

Punjab Pension Fund – Expense Account

Financial Statements For the year ended
30 June 2011



KPMG Taseer Hadi & Co.
Chartered Accountants
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Independent 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 2011 and 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 conduct 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 accounts and are further in accordance with accounting policies consistently applied;

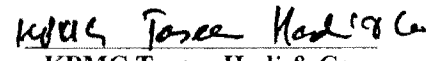
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- ii) the costs and expenses debited to the Fund were for the purpose of Fund's business and as specified in the Act and the Rules as well as other laws, to the extent these are applicable; and
- iii) the business conducted, investments made and expenditure 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 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 2011 and its net surplus and 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 13 JAN 2012

Lahore


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

Punjab Pension Fund - Expense Account

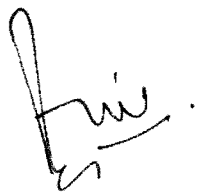
Statement of Assets and Liabilities

As at 30 June 2011

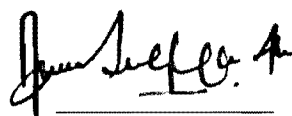
	Note	2011 Rupees	2010 Rupees
Operating fixed assets	4	291,558	364,016
Current assets			
Prepaid rent		217,800	217,800
Cash and cash equivalents	5	2,163,719	2,559,393
		2,381,519	2,777,193
Current liability			
Accrued expenses		1,427,233	376,483
Net working capital		954,286	2,400,710
Contingencies and commitments	6	-	-
Net assets		1,245,844	2,764,726
Represented by:			
Net surplus		1,245,844	2,764,726

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

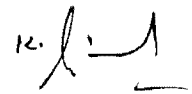
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General Manager



Private Member



Chairman

Lahore
3 JAN 2012

Punjab Pension Fund - Expense Account

Income and Expenditure Account

For the year ended 30 June 2011

	Note	2011 Rupees	2010 Rupees
Reimbursement of operating expenses		16,186,890	25,567,552
Income on saving account		590,819	631,199
Other income		2,499	-
		<u>16,780,208</u>	<u>26,198,751</u>
Operating expenses	7	<u>18,299,090</u>	16,508,573
Net (deficit) / surplus for the year		(1,518,882)	9,690,178
Accumulated surplus / (deficit) brought forward	8	<u>2,764,726</u>	<u>(6,925,452)</u>
Net surplus carried forward		<u>1,245,844</u>	<u>2,764,726</u>

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

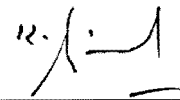
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General Manager



Private Member



Chairman

Lahore

13 JAN 2012

Punjab Pension Fund - Expense Account

Cash Flow Statement

For the year ended 30 June 2011

	2011 Rupees	2010 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Net (deficit) / surplus for the year	(1,518,882)	9,690,178
Adjustments for non cash and other items:		
Depreciation	163,158	107,518
	<u>(1,355,724)</u>	<u>9,797,696</u>
(Increase) / decrease in current assets		
Prepaid rent	-	(217,800)
Increase / (decrease) in current liabilities		
Payable to Government of the Punjab	-	(7,020,302)
Accrued expenses	1,050,750	376,483
	<u>(304,974)</u>	<u>2,936,077</u>
Cash generated from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets additions	(90,700)	(376,684)
	<u>(90,700)</u>	<u>(376,684)</u>
Cash used in investing activities		
Net (decrease) / increase in cash and cash equivalents during the year	(395,674)	2,559,393
Cash and cash equivalents at the beginning of the year	2,559,393	-
	<u>2,163,719</u>	<u>2,559,393</u>
Cash and cash equivalents at the end of the year		

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

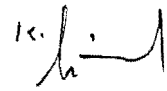
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General Manager



Private Member



Chairman

Lahore

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Punjab Pension Fund- Expense Account

Notes to the Financial Statements

For the year ended 30 June 2011

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 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 year ended 30 June 2010.

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.

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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:

- 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 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 January 2011. However, these are not relevant to the Fund except in few cases these may require additional disclosures.

- Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures
- IAS 24 Related Party Disclosures
- Prepayments of a Minimum Funding Requirement
- Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements
- Improvements to IFRSs 2010 – IFRIC 13 Customer Loyalty Programmes

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 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.

3.11 Taxation

The income of the Fund is exempt from tax under Section 57(3)(xii) of Part I of the Second Schedule to 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 - tangible

30 June 2011

Particulars	C O S T			D E P R E C I A T I O N				Written Down Value as at 30 June 2011
	As at 01 July 2010	Additions/ (Disposal)	As at 30 June 2011	Rate %	As at 01 July 2010	Charge for the year	As at 30 June 2011	
Furniture and fittings	15,700	27,200	42,900	20	4,761	3,900	8,661	34,239
Office equipment	371,194	-	371,194	33.33	124,330	123,720	248,050	123,144
Motor vehicles	130,058	63,500	193,558	20	23,845	35,538	59,383	134,175
	<u>516,952</u>	<u>90,700</u>	<u>607,652</u>		<u>152,936</u>	<u>163,158</u>	<u>316,094</u>	<u>291,558</u>

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 01 July 2009	Additions/ (Disposal)	As at 30 June 2010	Rate %	As at 01 July 2009	Charge for the year	As at 30 June 2010	
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>

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	Note	2011	2010
		----- Rupees -----	
5	Cash and cash equivalents		
	Cash in hand	22,410	24,000
	Bank balance	2,141,309	2,535,393
		<u>2,163,719</u>	<u>2,559,393</u>

5.1 This carries mark up @ of 12.60% (2010: @ 11.50%) per annum.

6 Contingencies and commitments

There were no contingencies and commitments as at 30 June 2011.

7 Operating expenses

Salaries and wages	14,321,595	12,774,755
Rent	1,306,800	1,227,600
Utilities	439,070	413,561
Repair and maintenance	275,750	102,793
Vehicle running expenses	422,777	469,912
Traveling, lodging and boarding	110,668	391,159
Fee and subscription	30,000	40,000
Printing and stationery	254,432	119,099
Courier and postage	19,089	15,000
Legal and Professional	80,000	-
Office and other expenses	277,398	223,401
Depreciation	163,158	107,518
Auditors remuneration	440,000	475,000
Advertisement	38,181	-
Training and Development	16,000	-
Bank charges	1,157	1,580
Miscellaneous	103,015	147,195
	<u>18,299,090</u>	<u>16,508,573</u>

8 Accumulated surplus / (deficit) brought forward

The deficit brought forward in respect of operational expenses relates to prior year which has been reimbursed from Punjab Pension Fund - Investment Account ('the Fund').

9 Related party transactions

The related parties comprise local 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:

Transactions with The Bank of Punjab:	2011	2010
----- Rupees -----		
Income on saving account	590,819	631,199
Bank Balance	2,141,309	2,535,393

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10 Date of authorization for issue

The financial statements were authorized for issue on 13 JAN 2012 by the Management Committee of the Fund.

11 General

Figures have been rounded off to the nearest rupee.

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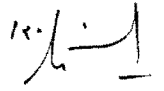


Lahore:

General Manager



Private Member



Chairman