

# Sources & Uses of Funds

Non-Financial Private Corporate Sector in Pakistan

FY15



Flow of Funds Division  
Statistics & DWH Department  
State Bank of Pakistan



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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 reports 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 saving investment gap and channels of financing it.

### Objective

The main objectives of the report are:

- To build comprehensive quality 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 for policy makers, researchers, business community and other interested users
- 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 assess the effects of monetary policy actions with reference to financial and real investment in the sector
- To determine the origin and causes of saving investment gap and how to finance it

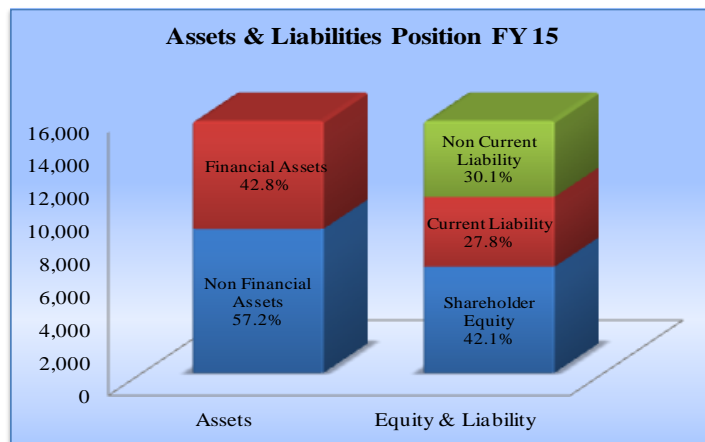
### Methodology

The data was plucked from annual accounts of joint stock companies listed at KSE and some companies having foreign investment as on June 30, 2015. The relevant data was extracted from balance sheets and notes to the accounts to prepare consolidated sectoral balance sheet for private corporate sector. The estimates for the overall sector were prepared by multiplying a constant factor calculated by total paid up capital registered with SECP as on June 30, 2015 and estimated consolidated sectoral balance sheet for the overall non-financial private corporate sector in Pakistan. 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 comprises of financial and non-financial assets, liabilities and shareholder's equity. The consolidated sectoral balance sheet for FY15 had 57.19 percent non-financial assets and 42.81 percent financial assets. About 42.11 percent of total assets in the corporate sector were financed by shareholder's equity. The remaining assets were financed 30.13 percent through non-current liabilities and 27.76 percent by current liabilities.



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

Billion Rs.

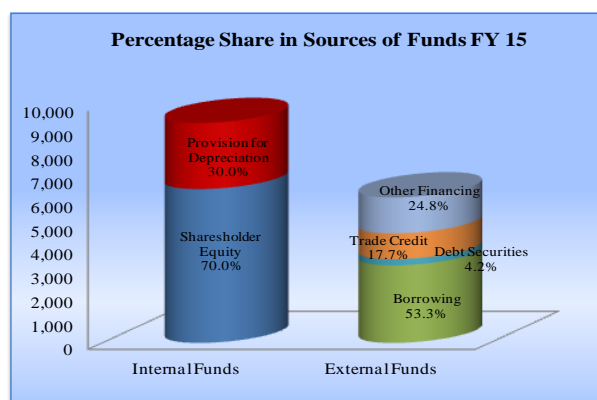
Component of Balance Sheet	Opening Balance FY15	Closing Balance FY15	% Share in FY15	YOY Change %
Shareholder Equity	5,800.0	6,464.1	42.11	11.45
Current Liability	4,253.5	4,261.2	27.76	0.18
Non Current Liability	4,176.3	4,625.8	30.13	10.76
<b>Total Liability &amp; Equity</b>	<b>14,229.8</b>	<b>15,351.1</b>	<b>100.00</b>	<b>7.88</b>
Non Financial Assets	8,216.6	8,778.7	57.19	6.84
Financial Assets	6,013.3	6,572.4	42.81	9.30
<b>Total Assets</b>	<b>14,229.8</b>	<b>15,351.1</b>	<b>100.00</b>	<b>7.88</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 FY15, total internal funds in the form of shareholders equity and provisions (non-financial saving) of corporate sector were Rs 8,255.2 billion of total funds. An increase of 11.92 percent or Rs 983.8 billion was noted during the review period and its share in total funds generated by the private corporate sector was 60.18 percent in FY15. Among the internal sources, shareholders equity accounted for 42.11 percent of total internal sources during FY15. Provisions for accumulated depreciation accounted for 18.08 percent of total internal sources during FY15.

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

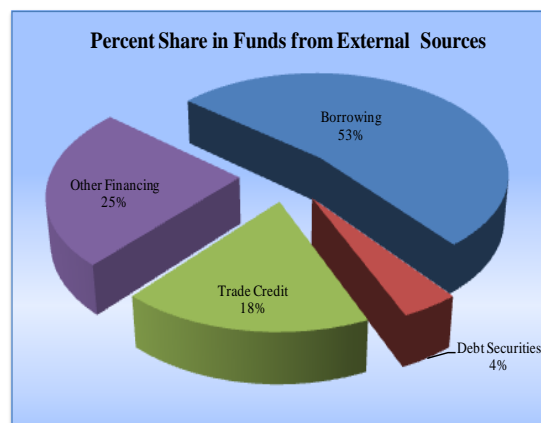
Billion Rs.

Sources of Funds	Opening Balance FY15	Closing Balance FY15	% Share in FY15	YOY Change %
<b>Internal Funds</b>	<b>8,255.2</b>	<b>9,239.0</b>	<b>60.18</b>	<b>11.92</b>
Shareholders' Equity	5,800.0	6,464.1	42.11	11.45
Provision for Depreciation	2,455.2	2,774.8	18.08	13.02
<b>External Funds</b>	<b>5,974.6</b>	<b>6,112.2</b>	<b>39.82</b>	<b>2.30</b>
Borrowing	3,125.1	3,260.4	21.24	4.33
Debt Securities	269.0	254.3	1.66	-5.47
Trade Credit	1,194.7	1,084.2	7.06	-9.24
Other Financing	1,385.8	1,513.2	9.86	9.19
<b>Total Funds</b>	<b>14,229.8</b>	<b>15,351.1</b>	<b>100.00</b>	<b>7.88</b>

### Funds from External Sources

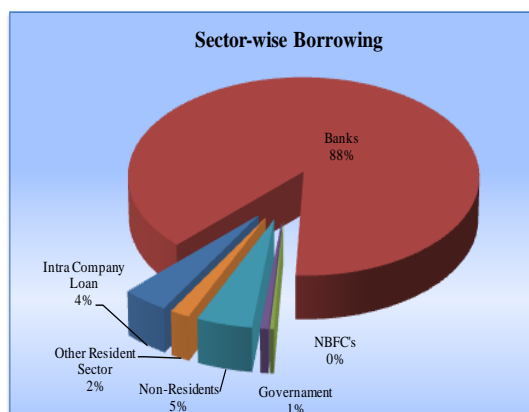
The non-financial private corporate sector relied significantly on external sources of funds. The data revealed that the external sources of funds constituted up to 39.82 percent of the total sources. Borrowing was the major source of

acquiring funds. It constituted 21.24 percent of total external funds raised by the non-financial private sector during FY15. Other sources of financing include restricted deposits and other account payable which constituted 9.86 percent of total external funds, while share of trade credit was 7.06 percent. The debt securities issued by corporate sector had very low contribution of 1.66 percent in total external financing and had the negative growth of 5.47 percent. Total external funds increased by Rs. 137.6 billion or 2.30 percent from Rs 5,974.6 billion to Rs 6,112.2 billion during FY15. Other financing increased by 9.19 percent from Rs. 1,385.8 billion to Rs 1,513.2 billion during FY15. On the other hand, trade credits decreased by 9.24 percent from Rs 1,194.7 billion to Rs 1,084.2 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 FY15. 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 0.24 percent from Rs 3,125.1 billion to Rs 3,117.7 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 other resident sectors. The figures show that the largest source of borrowing was commercial banks. The share of borrowing from banking sector was 87.95 percent of total borrowing, which is equal to 52.43 percent of total lending by banking sector during FY15. The borrowing from banking sector decreased by 0.04 percent from Rs 2,743.0 billion to Rs 2,742.0 billion during FY15. The second largest source of borrowing was non-resident sector and its share was 5.01 percent of total borrowing and it decreased by 3.94 percent from Rs 162.7 billion to Rs. 156.3 billion. The share of borrowing from non-financial corporations was 4.20 percent of total borrowing, while the private corporate sector borrowed 1.75 percent from other resident sector, 0.73 percent borrowed from government and 0.35 percent from non banking financial sectors of economy.

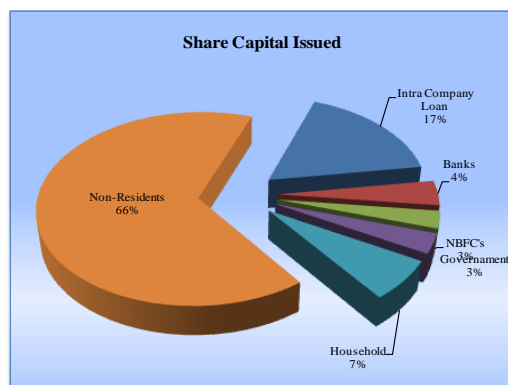


**Table-3: Channels of Borrowing of Non-Financial Private Corporate Sector**

Sectors of Economy	Opening Balance FY15	Closing Balance FY15	% Share in FY15	Billion Rs.
				YOY Change %
Intra Company Loan	131.2	131.0	4.20	-0.12
Banks	2,743.0	2,742.0	87.95	-0.04
NBFC's	12.3	11.0	0.35	-10.23
Government	28.6	22.7	0.73	-20.68
Non-Residents	162.7	156.3	5.01	-3.94
Other Resident Sector	47.3	54.7	1.75	15.50
<b>Total Borrowing</b>	<b>3,125.1</b>	<b>3,117.7</b>	<b>100.00</b>	<b>-0.24</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 26.13 percent during the review period. The data reveals that the issuance of share capital was increased by 9.12 percent from Rs 3,676.3 billion in the beginning to Rs 4,011.7 billion at the end of FY15. 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 40.82 percent of total equity (shares & other equity) issued by private corporate sector and it increased by 9.17 percent from Rs 2,417.2 billion to 2,638.8 billion in FY15. There is an investment of Rs 687.2 billion or 17.13 percent by intra-companies and Rs 269.9 billion or 6.73 percent by household in share capital of non financial private corporate sector and also observed positive growth trend of 1.66 percent & 8.56 percent respectively in these sectors during the review period FY15.



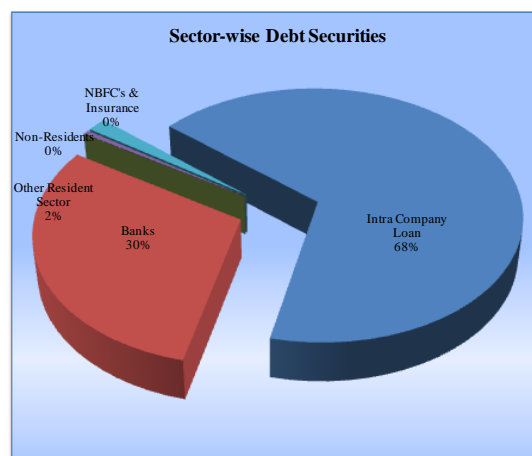
**Table-4: Share Capital Issued by Non-Financial Private Corporations**

Sectors of Economy	Opening Balance FY15	Closing Balance FY15	% Share in FY15	YOY Change %
Intra Company Loan	676.0	687.2	17.13	1.66
Banks	136.9	166.5	4.15	21.60
NBFC's & Insurance	86.1	116.3	2.90	35.11
Government	111.5	133.0	3.31	19.20
Household	248.6	269.9	6.73	8.56
Non-Residents	2,417.2	2,638.8	65.78	9.17
<b>Total Share Capital Issued</b>	<b>3,676.3</b>	<b>4,011.7</b>	<b>100.00</b>	<b>9.12</b>

Billion Rs.

## Debt Securities Issued by Corporate Sector

The non-financial private corporate sector raised about 1.66 percent funds through issuance of debt securities in the review period FY15. The data reveals that the issuance was decreased by 5.47 percent from Rs 269.0 billion to Rs 254.3 billion at the beginning and at the end of FY15 respectively. The sectors included banks, intra corporations, NBFCs & insurance and non-resident sector. Financing under debt securities from non-financial corporations was dominant for the entire period with a share of 67.60 percent. It was increased by 1.01 percent from Rs 170.2 billion in the beginning to Rs 171.9 billion at the end of FY15, about 30.21 percent financing was obtained from banks and it increased by 8.20 percent from Rs 71.0 billion to Rs 76.8 billion during this period. 0.51 percent financing was



obtained from NBFC's & insurance. The sector wise distribution of securities issued by corporate sector is shown in Table-5.

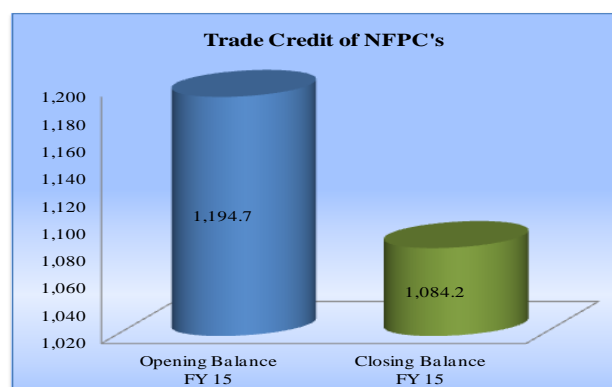
**Table-5: Debt Securities Issued by Non-Financial Private Corporations**

Sectors of Economy	Opening Balance FY15	Closing Balance FY15	% Share in FY15	YOY Change %
Intra Company Loan	170.2	171.9	67.60	1.01
Banks	71.0	76.8	30.21	8.20
NBFC's & Insurance	1.0	1.3	0.51	25.24
Non-Residents	21.9	(0.0)	0.00	-100.01
Other Resident Sector	4.9	4.3	1.68	-12.60
<b>Total Debt Securities</b>	<b>269.0</b>	<b>254.3</b>	<b>100.00</b>	<b>-5.47</b>

Billion Rs.

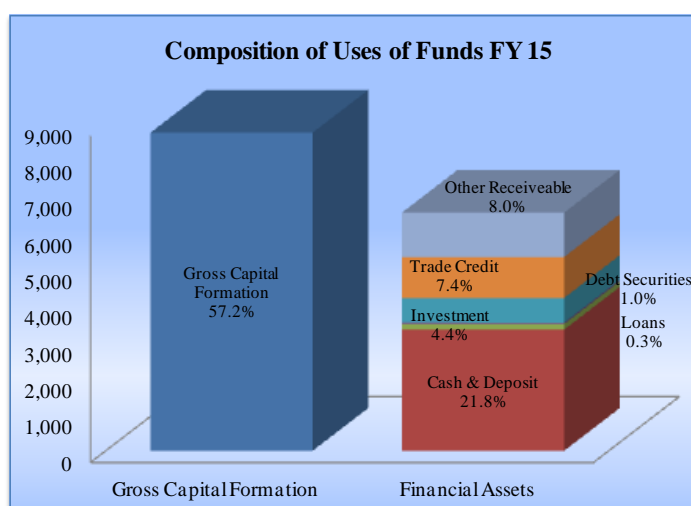
### Trade Credits (Liability) of Non-Financial Private Corporate Sector

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 7.06 percent during the entire year FY15. The figure showed that it had decreasing trend. It decreased by 9.24 percent from Rs 1,194.7 billion to Rs 1,084.2 billion during FY15.



### 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 57.19 percent in total uses of funds during FY15. While non financial private corporate sector used 42.81 percent of its sources for the acquisition of financial assets, including currency & deposits having a share of 21.78 percent and it increased by 13.24 percent from Rs 2,952.2 billion to Rs 3,343.0 billion. The share of ‘other receivable’ in financial assets was 7.97 percent and increased by 12.91 percent from Rs 1,084.2 billion to Rs 1,224.2 billion for the period under review. The share of ‘trade credits’ was 7.36 percent in the uses of



funds and it increased by 0.42 percent from Rs 1,124.7 billion in the beginning to Rs 1,129.4 billion at the end of FY15. This sector invested 4.43 percent funds in the acquisition of share capital of different sectors and it was increased by 16.65 percent from Rs 583.1 billion to Rs 680.2 billion during FY15. The composition of uses of funds of non financial private corporate sector is shown in Table-6.



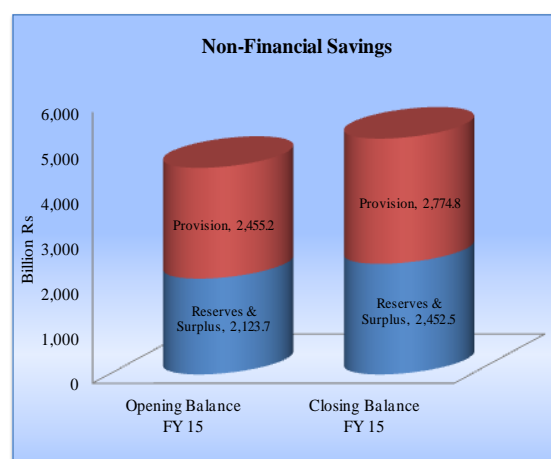
**Table-6: Composition of Uses of Funds of Corporate Sector**

Use of Funds	Billion Rs.			
	Opening Balance FY15	Closing Balance FY15	% Share in FY15	YOY Change %
<b>Gross Capital Formation</b>	<b>8,216.6</b>	<b>8,778.7</b>	<b>57.19</b>	<b>6.84</b>
<b>Financial Assets</b>	<b>6,013.3</b>	<b>6,572.4</b>	<b>42.81</b>	<b>9.30</b>
Currency & Deposits	2,952.2	3,343.0	21.78	13.24
Debt Securities	228.1	153.6	1.00	-32.69
Loans Extended	40.9	42.1	0.27	2.77
Investment in Shares	583.1	680.2	4.43	16.65
Trade Credit	1,124.7	1,129.4	7.36	0.42
Other Receivable	1,084.2	1,224.2	7.97	12.91
<b>Total Funds</b>	<b>14,229.8</b>	<b>15,351.1</b>	<b>100.00</b>	<b>7.88</b>

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

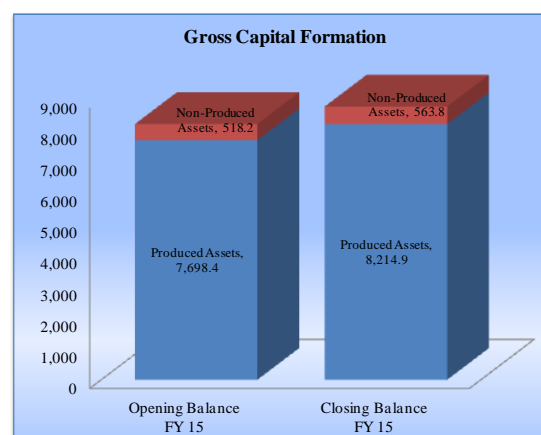
### Saving of the Sector

Savings 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 savings of private corporate sector was increased by 14.16 percent from Rs 4,578.9 billion in the beginning to Rs 5,227.3 billion at the end of FY15. The share of savings in total funds generated by corporate private sector was 34.05 percent during FY15.



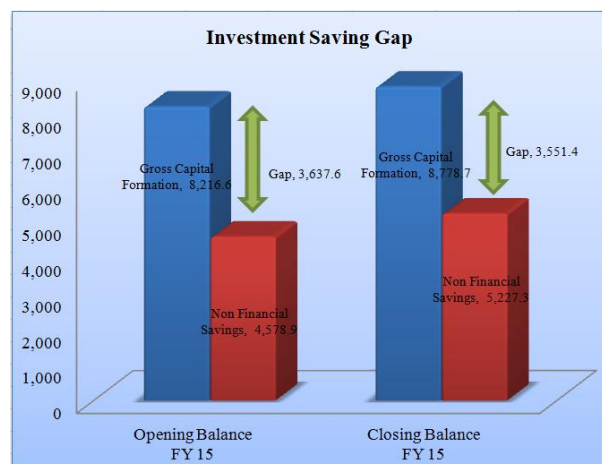
### Investment in Gross Capital Formations

Investment in gross capital formation constituted 57.19 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 6.84 percent from Rs 8,216.6 billion to Rs 8,778.7 billion during the review period FY15.



## Financing of Savings and Investment 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, debt securities and trade credit, etc. The savings and investment gap of the corporate sector was computed as the difference between corporate investments (comprises both capital expenditures and inventories) and corporate savings (comprises retained earnings plus reserves plus provisions plus valuation adjustments). The analysis of financing sources in the corporate sector is difficult because some of the funds come from within sector's own saving (internally generated funds). The data reveals that there was savings of Rs 5,227.3 billion and gross capital formation was Rs 8,778.7 billion. This created a financing gap of Rs 3,551.4 billion, which indicate deficit equal to the net increase in financial liabilities of the sector. It was financed by incurring financial liabilities owed to different resident and non- resident sectors.



savings of Rs 5,227.3 billion and gross capital formation was Rs 8,778.7 billion. This created a financing gap of Rs 3,551.4 billion, which indicate deficit equal to the net increase in financial liabilities of the sector. It was financed by incurring financial liabilities owed to different resident and non- resident sectors.

**Table-7: Financing of Saving and Investment Gap**

Use of Funds	Billion Rs.		
	Opening Balance FY15	Closing Balance FY15	YOY Change %
Gross Capital Formation (A)	8,216.6	8,778.7	6.84
Savings (B)	4,578.9	5,227.3	14.16
<b>Saving Investment Gap (A-B)</b>	<b>3,637.6</b>	<b>3,551.4</b>	<b>-2.37</b>

The main financial liabilities were loans, trade credits and securities etc, while main financial assets were currency & deposits, loans, trade credits, debt securities and shares capital. Corporate loans (inclusive of trade credit), issuance of shares and other payables were the largest cause of increase in liability of corporate sector. The saving and investment gap was financed about 89.35 percent by net loans (inclusive of trade credit), while remaining 10.65 percent of the gap was financed by issuance of shares, debt securities and net other payables/receivables accounts during the reviewed period.

## Consolidated Balance Sheet of Non-Financial Private Corporations FY15

Million Rs.

Items	Op_Bal	Tra	VC	OCV	Cl_Bal
<b>Assets</b>	<b>14,229,820</b>	<b>889,601</b>	<b>148,099</b>	<b>83,627</b>	<b>15,351,147</b>
<b>1. Currency and Deposits</b>	<b>2,952,216</b>	<b>376,539</b>	<b>1,106</b>	<b>13,154</b>	<b>3,343,015</b>
<b>1. Currency</b>	<b>15,666</b>	<b>-3,276</b>	<b>0</b>	<b>56</b>	<b>12,447</b>
<b>2. Transferable Deposits</b>	<b>1,929,840</b>	<b>385,496</b>	<b>1,292</b>	<b>6,627</b>	<b>2,323,254</b>
1. Deposit taking corporations	1,929,840	385,496	1,292	6,627	2,323,254
2. Nonresidents	0	0	0	0	0
<b>3. Restricted Deposits</b>	<b>285,049</b>	<b>49,105</b>	<b>-2</b>	<b>3,696</b>	<b>337,848</b>
1. Non-financial corporations	129,431	24,671	0	4,060	158,162
2. Financial corporations	147,367	11,661	-2	-364	158,662
1. Deposit accepting corporations	142,916	10,866	-2	-364	153,416
2. Financial intermediaries	0	0	0	0	0
3. Financial auxiliaries	4,324	921	0	0	5,246
4 Money Market Funds	0	0	0	0	0
5 Non Money Market Funds	127	-127	0	0	0
6 Pension Funds	0	0	0	0	0
3. Central government	7,965	12,656	0	0	20,622
4. Provincial & local governments	250	0	0	0	250
5. Non-residents	36	117	0	0	153
<b>4. Other Deposits</b>	<b>721,660</b>	<b>-54,786</b>	<b>-183</b>	<b>2,775</b>	<b>669,466</b>
1. Deposit Taking Corporations	721,660	-54,786	-183	2,775	669,466
2. Other deposit accepting institutions	0	0	0	0	0
3. Nonresidents	0	0	0	0	0
<b>2. Securities other than shares</b>	<b>228,137</b>	<b>-74,390</b>	<b>0</b>	<b>-186</b>	<b>153,561</b>
<b>1. Short-term</b>	<b>189,988</b>	<b>-75,117</b>	<b>0</b>	<b>4</b>	<b>114,874</b>
1. Non-financial corporations	0	0	0	0	0
2. Financial Corporations	8,481	12,314	0	4	20,800
1. Deposit accepting corporations	3	0	0	0	3
2. Financial intermediaries	1,053	-566	0	0	487
3. Financial auxiliaries	0	0	0	0	0
4 Money Market Funds	5,949	5,641	0	4	11,594
5 Non Money Market Funds	1,476	7,239	0	0	8,715
6 Pension Funds	0	0	0	0	0
3. Central Government	181,507	-87,432	0	0	94,075
4. Provincial Governments	0	0	0	0	0
5. Local governments	0	0	0	0	0
6. Non-residents	0	0	0	0	0
<b>2. Long-term</b>	<b>38,149</b>	<b>-2,998</b>	<b>0</b>	<b>-190</b>	<b>34,962</b>
1. Non-financial corporations	544	14	0	0	558
2. Financial Corporations	19,338	-13,390	0	-190	5,758
1. Deposit accepting corporations	3,415	-530	0	-192	2,693
2. Financial intermediaries	361	22	0	0	383
3. Financial auxiliaries	0	0	0	0	0
4 Money Market Funds	14,584	-13,362	0	2	1,224
5 Non Money Market Funds	978	480	0	0	1,458
6 Pension Funds	0	0	0	0	0
3. Central Government	18,267	14,104	0	0	32,371
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>40,946</b>	<b>2,765</b>	<b>0</b>	<b>-1,629</b>	<b>42,081</b>
<b>1. Short-term</b>	<b>20,380</b>	<b>2,204</b>	<b>0</b>	<b>-1,929</b>	<b>20,655</b>
1. Non-financial corporations	13,376	1,368	0	-1,129	13,615

Million Rs.

Items	Op_Bal	Tra	VC	OCV	Cl_Bal
2. Households (Employees)	7,004	837	0	-800	7,040
3. Non-residents	0	0	0	0	0
<b>2. Long-term</b>	<b>20,566</b>	<b>560</b>	<b>0</b>	<b>300</b>	<b>21,427</b>
1. Non-financial corporations	8,448	159	0	300	8,907
2. Households (Employees)	12,118	401	0	0	12,519
3. Non-residents	0	0	0	0	0
<b>4. Shares and other equity</b>	<b>583,116</b>	<b>78,456</b>	<b>1,032</b>	<b>17,626</b>	<b>680,230</b>
1. Non-financial corporations	442,362	80,247	-579	16,068	538,097
2. Financial Corporations	93,776	-8,556	4	-189	85,033
1. Deposit accepting corporations	58,799	4,400	0	-554	62,644
2. Financial intermediaries	9,033	1,562	0	0	10,595
3. Financial auxiliaries	3,720	3	0	365	4,088
4 Money Market Funds	16,726	-15,725	0	0	1,001
5 Non Money Market Funds	5,369	1,204	4	0	6,576
6 Pension Funds	129	0	0	0	129
3. Non-residents	46,979	6,766	1,607	1,748	57,099
<b>5. Insurance Technical Reserve</b>	<b>547,911</b>	<b>1,795</b>	<b>0</b>	<b>21,997</b>	<b>571,703</b>
<b>6. Other accounts receivable</b>	<b>1,660,934</b>	<b>55,115</b>	<b>0</b>	<b>65,788</b>	<b>1,781,838</b>
1. Trade credit and advances	1,124,654	-1,012	0	5,736	1,129,377
2. Others	536,280	56,127	0	60,053	652,460

Million Rs.

Items	Op_Bal	Transactions		VC	OCV	Cl_Bal
		Acq	Disp			
<b>7. Non-financial assets</b>	<b>8,216,561</b>	<b>736,219</b>	<b>286,899</b>	<b>145,960</b>	<b>-33,123</b>	<b>8,778,718</b>
<b>1. Produced assets</b>	<b>7,698,374</b>	<b>694,673</b>	<b>276,285</b>	<b>131,002</b>	<b>-32,881</b>	<b>8,214,883</b>
<b>1-Fixed assets</b>	<b>6,368,685</b>	<b>418,528</b>	<b>31,581</b>	<b>131,002</b>	<b>-12,667</b>	<b>6,873,967</b>
1.1 Dwellings	12,330	734	0	230	437	13,731
1.2 Other buildings and structures	552,249	62,155	1,833	10,417	5,885	628,873
1.3 Machinery and equipment	5,703,564	326,822	28,944	120,355	-6,776	6,115,022
1.4 Weapons systems	46	0	0	0	0	46
1.5 Cultivated biological resources	9,334	1,016	494	0	0	9,856
1.6 Intellectual property products	91,162	27,801	310	0	-12,213	106,439
<b>3. Inventories</b>	<b>1,329,233</b>	<b>276,146</b>	<b>244,704</b>	<b>0</b>	<b>-20,666</b>	<b>1,340,009</b>
<b>4. Valuables</b>	<b>456</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>452</b>	<b>907</b>
<b>2. Non-produced assets</b>	<b>518,187</b>	<b>41,546</b>	<b>10,614</b>	<b>14,959</b>	<b>-242</b>	<b>563,835</b>
<b>1-Natural resources</b>	<b>365,315</b>	<b>23,736</b>	<b>3,873</b>	<b>13,733</b>	<b>2,724</b>	<b>401,636</b>
1.1 Land	286,703	20,013	3,302	13,733	1,601	318,748
1.2 Mineral and energy resources	64,951	3,611	571	0	1,123	69,115
1.3 Biological resources	0	0	0	0	0	0
1.4 Water resources	0	0	0	0	0	0
1.5 Other natural resources	13,660	113	0	0	0	13,773
<b>2-Contracts, leases and licenses</b>	<b>115,460</b>	<b>3,163</b>	<b>6,403</b>	<b>1,226</b>	<b>-2,877</b>	<b>110,570</b>
<b>3-Goodwill and marketing assets</b>	<b>37,411</b>	<b>14,646</b>	<b>339</b>	<b>0</b>	<b>-89</b>	<b>51,630</b>

Million Rs

Items	Op_Bal	Tra	VC	OCV	Cl_Bal
<b>Liabilities</b>	<b>14,229,820</b>	<b>889,601</b>	<b>148,098</b>	<b>83,627</b>	<b>15,351,146</b>
<b>1. Restricted/ compulsory deposits</b>	<b>255,784</b>	<b>21,346</b>	<b>0</b>	<b>554</b>	<b>277,683</b>
1. Non-financial corporations	74,567	3,345	0	-162	77,750
2. Central government	165	-143	0	0	22
3. Provincial & local governments	0	0	0	0	0
4. Household	181,051	18,144	0	716	199,911

## Sources &amp; Uses of Funds - FY15

Million Rs

Items	Op_Bal	Tra	VC	OCV	Cl_Bal
5. Non-residents	0	0	0	0	0
<b>2. Debt Securities</b>	<b>269,004</b>	<b>17,647</b>	<b>-3,528</b>	<b>-28,823</b>	<b>254,300</b>
<b>1. Short-term</b>	<b>46,023</b>	<b>5,726</b>	<b>2,458</b>	<b>-24,275</b>	<b>29,932</b>
1. Non-financial corporations	8,610	2,891	0	0	11,501
2. Financial Corporations	10,630	3,452	71	0	14,153
1. Deposit accepting corporations	10,401	3,528	70	0	13,999
2. Financial intermediaries	208	-77	0	0	132
3. Financial auxiliaries	21	0	1	0	22
4 Money Market Funds	0	0	0	0	0
5 Non Money Market Funds	0	0	0	0	0
6 Pension Funds	0	0	0	0	0
3. Household	4,897	-617	0	0	4,280
4. Non-residents	21,886	0	2,387	-24,275	-2
<b>2. Long-term</b>	<b>222,981</b>	<b>11,922</b>	<b>-5,985</b>	<b>-4,548</b>	<b>224,369</b>
1. Non-financial corporations	161,570	-1,176	0	0	160,394
2. Financial Corporations	61,411	13,097	-5,985	-4,548	63,975
1. Deposit accepting corporations	60,649	12,748	-5,985	-4,548	62,864
2. Financial intermediaries	24	-11	0	0	13
3. Financial auxiliaries	738	360	0	0	1,098
4 Money Market Funds	0	0	0	0	0
5 Non Money Market Funds	0	0	0	0	0
6 Pension Funds	0	0	0	0	0
3. Household	0	0	0	0	0
4. Non-residents	0	0	0	0	0
<b>3. Loans (borrowings)</b>	<b>3,125,143</b>	<b>131,314</b>	<b>-4,071</b>	<b>8,047</b>	<b>3,260,433</b>
<b>1. Short-term</b>	<b>1,882,830</b>	<b>28,983</b>	<b>-15,580</b>	<b>15,269</b>	<b>1,911,502</b>
1. Non-financial corporations	59,362	-2,707	0	0	56,655
2. Financial Corporations	1,793,744	28,049	-16,161	15,098	1,820,730
1. Deposit accepting corporations	0	0	0	0	0
2. Financial intermediaries	1,785,132	1,767,511	1,767,470	1,767,470	1,785,173
3. Financial auxiliaries	6,496	440	0	0	6,935
4 Money Market Funds	2,117	-1,210	0	0	907
5 Non Money Market Funds	0	0	0	0	0
6 Pension Funds	0	0	0	0	0
3. Central Government	15,400	-1,699	0	0	13,701
4. Provincial Governments	0	0	0	0	0
5. Local governments	0	0	0	0	0
6. Non-residents	9,312	-2,330	581	171	7,733
7. Other resident sector	5,012	7,671	0	0	12,683
<b>2. Long-term</b>	<b>1,242,313</b>	<b>102,332</b>	<b>11,509</b>	<b>-7,222</b>	<b>1,348,932</b>
1. Non-financial corporations	71,801	2,552	0	0	74,353
2. Financial Corporations	961,583	104,625	0	8,827	1,075,035
1. Deposit accepting corporations	0	0	0	0	0
2. Financial intermediaries	957,926	953,577	954,623	954,623	956,880
3. Financial auxiliaries	3,657	-484	0	0	3,172
4 Money Market Funds	0	0	0	0	0
5 Non Money Market Funds	0	0	0	0	0
6 Pension Funds	0	0	0	0	0
3. Central Government	13,187	-4,213	0	0	8,973
4. Provincial Governments	0	0	0	0	0
5. Local governments	0	0	0	0	0
6. Non-residents	153,414	-296	11,509	-16,049	148,577
7. Other resident sector	42,328	-335	0	0	41,993
<b>4. Other accounts payable</b>	<b>4,779,908</b>	<b>-28,795</b>	<b>0</b>	<b>343,474</b>	<b>5,094,587</b>

Million Rs

Items	Op_Bal	Tra	VC	OCV	Cl_Bal
1-Trade Credit & advances	1,194,653	-98,401	0	-12,017	1,084,235
2. Accumulated depreciation	2,455,228	722	0	318,875	2,774,824
3. Other accounts payable	1,130,026	68,885	0	36,617	1,235,528
<b>5. Shares and other equity</b>	<b>5,799,981</b>	<b>748,088</b>	<b>155,697</b>	<b>-239,624</b>	<b>6,464,142</b>
<b>1. Shares</b>	<b>3,676,293</b>	<b>278,123</b>	<b>5,076</b>	<b>52,159</b>	<b>4,011,652</b>
1. Non-financial corporations	675,992	6,530	4,649	35	687,206
2. Financial Corporations	223,001	40,660	427	18,710	282,798
1. Deposit accepting corporations	136,941	29,087	115	377	166,520
2. Financial intermediaries	14,283	7,991	309	10	22,593
3. Financial auxiliaries	50,422	3,596	3	18,323	72,344
4 Money Market Funds	8,177	-262	0	0	7,915
5 Non Money Market Funds	13,179	248	0	0	13,427
6 Pension Funds	0	0	0	0	0
3. Central Government	64,270	21,418	0	0	85,688
4. Provincial Governments	47,273	0	0	0	47,273
5. Local governments	0	0	0	0	0
6. Household	248,585	21,271	0	0	269,856
7. Non-residents	2,417,172	188,245	0	33,414	2,638,831
<b>2. Retained earnings</b>	<b>224,459</b>	<b>283,425</b>	<b>0</b>	<b>-290,614</b>	<b>217,271</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>1,899,229</b>	<b>186,539</b>	<b>0</b>	<b>-1,169</b>	<b>2,084,599</b>
<b>5. Valuation adjustments</b>	<b>0</b>	<b>0</b>	<b>150,621</b>	<b>0</b>	<b>150,621</b>

*This consolidated sectoral balance sheet is based on analyzed balance sheets of companies listed at KSE as on 30th June, 2015 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. Debt securities
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.

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## 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. Debt securities
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.