

Punjab Pension Fund – Expense Account

Financial Statements for the year ended  
30 June 2015



**KPMG Taseer Hadi & Co.**  
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## **Auditors' Report to the Management Committee**

We have audited the annexed statement of assets and liabilities of **Punjab Pension Fund – Expense Account** (“the Fund”) as at 30 June 2015, the related income and expenditure account and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Fund’s management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of Punjab Pension Fund Act, 2007 (“the Act”) and Punjab Pension Fund Rules 2007 (“the Rules”). Our responsibility is to express an opinion on these statements based on our audit.

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

- a) in our opinion, proper books of account have been kept by the Fund as required by the Act and the Rules as well as other laws, to the extent these are applicable;
- b) in our opinion:
  - i) the statement of assets and liabilities and income and expenditure account together with the notes thereon have been drawn up in conformity with the Act and the Rules and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of Fund’s business and as specified in the Act and the Rules as well as other laws, to the extent these are applicable; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Fund.



- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of assets and liabilities, income and expenditure account and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Act and the Rules in the manner so required and respectively give a true and fair view of the state of the Fund's affairs as at 30 June 2015, of its net surplus and its cash flows for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: 30 September 2015

Lahore

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KPMG Taseer Hadi & Co.  
Chartered Accountants  
(Bilal Ali)

Punjab Pension Fund - Expense Account

Statement of Assets and Liabilities

As at 30 June 2015

	Note	2015 Rupees	2014 Rupees
Operating fixed assets	4	433,950	485,545
<u>Current assets</u>			
Prepaid rent		550,000	239,580
Security deposit		825,000	-
Cash and cash equivalents	5	41,942,832	12,629,855
		43,317,832	12,869,435
<u>Current liability</u>			
Accrued expenses	6	727,646	712,989
Net working capital		42,590,186	12,156,446
Contingencies and commitments	7	-	-
Net assets		43,024,136	12,641,991
<i>Represented by:</i>			
Net surplus		43,024,136	12,641,991

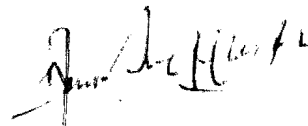
The annexed notes 1 to 12 form an integral part of these financial statements.

2015/06/30

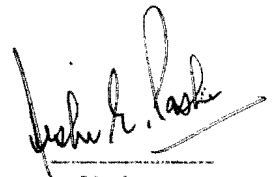
Lahore



General Manager



Private Member



Chairman

Punjab Pension Fund - Expense Account

Income and Expenditure Account


For the year ended 30 June 2015

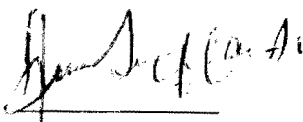
	Note	2015 Rupees	2014 Rupees
Budgetary receipts		65,410,083	25,923,638
Income on saving account		878,652	609,030
Other income		5,200	1,065
		<u>66,293,935</u>	<u>26,533,733</u>
Operating expenses	8	35,911,790	22,804,923
Net surplus for the year		<u>30,382,145</u>	<u>3,728,810</u>
Accumulated surplus brought forward		12,641,991	8,913,181
Net surplus carried forward		<u><u>43,024,136</u></u>	<u><u>12,641,991</u></u>

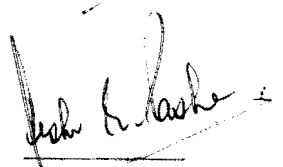
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Lahore

  
General Manager

  
Private Member

  
Chairman

Punjab Pension Fund - Expense Account  
Cash Flow Statement  
For the year ended 30 June 2015

	2015 Rupees	2014 Rupees
<u>Cash flows from operating activities</u>		
Net surplus for the year	30,382,145	3,728,810
<i>Adjustments for non cash items:</i>		
Depreciation on operating fixed assets	214,095	265,405
	<u>30,596,240</u>	<u>3,994,215</u>
<i>Increase in current assets:</i>		
Prepaid rent	(310,420)	-
Security deposit	(825,000)	-
<i>Increase in current liability:</i>		
Accrued expenses	14,657	137,230
<b>Cash generated from operating activities</b>	<u>29,475,477</u>	<u>4,131,445</u>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure	(162,500)	(462,800)
<b>Cash used in investing activities</b>	<u>(162,500)</u>	<u>(462,800)</u>
<b>Net increase in cash and cash equivalents during the year</b>	<u>29,312,977</u>	<u>3,668,645</u>
Cash and cash equivalents at the beginning of the year	<u>12,629,855</u>	<u>8,961,210</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>41,942,832</u></u>	<u><u>12,629,855</u></u>

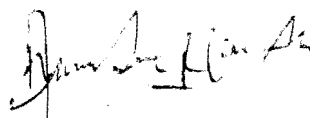
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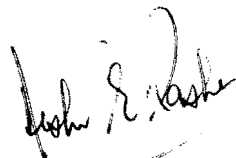
Lahore



General Manager



Private Member



Chairman

# Punjab Pension Fund- Expense Account

## Notes to the Financial Statements

For the year ended 30 June 2015

### 1 Status and nature of the business

The Punjab Pension Fund (the Fund) has been established under the Punjab Pension Fund Act 2007 (the Act) to generate revenue for the discharge of pension liabilities of the Government of Punjab. The fund is a body corporate with perpetual succession. The Fund shall perform such functions and exercise such powers as are vested in it under the Act and the Punjab Pension Fund Rules 2007 ("the Rules"). The management and administration of the Fund vests in the Management Committee notified under section 5 of the Act.

Expenses incurred on operations of the Fund, including expenses relating to functioning of the Management Committee, are paid out of the trust property in the form of annual / supplementary budgets duly approved by the Management Committee.

### 2 Basis of presentation

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Punjab Pension Fund Act 2007, Punjab Pension Fund Rules 2007 and the approved International Financial Reporting Standards (IFRSs) as applicable in Pakistan. Approved accounting standards comprise of such IFRSs as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Punjab Pension Fund Act 2007 and Punjab Pension Fund Rules 2007 differ with the requirements of these standards, the requirements of Punjab Pension Fund Act 2007 and Punjab Pension Fund Rules 2007 shall prevail.

#### 2.2 Significant estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision effects only that year, or in the year of revision and future years if the revision affects both current and future years. The areas where various assumptions and estimates are significant to Fund's financial statements or where judgments were exercised in application of accounting policies are as follows:

	<i>Note</i>
a) Accrued liabilities	3.7
b) Useful life of depreciable assets	3.2

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### 3 Summary of significant accounting policies

#### 3.1 Basis of preparation

The financial statements have been prepared under the historical cost convention.

#### 3.2 Fixed assets and depreciation

These are stated at cost less accumulated depreciation. Depreciation is charged to income by applying the straight line method so as to write off the operating fixed assets over their expected useful life at the rates given in note 4. Depreciation is charged from the month of acquisition while no depreciation is charged in the month of disposal or deletion of asset. Normal repairs and maintenance are charged to income as and when incurred.

Profit and loss on disposal of fixed assets represented by the difference between the sale proceeds and the carrying amount of the assets is included in income statement.

#### 3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 July 2015. However, these are not relevant to the Fund expense account except in few cases these may require additional disclosures.

- Amendments to IAS 38 - Intangible Assets.
- Amendments to IAS 16 - Property, Plant and Equipment.
- Amendments to IFRS 10 - Consolidated Financial Statements.
- Amendments to IFRS 12 - Disclosure of interest in other entities.
- Amendments to IAS 28 - Investments in Associates and Joint Ventures.
- Amendments to IFRS 11 - Joint Arrangement.
- Amendments to IFRS 13 - Fair Value Measurement.
- Amendments to IAS 27 - Separate Financial Statements.
- Amendments to IAS 41 - Biological Assets.
- Annual Improvements 2012-2014.
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 - Financial Instruments- Disclosures.
- IAS 19 - Employee Benefits.
- IAS 34 - Interim Financial Reporting.

#### 3.4 Impairment

The carrying amounts of the assets are reviewed at each reporting date to identify the circumstances indicating the occurrence of impairment loss or reversal of previous impairment losses. If any such indication exists, the recoverable amount of such asset is estimated and impairment loss is recognized in the income statement. Where an impairment loss subsequently reverses, the carrying amount of such asset is increased to the revised recoverable amount. A reversal of the impairment loss is recognized in income statement.

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### 3.5 Financial instruments

- (i) Financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual provisions of the instrument.
- (ii) Financial assets are de-recognized when the Fund loses control of the contractual rights that comprise the financial asset.
- (iii) Financial liabilities are de-recognized when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired.
- (iv) Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to the income statement in the year in which it arises.
- (v) The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

### 3.6 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported on the statement of assets and liabilities if the Fund has a legal enforceable right to setoff the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

### 3.7 Provisions

A provision is recognized in the statement of assets and liabilities when the Fund has legal or constructive obligation as a result of past event, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and the reliable estimate can be made of the amount of the obligation. The provisions are reviewed at each statement of assets and liabilities date and are adjusted to reflect the current best estimates.

### 3.8 Revenue recognition

Profit on bank deposits is recognized on accrual basis.

### 3.9 Transactions with related parties

The Fund enters into transaction with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods.

### 3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of assets and liabilities at cost. Cash and cash equivalents include cash in hand and balances with banks.

### 3.11 Taxation

The income of the Fund is exempt from tax under Clause 57(3)(xii) of Part I of the Second Schedule of the Income Tax Ordinance 2001, therefore no provision for taxation has been made in these financial statements.

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4 Operating fixed assets

<i>Particulars</i>	30-Jun-15							
	Cost				Depreciation			Written Down Value as at 30 June 2015
	As at 01 July 2014	Additions	As at 30 June 2015	Rate %	As at 01 July 2014	Charge for the year	As at 30 June 2015	
Rupees				Rupees				
Furniture and fittings	56,750	-	56,750	20	39,189	11,352	50,541	6,209
Office equipment	1,248,665	162,500	1,411,165	33.33	798,720	184,707	983,427	427,738
Motor vehicles	193,558	-	193,558	20	175,519	18,036	193,555	3
	<u>1,498,973</u>	<u>162,500</u>	<u>1,661,473</u>		<u>1,013,428</u>	<u>214,095</u>	<u>1,227,523</u>	<u>433,950</u>

<i>Particulars</i>	30-Jun-14							
	Cost				Depreciation			Written Down Value as at 30 June 2014
	As at 01 July 2013	Additions	As at 30 June 2014	Rate %	As at 01 July 2013	Charge for the year	As at 30 June 2014	
Rupees				Rupees				
Furniture and fittings	56,750	-	56,750	20	27,837	11,352	39,189	17,561
Office equipment	785,865	462,800	1,248,665	33.33	583,379	215,341	798,720	449,945
Motor vehicles	193,558	-	193,558	20	136,807	38,712	175,519	18,039
	<u>1,036,173</u>	<u>462,800</u>	<u>1,498,973</u>		<u>748,023</u>	<u>265,405</u>	<u>1,013,428</u>	<u>485,545</u>

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	<i>Note</i>	2015 Rupees	2014 Rupees
5			
Cash and cash equivalents			
Cash in hand		40,000	5,111
Bank balance - Savings account	5.1	41,902,832	12,624,744
		<u>41,942,832</u>	<u>12,629,855</u>

5.1 This carries interest at the rate of 6.50% per annum (2014: 7.00% to 9.50% per annum) .

		2015 Rupees	2014 Rupees
6			
Accrued expenses			
Audit fee payable		726,000	605,000
Vehicle running payables		-	46,285
Utilities payables		-	37,049
Security fee payable		-	23,424
Courier & Postage payable		1,646	1,231
		<u>727,646</u>	<u>712,989</u>

7 Contingencies and commitments

There were no contingencies and commitments as at 30 June 2015.

		2015 Rupees	2014 Rupees
8			
Operating expenses			
Salaries and wages		28,807,981	18,123,296
Rent		2,952,913	1,437,480
Utilities		630,333	333,557
Repair and maintenance		845,558	452,254
Vehicle running expenses		500,023	557,174
Traveling, lodging and boarding		134,106	-
Fee and subscription		123,886	73,041
Printing and stationery		137,466	298,385
Courier and postage		14,082	17,629
Legal and Professional		-	1,000
Office and other expenses		676,840	481,988
Depreciation on operating fixed assets		214,095	265,405
Auditors remuneration		726,000	592,500
Advertisement		61,322	60,587
Training and Development		21,200	20,500
Bank charges		2,102	1,000
Miscellaneous		63,883	89,127
		<u>35,911,790</u>	<u>22,804,923</u>

10/11/15

9 Related party transactions

The related parties comprise associated companies, related group companies, Management Committee members of the Fund, Company where Management Committee members also hold directorship, and key management employees. The Fund in the normal course of business carries out transactions with a related party. Amounts due from related parties are shown under cash and cash equivalents. Details of transactions with related parties are as follows:

	2015 Rupees	2014 Rupees
<b>Transactions with the Bank of Punjab:</b>		
Income on saving account	878,652	609,030
Bank Balance	41,902,832	12,624,744
<b>Transactions with members of Management Committee:</b>		
Salary and bonus paid to General Manager	14,700,000	10,500,000
Fee paid to members	86,000	42,000

10 Number of Employees

	2015 (Number of persons)	2014 (Number of persons)
The following are the number of persons employed:		
Employees as at the year end	12	13
Average number of employees during the year	13	13

11 Date of authorization for issue


The financial statements were authorized for issue on 30 SEP 2015 by the Management Committee of the Fund.

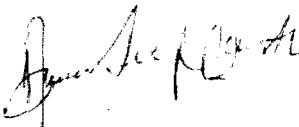
12 General

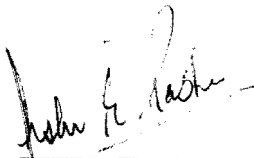
Figures have been rounded off to the nearest rupees

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Lahore

  
\_\_\_\_\_  
General Manager

  
\_\_\_\_\_  
Private Member

  
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Chairman