



**PAKISTAN
INSURANCE
CORPORATION**

26th Annual Report & Accounts

FOR THE YEAR ENDED 31st DECEMBER, 1978

ESTABLISHED UNDER PAKISTAN INSURANCE
CORPORATION ACT NO. XXXVIII OF 1952.



PAKISTAN INSURANCE CORPORATION

BOARD OF DIRECTORS

M. YAKUB	<i>Chairman</i>
K. N. CHEEMA	<i>Director</i>
D. M. QURESHI	<i>Director</i>
AHADULLAH AKMAL	<i>Director</i>
M. W. FAROOQUI	<i>Director</i>
MAZHER ALI KHAN	<i>Director</i>

AUDITORS :

RAO & CO.
EBRAHIM & CO.

HEAD OFFICE :

Pakistan Insurance Building,
M. A. Jinnah Road,
P. O. Box No. 4777, City,
Karachi-2 (Pakistan).

PAKISTAN INSURANCE CORPORATION

NOTIFICATION

The Twenty Sixth Annual General Meeting of the Shareholders of Pakistan Insurance Corporation will be held at Pakistan Insurance Building, M. A. Jinnah Road, (opp. Mereweather Tower), Karachi-2 on Saturday the 30th June, 1979 at 11-00 A.M. to transact the following business namely :—

- (1) Confirmation of the Minutes of the 25th Annual General Meeting held on Wednesday, the 28th June, 1978.
- (2) The Balance Sheet as at 31st December, 1978, the Revenue Accounts and the Profit & Loss and the Profit and Loss Appropriation Accounts for the year ended 31st December, 1978 together with the report by the Board on the Working of the Corporation during the year and the Auditors' Report on the said Balance Sheet and Accounts will be read and considered.
- (3) The Chairman will announce the Dividend declared by the Board in respect of the 1978 Accounts.

The Share Transfer Registers of the Corporation will remain closed for 8 days with effect from the 21st June 1979 to 28th June 1979 (both days inclusive).

By order of the Board
(SYED ZIAUDDIN AHMED)
Chief Manager
Accounts & Investment

PAKISTAN INSURANCE CORPORATION

KARACHI

Report of the Board of Directors on the Working of the Corporation during the year ended 31st December, 1978.

The Shareholders,
Pakistan Insurance Corporation.

Gentlemen,

Your directors take pleasure in presenting herewith their 26th Annual Report and the Accounts of the Corporation for the year 1978.

Although there has been a modest increase in the volume of Premium income, the business in the aggregate has continued to develop satisfactorily. The gross premium of the Corporation increased by 4.3% from Rs. 5545 lacs in 1977 to Rs. 5786 lacs this year. The net premium nevertheless has shown perceptible improvement and rose by around 11% i.e., from Rs. 2376 lacs in 1977 to Rs. 2638 lacs in 1978.

A summary of the accounts given hereunder indicates the progress made:—

Revenue Accounts

(In lacs of Rupees)

	Fire		Marine		Misc.		Total	
	1977	1978	1977	1978	1977	1978	1977	1978
Gross Premium	1259	1524	2550	2524	1736	1738	5545	5786
Retrocession	762	976	1168	1152	1239	1020	3169	3148
Net Premium	497	548	1382	1372	497	718	2376	2638
Net Commission	265	288	459	475	129	185	853	948
Net Claims	194	204	771	853	326	353	1291	1410
Premium Reserve Adjustment	(4)	20	144	(4)	8	89	148	105
Management Expenses	18	22	36	36	25	25	79	83
Underwriting Profit	24	14	(28)	12	9	66	5	92

The net claims paid during 1978, in terms of percentage of net premium, decreased to 53.5% compared to 54.4% in 1977. Net commission as a percentage of net premium was the same i.e. 36% as in 1977. Management expenses have recorded a decrease from 3.3% to 3.1%. The net underwriting profit has recorded a substantial increase due to increase in net premium, relief from premium reserve and lower claims ratio.

Investment :

There was a sizeable increase in investment made by the Corporation in 1978 as shown below:—

	<i>(In lacs of Rupees)</i>	
	1977	1978
Government and other Securities	8.92	45.38
G. T. D. R.	1550.61	1647.02
F. D. R.	182.13	438.13
Stock and Shares	304.84	309.76
Debentures	76.15	74.36
Total ...	2122.65	2514.65

These investments do not include investment left over in the former East Pakistan which amount to Rs. 164.73 lacs.

With the increase in investments, the investment income for the year also increased by 44% from Rs. 175.19 lacs in 1977 to Rs. 251.99 lacs in 1978.

Profit and Loss Account :

The Profit and Loss Account shows a net profit of Rs. 335.50 lacs arrived at as follows:—

	<i>(In lacs of Rupees)</i>	
Underwriting Profit		92.22
Investment Income		251.99
Miscellaneous		
(a) Interest earned on deposits retained by other Companies.	20.94	
(b) Other Misc. Income	6.18	
	27.12	
Less :		
(a) Interest paid on deposits retained from other Cos.	7.85	
(b) Other Misc. Expense	1.13	
(c) Loss on sale of fixed assets	0.85	
(d) Provision for Taxation	26.00	
	35.83	(8.71)
Net Profit.		335.50

Allocation of Profit :

Including a sum of Rs. 0.78 lacs brought forward from last year, the aggregate amount of Rs. 336.28 lacs is proposed to be appropriated as under :—

(a) Exceptional Loss Reserve	Rs.	300.00	Lacs
(b) Provision for Proposed Bonus Shares	Rs.	30.00	Lacs
(c) Available for Dividend for the year 1978 and to be carried forward to next year.	Rs.	6.28	Lacs
	Rs.	<u>336.28</u>	<u>Lacs</u>

Balance Sheet :

There has been an overall improvement of Rs. 593 lacs (or 18%) in the Reserves/Provisions of the Corporation which have increased from Rs. 3307 lacs at the end of 1977 to Rs. 3900 lacs at the close of 1978. Details of these Reserves/Provisions are shown below:—

Financial Reserves/Provisions:

(In lacs of Rupees)

Exceptional Loss Reserve	1355	
Exchange Fluctuation Reserve	15	
Investment Fluctuation Reserve	5	
General Reserve	50	
Provision for Taxation	57	
Provision for Bad and Doubtful Debts	2	
Provision for Gratuity	15	
Provision for Proposed Bonus Shares	30	
	<u>1529</u>	

Technical Reserves/Provisions:

Premium Reserve	1085	
Provision for Outstanding Claims	1286	
	<u>2371</u>	
Total Reserves/Provisions.		<u>3900</u>

Regional Cooperation for Development :

The Pakistan Insurance Industry has continued to play an effective role in the multi-national regional cooperation in the field of insurance. The RCD Reinsurance Pool established in 1967, has registered good progress; it has written a premium income of US\$. 4.91 million in 1978 and is expected to increase it to US\$. 6.3 million in 1979. The pool has also been able to attract business from outside the Region.

2. The Corporation is also a founder member of the Federation of Afro-Asian Insurers and Reinsurers (FAIR). The FAIR Reinsurance Pool, which provides a market of high under-writing capacity within the region is progressing remarkably and the Corporation is actively supporting it by contributing substantial business and obtaining due reciprocity. During the year 1979, the premium income of the pool is estimated to be U. S. \$. 10.77 millions as against U.S.\$ 9.12 millions in 1978.

3. Likewise, co-operation in the field of insurance between the Corporation and Umum Re. of Indonesia under the aegis of IPECC is progressing satisfactorily. The volume of exchange of business has considerably increased in the recent past and is expected to grow substantially in the coming years.

Acknowledgment :

The Directors take this opportunity to express their appreciation of the good work done by the Management, Officers and Staff of the Corporation which is reflected in the increasing business and satisfactory Reserves of the Corporation. The Directors also owe their gratitude to the Government of Pakistan, the Insurance Association of Pakistan, all Insurers and also the Reinsurance Brokers and Overseas Associates for the Co-operation and assistance given by them during the year under review.

The Directors are pleased to declare a dividend of 10% for the year 1978. The Directors have further decided, subject to approval of the Federal Government and the Controller of Capital to Issues, to issue 3 fully paid bonus shares for every 5 shares held by the existing share holders.

PAKISTAN INSURANCE CORPORATION

26 YEARS AT A GLANCE

(In lacs of Rupees)

YEAR			Gross Premium Income	Profit	Dividend declared %	Total Reserves/ Provisions	Total Investment
1953	...	...	16.38	0.13	...	7.95	10.46
1954	...	...	44.92	1.06	4	32.02	35.14
1955	...	...	56.74	5.10	4	34.62	45.10
1956	...	...	80.45	5.75	5	48.44	50.99
1957	...	...	94.61	6.34	6-1/2	64.24	60.30
1958	...	...	207.34	10.69	10	87.04	89.93
1959	...	...	250.12	15.92	10	99.95	104.55
1960	...	...	331.10	16.94	10	112.58	113.81
1961	...	...	376.63	15.09	10	136.24	122.99
1962	...	...	478.89	15.61	10	170.32	149.02
1963	...	...	571.65	16.48	10	210.69	203.06
1964	...	...	674.00	20.17	10	259.01	257.89
1965	...	...	722.98	23.34	10	355.47	310.40
1966	...	...	938.06	23.08	10	395.01	354.07
1967	...	...	1084.31	36.21	10	491.17	387.09
1968	...	...	1319.42	73.97	10	633.64	422.56
1969	...	...	1562.91	67.28	10	774.48	477.62
1970	...	...	1554.45	87.52	10	911.08	512.42
1971	...	...	1667.67	70.79	10	1070.60	520.84
1972	...	...	2152.02	62.87	10	1162.23	359.86
1973	...	...	2382.88	109.24	7-1/2	1274.00	370.75
1974	...	...	3198.87	160.22	7-1/2	1740.27	475.84
1975	...	...	3997.17	198.65	10	2077.12	927.98
1976	...	...	4623.68	265.18	10	2629.56	1387.39
1977	...	...	5544.82	180.69	10	3307.25	2122.65
1978	...	...	5785.56	335.50	10	3900.44	2514.65
					3:5B		

PAKISTAN INSURANCE CORPORATION

KARACHI

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the annexed Balance Sheet of the PAKISTAN INSURANCE CORPORATION as at 31st December 1978 and the Fire, Marine and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account and Profit and Loss Appropriation Account of the Corporation for the year ended on that date and we report that :

- (a) we have obtained all the information and explanations which we have required;
- (b) subject to the contents of Notes 1, 2 and 4, such Balance Sheet, together with notes thereon, exhibits a true and correct view of the state of the Corporation's affairs according to the best of our information and explanations given to us and as shown by the books of the Corporation.

EBRAHIM & COMPANY
Chartered Accountants

RAO & COMPANY
Chartered Accountants

Karachi, 4th June 1979.

PAKISTAN INSURANCE

REVENUE ACCOUNT FOR THE CONSOLIDATED FOR ALL

1977 Rupees	PARTICULARS	1978 Rupees
8,52,27,806	Commission paid (Less Retrocessions)	9,47,22,149
9,20,35,268	Claims (Less Retrocessions) paid during the year.	12,80,34,048
11,56,41,869	<i>Add:</i> Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	12,85,87,967
20,76,77,137		25,66,22,015
7,85,75,927	<i>Less:</i> Outstanding at the end of the previous year	11,56,41,870
12,91,01,210		14,09,80,145
78,92,967	Expenses of Management	82,86,379
9,80,82,712	Premium Reserve for the year	10,85,32,795
4,37,600	Life Fund Balance at the end of the year	—
4,85,703	Profit transferred to Profit & Loss Account	92,22,243
32,12,27,998	Total:	36,17,43,711

Auditors' report to the shareholders is annexed.

EBRAHIM & CO.
Chartered Accountants

Karachi, 4th June 1979.

RAO & CO.
Chartered Accountants

CORPORATION

YEAR ENDED 31ST DECEMBER, 1978

CLASSES OF BUSINESS

1977 Rupees	PARTICULARS	1978 Rupees
8,32,53,640	Premium Reserve brought forward from last year	9,80,82,712
4,17,919	Life fund balance at the beginning of the year	—
55,44,81,506	Premium	57,85,55,596
31,69,25,067	Less: Retrocessions	31,48,94,597
23,75,56,439		26,36,60,999
<u>32,12,27,998</u>		Total : <u>36,17,43,711</u>

D. M. QURESHI

Director

K. N. CHEEMA

PAKISTAN INSURANCE

REVENUE ACCOUNT FOR THE FIRE

1977 Rupees	PARTICULARS	1978 Rupees
2,65,08,534	Commission paid (Less Retrocessions)	2,87,38,110
1,21,61,022	Claims (Less Retrocessions) paid during the year	2,50,40,105
2,32,85,316	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	1,86,59,135
3,54,46,338		4,36,99,240
1,59,83,928	Less: Outstanding at the end of the previous year	2,32,85,316
1,94,62,410		2,04,13,924
17,92,690	Expenses of Management	21,82,840
2,10,66,031	Premium Reserve for the year	2,30,95,220
23,76,319	Profit transferred to Profit & Loss Account	14,35,775
7,12,05,984		Total : 7,58,65,869

Auditors' report to the shareholders is annexed.

EBRAHIM & CO.
Chartered Accountants

Karachi, 4th June 1979.

RAO & CO.
Chartered Accountants

CORPORATION

YEAR ENDED 31ST DECEMBER, 1978

BUSINESS

1977 Rupees	PARTICULARS	1978 Rupees
2,14,79,118	Premium Reserve brought forward from last year	2,10,66,031
12,59,36,584	Premium	15,24,06,064
7,62,09,718	Less: Retrocessions	9,76,06,226
4,97,26,866		5,47,99,838
<u>7,12,05,984</u>		Total : <u>7,58,65,869</u>

D. M. QURESHI

Director

K. N. CHEEMA

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PAKISTAN INSURANCE

REVENUE ACCOUNT FOR THE

MARINE

1977 Rupees	PARTICULARS	1978 Rupees
4,58,33,898	Commission paid (Less Retrocessions)	4,74,89,258
5,62,28,065	Claims (Less Retrocessions) paid during the year	6,91,08,695
5,45,90,448	Add: Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	7,07,09,413
11,08,18,513		13,98,18,108
3,37,44,223	Less: Outstanding at the end of the previous year	5,45,90,448
7,70,74,290		8,52,27,660
36,29,624	Expenses of Management	36,14,125
5,65,15,313	Premium Reserve for the year	5,60,91,742
—	Profit transferred to Profit and Loss Account	11,63,954
18,30,53,125		Total: 19,35,86,739

Auditors' Report to the shareholders is annexed.

EBRAHIM & CO.
Chartered Accountants

Karachi, 4th June 1979

RAO & CO.
Chartered Accountants

CORPORATION

YEAR ENDED 31ST DECEMBER, 1978

BUSINESS

1977 Rupees	PARTICULARS	1978 Rupees
4,20,77,440	Premium Reserve brought forward from last year	5,65,15,313
25,49,81,315	Premiums	25,23,38,453
11,68,50,963	Less: Retrocessions	11,52,67,027
13,81,30,352		13,70,71,426
28,45,333	Loss Transferred to Profit & Loss Account	—
18,30,53,125	Total:	19,35,86,739

D. M. QURESHI

Director

K. N. CHEEMA

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PAKISTAN INSURANCE

REVENUE ACCOUNT FOR THE MISCELLANEOUS

1977 Rupees	PARTICULARS	1978 Rupees
1,28,84,408	Commission paid (Less Retrocessions)	1,84,94,781
2,36,46,181	Claims (Less Retrocessions) paid during the year	3,38,85,248
3,73,46,002	<i>Add:</i> Total estimated liability in respect of outstanding claims at the end of the year whether due or intimated	3,92,19,419
6,09,92,183		7,31,04,667
2,84,27,672	<i>Less:</i> Outstanding at the end of the previous year	3,77,66,106
3,25,64,511		3,53,38,561
24,70,653	Expenses of Management	24,89,414
2,05,01,368	Premium Reserve for the year	2,93,45,833
9,54,716	Profit transferred to Profit and Loss Account	66,22,514
<u>6,93,75,656</u>		<u>Total : 9,22,91,103</u>

Auditors' Report to the shareholders is annexed.

EBRAHIM & CO
Chartered Accountants

Karachi, 4th June 1979.

RAO & CO.
Chartered Accountants

CORPORATION

YEAR ENDED 31ST DECEMBER, 1978

BUSINESS

1977 Rupees	PARTICULARS	1978 Rupees
1,96,97,082	Premium Reserve brought forward from last year	2,05,01,368
17,35,63,607	Premiums	17,38,11,079
12,38,85,033	Less: Retrocessions	10,20,21,344
4,96,78,574		7,17,89,735
6,93,75,656	Total :	9,22,91,103

D. M. QURESHI

Director

K. N. CHEEMA

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PAKISTAN INSURANCE

PROFIT AND LOSS ACCOUNT FOR THE

1977 Rupees	PARTICULARS	1978 Rupees
	Expenses of Management (Not allocable to any particular Revenue Account).	
6,731	Directors' Fee and T. A.	6,810
20,500	Auditors' Fee	20,500
37,205	Advertisement and Publicity	14,962
64,436		42,272
49,386	R. C. D. Expenses	6,024
—	Charity and Donation	65,000
10,864	Federation of Afro-Asian Insurers and Reinsurers	—
60,250		71,024
7,10,176	Interest paid on deposits retained from other companies	7,85,423
10,29,584	Difference in Exchange/Devaluation	—
16,904	Net assets relating to former East Pakistan written off	—
—	Loss on sale of Fixed-Assets	84,733
—	Provision for Taxation	26,00,000
1,80,68,522	Net Profit for the year carried to Profit & Loss Appropriation Account	3,35,49,507
1,99,49,872	Total:	3,71,32,959

PROFIT AND LOSS APPROPRIATION ACCOUNT

1,78,00,000	Exceptional Loss Reserve	3,00,00,000
—	Provision for Proposed Bonus Shares	30,00,000
1,05,782	Provision for Taxation	—
5,78,608	Balance carried to Balance Sheet	6,28,115
1,84,84,390	Total:	3,36,28,115

These accounts should be read in conjunction with the annexed notes.

Auditors' report to the Shareholders is annexed.

EBRAHIM & CO.
Chartered Accountants

Karachi, 4th June 1979.

RAO & CO.
Chartered Accountants

CORPORATION

YEAR ENDED 31ST DECEMBER, 1978

1977 Rupees	PARTICULARS	1978 Rupees
	Investment Income	
1,75,18,540	Interest and Dividends	2,51,99,044
1,32,983	Income from building	1,32,983
1,23,365	Less: Depreciation and other expenses	64,645
9,618		68,338
1,75,28,158	Profit tranferred from Revenue Account	2,52,67,382
23,76,319	Fire	14,35,776
(28,45,333)	Marine	11,63,954
9,54,716	Miscellaneous	66,22,514
4,37,600	Life	—
9,23,302		92,22,244
	Other Receipts	
—	Difference in Exchange	3,91,389
14,13,564	Interest received on deposits retained by other companies.	20,93,473
19	Share transfer fee	—
13,775	Profit on sale of Investment	5,500
71,054	Miscellaneous Income	1,52,971
14,98,412		26,43,333
1,99,49,872		
	Total:	3,71,32,959

FOR THE YEAR ENDED 31ST DECEMBER, 1978

4,15,868	Balance brought forward from previous year	78,608
1,80,68,522	Net Profit for the year as per Profit and Loss Account	3,35,49,507
1,84,84,390		
	Total:	3,36,28,115

D. M. QURESHI

Director

K. N. CHEEMA

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PAKISTAN INSURANCE

BALANCE SHEET AS AT

1977 Rupees	CAPITAL & LIABILITIES	1978 Rupees
	AUTHORISED CAPITAL:	
1,00,00,000	1,00,000 shares of Rs. 100 each	1,00,00,000
	ISSUED AND PAID-UP CAPITAL:	
50,00,000	50,000 shares of Rs. 100 each fully paid up	50,00,000
10,725	Share premium account	10,725
50,10,725		50,10,725
	RESERVES AND PROVISIONS :	
10,55,00,000	Exceptional Loss Reserve	13,55,00,000
15,00,000	Exchange Fluctuation Reserve	15,00,000
4,50,000	Investment Fluctuation Reserve	4,50,000
50,00,000	General Reserve	50,00,000
31,00,000	Provision for Taxation	57,00,000
2,50,000	Provision for bad & doubtful debts	2,50,000
12,00,847	Provision for Gratuity	15,23,675
11,70,00,847		14,99,23,675
—	Provision for proposed Bonus Shares	30,00,000
5,78,608	Profit and Loss Account	6,28,115
	PROVISION FOR OUTSTANDING CLAIMS:	
2,32,85,316	Fire	1,86,59,135
5,45,90,448	Marine	7,07,09,413
3,73,46,002	Miscellaneous	3,92,19,419
4,20,104	Life	—
11,56,41,870		12,85,87,967
	PREMIUM RESERVE:	
2,10,66,031	Fire	2,30,95,220
5,65,15,312	Marine	5,60,91,742
2,05,01,368	Miscellaneous	2,93,45,833
9,80,82,711		10,85,32,795
8,26,10,124	Amount due to other persons and bodies, carrying on insurance business	6,88,49,858
10,28,02,771	Deposits retained and/or received from other companies.	4,73,54,815
26,24,277	Sundry Creditors	34,50,057
52,43,51,933	Total :	51,53,38,007

These Accounts should be read in conjunction with the annexed notes.

Auditors' report to the Shareholders is annexed.

EBRAHIM & CO.
Chartered Accountants

Karachi, 4th June 1979

RAO & CO.
Chartered Accountants

CORPORATION

31ST DECEMBER, 1978

1977 Rupees	PROPERTY & ASSETS	1978 Rupees
	INVESTMENT (at cost)	
8,91,500	Government and other securities	45,38,233
15,50,61,274	G. T. D. R.	16,47,02,128
1,82,13,100	F. D. R.	4,38,13,100
3,04,84,114	Stock and Shares	3,09,76,194
76,15,450	Debentures	74,35,450
21,22,65,438	Market value as at 31-12-1978 (Rs. 25,90,02,272)	25,14,65,105
31,64,789	Land and Building	19,24,685
	CURRENT ASSETS :	
90,99,318	Cash in hand and at bank	60,53,014
13,68,28,703	Amount due from persons and bodies carrying on insurance business	9,51,61,207
12,87,39,203	Deposits held by ceding companies	12,47,74,757
60,93,183	Sundry debtors	34,38,580
48,14,892	Interest accrued and outstanding	88,88,494
60,70,925	Advances/Loans, deposits and prepaid expenses	63,59,231
41,737	Stock of Stationery in hand	39,225
29,16,87,961		24,47,14,508
	ADMINISTRATIVE FIXED ASSETS :	
7,60,426	Furniture, Fixture, Office Equipment and vehicles- At Cost (less depreciation).	7,60,390
1,64,73,319	Net Assets Relating to Former East Pakistan	1,64,73,319
<u>52,43,51,933</u>		Total : <u>51,53,38,007</u>

D. M. QURESHI

Director

K. N. CHEEMA

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PAKISTAN INSURANCE CORPORATION

Notes to the Accounts for the year ended 31st December, 1978

1. PROVISION FOR OUTSTANDING CLAIMS

- (a) This includes an estimated sum of Rs. 111 lacs in respect of Losses Incurred But Not Reported (IBNR).
- (b) The Provision for outstanding claims includes an amount of Rs. 49,51,794 representing claims brought forward from the previous years which relate to Bangladesh (former East Pakistan) business; this is made up as follows:

	1977 Rupees	1978 Rupees
Fire insurance	23,82,000	23,82,000
Marine insurance	14,69,794	14,69,794
Miscellaneous insurance	11,00,000	11,00,000
Total :	<u>49,51,794</u>	<u>49,51,794</u>

No adjustment has been made in this Provision pending ascertainment of actual liabilities in this regard.

2. ASSETS RELATING TO BANGLADESH (FORMER EAST PAKISTAN)

Assets relating to Bangladesh (former East Pakistan) comprise of fixed assets and investments:—

	1977 Rupees	1978 Rupees
East Pakistan Government loans	4,99,700	4,99,700
Stock and shares	71,11,374	71,11,374
Debentures	2,50,000	2,50,000
Land and building	86,08,167	86,08,167
Furniture and fixtures	4,078	4,078
Total :	<u>1,64,73,319</u>	<u>1,64,73,319</u>

The realisability of these assets is not determinable at the present time but no provision for the loss that may arise as a result of the Corporation losing control over these assets has been made.

3. LAND AND BUILDING

	1977 Rupees	1978 Rupees
Land and building comprises of the following :		
PIC Head Office building	5,72,953	5,44,306
PIC building Plot, Moulvi Tamizuddin Khan Road—Lease hold	7,51,442	7,60,197
PIC House—Moulvi Tamizuddin Khan Road	3,26,642	3,10,310
PIC Officers' Colony Plot—Leasehold	3,08,168	3,08,168
PIC Building Plot—Islamabad	12,03,453	—
Lift	2,131	1,705
Total :	<u>31,64,789</u>	<u>19,24,686</u>

- (a) The Plot No. 32-A on Moulvi Tamizuddin Khan Road was acquired on 25 years' lease from the Karachi Port Trust for construction of Corporation's building thereon. On request from Karachi Port Trust, however, this plot has been lent to the Karachi Port Trust for serving as a working yard in connection with the construction of Napier Mole Bridge. Karachi Port Trust has agreed not to charge the rent and extension fee for the period that it is so used by Karachi Port Trust.
- (b) The plot at Islamabad has been surrendered to the CDA at cost less 5% amounting to Rs. 58,880 which is included in "Loss on Sale of Fixed Assets" charged to Profit & Loss Account.

4. DEVALUATION/DIFFERENCE IN EXCHANGE ACCOUNT

- (a) There has been a net gain of Rs. 3,91,389 resulting from exchange fluctuations on remittances received and sent, adjustments of various foreign transactions and translation of currencies in respect of monthly cash balances.
- (b) The effect of bonus voucher scheme and devaluation on settlement with National Co-insurance Scheme in respect of business booked prior to 30th June 1970 has not been incorporated. Such effect shall be reflected as and when realised by National Co-insurance Scheme and passed on to the Corporation.
- (c) All balances in foreign currencies representing amounts due to/due from other companies, deposits held by ceding companies and deposits retained/received from other companies have been reflected at the rates prevailing on the date of the booking. However, the unadjusted balances of cash losses received by PIC in 1974, and prior years and appearing in 1974 accounts at the rate prevailing as at 31st December 1974 are continuing at that rate. Cash losses received in the years subsequent to 1974 are appearing at the rates prevailing on the respective dates of receipt.

*** 5. PROFIT AND LOSS APPROPRIATION ACCOUNT**

Balance brought forward from previous year has been arrived as under :—

	Rupees
Balance of Previous year	5,78,608
Less : Dividend for the year 1977	5,00,000
Total :	<u>78,608</u>

(The previous years' corresponding figures have also been amended accordingly).

6. GENERAL

- (a) Expenses of management have been allocated to the various Insurance Revenue Accounts on the basis of the gross premium income earned.
- (b) Consistent with the policy of the Corporation since 1965, the Premium Reserve brought forward has been increased to the extent of 40 percent of the increase in net premium income in respective Revenue Accounts.
- (c) Figures for last year have been re-arranged for comparison purposes, where necessary.