

MUHAMMAD AKBAR
B.Com. (Hons) F.C.A

AKBAR & COMPANY
CHARTERED ACCOUNTANTS

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed financial statement comprising of :-

- 1-Balance Sheet,
- 2-Profit and Loss Account,
- 3-Statement of Change in Equity,
- 4-Cash flow Statement,
- 5-Statement of Premiums,
- 6-Statement of Claims,
- 7-Statement of Expenses ,and
- 8-Statement of Investment Income,

of 'THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED' as at December 31,2012 together with the 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 responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statement. An audit also includes assessing the accounting policies and significant estimates made by management as well as evaluating the over all presentations 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 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 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 note no .9 to the financial statements.

Subject to above,

- a) In our opinion proper books of accounts have been kept by the society as required by the insurance ordinance ,2000 and the Cooperative Societies Act 1925.
- b) The financial Statements together with the notes thereon have been drawn up in conformity with 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 consistently applied;
- c) The financial Statements together with the notes thereon ,present fairly in all material respects, the state of the society's affair as at December 31,2012,and of the profit ,it cash flow statement and change in equity for the year than 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 31,2012 and of the profit for the year than; and
- d) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance 1980 (XVIII of 1980).

Date : April 26, 2013.
Place: Lahore

AKBAR AND COMPANY
CHARTERED ACCOUNTANTS



THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

BALANCE SHEET AS AT DECEMBER 31, 2012

	Note	2012 Rupees	2011 Rupees (Restated)
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	7,778,873	7,449,691
Accumulated profit		7,646,981	7,659,434
		315,425,854	315,109,125
Surplus on Revaluation of Fixed Assets	6	1,675,371,610	611,967,818
Underwriting Provisions			
Provision for Outstanding Claims (including IBNR)		244,800	811,400
Provision for Unearned Premium		1,298,945	1,862,260
Total Underwriting Provisions		1,543,745	2,673,660
Deferred liabilities	7	16,686,711	4,439,533
CREDITORS & ACCRUALS			
Amount due to other insurers / reinsurers		895,827	941,692
Other Creditors and Accruals	8	1,516,321	1,111,536
Provision for taxation less payments		-	358,678
		2,412,148	2,411,906
Other Liabilities			
Dividend payable		1,000,000	-
TOTAL LIABILITIES		21,642,604	9,525,099
CONTINGENCIES AND COMMITMENTS	9	-	-
TOTAL EQUITY AND LIABILITIES		2,012,440,067	936,602,042

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

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2012

	Note	2012 Rupees	2011 Rupees (Restated)
Cash and Bank Deposits			
Cash and other equivalents		146,647	289,850
Current and other accounts		10,279,867	9,212,987
Deposits maturing after 12 months		500,000	2,650,000
		10,926,514	12,152,837
Long Term Investments	10	7,657,755	5,507,755
OTHER CURRENT ASSETS			
Prepayment-prepaid reinsurance premium		686,997	368,078
Premium due but unpaid		-	33,282
Deferred Commission		239,726	364,069
Premium and Claims reserves retained by cedent		-	300,087
Payments less provision for taxation		14,492	-
Sundry Receivables	11	268,708	1,336,318
		1,209,922	2,401,834
NON CURRENT ASSETS			
Fixed Assets - Tangible			
Land		1,939,975,000	900,418,507
Buildings		51,822,860	15,163,510
Furniture, Fixture & Office Equipment		276,780	241,494
Motor Vehicles		571,236	716,105
	12	1,992,645,876	916,539,616
		<u>2,012,440,067</u>	<u>936,602,042</u>

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

M. Aamir Inayat Shahani
Director

Fateh Khan Niazi
Asstt: General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	Fire and Property	Marine Aviation & Transport	Motor	Others	2012 Aggregate Rupees	2011 Aggregate (Restated) Rupees
Revenue Account.							
Net Premium Revenue		1,745,610	40,847	1,069,651	493,248	3,349,357	5,247,057
Net Claims		(529,440)	(117)	(165,204)	41	(694,720)	44,263
Expenses	13	(4,515,277)	(42,514)	(2,118,960)	(1,187,039)	(7,863,790)	(7,805,118)
Net Commission		9,954	(3,065)	(170,008)	(27,662)	(190,782)	(735,146)
Underwriting Results		<u>(3,289,153)</u>	<u>(4,848)</u>	<u>(1,384,522)</u>	<u>(721,412)</u>	(5,399,935)	(3,248,944)
Investment Income						3,336,680	2,908,279
Rental Income						3,899,174	3,128,562
Other Income	14					29,513	120,517
General and Administrative Expenses	15					(684,589)	(739,185)
Profit before tax						1,180,842	2,169,229
Taxation-Current year						(433,352)	(864,886)
-Prior year						-	305,150
-Deferred						569,239	289,589
Profit after tax						<u>135,887</u>	<u>(270,147)</u>
						1,316,729	1,899,082
Profit and Loss Appropriation Account.							
Accumulated profit/(loss) brought forward						7,659,434	5,163,711
Cumulative effect of change in accounting policy adjusted in opening retained earning						-	1,071,412
						7,659,434	6,235,123
Profit after tax for the year						1,316,729	1,899,082
Transfer to general reserve @ 25% of current year profit						(329,182)	(474,771)
Final dividend for the year ended 31 December, 2011 @ Rs: 0.033 per share (2010: Nil)						(1,000,000)	-
Accumulated profit carried forward						<u>7,646,981</u>	<u>7,659,434</u>

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

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhtar Mahmood
Director

M. Aamir Inayat Shahani
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, 2012

	Paid up Share Capital	Reserves	Accumulated (Loss)/profit	Total
	(Rs)	(Rs)	(Rs)	(Rs)
				(Restated)
Balance as at 01-01-2011	300,000,000	6,974,920	5,163,711	312,138,631
Profit for the year	-	-	1,899,082	1,899,082
Transfer during the year	-	474,771	(474,771)	-
Cumulative effect of change in accounting policy	-	-	1,071,412	1,071,412
Balance as at 31-12-2011	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

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Director

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Director

Fateh Khan Niazi
Asstt: General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 Rupees	2011 Rupees
Operating Cash Flows.		
a) Underwriting Activities.		
Premium received.	4,367,133	5,477,236
Reinsurance Premium Paid.	(1,612,506)	(1,050,862)
Claims Paid.	(1,422,965)	(1,516,674)
Reinsurance and other recoveries received.	161,645	355,901
Commission Paid.	(588,140)	(778,683)
Commission received.	521,701	180,316
Other Underwriting payments.	(652,526)	(712,891)
Other Underwriting receipts.	666,706	677,988
Net cash flow from underwriting activities.	1,441,048	2,632,331
b) Other operating activities.		
Income tax paid.	(806,522)	(447,022)
General Management expenses paid.	(7,863,790)	(7,352,569)
Other operating payments.	(543,034)	(687,670)
Other operating receipts.	1,513,272	135,167
	(7,700,074)	(8,352,094)
Total Cash Flow from other operating activities.	<u>(6,259,026)</u>	<u>(5,719,763)</u>
Investment Activities.		
Profit / Return received.	295,145	229,375
Dividends received.	3,041,535	2,678,904
Rent received.	3,899,174	3,128,562
Proceeds from disposal of fixed assets	9,000	115,000
Investment made	(2,150,000)	(490,000)
Fixed Capital Expenditure.	(62,150)	-
Total Cash Flow from investing activities.	5,032,703	5,661,840
Financing Activities		
Share deposit money	-	-
Lease rentals paid	-	-
	-	-
Total Cash Flow from all activities.	<u>(1,226,323)</u>	<u>(57,923)</u>
Cash and cash equivalent at the beginning of the year.	12,152,837	12,210,760
Cash and cash equivalent at the end of the year.	<u><u>10,926,514</u></u>	<u><u>12,152,837</u></u>

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2012	2011
Rupees	Rupees

Reconciliation to Profit and Loss Account.

Operating Cash Flow.	(6,259,026)	(5,719,763)
Depreciation expense.	(174,249)	(207,788)
Increase / Decrease in assets other than cash.	(1,191,912)	(466,922)
Increase / Decrease in liabilities other than running finance	1,129,673	2,007,787
Interest, Dividend, rental and deferred income	7,805,092	6,036,841
Profit on sale of fixed assets	7,153	96,117
Profit after Taxation.	<u>1,316,729</u>	<u>1,746,272</u>

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

i) Cash and Cash Equivalents.	146,647	289,850
ii) Cash at Current Accounts.	10,279,867	9,212,987
iii) Cash at Deposit Accounts.	500,000	2,650,000
	<u>10,926,514</u>	<u>12,152,837</u>

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

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director

M. Aamir Inayat Shahani
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2012

Class of Business	Premium Written Rs.	Unearned Premium Reserve		Premium Earned Rs.	Reinsurance Ceded Rs.	Prepaid Reinsurance Premium Ceded		Reinsurance Expenses Rs.	2012	2011
		Opening Rs.	Closing Rs.			Opening Rs.	Closing Rs.		Net	Net
									Premium	Premium
									Revenue Rs.	Revenue Rs.
Direct and Facultative										
1 Fire and Property Damage	2,316,129	1,005,157	723,988	2,597,298	1,115,783	252,600	516,695	851,688	1,745,610	2,392,923
2 Marine Aviation and Transport	21,808	47,408	17,051	52,164	20,075	-	8,758	11,317	40,847	112,919
3 Motor	1,086,929	410,022	338,416	1,158,535	110,733	34,270	56,119	88,884	1,069,651	791,428
4 Miscellaneous	608,896	399,674	219,490	789,080	320,050	81,207	105,425	295,832	493,248	1,949,787
	4,033,762	1,862,261	1,298,945	4,597,078	1,566,641	368,077	686,997	1,247,721	3,349,357	5,247,057

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THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2012

1. Business underwritten Inside Pakistan

Class of Business	Claims Paid Rs.	Outstanding Opening Rs.	Claims Closing Rs.	Claims Expens/ (Income) Rs.	Reinsurance and other recoveries received Rs.	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue Rs.	2012	2011
						Opening Rs.	Closing Rs.		Net Claims	Net Claims
									expenses/ (Income) Rs.	expenses/ (Income) Rs.
Direct and Facultative										
1 Fire and Property Damage	600,085	11,500	25,000	613,585	84,145	-	-	84,145	529,440	(22,788)
2 Marine Aviation and Transport	117	-	-	117	-	-	-	-	117	66,755
3 Motor	822,804	799,900	219,800	242,704	77,500	-	-	77,500	165,204	991,033
4 Miscellaneous	(41)	-	-	(41)	-	-	-	-	(41)	(1,079,263)
	1,422,965	811,400	244,800	856,365	161,645	-	-	161,645	694,720	(44,263)

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

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director

M. Aamir Inayat Shahani
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

Class of Business	Commissions	Deferred Commission	Net Commissions	Other	Underwriting	Commissions	2012	2011
	Paid or Payable	Opening Closing		Management			Net	Net
	Rs.		Rs.	Expenses	Expenses	from reinsurers	underwriting	underwriting
				Rs.	Rs.	Rs.	expenses	expenses
							Rs.	(Restated)
								Rs.
Direct and Facultative								
1 Fire and Property Damage.	339,825	211,408 143,080	408,153	4,515,277	4,923,431	418,107	4,505,324	3,719,056
2 Marine Aviation and Transport.	3,180	9,760 2,823	10,117	42,514	52,631	7,052	45,579	232,963
3 Motor.	153,688	65,550 49,230	170,008	2,118,960	2,288,969	-	2,288,969	1,609,053
4 Miscellaneous.	91,447	77,351 44,594	124,204	1,187,039	1,311,243	96,542	1,214,701	2,979,193
	<u>588,140</u>	<u>364,069 239,726</u>	<u>712,483</u>	<u>7,863,790</u>	<u>8,576,273</u>	<u>521,701</u>	<u>8,054,572</u>	<u>8,540,264</u>

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

Sh. Anwar-ul-Haq Piracha
Chairman

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Director

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Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
Income from Non-Trading Investments.	Rupees	Rupees
<u>Held to Maturity:</u>		
Return on Govrnment Securities	-	-
Return on Other Fixed Income Securities and available for sale	302,890	229,375
	302,890	229,375
<u>Available For Sale:</u>		
Dividend Income.	3,041,535	2,678,904
Zakat paid	(7,745)	-
Net Investment Income.	<u>3,336,680</u>	<u>2,908,279</u>

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

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director

M. Aamir Inayat Shahani
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
YEAR ENDED DECEMBER 31, 2012

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-Quid-e-Azam, Lahore.

2. Basis of Preparation.

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

3. Basis of Measurement.

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

4. 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.

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 Insures / 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 Insures/Reinsurers.

Amount due from insures/reinsures 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. Provision for Outstanding Claims.

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.

4.8. 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.

4.9. Cash & Cash Equivalents.

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

4.10. 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. 11. 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.

4.11. 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.

4.12. Revenue Recognition.

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

4.13. Taxation.

Current

The income tax assessments stand finalized up to the tax year 2012. 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.

4.14. Expenses of Management.

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

4.15. Zakat.

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

4.16. Change in Accounting Policy.

During the year the commission expense has been deferred as per the provisions of the Insurance Ordinance, 2000 to match the pattern of recognition of premium income. Deferred tax, on major timing differences has been accounting for during the year for the first time.

The above change in accounting policy has been accounted for retrospectively and the comparative information has been restated and the cumulative effect of prior periods has been adjusted in the opening retained earnings of the comparative period.

	Note	2011 Rupees	2012 Rupees (Restated)
5'. RESERVES			
Capital Reserve		3,295,965	3,295,965
General Reserve	5.1	4,482,908	4,153,726
		7,778,873	7,449,691

5.1 General Reserve

Opening balance	4,153,726	3,678,955
Add: Transfer during the year @ 25% of profit	329,182	474,771
	4,482,908	4,153,726

The different reserves maintained have been re-classified into Capital and General Reserve and Accordingly the comparative information has also been re-classified.

6'. SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT

Opening balance	611,967,818	618,063,380
Add: Surplus on revaluation during the year	1,077,901,605	-
Less: Deferred tax liability on surplus on revaluation	(13,404,906)	(5,578,242)
Less: Incremental depreciation	(1,681,397)	(795,876)
Add: Deferred tax liability	588,489	278,557
	1,675,371,610	611,967,818

During the year the land and buildings of the society got revalued by an independent valuer M/s Mohammad Siddique Associates (PVT) Ltd, an approved valuator of Pakistan Bank's Association on June 27, 2012 and December 27, 2012.

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

7'. DEFERRED LIABILITIES

Deferred tax liability	16,686,711	4,439,533
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		2012	2011
		Rupees	Rupees
8.	OTHER CREDITORS & ACCRUALS		
	Federal Insurance fee payable.	2,036	1,119
	Rent Securities.	1,245,000	845,000
	Exice Duty payable	31,161	17,898
	Bonus Payable	237,624	247,519
	Advance Rent	500	-
		<u>1,516,321</u>	<u>1,111,536</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	361,450
Available for Sale	10.2	5,146,305	5,146,305
		<u>7,657,755</u>	<u>5,507,755</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	-
	<u>2,511,450</u>	<u>361,450</u>

10.2 Available for Sale**10.2.1 Listed Equities**

	<u>Number of Certificates</u>		<u>Face Value Per Certificate</u>	<u>Company's Name</u>	<u>2,012</u>	<u>2,011</u>
	<u>2,012</u>	<u>2,011</u>			<u>Rupees Cost</u>	<u>Rupees Cost</u>
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	155,898	10	Feroze sons Laboratories Ltd	181,030	181,030
					<u>503,205</u>	<u>503,205</u>

The market value of listed equities as at December 31, 2012 was Rs: 32,186,713 (2011: Rs 24,874,441)

10.2.2 Unlisted Equities

	<u>Number of Certificates</u>		<u>Face Value Per Certificate</u>	<u>Company's Name</u>	<u>2,012</u>	<u>2,011</u>
	<u>2,012</u>	<u>2,011</u>			<u>Rupees Cost</u>	<u>Rupees Cost</u>
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	44,075	44,075	100	Punjab Provincial Coop. Bank Limited	4,407,500	4,407,500
5	1,000	1,000	10	National Cooperative Supply Corporation	10,000	10,000
					<u>4,643,100</u>	<u>4,643,100</u>
					<u>5,146,305</u>	<u>5,146,305</u>

11. SUNDRY RECEIVABLE

Security Deposits.	70,850	63,050
Deposit against Appeals.	-	600,000
Advance to Multan Office	23,268	23,268
Receivable from Provident Fund	9,588	500,000
Staff advance	165,000	150,000
	<u>268,706</u>	<u>1,336,318</u>

12. FIXED ASSETS - TANGIBLE

Particulars	W.D.V.				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

12.1 FIXED ASSETS - TANGIBLE

Particulars	W.D.V.				Depreciation		Written Down Value As At 31-12-2011
	Balance 01-01-2011	Addition	Deletion	Balance	Rate	For the year	
<i>Owned Assets</i>							
Land - at cost	2,462,007	-	-	2,462,007	-	-	2,462,007
Land - Revaluation surplus	897,956,500	-	-	897,956,500	-	-	897,956,500
Buildings - at cost	44,053	-	-	44,053	5%	2,203	41,850
Building - Revaluation surplus	15,917,535	-	-	15,917,535	5%	795,877	15,121,656
Motor Vehicles	911,549	-	18,883	892,666	20%	178,533	714,133
Furniture & Fixtures	267,917	-	-	267,917	10%	26,792	241,124
Cycle	2,191	-	-	2,191	10%	219	1,974
Sui Gas Installation	410	-	-	410	10%	41	370
Rupees 31-12-2011	917,562,162	-	18,883	917,543,279		1,003,663	916,539,616

		2012 Rupees	2011 Rupees
13.	MANAGEMENT EXPENSES		
	Salaries, Wages & Benefits.	4,099,242	4,345,825
	Rent, Taxes, Electricity etc.	386,255	649,771
	Communication.	198,510	208,011
	Printing & Stationery.	223,501	196,510
	Travelling & Entertainment.	678,344	640,684
	Repair & Maintenance.	259,051	162,106
	Auditor's Remuneration 13.1	55,068	54,000
	Legal & Professional Charges.	1,062,810	575,375
	Advertisement & Sale Promotion.	26,000	52,000
	Fee and subscription	476,750	425,000
	Other Expenses.	398,259	495,836
		7,863,790	7,805,118
13.1	Auditor's Remuneration		
	Audit Fee-Society accounts	37,568	40,000
	Audit Fee-Provident fund accounts	10,000	6,500
	Certification fee	7,500	7,500
		55,068	54,000
14.	OTHER INCOME		
	Donation	16,580	24,400
	Miscellaneous Receipts	5,780	-
	Profit on sale of vehicles	7,153	96,117
		29,513	120,517
15.	GENERAL & ADMINISTRATIVE EXPENSES		
	T.a / D.A	185,336	271,160
	Depreciation	174,249	207,788
	Bonus	237,624	199,427
	Website Expense	23,000	-
	Provident Fund	64,380	60,810
		684,589	739,185

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 26-04-2013.

17. FIGURES

- i) have been rounded off to the nearest rupee.
- ii) of previous year have been rearranged wherever necessary for the purpose of comparison.

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director

M. Aamir Inayat Shahani
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

CLASSIFIED SUMMARY OF ASSETS IN PAKISTAN

AS AT DECEMBER 31, 2012

CLASS OF ASSETS	<u>2012</u>		<u>2011</u>		Valuation Basis.
	Cost or Book Value.	Market Value.	Cost or Book Value.	Market Value.	
	(Rs)	(Rs)	(Rs)	(Rs)	
Cash-in-hand and Bank Balance.	10,426,514	10,426,514	9,502,837	9,502,837	Book Value
Fixed & Terms Deposit with Scheduled Banks.	500,000	500,000	2,650,000	2,650,000	Book Value
Government Securities with State Bank of Pakistan and with society	2,511,450	2,511,450	361,450	361,450	Book Value
Shares	5,146,305	36,829,813	5,146,305	29,517,541	Book Value
Premium and Claims reserves retained by cedent	-	-	300,087	300,087	Book Value
Premium due but unpaid	-	-	33,282	33,282	Book Value
Deferred Commission	239,726	239,726	364,069	364,069	Book Value
Payments less Provision for Taxation	14,492	14,492	-	-	Book Value
Sundry Receivable.	268,708	268,708	1,336,318	1,336,318	Book Value
Prepayments	686,997	686,997	368,078	368,078	Book Value
Land and Building.	1,991,797,860	1,991,797,860	915,582,017	915,582,017	Market/Book Value
Furniture, Fixture and Office Equipment.	276,780	276,780	241,494	241,494	Book Value
Vehicles.	571,236	571,236	716,105	716,105	Book Value
Total Assets:	<u>2,012,440,067</u>	<u>2,044,123,575</u>	<u>936,602,042</u>	<u>960,973,278</u>	

Sh. Anwar-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director

M. Aamir Inayat Shahani
Director

Fateh Khan Niazi
Asstt. General Manager