

GOVERNMENT OF BALOCHISTAN
Financial Statements
For the Year Ended 30 June 2010

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PREFACE

I am pleased to present the Financial Statements of the Government of Balochistan for the year ended 30 June, 2010 together with the Auditors' Report thereon.

The Financial Statements of the Government of Balochistan for the financial year 2009-10 have been prepared by the Accountant General Balochistan under Section 5 of the Controller General of Accounts (Appointment, Functions and Powers) Ordinance, 2001 and are the responsibility of the Controller General of Accounts (CGA).

In response to the changing nature of stakeholders' requirements for making informed decision making based on financial information and developments in the public sector accounting standards, the role of CGA has transformed. Stakeholders now expect high quality, reliable and relevant financial reports and the focus of CGA is not limited to reporting historical results, but is now constantly moving towards enhancing public value, by providing the legislature and the executive through the Financial Statements an insight of the Government's financial performance.

In December 2000, Auditor General of Pakistan prescribed New Accounting Model (NAM) with the approval of the President of Pakistan under Article 170 of the Constitution of Islamic Republic of Pakistan. NAM, which conforms to international best practices, comprises of seven volumes and is based on Modified Cash Basis of Accounting in which, though cash basis of accounting is followed, the following additional concepts were introduced:

- Commitment Accounting
- Physical and Financial Assets Accounting
- Liabilities Accounting

Commitment, asset and liability accounting practices are not yet implemented and these financial statements have been prepared on cash basis of accounting and do not include accrued receipts and liabilities.

The current year's Financial Statements have been prepared under NAM and the format of International Public Sector Accounting Standards (IPSAS) Cash Basis - Financial Reporting under the Cash Basis of Accounting has been adopted for the preparation of these Financial Statements.

These Financial Statements focus on reporting the budgetary activity of the Government for the financial year as laid down in the financial procedures of the Constitution which describes the Government as Provincial Consolidated Fund and Public Account for which

Annual Budget Statement is authorized by the Provincial Assembly in the form of Budgetary Grants.

Finally, it is important to emphasize the value of sustained and dedicated efforts towards excellence in public sector financial accounting and reporting. Moving forward, management and staff of CGA are working closely to address the challenges and issues which can limit the quality, transparency and reliability of financial reports. Through excellent financial reporting we are committed to support the decision making critical to the nation's fiscal future.

-sd-

Islamabad, Pakistan

Date:

Controller General of Accounts



Auditor General of Pakistan
Audit House, Constitution Avenue
Islamabad, Pakistan

Auditor's Report

The Office of the Auditor General of Pakistan has audited the accompanying Financial Statements of the Government of Balochistan, which comprise the statement of cash receipts and payments for the year ended 30th June, 2010, statement of cash flows, statement of comparison of budget and actual amounts by function, statement of comparison of budget and actual expenditure by department for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility

These Financial Statements have been prepared by the Accountant General Balochistan on behalf of the Controller General of Accounts under Section 5 of the Controller General of Accounts (Appointment, Functions and Powers) Ordinance, 2001.

Auditor's Responsibility

The responsibility of the Auditor General's office is to express an opinion on these Financial Statements based on the audit in accordance with the requirement of Article 169 of the Constitution of the Islamic Republic of Pakistan read with Section 7 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001.

Basis of Opinion

The audit was conducted in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions. These standards require that audit is planned and performed to obtain reasonable assurance to the effect that the Financial Statements are free of material misstatement. The audit process includes examining, on test check basis, evidence supporting the amounts and disclosures in the Financial Statements. It also includes assessing the accounting principles used, as well as evaluating overall presentation of the Financial Statements. The audit results provide a reasonable basis for our opinion.

In our opinion:

- a) These Financial Statements present fairly, in all material respects, the financial performance of the Government of Balochistan for the year ended 30th June, 2010, its cash flows, statement of comparison of budget and actual amounts by function and statement of comparison of budget and actual expenditure by department for the year

then ended in accordance with the stated accounting policies of the Government of Balochistan.

- b) The sums expended have been applied, in all material respects, for the purposes authorized by the Provincial Assembly.

Emphasis of Matter

Without qualifying our opinion, we draw attention to statement of cash receipts and payments and note 7.11 to the Financial Statements, Under IPSAS Cash Basis disclosure of third party payments is mandatory part of the General Purpose Financial Statements and should be disclosed separately on the face of statement of cash receipts and payments of the Government of Balochistan. The Government has disclosed third party payments as nil on the basis that neither the Government has been formally advised by third party or the recipient nor such payments have been otherwise verified. The existing accounting and financial reporting system of the Government needs to be strengthened to fully capture third party payments.

Other Reports

Reports covering significant aspects of the financial governance or economical and effective utilization of public resources are submitted separately to the Governor under Article 171 of the Constitution of the Islamic Republic of Pakistan.

-sd-

Islamabad, Pakistan

Date:

Auditor General of Pakistan

GOVERNMENT OF BALOCHISTAN
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2010

	Note	2010 (Rupees in Million)		2009 (Rupees in Million)	
		Receipts/ Payments controlled by the Government	Payments by Third Parties	Receipts/ Payments controlled by the Government	Payments by Third Parties
PROVINCIAL CONSOLIDATED FUND					
RECEIPTS					
<i>Taxation- Transfers from Federal Government</i>	8	30,325	-	25,218	-
<i>Taxation- Provincial Government's Own Collection</i>	9	1,020	-	931	-
<i>Non-Tax Revenue and Other Receipts</i>					
General Administration	10	481	-	442	-
Economic Services	11	1,216	-	632	-
Development Surcharge and Royalties	12	9,625	-	8,421	-
Dividend and Profit Share	13	7	-	28	-
Others	14	745	-	1,729	-
		12,074	-	11,252	-
<i>Grants and Aid</i>	15	38,745	-	23,385	-
<i>Borrowings</i>					
Foreign Debt	16	601	-	448	-
<i>Capital Receipts</i>					
Recovery of Loans and Advances	17	85	-	112	-
<i>Trading Activities</i>	18	2,518	-	5,204	-
<i>Receipts of District Governments</i>	19	-	-	-	-
TOTAL RECEIPTS		85,368	-	66,550	-

GOVERNMENT OF BALOCHISTAN
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2010

	Note	2010 (Rupees in Million)		2009 (Rupees in Million)	
		Receipts/ Payments controlled by the Government	Payments by Third Parties	Receipts/ Payments controlled by the Government	Payments by Third Parties
PAYMENTS					
<i>Operations</i>					
Salaries and Employee Benefits	20	17,509	-	13,849	-
Operating Expenses		4,638	-	4,801	-
		22,147		18,650	
<i>Transfers</i>					
Grants, Subsidies and Write-off of Loans	21	2,914	-	3,863	-
Other Transfer Payments		152	-	71	-
		3,066	-	3,934	-
<i>Expenditure on</i>					
Physical Assets		1,200	-	931	-
Civil Works		23,501	-	21,076	-
		24,701	-	22,007	-
<i>Debt and Interest Payments</i>					
Principal Repayment of Debt	22	300	-	7,383	-
Servicing of Debt	23	10,040	-	2,880	-
		10,340		10,263	
<i>Other Payments</i>					
Loans and Advances	24	290	-	2	-
<i>Payments of District Governments</i>	25	19,258	-	19,109	-
TOTAL PAYMENTS		79,802	-	73,965	-
NET RECEIPT/ (PAYMENT) OF PROVINCIAL CONSOLIDATED FUND					
		5,566	-	(7,415)	-
NET RECEIPT OF PUBLIC ACCOUNT	26	(3,381)	-	704	-
INCREASE / (DECREASE) IN CASH		2,185	-	(6,711)	
CASH AT BEGINNING OF THE YEAR		(23,589)	<i>N/A*</i>	(16,878)	<i>N/A*</i>
INCREASE / (DECREASE) IN CASH		2,185	<i>N/A</i>	(6,711)	<i>N/A</i>
CASH AT END OF THE YEAR	27	(21,404)	<i>N/A</i>	(23,589)	<i>N/A</i>

The annexed notes 1 to 31 form an integral part of these financial statements.

*N/A = Not Applicable

Accountant General Balochistan

GOVERNMENT OF BALOCHISTAN
Statement of Cash Flows
For the Year Ended 30 June 2010

	<i>Note</i>	2010 Rupees in Million	2009 Rupees in Million
CASH FLOWS FROM OPERATING ACTIVITIES			
Taxation - Transfers from Federal Government	8	30,325	25,218
Taxation - Provincial Government's Own Collection	9	1,020	931
Non-Tax Revenue and Other Receipts		12,074	11,252
Grants and Aid - Receipts	15	38,745	23,385
Trading Activities - Receipts	18	2,518	5,204
Operations - Payments		(22,147)	(18,650)
Servicing of Debt - Payments	23	(10,040)	(2,880)
Transfers - Payments		(3,066)	(3,934)
Receipts of District Governments	19	-	-
Payments of District Governments - Revenue Expenditure	25.1	(18,443)	(16,858)
<i>Cash from Operating Activities</i>		30,986	23,668
CASH FLOWS FROM INVESTING ACTIVITIES			
Recoveries of Loans and Advances	17	85	112
Expenditure on Physical Assets, Civil Works and Others		(24,701)	(22,007)
Payments of Loans and Advances	24	(290)	(2)
Payments of District Governments - Capital Expenditure	25.2	(815)	(2,251)
<i>Cash used in Investing Activities</i>		(25,721)	(24,148)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts of Foreign Debt	16	601	448
Principal Repayments of Debt	22	(300)	(7,383)
Net Receipt of Public Account	26	(3,381)	704
<i>Cash used in Financing Activities</i>		(3,080)	(6,231)
NET DECREASE IN CASH AND CASH EQUIVALENTS		2,185	(6,711)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(23,589)	(16,878)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	27	(21,404)	(23,589)

The annexed notes 1 to 31 form an integral part of these financial statements.

Accountant General Balochistan

GOVERNMENT OF BALOCHISTAN
Statement of Comparison of Budget and Actual Amounts by Function
For the Year Ended 30 June 2010

	2010 (Rupees in Million)			2009 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
RECEIPTS						
<i>Revenue</i>						
Taxation	32,489	33,385	31,345	28,672	28,102	26,149
Non-Taxation	39,651	57,606	53,337	30,892	47,722	39,841
Total revenue receipts	72,140	90,991	84,682	59,564	75,824	65,990
<i>Capital</i>						
Foreign Debt	13,200	10,183	601	16,462	10,845	448
Recoveries of Loans and Advances	81	70	85	81	79	112
Total capital receipts	13,281	10,253	686	16,543	10,924	560
<i>Receipts of Provincial Government</i>	85,421	101,244	85,368	76,107	86,748	66,550
<i>Receipts of District Governments</i>	22,000	20,853	22,896	20,465	19,284	17,265
TOTAL RECEIPTS	107,421	122,097	108,264	96,572	106,032	83,815
PAYMENTS						
<i>Revenue</i>						
General Public Services	33,872	34,124	7,382	41,981	39,497	32,590
Economic Affairs	5,683	5,969	5,688	14,552	16,192	7,963
Public Order and Safety Affairs	5,559	6,838	6,991	4,859	5,537	5,447
Education Affairs and Services	2,814	2,814	2,557	2,241	2,277	2,137
Health Affairs and Services	1,650	1,650	1,575	1,571	1,513	1,470
Housing and Community Amenities	1,792	2,362	2,096	623	1,309	1,283
Recreation, Culture and Religion	161	172	198	91	91	92
Social Protection	25,247	25,340	33,488	26	185	123
Environment Protection	44	19	14	-	-	-
Total revenue payments	76,822	79,288	59,989	65,944	66,601	51,105
<i>Capital</i>						
General Public Services	3,771	3,771	5	6,099	6,412	1,387
Economic Affairs	9,635	14,991	13,375	5,456	5,906	10,651
Public Order and Safety Affairs	37	1,592	1,739	91	146	1,942
Education Affairs and Services	2,042	2,042	968	2,219	1,076	1,174
Health Affairs and Services	532	606	639	290	247	494
Housing and Community Amenities	694	3,047	3,972	1,381	1,267	3,238
Recreation, Culture and Religion	111	111	101	87	54	61
Social Protection	280	859	628	66	62	578
Environment Protection	1,055	1,866	2,024	56	33	1,491
Total capital payment	18,157	28,885	23,451	15,745	15,203	21,016
<i>Payments of Provincial Government</i>	94,979	108,173	83,440	81,689	81,804	72,121
<i>Payments of District Governments</i>	19,429	20,095	19,258	20,465	19,284	19,109
TOTAL PAYMENTS	114,408	128,268	102,698	102,154	101,088	91,230

The annexed notes 1 to 31 form an integral part of these financial statements.

Accountant General Balochistan

GOVERNMENT OF BALOCHISTAN

Statement of Comparison of Budget and Actual Expenditure by Departments

For the Year Ended 30 June 2010

<i>DEPARTMENTS</i>	<i>Note</i>	2010 (Rupees in Million)			2009 (Rupees in Million)		
		Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
		Original	Revised		Original	Revised	
General Administration		6,356	6,572	3,402	4,770	3,270	2,852
Provincial Excise		118	150	146	132	133	116
Stamps		9	9	1	7	7	7
Charges on account of Motor Vehicle Act		4	3	2	9	10	7
Other Taxes and Duties		40	43	43	34	35	36
Pension		3,607	3,607	2,756	3,000	2,172	2,003
Administration of Justice		681	715	630	537	540	533
Police		3,208	4,431	5,127	4,065	4,730	4,664
Levies		1,352	1,352	953	8	12	12
Jails and Convict Settlements		260	283	238	217	231	217
Civil Defence		28	28	29	12	14	14
Narcotics Control		29	29	16	20	21	20
Civil Works		778	892	1,010	716	1,124	1,152
Public Health Services		492	817	481	411	768	741
Works Urban/B-WASA		522	652	604	180	503	503
Education		2,804	2,804	2,552	2,232	2,273	2,134
Archives		10	10	4	9	4	4
Health		1,650	1,650	1,574	1,571	1,513	1,470
Manpower and Labor Management		292	360	346	265	270	284
Sports and Recreation Facilities		61	61	49	37	40	40
Social Security and Social Welfare		256	256	206	179	219	193
Culture Services		34	34	28	23	23	22
Natural Calamities		26	37	85	26	185	123
Auqaf		40	39	37	31	28	30
Food		147	152	148	135	137	134
Agriculture		1,640	1,753	1,700	1,431	1,520	1,490
Land Revenue		66	66	64	58	66	65
Animal Husbandry		319	341	342	283	294	298
Forestry		121	124	123	108	112	107
Fisheries		136	178	87	87	190	188
Cooperation		7	7	7	7	7	6
Irrigation		2,789	2,798	2,736	2,691	2,750	2,711
Rural Development		47	55	56	32	38	38
Industries		200	258	248	163	187	183
Stationery and Printing		72	91	90	18	20	20
Mineral Resources		96	96	77	75	84	82
Subsidies		1,000	1,000	-	600	600	600
Debt Servicing and other Obligations		1,743	1,743	10,039	2,851	2,675	2,880
District Governments		22,000	22,000	22,896	20,465	19,284	17,265
Transport		21	21	15	7	9	8
Provincial Public Safety & PCCB		21	21	10	21	10	8
Women Development		-	8	-	-	-	-
Public Debt Discharge		11,329	11,329	300	10,424	11,869	7,383
Loans and Advances		300	300	290	250	2	2
State Trading-Food		12,111	12,111	443	7,747	8,622	460
Development		18,157	28,885	23,451	15,745	15,203	21,016
<i>Payments of Provincial Government</i>		94,979	108,171	83,441	81,689	81,804	72,121
<i>Payments of District Governments</i>		19,429	20,095	19,258	20,465	19,284	19,109
TOTAL PAYMENTS	29	114,408	128,266	102,699	102,154	101,088	91,230

The annexed notes 1 to 31 form an integral part of these financial statements.

Accountant General Balochistan

GOVERNMENT OF BALOCHISTAN

Notes to the Financial Statements

For the Year Ended 30 June 2010

1. REPORTING ENTITY

Provincial Government Balochistan (the Government) conducts its operation under the Rules of Business 2007. These rules were made pursuant to Article 139 of the Constitution of the Islamic Republic of Pakistan, 1973 (the Constitution) and envisages Provincial Government as comprising of Provincial departments and their attached departments. Financial procedures of the Constitution describes the Government as Provincial Consolidated Fund and Public Account of the Province for which Annual Budget Statement is authorized by the Provincial Assembly in the form of budgetary grants. These financial statements focus on reporting the budgetary activity of the Government for the financial year.

Article 170 of the Constitution confers the powers of defining the form, principles and methods of the accounts of the Province to the Auditor General of Pakistan, with the approval of the President. New Accounting Model was prescribed by the Auditor General of Pakistan in 2000 which describes Provincial Government as an accounting and reporting entity comprising of;

- a) Centralized Accounting Entities; for which the Accountant General has the primary responsibility for accounting and reporting.
- b) Self Accounting Entities; There are no Self Accounting Entities for which the Principal Accounting Officer has the primary responsibility for accounting and reporting.
- c) Exempt Entities; special purpose authorities/organizations and all the Government owned corporations/companies which are required to prepare their financial statements under their specific Statute or Companies Ordinance, 1984 are classified as exempt entities. Financial statements of these entities are not consolidated in the financial statements of the Provincial Government. New investments made by the Provincial Government in such entities are capitalized and any grants to the entities are classified as an expense of the Provincial Government, if any, in the financial year to which they pertain. Return from these entities in the form of dividend or interest is classified as non-tax revenue.

Under Balochistan Local Government Ordinance, 2001, district governments were established. The district government consists of zila nazim and district administration. Auditor General of Pakistan under section 114 of the said Ordinance prescribed Local Government Accounts Manual for district governments. This Manual requires preparation of annual Finance and Appropriation Accounts by each district government. Besides Appropriation Accounts, from the financial year 2008-09 the district governments also prepared finance accounts and financial statements based on the format of Cash Based International Public Sector Accounting Standards (IPSAS). Local Government Accounts Manual also requires that accounts of the district governments are consolidated in the financial statements of the Province. In these financial statements, accounts of the following district governments have been consolidated:

1	Awaran	16	Kohlu
2	Barkhan	17	Loralai
3	Kachi at Dhadar	18	Lasbella
4	Chagai at Dalbandin	19	Mastung
5	Jaffarabad at Dera Allah Yar	20	Musa Khel
6	Dera Bughti	21	Nushki
7	Naseerabad at Dera Murad Jamali	22	Pishin
8	Gwadar	23	Panjgur
9	Jhal Magsi at Gandawa	24	Quetta
10	Kalat	25	Sibi
11	Kharan	26	Kech
12	Khuzdar	27	Washuk
13	Killa Abdullah	28	Zhob
14	Killa Saifullah	29	Ziarat
15	Sherani	30	Harnai

These financial statements include all centralized accounting entities and district governments.

GOVERNMENT OF BALOCHISTAN

Notes to the Financial Statements

For the Year Ended 30 June 2010

2 BASIS OF CONSOLIDATION

These financial statements have been prepared by consolidating the accounts of all centralized accounting entities and 30 district Governments. Material inter-government transactions such as transfers from Provincial Government Balochistan, which comprise, receipts of district governments have been eliminated in consolidation.

3 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the New Accounting Model (NAM). In December 2000, Auditor General of Pakistan prescribed NAM with the approval of the President of Pakistan under Article 170 of the Constitution of Islamic Republic of Pakistan and the implementation of NAM is an ongoing process. However commitment, asset and liability accounting practices have not yet been implemented and memorandum registers for assets and commitments do not exist and accounting of liabilities is not done in accordance with NAM.

4 ACCOUNTING CONVENTION AND BASIS OF PREPARATION

These financial statements have been prepared under the cash basis of accounting which recognizes transactions and events only when cash is received or paid by the entity. Assets and liabilities in the disclosed notes are on a historical cost basis.

These financial statements have been prepared as per the requirements of NAM that supports international best practices. Government of Pakistan is moving towards full implementation of Cash Basis IPSAS - Financial Reporting under the Cash Basis of Accounting. The statement of cash receipts and payments, statements of comparison of budget and actual amounts by function, statements of comparison of budget and actual expenditure by departments and notes forming part thereof have been prepared on the format of Cash Basis IPSAS - Financial Reporting under the Cash Basis of Accounting. The statement of cash flows as required by IPSAS 2 - Cash flow Statements has also been presented, as encouraged by Cash Basis IPSAS.

The financial statements for the financial year 2009-2010 have been prepared and presented in order to make a fair presentation of all the relevant financial information without making any change in the fundamentals applied and all policies have been applied on a basis consistent with the previous year.

5 REPORTING AND BUDGET PERIOD

The reporting and budget period of these financial statements is the financial year 2009-2010 (from 1 July, 2009 to 30 June, 2010).

6 REPORTING CURRENCY

The reporting currency of these financial statements is Pak Rupee which is Provincial Government's functional and presentation currency.

GOVERNMENT OF BALOCHISTAN

Notes to the Financial Statements

For the Year Ended 30 June 2010

7 SIGNIFICANT ACCOUNTING POLICIES

7.1 Revenue recognition

Revenue is recognized on the date of receipt of money by the Bank or clearance of cheque. Revenue is recognized on a gross basis and any related costs are recorded separately. Receipts representing recovery of any previous overpayment are adjusted against the relevant expenditure, if it occurs in the same financial year.

7.2 Recognition of expenditure

Expenditure is recognized on the date when payment is made or cheque is issued. Financial year to which the payments pertain is determined by the date on which a cheque or payment advice is issued. Policies for recognition of expenditure are as follows;

a) **Payments made through cheque**

Expenditure is recognized on the date the cheque is issued.

b) **Inter Government transfers**

Expenditure is recognized on the date the transfer is made by the transferor.

c) **Payments directly in Bank accounts**

Expenditure is recognized on the date the payment advice is issued to the Bank.

d) **Direct payments by the State Bank of Pakistan (SBP)**

Expenditure is recognized on the date when State Bank of Pakistan advises repayment of loans and other direct payments to the relevant accounting office.

e) **Imprest payments**

Expenditure is recognized when the required claim vouchers are submitted and imprest account is reimbursed.

7.3 Foreign currency

Transactions in foreign currencies are recorded in the books at the rates of exchange prevailing on the date of the transaction. Exchange differences arising on settlement of these transactions are recognized in the statement of cash receipts and payments, but are not disclosed separately.

7.4 Employee benefits

The government has following plans for its employees:

a) **General Provident Fund**

An employee compulsorily subscribes to the General Provident Fund from the date of appointment and monthly subscription is by way of deduction from the monthly payroll at a uniform rate of subscription, as advised by the Government for a financial year as laid down in the Provident Funds Act (XIX of 1925) and General Provident Fund Rules. The Government pays interest on provident fund balance and is recorded as expenditure in the financial year.

GOVERNMENT OF BALOCHISTAN

Notes to the Financial Statements

For the Year Ended 30 June 2010

b) Pension

The entitlement of Government employees to a stream of payments after they retire from service. No liability for pension is recognized in the financial statements and pension payments made during the year are recorded as expenditure.

c) Encashment of leave

This represents liability arising from entitlements to the various forms of leave earned by government employees. No provision is made and the expenditure is recognized on the basis of payments made during the year.

7.5 Investments

All investments made by the Government are initially measured at cost being the fair value of consideration given plus transaction costs that are directly attributable to their acquisition.

Subsequent to initial recognition, investments are carried at historical cost. Any dividend received against investments are recognized when received in the Provincial Consolidated Fund.

7.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash with the State Bank of Pakistan.

7.7 Liability

Liabilities are future sacrifices of economic benefits that the Government is presently obliged to make as a result of the past transactions. All liabilities are recorded at historical cash value.

7.8 Public debt

Public Debt comprises of cash inflows from banks, similar lending agencies, commercial institutions and amounts owing in respect of non-cash assistance provided by third parties and foreign borrowings. All debts raised are classified as either floating or permanent debts depending on the nature of the transaction.

7.9 Assets

Assets are future economic benefits controlled by the Government as a result of past transactions or other past events. Assets are recorded at cost and currently no depreciation is charged.

7.10 Loans and advances

These include loans and advances due from autonomous bodies, financial and non-financial institutions, Government servants for house building, purchase of conveyance and other loans. Loans to Government servants are interest bearing and interest is calculated in accordance with the General Financial Rules.

7.11 Payments by third parties

The Government also benefits from goods and services purchased on its behalf as a result of cash payments made by the third parties during the period by way of loans and contributions, in the shape of grants and aid. The payments made by the third parties do not constitute cash receipts or payments controlled by the Government as defined in the Cash Basis IPSAS - Financial Reporting under the Cash Basis of Accounting, but do benefit the Government, as the Government does not receive cash (including cash equivalents) directly from, or gain control of the bank accounts or similar facility established for its benefit by, the third parties. Payments by third parties, if any, are disclosed in the payments by third parties column on the face of statement of cash receipts and payments and notes to the financial statements.

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2010

	2010	2009
	Rupees	Rupees
	in Million	in Million
8 TAXATION - TRANSFERS FROM FEDERAL GOVERNMENT		
<i>Direct taxes</i>		
Income Tax	11,431	8,623
Wealth Tax	-	1
Capital Value Tax	91	66
	11,522	8,690
<i>Indirect Taxes</i>		
Sales Tax	11,572	9,880
Custom Duty	3,568	3,122
Federal Excise	3,663	3,525
Others	-	1
	18,803	16,528
	30,325	25,218
9 TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION		
<i>Direct Taxes</i>		
Income Tax- Agriculture	-	4
Property Tax	56	72
Land Revenue	34	48
Tax on Profession, Trade and Callings	3	1
	93	125
<i>Indirect Taxes</i>		
Receipts Under Motor Vehicles Act	411	272
Stamp Duties	158	141
Provincial Excise	328	362
Others	30	31
	927	806
	1,020	931
10 GENERAL ADMINISTRATION RECEIPTS		
Fiscal Administration	22	18
Community Services	197	162
Social Services	73	65
Law and Order	189	197
	481	442

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2010

	<i>Note</i>	2010 Rupees in Million	2009 Rupees in Million
11 ECONOMIC SERVICES - RECEIPTS			
Cooperation, Irrigation and Embankment Drainage		92	174
Food and Agriculture		119	254
Fisheries and Animal Husbandry		41	38
Forest		799	46
Printing and industries		69	52
Others		96	68
		<u>1,216</u>	<u>632</u>
12 DEVELOPMENT SURCHARGE AND ROYALTIES - RECEIPTS			
Development Surcharge on Gas	<i>12.1</i>	5,028	2,406
Royalty on Natural Gas	<i>12.2</i>	4,597	6,015
		<u>9,625</u>	<u>8,421</u>

12.1 The development surcharge on natural gas is levied under the Natural Gas Development Surcharge Ordinance, 1967. In pursuance of the said Ordinance, the federal government has to fix the sale price for the consumers and prescribe a price for the gas companies. The difference between the two prices is the margin available to the Government as development surcharge. The surcharge on natural gas is transferred to the Provinces according to the production of gas in a Province.

12.2 Royalty on crude oil and natural gas is received under the Pakistan Petroleum Production Rules, 1949 at the rate of 12.5% on the well head value of production. Federal Government collects royalty on crude oil and natural gas which is transferred to the Provinces on well head production basis after deduction of 2% collection charges.

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2010

	<i>Note</i>	2010 Rupees in Million	2009 Rupees in Million
13 DIVIDEND AND PROFIT SHARE			
Dividends Receipts	<i>13.1</i>	<u>7</u>	<u>28</u>
13.1 Dividends Receipts			
Non-Financial Institutions		<u>7</u>	<u>28</u>
14 OTHER RECEIPTS			
Sale of Land		-	992
Miscellaneous Receipts		<u>745</u>	<u>737</u>
		<u>745</u>	<u>1,729</u>
15 GRANTS AND AID - RECEIPTS			
Development Grants		14,100	12,462
Non Development Grants		24,068	12,760
Other Receipts / (Transfers)		<u>577</u>	<u>(1,837)</u>
		<u>38,745</u>	<u>23,385</u>
16 FOREIGN DEBT - RECEIPTS			
Foreign Lenders		96	23
Permanent Debt - Federal Government		505	425
		<u>601</u>	<u>448</u>

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2010

	<i>Note</i>	2010 Rupees in Million	2009 Rupees in Million
17 RECOVERY OF LOANS AND ADVANCES			
Government Servants		76	74
Private Sector		<u>9</u>	<u>38</u>
		<u>85</u>	<u>112</u>
18 TRADING ACTIVITIES - RECEIPTS			
Sale of Wheat		<u>2,518</u>	<u>5,204</u>
19 RECEIPTS OF DISTRICT GOVERNMENTS			
Grants from Provincial Government		22,896	17,265
Less: Grants from Provincial Government	19.1	<u>(22,896)</u>	<u>(17,265)</u>
		<u>-</u>	<u>-</u>

19.1 Grants received from Provincial Government - Balochistan have been eliminated against transfers to District Governments, while consolidating these accounts, in order to avoid the duplicate effect of receipts and payments.

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2010

	<i>Note</i>	2010 Rupees in Million	2009 Rupees in Million
20 SALARIES AND EMPLOYEE BENEFITS			
Pay of Officers		2,021	1,811
Pay of Other Staff		5,365	4,337
Allowances		7,367	5,698
Retirement Benefits		2,756	2,003
		<u>17,509</u>	<u>13,849</u>
21 GRANTS, SUBSIDIES AND WRITE-OFF OF LOANS			
Grants, Subsidies and Write-off of Loans		25,810	21,128
Less: Transfers to District Governments		<u>(22,896)</u>	<u>(17,265)</u>
		<u>2,914</u>	<u>3,863</u>
22 PRINCIPAL REPAYMENT OF DEBT			
Domestic Debt	22.1	<u>300</u>	<u>7,383</u>
22.1 Domestic Debt			
Permanent Debt	22.1.1	300	120
Floating Debt	22.1.2	-	7,263
		<u>300</u>	<u>7,383</u>
22.1.1			
This represents borrowings from Federal Government. Repayment period and interest rate for these borrowings are determined in accordance with terms and conditions of each loan.			
22.1.2			
Floating debt represents the borrowing of temporary nature such as Ways and Means Advances or Cash Credit Accommodation from the State Bank of Pakistan. These are repayable within twelve months.			
23 SERVICING OF DEBT	<i>Note</i>		
Domestic Debt		<u>10,040</u>	<u>2,880</u>
24 LOANS AND ADVANCES			
Government Employees	24.1	<u>290</u>	<u>2</u>
24.1 Government Employees			
House Building Advance		<u>290</u>	<u>2</u>
		<u>290</u>	<u>2</u>

Advances to government employees are provided according to Rule 252, 253, 256, 262 and 263 of the General Financial Rules as per their entitlements.

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2010

	<i>Note</i>	2010 Rupees in Million	2009 Rupees in Million
25 PAYMENTS OF DISTRICT GOVERNMENTS			
Revenue Expenditure	25.1	18,443	16,858
Capital Expenditure	25.2	815	2,251
		<u>19,257.8</u>	<u>19,109</u>
25.1 Revenue Expenditure			
Education Affairs and Services		10,003	8,322
Health Affairs and Services		2,533	2,094
Economic Affairs		3,971	3,309
General Public Service		1,096	2,449
Housing and Community Amenities		666	543
Social Protection		31	131
Recreation, Culture and Religion		143	10
		<u>18,443</u>	<u>16,858</u>
25.2 Capital Expenditure			
Education Affairs and Services		-	2
Health Affairs and Services		12	13
Economic Affairs		224	391
General Public Service		6	1,841
Housing and Community Amenities		573	-
Social Protection		-	4
		<u>815</u>	<u>2,251</u>
26 NET RECEIPT OF PUBLIC ACCOUNT			
<i>Receipts</i>			
Trust and other Public Accounts	26.1	106,349	100,346
Special Deposits		11,003	6,694
State Provident Fund		1,802	1,658
		<u>119,154</u>	<u>108,698</u>
<i>Payments</i>			
Trust and other Public Accounts	26.1	(111,908)	(101,605)
Special Deposits		(9,736)	(5,704)
State Provident Fund		(891)	(685)
		<u>(122,536)</u>	<u>(107,994)</u>
	26.1	<u>(3,381)</u>	<u>704</u>

26.1 The Public Account consists of those moneys received by the Government for which it has a fiduciary duty, but not at liberty to appropriate for the general services of Government, unless provided under an Act of Provincial Assembly or Rules made by the Governor. The balances in the public account are carried forward at year end, to be used for the specific purpose for which they are established.

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2010

	<i>Note</i>	2010 Rupees in Million	2009 Rupees in Million
27 CASH AND BANK			
Provincial Government's Balance		(29,593)	(28,139)
District Governments' Balance		8,188	4,550
		<u>(21,405)</u>	<u>(23,589)</u>
28 ASSETS AND LIABILITIES			
<i>Assets</i>			
Long Term Assets		191,332	167,476
Loans and Advances		616	412
Current Assets		1,146	4,835
Cash and Bank		(21,405)	(23,589)
	28.1	<u>171,689</u>	<u>149,134</u>
<i>Liabilities and equity</i>			
Public Debt		(9,541)	10,157
Special Deposits and Trust Accounts		15,806	8,324
Residual Equity		165,424	130,653
	28.1	<u>171,689</u>	<u>149,134</u>

28.1 These financial statements have been prepared under cash basis of accounting, the information of assets and liabilities have been presented on the basis of limited records as explained in note 3 and these are not mandatory but encouraged disclosures as per international standards.

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2010

29 COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The approved budget is developed on the same accounting basis (cash basis), functional classification basis and for the same period as for the financial statements. It encompasses the same entities as the financial statements as identified in note 1 above.

The statements of comparison of budgeted and actual amounts by function and actual expenditure by department are presented on a gross basis. Grants received by district governments from Provincial Government have been eliminated against transfers to district governments in statement of cash receipts and payments as explained in note 2, for which a reconciliation is presented below:

<i>Note</i>	2010 Rupees in Million	2009 Rupees in Million
Receipts		
Actual receipts in Statement of Comparison of Budget and Actual Amounts by Function	108,264	83,815
Less : Grants from Provincial Government Balochistan	(22,896)	(17,265)
	<hr/> 85,368 <hr/>	<hr/> 66,550 <hr/>
Payments		
Actual payments in Statements of Comparison of Budget and Actual Amounts by Function and Actual Expenditure by Department	102,698	91,230
Less : Transfers to District Governments	(22,896)	(17,265)
	<hr/> 79,802 <hr/>	<hr/> 73,965 <hr/>

30 AUTHORIZATION FOR ISSUE

Under section 7 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, read with Article 171 of the Constitution, the Auditor - General submits the certified financial statements of the Government of Balochistan together with the audit reports on these financial statements to the Governor of Balochistan who shall cause them to be laid before the Provincial Assembly. These financial statements have been authorized for issue on _____.

31 GENERAL

31.1 Level of Precision

Figures in these financial statements have been rounded off to the nearest million of rupees, unless otherwise stated.

31.2 Corresponding Figures

Corresponding figures, wherever necessary, have been rearranged and reclassified for the purposes of comparison.

Accountant General Balochistan