



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



2024

THE COOPERATIVE INSURANCE
SOCIETY OF PAKISTAN LTD



BOARD OF DIRECTORS

Chairman	Asad-ul-Haq Piracha	
Senior Vice Chairman	Col. Saleem Masood (Rtd)	
Directors	Mst. Mah-e-Munir (Ex-Officio)	
	Mr. Ahmed Iqbal Zaheer	
	Mr. Imtiaz-ul-Hassan	
	Mr. Ghulam Shabbir Malik	
	Mst. Uzma Adil Khan	
	Mr. Muhammad Imran Akhtar	
	Mr. Ghulam Sajjad Hussain	
Auditors	Kreston Hyder Bhimji & Company	
	Chartered Accountant	
Legal Advisor	Mr. Mohammad Shakeel Ghouri , Advocate	
Bankers	Punjab Provincial Cooperative Bank Ltd	
	Allied Bank of Pakistan Ltd.	
	Bank Alfalah	
	First Women Bank	
	Muslim Commercial Bank Ltd	
	National Bank of Pakistan	
Registered Office	23 -Shahrah-e-Quaid-e-Azam, Lahore.	
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THE CO-OPERATIVE INSURANCE SOCIETY OF PAKISTAN LTD

Horizontal Analysis

Financial Statement	2024		2023		2022		2021	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%
Assets								
Property and equipments	2,349,686,530	(0.00)	2,353,034,703	0.06	2,228,032,840	(0.002)	2,232,483,850	(0.002)
Intangible Assets	-	-	-	(1.00)	50,500	(0.50)	170,200	(0.50)
Investment property								
Equity securities	96,858,600	0.10	87,907,988	0.34	75,252,292	(0.31)	70,903,000	(0.31)
Term deposits	131,398,570	0.53	85,948,956	0.28	63,941,417	0.17	92,037,809	0.17
Sundry receivables	4,011,450	0.60	2,511,450	(0.28)	3,511,450	0.36	3,011,450	0.36
Insurance / reinsurance receivables	4,047,047	(0.05)	4,253,064	0.33	3,208,037	(0.19)	2,350,743	(0.19)
Reinsurance recoveries against outstanding claims	863,435	(0.33)	1,290,667	0.58	410,739	(0.04)	507,252	(0.04)
Deferred commission expense	59,400	(0.64)	166,347	0.06	105,352	0.82	110,044	0.82
Security deposits	166,328	(0.93)	2,390,702	0.06	2,262,046	-	1,400,028	-
Taxation - payments less provision	2,214,554	36.28	59,400	-	59,400	-	59,400	-
Prepayments	2,555,972	0.08	2,357,997	0.02	2,306,304	0.11	2,071,234	0.11
Cash and bank	4,660,606	0.05	4,452,173	0.16	3,849,443	0.92	2,002,971	0.92
Total assets	7,612,076	(0.37)	12,059,288	(0.24)	15,803,521	0.29	12,266,480	0.29
Total assets of window takaful operations - Operator's fund	2,604,134,518	0.019	2,556,432,745	0.07	2,398,832,241	(0.01)	2,419,403,461	(0.01)
Equity and Liabilities								
Capital and reserves attributable to Company's equity holders								
Ordinary share capital	500,032,400	-	500,032,400	-	500,032,400	-	500,032,400	-
Reserves	1,919,633,756	0.02	1,889,628,924	0.08	1,752,768,026	(0.01)	1,774,321,289	(0.01)
Revaluation reserve	-	-	-	-	-	-	-	-
Unappropriated profit / (loss)	96,988,073	0.06	91,398,311	0.08	84,587,172	0.04	81,369,577	0.04
Total equity	2,516,654,229	0.014	2,481,059,635	0.06	2,337,387,598	(0.01)	2,355,723,266	(0.01)
Surplus on revaluation of property and equipment	-	-	-	-	-	-	-	-
Liabilities								
Underwriting provisions								
Outstanding claims including IBNR	1,728,872	0.02	1,694,965	0.39	1,219,224	0.21	1,011,646	0.21
Unearned premium reserves	14,827,652	(0.08)	16,123,883	0.07	15,065,937	0.61	9,370,003	0.61
Premium deficiency reserve	-	-	-	-	-	-	-	-
Unearned reinsurance commission	918,717	56.97	896,197	0.23	725,845	0.75	415,470	0.75
Deferred taxation	60,910,754	(0.94)	49,989,595	0.33	36,819,401	(0.25)	49,196,001	(0.25)
Insurance / reinsurance payables	2,926,905	#REF!	1,305,440	(0.17)	1,572,713	25.53	59,276	25.53
Lease Liability	-	-	-	-	-	-	-	-
Other creditors and accruals	5,929,200	(0.03)	6,124,841	0.06	5,603,334	0.69	3,425,469	0.69
Total liabilities	87,242,100	0.16	75,134,921	0.23	61,206,454	(0.04)	63,437,885	(0.04)
Total equity and liabilities	2,603,896,329	0.019	2,556,194,556	0.07	2,398,594,052	(0.01)	2,419,161,131	(0.01)
Unclaimed dividend	238,189	-	238,189	-	238,189	(0.02)	242,330	(0.02)
Total equity and liabilities	2,604,134,518	0.019	2,556,432,745	0.07	2,398,832,241	(0.01)	2,419,403,461	(0.01)
Statement of profit or loss								
Net insurance premium	24,628,791	(0.03)	25,283,214	0.51	16,745,367	(0.03)	17,242,702	(0.03)
Net insurance claims	(719,289)	(0.31)	(1,040,505)	0.49	(697,858)	9.96	(63,663)	9.96
Net commission	(3,354,633)	(0.06)	(3,551,087)	0.53	(2,316,890)	(0.15)	(2,722,228)	(0.15)
Insurance claims and acquisition expenses	(4,073,922)	(0.11)	(4,591,592)	0.52	(3,014,748)	0.08	(2,785,891)	0.08
Premium deficiency reserve	(23,051,334)	(0.03)	(23,766,542)	0.34	(17,701,944)	0.33	(13,275,794)	0.33
Management expenses	(2,496,465)	(0.19)	(3,094,920)	(0.22)	(3,971,325)	(4.36)	1,181,017	(4.36)
Underwriting results	3,315,093	0.82	1,826,149	(0.30)	2,607,032	(0.34)	3,956,627	(0.34)
Rental income	10,468,755	0.00	10,418,416	0.02	10,189,941	0.14	8,932,262	0.14
Other income	9,374,343	(0.26)	12,655,696	1.84	4,452,798	0.57	2,833,805	0.57
Other expenses	(17,582,617)	(0.10)	(16,024,306)	0.01	(15,866,159)	0.04	(15,257,433)	0.04
Finance Cost - Lease Finance Charges	5,575,574	(0.37)	8,875,955	5.42	1,383,612	1.97	465,261	1.97
Levy	(1,012,970)	-	-	#DIV/0!	-	100.00	(35,083)	100.00
Profit / (loss) before tax	2,066,139	(0.64)	5,781,035	(3.23)	(2,587,713)	(2.61)	1,611,195	(2.61)
Income tax	1,259,229	9.34	121,824	(0.96)	3,405,240	(2.29)	(2,630,877)	(2.29)
(Loss) / profit after tax	3,325,368	(0.44)	5,902,859	6.22	817,527	(1.80)	(1,019,682)	(1.80)



THE CO-OPERATIVE INSURANCE SOCIETY OF PAKISTAN LTD

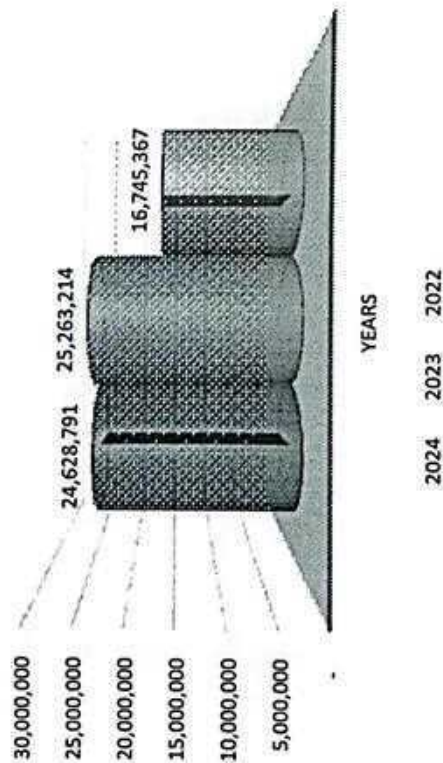
VERTICAL ANALYSIS

Statement of Financial Statement	2024		2023		2022		2021	
	Rupees	%	Rupees	%	Rupees	%	Rupees	%
Assets								
Property and equipments	2,349,686,530	90.23%	2,353,034,703	92.04%	2,228,032,640	92.88%	2,232,483,850	92.27%
Intangible Assets	-	0.00%	-	0.00%	89,600	0.00%	179,200	0.01%
Investment property	96,858,600	3.72%	87,907,988	3.44%	75,252,292	3.14%	70,903,000	2.93%
Equity securities	131,398,570	5.05%	85,948,956	3.36%	63,941,417	2.87%	92,037,809	3.80%
Term deposits	4,011,450	0.15%	2,511,450	0.10%	3,511,450	0.15%	3,011,450	0.12%
Sundry receivables	4,047,047	0.16%	4,253,064	0.17%	3,208,037	0.13%	2,350,743	0.10%
Insurance / reinsurance receivables	863,435	0.03%	1,290,667	0.05%	410,739	0.02%	507,252	0.02%
Reinsurance recoveries against outstanding claims	59,400	0.00%	166,347	0.01%	105,352	0.00%	110,044	0.00%
Deferred commission expense	166,328	0.01%	2,390,702	0.09%	2,262,046	0.09%	1,400,028	0.06%
Security deposits	2,214,554	0.09%	59,400	0.00%	59,400	0.00%	59,400	0.00%
Taxation - payments less provision	2,555,972	0.10%	2,357,997	0.09%	2,306,304	0.10%	2,071,234	0.09%
Prepayments	4,660,606	0.18%	4,452,173	0.17%	3,849,443	0.16%	2,002,971	0.08%
Cash and bank	7,612,028	0.29%	12,059,298	0.47%	15,803,521	0.66%	12,286,480	0.51%
Total assets	2,604,134,518	100.00%	2,556,432,745	100.00%	2,398,832,241	100.00%	2,419,403,461	100.00%
Total assets of window takatful operations - Operator's fund	2,604,134,518	100.00%	2,556,432,745	100.00%	2,398,832,241	100.00%	2,419,403,461	100.00%
Equity and Liabilities								
Capital and reserves attributable to Company's equity holders								
Ordinary share capital	500,032,400	19.20%	500,032,400	19.56%	500,032,400	20.84%	500,032,400	20.67%
Reserves	1,919,633,756	73.71%	1,889,628,924	73.92%	1,752,768,026	73.07%	1,774,321,289	73.34%
Revaluation reserve	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Unappropriated profit / (loss)	96,988,073	3.72%	91,398,311	3.59%	84,587,172	3.53%	81,369,577	3.36%
Total equity	2,516,654,229	96.64%	2,481,059,635	97.05%	2,337,367,598	97.44%	2,355,723,266	97.37%
Surplus on revaluation of property and equipment								
Liabilities								
Underwriting provisions								
Outstanding claims including IBNR	1,728,872	0.07%	1,694,965	0.07%	1,219,224	0.05%	1,011,646	0.04%
Unearned premium reserves	14,827,652	0.57%	16,123,883	0.63%	15,065,937	0.63%	9,370,003	0.39%
Premium deficiency reserve	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Unearned reinsurance commission	918,717	0.04%	896,197	0.04%	725,845	0.03%	415,470	0.02%
Deferred taxation	60,910,754	2.34%	48,989,595	1.92%	36,819,401	1.53%	49,156,001	2.03%
Insurance / reinsurance payables	2,926,905	0.11%	1,305,440	0.05%	1,572,713	0.07%	59,276	0.00%
Lease Liability	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Other creditors and accruals	5,929,200	0.23%	6,124,841	0.24%	5,803,334	0.24%	3,425,469	0.14%
Total liabilities	87,242,100	3.35%	75,134,921	2.94%	61,206,454	2.55%	63,437,865	2.62%
Total equity and liabilities	2,603,896,329	99.99%	2,556,194,556	99.99%	2,398,594,052	99.99%	2,419,161,131	99.99%
Unclaimed dividend	238,189	0.01%	238,189	0.01%	238,189	0.01%	242,330	0.01%
Total equity and liabilities	2,604,134,518	100.00%	2,556,432,745	100.00%	2,398,832,241	100.00%	2,419,403,461	100.00%
Statement of profit or loss								
Net insurance premium	24,628,791	100.00%	25,263,214	100.00%	16,745,367	100.00%	17,242,702	100.00%
Net insurance claims	(719,289)	-2.92%	(1,040,505)	-4.12%	(697,856)	-15.35%	(63,663)	-0.37%
Net commission	(3,354,633)	-13.62%	(3,551,067)	-14.06%	(2,316,890)	-14.48%	(2,722,228)	-15.79%
Insurance claims and acquisition expenses	(4,073,922)	-16.54%	(4,591,592)	-18.18%	(3,014,746)	-29.83%	(2,785,891)	-16.16%
Premium deficiency reserve	(23,051,334)	-93.60%	(23,766,542)	-94.08%	(17,701,944)	-55.53%	(13,275,794)	-76.99%
Management expenses	(2,496,465)	-10.14%	(3,094,920)	-12.25%	(3,971,325)	-15.11%	(1,181,017)	-6.85%
Underwriting results	3,315,093	13.46%	1,826,149	7.23%	2,607,032	8.58%	3,956,827	22.95%
Investment income	10,468,755	42.51%	10,418,416	41.24%	10,189,941	31.03%	8,932,262	51.80%
Rental income	9,374,343	38.06%	12,855,696	50.10%	4,452,798	2.34%	2,833,805	16.43%
Other income	(17,582,617)	-71.39%	(16,024,306)	-63.43%	(15,866,159)	-50.74%	(15,257,433)	-88.49%
Other expenses	5,575,574	22.64%	8,875,955	35.13%	1,383,612	-8.80%	465,261	2.70%
Finance Cost - Lease Finance Charges	(1,012,970)	0.00%	-	0.00%	-	-0.81%	(35,083)	-0.20%
Levy	2,066,139	8.39%	5,761,035	22.88%	(2,587,713)	5.50%	1,611,195	9.34%
Profit / (loss) before tax	1,259,229	5.11%	121,824	0.48%	3,405,240	-10.87%	(2,630,877)	-15.26%
Income tax	3,325,366	13.50%	5,902,859	23.37%	817,527	-5.37%	(1,019,682)	-5.91%
(Loss) / profit after tax	(2,066,137)	-8.30%	5,839,165	23.00%	2,587,713	15.11%	(1,611,195)	-6.65%

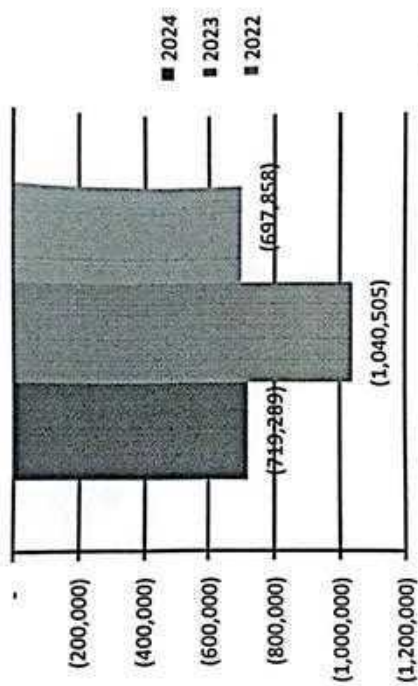
THE CO-OPERATIVE INSURANCE SOCIETY OF PAKISTAN LTD



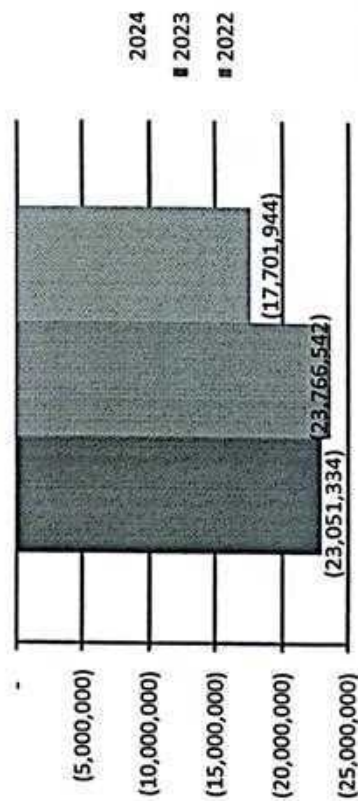
NET INSURANCE PREMIUMS (RS.)



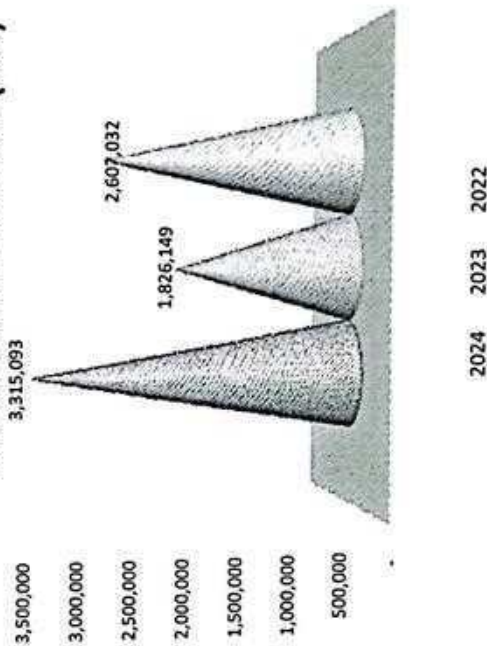
NET INSURANCE CLAIMS (RS.)



MANAGEMENT EXPENSES (RS.)



INVESTMENT INCOME (RS.)



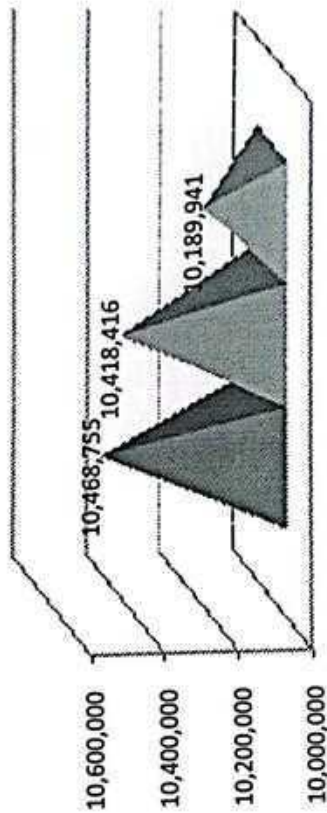


NET COMMISSION (RS.)

■ 2024 2023 2022



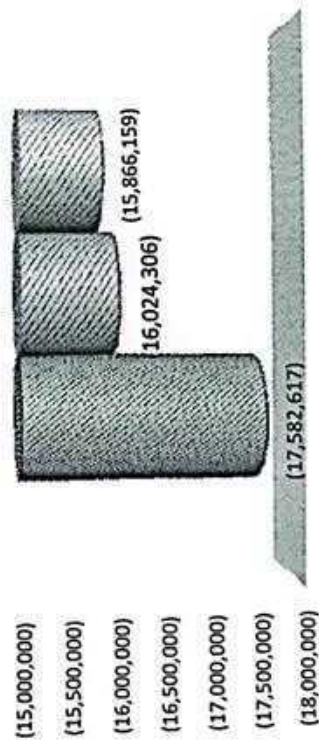
RENTAL INCOME (RS.)



2024 2023 2022

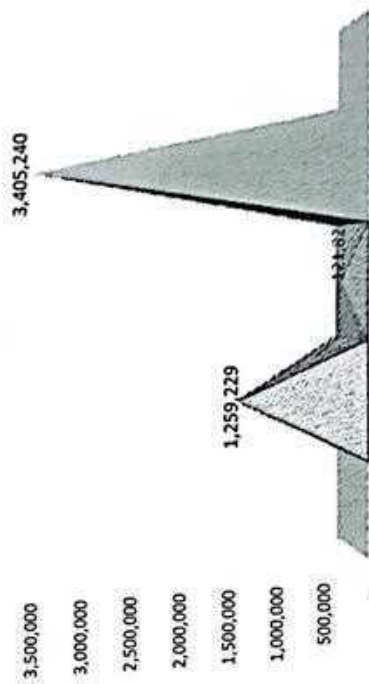
GENERAL AND
ADMINISTRATIVE EXPENSES
(RS.)

■ 2024 2023 2022



INCOME TAX EXPENSE (RS.)

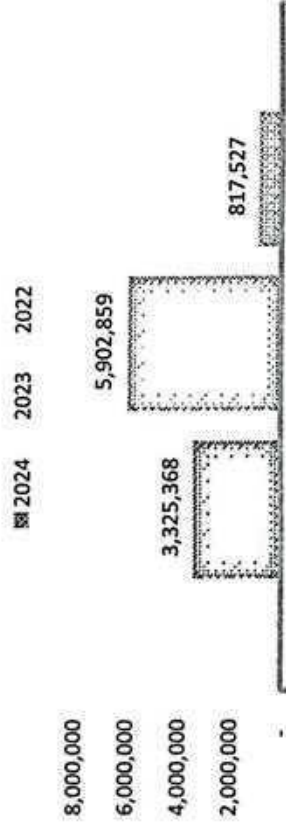
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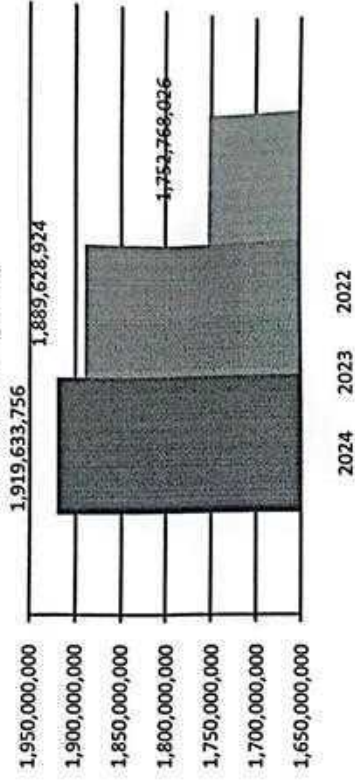
THE CO-OPERATIVE INSURANCE SOCIETY OF PAKISTAN LTD



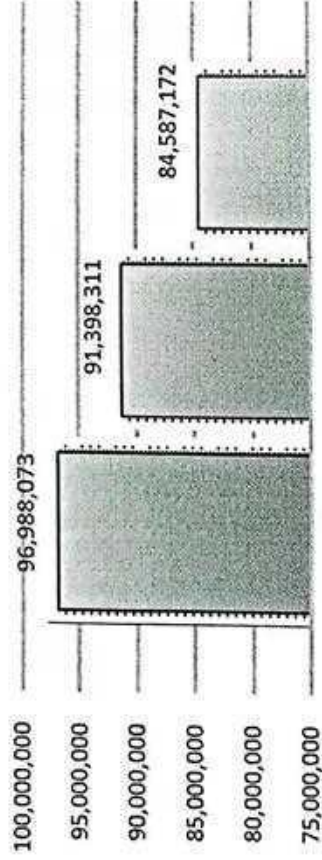
PROFIT AFTER TAX (RS.)



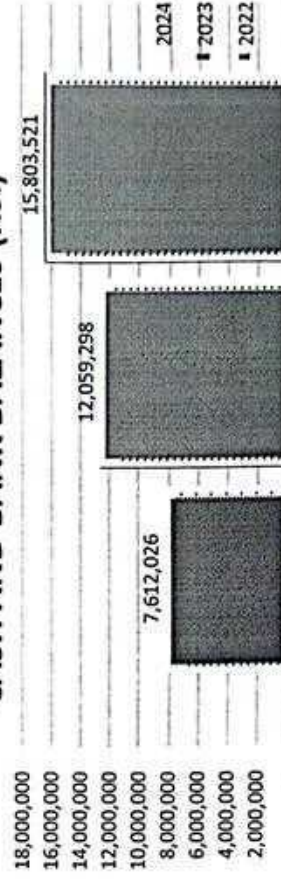
RESERVES (RS.)



ACCUMULATED PROFITS (RS.)



CASH AND BANK BALANCES (RS.)





VISION / MISSION & VALUES

Vision Statement

Our vision is to be the best insurance society.

Mission Statement

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

Values

Our values are:

> Integrity

We believe in honesty, integrity and transparency.

> Ethics

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

> Professionalism

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

> Excellence

We strive to achieve excellence in what we do.

> Commitment

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



STATEMENT OF ETHICS & BUSINESS PRACTICE

Introduction and objective

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

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

Statement of Ethics

All Directors and Staff are required to:

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

Statement of Business Practices:

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


Chairman


Vice Chairman


CEO


Director

INDEPENDENT AUDITORS' REPORT

To the members of The Cooperative Insurance Society of Pakistan Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of The Cooperative Insurance Society of Pakistan Limited (the "Society"), which comprise of the statement of financial position as at December 31, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion, and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of society's affairs as at December 31, 2024 and of the profit, its comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the society or to cease operations, or has no realistic alternative but to do so.

Boards of directors are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

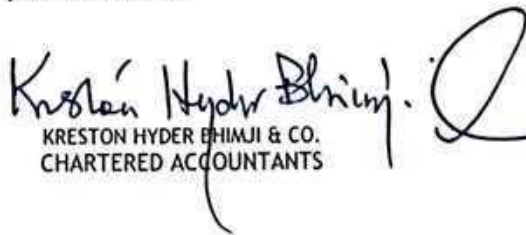
- a) Proper books of accounts have been kept by society as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) The statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) Investments made, expenditures incurred and guarantees extended during the year were for the purpose of Society's business;
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Society for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 31, 2024.

The engagement partner on the audit resulting in this independent auditor's report is Syed Aftab Hameed.

LAHORE: July 02, 2025
UDIN: AR202410475CeOlvSYAr


KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of The Cooperative Insurance Society of Pakistan Limited
Review Report of the Statement of Compliance with the Code of Corporate Governance for Insurers

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of The Cooperative Insurance Society of Pakistan Limited (the Society) for the year ended December 31, 2024 to comply with the requirements of Code of Corporate Governance for Insurers, 2016 (the Code).

The responsibility for compliance with the Code is that of the Board of Directors of the Society. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Society's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Society's personnel and review of various documents prepared by the Society to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Society's corporate governance procedures and risks.

The Code requires the Society to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

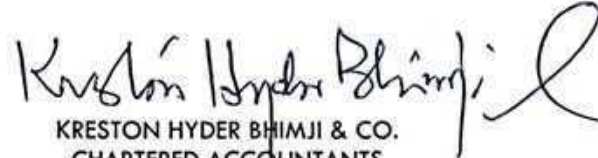
We highlighted below instances of non-compliance with the requirements of the Regulations:

- a. Board has not setup the effective internal audit department as head of Internal Audit does not meet the required qualification as mentioned in clause XXII of the Code of Corporate Governance for Insurers, 2016. Further, the job description of the person appointed as Internal auditor is not approved by the Board nor its terms of reference are defined by the Board Audit Committee.
- b. The Chief Financial Officer of the society does not meet the required qualification as mentioned in clause XXI of the Code of Corporate Governance for Insurers, 2016.
- c. None of the Directors has attended the Director's training program.
- d. Only three meetings of audit committee, claim committee, underwriting committee, risk management & compliance committee, investment committee, reinsurance committee were held during the year on random basis instead of quarterly meetings as required by clause XLIII of the Code of Corporate Governance for Insurers, 2016. Further, although the Board of directors have met four times during the year but have not met in each quarter as required by the Code owing to their approval from SECP on April 01, 2024.

- e. No meeting of audit committee on the annual audited financial statements of the Society for the year ended December 31, 2023 and interim financial statements for the half year ended June 30, 2024 was held as required by clause LIV of the Code of Corporate Governance for Insurers, 2016 and accordingly the annual audited and half yearly financial statements were not recommended by the audit committee to the Board of Directors for approval in their following meetings as mentioned in clause LVI(c) of the Code of Corporate Governance for Insurers, 2016. Further, the requirements of audit committee to meet the external auditors at least annually without the presence of head of internal audit and Chief Financial Officer has not been complied with as mentioned in clause LV of the Code of Corporate Governance for Insurers, 2016. Moreover, the management letter issued by the predecessor auditors was also not discussed in the following audit committee meetings as required by clause LVI(e) of the Code of Corporate Governance for Insurers, 2016 and accordingly the weaknesses as highlighted by the external auditors were not communicated to the Board of Directors (BOD) for necessary action as revealed from the certified copies of minutes of BOD.
- f. The Investment Committee is not constituted in accordance with Clause XLIV of the Code of Corporate Governance for Insurers, 2016, as it does not include the Chief Executive Officer.
- g. The Company Secretary did not attend the meetings of Board of Directors held during the year as mentioned in clause XXIII of the Code of Corporate Governance for Insurers, 2016.
- h. Half yearly financial statements were neither prepared nor the external auditors were invited to carry out their review as mentioned in clause XXVI of the Code of Corporate Governance for Insurers, 2016.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Cooperative Insurance Society of Pakistan Limited's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Society for the year ended December 31, 2024.

LAHORE: July 02, 2025
UDIN: CR202410475JT36duEwN


KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2024

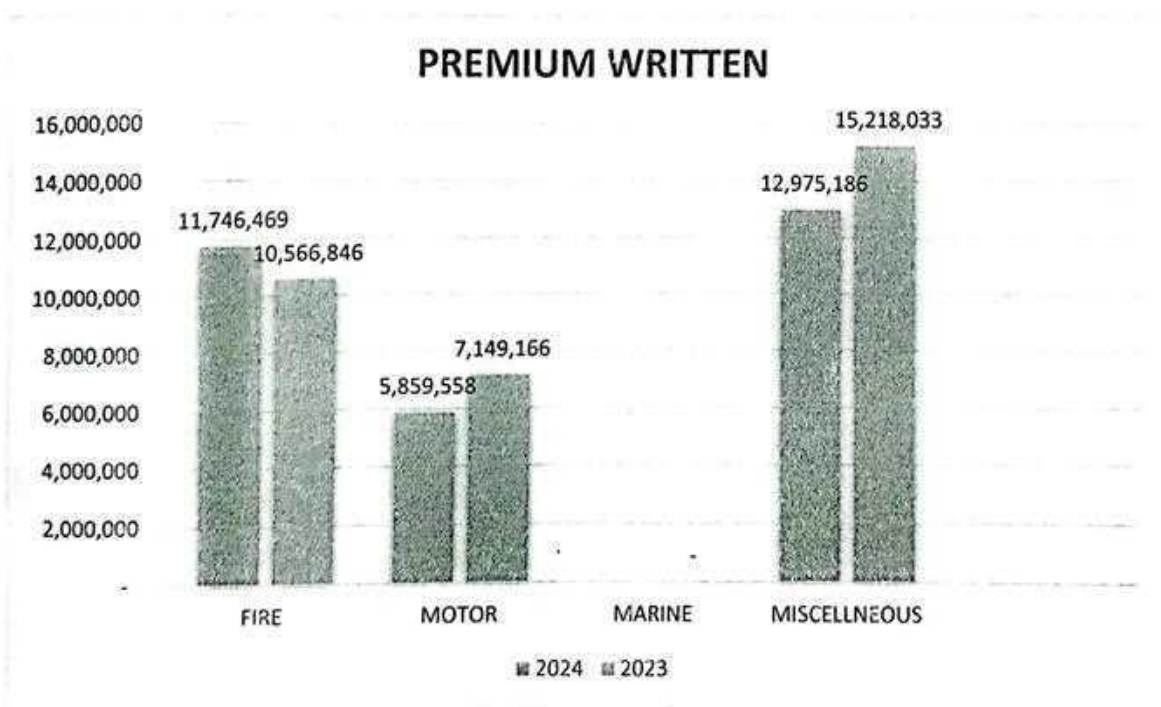
The Cooperative Insurance Society of Pakistan Limited (the Society) was incorporated on August 06, 1949, as a cooperative society under the Cooperative Societies Act, 1925. The Society is engaged in non-life insurance business.

The Directors of your Society are pleased to present the 76th Annual Report of the Society for the year ended December 31, 2024.

Your Society's profit after tax for the year 2024 was Rs. 3,325,368/- as compared to profit of Rs. 5,902,859/- in 2023 accounts and EPS 0.067 and 0.118 respectively.

Your Society has underwritten Rs. 30,581,213/- Direct Premium inside Pakistan as compared to Rs. 32,934,045/- in 2023 showing a decrease of 7.14%, while the Net Premium Revenue was Rs. 24,628,791/- as compared to Rs. 25,263,214/- in 2023. Underwriting loss was Rs. 2,496,465/- compared to Rs. 3,879,776/- in 2023.

Amounts in Rupees



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

The segment wise performance was as follows:

FIRE AND PROPERTY

The written premium increased by 11.16% to Rs. 11,746,469/- as compared to Rs. 10,566,846/- in 2023. Claim expense as percentage of net premium revenue is 7.82% against 3.25% in 2023. The underwriting result for the year 2024 was in loss by Rs. (878,706)/- as compared to loss in Previous year 2023 of Rs. (1,219,755)/-.

MARINE, AVIATION AND TRANSPORT

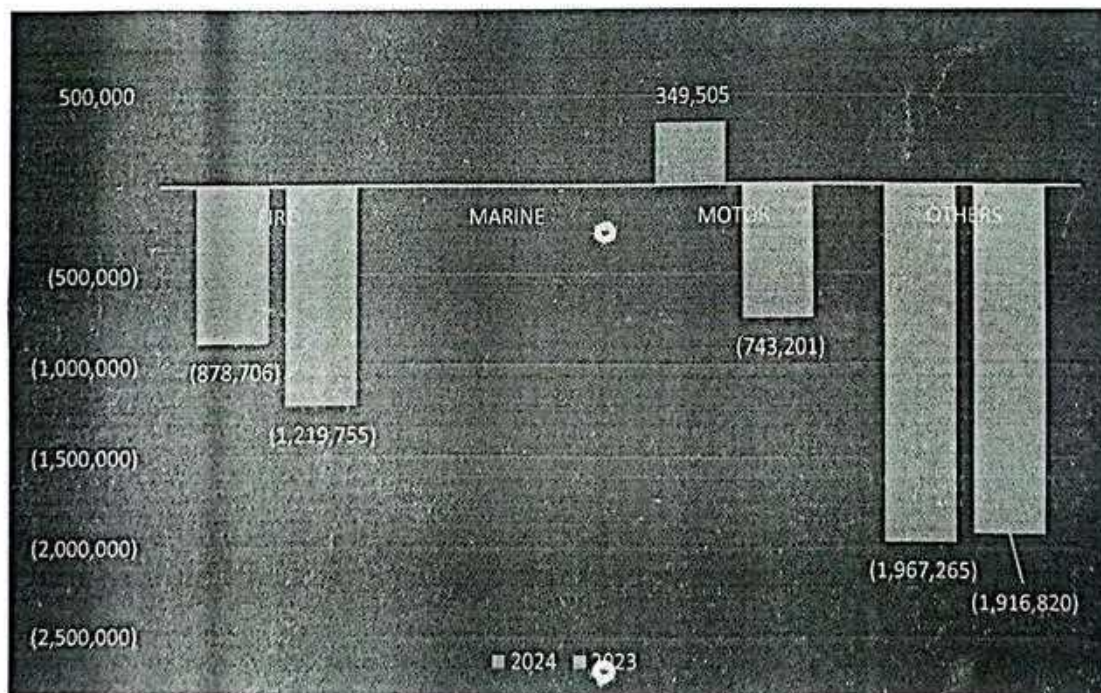
The Society has not underwritten any business in this sector.

MOTOR

The written premium decreased by 18.04% to Rs. 5,859,558/- compared to Rs. 7,149,166/- in 2023. Claim expense as percentage of net premium revenue is 7.29% against 11.15% in 2023. The underwriting profit for the year was Rs. 349,505/- as compared to loss of Rs. (743,201)/- in 2023.

MISCELLANEOUS (LIVESTOCK & OTHERS)

The written premium decreased by 14.74% to Rs. 12,975,186/- compared to Rs. 15,218,033/- in 2023. The claim expense as a percentage of net premium revenue was -1.43% in the year under report as compared to 2.71% in Previous year. The underwriting loss for the year was Rs. (1,967,265)/- as compared to loss of Rs. (1,916,820)/- in 2023.



Investment Income

The dividend income for the year 2024 was Rs. 3,047,142/- as against Rs. 1,754,995/- last year. The total investment income for the year was Rs. 3,315,093/- as against Rs. 1,826,149/- last year.

Information Technology

The Society continues to invest in technology to offer state of the art service to the customers. In year 2018 a customized accounting software was developed and tested on trial basis. The performance of the accounting software was satisfactory. It was fully functional in the year ended December 31, 2019. The Society is continuously improving the accounting software to meet the informational and reporting needs of the Society and all Society's data is cloud base now as per SECP guideline the Society purchased paid Software (MS office, Power Bi and Microsoft Automate). The System of the Society is secured from cyber-attacks risk. During the year, the Society enhanced its internal control system within the software environment in line with applicable rules and regulations. Furthermore, necessary updates were incorporated into the software to ensure compliance with the regulatory requirements of the Securities and Exchange Commission of Pakistan (SECP).

Appropriation

The profit after tax is Rs. 3,325,368/- as compared to profit of Rs. 5,902,859/- in the Previous Year.

Credit Rating

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

Prospects for 2025

Your Board of Directors are optimistic as to the prospects for the year 2025. Our strategy for 2025 is designed to deliver sustainable, profitable growth in a changing and competitive business environment to fetch a due share in the industry.

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

Reinsurance

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

Related Party Transactions

There has been no transaction with related party except of the payment of Salary to Key Management Staff

Capital Management and Liquidity

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

Board Committees

Your Society maintains following board committees:

Ethics / Compliance and Risk Management Committee

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

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

Name of the Member	Category
Mr. Asad-ul-Haq Piracha – Chairman	Non-executive director
Mr. Ahmed Iqbal Zaheer – Member	Non-executive director
Mr. Fahad Amjad-A.CFO	(Member/ Secretary)

Remuneration Committee & Nomination Committee

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

Name of the Member	Category
Col. Saleem Masood (r) – Chairman	Non-executive director
Mr. Ahmed Iqbal Zaheer – Member	Non-executive director
Mr. Fateh Khan Niazi-CEO	(Member/ Secretary)

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

Investment Committee

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

Name of the Member	Category
Mr. Asad Ul Haq Piracha Chairman	Non-executive Director
Col. Saleem Masood (r)– Member	Non-executive director
Mr. Fahad Amjad- A.CFO	(Secretary)

Audit Committee

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

Name of the Member	Category
Col. Saleem Masood(r)- Chairman	Non-executive director
Mr. Ghulam Shabbir Malik-Member	Non-executive director
Mr. Shahbaz Hussain Khadim-HOIA	(Member/secretary)

Underwriting Committee

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

Name of the Member	Category
Mr. Asad-ul-Haq Piracha – Chairman	Non-executive director
Mr. Ghulam Sajjad Hussain– Member	Non-executive director
Mr. Malik Muhammad Ashraf	(Member/ Secretary)

Claims Settlement Committee

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

Name of the Member	Category
Col. Saleem Masood (r)– Chairman	Non-executive director
Mr. Imtiaz-ul-Hassan– Member	Non-executive director
Mr. Fahad Amjad-A.CFO	(Member/ Secretary)

Reinsurance and Coinsurance Committee

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

Name of the Member	Category
Mr. Ghulam Shabbir Malik – Chairman	Non-executive director
Mr. Ahmed Iqbal Zaheer – Member	Non-executive director
Mr. Muhammad Jamil	(Member /Secretary)

Risks to Business

Business risks and mitigation factors are described in detail at Note # 27 of the audited financial statements.

Environmental protection measures

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

Directors Election and Meetings

The Directors of your Society were elected at the Annual General Meeting held on October 29, 2023, for a term of three years. The attendance at the meeting was as under:

Sr. No	Name	No. of Meetings held	No. of Meetings Attend
1	Mr. Asad-ul-Haq Piracha	4	4
2	Col. Saleem Masood (r)	4	4
3	Mr. Ahmed Iqbal Zaheer	4	4
4	Mr. Ghulam Shabbir Malik	4	4
5	Mr. Imtiaz-ul-Hassan	4	4
6	Mr. Ghulam Sajjad Hussain	4	4

Statement of Ethics and Business Practices

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

Chief Executive Officer's Performance Review

The Chief Executive Officer ("CEO") is responsible for supervising, leading and effectively managing the strategic and overall affairs of the Society. CEO's performance is monitored and evaluated by the Board.

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the regulatory authority Securities & Exchange Commission of Pakistan have been duly complied with. A statement to this effect is annexed in the report.

Board Performance Evaluation

Pursuant to the Code of Corporate Governance, the Chairman has carried out an annual evaluation of its Board of Directors and Committees. The Board is satisfied that its performance was effective and that the governance structure supports sound decision-making and accountability.

Directors' Training and Orientation

In accordance with Code, the Society is committed to ensuring that at least one director acquires formal training under a SECP-approved Directors Training Program (DTP) every year. During the year, the following independent directors added in the Board whose completed their DTP certification:

- Mrs. Uzma Adil Khan (Independent Director)
- Mr. Imran Akhtar (Independent Director)

Risk Management Framework

As required under the Code of Corporate Governance for insurer 2016, the Society has in place a Risk Management Framework which identifies, assesses, and manages various categories of risk including underwriting, investment and operational risks.

The Ethics / Compliance and Risk Management Committee regularly reviews the risk profile of the Society and ensures alignment with regulatory expectations and internal policies.

Remuneration of Directors and Executives

The aggregate remuneration paid to the CEO is disclosed in the notes to the financial statements. Directors were paid TA/DA for attendance in the board meeting in accordance with the Board policy.

Statutory Payments:

In accordance with the requirements of the Code of Corporate Governance for Insurers, 2016, all statutory payments, including taxes, duties, levies, and contributions, have been duly discharged during the year to the best of the Society's ability, except for an outstanding balance of Rs. 657,521/- as taxes payable as of December 31, 2024, which subsequently paid and disclosed in the financial in note 14.

Going Concern Assumption

In compliance with Regulation XXIV(h)(v) and relevant provisions of IAS 1 (Presentation of Financial Statements) and ISA 570, the Board has reviewed the Society's financial position. The Board is satisfied that the Society has adequate resources to continue its operations in the foreseeable future and hence the financial statements have been prepared on a going concern basis.

Land & Building Lahore

The Cooperative Insurance Society of Pakistan Limited ("the Society") is the registered owner in possession of property located at 23-The Mall, Lahore, measuring 8 Kanals, 7 Marlas, and 112.5 Sq. Ft., acquired through a registered sale deed dated 24-03-1964 and a subsequent transfer order dated 24-12-1964. In 1972, the Government of Pakistan issued a directive appointing a trustee and sub-trustee to take over the property, against which the Society filed Writ Petition No. 819/1972 before the Lahore High Court. The petition was decided in the Society's favor on 03-11-1992, declaring the directive unlawful and remanding the matter to the Insurance Appellate Tribunal, which dismissed it for lack of jurisdiction. A civil suit filed thereafter was decreed in the Society's favor on 15-01-1999, and despite subsequent

litigation, the Society's claim and possession were reaffirmed. In 2018, the State Life Insurance Corporation of Pakistan filed an application under Section 12(2) of the CPC, 1908, challenging the 1992 judgment, which was allowed by the Lahore High Court on 17-04-2025. The Society, aggrieved by this order, has filed a petition before the Hon'ble Supreme Court of Pakistan challenging its maintainability and legality and seeking suspension thereof. No adjustment has been made in the financial statements as the property remains in the Society's possession and the matter is sub judice. As the Society is the legal owner of the property, and its management and legal counsel are hopeful of a favorable outcome.

Corporate and Financial Reporting Framework

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

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


Chairman
On Behalf of Board of Directors
Dated: 30-06-2025

**THE COOPERATIVE INSURANCE SOCIETY OF
PAKISTAN LIMITED**

**FINNACIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2024**

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	<u>Note</u>	<u>2024</u> <u>Rupees</u>	<u>2023</u> <u>Rupees</u>
Assets			
Property and equipment	4	2,349,686,530	2,353,034,703
Investment property	5	96,858,600	87,907,988
Investments:			
Equity securities	6	131,398,570	85,948,956
Term deposits		4,011,450	2,511,450
Sundry receivables	7	4,047,047	4,253,064
Insurance / reinsurance receivables		863,435	1,290,667
Security deposits	8	59,400	59,400
Reinsurance recoveries against outstanding claims	17	166,328	166,347
Deferred commission expense	18	2,214,554	2,390,702
Taxation - payment less provisions		2,555,972	2,357,997
Unpaid reinsurance premium	16	4,660,606	4,452,173
Cash and bank balances	9	7,612,026	12,059,298
Total Assets		2,604,134,518	2,556,432,745
Equity and Liabilities			
Share Capital and Reserves attributable to Society's equity holders			
Ordinary share capital	10	500,032,400	500,032,400
Reserves	11	1,919,633,756	1,889,628,924
Unappropriated profit		96,988,073	91,398,311
Total Equity		2,516,654,229	2,481,059,635
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR	17	1,728,872	1,694,965
Unearned premium reserves	16	14,827,652	16,123,883
Unearned reinsurance commission	12	918,717	896,197
Unpaid taxation	13	60,910,754	48,989,595
Insurance / reinsurance payables		2,926,905	1,305,440
Unclaimed dividend		238,189	238,189
Other creditors and accruals	14	5,929,200	6,124,841
Total Liabilities		87,480,289	75,373,110
Total Equity and Liabilities		2,604,134,518	2,556,432,745

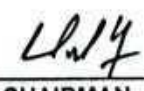
Contingencies and Commitments

15

The annexed notes from 1 to 36 form an integral part of these financial statements.







CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER** **DIRECTOR** **DIRECTOR** **CHAIRMAN**

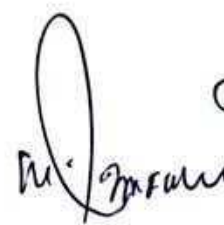
THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Note</u>	<u>2024</u> <u>Rupees</u>	<u>Restated</u> <u>2023</u> <u>Rupees</u>
Net insurance premium	16	24,628,791	25,263,214
Net insurance claims	17	(719,289)	(1,040,505)
Net commission and other acquisition costs	18	(3,354,633)	(3,551,087)
Insurance claims and acquisition expenses		(4,073,922)	(4,591,592)
Premium deficiency reserve		-	-
Management expenses	19	(23,051,334)	(24,551,398)
		(23,051,334)	(24,551,398)
Underwriting results		(2,496,465)	(3,879,776)
Investment income	20	3,315,093	1,826,149
Rental income		10,468,755	10,418,416
Other income	21	9,374,343	12,655,696
Administrative and general expenses	22	(17,582,617)	(15,239,450)
Results of operating activities		5,575,574	9,660,811
Profit before levy and taxation		3,079,109	5,781,035
Levy	23	(1,012,970)	(878,139)
Profit before taxation		2,066,139	4,902,896
Income tax expense	24	1,259,229	999,963
Profit after taxation		3,325,368	5,902,859
Earnings per share - Basic	29	0.067	0.118

The annexed notes from 1 to 36 form an integral part of these financial statements.


**CHIEF
EXECUTIVE**


CHIEF FINANCIAL OFFICER

  
DIRECTOR DIRECTOR CHAIRMAN

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024 Rupees	2023 Rupees
Profit after taxation		3,325,368	5,902,859
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Gain on re-measurement of fair value of equity securities			
Unrealized gain on re-measurement of available for sale financial assets	6.1.2	45,449,614	22,007,539
Deferred tax liability attributable to unrealized gain		(13,180,388)	(6,382,186)
		32,269,226	15,625,353
Revaluation surplus on land and buildings			
Surplus on revaluation of property and equipment	11.4	-	128,931,796
Deferred tax liability attributable to revaluation surplus		-	(6,787,971)
		-	122,143,825
Other comprehensive income for the year		32,269,226	137,769,178
Total comprehensive income for the year		35,594,594	143,672,037

The annexed notes from 1 to 36 form an integral part of these financial statements.

KCM


 CHIEF EXECUTIVE


 CHIEF FINANCIAL OFFICER


 DIRECTOR


 DIRECTOR


 CHAIRMAN

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

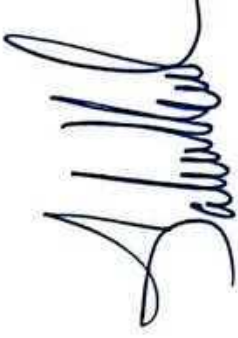
Description	Reserves					Subtotal	Unappropriated Profit	Total	
	Share Capital		Capital Reserves	General Reserves	Fair value Reserves				Revaluation Reserve
	Paid up Share Capital								
Rupees									
Balance as at January 01, 2023	500,032,400	3,500,347	5,338,148	42,067,944	1,701,861,587	1,752,768,026	84,587,172	2,337,387,598	
Transactions with the entity's owners:									
Revaluation surplus transferred to un - appropriated profit on account of - Incremental depreciation on revaluation surplus - net of tax	-	-	-	-	(2,383,995)	(2,383,995)	2,383,995	-	
Transfer to capital reserves	-	1,475,715	-	-	-	1,475,715	(1,475,715)	-	
Comprehensive income for the year ended December 31, 2023									
Profit after taxation	-	-	-	-	-	-	5,902,859	5,902,859	
Other comprehensive income	-	-	-	15,625,353	122,143,825	137,769,178	-	137,769,178	
Total comprehensive income for the year	-	-	-	15,625,353	122,143,825	137,769,178	5,902,859	143,672,037	
Balance as at December 31, 2023	500,032,400	4,976,062	5,338,148	57,693,297	1,821,621,417	1,889,628,924	91,398,311	2,481,059,635	
Balance as at January 01, 2024	500,032,400	4,976,062	5,338,148	57,693,297	1,821,621,417	1,889,628,924	91,398,311	2,481,059,635	
Transactions with the entity's owners									
Revaluation surplus transferred to un - appropriated profit on account of - Incremental depreciation on revaluation surplus - net of tax	-	-	-	-	(3,095,736)	(3,095,736)	3,095,736	-	
Transfer to capital reserves	-	831,342	-	-	-	831,342	(831,342)	-	
Comprehensive income for the year ended December 31, 2024									
Profit after taxation	-	-	-	-	-	-	3,325,368	3,325,368	
Other comprehensive income	-	-	-	32,269,226	-	32,269,226	-	32,269,226	
Total comprehensive income for the year	-	-	-	32,269,226	-	32,269,226	3,325,368	35,594,594	
Balance as at December 31, 2024	500,032,400	5,807,404	5,338,148	89,962,523	1,818,525,681	1,919,633,756	96,988,073	2,516,654,229	

The annexed notes from 1 to 36 form an integral part of these financial statements.

16/07/24


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHAIRMAN

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Note	2024 Rupees	2023 Rupees
Cash flow from operating activities			
Underwriting activities			
Insurance premium received	16	30,581,213	32,934,045
Reinsurance premium paid	16	(7,457,086)	(7,215,615)
Claims paid	17	(1,082,810)	(780,166)
Reinsurance and other recoveries received	17	397,447	154,407
Commission paid	18	(4,347,139)	(4,658,021)
Commission received	18	1,191,174	1,148,630
Underwriting receipts / (payments)		2,048,697	(1,147,201)
Other underwriting receipts / (payments)		375,792	(1,120,045)
Net cash inflows from underwriting activities		21,707,288	19,316,034
Other operating activities			
Levy and income tax paid		(1,210,945)	(929,832)
General management expenses paid		(22,414,482)	(23,280,832)
Other operating payments		(13,006,406)	(11,598,261)
Net cash outflows from other operating activities		(36,631,833)	(35,808,925)
Total cash outflows from all operating activities		(14,924,545)	(16,492,891)
Cash flows from investing activities			
Profit / return received on TDRs		-	146,172
Dividends received	20	3,047,142	1,754,995
Rent received		10,566,931	10,255,919
Proceeds from disposal of property and equipment	4.3	1,047,000	-
(Investments in term deposits) / encashment of investment	6.2.1	(1,500,000)	1,000,000
Fixed capital expenditure	4	(2,683,800)	(408,418)
Net cash inflows from investing activities		10,477,273	12,748,668
Cash flows from financing activities			
Net cash flows from financing activities		-	-
Net cash outflows from all activities		(4,447,272)	(3,744,223)
Cash and cash equivalents at beginning of the year		12,059,298	15,803,521
Cash and cash equivalents at end of the year		7,612,026	12,059,298
Reconciliation of operating cash flows to statement of profit or loss			
Operating cash flows		(14,924,545)	(16,492,891)
Depreciation expense	4	(5,406,153)	(4,336,445)
Amortization of computer software		-	(89,600)
Gain on disposal of property and equipment		421,180	-
Balances written off		-	(59,340)
Increase in assets other than cash		230,241	3,617,323
Decrease / (increase) in liabilities other than running finance		18,826	(758,310)
Interest, dividend and rental income for the year		14,035,207	11,366,426
Increase in fair value of Investment property	5	8,950,612	12,655,696
Profit after taxation		3,325,368	5,902,859

The annexed notes from 1 to 36 form an integral part of these financial statements.

 
CHIEF EXECUTIVE **CHIEF FINANCIAL OFFICER**

  
DIRECTOR **DIRECTOR** **CHAIRMAN**

THE COOPERATIVE INSURANCE SOCIETY OF PAKISTAN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1 Legal Status and Operations

The Cooperative Insurance Society of Pakistan Limited ("the Society" or "Society") was incorporated as a Cooperative Society under the Cooperative Societies Act, 1925 on August 6, 1949 and registered under Insurance Ordinance, 2000 on January 01, 2001. It is primarily engaged in general insurance business including fire, motor, livestock insurance.

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

Geographical location and addresses of its branch offices are as follows:

Sr. No.	Branch	Address
1	Faisalabad	Quaid e-Azam Road, Tandlianwala, Faisalabad.
2	Gujranwala	58 B Trust Plaza G.T. Road, Gujranwala.
3	Sheikhupura	Opp. Habib Bank Ltd, Lahore Road, Shaikupura.
4	Sargodha	Opp. City Post Office, Main Road, Block No.5, Sargodha.
5	Rawalpindi	53/8, Haider Road, Rawalpindi.
6	Okara	C/o. Haji Motors, G.T.Road, Renala Khurd, Okara.
7	Rahim Yar Khan	B-80, Umer Block, Abbasia Town, Rahim Yar Khan.
8	Sahiwal	House No. 775, M-Block, Fareed Town, Sahiwal.
9	Karachi	Office No. 18, Kareem Plaza, Near Civic Centre, Gulshan-e-Iqbal, Karachi.
10	D G Khan	Block No. 2, Quaid-e-Azam Road, Dera Ghazi Khan.

2 Basis of Preparation

2.1 Statement of compliance

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

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

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

These financial statements have been prepared in accordance with the format prescribed under Insurance Rules, 2017 and Insurance Accounting Regulations 2017.

These financial statements provide comparative information in respect of the previous year. When there is a retrospective application of an accounting policy or correction of error, a retrospective restatement, or a reclassification of items in these financial statements has been made. During the year, a restatement / reclassification has been made in these financial statements for the change in accounting policy as disclosed in Note 2.5 of these financial statements.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention without taking into account any adjustments for the effects of inflation or current values, except as disclosed in material accounting policy information relating to certain assets i.e. freehold land & building, investment property, investments in equity securities which are measured at revalued amounts / fair values as well as other assets and liabilities in respect of insurance / reinsurance premiums, claims, commission and deferred tax liabilities.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Society operates. Accordingly, these financial statements are presented in Pak Rupees which is the Society's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

2.4 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision effects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant areas requiring the use of management estimates in these financial statements are detailed below. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities. The areas where assumptions and estimates are significant to the Society's financial statements or where judgment was exercised in application of accounting policies are as follows:

	Note
Fair values and useful lives of property and equipment	3.2 & 4
Useful lives of intangible assets	3.3
Fair values of investment property	3.4 & 5
Impairment of receivables and payables related to insurance contracts	3.6
Provision for doubtful receivables	3.7
Insurance Contracts	3.8
Operating segments	3.23
Premium deficiency reserve	3.9
Provision for outstanding claims (including IBNR)	3.10 & 17
Provision of current and deferred taxation	3.14
Impairment of financial and non-financial assets	3.26
Contingencies and commitments	3.29

2.5 Change in accounting policy

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to recognize minimum and final taxes as 'Levy' under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' which were previously being recognized as 'Income tax'. The Company has accounted for the effects of these changes in accounting policy retrospectively under para 22 of IAS 8 'Accounting Policies, Change in Accounting Estimates and Errors;' and the corresponding figures have been restated in these financial statements. The effects of restatements are as follows:

	Levy Reconciliation		
	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
	Rupees	Rupees	Rupees
Effect on statement of profit or loss			
For the year ended December 31, 2024			
Minimum tax (turnover tax) and final tax	-	1,012,970	1,012,970
Profit before taxation	3,079,109	(1,012,970)	2,066,139
Taxation	246,259	1,012,970	1,259,229
Profit after taxation	3,325,368	-	3,325,368
Effect on statement of profit or loss			
For the year ended December 31, 2023			
Minimum tax (turnover tax) and final tax	-	878,139	878,139
Profit before taxation	5,781,035	(878,139)	4,902,896
Taxation	121,824	878,139	999,963
Profit after taxation	5,902,859	-	5,902,859

There is no impact on profit after taxation and earnings per share, basic and diluted.

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2.6 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are effective in current year

There are certain new standards, amendments and interpretations that are applicable for accounting periods beginning on or after 1 January 2024, that are considered not to have a material impact on the Company's financial statements and hence summarized below.

Effective date	New amendments to standard
January 01, 2024	Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020)
	Non-current liabilities with covenants (Amendment to IAS 1 in October 2022)
	Lease liability in a sale and leaseback (Amendment to IFRS 16 in September 2022)
	Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)

2.7 Standards, interpretations and amendments to the accounting and reporting standards as applicable in Pakistan that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 01, 2025

- Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. These amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review. Early adoption continues to be permitted.
- Lack of exchangeability (amendments to IAS 21) clarify:
 - a) when a currency is exchangeable into another currency; and
 - b) how a company estimates a spot rate when a currency lacks exchangeability.

Further, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

- Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments Disclosures.
- Financial assets with ESG-linked features:

Under IFRS 9, it was unclear whether the contractual cash flows of some financial asset with ESG-linked features represented SPPI. This could have resulted in financial assets with ESG-linked features being measured at fair value through profit or loss.

Although the new amendments are more permissive, they apply to all contingent features, not just ESG-linked features. While the amendments may allow certain financial assets with contingent features to meet the SPPI criterion, companies may need to perform additional work to prove this. Judgement will be required in determining whether the new test is met.

The amendments introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs - e.g., where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract.

The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are:

- not related directly to a change in basic lending risks or costs; and
- are not measured at fair value through profit or loss.

The amendments apply for reporting periods beginning on or after 1 January 2026. Companies can choose to early-adopt these amendments (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities

- Recognition / Derecognition requirements of financial assets / liabilities by electronic payments:

100%

The amendments to IFRS 9 clarify when a financial asset or a financial liability is recognized and derecognized and provide an exception for certain financial liabilities settled using an electronic payment system. Companies generally derecognize their trade payables on the settlement date (i.e. when the payment is completed). However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the Company to derecognize its trade payable before the settlement date, when it uses an electronic payment system that meets all of the following criteria:

- no practical ability to withdraw, stop or cancel the payment instruction;
- no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- the settlement risk associated with the electronic payment system is insignificant.
- Other related amendments

Contractually linked instruments (CLIs) and non-recourse features:

The amendments clarify the key characteristics of CLIs and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the 'look through' test):

- Disclosures on investments in equity instruments:

The amendments require additional disclosures for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income (FVOCI).

The following amendments apply for reporting periods beginning on or after 1 January 2026. Earlier application is permitted.

Annual improvements to IFRS Accounting Standards – Amendments to:

- IFRS 1 First-time Adoption of International Financial Reporting Standards;
- IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements; and
- IAS 7 Statement of Cash flows
- IFRS 17 Insurance Contracts
- IFRS 19 Subsidiaries without public accountability disclosure
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 Climate-related Disclosures

The amendments to IFRS 9 address:

A conflict between IFRS 9 and IFRS 15 Revenue from Contracts with Customers over the initial measurement of trade receivables: Under IFRS 15, a trade receivable may be recognized at an amount that differs from the transaction price e.g. when the transaction price is variable. Conversely, IFRS 9 requires that companies initially measure trade receivables without a significant financing component at the transaction price. The IASB has amended IFRS 9 to require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15; and

- how a lessee accounts for the derecognition of a lease liability under paragraph 23 of IFRS 9:

When lease liabilities are derecognized under IFRS 9, the difference between the carrying amount and the consideration paid is recognized in profit or loss.

The amendment on trade receivables may require some companies to change their accounting policy.

The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

2.7.1 Temporary exemption from IFRS 17 and IFRS 9

Pursuant to the requirements of Securities and Exchange Commission of Pakistan SRO 1715 (I) / 2023 dated 21 November 2023 IFRS 17 'Insurance Contracts', is applicable to the companies engaged in insurance / takaful and re-insurance / re-takaful business from financial years commencing on or after 01 January 2026.

Pursuant to the requirements of Securities and Exchange Commission of Pakistan SRO 1715 (I) / 2023 dated 21 November 2023 IFRS 17 'Insurance Contracts', is applicable to the companies engaged in insurance / takaful and re-insurance / re-takaful business from financial years commencing on or after 01 January 2026.

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SECP through its S.R.O 506(I)/2024 has directed that the applicability period of optional temporary exemption from applying IFRS 9 Financial Instruments as given in para 20A of IFRS 4 Insurance Contracts is extended for annual periods beginning before 01 January 2026, subject to fulfilling the same conditions as are prescribed by para 20B of IFRS 4.

SECP vide letter no. ID/MDPRD/IFRS-17/2021/176 dated 15 June 2021 initiated a four-phase approach towards implementation of IFRS 17 - Insurance Contracts. The first three phases now stand completed and Phase 4 parallel run and implementation has commenced and is currently under progress.

In Phase 4 SECP requires parallel run of IFRS 17 for the year ended 31 December 2024 to be submitted to SECP by 30 June 2025 and dry run on the financial statement of the first quarter of 2025 to be submitted by 30 November 2025.

2.7.2 IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has become applicable, however as an insurance Society, the management has opted temporary exemption from the application of IFRS 9 as allowed by International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Additional disclosures, as required by the IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given below.

The tables below set out the fair values as at the end of reporting period and the amount of change in the fair value during that period for the following two groups of financial assets separately:

- Financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading in IFRS 9, or that is managed and whose performance is evaluated on a fair value basis.
- All other financial assets.

Financial Assets

Cash and bank balances*

Investment in equity securities

Investment in debt securities

Held to maturity*

Term deposits

Insurance / reinsurance receivables

Reinsurance recoveries

Security deposits

Sundry receivables*

Total

As at December 31, 2024				
Other financial assets		Financial assets that will pass the SPPI Test		
Fair Value	Change in unrealized gain during the year	Carrying value	Cost less impairment	Change in unrealized gain during the year
-	-	7,612,026	-	-
131,398,570	45,449,614	-	-	-
-	-	2,511,450	-	-
-	-	1,500,000	-	-
-	-	863,435	-	-
-	-	166,328	-	-
-	-	59,400	-	-
-	-	3,744,243	-	-
131,398,570	45,449,614	16,456,882	-	-

Financial Assets

Cash and bank balances*

Investment in equity securities

Investment in debt securities

Held to maturity*

Term deposits

Insurance / reinsurance receivables

Reinsurance recoveries

Security deposits

Sundry receivables*

Total

As at December 31, 2023				
Other financial assets		Financial assets that will pass the SPPI Test		
Fair Value	Change in unrealized gain during the year	Carrying value	Cost less impairment	Change in unrealized loss during the year
-	-	12,059,298	-	-
85,948,956	22,007,539	-	-	-
-	-	2,511,450	-	-
-	-	-	-	-
-	-	1,290,667	-	-
-	-	166,347	-	-
-	-	59,400	-	-
-	-	3,950,260	-	-
85,948,956	22,007,539	20,037,422	-	-

* The carrying amount of these financial assets measured by applying IFRS 9 are a reasonable approximation of their fair values.

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3 Material accounting policies information

The material accounting policy information applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

3.1 Insurance contracts

Insurance contracts are those contracts where the Society (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

The Society underwrites non-life insurance contracts that can be categorized into fire damage, marine, motor and miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration.

Fire insurance contracts mainly compensate the customers for damage suffered to their property.

Marine insurance provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to ships and liabilities to third parties, passengers and cargo.

Motor insurance covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

All other insurances are included under miscellaneous insurance cover.

3.2 Property and equipment

Owned and tangible

Initial recognition and measurement

Property and equipment except freehold land and building are stated at cost less accumulated depreciation and accumulated impairment losses if any. Building is stated at the revalued amount less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount less accumulated impairment losses, if any.

Cost in relation to property and equipment comprises acquisition and other directly attributable costs. The cost of self constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to a working condition for their use as intended by the management. The cost of replacing a part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Society and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Subsequent cost

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other normal repair and maintenance costs and on-going operational expenditure are charged to income during the period in which these are incurred.

Freehold land and buildings on freehold land are revalued every three to five years. In the last year, the Society had again undergone fresh revaluation exercise for its land and building. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of that asset. Additions, subsequent to revaluation, are stated at cost less accumulated depreciation and any identified impairment loss.

Depreciation

Depreciation on operating fixed assets is charged to statement of profit or loss by applying reducing balance method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates given in Note 4 of these financial statements. Depreciation is charged on the basis of period of use i.e. depreciation on additions is charged from the day when the asset is available for use and ends on the day when the asset is disposed off.

Residual value and the useful life of assets are reviewed at each financial year end, and adjusted if expectations differ significantly from previous estimates and impact on depreciation is significant. Residual values are determined by the management as the amount it expects it would receive currently for an item of property and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Impairment

Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount over its estimated useful life.

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De-recognition

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use. Disposal of an asset is recognized when significant risk and rewards, incidental to the ownership of an asset, have been transferred to the buyer. The gain or loss on disposal or retirement of property and equipment is represented by the difference between the sale proceeds and the carrying amount of the property and equipment and is recognized as an income or expense in the year of disposal in statement of profit or loss. In case of sale or retirement of a revalued property, the attributable revaluation surplus remaining in the surplus on revaluation is transferred directly to retained earnings.

3.3 Intangible assets

Intangible assets are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditures relating to their implementation and customization. After initial recognition, an intangible asset is carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the day, when these are available for use, using the straight-line method, whereby the cost of the intangible asset is amortized over its useful life over which the economic benefits are expected to flow to the society. The useful life and amortization method is reviewed and adjusted, if appropriate, at each reporting date.

3.4 Investment property

Investment property is land or building or both held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services as for administrative purpose.

The Society's investment property comprises of land and building which is carried at fair value less identified accumulated impairment loss, if any.

An investment property is initially recognized at cost which is the fair value of the consideration paid. Subsequent to initial recognition, investment property whose fair value can be measured reliably without undue cost or effort on an ongoing basis is measured at fair value, at each reporting date. The changes in fair value are recognized in the statement of profit or loss. Any other investment property (whose fair value cannot be measured reliably without undue cost or effort) is measured at cost less accumulated depreciation and any impairment loss.

The fair value of investment property after initial recognition / transfer is determined at the end of each year using current market prices for comparable real estate, adjusted for any differences in nature, location and condition. The fair value of investment property is determined by an independent and professional valuer on the basis of professional assessment of the market values as disclosed in Note 5.1 of these financial statements.

In case an owner occupied property is transferred from operating fixed assets after revaluation to investment property, the revalued amount will be the fair value of such investment property on the date of transfer. However, the revaluation surplus arising on revaluation of such investment property will be credited to "Revaluation reserve" and treated as mentioned in Note - 3.27 of these financial statements.

An investment property is derecognized on disposal or when its nature of substance is changed i.e. it becomes owner occupied property and transferred to operating fixed assets or when no future economic benefits are expected from its sale. The gain or loss on disposal or retirement of investment property represented by the difference between the sale proceeds and its carrying amount is recognized as an income or expense in the statement of profit or loss.

3.5 Investments

All investments are initially recognized at cost, being the fair value of the consideration given (including transaction costs). The classification of investments depends on the purpose for which the financial assets were acquired. All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments. Subsequently the investments are classified as follows. The Society has not classified any investments at "fair value through profit or loss" as at the reporting date.

3.5.1 - In debt securities

Held-to-maturity

These are investments with fixed or determinable payments and fixed maturity that the Society has both intent and ability to hold to maturity. Subsequent to initial recognition, these investments are measured at amortized cost less any accumulated impairment losses, taking into account any discount and premium on acquisition, using the effective rate of interest method.

These investments are reviewed for impairment at each reporting date and any losses arising from impairment in values are charged to the profit or loss.

3.5.2 - In equity securities

Available-for-sale

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

Quoted available-for-sale investments are remeasured at fair value subsequent to initial recognition. Gains or losses on remeasurement of these investments are recognized in the statement of comprehensive income. For investments in quoted marketable securities, other than Term Deposit Receipts, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business at each reporting date.

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The value of unquoted available for sale investments has been included on the basis of breakup value as per the latest available financial statements of the investee companies. These are reviewed for impairment at each reporting date and any losses arising from impairment in values are charged to the statement of profit or loss.

On the disposal of these investments, the accumulated balance of fair value reserve is recycled to retained earnings in the statement of changes in equity. The fair value reserves will never be reclassified to the statement of profit or loss.

3.6 Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is objective evidence that the insurance receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Society reduces the carrying amount of the insurance receivables accordingly and recognizes that impairment loss in the statement of profit or loss.

Provision for impairment in premium receivables is estimated on a systematic basis after analyzing the receivables as per their aging.

3.7 Advances and other receivables

These are stated at cost less an allowance for doubtful receivables. If there is an objective evidence that the amount of overdue receivables will not be recovered in the near future based on management assessment of the amounts receivable after taking into account the ageing analysis, past trend of the parties, credit history and limits, economic conditions that may affect the financial ability of the party to honour its financial obligations towards the society, volume of transactions carried out with the party concerned etc., the management accounts for an appropriate allowance for doubtful receivables. Receivables that are considered bad are immediately written off in the statement of profit or loss.

3.8 Insurance Contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders. Insurance contracts are classified into following main categories:

- Fire and property damage
- Marine, aviation and transport
- Motor
- Other classes

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

3.9 Premium deficiency reserve

The Society is required, as per Insurance Rules, 2017 and IFRS-4, 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, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the reporting date. The charge for premium deficiency reserve is recorded as an expense in the statement of profit or loss.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined.

3.10 Claims

Insurance claims include all claims incurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, and any adjustments to claims outstanding from previous years.

The Society recognizes liability in respect of all claims incurred up to the reporting date which is measured at undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except otherwise expressly indicated in an insurance contract.

The liability for claims include amounts, relating to unpaid reported claims, claims incurred but not reported (IBNR), expected claims and settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates.

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

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

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3.11 Deferred commission expense

Commission expenses incurred in obtaining and recording policies is deferred and recognized in the statement of profit or loss as an expense in accordance with the pattern of recognition of premium.

3.12 Reinsurance Contracts

Insurance contracts entered into by the Society with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Society recognizes the entitled benefits under the contract as various reinsurance assets. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amount recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets.

The deferred portion of reinsurance premium ceded is recognized as a prepayment which is calculated by using 1/24th method as prescribed by the Insurance Rules, 2017.

The Society assesses its reinsurance assets for impairment on reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Society reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the statement of profit or loss.

3.13 Reinsurance recoveries against outstanding claims

Claims recoveries recoverable from the reinsurer are recognized as receivable at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

3.14 Taxation - Levy, Income Tax and Sales tax

Income tax comprises current and deferred tax. Income tax is recognized in the statement of profit or loss except to the extent that relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Levy

In accordance with the Income Tax Ordinance, 2001, computation of turnover tax and final tax is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements, except for taxes on dividends on the entity's investments in subsidiaries and associates which are specifically within the scope of IAS 12 and hence these continue to be categorized as current income tax.

Current

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting date.

The charge for current tax is higher of corporate tax (higher of tax based on taxable income and minimum tax) and alternative corporate tax less any tax rebate / tax credit as applicable to the Society under the provisions of Income Tax Ordinance, 2001. However, in case of loss for the year, income tax expense is recognized as minimum tax liability on revenue of the Society in accordance with the provisions of the Income Tax Ordinance, 2001. Super tax, if applicable, on the Society is calculated as per applicable tax rates as per Income Tax Ordinance, 2001.

Provision of current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years.

Alternative corporate tax is calculated at 17% of accounting profit, after taking into account the required adjustments.

Current tax for current and prior year, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset. The Society offsets current tax assets and current tax liabilities if, and only if, it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred

Deferred tax is recognized using the balance sheet liability method, in respect of temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognized for all the taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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The carrying amount of deferred tax is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited to other comprehensive income except in the case of items credited or charged to equity in which case it is included in equity.

3.15 Prepayments

Prepayments are recorded as an asset. These are amortized as and when due over the period.

3.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise cash in hand, policy stamps in hand and bank balances in current accounts.

3.17 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Society.

Provisions are recognized when the Society has a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current estimate. If it is no longer probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

3.18 Staff retirement benefits

The Society operates a contributory provident fund scheme which covers all eligible i.e. permanent employees. Equal monthly contributions are made by both the Society and the employees to the provident fund at the rate of 10% of basic salary. The contributions are recognized as employee benefit expense when they are due.

3.19 Dividend and bonus shares

Cash dividend to shareholders is recognized as liability in the period in which it is approved. Similarly all other appropriations other than those required by law including reserve for issue of bonus shares are recognized in the period in which they are approved.

3.20 Revenue recognition

- o First year individual non-life premiums are recognized once the related policies have been issued and the premiums are received. Renewal premiums are recognized upon receipt of premiums provided the policy is still in force. Single premiums are recognized once the related policies are issued against the receipts of premium. Premiums are recognized when due. A provision for unearned premiums is recognized as policyholders' liabilities.
- o Reinsurance commission is recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission, if any, under the terms of reinsurance arrangements is recognized when the Company's right to receive the same is established.
- o Income from held-to-maturity investments is recognized on a time proportion basis, taking into account the effective yield on investments. The difference between the redemption value and the purchase price of the held-to-maturity investments is amortized and taken to profit or loss over the term of the investment.
- o Gains / losses on sale of available-for-sale investments are recognized in profit or loss in the year of sale.
- o Dividend income is recognized when the Society's right to receive the dividend is established.
- o Rental income is recognized on accrual basis.

3.21 Management expenses

Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Expenses not attributable to the underwriting business are charged as administrative expenses.

3.22 Zakat

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

3.23 Operating segments

The Society has three primary business segments for reporting purposes, namely; fire, motor vehicles and miscellaneous.

An operating segment is a component of the Society that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Society's other components. All operating segments' results are reviewed regularly by the Society to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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

The Society accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017.

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

3.24 Financial instruments

Financial assets and financial liabilities within the scope of IAS-39 are recognized at the same time when the Society enters into contractual relationship with others and de-recognized when the Society loses control over contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is included in other comprehensive income for the year.

3.25 Offsetting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Society has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.26 Impairment of financial assets

3.26.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

3.26.2 Non financial assets

The carrying amount of non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

All impairment losses are recognized in the statement of profit or loss. Provisions for impairment are reviewed at each reporting date and are adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

3.27 Revaluation reserve

Surplus arising on revaluation of property and equipment, computed by eliminating the accumulated depreciation as at the date of revaluation, is credited to the "Revaluation Reserve" account being presented and recognized in the Statement of Comprehensive Income and accumulated in the Statement of Changes in Equity as a capital reserve. On every revaluation, the increase in fair value of underlying asset is credited to other comprehensive income to the extent that it first reverses the previously recognized revaluation decrease in the statement of profit or loss. A decrease in fair value of underlying asset is charged to the statement of profit or loss to the extent that it first reverses the previously recognized revaluation increase in the statement of comprehensive income. Following amounts are transferred from "Revaluation Reserve" to "Unappropriated profit through Statement of Changes in Equity to record realization of surplus:

- o an amount equal to incremental depreciation on revaluation surplus of property and equipment for the year, if any; or
- o an amount equal to carrying amount of revaluation surplus of property and equipment, if any, on its disposal;

3.28 Share Capital and Reserves

Share capital represents the face value of shares that have been issued. Any transaction costs associated with the issuance of shares are deducted from share capital, net of any related income tax benefits. Retained earnings include all current and prior period profits.

3.29 Contingencies and commitments

These are not accounted for in the financial statements unless these are actual liabilities and are only disclosed when:

- a) there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Society; or
- b) there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Society, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non occurrence of the uncertain future events not wholly within the control of the Society.

The Society has disclosed significant contingent liabilities for the pending litigations and claims against the Society based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the date of statement of financial position. However, based on the best judgment of the Society and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the reporting date.

3.30 Earning per share

The Society presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Society by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.31 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards.

3.32 Related party transactions

Transactions with related parties are carried out at arm's length prices, determined in accordance with pricing methods as approved by the Board of Directors, except in rarely extreme circumstances, subject to the approval of the Board, where it is in the interest of the Society to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the Society.

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4. Property and equipment - tangible

PARTICULARS	Cost / Revised Amount						Accumulated Depreciation						Book value	
	Balance as at January 01, 2024	Elimination of depreciation	Transfer adjustments	Additions	Revaluation surplus	Disposals	Balance as at December 31, 2024	Rate	Balance as at January 01, 2024	Elimination of depreciation	Transfer adjustments	Charge for the year	Disposal adjustment	Balance as at December 31, 2024
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Owned														
Freehold land	2,261,250,000	-	-	-	-	-	2,261,250,000	-	-	-	-	-	-	2,261,250,000
Building	87,280,075	-	-	-	-	-	87,280,075	5%	-	-	-	4,364,004	-	4,364,004
Motor vehicles	10,858,448	-	-	2,523,800	-	(1,210,000)	12,170,248	20%	7,120,259	-	-	967,231	(590,077)	7,487,413
Furniture and fixtures	458,716	-	-	-	-	(12,616)	446,100	10%	310,491	-	-	14,823	(6,719)	318,595
Office equipment	864,482	-	-	160,000	-	-	1,024,482	10%	244,268	-	-	70,095	-	314,363
December 31, 2024	2,360,769,721	-	-	2,683,800	-	(1,222,616)	2,362,170,905		7,675,018	-	-	5,406,153	(596,796)	12,484,375

PARTICULARS	Cost / Revised Amount						Accumulated Depreciation						Book value	
	Balance as at January 01, 2023	Elimination of depreciation	Transfer adjustments	Additions	Revaluation surplus	Disposals	Balance as at December 31, 2023	Rate	Balance as at January 01, 2023	Elimination of depreciation	Transfer adjustments	Charge for the year	Disposal adjustment	Balance as at December 31, 2023
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	%	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Owned														
Freehold land	2,155,725,000	-	-	-	105,525,000	-	2,261,250,000	-	-	-	-	-	-	2,261,250,000
Building	74,498,650	(10,625,371)	-	-	23,405,796	-	87,280,075	5%	7,263,619	(10,625,371)	-	3,361,752	-	87,280,075
Motor vehicles	10,650,780	-	-	205,668	-	-	10,856,448	20%	6,218,893	-	-	901,366	-	3,736,189
Furniture and fixtures	390,916	-	-	67,800	-	-	458,716	10%	297,283	-	-	13,208	-	310,491
Office equipment	729,532	-	-	134,560	-	-	864,092	10%	194,339	-	-	59,929	-	604,163
Cycle	6,085	-	(6,005)	-	-	-	-	10%	4,306	-	(4,484)	178	-	-
Sun Gas Installation	565	-	(565)	-	-	-	-	10%	448	-	(460)	12	-	-
December 31, 2023	2,242,001,538	(10,625,371)	(6,650)	408,418	128,931,796	-	2,360,769,721	-	13,968,888	(10,625,371)	(4,944)	4,336,445	-	7,675,018

4.1 The Society had again undergone a fresh revaluation of its freehold land and building as at December 31, 2023 that resulted in a surplus of Rs. 128,932 million. The revaluation exercise was carried out by an independent valuer, Messrs. Muhammad Siddique Associates (Private) Limited, who are PBA approved independent valuers.

The basis used for the valuation of land and building were as follows:

Land:

Property brokers / dealers and real estate agents had been consulted to ascertain the asking and selling prices for properties of the same nature in the immediate neighborhood and adjoining areas. Neighboring properties which have been recently sold or purchased are investigated to ascertain a reasonable selling and buying prices. Properties that are up for sale are examined for asking price. An average of the values is then assigned to the property. In calculating these values, it is of utmost importance to ascertain the nature of property whether commercial, residential or industrial, since this status of the property has significance in pricing.

Building:

All the sections of the building and civil works with regard to the their existence, condition and level of maintenance and a market survey was conducted to obtain the present market rates of construction in the surrounding area. Depending on the age of the building, the depreciation was applied at usual rates of 5% per annum on straight line basis to arrive at present market value. Similarly appreciation in value and rates of construction materials and present labour rates are given due consideration while calculating construction rates.

4.2 The depreciation charge for the year has been allocated to administrative and general expenses (Note 22).

4.3 The particulars of items of property and equipment disposed off during the year are as follows:

4.4 Had the revaluation of these assets not been made, the carrying value of these assets as at reporting date would have been as under:

	2024 Rupees	2023 Rupees
Freehold land	2,345,300	2,345,300
Building on freehold land	72,430	76,242
	<u>2,417,730</u>	<u>2,421,542</u>

4.5 Forced sale and assessed values of these items of property and equipment as at the date of revaluation, i.e. December 31, 2023, were as under:

	Forced sale value Rupees	Assessed sale value Rupees
Freehold land	1,922,062,500	2,261,250,000
Building on freehold land	74,188,064	87,280,075
	<u>1,996,250,564</u>	<u>2,348,530,075</u>

Considerations for the determination of forced sale value

The following factors may cause an impact individually on the anatomy of the property, determination of its forced sales value and would influence on the value of asset are as follows:

1. Economic conditions of the area and the country.
2. Status of the property within its own sector.
3. Marketability of its location.
4. Condition of its assets and their current status.
5. The age of building and its proximity.

5 Investment property

Note	2024			2023		
	Land	Building	Total	Land	Building	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at January 01,	83,400,000	4,507,988	87,907,988	70,890,000	4,362,292	75,252,292
Fair value gain	8,340,000	610,612	8,950,612	12,510,000	145,696	12,655,696
Balance as at December 31	<u>91,740,000</u>	<u>5,118,600</u>	<u>96,858,600</u>	<u>83,400,000</u>	<u>4,507,988</u>	<u>87,907,988</u>

5.1 This represents land & building in Rawalpindi and building in Sargodha representing 1390 and 705.375 sqfts respectively. Latest fair value of the investment property was determined by independent valuer Messrs. Muhammad Siddique Associates (Private) Limited as on December 31, 2024, having recognition on the panel of PBA. The valuer used market comparable approach to arrive at the fair value. The key observable input under this approach are the price per square feet from current year sales of comparable properties in the area (location and size). The basis used for revaluation of investment property were the same as disclosed in Note 4.1 of these financial statements for building on freehold land. As at the reporting date, there was a fair value gain of Rs. 8.951 million (2023: Rs. 12.656 million).

5.2 The forced sale value of the investment property is assessed at Rs. 82.330 million (2023: Rs. 74.722 million) as at the reporting date. The factors having impact on the forced sales value and affect the value of the property are same as disclosed in Note 4.5 above.

6 Investments

	Note	2024 Rupees	2023 Rupees
Equity securities	6.1	131,398,570	85,948,956
Term deposits	6.2	4,011,450	2,511,450
		<u>135,410,020</u>	<u>88,460,406</u>

6.1 Equity securities

6.1.1 Available for sale - At fair value through OCI

Number of shares	Face value per share	Company Name	Cost	Surplus	Fair value
Listed equities					
2,339,994	10	Pakistan Re-insurance Company Limited	131,620	36,629,686	36,761,306
235,716	10	Ferozsons Laboratories Limited	181,030	78,866,331	79,047,361
			<u>312,650</u>	<u>115,496,017</u>	<u>115,808,667</u>

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Number of shares	Face value per share	Company Name	Cost	Surplus	Fair value
<u>Unlisted equities</u>					
44,426	100	Punjab Provincial Cooperative Bank Limited	4,442,600	9,270,153	13,712,753
100	100	National Cooperative Supply Corporation Limited	10,000	1,867,150	1,877,150
			4,452,600	11,137,303	15,589,903
Total as at December 31, 2024			4,765,250	126,633,320	131,398,570

Number of shares	Face value per share	Company Name	Cost	Surplus	Fair value
<u>Listed Equities</u>					
2,339,994	10	Pakistan Re-insurance Company Limited	131,620	17,862,934	17,994,554
235,716	10	Ferozesons Laboratories Limited	181,030	51,827,349	52,008,379
			312,650	69,690,283	70,002,933
<u>Unlisted Equities</u>					
44,426	100	Punjab Provincial Cooperative Bank Limited	4,442,600	9,210,603	13,653,203
100	100	National Cooperative Supply Corporation Limited	10,000	2,282,820	2,292,820
			4,452,600	11,493,423	15,946,023
Total as at December 31, 2023			4,765,250	81,183,706	85,948,956

6.1.2 Movement in this head of accounts is as follows:

Balance as at January 01,

Change in fair value

Listed equities

Unlisted equities

Balance as at December 31,

Note	2024 Rupees	2023 Rupees
	85,948,956	63,941,417
	45,805,734	21,527,838
	(356,120)	479,701
11.3	45,449,614	22,007,539
	131,398,570	85,948,956

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6.1.3 The breakup value of investment in unlisted equity instruments of Punjab Provincial Cooperative Bank Limited (PPCBL) and National Cooperative Supply Corporation Limited (NCSCCL) is based on their respective audited financial statements for the year ended June 30, 2024.

	Note	2024 Rupees	2023 Rupees
6.2 Term deposits - At amortized cost	6.2.1	4,011,450	2,511,450
6.2.1 Held to maturity			
State Bank of Pakistan			
- Cash deposit	6.2.1.1	2,500,600	2,500,600
- Defense saving certificates	6.2.1.1	10,850	10,850
Term deposits	6.2.1.2	1,500,000	-
		4,011,450	2,511,450

6.2.1.1 These deposits are held as statutory deposits u/s 29 of the Insurance Ordinance, 2000 for an indefinite period. These deposits do not bear any profit.

6.2.1.2 This deposit is placed with the Punjab Provincial Cooperative Bank Limited (PPCBL) for a term of three years, maturing on February 18, 2027, with an option for renewal upon maturity. It carries profit rate ranging from 20.60% to 20.70% per annum (2023: Nil).

	Note	2024 Rupees	2023 Rupees
7 Sundry receivables			
Considered good			
Rent receivable - secured	7.1	2,767,808	2,865,984
Receivable from branches - unsecured		647,984	855,276
Advance income tax		302,804	302,804
Advance to staff against salaries - secured	7.2	60,500	229,000
Accrued profit on term deposit		267,951	-
		4,047,047	4,253,064
7.1 Rent receivable*			
Considered good		2,767,808	2,865,984
Considered doubtful		566,916	608,583
	7.1.2	3,334,724	3,474,567
Less: Provision for doubtful receivables	7.1.3	(566,916)	(608,583)
		2,767,808	2,865,984

7.1.1 *This is partially secured against the deposits received from the tenants (Refer Note 14)

7.1.2 This includes Rs. 3.021 million as gross rent receivable from a major tenant of the Society namely; Mr. Shahid Rasheed, owner of Cookers Restaurant. This balance is long outstanding as the tenant is not honouring its commitment towards the Society. As a consequence, the Society had initiated legal proceedings against the aforementioned tenant for the recovery of its outstanding rent from him. Pursuant to the Order dated June 01, 2024, passed by the Learned Rent Tribunal, Lahore, the decision was made in favor of the Society. The court adjudicated that rent arrears amounting to Rs. 3.021 million are recoverable for the period from April 2019 to July 2022 from Mr. Shahid Rasheed.

The Court has ordered a two-stage execution process:

- 1 Eviction of the tenants and restoration of vacant possession of the Society's premises.
- 2 Recovery of the adjudicated arrears through legal enforcement mechanisms.

A Court-appointed Bailiff has visited the premises and submitted his report. The execution process is currently underway under Honourable Court's supervision. Based on the legal status and progress of recovery proceedings, management considers the recovery of the said amount to be virtually certain. Accordingly, no further provision has been made in these financial statements against the outstanding balance of rent due from the said party as the management expects full realization of its overdue amount in due course of time.

	Note	2024 Rupees	2023 Rupees
7.1.3 Movement of the provision is as under:			
Balance as at January 01,	7.1.3.1	608,583	608,583
Amounts written off during the year	7.1.3.1	(41,667)	-
Balance as at December 31,		566,916	608,583

7.1.3.1 This represents the allowance against outstanding balance of rent receivable from Shahid Rasheed made by the management in past as per its judgment in view of default by the said tenant in making payments of outstanding rent owed by it to the Society. Pursuant to the aforementioned Court's Order (Note 7.1.2), the Court has confirmed the Society's claim for rent receivable from the said tenant in the sum of Rs. 3.021 million as against the amount of rent due appearing in the Society's books of account in the sum of Rs. 3.063 million. Therefore, the extra amount of rent receivable amounting to Rs. 41,667 has been written off during the year.

7.2 These are secured against staff retirement benefits - provident fund.

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	2024 Rupees	2023 Rupees
8 Security deposits		
Rented premises	50,000	50,000
Utilities	9,400	9,400
	<u>59,400</u>	<u>59,400</u>
9 Cash and bank balances		
Cash with banks in current accounts	7,107,317	11,674,452
Cash in Hand - Policy stamp and Petty Cash	504,709	384,846
	<u>7,612,026</u>	<u>12,059,298</u>

10 Ordinary share capital

10.1 Authorized share capital

2024	2023		2024 Rupees	2023 Rupees
No. of shares				
<u>50,003,240</u>	<u>50,003,240</u>	Ordinary shares of Rs. 10 each	<u>500,032,400</u>	<u>500,032,400</u>

10.2 Issued, subscribed and paid up share capital

2024	2023		2024 Rupees	2023 Rupees
No. of shares				
49,730,983	49,730,983	Ordinary shares of Rs. 10 each, fully paid up in cash	497,309,830	497,309,830
272,257	272,257	Ordinary shares of Rs. 10 each issued as bonus shares	2,722,570	2,722,570
<u>50,003,240</u>	<u>50,003,240</u>		<u>500,032,400</u>	<u>500,032,400</u>

10.3 The share capital of the Society is held by the following cooperative banks and others:

Name of Shareholder	2024		2023	
	Total number of shares	Percentage of shares	Total number of shares	Percentage of shares
The Punjab Provincial Cooperative Bank Limited	36,318,949	73%	36,318,949	73%
The Lahore Central Cooperative Store	3,020,198	6%	3,020,198	6%
The Frontier Cooperative Bank Limited	2,984,458	6%	2,984,458	6%
Others	7,679,635	15%	7,679,635	15%
	<u>50,003,240</u>	<u>100%</u>	<u>50,003,240</u>	<u>100%</u>

10.4 As per the bye-laws of the Society, no member of any Society shall have more than one vote in its affairs, provided that in the case of an equity of votes the chairman shall have a casting vote.

11 Reserves	Note	2024 Rupees	2023 Rupees
Capital reserves	11.1	5,807,404	4,976,062
General reserves	11.2	5,338,148	5,338,148
Fair value reserves	11.3	89,962,523	57,693,297
Revaluation reserve	11.4	1,818,525,681	1,821,621,417
		<u>1,919,633,756</u>	<u>1,889,628,924</u>

11.1 This represents the reserve created in accordance with the provisions of the bye-laws of the Society and will be utilized in a manner specified therein. This reserve is not available for distribution as a dividend to the members. During the year, the Board of Directors has approved transfer of profit to reserve fund @ 25% (2023: 25%) in accordance with the bye-laws. The movement in this head of account is as follows:

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	2024 Rupees	2023 Rupees
Balance as at January 01,	4,976,062	3,500,347
Add: Transfer to reserve fund @ 25% of profit after taxation	831,342	1,475,715
Balance as at December 31,	5,807,404	4,976,062

11.2 This reserve is not available for distribution as dividend to the shareholders of the Society and will be utilized in a manner as specified in the bye-laws of the Society.

	Note	2024 Rupees	2023 Rupees
11.3 Fair value reserve		57,693,297	42,067,944
Balance as at January 01,		45,449,614	22,007,539
Add: Unrealized gain on re-measurement of investments	6.1.2	(13,180,388)	(6,382,186)
Less: Deferred tax liability attributable to fair value gain	13.1	32,269,226	15,625,353
Balance as at December 31,	11.3.1	89,962,523	57,693,297

11.3.1 This reserve is not available for distribution as dividend to the shareholders of the Society and will be reclassified to unappropriated profit on the sale of available for sale investments in the "Statement of Changes in Equity".

	Note	2024 Rupees	2023 Rupees
11.4 Revaluation reserve		1,821,621,417	1,701,861,587
Balance as at January 01,		-	128,931,796
Add: Surplus arose on fresh revaluation		-	(6,787,971)
Less: Deferred tax liability on revaluation surplus		(4,360,192)	(3,357,739)
Less: Incremental depreciation attributed to revaluation surplus		1,264,456	973,744
Add: Deferred tax attributable to incremental depreciation		1,818,525,681	1,821,621,417
Balance as at December 31,	11.4.1		

11.4.1 The surplus on revaluation of property and equipment is not available for distribution to shareholders of the Society in accordance with section 241 of the Companies Act, 2017.

	2024 Rupees	2023 Rupees
12 Unearned reinsurance commission		
Commission paid or payable	4,347,139	4,658,021
Deferred commission expense - opening	2,390,702	2,262,046
Deferred commission expense - closing	2,214,554	2,390,702
Net commission	4,523,287	4,529,365
Less:		
Commission received or receivable	1,191,174	1,148,630
Unearned commission - opening	896,197	725,845
Unearned commission - closing	918,717	896,197
Commission from reinsurers	1,168,654	978,278
	3,354,633	3,551,087

Particulars	Commission received or receivable Rupees	Unearned commission		Commission from reinsurers Rupees	Commission from reinsurers Rupees
		Opening Rupees	Closing Rupees		
Fire and property damage	277,102	170,530	219,877	227,755	127,083
Live stock and others	914,072	725,667	698,840	940,899	851,195
	1,191,174	896,197	918,717	1,168,654	978,278

100%

	Note	2024 Rupees	2023 Rupees
13 Deferred taxation	13.1	60,910,754	48,989,595

13.1 Movement wise breakup of deferred tax balances is as follows:

Description	Balance as at January 01, 2024	Recognized in profit or loss (Note 24)	Recognized in other comprehensive income (Note 11.3)	Recognized in statement of changes in equity	Balance as at December 31, 2024
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Deferred tax liabilities in respect of taxable temporary differences:

Property and equipment	25,446,320	(1,259,229)	-	-	24,187,091
Available for sale investments	23,543,275	-	13,180,388	-	36,723,663
	48,989,595	(1,259,229)	13,180,388	-	60,910,754

Description	Balance as at January 01, 2023	Recognized in profit or loss (Note 24)	Recognized in other comprehensive income (Note 11.3)	Recognized in statement of changes in equity	Balance as at December 31, 2023
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Deferred tax liabilities in respect of taxable temporary differences:

Property and equipment	19,713,574	(1,055,225)	6,787,971	-	25,446,320
Available for sale investments	17,105,827	55,262	6,382,186	-	23,543,275
	36,819,401	(999,963)	13,170,157	-	48,989,595

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

13.3 The deferred tax assets on unused business tax losses amounting to Rs. 2.742 million and minimum tax paid in the sum of Rs. 1.160 million have not been recognized in these financial statements as the certainty of the taxable profits / taxable differences in the foreseeable future is not assured against which these assets would be reversed.

	Note	2024 Rupees	2023 Rupees
14 Other creditors and accruals			
Duties and taxes payable		657,521	1,118,223
Securities against rented premises		1,280,000	1,380,000
Accrued expenses		1,436,647	1,085,705
Leave encashment payable		1,669,448	1,526,034
Other payables	14.1	885,584	1,014,879
		5,929,200	6,124,841

14.1 These include Rs. 44,184 (2023: Rs. 55,402) on account of employees' provident fund payable.

15 Contingencies and commitments

15.1 The Cooperative Insurance Society of Pakistan Limited ("the Society") is the registered owner in possession of property located at 23-The Mall, Lahore, measuring 8 Kanals, 7 Marlas, and 112.5 Sq. Ft., acquired through registered sale deed dated 24-03-1964 and subsequent transfer order dated 24-12-1964 issued by the Settlement Department, Punjab.

In 1972, the Government of Pakistan issued a letter appointing a trustee and sub-trustee with directions to take over the said property. Aggrieved by this action, the Society filed Writ Petition No. 819/1972, which was decided in its favor by the Lahore High Court on 03-11-1992, declaring the 1972 directive without lawful authority and of no legal effect, and remanding the matter to the Insurance Appellate Tribunal.

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The Tribunal dismissed the matter on 07-10-1997 citing lack of jurisdiction. Subsequently, the Society instituted a civil suit for possession, mesne profits, accounts, and injunction which was decreed on 15-01-1999. Though the decree was initially set aside ex parte on 07-04-1999, subsequent litigation reaffirmed the Society's claim. However, in 2018, after a lapse of 26 years, the State Life Insurance Corporation of Pakistan (SLIC) filed an application under section 12(2) of the Code of Civil Procedure (CPC), 1908 alleging fraud in obtaining the 1992 judgment. This application was allowed by the Lahore High Court vide its Order dated 17-04-2025.

The Society, being aggrieved by the said order, has filed a petition before the Hon'ble Supreme Court of Pakistan on 27-05-2025 challenging therein the maintainability and legality of the impugned order dated 17-04-2025 and is also seeking suspension of the same.

At present, the Society continues to maintain legal ownership and possession of the property. The management, based on legal counsel's opinion and the merits of the case, is confident of a favorable outcome in the instant appeal duly filed before the Hon'ble Supreme Court. Accordingly, no adjustment in respect of this matter has been made in these financial statements as the property remains in possession of the Society, and the proceedings are sub judice.

- 15.2 A case was filed on 07-02-2020 before the Honorable Civil Judge against the Society and Punjab Provincial Cooperative Bank Limited wherein the policyholder, Cooperative Thrift and Credit Society, wanted to recover its research record lost in Punjab Provincial Cooperative Bank Limited. As of the latest hearing on 25-09-2024, the record was presented, and the opposing party completed its arguments. The Society is now preparing to present its arguments with the next hearing scheduled for 16-06-2025. The Society is contesting the case before the concerned Honorable Court on professional grounds and is hopeful for a favorable outcome in the instant case. However, there is no financial impact involved in this matter.
- 15.3 For the tax year 2012, the tax department has created a tax demand in the sum of Rs. 1.134 million by passing an order dated 31-05-2014 after conducting the tax audit of the Society mainly on the issue of inadmissibility and disallowance of certain expenses and also did not give credit of the taxes paid at the time of filing of income tax return under section 137 of the Income Tax Ordinance, 2001 amounting Rs. 302,802 (Refer Note 7). The Department forcefully recovered the entire demand from the bank accounts of the Society. The Society filed an appeal before the Commissioner Inland Revenue (CIR- Appeals) who vide order dated 30-06-2014 annulled the entire demand. Thereafter, the Additional Commissioner Inland Revenue (ADIR) vide order dated 26-06-2015, without affording an opportunity of being heard recreated the demand of Rs. 1.134 million. The Society again filed appeal before CIR-Appeals who vide order dated 21-02-2017 confirmed the demand. Being aggrieved from the order, the Society filed a second appeal before the Appellate Tribunal Inland Revenue (ATIR) who vide order dated 09-09-2023 remanded back the entire order for fresh assessment. The tax department has not yet initiated fresh proceedings. The management of the society and its tax advisor are of the firm view that the outcome of the instant matter will be decided in their favour.
- 15.4 For the tax year 2016, the Deputy Commissioner Inland Revenue (DCIR) has passed an order on 13-12-2022 and created a demand amounting to Rs 1,619,210. Being aggrieved, the Society has filed an appeal before Commissioner Inland Revenue (CIR-Appeals) against the impugned order who has confirmed some of the additions amounting to Rs. 1.619 million vide its order dated 13-12-2022 and remanded the case back to DCIR for additions amounting to Rs. 1.252 million under relevant heads. Against this order, the Society has filed a second appeal before the Honourable Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication at the terminal date. The Society and its tax advisor are of the firm belief that there is likelihood of favourable outcome in the instant appeal and the case will be decided in their favour.
- 15.5 Afghan Ghee Industries (Pvt.) Ltd has filed a time-barred insurance claim in the sum of Rs. 28 million against the Society before the Insurance Tribunal, Peshawar. The matter is currently stayed by the Peshawar High Court, with the next hearing scheduled for 29-06-2025. The Society is contesting the alleged claim on various legal grounds including limitation of time, jurisdiction, and procedural deficiencies. Based on the opinion of legal counsel and the relevant provisions of the Insurance Ordinance, 2000, the management believes that the likelihood of an adverse outcome is remote. Accordingly, no provision in this regard has been made in these financial statements.
- 15.6 State Life Insurance Corporation of Pakistan has instituted legal proceedings against the Society and its various tenants for the recovery of rental income by claiming its illegal ownership of the Society's building as already disclosed in Note 15.1 above. The Society along with its tenants are professionally contesting this case by challenging the legal grounds of the claimant. Accordingly, the Society and its legal counsel are of the firm belief that the outcome of the case will be decided in their favour as the claim lodged by the claimant is illegal and infructuous.
- 15.7 The Society has also filed a law suit against some of the tenants in the civil court for paying rental under fraudulent sub-lease arrangements to the illegal occupants of the Society's building including Mr. Shahid Rashid against whom the Society had already filed legal proceedings for the recovery of old outstanding balance of rent due and against whom the Learned Rent Tribunal, Lahore passed a decree for eviction of the Society's premises and recovery of the adjudicated arrears as disclosed in Note 7.1.2 of these financial statements. The Society and its legal advisor are of the firm view that the matter in the instant case will be decided in their favour.
- 15.8 There are no known commitments of the Society as at December 31, 2024 (2023: Nil).

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16	Net insurance premium	Note	2024 Rupees	2023 Rupees
	Written gross premium		30,581,213	32,934,045
	Unearned premium reserve - opening		16,123,883	15,065,937
	Unearned premium reserve - closing		14,827,652	16,123,883
	Premium earned		31,877,444	31,876,099
	Less:			
	Reinsurance premium ceded		7,457,086	7,215,615
	Prepaid reinsurance premium - opening		4,452,173	3,849,443
	Prepaid reinsurance premium - closing		4,660,606	4,452,173
	Reinsurance expense		7,248,653	6,612,885
			24,628,791	25,263,214

16.1 Major insurance business is provided by Messrs. Punjab Provincial Cooperative Bank Limited (PPCBL). PPCBL holds 73% of Society's shareholding.

17 Net insurance claims

Claims paid	1,082,810	780,166
Outstanding claims including IBNR - opening	1,694,965	1,219,224
Outstanding claims including IBNR - closing	1,728,872	1,694,965
Claims expense	1,116,717	1,255,907
Less:		
Reinsurance and other recoveries received	397,447	154,407
Reinsurance and other recoveries in respect of outstanding claims - opening	166,347	105,352
Reinsurance and other recoveries in respect of outstanding claims - closing	166,328	166,347
Reinsurance and other recoveries revenue	397,428	215,402
	719,289	1,040,505

18 Net commission

Commission paid or payable	4,347,139	4,658,021
Deferred commission expense - opening	2,390,702	2,262,046
Deferred commission expense - closing	2,214,554	2,390,702
Net commission	4,523,287	4,529,365
Less:		
Commission received or recoverable	1,191,174	1,148,630
Unearned reinsurance commission - opening	896,197	725,845
Unearned reinsurance commission - closing	918,717	896,197
Commission from reinsurance	1,168,654	978,278
	3,354,633	3,551,087

19 Management expenses

Branch business expenses	19.1	12,833,847	13,735,321
Salaries, wages and benefits	19.2	5,423,546	6,347,118
Printing and stationery		1,285,608	1,462,607
Rent, taxes and electricity		1,155,593	899,081
Travelling and entertainment		675,898	791,137
Other expenses		917,282	676,835
Communication		759,560	639,299
		23,051,334	24,551,398

19.1 The branch business expenses include travelling & conveyance, incentives to staff, repairs and maintenance and other office expenses. It also includes Rs. 6,340 (2023: 5,430) on account of contribution to the employees provident fund.

19.2 These include Rs. 98,112 (2023: Rs. 106,008) on account of contribution to the employees provident fund.

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		2024 Rupees	2023 Rupees
20 Investment income	Note		
Dividend income from available for sale investments		3,047,142	1,754,995
Income from term deposits - Held to maturity		267,951	71,154
		<u>3,315,093</u>	<u>1,826,149</u>
21 Other income			
Fair value gain on revaluation of investment property	5	8,950,612	12,655,696
Miscellaneous receipts		2,551	-
Gain on disposal of property and equipment	4.3	421,180	-
		<u>9,374,343</u>	<u>12,655,696</u>
22 Administrative and general expenses			
Depreciation	4	5,406,153	4,336,445
Rent, rates and taxes		2,239,800	2,359,147
Legal and professional charges		2,306,266	2,153,363
Salaries, wages, and benefits	22.1	2,300,939	2,158,470
Travelling and vehicle running expenses	22.2	1,730,781	1,024,050
Chief executive / directors' remuneration	22.3	918,754	1,203,329
Repair and maintenance		813,330	414,150
Auditors' remuneration	22.4	450,000	375,000
Website and software maintenance expenses		458,111	268,684
Fees and subscription expenses		439,384	231,025
Advertisement and publicity expenses		11,450	116,500
Insurance expenses		176,855	157,890
Other miscellaneous expenses		297,411	307,498
Amortization of computer software		-	89,600
Bank charges		33,383	44,299
		<u>17,582,617</u>	<u>15,239,450</u>

22.1 These include Rs. 56,601 (2023: Rs. 53,051) on account of contribution to the employees provident fund.

22.2 This includes Rs. 920,300 (2023: Rs. 507,400) on account of travelling allowance paid to directors of the Society for meetings.

22.3 Chief Executive / Directors' remuneration

The aggregate amounts of the remuneration including all benefits to the chief executive and directors of the Society charged in these financial statements are as follows:

	2024		2023	
	Chief Executive	Directors	Chief Executive	Directors
	-----Rupees-----			
Managerial remuneration	313,100	-	276,500	-
House rent allowance	267,000	-	243,000	-
Medical allowance	102,026	-	96,780	-
Overtime	-	-	15,684	-
Bonus	-	-	59,950	-
Provident fund	31,310	-	27,650	-
Travelling allowance	144,000	-	120,000	-
Other perquisites	61,318	-	363,765	-
	<u>918,754</u>	<u>-</u>	<u>1,203,329</u>	<u>-</u>
Number of persons	1	9	1	8

No remuneration has been paid to the directors of the society, consistent with the bye laws of the Society. In addition to the above benefits, the chief executive has been provided with a Society maintained car. Travelling and conveyance allowance has been paid to directors of the company in the sum of Rs. 920,300 (2023: Rs. 507,400) for meeting purposes as decided and approved by the Board

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22.4 Auditors' remuneration	Note	2024 Rupees	2023 Rupees
Audit fee		350,000	250,000
Special certifications		100,000	125,000
		<u>450,000</u>	<u>375,000</u>

23 LEVY			Restated
Minimum tax (Turnover tax)	23.1	555,899	604,217
Final tax on dividend	23.1	457,071	273,922
		<u>1,012,970</u>	<u>878,139</u>

23.1 This represents minimum tax and final taxes paid under section 113 and 150 of the Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 and IAS 37.

23.2 The aggregate of minimum tax and final tax amounting to Rs. 1.013 million (2023: Rs. 0.878 million) being classified as levy represents tax liability of the Society calculated under the relevant provisions of the Income Tax Ordinance, 2001.

24 INCOME TAX EXPENSE	Note	2024 Rupees	Restated 2023 Rupees
Current income tax		-	-
Deferred income tax		-	-
For the year	13	<u>(1,259,229)</u>	<u>(999,963)</u>
		<u>(1,259,229)</u>	<u>(999,963)</u>

24.1 Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognized in the statement of profit or loss, is as follows:

Current tax liability for the year as per applicable tax laws	<u>1,012,970</u>	<u>878,139</u>
Portion of current tax liability as per tax laws, representing income tax under IAS 12	-	-
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	<u>1,012,970</u>	<u>878,139</u>
	<u>1,012,970</u>	<u>878,139</u>

24.2 Reconciliation of tax charge for the year

Profit before taxation	<u>3,079,109</u>	<u>5,781,035</u>
Tax @ 29% (2023: 29%) on profit before taxation	<u>892,942</u>	<u>1,676,500</u>
Tax effect of final tax regime	<u>(883,672)</u>	<u>(529,583)</u>
Tax effect of add backs / allowed deductions	<u>(9,270)</u>	<u>(1,146,917)</u>
Deferred taxation	<u>(1,259,229)</u>	<u>(999,963)</u>
	<u>(1,259,229)</u>	<u>(999,963)</u>

24.3 Annual income tax return has been filed upto tax year 2024 for the year ended 31-12-2023 which is considered as deemed assessment under section 120 of the Income Tax Ordinance, 2001.

24.4 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. The tax liability of the Society is computed under the turnover tax regime being the highest of normal tax and alternate corporate tax in accordance with the provisions of Income Tax Ordinance, 2001 and classified as levy as disclosed in Note 23 above. The tax liability that is classified as levy also includes final tax on dividend being levied as per the provisions of Income Tax Ordinance, 2001. The Society has carried forward tax losses amounting to Rs. 9.456 million (2023: Rs. 5.072 million).

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December 31, 2024	Fire and property damage	Motor	Livestock and others	Total
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Premium receivable (inclusive of FED, Federal insurance fee and administrative surcharge)	14,070,418	7,018,827	15,542,228	36,631,473
Less: Sales tax	(2,190,850)	(1,092,874)	(2,420,020)	(5,703,744)
Less: Federal insurance fee	(133,099)	(66,395)	(147,022)	(346,516)
Gross direct written premium (inclusive of administrative surcharge)	11,746,469	5,859,558	12,975,186	30,581,213
Gross direct premium	11,162,204	5,568,106	12,329,805	29,060,115
Administrative surcharge	584,265	291,452	645,381	1,521,098
	11,746,469	5,859,558	12,975,186	30,581,213
Insurance premium earned	11,347,937	6,605,519	13,923,988	31,877,444
Insurance premium ceded to reinsurers	(1,281,085)	(437,500)	(5,530,068)	(7,248,653)
Net insurance premium	10,066,852	6,168,019	8,393,920	24,628,791
Commission income	227,755	-	940,899	1,168,654
Net underwriting income (A)	10,294,607	6,168,019	9,334,819	25,797,445
Insurance claims	786,861	449,488	(119,632)	1,116,717
Insurance claims recovered from reinsurers	(80,568)	1,880	(318,739)	(397,427)
Net claims	706,293	451,368	(438,371)	719,290
Commission expense	1,612,833	950,361	1,960,093	4,523,287
Management expenses	8,854,187	4,416,785	9,780,361	23,051,333
Premium deficiency reserve	-	-	-	-
Net insurance claims and expenses (B)	11,173,313	5,818,514	11,302,083	28,293,910
Underwriting results (A-B)	(878,706)	349,505	(1,967,264)	(2,496,465)
Investment income				3,315,093
Rental income				10,468,755
Other income				9,374,343
Administrative and general expenses				(17,582,617)
Profit before taxation				3,079,109

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December 31, 2023	Fire and property damage	Motor	Livestock and others	Total
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Premium receivable (inclusive of FED, Federal insurance fee and administrative surcharge)	12,287,642	8,313,397	17,696,269	38,297,308
Less: Sales tax	(1,615,366)	(1,092,901)	(2,326,399)	(5,034,666)
Less: Federal insurance fee	(105,430)	(71,330)	(151,837)	(328,597)
Gross direct written premium (inclusive of administrative surcharge)	10,566,846	7,149,166	15,218,033	32,934,045
Gross direct premium	10,040,187	6,792,846	14,459,555	31,292,588
Administrative surcharge	526,659	356,320	758,478	1,641,457
	10,566,846	7,149,166	15,218,033	32,934,045
Insurance premium earned	8,796,518	6,762,957	16,316,624	31,876,099
Insurance premium ceded to reinsurers	(933,168)	(500,000)	(5,179,717)	(6,612,885)
Net insurance premium	7,863,350	6,262,957	11,136,907	25,263,214
Commission income	127,083	-	851,195	978,278
Net underwriting income (A)	7,990,433	6,262,957	11,988,102	26,241,492
Insurance claims	255,188	698,545	302,174	1,255,907
Insurance claims recovered from reinsurers	(165,704)	(4,372)	(45,326)	(215,402)
Net claims	89,484	694,173	256,848	1,040,505
Commission expense	1,243,420	982,484	2,303,461	4,529,365
Management expenses	7,877,284	5,329,501	11,344,613	24,551,398
Premium deficiency reserve	-	-	-	-
Net insurance claims and expenses (B)	9,210,188	7,006,158	13,904,922	30,121,268
Underwriting results (A-B)	(1,219,755)	(743,201)	(1,916,820)	(3,879,776)
Investment income				1,826,149
Rental income				10,418,416
Other income				12,655,696
Administrative and general expenses				(15,239,450)
Profit before taxation				5,781,035

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25.1 Segment assets and liabilities

As at December 31, 2024

Description	Fire and property damage	Motor	Live stock and others	Unallocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	2,830,042	633,210	4,441,671	2,596,229,595	2,604,134,518
Segment liabilities	9,618,698	2,987,538	7,795,910	67,078,143	87,480,289

As at December 31, 2023

Description	Fire and property damage	Motor	Live stock and others	Unallocated	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Segment assets	2,892,406	687,030	4,720,453	2,548,132,856	2,556,432,745
Segment liabilities	7,301,783	3,827,531	8,891,171	55,352,625	75,373,110

25.2 Other information

All the assets of the Society are located in Pakistan and the Society is generating its revenues through its operations in Pakistan. There is no customer to whom the insurance policies have been written more than 10% of the total revenue of the Society.

Fire and property damage, motor and livestock & others represent 40.87% (2023: 31.13%), 25.04% (2023: 24.79%) and 34.09% (2023: 44.08%) respectively of the total revenue of the Society.

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26 Solvency Statement

2024
Rupees

Assets

Property and equipment
Investment property

2,349,686,530
96,858,600
2,446,545,130

Investments

Listed equity securities
Unlisted equity securities
Term deposits

115,808,667
15,589,903
4,011,450
135,410,020

Deferred commission expenses
Prepayments
Other receivables

2,214,554
4,660,606
7,692,182

14,567,342

Cash and bank

7,612,026

Total assets

2,604,134,518

Inadmissible assets as per clause 32(2) of the Insurance Ordinance, 2000

Loan to staff
Immovable property and shares in the aggregate
Furniture & fixtures, office equipment and Motor vehicles

59,290
1,028,969,296
5,520,459
1,034,549,045

Admissible assets

Total liabilities

1,569,585,473

Underwriting provisions

Outstanding claims including IBNR
Unearned premium reserves
Unearned reinsurance commission
Deferred taxation
Insurance / reinsurance payables
Unclaimed dividend
Other creditors and accruals

1,723,872
14,827,652
918,717
60,910,754
2,926,905
238,189
5,929,200
87,480,289

Total liabilities

1,482,105,184

Total net admissible assets

Minimum solvency requirement (higher of followings)

Under section 36 (3) (a) of Insurance Ordinance, 2000
Under section 36 (3) (b) of Insurance Ordinance, 2000
Under section 36 (3) (c) of Insurance Ordinance, 2000

150,000,000
5,629,780
2,345,918

Net admissible assets in excess of solvency requirement

150,000,000
1,332,105,184

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27 Management of Insurance Risk and Financial Risk

27.1 Insurance risk

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

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

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

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

For reinsurance cover, the Society's 100% arrangement of reinsurance is dependent on Pakistan Reinsurance Company Limited which is a Government owned entity with sound and stable financial outlook and having credit rating of AA+ as determined by Messrs. VIS Credit Rating Company Limited on February 27, 2024.

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Society manages these risks through the measures described above. The Society has limited its exposure to catastrophic and riot events by use of reinsurance arrangements. The Society monitors concentration of insurance risks primarily by class of business. The table below sets out the concentration of the claims and premium liabilities (in percentage terms) by class of business at the reporting date:

Class	2024				2023			
	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	70.50	98.20	35.60	40.90	20.30	8.60	27.60	31.10
Motor	40.30	62.80	20.70	25.00	55.60	66.70	21.20	24.80
Miscellaneous	(10.70)	(60.90)	43.70	34.10	24.10	24.70	51.20	44.10
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

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

The Society class wise major gross risk exposure is as follows:

	2024	2023
	Rupees	Rupees
Fire and property damage	783,097,933	704,456,400
Motor	292,977,900	357,458,300
Miscellaneous	1,230,941,528	1,462,202,939

Sources of uncertainty in estimation of future claim payments

The key source of estimation uncertainty at the reporting 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 reporting date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the reporting date.

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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 the reporting 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.

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 / (loss) before tax and shareholders' equity of the changes in the claim liabilities net of reinsurance is analyzed 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.

Impact of change in claim liabilities by +10%

Fire and property damage
Motor
Miscellaneous

Profit before taxation		Shareholders' equity	
2024	2023	2024	2023
Rupees	Rupees	Rupees	Rupees
(68,740)	(43,983)	(48,805)	(31,228)
(34,528)	(43,931)	(24,515)	(31,191)
(69,620)	(81,583)	(49,430)	(57,924)
(172,888)	(169,497)	(122,750)	(120,343)

Impact of change in claim liabilities by -10%

Fire and property damage
Motor
Miscellaneous

68,740	43,983	48,805	31,228
34,528	43,931	24,515	31,191
69,620	81,583	49,430	57,924
172,888	169,497	122,750	120,343

2 Financial Risk

Financial risk factors

The Society's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Society's overall risk management policies focuses on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management. The Society is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

(a) 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.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. As at the reporting date, the Society is not exposed to currency risk as it has no receivable or payables in foreign currency.

(ii) Interest rate risk

Interest risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of change 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.

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As at the reporting date the interest rate profile of the Society's interest bearing financial instruments was as under:

December 31, 2024					
Interest bearing (floating rate instruments)			Non-Interest bearing		
Maturity up to 1 year	Maturity after 1 year	Sub-total	Maturity up to 1 year	Maturity after 1 year	Sub-total
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial assets					
Cash and other equivalents	-	-	7,612,026	-	7,612,026
Investments	1,500,000	1,500,000	133,910,020	-	133,910,020
Insurance / reinsurance receivables	-	-	863,435	-	863,435
Reinsurance recoveries	-	-	166,328	-	166,328
Security deposits	-	-	59,400	-	59,400
Sundry receivables	-	-	3,744,243	-	3,744,243
	1,500,000	1,500,000	146,355,452	-	146,355,452

Financial Liabilities

Outstanding claims - including IBNR	-	-	1,728,872	-	1,728,872
Insurance / reinsurance payables	-	-	2,926,905	-	2,926,905
Other creditors and accruals	-	-	5,271,679	-	5,271,679
Unclaimed dividend	-	-	238,189	-	238,189
	-	-	10,165,645	-	10,165,645

December 31, 2023					
Interest bearing (floating rate instruments)			Non-Interest bearing		
Maturity up to 1 year	Maturity after 1 year	Sub-total	Maturity up to 1 year	Maturity after 1 year	Sub-total
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Financial assets					
Cash and other equivalents	-	-	12,059,298	-	12,059,298
Investments	-	-	88,460,406	-	88,460,406
Insurance / reinsurance receivables	-	-	1,290,667	-	1,290,667
Reinsurance recoveries	-	-	166,347	-	166,347
Security deposits	-	-	59,400	-	59,400
Sundry receivables	-	-	3,950,260	-	3,950,260
	-	-	105,986,378	-	105,986,378

Financial Liabilities

Outstanding claims - including IBNR	-	-	1,694,965	-	1,694,965
Insurance / reinsurance payables	-	-	1,305,440	-	1,305,440
Other creditors and accruals	-	-	5,006,618	-	5,006,618
Unclaimed dividend	-	-	238,189	-	238,189
	-	-	8,245,212	-	8,245,212

Cash flow sensitivity analysis for variable rate instruments

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have impacted the profit or loss for the year. The society has investment in term deposits at the reporting date. The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in the relevant notes to these financial statements.

Sensitivity analysis

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

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Change in basis points	Effect on profit or loss before taxation	Effect on shareholder's equity
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Rupees in "000"

December 31, 2024	100 (100)	2,680 (2,680)	1,903 (1,903)
December 31, 2023	100 (100)	712 (712)	506 (506)

(b) **Credit risk**

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Society attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Credit risk and concentration of credit risk

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. The Society's credit risk exposure is not significantly different from the reflected in these financial statements. The management monitors and limits the Society's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

<u>Financial assets</u>	<u>2024</u> <u>Rupees</u>	<u>2023</u> <u>Rupees</u>
Investment in equity securities	131,398,570	85,948,956
Term deposits	4,011,450	2,511,450
Sundry receivables	3,744,243	3,950,260
Insurance / reinsurance receivables	863,435	1,290,667
Reinsurance recoveries against outstanding claims	166,328	166,347
Security deposits	59,400	59,400
Cash at bank	7,107,317	11,674,452
	<u>147,350,743</u>	<u>105,601,532</u>

The credit quality of bank balances and deposits can be assessed with reference to external credit ratings where available, or to historical information about counterparty default rates. Banks and financial institutions have external credit ratings determined by various credit rating agencies. Credit quality of customers and other receivables are assessed by reference to historical defaults rates and present ages. Banks and financial institutions have external credit ratings determined by various credit rating agencies as listed below :

	Rating		Rating agency	2024	2023
	Short term	Long term		Rupees	Rupees
Bank Al Falah Limited	A1+	AAA	PACRA	146,524	146,524
First Women Bank	A2	A-	PACRA	737	737
Muslim Commercial Bank	A	A1	PACRA	57,299	336,867
Punjab Provincial Cooperative Bank Limited	A2	BBB+	PACRA	5,321,857	9,474,641
Allied Bank Limited	A1+	AAA	PACRA	1,426,173	1,550,321
National Bank of Pakistan	A1+	AAA	PACRA	111,950	116,444
CDC (Investor Account Services)	Not Rated	AA-	Fitch Rating	42,777	48,918
				<u>7,107,317</u>	<u>11,674,452</u>

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The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Society. Accordingly the credit risk is minimal.

The credit quality of Society's exposure on equity instruments can be assessed with reference to external rating as follows:

	Ratings	Rating agency	2024 Rupees	2023 Rupees
Pakistan Re-insurance Company Limited	AA+	VIS	36,761,306	17,994,554
Ferozesons Laboratories Limited	A	PACRA	79,047,361	52,008,379
Punjab Provincial Cooperative Bank Limited	BBB+	PACRA	13,712,753	13,653,203
National Cooperative Supply Corporation	A	-	1,877,150	2,292,820
			<u>131,398,570</u>	<u>85,948,956</u>

The credit quality of amounts due from reinsurer and claim recoveries therefore can be assessed with reference to external credit ratings as follows:

Reinsurance Recoveries against outstanding claims				
	Ratings	Rating agency	2024 Rupees	2023 Rupees
Pakistan Re-insurance Company Limited	AA+	VIS	166,328	166,347

As at the reporting date, amounts in respect of reinsurance recoveries against outstanding claims are considered good, recovered subsequent to the reporting date and are classified as due within one year.

(c) Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Society finances its operations through equity and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Following are the contractual maturities of financial liabilities:

December 31, 2024						
Financial liabilities	Carrying amount	On demand	Contractual cash flows	1 year or less	1-2 years	2-5 years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Outstanding claims including IBNR	1,728,872	1,728,872	1,728,872	-	-	-
Insurance / reinsurance payables	2,926,905	2,926,905	2,926,905	-	-	-
Unclaimed dividend	238,189	238,189	238,189	-	-	-
Other creditors and accruals	5,271,679	5,271,679	5,271,679	-	-	-
	<u>10,165,645</u>	<u>10,165,645</u>	<u>10,165,645</u>	<u>-</u>	<u>-</u>	<u>-</u>

December 31, 2023						
Financial liabilities	Carrying amount	On demand	Contractual cash flows	1 year or less	1-2 years	2-5 years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Outstanding claims including IBNR	1,694,965	1,694,965	1,694,965	-	-	-
Insurance / reinsurance payables	1,305,440	1,305,440	1,305,440	-	-	-
Unclaimed dividend	238,189	238,189	238,189	-	-	-
Other creditors and accruals	5,006,618	5,006,618	5,006,618	-	-	-
	<u>8,245,212</u>	<u>8,245,212</u>	<u>8,245,212</u>	<u>-</u>	<u>-</u>	<u>-</u>

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28 Equity / Price Risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Society's equity investments amounting to Rs. 115 809 million (2023: Rs. 70 003 million) are susceptible to market price risk arising from uncertainty about the future value of investment securities. The Society limits the market risk by diversifying its equity investment portfolio and by actively monitoring the developments in equity and money markets. The Society also has investment in unlisted equity instruments amounting to Rs. 15 590 million (2023: Rs. 15 946 million), whose value is based on their audited financial statements, which represent the shares of large corporate entities with sound financial footing and stable results.

The table below summarizes the Society's market price risk as of December 31, 2024 and 2023. It shows the effect of a 10% increase and 10% decrease in the market prices of equity investments as on those dates on the Society's other comprehensive income and equity. Had all listed equity investments been measured at fair values as required by IAS 39, 'Financial Instruments: Recognition and Measurement', the impact of hypothetical change would be as follows:

	2024 Rupees	2023 Rupees
Fair Value	131,398,570	85,948,956
Estimated fair value due to changes:		
10% increase	144,538,427	94,543,852
10% decrease	118,258,713	77,354,060
Effect on other comprehensive income before taxation:		
10% increase	13,139,857	8,594,896
10% decrease	(13,139,857)	(8,594,896)
Effect on shareholder's equity		
10% increase	9,329,298	6,102,376
10% decrease	(9,329,298)	(6,102,376)
	2024 Rupees	2023 Rupees

29 Earnings per share

29.1 Basic earnings per share

Profit for the year after taxation attributable to Society's shareholders	3,325,368	5,902,859
Weighted average number of ordinary shares outstanding during the year	50,003,240	50,003,240
Earnings per share	0.067	0.118

29.2 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.

30 Capital risk management

The Society's objective when managing capital is to safeguard the Society's ability to continue as a going concern and meet the regulatory, solvency and paid up capital requirements so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Society manages its capital structure by monitoring return on net assets and making adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Society may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. There were no changes in the Society's approach to capital management during the year. The Society is not subject to externally imposed capital requirements.

Return on assets / equity is computed as follows:

	2024 Rupees	2023 Rupees
Profit before taxation	3,079,109	5,781,035
Net assets / equity	2,516,654,229	2,481,059,635
Return on shareholders' equity	0.12%	0.23%

31 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Underlying the definition of fair value is the presumption that the Society is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regulatory occurring market transactions on an arms' length basis.

Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Society has classified its financial instruments into the following three levels:

- | | |
|---------|---|
| Level 1 | Quoted prices (unadjusted) in active market for identical assets or liabilities. |
| Level 2 | Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derive from prices). |
| Level 3 | Inputs for asset or liability that are not based on observable market data (unobservable inputs). |

ICUM

The Society recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The Society's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- 1- changes in market and trading activity (e.g. significant increases / decreases in activity), and
- 2- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

There were no transfers between the levels of the fair value hierarchy during the year.

The carrying values of all other financial assets and liabilities reflected in these financial statements approximates their fair values.

Valuation techniques used to determine fair values

Valuation techniques used to value land, building and investment property are disclosed in Notes 4.1 and 5.1 respectively of these financial statements. The market value of listed equity instruments have been determined in accordance with the PSX index as at the reporting date whereas the unlisted equity instruments are measured with reference to the breakup value of investee companies based on their annual audited financial statements.

The following table shows the carrying amounts and fair values of assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

December 31, 2024	Carrying amount					Fair value			
	FVOCI	FVTPL	Assets - at Amortized Cost	Liabilities - at Amortized Cost	Total	Level 1	Level 2	Level 3	Total

Financial assets measured at fair value

Investment in listed securities	115,808,667	-	-	-	115,808,667	115,808,667	-	-	115,808,667
Investment in unlisted securities	15,589,903	-	-	-	15,589,903	15,589,903	-	-	15,589,903

Non-financial assets measured at fair value

Land and building	2,344,166,071	-	-	-	2,344,166,071	-	2,344,166,071	-	2,344,166,071
Investment property	96,858,600	-	-	-	96,858,600	-	96,858,600	-	96,858,600

Financial assets not measured at fair value

Investment in debt securities	-	-	4,011,450	-	4,011,450	-	-	-	-
Insurance related receivables and other assets	-	-	4,833,406	-	4,833,406	-	-	-	-
Cash and bank balances	-	-	7,612,026	-	7,612,026	-	-	-	-

Non-financial assets not measured at fair value

Other fixed assets	-	-	5,520,459	-	5,520,459	-	-	-	-
Prepayments and taxes	-	-	9,733,936	-	9,733,936	-	-	-	-

2,572,423,241	-	31,711,277	-	2,604,134,518	131,398,570	2,441,024,671	-	2,572,423,241
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Financial liabilities not measured at fair value

Outstanding claims	-	-	-	1,728,872	1,728,872	-	-	-	-
Other creditors and payables	-	-	-	8,198,584	8,198,584	-	-	-	-
Unclaimed dividend	-	-	-	238,189	238,189	-	-	-	-

Non-financial liabilities not measured at fair value

Unearned premium reserves	-	-	-	14,827,652	14,827,652	-	-	-	-
Unearned reinsurance commission	-	-	-	918,717	918,717	-	-	-	-
Duties and taxes payable	-	-	-	657,521	657,521	-	-	-	-
Deferred taxation	-	-	-	60,910,754	60,910,754	-	-	-	-
-	-	-	-	87,480,289	87,480,289	-	-	-	-

Curry

December 31, 2023	Carrying amount					Fair value			
	FVOCI	FVTPL	Financial assets at Amortized Cost	Financial liabilities at Amortized Cost	Total	Level 1	Level 2	Level 3	Total

Financial assets measured at fair value

Investment in listed securities	70,002,933	-	-	-	70,002,933	70,002,933	-	-	70,002,933
Investment in unlisted securities	15,946,023	-	-	-	15,946,023	15,946,023	-	-	15,946,023

Non-financial assets measured at fair value

Land and building	2,348,530,075	-	-	-	2,348,530,075	-	2,348,530,075	-	2,348,530,075
Investment property	87,907,988	-	-	-	87,907,988	-	87,907,988	-	87,907,988

Financial assets not measured at fair value

Investment in debt securities	-	-	2,511,450	-	2,511,450	-	-	-	-
Insurance related receivables and other assets	-	-	5,466,674	-	5,466,674	-	-	-	-
Cash and bank balances	-	-	12,059,298	-	12,059,298	-	-	-	-
<u>Non-financial assets not measured at fair value</u>									
Other fixed assets	-	-	4,504,628	-	4,504,628	-	-	-	-
Prepayments and taxes	-	-	9,503,676	-	9,503,676	-	-	-	-
	2,522,387,019	-	34,045,726	-	2,556,432,745	85,948,956	2,436,438,063	-	2,522,387,019

Financial liabilities not measured at fair value

Outstanding claims	-	-	-	1,694,965	1,694,965	-	-	-	-
Other creditors and payables	-	-	-	6,312,058	6,312,058	-	-	-	-
Unclaimed dividend	-	-	-	238,189	238,189	-	-	-	-

Non-financial liabilities not measured at fair value

Unearned premium reserves	-	-	-	16,123,883	16,123,883	-	-	-	-
Unearned reinsurance commission	-	-	-	896,197	896,197	-	-	-	-
Duties and taxes payable	-	-	-	1,118,223	1,118,223	-	-	-	-
Deferred taxation	-	-	-	48,989,595	48,989,595	-	-	-	-
	-	-	-	75,373,110	75,373,110	-	-	-	-

32 Related party disclosure

Related parties comprise of directors, chief executive, other key management personnel and staff retirement benefit plans. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms. Outstanding balances with related parties, contribution to provident fund and remuneration to chief executive and directors of the Society have already been disclosed in Notes 19 and 22 of these financial statements. In addition to this, there were no other transactions carried out during the year with any related party that may require any disclosure in these financial statements.

33 Disclosure of Employees Provident Fund Trust -Related Party

The following information is based on the unaudited financial statements of the Employees Provident Fund maintained by the Society.

	2024 Rupees	2023 Rupees
Size of fund	1,197,764	1,460,132
Number of members	20	20
Cost of investment - Bank Balance	1,197,764	1,460,132
Percentage of investment	100%	100%

34 Number of employees

Number of employees as at December 31,
Average number of employees during the year

2024	2023
Number	Number
28	26
26	25

35 Date of authorization for issue

These financial statements were approved and authorized for issue by the Board of Directors of the Society on 30-06-2025.

36 Corresponding figures

Corresponding figures have been re-arranged / regrouped wherever considered necessary to facilitate comparison and better understanding. The reclassifications / re-arrangements made in these financial statements in the corresponding figures during the year, except for the change in accounting policy as disclosed in Note 2.5 of these financial statements are as follows:

Description	2023 Rupees	Reclassification	
		From	To
Salaries, wages and benefits (leave encashment and provident fund)	925,081	Administrative and general expenses	Management expenses
Salaries, wages and benefits (EOBI)	140,225	Management expenses	Administrative and general expenses
			
CHIEF EXECUTIVE		DIRECTOR	CHAIRMAN
			
CHIEF FINANCIAL OFFICER		DIRECTOR	

HEAD OFFICE

Cooperative Insurance Building,
23-Shahrah-e-Quaid-e-Azam
Lahore.

Phones:

37356537,
042-37352306,37242798
Fax: 042-37352794
Email: info@coinsopl.com

<u>Fateh Khan Niazi</u>	Chief Executive Officer	0322-9490777
Shoaib Ahmed Waseem	Financial Advisor	0300-0803060
Fahad Amjad	Acting Chief Financial Officer	0300-0400576
Shahbaz Hussain Khadim	Head of Internal Auditor	0333-4555001
Malik Muhammad Ashraf	Manager Underwriting	0322-4545283
Muhammad Zohaib	Asstt: Compliance Officer	0328-4481221
Muhammad Jamil Bhatti	Asstt: Manager Re-insurance	0322-4318241
<u>ZONAL OFFICES</u>		
<u>Bahawalnagar</u> Rai Anwaar Alam Branch Manager	Chowk Tasneem Fowara	0333-1630650 0300-7585601
M. Rashid Kitchlew Zonal Manager	23-Shahrah-e-Quaide-e-Azam, Lahore	0300-4292277
Sattar Ahmed Zonal Manager	Shoaib Manzil, Chowk Chohan Park, Lahore.	Res: 37923661 0300-4870280 0323-4870280
Karachi -1	<u>REGIONAL OFFICES</u>	
Mirza Anwar Baig Chief Manager	Nadir House, 3 rd Floor, P.O. Box No. 4814, I.I. Chundrigarh Road, Karachi	Off: 32411840 0300-2313632
Liaquat Ali Branch Manager		0333-2136754
Karachi-2		
Tahir Mehmood Qureshi (Manager Development)	Office No. 18, Kareem Plaza, Near Civic Centre, Gulshan-e-Iqbal Karachi.	0322-2032013 0300-9237978
<u>Multan</u>		
Hassan Faryal Bhutta Regional Manager	Chowk Katchery P.O. Box No. 119	0332-1743042 0300-6338415
<u>Multan-2</u> Syed Waqar Ali Rizvi Branch Manager	Upper Store Shopping Centre No. 3, Opp: Mall Plaza, Multan Cantt.	0305-2007809 0333- 6388157

BRANCH OFFICES

<u>Faisalabad</u>		
Rai Nawazish Ali Branch Manager	Quaid-e-Azam Road, Tandlianwala	0333-6581781 0342-5825565
<u>Guiranjwala</u>		
Asad Javaid Malik Branch Manager	58-B, Trust Plaza, G.T. Road,	0321-7441724 0300-7593106
<u>Sheikhupura</u>		
Asad Javaid Malik Branch Manager	Sheikhupura	0300-7593106 0321-7441724
<u>Sargodha</u>		
M. Taufiq Paracha Branch Manager	Opp: City Post Office, Main Road, Block No. 5	Off: 7323459 Res: 3213459 0300-9609161
<u>Rawalpindi</u>		
Muzaffar Hussain Shah Branch Manager	53/8, Haider Road,	Off: 5566232 0333-5341722
<u>Okara</u>		
Abdul Rahim Gohar Branch Manager	C/o. Haji Motors, G.T.Road, Renala Khurd	0333-4565378
<u>Rahim Yar Khan</u>		
Khadim Hussain Bhatti Branch Manager	B-80, Umer Block, Abbasia Town	0333-7453191 0300-4278782
<u>Sahiwal</u>		
Kashif Rafiq Branch Manager	House No. 775, M-Block , Fareed Town, Sahiwal.	0300-6937275 0312-6937275
<u>D.G. Khan</u>		
Mian Javed Branch Manager	Block No. 2, Quaid-e-Azam Road, Dera Ghazi Khan.	0300-6781253 0334-6781253