



**FINANCIAL STATEMENTS**  
of the  
**Federal Government**  
Financial Year 2010-11

**Government of Pakistan**

**Controller General of Accounts**

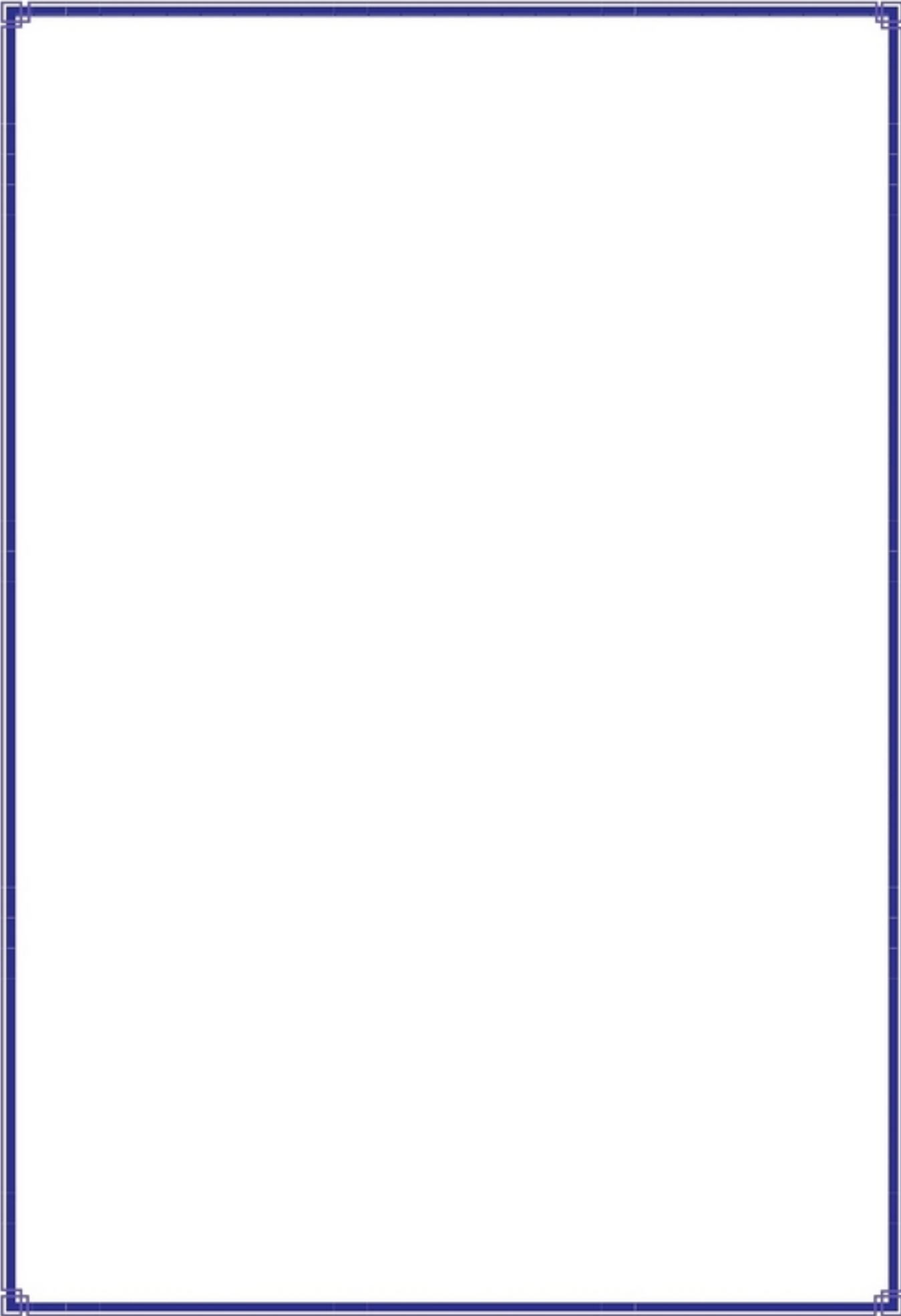
**CGA Complex  
Sector G-5/2, Islamabad  
Tel: (051) 9201322-25**

**Accountant General Pakistan Revenues**

**AGPR Complex  
Sector G-8/4, Islamabad  
Tel: (051) 9260372-78**

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## **PREFACE**

I am pleased to present the Audited Financial Statements of the Federal Government for the year ended 30 June, 2011 together with the Auditors' Report thereon along with the management analysis report.

The Financial Statements of the Federal Government for the financial year 2010-11 have been prepared by the Accountant General Pakistan Revenues, Islamabad 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.

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 and Management Analysis report 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 Federal Consolidated Fund and Public Account for which Annual Budget Statement is authorized by the Parliament 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.



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**Controller General of Accounts**

Islamabad, Pakistan  
Date: 30 DEC 2011

## MANAGEMENT ANALYSIS

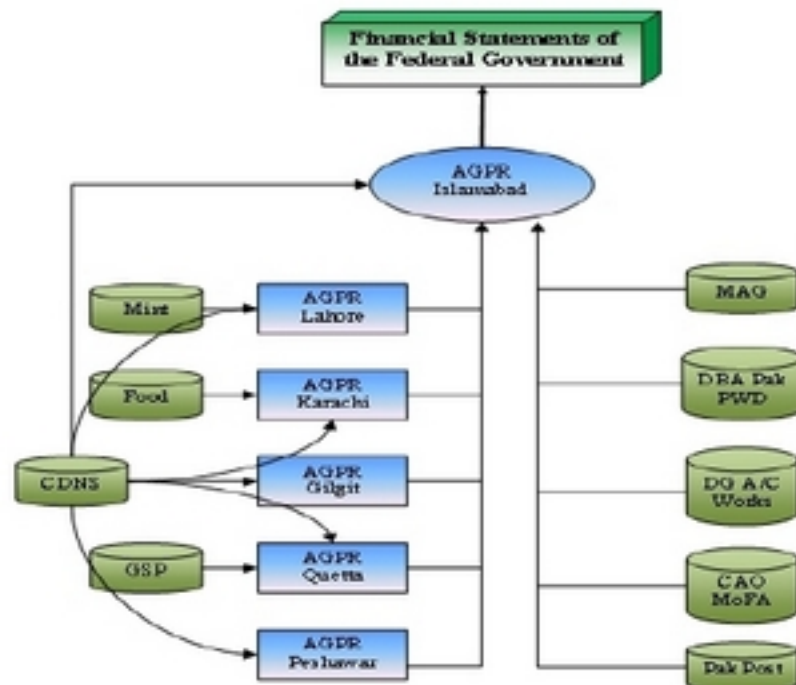
### INTRODUCTION

The Financial Statements of the Federal Government provide a record of the Government's financial performance over the financial year 2010-11 in the statement of cash receipts and payments, its cash flows along with comparison with the revised budget approved by the Parliament in the statements of comparison of budget and actual amounts by function and actual expenditure by division. These financial statements have been prepared as per the requirements of New Accounting Model (NAM) on cash basis of accounting.

The financial statements for the financial year 2010 - 11 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.

The financial statements have been prepared by the Accountant General Pakistan Revenues (AGPR) by consolidating the information relating to all Federal Government entities which it receives from AGPR sub offices and Self Accounting Entities for which a snapshot of information flow for preparation of financial statements is presented below.



## FINANCIAL MANAGEMENT

The financial management cycle starts with the preparation of annual budget statement which is approved by the parliament. A detailed elaboration of the financial management cycle is as follows;

1. Each year Ministry of Finance receives budget estimates from the Government agencies.
2. Based on the resources available and priorities of the Government the annual budget is prepared.
3. Parliament approves the budget.
4. Principal Accounting Officer sanctions the expenditure.
5. Controller General of Accounts is responsible for the regulation of preparation of annual financial statements. This task is accomplished through Accountant General Pakistan Revenues (AGPR) who has the prime responsibility for disbursements, keeping a record of transactions and preparation of annual financial statements of the Federal Government whereas for self accounting entities this task is accomplished by the Principal Accounting Officer (PAO).
6. Each year Auditor-General of Pakistan certifies the financial statements of federal, provincial and district governments.
7. Audited Financial Statements and Audit Reports are laid before the National Assembly. These reports are then discussed in the Public Accounts Committee who then reports back to the National Assembly.

### Financial Management Cycle





## GOVERNANCE STRUCTURE

Pakistan is a federal republic to be known as Islamic Republic of Pakistan and the territories of Pakistan comprises of the provinces of Balochistan, Khyber Pakhtunkhwa, Punjab and Sindh, Islamabad Capital Territory and Federally Administered Tribal Areas.

As per the Constitution of the Islamic Republic of Pakistan, 1973, the President of Pakistan has the executive authority of the federation with a Cabinet of Ministers headed by the Prime Minister to aid and advise the President in the discharge of his duties and all executive actions of the federal government shall be expressed to be taken in the name of the President. The executive authority of the federation extends to the matters with respect to which Parliament has power to make law including exercise of rights, authority and jurisdiction in relation to areas outside Pakistan.

To perform the executive function and to carry out the functions and fulfill the responsibilities, the Constitution requires the President of Pakistan to

make rules for the allocation and transaction of the business of the Federal Government. Under the provision of Article 90 and 99 of the Constitution, Rules of Business 1973 were made which define the administrative structure, allocation and transaction of the business of the Federal Government.

A Division is the basic self contained unit for the conduct of the business of the Federal Government and a division or group of divisions can be constituted as a Ministry with a Minister-in-Charge under Rules of Business, 1973. Each ministry or division may have attached departments working directly under it to perform specific functions. In addition Federal Government includes subordinate offices, special purpose authorities and commercial enterprises which perform functions on behalf of the Federal Government. Prime Minister is responsible for important policy decisions and formulation of ministries or divisions and allocation of business amongst them.

## Administrative Structure of the Federal Government



## FINANCIAL ACCOUNTING AND REPORTING FRAMEWORK

Public Sector Accounting practices in Pakistan are currently undergoing major reforms aimed at increasing transparency, streamlining accountability and improving overall financial management in line with international standards and practices, which mainly include;

- Implementation and Use of SAP R/3
- Development and Implementation of New Accounting Model

The SAP R/3 solution being currently implemented on a nationwide basis covers all the District Accounts Offices (DAO) and Agency Sub-Offices at the lowest level. The solution covers all Accountant General (AG) Offices and Accountant General Pakistan Revenues (AGPR) sub-offices at the provincial level, the AGPR Head Office and the Controller General of Accounts (CGA) headquarters.

New Chart of Accounts was adopted from 1<sup>st</sup> July 2004 and the Federal Government's Financial Statements for the current financial year have been prepared as per the requirements of 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. NAM is based on Modified Cash Basis of Accounting in which, though cash basis of accounting is followed, the

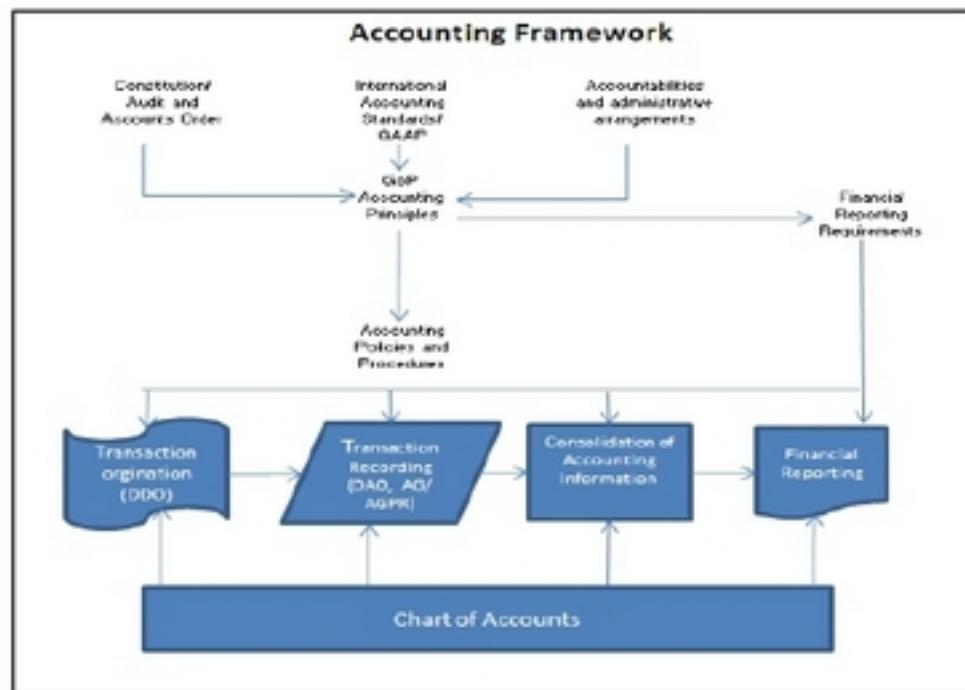
following additional concepts were introduced:

- 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 under the cash basis of accounting that recognizes transactions and events only when cash is received or paid by the entity.

The accounting framework of the Federal Government focuses 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 Federal Consolidated Fund and Public Account and consists of accounting principles, policies and procedures. The framework prescribes a particular basis of accounting, which is relevant and applicable to Pakistan, but also adopts, where applicable, the accounting concepts laid down in Generally Accepted Accounting Principles (GAAP) and International Standards.

The accounting framework integrates the accounting principles with the financial reporting requirements, the chart of accounts and the detailed accounting procedures. These linkages are shown in the following diagram:



The current year's Financial Statements have been prepared under NAM and adopt the format of International Public Sector Accounting Standards (IPSAS) Cash Basis - Financial Reporting under the Cash Basis of Accounting. The Financial Statements include;

- Statement of Cash Receipts and Payments
- Statement of Cash Flows
- Statement of Comparison of Budgeted and Actual Amounts by Function
- Statement of Comparison of Budget and Actual Expenditure by Division
- Statement of Appropriation of Grants by Object
- Notes to the Financial Statements

The statements of comparison of budget and actual amounts by function and actual expenditure by division are presented on a gross basis, whereas receipts and payments of floating debt in the Statement of Cash Receipts and Payments and Statement of Cash Flows have been netted off for which a reconciliation has been presented on a net basis as disclosed in the notes to the financial statements.

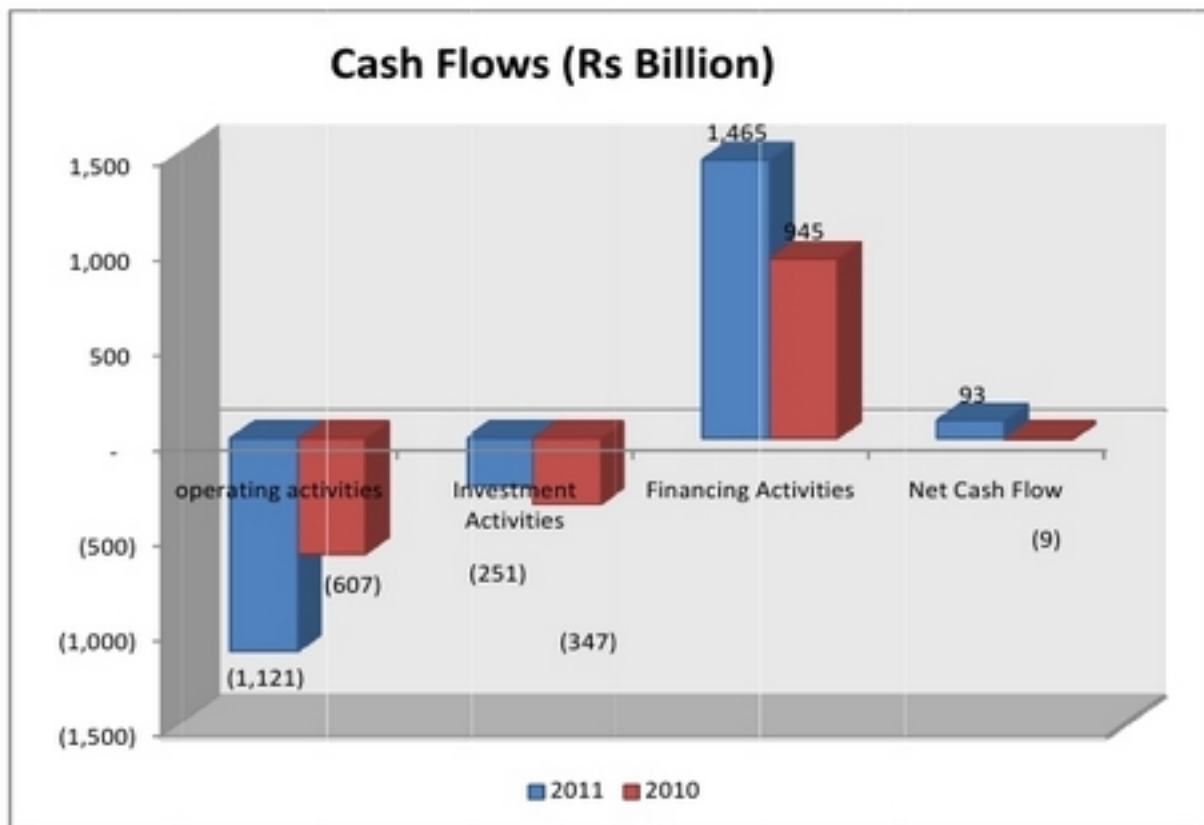
Assets and liabilities of the Federal Government are disclosed in the notes to the Financial Statements and are recorded on a historical cost basis and do not include accrued receipts and payments.

## FINANCIAL REVIEW

### CASH FLOWS

The net cash flows for the year have increased by Rs. 93,118 million (2009-10: decrease by Rs. 8,728 million), increasing the balance of cash and cash equivalents at end of the year from a balance of Rs.46,894 million last year to a balance of Rs.140,011 million. Cash used in

operating activities increased by 84.68% (2009-10: 12%). The deficit in investing activities has decreased by 27.6% (2009-10: increase by 166%). The cash flows from financing activities have increased by 55.01% (2009-10: 29%).



## RECEIPTS AND PAYMENTS

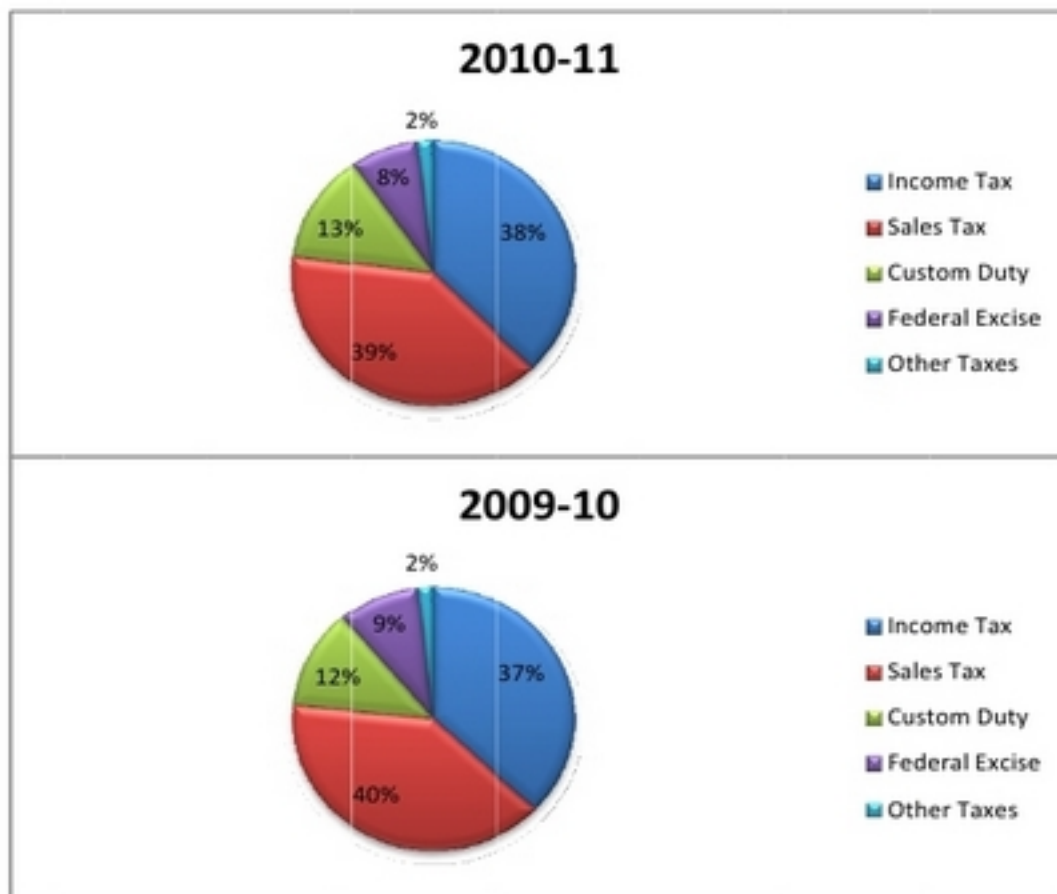
### RECEIPTS

#### *Taxation*

During the year under review tax receipts were Rs. 1,540,095 million as compared to Rs. 1,312,806 million for the previous financial year, which represents an increase of 17.31%. Out of total tax collections for the financial year 2010-11, the Federal Government has transferred Rs. 907,234 million to the provinces. These transfers are made from all heads of taxes in accordance with the NFC award. The net tax reported after transfers leaves the Federal Government with a tax revenue of Rs 632,861 million against Rs.737,183 million in comparison with

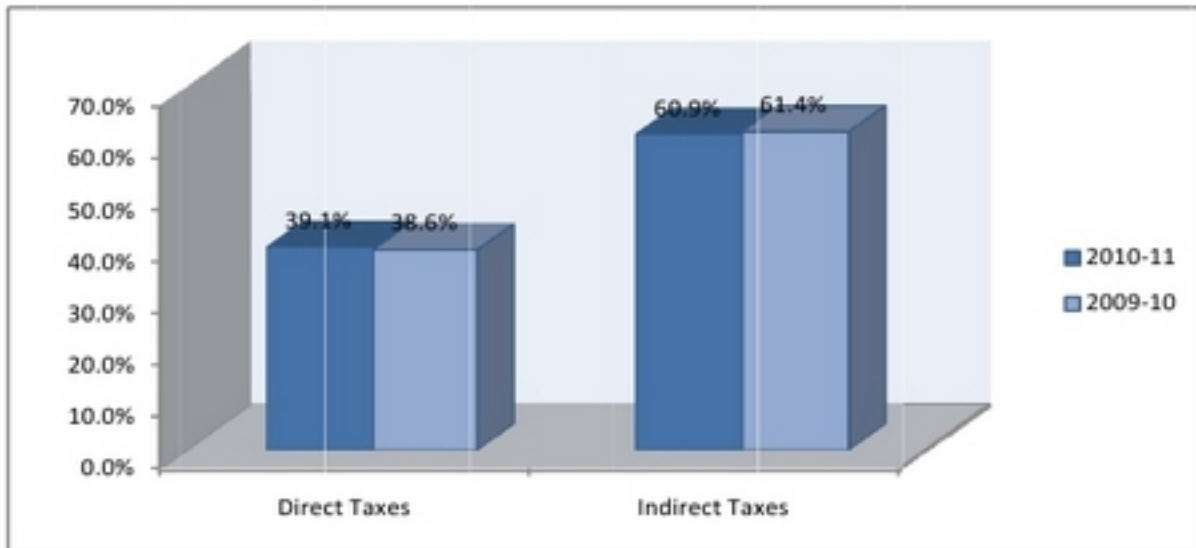
the previous financial year, thereby showing a decrease of 14.15%.

The basic philosophy of tax and tariff reform has been to move away from investment and production based taxes to income (direct taxes) and consumption (sales tax) based taxes. Pakistan has succeeded in changing the composition of its taxes but much more effort will be needed to enhance the share of direct taxes in total taxes. A bird eye view of the tax composition is presented below;



The composition of direct taxes and indirect taxes remained almost the same as of previous year (2009-10: Direct taxes 38.57% & Indirect taxes 61.43%) out of total taxes. Although there is a nominal

increase in percentage share of direct taxes still much more efforts are required to enhance the percentage share of direct taxes in total taxes.

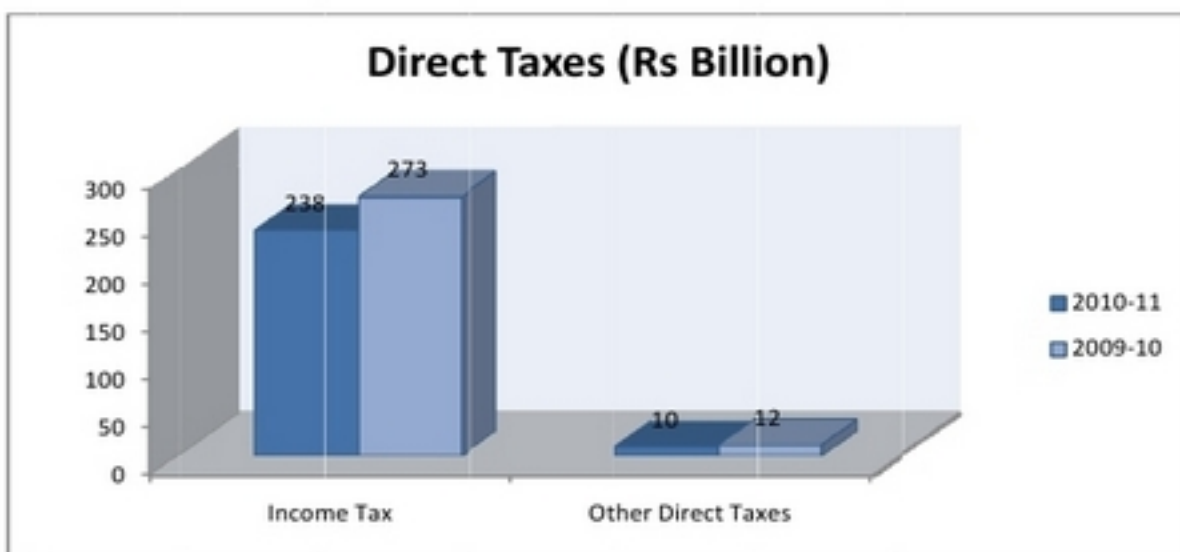


### *Direct Taxes*

The direct taxes are a major source of federal tax revenues after sales tax. Direct tax consists of Income Tax, withholding tax, capital value tax, tax on profession, trade and callings and other miscellaneous taxes.

The net collection of direct taxes has decreased by 12.88% from Rs. 284 billion in 2009 – 2010 to Rs. 248 billion in 2010 - 2011.

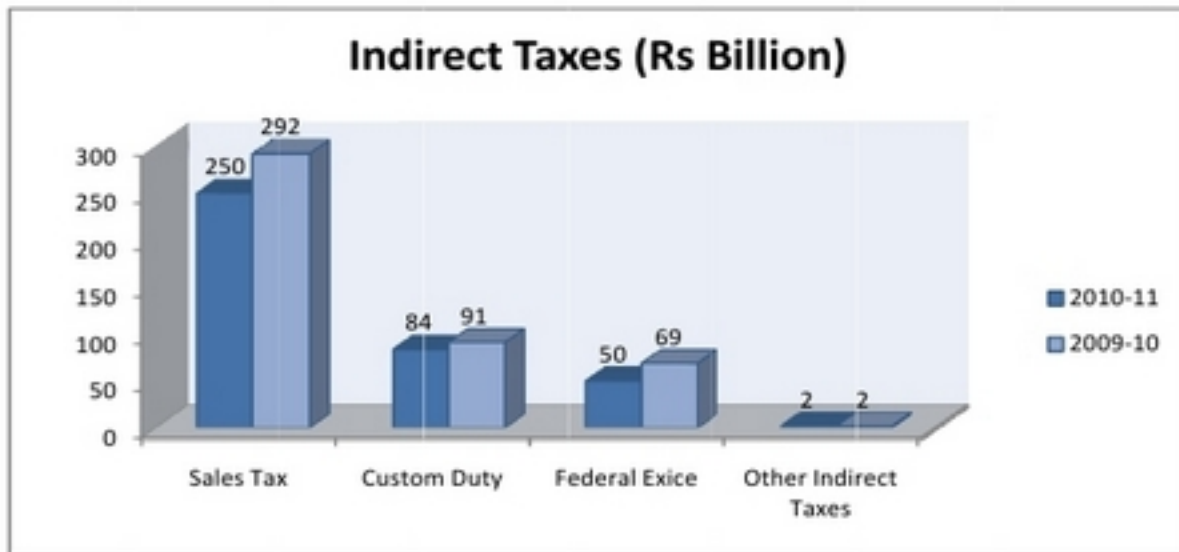
Composition of direct taxes for the financial years is depicted below.



### *Indirect Taxes*

Indirect taxes are the largest contributor to federal tax revenues. Indirect taxes comprise of sales tax, customs duty and federal excise duty. The total revenue from Indirect taxes for the current year amounted to Rs. 397 billion which showing a 14.8% decrease from the last year. Sales tax has emerged as the leading revenue source in recent years. Due to its buoyant nature, the share of sales tax has come to 62.99% of the total indirect tax

collected, customs to 21.1% and Federal Excise 12.56% of the total indirect taxes.



### *Development Surcharge and Royalties*

Items exhibiting major movements here are petroleum levy showing 18.5% decrease from previous year, royalty on crude oil showing 179.57% increase from last year, royalty on natural gas showing

55.85% increase from previous year. The discount retained on local crude price has increased by 195.52%.

### *Borrowings*

#### *1. Domestic Debt*

During the year under review domestic debt receipts amounted to Rs. 1,308,591 million which consist of permanent debt and floating debt reported on a net basis.

An increase of 85.16% in domestic debt receipts was witnessed in the current year as compared to the previous year. The composition of floating debt-net and



permanent debt was 64% and 36% below; respectively this year as highlighted

### Domestic Debt Receipts (2010-2011)



Permanent domestic debt raised during the current financial year was Rs. 476,155 million as compared to Rs. 213,422 million in the last financial year showing an increase of 132.1%. The major sources

were sale of National Prize Bonds (Rs. 139,644 million) , Pakistan Investment Bonds (Rs. 154,153 million) and Ijara Sukuk Bond (Rs. 182,355).

#### 2. Foreign Debt

In the year under review, the burden of foreign debt on the Federal Government has decreased by Rs 118,250 million. Receipts of foreign debt recorded were Rs. 229,766 million this year as compared to Rs. 348,016 million last year which represents 33.98% decrease. Amongst foreign lenders, International Monetary Fund (IMF) was the leading lender who lent Rs. 67,722 million during the year. Other major donors were Asian

Development Bank (ADB) Rs. 39,587 million, International Development Association (IDA) Rs. 66,392 million and Chinese Loan Rs. 27,110 million.

#### Dividend and profit share

Dividend represents dividends received against the investments made by the Federal Government in financial and non-financial institutions. Non-financial institutions were the prime source of dividends received in the Federal Consolidated Fund. A decrease of 3.78% in total dividend receipts was recorded in comparison to the previous financial year, the current year's receipt amounted to Rs. 50,645 million. Out of total dividend income, dividend from OGDCL was Rs.14,491 million, i.e. 28.61% of total dividend income. One of the reason for the decrease of total dividend income as compared to last year was due to reduction in dividend receipts from major contributor i.e. OGDCL.

Share of profits represents distributable profits from the State Bank of Pakistan to the Federal Government against the appropriation of their net profits from their investment holdings. The profit share received during the year was Rs.177,000 million which was from State Bank of Pakistan. Profit share from State

#### *Recovery of loans and advances*

This item has witnessed normal movement in aggregate. Compared to previous year, an increase of 26.71% in recoveries from provinces and a decrease of 30.5% in recoveries from non financial institutions have been recorded. As far as recoveries from provinces are concerned, figure of last year stood at Rs. 36,128 million compared to Rs. 42,451 million during this year.

#### **PAYMENTS**

The Federal Government's plan of better fiscal transparency and improving expenditure management is still at the forefront of policy despite the impediments faced by the country during this fiscal year. Total payments made from Federal Consolidated Fund during the current year increased by Rs. 199,352 million (7.48%) over the previous year. Total payments made during the year amounted to Rs. 2,864,608 million as compared to Rs. 2,665,257 million last year.

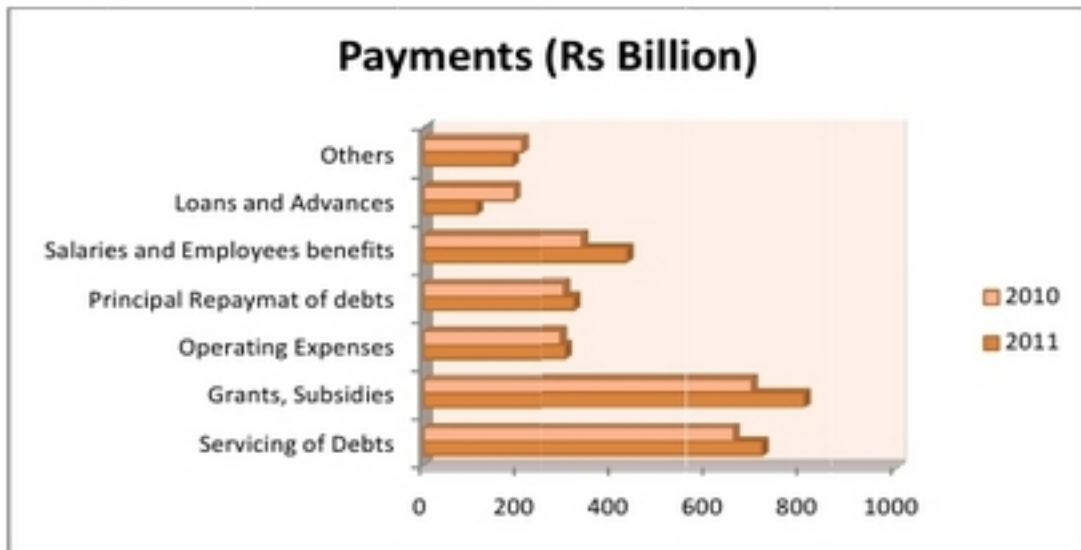
Bank of Pakistan has shown 24.3% decrease from the previous year. The surplus profit of the SBP, after making provision of reserve fund dividend payments, is transferred to the Federal Government.

The major payments include salaries and employees benefits amounting to Rs. 428,027 million, operating expenditure amounting to Rs. 298,639 million, servicing of debt Rs. 714,250 million, grants, subsidies and write-off of loans Rs. 801,924 million and principal repayment of debts amounting to Rs. 317,155 million. The Principal Repayment of Debt consisted of repayment of domestic debt of Rs. 163,004 million and Rs. 154,151 million for repayment of foreign debt. Out of total debt servicing payments of Rs. 714,250 million, the domestic debt servicing cost was Rs. 645,818 million and foreign debt servicing cost was Rs. 68,432 million. Compared to the payments in the previous years, major increases have been witnessed in the areas of salaries and employees benefits with 28.62%, operating expenses 3.51%, Grant subsidies and write off of loans with 15.97%, principal repayment of debts 7.57% and servicing of debts with 9.3%.

Major areas of decrease noticed are other transfer payments 51.18%, loans and advances 41.33% and investments with 53.34%.

The composition of payments made has been detailed below;

*Payments - Comparison of two years*



## THE BUDGET 2010-2011

The budget is the principal document by which the Government sets out its financial plan for each financial year, namely how much the plan will cost (i.e. expenditure) and how much and in what way, money will be raised to finance the expenditure (i.e. revenue). It consists of the following documents;

- Annual Budget Statement (article 80 of constitution)

### *Medium-Term Budgetary Framework (MTBF)*

Previously the budget process was structured to provide only annual budget. This did not permit spending agencies to formulate their programs more than a year with uncertainty regarding the availability of resources beyond the annual budget. In order to allow these spending agencies to plan their programs in a consistent and coherent manner, the Government has initiated the process of putting in place a Medium - Term Budgetary Framework (MTBF). MTBF assists in improving the overall quality of planning and budgetary process and also enhancing the quality and effectiveness of public expenditure. It has introduced the concept of multi-year budgeting. MTBF will enable ministries to prioritize their spending plan within the indicated envelop and will, to a great extent, reduce the uncertainties that impede effective planning.

The MTBF reforms initiated in 2003 comprise two major components – the strategic or "top-down" component implemented in the Ministry of Finance and the "bottom up" component which

- Schedule of Authorized Expenditure - detailed estimates of Consolidated Fund - current expenditure and detailed estimates of Consolidated Fund - development expenditure (Article 83 of the constitution)
- Finance Act - the legal instrument through which the budget becomes an act of law.

introduces strengthened budget preparation through output based budgeting, progressively across the Federal Ministries.

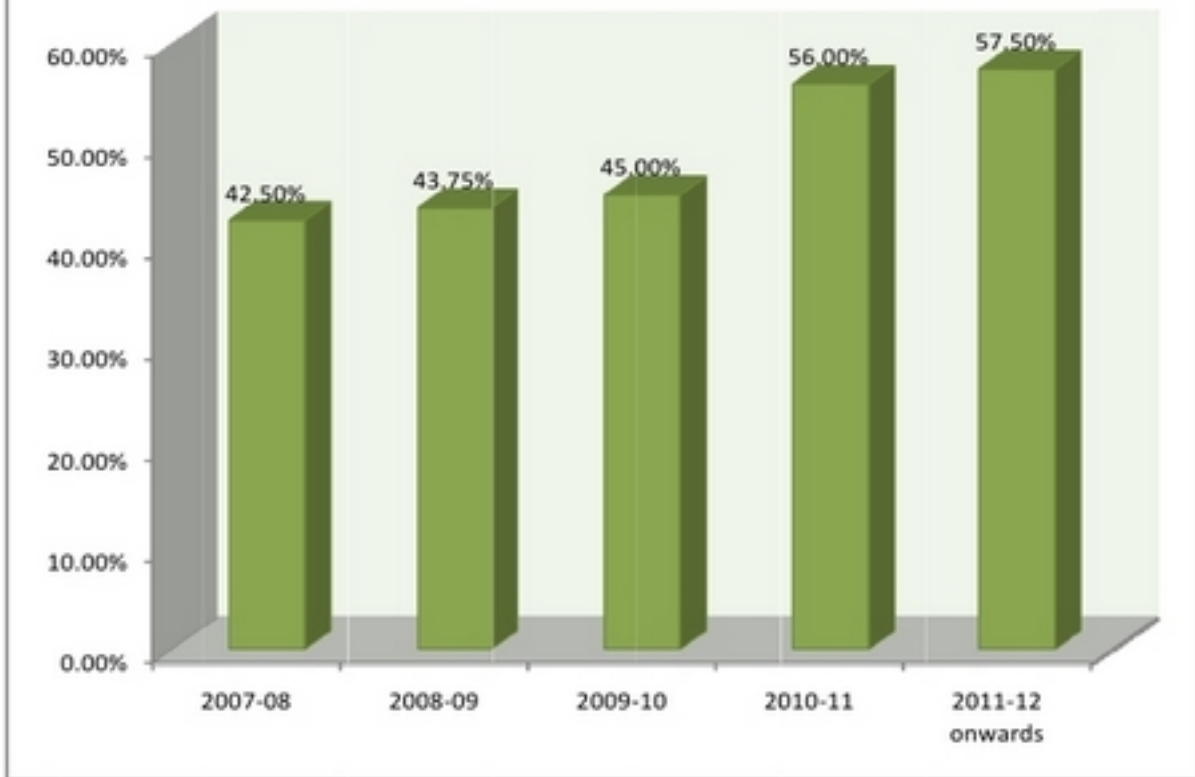
### *National Finance Commission (NFC) Award*

According to NFC award 1997 and its amendment under the Distribution of Revenue and Grant-in-Aid Amendment Order 2006, provinces shall be assigned in each financial year a share equal to the percentage of the net proceeds of the following taxes and duties levied and collected by the Federal Government:

- (a) Income tax
- (b) Wealth Tax
- (c) Capital Value Tax
- (d) Taxes on Sales & Purchase of goods
- (e) Sales tax on services (Central Excise Mode)
- (f) Export Duty on Cotton
- (g) Custom Duty
- (h) Federal Excise Duty
- (i) Any other tax which may be levied by the Federal Government.

The percentage decided to be transferred in the following years are as follows:

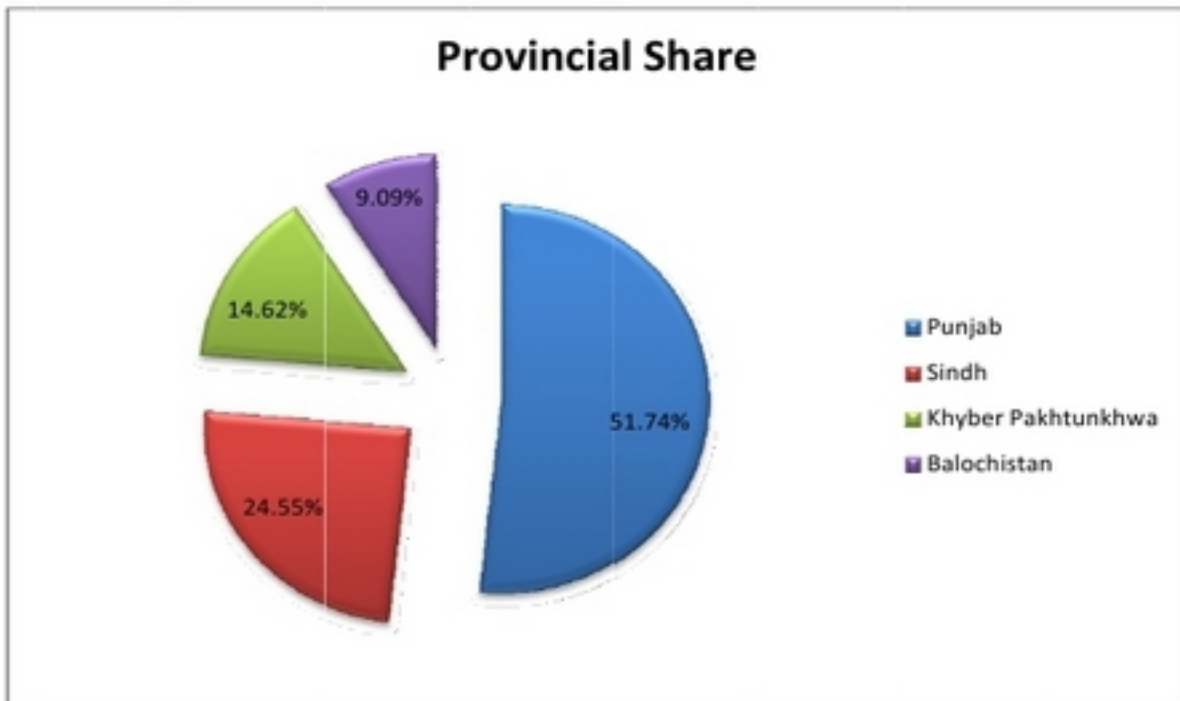
### Percentage Share



The balance was distributed amongst the provinces on the basis of their respective

population in the percentage as shown in the graph below:

### Provincial Share



### Grants in Aid

There shall be charged upon the Federal Consolidated Fund each year, as grants-in-aids of the revenues of the province of Sindh an amount equivalent to 0.66% of the provincial share in the net proceeds of divisible pool as a compensation for the losses on account of abolition of octroi and zila tax with effect from July 2010 onwards.

### Provincial share calculation

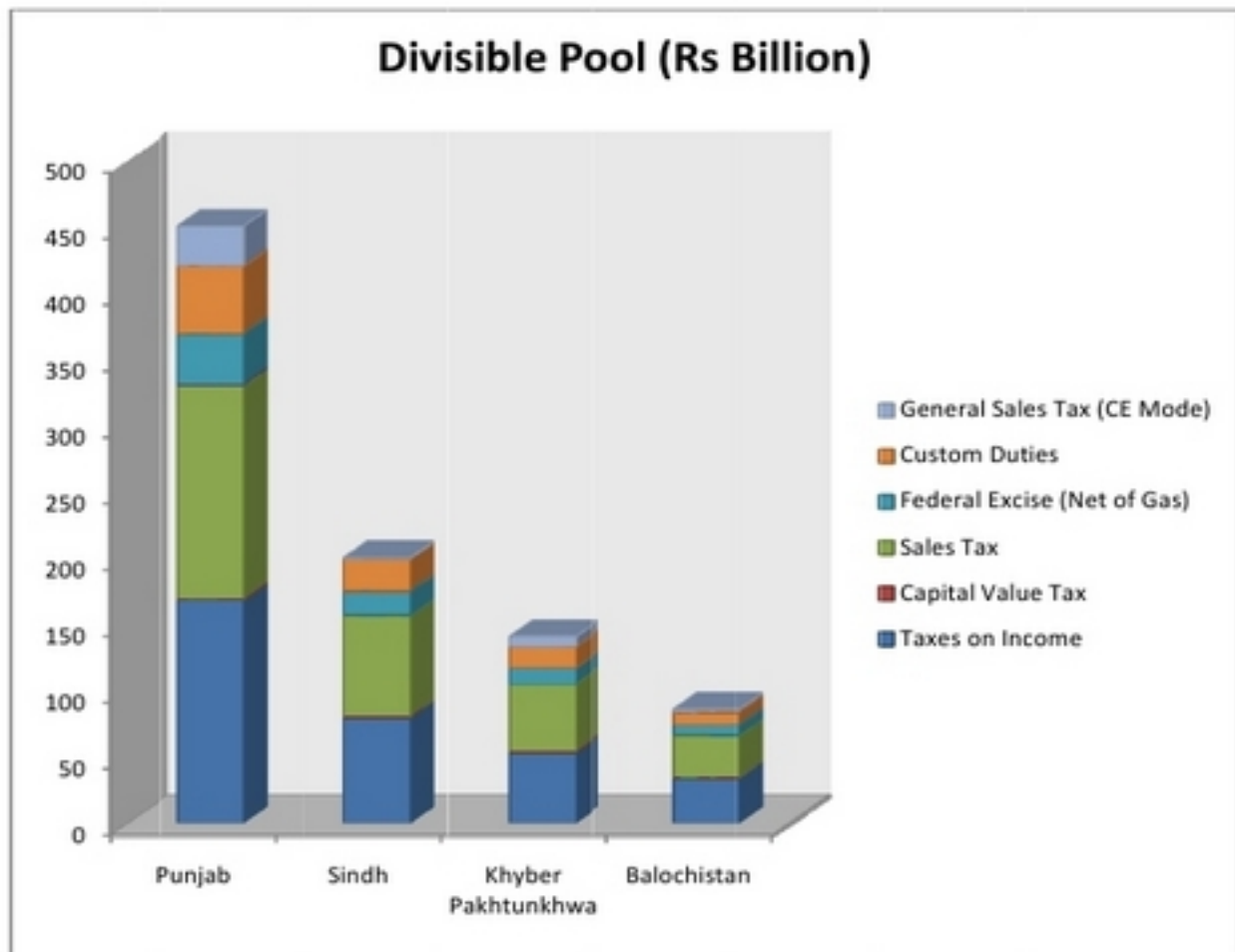
Transfer to provinces from taxes fall under two categories

Divisible pool

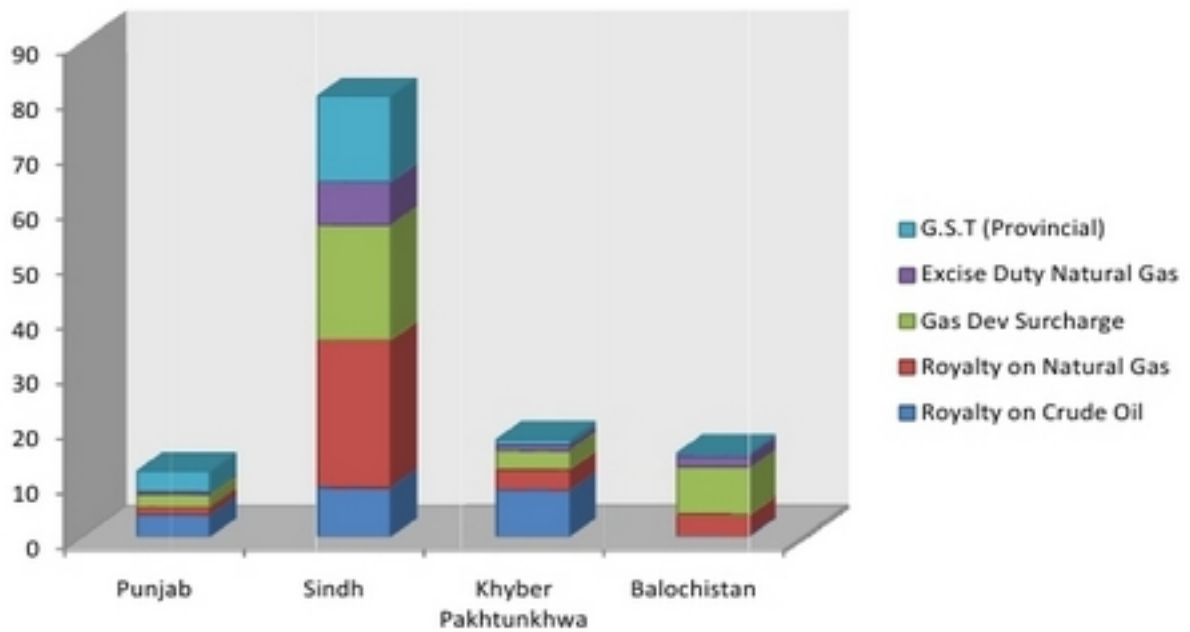
Straight transfers

1% of the net proceeds of the divisible taxes shall be assigned to government of Khyber Pakhtunkhwa to meet the expenses on War on Terror. Out of the balance amount of the net proceeds of divisible pool taxes, 56% shall be assigned to provinces during the financial year 2010-11 and 57.5% from the financial year 2011-12 onwards.

### Provincial Transfers (Actuals)



## Straight Transfers (Rs Billion)



*Analysis of Budget - Comparison of Actual With Budget*

Capital and Revenue are two major categories of receipts disclosed in the financial statements. An amount of Rs. 1,238,188 million was budgeted as revenue receipts against which actual

receipts collected were Rs. 1,132,488 million. Capital receipts budgeted were Rs. 6,494,199 million and the actual receipts were of Rs. 7,441,800 million. Revised budget showed an increase of 29.17% from the original budgeted receipts but actual receipts showed an increase of 43.24% from original budget.

*Budgeted Payments*

The detail below depicts the allocation of original and revised budget of revenue expenditure. This entails distribution of original and revised budget on different functions of the Government i.e. percentage of budget allocated originally

and its subsequent revision in different functions.

	2011 (Rupees in million)			2010 (Rupees in million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
General public services	1,412,878	1,667,056	1,640,765	1,490,201	1,658,164	1,432,527
Defence affairs and services	443,464	444,950	453,916	344,655	379,168	388,700
Economic affairs	134,001	112,129	120,905	186,334	164,599	158,434
Public order and safety affairs	53,158	60,084	66,654	38,928	39,562	53,170
Education affairs and services	55,612	55,118	60,658	62,452	55,656	48,830
Health affairs and services	21,522	23,607	23,554	28,155	25,468	23,940
Housing and community amenities	6,625	3,352	2,961	7,930	4,665	5,309
Recreation, culture and religion	4,794	4,420	4,838	4,473	4,865	6,482
Social protection	2,312	3,707	21,082	5,590	5,209	5,032
Environment protection	448	448	488	415	415	281
	<u>2,134,814</u>	<u>2,374,871</u>	<u>2,395,821</u>	<u>2,169,133</u>	<u>2,337,771</u>	<u>2,122,705</u>

In the revised budget, General Public service expenditure has increased by 17.99% Major expenditures in this function are servicing of foreign debts, servicing of domestic debts, foreign loan

repayment, domestic debt repayment, superannuation, allowances and pension.



## FINANCIAL SYSTEM, CONTROLS AND LEGAL COMPLIANCE

### *Financial System and Control*

The effectiveness and credibility of government policies is critically dependent on the availability of timely and accurate financial and management information, a framework of financial and accounting principles and procedures designed according to internationally accepted standards. The Government has made significant progress in its efforts to re-engineer its economic and financial management function to include as key elements of its strategy:

- Modern accounting system designed according to internationally recognized accounting principles and standards, and based on modern information technology to ensure ready availability of relevant, Accurate and timely information required by economic managers as a decision support system.
- Implementation of the world most advanced Enterprise Resource Planning (ERP) system, SAP has been implemented at AG offices. Two modules namely Financial and Controlling (SAP-FICO) and Human Resources (SAP-HR) are currently in use. This system has contributed a lot in the preparation of financial statements. Additionally, procedures of Payroll and General Provident Fund have become more effective. Burden

on the employees has been reduced and effectiveness ensured. Due to its advanced functionalities, tracking of each and every case of GP fund or payroll has become very easy and full information can be retrieved even after a number of years.

- Increasing professionalization of the elements of its civil services which deal with financial and economic management, requiring key competencies in staff training and appropriate human resource management policies emphasizing performance, experience and knowledge; and,
- Increasing partnership between the private and public sectors in their respective areas of comparative advantage.

The Government has implemented *New Accounting Model (NAM)* to improve expenditure management and fiscal transparency. NAM was approved subject to its implementation which is in process. Keeping in view the massive scale and complexity of government accounting significant progress has taken place. However, at present memorandum registers for assets and commitments do not exist and accounting of liabilities is still in the process of completion.

The CGA has circulated the Principles for Internal Financial Control (PIFC) to Ministry of Finance and the Provincial Finance department as required under section 5(d) of the Controller General of Accounts Ordinance, 2001. These principles have been based on the Committee of Sponsoring Organizations (COSO) Framework that confirms to best practices of internal controls standards.

These PIFC principles are discussed in twenty high levels internal financial controls governed by five major components namely control environment, risk assessment, control activities, information and communications and monitoring.

These concepts define the minimum level of quality acceptable for internal control in Government and provide the basis against which internal controls are to be evaluated.

These concepts apply to all aspects of an organization's operations. However, they do not intend to limit or interfere with duly granted authority related to developing legislation, rule making, or other discretionary policy making in an

organization and focuses on ensuring reliability of financial information being generated, safeguarding of assets as well as compliance with laws and regulations affecting financial reporting, disbursements and financial control.

The role of Principal Accounting Officers (PAO) and Chief Finance and Account Officers (CFAO's) is to establish a control mechanism to exercise oversight responsibility relating to financial management including financial control and reporting and as an effective member of the audit committee established by the management.

### ***Legal Compliance***

All Federal Ministries, Self Accounting Entities and Government Departments are required to comply with a wide range of laws and regulations, including budgetary appropriations, employment, health and safety and others. The responsibility of compliance primarily rests with the Principal Accounting Officers and its compliance with relevant laws is conducted by the Auditor- General's Office as part of its financial statement audit.



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

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### **Auditor's Report**

The Office of the Auditor-General of Pakistan has audited the accompanying financial statements of the Federal Government, which comprises the statement of receipts and payments for the year ended 30 June, 2011, statement of cash flows, statement of comparison of budget and actual amounts by function, statement of comparison of budget, actual expenditure by division 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***

These financial statements have been prepared by the Accountant General Pakistan Revenues under Section 5 of the Controller General of Accounts (Appointment, Function and Powers) Ordinance 2001. These financial statements are the responsibility of the Controller General of Accounts.

#### ***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 requirements of Article 169 of the Constitution of the Islamic Republic of Pakistan read with Section 7 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001.

#### ***Basis of Opinion***

The audit was conducted in accordance with the auditing standards issued by the International Organisation of Supreme Audit Institutions. These standards require that audit is planned and performed 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 amounts and disclosures in the financial statements. It also includes assessing the accounting principles used, as well as evaluating the overall financial statement presentation. The audit results provide a reasonable basis for our opinion.

Based on our audit, we report that:

#### ***Scope Limitation***

The Federal Board of Revenue (FBR) has neither provided data of population of tax receipts nor has it provided for substantive testing the Computerized Payment Receipts (i.e. Receipt Vouchers) which form the basic record of transactions of tax revenue component. Since the Audit has detected errors using alternative audit procedures, the component may contain errors which cannot be quantified. Audit could not satisfy itself regarding completeness, occurrence, measurement and accuracy of the component. Accordingly, Audit has not been able to determine whether any adjustments might be necessary to the tax revenue component.

***In our opinion;***

- (a) except for the effect of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial performance of the Federal Government for the year ended 30 June, 2011, its cash flows, comparison of budget and actual amounts by function, comparison of budget and actual expenditure by division and statement of appropriation of grants by object for the year then ended in accordance with the stated accounting policies of the Government of Pakistan.
- (b) The sums expended have been applied, in all material respects, for the purposes authorised by the Parliament.

***Emphasis of Matter***

Without qualifying our opinion,

- (a) we draw your attention to note 6.12 of the financial statements relating to payments by third parties. Under IPSAS Cash Basis disclosure of third party payments are a mandatory part of the general purpose statements and should be disclosed separately on the face of the statement of receipts and payments of the Federal Government. The Federal Government has disclosed third party payments as nil on the basis that neither the Federal Government has been formally advised by the third party or the recipients nor such payments have otherwise been verified. To fully capture third party payments the Federal Government needs to strengthen its existing accounting and financial reporting system.
- (b) we draw your attention to the fact that an expenditure of Rs. 805.937 million was booked in functional and object heads under various grants in lieu of cheques issued during the year which were not presented for clearance to the State Bank of Pakistan before 30.06.2011 by the spending units. The Ministry of Finance vide SRO (1) 2010 dated 31.03.2010 had issued instructions that cheques drawn up to 30th June will not be allowed to be encashed after 30th June. Therefore, effectively the status of those cheques issued stand invalid after June 30, 2011. Resultantly, the expenditure in the Financial Statements is overstated by Rs. 805.937 million under various grants.

***Other Reports***

Reports covering significant aspects of the financial governance or economical and effective utilization of public resources are submitted separately to the President by the Auditor-General of Pakistan under Article 171 of the Constitution of the Islamic Republic of Pakistan for laying before the Parliament.

Islamabad, Pakistan  
Date : 30 DEC 2011

  
Auditor-General of Pakistan

**FEDERAL GOVERNMENT**  
**Statement of Cash Receipts and Payments**  
**For the Year Ended 30 June 2011**


	Note	2011 (Rupees in Million)		2010 (Rupees in Million)	
		Receipts / Payments Controlled by Federal Government	Payments by Third Parties	Receipts / Payments Controlled by Federal Government	Payments by Third Parties
<b>FEDERAL CONSOLIDATED FUND</b>					
<b>RECEIPTS</b>					
<b>Taxation</b>					
Income tax		237,675	-	272,969	-
Sales tax		249,919	-	291,639	-
Customs duty		83,720	-	90,453	-
Federal excise		49,823	-	69,148	-
Other taxes		11,724	-	12,974	-
	7	632,861	-	737,183	-
<b>Non-Tax Revenue and Other Receipts</b>					
General administration receipts	8	4,406	-	3,438	-
Economic services receipts	9	2,334	-	971	-
Defence services receipts	10	70,931	-	116,206	-
Development surcharge and royalties	11	116,877	-	102,427	-
Citizenship, nationalization, passport and copyright		9,894	-	9,662	-
Interest on loans and advances	12	29,170	-	28,942	-
Dividend and profit share	13	227,645	-	285,667	-
Others		27,450	-	55,654	-
		488,707	-	602,967	-
<b>Grants and Aid</b>					
Development grants	14	2,586	-	29,401	-
<b>Borrowings</b>					
Foreign debt	15	229,766	-	348,016	-
Domestic permanent debt	16	476,155	-	213,422	-
Domestic floating debt-net	17	832,436	-	493,328	-
		1,538,357	-	1,054,766	-
<b>Capital Receipts</b>					
Privatization proceeds	18	674	-	41	-
Recovery of loans and advances	19	42,451	-	36,128	-
Investment recovery		25	-	-	-
		43,150	-	36,169	-
<b>Trading Activities</b>					
	20	8,334	-	10,936	-
<b>TOTAL RECEIPTS</b>		<b>2,713,995</b>	<b>-</b>	<b>2,471,423</b>	<b>-</b>

**FEDERAL GOVERNMENT**  
**Statement of Cash Receipts and Payments**  
**For the Year Ended 30 June 2011**

	Note	2011 (Rupees in Million)		2010 (Rupees in Million)	
		Receipts / Payments Controlled by Federal Government	Payments by Third Parties	Receipts / Payments Controlled by Federal Government	Payments by Third Parties
<b>PAYMENTS</b>					
<i>Operations</i>					
Salaries and employees benefits	21	428,027	-	352,775	-
Operating expenses		298,639	-	288,514	-
		726,666	-	621,289	-
<i>Transfers</i>					
Grants, subsidies and write-off of loans		801,924	-	691,500	-
Other transfer payments		10,253	-	21,903	-
		812,177	-	712,503	-
<i>Expenditures on</i>					
Physical assets		121,325	-	108,970	-
Civil works		43,985	-	52,227	-
Others		3,820	-	3,405	-
		169,130	-	164,602	-
<i>Debt and Interest Payments</i>					
Principal repayments of debts	22	317,155	-	294,829	-
Servicing of debts	23	714,250	-	653,488	-
		1,031,405	-	948,317	-
<i>Other Payments</i>					
Loans and advances	24	113,617	-	193,660	-
Investments	25	11,613	-	24,886	-
		125,230	-	218,546	-
<b>TOTAL PAYMENTS</b>		<b>2,864,608</b>	<b>-</b>	<b>2,665,257</b>	<b>-</b>
<b>NET PAYMENT OF FEDERAL CONSOLIDATED FUND</b>		<b>(150,613)</b>	<b>-</b>	<b>(193,834)</b>	<b>-</b>
<b>NET RECEIPT OF PUBLIC ACCOUNT</b>	26	<b>243,731</b>	<b>-</b>	<b>185,105</b>	<b>-</b>
<b>INCREASE / (DECREASE) IN CASH</b>		<b>93,118</b>	<b>-</b>	<b>(8,728)</b>	<b>-</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>		<b>46,894</b>	<b>N/A*</b>	<b>55,622</b>	<b>N/A*</b>
<b>INCREASE / (DECREASE) IN CASH</b>		<b>93,118</b>	<b>N/A*</b>	<b>(8,728)</b>	<b>N/A*</b>
<b>CASH AT THE END OF THE YEAR</b>	27	<b>140,011</b>	<b>N/A*</b>	<b>46,894</b>	<b>N/A*</b>

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

N / A\* = Not Applicable

  
Accountant General Pakistan Revenues

**FEDERAL GOVERNMENT**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2011**

	Note	2011 Rupees in million	2010 Rupees in million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Tax receipts	7	632,861	737,183
Non-tax revenue & other receipts		488,707	602,967
Development grants	14	2,586	29,401
Trading activities	20	8,334	10,936
Operations payments		(726,666)	(621,289)
Servicing of debt	23	(714,250)	(653,488)
Transfers		(812,177)	(712,503)
<i>Cash used in Operating Activities</i>		(1,120,605)	(606,792)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Privatization proceeds	18	674	41
Recoveries of loans and advances	19	42,451	36,128
Investments recoveries		25	-
Expenditure on physical assets, civil works & others		(169,130)	(164,602)
Investments	25	(11,613)	(24,886)
Payments of loans and advances	24	(113,617)	(193,660)
<i>Cash used in Investing Activities</i>		(251,210)	(346,979)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipt of domestic permanent debt	16	476,155	213,422
Receipt of foreign debt	15	229,766	348,016
Domestic floating debt-net	17	832,436	493,328
Principal repayments of debt	22	(317,155)	(294,829)
Net receipt of public account	26	243,731	185,105
<i>Cash from Financing Activities</i>		1,464,933	945,042
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>93,118</b>	<b>(8,728)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>46,894</b>	<b>55,622</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	27	<b>140,011</b>	<b>46,894</b>

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

  
**Accountant General Pakistan Revenues**

**FEDERAL GOVERNMENT**  
**Statement of Comparison of Budgeted and Actual Amounts by Function**  
**For the Year Ended 30 June 2011**

Note	2011 (Rupees in million)			2010 (Rupees in million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
<b>RECEIPTS</b>						
<b>Revenue</b>						
Taxation	816,609	766,388	632,861	902,010	896,823	737,183
Non-taxation	560,741	471,800	499,627	449,978	499,844	643,304
<b>Total revenue receipts</b>	<b>1,377,350</b>	<b>1,238,188</b>	<b>1,132,488</b>	<b>1,351,988</b>	<b>1,396,667</b>	<b>1,380,487</b>
<b>Capital</b>						
Domestic debt	4,274,352	6,181,727	7,168,884	3,927,880	3,843,395	4,067,487
Foreign debt	286,934	254,720	229,766	444,975	450,217	348,616
Privatization proceeds	-	-	674	19,351	-	41
Recoveries of losses and advances	47,460	57,752	42,431	38,461	47,494	36,128
Others	-	-	25	-	-	-
<b>Total capital receipts</b>	<b>4,608,746</b>	<b>6,494,199</b>	<b>7,441,800</b>	<b>4,430,667</b>	<b>4,341,106</b>	<b>4,451,672</b>
<b>TOTAL RECEIPTS</b>	<b>5,986,096</b>	<b>7,732,387</b>	<b>8,574,288</b>	<b>5,782,655</b>	<b>5,737,773</b>	<b>5,832,159</b>
<b>PAYMENTS</b>						
<b>Revenue</b>						
General public services	1,612,878	1,667,056	1,640,765	1,490,201	1,658,164	1,432,327
Defence affairs and services	443,464	444,950	453,916	344,655	379,168	388,700
Economic affairs	134,001	112,129	120,965	186,334	164,599	158,434
Public order and safety affairs	53,158	60,084	66,654	38,928	39,562	53,170
Education affairs and services	55,612	55,118	60,638	62,452	55,656	48,830
Health affairs and services	21,522	23,607	23,554	28,155	25,468	23,940
Housing and community amenities	6,625	3,352	2,961	7,930	4,665	5,309
Recreation, culture and religion	4,794	4,420	4,838	4,473	4,865	6,482
Social protection	2,312	3,707	21,082	5,590	5,209	5,032
Environment protection	648	648	488	415	415	281
<b>Total revenue payments</b>	<b>2,134,834</b>	<b>2,374,871</b>	<b>2,395,821</b>	<b>2,169,133</b>	<b>2,337,771</b>	<b>2,122,705</b>
<b>Capital</b>						
General public services	4,510,742	6,223,374	6,324,855	4,154,950	3,940,831	3,890,194
Economic affairs	9,334	4,065	4,227	18,785	8,381	13,094
<b>Total capital payments</b>	<b>4,520,076</b>	<b>6,227,439</b>	<b>6,329,082</b>	<b>4,173,735</b>	<b>3,949,212</b>	<b>3,903,288</b>
<b>TOTAL PAYMENTS</b>	<b>6,654,910</b>	<b>8,602,310</b>	<b>8,724,902</b>	<b>6,342,868</b>	<b>6,286,983</b>	<b>6,025,993</b>

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

*Karsh A. Daru*  
 Accountant General Pakistan Revenues



**FEDERAL GOVERNMENT**  
**Statement of Comparison of Budgeted and Actual Expenditure by Division**  
**For the Year Ended 30 June 2011**

DIVISIONS	Note	2011 (Rupees in million)			2010 (Rupees in million)		
		Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
		Original	Revised		Original	Revised	
Cabinet Secretariat		90,999	121,797	122,130	134,861	95,293	102,887
Establishment Division		2,335	3,932	3,525	2,160	2,141	2,148
Commerce Division		5,393	26,263	26,495	5,380	4,651	3,560
Communications Division		4,799	4,551	4,872	4,527	4,469	4,792
Culture Division		1,003	528	560	909	762	1,468
Capital Administration and Development Division		-	-	186	-	-	-
Defence Division		10,261	10,510	16,535	12,878	16,681	17,887
Defence Production Division		1,761	744	768	2,141	1,496	1,137
Defence Services		440,746	443,245	452,651	341,624	376,846	386,674
Economic Affairs Division		323,070	301,511	290,334	324,576	318,201	361,972
Education Division		9,385	4,108	7,696	11,773	9,140	7,511
Environment Division		1,321	636	612	2,533	1,335	1,208
Finance Division		5,476,274	7,036,458	7,145,022	5,166,472	5,172,106	4,839,587
Revenue Division		12,442	13,153	13,333	12,265	12,655	11,676
Food and Agriculture Division		12,713	17,446	14,848	19,710	13,574	19,446
Foreign Affairs Division		11,527	11,609	10,768	10,376	10,379	10,203
Health Division		19,246	21,514	21,001	25,970	23,330	21,875
Higher Education Commission		23,220	29,857	29,668	21,500	21,500	22,550
Housing and Works Division		6,160	4,875	4,656	8,011	6,481	11,530
Human Rights Division		101	62	75	57	57	47
Industries and Production Division		3,787	6,230	6,037	9,297	1,685	1,286
Information and Broadcasting Division		3,548	3,684	4,093	3,069	3,764	4,796
Information Technology & Telecommunication Division		3,098	2,222	2,824	2,735	2,606	2,622
Inter Provincial Coordination Division		26	48	131	21	21	19
Investment Division		-	-	-	210	128	122
Interior Division		49,338	53,774	59,246	35,576	36,534	49,488
Kashmir Affairs & Gilgit Baltistan Division		25,215	29,842	28,489	26,251	23,766	23,158
Labour and Manpower Division		450	427	436	387	385	385
Law, Justice & Parliamentary Affairs Division		2,990	2,990	2,476	3,198	2,648	2,675
Livestock and Dairy development Division		1,099	417	380	2,646	1,678	492
Local Government & Rural Development		5,226	9,136	6,868	5,577	5,349	5,890
Minorities Affairs Division		237	220	219	220	220	215
Narcotics Control Division		1,300	1,075	1,255	1,032	1,032	1,016
National Assembly		1,594	1,571	1,450	1,301	1,304	1,266
The Senate		908	896	843	818	818	735
Overseas Pakistanis Division		472	432	428	437	437	366
Pakistan Railways Division		9,874	3,617	3,615	9,651	10,970	11,617
Petroleum and Natural Resources Division		1,145	11,351	12,776	2,857	777	3,089
Planning & Development Division		9,932	2,161	2,534	19,108	17,204	3,224
Population Welfare Division		4,358	675	836	5,490	5,490	3,646
Ports and Shipping Division		929	815	850	915	527	311
Postal Services Division		8,786	8,795	10,117	8,360	8,260	8,558
Privatization Division		73	69	70	67	67	66
Religious Affairs Division		457	458	445	374	434	421
Scientific and Technological Research Division		4,968	4,303	4,225	6,216	6,333	4,393
Social Welfare and Special Education Division		2,948	2,107	2,456	8,137	2,865	4,154
Special Initiatives Division		1,056	83	252	2,846	2,417	2,387
Sports Division		778	696	803	954	807	814
Status and Frontier Regions Division		19,534	26,292	31,125	22,922	20,537	23,811
Statistics Division		931	2,433	2,400	934	853	1,219
Textile Industry Division		306	7,099	216	596	372	412
Tourism Division		363	188	197	392	315	281
Water and Power Division		27,702	360,296	365,797	44,233	27,802	29,819
Women Development Division		253	172	165	430	286	226
Youth Affairs Division		3,782	1,533	1,582	3,748	3,735	1,973
Zakat And Ushd Division		90	26	26	53	53	46
Staff Household and Allowances of the President		427	463	438	391	390	382
Audit		1,832	1,799	2,060	1,535	1,535	1,583
Supreme Court		823	823	732	720	721	664
Election Commission		1,254	1,219	1,096	1,141	1,141	538
Wafajj Mohtesib		260	219	259	192	192	195
Federal Tax Ombudsman		95	95	92	88	88	75
<b>TOTAL PAYMENTS</b>	29	<b>6,654,890</b>	<b>8,602,310</b>	<b>8,724,902</b>	<b>6,342,868</b>	<b>6,286,983</b>	<b>6,025,993</b>

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

*Korah Q. Javed*  
**Accountant General Pakistan Revenue**

FEDERAL GOVERNMENT  
Statement of Appropriation of Grants by Object  
For the Year Ended 30 June 2011

(In \$ million)

Grants Name	A01 Employment Related Expenditure	A02 Project Pro- Investment Analysis	A03 Operating Expenditure	A04 Employers' Retirement Benefits	A05 Grants Subsidies and Write Off Loans	A06 Transfer	A07 Interest Payment	A08 Leases and Advances	A09 Physical Assets	A10 Principal Payments of Loans	A11 Investments	A12 Child Welfare	A13 Repairs and Maintenance	Grand Total
<b>Current Expenditure</b>														
1 - Cabinet Division	85,51	-	75,43	-	-	-	-	-	-	-	-	-	85,51	156,81
1.1 - Regulatory, Policy and Legislation	789,77	-	2,289,27	-	5,96	4,48	-	-	1,189,67	-	-	-	79,77	4,664,82
1.2 - Regulatory, Policy and Legislation	-	-	1,546,68	-	18,621,36	-	-	-	8,36	-	-	-	58,78	28,118,43
1.3 - Other Expenditure of Cabinet Division	27,24	-	285,97	0,38	3,763,47	388,21	-	-	0,13	-	-	-	5,58	4,582,78
1.4 - Establishments of Cabinet Division	382,64	-	2,171,77	2,81	819,60	2,81	-	-	0,88	-	-	-	3,91	4,431,97
1.5 - Federal Public Service Commission	184,18	-	94,94	0,73	0,44	6,22	-	-	4,26	-	-	-	2,34	287,85
1.6 - Other Expenditure of Establishment Division	182,43	-	82,46	0,23	1,338,62	432,64	-	-	0,44	-	-	-	3,58	1,881,84
1.7 - Capital Administration and Development Division	85,74	-	35,86	0,09	14,78	3,58	-	-	6,51	-	-	-	1,86,17	186,17
1.8 - Prime Minister's Secretariat	389,56	-	88,03	0,08	71,81	21,21	-	-	0,79	-	-	-	12,62	562,52
1.9 - Board of Investment	78,37	-	21,06	-	46,05	5,46	-	-	6,07	-	-	-	7,42	139,18
1.10 - National Accountability Bureau	155,81	-	21,06	0,01	0,80	0,10	-	-	0,60	-	-	-	13,28	190,74
1.11 - National Reconstruction Bureau	33,24	-	7,34	0,13	6,13	6,13	-	-	0,21	-	-	-	0,21	46,95
1.12 - Prime Minister's Inspection Commission	71,62	-	4,312,03	-	-	6,87	-	-	0,17	-	-	-	0,88	51,77
1.13 - Atomic Energy	48,06	-	6,112,03	-	-	-	-	-	-	-	-	-	-	6,122,03
1.14 - Railway and Printing	419,55	-	8,12	-	1,80	6,81	-	-	-	-	-	-	0,34	434,72
1.15 - Commerce Division	2,289,87	-	598,98	1,77	24,625,35	1,77	-	-	6,28	-	-	-	25,43	26,313,92
1.16 - Communications Division	27,22	-	3,421,2	0,79	3,90	15,75	-	-	215,70	-	-	-	68,19	3,176,78
1.17 - Other Expenditure of Communications Division	211,27	-	3,421,2	0,79	1,688,71	0,80	-	-	0,67	-	-	-	0,09	1,688,69
1.18 - Cabinet Division	432,88	-	28,43	0,50	188,45	0,29	-	-	3,77	-	-	-	14,89	287,43
1.19 - Other Expenditure of Cabinet Division	1,495,85	-	386,16	0,77	432,88	1,98	-	-	12,94	-	-	-	270,18	2,009,72
1.20 - Appeals Security Force	481,21	-	67,13	1,40	67,13	6,82	-	-	82,47	-	-	-	28,89	3,488,79
1.21 - Madaniyeh	481,28	-	95,34	0,17	4,68	0,82	-	-	19,03	-	-	-	6,79	611,88
1.22 - Survey of Pakistan	2,671,63	-	91,09	-	21,35	6,87	-	-	4,48	-	-	-	-	2,794,72
1.23 - Federal Government Educational Institutions in Communications and Computers	189,882,61	-	122,118,03	-	-	-	-	-	181,677,65	-	-	-	-	412,680,54
1.24 - Defense Services	39,52	-	15,18	0,52	0,93	6,74	-	-	166,54	-	-	-	1,99	248,54
1.25 - Economic Affairs Division	878,43	-	1,796,38	2,88	8,55	7,27	-	-	2,07	-	-	-	2,88	3,371,13
1.26 - Statistics Division	250,54	-	413,47	4,52	3,36	3,10	-	-	3,06	-	-	-	3,57	3,362,85
1.27 - Higher Education Commission	184,56	0,68	43,01	-	311,28	338,27	-	-	0,37	-	-	-	-	27,668,79
1.28 - Federal Government Educational Institutions in the Capital and Federal Areas	3,058,37	-	134,91	-	-	512	-	-	38,18	-	-	-	-	1,671,36
1.29 - Environment Division	111,89	0,66	31,28	0,36	1,95	47,15	-	-	4,11	-	-	-	4,48	3,686,85
1.30 - Forest	94,54	-	15,42	0,66	-	0,86	-	-	-	-	-	-	0,14	222,48
1.31 - Zoological Survey Department	16,87	-	1,66	-	-	-	-	-	-	-	-	-	0,14	111,25
1.32 - Finance Division	933,63	-	583,09	2,46	4,30	33,60	-	-	2,98	-	-	-	0,09	18,48
1.33 - Controller General of Accounts	2,281,31	-	354,09	4,85	11,76	6,34	-	-	7,62	-	-	-	10,86	768,98
1.34 - Pakistan Mint	164,61	-	85,69	0,11	1,95	6,87	-	-	0,68	-	-	-	5,85	2,569,27
1.35 - National Savings	815,17	-	412,76	1,93	4,86	6,39	-	-	47,68	-	-	-	8,52	3,013,58
1.36 - Other Expenditure of Finance Division	33,15	-	3,307,44	0,61	32,40	189,98	-	-	0,65	-	-	-	0,15	1,284,78
1.37 - Administrative Allowances and Prisons	-	-	-	112,052,56	-	-	-	-	-	-	-	-	-	5,863,26
1.38 - Grants to and Miscellaneous Adjustments between the Federal Government and Provincial Governments	-	-	-	-	53,395,07	-	-	-	-	-	-	-	-	112,052,56
1.39 - Subsidies and Miscellaneous Expenditure	135,81	-	33,29	0,86	289,273,41	-	-	-	-	-	-	-	-	53,395,07
1.40 - Revenue Division	795,64	-	1,412,73	3,32	1,69	33,17	-	-	0,38	-	-	-	3,38	286,898,88
1.41 - Customs	4,985,84	-	628,79	4,18	27,42	88,88	-	-	36,34	-	-	-	24,13	1,918,39
1.42 - Inland Revenue	118,27	-	118,28	1,40	38,48	3,95	-	-	3,88	-	-	-	4,47	5,961,77
1.43 - Planning and Development Division	133,58	-	36,07	0,78	3,668,84	6,78,61	-	-	2,11	-	-	-	5,18	8,778,12
1.44 - Food and Agriculture Division	361,59	-	96,31	1,66	3,07	6,16	-	-	1,63	-	-	-	4,28	475,73
1.45 - Other Expenditure of Food and Agriculture Division	6,132,76	-	3,038,18	1,93	4,28	6,82	-	-	19,92	-	-	-	18,92	768,19
1.46 - Foreign Affairs Division	193,42	-	78,63	3,62	0,98	47,61	-	-	157,60	-	-	-	151,67	8,341,78
1.47 - Other Expenditure of Foreign Affairs Division	2,138,79	-	1,482,78	2,41	680,94	352,99	-	-	149,15	-	-	-	-	1,546,75
1.48 - Health Division	193,42	-	78,63	3,62	0,98	47,61	-	-	157,60	-	-	-	151,67	243,13
1.49 - Medical Services	123,84	-	28,23	-	358,55	-	-	-	0,97	-	-	-	-	5,312,82
1.50 - Public Health	-	-	-	-	-	-	-	-	0,97	-	-	-	-	479,14

Statement of Appropriation of Grants by Object  
For the Year Ended 30 June 2011

(Rs. In Millions)

Grants Name	ARI	ARI2	ARI3	ARI4	ARI5	ARI6	ARI7	ARI8	ARI9	ARI10	ARI11	ARI12	ARI13	Grand Total
	Employees Related Expenses	Project Pro- Investment Available	Operating Expenses	Employee Retirement Benefits	Grants Subsidies and Write Off Loans	Transfers	Interest Payment	Loans and Advances	Physical Assets	Principal Repayments of Loans	Treatment	Chit Works	Repairs and Maintenance	
58 - Housing and Works Division	66.83	-	13.29	0.12	0.67	0.18	-	-	0.17	-	-	-	1.02	76.89
59 - Civil Works	781.82	-	194.97	0.70	3.96	-	-	-	3.98	-	-	2.37	1,217.54	2,144.25
60 - Farms Offices	63.85	-	8.45	0.01	0.49	1.49	-	-	0.13	-	-	-	0.36	74.49
61 - Federal College	30.44	-	1.04	-	-	-	-	-	-	-	-	-	-	31.48
62 - British English Division	37.27	-	15.18	0.13	29.21	0.13	-	-	0.28	-	-	-	1.09	78.35
63 - Industries and Production Division	49.92	-	32.41	0.43	0.29	0.42	-	-	64.75	-	-	-	1.77	199.64
64 - Department of Investment Promotion and Supplies	7.90	-	0.53	1.43	-	-	-	-	-	-	-	-	-	9.86
65 - Other Expenditure of Industries and Production Division	19.83	-	27.79	-	4,007.58	-	-	-	0.09	-	-	-	0.09	4,047.37
66 - Information and Broadcasting Division	118.58	-	95.45	0.49	132.08	3.64	-	-	12.15	-	-	-	8.00	382.17
67 - Directorate of Publications, Newsprint and Documenters	33.33	-	28.65	0.42	1.60	0.23	-	-	0.25	-	-	-	0.79	106.25
68 - Press Information Directorate	264.54	-	115.99	0.17	1.89	1.49	-	-	4.18	-	-	-	3.14	394.49
69 - Information Services Authority	254.63	-	203.72	-	-	0.29	-	-	12.03	-	-	-	4.63	484.13
70 - Other Expenditure of Information and Broadcasting Division	-	-	126.49	-	2,631.69	-	-	-	-	-	-	-	-	2,758.18
71 - Information Technology and Telecommunications Division	49.11	-	1,055.27	0.53	647.09	0.54	-	-	0.00	-	-	-	3.42	2,758.38
72 - Joint Provincial Coordination Division	29.83	-	15.78	0.53	81.27	0.42	-	-	0.00	-	-	-	0.50	138.98
73 - Justice Division	256.38	-	206.19	1.47	16.41	6.17	-	-	7.00	-	-	-	6.64	478.97
74 - Islamabad	4,224.39	-	433.54	0.21	13.58	4.37	-	-	87.66	-	-	-	17.78	4,813.71
75 - Punjab Organization	186.27	-	431.04	-	1.56	0.08	-	-	6.00	-	-	-	3.49	764.99
76 - Civil Aided Funds	21,463.94	-	2,117.24	-	-	0.53	-	-	3,394.34	-	-	374.40	262.64	24,855.63
77 - Frontier Constabulary	5,172.63	-	177.04	-	12.82	1.15	-	-	335.25	-	-	63.76	42.83	5,775.33
78 - Pakistan Coast Guards	403.93	-	47.07	-	-	0.23	-	-	8.39	-	-	-	37.02	493.13
79 - Pakistan Rangers	39,107.13	-	598.84	0.04	-	2.95	-	-	212.06	-	-	43.06	198.57	41,398.63
80 - Other Expenditure of Interior Division	498.33	-	1,435.31	0.65	79.61	30.14	-	-	16.88	-	-	-	0.84	2,494.49
81 - Kashmir Affairs and Gilgit Baltistan Division	38.54	-	8.48	0.42	142.09	0.33	-	-	0.14	-	-	-	0.14	212.18
82 - Other Expenditure of Kashmir Affairs and Gilgit Baltistan Division	8.67	-	26.82	-	1,924.71	-	-	-	-	-	-	-	0.14	3,818.34
83 - Gilgit Baltistan	-	-	-	-	9,497.32	-	-	-	-	-	-	-	-	9,497.32
84 - Labour and Manpower Division	246.42	-	390.31	1.17	0.29	1.65	-	-	6.27	-	-	-	3.65	749.69
85 - Other Expenditure of Labour and Manpower Division	38.67	-	8.96	0.29	-	-	-	-	0.48	-	-	-	0.46	49.47
86 - Law, Justice and Parliamentary Affairs Division	254.21	-	116.76	1.62	34.66	0.49	-	-	1.45	-	-	-	3.63	395.23
87 - Other Expenditure of Law, Justice and Parliamentary Affairs Division	1,607.91	-	260.54	2.58	289.80	4.93	-	-	41.49	-	-	-	27.27	1,947.49
88 - Law, Justice and Parliamentary Affairs Division	49.92	-	28.53	0.80	29.66	0.19	-	-	0.72	-	-	-	2.93	144.84
89 - Law, Justice and Parliamentary Affairs Division	36.42	0.22	12.75	0.53	-	0.21	-	-	0.30	-	-	0.03	0.89	51.15
90 - Ministry of Education	26.65	-	27.87	0.67	156.85	11.71	-	-	4.81	-	-	-	0.80	218.54
91 - National Council of Education	340.27	-	263.62	1.71	1.97	0.74	-	-	13.33	-	-	-	17.95	718.23
92 - National Assembly	507.24	-	437.99	0.79	8.66	15.49	-	-	15.49	-	-	-	12.46	1,489.62
93 - The Senate	479.37	-	335.11	0.11	479.37	4.87	-	-	11.24	-	-	-	12.47	945.38
94 - Overseas Pakistanis Division	371.04	-	194.08	0.43	0.49	0.18	-	-	1.74	-	-	-	16.18	477.43
95 - Pakistan and Natural Resources Division	48.93	-	47.21	0.03	0.00	0.14	-	-	0.74	-	-	-	2.17	100.83
96 - Geographical Survey	237.04	-	35.99	0.53	-	0.01	-	-	0.64	-	-	-	2.19	275.47
97 - Other Expenditure of Provinces and Natural Resources Division	-	-	71.00	-	13,400.00	-	-	-	-	-	-	-	-	13,471.00
98 - Population Welfare Division	48.54	-	71.76	0.17	0.24	0.99	-	-	0.19	-	-	-	2.11	144.49
99 - Ports and Shipping Division	133.43	-	226.95	-	15.64	0.48	-	-	2.25	-	-	0.40	7.85	381.96
100 - Postal Services Division	13.79	-	16.27	-	0.34	0.34	-	-	1.34	-	-	-	1.62	33.94
101 - Pakistan Post Office Department	6,650.44	-	2,495.04	1,706.03	42.79	54.09	-	-	18.54	-	-	48.12	117.64	10,922.48
102 - Provinces Division	15.16	-	2.45	-	0.79	0.09	-	-	-	-	-	-	0.09	18.59
104 - Religious Affairs Division	49.54	-	45.62	0.28	0.36	0.16	-	-	0.15	-	-	-	1.12	117.25
105 - Council of Islamic Ideology	33.75	0.13	17.97	-	-	0.19	-	-	0.06	-	-	-	0.77	47.76
106 - Other Expenditure of Religious Affairs Division	104.75	-	111.36	0.87	54.33	0.87	-	-	3.34	-	-	-	3.38	204.09
107 - Scientific and Technological Research Division	59.72	-	200.65	0.87	1.89	2.01	-	-	1.82	-	-	-	1.94	347.86
108 - Other Expenditure of Scientific and Technological Research Division	40.87	-	3,283.09	0.05	-	-	-	-	-	-	-	-	0.89	3,364.87
109 - Social Welfare and Special Education Division	465.33	-	199.22	0.18	1,496.31	1.72	-	-	1.72	-	-	-	26.29	2,368.38
110 - Other Expenditure of Social Welfare and Special Education Division	16.24	-	-	-	24.75	-	-	-	-	-	-	-	-	41.00
111 - Special Assistance Division	6.55	-	4.27	-	-	0.14	-	-	0.09	-	-	-	0.35	11.59
112 - Sports Division	23.56	-	15.79	-	635.29	0.34	-	-	2.54	-	-	-	4.65	675.63
113 - Sindh and Frontier Regions Division	43.74	-	11.65	0.28	1.08	0.31	-	-	0.11	-	-	-	1.06	58.43
114 - Tourism Region	4,004.04	-	18.00	0.30	-	31.44	-	-	2.28	-	-	-	3.11	4,178.64
115 - Federally Administered Tribal Areas	9,942.82	-	1,897.39	0.04	449.37	3.47	-	-	-	-	-	-	233.25	12,094.23
116 - Ministry of Education in Ex. Rules	3.19	-	-	-	-	-	-	-	-	-	-	-	-	3.19
117 - Afghan Refugees	257.35	-	443.36	0.61	-	-	-	-	1.39	-	-	-	4.48	693.79
118 - Tamil Industry Division	47.42	-	18.76	-	87.25	1.07	-	-	2.56	-	-	-	3.66	175.71
119 - Tourism Division	58.17	-	38.84	0.15	0.64	0.79	-	-	1.45	-	-	-	1.80	101.84
120 - Other Expenditure of Tourism Division	-	-	2.08	-	65.99	-	-	-	-	-	-	-	-	68.07

Statement of Appropriation of Grants by Object  
For the Year Ended 30 June 2011

(Rs. In Millions)

Grants Name	A01 Employment Related Expenses	A12 Project Pre- Investment Analysis	A02 Operating Expenses	A04 Employee's Retirement Benefits	A05 Grants Schemes and Write Off Loans	A06 Transfers	A07 Interest Payment	A08 Loans and Advances	A09 Physical Assets	A10 Principal Repayments of Loans	A11 Investment	A12 Chall Works	A13 Repairs and Maintenance	Grand Total
001 - Water and Power Division	4.95	-	31,927.44	-	87.50	-	-	-	1.35	-	-	324.97	6.29	32,047.49
012 - Other Development Expenditure of Culture Division Outside PWDOP	3.67	-	35,207.19	-	-	-	-	-	0.65	-	-	-	0.60	35,597.19
013 - Development Expenditure of Landlocked Division	37.47	12.50	18.54	0.59	-	0.48	-	-	73.74	-	-	43.32	0.43	192.96
014 - Development Expenditure of Commerce Division	0.50	0.19	-	-	21.00	-	-	-	33.09	-	-	4.89	-	42.99
015 - Development Expenditure of Communications Division	3.39	-	2.51	-	-	-	-	-	3,344.89	-	-	1,254.38	0.19	9,240.77
017 - Development Expenditure of Defense Division	104.95	-	536.50	-	-	-	-	-	10.50	-	-	-	-	13.50
018 - Development Expenditure of Federal Government Educational Institutions, Universities and Quota	-	-	-	-	-	-	-	-	119.00	-	-	-	-	119.00
040 - Development Expenditure of Economic Affairs Division	3.27	-	1.07	-	-	-	-	-	-	-	-	-	-	4.34
041 - Development Expenditure of Statistics Division	62.56	-	35.11	0.55	-	0.53	-	-	0.56	-	-	-	2.20	98.14
042 - Development Expenditure of Education Division	0.52	-	245.88	-	1,184.08	47.26	-	-	46.43	-	-	279.08	45.55	2,133.32
043 - Development Expenditure of Environment Division	-	-	258.14	-	-	-	-	-	-	-	-	-	-	258.14
044 - Development Expenditure of Finance Division	212.58	-	534.66	0.53	14,280.41	0.13	-	-	338.33	-	-	304.12	4.67	15,070.52
045 - Other Development Expenditure	-	-	-	-	17,288.81	-	-	-	-	-	-	-	-	17,288.81
046 - Development Expenditure Outside Public Sector Development Programme	-	-	300.00	-	4,733.37	1,057.39	-	-	-	-	-	-	-	6,094.99
047 - Development Expenditure of Revenue Division	8.10	-	141.64	-	-	497.41	-	-	374.79	-	-	-	0.40	1,465.78
048 - Development Expenditure of Planning and Development Division	1,616.49	-	17.43	-	46.43	0.33	-	-	157.64	-	-	-	3.34	2,469.59
049 - Development Expenditure of Land and Agriculture Division	261.34	0.00	296.56	1.14	2,641.56	0.95	-	-	36.89	-	-	2.37	7.63	3,459.44
050 - Development Expenditure of Agriculture Research	-	-	-	-	428.73	-	-	-	-	-	-	-	-	428.73
051 - Development Expenditure of Health Division	9,113.12	0.35	4,477.18	10.13	-	0.17	-	-	279.44	-	-	455.23	193.63	14,028.46
052 - Development Expenditure of Information and Broadcasting Division	2.57	-	0.47	-	24.69	0.03	-	-	-	-	-	-	0.04	27.80
053 - Development Expenditure of Information Technology and Telecommunications Division	81.93	0.24	3.03	-	81.36	-	-	-	34.87	-	-	45.54	0.17	247.34
054 - Development Expenditure of Interior Division	276.78	-	503.34	-	1.36	60.38	-	-	215.00	-	-	974.63	84.93	2,015.11
055 - Development Expenditure of Labour Affairs and Order Relations Division	2.82	-	2,815.23	-	-	-	-	-	-	-	-	-	-	5,618.03
056 - Development Expenditure of Labour and Manpower Division	10.39	-	12.40	-	-	0.02	-	-	3.96	-	-	-	0.79	27.56
057 - Development Expenditure of Law, Justice and Parliamentary Affairs Division	27.12	-	316.96	-	-	0.07	-	-	0.14	-	-	37.16	0.78	425.13
058 - Development Expenditure of Livestock and Dairy Development Division	23.73	-	5.38	0.37	197.30	0.14	-	-	7.46	-	-	-	-	244.98
059 - Development Expenditure of Local Government and Rural Development Division	0.77	-	6,813.27	-	-	2.43	-	-	-	-	-	-	-	6,817.25
060 - Development Expenditure of Non-ferrous Metals Division	-	-	130.83	-	-	-	-	-	9.24	-	-	-	-	140.07
062 - Development Expenditure of Public and National Resources Division	-	-	-	-	1,483.69	-	-	-	-	-	-	-	-	1,483.69
063 - Development Expenditure of Population Welfare Division	191.62	-	33.34	0.03	421.65	0.13	-	-	0.39	-	-	-	2.03	647.89
063 - Development Expenditure of Public Service Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-
064 - Development Expenditure of Scientific and Technological Research Division	2.46	-	6.62	-	268.32	0.06	-	-	-	-	-	-	0.17	692.16
065 - Development Expenditure of Social Welfare and Special Education Division	66.78	-	3.76	0.65	51.69	-	-	-	0.65	-	-	10.90	0.43	114.28
066 - Development Expenditure of Sports Division	4.42	-	14,400.07	0.87	-	0.08	-	-	-	-	-	327.82	0.03	15,006.06
067 - Development Expenditure of Family Amenities, Child Care	-	-	-	-	-	-	-	-	-	-	-	-	-	14,861.87
068 - Development Expenditure of Textile Industry Division	0.90	-	8.22	-	-	-	-	-	40.43	-	-	-	-	49.55
069 - Development Expenditure of Tourism Division	-	-	-	-	-	-	-	-	25.70	-	-	-	-	25.70
070 - Development Expenditure of Water and Power Division	3.94	-	60.38	-	13,247.00	-	-	-	15.00	-	-	-	-	13,266.32
071 - Development Expenditure of Women Development Division	-	-	-	-	-	-	-	-	-	-	-	-	-	68.44
<b>Total Current Expenditure</b>	<b>988,174.24</b>	<b>5.49</b>	<b>178,384.47</b>	<b>214,409.82</b>	<b>794,471.21</b>	<b>6,478.47</b>	<b>-</b>	<b>9,812.89</b>	<b>171,842.47</b>	<b>-</b>	<b>7,864.11</b>	<b>34,498.83</b>	<b>3,497.38</b>	<b>2,499,277.52</b>

For the Year Ended 30 June 2011

(In Millions)

Grants Name	ARI	ARI2	ARI3	ARI4	ARI5	ARI6	ARI7	ARI8	ARI9	ARI10	ARI11	ARI12	ARI13	Grand Total
	Employee Related Expenses	Project Pre-treatment Activities	Operating Expenses	Employees' Retirement Benefits	Grants Subsidies and Write Off Loans	Transfers	Interest Payment	Losses and Advances	Physical Assets	Principal Repayments of Loans	Development	Chg Works	Repairs and Maintenance	
132 - Development Expenditure of Youth Affairs Division	2.23	-	5.73	-	-	-	-	-	2.85	-	-	-	-	18.81
133 - Capital Outlay on Development of Aquatic Energy	-	-	22,879.84	-	-	-	-	-	-	-	-	-	-	22,879.84
134 - External Development Loans and Advances by the Federal Government	-	-	-	-	-	-	-	16,542.01	-	-	-	-	-	16,542.01
135 - Capital Outlay on Federal Investments	-	-	-	-	-	-	-	37,118.20	-	-	132.23	-	-	37,250.43
136 - Development Loans and Advances by the Federal Government	-	-	0.11	-	-	-	-	-	-	-	-	-	-	0.11
137 - Capital Outlay on Works of Foreign Affairs Division	2.80	-	333.56	-	-	-	-	-	-	-	-	98.07	-	336.43
138 - Capital Outlay on Civil Works	-	-	-	-	1,182.93	-	-	-	-	-	-	2,112.56	-	3,295.49
139 - Capital Outlay on Industrial Development	-	-	-	-	-	-	-	-	-	-	-	-	-	1,382.83
140 - Capital Outlay on Personnel and Special Resources	15.89	-	11.59	-	-	8.05	-	-	0.68	-	-	6.42	1.64	36.27
141 - Capital Outlay on Ports and Shipping Services	-	-	433.13	-	34.42	-	-	-	-	-	-	-	-	467.55
142 - Capital Outlay on Pakistan Fisheries	-	-	-	-	-	-	-	-	-	-	3,614.54	-	-	3,614.54
143 - Capital Outlay on Special Initiatives	-	-	-	-	200.98	-	-	-	-	-	-	-	-	200.98
<b>Total Development Expenditure</b>	<b>16,678.96</b>	<b>11.49</b>	<b>116,621.68</b>	<b>12.81</b>	<b>63,177.89</b>	<b>1,196.78</b>	<b>-</b>	<b>183,964.27</b>	<b>8,118.68</b>	<b>-</b>	<b>3,798.74</b>	<b>2,512.87</b>	<b>488.75</b>	<b>239,198.18</b>
<b>Expenditure Charged upon Federal Consolidated Fund</b>														
A - Staff Salaries and Allowances of the President	245.93	-	83.22	2.28	81.97	32.38	-	-	7.73	-	-	-	12.39	483.70
B - Servicing of Foreign Debt	-	-	-	-	-	-	88,032.33	-	-	128,781.08	-	-	-	216,813.41
C - Foreign Loans Repayment	-	-	-	-	-	-	-	-	-	27,932.25	-	-	-	27,932.25
D - Repayment of Short Term Foreign Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
E - Audit	1,350.30	-	400.42	11.97	7.61	1.22	-	-	5.82	-	-	-	18.68	1,786.42
F - Servicing of Domestic Debt	-	-	-	-	-	-	-	-	-	6,802,297.41	-	-	-	6,802,297.41
G - Repayment of Domestic Debt	664.88	-	97.92	-	-	1.91	-	-	22.35	-	-	-	5.27	793.43
H - Expenses of Court	251.95	-	328.84	2.35	1.80	1.05	-	-	78.49	-	-	1.19	-	663.68
I - Election Commission	162.11	-	90.35	0.41	0.20	0.23	-	-	1.98	-	-	-	-	255.27
J - National Tax Ombudsman	32.03	-	52.68	0.06	-	0.18	-	-	6.18	-	-	-	-	91.03
<b>Total Expenditure Charged upon Federal Consolidated Fund</b>	<b>2,772.67</b>	<b>-</b>	<b>2,712.27</b>	<b>27.27</b>	<b>91.88</b>	<b>28.98</b>	<b>-</b>	<b>183,964.27</b>	<b>722.89</b>	<b>6,777,685.19</b>	<b>-</b>	<b>2,177</b>	<b>61.09</b>	<b>6,986,175.62</b>
<b>Grand Total - 2011 (Note 29)</b>	<b>214,187</b>	<b>19</b>	<b>298,648</b>	<b>13,848</b>	<b>63,823</b>	<b>18,283</b>	<b>-</b>	<b>13,617</b>	<b>12,125</b>	<b>6,777,685</b>	<b>11,613</b>	<b>43,885</b>	<b>6,889</b>	<b>8,724,882</b>
<b>Grand Total - 2010 (Note 29)</b>	<b>249,086</b>	<b>88</b>	<b>298,214</b>	<b>8,348</b>	<b>63,506</b>	<b>21,003</b>	<b>-</b>	<b>193,660</b>	<b>10,875</b>	<b>3,835,566</b>	<b>24,885</b>	<b>32,229</b>	<b>3,317</b>	<b>4,225,985</b>

The annexes 1 to 13 form an integral part of these financial statements

*Kamal A. Jamil*  
Accountant General Pakistan Revenue

# FEDERAL GOVERNMENT

## Notes to the Financial Statement

### For the Year Ended 30 June 2011

#### 1. REPORTING ENTITY

Federal Government – Islamic Republic of Pakistan (“the Government”) conducts its operations under the Rules of Business 1973. These rules were made pursuant to Article 90 and 99 of the Constitution of the Islamic Republic of Pakistan, 1973 (“the Constitution”) and envisages Federal Government as comprising of ministries, divisions and attached departments. Financial procedures of the Constitution describes the Government as Federal Fund and Public Account for which Annual Budget Statement is authorized by the Parliament 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 federation 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 Federal Government as an accounting and reporting entity comprising of:

- a) Centralized Accounting Entities; for which the Accountant General Pakistan Revenues has the primary responsibility for accounting and reporting.
- b) Self Accounting Entities; for which the Principal Accounting Officer has the primary responsibility for accounting and reporting. The Self Accounting Entities are as under:
  - 1. Defence Services
  - 2. Pakistan Post Office Department
  - 3. Foreign Office
  - 4. Pakistan Public Works Department
  - 5. Central Directorate of National Savings
  - 6. Pakistan Mint
  - 7. Geological Survey of Pakistan
  - 8. Food Wing (Ministry of Food and Agriculture)
  - 9. Pakistan Railways
- 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 included in the financial statements of the Federal Government. New investments by the Federal Government in such entities are capitalized and any grants to the entities are classified as an expense of the Federal Government in the financial year to which they pertain. Return from these entities in the form of dividends or interest is classified as non-tax revenue.

These financial statements include all centralized and self accounting entities except for Pakistan Railways. Financial statements of Pakistan Railways are prepared on a basis other than cash and are separately presented.

#### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the New Accounting Model (NAM) which comprises of seven volumes. In December 2000, Auditor General of Pakistan prescribed NAM with the approval of the President of Pakistan under Article 170 of the Constitution of Islamic Republic of Pakistan and the implementation of NAM is an ongoing process. 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.

# **FEDERAL GOVERNMENT**

## **Notes to the Financial Statement**

### **For the Year Ended 30 June 2011**

#### **3. 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. The statement of receipts and payments, statement of cash flows, statements of comparison of budget and actual amounts by function, statements of comparison of budget and actual expenditure by division and notes forming parts thereof have been prepared on the format of Cash Basis IPSAS - Financial Reporting under the Cash Basis of Accounting. The statement of cash flows as required by IPSAS 2 - Cash Flow Statements has also been presented, as encouraged by Cash Basis IPSAS.

The Financial Statements for the financial year 2010-11 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.

#### **4. REPORTING AND BUDGET PERIOD**

The reporting and budget period of these financial statements is the financial year 2010-11 (from 1 July, 2010 to 30 June, 2011).

#### **5. REPORTING CURRENCY**

The reporting currency of these financial statements is Pakistani Rupee.

#### **6. SIGNIFICANT ACCOUNTING POLICIES**

##### **6.1. Revenue recognition**

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

##### **6.2. 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**

Direct payments into bank account, expenditure is recognized on the date the payment advice is issued to the bank.

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

Repayment of loans and other direct payments by the SBP, expenditure is recognized on the date State Bank of Pakistan advises the relevant accounting office.

## **FEDERAL GOVERNMENT**

### **Notes to the Financial Statement**

### **For the Year Ended 30 June 2011**

#### **e) Imprest payments**

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

#### **6.3. Foreign currency transactions**

Cash receipts and payments arising from transactions in foreign currencies are recorded in Pak Rupee by applying to the foreign currency amount the exchange rate between the Pak Rupee and the foreign currency at the date of the receipts and payments. Exchange differences arising on settlement of these transactions are recognized in the Statement of Receipts and Payments.

#### **6.4. Employee benefits**

The government has following plans for its employees:

##### **a) General Provident Fund**

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

##### **b) Pension**

It is 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.

#### **6.5. Investments**

Investments are initially measured at cost being the fair value of consideration given plus transaction costs that are directly attributable to their acquisition. Subsequent to initial recognition, investments are carried at historical cost. Any dividends received against investments are recognized when received in the Federal Consolidated Fund.

#### **6.6. Cash and cash equivalents**

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

#### **6.7. Reporting on net basis**

Floating debt includes treasury bills auctioned by the government in which the turnover is quick, the amounts are large and maturities are short. These have been reported on a net basis in compliance with IPSAS Cash Basis. A reconciliation of gross and net amounts is presented in note 29 to the financial statements.

#### **6.8. Liability**

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



**FEDERAL GOVERNMENT**  
**Notes to the Financial Statement**  
**For the Year Ended 30 June 2011**

**6.9. Public Debt**

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

**6.10. 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.

**6.11. Loans and advances**

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

**6.12. Payments by third parties**

The Federal Government also benefits from goods and services purchased on its behalf as a result of cash payments made by third parties during the period by way of loans and contributions, in the shape of grants and aids. The payments made by the third parties do not constitute cash receipts or payments controlled by the Federal Government as defined in the Cash Basis IPSAS - Financial Reporting under the Cash Basis of Accounting, but do benefit the Federal Government, as the Federal 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.

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**

**7. TAXATION**

	Note	2011 ( Rupees in million )			2010 (Rupees in million )		
		Tax Collected	Transfers	Net Tax Collected	Tax Collected	Transfers	Net Tax Collected
<b>Income tax</b>	7.1	571,804	(334,129)	237,675	496,632	(223,663)	272,969
<b>Sales tax</b>	7.2	633,654	(383,735)	249,919	516,348	(224,709)	291,639
<b>Customs</b>	7.3	184,851	(101,131)	83,720	160,276	(69,823)	90,453
<b>Federal excise</b>	7.4	137,313	(87,490)	49,823	124,786	(55,638)	69,148
<b>Others</b>	7.5	12,473	(749)	11,724	14,764	(1,790)	12,974
		<b>1,540,095</b>	<b>(907,234)</b>	<b>632,861</b>	<b>1,312,806</b>	<b>(575,623)</b>	<b>737,183</b>

7.1. The Federal levy on income (Income Tax), with effect from July 01, 2002, is governed by the Income Tax Ordinance, 2001 and Income Tax Rules, 2002. It is an annual charge on the taxable income for a tax year, if it exceeds the maximum amount that is not chargeable to tax. Tax rates and method of calculating taxable income varies with fiscal status of the tax payer. The broad categories of taxpayers include companies, non salaried individuals, association of persons, Hindu undivided families and salaried individuals.

7.2. Sales Tax is a tax on consumption, levied on manufacturers and retailers as well as on the importers, wholesalers, distributors, dealers and specified services ranging from @ 17% to 22%(2009-2010 @ 16% to 21%). However, all the exports and other goods/ items mentioned in the fifth schedule to Sales Tax Act, 1990 or in a notification issued under section 4 of the Act are chargeable to tax @ 0%.

7.3. Goods imported into Pakistan are liable to custom duties at the rates specified in the first schedule to the Customs Act, 1969 (IV of 1969).

7.4. The federal excise duty is leviable under the Federal Excise Act, 2005 on exercisable goods produced or manufactured in Pakistan or imported into Pakistan or such goods as the Federal Government may, by notification in the official Gazette, specify, as are produced or manufactured in the non-tariff areas and are brought to the tariff areas for sale or consumption therein; and services, provided or rendered in Pakistan.

Note	2011 Rupees in million	2010 Rupees in million
<b>7.5. TAXATION OTHERS</b>		
<i>Direct Taxes</i>		
Capital Value Tax	(608)	2,219
Land Revenue	77	100
Tax on Profession, Trade and Callings	26	10
Other Direct Taxes	10,630	9,122
	<b>10,125</b>	<b>11,451</b>
<i>Indirect Taxes</i>		
Receipts Under Motor Vehicles Act	1065	1,012
Stamp Duties	330	319
Provincial Excise	127	84
Others Indirect Taxes	77	108
	<b>1,599</b>	<b>1,523</b>
	<b>11,724</b>	<b>12,974</b>

**8. GENERAL ADMINISTRATION RECEIPTS**

Social Services	1067	975
Community Services	867	844
Law and Order	713	744
Fiscal Administration	599	445
Economic Regulations	1096	409
Organs of State	59	19
Statistics	5	2
	<b>4,406</b>	<b>3,438</b>

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**

	Note	2011 Rupees in million	2010 Rupees in million
<b>9. ECONOMIC SERVICES RECEIPTS</b>			
Receipts under Oilfields and Mineral Development Act		345	594
Fisheries and Animal Husbandry		250	206
Special Communication Organization Receipts		1,602	-
Food and Agriculture		124	141
Forest and Irrigation		13	30
		<u>2,334</u>	<u>971</u>
<b>10. DEFENCE SERVICES RECEIPTS</b>			
Administrative Services		64,146	109,701
Air Force		996	1,542
General Headquarters		1,774	1,506
Military Engineering Services		1,309	1,103
Pakistan Navy		666	796
Defence Services Others		790	677
Receipts on certain measures of Inter-Services Nature		723	630
Procurement, Research & Product Development		265	196
Military Farms		262	55
		<u>70,931</u>	<u>116,206</u>

10.1. Defence services receipts mainly represent receipts realized on account of service charges in accordance with the protocol agreements, dues from civil agencies, sale & auction of obsolete stores, charges realized on account of use of army aviation facilities and leave salary etc. of armed forces personnel on deputation abroad.

	Note	2011 Rupees in million	2010 Rupees in million
<b>11. DEVELOPMENT SURCHARGE AND ROYALTIES</b>			
Petroleum Development Levy	11.1	72,325	88,741
Development Surcharge on Gas	11.2	30,358	25,907
Royalty on Crude Oil	11.3	23,355	8,354
Royalty on Natural Gas	11.3	38,433	24,660
Discount Retained on Local Crude Price	11.4	36,925	12,495
Mineral Royalties		29	41
Windfall Levy on Crude Oil		7,507	32
		<u>208,932</u>	<u>160,230</u>
Less: Provincial Share		<u>(92,055)</u>	<u>(57,803)</u>
		<u>116,877</u>	<u>102,427</u>

11.1. Petroleum development levy is imposed through Finance Ordinance, 2001 at per liter price of various selected products notified by the Government.

11.2. 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.

11.3. Royalty on crude oil and natural gas is received under Pakistan Petroleum Production Rules, 1949 at the rate of 12.5% on the well head value of production.

11.4. Discount retained on local crude price is received from oil exploration companies selling petroleum products to refineries on the basis of prices prevailing at international markets. The profit margin available between sale price and cost of production is shared by exploration companies and Federal Government.

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**

	Note	2011 Rupees in million	2010 Rupees in million
<b>12. INTEREST ON LOANS AND ADVANCES</b>			
Interest on Domestic Loan	12.1	24,342	24,388
Interest on Loans and Advances to Govt. Servants		57	57
Loans and Advances - Others		4,771	4,497
		<u>29,170</u>	<u>28,942</u>
<b>12.1. Interest On Domestic Loan</b>			
Provinces		19,340	19,001
Financial Institutions		4,165	3,316
Non-Financial Institutions		541	1,752
District Governments		256	258
Others		40	61
		<u>24,342</u>	<u>24,388</u>
<b>13. DIVIDEND AND PROFIT SHARE</b>			
Dividends Receipts	13.1	50,645	52,637
Profit share	13.2	177,000	233,030
		<u>227,645</u>	<u>285,667</u>
<b>13.1. Dividends Receipts</b>			
<b>Financial Institution</b>			
National Insurance Corporation		-	440
State Life Insurance Corporation		358	415
Pakistan Re-Insurance Corporation		404	383
Others		299	125
		1,061	1,363
<b>Non-Financial Institution</b>			
Oil and Gas Development Corporation		14,491	21,443
Pakistan Telecommunication Corporation		5,549	10,306
Govt Holding Pvt LTD		13,000	8,700
Pakistan Petroleum Ltd		11,917	4,497
Saindak Metal (Pvt) Limited		2,000	4,000
Pak Arab Refinery		600	1,800
Pakistan Security Printing Corporation		300	300
Pakistan State Oil Company Ltd		501	116
Fauji Fertilizer Co Limited		36	61
Sui Northern Gas Pipe Lines Ltd		348	-
Sui Southern Gas Company Ltd		535	-
Others		307	51
		<u>49,584</u>	<u>51,274</u>
		<u>50,645</u>	<u>52,637</u>
<b>13.2. Profit share</b>			
State Bank of Pakistan	13.2.1	177,000	233,000
Post Office		-	30
		<u>177,000</u>	<u>233,030</u>

13.2.1. The share of profits from the State Bank of Pakistan represents distributable profits to the federal government against the appropriation of net profits of the bank.

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**

	Note	2011 Rupees in million	2010 Rupees in million
<b>14. DEVELOPMENT GRANTS</b>			
<i>Foreign Governments</i>			
United States of America		-	20,224
United Kingdom		-	8,869
Others		2,586	308
		<u>2,586</u>	<u>29,401</u>
<b>15. FOREIGN DEBT - RECEIPTS</b>			
International Monetary Fund		67,722	92,808
Asian Development Bank		39,587	77,883
Loans from International Development Association		66,392	58,472
Islamic Development Bank		4,685	58,210
Chinese Loan		27,110	22,464
Saudi Arabia		731	16,884
Loans from International Bank for Re-construction and Development		3,028	7,211
Yen Credit from Japan		12,793	2,479
International Fund for Agricultural Development		1,560	2,365
French Credit		1,258	2,134
Dollar Bond N.C.C.		1,874	1,785
German Export Credit		61	1,026
Kuwait		729	310
O.P.E.C. Special Fund Loan		207	30
Others		2,029	3,955
		<u>229,766</u>	<u>348,016</u>
<b>16. DOMESTIC DEBT - RECEIPTS</b>			
<i>Government Securities</i>			
Permanent Debt	16.1	476,155	213,422
Floating Debt-Net	17	832,436	493,328
		<u>1,308,591</u>	<u>706,750</u>
<b>16.1 Permanent Debt</b>			
National Prize Bonds		139,644	136,003
Pakistan Investment Bonds		154,153	63,000
Ijara Sukuk Bond		182,355	14,396
Special U.S. Dollar Bonds		3	6
Others		-	17
		<u>476,155</u>	<u>213,422</u>
<b>17. DOMESTIC FLOATING DEBT-NET</b>			
<b>Floating Debt Receipts</b>			
6 Months Market Treasury Bills purchased by SBP		3,007,201	2,406,608
6 Months Market Treasury Bills (Auction)		3,685,469	1,447,184
Treasury Bills for Ways and Means		59	273
		<u>6,692,729</u>	<u>3,854,065</u>
<b>Floating Debt Payments</b>			
6 Months Market Treasury Bills purchased by SBP		2,691,785	2,326,053
6 Months Market Treasury Bills (Auction)		3,167,608	1,034,331
Treasury Bills for Ways and Means		59	273
Promissory Note		841	80
		<u>5,860,293</u>	<u>3,360,737</u>
		<u>832,436</u>	<u>493,328</u>

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**

	Note	2011 Rupees in million	2010 Rupees in million
<b>18. PRIVATIZATION PROCEEDS</b>			
Others		674	41
		<u>674</u>	<u>41</u>
<b>19. RECOVERY OF LOANS AND ADVANCES</b>			
Provinces		30,747	24,265
Financial Institution		5,942	4,480
Government Servants		1,736	2,871
Non-Financial Institution		1,570	2,259
Others		2,456	2,253
		<u>42,451</u>	<u>36,128</u>
<b>20. TRADING ACTIVITIES</b>			
Pakistan Post Office - Receipts		8,332	10,927
Sale of wheat		2	9
		<u>8,334</u>	<u>10,936</u>
<b>21. SALARIES AND EMPLOYEES BENEFITS</b>			
Pay and Allowances		314,167	249,086
Retirement Benefits		113,860	83,688
		<u>428,027</u>	<u>332,775</u>
<b>22. PRINCIPAL REPAYMENTS OF DEBT</b>			
<b>Foreign Debt</b>			
Euro Bond		-	50,849
Asian Development Bank		53,560	42,891
Islamic Development Bank		28,192	39,512
International Bank for Re-construction and Development		13,691	16,207
International Development Association		14,442	14,123
Chinese Loan		9,675	8,974
Yen Credit from Japan		4,881	4,196
French Credit		2,645	2,257
German Loan		1,547	-
Saudi Arabia		15,311	-
Dollar Bond N.C.C.		1,874	1,785
Italian Credit		1,953	1,721
Korea		951	818
Others		5,429	13,282
		<u>154,151</u>	<u>196,615</u>
<b>Domestic Debt-Permanent</b>			
National Prize Bonds		100,219	91,690
CIRC Bonds		-	2,900
Government Bonds Low Yield		4,957	-
Government Bonds to PSEs		1,538	-
Special U.S. Dollar Bonds		206	2,146
Federal Investment Bonds		2	941
Pakistan Investment Bonds		56,080	427
Others		2	110
		<u>163,004</u>	<u>98,214</u>
		<u>317,155</u>	<u>294,829</u>
<b>23. SERVICING OF DEBT</b>			
Domestic Debt		645,818	589,171
Foreign Debt		68,432	64,317
		<u>714,250</u>	<u>653,488</u>

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**

	Note	2011 Rupees in million	2010 Rupees in million
<b>24. LOANS AND ADVANCES</b>			
Revenue Expenditure		-	1,408
Capital Expenditure			
Non-Financial Institutions		39,372	44,238
Provincial Governments		35,621	63,201
District Governments		20,700	4,900
Government Employees	24.1	2,950	2,258
Others		14,974	77,655
		<u>113,617</u>	<u>192,252</u>
		<u>113,617</u>	<u>193,660</u>
<b>24.1. Government Employees</b>			
House Building Advance		2,445	1,807
Motor Cycle Advance		268	239
Motor Car Advance		233	208
Cycle Advance		4	4
		<u>2,950</u>	<u>2,258</u>

24.2. Advances to government employees are provided according to Rule 252, 253, 256, 262 and 263 of the General Financial Rules as per their entitlements.

	Note	2011 Rupees in million	2010 Rupees in million
<b>25. INVESTMENTS - PAYMENTS</b>			
Pakistan Railways		3,615	11,017
Karachi Electricity Supply Company		1,383	5,912
P.L.A. Corporation		2,867	2,101
E.C.O. Trade and Development Bank		2,072	2,079
Pak China Investment Company		66	1,264
Asian Development Bank		511	501
Pakistan Iran Investment Co.		-	500
Pakistan Brunei Investment Co.		-	500
PHPI		15	-
Karachi Shipyard and Engineering Works Ltd		517	464
NIP Karachi		120	387
Pakistan Dairy Development Co.		83	77
Pakistan Broadcasting Corporation		58	76
Pakistan Television Corporation		74	8
Pakistan Steel Mills Ltd.		232	-
		<u>11,613</u>	<u>24,886</u>

**26. NET RECEIPT OF PUBLIC ACCOUNT**

<b>Receipts</b>			
Other Public Accounts		1,517,677	1,050,783
National Saving Schemes		650,843	744,944
Deposits		731,577	452,975
State Provident Fund		34,529	21,192
		<u>2,934,626</u>	<u>2,269,894</u>
<b>Payments</b>			
Other Public Accounts		(1,503,183)	(1,162,428)
National Saving Schemes		(457,032)	(561,143)
Deposits		(706,814)	(347,867)
State Provident Fund		(23,866)	(13,351)
		<u>(2,690,895)</u>	<u>(2,084,789)</u>
		<u>243,731</u>	<u>185,105</u>

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**

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 Parliament or Presidential order. The balances in the public account are carried forward at year end, to be used for the specific purpose for which they are established.

	Note	2011 Rupees in million	2010 Rupees in million
<b>27. CASH AT BANK AND TREASURIES</b>			
Cash with State Bank of Pakistan (SBP)		140,229	47,120
Cash Balance with Treasuries		(218)	(226)
		<u>140,011</u>	<u>46,894</u>
<b>28. ASSETS AND LIABILITIES</b>			
<i>Assets</i>			
Long Term Assets		416,266	250,956
Investments		512,882	501,294
Loans and Advances		1,204,728	1,133,562
Current Assets		58,802	50,466
Cash at Bank and Treasuries		140,011	46,894
		<u>2,332,689</u>	<u>1,983,172</u>
<i>Liabilities and Equity</i>			
Public Debt		7,983,555	6,762,353
Special Deposits and Trust Accounts		1,795,068	1,553,141
Deferred liabilities		75,772	65,663
Capital Receipts		264,681	264,007
Residual Equity		(7,786,387)	(6,661,992)
		<u>2,332,689</u>	<u>1,983,172</u>

28.1 These financial statements have been prepared under cash basis of accounting, the information of asset and liability have been presented which 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 by division are presented on a gross basis, whereas receipts and payments of floating debt in the Statement of Cash Receipts and Payments have been netted off as explained in note 6.7 for which a reconciliation is presented below.

	Note	2011 Rupees	2010 Rupees
<i>Receipts</i>			
Actual receipts in Statement of Comparison of Budget and Actual Amounts by Function		8,574,288	5,832,160
Add: Floating debt-net	17	832,436	493,328
Less : Floating debt receipts	17	(6,692,729)	(3,854,065)
Actual receipts in Statement of Cash Receipts and Payments		<u>2,713,995</u>	<u>2,471,423</u>
<i>Payments</i>			
Actual payments in Statements of Comparison of Budget & Actual Amounts by Function and Actual Expenditure by Division		8,724,902	6,025,993
Less : Floating debt payments	17	(5,860,293)	(3,360,737)
Actual payments in Statement of Cash Receipts and Payments		<u>2,864,608</u>	<u>2,665,257</u>



**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2011**

**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 federal government together with the audit reports on these financial statements to the President of the Islamic Republic of Pakistan who shall cause them to be laid before the National Assembly. These financial statements have been authorized for issue on 30 DEC 2011.

**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 Pakistan Revenues**

