

Punjab Pension Fund-Expense Account

Condensed Interim Financial Information
for the six months period ended
31 December 2009



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Independent Report on Review of Condensed Interim Financial Information to the Management Committee of Punjab Pension Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Punjab Pension Fund-Expense Account** ("the Fund") as of 31 December 2009 and the related condensed interim income statement and condensed interim cash flow statement for the six-months period then ended (condensed interim financial information). Management is responsible for the preparation and presentation of condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan relating to interim financial reporting and the requirement of Punjab Pension Fund Act 2007 ("the Act") and Punjab Pension Fund Rules 2007 ("the Rules"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended 31 December 2009 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan relating to interim financial reporting and the requirement of the Act and the Rules.

Date: 12 MAR 2010

Lahore

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

Punjab Pension Fund - Expense Account
Condensed Interim Statement of Assets and Liabilities (Un-audited)
As at 31 December 2009

	<i>Note</i>	31 December 2009 Rupees	30 June 2009 Rupees
Fixed assets - at cost less accumulated depreciation	4	270,577	94,850
Current assets			
Prepaid rent		198,000	-
Cash and cash equivalents	5	1,949,507	-
		<u>2,418,084</u>	<u>94,850</u>
Current liabilities			
Payable to Government of the Punjab	6	-	7,020,302
Accrued expenses		138,137	-
		<u>2,279,947</u>	<u>(6,925,452)</u>
Net working capital / (liability)			
		<u>2,279,947</u>	<u>(6,925,452)</u>
Contingencies and commitments	7		
Net assets / (liability)		<u>2,279,947</u>	<u>(6,925,452)</u>
Represented by:			
Net income / (loss)		<u>2,279,947</u>	<u>(6,925,452)</u>

The annexed notes 1 to 10 form an integral part of these financial information.

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Lahore:



Chairman



Private Member



General Manager

Punjab Pension Fund - Expense Account
Condensed Interim Income Statement (Un-audited)
For the half year ended 31 December 2009

	<i>Note</i>	For the half Year ended 31 December 2009 Rupees
Income		
Funds received for operating expenses		16,293,927
Interest income		306,458
Expenditure		
Operating expenses	8	7,394,986
Net income for the period		<u>9,205,399</u>
Accumulated deficit brought forward		<u>(6,925,452)</u>
Net income carried forward		<u><u>2,279,947</u></u>

The annexed notes 1 to 10 form an integral part of these financial information.

KPNLSM

Lahore:



 Chairman



 Private Member



 General Manager

Punjab Pension Fund - Expense Account
Condensed Interim Cash Flow Statement (Un-audited)
For half year ended 31 December 2009

**31 December
2009
Rupees**

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the period	9,205,399
Adjustments for non cash and other items:	
Depreciation	45,734
Working capital adjustments:	
Current asset	
Prepaid rent	(198,000)
Current liabilities	
Decrease in payable to Government of the Punjab	(7,020,302)
Increase in accrued expenses	138,137
Cash generated from operating activities	<u>2,170,968</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchased fixed assets	(221,461)
Net cash used in financing activities	<u>(221,461)</u>
Net increase in cash and cash equivalents during the period	1,949,507
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	<u><u>1,949,507</u></u>

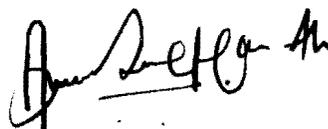
The annexed notes 1 to 10 form an integral part of these financial information.

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Lahore:



Chairman



Private Member



General Manager

Punjab Pension Fund- Expense Account

Notes to the Condensed Interim Financial Statements (Un-audited)

For half yearly ended 31 December 2009

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 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 trust property in the form of annual / supplementary budgets duly approved by the Management Committee.

2 Statement of compliance and significant disclosures

2.1 Statement of compliance

The condensed interim financial information has been presented in condensed form in accordance with the requirements of the Act, the Rules and the approved accounting standards as applicable in Pakistan for interim financial reporting. Wherever, the requirements of the Act and the Rules differ with the requirements of these standards, the requirements of the Act and the Rules shall prevail.

This condensed interim information is unaudited but subject to limited scope review by auditors and is being submitted to Management Committee in accordance with the requirements of the Rules. This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the period ended 30 June 2009.

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

Comparative information for Punjab Pension Fund- Expense Account has not been presented as the funds for operational expenses were not received till January 2009.

2.2 Significant estimates

The preparation of condensed interim 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 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 condensed interim financial information has been prepared under the historical cost convention.

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3.2 Taxation

The income of the Fund is exempt from tax under Section 49(2) of Income Tax Ordinance 2001, therefore no provision for taxation has been made in these financial statements..

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.

3.4 Impairment

The carrying amount of the Fund assets are reviewed at each statement of assets and liabilities date to determine whether there is any indication of impairment. If such indication exist, the asset's recoverable amount is estimated. An impairment loss is recognized whether the carrying amount of the asset exceeds its recoverable amount. Impairment losses are charged to income statement account.

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 account 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 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

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.

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4 Operating fixed assets - tangible

31 December 2009

Particulars	C O S T			D E P R E C I A T I O N				Written Down Value as at 31 December 2009
	As at 01 July 2009	Additions/ (Disposal)	As at 31 December 2009	Rate %	As at 01 July 2009	Charge for the period	As at 31 December 2009	
Furniture and fittings	10,000	5,700	15,700	20	2,000	1,285	3,285	12,415
Office equipment	130,268	85,703	215,971	33.33	43,418	33,611	77,029	138,942
Motor vehicles	-	130,058	130,058	20	-	10,838	10,838	119,220
	<u>140,268</u>	<u>221,461</u>	<u>361,729</u>		<u>45,418</u>	<u>45,734</u>	<u>91,152</u>	<u>270,577</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 01 July 2008	Additions/ (Disposal)	As at 30 June 2009	Rate %	As at 01 July 2008	Charge for the period	As at 30 June 2009	
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>	31 December 2009 Rupees	30 June 2009 Rupees
5 Cash and cash equivalents			
Cash in hand		15,631	-
Bank balance	5.1	1,933,876	-
		<u>1,949,507</u>	<u>-</u>

5.1 This carries mark up @ of 11.5% per annum.

6 Payable to the Government of the Punjab

This represents interest free fund received from 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 Government of the Punjab.

	31 December 2009 Rupees	30 June 2009 Rupees
Opening balance	7,020,302	-
Add: funds approved during the period	-	19,065,750
Less: paid to Government of the Punjab	7,020,302	-
Less: unutilized funds returned to Government of the Punjab		12,045,448
Closing balance	<u>-</u>	<u>7,020,302</u>

7 Contingencies and commitments

There were no contingencies and commitments as at 31 December 2009.

	31 December 2009 Rupees
8 Operating expenses	
Salaries and wages	5,641,347
Rent	594,000
Utilities	220,431
Repair and maintenance	40,519
Vehicle running expenses	186,513
Traveling, lodging and boarding	239,319
Fee and subscriptions	10,000
Printing and stationery	50,743
Courier & postage	4,520
Office and other expenses	96,322
Depreciation	45,734
Auditors remuneration	175,000
Bank charges	1,080
Miscellaneous	89,458
	<u>7,394,986</u>

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9 Date of authorization for issue

The financial statements were authorized for issue on 12 MAR 2017 by the Management Committee of the Fund.

10 General

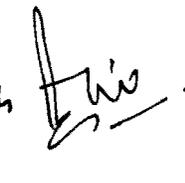
Figures have been presented in rupees.

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Lahore:



Chairman



Private Member

General Manager