



**FINANCIAL STATEMENTS**  
**of the**  
**Government of Balochistan**  
**2015-2016**





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## PREFACE

I am pleased to present the Financial Statements of the Government of Balochistan for the year ended 30 June, 2016 together with the Auditor's Report thereon.

The Financial Statements of the Government of Balochistan for the financial year 2015-16 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.

“SD”

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**Accountant General**

Balochistan, Pakistan

Date: February 02, 2017.

“SD”

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**Controller General of Accounts**

Islamabad, Pakistan

Date: February 02, 2017.



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

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## **Auditor's Report**

I have audited the accompanying financial statements of the Government of Balochistan, which comprise the statement of receipts and payments for the year ended 30<sup>th</sup> June, 2016, statement of cash flows, statement of comparison of budget and actual amounts by function, statement of comparison of budget, actual expenditure by department and statement of appropriation of grants by object for the year then ended and a summary of significant accounting policies and other explanatory notes.

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

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit in accordance with the requirement 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 Terms and Conditions of Service) Ordinance, 2001. I conducted by audit in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) and other guidance issued by my department. These standards require that I perform procedures including risk assessment to obtain reasonable assurance whether the financial statements are free of material misstatement. The audit process includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. It also includes assessing the accounting policies used, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

### **In my opinion:**

- a) These financial statements properly present, in all material respects, the financial position of the Government of Balochistan as at 30<sup>th</sup> June, 2016, and the results of its operations, its cash flow and its expenditures and receipts, by appropriation 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 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.

“SD”

Islamabad, Pakistan  
Date: February 02, 2017.

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(Rana Assad Amin )  
**Auditor General of Pakistan**

**GOVERNMENT OF BALOCHISTAN**  
**Statement of Cash Receipts and Payments**  
**For the Year Ended 30 June 2016**

	<i>Note</i>	2016 (Rupees in million)		2015 (Rupees in million)	
		Receipts / Payments controlled by the Government	Payments by Third Parties	Receipts / Payments controlled by the Government	Payments by Third Parties
<b>PROVINCIAL CONSOLIDATED FUND</b>					
<b>RECEIPTS</b>					
<i>Taxation- Transfers from Federal Government</i>	8	158,358	-	142,933	-
<i>Taxation- Provincial Government's Own Collection</i>	9	4,013	-	2,402	-
<i>Non-Tax Revenue and Other Receipts</i>					
General Administration	10	1,079	-	564	-
Economic Services	11	805	-	638	-
Development Surcharge and Royalties	12	12,486	-	12,353	-
Dividend and Profit Share	13	318	-	444	-
Others	14	4,023	-	829	-
		18,711	-	14,828	-
<i>Grants and Aid</i>	15	25,768	-	33,798	-
<i>Borrowings</i>					
Receipts of Debt	16	-	-	595	-
<i>Capital Receipts</i>					
Recovery of Loans and Advances	17	596	-	152	-
<i>Trading Activities</i>	18	3,043	-	84	-
<i>Direct Payments by Lending / Donor agencies</i>	27	-	-	-	-
<b>TOTAL RECEIPTS</b>		<b>210,489</b>	<b>-</b>	<b>194,792</b>	<b>-</b>



**GOVERNMENT OF BALOCHISTAN**  
**Statement of Cash Receipts and Payments**  
**For the Year Ended 30 June 2016**

	Note	2016 (Rupees in million)		2015 (Rupees in million)	
		Receipts/ Payments controlled by the Government	Payments by Third Parties	Receipts/ Payments controlled by the Government	Payments by Third Parties
<b>PAYMENTS</b>					
<i>Operations</i>					
Salaries and Employee Benefits	19	100,703	-	89,350	-
Project Preinvestment Analysis		-	-	30	-
Operating Expenses		24,544	-	20,335	-
		125,247		109,715	
<i>Transfers</i>					
Grants, Subsidies and Write-off of Loans	20	30,948	-	26,754	-
Other Transfer Payments		677	-	436	-
		31,625	-	27,190	-
<i>Expenditure on</i>					
Physical Assets		6,840	-	8,754	-
Civil Works		48,073	-	38,798	-
Repairs and Maintenance		3,395	-	3,140	-
		58,308	-	50,692	-
<i>Debt and Interest Payments</i>					
Principal Repayment of Debt	21	6,374	-	6,044	-
Servicing of Debt	22	1,678	-	1,204	-
		8,052		7,248	
<i>Other Payments</i>					
Investments		-	-	125	-
<i>Direct Payments by Lending / Donor agencies</i>					
	27		-		-
<b>TOTAL PAYMENTS</b>		<b>223,232</b>	<b>-</b>	<b>194,970</b>	<b>-</b>
<b>NET RECEIPT/ (PAYMENT) OF PROVINCIAL CONSOLIDATED FUND</b>		<b>(12,743)</b>	<b>-</b>	<b>(178)</b>	<b>-</b>
<b>NET RECEIPT OF PUBLIC ACCOUNT</b>	23	<b>(10,094)</b>	<b>-</b>	<b>9,371</b>	<b>-</b>
<b>INCREASE IN CASH</b>		<b>(22,837)</b>	<b>-</b>	<b>9,193</b>	<b>-</b>
<b>CASH AT BEGINNING OF THE YEAR</b>		<b>38,780</b>	<b>-</b>	<b>29,587</b>	<b>-</b>
<b>INCREASE IN CASH</b>		<b>(22,837)</b>	<b>-</b>	<b>9,193</b>	<b>-</b>
<b>CASH AT END OF THE YEAR</b>	25	<b>15,943</b>	<b>-</b>	<b>38,780</b>	<b>-</b>

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

"SD"

Accountant General Balochistan

**GOVERNMENT OF BALOCHISTAN**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2016**

	2016 Rupees in million	2015 Rupees in million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Taxation - Transfers from Federal Government	8      158,358	142,933
Taxation - Provincial Government's Own Collection	9      4,013	2,402
Non-Tax Revenue and Other Receipts	18,711	14,828
Grants and Aid - Receipts	15      25,768	33,798
Trading Activities - Receipts	18      3,043	84
Operations - Payments	(125,247)	(109,715)
Servicing of Debt - Payments	22      (1,678)	(1,204)
Transfers - Payments	(31,625)	(27,190)
<i>Cash from Operating Activities</i>	51,343	55,936
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Recoveries of Loans and Advances	17      596	152
Expenditure on Physical Assets, Civil Works and Others	(58,308)	(50,692)
Investments	-	(125)
<i>Cash used in Investing Activities</i>	(57,712)	(50,665)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Receipts of Debt	16      -	595
Principal Repayments of Debt	21      (6,374)	(6,044)
Net Receipt of Public Account	23      (10,094)	9,371
<i>Cash used in Financing Activities</i>	(16,468)	3,922
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(22,837)	9,193
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	38,780	29,587
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	24      15,943	38,780

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

"SD"  
Accountant General Balochistan

# GOVERNMENT OF BALOCHISTAN

## Statement of Comparison of Budget and Actual Amounts by Function

For the Year Ended 30 June 2016

	2016 (Rupees in Million)			2015 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
<b>RECEIPTS</b>						
<b><u>Revenue</u></b>						
Taxation	161,503	163,548	162,371	150,653	151,392	145,335
Non-Taxation	28,745	39,428	44,161	28,066	40,222	48,626
Income from Property and Enterprise	8,604	6,255	3,361	6,801	8,144	84
<b>Total revenue receipts</b>	<b>198,852</b>	<b>209,231</b>	<b>209,893</b>	<b>185,520</b>	<b>199,758</b>	<b>194,045</b>
<b><u>Capital</u></b>						
Receipt of Debt	12,826	12,139	-	13,688	15,974	595
Recoveries of Loans and Advances	648	624	596	642	158	152
Recoveries of Investment	5,200	-	-	200	-	-
<b>Total capital receipts</b>	<b>18,674</b>	<b>12,763</b>	<b>596</b>	<b>14,530</b>	<b>16,132</b>	<b>747</b>
<b>TOTAL RECEIPTS</b>	<b>217,526</b>	<b>221,994</b>	<b>210,489</b>	<b>200,050</b>	<b>215,890</b>	<b>194,792</b>
<b>PAYMENTS</b>						
<b><u>Revenue</u></b>						
General Public Services	53,521	48,589	34,601	54,872	52,216	37,694
Public Order and Safety Affairs	27,248	28,121	25,686	21,373	23,242	22,513
Economic Affairs	44,017	44,864	42,834	36,013	33,503	26,908
Environment Protection	241	190	132	211	203	121
Housing and Community Amenities	4,973	6,162	5,572	4,502	5,606	5,214
Health Affairs and Services	15,482	13,344	13,122	14,149	14,012	14,113
Recreation, Culture and Religion	1,387	1,631	1,438	1,224	1,456	1,245
Education Affairs and Services	38,369	36,797	35,207	28,964	28,968	31,129
Social Protection	3,785	2,159	1,704	3,663	3,583	2,613
<b>Total revenue payments</b>	<b>189,023</b>	<b>181,857</b>	<b>160,296</b>	<b>164,971</b>	<b>162,789</b>	<b>141,550</b>
<b><u>Capital</u></b>						
General Public Services	1,570	1,570	3,594	2,019	3,862	2,955
Public Order and Safety Affairs	932	1,849	1,030	1,123	1,141	919
Economic Affairs	22,767	31,730	28,099	21,600	30,357	27,167
Environment Protection	4,596	5,708	4,352	4,828	5,396	3,809
Housing and Community Amenities	8,265	15,899	13,266	2,598	6,208	4,379
Health Affairs and Services	3,840	4,470	2,826	4,321	4,321	3,421
Recreation, Culture and Religion	2,341	2,375	427	2,317	2,359	1,371
Education Affairs and Services	10,017	12,233	9,210	11,737	11,740	8,536
Social Protection	177	256	132	199	1,101	863
<b>Total capital payment</b>	<b>54,505</b>	<b>76,090</b>	<b>62,936</b>	<b>50,742</b>	<b>66,485</b>	<b>53,420</b>
<b>TOTAL PAYMENTS</b>	<b>243,528</b>	<b>257,947</b>	<b>223,232</b>	<b>215,713</b>	<b>229,274</b>	<b>194,970</b>

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

"SD"  
Accountant General Balochistan

**GOVERNMENT OF BALOCHISTAN**  
**Statement of Comparison of Budget and Actual Expenditure by Departments**  
**For the Year Ended 30 June 2016**

DEPARTMENTS	2016 (Rupees in million)			2015 (Rupees in million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
General Administration	16,091	11,369	8,472	14,210	15,709	14,749
Provincial Excise	638	596	545	539	519	428
Stamps	22	62	2	14	10	2
Pension	12,000	11,841	12,784	10,000	9,410	10,197
Administration of Justice	2,373	2,223	2,012	2,111	1,972	1,775
Police	17,699	18,858	17,142	12,198	12,987	13,006
Levies	5,787	5,675	5,304	5,053	5,463	5,146
Jails and Convict Settlements	760	840	771	671	864	618
Civil Defence	100	82	77	-	-	-
Narcotics Control	-	-	-	69	79	76
Civil Works	7,899	8,961	8,299	7,918	8,159	7,938
Public Health Services	2,968	3,304	3,391	2,680	3,051	2,999
Works Urban/B-WASA	815	1,314	1,314	652	1,314	1,307
Education	38,327	37,171	35,194	28,937	28,955	31,115
Archives	42	12	13	28	13	14
Health	15,482	13,344	13,122	14,149	14,012	14,114
Population Welfare	744	798	684	27	38	42
Manpower and Labor Management	952	871	863	852	811	775
Sports and Recreation Facilities	397	662	567	234	450	336
Social Security and Social Welfare	831	724	704	725	660	643
Natural Calamities	3,055	1,558	1,121	3,049	3,027	2,085
Auqaf	619	530	417	570	512	357
Food	404	336	308	363	317	295
Agriculture	6,807	6,151	5,858	6,352	5,884	5,530
Land Revenue	158	204	180	147	124	124
Animal Husbandry	2,813	2,207	2,037	2,569	2,184	2,030
Forestry	945	832	777	758	1,158	886
Fisheries	620	663	620	550	550	551
Cooperation	122	103	95	114	97	88
Irrigation	1,839	2,240	2,196	2,082	1,668	1,652
Rural Development	7,461	7,461	7,074	7,028	7,885	7,552
Industries	1,113	900	681	971	836	700
Stationery and Printing	107	62	57	104	60	43
Mineral Resources	1,595	887	813	1,006	1,795	1,652
Subsidies	-	86	86	-	-	-
Prosecution Department	239	183	135	178	197	141
Transport	66	66	47	50	48	35
Culture Services	121	103	97	102	180	155
Women Development	95	52	49	75	62	46
Investments	-	-	-	5,000	-	-
Energy	14,334	18,097	17,725	5,498	5,641	4,314
Information Technology	326	255	229	384	209	182
Environment Control	241	190	131	211	203	121
Debt Servicing and other Obligations	1,542	1,220	1,220	1,822	1,376	1,204
Public Debt Discharge	16,115	16,389	4,789	17,120	19,927	6,169
Loans and Advances	-	-	-	1,000	-	-
State Trading-Food	4,359	2,375	2,294	6,801	4,373	358
Development	54,505	76,090	62,936	50,742	66,485	53,420
<i>Payments of Provincial Government</i>	243,528	257,947	223,232	215,713	229,274	194,970
<b>TOTAL PAYMENTS</b>	<b>243,528</b>	<b>257,947</b>	<b>223,232</b>	<b>215,713</b>	<b>229,274</b>	<b>194,970</b>

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

"SD"  
Accountant General Balochistan

# GOVERNMENT OF BALOCHISTAN

## Notes to the Financial Statements

### For the Year Ended 30 June 2016

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#### 1. REPORTING ENTITY

Provincial Government Balochistan (the Government) conducts its operations 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 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
- b) Self Accounting Entities; There are no Self Accounting Entities for which the Principal Accounting Officer has the
- 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 in the consolidated fund as non-tax revenue.

These financial statements include all centralized accounting entities.

#### 2. BASIS OF CONSOLIDATION

These financial statements have been prepared by consolidating the accounts of all centralized accounting entities. Material inter-government transactions 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 on-going 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 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 the International Public Sector Accounting Standards (IPSASs) issued by the International Federation of Accountants (IFAC). The implementation process initially includes the adoption 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 2015-16 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.

# GOVERNMENT OF BALOCHISTAN

## Notes to the Financial Statements

### For the Year Ended 30 June 2016

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#### 5. REPORTING AND BUDGET PERIOD

The reporting and budget period of these financial statements is the financial year 2015-16 (from 1 July, 2015 to 30 June, 2016).

#### 6. REPORTING CURRENCY

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

##### 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.

# GOVERNMENT OF BALOCHISTAN

## Notes to the Financial Statements

### For the Year Ended 30 June 2016

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#### 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.

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

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. Assets are recorded at cost and currently no depreciation is charged.

#### 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 2016**

	<i>Note</i>	2016 Rupees in million	2015 Rupees in million
<b>8. TAXATION - TRANSFERS FROM FEDERAL GOVERNMENT</b>			
<i>Direct taxes</i>			
Income Tax		67,375	59,205
		67,375	59,205
<i>Indirect Taxes</i>			
Sales Tax		63,877	59,628
Custom Duty		15,002	14,053
Federal Excise		11,924	10,047
Capital Value Tax - On Movable and Immovable Property		181	-
		90,983	83,728
		<u>158,358</u>	<u>142,933</u>
<b>9. TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION</b>			
<i>Direct Taxes</i>			
Property Tax		91	80
Land Revenue		253	189
Tax on Profession, Trade and Callings		4	123
		348	392
<i>Indirect Taxes</i>			
Sales Tax on Services		2,357	840
Receipts Under Motor Vehicles Act		641	519
Stamp Duties		273	265
Provincial Excise		382	376
Others		12	10
		3,665	2,010
		<u>4,013</u>	<u>2,402</u>
<b>10. GENERAL ADMINISTRATION RECEIPTS</b>			
Fiscal Administration		21	17
Organs of State		44	23
Community Services		116	142
Social Services		182	143
Economic Regulations		13	7
Law and Order		703	232
		<u>1,079</u>	<u>564</u>



# GOVERNMENT OF BALOCHISTAN

## Notes to the Financial Statements

### For the Year Ended 30 June 2016

	<i>Note</i>	<b>2016 Rupees in million</b>	<b>2015 Rupees in million</b>
<b>11. ECONOMIC SERVICES - RECEIPTS</b>			
Cooperation, Irrigation and Embankment Drainage		69	72
Food and Agriculture		479	263
Fisheries and Animal Husbandry		70	53
Forest		49	46
Printing and industries		-	-
Others		138	204
		<u>805</u>	<u>638</u>
<b>12. DEVELOPMENT SURCHARGE AND ROYALTIES - RECEIPTS</b>			
Development Surcharge on Gas	<i>12.1</i>	5,755	5,306
Royalty on Natural Gas and Crude Oil	<i>12.2</i>	5,695	5,971
Mineral Royalties		467	450
Mineral Royalties from Sandak		554	625
Mineral Royalties from Chamalang		15	1
		<u>12,486</u>	<u>12,353</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.

**12.3** Mineral Royalties are Provincial Government's own collection from mineral resources extracted from various areas.

	<i>Note</i>	<b>2016 Rupees in million</b>	<b>2015 Rupees in million</b>
<b>13. DIVIDEND AND PROFIT SHARE</b>			
Dividends Receipts	<i>13.1</i>	29	28
Interest on Loans and Advances		289	416
		<u>318</u>	<u>444</u>
<b>13.1 Dividends Receipts</b>			
Non-Financial Institutions		29	28

**GOVERNMENT OF BALOCHISTAN**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2016**

	<i>Note</i>	<b>2016 Rupees in million</b>	<b>2015 Rupees in million</b>
<b>14. OTHER RECEIPTS</b>			
Extra Ordinary Receipts - Sale of Land and Others		415	24
Miscellaneous Receipts - Recovery of Overpayments and Others		3,608	805
		<u>4,023</u>	<u>829</u>
<b>15. GRANTS &amp; AID</b>			
Development Grants		12,036	17,009
Non Development Grants		13,732	16,789
		<u>25,768</u>	<u>33,798</u>
<b>16. RECEIPTS OF DEBT</b>			
Permanent Debt - Federal Government (Foreign Lenders)		-	595
		<u>-</u>	<u>595</u>
<b>17. RECOVERY OF LOANS AND ADVANCES</b>			
Non-financial Institutions		465	
Government Servants		131	152
		<u>596</u>	<u>152</u>
<b>18. TRADING ACTIVITIES - RECEIPTS</b>			
Sale of Wheat		3,043	84
<b>19. SALARIES AND EMPLOYEE BENEFITS</b>			
Pay of Officers		10,845	8,048
Pay of Other Staff		31,969	24,552
Allowances		45,201	46,553
Retirement Benefits		12,688	10,197
		<u>100,703</u>	<u>89,350</u>
<b>20. GRANTS, SUBSIDIES AND WRITE-OFF OF LOANS</b>			
Grants, Subsidies and Write-off of Loans		30,948	26,754
		<u>30,948</u>	<u>26,754</u>
<b>21. PRINCIPAL REPAYMENT OF DEBT</b>			
Domestic Debt	<i>21.1</i>	<u>6,374</u>	<u>6,044</u>
<b>21.1 Domestic Debt</b>			
Permanent Debt	<i>21.1.1</i>	6,374	6,044
<b>21.1.1</b> 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.			

**GOVERNMENT OF BALOCHISTAN**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2016**

		2016 Rupees <u>in million</u>	2015 Rupees <u>in million</u>
<b>22. SERVICING OF DEBT</b>	<i>Note</i>		
Permanent Domestic Debt - Federal Government		984	554
Interest Payment - GP Fund		694	650
		<u>1,678</u>	<u>1,204</u>
<b>23. NET RECEIPT OF PUBLIC ACCOUNT</b>			
<i>Receipts</i>			
Trust and other Public Accounts	23.1	226,011	187,982
Special Deposits		7,661	11,744
State Provident Fund		3,668	3,033
		237,340	202,759
<i>Payments</i>			
Trust and other Public Accounts	23.1	(239,169)	(183,122)
Special Deposits		(6,470)	(8,096)
State Provident Fund		(1,795)	(2,170)
		(247,434)	(193,388)
	23.1	<u>(10,094)</u>	<u>9,371</u>

23.1 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.

		2016 Rupees <u>in million</u>	2015 Rupees <u>in million</u>
<b>24. CASH AND BANK</b>	<i>Note</i>		
Provincial Government's Balance		15,943	38,780
		<u>15,943</u>	<u>38,780</u>

**GOVERNMENT OF BALOCHISTAN**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2016**

25. ASSETS AND LIABILITIES	<i>Note</i>	2016 Rupees in million	2015 Rupees in million	
<i>Assets</i>				
Long Term Assets		475,480	412,544	
Long Term Investment	25.1	19	19	
Short Term Investments	25.2	10,193	10,057	
Loans and Advances		902	882	
Current Assets		329	328	
Cash and Bank		15,943	38,780	
	25.6	<u>502,866</u>	<u>462,610</u>	
<i>Liabilities and equity</i>				
Public Debt		50,648	52,326	
Special Deposits and Trust Accounts		21,644	18,378	
Current Liabilities		24,782	5,019	
Deferred Liabilities		(1,086)	4,996	
Residual Equity		406,878	381,891	
	25.3	<u>502,866</u>	<u>462,610</u>	
<b>25.1 Long term investment</b>				
<b>Investment in Shares</b>				
	<b>No. of Shares</b>	<b>Par value Rupees</b>	<b>2016 Rupees in million</b>	<b>2015 Rupees in million</b>
<b>Financial Institutions</b>				
ADBP 1974-75 Converted to ZTBL	37,875	10	0.379	0.379
Balochistan Cooperative Bank Limited	26,500	200	5.300	5.300
IDBP	606	100	0.061	0.061
Equity Participants Fund Karachi	3,595	100	0.359	0.359
Federal Bank of Cooperatives	50	100,000	5.000	5.000
<b>Non-financial Institutions</b>				
Bolan Mining Enterprise (Joint Venture)			4.000	4.000
Charsada Sugar Mills	575	100	0.058	0.058
Hub Power Company Limited	358,607	10	3.586	3.586
Total Consolidated Fund Investment			<u>18.743</u>	<u>18.743</u>
<b>25.2 Short term investment</b>				
Treasury Bills		25.2.1	5,193	5,028
Balochistan Education Endowment Fund			5,000	5,029
			<u>10,193</u>	<u>10,057</u>

**25.2.1** These are short term investment in Treasury Bills purchased from the National Bank of Pakistan having various maturity period bearing interest rates ranging from approximately 9 % to 10 % based on the maturity period and offered rates.

**25.3** 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 according to the Cash Basis IPSAS.

**GOVERNMENT OF BALOCHISTAN**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2016**

**26. THIRD PARTY PAYMENTS**

The information related to Third Party Payments is still outstanding.

**26.1** Third Party Payments are those payments which are made directly by the Lending or Donor Agencies to the project authorities. These amounts are reflected in the Public Sector Development Programme as Foreign Project Assistance (FPA), and are not part of the Provincial Consolidated Fund. Further, these amounts include both foreign currency loans and donations from various International Organisations.

<b>27. INVESTMENTS -PUBLIC ACCOUNT FUNDS</b>	<i>Note</i>	<b>2016 Rupees in million</b>	<b>2015 Rupees in million</b>
Benevolent Fund		7,440	5,588
Pension Fund		1,970	1,252
Group Insurance		1,468	1,269
General Provident Fund		14,771	11,795
Balochistan Investment Fund		5,193	5,028
Balochistan Education Endowment Fund		5,000	5,029
	<b>27.1</b>	<b>35,842</b>	<b>29,961</b>

**27.1** Government of Balochistan has made Investment Acts for General Provident Fund, Pension Fund, Group Insurance and Benevolent Fund as a guideline for making investments to meet its Public Accounts Liability.

<b>28. CASH AND BANK BALANCE - PUBLIC ACCOUNT FUND</b>	<b>2016 Rupees in million</b>	<b>2015 Rupees in million</b>
Benevolent Fund	7,300	5,835
Pension Fund	2,022	1,870
Group Insurance	1,533	1,333
General Provident Fund	13,687	12,408
Balochistan Investment Fund	5,193	5,028
Balochistan Education Endowment Fund	5,000	5,029
	<b>28.1</b>	<b>34,735</b>
		<b>31,503</b>

**28.1** These balances represent the closing cash balances in various commercial bank accounts opened for the purpose of managing investments out of public account. The cash balance includes amount invested as deposits in banks presented in note 27.

**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, the Auditor - General submits the certified financial statements of the Government of Balochistan together with the audit report 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 February 02,2017.

**30. GENERAL**

**30.1 Level of Precision**

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

**30.2 Corresponding Figures**

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

**"SD"**  
**Accountant General Balochistan**