



شروع اللہ تعالیٰ کے پاک نام سے جو نہایت مہربان اور رحم کرنے والا ہے

# ANNUAL REPORT



## 2018

# THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LTD

# **BOARD OF DIRECTORS**

<b>Chairman</b>	Sh. Aziz-ul-Haq Piracha
<b>Senior Vice Chairman</b>	Ch. Ahsun Mehmood
<b>Directors</b>	Ch. Nisar Ahmad Zafar Iqbal Ranjha Mr. Farooq Azam Muhammad Shafi Ghulam Sajjad Hussain
<b>Auditors</b>	IECnet S.K.S.S.S Company Chartered Accountant
<b>Legal Advisor</b>	Muhammad Hanif Khan Niazi, Advocate
<b>Bankers</b>	Allied Bank of Pakistan Ltd. Bank of Punjab Bank Alfalah First Women Bank Muslim Commercial Bank Ltd National Bank of Pakistan Punjab Provincial Cooperative Bank Ltd
<b>Registered Office</b>	23-Shahrah-e-Quaid-e-Azam, Lahore.
<b>CONTENTS</b>	<b>Information</b> <b>Auditor's Report</b> <b>Report to the Shareholders</b> <b>Balance Sheet</b> <b>Profit &amp; Loss Account</b> <b>Statement of Changes in Equity</b> <b>Statement of Cash Flows</b> <b>Statement of Premium</b> <b>Statement of Claims</b> <b>Statement of Expenses</b> <b>Statement of Investment Income</b> <b>Notes to the Accounts</b> <b>Classified Summery of Assets</b> <b>Statement of Ethics &amp; Business Practice</b> <b>Statement of Vision/Mission</b> <b>Offices</b>

**HORIZONTAL ANALYSIS**

	2018		2017		2016		2015		2014		2013
	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees
<b>Statement of Financial Statement</b>											
<b>Assets</b>											
Property and equipments	2,291,000,652	4.33	2,195,981,081	(0.11)	2,198,318,034	(0.15)	2,201,669,957	10.74	1,988,098,644	(0.14)	1,990,849,419
Intangible Assets	448,000	100.00	-	-	-	-	-	-	-	-	-
Equity securities	55,358,882	(22.18)	71,137,377	(55.38)	159,418,937	3,092.69	4,993,245	-	4,993,245	(3.63)	5,181,405
Term deposits	3,011,450	-	3,011,450	19.91	2,511,450	-	2,511,450	-	2,511,450	-	2,511,450
Sundry receivables	4,037,766	192.96	1,378,266	29.64	1,063,118	(35.83)	1,656,707	(11.10)	1,863,595	260.73	516,624
Insurance / reinsurance receivables	41,415	(2.43)	42,448	(64.86)	120,801	(45.56)	221,904	249.20	63,546	-	-
Reinsurance recoveries against outstanding claims	-	-	-	-	-	-	-	(100.00)	138,856	-	-
Deferred commission expense	1,416,540	283.97	368,918	(25.30)	493,843	(13.44)	570,493	121.17	257,940	64.52	156,788
Security deposits	71,344	12.53	63,400	-	63,400	(37.36)	101,216	30.75	77,414	-	77,414
Taxation - payments less provision	1,852,556	18.38	1,564,890	18.08	1,325,227	25.62	1,054,991	210.44	339,834	86.54	182,181
Prepayments	1,185,965	219.22	371,525	(27.29)	511,000	0.69	507,494	72.74	293,796	(30.75)	424,262
Cash and bank	7,340,711	(29.11)	10,354,635	(12.35)	11,813,163	(4.86)	12,416,829	17.88	10,533,603	0.42	10,489,945
Total assets	2,365,765,281	3.57	2,284,273,990	(3.85)	2,375,638,973	6.74	2,225,704,286	10.78	2,009,171,923	(0.06)	2,010,389,488
Total assets of window takaful operations - Operator's fund	-	-	-	-	-	-	-	-	-	-	-
Total assets	2,365,765,281	3.57	2,284,273,990	(3.85)	2,375,638,973	6.74	2,225,704,286	10.78	2,009,171,923	(0.06)	2,010,389,488
<b>Equity and Liabilities</b>											
Capital and reserves attributable to Company's equity holders											
Ordinary share capital	500,032,400	-	500,022,400	-	500,000,000	-	500,000,000	66.67	300,000,000	-	300,000,000
Reserves	8,634,113	-	8,634,113	-	8,634,113	1.24	8,528,766	2.76	8,299,736	4.03	7,978,145
Revaluation reserve	35,814,595	(23.83)	47,017,326	(57.12)	109,642,241	-	-	-	-	-	-
Unappropriated profit / (loss)	8,592,840	2.97	8,344,888	(11.04)	9,380,532	(5.22)	9,896,660	7.46	9,209,568	11.70	8,244,797
<b>Total equity</b>	553,073,948	(1.94)	564,018,727	(10.14)	627,656,886	21.07	518,425,426	63.28	317,509,304	0.41	316,222,942
Surplus on revaluation of property and equipment	1,764,051,651	5.28	1,675,502,421	(0.13)	1,677,666,601	(0.13)	1,679,912,140	0.47	1,672,017,565	(0.10)	1,673,664,190
<b>Liabilities</b>											
<b>Underwriting provisions</b>											
Outstanding claims including IBNR	733,920	193.57	250,000	400.00	50,000	(50.43)	100,876	(79.36)	488,650	86.65	261,800
Unearned premium reserves	9,549,847	131.32	4,128,503	40.80	2,932,083	(11.81)	3,324,636	125.78	1,472,507	(1.13)	1,489,365
Premium deficiency reserve	4,198,648	139.97	1,749,641	66.95	1,048,022	41.98	738,127	-	-	-	-
Unearned reinsurance commission	194,498	99.30	97,590	(47.76)	186,800	19.77	155,969	56.04	99,955	-	-
Deferred taxation	30,010,436	(14.85)	35,243,330	(44.00)	62,932,858	215.39	19,953,711	36.75	14,591,469	(6.76)	15,650,152
Insurance / reinsurance payables	493,306	(54.52)	1,084,583	4.65	1,036,406	8.05	959,174	2.39	936,780	(10.52)	1,046,903
Lease Liability	1,398,600	100.00	-	-	-	-	-	-	-	-	-
<b>Other creditors and accruals</b>	1,818,097	(7.09)	1,956,865	3.70	1,886,987	1.82	1,853,342	4.42	1,774,807	0.09	1,773,251
<b>Total liabilities</b>	48,397,352	8.73	44,510,512	(36.48)	70,073,156	158.71	27,085,835	39.88	19,364,168	(4.24)	20,221,471
<b>Total equity and liabilities</b>	2,365,522,951	3.57	2,284,031,660	(3.85)	2,375,396,643	6.74	2,225,423,401	10.78	2,008,891,037	(0.06)	2,010,108,603
Unclaimed dividend	242,330	-	242,330	-	242,330	(13.73)	280,885	-	280,885	-	280,885
<b>Total equity and liabilities</b>	2,365,765,281	3.57	2,284,273,990	(3.85)	2,375,638,973	6.74	2,225,704,286	10.78	2,009,171,923	(0.06)	2,010,389,488

**Statement of profit or loss**

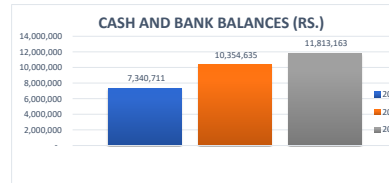
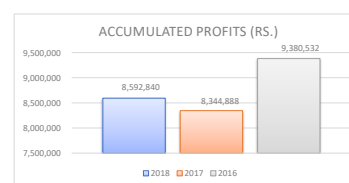
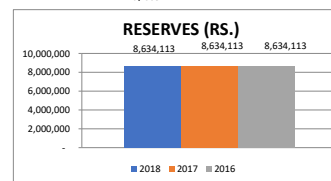
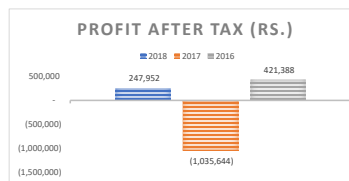
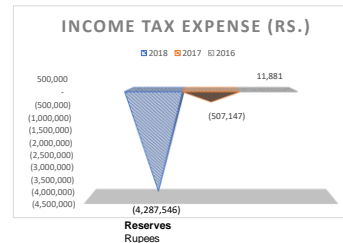
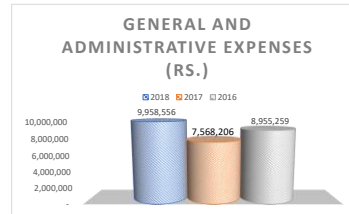
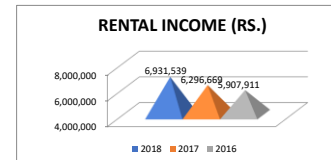
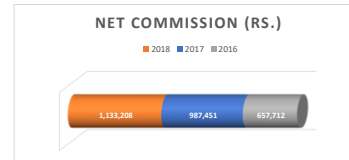
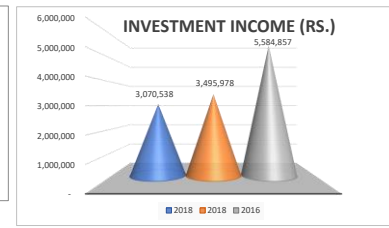
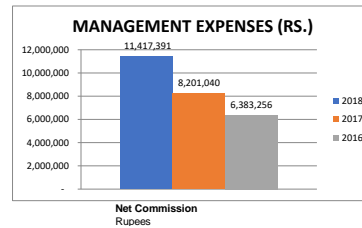
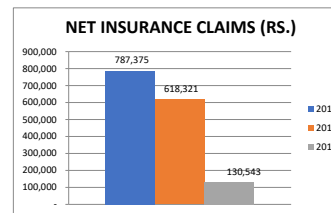
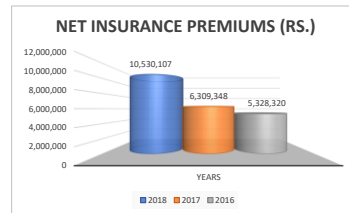
Net insurance premium	10,530,107	66.90	6,309,348	18.41	5,328,320	30.53	4,082,205	84.57	2,211,725	38.39	1,598,140
Net insurance claims	(787,375)	27.34	(618,321)	373.65	(130,543)	(72.22)	(469,844)	48.46	(316,472)	11.68	(283,385)
Net commission	(1,133,208)	14.76	(987,451)	50.13	(657,712)	56.05	(421,487)	19.04	(354,085)	96.94	(179,789)
Insurance claims and acquisition expenses	(1,920,583)	19.60	(1,605,772)	103.71	(788,255)	(11.56)	(891,331)	32.92	(670,557)	44.77	(463,174)
Premium deficiency resrve	(2,449,007)	249.05	(701,618)	126.41	(309,895)	(58.02)	(738,127)	100.00	-	-	-
Management expenses	(11,417,391)	39.22	(8,201,040)	28.48	(6,383,256)	(3.32)	(6,602,654)	49.90	(4,404,599)	(34.84)	(6,759,215)
Underwriting results	(5,256,874)	25.19	(4,199,082)	95.03	(2,153,086)	(48.12)	(4,149,907)	44.93	(2,863,431)	(49.09)	(5,624,249)
Investment income	3,070,538	(12.17)	3,495,978	(37.40)	5,584,857	9.61	5,095,010	35.17	3,769,461	19.77	3,147,276
Rental income	6,931,539	10.08	6,296,669	6.58	5,907,911	10.19	5,361,411	4.01	5,154,808	(1.47)	5,231,798
Other income	1,173,759	171.80	431,850	784.11	48,846	(2.84)	50,272	105.03	24,519	91.60	12,797
Other expenses	(9,958,556)	31.58	(7,568,206)	(15.49)	(8,955,259)	55.73	(5,750,419)	28.77	(4,465,714)	154.44	(1,755,099)
	1,217,280	(54.17)	2,656,291	2.70	2,586,355	(45.62)	4,756,274	6.09	4,483,074	(32.45)	6,636,772
Profit / (loss) before tax	(4,039,594)	161.84	(1,542,791)	(456.08)	433,269	(28.55)	606,367	(62.56)	1,619,643	59.96	1,012,523
Income tax	4,287,546	745.42	507,147	(4,368.55)	(11,881)	(103.84)	309,754	(192.94)	(333,279)	54.70	(215,434)
(Loss) / profit after tax	247,952	(123.94)	(1,035,644)	(345.77)	421,388	(54.00)	916,121	(28.78)	1,286,364	61.38	797,089

**VERTICAL ANALYSIS**

	2018		2017		2016		2015		2014		2013
	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees
<b>Statement of Financial Statement</b>											
<b>Assets</b>											
Property and equipments	2,291,000,652	96.84	2,195,981,081	96.13	2,198,318,034	92.54	2,201,669,957	98.92	1,988,098,644	98.95	1,990,849,419
Intangible Assets	448,000	0.02	-	-	-	-	-	-	-	-	-
Equity securities	55,358,882	2.34	71,137,377	3.11	159,418,937	6.71	4,993,245	0.22	4,993,245	0.25	5,181,405
Term deposits	3,011,450	0.13	3,011,450	0.13	2,511,450	0.11	2,511,450	0.11	2,511,450	0.12	2,511,450
Sundry receivables	4,037,766	0.17	1,378,266	0.06	1,063,118	0.04	1,656,707	0.07	1,863,595	0.09	516,624
Insurance / reinsurance receivables	41,415	-	42,448	-	120,801	0.01	221,904	0.01	63,546	-	-
Reinsurance recoveries against outstanding claims	-	-	-	-	-	-	-	-	138,856	0.01	-
Deferred commission expense	1,416,540	0.06	368,918	0.02	493,843	0.02	570,493	0.03	257,940	0.01	156,788
Security deposits	71,344	-	63,400	-	63,400	-	101,216	-	77,414	-	77,414
Taxation - payments less provision	1,852,556	0.08	1,564,890	0.07	1,325,227	0.06	1,054,991	0.05	339,834	0.02	182,181
Prepayments	1,185,965	0.05	371,525	0.02	511,000	0.02	507,494	0.02	293,796	0.01	424,262
Cash and bank	7,340,711	0.31	10,354,635	0.45	11,813,163	0.50	12,416,829	0.56	10,533,603	0.52	10,489,945
Total assets	2,365,765,281	100.00	2,284,273,990	100.00	2,375,638,973	100.00	2,225,704,286	100.00	2,009,171,923	100.00	2,010,389,488
Total assets of window takaful operations - Operator's fund	-	-	-	-	-	-	-	-	-	-	-
Total assets	2,365,765,281	100.00	2,284,273,990	100.00	2,375,638,973	100.00	2,225,704,286	100.00	2,009,171,923	100.00	2,010,389,488
<b>Equity and Liabilities</b>											
Capital and reserves attributable to Company's equity holders											
Ordinary share capital	500,032,400	21.14	500,022,400	21.89	500,000,000	21.05	500,000,000	22.46	300,000,000	14.93	300,000,000
Reserves	8,634,113	0.36	8,634,113	0.38	8,634,113	0.36	8,528,766	0.38	8,299,736	0.41	7,978,145
Revaluation reserve	35,814,595	1.51	47,017,326	2.06	109,642,241	4.62	-	-	-	-	-
Unappropriated profit / (loss)	8,592,840	0.36	8,344,888	0.37	9,380,532	0.39	9,896,660	0.44	9,209,568	0.46	8,244,797
<b>Total equity</b>	553,073,948	23.38	564,018,727	24.69	627,656,886	26.42	518,425,426	23.29	317,509,304	15.80	316,222,942
Surplus on revaluation of property and equipment	1,764,051,651	74.57	1,675,502,421	73.35	1,677,666,601	70.62	1,679,912,140	75.48	1,672,017,565	83.22	1,673,664,190
<b>Liabilities</b>											
<b>Underwriting provisions</b>											
Outstanding claims including IBNR	733,920	0.03	250,000	0.01	50,000	-	100,876	-	488,650	0.02	261,800
Unearned premium reserves	9,549,847	0.40	4,128,503	0.18	2,932,083	0.12	3,324,636	0.15	1,472,507	0.07	1,489,365
Premium deficiency reserve	4,198,648	0.18	1,749,641	0.08	1,048,022	0.04	738,127	0.03	-	-	-
Unearned reinsurance commission	194,498	0.01	97,590	-	186,800	0.01	155,969	0.01	99,955	-	-
Deferred taxation	30,010,436	1.27	35,243,330	1.54	62,932,858	2.65	19,953,711	0.90	14,591,469	0.73	15,650,152
Insurance / reinsurance payables	493,306	0.02	1,084,583	0.05	1,036,406	0.04	959,174	0.04	936,780	0.05	1,046,903
Lease Liability	1,398,600	0.06	-	-	-	-	-	-	-	-	-
<b>Other creditors and accruals</b>	1,818,097	0.08	1,956,865	0.09	1,886,987	0.08	1,853,342	0.08	1,774,807	0.09	1,773,251
<b>Total liabilities</b>	48,397,352	2.05	44,510,512	1.95	70,073,156	2.95	27,085,835	1.22	19,364,168	0.96	20,221,471
<b>Total equity and liabilities</b>	2,365,522,951	99.99	2,284,031,660	99.99	2,375,396,643	99.99	2,225,423,401	99.99	2,008,891,037	99.99	2,010,108,603
Unclaimed dividend	242,330	0.01	242,330	0.01	242,330	0.01	280,885	0.01	280,885	0.01	280,885
<b>Total equity and liabilities</b>	2,365,765,281	100.00	2,284,273,990	100.00	2,375,638,973	100.00	2,225,704,286	100.00	2,009,171,922	100.00	2,010,389,488

**Statement of profit or loss**

Net insurance premium	10,530,107	100.00	6,309,348	100.00	5,328,320	100.00	4,082,205	100.00	2,211,725	100.00	1,598,140
Net insurance claims	(787,375)	(7.48)	(618,321)	(9.80)	(130,543)	(2.45)	(469,844)	(11.51)	(316,472)	(14.31)	(283,385)
Net commission	(1,133,208)	(10.76)	(987,451)	(15.65)	(657,712)	(12.34)	(421,487)	(10.32)	(354,085)	(16.01)	(179,789)
Insurance claims and acquisition expenses	(1,920,583)	(18.24)	(1,605,772)	(25.45)	(788,255)	(14.79)	(891,331)	(21.83)	(670,557)	(30.32)	(463,174)
Premium deficiency resrve	(2,449,007)	(23.26)	(701,618)	(11.12)	(309,895)	(5.82)	(738,127)	(18.08)	-	-	-
Management expenses	(11,417,391)	(108.43)	(8,201,040)	(129.98)	(6,383,256)	(119.80)	(6,602,654)	(161.74)	(4,404,599)	(199.15)	(6,759,215)
Underwriting results	(5,256,874)	(49.92)	(4,199,082)	(66.55)	(2,153,086)	(40.41)	(4,149,907)	(101.66)	(2,863,431)	(129.47)	(5,624,249)
Investment income	3,070,538	29.16	3,495,978	55.41	5,584,857	104.81	5,095,010	124.81	3,769,461	170.43	3,147,276
Rental income	6,931,539	65.83	6,296,669	99.80	5,907,911	110.88	5,361,411	131.34	5,154,808	233.07	5,231,798
Other income	1,173,759	11.15	431,850	6.84	48,846	0.92	50,272	1.23	24,519	1.11	12,797
Other expenses	(9,958,556)	(94.57)	(7,568,206)	(119.95)	(8,955,259)	(168.07)	(5,750,419)	(140.87)	(4,465,714)	(201.91)	(1,755,099)
	1,217,280	11.56	2,656,291	42.10	2,586,355	48.54	4,756,274	116.51	4,483,074	202.70	6,636,772
Profit / (loss) before tax	(4,039,594)	(38.36)	(1,542,791)	(24.45)	433,269	8.13	606,367	14.85	1,619,643	73.23	1,012,523
Income tax	4,287,546	40.72	507,147	8.04	(11,881)	(0.22)	309,754	7.59	(333,279)	(15.07)	(215,434)
(Loss) / profit after tax	247,952	2.35	(1,035,644)	(16.41)	421,388	7.91	916,121	22.44	1,286,364	58.16	797,089



	2018		2017		2016		2015		2014		2013
	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees
<b>Statement of Financial Statement</b>											
<b>Assets</b>											
Property and equipments	2,291,000,652	4.33	2,195,981,081	(0.11)	2,198,318,034	(0.15)	2,201,669,957	10.74	1,988,098,644	(0.14)	1,990,849,419
Intangible Assets	448,000	100.00	-	-	-	-	-	-	-	-	-
Equity securities	55,358,882	(22.16)	71,137,377	(55.38)	159,418,937	3,092.69	4,993,245	-	4,993,245	(3.63)	5,181,405
Term deposits	3,011,450	-	3,011,450	19.91	2,511,450	-	2,511,450	-	2,511,450	-	2,511,450
Sundry receivables	4,037,766	192.96	1,378,266	29.64	1,063,118	(35.83)	1,656,707	(11.10)	1,863,595	260.73	516,624
Insurance / reinsurance receivables	41,415	(2.43)	42,448	(64.86)	120,801	(45.56)	221,904	249.20	63,546	-	-
Reinsurance recoveries against outstanding claims	-	-	-	-	-	-	-	(100.00)	138,856	-	-
Deferred commission expense	1,416,540	283.97	368,918	(25.30)	493,843	(13.44)	570,493	121.17	257,940	64.52	156,788
Security deposits	71,344	12.53	63,400	-	63,400	(37.36)	101,216	30.75	77,414	-	77,414
Taxation - payments less provision	1,852,556	18.38	1,564,890	18.08	1,325,227	25.62	1,054,991	210.44	339,834	86.54	182,181
Prepayments	1,185,965	219.22	371,525	(27.29)	511,000	0.69	507,494	72.74	293,796	(30.75)	424,262
Cash and bank	2,340,711	(29.11)	10,354,635	(12.35)	11,813,163	(4.86)	12,416,829	17.88	10,533,603	0.42	10,489,945
Total assets	2,365,765,281	3.57	2,284,273,990	(3.85)	2,375,638,973	6.74	2,225,704,286	10.78	2,009,171,923	(0.06)	2,010,389,488
Total assets of window takaful operations - Operator's fund	-	-	-	-	-	-	-	-	-	-	-
Total assets	2,365,765,281	3.57	2,284,273,990	(3.85)	2,375,638,973	6.74	2,225,704,286	10.78	2,009,171,923	(0.06)	2,010,389,488
<b>Equity and Liabilities</b>											
Capital and reserves attributable to Company's equity holders											
Ordinary share capital	500,032,400	-	500,022,400	-	500,000,000	-	500,000,000	66.67	300,000,000	-	300,000,000
Reserves	8,634,113	-	8,634,113	-	8,634,113	1.24	8,528,766	2.76	8,299,736	4.03	7,978,145
Revaluation reserve	35,814,595	(23.83)	47,017,326	(57.12)	109,642,241	-	-	-	-	-	-
Unappropriated profit / (loss)	8,592,840	2.97	8,344,888	(11.04)	9,380,532	(5.22)	9,896,660	7.46	9,209,568	11.70	8,244,797
Total equity	553,073,948	(1.94)	564,018,727	(10.14)	627,656,886	21.07	518,425,426	63.28	317,509,304	0.41	316,222,942
Surplus on revaluation of property and equipment	1,764,051,651	5.28	1,675,502,421	(0.13)	1,677,666,601	(0.13)	1,679,912,140	0.47	1,672,017,565	(0.10)	1,673,664,190
<b>Liabilities</b>											
<b>Underwriting provisions</b>											
Outstanding claims including IBNR	733,920	193.57	250,000	400.00	50,000	(50.43)	100,876	(79.36)	488,650	86.65	261,800
Unearned premium reserves	9,549,847	131.32	4,128,503	40.80	2,932,083	(11.81)	3,324,636	125.78	1,472,507	(1.13)	1,489,365
Premium deficiency reserve	4,198,648	139.97	1,749,641	66.95	1,048,022	41.98	738,127	-	-	-	-
Unearned reinsurance commission	194,498	99.30	97,590	(47.76)	186,800	19.77	155,969	56.04	99,955	-	-
Deferred taxation	30,010,436	(14.85)	35,243,330	(44.00)	62,932,858	215.39	19,953,711	36.75	14,591,469	(6.76)	15,650,152
Insurance / reinsurance payables	493,306	(54.52)	1,084,583	4.65	1,036,406	8.05	959,174	2.39	936,780	(10.52)	1,046,903
Lease Liability	1,398,600	100.00	-	-	-	-	-	-	-	-	-
Other creditors and accruals	1,818,997	(7.09)	1,956,865	3.70	1,886,987	1.82	1,853,342	4.42	1,774,807	0.09	1,773,251
Total liabilities	48,397,352	8.73	44,510,512	(36.48)	70,073,156	158.71	27,085,835	39.88	19,364,168	(4.24)	20,221,471
Total equity and liabilities	2,365,522,951	3.57	2,284,031,660	(3.85)	2,375,396,643	6.74	2,225,423,401	10.78	2,008,891,037	(0.06)	2,010,108,603
Unclaimed dividend	242,330	-	242,330	-	242,330	(13.73)	280,885	-	280,885	-	280,885
Total equity and liabilities	2,365,765,281	3.57	2,284,273,990	(3.85)	2,375,638,973	6.74	2,225,704,286	10.78	2,009,171,923	(0.06)	2,010,389,488
<b>Statement of profit or loss</b>											
	2018		2017		2016		2015		2014		2013
	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees	%	Rupees
Net insurance premium	10,530,107	66.90	6,309,348	18.41	5,328,320	30.53	4,082,205	84.57	2,211,725	38.39	1,598,140
Net insurance claims	787,375	27.34	618,321	373.65	130,543	(72.22)	(469,844)	48.46	(316,472)	11.68	(283,385)
Net commission	1,133,208	14.76	987,451	50.13	657,712	56.05	(421,487)	19.04	(354,085)	96.94	(179,789)
Insurance claims and acquisition expenses	(1,920,583)	19.60	(1,605,772)	103.71	(788,255)	(11.56)	(891,331)	32.92	(670,557)	44.77	(463,174)
Premium deficiency reserve	2,449,007	249.05	(701,618)	126.41	309,895	(58.02)	(738,127)	100.00	-	-	-
Management expenses	11,417,391	39.22	8,201,040	28.48	6,383,256	(3.32)	(6,602,654)	49.90	(4,404,599)	(34.84)	(6,759,215)
Underwriting results	(5,256,874)	25.19	(4,199,082)	95.03	(2,153,086)	(48.12)	(4,149,907)	44.93	(2,863,431)	(49.09)	(5,624,249)
Investment income	3,070,538	(12.17)	3,495,978	(37.40)	5,584,857	9.61	5,095,010	35.17	3,769,461	19.77	3,147,276
Rental income	6,931,539	10.08	6,296,669	6.58	5,907,911	10.19	5,361,411	4.01	5,154,808	(1.47)	5,231,798
Other income	1,173,759	171.80	431,850	784.11	48,846	(2.84)	50,272	105.03	24,519	91.60	12,797
Other expenses	9,958,556	31.58	7,568,206	(15.49)	8,955,259	55.73	(5,750,419)	28.77	(4,465,714)	154.44	(1,755,099)
Profit / (loss) before tax	1,217,280	(54.17)	2,656,291	2.70	2,586,355	(45.62)	4,756,274	6.09	4,483,074	(32.45)	6,636,772
Income tax	(4,039,594)	161.84	(1,542,791)	(456.08)	433,269	(28.55)	606,367	(62.56)	1,619,643	59.96	1,012,523
(Loss) / profit after tax	(4,287,546)	745.42	(507,147)	(4,368.55)	11,881	(103.84)	309,754	(192.94)	(333,279)	54.70	(215,434)
	247,952	(123.94)	(1,035,644)	(345.77)	421,388	(54.00)	916,121	(28.78)	1,286,364	61.38	797,089



## VISION / MISSION & VALUES STATEMENT

### Vision Statement

Our vision is to be the best insurance society.

### Mission Statement

Our mission is to provide top quality insurance services to our valued clients, improve the business processes and quality of our human resource.

### Values

Our values are:

➤ **Integrity**

We believe in honesty, integrity and transparency.

➤ **Ethics**

Ethics is one of our core values and we strictly follow ethical principals in our business conduct.

➤ **Professionalism**

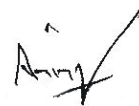
We believe that professionalism can help us in achieving success and goals of our organization.

➤ **Excellence**

We strive to achieve excellence in what we do.

➤ **Commitment**

We have strong commitment towards serving our clients as per their expectations.



**THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED**



---

# STATEMENT OF ETHICS & BUSINESS PRACTICE

---



**THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED**

## Introduction and objective

The Cooperative Insurance Society of Pakistan Limited., is the apex cooperative society registered under the Cooperative Societies Act, 1925 on August 06, 1949 and is engaged in provision of general insurance services. The objectives of the society is to provide general insurance services, particularly to the cooperative sector in Pakistan helping them to meet their insurance needs. The Cooperative Insurance EFU has an enhanced commitment and professionalism to provide expertise at a distinct level.

The Statement of Ethics and Statement of Business Practices that all members of staff and Directors are required to follow as "Code of Conduct" is given below.

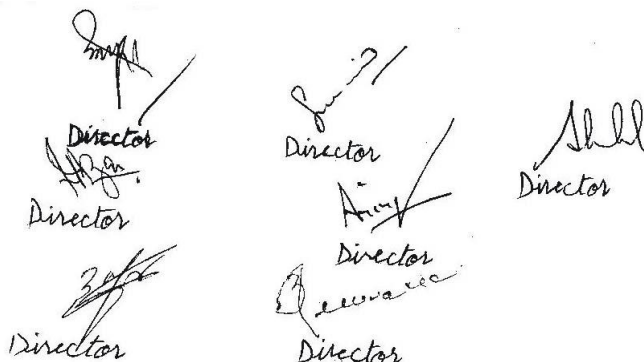
## Statement of Ethics

All Directors and Staff are required to:

- Act with integrity, dignity and in an ethical manner when dealing with the public, clients and peers.
- Protect the confidentiality of client information at all times except where required by law to disclose it.
- Protect the confidentiality of information relating to the Society both during the course of Directorship or employment and after retirement / termination as well.
- Obtain written permission, other than directors, from the Society's Compliance Officer /the Chief Executive Officer to hold any position, paid or unpaid, with any outside party, firm or organization.
- Maintain accurate records of business transactions related to the Society or its clients.
- Report any business or professional activities or any beneficial interests that may result in a conflict with or be competitive with the interests of the Society.
- Report any person or activity to the Compliance Officer / CEO that in their opinion is in violation of this statement.

## Statement of Business Practices:

- Our business is founded on trust and we manage it ethically, lawfully and fairly.
- We hold responsibilities towards our clients in the highest regard.
- We recruit the most suitable workforce, motivate them, reward them and encourage them to innovate.
- We contribute towards our Society's financial goals and concentrate on achieving superior results.
- We believe in quality in every task assigned to us and work to the best of our efforts.
- We work hard in provision of quality services to our clients.



Handwritten signatures of seven directors, each followed by the word "Director".

## **INDEPENDENT AUDITORS' REPORT**

**To the members of CO-OPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of Cooperative Insurance Society of Pakistan Limited (the "Company"), which comprise the statement of financial position as at December 31, 2018, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, 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, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, 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 statement of cash flows 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, 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### **Basis for Qualified Opinion**

Due to the date of our appointment, which was subsequent to December 31, 2018, we were unable to perform a cash count to verify the Company's cash-in-hand balance (PKR 935,965) as at December 31, 2018. Due to the state of the Company's books and records, we were unable to perform alternative procedures to verify the Company's cash-in-hand balance. In addition, we were unable to satisfy ourselves with respect to the existence and accuracy of miscellaneous income in the amount of PKR 233,447.

As well, disclosures made by the Company are not fully in accordance with accounting and reporting standards applicable in Pakistan.

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 *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 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.

## **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.

## **Auditors' 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- 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, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, in our opinion:

- 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);
- The statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017) and the Cooperative Societies Act, 1925, and are in agreement with the books of account;
- Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Aslam Khan.



**IECnet S.K.S.S.S.**  
**Chartered Accountants**  
**Lahore**  
Date: May 30, 2019

# THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2018

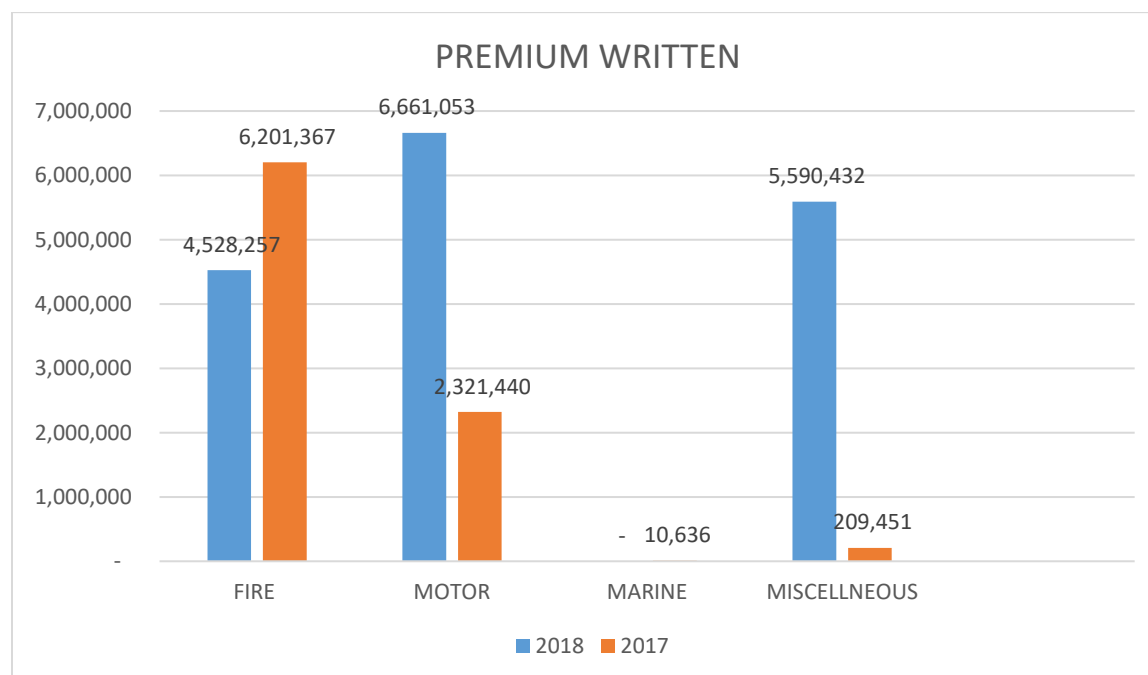
The Cooperative Insurance Society of Pakistan Limited (the Society) was incorporated on August 06, 1949 as a cooperative society under the Cooperative Societies Act, 1925. The Society is engaged in non-life insurance business.

The Directors of your Society are pleased to present the 70th Annual Report of the Society for the year ended December 31, 2018.

Your Society's profit after tax for the year 2018 was Rs. 247,952/- as compared to loss of Rs. 1,035,644/- in 2017. The earnings per share was Rs. 0.005 as against loss of Rs. 0.021 last year.

Your Society has under written Rs. 16,779,742/- Direct Premium inside Pakistan as compared to Rs. 8,742,894/- in 2017 showing overall growth of 92%, while the Net Premium Revenue was Rs. 10,530,108/- as compared to Rs. 6,309,347/- in 2017. Underwriting loss was Rs. 5,256,874/- compared to loss of Rs. 4,199,082/- in 2017. The underwriting loss increased due to higher management expenses incurred for procurement of premium revenue coupled with higher provision of premium deficiency reserve during the year under report.

*Amounts in Rupees*



Given the insurance sector's potential for expansion and growth, your Society is expected to have underwriting profits in the ensuing years..

The segment wise performance was as follows:

#### **FIRE AND PROPERTY**

The written premium decreased by 27% to Rs. 4,528,257/- compared to Rs. 6,201,367/- in 2017. Claims as percentage of net premium revenue were 0.38 % as against 0.33 % in 2017. The underwriting profit for the year was Rs. 2,213,142/- as compared to loss of Rs.2,431,974/- in 2017.

#### **MARINE, AVIATION AND TRANSPORT**

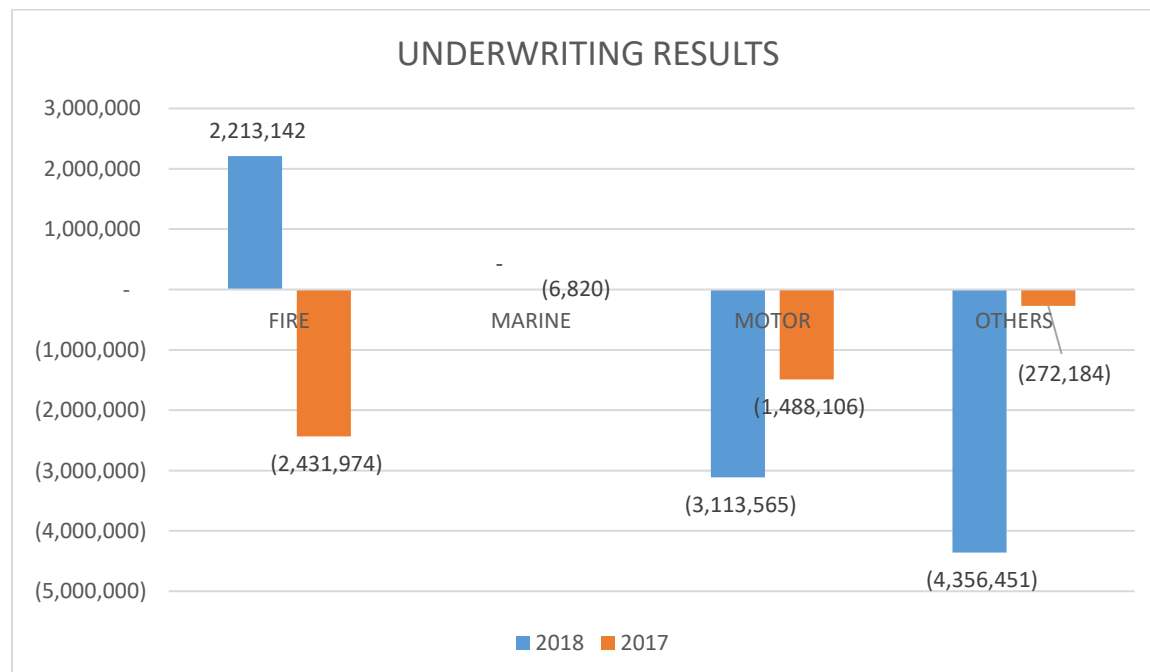
The society has not underwritten any business in this sector.

#### **MOTOR**

The written premium increased by 187% to Rs. 6,661,053/- compared to Rs. 2,321,440/- in 2017. Claims as percentage of net premium revenue were 5 % as against 0.33 % in 2017. The underwriting loss for the year was Rs. 3,113,565/- as compared to loss of Rs.1,488,106/- in 2017.

#### **MISCELLANEOUS (LIVE STOCK& OTHERS)**

The written premium for the year was Rs. 5,590,432/- compared to Rs. 209,451/- in 2017. There was no claim in the year under report and corresponding year. The underwriting loss for the year was Rs. 4,356,451/- compared to Rs. 272,184/- in 2017.



#### **Investment Income**



The dividend income for the year was Rs. 3,057,377/- as against Rs. 3,485,838/- last year. The total investment income for the year was Rs. 3,070,538/- as against Rs. 3,495,978/- last year.

### **Information Technology**

The Society continues to invest in technology to offer state of the art service to the customers. During the year a customized accounting software has been developed and has been successfully run on trial basis. It will be fully deployed from January 01, 2019.

### **Earnings per share**

Your Society has reported earnings per share of Rs. 0.005 for the year as compared to loss per share of Rs.0.021 in 2017.

### **Appropriation**

The profit after tax was Rs. 247,952/- as compared to loss of Rs.1,035, 644/- in 2017.

### **Credit Rating**

Your Society is rated by JCR-VIS who has assigned rating of BB with stable outlook.

### **Prospects for 2019**

Your board of directors are optimistic as to the prospects for the year 2019. Our strategy for 2019 is designed to deliver sustainable, profitable growth in a changing and competitive business environment in order to fetch due share in the industry.

The Society intends to continue investing in people and making the Cooperative Insurance the best place to build career, invest in systems and processes to further improve service to customers.

### **Reinsurance**

Your Society continues to enjoy very sound reinsurance arrangements with government owned entity Pakistan Reinsurance Company Limited which is 'A' rated reinsurer.

### **Related Party Transactions**

At each board meeting, the Board of Directors approves Society's transactions with Associated Companies / Related parties, if any. There has been no transaction with related party.

### **Capital Management and Liquidity**

The Society maintains strong financial base. Your Society carefully administers its liquidity to ensure its ability to meet all its obligations efficiently. The Society operates and honours its obligations through the cash flow generated from its core business as well as investment and other income.

### **Board Committees**

Your Society maintains following four board committees:

#### **Audit Committee**

The Audit Committee is assisted by the Internal Auditor in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Society. The principle responsibility of the Internal Auditors is to conduct periodic audits to ensure adequacy in operational controls, consistency in application of policies and procedures and compliance with applicable laws. The Board's Audit Committee comprises of the following members:

- I. Mr. Ahsun Mahmood –Chairman (Non-executive director)
- II. Mr. Farooq Azam –Member (Non-executive director)
- III. –Member (Non-executive director)

### **Investment Committee**

The Society has a Board level investment committee that meets on quarterly basis to review the investment portfolio. The committee is also responsible for developing the investment policy for the Society. The Board's Investment Committee comprises of the following members:

- i. Mr. Muhammad Shafie –Chairman(Non-executive director)
- ii. Mr. Zafar Iqbal –Member(Non-executive director)
- iii. Ch. Nisar – Member(Non-executive director)
- iv. CEO
- v. CFO

### **Remuneration Committee& Nomination Committee**

The committee is responsible for recommending to the Board human resource management policies of the Society as well as the selection, evaluation and compensation of key officers of the Society. The Board's Human Resource and Remuneration Committee comprises of the following members:

- i. Mr. Aziz-ul-Haq Piracha –Chairman(Non-executive director)
- ii. Mr. Ghulam Sajjad Hussain –Member(Non-executive director)
- iii. Mr. Muhammad Shafie–Member(Non-executive director)

### **Management Committee**

As part of the Corporate Governance, your Society maintains following three management committees which meet at least once every quarter:

### **Underwriting Committee**

The underwriting committee formulates the underwriting policy of your Society. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. The committee regularly reviews the underwriting and premium policies of the Society with due regard to relevant factors such as its business portfolio and the market development.

### **Claims Settlement Committee**

This committee devises the claims settling policy of the Society. It oversees the claims position of the Society and ensures that adequate claims reserves are maintained. Particular attention is paid to significant claims cases or events, which give rise to a series of claims. The Claims Settlement Committee determines the circumstances under which the claims dispute to be brought to its attention and decides how to deal with such claims disputes. It also oversees the implementation of the measures for combating fraudulent claims cases. The Committee also oversees the newly established Grievance Function of the Society.

### **Reinsurance and Coinsurance Committee**

This committee ensures that adequate reinsurance arrangements are made for the insurance Society's businesses. It peruses the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers, makes appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance program for future reference.

### **Risk Management and Compliance Committee**

The risk management and compliance committee oversees the activities of the risk management function of the Society and makes appropriate recommendations to the Board to mitigate probable risks falling within the purview of the risk management function.

The committee is also responsible for monitoring the compliance function and the insurer's risk profile in respect of compliance with the laws applicable to it as well as the internal policies and procedures

### **Risks to Business**

Business risks and mitigation factors are described in detail at Note # 28 of the audited financial statements.

### **Corporate Social Responsibility**

The impact of our presence in society is both direct and indirect. The impact flows from the resources we consistently mobilize and the investments we make.

### **Energy conservation**

We keep a close watch over our energy conservation. All electrical items used in our offices are energy-friendly. Lights are switched off during Lunch Break.

### **Environmental protection measures**

The Society is well aware of its social responsibility in regard to environmental protection. Therefore, we encourage healthy environment and take steps which could add value to our belief.

### **Directors Election and Meetings**

The Directors of your Society were elected at the Annual General Meeting held on July 20, 2017 w.e.f. July 20, 2017 for a term of three years expiring on July 19, 2020. During the year, four meetings of the Board were held. The attendance at the meetings were as under:

<b>Sr. #</b>	<b>Name of Director</b>	<b>No. of meetings held</b>
1.	Mr. Aziz-ul-Haq Piracha -Non Executive	4
2.	Ch. Ahsun Mahmood-Non Executive	4
3.	Ch. Nisar Ahmad-Non Executive	4
4.	Mr. Farooq Azam-Non Executive	4
5.	Mr. Malik Muhammad Shafie-Non Executive	4
6.	Mr. Zafar Iqbal -Non Executive	4
7.	Mr. Ghulam Sajjad Hussain -Non Executive (co-opted on 15-01-2018)	3
8.	Hafiz Zeeshan – Circle Registrar Cooperatives (ex-officio appointed by the Registrar Cooperatives in March 2019)	

#### **QUALIFICATION IN AUDITORS REPORT**

The auditors of the society qualified their opinion on following three points:-

- Cash in hand amounting Rs 935,965/- due to late appointment by the Registrar, Cooperatives, Punjab, Lahore.
- Other income amounting Rs 233,447/-
- Disclosure not fully in accordance with accounting and reporting standards applicable in Pakistan.

Regarding verification of cash in hand, auditors were appointed by the competent authority i.e. Registrar, Cooperatives Punjab, Lahore on January 17, 2019 and they could have performed cash count after their appointment and work it back easily to arrive at the cash position as at December 31, 2018 as the requisite records were available but they did not perform this alternate audit procedure at all. They were made available cash & cash equivalent certificate as at the cut of date but they did not rely on the same as well.

With respect to Other Income of Rs 233,447/- record is available but the auditors did not bother to check the records and qualified without considering that the amount is immaterial. The amount mainly relates with the excess of credits in the banks against deposits over the period of time adjusted to recognize other income.

As far as disclosure with applicable accounting and reporting standards is concerned, the auditors simply failed to identify any specific departure or non-compliance with reporting standards in the financial statements.

#### **Statement of Ethics and Business Practices**

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations. Statement of Ethics and Business Practices are based on integrity, dignity, culture of excellence and ethical dealing with clients, peers and the public.

## **Corporate and Financial Reporting Framework**

- a) The financial statements prepared by the management of the Society present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- b) Proper books of accounts have been maintained by the Society.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
- d) The International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statement and any departure from there has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Society's ability to continue as a going concern.
- g) The key operating and financial data for the last six years is annexed.
- h) There has been no trading of shares by Chief Executive, Directors, Chief Financial Officer, Society Secretary, their spouses and minor children as the shares of the society are not listed on any stock exchange.
- i) All the shareholders of the society are cooperative societies and there is no individual shareholder as the same is barred under the law.

We would like to thank our valued customers for their continued patronage and support and to Pakistan Reinsurance Company Limited, Securities and Exchange Commission of Pakistan for their guidance and assistance. The Directors of your Society also place on record their appreciation of the efforts made by officers, field force and staff for their dedicated efforts for the Society.



Chairman

On Behalf of Board of Directors


Dated: May 30, 2019

**THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

		<b>Dec-31-2018</b>	<b>Dec-31-2017</b>	<b>Jan-01-2017</b>
		<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
	<b>Note</b>		<b>(Restated)</b>	<b>(Restated)</b>
<b>ASSETS</b>				
Property and equipment	6	2,291,000,652	2,195,981,081	2,198,318,034
Intangible assets	7	448,000	-	-
Investments				
Equity securities	8	55,358,882	71,137,377	159,418,937
Term deposits	9	3,011,450	3,011,450	2,511,450
Sundry receivables	10	4,037,766	1,378,266	1,063,118
Insurance / reinsurance receivables		41,415	42,448	120,801
Deferred commission expense		1,416,540	368,918	493,843
Security deposits		71,344	63,400	63,400
Taxation - payments less provision		1,852,556	1,564,890	1,325,227
Prepayments		1,185,965	371,525	511,000
Cash and bank	11	7,340,711	10,354,635	11,813,163
<b>TOTAL ASSETS</b>		<b>2,365,765,281</b>	<b>2,284,273,990</b>	<b>2,375,638,973</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves attributable to Society's equity holders</b>				
Ordinary share capital	12	500,032,400	500,022,400	500,000,000
Reserves	13	1,808,500,359	1,731,153,860	1,795,942,955
Unappropriated profit		8,592,840	8,344,888	9,380,532
Total equity		2,317,125,599	2,239,521,148	2,305,323,487
<b>Liabilities</b>				
<b>Underwriting provisions</b>				
Outstanding claims including IBNR		733,920	250,000	50,000
Unearned premium reserves		9,549,847	4,128,503	2,932,083
Premium deficiency reserve		4,198,648	1,749,641	1,048,022
Unearned reinsurance commission	14	194,498	97,590	186,800
Deferred taxation	15	30,010,436	35,243,330	62,932,858
Insurance / reinsurance payables		493,306	1,084,583	1,036,406
Lease liability	16	1,398,600	-	-
Unclaimed dividend		242,330	242,330	242,330
Other creditors and accruals	17	1,818,097	1,956,865	1,886,987
<b>Total liabilities</b>		<b>48,639,682</b>	<b>44,752,842</b>	<b>70,315,486</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>2,365,765,281</b>	<b>2,284,273,990</b>	<b>2,375,638,973</b>

**Contingencies and commitments** 18


The annexed notes from 1-34 form an integral part of these financial statements.

  
Usman Amjad  
Chief Financial Officer

  
Fateh Khan Niazi  
Chief Executive Officer

  
Farooq Azam  
Director

  
Ch. Ahsan Mahmood  
Director

  
Sh. Aziz-ul-Haq Piracha  
Chairman

**THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

		<b>2018</b>	<b>2017</b>
		<b>Rupees</b>	<b>Rupees</b>
	<b>Note</b>		<b>(Restated)</b>
Net insurance premium	19	10,530,107	6,309,348
Net insurance claims	20	- 787,375	- 618,321
Premium deficiency reserve		- 2,449,007	-701,618
Net commission	21	(1,133,208)	(987,451)
Insurance claims and acquisition expenses		- 4,369,590	- 2,307,390
Management expenses	22	(11,417,391)	-8,201,040
<b>Underwriting results</b>		<b>(5,256,874)</b>	<b>(4,199,082)</b>
Investment income	23	3,070,538	3,495,978
Rental income		6,931,539	6,296,669
Other income	24	1,173,759	431,850
Other expenses	25	(9,958,556)	-7,568,206
		1,217,280	2,656,291
<b>Loss before tax</b>		<b>(4,039,594)</b>	<b>(1,542,791)</b>
Income tax expense	26	4,287,546	507,147
<b>Profit after tax</b>		<b>247,952</b>	<b>(1,035,644)</b>
(Loss) / Profit (after tax) per share - Rupees	27	0.005	(0.021)


The annexed notes from 1-34 form an integral part of these financial statements.

				
Usman Amjad	Fateh Khan Niazi	Farooq Azam	Ch. Ahsan Mahmood	Sh. Aziz-ul-Haq Piracha
<b>Chief Financial Officer</b>	<b>Chief Executive Officer</b>	<b>Director</b>	<b>Director</b>	<b>Chairman</b>

**THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**


		2018	2017 (Restated)
	Note		
Profit after tax		247,952	-1,035,644
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit and loss			
Unrealized loss on available-for-sale investments, net of tax		-11,202,731	-62,813,075
<b>Other comprehensive loss for the year</b>		<b>-11,202,731</b>	<b>-62,813,075</b>
Total comprehensive loss for the year		-10,954,779	-63,848,719


The annexed notes from 1-34 form an integral part of these financial statements.

  
Muhammad Usman  
**Chief Financial Officer**

  
Fateh Khan Niazi  
**Chief Executive Officer**

  
Farooq Azam  
**Director**

  
Ch. Ahsan  
Mahmood  
**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, 2018**

	Share Capital	Revaluation surplus	Other reserves	Fair value reserve	Unappropriated profit	Total
	.....R u p e e s.....					
<b>Balance as at January 1, 2017 - as previously reported</b>	500,000,000	-	8,634,113	-	10,212,701	518,846,814
Effect of restatement, as per note 5		1,677,666,601		109,642,241	(832,169)	1,786,476,673
<b>Balance as at January 1, 2017 - restated</b>	500,000,000	1,677,666,601	8,634,113	109,642,241	9,380,532	2,305,323,487
Issuance of share capital	22,400	-	-	-	-	22,400
Incremental depreciation on revaluation surplus, net of tax	-	(2,164,180)	-	-	-	(2,164,180)
Total comprehensive income for the year						
Loss for the year, after tax	-	-	-	-	(1,035,644)	(1,035,644)
Other comprehensive income for the year	-	-	-	(62,624,915)	-	(62,624,915)
<b>Balance as at December 31, 2017 - restated</b>	500,022,400	1,675,502,421	8,634,113	47,017,326	8,344,888	2,239,521,148
Issuance of share capital	10,000					10,000
Revaluation of non-current assets, net of tax	-	90,811,453	-	-	-	90,811,453
Incremental depreciation on revaluation surplus, net of tax	-	(2,262,223)	-	-	-	(2,262,223)
Total comprehensive income for the year						
Profit for the year, after tax	-	-	-	-	247,952	247,952
Other comprehensive income for the year	-	-	-	(11,202,731)	-	(11,202,731)
<b>Balance as at December 31, 2018</b>	<b>500,032,400</b>	<b>1,764,051,651</b>	<b>8,634,113</b>	<b>35,814,595</b>	<b>8,592,840</b>	<b>2,317,125,599</b>

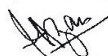
The annexed notes from 1-34 form an integral part of these financial statements.



Usman Amjad  
Chief Financial Officer



Fateh Khan Niazi  
Chief Executive Officer



Farooq Azam  
Director



Ch. Ahsan Mahmood  
Director





Sh. Aziz-ul-Haq Piracha  
Chairman


**THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>2018</b> <b>Rupees</b>	<b>2017</b> <b>Rupees</b> <b>(Restated)</b>
<b>Operating Cash Flows</b>		
<b>a) Underwriting Activities</b>		
Premium received	16,780,775	8,821,247
Reinsurance premium paid	(1,296,259)	(1,049,475)
Claims paid	(349,120)	(422,756)
Reinsurance and other recoveries received	4,250	4,435
Commission paid	(2,365,972)	(1,251,756)
Commission received	282,050	300,018
Other underwriting payments	(2,984,141)	(1,545,662)
Other underwriting receipts	3,185,381	1,644,156
<b>Net cash flows from underwriting activities</b>	<b>13,256,964</b>	<b>6,500,206</b>
<b>b) Other operating activities</b>		
Income tax paid	(902,781)	(838,493)
General management expenses paid	(11,417,391)	(8,200,439)
Other operating payments	(12,629,634)	(7,655,345)
Other operating receipts	143,447	548,340
<b>Net cash flows from other operating activities</b>	<b>(24,806,360)</b>	<b>(16,145,937)</b>
<b>Total cash flows from all operating activities</b>	<b>(11,549,396)</b>	<b>(9,645,731)</b>
<b>Investment Activities</b>		
Profit / return received	13,161	10,140
Dividends received	3,057,377	3,485,838
Rentals received	6,931,539	6,131,474
Proceeds from disposal of property and equipment	50,795	185,542
Purchase of software	(448,000)	-
Change in investments	-	(500,000)
Lease payments	(1,006,399)	-
Fixed capital expenditure	(73,000)	(1,148,191)
<b>Total cash flow from investing activities.</b>	<b>8,525,472</b>	<b>8,164,803</b>
<b>Financing Activities</b>		
Share capital issued	10,000	22,400
<b>Total cash flow from financing activities</b>	<b>10,000</b>	<b>22,400</b>
<b>Total cash flows from all activities</b>	<b>(3,013,924)</b>	<b>(1,458,528)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>10,354,635</b>	<b>11,813,163</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>7,340,711</b>	<b>10,354,635</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flow	(11,549,396)	(9,645,731)
Depreciation expense	(246,374)	(354,428)
Write off investment	-	(600)
Increase / decrease in assets other than cash	4,816,139	212,058
Increase / decrease in liabilities	(7,721,134)	(2,126,884)
Interest, dividend, rental income and deferred income	14,948,717	10,879,941
<b>Profit / (Loss) after taxation</b>	<b>247,952</b>	<b>(1,035,644)</b>
Cash for the purposes of the Statement of Cash Flows consists of:		
i) Cash and cash equivalents	935,965	419,815
ii) Cash at current accounts	6,404,746	9,934,820
	<b>7,340,711</b>	<b>10,354,635</b>

The annexed notes from 1-34 form an integral part of these financial statements.

  
Usman Amjad  
Chief Financial Officer

  
Fateh Khan Niazi  
Chief Executive Officer

  
Farooq Azam  
Director

  
Ch. Ahsan Mahmood  
Director

  
Sh. Aziz-ul-Haq Piracha  
Chairman

**THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1 Legal Status and Nature of Business.**

The Cooperative Insurance Society of Pakistan Limited (the "Company" or "Society") 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-Quaid-e-Azam, Lahore.

**2 Basis of Preparation and Statement of Compliance**

**2.1 Statement of Compliance**

These financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. Approved accounting standards comprise of:

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

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

The Securities & Exchange Commission of Pakistan ("SECP"), vide its S.R.O. 89(1)2017 dated February 9, 2017 has prescribed the format of the presentation of annual financial statements for insurance companies. These financial statements have been prepared accordingly.

**2.2 Basis of Measurement.**

These accounts have been prepared under the historical cost convention except for certain financial instruments carried at fair value. All transactions reflected in these financial statements are on an accrual basis, except for those reflected in cash flow statements.

**2.3 Use of Judgments and Estimates**

The preparation of these financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect 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 year of the revision and future periods if the revision affects both current and future periods.

Areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to these financial statements or judgment was exercised in the application of accounting policies, are as follows:

	<u>Note</u>
Provision for unearned premiums	4.2
Premium deficiency reserve	4.3
Premium due but unpaid	4.4

Provision for outstanding claims (including IBNR)	4.8
Provision for taxation	4.14
Fair values and depreciation of property / equipment	4.11

## **2.4 Standards, interpretations and amendments with respect to the approved accounting standards that are not yet effectiveo accounting and reporting standards as applicable in Pakistan that are effective in current year**

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after 01 January 2018 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not stated in these financial statements.

The Securities and Exchange Commission of Pakistan ("SECP"), vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated 9 February 2017, has issued the Insurance Rules, 2017 Insurance Accounting Regulations, 2017 (the "Rules and Accounting Regulations, 2017"). The Rules and Accounting Regulations, 2017 require significant disclosures / requirements, which are relevant to the Company, including but not limited to: presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017, recognition of available-for-sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement", and recognition of premium receivable under an insurance policy / cover note as written from the date of attachment of risk to the policy / cover note.

The Company has adopted the Rules and Accounting Regulations, 2017, and has accordingly changed its accounting policies disclosed below.

In addition, the Companies Act, 2017 also became effective for the financial statements for the year ended December 31, 2018. As the Company's financial statements are prepared in accordance with the format prescribed by the SECP, this did not have a direct impact on the Company's financial statements.

## **2.5 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective**

The following standards, amendments and interpretations of accounting and reporting standards as applicable in Paksitan will be effective for accounting periods beginning on or after 01 January 2019:

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of assessing the potential impact of changes required upon adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of assessing the potential impact of changes required upon adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.
- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after 1 July 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from 1 July 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption which allows the Company to defer the application of both IFRS 9 and IFRS 17 until 31 December 2021.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS.
- Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Company's financial statements.

### **3 Functional and presentation currency**

These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

### **4 Summary of 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.

#### **4.1. Investments**

All investments are initially recognized at cost, being the fair value of the consideration given (including transaction costs). The classification of investments depends on the purpose for which the financial assets were acquired. The Company has not classified any investments at "fair value through profit or loss" as at the date of the statement of financial position.

##### **4.1.1. - Held-to-maturity.**

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

##### **4.1.2. - Available-for-sale.**

Investments which are not eligible to be classified as "fair value through profit or loss" or "held to maturity" are classified as 'available-for-sale'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Quoted available-for-sale investments are remeasured at fair value subsequent to initial recognition. Gains or losses on investments on remeasurement of these investments are recognized in the statement of comprehensive income.

The fair value of unquoted available-for-sale investments is determined on the basis of appropriate valuation techniques permissible under IAS 39 'Financial Instruments: Recognition & Measurement'. Where fair value cannot be measured reliably, these are carried at cost.

#### **4.2. Unearned Premium Reserve**

The Company follows the 1 / 24th method to calculate the reserve for unearned premium.

#### **4.3.Premium Deficiency Reserve.**

The Company maintains a provision in respect of premium deficiency (also referred to as the unexpired risk reserve) for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, for claims and other expenses expected to be incurred after the statement of financial position date in respect of unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as income / expense in the profit and loss account for the year.

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.

#### **4.4. Premium due but Unpaid.**

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

#### **4.5. 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.

#### **4.6. 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.

#### **4.7. 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.

#### **4.8. Provision for Outstanding Claims (including IBNR)**

The Company recognizes liability in respect of all claims incurred up to the reporting date, and the liability is measured at the undiscounted value of expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in the insurance contract. The liability for claims includes amounts relating to unpaid reported claims, claims incurred but not reported ("IBNR"), expected claims settlement costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The SECP, through its circular 9 of 2016 dated March 9, 2016, issued "Guidelines for estimation of incurred but not reported (IBNR) claims reserve 2016" for non-life insurance companies, with the requirement that all provisions of these guidelines be complied with, with effect from July 1, 2016. The Guidelines require that this provision be estimated for each class of business, using the prescribed "Chain Ladder Method" or an alternate method as allowed under the provisions of the Guidelines.

An actuarial valuation / estimation as at December 31, 2018 has been carried out by an independent firm of actuaries for determination of IBNR for each class of business. The Company's appointed actuaries represent that the Company has a low count of claims in all lines of business, as a result of which there is insufficient data to develop triangles necessary for reserve estimation pursuant to the "Chain Ladder Method". Accordingly, an alternative method has been adopted by the actuaries whereby IBNR reserves are estimated at 5% of earned premiums.

#### **4.9. Deferred Commission Expense / 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. These costs are subsequently charged to the profit and loss account as an expense based on pattern of recognition of related premium revenue.

#### **4.10. Cash & Cash Equivalents.**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, policy stamps and bank balances.

#### **4.11. Fixed Assets.**

##### ***Owned.***

Items of property, plant and equipment except freehold land and building are stated at cost less accumulated depreciation and impairment in value, if any. Building is stated at the revalued amount less accumulated depreciation and impairment in value, if any. Land is stated at revalued amount less accumulated impairment in value, if any.

The Company reviews the useful lives of property, plant and equipment on a regular basis. Any change in the estimates in the future years might affect the carrying amount of the respective items of property, plant and equipment with a corresponding effect on depreciation and impairment.

Depreciation is charged to the income statement after applying the reducing balance method at the rates specified in Note 6. Assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

In respect of additions and disposals during the year, depreciation is charged from the month in which assets is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed of.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

Gains and losses on disposals of an asset are determined by comparing sale proceeds with the carrying amount of the assets disposed of.

Increase in the carrying amounts arising on revaluation of land and buildings are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase is first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset, and all other decreases are charged to profit or loss.

##### ***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.

#### **4.12. Intangible Assets.**

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the company. Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expense incidental to bring the asset for its intended use.

Expenditure which enhances the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

Amortization is provided on a reducing balance basis at the rate specified in note 7 to the financial statements. Amortization on addition to intangible assets is charged from the month of addition while no amortization is charged for the month of disposal or deletion of assets. Costs associated with maintaining computer software are recognized as an expense as and when incurred.

#### **4.13. Revenue Recognition.**

Premiums including administrative surcharge under an insurance contract are recognized as written from date of issuance to the date of attachment of risk to the policy / cover note. Revenue from premiums is determined after taking into account the unearned portion of premiums. The unearned portion of premium income is recognized as a liability.

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as a liability, amortized to profit and loss as revenue in accordance with the pattern of recognition of reinsurance premiums.

Income from held-to-maturity investments is recognized on a time proportion basis, taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held-to-maturity investments is amortized and taken to profit and loss over the term of the investment.

Dividend income is recognized when the Company's right to receive the dividend is established.

Gains / losses on sale of available-for-sale investments are recognized in profit and loss in the year of sale.

#### **4.14. Taxation.**

##### ***Current***

Provision for current taxation is based on 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 tax made in previous years arising from assessments finalized during the current year for such years.

##### ***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.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to statement of comprehensive income in which case it is included in statement of comprehensive income.

#### **4.15. Expenses of Management.**

Expenses of management, both direct and indirect, are allocated on the basis of activity in each class of business. Expenses not allocable to the underwriting business are charged as other expenses.

#### **4.16. Zakat.**

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

#### **4.17. 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.

#### **4.18. Operating Segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and Insurance Rules, 2017 as primary reporting format based on the Company's practice of reporting to the management on the same basis.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

#### **4.19. Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if 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.

#### **4.20. 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.

#### **4.21. Impairment of assets**

##### **Financial assets**

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

##### **Non-financial assets**

The carrying amounts of Company's non-financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss.

#### **4.22. Financial Instruments**

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the ownership of the asset. Financial liabilities are derecognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial asset and liabilities is recognized in the profit and loss account of the current year.

## 5 RESTATEMENT OF COMPARATIVE FIGURES

**5.1** Previously, the Company recorded its available-for-sale investments at cost and remeasured them at lower of cost or market value in accordance with the requirements of the SEC (Insurance) Rules, 2002. As per Insurance Rules, 2017, available-for-sale investments are now initially measured at cost and subsequently remeasured at fair value at each reporting date. The unrealized gains and losses arising from changes in fair values are directly recognized in equity in the year in which these arise. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities.

The Company assesses at each statement of financial position date whether there is an objective evidence that the financial asset is impaired. If any such evidence exists for an 'available for sale' asset, the accumulated loss is removed from equity and recognized in the profit and loss account. Impairment loss recognized in the profit and loss account on equity instruments is not reversed through the profit and loss account. The said change in accounting policy has been made in accordance with the requirements of IAS 8 'Accounting Policies, change in accounting estimates and errors'.

**5.2** The Company has adopted format for preparation and presentation of its financial statements in line with the requirements of the Rules and Accounting Regulations, 2017. Significant changes in presentation are rearrangements in sequence of assets / liabilities in the statement of financial position and the discontinuation of separate statements of Premiums, Claims, Expense and Investment Income. Furthermore term deposits are now included in investments instead of cash and cash equivalent in line with the requirements of Insurance Rules and Accounting Regulations, 2017.

**5.3** The Insurance Accounting Regulations, 2017, require the Company to recognize premium receivable under an insurance policy/ cover note as written from the date of attachment of risk to the policy/ cover note. Accordingly, the Company is required to account for cover notes which are effective as at reporting date. In previous years, the Company recognized premium under a policy as written at the time of issuance of policy in accordance with the SEC (Insurance) Rules, 2002. The change is considered to be a change in accounting policy in accordance with IAS - 8. The impact of the change is not considered to be material to the financial statements and accordingly the comparative financial statements have not been restated for this change.

**5.4** The Company has changed its accounting policy for the presentation and treatment of Surplus on Revaluation of Property, Plant and Equipment in line with the requirements of the Companies Act, 2017 which does not stipulate any special treatment for revaluation surplus and therefore allows the presentation prescribed under IAS 16 "Property, Plant and Equipment". Thus, the Surplus on Revaluation of Property, Plant and Equipment is presented as equity. This change in policy is applied retrospectively in accordance with the requirements of IAS 8 "Accounting, Policies, Changes in Accounting Estimates and Errors" with effect from the earliest period presented in these financial statements. Since section 235 of the repealed Companies Ordinance, 1984 has lost its application, the revaluation surplus which was previously shown as a separate line item on statement of financial position, has now been presented in equity.

**5.5** During fiscal year 2014, the Company recorded an asset relating to a tax refund, pursuant to a matter which is pending with tax authorities. The asset does not satisfy asset recognition requirements and recording the asset is in contravention of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', which does not permit the recognition of contingent assets of this nature. The error has been corrected by retrospectively derecognizing the asset with a corresponding retrospective charge to profit and loss in the period in which the error arose, in accordance with IAS 8. Affected financial statement line items for prior periods have been restated accordingly.

**5.6** The effects of the changes in accounting policies and correction of prior period errors are summarized below:

### Statement of Financial Position

<u>As at January 1, 2017</u>	<b>As previously reported</b>	<b>Adjustments</b>	<b>As restated</b>
<b>EQUITY</b>			
Share capital	500,000,000	-	500,000,000
Revaluation surplus	-	1,677,666,601	1,677,666,601
Fair value reserve	-	109,642,241	109,642,241
Other reserves	8,634,113	-	8,634,113

Reserves	8,634,113	1,787,308,842	1,795,942,955
Unappropriated profit / (loss)	10,212,701	(832,169)	9,380,532
<b>Total Equity</b>	<b>518,846,814</b>	<b>1,786,476,673</b>	<b>2,305,323,487</b>
<b>Reval. Sur on prop and equip</b>	<b>1,677,666,601</b>	<b>(1,677,666,601)</b>	<b>-</b>
<b>ASSETS</b>			
Investments - equity securities	4,993,245	154,425,692	159,418,937
Sundry receivables	1,895,287	(832,169)	1,063,118
Other assets	2,215,156,918	-	2,215,156,918
<b>Total Assets</b>	<b>2,222,045,450</b>	<b>153,593,523</b>	<b>2,375,638,973</b>
<b>LIABILITIES</b>			
Deferred tax liability	18,149,407	44,783,451	62,932,858
Other liabilities	7,382,628	-	7,382,628
<b>Total Liabilities</b>	<b>25,532,035</b>	<b>44,783,451</b>	<b>70,315,486</b>

<i>As at December 31, 2017</i>	<b>As previously reported</b>	<b>Adjustments</b>	<b>As restated</b>
<b>EQUITY</b>			
Share capital	500,022,400	-	500,022,400
Revaluation surplus	-	1,675,502,421	1,675,502,421
Fair value reserve	-	47,017,326	47,017,326
Other reserves	8,634,113	-	8,634,113
Reserves	8,634,113	1,722,519,747	1,731,153,860
Unappropriated profit / (loss)	8,589,351	(244,463)	8,344,888
<b>Total Equity</b>	<b>517,245,864</b>	<b>1,722,275,284</b>	<b>2,239,521,148</b>
<b>Reval. Sur on prop and equip</b>	<b>1,675,502,421</b>	<b>(1,675,502,421)</b>	<b>-</b>
<b>ASSETS</b>			
Investments - equity securities	4,993,245	66,144,132	71,137,377
Sundry receivables	2,210,434	(832,169)	1,378,265
Other assets	2,211,757,747	599	2,211,758,346
<b>Total Assets</b>	<b>2,218,961,426</b>	<b>65,312,562</b>	<b>2,284,273,988</b>
<b>LIABILITIES</b>			
Deferred tax liability	16,703,629	18,539,701	35,243,330
Other liabilities	9,509,512	-	9,509,512
<b>Total Liabilities</b>	<b>26,213,141</b>	<b>18,539,701</b>	<b>44,752,842</b>

### Statement of Comprehensive Income

<i>Year ended December 31, 2017</i>	<b>As previously reported</b>	<b>Adjustments</b>	<b>As restated</b>
Loss before tax	(1,542,791)	-	(1,542,791)
Tax	(80,557)	587,704	507,147
<b>Loss after tax</b>	<b>(1,623,348)</b>	<b>587,704</b>	<b>(1,035,644)</b>
Unrealized loss on AFS investments	-	(62,813,075)	(62,813,075)
<b>Total comprehensive income for the year</b>	<b>(1,623,348)</b>	<b>(62,225,371)</b>	<b>(63,848,719)</b>

## 6 PROPERTY AND EQUIPMENT

Particulars	Cost / Revaluation			Depreciation					Book Value As	Revaluation Surplus	Written Down Value
	As at 01-01-2018	Addition / (Deletion)	As at 31-12-2018	Rate	As at 01-01-2018	Adjustment	For the year	As at 31-12-2018	at 31-12-2018		As at 31-12-2018
Owned Assets											
Land	2,416,625	-	2,416,625	-	-	-	-	-	2,416,625	-	2,416,625
Land - Revaluation surplus	2,132,945,873	78,155,000	2,211,100,873	-	-	-	-	-	-	2,211,100,873	2,211,100,873
Buildings	528,045	-	528,045	5%	414,607	-	5,612	420,219	107,826	-	107,826
Building - Revaluation surplus	77,943,991	17,825,990	95,769,981	5%	19,201,986	-	3,186,229	22,388,215	-	73,381,766	73,381,766
Motor Vehicles	6,152,770	473,000	5,679,770	20%	4,728,984	466,183	171,206	4,434,007	1,245,763	-	1,245,763
Furniture & Fixtures	381,224	9,001	390,225	10%	238,755	-	14,967	253,722	136,503	-	136,503
Office Equipment	238,498	64,000	302,498	10%	44,824	-	22,641	67,465	235,033	-	235,033
Cycle	6,085	-	6,085	10%	3,072	-	301	3,373	2,712	-	2,712
Sui Gas Installation	565	-	565	10%	367	-	20	387	178	-	178
	2,220,613,676	96,053,991	2,316,194,667		24,632,595	466,183	3,400,976	27,567,388	4,144,640	2,284,482,639	2,288,627,279
Leased Assets											
Vehicles	-	2,405,000	2,405,000	20%	-	-	31,627	31,627	2,373,373	-	2,373,373
Rupees 31-12-2018	2,220,613,676	98,458,991	2,318,599,667		24,632,595	466,183	3,432,603	27,599,015	4,176,267	2,286,856,012	2,291,000,652
Rupees 31-12-2017	2,219,975,030	1,148,191	2,220,613,676		21,656,997	-	3,446,113	24,632,595	4,293,203	2,191,687,878	2,195,981,081

### 6.1 PROPERTY AND EQUIPMENT

Particulars	Cost / Revaluation			Depreciation					Book Value As at	Revaluation Surplus	Written Down Value
	As at 01-01-2017	Addition / (Deletion)	As at 31-12-2017	Rate	As at 01-01-2017	Adjustment	For the year	As at 31-12-2017	As At 31-12-2017		
Owned Assets											
Land	2,416,625	-	2,416,625	-	-		-	-	2,416,625	-	2,416,625
Land - Revaluation surplus	2,132,945,873	-	2,132,945,873	-				-	-	2,132,945,873	2,132,945,873
Buildings	528,045	-	528,045	5%	408,637		5,970	414,607	113,438		113,438
Building - Revaluation surplus	77,943,991	-	77,943,991	5%	16,110,301		3,091,685	19,201,986	-	58,742,005	58,742,005
Motor Vehicles	5,560,670	1,076,400	6,152,770	20%	4,875,564		312,707	4,728,984	1,423,786	-	1,423,786
	-	484,300				459,287	-				
Furniture & Fixtures	381,224	-	381,224	10%	222,925		15,830	238,755	142,469	-	142,469
Office Equipment	191,952	71,791	238,498	10%	36,488		19,564	44,824	193,674	-	193,674
	-	25,245				11,228	-				
Cycle	6,085	-	6,085	10%	2,737		335	3,072	3,013	-	3,013
Sui Gas Installation	565	-	565	10%	345		22	367	198	-	198
	2,219,975,030	1,148,191	2,220,613,676		21,656,997	470,515	3,446,113	24,632,595	4,293,203	2,191,687,878	2,195,981,081
Leased Assets											
	-	-	-		-		-	-	-	-	-
Rupees 31-12-2017	2,219,975,030	1,148,191	2,220,613,676		21,656,997	470,515	3,446,113	24,632,595	4,293,203	2,191,687,878	2,195,981,081
		-									
Rupees 31-12-2016	2,219,865,129	109,901	2,219,975,030		15,075,067	-	3,461,822	18,536,889	3,536,369	2,194,781,665	2,198,318,034

## 7 INTANGIBLE ASSETS

Particulars	WDV			Amortization				Written Down Value As At 31-12-2018
	Balance 01-01-2018	Addition	Balance 31-12-2018	Rate	As at 01-01-2017		For the year	As at 31-12-2017
Computer Software	-	448,000	448,000	20%	-	-	-	448,000
<b>Rupees 31-12-2018</b>	<b>-</b>	<b>448,000</b>	<b>448,000</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>448,000</b>
<b>Rupees 31-12-2017</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**8 EQUITY SECURITIES**

		<b>2018</b>	<b>2017</b>
		<b>Rupees</b>	<b>Rupees</b>
Available for Sale	<b>8.1</b>	<b>55,358,882</b>	71,137,377
		<b>55,358,882</b>	<b>71,137,377</b>

**8.1 Available for Sale**

**8.1.1 Listed Equities**

	<b>Number of Certificates</b>	<b>Face Value Per Certificate</b>	<b>Company's Name</b>	<b>Cost</b>	<b>Surplus / (Impairment)</b>	<b>2018 Rupees Carrying Amount</b>
1	779,998	10	Pakistan Re-insurance Company Ltd	<b>131,620</b>	26,926,511	27,058,131
2	5,444	10	Zeal Pakistan Cement Factory Limited	<b>190,555</b>	-188,160	2,395
3	163,692	10	Feroze sons Laboratories Ltd	<b>181,030</b>	23,439,726	23,620,756
				<b>503,205</b>	<b>50,178,077</b>	<b>50,681,282</b>

**8.1.2 Unlisted Equities**

	<b>Number of Certificates</b>	<b>Face Value Per Certificate</b>	<b>Company's Name</b>	<b>Cost</b>	<b>Surplus / (Impairment)</b>	<b>2018 Rupees Carrying Amount</b>
1	40,000	10	Akbar Textile Mills Ltd.	<b>200,000</b>	-	200,000
2	6	100	Punjab Provincial Coop. Cotton Corp. Ltd.	-	-	-
3	250	100	Coop. Investment Management Agency	<b>25,000</b>	-	25,000
4	44,426	100	Punjab Provincial Coop. Bank Limited	<b>4,442,600</b>	-	4,442,600
5	100	100	National Cooperative Supply Corporation	<b>10,000</b>	-	10,000
				<b>4,677,600</b>	-	4,677,600
				<b>5,180,805</b>	<b>50,178,077</b>	<b>55,358,882</b>

### 8.1.1 Listed Equities

	Number of Certificates	Face Value Per Certificate	Company's Name	Cost	Surplus / (Impairment)	2017 Rupees Carrying Amount
1	779,998	10	Pakistan Re-insurance Company Ltd	131,620	32,963,695	33,095,315
2	5,444	10	Zeal Pakistan Cement Factory Limited	190,555	-188,160	2,395
3	163,692	10	Feroze sons Laboratories Ltd	181,030	33,181,037	33,362,067
				<b>503,205</b>	<b>65,956,572</b>	<b>66,459,777</b>

### 8.1.2 Unlisted Equities

	Number of Certificates	Face Value Per Certificate	Company's Name	Cost	Surplus / (Impairment)	2017 Rupees Carrying Amount
1	40,000	10	Akbar Textile Mills Ltd.	200,000	-	200,000
2	6	100	Punjab Provincial Coop. Cotton Corp. Ltd.	-	-	-
3	250	100	Coop. Investment Management Agency	25,000	-	25,000
4	44,426	100	Punjab Provincial Coop. Bank Limited	4,442,600	-	4,442,600
5	100	100	National Cooperative Supply Corporation	10,000	-	10,000
				<b>4,677,600</b>	<b>-</b>	<b>4,677,600</b>
				<b>5,180,805</b>	<b>65,956,572</b>	<b>71,137,377</b>

				2018 Rupees	2017 Rupees
<b>9</b>	<b>TERM DEPOSITS</b>				
	Held to Maturity	9.1		3,011,450	3,011,450
<b>9.1</b>	<b>Held to Maturity</b>				
	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
	Term deposit certificate			500,000	500,000
				<b>3,011,450</b>	<b>3,011,450</b>



10 SUNDRY RECEIVABLE		2018	2017
		Rupees	Rupees
Rent Receivable	10.1	150,745	844,336
Income Taxes		302,804	302,804
Staff advance		67,500	39,650
Others	10.2	3,516,717	191,476
		<b>4,037,766</b>	<b>1,378,266</b>

#### 10.1 Rentals receivable

Considered good	150,745	844,336
Considered doubtful	706,583	-
	<b>857,328</b>	<b>844,336</b>
Less: provision for doubtful receivables	706,583	
	<b>150,745</b>	<b>844,336</b>

The Company recognized a provision against rentals receivable after consideration of a number of factors, including (but not limited to) an analysis of historical bad debt experience, aging of the receivables portfolio, expected future write-offs, the nature and quantum of collateral held, and an assessment of specifically identifiable customer accounts considered at risk or

Movement of the provision is as under:

Opening balance (as at January 1)	-	-
Charged to profit and loss during the year	<b>706,583</b>	-
	<b>706,583</b>	-
Amounts written off during the year		
Closing balance (as at December 31)	<b>706,583</b>	-

- 10.2 Included within "Other" receivables is a receivable in the amount of PKR 3.2 million from a branch of the Punjab Provincial Cooperative Bank Limited ("PPCBL"). This amount was advanced to the branch, as a goodwill gesture and prior to the completion of claim assessment procedures, pursuant to the robbery of insured gold at the branch. The Company is of the view that events subsequent to the robbery, including recovery of the stolen amounts, render this amount recoverable from PPCBL.

#### 11 CASH AND BANK BALANCES

Cash with Banks:

in Current Accounts	<b>6,404,746</b>	9,934,820
in Deposit Accounts	-	-
	<b>6,404,746</b>	<b>9,934,820</b>

Cash in Hand	<b>935,965</b>	419,815
	<b>7,340,711</b>	<b>10,354,635</b>

#### 12 SHARE CAPITAL

272,257 share of Rs 10/- ( 2017 : 271,257 shares of Rs 10/- ) each fully paid in cash	2,722,570	2,712,570
49,730,983 shares of Rs 10/-( 2017 : 271,257 shares of Rs 10/- ) each issued as bonus shares	497,309,830	497,309,830
	<b>500,032,400</b>	<b>500,022,400</b>

#### 13 RESERVES

Capital reserve		<b>3,295,965</b>	<b>3,295,965</b>
General reserve	13.1	<b>5,338,148</b>	<b>5,338,148</b>
Fair value reserve		<b>35,814,595</b>	<b>47,017,326</b>
Revaluation surplus	13.2	<b>1,764,051,651</b>	<b>1,675,502,421</b>
		<b>1,808,500,359</b>	<b>1,731,153,860</b>

<b>13.1 General Reserve</b>	<b>2018 Rupees</b>	<b>2017 Rupees</b>
Opening balance	<b>5,338,148</b>	5,338,148
Add: Transfer during the year @ 25% of profit	-	-
	<b>5,338,148</b>	5,338,148

### 13.2 Surplus on revaluation of non-current assets

Opening balance	<b>1,675,502,421</b>	1,677,666,601
Add: Surplus on revaluation during the year	<b>95,980,990</b>	-
Less: Deferred tax liability on surplus on revaluation	<b>(5,169,537)</b>	-
	<b>1,766,313,874</b>	1,677,666,601
Less: Incremental depreciation	<b>-3,186,229</b>	(3,091,685)
Add: Deferred tax liability on incremental depreciation	<b>924,006</b>	927,505
	<b>1,764,051,651</b>	1,675,502,421

The Land and Buildings of the Company were revalued, as at December 31, 2018 by an independent valuer on Pakistan Banks' Associations approved list of valuers.

Incremental depreciation on revaluation surplus is charged to the surplus on revaluation of fixed assets.

#### 14 UNEARNED REINSURANCE COMMISSION

				2018 Rupees	2017 Rupees
	Commission received or receivable	Unearned Commission Opening	Closing	Commission from reinsurers	Commission from reinsurers
Fire and property damage	50,781	91,794	28,277	114,298	185,841
Marine, aviation and transport	-	-	-	-	-
Motor	-	-	-	-	-
Livestock and other	231,269	5,796	166,221	70,844	1,227
	<b>282,050</b>	<b>97,590</b>	<b>194,498</b>	<b>185,142</b>	<b>187,068</b>

	Note	2018 Rupees	2017 Rupees
Deferred tax liability	15.1	<b>30,010,436</b>	<b>35,243,330</b>

#### 15.1 Deferred Taxation

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax debits / (credits) arising in respect of:

Non-Current Assets	16,134,737	17,043,429
Surplus on Revaluation of Non-Current Assets	5,169,537	-
Assets Subject to Finance Lease	5,638	-
Investment - Available for sale	14,551,642	19,127,406
Tax Losses	(4,927,112)	-
Incremental Depreciation	(924,006)	(927,505)
	<b>30,010,436</b>	<b>35,243,330</b>

#### 16 LEASE LIABILITY

Car lease	16.1	<b>1,398,600</b>	-
		<b>1,398,600</b>	-
16.1 Within 1 year		<b>201,062</b>	-
Within 1 to 5 years		<b>1,197,538</b>	-
After 5 years		-	-
		<b>1,398,600</b>	-

#### 17 OTHER CREDITORS & ACCRUALS

Duties and Taxes Payable.	463,517	249,284
Rent Securities.	1,255,000	1,255,000
Bonus Payable	9,581	9,581
Advance Rent	-	263,000
Other Payables	89,999	180,000
	<b>1,818,097</b>	<b>1,956,865</b>

#### 18 CONTINGENCIES & COMMITMENTS

- 18.1 In November 2017, a claim was intimated regarding burglary at the Punjab Provincial Cooperative Bank Limited, Shuja Abad (PPCBL) whereby gold insured by the Company was stolen. There is claim of Rs 9.15 million by PPCBL regarding the above case. As per preliminary investigation, it has transpired that bank staff was involved in the above robbery. The insurance policy does not provide risk coverage if the staff of the bank involved in the theft. Moreover, some of the accused involved in the robbery have been arrested by the Police and investigations are ongoing. Management is of the view that no liability will arise on account of the claim and, accordingly, no provision to this effect has been made in these financial statements.

**19. NET INSURANCE PREMIUM**

	<b>2018</b>	<b>2017</b>
	<b>Rupees</b>	<b>Rupees</b>
Written gross premium	16,779,742	8,742,894
Add: Unearned premium reserve - opening	4,128,503	2,932,084
Less: Unearned premium reserve - closing	9,549,847	4,128,503
Premium earned	11,358,398	7,546,475
Less:		
Reinsurance premium ceded	1,642,731	1,097,652
Add: Prepaid reinsurance premium - opening	371,525	511,000
Less: Prepaid reinsurance premium - closing	1,185,965	371,525
Reinsurance expense	828,291	1,237,127
	<b>10,530,107</b>	<b>6,309,348</b>

**20. NET INSURANCE CLAIMS**

Claims paid	349,120	422,756
Add: Outstanding claims including IBNR - closing	733,920	250,000
Less: Outstanding claims including IBNR - opening	250,000	50,000
Claims expense	833,040	622,756
Less:		
Reinsurance and other recoveries received	4,250	4,435
Add: Reinsurance and other recoveries in respect of outstanding claims - opening	-	-
Less: Reinsurance and other recoveries in respect of outstanding claims - closing	41,415	-
Reinsurance and other recoveries revenue	45,665	4,435
	<b>787,375</b>	<b>618,321</b>

**21. NET COMMISSION**

Commission paid or payable	2,365,972	1,251,756
Add: Deferred commission expense - opening	368,918	493,842
Less: Deferred commission expense - closing	1,416,540	368,919
Net commission	1,318,350	1,376,679
Less:		
Commission received or recoverable	282,050	300,018
Add: Unearned reinsurance commission - opening	97,590	186,800
Less: Unearned reinsurance commission - closing	194,498	97,590
Commission from reinsurance	185,142	389,228
	<b>1,133,208</b>	<b>987,451</b>

	2018 Rupees	2017 Rupees
<b>22. MANAGEMENT EXPENSES</b>		
Salaries, Wages & Benefits.	9,346,625	6,618,354
Rent, Taxes, Electricity etc.	491,772	515,137
Communication.	274,626	210,838
Printing & Stationery.	424,818	419,721
Travelling & Entertainment.	563,445	192,945
Other Expenses.	316,105	244,045
	<u>11,417,391</u>	<u>8,201,040</u>

## 23. INVESTMENT INCOME

Income from equity securities available-for-sale

Dividend income	3,057,377	3,485,838
Income from term deposits	13,161	10,140
	<u>3,070,538</u>	<u>3,495,978</u>

## 24. OTHER INCOME

Miscellaneous receipts	233,447	285,338
Profit on sale of asset	43,978	146,512
Write-off of stale liability	896,334	-
	<u>1,173,759</u>	<u>431,850</u>

		2018 Rupees	2017 Rupees
<b>25 GENERAL &amp; ADMINISTRATIVE EXPENSES</b>			
Salaries, wages, & benefits	25.1	2,084,890	1,953,035
Travelling and vehicle running expenses		707,203	756,782
Rent & taxation		1,741,890	2,579,364
Repair & maintenance		1,755,964	407,299
Advertisement & publicity		30,000	58,000
Fee & subscription		231,250	232,000
Bank charges		50,271	48,759
General charges		36,468	53,799
Other expenses		98,270	9,500
Provident fund		57,633	51,581
Legal & professional charges	25.2	1,697,760	1,063,659
Depreciation		246,374	354,428
Provision for bad debts		1,220,583	-
		<u>9,958,556</u>	<u>7,568,206</u>

**25.1 Directors and chief executive remuneration**

	2018		2017	
	Chief Executive	Directors	Chief Executive	Directors
Managerial remuneration	237,400		223,839	-
House rent allowance	62,400		62,400	-
Medical allowance	16,800		16,800	-
	<u>316,600</u>	-	<u>303,039</u>	-
Number	1	7	1	8

The Directors of the Company are not paid any remuneration, consistent with the bye-laws of the Company.

The Chief Executive Officer and the Chairman of the Company are provided use of company-owned vehicles.

**25.2 Auditors' Remuneration**

Audit fee - financial statements	90,000	90,000
Audit fee - Provident fund accounts	15,000	14,700
Certification fee	10,000	10,000
	<u>115,000</u>	<u>114,700</u>

**26 Taxation**

- Current	(615,115)	(598,830)
- Prior year	-	-
	(615,115)	(598,830)
Deferred tax	4,902,661	1,105,977
	<u>4,287,546</u>	<u>507,147</u>

**27 Earning / (loss) Per Share**

Number of shares	50,003,240	50,002,240
Profit / (Loss) after tax	247,952	(1,035,644)
	<u>0.005</u>	<u>(0.021)</u>
Profit / (Loss) per share		

**28.1 Insurance Risk**

The principal risk the Society faces under insurance contracts is the possibility that the insured event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The objective of the Society is to ensure that sufficient reserves are available to cover these liabilities.

The Society manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy aims to minimise insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Society underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of insurance are generally regarded as short term insurance contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate insurance risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Society has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Reinsurance arrangements in place include treaty and facultative arrangements, on proportional and non proportional basis and also include catastrophe cover. The effect of such reinsurance arrangements is that the Society may not suffer ultimate net insurance losses beyond the Society's risk appetite in any one year.

**28.1.1 Frequency and severity of claims**

The frequency and severity of claims can be affected by several factors like political violence, environmental / economic / atmospheric disturbances, natural disasters, concentration of risks, civil riots, etc. The Society manages these risk through the measures described above. The Society has limited its exposure to catastrophic and riot events by use of reinsurance arrangements.

The Society monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business at balance sheet date:

	2018				2017			
Class	Gross Claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities	Gross Claims liabilities	Net claims liabilities	Gross premium liabilities	Net premium liabilities
	%	%	%	%	%	%	%	%
Fire and property damage	52	53	26	28	-	-	73	73
Marine, aviation and transport	-	-	-	-	-	-	-	-
Motor	31	33	39	43	100	100	23	25
Miscellaneous	16	15	35	30	-	-	3	2

	99	101	100	101	100	100	100	100
--	----	-----	-----	-----	-----	-----	-----	-----

The Society operates only in Pakistan and, therefore, all the insurance risks relate to policies written in Pakistan.

#### 28.1.2 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.

#### 28.1.3 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.

#### 28.1.4 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	
2018	2017	2018	2017

##### Impact of changes in claim liabilities by + 10%

Fire and property damage	(36,467)	-	-
Marine, aviation and transport	-	-	-



Motor	<b>(22,613)</b>	(25,000)	<b>(15,829)</b>	(17,500)
Miscellaneous	<b>(10,171)</b>	-		-

	(69,251)	(25,000)	(15,829)	(17,500)
<b>Impact of changes in claim liabilities by - 10%</b>				
Fire and property damage		-		-
Marine, aviation and transport		-		-
Motor	<b>22,613</b>	25,000	<b>15,829</b>	17,500
Miscellaneous		-		-
	<b>22,613</b>	25,000	<b>15,829</b>	17,500

#### 28.1.5 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	2014	2015	2016	2017	2018
Estimate of ultimate costs:					
-At the end of the accident year	446,450	45,876	185,538	661,136	1,083,040
-One year later	446,450	45,876	185,538	-	-
-Two years later	446,450	-	-	-	-
-Three years later	-	-	-	-	-
-Four years later	-	-	-	-	-
Current estimate of cumulative claims	-	45,876	185,538	661,136	1,083,040
Cumulative payments to date	-	45,876	135,538	411,136	349,120
Liability recongized in balance sheet	-	-	50,000	250,000	733,920

## 28.2 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.

### 28.2.1 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)	
	2018	2017
<b>Financial assets</b>		
Cash and bank balances	7,340,711	10,354,635
Investments	58,370,332	74,148,827
Reinsurance receivables	41,415	42,448
Deposits and prepayments	1,257,309	434,925
Sundry receivables	4,037,766	1,378,266
	<u>71,047,533</u>	<u>86,359,101</u>

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 2018, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. Nil (2017: Rs. 42,448/-) and 'Nil' (2017: 'Nil') respectively.

### 28.2.2 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)

	2018		
	Carrying amount	Up to one year	Greater than one year
<b>Financial Liabilities</b>			
Provision for outstanding claims (including IBNR)	733,920	733,920	-
Reinsurance payables	493,306	493,306	-
Lease liability	1,398,600	201,062	1,197,538
Other creditors and accruals	1,818,097	1,818,097	-
Unclaimed dividends	242,330	-	242,330
	4,686,253	3,246,385	1,439,868
	2017		
	Carrying amount	Up to one year	Greater than one year
<b>Financial Liabilities</b>			
Provision for outstanding claims (including IBNR)	250,000	250,000	-
Reinsurance payables	1,084,583	1,084,583	-
Other creditors and accruals	1,956,865	1,956,865	-
Unclaimed dividends	242,330	-	242,330
	3,533,778	3,291,448	242,330

**28.2.3 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.

**28.2.3.1 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)

2018						
	Interest / mark-up bearing				Non-interest / mark-up bearing	Total
	Upto one year	Over one year to five years	Over five years	Sub total		
<b>Financial Assets</b>						
Cash and bank balances	-	-	-	-	7,340,711	7,340,711
Investments	500,000	-	-	500,000	58,370,332	58,870,332
Reinsurance receivables	-	-	-	-	41,415	41,415
Deposits and prepayments	-	-	-	-	1,257,309	1,257,309
Sundry receivables	-	-	-	-	4,037,766	4,037,766
	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>71,047,533</b>	<b>71,547,533</b>
2018						
<b>Financial Liabilities</b>						
Provision for outstanding claims (including IBNR)	-	-	-	-	733,920	733,920
Amount due to other insurers / reinsurers	-	-	-	-	493,306	493,306
Other creditors and accruals	-	-	-	-	1,818,097	1,818,097
Lease liability	1,398,600	-	-	1,398,600	-	1,398,600
Unclaimed dividends	-	-	-	-	242,330	242,330
	<b>1,398,600</b>	<b>-</b>	<b>-</b>	<b>1,398,600</b>	<b>3,287,653</b>	<b>4,686,253</b>
On-balance sheet sensitivity gap	898,600	-	-	898,600		
Total yield / mark-up rate risk sensitivity gap	898,600	-	-	898,600		

(Rupees)

		2017					(Rupees)	
		Interest / mark-up bearing						
		Upto one year	Over one year to five years	Over five years	Sub total	Non-interest / mark-up bearing		
								Total

**Financial Assets**

Cash and bank balances	-	-	-	-	10,354,635	10,354,635
Investments	-	500,000	-	-	500,000	74,148,827
Reinsurance receivables	-	-	-	-	-	42,448
Deposits and prepayments	-	-	-	-	-	434,925
Sundry receivables	-	-	-	-	-	1,378,266
		500,000	-	-	500,000	86,359,101
						86,859,101

		2017					
Financial Liabilities							
Provision for outstanding claims (including IBNR)	-	-	-	-	-	250,000	250,000
Amount due to other insurers / reinsurers	-	-	-	-	-	1,084,583	1,084,583
Other creditors and accruals	-	-	-	-	-	1,956,865	1,956,865
Unclaimed dividends	-	-	-	-	-	242,330	242,330
		-	-	-	-	3,533,778	3,533,778
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 2018, 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 2018		100	(89,860)	(62,003)
		(100)	89,860	62,003
31 December 2017		100	50,000	34,500
		(100)	(50,000)	(34,500)



## 29. Segments Information

	Rupees				
	Fire & property damage	Marine, aviation & transport	Motor	Livestock & other	Treaty
	December 31, 2018				
Premium receivable (inclusive of FED, Federal insurance fee and administrative surcharge)	5,320,278	-	7,826,112	6,568,233	-
Less: Sales tax	743,064	-	1,093,044	917,361	-
Stamp duty	-	-	-	-	-
Federal insurance fee	48,957	-	72,015	60,440	-
Gross Written Premium (inclusive of administrative surcharge)	4,528,257	-	6,661,053	5,590,432	-
Gross direct premium	4,372,130	-	6,431,391	5,397,683	-
Facultative inward premium	-	-	-	-	-
Administrative surcharge	156,127	-	229,662	192,749	-
Insurance premium earned	5,094,703	-	3,859,804	2,403,891	-
Insurance premium ceded to reinsurers	401,409	-	57,279	369,603	-
Net insurance premium	4,693,294	-	3,802,525	2,034,288	-
Commission income	114,298	-	-	70,844	-
Net underwriting income	4,807,592	-	3,802,525	2,105,132	-
Insurance claims	401,735	-	311,110	120,195	-
Insurance claims recovered from reinsurers	24,320	-	2,864	18,481	-
Net claims	377,415	-	308,246	101,714	-
Commission expense	654,787	-	388,836	274,727	-
Premium deficiency reserve	-1,518,901	-	1,686,647	2,281,261	-
Management expenses	3,081,149	-	4,532,361	3,803,881	-
Net insurance claims and expenses	2,594,450.00	-	6,916,090	6,461,583	-
Underwriting result	2,213,142	-	(3,113,565)	(4,356,451)	-
Net investment income					3,070,538
Rental income					6,931,539
Other income					1,173,759
Other expenses					(9,958,556)
Finance costs					-
Profit from window takaful operations - Operator's fund					-
Loss before tax					- 4,039,594

	Rupees					
	Fire & property damage	Marine, aviation & transport	Motor	Livestock & other	Treaty	December 31, 2017
Premium receivable (inclusive of FED, Federal insurance fee and administrative surcharge)	6,201,367	10,636	2,321,440	209,451	-	8,742,894
Less: Sales tax	-	-	-	-	-	-
Stamp duty	-	-	-	-	-	-
Federal insurance fee	-	-	-	-	-	-
Gross Written Premium (inclusive of administrative surcharge)	6,201,367	10,636	2,321,440	209,451	-	8,742,894
Gross direct premium	5,948,114	10,202	2,226,636	200,897	-	8,385,849
Facultative inward premium	-	-	-	-	-	-
Administrative surcharge	253,253	434	94,804	8,554	-	357,045
Insurance premium earned	5,468,614	10,636	1,953,838	113,387	-	7,546,475
Insurance premium ceded to reinsurers	949,884	9,169	247,496	30,578	-	1,237,127
Net insurance premium	4,518,730	1,467	1,706,342	82,809	-	6,309,348
Commission income	379,155	3,220	-	6,853	-	389,228
Net underwriting income	4,897,885	4,687	1,706,342	89,662	-	6,698,576
Insurance claims	20,620	-	602,136	-	-	622,756
Insurance claims recovered from reinsurers	4,435	-	-	-	-	4,435
Net claims	16,185	-	602,136	-	-	618,321
Commission expense	1,027,955	1,530	330,977	16,219	-	1,376,681
Premium deficiency reserve	468,691	-	83,770	149,157	-	701,618
Management expenses	5,817,028	9,977	2,177,565	196,470	-	8,201,040
Net insurance claims and expenses	7,329,859	11,507	3,194,448	361,846	-	10,897,660
Underwriting result	(2,431,974)	(6,820)	(1,488,106)	(272,184)	-	(4,199,084)
Net investment income						3,495,978
Rental income						6,296,669
Other income						431,850
Other expenses						(7,568,206)
Finance costs						-
Profit from window takaful operations - Operator's fund						-
Loss before tax						1,542,793

Rupees

	<b>Fire &amp; property damage</b>	<b>Marine, aviation &amp; transport</b>	<b>Motor</b>	<b>Miscellaneous</b>	<b>Treaty</b>	<b>December 31, 2018</b>
Corporate unallocated assets-conventional	638,436,109	-	939,137,677	788,191,495	-	2,365,765,281
						<b><u>2,365,765,281</u></b>

	<b>Fire &amp; property damage</b>	<b>Marine, aviation &amp; transport</b>	<b>Motor</b>	<b>Miscellaneous</b>	<b>Treaty</b>	<b>Rupees December 31, 2017</b>
Corporate unallocated assets-conventional	1,620,243,976	2,778,890	606,527,428	54,723,696	-	2,284,273,990
						<b><u>2,284,273,990</u></b>

		2018 Rupees	2017 Rupees
<b>30 EARNING PER SHARE</b>			
<b>30.1 Basic earnings per share</b>			
(Loss) / profit for the year		247,952	-1,035,644
Number of ordinary shares		50,003,240	50,002,240
(Loss) / earnings per share		0.005	(0.021)

**30.2 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.

**31 PROVIDENT FUND RELATED DISCLOSURE**

The following information is based on unaudited financial statements for the year ended 31 December 2018 and audited financial statements for the year ended 31 December 2018.

		2018	2017
Size of the Fund - Total assets	Rs	592,451	517,060
Cost of investments	Rs	500,000	500,000
Percentage of investments made		84%	97%
Fair value of investments	Rs	500,000	500,000

**32 NUMBER OF EMPLOYEES**

Number of employees as at December 31, 2018 was 83 (2017: 70)

Average Number of employees as at December 31, 2018 was 76 (2017: 68)

**33 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized by the Board of Directors of the society in the meeting held on

**34 FIGURES**


Figures in these financial statements have been rounded off to the nearest rupee and have been re-arranged/ re-classified wherever necessary for the purpose of comparison.

  
Usman Amjad  
Chief Financial Officer

  
Fateh Khan Niazi  
Chief Executive Officer

  
Farooq Azam  
Director

  
Ch. Ahsan Mahmood  
Director

  
Sh. Aziz-ul-Haq  
Piracha  
Chairman

**THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED**

**CLASSIFIED SUMMARY OF ASSETS IN PAKISTAN**

**AS AT DECEMBER 31, 2018**

CLASS OF ASSETS	<u>2018</u>		<u>2017</u>		Valuation Basis.
	Cost or Book Value. (Rs)	Market Value. (Rs)	Cost or Book Value. (Rs) (Restated)	Market Value. (Rs)	
Cash and other equivalents	7,340,711	7,340,711	10,354,635	10,354,635	Book Value
Fixed & terms deposit with scheduled banks	500,000	500,000	500,000	500,000	Book Value
Government securities with State Bank of Pakistan	2,511,450	2,511,450	2,511,450	2,511,450	Book Value
Shares	55,358,882	55,358,882	71,137,377	71,137,377	Market Value
Insurance / reinsurance receivable	41,415	41,415	42,448	42,448	Book Value
Prepayment-prepaid reinsurance premium	1,185,965	1,185,965	371,525	371,525	Book Value
Deferred commission	1,416,540	1,416,540	368,918	368,918	Book Value
Taxation - payments less provision	1,852,556	1,852,556	1,564,890	1,564,890	Book Value
Security deposits	71,344	71,344	63,400	63,400	Book Value
Sundry receivable.	4,037,766	4,037,766	1,378,266	1,378,266	Book Value
Land and buildings	2,287,007,090	2,287,007,090	2,194,217,941	2,194,217,941	Market Value
Furniture, fixture and office equipment	374,426	374,426	339,354	339,354	Book Value
Motor vehicles	3,619,136	3,619,136	1,423,786	1,423,786	Book Value
Intangible	448,000	448,000	-	-	Book Value
<b>Total Assets:</b>	<b>2,365,765,281</b>	<b>2,365,765,281</b>	<b>2,284,273,990</b>	<b>2,284,273,990</b>	-



**Fateh Khan Niazi**  
Chief Executive Officer



**Farooq Azam**  
Director



**Ch. Ahsan Mahmood**  
Director



**Sh. Aziz-ul-Haq Piracha**  
Chairman

<b><u>HEAD OFFICE</u></b>  Cooperative Insurance Building, 23-Shahrah-e-Quaid-e-Azam Lahore.		<b>Phones:</b>  37356537, 37352306,37242798 Fax: 37352794 Email: coinsopl@live.com
<b><u>Fateh Khan Niazi</u></b>	Chief Executive Officer	0322-9490777
<b>Shoaib Ahmed Waseem</b>	Financial Advisor	0300-0803060
<b>Usman Amjad</b>	Chief Financial Officer	0304-3349717
<b>Iftikhar-ul-Haq</b>	Manager Finance	0300-8811473
<b>Muhammad Ashraf</b>	Manager Underwriting	0322-4545283
<b>Ghulam Rabbani</b>	Asstt: Manager Accounts	0333-4485086
<b>Muhammad Jamil Bhatti</b>	Incharge Re-insurance	0322-4318241
	<b><u>ZONAL OFFICES</u></b>	
<b><u>Bahawalnagar</u></b> Rai Anwaar Alam Branch Manager	Chowk Tasneem Fowara	0300-7920337 0300-7585601
M. Rashid Kitchlew Zonal Manager	23-Shahrah-e-Quaide-e-Azam, Lahore	Res: 37113901 0300-4292277
Sattar Ahmed Zonal Manager	Shoaib Manzil, Chowk Chohan Park, Lahore.	Res: 37923661 0300-4870280 0323-4870280
	<b><u>REGIONAL OFFICES</u></b>	
<b>Karachi -1</b>		
Mirza Anwar Baig Chief Manager	Nadir House, 3 <sup>rd</sup> Floor, P.O. Box No. 4814, I.I. Chundrigarh Road, Karachi	Off: 32411840 0300-2313632
Liaquat Ali Branch Manager		
<b>Karachi-2</b>		
Tahir Mehmood Qureshi (Manager Development) Mujeeb Dy. Development Manager	Office No. 18, Kareem Plaza, Near Civic Centre, Gulshan-e-Iqbal Karachi.	0322-2032013  0300-9237978
<b><u>Multan</u></b>		
Hassan Faryal Bhutta Regional Manager	Chowk Katchery P.O. Box No. 119	Off: 4548251 0300-6338415
Syed Farid-ul-Hassan Development Officer		
<b><u>Multan-2</u></b> <b><u>Syed Waqar Ali Rizvi</u></b> <b><u>Branch Manager</u></b>	Upper Store Shopping Centre No. 3, Opp: Mall Plaza, Multan Cantt.	0305-2007809 0333-6388157

--	--	--

## **BRANCH OFFICES**

<b><u>Faisalabad Zone</u></b>		
Rai Nawazish Ali Branch Manager	Quaid-e-Azam Road, Tandlianwala	0300-6581781
<b><u>Gujranwala</u></b>		
Javed Malik Branch Manager	58-B, Trust Plaza, G.T. Road,	0321-7441724
<b><u>Sheikhupura</u></b>		
Javed Malik Branch Manager	Sheikhupura	0300-7593106 0321-7441724
<b><u>Sargodha</u></b>		
M. Taufiq Paracha Branch Manager	Opp: City Post Office, Main Road, Block No. 5	Off: 7323459 Res: 3213459 0300-9609161
<b><u>Rawalpindi</u></b>		
Muzaffar Hussain Shah Branch Manager	53/8, Haider Road,	Off: 5566232 0333-5341722
<b><u>Mianwali</u></b>		
Inayat Ullah Khan Branch Manager	Bank Street	Off: 232343 0300-6098895
<b><u>Okara</u></b>		
Abdul Rahim Gohar Branch Manager	C/o. Haji Motors, G.T.Road, Renala Khurd	0333-4565378
<b><u>Rahim Yar Khan</u></b>		
Khadim Hussain Bhatti Branch Manager	B-80, Umer Block, Abbasia Town	068-5877883 0333-7453191
<b><u>Sahiwal</u></b>		
Kashif Rafiq Development Officer	House No. 775, M-Block , Fareed Town, Sahiwal.	0300-6937275 0312-6937275
<b><u>D.G. Khan</u></b>		
Mian Javed Branch Manager	Block No. 2, Qaid-e-Azam Road, Dera Ghazi Khan.	0300-6781253 0334-6781253