WATER AND SANITATION SERVICES COMPANY ABBOTTABAD

FINANCIAL STATEMENT

FOR THE YEAR ENDED

30 JUNE 2022

NAVEED ZAFAR ASHFAQ JAFFERY & CO

CHARTERED ACCOUNTANTS

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
A member firm of
PrimeGlobal | An Association of Independent Accounting Firms

1st Floor Lamsay Acrade
Fakhar-e-Alam Road,
Peshawar, Pakistan.
Ph: 091-5274968, 5276102,5274995
email:pesh@nzaj.com.pk
Web: www.nzaj.com.pk

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WATER & SANITATION SERVICES COMPANY ABBOTTABAD

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

We have audited the annexed financial statements of **Water & Sanitation Services Company Abbottabad**, which comprise the statement of financial position as at June 30, 2022, the statement of income and expenditure, statement of comprehensive income, the statement of changes in general fund, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure ,statement of comprehensive income, the statement of changes in general fund, the statement of cash flows, together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of income and expenditure, comprehensive income, changes in general fund and cash flows, for the year then ended.

Basis for Opinion.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of managements use of going concern basis of accounting and based on the audit evidence obtained, whether material certainty exist related to events or conditions that may cast significant doubt on the company's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion;

a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);

b) the statement of financial position, the statement of income and expenditure , statement of comprehensive income, the statement of changes in general fund, the statement of cash flows for the year together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Aftab Ahmad

Naveed Zafar Ashfaq Jaffery & Co

Naveed Zafar Ashfaq Jaffery & Co
Chartered Accountants

Place: Islamabad
Date: 07 JUL 2023

UDIN: AR202210723 4Hpxio23h

WATER AND SANITATION SERVICES COMPANY ABBOTTABAD
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	NOTE	2022 Rupees	2021 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	5	94,953,745	37,913,027
Intangible assets	5.1	141,014	211,510
Long term deposits	6	550,000	550,000
		95,644,759	38,674,537
CURRENT ASSETS			
Advances and prepayments	7	89,019,519	12,762,518
Trade receivables	8	26,967,931	22,791,067
Receivables from Public Health Engineering	9	12,052,780	12,052,780
Deferred Grant receivable from TMA	10	133,010,000	-
Investment in Term Deposits Receipts	11	128,000,000	294,000,000
Cash and bank balances	12	201,982,491	146,883,000
		591,032,721	488,489,365
TOTAL ASSETS		**686,677,480**	**527,163,902**
NON CURRENT LIABILITIES			
Staff retirement benefits	13	6,344,618	8,167,018
Lease liability subject to finance lease	14	1,220,279	3,418,147
		7,564,897	11,585,165
CURRENT LIABILITIES			
Accrued and other payables	15	9,991,611	9,073,815
Payable to Tehsil Municipal Administration	16	3,007,398	3,894,122
Current portion of lease liability	14.1	2,197,867	1,851,721
		15,196,876	14,819,658
Total Liabilities		**22,761,773**	**26,404,823**
NET ASSETS		**663,915,707**	**500,759,079**
REPRESENTED BY			
Deferred Government Grant	17	423,779,806	403,688,315
Grant allocated for fixed assets	18	95,094,756	38,124,536
Deferred Grant from ADP	19	57,180,420	-
Deferred Grant from Tehsil Council Development Scheme:	20	5,381,401	8,568,339
Deferred Grant from District Council Development Schemes		271,034	271,034
Deferred Grant from UNICEF	23	555,400	-
General fund		81,652,889	50,106,855
		663,915,707	**500,759,079**
Contingencies and commitments	24	-	-

The annexed notes from 01 to 35 form an integral part of these financial statements.

Chief Executive Officer **Director**

WATER AND SANITATION SERVICES COMPANY ABBOTTABAD
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2022

	NOTE	2022 Rupees	2021 Rupees
INCOME			
Revenue from services	25	50,090,925	41,249,980
Grant income	26	237,047,440	206,278,236
		287,138,365	247,528,216
EXPENDITURE			
Operating expenses	27	252,447,514	218,641,418
Administrative expenses	28	43,805,392	38,031,702
		296,252,907	256,673,120
Operating (Loss)		(9,114,542)	(9,144,904)
Finance cost		(1,533,492)	(1,192,423)
Grant-in-aid recognized as income against fixed assets depreciation	29	10,648,034	10,337,327
		-	-
Other income	30	30,786,287	21,251,262
Surplus before taxation		30,786,287	21,251,262
Taxation	31	-	-
Net surplus for the year		**30,786,287**	**21,251,262**

The annexed notes from 01 to 35 form an integral part of these financial statements.

Chief Executive Officer **Director**

WATER AND SANITATION SERVICES COMPANY ABBOTTABAD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
Net surplus for the year	30,786,287	21,251,262
Other comprehensive income		
Adjustment on remeasurment of defined benefits plan	759,747	(1,436,736)
Total comprehensive income	31,546,034	19,814,526

The annexed notes from 01 to 35 form an integral part of these financial statements.

Chief Executive Officer

Director

WATER AND SANITATION SERVICES COMPANY ABBOTTABAD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	2022 RUPEES	2021 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the year	30,786,287	21,251,262
Adjustments for non cash and other items:		
Depreciation	10,648,034	10,337,327
Provision for gratuity	2,219,380	2,203,105
Operating surplus before working capital changes	43,653,700	33,791,694
(Increase)/decrease in current assets		
Advances and other receivables	(76,257,001)	1,830,108
Trade receivables	(4,176,864)	1,973,084
Deferred Grant receivable from TMA	(133,010,000)	-
	(213,443,865)	3,803,192
Increase /(decrease) in current liabilities		
Accrued and other payables	917,796	(1,466,507)
Payable to Tehsil Municipal Administration	(886,724)	(1,725,716)
Current portion of lease liability	346,146	689,550
	377,218	(2,502,672)
Gratuity paid	(3,282,033)	(370,075)
Net cash generated by operating activities	**(172,694,980)**	**34,722,138**
CASH FLOW FROM INVESTING ACTIVITIES		
Addition to property, plant and equipments	(67,618,255)	(17,069,201)
Investment in Term Deposits Receipts	166,000,000	(294,000,000)
Long security deposit	-	15,000
Net cash (used in) investing activities	**98,381,745**	**(311,054,201)**
CASH FLOW FROM FINANCING ACTIVITIES		
Lease liability subject to finance lease	(2,197,868)	3,418,147
Deferred government grant	20,091,491	204,030,946
Deferred grant-in-aid for assets	56,970,221	6,697,452
Deferred Grant from ADP	57,180,420	-
Deferred Grant from District Council Development Schemes	-	(30,400)
Deferred Grant from Tehsil Council Development Scheme	(3,186,938)	(6,441,352)
Deferred Grant from UNICEF	555,400	(257,487)
Deferred Grant from TMA	-	(142,506,263)
Disposal of fixed assets	-	34,422
Net cash generated by financing activities	**129,412,726**	**64,945,465**
Net increase in cash and cash equivalents	55,099,491	(211,386,597)
Cash at the beginning of the year	146,883,000	358,269,597
Cash and cash equivalents at the end of the year	**201,982,491**	**146,883,000**

The annexed notes from 01 to 35 form an integral part of these financial statements.

Chief Executive Officer **Director**

WATER AND SANITATION SERVICES COMPANY ABBOTTABAD
STATEMENT OF CHANGES IN GOVERNMENT GRANT AND GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	Deferred Government Grant	Deferred Grant from Tehsil Council Development Scheme	Deferred Grant-in-aid for Assets	TMA Budgetary support	UNICEF Fund	ADP	General Fund	Grant from District Council Schemes	Total
Closing balance at 30 June, 2020	**199,657,369**	**15,009,691**	**31,427,084**	**142,506,263**	**257,487**	**-**	**30,292,329**	**301,434**	**419,451,657**
Grant received during the year	255,180,000	-	-	25,000,000	3,800,000	-		-	**283,980,000**
Adjustment against amount collected from TMA receivables		-	-	1,725,716		-		-	**1,725,716**
Grant refund during the year	-	-	-	-	(15,837)	-	-	-	**(15,837)**
Grant Income utilized	(33,004,607)		-		-	-	-	-	**(33,004,607)**
Grant allocated for operations during the year			-	(169,231,979)	(4,041,650)		-	-	**(173,273,629)**
Grant utilized for development scheme		(7,551,020)	-	-	-	-	-	(30,400)	**(7,581,420)**
Grant-in-aid utilized for assets during the year	(17,069,201)		17,069,201	-	-	-	-	-	-
Grant-in-aid from sale of fixed assets	34,422		(34,422)	-	-	-	-	-	-
Grant-in-aid utilized for assets during the year	-		(10,337,327)	-	-	-	-	-	**(10,337,327)**
Net surplus for the year transferred to General Fund	-		-	-	-	-	21,251,262	-	**21,251,262**
Adjustment of wrongly charged in previous years	(1,109,668)	1,109,668				-			
Adjustment on remeasurment of defined benefit liability	-		-	-	-	-	(1,436,736)	-	(1,436,736)
Closing balance at 30 June, 2021	**403,688,315**	**8,568,339**	**38,124,535**	-	-	-	**50,106,855**	**271,034**	**500,759,079**
Grant received during the year	137,576,000	-	-	25,000,000	2,175,757	77,787,000	-	-	**242,538,757**
Grant receivable from TMA				133,010,000					**133,010,000**
Adjustment against amount collected from TMA receivables		-	-	886,724		-	-	-	**886,724**
Grant refund during the year	-	-	-	-	-	-	-	-	-
Grant Income utilized	(74,692,354)		-		-	-	-	-	**(74,692,354)**
Grant allocated for operations during the year			-	(158,896,724)	(1,620,357)	-	-	-	**(160,517,081)**
Grant utilized for development scheme		(3,186,938)	-	-	-	-	-	-	**(3,186,938)**
Grant-in-aid utilized for assets during the year	(42,792,155)		67,618,255	-	-	(20,606,580)	-	-	**4,219,520**
Grant-in-aid from sale of fixed assets	-		-	-	-	-	-	-	-
Amount amortized against depreciation for the year	-		(10,648,034)	-	-	-	-	-	**(10,648,034)**
Net surplus for the year transferred to General Fund	-		-	-	-	-	30,786,287	-	**30,786,287**
Adjustment on remeasurment of defined benefit liability	-		-	-	-	-	759,747	-	759,747
Closing balance at 30 June, 2022	**423,779,806**	**5,381,401**	**95,094,756**	**-**	**555,400**	**57,180,420**	**81,652,889**	**271,034**	**663,915,707**

The annexed notes from 01 to 35 form an integral part of these financial statements.

Chief Executive Officer **Director**

WATER AND SANITATION SERVICES COMPANY ABBOTTABAD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2022

1 CORPORATE AND GENERAL INFORMATION

1.1 THE COMPANY AND ITS OPERATIONS

Water and Sanitation Services Company (WSSC) Abbottabad was incorporated by KPK Government on 05th August, 2015 as a company limited by guarantee, having no share capital, under section 42 of the repealed Companies Ordinance, 1984 now Companies Act, 2017 under registration number 0094635.
The primary objective of the company is to establish, run and manage an integrated, corporatized and modern water and sanitation utility in Abbottabad city, ensuring unremitting water, sanitation and solid waste management services delivery to the residents of Abbottabad. The company started its operations from April 8, 2017.
The registered office of the Company is situated at H-487, Opposite ZTBL, Mansehra Road Jhangi Abbottabad.

A 'Services and Asset Management Agreement' (SAMA), was executed on 8th day of April 2017 between Tehsil Municipal Administration Abbottabad (TMA) through its administrator and Public Health Engineering Department (PHE) referred as first party and WSSCA referred as second party and KPK government referred as third party. On commencement of the agreement, the water and sanitation services functions of the first party stood entrusted to the second party and are to be exclusively performed or managed by the second party.

As a result of this agreement possession of all operating assets were handed over and the operational staff of the first party were seconded to and added to the strength of the second party for provision of integrated solid waste management, water supply and sanitation services within the operational zones of Abbottabad City.

Under the agreement, the first party and third party also agreed to provide financial support to compensate operational cost, annually to the second party. Under the agreement, third party has also undertaken to continue to finance all existing and future activities, operations and obligations of the second party directly or indirectly relating to the services in Abbottabad City in addition to providing grant for development projects of Abbottabad City.

However subsequently through a decision of the Board Of Directors of the company PHE as one of the first parties has been allowed to withdraw from the scope of SAMA with effect from 8 April 2019 and has made a settlement for accounts receivable of their areas outstanding on that date and the WSSCA have returned the assets and man power on that date which were handed over to the company on signing SAMA.

The company has been authorized to undertake development projects on behalf of district and tehsil members against fund received from them.

The company also received funds from international donor such as UNICEF to cover specific covid control activities in Abbottabad.

1.2 SIGNIFICANT EVENTS AND TRANSACTIONS

The following major events and transactions have taken place during the year which are reflected in these financial position and performance.

i) As decided by the Board of Directors the company has acquired fixed assets amounting to Rs. 67,618,255 (2021: Rs. 17,069,201).

ii) Received grant from TMA Abbottabad amounting to Rs.25,000,000 (2021: Rs.25,000,000).

Received from Government of KPK amounting to Rs. 137,576,000 (2021: 255,180,000).

iii) Grant received from UNICEF amounting Rs. 2,175,757 (2021: 3,800,000) to cover specific Covid control activities in Abbottabad.

2 BASIS OF PREPARARTION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards (IFRS's), issued by the International Accounting Standards Board (IASB) and the Accounting Standards for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan, and provisions of and directives issued under the Companies Act 2017. In case requirements differ, the provisions or directives under Companies Act 2017, shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention .These financial statements have been prepared following accrual basis of accounting except for the cash flow information.

2.3 Functional and presentation currency

These financial statements are prepared in Pakistani Rupees which is the company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

i) Useful lives, residual values and depreciation method of property, plant and equipment
ii) Provision for total expected credit loss
iii) Estimation of contingent liabilities.
iv) Provision for retirement benefits
v) Impairment of assets

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED STANDARDS

The following standards, amendments and interpretations are effective for the year ended June 30, 2022.These standards, amendments and interpretations are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than certain additional disclosures.

	Effective date(annual periods beginning on or after)
- Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39,IFRS7,IFRS 4 and IFRS 16)	January 01,2021
- Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01,2021

3.1 New accounting standards, amendments and IFRS interpretations that are not yet effective.

The following standards amendments and interpretation are only effective for accounting periods, beginning on after the date mentioned against each of them. These Standards, interpretations and the amendments are either not relevant to the company's operations or are not expected significant impact on the company's financial statements other than certain additional disclosures.

	Effective From Accounting periods beginning on or after
- Interest Rate benchmark reform - phase 2 (Amendments to IFRS 9 , IAS 39 , FRS 7 , IFRS 4 & IFRS 16)	January 01,2021
- Amendments to IFRS 16 'Leases'- Covid-19 related rent concessions extended beyond June 30,2021	April 01,2021
- Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01,2022
- Amendments to IAS 16 'Property, plant and equipments'- proceeds before intended use	January 01,2022
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'- Onerous Contract - Cost of fulfilling a Contract.	January 01,2022
- Amendments to IAS 1 'Presentation of financial Statements'- Classification of liabilities as current or non-currents	January 01,2023
- Amendments to IAS 1 'Presentation of financial Statements'- Disclosure of accounting policies	January 01,2023
- Amendments to IAS 8 'Accounting policies, Changes in Accounting Estimate and Errors' - Definition of Accounting Estimates.	January 01,2023
- Amendments to IAS 12 'Income taxes'- Deferred Tax related to Assets and Liabilities arising from a single transaction.	January 01,2023

- Certain annual improvements have also been made to number of IFRSs.
- Other than the aforesaid standards, interpretations and amendments, the internationals accounting standards board (IASB) has also issued the following standards which have not been adopted locally by the securities and Exchange commission of Pakistan:

- IFRS 1-First time Adoption of International Financial Reporting Standard
- IFRS 17-Insurance Contracts

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in presentation of these financial statements are set out below:

4.1 Property, plant and equipment

These are stated at cost less depreciation and impairment loss, if any. Depreciation is charged on written down value at the rates specified. Rates applied are as mentioned in finance manual of the company. Cost of equipment comprises of purchase price and other directly attributable cost.

The company charges depreciation on all additions to equipment from the month the asset becomes available for use. No depreciation is charged for the month in which equipment is disposed off/ discarded.

Renewals and replacements are recognized in the carrying amount of the equipment if it is probable that future embodied economic benefits will flow to the company. Other maintenance and repairs are charged to the income and expenditure account. Gain and loss on disposal is taken to the income and expenditure account.

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

4.2 Advances and prepayments

These are recognized at cost, which is the fair value of the consideration given. An assessment is made at each date of statement of financial position to determine, whether there is an indication that a financial asset, or a group of financial assets, may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

4.3 Intangible Assets

Costs that are associated with identifiable software's and economic benefits are probable for more than one year, are recognized as intangible assets.

Intangible assets are stated at cost less accumulated amortization and impairment if any, except assets that are not available for its intended use, which are stated at cost. Amortization is charged on written down value method at the rate specified. Amortization on addition is commenced from the date the asset becomes available for use. No amortization is charged for the month in which equipment is disposed off/discarded.

4.4 Financial assets and liabilities

i) Classification and Initial Measurement

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

Financial assets at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at **FVTPL**:

It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through income and expenditure:

it is held within business model whose objective is to hold assets to collect contractual cash flows; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of income and expenditure and comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Financial assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

ii) Subsequent Measurement

Financial assets at FVOCI

These assets are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / expenditure.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in income and expenditure.

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of income and expenditure

Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through income and expenditure' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of income and expenditure.

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Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

iii) Impairment

The Company recognizes loss allowances for ECLs in respect of financial assets measured at amortized cost.

The Company applies the simplified approach to recognize lifetime expected credit losses for trade debts. The Company assesses on a forward looking basis the expected credit losses associated with its financial assets.

Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, company compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

An entity shall directly reduce the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a de-recognition event of company.

iv) Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash in hand and bank deposits.

4.6 Trade and other receivables

Trade debts are recognized and carried at original invoice amount which is fair value of the consideration to be received in future. An estimate provision for total expected credit loss is made when collection of the amount gets impaired. Debts considered irrecoverable are written off.

4.7 Provisions

Provisions are recognized in the statement of financial position when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

4.8 Accrued and other liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

4.9 Deferred government grant

Deferred government grant represents the grant / funds received from government of non capital nature which is subject to the govt imposed restrictions or that are imposed as future performance conditions. Initially this is recognized in the statement of financial position as deferred government grant on its receipt.

Government grant as per the policy adopted by the Board of Directors is allocated in the statement of income and expenditure to the extent of deficit remaining in meeting the expenditure incurred after accounting for TMA contribution or when all the future performance conditions are met.

A part of grant received from government which is intended to purchase fixed assets with limited life are upon received initially recorded as deferred government grant. Subsequently when the assets are actually purchased after the approval of Board of Directors these are then recorded against government grant utilized for purchase of assets and is recognized as deferred capital grant.

Capital grant is amortized into statement of income and expenditure on a systematic basis over the useful life of the related assets covering the period necessary to match them with carrying value of the related assets.

4.9.1 Funds from TMA

This represents funds received from TMA under SAMA to cover the operational expenses of the company as per agreement.

Quarterly contribution from first party to SAMA agreement based on quarterly budget is recognized on the basis the amount becomes due as deferred grant from TMA as per its terms and conditions. Subsequently these funds are utilized on the basis of allocation in the Statement of Income and Expenditure to the extent of the expenditure actually incurred on operations.

4.9.2 Grants for development schemes

These represent grants and funds received from District and Tehsil Council members for their development schemes. The company performs a supervisory role for undertaking the development schemes on behalf of District and Tehsil Council members against which the company charges a fee. Initially these grants are recognized upon receipt as deferred development grants in Statement of Financial Position and subsequently utilized as per the stage of completion of the schemes.

4.9.3 Deferred Grant from UNICEF

This represents grant received from UNICEF to cover specific covid control activities in Abbottabad and to promote health and safety protocols in covid pandemic period Initially these are recognized as deferred grant from UNICEF upon receipts and subsequently accounted for under a separate head in the Statement of Income and Expenditure when the cost is actually incurred.

4.10 Staff retirement benefits

Provident Fund

The Company has a separate contributory provident fund scheme for its regular / contractual employees, contribution in respect of which is charged to income and expenditure for the year. Contribution is made by employees at the rate of 10% of basic pay at the commencement of financial year. The same amount is contributed by the Company. The accounts of the provident fund scheme are audited separately.

Gratuity scheme

The company operates a non funded gratuity scheme covering all eligible employees, who have attained the minimum qualifying period of one year service. The liability is provided on the basis of actuarial valuation using Projected Unit Credit (PUC) Actuarial method while movement in the liability is included in the statement of profit or loss. The company has a policy of carrying out actuarial valuation annually with the assistance of independent actuarial appraisers. The latest actuarial valuation was carried out on June 30,2021.

Actuarial gains and losses are recognized as income or expense in the other comprehensive income. The company recognizes expense in accordance with IAS-19 "Employee Benefits". Past service cost is recognized immediately to the extent the benefits are already vested.

The amount recognized in statement of financial position represents the present value of the defined benefit obligation adjusted for the actuarial gains and losses.

4.11 Compensated absences leave

The company has a policy for encashment of annual leave and no accumulation of compensated absence is allowed to employees under HR policy for more than two years.

4.12 Revenue recognition

Revenue from provision of services is recognized when services are rendered.

4.13 Taxation

No provision for taxation has been made in these accounts as the income of the company is subject to tax credit equal to one hundred percent under section 100 C of the Income Tax Ordinance, 2001 and the company has obtained free tax number (FTN) being a government company not for profit.

4.14 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial basis on the same terms and conditions as outside party transactions using valuation modes as admissible, except as determined under the agreement or otherwise approved by Board of Directors.

4.15 Contingencies

Contingent liabilities are disclosed when the company has a possible obligation as a result of future events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with in the control of the company; or the company has a present legal and constructive obligation that arises from past events, but it is not probable that and outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

WATER AND SANITATION SERVICES COMPANY ABBOTTABAD
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2022

5: Property, Plant and Equipments

	COST					DEPRECIATION				W.D.V
PARTICULARS	As at July 1, 2021	Addition/	(Deletion)	As at June 30, 2022	Rate %	As at July 1, 2021	Acc dep Reversed	For the Year	UP TO June 30, 2022	AS AT June 30, 2022
Lease land (Dumping yard)	2,500	-	-	2,500		-		-		2,500
Furniture	1,838,851	1,136,732	-	2,975,583	15	799,278		274,736	1,074,014	1,901,569
Machinery & Equipment's	17,755,864	42,552,932	-	60,308,796	15	4,771,098		3,894,545	8,665,643	51,643,153
Vehicles	31,202,471	20,813,170	-	52,015,641	20	14,961,448		3,354,416	18,315,864	33,699,777
I.T Equipments	5,034,034	3,115,421	-	8,149,455	33.33	3,738,296		900,248	4,638,544	3,510,911
Wall fencing	1,609,076	-	-	1,609,076	10	321,815		128,726	450,541	1,158,535
Assets under use										
Office	11,152,998	-	-	11,152,998		6,090,832		2,024,866	8,115,698	3,037,300
Total	**68,595,794**	**67,618,255**	-	**136,214,049**		**30,682,768**	-	**10,577,537**	**41,260,305**	**94,953,745**

The depreciation expense has been allocated as under:

	2022 Rupees	2021 Rupees
Operational expenses	5,817,645	5,627,373
Administrative expenses	4,759,892	4,604,215
	10,577,537	10,231,588

	COST					DEPRECIATION				W.D.V
PARTICULARS	As at July 1, 2020	Addition/	(Deletion)	As at June 30, 2021	Rate %	As at July 1, 2020	Acc dep Reversed	For the Year	UP TO June 30, 2021	AS AT June 30, 2021
Lease land	2,500			2,500		-		-		2,500
Furniture	1,713,251	125,600		1,838,851	15	628,376		170,902	799,278	1,039,573
Machinery & Equipment	13,019,138	4,736,726		17,755,864	15	3,309,113		1,461,985	4,771,098	12,984,766
Vehicles	26,774,271	4,428,200		31,202,471	20	9,357,889		5,603,559	14,961,448	16,241,023
I.T Equipment's	5,094,534	95,000	(155,500)	5,034,034	33.33	3,214,161	(121,078)	645,213	3,738,296	1,295,738
Building		1,609,076		1,609,076	10			321,815	321,815	1,287,261
Assets under use										
Office	5,078,399	6,074,599		11,152,998		4,062,718		2,028,114	6,090,832	5,062,166
Total	**51,682,093**	**17,069,201**	-	**68,595,794**		**20,572,258**	-	**10,231,588**	**30,682,768**	**37,913,027**

The depreciation expense has been allocated as under:

	2021 Rupees	2020 Rupees
Operational expenses	5,627,373	5,280,829
Administrative expenses	4,604,215	4,267,503
	10,231,588	9,548,332

5.1 Intangible assets

	COST			Rate	AMORTIZATION			W.D.V
	As at July 1, 2021	Addition	As at June 30, 2022		As at July 1, 2021	For the Year	UP TO June 30, 2022	AS AT June 30, 2022
Accounting	789,334	-	789,334	33.33	577,824	70,496	648,320	141,014
		-						
Grand total	**789,334**		**789,334**		**577,824**	**70,497**	**648,320**	**141,014**

The amortization expense has been charged to admin expenses:

	2022 Rupees	2021 Rupees
Administrative expenses	70,497	105,739
	70,497	**105,739**

	COST			Rate	AMORTIZATION			W.D.V
	As at July 1, 2020	Addition	As at June 30, 2021		As at July 1, 2020	For the Year	UP TO June 30, 2021	AS AT June 30, 2021
Software	789,334	-	789,334	33.33	472,085	105,739	577,824	211,510
		-						
Grand total	**789,334**		**789,334**		**472,085**	**105,739**	**577,824**	**211,510**

The amortization expense has been charged to admin expenses:

	2021 Rupees	2020 Rupees
Administrative expenses	105,739	158,600
	105,739	**158,600**

			2022 Rupees	2021 Rupees
6	**Long term deposits**			
	Security for rented accommodation		350,000	350,000
	Deposit for FBR		200,000	200,000
			550,000	**550,000**
7	**Advances and prepayments**			
	Advances to employee against expenses		108,575	384,354
	Advances to vendors		14,244,361	2,438,810
	Advance against office land	7.1	69,240,219	-
	Accrued markup		5,388,854	9,859,745
	Receivable from employee final settlement		37,510	79,609
			89,019,519	**12,762,518**

7.1 This amount represents advance made to deputy commissioner abbottabad for acquisition of office land for the company.

8	**Trade receivables**			
	Opening		24,686,404	25,709,441
	Billing made during the year		47,926,175	39,569,820
			72,612,579	65,279,261
	Collections during the year		(39,923,992)	(40,524,286)
			32,688,587	24,754,975
	Bad debts written off		-	(68,571)
			32,688,587	24,686,404
	Total Expected credit loss		(5,720,656)	(1,895,337)
			26,967,931	22,791,067
9	**Receivables from Public Health Engineering**			
	Receivable transferred to Public Health Engineering	9.1	12,052,780	12,052,780
			12,052,780	12,052,780

9.1 It represents the account receivable due to the company which were transferred to PHE at the time of their separation from SAMA agreement 08 April 2019. However no amount received from the PHE during the year as this decision has been reversed through Notification No. SO(C&D) LG/14-35/2021/Expansion Abbottabad/ 6250 dated October 10, 2022 of Local Government & Rural Development Department as Provincial Cabinet Khyber Pakhtunkhwa in its 78th Meeting of Provincial Cabinet approved the extension of WSSCA's jurisdiction to 23 VCs/ NCs including the old ones relating to PHE. Accounts receivable against PHE will therefore be adjusted after handing over / taking over of these VCs.

10 Deferred Grant receivable from TMA

This amount represents the installments against deferred grant from TMA for the balance period upto 30th June 2022 which is still receivable.

		NOTES	2022 Rupees	2021 Rupees
11	**Investment in Term Deposits Receipts**			
	Term Deposits Receipts with Bank of khyber	11.1	28,000,000	144,000,000
	Term Deposits Receipts with Sindh Bank	11.2	100,000,000	-
	Term Deposits Receipts with JS Bank		-	150,000,000
			128,000,000	**294,000,000**

11.1 The rate of profit on TDR with Bank of khyber is 13.80 % (2021: 6.75 %).

11.2 The rate of profit on TDR with Sindh Bank 15.75 % (2021: 6.5 %).

12	**Cash and bank balances**			
	Cash in hand		108,500	152,129
	Cash at bank :			
	Current		3,325,512	10,429,813
	Saving	12.1	198,548,479	136,301,058
			201,873,990	146,730,871
			201,982,491	**146,883,000**

12.1 The rate of profit on saving accounts ranging from 12.5 % to 13.5 % (2021: 4.50 % to 6.5 %).

13	**Staff retirement benefits-gratuity**			
	Present value of define benefit obligation	13.1	6,344,618	8,167,018
			6,344,618	**8,167,018**

13.1	**Movement of liability recognized in statement of financial position**			
	Opening net liability		8,167,018	4,897,252
	Charge for the year	13.3	2,219,380	2,203,105
	Actuarial (loss)/gain recognized in other comprehensive income		(759,747)	1,436,736
	Payments made during the year		(3,282,033)	(370,075)
			6,344,618	8,167,018

13.2	**Movement in present value of defined benefit obligations**		
	Opening present value of defined benefit obligations	8,167,018	4,897,252
	Current service cost for the year	1,550,464	1,767,224
	Interest cost for the year	668,916	435,881
	Actuarial (loss)/gain recognized in other comprehensive income	(759,747)	1,436,736
	Payments made during the year	(3,282,033)	(370,075)
		6,344,618	8,167,018

13.3	**Charge for the year**		
	Current service cost	1,550,464	1,767,224
	Interest cost	668,916	435,881
		2,219,380	2,203,105

13.4	**Actuarial valuation assumptions:**		
	Valuation discount rate	13.50%	10.25%
	Salary increase rate	12.50%	9.25%

13.5 Comparison of liabilities for three years

2022	2021	2020
6,344,618	8,167,018	4,897,252

13.6 Sensitivity analysis

The impact of 1% changes in following variables on defined benefit obligation as at June 30, 2022 is as folllows:

	Increase in Assumption	Decrease in Assumption
Discount rate (Effect in Rupees)	5,524,350	7,356,394
Salary Increase (Effect in Rupees)	7,370,406	5,496,256

13.7 The Charge in respect of defined benefit plan for the ending June 30, 2022 is estimated to be Rs. 1,550,464. Further the company has no plan assets, therefore fair value and movement in the fair value of plan assets has not been presented.

13.8 Principal actuarial assumptions	**2022**	**2021**
Discount rate (%)	13.50%	10.25%
Expected rate of increase in salary (%)	12.50%	9.25%
Average expected remaining working life time of employee (Years)	7.42	8.24
Maturity profile	SLIC (2001-05)	

		NOTES	2022 Rupees	2021 Rupees
14	**Lease liability subject to finance lease**			
	Opening balance		5,269,867	1,162,171
	Addition during the year		-	6,074,599
	Finance charges		600,995	425,991
	Payments made during the year		(2,452,716)	(2,392,894)
			3,418,146	5,269,867
	Current portion of lease liability		(2,197,867)	(1,851,721)
	Non current portion of lease liability		1,220,279	3,418,147
14.1	Current portion of lease liability		2,197,867	1,851,721

The lease liability represent the office of WSSC Abbottabad situated at H-487, Opposite ZTBL, Mansehra Road Jhangi Abbottabad for a period of 3 year acquired under the lease agreement.

The lease liability plus finance charges are payable over the lease period by installment (monthly). The liability represents the total minimum lease payments discounted at 14.13% per annum being the borrowing rate prevailing in the market.

The future minimum lease payments to which the company is committed at the year end are as follows:

Amounts payable			
Within one year		2,197,867	1,851,721
More than one year but less than five years		1,220,279	3,418,147
		3,418,146	5,269,868
15	**Accrued and other payables**		
	Tax withheld payable	2,526,682	1,218,183
	Accrued expenses	1,951,654	1,755,439
	Retention money	5,102,275	5,665,193
	Audit fee payable	311,000	335,000
	Lease payable under SAMA	100,000	100,000
		9,991,611	**9,073,815**
16	**Payable to Tehsil Municipal Administration**		
	Receivables transferred from TMA	16.1 3,894,122	5,619,838
	Adjustment against amount collected from TMA receivables	(886,724)	(1,725,716)
		3,007,398	**3,894,122**

16.1 These are bills receivables accounted for at the time of taking over of TMA areas which are to be collected by WSSCA and to be transferred to TMA..

17	**Deferred Government Grant**		
	Opening	403,688,315	199,657,369
	Receipts from KPK Government	137,576,000	255,180,000
	Sale of fixed asset	-	34,422
	Grant income Utilized for fixed assets during the year	(42,792,155)	(17,069,201)
	Grant utilized as income for deficit in expenditure	(74,692,354)	(33,004,607)
	Adjustment of wrongly charged in previous years	-	(1,109,668)
		423,779,806	**403,688,315**

	NOTES	2022 RUPEES	2021 RUPEES
18 Grant allocated for fixed assets			
Opening		38,124,536	31,427,084
Sale of fixed asset		-	(34,422)
Grant-in-aid utilized for fixed assets during the year	5	42,792,155	17,069,201
ADP grant utilized for fixed assets during the year		20,606,580	-
Grant-in-kind received from PCNA during the year	18.1	4,219,520	-
Amount amortized against depreciation for the year	5	(10,648,034)	(10,337,327)
		95,094,756	**38,124,536**
18.1 Grant-in-kind received from PCNA during the year			
Grant-in-kind received - IT Equipments		2,848,200	-
Grant-in-kind received - Furniture		802,000	-
Grant-in-kind received - Office Equipments		569,320	-
		4,219,520	-
19 Deferred Grant from ADP			
Received during the year	19.1	77,787,000	-
Amout utilized against fixed assets		(20,606,580)	-
		57,180,420	-

19.1

Development grant received for development which will be utilized as per approved PC 1 for the following heads	
Rehabilitation of drainage /sewerage system in 4 Ucs	29,293,000
Procurement of solid waste management vehicles, Machinery and equipments for 4 Ucs	48,494,000
	77,787,000

20 Deferred Grant from Tehsil Council Development Schemes			
Opening		8,568,339	15,009,691
Adjustment of wrongly charged in previous years		-	1,109,668
Grant utilized for development schemes during the year	20.1	(3,186,938)	(7,551,020)
		5,381,401	**8,568,339**
20.1 Grant utilized for development schemes during the year			
Development Scheme of TMA Water sanitation		2,256,032	1,816,787
Development Scheme of TMA solid waste		243,106	2,727,700
Center of Excellence		687,800	1,916,640
Commission on supervisory of projects		-	1,089,893
		3,186,938	**7,551,020**
21 Deferred Grant from Tehsil Municipal Administration			
Opening		-	142,506,263
Deferred Grant received from TMA during the Year		25,000,000	25,000,000
Deferred Grant receivable		133,010,000	-
Adjustment against amount collected from TMA receivables		886,724	1,725,716
TMA Grant Utilized for operational expenses		(158,896,724)	(169,231,979)
		-	-

		NOTES	2022 RUPEES	2021 RUPEES
22	**Grant in aid from PCNA**			
	Received grant in aid during year		6,057,525	-
	Grant-in-aid utilized for fixed assets during the year		(4,219,520)	-
	Grant-in-aid expense out during the year		(1,838,005)	-
			-	-
23	**Deferred Grant from UNICEF**			
	Opening		-	257,487
	Received during the year		2,175,757	3,800,000
	Refund during year		-	(15,837)
	Utilize against expenses incurred during the year		(1,620,357)	(4,041,650)
			555,400	-
24	**Contingencies and commitments**			
	There were no contingencies and commitments at the date of statement of financial position. (2021 ; Nil)			
25	**Revenue from services**			
	Water bill fee		37,003,500	33,249,000
	New water connection fee		723,000	828,800
	Lab water testing fee		40,600	30,700
	Default surcharge and others		3,191,435	2,199,050
	Conservancy charges		9,132,390	4,942,430
			50,090,925	41,249,980
26	**Grant Income**			
	Grant income transferred from TMA		158,010,000	167,506,263
	Grant income transferred from deferred government grant		74,692,354	33,004,607
	Adjustment against amount collected from TMA receivables		886,724	1,725,716
	Income allocated from UNICEF grant		1,620,357	4,041,650
	Grant in aid from PCNA		1,838,005	-
			237,047,440	206,278,236
27	**Operational expenses**			
	Salaries, allowances and other benefits		146,435,900	121,456,291
	Electricity charges		64,182,904	54,047,877
	POL operational vehicle		10,634,951	6,914,581
	Repair and maintenance		17,992,785	15,851,688
	Expenses for Covid-19	27.1	837,822	4,532,729
	Handing over of tube well to Public Health Engineering		-	5,200,914
	Solid waste supplies		1,708,843	2,796,300
	UNICEF funded expenses	27.2	1,140,757	-
	General expenses		3,695,907	2,213,665
	Depreciation		5,817,645	5,627,373
			252,447,514	218,641,418

		NOTES	2022 RUPEES	2021 RUPEES
27.1	**Expenses for Covid-19**			
	Expenses incurred from UNICEF grant		479,600	4,041,650
	Expenses incurred by the company		358,222	491,079
			837,822	4,532,729
27.1.1	**Expenses incurred**			
	Hand Washing Station		58,847	2,207,157
	Sanitizer Walk through Tunnel		-	-
	Public Awareness Campaign		235,925	366,449
	Water Tanker gasoline and sanitizers		249,600	442,416
	Gloves soaps and masks		49,775	48,950
	Spry Pump		243,675	1,078,865
	Chlorine and other chemicals		-	192,004
	Fuel		-	196,888
			837,822	4,532,729
27.2	**Unicef Funded Expenses**			
	UNICEF Training		598,740	-
	Printing & Stationary		94,556	-
	Hire of Vehicle		70,000	-
	Entertainment		244,661	-
	Hall Charges		132,800	-
			1,140,757	-
	These expenses were incurred on the training of operation staff.			
28	**Administrative expenses**			
	Directors remuneration		6,785,444	8,480,682
	Salaries, allowances and other benefits		15,887,420	17,003,266
	Utilities		1,061,405	728,754
	Printing and stationary		982,949	827,585
	Travelling and transportation		753,579	1,079,226
	Repair and maintenance		725,112	385,368
	Office renovation		1,838,005	-
	Audit remuneration		135,000	110,000
	Security guard services		1,295,500	698,400
	Consultancy services		261,386	191,421
	Fuel charges		695,083	847,110
	Provision for total expected credit loss		3,825,319	1,018,618
	Miscellaneous expenses		4,728,802	1,951,318
	Depreciation		4,830,388	4,709,954
			43,805,392	38,031,702
29	**Grant-in-aid recognized as income:**			
	Amount amortized against depreciation for the year		10,648,034	10,337,327

	NOTES	2022 RUPEES	2021 RUPEES
30 Other income			
Markup from bank deposits-net		16,699,786	19,684,837
Markup on TDRs		13,439,484	-
Tender fee		336,000	304,762
Fee for execution of development projects		-	1,120,293
Sale of scrap		119,270	96,183
Penalty income		22,453	-
Income on disposal of fixed assets		-	45,187
prior year adjustment		169,294	-
		30,786,287	21,251,262

31 Taxation

No provision for taxation has been made in these accounts as the income of the company is eligible for tax credit equal to one hundred percent under section 100 C of the Income Tax Ordinance, 2001 and the company has obtained free tax number (FTN) being a government company not for profit.

32 Related party transaction

Details of related parties (with whom the company has transacted along with the relationship and transactions with related parties other than those which have been disclosed elsewhere in these financial statements) are as follows:

Particulars	2022			2021		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Salary	1,341,759	-	14,618,328	3,573,352	-	13,569,417
Allowance and benefits	984,435	-	12,071,724	2,394,830	-	9,237,276
Fee	-	4,459,250	-	-	2,512,500	-
Total	**2,326,194**	**4,459,250**	**26,690,052**	**5,968,182**	**2,512,500**	**22,806,693**
No of persons	-	9	12	-	9	11

Chief executive salary represents only for 05 months.

33 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments by category

Financial assets

Amortized cost		
Trade receivables	26,967,931	22,791,067
Advances and prepayments	89,019,519	12,762,518
Investment in Term Deposits Receipts	128,000,000	294,000,000
Receivables from Public Health Engineering	12,052,780	12,052,780
Cash and bank balances	201,982,491	146,883,000
Financial assets	458,022,721	488,489,365
Financial liabilities		
Amortized cost		
Staff retirement benefits	6,344,618	8,167,018
Lease liability subject to finance lease	1,220,279	3,418,147
Accrued and other payables	9,991,611	9,073,815
Payable to Tehsil Municipal Administration	3,007,398	3,894,122
Current portion of lease liability	2,197,867	1,851,721
Financial liabilities	22,761,773	26,404,823

33.1 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS-9. The carrying amount of trade debts and payables are assumed to approximate their fair values.

33.2 Financial risk management objectives and policies

The company is exposed to following risks from its use of financial instruments

- Credit risk
- Liquidity risk
- Market risk

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Board of Directors of the Company has established the policies and procedures for Company's risk management. The Company does not engage in the trading of financial assets for speculative purposes. All treasury related transactions are carried out within the parameters of the policies.

33.3 Credit risk

Credit risk is the risk that a customer are counterparty to a financial instrument fails to meet its contractual obligation to the Company. It arises principally from the accounts receivables, advances, security deposits, accrued interest, short term investment and other receivables.

33.4 Exposure to credit risk

The maximum exposure to credit risk is limited to be carrying amount of financial assets recognized at the reporting date, summarized as follow:

Financial assets

Long term deposits	550,000	550,000
Trade receivables	26,967,931	22,791,067
Advances and prepayments	89,019,519	12,762,518
Investment in Term Deposits Receipts	128,000,000	294,000,000
Receivables from Public Health Engineering	12,052,780	12,052,780
Cash and bank balances	201,982,491	146,883,000
	458,572,721	**489,039,365**

33.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in releasing funds to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Maturity analysis of financial liabilities

2022				
Non- derivative financial liabilities	**Carrying amount**	**Contractual cash flows**	**Up to one year**	**More than one year**
Accrued and other payables	9,991,611	(9,991,611)	9,991,611	-
	9,991,611	**(9,991,611)**	**9,991,611**	**-**

2021				
Non- derivative financial liabilities	**Carrying amount**	**Contractual cash flows**	**Up to one year**	**More than one year**
Accrued and other payables	9,073,815	(9,073,815)	9,073,815	-
	9,073,815	**(9,073,815)**	**9,073,815**	**-**

33.6 Market risk

Market risk is the risk that the value of the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The Company is exposed to currency risk and interest rate risk only.

33.7 Interest rate risk

Interest rate is the rate that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long-term loan from bank, lease obligations and deposits in profit and loss sharing accounts with banks. At the year end, the Company is exposed to interest rate risk which may fluctuate subject to the interest rate by State Bank of Pakistan.

34 No of employees

Regular employees	108	45
Daily wages employees	80	114
Employees deputed on secondment from member	198	201
	386	360

34.1 Date of authorization for issue

These financial statements have been authorized for issue by the Board of Directors on 23.6. 2023.

35 General

- Figures have been rounded off to the nearest rupee.
-Comparative figures have been rearranged where necessary for better representation.

Chief Executive Officer **Director**