

KARACHI WATER AND SEWERAGE BOARD
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

		2021	2020
	Note	Rupees	
RESERVES			
Capital reserves	4	3,770,914,241	3,770,914,241
Accumulated deficit		(669,612,865)	(6,411,181,260)
FUND ACCOUNT	5	34,589,374,458	33,986,515,398
NON CURRENT LIABILITIES			
Long term loans	6	7,604,531,512	8,723,491,512
Long term deposits	7	883,545,074	943,504,949
		<u>46,178,752,420</u>	<u>41,013,244,840</u>
CURRENT LIABILITIES			
Current maturity of long term loans	8	26,145,591,435	25,026,631,435
Trade creditors	9	4,736,308,977	3,401,597,488
Accrued and other liabilities	10	7,694,105,396	8,385,333,717
Short term deposits	11	190,277,039	643,972,362
		<u>38,766,282,847</u>	<u>37,457,535,002</u>
		<u>84,945,035,267</u>	<u>78,470,779,842</u>
CONTINGENCIES AND COMMITMENTS	12		
NON CURRENT ASSETS			
Property, plant and equipment	13	9,490,779,791	9,866,133,399
Capital work in progress	14	31,519,558,780	30,902,709,952
		<u>41,010,338,571</u>	<u>40,768,843,351</u>
CURRENT ASSETS			
Trade debtors	15	40,042,039,183	34,728,448,537
Loans and advances	16	175,937,888	152,297,167
Other receivables	17	304,793,307	304,793,307
Cash and bank balances	18	3,411,926,318	2,516,397,480
		<u>43,934,696,696</u>	<u>37,701,936,491</u>
		<u>84,945,035,267</u>	<u>78,470,779,842</u>

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

MANAGING DIRECTOR

DEPUTY MANAGING DIRECTOR
(FINANCE)

**KARACHI WATER AND SEWERAGE BOARD
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020
Revenue	19	16,531,970,419	14,346,754,429
Cost of revenue	20	(16,981,080,278)	(9,425,356,256)
Gross (loss)/ profit		(449,109,859)	4,921,398,173
Administrative expenses	21	(2,465,885,949)	(1,750,103,661)
Operating (loss) / profit		(2,914,995,808)	3,171,294,512
Other income	22	9,379,662,090	681,300,336
Other expenses	23	(383,848,443)	(402,391,881)
Financial charges	24	(339,249,444)	(414,669,993)
Surplus for the year		5,741,568,395	3,035,532,973
Accumulated (deficit) brought forward		(6,411,181,260)	(9,446,714,234)
Accumulated (deficit) carried forward		(669,612,865)	(6,411,181,260)

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

MANAGING DIRECTOR

DEPUTY MANAGING DIRECTOR
FINANCE

KARACHI WATER AND SEWERAGE BOARD
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
	Rupees	
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the year	5,741,568,395	3,035,532,973
Adjustment for :		
Depreciation	390,296,496	409,542,061
Operating surplus before working capital changes	6,131,864,891	3,445,075,035
Working capital changes:		
(Increase) / Decrease in current assets		
Trade debtors	(5,313,590,645)	(4,582,795,184)
Loans and advances	(23,640,721)	(7,808,328)
	(5,337,231,366)	(4,590,603,512)
Increase / (Decrease) in current liabilities		
Current maturity of long term loans	1,118,960,000	1,118,918,035
Trade creditors	1,334,711,489	2,409,807,669
Accrued and other liabilities	(691,228,321)	861,433,731
Short term deposits	(453,695,323)	(164,871,377)
	1,308,747,845	4,225,288,058
Net cash generated from operations	2,103,381,370	3,079,759,581
CASH FLOW FROM INVESTING ACTIVITIES		
Addition in property, plant and equipment	(14,942,888)	(9,852,512)
Capital work in progress	(616,848,830)	(711,679,310)
Net cash (used in) investing activities	(631,791,718)	(721,531,822)
CASH FLOW FROM FINANCING ACTIVITIES		
Grants	602,859,060	781,139,000
Long term loans	(1,118,960,000)	(1,118,918,035)
Long term deposits	(59,959,875)	39,887,794
Net cash (used in) financing activities	(576,060,815)	(297,891,241)
Net increase in cash and cash equivalents	895,528,838	2,060,336,518
Cash and cash equivalents at the beginning of the year	2,516,397,480	456,060,962
Cash and cash equivalents at the end of the year	3,411,926,318	2,516,397,480

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, 2021**

1 LEGAL STATUS AND NATURE OF BUSINESS

Karachi Water and 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 was 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.

Subsequently on 26 June 2023, the Karachi Water and Sewerage Corporation Act, 2023 came into effect by virtue of which, Karachi Water and Sewerage Corporation (KW&SC) was established to take over the entire business of KW&SB. According to section 49 of this Act, all assets, receivables, liabilities, payables and all other obligations have been passed on to the newly established Corporation. Similarly all the employees of KW&SB alongwith all their obligations have also been take over by the Corporation.

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.

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 on the basis of the Sindh General Provident Fund Rules, 1938 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.

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 Boards 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

		2021	2020
		Rupees	
4 Capital Reserves			
Excess of assets over liabilities transferred from KDA	4.1	950,718,551	950,718,551
Excess of liabilities over assets transferred from KWMB		(110,298,456)	(110,298,456)
Bulk water cost payable to KDA by KMC on behalf of KWMB		144,229,751	144,229,751
		33,931,295	33,931,295
		984,649,846	984,649,846
Assets transferred from KMC	4.2	2,763,163,938	2,763,163,938
Debtors balances	4.3	23,100,457	23,100,457
		3,770,914,241	3,770,914,241
4.1 These represent:			
Debentures treated as grant to be settled under terms of memorandum of understanding	4.1.1	1,109,787,500	1,109,787,500
Purchase creditors		1,214,866	1,214,866
Deposits and other liabilities		35,081,135	35,081,135
Employees contribution funds - net of investments		32,202,632	32,202,632
Long term loans due for repayment		105,369,074	105,369,074
Debit balance of reserves		(259,932,201)	(259,932,201)
Water charges receivable - net		(63,962,051)	(63,962,051)
Other receivables and dues		(9,042,404)	(9,042,404)
		(332,936,656)	(332,936,656)
		950,718,551	950,718,551

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:

Foreign aided projects	5.1	3,991,728,491	3,991,728,491
The Greater 100 MGD Water Supply (K-III) Project	5.2	7,340,435,486	7,340,435,486
Tameer-e-Karachi Programme	5.3	3,541,041,059	3,541,041,059
Schemes under Annual Development Program	5.4	13,720,564,622	13,117,705,562
		28,593,769,658	27,990,910,598
Grant from Government of Sindh	5.5	5,995,604,800	5,995,604,800
		34,589,374,458	33,986,515,398

5.1 Foreign aided projects

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

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.

5.4 This represents funds released by Federal Government against annual development program (ADP), prepared in line with the prevalent economic policies, strategies of the government. It emphasizes on the rehabilitation of the community infrastructure i.e. roads, buildings particularly of education & health facilities, water supply & sanitation, housing crop & livestock and irrigation & drainage which have been damaged by the heavy rains and floods.

- 5.5 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.

	2021	2020
	Rupees	
6 LONG TERM LOANS		
Loan from International lending agencies	6.1 7,443,437,865	8,562,397,865
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
	7,604,531,512	8,723,491,512
6.1 International Lending Agencies		
International Development Association (IDA)		
-1374 PAK		
Principal	30,658,000	30,658,000
Financial charges	1,687,430	1,687,430
	32,345,430	32,345,430
-1652 PAK		
Principal	85,958,922	85,958,922
Financial charges	7,091,312	7,091,312
	93,050,234	93,050,234
-1987 PAK		
Principal	1,578,636,877	2,251,191,905
Financial charges	222,624,813	452,255,785
	1,801,261,690	2,703,447,690
	1,926,657,354	2,828,843,354
Asian Development Bank (ADB)		
-SF-793 PAK		
Principal	90,600,000	90,600,000
Financial charges	4,817,000	4,817,000
	95,417,000	95,417,000
-SF-1001 PAK / 1002 PAK		
Principal	1,498,968,075	1,598,999,392
Financial charges	558,848,200	675,590,883
	2,057,816,275	2,274,590,275
	2,153,233,275	2,370,007,275
Commonwealth Development Corporation (CDC)		
-L-2747-01		
Principal	134,709,306	134,709,306
Financial charges	11,154,694	11,154,694
	145,864,000	145,864,000
Overseas Economic Co-operation Fund (OECF)		
-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
	7,443,437,865	8,562,397,865

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	24-02-86	19-05-93	-	19-03-90	19-03-90	25-02-90	-
Lending Agency	IDA	IDA	IDA	ADB	ADB	ADB	CDC	OECF
Agreed amount of loan (in SDR million)	23.00	19.45	163.50	17.89	39.91	26.61	25.00	V10.300M
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	6-Aug-06
Representing share of agency % against major works	75	78	80	78	80	80	100	92
Date of financial closure	31-Oct-91	30-Dec-93	30-Jun-98	31-Dec-95	30-Sep-97	30-Sep-97	-	30-Sep-99

- 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.

		2021	2020
		Rupees	
7 LONG TERM DEPOSITS			
Consumers security deposits	7.1	883,545,074	943,504,949
7.1 Movement in deposits			
Opening balance		943,504,949	903,617,155
Add: Deposits refund / made during the year	7.1.1	(59,959,875)	39,887,794
Closing balance		883,545,074	943,504,949
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 CURRENT MATURITY OF LONG TERM LOANS			
International Lending Agencies	8.1	26,113,268,035	24,994,308,035
Loan by Provincial Government, transferred from KDA		32,323,400	32,323,400
		26,145,591,435	25,026,631,435
8.1 International Lending Agencies			
International Development Association (IDA)			
-1374 PAK			
Principal		502,001,000	502,001,000
Financial charges		750,146,000	750,146,000
		1,252,147,000	1,252,147,000
-1652 PAK			
Principal		754,000,000	754,000,000
Financial charges		1,057,234,000	1,057,234,000
		1,811,234,000	1,811,234,000
		3,063,381,000	3,063,381,000
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)
		2,983,381,000	2,983,381,000
-1987 PAK			
Principal		5,550,363,028	4,877,808,000
Financial charges		9,786,799,282	9,557,168,310
		15,337,162,310	14,434,976,310
Asian Development Bank (ADB)			
-SF-793 PAK			
Principal		999,010,000	999,010,000
Financial charges		873,218,000	873,218,000
		1,872,228,000	1,872,228,000
-SF-1001 PAK / 1002 PAK			
Principal		1,043,029,347	942,998,030
Financial charges		2,316,915,378	2,200,172,695
		3,359,944,725	3,143,170,725
		5,232,172,725	5,015,398,725
Commonwealth Development Corporation (CDC)			
-L-2747-01			
Principal		1,133,527,000	1,133,527,000
Financial charges		1,492,025,000	1,492,025,000
		2,625,552,000	2,625,552,000
Payment made against loan:			
Year 2001-2002		(65,000,000)	(65,000,000)
		2,560,552,000	2,560,552,000
		26,113,268,035	24,994,308,035

		2021	2020
		Rupees	
9 TRADE CREDITORS			
Payable to contractors for work executed		<u>4,736,308,977</u>	3,401,597,488
10 ACCRUED AND OTHER LIABILITIES			
Accrued expenses	10.1	7,644,721,494	8,304,197,048
Other liabilities	10.2	<u>49,383,902</u>	81,136,669
		<u>7,694,105,396</u>	<u>8,385,333,717</u>
10.1 Accrued expenses			
Payable to K- Electric		5,739,907,009	6,158,793,238
Payable against medical facilities		71,936,717	105,565,422
Payable to employees		967,616,789	1,083,063,221
Payable against share of fire and conservancy	10.1.1	788,579,461	881,293,649
Payable against gas charges		2,235,190	2,235,190
Interest payable on loans transferred from KDA and KWMB	10.1.2	54,261,450	54,261,450
Audit Remuneration		20,184,878	18,984,878
		<u>7,644,721,494</u>	<u>8,304,197,048</u>
10.1.1 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.			
10.1.2 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.			
10.2 Other liabilities			
Unpaid wages	10.2.1	26,064,886	70,867,467
Withholding tax payable		23,319,016	10,269,202
		<u>49,383,902</u>	<u>81,136,669</u>
10.2.1 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.			
11 SHORT TERM DEPOSITS			
Security deposit from contractor	11.1	<u>190,277,039</u>	643,972,362
11.1 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.			
12 CONTINGENCIES AND COMMITMENTS			
12.1 There were no contingencies and commitments as at 30 June 2021 (2020: Nil)			
13 PROPERTY, PLANT AND EQUIPMENT			
13.1 The property ,plant and equipment scheduled is attached	13.1	<u>9,490,779,791</u>	<u>9,866,133,399</u>
14 CAPITAL WORK IN PROGRESS			
Movement of capital work in progress is as follows:			
Opening balance		30,902,709,951	30,191,030,641
Additions during the year		616,848,829	711,679,310
Closing balance		<u>31,519,558,780</u>	<u>30,902,709,951</u>
Foreign Aided Projects			
Karachi Water Supply and Sanitation Project under Commonwealth Development Corporation (CDC)		3,349,366,276	3,349,366,276
Improvement Project under Overseas Economic Co-operation Fund (OECF)- PK-P40 Japan		3,720,572,260	3,720,572,260
	14.1	7,069,938,536	7,069,938,536
Bank balances with Foreign aided projects	14.2	8,479,429	8,479,429
		<u>7,078,417,965</u>	<u>7,078,417,965</u>
Government Aided Projects			
Pumping Conveyance Improvement System	14.3	640,494,711	640,481,817
The Greater 100 MGD water supply (K-III)	14.4	7,329,646,443	7,329,646,443
Tameer-e-Karachi programme	14.5	3,980,241,514	3,980,241,514
The Greater Karachi Sewerage Plan (S-III)	14.6	236,923,168	236,923,168
Schemes under Annual Development Programme		12,253,834,979	11,636,938,321
		24,441,140,815	23,824,231,263
		<u>31,519,558,780</u>	<u>30,902,649,228</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.

		2021	2020
		Rupees	
15	TRADE DEBTORS		
15.1	Receivable from Bulk Consumers against		
	- Water charges	24,668,649,489	21,151,512,601
	- Sewerage services	3,134,243,558	3,197,858,215
		<u>27,802,893,047</u>	<u>24,349,370,816</u>
15.2	Receivable from Retail Consumers against		
	- Water charges	19,444,303,080	16,725,719,098
	- Sewerage services	2,778,013,245	2,809,930,292
		<u>22,222,316,325</u>	<u>19,535,649,389</u>
	Less: Provision for doubtful debts	<u>(9,983,170,189)</u>	<u>(9,156,571,668)</u>
		<u>40,042,039,183</u>	<u>34,728,448,537</u>
16	LOANS AND ADVANCES		
	Advances to employees - unsecured		
	House Building	16.1 131,428,884	116,497,819
	Motor Cycle	30,110,169	24,430,670
	Marriage	14,398,835	11,368,678
		<u>175,937,888</u>	<u>152,297,167</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,through the notification, 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)	17.1 206,487,181	206,487,181
		<u>304,793,307</u>	<u>304,793,307</u>
17.1	Receivable from Karachi Metropolitan Corporation (KMC)		
	Balance as at July 01, 2020	408,199,380	408,199,380
	Share of fire and conservancy payable on behalf of CDGK	(201,712,199)	(201,712,199)
	Subsidy receivable from Karachi Metropolitan Corporation-KMC as at June 30, 2021.	<u>206,487,181</u>	<u>206,487,181</u>
17.1	The balance remain static and reported accordingly during the year.		

		2021	2020
		Rupees	
18 CASH AT BANKS			
- Current Accounts		3,287,690,499	2,348,027,915
- Deposit accounts	18.1	124,235,819	168,369,565
		<u>3,411,926,318</u>	<u>2,516,397,480</u>
18.1	It carries profit ranging from 6 % to 8% (2020: 5% to 7%) per annum.		
19 REVENUE			
Supply of water and sewerage facilities to:			
Bulk consumers		10,243,709,088	8,862,202,012
Retail consumers		6,288,261,331	5,484,552,417
		<u>16,531,970,419</u>	<u>14,346,754,429</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 as applicable from time to time at the fixed tariff rates.		
20 COST OF REVENUE			
Salaries and other benefits	20.1	5,543,575,708	6,193,063,444
Repair and maintenance		3,080,610,233	2,787,950,274
Service charges against cost of raw water		18,720,098	8,400,000
Chemicals consumed		221,547,730	154,861,552
Fuel for pumping stations		136,985,768	217,512,031
Electricity and gas charges		7,979,640,741	63,568,955
		<u>16,981,080,278</u>	<u>9,425,356,256</u>
20.1	Salaries and other benefits include Rs. 389,791,139 (2020: Rs.328,822,070) in respect of staff medical facilities.		
21 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		1,040,284,030	503,019,833
Repair and maintenance		67,014,818	76,956,862
Utilities		4,254,295	3,878,974
Vehicle running expense		351,125,524	295,335,979
Automation of billing		72,648,711	71,394,042
Legal and professional charges		10,221,600	9,984,117
Entertainment		618,910	648,534
Printing and stationery		7,338,705	6,104,829
Advertisement		15,651,308	15,668,622
Books and periodicals		309,820	206,591
Water tanker supply		-	2,460,500
Auditors' remuneration		1,200,000	1,200,000
Provision for doubtful debts		826,598,521	717,337,721
Miscellaneous		68,619,707	45,907,057
		<u>2,465,885,949</u>	<u>1,750,103,661</u>
22 OTHER INCOME			
Government grant for payment of electricity bills	22.1	7,866,094,858	-
Profit from bank	22.2	7,173,786	5,600,736
Receipts against water surcharge	22.3	1,505,078,925	670,021,990
Late payment surcharge		1,314,521	5,677,610
		<u>9,379,662,090</u>	<u>681,300,336</u>
22.1	When Karachi Electric (KE) was privatized, the board was designated as a "Strategic Customer" under Article 2, Clause 2.1 of the Implementation Agreement between the Government of Pakistan (GOP) and KE, signed on November 14, 2005, and amended thereafter. Certain connections, listed in Schedule 1 of the agreement, were identified as strategic for uninterrupted electricity supply due to security concerns. Referring to the letter dated June 8, 2018, the Secretary of the Local Government and Housing Department requested the Government of Sindh (GOS) to settle Karachi Electric's bills on behalf of the Karachi Water and Sewerage Board (KWSB) to ensure uninterrupted power supply to Karachi's residents as KWSB was partially paying its bills. Consequently, GOS makes regular payments for 279 KWSB connections through the Energy Department.		
22.2	This represents profit / mark up net of withholding tax earned on PLS bank accounts.		
22.3	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.		
23 OTHER EXPENSES			
Depreciation	23.1	383,848,443	402,391,881
23.1 Depreciation			
Expense for the year		390,296,496	409,542,061
less: Amortization of grant		(6,448,053)	(7,150,180)
		<u>383,848,443</u>	<u>402,391,881</u>

	2021	2020
	Rupees	
24 FINANCIAL CHARGES		
International Development Association (IDA)		
-1987 PAK	229,630,972	297,927,310
Asian Development Bank (ADB)		
-SF-1001 PAK / 1002 PAK	109,618,472	116,742,683
	<u>339,249,444</u>	<u>414,669,993</u>

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 Number of Employees

Total number of employees for the year ended **15,983** **16,310**

26 General

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.

27 Date of issue

These financial statements have been authorized for issue on _____ by the Board.

MANAGING DIRECTOR

DEPUTY MANAGING DIRECTOR
(FINANCE)

13.1	Particulars	COST				DEPRECIATION				Book value as at June 30, 2021	Rate %
		As on 01 July 2020	Addition	(Deletion)	As at June 30, 2021	As on 01 July 2020	On Disposal	Charge For The Year	As at June 30, 2021		
-----Amount in Rupees-----											
Renovation of sewerage in P.E.C.H.S	61,675,178	-	-	61,675,178	51,115,149	-	528,001	51,643,151	10,032,027	5%	
Lyari Sewerage Scheme	149,622,108	-	-	149,622,108	123,004,217	-	1,330,895	124,335,111	25,286,997	5%	
Renovation of Water Supply NN and FB area	72,005,309	-	-	72,005,309	58,842,361	-	658,147	59,500,508	12,504,801	5%	
Foreign & Govt aided Projects	737,449,268	-	-	737,449,268	475,845,635	-	13,080,182	488,925,816	248,523,452	5%	
KCH water supply projects 1374 PAK	824,770,622	-	-	824,770,622	576,831,775	-	12,396,942	589,228,717	235,541,905	5%	
KSDP-IDA 1652 PAK	1,185,262,942	-	-	1,185,262,942	872,376,644	-	15,644,315	888,020,959	297,241,983	5%	
KSDP - ADB 793 PAK	1,377,733,977	-	-	1,377,733,977	975,450,764	-	20,114,161	995,564,925	382,169,052	5%	
KSDP - ADB 1001/1002 PAK (SF)	3,464,437,398	-	-	3,464,437,398	2,284,297,814	-	59,006,979	2,343,304,793	1,121,132,605	5%	
KCH water supply project IDA 1987 - PAK	13,658,633,237	-	-	13,658,633,237	8,762,205,504	-	244,821,387	9,007,026,891	4,651,606,346	5%	
	21,531,590,039	-	-	21,531,590,039	14,179,969,862	-	367,581,009	14,547,550,871	6,984,039,168		
TRANSFERRED / SCHEMES ASSETS											
Schemes from KWMB	4,680,897	-	-	4,680,897	3,941,879	-	36,951	3,978,830	702,067	5%	
Schemes from KDA	1,170,475,891	-	-	1,170,475,891	1,009,876,194	-	8,029,985	1,017,906,179	152,569,712	5%	
	1,175,156,788	-	-	1,175,156,788	1,013,818,074	-	8,066,936	1,021,885,009	153,271,779		
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	136,387,843	-	2,812,368	139,200,211	53,434,998	5%	
Plant & Machinery	49,452,017	-	-	49,452,017	45,507,406	-	394,461	45,901,867	3,550,150	10%	
Underground Pipelines	383,692,227	-	-	383,692,227	271,658,308	-	5,601,696	277,260,004	106,432,223	5%	
	2,763,163,938	-	-	2,763,163,938	453,553,556	-	8,808,525	462,362,082	2,300,801,856		
OTHER ASSETS											
Office building	945,000	-	-	945,000	731,490	-	10,675	742,166	202,834	5%	
Vehicles	55,516,534	-	-	55,516,534	50,665,291	-	485,124	51,150,415	4,366,119	10%	
Office equipment and furniture	70,966,522	14,942,888	-	85,909,410	39,442,569	-	4,646,684	44,089,253	41,820,157	10%	
Machinery and equipments	131,132,453	-	-	131,132,453	126,884,191	-	424,826	127,309,017	3,823,436	10%	
Sewerage cleaning machines	35,439,740	-	-	35,439,740	32,713,636	-	272,610	32,986,246	2,453,494	10%	
Other minor fixed assets	5,019,129	-	-	5,019,129	5,018,074	-	105	5,018,180	949	10%	
	299,019,378	14,942,888	-	313,962,266	255,455,252	-	5,840,026	261,295,278	52,666,988		
As at 30 June, 2021	25,768,930,143	14,942,888	-	25,783,873,031	15,902,796,744	-	390,296,496	16,293,093,240	9,490,779,791		
As at 30 June, 2020	25,759,077,631	9,852,512	-	25,768,930,143	15,493,254,683	-	409,542,061	15,902,796,744	9,866,133,399		