

CONTENTS

Preface	1
Auditor's Report	3
Statement of Cash Receipts and Payments	5
Statement of Cash Flows	7
Statement of Comparison of Budget and Actual Amounts by Function	8
Statement of Comparison of Budget and Actual Expenditure by Department	9
Notes to the Financial Statements	10

PREFACE

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

The Financial Statements of the Government of Balochistan for the financial year 2011-12 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"

Controller General of Accounts

Islamabad, Pakistan
Date: 30th December 2012



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, 2012, statement of cash flows, statement of comparison of budget and actual amounts by function, statement of comparison of budget and actual expenditure by department for the year then ended and a summary of significant accounting policies and 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, 2012, 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 28 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 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 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: 31st December 2012

"Sd"

Auditor General of Pakistan

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

	Note	2012 (Rupees in Million)		2011 (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	98,435	-	88,191	-
<i>Taxation- Provincial Government's Own Collection</i>	9	1,032	-	1,079	-
<i>Non-Tax Revenue and Other Receipts</i>					
General Administration	10	442	-	396	-
Economic Services	11	620	-	653	-
Development Surcharge and Royalties	12	11,296	-	14,184	-
Dividend and Profit Share	13	126	-	6	-
Others	14	1,169	-	1,125	-
		13,653	-	16,364	-
<i>Grants and Aid</i>	15	28,596	-	26,146	-
<i>Borrowings</i>					
Receipts of Debt	16	1,554	-	353	-
<i>Capital Receipts</i>					
Recovery of Loans and Advances	17	152	-	107	-
<i>Trading Activities</i>	18	830	-	3,756	-
<i>Recoveries of Investment</i>	19	8,000	-	-	-
<i>Direct Payments by Lending / Donor agencies</i>	28	-	-	-	599
TOTAL RECEIPTS		152,252	-	135,996	599

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

	Note	2012 (Rupees in Million)		2011 (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	58,489	-	47,941	-
Project Preinvestment Analysis		2	-	55	-
Operating Expenses		11,454	-	8,340	-
		69,945		56,336	
<i>Transfers</i>					
Grants, Subsidies and Write-off of Loans	21	9,094	-	7,662	-
Other Transfer Payments		191	-	163	-
		9,285		7,825	
<i>Expenditure on</i>					
Physical Assets		3,779	-	2,532	-
Civil Works		43,205	-	37,330	-
		46,984		39,862	
<i>Debt and Interest Payments</i>					
Principal Repayment of Debt	22	11,376	-	11,848	-
Servicing of Debt	23	3,133	-	7,409	-
		14,509		19,257	
<i>Other Payments</i>					
Loans and Advances	24	-	-	638	-
Investments		5,000	-	9,861	-
<i>Direct Payments by Lending / Donor agencies</i>	28	-	-	-	504
TOTAL PAYMENTS		145,723	-	133,779	504
NET RECEIPT/ (PAYMENT) OF PROVINCIAL CONSOLIDATED FUND		6,529	-	2,217	95
NET RECEIPT OF PUBLIC ACCOUNT	25	(82)	-	4,405	-
INCREASE IN CASH		6,447	-	6,622	-
CASH AT BEGINNING OF THE YEAR		(14,782)	-	(21,404)	181
PRIOR YEAR ADJUSTMENT	26.1	8,199	-	-	-
INCREASE IN CASH		6,447	-	6,622	95
CASH AT END OF THE YEAR	26	(136)	-	(14,782)	276

The annexed notes 1 to 32 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 2012

	2012 Rupees in Million	2011 Rupees in Million
CASH FLOWS FROM OPERATING ACTIVITIES		
Taxation - Transfers from Federal Government	8 98,435	88,191
Taxation - Provincial Government's Own Collection	9 1,032	1,079
Non-Tax Revenue and Other Receipts	13,653	16,364
Grants and Aid - Receipts	15 28,596	26,146
Trading Activities - Receipts	18 830	3,756
Operations - Payments	(69,945)	(56,336)
Servicing of Debt - Payments	23 (3,133)	(7,409)
Transfers - Payments	(9,285)	(7,825)
<i>Cash from Operating Activities</i>	60,183	63,966
CASH FLOWS FROM INVESTING ACTIVITIES		
Recoveries of Loans and Advances	17 152	107
Recovery of Investment	19 8,000	-
Expenditure on Physical Assets, Civil Works and Others	(46,984)	(39,862)
Payments of Loans and Advances	24 -	(638)
Investments	(5,000)	(9,861)
<i>Cash used in Investing Activities</i>	(43,832)	(50,254)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of Debt	16 1,554	353
Principal Repayments of Debt	22 (11,376)	(11,848)
Net Receipt of Public Account	25 (82)	4,405
<i>Cash used in Financing Activities</i>	(9,904)	(7,090)
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,447	6,622
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(14,782)	(21,404)
PRIOR YEAR ADJUSTMENT	32 8,199	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	26 (136)	(14,782)

The annexed notes 1 to 32 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 2012

	2012 (Rupees in Million)			2011 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
RECEIPTS						
<i>Revenue</i>						
Taxation	111,551	113,709	99,467	100,631	101,034	89,270
Non-Taxation	32,494	39,460	42,249	30,775	38,424	42,510
Income from Property and Enterprise	9,985	8,265	830	10,134	7,147	3,756
Total revenue receipts	154,030	161,434	142,546	141,540	146,605	135,536
<i>Capital</i>						
Receipt of Debt	1,631	1,258	1,554	3,270	1,496	353
Recoveries of Loans and Advances	2,181	1,079	152	107	109	107
Recoveries of Investment	-	8,200	8,000	-	-	-
Total capital receipts	3,812	10,537	9,706	3,377	1,605	460
<i>Receipts of Provincial Government</i>	157,842	171,971	152,252	144,917	148,210	135,996
TOTAL RECEIPTS	157,842	171,971	152,252	144,917	148,210	135,996
PAYMENTS						
<i>Revenue</i>						
General Public Services	54,032	62,309	34,508	58,435	49,880	41,181
Economic Affairs	29,552	30,636	21,089	23,932	21,108	15,900
Public Order and Safety Affairs	11,561	12,927	13,057	12,949	11,798	11,169
Education Affairs and Services	19,256	20,645	21,635	17,328	17,524	17,946
Health Affairs and Services	8,869	8,869	7,603	7,443	6,846	5,743
Housing and Community Amenities	6,368	6,498	3,789	2,483	2,757	2,583
Recreation, Culture and Religion	173	246	204	423	531	233
Social Protection	3,309	3,368	610	2,236	2,279	1,764
Environment Protection	87	101	55	34	32	-
Total revenue payments	133,207	145,599	102,550	125,263	112,755	96,519
<i>Capital</i>						
General Public Services	5,724	5,724	17	5,786	5,786	1,073
Economic Affairs	15,435	25,779	26,847	13,699	23,417	22,887
Public Order and Safety Affairs	201	670	588	111	1,161	785
Education Affairs and Services	2,800	2,885	2,866	2,289	2,289	1,581
Health Affairs and Services	1,463	2,150	1,945	869	1,172	939
Housing and Community Amenities	2,238	4,514	6,463	1,174	2,858	6,126
Recreation, Culture and Religion	285	285	290	193	247	205
Social Protection	959	1,225	542	749	1,229	411
Environment Protection	2,247	3,786	3,615	1,459	2,610	3,253
Total capital payment	31,352	47,018	43,173	26,329	40,769	37,260
<i>Payments of Provincial Government</i>	164,559	192,617	145,723	151,592	153,524	133,779
TOTAL PAYMENTS	164,559	192,617	145,723	151,592	153,524	133,779

The annexed notes 1 to 32 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 2012

DEPARTMENTS	2012 (Rupees in Million)			2011 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
General Administration	11,334	11,445	7,050	13,852	7,422	5,039
Provincial Excise	339	371	357	148	241	178
Stamps	10	10	2	10	11	1
Other Taxes and Duties	23	211	210	55	26	64
Pension	5,500	5,935	5,392	4,500	3,680	4,566
Administration of Justice	1,481	1,481	1,206	909	1,000	903
Police	6,409	7,750	8,785	7,497	6,768	7,462
Levies	3,149	3,149	2,559	3,725	2,765	2,409
Jails and Convict Settlements	465	487	454	320	393	357
Civil Defence	34	38	45	26	25	27
Narcotics Control	-	-	-	28	-	41
Civil Works	4,147	4,616	5,124	4,304	3,843	4,578
Public Health Services	2,279	2,279	2,084	1,724	1,576	1,591
Works Urban/B-WASA	652	752	752	652	652	652
Education	19,243	20,632	21,624	17,318	17,515	17,938
Archives	13	12	11	10	9	8
Health	8,869	8,869	7,603	7,443	6,846	5,743
Population Welfare	16	18	17	-	7	2
Manpower and Labor Management	551	594	561	404	516	464
Sports and Recreation Facilities	115	182	139	79	154	128
Social Security and Social Welfare	432	532	519	378	448	452
Culture Services	58	64	64	53	47	42
Natural Calamities	3,030	3,030	270	2,027	2,045	1,746
Auqaf	245	272	229	68	60	62
Food	216	245	233	202	224	207
Agriculture	4,670	4,670	3,611	3,158	3,555	3,675
Land Revenue	104	104	105	81	93	91
Animal Husbandry	1,623	1,623	1,451	1,305	1,183	1,161
Forestry	734	734	529	476	382	380
Fisheries	310	309	271	298	287	316
Cooperation	58	59	55	46	51	46
Irrigation	4,071	4,241	4,228	904	1,164	1,178
Rural Development	5,623	5,623	2,903	57	452	340
Industries	492	492	362	375	284	287
Stationery and Printing	30	35	35	40	26	26
Mineral Resources	337	404	383	99	137	136
Energy	-	1,720	1,709	-	-	-
Subsidies	-	300	-	2,418	2,549	2,549
Debt Servicing and other Obligations	3,816	3,816	3,133	4,391	5,084	7,409
Transport	32	37	29	23	25	19
Provincial Public Safety & PCCB	22	22	8	17	18	12
Women Development	31	33	27	24	29	18
Public Debt Discharge	20,618	21,376	11,376	19,503	20,999	11,848
Loans and Advances	100	100	-	600	660	638
Grant for Local Governments	-	-	-	4,000	2,700	1,507
State Trading-Food	9,926	9,926	2,045	9,716	6,665	362
Investments	12,000	17,000	5,000	12,000	10,139	9,861
Development	31,352	47,019	43,173	26,329	40,769	37,260
Payments of Provincial Government	164,559	192,617	145,723	151,592	153,524	133,779
TOTAL PAYMENTS	164,559	192,617	145,723	151,592	153,524	133,779

The annexed notes 1 to 32 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 2012

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 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 in the consolidated fund as non-tax revenue.

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

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 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. 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 2011-2012 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 2012

5. REPORTING AND BUDGET PERIOD

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

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 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.

GOVERNMENT OF BALOCHISTAN

Notes to the Financial Statements

For the Year Ended 30 June 2012

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 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. 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 2012

	<i>Note</i>	2012 Rupees in Million	2011 Rupees in Million
8. TAXATION - TRANSFERS FROM FEDERAL GOVERNMENT			
<i>Direct taxes</i>			
Income Tax		36,440	33,747
Capital Value Tax		-	257
		36,440	34,004
<i>Indirect Taxes</i>			
Sales Tax		42,364	34,583
Custom Duty		10,061	9,594
Federal Excise		9,570	10,010
		61,995	54,187
		98,435	88,191
9. TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION			
<i>Direct Taxes</i>			
Property Tax		56	59
Land Revenue		51	54
Tax on Profession, Trade and Callings		1	2
		108	115
<i>Indirect Taxes</i>			
Receipts Under Motor Vehicles Act		366	354
Stamp Duties		168	234
Provincial Excise		379	366
Others		11	10
		924	964
		1,032	1,079
10. GENERAL ADMINISTRATION RECEIPTS			
Fiscal Administration		15	13
Organs of State		12	9
Community Services		33	56
Social Services		111	76
Economic Regulations		6	5
Law and Order		265	237
		442	396

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

	<i>Note</i>	2012 Rupees in Million	2011 Rupees in Million
11. ECONOMIC SERVICES - RECEIPTS			
Cooperation, Irrigation and Embankment Drainage		107	109
Food and Agriculture		108	149
Fisheries and Animal Husbandry		42	36
Forest		42	37
Printing and industries		238	186
Communication and Works		83	136
		<u>620</u>	<u>653</u>
12. DEVELOPMENT SURCHARGE AND ROYALTIES - RECEIPTS			
Development Surcharge on Gas	<i>12.1</i>	4,587	8,578
Royalty on Natural Gas and Crude Oil	<i>12.2</i>	4,380	3,924
Mineral Royalties		331	372
Mineral Royalties from Sandak		1,985	1,202
Mineral Royalties from Chamalang		6	15
Mineral Royalties from Duddar		7	93
		<u>11,296</u>	<u>14,184</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.

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

	<i>Note</i>	2012 Rupees in Million	2011 Rupees in Million
13. DIVIDEND AND PROFIT SHARE			
Dividends Receipts	<i>13.1</i>	33	6
Interest on Loans and Advances		93	-
		126	6
13.1 Dividends Receipts			
Non-Financial Institutions		33	6
14. OTHER RECEIPTS			
Sale of Land		12	330
Miscellaneous Receipts		1,157	795
		1,169	1,125
15. GRANTS & AID AND OTHER RECEIPTS			
Development Grants		11,855	8,761
Non Development Grants		16,741	17,385
		28,596	26,146
16. RECEIPTS AGAINST DEBT			
Recovery of Loan from Food Account		931	-
Permanent Debt - Federal Government (Foreign Lenders)		623	353
		1,554	353
17. RECOVERY OF LOANS AND ADVANCES			
Cash Loans		-	3
Government Servants		152	104
		152	107
18. TRADING ACTIVITIES - RECEIPTS			
Sale of Wheat		830	3,756
19. RECOVERY OF INVESTMENTS			
Investment Receipts		8,000	-
		8,000	-

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

	<i>Note</i>	2012 Rupees in Million	2011 Rupees in Million
20. SALARIES AND EMPLOYEE BENEFITS			
Pay of Officers		6,835	3,940
Pay of Other Staff		21,758	12,909
Allowances		24,504	26,524
Retirement Benefits		5,392	4,568
		<u>58,489</u>	<u>47,941</u>
21. GRANTS, SUBSIDIES AND WRITE-OFF OF LOANS			
Grants, Subsidies and Write-off of Loans		9,094	7,662
		<u>9,094</u>	<u>7,662</u>
22. PRINCIPAL REPAYMENT OF DEBT			
Domestic Debt	<i>22.1</i>	<u>11,376</u>	<u>11,848</u>
22.1 Domestic Debt			
Permanent Debt	<i>22.1.1</i>	<u>11,376</u>	<u>11,848</u>
		<u>11,376</u>	<u>11,848</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.			
23. SERVICING OF DEBT	<i>Note</i>	2012 Rupees in Million	2011 Rupees in Million
Permanent Domestic Debt - Federal Government		2,106	5,572
Interest Payment - GP Fund		1,027	1,837
		<u>3,133</u>	<u>7,409</u>
24. LOANS AND ADVANCES			
Government Employees	<i>24.1</i>	<u>-</u>	<u>638</u>
24.1 Government Employees			
House Building Advance	<i>24.1.1</i>	<u>-</u>	<u>638</u>
		<u>-</u>	<u>638</u>
24.1.1 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 2012

		2012	2011
	<i>Note</i>	Rupees in Million	Rupees in Million
25. NET RECEIPT OF PUBLIC ACCOUNT			
<i>Receipts</i>			
Trust and other Public Accounts	25.1	80,576	74,952
Special Deposits		1,964	1,905
State Provident Fund		1,827	1,894
		84,367	78,751
<i>Payments</i>			
Trust and other Public Accounts	25.1	(80,201)	(71,529)
Special Deposits		(1,822)	(1,812)
State Provident Fund		(2,426)	(1,005)
		(84,449)	(74,346)
	25.1	(82)	4,405

25.1 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.

		2012	2011
	<i>Note</i>	Rupees in Million	Rupees in Million
26. CASH AND BANK			
Provincial Government's Balance	26.1	(136)	(14,782)
		(136)	(14,782)

26.1 The Government of Balochistan had an overdraft with the State Bank of Pakistan, which through an arrangement with the Federal Government of Pakistan has been blocked and deducted at source on grants from the Federal Government. Currently the Account balance of Government of Balochistan with the State Bank of Pakistan is Rs. 8,070 million while the balance of Blocked overdraft is Rs. 8,183 million. An amount of Rs. 8,199 million has been adjusted as prior year adjustment against the overdraft amounts deducted at source during the previous years.

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

27.	ASSETS AND LIABILITIES	<i>Note</i>	2012 Rupees in Million	2011 Rupees in Million
	<i>Assets</i>			
	Long Term Assets		271,765	228,592
	Long Term Investment	27.1	16	16
	Short Term Investments	27.2	5,930	9,861
	Loans and Advances		1,195	1,195
	Current Assets		78	78
	Cash and Bank		(136)	(14,782)
		27.3	<u>278,847</u>	<u>224,960</u>
	<i>Liabilities and equity</i>			
	Public Debt		(23,924)	(11,180)
	Special Deposits and Trust Accounts		21,449	20,819
	Deferred Liabilities		(1,212)	(1,170)
	Residual Equity		282,534	216,491
		27.3	<u>278,847</u>	<u>224,960</u>
27.1	Long term investment			
27.1.1	Investment in Shares			
		No. of Shares	Par value (Rs.)	2012 Rupees in Million
				2011 Rupees in Million
	Financial Institutions			
	ADBP 1974-75 Converted to ZTBL	37,875	10	0.379
	Balochistan Cooperative Bank Limited	26,500	200	5.300
	IDBP	606	100	0.061
	Equity Participants Fund Karachi	3,595	100	0.359
	Federal Bank of Cooperatives	50	100,000	5.000
	Non-financial Institutions			
	Bolan Mining Enterprise (Joint Venture)			4.000
	Unilever Pakistan Limited	16,482	50	0.824
	Charsada Sugar Mills	575	100	0.058
	Hub Power Company Limited	358,607	10	3.586
	Total Consolidated Fund Investment			<u>19.567</u>
27.2	Short term investment			
	13% Treasury Bills			5,000
	10% Loan to Food Account II			8,000
				<u>930</u>
				<u>5,930</u>
				<u>9,861</u>

27.3 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 as per international standards.

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

28. THIRD PARTY PAYMENTS

	Lending / Donor Agency	Opening Balance July 01,	2011-12		Payments
			Receipts	Payments	
.....Rupees in Million.....					
Gender Justice Through Musalihat Anjuman Project - Balochistan		-	-	-	-
Strengthening Poverty Reduction Strategy & Monitoring Project		-	-	-	-
Omani Grant - For Development Projects in District Gwadar Expanded Programme on Immunization		-	-	-	-
Balochistan Education Support Programme		-	-	-	-
Balochistan Small Scale Irrigation Programme		-	-	-	-

	Lending / Donor	Opening Balance	2010-11		Closing
			Receipts	Payments	
.....Rupees in Million.....					
Gender Justice Through Musalihat Anjuman Project - Balochistan	UNDP	-	27	27	-
Strengthening Poverty Reduction Strategy & Monitoring Project	UNDP	-	7	4	3
Omani Grant - For Development Projects in District Gwadar	OMAN	-	200	200	-
Expanded Programme on Immunization	-	-	17	2	15
Balochistan Education Support Programme	World Bank	129	98	112	115
Balochistan Small Scale Irrigation Programme	World Bank	52	250	159	143
		181	599	504	276

Note: The amounts for the year ended June 30 2012 have not yet been received by this office, and will be incorporated as soon as these are received from the respective project authorities.

28.1 Third Party Payments are those payments which are made directly by the Lending / 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.

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

	<i>Note</i>	2012 Rupees in Million	2011 Rupees in Million
29. INVESTMENTS -PUBLIC ACCOUNT FUND			
Benevolent Fund		2,415	234
Pension Fund		940	800
Group Insurance		680	70
General Provident Fund		<u>1,615</u>	<u>101</u>
	29.1	<u>5,650</u>	<u>1,205</u>

29.1 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.

		2012 Rupees in Million	2011 Rupees in Million
30. CASH AND BANK BALANCE - PUBLIC ACCOUNT FUND			
Benevolent Fund		2,165	1,576
Pension Fund		142	23
Group Insurance		151	190
General Provident Fund		<u>400</u>	<u>-</u>
	30.1	<u>2,858</u>	<u>1,789</u>

30.1 These balances represent the closing cash balances in various commercial bank accounts opened for the purpose of managing investments out of public account.

31. 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 31st December 2012.

32. GENERAL

32.1 Level of Precision

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

32.2 Corresponding Figures

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

"Sd"
Accountant General Balochistan