



**FINANCIAL STATEMENTS  
OF THE  
GOVERNMENT OF KHYBER PAKHTUNKHWA  
2012-2013**



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## PREFACE

I am pleased to present the Financial Statement of the Government of Khyber Pakhtunkhwa for the year ended 30 June, 2013 together with the Auditors' Reports thereon.

The Financial Statement of the Government of Khyber Pakhtunkhwa for the financial year 2012-13 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 has been initiated but assets 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 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 procedure 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

  
Controller General of Accounts

Date:



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

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**AUDITOR'S REPORT**

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

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

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

**Auditor's Responsibility**

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

**In my opinion:**

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

## Emphasis of matter

Without qualifying our opinion, I draw your attention that;

- a. Statement of cash receipts and payments and note 7.11 to the Financial Statements. Under IPSAS Cash Basis disclosure of third party payments is mandatory part of the General Purpose Financial Statements and should be disclosed separately on the face of the statement of cash receipts and payments of the Government of Khyber Pakhtunkhwa. The Government has disclosed third party payments partially on the basis that neither the Government has been formally advised by the third party or the recipient nor such payments have otherwise been verified. The existing accounting and financial reporting system of the Government needs to be strengthened to fully capture third party payments.
- b. The Food Department of Government of Khyber Pakhtunkhwa obtained loan from commercial banks for purchase of wheat during the preceding three financial years. The loan so obtained was not reported as receipt and amounts spent on purchase of wheat was not recognized as expenditure in the Financial Statements as per accounting policies. The error has now been rectified by restating the comparative statements as disclosed in note 34.2 of the Financial Statements.

## 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:

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Auditor General of Pakistan



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

|  |    | 2013<br>Rupees<br>in Million                         | 2012<br>Rupees<br>in Million          |  |  |
|--|----|--|---------------------------------------|--|--|
| Note   |    |  |                                       |  |  |
| PROVINCIAL CONSOLIDATED FUND                     |    |  |                                       |  |  |
| RECEIPTS   |    | Receipt / Payment<br>controlled by the<br>Government | Receipt / Payment<br>by Third Parties | Receipt / Payment<br>controlled by the<br>Government | Receipt /<br>Payment by<br>Third Parties |
| Taxation- Transfers from Federal Government      | 8  | 180,747  | -                                     | 161,311  | -  |
| Taxation- Provincial Government's own collection | 9  | 4,058  | -                                     | 3,662  | -  |
| Non-Tax Revenue and Other Receipts               |    |  |                                       |  |  |
| General Administration                           | 10 | 1,954  | -                                     | 1,734  | -  |
| Economic Services                                | 11 | 1,520  | -                                     | 1,595  | -  |
| Development Surcharge and Royalties              | 12 | 18,260   | -                                     | 17,592   | -  |
| Interest on Loans and Advances                   | 13 | 83   | -                                     | 208  | -  |
| Dividend and Profit Share                        | 14 | 29,917   | -                                     | 28,308   | -  |
| Others   | 15 | 2,042  | -                                     | 1,880  | -  |
|  |    | 53,776   | -                                     | 51,317   | -  |
| Grants and Aid                                   | 16 | 12,330   | -                                     | 11,666   | 190                                      |
| Borrowings                                       |    |  |                                       |  |  |
| Foreign Debt                                     | 17 | -  | 111                                   | 363  | 614                                      |
| Domestic Debt                                    | 18 | 727  | -                                     | 12,507   | -  |
|  |    | 727  | 111                                   | 12,870   | 614                                      |
| Capital Receipts                                 |    |  |                                       |  |  |
| Investment Recovery                              |    | -  | -                                     | 7  | -  |
| Recovery of Loans and Advances                   | 19 | 94   | -                                     | 37   | -  |
|  |    | 94   | -                                     | 44   | -  |
| Trading Activities                               | 20 | 13,570   | -                                     | 12,250   | -  |
| Receipts of District Governments                 | 21 | 759  | -                                     | 3,052  | -  |
| TOTAL RECEIPTS                                   |    | 266,061  | 111                                   | 256,172  | 804                                      |

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

|  |      | 2013<br>Rupees<br>in Million                         | 2012<br>Rupees<br>in Million          |  |
|--|------|--|---------------------------------------|--|
|  | Note | Receipt / Payment<br>controlled by the<br>Government | Receipt / Payment<br>by Third Parties | Receipt / Payment<br>controlled by the<br>Government      Receipt /<br>Payment by<br>Third Parties |
| <b>PAYMENTS</b>                                    |      |  |                                       |  |
| <i>Operations</i>                                  |      |  |                                       |  |
| Salaries and Employee Benefits                     | 22   | 56,982   | -                                     | 49,087      -  |
| Operating Expenses                                 | 23   | 55,292   | -                                     | 63,960      704  |
|  |      | 112,274  | -                                     | 113,047      704   |
| <i>Transfers</i>                                   |      |  |                                       |  |
| Grants, Subsidies and Write-off of Loans           | 24   | 4,405  | -                                     | 32      -  |
| Other Transfer Payments                            |      | 6,586  | -                                     | 5,741      -   |
|  |      | 10,991   | -                                     | 5,773      -   |
| <i>Expenditure on</i>                              |      |  |                                       |  |
| Physical Assets                                    | 25   | 998  | -                                     | 1,698      -   |
| Civil Works  | 26   | 33,174   | 111                                   | 35,925      100  |
|  |      | 34,172   | 111                                   | 37,623      100  |
| <i>Debt and Interest Payments</i>                  |      |  |                                       |  |
| Principal Repayment of Debt                        | 27   | 13,653   | -                                     | 14,681      -  |
| Servicing of Debt                                  | 28   | 5,692  | -                                     | 6,999      -   |
|  |      | 19,345   | -                                     | 21,680      -  |
| <i>Other Payments</i>                              |      |  |                                       |  |
| Loans and Advances                                 | 29   | 5,996  | -                                     | 4,788      -   |
| Investments  |      | 9,000  | -                                     | 7,096      -   |
|  |      | 14,996   | -                                     | 11,884      -  |
| <i>Payments of District Governments</i>            | 30   | 84,618   | -                                     | 72,959      -  |
| <b>TOTAL PAYMENTS</b>                              |      | <b>276,396</b>                                       | <b>111</b>                            | <b>262,966      804</b>  |
| <b>NET PAYMENT OF PROVINCIAL CONSOLIDATED FUND</b> |      | <b>(10,335)</b>                                      | <b>-</b>                              | <b>(6,794)      -</b>  |
| <b>NET RECEIPT OF PUBLIC ACCOUNT</b>               | 31   | <b>2,060</b>   | <b>-</b>                              | <b>8,823      -</b>  |
| <b>INCREASE / (DECREASE) IN CASH</b>               |      | <b>(8,275)</b>                                       | <b>-</b>                              | <b>2,029      -</b>  |
| <b>CASH AT THE BEGINNING OF THE YEAR</b>           |      | <b>22,346</b>  | <b>-</b>                              | <b>20,317      -</b>   |
| <b>INCREASE / (DECREASE) IN CASH</b>               |      | <b>(8,275)</b>                                       | <b>-</b>                              | <b>2,029      -</b>  |
| <b>CASH AT THE END OF THE YEAR</b>                 | 32   | <b>14,071</b>  | <b>-</b>                              | <b>22,346      -</b>   |

The annexed notes 1 to 37 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 2013**

|   | Note | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|---|------|------------------------------|------------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                    |      |                              |                              |
| Taxation- Transfers from Federal Government                   | 8    | 180,747                      | 161,311                      |
| Taxation- Provincial Government's own collection              | 9    | 4,058                        | 3,662                        |
| Non-Tax Revenue and Other Receipts                            |      | 53,776                       | 51,317                       |
| Grants and Aid - Receipts                                     | 16   | 12,330                       | 11,856                       |
| Trading Activities - Receipts                                 | 20   | 13,570                       | 12,250                       |
| Operations- Payments  |      | (112,274)                    | (113,751)                    |
| Servicing of Debt - Payments                                  | 28   | (5,692)                      | (6,999)                      |
| Transfers - Payments  |      | (10,991)                     | (5,773)                      |
| District Governments-Receipts                                 | 21   | 759                          | 3,052                        |
| District Governments- Revenue Expenditure                     | 30.1 | (77,279)                     | (64,205)                     |
| <b>Cash from Operating Activities</b>                         |      | <b>59,004</b>                | <b>52,720</b>                |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |      |                              |                              |
| Investment Recovery   |      | -                            | 7                            |
| Recovery of Loans and Advances                                | 19   | 94                           | 37                           |
| Expenditure on Physical Assets                                | 25   | (998)                        | (1,698)                      |
| Expenditure on Civil Works                                    | 26   | (33,285)                     | (36,025)                     |
| Payments of Loans and Advances                                | 29   | (5,996)                      | (4,788)                      |
| Investments   |      | (9,000)                      | (7,096)                      |
| Payment of District Government - Capital Expenditure          | 30.2 | (7,339)                      | (8,754)                      |
| <b>Cash used in Investing Activities</b>                      |      | <b>(56,524)</b>              | <b>(58,317)</b>              |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |      |                              |                              |
| Receipt of Foreign Debt                                       | 17   | 111                          | 977                          |
| Receipt of Domestic Debt                                      | 18   | 727                          | 12,507                       |
| Principal Repayment of Debt                                   | 27   | (13,653)                     | (14,681)                     |
| Net Receipt of Public Account                                 | 31   | 2,060                        | 8,823                        |
| <b>Cash from Financing Activities</b>                         |      | <b>(10,755)</b>              | <b>7,626</b>                 |
| <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>                  |      | <b>(8,275)</b>               | <b>2,029</b>                 |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b> |      | <b>22,346</b>                | <b>20,317</b>                |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>       | 32   | <b>14,071</b>                | <b>22,346</b>                |

The annexed notes 1 to 37 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 2013**

|   | 2013 (Rupees in Million) |                |                | 2012 (Rupees in Million) |                |                |
|---|--------------------------|----------------|----------------|--------------------------|----------------|----------------|
|   | Budgeted Amounts         |                | Actual Amounts | Budgeted Amounts         |                | Actual Amounts |
|   | Original                 | Revised        |                | Original                 | Revised        |                |
| <b>RECEIPTS</b>                         |                          |                |                |                          |                |                |
| <u>Revenue</u>                          |                          |                |                |                          |                |                |
| Taxation                                | 222,087                  | 185,192        | 184,805        | 181,650                  | 176,935        | 164,973        |
| Non-Taxation                            | 155,254                  | 96,208         | 79,676         | 63,933                   | 80,214         | 75,423         |
| <b>Total revenue receipts</b>           | <b>377,341</b>           | <b>281,400</b> | <b>264,481</b> | <b>245,583</b>           | <b>257,149</b> | <b>240,396</b> |
| <u>Capital</u>                          |                          |                |                |                          |                |                |
| Domestic Debt                           | 9,500                    | 9,500          | 727            | -                        | 9,500          | 12,507         |
| Foreign Debt                            | 3,695                    | 1,108          | 111            | 3,318                    | 1,108          | 977            |
| Recoveries of Loans and Advances        | 249                      | 249            | 94             | 249                      | 249            | 37             |
| Recoveries of Investments               | 1                        | 1              | -              | 1                        | 1              | 7              |
| <b>Total capital receipts</b>           | <b>13,445</b>            | <b>10,858</b>  | <b>932</b>     | <b>3,568</b>             | <b>10,858</b>  | <b>13,528</b>  |
| <u>Receipts of District Governments</u> | -                        | -              | 83,785         | -                        | -              | 73,893         |
| <b>TOTAL RECEIPTS</b>                   | <b>390,786</b>           | <b>292,258</b> | <b>349,198</b> | <b>249,151</b>           | <b>268,007</b> | <b>327,817</b> |
| <b>PAYMENTS</b>                         |                          |                |                |                          |                |                |
| <u>Revenue</u>                          |                          |                |                |                          |                |                |
| General Public Service                  | 129,184                  | 130,972        | 115,764        | 100,272                  | 106,121        | 97,858         |
| Public Order and Safety Affairs         | 28,814                   | 30,027         | 28,985         | 23,217                   | 26,990         | 25,318         |
| Economic Affairs                        | 13,890                   | 15,128         | 13,150         | 12,809                   | 13,857         | 12,400         |
| Environment Protection                  | 62                       | 62             | 47             | 87                       | 87             | 53             |
| Housing and Community Amenities         | 2,518                    | 2,518          | 1,722          | 2,065                    | 2,065          | 1,882          |
| Health Affairs and Services             | 9,240                    | 11,760         | 9,786          | 7,330                    | 9,804          | 9,043          |
| Recreation, Culture and Religion        | 954                      | 1,025          | 812            | 1,243                    | 1,279          | 1,058          |
| Education Affairs and Services          | 15,934                   | 17,449         | 14,351         | 13,339                   | 13,625         | 12,007         |
| Social Protection                       | 5,048                    | 7,642          | 5,643          | 1,786                    | 5,191          | 5,485          |
| <b>Total revenue payments</b>           | <b>205,644</b>           | <b>216,583</b> | <b>190,260</b> | <b>162,148</b>           | <b>179,019</b> | <b>165,104</b> |
| <u>Capital</u>                          |                          |                |                |                          |                |                |
| General Public Service                  | 33,580                   | 33,580         | 28,616         | 31,290                   | 31,297         | 25,376         |
| Public Order and Safety Affairs         | 772                      | 772            | 225            | 900                      | 900            | 822            |
| Economic Affairs                        | 105,498                  | 109,981        | 25,193         | 104,826                  | 112,194        | 39,907         |
| Environment Protection                  | 4,487                    | 5,003          | 3,528          | 3,673                    | 4,965          | 3,658          |
| Housing and Community Amenities         | 10,431                   | 10,470         | 8,531          | 16,832                   | 17,482         | 10,650         |
| Health Affairs and Services             | 7,483                    | 7,600          | 3,044          | 5,025                    | 5,528          | 4,210          |
| Recreation, Culture and Religion        | 456                      | 456            | 462            | 501                      | 501            | 629            |
| Education Affairs and Services          | 20,790                   | 22,229         | 14,798         | 11,554                   | 13,850         | 10,703         |
| Social Protection                       | 1,645                    | 1,795          | 258            | 109                      | 746            | 593            |
| <b>Total capital payments</b>           | <b>185,142</b>           | <b>191,886</b> | <b>84,655</b>  | <b>174,710</b>           | <b>187,463</b> | <b>96,548</b>  |
| <u>Payments of District Governments</u> | <b>72,541</b>            | <b>89,832</b>  | <b>84,618</b>  | <b>59,275</b>            | <b>77,089</b>  | <b>72,959</b>  |
| <b>TOTAL PAYMENTS</b>                   | <b>463,327</b>           | <b>498,301</b> | <b>359,533</b> | <b>396,133</b>           | <b>443,571</b> | <b>334,511</b> |

The annexed notes 1 to 37 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 2013

| DEPARTMENT                                  | 2013 Rupees in Million |                |                | 2012 Rupees in Million |                |                |
|---|------------------------|----------------|----------------|------------------------|----------------|----------------|
|   | Budgeted Amounts       |                | Actual Amounts | Budgeted Amounts       |                | Actual Amounts |
|   | Original               | Revised        |                | Original               | Revised        |                |
| Agriculture, Livestock & Cooperation        | 3,176                  | 3,176          | 2,523          | 2,835                  | 2,846          | 2,246          |
| Board of Revenue                            | 1,252                  | 1,252          | 479            | 998                    | 998            | 389            |
| Education                                   | 28,310                 | 31,202         | 22,127         | 18,566                 | 20,510         | 17,198         |
| Environment, Forestry, Wild life            | 2,137                  | 2,372          | 1,989          | 1,875                  | 2,033          | 1,832          |
| Excise and Taxation                         | 116                    | 116            | 87             | 102                    | 102            | 79             |
| Finance                                     | 148,506                | 148,506        | 132,615        | 121,980                | 127,657        | 115,115        |
| Food  | 81,224                 | 81,224         | 4,669          | 81,247                 | 81,247         | 16,652         |
| Health                                      | 19,839                 | 20,868         | 16,645         | 15,300                 | 16,383         | 16,270         |
| Home and Tribal Affairs                     | 25,565                 | 26,079         | 25,304         | 20,495                 | 24,162         | 22,659         |
| Industries                                  | 6,160                  | 6,229          | 4,483          | 5,630                  | 5,717          | 4,210          |
| Information                                 | 338                    | 338            | 239            | 257                    | 266            | 201            |
| Irrigation and Power                        | 7,490                  | 8,617          | 7,503          | 7,522                  | 7,837          | 10,507         |
| Law   | 824                    | 863            | 754            | 713                    | 809            | 615            |
| High Court                                  | 2,228                  | 2,906          | 2,699          | 1,791                  | 1,791          | 1,831          |
| Local Governance                            | 21,319                 | 22,731         | 18,098         | 22,899                 | 23,159         | 18,018         |
| Population, Planning and Welfare Department | 409                    | 409            | 305            | 353                    | 352            | 296            |
| Planning and Development                    | 2,928                  | 2,928          | 635            | 3,198                  | 3,198          | 1,141          |
| Provincial Assembly                         | 433                    | 477            | 428            | 325                    | 395            | 354            |
| Administration and Establishment            | 2,352                  | 2,703          | 2,591          | 2,246                  | 2,351          | 2,249          |
| Works and Services                          | 21,186                 | 26,992         | 18,761         | 18,851                 | 31,561         | 19,419         |
| Zakat and Ushr                              | 948                    | 956            | 762            | 657                    | 666            | 564            |
| Science and Information Technology          | 643                    | 643            | 455            | 395                    | 395            | 287            |
| Sports, Culture, Archeology & Museum        | 991                    | 1,060          | 922            | 1,448                  | 1,465          | 1,411          |
| Auqaf, Hajj, Religious and Minority Affairs | 202                    | 202            | 143            | 166                    | 166            | 140            |
| Inter Provincial Coordination               | 24                     | 24             | 23             | 20                     | 21             | 19             |
| Relief Rehabilitation and Settlement        | 5,246                  | 7,986          | 4,710          | 909                    | 4,315          | 4,385          |
| Housing Department                          | 6,620                  | 6,660          | 4,175          | 5,910                  | 5,910          | 3,440          |
| Energy and Power                            | 60                     | 690            | 653            | 41                     | 41             | 39             |
| Transport                                   | 260                    | 260            | 138            | 129                    | 129            | 86             |
|   | 390,786                | 408,469        | 274,915        | 336,858                | 366,482        | 261,652        |
| <b>Expenditure of District Governments</b>  | <b>72,541</b>          | <b>89,832</b>  | <b>84,618</b>  | <b>59,275</b>          | <b>77,089</b>  | <b>72,959</b>  |
| <b>TOTAL</b>                                | <b>463,327</b>         | <b>498,301</b> | <b>359,533</b> | <b>396,133</b>         | <b>443,571</b> | <b>334,611</b> |

The annexed notes 1 to 37 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 2013

#### 1 REPORTING ENTITY

Provincial Government - Khyber Pakhtunkhwa (the Government) conducts its operations under the Rules of Business 1988. 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.

District Governments were established under Khyber Pakhtunkhwa Local Government Ordinance, 2001. The District Government consists of Zila Nazim and District Administration. Auditor General of Pakistan under section 114 of the said Ordinance prescribed Local Government Accounts Manual for District Governments. This Manual requires preparation of annual Finance and Appropriation Accounts by each District Government. District Governments Khyber Pakhtunkhwa prepare separate Financial Statements. 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 Peshawar          | 2- District Government Abbottabad    |
| 3- District Government Nowshera          | 4- District Government Manshera      |
| 5- District Government Charsadda         | 6- District Government Kohat         |
| 7- District Government Mardan            | 8- District Government Haripur       |
| 9- District Government Swabi             | 10- District Government Dir Lower    |
| 11- District Government Hangu            | 12- District Government Bannu        |
| 13- District Government Swat             | 14- District Government Buner        |
| 15- District Government Malakand         | 16- District Government Battagram    |
| 17- District Government Chitral          | 18- District Government karak        |
| 19- District Government Dera Ismail Khan | 20- District Government Tank         |
| 21- District Government Shangla          | 22- District Government Lakki Marwat |
| 23- District Government Dir Upper        | 24- District Government Kohistan     |
| 25- District Government Tor Ghar         |                                      |

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



## **2 BASIS OF CONSOLIDATION**

The Financial Statements have been prepared by consolidating the accounts of all Centralized and Self Accounting Entities and twenty five (25) 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 2012-13 have been prepared and presented in order to make a fair presentation of all the relevant financial information without making any change in the fundamentals applied and all policies have been applied on a basis consistent with the previous year.

## **5 REPORTING AND BUDGET PERIOD**

The reporting and budget period of these Financial Statements is the financial year 2012-2013 (from 1 July, 2012 to 30 June, 2013).

## **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 | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|--|------|------------------------------|------------------------------|
| <b>8 TAXATION - TRANSFER FROM FEDERAL GOVERNMENT</b>       |      |                              |                              |
| <i>Direct Taxes</i>  |      |                              |                              |
| Income tax   |      | 67,762                       | 58,735                       |
| Wealth Tax   |      | -                            | 1                            |
| Capital Value Tax  |      | 23                           | 10                           |
|  |      | <b>67,785</b>                | <b>58,746</b>                |
| <i>Indirect Taxes</i>                                      |      |                              |                              |
| Sales tax  |      | 79,403                       | 73,595                       |
| Custom duty  |      | 21,781                       | 18,446                       |
| Federal excise   |      | 10,407                       | 9,350                        |
| Federal excise on Natural Gas                              |      | 1,371                        | 1,174                        |
|  |      | <b>112,962</b>               | <b>102,565</b>               |
|  |      | <b>180,747</b>               | <b>161,311</b>               |
| <b>9 TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION</b> |      |                              |                              |
| <i>Direct Taxes</i>  |      |                              |                              |
| Income tax - Agriculture                                   |      | 22                           | 20                           |
| Property Tax   |      | 254                          | 196                          |
| Land Revenue   |      | 1,186                        | 1,272                        |
| Tax on Profession, Trade and Callings                      |      | 130                          | 131                          |
| Capital Value Tax on Immoveable Property                   |      | 292                          | 240                          |
|  |      | <b>1,884</b>                 | <b>1,859</b>                 |
| <i>Indirect Taxes</i>                                      |      |                              |                              |
| Receipts Under Motor Vehicles Act                          |      | 935                          | 865                          |
| Stamp Duties   |      | 615                          | 591                          |
| Provincial Excise  |      | 20                           | 27                           |
| Others Indirect Taxes                                      |      | 604                          | 320                          |
|  |      | <b>2,174</b>                 | <b>1,803</b>                 |
|  |      | <b>4,058</b>                 | <b>3,662</b>                 |
| <b>10 GENERAL ADMINISTRATION RECEIPTS</b>                  |      |                              |                              |
| Fiscal Administration                                      |      | 117                          | 111                          |
| Community Services   |      | 793                          | 618                          |
| Social Services  |      | 369                          | 273                          |
| Economic Regulations                                       |      | 14                           | 13                           |
| Law and Order  |      | 635                          | 702                          |
| Organs of State  |      | 26                           | 17                           |
|  |      | <b>1,954</b>                 | <b>1,734</b>                 |



|  | Note | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|--|------|------------------------------|------------------------------|
| <b>11 ECONOMIC SERVICES RECEIPTS</b>         |      |                              |                              |
| Cooperation, Irrigation, Embankment-Drainage |      | 371                          | 321                          |
| Food and Agriculture                         |      | 149                          | 122                          |
| Fisheries and Animal Husbandry               |      | 101                          | 86                           |
| Forest                                       |      | 727                          | 892                          |
| Others                                       |      | 172                          | 174                          |
|  |      | <u>1,520</u>                 | <u>1,595</u>                 |

**12 DEVELOPMENT SURCHARGE AND ROYALTIES**

|                              |      |               |               |
|------------------------------|------|---------------|---------------|
| Development Surcharge on Gas | 12.1 | 1,648         | 1,786         |
| Royalty on Crude Oil         | 12.2 | 12,871        | 11,652        |
| Royalty on Natural Gas       | 12.2 | 3,741         | 4,154         |
|                              |      | <u>18,260</u> | <u>17,592</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 | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|--|------|------------------------------|------------------------------|
| <b>13 INTEREST ON LOANS AND ADVANCES</b>         |      |                              |                              |
| Interest on Domestic Loan                        | 13.1 | 5                            | 152                          |
| Interest on Loans and Advances to Govt. Servants |      | 2                            | 3                            |
| Interest - Others                                |      | 76                           | 53                           |
|  |      | <u>83</u>                    | <u>208</u>                   |

**13.1 Interest On Domestic Loan**

|                            |          |            |
|----------------------------|----------|------------|
| Financial Institutions     | 5        | -          |
| Non Financial Institutions | -        | 152        |
|                            | <u>5</u> | <u>152</u> |

**14 DIVIDEND AND PROFIT SHARE**

|                    |      |               |               |
|--------------------|------|---------------|---------------|
| Dividends Receipts | 14.1 | 17            | 16            |
| Profit share       | 14.2 | 29,900        | 28,292        |
|                    |      | <u>29,917</u> | <u>28,308</u> |

|  | Note | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|--|------|------------------------------|------------------------------|
| <b>14.1 Dividends Receipts</b>                   |      |                              |                              |
| Non-Financial Institution                        |      | 17                           | 16                           |
|  |      | <u>17</u>                    | <u>16</u>                    |
| <b>14.2 Profit share</b>                         |      |                              |                              |
| Electricity                                      |      | 28,000                       | 27,190                       |
| Others   |      | 1,900                        | 1,102                        |
|  |      | <u>29,900</u>                | <u>28,292</u>                |
| <b>15 OTHER RECEIPTS</b>                         |      |                              |                              |
| Unclaimed deposits                               |      | 402                          | 204                          |
| Rent, Rates and Taxes                            |      | 5                            | 3                            |
| Receipts under the Mines, Oil-fields and Mineral |      | 621                          | 614                          |
| Arms License Fees                                |      | 265                          | 304                          |
| Recoveries of Overpayments                       |      | 16                           | 12                           |
| Tourism Receipts                                 |      | 12                           | 12                           |
| Sand and quarry fees                             |      | 58                           | 41                           |
| Recoveries made by NAS from defaulters           |      | 41                           | 25                           |
| Sugarcane development cess                       |      | 92                           | 72                           |
| Renewal of licenses of Private Security Co       |      | 4                            | 3                            |
| 5% Collection Charges on Federal Taxes           |      | 3                            | 3                            |
| Miscellaneous Receipts                           |      | 523                          | 587                          |
|  |      | <u>2,042</u>                 | <u>1,880</u>                 |
| <b>16 GRANTS AND AID</b>                         |      |                              |                              |
| <b>16.1 Controlled by Govt:</b>                  |      |                              |                              |
| Development Grants                               |      | 12,252                       | 9,689                        |
| Non-Development Grants                           |      | 78                           | 1,977                        |
|  |      | <u>12,330</u>                | <u>11,666</u>                |
| <b>16.2 Third Party Receipts</b>                 |      |                              |                              |
| Development Grants                               |      | -                            | 190                          |
|  |      | <u>-</u>                     | <u>190</u>                   |
| <b>17 FOREIGN DEBT - RECEIPTS</b>                |      |                              |                              |
| <b>17.1 Controlled by Govt:</b>                  |      |                              |                              |
| Federal Government                               |      | -                            | 363                          |
|  |      | <u>-</u>                     | <u>363</u>                   |
| <b>17.2 Third Party Receipts</b>                 |      |                              |                              |
| Foreign Lenders                                  |      | 111                          | 614                          |
|  |      | <u>111</u>                   | <u>614</u>                   |

|                                    | Note | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|------------------------------------|------|------------------------------|------------------------------|
| <b>18 DOMESTIC DEBT - RECEIPTS</b> |      |                              |                              |
| Permanent Debt                     | 18.1 | 14                           | 22                           |
| Floating Debt                      | 34.2 | 713                          | 12,485                       |
|                                    |      | <u>727</u>                   | <u>12,507</u>                |

18.1 This represents borrowings from Federal Government. Repayment period and interest rate for these borrowings is determined in accordance with terms and conditions of each loan.

|  | Note | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|--|------|------------------------------|------------------------------|
| <b>19 RECOVERY OF LOANS AND ADVANCES</b> |      |                              |                              |
| Financial Institution                    |      | 42                           | 5                            |
| Non-Financial Institution                |      | 1                            | 1                            |
| Government Servants                      |      | 50                           | 31                           |
| Others                                   |      | 1                            | -                            |
|  |      | <u>94</u>                    | <u>37</u>                    |

|   |  |               |               |
|---|--|---------------|---------------|
| <b>20 TRADING ACTIVITIES - RECEIPTS</b> |  |               |               |
| Sale of wheat                           |  | 10,840        | 12,250        |
| Subsidies on wheat                      |  | 2,714         | -             |
| Sale of Others                          |  | 16            | -             |
|   |  | <u>13,570</u> | <u>12,250</u> |

|  |      |               |               |
|--|------|---------------|---------------|
| <b>21 RECEIPTS OF DISTRICT GOVERNMENT</b>              |      |               |               |
| Indirect Taxes   |      | 39            | 32            |
| Income from Property and Enterprises                   |      | 1             | -             |
| Receipts from Civil Administration and Other Functions |      | 295           | 249           |
| Grants from Provincial Government                      |      | 83,026        | 70,841        |
| Miscellaneous Receipts                                 |      | 421           | 2,765         |
| Loans and Advances                                     |      | 3             | 6             |
|  |      | <u>83,785</u> | <u>73,893</u> |
| Less: Grants from Provincial Government - KP           | 21.1 | (83,026)      | (70,841)      |
|  |      | <u>759</u>    | <u>3,052</u>  |

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

|  | Note | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|--|------|------------------------------|------------------------------|
| <b>22 SALARIES AND EMPLOYEE BENEFITS</b> |      |                              |                              |
| Pay of Officers                          |      | 4,505                        | 4,165                        |
| Pay of Other Staff                       |      | 12,200                       | 11,854                       |
| Allowances                               |      | 22,737                       | 17,769                       |
| Retirement Benefits                      |      | 17,540                       | 15,299                       |
|  |      | <u>56,982</u>                | <u>49,087</u>                |

|  | Note | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|--|------|------------------------------|------------------------------|
| <b>23 OPERATING EXPENSES</b>                       |      |                              |                              |
| <b>23.1 Controlled by Govt:</b>                    |      |                              |                              |
| Research Surveys and Exploratory Operations        |      | 13                           | 32                           |
| Communication                                      |      | 154                          | 144                          |
| Utilities  |      | 1,345                        | 1,322                        |
| Occupancy Costs                                    |      | 276                          | 95                           |
| Motor Vehicles                                     |      | 31                           | 15                           |
| Travel and Transportation                          |      | 2,778                        | 2,931                        |
| Scholarships, Bonuses and Other Awards             |      | 46                           | 83                           |
| Technical Assistance                               |      | -                            | -                            |
| Entertainments and Gifts                           |      | 92                           | 90                           |
| Commodity Purchases (State Trading)                | 34.2 | 769                          | 12,523                       |
| Repair & Maintenance                               |      | 3,260                        | 3,260                        |
| General Operating Expenses                         |      | 46,528                       | 43,465                       |
|  |      | <u>55,292</u>                | <u>63,960</u>                |
| <b>23.2 Third Party Payments</b>                   |      |                              |                              |
| General Operating Expenses                         |      | -                            | 704                          |
|  |      | <u>-</u>                     | <u>704</u>                   |
| <b>24 GRANTS, SUBSIDIES AND WRITE-OFF OF LOANS</b> |      |                              |                              |
| Grants, Subsidies and Write-off of Loans           |      | 87,431                       | 70,873                       |
| Less: Transfers to District Governments            | 21.2 | (83,026)                     | (70,841)                     |
|  |      | <u>4,405</u>                 | <u>32</u>                    |
| <b>25 PHYSICAL ASSETS</b>                          |      |                              |                              |
| Feasibility Studies                                |      | 56                           | 847                          |
| Purchase of Building                               |      | 40                           | 3                            |
| Computer Equipment                                 |      | 30                           | 28                           |
| Other Stores and Stocks                            |      | -                            | -                            |
| Purchase of Transport                              |      | 221                          | 482                          |
| Purchase of Plant & Machinery                      |      | 442                          | 288                          |
| Purchase of Furniture and Fixtures                 |      | 55                           | 44                           |
| Purchase of Other Assets                           |      | 154                          | 6                            |
|  |      | <u>998</u>                   | <u>1,698</u>                 |
| <b>26 CIVIL WORKS</b>                              |      |                              |                              |
| <b>26.1 Controlled by Govt:</b>                    |      |                              |                              |
| Roads, Highways and Bridges                        |      | 2,441                        | 4,132                        |
| Irrigation Works                                   |      | 1,359                        | 2,532                        |
| Building and Structure                             |      | 22,654                       | 23,928                       |
| Other Works  |      | 6,720                        | 5,328                        |
| Draught Emergency Relief Assistance                |      | -                            | 5                            |
|  |      | <u>33,174</u>                | <u>35,925</u>                |



|                                       | Note | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|---------------------------------------|------|------------------------------|------------------------------|
| <b>26.2 Third Party Payments</b>      |      |                              |                              |
| Other Works                           |      | 111                          | 100                          |
|                                       |      | <u>111</u>                   | <u>100</u>                   |
| <b>27 PRINCIPAL REPAYMENT OF DEBT</b> |      |                              |                              |
| Foreign Debt                          |      | 746                          | 3,578                        |
| Domestic Debt                         | 27.1 | 12,907                       | 11,103                       |
|                                       |      | <u>13,653</u>                | <u>14,681</u>                |
| <b>27.1 Domestic Debt</b>             |      |                              |                              |
| Permanent Debt                        |      | 4,376                        | 1,603                        |
| Floating Debt                         |      | 8,531                        | 9,500                        |
|                                       |      | <u>12,907</u>                | <u>11,103</u>                |
| <b>28 SERVICING OF DEBT</b>           |      |                              |                              |
| Federal Government                    |      | 5,257                        | 6,304                        |
| Domestic Loans                        |      | 435                          | 695                          |
|                                       |      | <u>5,692</u>                 | <u>6,999</u>                 |
| <b>29 LOANS AND ADVANCES</b>          |      |                              |                              |
| Financial Institutions                |      | 5,942                        | 4,700                        |
| Government Employees                  | 29.1 | 54                           | 88                           |
|                                       |      | <u>5,996</u>                 | <u>4,788</u>                 |
| <b>29.1 Government Employees</b>      |      |                              |                              |
| House Building Advance                |      | 43                           | 73                           |
| Motor Car Advance                     |      | 11                           | 15                           |
|                                       |      | <u>54</u>                    | <u>88</u>                    |

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 | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|--|------|------------------------------|------------------------------|
| <b>30 PAYMENTS OF DISTRICT GOVERNMENTS</b> |      |                              |                              |
| Revenue Expenditure                        | 30.1 | 77,279                       | 64,205                       |
| Capital Expenditure                        | 30.2 | 7,339                        | 8,754                        |
|  |      | <u>84,618</u>                | <u>72,959</u>                |

|                                  | Note | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|----------------------------------|------|------------------------------|------------------------------|
| <b>30.1 Revenue Expenditure</b>  |      |                              |                              |
| General Public Service           |      | 2,584                        | 2,923                        |
| Defense Services                 |      | 2                            | -                            |
| Public Order and Safety Affairs  |      | 38                           | 35                           |
| Economic Affairs                 |      | 5,486                        | 4,738                        |
| Environment Protection           |      | 36                           | 33                           |
| Housing and Community Amenities  |      | 4,032                        | 3,111                        |
| Health Affairs and Services      |      | 8,717                        | 7,238                        |
| Recreation, Culture and Religion |      | 54                           | 48                           |
| Education Affairs and Services   |      | 55,294                       | 45,173                       |
| Social Protection                |      | 1,036                        | 906                          |
|                                  |      | <u>77,279</u>                | <u>64,205</u>                |

### 30.2 Capital Expenditure

|                                 |              |              |
|---------------------------------|--------------|--------------|
| General Public Service          | 4,547        | 5,761        |
| Public Order and Safety Affairs | 1            | 141          |
| Economic Affairs                | 45           | 151          |
| Environment Protection          | 98           | 131          |
| Housing and Community Amenities | 2,582        | 2,523        |
| Health                          | -            | 1            |
| Recreation Culture and Religion | 20           | 19           |
| Education Affairs and Services  | 8            | 9            |
| Social Protection               | 38           | 18           |
|                                 | <u>7,339</u> | <u>8,754</u> |

### 31 NET RECEIPT / (PAYMENT) OF PUBLIC ACCOUNT

#### Receipts

|                               |
|-------------------------------|
| Trust & other Public Accounts |
| Special Deposits              |
| State Provident Fund          |

|                  |                  |
|------------------|------------------|
| 354,542          | 319,660          |
| 19,936           | 19,203           |
| 11,440           | 12,368           |
| <b>385,918</b>   | <b>351,231</b>   |
| (351,785)        | (317,497)        |
| (18,460)         | (17,246)         |
| (13,613)         | (7,665)          |
| <b>(383,858)</b> | <b>(342,408)</b> |
| <u>2,060</u>     | <u>8,823</u>     |

#### Payments

|                               |
|-------------------------------|
| Trust & other Public Accounts |
| Special Deposits              |
| State Provident Fund          |

31.1 The public Account consists of those moneys received by the Government for which it has a fiduciary duty, but not at liberty to appropriate for the general services of 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 | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|---|------|------------------------------|------------------------------|
| <b>32 CASH AND BANK</b>                     |      |                              |                              |
| Provincial Government Balance               | 32.1 | 13,940                       | 21,889                       |
| District Government Balance                 |      | 131                          | 457                          |
|   |      | <u>14,071</u>                | <u>22,346</u>                |
| <b>32.1 Provincial Government's Balance</b> |      |                              |                              |
| Public Account Balance                      |      | 60,829                       | 59,276                       |
| Consolidated Fund Balance                   |      | (46,889)                     | (37,387)                     |
|   |      | <u>13,940</u>                | <u>21,889</u>                |
| <b>33 ASSETS AND LIABILITIES</b>            |      |                              |                              |
| <b>Assets</b>                               |      |                              |                              |
| Long Term Assets                            |      | 323,603                      | 281,960                      |
| Investments                                 |      | 36,037                       | 27,037                       |
| Loans and Advances                          |      | 11,785                       | 5,867                        |
| Current Assets                              |      | 4,441                        | 6,584                        |
| Cash and Bank                               |      | 14,071                       | 22,346                       |
|   | 33.1 | <u>389,937</u>               | <u>343,794</u>               |
| <b>Liabilities and equity</b>               |      |                              |                              |
| Public Debt                                 | 34   | 22,048                       | 34,863                       |
| Special Deposits and Trust Accounts         |      | 41,522                       | 39,519                       |
| Deferred Liabilities                        |      | 26,735                       | 28,809                       |
| Residual Equity                             | 34.2 | <u>299,632</u>               | <u>240,603</u>               |
|   | 33.1 | <u>389,937</u>               | <u>343,794</u>               |

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

### 34 PUBLIC DEBT

#### Domestic Debt

##### Government Securities

|                                    | Note | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|------------------------------------|------|------------------------------|------------------------------|
| Opening Balance                    | 34.2 | 3,372                        | 1,968                        |
| Add: Debt Receipts                 | 18   | 727                          | 12,507                       |
| Less: Principal Repayments of Debt | 27.1 | (12,907)                     | (11,103)                     |
| Closing Balance                    |      | (8,808)                      | 3,372                        |

#### Foreign Debt

|                                    |    |               |               |
|------------------------------------|----|---------------|---------------|
| Opening Balance                    |    | 31,491        | 34,092        |
| Add: Debt Receipts                 | 17 | 111           | 977           |
| Less: Principal Repayments of Debt | 27 | (746)         | (3,578)       |
| Closing Balance                    |    | 30,856        | 31,491        |
|                                    |    | <u>22,048</u> | <u>34,863</u> |

34.1 The amount of foreign debt is 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.

34.2 The Food Department of Government of Khyber Pakhtunkhwa obtained loans from commercial banks for purchase of wheat during the preceeding three financial years. The loans so obtained were not reported as receipts and the amounts spent on purchase of wheat were not recognized as expenditure in the Financial Statements as per the accounting policies. The error has now been rectified by restating the comparative statements. Detail of corrections is as under:

|                        |        |
|------------------------|--------|
| Financial Year 2009-10 | 7,125  |
| Financial Year 2010-11 | 5,546  |
| Financial Year 2011-12 | 12,485 |

### 35 COMPARISION 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 21.1 for which a reconciliation is presented below.



|   | Note | 2013<br>Rupees<br>in Million | 2012<br>Rupees<br>in Million |
|---|------|------------------------------|------------------------------|
| <b>Receipts</b>   |      |                              |                              |
| Actual Receipts in Statement of Comparison of Budget and Actual Amounts by Function                                       |      | 349,198                      | 327,817                      |
| Less : Grants from Provincial Government - KP   | 21   | (83,026)                     | (70,841)                     |
| Actual Receipts in Statement of Cash Receipts and Payments  |      | <u>266,172</u>               | <u>256,976</u>               |
| <b>Payments</b>   |      |                              |                              |
| Actual payments in Statements of Comparison of Budget and Actual Amounts by Function and Actual Expenditure by Department |      | 359,533                      | 334,611                      |
| Less: Transfers to District Governments   | 24   | (83,026)                     | (70,841)                     |
| Actual payments in Statement of Cash Receipts and Payments  |      | <u>276,507</u>               | <u>263,770</u>               |

### 36 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 \_\_\_\_\_.

### 37 GENERAL

#### 37.1 Level of Precision

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

#### 37.2 Corresponding Figures

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

  
 Accountant General Khyber Pakhtunkhwa