

Sources & Uses of Funds

Non-Financial Private Corporate Sector of Pakistan

FY 12



**Flow of Funds Division
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Introduction

Overview

This study measures the contribution of non-financial private corporate sector to the flow of funds in the economy. It also analyzes financial and non financial behavior of the corporate sector. The study is based on sectoral balance sheet of non-financial private corporate sector using data published in annual report of the corporations.

The study is presented in two parts. First part of the report explains structure of the sources and uses of funds by the corporate sector; second part summarizes the investment-saving gap and channels of financing it.

Objective

The main objectives of the report are:

- To build comprehensive statistics to capture trends of corporate activities in the financial and capital markets and to understand the broad structural features of the non-financial private corporate sector.
- To analyze trends in capital formation and its impact on expansion in general employment.
- To identify the sources and uses of funds of non-financial private corporate sector.
- To provide guidance for the policy formulation and policy shift for managing the saving investment gap to achieve growth in overall non financial private corporate sector.
- To assess the effects of monetary policy actions with reference to financial and real investment in the sector.
- To determine the origin and causes of investment-saving gap and how to finance it.
- To enhance the base for qualitative and quantitative data information for policy makers, researchers, business community, and other interested users.

Methodology

The data was plucked from annual accounts of joint stock companies listed at KSE and some companies having foreign investment as on June 30, 2012. The relevant data was extracted from balance sheets and notes to the accounts and a consolidated sectoral balance sheet for Private corporate sector was prepared. The estimates for the overall sector were prepared by multiplying a constant multiple factor calculated by total paid up capital registered with SECP as on June 30, 2012 and estimated consolidated sectoral balance sheet for the overall non-financial private corporate sector in Pakistan was thus prepared. However, the data on financial transactions with financial and rest of the world sectors collected through different surveys is used in the analysis.

Structure of the Sources & Uses of Funds

Assets and Liabilities of Non Financial Private Corporate Sector

The balance sheet of corporate sector generally comprises of financial and non-financial assets and liabilities and shareholder's equity. The consolidated Sectoral Balance Sheet for FY 12 had 40.77 percent non-financial assets and 59.23 percent financial assets. About 35.59 percent of total assets in the corporate sector were financed by shareholder's equity. 30.13 percent of the remaining assets were financed through non-current liabilities and 34.28 percent by current liabilities.

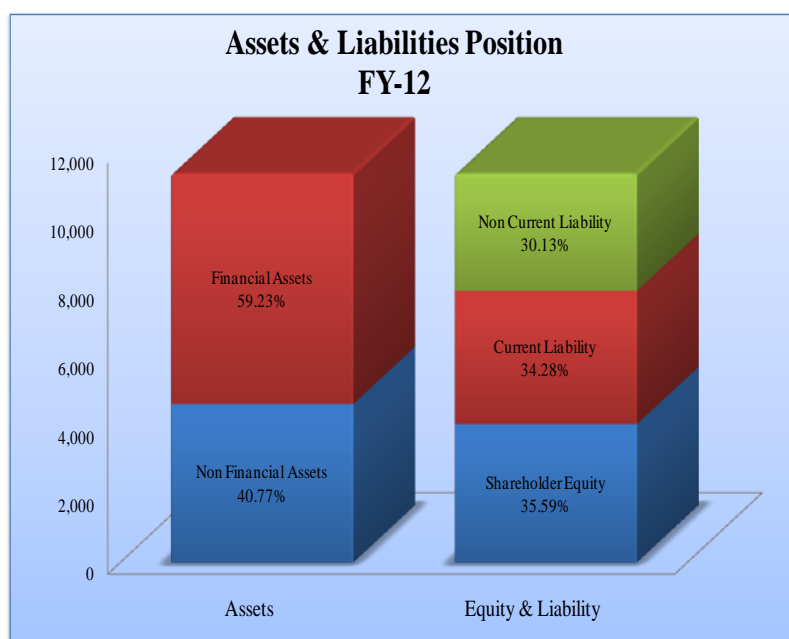


Table-1: Assets and Liabilities of Non-Financial Private Corporations

Component of Balance Sheet	Billion Rs.			
	Opening Balance FY 12	Closing Balance FY 12	% Share in FY 12	YOY Change %
Shareholder Equity	3,975.6	4,044.0	35.59	1.72
Current Liability	3,201.9	3,895.8	34.28	24.80
Non Current Liability	3,152.4	3,424.5	30.13	8.63
Total Liability & Equity	10,329.9	11,364.3	100.00	10.01
Non Financial Assets	4,046.9	4,633.4	40.77	14.49
Financial Assets	6,283.0	6,730.9	59.23	7.13
Total Assets	10,329.9	11,364.3	100.00	10.01

Sources of Funds

Non financial private corporations acquired funds from different sources for financing assets formation. There are two major types of funds for financing. Some funds are generated within the sector through savings and others are acquired from other sectors of the economy (externally generated funds).

Funds from Internal Sources

At the start of FY 12, total internal funds in the form of shareholders equity and provisions (non-financial saving) of corporate sector were Rs 6,061.6 billion of total funds. An increase of 5.83

percent or Rs 353.4 billion was noted during the review period and its share in total funds generated by the private corporate sector was 56.45 percent in FY 12. Among the internal sources, shareholders equity accounted for 35.6 percent of total internal sources during FY 12. Provisions mainly comprised of accumulated depreciation, accounted for 20.9 percent of total internal sources during FY 12.

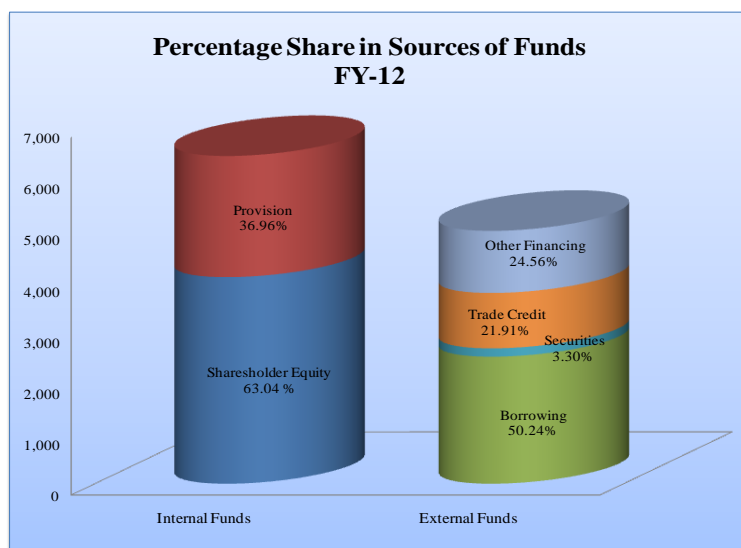


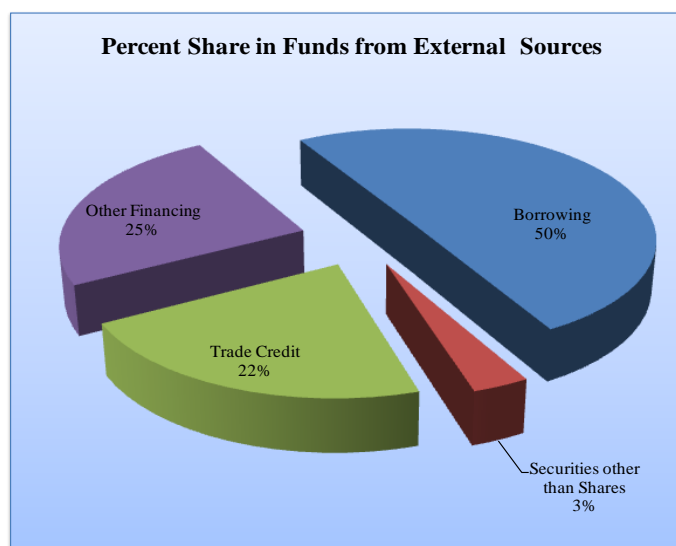
Table-2: Sources of Funds of Private Corporate Sector

Billion Rs.

Sources of Funds	Opening Balance FY 12	Closing Balance FY 12	% Share in FY 12	YOY Change %
Internal Funds	6,061.6	6,415.0	56.45	5.83
Shareholders' Equity	3,975.6	4,044.0	35.59	1.72
Provision	2,086.0	2,371.0	20.86	13.66
External Funds	4,268.3	4,949.3	43.55	15.95
Borrowing	2,512.8	2,486.5	21.88	- 1.05
Securities other than Shares	181.4	163.2	1.44	-10.03
Trade Credit	839.8	1,084.3	9.54	29.11
Other Financing	734.3	1,215.3	10.69	65.50
Total Funds	10,329.9	11,364.3	100.00	10.01

Funds from External Sources

The non-financial private corporate sector relied more on external sources of funds. The data revealed that the external sources of funds constituted up to 43.6 percent of the total sources. Borrowing was the major source of acquiring funds; it constituted 21.88 percent of total external funds raised by the non-financial private sector during FY 12. Other sources of financing includes accumulated depreciation, restricted deposits and other account payable which constituted 10.7 percent of total external



funds, while share of trade credit was 9.5 percent. The securities other than shares issued by corporate sector had very low contribution of 1.4 percent in total external financing and had the negative growth of -10.0 percent. Total external funds increased by Rs. 681 billion or 15.9 percent from Rs 4268.3 billion to Rs 4949.3 billion during FY 12. Other financing increased by 65.50 percent from Rs. 734.3 billion to Rs 1215.3 billion during FY 12. Trade Credit also increased by 29.1 percent from Rs 839.8 billion to Rs 1084.3 billion during the year.

Sector-wise Borrowing of Non-Financial Private Corporate Sector

Corporate sector acquired its funds mostly by borrowing from different sectors during FY 12. The data reveals a decreasing trend in the borrowing of non-financial private corporate sector during the review period. The borrowing of non-financial private corporate sector decreased by 1.05 percent from Rs 2512.8 billion to Rs 2486.5 billion during the review period. The sectors of economy from where the private corporate sector raised its funds included Banks, NBFCs, Government, non-financial corporations, non-resident and resident sector. The figures show that the largest source of borrowing was commercial banks. The share of borrowing from banking sector was 91.67 percent of total borrowing, which is equal to 58.83 percent of total lending by banking sector during FY 12. The borrowing from banking sector increased by 0.51 percent from Rs 2267.7 billion to Rs 2279.3 billion during FY 12. The second largest source of borrowing was non-resident sector and its share was 3.89 percent of total borrowing and it decreased by 27.35 percent from Rs 133.2 billion to Rs. 96.8 billion. The share of borrowing from NBFC's was 3.6 percent of total borrowing, while the private corporate sector borrowed 0.83 percent from other remaining sectors of economy.

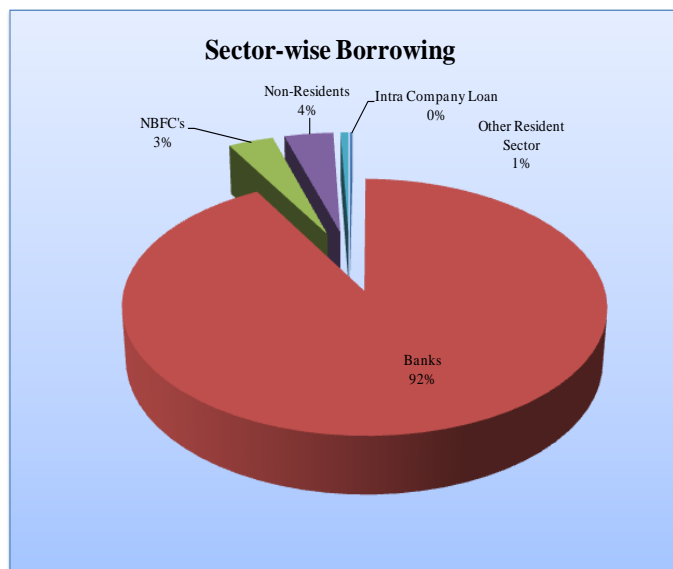
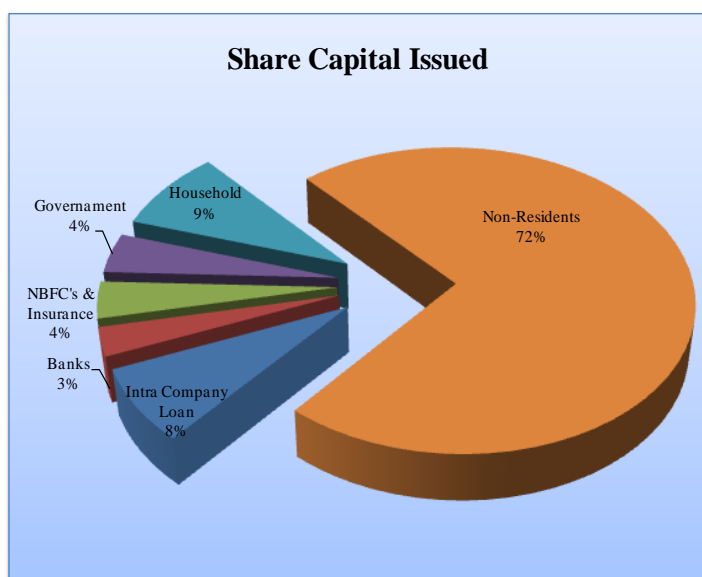


Table-3: Channels of Borrowing of Non-Financial Private Corporate Sector

Sectors of Economy	Billion Rs.			
	Opening Balance FY 12	Closing Balance FY 12	% Share in FY 12	YOY Change %
Intra Company Loan	13.5	5.1	0.20	-62.20
Banks	2,267.7	2,279.3	91.67	0.51
NBFC's	84.3	89.5	3.60	6.11
Non-Residents	133.2	96.8	3.89	-27.35
Other Resident Sector	14.0	15.7	0.63	12.00
Total Borrowing	2,512.8	2,486.5	100.00	-1.05

Share Capital Issued by Non-financial Private Sector

Share capital was the largest source of acquiring funds by the Non-financial private corporations to fulfill their needs for assets formation. The contribution of 'share capital' in total financing raised by corporate sector was 23.78 percent during the review period. The data reveals that the issuance of share capital was increased by 3.83 percent from Rs 2603.0 billion in the beginning to Rs 2702.6 billion at the end of FY 12. The sectors of economy from where the corporate sector raised its funds by issuing share capital include Non-



financial corporations, Banks, NBFCs & insurance co, Non-resident and Household. The figures show that non-resident sector increased its investment in corporate sector's capital during the review period. It is important to note that the share of non-resident sector was 48.53 percent of total equity (Shares & other Equity) issued by private corporate sector and it increased by 3.45 percent from Rs 1,897.0 billion to 1,962.6 billion in FY 12. There is an investment of Rs 206.9 billion or 7.66 percent by Intra-companies and Rs 234.6 billion or 8.68 percent by household in share capital of non financial private corporate sector and also observed positive growth trend of 7.20 percent & 7.41 percent respectively in these sectors during the review period FY 12.

Table-4: Share Capital Issued by Non-Financial Private Corporations

Sectors of Economy	Billion Rs.			
	Opening Balance FY 12	Closing Balance FY 12	% Share in FY 12	YOY Change %
Intra Company Loan	193.0	206.9	7.66	7.20
Banks	77.6	80.9	2.99	4.25
NBFC's & Insurance	108.7	104.1	3.85	-4.23
Government	108.3	113.5	4.20	4.80
Household	218.4	234.6	8.68	7.41
Non-Residents	1,897.0	1,962.6	72.62	3.46
Total Share Capital Issued	2,603.0	2,702.6	100.00	3.83

Securities other than Shares Issued by Corporate Sector

The non-financial private corporate sector raised about 1.44 percent funds through issuance of securities other than shares in the review period FY 12. The data reveals that the issuance was decreased by 10.03 percent from Rs 181.4 billion to Rs 163.2 billion at the beginning and at the

end of FY 12 respectively. The sectors included Banks, intra corporations, NBFCs & insurance and non-resident sector. Financing under Securities other than shares from Banks was dominant for the entire period with a share of 44.43 percent. It was decreased by 9.86 percent from Rs 80.4 billion in the beginning to Rs 72.5 billion at the end of FY 12, about 43.46 percent financing was obtained from intra companies and it decreased by 12.75 percent from Rs 81.3 billion to Rs 70.9 billion during this period. The sector wise distribution of securities issued by corporate sector is shown in Table-5.

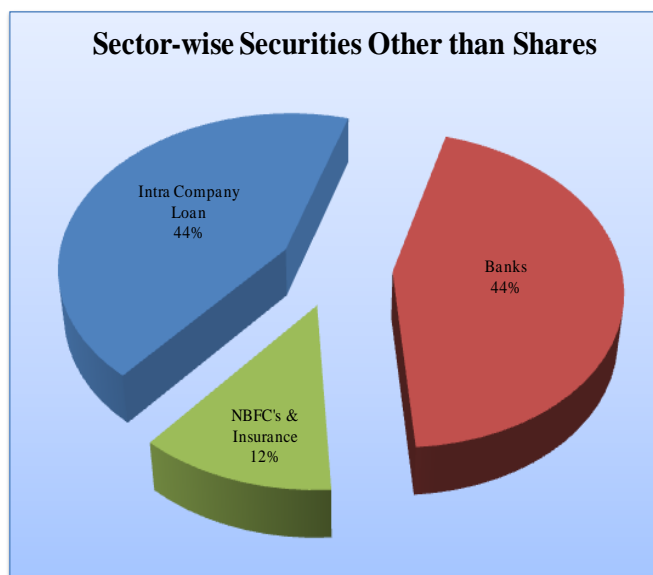


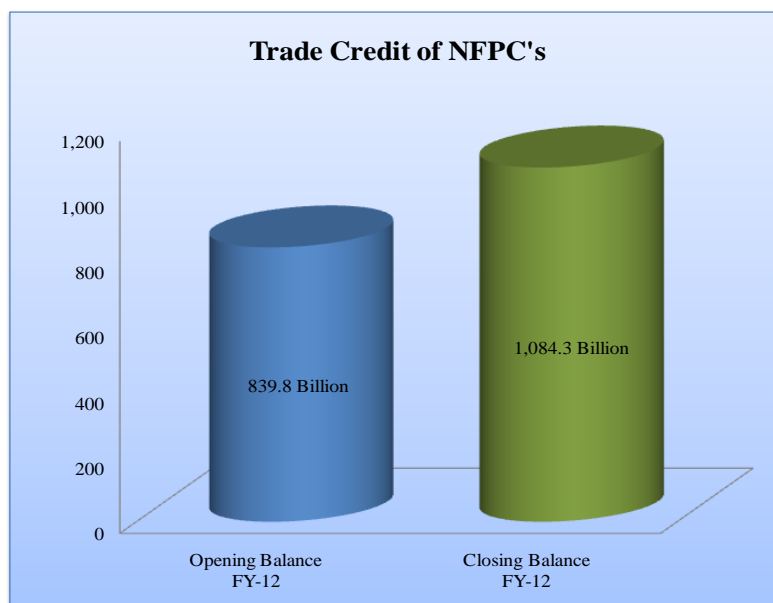
Table-5: Securities other than Shares Issued by Non-Financial Private Corporations

Billion Rs.

Sectors of Economy	Opening Balance FY 12	Closing Balance FY 12	% Share in FY 12	YOY Change %
Intra Company Loan	81.3	70.9	43.46	-12.75
Banks	80.4	72.5	44.43	-9.86
NBFC's & Insurance	19.7	19.8	12.11	0.47
Total Securities Issued	181.4	163.2	100.00	-10.03

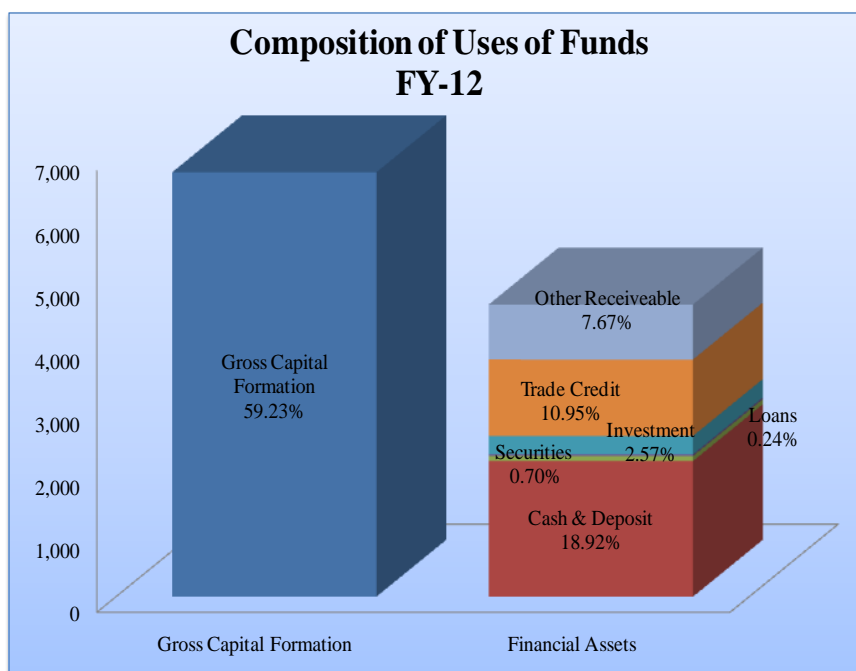
Trade Credit (Liability) of Non-Financial Private Corporate Sector

It is the credit made available to a company by another company for buying goods & services to conduct its operations. In other words, trade credit is “buy now”, “pay later”. The share of Trade credit in total external financing raised by non-financial private corporations was 9.54 percent during the entire year FY 12. The figure showed that it had increasing trend. It increased by 29.11 percent from Rs 839.8 billion to Rs 1084.3 billion during FY 12.



Uses of Funds

Investment of non-financial private sector generally has two main components: investment in financial assets and non-financial assets, i.e., gross capital formation. Gross capital formation had the largest share of 59.23 percent in total uses of funds during FY 12. While non financial private corporate sector used 40.77 percent of its sources for the acquisition of financial assets, including cash & deposit having share of



18.92 percent and it increased by 9.43 percent from Rs 1965.3 billion To Rs 2150.6 billion. The share of 'Trade credit' was 10.66 percent in the uses of funds and it increased by 34.41 percent from Rs 901.8 billion in the beginning to Rs 1212.0 billion at the end of FY 12. This sector invested 2.64 percent funds in the acquisition of share capital of different sectors and it was increased by 0.91 percent from Rs 289.8 billion to Rs 292.4 billion during FY 12. The composition of uses of funds of non financial private corporate sector is shown in Table-6.

Table-6: Composition of Uses of Funds of Corporate Sector

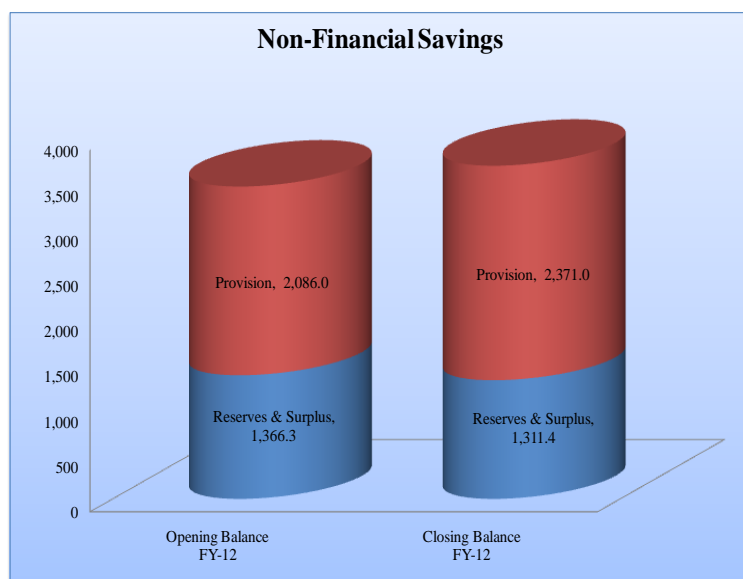
Billion Rs.

Use of Funds	Opening Balance FY 12	Closing Balance FY 12	% Share in FY 12	YOY Change %
Gross Capital Formation	6,283.0	6,730.9	59.23	7.13
Financial Assets	4,046.9	4,633.4	40.77	14.49
Cash & Deposits	1,965.3	2,150.6	18.92	9.43
Securities other than Shares	37.2	79.8	0.70	114.33
Loans Extended	36.0	26.5	0.23	-26.40
Investment in Shares	289.8	292.4	2.57	0.91
Trade Credit	901.8	1,212.0	10.66	34.41
Other Receivable	816.8	872.1	7.69	6.77
Total Funds	10,329.9	11,364.3	100.00	10.01

Saving and Investment of Non-Financial Private Corporate Sector

Saving of the Sector

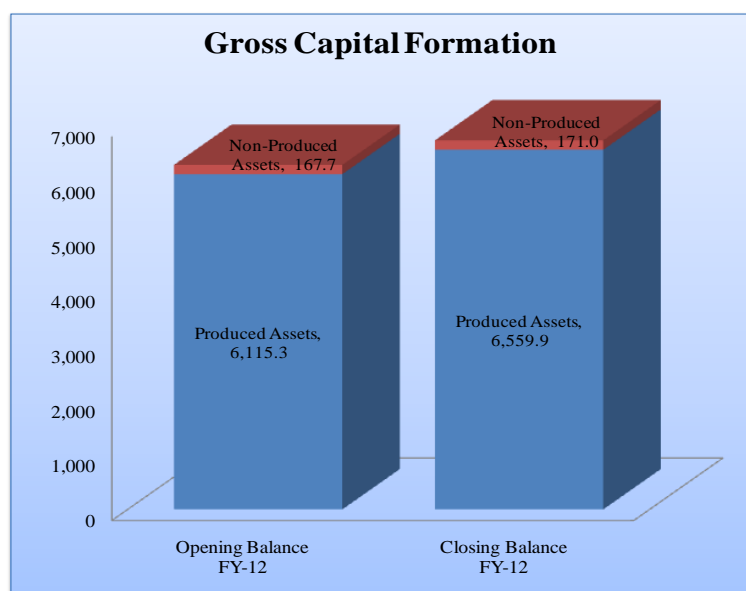
Non-financial-saving of private corporate sector mainly has two components: i) reserves and surplus ii) provisions. Reserves & surplus are defined as amounts retained in the business and not distributed to owners. It includes retained earnings, current year result, special reserve and general reserve. In most cases, companies retain their earnings in order to invest for future growth and expansion, such as buying new machinery or spending money on more research and



development, while provisions include accumulated depreciation. The data reveals that total non-financial-saving of private corporate sector was increased by 6.67 percent from Rs 3452.3 billion in the beginning to Rs 3682.5 billion at the end of FY 12. The share of non-financial saving in total funds generated by corporate private sector was 33.28 percent during FY 12.

Investment in Gross Capital Formations

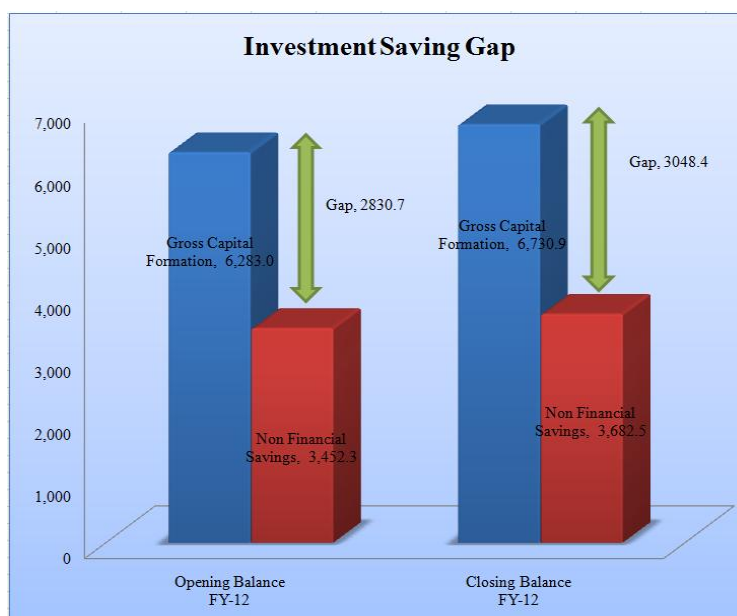
Investment in Gross Capital formation constituted **60.82 percent** of total Assets formation during the review period. The data reveals that Non-financial private corporate sector mostly invested its funds in fixed capital formations. A larger investment in fixed assets is a good aspect from industrial growth point of view, such as buying new machinery and equipments, improving industrial technology or spending the money on construction of building & structure, which create more employment. Total



Gross Capital formation of corporate sector increased by **7.13 percent** from Rs 6283.0 billion to Rs 6730.9 billion during the review period FY 12.

Financing of Investment and Saving Gap

The investment in gross capital formations by the corporate sector was higher than savings, so it had to be financed through *net borrowing mainly* from banking sector, issuance of shares & equity, securities and trade credit, etc. The saving and investment gap of the corporate sector was computed as the difference between corporate investments (comprises both capital expenditures and inventories) and corporate saving (comprises retained earnings plus reserve plus provisions). The term “financing gap” can also be used instead of “saving gap” interchangeably.



The analysis of financing sources of investment in the corporate sector is difficult because some of the funds come from within that sector’s own saving (internally generated funds). The data reveals that there was non- financial saving of Rs 3682.5 billion and gross capital formation was Rs 6730.9 billion. This created a financing gap of Rs 3048.4 billion, which indicate deficit equal to the net increase in financial liabilities of the sector. It was met by incurring financial liabilities from different resident and non- resident sectors.

Table-7: Financing of Investment and Saving Gap

Use of Funds	Billion Rs.		
	Opening Balance FY 12	Closing Balance FY 12	YOY Change %
Gross Capital Formation	6,283.0	6,730.9	7.13
Non Financial Savings	3,452.3	3,682.5	6.67
Investment Saving Gap	2,830.7	3,048.4	0.46

The analysis of increase in composite liability on net borrowing can provide useful information because net increase in financial liabilities was a source of funds in addition to the internal funds “saving”, while a net increase in financial assets was a use of funds, in addition to “gross capital formation”.

The main financial liabilities were loans, trade credit and securities etc, while main financial assets were Currency & deposits, loans, trade credit, Securities and Shares capital. The presence of financial assets complicates the answer to our basic question, as the increase in financial liabilities was used to finance both the saving gap and acquisition of financial assets, so we may

choose to net out the increase in some financial assets from the corresponding increase in financial liabilities to simplify the analysis.

Corporate loans (inclusive of trade credit), issuance of shares and securities were the largest cause of increase in liability of corporate sector. The saving and investment gap was financed about 76.5 percent by net loans (inclusive trade credit), while remaining 23.5 percent of the gap was financed by issuance of net securities, shares capital and net of other payable/receivable accounts during the review period.

Consolidated Balance Sheet of Non-Financial Private Corporations FY 12

Million Rs.					
Items	Op_Bal	Tra	VC	OCV	Cl_Bal
Assets	10,329,892	1,037,978	27,093	-30,633	11,364,330
1. Currency and Deposits	1,965,267	180,465	6,842	-1,944	2,150,630
1. Currency	2,878	3,297	0	0	6,175
2. Transferable Deposits	1,246,640	123,643	5,990	-1,057	1,375,215
1. Deposit money institutions	1,246,640	123,643	5,990	-1,057	1,375,215
2. Nonresidents	0	0	0	0	0
3. Restricted Deposits	114,753	7,264	41	-263	121,795
1. Non-financial corporations	26,653	3,793	0	0	30,446
2. Financial corporations	88,100	3,471	41	-263	91,349
1. Deposit money institutions	87,934	3,493	41	-263	91,205
2. Other deposit accepting institutions	166	-22	0	0	144
3. Non-residents	0	0	0	0	0
4. Other Deposits	600,996	46,261	812	-624	647,445
1. Deposit money institutions	587,744	47,973	812	-624	635,905
2. Other deposit accepting institutions	13,252	-1,712	0	-1	11,540
3. Nonresidents	0	0	0	0	0
2. Securities Other than Shares	37,234	42,571	0	0	79,806
1. Short-term	31,682	43,374	0	0	75,055
1. Non-financial corporations	1	0	0	0	1
2. Financial Corporations	1,047	83	0	0	1,130
1. Deposit money institutions	0	0	0	0	0
2. Other deposit accepting institutions	60	17	0	0	77
3. Other financial intermediaries	987	67	0	0	1,054
4. Insurance and pension funds	0	0	0	0	0
3. Central Government	30,633	43,290	0	0	73,924
4. Provincial Governments' short-term securities	0	0	0	0	0
5. Local governments' short-term securities	0	0	0	0	0
6. Non-residents' short-term securities	0	0	0	0	0
2. Long-term	5,553	-802	0	0	4,751
1. Non-financial corporations	0	0	0	0	0
2. Financial Corporations	3,550	676	0	0	4,226
1. Deposit money institutions	2,760	408	0	0	3,167
2. Other deposit accepting institutions	476	194	0	0	670
3. Other financial intermediaries	314	74	0	0	388
4. Insurance and pension funds	0	0	0	0	0
3. Central Government	2,003	-1,478	0	0	525
4. Provincial Governments' long-term securities	0	0	0	0	0
5. Local governments' long-term securities	0	0	0	0	0
6. Non-residents' long-term securities	0	0	0	0	0
3. Loans Extended	35,970	-9,496	0	0	26,474
1. Short-term	4,342	1,701	0	0	6,043

Million Rs.

Items	Op_Bal	Tra	VC	OCV	Cl_Bal
1. Non-financial corporations	3,894	1,652	0	0	5,546
2. Households (Employees)	448	49	0	0	496
3. Non-residents	0	0	0	0	0
2. Long-term	31,628	-11,197	0	0	20,432
1. Non-financial corporations	24,973	-11,722	0	0	13,251
2. Households (Employees)	6,655	525	0	0	7,180
3. Non-residents	0		0	0	0
4. Shares and Other Equity	289,756	-2,222	8,233	-3,375	292,392
1. Non-financial corporations	195,070	-15,505	8,233	-2,105	185,694
2. Financial Corporations	93,726	3,503	0	-1,271	95,958
1. Deposit money institutions	42,873	7,566	0	-1,271	49,169
2. Other deposit accepting institutions	2,624	19	0	0	2,643
3. Other financial intermediaries	43,504	-4,635	0	0	38,869
4. Insurance and pension funds	4,726	552	0	0	5,278
3. Non-residents	960	9,780	0	0	10,740
5. Insurance Technical Reserve	54,839	5,408	0	0	60,247
6. Other Accounts Receivable	1,663,829	321,590	0	38,478	2,023,898
1. Trade credit and advances	901,753	310,269	0	0	1,212,022
2. Others	762,077	11,321	0	38,478	811,876

Million Rs

Items	Op_Bal	Transactions		VC	OCV	Cl_Bal	Acc. Dep	PV
		Acq	Disp					
7. Non-financial assets	6,282,99	768,81	269,15	12,018	-63,791	6,730,88	2,371,0	4,359,849
1. Produced Assets	6,115,26	758,70	260,42	9,616	-63,295	6,559,86	2,367,2	4,192,574
1. Tangible Fixed Assets	5,230,89	610,42	158,68	9,616	-62,304	5,629,95	2,290,1	3,339,820
1. Dwellings	28,285	225	229	139	-114	28,306	3,953	24,353
2. Other buildings & structures	278,006	31,551	5,728	2,003	-6,988	298,844	84,351	214,494
3. Machinery and equipment	4,230,23	532,79	99,839	7,473	-10,781	4,659,87	1,879,2	2,780,625
4. Other tangible fixed assets	694,376	45,859	52,886	0	-44,421	642,927	322,579	320,349
2. Intangible Fixed Assets	190,962	5,461	215	0	135	196,343	77,161	119,182
1. Computer software	43,064	5,280	98	0	57	48,302	27,114	21,189
2. Other intangible fixed assets	147,898	181	116	0	78	148,040	50,047	97,993
3. Inventories	693,404	142,82	101,52	0	-1,127	733,572	0	733,572
4. Valuables	0	0	0	0	0	0	0	0
2. Non-Produced Assets	167,735	10,107	8,729	2,402	-496	171,018	3,744	167,274
1. Tangible non-produced assets	140,077	10,107	6,219	2,402	-496	145,871	3,744	142,127
2. Intangible non-produced	27,658	0	2,510	0	0	25,147	0	25,147

Million Rs.

Items	Op_Bal	Tra	VC	OCV	Cl_Bal
Liabilities	10,329,892	1,037,978	27,094	-30,631	11,364,330
1. Restricted/ Compulsory Deposits	136,957	-17,164	0	15,226	135,019
1. Non-financial corporations	12,440	1,031	0	-242	13,228
2. Central government	0	0	0	0	0
3. Provincial & local governments	0	0	0	0	0
4. Household	124,517	-18,194	0	15,468	121,791
5. Non-residents	0	0	0	0	0
2. Securities Other than Shares	181,384	329	-2,736	-15,793	163,184
1. Short-term	49,254	-10,678	-111	280	38,744
1. Non-financial corporations	29,346	-10,535	0	0	18,811
2. Financial Corporations	19,908	-144	-111	280	19,933
1. Deposit money institutions	19,124	-927	-111	376	18,461
2. Other deposit accepting institutions	113	59	0	-25	147
3. Other financial intermediaries	663	708	0	-71	1,300
4. Insurance and pension funds	8	16	0	0	24
3. Household	0	0	0	0	0
4. Non-residents	0	0	0	0	0
2. Long-term	132,130	11,007	-2,624	-16,073	124,440
1. Non-financial corporations	51,945	290	0	-120	52,115
2. Financial Corporations	80,185	10,716	-2,624	-15,953	72,325
1. Deposit money institutions	61,311	11,403	-2,621	-16,049	54,044
2. Other deposit accepting institutions	12,169	730	-3	-42	12,854
3. Other financial intermediaries	6,598	-1,309	0	138	5,427
4. Insurance and pension funds	108	-108	0	0	0
3. Household	0	0	0	0	0
4. Non-residents	0	0	0	0	0
3. Loans (Borrowings)	2,512,757	-38,592	5,829	6,463	2,486,457
1. Short-term	1,578,392	-32,179	5,829	5,402	1,557,444
1. Non-financial corporations	1,059	1,212	0	0	2,271
2. Financial Corporations	1,568,201	-33,337	5,829	5,402	1,546,096
1. Central Bank	0	0	0	0	0
2. Deposit money institutions	1,555,809	-35,605	5,829	5,366	1,531,399
3. Other deposit accepting institutions	6,398	-937	0	36	5,497
4. Other financial intermediaries	5,994	3,205	0	0	9,199
3. Central Government	0	0	0	0	0
4. Provincial Governments	0	0	0	0	0
5. Local governments	0	0	0	0	0
6. Non-residents	8,927	0	0	0	8,927
7. Other resident sector	205	-54	0	0	150
2. Long-term	934,365	-6,413	0	1,062	929,013
1. Non-financial corporations	12,392	-9,578	0	0	2,814
2. Financial Corporations	783,801	37,867	0	1,062	822,730

Million Rs.					
Items	Op_Bal	Tra	VC	OCV	Cl_Bal
1. Central Bank	0	0	0	0	0
2. Deposit money institutions	711,869	35,136	0	941	747,945
3. Other deposit accepting institutions	67,583	3,065	0	121	70,769
4. Other financial intermediaries	4,350	-334	0	0	4,015
3. Central Government	0	0	0	0	0
4. Provincial Governments	21	1	0	0	22
5. Local governments	0	0	0	0	0
6. Non-residents	124,318	-36,441	0	0	87,877
7. Other resident sector	13,832	1,738	0	0	15,570
4. Other Accounts Payable	3,523,190	593,055	0	419432	4,535,677
1-Trade Credit & advances	839,825	244,434	0	0	1,084,259
2. Accumulated depreciation	2,086,009	0	0	285,026	2,371,035
3. Other accounts payable	597,356	348,621	0	134,406	1,080,383
5. Shares and Other Equity	3,975,604	500,350	24,000	-455,960	4,043,995
1. Share Capital	2,603,126	102,418	216	-3,121	2,702,640
1. Non-financial corporations	193,046	13,675	-92	287	206,916
2. Financial Corporations	186,303	234	308	-1,800	185,045
1. Deposit money institutions	77,614	4,267	980	-1,916	80,945
2. Other deposit accepting institutions	7,575	-408	-318	116	6,965
3. Other financial intermediaries	43,608	-4,643	-354	0	38,611
4. Insurance and pension funds	57,507	1,017	0	0	58,524
3. Central Government	97,686	4,045	0	0	101,731
4. Provincial Governments	10,643	1,082	0	0	11,725
5. Local governments	0	0	0	0	0
6. Household	218,427	16,150	0	0	234,578
7. Non-residents	1,897,021	67,232	0	-1,608	1,962,645
2. Retained Earnings	300,491	362,485	0	-448,327	214,649
3. General and Special Reserves	1,065,832	35,447	0	-4,512	1,096,767
4. Valuation Adjustments	6,155	0	23,784	0	29,939

This consolidated sectoral balance sheet is based on analyzed balance sheets of companies listed at KSE as on 30th June, 2012 and raised with respect to total paid-up capital registered with SECP, then data was replaced with actual data related to all financial and rest of the world sectors.

Annexure: Glossary/ Terminology Used

Assets

Assets refer to items controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. These may consist of the following items,

1. Currency and Deposits
2. Securities other than shares
3. Loans extended
4. Shares and other equity
5. Other accounts receivable
6. Non-financial assets

Non-Financial Assets

Entities that give its owners economic benefits by holding them or using them over a period of time are called non-financial assets. Non-Financial assets consist of tangible assets, both produced and non produced and intangible assets for which no corresponding liabilities are recorded.

a) Produced Assets

Produced assets are non-financial assets acquired as outputs from production processes. These are as under:

i) Fixed Assets

Assets that are used repeatedly, or continuously, in production processes for more than one year and that may be tangible (dwellings, other buildings and structures, machinery and equipment, and cultivated assets, such as livestock for breeding and plantations) or intangible (mineral exploration, computer software, and entertainment, literary, or artistic originals).

ii) Inventories

Materials and supplies, work in progress, finished goods, and goods for resale.

iii) Valuables

Assets acquired and held primarily as stores of value.

b) Non-produced Assets

These are both tangible and intangible assets acquired through other than processes of production.

i) Tangible non-produced assets

Tangible non-produced assets include land, subsoil assets, water resources, etc.

ii) Intangible non-produced assets

Intangible non produced assets include patents, leases, and purchased goodwill.

Valuation Changes

Valuation adjustment represents the net opposite of all changes (Surplus / deficit on revaluation) in the values of assets and liabilities on the balance sheets of a corporation except for valuation changes recorded in the profit and loss accounts. The valuation adjustment is market valued by definition.

Liabilities

Liabilities are present obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. These may consist of the following items,

1. Restricted/ compulsory deposits
2. Securities other than shares
3. Loans (borrowings)
4. Other accounts payable
5. Shares and other equity

Total Shareholders' Equity

Shareholders' Equity refers to the shareholders' residual interest in the assets of the entity after deducting all its liabilities. Shareholders' equity comprises mainly share capital, retained earnings/accumulated losses and other reserves. Shareholders' equity is recorded at nominal or book value.

Share Capital

Share capital refers to the amount contributed by shareholders through the issue of shares. There are several types of shares, including common stock, preferred stock, treasury stock, and dual class shares. Preferred shares have priority over common shares in the distribution of dividends and assets.

Retained Earnings

All earnings (after-tax profit) from the overall operations of the corporations less any amount allocated to general and special reserves, which is established as a capital cushion to cover operational and financial risks of the corporations.

General and Special Reserves

General and special reserves are capital redemption reserves, profit prior to incorporation, share premium, statutory reserves and appropriations of retained earnings. General and special reserves should be valued as the nominal amount of earnings that have been retained.

Internal Sources

Funds generated from within the sector as reserves & surplus, provisions, etc.

External Sources

Funds generated from out of the sector, e.g., borrowing, deposits, issuance of securities, shares, trade credit and other.