

IV. DEFINITIONS/ TERMINOLOGIES

A. DESCRIPTION OF MAJOR COMPONENTS OF ASSETS & LIABILITIES

I. ASSETS

i. MONETARY GOLD

The gold held by the State Bank of Pakistan as a financial asset and as a component of foreign reserves. Other gold including non-reserve gold held by the SBP should be classified as a commodity, either inventories or valuables. Monetary gold should be valued on the basis of the market price of gold.

ii. HOLDINGS OF SDRs

International reserve assets created by the IMF and allocated to Pakistan to supplement existing reserve assets. SDR holdings represent unconditional rights to obtain foreign exchange or other reserve assets from other IMF members. These are held exclusively by official holders, which are normally central banks.

iii. CURRENCY (CASH IN HAND) National Currency Coins

Coins that are of fixed nominal values and accepted as legal tender in an economy that are issued by the central government.

FOREIGN CURRENCY (FOREIGN CURRENCY NOTES AND COINS)

All foreign currency notes and coins are liability of the foreign governments or

non-resident issuing authorities / central banks. These are claims of the economy upon non-residents.

iv. TRANSFERABLE DEPOSITS

All demand deposits in national or in foreign currency i.e., exchangeable on demand at par without penalty or restriction, freely transferable by cheque or otherwise, commonly used to make payments, are known as transferable deposits. These deposits include special savings accounts with a possibility of direct payments to third parties, savings accounts balances subject to automatic transfer to regular transferable deposits, and money-market fund that have unrestricted third-party transferability privileges.

Deposits denominated in national currency should be recorded at book value (outstanding amount plus accrued interest).

OTHER DEPOSITS

These represent all claims other than transferable deposits in national currency or in foreign currency that are represented by evidence of deposits.

Other deposits include:

- Sight deposits (which permit immediate cash withdrawals but not direct third-party transfers);
- Non-transferable savings deposits and term deposits;

- Financial corporations' liabilities in the form of shares or similar evidence of deposits that are legally or in practice, redeemable immediately or at relatively short notice;
- Shares of money-market funds that have restrictions on third-party transferability;
- Call money deposits;

RESERVE POSITION IN THE IMF

This reserve asset is created by subscribing 25% of the country's quota with the foreign exchange in usable currency and the Fund's net use of the member's currency, less balances held in the administrative accounts of the Fund to the extent not in excess of 0.1 percent of a member's quota, if positive. The reserve would be reduced by the amount of subscriptions receivable in foreign exchange by the IMF from member country. The purchases of foreign exchange from IMF against this reserve would reduce the reserve position in the fund.

IMF NATIONAL CURRENCY HOLDINGS PURCHASED AND REPURCHASED

A purchase from the Fund is recorded as an increase in foreign exchange holdings and a decrease in the reserve position in the Fund; a repurchase is recorded as a decrease in foreign exchange and an increase in reserve position in the fund,

respectively. Purchases in the reserve tranche are not regarded as a use of Fund credit, hence, are not subject to charges, and do not require repurchase.

Credits and loans of IMF,

Use of Fund credit and loans from the Fund comprise a member country's drawings on the Fund and includes purchases and borrowings under stand-by, extended, structural adjustment, enhanced structural adjustment, and Systemic Transformation Facility (STF) arrangements, together with Trust Fund Loans

IMF quota

When a country joins IMF, it is assigned a quota in the light of the member's economic characteristics relative to those of other members of comparable size.

The size of the member's quota determines, among other things, the member's voting power, the size of its potential access to Fund resources, and its share in allocation of SDRs.

Subscriptions are paid 25 per cent, in reserve assets (SDRs or other members' currencies that are acceptable to the Fund) and 75% in the member's own currency.

v. INVESTMENT IN SECURITIES

OTHER THAN SHARES

SBPs' investments in financial assets that are normally traded in the financial markets and that give the holders the unconditional right to receive stated

fixed sums on a specified dates or the unconditional right to fixed money incomes or contractually determined variable money incomes. These securities are classified as short-term and long-term securities other than shares. Examples are; Government treasury bills, Federal government bonds, Federal investment bonds, Pakistan investment bonds, corporate bonds and debentures, negotiable certificates of deposits (not negotiable would be categorized under deposits), commercial paper, TFCs, PTCs, Modaraba certificates, and negotiable securities backed by loans or other assets. Preferred stock or shares that pay a fixed income but do not provide for participation in the distribution of residual value of an incorporated enterprise on dissolution are also included in this category.

GOVERNMENT TREASURY BILLS

These are short-term debt instrument issued by the government treasury to raise funds for the government or to regulate money supply through open market operations of the central bank;. Their market transactions are managed by the State Bank of Pakistan on behalf of the treasury.

PAKISTAN INVESTMENT BONDS

These are long term (3, 5, 10, 15 & 20 years maturity) debt obligation issued by

the government, offering a risk free investment to the bond holders at premium interest rates depending on the maturity of the bond.

FEDERAL INVESTMENT BONDS

This is a long term (3, 5 & 10 years maturity) debt obligation issued by the government from June 1991, offering a risk free investment to the bond holders at premium interest rates was fixed as 13%, 14% and 15% depending on the maturity of the bond.

OTHER FEDERAL GOVERNMENT BONDS / SECURITIES

This category would also include the residual bonds / securities issued by the federal government and not covered anywhere else.

PROVINCIAL GOVERNMENT SECURITIES / BONDS / PERMANENT LOANS

This category includes any type of provincial governments' debt obligations/ bonds and negotiable certificates etc.

LOCAL GOVERNMENT SECURITIES / BONDS

All type of certificates issued by the local/ city governments, which are evidence of debt on which the issuer promises to pay the holder a specified amount of interest for a specified length of time, and to repay the loan on its maturity.

COMMERCIAL PAPERS

Unsecured promissory notes of relatively low risk and short maturity of

3 to 6 months, issued by highly rated large corporations who usually maintain backup credit lines with their banks to ensure payment at maturity; like notes, bills, and acceptances

NEGOTIABLE CODS

A deposit instrument; a receipt issued by a bank as an evidence of a deposit specifying the amount, the period of the deposit, and the rate of the interest.

There are several types of deposit certificates issued in domestic or foreign currency; since certificate of deposits are negotiable instruments, these are freely traded in secondary money market. The CODs that are not negotiable would be treated as other deposits.

NEGOTIABLE LOANS

Loans that have become negotiable de facto (securitization of mortgage loans, claims on credit card holders and other loans) are known as negotiable loans

DEBENTURES

Long-term securities that give the holders the unconditional right to one or both of: (a) a fixed or contractually determined variable money income in the form of coupon payments, i.e. payment of interest is not dependent on earnings of the debtors, (b) a stated fixed sum as a repayment of principal on a specified date or dates when the security is redeemed.

PARTICIPATION TERM CERTIFICATES

A certificate or note evidencing ownership by the holder, but without voting rights of a stated percentage of a "package" or "pool" of mortgages which pays interest at a stated rate. The term finance certificates are redeemable in quarterly / half yearly instalments.

INVESTMENT IN FOREIGN SECURITIES

Investments in bonds/ financial assets issued by the non-residents that are normally traded in the financial markets and that give the holders the unconditional right to receive stated fixed sums on a specified dates or the unconditional right to fixed money incomes or contractually determined variable money incomes.

vi. LOANS EXTENDED

Financial asset resulting from the delivery of cash or other assets by a lender to a borrower in return for an obligation to repay on a specified date or dates, or on demand, usually with mark-up or interest.

REPURCHASE AGREEMENT

LENDING (REVERSE REPO)

This is a mode of financing in which the seller (financial institution) of the securities agrees to repurchase them subsequently from the purchaser (financial institution) at a fixed rate and on a specified date. This is different from trading in securities in

the stock exchanges where transactions are not based on repurchase agreement and the prices are determined as per market conditions. The agreement is called a reverse repo when viewed from the perspective of securities buyer—i.e., the “cash provider”

OTHER ADVANCES

Any other advances provided to any entity, which do not fall under the above-mentioned categories.

vii. SHARES AND OTHER EQUITY

(ASSETS)

All instruments and records acknowledging claims to the residual value of companies / corporations, after the claims of all creditors have been met are categorized as shares and other equity. Stock or share most commonly refers to a share of ownership in a company that entitles the owner of that share to literally a share in the ownership of the company, including the right to a fraction of the assets of the company, a fraction of the decision-making power, and potentially a fraction of the profits, which the company may issue as dividends. Preferred stocks or shares are also included in this category. Shares and other equity as assets are to be reported separately as quoted and non-quoted.

QUOTED SHARES - ORDINARY

Shares are usually traded on a stock exchange, where people and organisations may buy and sell shares in a wide range of companies. A given company will usually only trade its shares in one market, and it is said to be quoted, or listed, on that stock exchange. However, some large, multinational corporations are listed on more than one exchange. They are referred to as inter-listed shares. Shares quoted on stock exchange are part of this category.

NON-QUOTED SHARES - ORDINARY

The shares those are not traded on a stock exchange are defined as non-quoted shares. Shares that are not quoted on stock exchange are part of this category.

PREFERRED STOCKS / SHARES WITH CLAIMS ON RESIDUAL VALUE

Preferred stocks are shares of a corporation, which represent ownership in a corporation with the distinction that if company earnings are sufficient, and dividends are to be paid, dividends must be first paid to these holders of stock. Preferred shares have priority over common shares in the distribution of dividends and assets. Preferred stock/ shares that provide for participation in the residual value on dissolution of an

incorporated enterprise should be reported under this category.

INVESTMENT IN SHARES OUTSIDE PAKISTAN

An investment in the companies outside Pakistan, which makes the investor a part-owner of that company whose shares he has bought. Shareholders are rewarded with annual dividends if the company makes sufficient profits and capital growth in the value of their shares if the company attracts other interested investors. These should be reported under non-residents category.

viii. INSURANCE TECHNICAL

RESERVES

These are current claims of policyholders and beneficiaries rather than net equity of insurance corporations. Generally these are classified as under:-

- Prepayments of premiums, and
- Reserves against outstanding claims with insurance companies

PRE PAID INSURANCE PREMIUM

These are prepayments of premium held by insurance corporations (including automobile, health, term life, accident/injury, income maintenance, and other forms of non-life insurance). At the end of the accounting period when the balance sheet is drawn up, parts of the insurance premium payable

during the accounting period are intended to cover risks in the subsequent period. These prepayments of premiums are assets of the policyholders and form part of the insurance technical reserves. Total premium paid for the subsequent period less premium consumed during the reporting period would be reported.

OUTSTANDING INSURANCE CLAIMS

These are reserves that insurance enterprises hold in order to cover the amounts they expect to pay out in respect of claims that are not yet settled or claims that may be disputed. Reserves against outstanding claims are therefore considered being assets of the beneficiaries and liabilities of the insurance enterprises.

ix. FINANCIAL DERIVATIVES

Financial derivatives are financial instruments that have no intrinsic value, and are linked to another specific financial instrument, indicator (foreign currencies, government bonds, share price indices, interest rates, etc.), or commodity (gold, coffee, sugar, etc.) through which specific financial risks can be traded in financial markets in their own right. Unrealized gains would be reported on asset side of the balance sheet.

x. OTHERS ACCOUNTS RECEIVABLE

Financial assets consisting of trade credit and advances, Dividends receivable, settlement accounts, items in the process of collection, accrued income, head office / inter-branch adjustment, expenditure account, suspense items and miscellaneous asset items.

TRADE CREDIT & ADVANCES

Unlike loans, trade credit is non-interest bearing credit facility. It is extended directly for sales of goods, supplies and materials on deferred payments to a buyer. Interest is charged if the debtor defers payments from the schedule.

Advances are extended for work in progress (if classified or to be classified as such under inventories by the debtor) and prepayments for goods and services.

These do not include loans to finance trade credit, which are classified under loans.

DIVIDENDS RECEIVABLE

Dividends receivable on corporate shares arise from the recording of dividends when the dividends are declared, rather than when the dividends are paid.

SETTLEMENT ACCOUNTS

Settlement accounts should be used to account for differences in the time of

recording of (1) purchases or sale of financial assets, on the trade dates when change of ownership occur and (2) the subsequent payments for the financial assets on the settlement dates.

ITEMS IN THE PROCESS OF COLLECTION

Items in process of collection include checks or other types of transferable items.

DEFERRED COST/PRELIMINARY EXPENSES

This relates to the cost incurred for subsequent periods, which are reflected as ASSETS.

SUSPENSE ACCOUNT

It is a temporary holding account for errors and omissions, items that having no proper classification pending until the determination of the proper account about their allocation.

MISCELLANEOUS ASSET ITEMS

These include claims, damages, accruals for miscellaneous fees, fines, forfeitures, penalties, other prepaid expenses, receivable from brokers, receivable from government under VHS (voluntary golden hand shake) scheme, stationary and stamps on hand etc, etc.

xi. NON-FINANCIAL ASSETS

Entities from which their owners may derive 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. Produced assets comprise non-financial assets that have come into existence as outputs from production processes.

Produced assets consist of:

- 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), and
- iii. Valuables (assets that are acquired and held primarily as stores of value).

Non-produced non-financial assets are both tangible and intangible assets that come into existence other than through processes of production.

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

Intangible non-produced assets include patents, and purchased goodwill etc. For balance sheet purposes these assets shall be reported net of accumulated depreciation.

RESIDENTIAL BUILDING / DWELLINGS ON FREE HOLD LAND

Dwellings on freehold land are buildings on freehold land that are used entirely or primarily as residences, including any associated structures, such as garages, and all permanent fixtures customarily installed in residences; movable structures, such as caravans, used as principal residences of households are included.

OTHER BUILDINGS AND STRUCTURES ON FREEHOLD LAND (CAPITAL WORK IN PROGRESS - CIVIL WORKS)

The other buildings and structures on freehold land category of non-financial, produced, tangible fixed assets consists of non-residential buildings and other structures, such as civil engineering works on freehold land.

RESIDENTIAL BUILDING / DWELLINGS ON LEASE HOLD LAND

Dwellings on leasehold land are buildings on leasehold land that are used entirely or primarily as residences, including any associated

structures, such as garages, and all permanent fixtures customarily installed in residences; movable structures, such as caravans, used as principal residences of households are included.

OTHER BUILDING AND STRUCTURES ON LEASEHOLD LAND (CAPITAL WORK IN PROGRESS - CIVIL WORKS)

The other buildings and structures on leasehold land category consist of non-residential buildings and other structures, such as civil engineering works on freehold land.

FURNITURE AND FIXTURE

All type of furniture and fixtures other than those acquired under financial leases for the purpose of business

ELECTRICAL, OFFICE AND COMPUTER EQUIPMENTS

All office equipments other than those acquired through financial leases use for the business including counting and computing equipments, printers, scanners, photocopiers, fax machines etc.

OTHER MACHINERY AND EQUIPMENT

The other machinery and equipment category of non-financial, produced, tangible fixed assets other than those acquired through financial lease consists of machinery and equipment assets not classified as “transport equipment” and “office equipment”.

VEHICLES

Vehicles (as assets) other than those acquired through financial leases consist of equipment for moving people and objects, other than any such equipment acquired by households for final consumption. Transport equipments such as motor vehicles, trailers, ships, aircrafts, motorcycles, bicycles etc.

GOLD (VALUED AT PRICE NOT EXCEEDING CURRENT MARKET PRICE)

Gold, held primarily as stores of value. Monetary Gold is reported under separate head of financial assets.

OTHER VALUABLES

Valuables are produced assets that are not used primarily for production or consumption, that are expected to appreciate or at least not to decline in real value, that do not deteriorate over time under normal conditions and that are acquired and held primarily as stores of value

FURNITURE AND FIXTURES UNDER FINANCE LEASE

All type of furniture and fixtures those acquired through financial leases for the purpose of business

ELECTRICAL, OFFICE AND COMPUTER EQUIPMENTS UNDER FINANCE LEASE

All office equipments acquired through financial leases use for the business including counting and computing equipments, printers,

scanners, photocopiers, fax machines etc

**OTHER MACHINERY AND EQUIPMENT
UNDER FINANCE LEASE**

The other machinery and equipment category of non-financial, produced, tangible fixed assets acquired through financial lease consists of machinery and equipment assets not classified as “transport equipment” and “office equipment”.

VEHICLES UNDER FINANCE LEASE

Vehicles (as assets) acquired through financial leases consists of equipment for moving people and objects, other than any such equipment acquired by households for final consumption.

Transport equipments such as motor vehicles, trailers, ships, aircrafts, motorcycles, bicycles etc.

**OTHER TANGIBLE FIXED ASSETS
(PRODUCED)**

Consists other tangible produced assets not specified elsewhere. Produced assets are non-financial assets that have come into existence as outputs from production processes.

**OTHER TANGIBLE NON-PRODUCED
ASSETS**

Any other tangible non-produced assets not specified elsewhere. Non-produced assets are those that occur in nature and over which ownership may be enforced and transferred. Environmental assets over which ownership rights have not,

or cannot, be enforced such as open seas or air are excluded.

COMPUTER SOFTWARE

Computer software is an asset consisting of computer programs, program descriptions and supporting materials for both systems and applications software; included are purchased software and software developed on own account, if the expenditure is large.

FREE HOLD LAND (AT COST)

UNDERLYING BUILDING AND STRUCTURE

Value of freehold land on which dwellings, non-resident buildings and structures are constructed or into which their foundation are dug, including yards and gardens deemed an integral part of dwellings.

RECREATIONAL FREEHOLD LAND

Recreational freehold land that is used as privately owned amenity land, parklands and pleasure grounds and publicly owned parks and recreational areas.

FREE HOLD LAND- OTHER THAN

UNDERLYING BUILDING AND STRUCTURE

Freehold land other than freehold land underlying buildings and structures consist of land not elsewhere classified, including private gardens and plots not cultivated for subsistence or commercial purposes, communal grazing land, land surrounding dwellings in excess of those yards and

gardens deemed an integral part of farm and non-farm dwellings.

LEASEHOLD LAND UNDERLYING BUILDING AND STRUCTURE

Value of leasehold land on which dwellings, non-resident buildings and structures are constructed or into which their foundation are dug, including yards and gardens deemed an integral part of dwellings.

LEASEHOLD LAND - RECREATIONAL

Recreational leasehold land that is used as privately owned amenity land, parklands and pleasure grounds and publicly owned parks and recreational areas.

LEASEHOLD LAND- OTHER THAN UNDERLYING BUILDING AND STRUCTURE

Leasehold land other than leasehold land underlying buildings and structures consist of land not elsewhere classified, including private gardens and plots not cultivated for subsistence or commercial purposes, communal grazing land, land surrounding dwellings in excess of those yards and gardens deemed an integral part of farm and non-farm dwellings.

PURCHASED GOODWILL

Purchased goodwill is the difference between the value paid for an enterprise as a going concern and the sum of its assets less the sum of its liabilities, each item of which has been separately identified and valued; the

value of goodwill includes anything of long-term benefit to the business that has not been separately identified as an asset

ENTERTAINMENT, LITERARY OR ARTISTIC ORIGINALS (INTANGIBLE FIXED ASSETS)

Entertainment, literary or artistic originals are the original films, sound recordings, manuscripts, tapes, models, etc, on which drama performances, radio and television programming, musical performances, sporting events, literary and artistic output, etc, are recorded or embodied.

OTHER INTANGIBLE FIXED ASSETS (PRODUCED)

Other intangible fixed assets are new information, specialized knowledge, etc, not elsewhere classified, whose use in production is restricted to the units that have established ownership rights over them or to other units licensed by the latter.

OTHER INTANGIBLE NON-PRODUCED ASSETS

Other intangible non-produced assets not elsewhere classified that are constructs of society. They are evidenced by legal or accounting actions, such as the granting of patent or the conveyance of some economic benefit to a third party.

ACCUMULATED DEPRECIATION ON NON-FINANCIAL ASSETS

Accumulated depreciation on non-financial assets means total reduction in value of non-financial assets at the end of the accounting period resulting from physical deterioration, normal obsolescence or normal accidental damage etc.

ACCUMULATED AMORTIZATION ON OTHER INTANGIBLE FIXED ASSETS

Accumulated reduction/ normal obsolescence in the value of other intangible fixed assets

II. LIABILITIES AND OWNERS EQUITY

i. CURRENCY IN CIRCULATION

Notes that are of fixed nominal values are accepted as legal tender in the domestic economy and are issued by the central bank.

ii. TRANSFERABLE DEPOSITS

Transferable deposits represent the funds in Pak rupees and foreign currency placed with the central bank by customers repayable on demand or after a specific period of time i.e., exchangeable on demand at par without penalty or restriction, freely transferable by cheque and otherwise commonly used to make payments.

IMF Account No. 1

IMF No. 1 Account with nonnegotiable, non-interest-bearing

notes, or similar instruments payable to the IMF on demand when the currency is needed for the IMF's transactions. The depository holds these notes for safekeeping and acts as the agent of the IMF to obtain encashment of the notes in order to maintain, at all times, the minimum required balance in the No. 1 Account

IMF Account No. 2

The No. 2 Account is used for the IMF's administrative expenditures and receipts (for example, from sales of IMF publications) in the member's currency and within its territory. The balances in both the No. 1 and No. 2 Accounts that originate from the payment of the local currency portion of quota subscriptions do not yield any interest for the IMF. The currency portion of the subscribed capital, while fully paid, is held in non-interest-bearing form and generates no income for the IMF until used and converted into claims on members in the form of use of IMF credit.

iii. OTHER DEPOSITS

All claims of customers on the central bank other than transferable deposits in national currency or in foreign currency that are represented by evidence of deposit. Restricted deposits are to be considered as non-transferable deposits.

RESTRICTED DEPOSITS

Includes compulsory savings deposits like, employees provident fund accounts, staff pension funds, employees security deposit, staff guarantee fund, import deposits, and similar types of deposits related to international trade, security deposits, margin deposits and sundry deposits etc.

EMPLOYEES PROVIDENT FUND ACCOUNT

These are compulsory savings deposits of employees arising from an official requirement that a share of a worker's earnings be placed in a deposit account that can be accessed only after a specified period or from which withdrawals may be made only for specified purposes.

STAFF PENSIONS FUNDS

Liability of the central bank in the form of staff pensions funds whether contributed by the employee or the central bank.

EMPLOYEE'S SECURITY DEPOSITS/**STAFF GUARANTEE FUND**

Securities / guarantees if held from the employees or on behalf of employees against employment, or for any other benefit, are liability of the central bank.

**iv. SECURITIES OTHER THAN SHARES
(LIABILITIES)**

Securities other than shares are negotiable instruments serving as

evidence that units have obligations to settle by means of providing cash, a financial instrument, or some other item of economic value. These may be commercial papers, TFCs, debentures; participation terms certificates, modaraba certificates, negotiable CODs, negotiable loans and other securities. Preferred stock or shares that pay a fixed income but do not provide for participation in the distribution of residual value of an incorporated enterprise on dissolution are included in this category.

v. FINANCIAL DERIVATIVES

Financial derivatives are financial instruments that have no intrinsic value, and are linked to another specific financial instrument, indicator (foreign currencies, government bonds, share price indices, interest rates, etc.), or commodity (gold, coffee, sugar, etc.) through which specific financial risks can be traded in financial markets in their own right. Unrealized losses would be reported on liability side of the balance sheet.

vi. OTHER ACCOUNTS PAYABLE

These accounts consist of provision for loan losses, provision for other losses, adjustment for head office / branch, dividends payable, settlement accounts, suspense accounts, deferred tax liabilities, accrued wages, rent, social

contributions, accrued taxes, mark-up/ return/ interest payable, mark-up on NPL & investment, income account, miscellaneous liability items.

PROVISION FOR LOSSES

Setting aside a part of Central bank's income to cover anticipated losses

ADVANCE PAYMENTS

Amounts received in advance for any contract but the contract has not yet fully materialized.

CURRENT TAXATION (PROVISIONS LESS PAYMENTS) ACCRUED TAX

Taxes chargeable to an accounting period but not yet paid.

SOCIAL CONTRIBUTIONS

These are the actual or imputed payments to social insurance schemes to make provisions for social insurance benefits to be paid or to the employees' benevolent funds.

SETTLEMENT ACCOUNTS

A settlement account is any account you wish to have funds settled into at the end of the transaction. Settlement accounts within other accounts payable should show a central bank's obligations for payments on future settlement dates for assets that were purchased on trade dates.

SUSPENSE ACCOUNTS

An account that is used to store short-term funds or securities until a permanent decision is made about their allocation.

ACCRUED WAGES

Wages and salaries, which have not been paid and are outstanding at the end of the accounting period

ACCRUED RENT

In finance, rent is a fixed income / expenditure per period from property, land or any real estate. It is also a contractual amount paid for the use of machinery or equipment such as transport vehicles.

SUNDRY DEPOSITS

Various type of deposits for which claimant is not available, e.g., dormant accounts of non-operative accounts etc.

MISCELLANEOUS LIABILITY ITEMS

Includes credit balances in the cash credit, certificates, margin on L/Cs and on guarantees, and other liabilities items not specified elsewhere. This includes provision against off-balance sheet obligations.

vii. SHARES & OTHER EQUITY

Shares and other equity comprise all instruments and records acknowledging, after the claims of all creditors have been met, claims on the residual value.

PAID-UP CAPITAL

The term, Paid-up capital (share capital) or Shares would be used synonymously for the money raised through sale of stocks. It includes shares fully paid in cash, issued as

bonus shares and shares issued for consideration other than cash. Preferred stocks or shares, which also provide for participation in the distribution of the residual value on dissolution of an incorporated enterprise (preferred in distribution over ordinary shareholders), are included.

PAID-UP CAPITAL UNQUOTED/NOT-LISTED

These are unquoted shares, which are not traded on stock exchanges or other organized financial markets.

OTHER EQUITY

The portion or part of equity that is not paid-up capital (shares) will be treated as other equity. This item would include retained earnings, current year result, general & special reserves and revaluation adjustments.

RETAINED EARNINGS

The category of retained earnings shows all earnings (after-tax profit) from the overall operations of the central bank less any amount allocated to general and special reserves, which is established as a capital cushion to cover operational and financial risks.

**CURRENT YEAR RESULT
(UNAPPROPRIATED PROFIT/LOSS)**

Accumulated revenues during the year minus expenditures minus taxes minus retained earnings minus general and special reserves minus dividend payable are the current year result.

GENERAL AND SPECIAL RESERVES

General and special reserves are capital redemption reserve, 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.

VALUATION ADJUSTMENT

Valuation adjustment represents the net counterpart of all changes (Surplus / deficit on revaluation) in the values of assets and liabilities on the balance sheets except for valuation changes recorded in the profit and loss accounts.

B. SECTORAL DEFINITIONS

i. DEPOSIT MONEY INSTITUTIONS

These consist of resident depository corporations and quasi corporations, which have any liabilities in the form of deposits payable on demand, transferable by cheques or otherwise useable for making payments. Scheduled banks, specialized banks and Punjab provincial cooperative banks in Pakistan fall under this category.

**ii. FOREIGN CONTROLLED
CORPORATIONS**

Foreign controlled non-financial corporations are resident non-financial corporations controlled by non-residents. It is difficult to determine the

degree of effective control in a corporation that has majority ownership shares; the general rule is that owners should exercise majority control in the form of greater than 50% the voting shares.

iii. PUBLIC ENTERPRISES

Resident corporations controlled by the government. Control may be exercised through ownership of more than half the voting shares, legislation, decree, or regulations that establish specific corporate policy or allow the government to appoint the directors.

iv. OTHER DEPOSIT ACCEPTING INSTITUTIONS

These consist of resident depository corporations and quasi corporations, which have any liabilities in the form of deposits that may not be readily transferable or in the form financial instruments such as short-term certificates of deposits, which are close substitutes for deposits.

v. OTHER FINANCIAL INTERMEDIARIES

Corporations engaged in financial intermediation, which raise funds on financial markets, but not in the form of deposits, and use them to acquire other kind of financial assets. These include discount houses, venture capital companies, mutual funds, housing finance companies and

cooperative banks except Punjab provincial cooperative bank etc.

vi. FINANCIAL AUXILIARIES

Corporations such as securities brokers, loan brokers, floatation corporations, insurance brokers etc. they also include corporations whose principal function is to guarantee, by endorsement, bills or similar instruments intended for discounting or refinancing by financial corporations, and also corporations which arrange hedging instruments such as swaps, options, and futures or other instruments which are continually being developed as a result of wide-ranging financial innovation.

vii. NPIs (MARKET)

NPIs engaged in market production are classified as entities, which charge fees determined by their costs of production and which are sufficiently high to have a significant influence on the demand of their services, but any surpluses must be retained within these entities as their status as “NPI”.

viii. NPIs (NON-MARKET)

Non-market producers that provide most of their output free or at prices that are not economically significant (i.e., at prices that do not significantly influence amounts supplied or amounts purchased). NPIs engaged mainly in

non-market production fall into two main groups:

- i. The NPIs that are mainly controlled and financed by the government
- ii. Those NPIs providing non-market goods and services to households and financed mainly by transfers from non-government sources – households, corporations, or non-residents etc. These are commonly termed as NPISHs, a separate sector of the economy.

ix. EMPLOYERS

The employers' are self-employed persons with paid employees.

x. OWN ACCOUNT WORKERS

The employers' are self-employed persons without paid employees.

xi. EMPLOYEES

These are persons, which receive income from their employers.

xii. RECIPIENT OF PROPERTY AND TRANSFER INCOMES

These are persons, which receive income from property or transfers as the largest source.

xiii. ACCUMULATED DEPRECIATION:

Accumulated depreciation is that has taken place on a particular asset up to the present time.