

**WATER AND SANITATION SERVICES PESHAWAR**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**INDEPENDENT AUDITOR'S REPORT****To the Members of Water and Sanitation Services Peshawar****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **Water and Sanitation Services Peshawar** (the Company), which comprise the statement of financial position as at June 30, 2024, the statement of income and expenditure and other comprehensive income, the statement of changes in funds, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information 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 and other comprehensive income, the statement of changes in funds 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, 2024 and of the surplus and other comprehensive surplus, the changes in funds 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.

**Emphasis of Matter**

We draw attention to Note 8 of the financial statements, which discloses significant outstanding receivables as at the reporting date. These include budgetary support receivables from the Tehsil Municipal Administration, University Town Committee, and Peshawar Development Authority amounting to Rs. 1,755 million, Rs. 51.7 million and Rs. 32.6 million, respectively.

In addition, other receivables include Rs. 81.2 million from the Peshawar Development Authority and Rs. 2.1 million from the University Town Committee. These balances remained outstanding throughout the year, with no recovery made.

The Company's management is of the view that these receivables relate to government departments and are therefore considered good and recoverable.

Our opinion is not modified in respect of this matter.

*RSM***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

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Director's report but does not include the financial statements 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.

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, 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.

*Responsible*

- 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 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 statement of income and expenditure and other comprehensive income, statement of changes in funds 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 the SOE Act, 2023 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 Usher Ordinance, 1980 (XVIII of 1980).

#### **Other Matter**

The financial statements of the Company for the year ended June 30, 2023 were audited by another firm of Chartered Accountants who have expressed an unmodified opinion in their report dated October 08, 2024.

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 15, 2025**

**UDIN: AR202410513HsYU4GAiB**



**WATER AND SANITATION SERVICES PESHAWAR**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024**

	Note	30-Jun-24 Rupees	30-Jun-23 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	4	763,656,015	848,186,793
Right of use assets	5	14,463,971	10,430,612
Intangible assets	6	4,559	6,838
Long-term advances and deposits	7	2,291,470	2,758,783
		780,416,015	861,383,026
<b>CURRENT ASSETS</b>			
Accounts receivables	8	2,337,842,935	2,041,578,666
Income tax refund due from government		32,070,144	31,463,762
Advances, prepayments and other receivables	9	15,300,848	13,633,591
Cash and bank balances	10	503,063,717	520,297,302
		2,888,277,644	2,606,973,321
<b>TOTAL ASSETS</b>		<b>3,668,693,659</b>	<b>3,468,356,347</b>
<b>FUNDS &amp; LIABILITIES</b>			
<b>FUNDS</b>			
Accumulated surplus		680,088,281	569,890,801
<b>NON-CURRENT LIABILITIES</b>			
Deferred development grant	11	454,479,747	856,648,157
Deferred grant in aid for operations	12	714,603,572	289,224,472
Deferred capital grant for fixed assets	13	763,660,573	848,193,630
Staff retirement benefits	14	606,858,438	488,475,840
Lease liabilities against right of use assets	15	7,418,358	2,782,614
		2,547,020,688	2,485,324,713
<b>CURRENT LIABILITIES</b>			
Restricted donor grant	16	1,777,986	5,746,839
Accrued and other payables	17	432,365,981	398,565,800
Lease liabilities against right of use assets	15	7,440,723	8,828,195
		441,584,690	413,140,834
<b>TOTAL FUNDS &amp; LIABILITIES</b>		<b>3,668,693,659</b>	<b>3,468,356,347</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	18		

The annexed notes, from 1 to 33, form an integral part of these financial statements

*Resubmitted*

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**WATER AND SANITATION SERVICES PESHAWAR**  
**STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Note	30-Jun-24 Rupees	30-Jun-23 Rupees
<b>INCOME:</b>			
<b>OPERATIONAL &amp; OTHER INCOME</b>			
Revenue from services	19	201,319,740	193,793,671
Other income	20	110,197,480	126,318,670
<b>INCOME PERTAINING TO GRANT</b>			
Grants	21	4,407,831,993	4,547,438,254
Amortization of deferred capital grant for fixed assets	13	156,945,547	145,060,002
<b>TOTAL INCOME</b>		<b>4,876,294,760</b>	<b>5,012,610,597</b>
<b>EXPENDITURE</b>			
<b>OPERATING EXPENSES</b>			
Operational expenses	22	(4,213,672,631)	(4,034,087,931)
General and administrative expenses	23	(482,794,672)	(431,871,752)
Finance cost	24	(3,479,314)	(2,886,783)
		<b>(4,699,946,617)</b>	<b>(4,468,846,466)</b>
<b>EXPENSES PERTAINING TO GRANT</b>			
Development grants	25.1	(87,005,999)	(372,748,990)
Restricted grants	25.2	(3,195,138)	(46,193,963)
		<b>(90,201,137)</b>	<b>(418,942,953)</b>
<b>TOTAL EXPENDITURE</b>		<b>(4,790,147,754)</b>	<b>(4,887,789,419)</b>
<b>SURPLUS BEFORE TAXATION</b>		<b>86,147,006</b>	<b>124,821,178</b>
Provision for taxation	26	-	-
<b>SURPLUS AFTER TAXATION</b>		<b>86,147,006</b>	<b>124,821,178</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Item that will not be subsequently reclassified to income and expenditure</b>			
Gain on re-measurement of staff retirement benefit plans		24,050,474	1,497,492
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>110,197,480</b>	<b>126,318,670</b>

The annexed notes, from 1 to 33, form an integral part of these financial statements

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**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**



**WATER AND SANITATION SERVICES PESHAWAR**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Note	30-Jun-24 Rupees	30-Jun-23 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Surplus before taxation		110,197,480	126,318,670
Adjustments for non-cash items:			
Depreciation and amortization	4.1 & 6	168,457,754	156,464,204
Loss allowance on receivables	8.1.3	77,913,943	1,376,795
Provision for staff retirement gratuity	14.1	139,372,901	198,952,220
Provision for Leave encashment	14.2	11,161,822	124,457,429
Gain on re-measurement of staff retirement benefits	14.1	(24,050,474)	(1,497,492)
Return on deposit accounts	20	(75,319,440)	(76,458,516)
Adjustment / Transfer against lease liability		-	61,142
Finance cost on lease liability	24	2,233,075	1,981,633
Restricted grants income	16	(3,195,138)	(46,193,963)
Development grant income	11	(87,005,999)	(372,748,990)
Amortization of deferred capital grant	13	(156,945,547)	(145,060,002)
Grant for operation income	12	(4,318,712,632)	(4,133,596,544)
Operating deficit before working capital changes		(4,155,892,255)	(4,165,943,414)
(Increase)/ decrease in current assets			
Accounts receivables		(374,178,212)	(349,325,636)
Advances, prepayments and other receivables		(1,667,257)	5,268,712
Increase/ (decrease) in current liabilities			
Restricted donor grant		-	-
Accrued and other payables		33,800,181	46,871,867
Financial charges paid	24	(2,233,075)	(1,981,633)
Return on deposits received	20	75,319,440	69,763,802
Tax paid		(606,382)	(81,993)
Gratuity paid	14.1	(6,613,693)	(3,404,227)
Leave encashment paid	14.2	(1,487,958)	(837,716)
Net cash used in operating activities		(277,666,956)	(233,726,825)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of operating assets	4.1	(72,412,490)	(525,079,136)
Long-term advances and deposits		467,313	2,348,081
Net cash used in investing activities		(71,945,177)	(522,731,055)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Deferred development grant receipt	11	15,120,000	132,012,583
Deferred grant in aid for operations receipt	12	4,413,809,321	4,071,320,081
Deferred capital grant receipt	13	72,412,490	525,079,136
Restricted grants receipt - net of refund	16	(773,714)	29,320,200
Lease payments against right of use assets		(12,297,294)	(11,409,567)
Net cash generated from financing activities		4,488,270,803	4,746,322,433
Net decrease in cash and cash equivalents		(17,233,585)	(176,078,861)
Cash and cash equivalents at the beginning of the year		520,297,302	696,376,163
Cash and cash equivalents at the end of the year		503,063,717	520,297,302

The annexed notes, from 1 to 33, form an integral part of these financial statements

  
**CHIEF EXECUTIVE OFFICER**

  
**DIRECTOR**

**WATER AND SANITATION SERVICES PESHAWAR**  
**STATEMENT OF CHANGES IN FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Accumulated Surplus Rupees</b>	<b>Total Rupees</b>
<b>Balance as at 30 June 2022</b>	<b>443,572,130</b>	<b>443,572,130</b>
Total comprehensive surplus for the year	126,318,670	126,318,670
<b>Balance as at 30 June 2023</b>	<b>569,890,801</b>	<b>569,890,801</b>
Total comprehensive surplus for the year	110,197,480	110,197,480
<b>Balance as at 30 June 2024</b>	<b>680,088,281</b>	<b>680,088,281</b>

*The annexed notes, from 1 to 33, form an integral part of these financial statements*

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**CHIEF EXECUTIVE OFFICER**



**DIRECTOR**



**WATER AND SANITATION SERVICES PESHAWAR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**1 THE COMPANY AND ITS OPERATIONS**

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 five operational zones covering urban and peri-urban peripherals of Peshawar City.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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 Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (NPOs Standards) issued by the Institute of Chartered Accountants of Pakistan (ICAP); 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 Standards and NPO Standards, the provisions of and directives issued under the Companies Act, 2017, have been followed.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except otherwise specifically stated.

**2.3 Functional and presentation currency**

The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest thousand of rupees, unless otherwise stated.

**2.4 Accounting estimates and judgments**

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, 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 the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognised in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described in the following notes:

- Estimate of useful life of property and equipment and right of use assets
- Impairment of financial assets
- Provision for taxation
- Impairment of right of use assets and property and equipment
- Provisions and contingencies
- Estimating the incremental borrowing rate.

**2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE ACCOUNTING AND REPORTING STANDARDS AS APPLICABLE IN PAKISTAN:**

**2.5.1 Standards, amendments to standards and interpretations becoming effective in current year**

The following standards, amendments to standards and interpretations have been effective and are mandatory for financial statements of the Company for the periods beginning on or after July 01, 2023 and therefore, have been applied in preparing these financial statements.

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**WATER AND SANITATION SERVICES PESHAWAR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**i. IAS 1 – Presentation of Financial Statements**

The IASB has issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements in the following ways:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- the amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, IFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to IAS 1. Once the entity applies the amendments to IAS 1, it is also permitted to apply the amendments to IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023. Application of these amendments do not have any significant impact on the Company's financial statements.

**ii. IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors**

The IASB has published 'Definition of Accounting Estimates' to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The IASB clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023. Application of these amendments do not have any significant impact on the Company's financial statements.

**2.5.2 Standards, amendments to standards and interpretations becoming effective in current year but not relevant**

There are certain new standards, amendments to standards and interpretations that became effective during the year and are mandatory for accounting periods of the Company beginning on or after July 01, 2023 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

**2.5.3 Standards, amendments to standards and interpretations becoming effective in future periods**

The following standards, amendments to standards and interpretations have been published and are mandatory for the Company's accounting periods beginning on or after the effective dates specified therein.

**i. IAS 1 – Presentation of Financial Statements**

- (1) The IASB has issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments in Classification of Liabilities as Current or Non-current (Amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

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**WATER AND SANITATION SERVICES PESHAWAR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The IASB has further modified the requirements introduced by 'Classification of Liabilities as Current or Non-current' on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances. Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2024. The amendments are to be applied retrospectively in accordance with IAS 8. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

**ii. IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures**

The IASB has published 'Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments in Supplier Finance Arrangements:

- Do not define supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.
- Add two disclosure objectives. Entities will have to disclose in the notes information that enables users of financial statements:
  - to assess how supplier finance arrangements affect an entity's liabilities and cash flows and
  - to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.
- Complement current requirements in IFRSs by adding to IAS 7 additional disclosure requirements about:
  - the terms and conditions of the supplier finance arrangements;
  - for the arrangements, as at the beginning and end of the reporting period:
    - a) the carrying amounts of financial liabilities that are part of the arrangement and the associated line item presented;
    - b) the carrying amount of financial liabilities disclosed under a) for which suppliers have already received payment from the finance providers;
    - c) the range of payment due dates (for example, 30 to 40 days after the invoice date) of financial liabilities disclosed under a) and comparable trade payables that are not part of a supplier finance arrangement; and
  - the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of the arrangement.

The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.

- Add supplier finance arrangements as an example within the liquidity risk disclosure requirements in IFRS 7.

An entity applies these amendments for annual reporting periods beginning on or after 1 January 2024. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

*Resub*

**WATER AND SANITATION SERVICES PESHAWAR**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**iii. IFRS 16 – Leases**

The IASB has issued amendments for 'Lease Liability in Sale and Leaseback' that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for sale.

'Lease Liability in a Sale and Leaseback Amendments' requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease. The amendments also include one amended and one new illustrative example.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Application of these amendments is not expected to have any significant impact on the Company's financial statements.

**2.2.4 Standards, amendments to standards and interpretations becoming effective in future periods but not relevant**

There are certain new standards, amendments to standards and interpretations that are effective from different future periods as specified therein, but are considered not to be relevant to the Company's operations, therefore, not disclosed in these financial statements.

**2.2.5 Standards issued by IASB but not applicable in Pakistan**

Following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

IFRS 1 - First-time adoption of International Financial Reporting Standards

IFRS 18 - Presentation and Disclosures in Financial Statements

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S2 Climate-related Disclosures

**3 SUMMARY OF MATERIAL POLICY INFORMATION**

The material accounting policies consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

**3.1 Property and equipment**

**(a) Initial Recognition**

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably. Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

**(b) Measurement**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The costs of property, plant and equipment include:

(a) its purchase price including import duties, non-refundable purchase taxes after deducting trade discounts and rebates; and

(b) any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(c) Borrowing costs, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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**WATER AND SANITATION SERVICES PESHAWAR**  
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**(c) Subsequent expenditure**

Expenditure incurred to replace a significant component of an item of property, plant and equipment is capitalised and the carrying value of asset so replaced is written off. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items can be measured reliably. All other expenditure (including repairs and normal maintenance) is recognised in the statement of income and expenditure as an expense when it is incurred.

**(d) Depreciation**

Depreciation is charged on reducing balance method at the rates stated in note 4. Depreciation on additions is charged from the month on which the asset become available for use and on disposals, up to the preceding month the asset is in use. The policy is not in line with the requirement of the standard which require the assets to be depreciated from the date the asset is available till the date of disposal.

**(e) Gains and losses on disposal**

Disposal of assets is recognised when significant risks and rewards incidental to the ownership have been transferred to buyer. Gains and losses on disposal of property, plant and equipment are taken to the statement of income and expenditure and other comprehensive income.

**3.2 Intangible assets**

**(a) Recognition and measurement**

Intangible assets that have finite useful life are measured at cost less accumulated amortization and any accumulated amortization and any accumulated impairment losses.

**(b) Subsequent expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of income and expenditure as incurred.

**(c) Amortization**

Amortization is calculated using the reducing balance method and is recognised in statement of income and expenditure. Amortisation rates for current and comparatives are disclosed in note 6.1 to these financial statements. Amortisation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

**3.3 Financial assets**

**(a) Initial measurement**

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.

The Company classifies its financial assets into following three categories:

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

**(b) Subsequent measurement**

**i) Debt instrument at FVOCI**

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the unconsolidated statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of income and expenditure.

**ii) Equity instrument at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in the unconsolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of income and expenditure.

**iii) 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 statement of income and expenditure and other comprehensive income.

**iv) Financial asset 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.

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**WATER AND SANITATION SERVICES PESHAWAR**  
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**3.2.1 Impairment of financial**

The Company assesses on a forward looking basis the expected credit losses associated with its financial asset carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the simplified approach for trade debts which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Company recognises life time ECL for trade debts, using the simplified approach. The expected credit losses on trade debts are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Life time expected credit losses against other receivables is also recognized due to significant increase in credit risk since initial recognition.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date reduced by security deposit held.

The Company recognizes an impairment loss in the profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Company write off financial assets that are still subject to enforcement activities. Subsequent recoveries of amounts previously written off will result in impairment gains.

**3.2.2 Derecognition**

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

**3.2.3 Financial liabilities**

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified 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 and other comprehensive income.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the unconsolidated statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of income and expenditure and other comprehensive income.

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.

**3.2.4 Off-setting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount is reported in the unconsolidated statement of financial position, if the Company has a legally enforceable right to set off the recognized amounts, and the Company either intends to settle on a net basis, or realize the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counter party.

**3.4 Staff retirement benefits**

**(a) Gratuity**

The Company operates a defined benefit plan - an unfunded gratuity scheme for all permanent employees. Provision is made annually based on actuarial recommendations using the Projected Unit Credit Method. Cumulative unrecognized net actuarial gains and losses exceeding 10% of the present value of the defined benefit obligation are amortized over the expected average remaining working lives of the employees. The normal retirement age is 60 years, and no benefit is paid for service less than one year. Gratuity is payable upon retirement, resignation, or termination (except for misconduct). The amount of gratuity is dependent on years of service and salary. The valuation is subject to Discount rate risk, salary increase risk, mortality risk and withdrawal risk. Any change in the above factor would affect the valuation of defined benefit obligations.

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**(b) Leave encashment**

The Company has approved the accumulation of annual leaves up to a maximum of 75 days for all serving employees with retrospective effect, regardless of any previous refusal by the HOD. Employees can avail up to 30 days of leave at once or separately (minimum of 5 days) during the year, except in the case of performing Hajj, where up to 45 days of leave can be availed. Employees can encash up to 60 days of earned/annual leave during the final settlement. Additionally, up to 15 days of the cashable annual/earned leave balance can be adjusted against the notice period. Unutilized earned leave balances since the date of appointment will be accumulated and updated up to a maximum of 75 days. The amended annual leave accumulation and encashment policy does not apply to resigned staff of the Company.

**3.5 Accounts receivables**

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method less an allowance for expected credit losses, if any. Allowance for expected credit losses is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivables. Bad debts, if any, are written off when considered irrecoverable.

**3.6 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 comprise cash in hand and cash at bank. The fair value of cash and cash equivalents approximate their carrying amount.

**3.7 Government grants**

Government grants, including non-monetary grants at fair value are recognized when there is reasonable assurance that:

- a) the entity will comply with the conditions attaching to them, if any ; and
- b) the grants will be received.

Government grants are recognized as income over the periods necessary to match them with the related costs which they are intended to compensate on a systematic basis. The grants receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support with no future related costs is recognized as income in the period in which it becomes receivable. Government grants related to assets, including non monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income which is written off against the depreciation charge of the contributed asset.

**3.8 Right of use assets**

**(a) Measurement**

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost, which comprises 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 and an 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 incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

**(b) Lease liability**

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. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments in the measurement of the lease liability comprise the following:

- a. fixed payments, including in-substance fixed payments;
- b. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c. amounts expected to be payable under a residual value guarantee; and
- d. the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a 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. When the lease liability is remeasured in this way, a 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 the right-of-use asset has been reduced to zero.

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**3.9 Income / revenue 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.

**(a) 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 statement of financial position.

**(b) 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.

**(b) Revenue from own sources**

Revenue is recognized on satisfaction of performance obligation i.e. supply of water and sanitation services to domestic and commercial customers.

The Company satisfy its performance obligation over the period of time against fixed consideration.

**3.10 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 sub section 2(e) of section 100 C of the Income Tax Ordinance, 2001 being an organization not for profit.

**3.11 Related party transactions**

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates 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.

**3.12 Provision**

Provisions are recognised when the Company has a present, legal or constructive obligation as a result of past events, 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 balance sheet date and adjusted to reflect the current best estimate.

**3.13 Foreign Currency Translation**

Transactions in currencies other than Pak Rupee are recorded at the rates of exchange prevailing on the date of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the statement of financial position date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Exchange differences are included in current income. All non-monetary items are translated into Pak Rupee at exchange rates prevailing on the date of transaction.

**3.14 Exemptions from applicability of accounting and reporting requirements**

**IFRS 9 "Financial**

SECP through S.R.O 1177 (I)/2021 dated September 13, 2021 had notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS-9 with respect to application of expected credit loss (ECL) model shall not be applicable till June 30, 2022 provided that such companies shall follow relevant requirements of IAS-39 'Financial Instruments Recognition and measurement' in respect of above referred financial assets during the exemption period. SECP has also clarified to certain companies that financial assets due from GoP include those that are directly due from GoP and that are ultimately due from GoP in consequence of circular debt. IFRS-9 introduces the ECL model, which replaces the incurred loss model of IAS-39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets measured at amortised cost, irrespective of whether a loss event has occurred. In accordance with the exemption granted by SECP, ECL has not been assessed in respect of financial assets due directly/ ultimately from GoP i.e. budgetary supports from TMA as well as receivables from other related parties. Subsequent to the year end, SECP through S.R.O 67(1)/2023, has extended the exemption till 31 December 2024. Currently SECP through S.R.O 1784(I) 2024 dated November 4, 2024 has further extended the exemption till 31 December 2025.

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**WATER AND SANITATION SERVICES PESHAWAR**  
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**4 PROPERTY AND EQUIPMENT**

**4.1 Operating fixed assets**

Particulars	2024					
	Cost			Depreciation		
	As on 01-Jul-23	Additions	As at 30-Jun-24	Rate %	As on 01-Jul-23	For the year As at 30-Jun-24
Freehold land	95,536,000	-	95,536,000	0%	-	-
Vehicles	980,973,395	275,426	981,248,821	20%	375,139,067	121,212,769
Operational machineries & equipments-sanitation	186,939,475	1,298,884	188,238,359	20%	71,062,020	24,282,320
Operational machineries & equipments-water	-	67,982,006	67,982,006	15%	-	3,264,270
IT equipment	84,928,176	2,579,124	87,507,300	33%	69,516,206	5,655,731
Electrical equipment	7,095,776	-	7,095,776	15%	3,730,347	504,814
Office equipment	18,159,381	202,350	18,361,731	15%	11,824,637	970,259
Furniture and fixtures	13,758,763	74,700	13,833,463	15%	7,931,896	1,053,105
<b>Total June 30, 2024 (Rupees)</b>	<b>1,387,390,966</b>	<b>72,412,490</b>	<b>1,459,803,456</b>		<b>539,204,173</b>	<b>156,943,268</b>
					<b>539,204,173</b>	<b>696,147,441</b>
						<b>763,656,015</b>

Particulars	2023					
	Cost			Depreciation		
	As on 01-Jul-22	Additions	As at 30-Jun-23	Rate %	As on 01-Jul-22	For the year As at 30-Jun-23
Freehold land	95,536,000	-	95,536,000	0%	-	-
Vehicles	550,463,973	430,509,422	980,973,395	20%	264,671,601	110,467,466
Operational machineries & equipments	98,588,475	88,351,000	186,939,475	20%	46,316,196	24,745,824
IT equipment	83,416,826	1,511,350	84,928,176	33%	62,309,542	7,206,664
Electrical equipment	5,190,712	1,905,064	7,095,776	15%	3,136,447	593,900
Office equipment	17,167,081	992,300	18,159,381	15%	10,756,942	1,067,695
Furniture and fixtures	11,948,763	1,810,000	13,758,763	15%	6,956,862	975,034
<b>Total June 30, 2023 (Rupees)</b>	<b>862,311,830</b>	<b>525,079,136</b>	<b>1,387,390,966</b>		<b>394,147,590</b>	<b>145,056,583</b>
					<b>394,147,590</b>	<b>539,204,173</b>
						<b>848,186,793</b>

**4.2 Depreciation is allocated as follows:**

	2024	2023
General and administrative expenses	31,388,654	29,011,317
Operational expenses	125,554,614	116,045,266
	156,943,268	145,056,583

**Depreciation is allocated as follows:**

\*In the distribution of total depreciation, 20% is allocated to "General and Administrative expenses" while the remaining 80% is allocated to "Operational expenses".

\*\*Depreciation related to right of use assets allocated to "General and Administrative expenses".

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**WATER AND SANITATION SERVICES PESHAWAR**  
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	Note	30-Jun-24 Rupees	30-Jun-23 Rupees
<b>5 RIGHT OF USE ASSETS</b>			
Cost			
Balance at 01 July		52,774,274	52,774,274
Addition during the year		15,545,566	-
Transfer/ Disposal		-	-
Balance at 30 June		68,319,840	52,774,274
<b>Depreciation</b>			
Balance at 01 July		42,343,662	30,939,460
Charge for the year		11,512,207	11,404,202
Balance at 30 June		53,855,869	42,343,662
Carrying amount		14,463,971	10,430,612

**5.1 Depreciation charge has been allocated as follow:**

Operational expenses	22	-	-
General and administrative expenses	23	11,512,207	11,404,202
		11,512,207	11,404,202

**5.2** The right-of-use assets comprise rented office premises, parking yards, and dumping yards acquired on lease by the Company for its operations. The buildings are depreciated over a range of 3 to 5 years.

**5.3** 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 and disclosed the rent expenditure separately in administration expenses.

	30-Jun-24 Rupees	30-Jun-23 Rupees
<b>6 INTANGIBLE ASSETS</b>		
Cost		
Balance at 01 July	88,600	88,600
Balance at 30 June	88,600	88,600
<b>Accumulated amortization</b>		
Balance at 01 July	81,762	78,343
Amortization	2,279	3,419
Balance at 30 June	84,041	81,762
Carrying value	4,559	6,838
<b>6.1 Rate of amortization per annum</b>	33.33%	33.33%

**6.2** Amortization charge for the year has been allocated to general and administrative expenses.

	Note	2024 Rupees	2023 Rupees
<b>7 LONG-TERM ADVANCES AND DEPOSITS</b>			
Deposits with filling stations	7.1	-	500,000
Other security deposits	7.2	1,135,400	1,135,400
Advances to employees	7.3 & 7.4	1,156,070	1,123,383
		2,291,470	2,758,783

**7.1** These represents deposits with filling stations. There are unsecured, Interest free and refundable on termination of services.

**7.2** These represents deposits with owners of rented office premises / parking yards / dumping yards acquired on lease by the Company for its operations. There are unsecured, Interest free and refundable on termination of services.

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	2024 Rupees	2023 Rupees
<b>7.3 Advances to employees</b>		
Opening balance	6,055,403	9,202,309
Addition during the year	4,936,814	4,254,248
	10,992,217	13,456,557
Less: received during the year	(5,395,829)	(7,401,154)
	5,596,388	6,055,403
Less: current portion of advances to employees	(4,440,318)	(4,932,020)
Closing balance	1,156,070	1,123,383

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

	Note	30-Jun-24 Rupees	30-Jun-23 Rupees
<b>8 ACCOUNTS RECEIVABLES</b>			
<b>Budgetary support - Secured, Considered good</b>			
Tehsil Municipal Administration (formerly known as Municipal Corporation Peshawar)	8.1	1,754,872,239	1,454,872,239
University Town Committee		51,750,000	51,750,000
Peshawar Development Authority		32,666,666	32,666,666
<b>Other receivables - Secured, Considered good</b>			
University Town Committee	8.2	2,172,500	2,172,500
Peshawar Development Authority	8.2	81,280,952	81,280,952
		1,922,742,357	1,622,742,357
Receivable from customers - unsecured		1,520,954,309	1,446,776,097
Allowance for expected credit loss	8.1.3	(1,105,853,731)	(1,027,939,788)
		415,100,578	418,836,309
		2,337,842,935	2,041,578,666

- 8.1 This amount represents receivable from Tehsil Municipal Administration (TMA) (formerly known as Municipal Corporation Peshawar) under SAMA agreement. Under the agreement, an amount of Rs. 300 million per year is receivable by WSSP from TMA.

	30-Jun-24 Rupees	30-Jun-23 Rupees
<b>8.1.1 Movement of accounts receivables from related parties is as follows:</b>		
Balance at beginning of the year	1,622,742,357	1,346,835,136
Receivable recorded during the year	300,000,000	300,000,000
Received during the year	-	-
Reclassification during the year	-	(24,092,779)
Balance at end of the year	1,922,742,357	1,622,742,357
<b>8.1.2 Age analysis of amounts receivable for related parties:</b>		
Up to 1 year	300,000,000	300,000,000
1 to 3 years	560,430,000	300,090,000
More than 3 years	1,062,312,357	1,050,639,774
	1,922,742,357	1,650,729,774
<b>8.1.3 Allowance for expected credit loss</b>		
Opening balance	1,027,939,788	1,026,562,993
Created during the year	77,913,943	1,376,795
Closing balance	1,105,853,731	1,027,939,788

- 8.2 Initially water and sanitation services and related billing in University Town and Hayatabad was the responsibility of WSSP under the SAMA agreement. In May 2017 through order of Government of Khyber Pakhtunkhwa, these operations and related billing of University Town and Hayatabad was transferred to Peshawar Development Authority. These amounts represents receivables still outstanding in respect of receipts of residential water supply collected on behalf of the Company by PDA and UTC as on May-2017.

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**WATER AND SANITATION SERVICES PESHAWAR**  
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- 8.3 As per notification issued on 17 December 2019 by the Government of Khyber Pakhtunkhwa, operations of water and sanitation services of Karkhano Market and University Town have been transferred back to WSSP from PDA. However, no amount has been disbursed to the Company from the date of notification till date for the provision of these services in University Town. The matter is pending before the Provincial Government, hence a reliable estimate could not be made for the amount which would be received hence no receivable has been recorded in this regard.

	Note	2024 Rupees	2023 Rupees
<b>9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Current portion of long term advances	7.3	4,440,318	4,932,020
Prepayments		1,887,574	2,006,857
Accrued return on deposit accounts		8,972,956	6,694,714
		<u>15,300,848</u>	<u>13,633,591</u>
<b>10 CASH AND BANK BALANCES</b>			
Cash at bank	10.1	502,752,466	519,816,050
Cash in hand		311,251	481,252
		<u>503,063,717</u>	<u>520,297,302</u>
<b>10.1 Cash at bank</b>			
Current accounts		29,116,764	4,624,084
Saving accounts	10.1.1	473,635,702	515,191,966
		<u>502,752,466</u>	<u>519,816,050</u>
10.1.1 These carry profit at the rates of 8% to 20.50% per annum (2023: 12% to 19.50% per annum).			
10.1.2 Cash and Cash Equivalent consists of this Cash and Bank Balance only.			
<b>11 DEFERRED DEVELOPMENT GRANT</b>			
Balance at 01 July		856,648,157	1,097,384,564
Received/adjustment during the year	11.1	15,120,000	132,012,583
Adjustment during the year	33.1	(330,282,411)	-
Grant income recognised	25.1	(87,005,999)	(372,748,990)
Balance at 30 June		<u>454,479,747</u>	<u>856,648,157</u>
11.1 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.			
<b>12 DEFERRED GRANT IN AID FOR OPERATIONS</b>			
Balance at 01 July		289,224,472	351,500,935
Receivable/adjustment during the year	12.2	4,744,091,732	4,071,320,081
Grant in aid utilized for fixed assets during the year		(1,081,776)	(5,101,243)
Utilized during the year	12.1	(4,317,630,856)	(4,128,495,301)
Balance at 30 June		<u>714,603,572</u>	<u>289,224,472</u>
<b>12.1 UTILIZED DURING THE YEAR</b>			
Operational expenses		4,213,672,631	4,034,087,931
General and administrative expenses		482,794,672	431,871,752
Finance cost		3,479,314	2,886,783
Less:			
Revenue from services		(201,319,740)	(193,793,671)
Amortization of deferred capital grant for fixed assets		(156,945,547)	(145,060,002)
Remeasurement of defined benefit obligation		(24,050,474)	(1,497,492)
		<u>4,317,630,856</u>	<u>4,128,495,301</u>
12.2 The deferred grant in aid is received from the government to meet the operational expenditure, salaries, electricity, POL and other operational and admin expenses. Income has been recognised to the extent of operational expenses.			

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<b>13 DEFERRED CAPITAL GRANT FOR FIXED ASSETS</b>	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
Balance at 01 July		848,193,630	468,174,496
Addition / utilized during the year		72,412,490	525,079,136
Amount amortized against depreciation for the year		(156,945,547)	(145,060,002)
Net book value of disposed fixed assets		-	-
Balance at 30 June		763,660,573	848,193,630

**13.1** This represents the movement in deferred capital grant provided by the provincial government to WSSP for the purchase of operating fixed assets. As per "IAS 20" (Government grants), the resulting grant has been amortized over the useful life of the assets.

<b>14 STAFF RETIREMENT BENEFITS</b>	<b>Note</b>	<b>2024 Rupees</b>	<b>2023 Rupees</b>
Gratuity payable	14.1	473,564,861	364,856,127
Leave encashment payable	14.2	133,293,577	123,619,713
		606,858,438	488,475,840

**14.1 Gratuity payable**

**14.1.1 The amounts recognized in the statement of financial position are as follows:**

Present value of defined benefit obligation	473,564,861	364,856,127
Fair value of plan assets	-	-
Liability / (Asset)	473,564,861	364,856,127

**14.1.2 Amounts recognized in the statement of income and expenditure are as follows:**

Current service cost	82,428,889	38,878,195
Past service cost	-	136,822,291
Net interest cost	56,944,012	23,251,733
	139,372,901	198,952,219

**14.1.3 Amounts recognized in the Other Comprehensive Income are as follows:**

Re-measurement of defined benefit obligation	24,050,474	1,479,492
	24,050,474	1,479,492

**14.1.4** The estimated contribution to the defined benefit plan for the year ending 30 June 2025 is Rs. 78.20 Million.

	<b>2024 Rupees</b>	<b>2023 Rupees</b>
<b>14.1.5 The movements in the present value of defined benefit obligation is as follows:</b>		
Present value of defined benefit obligation at beginning of the year	364,856,127	170,805,627
Current service cost	82,428,889	38,878,195
Past service cost	-	136,822,291
Interest cost	56,944,012	23,251,733
Benefits paid	(6,613,693)	(3,404,227)
Re-measurement of defined benefit obligation	(24,050,474)	(1,497,492)
Present value of defined benefit obligation at end of the year	473,564,861	364,856,127

- 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, 2024.

**- Principal actuarial assumptions**

Discount factor used	14.00% per annum	15.75% per annum
Expected rate of increase in salaries	13.00 % per annum	14.75 % per annum

**14.1.6** The below 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.

- The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent.

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	2024		2023	
	Defined benefit obligation		Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease	Effect of 1% increase	Effect of 1% decrease
Discount rate	419,813,037	539,968,569	324,740,718	414,450,169
Salary increase rate	540,908,538	417,954,422	415,219,861	323,295,437

- The impact of changes in financial assumptions has been determined by revaluation of the obligations on different rates.
- Maturity analysis of obligation was not provided by client and hence could not be disclosed.

	2024 Rupees	2023 Rupees
<b>14.2 Leave encashment payable</b>		
<b>14.2.1 The amounts recognized in the statement of financial position are as follows:</b>		
Present value of defined benefit obligation	133,293,577	123,619,713
Fair value of plan assets	-	-
Liability / (Asset)	133,293,577	123,619,713
<b>14.2.2 Amounts recognized in the statement of income and expenditure are as follows:</b>		
Current Service Cost	1,497,855	124,457,429
Interest cost	19,352,928	-
Re-measurement of defined benefit obligation	(9,688,961)	-
	11,161,822	124,457,429
<b>14.2.3 The movements in the present value of defined benefit obligation is as follows:</b>		
Present value of defined benefit obligation at beginning of the year	123,619,713	-
Current service cost	1,497,855	124,457,429
Interest cost	19,352,928	-
Benefits paid	(1,487,958)	(837,716)
Re-measurement of defined benefit obligation	(9,688,961)	-
Present value of defined benefit obligation at end of the year	133,293,577	123,619,713

- 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, 2024.

**Principal actuarial assumptions**

Discount factor used	14.00% per annum	15.75% per annum
Expected rate of increase in salaries	13.00 % per annum	14.75 % per annum

- The below 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 leave encashment.

- 14.2.4** The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by one percent:

	2024		2023	
	Defined benefit obligation		Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease	Effect of 1% increase	Effect of 1% decrease
Discount rate	118,418,749	151,279,552	110,428,917	139,539,673
Salary increase rate	151,002,255	118,430,273	139,277,144	110,465,845

- The impact of changes in financial assumptions has been determined by revaluation of the obligations on different rates.

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**WATER AND SANITATION SERVICES PESHAWAR**  
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	Note	2024 Rupees	2023 Rupees
<b>15 LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS</b>			
Lease liabilities		14,859,081	11,610,809
Less current portion		(7,440,723)	(8,828,195)
Non current portion of lease liabilities		<u>7,418,358</u>	<u>2,782,614</u>
<b>15.1</b> Movement of lease liabilities are as follow:			
Balance at 01 July		11,610,809	22,959,234
Addition during the year		15,545,566	-
Payments during the year		(14,530,369)	(13,391,200)
Interest expense		2,233,075	1,981,633
Adjustment during the year		-	61,142
Balance at 30 June		<u>14,859,081</u>	<u>11,610,809</u>
<b>15.2</b> Maturity analysis of undiscounted lease payments that will be paid after the reporting date is as follow:			
Less than one year		9,310,675	9,730,368
More than one year		<u>8,434,176</u>	<u>2,878,675</u>
		<u>17,744,851</u>	<u>12,609,043</u>
<b>16 RESTRICTED GRANTS</b>			
UNICEF	16.1	<u>1,777,986</u>	<u>5,746,839</u>
		<u>1,777,986</u>	<u>5,746,839</u>
<b>16.1</b> 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 completed in August 2023.			
	Note	2024 Rupees	2023 Rupees
Opening grant balance		5,746,839	22,620,602
Grants received during the year		-	29,320,200
Total grant		<u>5,746,839</u>	<u>51,940,802</u>
Less:			
Refund		(773,715)	-
Utilization		(3,195,138)	(46,193,963)
Closing balance		<u>1,777,986</u>	<u>5,746,839</u>
<b>17 ACCRUED AND OTHER PAYABLES</b>			
Security from contractors	17.1	76,650,562	121,181,715
Employees' deductions payable		31,500,097	26,366,174
Withholding tax payable		9,372,898	31,332,468
Unallocated revenue		9,440,794	9,438,390
Accrued expenses	17.2	<u>305,401,630</u>	<u>210,247,053</u>
		<u>432,365,981</u>	<u>398,565,800</u>
<b>17.1</b> These are securities withheld from the contractor against the development works of water and sanitation, electrical and mechanical works, and hiring of vehicle services.			

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**WATER AND SANITATION SERVICES PESHAWAR**  
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	2024 Rupees	2023 Rupees
<b>17.2 Accrued expenses:</b>		
Operational expenses	154,503,846	148,796,321
Salaries and allowances	148,118,832	61,050,732
Others	2,778,952	400,000
	<b>305,401,630</b>	<b>210,247,053</b>

**18 CONTINGENCIES & COMMITMENTS**

**Contingencies**

The Company is involved in the following matters as at reporting date which may have material effect on the financial position as well as the performance of the Company:

- 18.1** Large number of small cases have been filed against the Company, primarily by the Company's employees, customers and vendors, the quantum of which can not be estimated reliably. However management is of the view that in the overall context of these financial statements, there would be no significant liability of the Company against such cases.
- 18.2** The department had disallowed the tax credit under Section 100C of the Income Tax Ordinance, 2001 by raising a tax demand amounting to Rs. 168,990,912 for the tax years 2015, 2016, 2017, and 2018. This matter was adjudicated by the Honourable Appellate Tribunal Inland Revenue (ATIR) through consolidated orders in ITA No. 290 (PB) 2018, ITA No. 225 (PB) 2019, ITA No. 226 (PB) 2019, and ITA No. 227 (PB) 2019, dated February 22, 2021, in favor of WSSP. As a result, the tax demand was deleted. However, the department has filed a reference before the High Court, which is currently pending adjudication.
- 18.3** An appeal for tax year 2016 was filed on July 26, 2022, before the Commissioner (Appeals), Inland Revenue, against the assessment order issued under Section 122(1) of the Income Tax Ordinance, 2001, dated June 30, 2022, which raised a tax demand of Rs. 188.59 million. The assessment order was based on two key issues: firstly, the addition of expenses amounting to Rs. 33.12 million, and secondly, the disallowance of 100% tax credit amounting to Rs. 21.79 million under Section 100C of the Ordinance. The Commissioner (Appeals) modified the order by confirming the allowability of the expenses and remanding the matter of tax credit under Section 100C for reconsideration. As a result, no tax demand currently stands. However, since the matter of tax credit under Section 100C has already been adjudicated in favor of WSSP by the Honourable Appellate Tribunal Inland Revenue (ATIR), and a reference on the same issue is pending before the High Court.

**19 REVENUE FROM SERVICES**

Note	2024 Rupees	2023 Rupees
Water tankers	241,300	138,600
Residential water supply	191,038,958	154,923,492
Solid waste collection fee	7,870,517	35,363,854
New connection	2,168,965	3,367,725
	<b>201,319,740</b>	<b>193,793,671</b>

**20 OTHER INCOME**

Return on deposit accounts	75,319,440	76,458,516
Tender fee	163,500	307,000
Deferred capital grant written back	-	-
Auction fee	19,788,804	31,084,000
Penalties and others	1,096,816	4,170,129
Late payment surcharge	13,828,920	14,299,025
	<b>110,197,480</b>	<b>126,318,670</b>

**21 INCOME PERTAINING TO GRANT:**

**Grant from Government of Khyber Pakhtunkhwa for:**

Operations	12	4,317,630,856	4,128,495,301
Annual development programme and others	25.1	87,005,999	372,748,990
		<b>4,404,636,855</b>	<b>4,501,244,291</b>

**Donors:**

United Nations International Children's Emergency Fund	25.2	3,195,138	46,193,963
		<b>4,407,831,993</b>	<b>4,547,438,254</b>

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**WATER AND SANITATION SERVICES PESHAWAR**  
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	Note	2024 Rupees	2023 Rupees
<b>22 OPERATIONAL EXPENSES</b>			
Salaries, benefits and allowances	22.1	2,250,621,482	2,023,438,921
Provision for gratuity		109,286,724	153,536,108
Leave encashment		8,634,660	92,255,809
Electricity charges		1,237,568,643	1,066,301,728
Repair and maintenance		81,766,728	115,897,266
POL for operational vehicles		334,565,545	259,674,441
Hiring of solid waste vehicles		26,228,397	172,327,175
Hiring of man power		16,297,403	12,464,444
Entertainment charges		1,673,910	1,988,715
Health and safety charges		453,055	547,310
Security services		15,567,984	12,817,416
Solid waste management supplies		1,452,157	3,781,157
Printing and distribution of bills		3,227,000	2,844,001
Depreciation		125,554,614	116,045,266
Other operational expenditures		774,329	168,174
		<b>4,213,672,631</b>	<b>4,034,087,931</b>
<b>22.1 Salaries, benefits and other allowances</b>			
Salaries		2,208,251,642	1,978,655,521
EOBI		21,096,000	21,315,000
ESSI		21,273,840	21,218,400
Hajj expenses		-	2,250,000
		<b>2,250,621,482</b>	<b>2,023,438,921</b>
<b>23 GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Salaries, benefits and allowances	23.1	276,286,607	255,407,878
Provision for gratuity		30,086,177	45,416,112
Provision for leave encashment		2,527,162	32,201,620
Loss allowance on receivables		77,913,943	1,376,795
Rent for Head office & Zonal offices		11,307,379	11,227,078
Utilities		12,965,157	7,757,873
Printing and stationery		3,334,264	7,628,022
Travelling and transportation		1,058,485	2,275,202
Legal and professional charges		3,223,780	5,465,600
Internet and broadband charges		1,699,584	3,764,376
Repair and maintenance		3,542,115	3,354,053
Advertisement and awareness campaigns		1,112,609	2,745,114
Vehicle running expenses		85,599	886,450
Auditor's remuneration	23.2	500,000	400,000
Office supplies		2,167,410	1,252,049
Depreciation		31,388,654	29,011,317
Depreciation - right of use assets		11,512,207	11,404,202
Amortization of intangible assets		2,279	3,419
Security services		2,375,600	1,774,250
Insurance charges		8,063,075	7,243,532
Other admin expenditures		1,642,586	1,276,810
		<b>482,794,672</b>	<b>431,871,752</b>
<b>23.1 Salaries, benefits and other allowances</b>			
Salaries		274,630,607	253,730,878
EOBI		1,656,000	1,677,000
		<b>276,286,607</b>	<b>255,407,878</b>
<b>23.2 Auditor's remuneration</b>			
Statutory Audit fee		450,000	350,000
Review report on statement of compliance		50,000	50,000
		<b>500,000</b>	<b>400,000</b>

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**WATER AND SANITATION SERVICES PESHAWAR**  
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	2024 Rupees	2023 Rupees
<b>24 FINANCE COST</b>		
Markup on lease liabilities	2,233,075	1,981,633
Bank charges	1,246,239	905,150
	<u>3,479,314</u>	<u>2,886,783</u>
<b>25 EXPENSES PERTAINING TO GRANT:</b>		
<b>25.1 DEVELOPMENT GRANTS</b>		
Funding by city district government	9,186,123	-
Drinking water supply scheme	-	70,102,122
Development grant	16,815,968	29,524,826
Expansion program	61,003,908	273,122,042
	<u>87,005,999</u>	<u>372,748,990</u>
<b>25.2 RESTRICTED GRANTS</b>		
Project administrative cost	602,388	9,525,644
Staff salaries and other expenses	1,690,000	14,822,742
Mass media & awareness campaigns	308,000	3,494,102
Rehabilitation of water supply and sanitation schemes	594,750	18,351,475
	<u>3,195,138</u>	<u>46,193,963</u>

**26 PROVISION FOR TAXATION**

The Company has been granted the status of a non- profit organization by the Commissioner of Inland Revenue, Large Taxpayer Zone, RTO Peshawar, up to November 30,2025 on the basis of a Certificate Of Compliance (PCP Certificate) from Pakistan Centre for Philanthropy, dated November 1, 2022 which is valid until November 11, 2025. Hence no provision of taxation has been made in these Financial statements.

**27 RELATED PARTY TRANSACTIONS**

Related parties include associated organisations, directors, key management personnel, entities under common control, entities with common directors. Provincial Government governs and controls the Company through Local Government Elections & Rural Development Department, therefore all associated entities of Provincial Government are related parties of the Company. The amounts due from associated entities are disclosed in note 8 to the financial statements. Remuneration to chief executive, directors and executives under the terms of their employment are disclosed in note 28 to the financial statements. Transactions with related parties during the year are as follows:

Name	Relationship with the company	Basis of relationship	Nature of Transaction	2024	2023
TMA	Associated entity	Common directorship	Funds received	-	-
Local Government Elections & Rural Development Department	Associated entity	Governing body	Funds received	4,444,091,732	3,248,231,087
City District Government	Associated entity	Common directorship	Funds received	-	89,657,000
				<u>4,444,091,732</u>	<u>3,337,888,087</u>

**28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amounts charged in these financial statements for remuneration, including all benefits, to the chief executive, directors and executives of the Company are as follows:

	Chief Executive	Directors	Executives
<b>2024</b>			
Remuneration and bonus	5,807,303	-	171,936,516
Housing and utilities	5,352,003	-	83,165,112
Gratuity	-	-	3,071,579
Meeting fee	-	1,180,000	-
	<u>11,159,306</u>	<u>1,180,000</u>	<u>258,173,207</u>
No of person(s)	<u>1</u>	<u>8</u>	<u>40</u>

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**WATER AND SANITATION SERVICES PESHAWAR**  
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2023	Chief Executive	Directors	Executives
		Rs.	
Remuneration and bonus	5,292,190	-	71,419,791
Housing and utilities	3,175,315	-	42,851,904
Meeting fee	-	900,000	-
	8,467,505	900,000	114,271,695
No of person(s)	1	13	35

28.1 Executive means an employee, other than chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

28.2 The Chief Executive Officer is provided a company maintained car and the running and maintenance expenses of the vehicle were Rs.241,373 (2023:464,288).

**29 FINANCIAL INSTRUMENTS, FAIR VALUE AND RISK MANAGEMENT**

2024	2023
Rupees	Rupees
<b>29.1 Financial Instrument classification:</b>	
<b>Financial assets:</b>	
Financial assets at amortized cost:	
Long term advances and deposits	2,291,470
Accounts receivables	2,337,842,935
Advance and other receivables	13,413,274
Bank	503,063,717
	2,856,611,396
<b>Financial liabilities</b>	
Staff retirement benefits	606,858,438
Lease liabilities against right of use assets	14,859,081
Accrued and other payables	305,401,630
	927,119,149
	710,333,702

**29.2 Financial risk management**

The company has exposure to the following risks from the use of its financial instruments:

- Credit risk and concentration of credit risk
- Liquidity risk
- Market risk
- Budgetary control risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board is responsible for developing and monitoring the company's risk management policies.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

**29.3 Credit risk and concentration of credit risk**

Credit risk represents the financial loss that would be recognized at the reporting date if a counterparty fails to perform as contracted. The company consider its receivable from consumer to be highly exposed to credit risk and create appropriate provision for the receivables past due for three years. The Company's credit risk exposures are categorized under the following headings:

**(i) Counterparties**

Short and long term loans to employees and contractors are diversified due to number and performance of borrowers. The Company has a credit policy that governs the management of credit risk, including the specific transaction approvals and establishment of counterparty credit repayment timeline. The Company limits credit risk by limiting loans up to a maximum amount, and continuing to evaluate the creditworthiness of its borrowers, after transactions have been initiated.

**(ii) Bank Balances and Investments**

The Company maintains its bank balances and makes short term investments in PLS accounts of the banks having good credit rating. Deposits held with banks can either be redeemed upon demand, or have a short term maturity of less than a year and therefore also bear minimal risk.

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**WATER AND SANITATION SERVICES PESHAWAR**  
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(iii) The maximum amount exposed to credit risk at the reporting date is as follows:

	30-Jun-24 Rupees	30-Jun-23 Rupees
Trade receivables	2,337,842,935	2,041,578,666
Advances and other receivables	13,413,274	11,626,734
Bank balances	502,752,466	519,816,050
	<b>2,854,008,675</b>	<b>2,573,021,450</b>

The major portion of trade receivables consist of those receivable from government agencies under agreement so there is no significant risk involved in those receivables. However, receivables from consumers has been assessed for credit risk and provision for life time expected credit loss has been recognized.

The credit quality of company's bank balances can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate.

Bank Name	Rating		Rating Agency	2024	2023
	Short term	Long term			
Bank of Khyber	A1	A+	PACRA/VIS	468,619,686	506,319,484
Mobilink Microfinance Bank	A1	A	VIS	4,127,528	6,444,976
MCB	A1+	AAA	PACRA	50,960	2,156,785
UBL	A1+	AAA	VIS	2,315,563	1,654,054
ABL	A1+	AAA	PACRA/VIS	1,910,412	1,629,136
HBL	A1+	AAA	PACRA/VIS	795,406	1,176,560
U paisa				141,976	-
Jazz cash Account				2,793,719	433,943
Nadra e Sahulat				4,016	1,112
Funds in transit				21,993,200	-
<b>Total Rs.</b>				<b>502,752,466</b>	<b>519,816,050</b>

(iv) Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The company is exposed to the concentration of credit risk but the source of credit i.e., government is quite secured so the company believes that it will not be affected due to major concentration of credit risk.

#### 29.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. 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 table analyzes the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the undiscounted cash flows.

Particulars	Carrying value	Contractual cash flow	Less than 1 year	With in 2-5 years	Over 5 year
<b>30-Jun-24</b>	<b>Amount in Rupees</b>				
Lease liabilities against right of use assets	14,859,081	17,744,851	9,310,675	8,434,176	-
Accrued and other payables	432,365,981	432,365,981	432,365,981	-	-
<b>Total Rs.</b>	<b>447,225,062</b>	<b>450,110,832</b>	<b>441,676,656</b>	<b>8,434,176</b>	<b>-</b>

Particulars	Carrying value	Contractual cash flow	Less than 1 year	With in 2-5 years	Over 5 year
<b>30-Jun-23</b>	<b>Amount in Rupees</b>				
Lease liabilities against right of use assets	11,610,809	12,609,043	9,730,368	2,878,675	-
Accrued and other payables	398,565,800	398,565,800	398,565,800	-	-
<b>Total Rs.</b>	<b>410,176,609</b>	<b>411,174,843</b>	<b>408,296,168</b>	<b>2,878,675</b>	<b>-</b>

*Amal*

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**29.5 Market risk**

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rates and foreign exchange rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company's market risk comprises of two types of risk: interest rate risk and foreign currency risk. The market risks associated with the Company's business activities are discussed as under:

**a) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign transaction in foreign currencies. The Company is not exposed to currency risk.

**b) Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Company is not exposed to any significant interest rate except as disclosed in the respective notes. The rate of financing and their maturities are disclosed in the respective notes.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	Note	30-Jun-24 Rupees	30-Jun-23 Rupees
<b>Floating rate instruments</b>			
Bank balance		473,635,702	515,191,966
Lease liability		14,859,081	11,610,809
		<b>488,494,783</b>	<b>526,802,775</b>

**Cash flow sensitivity analysis for floating rate instruments**

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been changed as following:

		Change in interest Rate	Effects on profit before Tax
Floating-rate instruments	<b>2024</b>	+1%	753,194
Floating-rate instruments		-1%	(753,194)
Floating-rate instruments	<b>2023</b>	+1%	764,585
Floating-rate instruments		-1%	(764,585)

**29.6 Budgetary control risk**

Budgetary control risk represents the risk that the Company would not be able to fulfil the embedded conditions regarding preparation of budget and effective control measures in order to keep expenditures in line with the approved budget.

It is the responsibility of the Board to design and maintain effective budgetary controls across the entity in order to ensure that the key performance milestones are achieved.

**29.7 Fair value of financial instruments**

The carrying values of all financial assets and financial liabilities reflected in the financial statements appropriate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all the financial assets and financial liabilities reported in the financial statements approximate their fair values.

**30 NUMBER OF EMPLOYEES**

	2024	2023
Number of employees as at June 30,	4,100	4,243
Average number of employees during the year	4,159	4,327

**31 NON ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

There are no significant activities since June 30, 2024 causing any adjustment or disclosure in the financial statements.

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**32 DATE OF AUTHORIZATION**

These financial statements have been authorized for issue on 15-08-2025 by the Board of Directors of the Company.

**33 GENERAL**

**33.1 Reclassification**

During the year, the Company reclassified Rs. 330 million from the Restricted fund to the Operations fund. This amount was originally received under the *Development grant* to WSSP in 2018 but was utilized for operational expenses, including employees salaries, with CEO approval. The reclassification reflects the actual use of funds and has no impact on the statement of income and expenditure.

**33.2** The figures have been rounded to nearest rupee.

*Rounded*



CHIEF EXECUTIVE OFFICER



DIRECTOR