

WATER AND SANITATION SERVICES PESHAWAR
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

RSM Avas Hyder Liaquat Nauman
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the Directors of M/S Water and Sanitation Services Peshawar

Suit # 6, Block- A, 2nd Floor
Cantonment Plaza, Fakhr-e- Alam Road
Peshawar Cantt. Pakistan

Report on the Audit of the Financial Statements

T: +92 (91) 527 7205, 527 8310
F: +92(91) 526 0085

peshawar@rsm-pakistan.pk
www.rsm-pakistan.pk

Opinion

We have audited the annexed financial statements of M/S Water and Sanitation Services Peshawar (the Company), which comprise the statement of financial position as at June 30, 2021, the statement of income and expenditure, statement of comprehensive income, the statement of changes in general fund and 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 other comprehensive income, the statement of changes in general fund and 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, 2021 and of the surplus, changes in fund and its cash flows for the year then ended.

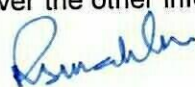
Basis for Opinion

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 Auditor's 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 Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the information included in the director's report, but does not include the financial statements of the Company and our auditor's 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.



THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Other Offices at:
Lahore : 92 (42) 35872731-3
Karachi : 92 (21) 3565 5975-6
Faisalabad : 92 (41) 854 1165/854 1965
Islamabad : 92 (51) 2340490
Rawalpindi : 92 (51) 5193135
Quetta : 92 (81) 282 9809
Kabul : 93 (799) 058155

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, on other information obtained prior to the date of this auditor's report, 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.

Auditor's 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 auditor's 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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material

Rsmahler

uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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.

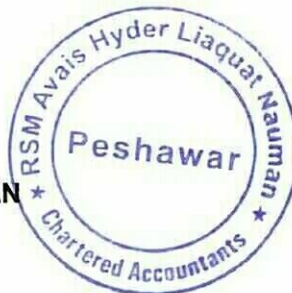
Report on Other Legal and Regulatory Requirements

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 income and expenditure account, the statement of comprehensive, the statement of changes in fund and the statement of cash flows 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 auditor's report is Muhammad Arif Saeed.


RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS



Place: Peshawar

Date: August 29, 2022

WATER AND SANITATION SERVICES PESHAWAR
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	411,523,639	245,527,506
Right of use assets	6	11,164,306	11,254,374
Intangible assets	7	15,385	23,077
Long term deposits	8	1,955,400	3,955,400
Long term advances	9	2,428,459	2,443,227
		427,087,189	263,203,584
CURRENT ASSETS			
Advances and prepayments	10	37,013,938	40,637,651
Account receivables	11	2,290,480,581	2,022,326,919
Cash and bank balances	12	545,712,661	356,022,115
		2,873,207,180	2,418,986,685
TOTAL ASSETS		3,300,294,369	2,682,190,269
LIABILITIES			
NON CURRENT LIABILITIES			
Gratuity payable	13	136,922,997	97,119,204
Deferred development grant	14	772,372,746	855,487,980
Deferred grant in aid for operations	15	1,363,426,247	983,760,624
Deferred capital grant for fixed assets	16	411,539,023	245,550,582
Lease liabilities against right of use assets	17	4,246,220	3,906,751
		2,688,507,233	2,185,825,142
CURRENT LIABILITIES			
Restricted donor's funded grant	18	55,056,845	3,017,549
Accrued and other payables	19	323,243,945	284,326,349
Current portion of lease liabilities against right of use assets	17	7,905,556	7,657,882
		386,206,346	295,001,779
TOTAL LIABILITIES		3,074,713,579	2,480,826,921
Contingencies and Commitments	20		
		225,580,790	201,363,348
NET ASSETS		225,580,790	201,363,348
REPRESENTED BY:			
General fund		225,580,790	201,363,348

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

WATER AND SANITATION SERVICES PESHAWAR
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees (Restated)
INCOME			
Revenue from services	21	523,013,605	426,481,073
Grants	22	2,904,503,811	2,955,395,230
Amortization of deferred capital grant for fixed assets	16	85,015,323	54,199,646
		3,512,532,739	3,436,075,949
EXPENDITURE			
Operational expenses	23	2,901,022,168	2,793,920,525
General and administrative expenses	24	355,596,800	338,638,192
Programme cost	25	250,330,185	298,144,536
		3,506,949,153	3,430,703,253
Operating surplus for the year		5,583,586	5,372,696
Other income	26	24,217,442	27,562,728
		29,801,028	32,935,424
Finance cost	27	5,583,586	5,372,696
Surplus for the year before taxation		24,217,442	27,562,728
Taxation	28	-	-
Net surplus for the year		24,217,442	27,562,728

The annexed notes form an integral part of these financial statements.

Rsmahlu


CHIEF EXECUTIVE OFFICER


DIRECTOR

**WATER AND SANITATION SERVICES PESHAWAR
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	2021 Rupees	2020 Rupees
Net surplus for the year	24,217,442	27,562,728
Other comprehensive income for the year		
Items that will not be subsequently reclassified to income and expenditure:		
Remeasurement of defined benefit liability	-	(16,431,000)
	<u>24,217,442</u>	<u>11,131,728</u>

The annexed notes form an integral part of these financial statements.

R. Malik


CHIEF EXECUTIVE OFFICER


DIRECTOR

**WATER AND SANITATION SERVICES PESHAWAR
STATEMENT OF CHANGES IN GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Rupees
Balance as at July 01, 2019	190,231,620
Surplus for the year	11,131,728
Balance as at June 30, 2020	<u>201,363,348</u>
Surplus for the year	24,217,442
Balance as at June 30, 2021	<u><u>225,580,790</u></u>

The annexed notes form an integral part of these financial statements.

Romashin


CHIEF EXECUTIVE OFFICER


DIRECTOR

5 Property, plant and equipment

Particulars	2021								Rate %
	Cost				Depreciation			Net book value	
	As at July 01, 2020	Additions	Disposal	As at June 30, 2021	As at July 01, 2020	For the year	Adjustment on disposal	As at June 30, 2021	As at June 30, 2021
Assets acquired by government / donor grants	-----Rupees-----								
Freehold land	-	95,536,000	-	95,536,000	-	-	-	-	95,536,000
Building on freehold land	-	2,884,000	-	2,884,000	-	216,300	-	216,300	2,667,700
Vehicles	361,540,895	84,972,591	(1,144,000)	445,369,486	173,028,658	39,899,579	(626,607)	212,301,630	233,067,856
Refurbished trucks	58,518,439	13,460,000	-	71,978,439	29,280,625	7,622,896	-	36,903,521	35,074,918
IT equipment	28,025,480	54,632,966	-	82,658,446	17,253,007	34,716,774	-	51,969,781	30,688,665
Electrical equipment	4,774,510	-	-	4,774,510	2,334,764	365,962	-	2,700,726	2,073,784
Office equipment	16,301,081	-	-	16,301,081	8,477,706	1,173,506	-	9,651,212	6,649,869
Furniture and fixtures	11,815,263	35,600	-	11,850,863	5,073,402	1,012,614	-	6,086,016	5,764,847
	480,975,668	251,521,157	(1,144,000)	731,352,825	235,448,162	85,007,631	(626,607)	319,829,186	411,523,639

Particulars	2020								Rate %
	Cost				Depreciation			Net book value	
	As at July 01, 2019	Addition	Disposal	As at June 30, 2020	As at July 01, 2019	For the year	Adjustment on disposal	As at June 30, 2020	As at June 30, 2020
Assets acquired by government / donor grants	-----Rupees-----								
Vehicles	321,520,895	40,020,000	-	361,540,895	131,625,599	41,403,059	-	173,028,658	188,512,237
Refurbished trucks	41,754,925	16,763,514	-	58,518,439	23,368,131	5,912,494	-	29,280,625	29,237,814
IT equipment	22,661,802	5,363,678	-	28,025,480	13,342,211	3,910,796	-	17,253,007	10,772,473
Electrical equipment	4,742,505	32,005	-	4,774,510	1,907,516	427,248	-	2,334,764	2,439,746
Office equipment	16,194,581	106,500	-	16,301,081	7,100,066	1,377,640	-	8,477,706	7,823,375
Furniture and fixtures	11,316,630	498,633	-	11,815,263	3,916,530	1,156,872	-	5,073,402	6,741,861
	418,191,338	62,784,330	-	480,975,668	181,260,053	54,188,109		235,448,162	245,527,506

Ramabhar

WATER AND SANITATION SERVICES PESHAWAR
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	24,217,442	27,562,728
Adjustments for non cash charges and other items:		
Depreciation and amortization	95,529,015	62,014,816
Provision for staff retirement gratuity	40,404,000	27,289,000
Grant in aid recognized as income during the year	(312,130,557)	(171,453,382)
	(176,197,542)	(82,149,566)
Operating deficit before working capital changes	(151,980,100)	(54,586,838)
Working capital changes:		
(Increase) / decrease in current assets:		
Advances and prepayments	3,623,713	(1,085,273)
Account receivables	(268,153,662)	(340,368,048)
Increase / (decrease) in current liabilities:		
Restricted donor's funded grant	52,039,296	(123,450,613)
Accrued and other payables	38,917,596	6,294,955
Cash used in operations	(173,573,057)	(458,608,979)
Gratuity paid	(600,207)	(6,176,795)
Net cash used in operating activities	(326,153,364)	(519,372,612)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(251,521,157)	(62,784,330)
Long term deposits	2,000,000	-
Long term advances	14,768	989,636
Net cash used in investing activities	(249,506,389)	(61,794,694)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred development grant	144,000,000	200,000,000
Deferred grant in aid for operations	631,186,780	416,887,730
Lease payments against right of use assets	(9,836,481)	(11,534,572)
Net cash generated from financing activities	765,350,299	605,353,158
Net increase in cash and cash equivalents	189,690,546	24,185,852
Cash and cash equivalents at the beginning of the year	356,022,115	331,836,263
Cash and cash equivalents at the end of the year	545,712,661	356,022,115

The annexed notes form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR

WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 STATUS AND NATURE OF BUSINESS

Water and Sanitation Services Peshawar (the Company) was incorporated by Government of Khyber Pakhtunkhwa on January 8, 2014 as a company limited by guarantee, having no share capital, under section 42 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The primary objective of the company is to establish, run and manage an integrated, corporatized and modern water and sanitation utility in Peshawar city, ensuring unremitting water, sanitation and solid waste management services delivery to the residents of Peshawar city. The company started its operations from September 15, 2014. The registered office of the Company is situated at Plot # 33, Sector E8, LCB Building, Phase-VII, Hayatabad, Peshawar. The company's territorial jurisdiction is divided into four operational zones covering urban and peri-urban peripherals of Peshawar City.

2 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard (IFRS's) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New standards, amendments to accounting and reporting standards and new interpretations

a) Amendments and interpretation to published accounting and reporting standards which became effective during the year

There were certain amendments and interpretations to accounting and reporting standards which became effective for the Company's annual financial statements for the current year. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

b) New standards and amendments to published accounting and reporting standards that are not yet effective

The following amendments with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

	Effective date (Annual reporting periods beginning on or after)
IAS 1 Presentation of financial statements (Amendments)	January 1, 2023
IAS 8 Accounting policies, changes in estimates and errors (Amendments)	January 1, 2023
IAS 12 Income taxes (Amendments)	January 1, 2023
IAS 16 Property, Plant and Equipment (Amendments)	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	January 1, 2022
IFRS 3 Business Combinations (Amendments)	January 1, 2022
IFRS 9 Financial instruments (Amendments)	January 1, 2022
IFRS 7 Financial instruments: Disclosures (Amendments)	January 1, 2021
IFRS 16 Leases (Amendments)	January 1, 2021

The management anticipates that application of above amendments in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

c) Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

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

Romaha

3 BASIS OF MEASUREMENT

3.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except for staff retirement gratuity which is carried at present value.

3.2 These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

The principal accounting policies adopted are set out below:

3.3 Property, Plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Freehold land is stated at cost less impairment losses, if any, available for use.

Depreciation is provided on a reducing balance method and charged to income and expenditure statement to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 5. Depreciation on addition in property, plant and equipment is charged from the month of purchase or capitalization up to the month preceding the month of its disposal.

Subsequent costs are included in the asset's net book value or recognized as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. Minor repair and maintenance are charged to statement of income and expenditure as and when incurred.

Proceeds from disposal of an item of property, plant and equipment is directly charged to income and net book value is deducted from deferred capital grant for fixed assets.

3.4 Lease liability and Right-of-use asset

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in the determination of the lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right of use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, any estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated using the straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases where the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight line basis over the lease term.

Rsmah

3.5 Intangible assets

These are carried at cost less accumulated amortization and any identified impairment losses. Amortization is calculated, using the straight line method, to allocate the cost of software over their estimated useful lives at the rate specified in note 6, and is charged to income and expenditure for the year. Costs associated with maintaining computer software, are recognized as an expense as and when incurred.

3.6 Impairment

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in statement of income and expenditure.

Impairment loss recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant assets are assessed for specific impairment. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in statement of income and expenditure and reflected in an allowance account. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through statement of income and expenditure.

3.7 Trade debts and other receivables

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad are written off when identified. Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

3.9 Staff retirement benefits

The Company operates a defined benefit plan - unfunded gratuity scheme covering all permanent employees. Provision is made annually on the basis of actuarial recommendation to cover the period of service completed by employees using Projected Unit Credit Method. Cumulative unrecognized net actuarial gains and losses that exceed ten percent of present value of defined benefit obligation are amortized over the expected average remaining working lives of participating employees.

R. Sankar

3.10 Trade and other payables

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

3.11 Financial instruments

Financial assets and financial liabilities are recognized when the organization becomes a party to the contractual provisions of the instrument and de-recognized when the organization loses control of the contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

3.12 Offsetting of financial asset and financial liability

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the organization has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.13 Income recognition

Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered in the normal course of business.

- Profit on investments / bank deposits is recognized on time proportionate basis.

- Restricted grants

Grants received for specific purposes and interest thereon are classified as restricted grants. Such grants are transferred to income as grants to the extent of actual expenditure incurred against them. Unspent portion of such grants are reflected as restricted grants in the balance sheet. Expenditure incurred against grant committed but not received is accrued and recognized in income and is reflected as receivable from donors.

- Deferred income

Grants utilized for capital expenditure are transferred to deferred capital grant and amortized as income over the useful life of the respective assets.

3.14 Government grants

Government grants relating to fixed assets are treated as deferred income and released to statement of income and expenditure over the expected useful lives of the related assets.

3.15 Provisions

Provisions are recognized when the Company has a present, 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 reporting date and adjusted to reflect the current best estimate.

3.16 Provision for taxation

Provision for current taxation is based on income taxable at the current tax rates after taking into account tax rebates and tax credits available under the law.

3.17 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

3.18 Critical accounting estimates and judgments

The preparation of financial statements in conformity with IASs / IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

Romahen

Significant areas requiring the use of management estimates in these financial statements relate to the useful life of depreciable assets, provision for doubtful receivables, slow moving inventory and staff retirement gratuity. However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

3.19 Restatement of comparative figures

The financial statements for the year ended June 30, 2020 have been restated to incorporate this revising. Last year as per application of IFRS-16, right of use assets and lease liabilities were not recognized for lease agreements of offices/parking yards having lease term more than 12 months. Further in previous financial year, waiver of water charges during Covid-19 were charged to "General and administrative expenses", now these are deducted from "Residential water supply under sub account head "Revenue from services" in current financial year. The effect of the restatements on these financial statements are summarized below. There is no effect in the financial year 2021.

As at June 30, 2020			
	As previously reported	As re-stated	Re-statement
Effect on statement of financial position			
Right of use asset	-	19,069,544	19,069,544
Prepaid rent	1,055,244	-	-
Lease liabilities against right of use asset	-	3,906,751	3,906,751
Current portion of lease liabilities against right of use assets	-	7,657,882	7,657,882
Deferred grant in aid for operations	985,668,024	983,760,624	983,760,624
For the year ended June 30, 2020			
	As previously reported	As re-stated	Re-statement
Effect on statement of income and expenditure			
Residential water supply	414,057,323	384,434,924	384,434,924
COVID-19 waiver of water charges	32,984,960	-	-
COVID-19 related expenditure	-	3,362,561	3,362,561
Depreciation-Right of use assets	-	7,815,170	7,815,170

4 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

Significant events affecting the financial position and performance of the Company are as under;

- Additions made to property, plant and equipment amounting to Rs. 251.52 million have been acquired by the company in shape of donation in kind.
- The account receivables from customers has increased by Rs. 235.782 million.
- The management has assessed the possible accounting implication arising from COVID-19 for these financial statements, including but limited to impairment of financial assets, and concluded that there are no material accounting impact of COVID-19 on these financial statements except for the effect of wavier allowed on water charges amounting to Rs. 16.48 million adopted as per notification issued on dated 12-05-2020 by the Government of Khyber Pakhtunkhwa.

Romah

	2021 Rupees	2020 Rupees (Restated)
6 Right of use assets		
Cost		
Opening balance	19,069,544	-
Impact of application of IFRS 16	-	19,069,544
Addition during the year	10,423,624	-
	<u>29,493,168</u>	<u>19,069,544</u>
Accumulated Depreciation		
Opening balance	7,815,170	-
Depreciation during the year	10,513,692	7,815,170
	<u>18,328,862</u>	<u>7,815,170</u>
Net book value as at June 30	<u>11,164,306</u>	<u>11,254,374</u>

- 6.1 The right of use assets comprise of rented office premises / parking yards / dumping yards acquired on lease by the Company for its operations.
- 6.2 The term of lease agreements ranges from 1.58 to 3.5 years.
- 6.3 The Company also has certain leases with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.
- 6.4 The rate of depreciation is based on the term of the respective agreements and ranges from 29% to 63.29%.

	Note	2021 Rupees	2020 Rupees
7 Intangible assets			
Cost	7.1	88,600	88,600
Accumulated amortization	7.2	<u>(73,215)</u>	<u>(65,523)</u>
		<u>15,385</u>	<u>23,077</u>
7.1 Cost			
Opening balance		<u>88,600</u>	<u>88,600</u>
		<u>88,600</u>	<u>88,600</u>
7.2 Accumulated amortization			
Opening balance		65,523	53,986
Amortization during the year		<u>7,692</u>	<u>11,537</u>
		<u>73,215</u>	<u>65,523</u>
Annual rate of amortization (%)		33.33%	33.33%
8 Long term deposits			
Deposits with filling stations		500,000	2,500,000
Other security deposits		<u>1,455,400</u>	<u>1,455,400</u>
		<u>1,955,400</u>	<u>3,955,400</u>
9 Long term advances			
Secured - considered good			
To employees		5,609,527	6,478,012
Less: Current portion of long term advances	10	<u>(3,181,068)</u>	<u>(4,034,785)</u>
		<u>2,428,459</u>	<u>2,443,227</u>

- 9.1 This represents the advances extended to employees up to the limit of Rs. 200,000/- and are repayable in 24 equal installments. These are secured against lien on their gratuity balances. These are interest free loan. These loans have been carried at cost as the effect of carrying these balances at amortized cost would not be material.

Ramabhar

	Note	2021 Rupees	2020 Rupees
10 Advances and prepayments			
Current portion of long term advances		3,181,068	4,034,785
Prepaid medical insurance and others		2,742,068	6,104,233
Income tax refund / adjustment due from government		31,090,802	30,498,633
		<u>37,013,938</u>	<u>40,637,651</u>

11 Account receivables

Considered good			
Budgetary support from:			
Municipal Corporation Peshawar		927,012,000	894,430,000
University Town Committee		51,750,000	51,750,000
Peshawar Development Authority		32,666,666	32,666,666
Bills from:			
University Town Committee		2,172,500	2,172,500
Peshawar Development Authority	11.1	81,280,952	81,280,952
Customers-Unsecured		1,195,598,463	960,026,801
		<u>2,290,480,581</u>	<u>2,022,326,919</u>

11.1 This amount represents receivables from Peshawar Development Authority in respect of receipts of residential water supply collected on behalf of the Company.

	Note	2021 Rupees	2020 Rupees
12 Cash and bank balances			
Cash in hand		475,609	583,922
Cash at banks:			
In current accounts		9,237,227	7,254,298
In deposit accounts	12.1	535,999,825	348,183,895
		<u>545,712,661</u>	<u>356,022,115</u>

12.1 These carry profit at the rates of 6.5% to 6.53% per annum (2020: 6% to 7.53% per annum).

		2021 Rupees	2020 Rupees
13 Gratuity payable		<u>136,922,997</u>	<u>97,119,204</u>

13.1 General description

The scheme provides terminal benefits for all employees of the Company who attain the minimum qualifying period of service as defined in the scheme. Annual charge is based on actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation is carried out as at June 30, 2021.

	Note	2021 Rupees	2020 Rupees
13.2 The amount included in the statement of financial position is as follows			
Present value of defined benefit obligation		<u>136,922,997</u>	<u>97,119,204</u>

13.3 Movement in net liability recognized

Opening balance		97,119,204	59,576,000
Charge for the year	13.4	40,404,000	27,289,000
Paid / adjusted during the year		(600,207)	(6,176,795)
Remeasurement of obligation		-	16,431,000
Balance as at June 30,		<u>136,922,997</u>	<u>97,119,204</u>

13.4 Charge for the year

Service cost		30,934,000	21,331,000
Interest cost		9,470,000	5,958,000
		<u>40,404,000</u>	<u>27,289,000</u>

Ramadhan

13.5 Principal actuarial assumptions

	2021 Rupees	2020 Rupees
Discount factor used	10.00% per annum	10.00% per annum
Expected rate of increase in salaries	10.00% per annum	10.00% per annum
Expected average remaining working lives of participating employees	8.2 years	8.2 years

13.6 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	100 bps	-	89,916,000
Salary increase rate	100 bps	-	104,429,000

13.7 The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied as for calculating the liability of staff retirement gratuity.

14 Deferred development grant

From provincial government:

	2021 Rupees	2020 Rupees
Opening balance	855,487,980	772,741,716
Received during the year	144,000,000	200,000,000
	999,487,980	972,741,716
Utilized during the year	(227,115,234)	(117,253,736)
	<u>772,372,746</u>	<u>855,487,980</u>

14.1 These are restricted grants provided by the Government of Khyber Pakhtunkhwa for Annual Developmental Programme (ADP) in Peshawar for the provision of water and sanitation services, infrastructure development and WSSP capacity building.

15 Deferred grant in aid for operations

For operations:

	2021 Rupees	2020 Rupees (Restated)
Opening balance	983,760,624	629,657,224
Received during the year	3,035,953,546	3,017,073,410
Adjustment during the year	(1,908,000)	-
	4,017,806,170	3,646,730,634
Grant in aid utilized for fixed assets during the year	(206,297)	(5,719,316)
Utilized during the year	(2,654,173,626)	(2,657,250,694)
	<u>1,363,426,247</u>	<u>983,760,624</u>

16 Deferred capital grant for fixed assets

	2021 Rupees	2020 Rupees
Opening balance	245,550,582	236,965,898
Addition / utilized during the year	251,521,157	62,784,330
Amount amortized against depreciation for the year	(85,015,323)	(54,199,646)
Net book value of disposed fixed assets	(517,393)	-
	<u>411,539,023</u>	<u>245,550,582</u>

Amir

	Note	2021 Rupees	2020 Rupees
17 Lease liabilities against right of use assets			
Lease liabilities		12,151,776	11,564,633
Less: Current maturity shown under current liabilities	17.1	<u>(7,905,556)</u>	<u>(7,657,882)</u>
		<u>4,246,220</u>	<u>3,906,751</u>

17.1 The maturity analysis of lease liabilities is as follows:

	Future minimum lease payments	Finance charges	Present value of future minimum lease payments
	Rupees		
Less than one year	9,005,948	1,100,392	7,905,556
Between one and five years	<u>4,563,200</u>	<u>316,980</u>	<u>4,246,220</u>
	<u>13,569,148</u>	<u>1,417,372</u>	<u>12,151,776</u>

17.2 The cash outflow in respect of lease payments for the year ended June 30, 2021 is Rs. 10,192,483 (2020: Rs. 13,866,141).

	Note	2021 Rupees	2020 Rupees
18 Restricted donor's funded grant			
Grant from :			
United Nations International Children's Emergency Fund	18.1	<u>55,056,845</u>	<u>3,017,549</u>

18.1 The UNICEF, has entered into an agreement with WSSP, to provide funds for WATSAN related services in Shaheen Muslim Town I & II. The project started in September 2018 and completion period is December 2022.

	Note	2021 Rupees	2020 Rupees
Opening balance		3,017,549	84,000,978
Received during the year		<u>69,880,179</u>	<u>28,909,830</u>
		72,897,728	112,910,808
Less: Refund to UNICEF		<u>8,200,932</u>	<u>1,461,214</u>
		64,696,796	111,449,594
Utilized during the year	25.3	<u>(9,639,951)</u>	<u>(108,432,045)</u>
Closing balance		<u>55,056,845</u>	<u>3,017,549</u>

18.2 The Swiss Development Cooperation, Embassy of Switzerland entered into contractual agreement with WSSP under KP Water Governance Program through the Provincial Government. The project started in December 2017 and ended in December 2019.

	Note	2021 Rupees	2020 Rupees
Opening balance		-	42,467,184
Received during the year		-	28,886,757
Profit on SDC account		-	<u>1,427,745</u>
		-	72,781,686
Less: Tax withheld on bank profit		-	140,316
Refund to SDC		-	<u>182,615</u>
		-	322,931
Utilized during the year	25.2	<u>-</u>	<u>(72,458,755)</u>
Closing balance		<u>-</u>	<u>-</u>

18.3 The MSP has entered into contractual agreement with USAID to provide WATSAN support to WSSP in kinds including ERP, fleet management and other related activities.

	Note	2021 Rupees	2020 Rupees
Opening balance		-	-
Received during the year		<u>13,575,000</u>	<u>-</u>
		13,575,000	-
Utilized during the year	25.4	<u>(13,575,000)</u>	<u>-</u>
Closing balance		<u>-</u>	<u>-</u>

Rimale

	2021 Rupees	2020 Rupees
19 Accrued and other payables		
Security from contractors	97,210,700	63,792,786
Employees' deductions payable to TMAs and others	80,448,235	77,279,207
Taxes payable	9,429,687	7,644,010
Payable to contractors	3,587,924	3,839,255
Unallocated revenue	9,246,866	9,221,026
Accrued liabilities:		
Operational expenses	119,308,068	114,970,654
Salaries and allowances-head office	2,984,020	6,450,013
Others	1,028,445	1,129,398
	<u>323,243,945</u>	<u>284,326,349</u>

20 Contingencies and commitments

Contingencies

- 20.1** The officer of Inland Revenue LTU, Peshawar has initiated proceedings against the Company under Section 122(5A) of the Income Tax Ordinance 2001. The Officer has created demand of Income Tax of Rs. 55.272 million for tax year 2015. The Company had filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner passed an order against the Company and maintained the assessment made by the Officer Inland Revenue, Peshawar. The Company has filed an appeal in Appellate Tribunal Islamabad against the order of Commissioner Inland Revenue (Appeal) and a stay was granted by the Tribunal. However, the department has recovered Rs. 55.272 million on the expiry of stay order. An amount of Rs. 10 million was paid to the department for the refund of the above amount. The ATIR-ISB annulled the order of Add. Commissioner IR vide order No. ITA-290(PB) TY 2015 on 22-02-2021. The application for refund of Rs. 10 million is filed u/s 170 of the ITO-2001. The Department filed reference no. LTO/CIR/Legal/1112 on 28-05-2021 before the honorable Islamabad High Court, which is still pending for hearing.
- 20.2** The officer of Inland Revenue LTU, Peshawar has initiated proceeding against the Company under Section 122(5A) of the Income Tax Ordinance 2001. The Officer has created demanding Income Tax of Rs. 21.792 and 26.771 million for tax year 2016 & 2017. The Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner has passed an order against the Company and maintained the assessment made by the Officer Inland Revenue, Peshawar. The Company is in process to file an appeal against the order in the Appellate Tribunal Inland Revenue, Islamabad. The ATIR-ISB annulled the order of Add. Commissioner IR vide order No. ITA-225 & 226 (PB) TY 2016 & 2017 on 22-02-2021. The Department filed reference no. LTO/CIR/Legal/1112 on 28-05-2021 before the honorable Islamabad High Court, which is still pending for hearing.
- 20.3** The officer of Inland Revenue LTU, Peshawar has initiated proceeding against the Company under Section 122(5A) of the Income Tax Ordinance 2001. The Officer has created demanding Income Tax of Rs. 65.155 million for tax year 2018. The Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner passed an order against the Company and maintained the assessment made by the Officer Inland Revenue, Peshawar. The Company is in process to file an appeal against the order in the Appellate Tribunal Inland Revenue, Islamabad. The ATIR-ISB annulled the order of Add. Commissioner IR vide order No. ITA-227(PB) 2019 TY 2018 on 22-02-2021. The Department filed reference no. LTO/CIR/Legal/1112 on 28-05-2021 before the honorable Islamabad High Court, which is still pending for hearing.

	Note	2021 Rupees	2020 Rupees
Commitments			
Commitments under contracts are		<u>772,372,746</u>	<u>855,487,980</u>
21 Revenue from services			
Water tankers		309,420	146,340
Residential water supply	21.1	474,773,161	384,434,924
Solid waste collection fee		10,085,404	5,846,177
Late payment surcharge		33,661,081	28,623,079
New connection		4,184,539	7,430,553
		<u>523,013,605</u>	<u>426,481,073</u>

- 21.1** Revenue from residential water supply is net-off an amount of Rs. 16,488,050 (2020: Rs. 29,622,399) representing one month water charges (2020: two months) waived off by the company during the year on approval of Government of Khyber Pakhtunkhwa Peshawar Cabinet division decision in the 1st phase of COVID-19 incentive package dated May 12, 2020.

Romsha

	Note	2021 Rupees	2020 Rupees
22 Grants			
Grant from government of Khyber Pakhtunkhwa for:			
Operations	15	2,654,173,626	2,657,250,694
Annual development programme and others	25.1	227,115,234	117,253,736
		<u>2,881,288,860</u>	<u>2,774,504,430</u>
Donors:			
Swiss Development Cooperation	25.2	-	72,458,755
United Nations International Children's Emergency Fund	25.3	9,639,951	108,432,045
Municipal Services Programme - Government of KP	25.4	13,575,000	-
		<u>2,904,503,811</u>	<u>2,955,395,230</u>
23 Operational expenses			
Salaries, benefits and allowances		1,689,375,126	1,569,382,060
Provision for gratuity		35,151,480	23,741,430
Utilities		803,233,038	834,723,480
Repair and maintenance		147,193,111	123,443,629
Vehicle running expenses		118,874,638	150,489,324
Hiring of cleaning vehicles		78,214,889	36,767,212
Entertainment charges		1,297,046	1,279,881
Staff uniforms		-	30,989,108
Health and safety spray		267,330	3,722,844
Solid waste management supplies		24,751,808	18,108,486
Miscellaneous		2,663,702	1,273,071
		<u>2,901,022,168</u>	<u>2,793,920,525</u>
	Note	2021 Rupees	2020 Rupees (Restated)
24 General and administrative expenses			
Salaries, benefits and allowances		209,102,720	225,806,815
Provision for gratuity		5,252,520	3,547,570
Rent for zonal offices		15,004,045	9,866,867
Utilities		5,920,900	6,852,790
Printing and stationary		6,431,421	7,545,253
Travelling and transportation		1,151,200	1,931,030
Legal and professional charges		3,242,055	4,553,630
Communication charges		1,801,904	1,832,416
Repair and maintenance		2,572,247	2,348,003
Advertisement and awareness campaigns		1,319,301	2,819,449
Vehicle running expenses		654,655	562,967
COVID-19 related expenditure		2,577,783	3,362,561
Audit fee		187,500	187,500
Depreciation on property, plant and equipment	5	85,007,631	54,188,109
Depreciation-Right of use assets	6	10,513,692	7,815,170
Amortization of intangible assets	7	7,692	11,537
Insurance charges		1,345,203	713,731
Miscellaneous		3,504,331	4,692,795
		<u>355,596,800</u>	<u>338,638,192</u>
25 Programme cost			
Annual Development Programme (ADP) and Others	25.1	227,115,234	117,253,736
Swiss Development Corporation	25.2	-	72,458,755
United Nations International Children's Emergency Fund	25.3	9,639,951	108,432,045
Municipal Services Programme - Government of KP	25.4	13,575,000	-
		<u>250,330,185</u>	<u>298,144,536</u>

Romash

	2021 Rupees	2020 Rupees
25.1 Annual Development Programme (ADP) and Others		
ADP No. 160437-Peshawar Uplift Program	-	1,098,200
ADP Funded by City District Government	6,743,698	4,677,283
City District Government Project: Phase-II	16,286,829	-
ADP No. 150991-Distribution of drinking water supply scheme	2,292,449	2,379,360
ADP No. 200122 Diversion of canal effluent	49,050,000	-
ADP No. 140641-Construction & rehabilitation of water supply scheme	1,615,628	1,538,362
ADP No. 780-Development grant	18,153,987	-
ADP No. 150990-Distribution of drinking water supply scheme	4,851,658	6,112,539
ADP No. 170434-Development grant to WSSP	128,120,985	89,382,702
ADP No. 150208-Distribution of drinking water supply scheme	-	7,137,492
TMA Town-III	-	3,011,430
TMA Town-IV	-	1,916,368
	<u>227,115,234</u>	<u>117,253,736</u>
25.2 Swiss Development Corporation		
Capacity building and Integrated Water Resource Management Policy	-	11,630,282
Consultancy charges for revenue enhancement through customer survey	-	18,610,890
Establishment of Citizens Liaison Cell	-	7,045,650
Master plan	-	24,325,753
Personnel cost	-	2,322,431
Innovation, research and feasibility	-	5,523,404
Performance evaluation of WSSP	-	3,000,000
Others	-	345
	<u>-</u>	<u>72,458,755</u>
25.3 United Nations International Children's Emergency Fund		
Equipment and tools	-	17,783,364
Hiring of man powers	-	8,600,000
Mass media & awareness campaigns	183,000	4,263,644
Hiring of vehicles for sanitation services	-	1,267,580
Rehabilitation of water supply and sanitation schemes	4,510,417	56,101,258
Capacity building management staff	-	5,043,199
Special purpose vehicles	-	11,340,000
COVID-19	4,946,534	4,033,000
	<u>9,639,951</u>	<u>108,432,045</u>
25.4 Municipal Services Programme - Government of KP		
Containers and waste bins support	<u>13,575,000</u>	<u>-</u>
26 Other income		
Penalties and others	1,955,258	1,332,766
Profit on deposit accounts	21,108,124	25,502,090
Tender fee	613,060	727,872
Sale of vehicle	541,000	-
	<u>24,217,442</u>	<u>27,562,728</u>
27 Finance cost		
Markup on lease liabilities	1,776,252	1,778,894
Bank charges	3,807,334	3,593,802
	<u>5,583,586</u>	<u>5,372,696</u>
28 Taxation		
The Company is entitled to 100% tax credit under section 100C of the Income Tax Ordinance, 2001 being a non-profit organization.		
29 Remuneration to Chief Executive Officer, directors and executives		
The aggregate amount charged in the financial year for remuneration, including all benefits to Chief Executive, Directors & Executives of the company are as follow.		

	June 30, 2021			
	Chief Executive	Other Director	Executives	Total
Managerial remuneration	4,217,859	-	106,465,803	110,683,662
Number of person	1	15	34	50
	June 30, 2020			
Managerial remuneration	4,208,155	-	100,719,246	104,927,401
Number of person	1	15	32	48

Remuneration

	2021	2020
30 Number of employees		
Total number of employees as at June 30,	4,518	4,652
Average number of employees for the year	4,585	4,617

31 Financial risk management and objectives

The Company operations are financed through government grants and other budgetary support from other government departments. The overall risk management is carried out by the finance department under the oversight of Board of Directors in line with the policies approved by the Board.

	2021 Rupees	2020 Rupees
31.1 Financial instruments by category		
Financial assets:		
Loans and receivables at amortized cost		
Long term deposits	1,955,400	3,955,400
Long term advances	2,428,459	2,443,227
Advances and prepayments	37,013,938	40,637,651
Account receivables	2,290,480,581	2,022,326,919
Cash and bank balances	545,712,661	356,022,115
	<u>2,877,591,039</u>	<u>2,425,385,312</u>
Financial liabilities:		
Financial liabilities at amortized cost		
Restricted donor's funded grant	55,056,845	3,017,549
Accrued and other payables	323,243,945	284,326,349
	<u>378,300,790</u>	<u>287,343,897</u>

31.2 Financial instruments and related disclosures

The Company's activities expose it to a variety of financial risks (credit risk, liquidity risk and market risk). Risks measured and managed by the Company are explained below:

31.2.1 Credit risk

Credit risk is the risk that the Counterparty to a financial instrument will cause a financial loss for the company by failing to discharge an obligation. The risk is generally limited to principal amounts and accrued interest thereon, if any. The company's policy is to enter into financial contracts in accordance with risk management framework.

	2021 Rupees	2020 Rupees
Long term deposits	1,955,400	3,955,400
Long term advances	2,428,459	2,443,227
Advances and prepayments	37,013,938	40,637,651
Account receivables	2,290,480,581	2,022,326,919
Cash and bank balances	545,712,661	356,022,115
	<u>2,877,591,039</u>	<u>2,425,385,312</u>

31.2.2 Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligation as it fall due. Liquidity risk arises because of the possibility that the company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities 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 company is not exposed to liquidity risk as the company's liquid assets.

Ramachandra

31.2.3 Market risk

Market risk means that fair value or future cash flows of a financial instruments will fluctuate because of changes in market prices such as equity price, foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risks : price risk, foreign exchange or currency risk and interest/ mark up rate risk. There is no currency risk as the company operates only in Pak Rupees. The other two market risk associated with the Company's business activities are discussed as under:

i) Equity price risk

Equity price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to any equity price risk.

ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield. At the reporting date the interest rate profile of the company's significant interest bearing financial instruments was as follows:

2021			
	Interest /mark up bearing	Non interest /mark up bearing	Total
	(Rupees).....		
Financial Assets:			
Long term deposits	-	1,955,400	1,955,400
Long term advances	-	2,428,459	2,428,459
Advances and prepayments	-	37,013,938	37,013,938
Account receivables	-	2,290,480,581	2,290,480,581
Cash and bank balances	535,999,825	9,712,836	545,712,661
	<u>535,999,825</u>	<u>2,341,591,214</u>	<u>2,877,591,039</u>
Financial liabilities:			
Restricted donor's funded grant	-	55,056,845	55,056,845
Accrued and other payables	-	323,243,945	323,243,945
	-	378,300,790	378,300,790
	<u>535,999,825</u>	<u>1,963,290,424</u>	<u>2,499,290,249</u>
2020			
	Interest /mark up bearing	Non interest /mark up bearing	Total
	(Rupees).....		
Financial Assets:			
Long term deposits	-	3,955,400	3,955,400
Long term advances	-	2,443,227	2,443,227
Advances and prepayments	-	40,637,651	40,637,651
Account receivables	-	2,022,326,919	2,022,326,919
Cash and bank balances	348,183,895	7,838,220	356,022,115
	<u>348,183,895</u>	<u>2,077,201,417</u>	<u>2,425,385,312</u>
Financial liabilities:			
Restricted donor's funded grant	-	3,017,549	3,017,549
Accrued and other payables	-	284,326,349	284,326,349
	-	287,343,897	287,343,897
	<u>348,183,895</u>	<u>1,789,857,520</u>	<u>2,138,041,414</u>

Ramakh

32 Related party transactions

The Company in the normal course of business carries out transactions with related parties which comprise of Chief Executive. The Company has not carried out any significant transaction with any related party during the year except payment of remuneration to Chief Executive as disclosed in note no. 27.

33 Date of authorization for issue

These financial statements have been authorized for issue by the Board of Directors of the Company on 29-08-2022

34 General

34.1 Rearrangement

Figures have been rearranged wherever considered necessary for better comparison and presentation. Significant rearrangement made is as under:

Deferred capital grant for fixed assets amounting to Rs. 245,550,582 previously included in unutilized grant in aid has been disclosed as a separate account head on the face of statement of financial position.

34.2 Nomenclature

Nomenclatures of the following accounts have been changed.

Previous

Deferred grant
Unutilized grant in aid
Restricted grant received in advance

Current Nomenclature

Deferred development grant
Deferred grant in aid for operations
Restricted donor's funded grant

34.3 Figures have been rounded off to the nearest Rupee.

Ramachandra


CHIEF EXECUTIVE OFFICER


DIRECTOR