



FINANCIAL STATEMENTS
OF THE
GOVERNMENT OF KHYBER PAKHTUNKHWA
2020-2021





Financial Statements

Of the

Government of Khyber Pakhtunkhwa

Financial Year 2020-21

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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, 2021 together with the Auditors' Report thereon.

The Financial Statements of the Government of Khyber Pakhtunkhwa for the financial year 2020-21 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:

Fazal Haidi

Controller General of Accounts



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

Auditor's Report

I have audited the accompanying Financial Statements of the Government of Khyber Pakhtunkhwa, which comprise the statements of receipts and payments for the year ended 30th June 2021, statement of cash flows, statement of comparison of budget and actual amounts by function, statement of comparison of budget and actual expenditure by departments and statement of appropriation of grants by object for the year 30th June 2021 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, Power 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 test basis, evidence supporting the amount and disclosures in the Financial Statements. It also includes assessing the accounting policies used, as well as evaluating the overall Financial Statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion:

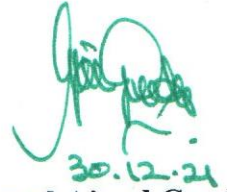
- a. These Financial Statements properly present, in all material respects, the financial position of the Government of the Khyber Pakhtunkhwa as at 30th June 2021 and the results of its operations, its cash flow and its expenditures and receipts, by appropriation for the year ended 30th June 2021 in accordance with the stated accounting policies of the Government of 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 the Islamic Republic of Pakistan.

Islamabad, Pakistan

Dated: 31 DEC 2021



Muhammad Ajmal Gondal

Auditor General of Pakistan


GOVERNMENT OF KHYBER PAKHTUNKHWA
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2021

PROVINCIAL CONSOLIDATED FUND	Note	2021		2020	
		Rupees in Million		Rupees in Million	
RECEIPTS		Receipt / Payment controlled by the Government	Receipt / Payment by Third Parties	Receipt / Payment controlled by the Government	Receipt / Payment by Third Parties
<i>Taxation- Transfers from Federal Government</i>	8	419,587	-	376,562	-
<i>Taxation- Provincial Government's own collection</i>	9	34,776	-	25,446	-
<i>Non-Tax Revenue and Other Receipts</i>					
General Administration	10	5,274	-	4,921	-
Economic Services	11	1,400	-	1,406	-
Development Surcharge and Royalties	12	23,989	-	23,243	-
Interest on Loans and Advances	13	538	-	78	-
Dividend and Profit Share	14	50,307	-	19,061	-
Others	15	15,445	-	7,381	-
		96,953	-	56,090	-
<i>Grants and Aid</i>	16	182,348	5,629	132,827	6,767
<i>Borrowings</i>					
Foreign Debt	17	-	29,634	-	18,675
Domestic Debt	18	68,300	-	12,200	-
		68,300	29,634	12,200	18,675
<i>Capital Receipts</i>					
Recovery of Loans and Advances	19	6,171	-	139	-
		6,171	-	139	-
<i>Trading Activities</i>	20	61,849	-	34,745	-
<i>Receipts of District Governments</i>	21	1,049	-	2,022	-
TOTAL RECEIPTS		871,033	35,263	640,031	25,442

GOVERNMENT OF KHYBER PAKHTUNKHWA
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2021

		2021 Rupees in Million		2020 Rupees in Million	
	Note	Receipt / Payment controlled by the Government	Receipt / Payment by Third Parties	Receipt / Payment controlled by the Government	Receipt / Payment by Third Parties
PAYMENTS					
<i>Operations</i>					
Salaries and Employee Benefits	22	203,851	-	183,639	-
Operating Expenses	23	189,410	15,888	148,519	10,101
		393,261	15,888	332,158	10,101
<i>Transfers</i>					
Grants, Subsidies and Write-off of Loans	24	61,249	9,219	23,895	-
Other Transfer Payments	25	44,999	-	25,816	-
		106,248	9,219	49,711	-
<i>Expenditure on</i>					
Physical Assets	26	8,773	50	6,200	172
Civil Works	27	87,667	10,106	68,517	15,169
		96,440	10,156	74,717	15,341
<i>Debt and Interest Payments</i>					
Principal Repayment of Debt	28	65,435	-	9,926	-
Servicing of Debt	29	9,430	-	11,239	-
		74,865	-	21,165	-
<i>Other Payments</i>					
Loans and Advances	30	1,582	-	1,004	-
Investments	31	-	-	3,750	-
		1,582	-	4,754	-
<i>Payments of District Governments</i>	32	194,849	-	179,622	-
TOTAL PAYMENTS		867,245	35,263	662,127	25,442
NET PAYMENT OF PROVINCIAL CONSOLIDATED FUND		3,788	-	(22,096)	-
NET RECEIPT OF PUBLIC ACCOUNT	33	14,896	-	13,786	-
INCREASE / (DECREASE) IN CASH		18,684	-	(8,310)	-
CASH AT THE BEGINNING OF THE YEAR		13,871	-	22,181	-
INCREASE / (DECREASE) IN CASH		18,684	-	(8,310)	-
CASH AT THE END OF THE YEAR	34	32,555	-	13,871	-


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 2021

	Note	2021 Rupees in Million	2020 Rupees in Million
CASH FLOW FROM OPERATING ACTIVITIES			
Taxation- Transfers from Federal Government	8	419,587	376,562
Taxation- Provincial Government's own collection	9	34,776	25,446
Non-Tax Revenue and Other Receipts		96,953	56,090
Grants and Aid - Receipts	16	187,977	139,594
Trading Activities - Receipts	20	61,849	34,745
Operations- Payments		(409,149)	(342,259)
Servicing of Debt - Payments	29	(9,430)	(11,239)
Transfers - Payments		(115,467)	(49,711)
District Governments-Receipts	21	1,049	2,022
District Governments- Revenue Expenditure	32.1	(187,698)	(175,314)
Cash from Operating Activities		80,447	55,936
CASH FLOW FROM INVESTING ACTIVITIES			
Recovery of Loans and Advances	19	6,171	139
Expenditure on Physical Assets	26	(8,823)	(6,372)
Expenditure on Civil Works	27	(97,773)	(83,686)
Payments of Loans and Advances	30	(1,582)	(1,004)
Investments	31	-	(3,750)
Payment of District Government - Capital Expenditure	32.2	(7,151)	(4,308)
Cash used in Investing Activities		(109,158)	(98,981)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipt of Foreign Debt	17	29,634	18,675
Receipt of Domestic Debt	18	68,300	12,200
Principal Repayment of Debt	28	(65,435)	(9,926)
Net Receipt of Public Account	33	14,896	13,786
Cash from Financing Activities		47,395	34,735
DECREASE IN CASH AND CASH EQUIVALENTS		18,684	(8,310)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		13,871	22,181
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	34	32,555	13,871

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 2021

	2021 (Rupees in Million)			2020 (Rupees in Million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
RECEIPTS						
<u>Revenue</u>						
Taxation	483,662	386,337	454,363	530,715	376,924	402,008
Non-Taxation	404,827	384,099	346,779	287,553	314,683	230,429
Total revenue receipts	888,489	770,436	801,142	818,268	691,607	632,437
<u>Capital</u>						
Domestic Debt	90,901	170	68,300	184	170	12,200
Foreign Debt	47,495	26,580	29,634	48,554	26,580	18,675
Recoveries of Loans and Advances	80	80	6,171	66	80	139
Recoveries of Investments	-	-	-	-	-	-
Total capital receipts	138,476	26,830	104,105	48,804	26,830	31,014
<u>Others</u>						
Financing from past savings	105,164	105,164	-	24,410	24,410	-
<u>Receipts of District Governments</u>	195,942	195,942	189,692	181,137	181,137	188,635
TOTAL RECEIPTS	1,328,071	1,098,372	1,094,939	1,072,619	923,984	852,086
PAYMENTS						
<u>Revenue</u>						
General Public Service	337,462	343,366	312,047	302,636	322,679	282,693
Defence Services	167	167	267	196	196	154
Public Order and Safety Affairs	80,062	88,159	77,018	78,001	82,058	69,715
Economic Affairs	38,877	54,051	48,226	39,007	41,382	33,164
Environment Protection	170	203	161	268	268	241
Housing and Community Amenities	16,907	17,614	10,362	10,626	12,891	8,981
Health Affairs and Services	82,708	82,708	63,922	51,814	51,858	41,555
Recreation, Culture and Religion	6,785	6,796	4,908	5,436	6,421	4,444
Education Affairs and Services	41,083	43,350	46,800	45,214	45,214	31,974
Social Protection	44,792	45,370	18,821	28,342	28,342	16,122
Total revenue payments	649,013	681,784	582,532	561,540	591,309	489,043
<u>Capital</u>						
General Public Service	106,744	162,712	100,010	159,542	171,492	62,065
Public Order and Safety Affairs	466	466	109	214	214	-
Economic Affairs	199,331	216,117	160,075	176,970	191,065	103,688
Environment Protection	6,849	7,417	7,131	5,805	5,805	4,296
Housing and Community Amenities	29,631	30,968	16,321	20,596	20,609	11,850
Health Affairs and Services	7,281	8,969	5,560	5,311	5,462	3,275
Recreation, Culture and Religion	4,156	4,156	5,602	5,796	5,796	1,053
Education Affairs and Services	28,737	28,737	18,162	24,034	24,034	17,201
Social Protection	4,782	4,782	800	3,474	3,474	2,089
Total capital payments	387,977	464,324	313,770	401,742	427,951	205,517
<u>Payments of District Governments</u>	195,942	208,094	194,849	181,137	189,342	179,622
TOTAL PAYMENTS	1,232,932	1,354,202	1,091,151	1,144,419	1,208,602	874,182

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 2021

DEPARTMENTS	2021 Rupees in Million			2020 Rupees in Million		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
Agriculture, Livestock & Cooperation	18,003	20,820	19,738	15,133	16,576	11,543
Board of Revenue	2,709	2,790	1,959	1,839	2,011	1,378
Education	62,208	64,471	47,244	51,560	51,560	38,051
Environment, Forestry, Wild life	6,622	8,489	7,703	8,858	10,748	7,894
Excise and Taxation	1,553	1,655	889	959	1,002	720
Finance	428,480	489,639	400,210	454,706	485,882	306,660
Food	104,857	113,865	67,335	96,873	96,873	37,727
Health	109,292	110,980	83,304	70,114	70,309	58,244
Home and Tribal Affairs	75,362	82,188	71,949	73,058	75,655	63,474
Industries	9,806	9,937	8,843	10,884	10,929	5,779
Information	645	645	533	719	755	360
Irrigation and Power	22,828	27,269	26,091	19,311	24,731	24,544
Law	6,468	7,328	6,671	6,162	7,502	6,443
High Court	2,603	3,798	3,539	2,774	2,895	1,568
Local Governance	36,357	36,357	32,816	21,150	22,022	19,376
Population, Planning and Welfare Department	3,338	3,807	1,598	2,977	2,977	1,136
Planning and Development	611	765	617	681	686	500
Provincial Assembly	1,298	1,396	1,205	1,358	1,358	1,147
Administration and Establishment	4,248	4,333	3,901	4,791	4,791	3,098
Works and Services	64,227	77,728	64,016	53,689	62,839	59,899
Zakat and Ushr	240	249	242	303	303	218
Science and Information Technology	1,224	1,504	925	1,125	1,125	703
Sports, Culture, Archeology & Museum	10,187	10,187	10,085	10,568	11,553	5,326
Auqaf, Hajj, Religious and Minority Affairs	862	865	630	563	563	234
Inter Provincial Coordination	48	52	50	56	56	43
Relief Rehabilitation and Settlement	32,013	32,013	19,040	28,201	28,201	28,172
Housing Department	537	1,884	417	353	353	321
Energy and Power	16,163	17,714	5,552	9,704	9,729	3,058
Transport	14,201	13,380	9,200	14,813	15,276	6,944
	1,036,990	1,146,108	896,302	963,282	1,019,260	694,560
Payments of District Governments	195,942	208,094	194,849	181,137	189,342	179,622
TOTAL	1,232,932	1,354,202	1,091,151	1,144,419	1,208,602	874,182

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 2021

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 Banu	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 Karak	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 thirty five (35) 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 2020-2021 (from 1 July, 2020 to 30 June, 2021).

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

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.

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	2021 Rupees in Million	2020 Rupees in Million
8 TAXATION - TRANSFER FROM FEDERAL GOVERNMENT			
<i>Direct Taxes</i>			
Income tax		153,590	144,630
Capital Value Tax		59	392
		153,649	145,022
<i>Indirect Taxes</i>			
Sales tax		172,319	149,087
Custom duty		67,483	58,016
Federal excise		24,621	23,108
Federal excise on Natural Gas		1,515	1,329
		265,938	231,540
		<u>419,587</u>	<u>376,562</u>
9 TAXATION - PROVINCIAL GOVERNMENT'S OWN COLLECTION			
<i>Direct Taxes</i>			
Income tax - Agriculture		101	68
Property Tax		791	(684)
Land Revenue		3,376	2,438
Tax on Profession, Trade and Callings		726	675
Capital Value Tax on Immoveable Property		84	449
		5,078	2,946
<i>Indirect Taxes</i>			
Receipts Under Motor Vehicles Act		1,708	1,330
Sales Tax		19,362	16,967
Stamp Duties		3,552	1,699
Provincial Excise		39	29
Others Indirect Taxes		5,037	2,475
		29,698	22,500
		<u>34,776</u>	<u>25,446</u>
10 GENERAL ADMINISTRATION RECEIPTS			
Fiscal Administration		670	413
Community Services		746	683
Social Services		1,509	1,685
Economic Regulations		33	28
Law and Order		2,106	2,034
Organs of State		210	78
		<u>5,274</u>	<u>4,921</u>

	Note	2021 Rupees in Million	2020 Rupees in Million
11 ECONOMIC SERVICES RECEIPTS			
Cooperation, Irrigation, Embankment-Drainage		192	219
Food and Agriculture		267	186
Fisheries and Animal Husbandry		295	263
Forest		248	187
Others		398	551
		<u>1,400</u>	<u>1,406</u>

12 DEVELOPMENT SURCHARGE AND ROYALTIES

Development Surcharge on Gas	12.1	1,487	40
Royalty on Crude Oil	12.2	14,659	13,980
Royalty on Natural Gas	12.2	7,841	9,223
Discount on Local Crude Oil		2	-
		<u>23,989</u>	<u>23,243</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	2021 Rupees in Million	2020 Rupees in Million
13 INTEREST ON LOANS AND ADVANCES			
Interest on Loans and Advances to Govt. Servants		1	-
Interest - Others		537	78
		<u>538</u>	<u>78</u>

14 DIVIDEND AND PROFIT SHARE

Dividends Receipts	14.1	1,057	351
Profit share	14.2	49,250	18,710
		<u>50,307</u>	<u>19,061</u>

14.1 Dividends Receipts

Non-Financial Institution		1,057	351
		<u>1,057</u>	<u>351</u>

14.2 Profit share

Electricity		47,000	16,000
Others		2,250	2,710
		<u>49,250</u>	<u>18,710</u>

	Note	2021 Rupees in Million	2020 Rupees in Million
15 OTHER RECEIPTS			
Unclaimed deposits		3,008	1,418
Rent, Rates and Taxes		36	31
Receipts under the Mines, Oil-fields and Mineral		4,426	2,373
Arms License Fees		813	513
Recoveries of Overpayments		581	214
Tourism Receipts		13	53
Sand and quarry fees		659	876
Recoveries made by NAB from defaulters		35	22
Sugarcane development cess		91	91
Sugarcane cess collection charges		1	1
Initial Environmental Examination and Environmenta		-	1
Fees, Fines, Penalties		17	22
Local Government		2	13
Fee for Registration/Renewal of licenses of Private Security Co		7	6
Fee For Registration/Renewal of Newspapers/Presses		4	3
Miscellaneous Receipts		5,752	1,744
		<u>15,445</u>	<u>7,381</u>
16 GRANTS AND AID			
Controlled by Govt:	16.1	182,348	132,827
Third Party Receipts	16.2	5,629	6,767
		<u>187,977</u>	<u>139,594</u>
16.1 Controlled by Govt:			
Development Grants		83,958	58,895
Non-Development Grants		56,322	50,872
Other Grants (Foreign)		42,068	23,060
		<u>182,348</u>	<u>132,827</u>
16.2 Third Party Receipts			
Development Grants		5,629	6,767
		<u>5,629</u>	<u>6,767</u>
17 FOREIGN DEBT - RECEIPTS			
Third Party Receipts	17.1	29,634	18,675
		<u>29,634</u>	<u>18,675</u>
17.1 Third Party Receipts			
Foreign Lenders- JICA		-	38
ADB Loan		18,044	14,517
IDA Loan		9,958	4,120
Others		1,632	
		<u>29,634</u>	<u>18,675</u>

	Note	2021 Rupees in Million	2020 Rupees in Million
18 DOMESTIC DEBT - RECEIPTS			
Floating Debt		68,300	12,200
		<u>68,300</u>	<u>12,200</u>
19 RECOVERY OF LOANS AND ADVANCES			
Non-Financial Institution		6,061	45
Government Servants		110	94
		<u>6,171</u>	<u>139</u>
20 TRADING ACTIVITIES - RECEIPTS			
Sale of wheat		40,564	23,502
Subsidies on wheat		9,900	2,900
Subsidy on wheat (from Federal Govt)		11,319	8,321
Sale of Others		66	22
		<u>61,849</u>	<u>34,745</u>
21 RECEIPTS OF DISTRICT GOVERNMENT			
Direct taxes		67	129
Indirect taxes		5	5
General Administration receipts		17	35
Share from Provincial allocable amounts		4,464	10,932
Grants from Provincial Government		185,083	177,500
Miscellaneous receipts		53	38
Loans and Advances		3	(4)
		<u>189,692</u>	<u>188,635</u>
Less: Grants from Provincial Government - KP	21.1	<u>188,643</u>	<u>186,613</u>
		<u>1,049</u>	<u>2,022</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	2021 Rupees in Million	2020 Rupees in Million
22 SALARIES AND EMPLOYEE BENEFITS			
Pay of Officers		17,086	16,653
Pay of Other Staff		38,793	38,621
Allowances		62,042	57,086
Retirement Benefits		85,930	71,279
		<u>203,851</u>	<u>183,639</u>
23 OPERATING EXPENSES			
Controlled by Govt:	23.1	189,410	148,519
Third Party Payments	23.2	15,888	10,101
		<u>205,298</u>	<u>158,620</u>

	Note	2021 Rupees in Million	2020 Rupees in Million
23.1 Controlled by Govt:			
Research Surveys and Exploratory Operations		20	12
Communication		402	306
Utilities		6,379	5,431
Occupancy Costs		1,089	3,882
Operating Leases		41	1
Motor Vehicles		143	19
Travel and Transportation		14,804	8,854
Scholarships, Bonuses and Other Awards		205	165
Entertainments and Gifts		172	78
Commodity Purchases (State Trading)		52,289	28,537
Repair & Maintenance		9,037	7,659
General Operating Expenses		104,829	93,575
		<u>189,410</u>	<u>148,519</u>
23.2 Third Party Payments			
General Operating Expenses		15,888	10,101
		<u>15,888</u>	<u>10,101</u>
24 GRANTS, SUBSIDIES AND WRITE-OFF OF LOANS			
Grants, Subsidies and Write-off of Loans	24.1	61,249	23,895
Grants From third party payments	24.2	9,219	-
		<u>70,468</u>	<u>23,895</u>
24.1 Grants, Subsidies and Write-Off of Loans			
Grants, Subsidies and Write-off of Loans		249,892	210,508
Less: Transfers to District Governments	21.1	188,643	186,613
		<u>61,249</u>	<u>23,895</u>
24.2 Grants From Third Party Payments			
Grants Domestic		9,219	-
		<u>9,219</u>	<u>-</u>
25 OTHER TRANSFER PAYMENTS			
Other Transfer Payments		44,999	25,816
		<u>44,999</u>	<u>25,816</u>
26 PHYSICAL ASSETS			
Controlled by Govt:	26.1	8,773	6,200
Third Party Payments	26.2	50	172
		<u>8,823</u>	<u>6,372</u>

	Note	2021 Rupees in Million	2020 Rupees in Million
26.1 Controlled by Govt:			
Purchase of Building		362	103
Computer Equipment		420	85
Other Stores and Stocks		48	2
Purchase of Transport		1,866	1,581
Purchase of Plant & Machinery		1,524	1,135
Purchase of Furniture and Fixtures		383	140
Purchase of Other Assets		269	328
Feasibility Studies		3,901	2,826
		<u>8,773</u>	<u>6,200</u>
26.2 Third Party Payments			
Feasibility Studies		50	172
		<u>50</u>	<u>172</u>
27 CIVIL WORKS			
Controlled by Govt:	27.1	87,667	68,517
Third Party Payments	27.2	10,106	15,169
		<u>97,773</u>	<u>83,686</u>
27.1 Controlled by Govt:			
Roads, Highways and Bridges		23,940	18,300
Irrigation Works		8,591	6,618
Embankments and Drainage Works		6,117	5,858
Building and Structure		47,020	36,557
Other Works		1,999	1,184
		<u>87,667</u>	<u>68,517</u>
27.2 Third Party Payments			
Building and Structure		9,057	7,085
Other Works		1,049	8,084
		<u>10,106</u>	<u>15,169</u>
28 PRINCIPAL REPAYMENT OF DEBT			
Foreign Debt		65,435	9,926
		<u>65,435</u>	<u>9,926</u>
29 SERVICING OF DEBT			
Foreign Debt		2,203	2,180
Domestic Loans		7,227	9,059
		<u>9,430</u>	<u>11,239</u>
30 LOANS AND ADVANCES			
Financial Institutions		1,322	819
Government Employees	30.1	260	185
		<u>1,582</u>	<u>1,004</u>

	Note	2021 Rupees in Million	2020 Rupees in Million
30.1 Government Employees			
House Building Advance		181	107
Motor Car Advance		45	45
Motor Cycle Advance		34	33
Cycle Advance		-	-
30.1.1		260	185

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	2021 Rupees in Million	2020 Rupees in Million
31 INVESTMENTS			
Hydel Development Fund	31.1	-	3,750
		-	3,750

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 trasfered to fund during 2020-2021.

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, 2021 which is as below:

	Note	2021 Rupees in Million	2020 Rupees in Million
General Provident Investment Fund		84,503	77,500
Pension Fund		53,854	54,599
Hydel Development Fund		8,768	13,883
		147,125	145,982

32 PAYMENTS OF DISTRICT GOVERNMENTS

Revenue Expenditure	32.1	187,698	175,314
Capital Expenditure	32.2	7,151	4,308
		194,849	179,622

	Note	2021 Rupees in Million	2020 Rupees in Million
32.1 Revenue Expenditure			
General Public Service		6,531	6,491
Public Order and Safety Affairs		14	17
Economic Affairs		6,421	5,895
Housing and Community Amenities		1,050	1,112
Health Affairs and Services		28,234	24,810
Recreation, Culture and Religion		369	280
Education Affairs and Services		142,587	134,335
Social Protection		2,492	2,374
		<u>187,698</u>	<u>175,314</u>

32.2 Capital Expenditure

General Public Service	4,258	1,256
Public Order and Safety Affairs	1,780	972
Economic Affairs	232	370
Environment Protection	13	38
Housing and Community Amenities	649	777
Health	43	168
Recreation Culture and Religion	5	239
Education Affairs and Services	125	336
Social Protection	46	152
	<u>7,151</u>	<u>4,308</u>

33 NET RECEIPT / (PAYMENT) OF PUBLIC ACCOUNT

Receipts

Trust & other Public Accounts
Special Deposits
State Provident Fund

1,172,994	940,739
78,184	55,276
27,453	28,919
<u>1,278,631</u>	<u>1,024,934</u>
(1,169,043)	(935,722)
(73,624)	(59,771)
(21,068)	(15,655)
<u>(1,263,735)</u>	<u>(1,011,148)</u>
<u>14,896</u>	<u>13,786</u>

Payments

Trust & other Public Accounts
Special Deposits
State Provident Fund

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	2021 Rupees in Million	2020 Rupees in Million
34 CASH AND BANK			
Provincial Governments Balance	34.1	14,927	(9,273)
District Governments Balance		17,628	23,144
		<u>32,555</u>	<u>13,871</u>

34.1 Provincial Government's Balance

Public Account Balance		177,724	162,470
Consolidated Fund Balance		(162,797)	(171,743)
		<u>14,927</u>	<u>(9,273)</u>

35 ASSETS AND LIABILITIES

Assets

Long Term Assets		908,633	794,885
Investments		79,310	79,310
Loans and Advances		23,279	18,653
Current Assets		12,649	10,943
Cash and Bank		32,555	13,871
	35.1	<u>1,056,426</u>	<u>917,662</u>

Liabilities and Equity

Public Debt	36	80,310	47,811
Special Deposits and Trust Accounts		100,255	89,702
Deferred Liabilities		97,504	91,453
Residual Equity		778,357	688,696
	35.1	<u>1,056,426</u>	<u>917,662</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	2021 Rupees in Million	2020 Rupees in Million
36 PUBLIC DEBT			
Domestic Debt			
Opening Balance		(13,822)	(13,822)
Closing Balance		(13,822)	(13,822)
Foreign Debt			
Opening Balance		61,633	40,684
Add: Debt Receipts	17	97,934	30,875
Less: Principal Repayments of Debt	28	(65,435)	(9,926)
Closing Balance		94,132	61,633
	35.1	<u>80,310</u>	<u>47,811</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	2021 Rupees in Million	2020 Rupees in Million
Receipts			
Actual Receipts in Statement of Comparison of Budget and Actual Amounts by Function		1,094,939	852,086
Less : Grants from Provincial Government - KP	24	188,643	186,613
Actual Receipts in Statement of Cash Receipts and Payments		<u>906,296</u>	<u>665,473</u>
Payments			
Actual payments in Statements of Comparison of Budget and Actual Amounts by Function and Actual Expenditure by Department		1,091,151	874,182
Less: Transfers to District Governments - KP	24	188,643	186,613
Actual payments in Statement of Cash Receipts and Payments		<u>902,508</u>	<u>687,569</u>

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

31 DEC 2021

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