میں تبدیلیاں شامل ہیں۔

(بی) اکاؤنٹس کی کتابیں کمپنی کی جانب سے کمپنی آرڈیننس 1984 کے مطابق تیار کی گئی ہیں۔

(سی) موزوں اکاؤنٹنگ پالیسیز پر مالیاتی اسٹیٹمنٹ اور اکاؤنٹنگ تخمینہ جات کی تیاری کے لیے مستقل اپنائی جاتی ہیں۔ جو موزوں اور محتاط اندازوں پر منحصر ہوتی ہیں۔

(ڈی) انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) پر، جیسا کہ پاکستان میں نافذ العمل ہے، مالیاتی اسٹیٹمنٹ کی تیاری کی جاتی ہے اور کہیں اس سے انحراف کیا گیا ہو تو اس کو واضح طور پر ظاہر کر دیا جاتا ہے۔

(ای) داخلی کنٹرول کا نظام مستحکم طور پر ترتیب دیا گیا ہے اور موثر طور پر عمل درآمد کے ساتھ اس کی نگرانی کی جاتی ہے۔

(ایف) کمپنی کی اس صلاحیت پر کسی قسم کے شکوک وشبہات نہیں کہ یہ چلتے رہنے والا ادارہ ہے۔

(جی) کمپنی نے سٹاک ایکسچینج کی اصول کتاب میں مقرر کردہ کارپوریٹ گورننس کے بہترین طریقوں کی پیروی کی ہے اور کوئی قابل اثر اندازی انحراف نہیں کیا گیا ماسوائے ان معاملات کے جو آڈیٹر کی ممبران کے لیے کوڈ آف کارپوریٹ گورننس کی جائزہ رپورٹ میں ہے۔

(ایچ) گزشتہ دس سال کے لیے نمایاں آپریٹنگ اور فنانشل اعداد وشمار کا خلاصہ سالانہ رپورٹ کے ساتھ منسلک ہے۔

(آئی) ٹیکس اور ڈیوٹی کے متعلق معلومات مالیاتی گوشواروں میں متعلقہ نوٹوں میں دی گئی ہے۔

متعلقہ پارٹی ٹرانزیکشنز (Related Party Transations)

بورآف آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے متعلقہ پارٹی ٹرانزیکشنز کی منظوری اور توثیق کی ہے۔

آڈٹ کمیٹی (Audit Committee)

کوڈ کی تکمیل کے لیے بورڈ آف ڈائریکٹر نے چار ممبران پر مشتمل ایک آڈٹ کمیٹی تشکیل دی ہے جس میں تین نان ایگزیکٹو ڈائریکٹرز بشمول کمیٹی کے چیئرمین اور ایک آزاد ڈائریکٹر شامل ہے۔

آڈٹ کمیٹی بورڈ کے بنائے ہوئے اصول وضوابط کے تحت کام کرتی ہے جو کوڈ کی ضروریات کے مطابق ہے۔ سال کے دوران 4 اجلاس منعقد کیے گئے جس کی تفصیل درج ذیل ہے:۔

		اجلاس میں شرکت کی تعداد
لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	چیئرمین	4
جناب مشتاق احمد خان۔ ایف سی اے	رُکن	2
چوہدری شیر محمد	رُکن	3
محمد عمران ملک	رُکن	3
عبدالوحید چوہدری	سیکریٹری	4

ہیومن ریسورسز اینڈ ریمیز یشن کمیٹی (Human Resources and Remuneration Committee)

کارپوریٹ گورننس کی ضروریات کے مطابق کمپنی نے ہیومن ریسورسز اینڈ ریمیز یشن کمیٹی تشکیل دی ہوئی ہے اور اس کے ساتھ اس کے اصول وضوابط بھی مرتب کیے ہوئے ہیں۔ ہیومن ریسورسز اینڈ ریمیز یشن کمیٹی کی تشکیل درج ذیل ہے:۔

لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	چیئرمین
محترمہ شہناز سجاد احمد	رُکن
جناب مشتاق احمد خان۔ ایف سی اے	رُکن
محمد عمران ملک	رُکن

بورڈ آف ڈائریکٹرز کے اجلاس (Board of Director's Meetings)

سال کے دوران بورڈ کے 5 اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی جانب سے اجلاس میں شرکت درج ذیل ہے:۔

	اجلاس میں شرکت کی تعداد
جناب رضا قلی خان خٹک	5
لیفٹیننٹ جنرل (ریٹائرڈ) علی قلی خان خٹک	5
بیگم زیب گوہر ایوب خان	4

محترمہ شہناز سجاد احمد	5
ڈاکٹر شاہین قُلی خان خٹک	3
جناب مشتاق احمد خان۔ایف سی اے	3
چوہدری شیر محمد	3
پرویز افتخار احمد خان	3
محمد عمران ملک	3
عامر رضا	5

دوسری مصروفیات کے باعث جو ڈائریکٹرز ، بورڈ کے اجلاس میں شریک نہیں ہو سکے انہیں غیر حاضری کی رخصت دی گئی۔ ڈائریکٹر، سی ای او کی وفات کی وجہ سے سال 2015 کے دوران خالی ہونے والی سیٹ پُر کر دی گئی۔ بورڈ نے نئے آنے والے ڈائریکٹر، سی ای او کو خوش آمدید کہا اور مرحومہ ڈائریکٹر سی ای او کی گراں قدر خدمات کو خراج تحسین پیش کیا گیا۔

شیئر ہولڈنگ کا پیٹرن (Pattern of Shareholding)

شیئر ہولڈنگ کا پیٹرن علیحدہ سے رپورٹ کے ساتھ لف ہذا ہے۔

کمپنی کے شیئرز میں لین دین (Trading in Company's Shares)

31 دسمبر 2015 کو اختتام پذیر مالی سال کے دوران کمپنی کے شیئرز پر ڈائریکٹرز، CEO اور ان کی اکے شریکِ حیات اور چھوٹے بچوں کی طرف سے کوئی تجارت نہیں کی گئی ہے۔

آڈیٹرز کی تعیناتی (Appointment of Auditors)

سالانہ اجلاس عام کے اختتام پر میسرز شائن ونگ حمید چوہدری اینڈ کو سبکدوش ہو رہے ہیں اور 31 دسمبر 2016 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے خواہشمند ہیں۔

مستقبل کا جائزہ (Future Outlook)

بورڈ آف ڈائریکٹرز نے کاروبار کی انڈر رائٹنگ کی حکمت عملی کو اُن بنیادوں پر جاری رکھنے کا فیصلہ کیا ہے جو انھوں نے مالی سال 2015 کے دوران اپنائی تاہم انڈر رائٹنگ کے دائرہ کار کو ہماری IFS کریڈٹ ریٹنگ بڑھنے کے پیشِ نظر اسے چند مخصوص کلائنٹس تک بڑھایا جا سکتا ہے۔ مینجمنٹ نے یہ بھی منصوبہ کیا ہے کہ وہ گروپ بزنس کا زیادہ حصہ کو انشورنس اور فیکلٹیٹو کاروبار کی شکل میں قبول کرے گی جس سے یقینی طور پر کمپنی کے پریمیم پوٹ فولیو میں مناسب حد تک بہتری آئے گی۔

اعتراف (Acknowledgement)

ہم انشورنس ڈیویژن ، SECP اور پاکستان ری انشورنس کمپنی لیمیٹڈ ، سٹیٹ بنک آف پاکستان اور دوسری ری انشورز اور کو انشوررز کی پورے سال کے دوران مسلسل مدد اور رہنمائی کے شکر گزار ہیں۔ ہم اپنے معزز کلائنٹس کے ہم پر مسلسل اعتماد کے بھی شکر گزار ہیں۔

منجانب بورڈ

رضا قُلی خان خٹک

(چیئرمین)

بتاریخ : اپریل 07، 2016

مقام : لاہور

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2015

The statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Regulation No. 5.19.23 of the Pakistan stock exchanges Ltd., (Formerly Karachi Stock Exchange Ltd.,) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors to its Board of directors. At present the Board includes:

Category	Names
Independent Director	Mr. Muhammad Imran Malik
Executive Directors	Mr. Gohar Ayub Khan Mr. Amir Raza
Non-Executive Directors	Mr. Raza Kuli Khan Khattak Lt. Gen (R) Ali Kuli Khan Khattak Mrs. Shahnaz Sajjad Ahmed Dr. Shaheen Kuli Khan Khattak Mr. Mushtaq Ahmad Khan F.C.A Chaudhry Sher Mohammad Mr. Pervez Iftikhar Ahmed Khan

   The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayer and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by the stock exchange.

4. One casual vacancy occurring on the board on December 18, 2015 was filled up by the directors within 90 days.

5. The Company has prepared a “Code of conduct”, and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/ shareholders.

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

9. The board arranged two training programs for its directors during the year.

10. No new appointment of CFO, Company Secretary and Head of internal audit was made during the year.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

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

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of four members, three of whom are non-executive directors including chairman of the Committee and one independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The term of references of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of five members, of whom three are non-executive directors and one independent director and the chairman of the Committee is a non-executive director.

18. The board has set up an effective internal audit department and is headed by an experienced person, who is fully conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institution of Chartered Accountants of Pakistan(ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

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

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the
Board of Directors

Date: April 07, 2016
Place: Lahore

RAZA KULI KHAN KHATTAK
CHAIRMAN

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED 31 DECEMBER 2015

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of the respective stock exchange where the Company is listed.

For & on behalf of the Board of Directors

Raza Kuli Khan Khattak
CHAIRMAN

Gohar Ayub Khan
CHIEF EXECUTIVE

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of The Universal Insurance Company Limited (the Company) for the year ended December 31, 2015 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange Limited, where the Company is listed.

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

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

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

Following instance of non-compliance with the requirements of the Code has been observed, which is not stated in the Statement:

> Minutes of meetings of Underwriting Committee, Claim Settlement Committee, Reinsurance & Coinsurance Committee, Investment Committee and Human Resource & Remuneration Committee held during the year were not readily available.

Based on our review, except for the above instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2015.

Shinewing Hameed Chaudhri & Co

DATE: April 07, 2016

LAHORE;

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Nafees ud din

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

(i) balance sheet;

(ii) profit and loss account;

iii) statement of comprehensive income;

(iv) statement of changes in equity;

(v) cash flow statement;

(vi) statement of premiums;

(vii) statement of claims;

(viii) statement of expenses; and

(ix) statement of investment income

of The Universal Insurance Company Limited (the Company) as at December 31, 2015 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

(a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

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

(c) the financial statements together with the notes there on present fairly, in all material respects, the state of the Company's affairs as at December 31, 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

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

- Without qualifying our opinion, we draw attention to note 2 in the financial statements which indicates that the Company's accumulated loss aggregated Rs.133.578 million as at December 31, 2015 and the Company is operating through one Branch and 22 employees only. The management has also decided to underwrite business from Group Companies and selected clients only. These conditions raise doubt about the Company's ability to continue as a going concern. The financial statements, however, have been prepared on going concern basis due to the reasons detailed in the aforementioned note.

- The financial statements of the Company for the year ended December 31, 2014 were audited by another Firm of Chartered Accountants, whose report dated April 06, 2015 contained an emphasis of matter paragraph due to incurrence of persistent losses and non-compliance of minimum solvency requirement as specified under section 36 of the Insurance Ordinance, 2000.

Shinewing Hameed Chaudhri & co

DATE: April 07, 2016

LAHORE;

SHINEWING HAMEED CHAUDHRI & CO.,
CHARTERED ACCOUNTANTS
Engagement Partner: Nafees ud din

BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	2015	2014
		Rupees in thousand	
Share capital and reserves			
Authorised share capital			
50,000,000 (2014: 50,000,000) ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid-up share capital	5	416,180	370,000
Accumulated loss		(133,578)	(266,854)
Reserves	6	28,309	14,489
		(105,269)	(252,365)
Total equity		310,911	117,635
Surplus on revaluation of fixed assets	7	242,501	242,578
Underwriting provisions			
Provision for outstanding claims (including IBNR)		106,234	272,601
Premium deficiency reserve	8	3,032	825
Provision for unearned premium		16,805	19,067
Commission income unearned		3,050	5,269
Total underwriting provisions		129,121	297,762
Deferred liabilities			
Staff retirement benefits - gratuity	9	6,714	4,596
Creditors and accruals			
Premiums received in advance		249	786
Amount due to other insurers / reinsurers	10	37,339	76,786
Accrued expenses	11	26,304	32,307
Accrued mark-up on borrowings		-	566
Other creditors and accruals	12	26,929	47,955
		90,821	158,400
Borrowings			
Short term running finances	13	-	22,185
Other liabilities			
Deposits against performance bonds		2,993	2,993
Unclaimed dividends		609	610
		3,602	3,603
Total liabilities		230,258	486,546
Contingencies and commitments	14		
Total equity and liabilities		783,670	846,759

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

Raza Kuli Khan Khattak	Gohar Ayub Khan	Mrs. Shahnaz Sajjad Ahmed	M. Imran Malik	Amir Raza
CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	PRINCIPAL OFFICER

BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	2015	2014
		Rupees in thousand	
Cash and bank deposits			
Cash and other equivalents	15	1	1
Current and other accounts	16	108,192	22,231
Deposits maturing within 12 months	17	-	100,000
		108,193	122,232
Investments	18	187,286	157,447
Deferred taxation	19	33,191	33,191
Current assets - others			
Premiums due but unpaid - unsecured	20	15,909	29,074
Amounts due from other insurers / reinsures - unsecured	21	159,534	157,903
Accrued investment income	22	17	24
Reinsurance recoveries against outstanding claims		64,203	127,148
Taxation - payments less provision	23	10,416	8,801
Deferred commission expense		2,341	3,457
Prepayments	24	6,571	10,238
Loans to employees - unsecured	25	143	82
Sundry receivables	26	11,530	5,577
		270,664	342,304
Fixed assets - tangible	27		
Owned			
Land and buildings		171,801	172,407
Furniture, fixtures and office equipment		4,657	5,959
Computer equipment		1,389	2,510
Motor vehicles		6,489	10,709
		184,336	191,585
Total assets		**783,670**	846,759

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

Raza Kuli Khan Khattak	Gohar Ayub Khan	Mrs. Shahnaz Sajjad Ahmed	M. Imran Malik	Amir Raza
CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	PRINCIPAL OFFICER

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Fire and property damage	Marine and transport	Motor	Others	Treaty	Aggregate 2015	Aggregate 2014
		---------- Rupees in thousand ----------						
Revenue account								
Net premium revenue		11,629	849	5,555	9,958	-	27,991	34,994
Net claims	41	1,328	3,019	39,156	11,680	969	56,152	(2,205)
Change in premium deficiency reserve	8	-	1	215	(2,423)	-	(2,207)	(205)
Expenses	28	(552)	(156)	(134)	(489)	-	(1,331)	(34,187)
Net commission		1,699	769	(690)	341	-	2,119	1,932
		1,147	613	(824)	(148)	-	788	(32,255)
Underwriting result		14,104	4,482	44,102	19,067	969	82,724	329
Investment income							4,816	4,766
Rental income							64	12
Other income	29						47,518	23,285
							135,122	28,392
General and administration expenses	30						(32,129)	(73,385)
Financial charges							(1,392)	(1,183)
Share of profit of Associates - net of taxation	18.1 & 18.3						29,138	5,153
Profit / (loss) before taxation							130,739	(41,023)
Taxation	31						(1,022)	(4,816)
Profit / (loss) after taxation							129,717	(45,839)
Profit and loss appropriation account								
Balance of accumulated loss at commencement of the year							(266,854)	(236,603)
Profit / (loss) after taxation for the year							129,717	(45,839)
Other comprehensive (loss) / income for the year							(157)	138
Items directly recognised in statement of changes in equity							3,716	15,450
Balance of accumulated loss at the end of the year							(133,578)	(266,854)
							------- Rupees -------	
Earnings / (loss) per share	32						3.50	(1.34)

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

Raza Kuli Khan Khattak	Gohar Ayub Khan	Mrs. Shahnaz Sajjad Ahmed	M. Imran Malik	Amir Raza
CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	PRINCIPAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	Rupees in thousand	
Profit / (loss) after taxation	**129,717**	(45,839)
Other comprehensive income / (loss) for the year		
Items that will not be reclassified to profit or loss:		
Remeasurement (loss) / gain on staff retirement benefits - gratuity	**(205)**	334
Deferred tax asset / (liability) related to remeasurement of staff retirement benefits - gratuity	**66**	(111)
Share of other comprehensive loss of Associates - net of tax	**(18)**	(85)
	(157)	138
Total comprehensive income / (loss) for the year	**129,560**	(45,701)

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

Raza Kuli Khan Khattak	Gohar Ayub Khan	Mrs. Shahnaz Sajjad Ahmed	M. Imran Malik	Amir Raza
CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	PRINCIPAL OFFICER

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital	Capital reserves		Revenue reserve	Accumu-lated loss	Total
		Share premium	Capital reserve			
	Rupees in thousand					
Balance as at December 31, 2013	300,000	4	18	14,467	(236,603)	77,886
Transfer of incremental depreciation from surplus on revaluation of buildings	-	-	-	-	1,765	1,765
Surplus on revaluation of fixed assets realised on disposal	-	-	-	-	13,256	13,256
Share of profit of Associates accounted for under equity method	-	-	-	-	429	429
Transaction with owners:						
Shares issued during the year	70,000	-	-	-	-	70,000
Loss for the year ended December 31, 2014	-	-	-	-	(45,839)	(45,839)
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	138	138
Total comprehensive loss for the year ended December 31, 2014	-	-	-	-	(45,701)	(45,701)
Balance as at December 31, 2014	370,000	4	18	14,467	(266,854)	117,635
Transfer of incremental depreciation from surplus on revaluation of buildings	-	-	-	-	1,783	1,783
Surplus on revaluation realised on disposal of buildings	-	-	-	-	1,493	1,493
Share of profit of Associates accounted for under equity method	-	-	-	-	440	440
Transaction with owners:						
Shares issued during the year	46,180	13,820	-	-	-	60,000
Profit for the year ended December 31, 2015	-	-	-	-	129,717	129,717
Other comprehensive loss for the year ended December 31, 2015	-	-	-	-	(157)	(157)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	129,560	129,560
Balance as at December 31, 2015	**416,180**	**13,824**	**18**	**14,467**	**(133,578)**	**310,911**

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

Raza Kuli Khan Khattak	Gohar Ayub Khan	Mrs. Shahnaz Sajjad Ahmed	M. Imran Malik	Amir Raza
CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	PRINCIPAL OFFICER

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	Rupees in thousand	
Cash flows from operating activities		
(a) Underwriting activities		
Premiums received	**73,044**	81,907
Reinsurance premiums paid	**(14,895)**	(38,439)
Claims paid	**(102,858)**	(55,810)
Reinsurance and other recoveries received	**55,588**	28,207
Commissions paid	**(7,159)**	(23,515)
Commissions received	**6,724**	17,302
Net cash inflow from underwriting activities	**10,444**	9,652
(b) Other operating activities		
Income tax paid	**(2,200)**	(2,407)
Management expenses paid	**(5,714)**	(28,143)
Other operating payments	**(38,005)**	(49,886)
Other operating receipts	**21,516**	1,958
Loans to employees repaid - net	**(61)**	182
Other payments - net	**(63,541)**	(16,632)
Net cash outflow from other operating activities	**(88,005)**	(94,928)
Net cash outflow from operating activities	**(77,561)**	(85,276)
Cash flows from investing activities		
Profit / return received	**11,598**	18,124
Dividends received	**5,360**	62
Rental income received	**1,411**	1,121
Payments for purchase of investments	**(5,887)**	(14,776)
Proceeds from disposal of investments	**-**	1,762
Fixed capital expenditure	**-**	(329)
Proceeds from disposal of fixed assets	**15,183**	19,978
Net cash inflow from investing activities	**27,665**	25,942
Cash flows from financing activities		
Issue of share capital	**60,000**	-
Borrowings - short term running finances	**(22,185)**	22,185
Financial charges paid	**(1,958)**	(617)
Net cash inflow from financing activities	**35,857**	21,568
Net cash outflow from all activities	**(14,039)**	(37,766)
Cash and cash equivalents - at beginning of the year	**122,232**	159,998
Cash and cash equivalents - at end of the year	**108,193**	122,232

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	Rupees in thousand	
Reconciliation to profit and loss account		
Operating cash flows	**(77,561)**	(85,276)
Depreciation	**(5,339)**	(7,066)
Provisions for doubtful receivables	**12,961**	(20,880)
Gratuity	**(2,778)**	(3,269)
Financial charges	**(1,392)**	(1,183)
Gain on disposal of fixed assets	**10,009**	3,624
Decrease in assets other than cash	**(84,009)**	(33,828)
Decrease in liabilities	**239,049**	81,430
	90,940	(66,448)
Other adjustments		
Investment income	**4,816**	4,766
Share of profit from Associates - net of tax	**29,138**	5,153
Change in premium deficiency reserve	**(2,207)**	(205)
Rental income	**64**	12
Profit on term deposit receipts and bank accounts	**6,966**	10,883
	38,777	20,609
Profit / (loss) after taxation	**129,717**	(45,839)

Definition of cash

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

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

Cash and other equivalents		
Stamps in hand	**1**	1
Cash and other accounts		
Current accounts	**46,673**	21,150
Saving accounts	**61,519**	1,081
	108,192	22,231
Deposit maturing within 12 months		
Term deposit receipts	**-**	100,000
Total cash	**108,193**	122,232

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

Raza Kuli Khan Khattak	Gohar Ayub Khan	Mrs. Shahnaz Sajjad Ahmed	M. Imran Malik	Amir Raza
CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	PRINCIPAL OFFICER

STATEMENT OF PREMIUMS
FOR THE YEAR ENDED 31 DECEMBER 2015

Business underwritten inside Pakistan

Class	Premiums				Reinsurance				Net premium revenue	
	Written	Unearned premium reserve		Earned	Reinsur-ance ceded	Prepaid reinsurance premium ceded		Reinsur-ance expense	2015	2014
		Opening	Closing			Opening	Closing			
	---------- Rupees in thousand ----------									
Direct and facultative										
Fire and property damage	18,547	12,176	9,192	21,531	6,946	7,184	4,228	9,902	**11,629**	12,760
Marine and transport	5,253	166	4	5,415	4,441	128	3	4,566	**849**	4,197
Motor	4,538	4,917	1,885	7,570	1,000	1,524	509	2,015	**5,555**	16,799
Others	16,463	1,808	5,724	12,547	2,508	1,283	1,202	2,589	**9,958**	1,238
Total	44,801	19,067	16,805	47,063	14,895	10,119	5,942	19,072	**27,991**	34,994
Treaty - proportional	-	-	-	-	-	-	-	-	**-**	-
Grand total	44,801	19,067	16,805	47,063	14,895	10,119	5,942	19,072	**27,991**	34,994

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

Raza Kuli Khan Khattak	Gohar Ayub Khan	Mrs. Shahnaz Sajjad Ahmed	M. Imran Malik	Amir Raza
CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	PRINCIPAL OFFICER

STATEMENT OF CLAIMS
FOR THE YEAR ENDED 31 DECEMBER 2015

Business underwritten inside Pakistan

Class	Claims				Reinsurance				Net claims expense	
	Paid	Outstanding		Claims expense	Re-insurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	2015	2014
		Opening	Closing			Opening	Closing			
	---------- Rupees in thousand ----------									
Direct and facultative										
Fire and property damage	31,694	73,055	35,562	(5,799)	14,026	48,036	29,539	(4,471)	**(1,328)**	(5,371)
Marine and transport	38,980	76,112	32,775	(4,357)	33,212	61,958	27,408	(1,338)	**(3,019)**	(1,077)
Motor	24,221	89,048	25,337	(39,490)	4,325	6,919	2,260	(334)	**(39,156)**	6,659
Others	7,963	33,417	12,560	(12,894)	4,025	10,235	4,996	(1,214)	**(11,680)**	1,994
Total	102,858	271,632	106,234	(62,540)	55,588	127,148	64,203	(7,357)	**(55,183)**	2,205
Treaty - proportional	-	969	-	(969)	-	-	-	-	**(969)**	-
Grand total	102,858	272,601	106,234	(63,509)	55,588	127,148	64,203	(7,357)	**(56,152)**	2,205

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

Raza Kuli Khan Khattak	Gohar Ayub Khan	Mrs. Shahnaz Sajjad Ahmed	M. Imran Malik	Amir Raza
CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	PRINCIPAL OFFICER

STATEMENT OF EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2015

Business underwritten inside Pakistan

Class	Commission				Other management expenses	Underwriting expense	Commission from reinsurers	Net underwriting expense	
	Paid or payable	Deferred		Net expense					
		Opening	Closing					**2015**	2014
	---------- Rupees in thousand ----------								
Direct and facultative									
Fire and property damage	3,751	2,788	1,962	4,577	552	5,129	6,276	**(1,147)**	13,178
Marine and transport	1,069	26	-	1,095	156	1,251	1,864	**(613)**	6,018
Motor	435	431	173	693	134	827	3	**824**	10,380
Others	453	212	206	459	489	948	800	**148**	2,679
Total	5,708	3,457	2,341	6,824	1,331	8,155	8,943	**(788)**	32,255
Treaty - proportional	-	-	-	-	-	-	-	**-**	-
Grand total	5,708	3,457	2,341	6,824	1,331	8,155	8,943	**(788)**	32,255

Note: Commission from reinsurers is arrived at after taking impact of opening and closing unearned commission.

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

Raza Kuli Khan Khattak	Gohar Ayub Khan	Mrs. Shahnaz Sajjad Ahmed	M. Imran Malik	Amir Raza
CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	PRINCIPAL OFFICER

STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	Rupees in thousand	
Income from trading investments		
Dividend income	-	61
Income from non-trading investments		
Held-to-maturity		
Return on fixed income securities and deposits	**4,841**	4,690
Available-for-sale		
Dividend income	**4**	1
Gain on sale of investments at fair value through profit or loss	-	20
Loss on remeasurement of investments at fair value through profit or loss	**(29)**	(6)
Net investment income	**4,816**	4,766

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

Raza Kuli Khan Khattak	Gohar Ayub Khan	Mrs. Shahnaz Sajjad Ahmed	M. Imran Malik	Amir Raza
CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	PRINCIPAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. Status and nature of business

The Universal Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on May 09, 1958 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is listed on Pakistan Stock Exchange Limited (formerly Karachi and Lahore Stock Exchanges) and is engaged in non-life insurance business. The registered office of the Company is situated at Universal Insurance House, 63-Shahrah-e-Quaid-e-Azam, Lahore. Presently, the Company is operating through one (2014: one) branch in Pakistan.

2. Going concern assumption

The Company, during the preceding financial year ended December 31, 2014, had incurred loss after taxation amounting Rs.45.839 million and its accumulated loss aggregated Rs.133.578 million as at December 31, 2015. The management, therefore, has decided to restrict the business from all loss making Branches and to underwrite business only from the Group Companies and selected Clients. Presently, the Company is operating through one Branch only and has only 22 employees on its Payroll as at December 31, 2015. However, these financial statements have been prepared on going concern basis as the management has injected further share capital to meet the minimum solvency requirements as specified under section 36 of the Insurance Ordinance, 2000. Further, the management has plans to underwrite insurance business from the Group Companies and those Clients where loss / claim ratio is historically low. The management is confident that these decisions will bring positive results and the Company will continue as a going concern.

3. Basis of preparation

These financial statements have been prepared in accordance with the format prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

3.1 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 as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

SECP has allowed insurance companies to defer the application of IAS 39, 'Financial instruments: Recognition and Measurement' in respect of 'available-for-sale investments' until suitable amendments are made in the law. Accordingly, the requirements of IAS 39, to the extent allowed by SECP, have not been considered in the preparation of these financial statements.

3.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for investments at fair value through profit or loss, which are stated at fair value, available-for-sale investments, which are stated at lower of cost and market value, held to maturity investments, which are stated at amortised cost, land & buildings, which are stated at revalued amounts and the obligation under the employee benefit, which is measured at present value.

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

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

- Provision for outstanding claims (including IBNR)
- Provision for doubtful receivables
- Useful lives, pattern of economic benefits of fixed assets
- Provision for unearned premiums
- Premium deficiency reserve
- Impairment of assets
- Provision for taxation
- Employee benefit
- Classification of investments

3.5 Standards and amendments to published approved International Financial Reporting Standards not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2016:

(a) Amendments to IAS 38 'Intangible assets' and IAS 16 'Property, Plant and Equipment' introduce severe restrictions on the use of revenue-based amortisation for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Company's financial statements.

(b) Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures) clarifies (i) which subsidiaries of an investment entity are consolidated; (ii) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (iii) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on the Company's financial statements

(c) Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 'Joint Arrangements' clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on the Company's financial statements.

(d) Amendment to IAS 27 'Separate Financial Statements' allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on the Company's financial statements.

(e) Annual Improvements 2012 - 2014 cycles contain amendments to the following standards:

(i) IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

(ii) IFRS 7 'Financial Instruments - Disclosures' is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial information for all interim periods.

(iii) IAS 19 'Employee Benefits' is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

The above improvements are not likely to have material impact on financial statements of the Company.

There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2016 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

4. Summary of significant accounting policies

The accounting policies set-out below have been applied consistently to all periods presented in these financial statements, except for the change explained below:

4.1 Change in accounting policy

The Company, during the year, has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after January 01, 2015. IFRS 13 establishes a single frame work for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS7 'Financial Instruments Disclosures'. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively. The application of IFRS 13 does not have any significant impact on the financial statements of the Company.

4.2 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders.

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

Insurance contracts issued by the Company are generally classified in four basic categories i.e. Fire and Property, Marine and Transport, Motor and Miscellaneous and are issued to multiple types of clients with business in engineering, automobiles, cement, power, textile, paper, agriculture, services and trading sectors, etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and vary accordingly.

- Fire & Property insurance contracts generally cover the assets of the policy holders against damages by fire, earthquake, riots & strike, explosion, atmospheric disturbance, flood, electric fluctuations impact, burglary and loss of profit followed by incident of fire.
- Marine & Transport insurance contracts generally provide cover for loss or damage to cargo while in transit to and from foreign land and inland transit due to various insured perils including loss of or damage to carrying vessel.
- Motor insurance contracts provide indemnity for accidental damage to or loss of insured vehicles including loss of or damage to third party and other comprehensive car
- Other insurance contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workmen compensation, contractor's all risk, erection all risk, machinery breakdown, boiler damage, crop and health.

In addition to direct insurance, the Company also participates in risks under co-insurance contracts from other companies and also accepts risks through re-insurance inward by way of facultative acceptance on case to case basis provided such risks are within the underwriting policies of the Company. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

The Company neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

4.3 Premium

Premium written under a policy is recognised as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Company.

4.4 Reinsurance Ceded

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

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

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

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

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

4.5 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claim handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

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

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates.

Provision for IBNR except for claims pertaining to Accident and Health insurance is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and claims actually reported subsequent to the reporting period. Provision for IBNR claims pertaining to Accident and Health insurance, that is included in other category, is determined on the Actuary's advice.

4.6 Premium deficiency reserve

Premium deficiency reserve is maintained where the unearned premium for any class of business is not sufficient to cover the net liability expected to be incurred after the balance sheet date in respect of the policies in that class of business, to comply with the requirements of section 34 (2)(d) of the Insurance Ordinance, 2000. Any movement in the reserve is charged to profit and loss account. For this purpose, loss ratios for each class except for Accident and Health insurance business are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. Provision for premium deficiency pertaining to Accident and Health insurance business included in other category is determined on the Actuary's advice.

4.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash-in-hand, cash at banks on current and saving accounts and bank deposits.

4.8 Loans to employees and agents

These are recognised at cost, which is the fair value of consideration given.

4.9 Investments

Classification of an investment is made on the basis of intended purpose for holding such investment. Management determines the appropriate classification of its investments at the time of purchase and re-evaluates such designation on regular basis.

Investments are initially measured at fair value plus transaction costs directly attributable to acquisition except for 'investment at fair value through profit or loss', which is measured initially at fair value.

All 'regular way' purchases and sales of investments are recognised on the trade date, which is the date that the Company commits to purchase or sell the investment.

The Company assesses at the end of each reporting period whether there is any objective evidence that investments are impaired. If any such indication exists, the Company applies the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' to all investments except for investments in Associates accounted for under equity method, which are tested for impairment in accordance with the requirements of IAS 36 'Impairment of Assets'.

(a) Investments in Associates

Associates are the entities over which the Company has significant influence but not control. Investments in Associates are accounted for using the equity method of accounting and are initially recognised at cost. The Company's share of its Associates' post acquisition profits or losses, movement in other comprehensive income and its share of post-acquisition movement in reserves is recognised in profit and loss account, statement of comprehensive income and reserves respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of investments. Distributions received from an Associate reduce the carrying amount of investment.

(b) Held-to-maturity

Investments with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity are subsequently measured at amortised cost using the effective yield method. Any premium paid or discount availed on the acquisition of held to maturity investment is deferred and included in income for the period on a straight line basis over the term of investment. For investments carried at amortised cost, gains and losses are recognised in profit and loss account when the investments are de-recognised or impaired.

(c) Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Subsequent to initial recognition at cost, these are stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with requirements of the SEC (Insurance) Rules, 2002. The Company uses stock exchange quotations at the balance sheet date to determine the market value of its quoted investments whereas fair value of investments in delisted / unlisted companies is determined by reference to the net assets and financial position of the investee on the basis of latest available audited financial statements.

(d) Investments at fair value through profit or loss

Investments classified as held-for-trading and those designated as such are included in this category. Investments are classified as held-for-trading if these are acquired for the purpose of selling in the short term. Gains or losses on investments held-for-trading are recognised in profit and loss account.

4.10 Premiums due but unpaid

These are recognised when due, at fair value of the consideration receivable less provision for doubtful receivables, if any. Provision for impairment on premium receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to original terms of receivable. Receivables are also analysed as per their ageing and accordingly provision is maintained on a systematic basis.

4.11 Amounts due to / from other insurers / reinsurers

Amounts due to / from other insurers / reinsurers are carried at cost, which is the fair value of the consideration to be paid / received in the future for services. However, an assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such indication exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying amount.

4.12 Claim recoveries

Claim recoveries receivable from reinsurers are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised as a liability and are measured at the amount expected to be received.

4.13 Taxation

(a) Current

Provision for current year's taxation is determined in accordance with the prevailing law of taxation on income enacted or substantively enacted by the end of the reporting period and is based on current rates of taxation being applied on the taxable income for the year, after taking into account tax credits and rebates available, if any, and taxes paid under the Final Tax Regime. The tax charge also includes adjustments, where necessary, relating to prior years which arise from assessments finalised during the year.

(b) Deferred

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

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

4.14 Deferred commission expense

Commission costs incurred in obtaining and recording policies of insurance and reinsurance are being deferred and recognised as an asset in correlation with unearned premium that will be recognised in the subsequent reporting periods.

4.15 Prepaid reinsurance expense

Premium for reinsurance contracts operative on a proportional and non-proportional basis is recorded as a liability on attachment of the underlying risks reinsured or on inception of the reinsurance contract respectively. For proportional reinsurance contracts, the reinsurance expense is recognised in accordance with the pattern of recognition of premium income to which they relate. For non-proportional reinsurance contracts, the reinsurance expense is recognised evenly in the period of indemnity. The portion of reinsurance premium not recognised as an expense is shown as a prepayment.

4.16 Fixed assets

Fixed assets, except freehold land, buildings on freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount whereas buildings on freehold land are stated at revalued amounts less accumulated depreciation and accumulated impairment losses, if any. Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

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

(a) Depreciation

Depreciation on fixed assets is charged to profit and loss account applying the reducing balance method so as to write-off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in note 27. The Company charges the depreciation on additions from the date when the asset is available for use and on deletions upto the date when the asset is de-recognised. The residual values and useful lives are reviewed by management at each financial year-end and adjusted if impact on depreciated is significant.

(b) De-recognition

An item of fixed assets is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit and loss account in the year the asset is de-recognised.

4.17 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage. Provision for unearned premium is being calculated as a proportion of the gross premium of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day as specified in Accounting Regulation 8(4)(a) of the SEC (Insurance) Rules, 2002 for non-life insurance.

4.18 Commission income unearned

Commission income receivable from reinsurers is taken to profit and loss account in accordance with the pattern of recognition of the reinsurance premium to which these relate.

4.19 Employee benefits

(a) Gratuity

The Company operates an unfunded gratuity scheme for all permanent employees who are entitled to gratuity equivalent to last drawn gross salary multiplied by the number of years of service upto the date of leaving the Company. The latest actuarial valuation was carried-out as at December 31, 2015, using the 'Projected Unit Credit Method' to determine the liability on the reporting date. The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the period in which these occur. Amounts recognised in profit and loss account are limited to current and past service costs, gains or losses on settlements and net interest income / expense.

(b) Compensated absences

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

4.20 Creditors, accruals and provisions

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

4.21 Borrowings

Borrowings are recognised initially at fair value.

4.22 Provisions

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

4.23 Revenue recognition

(a) Premium income earned

Premium written under a policy is recognised as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry as follows:

- for direct business	evenly over period of the policy.
- for proportional re-insurance business	evenly over the period of underlying insurance policies.

Where the pattern of incidence of risk varies over the period of policy, the premium is recognised as revenue in accordance with the pattern of incidence of risk.

(b) Administrative surcharge

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

(c) Commission income

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to the account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit / commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognised on accrual basis.

(d) Dividend income and bonus shares

Dividend income is recognised when the right of receipt is established. Bonus shares are accounted for by increase in number of shares without any change in the value of investments.

(e) Investment income

Income from held-to-maturity investments

Income from held-to-maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments.

Income from available-for-sale investments

- Return on fixed income investments

Return on fixed income securities is recognised on a time proportion basis.

- Gain / loss on sale of available-for-sale investments

Gain / loss on sale of available-for-sale investments is included in income currently.

- Income from investments at fair value through profit or loss

Gain / loss on sale of investments at fair value through profit or loss is included in income currently.

(f) Rental and other income

Rental and other income is recognised on accrual basis.

4.24 Expenses

Management expenses, which are directly attributable to the underwriting business, are allocated in accordance with the volume of each class of business. Portion of management expenses, which are not allocable to the underwriting business, are charged as general and administration expenses. These expenses are charged to profit and loss account at the time the policies are accepted.

4.25 Impairment

(a) Financial assets

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

An impairment loss, in respect of a financial asset measured at amortised cost, is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available-for-sale financial asset is calculated with reference to its current fair value.

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

(b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. A previously recognised 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 recognised. If that 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, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit and loss account.

4.26 Financial instruments

Financial instruments carried on the balance sheet include current & other accounts, deposits maturing within 12 months, investments, premiums due but unpaid, amounts due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, loans to employees, sundry receivables, provision for outstanding claims, amounts due to other insurers / reinsurers, accrued expenses, accrued mark-up on borrowings, other creditors & accruals, short term finances, deposits against performance bonds and unclaimed dividends. Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition except for 'financial instruments at fair value through profit or loss',which are measured initially at fair value.

Financial assets are de-recognised when the Company looses control of the contractual rights that comprise the financial asset. The Company looses such control if it realises the rights to benefits specified in the contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit or loss currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

4.27 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4.28 Earnings / (loss) per share

The Company presents basic earnings / (loss) per share for its shareholders. Basic earnings / (loss) per share is calculated by dividing the profit / (loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.29 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalised upto the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognised in profit and loss account.

4.30 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

4.31 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised as liability in the Company's financial statements in the year in which these are approved.

4.32 Foreign currencies

All monetary assets and liabilities denominated in foreign currencies are translated in Pak Rupees at the rates of exchange prevailing at the balance sheet date whereas transactions in foreign currencies during the year are initially recorded in functional currency at the rates of exchange prevailing at the transaction date. All non-monetary items are translated in Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Exchange gains and losses are included in income currently.

4.33 Segment reporting

The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as the primary reporting format based on the Company's practice of reporting to the management on the same basis.

As the operations of the Company are predominantly carried-out in Pakistan, information relating to geographical segment is not considered relevant.

Assets, liabilities and capital expenditure, that are directly attributable to segments, have been assigned to them whereas the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. The assets and liabilities, which cannot be allocated to a particular segment on a reasonable basis, are reported as unallocated corporate assets and liabilities.

5. Issued, subscribed and paid-up share capital

2015	2014		**2015**	2014
Number of shares			**Rupees in thousand**	
26,337,977	21,720,000	Ordinary shares of Rs.10 each fully paid in cash	**263,380**	217,200
15,280,000	15,280,000	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**152,800**	152,800
41,617,977	37,000,000		**416,180**	370,000

5.1 Movement during the year

37,000,000	30,000,000	As at January 01,	**370,000**	300,000
4,617,977	7,000,000	Issue of fully paid ordinary shares of Rs.10 each	**46,180**	70,000
41,617,977	37,000,000		**416,180**	370,000

5.2 Bibojee Services (Pvt.) Limited (the Holding Company) holds 35,776,303 (2014: 31,158,326) ordinary shares of the Company at the year-end.

6. Reserves

Composition of reserves is as follows:

	2015	2014
	Rupees in thousand	
Capital reserves:		
Share premium reserve		
- balance as at January 01,	**4**	4
- premium received during the year (note 6.1)	**13,820**	-
	13,824	4
Capital reserve	**18**	18
	13,842	22
Revenue reserve	**14,467**	14,467
	28,309	14,489

6.1 The Company, during the year, has issued 4,617,977 further shares by way of otherwise than right under section 86(1) of the Companies Ordinance, 1984 to its Holding Company at a price of Rs.12.99 per share.

7. Surplus on revaluation of fixed assets - net

This represents surplus over book value resulted from revaluations of freehold land and buildings on freehold land carried-out during prior years adjusted only by surplus realised on disposal of revalued assets, incremental depreciation arising out of revaluation and deferred taxation. The year-end balance has been arrived at as follows:

Balance as at January 01,	**161,401**	162,908
Add: surplus arisen during the year on:		
- freehold land	**-**	9,360
- buildings on freehold land (note 27.1)	**3,264**	4,154
	3,264	13,514
Less: transferred to accumulated loss :		
- upon sale of revalued assets	**(1,493)**	(13,256)
- on account of incremental depreciation for the year	**(1,783)**	(1,765)
	(3,276)	(15,021)
	161,389	161,401
Less: deferred tax on:		
- opening balance of surplus	**12,097**	16,159
- surplus on revaluation carried-out during the year	**1,077**	1,371
- sale of revalued assets	**(493)**	(4,374)
- incremental depreciation for the year	**(588)**	(582)
	12,093	12,574
Add: resultant adjustment due to reduction in tax rate	**366**	477
	149,662	149,304
Share of surplus on revaluation of fixed assets of Associates accounted for under equity method - net of deferred taxation	**92,839**	93,274
Balance as at December 31,	**242,501**	242,578

		2015	2014
8.	**Premium deficiency reserve**	**Rupees in thousand**	
	Balance as at January 01,	**825**	620
	Change in premium deficiency reserve	**2,207**	205
	Balance as at December 31,	**3,032**	825
9.	**Staff retirement benefits - gratuity**		
	The amount recognised in the balance sheet is as follows:		
	Liability for gratuity	**6,714**	4,596
9.1	**Net movement in liability**		
	Liability as at January 01,	**4,596**	6,052
	Expenses recognised in profit and loss account (note 9.3)	**2,778**	3,269
	Benefits paid during the year	**(259)**	(1,782)
	Payable to outgoing employees (note 12)	**(606)**	(2,609)
	Remeasurement recognised in other comprehensive income (note 9.4)	**205**	(334)
	Liability as at December 31,	**6,714**	4,596
9.2	**Reconciliation of changes in present value of defined benefit obligation**		
	Present value of defined benefit obligation as at January 01,	**4,596**	6,052
	Current service cost	**1,342**	2,369
	Past service cost	**895**	-
	Interest cost	**541**	900
	Benefits paid during the year	**(259)**	(1,782)
	Payable to outgoing employees (note 12)	**(606)**	(2,609)
	Remeasurement recognised in other comprehensive income (note 9.4)	**205**	(334)
	Present value of defined benefit obligation as at December 31,	**6,714**	4,596
9.3	**Expenses recognised in profit and loss account**		
	Current service cost	**1,342**	2,369
	Past service cost	**895**	-
	Interest cost	**541**	900
		2,778	3,269
9.4	**Remeasurement recognised in other comprehensive income**		
	Gain due to change in financial assumptions	**(54)**	(54)
	Gain due to change in demographic assumptions	**-**	(55)
	Loss / (gain) due to change in experience adjustments	**259**	(225)
		205	(334)

9.5 Mortality was assumed to be based on SLIC 2001-05 ultimate mortality rates, with moderate rate of employee turnover.

9.6	**Principal actuarial assumptions used**	**2015**	2014
	Discount rate - per annum	**9.00%**	10.50%
	Expected rate of increase in salary - per annum	**8.00%**	9.50%

9.7 Historical information

	2015	**2014**	**2013**	**2012**	**2011**
	---------- Rupees in thousand ----------				
Liability for defined benefit obligation	**6,714**	4,596	6,052	5,516	3,359
Remeasurement (gain) / loss on obligation	**205**	(334)	52	561	-

9.8 Future undiscounted payments

	2015	2014
	Rupees in thousand	
Upto 1 year	**254**	202
1-2 years	**305**	859
3-4 years	**1,340**	822
5-10 years	**10,431**	10,119

9.9 The expected charge to profit and loss account for the year ending December 31, 2016 will be Rs.2.157 million.

9.10 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption at the reporting date:

	Defined benefit obligation		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
	Percentage	**----- Rs. in thousand ---**	
Discount rate as at December 31,	1	6,207	7,293
Expected rate of increase in salary	1	7,326	6,169

9.11 The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change in comparison to the previous period.

9.12 The weighted average duration of the defined benefit obligation is 8.06 years.

10. Amounts due to other insurers / reinsurers

Amounts due to coinsurers	**11,130**	18,148
Amounts due to reinsurers	**26,209**	58,638
	37,339	76,786

10.1 The balances as at December 31, 2015 relating to amounts due to / from other insurers and re-insurers (note 21) and premiums due but unpaid (note 20), except for Associates' balances, are although unconfirmed but are considered to be accurately stated by the management.

11.	**Accrued expenses**	**2015**	2014
		Rupees in thousand	
	Salaries payable	**5,093**	10,621
	Audit fee payable	**350**	500
	Expenses payable	**2,941**	1,815
	Commission payable	**17,920**	19,371
		26,304	32,307

12.	**Other creditors and accruals**		
	Federal excise duty	**3,022**	24,794
	Federal insurance fee	**313**	1,158
	Sundry creditors	**11,404**	7,172
	Leave encashment payable	**2,559**	6,242
	Gratuity payable to outgoing employees (note 9.2)	**606**	2,609
	Income tax deducted at source	**724**	987
	Security deposit against rent	**146**	-
	Others	**8,155**	4,993
		26,929	47,955

13. Short term running finances - secured

Running finance facility available from Habib Bank Ltd. amounted Rs. 25 million and was secured against lien on term deposit receipts of Rs. 30 million. The outstanding balance of this finance facility was fully adjusted during May, 2015 and it carried mark-up at the rate of 10.65% per annum during the year.

14. Contingencies and commitments

14.1 The tax department, during June, 2015, has passed an order under section 161(1)(a)(b) of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2009 creating a demand of Rs. 8.586 million with default surcharge amounting Rs. 8.447 million under section 205 of the Ordinance. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) against the said order; the appeal is pending adjudication. The Company, however, has paid Rs.5.500 million under protest and grouped this amount under sundry receivables (note 26).

14.2 Premier Alliance Industries Ltd. has filed a petition against the Company before the Lahore High Court, Lahore (the LHC) for alleged claim of Rs. 7.300 million. The petition is pending before the LHC. The Company is confident that the outcome of the petition will be in its favour; hence, no provision for the alleged claim has been recognised in these financial statements.

14.3 The Company had issued a performance bond on behalf of a Contractor in favour of National Highway Authority (NHA). Owing to subsequent developments, NHA had instituted a civil suit for recovery of Rs. 2.621 million against the Contractor and the Company. This suit was dismissed; subsequently, on an appeal filed before the District Court, the said appeal was also dismissed. Thereafter, NHA has filed a Civil Revision Application before the Honourable High Court of Sindh at Karachi. No provision against the alleged claim of NHA has been made in these financial statements as the management is confident of a favourable outcome of the litigation.

14.4 The Company, during the year ended December 31, 2012, had made payment of Rs.12.600 million to Bibojee Services (Pvt.) Ltd. (the Holding Company); this amount was actually payable to Mr. Sardar Khan, Ex-Managing Director of the Company on account of gratuity. The Holding Company was of the view that the Ex-Managing Director was required to adjust certain claims against him; therefore, payment received on account of gratuity payable will be settled with mutual consent otherwise the amount will be refunded to the Company. However, during the year ended December 31, 2013, Mr. Sardar Khan had filed a suit against the Company in the Court of Senior Civil Judge, Lahore for recovery of Rs.20.090 million on account of gratuity along with profit, mark-up, costs, etc. The Company has moved an application for dismissal of the suit being not competent under the law. The judgment of the case is still pending before the Court of Senior Civil Judge. No provision against this claim has been made in these financial statements as the management is confident of a favourable outcome of the litigation.

14.5 As at December 31, 2015, commitments for revolving letters of credit, other than for capital expenditure, were outstanding for Rs. 747 thousand (2014: Rs. 747 thousand).

15. Cash and other equivalents

These represent stamps-in-hand at the year-end.

	2015	2014
16. Current and other accounts	**Rupees in thousand**	
Saving accounts (note 16.1)	**61,519**	1,081
Current accounts	**46,673**	21,150
	108,192	22,231

16.1 These include balance of Rs.747 thousand (2014: Rs.747 thousand) kept with a bank as security against letters of credit. Rates of profit on bank balances ranged from 4.08% to 7.20% (2014: 6.55% to 6.75%) per annum.

17. Deposits maturing within 12 months

Term deposit receipts (note 17.1)	**1,257**	101,257
Provision for impairment	**(1,257)**	(1,257)
Term deposit receipts - considered good	**-**	100,000

17.1 These represent term deposit receipts issued by financial institutions and carry interest at the rate of 8.95% (2014: at the rates ranging from 7.30% to 9.90%) per annum.

18. Investments

In related parties - quoted		
Bannu Woollen Mills Ltd. (note 18.1)	**1,418**	1,365
Ghandhara Industries Ltd. (note 18.3)	**138,088**	114,372
	139,506	115,737
Others		
Held to maturity - Pakistan Investment Bonds (including accrued interest) (note 18.6)	**47,317**	41,219
Available-for-sale (note 18.9)	**159**	159
Investments at fair value through profit or loss (note 18.11)	**304**	332
	47,780	41,710
	187,286	157,447

		2015	2014
18.1	**Bannu Woollen Mills Ltd.** (BWM)	**Rupees in thousand**	
	8,940 (2014: 8,940) ordinary shares of Rs. 10 each - cost	**32**	32
	Equity held: 0.09% (2014: 0.09%)		
	Share of post acquisition reserves:		
	As at January 01,	**1,333**	1,267
	Share of profit after taxation	**75**	63
	Share of other comprehensive loss	**-**	(5)
	Share of items directly recognised in equity	**5**	16
	Impact of change in accounting policy	**-**	(9)
	Share of surplus on revaluation of fixed assets	**-**	1
	Dividend received	**(27)**	-
	As at December 31,	**1,386**	1,333
		1,418	1,365

18.2 Summarised un-audited financial information of BWM including the aggregate amounts of equity, assets, liabilities, revenues and profit are as follows:

- equity as at December 31,	**1,029,244**	961,528
- surplus on revaluation of property, plant and equipment	**553,870**	559,796
- total assets as at December 31,	**1,985,918**	1,960,806
- total liabilities as at December 31,	**402,804**	439,482
- revenue for the period of twelve months ended December 31,	**851,992**	792,499
- profit before taxation for the period of twelve months ended December 31,	**115,499**	91,710
- profit after taxation for the period of twelve months ended December 31,	**82,895**	69,493
- other comprehensive income / (loss) for period of twelve months ended December 31,	**414**	(5,120)

18.3	**Ghandhara Industries Ltd.** (GIL)		
	1,184,148 (2014: 1,184,148) ordinary shares of Rs. 10 each - cost	**12,078**	12,078
	Equity held: 5.56% (2014: 5.56%)		
	Share of post acquisition reserves:		
	As at January 01,	**102,294**	97,172
	Share of profit after taxation	**29,063**	5,090
	Share of other comprehensive loss	**(18)**	(80)
	Share of surplus on revaluation of fixed assets	**-**	112
	Dividend received	**(5,329)**	-
	As at December 31,	**126,010**	102,294
		138,088	114,372

18.4 Summarised un-audited financial information of GIL including the aggregate amounts of equity, assets, liabilities, revenues and profit are as follows:

	2015	2014
	Rupees in thousand	
- equity as at December 31,	**822,659**	388,414
- surplus on revaluation of fixed assets	**1,667,402**	1,669,408
- total assets as at December 31,	**4,612,667**	4,003,296
- total liabilities as at December 31,	**2,122,606**	1,945,474
- revenue for the period of twelve months ended December 31,	**4,098,765**	2,750,113
- profit before taxation for the period of twelve months ended December 31,	**742,513**	119,269
- profit after taxation for the period of twelve months ended December 31,	**522,724**	91,577
- other comprehensive loss for period of twelve months ended December 31,	**(318)**	(1,440)

18.5 Market values of the Company's investments in BWM and GIL as at December 31, 2015 were Rs.452 thousand (2014: Rs.473 thousand) and Rs.364.753 million (2014: Rs.55.904 million) respectively.

18.6 **Held-to-maturity**

	Maturity	Coupon rate %	2015	2014
			Rupees in thousand	
Pakistan Investment Bonds (PIBs)	August 18, 2016	11.50	**15,599**	15,531
-do-	July 18, 2018	11.50	**5,213**	5,194
-do-	July 18, 2018	11.50	**15,626**	15,563
-do-	July 22, 2020	12.00	**4,992**	4,931
-do-	March 26, 2020	9.25	**5,887**	0
			47,317	41,219

18.7 Market value of these PIBs as at December 31, 2015 was Rs.43.941 million (2014: Rs.40.145 million). Profit on PIBs is received bi-annually.

18.8 Investments in PIBs have been made to meet the statutory requirements of section 29(2)(a) of the Insurance Ordinance, 2000.

18.9 **Available-for-sale**

Quoted		
Hamid Textile Mills Ltd.		
49,000 (2014: 49,000) ordinary shares of Rs. 10 each	**490**	490
Pakistan National Shipping Corporation		
888 (2014: 888) ordinary shares of Rs. 10 each	**24**	24
	514	514
Un-Quoted		
JS Growth Fund		
2,867 (2014: 2,869) units of Rs. 100 each	**135**	135
Nowshera Engineering Works Ltd.		
1,106 (2014: 1,106) ordinary shares of Rs. 10 each	**11**	11
Fawad Textile Mills Ltd.		
26,740 (2014: 26,740) ordinary shares of Rs. 10 each	**268**	268
	414	414
	928	928
Provision for impairment in value of investments	**(769)**	(769)
	159	159

18.10 As at December 31, 2015, the fair value of available-for-sale investments was Rs.534 thousand (2014: Rs.597 thousand). As per the Company's accounting policy,available-for-sale investments are stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary). However, IAS 39, 'Financial Instruments: Recognition and Measurements' dealing with the recognition and measurement of financial instruments requires that these investments be measured at fair value. Accordingly, had these investments been measured at fair value, their carrying value as at December 31 2015 would have been higher by Rs.375 thousand (2014: Rs.438 thousand).

18.11 Investments at fair value through profit or loss	**2015**	2014
	Rupees in thousand	
PICIC Growth Fund		
13,500 (2014: 13,500) units of Rs. 10 each	**509**	509
Unrealised loss on remeasurement of investments	**(205)**	(177)
	304	332

19. Deferred taxation - net

This is composed of the following:

Taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowances	**1,986**	1,448
- surplus on revaluation of buildings	**11,726**	12,097
	13,712	13,545
Deductible temporary differences arising in respect of:		
- unused tax losses	**74,967**	79,476
- provision for doubtful receivables	**29,810**	35,016
- staff retirement benefits - gratuity	**3,161**	4,438
- minimum tax recoverable against normal tax charge in future years	**471**	-
	108,409	118,930
Deferred tax asset	**94,697**	105,385
Less: deferred tax asset not recognised	**61,506**	72,194
Net deferred tax asset recognised	**33,191**	33,191

19.1 Net deferred tax asset recognised in these financial statements has been restricted to Rs.33.191 million (2014: Rs.33.191 million) as taxable profits in the foreseeable future will not probably be available against which the temporary differences can be utilised.

20. Premiums due but unpaid- unsecured

Considered good		
Due from Associates (note 20.1)	**-**	11,759
Others	**15,909**	17,315
	15,909	29,074
Considered doubtful		
Due from Associates	**-**	4,758
Others	**72,655**	82,975
	72,655	87,733
Provision for doubtful receivables (note 20.2)	**(72,655)**	(87,733)
	15,909	29,074

		2015	2014
20.1	**Due from Associates:**	**Rupees in thousand**	
	Janana De Malucho Textile Mills Ltd.	-	712
	Rahman Cotton Mills Ltd.	-	7,504
	Ghandhara Nissan Ltd.	-	6,696
	Ghandhara Industries Ltd.	-	1,592
	The General Tyre & Rubber Company of Pakistan Ltd.	-	11
	Gammon Pakistan Ltd.	-	2
		-	16,517

Maximum aggregate balance due from Associates at the end of any month during the year was Rs.21.788 million (2014: Rs.27.262 million).

20.2	**Provision for doubtful receivables**		
	Balance as at January 01,	**87,733**	70,753
	(Reversal) / provision made during the year	**(15,078)**	16,980
	Balance as at December 31,	**72,655**	87,733
20.3	Refer contents of note 10.1.		
21.	**Amounts due from other insurers / reinsurers**- unsecured		
	Amounts due from coinsurers	**121,007**	124,087
	Amounts due from reinsurers	**56,422**	49,158
		177,429	173,245
	Provision for doubtful receivables (note 21.1)	**(17,895)**	(15,342)
	Amounts due from other insurers / reinsurers - considered good	**159,534**	157,903
21.1	**Provision for doubtful receivables**		
	Balance as at January 01,	**15,342**	12,216
	Provision made during the year	**2,553**	3,126
	Balance as at December 31 ,	**17,895**	15,342
21.2	Refer contents of note 10.1.		
22.	**Accrued investment income**		
	Profit on term deposit receipts - considered good	**17**	24
	Considered doubtful	**7**	7
	Provision for doubtful accrued investment income (note 22.1)	**(7)**	(7)
		-	-
		17	24
22.1	**Provision for doubtful accrued investment income**		
	Balance as at January 01,	**7**	5
	Provision made during the year	**-**	2
	Balance as at December 31,	**7**	7

		2015	2014
		Rupees in thousand	
23.	**Taxation** - payments less provision		
	Advance income tax	**11,001**	9,536
	Provision for taxation	**(585)**	(735)
		10,416	8,801
24.	**Prepayments**		
	Prepaid reinsurance premium ceded	**5,942**	10,119
	Others (note 24.1)	**629**	119
		6,571	10,238
24.1	**Prepayments others**		
	Considered good	**629**	119
	Considered doubtful	**570**	582
	Provision for doubtful prepayments (note 24.2)	**(570)**	(582)
		-	-
		629	119
24.2	**Provision for doubtful prepayments**- others		
	Balance as at January 01,	**582**	570
	(Reversal) / provision made during the year	**(12)**	12
	Balance as at December 31,	**570**	582
25.	**Loans to employees**- unsecured		
	Executives	**78**	-
	Others (note 25.2)	**65**	82
		143	82

25.1 These represent interest free loans given to employees in accordance with the policy of the Company. These are recoverable in equal monthly instalments.

25.2	**Others**		
	Considered good	**65**	82
	Considered doubtful	**132**	132
	Provision for doubtful loans - others	**(132)**	(132)
		-	-
		65	82
26.	**Sundry receivables**		
	Advance to employees against expenses (note 26.1)	**21**	30
	Security deposits (note 26.3)	**1,625**	1,625
	Recoverable from the Holding Company	**-**	1,347
	Sales tax refundable	**122**	57
	Tax paid under protest - refundable (note 14.1)	**5,500**	-
	Others	**4,262**	2,518
		11,530	5,577

		2015	2014
26.1	**Advances to employees against expenses**	**Rupees in thousand**	
	Considered good	**21**	30
	Considered doubtful (note 26.2)	**93**	144
	Provision for doubtful advances	**(93)**	(144)
		-	-
		21	30
26.2	**Provision for advances to employees against expenses**		
	Balance as at January 01,	**144**	-
	(Reversal) / provision made during the year	**(51)**	144
	Balance as at December 31,	**93**	144
26.3	**Security deposits**		
	Considered good	**1,625**	1,625
	Considered doubtful	**535**	908
	Provision for doubtful deposits (note 26.4)	**(535)**	(908)
		-	-
		1,625	1,625
26.4	**Provision for doubtful security deposits**		
	Balance as at January 01,	**908**	424
	(Reversal) / provision made during the year	**(373)**	484
	Balance as at December 31,	**535**	908

27. FIXED ASSETS - Tangible

	Freehold land	Buildings on freehold land	Furniture, fixtures and office equipment	Computer equipment	Motor vehicles	Total
	---------- Rs. in thousand ----------					
As at January 01, 2014						
Cost / revalued amount	115,440	79,484	19,401	12,622	48,246	275,193
Accumulated depreciation	-	(18,030)	(12,559)	(9,294)	(33,421)	(73,304)
Accumulated impairment loss	-	(727)	-	-	-	(727)
Book value	115,440	60,727	6,842	3,328	14,825	201,162
Year ended December 31, 2014						
Opening book value	115,440	60,727	6,842	3,328	14,825	201,162
Additions	-	-	34	257	38	329
Disposals:						
Cost / revalued amount	-	(20,044)	(536)	(78)	(6,634)	(27,292)
Accumulated depreciation	-	5,124	366	67	5,381	10,938
	-	(14,920)	(170)	(11)	(1,253)	(16,354)
Depreciation charge	-	(2,354)	(747)	(1,064)	(2,901)	(7,066)
Surplus on revaluation	9,360	4,154	-	-	-	13,514
Closing book value	124,800	47,607	5,959	2,510	10,709	191,585
As at December 31, 2014						
Cost / revalued amount	124,800	63,594	18,899	12,801	41,650	261,744
Accumulated depreciation	-	(15,260)	(12,940)	(10,291)	(30,941)	(69,432)
Accumulated impairment loss	-	(727)	-	-	-	(727)
Book value	124,800	47,607	5,959	2,510	10,709	191,585
Year ended December 31, 2015						
Opening book value	124,800	47,607	5,959	2,510	10,709	191,585
Disposals:						
Cost	-	(1,855)	(2,737)	(3,769)	(15,349)	(23,710)
Accumulated depreciation	-	346	2,028	3,276	12,886	18,536
	-	(1,509)	(709)	(493)	(2,463)	(5,174)
Depreciation charge	-	(2,361)	(593)	(628)	(1,757)	(5,339)
Surplus on revaluation	-	3,264	-	-	-	3,264
Closing book value	124,800	47,001	4,657	1,389	6,489	184,336
As at December 31, 2015						
Cost / revalued amount	124,800	65,003	16,162	9,032	26,301	241,298
Accumulated depreciation	-	(17,275)	(11,505)	(7,643)	(19,812)	(56,235)
Accumulated impairment loss	-	(727)	-	-	-	(727)
Book value	**124,800**	**47,001**	**4,657**	**1,389**	**6,489**	**184,336**
Annual rate of depreciation (%)	-	5%	10-30%	30%	20%	

27.1 Surplus on revaluation

Latest revaluation of buildings on freehold land has been carried-out by Messrs Masud Associates (Valuation & Engineering Consultants, Shan Arcade, New Garden Town, Lahore) as on December 30, 2015 on the basis of current depreciated market value. Had there been no revaluation, carrying value of buildings on freehold land as at December 31, 2015 would have been lower by Rs.36.054 million (2014: Rs.36.660 million).

	2015	2014
27.2 Depreciation for the year has been allocated as under:	**Rupees in thousand**	
Expenses (note 28)	-	4,711
General and administrative expenses (note 30)	**5,339**	2,355
	5,339	7,066

27.3 Disposal of fixed assets

Details of fixed assets, having book value exceeding Rs.50,000, disposed-off during the year are as follows:

Description	Cost / revalued amount	Accum-ulated deprec-iation	Book value	Sale proceeds	Gain/ (loss)	Sold through negotiation to:
	----------Rs. in Thousand----------					
Buildings						
Flat at Rimpa Plaza, Karachi	1,855	346	1,509	2,000	491	Muhammad Shah Nawaz , Karachi.
Motor vehicles						
Suzuki Saloon MLD-8400	521	470	51	525	474	Muhammad Atif, Lahore.
Nissan Sunny LZO-4430	1,164	1,035	129	750	621	Mr. Masood Sadiq, Lahore.
Nissan Sunny LWR-490	1,418	1,204	214	950	736	Mr. Tahir Tariq, Lahore.
Nissan Sunny LWR-496	1,127	957	170	880	710	Mr. Abid Riaz, Faisalabad.
Nissan Sunny LWR-182	1,149	975	174	880	706	Mr. Zafar Ali Bhatti, Lahore.
Nissan Sunny LWR-184	1,128	956	172	905	733	Mr. Imtiaz Khan, Lahore.
Nissan Sunny LWE-8137	1,194	1,035	159	905	746	Mr. Naveed Ahmad, Lahore.
Nissan Sunny LWR-176	1,128	955	173	905	732	Mr. Tariq Shabbir, Lahore.
Suzuki Cultus LEE-9380	392	258	134	730	596	Muhammad Awais, Lahore.
Suzuki Alto LWQ-2143	577	494	83	630	547	Muhammad Riaz, Abbotabad.
Nissan Sunny KV-022	1,305	1,107	198	1,080	882	Mrs. Rubina Naeem, Lahore.
Nissan Sunny JC-60	1,344	1,179	165	575	410	Muhammad Aslam, Islamabad.
Daihatsu Cuore LEB-10-6065	700	424	276	440	164	Mr. Ghulam Hussain Butt, Pattoki.
Suzuki Mehran AHU-231	250	186	64	350	286	Muhammad Tariq Aziz, Okara.
Aggregate of items with individual book value not exceeding Rs 50,000:						
Motor vehicles	1,952	1,651	301	1,449	1,148	
	15,349	12,886	2,463	11,954	9,491	
Aggregate of items with individual book value not exceeding Rs 50,000:						
Furniture, fixtures and office equipment	2,737	2,028	709	452	(257)	
Computer equipment	3,769	3,276	493	777	284	
2015	**23,710**	**18,536**	**5,174**	**15,183**	**10,009**	
2014	27,292	10,938	16,354	19,978	3,624	

28.	**Expenses**	**2015**	2014
		Rupees in thousand	
	Salaries and other benefits (note 28.1)	**708**	20,108
	Rent, rates and taxes	**94**	1,938
	Electricity charges	**115**	861
	Insurance	**-**	1,193
	Communication	**55**	1,091
	Printing and stationery	**2**	219
	Travelling and entertainment	**4**	1,255
	Depreciation (note 27.2)	**-**	4,711
	Repair and maintenance	**57**	849
	Provision for leave encashment	**86**	710
	Service charges	**197**	363
	Others	**13**	889
		1,331	34,187

28.1 These include Rs.169 thousand (2014: Rs.1.223 million) in respect of staff retirement benefits - gratuity.

28.2 The above expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium revenue.

29. Other income

Income from financial assets		
Profit on term deposit receipts	**6,770**	10,265
Profit on bank accounts	**196**	618
Payable balances written-back	**9,027**	6,820
	15,993	17,703
Income from non-financial assets		
Fronting fee	**1,225**	1,683
Gain on disposal of fixed assets (note 27.3)	**10,009**	3,624
Federal excise duty - written-back (note 29.1)	**20,220**	-
Sale of scrap	**63**	189
Miscellaneous	**8**	86
	31,525	5,582
	47,518	23,285

29.1 The Company, upto the year 2009, was paying Federal Excise Duty (FED) on the basis of insurance premium received and not on receivable balances. Due to this policy, premium receivable and FED payable accounts were shown in the audited financial statements of the Company for the year ended December 31, 2009. Thereafter, changes occurred in FED law and FED was converted in sales tax mode. From the year 2010, the Company is paying sales tax on accrual basis and issuing sales tax invoice on every insurance premium received or receivable on monthly basis. Later on, necessary adjusting entries were incorporated in insurance receivable account but no adjustment was given to FED payable account. As per the Company's tax adviser, M/s A.R.& Co., Cost & Management Accountants, Shadman Market, Lahore, FED outstanding liability of the year 2009 is not payable. The Company, therefore, has written-back FED liability amounting Rs. 20.220 million during the current year. After the eighteenth constitutional amendment, collection of sales tax on insurance services has been made a provincial matter.

		2015	2014
30.	**General and administration expenses**	**Rupees in thousand**	
	Salaries and other benefits (note 30.1)	**26,548**	31,416
	Rent, rates and taxes	**588**	887
	Electricity charges	**864**	1,522
	Insurance	**350**	597
	Communication	**898**	1,285
	Printing and stationery	**450**	571
	Travelling and entertainment	**1,410**	3,460
	Depreciation (note 27.2)	**5,339**	2,355
	Repairs and maintenance	**1,642**	1,555
	Legal and professional	**3,530**	2,533
	Provision for doubtful receivables (reversed) / made (note 30.2)	**(12,961)**	20,880
	Advances to employees against expenses written-off	**-**	223
	Provision for leave encashment	**1,014**	2,249
	Advertisement	**186**	284
	Auditors' remuneration (note 30.3)	**515**	675
	Others	**1,756**	2,893
		32,129	73,385

30.1 These include Rs.2.609 million (2014: Rs.2.046 million) in respect of staff retirement benefits-gratuity.

30.2	**Provision for doubtful receivables**		
	Premiums due but unpaid (note 20.2)	**(15,078)**	16,980
	Amounts due from other insurers / reinsurers (note 21.1)	**2,553**	3,126
	Accrued investment income (note 22.1)	**-**	2
	Prepayments - others (note 24.2)	**(12)**	12
	Loans to employees - others (note 25.2)	**-**	132
	Advances to employees against expense (note 26.2)	**(51)**	144
	Security deposits (note 26.4)	**(373)**	484
		(12,961)	20,880
30.3	**Auditors' remuneration**		
	Statutory audit fee	**400**	400
	Half yearly review	**100**	100
	Certification charges	**-**	25
	Out-of-pocket expenses	**15**	150
		515	675
31.	**Taxation**		
	Current year	**(1,312)**	(735)
	Prior year adjustment	**727**	(129)
		(585)	(864)
	Deferred	**(437)**	(3,952)
		(1,022)	(4,816)

31.1 No numeric tax rate reconciliation is presented in these financial statements as the Company is mainly liable to pay tax due under sections 5 (tax on dividends) and 113 (minimum tax) of the Income Tax Ordinance, 2001. Unused tax losses as at December 31, 2015 aggregated Rs.234.271 million.

32. **Earnings / (loss) per share** - basic

	2015	2014
	Rupees in thousand	
Profit / (loss) after taxation attributable to ordinary shareholders	**129,717**	(45,839)
	No. of shares	
Weighted average number of shares outstanding during the year	**37,037,956**	34,315,068
	Rupees	
Earnings / (loss) per share - basic	**3.50**	(1.34)

32.1 Diluted earnings / (loss) per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2015 and December 31, 2014, which would have any effect on the earnings / (loss) per share of the Company if the option to convert is exercised.

33. **Remuneration of chief executive, principal officer and executives**

The aggregate amount charged in these financial statements for remuneration including all benefits to the chief executive, principal officer and executives of the Company is as follows:

	Chief executive	**Principal officer**	**Executives**
2015	---------- **Rs. in thousand** ----------		
Managerial remuneration	**863**	**3,432**	**3,213**
House rent	**325**	**1,056**	**1,232**
Utilities	**1,724**	**894**	**618**
Medical allowance	**2,803**	**143**	**-**
	5,715	**5,525**	**5,063**
Number of persons	**1**	**1**	**3**
2014	---------- Rs. in thousand ----------		
Managerial remuneration	840	3,120	5,595
House rent	360	960	2,254
Utilities	1,490	1,094	506
Medical allowance	247	76	-
	2,937	5,250	8,355
Number of persons	1	1	7

33.1 Chief executive, principal officer and executives are also provided with other facilities, including free use of the Company maintained cars.

33.2 Aggregate amount charged in these financial statements for meeting fee to all directors was Rs. 90 thousand (2014: Rs.510 thousand).

33.3 No remuneration was paid to non-executive directors of the Company except for meeting fee.

33.4 Gratuity amounting Rs.500 thousand is payable to ex-chief executive.

34. Transactions with related parties

Related parties comprise of the Holding Company, Associated Companies and key management personnel. The Company in the normal course of business carries-out transactions with various related parties. Details of year-end balances and significant transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

	2015	2014
	Rupees in thousand	
The Holding Company		
Year-end balances		
Provision for outstanding claims	**-**	53
Commission payable	**5,506**	7,680
Recoverable from the Holding Company against rent	**-**	1,347
Transactions during the year		
Premiums received	**-**	36
Claims paid	**-**	51
Rent received / adjusted	**1,347**	1,109
Receipt against sale of fixed assets	**-**	40,000
Shares deposit money received against issue of share capital	**60,000**	-
Associated Companies		
Year-end balances		
Provision for outstanding claims	**-**	15,758
Premiums due but unpaid	**-**	16,517
Provision for doubtful receivables	**-**	4,758
Transactions during the year		
Premiums underwritten	**-**	754
Premiums received / adjusted	**16,510**	3,032
Claims paid	**14,537**	481
Dividends received	**5,356**	-

35. Segment reporting

The Company has following four primary segments:

- Fire & property damage insurance provides coverage against damages caused by fire, riot & strike, explosion, earthquake, atmospheric damage, flood, electric fluctuations and other related perils.
- Marine & transport insurance provides coverage against cargo risk, war risk, damages occurring in inland transit and other related perils.
- Motor insurance provides comprehensive car coverage, indemnity against third party loss and other related coverages.
- Others insurance provides coverage against burglary, loss of cash-in-safe and cash-in-transit, engineering losses and other coverages.

	Fire & property damage		Marine & transport		Motor accident		Others & treaty		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	Rs. in thousand									
Revenue										
Gross premium earned	21,531	29,608	5,415	15,550	7,570	22,495	12,547	4,554	47,063	72,207
Segment results	14,104	4,953	4,482	(744)	44,102	61	20,036	(3,941)	82,724	329
Investment income									4,816	4,766
Rental income									64	12
Other income									47,518	23,285
General and administration expenses									(32,129)	(73,385)
Financial charges									(1,392)	(1,183)
Share of profits from Associates - net of tax									29,138	5,153
									48,015	(41,352)
Profit / (loss) before taxation									130,739	(41,023)
Taxation									(1,022)	(4,816)
Profit / (loss) after taxation									129,717	(45,839)
Other information										
Segment assets	116,442	138,446	56,880	104,728	26,409	59,173	48,199	25,355	247,930	327,702
Unallocated assets									535,740	519,057
Total assets									783,670	846,759
Segment liabilities	64,758	127,208	41,874	96,168	30,773	107,842	32,048	46,323	169,453	377,541
Unallocated liabilities									60,805	109,005
Total liabilities									230,258	486,546

36. Financial and insurance risk management objectives and policies

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk, price risk and currency risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

The individual risk wise analysis is given below:

36.1 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 causes 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 sectors 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 affect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in these financial statements. The management monitors and limits the Company's exposure and makes 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.

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

	2015	2014
	Rupees in thousand	
Current and other accounts	**108,192**	22,231
Deposits maturing within 12 months	**-**	100,000
Investments	**47,780**	41,710
Premiums due but unpaid	**15,909**	29,074
Amounts due from other insurers / reinsurers	**159,534**	157,903
Accrued investment income	**17**	24
Reinsurance recoveries against outstanding claims	**64,203**	127,148
Loans to employees	**143**	82
Sundry receivables	**5,887**	5,490
	401,665	483,662

Provision is made for doubtful receivables according to the Company's policy. The impairment provision is written-off when the Company expects that it cannot recover the balance due. During the year, provisions for doubtful receivables aggregating Rs.12.961 million-net were reversed (note 30.2); (2014: Rs.20.880 million were further impaired and provided for). The provision for doubtful receivables is shown in the respective notes to these financial statements.

The age analysis of premiums due but unpaid from other than related parties is as

	2015	2014
	Rupees in thousand	
Upto one year	**10**	2,815
Past due one year but less than three years	**15,899**	14,500
	15,909	17,315

The age analysis of premiums due but unpaid from related parties is as follows:

Upto one year	**-**	695
Past due one year but less than three years	**-**	11,064
	-	11,759

	Short term	Long term	Rating agency	**2015**	2014
				Rs. in thousand	
Bank Al Habib Ltd.	A1+	AA+	PACRA	**56,887**	3,522
National Bank of Pakistan	A1+	AAA	-do-	**872**	1,098
Habib Bank Ltd.	A1+	AAA	JCR-VIS	**50,401**	17,602
United Bank Ltd.	A-1+	AA+	-do-	**32**	9
				108,192	22,231
Term deposit receipts					
Habib Bank Ltd.	A-1+	AAA	-do-	**-**	100,000

The credit quality of amount due from other insurers / reinsurers can be assessed with reference to external credit ratings as follows:

	Amounts due from other insurers / reinsurers	**Reinsurance recoveries against outstanding claims**	**Total**	
			2015	2014
	---------- Rs. in thousand ----------			
A or above (including PRCL)	122,319	49,226	171,545	270,410
BBB	37,215	14,977	52,192	14,641
Total	159,534	64,203	223,737	285,051

36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity requirements are monitored regularly and the management ensures that sufficient liquid funds are available.

The following are the contractual maturities of financial liabilities on an undiscounted cash flow basis:

2015	Carrying amount	Contractual cash flow	Upto one year
	---------- Rs. in thousand----------		
Financial liabilities			
Provision for outstanding claims (including IBNR)	106,234	106,234	106,234
Amounts due to other insurers / reinsurers	37,339	37,339	37,339
Accrued expenses	26,304	26,304	26,304
Other creditors and accruals	19,559	19,559	19,559
Deposits against performance bonds	2,993	2,993	2,993
Unclaimed dividends	609	609	609
Total	**193,038**	**193,038**	**193,038**
2014			
Provision for outstanding claims (including IBNR)	272,601	272,601	272,601
Amounts due to other insurers / reinsurers	76,786	76,786	76,786
Accrued expenses	32,307	32,307	32,307
Accrued mark-up on borrowings	566	566	566
Other creditors and accruals	12,165	12,165	12,165
Borrowings - short term running finances	22,185	23,758	23,758
Deposits against performance bonds	2,993	2,993	2,993
Unclaimed dividends	610	610	610
Total	420,213	421,786	421,786

36.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters while optimising the return. The market risks associated with the Company's business activities are interest / mark-up rate risk, price risk and currency risk.

a) Interest / mark-up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatching of financial assets and liabilities that mature or repaid in a given period. The Company manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. At the reporting date, the interest / mark-up rate profile of the Company's significant interest / mark-up bearing financial instruments was as follows:

	2015	2014	**2015**	2014
	Effective interest rate		**Rs. in thousand**	
	Percentage			
Fixed rate financial instruments				
Financial assets				
Investments - PIBs	9.25 to 12.00	11.50 to12.00	**47,317**	41,219
Term deposit receipts	8.95	7.30 to 9.90	**-**	100,000
Financial liabilities				
Borrowings - short term running finances	-	10.65	**-**	22,185
Floating rate financial instruments				
Financial assets				
Bank deposits	4.08 to 7.20	6.55 to 6.75	**61,519**	1,081

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by Rs.615 thousand (2014: loss for the year would have decreased / (increased) by Rs.11 thousand). It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected above. The analysis assumes that all variables remain constant.

b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factor specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Company is not exposed to commodity price risk. The Company is exposed to equity price risk that arises as a result of changes in the levels of Pakistan Stock Exchange-Index and the value of individual shares.

The available-for-sale investments are stated at lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002. The carrying and market values of these investments have been disclosed in the note 18.10 to these financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

As the Company is only exposed to price risk for investments classified in the available-for-sale and at fair value through profit or loss categories, a 10% increase / decrease in share / unit prices at the year-end would have increased / decreased profit for the year and equity as at December 31, 2015 by Rs.30 thousand (2014: would have decreased / increased loss for the year and equity as at December 31, 2014 by Rs.33 thousand).

c) Currency risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. At the reporting date, the Company does not have assets or liabilities, which are exposed to foreign currency risk.

Financial instruments by categories

	Held to maturity		Available-for-sale		At fair value through profit or loss		Bank accounts, deposits, loans and receivables		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Financial assets as per balance sheet	---------- Rs. in thousand ----------									
Current and other accounts	**-**	-	**-**	-	**-**	-	**108,192**	22,231	**108,192**	22,231
Deposits maturing within 12 months	**-**	-	**-**	-	**-**	-	**-**	100,000	**-**	100,000
Investments	**47,317**	41,219	**159**	159	**304**	332	**-**	-	**47,780**	41,710
Premiums due but unpaid	**-**	-	**-**	-	**-**	-	**15,909**	29,074	**15,909**	29,074
Amounts due from other insurers / reinsurers	**-**	-	**-**	-	**-**	-	**159,534**	157,903	**159,534**	157,903
Accrued investment income	**-**	-	**-**	-	**-**	-	**17**	24	**17**	24
Reinsurance recoveries against outstanding claims	**-**	-	**-**	-	**-**	-	**64,203**	127,148	**64,203**	127,148
Loans to employees	**-**	-	**-**	-	**-**	-	**143**	82	**143**	82
Sundry receivables	**-**	-	**-**	-	**-**	-	**5,887**	5,490	**5,887**	5,490
	47,317	41,219	**159**	159	**304**	332	**353,885**	441,952	**401,665**	483,662

Financial liabilities as per balance sheet	**2015**	2014
	Rupees in thousand	
Provision for outstanding claims (including IBNR)	**106,234**	272,601
Amounts due to other insurers / reinsurers	**37,339**	76,786
Accrued expenses	**26,304**	32,307
Accrued mark-up on borrowings	**0**	566
Other creditors and accruals	**19,559**	12,165
Borrowings - short term running finances	**0**	22,185
Deposits against performance bonds	**2,993**	2,993
Unclaimed dividends	**609**	610
	193,038	420,213

37. Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims and similar procedures are put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. Reinsurance policies are written with approved reinsurers on either a proportionate basis or non-proportionate basis. The reinsurers, carefully selected and approved, are dispersed over several geographical regions.

Experience shows that larger is the portfolio of similar insurance contracts, smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company principally issues the general insurance contracts e.g. marine & transport, fire & property damage, motor and others. Risks under non-life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from accidental fire, atmospheric disaster and terrorist activities. Insurance contracts at times also cover risk for single incidents that expose the Company to multiple insurance risks.

a) Concentration of insurance risk

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

Risk surveys are carried-out on a regular basis for the evaluation of physical hazards associated primarily with the commercial / industrial occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurers for their evaluation. Reference is made to the standard construction specifications laid down by IAP (Insurance Association of Pakistan). For fire & property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualise the risk exposure to the Company, which determines the appropriate amount of reinsurance coverage to protect the business portfolio.

b) Reinsurance risk

As per general practice of the insurance industry, in order to minimise financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other companies for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from sizeable risk and provide additional underwriting capacity, which also constitutes towards the growth of premium. A significant portion of the reinsurance is affected under treaty, facultative and also under excess of loss reinsurance contracts to protect the Company's exposure towards catastrophic losses.

To minimise its exposure to any possible losses from reinsurers' insolvencies, the Company evaluates the financial condition of the reinsurers, their rating and monitors concentrations of credit risk arising from the respective geographic regions, activities or economic characteristics of the reinsurers.

In compliance with the regulatory requirement, the reinsurance agreements are duly submitted to the Securities and Exchange Commission of Pakistan on an annual basis.

The concentration of risk by type of contracts is summarised below by reference to liabilities.

	Gross sum insured		**Reinsurance**		**Net**	
	2015	2014	**2015**	2014	**2015**	2014
	Rs. in thousand					
Fire	**18,491,945**	16,010,976	**6,842,020**	9,446,476	**11,649,925**	6,564,500
Marine	**7,287,004**	8,361,047	**6,193,953**	6,438,006	**1,093,051**	1,923,041
Motor	**1,345,494**	1,645,333	**296,009**	510,053	**1,049,485**	1,135,280
Others	**253,869**	640,162	**38,080**	454,515	**215,789**	185,647
	27,378,312	26,657,518	**13,370,062**	16,849,050	**14,008,250**	9,808,468

c) Neutral assumptions for claims estimation

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case by case basis with due regard to claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information is available.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried-out to estimate the size of the reinsurance recoveries.

The estimation process takes into account the past claims reporting pattern and details of reinsurance programs. The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of the balance sheet date. The expected future liability except for Accident and Health insurance business is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable. Provision for premium deficiency pertaining to Accident and Health insurance business included in Other category is determined on the Actuary's advice.

d) Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables, which complicate quantitative sensitivity analysis. The Company considers that the liability for insurance claims recognised in the balance sheet is adequate. However, actual experience may differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set-out below, showing the impact on profit before tax, net of reinsurance:

	Net impact of increase / decrease in average claim by 10 % on			
	Underwriting result		**Shareholders' equity**	
	2015	2014	**2015**	2014
	---------- Rs. in thousand ----------			
Fire	**815**	3,904	**815**	3,904
Marine	**372**	124	**372**	124
Motor	**307**	666	**307**	666
Others	**149**	199	**149**	199
	1,643	4,893	**1,643**	4,893

38. Maturity analysis of financial assets and liabilities

	2015						
	Interest / mark-up bearing			Non interest / mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total	
	---------- Rs. in thousand ----------						
Financial assets on balance sheet							
Current and other accounts	61,519	-	61,519	46,673	-	46,673	108,192
Investments	15,599	31,718	47,317	463	-	463	47,780
Premiums due but unpaid	-	-	-	15,909	-	15,909	15,909
Amounts due from other insurers / reinsurers	-	-	-	159,534	-	159,534	159,534
Accrued investment income	-	-	-	17	-	17	17
Reinsurance recoveries against outstanding claims	-	-	-	64,203	-	64,203	64,203
Loans to employees	-	-	-	143	-	143	143
Sundry receivables	-	-	-	5,887	-	5,887	5,887
	77,118	31,718	108,836	292,829	-	292,829	401,665
Off balance sheet	-	-	-	-	-	-	-
Total	77,118	31,718	108,836	292,829	-	292,829	401,665
Financial liabilities on balance sheet							
Provision for outstanding claims (including IBNR)	-	-	-	106,234	-	106,234	106,234
Amounts due to other insurers / reinsurers	-	-	-	37,339	-	37,339	37,339
Accrued expenses	-	-	-	26,304	-	26,304	26,304
Other creditors and accruals	-	-	-	19,559	-	19,559	19,559
Deposits against performance bonds	-	-	-	2,993	-	2,993	2,993
Unclaimed dividends	-	-	-	609	-	609	609
	-	-	-	193,038	-	193,038	193,038
Off balance sheet	-	-	-	-	-	-	-
Total	-	-	-	193,038	-	193,038	193,038
On balance sheet gap	77,118	31,718	108,836	99,791	-	99,791	208,627
Off balance sheet gap	-	-	-	-	-	-	-

	2014						
	Interest / mark-up bearing			Non interest / mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	Rs. in thousand						
Financial assets on balance sheet							
Current and other accounts	1,081	-	1,081	21,150	-	21,150	22,231
Deposits maturing within 12 months	100,000	-	100,000	-	-	-	100,000
Investments	-	41,219	41,219	491	-	491	41,710
Premiums due but unpaid	-	-	-	29,074	-	29,074	29,074
Amounts due from other insurers / reinsurers	-	-	-	157,903	-	157,903	157,903
Accrued investment income	-	-	-	24	-	24	24
Reinsurance recoveries against outstanding claims	-	-	-	127,148	-	127,148	127,148
Loans to employees	-	-	-	82	-	82	82
Sundry receivables	-	-	-	5,490	-	5,490	5,490
	101,081	41,219	142,300	341,362	-	341,362	483,662
Off balance sheet	-	-	-	-	-	-	-
Total	101,081	41,219	142,300	341,362	-	341,362	483,662
Financial liabilities on balance sheet							
Provision for outstanding claims (including IBNR)	-	-	-	272,601	-	272,601	272,601
Amounts due to other insurers / reinsurers	-	-	-	76,786	-	76,786	76,786
Accrued expenses	-	-	-	32,307	-	32,307	32,307
Accrued mark-up on borrowings	-	-	-	566	-	566	566
Other creditors and accruals	-	-	-	12,165	-	12,165	12,165
Borrowing - short term running finance	22,185	-	22,185	-	-	-	22,185
Deposits against performance bonds	-	-	-	2,993	-	2,993	2,993
Unclaimed dividends	-	-	-	610	-	610	610
	22,185	-	22,185	398,028	-	398,028	420,213
Off balance sheet	-	-	-	-	-	-	-
Total	22,185	-	22,185	398,028	-	398,028	420,213
On balance sheet gap	78,896	41,219	120,115	(56,666)	-	(56,666)	63,449
Off balance sheet gap	-	-	-	-	-	-	-

39. Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair values except for available-for-sale investments, which are stated at lower of cost and market value in accordance with the requirements of the SEC (Insurance) Rules, 2002. The carrying and fair values of these investments have been disclosed in note 18.10 to these financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

40. Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide return for shareholders and to maintain an optimum capital structure to reduce the cost of capital.

The Company's objectives when managing capital are:

a) to be in compliance with the paid-up capital requirements set by the SECP;

b) to safe guard the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to other stakeholders; and

c) to provide an adequate return to shareholders.

The Company manages its capital structure in context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts.

41. Claims review

41.1 The management, during the year, has carried-out a comprehensive exercise to bring fairness in the Company's outstanding claim liabilities; accordingly claim liabilities aggregating Rs.61.067 million (which are no longer payable / settlements with the clients finalised) have been reversed / adjusted in the books of account of the Company.

41.2 The management, during the year, has also reversed / adjusted / written-back health insurance claims aggregating Rs.10.551 million against which neither the claim related documents were available nor the Claimants had raised any demand. These claims pertained to financial years ended upto December 31, 2012. The management has also obtained an opinion from its Legal Advisor (Mr. Abrar Hasan, Advocate High Court), who has confirmed that these claims are time-barred and hence may be reversed / adjusted / written-back.

42. Number of employees

	2015	2014
Number of employees as at December 31,	**22**	23
Average number of employees during the year	**23**	69

43. Date of authorisation for issue

These financial statements were authorised for issue on April 07, 2016 by the board of directors of the Company.

44. Figures

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison; however, no material re-arrangements and re-classifications have been made in these financial statements.

Raza Kuli Khan Khattak	Gohar Ayub Khan	Mrs. Shahnaz Sajjad Ahmed	M. Imran Malik	Amir Raza
CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	PRINCIPAL OFFICER

PATTERN OF SHAREHOLDING
AS ON 31 DECEMBER 2015

Number of ShareHolders	Shareholdings From		Shareholdings To	Total Number of Share Held	Percentage of Total Capital
277	1	-	100	6,491	0.02
164	101	-	500	48,443	0.12
88	501	-	1000	65,908	0.16
266	1001	-	5000	658,490	1.58
55	5001	-	10000	385,339	0.93
28	10001	-	15000	344,805	0.83
11	15001	-	20000	192,631	0.46
4	20001	-	25000	89,798	0.22
4	25001	-	30000	108,271	0.26
2	30001	-	35000	67,928	0.16
1	35001	-	40000	37,431	0.09
2	40001	-	45000	84,102	0.20
1	45001	-	50000	50,000	0.12
1	60001	-	65000	60,625	0.15
1	65001	-	70000	69,875	0.17
2	70001	-	75000	141,820	0.34
1	75001	-	80000	77,472	0.19
1	80001	-	85000	80,193	0.19
1	85001	-	90000	85,625	0.21
1	95001	-	100000	96,181	0.23
2	105001	-	110000	216,086	0.52
1	120001	-	125000	123,962	0.30
1	145001	-	150000	147,351	0.35
1	155001	-	160000	158,136	0.38
1	180001	-	185000	182,220	0.44
1	225001	-	230000	229,920	0.55
1	240001	-	245000	244,500	0.59
1	245001	-	250000	247,928	0.60
1	415001	-	420000	415,237	1.00
1	510001	-	515000	510,406	1.23
1	610001	-	615000	614,500	1.48
1	35775001	-	35780000	35,776,303	85.96
924				**41,617,977**	**100.00**

CATEGORIES OF SHAREHOLDERS
AS AT 31 DECEMBER 2015

Sr. #	Categories	No. of Shareholders	No. of Shares Held	Percentage of Capital
1	Executives	1	500	0.0012
2	Directors, Chief Executive Officer, and their spouse and minor children	9	929,965	2.2345
3	Associated Companies, Undertakings and Related Parties	1	35,776,303	85.9636
4	NIT and ICP	1	1,363	0.0033
5	Banks, Development Financial Institutions, Non Banking Financial Institutions	3	184,134	0.4424
6	Insurance Companies	1	22,243	0.0534
7	General Public (Local)	896	4,559,489	10.9556
8	Others	12	143,980	0.3460
	TOTAL:	**924**	**41,617,977**	**100.0000**

DETAILED CATEGORIES OF SHAREHOLDERS
AS ON DECEMBER 31ST, 2015

Sr. #	Name	Shares Held	Percentage of Capital
Executives			
1	Mr. Abdul Waheed Chaudhry	500	0.0012
	Running Total:	**500**	**0.0012**
Directors, Chief Executive Officer, and their spouse and minor children			
1	Mr. Raza Kuli Khan Khattak	510,406	1.2264
2	Lt.Gen. Ali Kuli Khan Khattak	247,928	0.5957
3	Ms. Shahnaz Sajjad Ahmed	77,472	0.1862
4	Dr. Shaheen Kuli Khan Khattak	77,472	0.1862
5	Mr. Mushtaq Ahmed Khan F.C.A.	2,625	0.0063
6	Choudhry Sher Mohammad	6,562	0.0158
7	Mr. Pervez I. Khan	2,500	0.0060
8	Mr. Muhammad Imran Malik	2,500	0.0060
9	Mr. Amir Raza	2,500	0.0060
	Running Total:	**929,965**	**2.2345**
Associated Companies, Undertakings and Related Parties			
1	Bibojee Services Pvt. Limited	35,776,303	85.9636
	Running Total:	**35,776,303**	**85.9636**
NIT and ICP			
1	Investment Corporation of Pakistan,	1,363	0.0033
	Running Total:	**1,363**	**0.0033**
Banks, Development Financial Instituations, Non Banking Financial Instituations			
1	IDBL (ICP UNIT)	555	0.0013
2	Shirazi Investment (pvt) Limited,	1,359	0.0033
3	SONERI BANK LIMITED	182,220	0.4378
	Running Total:	**184,134**	**0.4424**
Insurance Companies			
1	Gulf Insurance Co ltd,	22,243	0.0534
	Running Total:	**22,243**	**0.0534**
General Public (Local)			
	Running Total:	**4,559,489**	**10.9556**

Sr. #	Name	Shares Held	Percentage of Capital
Others			
1	FIKREE'S (SMC-PVT) LTD.	1,914	0.0046
2	STOCK MASTER SECURITIES (PRIVATE) LTD.	105	0.0003
3	MILLWALA SONS (PRIVATE) LIMITED	99	0.0002
4	MAPLE LEAF CAPITAL LIMITED	1	0.0000
5	SULTAN TEXTILE MILLS (KARACHI) LIMITED	16,632	0.0400
6	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED	3,500	0.0084
7	SALIM SOZER SECURITIES (PVT.) LTD.	69,875	0.1679
8	CLIKTRADE LIMITED	40	0.0001
9	DARSON SECURITIES (PVT) LIMITED	382	0.0009
10	SAAO CAPITAL (PVT) LIMITED	14,000	0.0336
11	DEPUTY ADMINISTRATOR ABANDONED PROPERTIES ORGANIZA	37,431	0.0899
12	FIRST NATIONAL EQUITIES LIMITED	1	0.0000
	Running Total:	**143,980**	**0.3460**
	Grand Total:	**41,617,977**	**100.0000**

HEAD OFFICE EXECUTIVE / DEPARTMENTAL HEAD

Name	Designation	Telephone Office	Fax No.
Mr. Gohar Ayub Khan	Chief Executive	042-37311666	042-37230326
Mr. Amir Raza	Principal Officer	042-37355579	042-37230326
Mr. Omar Ayub Khan	Chief Operating Officer	042-37311666	042-37230326
Mr. Abdul Waheed Chaudhry	D.G.M - Internal Auditor	042-37355426	042-37230326
Mr. Aftab Rashid	Assistant General Manager-IT	042-37355426	042-37230326
Mr. Ashfaq Ahmed	Chief Financial Officer	042-37243168	042-37230326
Mr. Muhammad Ilyas	Manager Re-insuracs and Underwriting	042-37238616	042-37230326
Mr. Liaqat Ali Shaukat	Company Secretary	042-37322813	042-37230326

BRANCHES

Sr. No.	Br_Code	Branch	Address	Ph No.	Fax No.
1	117	Principal Office, Karachi	3rd Floor Nelson Chamber I.I Chundrigar Road, Karachi	021-32621250	021-32621250

Investor's Awareness

As per direction of SECP vide their S.R.O. 924 (1)/2015 dated September 09, 2015 we are pleased to incorporate the following informational message on '**JumaPunji** ' for investor's awareness in Annual Report of the Company for the year ended December 31, 2015.

FORM OF PROXY

I / We _____ of _____ being a member(s) of The Universal Insurance Company Limited and holder of _____ Ordinary Shares as per Registered Folio No./CDC Participation ID and Account No. _____ hereby appoint _____ of _____ or failing him / her _____ of _____ who is also member of The Universal Insurance Company Limited vide Registered Folio No./CDC Participant's ID and Account No. _____ as may / our proxy to vote for me / us and on my / our behalf at the 56th Annual General Meeting of the Company to be held on Saturday 30th April, 2016 at 10:30 a.m and any adjournment thereof.

Signed this _____ day of _____ 2016.

AFFIX REVENUE STAMP RS. 5/-

Signature _____

Witness:

Signature _____	Signature _____
Name _____	Name _____
CNIC No.: _____	CNIC No.: _____
Address _____	Address _____

IMPORTANT:

1. This form of Proxy duly completed must be deposited at the Company's Registered office The Universal Insurance Company Limited, 63-Shahrah-e-Quaid-e-Azam, Lahore not later than 48 hours before the time of holding the meeting.
2. A Proxy should also be a member of the Company.
3. CDC Shareholders and their proxies must attach an attested photocopy of their Computerized National identity Card or Passport with this Proxy Form.

دی یونیورسل انشورنس کمپنی لمیٹڈ

پراکسی فارم

میں / ہم _____ ساکن _____ بحیثیت ممبر
دی یونیورسل انشورنس کمپنی لمیٹڈ اور حامل عام حصص تعدادی _____ بمطابق رجسٹر فولیو نمبر / سی ڈی سی شرکت کنندگان شناخت و اکاونٹ نمبر
_____ بذریعہ ہذا اپنی جانب سے مسمی _____ سکنہ _____
یا ان کی عدم دستیابی کی صورت میں مسمی _____ سکنہ _____ کو مقرر کرتا
/ کرتی ہوں جو کہ یونیورسل انشورنس کمپنی لمیٹڈ کے رجسٹرڈ فولیو نمبر / سی ڈی سی کے اکاؤنٹ نمبر _____ کے مطابق رُکن ہے
جو ہماری غیر حاضری کی صورت میں ہمیں یا ہماری جانب سے 56ویں سالانہ اجلاس عام جو کہ 30 اپریل 2016 کو بوقت صبح 10:30 بجے ہونا قرار پایا
ہے یا اس کے کسی بھی التوا میں میری / ہماری جگہ شرکت کرے اور ووٹ ڈالے۔

دستخط بروز _____ بتاریخ _____ 2016

دستخط: _____

ریونیو ٹکٹ
-/5 روپے
چسپاں کریں

گواہان:

دستخط: _____ دستخط: _____
نام : _____ نام : _____
شناختی کارڈ نمبر: _____ شناختی کارڈ نمبر: _____
پتہ: _____ پتہ: _____

اہم نوٹ:

1۔ ہر لحاظ سے مکمل شدہ یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس دی یونیورسل انشورنس کمپنی لمٹیڈ 63۔شاہراہ قائداعظم لاہور پہنچ جائیں جو میٹنگ کے منعقد ہونے کے 48 گھنٹے سے لیٹ نہ ہو۔

2۔ پراکسی لگانے والے کیلئے ضروری ہے کہ وہ کمپنی کا ممبر ہو۔

3۔ سی ڈی سی شیرز ہولڈرز اور ان کی پراکسی لگانے والوں کیلئے ضروری ہے کہ وہ اس پراکسی فارم کے ساتھ اپنی تصدیق شدہ قومی شناختی کارڈ یا پاسپورٹ کی کاپی لگائیں۔

THE UNIVERSAL INSURANCE CO. LTD.
UNIVERSAL INSURANCE HOUSE
63-SHAHRAH-E-QUAID-E-AZAM
LAHORE-54000 PAKISTAN.
PH: 042-3735 5426, 3732 4244, 3732 4194
FAX: 042-3723 0326
WEB: www.uic.com.pk
E-MAIL: info@uic.com.pk