

Independent Auditor's Report

To the Members of Management Committee

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of *Punjab Pension Fund* ("the Fund") which comprise the statement of assets and liabilities as at **June 30, 2021**, and the income statement, statement of comprehensive income, statement of movement in accumulated pension fund, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund **June 30, 2021**, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management Committee is responsible for the other information. Other information comprises the information included in the Annual report for the year ended 30 June, 2021, but does not include the financial statements and our auditor's report thereon. The Annual Report of 2021 is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



**Grant Thornton Anjum
Rahman**

1 - Inter Floor, Eden
Centre, 43-Jail Road,
Lahore, Pakistan.

T +92 42 37423621-23

F +92 42 37425485

When we read Annual Report of 2021, if we conclude that there is material misstatement therein, we are required to communicate the matter to the Management Committee.

Responsibilities of Management and Management Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Management Committee is responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) financial statements of the Fund for the year ended June 30, 2021 have been prepared in accordance with the relevant provisions of the Punjab Pension Fund Act 2007 and the Punjab Pension Fund Rules 2007;
- b) proper books of account as required by the Punjab Pension Fund Act 2007 and the Punjab Pension Fund Rules 2007 have been kept by the fund; and
- c) expenditure incurred during the year was for the purpose of the Fund's business.

The engagement partner on the audit resulting in this independent auditor's report is Imran Afzal.



GRANT THORNTON ANJUM RAHMAN

Chartered Accountants

Lahore

Dated: December 05, 2022

Punjab Pension Fund
Statement of Assets and Liabilities
As at 30 June 2021

	Note	30 June 2021			30 June 2020
		Punjab Pension Fund Trust	Punjab Pension Fund - Expense Account	Punjab Pension Fund - Total	Punjab Pension Fund - Total
----- Rupees -----					
ASSETS					
Cash and cash equivalents	5	1,307,109,330	109,222,128	1,416,331,458	500,110,454
Investments	6	83,312,980,460	-	83,312,980,460	73,086,094,758
Accrued interest	7	448,056,260	287,602	448,343,862	1,400,340,599
Deposits, prepayments & other receivables	8	2,600,000	5,758,009	8,358,009	5,871,279
Operating fixed assets	9	-	5,430,326	5,430,326	3,843,405
Total assets		85,070,746,050	120,698,065	85,191,444,115	74,996,260,495
LIABILITIES					
Brokerage payable		2,210,818	-	2,210,818	-
Trustee fee payable		2,519,170	-	2,519,170	2,116,243
Accrued expenses	10	-	6,704,888	6,704,888	4,703,636
Total liabilities		4,729,988	6,704,888	11,434,876	6,819,879
Contingencies and commitments	11	-	-	-	-
Net assets		85,066,016,062	113,993,177	85,180,009,239	74,989,440,616
Represented by:					
Accumulated Pension Fund		85,066,016,062	113,993,177	85,180,009,239	74,989,440,616

The annexed notes 1 to 19 form an integral part of these financial statements.

GPR

Lahore


General Manager


Private Member


Chairman

Punjab Pension Fund
Income Statement
For the year ended 30 June 2021

	30 June 2021		30 June 2020	
	Punjab Pension Fund Trust	Punjab Pension Fund - Expense Account	Punjab Pension Fund - Total	Punjab Pension Fund - Total
----- Rupees -----				
Income				
<i>Interest income from:</i>				
- National Savings Account and Certificates	6,429,302,537	-	6,429,302,537	4,231,713,124
- Pakistan Investment Bonds	572,853,445	-	572,853,445	1,238,464,227
- Term Deposit Receipts	860,663,342	-	860,663,342	1,227,910,316
- Term Finance Certificates	238,267,655	-	238,267,655	129,962,553
- Bank deposits	384,762,577	4,561,992	389,324,569	600,469,283
- Market Treasury Bills	39,454,316	-	39,454,316	364,704,455
	8,525,303,872	4,561,992	8,529,865,864	7,793,223,958
Income from Dividend	61,911,552	-	61,911,552	-
Realized gain on "Fair value through OCI" & "Fair value through P&L"	1,085,842,612	-	1,085,842,612	960,462,467
Unrealised gain on re-measurement of investments at "fair value through profit or loss" - net	582,801,459	-	582,801,459	105,054,350
Other Income	-	5,000	5,000	15,132
Total income	10,255,859,495	4,566,992	10,260,426,487	8,858,755,907
Expenditure				
Operating expenses	-	47,696,469	47,696,469	51,402,092
Trustee remuneration and safe custody charges	13,646,626	-	13,646,626	11,923,699
Auditor's remuneration	-	1,100,000	1,100,000	1,100,000
Legal and other professional charges	8,743,798	469,000	9,212,798	3,167,765
Bank charges	8,470	9,744	18,214	47,880
Total expenditure	22,398,894	49,275,213	71,674,107	67,641,436
Income / (expense) for the year	10,233,460,601	(44,708,221)	10,188,752,380	8,791,114,471
Budgetary (payments) / receipts for the year	(50,855,196)	50,855,196	-	-
Net income for the year	10,182,605,405	6,146,975	10,188,752,380	8,791,114,471

The annexed notes 1 to 19 form an integral part of these financial statements.

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General Manager

Private Member

Chairman

Punjab Pension Fund
Statement of Comprehensive Income
For the year ended 30 June 2021

	30 June 2021		30 June 2020	
	Punjab Pension Fund Trust	Punjab Pension Fund - Expense Account	Punjab Pension Fund - Total	Punjab Pension Fund - Total
	Note ----- Rupees -----			
Net income for the year	10,182,605,405	6,146,975	10,188,752,380	8,791,114,471
<i>Other comprehensive income</i>				
Items that are to be classified subsequently to income statement:				
<i>Investments classified at fair value through OCI:</i>				
- unrealised appreciation on remeasurement - net	6.2	1,816,244	-	1,925,734,454
Total comprehensive income for the year	10,184,421,649	6,146,975	10,190,568,624	10,716,848,925

The annexed notes 1 to 19 form an integral part of these financial statements.



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General Manager


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Punjab Pension Fund
Statement of Movement in Accumulated Pension Fund
For the year ended 30 June 2021

	30 June 2021		30 June 2020	
	Punjab Pension Fund Trust	Punjab Pension Fund - Expense Account	Punjab Pension Fund - Total	Punjab Pension Fund - Total
	----- Rupees -----			
Balance at the beginning of the year	74,881,594,413	107,846,202	74,989,440,615	59,272,591,691
Amount contributed by the Government (through the Reserve Pension Fund)	-	-	-	5,000,000,000
<i>Total comprehensive income for the year</i>				
Net income for the year	10,182,605,405	6,146,975	10,188,752,380	8,791,114,471
Other comprehensive income for the year - unrealized appreciation on remeasurement - net	1,816,244	-	1,816,244	1,925,734,454
	10,184,421,649	6,146,975	10,190,568,624	10,716,848,925
Balance at the end of the year	85,066,016,062	113,993,177	85,180,009,239	74,989,440,616

The annexed notes 1 to 19 form an integral part of these financial statements.

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Lahore


General Manager


Private Member


Chairman

Punjab Pension Fund
Cash Flow Statement
For the year ended 30 June 2021

	30 June 2021			30 June 2020
	Punjab Pension Fund Trust	Punjab Pension Fund - Expense Account	Punjab Pension Fund - Total	Punjab Pension Fund - Total
	----- Rupees -----			
<u>Cash flow from operating activities</u>				
Income / (expense) for the year	10,233,460,601	(44,708,221)	10,188,752,380	8,791,114,471
<u>Adjustments for non cash items:</u>				
Amortization of discount income	(5,798,137)	-	(5,798,137)	(50,286,570)
Unrealised (appreciation) on re-measurement of investments at "fair value through profit or loss" - net	(582,801,456)	-	(582,801,456)	(105,054,351)
Depreciation on operating fixed assets	-	1,083,628	1,083,628	1,509,666
	(588,599,593)	1,083,628	(587,515,965)	(153,831,255)
Operating profit / (loss) before changes in working capital	9,644,861,008	(43,624,593)	9,601,236,415	8,637,283,216
<u>Changes in working capital</u>				
<i>(Increase) / decrease in assets:</i>				
Investments - net	(9,636,469,865)	-	(9,636,469,865)	(33,262,794,825)
Accrued interest	952,284,339	(287,602)	951,996,737	375,990,750
Deposits, prepayments & other receivables	(2,500,000)	13,270	(2,486,730)	(39,830)
	(8,686,685,526)	(274,332)	(8,686,959,858)	(32,886,843,905)
<i>(Decrease) / increase in liabilities:</i>				
Brokerage payable	2,210,818	-	2,210,818	-
Trustee fee payable	402,926	-	402,926	1,218,077
Accrued expenses	-	2,001,252	2,001,252	2,910,824
	2,613,744	2,001,252	4,614,996	4,128,901
Budgetary (payments) / receipts for the year	(50,855,196)	50,855,196	-	-
Net cash generated from / (used in) operations	909,934,030	8,957,523	918,891,553	(24,245,431,788)
<u>Cash flow from investing activities</u>				
Fixed Assets purchased during the year	-	(2,670,549)	(2,670,549)	(821,377)
Net cash (used in) investing activities	-	(2,670,549)	(2,670,549)	(821,377)
<u>Cash flow from financing activities</u>				
Amount contributed by the Government (through the Reserve Pension Fund)	-	-	-	5,000,000,000
Cash from financing activities	-	-	-	5,000,000,000
Net increase / (decrease) in cash and cash equivalents during the year	909,934,030	6,286,974	916,221,004	(19,246,253,165)
Cash and cash equivalents at beginning of the year	397,175,300	102,935,154	500,110,454	19,746,363,619
Cash and cash equivalents at end of the year	1,307,109,330	109,222,128	1,416,331,458	500,110,454

The annexed notes 1 to 19 form an integral part of these financial statements.

Lahore

General Manager

Private Member

Chairman

Punjab Pension Fund
Notes to the Financial Statements
For the year ended 30 June 2021

1 Reporting entity

1.1 The Punjab Pension Fund ("the Fund") has been established under the Punjab Pension Fund Act 2007 ("the Act") to generate revenue for the discharge of pension liabilities of the Government of Punjab. The Fund is a body corporate with perpetual succession. The Fund shall perform such functions and exercise such powers as are vested in it under the Act and the Punjab Pension Fund Rules 2007 ("the Rules"). The management and administration of the Fund vests in the Management Committee notified under section 5 of the Act. The Fund is responsible for investing the funds in profitable avenues to generate revenue. Currently, the Fund has invested in a diversified portfolio of government securities, national saving scheme, term deposit receipts, debt securities and bank deposits.

The Punjab Pension Fund Trust ("the Trust") has been established under the Punjab Pension Fund Act 2007 ("the Act") and given the status of Trust under a trust deed executed on 27 September 2011 between Punjab Pension Fund ("the Fund") and Central Depository Company of Pakistan Limited ("the Trustee"). The Fund, through the Management Committee and the Trustee, have created the Trust for the benefit of the Reserve Pension Fund created under Section 3 of the Act. The Trust shall be of a perpetual nature and shall continue until the Trust is dissolved upon receipt of directions from the Government of Punjab. The Fund shall manage, operate and administer the Trust and the Trustee will act as the custodian of the assets of the Fund.

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. Budgetary amounts are transferred to separate Punjab Pension Fund - Expense Account ("the Expense") established by the Fund under the Rules, for incurring operational expenses of the Fund other than related to investments.

2 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 in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as notified under the Companies Act, 2017; and

Where provisions 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 accounting and reporting standards as applicable in Pakistan, the requirements of the Punjab Pension Fund Act 2007, Punjab Pension Fund Rules 2007 and the requirements of the said directives shall prevail.

2.1 Standards, amendments or interpretation that became effective during the year

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's / Fund's accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect.

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Punjab Pension Fund
Notes to the Financial Statements
For the year ended 30 June 2021

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Fund

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies / Fund having accounting periods beginning on or after July 1, 2021. Other standards and amendments are not considered to be relevant or have significant impact.

3 Basis of measurement

The financial statements have been prepared under the historical cost convention, except for certain investments which are carried at fair value and amortized cost in accordance with the requirements of IFRS 9: 'Financial Instruments'.

In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

3.1 Functional and presentation currency

These financial statements are presented in Pak Rupees ("Rs."), which is the Fund's functional and presentation currency.

3.2 Use of judgments and estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting 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 forms 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 affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The area where various assumptions and estimates are significant to Fund's financial statements or where judgments were exercised in application of accounting policies principally related to:

-	useful life of depreciable assets	<i>Note</i> 4.1
-	classification, valuation and impairment if any, of investments	4.2
-	provisions and contingencies	4.7

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Punjab Pension Fund
Notes to the Financial Statements
For the year ended 30 June 2021

4 Summary of significant accounting policies

4.1 Operating fixed assets and depreciation

Owned assets

These are stated at cost less accumulated depreciation less accumulated impairment (if any). Depreciation is charged to income statement 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 9. Depreciation is charged from the month of acquisition while no depreciation is charged in the month of disposal of asset. Normal repairs and maintenance are charged to income as and when incurred.

Donated assets

Non - monetary assets received under Decentralization Support Program from Government of Punjab are being recorded at nominal value.

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

4.2 Investments

The Fund classifies its investments as fair value through profit or loss, fair value through OCI and amortized cost.

4.2.1 Trade Date accounting

Regular purchases and sales of financial assets are recognized on the trade date - the date on which fund commits to sell or purchase an asset.

4.2.2 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.

4.2.3 Subsequent measurement

Financial assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.



Punjab Pension Fund
Notes to the Financial Statements
For the year ended 30 June 2021

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognized in profit or loss. Dividends from such investments continue to be recognized in profit or loss when the Company's / Fund's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company / Fund.

4.2.4 Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value of financial assets is determined as follows:

a) Government securities

Fair value of government securities is determined at average rate obtained from PKRV rate sheet and quoted on Mutual Funds Association of Pakistan ("MUFAP") and such average rate based on remaining tenor of the security.

b) Debt securities

Fair value of debt securities, other than government securities, is determined on the basis of prices announced by the MUFAP in accordance with the Securities and Exchange Commission of Pakistan ("SECP") Circular No. 1 of 2009 and Circular 33 of 2012.

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Punjab Pension Fund
Notes to the Financial Statements
For the year ended 30 June 2021

c) Listed shares

Fair value of listed shares is determined on basis of closing quoted market prices on the Pakistan Stock Exchange (PSX).

d) Mutual Fund Units

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

4.3 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) Interest income on government securities, Treasury bills, Bonds, TDRs and term finance certificates is recognized on an accrual basis using the effective interest rate method.
- d) Interest income on bank deposits and national saving schemes is recognized on accrual basis effective interest rate method.

4.4 Financial Liabilities

Financial liabilities are recognized at the time when the Company / Fund becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed on profit or loss.

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

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in profit or loss.

4.5 Off setting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company / Fund has a legally enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.



Punjab Pension Fund
Notes to the Financial Statements
For the year ended 30 June 2021

4.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of assets and liabilities at cost. Cash and cash equivalents comprise of cash in hand, term deposit receipts having maturity of three months or less and balances maintained with banks.

4.7 Provisions and contingencies

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 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.

The Fund reviews the status of all pending litigations and claims against the Fund. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized on the statement of assets and liabilities.

4.8 Impairment

Financial assets

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

Non-financial assets

The carrying amounts of the non-financial 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 the income statement.

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Punjab Pension Fund
Notes to the Financial Statements
For the year ended 30 June 2021

4.9 Foreign currency translation

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.

4.10 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.

4.11 Taxation

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

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5	Cash and cash equivalents	Note	2021		2020	
			Trust	Expense	Fund - Total	Fund - Total
----- Rupees -----						
	Cash in hand		-	40,000	40,000	40,000
	Cash at banks					
	- saving accounts	5.1	1,306,985,271	109,182,128	1,416,167,399	499,573,951
	- current accounts		124,059	-	124,059	496,503
			1,307,109,330	109,182,128	1,416,291,458	500,070,454
			1,307,109,330	109,222,128	1,416,331,458	500,110,454

5.1 These carry interest at the rate of 5.50% to 7.40% per annum (30 June 2020: 4.50% to 14.00% per annum).

6	Investments	Note	2021		2020	
			Trust	Expense	Fund - Total	Fund - Total
----- Rupees -----						
	At amortized cost	6.1	54,743,095,660	-	54,743,095,660	65,620,993,123
	Fair Value through OCI	6.2	14,229,879,910	-	14,229,879,910	2,801,153,500
	Fair Value through P&L	6.3	14,340,004,890	-	14,340,004,890	4,663,948,135
			83,312,980,460	-	83,312,980,460	73,086,094,758
6.1	At amortized cost (Held to maturity)					
	Term Deposit Receipts	6.1.1	-	-	-	15,500,000,000
	National Savings Account					
	- Regular Income Certificates	6.1.2	14,500,000,000	-	14,500,000,000	14,500,000,000
	National Savings Account					
	- Special Savings Account	6.1.3	21,017,382,305	-	21,017,382,305	18,608,098,244
	National Savings Account					
	- Defence Savings Certificates	6.1.4	19,225,713,355	-	19,225,713,355	17,012,894,879
			54,743,095,660	-	54,743,095,660	65,620,993,123

6.1.1 Term Deposit Receipts (TDR) has been placed with different commercial banks with a tenure of 1 year and carries the interest rate at the rate of Nil (30 June 2020 13% to 14.1%) per annum receivable annually.

6.1.2 These comprise of Regular Income Certificates issued by National Savings under National Savings Scheme of Government of Pakistan. The total issue comprises of 1,450 certificates of Rs. 10 million each. These were purchased during 2019-20 with a maturity period of 5 years. These certificates are encashable at any time subject to deduction of service charges. These carry fixed interest at the rate of 10.56% to 12.96% (30 June 2020: 10.56% to 12.96%) per annum receivable monthly.

6.1.3 This represents deposits maintained in form of an account under National Saving Scheme of Government of Pakistan. These deposits have different issue dates, maturity dates and cash flows. These deposits have been made for a period of 3 years and principal and interest is reinvested after completion of 6 months. The amount can be withdrawn at par at any time after the date of its deposit. However, no profit is payable in case the withdrawals are made before completion of 6 months of deposit. These carry fixed interest at the rate 11.00% to 12.70% (30 June 2020: 11.00% to 12.70%) per annum receivable semi-annually.

6.1.4 These comprise of Defence Savings Certificates issued by National Savings under National Savings Scheme of Government of Pakistan. The total issue comprises of 15,500 certificates of Rs. 1 million each. These were purchased during the year with a maturity period of 10 years. These certificates are encashable at par at any time. However, no profit is payable if encashment is made before completion of one complete year. These carry fixed interest at the rate of 13.01% (2020: 13.01%) per annum receivable on maturity.

6.2	Fair Value through OCI	Note	Trust			
			Carrying value		Fair value	
			2021	2020	2021	2020
----- Rupees -----						
	Government securities					
	- Pakistan Investment Bonds	6.2.1	10,708,855,372	791,502,514	10,947,030,833	1,050,046,477
	- Market Treasury Bills	6.2.2	-	378,731,344	-	378,894,580
	Debt securities					
	- Term Finance Certificates & Sukuks	6.2.3	3,284,959,508	1,396,670,856	3,282,849,077	1,372,212,443
			13,993,814,880	2,566,904,714	14,229,879,910	2,801,153,500
	Fair value adjustment - net		236,065,030	234,248,786		
			14,229,879,910	2,801,153,500		

6.3	Fair Value through P&L	Note	Trust			
			Carrying value		Fair value	
			2021	2020	2021	2020
----- Rupees -----						
	Units of Mutual Funds	6.3.1	8,637,767,614	4,558,893,784	9,427,408,490	4,663,948,135
	Shares	6.3.2	5,119,435,820	-	4,912,596,400	-
			13,757,203,434	4,558,893,784	14,340,004,890	4,663,948,135
	Fair value adjustment - net		582,801,456	105,054,351		
			14,340,004,890	4,663,948,135		

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6.2.1 Government securities - Pakistan Investment Bonds ("PIBs")

Issue date	Tenure - Years	Face value			Balance as at 30 June 2021			Fair value as percentage of net assets	Fair value as percentage of total investments
		As at 1 July 2020	Purchases during the year	Encashed during the year	As at 30 June 2021	Carrying value	Fair value		
31-Oct-06	20 - Years	25,000,000	-	25,000,000	-	-	-	0.00%	
30-Aug-08	30 - Years	750,000,000	-	-	750,000,000	744,842,972	951,787,556	1.12%	
18-Aug-11	15 - Years	25,000,000	-	25,000,000	-	-	-	0.00%	
12-Jul-18	10 - Years	-	475,000,000	-	475,000,000	444,128,365	451,652,633	0.53%	
10-Dec-20	10 - Years	-	3,150,000,000	-	3,150,000,000	2,792,416,217	2,786,095,295	3.27%	
19-Sep-19	10 - Years	-	6,700,000,000	-	6,700,000,000	6,727,467,818	6,757,495,349	7.93%	
		800,000,000	10,325,000,000	50,000,000	11,075,000,000	10,708,855,372	10,947,030,833	12.85%	
								13.14%	

- PIBs carry fixed interest at the rate ranging from 8.00% to 13.75% (30 June 2020: 10.50% to 13.75%) per annum receivable semi-annually.

6.2.2 Government Securities - Market Treasury Bills ("T-Bills")

Issue date	Tenure - Months	Face value			Balance as at 30 June 2021			Fair value as percentage of net assets	Fair value as percentage of total investments
		As at 1 July 2020	Purchases during the year	Encashed during the year	As at 30 June 2021	Carrying value	Fair value		
23-Apr-20	3 Months	380,000,000	-	380,000,000	-	-	-	-	
16-Jul-20	3 Months	-	75,000,000	75,000,000	-	-	-	-	
5-Dec-19	3 Months	-	2,000,000,000	2,000,000,000	-	-	-	-	
19-Dec-19	3 Months	-	1,310,000,000	1,310,000,000	-	-	-	-	
28-Jan-21	3 Months	-	500,000,000	500,000,000	-	-	-	-	
		380,000,000	3,885,000,000	4,265,000,000	-	-	-	0.00%	

- These bills were zero coupon and carried a yield of 6.42% to 8.21% per annum (30 June 2020 : 8.21% per annum)

6.2.3 Debt securities - Term Finance Certificates ("TFCs") & Sukuks

Name of issuer	Issue Date	Number of Certificates			Balance as at 30 June 2021			Fair value as percentage of net assets	Fair value as percentage of total investments
		As at 1 July 2020	Purchases during the year	Matured/ Redeemed during the year	As at 30 June 2021	Carrying value	Fair value		
WAPDA TFCs	27-Sep-13	100,000	-	-	100,000	35,714,284	35,480,855	0.04%	0.04%
Dawood Hercules	16-Nov-17	1,210	-	1,210	-	-	-	0.00%	0.00%
Dawood Hercules 2	1-Mar-18	3,000	-	3,000	-	-	-	0.00%	0.00%
BOP-PPTFC-2 - Related Party	23-Apr-18	2,150	-	-	2,150	214,742,000	214,688,315	0.25%	0.26%
AKBL-PPTFC-VII	17-Mar-20	500	100	-	600	600,022,600	602,707,101	0.71%	0.72%
HUBCO SUKUK	19-Mar-20	2,500	-	-	2,500	250,000,000	256,000,000	0.30%	0.31%
SAMBA Bank TFCs	1-Mar-21	-	5,000	-	5,000	500,000,000	500,000,000	0.59%	0.60%
K-Electric SUKUK	3-Aug-20	-	66,866	-	66,866	334,330,000	339,512,115	0.40%	0.41%
Bank Al-Falah Ltd TFCs	15-Jan-21	-	164,413	-	164,413	822,065,000	806,375,067	0.95%	0.97%
HUB Power Musharaka	12-Nov-20	-	6,000	-	6,000	528,085,624	528,085,624	0.62%	0.63%
		109,360	242,379	4,210	347,529	3,284,959,508	3,282,849,077	3.85%	3.94%

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-WAPDA TFCs have face value of Rs. 5,000 per certificate. The principal redemption of such TFCs is structured to be in fourteen equal semi-annual installments starting from 27 March 2015. These carry variable interest rate of 6 Month KIBOR plus 100 bps (30 June 2020: 6 Month KIBOR plus 100 bps) per annum receivable semi-annually.

-Dawood Hercules Sukuk (Matured during period) have face value of Rs. 100,000 per certificate. The principal redemption of such Sukuks is structured to be in eight semi-annual installments starting from 16 May 2019. These carry variable interest rate of 3 Month KIBOR plus 100 bps (30 June 2020: 3 Month KIBOR plus 100 bps) per annum receivable quarterly.

-Dawood Hercules Sukuk 2 (Matured during period) have face value of Rs. 100,000 per certificate. The principal redemption of such Sukuks is structured to be in eight semi-annual installments starting from 01 September 2019. These carry variable interest rate of 3 Month KIBOR plus 100 bps (30 June 2020: 3 Month KIBOR plus 100 bps) per annum receivable quarterly.

-BOP-PPTFC-2 (Related Party) have face value of Rs. 100,000 per certificate. The principal redemption of such PPTFCs is structured to be in twenty semi-annual installments starting from 23 October 2018. These carry variable interest rate of 6 Month KIBOR plus 125 bps (30 June 2020: 6 Month KIBOR plus 125 bps) per annum receivable semi-annually.

-AKBL-PPTFC-VII have face value of Rs. 1,000,000 per certificate. The principal redemption of such PPTFCs is structured to be in forty quarterly installments starting from 17 June 2020. These carry variable interest rate of 3 Month KIBOR plus 120 bps (30 June 2020: 3 Month KIBOR plus 120 bps) per annum receivable quarterly.

-HUBCO SUKUK have face value of Rs. 100,000 per certificate. The principal redemption of such Sukuks is structured to be in four equal semi-annual installments starting from 19 September 2022. These carry variable interest rate of 1 Year KIBOR plus 190 bps (30 June 2020: 1 Year KIBOR plus 190 bps) per annum receivable quarterly.

-SAMBABANK TFCs have face value of Rs. 5,000 per certificate. The principal redemption of such TFCs is structured to be in two equal semi-annual installments starting from 1 September 2022. These carry variable interest rate of 6 Month KIBOR plus 135 bps (30 June 2020: Nil) per annum receivable semi-annually.

-K-Electric Sukuk have face value of Rs. 5,000 per certificate. The principal redemption of such Sukuks is structured to be in four equal semi-annual installments starting from 19 September 2022. These carry variable interest rate of 3 Month KIBOR plus 170 bps (30 June 2020: Nil) per annum receivable semi-annually.

-Bank Al-Falah Ltd TFCs have face value of Rs. 5,000 per certificate. The principal redemption of such TFCs is structured to be in four equal semi-annual installments starting from 19 September 2022. These carry variable interest rate of 3 Month KIBOR plus 170 bps (30 June 2020: Nil) per annum receivable semi-annually.

- Musharaka is of HUBCO being zero coupon bond carrying interest yield of 10.12% (30 June 2020: Nil) per annum receivable semi-annually.

6.3 Fair Value through P&L

6.3.1 Units of Mutual Funds

Name of issuer	Number of Units				Balance as at 30 June 2021				Fair value as percentage of net assets	Fair value as percentage of total investments
	As at 1 July 2020	Purchases during the year	Bonus units received during the year	Disposed off during the year	As at 30 June 2021	Carrying value	Fair value	Appreciation from carrying value		
NAFA Stock Fund	103,729,418	72,686,930	1,488,838	67,424,122	110,481,063	1,574,509,048	1,772,480,849	197,971,801	2.08%	2.13%
NBP Islamic Stock Fund	-	80,251,667	756,842	19,505,737	61,502,772	748,999,999	783,237,799	34,237,800	0.92%	0.94%
Al Ameen Shariah Stock Fund	5,489,913	3,965,041	17,466	3,795,621	5,676,799	812,230,902	906,471,277	94,240,375	1.06%	1.09%
UBL Stock Advantage Fund	11,096,316	5,837,333	91,870	7,212,605	9,812,914	683,682,867	770,608,084	86,925,217	0.90%	0.92%
National Investment (Unit) Trust	9,742,226	5,095,109	381,373	7,321,725	7,896,983	520,525,598	594,879,715	74,354,117	0.70%	0.71%
MCB Pakistan Income Fund	-	8,791,858	633,170	-	9,425,028	500,000,000	511,616,885	11,616,885	0.60%	0.61%
MCB Pakistan Stock Market Fund	11,794,969	8,249,668	-	8,673,809	11,370,827	1,075,112,061	1,178,351,999	103,239,938	1.38%	1.41%
Atlas Stock Market Fund	802,754	1,346,551	82,705	884,083	1,347,927	827,677,008	927,481,022	99,804,014	1.09%	1.11%
Atlas Islamic Stock Fund	-	656,384	33,157	252,421	417,120	223,500,079	239,065,458	15,565,379	0.28%	0.29%
Lakson Equity Fund	2,600,039	-	-	2,600,039	-	-	-	-	0.00%	0.00%
JS Growth Fund	-	1,141,690	-	742,098	399,592	66,500,051	74,487,889	7,987,838	0.09%	0.09%
JS Income Fund	-	1,977,261	-	1,972,878	1,251,033	49,000,001	56,767,900	7,767,899	0.00%	0.00%
Alfalah GHP Islamic Stock Fund	-	2,958,274	215,638	1,922,878	4,050,048	400,000,000	410,310,403	10,310,403	0.07%	0.07%
Faysal MTS Fund	-	3,760,812	289,236	-	2,837,684	200,000,000	212,031,782	12,031,782	0.48%	0.49%
Faysal Stock Fund	-	2,837,684	-	-	41,965,465	650,010,000	665,484,146	15,474,146	0.25%	0.25%
ABL Stock Fund	-	41,352,928	612,537	-	7,724,690	123,010,000	125,328,466	2,318,466	0.78%	0.80%
ABL Islamic Stock Fund	-	7,724,690	-	-	1,420,588	183,010,000	198,804,816	15,794,816	0.15%	0.15%
HBL Equity Fund	-	1,420,588	-	-	-	-	-	-	0.23%	0.24%
	145,255,635	250,034,468	4,602,832	122,312,399	277,580,535	8,637,767,614	9,427,408,490	789,640,876	11.07%	11.32%

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6.3.2 Shares

Name of issuer	Number of Shares					Balance as at 30 June 2021				Fair value as percentage of net assets	Fair value as percentage of total investments
	As at 1 July 2020	Purchases during the year	Bonus shares received during the year	Disposed off during the year	As at 30 June 2021	Carrying value	Fair value	Appreciation / (diminution) in carrying value	Fair value as percentage of net assets		
Habib Bank Limited	-	12,960,000	-	-	12,960,000	1,661,684,316	1,585,915,200	(75,769,116)	1.86%	1.90%	
National Bank Limited	-	1,430,000	-	-	1,430,000	52,570,015	52,295,100	(274,915)	0.06%	0.06%	
United Bank Limited	-	13,000,000	-	-	13,000,000	1,654,978,115	1,588,600,000	(66,378,115)	1.86%	1.91%	
Bank Al-Habib Limited	-	20,000,000	-	-	20,000,000	1,458,157,948	1,402,400,000	(55,757,948)	1.65%	1.68%	
MCB Bank Limited	-	1,550,000	-	-	1,550,000	260,215,426	247,736,500	(12,478,926)	0.29%	0.30%	
Engro Polymer Chemical - Preference shares	-	5,521,841	-	2,338,841	3,183,000	31,830,000	35,649,600	3,819,600	0.04%	0.04%	
	-	54,461,841	-	2,338,841	52,123,000	5,119,435,820	4,912,596,400	(206,839,420)	5.77%	5.90%	

	30 June 2021		30 June 2020	
	Trust	Expense	Fund - Total	Fund - Total
7 Accrued interest				
Interest on bank account	7,180,745	287,601	7,468,346	-
Term Deposit Receipts	-	-	-	1,227,910,316
National Savings Account and Certificates	114,320,000	-	114,320,000	114,320,000
Pakistan Investment Bonds	257,889,017	-	257,889,017	36,156,939
Term Finance Certificates and Sukuks	68,666,498	-	68,666,498	21,953,344
	448,056,260	287,601	448,343,861	1,400,340,599
8 Deposits, prepayments & other receivables				
Prepaid rent	-	380,689	380,689	380,689
Security deposits	2,600,000	-	2,600,000	100,000
- Central Depository Company - Related Party	-	780,000	780,000	780,000
- Office building	-	-	-	-
Receivable from Punjab General Provident Investment Fund - Related Party	2,600,000	4,597,320	4,597,320	4,610,590
		5,758,009	8,358,009	5,871,279

Signature

	30 June 2021			30 June 2020
	Trust	Expense	Fund - Total	Fund - Total
----- Rupees -----				
10 Accrued expenses				
Audit fee payable	-	2,200,000	2,200,000	2,200,000
Salaries and wages payable	-	2,536,496	2,536,496	1,267,248
Utilities payable	-	126,392	126,392	202,299
Security guard fee payable	-	53,620	53,620	49,879
Legal & professional payable	-	310,000	310,000	-
EOBI payable	-	107,430	107,430	24,630
Others	-	1,370,950	1,370,950	959,581
	-	6,704,888	6,704,888	4,703,637

11 Contingencies and commitments

There were no contingencies and commitments as at 30 June 2021. (2020: Nil)

	30 June 2021			30 June 2020
	Trust	Expense	Fund - Total	Fund - Total
----- Rupees -----				
12 Operating expenses				
Salaries and wages	-	32,648,628	32,648,628	37,436,205
Rent	-	4,568,280	4,568,280	4,302,680
Utilities	-	1,573,705	1,573,705	1,558,648
Office and other expenses	-	1,401,527	1,401,527	1,110,491
Repair and maintenance	-	1,248,474	1,248,474	699,761
Vehicle running expenses	-	1,059,870	1,059,870	1,114,185
Fee and subscription	-	2,588,265	2,588,265	2,161,284
Depreciation on operating fixed assets	-	1,083,628	1,083,628	1,509,666
Printing and stationery	-	577,810	577,810	578,120
Traveling, lodging and boarding	-	75,706	75,706	304,728
Advertisement	-	12,087	12,087	145,790
EOBI expense	-	153,000	153,000	153,000
Courier and postage	-	39,766	39,766	21,926
Training and development	-	108,550	108,550	171,330
Software maintenance cost	-	290,000	290,000	-
Miscellaneous	-	267,173	267,173	134,278
	-	47,696,469	47,696,469	51,402,092

13 Auditor's remuneration

Statutory audit fee	-	550,000	550,000	550,000
Half yearly review	-	330,000	330,000	330,000
Compliance review	-	220,000	220,000	220,000
	-	1,100,000	1,100,000	1,100,000

14 Financial instruments

The Fund has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Management Committee has overall responsibility for the establishment and oversight of Fund's risk management framework. The Management Committee is also responsible for developing and monitoring the Fund's risk management policies.

This note presents information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

The Fund's risk management policies are established to identify and analyze the risks faced by the Fund to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Fund's activities.

14.1 Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. At the year end it arises principally from debt securities held, term deposits, bank balances and profit/markup recoverable, etc. Out of the total financial assets of Rs. 85,186 million (2020: Rs. 74,992 million) financial assets which are subject to credit risk amount to Rs. 4,783 million (2020: Rs. 18,628 million).

14.1.1 Management of credit risk

The Fund's policy is to enter into financial contracts in accordance with the internal risk management policies and investment policies approved by the Investment Committee. The Fund does not expect to incur material credit losses on its financial assets. Investments in government securities is risk free. Investment is made in scheduled banks having a minimum Long Term rating of "AA-".

14.1.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	Statement of assets and liabilities	
	2021 Rupees	2020 Rupees
Bank balances	1,416,291,458	500,070,454
Investments - Fair value through OCI	3,282,849,077	1,372,212,443
Term deposit receipts	-	15,500,000,000
Accrued interest on TFCs & Sukuks	68,666,498	1,249,863,660
Interest on Bank Accounts	7,468,346	-
Security deposits	3,380,000	880,000
Receivable from Punjab General Provident Investment Fund - Related Party	4,597,320	4,610,590
	4,783,252,699	18,627,637,147

Differences in the balances as per the statement of assets and liabilities and maximum exposure in investments is due to the fact that investments of Rs. 80,403 million (2020: Rs. 56,364 million) relates to investments in Government Securities & other assets which are not considered to carry credit risk.

14.1.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Fund's total credit exposure. Around 94.38% (2020: 75.16%) of the Fund's financial assets are in Government securities which are not exposed to the credit risk, while the remaining portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit-worthy counterparties having higher credit rating from the benchmark credit ratings as mentioned in Punjab Pension Fund Investment Policy, thereby mitigating any significant concentrations of credit risk.

Details of Fund's concentration of credit risk of financial instruments by industry distribution are as follows:

	2021		2020	
	Rupees	Percentage	Rupees	Percentage
Commercial banks	1,423,759,804	29.77%	17,227,980,770	92.49%
Miscellaneous	3,359,492,895	70.23%	1,399,656,377	7.51%
	4,783,252,699	100%	18,627,637,147	100%

The credit quality of bank balances and investments in term finance certificates that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

<u>Bank Balances</u>	Rating 2021			Amount
	Short Term	Long Term	Agency	Rs.
Bank of Punjab (Related Party)	A1+	AA+	PACRA	356,487,474
Bank Alfalah Limited	A-1+	AA+	PACRA	2,059
Bank Al-Habib Limited	A1+	AAA	PACRA	2,037
Allied Bank Limited	A1+	AAA	PACRA	112,451
Askari Bank Limited	A1+	AA+	PACRA	-
Habib Bank Limited	A-1+	AAA	VIS	-
National Bank of Pakistan	A1+	AAA	PACRA	-
Samba Bank Limited	A-1	AA	VIS	1,030,216,821
Soneri Bank Limited	A1+	AA-	PACRA	221,564
Sindh Bank Limited	A-1	A+	VIS	2,595
United Bank Limited	A-1+	AAA	VIS	-
Habib Metropolitan Bank	A1+	AA+	PACRA	8,730,455
JS Bank Limited	A1+	AA-	PACRA	20,482,523
Faysal Bank Limited	A-1+	AA	PACRA	33,479
MCB Bank Limited (formerly NIB Bank Limited)	A1	A	PACRA	-
				1,416,291,458
<u>Term Finance Certificates</u>				
WAPDA-TFC	-	AAA	MUFAP	36,314,984
BOP-PPTFC-2 (Related Party)	-	AA	MUFAP	218,325,633
AKBL-PPTFC-VII	-	AA	MUFAP	604,707,067
HUBCO SUKUK	-	AA+	MUFAP	262,959,452
SAMBA Bank TFCs	-	AA-	MUFAP	514,918,478
K-Electric SUKUK	-	AA+	MUFAP	344,446,185
Bank Al-Falah Ltd TFCs	-	AAA	MUFAP	841,758,152
HUB Power Musharaka	-	AA+	MUFAP	528,085,624
				3,351,515,575
				4,767,807,033

<u>Bank Balances</u>	Rating 2020			Amount
	Short Term	Long Term	Agency	Rs.
Bank of Punjab (Related Party)	A1+	AA	PACRA	124,105,659
Bank Alfalah Limited	A-1+	AA+	VIS	32,469
Bank Al-Habib Limited	A1+	AA+	PACRA	2,036
Allied Bank Limited	A1+	AA+	PACRA	107,203
Askari Bank Limited	A1+	AA+	PACRA	-
Habib Bank Limited	A-1+	AAA	VIS	10,170
Samba Bank Limited	A-1	AA	VIS	200,124,401
Soneri Bank Limited	A1+	AA-	PACRA	175,266,542
Sindh Bank Limited	A-1+	AA	VIS	42,857
United Bank Limited	A-1+	AAA	VIS	-
Habib Metropolitan Bank	A1+	AA+	PACRA	244,019
JS Bank Limited	A1+	AA-	PACRA	92,253
Faysal Bank Limited	A-1+	AA	PACRA	42,845
MCB Bank Limited (formerly NIB Bank Limited)	A1	A	PACRA	-
				500,070,454
<u>Term Deposit Receipts</u>				
Faysal Bank Limited	A-1+	AA	PACRA	4,788,732,308
JS Bank Limited	A1+	AA-	PACRA	3,384,948,952
Samba Bank Limited	A-1	AA	VIS	2,067,366,662
Soneri Bank Limited	A1+	AA-	PACRA	3,806,989,598
The Bank of Punjab (Related Party)	A1+	AA+	PACRA	2,679,872,796
				16,727,910,316
<u>Term Finance Certificates</u>				
WAPDA-TFC	-	AAA	MUFAP	108,334,300
Dawood Hercules	-	AA	MUFAP	86,534,954
Dawood Hercules 2	-	AA	MUFAP	246,178,692
BOP-PPTFC-2 (Related Party)	-	AA-	MUFAP	191,253,384
AKBL-PPTFC-VII	-	AA	PACRA	501,791,233
HUBCO-SUKUK	-	AA+	PACRA	260,073,224
				1,394,165,787
				18,622,146,557

Due to the Fund's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

Settlement risk

The Fund's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed on sale.

Management of risk

For the vast majority of transactions, the Fund mitigates this risk by conducting settlements through a broker or bank to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

SMC

14.2 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

14.2.1 Management of liquidity risk

The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Fund has effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. All liabilities are payable in respect of expenses as approved the management committee in budget for the year.

14.2.2 Maturity analysis for financial liabilities

The following are the contractual maturities of financial liabilities as on:

30 June 2021					
Carrying amount	Six months or less	Six to twelve months	One to Two years	Two to five years	
-----Rupees-----					
Trustee fee payable	2,210,818	2,210,818	-	-	-
Audit fee payable	2,200,000	2,200,000	-	-	-
Other payables	4,504,888	4,504,888	-	-	-
8,915,706	8,915,706	-	-	-	-
30 June 2020					
Carrying amount	Six months or less	Six to twelve months	One to Two years	Two to five years	
-----Rupees-----					
Trustee fee payable	2,116,243	2,116,243	-	-	-
Audit fee payable	2,200,000	2,200,000	-	-	-
Other payable	2,503,636	2,503,636	-	-	-
6,819,879	6,819,879	-	-	-	-

14.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will effect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

14.3.1 Management of market risks

The Fund manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and investment guidelines approved by the Management Committee and regulations laid down by the Punjab Pension Fund Act 2007 and Punjab Pension Fund Rules 2007. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to interest/markup rate risks only.

GM

14.3.2 Interest/markup rate risk

Interest/markup rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently the Funds interest/markup rate exposure arises on investment in Government securities, term finance certificates, deposits in national savings account, term deposit receipts with banks and balance with bank on saving account. Currently all of the Fund's investment carry fixed interest rates. In addition the Fund may change the mix of its portfolio to enhance the earning potential of the Fund subject to the above defined guidelines. Other risk management procedures are the same as those mentioned in the credit risk management.

14.3.2.2 At 30 June, details of the interest rate profile of the Fund's interest/markup bearing financial assets were as follows:

	Financial assets			
	2021		2020	
	Interest/Markup rate (in Percentage)	Fair value Rupees	Interest/Markup rate (in Percentage)	Fair value Rupees
<u>Fixed rate instruments</u>				
Pakistan Investment Bonds	8.00 to 13.75	10,947,030,833	10.50 to 13.75	1,050,046,477
Term Deposit Receipts	-	-	13.00 to 14.10	15,500,000,000
National Savings Account	11.00 to 12.70	33,725,713,355	11.00 to 12.70	31,512,894,879
Bank balances	5.50 to 7.40	1,416,167,399	6.00 to 6.90	499,573,951
Bank Al-Falah Ltd TFCs	9.33	806,375,067		-
HUB Power Musharaka	10.12	528,085,624		-
		<u>47,423,372,278</u>		<u>48,562,515,307</u>
<u>Variable rate instruments</u>				
	3-6 month KIBOR + 100 bps, 6 month KIBOR + 125 bps, 6 month KIBOR + 135 bps, 3 month KIBOR +120 bps, 3 month KIBOR +170 bps and 1 year KIBOR + 190 bps		3-6 month KIBOR + 100 bps, 6 month KIBOR + 125 bps, 3 month KIBOR +120 bps and 1 year KIBOR + 190 bps	
Term Finance Certificates and Sukuks		<u>1,948,388,386</u>		<u>1,372,212,443</u>

Fair value sensitivity analysis for fixed rate instruments

The Fund does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect income statement.

Cash flow sensitivity analysis for variable rate instruments

14.3.2.2 As at 30 June 2021

Cash flow sensitivity-Variable rate financial asset

As at 30 June 2020

Cash flow sensitivity-Variable rate financial asset

None of the financial liabilities carry any interest rate.

Profit and loss 100 bps	
Increase	Decrease
----- Rupees -----	
<u>19,483,884</u>	<u>(19,483,884)</u>
<u>13,722,124</u>	<u>(13,722,124)</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets / liabilities of the Fund.

SAR

14.3.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund is exposed to price risk as the Fund holds investments in PIBs amounting to Rs. 10,947 million.

Fair value sensitive analysis

The Fund does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in market price at the reporting date would not affect income statement.

4/11

15 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

IFRS 13 'Fair Value Measurement' requires the Fund to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value					
	Fair value through P&L	Fair value through OCI	At amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
----- Rupees -----									
As at 30 June 2021									
Financial assets - measured at fair value									
<i>Trust</i>									
Investments	-	-	-	-	-	-	-	-	-
- government securities	-	10,708,855,372	-	-	10,708,855,372	-	10,947,030,833	-	10,947,030,833
- debt securities	-	3,284,959,508	-	-	3,284,959,508	3,282,849,077	-	-	3,282,849,077
- mutual fund units	8,637,767,614	-	-	-	8,637,767,614	9,427,408,490	-	-	9,427,408,490
- Shares	5,119,435,820	-	-	-	5,119,435,820	4,912,596,400	-	-	4,912,596,400
Financial assets - not measured at fair value									
<i>Trust</i>									
Investments	-	-	-	-	-	-	-	-	-
- term deposit receipts	-	-	-	-	-	-	-	-	-
- national saving scheme	-	-	54,743,095,660	-	54,743,095,660	-	-	-	-
Cash equivalents	-	-	1,307,109,330	-	1,307,109,330	-	-	-	-
Accrued interest	-	-	448,056,260	-	448,056,260	-	-	-	-
Security deposits	-	-	2,600,000	-	2,600,000	-	-	-	-
Expense									
Cash equivalents	-	-	109,182,128	-	109,182,128	-	-	-	-
Security deposits	-	-	780,000	-	780,000	-	-	-	-
13,757,203,434	13,993,814,880	56,610,823,378	-	84,361,841,692	17,622,853,967	10,947,030,833	-	-	28,569,884,800
Financial liabilities - not measured at fair value									
<i>Trust</i>									
Trustee fee payable	-	-	-	2,519,170	2,519,170	-	-	-	-
Brokerage payable	-	-	-	2,210,818	2,210,818	-	-	-	-
Expense									
Audit fee payable	-	-	-	2,200,000	2,200,000	-	-	-	-
Other payable	-	-	-	4,397,458	4,397,458	-	-	-	-
-	-	-	-	11,327,446	11,327,446	-	-	-	-

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	Carrying amount					Fair value			
	Fair value through P&L	Fair value through OCI	At amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
As at 30 June 2020									
<i>Financial assets - measured at fair value</i>									
<i>Trust</i>									
Investments									
- government securities	-	1,170,233,858	-	-	1,170,233,858	-	1,428,941,057	-	1,428,941,057
- debt securities	-	1,396,670,856	-	-	1,396,670,856	1,372,212,443	-	-	1,372,212,443
- mutual fund units	4,558,893,784	-	-	-	4,558,893,784	4,663,948,135	-	-	4,663,948,135
<i>Financial assets - not measured at fair value</i>									
<i>Trust</i>									
Investments									
- term deposit receipts	-	-	15,500,000,000	-	15,500,000,000	-	-	-	-
- national saving scheme	-	-	50,120,993,123	-	50,120,993,123	-	-	-	-
Cash equivalents	-	-	397,175,300	-	397,175,300	-	-	-	-
Accrued interest	-	-	1,400,340,599	-	1,400,340,599	-	-	-	-
Security deposits	-	-	100,000	-	100,000	-	-	-	-
<i>Expense</i>									
Cash equivalents	-	-	102,895,154	-	102,895,154	-	-	-	-
Security deposits	-	-	780,000	-	780,000	-	-	-	-
	4,558,893,784	2,566,904,714	67,522,284,176	-	74,648,082,674	6,036,160,578	1,428,941,057	-	7,465,101,635
<i>Financial liabilities - not measured at fair value</i>									
<i>Trust</i>									
Trustee fee payable	-	-	-	2,116,243	2,116,243	-	-	-	-
<i>Expense</i>									
Audit fee payable	-	-	-	2,200,000	2,200,000	-	-	-	-
Other payable	-	-	-	2,479,006	2,479,006	-	-	-	-
	-	-	-	6,795,249	6,795,249	-	-	-	-

CAM

16 Transaction and balances with related parties

The related parties comprise entities controlled and owned by the Government of Punjab, custodian of assets, members of Management Committee, companies where Management Committee members also hold directorship and key management employees. The Fund in the normal course of business carries out transactions with related parties. Details of transactions with and amounts due to / (from) related parties are as follows:

Name of Parties	Relationship	Transactions	30 June 2021		30 June 2020	
			Trust	Expense	Fund - Total	Fund - Total
----- Rupees -----						
<i>Central Depository Company of Pakistan Limited</i>	Trustee	Fee for the year	13,385,865	-	13,385,865	11,917,484
<i>Central Depository Company of Pakistan Limited</i>	Trustee	Custody Fee	260,761	-	260,761	6,215
<i>Bank of Punjab</i>	Under Common Control	Income on term deposit receipts realized during the year	145,540,634	-	145,540,634	179,872,796
<i>Bank of Punjab</i>	Under Common Control	Income on savings account realized during the year	28,957,674	4,561,992	33,519,666	99,670,594
<i>General Manager</i>	Key Management Personnel	Salary paid to General Manager	-	9,541,920	9,541,920	10,394,665
<i>Management Committee</i>	Management Committee	Meeting Fee paid to members	-	2,508,000	2,508,000	2,124,000
Balances with						
<i>Central Depository Company of Pakistan Limited</i>	Trustee	Fee payable	2,519,170	-	2,519,170	2,116,243
<i>Central Depository Company of Pakistan Limited</i>	Trustee	Security Deposit	2,500,000	-	2,500,000	-
<i>Bank of Punjab</i>	Under Common Control	Bank balances	247,305,346	109,182,128	356,487,474	124,105,659
<i>Bank of Punjab</i>	Under Common Control	Income receivable on savings account	939,717	287,601	1,227,318	-
<i>Bank of Punjab</i>	Under Common Control	Term Deposit Receipts	-	-	-	2,500,000,000
<i>Bank of Punjab</i>	Under Common Control	Term Finance Certificates	214,742,000	-	214,742,000	215,000,000
<i>Punjab General Provident Investment Fund</i>	Under Common Control	Receivable from PGPIF	-	4,597,320	4,597,320	4,610,590

APK

17 Number of Employees

The following are the number of persons employed

	2021	2020
	(Number of Persons)	
Employees as at the year end	17	17
Average number of employees during the year	17	17

18 Date of authorization for issue

These financial statements were authorized for issue on December 05, 2022 by the Management Committee of the Fund.

19 General

19.1 Figures have been rounded off to the nearest rupees.

19.2 Corresponding figures have been re-arranged or reclassified, where ever considered necessary, for the purpose of better presentation of the financial statements. However, no significant reclassification has been made in these financial statements.

SPK

Lahore



General Manager



Private Member



Chairman