

**Punjab Pension Fund
Expense Account (“the Fund”)**

**Accounts for the year ended
30 June 2010**



KPMG Taseer Hadi & Co.
Chartered Accountants
53 L Gulberg III
Lahore Pakistan

Telephone + 92 (42) 3585 0471-76
Fax + 92 (42) 3585 0477
Internet www.kpmg.com.pk

Independent Auditors' Report to the Management Committee

We have audited the annexed balance sheet of **Punjab Pension Fund – Expense Account** (“the Fund”) as at 30 June 2010 and the related income and expenditure account together with the notes forming part thereof, for the period 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 financial statements together with the notes forming part thereof have been drawn up in conformity with the Act and the Rules and are in agreement with the books of account and are further in accordance with accounting policies consistently applied as well as other laws, to the extent these are applicable;
 - ii) the costs and expenses debited to the Fund were 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 and expenditure incurred during the period were in accordance with the objects of the Fund.

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- c) in our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 2010 and its net income 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 MAY 2011

Lahore

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

Punjab Pension Fund - Expense Account
 Statement of Assets and Liabilities
 As at 30 June 2010

	Note	30 June 2010 Rupees	30 June 2009 Rupees
Operating fixed assets	4	364,016	94,850
Current assets			
Prepaid Rent		217,800	-
Cash and cash equivalents	5	2,559,393	-
		2,777,193	-
Current liabilities			
Payable to the Government of the Punjab	6	-	7,020,302
Accrued expenses		376,483	-
		376,483	7,020,302
Net working capital / (liability)		2,400,710	(7,020,302)
Contingencies and commitments	9	-	-
Net assets / (liability)		2,764,726	(6,925,452)
Represented by:			
Net income / (loss)		2,764,726	(6,925,452)

The annexed notes 1 to 11 form an integral part of these financial statements.

(CPH/11)

Lahore:

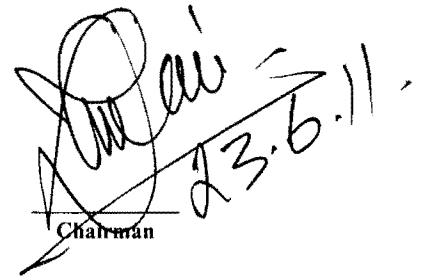
30 MAY 2011



General Manager



Private Member



Chairman

Punjab Pension Fund - Expense Account

Income Statement


For the year ended 30 June 2010

	Note	30 June 2010 Rupees	For the period from 28 January 2009 to 30 June 2009 Rupees
Income			
Funds received for operating expenses		25,567,552	-
Interest income		631,199	-
		26,198,751	-
Expenses			
Operating expenses	7	16,508,573	6,925,452
Net income / (loss) for the period		9,690,178	(6,925,452)
Accumulated loss brought forward	8	(6,925,452)	-
Net income / (loss) carried forward		2,764,726	(6,925,452)

The annexed notes 1 to 11 form an integral part of these financial statements.

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Lahore:



 General Manager



 Private Member



 Chairman

23.6.11

Punjab Pension Fund - Expense Account

Cash Flow Statement

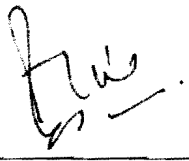
For the year ended 30 June 2010


	30 June 2010 Rupees	For the period from 28 January 2009 to 30 June 2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income / (loss) for the period	9,690,178	(6,925,452)
Adjustments for non cash and other items:		
Depreciation	107,518	45,418
	<u>9,797,696</u>	<u>(6,880,034)</u>
(Increase) / decrease in current assets		
Prepaid rent	(217,800)	-
Increase / (decrease) in current liabilities		
Payable to the Government of the Punjab	(7,020,302)	7,020,302
Accrued expenses	376,483	-
Cash generated from operating activities	<u>2,936,077</u>	<u>140,268</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchased fixed assets	(376,684)	(140,268)
Cash used in investing activities	<u>(376,684)</u>	<u>(140,268)</u>
Net increase in cash and cash equivalents during the period	<u>2,559,393</u>	<u>-</u>
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period	<u><u>2,559,393</u></u>	<u><u>-</u></u>

The annexed notes 1 to 11 form an integral part of these financial statements.

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Lahore:


General Manager


Private Member


Chairman

30 MAY 2011

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Punjab Pension Fund- Expense Account

Notes to the Financial Statements

For the year ended 30 June 2010

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). The Fund is a body corporate with perpetual succession. The Government of the Punjab has notified the Punjab Pension Fund Rules 2007 (the Rules) under section 24 of the Act.

The Fund acts as a management company and is responsible for investing the funds in profitable avenues to generate revenue for discharge of pension liabilities of the Government of the Punjab.

Expenses incurred on operations of the Fund, including expenses relating to functioning of the Management Committee, are paid out of the Fund.

2 Statement of compliance and significant disclosures

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.

The accounting policies and methods of computation adopted in the preparation of the financial statements are the same as those applied in preparation of preceding annual financial statements for the period ended 30 June 2009.

2.2 Significant estimates

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

- a) Accrued liabilities
- b) Useful life of depreciable assets.

3 Summary of significant accounting policies

3.1 Basis of preparation

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

3.2 Standards, interpretations and amendments to published approved accounting standards

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 January 2010. However these are not relevant to the Fund except in few cases these may require additional disclosures:

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Improvements to IFRSs 2009

Effective date

- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations 1 January 2010
- Amendments to IFRS 8 Operating Segments 1 January 2010
- Amendments to IAS 1 Presentation of Financial Statements 1 January 2010
- Amendments to IAS 7 Statement of Cash Flows 1 January 2010
- Amendments to IAS 17 Leases 1 January 2010
- Amendments to IAS 36 Impairment of Assets 1 January 2010
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters 1 January 2010
- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions 1 January 2010
- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues 1 January 2010
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments 1 July 2010
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters 1 July 2010

Improvements to IFRSs 2010

- Amendments to IFRS 3 Business Combinations 1 July 2010
- Amendments to IAS 27 Consolidated and Separate Financial Statements 1 July 2010
- IAS 24 Related Party Disclosures (revised 2009) 1 January 2011
- Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction 1 January 2011
- IFRS 1 First-time Adoption of IFRSs 1 January 2011
- IFRS 7 Financial Instruments: Disclosures 1 January 2011
- IAS 1 Presentation of Financial Statements 1 January 2011
- IAS 34 Interim Financial Reporting 1 January 2011
- IFRIC 13 Customer Loyalty Programmes 1 January 2011

3.3 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.

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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.

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 period 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 in 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 reporting date and are adjusted to reflect the current best estimates.

3.8 Revenue Recognition

Income 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 includes cash in hand and balances with banks.

3.11 Taxation

The income of the Fund is exempt from tax under Section 49(2) of the Income Tax Ordinance 2001, therefore no provision for taxation has been made in these financial statements. From the financial year 2010-2011 the income of the Fund shall be exempt from tax under clause 57(3) part I of the second schedule of the Income Tax Ordinance 2001.

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4 Operating fixed assets
- tangible

30 June 2010

Particulars	C O S T			D E P R E C I A T I O N				Written Down Value as at 30 June 2010
	As at 1 July 2009	Additions/ (Disposal)	As at 30 June 2010	Rate %	As at 1 July 2009	Charge for the period	As at 30 June 2010	
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	
Furniture and fittings	10,000	5,700	15,700	20	2,000	2,761	4,761	10,939
Office equipment	130,268	240,926	371,194	33.33	43,418	80,912	124,330	246,864
Motor vehicles	-	130,058	130,058	20	-	23,845	23,845	106,213
	<u>140,268</u>	<u>376,684</u>	<u>516,952</u>		<u>45,418</u>	<u>107,518</u>	<u>152,936</u>	<u>364,016</u>

30 June 2009

Particulars	C O S T			D E P R E C I A T I O N				Written Down Value as at 30 June 2009
	As at 1 July 2008	Additions/ (Disposal)	As at 30 June 2009	Rate %	As at 1 July 2008	Charge for the period	As at 30 June 2009	
	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees	
Furniture and fittings	-	10,000	10,000	20	-	2,000	2,000	8,000
Office equipment	-	130,268	130,268	33.33	-	43,418	43,418	86,850
	<u>-</u>	<u>140,268</u>	<u>140,268</u>		<u>-</u>	<u>45,418</u>	<u>45,418</u>	<u>94,850</u>

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	<i>Note</i>	30 June 2010 Rupees	30 June 2009 Rupees
5 Cash and cash equivalents			
Cash in hand		24,000	-
Bank balance	5.1	2,535,393	-
		<u>2,559,393</u>	<u>-</u>

5.1 This carries interest @ of 11.50% per annum.

6 Payable to the Government of the Punjab

This represents interest free fund received from the Government of the Punjab for expenses incurred on the operation of the Punjab Pension Fund including expenses relating to the functioning of the Management Committee. The balance amount was refunded to the Government of the Punjab.

	30 June 2010 Rupees	30 June 2009 Rupees
Balance payable at the beginning	7,020,302	-
Add: funds received during the period	-	19,065,750
Less: funds repaid to the Government of the Punjab	7,020,302	-
Less: unutilized funds returned to the Government of the Punjab	-	12,045,448
Balance payable at the end	<u>-</u>	<u>7,020,302</u>

	30 June 2010 Rupees	For the period from 28 January 2009 to 30 June 2009 Rupees
7 Operating expenses		
Salaries and wages	12,774,755	6,058,833
Rent	1,227,600	486,000
Utilities	413,561	123,574
Repair and maintenance	102,793	3,830
Vehicle running expenses	469,912	-
Traveling, lodging and boarding	391,159	56,014
Fee and subscriptions	40,000	21,692
Printing and stationery	119,099	24,077
Courier & postage	15,000	6,830
Office and other expenses	223,401	95,193
Depreciation	107,518	45,418
Auditors remuneration	475,000	-
Bank charges	1,580	-
Miscellaneous	147,195	3,991
	<u>16,508,573</u>	<u>6,925,452</u>

8 Accumulated loss brought forward

This represents operational expenses relating to 30 June 2009, which have been reimbursed by Punjab Pension Fund Investment Account ("the Fund").

9 Contingencies and commitments

There were no contingencies and commitments as at 30 June 2010.

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10 Date of authorization for issue

The financial statements were authorized for issue on _____ by the Management Committee of the Fund.

11 General

Figures have been presented in rupees.

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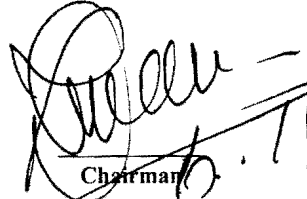


Lahore:

General Manager



Private Member



Chairman

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