

PREFACE

I am pleased to present the Financial Statements of the Government of Balochistan for the year ended 30 June, 2009 together with the Auditors' Report thereon.

The Financial Statements of the Government of Balochistan for the financial year 2008-09 have been prepared by the Accountant General Balochistan 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.

Islamabad, Pakistan

Date:

Controller General of Accounts



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

Auditor's Report

The Office of the Auditor General of Pakistan has audited the accompanying Financial Statements of the Government of Balochistan, which comprise the statement of cash receipts and payments for the year ended 30th June, 2009, 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.

Management's Responsibility

These Financial Statements have been prepared by the Accountant General Balochistan 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 and 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 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 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 Balochistan for the year ended 30th June 2009, its cash flows, statement of comparison of budget and actual amounts by function and statement of comparison of budget and actual expenditure by department for the year

then ended in accordance with the stated accounting policies of the Government of Balochistan.

- b) The sums expended have been applied, in all material respects, for the purposes authorized by the Provincial Assembly.

Emphasis of Matter

Without qualifying our opinion, we draw attention to 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 Balochistan. The Government has disclosed third party payments as nil on the basis that neither the Government has been formally advised by the third party or the recipient nor such payments have been otherwise verified. The existing accounting and financial reporting system of the Government needs to be strengthened to fully capture third party payments.

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 BALOCHISTAN
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2009

	2009 (Rupees in Million)		2008 (Rupees in Million)		
	Receipts/ Payments controlled by the Government	Payments by Third Parties	Receipts/ Payments controlled by the Government	Payments by Third Parties	
PROVINCIAL CONSOLIDATED FUND					
RECEIPTS					
<i>Taxation- Transfers from Federal Government</i>	8	25,218	-	22,191	-
<i>Taxation- Provincial Government's Own Collection</i>	9	931	-	887	-
<i>Non-Tax Revenue and Other Receipts</i>					
General Administration	10	442	-	302	-
Economic Services	11	632	-	434	-
Development Surcharge and Royalties	12	8,421	-	7,966	-
Dividend and Profit Share	13	28	-	28	-
Others	14	1,729	-	1,426	-
		11,252	-	10,156	-
<i>Grants and Aid</i>	15	23,385	-	24,793	-
<i>Borrowings</i>					
Foreign Debt	16	448	-	799	-
<i>Capital Receipts</i>					
Recovery of Loans and Advances	17	112	-	81	-
<i>Trading Activities</i>	18	5,204	-	3,424	-
<i>Receipts of District Governments</i>	19	-	-	-	-
TOTAL RECEIPTS		66,550	-	62,331	-

	Note	2009 (Rupees in Million)		2008 (Rupees in Million)	
		Receipts/ Payments controlled by the Government	Payments by Third Parties	Receipts/ Payments controlled by the Government	Payments by Third Parties
PAYMENTS					
<i>Operations</i>					
Salaries and Employee Benefits	20	13,849	-	11,066	-
Operating Expenses		4,801	-	4,636	-
		18,650		15,702	
<i>Transfers</i>					
Grants, Subsidies and Write-off of Loans	21	3,863	-	5,159	-
Other Transfer Payments		71	-	80	-
		3,934	-	5,239	-
<i>Expenditure on</i>					
Physical Assets		931	-	480	-
Civil Works		21,076	-	22,274	-
		22,007	-	22,754	-
<i>Debt and Interest Payments</i>					
Principal Repayment of Debt	22	7,383	-	7,003	-
Servicing of Debt	23	2,880	-	4,149	-
		10,263		11,152	
<i>Other Payments</i>					
Loans and Advances	24	2	-	363	-
<i>Payments of District Governments</i>					
	25	19,109	-	14,461	-
TOTAL PAYMENTS		73,965	-	69,671	-
NET RECEIPT/ (PAYMENT) OF PROVINCIAL CONSOLIDATED FUND		(7,415)	-	(7,340)	-
NET RECEIPT OF PUBLIC ACCOUNT	26	704	-	630	-
INCREASE / (DECREASE) IN CASH		(6,711)	-	(6,710)	-
CASH AT BEGINNING OF THE YEAR		(16,878)	N/A*	(10,168)	N/A*
INCREASE / (DECREASE) IN CASH		(6,711)	N/A	(6,710)	N/A
CASH AT END OF THE YEAR	27	(23,589)	N/A	(16,878)	N/A

The annexed notes 1 to 31 form an integral part of these financial statements.

*N/A = Not Applicable

Accountant General Balochistan

GOVERNMENT OF BALOCHISTAN
Statement of Cash Flows
For the Year Ended 30 June 2009

	2009 Rupees in Million	2008 Rupees in Million
CASH FLOWS FROM OPERATING ACTIVITIES		
Taxation - Transfers from Federal Government	8 25,218	22,191
Taxation - Provincial Government's Own Collection	9 931	887
Non-Tax Revenue and Other Receipts	11,252	10,156
Grants and Aid - Receipts	15 23,385	24,793
Trading Activities - Receipts	18 5,204	3,424
Operations - Payments	(18,650)	(15,702)
Servicing of Debt - Payments	23 (2,880)	(4,149)
Transfers - Payments	(3,934)	(5,239)
Receipts of District Governments	19 -	-
Payments of District Governments - Revenue Expenditure	25.1 (16,858)	(13,166)
<i>Cash from Operating Activities</i>	23,668	23,195
CASH FLOWS FROM INVESTING ACTIVITIES		
Recoveries of Loans and Advances	17 112	81
Expenditure on Physical Assets, Civil Works and Others	(22,007)	(22,754)
Payments of Loans and Advances	24 (2)	(363)
Payments of District Governments - Capital Expenditure	25.2 (2,251)	(1,295)
<i>Cash used in Investing Activities</i>	(24,148)	(24,331)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of Foreign Debt	16 448	799
Principal Repayments of Debt	22 (7,383)	(7,003)
Net Receipt of Public Account	26 704	630
<i>Cash used in Financing Activities</i>	(6,231)	(5,574)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,711)	(6,710)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(16,878)	(10,168)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	27 (23,589)	(16,878)

The annexed notes 1 to 31 form an integral part of these financial statements.

Accountant General Balochistan

GOVERNMENT OF BALOCHISTAN
Statement of Comparison of Budget and Actual Amounts by Function
For the Year Ended 30 June 2009

	Note	2009 (Rupees in Million)			2008 (Rupees in Million)		
		Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
		Original	Revised		Original	Revised	
RECEIPTS							
Revenue							
Taxation		28,672	28,102	26,149	22,267	23,963	23,081
Non-Taxation		30,892	47,722	39,841	21,914	36,603	36,160
Total revenue receipts		59,564	75,824	65,990	44,181	60,566	59,241
Capital							
Domestic Debt		-	-	-	6,735	2,700	-
Foreign Debt		16,462	10,845	448	7,490	2,169	799
Recoveries of Loans and Advances		81	79	112	68	75	81
Total capital receipts		16,543	10,924	560	14,293	4,944	880
Receipts of Provincial Government		76,107	86,748	66,550	58,474	65,510	60,121
Receipts of District Governments		20,465	19,284	17,265	15,853	15,853	16,671
TOTAL RECEIPTS	29	96,572	106,032	83,815	74,327	81,363	76,792
PAYMENTS							
Revenue							
General Public Services		41,981	39,497	32,590	34,988	35,794	32,209
Economic Affairs		14,552	16,192	7,963	11,443	11,779	6,171
Public Order and Safety Affairs		4,859	5,537	5,447	4,847	5,148	5,473
Education Affairs and Services		2,241	2,277	2,137	2,080	2,080	1,674
Health Affairs and Services		1,571	1,513	1,470	1,347	1,347	1,134
Housing and Community Amenities		623	1,309	1,283	276	440	479
Recreation, Culture and Religion		91	91	92	241	245	227
Social Protection		26	185	123	74	74	65
Environment Protection		-	-	-	11	11	12
Total revenue payments		65,944	66,601	51,105	55,307	56,918	47,444
Capital							
General Public Services		6,099	6,412	1,387	1,806	2,434	366
Economic Affairs		5,456	5,906	10,651	8,201	12,477	10,762
Public Order and Safety Affairs		91	146	1,942	73	2,601	2,549
Education Affairs and Services		2,219	1,076	1,174	1,973	1,973	403
Health Affairs and Services		290	247	494	574	574	222
Housing and Community Amenities		1,381	1,267	3,238	253	5,569	5,129
Recreation, Culture and Religion		87	54	61	167	167	84
Social Protection		66	62	578	113	1,142	489
Environment Protection		56	33	1,491	315	2,532	2,223
Total capital payment		15,745	15,203	21,016	13,475	29,469	22,227
Payments of Provincial Government		81,689	81,804	72,121	68,782	86,387	69,671
Payments of District Governments		20,465	19,284	19,109	15,853	15,853	14,461
TOTAL PAYMENTS	29	102,154	101,088	91,230	84,635	102,240	84,132

The annexed notes 1 to 31 form an integral part of these financial statements.

Accountant General Balochistan

GOVERNMENT OF BALOCHISTAN
Statement of Comparison of Budget and Actual Expenditure by Departments
For the Year Ended 30 June 2009

<i>DEPARTMENTS</i>	2009 (Rupees in Million)			2008 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
General Administration	4,770	3,270	2,852	4,704	4,747	3,433
Provincial Excise	132	133	116	112	136	132
Stamps	7	7	7	7	7	4
Charges on account of Motor Vehicle Act	9	10	7	9	12	7
Other Taxes and Duties	34	35	36	23	23	18
Pension	3,000	2,172	2,003	1,037	1,506	1,569
Administration of Justice	537	540	533	406	437	405
Police	4,065	4,730	4,664	3,506	3,724	3,856
Levies	8	12	12	410	410	86
Jails and Convict Settlements	217	231	217	175	214	188
Civil Defence	12	14	14	13	13	10
Narcotics Control	20	21	20	16	16	13
Civil Works	716	1,124	1,152	2,489	2,639	2,619
Public Health Services	411	768	741	581	647	650
Works Urban/B-WASA	180	503	503	180	271	271
Education	2,232	2,273	2,134	9,453	9,453	8,323
Archives	9	4	4	8	8	3
Health	1,571	1,513	1,470	3,327	3,327	2,896
Manpower and Labor Management	265	270	284	261	261	244
Sports and Recreation Facilities	37	40	40	41	44	37
Social Security and Social Welfare	179	219	193	185	186	173
Culture Services	23	23	22	135	135	114
Natural Calamities	26	185	123	243	270	408
Auqaf	31	28	30	24	26	25
Food	135	137	134	123	123	106
Agriculture	1,431	1,520	1,490	1,846	1,857	1,791
Land Revenue	58	66	65	152	153	141
Animal Husbandry	283	294	298	766	780	718
Forestry	108	112	107	250	250	216
Fisheries	87	190	188	84	99	87
Cooperation	7	7	6	36	36	32
Irrigation	2,691	2,750	2,711	2,686	2,803	2,742
Rural Development	32	38	38	34	40	36
Industries	163	187	183	137	154	143
Stationery and Printing	18	20	20	17	19	19
Mineral Resources	75	84	82	62	65	59
Subsidies	600	600	600	567	567	-
Debt Servicing and other Obligations	2,851	2,675	2,880	5,091	5,090	4,150
District Governments	20,465	19,284	17,265	348	448	709
Transport	7	9	8	-	9	-
Provincial Public Safety & PCCB	21	10	8	-	12	8
Fiscal Equalization Grant (FEG)	-	-	-	13	13	16
Public Debt Discharge	10,424	11,869	7,383	8,368	8,368	7,003
Loans and Advances	250	2	2	350	387	363
State Trading-Food	7,747	8,622	460	4,995	4,995	116
Investment to Non-Financial Institutions	-	-	-	100	100	-
District Reconciliation	-	-	-	615	714	2,210
Development	15,745	15,203	21,016	14,797	30,793	23,522
<i>Payments of Provincial Government</i>	81,689	81,804	72,121	68,782	86,387	69,671
<i>Payments of District Governments</i>	20,465	19,284	19,109	15,853	15,853	14,461
TOTAL PAYMENTS	102,154	101,088	91,230	84,635	102,240	84,132

The annexed notes 1 to 31 form an integral part of these financial statements.

Accountant General Balochistan

GOVERNMENT OF BALOCHISTAN

Notes to the Financial Statements

For the Year Ended 30 June 2009

1. REPORTING ENTITY

Provincial Government Balochistan (the Government) conducts its operation under the Rules of Business 2007. 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 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 has the primary responsibility for accounting and reporting.
- b) Self Accounting Entities; There are no Self Accounting Entities for which the Principal Accounting Officer has the primary responsibility for accounting and reporting.
- 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 dividend or interest is classified as non-tax revenue.

Under Balochistan Local Government Ordinance, 2001, district governments were established. 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. Besides Appropriation Accounts, from this financial year 2008-09 the district governments are also preparing finance accounts and financial statements based on the format of Cash Based International Public Sector Accounting Standards (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	Awaran	16	Kohlu
2	Barkhan	17	Loralai
3	Kachi at Dhadar	18	Lasbella
4	Chagai at Dalbandin	19	Mastung
5	Jaffarabad at Dera Allah Yar	20	Musa Khel
6	Dera Bughti	21	Nushki
7	Naseerabad at Dera Murad Jamali	22	Pishin
8	Gwadar	23	Panjgur
9	Jhal Magsi at Gandawa	24	Quetta
10	Kalat	25	Sibi
11	Kharan	26	Kech
12	Khuzdar	27	Washuk
13	Killa Abdullah	28	Zhob
14	Killa Saifullah	29	Ziarat
15	Sherani	30	Harnai

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

GOVERNMENT OF BALOCHISTAN

Notes to the Financial Statements

For the Year Ended 30 June 2009

2. BASIS OF CONSOLIDATION

These financial statements have been prepared by consolidating the accounts of all centralized accounting entities and 30 district Governments. Material inter-government transactions such as transfers from Provincial Government Balochistan, which comprise, 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). 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. However 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.

4. ACCOUNTING CONVENTION AND BASIS OF PREPERATION

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. 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 departments and notes forming part 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 2008-2009 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 polices 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 2008-2009 (from 1 July, 2008 to 30 June, 2009).

6. REPORTING CURRENCY

The reporting currency of these financial statements is Pak Rupee which is Provincial Government's functional and presentation currency.

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2009

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 the 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 the payment advice is issued to the Bank.

d) Direct payments by the 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 the 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 compulsorily subscribes 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.

GOVERNMENT OF BALOCHISTAN

Notes to the Financial Statements

For the Year Ended 30 June 2009

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 dividend 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 of cash with the State Bank of Pakistan.

7.7. Liability

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

7.8 Public debt

Public Debt comprises of 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.

7.10. Loans and advances

These include 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 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, 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 BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2009

	2009	2008
	Rupees in Million	Rupees in Million
8 TAXATION - TRANSFERS FROM FEDERAL GOVERNMENT		
<i>Direct taxes</i>		
Income Tax	8,623	7,281
Wealth Tax	1	2
Capital Value Tax	66	134
	8,690	7,417
<i>Indirect Taxes</i>		
Sales Tax	9,880	7,871
Custom Duty	3,122	2,976
Federal Excise	3,525	3,927
Others	1	-
	16,528	14,774
	25,218	22,191
9 TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION		
<i>Direct Taxes</i>		
Income Tax- Agriculture	4	10
Property Tax	72	69
Land Revenue	48	40
Tax on Profession, Trade and Callings	1	1
	125	120
<i>Indirect Taxes</i>		
Receipts Under Motor Vehicles Act	272	329
Stamp Duties	141	158
Provincial Excise	362	246
Others	31	34
	806	767
	931	887
10 GENERAL ADMINISTRATION RECEIPTS		
Fiscal Administration	18	14
Community Services	162	110
Social Services	65	46
Economic Regulations	-	2
Law and Order	197	130
	442	302

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2009

	<i>Note</i>	2009 Rupees in Million	2008 Rupees in Million
11 ECONOMIC SERVICES - RECEIPTS			
Cooperation, Irrigation and Embankment Drainage		174	137
Food and Agriculture		254	184
Fisheries and Animal Husbandry		38	45
Forest		46	45
Printing and industries		52	18
Others		68	5
		<u>632</u>	<u>434</u>
12 DEVELOPMENT SURCHARGE AND ROYALTIES - RECEIPTS			
Development Surcharge on Gas	<i>12.1</i>	2,406	5,286
Royalty on Natural Gas	<i>12.2</i>	6,015	2,680
		<u>8,421</u>	<u>7,966</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 the 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.

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	2009	2008
	Rupees	Rupees
<i>Note</i>	in Million	in Million
13 DIVIDEND AND PROFIT SHARE		
Dividends Receipts	28	28
	<u>28</u>	<u>28</u>
13.1 Dividends Receipts		
Non-Financial Institutions	28	28
	<u>28</u>	<u>28</u>
14 OTHER RECEIPTS		
Sale of Land	992	1,087
Miscellaneous Receipts	737	339
	<u>1,729</u>	<u>1,426</u>
15 GRANTS AND AID - RECEIPTS		
Development Grants	12,462	10,247
Non Development Grants	12,760	12,336
Other Receipts / (Transfers)	(1,837)	2,210
	<u>23,385</u>	<u>24,793</u>
16 FOREIGN DEBT - RECEIPTS		
Foreign Lenders	23	-
Permanent Debt - Federal Government	425	799
	<u>448</u>	<u>799</u>

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2009

	<i>Note</i>	2009 Rupees in Million	2008 Rupees in Million
17 RECOVERY OF LOANS AND ADVANCES			
Government Servants		74	81
Private Sector		38	-
		<u>112</u>	<u>81</u>
18 TRADING ACTIVITIES - RECEIPTS			
Sale of Wheat		<u>5,204</u>	<u>3,424</u>
19 RECEIPTS OF DISTRICT GOVERNMENTS			
Grants from Provincial Government	<i>19.1</i>	17,265	14,461
Less: Grants from Provincial Government	<i>19.2</i>	<u>(17,265)</u>	<u>(14,461)</u>
		<u>-</u>	<u>-</u>

19.1 The actual gross receipts of District Governments of Balochistan during the financial year 2008-2009 was Rs.19,570 million out of which an amount of Rs. 2,305 million was adjusted to Provincial Government from District Government Ziarat (Non-banking Treasury), due to the payments made by District Accounts Officer (DAO) Ziarat on behalf of Account IV out of Account I. Therefore the net receipts of District Governments of Balochistan presented as Rs.17,265 million instead of Rs.19,570 million, which were the actual gross receipts.

19.2 Grants received from Provincial Government - Balochistan have been eliminated against transfers to District Governments, while consolidating these accounts, in order to avoid the duplicate effect of receipts and payments.

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2009

	<i>Note</i>	2009 Rupees in Million	2008 Rupees in Million
20 SALARIES AND EMPLOYEE BENEFITS			
Pay of Officers		1,811	1,360
Pay of Other Staff		4,337	3,469
Allowances		5,698	4,668
Retirement Benefits		2,003	1,569
		<u>13,849</u>	<u>11,066</u>
21 GRANTS, SUBSIDIES AND WRITE-OFF OF LOANS			
Grants, Subsidies and Write-off of Loans		21,128	19,620
Less: Transfers to District Governments	19.1	<u>(17,265)</u>	<u>(14,461)</u>
		<u>3,863</u>	<u>5,159</u>
22 PRINCIPAL REPAYMENT OF DEBT			
Domestic Debt	22.1	<u>7,383</u>	<u>7,003</u>
22.1 Domestic Debt			
Permanent Debt	22.1.1	120	5,677
Floating Debt	22.1.2	7,263	1,326
		<u>7,383</u>	<u>7,003</u>
22.1.1 This represents borrowings from Federal Government. Repayment period and interest rate for these borrowings are determined in accordance with terms and conditions of each loan.			
22.1.2 Floating debt represents the borrowing 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.			
23 SERVICING OF DEBT	<i>Note</i>		
Domestic Debt		<u>2,880</u>	<u>4,149</u>
24 LOANS AND ADVANCES			
Government Employees	24.1	<u>2</u>	<u>363</u>
24.1 Government Employees			
House Building Advance		2	310
Motor Car Advance		-	31
Motor Cycle/Bi-cycle Advance		-	22
		<u>2</u>	<u>363</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.

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
For the Year Ended 30 June 2009

	<i>Note</i>	2009 Rupees in Million	2008 Rupees in Million
25 PAYMENTS OF DISTRICT GOVERNMENTS			
Revenue Expenditure	25.1	16,858	13,166
Capital Expenditure	25.2	2,251	1,295
		<u>19,109</u>	<u>14,461</u>
25.1 Revenue Expenditure			
Education Affairs and Services		8,322	6,652
Health Affairs and Services		2,094	1,762
Economic Affairs		3,309	2,927
General Public Service		2,449	1,223
Housing and Community Amenities		543	478
Social Protection		131	20
Recreation, Culture and Religion		10	104
		<u>16,858</u>	<u>13,166</u>
25.2 Capital Expenditure			
Education Affairs and Services		2	-
Health Affairs and Services		13	-
Economic Affairs		391	683
General Public Service		1,841	196
Housing and Community Amenities		-	413
Social Protection		4	3
		<u>2,251</u>	<u>1,295</u>
26 NET RECEIPT OF PUBLIC ACCOUNT			
<i>Receipts</i>			
Trust and other Public Accounts	26.1	100,346	87,772
Special Deposits		6,694	8,876
State Provident Fund		1,658	1,168
		<u>108,698</u>	97,816
<i>Payments</i>			
Trust and other Public Accounts	26.1	(101,605)	(88,380)
Special Deposits		(5,704)	(8,326)
State Provident Fund		(685)	(480)
		<u>(107,994)</u>	<u>(97,186)</u>
	26.1	<u>704</u>	<u>630</u>

26.1 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, to be used for the specific purpose for which they are established.

GOVERNMENT OF BALOCHISTAN
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	<i>Note</i>	2009 Rupees in Million	2008 Rupees in Million
27 CASH AND BANK			
Provincial Government's Balance		(28,139)	(23,272)
District Governments' Balance		4,550	6,394
		<u>(23,589)</u>	<u>(16,878)</u>
28 ASSETS AND LIABILITIES			
<i>Assets</i>			
Long Term Assets		167,476	144,209
Loans and Advances		412	484
Current Assets		4,835	79
Cash and Bank		(23,589)	(16,878)
	28.1	<u>149,134</u>	<u>127,894</u>
<i>Liabilities and equity</i>			
Public Debt		10,157	10,013
Special Deposits and Trust Accounts		8,324	8,296
Deferred Liabilities		-	4,641
Residual Equity		130,653	104,944
	28.1	<u>149,134</u>	<u>127,894</u>

28.1 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.

29 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 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 have been eliminated against transfers to district governments in statement of cash receipts and payments as explained in note 2 and 19.2, for which a reconciliation is presented below:

	<i>Note</i>	2009 Rupees in Million	2008 Rupees in Million
<i>Receipts</i>			
Actual receipts in Statement of Comparison of Budget and Actual Amounts by Function		83,815	76,792
Less : Grants from Provincial Government Balochistan	19	(17,265)	(14,461)
		<u>66,550</u>	<u>62,331</u>
Actual receipts in Statement of Cash Receipts and Payments			
<i>Payments</i>			
Actual payments in Statements of Comparison of Budget and Actual Amounts by Function and Actual Expenditure by Department		91,230	84,132
Less : Transfers to District Governments	21	(17,265)	(14,461)
		<u>73,965</u>	<u>69,671</u>
Actual payments in Statement of Cash Receipts and Payments			

GOVERNMENT OF BALOCHISTAN
Notes to the Financial Statements
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30 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 Balochistan together with the audit reports on these financial statements to the Governor of Balochistan who shall cause them to be laid before the Provincial Assembly. These financial statements have been authorized for issue on _____.

31 GENERAL

31.1 Level of Precision

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

31.2 Corresponding Figures

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

Accountant General Balochistan