

BOARD OF DIRECTORS

Chairman	Sh. Aziz-ul-Haq Piracha
CEO	Ch. Akhtar Mehmood
Directors	Col. (Rtd) Muhammad Jamil Rai Ijaz Ahmed Khan Farooq Azam Hassan Zaheer Nadeem Akram Khan Muhammad Asif Inayat Shahani
Auditors	Mumtaz Baloch & Company Chartered Accountants
Legal Advisor	Muhammad Hanif Khan Niazi, Advocate
Bankers	Allied Bank of Pakistan Ltd. Bank of Punjab. Bank of Khyber. Bank Alfalah First Women Bank Muslim Commercial Bank Ltd. National Bank of Pakistan. Punjab Provincial Cooperative Bank Ltd. United Bank Ltd.
Registered Office	23-Shahrah-e-Quaid-e-Azam, Lahore.

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HORIZONTAL ANALYSIS

BALANCE SHEET ITEMS

ASSETS

	2015		2014		2013
	Rupees	%	Rupees	%	Rupees
			Restated	Restated	
Cash and other equivalents	407,209	103.79	199,821	94.15	102,922
Current and other accounts	11,509,620	17.04	9,833,782	(0.54)	9,887,023
Deposits maturing within 12 months	500,000	-	500,000	-	500,000
Long Term Investment	7,504,695	-	7,504,695	(2.45)	7,692,855
Prepayment-prepaid reinsurance premium	507,494	72.74	293,796	(30.75)	424,265
Premium due but unpaid	221,904	-	63,546	-	-
Deferred commission	570,493	121.17	257,940	-	156,788
Reinsurance recoveries against outstanding claims	-	(100.00)	138,856	#DIV/0!	-
Taxation - payments less provision	1,054,991	210.44	339,834	86.54	182,181
Security deposits	101,216	30.75	77,414	-	77,414
Sundry receivables	1,656,707	(11.10)	1,863,595	260.73	516,624
Land	2,135,362,499	10.07	1,939,975,000	-	1,939,975,000
Buildings	65,213,791	39.31	46,811,283	(5.00)	49,275,035
Furniture, Fixture & Office Equipment	233,566	(1.76)	237,752	(6.52)	254,346
Motor Vehicles	860,101	(19.96)	1,074,609	(20.11)	1,345,038

2,225,704,285	10.78	2,009,171,923	(0.06)	2,010,389,489
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SHAREHOLDERS' EQUITY AND LIABILITIES

Paid up Share Capital	500,000,000	66.67	300,000,000	-	300,000,000
Reserves	8,528,766	2.76	8,299,736	4.03	7,978,145
Accumulated profit	9,896,660	7.46	9,209,568	11.70	8,244,797
Surplus on Revaluation of Fixed Assets	1,679,912,140	0.47	1,672,017,565	(0.10)	1,673,664,190
Provision for Outstanding Claims (including IBNR)	100,876	(79.36)	488,650	86.65	261,800
Premium deficiency reserve	738,127	#DIV/0!	-	(100.00)	-
Provision for unearned premium	3,324,636	125.78	1,472,507	#REF!	1,489,365
Commission income unearned	155,969	56.04	99,955	#DIV/0!	-
Deferred liabilities	19,953,711	36.75	14,591,469	-	15,650,152
Amount due to other insurers / reinsurers	959,174	2.39	936,780	(10.52)	1,046,903
Other Creditors and Accruals	1,853,342	4.42	1,774,807	0.09	1,773,251
Dividend payable	280,885	-	280,885	-	280,885
	2,225,704,285	10.78	2,009,171,923	(0.06)	2,010,389,489

PROFIT & LOSS ACCOUNT

Net Premium Revenue	4,082,205	84.57	2,211,725	38.39	1,598,140
Net Claims	(469,844)	48.46	(316,472)	11.68	(283,385)
Premium deficiency reserve	(738,127)	#DIV/0!	-	#DIV/0!	-
Expenses	(6,602,654)	49.90	(4,404,599)	(34.84)	(6,759,215)
Net Commission	(421,487)	19.04	(354,085)	96.95	(179,789)
Investment Income	5,095,010	35.17	3,769,461	19.77	3,147,276
Rental Income	5,361,411	4.01	5,154,808	(1.47)	5,231,798
Other Income	50,272	105.03	24,519	91.60	12,797
General and Administrative Expenses	(5,750,419)	28.77	(4,465,714)	154.44	(1,755,099)
Taxation-net	(309,754)	(7.06)	(333,279)	54.70	(215,434)
Profit after tax	916,122	(28.78)	1,286,363	61.38	797,089



VERTICAL ANALYSIS

VERTICAL ANALYSIS

	2015		2014		2013
	Rupees	%	Rupees	%	Rupees
BALANCE SHEET ITEMS			Restated	Restated	
ASSETS					
Cash and other equivalents	407,209	0.02	199,821	0.01	102,922
Current and other accounts	11,509,620	0.52	9,833,782	0.49	9,887,023
Deposits maturing within 12 months	500,000	0.02	500,000	0.02	500,000
Long Term Investment	7,504,695	0.34	7,504,695	0.37	7,692,855
Prepayment-prepaid reinsurance premium	507,494	0.02	293,796	0.01	424,265
Premium due but unpaid	221,904	0.01	63,546	0.00	-
Deferred commission	570,493	0.03	257,940	0.01	156,788
Reinsurance recoveries against outstanding claims	-	-	138,856	0.01	-
Taxation - payments less provision	1,054,991	0.21	339,834	#DIV/0!	182,181
Security deposits	101,216	0.02	77,414	0.03	77,414
Sundry Receivables	1,656,707	0.07	1,863,595	0.09	516,624
Land	2,135,362,499	95.94	1,939,975,000	96.56	1,939,975,000
Buildings	65,213,791	2.93	46,811,283	2.33	49,275,035
Furniture, Fixture & Office Equipment	233,566	0.01	237,752	0.01	254,346
Motor Vehicles	860,101	0.04	1,074,609	0.05	1,345,038
	<u>2,225,704,285</u>	<u>100.00</u>	<u>2,009,171,923</u>	<u>#DIV/0!</u>	<u>2,010,389,489</u>
SHAREHOLDERS' EQUITY AND LIABILITIES					
Paid up Share Capital	500,000,000	22.46	300,000,000	14.93	300,000,000
Reserves	8,528,766	0.38	8,299,736	0.41	7,978,145
Accumulated profit	9,896,660	0.44	9,209,568	0.46	8,244,797
Surplus on Revaluation of Fixed Assets	1,679,912,140	75.48	1,672,017,565	83.22	1,673,664,190
Provision for Outstanding Claims (including IBNR)	100,876	0.00	488,650	0.02	261,800
Premium deficiency reserve	738,127	0.03	-	-	-
Provision for unearned premium	3,324,636	0.15	1,472,507	0.07	1,489,365
Commission income unearned	155,969	0.01	99,955	0.00	-
Deferred liabilities	19,953,711	0.90	14,591,469	0.73	15,650,152
Amount due to other insurers / reinsurers	959,174	0.04	936,780	0.05	1,046,903
Other Creditors and Accruals	1,853,342	0.08	1,774,807	0.09	1,773,251
Dividend payable	280,885	0.01	280,885	0.01	280,885
	<u>2,225,704,285</u>	<u>99.99</u>	<u>2,009,171,923</u>	<u>99.99</u>	<u>2,010,389,489</u>
PROFIT & LOSS ACCOUNT					
Net Premium Revenue	4,082,205	27.98	2,211,725	19.82	1,598,140
Net Claims	(469,844)	(3.22)	(316,472)	(2.84)	(283,385)
Premium deficiency reserve	(738,127)	#DIV/0!	-	#DIV/0!	-
Expenses	(6,602,654)	(45.26)	(4,404,599)	(39.47)	(6,759,215)
Net Commission	(421,487)	(2.89)	(354,085)	(3.17)	(179,789)
Investment Income	5,095,010	34.92	3,769,461	33.77	3,147,276
Rental Income	5,361,411	36.75	5,154,808	46.19	5,231,798
Other Income	50,272	0.34	24,519	0.22	12,797
General and Administrative Expenses	(5,750,419)	(39.42)	(4,465,714)	(40.01)	(1,755,099)
Taxation-net	(309,754)	(2.12)	(333,279)	(2.99)	(215,434)
Profit after tax	296,614	2.03	1,286,363	11.53	797,089



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, 2015 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

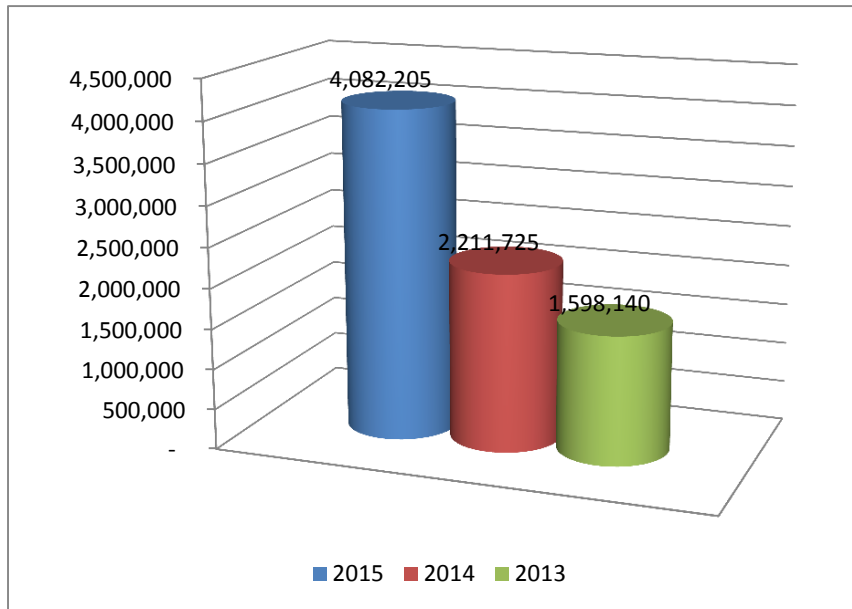
We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis,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

- (a) in our opinion, proper books of accounts have been kept by the Society as required by the Insurance Ordinance, 2000 and the Cooperative Societies Act, 1925.
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Cooperative Societies Act, 1925 and accurately reflect the books and records of the Society and are further in accordance with accounting policies consistently applied except for the changes stated in note 5.17 with which we concur;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Society's affairs as at 31 December 2015 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Cooperative Societies Act, 1925; and
- (c) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

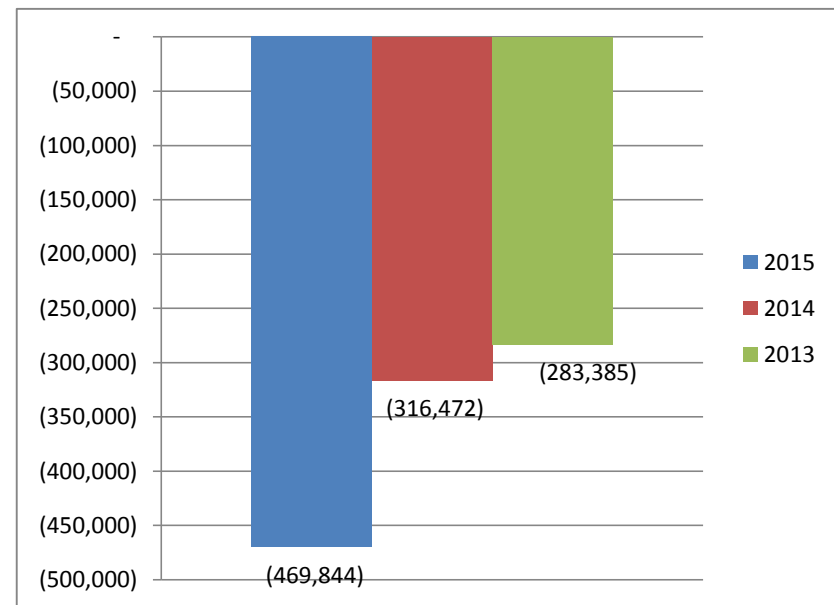
Lahore.
Date: April 27, 2016

Mumtaz Balouch & Co.
Chartered Accountants
Engagement Partner: Mumtaz Hussain Baloch

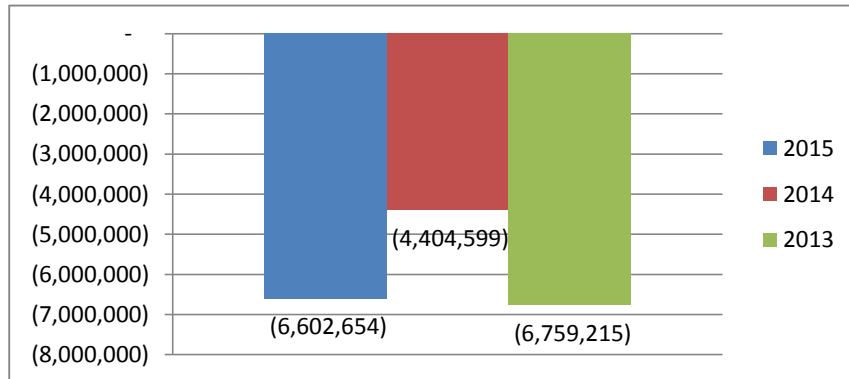
Net Premium Revenue
Rupees



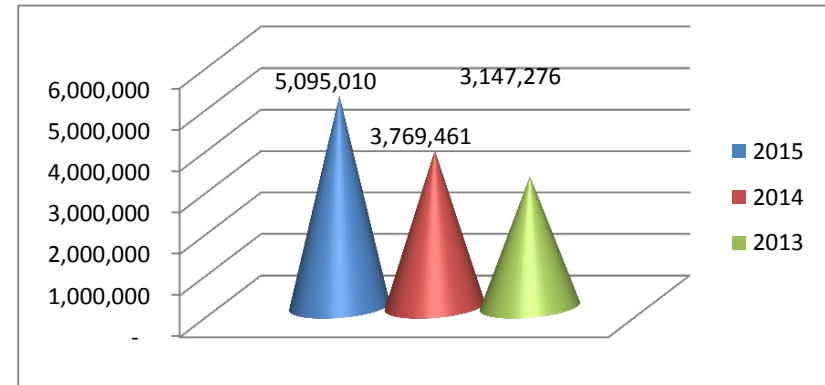
Claims Paid
Rupees



Management Expenses
Rupees

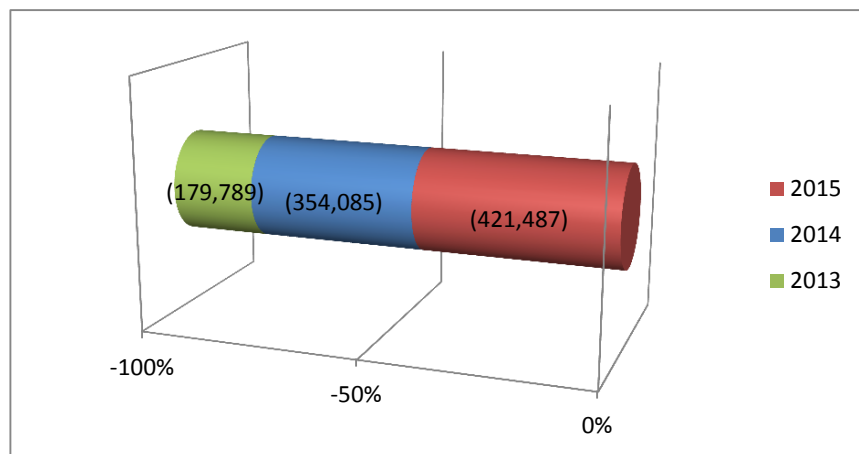


Investment Income
Rupees



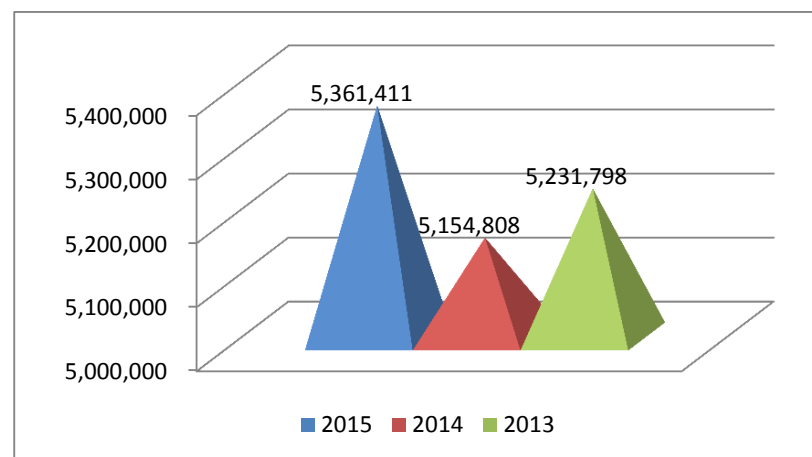
Net Commission

Rupees



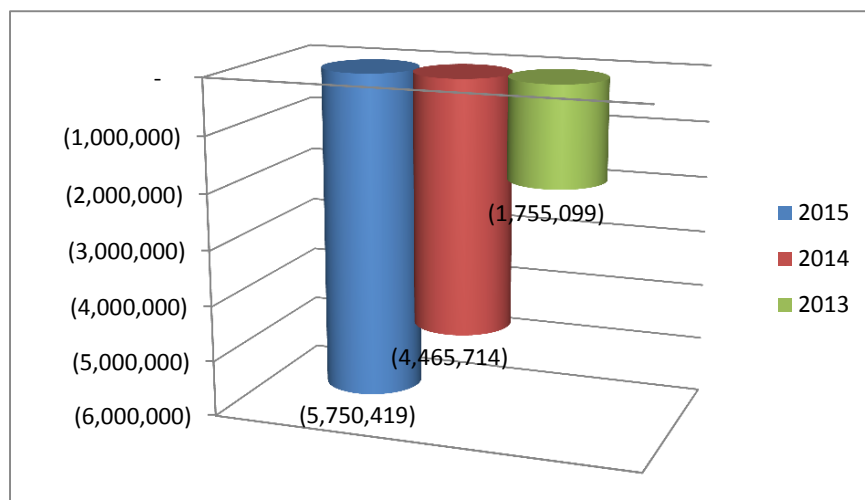
Rental Income

Rupees



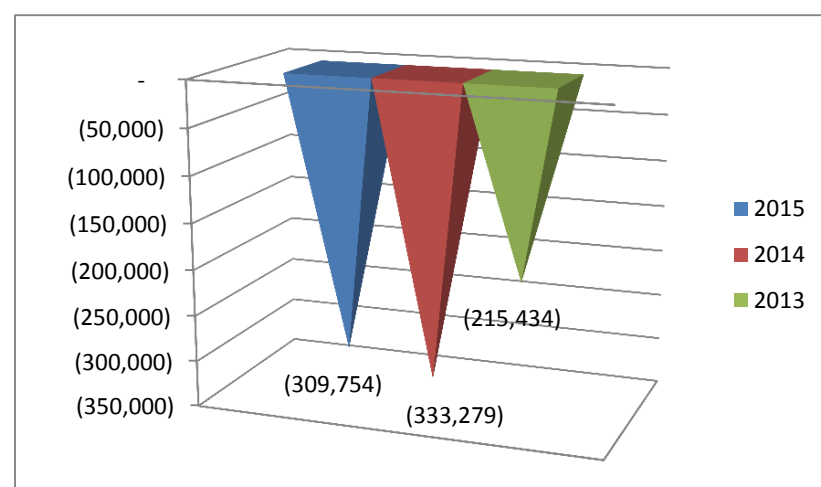
General and Administrative Expenses

Rupees

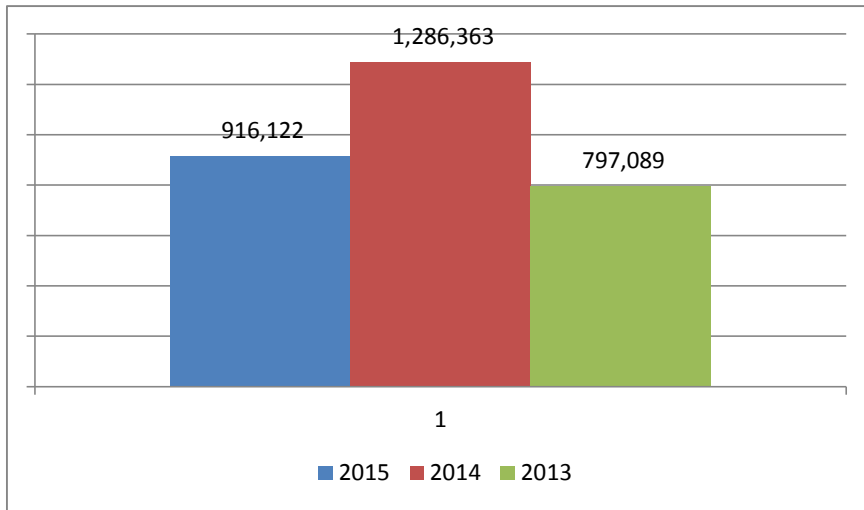


Income Tax

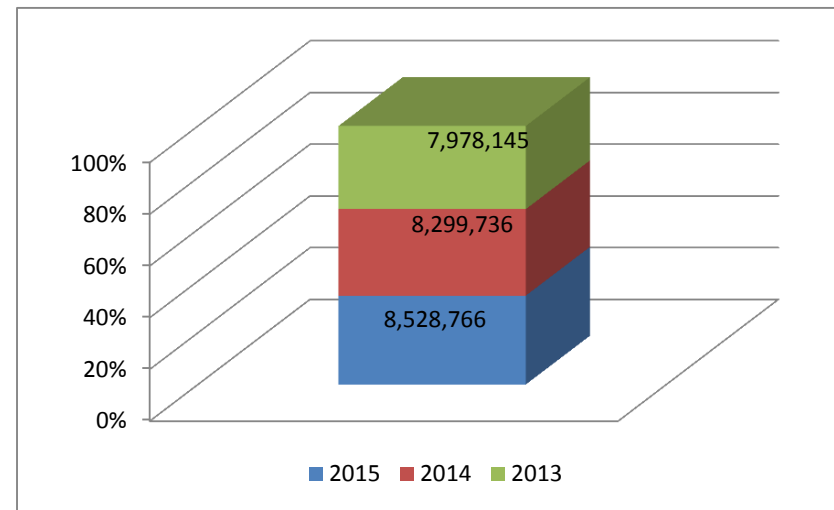
Rupees



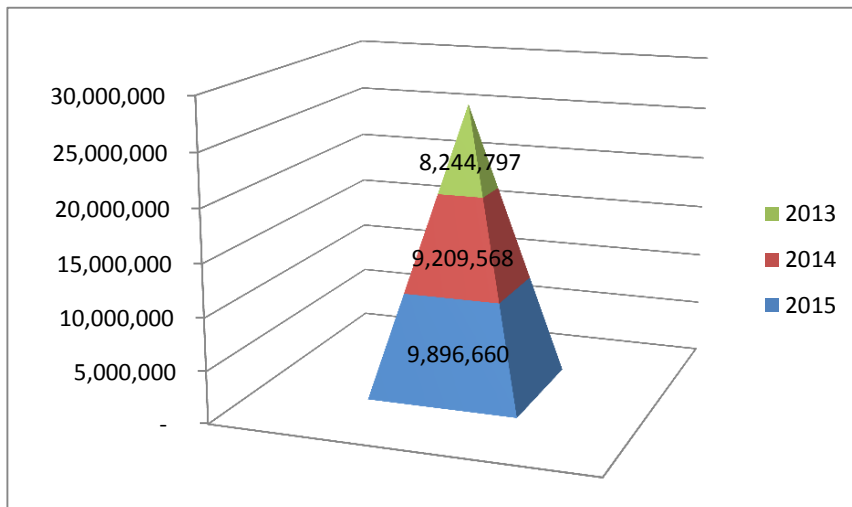
Profit after Tax
Rupees



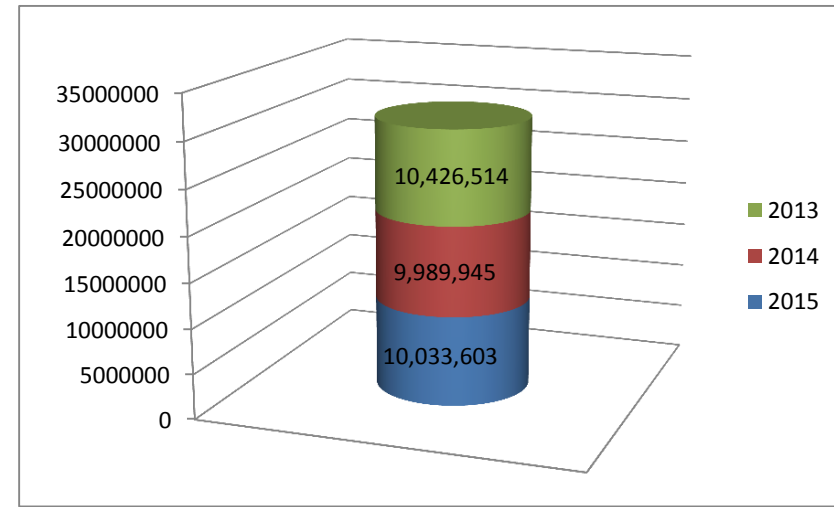
Reserves
Rupees



Accumulated Profits
Rupees



Cash & Bank Balances
Rupees





DIRECTORS' REPORT

The directors of your Society are pleased to place before you the financial results of the Society along with the audited accounts for the year ended December 31, 2015.

During the year the Society's performance has improved as compared to previous year. The premium underwritten during the year increased to Rs 6.624 million as against Rs 2.875 million in the preceding year. The underwriting results are in negative due to high fixed cost as compared to the business underwritten. However, there is profit after tax of Rs 0.916 million due to support of investment income and rental income. The key financials are detailed below.

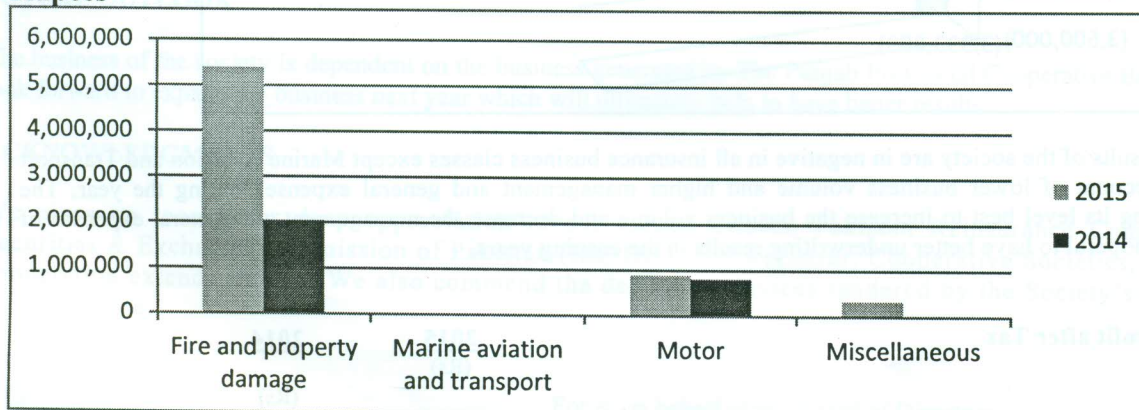
KEY FINANCIAL DATA

Gross Premium

	2015 (Rs)	2014 (Rs)
Fire	5,394,667	2,040,327
Marine	1,370	25,223
Motor	902,275	807,387
Miscellaneous	325,735	2,020
	6,624,047	2,874,956

Comparison of Gross Premium

Rupees



The gross premium income has increased by 130.41% as compared to previous year even though this does not have a positive impact on the underwriting results of the society for the year under review but this increase has helped Society in improving its credit rating to BB- (Double B minus) from B+ (B plus).

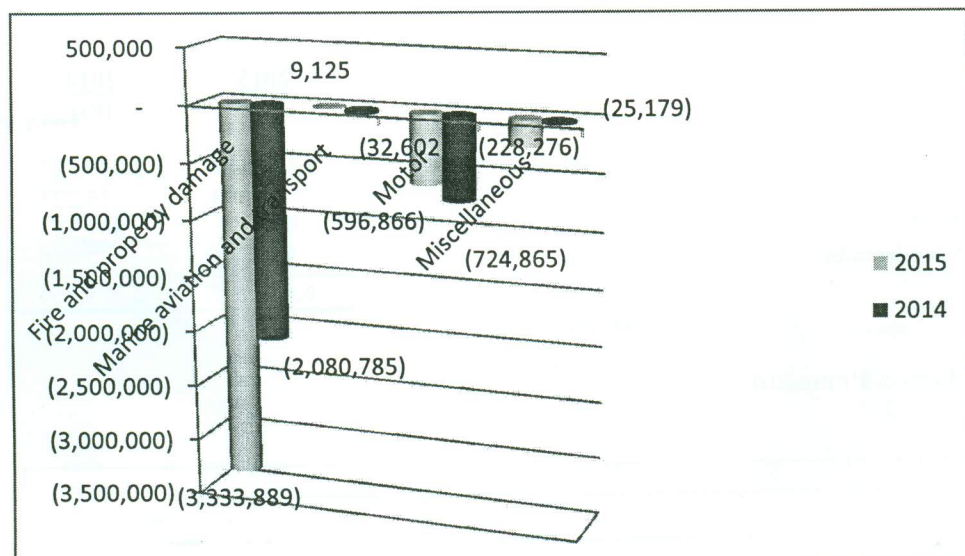


Underwriting Result

	2015 (Rs)	2014 (Rs)
		(Restated)
Fire	(3,333,889)	(2,080,785)
Marine	9,125	(32,605)
Motor	(596,866)	(724,865)
Miscellaneous	(2,28,276)	(25,179)
	(4,149,906)	(2,863,431)

Comparison of Underwriting Results

Rupees



The underwriting results of the society are in negative in all insurance business classes except Marine Aviation and Transport class. This is on account of lower business volume and higher management and general expenses during the year. The management is trying its level best to increase the business volume and decrease the management and general expenses of your society and is hopeful to have better underwriting results in the ensuing years.

Profit after Tax

2015 (Rs)	2014 (Rs)
	(Restated)

916,122 1,286,363

Your Society has earned a net profit of Rs.916,122/- in the current year as against profit of Rs.1,286,363/- in the previous year which is 28.78% less as compared to previous year. This is due to significant increase in management expenses, general expenses, and the underwriting loss.



BOARD MEETINGS

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

Sh. Anwar-ul-Haq Piracha	3
Sh. Aziz-ul-Haq Piracha	1
Ch. Akhtar Mehmood	4
Nadeem Akram Khan	4
Muhammad Asif Inayat Shahani	4
Col. (R) Muhammad Jamil	4
Rai Ijaz Ahmed Khan	2
Farooq Azam	2
Hassan Zaheer	4

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

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

FUTURE OUTLOOK

The business of the society is dependent on the business generated by The Punjab Provincial Cooperative Bank Limited. We look forward to expand the business next year which will ultimately help to have better results.

ACKNOWLEDGMENTS

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

For & on behalf of the Board of Directors.

Sh. Aziz-ul-Haq Piracha
Chairman

Lahore

Dated: April 27, 2016.

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

BALANCE SHEET AS AT DECEMBER 31, 2015

	Note	2015 Rupees	2014 Rupees Restated
Share Capital and Reserves			
Authorised share capital			
50,000,000 ordinary shares of Rs. 10/- each		500,000,000	300,000,000
Paid-up share capital (50,000,000 ordinary shares of Rs. 10/- each)		500,000,000	300,000,000
Reserves	6	8,528,766	8,299,736
Accumulated profit		9,896,660	9,209,568
		518,425,426	317,509,305
Surplus on revaluation of fixed assets	7	1,679,912,140	1,672,017,565
Underwriting provisions			
Provision for outstanding claims (including IBNR)		100,876	488,650
Premium deficiency reserve		738,127	-
Provision for unearned premium		3,324,636	1,472,507
Commission income unearned		155,969	99,955
Total underwriting provisions		4,319,608	2,061,112
Deferred liabilities	8	19,953,711	14,591,469
Creditors and accruals			
Amount due to other insurers / reinsurers		959,174	936,780
Other creditors and accruals	9	1,853,342	1,774,807
		2,812,516	2,711,587
Other Liabilities			
Dividend payable		280,885	280,885
TOTAL LIABILITIES		27,366,720	19,645,053
CONTINGENCIES AND COMMITMENTS	10	-	-
TOTAL EQUITY AND LIABILITIES		2,225,704,285	2,009,171,923

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

Sh. Aziz-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director/CEO

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

BALANCE SHEET AS AT DECEMBER 31, 2015

	Note	2015 Rupees	2014 Rupees Restated
Cash and bank deposits			
Cash and other equivalents		407,209	199,821
Current and other accounts		11,509,620	9,833,782
Deposits maturing within 12 months		500,000	500,000
		12,416,829	10,533,603
Long term investments	11	7,504,695	7,504,695
Current assets - others			
Premium due but unpaid		221,904	63,546
Prepayment-prepaid reinsurance premium		507,494	293,796
Deferred commission		570,493	257,940
Reinsurance recoveries against outstanding claims		-	138,856
Taxation - payments less provision		1,054,991	339,834
Security deposits		101,216	77,414
Sundry receivables	12	1,656,707	1,863,595
		4,112,805	3,034,981
Fixed assets - tangible and intangible	13		
Tangible			
Land		2,135,362,499	1,939,975,000
Buildings		65,213,791	46,811,283
Furniture, fixture and office equipment		233,566	237,752
Motor vehicles		860,101	1,074,609
		2,201,669,957	1,988,098,644
		2,225,704,285	2,009,171,923

The annexed notes 1-23 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, 2015

	Note	Fire and Property Damage	Marine Aviation & Transport	Motor	Miscellaneous	2015 Aggregate Rupees	2014 Aggregate Restated Rupees
Revenue Account.							
Net premium revenue		3,166,649	20,347	764,229	130,980	4,082,205	2,211,725
Net claims		(276,173)	(6,195)	(187,476)	-	(469,844)	(316,472)
Premium deficiency reserve		(553,893)	(50)	(162,905)	(21,278)	(738,127)	-
Expenses	14	(5,377,244)	(1,365)	(899,361)	(324,683)	(6,602,654)	(4,404,599)
Net commission		(293,228)	(3,611)	(111,353)	(13,294)	(421,487)	(354,085)
Underwriting results		<u>(3,333,889)</u>	<u>9,125</u>	<u>(596,866)</u>	<u>(228,276)</u>	(4,149,906)	(2,863,431)
Investment income						5,095,010	3,769,461
Rental income						5,361,411	5,154,808
Other income	16					50,272	24,519
General and administration expense	17					(5,750,419)	(4,465,714)
Profit before tax						606,368	1,619,643
Taxation-current year						(213,687)	(580,938)
-Deferred						523,441	247,659
						309,754	(333,279)
Profit after tax						916,122	1,286,363
Profit and Loss Appropriation Account.							
Accumulated profit/(loss) brought forward						9,209,568	8,244,797
Profit after tax for the year						916,122	1,286,363
Transfer to general reserve						(229,030)	(321,591)
Accumulated profit carried forward						9,896,660	9,209,568
Earnings per share - basic and dilute	18					0.02	0.04

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

Sh. Aziz-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director/CEO

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, 2015

	Paid up Share Capital	Reserves	Accumulated (Loss)/profit	Total
.....Rupees.....				
Balance as at 01-01-2014	300,000,000	7,978,145	8,244,797	316,222,942
Profit for the year	-	-	1,286,363	1,286,363
Transfer during the year	-	321,591	(321,591)	-
Balance as at 31-12-2014 - Restated	300,000,000	8,299,736	9,209,569	317,509,305
Transfer from revaluation surplus	200,000,000	-	-	200,000,000
Profit for the year	-	-	916,122	916,122
Transfer during the year	-	229,030	(229,030)	-
Balance as at 31-12-2015	500,000,000	8,528,766	9,896,661	518,425,426

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

Sh. Aziz-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director/CEO

Nadeem Akram Khan
Director

Fateh Khan Niazi
Asstt: General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 Rupees	2014 Rupees Restated
Operating Cash Flows		
a) Underwriting Activities		
Premium received	6,465,689	2,811,410
Reinsurance premium paid	(881,019)	(659,744)
Claims paid	(948,697)	(228,480)
Reinsurance and other recoveries received	229,937	-
Commission paid	(921,106)	(510,457)
Commission received	243,082	155,174
Other underwriting payments	(1,046,458)	(546,072)
Other underwriting receipts	1,075,558	500,259
Net cash flows from underwriting activities	4,216,986	1,522,090
b) Other operating activities		
Income tax paid	(928,844)	(738,591)
General management expenses paid	(6,602,654)	(6,829,378)
Other operating payments	(5,493,378)	(3,137,176)
Other operating receipts	389,154	153,816
	(12,635,722)	(10,551,329)
Total cash flows from other operating activities	(8,418,736)	(9,029,239)
Investment activities		
Profit / return received	34,867	43,322
Dividends received	5,060,143	3,914,299
Rent received	5,244,417	5,116,975
Proceeds from disposal of fixed assets	-	12,850
Fixed capital expenditure	(37,465)	(14,550)
Total cash flow from investing activities.	10,301,962	9,072,896
Financing Activities	-	-
Total cash flows from all activities	1,883,226	43,657
Cash and cash equivalent at the beginning of the year	10,533,603	10,489,945
Cash and cash equivalent at the end of the year	12,416,829	10,533,603

**2015
Rupees**

**2014
Rupees
Restated**

Reconciliation to profit and loss account.

Operating cash flow	(8,418,736)	(9,029,239)
Depreciation expense	(246,409)	(300,352)
Increase / decrease in assets other than cash	960,830	1,639,877
Increase / decrease in liabilities other than running finance	(2,359,425)	(201,380)
Interest, dividend, rental and deferred income/(expense)	10,979,862	9,171,930
Profit / (loss) on sale of fixed assets	-	5,527
Profit after taxation	916,122	1,286,363

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

i) Cash and cash equivalents	407,209	199,821
ii) Cash at current accounts	11,509,620	9,833,782
iii) Cash at deposit accounts	500,000	500,000
	12,416,829	10,533,603

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

Sh. Aziz-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director/CEO

Nademm 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, 2015

Class	Premiums written Rs.	Unearned premium reserve		Premium earned Rs.	Reinsuranc e ceded Rs.	Prepaid reinsurance premium ceded		Reinsuranc e expenses Rs.	2015 net premium revenue Rs.	2014 Net Premium Revenue Rs.
		Opening Rs.	Closing Rs.			Opening Rs.	Closing Rs.			
Direct and Facultative										
Fire and property damage	5,394,667	1,040,937	2,717,738	3,717,866	766,247	227,441	442,472	551,216	3,166,649	1,605,299
Marine aviation and transport	1,370	19,032	55	20,347	-	-	-	-	20,347	6,191
Motor	902,275	411,300	445,180	868,395	100,000	58,333	54,167	104,166	764,229	621,546
Miscellaneous	325,735	1,239	161,663	165,312	37,166	8,021	10,856	34,332	130,980	(21,312)
	6,624,047	1,472,508	3,324,636	4,771,920	903,413	293,795	507,494	689,714	4,082,205	2,211,725

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

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Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

STATEMENT OF CLAIMS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. Business underwritten Inside Pakistan

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 outstanding claims		Reinsurance and other recoveries revenue Rs.	2015	2014
						Opening Rs.	Closing Rs.		Net Claims expenses Rs.	Net Claims expenses Rs.
Direct and Facultative										
Fire and Property Damage	813,902	446,650	-	367,252	229,937	138,858	-	91,079	276,173	307,792
Marine Aviation and Transport	6,195	-	-	6,195	-	-	-	-	6,195	-
Motor	128,600	42,000	100,876	187,476	-	-	-	-	187,476	8,680
Miscellaneous	-	-	-	-	-	-	-	-	-	-
	948,697	488,650	100,876	560,923	229,937	138,858	-	91,079	469,844	316,472

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

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Chairman

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Director/CEO

Nademm 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, 2015

Class	Commissions Paid or Payable	Deferred Commission		Net Commissions Expenses	Other Management Expenses	Underwriting Expenses	Commissions from reinsurers (Note No. 15)	2015	2014
		Opening	Closing					Net underwritin g expenses	Net underwriting expenses
								Rs.	Restated Rs.
Direct and Facultative	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Fire and Property Damage	772,175	184,531	477,637	479,069	5,377,244	5,856,313	185,841	5,670,472	3,378,293
Marine Aviation and Transport	196	3,456	41	3,611	1,365	4,976	0	4,976	38,793
Motor	110,499	69,720	68,866	111,353	899,361	1,010,714	0	1,010,714	1,337,731
Miscellaneous	38,236	234	23,949	14,521	324,683	339,205	1,227	337,978	3,867
	<u>921,106</u>	<u>257,940</u>	<u>570,493</u>	<u>608,554</u>	<u>6,602,654</u>	<u>7,211,208</u>	<u>187,068</u>	<u>7,024,141</u>	<u>4,758,684</u>

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

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Chairman

Ch. Akhter Mahmood
Director/CEO

Nadem 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, 2015

	2015	2014
Income from Non-Trading Investments.	Rupees	Rupees
<u>Held to Maturity:</u>		
Return on Other Fixed Income Securities and Deposits	34,867	43,322
<u>Available For Sale:</u>		
Dividend Income.	5,060,143	3,914,299
	5,095,010	3,957,621
Less: Provision for impairment	-	188,160
Net Investment Income.	5,095,010	3,769,461

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

Sh. Aziz-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director/CEO

Nademm Akram Khan
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

YEAR ENDED DECEMBER 31, 2015

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. Use of Judgments and Estimates

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

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

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

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

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

5. Significant Accounting Policies.

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

5.1. Investment.

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

5.1.1. Held-to-maturity.

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

5.1.2. Available-for-sale.

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

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

5.2. Reserve for Unexpired Risk.

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

5.3. Premium Deficiency Reserve.

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

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

5.4. Premium due but Unpaid.

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

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

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

5.6. Amount due to Other Insurers/Reinsurers.

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

5.7 Claims

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

5.8. Provision for Outstanding Claims (including IBNR)

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

5.9. Deferred Commission Expense and Deferred Acquisition Costs.

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

5.10. Cash & Cash Equivalents.

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

5.11. Fixed Assets.

Owned.

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

Leased.

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

5.12. Surplus on Revaluation of Fixed Assets.

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

5.13. Revenue Recognition.

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

5.14. Taxation.

Current

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

Deferred

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

5.15. Expenses of Management.

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

5.16. Zakat.

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

5.17. Change in Accounting Treatment

During the year the commission income has been deferred as per the provisions of the Insurance Ordinance, 2000 to match the pattern of recognition of premium income.

The above change has been accounted for retrospectively and the comparative information has been restated.

		2015 Rupees	2014 Rupees Restated
6. RESERVES			
Capital reserve.		3,295,965	3,295,965
General reserve.	6.1	5,232,801	5,003,771
		<u>8,528,766</u>	<u>8,299,736</u>

6.1 General Reserve

Opening balance	5,003,771	4,682,180
Add: Transfer during the year @ 25% of profit	229,030	321,591
	<u>5,232,801</u>	<u>5,003,771</u>

**7. SURPLUS ON REVALUATION OF PROPERTY,
PLANT & EQUIPMENT**

Opening balance	1,672,017,565	1,673,664,190
Add: Surplus on revaluation during the year	216,466,339	-
Less: Deferred tax liability on surplus on revaluation	(6,745,228)	-
Less: Incremental depreciation	(2,686,081)	(2,457,650)
Add: Deferred tax liability	859,546	811,024
Less: Surplus transferred to Share Capital	(200,000,000)	-
	<u>1,679,912,140</u>	<u>1,672,017,565</u>

During the year, 2015 the Land and Buildings of the Society got revalued by an independent valuer M/s Muhammad Siddique Associates (Pvt) Ltd, an approved valuer of Pakistan Bank's Association on September 04, 2015.

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

8. DEFERRED LIABILITIES

Deferred tax liability	<u>19,953,711</u>	<u>14,591,469</u>
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		2015	2014
		Rupees	Rupees
9. OTHER CREDITORS & ACCRUALS			
Duties and Taxes Payable.		106,786	77,685
Rent Securities.		1,255,000	1,255,000
Bonus Payable		404,379	351,557
Other Payables		87,177	90,565
		1,853,342	1,774,807

10. CONTINGENCIES & COMMITMENTS

The income tax returns have been e-filed up to tax year 2015 (corresponding accounting year 31-12-2014). Tax audit for the tax year 2012 (accounting year 31-12-2011) was conducted by the tax department resulting in a demand of Rs 1,134,971/- which was quashed in the appeal before the first appellate authority. The tax was however retrieved from the bank accounts of the Society which was shown as refund as a result of success of appeal. During the year, the tax department repeated the same order for the same year without providing opportunity of being heard. The Society has preferred appeal before the first appellate authority and is confident that the order shall be set aside as the same order has already been annulled. Therefore, no provision has been provided in these financial statements in this respect.

		2015	2014
		Rupees	Rupees
11. LONG TERM INVESTMENT			
Held to Maturity	11.1	2,511,450	2,511,450
Available for Sale	11.2	4,993,245	4,993,245
		7,504,695	7,504,695

11.1 Held to Maturity

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

11.2 Available for Sale

11.2.1 Listed Equities

	Number of Certificates		Face Value Per Certificate	Company's Name	2015	2014
	2015	2014			Rupees	Rupees
1	779,998	779,998	10	Pakistan Re-insurance Company Ltd	131,620	131,620
2	5,444	5,444	10	Zeal Pakistan Cement Factory Limited	190,555	190,555
3	163,692	163,692	10	Feroze sons Laboratories Ltd	181,030	181,030
					503,205	503,205
				Less: provision for impairment	(188,160)	(188,160)
					315,045	315,045

The market value of listed equities as at December 31, 2015 was Rs: 207,596,002 (2014: Rs 114,938,043)

11.2.2 Unlisted Equities

	Number of Certificates		Face Value	Company's Name	2015	2014
	2015	2014			Rupees Cost	Rupees Cost
1	40,000	40,000	10	Akbar Textile Mills Ltd.	200,000	200,000
2	6	6	100	Punjab Provincial coop. Cotton Corp. Ltd.	600	600
3	250	250	100	Coop. Investment Management Agency	25,000	25,000
4	44,426	44,426	100	Punjab Provincial Coop. Bank Limited	4,442,600	4,442,600
5	100	100	100	National Cooperative Supply Corporation	10,000	10,000
					4,678,200	4,678,200
					4,993,245	4,993,245

12. SUNDRY RECEIVABLE

Rent Receivable	395,720	278,726
Income Taxes	1,134,971	1,134,971
Staff advance	97,500	126,000
Others	28,516	323,898
	1,656,707	1,863,595

13. FIXED ASSETS - TANGIBLE

Particulars	WDV				Depreciation		Written Down Value As At 31-12-2015
	Balance 01-01-2015	Addition	Deletion	Balance	Rate	For the year	
Owned Assets							
Land	2,416,625	-	-	2,416,625	-	-	2,416,625
Land - Revaluation surplus	1,937,558,375	195,387,500		2,132,945,875	-	-	2,132,945,874
Buildings	115,943	16,365	-	132,308	5%	6,615	125,693
Building - Revaluation surplus	46,695,341	21,078,839	-	67,774,180	5%	2,686,081	65,088,098
Motor Vehicles	1,070,477	-	-	1,070,477	20%	214,095	856,382
Furniture & Fixtures	168,457	-	-	168,457	10%	16,846	151,610
Office Equipment	69,025	21,100	-	90,125	10%	8,413	81,713
Cycle	4,133	-	-	4,133	10%	413	3,720
Sui Gas Installation	270	-	-	270	10%	27	243
Rupees 31-12-2015	1,988,098,645	216,503,804	-	2,204,602,450		2,932,490	2,201,669,957

13.1 FIXED ASSETS - TANGIBLE

Particulars	WDV				Depreciation		Written Down Value As At 31-12-2014
	Balance 01-01-2014	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	122,045	-	-	122,045	5%	6,102	115,943
Building - Revaluation surplus	49,152,990	-	-	49,152,990	5%	2,457,650	46,695,340
Motor Vehicles	1,340,447	-	2,350	1,338,097	20%	267,620	1,070,477
Furniture & Fixtures	192,575	-	5,400	187,175	10%	18,718	168,457
Office Equipment	61,471	14,550	-	76,021	10%	6,996	69,025
Cycle	4,592	-	-	4,592	10%	459	4,133
Sui Gas Installation	300	-	-	300	10%	30	270
Rupees 31-12-2014	1,990,849,420	14,550	7,750	1,990,856,220		2,757,575	1,988,098,644

	2015 Rupees	2014 Rupees Restated
14. MANAGEMENT EXPENSES		
Salaries, Wages & Benefits.	5,216,859	3,118,171
Rent, Taxes, Electricity etc.	560,410	535,699
Communication.	228,056	182,978
Printing & Stationery.	201,744	189,287
Travelling & Entertainment.	234,636	172,145
Other Expenses.	160,949	206,319
	6,602,654	4,404,599

15 COMMISSION FROM REINSURERS

	Commission received or receivable	Unearned Commission		Commission from reinsurers	Commission from reinsurers
		Opening	Closing		
Fire and property damage	239,686	99,955	153,800	185,841	55,219
Marine, aviation and transport	-	-	-	-	-
Motor	-	-	-	-	-
Miscellaneous	3,396	-	2,169	1,227	-
	243,082	99,955	155,969	187,068	55,219

16. OTHER INCOME

Miscellaneous Receipts	50,272	18,992
Profit on sale of vehicles	-	5,527
	50,272	24,519

17. GENERAL & ADMINISTRATIVE EXPENSES

Salaries, Wages, & Benefits	1,776,608	1,541,286
Travelling and Car running expenses	960,819	692,825
Rent & Taxation	600,000	-
Repair & Maintenance	271,775	201,690
advertisement & publicity	28,000	26,000
Fee & Subscription	237,000	226,000
Bank charges	59,680	31,933
General charges	62,283	17,501
Donations & Charity	5,000	125,000
Bonus	303,742	284,384
Provident Fund	66,073	63,658
Legal & Professional Charges	17.1 1,133,030	955,085
Depreciation	246,409	300,352
	5,750,419	4,465,714

17.1 Auditor's Remuneration

Audit Fee - Society accounts	80,000	80,000
Audit Fee - Provident fund accounts	10,000	10,000
Certification fee	10,000	7,500
	100,000	97,500

18 EARNINGS PER SHARE

18.1 Basic earnings per share

Profit for the year	916,122	1,286,363
Number of ordinary shares	50,000,000	30,000,000
earnings per share	0.02	0.04

18.2 Diluted earnings per share

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

19.1 Insurance Risk

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.

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.

The Society's 100% arrangement of reinsurance is dependent on Pakistan Resinsurance Company Limited which is a government owned company with sound and stable financial outlook and credit rating.

19.1.1 Frequency and severity of claims

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:

	2015				2014			
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	-	-	82	81	91	88	71	69
Marine, aviation and transport	-	-	0	0	-	-	1	2
Motor	100	100	13	14	9	12	28	30
Miscellaneous	-	-	5	5	-	-	0	(1)
	100	100	100	100	100	100	100	100

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

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

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

19.1.2 Sources of uncertainty in estimation of future claim payments

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

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

19.1.3 Process used to decide on assumptions

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

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

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

19.1.4 Sensitivity analysis

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

(Rupees)

Profit before tax		Shareholder's equity	
2015	2014	2015	2014

Impact of changes in claim liabilities by + 10

Fire and property damage	-	(30,779)	-	(10,157)
Marine, aviation and transport	-	-	-	-
Motor	(10,088)	(4,200)	(6,860)	(1,386)
Miscellaneous	-	-	-	-

(10,088)	(34,979)	(6,860)	(11,543)
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Impact of changes in claim liabilities by - 10

Fire and property damage	-	30,779	-	10,157
Marine, aviation and transport	-	-	-	-
Motor	10,088	4,200	6,860	1,386
Miscellaneous	-	-	-	-

10,088	34,979	6,860	11,543
--------	--------	-------	--------

19.1.5 Claim development

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

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

(Rupees)

Accident year	2011	2012	2013	2014	2015
Estimate of ultimate costs:					
-At the end of the accident year	219,800	25,000	42,000	446,650	-
-One year later	219,800	-	42,000	446,650	-
-Two years later	219,800	-	42,000	-	-
-Three years later	-	-	-	-	-
-Four years later	-	-	-	-	-
Current estimate of cumulative claims	-	-	42,000	446,650	-
Cumulative payments to date	-	-	-	481,597	-
Liability recognized in balance sheet	-	-	42,000	(34,947)	-

19.2 Financial risk

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

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

19.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its (Rupees)

	2015	2014
Financial assets		
Bank balances and deposits	12,009,620	10,333,782
Premiums due but unpaid - net - unsecured	221,904	63,546
Reinsurance recoveries against outstanding claims	-	138,856
Security deposits	101,216	77,414
Sundry receivables	1,656,707	1,863,595
	13,989,447	12,477,193

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables. As at 31 December 2015, the premiums due but unpaid (other than impaired balances) includes amount receivable within one year and above one year amounting to Rs. 221,904/- (2014: Rs. 63,546/-) and 'Nil' (2014: 'Nil') respectively.

19.2.2 Liquidity risk

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

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

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

	(Rupees)		
	2015		
	Carrying amount	Up to one year	Greater than one year
Financial Liabilities			
Provision for outstanding claims (including IBNR)	100,876	58,876	42,000
Amount due to other insurers / reinsurers	959,174	62,840	896,334
Other creditors and accruals	87,177	87,177	-
Dividend payable	280,885	-	280,885
	1,428,112	208,893	1,219,219
	2014		
	Carrying amount	Up to one year	Greater than one year
Financial Liabilities			
Provision for outstanding claims (including IBNR)	488,650	446,650	42,000
Amount to other insurers / reinsurers	936,780	40,446	896,334
Other creditors and accruals	90,565	90,565	-
Dividend payable	280,885	-	280,885
	1,796,880	577,661	1,219,219

19.2.3 Market risk

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

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

19.2.3.1 Interest rate risk

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

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

	2015						(Rupees)
	Interest / mark-up bearing					Non-interest / mark-up bearing	Total
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total		
Financial Assets							
Cash and other equivalents	5.0-9.75	500,000	-	-	500,000	11,916,829	12,416,829
Investments	-	-	-	-	-	7,504,695	7,504,695
Premiums due but unpaid - net - unsecured	-	-	-	-	-	221,904	221,904
Security deposits	-	-	-	-	-	101,216	101,216
Sundry receivables	-	-	-	-	-	1,656,707	1,656,707
		500,000	-	-	500,000	21,401,351	21,901,351
Financial Liabilities							
Provision for outstanding claims (including IBNR)	-	-	-	-	-	100,876	100,876
Amount due to other insurers / reinsurers	-	-	-	-	-	959,174	959,174
Other creditors and accruals	-	-	-	-	-	1,853,342	1,853,342
Dividend payable	-	-	-	-	-	280,885	280,885
		-	-	-	-	3,194,277	3,194,277
On-balance sheet sensitivity gap		500,000	-	-	500,000		
Total yield / mark-up rate risk sensitivity gap		500,000	-	-	500,000		

(Rupees)						
	2014					
	Interest / mark-up bearing					Total
	Effective yield %	Upto one year	Over one year to five years	Over five years	Sub total	
Financial Assets						
Cash and other equivalents	5.0-9.75	500,000	-	-	500,000	10,033,603
Investments	-	-	-	-	-	7,504,695
Premiums due but unpaid - net - unsecured	-	-	-	-	-	63,546
Reinsurance recoveries receivable against outstanding claims	-	-	-	-	-	138,856
Security deposits	-	-	-	-	-	77,414
Sundry receivables	-	-	-	-	-	1,863,595
		500,000	-	-	500,000	19,681,709
Financial Liabilities						
Provision for outstanding claims (including IBNR)		-	-	-	-	488,650
Amount due to other insurers / reinsurers		-	-	-	-	936,780
Other creditors and accruals		-	-	-	-	10,565
Dividend payable		-	-	-	-	280,885
		-	-	-	-	1,716,880
On-balance sheet sensitivity gap		500,000	-	-	500,000	
Total yield / mark-up rate risk sensitivity gap		500,000	-	-	500,000	

Sensitivity analysis

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 2015	{	100	349	237
		(100)	(349)	(237)
31 December 2014	{	100	433	290
		(100)	(433)	(290)

20. RECLASSIFICATION OF EXPENSES

During the year certain expenses which were of administrative nature and were charged to management expenses (ME), in previous year, have been reclassified as General & Administrative Expenses (G & A E) and the comparative information has been rearranged / reclassified for the purpose of comparison. This reclassification has resulted in reduction in Management Expenses by Rs. 2,424,779/-; and corresponding decrease in Underwriting Loss and decrease in General & Administrative Expenses by the same amount. However, there is no effect of above rearrangement / reclassification either on Profit Before Tax or Profit After Tax.

21. NUMBER OF EMPLOYEES

Number of employees as at December 31 2015 was 58 (2014:47)

22. DATE OF AUTHORIZATION FOR ISSUE

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

23. FIGURES

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

Sh. Aziz-ul-Haq Piracha
Chairman

Ch. Akhter Mahmood
Director/CEO

Nademm Akram Khan
Director

Fateh Khan Niazi
Asstt. General Manager



CLASSIFIED SUMMARY OF ASSETS IN PAKISTAN

AS AT DECEMBER 31, 2015

CLASS OF ASSETS	2015		2014		Valuation Basis.
	Cost or Book Value. (Rs)	Market Value. (Rs)	Cost or Book Value. (Rs) (Restated)	Market Value. (Rs)	
Cash and other equivalents	407,209	407,209	199,821	199,821	Book Value
Fixed & terms deposit with scheduled banks	12,009,620	12,009,620	10,333,782	10,333,782	Book Value
Government securities with State Bank of Pakistan	2,511,450	2,511,450	2,511,450	2,511,450	Book Value
Shares	4,993,245	212,274,202	4,993,245	119,616,243	Book Value
Premium due but unpaid	221,904	221,904	63,546	63,546	Book Value
Prepayment-prepaid reinsurance premium	507,494	507,494	293,796	293,796	Book Value
Deferred commission	570,493	570,493	257,940	257,940	Book Value
Reinsurance recoveries against outstanding claims	-	-	138,856	138,856	Book Value
Taxation - payments less provision	1,054,991	1,054,991	339,834	339,834	Book Value
Security deposits	101,216	101,216	77,414	77,414	Book Value
Sundry receivables	1,656,707	1,656,707	1,863,595	1,863,595	Book Value
Land and buildings	2,200,576,290	2,200,576,290	1,986,786,283	1,986,786,280	Market/Book Value
Furniture, fixture and office equipment	233,566	233,566	237,752	237,752	Market/Book
Motor vehicles	860,101	860,101	1,074,609	1,074,609	Book Value
Total Assets:	2,225,704,285	2,432,985,240	2,009,171,923	2,123,794,917	

Sh. Aziz-ul-Haq Piracha
Chairman

Ch. Akhtar Mahmood
Director/CEO

Nadeem Akram Khan
Director

Fateh Khan Niazi
Asstt. General Manager

THE COOPERTAIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

HEAD OFFICE

Co-operative Insurance Building,
23- Shahrah-e-Quaid-e-Azam
P.O Box No. 147, Laore-3.

Phones:
37356537,37352306,37242798
Fax: 37352794
Email: Coinsopl@Live.com

<u>Fateh Khan Niazi</u>	Asstt. general Manager	0322-9490777
Shoaib Ahmad Wasim	Financial Advisor	0300-0803060
Iftikhar-ul-Haq	Manager Finance	0300-8811473
Muhammad Ashraf	Manager Underwriting	0322-4545283
Shoaib Ahmed	Asstt. Manager Finance/Claims	0343-6244948
Ghulam Rabbani	Asstt: Manager Accounts	Res. 37239382
Muhammad Jamil Bhatti	Incharge Re-insurance	0322-4318241

ZONAL OFFICES

Lahore

M. Rashid Kitchlew Zonal Manager	23-Shahrah-e-Quaid-e-Azam, Lahore.	Res. 37113901 0300-4292277
Sattar Ahmed Zonal Manager	Shoaib Manzil, Chowk Chohan Park, Lahore.	Res. 37923661 0300-4870280 0323-4870280

REGIONAL OFFICES

Karachi

Mirza Anwar Baig Chief Manager Liaquat Ali Branch Manager	Nadir House, 3 rd Floor, P.O. Box No. 4814, I. I. Chundrigarh Road,	Off: 32411840 0300-2313632
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Multan

Hassan Faryal Bhutta Regional Manager	Chowk Katchery P.O. Box No. 119,	Off. 4548251 0300-6338415
Syed Farid-ul-Hassan		

Development Officer

BRANCH OFFICES

Bahawal Nagar

Rai Anwaar Alam
Branch Manager

Chowk Tasneem Fowara

0300-7920337
0300-7585601

Faislabad Zone

Rai Nawazish Ali
Branch Manager

Quaid-e-Azam Road Tandlianwala

0333-6581781

Gujranwala

Javed Malik
Branch Manager

58-B Trust Plaza G.T Road

0321-7441724

Sheikhupura

Aashi Malik
Branch Manager

Sheikhupura

0300-7593106
0321-7441724

Sargodha

M. Taufiq Piracha
Branch Manager

Opp. City Post Office,
Main Road, Block No. 5

Off. 3723459
Res. 3213459
0300-9609161

Rawalpindi

Muzaffar Hussain Shah
Branch Manager

53/8, Haider Road,

Off. 5566232
0333-5341722

Mianwali

Inayat Ullah Khan
Branch Manager

Bank Street

Off. 232343
0300-6098895

Okara

Abdul Rahim Gohar
Branch Manager

C/o. Haji Motors, G.T. Road,
Renala Khurd

0333-4565378

Rahim Yar Khan

Khadim Hussain Bhatti
Branch Manager

B-80, Umer Blcok,
Abbasia Town

068-5877883
0333-7453193

