

**WATER AND SANITATION SERVICES
PESHAWAR
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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, 2022 and 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 a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure 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 information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the surplus, the 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.

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, on other information obtained prior to the date of this auditors report we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard. 

Other Offices Karachi, Lahore, Islamabad, Faisalabad & Multan

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material 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 cash flows and the statement of changes in funds together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, (XVIII of 1980).

Other Matter

Prior Year Financial Statements Audited by Predecessor Auditor

The financial statements of the Company for the year ended June 30, 2021 were audited by another firm of auditors, who expressed an unmodified opinion on those financial statements dated August 29, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Syed Ali Hasnain Shah.

Zahid Jamil & Co.

Zahid Jamil & Co

Chartered Accountants

Peshawar

UDIN: AR2022102910fFKY5pw1

Date: 29 FEB 2024

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

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees <i>Restated</i>	01-Jul-20 Rupees <i>Restated</i>
<u>ASSETS</u>				
NON-CURRENT ASSETS				
Property and equipment	4	468,164,240	411,523,639	245,527,506
Right of use assets	5	21,834,814	11,164,306	11,254,374
Intangible assets	6	10,257	15,385	23,077
Long term advances and deposits	7	5,106,864	4,383,859	6,398,627
		495,116,175	427,087,189	263,203,584
CURRENT ASSETS				
Accounts receivable	8	1,693,629,825	1,405,781,654	1,438,124,868
Advances, prepayments and other receivables	9	43,589,358	37,013,938	40,637,651
Cash and bank balances	10	696,376,163	545,712,661	356,022,115
		2,433,595,346	1,988,508,253	1,834,784,634
TOTAL ASSETS		2,928,711,521	2,415,595,442	2,097,988,218
<u>FUNDS & LIABILITIES</u>				
FUNDS				
General fund		443,572,130	360,738,353	302,859,830
NON-CURRENT LIABILITIES				
Deferred development grant	11	1,097,384,564	772,372,746	855,487,980
Deferred grant in aid for operations	12	286,372,055	343,569,757	298,062,091
Deferred capital grant for fixed assets	13	468,174,496	411,539,023	245,550,582
Staff retirement benefits	14	170,805,627	136,922,997	97,119,204
Lease liabilities against right of use assets	15	11,549,667	4,246,220	3,906,751
		2,034,286,409	1,668,650,743	1,500,126,608
CURRENT LIABILITIES				
Restricted donor grants	16	22,620,602	55,056,845	3,017,549
Accrued and other payables	17	416,822,813	323,243,945	284,326,349
Lease liabilities against right of use assets	15	11,409,567	7,905,556	7,657,882
		450,852,982	386,206,346	295,001,780
TOTAL FUNDS & LIABILITIES		2,928,711,521	2,415,595,442	2,097,988,218
CONTINGENCIES AND COMMITMENTS	18			

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 INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees <i>Restated</i>
INCOME & FUNDS			
INCOME			
Revenue from services	19	365,537,955	489,352,524
Other income	20	82,833,776	57,878,523
		<u>448,371,731</u>	<u>547,231,047</u>
FUNDS			
Grants			
Grant for operations	12.1	3,304,018,389	2,988,331,583
Development grants	25	457,773,023	227,115,234
Restricted donor grants	26	127,719,831	23,214,951
Amortization of deferred capital grant for fixed assets	13	74,784,371	85,015,323
		<u>3,964,295,614</u>	<u>3,323,677,091</u>
TOTAL INCOME & FUNDS		<u>4,412,667,345</u>	<u>3,870,908,138</u>
EXPENDITURES			
OPERATIONS			
Operational expenses	22	(3,280,607,250)	(2,974,104,273)
General and administrative expenses	23	(471,448,339)	(586,347,571)
Finance cost	24	(2,753,934)	(2,247,586)
		<u>(3,754,809,523)</u>	<u>(3,562,699,430)</u>
DEVELOPMENT & RESTRICTED			
Development grants	25	(457,773,023)	(227,115,234)
Restricted donor grants	26	(127,719,831)	(23,214,951)
		<u>(585,492,854)</u>	<u>(250,330,185)</u>
TOTAL EXPENDITURES		<u>(4,340,302,377)</u>	<u>(3,813,029,615)</u>
SURPLUS FROM OPERATIONS		<u>72,364,968</u>	<u>57,878,523</u>
SURPLUS BEFORE TAXATION		<u>72,364,968</u>	<u>57,878,523</u>
Provision for taxation	27	-	-
SURPLUS AFTER TAXATION		<u>72,364,968</u>	<u>57,878,523</u>
OTHER COMPREHENSIVE INCOME			
Items that will not be subsequently reclassified to income and expenditure			
Gain on re-measurement of staff retirement benefit plans		<u>10,468,808</u>	-
OTHER COMPREHENSIVE INCOME		<u>10,468,808</u>	-
TOTAL COMPREHENSIVE SURPLUS FOR THE YEAR		<u>82,833,776</u>	<u>57,878,523</u>

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 CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

Note	2022 Rupees	2021 Rupees <i>Restated</i>
CASH FLOW FROM OPERATING ACTIVITIES		
Total comprehensive surplus for the year before taxation	82,833,776	57,878,523
Adjustments for non-cash items:		
Depreciation and amortization	87,394,969	95,529,015
Loss allowance on receivables	141,864,066	300,496,876
Provision for staff retirement gratuity	47,777,866	40,404,000
Gain on re-measurement of staff retirement benefits	(10,468,808)	-
Gain on sale of fixed assets	(2,563,539)	(541,000)
Deferred capital grant write back	(2,423,161)	(517,393)
Finance cost on lease liability	2,010,522	1,776,252
Restricted donor grants income	(127,719,831)	(9,639,951)
Development grant income	(457,773,023)	(227,115,234)
Amortization of deferred capital grant	(74,784,371)	(85,015,323)
Grant for operations - income	(3,305,428,789)	(2,988,537,880)
Operating deficit before working capital changes	(3,619,280,323)	(2,815,282,115)
(Increase)/ decrease in current assets		
Accounts receivable	(429,712,237)	(268,153,662)
Advances, prepayments and other receivables	(6,284,453)	4,215,882
Increase/ (decrease) in current liabilities		
Accrued and other payables	93,578,868	38,917,596
Financial charges	(2,010,522)	(1,776,252)
Income tax paid	(290,967)	(592,169)
Gratuity paid	(3,426,428)	(600,207)
Net cash used in operating activities	(3,967,426,062)	(3,043,270,927)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of operating assets	(133,843,005)	(251,521,157)
Acquisition of right of use assets	(23,281,106)	(10,423,624)
Proceeds from sale of fixed assets	4,986,700	1,058,393
Long term advances and deposits	(723,005)	2,014,768
Net cash generated from investing activities	(152,860,416)	(258,871,620)
CASH FLOW FROM FINANCING ACTIVITIES		
Deferred development grant receipt	782,784,841	144,000,000
Deferred grant in aid for operations receipt	3,248,231,087	3,034,045,546
Deferred capital grant receipt	133,843,005	251,521,157
Restricted grants receipt - net of refund	95,283,588	61,679,247
Lease liabilities against right of use assets	22,560,623	10,423,624
Lease payments against right of use assets	(11,753,164)	(9,836,481)
Net cash generated from financing activities	4,270,949,980	3,491,833,093
Net increase/(decrease) in cash and cash equivalents	150,663,502	189,690,546
Cash and cash equivalents at the beginning of the year	545,712,661	356,022,115
Cash and cash equivalents at the end of the year	696,376,163	545,712,661

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, 2022**

	Note	Accumulated Surplus Rupees	Total Rupees
Balance as at 01 July 2020 - as previously reported		201,363,348	201,363,348
Effect of correction of error	32	101,496,482	101,496,482
Balance as at 01 July 2020 - restated		302,859,830	302,859,830
Total comprehensive surplus for the year - restated		57,878,523	57,878,523
Balance as at 30 June 2021		360,738,353	360,738,353
Total comprehensive surplus for the year		82,833,776	82,833,776
Balance as at 30 June 2022		443,572,130	443,572,130

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

4 PROPERTY AND EQUIPMENT

Particulars	2022						2021					
	Cost			Rate %	Depreciation			Carrying value				
	As on 01-Jul-21	Additions	Disposals		As at 30-Jun-22	For the year	Adjustment on disposal	As at 30-Jun-22	As at 30-Jun-21	As at 30-Jun-21	As at 30-Jun-21	
Freehold land	95,536,000	-	-	0%	-	-	-	-	-	-	95,536,000	
Building on freehold land	2,884,000	-	(2,884,000)	10%	216,300	244,539	(460,839)	-	-	-	285,792,372	
Vehicles	445,369,486	105,094,487	-	20%	212,301,630	52,369,971	-	264,671,601	-	-	52,272,279	
Refurbished trucks	71,978,439	26,610,036	-	20%	36,903,521	9,412,675	-	46,316,196	-	-	21,107,284	
IT equipment	82,658,446	758,380	-	33%	51,969,781	10,339,761	-	62,309,542	-	-	2,054,265	
Electrical equipment	4,774,510	416,202	-	15%	2,700,726	435,721	-	3,136,447	-	-	6,410,139	
Office equipment	16,301,081	866,000	-	15%	9,651,212	1,105,730	-	10,756,942	-	-	4,991,901	
Furniture and fixtures	11,850,863	97,900	-	15%	6,086,016	870,846	-	6,956,862	-	-	468,164,240	
Total June 30, 2022 (Rupees)	731,352,825	133,843,005	(2,884,000)		319,829,186	74,779,243	(460,839)	394,147,590				

Particulars	2021						2020					
	Cost			Rate %	Depreciation			Carrying value				
	As on 01-Jul-20	Additions	Disposals		As at 30-Jun-21	For the year	Adjustment on disposal	As at 30-Jun-21	As at 30-Jun-21	As at 30-Jun-21	As at 30-Jun-21	
Freehold land	-	95,536,000	-	-	-	-	-	-	-	-	95,536,000	
Building on freehold land	-	2,884,000	-	10%	288,400	216,300	-	216,300	-	-	2,667,700	
Vehicles	361,540,895	84,972,591	(1,144,000)	20%	173,028,658	39,899,579	(626,607)	212,301,630	-	-	233,067,856	
Refurbished trucks	58,518,439	13,460,000	-	20%	29,280,625	7,622,896	-	36,903,521	-	-	35,074,918	
IT equipment	28,025,480	54,632,966	-	33%	17,253,007	34,716,774	-	51,969,781	-	-	30,688,665	
Electrical equipment	4,774,510	-	-	15%	2,334,764	365,962	-	2,700,726	-	-	2,073,784	
Office equipment	16,301,081	-	-	15%	8,477,706	1,173,506	-	9,651,212	-	-	6,649,869	
Furniture and fixtures	11,815,263	35,600	-	15%	5,073,402	1,012,614	-	6,086,016	-	-	5,764,847	
Total June 30, 2021 (Rupees)	480,975,668	251,521,157	(1,144,000)		235,448,162	85,007,631	(626,607)	319,829,186			411,523,639	

4.1 Depreciation is allocated as follows:

	2022	2021
General and administrative expenses	14,955,849	17,001,526
Operational expenses	59,823,394	68,006,105
	74,779,243	85,007,631

Depreciation is allocated as follows:

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

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

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WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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 for certain items as disclosed in relevant accounting policies.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency.

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

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized 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

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**WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

2.5 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

2.5.1 New accounting standards, interpretations and amendments

Certain standards, amendments and interpretations to IFRS are effective during the year but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

	Effective date (annual periods beginning on or after)
IAS 1 Amendments to 'IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 1 'Presentation of Financial Statements' Classification of Liabilities as Current or Non-current	January 1, 2024
IAS 8 Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2023
IAS 12 Income Taxes (Amendments)	January 1, 2023
IAS 16 Property, plant and equipment (Amendments)	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 1, 2022
IFRS 3 Business Combinations (Amendments)	January 1, 2022
IAS 41,	
IFRS(1, 9 & 16) Annual improvements to IFRS Standards 2018-2020	January 1, 2022
IFRS 10 & IAS 28 Sale or contribution of assets between an investor and its associate or joint venture – Amendments	N/A*

* The effective date is not yet issued

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

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

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 17 Insurance Contracts
- IFRIC 12 Service concession arrangements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are the same as those applied in earlier period presented.

3.1 Property and equipment

(a) Initial Recognition

The cost of an item of property, plant and equipment is recognized 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.

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WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(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.

(c) Subsequent expenditure

Expenditure incurred to replace a significant component of an item of property, property, plant and equipment is capitalized and the asset so replaced is retired. Other subsequent expenditure is capitalized 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 recognized in the statement of income and expenditure as an expense when it is incurred.

(d) Depreciation

Depreciation is charged on written down value at the rates specified in note 4. Depreciation on addition in property, plant and equipment is charged from the month of purchase or capitalization up to the month preceding the month of its disposal.

(e) Gains and losses on disposal

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 Financial assets

(a) Initial measurement

A financial asset is initially measured at fair value plus, for an item not at fair value through profit or loss (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

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**WATER AND SANITATION SERVICES PESHAWAR
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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.

3.2.1 Impairment of financial assets

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 recognized from initial recognition of the receivables in compliance of IFRS-9.

The Company recognizes 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 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 or otherwise.

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.

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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 statement of Income and expenditure and other comprehensive income. 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.

3.3 Staff retirement benefits

(a) Gratuity

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

3.4 Accounts receivable

Receivables are carried at original invoice amount less provision made for receivables considered doubtful for recovery in line with expected credit loss model of IFRS 9.

3.5 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.

3.6 Government grants

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

- 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 recognized as income on a systematic and rational basis over the useful life of the asset.

3.7 Leases

(a) Right of use asset

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.

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FOR THE YEAR ENDED JUNE 30, 2022

(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.

3.8 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 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 deferred 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.

(c) 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.

3.9 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.

3.10 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.

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**WATER AND SANITATION SERVICES PESHAWAR
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3.11 Exemptions from applicability of accounting and reporting requirements

3.11.1 IFRS 9 "Financial Instruments"

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(I)/2023, has further extended the exemption till 31 December 2024.

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WATER AND SANITATION SERVICES PESHAWAR
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FOR THE YEAR ENDED JUNE 30, 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees <i>Restated</i>
5 RIGHT OF USE ASSETS			
Cost			
Opening balance		29,493,168	19,069,544
Addition during the year		23,467,066	10,423,624
Adjustment during the year		(185,960)	-
		<u>52,774,274</u>	<u>29,493,168</u>
Accumulated Depreciation			
Opening balance		18,328,862	7,815,170
Depreciation during the year		12,610,598	10,513,692
		<u>30,939,460</u>	<u>18,328,862</u>
Net book value as at June 30		<u>21,834,814</u>	<u>11,164,306</u>
5.1 The right of use assets comprise of rented office premises / parking yards / dumping yards acquired on lease by the Company for its operations.			
5.2 The term of lease agreements ranges from 2 to 3 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.			
5.4 The rate of depreciation is based on the term of the respective agreements and ranges from 33% to 50%.			
6 INTANGIBLE ASSETS			
Cost			
Opening balance		88,600	88,600
Addition during the year		-	-
		<u>88,600</u>	<u>88,600</u>
Accumulated Depreciation			
Opening balance		73,215	65,523
Amortization during the year		5,128	7,692
		<u>78,343</u>	<u>73,215</u>
Net book value as at June 30		<u>10,257</u>	<u>15,385</u>
- Amortization of intangible assets has been recorded at rate of 33 % (2021: 33%) per annum.			
7 LONG TERM ADVANCES AND DEPOSITS			
Deposits with filling stations		500,000	500,000
Other security deposits		1,555,400	1,455,400
Advances to employees	7.1	3,051,464	2,428,459
		<u>5,106,864</u>	<u>4,383,859</u>
7.1 Advances to employees			
Opening balance		5,609,527	6,378,012
Addition during the year		9,739,730	4,109,394
		<u>15,349,257</u>	<u>10,487,406</u>
Less: received during the year		(6,146,948)	(4,877,879)
		<u>9,202,309</u>	<u>5,609,527</u>
Less: current portion of advances to employees		(6,150,845)	(3,181,068)
Closing balance		<u>3,051,464</u>	<u>2,428,459</u>
7.2			

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

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FOR THE YEAR ENDED JUNE 30, 2022

	Note	30-Jun-22	30-Jun-21
		Rupees	Rupees <i>Restated</i>
8 ACCOUNTS RECEIVABLE			
Budgetary support - Considered good			
Tehsil Municipal Administration (formerly known as Municipal Corporation Peshawar)	8.1	1,178,965,018	927,012,000
University Town Committee	8.2	51,750,000	51,750,000
Peshawar Development Authority	8.2	32,666,666	32,666,666
Other receivables - Considered good			
University Town Committee	8.2	2,172,500	2,172,500
Peshawar Development Authority	8.2	81,280,952	81,280,952
		<u>1,346,835,136</u>	<u>1,094,882,118</u>
Receivable from customers - unsecured		1,373,357,682	1,195,598,463
Allowance for expected credit loss	8.4	<u>(1,026,562,993)</u>	<u>(884,698,927)</u>
Receivable from customers - net of loss allowance		<u>346,794,689</u>	<u>310,899,536</u>
		<u>1,693,629,825</u>	<u>1,405,781,654</u>
8.1 This amount represents receivable from Tehsil Municipal Administration (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.			
8.1.1 Movement of accounts receivables from related parties is as follows:			
Balance at beginning of the year		1,094,882,118	1,062,300,118
Receivable recorded during the year		300,000,000	300,000,000
Amount received during the year		<u>(48,046,982)</u>	<u>(267,418,000)</u>
Balance at end of the year		<u>1,346,835,136</u>	<u>1,094,882,118</u>
8.1.2 Age analysis of amounts receivable for related parties:			
Up to 1 year		251,940,000	32,580,000
1 to 3 years		279,250,000	463,060,000
More than 3 years		815,645,136	599,242,118
		<u>1,346,835,136</u>	<u>1,094,882,118</u>
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 31-May-2017.			
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.			
8.4 Movement in allowance for expected credit losses in receivable from customers is as follows:			
Balance at 1 July		884,698,927	584,202,051
Charge for the year		141,864,066	300,496,876
Balance at 30 June		<u>1,026,562,993</u>	<u>884,698,927</u>
9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of long term advances	7.1	6,150,845	3,181,068
Prepaid general insurance and others		2,162,106	2,742,068
Prepaid rent and utilities		3,894,638	-
Income tax refund due from government		31,381,769	31,090,802
		<u>43,589,358</u>	<u>37,013,938</u>

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**WATER AND SANITATION SERVICES PESHAWAR
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FOR THE YEAR ENDED JUNE 30, 2022**

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees <i>Restated</i>
10 CASH AND BANK BALANCES			
Cash at bank	10.1	695,914,379	545,237,052
Cash in hand		461,784	475,609
		<u>696,376,163</u>	<u>545,712,661</u>
10.1 Cash at bank			
Current accounts		3,509,916	9,237,227
Saving accounts	10.1.1	692,404,463	535,999,825
		<u>695,914,379</u>	<u>545,237,052</u>
10.1.1 These carry profit at the rates of 3.1% to 14% per annum (2021: 4.55% to 7.50% per annum).			
11 DEFERRED DEVELOPMENT GRANT			
Opening balance		772,372,746	855,487,980
Received / adjusted during the year	11.1	782,784,841	144,000,000
Grant income recognized	25.1	(457,773,023)	(227,115,234)
Closing balance		<u>1,097,384,564</u>	<u>772,372,746</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.			
12 DEFERRED GRANT IN AID FOR OPERATIONS			
Opening balance		343,569,757	298,062,091
Accrued and received during the year		3,248,231,087	3,035,953,546
Adjustment during the year		-	(1,908,000)
Grant in aid utilized for fixed assets during the year		(1,410,400)	(206,297)
Utilized during the year	12.1	(3,304,018,389)	(2,988,331,583)
Closing balance		<u>286,372,055</u>	<u>343,569,757</u>
12.1 Utilization of deferred grant in aid for operations			
Revenue from services	19	(365,537,955)	(489,352,524)
Amortization of deferred capital grant	13	(74,784,371)	(85,015,323)
Remeasurement of defined benefit obligation	14.1.4	(10,468,808)	-
Operational expenses	22	3,280,607,250	2,974,104,273
General and administrative expenses	23	471,448,339	586,347,571
Finance cost	24	2,753,934	2,247,586
Total		<u>3,304,018,389</u>	<u>2,988,331,583</u>
13 DEFERRED CAPITAL GRANT FOR FIXED ASSETS			
Opening balance		411,539,023	245,550,582
Addition during the year		133,843,005	251,521,157
Amount amortized against depreciation and amortization for the year		(74,784,371)	(85,015,323)
Net book value of disposed fixed assets		(2,423,161)	(517,393)
Closing balance		<u>468,174,496</u>	<u>411,539,023</u>
14 STAFF RETIREMENT BENEFITS			
Gratuity payable	14.1	170,805,627	136,922,997
		<u>170,805,627</u>	<u>136,922,997</u>

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WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Note	30-Jun-22 Rupees	30-Jun-21 Rupees <i>Restated</i>		
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	170,805,627	136,922,997		
Fair value of plan assets	-	-		
Liability / (Asset)	<u>170,805,627</u>	<u>136,922,997</u>		
14.1.2 Amounts recognized in the statement of income and expenditure are as follows:				
Current service cost	34,253,916	30,934,000		
Net interest cost	13,523,950	9,470,000		
	<u>47,777,866</u>	<u>40,404,000</u>		
14.1.3 The estimated charge to statement of income and expenditure for the defined benefit plan for the year ending 30 June 2023 is Rs. 60.943 million.				
14.1.4 The movements in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation at beginning of the year	136,922,997	97,119,204		
Current service cost	34,253,916	30,934,000		
Interest cost	13,523,950	9,470,000		
Benefits paid	(3,426,428)	(600,207)		
Re-measurement of defined benefit obligation	(10,468,808)	-		
Present value of defined benefit obligation at end of the year	<u>170,805,627</u>	<u>136,922,997</u>		
- The scheme provides terminal benefits for all employees of the Company who attain the minimum qualifying period of service as defined in the scheme. Annual charge is based on actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation is carried out as at June 30, 2021.				
- Principal actuarial assumptions				
Discount factor used	13.75% per annum	10 % per annum		
Expected rate of increase in salaries	12.75 % per annum	10 % 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 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.				
	2022		2021	
	Defined benefit obligation		Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease	Effect of 1% increase	Effect of 1% decrease
Discount rate	(22,638,600)	28,308,334	-	47,006,997
Salary increase rate	28,646,405	(23,354,620)	-	(32,493,997)
- The impact of changes in financial assumptions has been determined by revaluation of the obligations on different rates.				
15 LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS				
Balance at beginning of the year	12,151,776	11,564,632		
Addition during the year	23,467,066	10,423,624		
Payments during the year	(13,763,686)	(11,612,732)		
Interest expense	2,010,521	1,776,252		
Adjustment during the year	(906,443)	-		
Lease liabilities	22,959,234	12,151,776		
Less: current portion of lease liabilities	(11,409,567)	(7,905,556)		
	<u>11,549,667</u>	<u>4,246,220</u>		

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FOR THE YEAR ENDED JUNE 30, 2022**

15.1 Future minimum lease payments as at June 30, 2022 are as follows:

	Minimum lease payments	Interest	Present value of minimum lease payments
2022		-----Rupees-----	
Less than one year	13,391,200	1,981,633	11,409,567
More than 1 year but less than five years	12,609,043	1,059,376	11,549,667
More than five years	-	-	-
	<u>26,000,243</u>	<u>3,041,009</u>	<u>22,959,234</u>
2021			
Less than one year	9,005,948	1,100,392	7,905,556
More than 1 year but less than five years	4,563,200	316,980	4,246,220
More than five years	-	-	-
	<u>13,569,148</u>	<u>1,417,372</u>	<u>12,151,776</u>

- The cash outflow in respect of lease payments for the year ended June 30, 2022 is Rs. 13,763,686 (2021: Rs. 11,612,732).

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees <i>Restated</i>
16 RESTRICTED DONOR GRANTS			
UNICEF	16.1	22,620,602	55,056,845
MSP	16.2	-	-
		<u>22,620,602</u>	<u>55,056,845</u>

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

Opening grant balance	55,056,845	3,017,549
Grants received during the year	95,283,588	69,880,179
Total grant	<u>150,340,433</u>	<u>72,897,728</u>
Less:		
Refund	-	(8,200,932)
Utilization	<u>(127,719,831)</u>	<u>(9,639,951)</u>
Closing balance	<u>22,620,602</u>	<u>55,056,845</u>

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

Opening balance	-	-
Add: Grants received during the year	-	13,575,000
Less: Utilization	-	(13,575,000)
Closing balance	<u>-</u>	<u>-</u>

17 ACCRUED AND OTHER PAYABLES

Security from contractors	127,892,549	97,210,700
Employees' deductions payable to TMAs and others	86,991,076	80,448,235
Withholding tax payable	21,668,563	9,429,687
Payable to contractors	3,587,924	3,587,924
Unallocated revenue	9,265,536	9,246,866
Accrued liabilities:		
Operational expenses	113,835,927	119,308,068
Salaries and allowances	53,481,238	2,984,020
Others	100,000	1,028,445
	<u>416,822,813</u>	<u>323,243,945</u>

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WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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** The office of Inland Revenue LTU, Peshawar initiated proceedings against the Company under Section 122(5A) of the Income Tax Ordinance 2001. The office created demand of Income Tax of Rs. 55.272 million for tax year 2015. The Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner passed an order against the Company and maintained the assessment made by the Officer Inland Revenue, Peshawar. The Company subsequently filed an appeal in Appellate Tribunal Islamabad against the order of Commissioner Inland Revenue (Appeals). The ATIR-ISB annulled the order of Add. Commissioner IR vide order No. ITA-290 (PB) TY 2015 on 22-02-2021. The Department has filed reference no. LTU/CIR/Legal/1112 on 28-05-2021 before the honorable Islamabad High Court, which is still pending for hearing.
- 18.2** The office of Inland Revenue LTU, Peshawar initiated proceeding against the Company under Section 122(5A) of the Income Tax Ordinance 2001. The office created demand for Income tax of Rs. 21.792 and 26.771 million for tax year 2016 & 2017 respectively. The Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner subsequently passed an order against the Company and maintained the assessment made by the Office of Inland Revenue, Peshawar. The Company filed an appeal against the order with the Appellate Tribunal Inland Revenue, Islamabad. The ATIR-ISB annulled the order of Add. Commissioner IR vide order No. ITA-225 & 226 (PB) TY 2016 & 2017 on 22-02-2021. The Department has filed reference no. LTO/CIR/Legal/1112 on 28-05-2021 before the honorable Islamabad High Court, which is still pending for hearing.
- 18.3** The office of Inland Revenue LTU, Peshawar initiated proceeding against the Company under Section 122(5A) of the Income Tax Ordinance 2001. The office created demand of income tax amounting to Rs. 65.155 million for tax year 2018. The Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner passed an order against the Company and maintained the assessment made by the Office of Inland Revenue, Peshawar. The Company subsequently filed an appeal against the order in the Appellate Tribunal Inland Revenue, Islamabad. The ATIR-ISB annulled the order of Add. Commissioner IR vide order No. ITA-227(PB) 2019 TY 2018 on 22-02-2021. The Department then filed reference no. LTO/CIR/Legal/1112 on 28-05-2021 before the honorable Islamabad High Court, which is still pending for hearing.

19 REVENUE FROM SERVICES	Note	30-Jun-22	30-Jun-21
		Rupees	Rupees
			<i>Restated</i>
Water tanker charges		109,100	309,420
Residential/commercial water charges		358,068,865	474,773,161
Solid waste collection fee		4,613,470	10,085,404
New connection charges		2,746,520	4,184,539
		<u>365,537,955</u>	<u>489,352,524</u>
20 OTHER INCOME			
Income from financial assets			
Profit on deposit accounts		48,535,936	21,108,124
Income from non-financial assets			
Gain on sale of fixed assets		2,563,539	541,000
Deferred capital grant written back		2,423,161	-
Other income			
Tender fee		899,888	613,060
Penalties and others		3,069,026	1,955,258
Late payment charges		25,342,226	33,661,081
		<u>82,833,776</u>	<u>57,878,523</u>

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WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	30-Jun-22 Rupees	30-Jun-21 Rupees <i>Restated</i>
21 GRANTS			
Grant for operations	12	3,304,018,389	2,988,331,583
Development grants	25.1	457,773,023	227,115,234
		<u>3,761,791,412</u>	<u>3,215,446,817</u>
Donors:			
United Nations International Children's Emergency Fund	26.1	127,719,831	9,639,951
Municipal Services Programme - Government of Khyber Pakhtunkhwa	26.2	-	13,575,000
		<u>3,889,511,243</u>	<u>3,238,661,768</u>
22 OPERATIONAL EXPENSES			
Salaries, benefits and allowances		1,882,917,420	1,675,960,443
EOBI expense		16,412,400	13,414,683
Provision for gratuity		36,311,178	35,151,480
Electricity charges		842,054,308	803,233,038
Repair and maintenance		137,823,287	147,193,111
POL for operational vehicles		158,897,260	118,874,638
Hiring of solid waste vehicles		116,730,247	78,214,889
Entertainment charges		1,873,476	1,297,046
Hajj expenses		3,599,161	-
Health and safety charges		1,606,918	267,330
Security services		8,900,061	5,076,000
Solid waste management supplies		11,238,613	24,751,808
Printing and distribution of bills		2,122,212	2,445,563
Depreciation		59,823,394	68,006,105
Miscellaneous		297,314	218,139
		<u>3,280,607,250</u>	<u>2,974,104,273</u>
23 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries, benefits and allowances		236,669,815	197,590,879
EOBI expense		1,226,900	-
ESSI expense		8,814,960	5,451,840
Provision for gratuity		11,466,688	5,252,520
Loss allowance on receivables	8.4	141,864,066	300,496,876
Rent for Head & Zonal Offices		8,377,667	15,004,045
Utilities		5,570,361	5,920,900
Printing and stationary		3,942,097	4,020,165
Travelling and transportation		329,678	1,151,200
Legal and professional charges		3,518,845	3,200,055
Internet and broadband charges		2,169,600	1,801,904
Repair and maintenance		2,945,259	2,572,247
Advertisement and awareness campaigns		2,345,956	1,319,301
POL for pool vehicles		417,750	654,655
COVID-19 related expenditure		59,100	2,577,783
Auditor's remuneration	23.1	350,000	229,500
Office supplies		2,802,829	2,411,256
Depreciation		14,955,849	17,001,526
Depreciation - right of use assets		12,610,598	10,513,692
Amortization of intangible assets		5,128	7,692
Security services		1,523,500	1,260,000
Insurance charges		8,761,004	7,405,204
Miscellaneous		720,690	504,331
		<u>471,448,339</u>	<u>586,347,571</u>
23.1 Auditor's remuneration			
Audit fee		300,000	187,500
Review report on statement of compliance		50,000	42,000
		<u>350,000</u>	<u>229,500</u>

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WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	30-Jun-22	30-Jun-21
		Rupees	Rupees
			<i>Restated</i>
24 FINANCE COST			
Markup on lease liabilities		2,010,522	1,776,252
Bank charges		743,412	471,334
		<u>2,753,934</u>	<u>2,247,586</u>
25 DEVELOPMENT GRANTS			
Annual Development Programme (ADP) and Others	25.1	457,773,023	227,115,234
		<u>457,773,023</u>	<u>227,115,234</u>
25.1 ANNUAL DEVELOPMENT PROGRAMME (ADP) AND OTHERS			
Funded by city district government		56,723,047	23,030,527
Drinking water supply scheme		1,475,154	8,759,735
Development grant		44,428,306	146,274,972
Expansion program		151,635,000	-
Diversion of canal effluent and feasibility studies		203,511,516	49,050,000
		<u>457,773,023</u>	<u>227,115,234</u>
26 RESTRICTED DONOR GRANTS			
United Nations International Children's Emergency	26.1	127,719,831	9,639,951
Municipal Services Programme - Government of KP	26.2	-	13,575,000
		<u>127,719,831</u>	<u>23,214,951</u>
26.1 UNITED NATIONS INTERNATIONAL CHILDREN'S EMERGENCY FUND			
Project administrative cost		7,333,947	-
Staff salaries and other expenses		12,356,967	-
Mass media & awareness campaigns		8,645,704	183,000
Rehabilitation of water supply and sanitation schemes		97,695,333	4,510,417
Capacity building management staff		918,640	-
COVID-19		769,240	4,946,534
		<u>127,719,831</u>	<u>9,639,951</u>
26.2 MUNICIPAL SERVICES PROGRAMME - GOVERNMENT OF KP			
Containers and waste bins support		-	13,575,000

27 PROVISION FOR TAXATION

The Company has been established as a non-profit organization under section 42 of the Companies' Ordinance, 1984 (now the Companies Act, 2017) and have obtained the status of Non Profit Organization under the section 2(36) of the Income Tax Ordinance 2001. No tax liability has been recorded as the Company can claim 100% tax credit under section 100C of Income Tax Ordinance, 2001.

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WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

28 RELATED PARTY TRANSACTIONS

Related parties include associated organizations, 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	2022	2021
Tehsil Municipal Administration	Associated entity	Common directorship	Funds received	48,046,982	267,418,000
Local Government Elections & Rural Development Department	Associated entity	Governing body	Funds received	3,248,231,087	3,034,045,546
City District Government	Associated entity	Common directorship	Funds received	89,657,000	89,950,000
				3,385,935,069	3,391,413,546

29 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***
	-----'Rs.-----		
2022			
Remuneration and bonus	8,330,022	-	125,188,867
Medical	96,000	-	1,480,133
Meeting fee	-	730,000	-
	8,426,022	730,000	126,669,000
No of person(s)	1	14	33
	Chief Executive	Directors	Executives
	-----'Rs.-----		
2021			
Remuneration and bonus	4,123,665	-	99,916,961
Medical	94,194	-	1,389,267
Meeting fee	-	1,060,000	-
	4,217,859	1,060,000	101,306,228
No of person(s)	1	15	34

* The CEO is also provided with a Company maintained car.

** Directors are not paid any remuneration except meeting fee.

*** Executive means an employee whose basic salary exceeds Rs 1,200,000 (2021:Rs 1,200,000) during the year.

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WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

30 FINANCIAL RISK MANAGEMENT

Financial Risk Factor

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

The Company has exposure to following risk categories:

- Market risk; (including currency risk and interest rate risk)
- Credit risk
- Budgetary control risk
- Liquidity risk

30.1 Market risk

Market risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices. Market prices comprise two types of risk, currency risk and interest risk.

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 represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from finance lease obligations and bank balances.

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

Floating rate instruments	Note	30-Jun-2022 Rupees	30-Jun-2021 Rupees
Bank balance		692,404,463	<i>Restated</i> 545,237,052
Lease liability		22,959,234	12,151,776
		<u>715,363,697</u>	<u>557,388,828</u>

30.2 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'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. 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.

(iii) Exposure to credit risk

The maximum exposure to credit risk at the reporting date is as follows:

	30-Jun-2022 Rupees	30-Jun-2021 Rupees
Advances, deposits and receivables	1,737,219,183	<i>Restated</i> 1,442,795,592
Bank balances	695,914,379	545,237,052
	<u>2,433,133,562</u>	<u>1,988,032,644</u>

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

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WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(iv) **Concentration to credit risk**

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 believes that it is not exposed to major concentration of credit risk.

(v) **Impairment losses**

The aging of receivables at the reporting date was:

	RUPEES			
	2022		2021	
	Gross	Impairment	<i>Restated</i>	
		Gross	Impairment	
Past due up to 6 month	78,223,943	-	137,286,131	-
Past due between:				
- 6 month to 1 years	108,106,463	-	98,283,731	-
- 1 to 3 years	462,502,073	302,037,790	517,782,247	442,452,573
- Over 3 years	724,525,203	724,525,203	442,246,354	442,246,354
	<u>1,373,357,682</u>	<u>1,026,562,993</u>	<u>1,195,598,463</u>	<u>884,698,927</u>

(vi) The movement in the allowance for impairment in respect of receivable during the year was as follows:

	30-Jun-2022	30-Jun-2021
	Rupees	Rupees
Balance at 1 July	884,698,927	584,202,051
Impairment of expected credit losses	141,864,066	300,496,876
Bad debts written off	-	-
Balance at 30 June	<u>1,026,562,993</u>	<u>884,698,927</u>

(vii) **Allowances for impairment**

Based on past experience, the management has recorded impairment allowance which is considered necessary in respect of trade debts. Trade debts are due from regular customers.

(viii) **Write-off policy**

The allowance account in respect of trade debts is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible. At that point the amount considered irrecoverable is written off against the financial asset directly.

30.3 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.

30.4 Liquidity risk

Liquidity risk results from Company's potential inability to meet its financial liabilities, e.g. settlement of borrowings, paying its suppliers and employees. The responsibility of liquidity risk management rests with the Company's Board of Directors, and their approach in this regard is to ensure that the Company always has sufficient liquidity to meet its liabilities when they become due, without incurring unacceptable losses or risking damage to the Company's reputation. Beyond effective net working capital and cash management, the Company mitigates liquidity risk by arranging short-term financing from highly rated financial institutions.

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WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

The following are the contractual maturities of the financial instruments

June 30 2022	Carrying amount	Contractual cash flows	Within a year	More than one year
			Rupees	
Accrued expenses and other payables	416,822,813	416,822,813	416,822,813	-
June 30 2021	Carrying amount	Contractual cash flows	Within a year	More than one year
	Rupees			
Accrued expenses and other payables	323,243,945	323,243,945	323,243,945	-

30.5 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.

30.6 Fair value hierarchy

The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market places (unadjusted) in an active market for an identical assets or liabilities.
- Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June 2022 and 2021, the company did not hold any financial instruments to which fair value hierarchy was applicable.

30.7 Financial instruments by category	30-Jun-2022	30-Jun-2021
	Rupees	Rupees
		<i>Restated</i>
<u>Financial assets - amortized cost</u>		
Advances, deposits and receivables	1,737,219,183	1,442,795,592
Bank balances	695,914,379	545,237,052
	2,433,133,562	1,988,032,644
<u>Financial liabilities at amortized cost</u>		
Accrued and other payables	22,620,602	12,197,685
	22,620,602	12,197,685

31 NUMBER OF EMPLOYEES

Total number of employees at the end of the year were 4,405 (2021: 4,518). Average number of employees during the year were 4,495 (2021: 4,585).

32 CORRECTION OF ERROR

During the year ended 30 June 2021, an amount of Rs. 300.5 million related to expected credit losses in respect of amount receivable from customers were not recorded. Further, an amount of Rs. 33.66 million was incorrectly classified as revenue from services. In previous years before the prior year presented in the financial statements, an expected credit loss amounting to Rs. 584.2 million was not recorded. Further, an amount of Rs. 101.5 million was incorrectly recorded as revenue from services. Therefore, the Company has restated the financial statements retrospectively to correct the effects of this error.

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**WATER AND SANITATION SERVICES PESHAWAR
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

The effect of correction of these errors is as follows:

Effect on statement of financial position (extract)	As previously reported on 30-Jun-20	Increase/(decrease)	As restated on 01-Jul-20
-----'Rupees'-----			
Statement of financial position (extracts)			
Deferred grant in aid for operations	983,760,624	685,698,533	298,062,091
Accounts receivable	2,022,326,919	(584,202,051)	1,438,124,868
Statement of changes in funds (extracts)			
General Fund	201,363,348	101,496,482	302,859,830
Effect on statement of financial position (extract)	As previously reported on 30-Jun-21	Increase/(decrease)	As restated on 30-Jun-21
-----'Rupees'-----			
Statement of financial position (extracts)			
Deferred grant in aid for operations	1,363,426,247	1,019,856,490	343,569,757
Accounts receivable	2,290,480,581	(884,698,927)	1,405,781,654
Statement of changes in funds (extracts)			
General Fund	225,580,790	135,157,563	360,738,353
Effect on statement of income and expenditure (extracts)			
Loss allowance on receivables	-	300,496,876	300,496,876
Revenue from services	523,013,605	(33,661,081)	489,352,524
Grant for operations	2,654,173,626	334,157,957	2,988,331,583
Other income	24,217,442	33,661,081	57,878,523
Surplus for the year	24,217,442	33,661,081	57,878,523

33 GENERAL

- The figures have been rounded to nearest rupee.
- Corresponding figures, wherever necessary, have been rearranged and reclassified for the purpose of comparison and better presentation. However, these are not considered material enough to be disclosed separately.
- These financial statements have been authorized for issue on 27/02/2024 by the Board of Directors of the Company.


CHIEF EXECUTIVE OFFICER


DIRECTOR

Review Report to the Members

On the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Water and Sanitation Services Peshawar for the year ended 30 June 2022.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Rules.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Rules requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Company for the year ended 30 June 2022.



Zahid Jamil & Co, Chartered Accountants

Peshawar

UDIN: CR202210291EA2VMg7Sh

Date: 29 FEB 2024

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

Name of company **Water and Sanitation Services Peshawar (WSSP)**

Name of the line ministry **Local Government, Election and Rural Development, Khyber Pakhtunkhwa**

For the year ended **June 30, 2022 (Reporting date)**

- I. This statement presents the overview of the compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.
- II. The company has complied with the provisions of the Rules in the following manner:

Sr. No.	Provision of the Rules	Rule no.	Y	N	Remarks																																	
			Tick the relevant																																			
1.	The independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																																			
2.	The Board has at least one-third of its total members as independent directors. At present the Board includes:	3(2)	✓																																			
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;">Category</th> <th style="width: 50%;">Names</th> <th style="width: 30%;">Date of appointment</th> </tr> </thead> <tbody> <tr> <td rowspan="9">Independent Directors</td> <td>Mr. Muhammad Rizwan Khan,</td> <td>24-01-2022</td> </tr> <tr> <td>Mr. Gul Badshah</td> <td>24-01-2022</td> </tr> <tr> <td>Mr. Asif Khan</td> <td>24-01-2022</td> </tr> <tr> <td>Dr. Humaira Gillani</td> <td>24-01-2022</td> </tr> <tr> <td>Gul Zada Khan</td> <td>24-01-2022</td> </tr> <tr> <td>Mr. Zarak Khan</td> <td>24-01-2022</td> </tr> <tr> <td>Muhammad Sabur Sethi</td> <td>24-01-2022</td> </tr> <tr> <td>Muhammad Tufail</td> <td>24-01-2022</td> </tr> <tr> <td>Syed Shah Hussain</td> <td>24-01-2022</td> </tr> <tr> <td>Executive Director</td> <td>Mr. Hassan Nasir</td> <td>07-01-2021</td> </tr> <tr> <td rowspan="4">Non-Executive Directors (Ex-Officio Positions)</td> <td>Mr. Ikram Ullah Khan Secretary Finance Department</td> <td>24-01-2022</td> </tr> <tr> <td>Syed Zaheer Ul Islam Secretary LGE & RD Department</td> <td>12-04-2022</td> </tr> <tr> <td>Mr. Shafiullah Khan DC Peshawar</td> <td>28-02-2022</td> </tr> <tr> <td>Mr. Alam Zeb RMO Peshawar</td> <td>24-01-2022</td> </tr> </tbody> </table>	Category	Names	Date of appointment	Independent Directors	Mr. Muhammad Rizwan Khan,	24-01-2022	Mr. Gul Badshah	24-01-2022	Mr. Asif Khan	24-01-2022	Dr. Humaira Gillani	24-01-2022	Gul Zada Khan	24-01-2022	Mr. Zarak Khan	24-01-2022	Muhammad Sabur Sethi	24-01-2022	Muhammad Tufail	24-01-2022	Syed Shah Hussain	24-01-2022	Executive Director	Mr. Hassan Nasir	07-01-2021	Non-Executive Directors (Ex-Officio Positions)	Mr. Ikram Ullah Khan Secretary Finance Department	24-01-2022	Syed Zaheer Ul Islam Secretary LGE & RD Department	12-04-2022	Mr. Shafiullah Khan DC Peshawar	28-02-2022	Mr. Alam Zeb RMO Peshawar	24-01-2022			
Category	Names	Date of appointment																																				
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	Gul Zada Khan	24-01-2022																																				
	Mr. Zarak Khan	24-01-2022																																				
	Muhammad Sabur Sethi	24-01-2022																																				
	Muhammad Tufail	24-01-2022																																				
	Syed Shah Hussain	24-01-2022																																				
Executive Director	Mr. Hassan Nasir	07-01-2021																																				
Non-Executive Directors (Ex-Officio Positions)	Mr. Ikram Ullah Khan Secretary Finance Department	24-01-2022																																				
	Syed Zaheer Ul Islam Secretary LGE & RD Department	12-04-2022																																				
	Mr. Shafiullah Khan DC Peshawar	28-02-2022																																				
	Mr. Alam Zeb RMO Peshawar	24-01-2022																																				

Local Government Complex, Khyber Pakhtunkhwa
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3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(4)	✓		
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(6)	✓		All the nominations on the Board of Directors are made by the KP Government
5.	The Chairman of the Board is working separately from the chief executive of the Company.	4(1)	✓		
6.	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government.	4(4)	✓		Appointed by the Government of KP
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	✓		
8.	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (Address of website to be indicated www.wssp.gkp.pk) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓		
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓		
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5) (b) (ii)	✓		
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b) (vi)	✓		
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	✓		

Local Government Complex, Khyber Pakhtunkhwa
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13.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c) (iii)	✓		
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	✓		
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓		
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	✓		No such request was submitted to the
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓		
18.	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓		
19.	The Board has monitored and assessed the performance of senior management on annual/ half-yearly/ quarterly basis* and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	✓		Performance appraisals of only CEO was carried out during the year
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓		No related party transactions have taken place during the prescribed period.
21.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end. (b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors. (c) The Board has placed the annual financial statements on the company's website.	10	✓		BOD has approved the quarterly financial statements after the year end

Local Government Complex, Khyber Pakhtunkhwa
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22.	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	11	✓																				
23.	<p>(a) The Board has formed the requisite committees, as specified in the Rules.</p> <p>(b) The committees were provided with written term of reference defining their duties, authority and composition.</p> <p>(c) The minutes of the meetings of the committees were circulated to all the Board members.</p> <p>(d) The committees were chaired by the following non-executive directors:</p> <table border="1" data-bbox="215 705 997 1064"> <thead> <tr> <th>Committee</th> <th>Number of Members</th> <th>Name of Chair</th> </tr> </thead> <tbody> <tr> <td>Audit Committee</td> <td>5</td> <td>Mr. Aasif Khan</td> </tr> <tr> <td>Finance Committee</td> <td>6</td> <td>Mr. Gul Zada Khan</td> </tr> <tr> <td>Human Resources Committee</td> <td>7</td> <td>Mr. Gul Badshah</td> </tr> <tr> <td>Procurement Committee</td> <td>5</td> <td>Dr. Humaira Gilani</td> </tr> <tr> <td>Nomination Committee</td> <td>4</td> <td>Mohammad Sabur Sethi</td> </tr> </tbody> </table>	Committee	Number of Members	Name of Chair	Audit Committee	5	Mr. Aasif Khan	Finance Committee	6	Mr. Gul Zada Khan	Human Resources Committee	7	Mr. Gul Badshah	Procurement Committee	5	Dr. Humaira Gilani	Nomination Committee	4	Mohammad Sabur Sethi	12		✓	
Committee	Number of Members	Name of Chair																					
Audit Committee	5	Mr. Aasif Khan																					
Finance Committee	6	Mr. Gul Zada Khan																					
Human Resources Committee	7	Mr. Gul Badshah																					
Procurement Committee	5	Dr. Humaira Gilani																					
Nomination Committee	4	Mohammad Sabur Sethi																					
24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓																				
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓																				
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓																				
27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓																				
28.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	18	✓		Before every Board, Committee and Procurements Meeting all the participants are required to sign the No Conflict of Interest																		

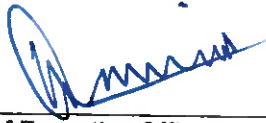
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29.	<p>(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.</p> <p>(b) The annual report of the company contains criteria and details of remuneration of each director.</p>	19	✓		<p>The directors are working without any remunerations (except reimbursement of travelling for attending the Board and Committee Meetings) and Meeting Fee in compliances with the regulations for Not-for-Profit Organization 2018. (Amended)</p>																		
30.	<p>The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.</p>	20	✓																				
31.	<p>The Board has formed an audit committee, with defined and written terms of reference, and having the following members:</p> <table border="1" data-bbox="199 1220 997 1702"> <thead> <tr> <th>Name of member</th> <th>Category</th> <th>Professional background</th> </tr> </thead> <tbody> <tr> <td>Mr. Aasif Khan</td> <td>Independent Director</td> <td>Journalist</td> </tr> <tr> <td>Syed Shah Hussein</td> <td>Independent Director</td> <td>Water and sanitation expert</td> </tr> <tr> <td>Mr. Zarak Khan</td> <td>Independent Director</td> <td>Electrical Engineer and Entrepreneur</td> </tr> <tr> <td>Secretary Finance Dept. KP Peshawar</td> <td>Ex-Officio Director</td> <td>Administration and Finance</td> </tr> <tr> <td>DC Peshawar</td> <td>Ex-Officio Director</td> <td>Administration and Finance</td> </tr> </tbody> </table>	Name of member	Category	Professional background	Mr. Aasif Khan	Independent Director	Journalist	Syed Shah Hussein	Independent Director	Water and sanitation expert	Mr. Zarak Khan	Independent Director	Electrical Engineer and Entrepreneur	Secretary Finance Dept. KP Peshawar	Ex-Officio Director	Administration and Finance	DC Peshawar	Ex-Officio Director	Administration and Finance	21 (1) and 21(2)	✓		
Name of member	Category	Professional background																					
Mr. Aasif Khan	Independent Director	Journalist																					
Syed Shah Hussein	Independent Director	Water and sanitation expert																					
Mr. Zarak Khan	Independent Director	Electrical Engineer and Entrepreneur																					
Secretary Finance Dept. KP Peshawar	Ex-Officio Director	Administration and Finance																					
DC Peshawar	Ex-Officio Director	Administration and Finance																					
32.	<p>(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.</p> <p>(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.</p>	21(3)	✓																				

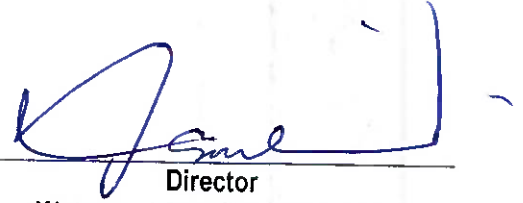
Local Government Complex, Khyber Pakhtunkhwa
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33.	(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee. (b) The chief internal auditor has requisite qualification and experience prescribed in the Rules. (c) The internal audit reports have been provided to the external auditors for their review.	22	✓		
34.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan	23(4)	✓		
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓		

On behalf of the Board of Directors



Chief Executive Officer
Water and Sanitation Services Peshawar



Director
Water and Sanitation Services
Peshawar

Dated: February 27, 2024.

Local Government Complex, Khyber Pakhtunkhwa
Plot No: 33, Street No. 13, Sector E-8, Phase-VII, Hayatabad, Peshawar

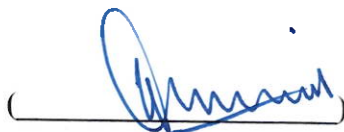
SCHEDULE II

**Explanation for Non-Compliance with the
Public Sector Companies (Corporate Governance) Rules, 2013**

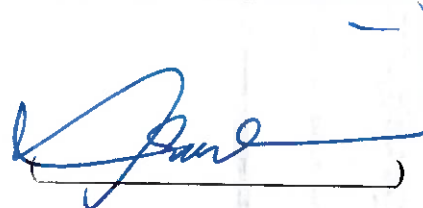
We confirm that all other material requirements envisaged in the Rules have been complied with (except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year):

S. No	Rule / Sub Rule no.	Reasons for non-compliance	Future course of action
1	8(2)	Due to pre and post transitional phase of retirement and nomination of the members of Board of Directors, the performance evaluation of all the remaining Senior Management staff was not undertaken.	Compliance of this rule shall be observed in the future.
2	10(1)	Due to backlog in the adoption of yearly Financial Statements by the Members of the Board of Directors in its General Meetings as per time frame mentioned in the Companies Act 2017, the Quarterly financial statements FY 2021-22 were approved by the Board in the financial year 2022-23.	The financial statements of first three quarters of FY 2021-22 were approved by the Board in Feb-2023.
3	21(1)	The Audit Committee is constituted with set terms of references with majority of financial literate Directors in the incumbent Board. To get all or majority of the members of the Audit Committee being financial literate, the matter will be taken up with the nominating body through the Board.	Compliance of this rule will be made in the future.

On behalf of the Board of Directors



Chief Executive Officer
Water and Sanitation Services Peshawar

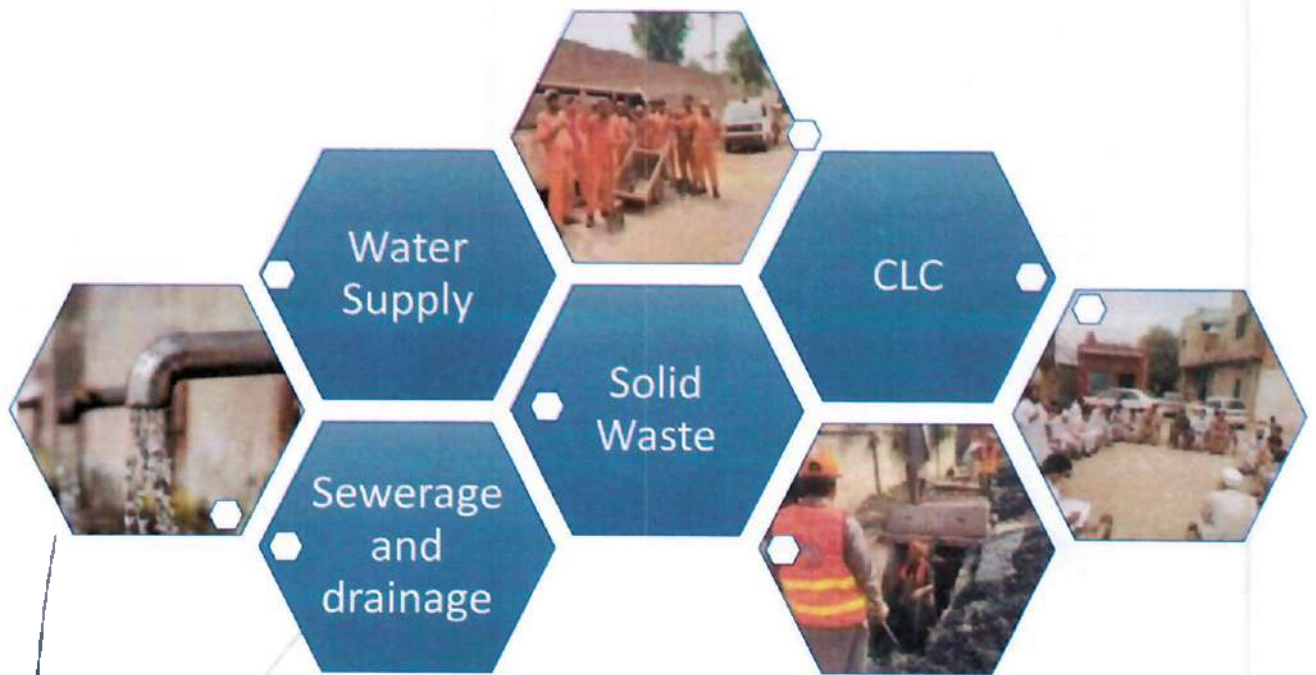


Director
Water and Sanitation Services Peshawar

Dated: February 27, 2024



DIRECTOR'S REPORT 2021-22



WATER AND SANITATION SERVICES PESHAWAR

(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ACT, 2017)





DIRECTOR'S REPORT 2021- 22

The Directors of the Company are pleased to present the Directors' Report together with the audited financial statements and statement of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 for the year ended June 30, 2022.

1. ABOUT THE COMPANY

Water and Sanitation Services Peshawar (WSSP) was incorporated by KPK Government on January 8, 2014, as a Public Sector Company limited by guarantee, having no share capital, under section 42 of the repealed Companies Ordinance, 1984. As per section 216 and Third Schedule of Companies Act 2017, the company is classified as Public Interest Company. 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 No: 33, Sector E8, LCB Building, Phase-VII, Hayatabad, Peshawar. The company's territorial jurisdiction is divided into five operational zones covering urban and semi-urban peripherals of Peshawar City.

2. VISION AND MISSION STATEMENT

“To bring the Water and Sanitation services of Peshawar city at par with international standards.”

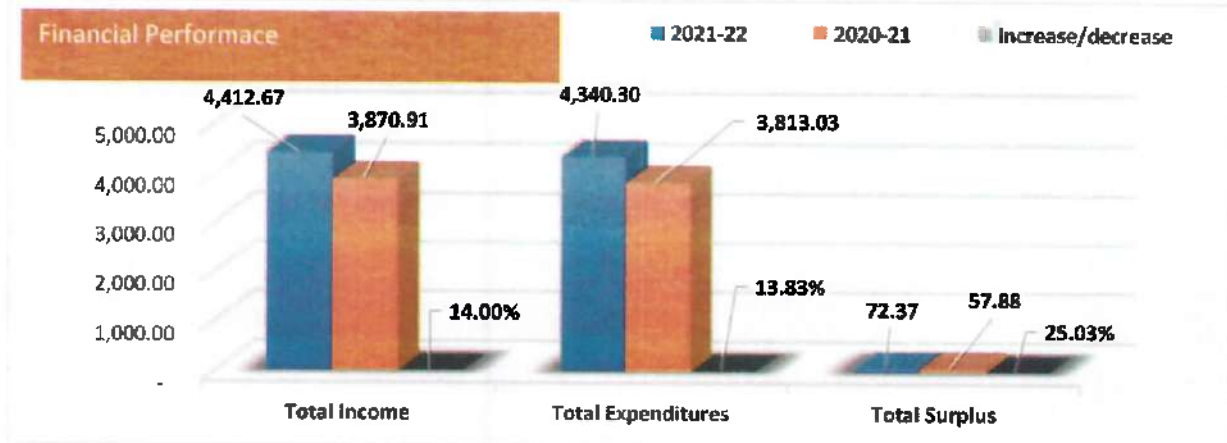
“Provision of water and sanitation services at sustainable levels to our customers and other stakeholders in line with our vision statement that meet all our customer's need and expectations within the jurisdiction boundaries of the company through utilization of outcome based innovative, creative and contemporary systems and technology.”

3. FINANCIAL PERFORMANCE

The statement of income and expenditure account for the year ended June 30, 2022, and June 30, 2021, are summarized as under:

S No	Statement of Income/Grant & Expenditures	FY 2022	FY 2021
1	Revenue from services	365,537,955	489,352,524
2	Other income	82,833,776	57,878,523
3	Grant for operations	3,304,018,389	2,988,331,583
4	Development grants	457,773,023	227,115,234
5	Restricted donor grants	127,719,831	23,214,951
6	Amortization of deferred capital grant for fixed assets	74,784,371	85,015,323
7	Total Income for the year	4,412,669,367	3,870,910,159
8	Operational expenses	(3,280,607,250)	(2,974,104,273)
9	General and administrative expenses	(471,448,339)	(586,347,571)
10	Finance cost	(2,753,934)	(2,247,586)
11	Development grants	(457,773,023)	(227,115,234)
12	Restricted donor grants	(127,719,831)	(23,214,951)
13	Total Expenditures for the year	(4,340,302,377)	(3,813,029,615)
14	Surplus for the year	72,366,990	57,880,544
15	Other Comprehensive Income	10,468,808	-
16	Total Comprehensive Surplus for the year	82,835,798	57,880,544

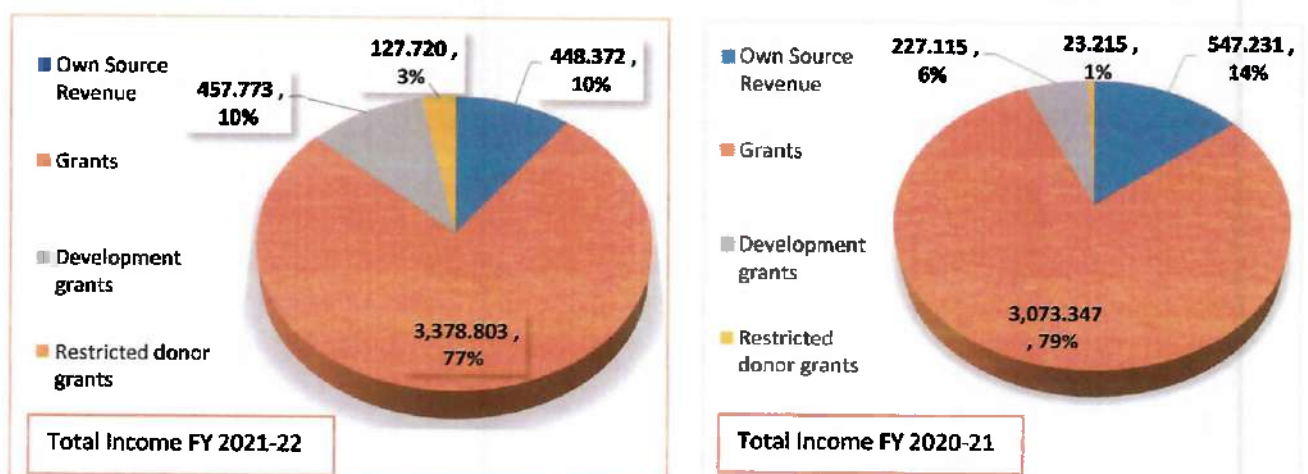
DIRECTOR'S REPORT 2021- 22



The total income of the company for the FY 2021-2 is Rs. 4,412.67 million which show an increase of 14.00% from the last FY 2020-21. The total expenditure is Rs. 4,340.30 million for FY 2021-22 and was also increased by 13.83% from the last FY 2020-21. The net surplus for the FY 2021-22 increased by 25.03% from the last FY 2020-21. The increase in surplus was recorded due to rearrangement and regrouping of late payment surcharge from own source revenue to other income with retrospective effect and increase interest rates during the year fix by the State Bank Pakistan. As a result, mark-up income earned on banks deposit account are significantly increased by 129.9 % from the last year 2020-21.

The own source billing of the Company declined by 18.07% from the last FY 2020-21, as the Honorable Peshawar High Court suspended the tariff/billing of WSSP services in November 2021, on the ground that fixing, levy, notification and imposition of water, solid waste & other cess and taxes is the authority of the Government under Local Government Act 2013. In compliance with the court orders, the company replaced its current services tariff with the defunct MCP tariff as (approved and notified by the Government in 2011) w.e.f. 01st January 2022 which was 1/3rd in amount of the suspended tariff/billing and thus resulted an 18.07% decrease in own source revenue for the FY 2021-22. The Company has initiated the process of approval of water & municipal services tariff/billing from the Provincial Government. The Provincial cabinet has approved the tariff in its meeting held on November 11, 2022 and it is expected that the notification in official gazette will be issued before the end of the next financial year.

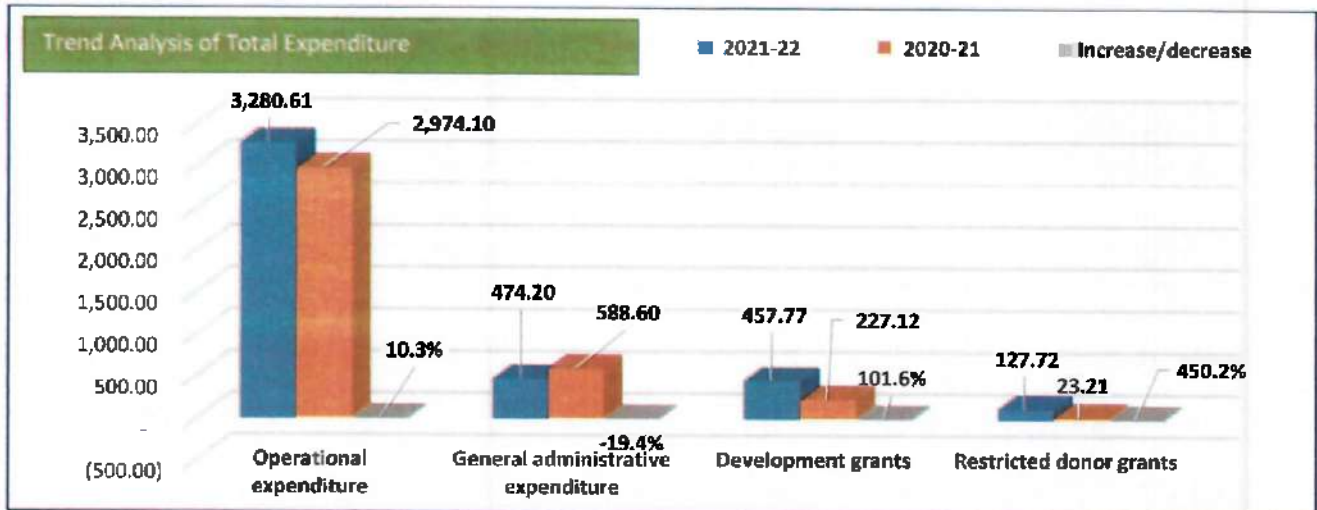
The major percentage factor in the company total income for the FY 2021-22 & 2020-21 are as under: -



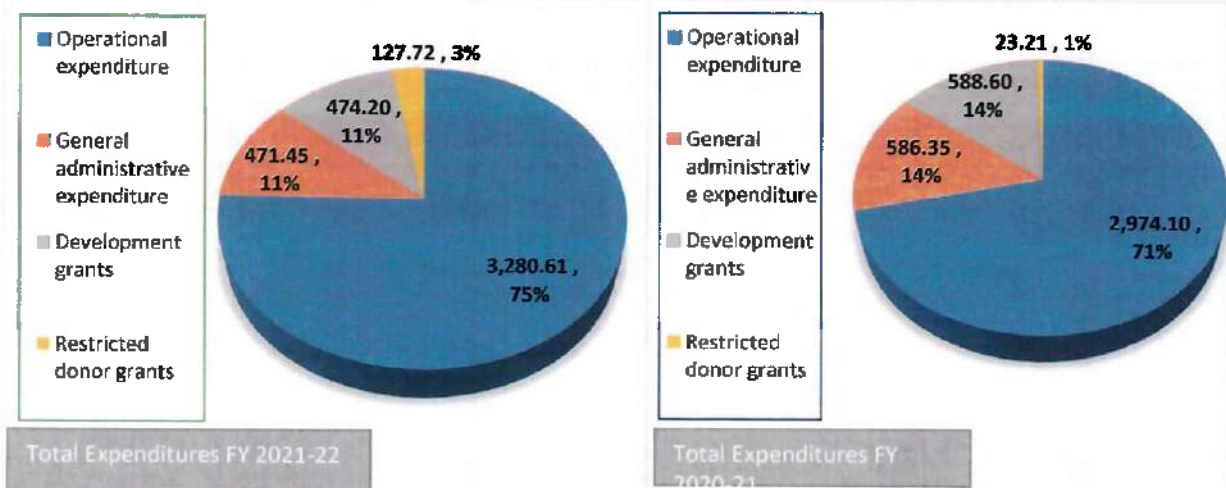


DIRECTOR'S REPORT 2021- 22

The total expenditure was Rs. 4,340.30 million for the FY 2021-22 as compared with Rs. 3813 million incurred in the last FY 2020-21. The resulted increase of 13.83% was due to increased operational expenditure by 10.3% under the salaries and inflationary increase in other operational & administrative expenditure.



The increase in operational expenditures is mainly due to increase in salary cost of operational staff by 12.4%, electricity cost by 4.8%, fuel cost of operations vehicles by 33.7%, and hire of secondary vehicles by 49.2%. The company has achieved efficiency in controlling its utilities despite increase in per unit cost of electricity and increase in number of tube wells (529 to 537) during the FY 2021-22. The company is grateful to the Government Khyber Pakhtunkhwa for extension of solid waste management service to peri urban union council of Peshawar in annual development program mode of financing during the FY 2021-22. The company created a new Zone-E, which resulted an increase in administrative expenses by 21.4% during the FY 2021-22. The operational expenditure of the company was 75% and 71% of the total expenditure of the FY 2021-22 & FY 2020-21 respectively, whereas the general administrative expenditure contributed as 11% and 14% for both the years. These major contributory factor in the total expenditure of the company is as under: -



4. TAXATION

The Company is a PCP certified Non-Profit Organization (NPO) and is entitled to 100 % tax credit under Section 100C of the Income Tax Ordinance, 2001.



DIRECTOR'S REPORT 2021- 22

5. ISO (International Organization for Standardization)

The Company is an ISO certification (ISO-9001: 2015 and ISO 14001: 2015) and its operations are in line with internationally set standards of quality assurance and environmental impact.

6. COMPLAINTS REDRESSAL

The Company is cognizant for a provision of a well-placed compliant redressal system. Currently two parallel compliant redressal system (1334—a universal municipal services excess code) and Government controlled Pakistan citizen Portal are commissioned in the company on 24/7 basis to facilitate the Peshawar public to record their complaints and provide feedback on efficiency of the company services. In addition, virtual application Safa Peshawar and dedicated WhatsApp number are also in placed to ease out the complainants in registering their grievances.

During the year, a total of 14254 compliant were registered through all the complaints management systems and all those complaints were redressed and closed successfully with in due course of time.

7. OPERATIONAL EFFICIENCIES

The Provincial Government of Khyber Pakhtunkhwa has approved an expansion of the company services to 23 additional peri-urban union councils Peshawar. The Company has established the 5th Zone E to share load of services in additional areas with other Zones and initially started delivering the sanitation services in 11 UCs through outsourced human resources mechanism. The Provincial Government has approved Rs 1,968 million which will cover man power and capital expenditure FY 2021-22 and Rs 412 million will be added in the annual grant form the next year to support the operational and administrative expenses.

As per directions of the Board of Directors, the Company has started monitoring of its operations by adopting 33 out of 59 Key Performance Indicators (KPIs) developed by International Benchmarking and Networking for water and sanitation utilities (IBNET). The summary of all adopted KPIs along with its average calculation for the year are detailed as below:

Water Supply			
Serial No.	KPI	Results FY 2021-22	Results FY 2020-21
1.	No. of Water Connections.	78124	76736
2.	Water Coverage (Population %).	34.77	36.24
3.	Connection Coverage (%).	34.77	44.77
4.	Water Production (MGPD).	55.38	52.27
5.	Unit Operating Cost Water Produced (Rs. / Cum).	21.51	23.45
6.	Pipe Breaks / Leakage (No./km).	0.09	0.09
7.	Water Staff/1000 Water Connection (No.).	14.90	15.68



DIRECTOR'S REPORT 2021- 22

8.	No. of Tests Conducted.	806	893
9.	Chemically Unfit Taps (%).		0
10.	Biologically Unfit Taps (%).		20
11.	Water Quality Sampling (%).		0.30
12.	Water Supply Complaints (%).	0.44	0.59
13.	Revenue/Billing Complaints (%).	0.004	0.01
Solid Waste Management			
14.	Solid Waste Service Complaints (No.)	4232	4019
15.	Unit Operating Cost Waste Collected (Rs. /kg).	6.19	4.5
16.	Solid Waste Staff/1000 Population Served (No.).	0.83	1.14
17.	Collection Efficiency (%).	61.26	69
18.	Waste Disposed (Tons).	221155	240580
19.	Average Daily Waste Disposed (Tons).	606	660
Sewerage			
20.	Sewer System Blockage (No.).	4399	5571
21.	Replacement of Manhole Covers (No.).	3648	2313
22.	Cleaning De-Siltation of Manholes (No.).	4692	2877
23.	Cleaning De-Siltation of Drains/Sewers (Length in km).	1267	1037
24.	Wastewater Staff/1000 WW Connections (No.).	3.92	5.5
Financials			
25.	Salaries as Fraction of Total Operational Cost (%).	61.98	58.77
26.	Electricity Cost as Fraction of Total Operational Cost (%).	24.34	25.32
27.	Maintenance Cost as Fraction of Total Operational Cost (%).	0.99	1.36



DIRECTOR'S REPORT 2021- 22

28.	Contracted Out Maintenance as Fraction of Total Operational Cost (%)	6.82	8.17
29.	Amount Collected as Current Bills Rs. In Millions.	119.93	30
30.	Amount Collected as Arrears Rs. In Millions.	93.55	25
31.	Billing Efficiency (%)	85.33	85.5
32.	Collection Efficiency (%)	30.04	25
33.	Operational Cost Coverage (%)	10.40	14.38

7.1 Solid Waste Management (SWM)

- Solid waste collection of around 240,580 tons with collection efficiency of 61 %.
- Primary collection of SWM through 4 transfer stations. 3 of which are occupied on rental basis, and one premises provided by the Provincial Government.
- Continuous execution of 2nd Shift, night shift and beat system for sanitation services on the city main roads.

7.2 Sanitation and Sewerage

- Pavement of 225 Meters Street along with rehabilitation of allied structure.
- Construction and rehabilitation of 2.18 KM of drains.
- 1267 km De-siltation of Drains.
- 4692 km De-siltation of Manholes.
- 3648 number of manholes covers replacement.
- ADP of Feasibility Study & Rehabilitation of (Sewerage Treatment Plant) STPs In Peshawar. Key features of this ADP are rehabilitation of 3 STPs in Peshawar. This scheme is approved by the Provincial Government and expected to be completed in the next year.
- ADP of Rs 11,669 million for Construction of STP at Faqir Kalay Peshawar. The ADP PC-1 has been submitted and expected to be approved in the next year. Key features of the scheme are upstream catchment area of 11 Union Councils, Conveyance system, wastewater treatment of 32 MGD. Time frame of completion is 4 years.
- ADP of Rs 150 million for Improvement of Drainage system in Peshawar Zoo & Rahat Abad area. The ADP PC-1 has been submitted and expected to be approved in the next year.
- ADP of Rs 300 million for Rehabilitation of Shahi Katha Peshawar. The objective of this project is to rehabilitate Shahi Katha to ease out the WSSP in its operational activities.
- For PSDP Schemes, the concept notes of Yaseen Abad Wastewater Treatment Plant (D-1 & D-11) is submitted with the Provincial Government.

7.3 Water Supply

- The Company is serving 35 % Peshawar population with water supply with having registered 78124 consumers.
- Operation and Maintenance of 537 Tube wells (Replacement of 60 Pumping machines)
- Operation and Maintenance of 35 filtration plants.



DIRECTOR'S REPORT 2021- 22

- 34 KM of pipe installation of drinking water supply in the current years
- 05 numbers of Water Supply Schemes Construction / Rehabilitations.
- 806 water quality tests made for ensuring provision of clean drinking water.
- Construction of one Overhead Reservoir.
- Supervisory Control & Data Acquisition (SCADA) of 46 Tube wells.
- Concept note for greater water supply scheme from Mohmand Dam of Rs 164.21 billion is submitted with the Provincial Government which will result in gradual decommissioning of Tube wells, savings in utilities cost, 24/7 water supply and improvements in ground water level.

7.4 Fleet Management

Currently WSSP own a fleet system with total of 524 operational vehicles (for all types of services) being run and managed by 462 number of staff including the management and operational staff.

7.5 Dengue Control Activities

Total 4472 rounds of fumigations were made in the peak dengue season across the company jurisdiction which has mitigated the viral infection to a greater extend.

7.6 Community Liaison Cell (CLC)

The CLC was established in February-2018 for community liaison and behavior change in WASH. Currently it is working under the Operations Department. Major works and achievement for the year 2020 were:

- Constituted and capacitated 40 Male and 45 Female NC-Level WASH Committees in 2022 with over 850 members and engaged them at field level for awareness and sensitization of almost 90,000 people for ensuring WSSP operational support and revenue enhancement.
- Established WASH Clubs in 122 different schools including both boys and girls schools wherein 1,220 students have been selected @ of 10 students per school. These WASH Champions further reached to 43,000 students and community children for educating them on waste management practices and water conservation at the household level.
- Formed 46 volunteer groups with 480 members including 160 male volunteers and 320 female volunteers and subsequently engaged them in community awareness activities.
- CLC engaged almost 100 scavengers and donkey cart owners in waste collection thus contributing in lowering burden on WSSP operations in the assigned streets.
- Established 37 Model Streets in all zones through donor supported interventions including 32 in collaboration with Islamic Relief Pakistan and 05 streets with PADO/NCA respectively. CLC introduced the concept of beautification through wall chalking of WASH awareness messages and installation of street racks and flowering pots with both seasonal and annual plants thus contributing in the clean and green initiative of the provincial government.
- CLC successfully negotiated and secured 02 Extensions of its ongoing WASH project worth PKR. 10.6 million and PKR. 10.7 million respectively from UNICEF in the year 2022 for community empowerment and capacity building in WASH sector.
- CLC engaged its network of 250 Ulema through more than 300 Friday Sermons for public sensitization towards WSSP services and particularly bill payment which directly contributed in revenue enhancement. More than 30,000 community members have been sensitized through these sermons.
- CLC-Wing supervised and finalized Commercial Consumer Survey, developed database of 10,462 commercial consumers of the surveyed 41 different entities and shared with management in both hard and soft form for official record.



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- CLC teams conducted 270 awareness sessions at HHs/BHU/Skill Center level along with 410 Shop-to-Shop visits in 2022 and sensitized more than 50,000 people on adopting and practicing good WASH behaviors.
- CLC-Wing piloted waste segregation initiative in Zone-D through placement of 3-colored waste bins at community level in the model streets established through PADO/NCA assistance.
- CLC S=secured one Water Leaks Detector and also installed one Auto-Chlorinator from PADO/NCA.
- Resolved more than 20 communal conflicts for supporting WSSP operations in 2022.
- CLC field teams registered and addressed up to 300 public complaints through 1334
- Cleared/Eradicated 30 undesignated Moqas through the effective involvement of WASH committees and respective community influential.
- CLC celebrated Global Handwashing Day-2022 and conducted 50 sessions on special campaign during One Week Sanitation Drive.
- CLC played a significant role and materialized a 05-Year MOU with International Rescue Committee (IRC) for different WASH related interventions and behavior change initiatives in 2022.

The department planned activities for the next financial year 2023-24 are:

- Negotiation and acquisition of Extension-III for the UNICEF WASH project for community empowerment and capacity building.
- Solarization of 05 number of Tube Wells, installation of 20 numbers of SCADA and updation of WSSP Assets Dashboard through the funding support of Islamic Relief Pakistan.
- Establishment of Integrated Resource Center in Peshawar in collaboration with PADO/NCA.
- Implementation of the International Rescue Committee's LIFE-II WASH project which is expected to be started in Feb-2023.

8. MIS related works

- Enterprise Resource Planning (ERP) under the MMIU Project with the support of USAID Municipal Services Project (MSP). ERP covers Finance, HR, Asset Management, Procurement Management, Material Management (Phase – I) were implemented. Phase – II modules project management, Water supply management, Waste management, operation management, fleet management, geographical information system, Monitoring and evaluation, Management dashboard were deployed at WSSP Datacenter only document management and employee portal is left to be deployed in Datacenter. After completion of deployment these will be available for concerned department users.
- Operationalization of Datacenter, initially ERP is deployed and latterly completion operation will be provided to users through Datacenter.
- Deployment of 100 MB CIR bandwidth that will be used for connecting all zonal offices and providing services through Datacenter.
- Fleet tracking system now trackers are installed in 410 WSSP vehicles.
- Video Wall monitoring Cell is established for monitoring services like Fleet tracking system, Supervisory Control and Data Acquisition (SCADA) monitoring 46 tube wells, complaint management system (CMS), Biometric attendance system etc.
- Wireless communication system and two base stations are successfully deployed.
- CCTV camera solution installed at various location of automated surveillance.
- Deployment of website in Urdu for providing information to those who do not understand English.
- In house development of Master Payroll Software.



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- In near future all zonal offices will be connected with Head office, this will improve services deployment, monitoring and better utilization of resources.

9. Khyber Pakhtunkhwa Cities Improvement Projects (KPCIP)

The Provincial Government KPCIP under financial arrangement with the ADP will improve the quality of life of the residents of at least four cities, including Abbottabad, Kohat, Mardan, Mingora (Swat) and Peshawar, directly benefitting about 3.5 million of urban population. This Project will help selected cities to improve their access to quality urban services through enhanced municipal infrastructure, public urban spaces, strengthening institutional capacities of municipal services companies.

Under KPCIP, two projects are pertaining to the WSSP namely. "Improvement of Water Supply System in Peshawar" and "Integrated Solid Waste Management System in Peshawar".

The salient features of water supply system project are:

- 61 Tube wells will be rehabilitated after energy audit.
- Complete water supply network of 61 scheme will be replaced for 22,000 consumers.
- Tube wells will be controlled and monitored by 100 % SCADA system.
- An alternate resources of energy like solar system will be utilized for Tube wells pumping.
- Out of 34 current Overhead reservoirs 23 will be dismantled for new construction, while the remaining 10 out of 11 will be further rehabilitated.
- Approximately 22,000 water supply metered connection will be converted to 24/7 water supply services.
- SCADA will be installed in 34-metered water districts.

The salient features Integrated solid waste management system is:

- Financial outlay of around Rs 12 billion.
- Two transfer stations will be constructed in the city.
- 400 new vehicles will be procured for primary SWM Collection.
- Waste treatment facility will be made in the WSSP owned Shamshatoo Landfill site for SW treatment.
- Waste segregation will be made.
- 100 % Door to Door collection.
- Recycling and Composting will be made.
- Five engineered landfill cells.
- Weigh bridge for proper accounting of collected waste.

10. CORPORATE GOVERNANCE

The Board of Directors and the management of the company are committed to the principles of good corporate management practices, with particular emphasis on disclosures, transparency, and to acknowledge their responsibilities with respect to the corporate and financial reporting framework. The directors are pleased to state that:

- The Financial Statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operation, cash flows and changes of General Fund.



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- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed, where practically possible, in the preparation of the financial statements and any departure there has been adequately disclosed.
- Sound internal controls have been effectively implemented and monitored.
- There is no significant doubts regarding the Company's ability to continue as a going concern.
- Information about Government Grants, outstanding taxes and levies are given in the notes of the financial statements.
- There has been no material departure from the best practices of corporate governance.
- The Companies runs unfunded Gratuity schemes under which its amount is recognized as non-current liabilities in the Financial Statements.
- The remuneration of the executive management of the Company is disclosed in notes to the financial statements of the Company showing separate figures for salaries and benefits.
- The Board has complied with the relevant principles of Corporate Governance, and has identified the rules that has not been complied with, the period in which the non-compliance continued and reasons for such non-compliance. The Statement of Compliance with Public Sector Companies (Corporate Governance) Rules, 2013 is attached.
- Since inception, the Company is reliant on the grant from the Government of Khyber Pakhtunkhwa. During the year ended June 30 2022, the Company received an Operational grant of Rs 3.248 billion for its operational and administrative expenses. Furthermore, the Company has also received developmental funds Rs 782.784 million for execution for various works and services comes under its scope and mandate being approved through its administrative department.
- The company is doing its best to decrease dependencies on the Government of Khyber Pakhtunkhwa grants by improving its efficiencies in revenue generation, collection and cost control.

11. DIRECTORS REMUNERATIONS

In Compliance with Section 7 (VI) & (VII) of Regulation for Non-Profit Organizations 2018 issued by the Securities and Exchange Commission of Pakistan (SECP), the Directors are working without any remuneration, except Meeting Fee and reimbursement of travelling and miscellaneous expenses incurred for attending meetings as per Section 7 (V) of Regulation for Non-Profit Organizations 2018.

12. ROLE OF CHIEF EXECUTIVE OFFICER AND CHAIRMAN BOARD OF DIRECTORS.

Position of Chairman and Chief Executive Officer in WSSP are headed by separate individuals. The Chairman is a primarily responsible for working of the Company's Board and all matters relevant to governance of the Company, where superintendence of the Board in necessary. The Chairman leads the Board and focuses on strategic matters for setting high standards of governance and fostering the effectiveness of the Board. He conducts the Board meetings including agenda of the meeting.

The CEO is responsible for managing the company's overall operations and is involved in the management of day-to-day operations of the Company and procedures relating to financial and other matters. He is responsible of implementation of strategies and policies approved by the Board, making appropriate arrangements to make sure that business activities are in line with the directives of the Board and safeguarding resources while ensuring their efficient use.



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13. AUDIT COMMITTEE.

The Board has constituted an Audit Committee chaired by an independent member Mr. Aasif Khan, other members of the committee are Syed Shah Hussain, Mr. Zarak Khan, Secretary LGE & RDD and Deputy Commissioner Peshawar.

14. BOARD OF DIRECTORS' MEETING (JULY 01, 2021 TO JUNE 30, 2022)

Four meetings of the Board of Directors were held during the period and attendance of all the retired and newly appointment Directors is given as following:

Directors / Members Board of Directors (Retired on 24-01-2022)

Serial #	Name of Directors	Board Meetings attended
1.	Haji Muhammad Javed	1
2.	Dr. Muhammad Iqbal Khalil	2
3.	Engr. Tahir Azim	2
4.	Arbab Usman Advocate	0
5.	Mr. Shumail Butt, Advocate	0
6.	Mr. Abdul Fayaz Advocate	0
7.	Mr. Khurshid	2
8.	Prof. Dr. Rashid Rehan	1
9.	Prof. Dr. Bushra Khan	2
10.	Syed Shan Nasir	2
11.	Additional Chief Secretary P&D Department	0
12.	Secretary Finance Department	0
13.	Secretary LGE& RD Department	0
14.	Secretary Energy & Power Department	0
15.	Director General LGE & RD Department	0
16.	Mr. Hassan Nasir, Chief Executive Officer.	2

Directors / Members Board of Directors (Nominated on 24-01-2022)



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Serial #	Name of Directors	Board Meetings attended
1.	Mr. Gul Badshah	2
2.	Mr. Asif Khan	2
3.	Dr. Humaira Gillani	2
4.	Mr. Gul Zada Khan	2
5.	Mr. Muhammad Rizwan Khan	2
6.	Mr. Zarak Khan	2
7.	Mr. Muhammad Sabur Sethi	2
8.	Mr. Muhammad Tufail	2
9.	Syed Shah Hussain	2
10.	Syed Shan Nasir	2
12.	Secretary Finance Department	0
13.	Secretary LGE& RD Department	0
14.	Deputy Commissioner, Peshawar.	0
15.	Regional Municipal Officer (RMO), Peshawar Division.	2
16.	Mr. Hassan Nasir, Chief Executive Officer.	2

15. MEETINGS OF VARIOUS BOARD COMMITTEE DURING THE PERIOD JULY 01, 2021 TO JUNE 30, 2022.

15.1 AUDIT COMMITTEE

Three meetings of the Audit Committee of the Board were held during the period and attendance of all the retired and newly appointment Directors is given as following:

Serial #	Name of Directors	Committee Meetings attended
1.	Mr. Khurshid Khan (Retired on 24-01-2022)	2
2.	Mr. Shumail Butt (Retired on 24-01-2022)	0



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3.	Dr. Bushra Khan (Retired on 24-01-2022)	2
4.	Syed Shah Nasir (Retired on 24-01-2022)	2
5.	Secretary Finance Department, Govt. of KP	0
6.	Secretary Energy & Power Department. (Retired on 24-01-2022)	0
7.	Mr. Aasif Khan (Nominated on 24-01-2022)	1
8.	Syed Shah Hussain (Nominated on 24-01-2022)	1
9.	Mr. Zarak Khan (Nominated on 24-01-2022)	1
10.	Deputy Commissioner Peshawar (Nominated on 24-01-2022)	0

15.2 FINANCE COMMITTEE

One meetings of the Finance Committee of the Board were held during the period and attendance of all the retired and newly appointment Directors is given as following:

Serial #	Name of Directors	Committee Meetings attended
1.	Mr. Tahir Azim (Retired on 24-01-2022)	1
2.	Dr. Rashid Rehan (Retired on 24-01-2022)	1
3.	Syed Shah Nasir (Retired on 24-01-2022)	1
4.	Arbab Muhammad Usman (Retired on 24-01-2022)	0
5.	Secretary Finance Department, Govt. of KP. (Re-appointed on 24-01-2022).	0
6.	Secretary Local Government Election & Rural Department. Govt. of KP (Re-appointed on 24-01-2022).	0
7.	Mr. Hassan Nasir	1

15.3 HUMAN RESOURCE (HR) COMMITTEE

Two meetings of the Human Resource Committee of the Board were held during the period and attendance of all the retired and newly appointment Directors is given as following:

Serial #	Name of Directors	Committee Meetings attended
1.	Dr. Muhammad Iqbal Khalil (Retired on 24-01-2022)	1



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2.	Dr. Bushra Khan (Retired on 24-01-2022)	1
3.	Syed Shah Nasir (Retired on 24-01-2022)	1
4.	Haji Muhammad Javed (Retired on 24-01-2022)	1
5.	Secretary Local Government Election & Rural Department. Govt. of KP (Re-appointed on 24-01-2022).	0
6.	Secretary Energy & Power Department (Retired on 24-01-2022)	0
7.	Mr. Hassan Nasir (Chief Executive Officer).	2
8.	Mr. Gul Badshah (Nominated on 24-01-2022)	1
9.	Mr. Asif Khan (Nominated on 24-01-2022)	1
10.	Dr. Humaira Gillani (Nominated on 24-01-2022)	1
11.	Mr. Gul Zada Khan (Nominated on 24-01-2022)	1
12.	Muhammad Tufail (Nominated on 24-01-2022)	1

15.4 PROCUREMENT COMMITTEE

Two meetings of the Procurement Committee of the Board were held during the period and attendance of all the retired and newly appointment Directors is given as following:

Serial #	Name of Directors	Committee Meetings attended
1.	Syed Shah Nasir (Retired on 24-01-2022)	1
2.	Mr. Tahir Azim (Retired on 24-01-2022)	1
3.	Mr. Khurshid (Retired on 24-01-2022)	1
4.	Additional Chief Secretary P & D Department (Retired on 24-01-2022)	0
5.	Secretary Local Government Election & Rural Department. Govt. of KP (Re-appointed on 24-01-2022).	0
6.	Abdul Fayaz (Retired on 24-01-2022)	0
7.	Mr. Hassan Nasir (Chief Executive Officer).	2
8.	Mr. Zarak Khan	1
9.	Muhammad Tufail (Nominated on 24-01-2022)	1



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10.	Dr. Humaira Gillani (Nominated on 24-01-2022)	1
11.	Mr. Gul Zada Khan (Nominated on 24-01-2022)	1

15.5 NOMINATION COMMITTEE

No Meetings of the Nomination Committee of the Board were held during the period.

16. AMOUNT RECEIVED BY EACH DIRECTOR ON ACCOUNT OF EXPENSES INCURRED FOR ATTENDING THE BOARD OF DIRECTORS AND COMMITTEE MEETINGS FY 2021-22

Serial #	Name of Director	Amount Received (RS)
1	Haji Muhammad Javed (Retired on 24-01-2022)	20,000
2	Dr. Muhammad Iqbal Khalil (Retired on 24-01-2022)	50,000
3	Engr. Tahir Azim (Retired on 24-01-2022)	30,000
4	Mr. Khurshid (Retired on 24-01-2022)	50,000
5	Prof. Dr. Rashid Rehan (Retired on 24-01-2022)	40,000
6	Prof. Dr. Bushra Khan (Retired on 24-01-2022)	60,000
7	Syed Shah Nasir (Retired on 24-01-2022)	50,000
8	Mr. Gul Badshah (Nominated on 24-01-2022)	20,000
9	Mr. Asif Khan (Nominated on 24-01-2022)	30,000
10	Dr. Humaira Gillani (Nominated on 24-01-2022)	30,000
11	Mr. Gul Zada Khan (Nominated on 24-01-2022)	30,000
12	Mr. Muhammad Tufail (Nominated on 24-01-2022)	20,000
13	Syed Shah Hussain (Nominated on 24-01-2022)	30,000
14	Regional Municipal Officer (RMO), Peshawar Division. (Nominated on 24-01-2022)	20,000
Total		480,000

17. PATTERN OF SHAREHOLDING AND EARNINGS PER SHARE

Water and Sanitation Services Peshawar (WSSP) is a Public Sector Company limited by guarantees with having no share capital.



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18. KEY OPERATING AND FINANCIAL DATA OF LAST SIX YEARS.

Financial Years	2021	2020	2019	2018	2017	2016
	-----Amount in million-----					
Revenue from services	523	426	444	322	256	220
Government grant / budgetary support	2,990	3,009	2,472	2,121	2,178	1,930
Other Income	24	28	21	28	32	55
Operational Expenses	2,901	2,793	2,393	2,016	2,190	2,030
Program Cost	250	298	227	228		
Administrative Expenses	356	339	294	198	203	140
Finance Cost	6	5	2	1		
Surplus / (deficit)	24	28	21	28	73	35
Non-current assets	427	263	245	201	230	195
Current assets	2,873	2,419	2,053	1,855	1,118	1,389
Current liabilities	386	295	409	311	266	-
Non-current liabilities	2,689	2,186	1,707	1,584	33	184
Net assets	225	201	182	161	1,049	1,400

19. APPOINTMENT OF AUDITORS

M/S Zahid Jamil & Co. Chartered Accountants has completed annual audit of Financial Statements for the year ended June 30, 2022, and issued their report showing "true and fair review of the affairs of the Company financial results". The auditors shall retire on the conclusion of the upcoming Annual General Meeting of the Company and as per Section 23 (6) of Corporate Governance Rules amended 2017, they are eligible for re-appointment for the next year.

20. COMPLIANCES WITH REGULATIONS

The Company has made compliances with the section 13 (2) of Regulations for Not for Profits Objects Regulations 2018 (amended November 2021) with respect to the following:

- Compliances with the relevant provision of the Companies Act 2017
- Compliances with all the provisions and conditions of Regulations for Not for Profits Objects Regulations 2018.
- Compliances with the all conditions provided in the License.

21. ACKNOWLEDGEMENT

At the end, we would like to convey our sincere appreciation for the efforts and dedicated contributions put in by the Company employees at all levels. We are thankful to WSSP Board of Directors for their wise counsel and invaluable guidance.

Chief Executive Officer
Water and Sanitation Services Peshawar

On behalf of the Board of Directors

Director
Water and Sanitation Services Peshawar

Dated: *February 27, 2024*