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PUNJAB GENERAL PROVIDENT INVESTMENT FUND

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2020

EY Ford Rhodes
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INDEPENDENT AUDITOR'S REPORT

To the Government of Punjab

Report on the Audit of the Financial Statements for the year ended 30 June 2020

Opinion

We have audited the financial statements of Punjab General Provident Investment Fund ("the Fund"), which comprise the statement of assets and liabilities as at 30 June 2020, and the income statement, the statement of comprehensive income, the statement of changes in accumulated investment fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the fund as at 30 June 2020, and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as applicable in Pakistan and give the information required by the Punjab General Provident Investment Fund Act, 2009 ("the Act") and Punjab General Provident Investment Fund Rules, 2010 ("the Rules").

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 the Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

Those charged with governance are responsible for overseeing the fund's financial reporting process.

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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.

- 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 also provide to the members of the management committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Report on Other Legal and Regulatory Requirements

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

a) the accounts prepared for the year have been properly prepared in accordance with the relevant provision of the Act and the rules and according to such International Accounting Standards as generally apply in Pakistan;

b) without prejudice to the foregoing, a true and fair view is given of the disposition of the Fund at the end of the accounting year and of the transactions of the Fund;

c) the cost and expenses debited to the fund are as specified in the Act, rules or regulations; and

d) proper books and records have been kept by the fund.

The engagement partner on the audit resulting in this independent auditor's report is Abdullah Fahad Masood.

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Lahore: 09 February 2023

PUNJAB GENERAL PROVIDENT INVESTMENT FUND
STATEMENT OF ASSETS AND LIABILITIES
AS AT 30 JUNE 2020

	Note	30 June 2020			30 June 2019
		Punjab General Provident Investment Fund - Investment	Punjab General Provident Investment Fund - Expense Account	Punjab General Provident Investment Fund - Total	Punjab General Provident Investment Fund - Total
		---------- Rupees ----------			
ASSETS					
Non-current assets					
Investments	4	6,797,891,134	-	6,797,891,134	4,435,753,077
Current assets					
Investments	5	3,291,400,000	-	3,291,400,000	-
Accrued interest	6	269,467,357	67,262	269,534,619	232,676,948
Cash and cash equivalents	7	42,181,916	12,467,328	54,649,244	2,663,702,201
TOTAL ASSETS		10,400,940,407	12,534,590	10,413,474,997	7,332,132,226
LIABILITIES					
Accrued expenses	8	-	6,291,120	6,291,120	5,297,320
TOTAL LIABILITIES		-	6,291,120	6,291,120	5,297,320
Contingencies and commitments	9	-	-	-	-
Net assets		10,400,940,407	6,243,470	10,407,183,877	7,326,834,906
Represented by:					
Accumulated Investment Fund		10,400,940,407	6,243,470	10,407,183,877	7,326,834,906

The annexed notes 1 to 15 form an integral part of these financial statements.

General Manager

Private Member

Chairman

PUNJAB GENERAL PROVIDENT INVESTMENT FUND
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020			30 June 2019
		Punjab General Provident Investment Fund - Investment	Punjab General Provident Investment Fund - Expense Account	Punjab General Provident Investment Fund - Total	Punjab General Provident Investment Fund - Total
INCOME		------ Rupees ------			
Interest income from:					
- Term Deposit Receipts		254,906,867	-	254,906,867	123,645,561
- National Savings Account and Certificates		565,658,399	-	565,658,399	-
- Term Finance Certificates		4,242,329	-	4,242,329	-
- Bank deposits		125,273,055	744,518	126,017,573	161,657,972
- Pakistan Investment Bond		142,502,498	-	142,502,498	231,778,498
- Market Treasury Bills		20,724,489	-	20,724,489	107,142,047
		1,113,307,637	744,518	1,114,052,155	624,224,078
Realized gain / (loss) on fair value through OCI		72,859,593	-	72,859,593	(550,760)
Other income		-	2,000	2,000	-
Total income		1,186,167,230	746,518	1,186,913,748	623,673,318
EXPENDITURE					
Operating expenses	10	(26,823)	(3,014,201)	(3,041,024)	(7,618,574)
Total expenditure		(26,823)	(3,014,201)	(3,041,024)	(7,618,574)
Income / (expense) for the year		1,186,140,407	(2,267,683)	1,183,872,724	616,054,744
Budgetary (payments) / receipts for the year		(6,539,000)	6,538,000	(1,000)	1,000
Net income for the year		1,179,601,407	4,270,317	1,183,871,724	616,055,744

The annexed notes 1 to 15 form an integral part of these financial statements.

General Manager

Private Member

Chairman

PUNJAB GENERAL PROVIDENT INVESTMENT FUND
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	30 June 2020			30 June 2019
		Punjab General Provident Investment Fund - Investment	Punjab General Provident Investment Fund - Expense Account	Punjab General Provident Investment Fund - Total	Punjab General Provident Investment Fund - Total
		Rupees			
Net income for the year		1,179,601,407	4,270,317	1,183,871,724	616,055,744
Other comprehensive income					
Items that are to be classified subsequently to income statement:					
Investment classified at Fair Value Through OCI:					
- unrealized (diminution) on remeasurement - net	4.2.1	36,514	-	36,514	(440,060)
- realized appreciation on remeasurement - net		103,581,140	-	103,581,140	(176,440,733)
		103,617,654	-	103,617,654	(176,880,793)
Total comprehensive income for the year		1,283,219,061	4,270,317	1,287,489,378	439,174,951

The annexed notes 1 to 15 form an integral part of these financial statements.

General Manager

Private Member

Chairman

PUNJAB GENERAL PROVIDENT INVESTMENT FUND
STATEMENT OF CHANGES IN ACCUMULATED INVESTMENT FUND
FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2020			30 June 2019
	Punjab General Provident Investment Fund - Investment	**Punjab General Provident Investment Fund - Expense Account**	**Punjab General Provident Investment Fund - Total**	Punjab General Provident Investment Fund - Total
	---------- Rupees ----------			
Balance at the beginning of the year	**7,324,861,753**	**1,973,153**	**7,326,834,906**	5,887,109,195
Amount contributed by the Government (through the Reserve Fund)	**1,720,000,000**	**-**	**1,720,000,000**	1,000,000,000
Total comprehensive income for the year				
Net income for the year	**1,179,601,407**	**4,270,317**	**1,183,871,724**	616,055,744
Other comprehensive income for the year	**103,617,654**	**-**	**103,617,654**	(176,880,793)
Realized gain on fair value through OCI	**72,859,593**	**-**	**72,859,593**	550,760
	1,356,078,654	**4,270,317**	**1,360,348,971**	439,725,711
Balance at the end of the year	**10,400,940,407**	**6,243,470**	**10,407,183,877**	7,326,834,906

The annexed notes 1 to 15 form an integral part of these financial statements.

General Manager | **Private Member** | **Chairman**

PUNJAB GENERAL PROVIDENT INVESTMENT FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	30 June 2020			30 June 2019
	Punjab General Provident Investment Fund - Investment	Punjab General Provident Investment Fund - Expense Account	Punjab General Provident Investment Fund - Total	Punjab General Provident Investment Fund - Total
	Rupees			
Cash flow from operating activities				
Net income for the year	1,179,601,407	4,270,317	1,183,871,724	616,055,744
Adjustments for non cash Item:				
Interest from:				
Bank deposits	(125,273,055)	(744,518)	(126,017,573)	(161,657,972)
Term deposit receipts	(254,906,867)	-	(254,906,867)	(123,645,561)
Pakistan Investment Bond	(142,502,498)	-	(142,502,498)	(231,778,498)
Market Treasury Bills	(20,724,489)	-	(20,724,489)	(107,142,047)
National Savings Account and Certificates	(565,658,399)	-	(565,658,399)	
Term Finance Certificates	(4,242,329)	-	(4,242,329)	
Unrealised diminution on re-measurement of investments classified at fair value through profit or loss - net	176,477,247	-	176,477,247	(176,330,033)
	(936,830,390)	(744,518)	(937,574,908)	(800,554,111)
Operating profit / (loss) before changes in working capital	242,771,017	3,525,799	246,296,816	(184,498,367)
Changes in working capital				
Decrease / (Increase) in assets:				
Investments - net	(5,653,538,057)	-	(5,653,538,057)	(3,389,228,577)
Accrued interest	(36,790,409)	(67,262)	(36,857,671)	(225,104,115)
(Decrease) / Increase in liabilities:				
Accrued Expenses	-	993,800	993,800	5,017,320
Brokerage payable	-	-	-	-
Net cash used in operations	(5,447,557,449)	4,452,337	(5,443,105,112)	(3,793,813,739)
Cash flow from investing activities				
Interest from:				
Term Deposit Receipts	254,906,867	-	254,906,867	123,645,561
Bank deposits	125,273,055	744,518	126,017,573	161,657,972
Pakistan Investment Bond	142,502,498	-	142,502,498	231,778,498
Market Treasury Bills	20,724,489	-	20,724,489	107,142,047
National Savings Account and Certificates	565,658,399	-	565,658,399	
Term Finance Certificates	4,242,329	-	4,242,329	
Net cash generated from investing activities	1,113,307,637	744,518	1,114,052,155	624,224,078
Cash flow from financing activities				
Amount contributed by the Government (through the Reserve Fund)	1,720,000,000	-	1,720,000,000	1,000,000,000
Cash generated from financing activities	1,720,000,000	-	1,720,000,000	1,000,000,000
Net decrease in cash and cash equivalents during the year	(2,614,249,812)	5,196,855	(2,609,052,957)	(2,169,589,661)
Cash and cash equivalents at beginning of the year	2,656,431,728	7,270,473	2,663,702,201	4,833,291,862
Cash and cash equivalents at end of the year	42,181,916	12,467,328	54,649,244	2,663,702,201

The annexed notes 1 to 15 form an integral part of these financial statements.

General Manager

Private Member

Chairman

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The Punjab General Provident Investment Fund ("Fund") has been established under the Punjab General Provident Investment Fund Act, 2009 ("Act") to generate revenue for the discharge of the General Provident Fund liabilities of the Government of Punjab. The Fund is a body corporate with perpetual succession and does not have any obligation towards payment for the benefit of employees of Punjab Government or any other entity. The Fund shall perform such functions and exercise such powers as are vested in it under the Act and the Punjab General Provident Investment Fund Rules, 2010 ("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, term deposit receipts, term finance certificates, national saving certificates and bank deposits. The registered office of the Fund is situated at 112 Tipu Block, Garden Town, Lahore.

Financial activity of fund commenced on 25th October 2017.

2 BASIS OF PREPERATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under Companies Act, 2017; and
- Provisions of the Punjab General Provident Investment Fund Act, 2009, Punjab General Provident Investment Fund Rules, 2010, directives issued by the Government of Punjab.

Where provisions of the Punjab General Provident Investment Fund Act, 2009, Punjab General Provident Investment Fund Rules, 2010 or the directives issued by the Government of Punjab differ from the IFRS Standards and directives issued under the Companies Act, 2017, the provisions of the Punjab General Provident Investment Fund Act, 2009, Punjab General Provident Investment Fund Rules, 2010 or the directives issued by the Government of Punjab have been followed.

The management of the fund has no intention to provide benefits to employees of the Government of Punjab from available funds on or after the termination of their services. Further, they are also not obliged to provide these benefits as per the Act and the Rules. Considering this fact, these financial statements are not prepared as per "IAS 26 Accounting and Reporting by Retirement Benefit

2.2 New standards, interpretations and amendments applicable to the financial statements for the year ended 30 June 2020

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations effective for annual period beginning on 1 July 2019, as listed below. The Fund has not early-adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New Standards, Interpretations and Amendments

IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRIC 23	Uncertainty over Income Tax Treatments
IFRS 9	Prepayment Features with Negative Compensation (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IFRS 3	Business Combinations - Previously held Interests in a joint operation (AIP)
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation (AIP)
IAS 12	Income Taxes - Income tax consequences of payments on financial instruments classified as equity (AIP)
IAS 23	Borrowing costs eligible for capitalization (AIP)

The adoption of these standards, interpretations and amendments applied for the first time in the period did not have any material impact on the financial statements of the Fund.

Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business - (Amendments)	1 January 2020
IAS 1 and IAS 8	Definition of material - (Amendments)	1 January 2020
IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform - (Amendments)	1 January 2020

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The Fund expects that such improvements to the standards will not have any material impact on the Fund's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2020.

The Fund expects that such improvements to the standards will not have any material impact on the Fund's financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP (Securities and Exchange Commission of Pakistan) for the purpose of applicability in Pakistan:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	1 July 2009
IFRS 17	Insurance Contracts	1 January 2023

The Fund expects that above standards will not have any material impact on the Fund's financial statements.

2.3 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.

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

2.4 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Fund's functional and presentation currency. Figures have been rounded off to the nearest rupees.

2.5 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 are exercised in application of accounting policies principally related to classification, valuation and impairment if any, of investments as described in Note 4. The carrying value of assets and liabilities having effects of above estimates are given in Note 4.

3 Summary of significant accounting policies

3.1 Impact of Covid-19

In light of ongoing COVID-19 pandemic, the Fund has reviewed its exposure to business risks and has not identified any risks that could materially impact the financial performance or position of the Fund as at 30 June 2020. Consequently, there is no material impact on the recognition and measurement of assets and liabilities.

3.2 Revenue recognition

a) Gains / losses arising on sale of investments are included in the income statement on the date at which the transaction takes place.

b) Dividend income is recognized when the Fund's right to receive dividend is established. Dividend received on marketable securities acquired after the announcement of dividend till the book closure date is accounted for as reduction in the cost of investment.

c) Income on government securities, treasury bills, bonds and term finance certificates is recognized on an accrual basis using the effective interest rate method.

d) Income on deposits and national saving schemes is recognized on accrual basis.

3.3 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.3.1 Financial assets

Financial assets - initial recognition

The Fund has adopted IFRS 9 Financial Instruments with effect from 1 July 2018. Accordingly, financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them. With the exception of trade debts and bank balance that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts that do not contain a significant financing component or for which the Fund has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding.

This assessment is referred to as the SPPI test and is performed at an instrument level.

The Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

The Fund's financial assets include Investments and bank balances.

Financial assets - subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Financial assets at fair value through profit or loss

b) Financial assets at amortized cost (debt instruments)

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in income statement.

This category includes derivative instruments and listed equity investments which the Fund had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognized as other income in the income statement when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in income statement. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Fund does not have any financial assets designated at fair value through P&L (equity instruments).

b) Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Fund. The Fund measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; 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 amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in income statement when the asset is derecognized, modified or impaired.

The Fund's financial assets at amortized costs includes Investments.

c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in income statement when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Fund does not have any financial assets designated at fair value through OCI (equity instruments).

d) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Fund measures debt instruments at fair value through OCI if both of the following conditions are met:

• The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in income statement and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Fund does not have any financial assets designated at fair value through OCI (debt instruments).

Financial assets - Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a Fund of similar financial assets) is primarily derecognized when:

• The rights to receive cash flows from the asset have expired; or

• The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

Financial assets - Impairment

The Fund recognizes an allowance for expected credit losses ("ECL") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Fund considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Fund may also consider a financial asset to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade debts, the Fund applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Fund has established a provision matrix that is based on the Fund's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognized in income statement.

For bank balances, the Fund applies a simplified approach in calculating ECLs based on lifetime expected credit losses. The Fund reviews internal and external information available for each bank balance to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognized in income statement.

3.3.2 **Financial liabilities**

Financial liabilities - initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Fund's financial liabilities include long term loans, short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in income statement when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category applies to long term loans, short term borrowings utilized under mark-up arrangements, creditors, liabilities against assets subject to finance lease, accrued and other liabilities.

Financial liabilities - derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.4 **Impairment**

At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expenses in the statement of income and expenditure.

3.5 **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.

3.6 **Provisions**

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

3.7 **Foreign currency translation**

Transactions denominated in foreign currencies are translated to Pak Rupee at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated 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.

3.8 **Transactions with related parties**

The Fund enters into transaction with related parties on mutually agreed terms and conditions.

3.9 **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.

4 LONG TERM INVESTMENTS

	Note	30 June 2020 Rupees	30 June 2019 Rupees
Deposits	4.1	6,613,138,399	-
Available for sale	4.2	184,752,735	4,435,753,077
		6,797,891,134	4,435,753,077

4.1 Deposits

	Note	30 June 2020 Rupees	30 June 2019 Rupees
National Savings Scheme			
- Regular Income Certificates	4.1.1	1,950,000,000	-
- Special Savings Account	4.1.2	2,577,686,769	-
- Defence Savings Certificates	4.1.3	2,085,451,630	-
		6,613,138,399	-

4.1.1 These comprise of Regular Income Certificates issued by Central Directorate of National Savings. The total issue comprises of 195 certificates of Rs. 10 million each. These were purchased on 11 October 2019 with a maturity period of 5 years. These certificates are encashable any time subject to deduction of service charges. These carry fixed interest at the rate of 12.96% (2019: Nil) per annum receivable monthly.

4.1.2 This represents deposits maintained in form of an account at Central Directorate of National Savings. These deposits have different issue dates, maturity dates and cash flows. These deposits have maturity period of 3 years. The amount can be withdrawn at par at any time after the date of its deposit. These carry fixed interest at the rate 11.00% to 12.70% (2019: Nil) per annum receivable semi-annually and automatically stand reinvested and would be calculated for further profit on completion of the next six months period.

4.1.3 This represents deposits maintained in form of an account at Central Directorate of National Savings. These deposits have different issue dates, maturity dates and cash flows. These deposits have maturity period of 10 years. The amount can be withdrawn at par at any time after the date of its deposit. These carry fixed interest at the rate 13.01% (2019: Nil) per annum receivable on maturity.

4.2 Available for sale

	Note	30 June 2020 Carrying Value	30 June 2020 Fair Value	30 June 2020 Fair Value Gain	30 June 2019 Carrying Value	30 June 2019 Fair Value	30 June 2019 Fair Value Loss
		Rupees					
Government securities							
- Market Treasury Bills	4.2.1	84,716,221	84,752,735	36,514	-	-	-
- Pakistan Investment Bonds	4.2.2	-	-	-	4,612,193,810	4,435,753,077	(176,440,733)
- Debt securities - ("TFCs")	4.2.3	100,000,000	100,000,000	-	-	-	-
		184,716,221	184,752,735	36,514	4,612,193,810	4,435,753,077	(176,440,733)

4.2.1 Market Treasury Bills

Issue date	Tenure	Face Value: 1-Jul-19	Purchases during the year	Sales / Matured during the year	30-Jun-20	Balance as at 30 June 2020: Carrying Value	Fair Value	Diminution in carrying value	Fair value as percentage of net assets
		Rupees							%
18-Jul-19	3 Months	-	225,000,000	225,000,000	-	-	-	-	0.00%
30-Jan-20	3 Months	-	500,000,000	500,000,000	-	-	-	-	0.00%
23-Apr-20	3 Months	-	85,000,000	-	85,000,000	84,716,221	84,752,735	36,514	0.81%
		-	810,000,000	725,000,000	85,000,000	84,716,221	84,752,735	36,514	0.81%

- These bills were zero coupon and carried a yield ranging from 8.47% to 14.33% per annum (2019: 6.73% to 10.76%).

4.2.2 Pakistan Investment bonds

Issue date	Tenure	Face Value: 1-Jul-19	Purchases during the year	Sales / Matured during the year	30-Jun-20	Balance as at 30 June 2020: Carrying Value	Fair Value	Diminution in carrying value	Fair value as percentage of net assets
		Rupees							
12-Jul-18	3 Years	1,707,500,000	-	1,707,500,000	-	-	-	-	0.00%
12-Jul-18	5 Years	1,787,500,000	-	1,787,500,000	-	-	-	-	0.00%
12-Jul-18	10 Years	1,937,500,000	-	1,937,500,000	-	-	-	-	0.00%
		5,432,500,000	-	5,432,500,000	-	-	-	-	0.00%

- PIBs carry fixed interest at the rate ranging from 12.60% to 13.16% (2019: 12.6% to 13.16%) per annum receivable semi annually.

4.2.3 Term Finance Certificates (TFCs)

Issue date	Tenure	1-Jul-19	Purchases during the year	Sales / Matured during the year	30-Jun-20	Balance as at 30 June 2020: Carrying Value	Fair Value	Diminution in carrying value	Fair value as percentage of net assets
		Number of Certificates				Rupees			
17-Mar-20	10 Years	-	100	-	100	100,000,000	100,000,000	-	0.96%
		-	100	-	100	100,000,000	100,000,000	-	0.96%

- TFC of Askari Bank Limited (AKBL-PPTFC-VII) have a face value of Rs. 1 million per certificate and carries interest rate of three month KIBOR plus 1.20% (2019: Nil) per annum. The principal redumption of such PPTFC is structured to be in 4 quarterly installments starting from 17 June 2020.

5 SHORT TERM INVESTMENTS

	Note	30 June 2020 Rupees	30 June 2019 Rupees
Term Deposit Receipt	5.1	3,291,400,000	-

5.1 Term Deposit Receipt ('TDR') has been placed with a commercial bank with a tenure of 1 year and carries fixed interest at the rate of 13.15% to 14.10% (2019: Nil) per annum receivable semi-annually.

6 Accrued interest

	Note	30 June 2020 Punjab General Provident Investment Fund - Investment	Punjab General Provident Investment Fund - Expense Account	Punjab General Provident Investment Fund - Total	30 June 2019 Punjab General Provident Investment Fund - Total
		Rupees			
Term Deposit Receipts		254,906,867	-	254,906,867	-
Regular Income		14,040,000	-	14,040,000	-
TFCs		358,248	-	358,248	-
Saving Accounts		162,242	67,262	229,504	27,772,942
Pakistan Investment Bond		-	-	-	204,904,006
		269,467,357	67,262	269,534,619	232,676,948

7 Cash and cash equivalents

	Note	30 June 2020 Punjab General Provident Investment Fund - Investment	Punjab General Provident Investment Fund - Expense Account	Punjab General Provident Investment Fund - Total	30 June 2019 Punjab General Provident Investment Fund - Total
Cash in hand		-	36,000	36,000	40,000
Cash at banks					
- saving accounts	7.1	42,181,916	12,431,328	54,613,244	2,663,662,201
- term deposit receipts		-	-	-	-
		42,181,916	12,431,328	54,613,244	2,663,662,201
		42,181,916	12,467,328	54,649,244	2,663,702,201

7.1 These are placed with commercial banks and carry interest rate ranging from 6.50% to 14.00% per annum (30 June 2019: 5.65% to 13.00%).

8 Accrued expenses

	Note	30 June 2020 Punjab General Provident Investment Fund - Investment	Punjab General Provident Investment Fund - Expense Account	Punjab General Provident Investment Fund - Total	30 June 2019 Punjab General Provident Investment Fund - Total
		Rupees			
Audit fee payable		-	1,400,000	1,400,000	700,000
Payable to Punjab Pension Fund		-	4,597,320	4,597,320	4,597,320
Others Payable		-	293,800	293,800	-
		-	6,291,120	6,291,120	5,297,320

9 Contingencies and commitments

There are no contingencies and commitments as at 30 June 2020. (2019: Nil)

10 Operating expenses

	Note	30 June 2020 Punjab General Provident Investment Fund - Investment	Punjab General Provident Investment Fund - Expense Account	Punjab General Provident Investment Fund - Total	30 June 2019 Punjab General Provident Investment Fund - Total
		Rupees			
Salaries & Other benefits		-	120,000	120,000	3,617,182
Committee Meeting fees	10.1	-	1,854,000	1,854,000	1,957,430
Auditors' remuneration		-	700,000	700,000	700,000
Trustee remuneration and safe custody charges		20,000	-	20,000	-
Rent		-	-	-	441,074
Printing and stationery		-	300,000	300,000	193,174
Utilities		-	-	-	102,217
Vehicle running expenses		-	-	-	76,635
Brokerage Expense		-	-	-	63,725
Traveling, lodging and boarding		-	-	-	40,708
Office and other expenses		-	-	-	34,551
Repair and maintenance		-	-	-	32,458
EOBI expense		-	-	-	16,861
Legal and other professional charges		-	9,000	9,000	-
Bank Charges		6,823	1,740	8,563	19,180
Training and development		-	-	-	16,356
Advertisement		-	29,461	29,461	7,968
Courier and postage		-	-	-	1,693
Miscellaneous		-	-	-	297,362
		26,823	3,014,201	3,041,024	7,618,574

10.1 This fee represents the meeting fee paid to the members of different committees for attending meetings of the management committee and sub-committees.

11 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.

11.1 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. 10,413 million (2019: Rs 7,327 million) financial assets which are subject to credit risk amount to Rs. 3,616 million (2019: Rs. 2,896 million).

11.1.1 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-".

11.1.2 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 2020 Rupees	Statement of assets and liabilities 2019 Rupees
Pakistan Investment Bonds	**-**	4,435,753,077
Bank balances	**54,613,244**	2,663,662,201
Term deposit receipts	**3,291,400,000**	-
Accrued interest	**269,534,618**	232,676,948
	3,615,547,862	7,332,092,226

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. 6,797 million (2019: Rs. 4,436 million) relates to investments in Government Securities & other assets which are not considered to carry credit risk.

11.1.3 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 65.60% 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 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:

	2020		2019	
	Rupees	**Percentage**	Rupees	Percentage
Commercial banks	**3,346,013,244**	**32.13%**	2,663,662,201	36.33%
Interest receivable(PIBs,Banks,Certificates	**269,534,618**	**2.59%**	232,676,948	3.17%
National Saving Certificates	**6,613,138,399**	**63.51%**	-	0.00%
PIBs/ MTBs/ TFCs	**184,752,735**	**1.77%**	4,435,753,077	60.50%
	10,413,438,996	**100%**	7,332,092,226	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:

Bank Balances	**Rating 2020** Short Term	Long Term	Agency	**Amount** Rs.
The Bank of Punjab (related party)	A1+	AA+	PACRA	14,193,400
Samba Bank Limited	A-1	AA	VIS	40,053,098
Soneri Bank Limited	A1+	AA-	PACRA	203,487
Sindh Bank Limited	A-1	A+	VIS	35,984
JS Bank Limited	A1+	AA-	PACRA	76,002
Habib Metropolitan Bank	A1+	AA+	PACRA	17,094
Allied Bank Limited	A1+	AAA	PACRA	34,179
				54,613,244
Term Deposit Receipts and Accrued Interest				
The Bank of Punjab (related party)	A1+	AA+	PACRA	219,822
Soneri Bank Limited	A1+	AA-	PACRA	16,257,523
JS Bank Limited	A1+	AA-	PACRA	144,956,695
Habib Metropolitan Bank	A1+	AA+	PACRA	-
Samba Bank Limited	A-1	AA	VIS	93,701,964
Sindh Bank Limited	A-1	A+	VIS	192
Allied Bank Limited	A1+	AAA	PACRA	175
				255,136,371
				309,749,615

Bank Balances	Rating 2019 Short Term	Long Term	Agency	Amount Rs.
The Bank of Punjab (related party)	A1+	AA+	PACRA	8,188,212
Samba Bank Limited	A-1	AA	VIS	45,643
Soneri Bank Limited	A1+	AA-	PACRA	1,203,484,071
Sindh Bank Limited	A-1	A+	VIS	31,421
JS Bank Limited	A1+	AA-	PACRA	1,449,884,272
Habib Metropolitan Bank	A1+	AA+	PACRA	14,578
Allied Bank Limited	A1+	AAA	PACRA	2,014,004
				2,663,662,201
Term Deposit Receipts, Accrued Interest and Pakistan Investment				
Government of Pakistan	B3	B3	Moody's	204,904,006
Soneri Bank Limited	A1+	AA-	PACRA	13,326,949
Habib Metropolitan Bank	A1+	AA+	PACRA	2,877,101
Samba Bank Limited	A-1	AA	VIS	385
Sindh Bank Limited	A-1	A+	VIS	265
JS Bank Limited	A1+	AA-	PACRA	11,568,242
				232,676,948
				2,896,339,149

Above includes balances which are linked to a sovereign entity, who can print the currency which is routinely held by central bank and other major local financial institutions, which qualitatively indicate that historical credit loss information should be minimally affected by current conditions and reasonable and supportable forecasts. As at the reporting date, the sovereign entity has never defaulted on any of its securities. Therefore, the Fund has not recorded any ECLs at the end of the reporting period. Credit risk from balances with financial institutions is managed by the Fund in accordance with the Fund's policy. The deposits are kept with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Fund's management on a quarterly basis, and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments. Being low risk instruments, the Fund had assessed an allowance based on 12-month ECLs. Based upon above mentioned high external credit ratings, ECLs relating to bank balances, accrued income and investments of the Fund rounds to zero. The impact of expected credit loss on the bank balances and deposits with the non sovereign enities is minimal.

11.2 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.

11.2.1 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 period.

11.2.2 Maturity analysis for financial liabilities

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

	30 June 2020		
	Carrying amount	**Six months or less**	**Six to twelve months**
	--------------------Rupees--------------------		
Audit fee payable	**1,400,000**	**1,400,000**	-
Payable to Punjab Pension Fund	**4,597,320**	**4,597,320**	-
Other payable	**293,799**	**293,799**	
	6,291,119	**6,291,119**	-

	30 June 2019		
	Carrying amount	Six months or less	Six to twelve months
	--------------------Rupees--------------------		
Audit fee payable	700,000	700,000	-
Payable to Punjab Pension Fund	4,597,320	4,597,320	-
	5,297,320	5,297,320	-

11.3 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.

11.3.1 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 General Provident Investment Fund Act, 2009 and Punjab General Provident Investment Fund Rules, 2010. The maximum risk resulting from financial instruments equals their fair values.

The Fund is exposed to interest rate risk only.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on the deposits with banks, at the year end date, fluctuate by 100 bps higher / lower with all other variables, net income for the year and 2020 would have been affected as follows:

	2020	2019
	Rupees	Rupees
Effect on net income of an increase	**546,132**	26,636,622
Effect on net income of a decrease	**(546,132)**	(26,636,622)

The effect may be higher/ lower, mainly as a result of higher/ lower mark-up income on investments.
The sensitivity analysis prepared is not necessarily indicative of the effects on the profit for the year and assets / liabilities of the Fund.

12 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 recognized 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			
As at 30 June 2020	**Available for sale**	**Deposits**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rupees							
Financial assets - measured at fair value								
Investments								
- Government securities	84,716,221	-	-	84,716,221	-	84,752,735	-	84,752,735
Financial assets - not measured at fair value								
Investments								
- Term deposit receipts	-	3,291,400,000	-	3,291,400,000	-	-	-	-
- Cash equivalents	-	54,613,244	-	54,613,244	-	-	-	-
- Accrued interest	358,247	269,176,371	-	269,534,618	-	-	-	-
	85,074,468	3,615,189,615	-	3,700,264,083	-	84,752,735	-	84,752,735
Financial liabilities - not measured at fair value								
Audit fee payable	-	-	1,400,000	1,400,000	-	-	-	-
Payable to Punjab Pension Fund			4,597,320	4,597,320				
Other payable	-	-	293,799	293,799	-	-	-	-
	-	-	6,291,119	6,291,119	-	-	-	-

As at 30 June 2019	Carrying amount				Fair value			
	Available for sale	Deposits	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees							
Financial assets - measured at fair value								
Investments								
- government securities	4,612,193,810	-	-	4,612,193,810	-	4,435,753,077	-	4,435,753,077
Financial assets - not measured at fair value								
Investments								
- Term deposit receipts	-	-	-	-	-	-	-	-
- Cash equivalents	-	2,663,662,201	-	2,663,662,201	-	-	-	-
- Accrued interest	-	232,676,948	-	232,676,948	-	-	-	-
	4,612,193,810	2,896,339,149	-	7,508,532,959	-	-	-	-
Financial liabilities - not measured at fair value								
Audit fee payable	-	-	700,000	700,000	-	-	-	-
Other payable	-	-	4,597,320	4,597,320	-	-	-	-
	-	-	5,297,320	5,297,320	-	-	-	-

12.1 Interest rate risk

12.1.1 Interest 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 rate exposure arises on investment in Government securities, term deposit receipts with banks and balances with banks in saving accounts. 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.

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

	Financial assets		Financial assets	
	2020		2019	
	Interest rate	**Fair value**	Interest rate	Fair value
	%	**Rupees**	%	Rupees
Fixed rate instruments				
Term Deposit Receipts	**13.15 to 14.10**	**3,291,400,000**	Nil	-
Market Treasury Bills	**8.47 to 14.33**	**84,752,735**	Nil	-
Bank balances	**6.50 to 14.00**	**54,613,244**	5.65 to 13.00	2,663,662,201
Pakistan Investment Bonds	**Nil**	**-**	12.60 to 13.16	4,435,753,077
National Saving Scheme				
- Regular Income Certificates	**12.96**	**1,950,000,000**	Nil	-
- Special Savings Account	**11.00 to 12.70**	**2,577,686,769**	Nil	-
- Defence Savings Certificates	**13.01**	**2,085,451,630**	Nil	-
		10,043,904,378		7,099,415,278

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.

None of the financial liabilities carry any interest rate.

Other price risk

Other 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.

Fair value sensitivity 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.

13 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:

	Note	30 June 2020 Rupees	30 June 2019 Rupees
Balances with			
The Bank of Punjab			
- Bank balances		**14,193,400**	8,188,212
Punjab Pension Fund			
- Payable balance		**4,597,320**	4,597,320
Transactions			
The Bank of Punjab			
- Income on savings account		**11,532,824**	3,920,708

14 Number of Employees

The following are the number of persons employed

	2020	2019
Employees as at the year end	17	17
Average number of employees during the year	17	17

15 Date of authorization for issue

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

General Manager

Private Member

Chairman