





# **Financial Statements**

of the

**Government of Punjab**

**Financial Year 2012-13**

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## **PREFACE**

I am pleased to present the Financial Statements of the Government of Punjab for the year ended 30 June, 2013 together with the Auditor's Report thereon.

The Financial Statements of the Government of Punjab for the financial year 2012-13 have been prepared by the Accountant General Punjab 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 stakeholder's 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.

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**Controller General of Accounts**

**Islamabad, Pakistan**

**Date:**



# Auditor General of Pakistan

Audit House, Constitution Avenue  
Islamabad, Pakistan

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## Auditor's Report

I have audited the accompanying financial statements of the Government of Punjab, which comprise the statements of receipts and payments for the year ended 30 June 2013, statement of cash flows, statement of comparison of budget and actual amounts by function statement of comparison of budget, actual expenditure by departments and statement of appropriation of grants by object for the year 30 June 2013 and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Financial Statements.**

Management is responsible for the preparation and proper presentation of these financial statements in accordance with the applicable financial reporting framework.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit in accordance with the requirements of Article 169 & 170 (2) of the Constitution of the Islamic Republic of Pakistan read with Section 7 of the Auditor-General's (Functions, Power and Conditions of Service) Ordinance 2001. I conducted my audit in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) and other guidance issued by my department. These standards require that I perform procedures including risk assessment to obtain reasonable assurance whether the financial statements are free of material misstatement. The audit process includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. It also includes assessing the accounting policies used, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

### **In my opinion:**

- a. These financial statements properly present, in all material respects, the financial position of the Government of the Punjab as at 30 June 2013 and the results of its operations, its cash flow and its expenditure and receipts, by appropriation for the year ended 30 June 2013 in accordance with the stated accounting policies of the Government of Punjab.
- b. The sums expended have been applied, in all material respects, for the purposes authorized by Parliament and have, in all material respects, been booked to the relevant grants and appropriations.

**Emphasis of matter**

Without qualifying our opinion I draw your attention that under head Pay & Allowances (POLICE) a suspected misappropriation has occurred in District Accounts Office Gujranwala due to failure of Pre-audit checks. However the amount pointed by audit has subsequently been recovered. Further double payment of Rs10.157 millions was made in District Accounts Office Sahiwal which was also recovered.

**Other Reports**

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

Islamabad, Pakistan

Dated:

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Auditor General of Pakistan.

**GOVERNMENT OF PUNJAB**  
**Statement of Cash Receipts and Payments**  
**For the Year Ended 30 June 2013**

	Note	2013 Rupees in Million		2012 Rupees in Million	
		Receipts Controlled by Provincial Government	Payments by Third Parties	Receipts Controlled by Provincial Government	Payments by Third Parties
<b>PROVINCIAL CONSOLIDATED FUND</b>					
<b>RECEIPTS</b>					
<i>Taxation - Transfers from Federal Government</i>	8	560,956	-	510,707	-
<i>Taxation - Provincial Government's Own Collection</i>	9	77,925	-	42,113	-
<i>Non-Tax Revenue and Other Receipts</i>					
General Administration Receipts	10	7,325	-	6,002	-
Economic Services Receipts	11	24,401	-	18,545	-
Development Surcharge and Royalties	12	7,561	-	7,627	-
Other Receipts	13	844	-	727	-
Interest on Loans and Advances	14	460	-	1,277	-
Dividend and Profit Share		5,117	-	5,166	-
		45,508	-	39,344	-
<i>Grants and Aid</i>	15	18,595	-	14,069	-
<i>Borrowings</i>					
Foreign Debt		16,754	4,030	10,823	2,890
Domestic Debt	16	110,441	-	73,279	-
		127,195	4,030	84,102	2,890
<i>Capital Receipts</i>					
Recovery of loans and advances	17	431	-	490	-
Recovery of investment		1	-	16	-
		432	-	514	-
<i>Trading Activities and Recoveries</i>	18	130,166	-	95,589	-
<i>Receipts of District Government</i>	19	4,034	-	2,694	-
<b>TOTAL RECEIPTS</b>		<b>964,811</b>	<b>4,030</b>	<b>783,112</b>	<b>2,890</b>



	Note	2013 Rupees in Million		2012 Rupees in Million	
		Payments Controlled by Provincial Government	Payments by Third Parties	Payments Controlled by Provincial Government	Payments by Third Parties
<b>PAYMENTS</b>					
<i>Operations</i>					
Salaries and employee benefits	20.	215,602	-	176,226	-
Operating expenses		39,243	194	36,541	96
		254,845	194	212,767	96
<i>Transfers</i>					
Grants, Subsidies and Write-off of Loans	21.	109,194	145	70,300	135
Other transfer payments		16,579	-	13,537	-
		125,773	145	83,837	135
<i>Expenditures on</i>					
Physical assets		128,057	-	87,449	-
Civil works		52,890	3,691	84,408	2,659
Repairs and Maintenance		9,493	-	8,065	-
		190,440	3,691	179,922	2,659
<i>Debt and Interest Payments</i>					
Principal Repayments of Debts	22.	134,950	-	87,219	-
Servicing of Debts	23.	35,942	-	37,159	-
		170,892	-	124,378	-
<i>Other Payments</i>					
Loans and advances - Non financial institutions		7,139	-	9,965	-
Investments		13	-	7,012	-
		7,152	-	16,977	-
<i>Payments of District Government</i>	24.	217,818	-	184,572	-
<b>TOTAL PAYMENTS</b>		<b>966,920</b>	<b>4,030</b>	<b>802,453</b>	<b>2,890</b>
<b>NET PAYMENT OF PROVINCIAL CONSOLIDATED FUND</b>		<b>(2,109)</b>		<b>(13,341)</b>	
<b>NET PAYMENT OF PUBLIC ACCOUNT</b>	25.	<b>(10,195)</b>		<b>740</b>	
<b>DECREASE IN CASH</b>		<b>(12,304)</b>		<b>(12,601)</b>	
<b>CASH AT BEGINNING OF THE YEAR</b>		<b>4,917</b>		<b>17,518</b>	
<b>DECREASE IN CASH</b>		<b>(12,304)</b>		<b>(12,601)</b>	
<b>CASH AT END OF THE YEAR</b>	26.	<b>(7,387)</b>		<b>4,917</b>	
<i>The annexed notes 1 to 30 form an integral part of these financial statements.</i>					
					<b>Accountant General (Punjab)</b>
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**GOVERNMENT OF PUNJAB**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2013**

	Notes	2013 Rupees in Million	2012 Rupees in Million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Taxation - Transfers from Federal Government	8	560,956	510,707
Taxation - Provincial Government's Own Collection	9	77,925	42,113
Non-Tax Revenue & Other Receipts	10-14	40,391	34,178
Grants and Aid - Receipts	15	18,595	14,069
Trading Activities - Receipts	18	130,166	95,569
Servicing of Debt - Payments	23	(35,942)	(37,159)
Transfers - Payments		(125,773)	(83,837)
Operations - Payments		(254,845)	(212,767)
Receipts of District Governments	19	4,034	2,694
Payments of District Governments - Revenue Expenditure	24.1	(213,675)	(181,450)
<i>Cash from Operating Activities</i>		201,832	184,117
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Recovery of Loans and Advances	17	431	498
Recovery of Investment		1	16
Dividend and Profit Share		5,117	5,166
Investments		(13)	(7,012)
Expenditure on Physical Assets, Civil Works and Others		(190,440)	(179,922)
Payments of District Governments - Capital Expenditure	24.2	(4,143)	(3,122)
Payments of Loans and Advances		(7,139)	(9,965)
<i>Cash used in Investing Activities</i>		(196,186)	(194,341)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipt of Foreign Debt		16,754	10,823
Receipt of Domestic Debt	16	110,441	73,279
Principal Repayments of Debt	22	(134,950)	(87,219)
Net Receipt/Payment of Public Account	25	(10,195)	740
<i>Cash used in Financing Activities</i>		(17,950)	(2,377)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(12,304)	(12,601)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		4,917	17,518
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		(7,387)	4,917

*The annexed notes 1 to 30 form an integral part of these financial statements.*

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Accountant General (Punjab)

**GOVERNMENT OF PUNJAB**

**Statement of Comparison of Budget and Actual Amounts by Function  
For the Year Ended 30 June 2013**

	Note	2012-2013 (Rupees in million)			2011-2012 (Rupees in million)		
		Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
		Original	Revised		Original	Revised	
<b>RECEIPTS</b>							
<i>Revenue</i>							
Taxation		745,750	659,245	638,881	620,046	614,694	552,819
Non-Taxation		34,925	60,533	64,103	35,653	52,748	53,414
<b>Total revenue receipt</b>		<b>780,675</b>	<b>719,778</b>	<b>702,984</b>	<b>655,699</b>	<b>667,442</b>	<b>606,233</b>
<i>Capital</i>							
Domestic Debt		105,906	109,034	110,441	97,722	102,040	73,279
Foreign Debt		20,230	27,619	16,754	48,706	13,595	10,823
Recoveries of Loans and Advances		6,816	467	431	5,218	539	498
Recoveries others		107,578	132,700	130,167	153,589	92,234	95,585
<b>Total capital receipt</b>		<b>240,530</b>	<b>269,820</b>	<b>257,793</b>	<b>305,235</b>	<b>208,408</b>	<b>180,185</b>
<i>Receipt of District Government</i>		<b>236,794</b>	<b>237,509</b>	<b>217,912</b>	<b>120,912</b>	<b>118,737</b>	<b>181,176</b>
<b>TOTAL RECEIPTS</b>	28	<b>1,257,999</b>	<b>1,227,107</b>	<b>1,178,689</b>	<b>1,081,846</b>	<b>994,587</b>	<b>967,594</b>
<b>PAYMENTS</b>							
<i>Revenue</i>							
General Public Service		354,228	341,133	334,994	277,003	291,011	283,767
Economic Affairs		98,053	64,297	62,394	79,054	53,065	51,976
Public Order and Safety Affairs		84,122	85,124	84,482	71,182	77,142	74,754
Education Affairs and Services		64,367	48,244	44,043	56,043	55,196	46,784
Health Affairs and Services		58,113	54,508	47,770	45,596	45,370	38,606
Housing and Community Amenities		32,802	58,847	55,497	28,909	41,483	34,582
Recreation, Culture and Religion		2,649	3,696	2,644	1,275	1,909	1,486
Social Protection		3,776	7,096	6,536	2,571	4,425	4,188
Environment Protection		421	134	153	324	157	160
<b>Total revenue payment</b>		<b>698,531</b>	<b>663,079</b>	<b>638,513</b>	<b>561,957</b>	<b>569,758</b>	<b>536,303</b>
<i>Capital</i>							
General Public Service		122,121	145,272	142,090	169,110	110,673	104,184
Economic Affairs		228,460	188,529	180,963	226,366	192,797	153,472
Housing and Community Amenities		1,500	460	418	1,200	281	222
Social Protection		771	1,102	996	1,984	2,388	2,182
<b>Total capital payments</b>		<b>352,852</b>	<b>335,363</b>	<b>324,467</b>	<b>398,660</b>	<b>306,139</b>	<b>260,060</b>
<i>Payments of District Governments</i>		<b>230,829</b>	<b>232,973</b>	<b>217,818</b>	<b>192,090</b>	<b>187,050</b>	<b>184,572</b>
<b>TOTAL PAYMENTS</b>	28	<b>1,282,212</b>	<b>1,231,415</b>	<b>1,180,798</b>	<b>1,152,707</b>	<b>1,062,947</b>	<b>980,935</b>

The annexed notes 1 to 30 form an integral part of these financial statements.

Accountant General (Punjab)

**GOVERNMENT OF PUNJAB**  
**Statement of Comparison of Budget and Actual Expenditure by Department**  
**For the Year Ended 30 June 2013**

Departments	Note	2012-2013 (Rupees in million)			2011-2012 (Rupees in million)		
		Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
		Original	Revised		Original	Revised	
Agriculture Department		12,555	8,474	8,219	7,950	5,657	5,519
Chief Minister Inspection Team		50	52	52	51	47	48
Chief Minister Secretariat		261	420	388	268	369	368
Board of Revenue		7,561	7,412	6,032	5,717	5,287	5,193
Co-Operative		160	167	166	133	149	149
Communication and Works		70,625	47,607	45,768	85,697	59,198	55,230
Energy Development		10,167	4,980	2,989	-	734	365
Environment Protection		3,001	3,141	3,062	2,399	2,537	2,476
Excise and Taxation Department		433	415	352	372	365	192
Food Department		247,548	259,441	257,519	281,589	209,340	170,306
Finance Department		379,281	358,486	353,323	309,577	318,821	314,678
Forest Department		2,298	2,258	2,235	1,815	2,073	2,066
Forestry, Wildlife & Fisheries		1,301	1,068	1,051	1,428	1,047	1,007
Governor's Secretariat		187	223	223	160	181	189
Health		56,477	53,451	46,489	43,838	44,571	37,474
Higher Education		26,213	25,531	23,400	19,005	22,827	21,366
Home Department		73,966	75,551	75,553	62,262	68,907	67,264
Housing and Physical Planning Department		30,479	39,490	36,689	19,558	23,738	20,884
Industries Department		14,545	11,077	10,803	12,178	10,774	10,090
Information Technology		-	505	505	-	100	101
Information, Culture & Youth Affairs		2,570	3,562	2,689	1,028	1,602	1,397
Irrigation and Power		21,576	21,417	17,079	21,082	22,374	17,313
Labour		333	277	268	285	253	237
Law and Parliamentary Affairs		996	857	798	882	844	778
Literacy & Non Formal Basic Education		641	94	72	21	22	21
Live Stock and Dairy Development		5,470	3,036	2,955	4,766	3,086	2,996
Local Government And Rural Development		6,177	22,238	19,911	7,487	18,030	16,232
Management & Professional Development		170	116	111	157	77	76
Mines & Minerals Department		575	350	339	398	289	284
Planning & Development		13,258	2,912	2,727	12,413	4,866	1,884
Population Welfare		3,046	2,357	2,520	2,907	1,977	2,285
Provincial Assembly		945	755	704	855	816	780
Relief		288	3,879	3,665	66	1,993	1,869
Religious Affairs & Auqaf Department		179	147	99	148	243	126
S & G. A. Department		12,497	10,920	10,547	9,590	9,260	8,756
School Education		35,295	20,917	18,929	35,024	30,521	23,676
Social Welfare Department		1,490	638	581	751	513	499
Special Education		610	180	210	677	457	422
Transport		7,334	3,631	3,577	7,515	1,641	1,477
Women Development Department		43	46	26	-	2	1
Zakat and Ushr Department		782	364	355	568	309	289
		1,051,383	998,442	962,980	960,617	875,897	796,363
<i>Payments of District Governments</i>		230,829	232,973	217,818	192,090	187,050	184,572
<b>TOTAL PAYMENTS</b>	28	<b>1,282,212</b>	<b>1,231,415</b>	<b>1,180,798</b>	<b>1,152,707</b>	<b>1,062,947</b>	<b>980,935</b>

The annexed notes 1 to 30 form an integral part of these financial statements.

Accountant General (Punjab)

# GOVERNMENT OF PUNJAB

## Notes to the Financial Statements

### For the Year Ended 30 June 2013

#### 1. REPORTING ENTITY

Provincial Government - Punjab (the government) conducts its operations under the Rules of Business 1974. 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 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 accounts of the Province to the Auditor General of Pakistan which describes Provincial Government as an accounting and reporting entity comprising of:

- a) Centralized Accounting Entities; for which the Accountant General Punjab has the primary responsibility of accounting and reporting.
- b) Self Accounting Entities; for which the Principal Accounting Officer has the primary responsibility of accounting and reporting. The Self Accounting Entity is Forest Department.
- 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 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 dividends or interest is classified as non-tax-revenue.

Under Punjab Local Government Ordinance, 2001 District Governments were established. The District Government consists of Zila Nazim and District Administration. Auditor General of Pakistan under section 14 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 are also preparing finance accounts and financial Statements based on the format of Cash Based 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	Attock	19	M.B.Den
2	Bhakkar	20	Multan
3	Bhawalpur	21	Mianwali
4	Bhawalnagar	22	Muzaffargarh
5	Chakwal	23	Nankana Sahib
6	D.G.Khan	24	Narowal
7	Faisalabad	25	Okara
8	Gujranwala	26	Pakpattan
9	Gujrat	27	Rawalpindi
10	Hafizabad	28	Rajanpur
11	Jhelum	29	Rahim Yar Khan
12	Jhang	30	Shekhupura
13	Kasur	31	Sialkot
14	Khanewal	32	Sahiwal
15	Khushab	33	Sargodha
16	Lahore	34	T.T.Singh
17	Layyah	35	Vehari
18	Lodhran	36	Chiniot

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

## 2. BASIS OF CONSOLIDATION

The financial statements have been prepared by consolidating the accounts of all centralized and self accounting entities and thirty six (36) district governments. The assets, liabilities, receipts and expenditure are added together line by line using the same functional/object classification. Material inter government transactions such as transfers from provincial governments which comprises, receipts of district governments are eliminated in consolidation.

## 3. STATEMENT OF COMPLIANCE

These financial statements have been prepared 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. Commitment, asset and liability accounting practices have not yet been implemented and memorandum register for assets and commitments do not exist and accounting for liabilities is not done in accordance with NAM.

#### **4. ACCOUNTING CONVENTION AND BASIS OF CONSOLIDATION**

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. The Government is moving towards full implementation of Cash Basis IPSAS - Financial Reporting under the Cash Basis of Accounting. The statement of cash receipts and payments, statement of comparison of budget and actual amounts by function, statement of comparison of budget and actual expenditure by department and notes forming parts 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 2012-13 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 consolidated financial statements is the financial year 2012-13. (from 1 July, 2012 to 30 June 2013).

#### **6. REPORTING CURRENCY**

The reporting currency of these consolidated financial statements is Pak Rupees.

#### **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 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, payment advice is issued to the bank.

**d) Direct payments by 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.

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### 7.3 Foreign currency

Transactions in foreign currencies are recorded in the books at the rates of exchange prevailing on the date of transaction. Exchange differences arising on settlement of these transactions are recognized in the Statement of 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 compulsory subscribe to the General Provident Fund from the date of appointment and monthly subscription is by way of deduction from monthly payroll at a uniform rate of subscription, as advised by the Government for a financial year as laid 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.



**b) Pension**

This is 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 acquired by the Provincial 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 dividends 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 cash with 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 transaction. All liabilities are recorded at historical cash value.

**7.8 Public Debt**

Public Debt comprise 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 Loan and advances

Loans and advances includes loan and advances due from autonomous bodies, financial and non-financial institutions, to government servants for housing building and purchase of conveyances and other loans. Loans to government servants are interest bearing and interest are 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 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 PUNJAB**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2013**

<i>Note</i>	2013 Rupees in million	2012 Rupees in million
<b>8. TAXATION - TRANSFERS FROM FEDERAL GOVERNMENT</b>		
<i>Direct Taxes</i>		
Income Tax	214,085	185,574
Wealth Tax	-	3
Capital Value Tax	74	30
	<u>214,159</u>	<u>185,607</u>
<i>Indirect Taxes</i>		
Sales Tax	244,612	236,757
Custom Duty	68,816	58,280
Federal Excise	33,369	30,063
	<u>346,797</u>	<u>325,100</u>
	<u>560,956</u>	<u>510,707</u>
<b>9. TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION</b>		
<i>Direct Taxes</i>		
Income Tax - Agriculture	828	763
Property Tax	4,496	5,194
Land Revenue	9,778	9,259
Tax on profession, Trade and Callings	505	450
Others	4,039	3,071
	<u>19,646</u>	<u>18,737</u>
<i>Indirect Taxes</i>		
Receipts Under Motor Vehicles Act	9,299	6,688
Stamp Duties	12,508	11,007
Provincial Excise	1,463	1,307
Others	34,989	4,374
	<u>58,279</u>	<u>23,376</u>
	<u>77,925</u>	<u>42,113</u>
<b>10. GENERAL ADMINISTRATION RECEIPTS</b>		
Organs of State	161	177
Fiscal Administration	106	86
Economic Regulations	141	110
Law and Order	3,125	2,666
Community Services	1,854	1,306
Social Services	1,938	1,657
	<u>7,325</u>	<u>6,002</u>

		2013 Rupees in million	2012 Rupees in million
	<i>Note</i>		
<b>11. ECONOMIC SERVICES RECEIPTS</b>			
Food and Agriculture		700	589
Fisheries and Animal Husbandry		885	1,038
Forest		1,081	1,140
Cooperation, Irrigation, Embankment-Drainage		1,764	2,601
Others		19,971	13,177
		<u>24,401</u>	<u>18,545</u>
<b>12. DEVELOPMENT SURCHARGE AND ROYALTIES</b>			
Development Surcharge on Gas	<i>12.1</i>	334	1,198
Royalty on Crude Oil	<i>12.2</i>	4,838	4,784
Royalty on Natural Gas	<i>12.2</i>	2,189	1,845
		<u>7,361</u>	<u>7,827</u>
<b>12.1</b> 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.			
<b>12.2</b> Royalty on crude oil and natural gas is received under Regulation 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 oil well head production basis after deduction of 2% collection charges.			
		2013 Rupees in million	2012 Rupees in million
	<i>Note</i>		
<b>13. OTHER RECEIPTS</b>			
Sale of Other Government Assets		2	47
Sale of Land		180	260
Fees, Fines and Forfeitures		8	8
Sale and Rent of Urban property and Agriculture land		648	397
Others		5	13
		<u>844</u>	<u>727</u>
<b>14. INTEREST ON LOANS AND ADVANCES</b>			
Interest on Loans and Advances to Govt. Servants		1	1
Loans and Advances - Others		459	1,276
		<u>460</u>	<u>1,277</u>

	Note	2013 Rupees in million	2012 Rupees in million
<b>15. GRANTS AND AIDS</b>			
Foreign through Federal Government		7,297	2,368
Federal Government	15.1	11,298	11,701
		<u>18,595</u>	<u>14,069</u>
<b>15.1 Federal Government Grants</b>			
Development		11,073	11,584
Non-Development		225	117
		<u>11,298</u>	<u>11,701</u>
<b>16. DOMESTIC DEBT - RECEIPTS</b>			
Permanent Debt	16.1	41	29
Floating Debt	16.2	110,400	73,250
		<u>110,441</u>	<u>73,279</u>
16.1 This represents borrowings from Federal Government. Repayment period and interest rate for these borrowings is determined in accordance with terms and conditions of each loan.			
16.2 Floating debt represents the borrowings of temporary nature such as ways and means Advance or Cash Credit Accommodation from the State Bank of Pakistan. These are repayable in twelve months.			
	Note	2013 Rupees in million	2012 Rupees in million
<b>17. RECOVERY OF LOANS AND ADVANCES</b>			
Non-Financial Institution		254	141
Government Servants		45	45
Others		132	312
		<u>431</u>	<u>498</u>

	2013 Rupees in million	2012 Rupees in million
<i>Note</i>		
<b>18. TRADING ACTIVITIES AND RECOVERIES</b>		
Sale of wheat	130,166	95,569
Others	-	-
	<u>130,166</u>	<u>95,569</u>
<b>19. RECEIPTS OF DISTRICT GOVERNMENTS</b>		
Direct Taxes	11	12
Indirect Taxes	28	33
Interest on Loans and Advances	50	58
Receipts from civil Administration and Other Functions	527	376
Miscellaneous Receipts	217,287	180,678
Recoveries of Loans and Advances	9	19
	<u>217,912</u>	<u>181,176</u>
Less: Grants from Provincial Government - Punjab	<u>(213,878)</u>	<u>(178,482)</u>
	<u>4,034</u>	<u>2,694</u>
<b>20. SALARIES AND EMPLOYEE BENEFITS</b>		
Pay of Officers	21,242	19,076
Pay of Other Staff	43,723	41,802
Allowances	83,160	65,202
Retirement Benefits	67,457	50,146
	<u>215,602</u>	<u>176,226</u>
<p>20.1 Included in Pay &amp; Allowances there is a suspected misappropriation of Rs. 0.9 million at DAO Gujranwala. The matter is under investigation. Prima facie, the over payment is a result of lapse of pre-audit checks at DAO Gujranwala.</p>		
<b>21. GRANTS, SUBSIDIES AND WRITE OFF OF LOANS</b>		
Grants, Subsidies and write-off of Loans	323,072	248,782
Less: Transfers to District Governments	<i>21.1</i> <u>(213,878)</u>	<u>(178,482)</u>
	<u>109,194</u>	<u>70,300</u>
<p>21.1 Provincial Grants and subsidies amounting to Rs. 323,071 million (2012: Rs. 248,782 million) have been reduced by eliminating the transfers made to Districts / TMAs amounting to Rs. 213,878 million (2012: Rs. 178,482 million) and similar amount has been eliminated from the receipt of District Governments. This treatment has been done to avoid the double effect of inter government transfer payments.</p>		

	Note	2013 Rupees in million	2012 Rupees in million
<b>22. PRINCIPAL REPAYMENTS OF DEBT</b>			
Foreign Debt		12,600	14,738
Domestic Debt	22.1	122,350	72,431
		<u>134,950</u>	<u>87,219</u>
<b>22.1 Domestic Debt</b>			
Permanent Debt	16.1	18,091	16,304
Floating Debt	16.2	104,259	56,127
		<u>122,350</u>	<u>72,431</u>
<b>23. SERVICING OF DEBT</b>			
Domestic Debt		31,913	36,885
Foreign Debt		4,029	374
		<u>35,942</u>	<u>37,159</u>
<b>24. PAYMENTS DISTRICT GOVERNMENTS</b>			
Revenue Expenditure	24.1	213,675	181,450
Capital Expenditure	24.2	4,143	3,123
		<u>217,818</u>	<u>184,573</u>
<b>24.1 Revenue Expenditure</b>			
General Public Service		8,388	6,518
Public Order and Safety Affairs		343	314
Economic Affairs		23,508	21,850
Environment Protection		5,193	4,925
Housing and Community Amenities		1,457	732
Health Affairs and Services		29,241	26,140
Recreation, Culture and Religion		436	454
Education Affairs and Services		144,042	119,701
Social Protection		1,067	816
		<u>213,675</u>	<u>181,450</u>
<b>24.2 Capital Expenditure</b>			
Economic Affairs		3,932	2,736
Education Affairs and Services		211	346
General Public Service		-	40
		<u>4,143</u>	<u>3,123</u>
<b>25. NET RECEIPT / (PAYMENT) OF PUBLIC ACCOUNT</b>			
<b>Receipts</b>			
Trust and Other Public Accounts		845,375	681,636
Special Deposits		77,878	62,664
State Provident Fund		14,812	12,325
		<u>938,065</u>	<u>758,625</u>

<i>Note</i>	2013 Rupees in million	2012 Rupees in million
<b>Payments</b>		
Trust and Other Public Accounts	843,372	678,738
Special Deposits	96,703	72,264
State Provident Fund	8,185	6,833
	<b>948,260</b>	<b>757,835</b>
	<b>(10,195)</b>	<b>740</b>

25.1 The public account consist 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.

25.2 Included in Public Account payments there is an erroneous over payment of Rs. 10157 million due to miscalculation. The payment was made in DAO Sahawal which was subsequently recovered. The matter is also under investigation.

<i>Note</i>	2013 Rupees in million	2012 Rupees in million
<b>26. CASH AND BANK</b>		
Provincial Government Balance	(21,747)	(9,179)
District Government Balance	14,360	14,096
	<b>(7,387)</b>	<b>4,917</b>
<b>26.1 Provincial and District Governments' Balance</b>		
Consolidated Fund Balance	(116,865)	(114,757)
Public Account Balance	109,478	119,674
	<b>(7,387)</b>	<b>4,917</b>

## 27. ASSETS AND LIABILITIES

### Assets

Long Term Assets	747,605	691,250
Loans and Advances	42,596	37,204
Current Assets	65,474	65,466
Cash & Bank and Treasuries	(7,387)	4,917
	<b>848,288</b>	<b>798,837</b>

### Liabilities and Equity

Public Debt	293,964	301,719
Special Deposits	42,426	62,130
Trust Account	45,551	38,970
Current Liabilities	86,692	86,652
Residual Equity	379,655	309,366
	<b>848,288</b>	<b>798,837</b>

27.1 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.

27.2 Loans and Advances include an amount of Rs. 7,000 million which has been invested in Bank of Punjab as equity injection.



## 18. 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 consolidated financial statements – as identified in note 1 above.

The statements of comparison of budgeted and actual amounts by function and by department are presented on gross basis. Grants received by district governments from provincial government have been eliminated against transfers to district governments in Statement of Cash Receipts and Payment as explained in note 3 and 23.1 for which a reconciliation is presented below

		2013	2012
		Rupees in million	Rupees in million
	Note		
<b>Receipts</b>			
Actual receipts in Statement of Comparison of Budget and Actual Amounts by Function			
		1,178,689	967,594
Less: Grants from Provincial Government	19.	<u>(213,878)</u>	<u>(178,482)</u>
Actual receipts in Statement of Cash Receipts and Payments		<u>964,811</u>	<u>789,112</u>
<b>Payments</b>			
Actual payments in Statement of Comparison of Budget and Actual Amounts by Function and Actual Expenditure by Department			
		1,180,798	980,935
Less: Transfers to District Government	21.	<u>(213,878)</u>	<u>(178,482)</u>
Actual payments in Statement of Cash Receipts and Payments		<u>966,920</u>	<u>802,453</u>

## 19. 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 of Islamic Republic of Pakistan, the Auditor General submits the certified Financial Statements of the Government of Punjab together with the audit reports on these Financial Statements to the Governor of Punjab who shall cause them to be laid before the Provincial Assembly. These consolidated financial statements have been authorized for issue on \_\_\_\_\_.

## 20. GENERAL

### 20.1 Level of Precision

Figures in these Financial Statements have been rounded off to the nearest million rupees, unless otherwise stated.

### 20.2 Corresponding Figures

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

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