

# Statement of Cash Flows

For the year ended December 31, 2012

Pakistan Reinsurance Company Limited



Operating cash flows	Note	2012 Rupees	2011 Rupees
<b>Underwriting activities</b>			
Premium received		8,069,843,008	6,746,669,112
Reinsurance premium paid		(3,643,031,536)	(3,282,441,468)
Claims paid		(3,116,222,263)	(2,195,928,002)
Reinsurance and other recoveries received		1,189,083,761	320,451,799
Commissions paid		(1,028,384,701)	(940,413,572)
Commissions received		130,979,693	89,640,393
Premium and claim reserves retained from retrocessionaires/withheld by ceding companies		(58,173,157)	78,589,037
Expenses paid		(502,937,262)	(352,920,536)
Net cash inflows from underwriting activities		1,041,157,543	463,646,763
<b>Other operating activities</b>			
Income tax paid		(131,187,175)	(94,388,700)
General administration expenses paid		(43,191,366)	(29,828,813)
Loans disbursed-net		(3,956,590)	(1,541,886)
Other receipts - sundry debtors		110,556,288	74,368,065
Net cash outflow from other operating activities		(67,778,843)	(51,391,334)
<b>Total cash inflows from all operating activities</b>		<b>973,378,700</b>	<b>412,255,429</b>
<b>Investment activities</b>			
Fixed capital expenditure	27	(1,643,105)	(8,592,327)
Sale proceeds of fixed assets	27.1	1,717,667	50,000
Acquisition of investments		(4,846,254,508)	(3,233,663,600)
Rental income received - net of expenses		47,726,472	52,196,686
Dividend income received		332,963,917	458,401,028
Interest income on bank deposits		131,365,214	112,086,482
Investment income received - net of expenses		477,444,149	214,846,217
Sale proceeds of investments		4,182,600,414	2,055,938,460
<b>Total cash inflows / (outflows) from investment activities</b>		<b>325,920,220</b>	<b>(348,737,054)</b>
<b>Financing activities</b>			
Dividend paid		(882,117,209)	(882,886,705)
<b>Total cash outflow from financing activities</b>		<b>(882,117,209)</b>	<b>(882,886,705)</b>
<b>Net cash inflows / (outflows) from all activities</b>		<b>417,181,711</b>	<b>(819,368,330)</b>
Cash and cash equivalents at beginning of the year		1,597,263,123	2,416,631,453
<b>Cash and cash equivalents at end of the year</b>	18	<b>2,014,444,834</b>	<b>1,597,263,123</b>

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Annual Report 2012

**Farzana Munaf**  
Chief Financial Officer

**R.B. Phulpoto**  
Chief Executive

**Dr. Masuma Hasan**  
Director

**Sikander Mahmood**  
Director



# Statement of Cash Flows

For the year ended December 31, 2012

<b>Reconciliation to profit and loss account</b>	Note	<b>2012 Rupees</b>	2011 Rupees
Operating cash flows		<b>973,378,700</b>	412,255,429
Depreciation expense			
- Investment property	32	<b>(2,199,848)</b>	(2,375,809)
- Fixed assets	32	<b>(8,235,647)</b>	(6,918,618)
Exchange gain		<b>67,497,544</b>	32,512,566
Rental income - net	30	<b>49,449,654</b>	54,038,710
Pension officers expenses	29	<b>99,572,263</b>	(85,578,947)
Pension employees expenses	29	<b>13,065,646</b>	56,578,597
Medical expenses	29	<b>(54,514,110)</b>	(34,524,656)
Gratuity expenses	29	<b>(1,340,000)</b>	(994,000)
Compensated absences	29	<b>(14,117,712)</b>	(7,420,631)
Provision for outstanding claims		<b>(289,914,104)</b>	(142,068,416)
Provision for unearned premium		<b>(462,518,816)</b>	(433,957,168)
Prepaid reinsurance premium ceded		<b>(454,052,400)</b>	(79,817,691)
Provision for employee benefits		<b>(52,952,000)</b>	(26,600,606)
Dividend income		<b>332,963,917</b>	458,177,486
Investment income		<b>434,991,474</b>	316,934,498
Interest income		<b>131,365,214</b>	112,086,482
Amortization of discount		<b>8,996,816</b>	4,719,945
Gain on sale of investment		<b>10,567,551</b>	28,154,140
Increase in operating assets other than cash		<b>136,435,510</b>	24,001,962
Decrease/(Increase) in operating liabilities		<b>431,457,201</b>	483,935,558
		<b>1,349,896,853</b>	1,163,138,831
Other adjustments			
(Increase) in provision for diminution in value of investments		<b>131,187,175</b>	94,388,700
Income tax paid		<b>131,187,175</b>	94,388,700
Profit before taxation		<b>1,481,084,028</b>	1,257,527,531
Provision for taxation		<b>(377,216,710)</b>	(412,714,568)
Profit after taxation		<b>1,103,867,318</b>	844,812,963

### Definition of cash

Cash comprises of cash in hand, policy stamps, postage stamps, revenue stamp, bank balances and other deposits which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

Cash for the purpose of the statement of cash flows consist of :

### Cash and cash equivalents

Cash and other equivalents	<b>85,694</b>	67,433
Current and other accounts	<b>1,614,359,140</b>	747,195,690
Deposit maturing within 12 months	<b>400,000,000</b>	850,000,000
	<b>2,014,444,834</b>	1,597,263,123

The annexed notes from 1 to 43 form an integral part of these financial statements.

**Farzana Munaf**  
Chief Financial Officer

**R.B. Phulpoto**  
Chief Executive

**Dr. Masuma Hasan**  
Director

**Sikander Mahmood**  
Director