

Punjab Pension Fund – Expense Account

Condensed Interim Financial Information
For the six months period ended
31 December 2010



KPMG Taseer Hadi & Co.
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Independent Report on Review of Condensed Interim Financial Information to the Management Committee of Punjab Pension Fund

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of **Punjab Pension Fund-Expense Account** ("the Fund") as of 31 December 2010 and the related condensed interim income statement and condensed interim cash flow statement for the six-month period then ended (condensed interim financial information). Management is responsible for the preparation and presentation of condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan relating to interim financial reporting and the requirement of Punjab Pension Fund Act 2007 ("the Act") and Punjab Pension Fund Rules 2007 ("the Rules"). Our responsibility is to express a conclusion on this condensed interim financial information based on our review

Scope of Review

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


Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six months period ended 31 December 2010 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan relating to interim financial reporting and the requirement of Punjab Pension Fund Act 2007 ("the Act") and Punjab Pension Fund Rules 2007 ("the Rules").

The figures for the quarter ended 31 December 2010 and 31 December 2009 in the condensed interim income statement have not been reviewed and we do not express a conclusion on them.

Lahore

Date 13 JAN 2012


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

Punjab Pension Fund - Expense Account
 Condensed Interim Statement of Assets and Liabilities
 As at 31 December 2010

	Note	(Un-audited) 31 December 2010 Rupees	(Audited) 30 June 2010 Rupees
Operating fixed assets	4	347,902	364,016
Current assets			
Prepaid Rent		217,800	217,800
Cash and cash equivalents	5	1,245,682	2,559,393
		<u>1,811,384</u>	<u>3,141,209</u>
Current liabilities			
Accrued expenses		554,618	376,483
Net working capital / (liability)		<u>1,256,766</u>	<u>2,764,726</u>
Contingencies and commitments	6	-	-
Net assets		<u><u>1,256,766</u></u>	<u><u>2,764,726</u></u>
Represented by:			
Net income		<u><u>1,256,766</u></u>	<u><u>2,764,726</u></u>

The annexed notes 1 to 9 form an integral part of these financial information.

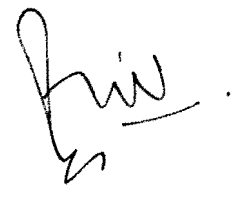
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 Chairman



 Private Member



 General Manager

Lahore

13 JAN 2012

Punjab Pension Fund - Expense Account
 Condensed Interim Income Statement (Un-audited)
 For the half year and quarter ended 31 December 2010


	Half year ended 31 December		Quarter ended 31 December	
	2010	2009	2010	2009
	Note ----- Rupees -----			
Income				
Funds received for operating expenses	6,893,040	16,293,927	-	7,020,302
Interest income	202,841	306,458	110,698	119,028
Other income	2,499	-	2,499	-
	<u>7,098,380</u>	<u>16,600,385</u>	<u>113,197</u>	<u>7,139,330</u>
Expenditure				
Operating expenses	7 8,606,340	7,394,986	4,251,775	4,023,317
Net (loss) / income for the period	<u>(1,507,960)</u>	<u>9,205,399</u>	<u>(4,138,578)</u>	<u>3,116,013</u>
Accumulated deficit brought forward	2,764,726	(6,925,452)	-	-
Net income carried forward	<u>1,256,766</u>	<u>2,279,947</u>	<u>(4,138,578)</u>	<u>3,116,013</u>

The annexed notes 1 to 9 form an integral part of these financial information.

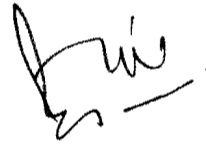
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Chairman



Private Member



General Manager

Lahore

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Punjab Pension Fund - Expense Account
Condensed Interim Cash Flow Statement
For the half year and quarter ended 31 December 2010

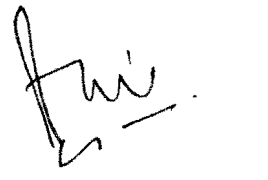
	Half year ended 31 December		Quarter ended 31 December	
	2010	2009	2010	2009
----- Rupees -----				
Cash flows from operating activities				
Net (loss) / income for the period	(1,507,960)	9,205,399	(4,138,578)	3,116,013
Adjustments for non cash and other items:				
Depreciation	79,614	45,734	41,394	25,284
	(1,428,346)	9,251,133	(4,097,184)	3,141,297
(Increase)/decrease in current assets				
Prepaid rent	-	(198,000)	-	297,000
(Decrease)/increase in current liabilities				
Payable to Government of the Punjab	-	(7,020,302)	-	(7,020,302)
Accrued expenses	178,135	138,137	67,225	6,862
Cash generated from operating activities	(1,250,211)	2,170,968	(4,029,959)	(3,575,143)
Cash flows from investing activities				
Purchased fixed assets	(63,500)	(221,461)	(63,500)	(5,700)
Cash used in investing activities	(63,500)	(221,461)	(63,500)	(5,700)
Net increase in cash and cash equivalents during the period	(1,313,711)	1,949,507	(4,093,459)	(3,580,843)
Cash and cash equivalents at the beginning of the period	2,559,393	-	5,339,141	5,530,350
Cash and cash equivalents at the end of the period	1,245,682	1,949,507	1,245,682	1,949,507

The annexed notes 1 to 9 form an integral part of these financial information.

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Chairman


Private Member


General Manager

Lahore

13 JAN 2012

Punjab Pension Fund- Expense Account

Notes to the Condensed Interim Financial Statements

For the half year and quarter ended 31 December 2010

1 Status and nature of the business

The Punjab Pension Fund (the Fund) has been established under the Punjab Pension Fund Act 2007 (the Act). The Government of the Punjab has notified the Punjab Pension Fund Rules 2007 (the Rules) under section 24 of the Act.

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

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

2 Statement of compliance and significant disclosures

2.1 Statement of compliance

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.

This information is unaudited but subject to limited scope review by auditors and is being submitted to Management Committee in accordance with the requirements of the Rules. This financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the period ended 30 June 2010.

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

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

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

3 Summary of significant accounting policies

3.1 Basis of preparation

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

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3.2 Taxation

The income of the Fund is exempt from tax under Section 57(3)(xii) of the second schedule to the Income Tax Ordinance 2001, therefore no provision for taxation has been made in these financial statements.

3.3 Fixed assets and depreciation

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

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

3.4 Impairment

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

3.5 Financial instruments

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

3.6 Off setting of financial assets and financial liabilities

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

3.7 Provisions

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

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4 Operating fixed assets - tangible

Particulars	Reconciliation of net carrying value				Reconciliation of gross carrying value				Depreciation rate (% per annum)
	Net Book Value as at 1st July 2010	Additions	Disposals (at NBV)	Depreciation charge	Net book value as at 31 December 2010	Cost as at 31 December 2010	Accumulated depreciation as at 31 December 2010	Net book value as at 31 December 2010	
	-----Rupees-----								
Furniture and fittings	10,939	-	-	(1,572)	9,367	15,700	(6,333)	9,367	20
Office equipment	246,864	-	-	(61,860)	185,004	371,194	(186,190)	185,004	33.33
Motor vehicles	106,213	63,500	-	(16,182)	153,531	193,558	(40,027)	153,531	20
	<u>364,016</u>	<u>63,500</u>	<u>-</u>	<u>(79,614)</u>	<u>347,902</u>	<u>580,452</u>	<u>(232,550)</u>	<u>347,902</u>	

Particulars	Reconciliation of net carrying value				Reconciliation of gross carrying value				Depreciation rate (% per annum)
	Net Book Value as at 1st July 2009	Additions	Disposals (at NBV)	Depreciation charge	Net book value as at 31 December 2009	Cost as at 31 December 2009	Accumulated depreciation as at 31 December 2009	Net book value as at 31 December 2009	
	-----Rupees-----								
Furniture and fittings	10,939	5,700	-	(2,761)	10,939	15,700	(4,761)	10,939	20
Office equipment	86,850	240,926	-	(80,912)	246,864	371,194	(124,330)	246,864	33.33
Motor vehicles	-	130,058	-	(23,845)	106,213	130,058	(23,845)	106,213	20
	<u>94,850</u>	<u>376,684</u>	<u>-</u>	<u>(107,518)</u>	<u>364,016</u>	<u>516,952</u>	<u>(152,936)</u>	<u>364,016</u>	

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	Note	31 December 2010 Rupees	30 June 2010 Rupees
5 Cash and cash equivalents			
Cash in hand		24,000	24,000
Bank balance	5.1	<u>1,221,682</u>	<u>2,535,393</u>
		<u>1,245,682</u>	<u>2,559,393</u>

5.1 This carries mark up @ of 12.25% (2010: @ 11.50%) per annum.

6 Contingencies and commitments

There were no contingencies and commitments as at 31 December 2010.

	31 December 2010 Rupees	31 December 2009 Rupees
7 Operating expenses		
Salaries and wages	6,655,215	5,641,347
Rent	653,400	594,000
Utilities	253,883	220,431
Repair and maintenance	133,089	40,519
Vehicle running Diesel for generator expenses	213,013	186,513
Traveling, lodging and boarding	69,692	249,319
Printing and stationery	96,689	50,743
Courier & postage	10,717	4,520
Legal & Professional	80,000	-
Office and other expenses	122,575	96,322
Depreciation	79,614	45,734
Auditors remuneration	199,998	175,000
Bank charges	500	1,080
Miscellaneous	37,955	89,458
	<u>8,606,340</u>	<u>7,394,986</u>

8 Date of authorization for issue

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

9 General

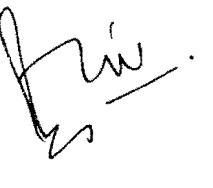
Figures have been presented in rupees.

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Lahore:


Chairman


Private Member


General Manager