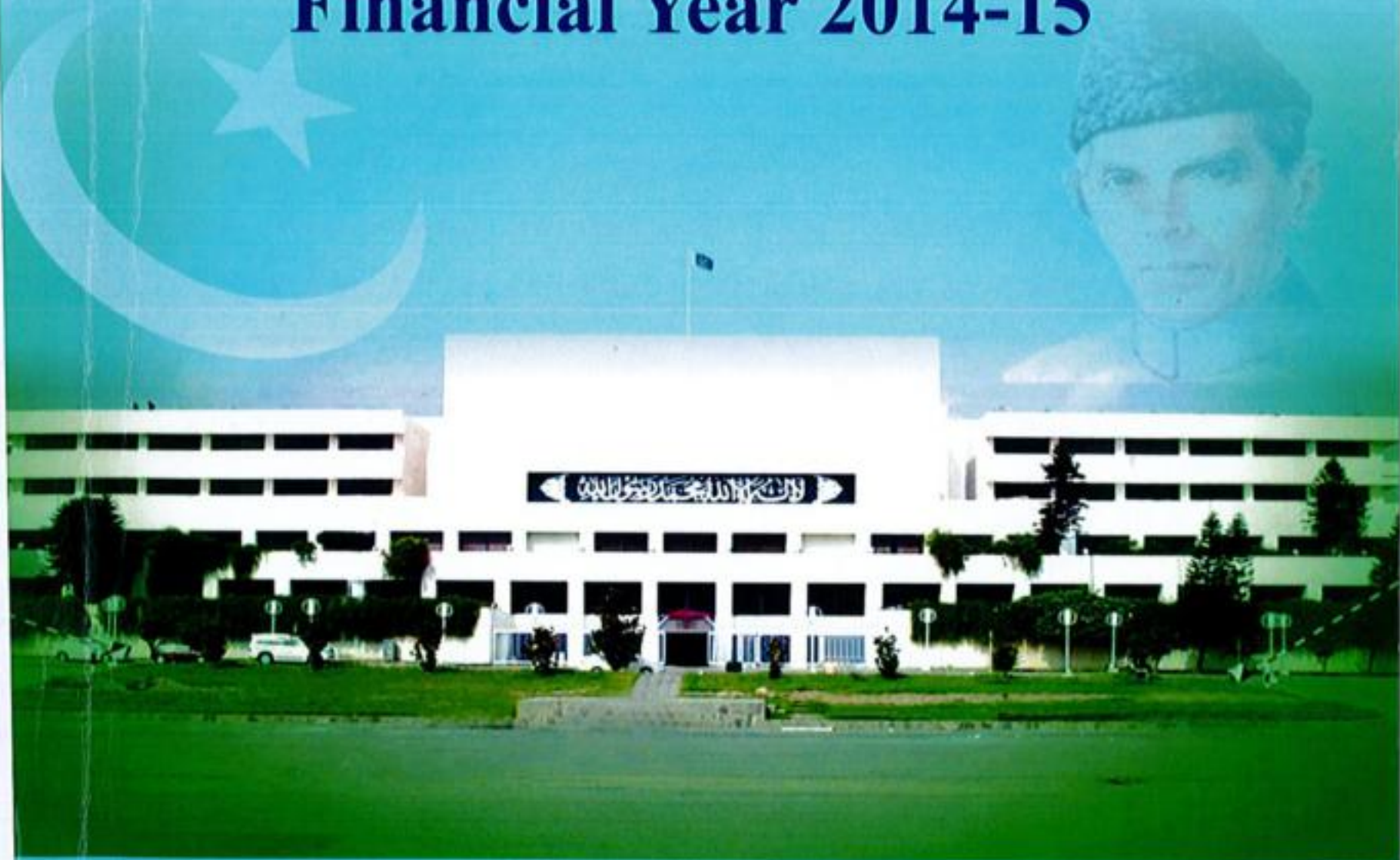




**FINANCIAL STATEMENTS**  
of the  
**Federal Government**  
**Financial Year 2014-15**



**Government of Pakistan**



# **FINANCIAL STATEMENTS**

of the

Federal Government

**Financial Year 2014 – 15**

**Government of Pakistan**

## **Controller General of Accounts**

CGA Complex  
Sector G5/2, Islamabad  
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## **Accountant General Pakistan Revenues**

AGPR Complex  
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## **PREFACE**

I am pleased to present the Audited Financial Statements of the Federal Government for the year ended 30 June, 2015 together with the Auditor's Report thereon along with the management analysis report.

The Financial Statements of the Federal Government for the financial year 2014-15 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:

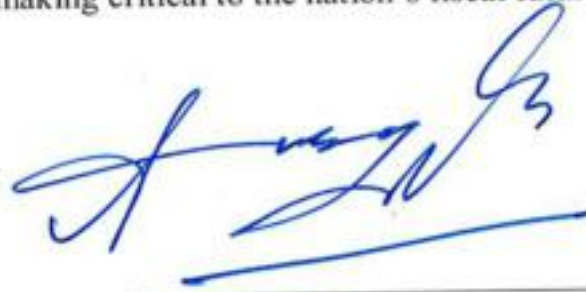
- Commitment Accounting
- Physical and Financial Assets Accounting
- Liabilities Accounting

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 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.



**Controller General of Accounts**

Islamabad, Pakistan

Date: **19 JAN 2016**

## MANAGEMENT ANALYSIS

### INTRODUCTION

The Financial Statements of the Federal Government provide a record of the Government's financial performance over the financial year 2014-15 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.

The financial statements for the financial year 2014 - 15 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.

### 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
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.

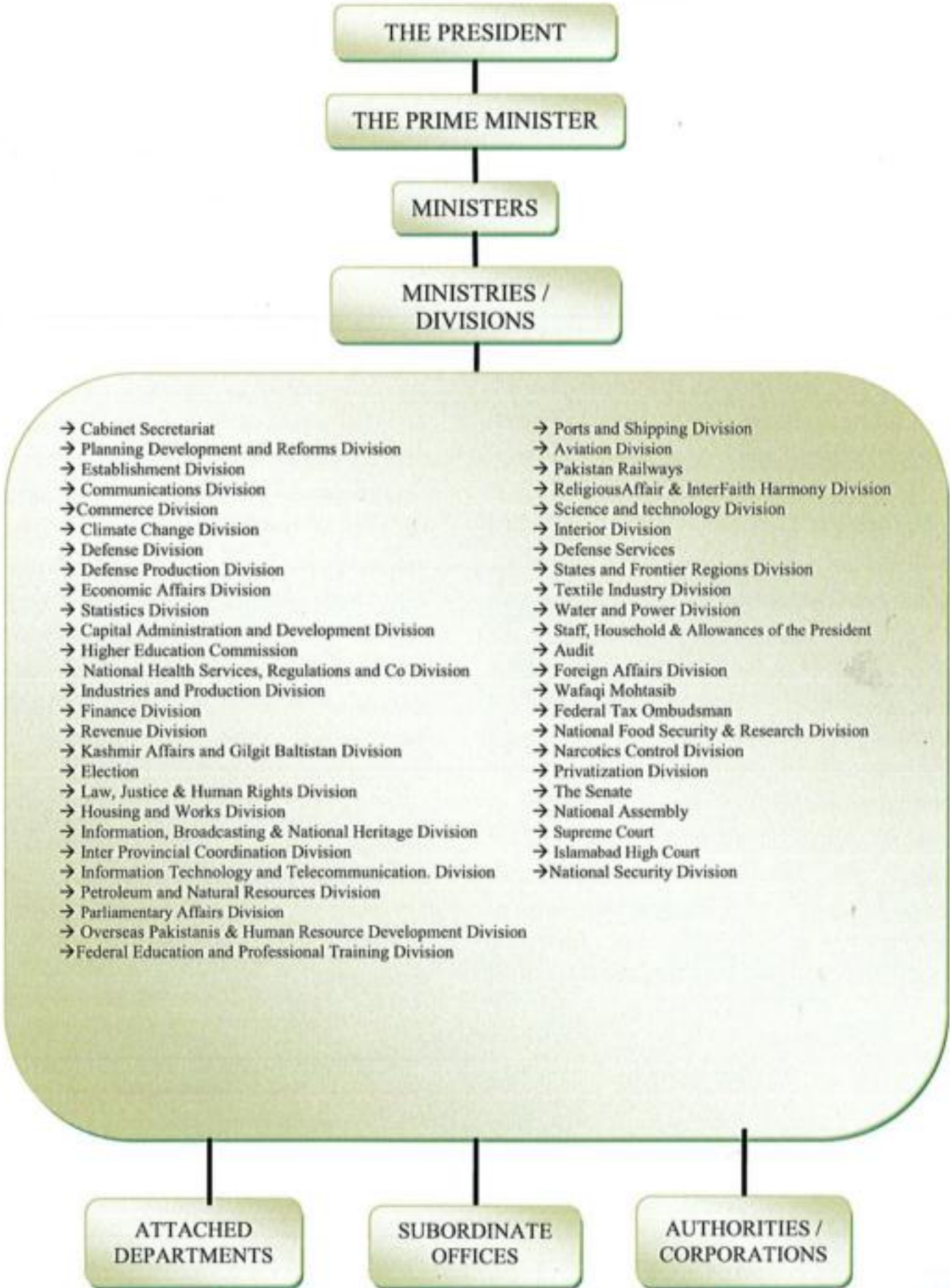
A Division is the basic self contained unit for the conduct of the business of the Federal Government and a division or group of divisions can be constituted as a Ministry with a Minister-in-Charge under Rules of Business, 1973. Each ministry or division may have attached departments working directly 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.

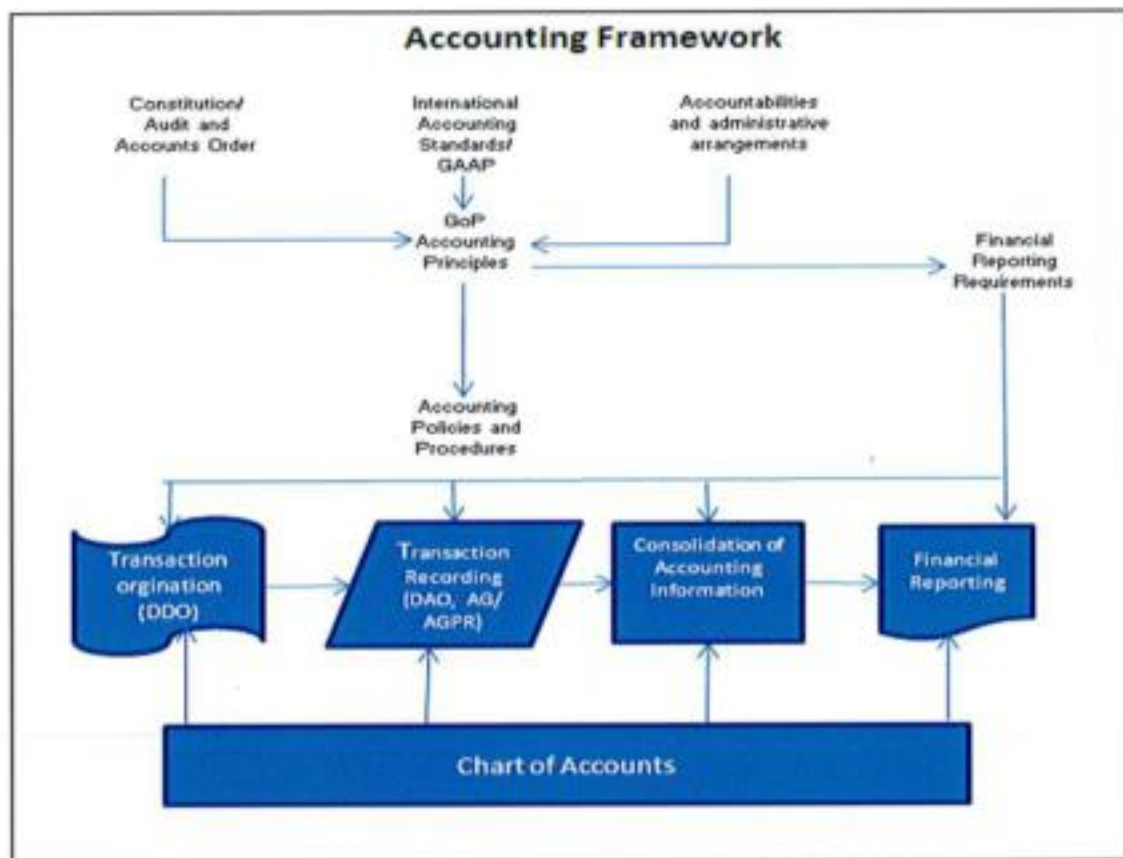
New Chart of Accounts was adopted from 1<sup>st</sup> July 2004. In December 2000, Auditor General of Pakistan prescribed NAM with the approval of the President of Pakistan under Article 170 of the Constitution of Islamic Republic of Pakistan. NAM is based on Modified Cash Basis of Accounting in which, 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 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.

. 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.

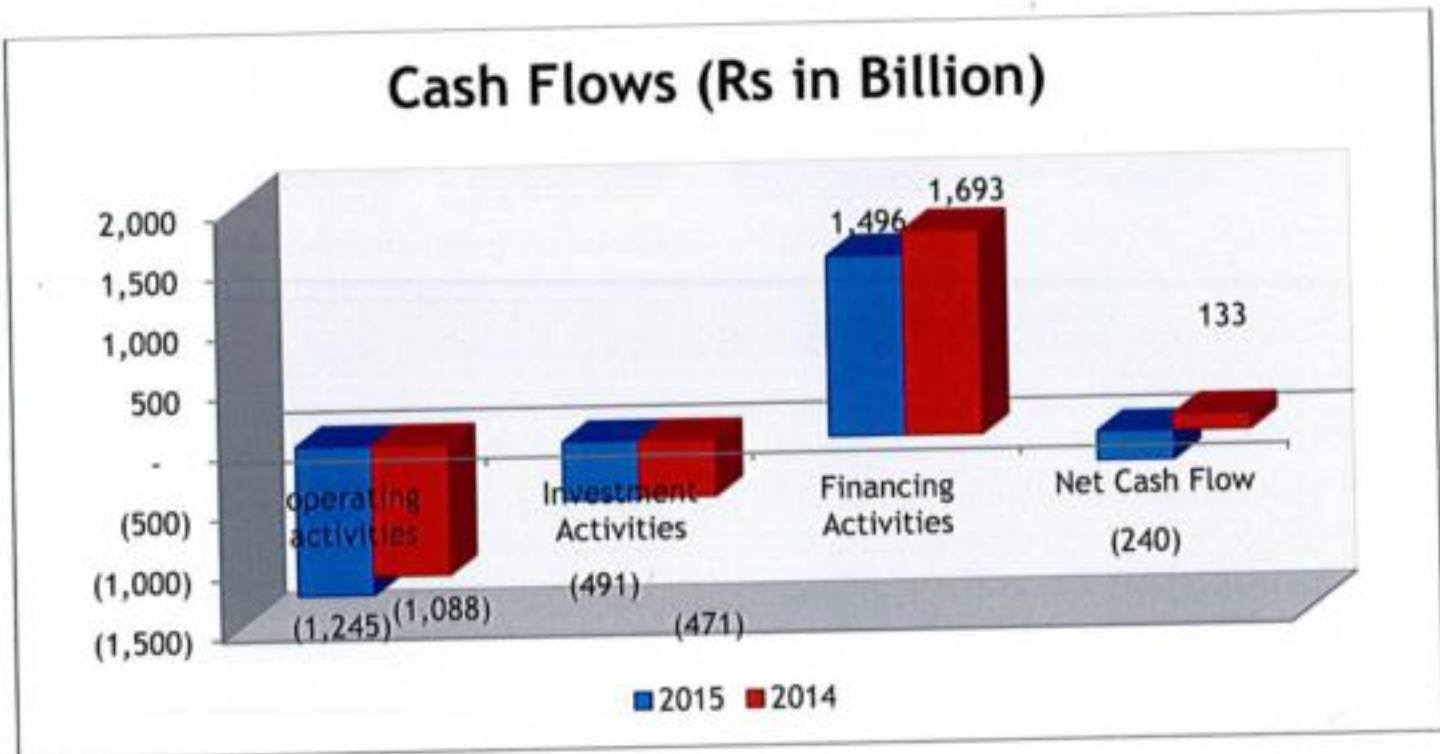
Assets and liabilities of the Federal Government are disclosed in the notes to the Financial Statements and are recorded on a historical cost basis and do not include accrued receipts and payments.

## FINANCIAL REVIEW

### CASH FLOWS

The net cash flows for the year have decreased by Rs. 240,375 million reducing the balance of cash and cash equivalents at end of the year from Rs. 237,516 million last year to a negative balance of Rs.2,859 million. Cash used in

operating activities increased by 14.42%. The outflow from investing activities has increased by 4.25%. The cash flows from financing activities have decreased by 11.61%.



### RECEIPTS AND PAYMENTS

#### RECEIPTS

##### *Taxation*

During the year under review tax receipts were Rs. 2,570,485 million as compared to Rs. 2,287,040 million for the previous financial year, which represents an increase of 12.39%. Out of total tax collections for the financial year 2014-2015, the Federal Government has transferred Rs. 1,443,216 million to the provinces. These transfers are made from all heads of taxes in accordance with the

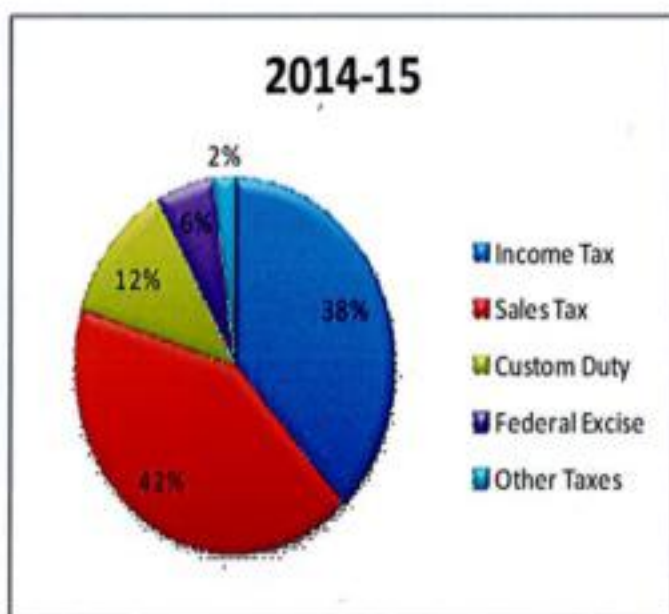
NFC award. The net tax reported after the transfers leaves the Federal Government with a tax revenue of Rs 1,127,269 million against Rs. 1,008,884 million in comparison with the previous financial year.

The Federal Board of Revenue (FBR) introduced a wide-ranging tax and tariff reforms implemented under Tax Administration Reform Program (TARP). TARP was reportedly effectively implemented by widening the tax base by reducing exemptions, incentives and concessions, reducing multiplicity of rates, lowering tax rates, shifting the incidence of tax burden from production to consumption, moving away from the excessive reliance

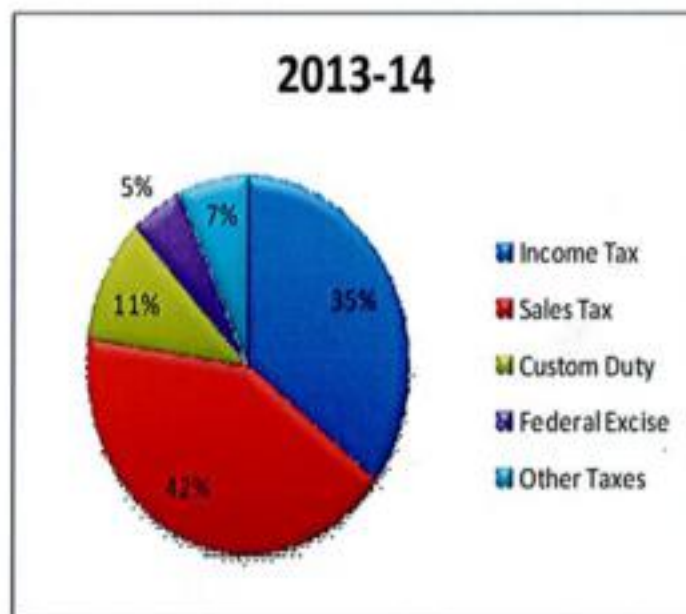
The basic philosophy of tax and tariff reform has been to move away from investment and production based taxes to income (direct taxes) and consumption (sales tax) based taxes. Pakistan has

on manufacturing and taxing all value additions including services, enhancing the neutrality between present and future consumption, enhancing the neutrality of the tax system to forms of business organizations and sources of finance, and re-engineering business process of the tax system to overcome the culture of tax avoidance and evasion.

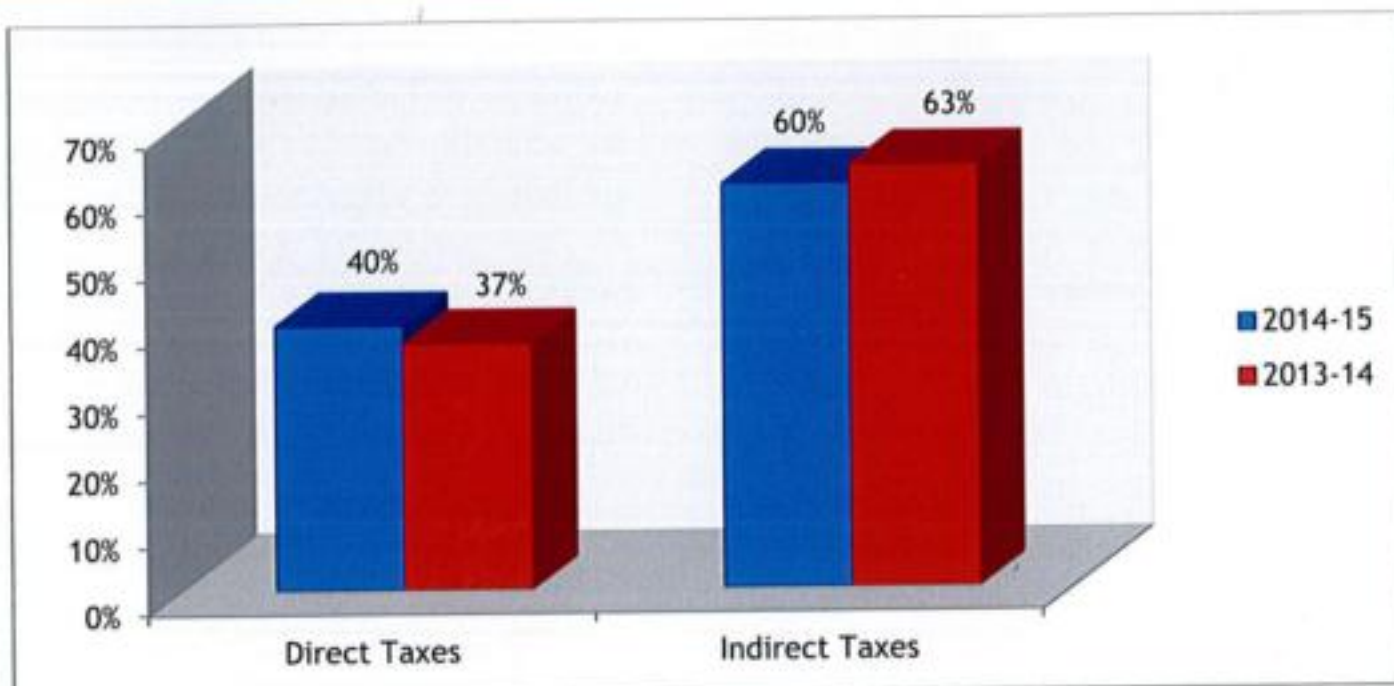
succeeded in changing the composition of its taxes but much more effort will be needed to enhance the share of direct taxes in total taxes. A bird eye view of the tax composition is presented below;



The composition of direct taxes and indirect taxes for the year under review has



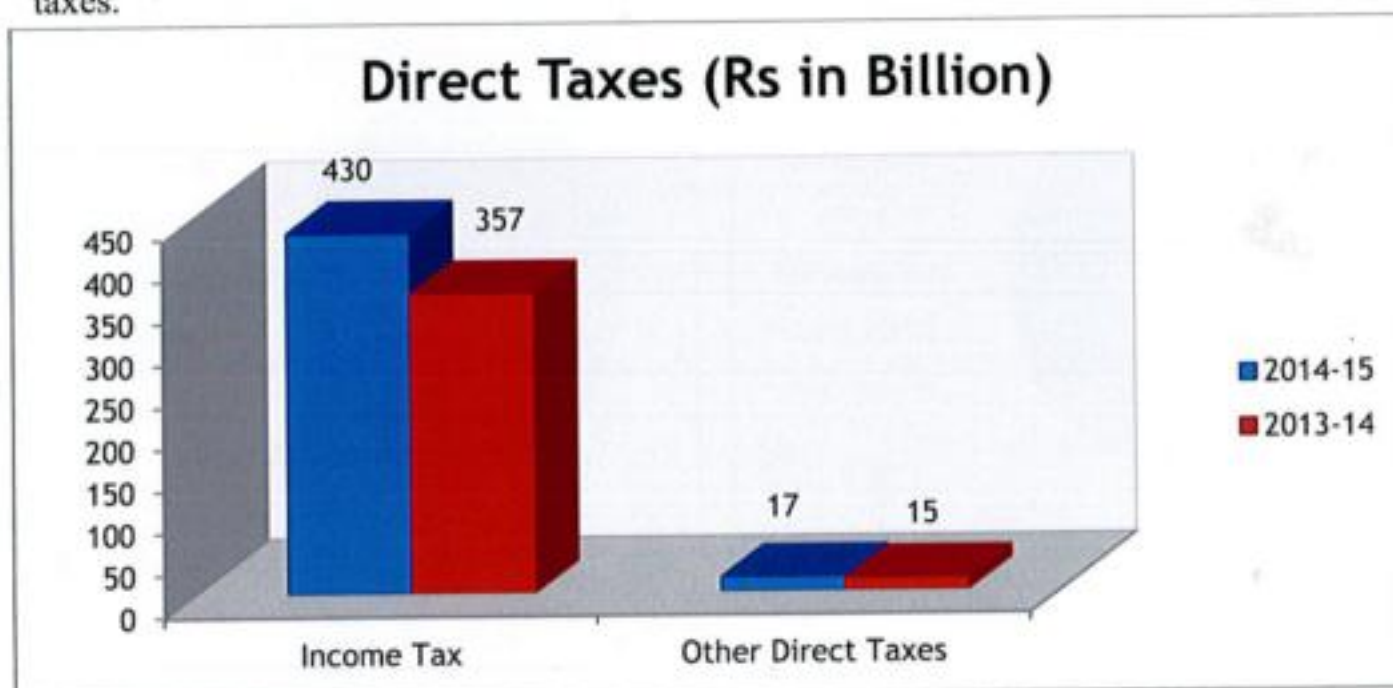
been; Direct taxes 40% and indirect taxes 60% out of total taxes.



### *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 increased by 74 billion as compared to previous year. Composition of direct taxes for the financial years is depicted below.

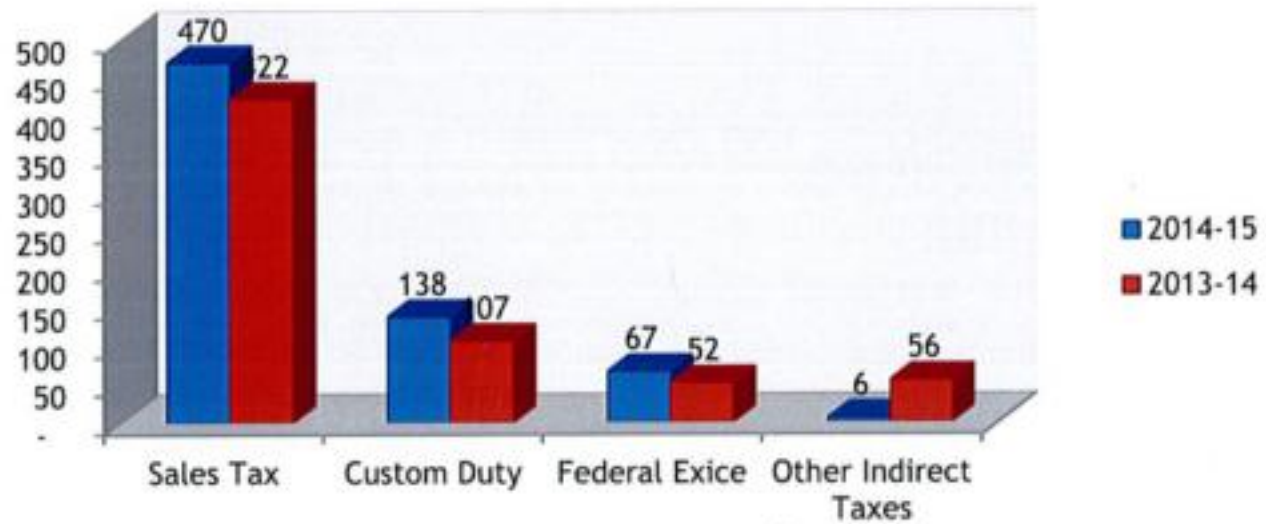


### *Indirect Taxes*

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. 681 billion. 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 69.04% of the total indirect tax collected, customs to 20.29% and Federal Excise 9.80% of the total indirect taxes.

## Indirect Taxes (Rs in Billion)

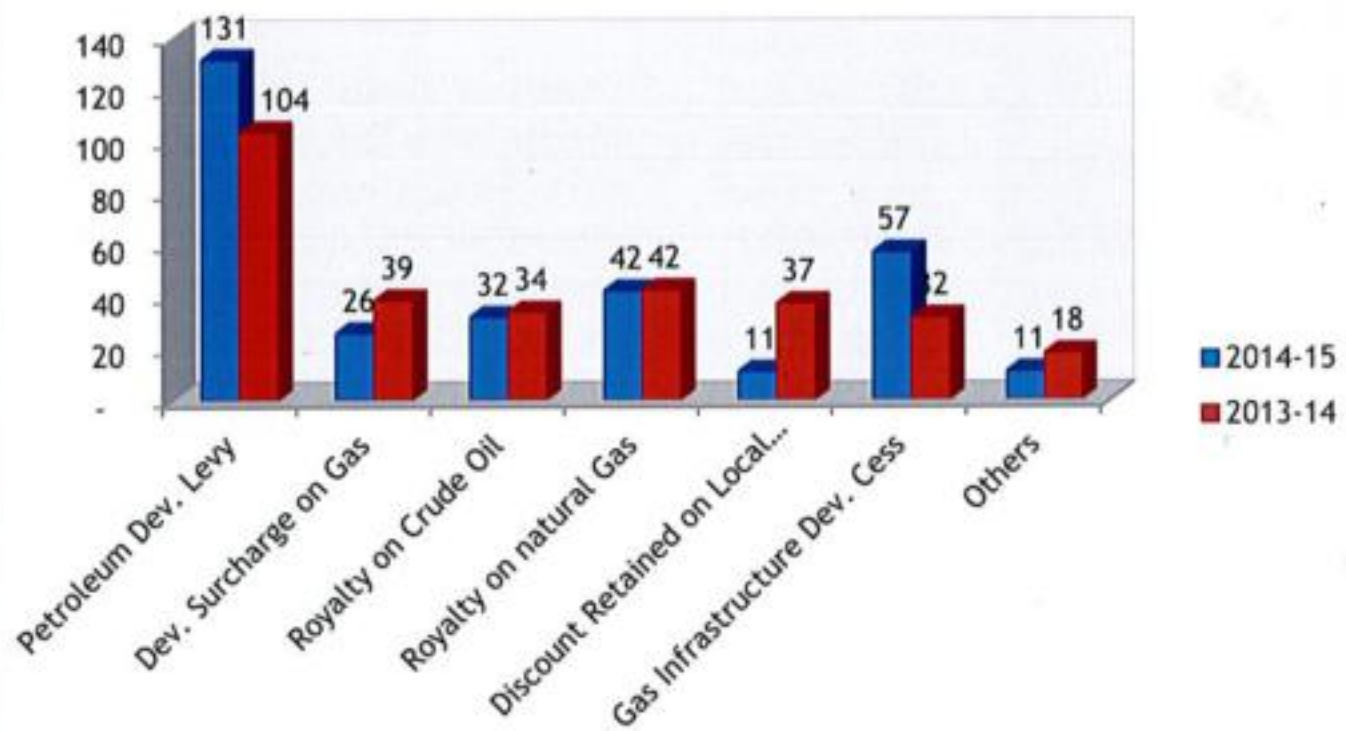


### *Development Surcharge and Royalties*

Items exhibiting major movements here are Petroleum Development Levy showing 21.21% increase from previous year, Dev. Surcharge on Gas 49.34% decrease from

last year. The Gas Infrastructure Dev. Cess increased by 44.20%.

## Development Surcharge & Royalties (Rs in Billion)



## *Borrowings*

### *1. Domestic Debt*

During the year under review domestic debt receipts amounted to Rs. 1,181,394

Permanent domestic debt raised during the current financial year was Rs. 1,183,797 million as compared to Rs. 2,236,413 million in the last financial year. The major sources were Pakistan Investment Bonds (Rs. 1,021,757 million) and sale of National Prize Bonds (Rs. 162,020 million).

### *2. Foreign Debt*

In the year under review, the burden of foreign debt on the Federal Government has reduced by Rs 157,613 million. Receipts of foreign debt recorded were Rs. 465,578 million this year as compared to Rs. 623,191 million last year which represents 25.29% decrease. Amongst foreign lenders, Chinese Loan amounted to Rs. 62,834 million during the year. Other major donors were Asian Development Bank (ADB) Rs. 46,231 million, International Development Association (IDA) Rs. 118,166 million and Islamic Development Bank (IDB) Rs. 104,097 million. A huge amount was raised through Sukuk Bonds amounting to Rs 101,630 million.

million which consist of permanent debt and floating debt-net basis.

### *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 23.60% in total dividend receipts was recorded in comparison to the previous financial year, the current year's receipt amounted to Rs. 74,208 million. Out of total dividend income, dividend from OGDCL was Rs. 31,439 million, and from Pakistan Petroleum Limited was Rs. 15,973 million.

Share of profits represents distributable profits from the State Bank of Pakistan and Pakistan Post Office to the Federal Government against the appropriation of their net profits from their investment holdings. The profit share received during the year was Rs. 402,634 million was from State Bank of Pakistan. Profit share from State Bank of Pakistan has shown an increase of 33.41% from the previous year.

The surplus profit of the SBP, after making provision of reserve fund dividend payments, is transferred to the Federal Government.



### *Recovery of loans and advances*

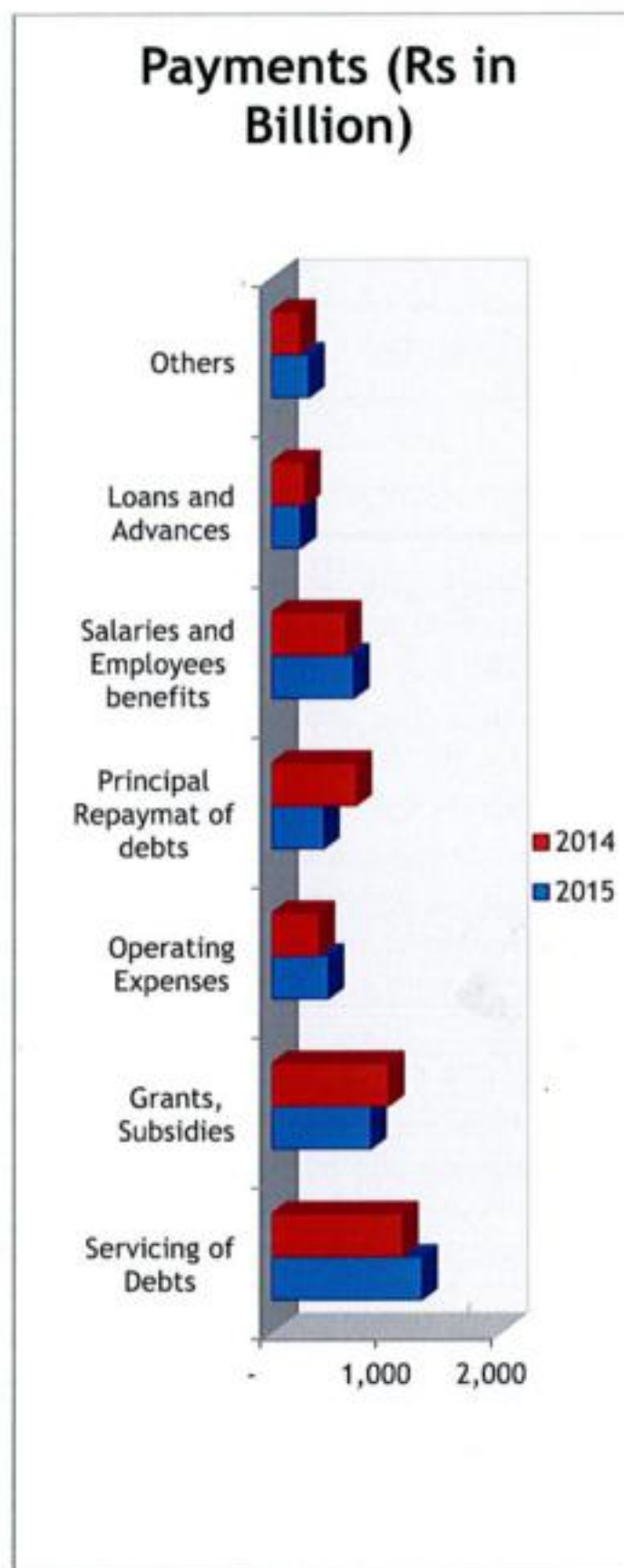
This item has witnessed normal movement in aggregate. Compared to previous year, an increase of 0.82% in recoveries has been recorded. As far as recoveries from provinces are concerned, figure of last year stood at Rs. 40,753 million compared to Rs. 41,064 million this year.

### **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 decreased by Rs. 75,095 million (1.68%) over the previous year. Total payments made during the year amounted to Rs. 4,383,744 million as compared to Rs. 4,458,839 million last year.

The major payments include salaries and employees benefits amounting to Rs. 709,532 million, operating expenditure amounting to Rs. 490,322 million, servicing of debt Rs. 1,299,926 million, grants, subsidies and write-off of loans Rs. 856,958 million and principal repayment of debts amounting to Rs. 451,149 million. The Principal Repayment of Debt consisted of repayment of domestic debt of Rs. 165,956 million and Rs. 285,193 million for repayment of foreign debt. Out of total debt servicing payments of Rs. 1,299,926 million, the domestic debt servicing cost was Rs. 1,204,264 million and foreign debt servicing cost was Rs. 95,662 million.

The composition of payments made has been detailed below;



## THE BUDGET 2014-2015

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)

- 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.

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

### *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.

2,408,095 million was budgeted as revenue receipts against which actual receipts collected were Rs. 2,123,736 million. Capital receipts budgeted were Rs. 9,899,171 million and the actual receipts were of Rs. 10,501,810 million.

### *Budgeted Payments*

The detail below depicts the allocation of original and revised budget of 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.

	2015 (Rupees in million)			2014 (Rupees in million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
<b>RECEIPTS</b>						
<b>Revenue</b>						
Taxation	1,219,897	1,119,924	1,127,269	1,274,559	1,213,394	1,008,884
Non-taxation	1,052,228	1,288,171	996,467	643,149	970,443	1,106,815
<b>Total revenue receipts</b>	<b>2,272,125</b>	<b>2,408,095</b>	<b>2,123,736</b>	<b>1,917,708</b>	<b>2,183,837</b>	<b>2,115,699</b>
<b>Capital</b>						
Domestic debt	14,646,618	9,143,427	9,964,019	10,266,543	15,198,216	15,041,770
Foreign debt	623,807	662,357	465,578	467,437	675,326	623,191
Recoveries of loans and advances	68,803	75,613	53,262	227,767	111,360	52,828
Privatization Proceeds	198,000	17,774	18,951	-	-	-
Others	-	-	-	-	-	595
<b>Total capital receipts</b>	<b>15,537,228</b>	<b>9,899,171</b>	<b>10,501,810</b>	<b>10,961,747</b>	<b>15,984,902</b>	<b>15,718,384</b>
<b>TOTAL RECEIPTS</b>	<b>17,809,353</b>	<b>12,307,266</b>	<b>12,625,546</b>	<b>12,879,454</b>	<b>18,168,739</b>	<b>17,834,083</b>
<b>PAYMENTS</b>						
<b>Revenue</b>						
General public services	2,797,290	2,744,472	2,428,665	2,302,075	2,394,172	2,341,641
Defence affairs and services	701,284	722,841	712,632	629,596	630,265	630,349
Public order and safety affairs	90,507	89,828	101,895	82,803	79,915	88,394
Economic affairs	142,876	150,865	145,212	169,925	153,161	127,461
Environment protection	961	946	973	983	922	949
Housing and community amenities	4,826	4,052	4,565	5,552	27,029	26,908
Health affairs and services	38,158	39,298	36,217	37,352	37,465	34,705
Recreation, culture and religion	7,547	8,251	8,649	7,324	6,993	8,175
Education affairs and services	85,991	93,950	101,702	80,263	87,643	86,716
Social protection	2,691	3,709	4,122	2,863	5,459	4,940
<b>Total revenue payments</b>	<b>3,872,131</b>	<b>3,858,212</b>	<b>3,544,632</b>	<b>3,318,735</b>	<b>3,423,025</b>	<b>3,350,238</b>
<b>Capital</b>						
General public services	14,711,142	9,308,983	9,612,699	10,902,103	15,503,568	14,502,233
Economic affairs	5,989	5,659	9,038	6,544	9,098	8,908
<b>Total capital payments</b>	<b>14,717,131</b>	<b>9,314,642</b>	<b>9,621,737</b>	<b>10,908,646</b>	<b>15,512,667</b>	<b>14,511,142</b>
<b>TOTAL PAYMENTS</b>	<b>18,589,261</b>	<b>13,172,854</b>	<b>13,166,369</b>	<b>14,227,381</b>	<b>18,935,692</b>	<b>17,861,379</b>

## 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 office as part of its financial statement audit.

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

**Auditor's Report**

I have audited the accompanying financial statements of the Federal Government, which comprise the statements of receipts and payments for the year ended 30<sup>th</sup> June 2015, 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**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit in accordance with the requirements of Article 169 & 170 (2) of the Constitution of the Islamic Republic of Pakistan read with Section 7 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001. I conducted my audit in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) and other guidance issued by my department. These standards require that I perform procedures including risk assessment, to obtain reasonable assurance whether the financial statements are free of material misstatement. The audit process includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. It also includes assessing the accounting policies used, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion:

- (a) These financial statements properly present, in all material respects, the financial position of the federal government as at 30 June, 2015 and the results of its operations, its cash flow and its expenditures and receipts, by appropriation for the year then ended in accordance with the stated accounting policies of the Government of Pakistan.
- (b) The sums expended have been applied, in all material respects, for the purposes authorized by the Parliament and have, in all material respects, been booked to the relevant grants and appropriations.

### **Emphasis of Matter**

Without further qualifying my opinion, I draw your attention to Note 6.12 in the financial statements relating to payments by third parties. Under IPSAS Cash Basis, disclosure of third party payments is 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.

### **Other Reports**

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

Islamabad, Pakistan

Dated: **19 JAN 2016**



(Rana Assad Amin)  
Auditor-General of Pakistan



**FEDERAL GOVERNMENT**  
**Statement of Cash Receipts and Payments**  
**For the Year Ended 30 June 2015**

	Note	2015 (Rupees in Million)		2014 (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>					
<i>Taxation</i>					
Income tax		429,563	-	357,400	-
Sales tax		469,812	-	422,296	-
Custom duty		138,091	-	106,730	-
Federal excise		66,708	-	51,584	-
Other taxes		23,095	-	70,875	-
	7	1,127,269	-	1,008,884	-
<i>Non-Tax Revenue and Other Receipts</i>					
General administration receipts	8	7,323	-	11,388	-
Economic Services Receipts	9	2,208	-	1,784	-
Defence services receipts	10	157,494	-	117,334	-
Development surcharge and royalties	11	214,674	-	177,640	-
Citizenship, nationalization, passport and copyright		18,748	-	18,972	-
Interest on loans and advances	12	32,794	-	24,179	-
Dividend and profit share	13	476,842	-	507,447	-
Others		32,041	-	34,018	-
		942,124	-	892,763	-
<i>Grants and Aid</i>					
Development grants	14	44,669	-	204,925	-
<i>Borrowings</i>					
Foreign debt	15	465,578	-	623,191	-
Domestic permanent debt	16	1,183,797	-	2,236,413	-
Domestic floating debt-net	17	(2,403)	-	(597,183)	-
		1,646,972	-	2,262,421	-
<i>Capital Receipts</i>					
Recovery of loans and advances	18	53,262	-	52,828	-
Privatization Proceeds	19	18,951	-	-	-
Investment recovery		-	-	595	-
		72,213	-	53,422	-
<i>Trading Activities</i>					
	20	9,674	-	9,127	-
<b>TOTAL RECEIPTS</b>		<b>3,842,921</b>	<b>-</b>	<b>4,431,542</b>	<b>-</b>

**FEDERAL GOVERNMENT**  
**Statement of Cash Receipts and Payments**  
**For the Year Ended 30 June 2015**

	Note	2015 (Rupees in Million)		2014 (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	709,532	-	641,050	-
Operating expenses		490,322	-	409,645	-
		1,199,854	-	1,050,696	-
<i>Transfers</i>					
Grants, subsidies and write-off of loans		856,958	-	1,010,592	-
Other transfer payments		12,251	-	11,194	-
		869,209	-	1,021,785	-
<i>Expenditures on</i>					
Physical assets		170,983	-	131,573	-
Civil works		94,558	-	74,131	-
Others		8,047	-	5,320	-
		273,588	-	211,024	-
<i>Debt and Interest Payments</i>					
Principal repayments of debts	22	451,149	-	730,062	-
Servicing of debts	23	1,299,926	-	1,131,522	-
		1,751,075	-	1,861,584	-
<i>Other Payments</i>					
Loans and advances	24	252,366	-	288,247	-
Investments	25	37,652	-	25,502	-
		290,018	-	313,749	-
<b>TOTAL PAYMENTS</b>		<b>4,383,744</b>	<b>-</b>	<b>4,458,839</b>	<b>-</b>
<b>NET PAYMENT OF FEDERAL CONSOLIDATED FUND</b>		<b>(540,823)</b>	<b>-</b>	<b>(27,296)</b>	<b>-</b>
<b>NET RECEIPT OF PUBLIC ACCOUNT</b>	26	<b>300,448</b>	<b>-</b>	<b>160,450</b>	<b>-</b>
<b>INCREASE / (DECREASE) IN CASH</b>		<b>(240,375)</b>	<b>-</b>	<b>133,153</b>	<b>-</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>		<b>237,516</b>	<b>N/A*</b>	<b>104,363</b>	<b>N/A*</b>
<b>INCREASE / (DECREASE) IN CASH</b>		<b>(240,375)</b>	<b>N/A*</b>	<b>133,153</b>	<b>N/A*</b>
<b>CASH AT THE END OF THE YEAR</b>	27	<b>(2,859)</b>	<b>N/A*</b>	<b>237,516</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 2015**

	Note	2015 Rupees in million	2014 Rupees in million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Tax receipts	7	1,127,269	1,008,884
Non-tax revenue & other receipts		942,124	892,763
Development grants	14	44,669	204,925
Trading activities	20	9,674	9,127
Operations payments		(1,199,854)	(1,050,696)
Servicing of debt	23	(1,299,926)	(1,131,522)
Transfers		(869,209)	(1,021,785)
<i>Cash used in Operating Activities</i>		(1,245,253)	(1,088,304)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Recoveries of loans and advances	18	53,262	52,828
Privatization Proceeds	19	18,951	-
Investments recoveries		-	595
Expenditure on physical assets, civil works & others		(273,588)	(211,024)
Investments	25	(37,652)	(25,502)
Payments of loans and advances	24	(252,366)	(288,247)
<i>Cash used in Investing Activities</i>		(491,393)	(471,351)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipt of domestic permanent debt	16	1,183,797	2,236,413
Receipt of foreign debt	15	465,578	623,191
Domestic floating debt-net	17	(2,403)	(597,183)
Principal repayments of debt	22	(451,149)	(730,062)
Net receipt of public account	26	300,448	160,450
<i>Cash from Financing Activities</i>		1,496,271	1,692,808
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		(240,375)	133,153
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		237,516	104,363
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	27	(2,859)	237,516

*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 2015**

Note	2015 (Rupees in million)			2014 (Rupees in million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
<b>RECEIPTS</b>						
	<b>Revenue</b>					
	1,219,897	1,119,924	1,127,269	1,274,559	1,213,394	1,008,884
	1,052,228	1,288,171	996,467	643,149	970,443	1,106,815
	<b>2,272,125</b>	<b>2,408,095</b>	<b>2,123,736</b>	<b>1,917,708</b>	<b>2,183,837</b>	<b>2,115,699</b>
	<b>Capital</b>					
	14,646,618	9,143,427	9,964,019	10,266,543	15,198,216	15,041,770
	623,807	662,357	465,578	467,437	675,326	623,191
	68,803	75,613	53,262	227,767	111,360	52,828
	198,000	17,774	18,951	-	-	-
	-	-	-	-	-	595
29	<b>15,537,228</b>	<b>9,899,171</b>	<b>10,501,810</b>	<b>10,961,747</b>	<b>15,984,902</b>	<b>15,718,384</b>
	<b>17,809,353</b>	<b>12,307,266</b>	<b>12,625,546</b>	<b>12,879,454</b>	<b>18,168,739</b>	<b>17,834,083</b>
<b>TOTAL RECEIPTS</b>						
<b>PAYMENTS</b>						
	<b>Revenue</b>					
	2,797,290	2,744,472	2,428,665	2,302,075	2,394,172	2,341,641
	701,284	722,841	712,632	629,596	630,265	630,349
	90,507	89,828	101,895	82,803	79,915	88,394
	142,876	150,865	145,212	169,925	153,161	127,461
	961	946	973	983	922	949
	4,826	4,052	4,565	5,552	27,029	26,908
	38,158	39,298	36,217	37,352	37,465	34,705
	7,547	8,251	8,649	7,324	6,993	8,175
	85,991	93,950	101,702	80,263	87,643	86,716
	2,691	3,709	4,122	2,863	5,459	4,940
	<b>3,872,131</b>	<b>3,858,212</b>	<b>3,544,632</b>	<b>3,318,735</b>	<b>3,423,025</b>	<b>3,350,238</b>
	<b>Capital</b>					
	14,711,142	9,308,983	9,612,699	10,902,103	15,503,568	14,502,233
	5,989	5,659	9,038	6,544	9,098	8,908
	<b>14,717,131</b>	<b>9,314,642</b>	<b>9,621,737</b>	<b>10,908,646</b>	<b>15,512,667</b>	<b>14,511,142</b>
29	<b>18,589,241</b>	<b>13,172,854</b>	<b>13,166,369</b>	<b>14,227,381</b>	<b>18,935,692</b>	<b>17,861,379</b>
<b>TOTAL PAYMENTS</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 Expenditure by Division**  
**For the Year Ended 30 June 2015**

DIVISIONS	Note	2015 (Rupees in million)			2014 (Rupees in million)		
		Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
		Original	Revised		Original	Revised	
Aviation Division		1,489	1,310	1,428	-	456.19	404.58
Cabinet Secretariat		81,597	103,293	132,862	163,796	150,079	142,102
Capital Administration and Development Division		16,065	15,256	15,814	15,450	1,106	1,026
Climate Change Division		456	442	419	489	23	42
Commerce Division		5,237	5,217	3,795	5,889	5,124	4,728
Communications Division		20,512	30,139	31,415	20,905	19,840	21,660
Defence Division		9,444	11,391	10,802	14,827	7,932	6,435
Defence Production Division		1,492	1,389	1,286	2,887	1,223	957
Defence Services		698,259	717,871	707,803	625,336	627,856	628,197
Economic Affairs Division		667,259	633,847	510,963	634,675	592,222	541,317
Establishment Division		3,667	4,124	4,265	3,630	3,460	3,487
Federal Education and Professional Training Division		4,530	3,693	4,168	6,424	4,441	4,678
Finance Division		16,620,711	11,258,117	11,329,868	12,241,981	17,158,805	16,156,497
Foreign Affairs Division		14,289	14,288	15,043	14,464	14,082	14,436
Higher Education Commission		43,000	43,050	47,549	39,000	43,119	42,302
Housing and Works Division		5,410	7,553	6,579	7,129	4,100	4,480
Industries and Production Division		2,045	1,559	1,526	2,794	2,270	1,881
Information Technology and Telecommunication Division		3,586	3,295	3,638	4,203	3,743	7,526
Information, Broadcasting and National Heritage Division		7,345	7,433	7,854	7,063	6,699	7,108
Interior Division		74,220	74,158	86,477	70,369	68,115	76,969
Inter-Provincial Coordination Division		1,952	3,097	2,842	2,120	2,440	2,358
Kashmir Affairs and Gilgit-Baltistan Division		10,584	10,314	13,849	10,926	10,228	9,308
Law, Justice and Human Rights Division		8,332	7,294	6,282	7,564	5,839	5,466
Narcotics Control Division		1,690	1,772	1,997	1,694	172	240
National Food Security and Research Division		4,276	4,102	3,988	3,961	3,649	3,563
National Health Services, Regulations and Coordination Division		28,574	29,870	26,221	26,630	28,393	24,915
National Security Division		50	50	21	-	-	-
Overseas Pakistanis and Human Resource Development Division		1,016	1,016	1,664	1,004	881	933
Pakistan Railways		39,166	36,907	31,366	27,701	26,495	22,108
Parliamentary Affairs Division		312	312	241	245	275	169
Petroleum and Natural Resources Division		900	921	4,084	724	669	776
Planning, Development and Reform Division		82,405	1,608	2,685	126,627	1,226	1,260
Ports and Shipping Division		3,194	2,565	2,462	1,040	6,844	6,912
Privatization Division		131	131	130	122	106	111
Religious Affairs and Inter-Faith Harmony Division		910	917	976	918	791	1,691
Revenue Division		19,386	19,550	19,389	18,188	17,219	18,511
Science and Technology Division		6,036	6,311	6,730	6,879	6,336	5,841
States and Frontier Regions Division		41,590	53,313	60,344	39,107	39,918	43,811
Statistics Division		1,968	2,006	1,958	1,681	1,590	1,608
Textile Industry Division		678	458	416	664	630	398
Water and Power Division		42,977	39,807	42,492	56,845	53,253	32,894
The Senate		1,539	1,610	1,550	1,356	1,356	1,326
National Assembly		2,609	2,609	2,433	2,445	2,445	2,025
Audit		3,517	3,517	3,522	3,173	3,173	3,232
Election		1,974	2,450	2,254	1,843	5,201	3,349
Federal Tax Ombudsman		145	145	151	117	117	117
Islamabad High Court		415	415	394	362	362	345
Staff, Household and Allowances of the President		743	749	763	690	673	736
Supreme Court		1,206	1,206	1,131	1,113	1,113	998
Wafaqi Mohtasib		372	407	482	335	359	417
<b>TOTAL PAYMENTS</b>	<b>29</b>	<b>18,589,261</b>	<b>13,172,854</b>	<b>13,166,369</b>	<b>14,227,381</b>	<b>18,935,692</b>	<b>17,861,379</b>

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

  
**Accountant General Pakistan Revenues**

FEDERAL GOVERNMENT  
Statement of Appropriations of Grants by Object  
For the Year Ended 30 June 2015

(Rs. in million)

Grants Name	AMI	AMI - Employees Related Expenses	AMI - Project Pre-Investment Activities	AMI - Operating Expenses	AMI - Employees' Movement Benefits	AMI - Grants Subsidies and Write Offs/Leases	AMI - Transfers	AMI - Interest Payments	AMI - Loans and Advances	AMI - Physical Assets	AMI - Principal Repayment of Loans	AMI - Investment	AMI - Civil Works	AMI - Repairs and Maintenance	Grand Total
General Expenditure															
1.- Civilian	31	80	-	3,816	15	-	-	-	-	-	-	-	-	-	3,912
2.- Cabinet Division	841	371	-	1,676	-	-	-	-	-	214	-	-	-	22	3,024
3.- Economics Relief and Regulation	1,977	35	-	655	29	2,069	1	-	-	31	-	-	-	1,222	5,397
4.- Other Expenditure of Cabinet Division	38	35	-	3,614	29	48	1	-	-	106	-	-	-	57	4,560
5.- Aviation Division	782	105	-	9,778	154	4	408	-	-	14	-	-	-	5	15,096
6.- Airlines Security Fund	240	102	-	479	15	-	32	-	-	19	-	-	-	11	410
7.- Motor Vehicle	1,038	184	-	106	9	-	50	-	-	6	-	-	-	5	2,014
8.- Capital Administration and Development Division	405	59	-	62	4	-	41	-	-	19	-	-	-	19	665
9.- Climate Change Division	325	106	-	6,882	9	-	-	-	-	4	-	-	-	0	7,801
10.- Establishment Division	405	12	-	1,629	2	-	-	-	-	-	-	-	-	-	2,032
11.- Federal Public Service Commission	325	75	-	1,629	2	-	-	-	-	62	-	-	-	1	2,032
12.- Other Expenditure of Establishment Division	405	132	-	6,882	9	-	-	-	-	4	-	-	-	0	8,082
13.- National Security Division	438	99	-	1,629	2	-	-	-	-	-	-	-	-	1	2,169
14.- Prime Minister's Office	36	75	-	1,629	2	-	-	-	-	15	-	-	-	49	3,516
15.- Prime Minister's Inspection Commission	36	75	-	1,629	2	-	-	-	-	172	-	-	-	109	4,241
16.- Atomic Energy	75	1,629	-	826	33	-	4	-	-	172	-	-	-	3,177	5,516
17.- Statistics and Prigler	3,131	826	-	33	5	-	2,961	-	-	0	-	-	-	0	3,177
18.- Commission Division	325	2,538	-	377	3,616	-	46	-	-	179	-	-	-	216	15,088
19.- Other Expenditure of Communications Division	8,993	377	-	354	9	-	100	-	-	3	-	-	-	293	14,032
20.- Pakistan Post Office Department	241	104	-	179,433	3	-	4	-	-	11	-	-	-	12	191
21.- Defense Division	721	104	-	35	1	-	-	-	-	154,516	-	-	-	5,218	197,803
22.- Security of Pakistan	5,185	299,375	-	35	1	-	-	-	-	519	-	-	-	653	5,783
23.- Defense Services	94	35	-	278	4	-	448	-	-	2	-	-	-	1	1,651
24.- Defense Production Division	512	252	-	695	31	-	17	-	-	34	-	-	-	14	1,291
25.- Federal Education and Professional Training Division	974	695	-	1,187	112	-	36	-	-	135	-	-	-	53	4,814
26.- Frontier Region	1,643	110	-	500	4	-	14	-	-	17	-	-	-	12	474
27.- Controller General of Accounts	264	145	-	87	0	-	20,647	-	-	44	-	-	-	27	2,812
28.- Pakistan Mint	1,218	93	-	80	0	-	-	-	-	1	-	-	-	29,885	30,184
29.- National Savings	93	80	-	306,760	0	-	-	-	-	-	-	-	-	1	307,641
30.- Other Expenditure of Finance Division	93	80	-	306,760	0	-	-	-	-	-	-	-	-	1	307,641
31.- National Savings Corporation	93	80	-	306,760	0	-	-	-	-	-	-	-	-	1	307,641
32.- National Savings Corporation	93	80	-	306,760	0	-	-	-	-	-	-	-	-	1	307,641
33.- Other Expenditure of Finance Division	93	80	-	306,760	0	-	-	-	-	-	-	-	-	1	307,641
34.- Grants-in-Aid and Miscellaneous Arrangements Between The Federal and Provincial Governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35.- Subsidies and Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36.- Higher Education Commission	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37.- Economic Affairs Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38.- Privatization Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39.- Revenue Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40.- Federal Board of Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
41.- Bank Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42.- Finance Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43.- Finance Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
44.- Finance Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45.- Finance Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
46.- Finance Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47.- Other Expenditure of Finance Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48.- Housing and Works Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49.- Civil Works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50.- Public Officers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51.- Federal Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52.- Federal Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
53.- Industries and Production Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54.- Other Expenditure of Industries and Production Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55.- Information, Broadcasting and National Heritage Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56.- Information, Broadcasting, News and Documentaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57.- Press Information Department	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
58.- Information, Services, and	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
59.- Other Expenditure of Information, Broadcasting and National Heritage Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60.- Information, Technology and Telecommunication Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61.- Inter-Provincial Cooperation Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
62.- Interior Division	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
63.- Islamabad	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
64.- Proportional Organization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
65.- Civil Armed Forces	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
66.- Frontier Constabulary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
67.- Pakistan Coast Guard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
68.- Pakistan Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



FEDERAL GOVERNMENT  
Statement of Appropriation of Grants by Object  
For the Year Ended 30 June 2015

(Rs. in million)

Grants Name	487 Employee Related Expenses	488 Project Pre- Investment Activities	489 Operating Expenses	490 Employer Retirement Benefits	491 Grants Subsidies and Write Off Loans	492 Transfers	493 Interest Payment	494 Loans and Advances	495 Physical Assets	496 Principal Repayments of Loans	497 Incremental	498 Out Works	499 Repairs and Maintenance	500 Grand Total
130 - Development Expenditure of Forestry and Natural Resources Division	1	-	-	-	-	2	-	-	-	-	-	124	-	124
131 - Development Expenditure of Forestry, Development and Fisheries Division	82	-	1,722	-	-	0	-	-	1	-	-	15	-	1,801
132 - Development Expenditure of Science and Technology Division	142	-	135	-	-	0	-	-	263	-	-	800	-	941
133 - Development Expenditure of Fisheries Administration Tribal Areas	204	-	17,381	-	-	0	-	-	-	-	-	-	-	17,585
134 - Development Expenditure of Tribal Industries Division	9	-	24	-	-	0	-	-	62	-	-	-	-	76
135 - Development Expenditure of Water and Power Division	-	-	-	-	41,820	-	-	-	-	-	-	-	-	41,848
136 - Capital Outlay On Development of Various Sectors	-	-	89,276	-	-	-	-	-	-	-	-	-	-	89,276
137 - Capital Outlay On External Investments	-	-	-	-	-	-	-	93,642	-	-	-	-	-	93,642
138 - Development Loans and Advances By The Federal Government	-	-	-	-	-	-	-	139,498	-	-	-	-	-	139,498
139 - Digital Development Loans and Advances by the Federal Government	-	-	0	-	-	-	-	-	109	-	-	119	-	209
140 - Capital Outlay on Works of Foreign Affairs Division	-	-	196	-	-	-	-	-	-	-	-	3,011	-	3,207
141 - Capital Outlay On Civil Works	62	-	74	-	-	0	-	-	272	-	-	224	-	408
142 - Capital Outlay on Industrial Development	2	-	9	-	3,124	-	-	82	-	-	-	-	-	3,193
143 - Capital Outlay on Forestry and Natural Resources	-	-	181	-	-	-	-	-	1	-	-	278	-	459
144 - Capital Outlay On Posts and Signage Division	-	-	-	-	-	-	-	-	-	-	31,366	-	-	31,366
145 - Capital Outlay On Pakistan Railways	-	-	-	-	-	-	-	224,186	-	-	31,489	-	-	255,675
<b>Total Development Expenditure</b>	<b>2,489</b>	<b>317</b>	<b>222,756</b>	<b>2</b>	<b>185,772</b>	<b>6,378</b>	<b>-</b>	<b>224,186</b>	<b>3,218</b>	<b>-</b>	<b>31,489</b>	<b>18,632</b>	<b>148</b>	<b>679,586</b>
<b>Expenditure Charged against Federal Consolidated Fund</b>	<b>489</b>	<b>-</b>	<b>104</b>	<b>4</b>	<b>119</b>	<b>32</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>-</b>	<b>261</b>
A - Staff, Honorary and Allowances of The President	2,119	-	808	74	-	2	-	-	8	-	-	-	-	2,901
E - Audit	-	-	-	-	-	-	1,204,204	-	-	-	-	-	-	1,204,204
F - Services of Domestic Debt	-	-	-	-	-	-	-	-	-	8,544,332	-	-	-	8,544,332
G - Services of Domestic Debt	658	-	146	52	-	3	-	-	40	-	-	-	-	809
H - Statistical Claim	322	-	43	-	-	1	-	-	24	-	-	-	-	390
I - Integrated High Court	1,489	-	686	19	-	17	-	-	44	-	-	-	-	2,235
J - Election	249	-	166	4	-	1	-	-	5	-	-	-	-	425
K - Working Majorities	94	-	40	3	-	0	-	-	2	-	-	-	-	141
L - Federal Tax Operations	-	-	-	-	-	-	95,662	-	-	-	-	-	-	95,662
M - Services of Domestic Debt	-	-	-	-	-	-	-	-	-	245,786	-	-	-	245,786
N - Foreign Loans Repayment	-	-	-	-	-	-	-	-	-	29,487	-	-	-	29,487
O - Expenses of Short Term External Credits	-	-	2,073	-	-	85	-	-	179	-	-	-	-	2,337
<b>Total Expenditure Charged against Federal Consolidated Fund</b>	<b>4,072</b>	<b>317</b>	<b>499,322</b>	<b>147</b>	<b>185,992</b>	<b>12,251</b>	<b>1,299,926</b>	<b>242,846</b>	<b>170,883</b>	<b>9,233,778</b>	<b>37,483</b>	<b>94,558</b>	<b>7,347</b>	<b>13,166,269</b>
<b>Grand Total - 2015 (Note 29)</b>	<b>447,933</b>	<b>89</b>	<b>489,645</b>	<b>193,438</b>	<b>1,010,992</b>	<b>11,784</b>	<b>1,131,522</b>	<b>288,247</b>	<b>131,573</b>	<b>14,112,603</b>	<b>29,585</b>	<b>34,131</b>	<b>3,511</b>	<b>17,861,279</b>
<b>Grand Total - 2014 (Note 29)</b>														

*(Signature)*  
Accountant General Pakistan Revenues



# FEDERAL GOVERNMENT

## Notes to the Financial Statements

### For the Year Ended 30 June 2015

#### 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 Consolidated 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. 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. 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.

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2015**

**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.

**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 2014-15 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 2014-15 (from 1 July, 2014 to 30 June, 2015).

**5. REPORTING CURRENCY**

The reporting currency of these financial statements is Pakistani Rupee.

**6. SIGNIFICANT ACCOUNTING POLICIES**

**6.1. Recording of Receipts**

Receipts are recorded on the date of receipt of money by the bank or clearance of cheque. These are recorded on a gross basis and any related costs are recorded separately. Receipt collected as a result of an overpayment made in the same financial year is adjusted against the relevant payment.

## **FEDERAL GOVERNMENT**

### **Notes to the Financial Statements**

### **For the Year Ended 30 June 2015**

#### **6.2. Recording of Payments**

Payments are recorded 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 recording of payments are as follows;

**a) Payments made through cheque**

Payment is recorded on the date the cheque is issued.

**b) Inter government transfers**

Payment is recorded on the date the transfer is made by the transferor.

**c) Payments directly in bank accounts**

Payment is recorded on the date the payment is made by the bank.

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

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

**e) Imprest payments**

Payment is recorded 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 Pakistani Rupee by applying the exchange rate between the Pakistani Rupee and the foreign currency at the date of the 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.

## **FEDERAL GOVERNMENT**

### **Notes to the Financial Statements**

### **For the Year Ended 30 June 2015**

#### **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.

#### **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 from foreign donors. 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.

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2015**

**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 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, 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 separately on face of the 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 2015**

**7. TAXATION**

	Note	2015 (Rupees in million)			2014 (Rupees in million)		
		Tax Collected	Transfers	Net Tax Collected	Tax Collected	Transfers	Net Tax Collected
Income Tax	7.1	990,609	(561,046)	429,563	838,338	(480,938)	357,400
Sales Tax	7.2	1,087,802	(617,990)	469,812	996,389	(574,093)	422,296
Customs	7.3	306,220	(168,129)	138,091	242,810	(136,080)	106,730
Federal Excise	7.4	162,248	(95,540)	66,708	138,084	(86,500)	51,584
Others	7.5	23,606	(511)	23,095	71,420	(545)	70,875
		<b>2,570,485</b>	<b>(1,443,216)</b>	<b>1,127,269</b>	<b>2,287,040</b>	<b>(1,278,156)</b>	<b>1,008,884</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%. 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.

**7.5. TAXATION OTHERS**

*Direct Taxes*

Capital Value Tax	
Land Revenue	
Tax on Profession, Trade and Callings	
Other Direct Taxes	

Note	2015 Rupees in million	2014 Rupees in million
	660	362
	276	383
	47	37
	16,172	14,618
	<b>17,155</b>	<b>15,400</b>
	1,731	1,737
	506	520
	168	165
	3,535	53,053
	<b>5,940</b>	<b>55,475</b>
	<b>23,095</b>	<b>70,875</b>

*Indirect Taxes*

Receipts Under Motor Vehicles Act	
Stamp Duties	
Provincial Excise	
Others Indirect Taxes	

**8. GENERAL ADMINISTRATION RECEIPTS**

Fiscal Administration	2,511	6,963
Social Services	1,559	1,514
Law and Order	1,190	1,120
Community Services	1,196	1,049
Economic Regulations	641	586
Organs of State	218	137
Statistics	8	19
	<b>7,323</b>	<b>11,388</b>

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2015**

	Note	2015 Rupees in million	2014 Rupees in million
<b>9. ECONOMIC SERVICES RECEIPTS</b>			
Receipts under Oilfields and Mineral Development Act		741	443
Fisheries and Animal Husbandry		248	311
Food and Agriculture		598	109
Forest and Irrigation		10	11
Others		611	910
		<u>2,208</u>	<u>1,784</u>
<b>10. DEFENCE SERVICES RECEIPTS</b>			
Administrative Services		148,637	109,090
Military Engineering Services		2,500	2,167
Air Force		1,250	1,228
Ordinance and Clothing Factories		1,135	-
Pakistan Navy		1,130	834
Purchase and Sale of Stores, Equipment and Animals		1,009	1,255
Receipts on certain measures of Inter-Services Nature		674	956
Military Farms		461	390
Procurement, Research & Product Development		132	168
Defence Services Others		566	1,247
		<u>157,494</u>	<u>117,334</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	2015 Rupees in million	2014 Rupees in million
<b>11. DEVELOPMENT SURCHARGE AND ROYALTIES</b>			
Petroleum Development Levy	11.1	131,356	103,534
Development Surcharge on Gas	11.2	25,816	38,530
Royalty on Crude Oil	11.3	31,988	34,047
Royalty on Natural Gas	11.3	42,049	42,497
Discount Retained on Local Crude Price	11.4	10,926	37,288
Gas Infrastructure Development Cess	11.5	57,021	31,817
Windfall Levy on Crude Oil		10,921	17,999
Mineral Royalties		55	53
		<u>310,132</u>	<u>305,765</u>
Less: Provincial Share		<u>(95,458)</u>	<u>(128,124)</u>
		<u>214,674</u>	<u>177,640</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.

11.5. Gas Infrastructure Development Cess was levied vide "Gas Infrastructure Development Cess Act, 2011. The cess is chargeable from gas consumers, other than domestic sector consumers of the company aver and above the fixed sale price. The Cess shall be utilized for or in connection with Infrastructure Development of Iran Pakistan Pipeline Project, TAPI Pipeline Project, LNG or other projects or for equalization of other imported alternative fuel including LPG.

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2015**

	Note	2015 Rupees in million	2014 Rupees in million
<b>12. INTEREST ON LOANS AND ADVANCES</b>			
Provinces		13,320	14,087
Non-Financial Institutions		7,910	2,803
Financial Institutions		1,596	2,059
Interest on Loans and Advances to Govt. Servants		123	291
District Governments		13	8
Others		9,832	4,931
		<u>32,794</u>	<u>24,179</u>
<b>13. DIVIDEND AND PROFIT SHARE</b>			
Dividends Receipts	13.1	74,208	97,133
Profit share	13.2	402,634	410,314
		<u>476,842</u>	<u>507,447</u>
<b>13.1. Dividends Receipts</b>			
<b>Financial Institution</b>			
Pakistan Re-Insurance Corporation		673	-
Industrial Development Bank Limited		500	-
Habib Bank Ltd		138	128
Pak Oman Investment Company		123	123
Pak Brunei Investment Company		100	600
Pak Iran Joint Investment Company		75	50
National Investment Trust		67	38
Allied Bank Ltd		52	78
National Bank of Pakistan		34	12
United Bank Ltd		-	31,221
Others		-	10
		1,762	32,260
<b>Non-Financial Institution</b>			
Oil and Gas Development Corporation		31,439	21,767
Pakistan Petroleum Ltd		15,973	13,427
Govt Holding Pvt Ltd		8,500	14,500
Pakistan Telecommunication Co Ltd		7,928	6,342
Pak Arab Refinery Ltd		4,320	5,400
NFC		2,000	-
Pakistan State Oil Co Ltd		611	174
Pakistan Security Printing Corporation		600	500
State Life Insurance Corporation		564	-
Pakistan National Shipping Corporation		167	-
Fauji Fertilizer Co Limited		157	137
Trading Corporation of Pakistan		100	-
National Insurance Corporation		-	880
Mari Gas Co Ltd		-	64
Saindak Metal (Pvt) Limited		-	1,500
Others		87	182
		72,446	64,873
		<u>74,208</u>	<u>97,133</u>
<b>13.2. Profit share</b>			
State Bank of Pakistan	13.2.1	399,000	299,084
Others		3,634	111,230
		<u>402,634</u>	<u>410,314</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 2015**

	Note	2015 Rupees in million	2014 Rupees in million
<b>14. DEVELOPMENT GRANTS</b>			
<b>Foreign Governments</b>			
Germany		1,336	879
Japan		294	-
China		103	-
Saudi Arabia		-	157,198
United Kingdom		-	26,761
United States of America		-	12,503
Oman		-	297
Others		461	164
		<b>2,194</b>	<b>197,801</b>
<b>Foreign Organisations</b>			
Department for International Development (DFID)		26,474	-
United States Agency for International Development (USAID)		9,309	-
International Bank for Re-construction and Development (IBRD)		4,561	4,219
European Union		2,084	2,730
NORD		37	-
International Development Research Centre (IDRC)		10	-
Others		-	175
		<b>42,475</b>	<b>7,124</b>
		<b>44,669</b>	<b>204,925</b>
<b>15. FOREIGN DEBT - RECEIPTS</b>			
International Development Association (IDA)		118,166	152,805
Islamic Development Bank (IDB)		104,097	47,390
Sukuk Bond		101,630	-
Chinese Loan		62,834	32,974
Asian Development Bank (ADB)		46,231	120,341
Yen Credit from Japan		10,690	13,435
United Arab Emirates		10,074	-
Consortium of Commercial Banks		5,127	-
International Bank for Re-construction and Development (IBRD)		2,982	17,741
International Fund for Agricultural Development (IFAD)		1,620	888
German Export Credit		862	16
Kuwait		716	899
O.P.E.C. Special Fund Loan		117	1,544
Pak Sovereign Bond		-	195,799
Standard Chartered Bank (London)		-	18,451
United Bank Ltd		-	15,728
French Credit		-	1,358
Saudi Arabia		-	254
Others		432	3,568
		<b>465,578</b>	<b>623,191</b>
<b>16. DOMESTIC DEBT - RECEIPTS</b>			
<i>Government Securities</i>			
Permanent Debt	16.1	1,183,797	2,236,413
Floating Debt-net	17	(2,403)	(597,183)
		<b>1,181,394</b>	<b>1,639,230</b>
<b>16.1 Permanent Debt</b>			
Pakistan Investment Bonds		1,021,757	2,025,397
National Prize Bonds		162,020	161,475
Special U.S. Dollar Bonds		20	3
Ijara Sukuk Bond		-	49,537
		<b>1,183,797</b>	<b>2,236,413</b>

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2015**

	Note	2015 Rupees in million	2014 Rupees in million
<b>17. DOMESTIC FLOATING DEBT-NET</b>			
<b>Floating Debt Receipts</b>			
6 Months Market Treasury Bills (Auction)		3,536,784	6,642,418
6 Months Market Treasury Bills purchased by SBP		5,243,438	6,162,940
Cash Credit Accomodation		-	-
		<u>8,780,222</u>	<u>12,805,358</u>
<b>Floating Debt Payments</b>			
6 Months Market Treasury Bills (Auction)		3,300,539	8,178,322
6 Months Market Treasury Bills purchased by SBP		5,481,552	5,223,168
Promissory Note		282	288
Treasury Bills for Payment to IBRD		154	248
General Capital Increase		98	515
		<u>8,782,625</u>	<u>13,402,541</u>
		<u>(2,403)</u>	<u>(597,183)</u>
<b>18. RECOVERY OF LOANS AND ADVANCES</b>			
Provinces		41,064	40,753
Financial Institution		4,638	4,604
Government Servants		2,929	2,556
Non-Financial Institution		2,207	2,421
Others		2,424	2,493
		<u>53,262</u>	<u>52,828</u>
<b>19. PRIVATIZATION PROCEEDS</b>			
Pakistan Petroleum Ltd		15,212	-
Habib Bank Limited		2,283	-
Allied Bank Limited		1,453	-
United Bank Limited		3	-
		<u>18,951</u>	<u>-</u>
<b>20. TRADING ACTIVITIES</b>			
Pakistan Post Office - Receipts		9,674	9,127
		<u>9,674</u>	<u>9,127</u>
<b>21. SALARIES AND EMPLOYEES BENEFITS</b>			
Pay and Allowances		497,020	447,593
Retirement Benefits		212,512	193,458
		<u>709,532</u>	<u>641,050</u>
<b>22. PRINCIPAL REPAYMENTS OF DEBT</b>			
<b>Foreign Debt</b>			
Asian Development Bank (ADB)		73,364	75,008
International Monetary Fund (IMF)		57,403	93,316
Islamic Development Bank (IDB)		44,575	45,495
International Development Association (IDA)		25,715	24,070
Standard Chartered Bank		17,553	-
International Bank for Re-construction and Development (IBRD)		15,843	17,004
Saudi Arabia		12,379	16,836
Chinese Loan		11,675	11,789
French Credit		5,389	5,404
Yen Credit from Japan		5,207	5,789
Turkey		3,192	-
Korea		1,939	1,722
German Loan		1,699	1,491
Italian Credit		84	79
Dollar Bond N.C.C.		-	1,005
Others		9,176	7,075
		<u>285,193</u>	<u>306,082</u>

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2015**

	Note	2015 Rupees in million	2014 Rupees in million
<b>Domestic Debt-Permanent</b>			
National Prize Bonds		86,311	105,279
Pakistan Investment Bonds		79,628	136,254
Special U.S. Dollar Bonds		15	23
National Savings Bonds		2	-
Sukuk Bonds		-	182,354
Others		-	70
		<u>165,956</u>	<u>423,980</u>
		<u>451,149</u>	<u>730,062</u>
<b>23. SERVICING OF DEBT</b>			
Domestic Debt		1,204,264	1,056,542
Foreign Debt		95,662	74,980
		<u>1,299,926</u>	<u>1,131,522</u>
<b>24. LOANS AND ADVANCES</b>			
<b>Capital Expenditure</b>			
Non-Financial Institutions		82,864	139,266
Provincial Governments		76,179	72,381
District Governments		67,004	52,443
Government Employees	24.1	6,460	4,318
Others		19,859	19,839
		<u>252,366</u>	<u>288,247</u>
<b>24.1 Government Employees</b>			
House Building Advance		5,075	3,480
Motor Car Advance		953	519
Motor Cycle Advance		425	315
Cycle Advance		7	6
		<u>6,460</u>	<u>4,318</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	2015 Rupees in million	2014 Rupees in million
<b>25. INVESTMENTS - PAYMENTS</b>			
Pakistan Railways		31,366	22,108
P.I.A. Corporation		3,974	645
Mortgage Re-Finance Company		1,200	-
Poverty Alleviation Fund with IDB		498	-
Islamic Development Bank		408	900
Pakistan Broadcasting Corporation		93	39
NIP Karachi		89	184
PASDEC Islamabad		18	26
Islamic Corporation for the Insurance of Investment & Export Credit		6	-
Pakistan Power Park Management Company Limited		-	1,000
Asian Development Bank		-	586
Pakistan Television Corporation		-	7
National News Bureau		-	7
		<u>37,652</u>	<u>25,502</u>

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2015**

	Note	2015 Rupees in million	2014 Rupees in million
<b>26. NET RECEIPT OF PUBLIC ACCOUNT</b>			
<b>Receipts</b>			
National Saving Schemes		1,008,243	990,578
Deposits		316,538	425,890
State Provident Fund		47,410	44,539
Other Public Accounts		535,799	816,431
		<u>1,907,990</u>	<u>2,277,439</u>
<b>Payments</b>			
National Saving Schemes		(746,998)	(840,866)
Deposits		(271,473)	(400,579)
State Provident Fund		(23,717)	(20,536)
Other Public Accounts		(565,354)	(855,008)
		<u>(1,607,542)</u>	<u>(2,116,989)</u>
		<u>300,448</u>	<u>160,450</u>

26.1. The public account consists of those moneys received by the Government for which it has a fiduciary duty, but not at liberty to appropriate for the general services of Government, unless provided under an Act of 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	2015 Rupees in million	2014 Rupees in million
<b>27. CASH AT BANK AND TREASURIES</b>			
Cash with State Bank of Pakistan (SBP)		(2,563)	237,853
Cash Balance with Treasuries		(296)	(337)
		<u>(2,859)</u>	<u>237,516</u>
<b>28. ASSETS AND LIABILITIES</b>			
<b>Assets</b>			
Long Term Assets		1,258,393	992,852
Investments		959,214	921,562
Loans and Advances		1,895,027	1,695,923
Current Assets		55,235	51,586
Cash at Bank and Treasuries		(2,859)	237,516
		<u>4,165,010</u>	<u>3,899,439</u>
<b>Liabilities and Equity</b>			
Public Debt		13,776,139	12,580,316
Special Deposits and Trust Accounts		2,738,848	2,439,610
Deferred liabilities		98,577	93,725
Capital Receipts		284,932	265,981
Residual Equity		(12,733,486)	(11,480,194)
		<u>4,165,010</u>	<u>3,899,439</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.

**FEDERAL GOVERNMENT**  
**Notes to the Financial Statements**  
**For the Year Ended 30 June 2015**

	Note	2015 Rupees in Million	2014 Rupees in Million
<b>Receipts</b>			
Actual receipts in Statement of Comparison of Budget and Actual Amounts by Function		12,625,546	17,834,083
Add: Floating debt-net	17	(2,403)	(597,183)
Less : Floating debt receipts	17	<u>8,780,222</u>	<u>12,805,358</u>
Actual receipts in Statement of Cash Receipts and Payments		<u>3,842,921</u>	<u>4,431,542</u>
<b>Payments</b>			
Actual payments in Statements of Comparison of Budget & Actual Amounts by Function and Actual Expenditure by Division		13,166,369	17,861,379
Less : Floating debt payments	17	<u>8,782,625</u>	<u>13,402,541</u>
Actual payments in Statement of Cash Receipts and Payments		<u>4,383,744</u>	<u>4,458,839</u>

**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 **19 JAN 2016**

**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**

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

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