

PUNJAB PENSION FUND
ACCOUNTING MANUAL

27 November 2013

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1. INTRODUCTION

1.1 INTRODUCTION & OBJECTIVE

This Accounting Manual outlines the accounting policies and procedures adopted by the management for the Accounts & Finance Department (AFD) of Punjab Pension Fund (PPF) and contain procedures and principles for the preparation of financial statements and other financial information of the Fund.

The Objective of this Manual is:

- To identify professional activities of personnel involved in the AFD;
- To identify all processes underlying the preparation of the Financial Statements;
- To identify responsibilities of the AFD personnel in respect of Financial Statements;
- To identify reports that are generated through the Accounting System;
- To ensure that Accounting System is comprehensively documented;
- To outline a systematic procedure to run the AFD;
- To ensure adequate documentation of the scope of activity of every user and their limits of authority viz a viz AFD;
- To define all relevant input documents;
- To define all relevant output documents and their structures;
- To define time frame for the generation of meaningful financial information;
- To serve as a benchmark/reference document to the stakeholders to assess the performance and scope of the AFD;

1.2 REGULATORY FRAMEWORK

Fund Status

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

Punjab Pension Fund Trust (the Trust) was established on 27 September 2011 through a Trust Deed under the Trust Act 1882, entered into between the Punjab Pension Fund and the Central Depository Company of Pakistan Limited (CDC) wherein CDC has been appointed as the Trustee.

Fund Objectives

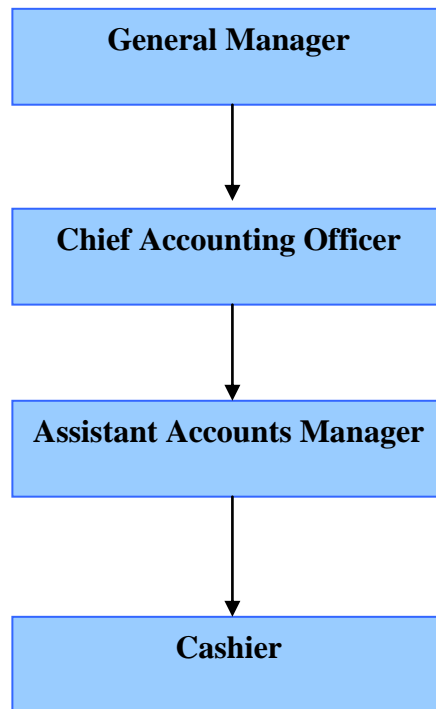
The objective of the Fund is to generate revenue by making investments in short to long term, fixed, floating and hybrid rate instruments including government securities, term finance certificates, national saving schemes, mutual funds, bank deposits and equity market instruments including derivative instruments. The Government of Punjab shall utilize the funds of PPF to discharge its pension liabilities by achieving financial equilibrium in assets portfolio and the pension liabilities in accordance with the actuarial assessment.

The Fund is operating under the following statutes and regulatory authorities:

Statutes

- Punjab Pension Fund Act 2007
- Punjab Pension Fund Rules 2007
- Trust Deed
- Income Tax Ordinance, 2001
- International Financial Reporting Standards (as applicable in Pakistan).

1.3 ORGANIZATIONAL STRUCTURE OF THE ACCOUNTS AND FINANCE DEPARTMENT



1.4 TERMS OF REFERENCE OF KEY POSITIONS

POSITION: General Manager

REPORTS TO: Management Committee

The General Manager has overall responsibility for smooth functioning of the Accounts and Finance Department. His specific responsibilities pertaining to this function are given bellow.

Role and Responsibilities

- Reviews reports generated by Accounting System on periodic basis.
- Ensures smooth running of accounting department to facilitate efficient conduct of book keeping function.
- Obtains approval from the Management Committee and/or the Investment Sub-Committee for investments in capital and money market as prescribed in Operational Framework of the Investment Policy.
- Approves monthly payroll and all operational expenses and signs cheques for payment.
- Signs settlement instructions for transmission to the Trustee.
- Ensures that management policies and plans are implemented effectively regarding accounts and finance function.
- Reviews projected cash inflow/outflow reports on periodic basis.
- Reviews Fund Position on periodic basis.
- Reviews Fund Manager's Report on monthly basis.
- Reviews quarterly, half yearly and annual financial statements of the Fund.
- Presents and gets approved quarterly, half yearly and annual financial statements from the Accounts, Audit/Compliance Sub-Committee and the Management Committee.
- Presents annual budget of the Fund for approval by the Accounts, Audit/Compliance Sub-Committee and the Management Committee.
- Approves payment of trustee fee, broker's commission, custody charges etc before sending to the Trustee for payment.
- Prepares working papers and minutes of the Accounts, Audit/Compliance Sub-Committee meetings for circulation.
- In absence of Chief Accounting Officer (CAO) performs all functions as performed by CAO.
- Performs such other work assigned by the Finance Secretary or the Accounts, Audit/Compliance Sub-Committee or the Management Committee.

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POSITION: Chief Accounting Officer

REPORTS TO: General Manager

The Chief Accounting Officer (CAO) has the overall and day to day responsibility of the Accounts and Finance Department. His specific responsibilities pertaining to this position are given below.

Role and Responsibilities

Accounts/Finance

- Ensures compliance of governing documents and other statutes, to the extent applicable/approved by the Management Committee:
 - Punjab Pension Fund Act 2007
 - Punjab Pension Fund Rules 2007
 - Investment Policy
 - Trust Deed
 - Companies Ordinance 1984
 - Income Tax Ordinance 2001
 - International Financial Reporting Standards
- Reviews all reports generated by the Accounts and Finance Department.
- Reviews all work done by the Assistant Accounts Manager.
- Signs all cheques and instructions to Trustee as a first signatory to ensure authenticity of payment.
- Reviews Fund Position on daily basis.
- Provides information for relevant portions of the Fund Manager's Report.
- Ensures that management policies and plans are implemented effectively regarding the Accounts and Finance Department.
- Reviews/approves quarterly, half yearly and annual financial statements of the Fund for placement before the Accounts, Audit/Compliance Sub-Committee and the Management Committee.
- Coordinates with external auditors to get the financial statements of the Fund audited by the external auditors.
- Prepares annual budget of the Fund for placement before the Accounts, Audit/Compliance Sub-Committee and the Management Committee.
- Monitors expenses with the budget on monthly basis.
- Implements effective internal control procedures and safeguards Fund's assets.
- Reviews monthly payroll.
- Ensures filing of income tax returns on timely basis and deals with income tax authorities.
- Prepares Accounting Manual and ensures its compliance.
- Liaisons with regulators, tax consultants and outside agencies.

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- Approves all vouchers, journal vouchers, authorizes all payments and ensures that all expenses incurred are for the purpose of the Fund's operations.
- Ensures smooth running of accounts and finance department to facilitate efficient conduct of book keeping function.
- Ensures accuracy of data on accounting application, access of data to authorized users and its back-up on periodic basis.

Back Office Operations/Settlement

- Co-ordinates with Trustee and ensures compliance of Trust Deed.
- Ensures timely preparation of settlement instructions by Back Office.
- Ensures that Back Office co-ordinates with Trustee for execution of settlement instructions.
- Ensures that securities are received / delivered, physically or electronically, upon execution of a trade.
- Co-ordinates with banks, issuers etc. and ensures timely receipt of profit/dividend.
- Keeps track of all securities held by the Fund.
- Prepares Back Office Operations/Settlement Manual and ensures its compliance.

Secretarial Work

- Prepares notices for meetings of the Management Committee and Sub-Committees in consultation with the General Manager.
- Prepares Working Papers of all meetings and sends them to Members.
- Attend meetings whenever requested to take minutes.
- Prepares minutes of the Management Committee and Sub-Committee meetings for submission to the General Manager.

General

- Ensures that proper records are maintained in the department.
- Signs / approves all documents for departmental correspondence.
- Undertakes appraisal of staff of the Accounts and Finance Department.
- Performs such other work assigned by the General Manager.

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POSITION: **Assistant Accounts Manager**

REPORTS TO: **Chief Accounting Officer**

The Assistant Accounts Manager (AAM) is responsible for execution of work within the Accounts and Finance Department on day to day basis. His specific responsibilities pertaining to this position are given below.

Role and Responsibilities

- Checks all reports generated by the Accounting System with the deal settlement documents on daily basis.
- Calculates Net Assets Value (NAV) and prepares Fund Position on a periodic basis.
- Prepares and submits all instructions/reports that are required to be submitted to the Trustee.
- Checks monthly payroll and computes income tax on salaries.
- Prepares settlement instructions for trades made by the Fund and organizes all supporting documents for timely settlement through Trustee.
- Checks that securities are received / delivered, physically or electronically, upon execution of a trade.
- Instructs banks, issuers etc. for timely receipt of profit/dividend.
- Keeps track of all securities held by the Fund.
- Prepares projected cash flow.
- Reviews bank reconciliations.
- Prepares quarterly, half yearly and annual financial statements of the Fund and gets the same audited.
- Implements management policies and plans regarding the Accounts and Finance Department.
- Coordinates with external auditors in respect of statutory audits.
- Coordinates with internal auditors in implementation of an effective internal control system.
- Prepares voucher, journal vouchers to be posted into the Accounting System.
- Prepares Annual Budget and draws its comparison with actual expenses.
- Assists the CAO in working papers & other secretarial matters.
- Performs such other work assigned by the General Manager or the Chief Accounting Officer.

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POSITION: **Cashier**

REPORTS TO: **Assistant Accounts Manager**

The Cashier is responsible for managing petty cash for day to day office expenses. His specific responsibilities pertaining to this position are given below.

Role and Responsibilities

- Prepares Cash Reimbursement Summary on periodic basis, gets it reviewed from the Assistant Accounts Manager and approved by the CAO.
- Checks all invoices, bills before making payment and ensures that they are approved by concerned officers.
- Prepares payment vouchers / cheques and gets it signed from authorized signatories.
- Records payment vouchers, journal vouchers into books of accounts, draws trial balance and prepares monthly accounts of Punjab Pension Fund-Expense Account.
- Draws cash from bank.
- Reconciles petty cash on daily basis.
- Prepares bank reconciliations.
- Prepares monthly payroll.
- Prepares comparison of actual expenses with the budget.
- Coordinates with external auditors in respect of statutory audits.
- Helps Assistant Accounts Manager in preparing settlement instructions and communicating the same to the Trustee.
- Performs such other work assigned by the General Manager or the Chief Accounting Officer or the Assistant Accounts Manager.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE BY MANAGEMENT

The financial statements shall be prepared in accordance with the requirements of the Punjab Pension Fund Act 2007, Punjab Pension Fund Rules 2007 and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the provisions of the Companies Ordinance 1984. Wherever the requirements of the Punjab Pension Fund Act 2007, Punjab Pension Fund Rules, 2007 or the directives issued by the Government of Punjab differ with the requirements of these standards, the requirements of the Punjab Pension Fund Act 2007, Punjab Pension Fund Rules 2007 and the requirements of the said directives shall prevail.

2.2 BASIS OF PREPARATION

The financial statements shall be prepared under the historical cost convention except for certain investments which are carried at fair value and amortized cost.

2.3 INVESTMENTS

The Fund classifies its investments as held to maturity, available-for-sale and at fair value through profit or loss.

Initial Measurement

All investments are initially recognized at cost being the fair value of the consideration given including acquisition cost, except in case of financial assets at fair value through profit or loss, in which case the transaction costs are taken directly to the income statement in the period in which they arise.

Purchase and sale of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date being the date on which the Fund commits to purchase or sell the investment.

Subsequent Measurement

Financial assets at fair value through profit or loss

These are securities, which are either acquired for generating a profit from short term fluctuation in market prices, interest rate movements, dealers' margin or are securities

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included in a portfolio in which a pattern of short term profit making exists. These are stated at fair values with any resulting surplus/(deficit) recognized in the income statement.

Held to maturity

These are securities of fixed or determinable payments with fixed maturity periods where the Fund has both intent and ability to hold till maturity. Held to maturity investments are subsequently measured at amortized cost using the effective interest rate method less impairment. The amortization for the period is taken to the income statement.

Available for sale

Investments which cannot be classified as loans and receivables, held to maturity or at fair value through profit or loss are classified as available-for-sale.

Investments intended to be held for an unidentified period of time, which may be sold in response to need for liquidity or changes to interest rates or equity prices are classified as available-for-sale.

Available-for-sale investments are measured at subsequent reporting dates at fair value. However investments for which fair value cannot be determined are valued at cost. Surplus/(deficit) on re-measurement is kept in accumulated pension fund, until the security is disposed off or is determined to be impaired, at which time, the cumulative surplus/(deficit) is included in the income statement.

Fair value of financial assets is determined as follows:

a) Government securities

Fair value of government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters system.

b) National saving schemes

Fair value of national saving schemes is determined on the basis of redemption value for each scheme.

c) Debt securities

Fair value of debt securities, other than government securities and national saving schemes, is determined on the basis of prices announced by the Mutual Funds Association of Pakistan (MUFAP).

d) Listed shares

Fair value of listed shares is determined on the basis of closing quoted market prices available at the Karachi stock exchange.

e) Mutual fund

Fair value of mutual fund's units is determined with reference to the net asset value declared by the respective fund.

2.3.1 Securities under Repurchase/Resale Agreements

Where securities are sold subject to a commitment to repurchase them at a pre-determined price, they remain on the statement of assets and liabilities and liability is recorded in respect of the consideration received in "borrowings from financial institutions". Conversely, securities purchased under analogous commitments to resell are not recognized in the statement of assets and liabilities and the consideration paid is recorded in "lending's to financial institutions".

The difference between the sale and purchase price is treated as income (or expense) in the income statement and is recognized over the term of these transactions.

2.4 REVENUE RECOGNITION

- a) Gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- b) Dividend income is recognized when the Fund's right to receive dividend is established. Dividend received on marketable securities acquired after the announcement of dividend till the book closure date is accounted for as reduction in the cost of investment.
- c) Income on government securities, national saving schemes, bonds and term finance certificates is recognized on an accrual basis using the effective interest rate method.
- d) Income on bank deposits is recognized on accrual basis.

2.5 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 assets.
- 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) Financial liabilities, other than those at fair value through profit or loss, are measured at amortized cost using the effective yield method.

2.6 OFFSETTING 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 set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

2.7 PROVISIONS

A provision is recognized in the statement of assets and liabilities when the Fund has a legal or constructive obligation as a result of past event, it is probable that an outflow 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.

2.8 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.

2.9 FOREIGN CURRENCY TRANSLATIONS

Transactions denominated in foreign currencies are translated to Pak Rupee at the foreign exchange rate ruling at the date of transaction. Assets and liabilities in foreign currency are translated at the rates of exchange prevailing on the reporting date. All exchange gains/losses are taken to the income statement.

2.10 SPREAD TRANSACTIONS (READY-FUTURE TRANSACTIONS)

The Fund enters into transactions involving purchase of an equity security in the ready market and simultaneous sale of the same security in the future market. The security purchased in ready market is classified as “Investment at fair value through profit or loss” and carried in the statement of assets and liabilities at fair value till their eventual disposal, with the resulting gain / loss taken to the income statement. The forward sale of the security in the future market is treated as a separate derivative transaction and is carried at fair value with the resulting gain / loss taken to the income statement in accordance with the requirements of International Accounting Standard 39: ‘Financial Instruments: Recognition and Measurement’.

2.11 TRANSACTIONS WITH RELATED PARTIES

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

2.12 CASH AND CASH EQUIVALENTS

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

2.13 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. Hence no provision for taxation is made in the financial statements.

3. GENERAL LEDGER ACCOUNTING

3.1 INTRODUCTION AND OBJECTIVE

The objective of general ledger is to link all components of financial statements in a way to facilitate generation of the statement of assets and liabilities, income statement and other reports of the Fund.

The general ledger ensures timely generation of financial statements and management reports for decision-making.

The Accounting Manual ensures that:

- Current accounting system is comprehensively documented.
- Potential gaps in the accounting system are addressed.
- Procedure is outlined through this Manual to run accounting system.
- Responsibility of each user is documented and his limit of access is defined.
- All input documents are identified which are necessary for running of the accounting system.
- All output documents along with their structure are identified to ensure generation of meaningful financial information.
- Time frame for generation of meaningful financial information is defined.

3.2 FUNCTIONAL POLICIES

- All vouchers to bear system generated serial numbers.
- All vouchers to be prepared by Cashier
- All vouchers to be checked by Assistant Accounts Manager.
- All vouchers to be approved by the Chief Accounting Officer and recorded into the accounting system on a daily basis.
- All vouchers to be filed separately on a daily basis.
- Assistant Accounts Manager to ensure that all vouchers are correctly recorded in the general ledger.
- Trial Balance to be generated on monthly basis.
- Vouchers prepared during the year to be stored in record room at the end of the accounting year.
- New account codes to be approved by the Chief Accounting Officer.
- Accounts code to be closed after approval of the Chief Accounting Officer.

3.3 FUNCTIONAL PROCEDURES

- Cashier prepares journal vouchers on daily basis to record transactions and updates the accounting system.
- Journal vouchers prepared are checked by Assistant Accounts Manager on daily basis.
- Journal vouchers checked by Assistant Accounts Manager are forwarded to Chief Accounting Officer for his approval on a daily basis.
- Journal vouchers approved by Chief Accounting Officer are recorded into the accounting system by Cashier on a daily basis.
- Journal vouchers passed in a day are filed separately in a numerical order on a daily basis by the Cashier.
- Journal vouchers passed during the year are stored in the record room at the end of the accounting year.
- During checking or review, if some corrections are to be made, accounting system allows cancellation of journal voucher. Chief Accounting Officer is the authorized person allowed to cancel any journal voucher. However, Chief Accounting Officer may delegate his authority to Assistant Accounts Manager.
- Serial numbers of all vouchers are restarted at the beginning of each year.

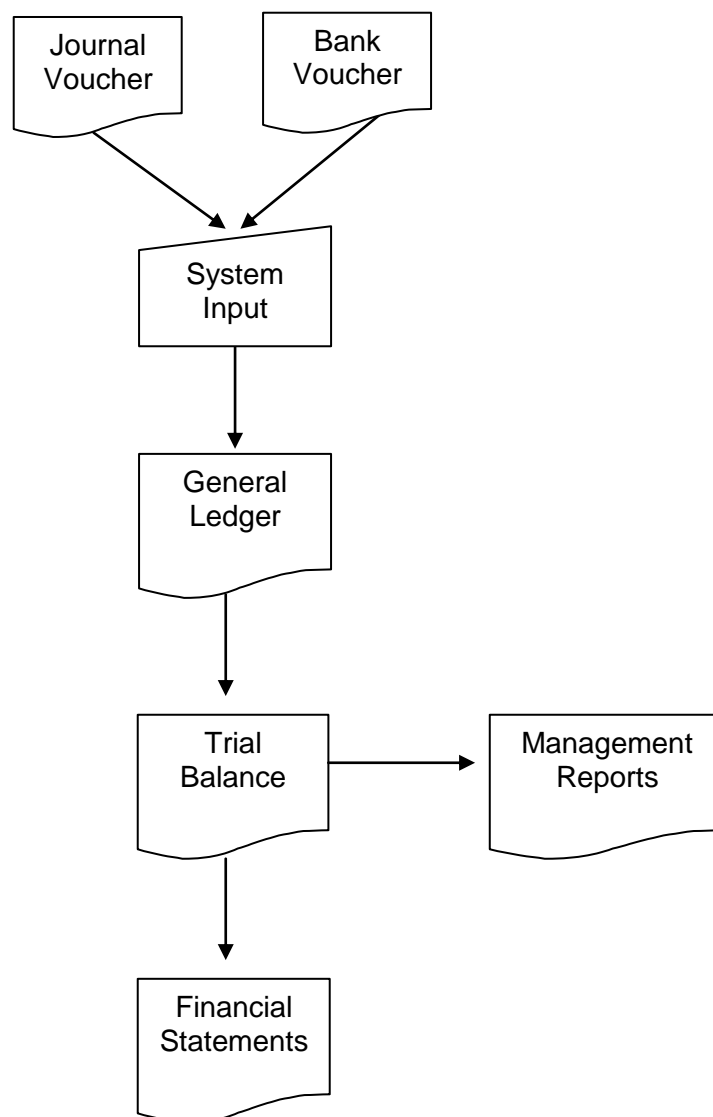
3.4 CHART OF ACCOUNTS (For Computerized Accounting system)

Account Coding Structure:

The coding Structure shall be based on the basis of accounting software that will be purchased, currently all the recorded are being maintained in Excel work books.

3.5 DOCUMENTS FLOW

The overall document flow is presented as follows:



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3.6 INPUT DOCUMENTS

- Journal Vouchers
- Bank Vouchers

3.7 PREPARATION AND APPROVAL MATRIX

Report Code	Report Title	Purpose	Prepared By	Approved By
GL01	Journal Voucher	To record transactions of the Fund in the accounting system	Cashier / AAM	CAO
GL02	Bank Voucher / Payment and Receipt	To record receipt and payment in the accounting system	Cashier / AAM	CAO
GL03	Account Ledger	To show activity and closing balance in each Account	Cashier / AAM	CAO
GL04	Trial balance	To show activity and closing balances for a period	Cashier / AAM	CAO
GL05	Financial Statements	Statement of assets and liabilities and income statement is produced.	Cashier / AAM	CAO

3.8 RECORDS MAINTENANCE

PPF is required to maintain records of all transactions it has entered into during the past ten year, including all relevant documents relating to such transactions which pertain to its business. These documents include the following:

- All vouchers relating to accruals and receipt/payment of income and expenses.
- All agreements/trades relating to investments in securities and other investments.
- All loan agreements and other documents such as repayment schedules etc.
- All rental agreements and record of receipt/payment of rent.
- All information which assist in preparation of financial statements of the Fund.
- All other relevant documents.

3.9 DOCUMENT STRUCTURE

Document code: GL01 (On letter head)

JOURNAL VOUCHER

Date XX Month 20XX

Voucher No. XX

Head of Account: The Party name

Head of Account: Nature of Account

DESCRIPTION	L.F	Debit Rs.	Credit Rs.
Head of account		XXXX	
Head account			XXXX
NARRATION: Particulars with reason			

ANY DEDUCTION

Total Rs. XXXX/

Net Amount Rs. XXXX/-

Rupees: (Amount in words) Only

Prepared by: _____

Checked by: _____

Approved by: _____

Document code: GL02 (On letter head)

PAYMENT VOUCHER

Date XX Month 20XX

Voucher No: XX

Head of Account: Name of party to whom payment made

Head of Account: Nature of Expense

DESCRIPTION	L.F	Debit Rs.	Credit Rs.
CDC Trusteeship fee		XXXX	
Bank account			XXXX
<i>Narration:</i> Particulars with reason			

ANY DEDUCTION

Total Bill Rs. XXXX/-

Income Tax @ Rs. XXXX/-

Amount paid Rs XXXX/-

Rupees: (Amount in words) only

Prepared by: _____

Checked by: _____

Approved by: _____

Received by: _____

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Document code: GL03 (On letter head)

RECEIPT VOUCHER

Date XX Month 20XX

Voucher No. XX

Head of Account: Name of party from whom amount received

Head of Account: Nature of Income

DESCRIPTION	L.F	Debit Rs.	Credit Rs.
Bank Account		XXXX	
Profit on Saving Account			XXXX
NARRATION: Particulars with reason			

ANY DEDUCTION

Total Rs. XXXXX/-

Net Amount Rs. XXXXX/-

Rupees: (Amount in words) only

Prepared by: _____

Checked by: _____

Approved by: _____

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Document code: GL06

PUNJAB PENSION FUND

Statement of Assets and Liabilities As at XX Month 20XX

	<i>Note</i>	20XX Rupees	20XX Rupees
Assets			
Operating fixed assets	X	XXX	XXX
Investments	X	XXX	XXX
Short term investments	X	XXX	XXX
Security Deposits - Central Depository Company		XXX	XXX
Accrued interest	X	XXX	XXX
Prepayments		XXX	XXX
Cash and cash equivalents	X	XXX	XXX
Total assets		XXX	XXX
Liabilities			
Trustee fee payable		XXX	XXX
Brokerage payable		XXX	XXX
Accrued expenses		XXX	XXX
Total liabilities		XXX	XXX
Contingencies and commitments	X	XXX	XXX
Net assets		XXX	XXX
Represented by:			
Accumulated Pension Fund		XXX	XXX

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Document code: GL07

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Income Statement

For the year ended XX Month 20XX

	<i>Note</i>	20XX Rupees	20XX Rupees
Income			
Income from Term Deposit Receipts and Saving account		XXX	XXX
Income from Pakistan Investment Bonds		XXX	XXX
Income from Term Finance Certificates		XXX	XXX
Income from Market Treasury Bills		XXX	XXX
Other income		XXX	XXX
Capital gain / (loss)		XXX	XXX
		<u>XXX</u>	<u>XXX</u>
Expenditure			
Operating expenses	X	XXX	XXX
Trustee Fee and custody charges		XXX	XXX
Brokerage expenses		XXX	XXX
Bank Charges		XXX	XXX
		<u>XXX</u>	<u>XXX</u>
Net income for the year		<u><u>XXX</u></u>	<u><u>XXX</u></u>

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Document code: GL08
PUNJAB PENSION FUND

Cash Flow Statement
For the year ended XX Month 20XX

	20XX	20XX
	Rupees	Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Net income for the year	XXX	XXX
Adjustments for non cash and other items:		
Discount on Pakistan Investment Bonds	XXX	XXX
Discount on Marketable Treasury Bills	XXX	XXX
Discount on Term Finance Certificates	XXX	XXX
Depreciation	XXX	XXX
	XXX	XXX
(Increase) / decrease in assets:		
Investments	XXX	XXX
Short term investments	XXX	XXX
Security Deposits - Central Depository Company	XXX	XXX
Prepayments	XXX	XXX
Accrued interest	XXX	XXX
	XXX	XXX
Increase / (decrease) in liabilities:		
Trustee fee payable	XXX	XXX
Brokerage payable	XXX	XXX
Accrued expenses	XXX	XXX
	XXX	XXX
Cash generated from / (used in) operating activities	XXX	XXX
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed assets additions	XXX	XXXXX
Cash used in investing activities	XXX	XXX
Net increase/(decrease) in cash and cash equivalents during the year	XXX	XXX
Cash and cash equivalents at the beginning of the year	XXX	XXX
Cash and cash equivalents at the end of the year	XXX	XXX

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Document code: GL09

PUNJAB PENSION FUND

Statement of Comprehensive Income
For the year ended XX Month 20XX

	20XX Rupees	20XX Rupees
Net income for the year	XXX	XXX
Net unrealized appreciation / (diminution) in fair value of available - for - sale investments	XXX	XXX
Total Comprehensive income for the year	XXX	XXX

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Document code: GL10

PUNJAB PENSION FUND

Statement of Movement in Accumulated Pension Fund For the year ended XX Month 20XX

	20XX Rupees	20XX Rupees
Balance at the beginning of the year	XXX	XXX
Total comprehensive income for the year		
Net income for the year	XXX	XXX
Net unrealized appreciation / (diminution) in fair value of available - for - sale investments	XXX	XXX
	XXX	XXX
Balance at the end of the year	XXX	XXX

4. INVESTMENT ACCOUNTING

4.1 INTRODUCTION AND OBJECTIVES

PPF is an open ended fund. Most of its income relates to investments in various securities available in the capital market and the money market.

The Fund invests in Government Securities, National Saving Schemes, Term Finance Certificates (TFC's), bank deposits etc. and derives income from these securities. The Fund also deals in the capital market by dealing in reverse repurchase of TFC's and shares.

The primary objective of the investment is to generate revenue for the discharge of pension liabilities of the Government of Punjab.

4.2 FUNCTIONAL POLICIES

Investment Sub-Committee meets to discuss the situation in the capital and money markets and sets the limits of the securities it deals in. Any unanticipated changes in these markets during the day are noted and an alternate strategy is developed to deal with this change.

An investment policy has been formulated for the purpose of investment to provide a framework within which the assets of Punjab Pension Fund are to be invested and managed.

4.3 FUNCTIONAL PROCEDURES

4.3.1 INVESTMENT IN TERM FINANCE CERTIFICATES

Investments in TFC's are made by the Fund as per the guidelines of the investment policy and exposure limits permitted by the Investment Committee. TFC's that are available in the market are analyzed and the investment decision is taken on the basis of various factors including the risk and return involved in the investment. The Investment Sub-Committee then approves the TFC in which investment is to be made. The Fund then expresses its interest in the investment which could be a verbal agreement or written request to the prospective Issuer of the TFC. The remaining process flow is described below:

- a) The Fund sends a signed Commitment letter to the Issuing Fund

The commitment letter contains references to previous verbal or face to face meeting between the two entities and is an expression of the Fund's desire to invest in the Issue. The commitment letter is signed by the General Manager and/or the Head of Investments.

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b) TFC Investors Agreement between the Investor and the Issuer

After receiving the commitment letter, the issuing Fund enters into an agreement with the investing Fund to finalize the negotiations. The agreement contains:

- ◆ The parties involved in the agreement
- ◆ The definitions of the terms used in the agreement
- ◆ Particular covenants
- ◆ Terms and Conditions for the issuance of the TFC's
- ◆ Description of Security

Both parties sign the investment agreement and hence, pave the way for the investment to take place as per the terms defined in the agreement.

The General Manager, Punjab Pension Fund signs the agreement on behalf of the Fund.

c) Prospectus

After signing of the agreement, the issuing Fund issues its prospectus to the investing Fund which contains vital information about the investment including the redemption schedule of the investment which contains:

- ❖ Tenure
- ❖ Amount invested
- ❖ Interest
- ❖ Deductions

d) Letter for issuance of cheque to the issuing Fund

The issuing Fund then requires the investing Fund to disburse the amount in favor of the issuing Fund by sending a letter called "Letter for issuance of Cheque". On the basis of this letter, the cheque is prepared and sent to the investee Fund

e) Letter of allotment of the TFC's

After the acknowledgement of the receipt of the investment money by the issuing Fund, the TFC's are allotted / issued to the investing Fund as per the investors' agreement.

I If the investment is made through subscription,

Subscription a/c	xxx
Bank a/c	xxx

When the balloting is complete and the Fund knows how many TFC's it owns,

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Investment a/c	xxx	
Subscription a/c		xxx

The remaining amount which has not been invested is reimbursed to the Fund and adjusted accordingly.

II If the investment is made through a PRE-IPO,

Investment a/c	xxx	
Bank a/c		xxx

The Cashier is responsible for the preparation of the payment voucher / journal voucher to record investment in TFC's. The Assistant Accounts Manager checks all payment voucher / journal vouchers while Chief Accounting Officer approves them.

III If the investment is made through outright purchase,

Investment a/c	xxx	
Bank a/c		xxx

f) Receipt of coupons on a timely basis as set out in the investors agreement

The Fund now owns the TFC's and is eligible to receive interest income on the investment it has made. The issuing Fund makes interest payment by issuing coupons in favor of the investing Fund which are deposited in the investing Fund's bank account.

The interest receivable is accrued on a monthly basis and the journal vouchers are prepared to record the income:

Interest receivable	xxx	
Income from TFC's		xxx

Principal Redemption

The last receipt of the income is accompanied by the principal redemption of the investment as per the investors' agreement (included in the prospectus). The return on the investment is now calculated on the remaining investment in the investee Fund.

When income is received the receipt voucher is prepared to input the income in the system. The double entry is:

Bank a/c	xxx	
Interest income		xxx
Investment		xxx

The Cashier is responsible for the preparation of the journal voucher (to record the accrual) and the receipt voucher (to record the receipt of the interest and principal amount).

At the end of the tenure of the investment, the Fund has received the amount invested plus the interest earned on the investment.

4.3.2 INVESTMENT IN GOVERNMENT SECURITIES

Government securities are a risk free mode of investments and hence a preferred choice of investment for the Fund.

Government securities are issued by the State Bank of Pakistan (SBP) on behalf of the Federal Government. Government securities are issued through auction held by the SBP. Auction schedule is announced by the SBP in advance. The Fund submits its bids to the SBP through the authorized dealers. If the bid is accepted by the SBP then the Fund is required to make payment to the SBP through the authorized dealer. The government securities issued by the SBP are kept in Investor Portfolio Services (IPS) Account with the SBP opened by the Fund through its bank.

The Fund trades government securities in secondary market also at prevailing market price either through banks or brokers.

All deals made by the Fund are communicated to the Trustee for settlement. Instructions to Trustee are signed by the Authorized Representatives of the Fund in the manner approved by the Management Committee. Following entry is passed by Cashier to record investment.

Investment in Govt. Security	xxx
Bank a/c	xxx

On the basis of instructions sent to Trustee, the Cashier makes payment voucher. The Assistant Accounts Manager checks it and the Chief Accounting Officer approves the voucher.

The Cashier records the payment voucher into the accounting system.

➤ Accounting for income from Government Security

Accrual of income is made on monthly basis and following accounting entry is passed.

Interest Receivable	xxx
Interest income	xxx

The Cashier prepares the journal voucher to record accrual of income. The Assistant Accounts Manager checks it and the Chief Accounting Officer approves the journal voucher.

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The Cashier records the journal voucher into the accounting system.

At the time of receipt of coupon, following accounting entry is passed.

Bank a/c	xxx
Interest receivable	xxx

The Cashier prepares the receipt voucher to record receipt. The Assistant Accounts Manager checks it and the Chief Accounting Officer approves the voucher.

The Cashier records the receipt voucher into the accounting system.

➤ Maturity of the investment

Following entry is made at the time of maturity of Government Security.

Bank a/c	xxx
Investment in Government Securities	xxx

The Cashier prepares the receipt voucher. The Assistant Accounts Manager checks it and the Chief Accounting Officer approves the voucher.

The Cashier records the voucher into the accounting system.

4.3.3 INVESTMENT IN TERM DEPOSITS

Deposits are made with scheduled banks having minimum long term rating criteria of "AA-" mentioned in Investment Policy.

All deals made by the Fund are communicated to the Trustee for settlement. Instructions to Trustee are signed by the Authorized Representatives of the Fund in the manner approved by the Management Committee. Following entry is passed by the Cashier to record investment.

Investment in – Term Deposit Receipt	xxx
Bank a/c	xxx

On the basis of instructions sent to Trustee, the Cashier makes payment voucher. The Assistant Accounts Manager checks it and the Chief Accounting Officer approves the voucher.

The Cashier records the payment voucher into the accounting system.

➤ **Accounting for income from Deposits**

Accrual of income is made on monthly basis and following accounting entry is passed.

Interest Receivable	xxx
Interest income	xxx

The Cashier prepares the journal voucher to record accrual of income. The Assistant Accounts Manager checks it and the Chief Accounting Officer approves the journal voucher.

The Cashier records the journal voucher into the accounting system.

At the time of receipt of interest into bank account, following accounting entry is passed.

Bank a/c	xxx
Interest receivable	xxx

The Cashier prepares the receipt voucher to record receipt. The Assistant Accounts Manager checks it and the Chief Accounting Officer approves the voucher.

The Cashier records the receipt voucher into the accounting system.

➤ **Maturity of the investment**

Following entry is made at the time of maturity of Term Deposit.

Bank a/c	xxx
Investment in – Term Deposit Receipt	xxx

The Cashier prepares the receipt voucher. The Assistant Accounts Manager checks it and the Chief Accounting Officer approves the voucher.

The Cashier records the voucher into the accounting system.

4.3.4 INVESTMENT IN SPECIAL SAVING ACCOUNTS

Accounting entries and procedures for investment in Special Saving Accounts of National Saving Schemes is similar to Bank Deposits.

4.3.5 INVESTMENT IN SHARES

Investments in shares are classified as held for trading.

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Entry at the time of purchase:

Investments in Shares a/c	xxx	
Bank		xxx

Entry at the time of dividend declaration:

Dividend receivable a/c	xxx	
Income Statement		xxx

Entry at the time of receipt of dividend:

Bank	xxx	
Dividend receivable a/c		xxx

Entry at the time of Sale

i) in case of capital gain:

Bank	xxx	
Investments in Shares a/c		xxx
Capital gain – Income Statement		xxx

ii) in case of capital loss:

Bank	xxx	
Capital loss – Income Statement	xxx	
Investments in Shares a/c		xxx

4.3.6 REVALUATION OF INVESTMENTS

The Fund revalues all its investments on monthly basis. The Fund classifies its investments as follows:

- Pakistan Investment Bonds (PIBs) are classified as Available-for-sale.
- Term Finance Certificates are classified as Available-for-sale.
- Treasury Bills (T-Bills) are classified as Available-for-sale.
- Bank Deposits and Special Savings Accounts are classified as Short Term Investments.
- Shares are classified as held-for-trading.

Initial Measurement

All investments are initially recognized at cost being the fair value of the consideration given including acquisition cost, except in case of financial assets at fair value through profit or loss, in which case the transaction costs are taken directly to the income statement in the period in which they arise.

Purchase and sale of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date being the

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date on which the Fund commits to purchase or sell the investment.

The entry made at the time of initial recognition at cost is as follows:

Financial assets at fair value through profit or loss

Investment a/c	xxx
Income statement (transaction cost)	xxx
Bank a/c	xxx
Brokerage payable	xxx

Available-for-sale and Held-for-maturity

Investment a/c (includes transaction cost)	xxx
Bank A/c	xxx
Brokerage payable	xxx

Subsequent Measurement and Sale

Financial assets at fair value through profit or loss

These are securities, which are either acquired for generating a profit from short term fluctuation in market prices, interest rate movements, dealers' margin or are securities included in a portfolio in which a pattern of short term profit making exists. These are stated at fair values with any resulting surplus/(deficit) recognized in the income statement.

The entry made at the time of subsequent measurement

- i) In case of loss on investments:

Income Statement	xxx
Investment a/c (amount of loss)	xxx

- ii) In case of gain on investments:

Investment a/c (amount of gain)	xxx
Income Statement	xxx

Held to maturity

These are securities of fixed or determinable payments with fixed maturity periods where the Fund has both intent and ability to hold till maturity. Held to maturity investments are subsequently measured at amortized cost using the effective interest rate method less impairment. The amortization for the period is taken to the income statement.

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No revaluation of assets is required if classified under Held-to-Maturity

Available for sale

Investments which cannot be classified as loans and receivables, held-to-maturity or at fair value through profit or loss are classified as available-for-sale.

Investments intended to be held for an unidentified period of time, which may be sold in response to need for liquidity or changes to interest rates or equity prices are classified as available-for-sale.

Available-for-sale investments are measured at subsequent reporting dates at fair value. However investments for which fair value cannot be determined are valued at cost. Surplus/(deficit) on re-measurement is kept in provision account unrealized gain/(loss) through equity, until the security is disposed off or is determined to be impaired, at which time, the cumulative unrealized surplus/(deficit) is included in the income statement.

The entry made at the time of subsequent measurement

- i) In case of loss on investments:

Unrealized loss – Equity account	xxx	
Unrealized loss – Investment account		xxx

- ii) In case of gain on investments:

Unrealized gain – Investment account	xxx	
Unrealized gain – Equity account		xxx

Fair value of financial assets is determined as follows:

- a) Government securities

Fair value of government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters system.

- b) National saving schemes

Fair value of national saving schemes is determined on the basis of redemption value for each scheme.

- c) Debt securities

Fair value of debt securities, other than government securities and national saving schemes, is determined on the basis of prices announced by the Mutual Funds Association of Pakistan (MUFAP).

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d) Listed shares

Fair value of listed shares is determined on the basis of closing quoted market prices available at the Karachi stock exchange.

e) Mutual fund

Fair value of mutual fund's units is determined with reference to the net asset value declared by the respective fund.

Impairment Loss

When securities are disposed of or impaired, related fair value adjustments are transferred to the Income Statement.

However, unanticipated material changes are discussed with the Investment Sub-Committee and following entry is made:

Income Statement	xxx
Provision for loss – Investment Account	xxx

The Cashier prepares the journal voucher to make provision for loss. The Assistant Accounts Manager checks it and the Chief Accounting Officer approves the journal voucher.

The Cashier records the journal voucher into the accounting system.

The entry made upon disposal

i) In case of loss on investments:

Bank	xxx
Provision for loss - Investment Account	xxx
Income Statement	xxx
Investment Account	xxx

ii) In case of gain on investments:

Bank	xxx
Provision for loss – Investment Account	xxx
Investment Account	xxx
Income Statement	xxx

The Cashier prepares the journal voucher to record gain/loss. The Assistant Accounts Manager checks it and the Chief Accounting Officer approves the journal voucher.

The Cashier records the journal voucher into the accounting system.

4.4 PREPARATION AND APPROVAL MATRIX

Report Code	Report Title	Purpose	Prepared By	Approved By
INV01	Deal Ticket for TFC	This is a source document through which purchase/sale of TFC is confirmed and instructions to Trustee are prepared	Senior Research Analyst (SRA)	Head of Investments (HOI)
INV02	Deal Ticket for Government Securities (PIBs and T-Bills)	This is a source document through which purchase/sale of government securities are confirmed and instructions to Trustee are prepared	Senior Research Analyst (SRA)	Head of Investments (HOI)
INV03	Deal Ticket for Bank Deposits and Special Saving Accounts	This is a source document through which placement in Bank Deposits and Special Saving Accounts are made and instructions to Trustee are prepared	Senior Research Analyst (SRA)	Head of Investments (HOI)
INV04	Deal Ticket for Shares	This is a source document through which purchase/sale of shares is made and instructions to Trustee are prepared	Senior Research Analyst (SRA)	Head of Investments (HOI)
INV05	Fund Position	This is a report containing details like opening balance, purchase/(sale) and closing balance along with fair value/ amortized cost, carrying value and unrealized gain/(loss) on all investments	AAM	CAO

4.5 DOCUMENT STRUCTURE

Document Code: INV01

PUNJAB PENSION FUND

Counter party
Operations Department
Karachi.

Ref. No.PPF/OPD/2012-13/XX
Deal Ticket # PPF/DT/12-13/XX
Date XXXX

Outright Purchase/Sale of (Name of) TFC **Issue: Dated from - to**

We confirm our purchase transaction as per the following terms.

Seller/Buyer	Counter party
Trade Date	Dated XXXX
Settlement Date	Dated XXXX
Security	Name of TFC
Issue Date	Dated XXXX
Maturity Date	Dated XXXX
Tenor	XX Year(s)
Accrued Coupon Days	XX Days
Coupon Yield	XX %
Quantity (Units)	XXXX/-
Face Value	Rs. XXXX
Outstanding Principal	Rs. XXXX
Price	Rs. XXX
Purchase value	Rs. XXXXX
Accrued Interest	Rs. XXXX
Settlement Amount	Rs. XXXXX
CDC Account Number	XXXXXXXX
Mode of Payment	RTGS / Etc
Broker	XXXXX
Broker Contract #	XXXXX

Yours truly,

For & behalf of
Punjab Pension Fund

Authorized Signatory

Authorized Signatory

Punjab Pension Fund
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Document Code: INV02

PUNJAB PENSION FUND

Counter party
Operations Department
Karachi.

Ref. No.PPF/OPD/2012-13/XX
Deal Ticket # PPF/DT/12-13/XX
Date XXXX

Outright Purchase/Sale (NCB/Outright Etc) of XX Month/Year
PIBs/TBills
having face value Rs. XXX Million
Issue: Issue date to Maturity

We confirm our transaction with you under following terms & conditions

Instrument	XXXXXXXX	Face Value (PKR)	XXXXXX
Transaction Type	XXXXXXXX	Price (PKR)	XXXXXX
Issue Date	XXXXXXXX	Trade Date	XXXXXX
Maturity Date	XXXXXXXX	Settlement Date	XXXXXX
No. of Days	XXXXXXXX	Days to Maturity	XXXXXX
Principal Amount (PKR)	XXXXXXXX	Accrued Markup (PKR)	XXXXXX
Last Coupon Date	XXXXXXXX	Coupon Rate	XXXXX%
Yield To Maturity	XXXXXXXX %	Settlement Amount (PKR)	XXXXXX
Seller/Buyer	XXXXXXXX	Contract #	XXXXXX
Counter Party	XXXXXXXX		
Broker	XXXXXXXX		
Settlement Amount in Words:	<i>Rupees XXXXXXXXX Only</i>		

SPECIAL INSTRUCTION

- 1 *The payment will be made upon transfer of securities in SGL IPS A/c titled **Punjab Pension Fund Trust** maintained with XXXXX Bank.*
- 2 *Settlement amount will be transferred through **RTGS-Real Time Gross Settlement** from XXXXX Bank.*

Yours truly,

For & on Behalf of Punjab Pension Fund

Authorized Signatory

Authorized Signatory

Document Code: INV03

PUNJAB PENSION FUND

Counter party
 Operations Department
 Karachi.

Ref. No.PPF/OPD/2012-13/XX
 Deal Ticket # PPF/DT/12-13/XX
 Date XXXX

Placement of TDR/Special Saving Accounts
having face value Rs. XXX Million
Issue: Issue date to Maturity

We confirm our transaction with you under following terms & conditions

Instrument	XXXXXXXX	Principal Value (PKR)	XXXXXX
Transaction Type	XXXXXXXX	Price (PKR)	XXXXXX
Issue Date	XXXXXXXX	Trade Date	XXXXXX
Maturity Date	XXXXXXXX	Settlement Date	XXXXXX
No. of Days	XXXXXXXX	Coupon Rate	XXXXXX %
Principal Amount (PKR)	XXXXXXXX	Accrued Markup (PKR)	XXXXXX
Counter Party	XXXXXXXX		
Broker(if any)	XXXXXXXX		
Settlement Amount in Words:	<i>Rupees XXXXXXXXX Only</i>		

SPECIAL INSTRUCTION

- 1 **Settlement amount will be transferred through *RTGS-Real Time Gross Settlement* from XXXXX Bank.**

Yours truly,

For & on Behalf of Punjab Pension Fund

Authorized Signatory

Authorized Signatory

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Document Code: INV04

PUNJAB PENSION FUND

Counter party
 Operations Department
 Karachi.

Ref. No.PPF/OPD/2012-13/XX
 Deal Ticket # PPF/DT/12-13/XX
 Date XXXX

Outright Purchase/Sale (Outright) of XX Month/Year Shares
having face value Rs. XXX Million
Shares name

We confirm our transaction with you under following terms & conditions:

Instrument	XXXXXXXX	Face Value (PKR)	XXXXX
Transaction Type	XXXXXXXX	Price per Share (PKR)	XXXXX
No of Shares	XXXXXXXX	Trade Date	XXXXX
Dividend if any	XXXXXXXX	Settlement Date	XXXXX
Rate of brokerage	XXXXXXXX %	Settlement Amount (PKR)	XXXXX
Seller/Buyer	XXXXXXXX	Contract #	XXXXX
Counter Party	XXXXXXXX		
Broker	XXXXXXXX		
Settlement Amount in Words:	<i>Rupees XXXXXXXX Only</i>		

SPECIAL INSTRUCTION

- 1 *The payment will be made upon transfer of securities in CDS A/c titled **Punjab Pension Fund Trust** maintained with XXXXX CDC.*
- 2 *Settlement amount will be transferred through **RTGS-Real Time Gross Settlement** from XXXXX Bank.*

Yours truly,

For & on Behalf of Punjab Pension Fund

Authorized Signatory

Authorized Signatory

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Document Code: INV05 FUND POSITION

PUNJAB PENSION FUND FUND POSITION STATEMENT AS AT Date Month Year															
1) TERM DEPOSIT RECEIPTS (TDRs)											Date XXX				
Issue Date	Maturity Date	Tenure	Tenure in Days	Bank	Deposit Amount (Rs.)	Interest Rate	No. of Days Held	Days to Maturity	Next Quarter Maturity	Interest Accrued (Rs.)	Total TDR and Accrued Interest (Rs.)	2nd Quarter Maturity	Exposure %		
1	XXXX	XXXX	XXXX	XXXX	Bank of Punjab	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0.00%		
2	XXXX	XXXX	XXXX	XXXX	Bank Al Habib	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0.00%		
Total TDRs					-	-	-	-	-	-	-	-	-		
3) PAKISTAN INVESTMENT BONDS (PIBs)															
Sr.	Remaining Years to Maturity	Issue Date	Maturity Date	Security Tenor	Next coupon	Face Value	Coupon Rate	Stated Yield on Purchase	IRR on Purchase	PKRV Rate	Accrued Interest	Amortized Cost	Unrealised Gain / (Loss)	Market Value On PKRV	Exposure as % of Net Assets
1	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0.00%
2	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0.00%
- - - - - 0.00%															
4) TREASURY BILLS (T Bills)															
Sr.	Remaining Days to Maturity	Issue Date	Maturity Date	Purchase Date	Total Tenure	Amortized Inome earned to	Face Value	Stated Yield on Purchase	IRR on Purchase	PKRV Rate	Exposure %	Amortized Cost	Unrealised Gain / (Loss)	Market Value On	Net Assets %
1	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0.00%
2	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0.00%
- - - - - 0%															
5) TFC'S															
Sr.	Remaining Years to Maturity	Issue Date	Maturity Date	Next coupon	Security & Tenor	Number of Units	Face Value	Coupon Rate	IRR on Purchase	MUFAP RATE	Accrued Interest	Amortized Cost	Unrealised Gain / (Loss)	Market Value @ MUFAP Rate	Exposure With Accrued Interest %
1	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0.00%
2	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX	0.00%
- - - - - 0.00%															
6) BANK BALANCE															
										Bank of Punajb	XXXXX				
										Bank Al Habib & Others	XXXXX				
TOTAL FUND'S ASSET ALLOCATION :											ASSET ALLOCATION %				
1 Bank balance											XXXXX	XXXX			
2 TDRs											XXXXX	-			
3 Accrued interest on												XXXX			
Accrued interest on: TDRs											XXXXX				
Accrued interest on: PIBs											XXXXX				
Accrued interest on: TFCs											XXXXX	-			
4 Treasury Bills (MTBs)- Amortized cost											XXXXX				
Unrealized gain/ (loss) on revaluation of: T Bills											XXXXX	-			
5 Pakistan Investment Bonds (PIBs)- Amortized cost											XXXXX				
Unrealized gain/ (loss) on revaluation of:											XXXXX	-			
6 Term Finance Certificate (TFCs)- Amortized cost											XXXXX				
Unrealized gain/ (loss) on revaluation of:											XXXXX	-			
											XXXXX	XXXX			

* All securities have been valued on current PIB's & TFC rates of Date Month Year

5. RELATED PARTY TRANSACTIONS

5.1 INTRODUCTION

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

This chapter relates to the related parties issue and should be resolved by ensuring that financial statements contain the disclosures necessary to draw attention to the possibility that the reported financial position and results may have been affected by the existence of related parties and by material transactions with them. Hence this chapter is mainly concerned with disclosures.

Responsibility

It is the responsibility of the Operational Investment Committee of the Fund to ensure adherence to exposure limits and restrictions applicable on transactions with associated undertakings. These limits and restrictions are imposed by the Punjab Pension Fund Act 2007, Punjab Pension Fund Rules 2007 and the Investment Policy of the Fund. However, the overall responsibility rests with the Management Committee of the Fund.

5.2 PUNJAB PENSION FUND ACT 2007

5.2.1 Investment in associated companies and undertakings

Section 15(b) of the Punjab Pension Fund Act 2007 lays down limitation on investment in associated undertakings. The provision is reproduced as follows:

15. Limitation on the investment – Notwithstanding anything contained in section 13 or any other law for the time being in force, no investment in a financial year shall be made by the Management Committee from the Reserve Fund of the year –

(b) for an amount of more than twenty-five percent of the Reserve Fund in one financial institution cumulatively;

Explanation

- The expression 'investment' includes loans, advances, deposits, equity, by whatever name called, or any amount which is not in the nature of normal trade credit.
- The expression "financial institution" currently includes the Bank of Punjab.

5.3 PUNJAB PENSION FUND RULES 2007

Punjab Pension Fund Rules 2007 also places certain restrictions on transactions with related parties which are as follows:

5.3.1 Rule 10: Permissible Investments:

Subject to the Act and the rules the Fund shall invest, in a portfolio or through a third party, in:

- (f) a scheduled bank that has a minimum credit rating as may be determined by the Management Committee; provided that the aggregate of deposits in a scheduled bank shall not exceed 20% of the value of the fund at the time of making a deposit.

5.3.2 Schedule to PPF Rules 2007: Accounts of the Fund:

Para 1: General:

- (d) All statements and accounts referred hereunder should be prepared in conformity with the International Accounting Standards notified under sub-section (3) of section 234 of the Companies Ordinance, 1984 and technical releases issued by Institute of Chartered Accountants of Pakistan from time to time.

Para 3: Income statement:

The following information shall be included in the income statement:-

- (c) an itemized list of various costs which have been debited to the Fund including:
 - (vi) other amounts paid to any connected person of the Fund;

Para 5: Notes to the accounts:

The following shall be set out in the notes to the accounts:

- (b) disclosure of transactions with connected persons;-
 - (i) details of all transactions entered into during the accounting period between the Fund and the Management Committee or any entity in which these parties or their connected persons have a material interest; and
 - (ii) name of any member of the Management Committee or of any employee or contracted if such person becomes entitled to profits from transactions in securities or from management of the Fund and the amount of profits to which such person becomes entitled.

5.4 INVESTMENT POLICY

5.4.1 Exposure Limits

The Fund shall not take exposure of more than 20% of the value of the Fund in any single group.

Explanation: For the purpose of this exposure requirement “group” means persons having at least 30% common directors or 30% or more shareholding in any other company, as per publicly disclosed information.

‘Exposure’ for the purpose of computing exposure limits on investments includes investment in all asset classes, securities, instruments, deposits etc. allowed by the Investment Policy but does not include:

- a) Lending to a counter party, having a minimum credit rating as approved by the Management Committee, through REVERSE REPO transaction where the underlying securities are government securities eligible for statutory liquidity requirements;
- b) Deposit with Schedule Banks, having a minimum credit rating as approved by the Management Committee, with remaining time to maturity of three months or less; and
- c) Investment in Government Securities with remaining time to maturity of three months or less.

5.4.2 Restrictions on Connected Persons

Any member of the Management Committee or officer of the Fund shall not invest in any security owned by the Fund. If the member or officer owns any security before the Fund makes its investment in the same security, the member or officer shall disinvest the same within a period of one month from the date of investment of the Fund.

For the purpose of this restriction the term member and officer shall include spouse, lineal ascendants and descendants, brothers and sisters.

6. EXPENSE ACCOUNTING

6.1 INTRODUCTION AND OBJECTIVES

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 approved by the Management Committee. Presently, the Fund has following three categories of expenses:

- Expenses on Operation of the Fund
- Remuneration of the Trustee
- Other Expenses

6.2 FUNCTIONAL PROCEDURES

Responsibility

The AAM is responsible for all the expense accounting of the Fund. The Cashier is responsible for preparing journal vouchers to record accruals on timely basis and payment voucher to record payments. The AAM checks all vouchers and sends them to the CAO for his approval before they are recorded into the accounting system. All payments vouchers are approved by the GM.

6.2.1 Expenses on Operation of the Fund

These expenses include:

- Salaries and allowances
- Rent
- Utilities
- Repair and maintenance
- Vehicle running expenses
- Traveling, lodging and boarding
- Fee and subscription
- Printing and stationery
- Courier and postage
- Legal and professional
- Office and other expenses
- Depreciation
- Auditors remuneration
- Advertisement
- Training and development
- Bank charges
- Miscellaneous

6.2.2 Remuneration of the Trustee

The trustee is paid remuneration for the services rendered to the Fund under the provision of the Trust Deed at the rates approved by the Management Committee.

The expense is accrued on a daily basis and the fee is paid monthly.

6.2.3 Other Expenses

These expenses are accrued on a daily basis and payment is made periodically depending on the nature of each expense.

Such expenses include:

- Brokerage and settlement charges
- Custody charges
- With-holding tax

7. TAXATION ACCOUNTING

7.1 INTRODUCTION AND OBJECTIVES

Taxation accounting is an integral part of the accounting structure of the Fund and holds an important position in the internal and external regulatory requirements of the Fund.

Taxation accounting involves not only the calculation of the Fund's tax liability but also the returns to be filed with the income tax authorities within the specified due dates.

Responsibility

The AAM is responsible for all the taxation accounting of the Fund which includes the calculation of the tax liability of the Fund, calculation of advance tax payments and filing of the tax returns.

The AAM reports to the CAO who is responsible for the approval of the schedules and returns required to be submitted to the external regulatory bodies.

7.2 TAX STATUS OF PUNJAB PENSION FUND

7.2.1 Income Tax

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 is made in the financial statements.

8. REPORTING

8.1 INTRODUCTION AND OBJECTIVES

Reporting is an effective communication channel within an organization and with external authorities and is used for the following purposes:

- To monitor performance of the Fund and analyze results with previous periods and targets set by management.
- To provide information that is vital for the effective implementation of the decision making process.
- To monitor actual performance against benchmark and budgetary targets, hence variances analysis.
- To apprise management about investments/dis-investments and material changes.
- To assist in implementation of an effective internal control system.
- To ensure compliance with statutes.
- For effective corporate governance.

The reporting system of PPF can be divided into two sections:

a) Internal reporting

- i) Daily Reporting
- ii) Monthly Reporting

b) External reporting

- i) Daily Reporting
- ii) Monthly Reporting
- iii) Quarterly Reporting
- iv) Half Yearly Reporting
- v) Annual Reporting

Responsibility

The responsibility for reporting lies with the Management of the Fund. The AAM is responsible for the preparation of all reports submitted to the management, Government of the Punjab and the Provincial Assembly. The reports are reviewed by the CAO and are approved and signed by the GM.

8.2 INTERNAL REPORTING

8.2.1 Daily reporting

The Fund Position is prepared on daily basis on an excel sheet. Fund Position is prepared by the AAM and is approved by the CAO. This report goes to the management (GM & Head of investments). The report is given to the Investment Department so that they can place funds accordingly.

8.2.2 Monthly reporting

Monthly reports for internal use are:

- Bank Reconciliations
- Comparison of actual expenses with budget
- Brokers' Exposure report (**Annexure B**)
- Monthly financial statements

Monthly reports are prepared by the Cashier/AAM and approved by the CAO. The reports are submitted to the GM.

8.3 EXTERNAL REPORTING

8.3.1 Daily Reporting

Report sent to Trustee on daily basis include:

- Net Asset Position

Daily Report is prepared by the Cashier/AAM and is approved by the CAO.

8.3.2 Monthly Reporting

Report prepared on monthly basis include:

- Trustee Fee Report (**Annexure C**)

Monthly Report is prepared by the Cashier/AAM and is approved by the CAO.

8.3.3 Quarterly Reporting:

Financial statements are prepared on quarterly basis which are placed before the Accounts, Audit/Compliance Sub-Committee and the Management Committee.

Quarterly financial statements are prepared by the Cashier/AAM and approved by the CAO.

8.3.4 Half-Yearly Reporting:

Half-yearly financial statements are prepared which are reviewed by the external auditors. Half-yearly financial statements are placed before the Accounts, Audit/Compliance Sub-Committee and the Management Committee.

Half-yearly financial statements are prepared by the Cashier/AAM and approved by the CAO.

Schedule to Accounts of the Fund in Punjab Pension Fund Rules 2007 in Para 1: General states that the Management Committee shall publish a report for the six month period following each year to include a statement of income and expenditure, assets and liabilities and the portfolio.

8.3.5 Annual Reporting

Annual financial statements are prepared which are audited by the external auditors. Annual financial statements are also forwarded to the Trustee of the Fund who gives his opinion in terms of rule 22(h) of the Punjab Pension Fund Rules 2007. Audited financial statements are placed before the Accounts, Audit/Compliance Sub-Committee and the Management Committee.

Annual financial statements are prepared by the Cashier/AAM and approved by the CAO.

Rule 4(c) to the Punjab Pension Fund Rules 2007 requires the Fund to “Prepare and transmit an annual report, together with a copy of the balance sheet, income and expenditure account and the auditor’s report of the Fund within three months of end of an accounting period to the Government;”

Section 23 of the Punjab Pension Fund Act 2007 requires that “The Government shall, within six months of a financial year, submit the annual report of the Fund pertaining to the previous financial year before the Provincial Assembly of the Punjab.”

9. BUDGETING, PLANNING AND CONTROL

9.1 INTRODUCTION AND OBJECTIVES

Planning is an important function in the preparation of an accurate and reliable budget. The planning phase of the budget process includes:

- Setting out guidelines and preliminary assumptions for the budgetary exercise
- Review of budget package to incorporate any information, which is required for various reporting purposes
- Incorporation of any changes in the budget package in line with changes in statutory requirements to facilitate monitoring

9.2 BUDGETARY PROCESS

The overall responsibility of preparing the budget lies with the GM (section 16(1) of the Punjab Pension Fund Act 2007). The budget for the forthcoming year is based on past years data, managements decisions which were taken from time to time, recommendations of the Investment Sub-Committee, Accounts, Audit/Compliance Sub-Committee, HR Sub-Committee, Management Committee, targets to be achieved and reviews from the GM.

The budget is broken in two parts i.e. capital expenditure and operational expenditure. Each component carries detail description of budgetary expenses. A budget format is enclosed at “**Annexure-D**”.

Budget is first placed before the Accounts, Audit/Compliance Sub-Committee and is then placed before the Management Committee for approval.

Section 16(2) of the Punjab Pension Fund Act 2007 requires that

“The budget shall be placed for approval before the Management Committee at least thirty days prior to the commencement of a financial year.”

9.3 BUDGETARY CONTROL

One of the fundamental reasons for the preparation of the budget is to apprise the management on a regular basis, the actual performance of the Fund against the targeted results (budget). A quarterly report of Budget vs. Actual is prepared to monitor the same and major reasons are recorded.

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Budget Comparison Report is prepared by the AAM on a quarterly basis and is approved by the CAO. The major components of comparison report are:

- Budgeted targets
- Actual results
- Variances
- Critical analysis of the variances
- Areas of improvement

Budget Comparison Report is submitted to the GM. Budget Comparison Report is also placed before the Accounts, Audit/Compliance Sub-Committee and the Management Committee.

Budget Comparison Report is enclosed at “**Annexure-E**”.

10. RISK MANAGEMENT DISCLOSURES

10.1 INTRODUCTION AND OBJECTIVES

The process of analyzing exposure to risk and determining how to effectively handle such exposure is known as risk management

In undertaking transactions in financial instruments, the Fund may confront one or more different types of financial risk. The disclosure required by the relevant International Accounting Standards (IAS 32) show the extent to which the Fund is exposed to these different types of risk, relating to both recognized and unrecognized financial instruments.

The purpose of the disclosures required by the standard is to provide information that will enhance the understanding of the significance of Statement of Assets and Liabilities and financial instruments to a Fund's financial position, performance and cash flows and assist in assessing the amounts, timing and certainty of future cash flows associated with those instruments.

10.2 RESPONSIBILITY

The risk management and the disclosures of the risks faced by the Fund is the responsibility of the management of the Fund

The different types of financial risks with their disclosures requirements as per IAS 32 (Financial Instruments: Presentation and Disclosure) are stated below:

10.3 INTEREST RATE RISK

Interest rate risk is the risk that arises when the value of financial instruments fluctuates due to changes in market interest rates.

10.3.1 Disclosures

The following information should be disclosed for each class of financial asset and financial liability, both recognized and unrecognized, about the Fund's exposure to interest rate risk:

- a) Maturity dates.
- b) Financial assets and liabilities that are not exposed to interest rate risk.
- c) Effective interest rates, where applicable.

10.4 CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

10.4.1 Disclosures

Disclosing the enterprise's maximum credit risk exposure, i.e. the amounts exposed to credit risk without regard to potential recovery from collateral is important for the following reasons.

- Users of financial statements of the Fund are provided with a consistent measure of the amount exposed to credit risk for both recognized and unrecognized financial assets.
- It takes into account the possibility that the maximum exposure to loss may differ from the carrying amount of a recognized financial asset or the fair value of an unrecognized financial asset that is otherwise disclosed in the financial statements.

The following should be disclosed by the Fund about its exposure to credit risk:

- The amount that best represents its maximum credit risk exposure at the Statement of Assets and Liabilities date, without taking account of the fair values of any collateral, in the event other parties fail to perform their obligations under financial instruments.
- Significant concentrations of credit risk.

10.5 LIQUIDITY RISK

Liquidity or funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

10.6 CASH FLOW RISK

Cash flow risk is the risk that future cash flows associated with a monetary financial instrument with fluctuations in amount. In the case of a floating rate debt instrument, for example, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

10.7 OTHER RISKS

Some of other types of risks which should also be addressed by the management are:

10.7.1 Foreign Exchange Risk

Foreign exchange risk is measured by the variance of the domestic currency value of an asset, liability or operating income that is attributable to unanticipated change in exchange rates.

10.7.2 Country Risk

This risk affects all businesses outside and all activities conducted other than that of the country in which the assets of the activities are booked. Since political instability affects this risk, the Fund in an unstable environment should have more stringent controls than those in stable nations.

10.7.3 Documentation Risk

This is the risk that the Fund will suffer a loss due to inadequate/imperfect or unenforceable legal documentation.

10.7.4 Fiduciary Risk

This is the risk of loss due to Fund's potential failure to comply with duties of trust. This risk occurs as a result of failure to discuss relevant information with other parties, or from failure to adequately document and comply with all the terms, conditions and responsibilities of the fiduciary relationship.

10.7.5 Financial Risk

This is the risk of losing the Fund's physical assets either through fraud or other means. Adequate controls need to restrict unauthorized access to assets.

10.7.6 EDP Risk

This is the risk which arises due to a breakdown of operational controls related to systems and data processing.

10.7.7 Operational Risk

This is the risk associated with the loss due to failure of meeting the completion deadline for an assignment in time or accuracy. The risk is proportional to the processing volume or number of transactions handled by a certain unit.

10.7.8 Non Compliance Risk

This is a risk which arises due to non-compliance of instructions/regulations issued by regulatory authorities.

10.7.9 Audit Risk

Audit risk may be defined as the extent or degree to which an organization is subject to potential loss from errors, inefficiencies, excessive costs, discrepancies and irregularities in the financial statements/ reporting statutory sanctions, competitive disadvantages, loose controls, lack of monitoring, unsound decisions due to faulty information and fraud. Such errors or irregularities may not be discovered through the Fund's existing controls, or uncovered by the auditor's procedures

ANNEXURE A

1. BALANCES AT BANK

INTRODUCTION AND OBJECTIVES

The Trust maintains its bank accounts with Central Depository Company (the Trustee) and hence all banking transactions take place between PPF (Fund Manager) of the Trust and the Trustee.

Receipts of cheques

All cheques received by the concerned departments are transferred to the AFD on the same day for recording and timely deposit of amount into the bank a/c. This responsibility lies with the Cashier and the AAM supervises the function.

Recording

- The Cashier is responsible for the preparation of Receipt Vouchers.
- The Receipt Vouchers are checked by AAM
- After approval, the system is updated and vouchers are filed.

PPF (Fund Manager) then sends an instruction letter to the Trustee laying down the details of the receipt and this letter is signed by the authorized signatories. The bank then receives the cheque on behalf of the Trust.

PAYMENTS

Bank Payments

- Senior officer of the concerned department – responsible for the disbursement of the payments compiles supporting documents for bank payments and the payment is approved by the General Manager.
- The General Manager forwards the approved payment to the AFD for the execution of the transaction.
- PPF (Fund Manager) then sends an Instruction Letter to the Trustee laying down the details of the transactions it has entered into. The bank instruction letter is signed by the authorized signatories and the Trustee makes the payment on behalf of the Trust.

- Upon receipt of supporting documents the Cashier prepares the Payment Voucher, which is checked by the AAM and approved by the CAO.

2. CHANGES IN ACCOUNTING MANUAL

General will have the power to amend, modify or up-date the Accounting Manual with the approval of the Accounts, Audit / Compliance Sub-Committee.

ANNEXURE B

Trustee Fee Report

Assets Under CDC Custody	
Calculation of Trustee Fee	
Particulars	Amount
Total TDR's	XXXX
Total National savings	XXXX
Cash at Bank of Punjab	XXXX
Cheque in clearing	XXXX
Cash at Bank Bank Al Habib	XXXX
Cash at Bank Bank Al Falah	XXXX
Deposits	XXXX
Total Pakistan Investment Bonds	XXXX
Total Term Finance Certificates	XXXX
Total Treasury Bills	XXXX
Brokerage payable	(XXXX)
Trustee fee payable	(XXXX)
A	sum XXXXX
Trustee Fee Payable up to 10 Billion 0.03%	XXXX
Trustee Fee Payable above 10 Billion 0.02%	XXXX
B	sum (XXXX)
Net Assets = A - B	XXXXX

ANNEXURE C

**PUNJAB PENSION FUND
BROKERS EXPOSURE REPORT
YEAR 20XX-20XX**

	Amount in Rs	Exposure %
Invisor	XXXXXX	XX.XX%
KASB	XXXXXX	XX.XX%
InvestCap	XXXXXX	XX.XX%
BMA	XXXXXX	XX.XX%
Elixir	XXXXXX	XX.XX%
Global	XXXXXX	XX.XX%
JS Global	XXXXXX	XX.XX%
IGI Finex Sec	XXXXXX	XX.XX%
Invest & Fin	XXXXXX	XX.XX%
Summit Capital	XXXXXX	XX.XX%
	sum XXXX	XXX.00%

ANNEXURE D

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PUNJAB PENSION FUND				
BUDGET SUMMARY				
FINANCIAL YEAR 20XX - XX				
Particulars	Note	FY 20XX-XX (Current Year Budget)	FY 20XX-XX (Last Year Budget)	FY 20XX-XX (Last Year Actual)
<u>Budget allocation</u>				
Capital budget	1	XXXX	XXXX	XXXX
Expenditure budget	2	XXXX	XXXX	XXXX
Total		sum XXXX	sum XXXX	sum XXXX

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PUNJAB PENSION FUND						
CAPITAL BUDGET FY 20XX - XX						
Note #						
1				Quantity	Prices incl. GST	Amount
1.1	Furniture, Fixtures and Office Equipment					
	<u>Furniture & Fixture</u>					XXXX
	<u>Computer Hardware</u>					
	1	Laptops Core i5 - for GM,HOI & SRA (old laptops Aser 2005 model now dead)	X	XXXX		XXXX
	2	Desktops Core i5 (old desktops 2003 model to be replaced)	X	XXXX		XXXX
	3	Color Printer HP LaserJet CP1525N	X	XXXX		XXXX
						XXXX
	<u>Electrical Equipments</u>					
	1	Photocopier	X	XXXX		XXXX
						XXXX
	Total Capital Expenditure Budget					sum XXX

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PUNJAB PENSION FUND					
EXPENDITURE BUDGET FOR FY 20XX-XX					
Note # 2	Administrative Expenses:	Note	FY 20XX-XX (Budget)	FY 20XX-XX (Budget)	FY 20XX-XX (Actual)
	Salaries and Other Benefits	2.1	XXXX	XXXX	XXXX
	Rent	2.2	XXXX	XXXX	XXXX
	Utilities	2.3	XXXX	XXXX	XXXX
	Communications	2.4	XXXX	XXXX	XXXX
	Vehicle Running	2.5	XXXX	XXXX	XXXX
	Repair & Maintenance - Vehicle	2.6	XXXX	XXXX	XXXX
	Repair & Maintenance - General	2.7	XXXX	XXXX	XXXX
	Traveling and Lodging	2.8	XXXX	XXXX	XXXX
	Books, Periodicals, Fees and Subscription	2.9	XXXX	XXXX	XXXX
	Printing and Stationery	2.10	XXXX	XXXX	XXXX
	Actuarial Expenses	estimate	XXXX	XXXX	XXXX
	Legal and Professional	2.11	XXXX	XXXX	XXXX
	Advertisement	2.12	XXXX	XXXX	XXXX
	Courier and Postage	estimate	XXXX	XXXX	XXXX
	Seminars, Workshops, Training & Development	estimate	XXXX	XXXX	XXXX
	Audit Fee	2.13	XXXX	XXXX	XXXX
	Entertainment	estimate	XXXX	XXXX	XXXX
	Office Expenses	estimate	XXXX	XXXX	XXXX
	Security Guard Expenses	2.14	XXXX	XXXX	XXXX
	Miscellaneous	estimate	XXXX	XXXX	XXXX
	Uniforms and Shoes	estimate	XXXX	XXXX	XXXX
	Bank Charges	estimate	XXXX	XXXX	XXXX
	Total		sum XXX	sum XXX	sum XXX

Note # 2.1 SALARIES AND OTHER BENEFITS:						
	<u>Name of employee</u>	<u>Designation</u>	<u>Current Salary per Month</u>	<u>Proposed Increment 20XX effective 01.07.20XX</u>	<u>Revised Salary effective</u>	<u>Budgeted Salary for the year 01.07.20XX</u>
<u>Employees eligible for increment</u>						
1	XXXXXXXXXX	XXXXX	XXXX	XXXX	XXXX	XXXX
2	XXXXXXXXXX	XXXXX	XXXX	XXXX	XXXX	XXXX
3	XXXXXXXXXX	XXXXX	XXXX	XXXX	XXXX	XXXX
4	XXXXXXXXXX	XXXXX	XXXX	XXXX	XXXX	XXXX
5	XXXXXXXXXX	XXXXX	XXXX	XXXX	XXXX	XXXX
6	XXXXXXXXXX	XXXXX	XXXX	XXXX	XXXX	XXXX
7	XXXXXXXXXX	XXXXX	XXXX	XXXX	XXXX	XXXX
8	XXXXXXXXXX	XXXXX	XXXX	XXXX	XXXX	XXXX
9	XXXXXXXXXX	XXXXX	XXXX	XXXX	XXXX	XXXX
10	XXXXXXXXXX	XXXXX	XXXX	XXXX	XXXX	XXXX
11	XXXXXXXXXX	XXXXX	XXXX	XXXX	XXXX	XXXX
12	XXXXXXXXXX	XXXXX	XXXX	XXXX	XXXX	XXXX
13	XXXXXXXXXX	XXXXX	XXXX	XXXX	XXXX	XXXX
			sum XXX	sum XXX	sum XXX	sum XXX

ANNEXURE E

**Punjab Pension Fund
Budget Comparison Report
July 20XX to June 20XX**

Heads of Account	Period's Actual Expense	Budget for 20XX-XX	Unutilized
Salaries & Other benefits	XXXX	XXXX	XXXX
Rent Expense	XXXX	XXXX	XXXX
Utilities Expense	XXXX	XXXX	XXXX
Communication	XXXX	XXXX	XXXX
Vehicle running	XXXX	XXXX	XXXX
Vehicle Maintenance	XXXX	XXXX	XXXX
Repair & maintenance General	XXXX	XXXX	XXXX
Traveling & lodging	XXXX	XXXX	XXXX
Books periodical Fee & Subscription	XXXX	XXXX	XXXX
Fees & subscription	XXXX	XXXX	XXXX
Printing & stationary	XXXX	XXXX	XXXX
Actuarial Expenses	XXXX	XXXX	XXXX
Legal & professionals	XXXX	XXXX	XXXX
Advertisement	XXXX	XXXX	XXXX
Courier & postage	XXXX	XXXX	XXXX
Training & development	XXXX	XXXX	XXXX
Audit fee Expense (External)	XXXX	XXXX	XXXX
Audit fee (Internal)	XXXX	XXXX	XXXX
Entertainment Expense	XXXX	XXXX	XXXX
Uniform & Shoes	XXXX	XXXX	XXXX
Office expenses	XXXX	XXXX	XXXX
Security guard fee	XXXX	XXXX	XXXX
Miscellaneous	XXXX	XXXX	XXXX
Bank charges	XXXX	XXXX	XXXX
<u>Capital Expenditure</u>			
Furniture & fixtures	XXXX	XXXX	XXXX
Electric Equipments	XXXX	XXXX	XXXX
Machinery & Equipment	XXXX	XXXX	XXXX
	sum XXX	sum XXX	sum XXX
Total Budget	sum XXX	sum XXX	sum XXX