

CONTENTS

Preface	1
Auditor's Report	3
Statement of Cash Receipts and Payments	5
Statement of Cash Flows	7
Statement of Comparison of Budget and Actual Amounts by Function	8
Statement of Comparison of Budget and Actual Expenditure by Department	9
Notes to the Financial Statements	10

PREFACE

I am pleased to present the Financial Statements of the Government of Balochistan for the year ended 30 June, 2011 together with the Auditors' Report thereon.

The Financial Statements of the Government of Balochistan for the financial year 2010-11 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

Accounts

Date:

Controller General of



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, 2011, 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, 2011, 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.

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 2011

	Note	2011 (Rupees in Million)		2010 (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	88,191	-	30,325	-
<i>Taxation- Provincial Government's Own Collection</i>	9	1,079	-	1,020	-
<i>Non-Tax Revenue and Other Receipts</i>					
General Administration	10	396	-	481	-
Economic Services	11	653	-	1,216	-
Development Surcharge and Royalties	12	14,184	-	9,625	-
Dividend and Profit Share	13	6	-	7	-
Others	14	1,125	-	745	-
		16,364	-	12,074	-
<i>Grants and Aid</i>	15	26,146	-	38,745	-
<i>Borrowings</i>					
Foreign Debt	16	353	-	601	-
<i>Capital Receipts</i>					
Recovery of Loans and Advances	17	107	-	85	-
<i>Trading Activities</i>	18	3,756	-	2,518	-
<i>Receipts of District Governments</i>	19	-	-	-	-
<i>Direct Payments by Lending / Donor agencies</i>	30	-	599	-	-
TOTAL RECEIPTS		135,996	599	85,368	-

GOVERNMENT OF BALOCHISTAN
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2011

	Note	2011 (Rupees in Million)		2010 (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	47,941	-	17,509	-
Project Preinvestment Analysis		55	-	-	-
Operating Expenses		8,340	-	4,638	-
		56,336		22,147	
<i>Transfers</i>					
Grants, Subsidies and Write-off of Loans	21	7,662	-	2,914	-
Other Transfer Payments		163	-	152	-
		7,825	-	3,066	-
<i>Expenditure on</i>					
Physical Assets		2,532	-	1,200	-
Civil Works		37,330	-	23,501	-
		39,862	-	24,701	-
<i>Debt and Interest Payments</i>					
Principal Repayment of Debt	22	11,848	-	300	-
Servicing of Debt	23	7,409	-	10,040	-
		19,257		10,340	
<i>Other Payments</i>					
Loans and Advances	24	638	-	290	-
Investments		9,861	-	-	-
<i>Payments of District Governments</i>	25	-	-	19,258	-
<i>Direct Payments by Lending / Donor agencies</i>	30	-	504	-	-
TOTAL PAYMENTS		133,779	504	79,802	-
NET RECEIPT/ (PAYMENT) OF PROVINCIAL CONSOLIDATED FUND					
		2,217	95	5,566	-
NET RECEIPT OF PUBLIC ACCOUNT	26	4,405	-	(3,381)	-
INCREASE / (DECREASE) IN CASH		6,622	-	2,185	-
CASH AT BEGINNING OF THE YEAR		(21,404)	181	(23,589)	-
INCREASE / (DECREASE) IN CASH		6,622	95	2,185	-
CASH AT END OF THE YEAR	27	(14,782)	276	(21,404)	-

The annexed notes 1 to 34 form an integral part of these financial statements.

Accountant General Balochistan

GOVERNMENT OF BALOCHISTAN
Statement of Cash Flows
For the Year Ended 30 June 2011

	2011 Rupees in Million	2010 Rupees in Million
CASH FLOWS FROM OPERATING ACTIVITIES		
Taxation - Transfers from Federal Government	88,191	30,325
Taxation - Provincial Government's Own Collection	1,079	1,020
Non-Tax Revenue and Other Receipts	16,364	12,074
Grants and Aid - Receipts	26,146	38,745
Trading Activities - Receipts	3,756	2,518
Operations - Payments	(56,336)	(22,147)
Servicing of Debt - Payments	(7,409)	(10,040)
Transfers - Payments	(7,825)	(3,066)
Receipts of District Governments	-	-
Payments of District Governments - Revenue Expenditure	-	(18,443)
<i>Cash from Operating Activities</i>	63,966	30,986
CASH FLOWS FROM INVESTING ACTIVITIES		
Recoveries of Loans and Advances	107	85
Expenditure on Physical Assets, Civil Works and Others	(39,862)	(24,701)
Payments of Loans and Advances	(638)	(290)
Investments	(9,861)	-
Payments of District Governments - Capital Expenditure	-	(815)
<i>Cash used in Investing Activities</i>	(50,254)	(25,721)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of Foreign Debt	353	601
Principal Repayments of Debt	(11,848)	(300)
Net Receipt of Public Account	4,405	(3,381)
<i>Cash used in Financing Activities</i>	(7,090)	(3,080)
NET DECREASE IN CASH AND CASH EQUIVALENTS	6,622	2,185
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(21,404)	(23,589)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(14,782)	(21,404)

The annexed notes 1 to 34 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 2011

	2011 (Rupees in Million)			2010 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
RECEIPTS						
<u>Revenue</u>						
Taxation	100,631	101,034	89,270	32,489	33,385	31,345
Non-Taxation	19,624	25,295	42,510	39,651	57,606	53,337
Total revenue receipts	120,255	126,329	131,780	72,140	90,991	84,682
<u>Capital</u>						
Foreign Debt	14,421	14,625	353	13,200	10,183	601
Recoveries of Loans and Advances	107	109	107	81	70	85
Income from Property and Enterprise	10,134	7,147	3,756	-	-	-
Total capital receipts	24,662	21,881	4,216	13,281	10,253	686
<i>Receipts of Provincial Government</i>	144,917	148,210	135,996	85,421	101,244	85,368
<i>Receipts of District Governments</i>	-	-	-	22,000	20,853	22,896
TOTAL RECEIPTS	144,917	148,210	135,996	107,421	122,097	108,264
PAYMENTS						
<u>Revenue</u>						
General Public Services	58,435	49,880	41,181	33,872	34,124	7,382
Economic Affairs	23,932	21,108	15,900	5,683	5,969	5,688
Public Order and Safety Affairs	12,949	11,798	11,169	5,559	6,838	6,991
Education Affairs and Services	17,328	17,524	17,946	2,814	2,814	2,557
Health Affairs and Services	7,443	6,846	5,743	1,650	1,650	1,575
Housing and Community Amenities	2,483	2,757	2,583	1,792	2,362	2,096
Recreation, Culture and Religion	423	531	233	161	172	198
Social Protection	2,236	2,279	1,764	25,247	25,340	33,488
Environment Protection	34	32	-	44	19	14
Total revenue payments	125,263	112,755	96,519	76,822	79,288	59,989
<u>Capital</u>						
General Public Services	5,786	5,786	1,073	3,771	3,771	5
Economic Affairs	13,699	23,417	22,887	9,635	14,991	13,375
Public Order and Safety Affairs	111	1,161	785	37	1,592	1,739
Education Affairs and Services	2,289	2,289	1,581	2,042	2,042	968
Health Affairs and Services	869	1,172	939	532	606	639
Housing and Community Amenities	1,174	2,858	6,126	694	3,047	3,972
Recreation, Culture and Religion	193	247	205	111	111	101
Social Protection	749	1,229	411	280	859	628
Environment Protection	1,459	2,610	3,253	1,055	1,866	2,024
Total capital payment	26,329	40,769	37,260	18,157	28,885	23,451
<i>Payments of Provincial Government</i>	151,592	153,524	133,779	94,979	108,173	83,440
<i>Payments of District Governments</i>	-	-	-	19,429	20,095	19,258
TOTAL PAYMENTS	151,592	153,524	133,779	114,408	128,268	102,698

The annexed notes 1 to 34 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 2011

DEPARTMENTS	Note	2011 (Rupees in Million)			2010 (Rupees in Million)		
		Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
		Original	Revised		Original	Revised	
General Administration		13,852	7,422	5,039	6,356	6,572	3,402
Provincial Excise		148	241	178	118	150	146
Stamps		10	11	1	9	9	1
Charges on account of Motor Vehicle Act		-	-	-	4	3	2
Other Taxes and Duties		55	26	64	40	43	43
Pension		4,500	3,680	4,566	3,607	3,607	2,756
Administration of Justice		909	1,000	903	681	715	630
Police		7,497	6,768	7,462	3,208	4,431	5,127
Levies		3,725	2,765	2,409	1,352	1,352	953
Jails and Convict Settlements		320	393	357	260	283	238
Civil Defence		26	25	27	28	28	29
Narcotics Control		28	-	41	29	29	16
Civil Works		4,304	3,843	4,578	778	892	1,010
Public Health Services		1,724	1,576	1,591	492	817	481
Works Urban/B-WASA		652	652	652	522	652	604
Education		17,318	17,515	17,938	2,804	2,804	2,552
Archives		10	9	8	10	10	4
Health		7,443	6,846	5,743	1,650	1,650	1,574
Population Welfare		-	7	2	-	-	-
Manpower and Labor Management		404	516	464	292	360	346
Sports and Recreation Facilities		79	154	128	61	61	49
Social Security and Social Welfare		378	448	452	256	256	206
Culture Services		53	47	42	34	34	28
Natural Calamities		2,027	2,045	1,746	26	37	85
Auqaf		68	60	62	40	40	37
Food		202	224	207	147	152	148
Agriculture		3,158	3,555	3,675	1,640	1,753	1,700
Land Revenue		81	93	91	66	66	64
Animal Husbandry		1,305	1,183	1,161	319	341	342
Forestry		476	382	380	121	124	123
Fisheries		298	287	316	136	178	87
Cooperation		46	51	46	7	7	7
Irrigation		904	1,164	1,178	2,789	2,798	2,736
Rural Development		57	452	340	47	55	56
Industries		375	284	287	200	258	248
Stationery and Printing		40	26	26	72	91	90
Mineral Resources		99	137	136	96	96	77
Subsidies		2,418	2,549	2,549	1,000	1,000	-
Debt Servicing and other Obligations		4,391	5,084	7,409	1,743	1,743	10,039
District Governments		-	-	-	22,000	22,000	22,896
Transport		23	25	19	21	21	15
Provincial Public Safety & PCCB		17	18	12	21	21	10
Women Development		24	29	18	-	8	-
Public Debt Discharge		19,503	20,999	11,848	11,329	11,329	300
Loans and Advances		600	660	638	300	300	290
Grant for Local Governments		4,000	2,700	1,507	-	-	-
State Trading-Food		9,716	6,665	362	12,111	12,111	443
Investments		12,000	10,139	9,861	-	-	-
Development		26,329	40,769	37,260	18,157	28,885	23,451
<i>Payments of Provincial Government</i>		151,592	153,524	133,779	94,979	108,173	83,441
<i>Payments of District Governments</i>		-	-	-	19,429	20,095	19,258
TOTAL PAYMENTS	29	151,592	153,524	133,779	114,408	128,268	102,699

The annexed notes 1 to 34 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 2011

1 REPORTING ENTITY

Provincial Government Balochistan (the Government) conducts its operations 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 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 in the consolidated fund as non-tax revenue.

Under Balochistan Local Government Ordinance, 2001 (replaced by Local Government Act 2010), district governments were established. Under the 2001 Ordinance the district government consisted 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 required preparation of annual Finance and Appropriation Accounts by each district government. Local Government Accounts Manual also required that accounts of the district governments had been consolidated in the financial statements of the Province. In these financial statements, accounts of the following district governments had been consolidated till the year 2009-10. However, in the current financial year of 2010-11 the district governments were abolished and became part of the Provincial Government's Consolidated Fund.

1	Awaran	16	Kohlu
2	Barkhan	17	Loralai
3	Kachi at Dhadar	18	Lasbella at Uthal
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 at Turbat
12	Khuzdar	27	Washuk
13	Killa Abdullah at Chaman	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 2011

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 2010-2011 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 2010-2011 (from 1 July, 2010 to 30 June, 2011).

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 2011

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 2011

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 2011

	<i>Note</i>	2011 Rupees in Million	2010 Rupees in Million
8. TAXATION - TRANSFERS FROM FEDERAL GOVERNMENT			
<i>Direct taxes</i>			
Income Tax		33,747	11,431
Wealth Tax	8.1	-	-
Capital Value Tax		257	91
		34,004	11,522
<i>Indirect Taxes</i>			
Sales Tax		34,583	11,572
Custom Duty		9,594	3,568
Federal Excise		10,010	3,663
Others		-	-
		54,187	18,803
		88,191	30,325

8.1 There had been a recovery of Rs. 248,000 by the Federal Government from the Provincial Government against the Wealth Tax during the year ended June 30 2011.

9. TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION

<i>Direct Taxes</i>			
Income Tax- Agriculture		-	-
Property Tax		59	56
Land Revenue		54	34
Tax on Profession, Trade and Callings		2	3
		115	93
<i>Indirect Taxes</i>			
Receipts Under Motor Vehicles Act		354	411
Stamp Duties		234	158
Provincial Excise		366	328
Others		10	30
		964	927
		1,079	1,020

10. GENERAL ADMINISTRATION RECEIPTS

Fiscal Administration	13	7
Organs of State	9	13
Community Services	56	197
Social Services	76	73
Economic Regulations	5	2
Law and Order	237	189
	396	481

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2011

	<i>Note</i>	2011 Rupees in Million	2010 Rupees in Million
11. ECONOMIC SERVICES - RECEIPTS			
Cooperation, Irrigation and Embankment Drainage		109	92
Food and Agriculture		149	119
Fisheries and Animal Husbandry		36	41
Forest		37	799
Printing and industries		186	69
Communication and Works		136	-
Others		-	96
		<u>653</u>	<u>1,216</u>
12. DEVELOPMENT SURCHARGE AND ROYALTIES - RECEIPTS			
Development Surcharge on Gas	<i>12.1</i>	8,578	5,028
Royalty on Natural Gas and Crude Oil	<i>12.2</i>	3,924	4,597
Mineral Royalties		372	-
Mineral Royalties from Sandak		1,202	-
Mineral Royalties from Chamalang		15	-
Mineral Royalties from Duddar		93	-
		<u>14,184</u>	<u>9,625</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 2011

	<i>Note</i>	2011 Rupees in Million	2010 Rupees in Million
13. DIVIDEND AND PROFIT SHARE			
Dividends Receipts	<i>13.1</i>	<u>6</u>	<u>7</u>
		<u>6</u>	<u>7</u>
13.1 Dividends Receipts			
Non-Financial Institutions		<u>6</u>	<u>7</u>
14. OTHER RECEIPTS			
Sale of Land		330	-
Miscellaneous Receipts		<u>795</u>	<u>745</u>
		<u>1,125</u>	<u>745</u>
15. GRANTS & AID AND OTHER RECEIPTS			
Development Grants		8,761	14,100
Non Development Grants		17,385	24,068
Other Receipts		<u>-</u>	<u>577</u>
		<u>26,146</u>	<u>38,745</u>
15.1 The extra ordinary receipts were earlier designated as other receipts / (transfers)			
16. FOREIGN DEBT - RECEIPTS			
Foreign Lenders		-	96
Permanent Debt - Federal Government		<u>353</u>	<u>505</u>
		<u>353</u>	<u>601</u>
17. RECOVERY OF LOANS AND ADVANCES			
Cash Loans		3	-
Government Servants		104	76
Private Sector		<u>-</u>	<u>9</u>
		<u>107</u>	<u>85</u>
18. TRADING ACTIVITIES - RECEIPTS			
Sale of Wheat		<u>3,756</u>	<u>2,518</u>
19. RECEIPTS OF DISTRICT GOVERNMENTS			
Grants from Provincial Government		-	22,896
Less: Grants from Provincial Government	<i>19.1</i>	<u>-</u>	<u>(22,896)</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 2011

	<i>Note</i>	2011 Rupees in Million	2010 Rupees in Million
20. SALARIES AND EMPLOYEE BENEFITS			
Pay of Officers		3,940	2,021
Pay of Other Staff		12,909	5,365
Allowances		26,524	7,367
Retirement Benefits		4,568	2,756
		<u>47,941</u>	<u>17,509</u>
21. GRANTS, SUBSIDIES AND WRITE-OFF OF LOANS			
Grants, Subsidies and Write-off of Loans		7,662	25,810
Less: Transfers to District Governments		-	(22,896)
		<u>7,662</u>	<u>2,914</u>
22. PRINCIPAL REPAYMENT OF DEBT			
Domestic Debt	22.1	<u>11,848</u>	<u>300</u>
22.1 Domestic Debt			
Permanent Debt	22.1.1	11,848	300
Floating Debt	22.1.2	-	-
		<u>11,848</u>	<u>300</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>	2011 Rupees in Million	2010 Rupees in Million
Domestic Debt		<u>7,409</u>	<u>10,040</u>
24. LOANS AND ADVANCES			
Government Employees	24.1	<u>638</u>	<u>290</u>
24.1 Government Employees			
House Building Advance	24.1.1	<u>638</u>	<u>290</u>
		<u>638</u>	<u>290</u>
24.1.1 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 2011

	<i>Note</i>	2011 Rupees in Million	2010 Rupees in Million
25. PAYMENTS OF DISTRICT GOVERNMENTS			
Revenue Expenditure	25.1	-	18,443
Capital Expenditure	25.2	-	815
		<u>-</u>	<u>19,258</u>
25.1 Revenue Expenditure			
Education Affairs and Services		-	10,003
Health Affairs and Services		-	2,533
Economic Affairs		-	3,971
General Public Service		-	1,096
Housing and Community Amenities		-	666
Social Protection		-	31
Recreation, Culture and Religion		-	143
		<u>-</u>	<u>18,443</u>
25.2 Capital Expenditure			
Health Affairs and Services		-	12
Economic Affairs		-	224
General Public Service		-	6
Housing and Community Amenities		-	573
		<u>-</u>	<u>815</u>
26. NET RECEIPT OF PUBLIC ACCOUNT			
<i>Receipts</i>			
Trust and other Public Accounts		74,952	106,349
Special Deposits		1,905	11,003
State Provident Fund		1,894	1,802
		<u>78,751</u>	<u>119,154</u>
<i>Payments</i>			
Trust and other Public Accounts		(71,529)	(111,908)
Special Deposits		(1,812)	(9,736)
State Provident Fund		(1,005)	(891)
		<u>(74,346)</u>	<u>(122,536)</u>
	26.1	<u>4,405</u>	<u>(3,381)</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 2011

	<i>Note</i>	2011 Rupees in Million	2010 Rupees in Million
27. CASH AND BANK			
Provincial Government's Balance		(14,782)	(29,592)
District Governments' Balance		-	8,188
Provincial Government's Balance		<u>(14,782)</u>	<u>(21,404)</u>
28. ASSETS AND LIABILITIES			
<i>Assets</i>			
Long Term Assets		228,592	191,315
Long Term Investment	28.1	16	16
Short Term Investments	28.2	9,861	-
Loans and Advances		1,195	616
Current Assets		78	1,146
Cash and Bank		<u>(14,782)</u>	<u>(21,404)</u>
	28.3	<u>224,960</u>	<u>171,689</u>
<i>Liabilities and equity</i>			
Public Debt		(11,180)	(9,541)
Special Deposits and Trust Accounts		20,819	15,806
Deferred Liabilities		(1,170)	-
Residual Equity		<u>216,491</u>	<u>165,424</u>
	28.3	<u>224,960</u>	<u>171,689</u>
28.1 Long term investment			
28.1.1 Investment in Shares			
Financial Institutions		No. of Shares	Par value (Rs.)
ADBP 1974-75 Converted to ZTBL		37,875	10
Balochistan Cooperative Bank Limited		26,500	200
IDBP		606	100
Equity Participants Fund Karachi		3,595	100
Federal Bank of Cooperatives		50	100,000
Non-financial Institutions			
Unilever Pakistan Limited		16,482	50
Charsada Sugar Mills		575	100
Hub Power Company Limited		358,607	10
Total Consolidated Fund Investment			<u>15,567</u>
28.2 Short term investment			
13% Treasury Bills			8,000
10% Loan to Food Account II			1,861
			<u>9,861</u>
28.3			
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 2011

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>	2011 Rupees in Million	2010 Rupees in Million
Receipts		
Actual receipts in Statement of Comparison of Budget and Actual Amounts by Function	135,996	108,264
Less : Grants from Provincial Government Balochistan	-	(22,896)
Actual receipts in Statement of Cash Receipts and Payments	<u>135,996</u>	<u>85,368</u>
Payments		
Actual payments in Statements of Comparison of Budget and Actual Amounts by Function and Actual Expenditure by Department	133,779	102,698
Less : Transfers to District Governments	-	(22,896)
Actual payments in Statement of Cash Receipts and Payments	<u>133,779</u>	<u>79,802</u>

30. THIRD PARTY PAYMENTS

	Lending /	Opening	Receipts	Payments	Closing
Rupees in Million.....				
Gender Justice Through Musalihat Anjuman Project - Balochistan	UNDP	-	27	27	-
Strengthening Poverty Reduction Strategy & Monitoring Project	UNDP	-	7	4	3
Omani Grant - For Development Projects in District Gwadar	OMAN	-	200	200	-
Expanded Programme on Immunization	-	-	17	2	15
Balochistan Education Support Programme	World Bank	129	98	112	115
	World Bank	52	250	159	143
Balochistan Small Scale Irrigation Programme					
		181	599	504	276

30.1 Third Party Payments are those payments which are made directly by the Lending / Donor Agencies to the project authorities. These amounts are reflected in the Public Sector Development Programme as Foreign Project Assistance (FPA), and are not part of the Provincial Consolidated Fund. Further, these amounts include both foreign currency loans and donations from various international organisations.

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2011

	<i>Note</i>	2011 Rupees in Million	2010 Rupees in Million
31. INVESTMENTS -PUBLIC ACCOUNT FUND			
Benevolent Fund		234	-
Pension Fund		800	-
Group Insurance		70	556
General Provident Fund		101	1,200
	31.1	<u>1,205</u>	<u>1,756</u>

31.1 Government of Balochistan had made Investment Acts for General Provident Fund, Pension Fund, Group Insurance and Benevolent Fund as a guideline for making investments to meet its Public Accounts Liability.

		2011 Rupees in Million	2010 Rupees in Million
32. CASH AND BANK BALANCE - PUBLIC ACCOUNT FUND			
Benevolent Fund		1,576	-
Pension Fund		23	-
Group Insurance		190	-
General Provident Fund		-	-
	32.1	<u>1,789</u>	<u>-</u>

32.1 These balances represent the closing cash balances in various commercial bank accounts opened for the purpose of managing investments out of public account.

33. 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 report 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 _____.

34. GENERAL

34.1 Level of Precision

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

34.2 Corresponding Figures

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