

December 15, 2022
NZAJ-KHI/AUD/CL/01/2013

The Board of Directors,
Karachi Water & Sewerage Board

Dear Sir(s)

Financial statement for the year ended June 30, 2013

We are pleased to enclose our draft audit report on the draft financial statements for the year ended June 30, 2013 prepared by the management of the Board, duly initialed by us for identification purposes. We shall be please to sign and issue our report with or without further modification after:

- a) The financial statements have been approved and signed by the Managing Director and Deputy Managing Director (Finance) and two Directors from the Member of the Board.
- b) We have received direct confirmations in respect of Board's bank accounts maintained with the following banks:
 - (i) Bank Al Habib - Ac # 0879-79002942-03 - University Road Branch.
 - (ii) National Bank - Ac # 03906-0 - EOBH House Branch.
 - (iii) National Bank - Ac # 03937-0 - EOBH House Branch.
 - (iv) National Bank - Ac # 0572-02 - EOBH House Branch.
 - (v) Arif Habib Bank - Ac # 123-20620-71-105161 - University Road Branch.
- c) We have received the Board of Directors resolution specifically approving the following:

Sr.#	Particulars	"Rupees"
1.	Addition of property, plant and equipment - at cost.	1,817,844/-
2.	Depreciation for the year.	583,314,652/-
3.	Amortization of Grant for the year.	10,609,697/-
4.	Addition in capital work in progress.	584,539,070/-

- d) We have received representation letter duly signed by the Managing Director and Deputy Managing Director (Finance) as per draft provided by us.
- e) We have received system generated adjusted pre closing and post- closing trial balances.

RESPONSIBILITIES OF THE AUDITORS AND THE MANAGEMENT IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors, in an audit of financial statements, are explained in International Standard on auditing 200 "Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing. 'While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of the financial statements is primarily that of the management in accordance with applicable financial reporting framework, which includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that are free from material misstatement whether due to fraud or error. The management's responsibilities include providing the auditor with;

- (i) all information, including records and documentation for accounts and information related to, other matters that are relevant to the preparation and presentation of the financial statements;

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- (ii) any additional information that the auditor may request from the Institution and, where appropriate, those charged with governance; and
- (iii) Unrestricted access to those within the entity from whom the auditor determines it necessary to obtain audit evidence. The audit of the financial statement does not relieve the management of its responsibilities. Accordingly, our Examination of the books of accounts and records should not be relied upon to disclose all the errors or irregularities in relation to the financial statements

We would like to draw your attention toward the following important matters:

We will appreciate if the management can go through the following recommendations in order to conclude audit engagement effectively and efficiently.

- A person from the management must be appointed as a coordinator who is only responsible for the work of the Board. His responsibility includes coordination with different divisions, ensuring that information is available before the commencement of audit, balances are properly brought forward from previous year, books of accounts have been closed properly etc.
- Financial statements closing procedures like preparation of management accounts, booking of accrual expenses, preparation of bank reconciliation, recording of accrued revenue and investment income are properly executed at every division. This exercise should be done at least on quarterly basis.

1. Capital Work in Progress - Projects

i. THE GREATER 100 MGD WATER SUPPLY (K-III):

The project is part and parcel of K-III Scheme, directly financed by the Government of Pakistan as Grant in Aid, to provide additional 100 million gallons per day (MGD) water to the city of Karachi. We have observed that the measurement books and their supporting payment vouchers of two major contractors responsible for the execution of the project provided by the management did not reconcile with the treasury payment register and reconciliation statement.

ii. THE GREATER KARACHI SEWERAGE PLAN (S-III):

Greater Karachi Sewerage Project (S-III) is aimed towards improving environmental & sanitation conditions of Karachi through a well-integrated system of collection, treatment and disposal of sewage. The project is funded by both Federal and provincial Government. However, in the course of audit we found non availability of the Project initiation reports and the supporting documentation regarding inflow and outflow of the funds.

iii. SCHEMES UNDER ANNUAL DEVELOPMENT PROGRAM:

Schemes under the program are purely funded by the Provincial Government (G.O.S). Such schemes are necessary for the development and construction of pipelines in different areas of Karachi. However, in this regard management holds no such correspondence with the provincial Government provided by the management. Therefore, we are only able to verify the inflow and outflow of the funds through the provided bank statement of National Bank of Pakistan.

2. Trade Debtors

It was observed during the course of audit, the management could not take effective measures to recover outstanding dues from defaulters which indicates weak financial management and lack of concentration of the concerned department. Therefore, necessary steps are required to enforce the prescribed procedures for recovery of trade debtors on timely basis.

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The Resource and Revenue Generation (R.R.G) department failed to provide the reconciliation summary of active bulk and retail consumers in order to conclude the amount receivable against water and sewerage services. We have observed there is no correlation between I.T and R.R.G department which constrains us to provide reasonable assurance regarding the accuracy of amount outstanding.

3. Availability of Funds Account:

We have not been provided any supporting evidence regarding the availability of funds released by the Provincial and Federal Government for the execution of projects and schemes reflected in the General ledger. Furthermore, we are only provided with the bank statement exhibits the inflow and outflow of funds against schemes under Annual Development Program (ADP).

4. Consumer Security Deposit:

- a- The Board does not maintain month wise consumer security deposit ledger due to which the deposits made during the year in lieu of water connection could not be reconciled with the supporting documents provided by the management.
- b- The monthly recording in the cash book represents the official records of the KW&SB. We observed discrepancies with respect to the transfer made from this account.
- c- Challan pertaining to Consumer deposit represent following details:
 - Connection service charges
 - Security deposit.

The details regarding connection service charges were not provided by the management

5. Execution of Contracts:

We have not been provided completion reports (PC-I to PC-V) of any of the projects completed during the year. However, the Board should direct the project directors to make it mandatory to maintain project completion reports since the inception of schemes/projects as mentioned in the manual for development projects.

6. Payment to Contractors:

We observed that management releases part payment to contractors, purely at their discretion, having no supporting evidences attached to the payment vouchers. There is no formal policy or basis adopted by the Board for payment to the contractors.

7. Payable To Employees

Following are the findings with respect to Payable to Employees during the course of audit:

- a- We observed that the reconciliation provided by the fund department did not match with the general ledger provided by the I.T department.
- b- No recording of interest incurred on employees' fund in the books of account.
- c- The interest rate policy applicable on employees fund not provided by the management.

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8. KESC Payment:

We observed that there is no proper recording of electricity charges in K.E.S.C ledger maintained by the concerned department. However, upon inquiry from management, we found that payments were made by Government of Sindh on behalf of the Board, thus no proper record or documentation is maintained in this regard.

Revenue:

Resource and Revenue Generation Department does not maintain separate billing summary reports for bulk and retail consumers. During the course of audit, we have observed non-reconciliation of collection summary provided by the relevant department with Revenue and Resource Generation department, thus resulted into non-verification of collection recorded in the cash books.

9. Expenditure:

Every payment voucher must be supported by a third party invoice / bill. All financial transactions should be duly authorized and recorded promptly, clearly, accurately, logically and coherently. However, in majority of cases the proper supporting documents were not attached with the payment vouchers.

I. PAYROLL:

List of employees joined and resigned during the year does not reconcile with the employees monthly payroll sheets. No personal files of the selected employees joined and resigned during the year were provided during the course of audit in order to assure the controls for appointment and discharge of the employees.

II. LEGAL AND PROFESSIONAL CHARGES:

We have not been provided the agreements of the legal advisors during the course of audit and we could not ascertain what services have been rendered by them and the payments made to them against those services.

III. SERVICE CHARGES AGAINST COST OF RAW WATER:

We have not been provided with the agreements with the Government of Sindh (G.O.S) and Water & Power Development Authority (WAPDA) in lieu of irrigation services for making the raw water available to the bulk transmission and distribution.

IV. CHEMICALS CONSUMED:

With respect to expenditure amounting to Rs. 92,255,400/- in lieu of chlorination of raw water, we have observed that no third party evidence is attached to the payment vouchers.

V. REPAIR AND MAINTENANCE OF VEHICLES:

We have not been provided any Log books, history sheets, vehicle maintenance record against vehicle maintenance expenditure amounting to Rs. 181,047,029.

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10. Internal audit functions:

It has been noted that internal audit function, apart from pre-audit of payments and post-audit of transactions, may be extended to compliance and monitoring required under its operating manual. Further, we have not been provided any internal audit report. There should be a separate section in finance department instead of audit department which should pre review all large payments as the basic responsibility is that of Finance and not of audit.

11. Financial and Accounting Policies:

Financial statements closing procedures like preparation of management accounts, booking of accrual expenses, preparation of bank reconciliations, reconciliation of contractor's ledger with the system etc. should be done before the commencement of audit engagement. We have noted that certain departments do not have documented accounting and financial policies and procedures. Further the Key personnel should be made aware of the accounting policies and standard operating procedures that are adopted by the Board. This leads to inconsistency in policies.

12. Accounting Software:

We noticed that the computerized accounting software CRT has been employed by the Board since long. However, we are of the view that the software needs updating, particularly with the modernization in the field of finance and accounts.

13. General:

We have been advised by the management that as of the date of financial statements:

- All events subsequent to the date of financial statements have either adjusted or disclosed.
- There are no contingencies and commitments other than those disclosed in the enclosed draft financial statements.

We wish to place on records the courtesy and co-operation extended to us by your staff during the course of our audit.


Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants.

KARACHI WATER AND SEWERAGE BOARD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2013

KARACHI WATER AND SEWERAGE BOARD

Auditors' Report

Report on the Financial Statements

We have audited the annexed balance sheet of Karachi Water and Sewerage Board (the Board) as at June 30, 2013 and the related income and expenditure account and the cash flow statement together with the notes forming part thereof (herein after referred to as the "financial statements") for the year then ended.

Management's Responsibility for the Financial Statements

It is the responsibility of the Board's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on the audit conducted in accordance with International Standards on Auditing. Because of the matters described in the 'Basis for Disclaimer' of Opinion paragraph, we were unable to obtain sufficient appropriate audit evidences to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

1. No Proper documentation is maintained against the receipt of funds released by the Provincial and Federal Government during the year. The amount of Rs. 1,275,899,698/- credited during the year to the Fund Account represents the releases made against the funds for the execution of various projects. Therefore, in the absence of any documentation or correspondence by the Board, we were unable to verify the completeness of the receipts made against the funds released by the Government.
2. We have not been provided documentation relating to long term loan by Karachi Development Authority and Government of Sindh amounting to Rs. 103,116,647/- and Rs. 57,977,000/- respectively as shown in notes no. 6.2 and 6.3 to the financial statements. Therefore, we are unable to assess the adequacy and appropriateness of the amount disclosed in this respect.
3. Proper record / documentation for long term deposits amounting to Rs. 62,522,126/- stated in the Balance Sheet which represents security deposits received from consumers against water supply and sewerage services is not maintained, thus we are unable to verify the completeness of the deposits made during the year. However, the receipts vouchers against such deposits provided by the management did not reconcile with the aggregate deposits made in such respect during the year.
4. As disclosed in note 9.1 to the financial statements, an amount of Rs. 4,133,494,282/- represents dues outstanding payable to Karachi Electric Supply Corporation (KESC) on account of electricity charges. The accuracy of the amount could not be ascertained in the absence of related documentation consequently; we are unable to ascertain the amount due.
5. As disclosed in note 9.1 to the financial statements, an amount of Rs. 2,330,312,652/- has been shown as payable to employees on account of staff retirement benefits. It includes amount outstanding in lieu of general provident fund of the employees. As per the Sindh General Provident Fund Rules 1938, Government shall pay interest to the credit of the account of an

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employee subscribed at such rate, as may be prescribed by the Government of Sindh annually. However, the information and amount in respect of opening balances and contribution made to the fund differs from the information provided by the Fund department. Further, no provision of interest has been accounted for in these financial statements; thus, we are unable to assess the adequacy and appropriateness of the amount disclosed in these financial statement in this respect.

6. Accrued expenses, as disclosed in note 9.1.2 to the financial statements, include an amount of Rs. 54,261,450 which represents interest on loan provided by Provincial Government to Karachi Development Authority in 1987 which was subsequently transferred to the Board. However, no documentation has been provided to us to determine the provision for any interest charges subsequent to June 30, 1993 which was required to be made in these financial statements.
7. We were not provided consolidated division-wise fixed assets register as required under the Rules of the Board nor any details or breakup of Property, Plant and Equipment amounting to Rs. 13,170,155,243/- as stated in Balance Sheet were provided, thus in the absence of such record, we are unable to verify the valuation and physical existence of fixed assets.
8. We were not provided the project completion reports relating to Capital Work in Progress amounting to Rs. 23,175,254,263/- with respect to various projects in progress as such completion reports are not maintained by the Board. Consequently, we are unable to determine whether the projects have been completed and those are correctly classified and stated in the Balance Sheet. Hence, no impact of depreciation is accounted for in these financial statements.
9. As disclosed in note No. 15.1 to the financial statements, an amount of Rs. 13,087,790,902/- represents receivable against water and sewerage charges from consumers of bulk sector. The consumer wise breakup provided by the billing department did not reconcile with the month wise breakup provided by the I.T department. Thus we are unable to verify the accuracy of the demand generated against the consumers' billing during the year.
10. Trade debtors amounting to Rs. 9,757,209,232/- represents amounts receivable against water and sewerage charges from the retail consumers, which due to transition of the data transmission from the I.T department to the billing department has resulted in numerous errors. As a result, we have not been able to verify the existence and accuracy of the amount of retail consumers shown in the Financial Statements. Moreover, the Board has made a provision of Trade Debts amounting to Rs. 5,268,254,904/- for which no basis is shared with us; hence we are unable to determine the accuracy of provision against doubtful debts.
11. As disclosed in Note 17 to the financial statements, the amount of Rs. 304,793,307 represents receivable from Karachi Development Authority and Karachi Metropolitan Corporation appearing in the books since the time of forming a separate body corporate under Government of Sindh. However, the management is of the view that the balance will remain constant and there is no subsequent change in the balance. However, the nature of such receivable could not be ascertained and the management could not provide proper documentation in this regard. Therefore, the amount outstanding against Karachi Development Authority and Karachi Metropolitan Corporation remains unconfirmed by the concerned authorities.
12. No breakup and details of the revenue generated against consumers of water as shown in the income and expenditure account has been provided to us and in the absence of any supporting document, we are unable to verify the accuracy of the amount of revenue generated in lieu of water charges.
13. The Board does not recognize late payment surcharge as an income on accrual basis in these financial statements. However, it directly credits the trade debtors as and when the surcharge on late payment is received, instead of recognizing it as an income. Consequently, the amount outstanding against trade debtors and revenue of the board are materially understated in these financial statements in respect of surcharge.

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14. As disclosed in note 21 to the financial statements, cost of revenue includes expenditure incurred on account of repair and maintenance on the projects once those are completed. As mentioned in the manual for Project development, the project proforma (PC-V) is required to be furnished on an annual basis for a period of five years by the agencies responsible for the operation and maintenance of the projects. However, in the absence of PC (V), the actual amount of capital and revenue expenditure incurred on the projects during the year could not be bifurcated. Therefore, we could not determine the adequacy of the amount representing revenue expenditure on the projects.
15. The Board in its annual budget allocates significant amount of funds for carrying out development works. However, no formalized capitalization policy is maintained to distinguish between capital and revenue expenditure.
16. The balance confirmations from a bank namely National Bank of Pakistan having account # 0572-02 with a balance of Rs.3,127 and United Bank Limited having account # 120001-9 with a balance of Rs. 601,137/- have not been received. Therefore, the balance remains unconfirmed and we are unable to determine the existence and accuracy of the balance outstanding.
17. Confirmations from legal advisors dealing with significant cases have not been received, due to which we have not been able to verify the existence of any legal disputes which may require disclosures of contingencies or which may have a material impact on the financial statements at the reporting date.

Disclaimer of Opinion

Because of the significance of the matters described above in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

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Naveed Zafar Ashfaq Jaffery
Chartered Accountants

Karachi:


Dated: 31 MAR 2023

KARACHI WATER AND SEWERAGE BOARD
BALANCE SHEET
AS AT JUNE 30, 2013

		2013	2012
	Note	Rupees	
RESERVES			
Capital Reserves	4	3,770,914,241	3,770,914,242
Accumulated Deficit		(18,961,304,196)	(20,221,528,962)
FUND ACCOUNT			
	5	26,759,711,006	25,483,811,308
NON CURRENT LIABILITIES			
Long term loans	6	17,810,254,313	19,326,607,313
Long term deposits	7	501,437,204	438,915,078
		18,311,691,517	19,765,522,391
CURRENT LIABILITIES			
Trade creditors	8	911,328,553	1,113,085,977
Accrued and other liabilities	9	7,645,016,859	7,465,665,744
Short term deposits	10	972,587,438	1,057,720,193
Current maturity of long term loans	11	14,964,349,747	13,447,996,747
		24,493,282,597	23,084,468,661
		54,374,295,165	51,883,187,639
CONTINGENCIES AND COMMITMENTS			
	12		
NON CURRENT ASSETS			
Property, plant and equipments	13	13,170,155,243	13,751,652,051
Capital work in progress	14	23,175,254,263	22,590,715,193
		36,345,409,506	36,342,367,244
CURRENT ASSETS			
Trade debtors	15	17,576,745,230	15,143,196,229
Loans and advances	16	59,334,635	42,112,429
Other receivables	17	304,793,307	304,793,307
Cash and bank balances	18	88,012,487	50,718,430
		18,028,885,659	15,540,820,395
		54,374,295,165	51,883,187,639

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


MANAGING DIRECTOR

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DEPUTY MANAGING DIRECTOR
(FINANCE)

**KARACHI WATER AND SEWERAGE BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013 Rupees	2012
<i>Revenue from water</i>	19	8,738,549,474	8,047,811,185
<i>Cost of revenue</i>	20	(5,121,495,685)	(4,932,624,609)
Gross profit		3,617,053,789	3,115,186,576
<i>Administrative expenses</i>	21	(687,175,362)	(622,612,830)
Operating profit		2,929,878,427	2,492,573,746
<i>Other income</i>	23	256,918,942	191,276,320
<i>Other expenses</i>	22	(1,010,715,603)	(1,006,256,728)
<i>Financial charges</i>	24	(915,857,000)	(972,610,000)
Surplus for the year		1,260,224,766	704,983,338
Accumulated deficit brought forward		(20,221,528,962)	(20,926,512,300)
Accumulated deficit carried forward		(18,961,304,196)	(20,221,528,962)

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


MANAGING DIRECTOR


DEPUTY MANAGING DIRECTOR
(FINANCE)

KARACHI WATER AND SEWERAGE BOARD
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the year	1,260,224,766	704,990,338
Adjustment for :		
Depreciation	583,314,652	614,107,053
Operating surplus before working capital changes	1,843,539,418	1,319,097,391
Working capital changes:		
(Increase) / decrease in current assets		
Trade debtors	(2,433,549,001)	(2,482,921,936)
Loans and advances	(17,222,206)	(11,516,487)
	(2,450,771,207)	(2,494,438,423)
Increase / (decrease) in current liabilities		
Trade creditors	(201,757,424)	(550,859,243)
Accrued and other liabilities	179,351,115	395,847,111
Short term deposits	(85,132,755)	164,277,932
Current maturity of long term loans	1,516,353,000	1,516,352,000
	1,408,813,936	1,525,617,800
Net cash generated from operations	801,582,147	350,276,768
CASH FLOW FROM INVESTING ACTIVITIES		
Addition in property, plant and equipment	(1,817,844)	(555,518)
Capital work in progress	(584,539,070)	(3,853,340,607)
Net cash outflow from investing activities	(586,356,914)	(3,853,896,125)
CASH FLOW FROM FINANCING ACTIVITIES		
Grants	1,275,899,698	4,843,956,619
Long term loans	(1,516,353,000)	(1,516,352,000)
Long term deposits	62,522,126	82,348,202
Net cash (outflow) / inflow from financing activities	(177,931,176)	3,409,952,821
Net increase / (decrease) in cash and cash equivalents	37,294,057	(93,666,536)
Cash and cash equivalents at the beginning of the year	50,718,431	144,384,967
Cash and cash equivalents at the end of the year	88,012,487	50,718,431

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


MANAGING DIRECTOR


DEPUTY MANAGING DIRECTOR
(FINANCE)

**KARACHI WATER AND SEWERAGE BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

1 LEGAL STATUS AND NATURE OF BUSINESS

Karachi Water & Sewerage Board (KW&SB) is a body corporate, established on 21st February 1983 as a Board within the Karachi Metropolitan Corporation (KMC) under Chapter XVI Section 121 of the Sindh Local Government (Amendment) Ordinance, 1983 (the Ordinance).

From that date it took over the water distribution system from Karachi Water Management Board (KWMB), Bulk Water Transmission from Karachi Development Authority (KDA) and sewerage system from Karachi Metropolitan Corporation, in all the districts of Karachi. The KW&SB has been separated from KMC and formed as a body corporate under the direct control of the Government of Sindh (GOS) vide Karachi Water and Sewerage Board Act, 1996 assented, by the Provincial Assembly of Sindh on 15th April, 1996.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the Sindh Local Government (Amendment) Ordinance, 1983 (the Ordinance), the Sindh Council (Budget) Rules 1985, the Karachi Water and Sewerage Board Act, 1996 and the generally accepted accounting principles as applicable in Pakistan.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except, for sewerage assets transferred from Karachi Metropolitan Corporation in 1983 and accounted for in the books of accounts in the year 1995-96, on the basis of valuation done by the Board's consultant at the replacement and current market values.

Accrual concepts

These accounts have been prepared on accrual basis, except certain employees benefits expenditure, which are recognized on payment basis. This practice is in accordance with the provision of section 74 sub section (1) and (2) of the Sindh Council (Budget) Rules 1985.

Presentation of Financial Statements

The form of presentation of these financial statements accord generally with the need of major International Lending Agencies.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistan Rupees, which is the functional currency of the Company and rounded off to the nearest rupee.

3 Significant Accounting Policies

The principal accounting policies adopted are set out below:

3.1 Government grants

Assets-related to grant received from government are initially recognized in grant as deferred credit and carried to balance sheet and upon completion of the project, are appropriated as income by setting off against the charge of depreciation as given in note 13.1 on a systematic basis over the useful life of the related assets.

3.2 Loan from international lending agencies

Transactions denominated in foreign currencies are translated to Pak Rupees at the foreign exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the closing rate of exchange prevailing at the balance sheet date. Exchange gains and losses are taken to the income and expenditure account except for certain exchange differences on balances with the international Monetary Fund which are transferred to the Government of Pakistan account.

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3.3 Creditors, accrued and other liabilities

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.4 Short-term deposits

These represent work executed on the authorization / approval of GOS and, other agencies through contractors and excess of work done over payments to contractors on account of specific work is classified as short-term deposits

3.5 Staff retirement benefits

According to the Ordinance, the Pension, Gratuity and other service benefits admissible to employees of Karachi Development Authority, Karachi Metropolitan Corporation and Karachi Water Management Board, who retired or died while serving in Water Supply and Sewerage Services before the commencement of the Ordinance shall be the responsibility of the Board. Payment in respect of all staff retirement benefits whenever due are being made by the Board and duly accounted for in the books of accounts, annual provisions are made to meet the obligation of pension and other employees benefits.

3.6 Property, Plant and equipment

Fixed assets are stated at cost less accumulated depreciation. Depreciation on fixed assets except land is charged to income applying the reducing balance method at the rate specified in the Income Tax Ordinance, 1979 except in the case of motor vehicles which are depreciated @ 10% per annum.

In respect of additions, depreciation is charged for the full year and no depreciation is charged on deletions in the year of disposal. Gains and losses, if any, on disposal of assets during the year are taken to income and expenditure account.

The assets shown under 'schemes' represents capital expenditure incurred on the specific Schemes and Projects. These include cost of pipelines, civil works, equipment's, furniture and establishment expenditure. Expenses on minor repairs, improvement and development of pipelines etc., are charged to income and expenditure account as and when incurred.

Assets taken over from KMC in 1983 were incorporated in these accounts as fixed assets during the year 1995-96 on the basis of a valuation placed by Board's consultants. The related credit has been accounted for as capital reserve. Depreciation is being charged from the date of incorporation of these assets in the books of accounts of the Board.

Sewerage assets generally include mains, sewers, impounding and pumped raw water storage reservoirs and sludge pipelines and plants and machinery

Expenditure relating to increase in capacity or enhancement of the network is treated as additions to the sewerage assets. Expenditure on maintaining the operating capabilities of network is charged as operating costs.

Sewerage assets are depreciated over their estimated operational economic lives. Assets in the course of construction are not depreciated until commissioned.

3.7 Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment, if any, and consists of expenditure incurred and advances made in respect of property, plant and equipment in the course of the acquisition, erection, construction and installation, including salaries and wages and any other costs directly attributable to capital work-in-progress. The assets are transferred to relevant category of operating fixed assets when those are available for use. Spare parts, standby equipment and servicing equipment are recognized as property plant and equipment when these meet the conditions to be classified as such.

3.8 Stores and spares

Stores and spares are valued on average cost. Stores and spares purchased for projects are charged off to relevant projects irrespective of their physical consumption/usage. Other direct purchases of stores and spares are charged to relevant budget grants. The applicability of the provision of Para 115 (b) Section II of Sindh Financial Rules relating to the valuation of the inventories in hand at the end of the year are not considered due to their insignificant value at the close of the year.

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3.9 Trade debts

Trade and other receivables are recognized at fair value and subsequently measured at amortized cost less impairment losses, if any. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.10 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include current and deposit accounts held with banks. A Treasury Single Account (TSA) is a unified structure of government bank accounts that gives a consolidated view of government cash resources. Based on the principle of unity of cash and the unity of treasury, a TSA is a bank account or a set of linked accounts through which the government transacts all its receipts and payments.

3.11 Provision for doubtful debts

The Board's policy for provision for doubtful debts is made as per the following estimates.
Debtors outstanding for the period:

1-2 Years	5%
2-3 Years	10%
3-4 Years	15%
4-5 Years	50%
5 Years and above	100%

3.12 Revenue recognition

Income on account of water and sewerage charges is recognized on accrual basis.

Interest income from banks is accounted for on the basis of actual receipts net of withholding tax.

3.13 Expenses

All expenses are recognized in the profit and loss account on an accrual basis.

3.14 Provisions

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	Rupees	
4 Capital Reserves		
<i>Excess of assets over liabilities transferred from KDA</i>	4.1 950,718,551	950,718,551
<i>Excess of liabilities over assets transferred from KWMB</i>	(110,298,456)	(110,298,456)
<i>Bulk water cost payable to KDA by KMC on behalf of KWMB</i>	144,229,751	144,229,751
	33,931,295	33,931,295
<i>Assets transferred from KMC</i>	4.2 2,763,163,938	2,763,163,938
<i>Debtors balances</i>	4.3 23,100,457	23,100,458
	<u>3,770,914,241</u>	<u>3,770,914,242</u>
4.1 These represents:		
<i>Debentures treated as grant to be settled under terms of memorandum of understanding</i>	4.1.1 1,109,787,500	1,109,787,500
<i>Purchase creditors</i>	1,214,866	1,214,866
<i>Deposits and other liabilities</i>	35,081,135	35,081,135
<i>Employees contribution funds net of investments</i>	32,202,632	32,202,632
<i>Long term loans due for repayment</i>	105,369,074	105,369,074
<i>Debit balance of reserves</i>	(259,932,201)	(259,932,201)
<i>Water charges receivable - net</i>	(63,962,051)	(63,962,051)
<i>Other receivables and dues</i>	(9,042,404)	(9,042,404)
	<u>(332,936,656)</u>	<u>(332,936,656)</u>
	<u>950,718,551</u>	<u>950,718,551</u>

These are incorporated in the books of account of the Board on the basis of consultant's reports. Such reports were approved by the Board in its meeting held on April 17, 1986.

4.1.1 These debentures were issued by the KDA and at the time of taking over of assets and liabilities these were incorporated as capital reserves and hence no interest has been charged in accounts since 1983.

4.2 This represents assets transferred from KMC in 1983. Due to non-availability of proper record, these were not taken into account in earlier years upon the transfer. A consultant was appointed to carry out the valuation of these assets. The consultant's report was considered by the Board and value assigned to these assets by the consultant were incorporated in these financial statements.

4.3 This represents the net effect of restatement of consumers receivable on account of balance outstanding against water bills abstained from input into the computer system.

5 FUND ACCOUNT

Funds released by Federal and Provincial Government for:

<i>Foreign aided projects</i>	5.1 3,991,728,491	3,991,728,491
<i>The Greater 100 MGD Water Supply (K-III) Project</i>	5.2 7,340,435,486	7,340,435,486
<i>Tameer-e-Karachi Programme</i>	5.3 3,542,040,659	3,542,040,659
<i>Schemes under Annual Development Plan</i>	5,889,901,570	4,614,001,872
	<u>20,764,106,206</u>	<u>19,488,206,508</u>
<i>Grant from Government of Sindh</i>	5.4 5,995,604,800	5,995,604,800
	<u>26,759,711,006</u>	<u>25,483,811,308</u>

5.1 Foreign aided projects

<i>Counter part funding by international lending agencies</i>	3,664,377,664	3,664,377,664
<i>Counter part funding by Overseas Development Association</i>	327,350,827	327,350,827
	<u>3,991,728,491</u>	<u>3,991,728,491</u>

5.2 This represents fund released by the Federal Government as *Grant in Aid* for the execution of the Greater 100 MGD Water Supply (K-III) Project. The Board undertakes its execution through local contractors for all civil, electrical and mechanical works.

5.3 This represents release of fund from Provincial Government and City District Government Karachi (CDGK), as the program is envisaged to be carried out through their concerted efforts. It is to facilitate the construction and rehabilitation of roads, bridges and flyovers, rehabilitation of rivers and nullahs, removal of transport bottlenecks, expansion and improvement of water supply, drainage and sewerage services.

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- 5.4 This represents the amount adjusted by the Federal Adjuster Government of Pakistan (G.O.P) out of monthly releases of Government of Sindh (G.O.S) on account of Karachi Electric Supply Corporation (K.E.S.C), dues payable by the Board vide Government of Sindh (G.O.S) letter No. FD (W&M -I) 14(16)/95, dated April 23,1996 and further confirmation by Chief Controller Billing (K.E.S.C). Previously, this amount was treated as liability, now the management of the board is of the view that this amount will not be demanded by the Government of Sindh (G.O.S) thus it is no longer considered as liability and is transferred to fund account in the respective year.

		2013	2012
		Rupees	
6 LONG TERM LOANS			
Loan from International lending agencies	6.1	17,649,160,666	19,165,513,666
Provincial government loan transferred from KDA	6.2	103,116,647	103,116,647
Loan from Government of Sindh	6.3	57,977,000	57,977,000
		<u>17,810,254,313</u>	<u>19,326,607,313</u>
6.1 International Lending Agencies			
International Development Association (IDA)			
-1374 PAK			
Principal		85,292,000	134,378,000
Financial charges		9,607,430	23,075,430
		94,899,430	157,453,430
-1652 PAK			
Principal		300,758,922	358,338,922
Financial charges		78,653,078	116,530,078
		379,412,000	474,869,000
-1987 PAK			
Principal		5,389,667,905	5,675,221,905
Financial charges		3,629,082,095	4,245,714,095
		9,018,750,000	9,920,936,000
		9,493,061,430	10,553,258,430
Asian Development Bank (ADB)			
-SF-793 PAK			
Principal		453,100,000	511,800,000
Financial charges		109,900,000	144,716,000
		563,000,000	656,516,000
-SF-1001 PAK / 1002 PAK			
Principal		2,167,337,422	2,229,137,422
Financial charges		1,624,622,578	1,779,598,578
		3,791,960,000	4,008,736,000
		4,354,960,000	4,665,252,000
Commonwealth Development Corporation (CDC)			
-L-2747-01			
Principal		462,176,306	549,952,306
Financial charges		121,279,694	179,367,694
		583,456,000	729,320,000
Overseas Economic Co-operation Fund (OECE)			
-PK-P40			
Principal		3,003,964,764	3,003,964,764
Financial charges		213,718,472	213,718,472
		3,217,683,236	3,217,683,236
		<u>17,649,160,666</u>	<u>19,165,513,666</u>

Represent loans and related financial charges made available to Karachi Water and Sewerage Board by Federal Government through Government of Sindh and Karachi Metropolitan Corporation. The loan-wise summary of covenants is as follows:

6.1.1	Loan Number	1374-Pak	1652-Pak	1987-Pak	SF-793 Pak	SF-1001 Pak	SF-1002 Pak	L-2747-01	PK-P40
	Date of main agreement	30-06-83	24-02-88	19-05-93		19-03-90	19-03-90	25-02-90	
	Lending Agency	IDA	IDA	IDA	ADB	ADB	ADB	CDC	OECE
	Agreed amount of loan (in \$M million)	21.00	19.45	163.50	17.89	39.91	26.61	25.00	110.300M
	Financial charges annually (%)	11.00	11.00	11.00	7.00	7.00	7.00	11.00	3.00
	Other charges								
	Commitment Charges annually (%)	0.50	0.50	0.50		0.75	0.75	0.75	0.10
	Service Charges annually (%)	0.75	0.75	0.75		0.10	0.10		0.10
	Repayment period in Years	25	25	25	25	35	25	13	21
	Grace period in years	5	6	6	5	10	10	5	5
	No of biannual installments	40	38	40	40	50	40	26	41
	Prepayment date each year	01-Mar & 01-Sept	15-May & 15-Nov	15-Mar & 01-Sept	15-Mar & 15-Nov	15-June & 15-Dec	15-June & 15-Dec	15-Apr & 15-Oct	20-May & 20-Nov
	Repayment starting date	9-Jan-96	15-May-00	1-Sep-04	15-May-01	15-Dec-07	15-Dec-07	15-Oct-02	5-Aug-06
	Representing share of agency % against major works	75	78	80	78	80	80	100	92
	Date of financial closure	11-Oct-91	30-Dec-94	30-Jun-98	31-Dec-95	30-Sep-97	30-Sep-97		30-Sep-99

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- 6.1.2 Other charges represent commitment and service charges payable semi annually to the Provincial Government by the Karachi Metropolitan Corporation on behalf of the Board.
- 6.2 This represent loans transferred from Karachi Development Authority in 1986-87 and accordingly accounted for in these accounts at the principal amount thereof. No provision for interest subsequent to June 30, 1993 has been made in these accounts as the management of the Board considers that such provision is not required.
- 6.3 It includes loan of Rs.10,000,000/- transferred from Karachi Water and Management Board at the time of taken over its assets and liabilities. This loan was provided for installation of community tap system at Orangi. The balance represents funds released by Government of Sindh for the execution of various development schemes.

		2013	2012
		Rupees	
7 Long term Deposits			
Consumers security deposits	7.1	501,437,204	438,915,078
7.1 Movement in deposits			
Balance as at July 01, 2012		438,915,078	356,566,876
Add: Deposits made during the year	7.1.1	62,522,126	82,348,202
Balance as at June 30, 2013		501,437,204	438,915,078
7.1.1 These represents deposits from consumers which are repayable at the time when meter connection of consumer is permanently disconnected after adjustment thereof against any amount receivable.			
8 Trade Creditors			
Payable to contractors for work executed		911,328,553	1,113,085,977
9 Accrued and other liabilities			
Accrued expenses	9.1	7,576,606,228	7,424,711,418
Other liabilities	9.2	68,410,631	40,954,326
		7,645,016,859	7,465,665,744
9.1 Accrued expenses			
Payable to Karachi Electric Supply Corporation		4,133,494,282	4,285,491,750
Payable against medical facilities		3,536,562	29,008,300
Payable to employees		2,330,312,652	2,062,932,511
Payable against share of fire and conservancy	9.1.1	1,041,968,214	981,067,513
Payable against gas charges		2,235,190	2,235,190
Interest payable on loans transferred from KDA and KWMB	9.1.2	54,261,450	54,261,450
Audit Remuneration		10,797,878	9,714,704
		7,576,606,228	7,424,711,418
9.1.1 This represent share of fire and conservancy charges payable to City District Government Karachi in conjunction with the water and sewerage bill, an invoice is rendered by the Board on behalf of CDGK to recover 25% of water bill in lieu of conservancy charges in order to meet the cost of solid waste services and 10% of water bill against meeting the cost of fire fighting department.			
9.1.2 This represents interest payable against loan incorporated in 1986-87 from Karachi Development Authority and Karachi Water & Management Board . However no provision of interest has been made in these financial statements.			
9.2 Other liabilities			
Unpaid wages	9.2.1	46,320,799	16,987,109
Withholding tax payable		22,089,832	23,967,217
		68,410,631	40,954,326
9.2.1 This represents the amount on account of wages, to labor staff allotted to the projects or schemes, that remains unclaimed at the time of payment.			
10 SHORT TERM DEPOSITS			
Security deposit from contractor	10.1	972,587,438	1,057,720,193
10.1 This represents refundable earnest money received from contractors in connection with award of contracts for the execution of work on projects or schemes by the Board.			

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	2013	2012
	Rupees	
11 Current maturity of long term loans		
<i>International Lending Agencies</i>	11.1	
<i>Loan by Provincial Government transferred from KDA</i>	14,932,026,347	13,415,673,347
	32,323,400	32,323,400
	14,964,349,747	13,447,996,747
11.1 International Lending Agencies		
International Development Association (IDA)		
-1374 PAK		
Principal	377,100,979	328,014,979
Financial charges	740,024,163	726,556,163
	1,117,125,142	1,054,571,142
-1652 PAK		
Principal	412,811,452	355,231,452
Financial charges	979,021,547	941,144,547
	1,391,832,999	1,296,375,999
	2,508,958,141	2,350,947,141
Payment made against loan:		
Year 1999-2000	(40,000,000)	(40,000,000)
Year 2000-2001	(40,000,000)	(40,000,000)
	(80,000,000)	(80,000,000)
	2,428,958,141	2,270,947,141
-1987 PAK		
Principal	1,812,297,418	1,526,743,418
Financial charges	6,284,160,787	5,667,528,787
	8,096,458,205	7,194,272,205
Asian Development Bank (ADB)		
-SF-793 PAK		
Principal	567,081,158	508,381,158
Financial charges	742,141,843	707,325,843
	1,309,223,001	1,215,707,001
-SF-1001 PAK / 1002 PAK		
Principal	374,656,000	312,856,000
Financial charges	1,251,151,000	1,096,175,000
	1,625,807,000	1,409,031,000
	2,935,030,001	2,624,738,001
Commonwealth Development Corporation (CDC)		
-L-2747-01		
Principal	561,331,698	473,555,698
Financial charges	975,248,302	917,160,302
	1,536,580,000	1,390,716,000
Payment made against loan:		
Year 2001-2002	(65,000,000)	(65,000,000)
	1,471,580,000	1,325,716,000
	14,932,026,347	13,415,673,347
12 CONTINGENCIES AND COMMITMENTS		
12.1 There were no contingencies and commitments as at 30 June 2013 (2012: Nil)		
13 PROPERTY, PLANT AND EQUIPMENT		
13.1 The property, plant and equipment scheduled is attached	13.1	
	13,170,155,243	13,751,652,051

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	2013	2012
	Rupees	
14 CAPITAL WORK IN PROGRESS		
Movement for capital work in progress is as follows:		
Opening balance	22,539,443,193	18,737,374,586
Additions during the year	635,811,070	204,390,656
Transfers during the year		
Closing balance	<u>23,175,254,263</u>	<u>18,941,765,242</u>
Foreign Aided Projects		
Karachi Water Supply and Sanitation Project under Commonwealth Development Corporation (CDC)	3,349,239,116	3,349,239,116
Improvement Project under Overseas Economic Co-operation Fund (OECF)- PK-P40 Japan	3,720,572,260	3,720,572,260
14.1 Bank balances with Foreign aided projects	7,069,811,376	7,069,811,376
14.2	<u>8,479,429</u>	<u>8,479,429</u>
	<u>7,078,290,805</u>	<u>7,078,290,805</u>
Government Aided Projects		
Pumping Conveyance Improvement System	14.3 639,478,761	639,328,761
The Greater 100 MGD water supply (K-III)	14.4 7,304,623,945	7,304,623,945
Tameer-e-Karachi programme	14.5 3,980,241,514	3,899,110,210
The Greater Karachi Sewerage Plan (S-III)	14.6 22,899,429	11,795,256
Schemes under Annual Development Programme	14.7 4,149,719,809	3,657,566,216
	<u>16,096,963,458</u>	<u>15,512,424,388</u>
	<u>23,175,254,263</u>	<u>22,590,715,193</u>
14.1 This represents projects executed by KW&SB funded by Federal and Provincial Governments as counter part funding by the international lending agencies. The proceeds of loan under Commonwealth Development Corporation (C.D.C) and Overseas Co-operation Fund (O.E.C.F) PK-P40 Japan are channeled through the Government of Sindh (G.O.S) which, in turn, lend it to the Karachi Metropolitan Corporation (KMC) at an annual interest rate of 11%. However it further lend the proceeds to the executing agency, Karachi Water and Sewerage Board (KW&SB) on the same terms. The projects aim to increase the quality, reliability, and coverage of water supply, waste water and solid waste management services in participating towns.		
14.2 This represents balances in the banks associated with projects which are still outstanding.		
14.3 The Board undertakes various schemes from the allocation of fund by the Government of Sindh (G.O.S) and other agencies. The Board is benefited from the ultimate use of such assets and the revenue generated there from. A review of such schemes was carried out based on the book value.		
14.4 This represents capital expenditure on Greater 100 MGD water supply (K-III) to increase potable bulk water supply and further augment water availability by introducing water loss reduction measures. It is financed through Government of Pakistan (G.O.P) as Grant in Aid for water supply sector. The Project is the part and parcel of K-III Scheme to provide an additional 100MGD water to the city of Karachi		
14.5 This represents capital expenditure on the Tameer-e-Karachi Programme (TKP), geared specifically towards rebuilding Karachi (and to some extent, Sindh) by providing vital physical infrastructure and other civic amenities in key target locations, particularly in the industrial areas through the concerted efforts of the CDGK, and the Provincial government.		
14.6 Greater Karachi Sewerage Project (S-III) is aimed towards improving environmental & sanitation conditions of Karachi through a well integrated system of collection, treatment and disposal of sewage. The existing sewage disposal system lacks treatment, facilities and requires conveyance network for the sewage to divert it to the treatment plants which are currently being disposed off into sea.		
15 Trade debtors		
15.1 Receivable from Bulk Consumers against		
- Water charges	9,825,267,545	7,991,066,887
- Sewerage services	<u>3,262,523,357</u>	<u>3,307,442,357</u>
	<u>13,087,790,902</u>	<u>11,298,509,244</u>
15.2 Receivable from Retail Consumers against		
- Water charges	6,850,061,280	5,382,462,464
- Sewerage services	<u>2,907,147,953</u>	<u>3,293,551,953</u>
	<u>9,757,209,232</u>	<u>8,676,014,416</u>
Less: Provision for doubtful debts	<u>(5,268,254,904)</u>	<u>(4,831,327,431)</u>
	<u>17,576,745,230</u>	<u>15,143,196,229</u>

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		2013	2012
		Rupees	
16 Loans and advances			
Advances to employees - unsecured			
House Building	16.1	53,810,305	35,529,999
Motor Cycle		3,420,400	4,300,300
Marriage		2,103,930	2,282,130
		<u>59,334,635</u>	<u>42,112,429</u>
16.1	This represents advance to employees in order to facilitate in the construction of their house. The amount shall be granted to employees who have completed their probationary period and are subscribed to General Provident Fund of KW&SB. Furthermore, the amount so granted is interest free for the employees below the BPS 16. However, the interest on house building loan of officers BPS 16 and above, is payable at such rates as may be fixed by the Government of Sindh.		
17 Other Receivables			
Receivable against subsidy from:			
- Karachi Development Authority (KDA)		98,306,126	98,306,126
Karachi Metropolitan Corporation (KMC)	17.1	<u>206,487,181</u>	<u>206,487,181</u>
		<u>304,793,307</u>	<u>304,793,307</u>
17.1	Receivable from Karachi Metropolitan Corporation (KMC)		
Balance as at July 01 2012		408,199,380	408,199,380
Share of fire and conservancy payable on behalf of CDGK		<u>(201,712,199)</u>	<u>(201,712,199)</u>
Subsidy receivable from Karachi Metropolitan Corporation-KMC as at June 30, 2013		<u>206,487,181</u>	<u>206,487,181</u>
17.1	The balance remain static and reported accordingly during the year.		
18 Cash at banks -			
Current Accounts		71,762,247	47,333,957
Deposit accounts	18.1	<u>16,250,240</u>	<u>3,384,473</u>
		<u>88,012,487</u>	<u>50,718,430</u>
18.1	It carries profit ranging from 4 % to 6% (2012: 3% to 5%) per annum.		
19 Revenue from Water			
Income from water against:			
Bulk consumers		5,804,831,658	5,403,810,017
Retail consumers		<u>2,933,717,816</u>	<u>2,644,001,168</u>
		<u>8,738,549,474</u>	<u>8,047,811,185</u>
19.1	The KW&SB revenue is generated by the supply of water and sewerage services to all the consumers in Karachi. The consumers are divided into two broad categories - Bulk and Retail. Bulk consumers mainly comprises of large customers such as organizations and departments, they are billed according to the meter readings on a monthly basis. However, retail consumers are classified into residential, commercial, industrial, religious and educational sectors and are billed on annual basis at the Tariff rates as applicable.		
20 Cost of Revenue			
Salaries and other benefits	20.1	3,676,412,681	3,136,981,842
Repair and maintenance		835,410,941	1,013,270,623
Service charges against cost of raw water		4,765,519	6,369,052
Chemicals consumed		92,255,400	49,626,989
Fuel for pumping stations		280,064,491	189,804,282
Electricity and gas charges		<u>232,586,653</u>	<u>536,571,821</u>
		<u>5,121,495,685</u>	<u>4,932,624,609</u>
20.1	Salaries and other benefits include Rs. 195,196,629 for the year ended June 30, 2013 (2012: Rs. 175,591,948) in respect of staff medical facilities.		
21 Administrative expenses			
Salaries and other benefits		377,242,229	322,300,121
Repair and maintenance		11,410,376	19,191,956
Utilities		5,106,306	5,935,997
Vehicle running expense		181,047,029	167,796,791
Automation of Billing		44,395,523	48,563,314
Legal and professional charges		7,820,440	6,517,954
Entertainment		609,101	472,363
Printing and stationery		4,546,827	4,962,778
Advertisement		16,284,276	12,739,036
Books and periodicals		207,280	278,024
Miscellaneous		<u>38,505,975</u>	<u>33,854,496</u>
		<u>687,175,362</u>	<u>622,612,830</u>

N2M

	2013	2012
	Rupees	
22 OTHER EXPENSES		
Audit Remuneration	1,083,174	984,704
Depreciation	22.1 572,704,955	602,881,465
Provision for doubtful debts	436,927,474	402,390,559
	<u>1,010,715,603</u>	<u>1,006,256,728</u>
22.1 Depreciation		
Expense for the year	583,314,652	614,107,053
less: Amortization of grant	22.1.1 (10,609,697)	(11,225,588)
	<u>572,704,955</u>	<u>602,881,465</u>

22.1.1 This represents such portion of the grant as is recognized in income upon capitalization of related assets.

23 OTHER INCOME

Profit from bank	23.1 7,654,538	6,704,123
Receipts against water surcharge	23.2 249,264,404	184,572,197
	<u>256,918,942</u>	<u>191,276,320</u>

23.1 This represents profit / mark up net of withholding tax earned on PLS bank accounts.

23.2 This represents receipts against water supply allowed to the contractors for the work carried out on the projects or schemes. These charges are deducted against the bill at the rate of 0.5% of the total cost of work for drinking purposes and 1% of total cost of work for construction purposes.

24 FINANCIAL CHARGES

International Development Association (IDA)

-1374 PAK

-1652 PAK

-1987 PAK

13,468,000

18,452,000

37,877,000

43,724,000

616,632,000

645,629,000

667,977,000

707,805,000

Asian Development Bank (ADB)

-SF-793 PAK

-SF-1001 PAK / 1002 PAK

34,816,000

38,719,000

154,976,000

159,085,000

189,792,000

197,804,000

Commonwealth Development Corporation (CDC)

-L-2747-01

58,088,000

67,001,000

915,857,000

972,610,000

24.1 Financial charges are inclusive of exchange risks charges on the principal amount of the loan withdrawn by the Karachi Metropolitan Corporation through the provincial government.

25 General

Total number of employees for the year ended

12,831

13,120

The figures have been rounded off to the nearest rupees. Corresponding figures have been rearranged/ reclassified for comparison, there is no material impact of such reclassifications.

26 Date of Issue

These financial statements have been authorized for issue on 31-03-2023 by the Board.

N2M

MANAGING DIRECTOR

DEPUTY MANAGING DIRECTOR
(FINANCE)

13.1	Particulars	COST			DEPRECIATION			Book value at 30 June 2013	Rate %		
		As on 01 July 2012	Addition	(Deletion)	As at 30 June 2013	As on 01 July 2012	On Disposal			Charge For The Year	As at 30 June 2013
Amount in Rupees											
SCHEMES											
	Renovation of sewerage in P.L.C.H.S.	61,675,178	-	-	61,675,178	45,757,627	-	755,878	15,121,674	5%	
	Urbi Sewerage Scheme	149,622,108	-	-	149,622,108	109,499,902	-	2,006,110	38,116,096	5%	
	Renovation of Water Supply NH and F.B. area	72,005,309	-	-	72,005,309	52,164,274	-	97,2,052	18,848,983	5%	
	Foreign & Govt aided Projects	737,449,268	-	-	737,449,268	343,123,708	-	19,716,278	374,609,282	5%	
	KCH water supply projects 1374 PAK	824,770,622	-	-	824,770,622	451,042,537	-	18,686,404	355,041,681	5%	
	KSDA-IDA 1652 PAK	1,185,262,942	-	-	1,185,262,942	713,636,982	-	23,581,294	448,044,662	5%	
	KSDP- ADB 293 PAK	1,377,733,977	-	-	1,377,733,977	771,356,492	-	30,318,874	576,058,611	5%	
	KSDP- ADB 1001/1002 PAK (SF)	3,464,437,398	-	-	3,464,437,398	1,685,566,069	-	88,943,566	1,774,509,635	5%	
	KCH water supply project IDA 1987 PAK	13,658,633,237	-	-	13,658,633,237	6,278,052,986	-	369,079,013	7,011,551,238	5%	
		21,531,590,039	-	-	21,531,590,039	10,450,200,576	-	554,069,473	10,577,319,990		
TRANSFERRED / SCHEMES ASSETS											
	Schemes from KWMB	4,680,897	-	-	4,680,897	3,566,946	-	55,698	3,622,644	5%	
	Schemes from KDA	1,170,475,591	-	-	1,170,475,591	978,397,581	-	12,103,915	940,501,497	5%	
		1,175,156,788	-	-	1,175,156,788	931,964,527	-	12,159,613	944,124,140		
SEWERAGE ASSETS TRANSFERRED FROM KMC											
	Land	2,137,384,485	-	-	2,137,384,485	-	-	-	2,137,384,485		
	Building	192,635,209	-	-	192,635,209	112,090,511	-	4,027,235	76,517,463	5%	
	Plant & Machinery	49,452,017	-	-	49,452,017	41,204,815	-	874,770	7,422,482	10%	
	Underground Pipelines	383,692,227	-	-	383,692,227	223,262,705	-	8,021,476	152,408,046	5%	
		2,763,163,938	-	-	2,763,163,938	376,554,031	-	12,873,431	2,373,732,476		
OTHER ASSETS											
	Office building	945,000	-	-	945,000	623,169	-	16,092	639,260	5%	
	Vehicles	55,391,070	119,464	-	55,516,534	44,246,818	-	1,176,972	45,373,790	10%	
	Office equipment and furniture	35,249,236	1,698,380	-	37,947,616	23,461,201	-	1,448,641	24,909,843	10%	
	Machinery and equipments	131,132,413	-	-	131,132,453	121,263,497	-	986,896	8,882,060	10%	
	Sewerage clearing machines	35,439,740	-	-	35,439,740	29,106,844	-	633,290	5,699,606	10%	
	Other minor fixed assets	5,019,129	-	-	5,019,129	5,016,679	-	245	2,205	10%	
		264,182,628	1,817,844	-	266,000,472	223,718,208	-	4,212,115	227,930,343		
	As at 30 June, 2013	25,734,093,393	1,817,844	-	25,735,911,237	11,987,441,342	-	583,374,652	13,565,755,994		
	As at 30 June, 2012	25,733,537,875	555,518	-	25,734,093,393	11,368,334,219	-	614,107,053	11,982,441,342		
									13,751,652,051		

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