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PREFACE

I am pleased to present the Financial Statements of the Government of Sindh for the year ended 30 June, 2014 together with the Auditors' Report thereon.

The Financial Statements of the Government of Sindh for the financial year 2013-14 have been prepared by the Accountant General Sindh 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, 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



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

Auditor's Report

To the Governor of the Sindh Province:

I have audited the accompanying financial statements of the Government of Sindh, which comprises statement of cash receipts and payments for the year ended 30 June, 2014, 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 other explanatory notes forming part thereof.

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, Powers and Conditions of Service) Ordinance, 2001. Except as explained in the following paragraph, I conducted my audit in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) and other guidance issued by my department. These Standards require that I perform procedures including risk management to obtain reasonable assurance whether the financial statements are free of material misstatement. I planned my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from materiel misstatement, whether caused by fraud or other irregularity or error. 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. However, with respect to long term assets included in Note 26 of the financial statements and referred to in note 4 thereon, I was not able to obtain the reasonable assurance, whether these account balances have been reported on historical cost convention as there was no supporting evidence of their carrying amount being the effect of accumulations of previous years balances into proper account heads and there is no such breakup of these account heads of assets in the financial statements as required in NAM. Except as limitation in my scope mentioned earlier, I believe that my audit provides a reasonable basis for my opinion.

In our opinion:

- a. Except for the failure to disclose long term assets, as described in the scope paragraph, these financial statements properly present, in all material respects, the financial position of the Government of Sindh as at 30 June, 2014 and the results of its operations, its cash flows and its expenditure and receipts, by appropriation for the year then ended in accordance with the stated accounting policies of the Government of Sindh.

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

- b. The sums expended have been applied, in all material respects, for the purposes authorized by the Provincial Assembly and have in all material respects, been booked to the relevant grants and appropriations.

Other Reports

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

Islamabad, Pakistan
Date



Auditor General of Pakistan

GOVERNMENT OF SINDH
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2014

	Note	2014 (Rupees in Million)		2013 (Rupees in Million)	
		Receipts / Payments Controlled by the Government	Receipts / Payments by Third Parties	Receipts / Payments Controller by the Government	Receipts / Payments by Third Parties
PROVINCIAL CONSOLIDATED FUND					
RECEIPTS					
<i>Taxation- Transfer from Federal Government</i>	8	308,627	-	274,360	-
<i>Taxation- Provincial Government's Own Collection</i>	9	79,692	-	68,244	-
<i>Non-Tax Revenue and Other Receipts</i>					
General Administration	10	2,175	-	2,109	-
Economic Services	11	708	-	826	-
Development Surcharge and Royalties	12	74,466	-	46,377	-
Dividend and Profit Share-Non Financial Institutions		23	-	771	-
Others	13	2,418	-	21,107	-
		79,790	-	71,190	-
<i>Grants and Aid</i>	14	23,071	-	25,644	-
<i>Borrowings</i>					
Foreign Debt	15	8,701	-	1,941	-
Domestic Debt	16	29,300	-	30,350	-
		38,001	-	32,291	-
<i>Capital Receipts</i>	17	571	-	321	-
<i>Trading Activities</i>	18	37,942	-	36,742	-
TOTAL RECEIPTS		567,693	-	508,792	-

Accountant General Sindh

GOVERNMENT OF SINDH
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2014

	Note	2014 (Rupees in Million)		2013 (Rupees in Million)	
		Receipts / Payments Controlled by the Government	Receipts / Payments by Third Parties	Receipts / Payments Controller by the Government	Receipts / Payments by Third Parties
PAYMENTS					
<i>Operations</i>					
Salaries and Employee Benefits	19	219,096	-	197,211	-
Operating Expenses		103,676	-	100,790	-
		322,771	-	298,001	-
<i>Transfers</i>					
Grants, Subsidies and Write-off of Loans	20	53,888	-	50,872	-
Other Transfer Payments		11,932	-	9,421	-
		65,820	-	60,293	-
<i>Expenditure on</i>					
Physical Assets		2,438	-	1,721	-
Civil Works		101,402	-	84,430	-
Repairs and Maintenance		7,438	-	5,996	-
		111,278	-	92,147	-
<i>Debt and Interest Payments</i>					
Principal Repayment of Debt	21	47,539	-	43,470	-
Servicing of Debt	22	13,228	-	11,009	-
		60,768	-	54,479	-
<i>Other Payments</i>					
Loans and Advances	23	557	-	403	-
TOTAL PAYMENTS		561,194	-	505,323	-
NET RECEIPT OF PROVINCIAL CONSOLIDATED FUND		6,499	-	3,469	-
NET PAYMENT OF PUBLIC ACCOUNT	24	17,133	-	(6,337)	-
NET DECREASE IN CASH DURING THE YEAR		23,632	-	(2,868)	-
CASH AT BEGINNING OF THE YEAR		(13,817)	N/A*	(10,949)	N/A*
NET DECREASE IN CASH DURING THE YEAR		23,632	N/A	(2,868)	N/A
CASH AT END OF THE YEAR	25	9,815	-	(13,817)	-

The annexed notes 1 to 28 form an integral part of these financial statements.

*N/A = Not Applicable

Accountant General Sindh

GOVERNMENT OF SINDH
Statement of Cash Flows
For the Year Ended 30 June 2014

	<i>Note</i>	2014 Rupees in Million	2013 Rupees in Million
CASH FLOWS FROM OPERATING ACTIVITIES			
Taxation-Transfers from Federal Government	8	308,627	274,360
Taxation-Provincial Government's Own Collection	9	79,692	68,244
Non-Tax Revenue & Other Receipts		79,790	71,190
Grants and Aid - Receipts	14	23,071	25,644
Trading Activities - Receipts	18	37,942	36,742
Operations - Payments		(322,771)	(298,001)
Servicing of Debt - Payments	23	(13,228)	(11,009)
Transfers-Payments		(65,820)	(60,293)
<i>Cash from Operating Activities</i>		127,302	106,877
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital Receipts	17	571	321
Payments for purchase of Physical Assets & on Civil Works & Others		(111,278)	(92,147)
Payments of Loans and Advances	24	(557)	(403)
<i>Cash used in Investing Activities</i>		(111,265)	(92,229)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts of Foreign Debt	15	8,701	1,941
Receipts of Domestic Debt	16	29,300	30,350
Principal Repayments of Debt	21	(47,539)	(43,470)
Net Payment of Public Account	24	17,133	(6,337)
<i>Cash used in Financing Activities</i>		7,594	(17,516)
NET DECREASE IN CASH AND CASH EQUIVALENTS		23,632	(2,868)
CASH & CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(13,817)	(10,949)
CASH & CASH EQUIVALENTS AT END OF THE YEAR	25	9,815	(13,817)

The annexed notes 1 to 28 form an integral part of these financial statements.

Accountant General Sindh

GOVERNMENT OF SINDH

Statement of Comparison of Budget and Actual Amounts by Function

For the Year Ended 30 June 2014

	2014 (Rupees in Million)			2013 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
RECEIPTS						
<u>Revenue</u>						
Taxation	431,386	404,961	388,319	397,041	351,370	342,603
Non-Taxation	113,224	94,578	102,860	96,020	99,610	96,835
Total Revenue Receipts	544,610	499,539	491,179	493,061	450,980	439,438
<u>Capital</u>						
Domestic Debt	39,000	39,000	29,300	34,125	39,000	30,350
Foreign Debt	40,833	34,166	8,701	56,923	32,485	1,941
Recovery of Loans & Advances	7,063	1,186	571	6,828	10,962	321
State Trading Activities	44,965	38,073	37,942	36,540	39,672	36,742
Miscellaneous Recoveries	105	-	-	105	-	-
Total Capital Receipts	131,966	112,425	76,514	134,521	122,119	69,354
TOTAL RECEIPTS	676,576	611,964	567,693	627,582	573,099	508,792
PAYMENTS						
<u>Revenue</u>						
General Public Service	108,972	124,252	110,196	175,305	189,883	154,083
Economic Affairs	44,139	47,622	38,184	77,332	95,106	74,984
Public Order and Safety Affairs	54,148	63,645	55,674	47,166	49,473	49,613
Education Affairs and Services	123,378	123,378	100,482	102,796	108,330	93,300
Health Affairs and Services	44,589	44,588	41,556	39,483	39,478	38,451
Housing & Community Amenities	2,911	3,830	2,391	928	1,171	1,347
Recreation, Culture and Religion	2,270	5,399	4,745	2,920	3,669	3,060
Social Protection	7,982	8,559	3,929	6,845	9,367	5,966
Environment Protection	683	683	101	609	617	89
Total Revenue Payments	389,072	421,956	357,258	453,384	497,094	420,893
<u>Capital</u>						
General Public Service	76,718	77,628	60,941	13,367	13,367	214
Economic Affairs	100,595	102,084	91,470	44,298	44,298	38,113
Education Affairs and Services	10,654	10,654	4,718	8,781	8,781	4,556
Health Affairs and Services	7,787	7,787	4,733	6,244	6,244	4,354
Housing and Community Amenities	2,588	2,588	1,587	1,407	2,056	1,922
Recreation, Culture and Religion	957	957	446	1,025	665	643
Social Protection	68,685	68,686	38,548	73,337	85,576	32,210
Environment Protection	1,568	1,673	1,493	1,724	2,485	2,418
Total Capital Payments	269,552	272,057	203,936	150,183	163,472	84,430
TOTAL PAYMENTS	658,624	694,013	561,194	603,567	660,566	505,323

The annexed notes 1 to 28 form an integral part of these financial statements.

Accountant General Sindh

GOVERNMENT OF SINDH
Statement of Comparison of Budget and Actual Expenditure by Department
For the Year Ended 30 June 2014

DEPARTMENTS	2014 (Rupees in Million)			2013 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
1 Agriculture, Livestock	16,447	11,901	10,722	15,509	11,005	10,172
2 Board of Revenue, Excise & Taxation, Social Welfare	4,586	4,703	4,514	5,211	7,448	6,604
3 Culture	1,702	1,002	826	1,238	956	836
4 Education & Literacy	130,248	109,706	101,726	108,141	97,635	95,277
5 Environment & Alternative Energy	2,251	1,895	1,594	2,103	2,658	2,508
6 Finance	203,625	171,090	155,208	210,098	149,744	135,178
7 Food	45,363	46,854	43,898	39,917	43,084	35,383
8 Forest & Wild Life	3,692	1,858	1,690	1,871	1,496	1,335
9 Governor's Secretariat	1,627	1,161	1,125	1,670	1,525	1,495
10 Health	56,072	51,851	49,764	49,045	46,756	45,569
11 Home	48,960	45,771	49,590	43,251	43,407	43,687
12 Industries & Commerce, Mines & Mineral, Coal & Energy	24,100	9,016	8,476	16,570	9,143	7,983
13 Information, Archives, Antiquities	1,212	4,170	4,094	2,188	2,963	2,745
14 Information Technology	4,665	2,450	1,787	4,709	1,590	1,263
15 Irrigation & Power	26,658	41,968	40,179	21,098	36,279	35,357
16 Law	5,557	7,484	6,462	4,896	6,606	6,009
17 Local Government, Public Health Engineering	45,309	47,328	44,544	40,684	42,897	42,523
18 Labour, Cooperation	1,268	1,299	1,125	1,195	1,192	1,034
19 Planning & Development, Population Welfare	1,481	3,271	3,457	3,415	3,044	3,458
20 Provincial Assembly	689	1,096	1,077	646	685	686
21 SGA&CD, Inter Provincial Coordination	4,916	5,151	4,867	4,259	4,893	4,100
22 Transport	240	54	41	16,079	9,700	9,326
23 Works & Services	27,384	24,758	23,975	9,256	13,665	12,488
24 Zakat Ushr, Auqaf	571	461	452	517	428	305
TOTAL	658,624	596,299	561,194	603,567	538,799	505,323

The annexed notes 1 to 28 form an integral part of these financial statements.

Accountant General Sindh

GOVERNMENT OF SINDH
Notes to the Financial Statements
For the Year Ended 30 June 2014

1. REPORTING ENTITY

Provincial Government of Sindh (the Government) conducts its operations under the Rules of Business 1986. 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 Provincial 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 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 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. Forest
 2. Food
 3. PWD (Public Works 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 made 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.

2. BASIS OF CONSOLIDATION

The financial statements have been prepared by consolidating the accounts of all centralized and self accounting entities.

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 and the implementation of NAM is an ongoing process. Commitment, asset and liability accounting practices have not yet been implemented and memorandum registers for assets and commitments do not exist and accounting of liabilities is not done in accordance with NAM.

GOVERNMENT OF SINDH
Notes to the Financial Statements
For the Year Ended 30 June 2014

4. ACCOUNTING CONVENTION AND BASIS OF PREPARATION

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. Government of Pakistan is moving towards full implementation of Cash Basis IPSAS – Financial Reporting under the Cash Basis of Accounting. These financial statements comply with Cash Basis IPSAS except for consolidation of state owned enterprises. The statement of cash receipts 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 2013-14 have been prepared and presented in order to make a fair presentation of all the relevant financial information without making any change in the fundamentals applied and all policies have been applied on a basis consistent with the previous

5. REPORTING AND BUDGET PERIOD

The reporting and budget period of these financial statements is the financial year 2013-14 (from 1st July, 2013 to 30th June, 2014).

6. REPORTING CURRENCY

The reporting currency of these financial statements is Pak Rupee 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**

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

GOVERNMENT OF SINDH
Notes to the Financial Statements
For the Year Ended 30 June 2014

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 cash 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 subscribed to the General Provident Fund from the date of appointment and monthly subscription is by way of deduction from the monthly payroll at a uniform rate of subscription, as advised by the Government for a financial year as laid down 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**

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 SBP.

7.7. Liability

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

GOVERNMENT OF SINDH
Notes to the Financial Statements
For the Year Ended 30 June 2014

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. Loans and Advances

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

7.11. Payments by third parties

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

GOVERNMENT OF SINDH
Notes to the Financial Statements
For the Year Ended 30 June 2014

	Note	2014 Rupees in Million	2013 Rupees in Million
8. TAXATION-TRANSFERS FROM FEDERAL GOVERNMENT			
<i>Direct Taxes</i>			
Income tax		114,669	101,580
Wealth Tax		9	-
Capital Value Tax		136	35
		114,813	101,615
<i>Indirect Taxes</i>			
Sales Tax		137,009	116,738
Custom Duty		31,955	32,652
Federal Excise Duty		17,908	15,601
Federal Excise on Natural Gas		6,942	7,754
		193,813	172,745
		308,627	274,360
9. TAXATION-PROVINCIAL GOVERNMENT'S OWN COLLECTIONS			
<i>Direct Taxes</i>			
Income Tax		13	13
Income Tax - Agriculture		255	376
Property Tax		943	1,907
Capital Value Tax		2,017	2,111
Land Revenue		203	205
Tax on Profession, Trade & Callings		303	265
		3,733	4,877
<i>Indirect Taxes</i>			
Sales Tax under Services		39,507	33,246
Provincial Excise Duty		3,601	3,102
Stamp Duties		5,920	5,016
Receipts Under Motor Vehicles Act		4,217	3,328
Others		22,715	18,675
		75,959	63,367
		79,692	68,244
10. GENERAL ADMINISTRATION RECEIPTS			
Organ of State		35	40
Fiscal Administration		92	88
Economic Regulations		70	63
Law and Order		1,342	1,253
Community Services		210	257
Social Services		425	408
		2,175	2,109

GOVERNMENT OF SINDH
Notes to the Financial Statements
For the Year Ended 30 June 2014

	<i>Note</i>	2014 Rupees in Million	2013 Rupees in Million
11. ECONOMIC SERVICES RECEIPTS			
Food and Agriculture		93	248
Fisheries & Animal Husbandry		21	28
Forest		140	141
Cooperation, Irrigation, Embankment Drainage		240	190
Mines & Mineral Resources		215	219
		708	826
12. DEVELOPMENT SURCHARGE AND ROYALTIES - RECEIPTS			
Development Surcharge on Gas	<i>12.1</i>	34,080	7,637
Royalty on Crude Oil	<i>12.2</i>	9,518	10,130
Royalty on Natural Gas	<i>12.2</i>	30,869	28,610
		74,466	46,377

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.

	<i>Note</i>	2014 Rupees in Million	2013 Rupees in Million
13. OTHER RECEIPTS			
Sale of Land		513	2,935
Miscellaneous Receipts		1,904	18,172
		2,418	21,107
14. GRANTS AND AID - RECEIPTS			
Federal Grants	<i>14.1</i>	23,071	25,644
14.1 Federal Grants			
Development Grants		14,942	13,426
Non-Development Grants		8,129	12,218
		23,071	25,644

GOVERNMENT OF SINDH
Notes to the Financial Statements
For the Year Ended 30 June 2014

	<i>Note</i>	2014 Rupees in Million	2013 Rupees in Million
15. FOREIGN DEBT - RECEIPTS			
Permanent Debt-Federal Government		8,701	1,941
16. DOMESTIC DEBT - RECEIPTS			
Floating Debt	16.1	29,300	30,350
16.1 Floating debt represents the borrowings of temporary nature such as Ways and Means Advances or Cash Credit Accommodation from the State Bank of Pakistan. These are repayable within twelve months.			
	<i>Note</i>	2014 Rupees in Million	2013 Rupees in Million
17. CAPITAL RECEIPTS			
Recovery of Loans and Advances		571	321
18. TRADING ACTIVITIES - RECEIPTS			
Sale of Wheat and Rice		37,942	36,742
19. SALARIES AND EMPLOYEE BENEFITS			
Pay of Officers		14,811	14,657
Pay of Other Staff		66,388	65,076
Allowances		100,504	87,580
Retirement Benefits		37,393	29,898
		219,096	197,211
20. GRANTS, SUBSIDIES AND WRITE-OFF OF LOANS			
Grants, Subsidies & Write-Off of Loans		53,888	50,872

GOVERNMENT OF SINDH
Notes to the Financial Statements
For the Year Ended 30 June 2014

	<i>Note</i>	2014 Rupees in Million	2013 Rupees in Million
21. PRINCIPAL REPAYMENT OF DEBT			
Foreign Debt		7,228	6,174
Domestic Debt	<i>21.1</i>	40,311	37,296
		<u>47,539</u>	<u>43,470</u>
21.1 Domestic Debt			
Permanent Debt		11,011	6,946
Floating Debt		29,300	30,350
		<u>40,311</u>	<u>37,296</u>
22. SERVICING OF DEBT			
Foreign Debt		1,765	1,318
Domestic Debt		2,503	2,600
General Provident Fund		8,961	7,091
		<u>13,228</u>	<u>11,009</u>
23. LOANS AND ADVANCES			
Non-Financial Institutions		<u>557</u>	<u>403</u>
24. NET RECEIPTS OF PUBLIC ACCOUNT			
<i>Receipts</i>			
Trust & Other Public Accounts	<i>24.1</i>	1,507,979	1,496,320
Special Deposits		23,283	60,691
State Provident Fund		14,304	12,293
		<u>1,545,565</u>	<u>1,569,304</u>
<i>Payments</i>			
Trust & Other Public Accounts	<i>24.1</i>	1,497,741	1,508,950
Special Deposits		25,688	62,954
State Provident Fund		5,004	3,737
		<u>1,528,433</u>	<u>1,575,641</u>
	<i>24.1</i>	<u>17,133</u>	<u>(6,337)</u>

24.1 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 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 and to be used for the specific purpose for which they are established.

GOVERNMENT OF SINDH
Notes to the Financial Statements
For the Year Ended 30 June 2014

	2014	2013
	Rupees	Rupees
	in Million	in Million
25. CASH AND BANK		
Provincial Government's Balance	<u>9,815</u>	<u>(13,817)</u>
26. ASSETS AND LIABILITIES		
<i>Assets</i>		
Long Term Assets	728,884	618,094
Investments	44,189	37,801
Loans and Advances	24,800	23,553
Current Assets	1,906	1,905
Cash at Bank	9,815	(13,817)
26.1	<u><u>809,593</u></u>	<u><u>667,536</u></u>
Liabilities and Equity		
Public Debt	11,208	20,746
Special Deposits and Trust Accounts	19,025	13,365
Deferred Liabilities	84,870	73,396
Capital Receipts	1,418	878
Residual Equity	693,073	559,151
26.1	<u><u>809,593</u></u>	<u><u>667,536</u></u>

26.1 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 this is not mandatory but encouraged disclosure as per Cash Basis IPSAS. The assets are disclosed in the financial statements in compliance with the requirements in NAM as function wise (function of the government). Related expenditure as made in Investment above has been appropriately disclosed in line item "Other Transfer Payments" in the Statement of Cash Receipts and Payments and Cash Flows Statement pertaining to current year and previous. Previous year disclosure was different but insignificant payment during previous year does not impair management's assertion of true and fair presentation during that year.

27. 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 Sindh together with the audit reports on these financial statements to the Governor of Sindh who shall cause them to be laid before the Provincial Assembly. These financial statements have been authorized for issue on _____.

28. GENERAL

28.1 Level of Precision

Figures in these financial statements have been rounded off to the nearest million of rupees, unless otherwise stated.

28.2 Corresponding Figures

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

Accountant General Sindh