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PREFACE

I am pleased to present the Financial Statements of the Government of Khyber Pakhtunkhwa for the year ended 30th June 2022 together with the Auditors' Reports thereon.

The Financial Statements of the Government of Khyber Pakhtunkhwa for the financial year 2021-22 have been prepared by the Accountant General Khyber Pakhtunkhwa 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 Accounting practices have been adopted since Financial Year 2009-10 but assets and liability accounting is not yet implemented and these Financial Statements have been prepared on cash basis of accounting which 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 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.

Islamabad, Pakistan

Date:

Controller General of Accounts



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

Auditor's Report

I have audited the accompanying Financial Statements of the Government of Khyber Pakhtunkhwa which comprise the statement of cash receipts and payments for the year ended 30th, June, 2022, statement of cash flows, statement of comparison of budget and actual amounts by function, statement of comparison of budget and actual expenditure by departments for the year ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for 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. Except as explained in the following paragraph, 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 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.

Basis of Qualification

My examination indicated reservations over the regulation, completeness, and presentation of the financial statements.

- I. The Government of Khyber Pakhtunkhwa has paid back the loan acquired from the Federal Government in excess of the budget allocation by Rs. 36,473 million.
- II. Non-disclosure of receipts and payments by third party amounting to Rs. 11,932 million
- III. Misclassification of receipts of Rs. 10,000 million
- IV. Unverified TMAs and VC/NCs accounts of Rs. 6,887 million
- V. Non-provision of GP Fund, Pension Fund and Hydel Development Fund investment of Rs. 144,710 million
- VI. Non-recording of foreign and domestic loan of Rs. 210,963 million.
- VII. The GP fund receipts and payments during the year were Rs. 20,158 million and Rs. 8,076 million respectively. However, the reported cash balance in the Provincial Account-I on 30th June 2022 was Rs. 12,389 million overdrawn, exhibiting that Rs. 12,082 million saving of the Public Account was spent for the current expenditure of the consolidated fund as the subscription was also not credited to GP Investment fund.

Opinion

In my opinion except for the effect of adjustment if any, which I might have determined to be necessary had I been able to verify the completeness and accuracy of the above accounts balances.

- a. These Financial Statements present fairly, in all material respects, the Government of Khyber Pakhtunkhwa expenditures and receipts by appropriation for the year 2021-22, in accordance with the stated accounting policies of the Government.
- b. The sums expended have been applied, in all material respects, for the purposes authorized by the Provincial Assembly and have, in all material respects, been booked to the relevant grants and appropriations.

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.

Islamabad, Pakistan

Dated:

Muhammad Ajmal Gondal
Auditor General of Pakistan

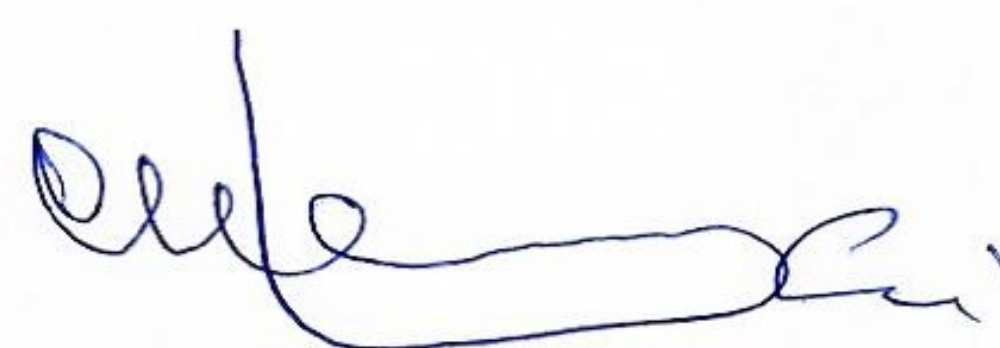
GOVERNMENT OF KHYBER PAKHTUNKHWA
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2022

		2022	2021		
		Rupees	Rupees		
		in Million	in Million		
PROVINCIAL CONSOLIDATED FUND	Note				
		Receipt / Payment controlled by the Government	Receipt / Payment by Third Parties	Receipt / Payment controlled by the Government	Receipt / Payment by Third Parties
RECEIPTS					
Taxation- Transfers from Federal Government	8	559,958	-	419,587	-
Taxation- Provincial Government's own collection	9	42,055	-	34,776	-
Non-Tax Revenue and Other Receipts					
General Administration	10	5,234	-	5,274	-
Economic Services	11	2,212	-	1,400	-
Development Surcharge and Royalties	12	30,504	-	23,989	-
Interest on Loans and Advances	13	624	-	538	-
Dividend and Profit Share	14	31,007	-	50,307	-
Others	15	12,475	-	15,445	-
		82,056	-	96,953	-
Grants and Aid	16	178,204	1,436	182,348	5,629
Borrowings					
Foreign Debt	17	-	2,432	-	29,634
Domestic Debt	18	154,100	-	68,300	-
		154,100	2,432	68,300	29,634
Capital Receipts					
Recovery of Loans and Advances	19	10,431	-	6,171	-
		10,431	-	6,171	-
Trading Activities	20	69,300	-	61,849	-
Receipts of District Governments	21	1,649	-	1,049	-
TOTAL RECEIPTS		1,097,753	3,868	871,033	35,263

GOVERNMENT OF KHYBER PAKHTUNKHWA
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2022

		2022		2021	
		Rupees		Rupees	
	Note	in Million		in Million	
		Receipt / Payment controlled by the Government	Receipt / Payment by Third Parties	Receipt / Payment controlled by the Government	Receipt / Payment by Third Parties
PAYMENTS					
Operations					
Salaries and Employee Benefits	22	236,371	-	203,851	-
Operating Expenses	23	249,196	552	189,410	15,888
		485,567	552	393,261	15,888
Transfers					
Grants, Subsidies and Write-off of Loans	24	49,368	1,003	61,249	9,219
Other Transfer Payments	25	49,717	-	44,999	-
		99,085	1,003	106,248	9,219
Expenditure on					
Physical Assets	26	9,568	-	8,773	50
Civil Works	27	110,839	2,314	87,667	10,106
		120,407	2,314	96,440	10,156
Debt and Interest Payments					
Principal Repayment of Debt	28	188,672	-	65,435	-
Servicing of Debt	29	14,113	-	9,430	-
		202,785	-	74,865	-
Other Payments					
Loans and Advances	30	1,095	-	1,582	-
Investments		1,100	-	-	-
		2,195	-	1,582	-
Payments of District Governments	32	230,990	-	194,849	-
TOTAL PAYMENTS		1,141,029	3,868	867,245	35,263
NET PAYMENT OF PROVINCIAL CONSOLIDATED FUND		(43,276)	-	3,788	-
NET RECEIPT OF PUBLIC ACCOUNT	33	19,635	-	14,896	-
INCREASE / (DECREASE) IN CASH		(23,641)	-	18,684	-
CASH AT THE BEGINNING OF THE YEAR		32,555	-	13,871	-
INCREASE / (DECREASE) IN CASH		(23,641)	-	18,684	-
CASH AT THE END OF THE YEAR	34	8,914	-	32,555	-

The annexed notes 1 to 39 form an integral part of these Financial Statements.

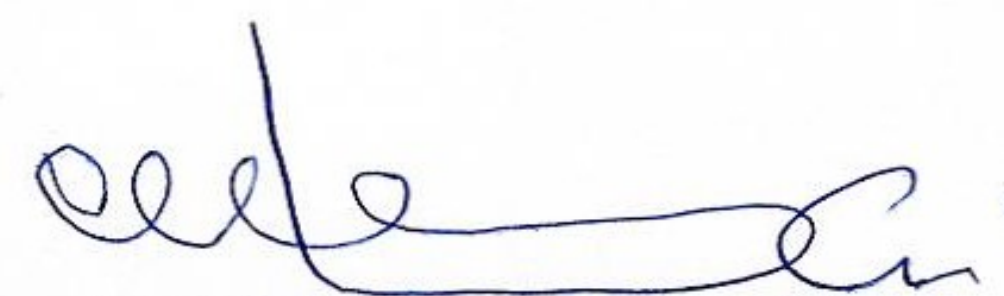


Accountant General Khyber Pakhtunkhwa

GOVERNMENT OF KHYBER PAKHTUNKHWA
Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	2022 Rupees in Million	2021 Rupees in Million
CASH FLOW FROM OPERATING ACTIVITIES			
Taxation- Transfers from Federal Government	8	559,958	419,587
Taxation- Provincial Government's own collection	9	42,055	34,776
Non-Tax Revenue and Other Receipts		82,056	96,953
Grants and Aid - Receipts	16	179,640	187,977
Trading Activities - Receipts	20	69,300	61,849
Operations- Payments		(486,119)	(409,149)
Servicing of Debt - Payments	29	(14,113)	(9,430)
Transfers - Payments		(100,088)	(115,467)
District Governments-Receipts	21	1,649	1,049
District Governments- Revenue Expenditure	32.1	(227,216)	(187,698)
Cash from Operating Activities		107,122	80,447
CASH FLOW FROM INVESTING ACTIVITIES			
Recovery of Loans and Advances	19	10,431	6,171
Expenditure on Physical Assets	26	(9,568)	(8,823)
Expenditure on Civil Works	27	(113,153)	(97,773)
Payments of Loans and Advances	30	(1,095)	(1,582)
Investments	0	(1,100)	-
Payment of District Government - Capital Expenditure	32.2	(3,774)	(7,151)
Cash used in Investing Activities		(118,259)	(109,158)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipt of Foreign Debt	17	2,432	29,634
Receipt of Domestic Debt	18	154,100	68,300
Principal Repayment of Debt	28	(188,672)	(65,435)
Net Receipt of Public Account	33	19,635	14,896
Cash from Financing Activities		(12,505)	47,395
DECREASE IN CASH AND CASH EQUIVALENTS		(23,642)	18,684
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		32,555	13,871
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	34	8,913	32,555

The annexed notes 1 to 39 form an integral part of these Financial Statements.




Accountant General Khyber Pakhtunkhwa

GOVERNMENT OF KHYBER PAKHTUNKHWA

Statement of Comparison of Budget and Actual Amounts by Function For the Year Ended 30 June 2022

	2022 (Rupees in Million)			2021 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
RECEIPTS						
<u>Revenue</u>						
Taxation	577,863	612,221	602,013	483,662	386,337	454,363
Non-Taxation	230,095	192,001	330,999	404,827	384,099	346,779
Total revenue receipts	807,958	804,222	933,012	888,489	770,436	801,142
<u>Capital</u>						
Domestic Debt	54,000	140,000	154,100	90,901	170	68,300
Foreign Debt	-	-	2,432	47,495	26,580	29,634
Recoveries of Loans and Advances	250	250	10,431	80	80	6,171
Recoveries of Investments	4,580	10,000	-	-	-	-
Total capital receipts	58,830	150,250	166,963	138,476	26,830	104,105
<u>Others</u>						
Financing from past savings	-	-	-	105,164	105,164	-
<u>Receipts of District Governments</u>	-	-	234,172	195,942	195,942	189,692
TOTAL RECEIPTS	866,788	954,472	1,334,147	1,328,071	1,098,372	1,094,939
PAYMENTS						
<u>Revenue</u>						
General Public Service	390,070	413,848	374,952	337,462	343,366	312,047
Defence Services	249	228	226	167	167	267
Public Order and Safety Affairs	99,396	123,790	90,175	80,062	88,159	77,018
Economic Affairs	43,123	65,442	60,209	38,877	54,051	48,226
Environment Protection	152	270	198	170	203	161
Housing and Community Amenities	20,722	15,302	11,370	16,907	17,614	10,362
Health Affairs and Services	86,306	97,082	70,394	82,708	82,708	63,922
Recreation, Culture and Religion	7,083	14,601	12,481	6,785	6,796	4,908
Education Affairs and Services	46,629	48,607	41,572	41,083	43,350	46,800
Social Protection	31,204	28,584	13,946	44,792	45,370	18,821
Total revenue payments	724,934	807,754	675,523	649,013	681,784	582,532
<u>Capital</u>						
General Public Service	99,564	282,449	219,752	106,744	162,712	100,010
Public Order and Safety Affairs	100	99	99	466	466	109
Economic Affairs	122,075	250,539	177,211	199,331	216,117	160,075
Environment Protection	10,158	10,288	8,461	6,849	7,417	7,131
Housing and Community Amenities	36,521	45,344	33,308	29,631	30,968	16,321
Health Affairs and Services	9,890	13,073	9,618	7,281	8,969	5,560
Recreation, Culture and Religion	7,244	6,147	3,258	4,156	4,156	5,602
Education Affairs and Services	23,526	25,792	17,182	28,737	28,737	18,162
Social Protection	3,209	2,526	2,020	4,782	4,782	800
Total capital payments	312,287	636,257	470,909	387,977	464,324	313,770
<u>Payments of District Governments</u>	58,788	-	230,990	195,942	208,094	194,849
TOTAL PAYMENTS	1,096,009	1,444,011	1,377,422	1,232,932	1,354,202	1,091,151

The annexed notes 1 to 39 form an integral part of these Financial Statements.

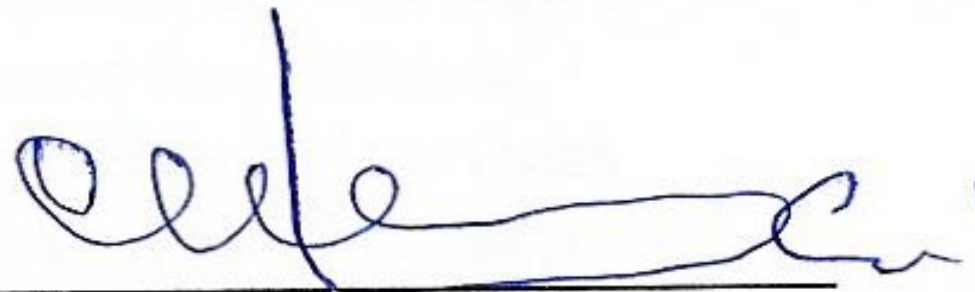

Accountant General Khyber Pakhtunkhwa

GOVERNMENT OF KHYBER PAKHTUNKHWA

Statement of Comparison of Budget and Actual Expenditure by Department For the Year Ended 30 June 2022

DEPARTMENTS	2022 (Rupees in Million)			2021 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
Agriculture, Livestock & Cooperation	21,148	23,821	22,691	18,003	20,820	19,738
Board of Revenue	2,892	2,245	2,252	2,709	2,790	1,959
Education	59,677	40,406	39,841	62,208	64,471	47,244
Environment, Forestry, Wild life	11,382	11,074	10,773	6,622	8,489	7,703
Excise and Taxation	1,586	1,030	1,030	1,553	1,655	889
Finance	420,602	526,802	535,504	428,480	489,639	400,210
Food	109,879	75,924	75,924	104,857	113,865	67,335
Health	121,348	94,252	92,693	109,292	110,980	83,304
Home and Tribal Affairs	88,613	77,923	77,914	75,362	82,188	71,949
Industries	12,445	12,091	11,765	9,806	9,937	8,843
Information	1,784	765	767	645	645	533
Irrigation and Power	43,208	44,634	34,937	22,828	27,269	26,091
Law	3,602	2,832	2,822	6,468	7,328	6,671
High Court	6,787	8,391	8,393	2,603	3,798	3,539
Local Governance	111,544	116,150	81,865	36,357	36,357	32,816
Population, Planning and Welfare Department	1,796	813	816	3,338	3,807	1,598
Planning and Development	37,190	2,254	2,266	611	765	617
Provincial Assembly	1,699	1,566	1,566	1,298	1,396	1,205
Administration and Establishment	6,111	6,593	6,575	4,248	4,333	3,901
Works and Services	93,217	104,860	97,768	64,227	77,728	64,016
Zakat and Ushr	3,494	1,892	1,919	240	249	242
Science and Information Technology	2,659	1,233	1,255	1,224	1,504	925
Sports, Culture, Archeology & Museum	20,365	15,956	13,346	10,187	10,187	10,085
Auqaf, Hajj, Religious and Minority Affairs	4,039	2,631	2,633	862	865	630
Inter Provincial Coordination	62	62	62	48	52	50
Relief Rehabilitation and Settlement	32,678	15,933	13,927	32,013	32,013	19,040
Housing Department	-	-	-	537	1,884	417
Energy and Power	331	141	141	16,163	17,714	5,552
Transport	12,212	12,200	4,985	14,201	13,380	9,200
	1,232,347	1,204,472	1,146,432	1,036,990	1,146,108	896,302
Payments of District Governments	-	-	230,990	195,942	208,094	194,849
TOTAL	1,232,347	1,204,472	1,377,422	1,232,932	1,354,202	1,091,151

The annexed notes 1 to 39 form an integral part of these Financial Statements.


Accountant General Khyber Pakhtunkhwa

GOVERNMENT OF KHYBER PAKHTUNKHWA

Notes to the Financial Statement

For the Year Ended 30 June 2022

1 REPORTING ENTITY

Provincial Government - Khyber Pakhtunkhwa (the Government) conducts its operations under the Rules of Business 1985. 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 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 KP has the primary responsibility for accounting and reporting.
- b) Self Accounting Entities; for which the Principal Accounting Officer has the primary responsibility for accounting and reporting. The Self Accounting Entities are as under:-
 1. Public Work Department-Works and Services, Irrigation & Public Health Engineering
 2. Environment/Forest/Wildlife 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, 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.

The District Governments established under Khyber Pakhtunkhwa Local Government Act, 2013 which consists of District Council and District Administration. Auditor General of Pakistan has prescribed Local Government Accounts Manual for District Governments. This Manual requires preparation of annual Finance and Appropriation Accounts by each District Government. The District Governments Khyber Pakhtunkhwa also prepare separate Financial Statements. The 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- District Government Abbotabad | 2- District Government Kohat |
| 3- District Government Buner | 4- District Government Lakki Marwat |
| 5- District Government Bajaur | 6- District Government Manshera |
| 7- District Government Battagram | 8- District Government Malakand |
| 9- District Government Banuu | 10- District Government Mohmand |
| 11- District Government Charsadda | 12- District Government Mardan |
| 13- District Government Chitral | 14- District Government North Wazirsitan |
| 15- District Government Chitral Upper | 16- District Government Nowshera |
| 17- District Government Dir Lower | 18- District Government Orakzai |
| 19- District Government Dera Ismail Khan | 20- District Government Kolai Palas |
| 21- District Government Dir Upper | 22- District Government Peshawar |
| 23- District Government Hungu | 24- District Government Shangla |
| 25- District Government HARIPUR | 26- District Government Swabi |
| 27- District Government Kohistan Upper | 28- District Government Swat |
| 29- District Government Khyber | 30- District Government Tor Ghar |
| 31- District Government Karrak | 32- District Government Tank |
| 33- District Government Kurram | 34- District Government South Wazirsitan |
| 35- District Government Kohistan Lower | |

These Financial Statements include all Centralized Entities, Self Accounting Entities and District Governments.

2 BASIS OF CONSOLIDATION

These Financial Statements have been prepared by consolidating the accounts of all Centralized and Self Accounting Entities and thirty five (35) District Governments. Material Inter-governmental transactions such as transfers from Provincial Government-KP which comprises 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) which comprises of seven volumes. 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. Implementation of NAM is an ongoing process. Commitment Accounting has been adopted since 2009-10, however asset and liability accounting practices have not yet been implemented, memorandum registers for assets 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 statement of receipt and payments, statements of comparison of budget and actual amounts by function, statements 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 2018-19 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 2020-2021 (from 1 July, 2021 to 30 June, 2022).

6 REPORTING CURRENCY

The reporting currency of these Financial Statements is Pak Rupees which is Provincial Government's functional and presentation currency.

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

Direct payments into bank account, expenditure is recognized on the date the payment advice is issued to the bank.

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

Repayment of loans and other direct payments by the SBP, expenditure is recognized on the date State Bank of Pakistan advises 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 transaction. Exchange differences arising on settlement of these transactions are recognized in the statement of cash receipts and payments, but are not been disclosed separately.

7.4. Employee benefits

The government has following plans for its employees:

a) General Provident Fund

An employee is compulsory subscribed 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 down in the Provident Fund 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

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 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 include loans and advances due from autonomous bodies, financial and non-financial institutions, to Government servants for house building, purchase of conveyances 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 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.

	Note	2022 Rupees in Million	2021 Rupees in Million
8 TAXATION - TRANSFER FROM FEDERAL GOVERNMENT			
<i>Direct Taxes</i>			
Income tax		204,821	153,590
Capital Value Tax		36	59
		204,857	153,649
<i>Indirect Taxes</i>			
Sales tax		235,774	172,319
Custom duty		89,598	67,483
Federal excise		28,251	24,621
Federal excise on Natural Gas		1,478	1,515
		355,101	265,938
		559,958	419,587
9 TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION			
<i>Direct Taxes</i>			
Income tax - Agriculture		121	101
Property Tax		(56)	791
Land Revenue		2,889	3,376
Tax on Profession, Trade and Callings		129	726
Capital Value Tax on Immoveable Property		23	84
		3,106	5,078
<i>Indirect Taxes</i>			
Receipts Under Motor Vehicles Act		1,544	1,708
Sales Tax		27,496	19,362
Stamp Duties		4,909	3,552
Provincial Excise		40	39
Others Indirect Taxes		4,960	5,037
		38,949	29,698
		42,055	34,776
10 GENERAL ADMINISTRATION RECEIPTS			
Fiscal Administration		616	670
Community Services		933	746
Social Services		1,589	1,509
Economic Regulations		34	33
Law and Order		1,931	2,106
Organs of State		131	210
		5,234	5,274

	Note	2022 Rupees in Million	2021 Rupees in Million
11 ECONOMIC SERVICES RECEIPTS			
Cooperation, Irrigation, Embankment-Drainage		271	192
Food and Agriculture		272	267
Fisheries and Animal Husbandry		430	295
Forest		597	248
Others		642	398
		<u>2,212</u>	<u>1,400</u>
12 DEVELOPMENT SURCHARGE AND ROYALTIES			
Development Surcharge on Gas	12.1	2,668	1,487
Royalty on Crude Oil	12.2	20,901	14,659
Royalty on Natural Gas	12.2	6,933	7,841
Discount on Local Crude Oil		2	2
		<u>30,504</u>	<u>23,989</u>
<p>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.</p> <p>12.2 Royalty on crude oil and natural gas is received under 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.</p>			
	Note	2022 Rupees in Million	2021 Rupees in Million
13 INTEREST ON LOANS AND ADVANCES			
Interest on Loans and Advances to Govt. Servants		-	1
Interest - Others		624	537
		<u>624</u>	<u>538</u>
14 DIVIDEND AND PROFIT SHARE			
Dividends Receipts	14.1	10,007	1,057
Profit share	14.2	21,000	49,250
		<u>31,007</u>	<u>50,307</u>
14.1 Dividends Receipts			
Non-Financial Institution		10,007	1,057
		<u>10,007</u>	<u>1,057</u>
14.2 Profit share			
Electricity		21,000	47,000
Others		-	2,250
		<u>21,000</u>	<u>49,250</u>

	Note	2022 Rupees in Million	2021 Rupees in Million
15 OTHER RECEIPTS			
Unclaimed deposits		1,070	3,008
Rent, Rates and Taxes		25	36
Receipts under the Mines, Oil-fields and Mineral		5,372	4,426
Arms License Fees		955	813
Recoveries of Overpayments		470	581
Tourism Receipts		57	13
Sand and quarry fees		776	659
Recoveries made by NAB from defaulters		1	35
Sugarcane development cess		108	91
Sugarcane cess collection charges		1	1
Initial Environmental Examination and Environmenta		-	-
Fees, Fines, Penalties		30	17
Local Government		1	2
Fee for Registration/Renewal of licenses of Private Security Co		8	7
Fee For Registration/Renewal of Newspapers/Presses		3	4
Miscellaneous Receipts		3,598	5,752
		<u>12,475</u>	<u>15,445</u>
16 GRANTS AND AID			
Controlled by Govt:	16.1	178,204	182,348
Third Party Receipts	16.2	1,436	5,629
		<u>179,640</u>	<u>187,977</u>
16.1 Controlled by Govt:			
Development Grants		75,345	83,958
Non-Development Grants		65,400	56,322
Other Grants (Foreign)		37,459	42,068
		<u>178,204</u>	<u>182,348</u>
16.2 Third Party Receipts			
Development Grants		1,436	5,629
		<u>1,436</u>	<u>5,629</u>
17 FOREIGN DEBT - RECEIPTS			
Third Party Receipts	17.1	2,432	29,634
		<u>2,432</u>	<u>29,634</u>
17.1 Third Party Receipts			
Foreign Lenders- JICA		-	-
ADB Loan		2,414	18,044
IDA Loan		18	9,958
Others		-	1,632
		<u>2,432</u>	<u>29,634</u>

	Note	2022 Rupees in Million	2021 Rupees in Million
18 DOMESTIC DEBT - RECEIPTS			
Floating Debt		154,100	68,300
		<u>154,100</u>	<u>68,300</u>
19 RECOVERY OF LOANS AND ADVANCES			
Non-Financial Institution		10,291	6,061
Government Servants		140	110
		<u>10,431</u>	<u>6,171</u>
20 TRADING ACTIVITIES - RECEIPTS			
Sale of wheat		54,253	40,564
Subsidies on wheat		10,005	9,900
Subsidy on wheat (from Federal Govt)		4,980	11,319
Sale of Others		62	66
		<u>69,300</u>	<u>61,849</u>
21 RECEIPTS OF DISTRICT GOVERNMENT			
Direct taxes		-	67
Indirect taxes		1	5
General Administration receipts		1	17
Share from Provincial allocable amounts		16,702	4,464
Grants from Provincial Government		217,426	185,083
Miscellaneous receipts		43	53
Loans and Advances		-	3
		<u>234,172</u>	<u>189,692</u>
Less: Grants from Provincial Government - KP	21.1	<u>232,523</u>	<u>188,643</u>
		<u>1,649</u>	<u>1,049</u>

21.1 In these Consolidated Financial Statements, in order to avoid the duplicate effect of receipts and payments, grants received from Government of Khyber Pakhtunkhwa have been eliminated against transfers to District Governments.

	Note	2022 Rupees in Million	2021 Rupees in Million
22 SALARIES AND EMPLOYEE BENEFITS			
Pay of Officers		18,174	17,086
Pay of Other Staff		39,995	38,793
Allowances		84,395	62,042
Retirement Benefits		93,807	85,930
		<u>236,371</u>	<u>203,851</u>
23 OPERATING EXPENSES			
Controlled by Govt:	23.1	249,196	189,410
Third Party Payments	23.2	552	15,888
		<u>249,748</u>	<u>205,298</u>

	Note	2022 Rupees in Million	2021 Rupees in Million
23.1 Controlled by Govt:			
Research Surveys and Exploratory Operations		1	20
Communication		398	402
Utilities		7,294	6,379
Occupancy Costs		265	1,089
Operating Leases		1	41
Motor Vehicles		74	143
Travel and Transportation		13,841	14,804
Scholarships, Bonuses and Other Awards		225	205
Entertainments and Gifts		259	172
Commodity Purchases (State Trading)		55,802	52,289
Repair & Maintenance		9,967	9,037
General Operating Expenses		161,069	104,829
		<u>249,196</u>	<u>189,410</u>
23.2 Third Party Payments			
General Operating Expenses		552	15,888
		<u>552</u>	<u>15,888</u>
24 GRANTS, SUBSIDIES AND WRITE-OFF OF LOANS			
Grants, Subsidies and Write-off of Loans	24.1	49,368	61,249
Grants From third party payments	24.2	1,003	9,219
		<u>50,371</u>	<u>70,468</u>
24.1 Grants, Subsidies and Write-Off of Loans			
Grants, Subsidies and Write-off of Loans		281,891	249,892
Less: Transfers to District Governments	21.1	232,523	188,643
		<u>49,368</u>	<u>61,249</u>
24.2 Grants From Third Party Payments			
Grants Domestic		1,003	9,219
		<u>1,003</u>	<u>9,219</u>
25 OTHER TRANSFER PAYMENTS			
Other Transfer Payments		49,717	44,999
		<u>49,717</u>	<u>44,999</u>
26 PHYSICAL ASSETS			
Controlled by Govt:	26.1	9,568	8,773
Third Party Payments	26.2	-	50
		<u>9,568</u>	<u>8,823</u>

	Note	2022 Rupees in Million	2021 Rupees in Million
26.1 Controlled by Govt:			
Purchase of Building		382	362
Computer Equipment		598	420
Other Stores and Stocks		29	48
Purchase of Transport		1,403	1,866
Purchase of Plant & Machinery		1,974	1,524
Purchase of Furniture and Fixtures		433	383
Purchase of Other Assets		535	269
Feasibility Studies		4,214	3,901
		<u>9,568</u>	<u>8,773</u>
26.2 Third Party Payments			
Feasibility Studies		-	50
		<u>-</u>	<u>50</u>
27 CIVIL WORKS			
Controlled by Govt:	27.1	110,839	87,667
Third Party Payments	27.2	2,314	10,106
		<u>113,153</u>	<u>97,773</u>
27.1 Controlled by Govt:			
Roads, Highways and Bridges		24,778	23,940
Irrigation Works		15,290	8,591
Embankments and Drainage Works		5,137	6,117
Building and Structure		62,586	47,020
Other Works		3,048	1,999
		<u>110,839</u>	<u>87,667</u>
27.2 Third Party Payments			
Building and Structure		1,502	9,057
Other Works		812	1,049
		<u>2,314</u>	<u>10,106</u>
28 PRINCIPAL REPAYMENT OF DEBT			
Foreign Debt		188,672	65,435
		<u>188,672</u>	<u>65,435</u>
29 SERVICING OF DEBT			
Foreign Debt		2,283	2,203
Domestic Loans		11,830	7,227
		<u>14,113</u>	<u>9,430</u>
30 LOANS AND ADVANCES			
Financial Institutions		821	1,322
Government Employees	30.1	274	260
		<u>1,095</u>	<u>1,582</u>

	Note	2022 Rupees in Million	2021 Rupees in Million
30.1 Government Employees			
House Building Advance		185	181
Motor Car Advance		47	45
Motor Cycle Advance		42	34
Cycle Advance		-	-
	30.1.1	274	260

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

	Note	2022 Rupees in Million	2021 Rupees in Million
31 INVESTMENTS			
General Provident Investment Fund	31.1	92,857	84,503
Pension Fund	31.2	48,270	53,854
Hydel Development Fund	31.3	3,354	8,768
		144,481	147,125

31.1 The General Provident Investment Fund was established under Khyber Pakhtunkhwa, General Provident Investment Fund Act, 1999. The fund is governed by a management board, headed by the Chief Secretary to Government of Khyber Pakhtunkhwa. The fund is increased quarterly through the net receipt of the General Provident Fund contributions. The board shall invest the fund in Government Securities, National Saving Schemes, Profit Bearing Deposits in banks or as the board may think beneficial. However no increase was made during the current Financial Year as no amount was transferred to fund during 2021-2022.

31.2 The Pension Fund established under Khyber Pakhtunkhwa, Pension Fund Act, 1999 is governed by a management board headed by the Chief Secretary to the Government of Khyber Pakhtunkhwa. It is enhanced each year with reference to the Government's liability towards its pensioners.

The Government of Khyber Pakhtunkhwa established Hydel Development Fund during 1992 for the development of hydel electricity in the province. The fund was provided legal cover through Khyber Pakhtunkhwa, Hydel Development Fund Ordinance 2001. The Government makes annual contributions to the fund. The fund is governed by a management board headed by the Chief Minister, Khyber Pakhtunkhwa.

31.3 The earnings from these funds do not form part of the Provincial Consolidated Fund, hence not disclosed in these financial statements. However, in order to reflect true financial position of the provincial government, Secretary of the Board Finance Department has been approached to provide the status of these funds. Finance Department provided updated position of the funds as on 30th June, 2022 which is as below:

32 PAYMENTS OF DISTRICT GOVERNMENTS

Revenue Expenditure	32.1	227,216	187,698
Capital Expenditure	32.2	3,774	7,151
		230,990	194,849

	Note	2022 Rupees in Million	2021 Rupees in Million
32.1 Revenue Expenditure			
General Public Service		8,000	6,531
Public Order and Safety Affairs		14	14
Economic Affairs		7,843	6,421
Housing and Community Amenities		1,201	1,050
Health Affairs and Services		33,362	28,234
Recreation, Culture and Religion		589	369
Education Affairs and Services		173,151	142,587
Social Protection		3,056	2,492
		<u>227,216</u>	<u>187,698</u>

32.2 Capital Expenditure			
General Public Service		2,072	4,258
Public Order and Safety Affairs		68	1,780
Economic Affairs		35	232
Environment Protection		237	13
Housing and Community Amenities		54	649
Health		20	43
Recreation Culture and Religion		1,252	5
Education Affairs and Services		36	125
Social Protection		-	46
		<u>3,774</u>	<u>7,151</u>

33 NET RECEIPT / (PAYMENT) OF PUBLIC ACCOUNT

Receipts

Trust & other Public Accounts	1,440,487	1,172,994
Special Deposits	100,468	78,184
State Provident Fund	32,826	27,453
	<u>1,573,781</u>	<u>1,278,631</u>

Payments

Trust & other Public Accounts	(1,441,600)	(1,169,043)
Special Deposits	(91,340)	(73,624)
State Provident Fund	(21,206)	(21,068)
	<u>(1,554,146)</u>	<u>(1,263,735)</u>

33.1	<u>19,635</u>	<u>14,896</u>
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33.1 The public Account consists of monies received by the Government for which it has a fiduciary duty, but not at liberty to appropriate for the general services of the Government, unless provided under an Act of Provincial Assembly or rules made by 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.

	Note	2022 Rupees in Million	2021 Rupees in Million
34 CASH AND BANK			
Provincial Governments Balance	34.1	(12,389)	14,927
District Governments Balance		21,303	17,628
		<u>8,914</u>	<u>32,555</u>
34.1 Provincial Government's Balance			
Public Account Balance		196,864	177,724
Consolidated Fund Balance		(209,253)	(162,797)
		<u>(12,389)</u>	<u>14,927</u>
35 ASSETS AND LIABILITIES			
Assets			
Long Term Assets		1,035,129	908,633
Investments		80,410	79,310
Loans and Advances		14,952	23,279
Current Assets		12,985	12,649
Cash and Bank		8,914	32,555
	35.1	<u>1,152,390</u>	<u>1,056,426</u>
Liabilities and Equity			
Public Debt	36	48,170	80,310
Special Deposits and Trust Accounts		109,097	100,255
Deferred Liabilities		108,637	97,504
Residual Equity		886,486	778,357
	35.1	<u>1,152,390</u>	<u>1,056,426</u>

35.1 These Financial Statements have been prepared under the cash basis of accounting, the information of assets and liability have been presented which are not the mandatory disclosures as per IPSAS Cash Basis.

	Note	2022 Rupees in Million	2021 Rupees in Million
36 PUBLIC DEBT			
Domestic Debt			
Opening Balance		(13,822)	(13,822)
Closing Balance		(13,822)	(13,822)
Foreign Debt			
Opening Balance		94,132	61,633
Add: Debt Receipts	17	156,532	97,934
Less: Principal Repayments of Debt	28	(188,672)	(65,435)
Closing Balance		61,992	94,132
	35.1	<u>48,170</u>	<u>80,310</u>

- 35.1 The foreign debts are recorded in Pak Rupees at the rate of exchange prevailing on the date of transaction, which is the historical cash value. The foreign debt has not been revalued at the year end in accordance with Government policy stated in note 7.7, nor any foreign debt revaluation exchange differences have been recognized in the Financial Statement except for principal repayment of foreign debt.

37 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 that 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- KP have been eliminated against transfers to District Governments in Statement of Cash receipts and payments as explained in note 2 and 22.1 for which a reconciliation is presented below.

	Note	2022 Rupees in Million	2021 Rupees in Million
Receipts			
Actual Receipts in Statement of Comparison of Budget and Actual Amounts by Function		1,334,147	1,094,939
Less : Grants from Provincial Government - KP	24	232,523	188,643
Actual Receipts in Statement of Cash Receipts and Payments		<u>1,101,624</u>	<u>906,296</u>
Payments			
Actual payments in Statements of Comparison of Budget and Actual Amounts by Function and Actual Expenditure by Department		1,377,422	1,091,151
Less: Transfers to District Governments - KP	24	232,523	188,643
Actual payments in Statement of Cash Receipts and Payments		<u>1,144,899</u>	<u>902,508</u>

38 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 Khyber Pakhtunkhwa together with the audit reports on these Financial Statements to the Governor of the province who shall cause them to be laid before the Provincial Assembly. These Financial Statements have been authorized for issue on _____.

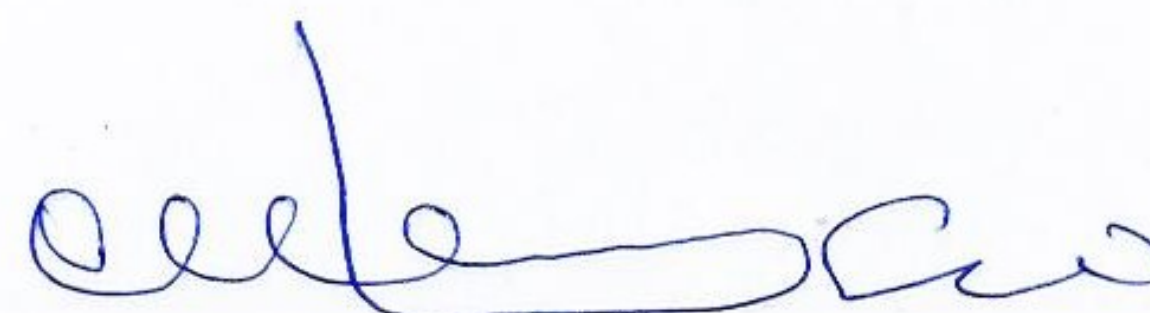
39 GENERAL

39.1 Level of Precision

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

39.2 Corresponding Figures

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



Accountant General Khyber Pakhtunkhwa