

**PRIVATE  
&  
CONFIDENTIAL**

**AUDITORS' REPORT AND FINANCIAL STATEMENTS  
OF  
PARAMOUNT INSURANCE COMPANY LIMITED  
FOR THE YEAR ENDED 31 DECEMBER, 2019**

**ARTISAN**  
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**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF  
PARAMOUNT INSURANCE COMPANY LIMITED**

**Opinion**

We have audited the financial statements of **Paramount Insurance Company Limited** which comprise the Statement of Financial Position (Balance Sheet) as at 31 December, 2019 and the Statement of Profit or Loss & Other Comprehensive Income, Statement of Changes In Shareholders' Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, the Insurance Act 2010, the Insurance Rules 1958, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
<p><b>Premium Income</b></p> <p>Gross general insurance premiums comprise the total premiums received for the whole period of cover provided by contracts entered into during the accounting period.</p> <p>Given the important nature, connections to other items to the financial statements and sensitivity of the item we believe this area pose high level of risk.</p>	<p>With respect to Premium income in respect of various types of insurance we carried out the following procedures:</p> <ul style="list-style-type: none"> <li>• The design and operating effectiveness of key controls around premium income recognition process.</li> <li>• Carried out analytical procedures and recalculated premium income for the period.</li> <li>• Carried out cut-off testing to ensure unearned premium income has not been included in the premium income.</li> </ul>

	<ul style="list-style-type: none"> <li>• On a sample basis reviewed policy to ensure appropriate policy stamp was affixed to the contract and the same has been reflected in the premium register.</li> <li>• Ensured on a sample basis that the premium income was being deposited in the designated bank account.</li> <li>• Tested on a sample basis to see that appropriate VAT was being collected and deposited to bank through Treasury Chalan.</li> <li>• For a sample of insurance contracts tested to see if appropriate level of re-insurance was done and whether that re-insurance premium was deducted from the gross premium.</li> <li>• Applying specialist judgment ensured if there is any impairment of the reinsurer.</li> <li>• Finally assessed the appropriateness and presentation of disclosures against relevant accounting standards, Insurance Act 1938 (as amended in 2010), Insurance Rules, 1958 and other applicable rules and regulations and regulatory guidelines.</li> </ul>
See note 30(C) of Financial Statements	

Risk	Our response to the risk
<b>Estimated liability in respect of outstanding claims whether due or intimated and claim payment</b>	
<p>This account represents the claim due or intimated from the insured and involves significant management judgment and risk of understatement. In extreme scenario this item may have going concern implications for the company.</p>	<p>We tested the design and operating effectiveness of controls around the due and intimated claim recording process.</p> <p>We additionally carried out the following substantive testing's around this item:</p> <ul style="list-style-type: none"> <li>• Obtained the claim register and tested for completeness of claims recorded in the register on a sample basis.</li> <li>• Obtained a sample of claimed policy copy and cross check it with claim.</li> <li>• Obtained a sample of survey reports Template of Auditors' Report of General Insurance Company in Bangladesh Risk Our response to the risk cross checked those against respective ledger balances and in case of discrepancy carried out further investigation.</li> </ul>

