



**TRANSPESHAWAR
(THE URBAN MOBILITY COMPANY)**

FINANCIAL STATEMENTS

**FOR THE PERIOD
FROM FEBRUARY 09, 2017
TO JUNE 30, 2018**

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of TransPeshawar (The Urban Mobility Company) (the Company), which comprise the statement of financial position as at June 30, 2018 and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in accumulated fund, the statement of cash flows for the period from February 09, 2017 to June 30, 2018, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of income and expenditure, the statement of comprehensive income, the statement of changes in accumulated fund and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the income and expenditure, comprehensive income, the changes in accumulated fund and its cash flows for the period then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and management Accountants (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion we draw attention to note 1.1 which describes that these are the first financial statements prepared for the period from February 09, 2017 to June 30, 2018 which comprises sixteen months and twenty one days. However, the Companies Act, 2017 had been promulgated on May 30, 2017. As per section 132(1) and section 223(3) of the Companies Act, 2017, the Company is required to hold its first annual general meeting and lay its first financial statements within sixteen months of the incorporation of the Company. However, the Company has not complied with these provisions of the Companies Act, 2017.



Information Other than the Financial Statements and Auditors Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors 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 auditors report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of income and expenditure and comprehensive income or the income and expenditure account, the statement of changes in accumulated fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors report is Abdul Qadeer.

ISLAMABAD

DATED: 11 SEP 2018

BDO Ebrahim & Co. Chartered Accountants

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BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS



TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 Rupees
ASSETS		
NON-CURRENT ASSETS		
Operating assets	5	27,260,513
Long term security deposits	6	<u>300,000</u>
		27,560,513
CURRENT ASSETS		
Advances	7	<u>1,128,192,337</u>
Bank balances	8	<u>227,493,237</u>
		1,355,685,574
TOTAL ASSETS		<u><u>1,383,246,087</u></u>
FUND AND LIABILITIES		
FUND		
General / unrestricted fund		1,445,873
NON CURRENT LIABILITIES		
Deferred capital grant	9	<u>1,148,114,529</u>
Deferred grant / restricted fund	10	<u>226,338,909</u>
		1,374,453,438
CURRENT LIABILITIES		
Accrued and other liabilities	11	7,346,776
CONTINGENCIES AND COMMITMENTS	12	-
TOTAL FUND AND LIABILITIES		<u><u>1,383,246,087</u></u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
STATEMENT OF INCOME AND EXPENDITURE
FOR THE PERIOD FROM FEBRUARY 09, 2017 TO JUNE 30, 2018

		February 09, 2017 to June 30, 2018		
		Restricted	Unrestricted	Total
Note		----- Rupees -----		
INCOME				
Income recognised on deferred grant / restricted fund	10	103,041,475	-	103,041,475
Amortization of deferred capital grant	9	3,580,821	-	3,580,821
Other income	13	-	1,445,873	1,445,873
		106,622,296	1,445,873	108,068,169
EXPENDITURE				
Depreciation of operating assets	5	3,580,821	-	3,580,821
Other operational and administrative expenses				
Salaries, allowance and other benefits	14	51,241,579	-	51,241,579
Consultancy services		31,579,740	-	31,579,740
Advertisement		7,493,647	-	7,493,647
Office rent		6,600,000	-	6,600,000
Security guards		931,146	-	931,146
Travelling and conveyance		883,744	-	883,744
Seminars and workshops		716,377	-	716,377
Utilities	15	629,409	-	629,409
Vehicle rent		431,940	-	431,940
Printing and stationery expenses		327,837	-	327,837
Legal and professional fee		323,688	-	323,688
Auditors' remuneration	16	238,800	-	238,800
Petrol, oil and lubricants		270,524	-	270,524
Office supplies		257,392	-	257,392
Meeting expenses		869,882	-	869,882
Accommodation expenses		122,929	-	122,929
Equipment repair and maintenance		54,926	-	54,926
Bank charges		35,495	-	35,495
Postage and courier		21,920	-	21,920
Books and periodicals		10,500	-	10,500
		103,041,475	-	103,041,475
SURPLUS FOR THE PERIOD		-	1,445,873	1,445,873

The annexed notes from 1 to 25 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM FEBRUARY 09, 2017 TO JUNE 30, 2018

**February 09,
2017 to June
30, 2018
Rupees**

Surplus for the period	1,445,873
Other comprehensive income	-
Total comprehensive income for the period	<u>1,445,873</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHIEF EXECUTIVE

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DIRECTOR

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM FEBRUARY 09, 2017 TO JUNE 30, 2018

	Note	February 09, 2017 to June 30, 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the period		1,445,873
Adjustment for:		
Depreciation		3,580,821
Cash flow before working capital changes		5,026,694
Changes in working capital:		
Increase in current assets		
Advances		(1,128,192,337)
Increase in current liabilities		
Accrued and other liabilities		7,346,776
Net cash used in operating activities		(1,115,818,867)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating assets		(30,841,334)
Long term security deposits		(300,000)
Net cash used in investing activities		(31,141,334)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred capital grant		1,148,114,529
Restricted grant		226,338,909
Net cash generated from financing activities		1,374,453,438
Net increase in cash and cash equivalents		227,493,237
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	8	227,493,237

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHIEF EXECUTIVE


DIRECTOR

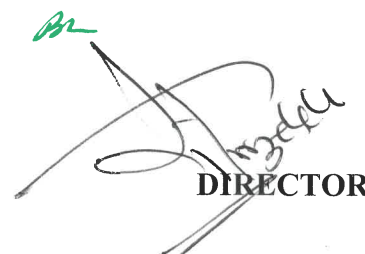
TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
STATEMENT OF CHANGES IN ACCUMULATED FUND
FOR THE PERIOD FROM FEBRUARY 09, 2017 TO JUNE 30, 2018

	GENERAL / UNRESTRICTED FUND	TOTAL
	Rupees	Rupees
Total comprehensive income for the period	1,445,873	1,445,873
Balance as at June 30, 2018	1,445,873	1,445,873

The annexed notes from 1 to 25 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR

TRANSPESHAWAR (THE URBAN MOBILITY COMPANY)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM FEBRUARY 09, 2017 TO JUNE 30, 2018

1 CORPORATE AND GENERAL INFORMATION

1.1 STATUS AND NATURE OF OPERATION

Trnaspeshawar (The Urban Mobility Company) "the Company" was incorporated on February 09, 2017 as a company limited by guarantee under section 42 of the Repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017).

The primary object to carry out the project implementation, management and maintenance of urban rapid transit project in Peshawar (Peshawar Sustainable Bus Rapid Transit Corridor Project), assigned by the Khyber Pakhtunkhwa Urban Mobility Authority (KPUMA) for the benefits of public at large, organize training programs for selected bus operators and bus drivers.

The Company is wholly controlled by the Government of Khyber Pakhtunkhwa.

The registered office of the Company is situated at 2nd Floor, Ali Tower, University road, Peshawar, Khyber Pakhtunkhwa.

These are the first financial statements prepared for the period from February 09, 2017 to June 30, 2018 which comprises sixteen months and twenty one days.

1.2 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- a) Acquired operating assets amounting to Rs. 30,841,334 as disclosed in note 5.
- b) 20% advance payment amounting to Rs. 1,120,854,016 made to M/s Xiamen Golden Dragon Bus Co. Limited as disclosed in note 7.
- c) Received establishment grant from Government of Khyber Pakhtunkhwa (GoKP) amounting to Rs. 33,660,000 as disclosed in note 10.
- d) Received grant from Asian Development Bank (ADB) for operational expenses of the Company amounting to Rs. 326,561,718 as disclosed in note 10.



2 BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Financial Reporting Standard for Small and Medium- sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Accounting Standard for Not for Profit Organizations (Accounting Standards for NPOs) issued by Institute of the Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017.
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS for SMEs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

These financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee which is the Company's functional currency. Amounts presented in the financial statements have been rounded off to the nearest of Rupees, unless otherwise stated.

2.4 Key judgments and estimates

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful lives, residual values and depreciation method of operating assets – Note 4.1 & 5
- Provision for doubtful trade receivables – Note 4.5
- Estimation of provisions - Note 4.7
- Estimation of contingent liabilities - Note 4.14

The revisions to accounting estimates (if any) are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Amendments that are effective in current year and are relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IAS 7	Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:

		Effective date (annual periods beginning on or after)
Annual Improvements to IFRSs (2014 – 2016) Cycle:		
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2017

3.2 Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
	Conceptual framework for Financial reporting 2018 - Original Issue	March 2018
IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018

		Effective date (annual periods beginning on or after)
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 7	Financial Instruments : Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	Applies when IFRS 9 is applied
IFRS 9	Financial Instruments - Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	January 01, 2018
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	January 01, 2018
IFRS 9	Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019

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		Effective date (annual periods beginning on or after)
IAS 39	Financial Instruments: Recognition and Measurements-Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	Applies when IFRS 9 is applied
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018

The Annual Improvements to IFRSs that are effective from the dates mentioned below against respective standards:

		Effective date (annual periods beginning on or after)
Annual Improvements to IFRSs (2014 – 2016) Cycle:		
IFRS 1	First-time Adoption of International Financial	January 01, 2018
IAS 28	Investments in Associates and Joint Ventures	January 01, 2018
Annual Improvements to IFRSs (2015 – 2017) Cycle:		
IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

3.3 Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRS 16	Leases	January 1, 2019

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

The effects of IFRS 9 - Financial Instruments, IFRS 15 - Revenues from Contracts with Customers and IFRS 16 - Leases are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Operating assets

Initial recognition

All items of operating assets are initially recorded at cost.

Subsequent measurement

Operating assets are stated at cost less accumulated depreciation or impairment, if any.

Major renewals and repairs are capitalized and the assets so replaced are retired. Minor renewals or replacement, maintenance and repairs are charged to income as and when incurred. Gains or losses on disposal of property, plant and equipment are accounted for as profit or loss for the year.

Depreciation

Depreciation is charged on the basis of written down value method whereby cost of an asset is written off at the rates given in note 5 without taking into account any residual value. Full month's depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets.

Disposal

Disposal of assets is recognized when significant risks and reward incidental to the ownership have been transferred to buyers. Gain and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the income and expenditure accounts.

Judgment and estimates

The useful lives, residual values and depreciation method are reviewed on a regular basis. The effect of any changes in estimate is accounted for on a prospective basis.

4.2 Impairment

The Company assesses at each date of statement of financial position whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income and expenditure account, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

4.3 Advances and prepayments

These are recognized at cost, which is the fair value of the consideration given. An assessment is made at each date of statement of financial position to determine, whether there is an indication that a financial asset, or a group of financial assets, may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

4.4 Other receivables

Measurement

Other receivables are recognised at transaction price less an allowance for impairment.

Impairment

A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the statement of income and expenditure. Bad debts are written-off in the statement of income and expenditure on identification.

Judgment and estimates

The allowance for doubtful debts of the Company is based on the ageing analysis and management's continuous evaluation of the recoverability of the outstanding receivables. In assessing the ultimate realisation of these receivables, management considers, among other factors, the creditworthiness and the past collection history of each customer.

4.5 Cash and bank balances

Cash in hand and at banks are carried at nominal amounts.

4.6 Provisions

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each date of the statement of financial position and adjusted to reflect current best estimate.

4.7 Accrued and other liabilities

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to the Company.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, balances with banks and short term highly liquid investments that are readily convertible into known amount of cash and having a maturity of less than three months.

4.9 Funds / grants

General fund

Surplus / (deficit) from unrestricted funds during the year / period is recognized in general fund.

Deferred capital grants

Grants received for purchase of fixed assets with limited life are initially recorded as deferred income upon receipt. When the assets are actually purchased they are then recorded as deferred capital grants. Deferred capital grants are amortized to income and expenditure account over useful life of the related asset.

Deferred grant / restricted fund

This grant / fund represents the grants / funds of non capital nature which is subject to the donors' imposed restrictions or that imposed future performance conditions. Initially these are recognized in the statement of financial position as deferred income at their receipt. Subsequently these are recognized in income and expenditure account to the extent of actual expenses incurred.

4.10 Revenue recognition

Grants

Grants are recognized where there is reasonable assurance that the grants will be received and all attached conditions will be complied with.

Deferred capital grants

Deferred capital grants are amortized into income on a systematic basis over the periods necessary to match them with carrying value of the related assets.

Deferred grant / restricted fund

Deferred grants / restricted funds are recognized in the income and expenditure account to the extent of the actual expenditure incurred or when all the future performance conditions are met. Expenditure incurred against grants committed but not received, is recognized directly in income and expenditure account and reflected as a receivable from donors.

4.11 Taxation

In accordance with section 100C of the Income Tax Ordinance, 2001 (the Ordinance), the Company is allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final tax payable, under any of the provisions of the Ordinance, subject to conditions as outlined in section 100C. Accordingly, no provision for tax, has been recognized in the financial statement of the Company.

The Company intended to claim tax credit equal to one hundred per cent of the tax payable under section 100C of the Income Tax Ordinance, 2001, including minimum tax and final taxes payable. Moreover, in exercise of the power conferred by section 2(36) of the Income Tax Ordinance, 2001, the Company has to apply for approval by Commissioner Inland Revenue(CIR) for the purpose of the Section. The Company has not applied for approval from CIR.

No provision for taxation has been made for the year in this financial statement based on Section 100C of the Income Tax Ordinance, 2001.

4.12 Provident fund

The Company has contributory provident fund for its regular / contractual employees, contribution in respect of which is charged to income and expenditure for the year. Contribution is made by employees at the rate of 7% of basic pay at the commencement of financial year. The same amount is contributed by the Company.

4.13 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

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5 OPERATING ASSETS

Funded from deferred capital grant					
Electrical equipment	Computer equipment and accessories	Office equipment	Furniture	Leasehold improvements	Vehicles
Total					

----- Rupees -----

Period ended June 30, 2018

Net carrying value basis

Additions during the year	8,007,781	1,631,252	2,153,677	6,553,339	1,142,361	11,352,924	30,841,334
Depreciation charge	(1,164,515)	(293,013)	(318,957)	(640,018)	(103,974)	(1,060,344)	(3,580,821)
Closing net book value	6,843,266	1,338,239	1,834,720	5,913,321	1,038,387	10,292,580	27,260,513

Gross carrying value basis

Cost	8,007,781	1,631,252	2,153,677	6,553,339	1,142,361	11,352,924	30,841,334
Accumulated depreciation	(1,164,515)	(293,013)	(318,957)	(640,018)	(103,974)	(1,060,344)	(3,580,821)
Net book value	6,843,266	1,338,239	1,834,720	5,913,321	1,038,387	10,292,580	27,260,513

Rate of Depreciation

30% 30% 30% 20% 20% 20%

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		Note	2018 Rupees
6	LONG TERM SECURITY DEPOSITS		
	Security deposit	6.1	<u>300,000</u>
6.1	This represent amount given as security to Pakistan State Oil (PSO) for issuance of four fleet cards for office vehicles.		

		Note	2018 Rupees
7	ADVANCES		
	Unsecured - considered good		
	Advances to suppliers		
	- Xiamen Golden Dragon Bus Co. Ltd	7.1	1,120,854,016
	- Vehicle import duties	7.2	5,848,662
	- Cyber Vision	7.3	1,050,000
	- UF Logistics		<u>100,000</u>
			1,127,852,678
	Advance tax		295,071
	Advance to employees		25,167
	Other advances		<u>19,421</u>
			<u>1,128,192,337</u>
7.1	This represents advance payment of 20% of the contract price USD 48,479,844 for the purchase of 12 meter long 155 buses, 18 meter long 65 buses, 2 tow trucks and other necessary spare parts and equipment through agreement dated March 12, 2018 for the "Peshawar Sustainable Bus Rapid Transit Corridor Project".		
7.2	This represents payment of taxes and duties on import of one 12-meter vehicle for the verification of functionality and performance of vehicles to be supplied by supplier.		
7.3	This represents 30% advance payment against purchase of ERP software having Finance, Human Resource and Procurement module.		

		Note	2018 Rupees
8	BANK BALANCES		
	Current account		225,489,781
	Saving accounts	8.1	<u>2,003,456</u>
			<u>227,493,237</u>
8.1	Saving accounts carry mark up at the rates 3.75% per annum.		

	Note	2018 Rupees
9 DEFERRED CAPITAL GRANT		
Grant received for capital expenditure	7.1	1,120,854,016
Transferred from deferred grant / restricted fund	10	30,841,334
		<u>1,151,695,350</u>
Less: Amortization during the year against operating assets	5	(3,580,821)
		<u>1,148,114,529</u>

10 DEFERRED GRANT / RESTRICTED FUND

Grant received during the period	10.1	360,221,718
Funds utilized during the period	10.2	(103,041,475)
Transferred to deferred capital grant	9	(30,841,334)
		<u>226,338,909</u>

10.1 Grant received during the period

Government of Khyber Pakhtunkhwa		33,660,000
Asian Development Bank	10.3	326,561,718
		<u>360,221,718</u>

10.2 This represents amount spent on operational and administrative expenses of the Company.

10.3 This grant of USD 2,671,793, from ADB, through government of Pakistan, under the loan agreement (ordinary operations) "Peshawar Sustainable Bus Rapid Transit Corridor Project" Loan No. 3543 - PAK , is for a period of six months, from November 16, 2017 to May 15, 2018. The main objective of the grant is to meet the operational and capital expenditures of the Company. The principal and interest on loan is to be repaid by Government of Pakistan.

	Note	2018 Rupees
11 ACCRUED AND OTHER LIABILITIES		
Provident fund payable	11.1	4,085,939
Retention money payable		900,103
Accrued Liabilities		523,205
Tax payable		864,660
Performance security		284,275
Payable to supplier		688,594
		<u>7,346,776</u>

11.1 This represent share of provident fund deducted from employees salary and equal amount contributed by Company toward fund. The amount is payable to the fund at the year end.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There was no contingent liability of the Company as at date of statement of financial position.

12.2 Commitments

12.2.1 As at June 30, 2018 the Company's capital expenditure commitment against agreement dated March 12, 2018 with M/s Xiamen Golden Dragon Company Limited amounts to USD 38,783,875 equivalent to PKR 4,708,362,425 for the purchase of 12 meter long 155 buses, 18 meter long 65 buses, 2 tow trucks and other necessary spare parts and equipment for the "Peshawar Sustainable Bus Rapid Transit Corridor Project".

12.2.2 As at June 30, 2018 the Company's capital expenditure commitment against agreement dated March 12, 2018 with M/s Xiamen Golden Dragon Company Limited amounts to PKR 366,179,086 for the purchase of Diesel Engine Oil, Tires and other related services including driver training program, maintenance supervision of vehicles, Completion of full vehicle homologation, registration and licensing of BRT vehicles for the "Peshawar Sustainable Bus Rapid Transit Corridor Project".

12.2.3 As at June 30, 2018 the Company's capital expenditure commitment with M/s Cyber Vision for the purchase of ERP software having Finance, Human Resource and Procurement module. amounts to PKR 2,450,000.

**February 09,
2017 to June 30,
2018
Rupees**

Note

13 OTHER INCOME

Tender fee income	920,000
Interest income	525,873
	<u>1,445,873</u>

14 SALARIES, ALLOWANCES AND OTHER BENEFITS

Staff salaries	51,175,579
Travel and daily allowance	66,000
	<u>51,241,579</u>

Am

February 09,
2017 to June 30,
2018
Rupees

15 UTILITIES

Electricity	178,453
Fuel for generator	186,390
Telephone and internet charges	252,350
Water	12,216
	<u>629,409</u>

16 AUDITORS' REMUNERATION

Audit services	
Annual audit fee	172,500
Out of pocket expenses	66,300
	<u>238,800</u>

Ar

17 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

February 09, 2017 to June 30, 2018				
	Chief Executive	Director	Executives	Total
Managerial remuneration	9,724,000	-	30,098,820	39,822,820
Total	9,724,000	-	30,098,820	39,822,820
Number of persons	1	12	7	20

18 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as

2018				
Total	Interest/mark up bearing			Not interest /mark up bearing
	Maturity up to one year	Maturity after one year	Sub-total	
----- Rupees -----				

Financial assets

Loans and receivables at amortized cost

Long term security deposits	300,000	-	-	-	300,000
Cash and bank balances	227,493,237	2,003,456	-	2,003,456	225,489,781
	227,793,237	2,003,456	-	2,003,456	225,789,781

Financial liabilities

Financial liabilities carried at amortized

Accrued and other liabilities	6,482,116	-	-	-	6,482,116
	6,482,116	-	-	-	6,482,116
	221,311,121	2,003,456	-	2,003,456	219,307,665

On balance sheet gap

Off Balance sheet Items

Financial commitments	-	-	-	-	-
Total Gap	221,311,121	2,003,456	-	2,003,456	219,307,665

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

- 19.1 The Company's objective in managing risks is the creation and protection of stake holders' value. Risk is inherent in the Company's activities, but it is managed through a process of on going identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability/objectives. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through grants, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

19.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. Out of total financial assets of Rs. 227.793 million, the financial assets which are subject to credit risk amounted to Rs. 2.303 million. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2018 Rupees
Long term security deposits	300,000
Cash and bank balances	2,003,456
	<u>2,303,456</u>

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

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

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired.

19.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying Amount	Contractual Cash Flows	Six to Twelve months	Two to five years
	----- Rupees -----			
June 30, 2018				
Accrued and other liabilities	7,346,776	7,346,776	-	-
	7,346,776	7,346,776	-	3,406,656,231

19.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

(i) 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 arise in financial instruments that are denominated in foreign currencies i.e. in a currency other than the functional currency in which they are measured.

Presently the Company is not exposed to any foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans.

The Company manages this risk through risk management strategies. Interest rate risk of the Company's financial assets and financial liabilities as at June 30, 2018 can be evaluated from the schedule given in Note 18 to these financial statements.



At the year end the Company is not exposed to interest rate risk as the Company does not hold any interest bearing instrument as at the date of statement of financial position, therefore, no sensitivity analysis has been presented.

(iii) Other price risk

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

At the year end the Company is not exposed to price risk since there are no financial instruments whose fair value or future cash flows will fluctuate because of changes in market prices.

20 FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset either directly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, adjusted) inputs.

Transfer between level of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.



21 FUND RISK MANAGEMENT

The Company's objectives when managing fund are to safeguard the Company's ability to continue as a going concern in order to provide services for the general public. The Company manages its fund structures and makes adjustments to it, in the light of changes in economic conditions. There were no changes to company's approach to fund management during the year.

2018
Number

22 NUMBER OF EMPLOYEES

Total employees of the Company at the year end	24
Average employees of the Company during the year	12

23 SUBSEQUENT EVENTS

Subsequent to the year end, the Company has received an amount of Rs. 10 million against forfeiture of guarantee of Campak Temizlik Bilgi Islem Otomasyon Saglik Ins.San.VE TIC.A.S due to default after letter of award for the provision of vehicle operations and maintenance services for BRT Peshawar Project. The amount shall be accounted for in subsequent year based upon the final outcome of the transaction.

24 AUTHORIZATION

These financial statements were authorized for issue on _____ by the Board of Directors.

25 GENERAL

25.1 Comparative financial statements are not being presented, as the company commenced its operations from February 09, 2017 and these are the first financials of the Company.

25.2 All figures have been rounded off to the nearest of rupee.



CHIEF EXECUTIVE



DIRECTOR