



FINANCIAL STATEMENTS

of the

Government of Punjab

2020-21



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PREFACE

I am pleased to present the Financial Statements of the Government of the Punjab for the year ended 30 June, 2021.

The Financial Statements of the Government of the Punjab for the financial year 2020-2021 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 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 have been 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 District Government Fund and Public Account for which Annual Budget Statement is authorized by the District 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.

Jamshid Hamidi

Controller General of Accounts

Islamabad, Pakistan.

Dated: _____



Auditor General of Pakistan

Audit House, Constitution Avenue
Islamabad, Pakistan

Auditor's Report

I have audited the accompanying Financial Statements of Government of the Punjab, which comprise the statements of receipts and payments for the year ended 30th June, 2021, 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 ended 30th June, 2021 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 opinion on these financial statements based on my audit in accordance with the requirements of Articles 169 & 170 (2) 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. I conducted my audit in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) and other guidelines 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, and evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my Opinion:

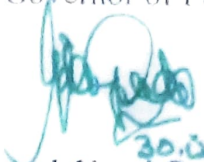
- a. These financial statements properly present, in all material respects, the financial position of the Government of the Punjab as at 30th June, 2021 and the results of its operations, its cash flow and its expenditure and receipts, by appropriation for the year ended 30th June, 2021 in accordance with the stated accounting policies of Government of the Punjab.
- 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

Audit 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: 30 DEC 2021


(Muhammad Ajmal Gondal)
Auditor General of Pakistan

GOVERNMENT OF PUNJAB
Statement of Cash Receipts and Payments
For the Financial Year Ended 30th June 2021.

		2020-21 Rupees in Million		2019-20 Rupees in Million		
		Receipts Controlled by Provincial Government	Payments by Third Parties	Receipts Controlled by Provincial Government	Payments by Third Parties	
PROVINCIAL CONSOLIDATED FUND						
RECEIPTS						
	<i>Taxation - Transfers from Federal Government</i>	8.	1,321,167	-	1,185,825	-
	<i>Taxation - Provincial Government's Own Collection</i>	9.	224,616	-	188,538	-
<i>Non-Tax Revenue and Other Receipts</i>						
	General Administration Receipts	10.	16,370	-	15,338	-
	Economic Services Receipts	11.	39,791	-	37,659	-
	Development Surcharge and Royalties	12.	6,418	-	7,266	-
	Other Receipts	13.	1,714	-	978	-
	Interest on Loans and Advances	14.	2,337	-	413	-
	Dividend and Profit Share		4,470	-	8,140	-
			71,100	-	69,794	-
	<i>Grants and Aid</i>	15.	48,422	-	33,714	-
<i>Borrowings</i>						
	Foreign Debt	16.	48,611	16,718	52,385	10,443
	Domestic Debt		218,848	-	143,222	-
			267,459	16,718	195,607	10,443
<i>Capital Receipts</i>						
	Recovery of loans and advances	17.	18,507	-	2,319	-
	Recovery of investment		-	-	-	-
			18,507	-	2,319	-
	<i>Trading Activities and Recoveries</i>	18.	200,840	-	156,513	-
	<i>Receipts of District Government</i>		-	-	-	-
	<i>Receipts of District Authorities</i>	19.	3,249	-	2,143	-
TOTAL RECEIPTS			2,155,360	16,718	1,834,452	10,443

GOVERNMENT OF PUNJAB
Statement of Cash Receipts and Payments
For the Financial Year Ended 30th June 2021.

	Note	2020-21 Rupees in Million		2019-20 Rupees in Million	
		Payments Controlled by Provincial Government	Payments by Third Parties	Payments Controlled by Provincial Government	Payments by Third Parties
PAYMENTS					
<i>Operations</i>					
Salaries and employee benefits	20.	570,057		547,649	
Operating expenses		126,969	231	104,117	189
		697,026	231	651,766	189
<i>Transfers</i>					
Grants, Subsidies and Write-off of Loans	21.	280,855	13,473	227,801	10,164
Other transfer payments		44,125	3,014	45,778	89
		324,980	16,487	273,579	10,254
<i>Expenditures on</i>					
Physical assets		262,340	-	166,404	-
Civil works		97,596	-	73,798	-
Repairs and Maintenance		29,241	-	18,651	-
		389,177	-	258,853	-
<i>Debt and Interest Payments</i>					
Principal Repayments of Debts	22.	181,053		156,161	
Servicing of Debts	23.	63,470		83,876	
		244,523	-	240,037	-
<i>Other Payments</i>					
Loans and advances - Non financial institutions		26,322		25,643	
Investments		11,290		6,720	
		37,612	-	32,363	-
<i>Payments of District Authorities</i>	24.	367,069	-	361,361	-
TOTAL PAYMENTS		2,060,387	16,718	1,817,957	10,443
NET PAYMENT OF PROVINCIAL CONSOLIDATED FUND		94,973	-	16,495	-
NET PAYMENT OF PUBLIC ACCOUNT	25.	30,318	-	(3,003)	-
INCREASE/(DECREASE) IN CASH		125,292	-	13,492	-
CASH AT BEGINNING OF THE YEAR		81,753	-	68,261	-
INCREASE/(DECREASE) IN CASH		125,292	-	13,492	-
CASH AT END OF THE YEAR	26.	207,045	-	81,753	-

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

Accountant General (Punjab)

GOVERNMENT OF PUNJAB
Statement of Cash Flows
For the Financial Year Ended 30th June 2021.

	Notes	2020-21 Rupees in Million	2019-20 Rupees in Million
CASH FLOWS FROM OPERATING ACTIVITIES			
Taxation - Transfers from Federal Government	8.	1,321,167	1,185,825
Taxation - Provincial Government's Own Collection	9.	224,616	188,538
Non-Tax Revenue & Other Receipts	10-14.	66,630	61,654
Grants and Aid - Receipts	15.	48,422	33,714
Trading Activities - Receipts	18.	200,840	156,513
Servicing of Debt - Payments	23.	(63,470)	(83,876)
Transfers - Payments		(324,980)	(273,579)
Operations - Payments		(697,026)	(651,766)
Receipts of District Authorities		3,249	2,143
Payments of District Authorities		(367,069)	(361,361)
<i>Cash from Operating Activities</i>		412,379	257,806
CASH FLOWS FROM INVESTING ACTIVITIES			
Recovery of Loans and Advances	17.	18,507	2,319
Recovery of Investment		-	-
Dividend and Profit Share		4,470	8,140
Investments		(11,290)	(6,720)
Expenditure on Physical Assets, Civil Works and Others		(389,177)	(258,853)
Payments of Loans and Advances		(26,322)	(25,643)
<i>Cash used in Investing Activities</i>		(403,812)	(280,756)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of Foreign Debt	16.1	48,611	52,385
Receipt of Domestic Debt	16.2	218,848	143,222
Principal Repayments of Debt	22.	(181,053)	(156,161)
Net Receipt/Payment of Public Account	25.	30,318	(3,003)
<i>Cash from Financing Activities</i>		116,724	36,443
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		125,291	13,493
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		81,753	68,261
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u>207,045</u>	<u>81,753</u>

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 Amounts by Function
For the Financial Year Ended 30th June 2021.

Note	2020-2021 (Rupees in million)			2019-2020 (Rupees in million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
RECEIPTS						
<i>Revenue</i>						
Taxation	1,653,854	1,582,818	1,545,783	1,601,468	1,127,878	1,374,364
Non-Taxation	96,181	129,914	119,522	93,395	89,432	103,507
Total revenue receipt	1,750,036	1,712,732	1,665,305	1,694,863	1,217,310	1,477,871
<i>Capital</i>						
Domestic Debt						
Foreign Debt	157,957	283,450	218,848	97,329	157,980	143,222
Recoveries of Loans and Advances	157,444	85,836	65,329	101,399	66,138	62,828
Recoveries others	1,280	18,524	18,507	1,097	2,727	2,319
Total capital receipt	173,913	198,571	200,840	110,926	176,565	156,513
	490,594	586,381	503,524	310,751	403,410	364,882
<i>Receipt of District Government</i>	-	-	-	-	-	-
<i>Receipt of District Authorities</i>	-	-	374,711	-	-	366,181
TOTAL RECEIPTS	2,240,630	2,299,113	2,543,540	2,005,613	1,620,720	2,208,934
PAYMENTS						
<i>Revenue</i>						
1 General Public Service	860,074	812,089	769,088	834,086	785,942	750,266
3 Public Order and Safety Affairs	173,632	192,662	168,016	181,557	180,978	175,895
4 Economic Affairs	179,817	165,246	154,404	170,239	141,390	128,387
5 Environment Protection	6,392	5,553	5,469	1,000	-	4
6 Housing and Community Amenities	49,176	77,143	71,596	56,663	37,810	35,544
7 Health Affairs and Services	187,364	211,774	196,718	182,433	181,564	165,037
8 Recreation, Culture and Religion	6,216	7,305	7,040	8,179	5,504	5,370
9 Education Affairs and Services	103,354	100,458	94,947	108,982	89,679	84,093
# Social Protection	9,113	8,368	7,678	11,036	15,705	15,504
Total revenue payment	1,575,139	1,580,598	1,494,955	1,554,175	1,438,572	1,360,099
<i>Capital</i>						
1 General Public Service	242,954	219,808	218,666	418,782	416,861	397,407
4 Economic Affairs	297,535	458,676	367,637	94,671	74,207	73,137
6 Housing and Community Amenities	-	-	-	-	-	-
# Social Protection	1	241	241	20	441	436
Total capital payments	540,490	678,724	586,543	513,474	491,508	470,980
<i>Payments of District Governments</i>	-	-	-	-	-	-
<i>Payments of District Authorities</i>	433,837	402,670	367,068	421,754	391,332	361,361
TOTAL PAYMENTS	2,549,467	2,661,992	2,448,567	2,489,403	2,321,412	2,192,439

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 Financial Year Ended 30th June 2021.**

Departments	2020-2021 (Rupees in million)			2019-2020 (Rupees in million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
Agriculture Department	31,253	46,491	40,631	34,270	26,460	24,287
Chief Minister Inspection Team	111	132	126	98	130	126
Chief Minister Secretariat	589	800	794	590	781	775
Board of Revenue				-	0	0
Co-Operatives	1,461	1,450	1,380	1,504	1,289	1,270
Communication and Works	84,299	117,383	98,864	93,403	76,034	75,202
Energy Development	9,926	8,357	8,250	13,397	18,720	18,687
Environment Protection	6,462	5,635	5,545	1,072	66	66
Excise and Taxation Department	1,530	3,009	2,363	2,411	2,173	1,860
Food Department	339,690	485,797	414,895	232,534	353,678	335,937
Finance Department	853,884	773,969	746,855	862,073	763,343	738,067
Forest Department	5,817	6,681	6,614	7,483	7,095	6,862
Forestry, Wildlife & Fisheries	18,943	2,610	2,497	19,344	1,928	1,890
Governor's Secretariat	490	428	425	493	436	433
Health	185,302	208,459	193,225	179,902	179,709	162,491
Higher Education	35,346	36,667	33,671	37,208	34,016	32,161
Home Department	144,459	161,463	157,707	151,301	152,836	149,757
Housing and Physical Planning Department	35,424	53,100	52,228	46,925	29,820	28,313
Industries Department	13,901	13,286	11,586	17,952	15,120	14,529
Information Technology	-	-	0	-	-	-
Information, Culture & Youth Affairs	6,210	7,275	7,060	7,780	4,707	4,602
Irrigation and Power	37,383	39,465	35,262	45,082	32,155	30,363
Labour	1,219	796	776	942	767	757
Law and Parliamentary Affairs	2,215	2,592	2,426	2,234	2,226	2,169
Literacy & Non Formal Basic Education	3,007	655	614	2,697	526	446
Live Stock and Dairy Development	12,814	14,016	13,858	15,945	11,808	11,632
Local Government And Rural Development	14,908	40,748	35,120	10,439	21,921	18,394
Management & Professional Development	198	204	192	189	193	186
Mines & Minerals Department	2,050	1,204	1,195	1,430	2,191	2,129
Planning & Development	81,711	44,348	32,243	78,844	34,559	27,866
Population Welfare	6,364	6,651	6,366	7,124	5,073	5,334
Provincial Assembly	2,639	2,340	2,179	1,874	2,285	2,034
Relief	1,481	389	363	1,602	9,761	9,795
Religious Affairs & Auqaf Department	299	190	158	584	119	116
Revenue	16,478	16,095	13,721	14,902	13,878	12,503
Service & General Administration Department	35,184	66,719	65,338	39,355	49,966	45,737
School Education	59,764	59,308	57,293	62,832	51,344	48,041
Social Welfare Department	2,791	2,817	2,513	3,246	2,166	2,101
Special Education	375	365	327	1,060	291	266
Transport	58,686	25,807	25,319	66,153	19,176	12,612
Women Development Department	644	525	442	1,047	310	289
Zakat and Ushr Department	321	1,097	1,076	330	1,024	995
	2,115,629	2,259,322	2,081,499	2,067,649	1,930,080	1,831,078
<i>Payments of District Governments</i>						
<i>Payments of District Authorities</i>	433,837	402,670	367,068	421,754	391,332	361,361
TOTAL PAYMENTS	2,549,467	2,661,992	2,448,567	2,489,403	2,321,412	2,192,439

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 Financial Year Ended 30th June 2021.

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 envisage Provincial Government as comprising of departments and their attached departments. Financial procedures of the Constitution describe 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 required preparation of Annual Finance and Appropriation Accounts by each District Government. Besides Appropriation Accounts, from the financial year 2008-09 the District Governments were also preparing Finance Accounts and Financial Statements based on the format of Cash Based IPSAS. The Punjab Local Government Act 2013 (XVIII of 2013) was promulgated in 2013, which repealed Punjab Local Government Ordinance, 2001 in December 2016 through enactment vide Finance Department, Punjab notification no. Sd (TT) 6-1/2013 dated December 29, 2016 after Local bodies election. The Act describes Local Governments as Metropolitan Corporation, Municipal Corporation, a Municipal Committee, a Union Council, a District Council, a District Education Authority and District Health Authority.

Local Government Accounts Manual also required consolidation of Accounts of the District Governments in the Financial Statements of the Province. In these Financial Statements, Accounts of the following District Governments and District Education and Health Authorities have been consolidated,

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2021.

1 Attock	19 M.B.Din
2 Bhakkar	20 Multan
3 Bhawalpur	21 Mianwalli
4 Bhawalanagar	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 Sheikhpura
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

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 and seventy two (72) District Education and Health Authorities. 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 comprise receipts of District Authorities are 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. 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.

GOVERNMENT OF PUNJAB

Notes to the Financial Statements

For the Financial Year Ended 30th June 2021.

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 2020-21 (01-07-2020 to 30-06-2021) 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

5. REPORTING AND BUDGET PERIOD

The reporting and budget period of these consolidated Financial Statements is financial year 2020-21. (from 1 July, 2020 to 30 June, 2021).

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 these occur 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:

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2021.

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.

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 compulsorily subscribes 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.

GOVERNMENT OF PUNJAB

Notes to the Financial Statements

For the Financial Year Ended 30th June 2021.

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 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 transactions. All liabilities are recorded at historical cash value.

7.8 Public Debt

Public Debt comprises cash inflows from banks, similar lending agencies, commercial institutions and amounts owed 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.

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2021.

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 loan and advances to autonomous bodies, financial and non-financial institutions, to government servants for house building and 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 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 Financial Year Ended 30th June 2021.

<i>Note</i>	2020-21 Rupees in million '000,000	2019-20 Rupees in million '000,000
8. TAXATION - TRANSFERS FROM FEDERAL GOVERNMENT		
<i>Direct Taxes</i>		
Income Tax	485,247	456,940
Wealth Tax	-	-
Capital Value Tax	185	1,238
	485,432	458,178
<i>Indirect Taxes</i>		
Sales Tax	544,420	471,021
Custom Duty	213,205	183,292
Federal Excise	78,110	73,334
	835,735	727,647
	1,321,167	1,185,825
9. TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION		
<i>Direct Taxes</i>		
Income Tax - Agriculture	2,367	2,052
Property Tax	4,529	1,817
Land Revenue	17,372	14,208
Tax on profession, Trade and Callings	1,011	727
Others	102	129
	25,381	18,933
<i>Indirect Taxes</i>		
Receipts Under Motor Vehicles Act	14,382	9,865
Stamp Duties	38,395	48,340
Provincial Excise	2,317	2,354
Others	144,141	109,046
	199,235	169,605
	224,616	188,538
10. GENERAL ADMINISTRATION RECEIPTS		
Organs of State		
Fiscal Administration	765	359
Economic Regulations	1,543	849
Law and Order	213	187
Community Services	5,563	5,173
Social Services	3,923	3,484
	4,363	5,286
	16,370	15,338

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2021.

	<i>Note</i>	2020-21 Rupees in million '000,000	2019-20 Rupees in million '000,000
11. ECONOMIC SERVICES RECEIPTS			
Food and Agriculture		1,162	967
Fisheries and Animal Husbandry		2,163	1,559
Forest		988	824
Cooperation, Irrigation, Embankment-Drainage		3,992	3,263
Others		31,485	31,046
		<u>39,791</u>	<u>37,659</u>

12. DEVELOPMENT SURCHARGE AND ROYALTIES

Development Surcharge on Gas	<i>12.1</i>	1,265	652
Royalty on Crude Oil	<i>12.2</i>	3,476	4,768
Royalty on Natural Gas	<i>12.2</i>	1,677	1,846
Net Hydel Profit from Hydro-Electric Stations	<i>12.3</i>	-	-
		<u>6,418</u>	<u>7,266</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 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 oil well head production basis after deduction of 2% collection charges.
- 12.3 Article 161 (Para-02) of Constitution of Islamic Republic of Pakistan states that:
 "The net profits earned by the Federal Government, or any undertaking established or administered by the Federal Government from the bulk generation of power at hydro-electric station shall be paid to the Province in which the hydro-electric station is situated". As per estimates of Receipts, an amount of Rs.41,200 million on account of "Profits" out of net hydel profit from Hydro Power Stations Located in Punjab Province was receivable which was not realized.

	<i>Note</i>	2020-21 Rupees in million '000,000	2019-20 Rupees in million '000,000
13. OTHER RECEIPTS			
Sale of Other Government Assets		3	5
Sale of Land		1,049	496
Fees, Fines and Forfeitures		8	47
Sale and Rent of Urban property and Agriculture land		520	413
Others		134	17
		<u>1,714</u>	<u>978</u>
14. INTEREST ON LOANS AND ADVANCES			
Interest on Loans and Advances to Govt. Servants		-	-
Loans and Advances - Others		2,337	413
		<u>2,337</u>	<u>413</u>

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2021.

	<i>Note</i>	2020-21 Rupees in million '000,000	2019-20 Rupees in million '000,000
15. GRANTS AND AIDS			
Foreign Grants through Federal Government		2,790	9,942
Federal Government Grants	<i>15.1</i>	45,632	23,772
Grants from District Governments		-	-
		<u>48,422</u>	<u>33,714</u>
15.1 FEDERAL GOVERNMENTS GRANTS			
Development		44,701	22,944
Non- Development		931	828
		<u>45,632</u>	<u>23,772</u>
16 BORROWINGS			
16.1 FORIGEN DEBT - RECEIPTS			
Loan (Cash)			
Asian Development Bank		4,142	5,132
Exim Bank, China			-
International Bank for Reconstruction and Development		22,946	20,611
International Development Association - World Bank		19,432	24,307
International Fund for Agricultural Development		2,091	2,335
JBIC Japan Bank for International Cooperation			-
		<u>48,611</u>	<u>52,385</u>
Loan (Direct Payment)			
Asian Development Bank		5,895	-
Exim Bank, China		10,592	3,323
International Bank for Reconstruction and Development		231	6,754
International Development Association - World Bank			189
International Fund for Agricultural Development			176
JBIC Japan Bank for International Cooperation		-	-
		<u>16,718</u>	<u>10,443</u>
		<u>65,329</u>	<u>62,827</u>
16.2 DOMESTIC DEBT - RECEIPTS			
Permanent Debt		-	-
Floating Debt		218,848	143,222
		<u>218,848</u>	<u>143,222</u>

16.1.1 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.

16.2.1 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.

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2021.

<i>Note</i>	2020-21 Rupees in million '000,000	2019-20 Rupees in million '000,000
17. RECOVERY OF LOANS AND ADVANCES		
Non-Financial Institution	18,460	233
Government Servants	23	62
Others	24	2,024
	<u>18,507</u>	<u>2,319</u>
18. TRADING ACTIVITIES AND RECOVERIES		
Sale of wheat	200,840	156,513
	<u>200,840</u>	<u>156,513</u>
19. RECEIPTS OF DISTRICT AUTHORITIES		
19.1 EDUCATION AUTHORITIES		
Direct Taxes	2	(8)
Indirect Taxes	7	(24)
Receipts from civil Administration and Other Functions	2,008	1,354
Miscellaneous Receipts	281,230	283,274
Recoveries of Loans and Advances	-	0
	<u>283,247</u>	<u>284,596</u>
Less: Grants from Provincial Government - Punjab	<u>(281,004)</u>	<u>(283,077)</u>
	2,243	1,519
19.2 HEALTH AUTHORITIES		
Direct Taxes	2	(1)
Indirect Taxes	18	(2)
Receipts from civil Administration and Other Functions	997	591
Miscellaneous Receipts	90,447	80,996
Recoveries of Loans and Advances	-	0
	<u>91,464</u>	<u>81,584</u>
Less: Grants from Provincial Government - Punjab	<u>(90,458)</u>	<u>(80,961)</u>
	1,006	623
	<u>3,249</u>	<u>2,143</u>

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2021.

	<i>Note</i>	2020-21 Rupees in million '000,000	2019-20 Rupees in million '000,000
20. SALARIES AND EMPLOYEE BENEFITS			
Pay of Officers		55,126	54,916
Pay of Other Staff		98,317	98,136
Allowances		172,303	161,458
Retirement Benefits		244,311	233,139
		<u>570,057</u>	<u>547,649</u>
21. GRANTS, SUBSIDIES AND WRITE OFF OF LOANS			
Grants, Subsidies and write-off of Loans		665,790	602,003
Less: Transfers to District Governments	21.1	-	-
Less: Transfers to District Authorities	21.2	(371,462)	(364,038)
		<u>294,328</u>	<u>237,965</u>
<p>21.1 Provincial Grants and subsidies amounting to Rs. 665,790 million (2019-20: Rs. 602,003 million) have been reduced by eliminating the transfers made to district authorities amounting to Rs.(371,462) million and similar amount has been eliminated from the receipt of District Authorities. This treatment has been done to avoid the double effect of inter-government transfer payments.</p>			
22. PRINCIPAL REPAYMENTS OF DEBT			
Foreign Debt		46,791	45,356
Domestic Debt	22.1	134,262	110,806
		<u>181,053</u>	<u>156,161</u>
22.1 DOMESTIC DEBT			
Permanent Debt		1,505	1,822
Floating Debt		132,757	108,984
		<u>134,262</u>	<u>110,806</u>

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2021.

	<i>Note</i>	2020-21 Rupees in million '000,000	2019-20 Rupees in million '000,000
23. SERVICING OF DEBT			
Domestic Debt		49,920	68,943
Foreign Debt		13,550	14,933
		<u>63,470</u>	<u>83,876</u>
24. PAYMENTS DISTRICT AUTHORITIES			
Education Authorities Expenditure	24.1	282,099	280,852
Health Authorities Expenditure	24.2	84,969	80,509
		<u>367,068</u>	<u>361,361</u>
24.1 EDUCATION AUTHORITIES EXPENDITURE			
Recreational, Culture and Religion		0	
Education Affairs and Services		282,099	280,852
		<u>282,099</u>	<u>280,852</u>
24.2 HEALTH AUTHORITIES EXPENDITURE			
Economic Affairs		1	14
Health Affairs and Services		84,713	80,157
Education Affairs and Services		255	338
		<u>84,969</u>	<u>80,509</u>
25. NET RECEIPT/ (PAYMENT) OF PUBLIC ACCOUNT			
RECEIPTS			
Trust and Other Public Accounts		2,467,362	2,146,676
Special Deposits		104,756	99,315
State Provident Fund		38,588	37,556
		2,610,706	2,283,547
PAYMENTS			
Trust and Other Public Accounts		2,462,669	2,144,787
Special Deposits		85,698	115,537
State Provident Fund		32,021	26,226
		2,580,388	2,286,550
	25	<u>30,318</u>	<u>(3,003)</u>

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2021.

	<i>Note</i>	2020-21 Rupees in million '000,000	2019-20 Rupees in million '000,000
26. CASH AND BANK			
Provincial Government Balance		193,534	76,425
District Government Balance	26.1	(9,941)	(9,941)
District Authorities Balance		23,452	15,269
	26.2	<u>207,045</u>	<u>81,753</u>
26.1 The figure of Rs.(9,941) million shows un-reconciled Cash Balance of District Governments Account-IV which closed their functions on 31.12.2016. This figure is reflected in the Accounts as the activity of transfer of balances from Account-IV to Account-I is still under process.			
26.2 PROVINCIAL, DISTRICT GOVERNMENTS' & DISTRICT AUTHORITIES BALANCES			
Consolidated Fund Balance		26,312	(69,518)
Public Account Balance		180,733	151,271
		<u>207,045</u>	<u>81,753</u>
27. ASSETS AND LIABILITIES			
<i>ASSETS</i>			
Long Term Assets		1,857,074	1,690,034
Loans and Advances		215,078	195,973
Current Assets		48,047	52,202
Cash & Bank and Treasuries		207,045	81,753
	27.1	<u>2,327,244</u>	<u>2,019,962</u>
<i>LIABILITIES & EQUITY</i>			
Public Debt		731,526	628,402
Special Deposits		53,858	35,264
Trust Account		139,738	130,792
Current Liabilities		62,409	38,179
Residual Equity		1,339,713	1,187,325
	27.1	<u>2,327,244</u>	<u>2,019,962</u>

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.

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Financial Year Ended 30th June 2021.

	Note	2020-21 Rupees in million '000,000	2019-20 Rupees in million '000,000
28. 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 in 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 2 and 21.1 for which a reconciliation is presented below.			
The format of Statement of Comparison of Budget and Actual Expenditure by Department has been revised due to increase in number of departments being presented in Appropriation Accounts.			
RECEIPTS			
ACTUAL RECEIPTS IN STATEMENT OF COMPARISON OF BUDGET AND ACTUAL			
Amounts by Function		2,543,540	2,208,934
Less: Grants from Provincial Government	22	(371,462)	(364,038)
Less: Payments by third parties	7.11	(16,718)	(10,443)
Actual receipts in Statement of Cash Receipts and Payments		2,155,360	1,834,453

PAYMENTS

ACTUAL RECEIPTS IN STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

Amounts by Function and Actual Expenditure by Department		2,448,567	2,192,439
Less: Transfers to District Government & Authorities	22	(371,462)	(364,038)
Less: Payments by Third Parties	7.11	(16,718)	(10,443)
Actual payments in Statement of Cash Receipts and Payments		2,060,387	1,817,959

29. 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 _____.

30. GENERAL

30.1 LEVEL OF PRECISION

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

30.2 CORRESPONDING FIGURES

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

Accountant General (Punjab)