


**POSTAL LIFE INSURANCE COMPANY LIMITED**

**AUDITED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2020**

**ILYAS SAEED & CO.**  
CHARTERED ACCOUNTANTS  
A member of  
**mgiworldwide** 

OFFICE # 26, 2<sup>ND</sup> FLOOR, ROSE PLAZA, I - 8 MARKAZ, ISLAMABAD  
PH : (+92) 051 - 4938026 & 051 - 4938027, FAX : (+92) 051 - 4938028

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF POSTAL LIFE INSURANCE COMPANY LIMITED

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the annexed financial statements of **POSTAL LIFE INSURANCE COMPANY LIMITED** (the Company), which comprise the statement of financial position as at December 31, 2020, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the period then ended from March 10, 2020 to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2020 and of the profit, total comprehensive income, the changes in equity and its cash flows for the period then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

A member of

**mgi worldwide**

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We did not receive any other information and we have nothing to report in this regard.

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

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

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

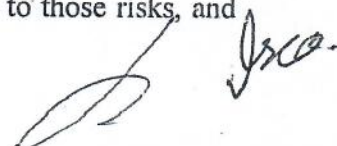
Board of directors are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and



obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.


- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Report on Other Legal and Regulatory Requirements**

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

- a) Proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) The statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) Investments made, expenditure incurred and guarantees extended during the period were for the purpose of the Company's business; and




d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

**Other matter(s)**

These financial statements have been prepared for a period from March 10, 2020 to December 31, 2020 being the first year of Company's existence and thus, corresponding figures have not been given in these financial statements.

The engagement partner on the audit resulting in this independent auditors' report is Imran Ilyas.



**ILYAS SAEED & CO.**

Chartered Accountants

Place: Islamabad

Date: 23/04/2021.

## **DIRECTOR'S REPORT**

Board of Directors of Postal Life Insurance Company Limited (PLICL) is pleased to present the 1<sup>st</sup> Annual Report together with the audited financial statements of the Company for the year ended December 31, 2020. These financial statements have been audited by the statutory auditors of the company and are accompanied by their audit report.

Postal Life Insurance being part of Pakistan Post is the oldest service of its kind in the subcontinent, established by the British Raj in 1884, initially to insure the lives of postal mail runners, its services were gradually extended to other government employees as well. After independence, Postal Life Insurance emerged as a key player in life insurance business and offered its services to general public as well through Pakistan Post.

Government of Pakistan (GoP) decided to establish a separate legal entity named "Postal Life Insurance Company Limited" (PLICL) independent from agency of Pakistan Post. The Company was incorporated in Pakistan on March 10, 2020 as a public limited company under the Companies Act, 2017. The Company was registered under the Securities & Exchange commission of Pakistan Insurance Division on August 26, 2020. The Company has not commenced life insurance operations till the end of financial year 2020.

The company maintains adequate capital to support its planned business activities. During the year the Company has issued 70 million ordinary shares of Rs. 10 each fully paid in cash. The company's paid-up capital has met the minimum capital requirement of Rs. 700 million as prescribed by SECP in section 11 of the Insurance Rules, 2017. During the year the company has also received Share Deposit Money amounting to Rs. 1 billion for issue of further shares.

The Company obtained approval of below insurance products from SECP during the financial period:

### **For Individuals:**

- Anticipated Endowment Assurance Plan
- Child Protection Plan
- Education & marriage Endowment Assurance Plan
- Endowment Assurance Plan
- Joint Life Endowment Assurance Plan
- Whole Life Plan

### **Group Life:**

- Group Life Insurance

It is our pleasure to inform you that the efforts of the Board towards rebuilding operational infrastructure of the company to enable it to effectively compete in the market and target due share of business have started to show results and Company now has the range of competitive products and distribution strategy.

### **Compliance with the Code of Corporate Governance**

The requirements of the Code of Corporate Governance have been duly complied with. The Directors are pleased to confirm the following:

- The financial statements, prepared by the Company, present fairly its state of affairs, the results of its operation, cash flows and changes in equity.
- The Company has maintained proper books of accounts.

- The Company has consistently followed appropriate accounting policies in preparation of the financial statements. Changes, wherever made, have been adequately disclosed and accounting estimates are on the basis of prudent and reasonable judgment.
- International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure thereof has been adequately disclosed.
- The Company has implemented a sound system of internal control, which has been effectively monitored.
- The fundamentals of the Company are strong based on plans of potential investor(s) and there is no doubt about its ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance.
- There are no outstanding taxes and duties, other than those disclosed in the financial statements.

#### **Board Meetings' Attendance:**

During the year 2020, eleven meetings of the Board of Directors were held and attended as follows:

<b>Sr.No.</b>	<b>Director's Name</b>	<b>Meetings Attended</b>
1.	Mr. Arshad Ali Khan	5
2.	Mr. Irfan Anwar Baloch	5
3.	Mr. Zafar Ali Malik	11
4.	Syed Athar Ali Shah	5
5.	Muhammad Akhlaque Rana	6
6.	Mr. Khalid Khursheed Kunwar	6
7.	Mr. Khalid Javed	6

#### **Pattern of shareholding**

100% shares of the company are held by Government of Pakistan through Ministry of Communication.

#### **Statutory Auditors**

The external auditors of the company, M/S Ilyas Saeed & Co., Chartered Accountants have issued a clean audit report for the period ended from March 10, 2020 to December 31, 2020.

#### **Note of Appreciation:**

We take this opportunity to express our gratitude to SECP for their valuable assistance, support and guidance. Finally, our special thanks to Ministry of Finance and Ministry of Communication whose continued patronage has been a source of encouragement for the Company.

For and on behalf of the Board of Directors



**Muhammad Naeem Akhtar**  
Chief Executive Officer



**Khalid Javed**  
Director

**Date: April 23, 2021**

**POSTAL LIFE INSURANCE COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

	Notes	December 31, 2020 Rupees
<b>Assets</b>		
Property and equipment	4	-
Intangible assets	5	-
Investment propoerty	6	-
Investment in subsidiaries and associates	7	-
<b>Investments</b>		
Equity securities	8	-
Government securities	9	-
Debt securities	10	-
Term deposits	11	-
Mutual funds	12	-
Loans secured against life insurance policies		-
Insurance / reinsurance receivables	13	-
Other loans and receivables	14	21,611,677
Deferred tax asset	15	-
Taxation - payments less provision		37,295
Prepayments	16	-
Cash and bank	17	1,700,086,322
<b>Total Assets</b>		<u><u>1,721,735,294</u></u>
<b>Equity and Liabilities</b>		
<b>Capital and reserves attributable to company's equity holders</b>		
Authorized ordinary share capital [400,000,000 ordinary shares of Rs.10 each]	18	<u>4,000,000,000</u>
Issued, subscribed and paid-up ordinary share capital [70,000,000 ordinary shares of Rs.10 each]	18	700,000,000
Share Deposit Money	19	1,000,000,000
Ledger account C & D		-
Reserves	20	-
Unappropriated profit	SOCE	13,511,049
<b>Total Equity</b>		<u>1,713,511,049</u>
Surplus on revaluation of assets		-
<b>Liabilities</b>		
Insurance liabilities	21	-
Liabilities under investment contracts	22	-
Retirement benefit obligations	22	-
Borrowings	23	-
Premium received in advance		-
Insurance / reinsurance payable	24	-
Other creditors and accruals	25	8,224,245
<b>Total Liabilities</b>		<u>8,224,245</u>
<b>Total Equity and Liabilities</b>		<u><u>1,721,735,294</u></u>
Contingency(ies) & Commitment(s)	26	-

The annexed notes from (1) to (50) form an integral part of these financial statements.

  
Chairman

  
Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer



**POSTAL LIFE INSURANCE COMPANY LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	December 31, 2020
	Rupees
Premium revenue	-
Less premium ceded to reinsurers	-
<b>Net premium revenue</b>	<b>-</b>
Fee income	-
Investment income	-
Net realized fair value gain on financial assets	-
Net fair value gain on financial assets at fair value through profit or loss	-
Net rental income	-
Net realized gain / loss on investment property	-
Net unrealized gain / loss on investment property	-
Other income	-
<b>Net income</b>	<b>21,735,994</b>
Insurance benefits	-
Recoveries from reinsurers	-
Claims related expenses	-
<b>Net insurance benefits</b>	<b>-</b>
Net change in insurance liabilities (other than outstanding claims)	-
Acquisition expenses	-
Marketing and administration expenses	2,126,348
Other expenses	580,000
<b>Total expenses</b>	<b>2,706,348</b>
Finance cost	-
<b>Results of operating activities</b>	<b>19,029,646</b>
Share of profit / loss of associates	-
<b>Profit before tax</b>	<b>19,029,646</b>
Income tax expense	5,518,597
<b>Profit for the period</b>	<b>13,511,049</b>
<b>Earnings (after tax) per share - Rupees (Basic)</b>	<b>0.19</b>
<b>Earnings (after tax) per share - Rupees (Diluted)</b>	<b>0.08</b>

The annexed notes from (1) to (50) form an integral part of these financial statements.

  
Chairman

  
Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer

**POSTAL LIFE INSURANCE COMPANY LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED DECEMBER 31, 2020**

---

	December 31, 2020 Rupees
Profit for the period - as per profit and loss account	13,511,049
Other comprehensive income	-
<b>Total comprehensive income for the period</b>	<u><u>13,511,049</u></u>

The annexed notes from (1) to (50) form an integral part of these financial statements.

  
Chairman

  
Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer

**POSTAL LIFE INSURANCE COMPANY LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	December 31, 2020 Rupees
<b>Operating Cash Flows</b>	
(a) Underwriting activities	
Insurance premium received	-
Reinsurance premium paid	-
Claims paid	-
Reinsurance and other recoveries received	-
Commission paid	-
Commission received	-
Marketing and administrative expenses paid	-
Net cash flow from underwriting activities	-
(b) Other operating activities	
Income tax paid	(37,295)
Other operating receipts / (payments)	(700)
Loans advanced	-
Loans repayments received	-
Net cash flow from other operating activities	(37,995)
<b>Total cash flow from all operating activities</b>	<b>(37,995)</b>
<b>Investment Activities</b>	
Profit / return received	124,317
Dividend received	-
Rental received	-
Payment for investments / investment properties	-
Proceeds from investments / investment properties	-
Fixed capital expenditure	-
Proceeds from disposal of property and equipment	-
<b>Total cash flow from investing activities</b>	<b>124,317</b>
<b>Financing Activities</b>	
Proceeds from issuance of shares	700,000,000
Share deposit money received	1,000,000,000
Interest paid	-
Loan (paid) / received	-
<b>Total cash flow from financing activities</b>	<b>1,700,000,000</b>
<b>Net cash flow from all activities</b>	<b>1,700,086,322</b>
Cash and cash equivalents at the beginning of the period	-
<b>Cash and cash equivalents at the end of the period</b>	<b>1,700,086,322</b>
<b>Reconciliation to profit and loss account</b>	
Operating cash flows	(37,995)
Depreciation expense	-
Profit / (loss) on disposal of investments	-
Dividend income	-
Other income	124,317
Increase in assets other than cash	21,648,972
(Increase) in liabilities other than borrowings	(8,224,245)
<b>Profit or (loss) after taxation</b>	<b>13,511,049</b>

The annexed notes from (1) to (50) form an integral part of these financial statements.

  
Chairman

  
Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer

POSTAL LIFE INSURANCE COMPANY LIMITED  
 STATEMENT OF CHANGES IN EQUITY  
 FOR THE PERIOD ENDED DECEMBER 31, 2020

	Attributable to Equity Holders of the Company					Total
	Issued, subscribed and paid-up share capital	Share deposit money	Capital reserves	Revenue reserves	Unappropriated profit / (loss)	
Balance as at March 10, 2020	-	-	-	-	-	-
Issue of share capital	700,000,000	-	-	-	-	700,000,000
Share deposit money received	-	1,000,000,000	-	-	-	1,000,000,000
Total comprehensive income for the period	-	-	-	-	13,511,049	13,511,049
<b>Balance as at December 31, 2020</b>	<b>700,000,000</b>	<b>1,000,000,000</b>	<b>-</b>	<b>-</b>	<b>13,511,049</b>	<b>1,713,511,049</b>

*See*

The annexed notes from (1) to (50) form an integral part of these financial statements.

  
 Chairman

  
 Chief Executive Officer

  
 Director

  
 Director

  
 Chief Financial Officer

**POSTAL LIFE INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

---

**1 LEGAL STATUS AND NATURE OF BUSINESS**

Postal Life Insurance Company Limited (the Company) is incorporated in Pakistan on March 10, 2020 as a public limited company under the Companies Act, 2017. The Company got registered under the Securities & Exchange Commission of Pakistan Insurance Division on August 26, 2020. The Company has not yet commenced life insurance operations. The registered as well as principal office of the Company is situated at Directorate General, Pakistan Postal Staff College, Sector G - 8/4, Islamabad.

- 1.1 The Company is engaged in life insurance business in accordance with the requirements of the Insurance Ordinance, 2000. However, the Company is yet to commence business activities.

**2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

- 2.1 These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Insurance Rules, 2017 vide its S.R.O. 89(1)/2017 dated February 09, 2017 as applicable to life insurers.

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017; the Insurance Ordinance, 2000; Insurance Rules 2017 and Insurance Accounting Regulations, 2017.

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

**2.3 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for the available for sale investments and land, if any, which are stated at their fair values.

**2.4 Functional and presentation currency**

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

**2.5 Standards, interpretations and amendments effective in the year 2020**

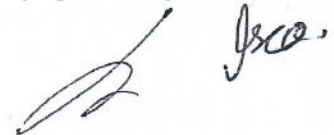
There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after January 01, 2020. However, these do not have any significant impact on the Company's operations and, therefore, are not detailed in these financial statements.

**2.6 Standards, interpretations and amendments not effective at the period end**

The new standards, certain amendments and interpretations that are mandatory for accounting periods beginning on or after January 01, 2021 are considered not to be relevant to the Company's financial statements and, hence, have not been detailed here.

**2.7 Standards, interpretations and amendments effective but not relevant**

There are certain standards, amendments in standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 01, 2020 but are considered not relevant or will not have any significant impact on the Company's operations and, therefore, are not stated in these financial statements.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment loss, if any, except land which is stated at cost. Assets having costs exceeding the minimum threshold, as determined by the management, are capitalized. Cost includes expenditure that is directly attributable to the acquisition of the asset and other ancillary costs necessarily incurred to put the asset to use.

Depreciation is calculated so as to write off the depreciable amounts of the assets over their expected useful lives at the rates specified in note 4 to the financial statements, after taking into account residual value, if any. The useful lives, residual values and depreciation charge are reviewed and adjusted, if appropriate, at each year end date. Depreciation on additions is charged from the month in which an asset is available for use while no depreciation is charged from the month in which the asset is disposed off.

Subsequent costs are included in the assets carrying amounts or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Revenue expenditures are charged to profit and loss account. An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use. Gain and losses on disposal, if any, are included in profit and loss account. The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

#### 3.2 Lease liability and right-of-use asset

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. The lease liability is initially measured at the present value of the lease payments over lease term, discounted using the Company's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

Lease payments include fixed payments less any lease incentive receivable, variable lease payments that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, residual value guarantees, the exercise price of a purchase option, if the Company is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options. When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification.

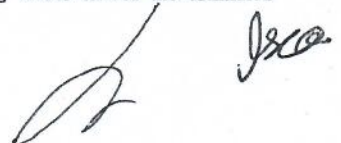
The right-of-use asset (ROU) is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement of the lease term, plus any initial direct costs incurred and an estimate of dismantling / restoration costs. The ROU is subsequently measured at cost model, is depreciated on a straight line method over the lease term and is reduced by impairment losses, if any. The Company has also elected to apply the practical expedient of not to recognise ROU and lease liabilities for leases that have a lease term of 12 months or less and leases of low-value assets and the lease payments associated with these leases are expensed out on a straight line basis over the lease term.

#### 3.3 Intangible Assets

These are stated at cost less accumulated amortization and any impairment in value. Amortization on intangible assets is charged to profit and loss account applying the straight line method at the rates specified in note 5 to the financial statements after taking into account residual value, if any.

Amortization is charged from the month the assets are available for use and no amortization is charged from the month in which the asset is disposed off. The useful life and amortization method is reviewed, and adjusted if appropriate, at each year end date.

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

Handwritten signatures in black ink, appearing to be initials or names, located at the bottom right of the page.

**POSTAL LIFE INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

---

**3.4 Insurance contracts**

The Company had not received the Certificate of Commencement of Business till the reporting date thus, it had not issued any insurance contracts nor had entered into any such contract.

The Company intends to classify its business into two categories i.e. Individual Life Insurance and Group Life Insurance. In both cases, the form of contract consists of main plan and supplementary riders (which are generally optional).

The Company has applied to the Securities & Exchange Commission of Pakistan for approval to undertake following types of businesses, namely;

**For Individuals;**

- Anticipated Endowment Assurance Plan
- Child Protection Plan
- Education & Marriage Endowment Assurance Plan
- Endowment Assurance Plan
- Joint Life Endowment Assurance Plan
- Whole Life Plan

**For Groups;**

- Group Life Insurance

**3.5 Operating segments**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting using the classes or sub-classes of business (statutory funds) as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017 under the regulatory accounts.

**3.6 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents include the following:

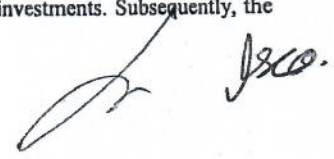
- Cash at bank in saving accounts;
- Policy stamps in hand;
- Term Deposits Receipts with original maturity upto three months; and
- Certificate of Islamic Investment with original maturity upto three months.

**3.7 Revenue recognition**

- First year individual life premiums / contributions are recognized once the related policies have been issued and the premium is received. Renewal premiums are recognized upon receipt of premium provided the policy is still in force. Single premiums are recognized once the related policies are issued against the receipts of premiums.
- Group life premiums are recognized when due. A provision for unearned premiums is included in the policyholders' liabilities.
- Interest / profit income on bank deposits is recorded on a time proportion basis.
- Fixed income securities are recorded on a time proportion basis using effective interest rate method.
- Dividend income is recognized when right to receive such dividend is established.

**3.8 Investments**

All investments are initially recognized at cost, being the fair value of the consideration given. All purchase and sale of investments that require delivery within the required time frame established by regulations or market conventions are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments. Subsequently, the investments are classified as follows:



**POSTAL LIFE INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

---

- in equity securities

**Fair value through profit and loss**

Investments in equity securities relating to units assigned to policies of investment linked business are subsequently measured at their fair values and the difference is charged to profit or loss account under the heading 'Fair value through profit and loss account.

**Available for sale**

Investments are subsequently measured at fair values and the difference is charged to other comprehensive income under the heading 'Available for sale'. At the time of derecognition, any gain or loss is transferred from other comprehensive income to the profit and loss account.

- in debt securities

**Held-to-maturity**

Investments classified as held-to-maturity are subsequently measured at amortized cost less impairment, if any, taking into account any discount and premium on acquisition, using the effective rate of interest method.

**Fair value through profit and loss account**

Investments in debt securities are subsequently measured at their fair values and the difference is charged to profit and loss account.

- in term deposits

It represents investment in term deposits with banks held for short term, usually less than 12 months period.

- in mutual funds

**Fair value through profit and loss**

Investments in mutual funds relating to units assigned to policies of investment linked business are subsequently measured at their fair values and the difference is taken in the fair value through profit and loss account.

**Available for sale**

Investments related to non-unit linked funds are subsequently measured at fair value and the difference is charged to other comprehensive income under the heading 'available for sale'.

- Fair / market value measurements

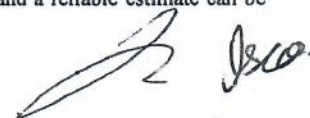
For investments in Government Securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV), where applicable. For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange Quoted Market Price at the close of business on year end date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP). Investments in non-listed securities are measured at lower of cost and net book value.

**3.9 Offsetting of financial assets and liabilities**

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

**3.10 Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.





**POSTAL LIFE INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

---

**3.11 Taxation**

**Current**

Provision of current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments finalized during the current year for such years.

**Deferred**

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences at the year end date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset is expected to realize or the liability is expected to settle, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the year end date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case, it is included in equity.

**3.12 Impairment of assets**

The carrying amounts of assets are reviewed at each year end date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account.

**3.13 Reinsurance assets**

Reinsurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. Claim recoveries receivable from the reinsurers are recognized at the same time as the claim which give rise to the right of recovery and are measured at the amount expected to be recovered. Reinsurance assets represent balances due from reinsurance companies which are stated on the basis of amounts receivable under the respective contract after considering any impairment in the value of such assets.

**3.14 Statutory funds**


The Company maintains statutory funds for all classes of life insurance business. Assets, liabilities, revenues and expenses are recorded in respective funds, if referable or, on the basis of actuarial advice, if not referable. Other assets, liabilities, revenues and expenses are allocated to shareholders' fund. Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the appointed actuary of the Company on the year end date as required by Section 50 of the Insurance Ordinance, 2000. A capital transfer provided to statutory funds by the shareholders' fund is recorded as a reduction in the shareholders' equity. Changes in the amount of capital contributed to statutory funds is recorded by the shareholders' funds directly in equity.

**3.15 Provision for outstanding claims**

A liability for outstanding claims is recognized in respect of all claims incurred up to the year end date, except for accident and health claims which are recognized as soon as reliable estimates of the claim amount can be made. Claims where intimation of the event giving rise to the claim is received or in respect of investment linked business when the policy ceases to participate in the earnings of the statutory fund are reported as claims in the revenue account. The liability for claims incurred but not reported at the year end is determined by the Appointed Actuary and are included in the policyholders' liabilities.

**3.16 Acquisition costs**

These are costs incurred in acquiring insurance policies, maintaining such policies, and include without limitation, all forms of remuneration paid to insurance agents.



POSTAL LIFE INSURANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2020

	December 31, 2020	Notes	Rupees
Operating assets	-	4.1	-
Capital work in progress	-	4.2	-

4 PROPERTY & EQUIPMENT

Operating assets  
Capital work in progress

4.1 Operating Assets

PARTICULARS	Current Year										Depreciation Rate %
	Cost			Depreciation				W.D.V.			
	As at January 01, 2020	Additions/ (Disposals)	As at December 31, 2020	As at January 01, 2020	Charge for the year	Adjustment	As at December 31, 2020	As at December 31, 2020	As at December 31, 2020		
Land	-	-	-	-	-	-	-	-	-	-	5%
Building	-	-	-	-	-	-	-	-	-	-	10%
Leasehold Improvement	-	-	-	-	-	-	-	-	-	-	20%
Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-	20%
Office Equipment	-	-	-	-	-	-	-	-	-	-	33.33%
Computer Equipment	-	-	-	-	-	-	-	-	-	-	20%
Vehicles	-	-	-	-	-	-	-	-	-	-	20%
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	

Rupees

PARTICULARS	Previous Year										Depreciation Rate %
	Cost			Depreciation				W.D.V.			
	As at January 01, 2019	Additions/ (Disposals)	As at December 31, 2019	As at January 01, 2019	Charge for the year	Adjustment	As at December 31, 2019	As at December 31, 2019	As at December 31, 2019		
Land	-	-	-	-	-	-	-	-	-	-	5%
Building	-	-	-	-	-	-	-	-	-	-	10%
Leasehold Improvement	-	-	-	-	-	-	-	-	-	-	20%
Furniture & Fixtures	-	-	-	-	-	-	-	-	-	-	20%
Office Equipment	-	-	-	-	-	-	-	-	-	-	33.33%
Computer Equipment	-	-	-	-	-	-	-	-	-	-	20%
Vehicles	-	-	-	-	-	-	-	-	-	-	20%
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	

Rupees

POSTAL LIFE INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED DECEMBER 31, 2020

December 31,  
 2020  
 Rupees

4.2 Capital Work-In-Progress

Opening balance  
 Additions / Transferred to Assets  
 Closing Balance

Notes

5 INTANGIBLE ASSET

PARTICULARS	Cost			Amortization			W.D.V. As at December 31, 2020	Amortization Rate %
	As at January 01, 2020	Additions/ (Disposals)	Adjustment	As at December 31, 2020	As at January 01, 2020	Charge for the year		
Computer Software	-	-	-	-	-	-	-	33.33%
Others	-	-	-	-	-	-	-	10%
<b>Current Year</b>	-	-	-	-	-	-	-	-
<b>Prior Year</b>	-	-	-	-	-	-	-	-

6 INVESTMENT PROPERTIES

PARTICULARS	Cost			Current Year Depreciation			W.D.V. As at December 31, 2020	Usefull Life
	As at January 01, 2020	Additions/ (Disposals)	Adjustment	As at December 31, 2020	As at January 01, 2020	Charge for the year		
Leaschold Land / Building	-	-	-	-	-	-	-	-

PARTICULARS	Cost			Previous Year Depreciation			W.D.V. As at December 31, 2019	Usefull Life
	As at January 01, 2019	Additions/ (Disposals)	Adjustment	As at December 31, 2019	As at January 01, 2019	Charge for the year		
Leaschold Land / Building	-	-	-	-	-	-	-	-

POSTAL LIFE INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED DECEMBER 31, 2020

7 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The Company's interests in its subsidiaries and associates are as follows:

Name	Country of Incorporation	Assets	Liabilities	Revenues	Profit / (loss)	% interest held
----- Rupees -----						
	Company 1	-	-	-	-	-
	Company 2	-	-	-	-	-
Total at the end of the year		-	-	-	-	-
----- Rupees -----						
	Company 1	-	-	-	-	-
	Company 2	-	-	-	-	-
Total at the end of prior year		-	-	-	-	-

8 EQUITY SECURITIES

	December 31, 2020		
	Cost	Impairment	Carrying value
----- Rupees -----			
Available for sale	-	-	-
Related parties - listed shares	-	-	-
Others - listed shares	-	-	-
Unrealised gain / loss on available for sale investments	-	-	-
	-	-	-

9 GOVERNMENT SECURITIES

Particulars	December 31, 2020				
	Maturity year	Effective coupon / yield (%)	Amortized cost	Principal repayment	Carrying value
----- Rupees -----					
None	-	-	-	-	-
Total at the end of the year	-	-	-	-	-

10 INVESTMENTS IN DEBT SECURITIES

		December 31, 2020			
		Cost	Impairment / Provision	Carrying Value	Total
----- Rupees -----					
Related Parties					
Instruments	10.1	-	-	-	-
Others					
Instruments	10.2	-	-	-	-
		-	-	-	-

Description	No of Certificates		Face Value	Value of Certificates	
	Current Year	Prior Year		Current Year	Prior Year
----- Rupees -----					

10.1 Related Parties  
 Instruments

10.2 Others  
 Instruments

11 TERM DEPOSITS HELD TO MATURITY

Deposit maturing within 12 months  
 Deposit maturing after 12 months

Notes  
 December 31, 2020  
 Rupees

POSTAL LIFE INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED DECEMBER 31, 2020

12 MUTUAL FUND	December 31, 2020		
	Cost	Impairment	Carrying value
	-----Rupees-----		
None	-	-	-
Total at the end of the year	-	-	-

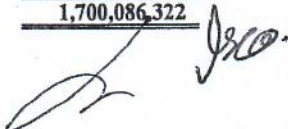
  

	Notes	December 31, 2020 Rupees
<b>13 INSURANCE / REINSURANCE RECEIVABLES</b>		
Due from insurance contract holders		-
Less provision for impairment of receivables from insurance contract holders		-
Due from other insurers / reinsurers		-
Less provision for impairment of due from other insurers / reinsurers		-
Total		-
<b>14 OTHER LOANS AND RECEIVABLES</b>		
Loan to related parties		-
Receivable from related parties		-
Rent receivable		-
Accrued income on bank deposits		21,611,677
Accrued investment income		-
Security deposits		-
Advance to suppliers		-
Loans to agents		-
Loans to employees		-
Other receivables		-
Less: provision for impairment of loans and receivables		-
Total		21,611,677
<b>15 DEFERRED TAXATION</b>		
Deferred debits		-
Deferred credits		-
Total		-
<b>16 PREPAYMENTS</b>		
Prepaid rent		-
Prepaid miscellaneous		-
Total		-
<b>17 CASH AND BANK</b>		
Cash and Cash Equivalents		
- Cash in hand		-
- Stamps		-
Cash at bank		
- Current account		-
- Saving account	17.1	1,700,086,322
		1,700,086,322

17.1 This account is kept in National Bank of Pakistan, Islamabad and carries mark-up ranging from 5.5% to 6% per annum.

17.2 Cash and cash equivalents include the following for the purposes of the cash flow statement:

Cash and bank	1,700,086,322
Term deposit having maturity of within three months	-
	1,700,086,322



POSTAL LIFE INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED DECEMBER 31, 2020

18 SHARE CAPITAL	Notes	December 31, 2020 Rupees
18.1 Authorized Capital		
2020 (No. of Shares)		
<u>400,000,000</u>	Ordinary shares of Rs.10 each	<u>4,000,000,000</u>
<u>400,000,000</u>		<u>4,000,000,000</u>
18.2 Issued, Subscribed and Paid-up Share Capital		
2020 (No. of Shares)		
<u>70,000,000</u>	Ordinary shares of Rs.10 each fully paid in cash	<u>700,000,000</u>
<u>70,000,000</u>		<u>700,000,000</u>
19 SHARE DEPOSIT MONEY		
Share deposit money received during the period	19.1	<u>1,000,000,000</u> <u>1,000,000,000</u>
19.1 It represents share deposit money received from shareholders for issuance of ordinary share capital. The issue of shares is pending due to approval from relevant authorities.		
20 RESERVES	Notes	December 31, 2020 Rupees
Capital reserves		
Reserve for exceptional loss		-
Revenue reserves		
General reserve		-
Others		-
Total		<u>-</u>
21 INSURANCE LIABILITIES		
Reported outstanding claims (including claims in payment)	21.1	-
Incurred but not reported claims	21.2	-
Investment component of unit-linked and account value policies	21.3	-
Liabilities under individual conventional insurance contracts	21.4	-
Liabilities under group insurance contracts (other than investment linked)	21.5	-
Unearned Reinsurance Commission		<u>-</u>
21.1 Reported Outstanding Claims		
Gross of Reinsurance		
Payable within one year		-
Payable over a period of time exceeding one year		-
Recoverable from Reinsurers		
Receivable within one year		-
Receivable over a period of time exceeding one year		-
Net Reported Outstanding Claims		<u>-</u>
21.2 Incurred But Not Reported Claims		
Gross of Reinsurance		-
Reinsurance recoveries		-
Net of Reinsurance		<u>-</u>

POSTAL LIFE INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED DECEMBER 31, 2020

	Notes	December 31, 2020 Rupees
<b>21.3 Investment Component of Unit Linked and Account Value Policies</b>		
Investment Component of Unit Linked Policies		-
Investment Component of Account Value Policies		-
		<u>-</u>
<b>21.4 Liabilities under Individual Conventional Insurance Contracts</b>		
Gross of reinsurance		-
Reinsurance credit		-
Net of Reinsurance		<u>-</u>
<b>21.5 Liabilities under Group Insurance Contracts (other than investment linked)</b>		
Gross of reinsurance		-
Reinsurance credit		-
Net of Reinsurance		<u>-</u>
<b>22 RETIREMENT BENEFIT OBLIGATIONS</b>		
<b>Balance Sheet Reconciliation</b>		
Fair value of plan assets		-
Present value of defined benefits obligation		-
Funded status		-
Unrecognized net actuarial gain / (loss)		-
Recognized asset / (liability)		<u>-</u>
<b>Movement in Fair Value of Plan Assets</b>		
Fair value as at January 01		-
Expected return on plan assets		-
Actuarial gains		-
Employer contributions		-
Benefits paid		-
Fair value as at December 31		<u>-</u>
<b>Movement in the defined benefits obligation</b>		
Obligation as at January 01		-
Services cost		-
Interest cost		-
Settlement & curtailment		-
Actuarial gains		-
Benefits paid		-
Obligation as at December 31		<u>-</u>
<b>Cost</b>		
Current service cost		-
Interest cost		-
Expected return on plan assets		-
Settlement & curtailment		-
Recognition of actuarial loss		-
Expense		-
Actual return on plan assets		<u>-</u>
<b>Principal actuarial assumptions used are as follows:</b>		
Discount rate & expected return on plan assets		-
Future salary increases		-
Future pension increases		-
Medical cost trend rates		-

POSTAL LIFE INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED DECEMBER 31, 2020

	Notes	December 31, 2020 Rupees
<b>23 BORROWINGS</b>		
Bank loans		-
Liabilities against assets subject to finance lease	23.1	-
Other		-
<b>Total borrowings</b>		<u>-</u>
Current portion		-
Non-current portion		<u>-</u>

**23.1 Liabilities Against Assets Subject To Finance Lease**

Particulars	December 31, 2020		
	Minimum Lease Payment	Financial charges for future period	Principal Outstanding
	-----Rupees-----		
Not later than 1 year	-	-	-
Later than 1 but not later than 5 years	-	-	-
Over 5 years	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

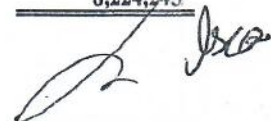
	Notes	December 31, 2020 Rupees
<b>24 INSURANCE / REINSURANCE PAYABLES</b>		
Due to insurance contract holders		-
Due to other insurers / reinsurers		-
		<u>-</u>

<b>25 OTHER CREDITORS AND ACCRUALS</b>		
Agents commission payable		-
Federal Excise Duty		-
Federal Insurance Fee		-
WWF		-
Payable to related parties		2,705,648
Accrued expenses		-
Income tax liabilities		5,518,597
Other liabilities		-
Other tax payables		-
Unpaid and unclaimed balances		-
Dividend		-
		<u>8,224,245</u>

**26 CONTINGENCY(IES) & COMMITMENT(S)**

26.1 There were no contingencies and commitments as at the year end.

26.2 There were no capital commitments as at the year end.





**POSTAL LIFE INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

	Notes	December 31, 2020 Rupees
<b>27 NET PREMIUM REVENUE</b>		
<b>Gross Premiums</b>		
Regular premium individual policies		-
First year		-
Second year renewal		-
Subsequent year renewal		-
Total regular premium individual policies		-
Single Premium Individual Policies		-
Group Policies with Cash Values		-
Group Policies without Cash Values		-
Less: Experience refund		-
Less: Annuities		-
<b>Total Gross Premiums</b>		-
<b>Less: Reinsurance Premiums Ceded</b>		
On individual life first year business		-
On individual life second year business		-
On individual life renewal business		-
On group policies		-
Less: Expendiure refunded		-
Less: Reinsurance commission on risk premiums		-
On annuities		-
On others		-
<b>Total Reinsurance Premium Ceded</b>		-
<b>Net Premiums</b>		-
<b>28 FEE INCOME</b>		
Fee received		-
<b>29 INVESTMENT INCOME</b>		
<b>Income from Equity Securities:</b>		
<b>Available For Sale</b>		
Dividend income		-
Mutual funds		-
Others		-
<b>Held For Trading</b>		
Dividend income		-
Mutual funds		-
Others		-
<b>Income from Debt Securities:</b>		
<b>Available for Sale</b>		
Return on government securities		-
Amortization of premium / discount		-
<b>Held to Maturity</b>		
Return on government securities		-
Amortization of premium / discount		-
<b>Income from Term Deposits</b>		
Return on Term Deposits		-
Others		-
<b>Total investment income</b>		-

*[Handwritten signature]*

POSTAL LIFE INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED DECEMBER 31, 2020

	Notes	December 31, 2020 Rupees
<b>30 NET REALIZED FAIR VALUE GAIN ON FINANCIAL ASSETS</b>		
Available for sale financial assets		
Realized gains on:		
Equity securities		-
Debt securities		-
Realised losses on:		
Equity securities		-
Debt securities		-
		-
		-
<b>31 NET FAIR VALUE GAINS / (LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
Net unrealised gains / (losses) on investments at fair value through profit or loss (held for trading purposes)		-
Net unrealised gains / (losses) on investments in financial assets		-
Net unrealised gains / (losses) on investments at fair value through profit or loss (designated upon initial recognition)		-
<b>Total investment income</b>		-
Less: Impairment in value of available for sale securities		-
Less: Investment related expenses		-
		-
		-
<b>32 NET RENTAL INCOME</b>		
Rental income		-
Less: Expenses of investment property		-
		-
		-
<b>33 OTHER INCOME</b>		
Return on bank balances		21,735,994
		<u>21,735,994</u>
<b>34 NET INSURANCE BENEFITS</b>		
<b>Gross Claims</b>		
Claims under individual policies:		
By death		-
By insured event other than death		-
By maturity		-
By surrender		-
Annuity payments		-
Bonus in cash		-
<b>Total gross claims under individual policies</b>		-
Claims under group policies:		
By death		-
By insured event other than death		-
By maturity		-
By surrender		-
Annuity payments		-
Bonus in cash		-
<b>Total gross claims under group policies</b>		-
<b>Total Gross Claims</b>		-

POSTAL LIFE INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED DECEMBER 31, 2020

	Notes	December 31, 2020 Rupees
<b>Less: Reinsurance Recoveries</b>		
On group life claims		-
On individual claims		-
On annuities		-
On others		-
<b>Total Reinsurance Recoveries</b>		-
<b>Net Insurance Benefit Expense</b>		-
<b>35 ACQUISITION EXPENSES</b>		
Remuneration to insurance intermediaries on individual policies:		
Commission to agent on first year premiums		-
Commission to agent on second year premiums		-
Commission to agent on subsequent renewal premiums		-
Commission to agent on single premiums		-
Overriding commission to supervisors		-
Other benefits to insurance intermediaries		-
Remuneration to insurance intermediaries on group policies:		
Commission		-
Other benefits to insurance intermediaries		-
Other acquisition cost		-
<b>Total Acquisition Expenses</b>		-
<b>36 MARKETING AND ADMINISTRATIVE EXPENSES</b>		
Employee Benefit Costs	36.1	565,648
Rent, rates & taxes		-
Postage, telegram and telephone		-
Electricity and gas		-
Depreciation		-
Amortization		-
Service charges		-
Bank charges		700
Miscellaneous - BOD Fee	36.2	1,560,000
<b>Marketing And Administrative Expenses</b>		<b>2,126,348</b>
<b>36.1 Employee Benefit Costs</b>		
Salaries, allowance and other benefits		565,648
Charges for post employment benefit		-
		<b>565,648</b>
<b>36.2</b> These comprises of BOD meetings fee and expenses.		
<b>37 OTHER EXPENSES</b>		
Workers welfare fund		-
Miscellaneous		-
Auditors remuneration	37.1	580,000
		<b>580,000</b>
<b>37.1 Auditor's Remuneration</b>		
Annual audit fee		500,000
Add: Sales Tax on Services		80,000
		<b>580,000</b>

POSTAL LIFE INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED DECEMBER 31, 2020

	Notes	December 31, 2020 Rupees
<b>38 FINANCE COST</b>		
Mark-up on short term financing		-
Mark-up on long term financing		-
Mark-up on finance leases		-
Exchange loss		-
		<u>-</u>
		<u>-</u>
<b>39 TAXATION</b>		
For The Year		
Current	39.1	5,518,597
Deferred	39.2	-
		<u>5,518,597</u>

**39.1 Relationship between tax expense and accounting profit**

Profit before tax	19,029,646
Tax at the applicable rate of 29%	5,518,597
Tax expense for the period	<u>5,518,597</u>

**39.2** The assets and liabilities under tax bases are equal to their carrying amounts at reporting date resulting in no taxable or deductible temporary differences thus, no deferred tax liability or deferred tax asset is recognized at reporting date.

	Notes	December 31, 2020 Rupees
<b>40 EARNING PER SHARE</b>		
Profit after tax for the period		13,511,049
Weighted average number of ordinary shares		70,000,000
Basic earning per share		<u>0.19</u>
Profit after tax for the period		13,511,049
Weighted average number of ordinary shares		170,000,000
Diluted earning per share		<u>0.08</u>

The Company is in the process of issuing new shares and thus, the figure for diluted earning per share has been presented (adjusted for the effects of all dilutive potential ordinary shares). The number of shares outstanding at the issuance date depends on the final decision of the Board as well as the competent authorities.

**41 REMUNERATION OF DIRECTORS AND EXECUTIVES**

	December 31, 2020		
	CEO	DIRECTOR	EXECUTIVES
	-----Rupees-----		
Fees	-	1,560,000	-
Managerial Remuneration	565,648	-	-
Leave Encashment	-	-	-
Bonus	-	-	-
Ex-gratia allowance	-	-	-
Charge for defined benefit plan	-	-	-
Contribution to defined contribution plan	-	-	-
Rent & house maintainance	-	-	-
Utilities	-	-	-
Medical	-	-	-
Conveyance	-	-	-
Others	-	-	-
	<u>565,648</u>	<u>1,560,000</u>	<u>-</u>
Number of persons	<u>1</u>	<u>4</u>	<u>0</u>

**POSTAL LIFE INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

Three directors out of the total four directors are nominees from Pakistan Post whereas one director is nominee from Ministry of Communication.

**42 RELATED PARTY TRANSACTIONS**

The Company is governed by the Government of Pakistan. Therefore, all the Departments and Agencies controlled by the GoP are related parties of the Company. Other related parties comprise of the Directors of the Company and their close family members and Key Management Personnel. Balances with related parties are shown elsewhere in the notes to the financial statements as appropriate. Material transactions with related parties are as follows:

Transaction with Federal Government:	Notes	December 31, 2020 Rupees
Share money received and shares issued		700,000,000
Shares deposit money received		1,000,000,000
Taxes paid to Federal Board of Revenue		37,295
Taxes payable to Federal Board of Revenue		5,518,597
<b>Key management personnel</b>		
Payable to CEO against salaries and benefits		565,648
Payables to Directors against fees		1,560,000

Partial use of a building under the control of Pakistan Post has been given to the Company for initial setup. No cost, in this regard, has either been charged nor accounted for in these financial statements, being partial and free of cost.

**43 SEGMENTAL INFORMATION**

**43.1 Revenue account by statutory fund**

	Statutory Funds			Aggregate
	Ordinary Life	Universal Life	Accident & Health	December 31, 2020
	-----Rupees-----			
<b>Income</b>				
Premiums less reinsurances	-	-	-	-
Policy Transfers from Other Statutory Funds	-	-	-	-
Net investment income	-	-	-	-
<b>Total net income</b>	-	-	-	-
<b>Insurance benefits and expenditure</b>				
Insurance benefit, net of reinsurance recoveries	-	-	-	-
Management expenses less recoveries	-	-	-	-
<b>Total insurance benefits and expenditure</b>	-	-	-	-
<b>Excess of income over expenditure</b>	-	-	-	-
<b>Net change in insurance liabilities</b>	-	-	-	-
<b>Surplus / Deficit (Before Tax)</b>	-	-	-	-
<b>Taxes chargeable to statutory funds</b>				
Current	-	-	-	-
Prior year(s)	-	-	-	-
Deferred	-	-	-	-
<b>Total Taxes</b>	-	-	-	-
<b>Surplus / (Deficit) After Tax</b>	-	-	-	-
<b>Movement in policyholder liabilities</b>	-	-	-	-
<b>Transfer to or from shareholders' fund</b>				
- Capital contribution from shareholders' fund	-	-	-	-
- Capital contribution to shareholders' fund	-	-	-	-
- Transfer of surplus to shareholders' fund	-	-	-	-
<b>Net transfer to or from shareholders' fund</b>	-	-	-	-
Balance of statutory fund at beginning of period	-	-	-	-
<b>Balance of statutory fund at end of period</b>	-	-	-	-

POSTAL LIFE INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED DECEMBER 31, 2020

43.2 Segment statement of financial position  
 as at December 31, 2020

	Statutory Fund	Shareholder Fund	Total
	Rupees		
Property and equipment	-	-	-
Intangible assets	-	-	-
Investment property	-	-	-
Investment in subsidiaries and associates	-	-	-
Investments	-	-	-
Loans secured against life insurance policies	-	-	-
Loans secured against life insurance policies	-	-	-
Other loans and receivables	-	21,611,677	21,611,677
Deferred taxation	-	-	-
Taxation - payments less provision	-	37,295	37,295
Prepayments	-	-	-
Cash and bank	-	1,700,086,322	1,700,086,322
<b>Total Assets</b>	<b>-</b>	<b>1,721,735,294</b>	<b>1,721,735,294</b>
Insurance liabilities net of reinsurance recoveries	-	-	-
Retirement benefit obligations	-	-	-
Deferred taxation	-	-	-
Borrowings	-	-	-
Premium received in advance	-	-	-
Insurance / reinsurance payables	-	-	-
Other creditors and accruals	-	8,224,245	8,224,245
<b>Total Liabilities</b>	<b>-</b>	<b>8,224,245</b>	<b>8,224,245</b>

44 MOVEMENT IN INVESTMENTS

	Held to Maturity	Available for sale	Fair Value Through P&L	Total
At The Beginning of Previous Year	-	-	-	-
Additions	-	-	-	-
Disposal	-	-	-	-
Fair value net gain	-	-	-	-
Designated at fair value through profit of loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At end of year	-	-	-	-
At The Beginning of Current Year	-	-	-	-
Additions	-	-	-	-
Disposal	-	-	-	-
Fair value net gain	-	-	-	-
Designated at fair value through profit of loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At end of year	-	-	-	-

45 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

45.1 Insurance risk

Insurance risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The Company applies risk mitigating factors to each insurance contract for risk management. The Company has not yet commenced insurance business as at the reporting date thus, the insurance risk is nil for the period.

45.2 Credit Risk

Credit risk arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company has no significant credit risk as it has not commenced business.

**POSTAL LIFE INSURANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2020**

**45.3 Liquidity Risk**

It is the first year of the Company. There are no significant commitments and liabilities. Therefore, the Company has no liquidity risk as at the reporting date.

**45.4 Market Risk**

It is the first year of the Company. The Company has not yet commenced it's business. Therefore, the Company has no liquidity risk as at the reporting date.

**45.5 Financial risk**

Maturity profile of financial assets and liabilities:	Interest		Non-Interest		Sub total	Total
	Maturity up to 1 year	Maturity after 1 year	Maturity up to 1 year	Maturity after 1 year		
Financial Assets						
Investments	-	-	-	-	-	-
Loans & other receivables	21,611,677	-	21,611,677	-	21,611,677	21,611,677
Insurance receivables	-	-	-	-	-	-
Cash & bank	1,700,086,322	-	1,700,086,322	-	1,700,086,322	1,700,086,322
Others	-	-	-	-	-	-
<b>31-12-2020</b>	<b>1,721,697,999</b>	<b>-</b>	<b>1,721,697,999</b>	<b>-</b>	<b>1,721,697,999</b>	<b>1,721,697,999</b>

Rupees

**Financial Liabilities**

Premium received in advance	-	-	-	-	-	-
Borrowings - Share Deposit Money	-	-	1,000,000,000	-	1,000,000,000	1,000,000,000
Others	-	-	8,224,245	-	8,224,245	8,224,245
<b>31-12-2020</b>	<b>-</b>	<b>-</b>	<b>1,008,224,245</b>	<b>-</b>	<b>1,008,224,245</b>	<b>1,008,224,245</b>

**Off Balance Sheet Items**

Financial commitments	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>31-12-2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**45.6 Capital Management**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

As prescribed by the SECP, the Company is required to maintain the minimum capital and to comply with the solvency requirements for Shareholders' Funds, with which the Company is in compliance.

*Signature*

POSTAL LIFE INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE PERIOD ENDED DECEMBER 31, 2020

46 STATEMENT OF SOLVENCY

	31-Dec-20		
	Shareholders Fund	Statutory Fund	Total
	----- Rupees -----		
<b>Assets</b>			
Property and equipment	-	-	-
Intangible assets	-	-	-
Investment property	-	-	-
Investments in subsidiaries and associates	-	-	-
Investments	-	-	-
Equity securities	-	-	-
Government securities	-	-	-
Debt securities	-	-	-
Term deposits	-	-	-
Loans secured against life insurance policies	-	-	-
Insurance / reinsurance receivables	-	-	-
Other loans and receivables	21,611,677	-	21,611,677
Deferred taxation	-	-	-
Taxation - payments less provision	37,295	-	37,295
Prepayments	-	-	-
Cash & Bank	1,700,086,322	-	1,700,086,322
<b>Total Assets (A)</b>	<b>1,721,735,294</b>	<b>-</b>	<b>1,721,735,294</b>
<b>In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000</b>			
None	-	-	-
None	-	-	-
<b>Total of In-admissible assets (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Admissible Assets (C=A-B)</b>	<b>1,721,735,294</b>	<b>-</b>	<b>1,721,735,294</b>
<b>Total Liabilities</b>			
Insurance Liabilities Net of Reinsurance Recoveries	-	-	-
Retirement benefit obligations	-	-	-
Deferred taxation	-	-	-
Borrowings	-	-	-
Premium received in advance	-	-	-
Insurance / reinsurance payables	-	-	-
Other creditors and accruals	2,705,648	-	2,705,648
Taxation - provision less payments	5,518,597	-	5,518,597
<b>Total Liabilities (D)</b>	<b>8,224,245</b>	<b>-</b>	<b>8,224,245</b>
<b>Total Net Admissible Assets (E=C-D)</b>	<b>1,713,511,049</b>	<b>-</b>	<b>1,713,511,049</b>
<b>Minimum Solvency Requirement</b>			
Shareholder's Fund	165,000,000	-	165,000,000
Statutory Fund	-	-	-
Solvency Margin	-	-	-
	165,000,000	-	165,000,000
<b>Excess in Net Admissible Assets over Minimum Solvency Requirements</b>	<b>1,548,511,049</b>	<b>-</b>	<b>1,548,511,049</b>

47 CORRESPONDING FIGURES

Comparative figures are not presented in these financial statements as these financial statements are prepared for the first year of operations for an initial period of nine months and twenty days from the date of incorporation i.e. from March 10, 2020 to December 31, 2020.



POSTAL LIFE INSURANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2020

---

48 SUBSEQUENT EVENTS - NON ADJUSTING

There are no adjustable subsequent events as at the reporting date.

49 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on April 23, 2021.

50 GENERAL

Figures have been rounded off to the nearest rupee.

JSCB

  
Chairman

  
Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer