

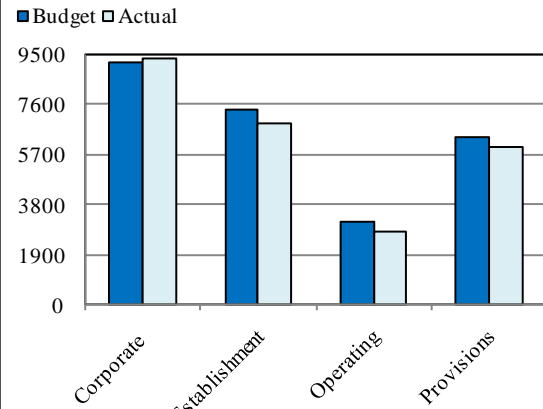
# 10 Annual Budget Review FY11

## 10.1 Overview

Total expenditures of SBP and its subsidiaries are classified into three broad categories, namely corporate expenses, establishment expenses, and operating expenses. A brief comparison of actual versus budgeted expenditures of the SBP and its subsidiaries is given in **Figure 10.1** and **Table 10.1**.

The relative size of each of these heads in total expenditures is shown in **Table 10.2**. The total consolidated expenditure of SBP and its subsidiaries amounted to Rs 24,995 million against budget of Rs 26,031 million; thus showing positive

**Figure 10.1: Budget vs. Actual Expenditure (Rs. in million)**



**Table 10.1: SBP Annual Review for FY11**  
(Rs in Million)

S. No.	Head	Budget	Consolidated Actual	Variance	Variance percent age	Description	Budget	Actual
1	Corporate	9,167	9,327	-160	-1.7	Corporate	35	37
2	Establishment	7,391	6,876	515	7	Establishment	28	28
3	Operating	3,152	2,789	362	11.5	Operating	12	11
4	Provisions	6,321	6,002	319	5	Provisions	24	24
<b>Total</b>		<b>26,031</b>	<b>24,995</b>	<b>1,036</b>	<b>4</b>	<b>Total</b>	<b>100</b>	<b>100</b>

**Table 10.2: Breakup of Revenue Expenditure during FY11**

variance of Rs 1,036 million, i.e. 4 percent.

## 10.2 Corporate Expenses

Corporate expenses of the Bank comprise three components, namely agency commission to National Bank of Pakistan (NBP), currency notes printing charges, and charges on allocation of IMF Special Drawing Rights (SDRs). Head-wise analysis of corporate expenses is given as under:

- 1. Agency Commission Charges.** Agency commission charges are paid to National Bank of Pakistan on account of government transactions and remittances on behalf of SBP as per agency agreement. Agency commission exhibits a positive variance of Rs 70 million, i.e., 2 percent due to downward revision in rate of commission.
- 2. Currency notes printing charges.** Overspending of Rs 59 million, i.e., 1 percent has been witnessed in note printing charges, attributable mainly to the price variances.
- 3. Charges on Allocation of SDRs.** The charges on allocation of SDRs resulted in negative variance of Rs 171 million, i.e., 46 percent, mainly due to increase in allocation besides higher exchange rate as well as rate of SDR charges.

In corporate expenses, negative variance in 'Note Printing Charges' and 'Charges on Allocation of SDRs' were to a large extent offset by the positive variance in 'Agency Commission Charges'. Consequently overall variance in 'Corporate Expenses resulted in overall negative variance of Rs 160 million, i.e., 2 percent.

### **10.3 Establishment Expenses**

Establishment expenses include employees' salaries, medical, benefits and training expenditures. The establishment expenditures showed positive variance of Rs 515 million, i.e., 7 percent. The positive variance is mainly attributable to lower than budgeted medical expenses, training expenses, and postponement of recruitment of new employees.

### **10.4 Operating Expenses**

Operating expenses include rent, rates and taxes, legal and professional charges, stationery and publications, communication, traveling expenditure, repair and maintenance, depreciation, etc, including NIBAF. On overall basis, operating expenses have shown positive variance of Rs 362 million, i.e., 11.5 percent owing primarily to lower expenses in legal & professional charges, EDP maintenance, depreciation, repair and maintenance, traveling expenditures, and misc expenses, as against the budgeted amount.

### **10.5 Provisions**

Provisions include allocations for staff retirement benefits, agriculture bonafied losses and other miscellaneous expenses. Actual provisions recorded against budgetary allocation have shown positive variance of Rs 319 million, i.e., 5 percent owing primarily to staff retirement benefits. Provision for staff retirement benefits is based on actuarial advice; however, positive variance is attributable to subsequent changes during the year in the policies in respect of encashment of end of service compensation.