



FINANCIAL STATEMENTS

OF THE
GOVERNMENT OF KHYBER PAKHTUNKHWA
2022-2023





Financial Statements

Of the

Government of Khyber Pakhtunkhwa

Financial Year 2022-23

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PREFACE

I am pleased to present the Financial Statements of the Government of Khyber Pakhtunkhwa for the year ended 30 June, 2023 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.

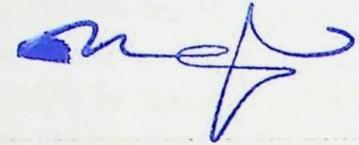
The current year's Financial Statements have been prepared under NAM and the format of International Public Sector Accounting Standards (IPSAS) Cash Basis – Financial Reporting under the Cash Basis of Accounting has been adopted for the preparation of these Financial Statements.

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

19 DEC 2023



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, 2023, 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 statement.

- I. Non-disclosure of receipts and payments by third party.
- II. Mis-classification of developmental expenditure Rs. 84,572 million.
- III. Understatement of receipts of Foreign aided projects Rs. 21,715 million.
- IV. Non-reconciliation of foreign debt Rs 48,708 million
- V. Non-reconciliation of the difference in bank and book balance of cash 14,644 million
- VI. Non-clearance of Liabilities pertaining to taxes and employees related deductions Rs. 4,991 million
- VII. Incorrect/Incomplete calculation of residual equity

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.

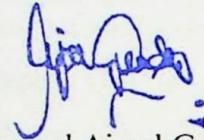
- a. These Financial Statements present fairly, in all material respects, the Government of Khyber Pakhtunkhwa expenditures and receipts by appropriation for the year 2022-23, in accordance with the stated accounting policies of the Government.
- b. The sums expended have been applied, in all material 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: 20 DEC 2023



(Muhammad Ajmal Gondal)
Auditor General of Pakistan

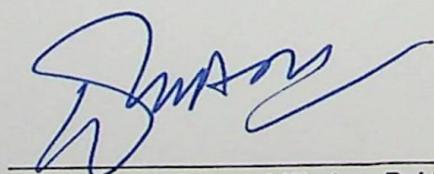
GOVERNMENT OF KHYBER PAKHTUNKHWA
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2023

PROVINCIAL CONSOLIDATED FUND	Note	2023		2022	
		Rupees in Million		Rupees in Million	
RECEIPTS		Receipt / Payment controlled by the Government	Receipt / Payment by Third Parties	Receipt / Payment controlled by the Government	Receipt / Payment by Third Parties
Taxation- Transfers from Federal Government	8	658,312	-	559,958	-
Taxation- Provincial Government's own collection	9	41,727	-	42,055	-
Non-Tax Revenue and Other Receipts					
General Administration	10	5,706	-	5,234	-
Economic Services	11	2,449	-	2,212	-
Development Surcharge and Royalties	12	40,427	-	30,504	-
Interest on Loans and Advances	13	390	-	624	-
Dividend and Profit Share	14	4,900	-	31,007	-
Others	15	16,524	-	12,475	-
		70,396	-	82,056	-
Grants and Aid	16	115,756		178,204	1,436
Borrowings					
Foreign Debt	17	48,708	18,662	-	2,432
Domestic Debt	18	243,729	-	154,100	-
		292,437	18,662	154,100	29,634
Capital Receipts					
Investment Recovery	19	6	-	-	-
Recovery of Loans and Advances	19	158	-	10,431	-
		164	-	10,431	-
Trading Activities	20	63,126	-	69,300	-
Receipts of District Governments	21	2,202	-	1,649	-
TOTAL RECEIPTS		1,244,120	18,662	1,097,753	3,868

GOVERNMENT OF KHYBER PAKHTUNKHWA
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2023

	Note	2023 Rupees in Million		2022 Rupees 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	315,770	-	236,371	-
Operating Expenses	23	194,956	12,032	249,196	552
		510,726	12,032	485,567	552
Transfers					
Grants, Subsidies and Write-off of Loans	24	49,233	642	49,368	1,003
Other Transfer Payments	25	62,899	-	49,717	-
		112,132	642	99,085	1,003
Expenditure on					
Physical Assets	26	5,735	-	9,568	-
Civil Works	27	51,427	5,989	110,839	2,314
		57,162	5,989	120,407	2,314
Debt and Interest Payments					
Principal Repayment of Debt	28	258,439	-	188,672	-
Servicing of Debt	29	23,733	-	14,113	-
		282,172	-	202,785	-
Other Payments					
Loans and Advances	30	278	-	1,095	-
Investments		500	-	1,100	-
		778	-	2,195	-
Payments of District Governments	32	223,178	-	230,990	-
TOTAL PAYMENTS		1,186,148	18,662	1,141,029	3,868
NET PAYMENT OF PROVINCIAL CONSOLIDATED FUND		57,972	-	(43,276)	-
NET RECEIPT OF PUBLIC ACCOUNT	33	(2,674)	-	19,635	-
INCREASE / (DECREASE) IN CASH		55,298	-	(23,641)	-
CASH AT THE BEGINNING OF THE YEAR		8,914	-	32,555	-
INCREASE / (DECREASE) IN CASH		55,298	-	(23,641)	-
CASH AT THE END OF THE YEAR	34	64,212	-	8,914	-

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

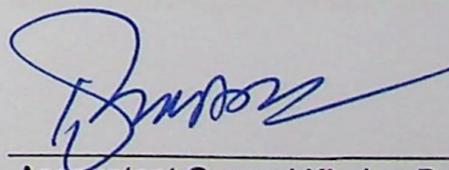


Accountant General Khyber Pakhtunkhwa

GOVERNMENT OF KHYBER PAKHTUNKHWA
Statement of Cash Flows
For the Year Ended 30 June 2023

	Note	2023 Rupees in Million	2022 Rupees in Million
CASH FLOW FROM OPERATING ACTIVITIES			
Taxation- Transfers from Federal Government	8	658,312	559,958
Taxation- Provincial Government's own collection	9	41,727	42,055
Non-Tax Revenue and Other Receipts		70,396	82,056
Grants and Aid - Receipts	16	115,756	179,640
Trading Activities - Receipts	20	63,126	69,300
Operations- Payments		(522,758)	(486,119)
Servicing of Debt - Payments	29	(23,733)	(14,113)
Transfers - Payments		(112,774)	(100,088)
District Governments-Receipts	21	2,202	1,649
District Governments- Revenue Expenditure	32.1	(221,338)	(227,216)
Cash from Operating Activities		70,916	107,122
CASH FLOW FROM INVESTING ACTIVITIES			
Recovery of Loans and Advances	19	158	10,431
Expenditure on Physical Assets	26	(5,735)	(9,568)
Expenditure on Civil Works	27	(57,416)	(113,153)
Payments of Loans and Advances	30	(278)	(1,095)
Investments		(500)	(1,100)
Payment of District Government - Capital Expenditure	32.2	(1,840)	(3,774)
Cash used in Investing Activities		(65,605)	(118,259)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipt of Foreign Debt	17	67,371	2,432
Receipt of Domestic Debt	18	243,729	154,100
Principal Repayment of Debt	28	(258,439)	(188,672)
Net Receipt of Public Account	33	(2,674)	19,635
Cash from Financing Activities		49,987	(12,505)
DECREASE IN CASH AND CASH EQUIVALENTS		55,298	(23,642)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		8,914	32,555
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	34	64,212	8,914

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

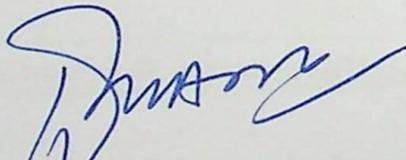


Accountant General Khyber Pakhtunkhwa

GOVERNMENT OF KHYBER PAKHTUNKHWA
Statement of Comparison of Budget and Actual Amounts by Function
For the Year Ended 30 June 2023

	2023 (Rupees in Million)			2022 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
RECEIPTS						
Revenue						
Taxation	693,521	603,600	700,040	577,863	612,221	602,013
Non-Taxation	434,284	417,192	249,282	230,095	192,001	330,999
Total revenue receipts	1,127,805	1,020,792	949,322	807,958	804,222	933,012
Capital						
Domestic Debt	25,000	140,000	243,729	54,000	140,000	154,100
Foreign Debt	80,065	73,955	48,708	-	-	2,432
Recoveries of Loans and Advances	179,492	162,557	158	250	250	10,431
Recoveries of Investments	-	-	6	4,580	10,000	-
Total capital receipts	284,557	376,512	292,601	58,830	150,250	166,963
Others						
Financing from past savings	-	-	-	-	-	-
Receipts of District Governments	-	-	221,924	-	-	234,172
TOTAL RECEIPTS	1,412,362	1,397,304	1,463,847	866,788	954,472	1,334,147
PAYMENTS						
Revenue						
General Public Service	443,472	431,690	390,596	390,070	402,734	374,952
Defence Services	324	257	257	249	226	226
Public Order and Safety Affairs	111,152	105,497	105,055	99,396	90,192	90,175
Economic Affairs	67,976	54,089	45,781	43,123	60,265	60,209
Environment Protection	445	358	198	152	198	198
Housing and Community Amenities	20,792	14,113	12,884	20,722	11,355	11,370
Health Affairs and Services	171,815	120,922	115,243	86,306	70,050	70,394
Recreation, Culture and Religion	15,205	11,690	4,972	7,083	12,477	12,481
Education Affairs and Services	63,963	52,637	46,974	46,629	41,564	41,572
Social Protection	32,052	13,588	10,915	31,204	15,910	13,946
Total revenue payments	927,196	804,841	732,875	724,934	704,971	675,523
Capital						
General Public Service	157,666	422,538	271,080	143,598	215,106	219,752
Public Order and Safety Affairs	243	243	100	329	99	99
Economic Affairs	237,755	213,651	132,295	236,770	202,242	177,211
Environment Protection	12,767	13,006	5,809	9,873	9,163	8,461
Housing and Community Amenities	42,117	48,111	21,923	37,720	35,733	33,308
Health Affairs and Services	14,486	14,663	3,472	23,242	11,516	9,618
Recreation, Culture and Religion	12,287	12,907	3,924	17,980	5,748	3,258
Education Affairs and Services	28,696	28,444	10,166	32,775	17,874	17,182
Social Protection	3,408	3,425	1,048	5,126	2,020	2,020
Total capital payments	509,425	756,988	449,817	507,413	499,501	470,909
Payments of District Governments	-	-	223,178	-	-	230,990
TOTAL PAYMENTS	1,436,621	1,561,829	1,405,870	1,232,347	1,204,472	1,377,422

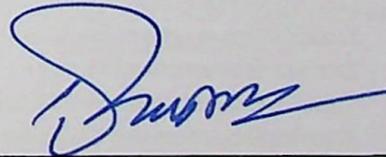
The annexed notes 1 to 39 form an integral part of these Financial Statements.


Accountant General Khyber Pakhtunkhwa

GOVERNMENT OF KHYBER PAKHTUNKHWA
Statement of Comparison of Budget and Actual Expenditure by Department
For the Year Ended 30 June 2023

DEPARTMENTS	2023 (Rupees in Million)			2022 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
Agriculture, Livestock & Cooperation	25,610	25,854	19,124	21,148	23,821	22,691
Board of Revenue	2,469	2,725	2,143	2,892	2,245	2,252
Education	65,820	57,502	38,273	59,677	40,406	39,841
Environment, Forestry, Wild life	13,644	11,946	9,112	11,382	11,074	10,773
Excise and Taxation	1,403	1,069	1,069	1,586	1,030	1,030
Finance	213,452	451,364	399,531	420,602	526,802	535,504
Food	108,433	72,555	71,214	109,879	75,924	75,924
Health	203,392	150,839	131,408	121,348	94,252	92,693
Home and Tribal Affairs	98,241	91,624	91,678	88,613	77,923	77,914
Industries	13,201	11,372	8,919	12,445	12,091	11,765
Information	1,805	1,183	1,089	1,784	765	767
Irrigation and Power	58,870	60,070	28,031	43,208	44,634	34,937
Law	3,361	3,229	3,076	3,602	2,832	2,822
High Court	8,469	9,562	9,562	6,787	8,391	8,393
Local Governance	387,686	403,396	273,698	111,544	116,150	81,865
Population, Planning and Welfare Department	1,650	1,412	780	1,796	813	816
Planning and Development	39,826	39,574	1,658	37,190	2,254	2,266
Provincial Assembly	1,828	1,588	1,588	1,699	1,566	1,566
Administration and Establishment	6,707	6,002	5,977	6,111	6,593	6,575
Works and Services	102,426	103,475	58,381	93,217	104,860	97,768
Zakat and Ushr	4,769	3,192	2,471	3,494	1,892	1,919
Science and Information Technology	3,090	2,402	1,111	2,659	1,233	1,255
Sports, Culture, Archeology & Museum	22,434	21,515	5,906	20,365	15,956	13,346
Auqaf, Hajj, Religious and Minority Affairs	4,217	3,160	2,413	4,039	2,631	2,633
Inter Provincial Coordination	65	59	59	62	62	62
Relief Rehabilitation and Settlement	31,047	13,904	9,934	32,678	15,933	13,927
Housing Department	-	-	-	-	-	-
Energy and Power	496	472	464	331	141	141
Public Health Engineering Department	53	69	69	-	-	-
TOURISM DEPARTMENT	-	319	318	-	-	-
Transport	12,158	10,399	3,636	12,212	12,200	4,985
	1,436,621	1,561,829	1,182,692	1,232,347	1,204,472	1,146,432
<i>Payments of District Governments</i>	-	-	223,178	-	-	230,990
TOTAL	1,436,621	1,561,829	1,405,870	1,232,347	1,204,472	1,377,422

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 2023

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 Larki 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 Newshehra
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 2022-2023 (from 1 July, 2022 to 30 June, 2023).

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	2023 Rupees in Million	2022 Rupees in Million
8 TAXATION - TRANSFER FROM FEDERAL GOVERNMENT			
<i>Direct Taxes</i>			
Income tax		299,633	204,821
Capital Value Tax		595	36
		300,228	204,857
<i>Indirect Taxes</i>			
Sales tax		237,431	235,774
Custom duty		86,350	89,598
Federal excise		32,888	28,251
Federal excise on Natural Gas		1,415	1,478
		358,084	355,101
		<u>658,312</u>	<u>559,958</u>
9 TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION			
<i>Direct Taxes</i>			
Income tax - Agriculture		101	121
Property Tax		624	(56)
Land Revenue		1,579	2,889
Tax on Profession, Trade and Callings		765	129
Capital Value Tax on Immoveable Property		2	23
		3,071	3,106
<i>Indirect Taxes</i>			
Receipts Under Motor Vehicles Act		1,679	1,544
Sales Tax		27,162	27,496
Stamp Duties		3,393	4,909
Provincial Excise		35	40
Others Indirect Taxes		6,387	4,960
		38,656	38,949
		<u>41,727</u>	<u>42,055</u>
10 GENERAL ADMINISTRATION RECEIPTS			
Fiscal Administration		758	616
Community Services		985	933
Social Services		1,581	1,589
Economic Regulations		35	34
Law and Order		2,205	1,931
Organs of State		142	131
		<u>5,706</u>	<u>5,234</u>

	Note	2023 Rupees in Million	2022 Rupees in Million
11 ECONOMIC SERVICES RECEIPTS			
Cooperation, Irrigation, Embankment-Drainage		405	271
Food and Agriculture		262	272
Fisheries and Animal Husbandry		315	430
Forest		806	597
Others		661	642
		<u>2,449</u>	<u>2,212</u>
12 DEVELOPMENT SURCHARGE AND ROYALTIES			
Development Surcharge on Gas	12.1	859	2,668
Royalty on Crude Oil	12.2	27,256	20,901
Royalty on Natural Gas	12.2	12,311	6,933
Discount on Local Crude Oil		1	2
		<u>40,427</u>	<u>30,504</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 well head production basis after deduction of 2% collection charges.			
	Note	2023 Rupees in Million	2022 Rupees in Million
13 INTEREST ON LOANS AND ADVANCES			
Interest on Loans and Advances to Govt. Servants		-	-
Interest - Others		390	624
		<u>390</u>	<u>624</u>
14 DIVIDEND AND PROFIT SHARE			
Dividends Receipts	14.1	-	10,007
Profit share	14.2	4,900	21,000
		<u>4,900</u>	<u>31,007</u>
14.1 Dividends Receipts			
Non-Financial Institution		-	10,007
		<u>-</u>	<u>10,007</u>
14.2 Profit share			
Electricity		4,900	21,000
Others		-	-
		<u>4,900</u>	<u>21,000</u>

	Note	2023 Rupees in Million	2022 Rupees in Million
15 OTHER RECEIPTS			
Unclaimed deposits		1,039	1,070
Rent, Rates and Taxes		25	25
Receipts under the Mines, Oil-fields and Mineral		5,486	5,372
Arms License Fees		1,385	955
Recoveries of Overpayments		558	470
Tourism Receipts		28	57
Sand and quarry fees		892	776
Recoveries made by NAB from defaulters		2	1
Sugarcane development cess		273	108
Sugarcane cess collection charges		4	1
Initial Environmental Examination and Environmenta		-	-
Fees, Fines, Penalties		36	30
Local Government		31	1
Fee for Registration/Renewal of licenses of Private Security Co		6	8
Fee For Registration/Renewal of Newspapers/Presses		4	3
Miscellaneous Receipts		6,755	3,598
		<u>16,524</u>	<u>12,475</u>
16 GRANTS AND AID			
Controlled by Govt:	16.1	115,756	178,204
Third Party Receipts	16.2	-	1,436
		<u>115,756</u>	<u>179,640</u>
16.1 Controlled by Govt:			
Development Grants		47,726	75,345
Non-Development Grants		60,710	65,400
Other Grants (Foreign)		7,320	37,459
		<u>115,756</u>	<u>178,204</u>
16.2 Third Party Receipts			
Development Grants		-	1,436
		<u>-</u>	<u>1,436</u>
17 FOREIGN DEBT - RECEIPTS			
Foreign Debt		48,708	
Third Party Receipts	17.1	18,662	2,432
		<u>67,370</u>	<u>2,432</u>
17.1 Third Party Receipts			
Foreign Lenders- JICA		-	-
ADB Loan		14,827	2,414
IDA Loan		3,835	18
Others		-	-
		<u>18,662</u>	<u>2,432</u>

	Note	2023 Rupees in Million	2022 Rupees in Million
18 DOMESTIC DEBT - RECEIPTS			
Floating Debt		243,729	164,391
		<u>243,729</u>	<u>164,391</u>
19 RECOVERY OF LOANS AND ADVANCES			
Non-Financial Institution		-	-
Government Servants		158	140
		<u>158</u>	<u>140</u>
20 TRADING ACTIVITIES - RECEIPTS			
Sale of wheat		58,112	54,253
Subsidies on wheat		5,000	10,005
Subsidy on wheat (from Federal Govt)		2	4,980
Sale of Others		12	62
		<u>63,126</u>	<u>69,300</u>
21 RECEIPTS OF DISTRICT GOVERNMENT			
Direct taxes		(3)	-
Indirect taxes		-	1
General Administration receipts		772	1
Share from Provincial allocable amounts		22,596	16,702
Grants from Provincial Government		198,548	217,426
Miscellaneous receipts		9	43
Loans and Advances		2	-
		<u>221,924</u>	<u>234,172</u>
Less: Grants from Provincial Government - KP	21.1	<u>219,722</u>	<u>232,523</u>
		<u>2,202</u>	<u>1,649</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	2023 Rupees in Million	2022 Rupees in Million
22 SALARIES AND EMPLOYEE BENEFITS			
Pay of Officers		33,218	18,174
Pay of Other Staff		75,018	39,995
Allowances		92,677	84,395
Retirement Benefits		114,857	93,807
		<u>315,770</u>	<u>236,371</u>
23 OPERATING EXPENSES			
Controlled by Govt:	23.1	194,956	249,196
Third Party Payments	23.2	12,033	552
		<u>206,989</u>	<u>249,748</u>

	Note	2023 Rupees in Million	2022 Rupees in Million
23.1 Controlled by Govt:			
Research Surveys and Exploratory Operations		1	1
Communication		459	398
Utilities		10,001	7,294
Occupancy Costs		365	265
Operating Leases		1	1
Motor Vehicles		59	74
Travel and Transportation		17,811	13,841
Scholarships, Bonuses and Other Awards		187	225
Entertainments and Gifts		145	259
Commodity Purchases (State Trading)		53,922	55,802
Repair & Maintenance		5,933	9,967
General Operating Expenses	23.1.1	106,072	161,069
		<u>194,956</u>	<u>249,196</u>

23.1.1 The general operating expenses include developmental expenditure amounting to Rs. 83,315 million (2022: Rs. 149,267 million). This expenditure pertains to developmental projects that are given budget under a single object head and due to the budgeting practice of Finance Department Khyber Pakhtunkhwa, bifurcation of the developmental and non-developmental expenditure is not possible.

23.2 Third Party Payments

General Operating Expenses		12,033	552
		<u>12,033</u>	<u>552</u>

24 GRANTS, SUBSIDIES AND WRITE-OFF OF LOANS

Grants, Subsidies and Write-off of Loans	24.1	49,233	49,368
Grants From third party payments	24.2	643	1,003
		<u>49,876</u>	<u>50,371</u>

24.1 Grants, Subsidies and Write-Off of Loans

Grants, Subsidies and Write-off of Loans		268,955	281,891
Less: Transfers to District Governments	21.1	219,722	232,523
		<u>49,233</u>	<u>49,368</u>

24.2 Grants From Third Party Payments

Grants Domestic		643	1,003
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25 OTHER TRANSFER PAYMENTS

Other Transfer Payments		62,899	49,717
		<u>62,899</u>	<u>49,717</u>

26 PHYSICAL ASSETS

Controlled by Govt:	26.1	5,735	9,568
Third Party Payments	26.2	-	-
		<u>5,735</u>	<u>9,568</u>

	Note	2023 Rupees in Million	2022 Rupees in Million
26.1 Controlled by Govt:			
Purchase of Building		30	382
Computer Equipment		328	598
Other Stores and Stocks		34	29
Purchase of Transport		790	1,403
Purchase of Plant & Machinery		1,611	1,974
Purchase of Furniture and Fixtures		199	433
Purchase of Other Assets		276	535
Feasibility Studies		2,467	4,214
		<u>5,735</u>	<u>9,568</u>
26.2 Third Party Payments			
Feasibility Studies		-	-
		<u>-</u>	<u>-</u>
27 CIVIL WORKS			
Controlled by Govt:	27.1	51,427	110,839
Third Party Payments	27.2	5,990	2,314
		<u>57,417</u>	<u>113,153</u>
27.1 Controlled by Govt:			
Roads, Highways and Bridges		10,239	24,778
Irrigation Works		9,066	15,290
Embankments and Drainage Works		3,135	5,137
Building and Structure		26,377	62,586
Other Works		2,610	3,048
		<u>51,427</u>	<u>110,839</u>
27.2 Third Party Payments			
Building and Structure		3,641	1,502
Other Works		2,349	812
		<u>5,990</u>	<u>2,314</u>
28 PRINCIPAL REPAYMENT OF DEBT			
Foreign Debt	28.1	20,976	12,115
Domestic debt	28.2	237,463	176,517
		<u>258,439</u>	<u>188,632</u>
29 SERVICING OF DEBT			
Foreign Debt		6,487	2,283
Domestic Loans		17,246	11,830
		<u>23,733</u>	<u>14,113</u>
30 LOANS AND ADVANCES			
Financial Institutions		-	821
Government Employees	30.1	278	274
		<u>278</u>	<u>1,095</u>

	Note	2023 Rupees in Million	2022 Rupees in Million
30.1 Government Employees			
House Building Advance		181	185
Motor Car Advance		51	47
Motor Cycle Advance		46	42
Cycle Advance		-	-
	30.1.1	<u>278</u>	<u>274</u>

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	2023 Rupees in Million	2022 Rupees in Million
31 INVESTMENTS			
General Provident Investment Fund	31.1	92,857	92,857
Pension Fund	31.2	48,270	48,270
Hydel Development Fund	31.3	3,354	3,354
Oil & Gas Development KP	31.4	1,600	1,100
		<u>146,081</u>	<u>145,581</u>

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 2022-2023.

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 Governments liability towards its pensioners.

31.3 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.

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, 2023.

31.4 Khyber Pakhtunkhwa Oil & Gas Company Limited commonly known as KPOGCL, is a provincial oil and gas holding company based in Peshawar, Pakistan. It was established by Government of Khyber Pakhtunkhwa in 2013.

32 PAYMENTS OF DISTRICT GOVERNMENTS

Revenue Expenditure	32.1	221,338	227,216
Capital Expenditure	32.2	1,840	3,774
		<u>223,178</u>	<u>230,990</u>

	Note	2023 Rupees in Million	2022 Rupees in Million
32.1 Revenue Expenditure			
General Public Service		8,966	8,000
Public Order and Safety Affairs		17	14
Economic Affairs		9,782	7,843
Housing and Community Amenities		1,261	1,201
Health Affairs and Services		15	33,362
Recreation, Culture and Religion		935	589
Education Affairs and Services		196,804	173,151
Social Protection		3,558	3,056
		<u>221,338</u>	<u>227,216</u>

32.2 Capital Expenditure

General Public Service		832	2,072
Public Order and Safety Affairs		-	68
Economic Affairs		39	35
Environment Protection		30	237
Housing and Community Amenities		84	54
Health		25	20
Recreation Culture and Religion		-	1,252
Education Affairs and Services		807	36
Social Protection		23	-
		<u>1,840</u>	<u>3,774</u>

33 NET RECEIPT / (PAYMENT) OF PUBLIC ACCOUNT

Receipts

Trust & other Public Accounts	1,504,298	1,440,487
Special Deposits	113,746	100,468
State Provident Fund	42,764	32,826
	<u>1,660,808</u>	<u>1,573,781</u>

Payments

Trust & other Public Accounts	(1,521,582)	(1,441,600)
Special Deposits	(116,924)	(91,340)
State Provident Fund	(24,976)	(21,206)
	<u>(1,663,482)</u>	<u>(1,554,146)</u>

33.1	<u>(2,674)</u>	<u>19,635</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	2023 Rupees in Million	2022 Rupees in Million
34 CASH AND BANK			
Provincial Governments Balance	34.1	45,386	(12,389)
District Governments Balance		18,827	21,303
		<u>64,213</u>	<u>8,914</u>
34.1 Provincial Government's Balance			
Public Account Balance		195,409	196,864
Consolidated Fund Balance		(150,023)	(209,253)
		<u>45,386</u>	<u>(12,389)</u>
35 ASSETS AND LIABILITIES			
Assets			
Long Term Assets		1,100,119	1,035,129
Investments		80,910	80,410
Loans and Advances		(5,222)	14,952
Current Assets		11,693	12,985
Cash and Bank		64,213	8,914
	35.1	<u>1,251,713</u>	<u>1,152,390</u>
Liabilities and Equity			
Public Debt	36	61,239	48,170
Special Deposits and Trust Accounts		86,355	109,097
Deferred Liabilities		127,409	108,637
Residual Equity		976,710	886,486
	35.1	<u>1,251,713</u>	<u>1,152,390</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	2023 Rupees in Million	2022 Rupees in Million
36 PUBLIC DEBT			
Domestic Debt			
Opening Balance		(13,822)	(13,822)
Add: Debt Receipts	18	222,800	-
Less: Principal Repayments of Debt	28.2	(237,463)	-
Closing Balance		(28,485)	(13,822)
Foreign Debt			
Opening Balance		61,992	94,132
Add: Debt Receipts	17	48,708	156,532
Less: Principal Repayments of Debt	28.1	(20,976)	(188,672)
Closing Balance		89,724	61,992
	36.1	<u>61,239</u>	<u>48,170</u>

36.1 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	2023 Rupees in Million	2022 Rupees in Million
Receipts			
Actual Receipts in Statement of Comparison of Budget and Actual Amounts by Function		1,463,847	1,334,147
Less : Grants from Provincial Government - KP	24	219,722	232,523
Actual Receipts in Statement of Cash Receipts and Payments		<u>1,244,125</u>	<u>1,101,624</u>
Payments			
Actual payments in Statements of Comparison of Budget and Actual Amounts by Function and Actual Expenditure by Department		1,405,870	1,377,422
Less: Transfers to District Governments - KP	24	219,722	232,523
Actual payments in Statement of Cash Receipts and Payments		<u>1,186,148</u>	<u>1,144,899</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

20 DEC 2023

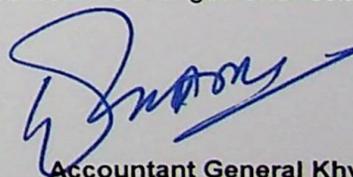
39 GENERAL

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

