

**PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY  
(HYDROELECTRIC – NEPRA REGULATED BUSINESS)**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**JUNE 30, 2021**



**Crowe**

**Crowe Hussain Chaudhury & Co.**

Chartered Accountants

25 – E, Main Market, Gulberg – II,

Lahore - 54660

Pakistan



### **Responsibilities of Management and the Members of the Authority for the Financial Statements**

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

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

The Members of the Authority are responsible for overseeing the WAPDA Hydroelectric's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WAPDA Hydroelectric's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the WAPDA Hydroelectric's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the WAPDA Hydroelectric to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the Members of the Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Members of the Authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Other Matter**

The financial statements of the WAPDA Hydroelectric for the year ended June 30, 2020 were audited by another auditor, who expressed unmodified opinion on these financial statements on May 23, 2021.

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

Lahore  
Dated:

17 DEC 2021

  
CROWE HUSSAIN CHAUDHURY & CO.  
Chartered Accountants  
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**PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY  
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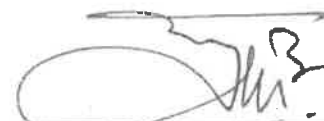
**STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2021**

	Note	2021	2020
Rupees in thousands			
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	604,226,547	525,594,973
Long term loans, advances and deposits	6	682,336	2,359,986
		604,908,883	527,954,959
<b>Current Assets</b>			
Stores, spares and loose tools	7	6,560,901	6,173,164
Receivable from the customer	8	243,071,225	219,548,184
Short term investments	9	2,000,000	-
Other receivables	10	2,061,446	8,900,694
Loan and advances	11	7,420,896	5,579,185
Prepayments		5,336	1,019
Bank balances	12	138,953,774	58,507,159
		400,073,578	298,709,405
<b>Total Assets</b>		1,004,982,461	826,664,364
Regulatory deferral account debit balances	13	26,694,214	21,084,356
<b>Total Assets and Regulatory Deferral Account Debit Balances</b>		<u>1,031,676,675</u>	<u>847,748,720</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Investment of Government of Pakistan	14	63,000,716	63,000,716
Accumulated profits		171,224,448	159,595,304
		234,225,164	222,596,020
<b>Non- Current Liabilities</b>			
Long term financing	15	171,933,783	104,429,275
Deferred grants	16	138,377,455	103,726,730
Employees post employment and other benefits	17	72,803,347	63,653,213
Retention money payable	18	6,852,081	2,737,397
		389,966,666	274,546,615
<b>Current Liabilities</b>			
Trade and other payables	19	19,528,115	7,795,886
Short term borrowings	20	108,643,306	79,591,320
Payable against hydel levies	21	87,407,028	85,778,156
Current portion of long term financing	15	189,209,494	174,364,818
Current portion of deferred grants	16	244,678	246,283
Current portion of retention money payable	18	688,681	1,968,236
Accrued interest	22	1,763,543	861,386
		407,484,845	350,606,085
<b>Total Liabilities</b>		797,451,511	625,152,700
<b>Total Equity and Liabilities</b>		<u>1,031,676,675</u>	<u>847,748,720</u>
<b>Contingencies and Commitments</b>	23		

The annexed notes from 1 to 35 form an integral part of these financial statements.

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MEMBER (FINANCE)

  
MEMBER (POWER)


**PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY  
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)**


**STATEMENT OF PROFIT OR LOSS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021	2020
		Rupees in thousands	
Revenue from contract with customer - net	24	66,769,842	62,763,536
Cost of revenue	25	<u>(25,749,165)</u>	<u>(26,361,457)</u>
<b>Gross Profit</b>		41,020,677	36,402,079
Operating expenses	26	<u>(1,926,613)</u>	<u>(1,739,243)</u>
<b>Operating Profit</b>		39,094,064	34,662,836
Finance and other costs	27	(30,046,619)	(32,421,494)
Other income	28	<u>2,165,920</u>	<u>3,229,363</u>
<b>Profit for the Year before Net Movement in Regulatory Deferral Account</b>		11,213,365	5,470,705
Net movement in regulatory deferral account	13	5,609,858	9,779,364
<b>Net Profit for the Year</b>		<u><u>16,823,223</u></u>	<u><u>15,250,069</u></u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

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**PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY  
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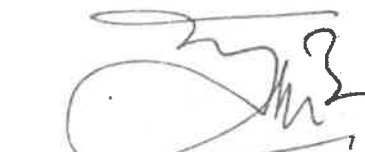
**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>2021</b>	<b>2020</b>
	Rupees in thousands	
Net Profit for the Year	16,823,223	15,250,069
<b>Other comprehensive loss:</b>		
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
- Actuarial loss on employee retirement benefits	(5,194,079)	(3,885,497)
<i>Items that will be subsequently reclassified to profit or loss</i>	-	-
	(5,194,079)	(3,885,497)
<b>Total Comprehensive Income for the Year</b>	<b>11,629,144</b>	<b>11,364,572</b>

The annexed notes from 1 to 35 form an integral part of these financial statements.

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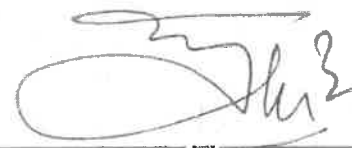
**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Government of Pakistan's Investment</b>	<b>Accumulated profits</b>	<b>Total</b>
	----- Rupees in thousands -----		
<b>Balance as at July 01, 2019</b>	63,000,716	148,230,732	211,231,448
Profit for the year and net movements in regulatory deferral account debit balances	-	15,250,069	15,250,069
Other comprehensive loss	-	(3,885,497)	(3,885,497)
Total comprehensive income for the year	-	11,364,572	11,364,572
<b>Balance as at June 30, 2020</b>	63,000,716	159,595,304	222,596,020
Profit for the year and net movements in regulatory deferral account debit balances	-	16,823,223	16,823,223
Other comprehensive loss	-	(5,194,079)	(5,194,079)
Total comprehensive income for the year	-	11,629,144	11,629,144
<b>Balance as at June 30, 2021</b>	63,000,716	171,224,448	234,225,164

The annexed notes from 1 to 35 form an integral part of these financial statements.

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**PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY  
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees in thousands	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year before net movements in regulatory deferral account debit balances		11,213,765	5,470,705
<b>Adjustments to reconcile profit for the year before net movements in regulatory deferral account debit balances to net cash flows:</b>			
Depreciation of operating fixed assets	5.1.1	7,984,643	7,642,768
Finance and other costs	27	30,046,619	32,421,494
Sukuk III Ijarah rentals	25	1,574,244	1,780,126
Effects of exchange rate changes on bank balances		(2,051,513)	957,709
Provision of employee retirement and other benefits	17.1	7,813,708	8,885,942
Income from financial assets	28.1	(1,368,462)	(2,673,440)
Gain on disposal of operating fixed assets	28.2	(6,213)	(9,324)
Amortization of deferred grants	28.2	(244,678)	(246,283)
		43,748,348	48,758,992
<b>Operating profit before working capital changes</b>		<b>54,961,713</b>	<b>54,229,697</b>
<b>(Increase) / Decrease in current assets:</b>			
Stores, spare and loose tools		(387,737)	(652,533)
Receivable from the customer against sale of electricity		(41,004,625)	(37,437,658)
Receivable from the customer against hydel levies		17,481,534	10,172,428
Loans and advances		(1,837,796)	317,991
Prepayments		(4,317)	6,920
Other receivables		3,030,419	(3,773,652)
<b>(Decrease) / increase in current liabilities:</b>			
Trade and other payables		10,818,020	(1,224,583)
Payable against hydel levies		1,628,872	22,820,889
		(10,275,580)	(9,770,198)
<b>Cash Generated from Operations</b>		<b>44,686,133</b>	<b>44,459,499</b>
Payment of Sukuk III Ijarah rentals		(1,574,244)	(1,780,126)
Long term loans, advances and deposits recovered / (given)		1,674,363	(1,663,916)
Retention money deducted		2,251,973	-
Payment of employee retirement and other benefits		(3,857,653)	(3,102,547)
		(1,505,501)	(6,546,589)
<b>Net Cash Generated from Operating Activities</b>		<b>43,180,572</b>	<b>37,912,910</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of operating fixed assets and capital stores		(954,285)	(1,365,877)
Capital expenditure incurred on capital work in progress		(85,668,112)	(89,387,547)
Proceeds from sale of operating fixed assets		12,393	9,324
Short term investments (made) / realised during the year		(2,000,000)	3,000,000
Interest and other income received		1,367,834	2,119,333
Grants received		34,893,798	71,740,293
<b>Net Cash Used in Investing Activities</b>		<b>(52,348,372)</b>	<b>(13,884,474)</b>

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**PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY  
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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	Note	<b>2021</b>	<b>2020</b>
		Rupees in thousands	
Proceeds from long term financing		93,966,483	26,170,668
Repayment of long term financing		-	(57,549,302)
Proceeds from short term borrowings		1,005,012	3,500,000
Payment of finance and other costs		(5,357,080)	(9,320,098)
<b>Net Cash Generated from / (Used in) Financing Activities</b>		89,614,415	(37,198,732)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		80,446,615	(13,170,296)
<b>Cash and cash equivalents at the beginning of the year</b>		58,507,159	71,677,455
<b>Cash and Cash Equivalents at the End of the Year</b>	12	138,953,774	58,507,159

The annexed notes from 1 to 35 form an integral part of these financial statements.

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MEMBER (FINANCE)

  
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

## Note 1

**Legal Status and Operations**

- 1.1** Pakistan Water and Power Development Authority (WAPDA) is a body corporate, created under the Pakistan Water and Power Development Authority Act, 1958 (West Pakistan Act No. XXXI of 1958), commonly known as WAPDA Act and is fully owned by the Government of Pakistan (GoP) through Ministry of Water and Power (now Ministry of Water Resources). The registered office of WAPDA is situated at WAPDA House, Shahrah-e-Quaid-e-Azam, Lahore, Pakistan.

The statutory mandate of WAPDA is to develop and utilize the water and power resources of Pakistan on a unified and multipurpose basis. The mandate of WAPDA also included generation, transmission and distribution of power and the construction, maintenance and operation of power houses and grids, till the year 1998. Thereafter, in line with the strategic plan approved by the GoP, WAPDA Power Wing was restructured where by assets and liabilities relating to power distribution activities were transferred to 8 Distribution Companies (DISCOs) on 01 July 1998, generation activities (other than hydel generation activities) were transferred to 4 Generation Companies (GENCOs) and transmission activities were transferred to National Transmission and Dispatch Company (NTDC) on 01 March 1999.

WAPDA decided to segregate the operation and development of hydel power generation activities (WAPDA Hydroelectric - NEPRA regulated business) from its non core activities (non-regulated business) under NEPRA Rules, 2009. The regulated business comprises activities purely related to the hydel power generation and development.

These financial statements only represent the financial information of WAPDA Hydroelectric - NEPRA regulated business ("WAPDA Hydroelectric", "Hydroelectric" or "the entity") and have been prepared in accordance with the accounting and financial reporting framework described in Note 2.2.

**1.2 Generation license**

National Electric Power Regulatory Authority (NEPRA) has issued Generation License no. GL(Hydel) /05 /2004 to WAPDA on 03 November 2004 valid for Thirty (30) years up to 2034 under section 30 of NEPRA Act 1997 for its Hydel power stations. Management expects that the generation license would be renewed upon its expiry.

**1.3 Operational hydel power stations**

WAPDA Hydroelectric is currently generating electricity from 21 hydropower stations, which have been described below along with their installed capacity as per the generation license:

Power Station	Province	Installed Capacity (MW)	Power Station	Province	Installed Capacity (MW)
- Tarbela	KPK*	3,478	- Jabban	KPK	22
- Ghazi Barotha	Punjab	1,450	- Rasul	Punjab	22
- Tarbela 4th Extension	KPK	1,410	- Dargai	KPK	20
- Mangla	AJK**	1,000	- Gomal Zam	KPK	17
- Warsak	KPK	243	- Nandipur	Punjab	14
- Chashma	Punjab	184	- Shadiwal	Punjab	14
- Duber Khwar	KPK	130	- Chichoki	Punjab	13
- Allai Khwar	KPK	121	- Kurram Garhi	KPK	4
- Golen Gol	KPK	108	- Chitral	KPK	1
- Jinnah Hydel	Punjab	96	- Renala Khurd	Punjab	1
- Khan Khwar	KPK	72			

\* Khyber Pakhtunkhwa

\*\* Azad Jammu and Kashmir

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Note 1, Legal Status and Operations, continued.....

#### 1.4 Projects under development

Following major projects are under development as at reporting date:

- |   |                         |   |                      |
|---|-------------------------|---|----------------------|
| 1 | Diamer Bhasha Dam       | 4 | Mangla Refurbishment |
| 2 | Mohmand Dam             | 5 | Keyal Khwar          |
| 3 | Dasu Hydropower Project |   |                      |

Note 2

#### Basis of Preparation

##### 2.1 Carve-out methodology

WAPDA Hydroelectric is not a separate legal entity but meets the definition of a reporting entity under International Financial Reporting Standards (IFRS) under the Conceptual Framework for IFRS. IFRS defines a reporting entity as an entity that is required, or chooses, to prepare financial statements.

WAPDA Hydroelectric is part of WAPDA Power Wing, which is a segment of WAPDA and is in the business of generation and sale of hydroelectricity, which represent its economic activities. All the operating activities of WAPDA Hydroelectric are clearly defined and separately managed from the other businesses of WAPDA and accounting records are maintained on this basis. The assets of WAPDA Hydroelectric are used solely by WAPDA Hydroelectric and are registered in the name of WAPDA. The liabilities relate to the activities of WAPDA Hydroelectric.

Although the reporting boundary is defined above, the assets and liabilities presented within the reporting boundary remain the assets and liabilities of WAPDA and are not legally separable from WAPDA's other assets and liabilities. As such legally, the assets of WAPDA Hydroelectric may be available to the other claims of WAPDA.

All revenues and costs associated with WAPDA Hydroelectric's business activities are included in these financial statements.

These carve out financial statements do not constitute statutory financial statements within the meaning of Section 223 of the Companies Act, 2017 (the Act). WAPDA Hydroelectric elected to apply those IFRSs, which are applicable to companies registered under the Companies Act, 2017 in Pakistan. The IFRSs applicable to companies are notified by the SECP and accordingly WAPDA Hydroelectric has applied these accounting and reporting standards applicable in Pakistan including the relevant exemptions granted by the SECP in the preparation of these financial statements.

##### 2.2 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and notified under the Act by the SECP.
- Islamic Financial Accounting Standards, (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act.
- Directives issued under the Act.

Where the directive issued under the Act differs from the IFRSs, the directives issued under the Act have been followed.

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Note 2, Basis of Preparation, continued.....

**2.3 Functional and presentation currency**

These financial statements are presented in Pakistani Rupees ("PKR" or "Rs.") which is also WAPDA Hydroelectric's functional currency. All values have been rounded to the nearest thousands of rupees, except when otherwise indicated.

**2.4 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for recognition of employee retirement and other benefits at present value.

**2.5 Use of estimates and judgments**

The preparation of financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of accounting and reporting standards, as applicable in Pakistan that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are documented in the following accounting policies and notes, and relate primarily to:

	<u>Note</u>
- Renewal of generation license	1.2
- Useful lives, impairment and method of depreciation of operating fixed assets	4.1.1.4
- Allowance against stores and spares	4.5
- Impairment allowance against financial assets	4.6.1
- Regulatory deferral account	4.10
- Employee retirement and other benefits	4.12.1

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Note 3

**Changes in accounting standards, interpretations and pronouncements**

**3.1 Changes in accounting standards, interpretations and pronouncements**

**3.1.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current year**

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after July 1, 2020. These are considered not to be relevant or to have any significant effect on the WAPDA Hydroelectric operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

- The SECP, through its S.R.O no. 985(I)/2019, dated 02 September 2019, has exempted the requirements contained in IFRS 9 (Financial Instruments) related to application of Expected Credit Losses (ECL) method till 30 June 2021, in respect of financial assets due or ultimately due from the GoP, provided that such companies shall follow relevant requirements of IAS 39 – Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period.

The major financial assets of WAPDA Hydroelectric include receivable from the Central Power Purchasing Agency (CPPA-G). Accordingly, ECL under IFRS 9 is not applicable on these receivable, however, the management has assessed incurred losses under IAS 39.

- The SECP through its S.R.O. no.24(I)/2012 dated 16 January 2012 and S.R.O 986(I)/2019, dated 02 September 2019, has granted exemption from requirements of certain International Financial Reporting Standards ("IFRS") to all companies that have executed their power purchase agreements before 01 January 2019, as follows:

**Exemptions from applicability of certain standards and interpretation to standards**

- IFRS 16 (Leases) to the extent of the power purchase agreements executed before the effective date of IFRS 16 i.e. 01 January 2019;
- International Accounting Standard 21 (The Effects of Changes in Foreign Exchange Rates) to the extent of capitalization of exchange differences; and
- In case of capitalization of exchange differences under (b) above, recognition of embedded derivative under IFRS 9 (Financial Instruments) shall not be permitted.

WAPDA has entered into the Power Purchase Agreement (PPA) with the CPPA-G on 24 January 2011. Under the PPA, WAPDA Hydroelectric is obligated to sell and deliver all output of its power plants in accordance with provisions of PPA. WAPDA Hydroelectric's arrangement with the CPPA-G falls under the definition of lease under IFRS-16 for which WAPDA Hydroelectric is availing the exemption granted by the SECP.

Furthermore, pursuant to the SECP exemption for capitalization of exchange differences under IAS 21, the exchange gain / loss on translation of foreign currency loan and related bank balances of under development hydropower projects is capitalized as part of capital work in progress.

**3.1.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective**

There are certain standards, amendments and interpretations to the accounting and reporting standards which are mandatory for companies having accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or to have any significant effect on the WAPDA Hydroelectric operations and are, therefore, not detailed in these financial statements, except for the following:

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*Note 3, Changes in accounting standards, interpretations and pronouncements, continued.....*

*Note 3.1, Changes in accounting standards, Interpretations and pronouncements, continued.....*

	<b>Effective Date - Annual Periods Beginning on or After</b>
IAS 1 Presentation of Financial Statements [Amendments]	January 1, 2022 & January 1,
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 12 Income Taxes [Amendments]	January 1, 2023
IAS 16 Property, Plant and Equipment [Amendments]	January 1, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets [Amendments]	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to Hydroelectric.

The WAPDA Hydroelectric has assessed that the impact of these amendments is not expected to be significant.

Note 4

**Significant Accounting Policies**

The significant accounting policies which have been adopted in the preparation of financial statements of WAPDA Hydroelectric are consistent with previous year.

**4.1 Property, plant and equipment**

**4.1.1 Operating fixed assets**

**4.1.1.1 Cost**

Operating fixed assets are stated at cost less accumulated depreciation and any impairment loss. The cost comprises of purchase price, including import duties, non-recourse purchase taxes and other related costs of bringing the asset to its present working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to WAPDA Hydroelectric and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

Major spare parts and standby equipment are classified as property, plant and equipment rather than stores, spares and loose tools when they meet the definition of operating fixed assets. Major spare parts and standby equipment available for use are depreciated over their useful lives, or the remaining life of principal asset, whichever is lower.

**4.1.1.2 Derecognition**

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

**4.1.1.3 Depreciation**

Depreciation is charged to profit or loss on straight-line method so as to write off the cost of operating fixed assets, over their estimated remaining useful lives at the rates specified below. However, depreciation charged on assets that directly relates to construction and acquisition of other assets is included in the cost of such assets. Depreciation on addition to operating fixed assets is charged from the month in which the asset is available for use and continued till the month of disposal.

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*Note 4, Significant Accounting Policies, continued.....*

*Note 4.1, Property, plant and equipment, continued.....*

Depreciation for the year is recognized on a straight line basis over the estimated useful life of each component of an item of operating fixed assets. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is not charged to fully depreciated assets. Lands are not depreciated.

The useful lives and methods of depreciation of each component of operating fixed assets are reviewed at each reporting date and adjusted prospectively, if appropriate.

Following depreciation rates, based on the estimated useful lives of the assets, are generally applied:

Sr. no	Description of assets	Depreciation rates	
		2021	2020
1	Building and civil works	2%	2%
2	Power generation plant assets		
	a. Turbines	2.86-4%	2.86-4%
	b. Generators (Class - F Insulation)	2.86%	2.86%
	c. Generators (Class - B Insulation)	3.33%	3.33%
	d. Gas Insulated Switch (GIS) Gear	4.00%	4.00%
	e. Switchyard equipment	4.00%	4.00%
	f. Medium and Low Voltage (MV/LV) Switch gear Control and Protection Equipment	4.00%	4.00%
	g. Telecommunication and SCADA equipment	5.00%	5.00%
	h. Cranes	3.33%	3.33%
	i. Trash Rack and Cleaning Machines	3.33%	3.33%
	j. Truck Trailer	5.00%	5.00%
3	k. High Voltage (HV) Circuit Breaker Air Blast Type	4.00%	4.00%
	l. High Voltage (HV) Circuit Breaker SF-6 Type	3.33%	3.33%
3	Transmission line equipment	4.00%	4.00%
4	Dams and reservoirs	1-1.25%	1-1.25%
5	General / plant assets	10%	10%
6	Office equipment	10-25%	10-25%
7	Furniture and fixtures	10%	10%
8	Transportation equipment	20%	20%

**4.1.1.4 Useful lives, impairment and method of depreciation of operating fixed assets**

WAPDA Hydroelectric reviews the useful lives of operating fixed assets on regular basis. The depreciation method and the useful life of each part of operating fixed assets that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

WAPDA Hydroelectric assesses at each reporting date whether there is any indication that assets excluding inventory may be impaired. In making these assessment, WAPDA Hydroelectric uses the technical resources available inside/outside WAPDA Hydroelectric, as appropriate. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the statement of profit or loss.

**4.1.2 Capital work-in-progress**

Capital work in progress is stated at cost less accumulated impairment losses, if any. Projects of capital work in progress are transferred to operational offices (hereinafter referred as "formations") of WAPDA Hydroelectric when 100% progress is certified by the consultants and verified by WAPDA Hydroelectric's own engineers. Capital work in progress mainly includes direct cost, netted with respective test run revenue, incurred on the development projects including incurred on land acquisition, salaries of personnel deployed at respective development projects and mobilization advances given to designated contractors and consultants.

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*Note 4, Significant Accounting Policies, continued.....*

**4.2 Borrowing costs**

Interest during construction directly attributable to the construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, is not capitalized and instead charged to profit or loss as the same is reimbursed by NEPRA as part of tariff which is being billed and recognized as revenue. Correspondingly investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is also credited to profit or loss.

**4.3 Retention money payable**

A retention is a percentage of the contract payment value which is held by WAPDA Hydroelectric of designated contractors and consultants. Retention money is released following the expiry of a defects liability period, being part of normal credit terms under such agreements. Retention money payable is recognized at the consideration to be paid at the expiry of the defects liability period.

**4.4 Impairment of non-financial assets**

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

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

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

**4.5 Stores, spare parts and loose tools**

These are valued at weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other direct charges paid thereon till the reporting date. WAPDA Hydroelectric reviews stores and spare parts for possible impairment on an annual basis and provision is made for obsolescence, based on management's best estimate.

**4.6 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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Note 4, Significant Accounting Policies, continued.....

Note 4.6, Financial Instruments, continued.....

#### 4.6.1 Financial assets

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Hydroelectric's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which Hydroelectric has applied the practical expedient, Hydroelectric initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which Hydroelectric has applied the practical expedient, are measured at the transaction price.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' or the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Hydroelectric's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that Hydroelectric commits to purchase or sell the asset.

##### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

##### **Financial assets at amortized cost (debt instruments)**

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Hydroelectric's financial assets at amortized cost includes receivables from the customer, other receivables, short term investments and long term loans to employees and deposits.

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*Note 4, Significant Accounting Policies, continued.....*

*Note 4.6, Financial Instruments, continued.....*

**Financial assets at fair value through OCI (debt instruments)** For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Hydroelectric doesn't have any financial assets measured at fair value through OCI.

**Financial assets designated at fair value through OCI (equity instruments)** Upon initial recognition, Hydroelectric can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when Hydroelectric benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Hydroelectric hasn't elected to classify any financial assets under this category.

**Financial assets at fair value through profit or loss** Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Hydroelectric doesn't have any financial assets measured at fair value through profit or loss.

**Impairment of financial assets**

WAPDA Hydroelectric recognizes an allowance for ECLs for all debt instruments (excluding receivable from the CPPA-G) not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Hydroelectric expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The trade receivable of WAPDA Hydroelectric represents amounts due from the CPPA-G (a Government owned entity) against sale of electricity and hydel levies. SRO No. 985(1)/2019 issued by SECP on 2 September 2019 in respect of the companies holding financial assets due from GOP, the requirements contained in "IFRS 9 (Financial Instrument) with respect to application of expected credit losses method" shall not be applicable till 30 June 2021. Accordingly, no impairment charge is recorded on the trade receivables. However, receivables from CPPA-G are assessed at each reporting date to determine whether there is any objective evidence that it is impaired as per IAS 39. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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Note 4, Significant Accounting Policies, continued.....

Note 4.6, Financial Instruments, continued.....

#### 4.6.2 Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

WAPDA Hydroelectric's financial liabilities include trade and other payables (excluding due to statutory authorities), loans and borrowings, retention money payable, short term borrowings and interest payable.

##### Subsequent measurement

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

##### **Financial liabilities at fair value through profit or**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. WAPDA Hydroelectric has not designated any financial liability as at fair value through profit or loss.

##### **Financial liabilities at amortized cost (loans and borrowings)**

This is the category most relevant to WAPDA Hydroelectric. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

#### 4.6.3 Derecognition

##### 4.6.3.1 Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- Hydroelectric has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) Hydroelectric has transferred substantially all the risks and rewards of the asset, or (b) Hydroelectric has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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*Note 4, Significant Accounting Policies, continued.....*

*Note 4.6, Financial Instruments, continued.....*

When Hydroelectric has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Hydroelectric continues to recognize the transferred asset to the extent of its continuing involvement. In that case, Hydroelectric also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Hydroelectric has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Hydroelectric could be required to repay.

#### **4.6.3.2 Financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

#### **4.6.4 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the entity currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### **4.7 Hydel levies**

The Article 161 (2) of the Constitution of Islamic Republic of Pakistan provides that the net profits earned by the Federal Government, or any undertaking established or administered by the Federal Government i.e. WAPDA as determined by the Presidential Order no. 3 of June 1991, from the bulk generation of power at a hydroelectric station shall be paid to the provinces in which hydroelectric stations are situated.

Hydel levies mainly comprise of Net Hydel Profits (NHP) attributable to the Governments of Punjab (GoPb) and Khyber Pakhtunkhwa (GoKPK) as per Instructions of the GoP and also include Water Usage Charges (WUC) payable to the Government of Azad, Jammu and Kashmir (GoAJ&K) and Water Management Charges (WMC) payable to the Indus River System Authority (IRSA). These levies are billed to the CPPA-G at Federal Government notified rates and recognized in the statement of financial position as receivable and unpaid amount of levies is recognized as payable against hydel levies.

#### **4.8 Bank balances**

Bank balances comprise of cash at banks and other highly liquid financial assets which are held for the purpose of meeting short-term cash commitments with original maturities of less than three months which are subject to insignificant risk of changes in their fair value.

For the purpose of the statement of cash flows, bank balances consist of balances with banks, as defined above, as they are considered an integral part of WAPDA Hydroelectric's cash management.

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Note 4, Significant Accounting Policies, continued.....

#### 4.9 Regulatory deferral account

A regulatory deferral account balance is defined as the balance of any expense (or income) account that would not be recognized as an asset or a liability in accordance with other Standards, but that qualifies for deferral because it is included, or is expected to be included, by the rate regulator in establishing the rates that can be charged to customers.

As mentioned in Note 1.1, WAPDA was formed under the WAPDA Act, which prescribes that rate of sale of electricity shall be so fixed as to provide for recovering the operating costs, interest charges, depreciation of assets and return on investment. WAPDA Hydroelectric submits its tariff petition after every two years with the NEPRA (regulator for determining the tariff of electricity in the country and also a related party of WAPDA Hydroelectric), on the basis of management's best estimate of the expected cost and the difference of actual cost incurred versus the estimate of cost considered by the NEPRA in determining the previous tariffs. The NEPRA determines the next tariff based upon the tariff petitions filed by the WAPDA Hydroelectric. The regulatory deferral balances arise due to this rate regulation process. The management is confident that no significant risks exist as of reporting date in respect of rate regulation.

WAPDA Hydroelectric initially recognizes deferral account balance at historic cost, without accounting for the effect of time value of money, based on the management's best estimate considering the tariff structure under the WAPDA Act and tariff determinations of the NEPRA. Such amounts are expected to be recovered through tariff from the CPPA-G, in future periods and these are transferred from regulatory deferral account to receivable from the customer. At each reporting date, the outstanding balance of deferral amount is assessed for probability of recovery, considering decisions of the NEPRA. An impairment charge is also recognized, if recoverable amount, without accounting for the effect of time value of money is less than their carrying value.

#### 4.10 Government / deferred grants

Grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. WAPDA Hydroelectric receives two types of grants: against specific expenses or for specific assets. When the grant relates to an expense item, it is recognized as income over the period necessary to match the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and charged to profit or loss over the expected useful life of the related asset.

##### **Monetary grant:**

If grant is in the form of cash, it is measured at the amount of cash received or receivable.

##### **Non-monetary grant:**

When WAPDA Hydroelectric receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts.

#### 4.11 Employee retirement and other benefits

WAPDA Hydroelectric operates following retirement and other long term schemes for its employees.

##### **a) Pension:**

WAPDA Hydroelectric offers post employment pension scheme to its eligible employees and their dependents. Under the unfunded scheme all such employees are entitled for lifetime pension based on "Pensionable Salary" as defined in the pension scheme rules of WAPDA. After the death of the employee, their spouse and minor children (if any) are also eligible for 75% of pension benefit.

No benefits under this scheme are available to any employee who either resigned from the service before 25 years or who is dismissed / terminated from the service of Hydroelectric due to misconduct.

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*Note 4, Significant Accounting Policies, continued.....*

*Note 4.11, Employee retirement and other benefits, continued.....*

**b) Free medical facility:**

WAPDA Hydroelectric provides free medical benefits to its pensioners. The level of post-retirement medical benefit for a retiree (or beneficiaries) depends on whether the retiree opts for cash medical allowance during service or not. Pensioners eligible for full medical benefits are allowed to use all medical and surgical facilities available at WAPDA Hospitals and Dispensaries. Specialist consultation is also provided if considered necessary by WAPDA Medical Officer.

The retirees can opt to take cash medical allowance in accordance with their basic pay scale.

**c) Free electricity facility:**

WAPDA Hydroelectric offers free electricity benefit to its eligible employees and their dependents. Under the unfunded scheme all such employees are entitled for lifetime free electricity benefit based on their last served employment scale, starting from the date of retirement. After the death of the employee, their spouse and minor children (if any) are also eligible for the 50% of the free electricity benefit.

No benefits under this scheme are available to any employee who either resigned from the service before 25 years or who is dismissed / terminated from the service of WAPDA Hydroelectric due to misconduct.

**d) Compensated absences:**

WAPDA Hydroelectric provides leave encashment benefit to its employees. Employees of WAPDA Hydroelectric are entitled to receive 48 days leave per annum. The un-utilized leave are accumulated subject to a maximum of 365 days. The un-utilized accumulated leave are en-cashed at the time of leaving the service.

The employees are also entitled to take Leave Preparatory to Retirement (LPR) of one year retirement. A general practice of the employees is to take leave encashment benefit on monthly/quarterly/semi-annually basis in the last year before retirement which is equivalent to rendering additional service during LPR.

Due to materially different risks associated with each benefit plan the entity has disaggregated the above benefits for disclosure purposes. The entity underwrites the actuarial risk associated with the above benefits and determines the defined benefit liability by consulting an qualified independent actuary.

The entity recognizes the defined benefit liabilities in the statement of financial position. The cost of providing benefits under the defined benefit plan is determined by an independent qualified actuary using the projected unit credit method. Actuarial valuation is conducted every year.

Re-measurements, comprising of actuarial gains and losses from changes in actuarial and experience assumptions for pension, free electricity and free medical benefits are recognized immediately in the statement of financial position with a corresponding debit or credit to accumulated profits through other comprehensive income in the period in which they occur, whereas actuarial gain and loss from changes in actuarial and experience assumptions for compensated absences is recognized in statement of profit or loss. Re-measurement of defined benefit liabilities recognized in other comprehensive income shall not be reclassified to profit or loss in subsequent periods.

Past service costs are recognized in the profit or loss on earlier of; the date of the plan amendment or curtailment, and the date when entity recognizes related restructuring cost. Net interest is calculated by applying the discount rate to the defined benefit liabilities. The entity recognizes the current service cost, past service cost, gains and losses on curtailments, non-routine settlements and net interest expense or income changes in the defined benefit obligations in the statement of profit or loss.

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Note 4, Significant Accounting Policies, continued.....

Note 4.11, Employee retirement and other benefits, continued.....

#### 4.11.1 Estimates and judgments

The cost of employee retirement and benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, future pension increases, future increase in medical costs and future increase in electricity costs.

Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. WAPDA Hydroelectric uses the valuation performed by an independent actuary as the present value of its defined benefit obligations. Actuarial valuation is conducted every year and is based on assumptions as mentioned in notes to these financial statements.

#### 4.11.2 Risks associated with benefit schemes

##### Pension

- WAPDA Hydroelectric provides pension benefits to all of its regular employees.
- The pension scheme is an un-funded scheme. There is no minimum funding requirement for a pension scheme which leads to relatively less secured pension benefits.
- The pension scheme is a defined benefit scheme with benefits based on service and last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increases and pension increases.

##### Medical

- WAPDA Hydroelectric provides post-retirement medical benefits to all of its regular employees.
- The post-retirement medical benefits scheme is an un-funded scheme. In general, there is no practice in the local market to have a funded post-employment medical benefit scheme.
- There is no minimum funding requirements for a post-retirement medical benefit scheme which leads to relatively less secured post-retirement medical benefits.
- The post-retirement medical benefit scheme is categorized as a post-employment defined benefit scheme in accordance with the provisions of IAS-19. The liabilities of the scheme are sensitive to the increases in medical cost incurred by retirees in future.

##### Electricity

- WAPDA Hydroelectric provides post-retirement free electricity to all of its regular employees.
- The post-retirement free electricity scheme is an un-funded scheme. This means that the cost incurred by WAPDA Hydroelectric on providing this benefit is not paid from any fund.
- The post-retirement free electricity scheme is categorized as a post-employment defined benefit scheme in accordance with the provisions of IAS-19. The liabilities of the scheme are sensitive to the increases in electricity cost in future.

##### Leave Encashment / Compensated Absences

- WAPDA Hydroelectric provides leave encashment benefit to all of its regular employees.
- The leave encashment benefit scheme is an un-funded scheme. This means that the cost incurred by WAPDA Hydroelectric on providing this benefit is not paid from any fund.
- The leave encashment benefit scheme is categorized as other long term employee benefit in accordance with the provisions of IAS-19. The benefit is based on the last drawn salary. Therefore, liabilities of the scheme are sensitive to the increases in salaries.

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*Note 4, Significant Accounting Policies, continued.....*

#### **4.12 Provisions**

Provisions are recognized when Hydroelectric has a present obligation (legal or constructive) 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 the obligation.

When Hydroelectric expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

WAPDA Hydroelectric has no legal or constructive obligation regarding dismantling and removal of the power generation plants and restoration of the related sites.

#### **4.13 Current versus non-current classification**

Hydroelectric presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Hydroelectric classifies all other liabilities as non-current.

#### **4.14 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by Hydroelectric.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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*Note 4, Significant Accounting Policies, continued.....*

*Note 4.14, Fair value measurement, continued.....*

Hydroelectric uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, Hydroelectric determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

As at reporting date, WAPDA Hydroelectric has no financial or non-financial assets for which fair value modelling is required (2019: Nil).

**4.15 Events after the reporting period**

If Hydroelectric receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, Hydroelectric will assess if the information affects the amounts that it recognizes in Hydroelectric's financial statements. Hydroelectric will adjust the amounts recognized in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, Hydroelectric will not change the amounts recognized in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

**4.16 Foreign currencies**

Transactions in foreign currencies are initially recorded by Hydroelectric at its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of exchange differences on translation of foreign currency loan and related foreign currency bank balances related to projects under development, which is being capitalized to the extent they are eligible for capitalization, up to the date of commissioning of the projects, in pursuant to the exemption granted by SECP as disclosed in Note 3.1. All other exchange differences are charged to statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. There are no non-monetary items measured at fair value in a foreign currency.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which Hydroelectric initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, Hydroelectric determines the transaction date for each payment or receipt of advance consideration.

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*Note 4, Significant Accounting Policies, continued.....*

#### **4.17 Revenue from contract with customer**

Revenue is measured based on the consideration to which Hydroelectric expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Hydroelectric recognizes revenue when it transfers control of a product or service to a customer.

##### **4.17.1 Sale of electricity**

WAPDA signed its PPA with the CPPA-G, the sole customer of WAPDA Hydroelectric on 24 January 2011.

##### **Performance obligations**

Under the PPA, WAPDA Hydroelectric is obligated to:

- sell and deliver all Net Electric Output (NEO) of all power stations of WAPDA Hydroelectric; and
- make available the installed capacity of power stations to the CPPA-G.

Since, the CPPA-G simultaneously receives and consumes the benefits provided by Hydroelectric, hence performance obligations are satisfied over time. However, Hydroelectric applies the practical expedient of right to invoice to recognize the revenue under IFRS 15. There is no significant financing component and significant variable consideration. The individual components of consideration is billed on monthly basis in accordance with terms of the PPA. The invoices are raised to the CPPA-G on monthly basis and are payable within 25 days from the date of invoice.

The power sale invoice comprises of payments for a fixed charge and a variable charge. Fixed charge payments are computed by multiplying the fixed charge rate with the installed capacity and variable charge payments are computed by multiplying the variable charge rate with the net electrical output in the month to which the relevant invoice relates. The fixed charge rate and the variable charge rate for each agreement year are approved by NEPRA and notified by the Federal Government in the official Gazette.

##### **4.17.2 Grant Income**

- Grant related to operating fixed assets are taken to income over the useful life of the operating assets in order to match with the corresponding depreciation expense.
- Grant for operating expenditures are amortized on the basis of expenditure incurred in accordance with the terms attached to the respective grants.

##### **4.17.3 Sale of scrap and store items**

- Revenue from sale of scrap and store items is recognized when control of items passes to buyers which is generally on dispatch of goods.

#### **4.18 Ijarah**

Ijarah is a contract whereby the owner of an asset, other than consumable, transfers its usufruct to another person for an agreed period for an agreed consideration. All Ijarah agreements are treated as operating lease.

##### **Sales and lease back under Ijarah**

A sale and leaseback transaction involves the sale of an asset by the vendor and the leasing of the same asset back to the vendor. When an asset is sold with an intention to enter into an Ijarah arrangement, any profit or loss based on the asset's fair value should be recognized immediately. If the sale price is below fair value, any profit or loss should be recognized immediately except that, if the loss is compensated by future lease payments at below market price, it should be deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value should be deferred and amortized over the period for which the asset is expected to be used.

*all*

*Note 4, Significant Accounting Policies, continued.....*

*Note 4.18, Ijarah, continued.....*

WAPDA have Ijarah agreements with WAPDA Second and Third Sukuk Companies, whereby certain power generation plant assets of Tarbela have been sold to above Sukuk Companies and WAPDA Hydroelectric has leased the subject assets back at agreed rentals from the Sukuk Companies.

Ijarah rentals payable under Ijarah arrangement are charged to profit or loss on a straight line basis over the term of the Ijarah lease arrangement as per the Islamic Financial Accounting Standard - 2 IJARAH. At the end of Ijarah term, Sukuk Companies would gift the leased assets back to WAPDA Hydroelectric, which would be recognized at nominal value.

**4.19 Taxation**

Income of WAPDA is exempt from Income tax as per provisions of Clause 66 (xvi) Part-I of Second Schedule to the Income Tax Ordinance, 2001. Interest income u/s 151, property income u/s 155 and cash withdrawals from bank u/s 231A of the Income Tax Ordinance, 2001 are also exempt. Exemption certificates in these regards are issued by Commissioner Income Tax on yearly basis. As mentioned in Note 2.1, WAPDA Hydroelectric, being a segment of WAPDA, falls under the exemptions granted under the Income Tax Ordinance 2001.

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PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY  
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)  
Notes to and Forming Part of the Financial Statements

Note 5. Property, Plant and Equipment, continued.....

Note 5.1. Operating fixed assets, continued.....

5.1.2 Operating fixed assets by power station

Power stations	2021						Net Book Value as at June 30, 2021			
	Cost			Depreciation						
	Balance as at July 01, 2020	Adjustments / Transfers between Formations	Additions / Transfers during the year	Disposals / Adjustments	Balance as at June 30, 2021	Charge for the year	Adjustments / Transfers between Formations	Disposals	Balance as at June 30, 2021	
Tarbella	23,088,928	4,749	325,500	(2,003)	23,417,174	408,908	(73)	(894)	16,826,308	6,590,866
Ghazal Barotha	96,551,443	(25,047)	110,671	(1,905)	96,635,162	1,642,688	214	(2,733)	34,677,483	61,957,679
Mangla	34,008,176	(667,628)	200,664	(2,886)	33,538,326	637,426	(15,035)	(25,262)	8,265,838	25,272,488
Warsak	3,464,464	(3,738)	5,758	(342)	3,466,142	68,726	17	1,677	2,393,305	1,072,837
Chashma	21,228,040	6,646	188,332	(2,731)	21,420,287	488,075	-	1,601	11,096,807	10,323,480
Rasul	389,040	27,167	283	-	416,490	7,169	-	1,396	121,749	294,741
Dergai	158,028	(29,542)	651	-	129,137	69,332	-	(12,588)	60,271	68,866
Nandipur	122,654	4,599	18,465	(1)	145,717	4,581	-	-	83,105	62,612
Shadival	130,835	(91)	17,563	-	148,307	59,197	(924)	-	62,850	85,457
Chichoki	118,463	(750)	20,892	-	138,605	45,143	-	-	50,571	88,034
Kurram Garhi	61,135	(10,420)	9,236	-	59,951	19,040	-	-	20,701	39,250
Renala Khurd	32,451	(393)	3,257	-	35,315	11,407	-	-	12,879	22,436
Chitral	83,224	(1,830)	2,121	-	83,515	60,274	-	(1,448)	60,393	23,122
Khan Khwar	9,642,836	28,225	13,893	(300)	9,684,654	1,777,697	(1,090)	1,803	1,984,339	7,700,315
Allal Khwar	15,219,488	(14,989)	8,913	-	15,213,412	3,256,897	(197)	-	3,578,614	11,634,798
Gomal Zam	7,522,044	555,977	2,607	(9)	8,080,619	1,121,559	-	23,165	1,269,219	6,811,400
Jinnah Hydel	18,295,818	(2,656)	108,584	-	18,401,746	2,912,491	(2,404)	-	3,359,134	15,042,612
Jabban	3,901,498	136,830	98	-	4,038,426	867,456	16,098	-	1,036,002	3,002,424
Duiber Khwar	20,907,674	(14,182)	1,403	(3,582)	20,891,313	3,369,167	-	(5,708)	2,740,171	18,151,142
Tarbella 4th Extension	66,621,208	(184,089)	68,328	(47)	66,505,400	2,246,378	(99,807)	9,381	9,781,052	59,744,308
Golden Gol	31,157,914	(10,648)	2,049	(49)	31,149,266	811,781	(5,021)	-	2,147,516	29,001,350
Others	546,830	201,810	42,967	-	791,607	344,650	108,222	(9,381)	550,216	241,391
<b>Total as at June 30, 2021</b>	<b>353,252,191</b>	<b>-</b>	<b>1,152,235</b>	<b>(13,855)</b>	<b>354,390,571</b>	<b>89,106,720</b>	<b>-</b>	<b>(7,675)</b>	<b>97,158,963</b>	<b>257,231,608</b>
<b>Total as at June 30, 2020</b>	<b>347,552,460</b>	<b>-</b>	<b>5,705,950</b>	<b>(6,219)</b>	<b>353,252,191</b>	<b>81,414,974</b>	<b>-</b>	<b>(4,012)</b>	<b>89,106,720</b>	<b>264,145,471</b>

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Note 5, Property, Plant and Equipment, continued.....

5.2 Capital Work In Progress (CWIP)

Opening balance  
Addition in direct cost during the year  
Transferred to operating fixed assets  
Closing balance

	2021	2020
	Rupees in thousands	
	261,449,502	173,583,127
	85,743,387	92,151,251
	(197,950)	(4,284,876)
	346,994,939	261,449,502

5.2.1 Projects breakup movement

Balance as at July 01, 2020

Movement in CWIP during the year:  
Additions during the year  
Transferred to operating fixed assets

Balance as at June 30, 2021

	2021						Total
	Diamer Bhasha Dam	Tarbela 4th Extension	Golen Gol	Dasu Hydropower Project (Note 5.2.3)	Keyal Khar	Mangla Upgradation	
	Rupees in thousands						
	143,446,978	4,670,295	-	68,488,667	3,339,549	11,182,991	22,318,282
							1,174,195
	15,237,124	3,658,875	281,728	31,522,923	212,755	4,437,451	19,593,127
							53,706
	15,237,124	3,658,875	281,728	31,522,923	212,755	4,437,451	19,593,127
	158,684,102	8,329,170	281,728	100,011,590	3,552,304	15,620,442	41,911,409
							1,227,901
							17,376,293
							6,828,545
							261,449,502

Balance as at July 01, 2019

Movement in CWIP during the year:  
Additions during the year  
Transferred to operating fixed assets

Balance as at June 30, 2020

	2020						Total
	Diamer Bhasha Dam	Tarbela 4th Extension	Golen Gol	Dasu Hydropower Project	Keyal Khar	Mangla Upgradation	
	Rupees in thousands						
	85,686,501	2,506,632	3,667,766	49,351,643	3,168,027	6,893,431	16,709,162
							1,034,723
	57,760,477	2,163,663	550,071	19,137,024	171,522	4,289,560	5,609,120
							139,472
	57,760,477	2,163,663	(4,217,837)	19,137,024	171,522	4,289,560	5,609,120
	143,446,978	4,670,295	(3,667,766)	68,488,667	3,339,549	11,182,991	22,318,282
							1,174,195
							17,376,293
							6,828,545
							261,449,502

5.2.2 The project-wise break up of Interest During Construction (IDC) charged to profit or loss is as follows.

IDC till June 30, 2020  
IDC for the year  
IDC till June 30, 2021

	49,860,700	32,959,973	10,299,080	27,450,534	848,061	540,309	599,568	492,306	123,050,531
	8,372,841	1,851,591	1,864,476	9,286,302	97,457	542,701	1,079,167	1,164,163	23,890,046
	58,233,541	34,821,564	12,163,506	37,236,836	945,518	1,083,010	1,079,167	613,704	146,940,577

5.2.3 This includes net exchange gain of Rs. 1,750 million (2020: exchange loss of Rs. 831 million) which arose on translation of foreign direct loan and foreign currency bank balance, directly related to Dasu Hydropower Project.

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Note 6

**Long Term Loans, Advances and Deposits**

		2021	2020
	Note	Rupees in thousands	
Loans to employees - secured	6.1	679,139	649,432
Advance to WAPDA Water Wing	6.2	-	1,708,501
Security deposits		3,197	2,053
		<u>682,336</u>	<u>2,359,986</u>
<b>6.1 Long term loans to employees against purchase of:</b>			
House buildings		259,535	227,587
Plots		481,478	485,337
Vehicles		15,272	9,673
Others		13	79
	6.1.1	<u>756,298</u>	<u>722,676</u>
Less: Current portion shown under current assets			
House buildings		25,954	22,759
Plots		48,148	48,534
Vehicles		3,054	1,935
Others		3	16
		<u>77,159</u>	<u>73,244</u>
		<u>679,139</u>	<u>649,432</u>

**6.1.1** These represent loans provided to permanent employees and are recoverable in 120 monthly installments in respect of purchase of plot and house buildings and in 60 monthly installments for other loans. Loans against plots are secured against mortgage of land in favor of WAPDA, whereas other loans are secured against employees' balances in General Provident Fund maintained with WAPDA. Most of these loans are interest free and the management considers that discounting impact of these loans would be insignificant.

**6.2** This advance is given to WAPDA Water Wing for providing technical and support services for hydel power development projects.

Note 7

**Stores, Spares and Loose Tools**

	2021	2020
	Rupees in thousands	
Stores and spares	6,214,696	5,824,512
Loose tools	346,205	348,652
	<u>6,560,901</u>	<u>6,173,164</u>



Note 8

**Receivable from the Customer**

	Note	2021	2020
		Rupees in thousands	
<i>Unsecured, considered good</i>			
- against sale of electricity	8.1	146,119,447	105,114,822
- against hydel levies	8.2	96,951,778	114,433,362
		<u>243,071,225</u>	<u>219,548,184</u>

**8.1 Receivable against Sale of Electricity**

Opening balance	105,114,822	67,677,164
Add: Billed during the year	66,775,325	62,763,536
Less: Receipt during the year	(25,770,700)	(25,325,878)
Closing balance	<u>146,119,447</u>	<u>105,114,822</u>

**8.2 Receivable against hydel levies**

8.2.1

NHP - Government of Punjab	54,354,324	65,196,519
NHP - Government of KPK	40,481,790	47,854,089
WUC - Government of AJ&K	1,751,767	1,139,274
WMC - IRSA	363,897	243,480
	<u>96,951,778</u>	<u>114,433,362</u>

NHP - Government of Punjab	NHP - Government of KPK	WUC - Government of AJ&K	WMC - Indus River System Authority	Total
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----- Rupees in thousands -----

Opening balance	65,196,519	47,854,089	1,139,274	243,480	114,433,362
Billed during the year	9,161,272	21,490,167	797,075	160,363	31,608,877
Received during the year	(20,003,467)	(28,862,466)	(184,582)	(39,946)	(49,090,461)
Closing balance	<u>54,354,324</u>	<u>40,481,790</u>	<u>1,751,767</u>	<u>363,897</u>	<u>96,951,778</u>

**8.2.1** These represent Net Hydel Profit (NHP) receivable from CPPA-G against bulk generation of power by WAPDA Hydroelectric from hydro-electric stations situated in Punjab and KPK paid / payable to the Government of Punjab and Government of Khyber Pakhtunkhwa; Water Usage charges (WUC) paid / payable to the Government of Azad Jammu and Kashmir; and Water Management Charges (WMC) paid / payable to the Indus River System Authority (IRSA) in accordance with S.R.O. 290 (I)/2018 dated February 23, 2018 and S.R.O. 559 (I)/2021 dated May 18, 2021.

**8.3 Aging of trade debts**

	2021	2020
	Rupees in thousands	
Not past due:	11,173,000	9,624,761
Past due 0- 30 days	8,822,000	10,093,570
Past due 0- 60 days	12,915,000	7,809,449
Past due more than 60 days	210,161,225	192,020,404
	<u>243,071,225</u>	<u>219,548,184</u>

*Note 8, Receivable from the Customer, continued.....*

*Note 8.3, Aging of trade debts, continued.....*

The above balances are Receivables from CPPA-G (a Government owned entity) against the sale of electricity and hydel levies. Pursuant to SRO No. 985(1)/2019 issued by SECP on September 02, 2019 in respect of the companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 (Financial instrument) with respect to application of expected credit losses method (ECL) shall not be applicable till June 30, 2021.

Amounts receivable from CPPA-G are duly acknowledged and reconciled by CPPA-G since CPPA-G has direct access to cashflows of electricity distribution entities. The management is confident that there is no objective evidence that any significant credit loss would be incurred. Consequently, no provision is recognised by the management for any credit loss.

Note 9

**Short Term Investments**

	Note	2021	2020
		Rupees in thousands	
<i>Amortized cost:</i>			
Investment in term deposit receipt (TDR)	9.1	2,000,000	-
Innovative Investment Bank Limited	9.2	261,000	261,000
		2,261,000	261,000
Less: Provision against investment		(261,000)	(261,000)
		<u>2,000,000</u>	<u>-</u>

**9.1** These represented term deposit receipts from commercial banks having maturity up to six months. These carried mark-up at 7.56% (2020: 13.05 % to 13.5%) per annum.

**9.2** This represents investment made in the Innovative Investment Bank Limited (the Bank). On maturity, the balance remained unpaid, hence the case was lodged with the Honorable Lahore High Court (LHC) for the recovery of the said amount. The Honorable Lahore High Court decided the case in favor of WAPDA and attached the property with forced sale value of Rs. 220 million and appointed Court Auctioneers for recovery of this amount.

Further, SECP obtained stay order from LHC and initiated voluntary winding-up of the Bank through the Court. The LHC first appointed Provisional Manager to run the affairs of the Bank and thereafter appointed Joint Official Liquidators (JOLs) for winding-up of the Bank. WAPDA lodged its formal claim as preferential claimant being the entity owned by the GoP before JOLs of the Bank under liquidation. JOLs through decision dated September 09, 2020 rejected WAPDA's claim as to preferential claimant and against that JOLs' decision, WAPDA filed an appeal before LHC which is pending adjudication. WAPDA Hydroelectric has recognized provision against this investment in its financial statements.

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Note 10

**Other Receivables**

	Note	2021	2020
		Rupees in thousands	
Bridge financing to:			
- WAPDA Water Wing	10.1	-	4,336,886
- WAPDA Coordination Wing	10.2	-	1,269,462
			5,606,348
Interest receivable on bridge financing to:			
- WAPDA Water Wing		1,254,382	1,254,382
- WAPDA Coordination Wing		115,704	115,704
		1,370,086	1,370,086
Others:			
- Considered good	10.3 & 10.4	691,360	1,924,260
- Considered doubtful	10.5	1,286,558	1,286,558
		1,977,918	3,210,818
Provision against doubtful receivable	10.5	(1,286,558)	(1,286,558)
		691,360	1,924,260
		2,061,446	8,900,694

**10.1** This represented unsecured bridge financing extended to WAPDA Water Wing for Kurram Tangi Dam and Kachi Canal Project. For the year 2020 the markup was 14.99% per annum. During the current year this balance is transferred and adjusted against payable to Power Sector Investment (PSI) upon approval from the Member as disclosed in Note 20.1.

**10.2** This represented unsecured bridge financing extended to WAPDA Coordination Wing to meet its working capital requirements. For the year 2020 the markup was 14.99% per annum. During the current year, this balance is transferred and adjusted against payable to Power Sector Investment (PSI) upon approval from the Member as disclosed in Note 20.1.

**10.3** This includes Rs. 606 million (2020: Rs. 554 million) receivable in respect of interest income from Land Acquisition Collectors of Hazro and Ghazi (related parties) against advances given for land acquisition for Ghazi Barotha Hydropower Project.

**10.4** This includes interest receivable of Rs. Nil (2020: 1,062 million) from CPPA-G paid by WAPDA Hydroelectric on the loan of Rs. 17,500 million obtained by WAPDA Hydroelectric from Allied Bank Limited for onward payment of net hydel profits to Provincial Governments in pursuance of the decision of the Economic Coordination Committee (ECC), GoP. This interest has been repaid in current year.

**10.5** This represents provision against unreconciled balance with CPPA-G.

Note 11

**Loans and Advances**

	Note	2021	2020
		Rupees in thousands	
Advances to: (unsecured, considered good)			
- Employees against expenses		2,113,318	727,727
- Chief Resident Representative Karachi	11.1	3,648,816	1,946,707
- Suppliers and others		1,581,603	2,831,507
		7,343,737	5,505,941
Current portion of long term loans	6.1	77,159	73,244
		7,420,896	5,579,185

**11.1** This advance has been given to Chief Resident Representative Karachi (CRRK), (a segment of WAPDA) against import of stores and spare parts.

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Note 12

**Bank Balances**

	Note	2021 Rupees in thousands	2020
<b>Direct working capital balances</b>			
Balance with the banks:			
- Hydroelectric's own balance - current accounts		4,924,739	745,312
<b>Balances held for specific utilizations:</b>			
Balance with the banks:			
- Un-utilized balance of loans and grants - current account	12.1	45,659,355	48,681,846
- deposit accounts			
un-utilized balance of loans and grants	12.2	-	3,504,384
Hydroelectric's own balance	12.3	88,369,680	5,575,617
		88,369,680	9,080,001
<b>Total bank balances</b>		<b>138,953,774</b>	<b>58,507,159</b>

**12.1 Un-utilized balance of loans and grants**

**Held in current accounts:**

IDA relent loan for Dasu hydropower project	15.1.2.2	643,763	1,177,497
Foreign direct loan for Dasu hydropower project	15.2	36,204,059	43,582,810
IDA relent loan for Tarbela 4th extension project	15.1.1.11	187,480	277,246
IBRD relent loan for Tarbela 4th extension project	15.1.1.12	-	-
USAID grant for Mangla refurbishment project	16.1.3	8,024,346	2,378,018
AFD relent loan for Mangla refurbishment project	15.1.2.5	577,283	634,401
IBRD relent loan for Tarbela 5th extension project	15.1.2.6	22,424	35,093
USAID grant for Golen Gol hydropower project	16.1.2	-	596,781
		<b>45,659,355</b>	<b>48,681,846</b>

**12.2 Un-utilized balance of loans and grants**

**Held in deposit accounts:**

Syndicated local facility for Dasu hydropower project	15.5	-	3,504,384
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**12.3** Deposit accounts carry interest at the rate ranging from 5.50% to 6.8% (2020: 5.50% to 12.75%) per annum.

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Note 13  
Regulatory Deferral Account Debit Balances

	Interest on loans (Note 13.1)	Operating costs and others (Note 13.2)	Total
----- Rupees in thousands -----			
Balance as at July 01, 2020	11,023,899	10,060,457	21,084,356
Balances arising in the year	-	8,032,654	8,032,654
Recovery / reversal (Note 13.3)	(1,333,317)	(1,089,479)	(2,422,796)
Net movement	(1,333,317)	6,943,175	5,609,858
Balance as at June 30, 2021	9,690,582	17,003,632	26,694,214

- 13.1** This regulatory deferral account debit balance represents the interest on loans obtained by WAPDA Hydroelectric for payment of NHP to the Provincial Governments and management expects that this would be recovered within 24 months from the reporting date.
- 13.2** This regulatory deferral account debit balance represents the operating and maintenance cost, depreciation and return on regulatory asset base. The management expects that this would be recovered within 24 months from the reporting date.
- 13.3** This represented the transfer from regulatory deferral account debit balance to receivable from the customer.
- 13.4** As described in Note 4.190, Income of WAPDA Hydroelectric is exempt from tax, accordingly there are no tax implications on regulatory deferred account debit balance.
- 13.5** For detail regarding rate regulatory process, refer to Note 4.9.

Note 14  
Investment of Government of Pakistan

This represents equity investment of the GoP in WAPDA Hydroelectric.

Note 15  
Long Term Financing

	Note	2021 Rupees in thousands	2020 Rupees in thousands
<b>Foreign loans:</b>			
- Relent from the GoP- unsecured (FRL)	15.1	115,323,900	106,864,636
- Direct - secured	15.2	55,122,235	58,923,690
- Euro Bonds - unsecured	15.3	79,150,000	-
		249,596,135	165,788,326
<b>Local loans:</b>			
- Cash Development loans from the GoP - unsecured	15.4	86,547,142	88,005,767
- Syndicated Term Finance Facility - secured	15.5	25,000,000	25,000,000
		111,547,142	113,005,767
		361,143,277	278,794,093
<b>Less: current portion shown under current liabilities</b>			
- Foreign Relent Loans	15.6	101,662,350	100,359,051
- Cash Development Loans	15.6	62,547,144	49,005,767
- Syndicated Term Finance Facility	15.5.1	25,000,000	25,000,000
		189,209,494	174,364,818
		171,933,783	104,429,275
<b>15.1 Foreign Loans Relent from the GoP - unsecured:</b>			
Operational power station loans	15.1.1	70,163,688	72,320,543
Development project loans	15.1.2	45,160,212	34,544,093
		115,323,900	106,864,636

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Note 15, Long Term Financing, continued.....

Note 15.1, Foreign Loans Relent from the GoP - unsecured, continued.....

15.1.1 Operational Power Station Loans

Loan name	Note	Rate of interest per annum	Outstanding semi annual instalments as on June 30, 2021	Repayment commencement / maturity	2021	2020
Rupees in thousands						
<b>Ghazl Barotha</b>						
ADB-1424-PAK	15.1.1.1	14.00%	-	2001/2021	-	470,814
KfW-9566316	15.1.1.2	14.00%	4	2003/2023	594,694	892,043
					594,694	1,362,857
<b>Chashma</b>						
CitiBank of Japan	15.1.1.3	11.00%	8	2005/2025	423,553	529,441
<b>Allal, Dubair and Khan Khwar Projects</b>						
IDB-PAK-0117	15.1.1.4	17.00%	4	2014/2023	453,745	680,620
<b>Jabban Power Station</b>						
AFD Credit Facility	15.1.1.5	15.00%	14	2014/2028	1,381,202	1,578,520
<b>Golen Gol</b>						
Kuwait Fund Loan No. 742	15.1.1.6	17.00%	8	2014/2025	1,775,879	2,219,789
Saudi Fund Loan No. 10/479	15.1.1.7	17.00%	8	2014/2025	1,436,925	1,796,153
Saudi Fund Loan No. 14/609	15.1.1.8	15.00%	25	2019/2034	4,611,247	4,980,147
OPEC Fund Loan No. 1205	15.1.1.9	17.00%	14	2018/2028	981,282	1,121,466
OPEC Fund Loan No. 1206	15.1.1.9	17.00%	14	2019/2028	1,525,331	1,385,938
Kuwait Fund Loan No. 993	15.1.1.10	12.00%	38	2021/2043	1,371,669	-
					11,702,083	11,503,493
<b>Tarbela 4th Extension</b>						
IDA Credit No. 5079-PK	15.1.1.11	15.00%	31	2017/2037	20,319,426	17,667,972
IBRD 8144-PK	15.1.1.12	15.00%	21	2020/2031	35,288,985	38,997,640
					55,608,411	56,665,612
					70,163,688	72,320,543

15.1.1.1 This loan has been obtained from Asian Development Bank (ADB) by the GoP and further re-lent to WAPDA Hydroelectric. The mark up comprises Interest rate of 11% (2020: 11%) per annum plus 3% (2020: 3%) per annum "Exchange Risk Cover" which is charged on principal amount. This loan is secured through GoP guarantee in favor of ADB and WAPDA Hydroelectric is responsible for repayment to the GoP.

15.1.1.2 This loan has been obtained from Kreditanstalt für Wiederaufbau, Frankfurt an Main (KfW) by the GoP and further re-lent to WAPDA Hydroelectric. The mark up comprises Interest rate of 11% (2020: 11%) per annum plus 3% (2020: 3%) per annum "Exchange Risk Cover" which is charged on principal amount. This loan is secured through GoP guarantee in favor of KfW and WAPDA Hydroelectric is responsible for repayment to the GoP.

15.1.1.3 This loan has been obtained from CitiBank by the GoP and further re-lent to WAPDA Hydroelectric. The mark up comprises interest rate of 8% (2020: 8%) per annum plus 3% (2020: 3%) per annum "Exchange Risk Cover" which is charged on principal amount. This loan is secured through GoP guarantee in favor of the bank and WAPDA Hydroelectric is responsible for repayment to the GoP.

15.1.1.4 This represents Islamic Development Bank loan amounting to USD 150.200 million under Istisna's Financing Agreement dated December 01, 2008 for Allal, Dubair and Khan Khwar Hydropower Projects obtained by the GoP. The GoP has relent the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 11% (2020: 11%) per annum plus 6% (2020: 6%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 15 years including 3 years of grace period.

15.1.1.5 This represents Agence Française de Développement (AFD) loan amounting to € 26.500 million under Subsidiary Loan Agreement dated December 13, 2010 for Jabban Power Station. The loan has been taken by the GoP and then GoP relent the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 8.2% per annum (2020: 8.2%) plus 6.8% (2020: 6.8%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 18 years including 3 years of grace period.

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Note 15, Long Term Financing, continued.....

Note 15.1, Foreign Loans Relent from the GoP - unsecured, continued.....

- 15.1.1.6** This represents Kuwait Fund loan amounting to Kuwaiti Dinar 11 million under Subsidiary Loan Agreement dated September 05, 2008 for Golen Gol Hydropower Project. The loan was taken by the GoP and then GoP has relent the loan to WAPDA Hydroelectric. The disbursement of loan started in 2014. The mark up comprises interest rate of 11% (2020: 11%) per annum plus 6% (2020: 6%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 15 years including 2 years of grace period.
- 15.1.1.7** This represents Saudi Fund loan amounting to Saudi Riyals 150 million obtained under Subsidiary Loan Agreement dated September 05, 2008 for Golen Gol Hydropower Project by the GoP. The GoP has relent the loan to WAPDA Hydroelectric. The disbursement of loan started in 2011. The mark up comprises interest rate of 11% (2020: 11%) per annum plus 6% (2020: 6%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 15 years including 2 years of grace period.
- 15.1.1.8** This represents Saudi Fund loan amounting to Saudi Riyals 216.750 million obtained under Subsidiary Loan Agreement dated April 28, 2014 for Golen Gol Hydropower Project by the GoP. The GoP has relent the loan to WAPDA Hydroelectric. The disbursement of loan started in 2011. The mark up comprises interest rate of 8.2% (2020: 8.2%) per annum plus 6.8% (2020: 6.8%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 20 years including 5 years of grace period.
- 15.1.1.9** These represent Organization of Petroleum Exporting Country (OPEC) fund loans amounting to USD 15 million each obtained under relending arrangement dated June 05, 2017 for Golen Gol Hydropower Project by the GoP. The disbursement of Portion-1 and Portion-2 has been started in 2016 and 2018 respectively. The GoP has relent the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 11% (2020: 11%) per annum plus 6% (2020: 6%) per annum "Exchange Risk Cover" which is charged on principal amount. Portion-1 and Portion-2 will be repaid in 11 and 10 years respectively. WAPDA Hydroelectric has started repayment of Portion-1 and Portion-2 from 2018 and 2019, respectively, pursuant to the direction of the GoP.
- 15.1.1.10** This represents Kuwait Fund loan amounting to Kuwaiti Dinar 4.5 million obtained under Subsidiary Loan Agreement dated July 10, 2018 for Golen Gol Hydropower Project by the GoP. The GoP has relent the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 6.90% per annum plus 5.1% per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 22 years including 3 years of grace period.
- 15.1.1.11** This represents International Development Association (IDA) loan, amounting to USD 440 million obtained under Subsidiary Loan Agreement dated April 12, 2012 obtained for Tarbela 4th Extension Hydropower Project by the GoP. The GoP has relent the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 8.2% (2020: 8.2%) per annum and 6.8% (2020: 6.8%) per annum "Exchange Risk Cover" which are charged on both principal and interest amount separately. The loan will be repaid in 25 years including 5 years of grace period.

Loan utilization	For the year		Cumulative	
	2021	2020	2021	2020
	----- Rupees in thousands -----			
Opening balance	277,246	803,924	-	-
Withdrawal of loan	3,310,634	244,148	22,142,305	18,831,671
	3,587,880	1,048,072	22,142,305	18,831,671
Less: utilization of funds	(3,400,400)	(770,826)	(21,954,825)	(18,554,425)
Closing balance	187,480	277,246	187,480	277,246

Note

- 15.1.1.12** This represents International Bank for Reconstruction and Development (IBRD) loan of USD 400 million obtained under Subsidiary Loan Agreement dated April 12, 2012 for Tarbela 4th Extension Hydropower Project by the GoP. The GoP has relent the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 8.2% (2020: 8.2%) per annum plus 6.8% (2020: 6.8%) per annum "Exchange Risk Cover" which is charged on both principal and interest amount separately. The loan will be repaid in 19 years including 7 years of grace period.

Loan Utilization	For the year		Cumulative	
	2021	2020	2021	2020
	----- Rupees in thousands -----			
Opening balance	-	488,769	-	-
Withdrawal of loan	-	912,265	42,624,819	42,624,819
	-	1,401,034	42,624,819	42,624,819
Less: utilization of funds	-	(1,401,034)	(42,624,819)	(42,624,819)
Closing balance	-	-	-	-

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Note 15, Long Term Financing, continued.....

Note 15.1, Foreign Loans Relent from the GoP - unsecured, continued.....

15.1.2 Development Project Loans

Loan name	Note	Rate of interest per annum	Outstanding semi annual installments as on June 30, 2021	Repayment commencement / maturity	2021	2020
Rupees in thousands						
<b>Keyal Khwar</b>						
KFW-320517	15.1.2.1	15.00%	75	2019/2059	490,388	503,466
KFW-3003374	15.1.2.1	15.00%	55	2019/2049	149,847	128,336
					640,235	631,802
<b>Dasu Hydro</b>						
IDA Credit No. 5498-PK	15.1.2.2	15.00%	36	2020/2039	31,488,645	26,529,027
<b>Warsak Rehabilitation (Phase 2)</b>						
AFD Credit Facility	15.1.2.3	15.00%	25	2022/2036	1,095,911	1,013,918
KFW-15568024	15.1.2.4	15.00%	58	2027/2056	40,671	40,671
					1,136,582	1,054,589
<b>Mangla Refurbishment Project</b>						
AFD Credit Facility	15.1.2.5	12.00%	28	2023/2037	4,989,083	3,676,065
<b>Tarbela 4th / 5th Extension</b>						
IBRD Loan No.8646-PK	15.1.2.6	12.00%	26	2023/2036	5,617,507	1,331,057
AIB Loan No.LN 0005-PAK	15.1.2.7	12.00%	26	2023/2036	569,855	443,874
					6,187,362	1,774,931
<b>Mohmand Dam</b>						
CPK 1028-01-W	15.1.2.8	15.00%	18	2019/2028	702,143	877,679
<b>Dargal</b>						
AFD CPK 1033 01S	15.1.2.9	12.00%	26	2026/2039	16,157	-
					45,160,212	34,544,093

15.1.2.1 This represents Frankfurt am Main (KfW) loan amounting to € 97.080 million, to be disbursed in two tranches. Under Tranche - 1 (KfW 320517) - € 4.415 million will be repaid in 48 years including 8 years of grace period. Under Tranche - 2 (KfW 3003374), € 92.664 million will be repaid in 34 years including 4 years of grace period. The loan taken by the GoP and relent under Subsidiary Loan Agreement dated December 27, 2011 to WAPDA Hydroelectric. The disbursement of loan for second tranche started in 2015. The mark up comprises interest rate of 8.2% (2020: 8.2%) per annum plus 6.8% (2020: 6.8%) per annum "Exchange Risk Cover" which is charged on principal amount.

15.1.2.2 This represents relent loan from International Development Association (IDA), amounting to USD 588.4 million obtained under subsidiary loan agreement dated October 13, 2014 by the GoP. The GoP has relent the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 8.2% (2020: 8.2%) per annum plus 6.8% (2020: 6.8%) per annum "Exchange Risk Cover" which is charged on principal amount. WAPDA Hydroelectric will disburse USD 15 million to National Transmission and Despatch Company (NTDC) for feasibility study and detailed design of transmission lines. WAPDA Hydroelectric has disbursed USD 4.484 million (2020: USD 4.045 million) to NTDC as of the reporting date. The loan will be repaid in 25 years including 5 of years of grace period.

Loan utilization	Note	For the year		Cumulative	
		2021	2020	2021	2020
Rupees in thousands					
Opening balance		1,177,497	1,836,259	-	-
Withdrawal of loan		5,870,717	4,458,235	33,152,935	27,282,218
		7,048,214	6,294,494	33,152,935	27,282,218
Less: Utilization of funds		(6,404,451)	(5,116,997)	(32,509,172)	(26,104,721)
Closing balance	12.1	643,763	1,177,497	643,763	1,177,497

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Note 15, Long Term Financing, continued.....

Note 15.1, Foreign Loans Relent from the GoP - unsecured, continued.....

- 15.1.2.3** This represents Agence Française de Développement (AFD) loan amounting to € 41.5 million obtained under Subsidiary Loan Agreement dated September 22, 2015 for Warsak Rehabilitation Hydropower Project (Phase-2) by the GoP. The GoP has relent the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 8.2% (2020: 8.2%) per annum plus 6.8% (2020: 6.8%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 20 years including 6 years of grace period.
- 15.1.2.4** This represents Frankfurt am Main (KfW) loan of € 40 million, to be disbursed in two portions. Under Portion-1, € 30 million will be disbursed that will be repaid in 38 years including grace period of 8 years. Under Portion-2, € 10 million will be disbursed that will be repaid after 10 years from the availability of Portion-2 over a period of 15 years. The disbursement of loan for Portion-1 started in 2018. The loan taken by the GoP has been relent under Subsidiary Loan Agreement dated September 22, 2015 for Rehabilitation of Warsak Hydropower Plant Project. The mark up comprises interest rate of 8.2% (2020: 8.2%) per annum plus 6.8% (2020: 6.8%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 38 years including 8 years of grace period.
- 15.1.2.5** This represents Agence Française de Développement (AFD) loan amounting to € 90 million obtained under Subsidiary Loan Agreement dated July 20, 2017 by the GoP. The GoP has relent the loan to WAPDA Hydroelectric being for the Mangla Hydropower Project. The mark up comprises interest rate of 6.9% (2020: 6.9%) per annum plus 5.1% (2020: 5.1%) per annum "Exchange Risk Cover" which is charged on principal amount. The loan will be repaid in 20 years including a grace period of 5 years.
- 15.1.2.6** This represents International Bank for Reconstruction (IBRD) loan amounting to USD 390 million obtained under Subsidiary Loan Agreement dated January 18, 2017 for additional financing of Tarbela 4th Extension Hydropower Project by the GoP. The loan is also being utilized for Tarbela 5th Extension Hydropower Project. The GoP has relent the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 6.9% (2020: 6.9%) per annum plus 5.1% (2020: 5.1%) per annum "Exchange Risk Cover" which is charged on both principal and interest amount separately. The loan will be repaid in 19 years including a grace period of 5 years.
- 15.1.2.7** This represents Asian Infrastructure Investment Bank (AIIB) loan amounting to USD 300 million obtained under Subsidiary Loan Agreement dated January 18, 2017 for Tarbela 5th Extension Hydropower Project by the GoP. The GoP has relent the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 6.9% (2020: 6.9%) per annum plus 5.1% (2020: 5.1%) per annum "Exchange Risk Cover" which is charged on both principal and interest amount separately. The loan will be repaid in 19 years including a grace period of 5 years.
- 15.1.2.8** This represents Agence Française de Développement (AFD) loan amounting to € 11 million obtained under Subsidiary Loan Agreement dated September 30, 2014 to finance the first tranche of the project including detailed design studies, preparatory works and additional needed consultancy services taken for Mohmand Dam Project by the GoP. The GoP has relent the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 8.2% (2020: 8.2%) per annum plus 6.8% (2020: 6.8%) per annum "Exchange Risk Cover" which is charged on both principal and interest amount separately. The loan will be repaid in 15 years including a grace period of 5 years.
- 15.1.2.9** This represents Agence Française de Développement (AFD) loan amounting to € 50 million obtained under Subsidiary Loan Agreement dated October 14, 2019 for Rehabilitation of Dargal Hydropower Project taken by the GoP. The GoP has relent the loan to WAPDA Hydroelectric. The mark up comprises interest rate of 6.9% (2020: Nil) per annum plus 5.1% (2020: Nil) "Exchange Risk Cover" which is charged on both principal and interest amount separately. The loan will be repaid in 20 years including a grace period of 7 years.

**15.2 Foreign direct loans - secured:**

						2021	2020
						Rupees in thousands	
Development project loans						55,122,235	58,923,690
Loan name	Note	Rate of interest per annum	Installments outstanding as on June	Repayment commencement / maturity	2021	2020	
						Rupees in thousands	
Pakistan Water and Power (06/17) - Global	-	5.34%	8	2023/2027	55,122,235	58,923,690	

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Note 15, Long Term Financing, continued.....

Note 15.2, Foreign direct loans - secured, continued.....

This represents loan amounted USD 350 million (2019: USD 350 million) obtained from Credit Suisse AG, for the construction of Dasu Hydropower Project. The loan is repayable in ten years inclusive of six years grace period, in 8 semi annual installments starting from June 30, 2023. The loan carries mark-up at the rate of 5.34% per annum. The loan is secured through guarantees given by the GoP and International Development Association (IDA).

	2021	2020	2021	2020
	USD '000'		Rupees in thousands	
Opening balance	350,000	350,000	58,923,690	57,134,630
Exchange (gain) / loss for the year	-	-	(3,801,455)	1,789,060
	350,000	350,000	55,122,235	58,923,690
Add: loan received during the year	-	-	-	-
Closing balance	350,000	350,000	55,122,235	58,923,690

15.3 Euro Bonds

During the current year, the Euro bonds issued by WAPDA Hydroelectric were listed for trading at London stock Exchange. WAPDA Hydroelectric has raised USD 500 million through Issuing Regulation-S 2,500 Green Euro Bonds at an offer price of US\$ 200,000 each on June 04, 2021. The Euro Bonds were assigned a credit rating of B- by two International Credit Rating Agencies namely Fitch Ratings Limited (Fitch) and B- by S&P Global Ratings Europe Limited (S&P). WAPDA Hydroelectric has appointed JP Morgan as Global Coordinator for the Issuance. The co-bookrunners included Deutsche and Standard Chartered Bank with Habib Bank Limited as co-Manager.

These bonds are issued for a period of 10 years and shall be redeemed on June 04, 2031. The holders of bonds are entitled to receive interest at a rate of 7.5% per annum paid semi-annually on June 04 and December 04 each Calendar year. The proceeds of the bonds are kept in a profit bearing account and shall be used to finance Green eligible projects.

15.4	Cash Development Loans from the GoP - Unsecured:	Note	2021	2020
			Rupees in thousands	
	Operational power station loans	15.4.1	5,361,127	5,809,714
	Development project loans	15.4.2	81,186,015	82,196,053
			86,547,142	88,005,767

15.4.1 Operational Power Station Loans

Power station and year of disbursement	Note	Rate of interest per annum	Installments outstanding as on June 30, 2021	Repayment commencement / maturity	2021	2020
Rupees in thousands						
Ghazi Barotha 2005-06	15.4.1.1	9.79%	11	2012/2031	4,722,050	4,994,647
Jabban 2007-08	15.4.1.1	10.14%	13	2014/2033	25,010	26,125
2009-10	15.4.1.1	12.59%	15	2016/2035	87,092	89,378
					112,162	115,503
Tarbela (HPS) 1997-98	15.3.1.2	17.50%	3	2004/2023	306,273	426,046
1998-99	15.4.1.2	17.50%	4	2005/2024	220,632	273,518
					526,915	699,564
					5,361,127	5,809,714

15.4.1.1 These loans have been obtained for the construction of Ghazi Barotha and Jabban projects and are repayable in 25 years including 5 years of grace period.

15.4.1.2 The loan has been obtained for Tarbela hydel power station for the payment of net hydel profit to provincial Government of Khyber Pakhtunkhwa. The loan will be repaid in 25 years including 5 years of grace period.

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Note 15, Long Term Financing, continued.....

Note 15.4, Cash Development Loans from the GoP - Unsecured, continued.....

15.4.2 Development Project Loans

Project and year of disbursement	Note	Rate of interest per annum	Installments outstanding as on June 30, 2021	Repayment commencement / maturity	2021	2020
Rupees in thousands						
<b>Harpo</b>						
2009-10	15.4.2.1	12.59%	15	2016/2035	34,837	35,751
<b>Bashoo</b>						
2007-08	15.4.2.1	10.14%	13	2014/2033	13,275	13,834
2009-10	15.4.2.1	12.59%	15	2016/2035	23,225	23,834
					36,500	37,668
<b>Diamer Bhasha</b>						
2007-08	15.4.2.2	10.14%	13	2014/2033	242,831	253,055
2009-10	15.4.2.2	12.59%	15	2016/2035	893,255	916,702
2011-12	15.4.2.2	12.64%	17	2018/2037	10,972,772	11,188,205
2012-13	15.4.2.2	10.65%	18	2019/2038	3,580,599	3,655,732
2013-14	15.4.2.2	11.79%	19	2020/2039	26,671,774	27,108,940
2014-15	15.4.2.2	10.53%	20	2021/2040	14,753,447	15,000,000
2015-16	15.4.2.2	7.37%	20	2022/2041	10,000,000	10,000,000
2016-17	15.4.2.2	6.54%	20	2023/2042	14,000,000	14,000,000
					81,114,678	82,122,634
					81,186,015	82,196,053

15.4.2.1 These loans have been obtained from the GoP for feasibility studies of hydel development projects. The loans will be repaid in 25 years including 5 years of grace period.

15.4.2.2 The loan have been obtained from the GoP for the land acquisition of Diamer Bhasha Dam project. The loan will be repaid in 25 years including 5 years of grace period.

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Note 15, Long Term Financing, continued.....

- 15.5 WAPDA Hydroelectric has entered into agreements with Habib Bank Limited lead consortium of seven banks on March 29, 2017 for financing of Dasu Hydropower Project amounting to Rs. 144,000 million for the period of fifteen (15) years including five (5) years grace period. This loan has the following structure of facilities:

	GoP Guarantee Backed Financing (GBF) Facilities		Assets Backed Financing (ABF) Facilities		Total
	Sukuk (musharakah)	TFCs	Diminishing musharakah	Commercial facility	
	----- Rupees in thousands -----				
Total amount of facilities	52,800,000	35,200,000	33,600,000	22,400,000	144,000,000
Un-availed balance of facilities at July 01, 2020	37,800,000	25,200,000	33,600,000	22,400,000	119,000,000
Availed during the year	-	-	-	-	-
Un-availed balance of facilities at June 30, 2021	37,800,000	25,200,000	33,600,000	22,400,000	119,000,000
Total availed balance of facilities at June 30, 2021	15,000,000	10,000,000	-	-	25,000,000
Face value per certificate (Rs.)	10,000	10,000	-	-	-
Principal repayment will commence	8 November 2022		-	-	-
Profit on rental payments	6 month KIBOR + margin of 1.45% per annum payable semi annually		-	6 month KIBOR + margin of 2% per annum payable semi annually	-

- 15.5.1 The Sukuk and TFCs are secured by way of guarantee of the GoP to the Pak Brunei Investment Company Limited (Trustee) whereas Mangla Dam's land amounting to Rs. 103,244 million is being used as Musharakah Assets. Further Power Generation Plant Assets of Ghazi Barotha and Tarbela HPP amounting to Rs. 77,106 million have been hypothecated in favor of Security Agent for securing Islamic and Commercial Asset Backed Facilities. WAPDA Hydroelectric has injected equity amounting to Rs. 60,821 million (2020: Rs. 32,998 million) as at the reporting date for the construction of Dasu Hydropower Project.

The management has classified these loans as current liabilities, in accordance with clause 22 of schedule 8 of Dasu Syndicated Facilities.

- 15.6 As described in Note 20.2, WAPDA Hydroelectric did not repay the installments of certain Foreign related loans (FRLs) and cash development loans (CDLs) as per agreed repayment schedules. WAPDA Hydroelectric does not have unconditional right to defer the settlement of these loans for at least twelve months after the reporting date. As per IAS 1, the FRLs and CDLs amounting to Rs. 93,476 million (2020: Rs. 92,173 million) and Rs. 61,089 million (2020: Rs. 47,547 million), respectively, has been classified as current liabilities.

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Note 16  
Deferred Grants

	Note	2021 Rupees in thousands	2020 Rupees in thousands
Opening balance		103,973,013	32,479,003
Add: Grants received during the year		34,893,798	71,740,293
Less: Grants amortized during the year	28.2	(244,678)	(246,283)
Closing balance	16.1	138,622,133	103,973,013
Less: Current portion shown under current liabilities		(244,678)	(246,283)
		<u>138,377,455</u>	<u>103,726,730</u>

16.1

	Note	Grants related to capital work in progress		Grants related to operating fixed assets	
		2021	2020	2021	2020
		----- Rupees in thousands -----			
- Gomal Zam	16.1.1	-	-	2,029,595	2,123,362
- Golen Gol	16.1.2	-	-	4,074,589	4,225,500
- Mangla Dam Rehabilitation Project	16.1.3	14,456,653	7,458,948	-	-
- Tarbela Rehabilitation Project	16.1.4	1,348,021	344,852	-	-
- Glacier Monitoring Network		41,438	33,681	-	-
- Mohmand Dam	16.1.5	34,510,036	25,510,036	-	-
- Diamer Bhasha Dam	16.1.6	81,828,342	64,017,077	-	-
- Hydropower Training Institute		228,872	228,872	-	-
- Warsak Rehabilitation Project	16.1.7	104,586	30,684	-	-
- Land granted by GoGB	16.1.8	1	1	-	-
		<u>132,517,949</u>	<u>97,624,151</u>	<u>6,104,184</u>	<u>6,348,862</u>

16.1.1 The grant was received from United States Agency for International Development (USAID) in prior years for the construction of Gomal Zam Project consisting construction of civil works and purchase of electronic and mechanical equipment and is being amortized over 50 years and 25 years respectively which are useful lives of the respective assets of the project.

16.1.2 This grant was received from USAID in prior years for the construction of Golen Gol Hydropower Project with a total installed capacity of 108 MW. As a result of the capitalization of Golan Gol Hydropower Project during the year it is now being amortized over 30 years which is the useful life of the plant and equipment of the project.

16.1.3 The grant for Mangla Refurbishment Project is received from USAID to enhance the total installed capacity of Mangla Power Station by 310 Mega Watts (MW) i.e. from the current 1,000 MW to 1,310 MW. The grant is also being used for refurbishing and upgrading units 5 and 6 of Mangla Power Station along with related plant facility enhancements.

16.1.4 This grant is received from USAID for the design, manufacturing, supply, erecting, testing and commissioning of parts related to rehabilitation of Tarbela power project.

16.1.5 The grant is received under Public Sector Development Program (PSDP), from the GoP for the construction Mohmand Dam having total installed capacity of 800 MW.

16.1.6 The grant is received under Public Sector Development Program (PSDP), from the GoP for the construction of Diamer Bhasha Dam having total installed capacity of 4,500 MW.

16.1.7 This grant is received from Agence Francaise De Developpement (AFD) for rehabilitation of Warsak Project to improve operational practices by enhancing the operational capacity of power station, from 190 MW to 243 MW, maintenance capacity and to support it in climate change adoption activities (flood etc.).

16.1.8 This pertains to the nominal value assigned as per WAPDA Hydroelectric's accounting policy for non-monetary grants to the land measuring 17,214 acres granted by Government of Gilgit Baltistan (GoGB) free of cost for the construction of Diamer Bhasha Dam.

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Note 17

Employees Post Employment and Other Benefits

Particulars	2021				
	Compensated Absences	Free Medical Facility	Free Electricity Facility	Pension	Total
----- Rupees in thousands -----					
Liabilities recognized in the statement of financial position	1,183,796	4,093,813	2,935,724	64,590,014	72,803,347
<b>Changes in the present value of obligations:</b>					
Opening balance	1,055,457	3,770,759	2,843,106	55,983,891	63,653,213
Service cost	48,667	34,335	39,644	1,368,255	1,490,901
Interest cost	103,044	365,850	286,849	5,567,064	6,322,807
Benefits paid	(100,309)	(402,981)	(89,165)	(3,342,135)	(3,934,590)
Actuarial loss / (gain)	76,937	325,850	(144,710)	5,012,939	5,271,016
Closing balance	1,183,796	4,093,813	2,935,724	64,590,014	72,803,347

Particulars	2020				
	Compensated Absences	Free Medical Facility	Free Electricity Facility	Pension	Total
----- Rupees in thousands -----					
Liabilities recognized in the statement of financial position	1,055,457	3,770,759	2,843,106	55,983,191	63,653,213
<b>Changes in the present value of obligations:</b>					
Opening balance	857,073	3,645,650	2,261,928	47,219,670	53,984,321
Service cost	38,986	98,582	54,193	989,465	1,181,226
Interest cost	126,136	519,231	259,450	6,762,814	7,667,631
Benefits paid	(3,823)	(250,877)	(107,685)	(2,740,162)	(3,102,547)
Actuarial loss / (gain)	37,085	(241,827)	375,220	3,752,104	3,922,582
Closing balance	1,055,457	3,770,759	2,843,106	55,983,891	63,653,213

17.1 Charge for the year in statement of profit or loss

Particulars (Note 25.2)	2021				
	Compensated absences	Free medical facility	Free electricity facility	Pension	Total
----- Rupees in thousands -----					
Current service cost	48,667	34,335	39,644	1,368,255	1,490,901
Interest cost	103,044	365,850	286,849	5,567,064	6,322,807
Actuarial (gain) / loss	76,937	-	-	-	76,937
	228,648	400,185	326,493	6,935,319	7,890,645

Particulars (Note 25.2)	2020				
	Compensated absences	Free medical facility	Free electricity facility	Pension	Total
----- Rupees in thousands -----					
Current service cost	38,986	98,582	54,193	989,465	1,181,226
Interest cost	126,136	519,231	259,450	6,762,814	7,667,631
Actuarial loss	37,085	-	-	-	37,085
	202,207	617,813	313,643	7,752,279	8,885,942

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Note 17, Employees Post Employment and Other Benefits, continued.....

**17.2 Key assumptions**

2021			
Compensated absences	Free medical facility	Free electricity facility	Pension
Medical cost growth rate	-	10.75%	-
Cash medical allowance growth rate	-	2.50%	-
Discount rate	10.25%	10.75%	10.75%
Salary growth rate	9.25%	-	9.75%
Pension growth rate	-	-	5.75%
Electricity cost growth rate	-	-	9.75%
Average expected remaining working life	10 Years	10 Years	10 Years
Average duration of liabilities	10 Years	22 Years	22 Years

2020			
Compensated absences	Free medical facility	Free electricity facility	Pension
Medical cost growth rate	-	10.25%	-
Cash medical allowance growth rate	-	5.00%	-
Discount rate	10.25%	10.25%	10.25%
Salary growth rate	9.25%	-	9.25%
Pension growth rate	-	-	5.25%
Electricity cost growth rate	-	-	9.25%
Average expected remaining working life	9 years	10 years	10 years
Average duration of liabilities	9 years	23 years	23 years

**17.3 Quantitative sensitivity analyses**

2021			
Compensated absences	Free medical facility	Free electricity facility	Pension
----- Rupees in thousands -----			
Medical cost increase + 1%	-	5,095,571	-
Medical cost increase - 1%	-	3,288,954	-
Discount rate + 1%	1,071,662	3,288,994	2,358,578
Discount rate - 1%	1,307,631	5,095,684	3,654,178
Salary increase + 1%	1,307,663	-	-
Salary increase - 1%	1,071,675	-	-
Pension increase rate + 1%	-	-	-
Pension increase rate - 1%	-	-	-
Electricity cost increase + 1%	-	-	3,654,097
Electricity cost increase - 1%	-	-	2,358,550

2020			
Compensated absences	Free medical facility	Free electricity facility	Pension
----- Rupees in thousand -----			
Medical cost increase + 1%	-	650,757	-
Medical cost increase - 1%	-	(554,976)	-
Discount rate + 1%	(90,418)	(586,839)	(442,470)
Discount rate - 1%	98,881	694,967	523,997
Salary increase + 1%	98,882	-	-
Salary increase - 1%	(90,411)	-	-
Pension increase rate + 1%	-	-	-
Pension increase rate - 1%	-	-	-
Electricity cost Increase + 1%	-	-	490,663
Electricity cost Increase - 1%	-	-	(418,445)

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Note 18

**Retention Money Payable**

	2021	2020
	Rupees in thousands	
Opening balance	4,705,633	3,531,488
Add: Retention held during the year	2,707,314	1,352,178
Exchange loss	583,156	119,471
	3,290,470	1,471,649
Less: Payments made during the year	(455,341)	(297,504)
Closing balance	7,540,762	4,705,633
Less: Current portion shown under current liabilities	(681,681)	(1,968,236)
	<u>6,852,081</u>	<u>2,737,397</u>

Note 19

**Trade and Other Payables**

	Note	2021	2020
		Rupees in thousands	
Payables to contractors and consultants		15,849,713	4,561,471
Due to other wings of WAPDA	19.1	2,161,307	1,441,901
Due to statutory authorities		783,003	398,373
Security deposits		202,304	306,312
Accrued liabilities	19.2	177,781	37,922
Other liabilities	19.3	354,007	1,049,907
		<u>19,528,115</u>	<u>7,795,886</u>
<b>19.1 Due to other wings of WAPDA</b>			
WAPDA Coordination Wing		169,518	263,978
WAPDA Water Wing		1,991,789	1,177,923
		<u>2,161,307</u>	<u>1,441,901</u>

**19.2** This includes Rs. 158.17 million Insurance payable to WAPDA Equipment Protection Scheme.

**19.3** This includes payable to related parties (mainly, entities under control of WAPDA) amounted Rs. 183 million (2020: Rs. 401 million).

Terms and conditions of the above financial liabilities:

- Payable to contractors and consultants are non-interest bearing and are normally settled on 30-60 days terms.
- Other payables are non-interest bearing and have an average term of three to six months.

Note 20

**Short Term Borrowing**

	Note	2021	2020
		Rupees in thousands	
Power Sector Investment (PSI)	20.1	4,821,727	7,625,544
Payable to the GoP	20.2	103,821,579	71,965,776
		<u>108,643,306</u>	<u>79,591,320</u>

**20.1** This represents unsecured and interest free loan obtained from PSI (an entity under common control of WAPDA) to meet its working capital requirements. This loan is repayable on demand. As disclosed in Note 10.1 and 10.2, during the year WAPDA Hydroelectric has transferred and adjusted the balance receivable from the Water and Coordination Wing, after approval from the Member, with this payable.

**20.2** This represents the overdue balances of installments and related interest accrued on foreign relent and cash development loans, which is not paid as per the respective repayment schedules as disclosed in Note 15.6. The outstanding balances and the related interest accrued are payable on demand and will be settled upon specific instructions from Economic Affairs Division (EAD), the GoP. No interest is charged on the outstanding balance, after their due dates.

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Note 21

Payable Against Hydel Levies

Movement in payable against hydel levies for the year ended June 30, 2021:

	Net Hydel Profit payable to Government of Punjab	Net Hydel Profit payable to Government of KPK	Water Usage Charges payable to Government of Azad Jammu & Kashmir	Water Management Charges payable to Indus River System Authority	Total
----- Rupees in thousands -----					
Opening Balance	48,803,511	36,840,397	89,145	45,103	85,778,156
Billed during the year	9,161,272	21,490,167	797,075	160,363	31,608,877
Paid during the year	(4,516,042)	(24,546,322)	(749,335)	(168,306)	(29,980,005)
Closing Balance	53,448,741	33,784,242	136,885	37,160	87,407,028

Movement in payable against hydel levies for the year ended June 30, 2020:

	Net Hydel Profit payable to Government of Punjab	Net Hydel Profit payable to Government of KPK	Water Usage Charges payable to Government of Azad Jammu & Kashmir	Water Management Charges payable to Indus River System Authority	Total
----- Rupees in thousands -----					
Balance as at July 01, 2019	32,758,962	30,088,008	74,509	35,788	62,957,267
Billed during the year	23,544,549	23,252,389	688,399	161,475	47,646,812
Paid during the year	(7,500,000)	(16,500,000)	(673,763)	(152,160)	(24,825,923)
Balance as at June 30, 2020	48,803,511	36,840,397	89,145	45,103	85,778,156

Note 22

Accrued Interest

This represents interest accrued on foreign relent loans from the GoP and the applicable coupon rate on Euro Bonds.

Note 23

Contingencies and Commitments

23.1 Contingencies

There are no significant contingencies to disclose at the reporting date (2020: Nil).

23.2 Commitments

23.2.1 Capital commitments contracted for but not incurred on the basis of throw-forward values of the Public Sector Development Programme (PSDP) as at June 30, 2021 amounted to Rs. 1,323,888 million (2020: Rs. 947,254 million).

23.2.2 Commitments under letters of credit amounts to Rs. 3,529 million. (2020: Rs. 3,137 million).

23.2.3 The commitments in respect of Ijarah rentals payable to WAPDA Third Sukuk Company Limited and Euro Bonds are described below:

	2021	2020
----- Rupees in thousands -----		
<i>Ijarah rentals payable:</i>		
Not later than one year	374,296	1,496,251
Later than one year and not later than five years	-	726,868
	374,296	2,223,119
<i>Interest payable on Fixed Interest Euro Bonds Issued at London Stock Exchange:</i>		
Not later than one year	5,907,750	-
Later than one year and not later than five years	29,538,750	-
Later than five years	23,631,000	-
	59,077,500	-

Note 24

**Revenue from Contract with Customers -net**

	Note	2021	2020
		Rupees in thousands	
Revenue from Sale of electricity for:			
- Variable charges components	24.1	2,650,413	2,857,525
- Fixed charges components		64,119,429	59,906,011
		<u>66,769,842</u>	<u>62,763,536</u>
<b>24.1</b>	The amount is net of sale tax amounting to Rs. 450.57 million (2020: Rs. 485.779 million).		
<b>24.2</b>	The entire revenue has been recognised on a point of time. The breakup of revenue recognized for each plant is given below:		
Tarbela		11,966,115	13,170,144
Ghazi Barotha		15,695,291	13,974,482
Tarbela 4th Extension		8,125,879	6,293,127
Mangla		8,013,931	7,777,522
Khan Khwar		2,035,659	2,104,029
Chashma		3,750,205	3,240,412
Warsak		1,859,669	1,747,787
Duber Khwar		4,299,421	4,397,165
Golen Gol		2,238,503	1,410,675
Jinnah Hydel		2,337,924	2,161,629
Allai Khwar		3,120,049	3,126,470
Jabban		936,597	827,456
Rasul		229,741	211,530
Dargal		195,393	210,025
Gomal Zam		1,319,503	1,410,252
Nandipur		170,560	194,302
Shadiwal		156,664	164,070
Chichoki		141,547	152,927
Kurram Garhi		95,846	91,665
Chitral		43,776	52,882
Renala Khurd		37,559	44,985
		<u>66,769,842</u>	<u>62,763,536</u>

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Note 25  
**Cost of Revenue**

	Note	2021 Rupees in thousands	2020
Salaries, wages and benefits	25.1	5,295,771	5,786,846
Retirement and other benefits	25.2	7,890,645	8,885,942
Sukuk III Ijarah rentals		1,574,241	1,780,126
Repairs and maintenance		1,241,240	904,281
Dams inspection and monitoring cost		944,000	701,713
Power, gas and water		413,244	432,430
NEPRA fee		157,152	140,547
Insurance	25.3	198,584	49,389
Consultancy charges		1,120	88
Fuel charges		19,075	22,203
Return		12,972	12,972
Sundry expenses		16,475	2,152
Depreciation	5.1.1	7,984,643	7,642,768
		<u>25,749,165</u>	<u>26,361,457</u>
<b>25.1 Salaries, wages and benefits</b>			
Pay and allowances		4,358,789	4,209,350
Other benefits		936,982	1,577,496
		<u>5,295,771</u>	<u>5,786,846</u>
<b>25.2 Retirement and other benefits</b>			
Pension	17.1	6,935,319	7,752,279
Free electricity facility	17.1	326,493	313,643
Free medical facility	17.1	400,185	617,813
Compensated absences	17.1	151,711	202,207
		<u>7,813,708</u>	<u>8,885,942</u>
<b>25.3</b> As per the WAPDA Equipment Protection Scheme (WEPS), WAPDA Hydroelectric's equipment of power houses has been provided insurance coverage based on net book value of equipment.			

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PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY  
(HYDROELECTRIC - NEPRA REGULATED BUSINESS)  
Notes to and Forming Part of the Financial Statements

## 25.4 Cost of revenue

Formations	2021											Total		
	Salaries, wages and benefits	Retirement and other benefits	Subsidy III (Jarah rentals)	Repairs and maintenance	Depreciation (Note 5.1.1)	Dams inspection and monitoring cost	Power, gas and water	NEPRA fees	Insurance	Consultancy charges	Fuel charges		Return on assets to provinces	Sundry expenses
Tarbella	1,395,525	2,385,362	1,574,244	320,095	408,908	404,463	149,645	64,852	4,946	-	2,942	7,611	-	6,718,593
Ghazi Barotha	807,889	832,847	-	139,159	1,642,688	136,094	27,932	27,037	19,744	-	4,973	3,173	4,500	3,646,036
Mangla	850,453	1,276,250	-	277,460	637,426	282,581	156,522	18,795	11,895	-	2,395	2,188	3,475	3,519,440
Warsak	444,351	628,852	-	63,683	68,726	14,200	25,187	4,530	151	-	469	-	-	1,250,149
Chashma	459,906	584,621	-	153,410	488,075	63,375	48,039	3,431	5,042	-	3,190	-	3,000	1,812,089
Rasul	62,515	68,779	-	19,888	7,169	-	154	410	13	-	-	-	-	159,992
Dargal	72,940	73,166	-	4,131	3,527	-	1,146	373	-	-	-	-	500	155,783
Nandipur	72,734	74,364	-	7,327	4,581	-	424	257	-	-	-	-	500	160,187
Shadral	57,721	50,641	-	5,949	4,577	-	245	252	11	-	163	-	-	119,559
Chicholdi	44,324	61,547	-	9,320	5,428	-	304	246	24	-	-	-	-	121,193
Kurrain Garhi	40,590	38,446	-	6,730	1,661	-	74	75	82	-	-	-	500	88,158
Revela Khurd	17,959	18,291	-	2,994	1,472	-	178	21	-	-	-	-	500	41,415
Chitral	26,580	24,150	-	2,588	1,567	-	535	19	2	-	2,812	-	-	58,253
Khan Khwar	146,381	69,948	-	9,321	205,929	2,912	940	1,343	4,552	-	133	-	-	441,459
Alga Khwar	96,626	38,551	-	151,451	321,914	2,610	606	2,256	10,025	-	731	-	1,000	625,770
Gomal Zam	104,354	74,839	-	3,191	124,495	385	55	324	874	-	7	-	500	309,024
Jinnah Hydel	162,921	153,001	-	27,774	449,047	-	-	1,790	10,244	-	566	-	2,000	807,343
Jabban	50,090	40,660	-	13,679	141,132	-	258	410	4,163	-	-	-	-	250,392
Dubair Khwar	85,643	64,116	-	8,802	376,712	2,160	666	2,424	923	-	-	-	-	541,446
Tarbella 4th	164,995	86,093	-	13,028	2,246,378	35,220	-	26,292	109,348	-	306	-	-	2,681,660
Golen Gal	74,990	37,352	-	1,260	811,781	-	333	2,015	16,545	-	388	-	-	944,664
Others	56,284	1,208,769	-	-	31,450	-	1	-	-	56	-	-	-	1,296,560
	5,295,771	7,890,645	1,574,244	1,241,240	7,984,643	944,000	413,244	157,152	198,584	1,120	19,075	12,972	16,475	25,749,165

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Note 26

**Operating Expenses**

	Note	2021	2020
		Rupees in thousands	
Management service charges		1,137,866	993,378
R&D - Survey and Investigation	26.1	350,488	292,244
Vehicle running expenses		206,350	221,617
Outside services employed		69,069	68,789
Travelling expenses		70,479	80,721
Office expenses		29,500	23,803
Advertisement and periodicals		20,922	15,328
Legal and professional charges		17,649	17,227
Communication		15,481	13,800
Rent, rates and taxes		5,219	3,111
Others		3,590	9,225
		<u>1,926,613</u>	<u>1,739,243</u>

**26.1** R&D - Survey and Investigation includes research and development expenses of projects which cannot be developed due to financial or technical reasons and the projects which are not to be developed by WAPDA Hydroelectric (i.e. the feasibility has either been transferred to Federal or Provincial Government, any organization or has been expense).

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PAKISTAN WATER AND POWER DEVELOPMENT AUTHORITY  
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Notes to and Forming Part of the Financial Statements

## 26.2 Operating expenses

Formations	2021										Total	
	Management service charges	R&D - Survey and Investigation (Note 26.1)	Vehicle running expenses	Outside services employed	Travelling expenses	Office expenses	Advertisement and periodicals	Legal and professional charges	Communication	Rent, rates and taxes		Others
Tarbella	366,538	-	74,888	38,240	14,143	14,037	7,368	652	4,495	147	966	521,474
Ghazi Barotha	200,919	-	35,389	-	6,772	2,921	3,405	490	2,041	72	1,490	253,499
Mangla	151,562	-	38,515	-	15,817	4,188	2,443	2,040	3,281	5,000	118	222,964
Warsak	46,606	-	10,723	-	3,741	1,750	1,490	469	980	-	114	65,873
Chashima	49,107	-	17,677	-	8,904	2,197	1,707	127	1,188	-	567	81,474
Rasul	5,859	-	1,788	-	1,677	130	60	-	253	-	-	9,767
Dargal	5,784	-	628	14,190	686	193	57	-	168	-	-	21,706
Nandipur	5,536	-	1,404	-	930	254	40	-	235	-	-	8,399
Shadivral	4,301	-	1,402	-	655	151	343	-	169	-	-	7,021
Chichold	3,814	-	2,003	-	1,266	119	395	-	92	-	-	7,689
Kunam Garhi	2,953	-	606	4,734	1,187	34	21	-	54	-	105	9,694
Renala	1,282	-	609	-	550	65	112	-	144	-	-	2,762
Chitral	1,736	-	432	-	1,123	92	11	-	55	-	-	3,449
Khan Khwar	13,139	-	4,365	-	2,934	446	300	36	724	-	-	21,944
Allal Khwar	21,324	-	2,936	-	1,824	83	155	60	101	-	-	26,483
Gomal Zam	6,773	-	3,032	-	1,564	263	857	-	360	-	-	12,849
Jinnah	18,624	-	3,949	-	2,262	953	1,367	-	278	-	154	27,587
Jabban	5,340	-	1,097	11,887	616	165	208	-	121	-	69	19,503
Drubair Khwar	14,598	-	1,038	-	832	35	43	109	92	-	-	16,747
Tarbella 4th	113,655	-	2,129	-	1,978	1,120	540	-	463	-	-	119,885
Golen Gol	11,785	-	1,606	-	1,018	262	-	-	184	-	-	14,653
Others	86,631	350,488	132	18	-	42	-	13,666	3	-	7	450,987
	1,137,866	350,488	206,350	69,069	70,479	29,500	20,922	17,649	15,481	5,219	3,590	1,926,613

Out

Note 27

**Finance and Other Costs**

	Note	2021	2020
		Rupees in thousands	
Finance costs	27.1	28,341,399	30,305,277
Other costs	27.2	1,705,220	2,116,217
		<u>30,046,619</u>	<u>32,421,494</u>
<b>27.1 Finance costs</b>			
<b>27.1.1 Development hydel projects</b>			
Interest on foreign relent loans	5.2.2	9,804,392	11,280,044
Interest on foreign direct loans	5.2.2	3,008,136	3,085,324
Dasu syndicated term finance facility	5.2.2	2,267,043	3,324,539
Interest on cash development loans	5.2.2	8,381,746	8,463,043
Interest on eurobonds		428,729	-
		<u>23,890,046</u>	<u>26,152,950</u>
<b>27.1.2 Operational hydel stations</b>			
Interest on foreign relent loans	15.1.1	3,826,052	1,042,968
Interest on foreign direct loans		-	38,704
Interest on cash development loans	15.4.1	625,301	675,675
Interest on diminishing musharakah	27.1.2.1	-	2,394,980
		<u>4,451,353</u>	<u>4,152,327</u>
		<u>28,341,399</u>	<u>30,305,277</u>
<b>27.2 Other costs</b>			
Bank charges		549,013	326,281
Other charges	27.2.1	1,156,207	1,789,936
		<u>1,705,220</u>	<u>2,116,217</u>

**27.1.2** This represents markup on diminishing musharakah facility obtained for payment of Net Hydel Profits to the Governments of KPK and Punjab.

**27.2.1** The major portion of these charges comprises net exchange loss on foreign currency loans and exchange losses relating to the payment of foreign currency invoices of designated contractors and consultants.

Note 28

**Other Income**

	Note	2021	2020
		Rupees in thousands	
<b>28.1 Income from financial assets</b>			
Profit on bank balances	10.3	1,363,162	1,746,532
Interest income - Investments		4,672	219,641
Interest income - long term loans to employees		328	1,199
Interest income - bridge financing		-	706,068
		<u>1,368,462</u>	<u>2,673,440</u>
<b>28.2 Income from non-financial assets</b>			
Amortization of grant		244,678	246,283
Income from guest houses and others		155,323	99,786
Sale of scrap		117,653	286
Gain on disposal of operating fixed assets		6,213	9,324
Income from non - utility operations		2,298	9,507
Sale of stores		52,799	101,706
Miscellaneous income		218,194	89,031
		<u>797,458</u>	<u>555,923</u>
		<u>2,165,920</u>	<u>3,229,363</u>

Note 29  
**Financial Risk Management**

**29.1 Financial risk factors**

WAPDA Hydroelectric financial liabilities comprise interest bearing long term financing, short term borrowings, trade and other payables (excluding statutory payables), accrued interest and retention money payable. These financial liabilities have resulted from working capital management of hydroelectric operations. Similarly, the financial assets include receivables from the customer, long term loans to employees and deposits, other receivables and bank balances.

The Risk management of WAPDA Hydroelectric is carried out by the WAPDA Authority (which comprise of a Chairman and 3 Members) for WAPDA Hydroelectric. WAPDA Authority provides principles for overall risk management, as well as policies covering specific areas such as currency risk, interest rate risk, credit risk and liquidity risk.

WAPDA Hydroelectric activities may expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. WAPDA Hydroelectric overall risk management programme focuses on the aversion of any liquidity management seeks to minimize potential adverse effects of liquidity crisis on the financial performance.

**29.1.1 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect WAPDA Hydroelectric's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

**(a) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

WAPDA Hydroelectric is exposed to currency risk arising from currency exposure to the United States Dollar (USD). Currently, WAPDA Hydroelectric's foreign exchange risk exposure is restricted to the repayment of foreign direct loans, retention monies payable, payable to contractors and consultants and the bank balances held in foreign currency.

**Exposure to foreign currency risk**

As on reporting date, WAPDA Hydroelectric's exposure to foreign currency risk has been based on following amounts:

	<b>2021</b>	<b>2020</b>
	----- USD '000' -----	-----
Long term financing - foreign direct loan	<u>350,000</u>	<u>350,000</u>
Bank balances - foreign currency	<u>230,410</u>	<u>263,598</u>
Payable to contractors and consultants	<u>7,257</u>	<u>3,887</u>
Retention monies payable	<u>6,674</u>	<u>3,798</u>

*etc*



*Note 29, Financial Risk Management, continued.....*

*Note 29.1, Financial risk factors, continued.....*

The following significant exchange rates were applicable:

	<u>2021</u>	<u>2020</u>
	US \$ to Pak Rupees	
Closing rate as at reporting date	<u>157.54</u>	<u>168.05</u>
Annual average rate	<u>162.80</u>	<u>158.26</u>

**Sensitivity analysis**

WAPDA Hydroelectric's exposure to foreign currency risk arise on the projects which are under development mainly due to the foreign currency balances mentioned above. The translation differences on the foreign currency loan and related foreign currency bank balances are capitalized pursuant to the SECP exemption regarding capitalization of exchange differences, whereas on other balances fluctuation in the functional currency against USD would not be having any significant impact on the profits of WAPDA Hydroelectric.

**(b) Interest rate risk**

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from the mismatches of financial assets and liabilities that mature in a given period.

WAPDA Hydroelectric has no significant long-term interest-bearing assets. WAPDA Hydroelectric interest rate risk arises from interest bearing loans and borrowings. Borrowings obtained at variable rates expose Hydroelectric to cash flow interest rate risk.

As at the reporting date the interest rate profile of WAPDA Hydroelectric's interest bearing financial instruments was as follows:

	<u>2021</u>	<u>2020</u>
	Rupees in thousands	
<b>Fixed rate instruments</b>		
<b>Financial liabilities:</b>		
Cash development loans, foreign relent loans and direct loans	256,993,277	253,794,093
Eurobonds	79,150,000	-
<b>Financial assets:</b>		
Short term investments	2,000,000	-
Bridge financing to other Wings	-	5,606,348
<b>Floating rate instruments</b>		
<b>Financial liabilities:</b>		
Syndicated term finance facility	25,000,000	25,000,000
<b>Financial assets:</b>		
Bank balances - deposit accounts	88,369,680	9,080,001

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Note 29, Financial Risk Management, continued.....

Note 29.1, Financial risk factors, continued.....

**Fair value sensitivity analysis for fixed rate instruments**

WAPDA Hydroelectric does not designate for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in Interest rate at the reporting date would not affect profit for the year of WAPDA Hydroelectric.

**Fair value sensitivity analysis for floating rate instruments**

If floating interest rates on financial instruments at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit for the year would have decreased / increased by Rs. 201 million (2020: Rs. 166 million) mainly as a result of higher / lower Interest expense in the year ended 30 June 2021. This analysis is prepared assuming the amount of floating rate instruments outstanding at the statement of financial position dates were outstanding for the whole year.

**(c) Other price risk**

Other price risk is a risk that fair value or future cash flows of a financial instruments will fluctuate because of changes in the market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by specific to the individual financial instruments or its issuer, or factors effecting all similar instruments traded in the market.

As at 30 June 2021, WAPDA Hydroelectric is not exposed to any significant price risk. (2020: Nil)

**29.1.2 Credit risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. WAPDA Hydroelectric is exposed to credit risk from its operating activities (primarily for trade receivable) loans to related parties and employees and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions.

	2021		2020	
	Rs. '000'	Exposure %	Rs. '000'	Exposure %
<b>At amortized cost:</b>				
Long term loans to employees	756,298	0.20%	722,676	0.25%
Long term deposits	3,197	0.00%	2,053	0.00%
Receivable from the customer	243,071,225	62.83%	219,548,184	76.32%
Short term investments	2,000,000	0.52%	-	0.00%
Other receivables	2,061,446	0.53%	8,900,694	3.09%
Bank balances	138,953,774	35.92%	58,507,159	20.35%
	<u>386,845,940</u>	<u>100.00%</u>	<u>287,680,766</u>	<u>100.01%</u>

At 30 June 2021, WAPDA Hydroelectric has only one customer, the CPPA-G (a Government owned entity) that owed to WAPDA Hydroelectric Rs. 146,119 million (2020: Rs. 105,115 million) and Rs. 96,952 million (2020: Rs. 114,433 million) against sale of electricity and hydel levies, respectively.

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Note 29, Financial Risk Management, continued.....

Note 29.1, Financial risk factors, continued.....

Since SRO No. 985(1)/2019 issued by SECP on September 02, 2019 stipulates that in respect of the companies holding financial assets due from GoP, the requirements about the applications of Expected Credit Loss (ECL) as contained in IFRS 9 (Financial Instrument), shall not be applicable till June 30, 2021. Accordingly, no ECL is recorded on the receivables from the CPPA-G as at June 30, 2021.

The management does not expect to recognize the provision against receivables from the CPPA-G since WAPDA Hydroelectric's long standing business relationships with the CPPA-G and considering that it is a Government owned entity.

Other receivables mainly include balances from other segments of WAPDA or other Government controlled entities. The management has assessed that ECL allowance on these receivables from related parties, is not significant as the balances have been acknowledged by respective counter party and they have financial ability to settle the amount.

WAPDA Hydroelectric deals with banks having credit ratings in the top categories therefore, considers these as low risk and does not expect credit loss to arise on the bank balances. Following are the credit ratings of banks with balances and short term investments that are held at reporting date:

Bank	Rating			2021	2020
	Short term	Long term	Agency		
Rupees in thousands					
<b>Bank balances</b>					
National Bank of Pakistan	A1+	AAA	PACRA	48,086,779	50,751,014
Habib Bank Limited	A1+	AAA	JCR-VIS	4,463,420	2,571,521
Askari Bank Limited	A1+	AA+	PACRA	1,028,637	1,918,096
MCB Bank Limited	A1+	AAA	PACRA	5,914,889	1,075,505
United Bank Limited	A1+	AAA	JCR-VIS	77,588,335	949,375
Allied Bank Limited	A1+	AAA	PACRA	937,573	868,938
Habib Metropolitan Bank	A1+	AA+	PACRA	250,185	315,942
Bank Alfalah Limited	A1+	AA+	PACRA	111,987	52,628
Soneri Bank Limited	A1+	AA-	PACRA	571,966	4,136
Standard Chartered Bank	A1+	AAA	PACRA	3	4
				<u>138,953,774</u>	<u>58,507,159</u>
<b>Short term investments</b>					
Askari Bank Limited	A1+	AA+	PACRA	2,000,000	-
				<u>140,953,774</u>	<u>58,507,159</u>

29.1.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

WAPDA Hydroelectric's approach to liquidity management is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to Hydroelectric's reputation. Despite presentation of various loans as current liabilities as mentioned in Notes 15.5.1 and 15.6, WAPDA Hydroelectric expects to pay these loans in accordance with original loan schedules.

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Note 29, Financial Risk Management, continued.....

Note 29.1, Financial risk factors, continued.....

The table below analyses WAPDA Hydroelectric's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, the liabilities have been disclosed on the basis of earliest date on which WAPDA Hydroelectric is required to pay or settle these liabilities.

	2021				
	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
	----- Rupees in thousands -----				
Long term financing	361,143,277	367,285,291	201,770,754	59,340,241	106,174,296
Short term borrowings	108,643,306	108,643,306	108,643,306	-	-
Trade and other payables	18,745,112	18,745,112	18,745,112	-	-
Payable against hydel levies	87,407,028	87,407,028	87,407,028	-	-
Retention money payable	7,540,762	7,540,762	688,681	6,628,404	223,677
Accrued Interest	1,763,543	1,763,543	1,763,543	-	-
	<u>585,243,028</u>	<u>591,385,042</u>	<u>419,018,424</u>	<u>65,968,645</u>	<u>106,397,973</u>

	2020				
	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
	----- Rupees in thousands -----				
Long term financing	278,794,093	367,285,291	201,770,754	59,340,241	106,174,296
Short term borrowings	79,591,320	79,591,320	79,591,320	-	-
Trade and other payable	7,397,513	7,397,513	7,397,513	-	-
Payable against hydel levies	85,778,156	85,778,156	85,778,156	-	-
Retention money payable	4,705,633	4,705,633	(1,968,236)	2,513,720	223,677
Accrued Interest	861,386	861,386	861,386	-	-
	<u>457,128,101</u>	<u>545,619,299</u>	<u>373,430,893</u>	<u>61,853,961</u>	<u>106,397,973</u>

#### 29.1.4 Fair values estimation

Financial Instruments comprise financial assets and financial liabilities. The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. WAPDA Hydroelectric's financial assets consist of receivables from the customer, long term loans and deposits, other receivables and bank balances and short term investments. Its financial liabilities consist of long term financing, short term borrowings, trade and other payables (excluding statutory payable), retention monies payable and payable against hydel levies. The above financial assets and liabilities (except non-current portion of long term loans and deposits, long term financing and retention money payables) approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of non-current portion of long term loans and deposits and long term financing is not significantly different to its carrying value as these financial instruments bear interest at floating rates which gets re-priced at regular intervals. Management has concluded that carrying values of retention monies payable approximate to their fair values.

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Note 29, Financial Risk Management, continued.....

Note 29.1, Financial risk factors, continued.....

**29.1.5 Financial Instruments by categories**

	2021	2020
	Rupee: in thousands	
<b>Financial assets at amortized cost</b>		
Long term loans and security deposits	759,495	724,729
Receivable from the customer	243,071,225	219,548,184
Short term investments	2,000,000	-
Other receivables	2,061,446	8,900,694
Bank balances	138,953,774	58,507,159
	<u>386,845,940</u>	<u>287,680,766</u>

There have not been any financial assets designated at fair value through profit and loss or fair value through comprehensive income categories (2020: Nil).

**Financial liabilities measured at amortized cost**

Long term financing	361,143,277	278,794,093
Short term borrowings	108,643,306	79,591,320
Trade and other payables	18,745,112	7,397,513
Payable against hydel levies	87,407,028	85,778,156
Retention money payables	7,540,762	4,705,633
Accrued interest	1,763,543	861,386
	<u>585,243,028</u>	<u>457,128,101</u>

**29.1.6 Capital risk management**

WAPDA Hydroelectric's objectives when managing capital are to safeguard Hydroelectric's ability to continue as a going concern. Hydroelectric manages its capital structure and makes adjustments to it, in the light of the changes in economic conditions.

Hydroelectric monitors its capital adequacy using the gearing ratio, which is net debt divided by equity plus net debt. Debt represents long term loans (including current portion) obtained by Hydroelectric. Total equity includes accumulated profits and equity investment by the GoP plus net debt.

The gearing ratios as at June 30, 2021 and June 30, 2020 are as follows:

Long term financing including current portion		361,143,777	278,794,093
Short term borrowing	20	108,643,306	79,591,320
Less: Bank balances		(138,953,774)	(58,507,159)
Less: Short term investments		(2,000,000)	-
Net debt		<u>328,832,809</u>	<u>299,878,254</u>
Equity		234,225,164	222,596,020
Net debt		<u>328,832,809</u>	<u>299,878,254</u>
Equity and net debt		<u>563,057,973</u>	<u>522,474,274</u>
Gearing ratio		<u>58%</u>	<u>57%</u>

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Note 30

**Changes in Liabilities Arising from Financing Activities including Current Portion**

	Note	Short term borrowings		Long term financing	
		2021	2020	2021	2020
----- Rupees in thousands -----					
Opening balance		79,591,320	41,052,907	278,794,093	321,013,162
Cash flow changes		1,005,012	3,500,000	93,966,483	(31,378,634)
Foreign exchange		-	-	(3,801,455)	1,708,902
Non cash changes	30.1	28,046,974	35,038,413	(7,815,844)	(12,549,337)
Closing balance		<u>108,643,306</u>	<u>79,591,320</u>	<u>361,143,277</u>	<u>278,794,093</u>

**30.1** The non cash changes pertains to the interest on foreign relent loans (FRL) and cash development loans (CDL) and overdue installments of principal of FRL and CDL transferred from long term financing, payable to the GoP to payable to the GoP under short-term borrowings.

Note 31

**Installed Capacity and Net Electric Output**

	2021	2020
Installed Capacity (Mega Watts)	<u>8,420</u>	<u>8,420</u>
Net Electric Output (Giga watt)	<u>32,073</u>	<u>32,294</u>

Note 32

**Number of Employees**

	2021	2020
	Number	Number
Active employees	<u>9,052</u>	<u>8,026</u>
Pensioners	<u>9,468</u>	<u>8,461</u>

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Note 33

**Transactions with Related Parties**

WAPDA Hydroelectric is part of WAPDA, which is fully owned by the GoP, therefore entities which are owned and / or controlled by the GoP, or where the GoP may exercise significant influence, are related parties of WAPDA Hydroelectric. WAPDA Hydroelectric in the ordinary course of business enters into transaction with Government-related entities. Related parties comprise GoP and its associated departments and entities being commonly controlled by GoP, associated undertakings, key management personnel and entities in which key management personnel are office holders / members. WAPDA Hydroelectric has disclosed only the significant related parties transactions entered into during the year. Balances due from and due to related parties are shown in their respective notes. Details of significant related parties transactions during the year are as follows:

Name of related party	Relationship	Nature of transaction	2021	2020
			Rupees in thousands	
Economic Affairs Division	Government of Pakistan	Receipt of disbursements against FRL	8,670,675	8,670,675
		Adjustment of financing with PSI	-	4,029,325
		Payment of guarantee fee - Exim Bank	6,381	9,740
		Accrual of guarantee fee - Credit Suisse	112,700	109,200
		Payment of guarantee fee - Credit Suisse	(12,950)	(96,250)
		Receipt of Government grants	34,649,120	67,791,043
CPPA-G	Associated undertakings due to common control	Sale of electricity including related to tests run	66,769,842	62,763,536
		Billing of hydel levies	31,608,877	47,646,812
		Interest on loan obtained for payment of NHP	-	1,062,119
		Receipts against sale of electricity and hydel levies	74,861,161	83,630,897
Government of Punjab	Associate	Payment of 4% return on assets	9,284	9,284
		Hydel levies adjustment / payment	4,516,042	7,500,000
Government of Sindh	Associate	Payment of 4% return on assets	-	257
Government of Khyber Pakhtunkhwa	Associate	Payment of 4% return on assets	3,430	3,430
		Hydel levies adjustment / payment	24,546,322	16,500,000
Government of Azad Jammu and Kashmir	Associate	Payment of water usage charges	749,335	673,763
Indus River System Authority	Associate	Payment of water management charges	168,306	152,160
WAPDA Equipment Protection Scheme	Associate	Insurance premium	198,584	49,389
WAPDA Third Sukuk Company	Associate	Payment of Ijarah rentals	1,574,244	1,780,126
WAPDA Water Wing	Associate	Bridge financing - net	-	1,816,282
		Dams Inspection and monitoring charges	944,000	701,713
		Transfer of loan for Mohmand Dam	-	877,679
		Long term advance for technical services	(1,708,501)	1,601,939
		Interest on bridge financing	-	613,326
WAPDA Coordination Wing	Associate	Bridge financing - net	-	220,447
		Authority overhead	406,382	359,574
		Interest on bridge financing	-	92,743
National Electric Power Regulatory Authority	Associate	NEPRA fee	157,152	140,547

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Note 33, Transactions with Related Parties, continued.....

Name of related party	Relationship	Nature of transaction	2021	2020
			Rupees in thousands	
Power Services & Investments (PSI)	Associate	Short term borrowings obtained	1,005,012	3,500,000
		Adjustment of other receivables	(3,808,829)	4,029,325
Land Acquisition Collectors	Associate	Advance provided for land acquisition	12,335,959	16,045,715
National Highway Authority (NHA)	Associate	Advance paid to NHA for relocation and upgradation of Karakoram Highway	1,380,182	1,167,123
Chief Resident Representative Karachi (CRRK)	Associate	Advance against foreign purchase of plant, machinery, stores and spares - net	1,702,109	1,343,507

**Key management personnel**

The Members of WAPDA Authority are the key management personnel of WAPDA Hydroelectric. The salaries and other benefits of key management personnel are recorded and paid by WAPDA Coordination Wing. WAPDA Coordination Wing charges these amounts to WAPDA Hydroelectric as part of authority overhead, disclosed above.

Note 34

**Operating Segments**


WAPDA Hydroelectric has determined that WAPDA Authority, chaired by the Chairman of WAPDA Authority, is the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating Segments'. WAPDA Hydroelectric is only involved in selling electricity to the CPPA-G, which is its only operating segment.


Note 35

**Date of Authorization of Issue**

These financial statements were authorized by WAPDA Authority for issuance on 17 DEC 2021

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**MEMBER (FINANCE)**

  
**MEMBER (POWER)**