

IMPERIAL BANK OF INDIA EMPLOYEES' PENSION & GUARANTEE FUND

STATEMENT OF AFFAIRS AS ON 31ST MARCH, 2014

Amount in `

PREVIOUS YEAR	LIABILITIES	CURRENT YEAR	PREVIOUS YEAR	ASSETS	CURRENT YEAR
1,822,686,052.12	1. General Fund Account Balance as per last St. of Affairs	1,547,514,368.21	500,000,000.00	1. Investments (Schedule - A)	
135,573,893.01	ADD : Excess of Income over Expenditure during the year	117,382,848.68	235,040,000.00	i) Central Govt. Securities	500,000,000.00
-	ADD : Interest credited	-	647,710,682.00	ii) State Govt. Securities	125,040,000.00
21,015.00	ADD : Transferred from R.M.O.C A/C	20,596.00	83,000,000.00	iii) PSU Bonds	461,510,682.00
229,687,637.92	LESS : Pension paid to members	228,728,594.58	<u>5,897,096.80</u>	iv) Private Sector Bonds	83,000,000.00
181,057,939.00	LESS : Family Pension paid	197,830,646.00		v) CLTD	<u>15,610,614.18</u>
21,015.00	LESS : Interest on R.M.O.C A/C	20,596.00	11,691,216.00		
1,547,514,368.21		1,238,337,976.31	<u>4,847,874.05</u>		
	2. Retired Members' Own Contribution Account				
1,159,856.54	Balance as per last St. of Affairs	1,145,232.54	-	2. PREMIUM	
21,015.00	ADD : Int. Transferred from Gen Fund	20,596.00	69,195,297.00	As on 31.03.2014	10,437,216.00
9,928.00	ADD : Exchange difference on balance held in London Office (1st half)	40,711.00	<u>372,786.00</u>	LESS : Amortised upto 31.03.2014	<u>4,860,622.00</u>
7,528.00	LESS : Exchange difference on balance held in London Office(2nd half)	2,545.00		Premium yet to be Amortised as on 31.03.2014	
38,039.00	LESS : Pension Paid	60,494.00			5,576,594.00
1,145,232.54		1,143,500.54			
				3. Receivables	
				i) Interest Accrued on Bank Balance	-
				ii) Interest Accrued on Investments	47,620,811.00
				iii) Interest Accrued on CLTD	<u>397,028.00</u>
				iv) Discount Receivable upto 31.03.2014	
				v) TDS Recoverable	
				4. Bank Balances	
				i) In Current A/C with Park St. Br.(Kol)	-
				ii) Balance held with S.B.I London Office	174,945.00
1,548,659,600.75		1,239,481,476.85	1,548,659,600.75		1,239,481,476.85

IMPERIAL BANK OF INDIA EMPLOYEES' PENSION & GUARANTEE FUND
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014

		<i>Amount in `</i>					
PREVIOUS YEAR	EXPENDITURE	CURRENT YEAR	PREVIOUS YEAR		INCOME	CURRENT YEAR	
21,015.00	To Interest credited to General Fund	20,596.00	-		By Interest :	-	
			-		(A) On Deposits with S.B.I	-	
			-		i) Interest Received	-	
					ii) Interest accrued	-	
							-
4,170,619.75	To Amortization of Premium on Investment	1,266,747.95		21,015.00	(B) On Deposits with S.B.I London		20,596.00
					(C) On Investments		
					I) Interest Received		
			41,170,138.00		i) Central Govt. Securities	41,170,138.00	
			11,708,531.00		ii) State Govt. Securities	6,873,947.00	
			10,858,261.20		iii) Public Sector Securities	18,526,445.96	
			4,393,205.08		iv) Private Sector Securities	1,598,884.00	
			<u>4,859,951.48</u>	72,990,086.76	v) CLTD	<u>3,462,552.67</u>	71,631,967.63
					II) Interest Accrued		
			579,862.00		i) Central Govt. Securities	463,889.00	
			9,574,792.00		ii) State Govt. Securities	4,951,280.00	
			52,092,527.00		iii) Public Sector Securities	35,257,526.00	
			6,948,116.00		iv) Private Sector Securities	6,948,116.00	
			<u>372,786.00</u>	69,568,083.00	v) CLTD	<u>397,028.00</u>	48,017,839.00
135,573,893.01	To Excess of Income over Expenditure carried to the Statement of Affairs	117,382,848.68		173,296.00	(D) Discount Receivable during the period		47,805.00
					(E) Profit/Loss on sale of Securities		
			1,265,115.00		Profit on Redemption	4,455,000.00	
			4,252,068.00		Loss on Redemption	<u>5,503,015.00</u>	
				-2,986,953.00	Net Loss on sale of Securities		-1,048,015.00
139,765,527.76		118,670,192.63		139,765,527.76			118,670,192.63

For **BHATTACHARYA DAS & CO.**

Chartered Accountants
(Firm Regn. No. 307077E)

(Anjan Shee)

Partner
Membership No. 052870
Place : Kolkata
Dated : 05.05.2014

For **Imperial Bank of India Employees' Pension & Guarantee Fund**

(Pradeep Mehrotra)

GENERAL MANAGER
State Bank of India
Central Accounts Office
Kolkata

Independent Auditor's Report

**To the Board of Trustees,
IBI Employees' Pension & Guarantee Fund**

Report on the Financial Statements

We have audited the accompanying financial statements of IBI Employees' Pension & Guarantee Fund ("the Fund"), which comprise of the Statement of Affairs as at March 31, 2014, and the Statement of Income & Expenditure for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Fund. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Without expressing a qualified opinion, we draw attention as a Matter of Emphasis to the following:

- (a) Market value of investments has not been ascertained as on 31st March 2014. We are unable to comment on the diminution, if any, in the value of investments.
- (b) Confirmation should be obtained from the Fund Manager on the adherence of the Investment pattern laid down by the relevant Statute/Instructions.

Opinion

We report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account have been kept by the Fund, so far as appears from our examination of the books;
- (c) The Statement of Affairs and Income & Expenditure Account dealt with by this report are in agreement with the books of account of the Fund and Returns;
- (d) In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Statement of Affairs, of the state of affairs of the Fund as at 31st March 2014; and
 - ii) In the case of the Income & Expenditure Account, the surplus of the Fund for the year ended on that date.

For **BHATTACHARYA DAS & CO.**
Chartered Accountants
Firm Regn.No. 307077E

Place : Kolkata
Date :05.05.2014.

AnjanShee
Partner
Membership No.052870

IMPERIAL BANK OF INDIA EMPLOYEES' PENSION & GUARANTEE FUND

Schedule forming part of Statement of Affairs and Income & Expenditure Account for the Year ended March, 31st 2014

Schedule 'B'

Accounting policies and Notes to Accounts

I Significant Accounting Policies

1. Method of accounting

The method of accounting is on accrual basis. It implies that all the deals are booked on deal date. Income and expenses pertaining to the current period are accounted in the same period irrespective of the receipt date.

2. Investments

2.1 Accounting of Investments

- i. Purchase and sale of securities are accounted on trade date. Cost of investments includes brokerage, stamps fees, transaction charges (Government securities) and excludes custodian fees. The cost is net of front end fees and incentives.
- ii. All the securities are treated as Held to Maturity (HTM) unless formally decided otherwise by the Trust.

2.2 Valuation for Investments

The valuation of the securities in the Trust Fund books is in accordance with the guidance given by the Trustees/ Board. In the absence of separate valuation guidelines, the under mentioned valuation norms are adopted.

2.2.1 Equity and equity related instruments

Equity and equity related instruments are valued at the last traded price on the principal stock exchange.

2.2.2 Government Securities and other debt instruments

Government Securities and other debt instruments are stated at Cost/Face Value. The price paid above or below the face value is amortized from the date of purchase, over the remaining number of days to maturity of the investment.

2.2.3 Money market securities

Money market securities are stated at Cost/Face Value. The price paid above or below the face value is amortized over the remaining period till maturity.

2.2.4 Mutual Fund units

Investment in quoted and unquoted mutual fund Units is taken at cost of acquisition.

3. Revenue Recognition

- a) (i) Dividend income is accrued on ex-dividend date i.e. dividend is accounted on accrual basis where the right to receive dividend is established.
(ii) Income from units of mutual funds is booked on cash basis.

- b) Profit or loss on sale of investments is arrived at by applying FIFO method.
- c) Interest on debentures and other fixed income investments is recognized on accrual basis.
- d) Income on non-performing assets (NPA) is recognized on cash basis.
- e) Other income of miscellaneous nature is accounted for only when there is certainty of collection and clearly measurable.
- f) **Broken Period Interest:** Payment needs to be made for the broken period interest at the time of purchase of coupon bearing debt instruments. This interest is received subsequently on sale of instruments, from the counter party or on interest due date, from the issuer company. Hence, it is accounted as current asset at the time of purchase of security. It would be adjusted against the first interest received.
In case of sale of security, the counterparty pays the interest for the period of last interest due date till the date of sale. This is accounted as revenue.
- g) **Premium or discount on purchase of debt instruments:** In case of debt instruments, amount paid in excess of less than the face value of the investment is amortized from the date of purchase, over the residual number of days to maturity of the investment, and debited or credited to the amortization of premium/ discount account.

4. Non-performing Investments (NPI)

4.1 Identification:

An investment would be treated as NPA if interest/installment (including maturity proceeds) is due and remains unpaid for more than 90 days.

4.2 Provision for NPA investments would be made as follows:

- i. 10 percent of the book value of the asset shall be provided for after 6 months past due date of interest i.e. 3 months from the date of classification of the asset as NPA.
- ii. 20 percent of the book value of the asset should be provided for after 9 months past due date of interest i.e. 6 months from the date of classification of the asset as NPA.
- iii. Another 20 percent of the book value of the asset shall be provided for after 12 months past due date of interest i.e. 9 months from the date of classification of the asset as NPA.
- iv. Another 25 percent of the book value of the asset shall be provided for after 15 months past due date of interest i.e. 12 months from the date of classification of the asset as NPA.
- v. The balance 25 percent of the book value of the asset shall be provided for after 18 months past due date of the interest i.e. 15 months from the date of classification of the assets as NPA.
- vi. Interest accrued in the year on non-performing investments will be reversed in the same year. In respect of interest accrued in earlier accounting periods, the full amount will be provided for, once the principal investment being classified as non-performing.
- vii. The provision made for NPA investments will be kept in a separate account and will not be adjusted against the book value of investments.
- viii. The provision made for non-performing investments will not be set off against the appreciation in respect of other performing investments.
- ix. Write-off of any non-performing investment will be made, after seeking approval of the Board of Trustees. The provision held for the respective investment will be utilized for write off and any shortfall will be charged to the Profit and Loss account for the year.

4.3 Reclassification of NPA

Treatment for Interest

- i. In case a company has fully cleared all the arrears of interest, the interest provisions can be written back in full.
- ii. The asset will be reclassified as performing on clearance of all interest arrears and only if the debt is regularly serviced over the next two quarters.
- iii. In case the company has fully cleared all the arrears of interest, the interest not credited on accrual basis shall be credited at the time of receipt.

Treatment for Principal

The provision made for the principal amount can be written back in the following manner:

- i. 100% of the asset provided for in the books will be written back at the end of the 2nd quarter where the provision of principal was made due to the interest defaults only.
- ii. 50% of the asset provided for in the books will be written back at the end of the 2nd quarter and 25% after every subsequent quarter where both installments and interest payment were in default earlier.
Explanation: The words "2nd quarter" wherever appear shall mean 2nd calendar quarter.
- iii. An asset is reclassified as 'standard asset' only when both the overdue interest and overdue installments are paid in full and there is satisfactory performance for a subsequent period of 6 months.

4.4 Recognition of Income on Investment Treated as NPAs

No income would be accrued on non-performing assets. Income on NPAs would be accounted only on receipt basis.

Receipt of past dues:

When the Fund has received income/ Principal amount after their classifications as NPAs:

- a. For the next 2 quarters, income shall be recognized on cash basis and thereafter on accrual basis. The asset will continue to be classified as NPA for these two quarters.
- b. During the period of two quarters although the asset is classified as NPA no provision needs to be made for the principal if the same is not due and outstanding.
- c. If part payment is received towards principal, the asset continues to be classified as NPA and provisions are continued as per the norms set as 4.2 above. Any excess provision will be written back.

II Notes to Accounts

1. Previous year's figures have been re-grouped/re-arranged wherever necessary to make them comparable with the current year's figures.
2. An amount of Rs.3.30 lac being TDS deducted erroneously on 31.03.2014 by SBI, Park Street Branch has subsequently been reversed on receipt of the same from the Branch.

For **BHATTACHARYA DAS & Co.**
Chartered Accountants
(Firm Regn. No. 307077E)

(AnjanShee)
Partner
(Membership No. 052870)

Place : **Kolkata**

For **Imperial Bank of India Employees'**
Pension & Guarantee Fund

(Pradeep Mehrotra)
General Manager
State Bank of India
Central Accounts Office
Kolkata – 700 071. Date : 05.05.2014.