



**FINANCIAL STATEMENTS**  
**OF THE**  
**GOVERNMENT OF KHYBER PAKHTUNKHWA**  
**2019-2020**





# **Financial Statements**

Of the

Government of Khyber Pakhtunkhwa

Financial year 2019-20

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## PREFACE

I am pleased to present the Financial Statements of the Government of Khyber Pakhtunkhwa for the year ended 30 June, 2020 together with the Auditors' Report thereon.

The Financial Statements of the Government of Khyber Pakhtunkhwa for the financial year 2019-20 have been prepared by the Accountant General Khyber Pakhtunkhwa under Section 5 of the Controller General of Accounts (Appointment, Functions and Powers) Ordinance, 2001 and are the responsibility of the Controller General of Accounts (CGA).

In response to the changing nature of stakeholders' requirements for making informed decision making based on financial information and developments in the public sector accounting standards, the role of CGA has transformed. Stakeholders now expect high quality, reliable and relevant financial reports and the focus of CGA is not limited to reporting historical results, but is now constantly moving towards enhancing public value, by providing the legislature and the executive through the Financial Statements an insight of the Government's financial performance.

In December 2000, Auditor General of Pakistan prescribed New Accounting Model (NAM) with the approval of the President of Pakistan under Article 170 of the Constitution of Islamic Republic of Pakistan. NAM, which conforms to international best practices, comprises of seven volumes and is based on Modified Cash Basis of Accounting in which, though cash basis of accounting is followed, the following additional concepts were introduced:

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

Commitment Accounting practices have been adopted since Financial Year 2009-10 but assets and liability accounting is not yet implemented and these Financial Statements have been prepared on cash basis of accounting which do not include accrued receipts and liabilities.

The current year's Financial Statements have been prepared under NAM and the format of International Public Sector Accounting Standards (IPSAS) Cash Basis – Financial Reporting under the Cash Basis of Accounting has been adopted for the preparation of these Financial Statements.

These Financial Statements focus on reporting the budgetary activity of the Government for the financial year as laid down in the financial procedures of the Constitution which describes the Government as Provincial Consolidated Fund and Public Account for which Annual Budget Statement is authorized by Provincial Assembly in the form of Budgetary Grants.

Finally, it is important to emphasize the value of sustained and dedicated efforts towards excellence in public sector financial accounting and reporting. Moving forward, management

and staff of CGA are working closely to address the challenges and issues which can limit the quality, transparency and reliability of financial reports. Through excellent financial reporting we are committed to support the decision making critical to the nation's fiscal future.

**Islamabad, Pakistan**

**Date: 24 DEC 20**

**SD**

**Controller General of Accounts**



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

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**Auditor's Report**

I have audited the accompanying Financial Statements of the Government of Khyber Pakhtunkhwa, which comprises the statements of receipts and payments for the year ended 30 June 2020, statements of cash flows, statements of comparison of budget and actual amounts by function statement of comparison of budget, actual expenditure by departments and statement of appropriation of grants by objects for the year ended on 30 June 2020 and 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 167 & 170 (2) of the Constitution of the Islamic Republic of Pakistan read with Section 7 of the Auditor-General's (Functions, Powers and 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 amounts 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 reasonable basis for my opinion.

**In my opinion:**

- a) These Financial Statements properly present, in all material respects, financial position of the Government of Khyber Pakhtunkhwa as at 30<sup>th</sup> June 2020 and the results of its operations, its cash flow, and its expenditures and receipts, by appropriation for the year ended 30<sup>th</sup> June 2020 in accordance with the stated accounting policies of the Government of the Khyber Pakhtunkhwa.
- b). The sums expended have been applied, in all material respects, for the purposes authorized by Provincial Assembly and have, in all material respects, been booked to the relevant grants and appropriations.

### **Other Reports**

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

Islamabad, Pakistan

Date: **24 DEC 20**

**—SD—**

**Javaid Jehangir**

**Auditor General of Pakistan**

**GOVERNMENT OF KHYBER PAKHTUNKHWA**  
**Statement of Cash Receipts and Payments**  
**For the Year Ended 30 June 2020**

		2020 Rupees in Million	2019 Rupees in Million
PROVINCIAL CONSOLIDATED FUND	Note		
RECEIPTS-		Receipt / Payment controlled by the Government	Receipt / Payment controlled by the Government
		Receipt / Payment by Third Parties	Receipt / Payment by Third Parties
Taxation- Transfers from Federal Government	8	376,562	-
Taxation- Provincial Government's own collection	9	25,446	-
Non-Tax Revenue and Other Receipts			
General Administration	10	4,921	-
Economic Services	11	1,406	-
Development Surcharge and Royalties	12	23,243	-
Interest on Loans and Advances	13	78	-
Dividend and Profit Share	14	19,061	-
Others	15	7,381	-
		56,090	-
Grants and Aid	16	132,827	6,767
Borrowings			
Foreign Debt	17	-	18,675
Domestic Debt	18	12,200	-
		12,200	18,675
Capital Receipts			
Recovery of Loans and Advances	19	139	-
		139	-
Trading Activities	20	34,745	-
Receipts of District Governments	21	2,022	-
TOTAL RECEIPTS		640,031	25,442



**GOVERNMENT OF KHYBER PAKHTUNKHWA**  
**Statement of Cash Receipts and Payments**  
**For the Year Ended 30 June 2020**

	Note	2020		2019	
		Rupees		Rupees	
		in Million		in Million	
		Receipt / Payment controlled by the Government	Receipt / Payment by Third Parties	Receipt / Payment controlled by the Government	Receipt / Payment by Third Parties
<b>PAYMENTS</b>					
<b>Operations</b>					
Salaries and Employee Benefits	22	183,639	-	155,430	-
Operating Expenses	23	148,519	10,101	79,130	9,004
		332,158	10,101	234,560	9,004
<b>Transfers</b>					
Grants, Subsidies and Write-off of Loans	24	23,895	-	33,248	-
Other Transfer Payments	25	25,816	-	26,077	-
		49,711	-	59,325	-
<b>Expenditure on</b>					
Physical Assets	26	6,200	172	7,445	3
Civil Works	27	68,517	15,169	45,662	20,763
		74,717	15,341	53,107	20,766
<b>Debt and Interest Payments</b>					
Principal Repayment of Debt	28	9,926	-	8,597	-
Servicing of Debt	29	11,239	-	10,694	-
		21,165	-	19,291	-
<b>Other Payments</b>					
Loans and Advances	30	1,004	-	181	-
Investments	31	3,750	-	-	-
		4,754	-	181	-
<b>Payments of District Governments</b>	32	179,622	-	146,375	-
<b>TOTAL PAYMENTS</b>		<b>662,127</b>	<b>25,442</b>	<b>512,839</b>	<b>29,770</b>
<b>NET PAYMENT OF PROVINCIAL CONSOLIDATED FUND</b>		<b>(22,096)</b>	<b>-</b>	<b>(22,311)</b>	<b>-</b>
<b>NET RECEIPT OF PUBLIC ACCOUNT</b>	33	13,786	-	14,677	-
<b>INCREASE / (DECREASE) IN CASH</b>		<b>(8,310)</b>	<b>-</b>	<b>(7,634)</b>	<b>-</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>		<b>22,181</b>	<b>-</b>	<b>29,815</b>	<b>-</b>
<b>INCREASE / (DECREASE) IN CASH</b>		<b>(8,310)</b>	<b>-</b>	<b>(7,634)</b>	<b>-</b>
<b>CASH AT THE END OF THE YEAR</b>	34	13,871	-	22,181	-

The annexed notes 1 to 39 form an integral part of these Financial Statements.

  
Accountant General Khyber Pakhtunkhwa

**GOVERNMENT OF KHYBER PAKHTUNKHWA**  
**Statement of Cash Flows**  
**For the Year Ended 30 June 2020**

	Note	2020 Rupees in Million	2019 Rupees in Million
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Taxation- Transfers from Federal Government	8	376,562	368,798
Taxation- Provincial Government's own collection	9	25,446	19,907
Non-Tax Revenue and Other Receipts		56,090	56,129
Grants and Aid - Receipts	16	139,594	36,252
Trading Activities - Receipts	20	34,745	18,094
Operations- Payments		(342,259)	(243,564)
Servicing of Debt - Payments	29	(11,239)	(10,694)
Transfers - Payments		(49,711)	(59,325)
District Governments-Receipts	21	2,022	491
District Governments- Revenue Expenditure	32.1	(175,314)	(139,941)
<b>Cash from Operating Activities</b>		<b>55,936</b>	<b>46,147</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Recovery of Loans and Advances	19	139	78
Expenditure on Physical Assets	26	(6,372)	(7,448)
Expenditure on Civil Works	27	(83,686)	(66,425)
Payments of Loans and Advances	30	(1,004)	(181)
Investments	31	(3,750)	-
Payment of District Government - Capital Expenditure	32.2	(4,308)	(6,434)
<b>Cash used in Investing Activities</b>		<b>(98,981)</b>	<b>(80,410)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Receipt of Foreign Debt	17	18,675	20,549
Receipt of Foreign Debt	18	12,200	
Principal Repayment of Debt	28	(9,926)	(8,597)
Net Receipt of Public Account	33	13,786	14,677
<b>Cash from Financing Activities</b>		<b>34,735</b>	<b>26,629</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(8,310)</b>	<b>(7,634)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>22,181</b>	<b>29,815</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	34	<b>13,871</b>	<b>22,181</b>

The annexed notes 1 to 39 form an integral part of these Financial Statements.

  
Accountant General Khyber Pakhtunkhwa

# GOVERNMENT OF KHYBER PAKHTUNKHWA

## Statement of Comparison of Budget and Actual Amounts by Function For the Year Ended 30 June 2020

Note	2020 (Rupees in Million)			2019 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
<b>RECEIPTS</b>						
<u>Revenue</u>						
Taxation	530,715	376,924	402,008	430,117	400,761	388,705
Non-Taxation	287,553	314,683	230,429	222,544	133,740	110,475
Total revenue receipts	818,268	691,607	632,437	652,661	534,501	499,180
<u>Capital</u>						
Domestic Debt	184	170	12,200	5,000	-	-
Foreign Debt	48,554	26,580	18,675	29,344	15,468	20,549
Recoveries of Loans and Advances	66	80	139	250	250	78
Recoveries of Investments	-	-	-	-	-	-
Total capital receipts	48,804	26,830	31,014	34,594	15,718	20,627
<u>Others</u>						
Financing from past savings	24,410	24,410	-	39,015	37,365	-
<u>Receipts of District Governments</u>	181,137	181,137	188,635	147,475	147,475	147,033
<b>TOTAL RECEIPTS</b>	<b>1,072,619</b>	<b>923,984</b>	<b>852,086</b>	<b>873,745</b>	<b>735,059</b>	<b>666,840</b>
<b>PAYMENTS</b>						
<u>Revenue</u>						
General Public Service	302,636	322,679	282,693	261,389	270,788	237,447
Defence Services	196	196	154	131	131	112
Public Order and Safety Affairs	78,001	82,058	69,715	59,624	60,791	52,582
Economic Affairs	39,007	41,382	33,164	30,740	31,275	25,961
Environment Protection	268	268	241	295	295	151
Housing and Community Amenities	10,626	12,891	8,981	7,642	8,648	6,992
Health Affairs and Services	51,814	51,858	41,555	38,598	40,418	34,670
Recreation, Culture and Religion	5,436	6,421	4,444	2,904	2,904	2,141
Education Affairs and Services	45,214	45,214	31,974	37,107	37,107	29,214
Social Protection	28,342	28,342	16,122	8,727	8,727	2,840
Total revenue payments	561,540	591,309	489,043	447,157	461,084	392,110
<u>Capital</u>						
General Public Service	159,542	171,492	62,065	68,519	69,335	39,657
Public Order and Safety Affairs	214	214	-	600	600	-
Economic Affairs	176,970	191,065	103,688	166,221	177,354	74,846
Environment Protection	5,805	5,805	4,296	3,714	3,737	3,312
Housing and Community Amenities	20,596	20,609	11,850	9,183	9,183	8,970
Health Affairs and Services	5,311	5,462	3,275	7,593	7,593	4,864
Recreation, Culture and Religion	5,796	5,796	1,053	1,013	1,013	575
Education Affairs and Services	24,034	24,034	17,201	20,058	22,084	16,526
Social Protection	3,474	3,474	2,089	2,212	2,212	1,916
Total capital payments	401,742	427,951	205,517	279,113	293,111	150,666
<u>Payments of District Governments</u>	181,137	189,342	179,622	147,475	153,812	146,375
<b>TOTAL PAYMENTS</b>	<b>1,144,419</b>	<b>1,208,602</b>	<b>874,182</b>	<b>873,745</b>	<b>908,007</b>	<b>689,151</b>

The annexed notes 1 to 39 form an integral part of these Financial Statements.

  
Accountant General Khyber Pakhtunkhwa

# GOVERNMENT OF KHYBER PAKHTUNKHWA

## Statement of Comparison of Budget and Actual Expenditure by Department For the Year Ended 30 June 2020

DEPARTMENTS	2020 Rupees in Million			2019 Rupees in Million		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
	Note					
Agriculture, Livestock & Cooperation	15,133	16,576	11,543	7,721	7,721	5,111
Board of Revenue	1,839	2,011	1,378	1,852	1,852	1,248
Education	51,560	51,560	38,051	41,176	43,202	30,514
Environment, Forestry, Wild life	8,858	10,748	7,894	6,616	6,794	5,430
Excise and Taxation	959	1,002	720	1,155	1,155	884
Finance	454,706	485,882	306,660	294,089	304,242	249,880
Food	96,873	96,873	37,727	96,842	96,842	17,205
Health	70,114	70,309	58,244	55,964	57,784	50,036
Home and Tribal Affairs	73,058	75,655	63,474	51,712	51,713	46,353
Industries	10,884	10,929	5,779	9,374	9,374	7,343
Information	719	755	360	622	1,570	307
Irrigation and Power	19,311	24,731	24,544	13,805	18,694	14,123
Law	6,162	7,502	6,443	1,976	1,976	1,808
High Court	2,774	2,895	1,568	4,955	6,120	5,370
Local Governance	21,150	22,022	19,376	37,020	37,020	27,960
Population, Planning and Welfare Department	2,977	2,977	1,136	1,143	1,143	267
Planning and Development	681	686	500	2,503	2,503	2,442
Provincial Assembly	1,358	1,358	1,147	1,272	1,327	1,147
Administration and Establishment	4,791	4,791	3,098	6,544	6,544	3,528
Works and Services	53,689	62,839	59,899	33,487	40,149	37,349
Zakat and Ushr	303	303	218	1,244	1,244	899
Science and Information Technology	1,125	1,125	703	515	515	439
Sports, Culture, Archeology & Museum	10,568	11,553	5,326	3,221	3,220	2,346
Auqaf, Hajj, Religious and Minority Affairs	563	563	234	522	522	393
Inter Provincial Coordination	56	56	43	57	57	38
Relief Rehabilitation and Settlement	28,201	28,201	28,172	8,372	8,372	2,417
Housing Department	353	353	321	2,782	2,782	2,550
Energy and Power	9,704	9,729	3,058	141	170	161
Transport	14,813	15,276	6,944	39,588	39,588	25,228
	963,282	1,019,260	694,560	726,270	754,195	542,776
Payments of District Governments	181,137	189,342	179,622	147,475	153,812	146,375
<b>TOTAL</b>	<b>1,144,419</b>	<b>1,208,602</b>	<b>874,182</b>	<b>873,745</b>	<b>908,007</b>	<b>689,151</b>

The annexed notes 1 to 39 form an integral part of these Financial Statements.

  
Accountant General Khyber Pakhtunkhwa

# GOVERNMENT OF KHYBER PAKHTUNKHWA

## Notes to the Financial Statement

### For the Year Ended 30 June 2020

#### 1 REPORTING ENTITY

Provincial Government - Khyber Pakhtunkhwa (the Government) conducts its operations under the Rules of Business 1985. These rules were made pursuant to Article 139 of the Constitution of the Islamic Republic of Pakistan, 1973 (the Constitution) and envisages Provincial Government as comprising of departments and their attached departments. Financial procedures of the Constitution describes the Government as Provincial Consolidated Fund and Public Account of the Province for which Annual Budget Statement is authorized by the Provincial Assembly in the form of budgetary grants. These Financial Statements focus on reporting the budgetary activity of the Government for the financial year.

Article 170 of the Constitution confers the powers of defining the form, principles and methods of the accounts of the Province to the Auditor General of Pakistan, with the approval of the President. New Accounting Model was prescribed by the Auditor General of Pakistan in 2000 which describes Provincial Government as an accounting and reporting entity comprising of;

- a) Centralized Accounting Entities; for which the Accountant General KP 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. Public Work Department-Works and Services, Irrigation & Public Health Engineering
  2. Environment/Forest/Wildlife Department
- c) Exempt Entities; special purpose authorities/ organizations and all the government owned corporations/ companies which are required to prepare their Financial Statements under their specific statute or Companies Ordinance, 1984 are classified as exempt entities. Financial Statements of these entities are not consolidated in the Financial Statements of the Provincial Government. New investments by the Provincial Government, if any, 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.

The District Governments established under Khyber Pakhtunkhwa Local Government Act, 2013 which consists of District Council and District Administration. Auditor General of Pakistan has prescribed Local Government Accounts Manual for District Governments. This Manual requires preparation of annual Finance and Appropriation Accounts by each District Government. The District Governments Khyber Pakhtunkhwa also prepare separate Financial Statements. The Local Government Accounts Manual also requires that Accounts of the District Governments are consolidated in the Financial Statements of the Province. In these Financial Statements, accounts of the following District Governments have been consolidated.

1- District Government Abbotabad	2- District Government Kohat
3- District Government Buner	4- District Government Lakki Marwat
5- District Government Bajaur	6- District Government Manshera
7- District Government Battagram	8- District Government Malakand
9- District Government Banuu	10- District Government Mohmand
11- District Government Charsadda	12- District Government Mardan
13- District Government Chitral	14- District Government North Wazirsitan
15- District Government Chitral Upper	16- District Government Nowshera
17- District Government Dir Lower	18- District Government Orakzai
19- District Government Dera Ismail Khan	20- District Government Kolai Palas
21- District Government Dir Upper	22- District Government Peshawar
23- District Government Hungu	24- District Government Shangla
25- District Government HARIPUR	26- District Government Swabi
27- District Government Kohistan Upper	28- District Government Swat
29- District Government Khyber	30- District Government Tor Ghar
31- District Government Karrak	32- District Government Tank
33- District Government Kurram	34- District Government South Wazirsitan
35- District Government Kohistan Lower	

These Financial Statements include all Centralized Entities, Self Accounting Entities and District Governments.



## **2 BASIS OF CONSOLIDATION**

These Financial Statements have been prepared by consolidating the accounts of all Centralized and Self Accounting Entities and twenty seven (27) District Governments. Material Inter-governmental transactions such as transfers from Provincial Government-KP which comprises receipts of District Governments have been eliminated in consolidation.

## **3 STATEMENT OF COMPLIANCE**

These Financial Statements have been prepared in accordance with the New Accounting Model (NAM) 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. Implementation of NAM is an ongoing process. Commitment Accounting has been adopted since 2009-10, however asset and liability accounting practices have not yet been implemented, memorandum registers for assets do not exist and accounting for liabilities is not done in accordance with NAM.

## **4 ACCOUNTING CONVENTION AND BASIS OF CONSOLIDATION**

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 receipt and payments, statements of comparison of budget and actual amounts by function, statements of comparison of budget and actual expenditure by department 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 2018-19 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.

## **5 REPORTING AND BUDGET PERIOD**

The reporting and budget period of these Financial Statements is the financial year 2019-2020 (from 1 July, 2019 to 30 June, 2020).

## **6 REPORTING CURRENCY**

The reporting currency of these Financial Statements is Pak Rupees which is Provincial Government's functional and presentation currency.

## **7 SIGNIFICANT ACCOUNTING POLICIES**

### **7.1. Revenue recognition**

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

### **7.2. Recognition of expenditure**

Expenditure is recognized on the date when payment is made or cheque is issued. Financial year to which the payments pertain is determined by the date on which a cheque or payment advice is issued. Policies for recognition of expenditure are as follows;

**a) Payments made through cheque**

Expenditure is recognized on the date the cheque is issued.

**b) Inter government transfers**

Expenditure is recognized on the date the transfer is made by the transferor.

**c) Payments directly in bank accounts**

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.

**e) Imprest payments**

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

**7.3. Foreign currency**

Transactions in foreign currencies are recorded in the books at the rates of exchange prevailing on the date of transaction. Exchange differences arising on settlement of these transactions are recognized in the statement of cash receipts and payments, but are not been disclosed separately.

**7.4. 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 monthly payroll at a uniform rate of subscription, as advised by the Government for a financial year as laid down in the Provident Fund Act (XIX of 1925) and General Provident Fund Rules. The Government pays interest on provident fund balance and is recorded as expenditure in the financial year.

**b) Pension**

The entitlement of Government employees to a stream of payments after they retire from service. No liability for pension is recognized in the Financial Statements and pension payments made during the year are recorded as expenditure.

**c) Encashment of leave**

This represents liability arising from entitlements to the various forms of leave earned by Government employees. No provision is made and the expenditure is recognized on the basis of payments made during the year.

**7.5. Investments**

All investments made by the Government are initially measured at cost being the fair value of consideration given plus transaction costs that are directly attributable to their acquisition.

Subsequent to initial recognition, investments are carried at historical cost. Any dividends received against investments are recognized when received in the Provincial Consolidated Fund.

**7.6. Cash and cash equivalents**

For the purpose of Cash Flow Statement, cash and cash equivalents comprise cash with State Bank of Pakistan.

#### **7.7. Liability**

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

#### **7.8. 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.

#### **7.9. Assets**

Assets are future economic benefits controlled by the Government as a result of past transactions or other past events. Assets are recorded at cost and currently no depreciation is charged.

#### **7.10. Loan and advances**

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

#### **7.11 Payments by third parties**

The Government also benefits from goods and services purchased on its behalf as a result of cash payments made by the third parties during the period by way of loans and contributions, in the shape of grants and aid. The payments made by the third parties do not constitute cash receipts or payments controlled by the Government as defined in the Cash Basis IPSAS - Financial Reporting under the Cash Basis of Accounting but do benefit the Government, as the Government does not receive cash (including cash equivalents) directly from, or gain control of the bank accounts or similar facility established for its benefit, by the third parties. Payments by third parties 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.

	Note	2020 Rupees in Million	2019 Rupees in Million
<b>8 TAXATION - TRANSFER FROM FEDERAL GOVERNMENT</b>			
<i>Direct Taxes</i>			
Income tax		144,630	139,615
Capital Value Tax		392	383
		145,022	139,998
<i>Indirect Taxes</i>			
Sales tax		149,087	141,542
Custom duty		58,016	63,349
Federal excise		23,108	22,439
Federal excise on Natural Gas		1,329	1,470
		231,540	228,800
		<b>376,562</b>	<b>368,798</b>
<b>9 TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION</b>			
<i>Direct Taxes</i>			
Income tax - Agriculture		68	80
Property Tax		(684)	1,156
Land Revenue		2,438	2,863
Tax on Profession, Trade and Callings		675	402
Capital Value Tax on Immoveable Property		449	455
		2,946	4,956
<i>Indirect Taxes</i>			
Receipts Under Motor Vehicles Act		1,330	1,843
Sales Tax		16,967	10,356
Stamp Duties		1,699	1,542
Provincial Excise		29	60
Others Indirect Taxes		2,475	1,150
		22,500	14,951
		<b>25,446</b>	<b>19,907</b>
<b>10 GENERAL ADMINISTRATION RECEIPTS</b>			
Fiscal Administration		413	317
Community Services		683	612
Social Services		1,685	1,507
Economic Regulations		28	29
Law and Order		2,034	1,978
Organs of State		78	53
		<b>4,921</b>	<b>4,496</b>

	Note	2020 Rupees in Million	2019 Rupees in Million
<b>11 ECONOMIC SERVICES RECEIPTS</b>			
Cooperation, Irrigation, Embankment-Drainage		219	376
Food and Agriculture		186	412
Fisheries and Animal Husbandry		263	219
Forest		187	139
Others		551	379
		<u>1,406</u>	<u>1,525</u>

**12 DEVELOPMENT SURCHARGE AND ROYALTIES**

Development Surcharge on Gas	12.1	40	188
Royalty on Crude Oil	12.2	13,980	16,146
Royalty on Natural Gas	12.2	9,223	7,874
Discount on Local Crude Oil		-	2
		<u>23,243</u>	<u>24,210</u>

12.1 The development surcharge on natural gas is levied under the Natural Gas Development Surcharge Ordinance, 1967. In pursuance of the said ordinance, the Federal Government has to fix the sale price for the consumers and prescribe a price for the gas companies. The difference between the two prices is the margin available to the Government as development surcharge. The surcharge on natural gas is transferred to the Provinces according to the production of gas in a province.

12.2 Royalty on crude oil and natural gas is received under Pakistan Petroleum Production Rules, 1949 at the rate of 12.5% on the well head value of production. Federal Government collects royalty on crude oil and natural gas which is transferred to the Provinces on well head production basis after deduction of 2% collection charges.

	Note	2020 Rupees in Million	2019 Rupees in Million
<b>13 INTEREST ON LOANS AND ADVANCES</b>			
Interest on Loans and Advances to Govt. Servants		-	1
Interest - Others		78	74
		<u>78</u>	<u>75</u>

**14 DIVIDEND AND PROFIT SHARE**

Dividends Receipts	14.1	351	3
Profit share	14.2	18,710	21,060
		<u>19,061</u>	<u>21,063</u>

**14.1 Dividends Receipts**

Non-Financial Institution		351	3
		<u>351</u>	<u>3</u>

**14.2 Profit share**

Electricity		16,000	20,000
Others		2,710	1,060
		<u>18,710</u>	<u>21,060</u>



	Note	2020 Rupees in Million	2019 Rupees in Million
<b>15 OTHER RECEIPTS</b>			
Unclaimed deposits		1,418	665
Rent, Rates and Taxes		31	29
Receipts under the Mines, Oil-fields and Mineral		2,373	1,863
Arms License Fees		513	539
Recoveries of Overpayments		214	122
Tourism Receipts		53	49
Sand and quarry fees		876	320
Recoveries made by NAB from defaulters		22	187
Sugarcane development cess		91	93
Sugarcane cess collection charges		1	4
Initial Environmental Examination and Environmental		1	4
Fees, Fines, Penalties		22	9
Local Government		13	2
Fee for Registration/Renewal of licenses of Private Security Co		6	6
Fee For Registration/Renewal of Newspapers/Presses		3	3
Miscellaneous Receipts		1,744	865
		<u>7,381</u>	<u>4,760</u>
<b>16 GRANTS AND AID</b>			
Controlled by Govt:	16.1	132,827	27,031
Third Party Receipts	16.2	6,767	9,221
		<u>139,594</u>	<u>36,252</u>
<b>16.1 Controlled by Govt:</b>			
Development Grants		58,895	7,775
Non-Development Grants		50,872	160
Other Grants (Foreign)		23,060	19,096
		<u>132,827</u>	<u>27,031</u>
<b>16.2 Third Party Receipts</b>			
Development Grants		6,767	9,221
		<u>6,767</u>	<u>9,221</u>
<b>17 FOREIGN DEBT - RECEIPTS</b>			
Third Party Receipts	17.1	18,675	20,549
		<u>18,675</u>	<u>20,549</u>
<b>17.1 Third Party Receipts</b>			
Foreign Lenders- JICA		38	25
ADB Loan		14,517	20,524
IDA Loan		4,120	-
		<u>18,675</u>	<u>20,549</u>

	Note	2020 Rupees in Million	2019 Rupees in Million
<b>18 DOMESTIC DEBT - RECEIPTS</b>			
Floating Debt		<u>12,200</u>	<u>-</u>
		<u>12,200</u>	<u>-</u>
<b>19 RECOVERY OF LOANS AND ADVANCES</b>			
Non-Financial Institution		45	6
Government Servants		<u>94</u>	<u>72</u>
		<u>139</u>	<u>78</u>
<b>20 TRADING ACTIVITIES - RECEIPTS</b>			
Sale of wheat		23,502	8,365
Subsidies on wheat		2,900	2,900
Subsidy on wheat (from Federal Govt)		8,321	6,821
Sale of Others		<u>22</u>	<u>8</u>
		<u>34,745</u>	<u>18,094</u>
<b>21 RECEIPTS OF DISTRICT GOVERNMENT</b>			
Direct taxes		129	116
Indirect taxes		5	3
General Administration receipts		35	15
Share from Provincial allocable amounts		10,932	32,725
Grants from Provincial Government		177,500	114,138
Miscellaneous receipts		38	34
Loans and Advances		<u>(4)</u>	<u>2</u>
		188,635	147,033
Less: Grants from Provincial Government - KP	21.1	186,613	146,542
		<u>2,022</u>	<u>491</u>

21.1 In these Consolidated Financial Statements, in order to avoid the duplicate effect of receipts and payments, grants received from Government of Khyber Pakhtunkhwa have been eliminated against transfers to District Governments.

	Note	2020 Rupees in Million	2019 Rupees in Million
<b>22 SALARIES AND EMPLOYEE BENEFITS</b>			
Pay of Officers		16,653	14,646
Pay of Other Staff		38,621	29,737
Allowances		57,086	42,053
Retirement Benefits		<u>71,279</u>	<u>68,994</u>
		<u>183,639</u>	<u>155,430</u>

	Note	2020 Rupees in Million	2019 Rupees in Million
<b>23 OPERATING EXPENSES</b>			
Controlled by Govt:	23.1	148,519	79,130
Third Party Payments	23.2	10,101	9,004
		<u>158,620</u>	<u>88,134</u>
<b>23.1 Controlled by Govt:</b>			
Research Surveys and Exploratory Operations		12	12
Communication		306	292
Utilities		5,431	4,987
Occupancy Costs		3,882	2,092
Operating Leases		1	-
Motor Vehicles		19	43
Travel and Transportation		8,854	3,560
Scholarships, Bonuses and Other Awards		165	126
Entertainments and Gifts		78	168
Commodity Purchases (State Trading)		28,537	13,136
Repair & Maintenance		7,659	6,765
General Operating Expenses		93,575	47,949
		<u>148,519</u>	<u>79,130</u>
<b>23.2 Third Party Payments</b>			
General Operating Expenses		10,101	9,004
		<u>10,101</u>	<u>9,004</u>
<b>24 GRANTS, SUBSIDIES AND WRITE-OFF OF LOANS</b>			
Grants, Subsidies and Write-off of Loans		210,508	179,790
Less: Transfers to District Governments	21.1	186,613	(146,542)
		<u>23,895</u>	<u>33,248</u>
<b>25 OTHER TRANSFER PAYMENTS</b>			
Other Transfer Payments		25,816	26,077
		<u>25,816</u>	<u>26,077</u>
<b>26 PHYSICAL ASSETS</b>			
Controlled by Govt:	26.1	6,200	7,445
Third Party Payments	26.2	172	3
		<u>6,372</u>	<u>7,448</u>

		2020 Rupees in Million	2019 Rupees in Million
<b>26.1 Controlled by Govt:</b>			
Purchase of Building		103	338
Computer Equipment		85	199
Other Stores and Stocks		2	5
Purchase of Transport		1,581	1,188
Purchase of Plant & Machinery		1,135	2,039
Purchase of Furniture and Fixtures		140	299
Purchase of Other Assets		328	236
Feasibility Studies		2,826	3,141
		<u>6,200</u>	<u>7,445</u>
<b>26.2 Third Party Payments</b>			
Feasibility Studies		172	3
		<u>172</u>	<u>3</u>
<b>27 CIVIL WORKS</b>			
Controlled by Govt:	<b>27.1</b>	<b>68,517</b>	45,662
Third Party Payments	<b>27.2</b>	<b>15,169</b>	20,763
		<u>83,686</u>	<u>66,425</u>
<b>27.1 Controlled by Govt:</b>			
Roads, Highways and Bridges		18,300	12,340
Irrigation Works		6,618	3,824
Embankments and Drainage Works		5,858	1,815
Building and Structure		36,557	27,296
Other Works		1,184	387
		<u>68,517</u>	<u>45,662</u>
<b>27.2 Third Party Payments</b>			
Building and Structure		7,085	17,949
Other Works		8,084	2,814
		<u>15,169</u>	<u>20,763</u>
<b>28 PRINCIPAL REPAYMENT OF DEBT</b>			
Foreign Debt		9,926	8,597
		<u>9,926</u>	<u>8,597</u>
<b>29 SERVICING OF DEBT</b>			
Foreign Debt		2,180	1,208
Domestic Loans		9,059	9,486
		<u>11,239</u>	<u>10,694</u>

	Note	2020 Rupees in Million	2019 Rupees in Million
<b>30 LOANS AND ADVANCES</b>			
Financial Institutions		819	-
Government Employees	30.1	<u>185</u>	<u>181</u>
		<u>1,004</u>	<u>181</u>

**30.1 Government Employees**

House Building Advance		107	112
Motor Car Advance		45	39
Motor Cycle Advance		33	29
Cycle Advance		-	1
	30.1.1	<u>185</u>	<u>181</u>

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

	Note	2020 Rupees in Million	2019 Rupees in Million
<b>31 INVESTMENTS</b>			
Hydel Development Fund	31.1	<u>3,750</u>	-
		<u>3,750</u>	-

31.1 The General Provident Investment Fund was established under Khyber Pakhtunkhwa, General Provident Investment Fund Act, 1999. The fund is governed by a management board, headed by the Chief Secretary to Government of Khyber Pakhtunkhwa. The fund is increased quarterly through the net receipt of the General Provident Fund contributions. The board shall invest the fund in Government Securities, National Saving Schemes, Profit Bearing Deposits in banks or as the board may think beneficial. However no increase was made during the current Financial Year as no amount was transferred to fund during 2019-2020.

The Pension Fund established under Khyber Pakhtunkhwa, Pension Fund Act, 1999 is governed by a management board headed by the Chief Secretary to the Government of Khyber Pakhtunkhwa. It is enhanced each year with reference to the Governments liability towards its pensioners.

The Government of Khyber Pakhtunkhwa established Hydel Development Fund during 1992 for the development of hydel electricity in the province. The fund was provided legal cover through Khyber Pakhtunkhwa, Hydel Development Fund Ordinance 2001. The Government makes annual contributions to the fund. The fund is governed by a management board headed by the Chief Minister, Khyber Pakhtunkhwa.

31.2 The earnings from these funds do not form part of the Provincial Consolidated Fund, hence not disclosed in these financial statements. However, in order to reflect true financial position of the provincial government, Secretary of the Board Finance Department has been approached to provide the status of these funds. Finance Department provided updated position of the funds as on 30th June, 2020 which is as below:



	Note	2020 Rupees in Million	2019 Rupees in Million
General Provident Investment Fund		77,500	69,040
Pension Fund		54,599	46,646
Hydel Development Fund		13,883	-
		<u>145,982</u>	<u>115,686</u>

### 32 PAYMENTS OF DISTRICT GOVERNMENTS

Revenue Expenditure	32.1	175,314	139,941
Capital Expenditure	32.2	4,308	6,434
		<u>179,622</u>	<u>146,375</u>

#### 32.1 Revenue Expenditure

General Public Service	6,491	4,495
Public Order and Safety Affairs	17	11
Economic Affairs	5,895	4,819
Housing and Community Amenities	1,112	1,198
Health Affairs and Services	24,810	18,944
Recreation, Culture and Religion	280	251
Education Affairs and Services	134,335	108,152
Social Protection	2,374	2,071
	<u>175,314</u>	<u>139,941</u>

#### 32.2 Capital Expenditure

General Public Service	1,256	1,595
Public Order and Safety Affairs	972	179
Economic Affairs	370	798
Environment Protection	38	547
Housing and Community Amenities	777	1,545
Health	168	323
Recreation Culture and Religion	239	180
Education Affairs and Services	336	827
Social Protection	152	440
	<u>4,308</u>	<u>6,434</u>

### 33 NET RECEIPT / (PAYMENT) OF PUBLIC ACCOUNT

#### Receipts

Trust & other Public Accounts
Special Deposits
State Provident Fund

940,739	753,955
55,276	61,408
28,919	25,749
<u>1,024,934</u>	<u>841,112</u>
(935,722)	(751,121)
(59,771)	(60,667)
(15,655)	(14,647)
<u>(1,011,148)</u>	<u>(826,435)</u>
<u>13,786</u>	<u>14,677</u>

#### Payments

Trust & other Public Accounts
Special Deposits
State Provident Fund

33.1

- 33.1 The public Account consists of monies received by the Government for which it has a fiduciary duty, but not at liberty to appropriate for the general services of the Government, unless provided under an Act of Provincial Assembly or rules made by Governor. The balances in the Public Account are carried forward at year end, to be used for the specific purpose for which they are established.

	Note	2020 Rupees in Million	2019 Rupees in Million
<b>34 CASH AND BANK</b>			
Provincial Governments Balance	34.1	(9,273)	8,399
District Governments Balance		23,144	13,782
		<u>13,871</u>	<u>22,181</u>

**34.1 Provincial Government's Balance**

Public Account Balance	162,470	149,033
Consolidated Fund Balance	<u>(171,743)</u>	<u>(140,634)</u>
	<u>(9,273)</u>	<u>8,399</u>

**35 ASSETS AND LIABILITIES**

**Assets**

Long Term Assets	794,885	700,520
Investments	79,310	75,560
Loans and Advances	18,653	17,784
Current Assets	10,943	7,054
Cash and Bank	13,871	22,181
	<u>917,662</u>	<u>823,099</u>

35.1

**Liabilities and Equity**

Public Debt	36	47,811	26,862
Special Deposits and Trust Accounts		89,702	85,374
Deferred Liabilities		91,453	78,108
Residual Equity		<u>688,696</u>	<u>632,755</u>
	35.1	<u>917,662</u>	<u>823,099</u>

- 35.1 These Financial Statements have been prepared under the cash basis of accounting, the information of assets and liability have been presented which are not the mandatory disclosures as per IPSAS Cash Basis.

	Note	2020 Rupees in Million	2019 Rupees in Million
<b>36 PUBLIC DEBT</b>			
<b>Domestic Debt</b>			
Opening Balance		(13,822)	(13,822)
Closing Balance		(13,822)	(13,822)
<b>Foreign Debt</b>			
Opening Balance		40,684	28,732
Add: Debt Receipts	17	30,875	20,549
Less: Principal Repayments of Debt	28	<u>(9,926)</u>	<u>(8,597)</u>
Closing Balance		61,633	40,684
	35.1	<u>47,811</u>	<u>26,862</u>

- 35.1 The foreign debts are recorded in Pak Rupees at the rate of exchange prevailing on the date of transaction, which is the historical cash value. The foreign debt has not been revalued at the year end in accordance with Government policy stated in note 7.7, nor any foreign debt revaluation exchange differences have been recognized in the Financial Statement except for principal repayment of foreign debt.

### 37 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 that Financial Statements- as identified in note 1 above.

The Statements of Comparison of Budgeted and Actual Amounts by Function and Actual Expenditure by Department are presented on a gross basis. Grants received by District Governments from Provincial Government- KP have been eliminated against transfers to District Governments in Statement of Cash receipts and payments as explained in note 2 and 22.1 for which a reconciliation is presented below.

	Note	2020 Rupees in Million	2019 Rupees in Million
<b>Receipts</b>			
Actual Receipts in Statement of Comparison of Budget and Actual Amounts by Function		852,086	666,840
Less : Grants from Provincial Government - KP	24	186,613	146,542
Actual Receipts in Statement of Cash Receipts and Payments		665,473	520,298
<b>Payments</b>			
Actual payments in Statements of Comparison of Budget and Actual Amounts by Function and Actual Expenditure by Department		874,182	689,151
Less: Transfers to District Governments - KP	24	186,613	146,542
Actual payments in Statement of Cash Receipts and Payments		687,569	542,609

### 38 AUTHORIZATION FOR ISSUE

Under section 7 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, read with Article 171 of the Constitution, the Auditor General submits the certified Financial Statements of the Government of Khyber Pakhtunkhwa together with the audit reports on these Financial Statements to the Governor of the province who shall cause them to be laid before the Provincial Assembly. These Financial Statements have been authorized for issue on **24 DEC 20**

### 39 GENERAL

#### 39.1 Level of Precision

Figures in these consolidated Financial Statements have been rounded off to the nearest million of rupees, unless otherwise stated.

#### 39.2 Corresponding Figures

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

  
Accountant General Khyber Pakhtunkhwa

