

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

DIRECTORS' REPORT

The directors of your Society are pleased to place before you the financial results of the Society alongwith the audited accounts for the year ended December 31, 2016.

During the year the Society could not show better results as compared with previous year. The major reasons include not listing of Society on the approved panel of insurers maintained by financial institutions on account of inadequate IFRS rating and low business generated from The Punjab Provincial Cooperative Bank Limited, the only bank where our Society is listed on the panel of approved insurers. Despite very low level of premium income, the underwriting losses have decreased mainly because of the effect of opening premium reserve added during the year. The Society has earned net profit of Rs 421,388/= due to increase in investment and rental income during the year. There has been increase in general and administrative expenses due to substantial increase in property tax during the year under review.

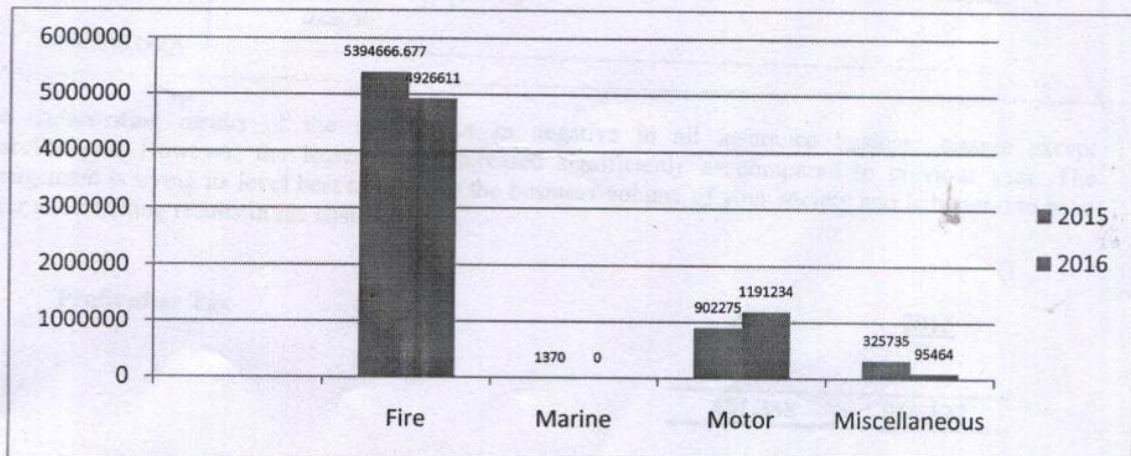
KEY FINANCIAL DATA

Gross Premium

	<u>2016</u> (Rs)	<u>2015</u> (Rs)
Fire	4,526,611	5,394,667
Marine	-	1,370
Motor	1,191,234	902,275
Miscellaneous	95,464	325,735
	5,813,309	6,624,047

Comparison of Gross Premium

Rupees



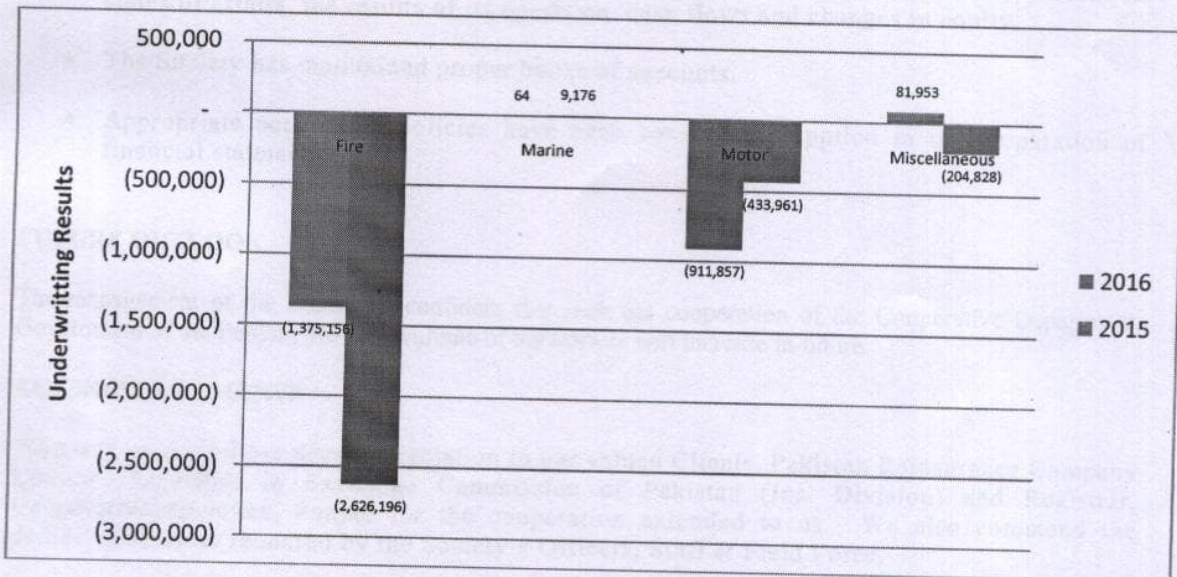
The gross premium income has decreased by 12.24% as compared to previous year. However, due to addition in opening reserve premium, the underwriting results of the society have improved significantly during the year under review.

Underwriting Result

	<u>2016</u> (Rs)	<u>2015</u> (Rs)
Fire	(1,375,156)	(3,333,889)
Marine	64	9,125
Motor	(911,857)	(596,866)
Miscellaneous	81,953	(228,276)
	(2,204,996)	(4,149,906)

Comparison of Underwriting Results

Rupees



The underwriting results of the society are in negative in all insurance business classes except Miscellaneous. However, the losses have decreased significantly as compared to previous year. The management is trying its level best to increase the business volume of your society and is hopeful to have better underwriting results in the ensuing years.

Profit after Tax

<u>2016</u> (Rs)	<u>2015</u> (Rs)
421,388	916,122

Your Society has earned a net profit of Rs. 421,388/- in the current year as against profit of Rs.916,122/- in the previous year which is 54% less as compared to the previous year.

BOARD MEETINGS

During the year four board meetings were held and the attendance by each of the directors was as follows:-

Sh. Aziz-ul-Haq Piracha	4
Ch. Akhtar Mehmood	4
Roy Ijaz Ahmad Khan	4
Asif Inayat Shahani	4
Col. (R) Muhammad Jamil	4
Nadeem Akram Khan	4
Farooq-e-Azam	4
Hassan Zaheer	4

The Board of Directors have taken all necessary steps to comply with the requirements of Insurance Ordinance, 2000 and pleased to declare the following:-

- ★ The financial statements prepared by the management of the Society, fairly present its states of affairs, the results of its operation, cash flows and changes in equity.
- ★ The Society has maintained proper books of accounts.
- ★ Appropriate accounting policies have been consistently applied in the preparation of financial statements.

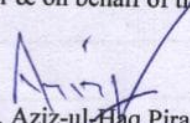
FUTURE OUTLOOK

The management of the Society is confident that with the cooperation of the Cooperative Department, Government of the Punjab, business volume of the Society will increase in future.

ACKNOWLEDGMENTS

We place on record our deep appreciation to our valued Clients, Pakistan Reinsurance Company Limited, Securities & Exchange Commission of Pakistan (Ins. Division) and Registrar, Cooperative Societies, Punjab for the cooperation extended to us. We also commend the dedicated services rendered by the Society's Officers, Staff & Field Force.

For & on behalf of the Board of Directors.


Sh. Aziz-ul-Haq Piracha
Chairman

Lahore
Dated: April 25, 2017



MALIK & CO.

Chartered Accountants

G.H. MALIK

F.C.A, F.C.A. (Eng. & Wales)

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of;

- i) Balance Sheet
- ii) Profit & Loss Account
- iii) Statement of Changes in Equity
- iv) Cash Flow Statement
- v) Statement of Premium
- vi) Statement of Claim
- vii) Statement of Expenses; and
- viii) Statement of Investment Income

of M/s The Cooperative Insurance Society of Pakistan Limited as at December 31, 2016 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Society's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards, requirements of Insurance Ordinance, 2000 and Cooperative Societies Act, 1925. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and after due verification we report that:-

- (a) in our opinion, proper books of accounts have been kept by the Society as required by the Insurance Ordinance, 2000 and the Cooperative Societies Act, 1925.
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Cooperative Societies Act, 1925 and accurately reflect the books and records of the Society and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Society's affairs as at 31 December 2016 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Cooperative Societies Act, 1925; and
- (c) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore.
Date: April 25, 2017


Malik & Co.
Chartered Accountants
Engagement Partner: 



MALIK & CO.

Chartered Accountants

G.H. MALIK
F.C.A, F.C.A. (Eng. & Wales)

CERTIFICATE

This is to certify that as per return submitted under section 36 of the Insurance Ordinance 2000, in respect of the year ended December 31, 2016, M/s. Co-operative Insurance Society of Pakistan Limited have total admissible assets of Rs. 678.32 Million as per statement of assets for solvency purposes, invested in Pakistan and that the said assets exceeded the total liabilities of the Society by a sum of Rs.652.78 Million. It is further stated that the aforesaid surplus is 29.37% of the total assets of the Society, which amounted to Rs.2,222.04 Million as per balance sheet of the Society as at December 31, 2016.

It is certified that Society's Solvency Margin is 29.37%.

This certificate is being issued on the specific request of the Society.

Lahore.

Dated: April 25, 2017

Malik & Co.
Chartered Accountants



MALIK & CO.

Chartered Accountants

G.H. MALIK

F.C.A, F.C.A. (Eng. & Wales)

AUDITOR'S CERTIFICATE ON REGULATORY RETURNS UNDER INSURANCE ORDINANCE, 2000

We have reviewed the annexed regulatory returns comprising of:

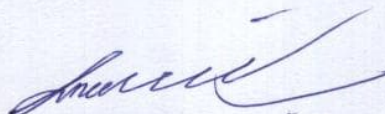
- i. Statement of assets for solvency purposes
- ii. Analysis of claim (Number of claims in years)
- iii. Analysis of claim (Policy year/accident year basis)
- iv. Statement of estimated exposure; and
- v. Classified summary of assets in Pakistan

of M/s The Cooperative Insurance Society of Pakistan Limited for the year ended December 31, 2016.

It is the responsibility of the management of the Society to prepare and present the above said regulatory returns in accordance with the requirements of the Insurance Ordinance, 2000. Our responsibility is to certify that the regulatory returns have been prepared in accordance with requirements of Insurance Ordinance, 2000.

We certify that statement of assets for solvency purposes, analysis of claim (Number of claims in years), analysis of claim (Policy year/accident year basis) and classified summary of assets in Pakistan for the year ended December 31, 2016 have been prepared in accordance with the requirements of the Insurance Ordinance, 2000. Statement of estimated exposure has been prepared by using the management estimates.

Lahore
Dated: April 25, 2017


Malik & Co.
Chartered Accountants




THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

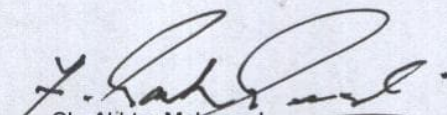
BALANCE SHEET AS AT DECEMBER 31, 2016

	Note	2016 Rupees	2015 Rupees
Share Capital and Reserves			
Authorised share capital			
50,000,000 ordinary shares of Rs. 10/- each		500,000,000	500,000,000
Paid-up share capital (50,000,000 ordinary shares of Rs. 10/- each)		500,000,000	500,000,000
Reserves	6	8,634,113	8,528,766
Accumulated profit		10,212,701	9,896,660
		518,846,814	518,425,426
Surplus on revaluation of fixed assets	7	1,677,666,601	1,679,912,140
Underwriting provisions			
Provision for outstanding claims (including IBNR)		50,000	100,876
Premium deficiency reserve		1,048,022	738,127
Provision for unearned premium		2,932,083	3,324,636
Commission income unearned		186,800	155,969
Total underwriting provisions		4,216,905	4,319,608
Deferred liabilities	8	18,149,407	19,953,711
Creditors and accruals			
Amount due to other insurers / reinsurers		1,036,406	959,174
Other creditors and accruals	9	1,886,987	1,853,342
		2,923,393	2,812,516
Other Liabilities			
Un claimed dividend		242,330	280,885
TOTAL LIABILITIES		25,532,035	27,366,720
CONTINGENCIES AND COMMITMENTS	10	-	-
TOTAL EQUITY AND LIABILITIES		2,222,045,450	2,225,704,285

The annexed notes 1-23 form an integral part of these financial statements.


Fateh Khan Niazi
Chief Executive Officer



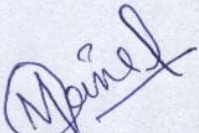

Ch. Akhter Mahmood
Director

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

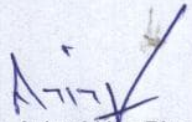
BALANCE SHEET AS AT DECEMBER 31, 2016

	Note	2016 Rupees	2015 Rupees
Cash and bank deposits			
Cash and other equivalents		373,152	407,209
Current and other accounts		10,940,011	11,509,620
Deposits maturing within 12 months		500,000	500,000
		11,813,163	12,416,829
Long term investments	11	7,504,695	7,504,695
Current assets - others			
Premium due but unpaid		120,801	221,904
Prepayment-prepaid reinsurance premium		511,000	507,494
Deferred commission		493,843	570,493
Taxation - payments less provision		1,325,227	1,054,991
Security deposits		63,400	101,216
Sundry receivables	12	1,895,287	1,656,707
		4,409,558	4,112,805
Fixed assets - tangible and intangible	13		
Tangible			
Land		2,135,362,498	2,135,362,499
Buildings		61,953,100	65,213,791
Furniture, fixture and office equipment		313,982	233,566
Motor vehicles		688,454	860,101
		2,198,318,034	2,201,669,957
		2,222,045,450	2,225,704,285

The annexed notes 1-23 form an integral part of these financial statements.


Col. (Rtd) Muhammad Jamil
Director




Sh. Aziz-ul-Haq Piracha
Chairman

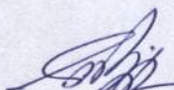
THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

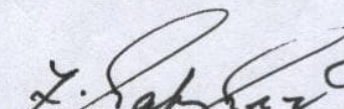
PROFIT & LOSS ACCOUNT


FOR THE YEAR ENDED DECEMBER 31, 2016

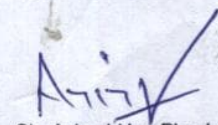
	Note	Fire and Property Damage	Marine Aviation & Transport	Motor	Miscellaneous	2016 Aggregate Rupees	2015 Aggregate Rupees
Revenue Account.							
Net premium revenue		4,218,424	55	923,600	186,241	5,328,320	4,082,205
Net claims		-	-	(130,543)	-	(130,543)	(469,844)
Premium deficiency reserve		(110,685)	50	(227,878)	28,618	(309,895)	(738,127)
Expenses	14	(4,970,407)	-	(1,308,025)	(104,824)	(6,383,256)	(6,602,654)
Net commission		(512,488)	(41)	(117,100)	(28,083)	(657,712)	(421,487)
Underwriting results		(1,375,156)	64	(859,946)	81,952	(2,153,086)	(4,149,906)
Investment income						5,584,857	5,095,010
Rental income						5,907,911	5,361,411
Other income	16					48,846	50,272
General and administrative expenses	17					(8,955,259)	(5,750,419)
Profit before tax						433,269	606,368
Taxation-current year						(807,320)	(213,687)
-Deferred						795,439	523,441
Profit after tax						(11,881)	309,754
						421,388	916,122
Profit and Loss Appropriation Account.							
Accumulated profit/(loss) brought forward						9,896,660	9,209,568
Profit after tax for the year						421,388	916,122
Transfer to general reserve						(105,347)	(229,030)
Accumulated profit carried forward						10,212,701	9,896,660
Earnings per share - basic and diluted	18					0.01	0.02

The annexed notes 1-23 form an integral part of these financial statements.


Fateh Khan Niazi
Chief Executive Officer


Ch. Akhter Mahmood
Director


Col. (Retd) Muhammad Jamil
Director


Sh. Aziz-ul-Haq Piracha
Chairman




THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

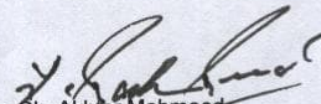
STATEMENT OF CHANGES IN EQUITY

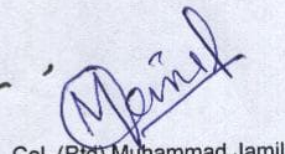
FOR THE YEAR ENDED DECEMBER 31, 2016

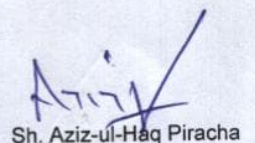
	Paid up Share Capital	Reserves	Accumulated (Loss)/profit	Total
.....R u p e e s.....				
Balance as at 01-01-2015	300,000,000	8,299,736	9,209,569	317,509,305
Transfer from revaluation surplus	200,000,000	-	-	200,000,000
Profit for the year	-	-	916,122	916,122
Transfer during the year	-	229,030	(229,030)	-
Balance as at 31-12-2015	500,000,000	8,528,766	9,896,660	518,425,426
Profit for the year	-	-	421,388	421,388
Transfer during the year	-	105,347	(105,347)	-
Balance as at 31-12-2016	500,000,000	8,634,113	10,212,701	518,846,814

The annexed notes 1-23 form an integral part of these financial statements.


Fateh Khan Niazi
Chief Executive Officer


Ch. Akhter Mahmood
Director


Col. (Rtd) Muhammad Jamil
Director


Sh. Aziz-ul-Haq Piracha
Chairman



THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Rupees	2015 Rupees
Operating Cash Flows		
a) Underwriting Activities		
Premium received	5,914,412	6,465,689
Reinsurance premium paid	(803,815)	(881,019)
Claims paid	(181,419)	(948,697)
Reinsurance and other recoveries received	-	229,937
Commission paid	(816,304)	(921,106)
Commission received	266,073	243,082
Other underwriting payments	(915,321)	(1,046,458)
Other underwriting receipts	979,069	1,075,558
Net cash flows from underwriting activities	4,442,695	4,216,986
b) Other operating activities		
Income tax paid	(1,077,556)	(928,844)
General management expenses paid	(6,383,256)	(6,602,654)
Other operating payments	(8,888,865)	(5,493,378)
Other operating receipts	242,425	389,154
	(16,107,252)	(12,635,722)
Total cash flows from other operating activities	(11,664,557)	(8,418,736)
Investment activities		
Profit / return received	31,638	34,867
Dividends received	5,553,219	5,060,143
Rent received	5,624,489	5,244,417
Fixed capital expenditure	(109,901)	(37,465)
Total cash flow from investing activities.	11,099,445	10,301,962
Financing Activities		
Dividend paid	(38,555)	-
	(38,555)	-
Total cash flows from all activities	(603,666)	1,883,226
Cash and cash equivalent at the beginning of the year	12,416,829	10,533,603
Cash and cash equivalent at the end of the year	11,813,163	12,416,829

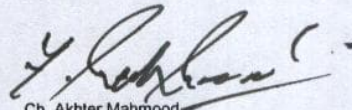


	2016 Rupees	2015 Rupees
Reconciliation to profit and loss account.		
Operating cash flow	(11,664,557)	(8,418,736)
Depreciation expense	(207,417)	(246,409)
Increase / decrease in assets other than cash	13,332	960,830
Increase / decrease in liabilities other than running finance	(8,175)	(2,359,425)
Interest, dividend, rental and deferred income/(expense)	12,288,207	10,979,862
Profit after taxation	421,388	916,122
Cash for the purposes of the Statement of Cash Flows consists of:		
i) Cash and cash equivalents	373,152	407,209
ii) Cash at current accounts	10,940,011	11,509,620
iii) Cash at deposit accounts	500,000	500,000
	<u>11,813,163</u>	<u>12,416,829</u>

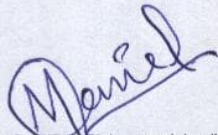
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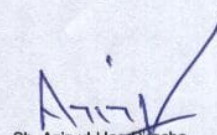

Fateh Khan Niazi

Chief Executive Officer


Ch. Akhter Mahmood

Director


Col. (Rtd) Muhammad Jamil
Director


Sh. Aziz-ul-Haq Piracha
Chairman



THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF PREMIUMS

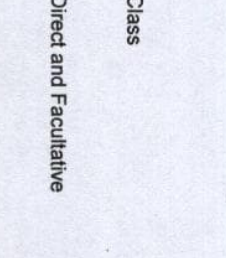
FOR THE YEAR ENDED DECEMBER 31, 2016

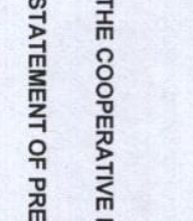
Class	Premiums written Rs.	Unearned premium reserve		Premium earned Rs.	Reinsurance ceded Rs.	Prepaid reinsurance premium ceded		Reinsurance expenses Rs.	2016	2015
		Opening Rs.	Closing Rs.			Opening Rs.	Closing Rs.		Net premium revenue Rs.	Net Premium Revenue Rs.
Direct and Facultative										
Fire and property damage	4,526,611	2,717,738	2,296,489	4,947,860	735,647	442,472	448,683	729,436	4,218,424	3,166,649
Marine aviation and transport	-	55	-	55	-	-	-	-	55	20,347
Motor	1,191,234	445,180	599,745	1,036,670	113,665	54,167	54,792	113,070	923,600	764,229
Miscellaneous	95,464	161,663	35,850	221,277	31,735	10,856	7,555	35,036	186,241	130,980
	<u>5,813,309</u>	<u>3,324,636</u>	<u>2,932,083</u>	<u>6,205,862</u>	<u>881,047</u>	<u>507,494</u>	<u>511,000</u>	<u>877,542</u>	<u>5,328,320</u>	<u>4,082,205</u>

The annexed notes 1-23 form an integral part of these financial statements.


Fateh Khan Niazi
Chief Executive Officer


Ch. Akhter Mahmood
Director


Col. (Rtd) Muhammad Jamil
Director


Sh. Aziz-ul-Haq Piracha
Chairman




THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2016

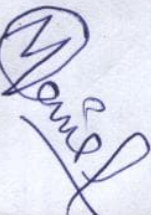
Class	Claims Paid Rs.	Outstanding Claims Opening Rs.	Closing Rs.	Claims Expense Rs.	Reinsurance and other recoveries received Rs.	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue Rs.	2016 Net Claims expenses Rs.	2015 Net Claims expenses Rs.
						Opening Rs.	Closing Rs.			
1. Business underwritten Inside Pakistan										
Direct and Facultative										
Fire and Property Damage	-	-	-	-	-	-	-	-	-	276,173
Marine Aviation and Transport	-	-	-	-	-	-	-	-	-	6,195
Motor	181,419	100,876	50,000	130,543	-	-	-	-	130,543	187,476
Miscellaneous	-	-	-	-	-	-	-	-	-	-
	<u>181,419</u>	<u>100,876</u>	<u>50,000</u>	<u>130,543</u>	-	-	-	-	<u>130,543</u>	<u>469,844</u>


The annexed notes 1-23 form an integral part of these financial statements.


 Fahm Khan Niazi
 Chief Executive Officer


 Ch. Akhter Mahmood
 Director




 Col. (Rtd) Muhammad Jamil
 Director



 Sh. Aziz-ul-Haq Piracha
 Chairman

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016


Class	Commissions Paid or Payable	Deferred Commission		Net Commissions Expenses	Other Management Expenses	Underwriting Expenses	Commissions from reinsurers (Note No. 15)	Net underwriting expenses	Net underwriting expenses
		Opening	Closing						
Direct and Facultative	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Fire and Property Damage	668,513	477,637	401,118	745,032	4,970,407	5,715,439	232,544	5,482,895	5,670,477
Marine Aviation and Transport	-	41	-	41	-	41	-	41	4,970
Motor	135,086	68,866	86,852	117,100	1,308,025	1,425,125	-	1,425,125	1,010,711
Miscellaneous	12,705	23,949	5,873	30,781	104,824	135,605	2,698	132,907	337,970
	<u>816,304</u>	<u>570,493</u>	<u>493,843</u>	<u>892,954</u>	<u>6,383,256</u>	<u>7,276,210</u>	<u>235,242</u>	<u>7,040,967</u>	<u>7,024,141</u>

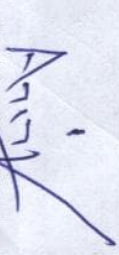
The annexed notes 1-23 form an integral part of these financial statements.


Faleh Khan Niazi
 Chief Executive Officer


Ch. Akhter Mahmood
 Director




Col. (Rtd) Muhammad Jarril
 Director


Sh. Aziz-ul-Haq Piracha
 Chairman

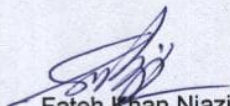
THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

STATEMENT OF INVESTMENT INCOME

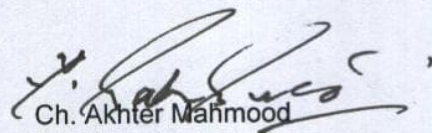
FOR THE YEAR ENDED DECEMBER 31, 2016


	2016 Rupees	2015 Rupees
Income from Non-Trading Investments.		
<u>Held to Maturity:</u>		
Return on Other Fixed Income Securities and Deposits,	31,638	34,867
<u>Available For Sale:</u>		
Dividend Income.	5,553,219	5,060,143
	5,584,857	5,095,010
Less: Provision for impairment	-	-
Net Investment Income.	<u>5,584,857</u>	<u>5,095,010</u>

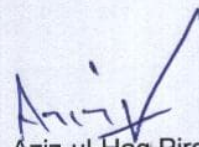
The annexed notes 1-23 form an integral part of these financial statements.


Fateh Khan Niazi
Chief Executive Officer




Ch. Akhter Mahmood
Director


Col. (Rtd) Muhammad Jamil
Director


Sh. Aziz-ul-Haq Piracha
Chairman

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

YEAR ENDED DECEMBER 31, 2016

NOTES TO THE FINANCIAL STATEMENTS

1 Status and Nature of Business.

The Cooperative Insurance Society of Pakistan Limited was incorporated as a Cooperative Society under the Cooperative Societies Act, 1925 on August 6, 1949 and is engaged in General Insurance Business.

The registered office of the society is situated at Cooperative Insurance Building 23 Shahrah-e-Quid-e-Azam, Lahore.

2 Basis of Preparation.

These accounts have been prepared keeping in view of requirements of Cooperative Societies Act, 1925 and the Insurance Ordinance, 2000.

3 Basis of Measurement.

These accounts have been prepared under the historical cost convention and the Cooperative Societies Act, 1925 except Land and Buildings which are stated at revalued amounts.

4 Use of Judgments and Estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the revision and future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

	<u>Note</u>
Provision for unearned premiums	5.2
Premium deficiency reserve	5.3
Premium due but unpaid	5.4
Provision for outstanding claims (including IBNR)	5.8

5 Significant Accounting Policies.

The significant accounting policies applied in the preparation of these financial statements are given below. These policies are consistently applied to all the years/periods presented.

5.1. Investment.

Investments are stated at cost. Income from investments is accounted for on receipt basis.

5.1.1.Held-to-maturity.

These are securities with fixed or determinable payments and fixed maturity that the Society has a positive intent and ability to hold to maturity. Subsequent to initial recognition, these investments are measured at amortized cost less any accumulated impairment losses.

5.1.2.Available-for-sale.

These are investments that do not fall under the other categories. Subsequent to initial recognition, these are stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of SEC (Insurance) Rules, 2002.

A fall in market value is treated as other than temporary if there is a significant or prolonged decline in fair value of security below its cost. This determination of what is significant or prolonged required judgment. In making this judgment, the Society evaluates among other factors, the normal volatility in share prices.

5.2. Reserve for Unexpired Risk.

The Society is following 1 / 24th method to calculate the reserve for unearned premium, to comply with the requirements of Insurance Ordinance 2000.

5.3.Premium Deficiency Reserve.

The Society is required as per SEC (Insurance) Rules, 2002, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability for claims and other expenses expected to be incurred after balance sheet date in respect of unexpired policies in that class of business at the balance sheet date. The premium deficiency, if any, is recognized as an expense in the profit and loss account.

The expected future liability is estimated with reference to the experience during the expired period of the contracts, adjusted for significant individual losses which are not expected to recur during the remaining period of the policies, and expectations of future events that are believed to be reasonable.

5.4. Premium due but Unpaid.

These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

5.5. Amount due from Other Insurers/Re-insurers.

Liabilities for insures/re-insures are carried at cost which is the fair value of consideration to be paid in the future for services rendered.

5.6. Amount due to Other Insurers/Reinsurers.

Amount due from insurers/reinsurers is carried at cost less provision for impairment, if any. Cost represents the fair value of consideration to be received in the future for services received.

5.7. Claims

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes related external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

5.8. Provision for Outstanding Claims (including IBNR)

The liability in respect of outstanding claims is based on the claims intimated or assessed upto the end of accounting year. In addition, conforming to the requirements of the SEC (Insurance) Rules, 2002, a provision is made on an estimated basis for the claims which may have incurred in the current reporting period but have not been reported to the Society as of the balance sheet date (IBNR), after taking into consideration the expected recoveries and settlement costs. Any difference between the provision at the balance sheet date and settlements in the following years is included in the financial statements of that year.

5.9. Deferred Commission Expense and Deferred Acquisition Costs.

Commission and other acquisition costs incurred in obtaining and recording policies of insurance and re-insurance are deferred and recognized as an asset on acquisition of the related policies. Accordingly, these costs are charged to the profit and loss account as an expense based on pattern of recognition of related premium revenue.

5.10. Cash & Cash Equivalents.

These consist of cash in hand and at banks, stamps in hand, deposits and short term placements with the banks.

5.11. Fixed Assets.

Owned.

Fixed assets are stated at cost less accumulated depreciation except for Land and Buildings which are stated at revalued amount. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Depreciation on tangible fixed assets is charged to income applying reducing balance method whereby depreciable amount of an asset is written-off over its estimated useful life at the rates mentioned in note no. 13. The depreciation on addition is charged from the month in which addition takes place while on deletion depreciation is charged up to the month of disposal. Gain or loss on disposal of fixed asset is included in income currently.

Leased.

Assets acquired under finance lease are initially recorded at the lower of present value of minimum lease payments under the lease agreement and the fair value of the leased assets. The related obligation under finance lease less financial charges allocated to future periods is shown as a liability. Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Leased assets are depreciated on the same basis as owned assets.

5.12. Surplus on Revaluation of Fixed Assets.

Any surplus arising on revaluation of fixed assets is credited to the account Surplus on Revaluation of Fixed Assets and is recorded after the equity in the balance sheet. The incremental depreciation on fixed assets is charged to this account and any subsequent revaluation gain or deficit is also accounted for in this account.

5.13. Revenue Recognition.

Premium income is taken into account at the time of issuance of policies. Dividend income and rent are recognized on receipt and accrual basis respectively. Gain or loss on disposal of investments is taken to the profit and loss account on transaction date.

5.14. Taxation.

Current

The income tax assessments stand finalized upto the tax year 2015. Liability is provided on the taxable income as per the provisions of Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognized using the liability method on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is probable that the taxable profits will be available against which these can be utilized.

5.15. Expenses of Management.

These are allocated to various classes of business in proportion to the respective gross premium written for the year.

5.16. Zakat.

Zakat under the Zakat and Usher Ordinance, 1980 is accounted for in the year of deduction.

5.17. Staff Retirement Benefits

The staff retirement benefits comprise of funded provident fund scheme which covers all permanent employees. Equal contributions are made by both the Society and the employees to the fund at the rate of 8.33% of basic salary.

		2016 Rupees	2015 Rupees
6. RESERVES			
Capital reserve.		3,295,965	3,295,965
General reserve.	6.1	5,338,148	5,232,801
		<u>8,634,113</u>	<u>8,528,766</u>
6.1 General Reserve			
Opening balance		5,232,801	5,003,771
Add: Transfer during the year @ 25% of profit		105,347	229,030
		<u>5,338,148</u>	<u>5,232,801</u>
7. SURPLUS ON REVALUATION OF FIXED ASSETS			
Opening balance		1,679,912,140	1,672,017,565
Add: Surplus on revaluation during the year		-	216,466,339
Less: Deferred tax liability on surplus on revaluation		-	(6,745,228)
Less: Incremental depreciation		(3,254,405)	(2,686,081)
Add: Deferred tax liability on incremental depreciation		1,008,866	859,546
Less: Surplus transferred to Share Capital		-	(200,000,000)
		<u>1,677,666,601</u>	<u>1,679,912,140</u>
<p>During the year, 2015 the Land and Buildings of the Society were revalued by an independent valuer M/s Muhammad Siddique Associates (Pvt) Ltd, an approved valuer of Pakistan Bank's Association on September 04, 2015.</p> <p>The incremental depreciation is charged to the surplus on revaluation of fixed assets.</p>			
8. DEFERRED LIABILITIES			
Deferred tax liability		<u>18,149,407</u>	<u>19,953,711</u>

	2016 Rupees	2015 Rupees
9. OTHER CREDITORS & ACCRUALS		
Duties and Taxes Payable.	211,848	106,786
Rent Securities.	1,255,000	1,255,000
Bonus Payable	328,627	404,379
Other Payables	91,512	87,177
	<u>1,886,987</u>	<u>1,853,342</u>

10. CONTINGENCIES & COMMITMENTS

The income tax returns have been e-filed up to tax year 2016 (corresponding accounting year 31-12-2015). Tax audit for the tax year 2012 (accounting year 31-12-2011) was conducted by the tax department resulting in a demand of Rs 1,134,971/- which was quashed in the appeal before the first appellate authority. The tax was however deducted from the bank accounts of the Society which was shown as receivable as a result of success of appeal. The tax department repeated the same order for the same year without providing opportunity of being heard. The first appellate authority upheld the order contrary to his predecessor action. The Society has filed appeal before the Appellate Tribunal Inland Revenue and is confident that the order shall be set aside as two contrary orders by the same authority can not be passed under the law. Keeping in view of above facts, no provision has been provided in these financial statements in this respect.

11. LONG TERM INVESTMENT

Held to Maturity	11.1	2,511,450	2,511,450
Available for Sale	11.2	4,993,245	4,993,245
		<u>7,504,695</u>	<u>7,504,695</u>

11.1 Held to Maturity

Cash Deposit with State Bank of Pakistan	2,500,600	2,500,600
Defence Saving Certificates with State Bank of Pakistan	10,850	10,850
	<u>2,511,450</u>	<u>2,511,450</u>

11.2 Available for Sale

11.2.1 Listed Equities

	Number of Certificates		Face Value Per Certificate	Company's Name	2016	2015
	2016	2015			Rupees	Rupees
1	779,998	779,998	10	Pakistan Re-insurance Company Ltd	131,620	131,620
2	5,444	5,444	10	Zeal Pakistan Cement Factory Limited	190,555	190,555
3	163,692	163,692	10	Feroze sons Laboratories Ltd	181,030	181,030
					503,205	503,205
				Less: provision for impairment	(188,160)	(188,160)
					315,045	315,045

The market value of listed equities as at December 31, 2016 was Rs: 155,006,897 (2015: Rs 207,596,002)

11.2.2 Unlisted Equities

	Number of Certificates		Face Value	Company's Name	2016	2015
	2016	2015			Rupees Cost	Rupees Cost
1	40,000	40,000	10	Akbar Textile Mills Ltd.	200,000	200,000
2	6	6	100	Punjab Provincial Coop. Cotton Corp. Ltd.	600	600
3	250	250	100	Coop. Investment Management Agency	25,000	25,000
4	44,426	44,426	100	Punjab Provincial Coop. Bank Limited	4,442,600	4,442,600
5	100	100	100	National Cooperative Supply Corporation	10,000	10,000
					4,678,200	4,678,200
					4,993,245	4,993,245

12. SUNDRY RECEIVABLE

Rent Receivable	679,142	395,720
Income Taxes	1,134,971	1,134,971
Staff advance	52,000	97,500
Others	29,174	28,516
	1,895,287	1,656,707

13. FIXED ASSETS - TANGIBLE

Particulars	WDV				Depreciation		Written Down Value As 31-12-2016
	Balance 01-01-2016	Addition	Deletion	Balance	Rate	For the year	
Owned Assets							
Land	2,416,625	-	-	2,416,625	-	-	2,416,625
Land - Revaluation surplus	2,132,945,874	-	-	2,132,945,874	-	-	2,132,945,874
Buildings	125,693	-	-	125,693	5%	6,285	119,408
Building - Revaluation surplus	65,088,098	-	-	65,088,098	5%	3,254,405	61,833,693
Motor Vehicles	856,382	-	-	856,382	20%	171,276	685,106
Furniture & Fixtures	151,610	24,001	-	175,611	10%	17,311	158,300
Office Equipment	81,713	85,900	-	167,613	10%	12,149	155,464
Cycle	3,720	-	-	3,720	10%	372	3,348
Sui Gas Installation	243	-	-	243	10%	24	219
Rupees 31-12-2016	2,201,669,957	109,901	-	2,201,779,859		3,461,822	2,198,318

13.1 FIXED ASSETS - TANGIBLE

Particulars	WDV			Depreciation		Written D Value As 31-12-20
	Balance 01-01-2015	Addition	Deletion	Balance	Rate For the year	
Owned Assets						
Land	2,416,625	-	-	2,416,625	-	2,416,625
Land - Revaluation surplus	1,937,558,375	195,387,500	-	2,132,945,875	-	2,132,945,875
Buildings	115,943	16,365	-	132,308	5%	6,615
Building - Revaluation surplus	46,695,341	21,078,839	-	67,774,180	5%	2,686,081
Motor Vehicles	1,070,477	-	-	1,070,477	20%	214,095
Furniture & Fixtures	168,457	-	-	168,457	10%	16,846
Office Equipment	69,025	21,100	-	90,125	10%	8,413
Cycle	4,133	-	-	4,133	10%	413
Sui Gas Installation	270	-	-	270	10%	27
Rupees 31-12-2015	1,988,098,645	216,503,804	-	2,204,602,450		2,932,490
						2,201,666

	2016 Rupees	2015 Rupees
14. MANAGEMENT EXPENSES		
Salaries, Wages & Benefits.	4,906,658	5,216,859
Rent, Taxes, Electricity etc.	517,595	560,410
Communication.	201,767	228,056
Printing & Stationery.	262,504	201,744
Travelling & Entertainment.	288,183	234,636
Other Expenses.	206,549	160,949
	<u>6,383,256</u>	<u>6,602,654</u>

15 COMMISSION FROM REINSURERS

	Commission received or receivable	Unearned Commission		Commission from reinsurers	Commission from reinsurers
		Opening	Closing		
Fire and property damage	264,700	153,800	185,956	232,544	185,841
Marine, aviation and transport	-	-	-	-	-
Motor	-	-	-	-	-
Miscellaneous	1,373	2,169	844	2,698	1,227
	<u>266,073</u>	<u>155,969</u>	<u>186,800</u>	<u>235,242</u>	<u>187,068</u>

16. OTHER INCOME

Miscellaneous Receipts	48,846	50,272
Profit on sale of vehicles	-	-
	<u>48,846</u>	<u>50,272</u>

17. GENERAL & ADMINISTRATIVE EXPENSES

Salaries, wages, & benefits	17.1	2,099,457	1,776,608
Travelling and vehicle running expenses		935,824	960,819
Rent & taxation		3,829,367	600,000
Repair & maintenance		335,425	271,775
Advertisement & publicity		28,998	28,000
Fee & subscription		231,000	237,000
Bank charges		39,318	59,680
General charges		50,380	62,283
Other expenses		67,200	5,000
Bonus		203,764	303,742
Provident fund		59,504	66,073
Legal & professional charges	17.2	867,605	1,133,030
Depreciation		207,417	246,409
		<u>8,955,259</u>	<u>5,750,419</u>

17.1 Directors and chief executive remuneration

	2016		2015	
	Chief executive	Directors	Chief executive	Directors
Managerial remuneration	223,839	-	215,448	-
House rent allowance	62,400	-	62,400	-
Medical Allowance	16,800	-	16,800	-
	303,039	-	294,648	-
Number	1	8	1	8

The directors of the Society are not paid any remuneration as under bye laws of the Society they are not allowed to take any remuneration from the Society.

17.2 Auditors' Remuneration

Audit Fee - Society accounts	90,000	80,000
Audit Fee - Provident fund accounts	10,000	10,000
Certification fee	10,000	10,000
	110,000	100,000

18 Earnings per share

18.1 Basic earnings per share

Profit for the year	421,388	916,122
Number of ordinary shares	50,000,000	50,000,000
Earnings per share	0.01	0.02

18.2 Diluted earnings per share

No figure for diluted earnings per share has been presented as the Society has not issued any instrument which would have an impact on earnings per share when exercised.

The Society also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Society evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Society.

Since the Society operates in Pakistan only, hence, all the insurance risks relate to policies written in Pakistan.

19.1.2 Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date. The details of estimation of outstanding claims (including IBNR) are given under note 5.8.

19.1.3 Process used to decide on assumptions

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

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Society, in which case information about the claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of balance sheet date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

19.1.4 Sensitivity analysis

The Society believes that the claim liabilities under insurance contracts outstanding at the year end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the profit before tax and shareholders' equity of the changes in the claim liabilities net of reinsurance is analysed below. The sensitivity to changes in claim liabilities net of reinsurance is determined separately for each class of business while keeping all other assumptions constant.

(Rupees)

	Profit before tax		Shareholder's equity	
	2016	2015	2016	2015
Impact of changes in claim liabilities by + 10				
Fire and property damage	-	-	-	-
Marine, aviation and transport	-	-	-	-
Motor	(5,000)	(10,088)	(3,450)	(6,860)
Miscellaneous	-	-	-	-
	(5,000)	(10,088)	(3,450)	(6,860)
Impact of changes in claim liabilities by - 10				
Fire and property damage	-	-	-	-
Marine, aviation and transport	-	-	-	-
Motor	5,000	10,088	3,450	6,860
Miscellaneous	-	-	-	-
	5,000	10,088	3,450	6,860

19.1.5 Claim development

The Society maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

Claims which involve litigation and, in the case of Marine general average adjustments take longer for the final amounts to be determined which exceed one year. All amounts are presented in gross numbers before reinsurance. Claims of last five years are given below:

Accident year	2012	2013	2014	2015	2016
Estimate of ultimate costs:					
-At the end of the accident year	25,000	42,000	446,450	45,876	185,538
-One year later	-	42,000	446,450	45,876	-
-Two years later	-	42,000	446,450	-	-
-Three years later	-	-	-	-	-
-Four years later	-	-	-	-	-
Current estimate of cumulative claims	-	-	446,450	45,876	185,538
Cumulative payments to date	-	-	446,450	45,876	135,538
Liability recognized in balance sheet	-	-	-	-	50,000

19.2 Financial risk

The Society's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, interest rate risk and other price risk). The Society's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Society's financial performance.

The Board of Directors has overall responsibility for establishment and oversight of the Society's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.

19.2.1 Credit risk

Credit risk is the risk, which 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 management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Society believes it is not exposed to any major concentration of credit risk.

The carrying amounts of the following financial assets represent the Society's maximum exposure to credit risk:

	(Rupees)	
	2016	2015
Financial assets		
Bank balances and deposits	11,440,011	12,009,620
Investments (Term Finance Certificate)	-	-
Premiums due but unpaid - net - unsecured	120,801	221,904
Amount due from other insurers / reinsurers	-	-
Accrued investment income	-	-
Reinsurance recoveries against outstanding claims	-	-
Security deposits	63,400	101,216
Sundry receivables	1,895,287	1,656,707
	<u>13,519,499</u>	<u>13,989,447</u>

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. As at 31 December 2016, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. NIL- (2015: Rs. 221,904/-) and 'Nil' (2015: 'Nil') respectively.

19.2.2 Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected re-insurance recoveries.

The objective of the Society's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Society's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Society's liabilities as at balance sheet date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

(Rupees)

	2016		
	Carrying amount	Up to one year	Greater than one year
Financial Liabilities			
Provision for outstanding claims (including IBNR)	50,000	8,000	42,000
Amount due to other insurers / reinsurers	1,036,406	140,072	896,334
Accrued expenses	-	-	-
Agent balances	-	-	-
Other creditors and accruals	91,512	91,512	-
Other deposits	-	-	-
Unclaimed dividends	242,330	-	242,330
	1,420,248	239,584	1,180,664
	2015		
	Carrying amount	Up to one year	Greater than one year
Financial Liabilities			
Provision for outstanding claims (including IBNR)	100,876	58,876	42,000
Amount to other insurers / reinsurers	959,174	62,840	896,334
Other creditors and accruals	87,177	87,177	-
Other deposits	-	-	-
Unclaimed dividends	280,885	-	280,885
	1,428,112	208,893	1,219,219

19.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest rates, foreign exchange rates and equity prices.

The Society limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities and equity markets. In addition, the Society actively monitors the key factors that affect the underlying value of these securities.

19.2.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Society has securities and deposits that are subject to interest rate risk. The Society limits interest rate risk by monitoring changes in interest rates in the currencies in which its financial assets are denominated.

The information about Society's exposure to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

(Rupees)

	2016						
	Interest / mark-up bearing					Non-interest / mark-up bearing	Total
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total		
Financial Assets							
Cash and other equivalents	6.00-7.00	500,000	-	-	500,000	11,313,163	11,813,163
Investments	-	-	-	-	-	7,504,695	7,504,695
Premiums due but unpaid - net - unsecured	-	-	-	-	-	120,801	120,801
Amount due from other insurers / reinsurers	-	-	-	-	-	-	-
Accrued investment income	-	-	-	-	-	-	-
Reinsurance recoveries receivable against outstanding claims	-	-	-	-	-	-	-
Security deposits	-	-	-	-	-	63,400	63,400
Sundry receivables	-	-	-	-	-	1,895,287	1,895,287
		500,000	-	-	500,000	20,897,346	21,397,346

	2016						
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total	Non-interest / mark-up bearing	Total
Financial Liabilities							
Provision for outstanding claims (including IBNR)	-	-	-	-	-	50,000	50,000
Amount due to other insurers / reinsurers	-	-	-	-	-	1,036,406	1,036,406
Accrued expenses	-	-	-	-	-	-	-
Agent balances	-	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	-	1,886,987	1,886,987

Other deposits	-	-	-	-	-	-	-
Unclaimed dividends	-	-	-	-	-	242,330	242,330
						3,215,723	3,215,723
On-balance sheet sensitivity gap	500,000	-	-	500,000			
Total yield / mark-up rate risk sensitivity gap	500,000	-	-	500,000			

	2015						
	Interest / mark-up bearing					Non-interest / mark-up bearing	Total
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total		
Financial Assets							
Cash and other equivalents	5.0-9.75	500,000	-	-	500,000	11,916,829	12,416,829
Investments	-	-	-	-	-	7,504,695	7,504,695
Premiums due but unpaid - net - unsecured	-	-	-	-	-	221,904	221,904
Amount due from other insurers / reinsurers	-	-	-	-	-	-	-
Accrued investment income	-	-	-	-	-	-	-
Reinsurance recoveries receivable against outstanding claims	-	-	-	-	-	-	-
Security deposits	-	-	-	-	-	101,216	101,216
Sundry receivables	-	-	-	-	-	1,656,707	1,656,707
		500,000	-	-	500,000	21,401,351	21,901,351

Financial Liabilities

Provision for outstanding claims (including IBNR)	-	-	-	-	100,876	100,876
Amount due to other insurers / reinsurers	-	-	-	-	959,174	959,174
Accrued expenses	-	-	-	-	-	-
Agent balances	-	-	-	-	-	-
Other creditors and accruals	-	-	-	-	1,853,342	1,853,342
Other deposits	-	-	-	-	-	-
Unclaimed dividends	-	-	-	-	280,885	280,885
	-	-	-	-	3,194,277	3,194,277
On-balance sheet sensitivity gap	500,000	-	-	500,000		
Total yield / mark-up rate risk sensitivity gap	500,000	-	-	500,000		

Sensitivity analysis

As on 31 December 2016, the Society had no financial instruments valued at fair value through profit or loss. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates during the year would have decreased / increased profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

(Rupees)

	Change in basis points	Effect on profit and loss before tax	Effect on shareholder's equity
31 December 2016	100	316	218
	(100)	(316)	(218)
31 December 2015	100	349	237
	(100)	(349)	(237)

20 **PROVIDENT FUND RELATED DISCLOSURE**

The following information is based on unaudited financial statements for the year ended 31 December 2016 and audited financial statements for the year ended 31 December 2015.

	2016	2015
Size of the Fund - Total assets	788,565	832,896
Cost of investments	500,000	500,000
Percentage of investments made	63%	60%
Fair value of investments	500,000	500,000

21 **NUMBER OF EMPLOYEES**


Number of employees as at December 31, 2016 was 58 (2015: 58).

22 **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized by the board of directors of the society in the meeting held on 25-4-2017

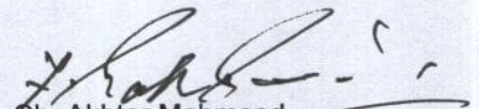
23 **FIGURES**

Figures in these financial statements have been rounded off to the nearest rupee.



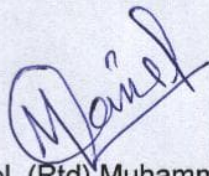
Fateh Khan Niazi

Chief Executive Officer



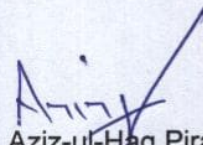
Ch. Akhter Mahmood

Director



Col. (Rtd) Muhammad Jamil

Director



Sh. Aziz-ul-Haq Piracha

Chairman

