



MUHAMMAD IQBAL & CO.
CHARTERED ACCOUNTANTS

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of;

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

of **M/s. The Cooperative Insurance Society of Pakistan Limited** as at December 31, 2013 together with notes forming part thereof, for the year then ended.

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

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

- 1- The Society has not complied with circular 03 of 2007 dated April 10, 2007 issued by Securities and Exchange Commission of Pakistan regarding the minimum requirement of paid capital of Rs. 300.00 million of the entities carrying on the Insurance business and equivocal treatment of surplus on revaluation of fixed assets. Further, the society has also not complied with minimum deposit requirement as envisaged under section 29 of the Insurance Ordinance 2000. Consequently, Securities and Exchange Commission of Pakistan vide letter No. No. ID/IO/46-51/COOPERATIVE /2008 dated may 08. 2009 had instructed the society to cease entering into new contracts of insurance under section 63 (1) of the Insurance Ordinance 2000. The matter is subjudice as explained in the note no. 9 to the financial statements.

Subject to above,

- a) In our Opinion Proper books of accounts have been kept by the Societies as required by the Insurance Ordinance, 2000 and the Cooperative Societies Act, 1925.
- b) The financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Cooperative Societies Act, 1925 and are in agreement with the books of accounts and are further in accordance with accounting policies consistantly applied.



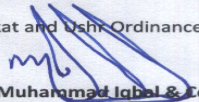


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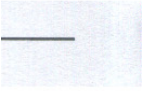
- c) The financial statements together with the notes thereon, presently fairly, in all material respects, the state of the Society's affairs as at December 31, 2013 and of the profit, its cash flow statement and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required by the Insurance Ordinance, 2000 and the Cooperative Societies Act, 1925 in the manner so required and respectively give a true and fair view of the state of the society's affair as at December 31, 2013 and of the profit for the year then; and
- d) In our Opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980. (XVIII of 1980).

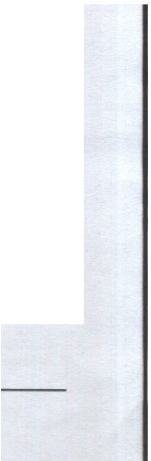
Lahore:

Dated: 25/4/2014


Muhammad Iqbal & Co.
Chartered Accountants







THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2013

	Note	2013 Rupees	2012 Rupees
Share Capital and Reserve			
Authorised Share Capital			
30,000,000 Ordinary Shares of Rs. 10/- each		300,000,000	300,000,000
Paid up Share Capital		300,000,000	300,000,000
Reserves	5	7,978,145	7,778,873
Accumulated profit		8,244,797	7,646,981
		316,222,942	315,425,854
Surplus on Revaluation of Fixed Assets	6	1,673,664,190	1,675,371,610
Underwriting Provisions			
Provision for Outstanding Claims (including IBNR)		261,800	244,800
Provision for Unearned Premium		1,489,365	1,298,945
Total Underwriting Provisions		1,751,165	1,543,745
Deferred liabilities	7	15,650,152	16,686,711
CREDITORS & ACCRUALS			
Amount due to other insurers / reinsurers		1,046,903	895,827
Other Creditors and Accruals	8	1,773,251	1,516,321
		2,820,154	2,412,148
Other Liabilities			
Dividend payable		280,885	1,000,000
TOTAL LIABILITIES		20,502,356	21,642,604
CONTINGENCIES AND COMMITMENTS	9	-	-
TOTAL EQUITY AND LIABILITIES		2,010,389,489	2,012,440,067

The annexed notes 1-17 form an integral part of these financial statements.

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhtar Mahmood
Director

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2013

	Note	2013 Rupees	2012 Rupees
Cash and Bank Deposits			
Cash and other equivalents		102,922	146,647
Current and other accounts		9,887,023	10,279,867
Deposits maturing within 12 months		500,000	-
Deposits maturing after 12 months		-	500,000
		10,489,945	10,926,514
Long Term Investments	10	7,692,855	7,657,755
OTHER CURRENT ASSETS			
Prepayment-prepaid reinsurance premium		424,265	686,997
Deferred Commission		156,788	239,726
Taxation - Payments less provision		182,181	14,492
Sundry Receivables	11	594,040	268,708
		1,357,273	1,209,922
NON CURRENT ASSETS			
Fixed Assets - Tangible			
Land		1,939,975,000	1,939,975,000
Buildings		49,275,035	51,822,860
Furniture, Fixture & Office Equipment		254,346	276,780
Motor Vehicles		1,345,038	571,236
	12	1,990,849,416	1,992,645,876
		<u>2,010,389,489</u>	<u>2,012,440,067</u>

The annexed notes 1-17 form an integral part of these financial statements.

Nadeem Akram Khan
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	Fire and Property	Marine Aviation & Transport	Motor	Others	2013 Aggregate Rupees	2012 Aggregate Rupees
Revenue Account.							
Net Premium Revenue		968,482	8,255	520,336	101,066	1,598,140	3,349,357
Net Claims		(15,000)	15	(268,420)	20	(283,385)	(694,720)
Expenses	13	(5,216,681)	95	(1,512,912)	(29,717)	(6,759,215)	(6,745,912)
Net Commission		(44,721)	(2,823)	(86,758)	(45,486)	(179,789)	(190,782)
Underwriting Results		<u>(4,307,921)</u>	<u>5,542</u>	<u>(1,347,754)</u>	<u>25,883</u>	<u>(5,624,249)</u>	<u>(4,282,057)</u>
Investment Income						3,147,276	3,336,680
Rental Income						5,231,798	3,899,174
Other Income	14					12,797	29,513
General and Administrative	15					(1,755,099)	(1,802,467)
Profit before tax						<u>1,012,523</u>	<u>1,180,842</u>
Taxation-Current year						<u>(372,413)</u>	<u>(433,352)</u>
-Prior year						-	-
-Deferred						<u>156,979</u>	<u>569,239</u>
Profit after tax						<u>(215,434)</u>	<u>135,887</u>
						<u>797,089</u>	<u>1,316,729</u>
Profit and Loss Appropriation Account.							
Accumulated profit/(loss) brought forward						7,646,981	7,659,434
Profit after tax for the year						797,089	1,316,729
Transfer to general reserve @ 25% of current year profit						(199,272)	(329,182)
Final dividend - NIL (2012 @ Rs: 0.033 per share)						-	(1,000,000)
Accumulated profit carried forward						<u>8,244,797</u>	<u>7,646,981</u>

The annexed notes 1-17 form an integral part of these financial statements.

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhtar Mahmood
Director

Nadeem Akram Khan
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

	Paid up Share Capital	Reserves	Accumulated (Loss)/profit	Total
	(Rs)	(Rs)	(Rs)	(Rs)
Balance as at 01-01-2012	300,000,000	7,449,691	7,659,435	315,109,125
Profit for the year	-	-	1,316,729	1,316,729
Transfer during the year	-	329,182	(329,182)	-
Final Dividend for the year ended 31 December, 2011 @ Rs 0.033 per share	-	-	(1,000,000)	(1,000,000)
Balance as at 31-12-2012	300,000,000	7,778,873	7,646,981	315,425,854
Profit for the year	-	-	797,089	797,089
Transfer during the year	-	199,272	(199,272)	-
Balance as at 31-12-2013	300,000,000	7,978,145	8,244,798	316,222,942

The annexed notes 1-17 form an integral part of these financial statements.

Sh. Anwar-ul-Haq Piracha Chairman	Ch. Akhtar Mahmood Director	Nadeem Akram Khan Director	Fateh Khan Niazi Asstt. General Manager
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THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
	Rupees	Rupees
Operating Cash Flows.		
a) Underwriting Activities.		
Premium received.	2,703,689	4,367,133
Reinsurance Premium Paid.	(501,321)	(1,612,506)
Claims Paid.	(266,385)	(1,422,965)
Reinsurance and other recoveries received.	-	161,645
Commission Paid.	(291,702)	(588,140)
Commission received.	94,389	521,701
Other Underwriting payments.	(370,522)	(652,526)
Other Underwriting receipts.	460,823	666,706
Net cash flow from underwriting activities.	1,828,971	1,441,048
b) Other operating activities.		
Income tax paid.	(540,102)	(806,522)
General Management expenses paid.	(6,757,542)	(6,745,912)
Other operating payments.	(1,298,539)	(1,660,912)
Other operating receipts.	65,797	1,513,272
	(8,530,386)	(7,700,074)
Total Cash Flow from other operating activities.	<u>(6,701,415)</u>	<u>(6,259,026)</u>
Investment Activities.		
Profit / Return received.	51,437	295,145
Dividends received.	3,095,839	3,041,535
Rent received.	4,990,905	3,899,174
Proceeds from disposal of fixed assets	3,000	9,000
Investment made	(35,470)	(2,150,000)
Fixed Capital Expenditure.	(1,121,750)	(62,150)
Total Cash Flow from investing activities.	6,983,961	5,032,703
Financing Activities		
Dividend paid	(719,115)	-
	<u>(719,115)</u>	<u>-</u>
Total Cash Flow from all activities.	(436,569)	(1,226,323)
Cash and cash equivalent at the beginning of the year.	10,926,514	12,152,837
Cash and cash equivalent at the end of the year.	<u><u>10,489,945</u></u>	<u><u>10,926,514</u></u>

2013
Rupees

2012
Rupees

Reconciliation to Profit and Loss Account.

Operating Cash Flow.	(6,701,415)	(6,259,026)
Depreciation expense.	(323,574)	(174,249)
Increase / Decrease in assets other than cash.	(93,542)	(1,191,912)
Increase / Decrease in liabilities other than running finance	(615,426)	1,129,673
Interest, Dividend, rental and deferred income	8,536,053	7,805,092
Theft of fixed assets	(1,673)	-
Loss on sale of fixed assets	(3,333)	7,153
Profit after Taxation.	<u>797,089</u>	<u>1,316,729</u>

Cash for the purposes of the Statement of Cash Flows consists of:

i) Cash and Cash Equivalents.	102,922	146,647
ii) Cash at Current Accounts.	9,887,023	10,279,867
iii) Cash at Deposit Accounts.	500,000	500,000
	<u>10,489,945</u>	<u>10,926,514</u>

The annexed notes 1-17 form an integral part of these financial statements.

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director

Nadeem Akram Khan
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2013

Class	Premium Written Rs.	Unearned Premium Reserve		Premium Earned Rs.	Reinsurance Ceded Rs.	Prepaid Reinsurance		Reinsurance Expenses Rs.	2013	2012
		Opening Rs.	Closing Rs.			Opening Rs.	Closing Rs.		Net Premium Revenue Rs.	Net Premium Revenue Rs.
Direct and Facultative										
1 Fire and Property Damage	2,086,675	723,988	1,181,625	1,629,038	524,897	516,695	381,036	660,556	968,482	1,745,610
2 Marine Aviation and Transport	(38)	17,051	-	17,013	-	8,758	-	8,758	8,255	40,847
3 Motor	605,165	338,416	304,626	638,955	100,000	56,119	37,500	118,619	520,336	1,069,651
4 Miscellaneous	11,887	219,490	3,115	228,262	27,500	105,425	5,729	127,196	101,066	493,248
	2,703,689	1,298,945	1,489,365	2,513,269	652,397	686,997	424,265	915,129	1,598,140	3,349,357

The annexed notes 1-17 form an integral part of these financial statements.

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director

Nadeem Akram Khan
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. Business underwritten Inside Pakistan

Class	Claims Paid Rs.	Outstanding Opening Rs.	Claims Closing Rs.	Claims Expense Rs.	Reinsurance and other recoveries received Rs.	Reinsurance and other recoveries in respect of <u>outstanding claims</u>		Reinsurance and other recoveries revenue Rs.	2013 Net Claims expenses Rs.	2012 Net Claims expenses Rs.
						Opening Rs.	Closing Rs.			
Direct and Facultative										
1 Fire and Property Damage	40,000	25,000	-	15,000	-	-	-	-	15,000	529,440
2 Marine Aviation and Transport	(15)	-	-	(15)	-	-	-	-	(15)	117
3 Motor	226,420	219,800	261,800	268,420	-	-	-	-	268,420	165,204
4 Miscellaneous	(20)	-	-	(20)	-	-	-	-	(20)	(41)
	<u>266,385</u>	<u>244,800</u>	<u>261,800</u>	<u>283,385</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,385</u>	<u>694,720</u>

The annexed notes 1-17 form an integral part of these financial statements.

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director

Nadeem Akram Khan
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

								2013	2012
Class	Commissions Paid or Payable	Deferred Commission Opening	Closing	Net Commissions Expenses	Other Management Expenses	Underwriting Expenses	Commissions from reinsurers	Net underwriting expenses	Net underwriting expenses
	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Direct and Facultative									
1 Fire and Property Damage.	207,922	143,080	111,429	239,573	5,216,681	5,456,255	194,852	5,261,403	3,863,454
2 Marine Aviation and Transport.	-	2,823	-	2,823	(95)	2,728	-	2,728	39,535
3 Motor.	82,125	49,230	44,597	86,758	1,512,912	1,599,670	-	1,599,670	1,987,748
4 Miscellaneous.	1,655	44,594	763	45,486	29,717	75,203	-	75,203	1,045,957
	<u>291,702</u>	<u>239,726</u>	<u>156,788</u>	<u>374,641</u>	<u>6,759,215</u>	<u>7,133,856</u>	<u>194,852</u>	<u>6,939,004</u>	<u>6,936,694</u>

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Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director

Nadeem Akram Khan
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
Income from Non-Trading Investments.	Rupees	Rupees
<u>Held to Maturity:</u>		
Return on Govrnmnt Securities	-	-
Return on Other Fixed Income Securities and Deposits, available for sale	51,437	302,890
	51,437	302,890
<u>Available For Sale:</u>		
Dividend Income.	3,095,839	3,041,535
Zakat paid	-	(7,745)
Net Investment Income.	<u>3,147,276</u>	<u>3,336,680</u>

The annexed notes 1-17 form an integral part of these financial statements.

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director

Nademm Akram Khan
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
YEAR ENDED DECEMBER 31, 2013

NOTES TO THE ACCOUNTS.

1. Status and Nature of Business.

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

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

2. Basis of Preparation.

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

3. Basis of Measurement.

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

4. Use of Judgements and Estimates

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

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

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

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

	<u>Note</u>
Provision for unearned premiums	4.2
Premium deficiency reserve	4.3
Premium due but unpaid	4.4
Provision for outstanding claims (including IBNR)	4.8

5. Significant Accounting Policies.

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

4.1. Investment.

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

4.1.1. Held-to-maturity.

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

4.1.2. Available-for-sale.

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

4.2. Reserve for Unexpired Risk.

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

4.3. Premium Deficiency Reserve.

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

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

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

4.9. Deferred Commission Expense and Deferred Acquisition Costs.

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

4.10. Cash & Cash Equivalents.

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

4.11. Fixed Assets.

Owned.

Fixed assets are stated at cost less accumulated depreciation except for Land and Buildings which are stated at revalued amount. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Depreciation on tangible fixed assets is charged to income applying reducing balance method whereby depreciable amount of an asset is written-off over its estimated useful life at the rates mentioned in note no. 12. The depreciation on addition is charged from the month in which addition takes place while on deletion depreciation is charged up to the month of disposal. Gain or loss on disposal of fixed asset is included in income currently.

Leased.

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

4.12. Surplus on Revaluation of Fixed Assets.

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

4.13. Revenue Recognition.

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

4.14. Taxation.

Current

The income tax assessments stand finalized up to the tax year 2013. Liability is provided on the taxable income as per the provisions of the Income Tax Ordinance, 2001.

Deferred

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

4.15. Expenses of Management.

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

4.16. Zakat.

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

4.17. Change in Accounting Policy.

During the year under audit the management recognized rent on accrual basis. Had the management followed the previous policy of recognizing rent on cash basis, the profit of the Society for the year ended December 31, 2013 would have been lower by Rs. 240,893/-.

		2013 Rupees	2012 Rupees (Restated)
5. RESERVES			
Capital reserve.		3,295,965	3,295,965
General reserve.	5.1	4,682,180	4,482,908
		<u>7,978,145</u>	<u>7,778,873</u>

5.1 General Reserve

Opening balance	4,482,908	4,153,726
Add: Transfer during the year @ 25% of profit	199,272	329,182
	<u>4,682,180</u>	<u>4,482,908</u>

6. SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT

Opening balance	1,675,371,610	611,967,818
Add: Surplus on revaluation during the year	-	1,077,901,605
Less: Deferred tax liability on surplus on revaluation	-	(13,404,906)
Less: Incremental depreciation	(2,587,000)	(1,681,397)
Add: Deferred tax liability	879,580	588,489
	<u>1,673,664,190</u>	<u>1,675,371,610</u>

During the year, 2012 the Land and Buildings of the Society got revalued by an independent

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

7. DEFERRED LIABILITIES

Deferred tax liability	<u>15,650,152</u>	<u>16,686,711</u>
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	2013 Rupees	2012 Rupees
8. OTHER CREDITORS & ACCRUALS		
Federal Insurance fee payable.	7,264	2,036
Rent Securities.	1,280,000	1,245,000
Punjab Sales Tax Payable	116,234	20,353
Sindh Sales Tax Payable	-	10,808
Bonus Payable	289,282	237,624
Other	80,471	500
	<u>1,773,251</u>	<u>1,516,321</u>

9. CONTINGENCIES & COMMITMENTS

The Securities & Exchange Commission of Pakistan (SECP) vide its directive under section 63(1) read with section 11 of the Insurance Ordinance, 2000 dated May 08, 2009 ordered the Society to cease entering into new contracts of insurance for transferring surplus on revaluation of land and building to share capital in contravention of the Companies Ordinance, 1984 and not maintaining Statutory deposits under clause (a) of sub-section (2) of section 29 of Insurance Ordinance 2000. The SECP also published the directive in daily newspapers. The Society filed writ petition before the Honourable Lahore High Court, Rawalpindi Bench who ordered for suspension of public notice issued based on the directive and the case is subjudice before the august court. The Management is confident for a favourable outcome in this regards as being a Cooperative Society it is not hit by the provisions of the Companies Ordinance, 1984 and has not committed any violation of Insurance Ordinance, 2000.

10. LONG TERM INVESTMENT

Held to Maturity	10.1	2,511,450	2,511,450
Available for Sale	10.2	5,181,405	5,146,305
		<u>7,692,855</u>	<u>7,657,755</u>

10.1 Held to Maturity

Deposit with State Bank of Pakistan	350,600	350,600
Defence Saving Certificates	10,850	10,850
Cash with State Bank of Pakistan	2,150,000	2,150,000
	<u>2,511,450</u>	<u>2,511,450</u>

10.2 Available for Sale**10.2.1 Listed Equities**

	Number of Certificates		Face Value Per Certificate	Company's Name	2,013	2,012
	2,013	2,012			Rupees Cost	Rupees Cost
1	779,998	779,998	10	Pakistan Re-insurance Company Ltd	131,620	131,620
2	5,444	5,444	10	Zeal Pakistan Cement Factory Limited	190,555	190,555
3	163,692	163,692	10	Feroze sons Laboratories Ltd	181,030	181,030
					503,205	503,205

The market value of listed equities as at December 31, 2013 was Rs:47,964,613 (2012: Rs 32,186,713)

10.2.2 Unlisted Equities

	Number of Certificates		Face Value	Company's Name	2,013	2,012
	2,013	2,012			Rupees Cost	Rupees Cost
1	40,000	40,000	10	Akbar Textile Mills Ltd.	200,000	200,000
2	6	6	100	Punjab Provincial coop. Cotton Corp. Ltd.	600	600
3	250	250	100	Coop. Investment Management Agency	25,000	25,000
4	44,426	44,075	100	Punjab Provincial Coop. Bank Limited	4,442,600	4,407,500
5	100	100	100	National Cooperative Supply Corporation	10,000	10,000
					4,678,200	4,643,100
					5,181,405	5,146,305

11. SUNDRY RECEIVABLE

Security Deposits.	77,414	70,850
Advance to Multan Office	23,268	23,268
Advance to Bahawalnagar Office	5,000	-
Receivable from Provident Fund	-	9,588
Commission Payable Fire	88,989	-
Commission Payable Motor	11,474	-
Rent Receivable	240,893	-
Staff advance	147,000	165,000
594,038		268,708

12. FIXED ASSETS - TANGIBLE

Particulars	WDV				Depreciation		Written Down Value As At 31-12-2013
	Balance 01-01-2013	Addition	Deletion	Balance	Rate	For the year	
Owned Assets							
Land	2,416,625	-	-	2,416,625	-	-	2,416,625
Land - Revaluation surplus	1,937,558,375	-	-	1,937,558,375	-	-	1,937,558,375
Buildings	82,870	43,500	-	126,370	5%	4,325	122,045
Building - Revaluation surplus	51,739,990	-	-	51,739,990	5%	2,587,000	49,152,990
Motor Vehicles	569,829	1,061,500	-	1,631,329	20%	290,883	1,340,447
Furniture & Fixtures	220,480	-	6,333	214,147	10%	21,573	192,575
Office Equipment	55,967	12,000	-	67,967	10%	6,497	61,471
Cycle	1,777	4,750	1,673	4,854	10%	262	4,592
Sui Gas Installation	333	-	-	333	10%	33	300
Rupees 31-12-2013	1,992,646,246	1,121,750	8,006	1,993,759,990		2,910,573	1,990,849,419

12.1 FIXED ASSETS - TANGIBLE

Particulars	WDV				Depreciation		Written Down Value As At 31-12-2012
	Balance 01-01-2012	Addition	Deletion	Balance	Rate	For the year	
Owned Assets							
Land	2,462,007	-	45,382	2,416,625	-	-	2,416,625
Land - Revaluation surplus	897,956,500	1,039,601,875	-	1,937,558,375	-	-	1,937,558,375
Buildings	41,850	45,382	-	87,232	5%	4,362	82,870
Building - Revaluation surplus	15,121,659	38,299,730	-	53,421,389	5%	1,681,397	51,739,990
Motor Vehicles	714,133	-	1,847	712,286	20%	142,827	569,459
Furniture & Fixtures	241,125	3,750	-	244,875	10%	24,394	220,480
Office Equipment	-	58,400	-	58,400	10%	2,433	55,967
Cycle	1,972	-	-	1,972	10%	197	1,777
Sui Gas Installation	369	-	-	369	10%	37	333
Rupees 31-12-2012	916,539,616	1,078,009,137	47,229	1,994,501,523		1,855,647	1,992,645,876

	2013 Rupees	2012 Rupees
13. MANAGEMENT EXPENSES		
Salaries, Wages & Benefits.	4,500,956	4,099,242
Rent, Taxes, Electricity etc.	637,110	386,255
Communication.	192,615	198,510
Printing & Stationery.	154,629	223,501
Travelling & Entertainment.	569,264	678,344
Repair & Maintenance.	234,013	259,051
Advertisement & Sale Promotion.	26,000	26,000
Fee and subscription	205,250	476,750
Other Expenses.	239,378	398,259
	6,759,215	6,745,912
14. OTHER INCOME		
Donation	2,849	16,580
Miscellaneous Receipts	9,948	5,780
Profit on sale of vehicles	-	7,153
	12,797	29,513
15. GENERAL & ADMINISTRATIVE EXPENSES		
T.a / D.A	242,942	185,336
Depreciation	323,574	174,249
Bonus	255,136	237,624
Website Expense	8,000	23,000
Loss on Disposal of Fixed Assets	3,333	-
Provident Fund	69,183	64,380
Legal & Professional Charges	15.1 852,931	1,117,878
	1,755,099	1,802,467
15.1 Auditor's Remuneration		
Audit Fee - Society accounts	80,000	37,568
Audit Fee - Provident fund accounts	10,000	10,000
Certification fee	7,500	7,500
	97,500	55,068
16. DATE OF AUTHORIZATION FOR ISSUE		

These financial statements have been authorized by the board of directors of the society in the meeting held on 25-04-2014.

17. FIGURES

i) have been rounded off to the nearest rupee.

ii) Legal & Professional charges have been reclassified during the year as General & Administrative charges, the previous year figure Rs. 1,117,878/- has also been reclassified as well resulting in increase in general & administrative charges and corresponding decrease in management expenses and resultantly the underwriting loss for the comparative year by the same amount.

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director

Nademm Akram Khan
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

CLASSIFIED SUMMARY OF ASSETS IN PAKISTAN

AS AT DECEMBER 31, 2013

CLASS OF ASSETS	<u>2013</u>		<u>2012</u>		Valuation Basis.
	Cost or Book Value.	Market Value.	Cost or Book Value.	Market Value.	
	(Rs)	(Rs)	(Rs)	(Rs)	(Rs)
Cash-in-hand and Bank Balance.	9,989,945	9,989,945	10,426,514	10,426,514	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 and with society	2,511,450	2,511,450	2,511,450	2,511,450	Book Value
Shares	5,181,405	52,642,813	5,146,305	36,829,813	Book Value
Deferred Commission	156,788	156,788	239,726	239,726	Book Value
Payments less Provision for Taxation	182,181	182,181	14,492	14,492	Book Value
Sundry Receivable.	594,040	594,040	268,708	268,708	Book Value
Prepayments	424,265	424,265	686,997	686,997	Book Value
Land and Building.	1,989,250,032	1,989,250,032	1,991,797,860	1,991,797,860	Market/Book Value
Furniture, Fixture and Office Equipment.	254,346	254,346	276,780	276,780	Book Value
Vehicles.	1,345,038	1,345,038	571,236	571,236	Book Value
Total Assets:	<u>2,010,389,489</u>	<u>2,057,850,897</u>	<u>2,012,440,067</u>	<u>2,044,123,575</u>	

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director

Nadeem Akram Khan
Director

Fateh Khan Niazi
Asstt. General Manager