

Sources & Uses of Funds

Non-Financial Private Corporate Sector in Pakistan

FY 14



**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, 2014. 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, 2014 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 14 had 52.17 percent non-financial assets and 47.83 percent financial assets. About 44.81 percent of total assets in the corporate sector were financed by shareholder's equity. 28.29 percent of the remaining assets were financed through non-current liabilities and 26.90 percent by current liabilities.

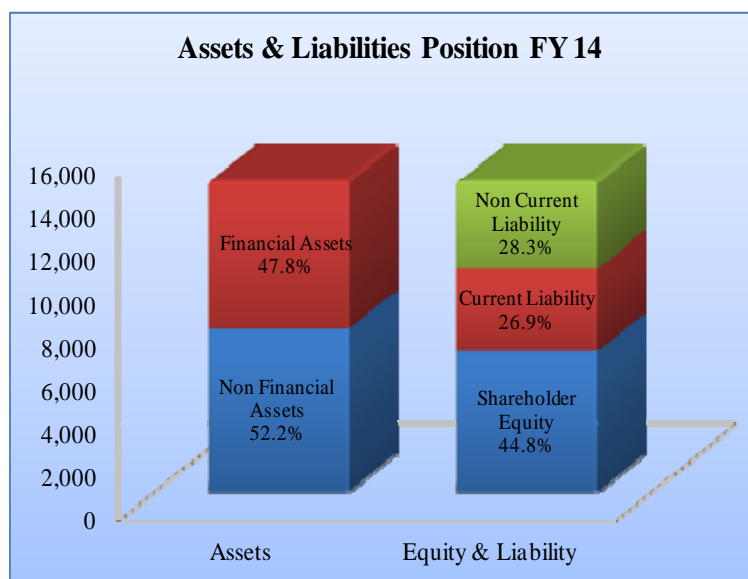


Table-1: Assets and Liabilities of Non-Financial Private Corporations

Billion Rs.

Component of Balance Sheet	Opening Balance FY 14	Closing Balance FY 14	% Share in FY 14	YOY Change %
Shareholder Equity	5,773.8	6,470.7	44.81	12.07
Current Liability	3,519.3	3,885.1	26.90	10.39
Non Current Liability	3,728.1	4,086.1	28.29	9.60
Total Liability & Equity	13,021.2	14,441.8	100.00	10.91
Non Financial Assets	7,009.0	7,533.6	52.17	7.48
Financial Assets	6,012.2	6,908.2	47.83	14.90
Total Assets	13,021.2	14,441.8	100.00	10.91

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 14, total internal funds in the form of shareholders equity and provisions (non-financial saving) of corporate sector were Rs 7,847.7 billion of total funds.

An increase of 11.95 percent or Rs 937.97 billion was noted during the review period and its share in total funds generated by the private corporate sector was 60.83 percent in FY 14. Among the internal sources, shareholders equity accounted for 44.81 percent of total internal sources during FY 14. Provisions mainly comprised of accumulated depreciation, accounted for 16.03 percent of total internal sources during FY 14.

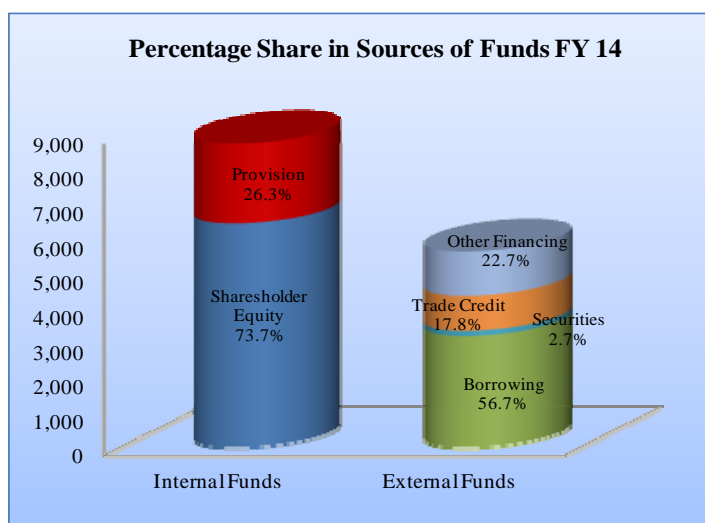
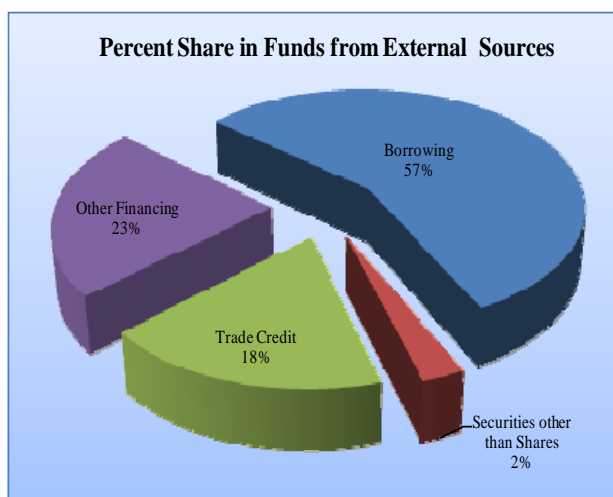


Table-2: Sources of Funds of Private Corporate Sector

Sources of Funds	Opening Balance FY 14	Closing Balance FY 14	% Share in FY 14	Billion Rs.
				YOY Change %
Internal Funds	7,847.7	8,785.6	60.83	11.95
Shareholders' Equity	5,773.8	6,470.7	44.81	12.07
Provision for Depreciation	2,073.9	2,315.0	16.03	11.63
External Funds	5,173.5	5,656.1	39.17	9.33
Borrowing	2,870.7	3,209.6	22.22	11.80
Securities other than Shares	144.4	152.3	1.05	5.47
Trade Credit	897.8	1,008.9	6.99	12.37
Other Financing	1,260.6	1,285.4	8.90	1.97
Total Funds	13,021.2	14,441.8	100.00	10.91

Funds from External Sources

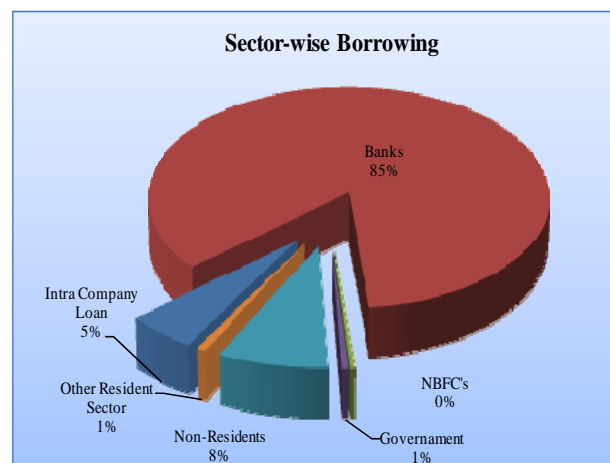
The non-financial private corporate sector relied more on external sources of funds. The data revealed that the external sources of funds constituted up to 39.17 percent of the total sources. Borrowing was the major source of acquiring funds; it constituted 22.22 percent of total external funds raised by the non-financial private sector during FY 14. Other sources of financing includes accumulated depreciation, restricted deposits and other account payable which constituted 8.90 percent of total external funds, while share of trade credit was 6.99 percent. The securities



other than shares issued by corporate sector had very low contribution of 1.05 percent in total external financing but had the positive growth of 5.47 percent. Total external funds increased by Rs. 482.66 billion or 9.33 percent from Rs 5,173.5 billion to Rs 5,656.1 billion during FY 14. Other financing increased by 1.97 percent from Rs. 1,260.6 billion to Rs 1,285.4 billion during FY 14. Similarly, trade credit increased by 12.37 percent from Rs 897.8 billion to Rs 1,008.9 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 14. The data reveals an increasing trend in the borrowing of non-financial private corporate sector during the review period. The borrowing of non-financial private corporate sector increased by 11.80 percent from Rs 2,870.7 billion to Rs 3,209.65 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-



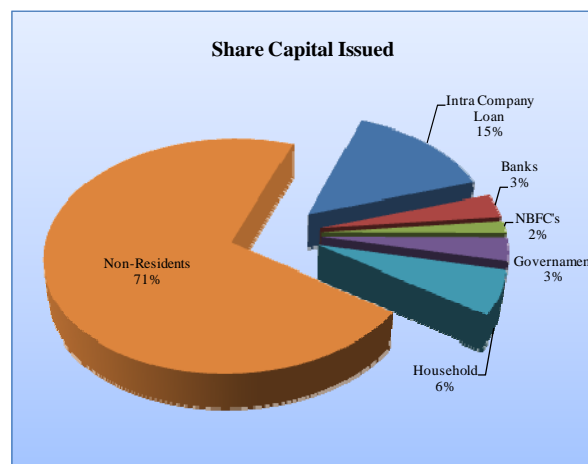
resident and resident sector. The figures show that the largest source of borrowing was commercial banks. The share of borrowing from banking sector was 84.8 percent of total borrowing, which is equal to 54.77 percent of total lending by banking sector during FY 14. The borrowing from banking sector increased by 15.75 percent from Rs 2,351.4 billion to Rs 2,721.6 billion during FY 14. The second largest source of borrowing was non-resident sector and its share was 8.34 percent of total borrowing and it decreased by 1.31 percent from Rs 269.8 billion to Rs. 266.3 billion. The share of borrowing from non-financial corporation's was 5.33 percent of total borrowing, while the private corporate sector borrowed 0.74 percent from other resident sector and 0.84 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 14	Closing Balance FY 14	% Share in FY 14	YOY Change %
Intra Company Loan	181.7	171.2	5.33	-5.81
Banks	2,351.4	2,721.6	84.80	15.75
NBFC's	11.9	10.9	0.34	-8.45
Government	31.8	16.0	0.50	-49.70
Non-Residents	269.8	266.3	8.30	-1.31
Other Resident Sector	24.1	23.6	0.74	-2.09
Total Borrowing	2,870.7	3,209.6	100.00	11.80

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 29.05 percent during the review period. The data reveals that the issuance of share capital was increased by 8.82 percent from Rs 3,855.4 billion in the beginning to Rs 4,195.3 billion at the end of FY 14. 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 46.09 percent of total equity (Shares & other Equity) issued by private corporate sector and it increased by 11.42 percent from Rs 2,676.8 billion to 2,982.6 billion in FY 14. There is an investment of Rs 612.3 billion or 14.59 percent by Intra-companies and Rs 254.6 billion or 6.07 percent by household in share capital of non financial private corporate sector and also observed positive growth trend of 1.45 percent & 1.50 percent respectively in these sectors during the review period FY 14.

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

Billion Rs.				
Sectors of Economy	Opening Balance FY 14	Closing Balance FY 14	% Share in FY 14	YOY Change %
Intra Company Loan	603.5	612.3	14.59	1.45
Banks	113.4	136.8	3.26	20.73
NBFC's & Insurance	77.0	70.4	1.68	-8.51
Government	133.9	138.6	3.30	3.47
Household	250.9	254.6	6.07	1.50
Non-Residents	2,676.8	2,982.6	71.09	11.42
Total Share Capital Issued	3,855.4	4,195.3	100.00	8.82

Securities other than Shares Issued by Corporate Sector

The non-financial private corporate sector raised about 01.05 percent funds through issuance of securities other than shares in the review period FY 14. The data reveals that the issuance was increased by 5.47 percent from Rs 144.4 billion to Rs 152.3 billion at the beginning and at the end of FY 14 respectively. The sectors included Banks, intra corporations, NBFCs & insurance

and non-resident sector. Financing under Securities other than shares from non-financial corporations was dominant for the entire period with a share of 52.16 percent. It was increased by 22.74 percent from Rs 64.7 billion in the beginning to Rs 79.4 billion at the end of FY 14, about 46.63 percent financing was obtained from banks and it decreased by 9.07 percent from Rs 78.1 billion to Rs 71.0 billion during this period. 1.20 percent financing was obtained from Non-Residents and NBFC's & Insurance. The sector wise distribution of securities issued by corporate sector is shown in Table-5.

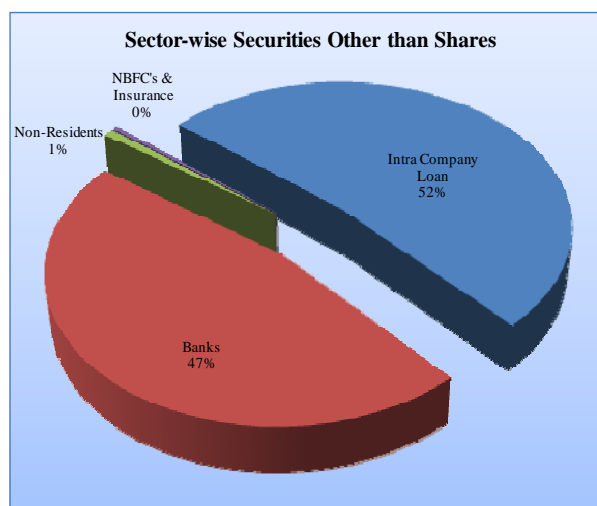


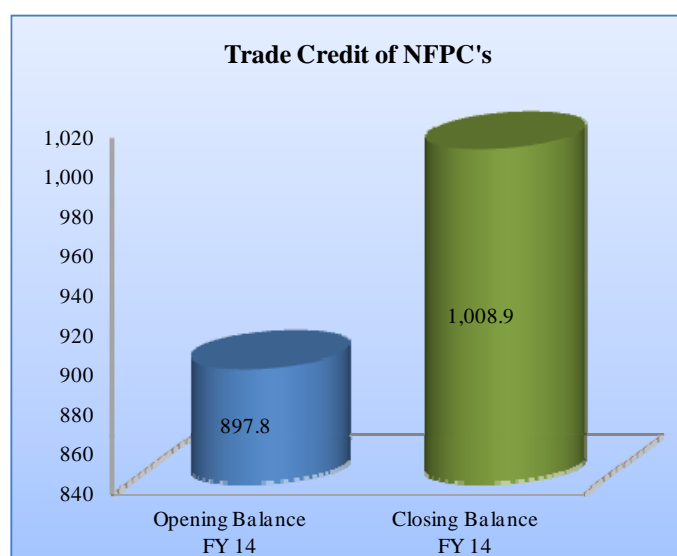
Table-5: Securities other than Shares Issued by Non-Financial Private Corporations

Billion Rs.

Sectors of Economy	Opening Balance FY 14	Closing Balance FY 14	% Share in FY 14	YOY Change %
Intra Company Loan	64.7	79.4	52.16	22.74
Banks	78.1	71.0	46.63	-9.07
NBFC's & Insurance	0.4	0.7	0.43	68.38
Non-Residents	1.2	1.2	0.78	0.00
Total Securities Issued	144.4	152.3	100.00	5.47

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 6.99 percent during the entire year FY 14. The figure showed that it had increasing trend. It increased by 12.37 percent from Rs 897.8 billion to Rs 1,008.9 billion during FY 14.



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 52.17 percent in total uses of funds during FY 14. While non financial private corporate sector used 47.83 percent of its sources for the acquisition of financial assets, including cash & deposit having share of 20.26 percent and it increased by

10.84 percent from Rs 2,639.2 billion to Rs 2,925.3 billion. The share of 'Other Receivable' in financial assets was 12.95 percent and increased by 11.36 percent from Rs 1,679.5 billion to Rs 1,870.3 billion for the period under review. The share of 'Trade credit' was 8.09 percent in the uses of funds and it increased by 27.53 percent from Rs 916.3 billion in the beginning to Rs 1,168.6 billion at the end of FY 14. This sector invested 5.05 percent funds in the acquisition of share capital of different sectors and it was increased by 21.87 percent from Rs 597.6 billion to Rs 729.5 billion during FY 14. The composition of uses of funds of non financial private corporate sector is shown in Table-6.

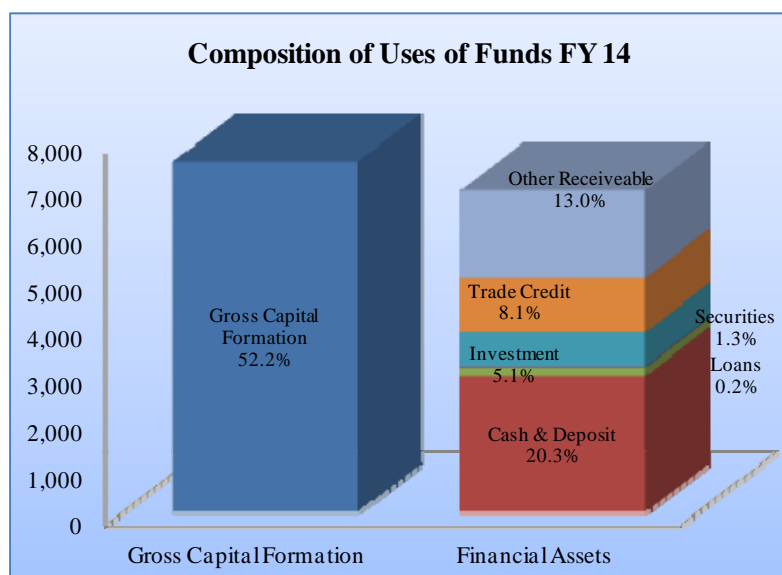


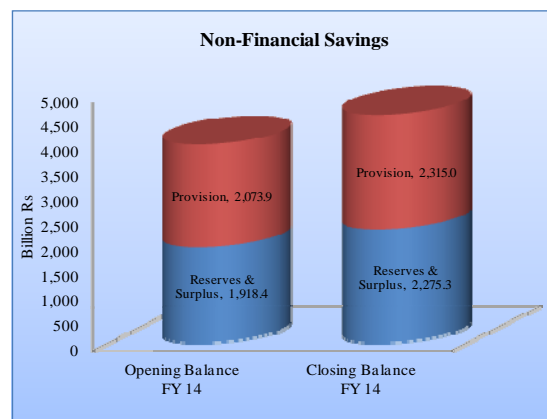
Table-6: Composition of Uses of Funds of Corporate Sector

Billion Rs.				
Use of Funds	Opening Balance FY 14	Closing Balance FY 14	% Share in FY 14	YOY Change %
Gross Capital Formation	7,009.0	7,533.6	52.17	7.48
Financial Assets	6,012.2	6,908.2	47.83	14.90
Cash & Deposits	2,639.2	2,925.3	20.26	10.84
Securities other than Shares	146.6	182.3	1.26	24.32
Loans Extended	31.9	32.2	0.22	0.85
Investment in Shares	598.6	729.5	5.05	21.87
Trade Credit	916.3	1,168.6	8.09	27.53
Other Receivable	1,679.5	1,870.3	12.95	11.36
Total Funds	13,021.2	14,441.8	100.00	10.91

Saving and Investment of Non-Financial Private Corporate Sector

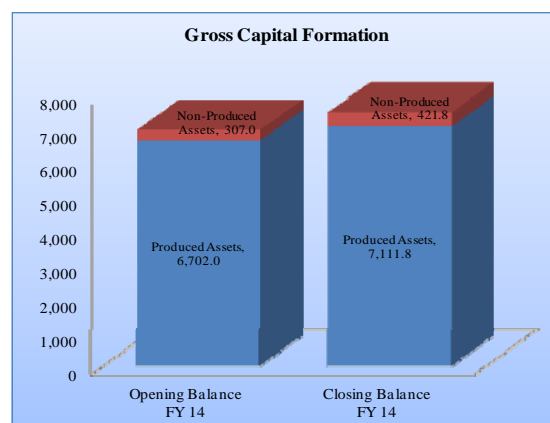
Saving of the Sector

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 14.98 percent from Rs 3,992.3 billion in the beginning to Rs 4,590.3 billion at the end of FY 14. The share of non-financial saving in total funds generated by corporate private sector was 31.79 percent during FY 14.



Investment in Gross Capital Formations

Investment in Gross Capital formation constituted 52.17 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 7.48 percent from Rs 7,009.0 billion to Rs 7,533.6 billion during the review period FY 14.



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 4,590.3 billion and gross capital formation was Rs 7,533.6 billion. This created a financing gap of Rs 2,943.3 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. 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”.

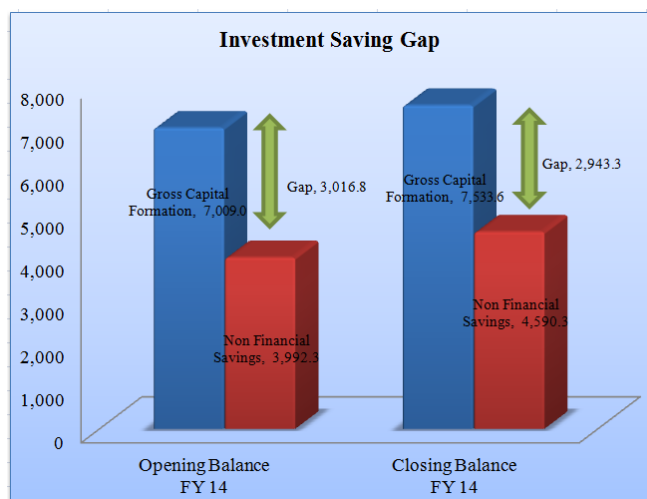


Table-7: Financing of Investment and Saving Gap

Billion Rs.

Use of Funds	Opening Balance FY 14	Closing Balance FY 14	YOY Change %
Gross Capital Formation (A)	7,009.0	7,533.6	7.48
Non Financial Savings (B)	3,992.3	4,590.3	14.98
Investment Saving Gap (A-B)	3,016.8	2,943.3	-2.44

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, issuance of shares and other payables were the largest cause of increase in liability of corporate sector. The non financial saving investment gap of Rs. 5259 billion was 70% financed by financial liabilities mainly through issuance of shares, loans, trade credits and other payables in the reviewed period.

Consolidated Balance Sheet of Non-Financial Private Corporations FY 14

Million Rs.

Items	Op_Bal	Tra	VC	OCV	Cl_Bal
Assets	13,021,151	1,533,916	145,691	-258,970	14,441,788
1. Currency and Deposits	2,639,244	291,432	1,384	-6,713	2,925,347
1. Currency	27,358	-14,122	0	0	13,236
2. Transferable Deposits	1,677,410	258,052	1,159	-6,781	1,929,840
1. Deposit money institutions	1,677,410	258,052	1,159	-6,781	1,929,840
2. Nonresidents	0	0	0	0	0
3. Restricted Deposits	211,048	49,607	19	118	260,792
1. Non-financial corporations	104,525	12,647	0	0	117,173
2. Financial corporations	106,483	36,939	19	118	143,560
1. Deposit money institutions	106,234	36,545	19	118	142,916
2. Other deposit accepting institutions	0	0	0	0	0
3. Financial intermediaries	0	0	0	0	0
4. Financial auxiliaries	0	0	0	0	0
5 Money Market Funds	0	0	0	0	0
6 Non Money Market Funds	0	0	0	0	0
7 Pension Funds	0	0	0	0	0
8 Captive financial companies	0	0	0	0	0
3. Central government	249	395	0	0	644
4. Provincial & local governments	40	20	0	0	60
5. Non-residents	0	0	0	0	0
4. Other Deposits	723,428	-2,104	206	-50	721,480
1. Deposit money institutions	723,428	-2,104	206	-50	721,480
2. Other deposit accepting institutions	0	0	0	0	0
3. Nonresidents	0	0	0	0	0
2. Securities other than shares	146,616	35,717	-10	-44	182,278
1. Short-term	88,104	8,534	-10	0	96,628
1. Non-financial corporations	9,160	-2,152	0	0	7,007
2. Financial Corporations	46,986	-3,882	-10	0	43,094
1. Deposit money institutions	3	0	0	0	3
2. Other deposit accepting institutions	0	0	0	0	0
3. Other financial intermediaries	1,313	-245	0	0	1,068
4. Insurance and pension funds	0	0	0	0	0
5 Money Market Funds	45,135	-3,922	-10	0	41,203
6 Non Money Market Funds	534	285	0	0	819
7 Pension Funds	0	0	0	0	0
8 Captive financial companies	0	0	0	0	0
3. Central Government	31,958	14,569	0	0	46,527
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	58,512	27,183	0	-44	85,650
1. Non-financial corporations	191	8	0	0	199
2. Financial Corporations	6,257	10,364	0	0	16,621
1. Deposit money institutions	3,019	396	0	0	3,415
2. Other deposit accepting institutions	0	0	0	0	0
3. Other financial intermediaries	495	-129	0	0	366
4. Insurance and pension funds	0	0	0	0	0
5 Money Market Funds	2,742	10,097	0	0	12,839
6 Non Money Market Funds	0	0	0	0	0
7 Pension Funds	0	0	0	0	0
8 Captive financial companies	0	0	0	0	0

Sources & Uses of Funds - FY 14

Million Rs.

Items	Op_Bal	Tra	VC	OCV	Cl_Bal
3. Central Government	51,075	16,811	0	0	67,886
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	989	0	0	-44	945
3. Loans extended	31,927	271	0	0	32,198
1. Short-term	11,530	1,354	0	0	12,885
1. Non-financial corporations	4,700	-157	0	0	4,544
2. Households (Employees)	6,830	1,511	0	0	8,341
3. Non-residents	0	0	0	0	0
2. Long-term	20,396	-1,083	0	0	19,314
1. Non-financial corporations	13,459	-1,617	0	0	11,842
2. Households (Employees)	6,938	534	0	0	7,472
3. Non-residents	0	0	0	0	0
4. Shares and other equity	598,598	33,637	76,651	20,627	729,512
1. Non-financial corporations	446,494	28,502	76,426	25,116	576,537
2. Financial Corporations	70,207	15,449	225	1,105	86,987
1. Deposit money institutions	52,466	4,315	0	1,105	57,886
2. Other deposit accepting institutions	217	105	0	0	322
3. Other financial intermediaries	3,441	5,535	0	0	8,976
4. Insurance and pension funds	4,453	822	0	0	5,276
5 Money Market Funds	9,373	4,636	225	0	14,234
6 Non Money Market Funds	90	36	0	0	126
7 Pension Funds	167	0	0	0	167
8 Captive financial companies	0	0	0	0	0
3. Non-residents	81,897	-10,314	0	-5,594	65,989
5. Insurance Technical Reserve	67,117	404,300	0	0	471,417
6. Other accounts receivable	2,528,649	264,680	0	-225,878	2,567,451
1. Trade credit and advances	916,300	252,274	0	0	1,168,574
2. Others	1,612,349	12,406	0	-225,878	1,398,878

Million Rs.

Items	Op_Bal	Transactions		VC	OCV	Cl_Bal
		Acq	Disp			
7. Non-financial assets	7,009,000	926,881	423,002	67,666	-46,961	7,533,584
1. Produced assets	6,701,965	823,950	419,716	52,215	-46,606	7,111,807
1-Fixed assets	5,466,169	555,491	276,234	52,215	-29,263	5,768,378
1.1 Dwellings	9,654	656	64	-8	8	10,246
1.2 Other buildings and structures	455,024	28,342	4,596	4,618	277	483,665
1.3 Machinery and equipment	4,842,854	496,084	254,412	47,605	-29,602	5,102,528
1.4 Weapons systems	6	4	0	0	0	10
1.5 Cultivated biological resources	11,866	11,438	6	0	0	23,298
1.6 Intellectual property products	146,765	18,967	17,156	0	54	148,630
3. Inventories	1,235,345	268,013	143,482	0	-17,343	1,342,533
4. Valuables	450	446	0	0	0	897
2. Non-produced assets	307,036	102,930	3,286	15,452	-355	421,777
1-Natural resources	255,941	24,687	3,181	15,418	-355	292,511
1.1 Land	248,976	19,854	2,736	15,418	349	281,860
1.2 Mineral and energy resources	4,313	1,168	442	0	-704	4,335
1.3 Biological resources	0	3,372	0	0	0	3,372
1.4 Water resources	2,653	293	2	0	0	2,944
1.5 Other natural resources	0	0	0	0	0	0
2-Contracts, leases and licenses	22,896	77,404	100	32	0	100,232
3-Goodwill and marketing assets	28,199	839	6	2	0	29,034

Million Rs

Items	Op_Bal	Tra	VC	OCV	Cl_Bal
Liabilities	13,021,150	1,533,916	145,691	-258,969	14,441,788
1. Restricted/ compulsory deposits	249,495	5,164	0	124	254,783
1. Non-financial corporations	77,862	2,844	0	0	80,706
2. Central government	3,456	-3,456	0	0	0
3. Provincial & local governments	0	0	0	0	0
4. Household	168,177	5,776	0	124	174,077
5. Non-residents	0	0	0	0	0
2. Securities other than shares	144,366	712	-4,019	11,208	152,267
1. Short-term	17,729	4,439	16	-3,294	18,889
1. Non-financial corporations	1,315	5,764	0	0	7,079
2. Financial Corporations	15,226	-1,325	16	-3,294	10,623
1. Deposit money institutions	15,107	-1,429	16	-3,294	10,400
2. Other deposit accepting institutions	1	0	0	0	1
3. Other financial intermediaries	100	108	0	0	208
4. Insurance and pension funds	18	-4	0	0	14
5. Money Market Funds	0	0	0	0	0
6. Non Money Market Funds	0	0	0	0	0
7. Pension Funds	0	0	0	0	0
8. Captive financial companies	0	0	0	0	0
3. Household	0	0	0	0	0
4. Non-residents	1,187	0	0	0	1,187
2. Long-term	126,637	-3,727	-4,035	14,502	133,378
1. Non-financial corporations	63,392	8,953	0	0	72,346
2. Financial Corporations	63,245	-1,160	-4,035	2,982	61,032
1. Deposit money institutions	62,972	-1,324	-4,035	2,982	60,595
2. Other deposit accepting institutions	104	-58	0	0	46
3. Other financial intermediaries	55	-14	0	0	41
4. Insurance and pension funds	114	236	0	0	350
5. Money Market Funds	0	0	0	0	0
6. Non Money Market Funds	0	0	0	0	0
7. Pension Funds	0	0	0	0	0
8. Captive financial companies	0	0	0	0	0
3. Household	0	0	0	0	0
4. Non-residents	0	-11,520	0	11,520	0
3. Loans (borrowings)	2,870,728	303,757	-2,810	37,907	3,209,582
1. Short-term	1,592,636	231,814	-2,879	5,085	1,826,656
1. Non-financial corporations	35,573	5,812	0	0	41,385
2. Financial Corporations	1,546,167	226,104	-2,879	5,085	1,774,477
1. Central Bank	0	0	0	0	0
2. Deposit money institutions	1,538,721	226,520	-2,879	5,107	1,767,469
3. Other deposit accepting institutions	8	1	0	0	9
4. Other financial intermediaries	6,990	-447	0	-22	6,521
5. Money Market Funds	434	38	0	0	472
6. Non Money Market Funds	0	0	0	0	0
7. Pension Funds	14	-8	0	0	6
8. Captive financial companies	0	0	0	0	0
3. Central Government	9,198	-273	0	0	8,925
4. Provincial Governments	20	4	0	0	24
5. Local governments	0	0	0	0	0
6. Non-residents	0	0	0	0	0
7. Other resident sector	1,678	167	0	0	1,846
2. Long-term	1,278,092	71,943	69	32,822	1,382,926
1. Non-financial corporations	146,165	-16,371	0	0	129,793

Million Rs					
Items	Op_Bal	Tra	VC	OCV	Cl_Bal
2. Financial Corporations	817,093	138,949	69	1,915	958,026
1. Central Bank	0	0	0	0	0
2. Deposit money institutions	812,670	139,514	69	1,915	954,168
3. Other deposit accepting institutions	0	1	0	0	1
4. Other financial intermediaries	4,202	-550	0	0	3,652
5. Money Market Funds	221	-16	0	0	205
6. Non Money Market Funds	0	0	0	0	0
7. Pension Funds	0	0	0	0	0
8. Captive financial companies	0	0	0	0	0
3. Central Government	22,463	-15,585	0	0	6,878
4. Provincial Governments	118	52	0	0	169
5. Local governments	0	0	0	0	0
6. Non-residents	269,825	-34,430	0	30,907	266,302
7. Other resident sector	22,429	-672	0	0	21,758
4. Other accounts payable	3,982,756	300,897	0	70,834	4,354,487
1-Trade Credit & advances	897,819	111,062	0	0	1,008,881
2. Accumulated depreciation	2,073,868	0	0	241,111	2,314,979
3. Other accounts payable	1,011,069	189,835	0	-170,277	1,030,627
5. Shares and other equity	5,773,805	923,385	152,520	-379,043	6,470,668
1. Shares	3,855,423	447,013	3,948	-111,065	4,195,320
1. Non-financial corporations	603,525	8,313	114	324	612,276
2. Financial Corporations	190,320	13,081	3,834	31	207,267
1. Deposit money institutions	113,351	19,328	4,163	7	136,848
2. Other deposit accepting institutions	0	0	0	0	0
3. Other financial intermediaries	26,775	-10,786	-329	0	15,660
4. Insurance and pension funds	26,786	5,995	0	0	32,781
5. Money Market Funds	11,117	-925	0	0	10,192
6. Non Money Market Funds	12,291	-530	0	24	11,785
7. Pension Funds	0	0	0	0	0
8. Captive financial companies	0	0	0	0	0
3. Central Government	133,653	4,654	0	0	138,306
4. Provincial Governments	279	0	0	0	279
5. Local governments	0	0	0	0	0
6. Household	250,865	3,591	0	169	254,626
7. Non-residents	2,676,782	417,374	0	-111,589	2,982,567
2. Retained earnings	115,869	236,964	0	-263,453	89,380
3. Current year result	0	0	0	0	0
4. General and special reserves	1,802,513	239,408	0	-4,525	2,037,396
5. Valuation adjustments	0	0	148,572	0	148,572

This consolidated sectoral balance sheet is based on analyzed balance sheets of companies listed at KSE as on 30th June, 2014 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.