

**Punjab Pension Fund – Investment Account**

**Financial statements for the period from  
16 May 2008 to 30 June 2009**



**KPMG Taseer Hadi & Co.**  
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### **Independent Auditors' Report to the Management Committee**

We have audited the annexed balance sheet of **Punjab Pension Fund – Investment Account** (“the Fund”) as at 30 June 2009 and the related income and expenditure account and the statement of movement in reserve pension fund together with the notes forming part thereof, for the period then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Fund’s management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of Punjab Pension Fund Act 2007 (“the Act”) and Punjab Pension Fund Rules 2007 (“the Rules”). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Fund as required by the Act and the Rules as well as other laws, to the extent these are applicable.
- b) in our opinion:
  - i) the financial statements together with the notes forming part thereof have been drawn up in conformity with the Act and the Rules and are in agreement with the books of account and are further in accordance with accounting policies consistently applied as well as other laws, to the extent these are applicable.
  - ii) the costs and expenses debited to the Fund were for the purpose of Fund’s business and as specified in the Act and the Rules as well as other laws, to the extent these are applicable.
  - iii) the business conducted, investments made and expenditure incurred during the period were in accordance with the objects of the Fund.
  - iv) all the information which, to the best knowledge and belief, is necessary for the purpose of the audit has been obtained.
- c) in our opinion, the financial statements together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and technical releases issued by the Institute of Chartered Accountant of Pakistan, and give the information required by the Act and the Rules in the manner so required and give a true and fair view of the state of the Fund’s affairs as at 30 June 2009 and its financial performance, cash flows and transactions for the period then ended in accordance with approved accounting standards as applicable in Pakistan.

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KPMG Taseer Hadi & Co.

- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: 05 OCT 2009

Lahore

KPMG

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.

Chartered Accountants

(Bilal Ali)



# Punjab Pension Fund - Investment Account

## Balance Sheet

As at 30 June 2009

	<i>Note</i>	<b>2009 Rupees</b>
<b>Current assets</b>		
Receivable from Government of the Punjab	4	3,000,000,000
Short term investment	5	3,439,233,000
Cash and bank balances	6	47,377,661
		<u>6,486,610,661</u>
<b>Current liabilities</b>		-
<b>Net working capital</b>		<u>6,486,610,661</u>
<b>Contingencies and commitments</b>	7	-
<b>Net assets</b>		<u><u>6,486,610,661</u></u>
<b>Represented by:</b>		
Funds from Government of the Punjab	8	6,000,000,000
Accumulated surplus		486,610,661
		<u><u>6,486,610,661</u></u>

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

KIMGPA

Lahore: 05 OCT 2009  Chairman

 Private Member

 General Manager

# Punjab Pension Fund - Investment Account

## Income and Expenditure Account

For the period from 16 May 2008 to 30 June 2009

	<i>Note</i>	<b>2009</b>
		<b>Rupees</b>
<b>Income</b>		
Profit on Term Deposit Receipts and bank deposits		486,611,011
<b>Expenditure</b>		
Operating costs		350
<b>Net surplus for the period</b>		<u>486,610,661</u>
Accumulated surplus brought forward		-
<b>Net surplus carried forward</b>		<u><u>486,610,661</u></u>

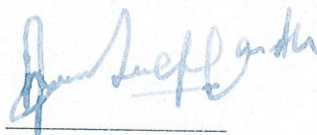
The annexed notes 1 to 10 form an integral part of these financial statements.

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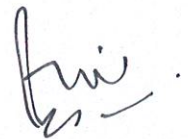
Lahore: 05 OCT 2009



Chairman



Private Member



General Manager

Punjab Pension Fund - Investment Account  
Statement of Movement in Reserve Pension Fund  
As at 30 June 2009

	2009 Rupees
Balance at the beginning	-
Amount directly transferred by Finance Department Government of the Punjab	3,000,000,000
Amount receivable from the Reserve Pension Fund	3,000,000,000
Net surplus for the period	486,610,661
<b>Balance at the end</b>	<u><u>6,486,610,661</u></u>

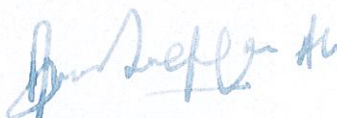
The annexed notes 1 to 10 form an integral part of these financial statements.

KPMG PA

Lahore: 05 OCT 2009



Chairman



Private Member



General Manager



# Punjab Pension Fund- Investment Account

## Notes to the Financial Statements

For the period from 16 May 2008 to 30 June 2009

### 1 Status and nature of the business

The Punjab Pension Fund has been established under the Punjab Pension Fund Act 2007 (the Act) for proper management and discharge of pension liabilities of the Government of the Punjab. The Fund is a body corporate with perpetual succession. The Fund shall perform such function and exercise such powers as are vested in it under the Act and The Punjab Pension Fund Rules 2007.

The management of the Fund vests in the Management Committee notified under Section 5 of the Act.

### 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.

#### 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's financial statements or where judgments were exercised in application of accounting policies is the accrued liabilities.

### 3 Summary of significant accounting policies

#### 3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for those "held to maturity investments", which have been included at amortized cost and recognition of certain employees benefits at present value.

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### 3.2 Taxation

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

### 3.3 Investments

#### Held to maturity

Investment with fixed maturity that the management has the intent and the ability to hold to maturity are classified as held to maturity and are initially measured at cost and on subsequent reporting dates measured at amortized cost using the effective yield method.

### 3.4 Revenue recognition

- a) Return on investments and bank accounts are accounted for on accrual basis.
- b) Return on held to maturity investments is recognized on a time proportion basis taking into account the effective yield to maturity or next re-pricing date.

### 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) 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 balance sheet 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 balance sheet 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 balance sheet date and are adjusted to reflect the current best estimates.

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3.8 **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.

3.9 **Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost.

4 **Receivable from Government of the Punjab**

This represents amount sanctioned by the Government of the Punjab to the Punjab Pension Fund for investment purposes as at 30 June 2009. The actual transfer of this money has been made on 13 August 2009 into the bank account titled "Government of Punjab Pension / G.P. Fund" account no. 0008-CPA-002302-000-4 with the Bank of Punjab, Secretariat Branch, Lahore.

	<i>Note</i>	<b>2009 Rupees</b>
5 <b>Short term investment</b>		
Term Deposit Receipts	<i>5.1 &amp; 5.2</i>	<u><u>3,439,233,000</u></u>

5.1 These represent Term Deposit Receipts placed with a commercial bank for one year term at the rates ranging from 12.00% to 17.00% per annum. As per the terms agreed, no penal charges will be imposed on pre-mature encashment of Term Deposit Receipts.

5.2 This represents amount directly transferred by the Government of the Punjab to the Punjab Pension Fund for investment purposes. The transfer of this money has been made on 16 May 2008 into the bank account titled "Government of Punjab Pension / G.P. Fund" account no. 0008-CPA-002302-000-4 with the Bank of Punjab, Secretariat Branch, Lahore. Government of the Punjab Finance Department through its letter no. FD(W&M)7-206/2009(P-1) dated 18 September 2009 has clarified that the amount has been sanctioned for the purpose of investment through "Punjab Pension Fund Trust" ("the Trust") which shall be transferred to the Trust upon its formation.

6 **Cash and bank balances**

Cash at bank		
Saving account	<i>6.1</i>	<u><u>47,377,661</u></u>

6.1 This carries mark up @ of 8.5% per annum.

7 **Contingencies and commitments**

There were no significant contingencies and commitments as at 30 June 2009.

8 **Funds from Government of the Punjab**

This represents interest free fund received from Government of the Punjab for the purpose of creating an investment portfolio.

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9 Date of authorization for issue

The financial statements were authorized for issue on 10<sup>th</sup> OCT 2009 by the Management Committee of the Fund.

10 General

Figures have been presented in rupees

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Lahore: 05 OCT 2009

  
Chairman

  
Private Member

  
General Manager

**Punjab Pension Fund – Expense Account**

**Financial statements for the period from  
28 January 2009 to 30 June 2009**





KPMG Taseer Hadi & Co.  
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### Independent Auditors' Report to the Management Committee

We have audited the annexed balance sheet of **Punjab Pension Fund – Expense Account** (“the Fund”) as at 30 June 2009 and the related income and expenditure account together with the notes forming part thereof, for the period then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Fund's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of Punjab Pension Fund Act 2007 (the Act) and Punjab Pension Fund Rules 2007 (the Rules). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Fund as required by the Act and the Rules as well as other laws, to the extent these are applicable.
- b) in our opinion:
  - i) the financial statements together with the notes forming part thereof have been drawn up in conformity with the Act and the Rules and are in agreement with the books of account and are further in accordance with accounting policies consistently applied as well as other laws, to the extent these are applicable.
  - ii) the costs and expenses debited to the Fund were for the purpose of Fund's business and as specified in the Act and the Rules as well as other laws, to the extent these are applicable.
  - iii) the business conducted and expenditure incurred during the period were in accordance with the objects of the Fund.
  - iv) all the information which, to the best knowledge and belief, is necessary for the purpose of the audit has been obtained.
- c) in our opinion, the financial statements together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and technical releases issued by the Institute of Chartered Accountants of Pakistan, and give the information required by the Act and the Rules in the manner so required and give a true and fair view of the state of the Fund's affairs as at 30 June 2009 and of its deficit for the period then ended in accordance with approved accounting standards as applicable in Pakistan.

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KPMG Taseer Hadi & Co.

- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: 05 OCT 2009

Lahore

KPMG/H

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

# Punjab Pension Fund - Expense Account

## Balance Sheet

As at 30 June 2009

	Note	2009 Rupees
Fixed assets - at cost less accumulated depreciation	4	94,850
<b>Current assets</b>		
Cash and bank balances		-
		<u>94,850</u>
<b>Current liabilities</b>		
Payable to Government of the Punjab	5	7,020,302
<b>Net working liability</b>		<u>(6,925,452)</u>
<b>Contingencies and commitments</b>	6	-
<b>Net liability</b>		<u><u>(6,925,452)</u></u>
<b>Represented by:</b>		
Net deficit		<u><u>(6,925,452)</u></u>

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

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Lahore: 05 OCT 2009

  
Chairman

  
Private Member

  
General Manager



# Punjab Pension Fund - Expense Account

## Income and Expenditure Account

For the period from 28 January 2009 to 30 June 2009

	Note	2009 Rupees
<b>Income</b>		-
<b>Expenditure</b>		
Operating costs	7	6,925,452
<b>Net deficit for the period</b>		<u>6,925,452</u>
Accumulated deficit brought forward		-
<b>Net deficit carried forward</b>		<u><u>6,925,452</u></u>

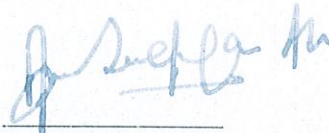
The annexed notes 1 to 9 form an integral part of these financial statements.

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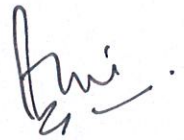
Lahore: 05 OCT. 2009



Chairman



Private Member



General Manager

# Punjab Pension Fund- Expense Account

## Notes to the Financial Statements

For the period from 28 January 2009 to 30 June 2009

### 1 Status and nature of the business

The Punjab Pension Fund has been established under the Punjab Pension Fund Act 2007 (the Act) for proper management and discharge of pension liabilities of the Government of the 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 management of the Fund vests in the Management Committee notified under Section 5 of the Act.

### 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.

#### 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

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

#### 3.2 Taxation

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

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### 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.

Depreciation on fixed assets purchased from grants are depreciated at the rates given in note 4.

### 3.4 Impairment

The carrying amount of the Fund assets are reviewed at each balance sheet 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 and expenditure 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) 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 balance sheet 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 balance sheet 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 balance sheet date and are adjusted to reflect the current best estimates.

### 3.8 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.

### 3.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost.

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4 Operating fixed assets - tangible

Particulars	C		O		S		T		DEPRECIATION			Written Down Value as at 30 June 2009
	As at 01 JULY 2008		Additions/ (Disposal)		As at 30 June 2009		As at 01 JULY 2008		Charge for the period	As at 30 June 2009		
	Rupees		Rupees		Rupees		Rupees			Rupees		
	Rate %											
Furniture and fittings	-	20	-	10,000	10,000	-	-	-	2,000	2,000	8,000	
Office equipment	-	33.33	-	130,268	130,268	-	-	-	43,418	43,418	86,850	
				<u>140,268</u>	<u>140,268</u>				<u>45,418</u>	<u>45,418</u>	<u>94,850</u>	

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**5 Payable to Government of the Punjab**

This represents interest free fund received from Government of the Punjab for expenses incurred on the operation of the Punjab Pension Fund including expenses relating to the functioning of the Management Committee. The balance amount is refundable to the Government of the Punjab.

	<i>Note</i>	2009 Rupees
Balance as at 28 January		-
Add: ceiling approved during the period		19,065,750
Less: unutilized ceiling returned to Government of the Punjab		<u>(12,045,448)</u>
Balance as at 30 June		<u>7,020,302</u>

**6 Contingencies and commitments**

There were no significant contingencies and commitments as at 30 June 2009.

**7 Operating costs**

Salaries	6,058,833
Rent	486,000
Utilities	123,574
Repair and maintenance	3,830
Traveling, lodging and boarding	56,014
Fee and subscriptions	21,692
Printing & stationery	24,077
Courier & postage	6,830
Office and other expenses	95,193
Depreciation	45,418
Miscellaneous	3,991
	<u>6,925,452</u>

**8 Date of authorization for issue**

The financial statements were authorized for issue on 10 5 OCT 2009 by the Management Committee of the Fund.

**9 General**

Figures have been presented in rupees

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Lahore: 05 OCT 2009  Chairman

 Private Member

 General Manager