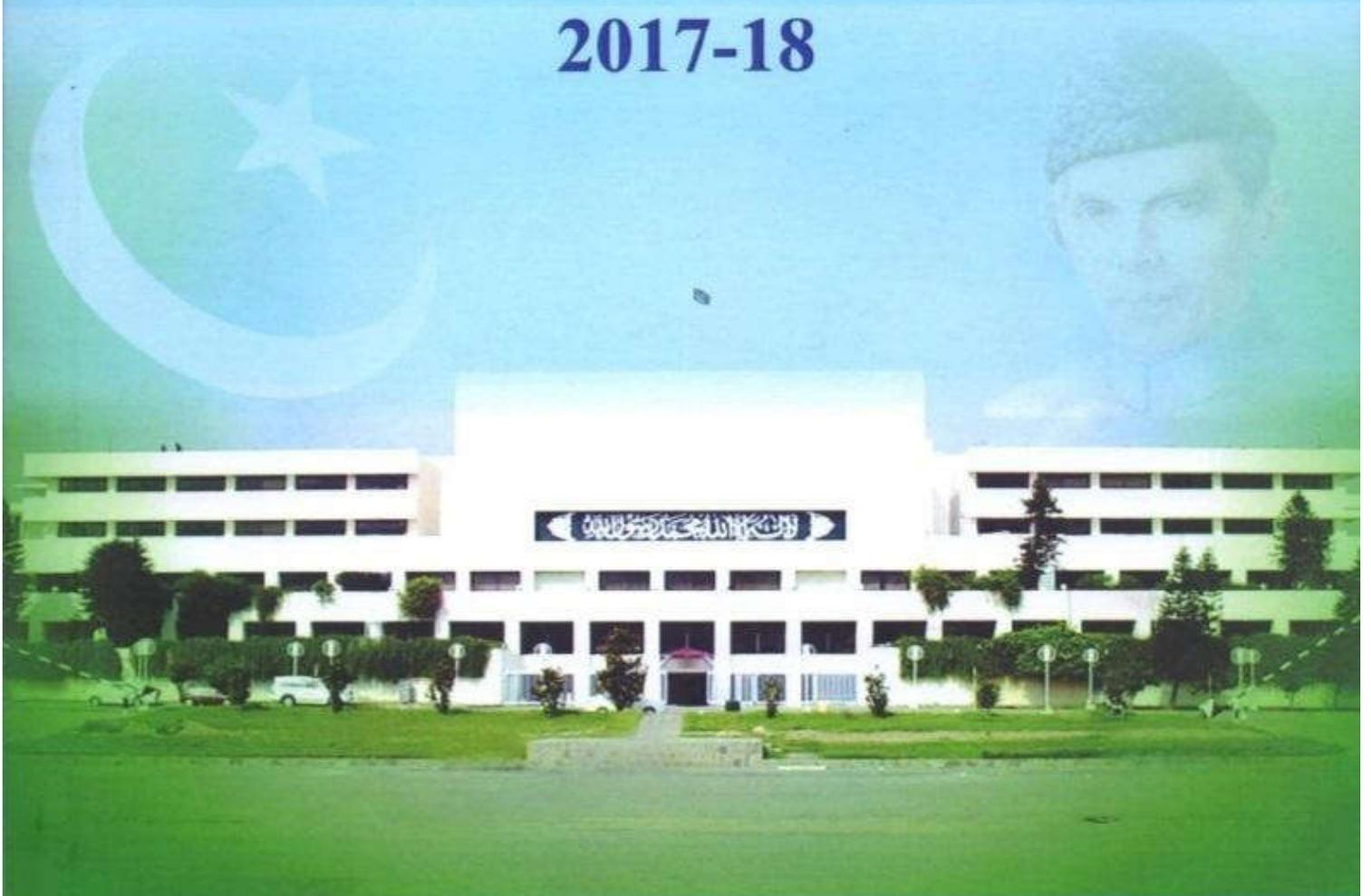




FINANCIAL STATEMENTS
of the
Federal Government
2017-18



Government of Pakistan



FINANCIAL STATEMENTS

of the

Federal Government

Financial Year 2017 – 18

Government of Pakistan

Controller General of Accounts

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PREFACE

I am pleased to present the Audited Financial Statements of the Federal Government for the year ended 30 June, 2018 together with the Auditors' Report thereon along with the management analysis report.

The Financial Statements of the Federal Government for the financial year 2017-18 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.

Islamabad, Pakistan

Date: **31 DEC 2018**



Controller General of Accounts

MANAGEMENT ANALYSIS

INTRODUCTION

The Financial Statements of the Federal Government provide a record of the Government's financial performance over the financial year 2017-18 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 2017 - 18 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. The annual budget is prepared on the basis of the resources available and priorities of the Government.
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.

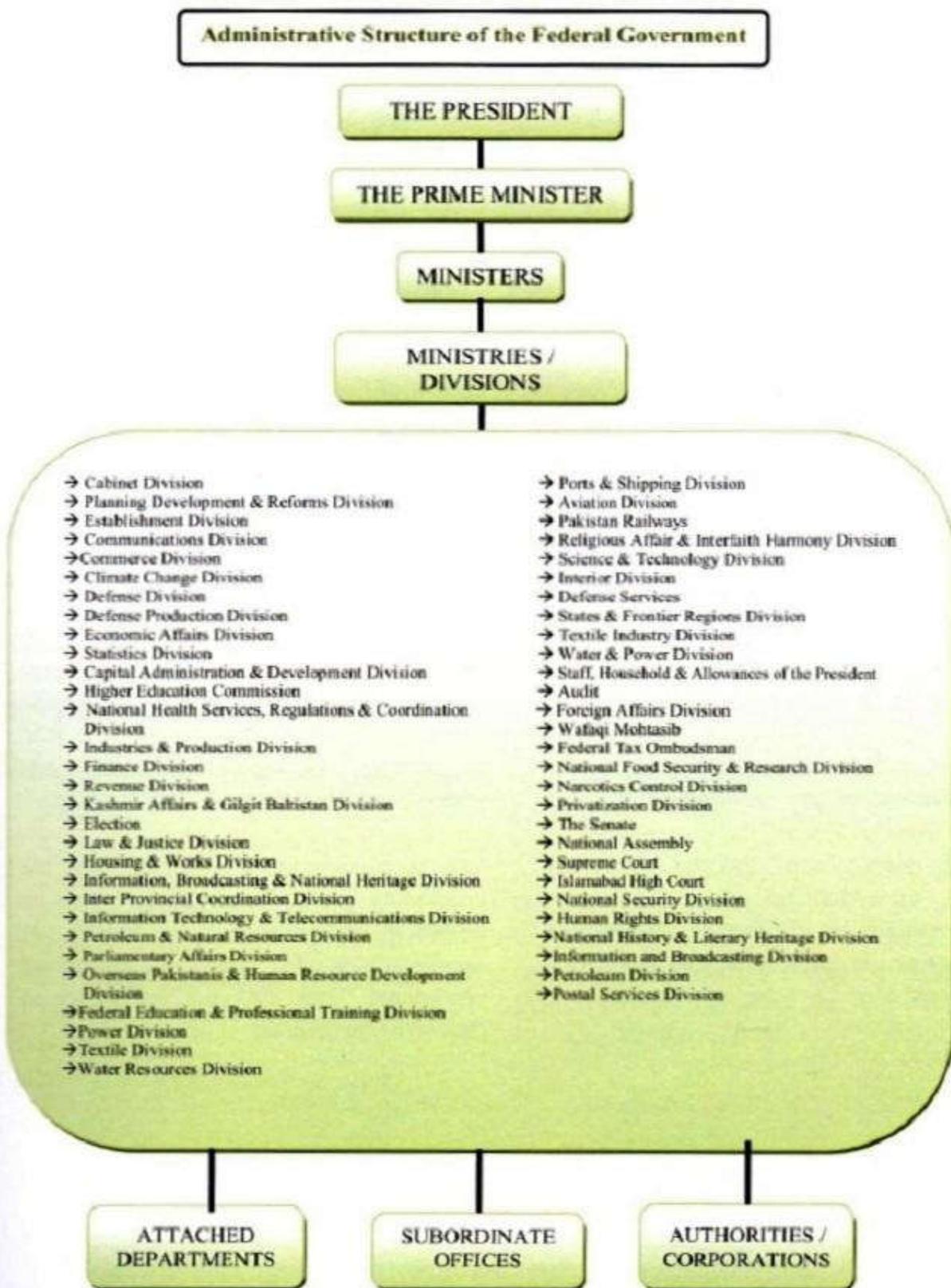
To perform the executive function and to carry out the functions and fulfill the

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.



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.

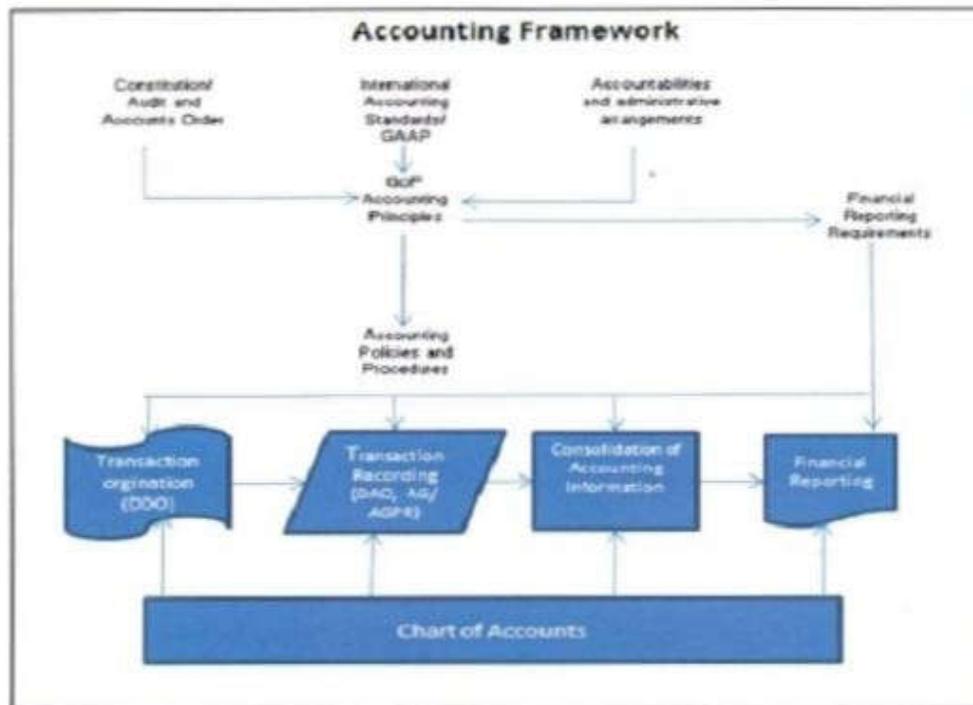
New Chart of Accounts was adopted from 1st July 2004. In December 2000, Auditor General of Pakistan prescribed NAM with the approval of the President of Pakistan under Article 170 of the Constitution of Islamic Republic of Pakistan. NAM is based on Modified Cash Basis of Accounting in which, though cash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

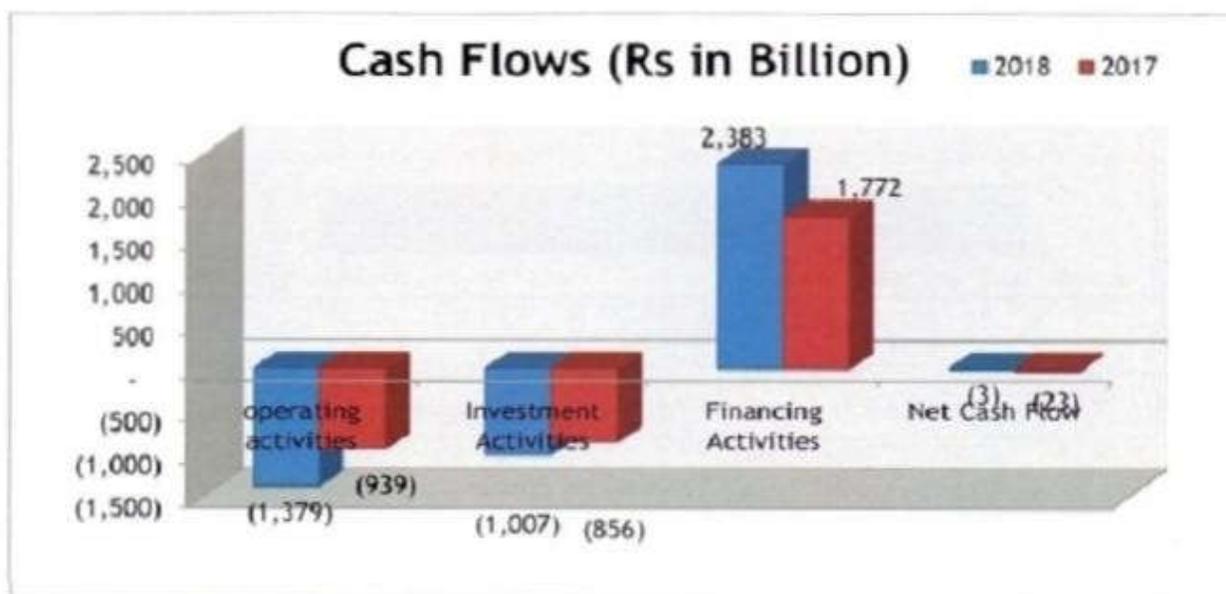
Assets and liabilities of the Federal Government are disclosed in the notes to the Financial Statements and are recorded on a historical cost basis and do not include accrued receipts and payments.

FINANCIAL REVIEW

CASH FLOWS

The net cash flows for the year have decreased by Rs. 2,726 million decreasing the balance of cash and cash equivalents at end of the year from Rs. 8,071 million last year to a negative balance of Rs.10,797 million. Cash used in operating activities increased by

46.78%. The outflows from investing activities have increased by 17.70%, whereas the cash flows from financing activities have shown an increase by 34.46% as compared to previous year's activities.



RECEIPTS AND PAYMENTS

RECEIPTS

Taxation

During the year under review tax receipts were Rs. 4,050,981 million as compared to Rs. 3,618,337 million for the previous financial year, which represents an increase of 11.96%. Out of total tax collections for the financial year 2017-2018, the Federal Government has transferred Rs. 2,157,318 million to the provinces. These transfers are made from all heads of taxes in accordance with the

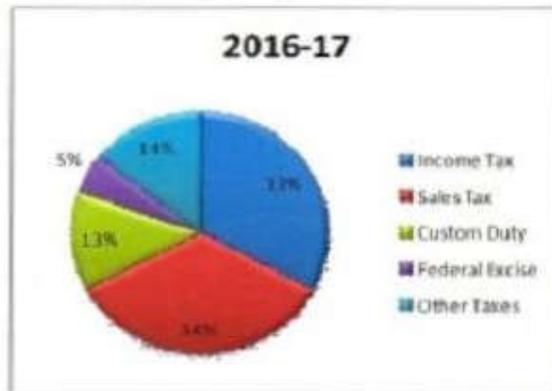
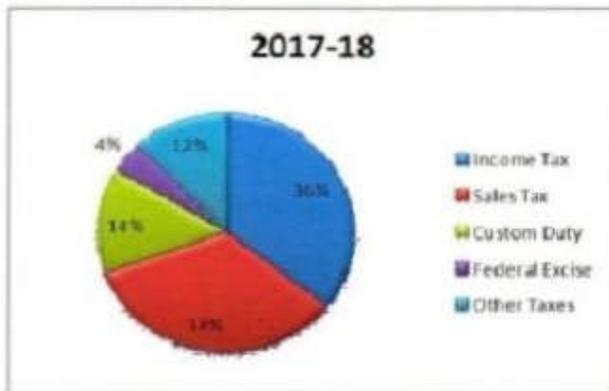
NFC award. The net tax reported after the transfers leaves the Federal Government with tax revenue of Rs 1,893,663 million against Rs. 1,700,938 million in comparison with the previous financial year.

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 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.

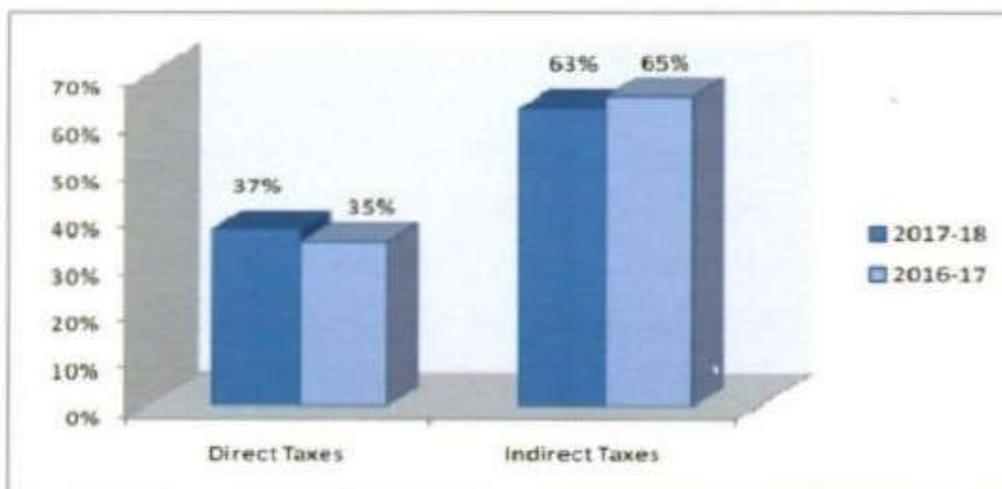
The basic philosophy of tax and tariff reform has been to move away from investment and production based taxes to income (direct taxes) and consumption (sales tax) based taxes. Pakistan has

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



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

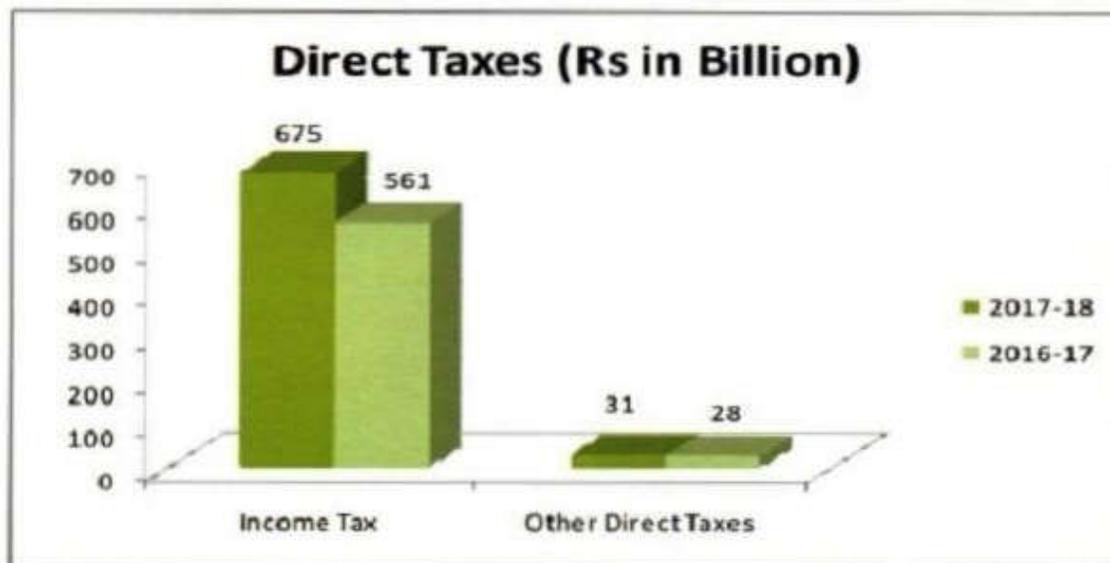
been; Direct taxes 37% and indirect taxes 63%, out of total taxes.



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.

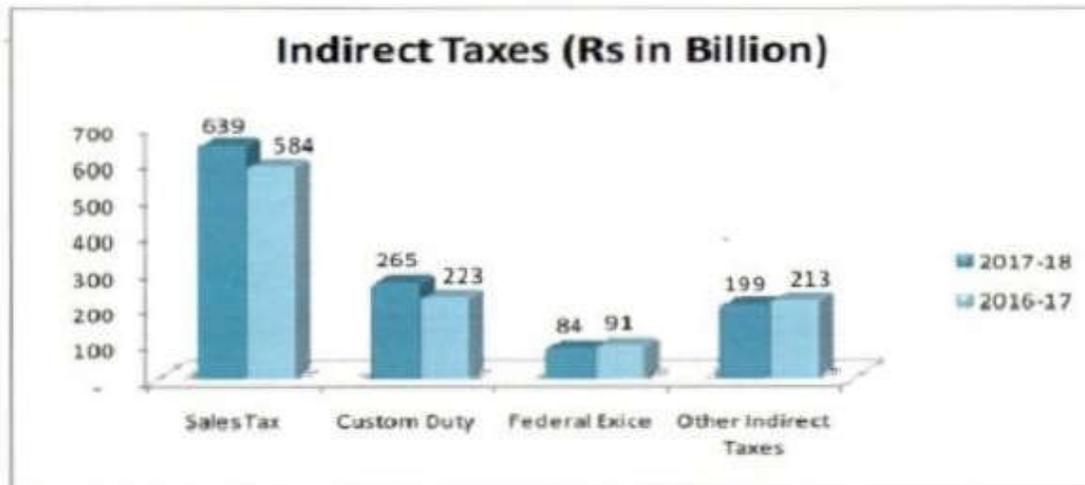
The net collection of direct taxes has increased by 117 billion as compared to previous year. Composition of direct taxes for the financial years is depicted below.



Indirect Taxes

Indirect taxes are the largest contributor to federal tax revenues. Indirect taxes comprise of sales tax, customs duty and federal excise duty, petroleum development levy, gas infrastructure development cess. The total revenue from Indirect taxes for the current year amounted to Rs. 1,188 billion. Sales tax

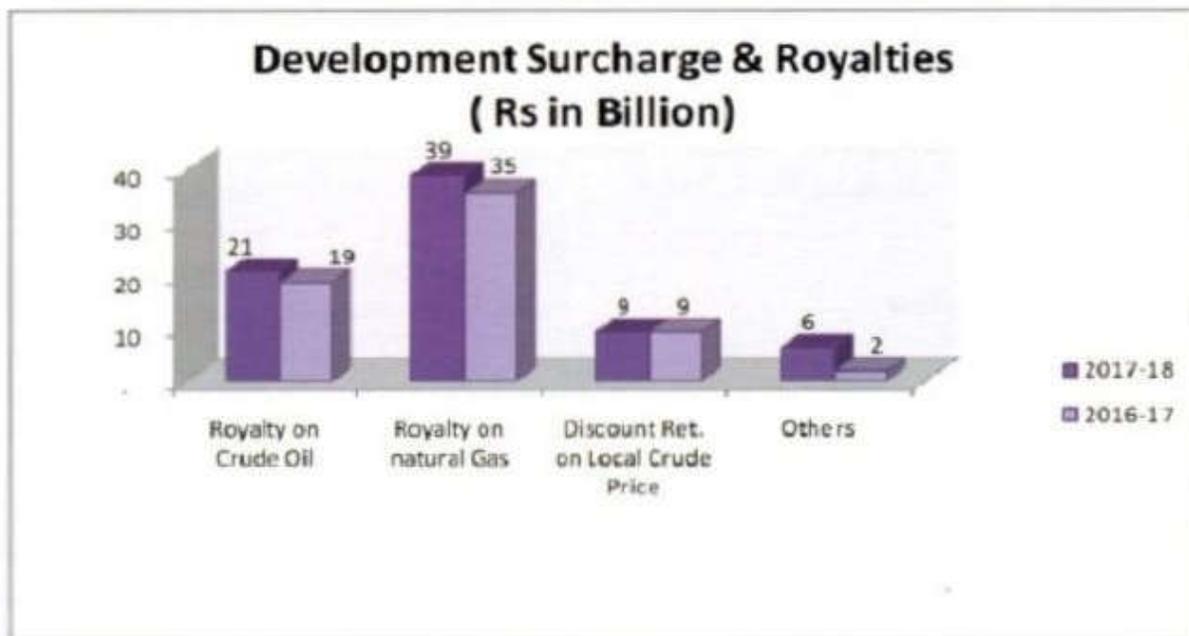
has emerged as the leading revenue source in recent years. Due to its buoyant nature, the share of sales tax has come to 53.82% of the total indirect tax collected, customs to 22.35% and Federal Excise 7.04% of the total indirect taxes.



Development Surcharge and Royalties

Items exhibiting major movements here are Royalty on crude showing 9.82%

increase from previous year, Royalty on Natural Gas 8.49% increase from last year.



Borrowings

1. Domestic Debt

During the year under review domestic debt receipts amounted to Rs. 2,623,575

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

Permanent domestic debt raised during the current financial year was Rs. 257,235

million as compared to Rs. 1,142,075 million in the last financial year. The

major sources were Pakistan Investment Bonds (Rs. 118,990 million), Premium Prize Bonds (Rs. 3,617 million), and National Prize Bonds (Rs. 134,617 million).

2. Foreign Debt

In the year under review, the burden of foreign debt on the Federal Government has increased by Rs 204,840 million. Receipts of foreign debt recorded were Rs. 1,263,189 million this year as compared to Rs. 1,058,349 million last year which represents an increase of 19.35%. Amongst foreign lenders, Chinese Loan amounted to Rs. 192,820 million during the year. Also Rs. 263,320 million was raised from Bank Holder. Other major donors were ICBC Rs. 107,903 million, China Development Bank Rs. 115,524 million, Islamic Development Bank ST (IDB) Rs. 210,531 million and Asian Development Bank Rs. 91,637 million.

Dividend and profit share

Dividend represents dividends received against the investments made by the Federal Government in financial and non-financial institutions. Non-financial

Recovery of loans and advances

This item has witnessed an upward movement in aggregate. Compared to previous year, an decrease of 17.36% in recoveries has been recorded. As far as recoveries from provinces are concerned, figure of last year stood at Rs. 47,333

institutions were the prime source of dividends received in the Federal Consolidated Fund. A decrease of 17.57% in total dividend receipts was recorded in comparison to the previous financial year; the current year's receipt amounted to Rs. 57,454 million. Out of total dividend income, dividend from OGDCL was Rs. 30,633 million, Pakistan Petroleum Ltd Rs. 13,311 million and from Government Holdings Private Ltd was Rs. 5,000 million.

Share of profits represents distributable profits from the State Bank of Pakistan and any other authority to the Federal Government against the appropriation of their net profits from their investment holdings. The profit share received during the year was Rs. 249,028 million. Profit share from PTA amounted to Rs. 14,901 million this year.

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

million compared to Rs. 55,077 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. 197 billion (2.9%) from the previous year. Total payments made during the year amounted to Rs. 6,542 billion as compared to Rs. 6,739 billion last year.

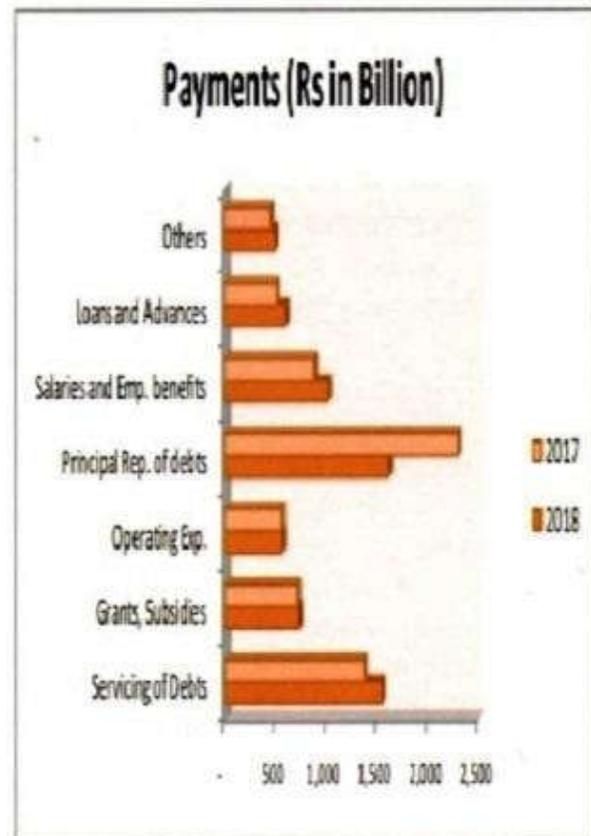
The major payments include salaries and employees benefits amounting to Rs. 1,016 billion, operating expenditure amounting to Rs. 564 billion, servicing of debt Rs. 1,536 billion, grants, subsidies and write-off of loans Rs. 724 billion and principal repayment of debts amounting to Rs. 1,611 billion. The Principal Repayment of Debt consisted of repayment of domestic debt of Rs. 1,158 billion and Rs. 453 billion for repayment of foreign debt. Out of total debt servicing payments of Rs. 1,536 billion, the domestic debt servicing cost was Rs. 1,363 billion and foreign debt servicing cost was Rs. 173 billion.

THE BUDGET 2017-2018

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)

The composition of payments made has been detailed below;



- 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

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.

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

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.

2,702,407 million was budgeted as revenue receipts against which actual receipts collected were Rs. 2,471,657 million. Capital receipts budgeted were Rs. 24,810,097 million and the actual receipts were of Rs. 29,211,964 million.

functions of the Government i.e. percentage of budget allocated originally and its subsequent revision in different functions.

FEDERAL GOVERNMENT

**Statement of Comparison of Budgeted and Actual Amounts by Function
For the Year Ended 30 June 2018**

Note	2018 (Ropes in million)			2017 (Ropes in million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
RECEIPTS						
Revenue						
Taxation	2,003,381	1,893,405	1,893,663	1,862,340	1,751,258	1,700,938
Non-taxation	949,374	819,002	377,094	940,181	889,436	664,372
Total revenue receipts	2,953,155	2,712,407	2,471,657	2,802,521	2,640,694	2,365,310
Capital						
Domestic debt	13,478,151	23,471,928	27,875,000	8,756,071	12,247,898	14,939,806
Foreign debt	810,542	1,208,734	1,203,389	796,784	971,680	1,027,842
Reversaries of loans and advances	312,537	334,435	71,685	191,890	307,728	86,747
Privatization Proceeds	-	-	2,000	50,000	17,774	11
Total capital receipts	14,401,432	24,814,097	29,281,964	9,794,745	13,344,905	16,002,896
TOTAL RECEIPTS	17,354,587	27,526,504	31,683,621	12,597,266	15,985,607	18,648,616
PAYMENTS						
Revenue						
General public services	2,729,486	2,781,080	2,756,368	3,005,224	2,993,364	2,573,146
Defense affairs and services	924,881	1,002,474	1,029,898	863,167	841,941	889,155
Public order and safety affairs	115,322	124,266	147,124	109,615	125,917	141,470
Economic affairs	167,424	191,176	163,305	129,644	145,305	134,371
Environment protection	1,956	2,013	1,682	2,095	1,931	1,976
Housing and community amenities	4,056	3,672	4,328	4,745	4,964	2,978
Health affairs and services	63,897	35,973	35,406	37,982	37,783	46,892
Recreation, culture and religion	11,707	14,840	12,992	8,659	11,471	12,876
Education affairs and services	131,904	127,466	126,332	108,673	111,663	107,331
Social protection	2,666	2,811	3,438	2,599	4,607	4,678
Total revenue payments	4,153,381	4,285,780	4,296,875	4,372,313	4,282,666	3,874,873
Capital						
General public services	14,191,989	24,176,877	27,519,339	9,058,936	12,885,712	14,880,433
Economic affairs	26,653	27,840	17,617	37,498	25,548	20,792
Total capital payments	14,218,642	24,167,787	27,536,956	9,096,434	12,911,262	14,901,825
TOTAL PAYMENTS	18,371,943	28,453,499	31,793,831	13,468,733	17,193,918	18,781,698

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

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

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.

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 statements 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 June 2018, 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.

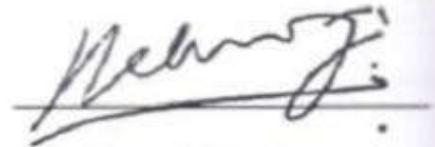
In my opinion:

- (a) These financial statements properly present, in all material respects, the financial position of the federal government as at 30 June, 2018 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 authorised by the Parliament 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 President under Article 171 of the Constitution of the Islamic Republic of Pakistan.

Islamabad, Pakistan
Dated: 31 DEC 2018



Javaid Jehangir
Auditor- General of Pakistan

FEDERAL GOVERNMENT
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2018

	Note	2018 (Rupees in Million)		2017 (Rupees in Million)	
		Receipts / Payments Controlled by Federal Government	Payments by Third Parties	Receipts / Payments Controlled by Federal Government	Payments by Third Parties
FEDERAL CONSOLIDATED FUND					
RECEIPTS					
<i>Taxation</i>					
Income tax		675,179	-	560,715	-
Sales tax		439,388	-	584,220	-
Custom duty		265,470	-	222,941	-
Federal excise		83,689	-	91,444	-
Other taxes		129,037	-	241,618	-
	7	1,893,663	-	1,700,938	-
<i>Non-Tax Revenue and Other Receipts</i>					
General administration receipts	8	7,591	-	6,890	-
Economic Services Receipts	9	1,582	-	12,498	-
Defence services receipts	10	12,977	-	68,042	-
Development surcharge and royalties	11	14,319	-	15,475	-
Citizenship, nationalization, passport and copyright		18,361	-	20,071	-
Interest on loans and advances	12	104,384	-	143,278	-
Dividend and profit share	13	306,482	-	331,097	-
Others		85,475	-	266,928	-
		548,171	-	834,279	-
<i>Grants and Aid</i>					
Development grants	14	18,082	11,090	19,332	9,927
<i>Borrowings</i>					
Foreign debt	15	1,263,189	-	1,043,464	14,885
Domestic permanent debt	16	257,235	-	1,142,075	-
Domestic floating debt-net	17	2,366,340	-	1,766,113	-
		3,886,764	-	3,951,652	14,885
<i>Capital Receipts</i>					
Recovery of loans and advances	18	71,685	-	86,747	-
Privatization Proceeds	19	2,000	-	11	-
		73,685	-	86,758	-
<i>Trading Activities</i>					
	20	11,741	-	11,261	-
TOTAL RECEIPTS		6,432,106	11,680	6,604,220	24,812

FEDERAL GOVERNMENT
Statement of Cash Receipts and Payments
For the Year Ended 30 June 2018

	Note	2018 (Rupees in Million)		2017 (Rupees in Million)	
		Receipts / Payments Controlled by Federal Government	Payments by Third Parties	Receipts / Payments Controlled by Federal Government	Payments by Third Parties
PAYMENTS					
<i>Operations</i>					
Salaries and employees benefits	21	1,016,118	-	873,751	-
Operating expenses		563,860	-	557,835	-
		1,579,978	-	1,431,586	-
<i>Transfers</i>					
Grants, subsidies and write-off of loans		723,838	-	706,039	-
Other transfer payments		10,104	-	13,416	-
		734,042	-	719,455	-
<i>Expenditures on</i>					
Physical assets		259,550	11,600	243,584	24,812
Civil works		169,356	-	142,101	-
Others		7,930	-	7,534	-
		436,836	11,600	393,219	24,812
<i>Debt and Interest Payments</i>					
Principal repayments of debts	22	1,611,241	-	2,281,968	-
Servicing of debts	23	1,536,285	-	1,563,925	-
		3,147,526	-	3,845,894	-
<i>Other Payments</i>					
Loans and advances	24	597,245	-	568,598	-
Investments	25	46,689	-	40,550	-
		643,934	-	549,148	-
TOTAL PAYMENTS		6,542,316	11,600	6,739,302	24,812
NET PAYMENT OF FEDERAL CONSOLIDATED FUND		(116,210)	-	(135,082)	-
NET RECEIPT OF PUBLIC ACCOUNT	26	107,484	-	112,555	-
INCREASE / (DECREASE) IN CASH		(2,726)	-	(22,527)	-
CASH AT THE BEGINNING OF THE YEAR		(8,071)	N/A*	14,456	N/A*
INCREASE / (DECREASE) IN CASH		(2,726)	N/A*	(22,527)	N/A*
CASH AT THE END OF THE YEAR	27	(10,797)	N/A*	(8,071)	N/A*

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 2018

	Note	2018 Rupees in million	2017 Rupees in million
CASH FLOWS FROM OPERATING ACTIVITIES			
Tax receipts	7	1,893,663	1,700,938
Non-tax revenue & other receipts		548,171	834,279
Development grants	14	18,082	29,250
Trading activities	20	11,741	11,261
Operations payments		(1,579,978)	(1,431,586)
Servicing of debt	23	(1,536,285)	(1,363,926)
Transfers		(734,042)	(719,455)
<i>Cash used in Operating Activities</i>		(1,378,648)	(939,230)
CASH FLOWS FROM INVESTING ACTIVITIES			
Recoveries of loans and advances	18	71,685	86,747
Privatization Proceeds	19	2,000	11
Expenditure on physical assets, civil works & others		(436,836)	(393,219)
Investments	25	(46,689)	(40,550)
Payments of loans and advances	24	(597,245)	(508,598)
<i>Cash used in Investing Activities</i>		(1,007,085)	(855,609)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of domestic permanent debt	16	257,235	1,142,075
Receipt of foreign debt	15	1,263,189	1,033,537
Domestic floating debt-net	17	2,366,340	1,766,113
Principal repayments of debt	22	(1,611,241)	(2,281,968)
Net receipt of public account	26	107,484	112,555
<i>Cash from Financing Activities</i>		2,383,007	1,772,312
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		(2,726)	(22,527)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		(8,071)	14,456
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	(10,797)	(8,071)

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 2018

Note	2018 (Rupees in million)			2017 (Rupees in million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
RECEIPTS						
Revenue						
Taxation	2,001,581	1,883,802	1,893,663	1,562,340	1,751,259	1,700,938
Non-taxation	605,574	810,002	577,954	940,181	889,436	864,872
Total revenue receipts	2,607,155	2,702,407	2,471,617	2,602,520	2,640,695	2,565,810
Capital						
Domestic debt	13,478,151	23,471,028	27,875,090	1,756,071	12,247,398	14,930,096
Foreign debt	810,742	1,203,754	1,263,119	796,784	971,403	1,057,042
Recoveries of loans and advances	112,537	134,812	71,685	101,890	107,120	86,747
Privatisation Proceeds	-	-	2,000	20,000	17,774	11
Total capital receipts	14,401,430	24,810,604	29,211,904	9,704,745	23,344,995	26,084,906
TOTAL RECEIPTS	17,008,585	27,513,011	31,683,521	12,307,265	25,985,690	28,649,716
PAYMENTS						
Revenue						
General public services	2,729,096	2,781,089	2,736,368	3,385,324	2,993,164	2,833,346
Defence affairs and services	924,883	1,002,474	1,025,868	863,167	843,941	889,133
Public order and safety affairs	115,322	124,266	147,324	109,613	123,917	146,470
Economic affairs	167,424	191,876	163,201	129,644	145,305	134,311
Environment protection	1,956	2,013	1,682	2,095	1,931	1,976
Housing and community amenities	4,054	8,672	4,328	4,745	4,964	2,918
Health affairs and services	63,897	35,973	35,406	37,982	37,703	46,802
Recreation, culture and religion	11,707	18,842	12,982	8,659	11,471	12,876
Education affairs and services	131,904	127,480	126,332	108,673	113,663	107,331
Social protection	2,664	2,813	3,820	2,309	4,607	4,678
Total revenue payments	4,853,301	6,285,708	6,256,879	4,772,713	4,282,666	3,874,872
Capital						
General public services	14,191,989	24,139,877	27,519,339	9,058,330	12,881,712	14,868,433
Economic affairs	26,651	27,840	17,617	37,190	25,438	30,392
Total capital payments	14,218,640	24,167,717	27,536,956	9,095,520	12,907,150	14,908,825
TOTAL PAYMENTS	19,071,941	28,453,425	33,793,835	13,868,233	17,190,816	18,783,697

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



Accountant General Pakistan Revenue

FEDERAL GOVERNMENT
Statement of Comparison of Budgeted and Actual Expenditure by Division
For the Year Ended 30 June 2018

DIVISIONS	2018 (Rupees in million)			2017 (Rupees in million)		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Revised		Original	Revised	
Aviation Division	11,502	9,261	9,458	11,123	9,817	9,266
Cabinet Division	88,554	72,230	71,818	78,493	108,212	95,804
Capital Administration and Development Division	24,772	22,571	24,064	20,860	20,942	19,876
Climate Change Division	1,384	1,440	1,471	1,373	1,409	1,751
Commerce Division	4,182	5,689	5,627	5,487	5,481	7,600
Communications Division	38,295	37,081	37,369	28,327	32,437	30,334
Defence Division	8,347	8,889	10,232	10,257	8,915	9,282
Defence Production Division	5,139	4,450	2,968	2,821	3,028	1,895
Defence Services	917,949	995,949	1,020,605	158,047	838,047	884,810
Economic Affairs Division	456,344	885,127	985,472	895,167	7,004,914	962,465
Establishment Division	4,320	4,569	4,603	4,772	4,772	5,073
Federal Education and Professional Training Division	4,225	4,198	7,640	3,436	2,881	5,322
Finance Division	14,816,369	25,885,826	19,888,278	11,866,581	14,613,932	16,190,172
Foreign Affairs Division	16,755	16,555	18,035	16,259	15,859	16,475
Higher Education Commission	62,184	62,184	45,528	58,000	58,000	60,003
Housing and Works Division	14,166	11,808	18,779	10,359	10,046	14,925
Human Rights Division	626	581	636	477	763	443
Industries and Production Division	3,860	1,829	1,796	2,000	1,909	1,877
Information Technology and Telecommunication Division	1,230	6,342	4,415	4,667	4,667	4,582
Information, Broadcasting and National Heritage Division	-	-	-	7,879	9,800	11,092
Information and Broadcasting Division	4,220	9,784	10,184	-	-	-
Insurance Division	101,782	111,599	136,485	94,933	111,556	127,361
Inter Provincial Coordination Division	4,820	5,893	9,027	2,354	2,966	7,067
Kabul Affairs and Gilgit-Baltistan Division	18,984	17,564	16,209	11,681	11,650	10,125
Law and Justice Division	4,332	8,130	7,657	8,491	8,274	7,336
Narcotics Control Division	1,660	2,596	2,588	2,326	2,726	2,784
National Food Security and Research Division	5,355	15,422	17,843	3,112	29,444	26,151
National Health Services, Regulations and Coordination Division	84,552	24,267	21,112	26,879	36,610	34,372
National Security Division	147	47	43	45	45	31
National History and Literary Heritage Division	1,282	1,130	1,141	769	2,370	1,388
Overseas Pakistanis and Human Resource Development Division	1,244	1,244	3,588	1,192	1,141	1,050
Pakistan Railways	42,980	22,020	18,625	41,000	35,878	38,487
Parliamentary Affairs Division	366	396	401	321	331	323
Petroleum Division	-	17,247	3,689	-	-	-
Petroleum and Natural Resources Division	1,467	232	888	1,466	1,466	8,263
Planning, Development and Reform Division	87,838	5,256	3,514	41,149	6,509	3,980
Ports and Shipping Division	13,580	3,489	3,827	13,521	1,847	1,749
Postal Services Division	-	33	37	-	-	-
Power Division	-	137	1,868	-	-	-
Privatization Division	154	154	148	148	148	136
Religious Affairs and Inter Faith Harmony Division	1,037	2,803	2,809	940	1,015	983
Revenue Division	24,922	25,163	25,434	22,818	23,437	24,144
Science and Technology Division	1,822	7,681	7,894	7,871	7,495	7,708
States and Frontier Regions Division	58,486	71,722	79,568	51,307	76,981	84,699
Statistics Division	2,491	2,884	2,180	2,409	20,859	19,141
Textile Industry Division	418	242	248	541	436	434
Textile Division	-	178	154	-	-	-
Water and Power Division	35,094	4,266	3,992	29,373	30,160	27,194
Water Resource Division	-	81,840	21,317	-	-	-
The Senate	2,359	2,359	2,347	1,982	2,072	2,053
National Assembly	3,820	3,820	3,441	3,469	3,469	3,283
Audit	4,184	4,184	4,524	3,970	3,970	4,196
Election	2,348	8,999	8,807	2,255	2,253	2,644
Federal Tax Ombudsman	225	361	257	178	218	217
Islamabad High Court	487	487	450	470	470	426
Staff, Household and Allowances of the President	960	963	975	963	942	961
Supreme Court	1,817	1,817	1,382	1,747	1,704	1,350
Wafiq Mohtash	670	670	685	587	587	632
TOTAL PAYMENTS	14,371,943	28,453,498	21,793,831	13,468,733	17,613,918	18,783,498

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



Accountant General Pakistan Revenue

FEDERAL GOVERNMENT

Notes to the Financial Statements

For the Year Ended 30 June 2018

I. 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.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the New Accounting Model (NAM) which comprises of seven volumes. In December 2000, Auditor General of Pakistan prescribed NAM with the approval of the President of Pakistan under Article 170 of the Constitution of Islamic Republic of Pakistan and the implementation of NAM is an ongoing process. However commitment, asset and liability accounting practices have not yet been implemented and memorandum registers for assets and commitments do not exist and accounting of liabilities is not done in accordance with NAM.

FEDERAL GOVERNMENT

Notes to the Financial Statements

For the Year Ended 30 June 2018

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 2017-18 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 2017-18 (from 1 July, 2017 to 30 June, 2018).

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.

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.

FEDERAL GOVERNMENT
Notes to the Financial Statements
For the Year Ended 30 June 2018

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.

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.

FEDERAL GOVERNMENT

Notes to the Financial Statements

For the Year Ended 30 June 2018

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.

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 house building and purchase of conveyances and other loans. Loans to government servants are interest bearing and interest is 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 made by third parties are disclosed separately on face of the Statement of Cash Receipts and Payments.

FEDERAL GOVERNMENT
Notes to the Financial Statements
For the Year Ended 30 June 2018

7. TAXATION

	Note	2018 (Rupees in million)			2017 (Rupees in million)		
		Tax Collected	Transfers	Net Tax Collected	Tax Collected	Transfers	Net Tax Collected
Income Tax	7.1	1,487,550	(812,371)	675,179	1,297,241	(736,526)	560,715
Sales Tax	7.2	1,485,306	(845,918)	639,388	1,311,072	(726,852)	584,220
Customs	7.3	608,374	(342,904)	265,470	496,772	(273,831)	222,941
Federal Excise	7.4	213,492	(129,803)	83,689	197,911	(106,467)	91,444
Others	7.5	256,259	(26,322)	229,937	315,341	(73,723)	241,618
		4,050,981	(2,157,318)	1,893,663	3,618,337	(1,917,399)	1,700,938

- 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	2018 Rupees in million	2017 Rupees in million
------	------------------------------	------------------------------

	2,518	1,317
	283	346
	54	47
	27,663	26,682
	30,518	28,392
	143,184	166,696
	15,176	42,140
	4,120	2,050
	663	669
	453	652
	101	98
	35,722	32
	199,419	213,226
	229,937	241,618

Indirect Taxes

Petroleum Development Levy	
Gas Infrastructure Development Cess	
Receipts Under Motor Vehicles Act	
Stamp Duties	
Development Surcharge on Gas	
Provincial Excise	
Others Indirect Taxes	

8. GENERAL ADMINISTRATION RECEIPTS

Community Services	1,450	1,618
Economic Regulations	1,355	753
Social Services	1,272	1,438
Fiscal Administration	1,252	1,627
Law and Order	1,212	1,243
Statistics	790	4
Organs of State	260	207
	7,591	6,890

FEDERAL GOVERNMENT
Notes to the Financial Statements
For the Year Ended 30 June 2018

	Note	2018 Rupees in million	2017 Rupees in million
9. ECONOMIC SERVICES RECEIPTS			
Food and Agriculture		244	11,043
Fisheries and Animal Husbandry		206	261
Forest and Irrigation		27	15
Receipts under Oilfields and Mineral Development Act		327	352
Others		778	827
		<u>1,582</u>	<u>12,498</u>
10. DEFENCE SERVICES RECEIPTS			
Military Engineering Services		3,352	2,833
Air Force		2,119	1,770
Purchase and Sale of Stores, Equipment and Animals		1,473	1,517
Pakistan Navy		1,092	775
Administrative Services		935	58,747
Receipts on certain measures of Inter-Services Nature		915	268
Ordinance and Clothing Factories		860	712
Procurement, Research & Product Development		686	281
Military Farms		608	472
Defence Services Others		937	617
		<u>12,977</u>	<u>68,042</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	2018 Rupees in million	2017 Rupees in million
11. DEVELOPMENT SURCHARGE AND ROYALTIES			
Royalty on Crude Oil	11.1	20,570	18,550
Royalty on Natural Gas	11.1	38,620	35,340
Discount Retained on Local Crude Price	11.2	9,110	9,097
Windfall Levy on Crude Oil		3,904	1,649
Petroleum Levy On LPG		2,122	-
Mineral Royalties		104	88
		<u>74,430</u>	<u>64,724</u>
Less: Provincial Share		<u>(60,111)</u>	<u>(40,249)</u>
		<u>14,319</u>	<u>15,475</u>

11.1. 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.

11.2. 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.

	Note	2018 Rupees in million	2017 Rupees in million
12. INTEREST ON LOANS AND ADVANCES			
Provinces		16,222	13,596
Non-Financial Institutions		5,052	19,389
Government Servants		150	128
Local & Autonomous bodies		4	24,397
Financial Institutions		-	610
National Highway Authority		68,735	45,552
Azad Jammu & Kashmir		9,721	8,586
Karachi Port Trust		882	809
Others		618	211
		<u>101,384</u>	<u>113,278</u>

FEDERAL GOVERNMENT
Notes to the Financial Statements
For the Year Ended 30 June 2018

	Note	2018 Rupees in million	2017 Rupees in million
13. DIVIDEND AND PROFIT SHARE			
Dividends Receipts	13.1	57,454	69,704
Profit share	13.2	249,028	261,393
		<u>306,482</u>	<u>331,097</u>
13.1. Dividends Receipts			
Financial Institution			
National Insurance Corporation		1,500	1,000
Pakistan Re-Insurance Corporation		471	404
National Investment Trust		432	71
Pak Oman Investment Company		215	246
Pak Brunei Investment Company		150	150
Pak Iran Joint Investment Company		50	150
Others		-	184
		<u>2,818</u>	<u>2,205</u>
Non-Financial Institution			
Oil and Gas Development Corporation		30,633	21,421
Pakistan Petroleum Ltd		13,311	8,652
Govt Holding Pvt Ltd		5,000	20,000
Pakistan State Oil Co Ltd		1,649	1,069
SNGPL		1,507	-
State Life Insurance Corporation		1,214	1,038
Pakistan National Shipping Corporation		229	227
Trading Corporation of Pakistan		200	100
Pakistan Mineral Development Corporation (Pvt) Limited		120	100
Mari Petroleum Company Limited		116	-
National Fertilizer Corporation of Pakistan (Pvt) Limited		100	83
Fauji Fertilizer Co Limited		65	84
Pakistan Services Limited		7	4
Pak Arab Refinery Ltd		-	7,500
Mari Gas Co Ltd		-	103
National Engineering Services Pakistan		-	176
Pakistan Telecommunication Co Ltd		-	6,342
Pakistan Security Printing Corporation		-	600
Others		485	-
		<u>54,636</u>	<u>67,499</u>
		<u>57,454</u>	<u>69,704</u>
13.2. Profit share			
State Bank of Pakistan	13.2.1	233,187	227,785
Pakistan Telecommunication Authority		14,901	33,127
Others		940	481
		<u>249,028</u>	<u>261,393</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.

	Note	2018 Rupees in million	2017 Rupees in million
14. DEVELOPMENT GRANTS			
Foreign Governments			
Turkey		1,105	-
Saudi Arabia		998	-
Germany		201	230
Italy		-	2,329
		<u>2,304</u>	<u>2,559</u>

FEDERAL GOVERNMENT
Notes to the Financial Statements
For the Year Ended 30 June 2018

	Note	2018 Rupees in million	2017 Rupees in million
Foreign Organisations			
United States Agency for International Development (USAID)		7,935	5,858
Department for International Development (DFID)		4,726	11,564
European Union		2,504	(1,289)
International Bank for Re-construction and Development (IBRD)		497	616
GAVI		-	9,927
Others		116	24
		<u>15,778</u>	<u>26,700</u>
		<u>18,082</u>	<u>29,259</u>
15. FOREIGN DEBT - RECEIPTS			
Bank Holder		263,320	-
Islamic Development Bank ST (IDB)		210,531	56,330
China		192,820	162,849
China Development Bank		115,524	-
ICBC		107,903	-
Asian Development Bank (ADB)		91,637	154,904
SUISSEE (Banks)		83,811	-
International Development Association (IDA)		62,894	70,500
International Bank for Re-construction and Development (IBRD)		30,185	26,037
CITI Bank		28,114	-
Bank of China		23,085	-
SCB		21,541	-
Dubai Bank		5,883	-
Japan		4,630	1,131
France		4,081	12,493
Islamic Development Bank (IDB)		3,207	-
Asian Infrastructure Investment Bank (AIIB)		2,866	785
International Fund for Agricultural Development (IFAD)		1,752	1,468
Italy		1,367	1,150
Germany		1,094	224
Kuwait		239	755
Consortium of Commercial Banks		-	457,611
Islamic Development Bank (IDB)		-	7,164
Sukuk Bond		-	104,423
Turkey		-	524
Others		6,705	1
		<u>1,263,189</u>	<u>1,058,349</u>
16. DOMESTIC DEBT - RECEIPTS			
<i>Government Securities</i>			
Permanent Debt	16.1	257,235	1,142,075
Floating Debt-net	17	2,366,340	1,766,113
		<u>2,623,575</u>	<u>2,908,188</u>
16.1 Permanent Debt			
National Prize Bonds		134,617	145,903
Pakistan Investment Bonds		118,990	922,163
Premium Prize Bonds		3,617	3,002
Dollar Bearer Certificate		11	-
Ijara Sukuk Bond		-	71,007
		<u>257,235</u>	<u>1,142,075</u>

FEDERAL GOVERNMENT
Notes to the Financial Statements
For the Year Ended 30 June 2018

	Note	2018 Rupees in million	2017 Rupees in million
17. DOMESTIC FLOATING DEBT-NET			
Floating Debt Receipts			
6 Months Market Treasury Bills (Auction)		17,312,406	7,546,048
6 Months Market Treasury Bills purchased by SBP		10,305,449	6,250,800
Ways and Means Advances		-	83
		<u>27,617,855</u>	<u>13,796,931</u>
Floating Debt Payments			
6 Months Market Treasury Bills (Auction)		16,076,771	6,230,361
6 Months Market Treasury Bills purchased by SBP		9,174,145	5,799,530
Promissory Note		443	437
Treasury Notes to ADB		-	251
Ways and Means Advances		-	83
General Capital Increase		156	156
		<u>25,251,515</u>	<u>12,030,818</u>
		<u>2,366,340</u>	<u>1,766,113</u>
18. RECOVERY OF LOANS AND ADVANCES			
PROVINCES		55,077	47,333
Non-Financial Institution		6,261	22,991
Government Servants		5,216	4,237
Financial Institution		529	7,043
Others		4,602	5,143
		<u>71,685</u>	<u>86,747</u>
19. PRIVATIZATION PROCEEDS			
Privatization Commission		2,000	-
PPL		-	11
		<u>2,000</u>	<u>11</u>
20. TRADING ACTIVITIES			
Pakistan Post Office - Receipts		11,741	11,261
		<u>11,741</u>	<u>11,261</u>
21. SALARIES AND EMPLOYEES BENEFITS			
Pay and Allowances		659,169	561,006
Retirement Benefits		356,949	312,745
		<u>1,016,118</u>	<u>873,751</u>
22. PRINCIPAL REPAYMENTS OF DEBT			
Foreign Debt			
Commercial Banks		127,492	105,236
Islamic Development Bank (IDB)		98,182	97,419
Asian Development Bank (ADB)		82,981	81,547
International Development Association (IDA)		37,731	29,364
OPEC		31,433	637
China		16,611	67,706
International Bank for Re-construction and Development (IBRD)		14,787	13,477
France		12,127	8,314
Germany		7,391	10,763
USAID		4,776	2,715
Saudi Arabia		3,399	17,538
Korea		3,276	2,713
Dollar Bond N.C.C.		1,850	1,530
US EXIM Bank		1,383	1,144
Kuwait		1,215	993
Sweden		1,022	845
Euro Bonds		-	78,718
International Fund for Agricultural Development (IFAD)		889	693
Russia		810	670
Switzerland		714	547

FEDERAL GOVERNMENT
Notes to the Financial Statements
For the Year Ended 30 June 2018

	Note	2018 Rupees in million	2017 Rupees in million
26. NET RECEIPT OF PUBLIC ACCOUNT			
Receipts			
National Saving Schemes		1,241,103	862,885
Deposits		427,648	434,715
State Provident Fund		58,396	50,821
Other Public Accounts		11,882,210	2,999,704
		13,609,357	4,348,125
Payments			
National Saving Schemes		(1,139,753)	(758,428)
Deposits		(398,483)	(360,844)
State Provident Fund		(38,527)	(32,737)
Other Public Accounts		(11,925,110)	(3,083,561)
		(13,501,873)	(4,235,570)
		107,484	112,555

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	2018 Rupees in million	2017 Rupees in million
27. CASH AT BANK AND TREASURIES			
Cash with State Bank of Pakistan (SBP)		(10,561)	(7,816)
Cash Balance with Treasuries		(236)	(255)
		(10,797)	(8,071)
28. ASSETS AND LIABILITIES			
Assets			
Long Term Assets		2,436,067	2,007,161
Investments		1,194,640	1,147,951
Loans and Advances		3,240,599	2,643,354
Current Assets		58,698	69,783
Cash at Bank and Treasuries		(10,797)	(8,071)
		6,919,207	5,860,178
Liabilities and Equity			
Public Debt		19,458,239	17,182,716
Special Deposits and Trust Accounts		3,077,129	2,983,375
Deferred liabilities		107,665	105,020
Capital Receipts		520,265	446,580
Residual Equity		(16,244,091)	(14,857,513)
		6,919,207	5,860,178

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 2018

	Note	2018 Rupees in Million	2017 Rupees in Million
Receipts			
Receipts in Statement of Comparison of Budget and Actual Amounts by Function		31,683,621	18,648,616
Add: Floating debt-net	17	2,366,340	1,766,113
Less : Floating debt receipts	17	27,617,855	13,796,931
Less : Third party Included in Budget		-	13,578
Actual receipts in Statement of Cash Receipts and Payments		<u>6,432,106</u>	<u>6,604,220</u>
Payments			
Payments in Statements of Comparison of Budget & Actual Amounts by Function and Actual Expenditure by Division		31,793,831	18,783,698
Less : Floating debt payments	17	25,251,515	12,030,818
Less : Third party Included in Budget		-	13,578
Actual payments in Statement of Cash Receipts and Payments		<u>6,542,316</u>	<u>6,739,302</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 **31 DEC 2018**

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

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