



FINANCIAL STATEMENTS

of the
Government of Punjab
2011-2012





Financial Statements

of the

Government of Punjab

Financial Year 2011-12

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PREFACE

I am pleased to present the Financial Statements of the Government of Punjab for the year ended 30 June, 2012 together with the Auditor's Report thereon.

The Financial Statements of the Government of Punjab for the financial year 2011-12 have been prepared by the Accountant General Punjab under Section 5 of the Controller General of Accounts (Appointment, Functions and Powers) Ordinance, 2001 and are the responsibility of the Controller General of Accounts (CGA).

In response to the changing nature of stakeholder's requirements for making informed decision making based on financial information and developments in the public sector accounting standards, the role of CGA has transformed. Stakeholders now expect high quality, reliable and relevant financial reports and the focus of CGA is not limited to reporting historical results, but is now constantly moving towards enhancing public value, by providing the legislature and the executive through the Financial Statements an insight of the Government's financial performance.

In December 2000, Auditor General of Pakistan prescribed New Accounting Model (NAM) with the approval of the President of Pakistan under Article 170 of the Constitution of Islamic Republic of Pakistan. NAM, which conforms to international best practices, comprises of seven volumes and is based on Modified Cash Basis of Accounting in which, though cash basis of accounting is followed, the following additional concepts were introduced:

- Commitment Accounting
- Physical and Financial Assets Accounting
- Liabilities Accounting

Commitment, asset and liability accounting practices are not yet implemented and these financial statements have been prepared on cash basis of accounting and do not include accrued receipts and liabilities.

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

These Financial Statements focus on reporting the budgetary activity of the Government for the financial year as laid down in the financial procedures of the Constitution which describes the

Government as Provincial Consolidated Fund and Public Account for which Annual Budget Statement is authorized by the Provincial Assembly in the form of Budgetary Grants.

Finally, it is important to emphasize the value of sustained and dedicated efforts towards excellence in public sector financial accounting and reporting. Moving forward, management and staff of CGA are working closely to address the challenges and issues which can limit the quality, transparency and reliability of financial reports. Through excellent financial reporting we are committed to support the decision making critical to the nation's fiscal future.



Controller General of Accounts

Islamabad, Pakistan

Date: 31-12-2012



Auditor General of Pakistan

Audit House, Constitution Avenue
Islamabad, Pakistan

Auditor's Report

The Department of the Auditor General of Pakistan has audited the accompanying Financial Statements of the Government of Punjab, which comprise statement of cash receipts and payments for the year ended 30th June 2012, statement of cash flows, statement of comparison of budget and actual amounts by function, statement of comparison of budget and actual expenditure by department for the year then ended and a summary of significant accounting policies and explanatory notes.

Management's Responsibility

These Financial Statements have been prepared by the Accountant General Punjab on behalf of the Controller General of Accounts under Section 5 of the Controller General of Accounts (Appointment, Functions and Powers) Ordinance 2001.

Auditor's Responsibility

The responsibility of the Auditor General's office is to express an opinion on these Financial Statements based on the audit in accordance with the requirement of Article 169 of the Constitution of the Islamic Republic of Pakistan read with Section 7 of the Auditor General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001.

Basis of Opinion

The audit was conducted in accordance with the auditing standards issued by the International Organization of Supreme Audit Institutions. These standards require that audit is planned and performed to obtain reasonable assurance to the effect that the Financial Statements are free of material misstatement. The audit process includes examining, on a test check basis, evidence supporting the amounts and disclosures in the Financial Statements. It also includes assessing the accounting principles used, as well as evaluating the overall presentation of the Financial Statements. The audit results provide a reasonable basis for our opinion.

In our opinion:

- a. These Financial Statements present fairly, in all material respects, the financial performance of the Government of Punjab for the year ended 30th June 2012, its cash flows, comparison of budget and actual amounts by function and comparison of budget and actual expenditure by department, for the year then ended in accordance with the stated accounting policies of the Government of the Punjab.
- b. The sums expended have been applied, in all material respects, for the purposes authorized by the Provincial Assembly and have, in all material respects, been booked to the relevant grants and appropriation.

Emphasis of matter

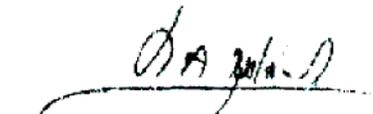
Without qualifying our opinion we draw your attention that under head Retirement Benefits (Pension Payments) a fraud amounting to Rs. 25 million occurred which was committed by the staff of National Bank of Pakistan Chowk Peer Bahar Shah Branch Sheikhpura. District Accounts Office Sheikhpura was not conducting post audit of the Pension Payment vouchers. The matter is under investigation in Federal Investigation Agency Lahore. Furthermore, even last year a fraud was also committed under head Pay and Allowances that indicated weak control environment both at levels of A.G Office and District Accounts Offices and there was need to strengthen it through robust supervision and monitoring.

Other Reports

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

Islamabad, Pakistan

Date: 31-12-2012



Auditor General of Pakistan

GOVERNMENT OF PUNJAB
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2012

	Note	2012 Rupees in Million		2011 Rupees in Million	
		Receipts Controlled by Provincial Government	Payments by Third Parties	Receipts Controlled by Provincial Government	Payments by Third Parties
PROVINCIAL CONSOLIDATED FUND					
RECEIPTS					
<i>Taxation - Transfers from Federal Government</i>	8	510,707	-	463,411	-
<i>Taxation - Provincial Government's Own Collection</i>	9	42,113	-	32,360	-
<i>Non-Tax Revenue and Other Receipts</i>					
General Administration Receipts	10	6,002	-	5,394	-
Economic Services Receipts	11	18,545	-	19,806	-
Development Surcharge and Royalties	12	7,627	-	7,393	-
Other Receipts	13	727	-	2,300	-
Interest on Loans and Advances	14	1,277	-	6,512	-
Dividend and Profit Share		5,166	-	-	-
		39,344	-	41,405	-
<i>Grants and Aid</i>	15	14,069	-	12,485	-
<i>Borrowings</i>					
Foreign Debt		10,823	1,890	14,036	1,039
Domestic Debt	16	73,279	-	76,020	-
		84,102	1,890	90,056	1,039
<i>Capital Receipts</i>					
Recovery of loans and advances	17	498	-	338	-
Recovery of investment		16	-	7	-
		514	-	345	-
<i>Trading Activities and Recoveries</i>	18	95,569	-	128,348	-
<i>Receipts of District Government</i>	19	2,694	-	2,422	-
TOTAL RECEIPTS		789,112	1,890	760,920	1,039

GOVERNMENT OF PUNJAB
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2012

	Note	2012 Rupees in Million		2011 Rupees in Million	
		Payments Controlled by Provincial Government	Payments by Third Parties	Payments Controlled by Provincial Government	Payments by Third Parties
PAYMENTS					
<i>Operations</i>					
Salaries and employee benefits	20.	176,226	-	140,149	-
Operating expenses		36,541	96	28,395	102
		212,767	96	168,544	102
<i>Transfers</i>					
Grants, Subsidies and Write-off of Loans	21.	70,300	135	57,375	158
Other transfer payments		13,537	-	9,584	-
		83,837	135	66,959	158
<i>Expenditures on</i>					
Physical assets		87,449	-	83,719	-
Civil works		84,408	2,659	63,628	779
Repairs and Maintenance		8,065	-	9,112	-
		179,922	2,659	156,459	779
<i>Debt and Interest Payments</i>					
Principal Repayments of Debts	22.	87,219	-	128,054	-
Servicing of Debts	23.	37,159	-	47,229	-
		124,378	-	175,283	-
<i>Other Payments</i>					
Loans and advances - Non financial institutions		9,965	-	8,168	-
Investments		7,012	-	-	-
		16,977	-	8,168	-
<i>Payments of District Government</i>	24.	184,572	-	164,088	-
TOTAL PAYMENTS		802,453	2,890	739,501	1,039
NET PAYMENT OF PROVINCIAL CONSOLIDATED FUND		(13,341)		21,419	
NET PAYMENT OF PUBLIC ACCOUNT	25.	740		10,525	
DECREASE IN CASH		(12,601)		31,944	
CASH AT BEGINNING OF THE YEAR		17,518		(14,426)	
DECREASE IN CASH		(12,601)		31,944	
CASH AT END OF THE YEAR	26.	4,917		17,518	

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

Accountant General (Punjab)

GOVERNMENT OF PUNJAB
Statement of Cash Flows
For the Year Ended 30 June 2012

	Notes	2012 Rupees in Million	2011 Rupees in Million
CASH FLOWS FROM OPERATING ACTIVITIES			
Taxation - Transfers from Federal Government	8	510,707	453,411
Taxation - Provincial Government's Own Collection	9	42,113	32,360
Non-Tax Revenue & Other Receipts	10-14	34,178	41,495
Grants and Aid - Receipts	15	14,069	12,485
Trading Activities - Receipts	16	95,569	128,346
Servicing of Debt - Payments	23	(37,159)	(47,229)
Transfers - Payments		(83,837)	(66,959)
Operations - Payments		(212,767)	(168,544)
Receipts of District Governments	19	2,694	2,422
Payments of District Governments - Revenue Expenditure	24.1	(181,450)	(161,046)
<i>Cash from Operating Activities</i>		184,117	226,741
CASH FLOWS FROM INVESTING ACTIVITIES			
Recovery of Loans and Advances	17	498	338
Recovery of Investment		16	7
Dividend and Profit Share		5,166	-
Investments		(7,012)	-
Expenditure on Physical Assets, Civil Works and Others		(179,022)	(156,459)
Payments of District Governments - Capital Expenditure	24.2	(3,122)	(3,042)
Payments of Loans and Advances		(9,065)	(8,168)
<i>Cash used in Investing Activities</i>		(194,341)	(167,324)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of Foreign Debt		10,823	14,036
Receipt of Domestic Debt	16	73,279	76,020
Principal Repayments of Debt	22	(87,219)	(128,054)
Net Receipt/Payment of Public Account	25	740	10,525
<i>Cash used in Financing Activities</i>		(2,377)	(27,473)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(12,601)	31,944
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		17,518	(14,426)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		4,917	17,518

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


Accountant General (Punjab)

GOVERNMENT OF PUNJAB

Statement of Comparison of Budget and Actual Amounts by Function

For the Year Ended 30 June 2012

	Note	2011-2012 (Rupees in million)			2010-2011 (Rupees in million)		
		Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
		Original	Revised		Original	Revised	
RECEIPTS							
<i>Revenue</i>							
Taxation		620,046	614,694	552,819	527,490	495,370	485,771
Non-Taxation		35,653	52,748	53,414	43,569	49,332	53,981
Total revenue receipt		655,699	667,442	606,233	571,059	544,702	539,752
<i>Capital</i>							
Domestic Debt		97,722	102,040	73,279	95,123	111,120	76,019
Foreign Debt		48,706	13,595	10,823	52,301	17,522	14,036
Recoveries of Loans and Advances		5,218	539	498	5,637	538	338
Recoveries others		153,589	92,234	95,585	81,586	124,787	128,353
Total capital receipt		305,235	208,408	180,185	234,647	253,967	218,746
<i>Receipt of District Government</i>		120,912	118,737	181,176	147,351	141,276	145,728
TOTAL RECEIPTS	28	1,081,846	994,587	967,594	953,057	939,945	904,226
PAYMENTS							
<i>Revenue</i>							
General Public Service		277,003	291,011	283,767	242,590	239,129	230,883
Economic Affairs		79,054	53,065	51,976	59,912	46,935	42,496
Public Order and Safety Affairs		71,182	77,142	74,754	66,421	67,597	65,274
Education Affairs and Services		56,043	55,196	46,784	49,564	41,356	32,485
Health Affairs and Services		45,596	45,370	38,606	37,308	35,274	24,312
Housing and Community Amenities		28,909	41,483	34,582	26,212	25,768	21,225
Recreation, Culture and Religion		1,275	1,909	1,486	2,457	1,980	1,699
Social Protection		2,571	4,425	4,188	2,040	10,807	10,360
Environment Protection		324	157	160	382	161	165
Total revenue payment		561,957	569,758	536,303	486,886	469,007	428,899
<i>Capital</i>							
General Public Service		169,110	110,673	104,184	90,186	141,297	136,221
Economic Affairs		226,366	192,797	153,472	226,701	185,594	151,967
Housing and Community Amenities		1,200	281	222	650	287	231
Social Protection		1,984	2,388	2,182	757	1,555	1,401
Total capital payments		398,660	306,139	260,060	318,294	328,733	289,820
<i>Payments of District Governments</i>		192,090	187,050	184,572	195,743	188,727	164,088
TOTAL PAYMENTS	28	1,152,707	1,062,947	980,935	1,000,923	986,467	882,807

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


 Accountant General (Punjab)

GOVERNMENT OF PUNJAB

Statement of Comparison of Budget and Actual Expenditure by Department

For the Year Ended 30 June 2012

Departments	Vote	2011-2012 (Rupees in million)		
		Budgeted Amounts		Actual Amounts
		Original	Revised	
Agriculture Department		7,950	5,657	5,519
Chief Minister Inspection Team		51	47	48
Chief Minister Secretariat		268	369	368
Board of Revenue		5,717	5,287	5,193
Co-Operative		133	149	149
Communication and Works		85,697	59,198	55,230
Energy Development		-	734	365
Environment Protection		2,399	2,537	2,476
Excise and Taxation Department		372	365	192
Food Department		281,599	209,340	170,306
Finance Department		369,577	318,821	314,678
Forest Department		1,815	2,073	2,066
Forestry, Wildlife & Fisheries		1,428	1,047	1,007
Governor's Secretariat		160	181	189
Health		43,838	44,571	37,474
Higher Education		19,005	22,827	21,366
Home Department		62,262	68,907	67,264
Housing and Physical Planning Department		19,558	23,738	20,894
Industries Department		12,178	10,774	10,090
Information Technology		-	100	101
Information, Culture & Youth Affairs		1,028	1,602	1,397
Irrigation and Power		21,082	22,374	17,313
Labour		285	253	237
Law and Parliamentary Affairs		882	844	778
Literacy & Non Formal Basic Education		21	22	21
Livestock and Dairy Development		4,768	3,086	2,996
Local Government And Rural Development		7,487	18,030	16,232
Management & Professional Development		157	77	76
Mines & Minerals Department		398	289	284
Planning & Development		12,413	4,866	1,884
Population Welfare		2,907	1,977	2,285
Provincial Assembly		855	816	780
Relief		66	1,993	1,869
Religious Affairs & Auzaf Department		148	243	126
S & G A Department		9,590	9,260	8,756
School Education		35,024	30,521	23,676
Social Welfare Department		751	513	499
Special Education		677	457	422
Transport		7,515	1,641	1,477
Women Development Department		-	2	1
Zakat and Ushs Department		568	309	289
		960,617	875,897	796,363
<i>Payments of District Governments</i>		192,090	187,050	184,572
TOTAL PAYMENTS	28	1,152,707	1,062,947	980,935

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


Accountant General (Punjab)

GOVERNMENT OF PUNJAB

Notes to the Financial Statements

For the Year Ended 30 June 2012

1. REPORTING ENTITY

Provincial Government - Punjab (the government) conducts its operations under the Rules of Business 1974. These rules were made pursuant to Article 139 of the Constitution of the Islamic Republic of Pakistan, 1973 (the Constitution) and envisages Provincial Government as comprising of departments and their attached departments. Financial procedures of the Constitution describe the Government as Provincial Consolidated Fund and Public Account of the Province for which Annual Budget Statement is authorized by the Provincial Assembly in the form of budgetary grants. These financial statements focus on reporting the budgetary activity of the government for the financial year.

Article 170 of the Constitution confers the powers of defining the form, principles and methods of accounts of the Province to the Auditor General of Pakistan which describes Provincial Government as an accounting and reporting entity comprising of;

- a) Centralized Accounting Entities; for which the Accountant General Punjab has the primary responsibility of accounting and reporting.
- b) Self Accounting Entities; for which the Principal Accounting Officer has the primary responsibility of accounting and reporting. The Self Accounting Entity is Forest Department.
- c) Exempt Entities; special purpose authorities/organizations and all the government owned corporations/ companies which are required to prepare their financial statements under their specific statute or Companies Ordinance, 1984 are classified as exempt entities. Financial statements of these entities are not consolidated in the financial statements of the Provincial Government. New investments by the Provincial Government in such entities are capitalized and any grants to the entities are classified as an expense of the Provincial Government, if any, in the financial year to which they pertain. Return from these entities in the form of dividends or interest is classified as non-tax-revenue.

Under Punjab Local Government Ordinance, 2001 District Governments were established. The District Government consists of Zila Nazim and District Administration. Auditor General of Pakistan under section 14 of the said Ordinance prescribed Local Government Accounts Manual for District Governments. This manual requires preparation of annual finance and appropriation accounts by each District Government. Besides Appropriation Accounts, from the financial year 2008-09 the district governments are also preparing finance accounts and financial Statements based on the format of Cash Based IPSAS. Local Government Accounts Manual also requires that accounts of the District Governments are consolidated in the financial statements of the Province. In these financial statements, accounts of the following District Governments have been consolidated.

1	Attock	19	M.B.Din
2	Bhakkar	20	Multan
3	Bhawalpur	21	Mianwalli
4	Bhawalnagar	22	Muzaffargarh
5	Chakwal	23	Nankana Sahib
6	D.G.Khan	24	Narowal
7	Faisalabad	25	Okara
8	Gujranwala	26	Pakpattan
9	Gujrat	27	Rawalpindi
10	Hafizabad	28	Rajanpur
11	Jhelum	29	Rahim Yar Khan
12	Jhang	30	Sheikhupura
13	Kasur	31	Sialkot
14	Khanewal	32	Sahiwal
15	Khushab	33	Sargodha
16	Lahore	34	T.T.Singh
17	Layyah	35	Vehari
18	Lodhran	36	Chiniot

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

2. BASIS OF CONSOLIDATION

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

STATEMENT OF

3. COMPLIANCE

These financial statements have been prepared with the New Accounting Model (NAM). In December 2000, Auditor General of Pakistan prescribed NAM with the approval of the President of Pakistan under Article 170 of the Constitution of Islamic Republic of Pakistan and the implementation of NAM is an ongoing process. Commitment, asset and liability accounting practices have not yet been implemented and memorandum register for assets and commitments do not exist and accounting for liabilities is not done in accordance with NAM.

4. ACCOUNTING CONVENTION AND BASIS OF CONSOLIDATION

These financial statements have been prepared under the cash basis of accounting which recognizes transactions and events only when cash is received or paid by the entity. Assets and liabilities in the disclosed notes are on a historical cost basis.

These financial statements have been prepared as per the requirements of NAM that supports international best practices. The Government is moving towards full implementation of Cash Basis IPSAS - Financial Reporting under the Cash Basis of Accounting. The statement of cash receipts and payments, statement of comparison of budget and actual amounts by function, statement of comparison of budget and actual expenditure by department and notes forming parts thereof have been prepared on the format of Cash Basis IPSAS - Financial Reporting under the Cash Basis of Accounting. The statement of cash flows as required by IPSAS 2 - Cash Flow Statements has also been presented, as encouraged by Cash Basis IPSAS.

The Financial Statements for the financial year 2011-12 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.

REPORTING AND BUDGET

5. PERIOD

The reporting and budget period of these consolidated financial statements is the financial year 2011-12. (from 1 July, 2011 to 30 June 2012).

6. REPORTING CURRENCY

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

7. SIGNIFICANT ACCOUNTING POLICIES

7.1 Revenue recognition

Revenue is recognized on the date of receipt of money by the bank or clearance of cheque. Revenue is recognized on a gross basis and any related costs are recorded separately. Receipts representing recovery of any previous overpayment are adjusted against relevant expenditure, if it occurs in the same financial year.

7.2 Recognition of expenditure

Expenditure is recognized on the date when payment is made or cheque is issued. Financial year to which the payments pertain is determined by the date on which a cheque or payment advice is issued. Policies for recognition of expenditure are as follows:

a) Payments made through cheque

Expenditure is recognized on the date, the cheque is issued.

b) Inter-government transfers

Expenditure is recognized on the date, the transfer is made by the transferor.

c) Payments directly in bank accounts

Expenditure is recognized on the date, payment advice is issued to the bank.

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

Expenditure is recognized on the date when State Bank of Pakistan advises repayment of loans and other direct payments to the relevant accounting office.

e) Imprest payments

Expenditure is recognized when the required claim vouchers are submitted and imprest account is reimbursed.

7.3 Foreign currency

Transactions in foreign currencies are recorded in the books at the rates of exchange prevailing on the date of transaction. Exchange differences arising on settlement of these transactions are recognized in the Statement of Receipts and Payments, but are not disclosed separately .

7.4 Employee benefits

The government has following plans for its employees:

a) General Provident Fund

An employee compulsory subscribe to the General Provident Fund from the date of appointment and monthly subscription is by way of deduction from monthly payroll at a uniform rate of subscription, as advised by the Government for a financial year as laid in the Provident Funds Act (XIX of 1925) and General Provident Fund Rules. The Government pays interest on provident fund balance and is recorded as expenditure in the financial year.

b) **Pension**

This is entitlement of government employees to a stream of payments after they retire from service. No liability for pension is recognized in the financial statements and pension payments made during the year are recorded as expenditure.

c) **Encashment of leave**

This represents liability arising from entitlements to the various forms of leave earned by government employees. No provision is made and the expenditure is recognized on the basis of payments made during the year.

7.5 Investments

All investments acquired by the Provincial Government are initially measured at cost being the fair value of consideration given plus transaction costs that are directly attributable to their acquisition.

Subsequent to initial recognition, investments are carried at historical cost. Any dividends received against investments are recognized when received in the provincial consolidated fund.

7.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash with State Bank of Pakistan.

7.7 Liability

Liabilities are future sacrifices of economic benefits that the government is presently obliged to make as a result of the past transaction. All liabilities are recorded at historical cash value.

7.8 Public Debt

Public Debt comprise cash inflows from banks, similar lending agencies, commercial institutions and amounts owing in respect of non-cash assistance provided by third parties and foreign borrowings. All debts raised are classified as either floating or permanent debts depending on the nature of the transaction.

7.9 Assets

Assets are future economic benefits controlled by the government as a result of past transactions or other past events. Assets are recorded at cost and currently no depreciation is charged.

7.10 Loan and advances

Loans and advances includes loan and advances due from autonomous bodies, financial and non-financial institutions, to government servants for house building and purchase of conveyances and other loans. Loans to government servants are interest bearing and interest are calculated in accordance with the General Financial Rules.

7.11 Payments by third parties

The Government also benefits from goods and services purchased on its behalf as a result of cash payments made by third parties during the period by way of loans and contributions, in the shape of grants and aid. The payments made by the third parties do not constitute cash receipts or payments controlled by the Government as defined in the Cash Basis IPSAS - Financial Reporting under the Cash Basis of Accounting but do benefit the Government, as the Government does not receive cash (including cash equivalents) directly from, or gain control of the bank accounts or similar facility established for its benefit by, the third parties. Payments by third parties, if any, are disclosed in the payments by third parties column on the face of statement of cash receipts and payments and notes to the financial statements.

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Year Ended 30 June 2012

Note	2012 Rupees in million	2011 Rupees in million
8. TAXATION - TRANSFERS FROM FEDERAL GOVERNMENT		
<i>Direct Taxes</i>		
Income Tax	185,574	167,724
Wealth Tax	3	1
Capital Value Tax	30	290
	<u>185,607</u>	<u>168,019</u>
<i>Indirect Taxes</i>		
Sales Tax	236,757	190,692
Custom Duty	58,280	51,042
Federal Excise	30,063	38,658
	<u>325,100</u>	<u>280,392</u>
	<u>510,707</u>	<u>453,411</u>
9. TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION		
<i>Direct Taxes</i>		
Income Tax - Agriculture	763	719
Property Tax	5,194	2,878
Land Revenue	9,259	8,282
Tax on profession, Trade and Callings	450	387
Others	3,071	2,282
	<u>18,737</u>	<u>14,158</u>
<i>Indirect Taxes</i>		
Receipts Under Motor Vehicles Act	6,688	6,311
Stamp Duties	11,007	9,172
Provincial Excise	1,307	1,218
Others	4,374	1,100
	<u>23,376</u>	<u>17,802</u>
	<u>42,113</u>	<u>32,360</u>
10. GENERAL ADMINISTRATION RECEIPTS		
Organs of State	177	96
Fiscal Administration	86	66
Economic Regulations	110	86
Law and Order	2,666	2,413
Community Services	1,306	1,077
Social Services	1,657	1,856
	<u>6,002</u>	<u>5,394</u>

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Year Ended 30 June 2012

		2012 Rupees in million	2011 Rupees in million
	<i>Note</i>		
11. ECONOMIC SERVICES RECEIPTS			
Food and Agriculture		589	634
Fisheries and Animal Husbandry		1,038	792
Forest		1,140	1,249
Cooperation, Irrigation, Embankment-Drainage		2,601	2,677
Others		13,177	14,454
		<u>18,545</u>	<u>19,806</u>
12. DEVELOPMENT SURCHARGE AND ROYALTIES			
Development Surcharge on Gas	12.1	1,198	2,151
Royalty on Crude Oil	12.2	4,784	3,648
Royalty on Natural Gas	12.2	1,645	1,394
		<u>7,627</u>	<u>7,193</u>
<p>12.1 The development surcharge on natural gas is levied under the Natural Gas Development Surcharge Ordinance, 1967. In pursuance of the said ordinance, the federal government has to fix the sale price for the consumers and prescribe a price for the gas companies. The difference between the two prices is the margin available to the government as development surcharge. The surcharge on natural gas is transferred to the provinces according to the production of gas in a province.</p> <p>12.2 Royalty on crude oil and natural gas is assessed under Petroleum Production Rules, 1949 at the rate of 12.5% on the well head value of production. Federal Government collects royalty on crude oil and natural gas which is transferred to the provinces on oil well head production basis after deduction of 2% collection charges.</p>			
		2012 Rupees in million	2011 Rupees in million
	<i>Note</i>		
13. OTHER RECEIPTS			
Sale of Other Government Assets		4*	74
Sale of Land		260	1,847
Fees, Fines and Forfeitures		8	1
Sale and Rent of Urban property and Agriculture land		39*	451
Others		15	11
		<u>72*</u>	<u>2,190</u>
14. INTEREST ON LOANS AND ADVANCES			
Interest on Loans and Advances to Govt. Servants		1	281
Loans and Advances - Others		1,276	6,231
		<u>1,277</u>	<u>6,512</u>

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Year Ended 30 June 2012

	Note	2012 Rupees in million	2011 Rupees in million
15. GRANTS AND AIDS			
Foreign through Federal Government		2,368	6,449
Federal Government	15.1	11,701	6,036
		<u>14,069</u>	<u>12,485</u>
15.1 Federal Government Grants			
Development		11,584	3,887
Non-Development		117	2,139
		<u>11,701</u>	<u>6,026</u>

16. DOMESTIC DEBT - RECEIPTS

Permanent Debt	16.1	29	20
Floating Debt	16.2	73,250	76,000
		<u>73,279</u>	<u>76,020</u>

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

16.2 Floating debt represents the borrowings of temporary nature such as ways and means Advance or Cash Credit Accommodation from the State Bank of Pakistan. These are repayable in twelve months.

	Note	2012 Rupees in million	2011 Rupees in million
17. RECOVERY OF LOANS AND ADVANCES			
Non-Financial Institutions		141	46
Government Servants		45	49
Others		312	243
		<u>498</u>	<u>338</u>

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Year Ended 30 June 2012

	2012 Rupees in million	2011 Rupees in million
<i>Note</i>		
18. TRADING ACTIVITIES AND RECOVERIES		
Sale of wheat	95,569	128,163
Others	-	183
	<u>95,569</u>	<u>128,346</u>
19. RECEIPTS OF DISTRICT GOVERNMENTS		
Direct Taxes	12	14
Indirect Taxes	33	28
Interest on Loans and Advances	58	51
Receipts from Civil Administration and Other Functions	376	468
Miscellaneous Receipts	180,878	143,150
Recoveries of Loans and Advances	19	17
	<u>181,176</u>	<u>143,728</u>
Less: Grants from Provincial Government - Punjab	<u>(178,482)</u>	<u>(143,306)</u>
	<u>2,694</u>	<u>2,422</u>
20. SALARIES AND EMPLOYEE BENEFITS		
Pay of Officers	19,076	12,610
Pay of Other Staff	41,802	24,697
Allowances	65,202	66,434
Retirement Benefits	50,146	36,418
	<u>176,226</u>	<u>140,149</u>

20.1 Included in Retirement Benefits (Pension payments), there is an fraudulent payment amounting to Rs. 25 million. The case is under investigation with Federal Investigation Agency (FIA).

21. GRANTS, SUBSIDIES AND WRITE OFF OF LOANS

Grants, Subsidies and write-off of Loans		248,782	200,681
Less: Transfers to District Governments	<i>21.1</i>	<u>(178,482)</u>	<u>(143,306)</u>
		<u>70,300</u>	<u>57,375</u>

21.1 Provincial Grants and subsidies amounting to Rs. 248,782 million (2011: Rs. 200,681 million) have been reduced by eliminating the transfers made to Districts. TMLAs amounting to Rs. 178,482 million (2011: Rs. 143,306 million) and similar amount has been eliminated from the receipt of District Governments. This treatment has been done to avoid the double effect of inter government transfer payments.

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Year Ended 30 June 2012

	Note	2012 Rupees in million	2011 Rupees in million
12. PRINCIPAL REPAYMENTS OF DEBT			
Foreign Debt		14,788	8,623
Domestic Debt	22.1	72,431	119,331
		<u>87,219</u>	<u>128,054</u>
12.1 Domestic Debt			
Permanent Debt	16.1	16,304	18,483
Floating Debt	16.2	56,127	101,088
		<u>72,431</u>	<u>119,331</u>
13. SERVICING OF DEBT			
Domestic Debt		36,885	42,836
Foreign Debt		274	4,393
		<u>37,159</u>	<u>47,229</u>
14. PAYMENTS DISTRICT GOVERNMENTS			
Revenue Expenditure	24.1	181,450	181,046
Capital Expenditure	24.2	3,122	3,042
		<u>184,572</u>	<u>184,088</u>
14.1 Revenue Expenditure			
General Public Service		6,518	7,749
Public Order and Safety Affairs		314	387
Economic Affairs		21,850	23,187
Environment Protection		4,925	4,111
Housing and Community Amenities		732	448
Health Affairs and Services		26,140	20,480
Recreation, Culture and Religion		454	381
Education Affairs and Services		119,701	103,877
Social Protection		816	686
		<u>181,450</u>	<u>181,046</u>
14.2 Capital Expenditure			
Economic Affairs		2,736	2,497
Education Affairs and Services		346	127
General Public Service		40	18
		<u>3,122</u>	<u>3,042</u>
15. NET RECEIPT/ (PAYMENT) OF PUBLIC ACCOUNT			
Receipts			
Trust and Other Public Accounts		683,636	902,471
Special Deposits		62,664	58,436
State Provident Fund		12,325	3,619
		<u>758,625</u>	<u>964,526</u>

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GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Year Ended 30 June 2012

	2012 Rupees in million	2011 Rupees in million
<i>Note</i>		
Payments		
Trust and Other Public Accounts	678,788	893,442
Special Deposits	72,264	60,553
State Provident Fund	6,833	2,008
	<u>757,885</u>	<u>956,003</u>
	<u>740</u>	<u>10,525</u>

25.1 The public account consist of those moneys received by the Government for which it has a fiduciary duty but not at liberty to appropriate for the general services of Government, unless provided under an Act of Provincial Assembly or Rules made by the Governor. The balances in the public account are carried forward at year end to be used for the specific purpose for which they are established.

	2012 Rupees in million	2011 Rupees in million
<i>Note</i>		
26. CASH AND BANK		
Provincial Government Balance	(9,179)	1,551
District Government Balance	14,096	15,967
26.1	<u>4,917</u>	<u>17,518</u>
26.1 Provincial and District Governments' Balance		
Consolidated Fund Balance	(114,757)	(101,417)
Public Account Balance	119,674	118,935
	<u>4,917</u>	<u>17,518</u>

27. ASSETS AND LIABILITIES

Assets

Long Term Assets	691,250	627,861
Loans and Advances	37,204	21,835
Current Assets	65,466	40,893
Cash & Bank and Treasuries	4,917	17,518
27.1	<u>798,837</u>	<u>708,107</u>

Liabilities and Equity

Public Debt	301,719	304,836
Special Deposits	62,130	71,680
Trust Account	38,970	29,424
Current Liabilities	86,652	60,849
Residual Equity	308,894	241,318
27.1	<u>798,365</u>	<u>708,107</u>

27.1 These financial statements have been prepared under cash basis of accounting, the information of assets and liabilities have been presented on the basis of limited records as explained in note 3 and these are not mandatory but encouraged disclosures as per international standards.

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

GOVERNMENT OF PUNJAB
Notes to the Financial Statements
For the Year Ended 30 June 2012

28. COMPARISON OF BUDGET AND ACTUAL AMOUNTS

The approved budget is developed on the same accounting basis (cash basis), functional classification basis and for the same period as for the financial statements. It encompasses the same entities as the consolidated financial statements – as identified in note 1 above.

The statements of comparison of budgeted and actual amounts by function and by department are presented on gross basis. Grants received by district governments from provincial government have been eliminated against transfers to district governments in Statement of Cash Receipts and Payment as explained in note 2 and 23.1 for which a reconciliation is presented below.

The format of Statement of Comparison of Budget and Actual Expenditure by Department has been revised due to increase in number of departments being presented in Appropriation Accounts. Being the first year of presentation, comparative figures were not available thus have not been shown.

<i>Note</i>	2012 Rupees in million	2011 Rupees in million
Receipts		
Actual receipts in Statement of Comparison of Budget and Actual Amounts by Function	967,594	904,226
Less: Grants from Provincial Government	(178,482)	(143,306)
Actual receipts in Statement of Cash Receipts and Payments	789,112	760,920
Payments		
Actual payments in Statement of Comparison of Budget and Actual Amounts by Function and Actual Expenditure by Department	980,935	882,807
Less: Transfers to District Government	(178,482)	(143,306)
Actual payments in Statement of Cash Receipts and Payments	802,453	739,501

29. AUTHORIZATION FOR ISSUE

Under section 7 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, read with Article 171 of the Constitution of Islamic Republic of Pakistan, the Auditor-General submits the certified Financial Statements of the Government of Punjab together with the audit reports on these Financial Statements to the Governor of Punjab who shall cause them to be laid before the Provincial Assembly. These consolidated financial statements have been authorized for issue on 31-12-2012.

30. GENERAL

30.1 Level of Precision

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

30.2 Corresponding Figures

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

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