

STANDARD INSURANCE COMPANY LIMITED



HALF YEARLY (UNAUDITED) REPORT 2021



STANDARD INSURANCE COMPANY LIMITED

COMPANY INFORMATION

Board of Directors	Mr. Shamim ur Rahman (Chairman) Mr. Azizuddin Ahmed Suharwardy Mr. Anwar ur Rehman Mrs. Rukhsana Mansoor Munir Ahmed Mrs. Farzana Ismail Ahmed Mrs. Farhana Sayeed Mr. Saeed ur Rehman (Managing Director & Chief Executive)
Managing Director/CEO	Mr. Saeed ur Rehman
Board Audit Committee	Mr. Shamim ur Rahman (Chairman) Mr. Azizuddin Ahmed Suharwardy Mr. Anwar ur Rehman
Board Human Resources & Remuneration Committee Board of Directors	Mr. Shamim ur Rahman (Chairman) Mr. Azizuddin Ahmed Suharwardy Mrs. Rukhsana Mansoor Munir Ahmed
CFO & Company Secretary	Mr. Muhammad Ishtiq Khan
Compliance Officer	Mr. Muhammad Ishtiq Khan
Auditors	Crowe Hussain Chaudhury & Co. Chartered Accountants
Legal Advisor	Rais & Co., (Advocates)
Bankers	National Bank of Pakistan
Registered & Head Office	2nd Floor, Standard Insurance House I.I. Chundrigar Road, Karachi.



STANDARD INSURANCE COMPANY LIMITED

DIRECTORS' REPORT

The directors of your company present the Un-Audited Half Yearly Report for the year 2021 to the members of the company and inform you that our insurance business, as previously reported remains suspended but we continue to meet out financial and statutory obligations under the law.

The Company in its Annual General Meeting held on 27th May 2021 resolved to surrender the Insurance licence and applied to the SECP for the same.

The SECP vide its letter No. ID/OSM/Standard/2020/1022 dated 7.10.2021 informed the company that there is no need to apply for revocation of Insurance licence as the company is not registered under Insurance Ordinance 2000. The Company can therefore change the name of the company so as to delete 'Insurance' from its name and commence other lines of business as per approval of the Board of Directors of the Company.

We are pleased to inform you that the change of name of the company is under process before the Registrar of the Company.

As soon as the change of name is approved by the Registrar, the company will relaunch itself and start non insurance business under the guidance of the Board.

Let us all pray to Almighty Allah for bestowing His blessings on us and to give us strength for successfully facing the challenging days ahead.

For and on behalf of BOARD OF DIRECTORS

Chairman



STANDARD INSURANCE COMPANY LIMITED

To the members of STANDARD INSURANCE COMPANY LIMITED Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Standard Insurance Company Limited ("the Company") as at June 30, 2021 and the related condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred as the 'condensed interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of adverse conclusion

- I. As disclosed under head 'Insurance / Re-insurance payable' to the financial statement, the Company has recorded a liability of Rs. 3.276 million which are outstanding for a number of years. As part of our audit procedure, we had sent confirmations to the parties but have not received responses. In the absence of any other alternate audit procedures, we were unable to determine whether any adjustments might have been found necessary in respect of the related disclosure and balances in the financial statement.
- II. As disclosed under head 'Other creditor and accruals' to the financial statement, the Company has recorded a liability of Rs. 27.968 million which includes various accruals recorded during the year. We were unable to verify ourselves as to the valuation of said liabilities and further whether any other liabilities remain unrecorded.
- III. As disclosed under head 'Retirement benefit obligation' to the financial statement, the Company has recorded a liability of Rs. 11.924 million which are outstanding for employees. Which remain unverified. In the absence of any other alternate audit procedures, we were unable to determine whether any adjustments might have been found necessary in respect of the related disclosure and balances in the financial statement.



STANDARD INSURANCE COMPANY LIMITED

- IV. As at the reporting date, the Company has accumulated loss of Rs. 66.303. million (December 30, 2020: Rs. 37.408 million). The Company has applied for de-listing from the Pakistan Stock Exchange which is pending. In the absence of any realistic future plans along with the matter stated above indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. However, the financial statements have been prepared on a going concern basis. In our opinion, Management's use of the going concern assumption in the financial statements is inappropriate.

Adverse Conclusion

Because of the significance of matters discussed in the preceding paragraph, the accompanying condensed interim financial information as at June 30, 2021; is not prepared in all material aspects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Other matter

The figures for the quarters ended June 30, 2021 and June 30, 2020 in the condensed interim statement of comprehensive income has not been presented by the management.

The figures of the condensed statement of comprehensive income for the three months period ended June 30, 2021 and June 30, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended June 30, 2021.

The engagement partner on the review resulting in this independent auditor's report is Imran Shaikh.

Crowe Hussain Chaudhury & Co.
Chartered Accountants

Place: Karachi
Date: 25th August 2021



STANDARD INSURANCE COMPANY LIMITED

STANDARD INSURANCE COMPANY LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Note	Jun 30, 2021	Dec 31, 2020
		----- Rupees -----	
ASSETS			
Property and equipment	6	86,645	
Investment property	7	25,838,117	
Investments in equity securities	8	-	
Loans and advances		397,790	
Insurance and reinsurance receivable	9	-	
Taxation		1,115,955	1,115,955
Cash and bank	10	18,287	370,106
Total assets		27,456,793	16,475,688
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	11	10,000,000	10,000,000
Accumulated loss		(66,401,651)	(37,408,837)
Total Equity		(56,401,651)	(27,408,837)
Liabilities			
Borrowings - Director	12	38,432,356	38,456,356
Retirement benefits obligation		12,529,713	605,635
Insurance / reinsurance payables		3,276,738	3,276,738
Other creditors and accruals	13	29,334,023	1,353,214
Provision for taxation		285,614	192,582
Total liabilities		83,858,444	43,884,525
Total equity and liabilities		27,456,793	16,475,688
Contingencies and commitments	14		

The annexed notes from 1 to 21 form an integral part of these financial statements.

Chief Executive

Director

Director

Chairman

Chief Financial Officer



STANDARD INSURANCE COMPANY LIMITED

STANDARD INSURANCE COMPANY LIMITED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED JUNE 30, 2021

		Jun 30, 2021	Jun 30, 2020
		----- Rupees -----	
Management expenses	15	<u>(29,265,282)</u>	<u>(1,196,876)</u>
Underwriting results		(29,265,282)	(1,196,876)
Rental income		401,000	343,055
Other expenses	16	<u>(35,500)</u>	<u>(130,000)</u>
Results of operating activities		(28,899,782)	(723,821)
Loss before taxation		(28,899,782)	(723,821)
Taxation	17	<u>(93,032)</u>	<u>(298,140)</u>
Loss after taxation		(28,992,814)	(1,021,961)
Other comprehensive income:		-	-
Total comprehensive loss for the year		<u>(28,992,814)</u>	<u>(1,021,961)</u>
(Loss) per share - basic and diluted	18	<u>(28.99)</u>	<u>(1.02)</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

Chief Executive

Director

Director

Chairman

Chief Financial Officer



STANDARD INSURANCE COMPANY LIMITED

STANDARD INSURANCE COMPANY LIMITED CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED) FOR THE PERIOD ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
	----- Rupees -----	
Operating cash flows		
(a) Underwriting activities		
Management expenses paid	(743,819)	(815,280)
Net cash (outflow) from underwriting activities	<u>(743,819)</u>	<u>(815,280)</u>
(b) Other operating activities		
Income tax paid	-	(298,140)
General management expenses paid	(30,500)	
Net cash (outflow) from other operating activities	<u>(30,500)</u>	<u>(298,140)</u>
Total cash (outflow) from operating activities	<u>(774,319)</u>	<u>(1,113,420)</u>
Investment activities		
Rental income	401,000	343,055
Total cash inflow from investing activities	<u>401,000</u>	<u>343,055</u>
Financing activities		
Borrowings - Director	24,000	-
Total cash inflow from financing activities	<u>24,000</u>	<u>-</u>
Net cash inflow / (outflow) from all activities	<u>(349,319)</u>	<u>(770,365)</u>
Cash and cash equivalents at beginning of the year	370,106	2,180,957
Cash and cash equivalents at end of the year	<u>20,787</u>	<u>1,410,592</u>
Reconciliation to profit and loss account		
Operating cash flows	(774,319)	(815,200)
Depreciation / amortisation expense	(667,076)	(381,596)
Rental income	401,000	343,055
Increase / (decrease) in liabilities other than borrowings	(27,854,387)	(298,220)
(Loss) after taxation	<u>(28,894,782)</u>	<u>(1,151,961)</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.

Chief Executive

Director

Director

Chairman

Chief Financial Officer



STANDARD INSURANCE COMPANY LIMITED

STANDARD INSURANCE COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED JUNE 30, 2021

Particulars	Share capital	Revenue reserves	Total equity
	Issued, subscribed and paid-up share capital	Accumulated loss	
	----- Rupees -----		
Balance as at Jan 01, 2020	10,000,000	(28,430,504)	(18,430,504)
Total comprehensive income for the period	-	(1,021,961)	(1,021,961)
Balance as at June 30, 2020	10,000,000	(29,452,465)	(19,452,465)
Balance as at January 01, 2021	10,000,000	(37,408,837)	(27,408,837)
Total comprehensive income for the period	-	(28,992,814)	(28,992,814)
Balance as at June 30, 2021	10,000,000	(66,401,651)	(56,401,651)

The annexed notes from 1 to 21 form an integral part of these financial statements.

Chief Executive

Director

Director

Chairman

Chief Financial Officer



STANDARD INSURANCE COMPANY LIMITED

STANDARD INSURANCE COMPANY LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT FOR THE PERIOD ENDED JUNE 30, 2021

1. STATUS AND NATURE OF BUSINESS

- 1.1. Standard Insurance Company Limited (the Company) was incorporated on December 19, 1967 as a public limited Company under the repealed Companies Act, 1913 (repealed by Companies Ordinance, 1984 and further repealed by Companies Act 2017) and registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The registered office of the Company is situated at 2nd Floor, Standard Insurance House, I.I. Chundrigar Road, Karachi.
- 1.2. In accordance with the requirements of the Insurance Ordinance, 2000 and as mentioned in the Insurance Rules, 2017, the minimum solvency requirement (i.e excess of admissible assets over liabilities) is Rs 150 million. The Company is not meeting the minimum solvency requirement as at December 31, 2020.
- 1.3. The license of the Company has been suspended since the year 2000 due to various non compliances.
- 1.4. The Company in its annual general meeting held on May 30, 2018 has resolved to surrender the insurance license and has applied to Securities and Exchange Commission of Pakistan (the 'Commision') for the same. It was also approved in the meeting that the Company will apply for the de-listing from Pakistan Stock Exchange and the same has been applied also. Once these matters are resolved the Company shall seek new lines of business which includes renting out the building owned by Company after making structural improvements.

These condensed interim financial statements of the Company for the six months period ended June 30, 2021 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on a format prescribed by the Securities and Exchange Commission of Pakistan-Insurance Rules, 2017 and International Accounting Standard 34-Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020."

The preparation of this condensed interim financial information is in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.



STANDARD INSURANCE COMPANY LIMITED

In preparing these condensed interim financial statements, the estimates / judgments and associated assumptions made by management in applying the Company's accounting policies and reported amounts of assets, liabilities, income and expenses are the same as those applied in the annual financial statements as at and for the year ended December 31, 2020.

2. STATEMENT OF COMPLIANCE

"These condensed interim financial statements of the Company for the six months period ended June 30, 2021 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on a format prescribed by the Securities and Exchange Commission of Pakistan-Insurance Rules, 2017 and International Accounting Standard 34 - Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020."

3. BASIS OF MEASUREMENT

"These condensed interim financial statements have been prepared under historical cost convention except for certain investments which are stated at their fair values. Accrual basis of accounting has been used except for cash flow information.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

"The preparation of this condensed interim financial information is in conformity with approved accounting standards which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the estimates / judgments and associated assumptions made by management in applying the Company's accounting policies and reported amounts of assets, liabilities, income and expenses are the same as those applied in the annual financial statements as at and for the year ended December 31, 2020."

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

"The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial information are same as those applied in the preparation of annual audited financial statements for the year ended 31 December 2020.

Certain amendments and interpretations to approved accounting standards became effective during the period were not relevant to the Company's operation and do not have any impact on the accounting policies of the Company."



STANDARD INSURANCE COMPANY LIMITED

6 PROPERTY AND EQUIPMENT

Description	2,021						Rate	
	Cost		Accumulated depreciation		Written down value As at June 30, 2021	%		
	As at December 31, 2020	Additions	Disposals	As at June 30, 2021				Charge for the period
Tangible - Owned								
Furniture and fixtures	34,206	-	-	34,206	11,763	1,122	12,886	10
Office equipment	85,995	-	-	85,995	29,574	2,821	32,395	10
Motor vehicles	18,810	-	-	18,810	6,469	617	7,086	10
	139,011	-	-	139,011	47,806	4,560	52,366	86,645

11

Description	2 0 2 0						Rate	
	Cost		Accumulated depreciation		Written down value As at December 31, 2020	%		
	As at January 01, 2020	Additions	Disposals	As at December 31, 2020				Charge for the year
Tangible - Owned								
Furniture and fixtures	34,206	-	-	34,206	9,270	2,494	11,763	10
Office equipment	85,995	-	-	85,995	23,305	6,269	29,574	10
Motor vehicles	18,810	-	-	18,810	5,098	1,371	6,469	10
	139,011	-	-	139,011	37,672	10,134	47,806	91,205

Chief Executive

Director

Director

Chairman

Chief Financial Officer



STANDARD INSURANCE COMPANY LIMITED

	2021	2020
	----- Rupees -----	
7 INVESTMENT PROPERTY		
Opening value	14,500,632	15,263,824
Addition during the year	12,000,000	-
Charged for the period / year	<u>(662,516)</u>	<u>(763,191)</u>
Closing value	<u>25,838,117</u>	<u>14,500,632</u>
7.1	The market value of the investment properties as per valuations carried out by professional valuers is Rs. 400 million (2020: Rs. 400 million).	
8 INVESTMENTS IN EQUITY SECURITIES		
At fair value through profit or loss		
Suraj Ghee Industries	78,080	78,080
Sadiqabad Textile Mills Limited	<u>24,360</u>	<u>24,360</u>
	102,440	102,440
Provision for impairment	<u>8.1 (102,440)</u>	<u>(102,440)</u>
	<u>-</u>	<u>-</u>
8.1	In prior years, the Company has made an investment in equity shares of these companies listed on Pakistan Stock Exchange (PSX). The trading in these shares has been suspended by the exchange so the Company has fully provided for the said investments.	
9 INSURANCE AND REINSURANCE RECEIVABLES		
Due from insurers / reinsurers	2,308,189	2,308,189
Provision for impairment of due from insurers / reinsurers	<u>(2,308,189)</u>	<u>(2,308,189)</u>
	<u>-</u>	<u>-</u>
10 CASH AND BANK		
Cash and other equivalents		
Cash with State Bank of Pakistan	300	300
Cash in hand	<u>8,091</u>	<u>8,091</u>
	8,391	8,391
Cash at banks		
Current accounts	<u>9,896</u>	<u>361,715</u>
	<u>18,287</u>	<u>370,106</u>
11 SHARE CAPITAL		
11.1 AUTHORISED SHARE CAPITAL		
	2021	2020
	(Number of shares)	
	<u>1,000,000</u>	<u>1,000,000</u>
	<u>10,000,000</u>	<u>10,000,000</u>



STANDARD INSURANCE COMPANY LIMITED

		2021	2020
		----- Rupees -----	
11.2	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
		2021	2020
		(Number of shares)	
		<u>1,000,000</u>	<u>1,000,000</u>
		<u>10,000,000</u>	<u>10,000,000</u>
	The Company is not meeting with the minimum capital requirement for insurers which is Rs. 150 million as per the Insurance Rules 2017		
12	Borrowing - Directors		
	This represents interest free loan from directors which is repayable on demand.		
13	OTHER CREDITORS AND ACCRUALS		
	Unclaimed dividend	693,214	693,214
	Others	13.1 <u>28,640,809</u>	<u>660,000</u>
		<u>29,334,023</u>	<u>1,353,214</u>
13.1	This includes provisions amounting Rs. 27,968,569 made against the property tax, rent and renewal fee in respect of the property		
14	CONTINGENCIES AND COMMITMENTS		
	There were no outstanding contingencies & commitments as at June 30, 2021 (2020: Nil).		
		2021	2020
		----- Rupees -----	
15	MANAGEMENT EXPENSES		
	Salaries, allowances and other benefits	15.1 <u>12,527,078</u>	780,000
	Advertisement	18,000	-
	Printing and stationery	50,000	-
	Depreciation on fixed assets	4,560	-
	Depreciation on investment property	662,516	381,596
	Rent	7,129,968	-
	Legal and Taxes and others	8,615,233	3,000
	Repairs and maintenance	-	26,700
	Bank charges	2,559	5,580
	Postage, telegram and telephone	7,000	-
	Utility	248,368	-
		<u>29,265,282</u>	<u>1,196,876</u>
15.1	This includes staff retirement benefit amounting Rs. 11,924,078 in respect of retirement benefits accrued during the year		
16	OTHER EXPENSES		
	Auditors' remuneration	16.1 <u>35,500</u>	<u>130,000</u>



STANDARD INSURANCE COMPANY LIMITED

2021 2020
----- Rupees -----

16.1 Auditors' remuneration

Audit fee	-	90,000
Half yearly review	30,000	25,000
Review of CCG	-	10,000
Out of pocket expenses	5,500	5,000
	<u>35,500</u>	<u>130,000</u>

17 TAXATION

- Current

17.1 93,032 298,140

17.1 Since the Company has discontinued its business since year 2000, it is not filing its income tax returns since then. However the Company has made necessary provisions as per the Income Tax Ordinance 2001.

17.2 The Company has not recognised the deferred tax asset as the Company does not foresee future taxable profits.

18 (LOSS) PER SHARE - BASIC AND DILUTED

(Loss) after tax for the year

(28,992,814) (1,021,961)

Weighted average number of ordinary shares

1,000,000 1,000,000

(Loss) per share - basic and diluted

(28.99) (1.02)

19 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

No remuneration was paid to Chief executive officer, Directors and Executives.

20 DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements have been approved by the Board of Directors of the Company and are authorised for issue on 25th August 2021.

21 GENERAL

Figures in these condensed interim unconsolidated financial statements have been rounded off to the nearest rupee, unless otherwise stated.