

# Sources & Uses of Funds

**Non-Financial Private Corporate Sector of Pakistan**

**FY 13**



**Flow of Funds Division  
Statistics & DWH Department  
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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.

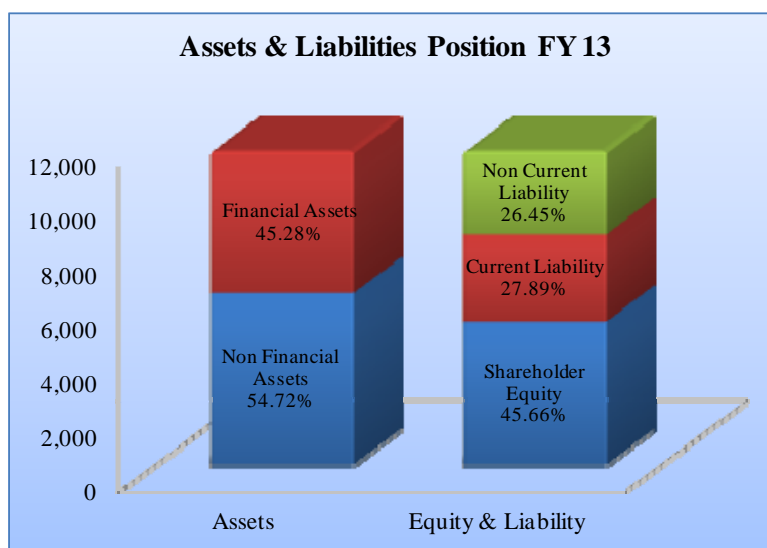
### Methodology

The data was plucked from annual accounts of joint stock companies listed at KSE and some companies having foreign investment as on June 30, 2013. 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, 2013 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 13 had 54.72 percent non-financial assets and 45.28 percent financial assets. About 45.66 percent of total assets in the corporate sector were financed by shareholder's equity. 26.45 percent of the remaining assets were financed through non-current liabilities and 27.89 percent by current liabilities.



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

Component of Balance Sheet	Opening Balance FY 13	Closing Balance FY 13	% Share in FY 13	Billion Rs.
				YOY Change %
Shareholder Equity	4,300.5	5,284.6	45.66	22.88
Current Liability	3,458.2	3,227.3	27.89	-6.68
Non Current Liability	2,893.8	3,061.3	26.45	5.79
<b>Total Liability &amp; Equity</b>	<b>10,652.5</b>	<b>11,573.2</b>	<b>100.00</b>	<b>8.64</b>
Non Financial Assets	5,918.7	6,333.3	54.72	7.00
Financial Assets	4,733.8	5,239.9	45.28	10.69
<b>Total Assets</b>	<b>10,652.5</b>	<b>11,573.2</b>	<b>100.00</b>	<b>8.64</b>

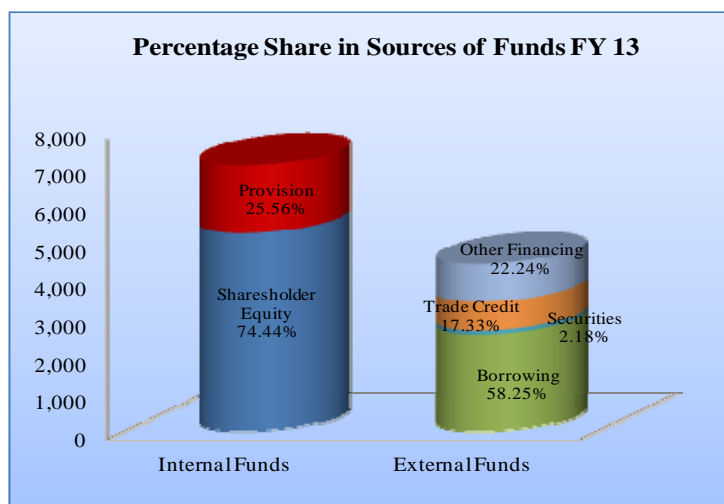
### Sources of Funds

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 13, total internal funds in the form of shareholders equity and provisions (non-financial saving) of corporate sector were Rs 5,895.0 billion of total funds. An increase of 20.42

percent or Rs 1,203.72 billion was noted during the review period and its share in total funds generated by the private corporate sector was 61.34 percent in FY 13. Among the internal sources, shareholders equity accounted for 45.66 percent of total internal sources during FY 13. Provisions mainly comprised of accumulated depreciation, accounted for 15.68 percent of total internal sources during FY 13.



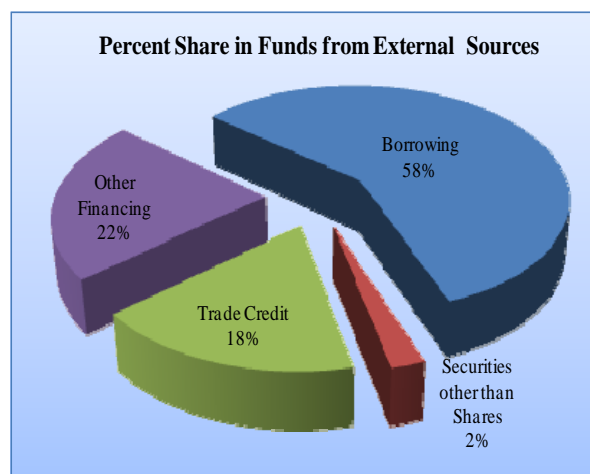
**Table-2: Sources of Funds of Private Corporate Sector**

Billion Rs.

Sources of Funds	Opening Balance FY 13	Closing Balance FY 13	% Share in FY 13	YOY Change %
<b>Internal Funds</b>	<b>5,895.0</b>	<b>7,098.7</b>	<b>61.34</b>	<b>20.42</b>
Shareholders' Equity	4,300.5	5,284.6	45.66	22.88
Provision	1,594.6	1,814.1	15.68	13.77
<b>External Funds</b>	<b>4,757.5</b>	<b>4,474.4</b>	<b>38.66</b>	<b>-5.95</b>
Borrowing	2,676.6	2,606.5	22.52	-2.62
Securities other than Shares	101.8	97.4	0.84	-4.38
Trade Credit	1,076.8	775.3	6.70	-28.00
Other Financing	902.2	995.3	8.60	10.32
<b>Total Funds</b>	<b>10,652.5</b>	<b>11,573.2</b>	<b>100.00</b>	<b>8.64</b>

### Funds from External Sources

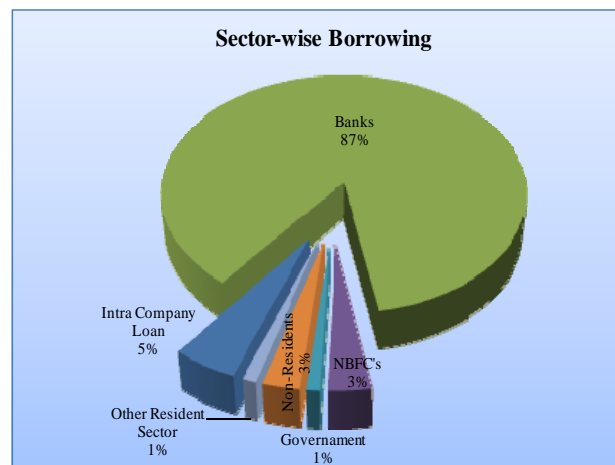
The non-financial private corporate sector relied more on external sources of funds. The data revealed that the external sources of funds constituted up to 38.66 percent of the total sources. Borrowing was the major source of acquiring funds; it constituted 22.52 percent of total external funds raised by the non-financial private sector during FY 13. Other sources of financing includes accumulated depreciation, restricted deposits and other account payable which constituted 8.60 percent of total external funds, while share of trade credit was 6.70 percent. The securities other than shares issued by corporate sector had very low contribution of



0.84 percent in total external financing and had the negative growth of 4.38 percent. Total external funds decreased by Rs. 283.03 billion or 5.95 percent from Rs 4,757.5 billion to Rs 4,474.4 billion during FY 13. Other financing increased by 10.32 percent from Rs. 902.2 billion to Rs 995.3 billion during FY 13. While, Trade Credit decreased by 28.0 percent from Rs 1,076.8 billion to Rs 775.3 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 13. 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 2.62 percent from Rs 2,676.6 billion to Rs 2,606.5 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 86.81 percent of total borrowing, which is equal to 52.78 percent of total lending by banking sector during FY 13. The borrowing from banking sector decreased by 1.20 percent from Rs 2,290.1 billion to Rs 2,262.7 billion during FY 13. The second largest source of borrowing was non-financial corporations and its share was 5.00 percent of total borrowing and it decreased by 4.40 percent from Rs 136.3 billion to Rs. 130.3 billion. The share of borrowing from NBFC's was 3.28 percent of total borrowing, while the private corporate sector borrowed 2.84 percent from non-resident sector and 2.08 percent from other remaining sectors of economy.

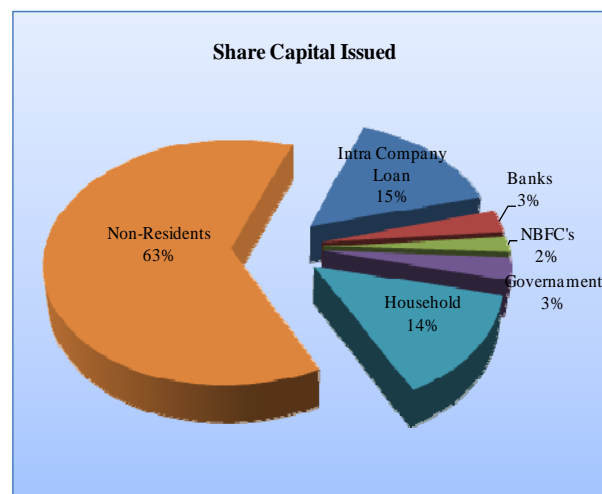


**Table-3: Channels of Borrowing of Non-Financial Private Corporate Sector**

Sectors of Economy	Billion Rs.			
	Opening Balance FY 13	Closing Balance FY 13	% Share in FY 13	YOY Change %
Intra Company Loan	136.3	130.3	5.00	-4.40
Banks	2,290.1	2,262.7	86.81	-1.20
NBFC's	86.4	85.5	3.28	-1.07
Government	37.7	25.7	0.99	-31.90
Non-Residents	96.8	74.0	2.84	-23.56
Other Resident Sector	29.3	28.3	1.09	-3.10
<b>Total Borrowing</b>	<b>2,676.6</b>	<b>2,606.5</b>	<b>100.00</b>	<b>-2.62</b>

### 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 31.74 percent during the review period. The data reveals that the issuance of share capital was increased by 24.79 percent from Rs 2,943.8 billion in the beginning to Rs 3,673.6 billion at the end of FY 13. 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 43.83 percent of total equity (Shares & other Equity) issued by private corporate sector and it increased by 23.88 percent from Rs 1,869.8 billion to 2,316.3 billion in FY 13. There is an investment of Rs 560.1 billion or 15.25 percent by Intra-companies and Rs 507.2 billion or 13.81 percent by household in share capital of non financial private corporate sector and also observed positive growth trend of 3.11 percent & 108.96 percent respectively in these sectors during the review period FY 13.



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

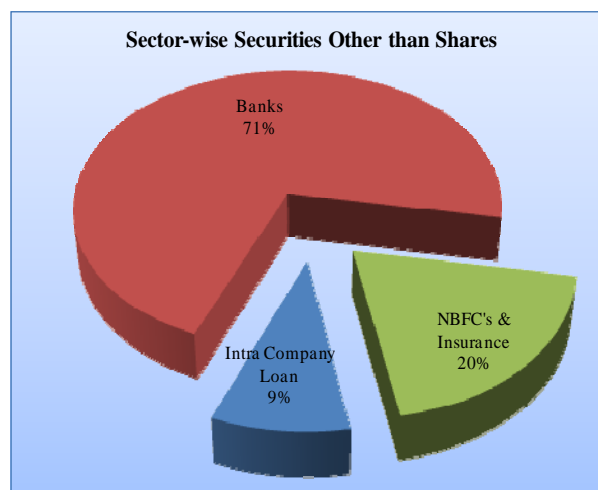
Sectors of Economy	Billion Rs.			
	Opening Balance FY 13	Closing Balance FY 13	% Share in FY 13	YOY Change %
Intra Company Loan	543.2	560.1	15.25	3.11
Banks	80.9	105.8	2.88	30.68
NBFC's & Insurance	102.7	78.2	2.13	-23.85
Government	104.5	106.0	2.89	1.48
Household	242.7	507.2	13.81	108.96
Non-Residents	1,869.8	2,316.3	63.05	23.88
<b>Total Share Capital Issued</b>	<b>2,943.8</b>	<b>3,673.6</b>	<b>100.00</b>	<b>24.79</b>

### Securities other than Shares Issued by Corporate Sector

The non-financial private corporate sector raised about 0.84 percent funds through issuance of securities other than shares in the review period FY 13. The data reveals that the issuance was decreased by 4.38 percent from Rs 101.8 billion to Rs 97.4 billion at the beginning and at the end of FY 13 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 72.43 percent. It was decreased by 3.91 percent from Rs 73.4 billion in the beginning to Rs 70.5 billion at the end of FY 13, about 19.51 percent financing was obtained from NBFC's & Insurance and it decreased by 6.36 percent from Rs 20.3 billion to Rs 19.0 billion during this period. 8.06 percent financing was obtain from non-financial corporation. The sector wise distribution of securities issued by corporate sector is shown in Table-5.



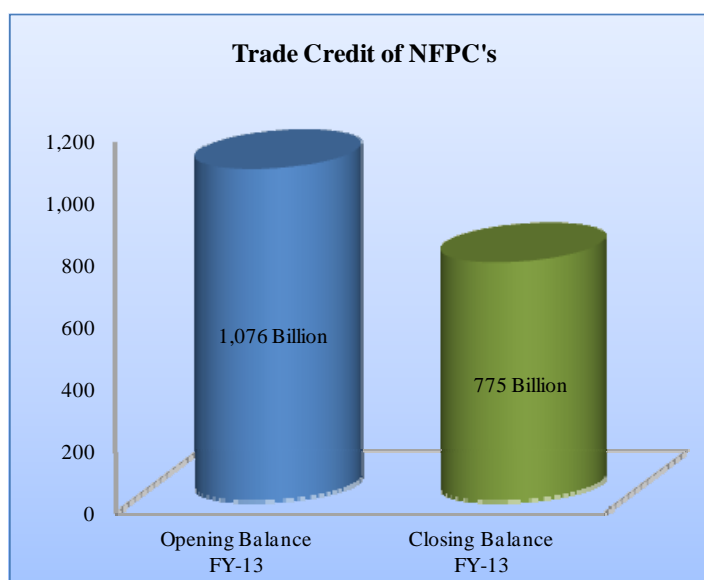
**Table-5: Securities other than Shares Issued by Non-Financial Private Corporations**

Billion Rs.

Sectors of Economy	Opening Balance FY 13	Closing Balance FY 13	% Share in FY 13	YOY Change %
Intra Company Loan	8.1	7.8	8.06	-3.71
Banks	73.4	70.5	72.43	-3.91
NBFC's & Insurance	20.3	19.0	19.51	-6.36
<b>Total Securities Issued</b>	<b>101.8</b>	<b>97.4</b>	<b>100.00</b>	<b>-4.38</b>

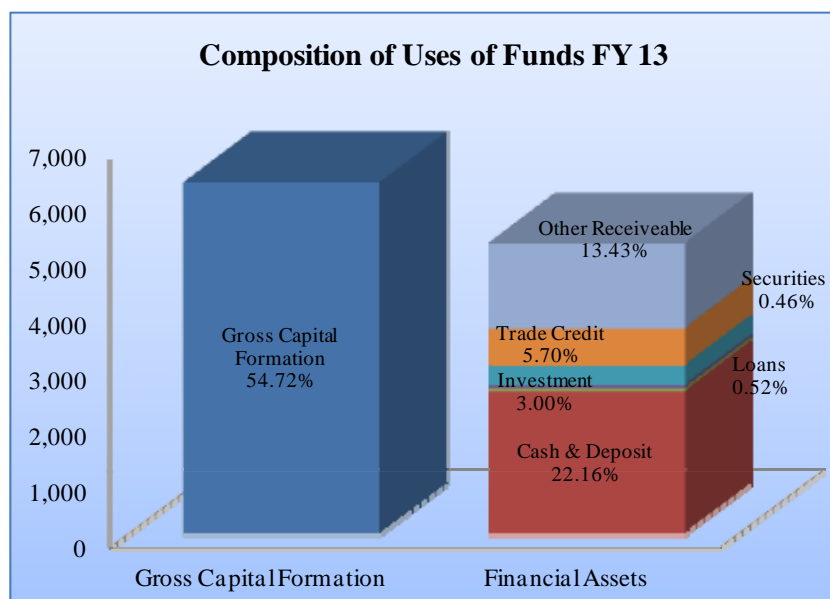
### Trade Credit (Liability) of Non-Financial Private Corporate Sector

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 6.70 percent during the entire year FY 13. The figure showed that it had decreasing trend. It decreased by 38.89 percent from Rs 1,076 billion to Rs 775 billion during FY 13.



## 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 54.72 percent in total uses of funds during FY 13. While non financial private corporate sector used 45.28 percent of its sources for the acquisition of financial assets, including cash & deposit having share of 22.16 percent and it



increased by 18.70 percent from Rs 2,160.6 billion to Rs 2,564.7 billion. The share of 'Other Receivable' in financial assets was 13.43 percent and increased by 24.32 percent from Rs 1,250.5 billion to Rs 1,554.5 billion for the period under review. The share of 'Trade credit' was 5.70 percent in the uses of funds and it decreased by 31.32 percent from Rs 960.9 billion in the beginning to Rs 659.9 billion at the end of FY 13. This sector invested 3.00 percent funds in the acquisition of share capital of different sectors and it was increased by 25.66 percent from Rs 276.3 billion to Rs 347.2 billion during FY 13. The composition of uses of funds of non financial private corporate sector is shown in Table-6.

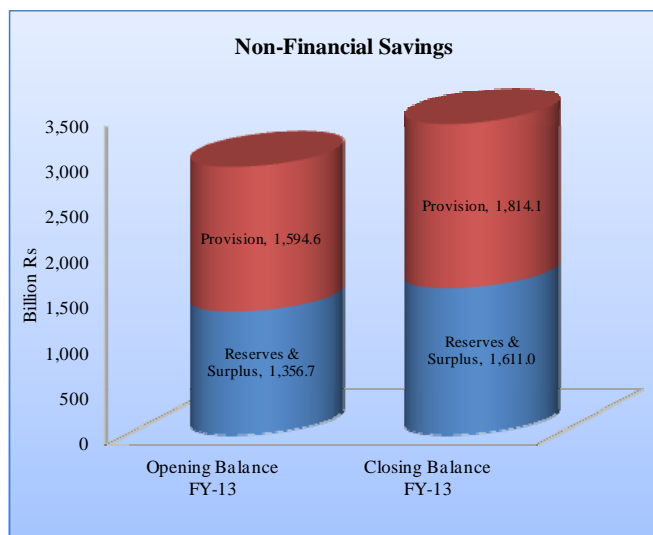
**Table-6: Composition of Uses of Funds of Corporate Sector**

Billion Rs.				
Use of Funds	Opening Balance FY 13	Closing Balance FY 13	% Share in FY 13	YOY Change %
<b>Gross Capital Formation</b>	<b>5,918.7</b>	<b>6,333.3</b>	<b>54.72</b>	<b>7.00</b>
<b>Financial Assets</b>	<b>4,733.8</b>	<b>5,239.9</b>	<b>45.28</b>	<b>10.69</b>
Cash & Deposits	2,160.6	2,564.7	22.16	18.70
Securities other than Shares	26.9	53.5	0.46	98.47
Loans Extended	58.7	60.2	0.52	2.59
Investment in Shares	276.3	347.2	3.00	25.66
Trade Credit	960.9	659.9	5.70	-31.32
Other Receivable	1,250.5	1,554.5	13.43	24.32
<b>Total Funds</b>	<b>10,652.5</b>	<b>11,573.2</b>	<b>100.00</b>	<b>8.64</b>

## Saving and Investment of Non-Financial Private Corporate Sector

### Saving of the Sector

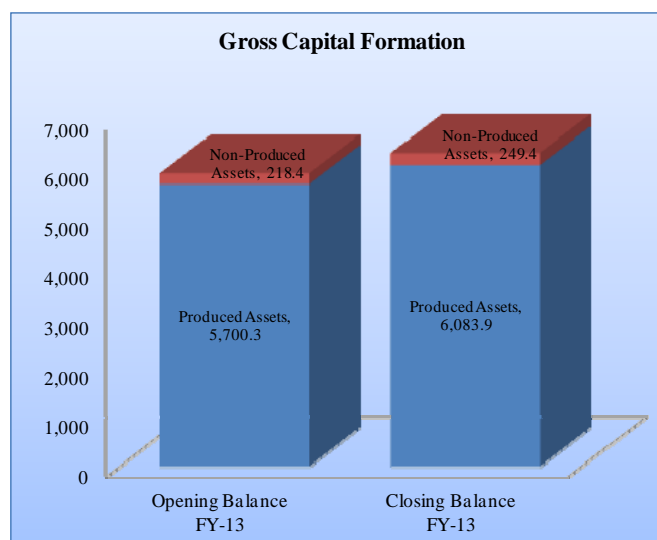
Non-financial-saving of private corporate sector mainly has two components: i) reserves and surplus ii) provisions. Reserves & surplus are defined as amounts retained in the business and not distributed to owners. It includes retained earnings, current year result, valuation adjustment, special reserve 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 16.06 percent from Rs 2,951.2 billion in the beginning to Rs 3,425.1 billion at the end of FY 13. The share of non-financial saving in total funds generated by corporate private sector was 29.60 percent during FY 13.

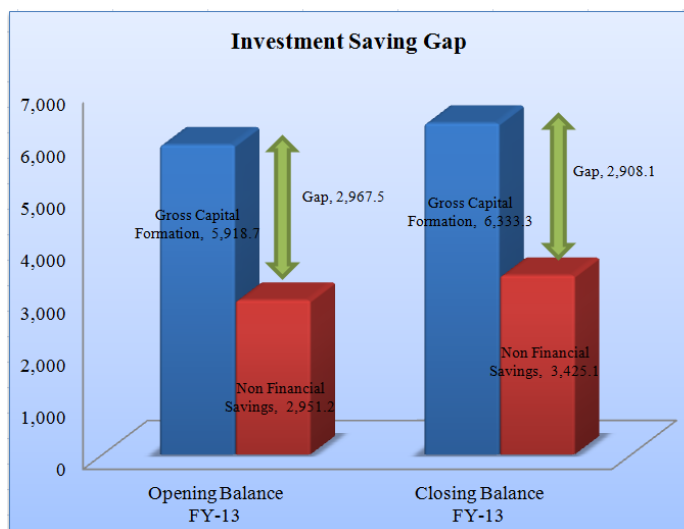
### Investment in Gross Capital Formations

Investment in Gross Capital formation constituted 54.72 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 7.00 percent from Rs 5,918.7 billion to Rs 6,333.3 billion during the review period FY 13.



## 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 plus valuation adjustments). 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 3,425.1 billion and gross capital formation was Rs 6,333.3 billion. This created a financing gap of Rs 2,908.1 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 13	Closing Balance FY 13	YOY Change %
Gross Capital Formation (A)	5,918.7	6,333.3	7.00
Non Financial Savings (B)	2,951.2	3,425.1	16.06
<b>Investment Saving Gap (A-B)</b>	<b>2,967.5</b>	<b>2,908.1</b>	<b>-2.00</b>

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 91.53 percent by net loans (inclusive trade credit), while remaining 8.47 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 13

Million Rs.

Items	Op_Bal	Tra	VC	OCV	Cl_Bal
<b>Assets</b>	<b>10,652,493</b>	<b>567,881</b>	<b>41,475</b>	<b>311,325</b>	<b>11,573,175</b>
<b>1. Currency and Deposits</b>	<b>2,160,579</b>	<b>400,748</b>	<b>3,827</b>	<b>-499</b>	<b>2,564,654</b>
<b>1. Currency</b>	<b>5,030</b>	<b>16,461</b>	<b>0</b>	<b>-5</b>	<b>21,486</b>
<b>2. Transferable Deposits</b>	<b>1,375,215</b>	<b>288,611</b>	<b>3,384</b>	<b>898</b>	<b>1,668,108</b>
1. Deposit money institutions	1,375,215	288,611	3,384	898	1,572,273
2. Nonresidents	0	0	0	0	0
<b>3. Restricted Deposits</b>	<b>132,746</b>	<b>19,939</b>	<b>33</b>	<b>127</b>	<b>152,844</b>
1. Non-financial corporations	41,062	5,865	0	137	47,064
2. Financial corporations	91,549	14,074	33	0	105,655
1. Deposit money institutions	91,205	14,087	33	0	105,325
2. Other deposit accepting institutions	144	-9	0	0	135
3. Financial intermediaries	0	0	0	0	0
4. Financial auxiliaries	199	-4	0	0	195
3. Central government	96	0	0	-9	87
4. Provincial & local governments	39	0	0	0	39
5. Non-residents	0	0	0	0	0
<b>4. Other Deposits</b>	<b>647,588</b>	<b>75,737</b>	<b>410</b>	<b>-1,519</b>	<b>722,216</b>
1. Deposit money institutions	635,905	76,256	410	-1,519	711,052
2. Other deposit accepting institutions	11,683	-517	0	0	11,166
3. Nonresidents	0	-2	0	0	-2
<b>2. Securities other than shares</b>	<b>26,942</b>	<b>27,046</b>	<b>12</b>	<b>-527</b>	<b>53,472</b>
<b>1. Short-term</b>	<b>17,234</b>	<b>28,149</b>	<b>0</b>	<b>0</b>	<b>45,383</b>
1. Non-financial corporations	1,847	-344	0	0	1,504
2. Financial Corporations	997	357	0	0	1,354
1. Deposit money institutions	0	0	0	0	0
2. Other deposit accepting institutions	3	0	0	0	3
3. Other financial intermediaries	994	357	0	0	1,351
4. Insurance and pension funds	0	0	0	0	0
3. Central Government	14,389	28,136	0	0	42,526
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
<b>2. Long-term</b>	<b>8,557</b>	<b>-1,103</b>	<b>8</b>	<b>0</b>	<b>7,462</b>
1. Non-financial corporations	4,057	-332	0	0	3,726
2. Financial Corporations	3,891	-390	8	0	3,509
1. Deposit money institutions	3,167	-430	0	0	2,738
2. Other deposit accepting institutions	336	-54	0	0	282
3. Other financial intermediaries	388	94	8	0	489
4. Insurance and pension funds	0	0	0	0	0
3. Central Government	1,760	-381	4	-527	855
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
<b>3. Loans extended</b>	<b>58,679</b>	<b>2,304</b>	<b>0</b>	<b>-786</b>	<b>60,197</b>

Million Rs.

Items	Op_Bal	Tra	VC	OCV	Cl_Bal
<b>1. Short-term</b>	<b>15,397</b>	<b>623</b>	<b>0</b>	<b>-892</b>	<b>15,127</b>
1. Non-financial corporations	14,860	623	0	-883	14,600
2. Households (Employees)	537	0	0	1	538
3. Non-residents	0	0	0	-11	-11
<b>2. Long-term</b>	<b>43,283</b>	<b>1,681</b>	<b>0</b>	<b>106</b>	<b>45,070</b>
1. Non-financial corporations	25,085	-2,385	0	-43	22,657
2. Households (Employees)	18,198	4,066	0	149	22,413
3. Non-residents	0	0	0	0	0
<b>4. Shares and other equity</b>	<b>276,268</b>	<b>51,668</b>	<b>13,009</b>	<b>6,206</b>	<b>347,151</b>
1. Non-financial corporations	173,809	506	13,009	6,205	193,529
2. Financial Corporations	91,720	22,257	0	1	113,978
1. Deposit money institutions	49,169	1,723	0	422	51,314
2. Other deposit accepting institutions	2,666	0	0	0	2,666
3. Other financial intermediaries	34,607	21,359	0	-422	55,544
4. Insurance and pension funds	5,278	-825	0	0	4,453
3. Non-residents	10,740	28,905	0	0	39,645
<b>5. Insurance Technical Reserve</b>	<b>60,247</b>	<b>6,702</b>	<b>0</b>	<b>0</b>	<b>66,949</b>
<b>6. Other accounts receivable</b>	<b>2,151,086</b>	<b>-264,745</b>	<b>0</b>	<b>261,144</b>	<b>2,147,485</b>
1. Trade credit and advances	960,877	-300,986	0	0	659,892
2. Others	1,190,209	36,241	0	261,144	1,487,594

Million Rs.

Items	Op_Bal	Transactions		VC	OCV	Cl_Bal
		Acq	Disp			
<b>7. Non-financial assets</b>	<b>5,918,692</b>	<b>711,186</b>	<b>367,029</b>	<b>24,628</b>	<b>45,787</b>	<b>6,333,266</b>
<b>1. Produced Assets</b>	<b>5,700,308</b>	<b>690,551</b>	<b>365,733</b>	<b>19,790</b>	<b>38,976</b>	<b>6,083,893</b>
<b>1. Tangible Fixed Assets</b>	<b>4,791,139</b>	<b>492,223</b>	<b>284,342</b>	<b>19,613</b>	<b>44,777</b>	<b>5,063,410</b>
1. Dwellings	10,216	56	0	71	92	10,436
2. Other buildings & structures	377,247	48,766	2,995	2,864	3,245	429,126
3. Machinery and equipment	4,395,404	443,401	281,346	16,678	39,983	4,614,119
4. Other tangible fixed assets	8,272	0	0	0	1,456	9,728
<b>2. Intangible Fixed Assets</b>	<b>68,920</b>	<b>6,695</b>	<b>3,427</b>	<b>0</b>	<b>79</b>	<b>72,266</b>
1. Computer software	62,253	5,314	3,226	0	64	64,405
2. Other intangible fixed assets	6,667	1,381	201	0	15	7,862
<b>3. Inventories</b>	<b>838,710</b>	<b>191,213</b>	<b>77,960</b>	<b>803</b>	<b>-6,112</b>	<b>946,654</b>
<b>4. Valuables</b>	<b>1,539</b>	<b>421</b>	<b>4</b>	<b>-626</b>	<b>233</b>	<b>1,563</b>
<b>2. Non-Produced Assets</b>	<b>218,384</b>	<b>20,635</b>	<b>1,297</b>	<b>4,838</b>	<b>6,811</b>	<b>249,373</b>
1. Tangible non-produced assets	175,597	5,128	815	4,756	1,629	186,294
2. Intangible non-produced assets	42,788	15,507	481	83	5,182	63,079

Million Rs					
Items	Op_Bal	Tra	VC	OCV	Cl_Bal
<b>Liabilities</b>	<b>10,652,493</b>	<b>567,882</b>	<b>41,475</b>	<b>311,325</b>	<b>11,573,175</b>
<b>1. Restricted/ compulsory deposits</b>	<b>133,923</b>	<b>6,510</b>	<b>0</b>	<b>6,729</b>	<b>147,162</b>
1. Non-financial corporations	12,927	3,558	0	0	16,485
2. Central government	0	0	0	0	0
3. Provincial & local governments	0	0	0	0	0
4. Household	120,996	2,952	0	6,729	130,677
5. Non-residents	0	0	0	0	0
<b>2. Securities other than shares</b>	<b>101,822</b>	<b>-504</b>	<b>-4,388</b>	<b>431</b>	<b>97,360</b>
<b>1. Short-term</b>	<b>21,045</b>	<b>-1,061</b>	<b>-51</b>	<b>50</b>	<b>19,983</b>
1. Non-financial corporations	678	398	0	0	1,077
2. Financial Corporations	20,367	-1,459	-51	50	18,906
1. Deposit money institutions	19,345	-1,340	-22	50	18,034
2. Other deposit accepting institutions	102	106	0	0	208
3. Other financial intermediaries	895	-219	-29	0	647
4. Insurance and pension funds	24	-6	0	0	18
3. Household	0	0	0	0	0
4. Non-residents	0	0	0	0	0
<b>2. Long-term</b>	<b>80,776</b>	<b>557</b>	<b>-4,337</b>	<b>381</b>	<b>77,377</b>
1. Non-financial corporations	7,470	-701	0	0	6,769
2. Financial Corporations	73,307	1,258	-4,337	381	70,608
1. Deposit money institutions	54,044	2,823	-4,030	-350	52,487
2. Other deposit accepting institutions	12,405	-2,625	0	731	10,511
3. Other financial intermediaries	6,750	1,053	-307	0	7,497
4. Insurance and pension funds	108	7	0	0	114
3. Household	0	0	0	0	0
4. Non-residents	0	0	0	0	0
<b>3. Loans (borrowings)</b>	<b>2,676,569</b>	<b>-78,027</b>	<b>2,592</b>	<b>5,325</b>	<b>2,606,459</b>
<b>1. Short-term</b>	<b>1,591,991</b>	<b>-12,852</b>	<b>2,591</b>	<b>2,106</b>	<b>1,583,836</b>
1. Non-financial corporations	27,150	5,662	0	0	32,812
2. Financial Corporations	1,546,550	-20,077	2,591	2,106	1,531,170
1. Central Bank	0	0	0	0	0
2. Deposit money institutions	1,534,885	-21,536	2,612	2,183	1,518,144
3. Other deposit accepting institutions	5,382	1,042	0	0	6,424
4. Other financial intermediaries	6,283	418	-21	-77	6,602
3. Central Government	7,920	254	0	0	8,174
4. Provincial Governments	34	6	0	0	39
5. Local governments	0	0	0	0	0
6. Non-residents	8,927	0	0	0	8,927
7. Other resident sector	1,411	1,304	0	0	2,715
<b>2. Long-term</b>	<b>1,084,578</b>	<b>-65,176</b>	<b>1</b>	<b>3,219</b>	<b>1,022,622</b>
1. Non-financial corporations	109,105	-11,653	0	0	97,453
2. Financial Corporations	829,978	-16,211	1	3,219	816,987
1. Central Bank	0	0	0	0	0
2. Deposit money institutions	755,253	-13,695	0	2,992	744,550
3. Other deposit accepting institutions	70,707	-2,647	0	229	68,289
4. Other financial intermediaries	4,018	131	1	-2	4,148



Million Rs					
Items	Op_Bal	Tra	VC	OCV	Cl_Bal
3. Central Government	29,777	-12,296	0	0	17,480
4. Provincial Governments	0	0	0	0	0
5. Local governments	0	0	0	0	0
6. Non-residents	87,877	-22,805	0	0	65,072
7. Other resident sector	27,841	-2,211	0	0	25,630
<b>4. Other accounts payable</b>	<b>3,439,700</b>	<b>-247,138</b>	<b>5</b>	<b>245,020</b>	<b>3,437,586</b>
1-Trade Credit & advances	1,076,829	-301,544	0	0	775,285
2. Accumulated depreciation	1,594,553	0	0	219,587	1,814,141
3. Other accounts payable	768,318	54,406	5	25,432	848,160
<b>5. Shares and other equity</b>	<b>4,300,479</b>	<b>887,041</b>	<b>43,267</b>	<b>53,820</b>	<b>5,284,607</b>
<b>1. Shares</b>	<b>2,943,820</b>	<b>424,518</b>	<b>13,685</b>	<b>291,576</b>	<b>3,673,599</b>
1. Non-financial corporations	543,177	15,492	162	1,246	560,077
2. Financial Corporations	183,665	-10,441	13,523	-2,750	183,998
1. Deposit money institutions	80,945	19,128	9,366	-3,664	105,776
2. Other deposit accepting institutions	7,758	-73	640	0	8,325
3. Other financial intermediaries	36,438	2,238	3,517	914	43,108
4. Insurance and pension funds	58,524	-31,735	0	0	26,789
3. Central Government	102,684	1,513	0	0	104,196
4. Provincial Governments	1,778	34	0	0	1,811
5. Local governments	0	0	0	0	0
6. Household	242,716	264,476	0	0	507,192
7. Non-residents	1,869,800	153,445	0	293,080	2,316,325
<b>2. Retained earnings</b>	<b>290,548</b>	<b>304,383</b>	<b>0</b>	<b>-205,230</b>	<b>389,701</b>
<b>3. Current year result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>4. General and special reserves</b>	<b>1,049,670</b>	<b>158,140</b>	<b>-396</b>	<b>-32,525</b>	<b>1,174,888</b>
<b>5. Valuation adjustments</b>	<b>16,441</b>	<b>0</b>	<b>29,978</b>	<b>0</b>	<b>46,419</b>

*This consolidated sectoral balance sheet is based on analyzed balance sheets of companies listed at KSE as on 30th June, 2013 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.